Can G-20 converge on policy framework to revive economic growth?

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THE 2014 G-20 Summit is going to happen this month in Brisbane. It is the ninth meeting of G-20 members since the global financial crisis. The G-20 is a forum for cooperation and consultation on matters pertaining to the international financial system. It studies, reviews and promotes discussion among key industrial and emerging market countries of policy issues pertaining to the promotion of international financial stability and seeks to address issues that go beyond the responsibilities of any one organisation. It has a played a key role after the crisis in driving global regulatory reforms. However, currently with the global growth not picking up, G-20 should focus to this dimension. In advanced economies, the legacies of the pre-crisis boom and the subsequent recession, notably high debt burdens and unemployment, still cast a shadow on the recovery and low potential growth ahead is a concern. Several emerging markets are also adjusting to lower potential growth. Eurozone and Japan still continue with monetary and other measures to revive growth, US indicating mixed economic data and concerns of slowdown in China prevail. Growth in G-20 countries, which constitute 85 per cent of the global economy, is essential to growth and development elsewhere and hence G-20 will also cooperate with institutions and countries which are not in the group.

The G-20 aim to lift global growth over the next five years by more than $2 trillion, creating tens of millions of new jobs across the globe. The plan is to get to a potential increase in G-20 GDP of two per cent or more. Preliminary analysis by International Monetary Fund- Organisation of Economic Cooperation and Development (IMF-OECD) indicates these measures will lift our collective GDP by an additional 1.8 per cent through to 2018. These measures, along with macroeconomic policies, are designed to lift global growth and contribute to rebalancing global demand.

Australian Treasurer Joe Hockey at the end of the G-20 Finance Ministers and Central Bank Governors Meeting in Cairns on September 21. The G-20 agreed to a Global Infrastructure Initiative to increase quality investment, particularly in infrastructure. — *AFP*

The growth strategies of G-20 will include increasing quality investment in infrastructure, reducing barriers to trade, promote competition and lifting employment and participation.

In September 2014, G-20 agreed to a Global Infrastructure Initiative to increase quality investment, particularly in infrastructure. The initiative will seek to implement the multi-year infrastructure agenda. The initiative will also include key measures to improve investment climates, which are key to its efforts to attract private sector participation. The G-20 also has a central role in promoting better global governance, including of world trade.

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to be added in the global growth in next five years

The G-20 members are looking at what can be done to contribute to a stronger global trading system and a stronger World Trade Organisation (WTO).

Reducing barriers to trade recognises the reality that in today's world, products are not made in one country and sold somewhere else, but often cross national borders many times as they are being created. Measures to cut the cost of doing business and enhance countries' ability to participate in global value chains (GVCs) can facilitate increased trade activity. The growth of GVCs has increased the interconnectedness of economies and led to a growing specialization in specific activities and stages in value chains, rather than in entire industries. The policies to improve employment, and those that enhance trade and promote competition are also relevant to the business environment for SMEs. SME's create jobs in economies. SMEs are likely to feel the constraints of poor policy in areas such as poor and excessive regulation of product markets and policies to promote competition. General policies in these areas can be complemented by specific and well-targeted measures that improve the business capability of SMEs. The Global regulatory reforms continue under the leadership of financial stability Board. Financial Stability Board (FSB) has made further progress in defining the terms and conditions of total loss absorbing capacity for global systemically important banks (G-SIBs) and in finding solutions to remaining obstacles to cross-border resolution. The FSB plans to present an updated roadmap for Shadow Banking in for the Brisbane Summit.

The writer is the group chief executive officer at Doha Bank. Views expressed by him are his own and do not reflect the newspaper's policy.