

## **G7 leaders pledge collective action on sagging global growth**

27/05/2016 22:27 by admin

**Shima (Japan):** The leaders of the Group of Seven rich economies pledged Friday to "collectively tackle" major risks to global growth, including direct political threats to the international order from terrorist attacks, violent extremism and refugee flows.

Meeting at a seaside resort with expansive views of a scenic bay and emerald-green islands, G-7 leaders wrapped up their annual summit Friday in central Japan claiming a "special responsibility" for leading international efforts to cope with those challenges. They also committed to a cooperative approach in beefing up policies to stimulate and sustain growth of their sluggish economies.

"Weak demand and unaddressed structural problems are the key factors weighing on actual and potential growth," they said in a declaration. "We have strengthened the resilience of our economies in order to avoid falling into another crisis and to this end commit to reinforce our efforts to address the current economic by taking all appropriate policy responses in a timely manner."

"We remain committed to ensuring that growth is inclusive and job-rich, benefiting all segments of our societies," it said.

The wording of the leaders' declaration glosses over differences on the issue of fiscal stimulus by saying each will take into account "country-specific circumstances" in committing to stronger policies to support their economies. Germany, in particular, has balked at committing to expansionary fiscal policy.

In a nod to such concerns, the communique includes a reference to the need to ensure debt is "on a sustainable path."

While Japan is moving toward more public spending, and the likely postponement of a sales tax increase next year, to revive faltering growth, its own gross public debt is more than twice the size of its economy.

The G-7 host, Japanese Prime Minister Shinzo Abe appealed to his fellow leaders to act to avert another global crisis, comparing the current global economic situation to conditions just before the 2008 financial crisis.

Vigilance is crucial for averting a relapse, he said: "We learned a lesson that we failed to respond properly because we did not have a firm recognition of the risks."

President Barack Obama backed Abe's call, saying it was crucial not just to put people back to work but also raise wages and maintain the momentum of the recovery.

"We've all got a lot of work to do and we agreed to continue to focus on making sure that each country, based on its particular needs and capacities, is taking steps to accelerate growth," Obama said.

G-7 countries denounced protectionism and trade barriers. They also noted the negative impact from overcapacity in some industries and government subsidies and other incentives that tend to make such problems worse.

The annual summit brings together the leaders of Britain, Canada, France, Germany, Italy, Japan and the United States. It is taking place amid extraordinarily tight security around the remote summit venue, with uniformed police standing guard at close intervals on both sides of roads and randomly in forests, rice fields, soccer fields and other locations.

During talks on the sideline of the summit, the U.S., EU and Japan reiterated their determination to reach agreement on various trade agreements meant to expand mutual market access.

In their declaration, the summit leaders cited a possible departure of Britain from the European Union, depending on the outcome of a June 23 vote, as one of many potential shocks for the global economy.

The leaders also expressed concern over territorial tensions in the East and South China seas. The declaration does not mention China and its expansion into disputed areas specifically, but calls for respecting freedom of navigation and of overflight and for resolving conflicts peacefully through law.

The summit declaration also highlighted joint efforts on corruption, cybercrimes, terrorism, global health and migration â€” which has become a huge headache especially for European nations â€” as other top priorities.

It said a global response was needed to cope with the surge in refugees, migrants and other displaced people to its highest level since World War II and committed to increasing assistance to meet their immediate and long-term needs.

But there were no specific, concrete offers of extra help.

Expanding their discussions to issues of "inclusive" growth, the group met Friday with leaders of seven developing countries. The "outreach" session invited leaders from some of Asia's poorest countries, such as Laos and Papua New Guinea, and also some of its most dynamic emerging economies, like Vietnam and Indonesia. The president of Chad, Idriss Deby, was representing the African union, and top international leaders such as Christine Lagarde of the IMF also attended.

On Friday afternoon, Obama plans to visit the peace park in Hiroshima, becoming the first sitting U.S. president to visit the city on which the U.S. dropped an atomic bomb in 1945 in the closing days of World War II.

- AP