

G20 should address global challenges

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By Krishna Guha in Washington

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Robert Zoellick, World Bank president, urged those attending to do more than just focus on the agenda set at the previous G20 summit in London

Leaders of the **Group of 20** nations meeting in the US city of Pittsburgh this week should set an ambitious agenda for “responsible **globalisation**” that links efforts to promote more balanced growth with financial stability, development and climate change, according to Robert Zoellick, **World Bank** president.

“The challenge for the G20 is how do you sustain the momentum and co-operation they were able to achieve when staring into the abyss at the time of the London summit as the crisis wanes?” Mr Zoellick told the Financial Times.

He suggested the G20 should take on the global challenges, rather than view the Pittsburgh summit in narrow terms related to the agenda set mid-crisis at the previous G20 summit in London. “The core message of Pittsburgh needs to be more than implementing the agenda set in London, which was mostly about financial stability or reforming bankers’ bonuses,” Mr Zoellick said.

“I would like the G20 to talk about responsible globalisation. That would capture balanced global growth, financial stability, climate change, help for the poorest including our proposal for a new facility to help countries cope with economic shocks not of their own making.”

The World Bank president said the rest of 2009 could economically be good and “may even beat expectations”. But he said: “I am more concerned about 2010. I am not forecasting a double dip, but we are not out of the woods yet.”

He said it was unclear whether private demand would be strong enough to pick up the slack when **fiscal stimulus** fades in 2010. “Where are additional sources of demand going to come from?” he asked. “We could help provide new sources . . . by ensuring access to finance for some of the well-run middle income countries that have room to borrow more.”

Mr Zoellick said the world economy had “leftover fragilities, for instance in central and eastern Europe”. And he warned “there may be new dangers emerging” such as in the east Asian economies that have led the global rebound.

“China has expanded **credit** rapidly. As credit growth is moderated there is a risk that China could

turn down again," he said. "Conversely, the strong rebound so far in east Asia could lead to increased interest rates that draw in a lot of **capital** – then what will the governments do in terms of currency policies, inflation policies, **interest rate** policies?"

On climate change, Mr Zoellick said the G20 should "recognise that to come up with a deal we will have to figure out how development issues fit into climate change." He said the Bank was ready to help support the UN-led process with financing.

However, he also warned of rising **protectionism** and called for a robust G20 response. "We have a low-grade fever of trade tensions and the temperature is starting to rise," he said.

He urged the US and China to settle the dispute over US safeguard actions against imports of Chinese tyres. But he said "the real problem is that if you are not moving forward with an offensive agenda of trade liberalisation, it becomes very difficult to hold the status quo – you are constantly playing defence."

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