

Background Note

Secretary-General Media Interview G7 Meeting Schloss Elmau, Germany

1. How would the SG assess the state of the global economy and what actions would he suggest to improve it?

The world economy is currently growing at a modest pace. A gradual improvement is expected for the next two years, but growth will remain significantly lower than before the financial crisis. Despite the policy efforts in the G7 countries and all around the world, global growth is uneven and considerable weaknesses remain, both in the financial sector and the real economy.

The subdued performance of the world economy in recent years has raised concerns of a “new normal” of lower growth. In many parts of the world, we have seen weak investment, which not only holds back current growth, but also reduces potential growth in the future.

The main challenge for policymakers worldwide is to boost economic growth in a sustainable and equitable manner. This requires national policies tailored to the individual country needs, but also enhanced coordination and cooperation at the global level.

Given current global conditions, three policy areas are of particular relevance. First, countries should stimulate investment in infrastructure and human capital, for example by making use of private-public partnerships. Second, additional efforts are needed to boost employment growth and improve working conditions in all sectors. And third, the global community needs to step up efforts to make the international financial system more stable and resistant to crisis, while also creating a new architecture for development finance.

2. How would the SG assess the contributions of the G7?

The G7 countries account for a very high share of global economic activity. Recent experience from the Great Recession has

demonstrated that a solid and sustainable recovery in the G7 economies is essential for robust growth of the global economy.

The relative importance of the G7 countries is even higher in the global financial market. The experience from the latest crisis has shown that problems in G7 financial markets can quickly spill over to the rest of the world.

Over the past few years, G7 countries have proposed many improvements to the governance of domestic and international financial markets. It is essential that further progress is made in implementing these proposals. This will not only benefit the G7 countries themselves, but will also increase the stability of the global financial system, which is a critical element of financing for development.

3. How does the SG view Germany's contributions to the global economy and the G7?

Germany has played a pivotal role in stabilizing and restoring economic growth in Europe. Full economic recovery in Europe is essential to put the global economy back on a higher growth path, and the world will continue to rely on Germany to deliver a strong economy, employment opportunities and a destination for goods and services produced throughout the world.

The German Presidency of the G7 has coincided with an important year for global agreements on climate change and development policy. It is encouraging to see the prominent role on the G7 Agenda that the German Presidency has allocated to the financing of environmental protection and to development policy. It is hoped that the outcome of these discussions will provide valuable input into the Third International Conference on Financing for Development, the Sustainable Development Summit and the United Nations Climate Change Conference, all scheduled for later this year.