

Issues of Concern

The upcoming G20 Osaka Summit must address several global issues

By Xu Xiujun

Over the past two decades, the Group of 20 (G20) cooperation mechanism has successfully upgraded from a meeting of finance ministers and central bank governors to a multilateral coordination and dialogue mechanism led by the bloc's leaders. Meanwhile, it has transformed from a crisis response mechanism to a long-term one, serving as a premier platform for global economic governance. The G20 has played a pivotal role especially in addressing the financial crisis and other global challenges.

The international community has high expectations of the upcoming 2019 G20 Osaka Summit to solve some pressing issues. At a time when global economic growth is slowing down, trade frictions are intensifying and a series of development problems are coming to the fore, issues including economic growth, sustainable development and Internet governance deserve particular attention.

Global economic growth

Since 2018, global economic recovery has faced increasing uncertainties. While new drivers of the economy are still in the pipeline, downward pressure on the economy has increased. Last year, global economic growth failed to maintain the momentum of overall recovery from 2017. The growth of most countries fell back, only with a few exceptions.

In April, data from the International Monetary Fund (IMF) showed that the global economic growth rate in 2018 was 3.6 percent, down 0.2 percentage points from the previous year. The IMF forecasted that the rate will continue its downward decline at 3.3 percent in 2019, the slowest since 2010. Overall, the growth rate of developed economies in 2018 was 1.8 percent, down 0.4 percentage points from the previous year, while for emerging markets and developing economies, it was 4.4 percent, down 0.2 percentage points.

In the long run, a lower growth rate results in lower labor productivity. The growth of labor productivity in both developed and developing economies currently enters a downward track, with many countries' economic growth in stagnation. Factors that are decisive to improvement of labor productivity, such as technological innovation, human capital accumulation and mechanism reform, have not made substantive progress. And effectiveness of these factors has not been maximized either.

The new round of scientific and technological revolution and industrial transformation is giving birth to a large number of new industries as well as new business forms and models. However, it still needs time to realize transformation of growth drivers. At the same time, the accumulation of human capital is slow, institutional barriers to economic growth are becoming acute while growth drivers for recovery are insufficient. All these indicate that reshaping the driving forces remains one of the G20's top agendas.

Global trade protectionism has been on the rise in recent years. According to the Global Trade Alert database, over 10,000 protectionist measures were implemented by 19 members of the G20 from 2009 to 2018. The U.S., the largest economy in the world, implemented 1,693 of them, ranking first in the world. It enforced 169 protectionist measures per year on average, 197 of which were adopted in 2018, up 28.8 percent over the previous year. Germany introduced 1,225 measures in the same period, including 115 new

ones in 2018, up 113 percent. At a time when protectionism is rife, countries around the world should make greater efforts to boost the liberalization of trade and reach agreements on building free trade zones throughout the world.

Protectionism has become one of the main impediments to world trade. In April, the WTO made a preliminary estimate that global trade in goods grew by only 3 percent in 2018, 0.7 percentage points lower than the prediction made last September. Global trade growth is expected to further slow to 2.6 percent in 2019, down 1.1 percentage points from the previous forecast.

The United Nations Conference on Trade and Development in January released its Global Investment Trend Monitor, indicating the global foreign direct investment (FDI) inflows in 2018 fell 19 percent from the previous year, marking the third consecutive year of decline. Global FDI is at its lowest level in a decade, well below its all-time high in 2007. Therefore, G20 members still need to take concrete actions to implement policy documents such as the WTO Trade Facilitation Agreement, the G20 Strategy for Global Trade Growth and the G20 Guiding Principles for Global Investment Policymaking to stimulate trade and investment.

2030 Agenda

G20 members should set an example by implementing the G20 Action Plan on the 2030 Agenda for Sustainable Development approved at the Hangzhou Summit in 2016 and carrying out the specific commitments made by all members at the Hamburg Summit in 2017. At the same time, members ought to work with stakeholders to promote the implementation of the 2030 Agenda worldwide to ensure that its goals are met on time. At national and international levels, members need to further synergize G20 actions with the 2030 Agenda, such as the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. Support for developing countries should be strengthened and more public goods should be provided for achieving these goals.

At the Hamburg Summit, the Annual Progress Report was released for the first time detailing selected G20 commitments on the implementation of the 2030 Agenda, which recognized the importance of financial inclusion as a multiplier for poverty eradication, job creation, gender equality and women's empowerment. At the 2018 Buenos Aires Summit, the Buenos Aires Update outlined G20 collective and concrete actions toward achieving the agenda. The Osaka Summit will also assess the progress and implementation of the latest action plan while reaching new consensus and making clear plans on concrete actions for the future.

Infrastructure connectivity creates a firm foundation for sustainable development and global prosperity. Currently, there is a serious shortage of investment in infrastructure, especially in areas such as transportation, energy and communication. The Global Infrastructure Hub, a global infrastructure project platform launched by the G20 to connect public and private sectors, estimated that the need for infrastructure investment will reach \$94 trillion by 2040, leaving a gap of \$15 trillion. Countries and regions, including G20 members, are insufficient in coordinating their infrastructure



Representatives at the G20 Finance Ministers and Central Bank Governors Meeting pose for a group photo in Fukuoka, Japan, on June 9

development plans, construction standards and management norms. This has hindered the improvement of trade and investment facilitation and the building of a high standard free trade network.

Notwithstanding, the G20 has reached a series of consensus in recent years to promote infrastructure connectivity. For example, in 2014, a working group on investment and infrastructure was set up. Two years later, the Hangzhou Summit passed milestone documents including the Joint Declaration of Aspirations on Actions to Support Infrastructure Investment by 11 multilateral development banks and endorsed the Global Infrastructure Connectivity Alliance, so as to promote synergy and cooperation among various infrastructure connectivity programs in a holistic way. The 2018 G20 Summit listed infrastructure as one of its three priorities and approved the Roadmap to Infrastructure as an Asset Class and the G20 Principles for the Infrastructure Project Preparation Phase. Thus, the upcoming G20 Summit needs to take action to address the funding gap and contractual standardization and reach a new consensus on quality infrastructure.

China is ready to strengthen cooperation with other parties within the G20 and the Belt and Road Initiative frameworks, establishing a diversified and effective global infrastructure investment and financing system. China has iterated its willingness to cooperate with them to advance quality infrastructure and provide a strong guarantee for economic globalization through a secure, convenient and unimpeded connectivity network.

Cyberspace governance

By integrating into all aspects of social life, the Internet is profoundly changing people's producing and living methods. To jointly leverage digital opportunities, address digital challenges and drive global growth, the G20 Digital Economy Development and Cooperation Initiative was launched during the Hangzhou Summit. Topics include promoting the flow of information for economic growth, trust and security, and offering policy support for an open and secure environment.

The G20 Digital Economy Ministerial Declaration and several documents such as the G20 Digital Government Principles, Bridging the Digital Gender Divide, the Measurement of the Digital Economy and Accelerating Digital Infrastructure for Development were adopted during the G20 Ministerial Meeting on Trade and the Digital Economy in 2018. At the Buenos Aires Summit, G20 members reaffirmed the importance of the security of information

and communication technologies and agreed to continue work on artificial intelligence, new technologies and new business platforms. Consensus was also reached on maximizing the positive impact of digitization and new technologies on innovative growth and productivity.

Major countries are now focusing on the importance of cyber information security. Although the Internet has long played an irreplaceable role in social communication and business activities, cooperation on cyberspace governance has not satisfied the demands of information security of most countries and regions.

Cyber information security includes the protection of computer systems, hardware, software and mobile device data from being stolen or destroyed, and also safeguard of related digital economy and commercial information. Crimes and attacks in the cyber world have posed a common menace to governments, enterprises and individuals. For governments in particular, preventing espionage, terrorism and even wars in cyberspace in order to ensure a healthy economic order is a pressing task for G20 members. To this end, the G20, as a main platform of global governance, should play an important role.

A concerted effort should be made to enhance the safe application of information and communication technologies, and to combat misuse for criminal and terrorist activities. G20 members should also work together to promote cooperation in areas such as information and communication technologies, law enforcement, research and development, innovation and institutional capacity-building.

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