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Where will next wave of economic growth occur?

Amid worries about a global economic downturn, the 2008 Summer Davos forum, also known as the Annual Meeting of the New Champions 2008 of the World Economic Forum, concluded Sunday afternoon in the northern China metropolis of Tianjin.

The two-day global economic gala attracted some 1,400 entrepreneurs, officials and scholars from nearly 90 nations and regions.

Prior to forum, the International Monetary Fund adjusted its forecast for annual world economic growth from 4.9 percent down to 3.7 percent for the current year.

Despite that forecast, forum organizers did not change the theme from the Next Wave of Growth. This symbolized a sort of confidence. The forum became a platform for elites from all over the world to search for solutions to current difficulties.

But just where do they think the next wave of growth occur?

Many participants agreed that first of all the United States has to recover from ongoing Wall Street woes. Only when the United States improves could other nations follow suit and economic growth occur.

It is estimated that the strong driving force for the next wave of growth will probably come from traditional economic powers.

According to a report released by the forum, such first-tier cities as New York, London and Paris remain the favorite targets for investors. Tokyo, however, accommodated the most headquarters of leading global companies.

As Li Ruogu, governor of the Export-Import Bank of China, pointed out, "In the current financial crisis, China has chosen not to sell U.S. bonds. This marked a responsible attitude and indicated a hope for the U.S. to step out of the mire. It will benefit all."

Many people at the forum believed that emerging economies, including China and India, would play a larger role in the next wave of growth. Data released at the Forum showed that in terms of purchasing power parity (PPP), these emerging economies combined to account for two thirds of world economic growth.

Prof. Klaus Schwab, founder of the World Economic Forum, noted China would continue to play an important role in changing the world economic landscape. According to him, Chinese companies had already demonstrated that they were very competitive and performed very well in different areas.

A recent survey showed that investors had confidence in emerging metropolises like Shanghai, Beijing, Bombay, Dubai and Moscow. Tianjin will likely join them someday, as Airbus launched an aircraft assembly facility there.

The world economy would maintain growth and the growth rate would recover, EU Trade Commissioner Peter Mandelson observed. He believed the U.S. would embrace an economic resurgence in next few years, and a more balanced, multi-polarized global economy would emerge.

Many people thought the force behind the next wave of growth did not lie in actions by different economies but in new ideas under changed circumstances. For example, unity and cooperation should be established. The construction of Tianjin eco-city announced jointly by China and Singapore at the two-day meeting will be a model of such cooperation.

Kishore Mahbubani, president of the Lee Kun Yew School of Public Policy in Singapore, observed that he hoped developed nations would take into account developing nations in a better way, so as to ensure competition on a fair ground.

The major frustration of the Doha Round negotiations indicated developed nations did not have confidence in their developing counterparts, Kishore added.

"Developed nations should not stick to trade protectionism any longer," said Ronnie Chan, president of the Hong Kong-based Hang Lung Group.

The word responsibility was often mentioned at the annual meeting.

Prof. Klaus Schwab said the World Economic Forum wants to support companies which take more social responsibilities.

Another hot topic at the two-day event was how to cope with crisis. Participants, aware that a crisis may break out at any time, said it was imperative to send alarm in advance, enhance management and disclose related information in a timely way.

Emerging fields for the next wave of growth were also discussed at the forum. For instance, it was believed that in the coming decade, 15 percent of commodities around the world would employ nano-technology. Life science would make it possible to commercialize more medicines, space technology would bring about more profits and that low-carbon emitting economies would reshape corporate business. Meanwhile, participants agreed that the traditional manufacturing sector would remain important, with priority given to innovation.

It's not easy to forecast the next wave of growth.

Just as Liu Mingkang, head of the China Banking Regulatory Commission, said, "No matter what forum it is, it would be meaningless if there was no execution behind it."

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