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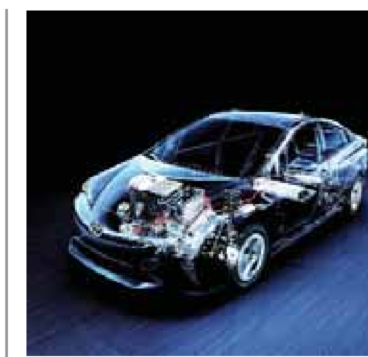

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SHANGHAI: Officials led by host country officials Chinese Finance Minister Lou Jiwei (center left in front) and People's Bank of China Governor Zhou Xiaochuan, center right in front, pose for a family photo of G20 Finance Ministers and Central Bank Governors Meeting at the Pudong Shangri-la Hotel in Shanghai yesterday. —AP

G20 nations pledge all tools to lift growth

Germany raises furor over fiscal and monetary stimulus

SHANGHAI: The world's 20 top economies will use all policy tools available to lift sluggish global growth, they said yesterday, despite German disquiet over fiscal and monetary stimulus.

The G20 finance ministers and central bank chiefs meeting in Shanghai said in a communique that while the global recovery was continuing, "it remains uneven and falls short of our ambition for strong, sustainable and balanced growth".

The gathering came amid fears driven by slowing growth in host nation China, steep falls in world financial markets, and US interest rates having risen for the first time in nine years-while Japan has adopted negative rates. The OECD last week cut its 2016 global growth forecast from 3.3 percent to 3.0 percent.

The G20 communique cited a list of specific risks the world faces, including volatile capital flows, falling commodity prices and rising geopolitical tensions, along with "the shock of a potential UK exit from the European Union and a large and increasing number of refugees in some regions".

But disagreements about the right remedy emerged on Friday, the first day of the meeting, after Germany's Finance Minister Wolfgang Schaeuble said attempts to boost economies with monetary loosening could be counterproductive and fiscal stimulus-governments spending more or cutting taxes-had run its course.

"Fiscal as well as monetary policies have reached their limits," he said. "If you want the real economy to grow there are no shortcuts without reforms." As the European Union's largest and richest member, Germany sometimes has different economic priorities to other countries and Schaeuble was at odds with the United States, Britain and China, which all backed the use of monetary and fiscal tools to fight a downturn, as well as structural reforms.

Berlin does "not agree on a G20 fiscal stimulus package", the German minister said.

In the event the communique acknowledged: "Monetary policy alone cannot lead to balanced growth," and said fiscal policy would be used "flexibly", while giving a nod to the importance of structural reforms. But France's Finance Minister Michel Sapin told AFP earlier that while "no-one" was suggesting a co-ordinated global stimulus package, those in a "better situation" should use it in an "intelligent" way to "support global demand".

Asked about the German stance, he said some countries might be "reluctant for historic, cultural reasons, which can be understandable... but today we are in an economic situation which requires all the policy tools that exist to be used".

US Treasury Secretary Jacob Lew told reporters Friday that "it's increasingly important to use all the levers of policy that are available, and that means using fiscal levels as well as monetary policy and structural reforms".

'Market volatility'

While the US Federal Reserve raised interest rates in December, many analysts believe it will delay any more tightening given renewed risks for the US recovery. This year the Bank of Japan and the European Central Bank (ECB) adopted negative interest rates and huge quantitative easing programs.

But the document did not express any explicit concerns over China, where growth has slowed to its weakest in 25 years. In the communique the group reaffirmed their previous commitments to "refrain from competitive devaluations" or "target our exchange rates for competitive purposes".

There are widespread concerns Beijing could lower the value of its yuan in order to lift its struggling export sector-at its competitors' expense-though Chinese officials deny any such plans.

"There is no basis for persistent renminbi depreciation from the perspective of fundamentals," People's Bank of China chief Zhou Xiaochuan said Friday. "We will not resort to competitive devaluations to boost our advantage in exports." —AFP

Osborne pushes Brexit onto G20 list of risks

SHANGHAI: British finance minister George Osborne pushed to include the risk of Britain leaving the European Union onto the list of risks to the global economy agreed by financial leaders of the top 20 economies yesterday, G20 officials said.

Britain will vote in a referendum in June whether it wants to remain part of the 28-nation EU.

British Prime Minister David Cameron negotiated a special status for Britain in the bloc last week to help convince Eurosceptics that continued membership would benefit the United Kingdom more than leaving. The risk of Britain exiting the EU, dubbed "Brexit", was not in the original draft of the communique of finance ministers and central bankers of the top 20 economies, but was added on the insistence of Britain, G20 officials said.

The final G20 communique, seen by Reuters, lists "a shock of a potential UK exit from the European Union" as one of the risks to the global economy, alongside with volatile markets, cheap commodities and the migration crisis.

"It was the British who called for it, but it did not meet with opposition," one G20 official said. "Everyone around the table would rather avoid a shock of that sort at such a fragile time for the global economy," the official said.

Some G20 officials also saw the inclusion of the line on Britain in the communique as a way to draw attention to the negative consequences of exiting the EU to support Cameron's campaign to stay in.

Italian Finance Minister Pier Carlo Padoan said that a decision by Britain to leave the EU would have negative global consequences.

"We would classify a UK exit from the EU as a powerful geopolitical shock, a negative shock," Padoan told reporters in Shanghai.

The City of London is a major financial centre for world finance, accounting for roughly 10 percent of Britain's GDP and some bankers believe that leaving the EU could disrupt business and force many financial institutions to move out. —Reuters

Angry protests as France's farm expo opens

PARIS: France's annual farm fair kicked off yesterday with dramatic displays of anger by farmers facing ruin, with protesters heckling President Francois Hollande and tearing down the agriculture ministry's pavilion. Five members of the main farmers' union FNSEA were arrested after the protesters destroyed the stand's walls and furniture, the union said. They wanted to "say loud and clear at the stand... that this country's agricultural producers don't feel like citizens," FNSEA secretary-general Dominique Barreau told AFP. "That's the exasperation, that's where we are!"

Earlier, livestock farmers booed and whistled as Hollande and Agriculture Minister Stephane Le Foll arrived to start the fair, when the countryside comes to Paris to show off the cream of French produce.

As the pair made their way through the vast exhibition centre in southern Paris, they walked past a large banner reading: "I am the best in my profession but my passion is no longer enough."

Livestock farmers, some wearing black T-shirts reading "I'm a livestock farmer, I'm dying", heckled Hollande, calling him "good for nothing" and "manure" who should resign.

One shouted: "He couldn't care less about us." "I hear the cries of distress," said Hollande, who plans to seek re-election in 15 months despite dismal approval ratings. "If I am here today it's to show that there is national solidarity."

France has seen months of protests across the country, with farmers blocking roads with their tractors and dumping manure outside government offices. Hollande acknowledged that the crisis facing farmers is "exceptionally hard, exceptionally long, exceptionally generalised."

He added: "To come and exhibit in the context of so much difficulty and pain is a lovely act of patriotism. It is not compliments that farmers want but lasting policies."

Laurent Pinatel, spokesman of the national small farmers group Confederation Paysanne, told AFP earlier that the French farm sector "is experiencing its worst crisis ever."

"There is a lot of worry on the farms, a lot of people are quitting (because) they feel there is no future," Pinatel said, noting that 5,000 farmers are leaving the sector each year.

The government says more than 40,000 farms are in extreme distress. The beef, pork and milk sectors have seen prices collapse because of declining sales to China and especially a Russian embargo on most Western food imports in retaliation for sanctions over the Ukraine crisis.

Grain and vegetable farmers are also feeling the pinch, especially wheat producers hit hard as world prices nosedive. In addition wholesalers, who have been engaged in a price war for several years, are demanding ever deeper cuts from suppliers, who are in turn squeezing farmers.

Hollande pledged yesterday to review the law governing relations between wholesalers and suppliers.

Meanwhile, a mild winter has upset the apple cart for many growers, who are bringing produce to the market before they can find buyers. Disease has heaped further woe on livestock farmers, with bluetongue ravaging cows and an outbreak of bird flu leading to several countries banning imports of foie gras.

'Extremely fragile'

The Salon de l'Agriculture is a must on the calendar of any ambitious politician, and ahead of next year's election, the glad-handing-and the "stroking of cows' behinds" made virtually compulsory by the earthy president Jacques Chirac-is the order of the day.

But the FNSEA warned: "It's out of the question for the fair to become a political beauty contest once again." Nevertheless, Hollande did not fail to make a stop to admire the fair's mascot, a Bazadais cow from southwestern France named Cerise (Cherry).

Nearly 700,000 visitors-a third of them children under 12 encouraged to pet the animals and enjoy the rural atmosphere, with cocks crowing and hay strewn in the alleyways-are expected to descend on the vast Porte de Versailles exhibition centre for the nine-day fair.

Despite the widespread despair, exhibitors were loath to boycott the event. "We are here even if our heart isn't in it," said Florent Dornier of the Jeunes Agriculteurs union. "It's often the only week off for farmers, but they are extremely fragile." —AFP

PARIS: A general view shows cows and a placard with the inscription "I am a breeder and I am dying" on the opening day of the "Salon de l'Agriculture" (Agriculture Fair) in Paris yesterday. —AFP