It is a great pleasure to be here again with Abby and also with Professor Pierre Yared, to give you some thoughts on the world economy and to take questions from all of you.

I thought I would speak briefly for 10-15 minutes and allow the rest of the time for questions.

I just came back yesterday from spending time in Trinidad where I was working with the Venezuelan refugees there, which is something I have been spending a lot of time doing over the last year. In April I travelled to Ecuador where I met with President Lenin Moreno and members of his cabinet, to try and see what I can do to help with their Venezuelan refugee crisis.

Although the dire political and economic problems in Venezuela do not make the news very often, it has produced the largest refugee and humanitarian crisis in Latin American history, forcing nearly 5 million people to leave the country because of lack of food, and adequate medical services with no resolution in sight, and I am open to address any questions any of you on what is going on with the Venezuelan crisis.

Now let me start with my thoughts on the world's three largest economies.

Since the great recession of 2008 we have seen massive amounts of monetary stimulus provided by the world's major Central Banks to spur growth. This has often led to a reach and search for yield in a world dominated by record low interest rates, and in the case of the Eurozone even negative interest rates. One of the big concerns now, is that the world's major central banks have very little ammunition left to fight the next financial crisis. There have been calls for more fiscal stimulus, particularly in Europe and Japan. We have already seen significant fiscal stimulus in the United States, China and Japan. All of this, however, has not produced the desired growth in either Europe or China and only The United States, the world's largest economy has experienced anything near satisfactory growth coming in at between 2 and 3%, along with a booming stock market and with near record low unemployment.

As we all know this is an election year in the United States and President Trump has just announced at the World Economic Forum in Davos that he would put forth a new tax reduction program for the middle class before the election. This, in spite of our record deficit spending, which is climbing and raises questions on how long this could go on for. The markets have also been stimulated by the signing of the Phase 1 economic agreement with China and the approval by Congress' of the updated trade agreement with Mexico and Canada. The question here, as we go into the 11th year of recovery, is how long this can continue.

Turning to China, the world's second largest economy, we are seeing a significant slowdown for a country that had become accustomed for many years of double-digit growth which will probably fall below 6% this year after registering 6.1% growth for all of 2019, the lowest growth in the last 29 years.

In the meantime, the country has a massive debt load of over 300% of GDP and growing, caused by a still not fully regulated shadow banking system, and massive financing of many inefficient state-owned corporations and over-borrowing by provinces and municipalities. We have also recently seen serious financial problems in a number of small and medium sized banks in China. All of this has been exasperated by the trade tensions with the United States. For China to avoid a serious down-turn going forward it needs to reduce its debt, open up its financial system, which it has now promised to do in the recent trade agreement with the United States, control shadow banking, and very importantly, stop the massive financial support of money losing state owned enterprises. The recent trade agreement with the US known as Phase 1, speaks to the opening of the financial system to more foreign investment and to create a more equal playing field in this area. It also talks about protecting intellectual property and not forcing foreign companies to turn over their technology to Chinese companies in joint ventures. It also states that the Chinese will not manipulate their currency which they have not been doing for some time. In order to enforce these points, the US is still maintaining tariffs of over $300 billion on Chinese imports. Unfortunately, it does not cover the major concern about the massive financial support given to state owned enterprises and also it is not clear what the verification and enforcement mechanisms will be for the agreement. Additionally, it says nothing about China's 2025 technology program which would freeze out American and foreign technology firms from doing business in China. As part of this agreement the country was willing to agree to make large purchases of American goods and services over the next 2 years, in order to avoid further tariffs. The record on Chinese implementation of agreements they have signed going back to China's entry into the WTO in 2001 hasn't been particularly positive, lets hope it will different this time.

Now turning to Europe, the world's third largest economic grouping, we see slow growth and even stagnation in a number of countries, with the area's largest economy Germany, barely avoiding recession last year. All of this has occurred despite negative interest rates in the Eurozone and significant purchases of bonds by the European Central Bank.

The Bank has just lowered its forecast of growth for 2020 to only 1.1% for the Eurozone. Both Mario Draghi, the outgoing head of the ECB and the incoming head Cristine Lagarde have called for a significant increase in fiscal stimulus. In a number of countries, namely Italy and Germany, we are seeing what amounts to stagnation with growth of around 1% and in the case of Germany, it just avoided 2 quarters of negative growth, which would have put it in recession. In both of these countries we are also seeing very weak banking systems. Unfortunately, the Eurozone banking union has never been fully finalized with only the regulatory side functioning well and a mixed bag on resolution depending on the country, and there is still no eurozone wide deposit insurance scheme similar to what we have with the FDIC in the United States. A full implementation of the banking union is key to the future economic growth and financial stability in the Eurozone.

Additionally, the effect of Brexit on the economies of the UK, the EU and the Eurozone are still not clear. One of the major concerns is weather the London Financial Center, can retain its dominance in Europe and worldwide and can survive in its present form.

I would now be happy to answer any economic or political questions on Asia, Latin America, Middle East or Africa.