

**К. Kolesenko**  
**К.О. Колесенко**  
БГЭУ (Минск)

*Научный руководитель Е.В. Климук*

## **CURRENT TRENDS IN THE WORLD ECONOMY DEVELOPMENT**

### **Современные тенденции развития мировой экономики**

The purpose of the article is to develop recommendations to mitigate the rising interest rates effects and prevent a global recession.

Central banks around the world are tightening monetary policy in response to rising inflation, including by raising key interest rates. The increase in interest rates by the world's central banks in response to inflation may lead to a global recession and a series of financial crises in developing and emerging market countries in 2024. The projected schedules for raising interest rates and other monetary policy measures may not be sufficient to reduce global inflation to the level that existed before the Covid-19 pandemic due to Russia's ongoing Special Operation in Ukraine and expanding geopolitical disagreements. During these events, in order to support the economy and citizens, most of the world's central banks took unprecedented measures to provide funds, benefits and various support events to both businesses and the population. As a result of these measures, trillions of US dollars were thrown into the economy all over the world, which eventually led to excess money supply and inflation. Investors expect global central banks to raise global interest rates to almost 5 % by the end of 2023, which is more than 2 percentage points higher than the 2021 average. Problems in the banking system can lead to a serious credit crisis and wider stress on global financial markets. In this case, economic growth in 2024 will be reduced by almost half to just 1,3 % – the lowest rate in the last 30 years, with the exception of the recessions of 2009 and 2020.

Disruptions in the raw materials supply, an increase in the unemployment rate in the labor market may lead to the fact that the global core inflation rate (excluding energy) will be about 5 % by the end of 2023, which is almost twice increase the average number for five years before the pandemic. Nevertheless, the IMF forecasts a decline in global consumer price inflation from 8,7 % of the 2022 level to 6,9 % in 2023 and 5.8 % in 2024. The IMF said it expects global economic growth to slow to 2,9 percent in 2024 from an expected 3 percent this year. The forecast for next year is a step below 3 percent, which were predicted back in July.

In order to achieve low inflation rates, monetary stability and faster economic growth, it is necessary to shift the focus from reducing consumption to increasing production. Monetary policy should focus on attracting additional investment and increasing productivity and capital allocation, which is crucial for economic growth and poverty reduction.

Thus, the world's central banks should continue their efforts to control inflation without causing a global recession. The following actions can be recommended to take:

– global central banks should clearly communicate policy decisions while maintaining their independence. This may consolidate inflation expectations and reduce the degree of necessary tightening.

– the fiscal authorities will need to carefully work out the cancellation of budget support measures, while ensuring consistency with the objectives of monetary policy.

– other policy makers should join the fight against inflation by taking decisive measures to stimulate global supply.

Such measures include: reduction of unemployment in the labor market, increase in the global supply of commodities, strengthening global trade networks.

**Kou Xinxian**

**Коу Синьсянь**

БГУ(Минск)

*Научный руководитель Г.Н. Гаврилко*

## **THE ESSENCE OF CHINA'S ECONOMIC EXPANSION**

### **Сущность экономической экспансии Китая**

Against the backdrop of growing tensions in international trade, widespread global expansion began around the beginning of the declaration of the trade war between China and the United States in 2018. In this regard, it is worthwhile to dwell separately on the study of the essence of economic expansion.

Global expansion is a growth strategy that involves moving business operations, products, and services from the domestic market to target foreign markets. It is also called "international expansion" and "foreign expansion". There are three main forms of economic expansion: expansion within an industry, expansion in related industries, and expansion in unrelated industries.

Expansion within an industry includes horizontal expansion and vertical expansion. Horizontal expansion is mainly used to increase the scale of an industry, which mainly manifests itself as “copying” a mature production, operating business model of an enterprise and expanding its production capacity, output or volume of services.

Expansion into related industries refers to expanding influence or penetration into other industries related to the development of a given industry. For example, to achieve diversified financing goals, real estate companies invest in, participate in, or even control commercial banks, industrial funds, or other financial institutions.