

The G20 Must Promote More Competitiveness

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The G20 Summit, which convenes in St. Petersburg Thursday, will address the world's economic challenges. The difference between now and recent years is that leaders this time will have to focus less on tackling the consequences of unstable financial markets, fiscal crises and even a possible eurozone breakup, and more on collective efforts to rebuild confidence, boost growth, reduce unemployment and improve the quality of jobs.

As such, this summit is a golden opportunity to perform two urgent tasks: bringing the global economic agenda's focus back to adopting policies and measures that can have tangible impacts on people's lives and reconnecting policymaking with people.

With advanced economies in Europe continuing to depict weak economic prospects and the larger emerging economies showing signs of deceleration after several years of strong growth, the G20 leaders will not be short of agenda items. However, the global economy will find itself on a more solid footing only by adopting long-overdue reforms to raise

competitiveness.

There is no one medicine to address all these concerns. Several advanced economies such as Spain or Italy continue to suffer from important competitiveness challenges, while in the BRIC countries competitiveness levels have stagnated.

But while the drivers of competitiveness differ from country to country, the lack of a strong and efficient institutional setup, bureaucratic institutions and high levels of corruption all rank high on the list of common factors holding back competitiveness.

Innovation is possibly the most important factor. The lack of capacity to translate ideas into high-value products or services is a concern that increasingly affects advanced and emerging economies.

Setting these problems right will require strengthening the function of the global financial market, reigniting enhanced competition in the goods markets through increased trade, boosting entrepreneurship measures and clamping down on market-dominant positions. It also means improving institutions and creating the right environment to boost innovation through investments in education, skills, research and technology.

The process won't be easy and political leaders will have to rebalance key elements of their countries' social and economic systems while winning public support for change. But if the G20 gets this right, we can look forward to new and enhanced opportunities for all.

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