

G7 vows growth efforts as Japan's Abe warns of global crisis

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ISE-SHIMA, Japan | By [Tetsushi Kajimoto](#)



(From L-R) Sri Lanka's President Maithripala Sirisena, German Chancellor Angela Merkel, Chad President Idriss Deby Itno, U.S. President Barack Obama, Japan's Prime Minister Shinzo Abe, French President Francois Hollande and President of Indonesia Joko Widodo attend a family...

Reuters/Carlos Barria

The Group of Seven industrial powers pledged on Friday to seek strong global growth, while papering over differences on currencies and stimulus policies and expressing concern over North Korea, Russia and maritime disputes involving China.

G7 leaders wrapped up a summit in central Japan vowing to use "all policy tools" to boost demand and ease supply constraints.

"Global growth remains moderate and below potential, while risks of weak growth persist," they said in a declaration. "Global growth is our urgent priority."

Japanese Prime Minister Shinzo Abe, talking up what he calls parallels to the global financial crisis that followed the 2008 Lehman Brothers bankruptcy, said the G7 "shares a strong sense of crisis" about the global outlook.

"The most worrisome risk is a contraction of the global economy," led by a slowdown in emerging economies, Abe told a news conference after chairing the two-day summit. "There is a risk of the global economy falling into crisis if appropriate policy responses are not made."

In the broad-ranging, 32-page declaration, the G7 committed to market-based exchange rates and to avoiding "competitive devaluation" of their currencies, while warning against wild exchange-rate moves.

This represents a compromise between the positions of Japan, which has threatened to intervene to block sharp yen rises, and the United States, which generally opposes market intervention.

The G7 vowed "a more forceful and balanced policy mix" to "achieve a strong, sustainable and balanced growth pattern", taking each country's circumstances into account, while continuing efforts to put public debt on a sustainable path.

Abe has stressed the need for flexible fiscal policy to sustain economic recovery, while German Chancellor Angela Merkel has been skeptical about public spending to boost growth.

The G7 called global industrial overcapacity, especially in steel, a "pressing structural challenge with global implications".

NORTH KOREA, 'BREXIT' WORRIES

The G7 demanded that North Korea fully comply with U.N. Security Council resolutions and halt nuclear tests, missile launches and other "provocative actions".

The group condemned Russia's "illegal annexation" of the Crimean peninsula from Ukraine. The declaration threatened "further restrictive measures" to raise the costs on Moscow but said sanctions could be rolled back if Russia implemented previous agreements and respected Ukraine's sovereignty.

The G7 also expressed concern over the East and South China Seas, where China has been taking more assertive action amid territorial disputes with Japan and several Southeast Asian nations.

Without mentioning Beijing, the G7 reiterated its commitment to the peaceful settlement of maritime disputes and to respecting the freedom of navigation and overflight. The group called for countries to refrain from "unilateral actions which could increase tensions" and "to settle disputes by peaceful means".

China was not pleased with the G7 stance.

"This G7 summit organized by Japan's hyping up of the South China Sea issue and exaggeration of tensions is not beneficial to stability in the South China Sea and does accord with the G7's position as a platform for managing the economies of developed nations," Foreign Ministry spokeswoman Hua Chunying said in Beijing. "China is extremely dissatisfied with what Japan and the G7 have done."

The G7 also called large-scale immigration and migration a major challenge and vowed to increase global aid for the immediate and long-term needs of refugees and displaced people.

Referring to Britain's referendum next month on whether to leave the European Union, the G7 said an exit "would be a serious risk to global growth".

The leaders pledged to tackle a global glut in steel, though their statement did not single out China, which produces half of the world's steel and is blamed by many countries for flooding markets with cheap steel.

On climate change, the G7 said they aim to put into effect by the end of the year the Paris climate agreement, in which almost 200 nations agreed a sweeping plan to end global dependence on fossil fuels to limit rising temperatures.

The G7 comprises Britain, Canada, France, Germany, Italy, Japan and the United States.

(This version of the story has the repeat of Hua's name dropped in paragraph 16.)

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