

G20 summit to target trade, corruption and tax evasion

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OTTAWA — Prime Minister Stephen Harper departs Wednesday for the G20 summit in St. Petersburg, Russia that will see leaders of the world's largest economies look for consensus on how to spur a sluggish global economic recovery, increase trade, and combat corruption and international tax evasion.

The crisis in Syria, while not officially on the agenda, is expected to garner plenty of discussion among leaders on the sidelines of the summit, including Russia's support for the Assad regime and the possibility of a U.S.-led military strike against Syria.

The Harper government announced Tuesday that Foreign Affairs Minister John Baird will now join the prime minister and Finance Minister Jim Flaherty on the trip. Baird plans to meet his international counterparts on the margins of the summit to discuss the situation in Syria, as the conflict threatens to overshadow the economic focus of the meeting.

The summit will provide Harper a key opportunity to hold one-on-one meetings with other world leaders and make Canada's pitch for signing trade deals with important members of the G20, some of whom are also part of the ongoing Trans-Pacific Partnership trade talks that include Canada, the United States, Japan and several other nations.

Canada will also be looking for its G20 counterparts to live up to their commitments to rein in deficits and debt, and avoid protectionist trade measures.

Russia's priorities for the Sept. 5-6 summit are fostering economic growth and job creation, through various measures such as improving multilateral trade, financial sector reforms, international development, and fighting corruption and tax dodging.

“The world is looking to the G20 to lay the framework necessary for sustainable global economic growth and job creation,” Harper said in a statement.

“Canada hopes that this year’s summit will result in commitments for further action on key issues such as financial regulation and trade liberalization.”

There is some encouraging, but still worrisome, economic news for G20 leaders as they convene in St. Petersburg.

A new report released Tuesday by the Organization for Economic Co-operation and Development (OECD) says a “moderate recovery” is underway in some of the major advanced economies, with promising signs in Canada, the United States, United Kingdom and Japan.

However, growth is slowing in some of the major emerging economies, which “points to sluggish near-term growth globally,” the report says. Also, while economic recoveries in Germany and France have helped pull Europe out of recession, growth remains weak in many eurozone countries.

“The gradual pick-up in momentum in the advanced economies is encouraging but a sustainable recovery is not yet firmly established. Major risks remain,” OECD deputy chief economist Jorgen Elmeskov said in a statement.

Canada will use the St. Petersburg summit to push countries to continue to improve their balance sheets by cutting deficits and debt, although senior Canadian government officials acknowledge “it’s not a one-size-fits-all approach.”

Harper will also look for G20 members to promise to avoid new protectionist trade measures until at least 2016, beyond their current commitment to 2014, although some observers believe China and India may not easily agree to an extension.

John Manley, president of the Canadian Council of Chief Executives, said the business community is looking for a commitment to the multilateral trading system.

But any chance of seeing near-term success on inter-regional, multilateral trade negotiations are “resting solely” on the Trans-Pacific Partnership and not the World Trade Organization, he said.

He also hopes to see G20 members actually uphold their commitments to avoid trade protectionism.

“They talk a good line when they’re together, but the reality is that they continue ... to bring about regulations and enactments that are trade inhibitors,” Manley said.

He’s also encouraging Harper to use the meeting to chat with European Union leaders in hopes of finishing Canada-EU trade negotiations that have dragged on for more than four years and were expected to be completed by 2012.

“It’s time that get landed, and my understanding is the gaps are not that great that they should be insurmountable. So hopefully there is goodwill on both sides,” Manley said.

Combating international tax evasion and improving corporate transparency — key themes of the G8 summit in June — are on the agenda in St. Petersburg.

John Kirton, co-director of the G20 Research Group at the University of Toronto, believes the broader G20 will endorse an OECD plan to make automatic tax information exchange agreements between governments “the new global standard” over the next two years.

It appears G20 members will also make progress on improving transparency of company ownership, he said, through mechanisms such as releasing beneficial ownership information that would identify who actually controls offshore accounts and shell companies.

“There’s still a long way to go, particularly in the much more diverse G20 countries,” Kirton said about adopting measures to fight tax evasion. “Nonetheless, I think there will be substantial movement forward on that.”

The G20 consists of Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia,

Saudi Arabia, South Africa, South Korea, Turkey, United Kingdom, United States and the European Union.

The G20 members represent nearly 90 per cent of global gross domestic product, 80 per cent of international global trade and two-thirds of the world's population.