



By: TA | AP Brief

IMF chief urges countries to do more to curb debt



Countries both rich and poor must take faster action to cut debt and counter growing inequality as their economies weather a triple whammy from the **artificial intelligence boom**, heavy borrowing and shocks from wars in the Middle East and Ukraine, the head of the IMF said Wednesday.

“Some very tough political choices stare us in the face,” IMF Managing Director Kristalina Georgieva said in a speech in Singapore ahead of autumn IMF-World Bank meetings to be held in Bangkok next week.

“My message to the world's economic policymakers next week will be this: we cannot keep delaying necessary policy action — you have the tools, now have the wisdom to use them,” she said.

At the meetings in Bangkok, finance ministers and central bank governors of 191 IMF-World Bank member countries will assess the state of the world economy and discuss strategies to support financial stability and sustained growth.

So far, the hardest recent hits to global well-being have come from conflicts in the Middle East, Ukraine and elsewhere, Georgieva noted.

But **excessive debt** is a growing burden for wealthy countries such as the U.S., Japan and Germany, as well as low-income countries that must choose between spending on public welfare or repaying onerous loans at a time of high interest rates, she noted.

Georgieva pointed to risks associated with the rapid buildup of data center capacity to deliver artificial intelligence, which has helped push stock prices in many places to record highs, supporting strong economic growth despite high energy costs due to the Iran war.

Investments in AI are likely to exceed the relative scale of spending on building railroads, electricity grids and telecommunications networks.

“Love it, hate it or fear it, AI is here, rapidly becoming a key driver of countries' relative

fortunes in the world economy,” she said.

Policies are needed to ensure AI is well regulated

The AI building boom is underpinning robust corporate earnings as well as higher inflation. But there is a lag between the heavy investments involved and the arrival of AI's benefits, Georgieva said.

“Should earnings fall short,” she said, “hyperscaler leverage and large and growing global holdings of U.S. equities could turn a disappointment into a far-reaching shock.”

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Seven of the top 10 countries for AI-related trade are in the Asia-Pacific region, where the share of global economic activity has risen to 43% from 25% in 1991, the last time the meetings were held in Bangkok.

While China, India, Japan, South Korea, Taiwan and other countries with strong tech sectors are benefiting from the AI boom, it is bypassing most others, Georgieva said, adding to economic inequality.

AI also is raising energy demand, pushing prices for fuel, fertilizer, food and other key commodities still higher.

She urged countries to rein in public spending and to raise the cost of borrowing as needed to control inflation, while protecting the most vulnerable members of their societies.

Policies are needed to ensure AI is well regulated and to train workers, make labor markets more flexible, facilitate entrepreneurship and improve energy security, Georgieva said.