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Global action needed for economic recovery



Global action is needed for economic recovery post-coronavirus, says OECD

Global cooperation and strong policy action is needed for a sustainable economic recovery from coronavirus, says OECD

The Covid-19 crisis has exposed major weaknesses in world economies that can only be fixed through greater global cooperation and strong targeted policy action, according to a new OECD report presented to the leaders of the G20 countries at their virtual Summit this weekend.

New Horizons, a report requested by the G20 to support its action plan in response to the crisis, says governments need to plan now for the recovery while continuing to live with the virus.

Emergency economic measures to tackle the crisis will need to be adapted, support to people and businesses become more targeted, and new policies put in place to make the objective of a stronger, sustainable and inclusive global economy, a reality.

Speaking at the Summit, OECD secretary-general Angel Gurría said that ambitious reforms were needed to ensure a vigorous recovery.

He added: "We need to make sure health and social protection benefit all, that public and private investment is aligned with the Sustainable Development Goals, and we need to build resilience into the heart of our economic and social systems."

The OECD identifies the need for stronger co-operation between governments in a number of fields:

in health, from research to distributing Covid-19 vaccines, in trade, to ensure robust global production chains, in the taxation of multinationals as the economy becomes increasingly digitalised, in environmental sustainability, and, in preventing sudden outflows of capital and sovereign debt crises in emerging markets and developing countries.

The report says exceptional fiscal spending and monetary support should

be maintained as long as needed to buffer the shock of the pandemic, and outlines how governments should work on three main fronts – to reallocate resources; support people; and build a sustainable and resilient economic system for the future.

The crisis is accelerating changes to the economy, which are often disruptive. Governments will need to assist workers and businesses to transition from shrinking to expanding sectors; by removing barriers to mobility, by increasing competition, and by making it easier for firms to access finance and advanced technologies or to restructure.

Improving training and building skills, particularly among the low-skilled, youths and women who are often vulnerable in the labour market, will be key. Job retention schemes will need to evolve to ensure that people, rather than their jobs, are protected, that their opportunities are widened and their

income safeguarded.

Increasing public and private investment particularly in healthcare, digitalisation, lowering carbon emissions, education and skills are essential to reinforce sustainability and resilience.

The New Horizons report is part of the

broad range of analysis and recommendations from the OECD and other international organisations to support the work of the G20.

The Paris-based Organisation for Economic Cooperation and Development is an intergovernmental economic organisation with 37 member countries founded in 1961 to stimulate economic progress and world trade.

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