Centre for the New Economy and Society

Chief Economists Outlook

May 2025

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This briefing builds on the latest policy development research as well as consultations and surveys with leading chief economists from both the public and private sectors, organized by the World Economic Forum's Centre for the New Economy and Society.

It aims to summarize the emerging contours of the current economic environment and identify priorities for further action by policy-makers and business leaders in response to the compounding shocks to the global economy from geoeconomic and geopolitical events.

The survey featured in this briefing was conducted from 3-17 April 2025.

Contents

Executive summary

The May 2025 edition of the Chief Economists Outlook is published at a time of extraordinary volatility and uncertainty. Since the beginning of the year, the global economic outlook has darkened. In the World Economic Forum's latest survey of chief economists, conducted in the first half of April at the height of recent policy developments, there was unanimity that the condition of the global economy is set to weaken considerably. Notably, 79% of chief economists surveyed viewed dramatic changes to US policy as part of a long-term structural shift rather than a short-term disruption, a marked increase from 61% in late 2024.

Trade policy has been at the centre of spiralling economic uncertainty, with the announcement in early April of unprecedented increases in bilateral tariffs between the US and many other countries. Most have since been paused for 90 days, which has led to a significant easing of short-term concerns, particularly in financial markets. However, underlying uncertainty about US economic policy persists, and it remains to be seen what will happen when the pauses elapse.

Against this backdrop, it is difficult to gauge the economic outlook with great certainty. Respondents to the chief economists' survey were clear that overall growth prospects were weakening, with the shift in trajectory being most pronounced in the US, where the majority of chief economists expected weak or very weak growth for the remainder of 2025, alongside rising inflation and a weakening dollar. In Europe, while growth remains subdued, respondents pointed to emerging signs of improvement, driven by expansionary fiscal policy and continued monetary easing. China is also pursuing fiscal expansion in an effort to bolster growth, but the chief economists were divided on whether it would reach its target of 5% GDP (gross domestic product) growth this year, given a range of both external and domestic economic challenges.

Looking more broadly at the economic impact of recent developments, the chief economists were largely aligned in their assessment that higher tariffs and persistent trade tensions would fuel inflation and suppress trade volumes, and persistent uncertainty would inflict significant economic damage on the global economy, including through paralysed decision-making and heightened risks of policy miscoordination.

Amid this turbulence, the rapid advance of artificial intelligence (AI) is adding another layer of complexity and opportunity to the global economic landscape. While only 45% of chief economists expect AI to be commercially disruptive in 2025, a similar proportion of respondents expect AI to add up to five percentage points to global GDP over the next decade, while a third expect even greater gains. This would be a significant boost to global economic activity given current sluggish growth rates. Innovation and augmentation were highlighted as key channels through which AI will drive growth. However, the labour market outlook is mixed, with 47% expecting net job losses and only 19% foreseeing net gains, highlighting the efforts needed to ensure that AI is not a short-term boost to the global economy followed by a longer-term contraction in demand and living standards but a win-win scenario for workers and business.

Businesses and governments are being forced to adapt rapidly to the twin challenge of surging economic volatility and rapid technological transformation. All of the chief economists surveyed expect firms to reorganize sourcing and logistics to reduce tariff exposure, while a large majority anticipate delays in strategic decision-making and investment. Respondents also emphasized the importance of increasing organizational agility, diversifying supply chains and reskilling workforces to integrate AI. At a time of profound disruption, organizations can position themselves for resilience and expansion by aligning technological innovation with a clear understanding of the broader economic landscape.

1. A world transformed

Volatility weighs on the economic outlook

The global economic outlook has darkened since the start of the year. Worsening geopolitical tensions and rising economic nationalism threatened in April to escalate into a global trade war, and despite a subsequent pause in economic hostilities, the situation remains fraught with risks. Unprecedented levels of uncertainty threaten to cause significant economic damage through increased policy coordination risks, stalled decision-making and the disruption of global value chains.[1]

The World Economic Forum's latest survey of chief economists was conducted in the first half of April, when trade-related uncertainty was particularly high. The unanimous view of respondents was that global economic prospects are set to weaken considerably this year, a significantly gloomier outlook compared to the previous survey in November 2024. Moreover, 79% of chief economists surveyed (up from 61% in November) see current developments as part of a long-term shift in the global economy, rather than a short-term disruption.

Figure 1. The global economic outlook

Looking ahead, what are your expectations for the future condition of the global economy?
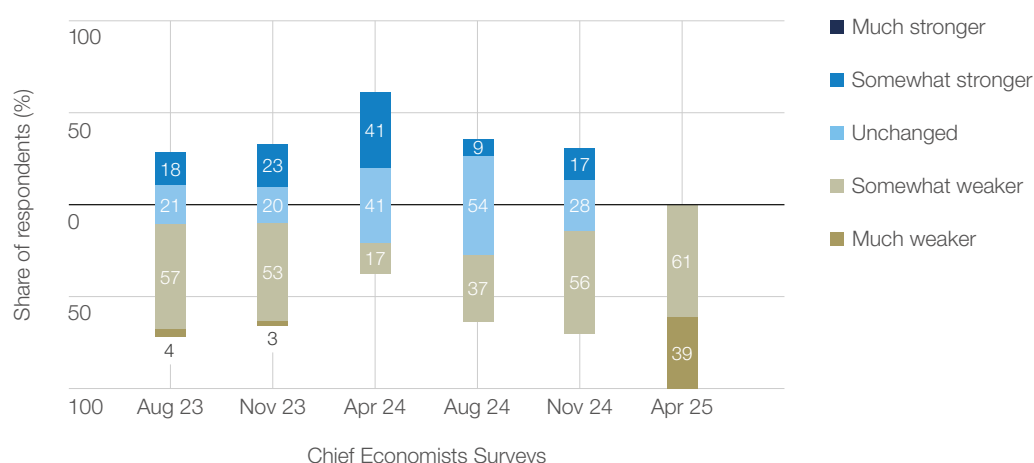
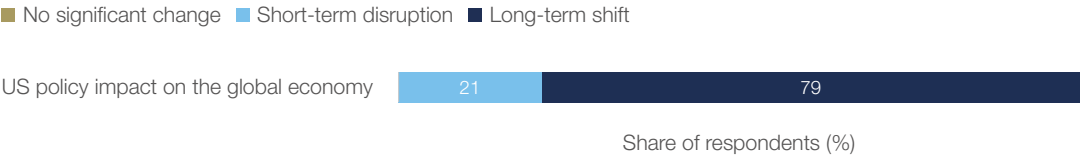**Note:** Chief Economists Surveys are conducted 7-8 weeks ahead of the launch of a new Chief Economists Outlook. In May's edition, chief economists take a look at the remainder of the year. In other editions, the outlook for the year ahead is given. The numbers in the graphs may not add up to 100% because figures have been rounded up/down.

Source: Chief Economists Survey. (2025, April).

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1   The Economist. (2025a).

Figure 2. US policy impact

How would you characterize the likely impact of the new US government policies on the trajectory of the global economy?

■ No significant change ■ Short-term disruption ■ Long-term shift

US policy impact on the global economy	21	79

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

The key shock to the global economy that has shaped this outlook was a series of historic changes in US trade policy, which have rocked confidence in the durability of key pillars of the post-World War II international economic order. On 2 April, the US announced a dramatic increase in import tariffs, including a baseline of 10% on most global goods, as well as much higher rates on a wide range of countries, pegged to their trade surpluses with the US.[2] This shock to the global trading system triggered financial market convulsions.[3] It was followed by the US announcing a 90-day pause on most of the higher tariffs it had announced, with the notable exception of those on Chinese imports, which were pushed higher to 145%, triggering a similar escalation on the Chinese side as well as the suspension of exports of a range of critical minerals.[4] However, a month later,

on 12 May, these measures were also paused with the US and China announcing a 90-day reduction of 115 percentage points on their bilateral tariffs, and a lifting of China's export restrictions on minerals.[5]

While the pausing of most planned tariffs has brought significant relief, the post-pause outlook remains uncertain, and the volatility of decision-making has triggered questions about the continuing reliability and predictability of economic policy in the US. As the long-anticipated risk of a trade war between two economic superpowers came dangerously close to becoming a reality, trade-related uncertainty in the past three months has been higher than at any time since records began in 1960.[6] In April 2025, it was far above COVID-19 pandemic-era highs.[7]

2   Foster, P. & Fleming, S. (2025).

3   The Economist. (2025b).

4   Bradsher, K. (2025); Smith, A. et al. (2025).
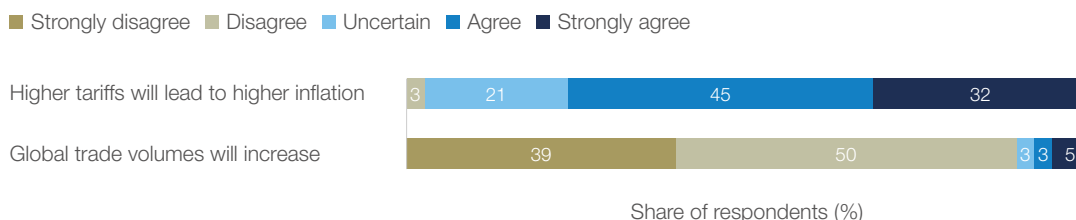
5   The White House. (2025).

6   Caldara, D. et al. (2020).

7   Georgieva, K. (2025).

Figure 3. Tariffs and trade

Looking ahead to the remainder of 2025, do you agree/disagree with the following?

■ Strongly disagree ■ Disagree ■ Uncertain ■ Agree ■ Strongly agree

	Strongly disagree	Disagree	Uncertain	Agree	Strongly agree
Higher tariffs will lead to higher inflation		3	21	45	32
Global trade volumes will increase	39	50	3	3	5

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

At the time of writing, it remains unclear how tariffs will evolve, in particular when the 90-day pauses elapse. There is little doubt that recent developments highlight the vulnerability of the global economy to adverse policy shocks and that their follow-on effects can be significant. In addition to highlighting a weakening of the overall economic outlook, large majorities of the chief economists surveyed said that higher tariffs would lead to higher inflation (77%) and to stagnation or decline for global trade volumes (89%). This latter point was echoed by the World Trade Organization (WTO), which forecast that the threatened tariffs would cause global merchandise trade volumes to contract by 0.2% this year.[8]

Figure 4. US tariff impacts

Looking at the remainder of 2025, do you expect US tariffs to cause significant economic damage?

- 3
- 13
- 0
- 32
- 53

□ **No**

■ **Yes** – primarily harming the countries targeted by the tariffs

■ **Yes** – primarily harming the US

■ **Yes** – harming both the US and the countries targeted by the tariffs

■ **Yes** – a broad-based drag on the global economy

Percent of respondents (%)

Source: Chief Economists Survey. (2025, April).

8   World Trade Organization (WTO). (2025). (Taking into account measures in place until 14 April).

Tariffs can impact growth in numerous ways, including inflationary pressures, weaker consumer sentiment and a fall-off in trade volumes.[9] It is not surprising, therefore, that the evidence is mounting that recent trade policy turmoil and the above-the-norm tariff rates during the pause period are affecting the global economy.[10] While a majority (53%) of the surveyed chief economists expected the economic damage of the threatened trade war to be mainly focused on the US and the countries targeted by its tariff increases, almost a third (32%) foresaw a broader drag on the global economy. None expected the tariffs to have no economic damage, and only 3% expected damage to be limited to the countries targeted by the tariffs.

The level of damage that is done will depend both on decisions the US takes about its planned tariffs after the 90-day pauses conclude and on any retaliatory measures that other countries then decide are warranted. On retaliation, 57% of chief economists expect other countries to rely on counter-tariffs, compared to 22% who expect any retaliation to involve non-tariff barriers, and 19% who expect the use of other economic policy levers. Only 3% don't expect countries to retaliate against US tariffs.

Figure 5. Retaliation for US tariffs

Looking at the remainder of 2025, do you expect other countries to retaliate against US tariffs?

- No
- **Yes** – primarily by raising their own counter-tariffs
- **Yes** – primarily by introducing non-tariff trade barriers
- **Yes** – primarily by means of other economic policies

Percent of respondents (%)

Source: Chief Economists Survey. (2025, April).
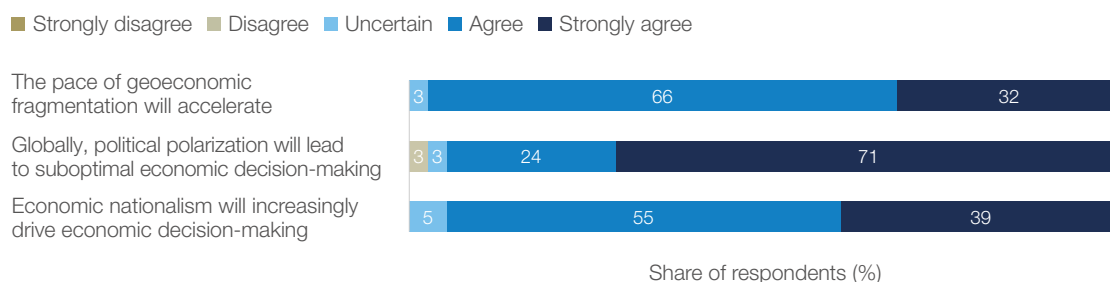
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9   The Economist. (2025c).

10   Beattie, A. (2025).

As in previous surveys, the chief economists continue to highlight the growing importance of geopolitical and political factors as drivers of the economic outlook. Nearly all of those surveyed anticipate that political polarization will lead to further suboptimal economic decision-making this year (95%) and that economic nationalism will be an increasingly important economic driver (94%). This twin dynamic has been evident in a consistent recent pattern of global electoral discontent: in elections held in 2024, every governing party in developed economies lost vote share, often to parties espousing populist nationalism.[11] As trade and investment flows increasingly align along evolving geopolitical fault lines, chief economists expect the pace of geoeconomic fragmentation to accelerate further this year (98%).

Figure 6. Polarization, nationalism and fragmentation

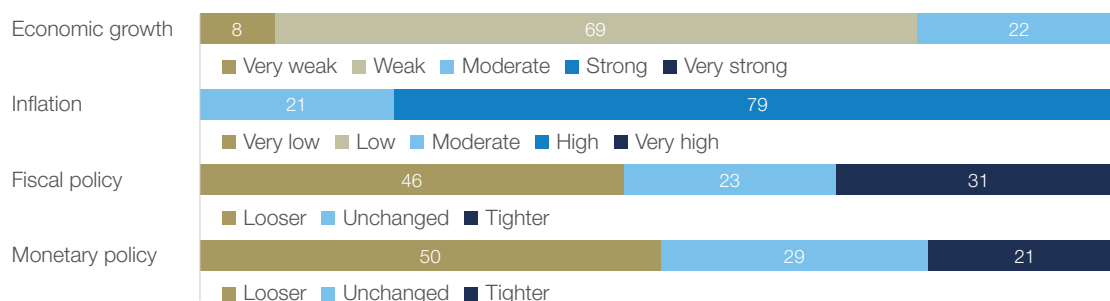Looking ahead to the remainder of 2025, do you agree/disagree with the following?

Legend: ■ Strongly disagree ■ Disagree ■ Uncertain ■ Agree ■ Strongly agree

The pace of geoeconomic fragmentation will accelerate	Uncertain 3, Agree 66, Strongly agree 32	
Globally, political polarization will lead to suboptimal economic decision-making	Strongly disagree 3, Uncertain 3, Agree 24, Strongly agree 71	
Economic nationalism will increasingly drive economic decision-making	Uncertain 5, Agree 55, Strongly agree 39	

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

Regional challenges

North America

Figure 7. US in the remainder of 2025

Economic growth	Very weak 8, Weak 69, Moderate 22
Legend: ■ Very weak ■ Weak ■ Moderate ■ Strong ■ Very strong	
Inflation	Moderate 21, High 79
Legend: ■ Very low ■ Low ■ Moderate ■ High ■ Very high	
Fiscal policy	Looser 46, Unchanged 23, Tighter 31
Legend: ■ Looser ■ Unchanged ■ Tighter	
Monetary policy	Looser 50, Unchanged 29, Tighter 21
Legend: ■ Looser ■ Unchanged ■ Tighter	

Source: Chief Economists Survey. (2025, April).
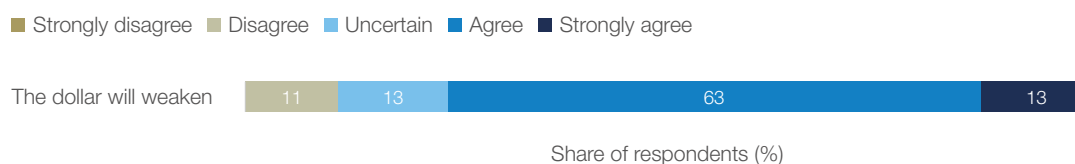
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11   World Economic Forum. (2025a).

At the beginning of 2025, expectations for the US economy were optimistic[12] but the unexpected extent of the policy changes that were announced in April has clouded the outlook. Responding before the announcement of the pause in US-China tariffs, almost four out of five of the chief economists said they anticipated weak (69%) or very weak (8%) growth for the remainder of the year. This is a significant softening compared to January's edition, when the expectation was for moderate (47%) or strong (44%) growth. According to early official estimates, in the first quarter, real GDP decreased at an annual rate of 0.3%.[13] While this headline figure masks strong domestic demand and includes a rise in imports as a reaction to expected tariffs, more timely indicators point to the beginning of a slowdown. At the end of April, US business activity growth was at a 16-month low and business expectations for the year ahead had dropped sharply.[14] Consumer sentiment had also plunged,[15] and the unusual combination of rising bond yields and a weakening dollar pointed to investor nervousness.[16] At the time of writing, there has been a clearly positive market response to the announcement of the US-China tariff pause.[17]

Figure 8. US dollar outlook

Looking ahead to the remainder of 2025, do you agree/disagree with the following?

■ Strongly disagree ■ Disagree ■ Uncertain ■ Agree ■ Strongly agree

| The dollar will weaken | 11 | 13 | 63 | 13 |

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

Just over three-quarters (76%) of chief economists surveyed also expected the dollar to weaken further over the remainder of 2025. If this occurred, it would add to inflationary pressures, and 79% of respondents were anticipating high inflation this year, up from just 15% in the previous edition. According to a closely watched indicator, inflation expectations in the US have already risen sharply, with year-ahead inflation now projected at 7.3%, the highest level since 1981, and long-term expectations up to 4.6%.[18] However, this contrasts with a dip in the headline rate of inflation to 2.3% in April.[19] The outlook for price stability may improve if current tariff pauses are extended, although the impact of the higher-than-norm "pause rates" is yet to be fully factored in.[20] Against a backdrop of slowing growth, recent inflation dynamics have been making the Federal Reserve's policy decisions more complex. In the latest survey, half of respondents expected a shift towards looser monetary policy.

12 International Monetary Fund (IMF). (2025a).

13 Bureau of Economic Analysis. (2025).

14 S&P Global. (2025a).

15 University of Michigan. (2025).

16 The Economist. (2025d).

17 Sandlund, W. et al. (2025)

18 University of Michigan. (2025).

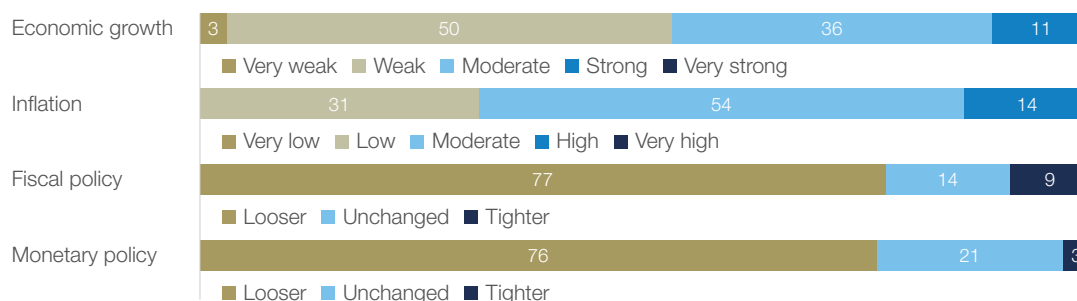19 Bureau of Labor Statistics. (2025a).

20 The Economist. (2025e).

It is notable that the US labour market has remained relatively resilient through the turmoil of the early months of this year. In the view of many chief economists, if the labour market were to weaken significantly, it could signal a more disruptive phase for US growth. There have been some signs of softening, but job data remained steady in March and April.[21] Moreover, despite the sharp volatility in the US economy in recent months, there continue to be positive signals for the medium and long term. For example, greenfield foreign direct investment (FDI) into the US is soaring, with the value of projects surging by 93% to $266 billion, as a result of semiconductor megaprojects.[22]

Elsewhere in North America, deep trade and supply chain integration with the US means that both Mexico and Canada are acutely exposed to shifts in US economic policy. This vulnerability is reflected in the latest projections from the IMF, which in its latest round of forecasts – conducted in early April when uncertainty was at a peak – points to growth in Canada of just 1.4% in 2025, a downward revision of 0.6 percentage points since January.[23] In Mexico, the repercussions of the threatened US trade policy pivot were even more pronounced, with the IMF forecasting that real GDP would contract by 0.3%, a sharp downgrade of 1.7 percentage points.[24]

Europe

Figure 9. Europe in the remainder of 2025

	Economic growth			
	3	50	36	11

■ Very weak ■ Weak ■ Moderate ■ Strong ■ Very strong

	Inflation		
	31	54	14

■ Very low ■ Low ■ Moderate ■ High ■ Very high

	Fiscal policy		
	77	14	9

■ Looser ■ Unchanged ■ Tighter

	Monetary policy		
	76	21	3

■ Looser ■ Unchanged ■ Tighter

Source: Chief Economists Survey. (2025, April).

The outlook for the European economy is showing signs of improvement, albeit from a weak base after years of lacklustre growth. Half of chief economists still expect growth to remain weak this year (in line with IMF projections of 0.8% growth for the Eurozone[25]), and only 11% expect strong growth, but this still represents a notable improvement from previous surveys. One key factor in the brightening around Europe's economic prospects is the hope for an expansionary shift in fiscal policy, which is now expected by 77% of chief economists.

21 Bureau of Labor Statistics. (2025b).

22 United Nations Trade and Development (UNCTAD). (2025a).

23 International Monetary Fund (IMF). (2025b).
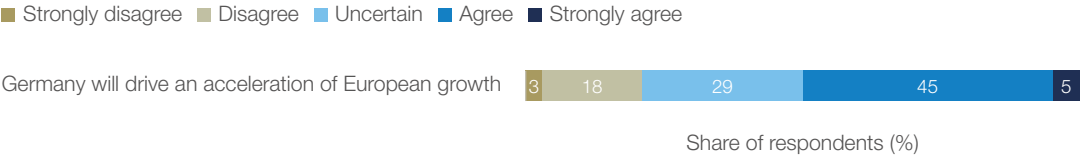
24 International Monetary Fund (IMF). (2025b).

25 International Monetary Fund (IMF). (2025b).

This is connected to policy developments in the US, which appear to have galvanized the sense among European policy-makers that action is needed to bolster their economies, security and societies.[26] Germany has taken the lead in this respect. The new coalition government has introduced a dramatic overhaul of the country's fiscal framework, including a relaxation of constitutional debt constraints to allow for sharp increases in infrastructure and defence spending.[27] Half of the surveyed chief economists expect that this change in Germany's fiscal stance will drive an acceleration of growth across the continent.

Figure 10. German fiscal pivot

Looking ahead to the remainder of 2025, do you agree/disagree with the following?

■ Strongly disagree ■ Disagree ■ Uncertain ■ Agree ■ Strongly agree

Germany will drive an acceleration of European growth: 3 | 18 | 29 | 45 | 5
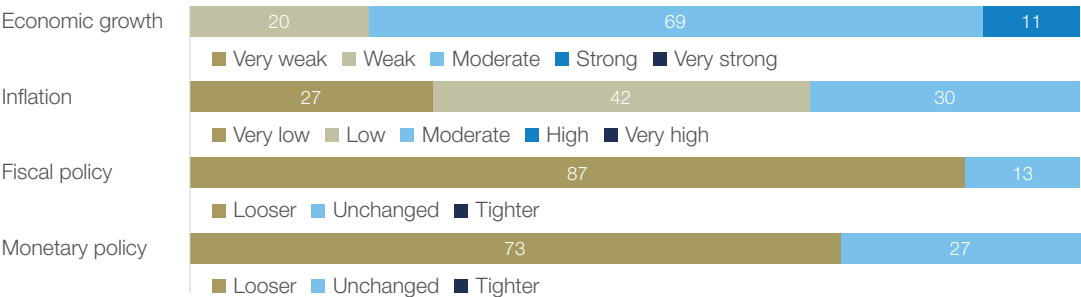
Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

Monetary policy is also expected to lend some support to European growth, with 76% of respondents anticipating continued monetary policy loosening. The European Central Bank cut its key policy rate to 2.25% in April, the seventh cut it has made since June 2024.[28] It has been helped by a favourable inflation environment, which will likely give it the room to continue lowering rates: according to chief economists, inflation is expected to remain moderate (54%) or low (31%) this year.

East Asia and the Pacific

Figure 11. China in the remainder of 2025

Economic growth: 20 | 69 | 11
■ Very weak ■ Weak ■ Moderate ■ Strong ■ Very strong

Inflation: 27 | 42 | 30
■ Very low ■ Low ■ Moderate ■ High ■ Very high

Fiscal policy: 87 | 13
■ Looser ■ Unchanged ■ Tighter

Monetary policy: 73 | 27
■ Looser ■ Unchanged ■ Tighter

Source: Chief Economists Survey. (2025, April).

26 Foy, H. & Hall, B. (2025).
27 Tagesschau.de (2025).
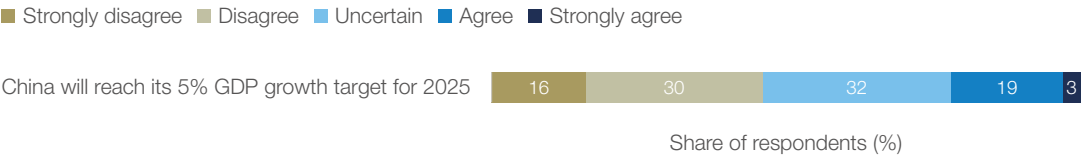28 Storbeck, O. & Smith, I. (2025).

China has targeted GDP growth of 5% for 2025. This is unchanged from its target for 2024, but it is likely to be more difficult to achieve given the roiling of the global trade landscape in recent months. Among chief economists surveyed, 69% expect moderate growth, while another 20% anticipate that growth will remain weak for the rest of 2025. There is no clear consensus among them on whether China will ultimately reach its 5% growth target; the IMF recently revised its forecast for this year down to 4%, but this was before the de-escalation of US-China trade tensions in May.[29] It remains to be seen how much relief this de-escalation will offer, but it is important to note that despite the temporary reduction of bilateral tariffs by 115 percentage points, the US is still imposing additional 30% tariffs on many imported goods from China (with China maintaining a 10% tariff on many goods imported from the US).[30]

Figure 12. China's 5% target

Looking ahead to the remainder of 2025, do you agree/disagree with the following?

■ Strongly disagree ■ Disagree ■ Uncertain ■ Agree ■ Strongly agree

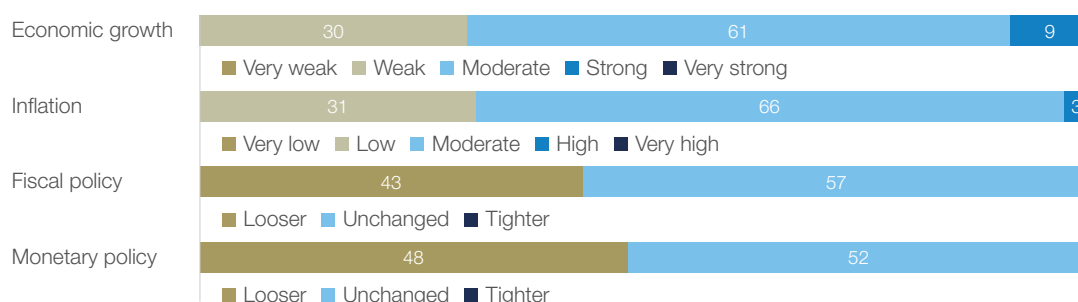| China will reach its 5% GDP growth target for 2025	16	30	32	19	3

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

The vast majority of respondents expect looser fiscal and monetary policy in China, with 87% and 73% anticipating more accommodative stances, respectively. Monetary policy in China must contend with longstanding deflationary risks, reflected in the fact that 69% of respondents expect low or very low inflation this year. On the fiscal side, the government's latest fiscal package aims to support demand by raising the deficit to 4% and increasing the spending capacity of local governments.[31]

Consumer confidence in March 2025 remained well below levels seen in the US and the Eurozone.[32] The real estate sector continues to weigh on the outlook, as efforts to address excess leverage and stabilize housing markets have resulted in subdued investment and ongoing financial stress among property developers.[33] At the same time, China's innovation ecosystem remains dynamic,[34] with strong growth in artificial intelligence (AI)[35] and other frontier technologies providing a counterbalance to broader economic challenges.

29   International Monetary Fund (IMF). (2025b).

30   Sevastopulo, D. et al. (2025).

31   Li, Q. (2025).

32   International Monetary Fund (IMF). (2025b).

33   The Economist. (2025f).

34   Allen, G.C. (2025).
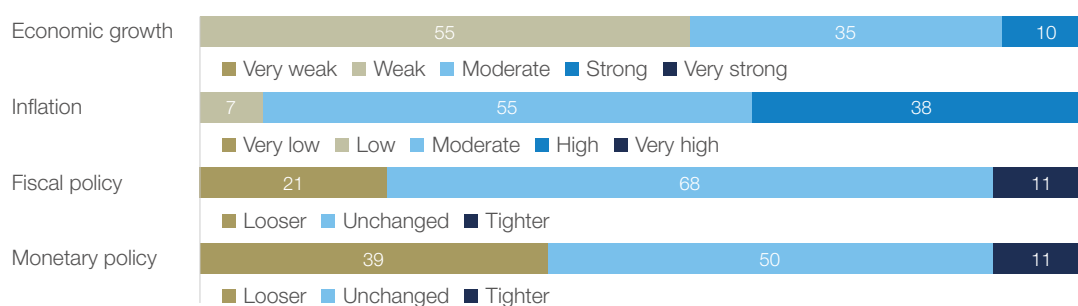
35   The Economist. (2025g).

Figure 13. East Asia and the Pacific in the remainder of 2025

Economic growth		
30	61	9

■ Very weak ■ Weak ■ Moderate ■ Strong ■ Very strong

Inflation		
31	66	3

■ Very low ■ Low ■ Moderate ■ High ■ Very high

Fiscal policy	
43	57

■ Looser ■ Unchanged ■ Tighter

Monetary policy	
48	52

■ Looser ■ Unchanged ■ Tighter

Source: Chief Economists Survey. (2025, April).

In the wider East Asia and the Pacific region, economies are navigating a complex external environment marked by slowing global trade, supply chain adjustments and geopolitical tensions. Most chief economists expect growth to be moderate (61%) or weak (30%). Inflation in the region is expected to remain moderate by almost two-thirds (66%) of respondents. The Bank of Japan's gradual normalization of monetary policy is being closely observed, as policy-makers seek to balance inflation management with support for economic activity.[36] While growth in the country remains muted, there are positive signs – the IMF's latest projection of 0.6% growth in 2025 is an acceleration from 0.1% in 2024.[37]

Latin America and the Caribbean

Figure 14. Latin America and the Caribbean in the remainder of 2025

Economic growth		
55	35	10

■ Very weak ■ Weak ■ Moderate ■ Strong ■ Very strong

Inflation		
7	55	38

■ Very low ■ Low ■ Moderate ■ High ■ Very high

Fiscal policy		
21	68	11

■ Looser ■ Unchanged ■ Tighter

Monetary policy		
39	50	11

■ Looser ■ Unchanged ■ Tighter

Source: Chief Economists Survey. (2025, April).

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36   Lewis, L. & Dempsey, H. (2025).

37   International Monetary Fund (IMF). (2025b).

A majority of chief economists surveyed (55%) expect weak growth in Latin America and the Caribbean for the remainder of 2025. The region continues to face tighter global financial conditions, slowing demand from key trading partners and persistent geopolitical tensions, all of which are weighing on investment and consumer confidence. In March 2025, consumer sentiment in Latin American countries fell sharply.[38]

Against this backdrop, the IMF projects that, after a moderate expansion of 2.4% in 2024, regional growth will slow to 2.0% this year, following a downward revision of 0.5 percentage points attributable to a confluence of external shocks, most notably the imposition of new tariffs by the US. Argentina stands out, with signs that a series of fiscal and structural reforms are starting to stabilize the economy.[39] The IMF expects Argentina to grow by 5.5% this year, with a slowdown in inflation to 35.9% in 2025 and 14.5% in 2026.[40]

Fiscal space remains constrained in many economies in the region, limiting policy-makers' ability to cushion shocks or support growth. Over two-thirds of chief economists surveyed (68%) expect fiscal policy to remain broadly unchanged. Inflationary pressures are easing in much of the region but remain a concern in a number of countries, particularly where structural imbalances persist. Across the region as a whole, 38% of respondents expect inflation to remain high, while 55% anticipate moderate levels. Monetary policy is expected to remain either unchanged (50%) or become looser (39%), according to the surveyed chief economists.

Africa and the Middle East

Figure 15. Middle East and North Africa in the remainder of 2025
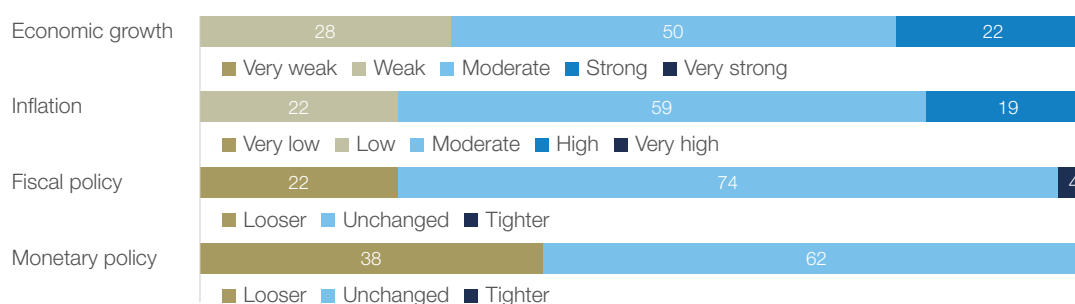
Source: Chief Economists Survey. (2025, April).

38   Ipsos. (2025).

39   The Economist. (2025h).

40   International Monetary Fund (IMF). (2025b).

The chief economists surveyed remain divided on the growth outlook for the Middle East and North Africa, with half expecting moderate growth in the region for the remainder of 2025, while 22% anticipate strong growth and 28% expect weak growth. Recent developments in the oil market have added to the region's challenges: in April 2025, oil prices fell below $60 per barrel and have remained near three-year lows, putting additional pressure on the public finances of oil-exporting economies.[41]

Many countries in the region continue to navigate the dual challenges of fluctuating energy prices and ongoing efforts to diversify their economies.[42]

Across the region, inflationary pressures are gradually easing but remain above pre-COVID-19 pandemic levels. Fiscal space is limited, requiring policy-makers to carefully balance growth and stability objectives. Most chief economists surveyed expect inflation to remain moderate (59%) and fiscal policy to remain broadly unchanged (74%).

Figure 16. Sub-Saharan Africa in the remainder of 2025
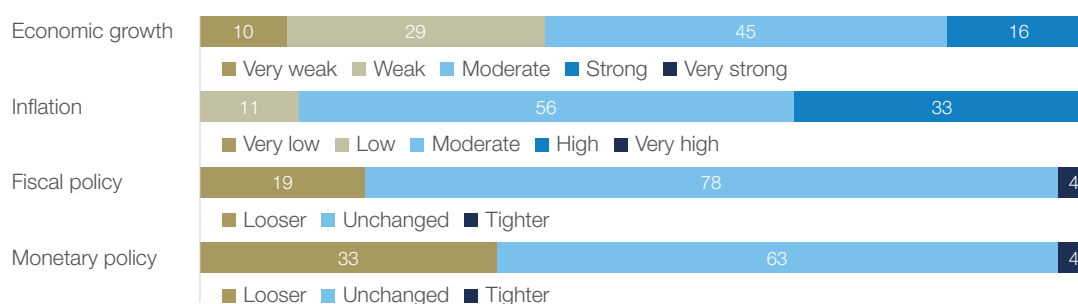
Source: Chief Economists Survey. (2025, April).

In Sub-Saharan Africa, the growth outlook for 2025 is cautiously optimistic. A majority of chief economists surveyed (61%) expect moderate or strong growth. The IMF projects the region to expand at a solid pace of 3.8% in 2025 and 4.2% in 2026.[43] Nigeria, one of the region's largest economies, faces distinct challenges. Its economy is constrained by persistent structural bottlenecks, security concerns and ongoing difficulties in the energy sector. Nigeria also has the largest number of people without electricity in

the world, highlighting both its substantial infrastructure investment needs and the extent of potential that could be unlocked.[44]

Across Sub-Saharan Africa, inflation is gradually receding from recent highs, with chief economists expecting moderate to high levels (89%). Food insecurity and external vulnerabilities remain significant concerns. Significant majorities of respondents expect fiscal and monetary policy to remain unchanged (78% and 63%, respectively).
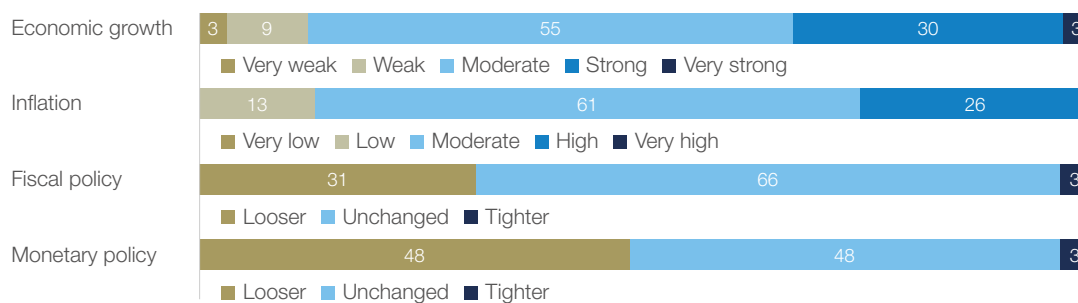
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41   Millard, R. (2025).

42   Al Omran, A. (2025).

43   International Monetary Fund (IMF). (2025b).

44   International Energy Agency (IEA); International Renewable Energy Agency (IRENA); United Nations Statistics Division (UNSD); World Bank; World Health Organization (WHO). (2024).

South and Central Asia

Figure 17. South Asia in the remainder of 2025

	Very weak	Weak	Moderate	Strong	Very strong
Economic growth	3	9	55	30	3

	Very low	Low	Moderate	High	Very high
Inflation		13	61	26	

	Looser	Unchanged	Tighter
Fiscal policy	31	66	3

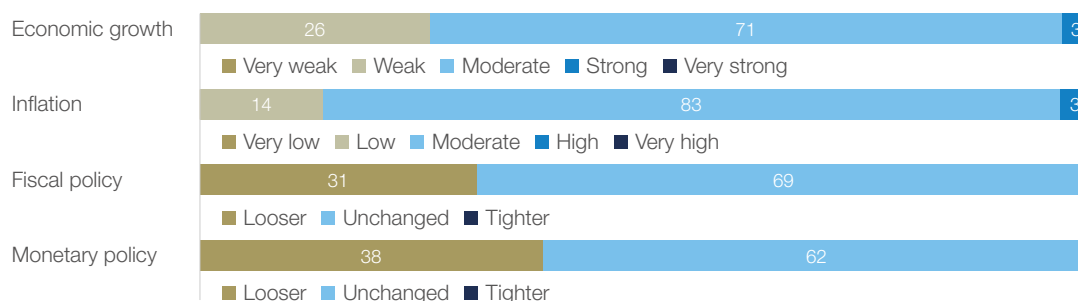|	Looser	Unchanged	Tighter
Monetary policy	48	48	3

Source: Chief Economists Survey. (2025, April).

The growth outlook for South Asia has been robust despite a challenging global environment. Among all regions, chief economists surveyed are most optimistic about South Asia's prospects, with one-third (33%) expecting strong or very strong growth for the remainder of 2025. However, the region's immediate challenges intensified in early May with the outbreak of military exchanges between India and Pakistan.[45] Across the region, chief economists expect moderate (61%) to high (26%) inflation.

India, the region's largest economy, looked set to be the primary engine of growth, with GDP expansion forecast by the IMF at 6.2% for 2025 and 6.3% in 2026.[46] Although the rerouting of Chinese exports is casting a shadow over the region's economic prospects,[47] recent purchasing managers' index (PMI) data surpassed expectations and showed unprecedented growth of new export orders.[48] A recently concluded trade deal between India and the UK is another source of optimism.[49]

Figure 18. Central Asia in the remainder of 2025

	Very weak	Weak	Moderate	Strong	Very strong
Economic growth		26	71	3	

	Very low	Low	Moderate	High	Very high
Inflation		14	83	3	

	Looser	Unchanged	Tighter
Fiscal policy	31	69	

	Looser	Unchanged	Tighter
Monetary policy	38	62	

Source: Chief Economists Survey. (2025, April).

45   Bajpaee, C. (2025).

46   International Monetary Fund (IMF). (2025b).

47   The Economist. (2025i).

48   S&P Global & HSBC. (2025, 23 April).

49   Sheppard, D. et al. (2025).

In Central Asia, large majorities of chief economists surveyed expect moderate growth and inflation in the remainder of 2025 (71% and 83%, respectively). The region remains exposed to external shocks, particularly those stemming from shifts in global energy markets, trade and geopolitical developments. Fiscal and monetary policy are expected to remain unchanged by about two-thirds of respondents, with the remainder expecting loosening. IMF growth projections for many countries in the region are positive, with Kazakhstan, the largest economy in the region, projected to grow at 4.9% in 2025. Meanwhile, Uzbekistan, Tajikistan and the Kyrgyz Republic look poised to approach or even surpass 6% growth this year.[50]

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50   International Monetary Fund (IMF). (2025b).

2. An age of uncertainty

Policy upheaval and coordination risks

Uncertainty has become a defining feature of the global economic landscape, compounding the challenges already facing policy-makers and businesses, paralysing decision-making and heightening risks on policy coordination. Multiple global uncertainty indices have surged into uncharted territory, surpassing even the peaks observed during the COVID-19 pandemic.[51] The latest survey of chief economists echoes this heightened sense of unpredictability. When asked to gauge current levels of uncertainty on a scale from very low to very high, 82% selected very high. Looking ahead, views are mixed: a small majority (56%) expected uncertainty to ease over the next year, but nearly half of respondents anticipated that uncertainty will remain at or above today's extraordinary levels a year from now.
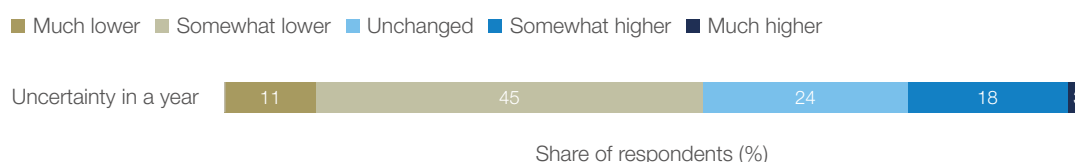
Figure 19. Uncertainty now

How would you characterize current levels of uncertainty?

■ Very low ■ Low ■ Average ■ High ■ Very high

| Current uncertainty | 3 | 16 | 82 |

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

Figure 20. Uncertainty in a year

One year from now, how do you expect levels of uncertainty to compare to current levels?

■ Much lower ■ Somewhat lower ■ Unchanged ■ Somewhat higher ■ Much higher

| Uncertainty in a year | 11 | 45 | 24 | 18 | 3 |

Share of respondents (%)

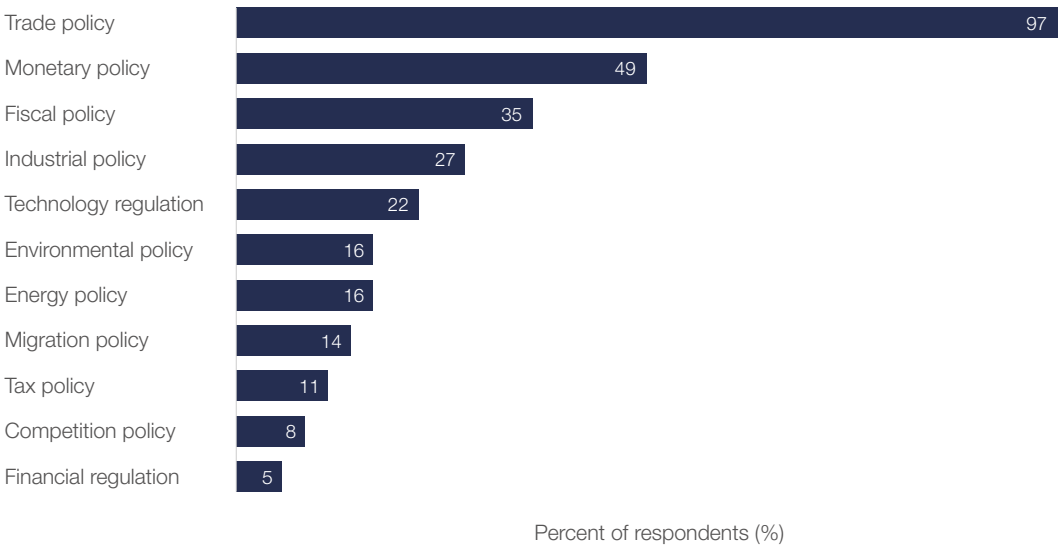**Source:** Chief Economists Survey. (2025, April).

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51 Baker, S.R. et al. (2025); Ahir, H. et al. (2025).

Unsurprisingly, when asked to select the three policy areas currently displaying the highest levels of uncertainty, there was near unanimity (97%) among the chief economists in choosing trade policy. This was followed by monetary policy at 49% and fiscal policy, which was selected by 35%.

In addition to making economic policy-making more challenging in each of these areas, the recent surge in uncertainty also increases the risk of damaging policy coordination missteps both within and between countries.

Figure 21. Areas of uncertainty

Globally, which of the following areas are currently subject to the highest level of uncertainty? (select the top 3)

Area	Percent
Trade policy	97
Monetary policy	49
Fiscal policy	35
Industrial policy	27
Technology regulation	22
Environmental policy	16
Energy policy	16
Migration policy	14
Tax policy	11
Competition policy	8
Financial regulation	5

Percent of respondents (%)

Source: Chief Economists Survey. (2025, April).

The economic fallout of intensifying geopolitical and geoeconomic tension is now visible across these results, in trade policy, most notably, as well as the expected second-order impact on monetary policy. Uncertainty has further macroeconomic impacts through its effects on government spending: shifts in the global security architecture have caused the steepest year-on-year rise in global military spending since at least the end of the Cold War.[52] This is perhaps clearest in Europe, where Germany recently overhauled its fiscal framework largely in order to facilitate increased defence spending,[53] but all of the world's top 15 spenders in 2024 increased their military expenditure.[54] For the first time, the US announced a defence budget that surpasses $1 trillion.[55]
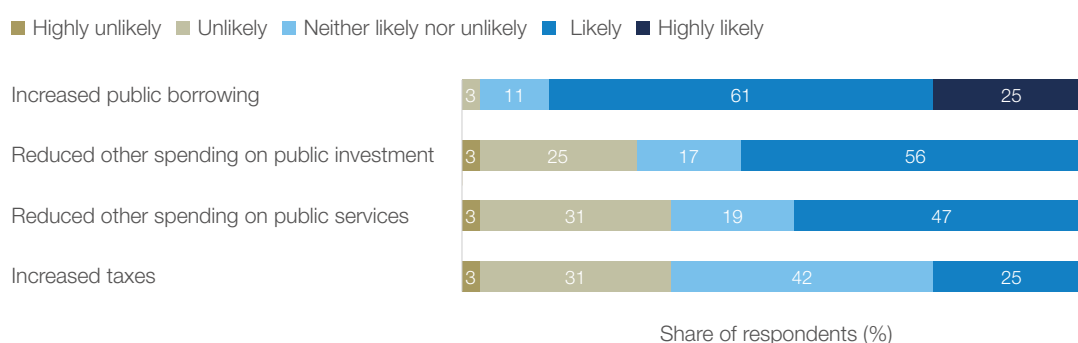
52   Stockholm International Peace Research Institute (SIPRI). (2025).

53   Gann, M. (2025).

54   Stockholm International Peace Research Institute (SIPRI). (2025).

55   McLeary, P. et al. (2025).

Against a global backdrop of strained public budgets, boosting military spending is likely to require difficult policy choices. Most chief economists surveyed expect public borrowing to increase (86%) while more than half (56%) expect that other public investment will decline, and nearly half (47%) expect that spending on public services will decline. Tax increases (25% of respondents) were seen to be the least likely means of financing increasing public defence budgets.

Figure 22. Defence spending

How will countries finance increasing public defence budgets?

■ Highly unlikely ■ Unlikely ■ Neither likely nor unlikely ■ Likely ■ Highly likely

Increased public borrowing	3	11		61	25
Reduced other spending on public investment	3	25	17	56	
Reduced other spending on public services	3	31	19	47	
Increased taxes	3	31	42	25	

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

Any increase in debt levels as a result of geopolitical developments has the potential to trigger further adverse outcomes. Debt levels have already been on an upward trajectory, causing interest payments to soar and squeezing public budgets.[56] These pressures look destined to increase further, and S&P Global expects sovereigns' long-term borrowing to reach $12.3 trillion in 2025.[57]

Almost three-quarters of chief economists surveyed agree or strongly agree that debt sustainability will be a growing concern in both advanced (74%) and developing (74%) economies this year. This parity between the debt sustainability outlooks for advanced and developing economies marks a shift from the results of a similar question in a previous survey, when advanced economies were seen as less exposed. In August 2024, 64% of respondents saw sovereign debt levels as a threat to macroeconomic stability in emerging and developing economies while only 53% shared this view for advanced economies.
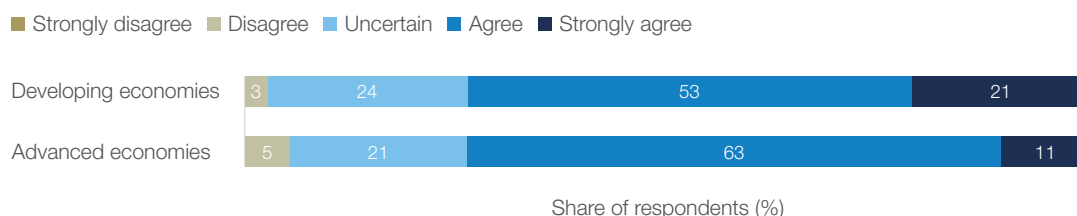
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56   United Nations Trade and Development (UNCTAD). (2025b).

57   S&P Global. (2025b).

Figure 23. Debt sustainability

Looking ahead to the remainder of 2025, do you agree/disagree with the following?
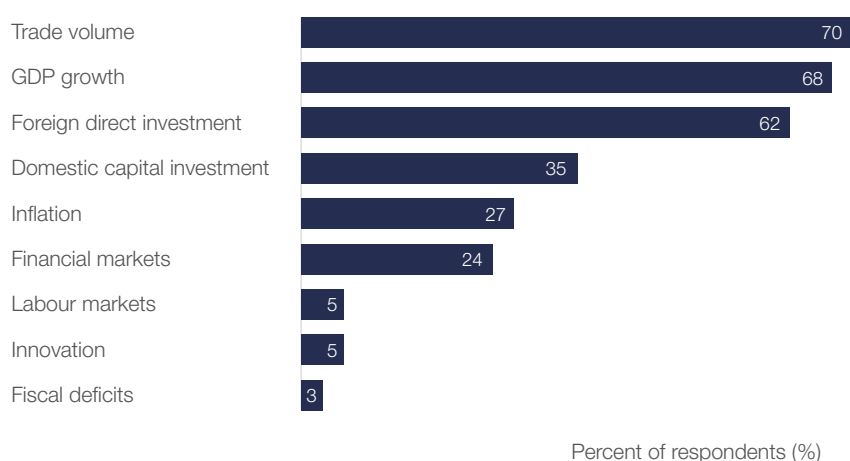
Debt sustainability will be a growing concern in...

■ Strongly disagree ■ Disagree ■ Uncertain ■ Agree ■ Strongly agree

Developing economies	3	24	53	21
Advanced economies	5	21	63	11

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

When the chief economists were asked to identify the most likely adverse impacts of heightened economic uncertainty, 70% chose trade volumes, followed narrowly by GDP growth (68%) and FDI (62%). FDI was already estimated to have declined by 8% in 2024; projections that it might improve in 2025 were made before the latest tariff announcements, but this seems unlikely in the current uncertain geopolitical and geoeconomic outlook.[58]

Figure 24. Areas affected by uncertainty

Looking at the remainder of 2025, which of the following areas do you expect to be most adversely affected by global economic policy uncertainty? (select the top 3)

Area	Percent
Trade volume	70
GDP growth	68
Foreign direct investment	62
Domestic capital investment	35
Inflation	27
Financial markets	24
Labour markets	5
Innovation	5
Fiscal deficits	3

Percent of respondents (%)

Source: Chief Economists Survey. (2025, April).

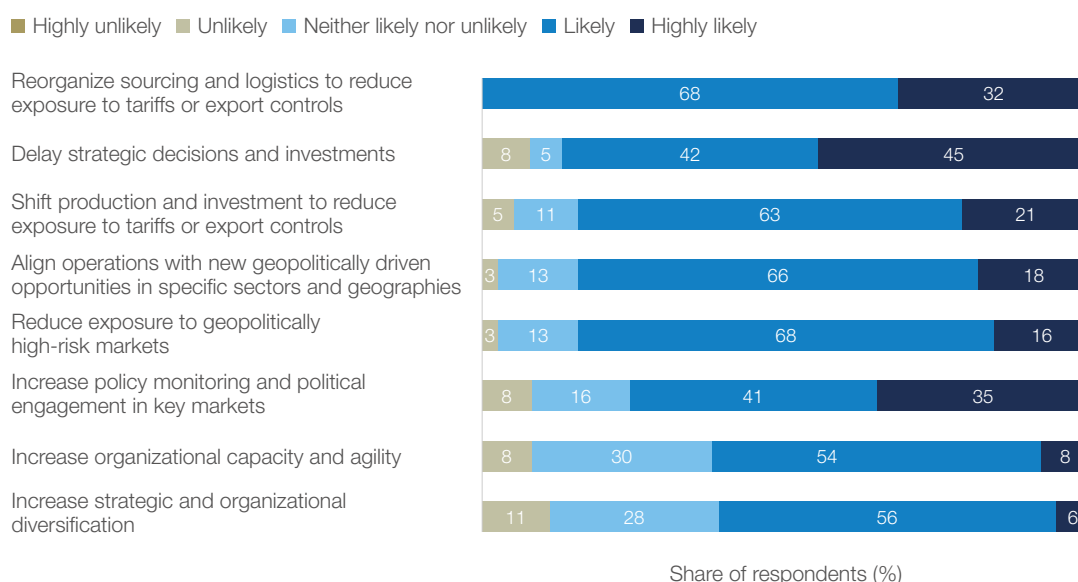58   United Nations Trade and Development (UNCTAD). (2025a).

Stalled decision-making

In the face of escalating geopolitical and economic uncertainty, businesses tend to adapt to mitigate risks and capitalize on any emerging opportunities. The most likely response, highlighted by 100% of the chief economists surveyed, involves reorganizing sourcing and logistics to reduce exposure to

tariffs or export controls over the next three years. There is already evidence of firms diversifying trade networks across multiple regions in an effort to reduce risk.[59] This approach aims to safeguard against sudden policy shifts and enhance resilience by reducing dependency on any single market or supplier.

Figure 25. Business adjustments to uncertainty

Looking at the next three years, how do you expect multinational companies to adjust their strategies in response to heightened economic uncertainty?

■ Highly unlikely ■ Unlikely ■ Neither likely nor unlikely ■ Likely ■ Highly likely

	Highly unlikely	Unlikely	Neither likely nor unlikely	Likely	Highly likely
Reorganize sourcing and logistics to reduce exposure to tariffs or export controls				68	32
Delay strategic decisions and investments		8	5	42	45
Shift production and investment to reduce exposure to tariffs or export controls		5	11	63	21
Align operations with new geopolitically driven opportunities in specific sectors and geographies	3		13	66	18
Reduce exposure to geopolitically high-risk markets	3		13	68	16
Increase policy monitoring and political engagement in key markets		8	16	41	35
Increase organizational capacity and agility		8	30	54	8
Increase strategic and organizational diversification		11	28	56	6

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

While the direct impact of new tariffs and other policy measures is significant, the pervasive uncertainty surrounding them and their second-order effects is economically damaging in its own right: as uncertainty rises, firms tend to slow hiring and investment, while consumers tend to delay spending decisions.[60] This is evident in the responses of the chief economists,

with 87% expecting businesses to delay strategic decisions and investments in response to heightened economic uncertainty. This is a significant change from the previous survey, in which a wait-and-see strategy was still largely ruled out as a likely response to global economic fragmentation. Such delayed decision-making heightens the risk of a global recession.

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59   United Nations Trade and Development (UNCTAD). (2025c).

60   Ahir, H. et al. (2020).

A majority of chief economists (84%) also highlighted the strategy of shifting production and investment to regions less affected by tariffs or export controls as a likely option. By relocating manufacturing facilities and capital investments to more stable markets, companies can circumvent restrictive trade policies and maintain competitive advantage. However, uncertainty about geoeconomic alliances and trade policy weighs on this approach in the short term. Relocating back to the US is an option some companies are choosing.[61]

Businesses could also increase policy monitoring and political engagement in key markets to stay ahead of regulatory changes and influence policy outcomes (76%) in a bid to align future operations with new geopolitically driven opportunities in specific sectors and geographies (84%). While these strategies offer potential benefits, they also require careful navigation of evolving risks and may demand significant organizational resources.

Conversely, reducing exposure to geopolitically high-risk markets (84%) could be a defensive strategy to minimize potential losses. Chief economists also expect businesses to increase organizational capacity and agility (62%) and to enhance strategic and organizational diversification (62%) to reduce reliance on any single market or product line. Given that most options are considered to be likely by chief economists, the complexity of the current environment means that businesses will need to balance proactive adaptation with the risk of overextending resources or delaying critical decisions.

61   Smith, G. et al. (2025).

3. AI unleashed

The age of disruption

In addition to the geopolitical and economic shifts discussed in the previous sections, the extraordinary speed of the AI revolution is a potential source of further short-term volatility as well as longer-term structural shifts in the global economy. There is significant uncertainty about AI's impact on overall economic growth. While recent breakthroughs in AI have captured global attention[62] and driven projections of a $4.8 trillion market by 2033,[63] the anticipated surge in productivity and growth remains elusive.[64] Moreover, despite falling costs[65] and increasingly efficient AI systems, widespread adoption across industries has yet to take place. Only 45% of chief economists expect AI to become commercially disruptive this year.

Figure 26. Commercial disruption of AI

Looking ahead to the remainder of 2025, do you agree/disagree with the following?

■ Strongly disagree ■ Disagree ■ Uncertain ■ Agree ■ Strongly agree

| Generative AI will be commercially disruptive | 13 | 42 | 42 | 3 |

Share of respondents (%)
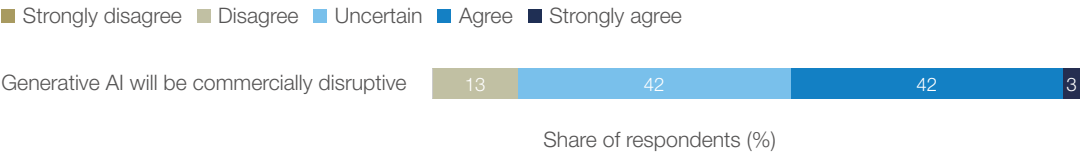
Source: Chief Economists Survey. (2025, April).

Estimates of the growth impact that AI will have vary widely, with projections of the cumulative boost to global GDP by 2034 ranging from just 1%[66] to over 20%.[67] This broad range reflects widely differing views on factors such as AI exposure, innovation effects, capital deepening, adoption capabilities and other factors. Among the chief economists, 46% anticipate a relatively modest boost to global GDP of 0-5 percentage points over the next decade. A further 35% expect gains of 5-10 percentage points. While these estimates are at the conservative end of the range, an increase of this magnitude would represent a substantial uplift given the sluggish growth rates of recent years.

62   The Economist. (2025j).

63   United Nations Trade and Development (UNCTAD). (2025d).
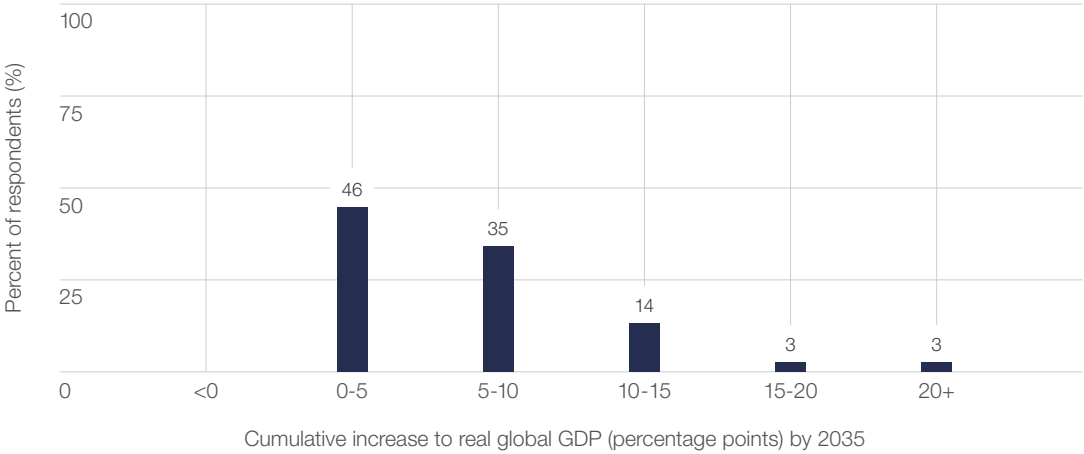
64   The Economist. (2025k).

65   Maruthavanan, T. (2025).

66   Acemoglu, D. (2025).

67   JP Morgan. (2024).

Figure 27. AI impact on global GDP

Over the next decade, what is your expectation for the impact of AI on global GDP?

Cumulative increase to real global GDP (percentage points) by 2035

Source: Chief Economists Survey. (2025, April).

It is widely acknowledged that AI is set to reshape specific tasks and roles within industries,[68] automating routine functions and prompting a shift in human labour towards more strategic and ethical responsibilities.[69] However, the broader impact on aggregate employment remains uncertain. Among the chief economists, 47% expect job losses over the next decade, compared to 19% who expect net job gains. This split highlights the complexity of AI's effects on the labour market: other research also suggests that the balance between created and displaced jobs is estimated to be positive over the next five years, but AI and information processing technologies feature among the most disruptive macrotrends in the labour market.[70]

Figure 28. AI impact on global employment

Over the next decade, what is your expectation for the impact of AI on global employment levels?

Share of respondents (%)
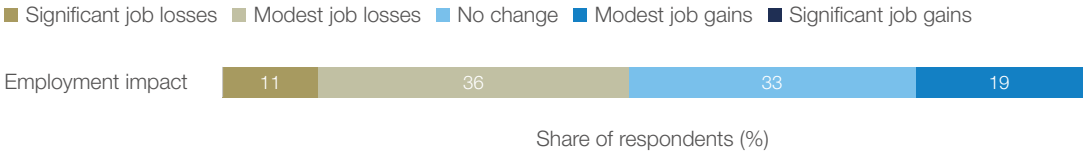
Source: Chief Economists Survey. (2025, April).

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68   World Economic Forum. (2025b).
69   World Economic Forum. (2025c).
70   World Economic Forum. (2025b).

When asked to identify the key channels through which AI will boost global GDP growth, over two-thirds (68%) of respondents cited automation of tasks. While previous technological revolutions unlocked the automation of manufacturing, AI has the potential to do the same for knowledge-driven fields.[71] In parallel, AI will also augment many workers, and this was cited by 49% of chief economists as a driver of growth. In many industries, automation and augmentation go hand in hand, with automation allowing workers to shift their attention to higher-value tasks.[72]

Figure 29. AI growth impact channels

Through which channels do you expect AI to have the most significant positive impact on global GDP growth? (select the top 3)

Channel	Percent
Automation of tasks	68
Faster innovation	62
Worker augmentation	49
Increased AI-related investment	41
Creation of new markets	32
Reallocation of labour to new types of work	24
Increased market efficiency	19
Knowledge transfer between countries	5

Percent of respondents (%)
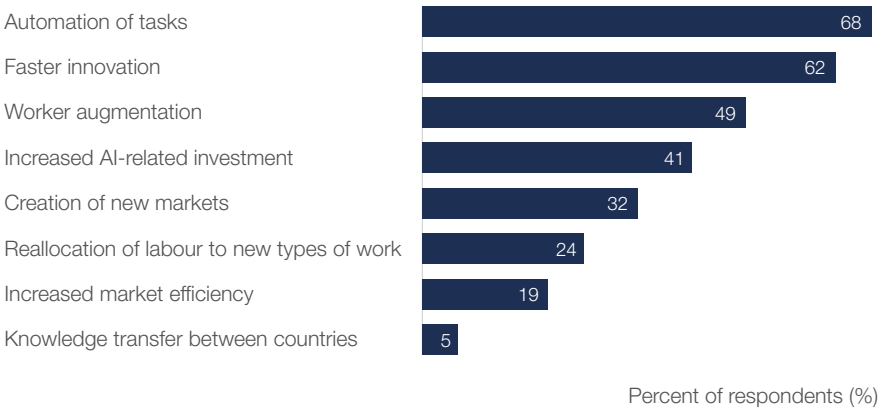
Source: Chief Economists Survey. (2025, April).

Faster innovation ranked second among the AI growth channels, being cited by 62% of chief economists surveyed. There is mounting evidence of impressive scientific contributions involving AI, such as the work of Google DeepMind researchers being awarded the Nobel Prize in chemistry for advances in protein science,[73] or OpenAI's Deep Research producing scientific papers at a postdoctoral level.[74] For the time being, at least, many of these advances remain upstream from concrete economic impact, but they nevertheless point to transformative potential. If AI can supercharge the innovation process, this form of augmentation may be the most powerful in terms of driving growth. It has been suggested that the world is entering an era where the ideas that will unlock new sources of growth are likely to be generated by machines rather than humans.[75]

71   World Economic Forum. (2025d).

72   World Economic Forum. (2025e).

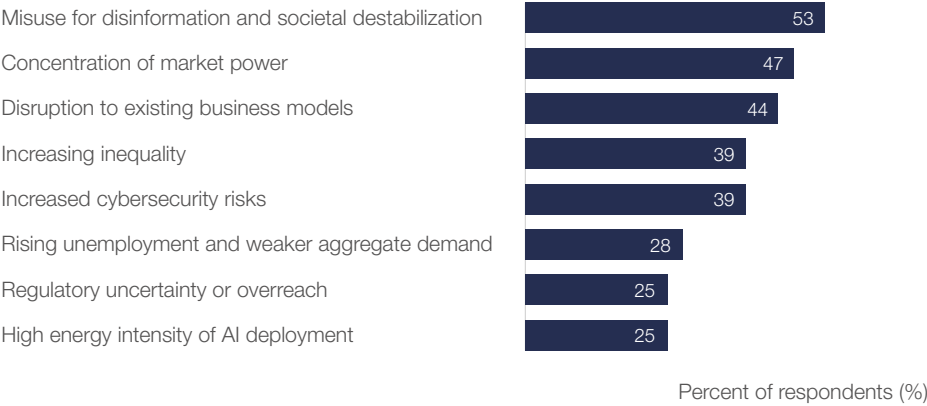73   Peel, M. & Murgia, M. (2024).

74   The Economist. (2025l).

75   Susskind, D. (2024).

Capital deepening is another important AI-related driver of growth, according to the chief economists. AI funding surged in the first quarter of 2025,[76] and current projections for future investment in AI now far outstrip earlier expectations.[77] In the US, the Stargate Initiative alone – an investment partnership project including the government and the largest industry players – aims to invest $500 billion over the next four years.[78] The EU launched its InvestAI initiative in February 2025 to mobilize €200 billion of AI investment.[79] In China, an investment boom in AI is unfolding, with the central government announcing a CNY 1 trillion (Chinese yuan) ($138 billion) venture-capital fund for tech-focused investments.[80]

Figure 30. AI growth impact risks

Through which channels do you expect AI to pose the greatest risks to sustained global GDP growth? (select the top 3)

Channel	Percent of respondents (%)
Misuse for disinformation and societal destabilization	53
Concentration of market power	47
Disruption to existing business models	44
Increasing inequality	39
Increased cybersecurity risks	39
Rising unemployment and weaker aggregate demand	28
Regulatory uncertainty or overreach	25
High energy intensity of AI deployment	25

Source: Chief Economists Survey. (2025, April).

76   CB Insights Research. (2025).

77   Goldman Sachs. (2023).

78   Friesen, G. (2025).

79   European Commission. (2025a).

80   Reuters. (2025).

However, there are also AI-related risks that may inhibit rather than facilitate economic growth. According to the chief economists surveyed, the most important of these (albeit by a narrow margin) is the misuse of AI for disinformation and societal destabilization (53%). AI is having a profound impact on information ecosystems, through the augmentation of human creativity[81] and the democratization of tools for creating advanced content.[82] However, these capabilities can also be abused in ways that distort or suppress economic activity.[83] Societal stability and reliable flows of information are key enablers of a vibrant market economy, and both are currently at risk of being undermined.

The second risk to growth highlighted by the chief economists relates to market concentration, cited by 47% of respondents. The structure of AI technologies allows for the companies controlling the models to accumulate considerable market power, reinforcing the winner-takes-all dynamic that already characterizes much of the digital economy.[84] Companies are currently racing towards the AI frontier in the hope of reaping first-mover advantages. At the same time, existing business models could be significantly disrupted, and this is cited as a risk to growth by 44% of chief economists. For many companies faced by such disruption, it is likely at best to be a costly and inefficient process to figure out new ways of doing business, while, at worst, a wave of insolvencies and higher unemployment could exert a significant drag on growth at least in the short term.

Adoption and adaptation

As AI becomes increasingly powerful and prevalent, both governments and businesses will have to develop strategies to harness its potential. On the government side, nine out of 10 chief economists (89%) say investment in AI infrastructure is important for harnessing AI for growth, with two-thirds also highlighting the growth benefits if the energy costs associated with AI can be driven down (69%). AI governance is becoming increasingly sophisticated to both enable and safeguard the scaling of AI solutions,[85] providing for flexible measures in support of innovation, including innovation hubs, regulatory sandboxes and skills academies.[86] Promoting AI adoption across key industries is highlighted by 86% of chief economists surveyed as important or very important for growth. Comprehensive national AI strategies are making this a priority.[87]

81 World Economic Forum. (2025f).

82 The Economist. (2025m).

83 Danielsson, J. & Uthemann, A. (2024).

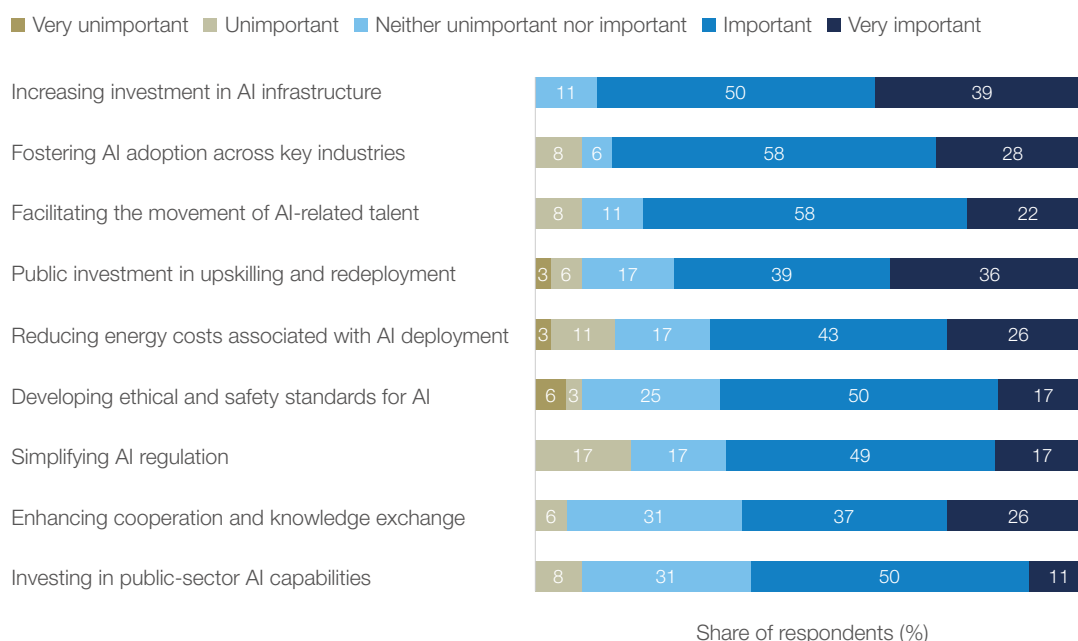84 United Nations Trade and Development (UNCTAD). (2025d).

85 World Economic Forum. (2024).

86 European Commission. (2025b).

87 Government of the Republic of Singapore. (2023).

Figure 31. AI policy levers

How important are the following strategies for countries to leverage AI for growth?

■ Very unimportant ■ Unimportant ■ Neither unimportant nor important ■ Important ■ Very important

Strategy					
Increasing investment in AI infrastructure			11	50	39
Fostering AI adoption across key industries		8	6	58	28
Facilitating the movement of AI-related talent		8	11	58	22
Public investment in upskilling and redeployment	3	6	17	39	36
Reducing energy costs associated with AI deployment	3	11	17	43	26
Developing ethical and safety standards for AI	6	3	25	50	17
Simplifying AI regulation		17	17	49	17
Enhancing cooperation and knowledge exchange		6	31	37	26
Investing in public-sector AI capabilities		8	31	50	11

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

Strengthening human capital is a key priority, according to the chief economists, who highlight the relevance of both developing skills and enabling talent mobility to harness the benefits of AI. Public investment in upskilling and redeployment is also cited by three out of four surveyed chief economists (75%). This is a strong signal in line with findings elsewhere, and it underlines the importance of supporting people and unleashing augmentation potential in this technological revolution.[88]

Integrating AI literacy into national skills frameworks, supporting lifelong learning and co-creating training programmes with industry and academia could be beneficial as ways of harnessing AI for growth. At a time when the general trend is towards less rather than more flexibility on migration, a large majority of the chief economists (80%) also highlight that facilitating the movement of AI-related talent is a key strategy to harness AI for growth.

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88   World Economic Forum. (2025b).

Figure 32. AI business adjustments

Over the next three years, how important are the following strategies for businesses to accelerate AI adoption and capture its benefits?

Legend: ■ Very unimportant ■ Unimportant ■ Neither unimportant nor important ■ Important ■ Very important

Strategy	Values
Adapting businesses processes to integrate AI	6 / 49 / 46
Reskilling and upskilling workers to work with AI tools	9 / 34 / 57
Strengthening cybersecurity and data governance	3 / 9 / 43 / 46
Improving internal data infrastructure and data quality	14 / 51 / 34
Training managers to develop and lead AI strategy	17 / 54 / 29
Developing clear metrics to assess the business value of AI	11 / 14 / 40 / 34
Adapting to evolving AI regulations and legal risks	3 / 3 / 20 / 54 / 20

Share of respondents (%)

Source: Chief Economists Survey. (2025, April).

For businesses, chief economists identify the adaptation of business processes to integrate AI as the most important strategy for capturing the benefits of AI (95%). Organizations need to rethink workflows, redesign operations and embed AI into core activities to fully benefit from the technology. A second key business AI strategy, highlighted by 91% of respondents, relates to the importance of reskilling and upskilling employees to ensure they can effectively harness new AI tools. Related to this, 83% cited the importance of training managers to develop and lead AI strategies. Additionally, 74% of chief economists point to the development of transparent metrics to assess the business value of AI, enabling organizations to track progress,

demonstrate return on investment and continuously refine their approaches. Finally, as the regulatory landscape for AI continues to evolve, businesses must remain agile in adapting to new legal requirements and ethical considerations. A total of 74% of chief economists surveyed considered this strategy important or very important.

As AI becomes more deeply embedded in business operations, strengthening cybersecurity and data governance emerges as an important priority (89%). The proliferation of AI systems increases the volume and sensitivity of data handled by organizations, heightening exposure to cyber threats and privacy risks.[89]

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89   World Economic Forum. (2025g).

In parallel, improving internal data infrastructure and data quality is important for maximizing AI's potential (85%). High-quality, well-structured data is the foundation of effective AI models. Investments in data management systems, cloud platforms and data cleansing processes can significantly enhance the accuracy and reliability of AI-driven insights.

Businesses now face the challenge of adapting simultaneously on two fronts: responding to shifting geoeconomic realities while embracing rapid technological change. Successfully managing this process will require organizations to remain agile, create a culture of continuous learning and integrate geopolitical awareness into their strategies. One hope is that AI may serve as a catalyst for new ways of growing in this increasingly challenging environment, helping businesses unlock new efficiencies and create new value in evolving markets. By aligning technological innovation with a clear understanding of the broader economic landscape, organizations can position themselves for resilience and expansion at a time of profound disruption.

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