

G8 summit begins amid fears global economy is sinking back into recession

Gordon Brown urges fellow world leaders to avoid complacency about prospects for growth, jobs and investment amid recent downbeat data

- Larry Elliott and Patrick Wintour in L'Aquila
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Growing fears that the global economy could sink back into [recession](#) after a brief rally dominated the agenda as the leaders of the G8 nations gathered in Italy for their annual summit today.

Gordon Brown arrived in L'Aquila, in the region devastated by an earthquake in April, urging fellow world leaders to avoid complacency about the prospects for growth, jobs and investment.

The prime minister's comments came amid recent downbeat data which has dampened hopes of rapid recovery.

The G8 leaders were due to discuss Barack Obama's plan for a crackdown on oil speculators amid concerns that the recent increase in crude prices threatened a double-dip recession.

After falling from a peak of \$147 (£91) a year ago to a trough of \$35 at the turn of the year, oil prices last month rose above \$70 a barrel.

Although no new package of tax and spending measures will emerge from the three days of talks, the leaders hope to reach agreement on measures to cap energy prices and combat rising protectionist pressures.

Brown, who took centre stage at the G20 summit in London, was planning to warn fellow leaders that they needed to focus on the current state of the global economy rather than plan ahead for 2011 or 2012.

Britain wants the meeting to address five key issues hindering recovery from the most serious global downturn since the 1930s – a credit famine, rising unemployment, protectionism, a lack of investment and oil prices.

Growth in the west's leading industrial nations has collapsed since the banking crisis last autumn, with output dropping at an annual rate of 4.9% in the UK, 8.4% in Japan, 6.9% in Germany and 2.5% in the US.

The G8 will draw comfort from the stabilisation of financial markets since the panic of late 2008 and signs that the \$1.1 trillion package agreed at the G20 has prevented a threatened meltdown in eastern Europe.

But the G8 nations remain concerned that rising unemployment, expected to peak at a record 40 million people in developed countries next year, coupled with falling house prices will choke off consumer spending in the months ahead.

Brown's hopes of a major breakthrough on climate change were dealt a blow when the Chinese president, Hu Jintao, was forced to fly home to deal with ethnic riots.

Brown is hoping the summit will make progress on the agenda for December's Copenhagen summit, which will seek to set a long and medium-term target for limiting global CO2 emissions and a package of financial aid to help developing countries adapt.

Obama's willingness to sign up to a long-term target has improved the atmosphere for the climate change negotiations, but Brown believes a substantive deal in Copenhagen will be difficult to achieve without progress this week .

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