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UPDATE: G-20 MAP Report Unlikely To Detail Country-Specific Proposals - Sources

(Adds comments from G-20 official and economist)

By Ian Talley

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SEOUL (Dow Jones)--World leaders meeting here this week are largely suppressing details necessary to credibly outline a country-by-country roadmap for the global economy, according to several people close to the matter Friday.

Political disagreements within the Group of 20 industrial and developing nations over sensitive issues, such as the needed pace of China's currency appreciation and a blueprint on how Germany should restructure its economy away from export-reliance, have stalled a G-20 economic report.

Without numbers, the practice of economics is meaningless.

And since the G-20 was billed as an effort to balance the global economy's current accounts, the final success of the leaders summit depends on what counts as an "excessive" deficit or surplus and quantifying what's needed to get there.

That's why the G-20 originally mandated the International Monetary Fund to develop a Mutual Assessment Process, or MAP, essentially a roadmap for the global economy.

The IMF will unveil the MAP later Friday at the conclusion of the leaders summit, but the political contentiousness of the policies required to rein in imbalances has instead stymied the process.

An official within the U.K. delegation said the G-20 aimed to flesh out the analysis of imbalances next year, effectively punting the issue forward.

"The MAP remains a tool that has not yet lived up to its promise. Political constraints prevent it from being as hard-hitting as it ought to be and it lacks a mechanism for any serious follow-through," says Eswar Prasad, a Cornell professor and former head of the IMF's China division.

Under the Mutual Assessment Process, countries submit their economic plans, the IMF and other G-20 nations review them, and then the fund presents a comprehensive set of alternative proposals designed to create a coordinated framework for boosting global growth by up to 2.5 percentage points.

Without credible current account targets to help pressure G-20 members, the costs to an already anemic recovery could be heavy: global output could be slashed by 3%, 23 million jobs lost and 60 million people could fall into poverty.

At the last G-20 leaders summit in Toronto, the IMF said Asian countries needed to let their currencies appreciate by 10% and cut their surpluses by 3 percentage points to help meet the rosy growth projection.

This time around, the IMF was originally supposed to give country-specific analysis and recommendations. For example, the IMF could recommend that China encourage domestic consumption and appreciate the yuan by a certain amount in order to cut its projected surplus.

Without transparency and specifics on country-by-country policy recommendations, markets are unlikely to be assured by vague commitments to balance countries' trade accounts.

The G-20 will now likely work on explicit "spillover" reports--which investigate how countries' economic policies can negatively affect major trading partners--will feed into the MAP next year.

"On a political level, the IMF has become quite concerned recently about being seen as taking sides in the currency wars, which is why they are actually punting on the MAP for now and planning to rely on the spillover reports to get more specific about each country," Prasad said.

Although the U.S., with support from the U.K. and France, had pushed for publishing the report in greater detail--seeing the MAP as the basis upon which countries would commit to rebalancing of their current accounts--Germany and China resisted, according to two people close to the matter.

G-20 finance ministers in late October agreed to maintain current account balances at sustainable levels and said persistently large imbalances, assessed against "indicative guidelines" to be agreed at a later date, "would warrant an assessment of their nature and root causes."

Without the "indicative guidelines"--outlined by the IMF--that would act as an important early warning system to the G-20, Washington was forced to reset its sights.

Instead, Washington said it would try to calm frayed diplomatic nerves by cementing existing vague commitments and build a platform for more detailed work in the months ahead rather than jeopardizing work achieved so far and forcing the issue prematurely.

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(Laurence Norman contributed to this article.)