About the ICC G20 CEO Advisory Group

The ICC G20 CEO Advisory Group, an initiative of the International Chamber of Commerce (ICC), is a platform for global business to provide input to the work of the G20 on an ongoing basis. The Group mobilizes ICC’s worldwide policy-making expertise and solicits priorities and recommendations from companies and business organizations of all sizes and in all regions of the world. The Group comprises approximately 30 CEOs working to ensure that the voice of business is heard by governments, the public and the media before, during and after each Summit. www.iccwbo.org/g20

About the International Chamber of Commerce (ICC)

ICC is the largest, most representative business organization in the world. Its global network comprises over 6 million companies, chambers of commerce and business associations in more than 130 countries, with interests spanning every sector of private enterprise.

A world network of national committees keeps the ICC International Secretariat in Paris informed about national and regional business priorities. More than 2,000 experts drawn from ICC’s member companies feed their knowledge and experience into crafting the ICC stance on specific business issues.

The United Nations, the World Trade Organization, the G20 and many other intergovernmental bodies, both international and regional, are kept in touch with the views of international business through ICC.

For more information please visit: www.iccwbo.org

About the International Organization of Employers (IOE)

The International Organization of Employers (IOE) is the largest network of the private sector in the world, with a membership of 150 business and employer federations in 143 countries. In social and labour policy debate taking place in the International Labour Organization, across the UN and multilateral system, and in the G20 and other emerging processes, the IOE is the recognized voice of business.

The IOE seeks to influence the environment for doing business, including by advocating for regulatory frameworks at the international level that favour entrepreneurship, private sector development, and sustainable job creation. The IOE supports national business organizations in guiding corporate members in matters of international labour standards, business and human rights, CSR, occupational health and safety, and international industrial relations. For more information please visit: http://www.ioe-emp.org/

About the Business and Industry Advisory Committee (BIAC)

Founded in 1962 as an independent organization, the Business and Industry Advisory Committee to the OECD (BIAC) is the officially recognized representative of the OECD business community. BIAC’s members are the major business organizations in the OECD member countries and a number of OECD observer countries. For more information please visit www.biac.org
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## List of Acronyms

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<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
<tr>
<td>ACWG</td>
<td>G20 Anti-Corruption Working Group</td>
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
</tr>
<tr>
<td>B20</td>
<td>Business-20</td>
</tr>
<tr>
<td>BCBS</td>
<td>Basel Committee on Banking Supervision</td>
</tr>
<tr>
<td>BEPS</td>
<td>Base Erosion and Profit Shifting</td>
</tr>
<tr>
<td>BIAC</td>
<td>The Business and Industry Advisory Committee to the OECD</td>
</tr>
<tr>
<td>BIT</td>
<td>Bilateral Investment Treaty</td>
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<tr>
<td>CFSG</td>
<td>G20 Climate Finance Study Group</td>
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<tr>
<td>DFIs</td>
<td>Development Finance Institution</td>
</tr>
<tr>
<td>DWG</td>
<td>G20 Development Working Group</td>
</tr>
<tr>
<td>EMDEs</td>
<td>Emerging Markets and Developing Economies</td>
</tr>
<tr>
<td>ESWG</td>
<td>G20 Energy Sustainability Working Group</td>
</tr>
<tr>
<td>ETS</td>
<td>Emissions Trading System</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>FSB</td>
<td>Financial Stability Board</td>
</tr>
<tr>
<td>FSSBG</td>
<td>G20 Framework of Strong, Sustainable, and Balanced Growth</td>
</tr>
<tr>
<td>G20</td>
<td>Group of Twenty</td>
</tr>
<tr>
<td>GAN</td>
<td>Global Apprenticeships Network</td>
</tr>
<tr>
<td>GDPs</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GPFI</td>
<td>Global Partnership for Financial Inclusion</td>
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<tr>
<td>GTA</td>
<td>Global Trade Alert</td>
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<tr>
<td>GVCs</td>
<td>Global Value Chains</td>
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<tr>
<td>HLPs</td>
<td>G20 High Level Panel on Infrastructure Investments</td>
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<tr>
<td>ICCs</td>
<td>International Chamber of Commerce</td>
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<tr>
<td>ICTs</td>
<td>Information and Communication Technologies</td>
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<tr>
<td>IEAs</td>
<td>International Energy Agency</td>
</tr>
<tr>
<td>IFIs</td>
<td>International Financial Institution</td>
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<tr>
<td>ILs</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>INFs</td>
<td>International Network on Financial Education</td>
</tr>
<tr>
<td>IOs</td>
<td>International Organization</td>
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<tr>
<td>IOEs</td>
<td>International Organization of Employers</td>
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<tr>
<td>ITAs</td>
<td>WTO Information Technology Agreement</td>
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<tr>
<td>L20</td>
<td>Labour-20</td>
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<td>LICs</td>
<td>Low-Income Country</td>
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<td>MACSs</td>
<td>G20 Meeting of Agricultural Chief Scientists</td>
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<tr>
<td>MC9</td>
<td>Ninth WTO Ministerial Conference in Bali 2013</td>
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<tr>
<td>MDBs</td>
<td>Multilateral Development Bank</td>
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<tr>
<td>MFNs</td>
<td>Most Favoured Nation</td>
</tr>
<tr>
<td>MYAPs</td>
<td>G20 Multi-Year Action Plan on Development</td>
</tr>
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<td>OECDs</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>OMs</td>
<td>ICC Open Markets Index</td>
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<tr>
<td>PDFs</td>
<td>Project Development Facility</td>
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<td>PPFs</td>
<td>Project Preparation Fund</td>
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<td>PPPs</td>
<td>Private-Public Partnership</td>
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<td>PTA</td>
<td>Preferential Trade Agreement</td>
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<tr>
<td>RESIST</td>
<td>Resisting Extortion and Solicitation in International Transactions Toolkit</td>
</tr>
<tr>
<td>RTAs</td>
<td>Regional Trade Agreement</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small- and Medium-Sized Enterprise</td>
</tr>
<tr>
<td>UNCACs</td>
<td>United Nations Convention Against Corruption</td>
</tr>
<tr>
<td>UNCTADs</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
</tr>
<tr>
<td>UNODC</td>
<td>United Nations Office on Drugs and Crime</td>
</tr>
<tr>
<td>VETs</td>
<td>Vocational Education and Training</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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</table>
Foreword

It has now been five years since the G20 was elevated to Leaders’ level in the face of an unprecedented global financial crisis. Despite a number of challenges to the group’s cohesion, G20 Leaders have continued to make steady progress on their shared agenda of encouraging strong, sustainable, balanced growth and job creation.

As has become the custom at G20 Summits, the Heads of Government meeting in St. Petersburg endorsed a work program of detailed measures for their countries to implement collectively and individually across an ambitiously broad range of policy areas.

Moreover, and perhaps more importantly, the G20’s relevance to global governance was evidenced in St. Petersburg. In taking a collective leadership approach to tackling global economic problems, Leaders declared in two short paragraphs that a successful outcome on trade facilitation at the WTO Ministerial in Bali in December would be a stepping stone to further multilateral trade liberalization and lead to progress on the stalled Doha Development Agenda. These commitments held firm in Bali and a historic, consensus on a WTO Trade Facilitation Agreement was reached—one that will not only restore confidence in the multilateral trading system but will also generate a much needed global stimulus of $US1 trillion and the creation of 21 million jobs to the world economy.

Another important storyline from the St. Petersburg Summit was the continuous progress G20 Leaders are achieving between the annual meetings. The work carried out by G20 officials over the last year has produced agreements on trade, protectionism, taxation, anti-corruption and other measures central to the global business agenda. The substantive nature and deep degree of policy stewardship embodied in the Leaders’ Declaration is evidence that the annual Summit is only the most visible part of an ongoing, collaborative process.

We are also pleased to note a steady improvement in government-business dialogue since Korea invited business into the process through the G20 Business Summit in Seoul in 2010. Over the last four G20 Summit cycles, the world business community has invested deeply in the preparation of recommendations for G20 Leaders’ consideration. The special session for “social partners” created for the first time within the framework of the G20 Leaders Summit represented a significant step forward in the G20’s recognition of the role of international business.

As government and business move forward together, a key challenge will be to ensure that business recommendations remain relevant and that progress remains foremost. International business stands ready to partner with G20 governments in advancing a growth and jobs agenda. We offer this latest edition of the Scorecard in that spirit and hope it makes a positive contribution to the G20’s work.

Marcus Wallenberg
Chairman, ICC G20 CEO Advisory Group
Executive Summary

The importance of the G20 to international business

The G20 agenda bears upon core business goals for trade, investment, economic growth and job creation and will increasingly shape intergovernmental policies that affect business internationally. Since its elevation to a Leaders-level forum in 2008, G20 cooperation across a wide range of policy issues from trade to anti-corruption has aided business’ own efforts to grow and create jobs.

For these reasons, ICC has been deeply engaged in the work of the G20, and formed the ICC G20 CEO Advisory Group to intensify top-level international business engagement and to ensure the inclusion of business views in the deliberations of G20 Leaders.

The development of business recommendations

Among the activities of the ICC G20 CEO Advisory Group has been participation in the “Business-20” process. Starting with the first G20 Business Summit in Seoul in 2010, groupings of the world business community, operating collectively as the Business-20 or B20, have come together to share business views and present policy recommendations to the G20 Leaders. The B20 is now recognized by G20 governments as an important stakeholder in the G20 process and a constructive partner in promoting the shared objectives of global growth and job creation. To date, a number of distinct policy task forces have prepared B20 recommendations concentrating on issues ranging from trade and investment to anti-corruption and employment. By the time of the G20 Business Summit in St. Petersburg in June 2013, these policy task forces had generated no fewer than 400 recommendations for consideration by the G20 Leaders and their governments.

The evaluation of G20 responsiveness to business

The purpose of the ICC G20 Business Scorecard is to examine the G20’s recognition of core business messages and its collective policy response to recommendations put forward by the international business community.

It is ICC’s view that the Scorecard improves the G20 policy-making process by:

- Informing the G20 governments on how the business community interprets G20 actions, thereby helping the G20 to establish priorities, honour commitments, gauge its progress over time, and identify areas that merit greater attention.
- Improving business leaders’ ability to tailor recommendations and engagement with the G20 by evaluating whether the G20 has recognized business input and how it has carried through on specific business recommendations.

About the Scorecard

First, given the breadth and complex nature of the G20’s policy work, it is important to note that the Scorecard focuses on G20 responsiveness to business recommendations. It does not attempt to assess progress on the G20’s entire agenda. Secondly, this 3rd Edition of the Scorecard concentrates on G20 performance during the 2013 Russian Presidency. It recognizes that the response cycle of government policymaking is generally more long-term than the time afforded by the one-year G20 presidencies. For this reason, the
Scorecard takes a “multi-cycle” approach to both business recommendations and the G20’s response: The business recommendations included in the Scorecard are primarily those that have reappeared in the annual B20 reports enough times to suggest a priority. Similarly, G20 responsiveness to these recommendations is evaluated across Summit cycles so as to capture incremental progress and achievements that may occur.

With approximately 180 business recommendations generated during the Russian B20 cycle alone, the Scorecard concentrates on those specific business recommendations that merit evaluation, namely those that can yield tangible contributions to economic growth and employment and are sufficiently actionable by the G20.

These recommendations have been grouped into four major policy categories considered by the ICC G20 CEO Advisory Group as priorities for G20 attention. Each major category is presented as a specific chapter that includes the assessment of four to six aggregated business recommendations.

1. Trade and Investment
2. Financing for Growth and Development
3. Energy and Environment
4. Anti-Corruption

The Scorecard concludes with a fifth chapter on Job Creation, contributed by our colleagues at the International Organization of Employers (IOE) and the Business and Industry Advisory Committee to the OECD (BIAC). This chapter highlights G20 steps taken to address global unemployment; however, it does not evaluate performance in response to business recommendations at this stage. IOE and BIAC have contributed significantly to the development of B20 recommendations in this area, and IOE served as the co-chair for the Job Creation task force during the Russian cycle.

Finally, the Scorecard assesses progress by the G20 collectively in responding to business recommendations, rather than assessing the performance of individual G20 countries. Likewise, the Scorecard does not evaluate G20 performance solely on the basis of its achievement of the “end goal.” Rather, it evaluates G20’s recognition of and subsequent actions in dealing with an issue, followed by an assessment of G20’s responsiveness to corresponding business recommendations.

Scores
Overall score

The 2013 G20 Leaders’ Summit in St. Petersburg maintained a focus on economic objectives, delivered a number of accomplishments and made steady progress in addressing business priorities. The overall score of 2.1 (out of 3.0) translates to a rating of FAIR across the four major policy groups evaluated. Although the score suggests that room for improvement still exists, it illustrates that the G20 has recognized a number of business recommendations and has taken at least some partial steps in response.

Among the specific commitments G20 Leaders took in St. Petersburg was the call to achieve a trade facilitation agreement at the World Trade Organization (WTO) Ministerial Conference in December 2013 in Bali, the extension of the G20 standstill on protectionist measures until the end of 2016, international efforts to combat tax evasion and avoidance through the endorsement of the OECD Action Plan on Base Erosion and...
Profit Shifting (BEPS), and the timely recognition of the need to ensure consistency between Regional Trade Agreements (RTAs) and WTO principles. The substantive policy stewardship embodied in the St. Petersburg Leaders’ Declaration is evidence of an ongoing, collaborative process that has evolved since the 2008 elevation of the G20 to the level of heads of government.

As an overall average, the “Fair” score masks the high scores that the G20 has achieved within the four major policy groups. For example, it has made concerted efforts to increase Small- and Medium-sized Enterprise (SME) access to finance. It has deepened public-private dialogue on the fight against corruption, and it has encouraged strengthening of the multilateral trading system. This knife cuts both ways, however, also masking three “Poor” scores and two “Inadequate” scores within the four policy groups. The scores reflect the G20’s lack of recognition of the importance of Information and Communication Technologies (ICTs), its lack of progress on the environmental agenda, and the absence of G20 discussions on Foreign Direct Investment (FDI) and a multilateral framework on investment.

A comparison with previous Scorecards reveals progress in the G20’s record in recognizing and responding to recommendations put forward by the international business community. The overall score of 2.1 (out of 3.0) in this 3rd Edition is a slight numerical improvement over the Scorecard 2nd Edition score (1.9). It also shows improvement over the score of “Poor” (1.4) in the Scorecard 1st Edition.

<table>
<thead>
<tr>
<th>Major Grouping</th>
<th>1st Scorecard</th>
<th>2nd Scorecard</th>
<th>3rd Scorecard</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Trade and Investment</td>
<td>Poor</td>
<td>Poor</td>
<td>Good</td>
</tr>
<tr>
<td>(2) Financing for Growth and Development</td>
<td>Fair</td>
<td>Good</td>
<td>Fair</td>
</tr>
<tr>
<td>(3) Energy and Environment¹</td>
<td>Poor</td>
<td>Fair</td>
<td>Poor</td>
</tr>
<tr>
<td>(4) Anti-Corruption</td>
<td>Poor</td>
<td>Fair</td>
<td>Good</td>
</tr>
<tr>
<td>Overall Score</td>
<td>Poor (1.4)</td>
<td>Fair (1.9)</td>
<td>Fair (2.1)</td>
</tr>
</tbody>
</table>

Despite the positive overall trend, progress is mixed across the four major groupings. Part of this variation in scores could be attributed to differing host nation priorities. For example, the 2012 Mexican Presidency, evaluated in the 2nd Scorecard, prioritized energy and development issues resulting in relatively high scores in these areas. President Putin, in turn, made anti-corruption and investment in infrastructure his priority issues for the 2013 Russian G20 Presidency, which may have contributed to the higher scores earned in these areas.

Nevertheless, underlying scores remain low in some areas, with only three “Good” scores in the major groupings; the rest of the scores hover between “Poor” and “Fair.” The overall score suggests that the business dialogue with G20 Leaders is important and should remain a key component of the G20 agenda; however, concerted efforts and increased international cooperation among the G20 will be required for continued improvement.

¹The chapter was called “Green Growth” in the 1st Edition of the ICC G20 Business Scorecard
G20 score on Trade and Investment

The overall score assessment of G20 commitments and decisions on Trade and Investment is GOOD. This is an improvement over last year’s score of POOR and reflects several key achievements on the trade side of the ledger.

Business commends G20 Leaders’ continued support for open trade and investment. An open, rules-based, transparent and non-discriminatory WTO-based multilateral trading system is the best guarantee to deliver strong and sustainable growth. Business is also encouraged by the increased focus on investment under the Russian G20 Presidency, including the recognition by Leaders in St. Petersburg on the “paramount importance of the investment climate in attracting long-term financing”.

Business encourages the G20 to reinforce cross-border investment activity by undertaking the development of a high-standard multilateral framework for international investment, drawing on the ICC Guidelines for International Investment. This initiative would help overcome the deficiencies of the current patchwork of bilateral and regional investment rules, and provide international investors with a level playing field for FDI worldwide.

Scoring component highlights:

- The St. Petersburg Summit reiterated the importance of a strong multilateral trading system, dedicating a specific section of the Leaders’ Declaration to this issue.
- The call for a successful outcome on trade facilitation at the WTO Bali Ministerial Conference was a convincing demonstration of the effectiveness of the G20’s collective leadership approach to tackling global economic problems. This leadership led to the historic WTO Agreement on Trade Facilitation, which will restore confidence in the multilateral trading system and generate a much needed stimulus of US$1 trillion and 21 million jobs to the world economy.
- The G20’s agreement to freeze the introduction of protectionist measures by extending the Standstill agreement until end of 2016 is a significant achievement amidst different perspectives on trade, and one that, due to the resolve and commitment of G20 Leaders, will stabilize conditions to generate more growth and jobs.
- Business commends the G20 for reaffirming its commitment to combat protectionism; however, adherence remains uneven and the G20 needs to do more to roll back protectionist measures.
- The G20 reaffirmed that regional trade agreements (RTAs) are complementary to—and not a substitute for—the multilateral trading system. Leaders called for further work in the WTO to enhance RTA transparency. They also encouraged WTO members to advance discussions on the systemic implications of the increasing number of RTAs on the multilateral trading system.
- The G20’s call for a new Study Group on Financing for Investment to prepare specific recommendations for the next G20 Summit in Brisbane is a welcome development. G20 Leaders, however, need to devote more attention to promoting FDI benefits, including discussions on a multilateral investment framework.
G20 score on Financing for Growth and Development

The overall score assessment of G20 commitments and decisions on Financing for Growth and Development is FAIR, which is a slight drop from last year’s score of GOOD.

Business commends the G20’s ambitious financial inclusion agenda and is encouraged by the increased recognition of the importance of infrastructure project preparation and development.

G20 Leaders have expressed the need to promote innovation and find new solutions to growing problems, such as food security, development and financial inclusion. The G20, however, has not yet officially acknowledged the role that information and communication technologies (ICTs) could play in achieving these solutions. Even more surprising is that the Internet has not been mentioned at all in any of the eight Leaders Summit Declarations since 2008.

Scoring component highlights:

- Business commends ongoing work by the G20 and the Global Partnership for Financial Inclusion (GPFI) to address the specific challenges SMEs face in seeking finance, including the implementation of the SME Finance Challenge and SME Finance Forum initiative.
- The establishment of the new subgroup on financial consumer protection and financial literacy under the Russian G20 Presidency represents a major milestone in GPFI work towards improving financial education, protection and inclusion.
- The G20 continues to emphasize the importance of infrastructure investments, including project preparation funds, yet more can be done to improve the design of and conditions for productive public-private partnership (PPP) arrangements.
- Despite insistent calls, the G20 has not responded to business recommendations for promoting stable and affordable Internet access, supported by investments in ICTs, as tools for innovation, growth and jobs creation.
- While G20 commitments to monitor the effects of regulatory reforms on emerging markets and developing economies are heartening, Business remains concerned that implementation of Basel III may have negative long-term effects on the availability of affordable trade finance, thus inhibiting economic growth.
- The introduction of the St. Petersburg Development Outlook ensures that food security remains a key priority and that it appears on the G20 agenda for years to come.

### Summary of G20 Response to Business Recommendations

<table>
<thead>
<tr>
<th>Financing for Growth and Development</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.A – Give trade finance favourable treatment under Basel III</td>
<td>Poor</td>
</tr>
<tr>
<td>2.B – Increase SME Finance</td>
<td>Good</td>
</tr>
<tr>
<td>2.C – Improve financial education, protection and inclusion</td>
<td>Good</td>
</tr>
<tr>
<td>2.D – Increase infrastructure investments</td>
<td>Fair</td>
</tr>
<tr>
<td>2.E – Promote Information and Communication Technologies</td>
<td>Inadequate</td>
</tr>
<tr>
<td>2.F – Improve food security</td>
<td>No Score</td>
</tr>
</tbody>
</table>

**Overall Score**

FAIR (1.8)
G20 score on Energy and Environment

The overall business assessment of G20 commitments and decisions on Energy and Environment is POOR, down from last year’s FAIR scoring.

Business has called on governments to establish the necessary legal frameworks, incentives and policies to provide clarity for long-term energy investments and to transition towards a greener economy.

This year’s relatively weak score reflects an absence of action by the G20 to achieve market-based carbon pricing and eliminate barriers to trade in environmental goods and services. Furthermore, energy efficiency was a much less prominent issue in St. Petersburg compared to the three previous Summit cycles. Business is nonetheless encouraged by the development of a voluntary peer review process on G20 Leaders’ commitment to phase out inefficient fossil fuel subsidies. Concerns remain, however, regarding the absence of consistent and comparable data on the full range of Member’s subsidies with little evidence tangible solutions are near.

Scoring component highlights:

- Business welcomes ongoing efforts within the G20 Energy Sustainability Working Group (ESWG) and commends G20 Leaders for encouraging a closer engagement with the private sector in 2014. Nevertheless, Business believes that the G20 can, and should, more actively drive international action to improve energy efficiency and develop and deploy low-carbon technologies.

- The G20 reaffirmed their 2009 Pittsburgh commitment to rationalize and phase out inefficient fossil fuel subsidies, with outcomes from the first rounds of voluntary country peer reviews to be presented in 2014. Progress on this commitment has been slow, and several important gaps remain, including a timeline for completion and the level of country participation in the peer review process.

- Despite recurrent calls from Business, the St. Petersburg Declaration made no mention of pursuing an agreement on reducing barriers to trade in environmental goods and services. This situation is unfortunate, as a reduction in tariffs will allow business and citizens better access to environmental technologies, which in turn will facilitate the deployment and use of more environmentally efficient goods and services.

- Business is encouraged by discussions within the G20 Climate Finance Study Group (CFSG) on market-based carbon pricing mechanisms. It notes the absence of a similar dialogue at the G20 Leader and Finance Minister level, inclusive of recent reviews of emissions trading by a number of G20 Governments. A clear and predictable agreement is an essential element for enhancing investor confidence and providing the certainty required for business to invest in energy efficiency and low-carbon technologies.

<table>
<thead>
<tr>
<th>Energy and Environment</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.A – Scale up energy-efficiency and low-carbon innovation</td>
<td>Fair</td>
</tr>
<tr>
<td>3.B – Phase out fossil fuel subsidies</td>
<td>Fair</td>
</tr>
<tr>
<td>3.C – Eliminate barriers to trade in environmental goods and services</td>
<td>Inadequate</td>
</tr>
<tr>
<td>3.D – Achieve market-based carbon pricing</td>
<td>Poor</td>
</tr>
</tbody>
</table>

Overall Score

FAIR

POOR

(1.3)
G20 score on Anti-Corruption

The overall business assessment of G20 commitments and decisions on Anti-Corruption is GOOD, demonstrating a year-on-year improvement in score.

The score indicates that the G20 is making good progress on its ambitious Anti-Corruption Agenda, launched at the 2010 Seoul Summit. Governments and global business have a shared responsibility to enhance transparency and support efforts to combat corruption. Business commends the G20 Anti-Corruption Working Group (ACWG) for maintaining a close partnership with business under the Russian G20 Presidency, including inviting Business-20 representatives to participate in official Working Group meetings.

Scoring component highlights:

- The majority of G20 members are engaging with business on their reviews of the United Nations Convention against Corruption (UNCAC), and almost all G20 countries are engaging on a regular basis with the OECD Working Group on Bribery. Business calls on the two remaining G20 members that have not yet ratified the UNCAC (Germany and Japan) to commit to specific deadlines.
- The G20 and ACWG continue to highlight the importance of transparency in public procurement, including working with several international organizations to develop best practices.
- Business applauds the G20 for acknowledging the importance of a long-term strategy on anti-corruption through the adoption of the St. Petersburg Strategic Framework, which inter alia recognizes Business as a key partner in the fight against corruption.
- Business commends the enhanced dialogue with the B20 under the Russian G20 Presidency to develop and strengthen initiatives to facilitate cooperation and sharing of best practices among G20 member-countries, including the exploration of B20 proposals on integrity pacts between business and governments.
Job creation and human capital

IOE and BIAC have co-authored a fifth chapter in this 3rd Edition of the Scorecard on the issue of employment, skills and job creation in the G20. While the chapter does not assign a score, it presents an overview and evaluation of the key business recommendations and associated G20 actions in this area to date.

Employment, skills and job creation have become increasing priorities for the G20. Starting with the 2009 London Summit, Leaders have acknowledged the role of employment in achieving a sustained recovery. The commitment to place jobs at the heart of recovery has become part of every G20 Leader’s Declaration. To that end, G20 employment and labour ministers have met periodically to define strategies and exchange best practices to address persistently high unemployment rates.

The growing focus on employment has not led to the establishment of G20 employment targets, however; nor has concrete and measurable progress been made on employment across the G20. Despite the commitments of individual G20 countries reflected in action plans in Seoul, Cannes and Los Cabos, the outcomes anticipated in G20 Declarations have proven less concrete. Moreover, the role of the private sector in job creation has been largely neglected.

Encouragingly, the G20 employment process took a more comprehensive approach under the Russian G20 Presidency, focusing on job creation, labour market activation and the implementation of G20 commitments. There also appears to be a greater willingness to translate G20 recommendations into action and to start benchmarking reform efforts and labour market performances. This new action-oriented approach gives hope that the G20 employment process will have tangible impact on the ground, which is a prerequisite for its legitimacy.

The B20 has stressed in the G20 process the need for comprehensive and coherent reform strategies to establish opportunities for young people and job seekers by making employability a top priority in national education and training systems. Among the priority recommendations for G20 consideration are calls for the following: (1) an environment that enables frameworks for flexible work, which remain too restrictive in many G20 countries; and (2) attention to skills deficits, which are major obstacles to bringing people into employment and securing the workforce companies need.

The IOE and BIAC will continue to monitor implementation of G20 commitments made in St. Petersburg and present findings in 2014, which will serve as the basis for deriving a score in the next Scorecard edition.
Introduction

Business engagement: a prerequisite for success

As the everyday practitioners in the global economy, international business has a clear stake in the success of the G20—and is willing to play an increasing role, delivering real-world input to policymaking; partnering with governments to implement commitments; and validating the G20’s actions through increased international trade and investment, economic growth, and job creation. Business believes that by monitoring G20 actions and offering constructive feedback, it can help improve G20 outcomes and support the Group’s objectives of growth, financial stability, and better global governance. For these reasons, ICC has been closely engaged in the G8/G20 policy process since 1990, when it initiated the practice of conveying world business priorities to the host country Head of State.

The G20, with its mixed membership of advanced and emerging economies, has become a powerful force for shaping the rules of engagement for global market competition. With this understanding, along with the recognition that the G20 agenda will substantially impact core business goals to expand economic growth and employment, ICC formed the ICC G20 CEO Advisory Group to spearhead global business engagement with G20 heads of government and contribute high-level business perspectives to G20 policymaking. ICC has served as a strategic, global business partner to successive host countries: Korea, France, Mexico, and Russia. CEO members of the Advisory Group have worked collectively to develop constructive policy recommendations on key issues from a world business perspective.

The importance of business engagement was recognized by former Korean President Lee Myung-bak, who ushered in a new era for direct business-to-government communications through the establishment of the Seoul G20 Business Summit in 2010. In his words, “Participation from business will reinforce the positive outcome from the official Summit, and highlight the vitality that can only be provided by the private sector to further enhance the G20 as an effective forum for promoting global prosperity.”

G20 Leaders continue to emphasize the value of an ongoing business dialogue. Speaking to business leaders on the many challenges facing the global economy at the 2013 Business-20 Summit, Russian President Vladimir Putin stressed, “Only if governments and business join forces and work together can we address and resolve the issues. You carry huge responsibility. I hope very much that this positive work together will continue over the years to come.”

The evolution of G20 business recommendations

Over the last four annual G20 Summit cycles (Seoul 2010, Cannes 2011, Los Cabos 2012, and St. Petersburg 2013), ad hoc groupings of the world business community, operating collectively as the Business-20 or “B20,” have prepared policy recommendations to G20 leaders. Up to the 2013 St. Petersburg B20 Summit, 37 distinct policy task forces composed of business leaders from across the G20 have prepared upwards of 400 business recommendations for G20 Leaders’ consideration.

Collectively, the recommendations presented to the G20 in Seoul, Cannes, Los Cabos and St. Petersburg comprise a seminal compendium of international business priorities and recommendations that continue to be shaped and reshaped as the process moves from Summit to Summit. While some business priorities have been reiterated and others have called on the G20 to take action in new areas, the main task force themes have been carried over between Summits, as illustrated in Table 1.
The Scorecard: towards sustained and balanced measurement

With the B20 process now entering its fifth year, there is an increasing need to evaluate the impact of business engagement on the G20 process over time. The purpose of the ICC G20 Business Scorecard is to provide a detailed assessment of the G20’s recognition of core business messages and its collective policy response to the global business community’s recommendations.

Two editions of the ICC G20 Business Scorecard have already been published. The 1st Scorecard, released in June 2012, compared 54 global business recommendations with G20 commitments and decisions conveyed in Summit Declarations since Washington. The overall assessment was “Poor” across the four policy areas evaluated: trade and investment, green growth, transparency and anti-corruption, and financing for growth and development. This rating suggested that the G20 was at least acknowledging business priorities. Further development of the G20’s business programme and a more organized approach to business input into the G20’s work, however, would be necessary for the G20 to address more adequately the considerable remaining challenges.

Table 1 - Evolution of B20 task forces

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<tr>
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<tr>
<td>Revitalizing World Trade</td>
<td>Trade and Investment</td>
<td>Trade and Investment</td>
<td>1 Investments and Infrastructure</td>
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<td>Encouraging FDI</td>
<td>Commodities and Raw Materials</td>
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<td>Closing the Gap in Infrastructure and Natural Resource Funding</td>
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<td>Supporting Econ. Growth and the Implications for Fin. Sector Policy &amp; Regulatory reforms</td>
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<td>Funding and Nurturing the SME sector</td>
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<td>Development and Food Security</td>
<td>Food Security</td>
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<td>Unleashing Technology Enabled Productivity Growth</td>
<td>ICT and Innovation</td>
<td>4 Global Priorities for Innovation and Development</td>
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<td>Creating Green Jobs</td>
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<td>Encouraging Substantial Use of Renewable and Low Carbon Energy</td>
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<td>Improving Energy Efficiency</td>
<td>Energy</td>
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<td>Addressing the Impact of Youth Unemployment</td>
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<td>5 Job creation, Employment &amp; Investments in Human Capital</td>
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<td>Employment</td>
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<td>Anti-Corruption</td>
<td>6 Transparency &amp; Anti-corruption</td>
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<td>Advocacy and Impact</td>
<td>7 G20-B20 Dialogue Efficiency</td>
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<td>Economic Policies</td>
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The Scorecard: towards sustained and balanced measurement

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The 2014 B20 Australia process will be structured around four task forces: Financing Growth, Human Capital, Investment & Infrastructure and Trade. N.B. The 1st, 2nd and 3rd Editions of the Scorecard share the same scoring methodology; however the 1st Edition had subtle differences in scoring terminology. First Edition (Second and Third Edition) scores: Inadequate (Inadequate), Incomplete (Poor), Insufficient (Fair), Pass (Good). While the overall assessment score for the 1st Edition Scorecard was “Incomplete,” the corresponding score in the 3rd Edition would be “Poor.”
The 2nd Edition of the Scorecard was released in April 2013 and focused on the G20’s performance during the 2012 Mexican Presidency. The overall assessment for the 2nd Edition of the Scorecard was “Fair.” This marked a modest improvement over the first Scorecard and illustrates the value of a business scorecard, as well as the need for continued monitoring efforts.

This 3rd Edition of the ICC Scorecard focuses on the G20’s response to recommendations put forward by the international business community during the 2013 Russian G20 Presidency.

**Methodology**

**Organizing the business recommendations for scoring**

Given the breadth and complex nature of the G20’s policy work, the Scorecard does not attempt to assess progress on the G20’s entire agenda, nor does it evaluate the G20’s response to all of the business recommendations. Instead, the Scorecard focuses on four major policy groupings that the ICC G20 CEO Advisory Group considers priorities for G20 attention at this time. Notably, the major groupings also correspond to trends in recurring priorities suggested by the broader B20 participants.

We recognize that by selecting only a few major policy areas, some important work that the G20 has addressed is not covered in the Scorecard. For example, a number of G20 energy-related issues, from commodity markets to marine environment protection, are not covered. Nonetheless, it is hoped that the four major groupings chosen best reflect business priorities, maximize clarity, and present a consistent basis for future assessments.

Each major grouping is presented as a specific chapter in the Scorecard:

1. **Trade and Investment** – This chapter captures a major policy area of the business recommendations over the past three cycles. It reflects the international business view that trade and investment are vital contributors to the global economy. Consequently, open markets and effective rules for international trade and investment are recurring business priorities.

2. **Financing for Growth and Development** – This chapter maps the Seoul Development Consensus for Shared Growth and the more recent St. Petersburg Development Outlook. It covers key elements of the official G20 work streams, including parts of the financial system reform, the establishment of the Global Partnership for Financial Inclusion (GPFI), and work undertaken by the G20 Development Working Group on food security. These priorities bear directly on business priorities for economic growth, market expansion and infrastructure development.

3. **Energy and Environment** – This chapter covers some of society’s most intractable and borderless challenges to rationalize energy markets and achieve sustainable development. Starting with the G20 Summit in Pittsburgh in 2009, energy and environment issues have been recurring items on the G20’s agenda. Several official G20 working groups have been established to advance the work, with significant impacts on business investment decisions, product development and employment.

4. **Anti-Corruption** – G20 leaders have increasingly taken up the fight against corruption as a core item of their work programme, establishing the G20 Anti-Corruption Action Plan and calling for action by business and various intergovernmental organizations. Consequently, anti-corruption and the associated task forces and recommendations have been a consistent presence in the past four business Summit cycles.
The 3rd Edition of the Scorecard introduces a fifth chapter on Job Creation, contributed by the IOE and BIAC. The chapter highlights some of the key challenges and recommendations necessary to create sustainable growth and generate employment opportunities across G20 countries. This chapter does not assign a score, but it presents an overview and evaluation of the key business recommendations and associated G20 actions in this area to date. The chapter is intended to serve as the basis for deriving a score in the next edition of the Scorecard.

Selecting which recommendations to evaluate

While the 3rd Edition of the Scorecard focuses on the G20’s performance during the 2013 Russian G20 Presidency, it recognizes that the response cycle of government policymaking is generally longer-term than the time afforded by the one-year G20 Presidencies. The Scorecard also recognizes that over the last four Summit cycles, 37 distinct policy task forces prepared business recommendations, concentrating on different policy topics, featuring different leaders and different priorities, and largely composed of different companies—thus yielding a mix of recommendations relating to the same topics. Finally, of the more than 400 recommendations that have been “officially” developed by business and conveyed to G20 Leaders, ICC considers that only about half have been conveyed in a way that are “actionable” by the G20.

For these reasons, the Scorecard takes a “multi-cycle” approach to both the business recommendations and the G20’s response. The compendiums of business recommendations presented to the G20 Business Summits in Seoul, Cannes, Los Cabos and St. Petersburg were reviewed. The most salient recommendations were then selected for evaluation based on the following criteria:

1. Recommendations that are clear and specific enough to be actionable by the G20;
2. Recommendations that have recurred in the compendiums of business recommendations;
3. Recommendations that share enough similarities to warrant a collective assessment and score.

The resultant recommendations were then delineated by their respective Summit and aggregated for evaluation. In total, the 3rd Edition of the Scorecard condenses 63 recommendations into 20 aggregated recommendations for evaluation:

- Sixteen recommendations in the major grouping of Trade and Investment were condensed into six aggregated recommendations for evaluation and tabulated in Chapter 1.
- Nineteen recommendations in the major grouping of Financing for Growth and Development were condensed into six aggregated recommendations for evaluation and tabulated in Chapter 2.
- Sixteen recommendations in the major grouping of Energy and Environment were condensed into four aggregated recommendations for evaluation and tabulated in Chapter 3.
- Twelve recommendations in the major grouping of Anti-Corruption were condensed into four aggregated recommendations for evaluation and tabulated in Chapter 4.

For each aggregated recommendation, a corresponding assessment has been produced and a score assigned, as discussed below.
Evaluation

The assessment of the G20’s response to international business recommendations is undertaken collectively by the ICC G20 CEO Advisory Group, their corporate representatives and ICC policy experts. The assessment of G20 responsiveness is based on official documents issued by the G20, its working groups and ministerial meetings, as well as on other publicly available documents. While multiple official documents are considered for the evaluation, the Scorecard emphasizes the G20’s principal policy outcome document, the “Leaders’ Declaration” (sometimes referred to as “Summit Communiqué”). This document embodies the collective voice of the G20 Leaders and is the primary source delineating G20 priorities, progress, commitments, decisions and next steps.

Individual actions by member countries are not considered for the score; however, examples from G20 members may be highlighted to illustrate general action and progress. Likewise, the Scorecard does not evaluate G20 performance on the basis of whether the “end goal” is achieved. Rather, it concentrates on G20 recognition of the problem, then an assessment of actions the G20 as a body has taken to address the problem, followed by an assessment of its responsiveness to business recommendations. As such, the Scorecard recognizes that the G20 is just one of many intergovernmental bodies tackling global economic issues.

Numerical scoring

The ICC G20 Business Scorecard evaluates the G20’s response to an aggregated business recommendation based on three criteria:

- **Recognition** - If the G20 has recognized/addressed an issue raised by business, either actively (i.e., Leaders have referred to the issue in a Summit Declaration) or passively (i.e., referencing the work of others or supporting initiatives that are focused on the issue).

- **Action** - If the G20 has taken action (e.g., set a goal, created a task force, called upon an IGO to act, requested a report, etc.); and

- **Adequacy** - If the G20’s response / action is adequate in addressing business concerns.

For each criterion that has been met, a green (✓) is attributed and one corresponding point has been assigned. If the criterion has not been met, a red (✗) is attributed and no points have been assigned. Consequently, an aggregated recommendation can achieve a minimum numerical score of “0” and a maximum score of “3.”

For example, in the major grouping “Trade and Investment,” aggregated recommendation 1a, *Promote multilateral trade liberalization and rule making within the WTO*, one point was assigned for “Recognition,” one point was assigned for “Action” and one point was assigned for “Adequacy”—for a total numerical score of “3.”

**Qualitative assessment**

Since the Scorecard’s implicit bottom line is an assessment of whether the G20 is considering business priorities and whether the G20, as a collective body, is responding effectively, the numerical score is further translated into a qualitative assessment.

The qualitative assessment of “Inadequate” indicates that the G20 has not addressed the issue at all (i.e., no points were earned). A score of “Poor” indicates that the G20 has, at a minimum, acknowledged the subject, with little or no action taken in response
(i.e., one point is assigned). A score of “Fair” illustrates that the G20 has recognized the business recommendation and has initiated at least some steps in response (i.e., two points are assigned). A score of “Good” means that the G20 has addressed the business recommendation effectively (i.e., a point is assigned for each of the three scoring criteria for a total of three points).

Referring again to the major grouping “Trade and Investment,” aggregated recommendation 1a, *Promote multilateral trade liberalization and rule making within the WTO*, the numerical score of “3” translates into the qualitative assessment of “Good.” This suggests that the *Scorecard* considers that the G20 has acknowledged the subject, performed some action in response, and that the action was sufficient enough to warrant the highest score.

**Overall scoring**

Each major grouping has also been assigned an average score based on the G20 responsiveness to all of the aggregated business recommendations within that chapter. For example, the six aggregated recommendations under Chapter 1, Trade and Investment, earned a total of 15 points. This total translates to an overall chapter score of 2.5 or “Good.”

Finally, all chapter scores lend to an overall score, based on the average of all 20 aggregated recommendations reviewed in the 3rd Edition of the *Scorecard*. 
Chapter 1: Trade and Investment

International trade is a vital contributor to the global economy. It is an important source of economic growth and employment. The post-Second World War era delivered the most prosperous 60 years in history. During this period, globalization powered world prosperity, with trade and investment growing much faster than other components of the world economy. International trade in goods and services experienced average growth rates of 5.3% for the last 20 years (1992-2012). During the global financial crisis, however, international trade in goods and services dropped precipitously and has yet to recover the rapid growth rates preceding the crisis. From 2008 to 2012, global output growth averaged just 1.7%. This is a much slower rate of growth when compared to rates since the 1970s of similar five-year periods that followed recessions in the global economy.

Expansion of international trade, set at 2.5% in 2013 and 4.5% in 2014, continues to fall below the 20-year average of 5.3% and well below the pre-crisis average rate of 6.0%. In a global economy where recovery remains fragile, additional measures to liberalize trade can provide a significant debt-free stimulus and much needed boost to global GDP. For these reasons, the G20 has continuously underscored the critical importance of open trade since the inaugural G20 Summit in 2008 by repeatedly highlighting the centrality of the World Trade Organization (WTO) and committing to refrain from raising new trade barriers and increasing trade protectionism.

Cross-border investment is another vital driver of global economic growth. It conveys benefits to businesses and home governments that frequently are overlooked. In the past decade, the value of cross-border direct investment has grown substantially. Global inward investment flows now approach $1.2 trillion USD; sales of affiliates worldwide are just under $30 trillion USD, far in excess of world trade flows; and there are more than 2,800 bilateral investment treaties, many of them “south-south.”

The increasing level and expanding nature of international investment flows and associated transactions speak to the recognition by host governments—particularly in developing markets—of the contribution international investment makes to sustainable development. Businesses and governments in developing countries, as well as developed countries, are keenly aware of the importance of investment as a driver of growth.

Long-term investment financing was a priority issue for the Russian G20 Presidency. In February 2013, and at the request of G20 Finance Ministers, the World Bank delivered an Umbrella Report on the topic of “Long-Term Investment Financing for Growth and Development.” Based on the Report’s findings, Finance Ministers established a specific G20 Study Group with the cooperation of international organizations to analyze obstacles and limitations delaying long-term financing. The Study Group would also determine a work plan for the G20.

Because businesses—from small- and medium-sized enterprises to large corporations—rely on cross-border trade and investment, global business has long engaged with the G20 on trade and investment policy as top priorities. All B20 task forces on trade since the first Business Summit in Seoul have called for G20 Leaders to complete the WTO Doha Development Round and resist protectionism and trade-restrictive measures, illustrating the importance placed by business on these objectives.

The following table delineates key business trade and investment recommendations as they appeared in the compendiums of business recommendations presented at G20 Business Summits since 2010. The left column consolidates those recommendations that have been clear, recurrent and share enough similarities to warrant a collective assessment. These “aggregated recommendations” are then scored in the right column.

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<table>
<thead>
<tr>
<th>Aggregated Recommendations</th>
<th>Business Recommendations</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a (Promote multilateral trade liberalization and rule making within the WTO)</td>
<td>Recommit to completing the Doha Development Round in 2011 and reinforce that commitment through the personal engagement of each G20 Leader. (Seoul)</td>
<td>GOOD</td>
</tr>
<tr>
<td>1a (Promote multilateral trade liberalization and rule making within the WTO)</td>
<td>Propose a path for the World Trade Organization (WTO) to pursue its core functions: trade liberalization and rule-making. (Cannes)</td>
<td>GOOD</td>
</tr>
<tr>
<td>1a (Promote multilateral trade liberalization and rule making within the WTO)</td>
<td>The G20 should encourage progress in multilateral trade liberalization and rule making within the WTO. (Los Cabos)</td>
<td>GOOD</td>
</tr>
<tr>
<td>1b (Finalize a WTO Trade Facilitation Agreement)</td>
<td>The WTO should finalize rapidly a Trade Facilitation Agreement and develop its scope of negotiations to boost global trade – We call on the WTO to conclude trade facilitation negotiations, which are less politically sensitive, by the 2011 Ministerial Conference. (Cannes)</td>
<td>GOOD</td>
</tr>
<tr>
<td>1b (Finalize a WTO Trade Facilitation Agreement)</td>
<td>The G20 should support more rapid progress of specific items on the WTO negotiating agenda on a priority basis, particularly with a view to promoting the long-term interests of developing and developed economies alike. (Los Cabos)</td>
<td>GOOD</td>
</tr>
<tr>
<td>1b (Finalize a WTO Trade Facilitation Agreement)</td>
<td>G20 governments should commit to the WTO Trade Facilitation Agreement as an element of Doha Development Agenda and conclude the final agreement at the Bali WTO Ministerial in December 2013. (St. Petersburg)</td>
<td>GOOD</td>
</tr>
<tr>
<td>1c (Extend the standstill deadline)</td>
<td>The G20 should extend the deadline for standstill [agreement on introducing new protectionist measure] after 2014. (St. Petersburg)</td>
<td>GOOD</td>
</tr>
<tr>
<td>1d (Roll back protectionism)</td>
<td>Roll back protectionism at least to where it was at the start of the global financial crisis and resist protectionism and trade-restrictive measures going forward. (Seoul)</td>
<td>FAIR</td>
</tr>
<tr>
<td>1d (Roll back protectionism)</td>
<td>Governments should reiterate their commitment to free and open trade and investment and […] back their commitments with concrete measures including the promotion of high-standard trade and investment liberalization agreements, and continued efforts to roll back protectionism. (Cannes)</td>
<td>FAIR</td>
</tr>
<tr>
<td>1d (Roll back protectionism)</td>
<td>The G20 should lead by example in rejecting measures that restrict trade and investment and in promoting measures that enhance them. (Los Cabos)</td>
<td>FAIR</td>
</tr>
<tr>
<td>1d (Roll back protectionism)</td>
<td>The G20 should strengthen the monitoring system and explore ways to roll back any new protectionist measures that may have arisen. (St. Petersburg)</td>
<td>FAIR</td>
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<tr>
<td>1e (Improve Preferential Trade Agreements compatibility with WTO rules)</td>
<td>Encourage the WTO to take a leadership role in establishing principles to guide the design of PTAs by identifying best practices for PTAs with the aim of making them more transparent, compatible with multilateral trade promotion goals and complementary to the WTO rules. (St. Petersburg)</td>
<td>GOOD</td>
</tr>
<tr>
<td>1f (Establish a multi-lateral framework for investment)</td>
<td>Work toward a Multilateral Framework for Investment reflecting all interests (host and home countries), developing a non-binding International Model Investment Treaty as an interim step. (Seoul)</td>
<td>POOR</td>
</tr>
<tr>
<td>1f (Establish a multi-lateral framework for investment)</td>
<td>Launch joint negotiations for a Framework agreement on investment. (Cannes)</td>
<td>POOR</td>
</tr>
<tr>
<td>1f (Establish a multi-lateral framework for investment)</td>
<td>The G20 should create a working group on investment to advance this agenda and report back to the next G20 Summit in Russia in 2013. (Los Cabos)</td>
<td>POOR</td>
</tr>
<tr>
<td>1f (Establish a multi-lateral framework for investment)</td>
<td>Identify and remove restrictions on free flow of capital to reinforce cross-border investment activity by agreeing upon a set of recommendations governing G20 multilateral investment framework and setting minimum standards to be endorsed by all G20 governments, and acting as a model for other countries. (St. Petersburg)</td>
<td>POOR</td>
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**Average Score for Trade and Investment**

GOOD (2.5)
1a) Promote multilateral trade liberalization and rule making within the WTO

The multilateral trading system remains the best defense against protectionism and the strongest force for growth, recovery and development. For this reason, Business has continuously called on G20 Leaders to promote trade liberalization and rule making within the WTO.

Cognizant of the issue, the St. Petersburg Leaders’ Declaration included a specific section on “Enhancing Multilateral Trade.” Echoing previous Summits, G20 Leaders reiterated support for open trade and investment and emphasized the crucial role of the multilateral trading system in restoring global growth. Addressing the lack of progress on the Doha Round, the G20 recognized that a “successful outcome at the WTO Ministerial Conference (MC9) in Bali...would be a stepping stone to further multilateral trade liberalization and progress in Doha Development Agenda negotiations.” To this end, Leaders pledged to stand ready to make significant contributions in the negotiations and called on all WTO members to show the necessary flexibilities to bridge existing gaps and deliver positive and balanced results in Bali.

Score: GOOD

The Scorecard recognizes that the G20 is only a subset of the 159-member WTO. Nevertheless, G20 countries account for approximately 80% of global trade and G20 leadership. Concerted action could unblock several of the issues stalling the Doha Round. The commitments to align actions and achieve progress in Bali are a significant improvement over the vague past pledges to “complete the Doha Round”—and ultimately led to consensus on four historic agreements at the 9th WTO Ministerial in Bali.

- **Recognition**
  The St. Petersburg Summit reiterated the importance of a strong multilateral trading system, dedicating a specific section of the Leaders’ Declaration to this issue.

- **Action**
  G20 Leaders committed to make significant contributions in the negotiations and called on all WTO members to show the necessary flexibilities to deliver positive and balanced results at the 9th WTO Ministerial in Bali.

- **Adequacy**
  The commitments to align actions and achieve progress in Bali are a significant improvement over the vague past pledges to “complete the Doha Round.” WTO Members concluded four agreements during MC9 in December 2013, which included important elements of the Doha Development Agenda. The impetus from these agreements reached in Bali will drive further negotiations at the WTO in Geneva.

1b) Finalize a WTO trade facilitation agreement

Trade transaction costs are critical determinants of export competitiveness and remain one of the main obstacles that developing countries face in benefiting from globalization. Business believes that a WTO agreement on trade facilitation is fundamental to the establishment of an improved and more efficient management process for international trade in goods on a global basis.

Enhanced trade facilitation measures, such as the simplification and harmonization of customs procedures or the improvement of border infrastructure and management systems, would increase countries’ capacity to trade more effectively and optimize global supply chains. Such reforms would also increase customs efficiency, improve revenue collection, reduce corruption, promote foreign investment and lower transactions costs in getting goods to market.
Recognizing the lack of progress on the Doha Round— in which the WTO trade facilitation agreement is being negotiated— G20 Leaders at the Cannes (2011) and Los Cabos (2012) Summits called for fresh, credible approaches to furthering multilateral trade negotiations. This appeal included pursuing “outcomes in specific areas where progress is possible,” with trade facilitation identified as one such area.

Less than four months ahead of the WTO Ministerial Conference (MC9) in Bali, Leaders in St. Petersburg reaffirmed their commitment to reaching a conclusion of a trade facilitation agreement, and some elements of agriculture and development issues, at the WTO Ministerial Conference in Bali in December 2013. The Agreement on Trade Facilitation reached at MC9 in Bali demonstrated the G20’s effectiveness in its collective ability to push WTO members to show the political will needed to conclude a multilateral agreement.

SCORE: GOOD

A WTO Trade Facilitation Agreement could reduce the cost of doing business by 10% in advanced economies and by 13-15.5% in developing economies. Moreover, the gains from trade facilitation are most likely to benefit small- and medium-sized enterprises (SMEs), especially in developing countries because SMEs suffer more from higher trade administration costs than larger enterprises. Furthermore, an agreement could see world GDP increases of another $960 billion annually— along with more than $1 trillion in world export gains and 21 million new jobs, with developing countries gaining over 18 million jobs and developed countries increasing their workforce by 3 million.7

Acutely aware of the need to progress in the 159-member WTO trade negotiations, G20 members pledged to make significant contributions to negotiations with the aim to deliver “an early harvest at MC9.” The G20 call on “all WTO members to show the necessary flexibilities to bridge existing gaps and deliver positive and balanced results at MC9,” held fast in Bali and a historic Trade Facilitation Agreement was reached.

The agreement will not only provide a much-needed boost to the global economy but also creates positive momentum for advancing multilateral trade negotiations.

**Recognition**
G20 Leaders continue to support a WTO trade facilitation agreement.

**Action**
Leaders in St. Petersburg called on all WTO members to show the necessary flexibilities to bridge existing gaps and deliver positive and balanced results at the 9th WTO Ministerial Conference in Bali in December, with trade facilitation at its core.

**Adequacy**
Business is encouraged by the G20 Leaders’ explicit support and will look to G20 countries to exercise leadership in bridging the remaining gaps to reach agreement in Bali. The exercised leadership of G20 countries ultimately led to consensus on the historic Trade Facilitation Agreement at the 9th WTO Ministerial Conference.

1c) Extend the standstill deadline

Starting with the inaugural G20 Summit in November 2008, G20 Leaders have been regularly renewing their commitment to keep markets open and refrain from raising new barriers to trade and investment, imposing new export restrictions, or implementing WTO-inconsistent measures to stimulate exports. The commitment has been reiterated at all subsequent G20 Summits and is known as the “Standstill Commitment.”

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The Standstill has played an important role in keeping markets open in the aftermath of the global financial crisis. While Business recognizes that the G20 has no institutional mechanism to act, it can play a catalytic role by committing its members to cooperate in international economic organizations to eliminate protectionist measures. Business has, therefore, called on the G20 to continue demonstrating global leadership and counter protectionist pressures by extending the Standstill Commitment beyond the end-2014 deadline agreed in Los Cabos in 2012.

The business message was well received by Leaders in St. Petersburg, and the final Summit Declaration specifically agreed to extend the Standstill Commitment to the end of 2016.

SCORE: GOOD

Business is pleased that the B20 recommendation was fully reflected in the St. Petersburg Leaders’ Declaration. The G20’s agreement to freeze the introduction of protectionist measures by extending the Standstill agreement until 2016 is a significant achievement amidst differing perspectives on trade within the G20, and one that will stabilize conditions to generate growth and more jobs.

- **Recognition**
  The St. Petersburg Summit reiterated the G20’s pledge to keep markets open and refrain from protectionism.

- **Action**
  Leaders in St. Petersburg agreed to extend the Standstill commitment to the end of 2016 (previously end-2014).

- **Adequacy**
  The G20’s agreement to freeze the introduction of protectionist measures by extending the Standstill Commitment until end of 2016 is a significant achievement amidst differing perspectives on trade within the G20.

**1d) Roll back protectionism**

As part of the Standstill Commitment (see above 1c), G20 Leaders have been regularly renewing their commitment to roll back any new protectionist measures that may have arisen and monitor progress through the WTO, the Organization for Economic Cooperation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD).

This commitment was reaffirmed in St. Petersburg, with Leaders stressing “the importance of further curbing protectionism through the WTO.” In addition, the G20 reiterated its support for monitoring trade and investment restrictive/openness measures by the WTO, OECD and UNCTAD and called on them to continue and reinforce this work.8

Business has cautioned Leaders that an increase in trade and investment protectionism would be detrimental to growth and job creation and put the ongoing economic recovery at risk. Although G20 Leaders have consistently emphasized the importance of open markets, the G20 has a mixed record on keeping protectionism in check. ICC’s 2013 Open Markets Index (OMI), which measures the overall openness to trade of a country, found that the average G20 country score is slightly below the average of the 75-country sample, and only one G20 country, Canada, ranks among the top 20 countries.

The WTO’s most recent report on trade policy measures taken by G20 members indicates that most G20 members continue to put in place trade restrictive measures. Worrisome, there is an upwards trend in the imposition of restrictions: over the most recent six-month review period, mid-May to mid-November 2013, 116 new trade restrictive measures were implemented, up from 109 measures recorded for the previous seven-month period.

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8The bi-annual reports have been produced since G20 leaders at the April 2009 London Summit asked the WTO and other international organizations to monitor their Standstill pledge to refrain from trade and investment protectionism.
report notes that while some G20 countries have introduced trade liberalization measures, new restrictive measures still outnumber these, increasing the cumulative share of restrictive measures implemented since the start of Leaders’ roll-back commitment in 2008. According to the WTO, restrictions or distortions introduced since October 2008 account for almost 5% of G20 imports, or around 3.6% of total world imports. Out of the total number of trade-restrictive measures implemented since October 2008, the WTO estimates that only around 20% have been eliminated so far.

According to the 2 September 2013 EU Report on Potentially Trade-Restrictive Measures, about 150 new trade restrictions were introduced over the last year, whereas only 18 existing measures have been dismantled. In addition, the 12th report on protectionism by independent Global Trade Alert (GTA) concluded “the past twelve months have seen a quiet, artful, wide-ranging assault on free trade.” The GTA report argues that governments have found ways, either by exploiting gaps or targeting areas not covered by rules, to routinely favour domestic interests without infringing on WTO rules. As a result, the GTA report finds that protectionism imposed in Q4 2012 and Q1 2013 “far exceeds anything seen since the onset of the global financial crisis.”

SCORE: FAIR

Business is highly supportive of the G20’s commitments to combat protectionism. The rapid increase of protectionist measures following the 1930’s Great Depression did not repeat itself during the 2008-2009 crisis, nor since, in part thanks to the G20 countries’ monitoring efforts and their continued commitment not to introduce new protectionist measures. Nonetheless, Business remains vigilant and concerned over G20 countries’ overall adherence to this commitment; and G20 countries must not only avoid introducing new protectionist measures, they must commit to removing them. Roll-back results remain unsatisfactory, and more efforts are needed to fulfill the G20 pledge. The G20 should also address recourse to alternative, less transparent approaches to protectionism that circumvent WTO-rules (sometimes referred to as “murky protectionism”), thus impairing monitoring efforts by the WTO.

✔️ Recognition
The St. Petersburg Summit stressed the importance of further curbing protectionism through the WTO.

✔️ Action
Leaders in St. Petersburg called on the WTO, OECD and UNCTAD to reinforce their monitoring work and reiterated the G20’s pledge to roll back new protectionist measures.

❌ Adequacy
Business fully supports the G20’s commitments to combat protectionism; however, adherence remains uneven and more needs to be done by the G20 to roll back protectionist measures.

1e) Improve PTAs compatibility with WTO rules

The last decade has seen a dramatic increase in preferential trade agreements (PTAs), with PTA trade rising to about 35% of world merchandise trade by 2008, up from 18% in 1990. Over 350 PTAs have been notified to GATT/WTO, covering practically all countries in the world. Key factors behind the proliferation of PTAs and their most prevalent subset—regional trade agreements (RTAs)—is the limited progress in multilateral global trade negotiations as well as geographical and strategic reasons to strengthen economic ties among individual countries and regional groups. While PTAs can make a significant contribution to trade liberalization, the shift towards PTAs threatens to reduce the multilateral trading system’s relevance and undermines its core Most Favoured Nation (MFN) principle.
From the business perspective, the challenge is to ensure that PTAs evolve consistent with and complementary to broader multilateral trade liberalization and the WTO rules. Consequently, Business has called on G20 governments to encourage the WTO to take a leadership role in analyzing the existing PTAs. The WTO should identify best PTA practices and establish principles to guide their design, ensuring their alignment with WTO’s multilateral rules and transparency.

In response to growing concerns over PTAs’ compatibility with the multilateral trading system, the St. Petersburg Leaders’ Declaration included a commitment to “ensure that RTAs support the multilateral trading system.” Leaders pledged to continue work within the WTO toward enhancing RTA transparency. The G20’s approach was further developed in a one-page document, “Advancing Transparency in Regional Trade Agreements,” annexed to the Leaders’ Declaration. This document reaffirmed the G20’s position that RTAs should remain complementary to, not a substitute for, the multilateral trading system and proposed that the WTO Transparency Mechanism for RTAs-adopted in 2006 and implemented on a provisional basis-be made permanent. The document also urged WTO members to advance their discussions on the increasing number of RTAs and their systemic implications on the multilateral trading system. Finally, the document called for full adherence to the WTO rules and procedures.

**SCORE: GOOD**

In the face of proliferating RTAs, the timely recognition by the G20 of the need to ensure consistency between RTAs and the multilateral trading system provides welcome leadership to the world’s trading partners. Business welcomes this initiative in hopes that the G20 and WTO members continue their discussions. Improved and more transparent processes in the design and implementation of these agreements are effective ways of ensuring that regional trade agreements serve broader global goals. They also facilitate convergence with the multilateral trading system and the WTO. These processes are all the more necessary with the emergence of preferential trade pacts between large trading blocks.

Looking ahead, the G20 should encourage the WTO to take a leading role in establishing principles to guide PTA design. The group should identify best practices to make PTAs more transparent, compatible with multilateral trade promotion goals and complementary to the WTO rules.

- **Recognition**
  The Leaders’ Declaration recognized Business’ concerns of PTA compatibility with the multilateral trading system.

- **Action**
  The G20 reaffirmed that RTAs are complementary to-and not a substitute for-the multilateral trading system. Leaders called for WTO discussions on how to enhance RTA transparency. They also encouraged WTO members to advance discussions on the systemic implications of the increasing number of RTAs on the multilateral trading system.

- **Adequacy**
  Sustained G20 leadership will be essential if efforts to ensure greater compatibility between PTAs and the multilateral trading system are to be effective.
1f) Establish a multi-lateral framework for investment

The international investment landscape has undergone fundamental changes in recent years. Global foreign direct investment (FDI) fell sharply by 18% in 2012, dropping below pre-crisis levels and unravelling the FDI recovery that started in 2010 and 2011. This drop was due mainly to economic fragility and policy uncertainty for investors. Since 2010, developing and transition economies have absorbed more than half of global FDI inflows. In 2012, for the first time ever, FDI flows to developing economies exceeded those to developed countries—by US $142 billion. Developing economies have become not only important recipients of FDI, they are increasingly large investors themselves, with their share in world outflows reaching a record of 31%, continuing a steady upwards trend. The rapid change in FDI flows has also resulted in an increased number of international investment agreements, both between developed and developing countries and between developing countries. For example, currently there are over 3,000 bilateral investment treaties (BITs) globally, but no overarching multilateral framework on investment.

Recognizing this tectonic shift, global business has urged G20 Leaders to promote mutual understanding of open cross-border investment's role as an essential contributor to growth, development and job creation. In particular, Business has called for G20 Leaders to:

- Promote the positive impact of FDI
- Start discussions toward the establishment of a multilateral framework on investment

The Russian G20 Presidency made long-term financing for investment, including infrastructure and SMEs, one of its core priorities.

- In March 2013, G20 Finance Ministers and Central Bank Governors agreed to establish a new Study Group on Financing for Investment. The Study Group’s work plan was later endorsed by Leaders in St. Petersburg, where they called for the G20’s Finance Ministers and Central Bank Governors to prepare specific recommendations for the G20 at their next Summit in Brisbane, Australia. The Study Group will focus on private sources for long-term financing and pursue “a deeper dialogue with private sector participants to better understand their perspectives” and the possibility to “link up with the B20.”
- In June, the Study Group co-chairs announced that FDI and the role of equity markets would be added to the work plan. The Study Group will consider the results of work already underway in intergovernmental organizations on FDI. It will also review the B20 task force work on Investments and Infrastructure before considering needs to undertake further FDI issue analysis.

In addition to these pre-Summit actions, the St. Petersburg Leaders’ Declaration addressed the following:

- It stated “the paramount importance of the investment climate in attracting long-term financing” and pledged to take a comprehensive approach to identifying and addressing impediments to the mobilization of private capital and improving underlying investment conditions.
- It called upon G20 Finance Ministers to identify measures by the 2014 Summit to facilitate domestic capital market development. It also called for improved intermediation of global savings for productive long-term investments, including infrastructure, and to improve access to financing for SMEs.

Although the St. Petersburg Leaders’ Declaration continued a curious trend where specific FDI language is not included, we find that Annex 3-Policy commitments by G20 members—highlighted examples of members’ efforts to put in place investor-friendly FDI policies (e.g., India, China and Japan).

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10Germany and Indonesia.
Moreover, The Leaders’ Declaration also welcomed a report by the OECD, WTO, and UNCTAD on the rapid expansion of global value chains (GVC) and the impact of participation in GVCs for growth, industrial structure, development and job creation. According to the report, FDI expansion has been a major driver of GVC growth. In particular, countries with a higher FDI presence relative to the size of their economies tend to have a higher level of GVC participation and to generate relatively more domestic value added from trade. Leaders asked the OECD in cooperation with the WTO and the UNCTAD to seek governments’ views and continue their research on GVC impact, with delivery of a report in the first half of 2014.

**SCORE: POOR**

Open, cross-border investment is critical for economic growth; however, cross-border capital flows collapsed after the financial crisis, falling from US $11.8 trillion in 2007 (in 2011 exchange rates) to US $1.7 trillion in 2009. They have only partially recovered, reaching US $4.6 trillion in 2012. While Business is encouraged by G20 Leaders’ recognition of the key role of long-term investment, surprisingly, the G20 has not tackled this critical contributor to economic recovery and long-term economic growth. More needs to be done address the FDI fall following the global economic recession, thereby improving underlying investment conditions and enabling long-term infrastructure investment.

Looking forward, Business suggests that the G20 address a high-standard multilateral framework for international investment. Drawing on the *ICC Guidelines for International Investment*, the framework could help overcome the deficiencies of the current patchwork of bilateral and regional investment rules, and provide international investors with a level playing field for FDI worldwide.

- **Recognition**
  The Russian G20 Presidency made long-term financing for investment, including in infrastructure and SMEs, one of its core priorities.

- **Action**
  The G20 established a new Study Group on Financing for Investment to prepare specific recommendations for the G20 at their next Summit in Brisbane, Australia. There was no specific mention of FDI, however, or any reference to the establishment of a multilateral framework on investment.

- **Adequacy**
  The G20’s decision to carry out further work on infrastructure investment is a welcome development, but G20 Leaders need to devote more attention to promoting FDI benefits, including by spearheading discussions on a multilateral investment framework.
Chapter 2: Financing for Growth and Development

G20 Leaders at the 2010 Toronto Summit emphasized that “narrowing the development gap and reducing poverty are integral to our broader objective of achieving strong, sustainable and balanced growth.” Leaders adopted the Multi-Year Action Plan on Development (MYAP) at the 2010 Seoul Summit and called on International Organizations (IOs) and Multilateral Development Banks (MDBs) to explore ways to encourage development, including infrastructure investments, improved access to financial services for the poor, and increased financing for SMEs. This year, the G20 adopted the Saint Petersburg Development Outlook to further refine the 2010 MYAP, which frames the G20’s approach to development in the coming years and identifies five priority areas: infrastructure, food security, financial inclusion, domestic resource mobilization, and human resource development.

Recognizing that finance is the oxygen of development, G20 Leaders have also called on the Financial Stability Board (FSB) to ensure that previously agreed financial reforms are implemented uniformly across all G20 countries and to monitor that new regulations do not have unintended effects on emerging and developing economies.

The shared agenda for the business community and governments is to foster growth that promotes job creation and development. Business stands ready to play its part, but governments need to address structural bottlenecks and implement policies that create an enabling environment for private sector engagement and investment. Business-20 recommendations have called for the regulation of trade finance to be more reflective of associated risks; for improved access to finance for SMEs; for governments to take actions to reduce project risk in infrastructure investments; and finally, for a degree of risk-sharing between government and the private sector, especially in public welfare or development projects. Investment in primary infrastructure—such as rail, ports, roads and modern Information and Communication Technologies (ICTs)—remains key to lowering the cost of doing business, attracting investors, promoting trade and creating employment opportunities.

The following table delineates key business recommendations on Financing for Growth and Development as they appeared in the compendiums of business recommendations presented at G20 Business Summits since 2010. The left column consolidates those recommendations that have been clear, recurrent and share enough similarities to warrant a collective assessment. These “aggregated recommendations” are then scored in the right column.
<table>
<thead>
<tr>
<th>Aggregated Recommendations</th>
<th>Business Recommendations</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td><strong>2a</strong> (Give trade finance favourable treatment under Basel III)</td>
<td>[G20 governments should] give trade finance favourable treatment under the New Capital Framework, often referred to as Basel III. (Seoul)</td>
<td>POOR</td>
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<td>Before any new regulatory changes are made, take stock of the current regulatory agenda and set up a structured roadmap for reform, considering the state of implementation and potential unintended consequences for trade finance and SME finance. (Cannes)</td>
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<tr>
<td>The FSB, IMF and World Bank [in their study commissioned by the G20 to consider the effect of regulatory reform on emerging markets] should focus on the unintended consequences of regulation affecting the capital and liquidity treatment of trade finance. (Los Cabos)</td>
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<tr>
<td>Undertake an independent assessment of the results of the financial reform—especially the Basel III capital and liquidity requirements and the impact of reforms on other areas such as trade financing. (St. Petersburg)</td>
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<td><strong>2b</strong> (Increase SME Finance)</td>
<td>[The G20 should] provide incentives encouraging the financial sector to lend to SMEs. (Seoul)</td>
<td>GOOD</td>
</tr>
<tr>
<td>Encourage capital formation, including access to financial markets and venture capital, to enable SMEs to grow under the new conditions, and facilitate cross-border operations of venture capital investors in SMEs. (Cannes)</td>
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<td>The G20 should support efforts by all countries to improve data on SME finance—in particular, bank access to credit data—to help banks reduce the cost and increase the availability of credit. (Los Cabos)</td>
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<td>The G20 governments should provide easier access to finance for SME sector; identify best practices both in the design of tax systems and in reducing compliance burdens on SMEs; and mandate relevant institutions to determine a common SME definition in order to facilitate the creation of a standardized database and international comparability. (St. Petersburg)</td>
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<td><strong>2c</strong> (Improve financial education, protection and inclusion)</td>
<td>Improve financial education, protection and inclusion by addressing the issue of over-indebtedness and supporting national financial education platforms. (Los Cabos)</td>
<td>GOOD</td>
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<tr>
<td><strong>2d</strong> (Increase infrastructure investments)</td>
<td>Government and the private sector should cooperate to create alternative funding mechanisms to reduce the government’s need to invest in projects and make infrastructure more attractive to private investors. (Seoul)</td>
<td>FAIR</td>
</tr>
<tr>
<td>Address the significant funding need, estimated at over $600 billion annually, to build infrastructure. Private-public partnerships (PPPs) need to be encouraged with learnings from previous experiences incorporated in new PPPs, in order to mobilize funding to ensure completion of these important projects. (Cannes)</td>
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<tr>
<td>Stimulate private investment in infrastructure and other real economy assets across all countries including by aggregating best practices and developing guidelines and templates necessary for successful private-public cooperation. (St. Petersburg)</td>
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<tr>
<td>2e (Promote Information and Communication Technologies)</td>
<td>Actively promote Internet usage for all in a sustainable manner to create economically and socially valuable ubiquitous new products and services. (Cannes)</td>
<td>INADEQUATE</td>
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<td></td>
<td>Enact a regulatory framework that creates the incentives and environment to stimulate investment and competition across all sectors of the ICTs ecosystem. (Los Cabos)</td>
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<td></td>
<td>Achieve broadband for all; increase the percentage of population with access to Internet from 35% to 70% in G20 countries. (Los Cabos)</td>
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<td>Commit to promoting an open and interconnected Internet through support of open markets and pro-investment policies, independent regulators, pro-competitive legal policy, fair regulatory frameworks, respect for the rule of law, an adequate level playing field amongst different actors in the market and IP rights protection and enforcement. (St. Petersburg)</td>
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<td>2f (Improve food security)</td>
<td>Improve functioning of markets to ensure a stable and sustainable global food system. Coordinate agricultural policies at the global level, particularly focusing on export restrictions. (Cannes)</td>
<td>No Score</td>
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<td>Governments should increase their investments in agriculture to help increase production and productivity by 50 percent by 2030, and to improve the livelihood of smallholder farmers. (Los Cabos)</td>
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<td>Promote the production and use of bio-based process and products, which holds great hope for meeting food security challenges by increasing crop yields, preserving and improving soils, enhancing the control of pests, weeds and harmful diseases, and producing more healthy food with enhanced vitamin and nutrient levels. (St. Petersburg)</td>
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**Average Score for Financing for Growth and Development**

| FAIR (1.8) |
2a) Give trade finance favorable treatment under Basel III

Trade finance encompasses a wide range of products and services that help reduce the risks of cross-border transactions and is critical for supporting global trade flows, totaling around US$18 trillion in 2011.11 Business has cautioned that proposed changes that may increase capital requirements under the Basel III capital framework could significantly impact banks’ and credit insurers’ ability to support businesses trading globally, particularly in emerging markets.

The St. Petersburg Leaders’ Declaration made no mention of trade finance. It did, however, commend generally the progress made by the FSB in monitoring the effects of evolving regulatory reforms on emerging markets and developing economies (EMDEs), as requested in Los Cabos, and encouraged the FSB to continue its monitoring efforts. While the initial FSB study on the effects of regulatory reforms on EMDEs (published in June 2012) reviewed impacts—including Basel III—on trade finance, more recent reports by the FSB, including a Monitoring Note released shortly after the St. Petersburg Summit, have not carried forward the issue of trade finance.

The G20 Development Working Group (DWG) has addressed increasing and improving developing countries’ access to trade, including trade finance. Leaders in St. Petersburg welcomed the St. Petersburg Accountability Report on G20 Development Commitments (Accountability Report), which outlines achievements since the G20 adopted the 2010 MYAP. The report contains a review of the G20’s commitment to improve low-income countries’ (LICs) access to trade, including availability and effectiveness of trade finance. The report notes G20 political support, including DWG, to establish trade finance facilities in Multilateral Development Banks. In particular, the African Development Bank (AfDB) board approved the establishment of a Trade Finance Plan in February 2013. The Plan paves the way for operationalizing a US$1 billion facility to help address critical market demand for trade finance in Africa by providing trade support in vital economic sectors such as agribusiness and manufacturing.

Despite these efforts, the DWG report notes that problems with accessing affordable trade finance have worsened for traders in LICs. For example, a recent survey by the Asian Development Bank (ADB) finds that a gap exists in trade finance, noting the following: “$1.6 trillion of demand for global trade finance was unmet, with $425 billion unmet in developing Asia.”12 ADB survey results show that an increase of 5% in the availability of trade finance could result in a 2% increase in production and 2% more jobs. The survey warns, however, that banks may reduce trade finance by about 13% if Basel III is fully implemented without the necessary changes in capital and liquidity treatment.

Echoing findings from the ICC Trade Register’s data, which shows that trade finance is a relatively low-risk asset class that should not be overregulated by governments, the DWG report suggests that “dialogue with regulatory agencies will need to be pursued to ensure that trade finance is recognized as a development-friendly and low-risk form of finance.”13

SCORE: POOR

While strong and decisive response by the G20 in the onset of the economic crisis was key in avoiding an immediate contraction of trade finance14, Business is concerned that implementation of the G20’s regulatory reform agenda—spearheaded by Basel III—may have negative long-term effects on the availability of affordable trade finance, thus inhibiting economic growth. Notably, the DWG also raised this concern in the Accountability Report, which recognized the need for a dialogue with regulatory agencies to ensure that trade

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13In 2009 the ICC Banking Commission established the ICC Trade Register to advance understanding of various products and their risk characteristics in trade and export finance. Based on a comprehensive online database of over 15 million transactions provided by 21 banks, the Trade Register provides empirical basis for discussions regarding the treatment of trade financing under the Basel framework.
14Following the rapid onset of the global financial crisis in 2008, G20 moved aggressively to prevent financial markets from freezing up and keep trade flowing. The 2009 London Summit saw leaders pledge a $250 billion short-term trade finance initiative, with an additional pledge of $150 billion (making a total of $400 billion) of official short-term trade finance at the Pittsburgh Summit later that same year. As markets began to stabilize in the following years, utilization rates proved not to be necessary and the G20 short-term trade finance initiative expired in April 2011.
finance is recognized as a development-friendly and low-risk form of finance. Unfortunately, neither the Leader’s Declaration nor the FSB’s 2013 Monitoring Note included any discussion of, or guidance for, mitigating unintended negative effects of regulatory reform on trade finance.

Business believes that the capital, liquidity and leverage treatment of trade finance in Basel III does not reflect the low risks posed by these products. Business welcomes the changes made to the treatment of these products by the Basel Committee on Banking Supervision (BCBS) over the last year. Further changes are required, however, to ensure the proportionate treatment of trade finance. In this regard, Business welcomes the capital, liquidity and leverage regime European policymakers have developed for the treatment of trade products. Regulators outside the EU should consider implementing similar changes, which will align the capital treatment of trade finance products with their true (low) risk profile allowing banks to provide trade finance to the real economy.

**Recognition**
The DWG has recognized the issue, but corresponding recognition was absent in the Leaders Declaration and in the FSB’s monitoring efforts.

**Action**
Neither the Leaders Declaration nor the FSB Monitoring Note mentions the potential impact of regulatory reform on trade finance; nor do these documents provide guidance to mitigate unintended negative effects of regulatory reform on trade finance.

**Adequacy**
To ensure economic growth, G20 countries should consider the reforms made to the capital, liquidity and leverage treatment of trade finance by European legislators and adopt similar reforms in their markets.

2b) Increase SME finance

The G20 is committed to improving access to finance for SMEs in developing countries. The Global Partnership for Financial Inclusion (GPFI) that was launched at the 2010 Seoul Summit has prioritized the topic of SMEs. Leaders at the St. Petersburg Summit welcomed the GPFI’s progress in addressing the specific challenges faced by SMEs in seeking finance. In particular, Leaders welcomed the implementation of the SME Finance Challenge and the SME finance Initiative, as well as support for peer learning through the SME Finance Compact. Recognizing that an SME financing gap exists worldwide, Leaders called upon International Financial Institutions (IFIs) and Development Finance Institutions (DFIs) to further improve financial market infrastructure and support the development of innovative tools to address SMEs financial challenges and constraints.

The GPFI Sub-group on SME Finance continues to focus on identifying, scaling up, and improving the policy environment for successful SME financing models. These efforts include funding the winners of the G20 SME Finance Challenge and launching an SME Finance Forum, a platform for knowledge sharing and dissemination of best practices.

In 2013, the sub-group devoted special attention to three focal areas: (1) improving SME access to finance in the poorest countries; (2) improving access to finance for agricultural SMEs; and (3) promoting access to finance for women entrepreneurs through the launch of the Women’s Finance Hub. The Sub-group published an SME finance status report to reflect current SME gaps and challenges, as well as policy responses on specific areas, building upon the 2010 Stocktaking Report. Efforts are underway within the GPFI Sub-Group on Data and Measurement to harmonize SME data definitions and practices to better measure,

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15The GPFI is the main implementing mechanism of the G20 Financial Inclusion Action Plan endorsed by G20 leaders during the Seoul Summit and functions as an inclusive platform for G20 countries, non-G20 countries, and relevant stakeholders for peer learning, knowledge sharing, policy advocacy and coordination.

track, and evaluate access to finance for the SME sector. In addition, ongoing efforts among DFIs aim to streamline and harmonize SME definitions.

**SCORE: GOOD**

Proper data and measurement are essential for improving SMEs access to finance; however, SME heterogeneity—varying sizes, formality, capacity, and financial needs—means that establishing common SME definitions and data standards remains challenging. Business is pleased that the GPFI, in cooperation with DFIs, continues to form a general consensus on data and measurement issues. Such consensus is key in facilitating the creation of a standardized database and international comparability of SME finance. Business continues to support the GPFI’s work and commends G20 Leaders for maintaining focus on this important issue.

- **Recognition**
  Leaders continue to focus on the importance of SMEs access to finance, and they welcome ongoing GPFI work.

- **Action**
  Efforts are currently underway within several international organizations to improve SMEs’ access to finance.

- **Adequacy**
  The GPFI has taken a leadership role on SME financing and in forming consensus on data and measurement issues. It continues to work towards a common definition of SMEs and international comparability of SME finance.

**2c) Improve financial education, protection and inclusion**

Financial exclusion is a global phenomenon; estimates indicate that 2.3 billion working-age adults do not have an account at a formal financial institution. Financial education plays an important role in helping individuals access and use appropriate, formal financial products. In 2010, the G20 recognized the importance of a financial inclusion policy across G20 member countries and others by endorsing a Financial Inclusion Action Plan and established the GPFI as an implementing mechanism.

Integrating consumer empowerment and protection into the work of the GPFI was one of the key focus areas of the Russian G20 Presidency. A number of reports and studies on improving financial education and financial literacy were delivered ahead of the St. Petersburg Summit, including the following:

- A set of practical tools to measure financial literacy and evaluate financial education programmes, developed by the OECD/INFE and the World Bank.
- Progress reports on barriers for women and youth in financial inclusion and education prepared by the OECD/INFE and the World Bank.

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17The International Network on Financial Education (INFE) was created in 2008 by the OECD to gather worldwide expertise on financial education and pursue the development of this project. The OECD/INFE now comprises 107 countries and 240 public institutions and relevant international organizations.
G20 Leaders in St. Petersburg welcomed the GPFI’s progress on advancing financial inclusion and integrating consumer empowerment and protection, particularly through the establishment of the GPFI subgroup focused on Financial Consumer Protection and Financial Literacy in March 2013. The subgroup held its first meeting in June 2013 and agreed to the following: (1) to map relevant (international and GPFI) work on financial consumer protection and financial literacy as it relates to financial inclusion; (2) to respond to the G20 Leaders’ and Finance Ministers’ calls on financial consumer protection and financial literacy outputs in coordination with relevant partners; and (3) to contribute to the organization of a GPFI Forum.

Highlighting the need for women and youth to gain access to financial services and financial education, the St. Petersburg Leaders Declaration welcomed progress reports prepared by the OECD/INFE and the World Bank on barriers for women and youth in financial inclusion and education, and endorsed the OECD/INFE policy guidance on addressing women and girls’ needs for financial education. Leaders also anticipated the development by the OECD/INFE of a Policy Handbook on the Implementation of National Strategies for Financial Education and the development of international core competencies frameworks for adults and youth on financial literacy by the 2014 Summit.

**SCORE: GOOD**

International efforts, including those of the G20, have paved the way for increased access to financial services among the poor. Yet despite these efforts, access to financial services and the level of financial literacy in many LICs remains low. Business commends G20 Leaders for taking steps in 2013 because effective financial education helps consumers to better engage with (and benefit from) financial products and services. Increased financial education will permit financial institutions to provide financial services and products at scale, allowing banks to deliver services more affordably and to a wider range of customers. In particular, the establishment of the new financial consumer protection and financial literacy subgroup under the G20 Russia’s Presidency represents a major milestone in the GPFI’s work towards improving financial education, protection and inclusion. Business also commends the G20 for its continued support of financial education and services for women and youth.

- **Recognition**
  Financial education, protection and inclusion are firmly embedded in the G20 agenda.

- **Action**
  The Russian G20 Presidency continued the positive trajectory from previous Summits, drawing on GPFI propositions and launching several new initiatives.

- **Adequacy**
  The Leaders’ Declaration highlights several initiatives aimed at strengthening financial literacy and consumer protection of individuals and SMEs. Leaders’ continue to call on relevant organizations to push forward with the G20’s financial inclusion agenda.

**2d) Increase infrastructure investments**

Infrastructure investment, whether maintaining existing networks or building new assets, is critical to economic growth and development. The OECD estimates US$53 trillion of investment—equivalent to an annual 2.5% of global GDP—will be needed to meet demand over the coming decades. Over US$11 trillion of that investment will be required for ports, airports and key rail routes alone.18 The World Bank estimates that on average, only 50% of necessary infrastructure investment is actually realized annually.

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To address the investment gap, Business has called on G20 Leaders to move beyond traditional sources of public finance and encourage convergence in public and private sector activity. Private-public partnerships (PPPs) have been recommended as an important component for addressing infrastructure and other basic service gaps. Business has cautioned, however, that a key constraint in increasing private participation in infrastructure in low-income countries lies with the lack of bankable projects and limited PPP expertise in local governments.

The G20’s focus on infrastructure investments began in the Seoul Summit with the launch of the MYAP and creation of the High Level Panel (HLP) on Infrastructure Investments. Leaders have since called on International Organizations and MDBs to explore new ways to leverage private sector infrastructure investment. In particular, the G20 has pledged to address key constraints on regional projects and PPPs for regional infrastructure projects in low-income environments. G20 work on infrastructure has fallen primarily under the G20’s Development agenda and under DWG auspices. At the Los Cabos Summit in 2012, however, Indonesia proposed to address infrastructure investment through the Financial and Sherpa channel, in the Framework of Strong, Sustainable, and Balanced Growth (FSSBG), instead of the DWG only.

In February 2013, the G20 Ministers of Finance endorsed the establishment of a new Study Group on financing for investment. The Group would determine a work plan for the G20, considering the role of private sector and official sources of long-term financing, including infrastructure financing. The Study Group’s Work Plan, presented at the St. Petersburg Summit, states: “Given pressing infrastructure needs in many countries, improving conditions for the financing of infrastructure projects is one area to which the Group will pay particular attention.”

Overall, G20 Leaders have recognized the critical role of infrastructure in fostering sustainable economic growth, poverty reduction, job creation and social development. In particular, they have noted the need to strengthen PPPs and improve Project Development Facilities (PDFs) for the critical phase of project preparation and to engage broadly with the private sector.

As such, DWG now primarily performs G20 work on infrastructure, focused on engagement with developing countries, in particular LICs. For its part, the newly formed Study Group on financing for investments focuses on infrastructure’s role in reducing global imbalances and lifting global growth.

This dual track was evident in the St. Petersburg Declaration. Discussing financing for investment, Leaders endorsed the SG Work Plan and recognized “the importance of putting in place conditions that could promote long-term financing for investment, including in infrastructure and small and medium sized enterprises.” To this end, Leaders requested that, by the 2014 Brisbane Summit, Finance Ministers identify and start to implement a set of collective and country-specific actions to improve members’ domestic investment environments, particularly in infrastructure and for SMEs. Leaders also emphasized the “importance of improving processes and transparency in the prioritization, planning, and funding of investment projects, especially in infrastructure, and in making better use of project preparation funds.” They called particular attention to “ways to improve the design of and conditions for productive public-private partnership (PPP) arrangements.”

The Leaders Declaration also highlighted the DWG’s progress on development commitments, including infrastructure:

- Completion of the Assessment of Project Preparation Facilities (PPFs) for Infrastructure in Africa;
- A toolkit on Urban Mass Transportation Infrastructure Projects in Medium and Large Cities by the World Bank and the ADB;
- A PPP sourcebook by the World Bank, IDB and ADB;
- Progress in implementing the recommendations of the High Level Panel on Infrastructure.
Leaders endorsed the *Saint Petersburg Development Outlook*, which frames the G20’s core development priorities, new initiatives, ongoing commitments and future work. They asked the DWG to deliver specific outcomes at the Brisbane Summit on infrastructure, among other initiatives. Given the scale and importance of the infrastructure challenge, the *Outlook* suggests that “the G20 should continue to support efforts to improve project preparation funds (PPF).” The document reinforced the importance of public-private partnerships, promoting ongoing MDB improvements to optimize finance sources. The DWG will also “enhance policy coherence and coordination on long-term financing, including with the G20 Study Group on Financing for Investment.”

**SCORE: FAIR**

Business is pleased that the G20 recognizes the importance of infrastructure project preparation and development. The concepts of consistency and standards are key for infrastructure investments seeking private participation—from their planning and preparation to their investment by private investors. Business commends the G20 for its efforts to improve PPFs and reinforce the importance of public-private partnerships. Leaders in St. Petersburg, however, did not respond to the B20 recommendation to set up a dedicated “infrastructure network” to work with the G20 and other governments on increasing productivity and sharing best practices.

The *St Petersburg Accountability Report*, presented to Leaders ahead of the Summit, illustrates substantial progress on several of the MYAP infrastructure commitments, particularly those that call for MDBs and IGOs to develop action plans and reports. Yet, the *Accountability Report* inadvertently highlights one of the G20’s limitations. Those commitments that are “off track,” i.e., where there has been no progress, rely on the G20 to provide funding. While the G20 can work as a catalyst for encouraging and guiding IGO and MDBs’ work, G20 members are seemingly reluctant to make necessary financial commitments to move forward with recommendations.

Australia’s early focus on infrastructure presents an opportunity to advance G20 work in this area. Business encourages G20 leaders to mandate multilateral development banks and international financial institutions to work with Business to frame and promulgate global project preparation guidelines for sustainable infrastructure projects, including small- and medium-scale projects, with input from the private sector.

- **Recognition**
  The G20 continues to emphasize the importance of infrastructure investments, including project preparation funds and public-private partnerships.

- **Action**
  The G20’s “dual track” on infrastructure, through the Study Group on financing for investment and the G20 Development Working Group, is a step towards ensuring continued international policy coherence and coordination on improving infrastructure investments and private sector participation.

- **Adequacy**
  Leaders have not responded to Business’ call on establishing a dedicated G20 infrastructure network to work with the G20 and other governments on increasing the productivity of infrastructure investments and value for money.
2e) Promote Information and Communication Technologies

Information and Communication Technologies (ICTs) have proven to be a major transformative force, driving socioeconomic progress and productivity around the world. ICTs can, therefore, contribute directly to many of the G20’s core goals. When fully deployed, ICTs have had a positive impact on society as a whole, transforming the delivery of basic services, reducing poverty, boosting economic growth, and improving accountability and governance.

Business believes that governments can play a critical role in promoting and adopting policies that ensure that access to global communications networks are widely available, safe and affordable. Such access can be realized by increasing investments in ICT infrastructure and partnering with the private sector to harmonize rules. Business has prepared and presented several ICT recommendations to the G20 Business Summits in Cannes, Los Cabos and St. Petersburg. Cumulatively, some 30 recommendations have been presented by unique ICT task forces.19

Although G20 Leaders have expressed the need to promote new and innovative solutions to growing problems, such as food security, development and financial inclusion, the G20 has not yet officially recognized the role that ICTs could play in achieving these solutions. Even more surprising is no mention exists of the Internet in any of the eight Leaders Summit Declarations since 2008, including the St. Petersburg Summit. Nevertheless, Business welcomes national policy measures identified by several G20 members, annexed to the St. Petersburg Declaration, which support broadband deployment (Australia, EU and Indonesia), telecommunications reform (Australia and Mexico) and improved education through ICT tools (Turkey).20

SCORE: INADEQUATE

Stable and affordable Internet access-supported by investments in affordable ICT infrastructure-is increasingly important for growth, jobs creation, innovation and productivity gains. The scale and speed of Internet-driven economic growth is having a profound effect on the world. Countries that do not focus on Internet expansion and invest in ICTs, however, will see a decline or stagnation in economic growth, missing a vital opportunity to build a significant Internet-based economy and create new jobs.

Given that no mention of ICTs or the Internet exists in any of the Leaders’ Summit Declarations, the G20’s response to business recommendations on ICTs to date is scored as Inadequate. ICTs remain an important issue. Business calls on G20 Leaders to recognize ICTs as vital to innovation and central to economic growth.

**Recognition**
The G20 has not yet used its collective voice to support or advance ICTs and promote the role of the Internet.

**Action**
No actions have been taken in response to business recommendations to G20 Leaders to promote stable and affordable Internet access, supported by investments in ICTs, as an important tool for innovation, growth and jobs creation.

**Adequacy**
Closing the gap of ICT availability between developed and developing countries should be a priority and an area where the G20 could provide much needed leadership.

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19 For the 2013 St. Petersburg B20 Summit, Business explored how innovation and innovative technologies can support the G20’s development goals through the B20 “Innovation and Development as a Global Priority” task force.
20 See “MAP Policy Templates” Annex 3 to the St. Petersburg Leaders’ Declaration.
2f) Improve food security

The issue of food security is both complex and pressing. Despite a reduction in the number of people suffering from hunger and malnutrition, more than 850 million people in the world do not have enough to eat, and 2 billion people suffer from nutrition deficiencies. The vast majority of these people live in developing countries. Up to 2-3% of GDP is lost to under-nutrition, making food security and nutrition a central part of sustainable development and long-term economic growth.

While Business-20 task forces have prepared and presented food security recommendations since 2011, the recommendations to date have been limited and broad, and therefore provide little recourse for a fair evaluation of G20 responsiveness. Some of the food security recommendations to date include the following:

- Support the promotion of an open and interconnected Internet to ensure access to ICT services for small and medium-sized farmers and agricultural networks in developing countries.
- Integrate environmental sustainability into domestic food security policies.
- Improve productivity by increasing investment from public and private sources by 50% by 2030.

The 2013 Russian G20 Presidency dealt with food security in the context of the G20 Development agenda. Building on previous DWG achievements, the G20 emphasized the importance of deepening cooperation and further improving ways to address the long-term global challenges of food security and nutrition. A tangible measure of sharing best practices and concrete deliverables was the Russian Presidency’s organization of the second G20 Meeting of Agricultural Chief Scientists (MACS) in Moscow in July 2013. The Meeting examined progress in collaborative actions since the 2011 French and 2012 Mexican Presidencies. In addition, Russia and the World Bank co-hosted a seminar entitled Food Security through Social Safety Nets and Risk Management in May.

The St. Petersburg G20 Leaders’ Declaration has broadly acknowledged that food security and nutrition will remain a top priority of the G20 development agenda. Through increased coordination in the G20, the Declaration has encouraged ongoing efforts in the agricultural sector to further reduce hunger, under-nutrition and malnutrition, with particular emphasis on low-income countries. Leaders adopted the St. Petersburg Development Outlook to replace the 2010 Seoul Development Action Plan, with direction for the DWG to narrow its work to a few key areas, including food security.

SCORE: No Score

It is evident that food security is among G20 development priorities and that future G20 cycles will be required to fully address the associated global socioeconomic challenges—along with the business recommendations put forward to date. As such, the 3rd Edition of the Scorecard withholds evaluation of the G20 response to business recommendations on food security. Nonetheless, Business commends Russia for its continued commitment to combatting food insecurity and malnutrition. The introduction of the St. Petersburg Development Outlook, with food security identified as a key priority for the DWG’s work going forward, ensures that food security remains on the G20 agenda for years to come.

Business believes that the private sector is a key partner in achieving global food security. To leverage the full potential of the private sector, however, governments need to create an enabling environment for private-sector investment through effective public-policy frameworks and incentives, including investing in essential infrastructure and services.
Chapter 3: Energy and Environment

Starting with the G20 Summit in Pittsburgh in 2009, Energy and Environment issues have been recurring items on the G20’s agenda. Under the Russian G20 Presidency, the G20 organized its broad energy-related agenda under the G20 Energy Sustainability Working Group (ESWG), established under “Sherpa’s Track.” The ESWG integrates earlier G20 activities, namely Clean Energy and Energy Efficiency working groups and the Global Marine Environment Protection initiative. The ESWG held two meetings during the Russian G20 Presidency, and discussions have focused on four main strands: (1) making energy and commodity markets more transparent and predictable; (2) promoting energy efficiency, sustainable development and inclusive green growth; (3) sound regulation for energy infrastructure; and (4) ensuring global protection for marine environments.

The private sector is critical in the delivery of economically viable energy products, processes, technologies, services and solutions. High upfront costs and risks, however, remain key barriers for deployment at scale. Therefore, Business has called on governments to provide the necessary legal frameworks, incentives and policies that will provide clarity for long-term investments and support a transition towards a greener economy. Business strongly believes that the G20 can drive global cooperation in low-carbon growth and catalyze action to improve energy and environmental standards globally.

The following table delineates key business recommendations on Energy and Environment as they appeared in the compendiums of business recommendations presented at G20 Business Summits since 2010. The left column consolidates those recommendations that have been clear, recurrent and share enough similarities to warrant a collective assessment. These “aggregated recommendations” are then scored in the right column.

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21Under the 2012 Mexican G20 Presidency, a single Energy and Commodity Markets Working Group (ECMWG) was established within the G20’s “Finance Track” to consolidate and ensure that elements of the commodities and energy work across different G20 agendas were fully aligned and avoided duplication.
## Aggregated Recommendations

### 3a (Scale up energy-efficiency & low-carbon innovation)
- Improve energy efficiency for buildings, industry and transport through targeted incentives, energy-efficiency standards and publicly funded incentives for green investments. G20 members should also accelerate uptake of renewable and other low-carbon energies. *(Seoul)*
- Dramatically scale up support for green technology development and innovation (finance for R&D and scale-up of clean energy, transport and sustainable, high-productivity agriculture) *(Cannes)*
- Develop incentives to encourage deployment of energy efficiency. *(Cannes)*
- Accelerate low-carbon innovation through energy efficiency. Support a concerted, consistent drive for energy efficiency across G20 countries to deliver the full strategic, financial, social and environmental benefits of energy efficiency. *(Los Cabos)*
- Set up an Energy Best Practice Working Group; Support energy efficiency policies and foster the sharing of best practices and successful initiatives on an international scale; Establish clear standards for energy efficiency and ensure full monitoring and compliance; Hold B20/G20 dialogues on energy efficiency on a regular basis. *(St. Petersburg)*

### 3b (Phase out fossil fuel subsidies)
- The G20 should end fossil fuel subsidies. *(Cannes)*
- End inefficient fossil fuel subsidies and redirect a portion of them to support energy access and other public priorities. *(Los Cabos)*
- Limit (and eventually abandon) the use of inefficient subsidies in energy. *(St. Petersburg)*

### 3c (Eliminate barriers to trade in environmental goods and services)
- Promote free trade in environmental goods and services by eliminating tariff and non-tariff barriers, which will accelerate diffusion of green technologies, lower prices, encourage competition, and result in faster job creation. *(Seoul)*
- Allow free trade in environmental goods and services. *(Cannes)*
- Support free trade negotiations for green goods and services. *(Los Cabos)*
- Promote free trade in goods and services by sustaining trade liberalization negotiations, including on sustainable energy products and services; Develop a truly global initiative to lower barriers to green trade by establishing a multilateral agreement for instance, at the 9th WTO Ministerial Conference in Bali (2013). *(St. Petersburg)*

### 3d (Achieve market-based carbon pricing)
- Pursue market-based carbon pricing to incentivize investment on the scale necessary to shift to renewable and low-carbon energy sources. *(Seoul)*
- Achieve a robust price on carbon and enhance flexible offset mechanisms. *(Cannes)*
- Achieve robust pricing of carbon that is high and stable enough to change behaviours and investment decisions. *(Los Cabos)*
- Promote a stable regulatory framework that enables long-term price signals set by the market to drive investment and innovation, such as market-based carbon trading and capacity remuneration.
- For developed countries – implement and strengthen carbon-pricing mechanisms; For developing countries – define a gradual transition to participation in similar mechanisms. *(St. Petersburg)*

## Average Score for Energy and Environment

**Score:** POOR (1.3)
3a) Scale up energy-efficiency & low-carbon innovation

Business has continuously called on G20 Leaders to promote and develop incentives to encourage deployment of energy-efficiency technologies and low-carbon innovation. Improving energy efficiency can deliver a range of both economic and environmental benefits, including reduced energy infrastructure costs, lowered fossil fuel dependency, increased competition, and improved consumer welfare.

The G20 has taken several important steps to encourage the deployment of clean energy and energy-efficiency technologies. In 2012, the G20 produced a report on the current situation of clean energy and energy-efficiency technologies in G20 countries. Additionally, G20 Leaders at the 2012 Los Cabos Summit pledged to self-report, on a voluntary basis, on actions taken to integrate green growth and sustainable development into structural reform agendas.

The 2013 St. Petersburg Summit maintained the G20’s work on energy efficiency, although the topic was noticeably less prominent than at previous Summits. Leaders welcomed “efforts aimed at promoting sustainable development, energy efficiency, inclusive green growth and clean energy technologies and energy security” and pledged, on a voluntary basis, to take forward work on corresponding policy options and technologies. Recognizing the common interest in improving investments into smarter and low-carbon energy infrastructure, particularly in clean and sustainable electricity infrastructure, Leaders encouraged a closer engagement of private sector and multilateral development banks with the new ESWG and called for a dialogue to be launched on this basis in 2014.

Notably, the responsibility of focusing the G20’s attention on specific issues lies with the host nation. As illustrated by the ESWG July 2013 Progress Report, the Russian G20 Presidency did not prioritize energy efficiency and sustainability issues; instead, it focused on the functioning of physical and financial commodity markets and energy infrastructure. Nevertheless, in their role as co-facilitators of the ESWG “energy efficiency, sustainability and green growth” strand, Brazil and South Korea delivered a draft work plan for the ESWG and a timeline on inclusive green growth and energy efficiency. In response to the Los Cabos commitment to self-report on actions to integrate green growth and sustainable development into structural reform agendas, the ESWG also prepared the G20 Case Studies Report on Clean Energy and Energy Efficiency. This document assembles the contributed case studies on the promotion of clean energy and energy efficiency. While not containing specific policy recommendations, the study allowed countries to share detailed lessons-learned from their experiences, which may be useful for countries engaging in their own efforts to promote inclusive green growth.

SCORE: FAIR

Energy is a key driver of global economic growth, but concerns over energy security, demand and climate change are deepening. While various intergovernmental forums address energy and environmental issues (United Nations, IEA), the G20’s Energy and Environment agenda has drifted from the initial days when it ostensibly held a higher priority on the G20 policy agenda.

While Business welcomes ongoing efforts within the ESWG and commends G20 Leaders for encouraging a closer engagement between the ESWG and the private sector, we believe that the G20 could play a more meaningful role in driving broad international action to improve energy efficiency, as well as developing and deploying low-carbon technologies. Business looks forward to renewed opportunities for dialogue in 2014 and aims to support the ESWG work in preparing an extensive case study report for increased dialogue among and beyond G20 countries.

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23The ESWG was established under the Russian G20 Presidency to incorporate previous activities in a number of G20 working settings (Energy and Commodity Markets WG, Clean Energy and Energy Efficiency WG, Global Marine Environment Protection WG, excluding Climate Finance issues) in order to provide greater coherence and integrity for G20 working process on related energy and commodity market issues. The ESWG is thus the G20’s principle instrument for moving forward with energy-related issues. The ESWG’s broad agenda is structured into four working strands, with one strand focused on promoting sustainable development, energy efficiency and inclusive green growth (co-facilitated by Brazil and South Korea).
Looking forward, Business encourages the Australian G20 Presidency to make energy efficiency and low-carbon growth a priority issue. Energy efficiency improvements alone have the potential to generate US$1 trillion in annual energy cost savings in the OECD. In particular, Leaders should review energy efficiency standards among G20 economies. Currently, standards vary widely between G20 members and are often difficult to compare due to differences in test standards, product scope, and definition of energy levels. This disparity burdens businesses with higher trade costs, as products must be manufactured in compliance with the unique specifications of each economy.

- **Recognition**
  Leaders continue to support efforts aimed at promoting energy efficiency and low-carbon technologies.

- **Action**
  Leaders in St. Petersburg encouraged a closer engagement between the private sector and the ESWG, and called for a dialogue to be launched in 2014.

- **Adequacy**
  While still on the G20 agenda, energy efficiency was a back-burner issue under the Russian G20 Presidency.

### 3b) Phase out fossil fuel subsidies

At the 2009 Pittsburgh Summit, G20 Leaders committed to “rationalize and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption.” This commitment has been reaffirmed by Leaders at subsequent G20 Summits. Starting with the 2010 Seoul G20 Business Summit, the private sector has continuously called on the G20 to follow through on its pledge and commit to specific targets for completion of the phase-out.

At the 2012 Los Cabos Summit, Leaders asked Finance Ministers to explore options for a voluntary peer review process on the G20 commitment. In February 2013, G20 Finance Ministers committed to develop and undertake a voluntary peer review process and report to Leaders in St. Petersburg on the outcomes.

Leaders in St. Petersburg reaffirmed the commitment to phase out inefficient fossil fuel subsidies. They welcomed “the development of a methodology for a voluntary peer review process and the initiation of country-owned peer reviews” and “encourage[d] broad voluntary participation in reviews as a valuable means of enhanced transparency and accountability.” The G20 Finance Ministers have been tasked with reporting back by the 2014 Summit on outcomes from the first rounds of reviews.

According to the methodology, “Peer reviews should evaluate, at a minimum, those policies and measures that G20 countries have previously identified as inefficient fossil fuel subsidies that encourage wasteful consumption that they are proposing to rationalize and phase out as part of their G20 implementation strategies.”

The first set of peer reviews will be initiated in 2013 with first outcomes expected to be reported at the 2014 G20 Summit in Brisbane. Despite the St. Petersburg Declaration’s call for broad participation, so far there has been no indication of which G20 countries will participate.

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26The methodology of the voluntary peer review process is available on the official Russian G20 webpage: http://www.ru.g20russia.ru/load/783530379
SCORE: FAIR

Fossil-fuel subsidy reform could be considered a bellwether of G20 performance. Notably, it is a domestic issue and different G20 members must deal with this issue in different ways. Nonetheless, the topic has recurred on the G20 agenda for years, and progress has been slow.

Business believes that G20 can contribute meaningfully to this somewhat intractable issue. It has the power to deliver the necessary leadership to reduce public spending on fossil fuel subsidies and spur the development of low-carbon innovations and alternative energy sources.

As such, Business remains encouraged by the G20’s steady steps, including introduction of the voluntary peer review process; however, concerns remain on the absence of consistent and comparable data on the full range of Member’s subsidies. Several G20 countries report that they have no “inefficient fossil-fuel subsidies that encourage wasteful consumption” or “subsidies that lower the price of fossil fuels below international market price levels.” Some countries note that efficient reporting on reform progress is “hindered by the fact that for the moment the term ‘energy subsidies’ and the way to calculate them have not been clearly identified and generally agreed, which leads to unstandardized reporting from G-20 members.”

☑ Recognition
Leaders have reaffirmed their commitment to rationalize and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption.

☑ Action
Leaders encouraged broad participation in the voluntary peer review process and called for a progress report by the 2014 Summit.

☒ Adequacy
Despite its inclusion on the G20 agenda since the 2009 Pittsburgh Summit, progress has been slow and several important questions remain, including a timeline for completion, a common definition of “inefficient fossil fuel subsidies,” and the level of country participation in the voluntary peer review process.

3c) Eliminate barriers to trade in environmental goods and services

Business believes that trade-enhancing solutions are an important tool in addressing global environmental challenges. By reducing tariffs on environmental goods and services, countries will have better access to new environmental technologies, which in turn will facilitate the deployment and use of more environmentally efficient goods and services. Starting with the 2010 Seoul Business Summit, Business has continuously called on the G20 to push for progress on liberalizing trade in environmental products and services. A G20 agreement should aim to eliminate tariffs, local content requirements and other non-tariff barriers, and to coordinate industrial and technical standards.

Continuing the trend of previous Summits, the St. Petersburg Declaration made no mention of lowering barriers to green trade and services. G20 discussions on trade liberalization and possible outcomes of the WTO Ministerial Conference in Bali in December 2013 addressed only Doha Development Agenda negotiations—in particular trade facilitation—and some elements of agriculture and development issues. Furthermore, lowering barriers to trade in green goods and services has not been part of any official discussions by the G20 Finance Ministers, Sherpas or through the G20 Energy and Sustainability Working Group.

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27Namely: Brazil, China, France, Italy, Japan, Russia, Saudi Arabia, South Africa and the U.K.
SCORE: INADEQUATE

Leaders supported multilateral trade negotiations in Bali; however, as with previous Summits, the St. Petersbourg Declaration did not include language supporting the liberalization of environmental products and services. Business encourages Leaders to explore options within the G20 group. The G20 should take inspiration from Asia-Pacific Economic Cooperation (APEC) November 2011 statement “Promoting Green Growth.” The statement commits APEC members to reduce their applied tariff rates to 5% or less on environmental goods by the end of 2015, and to eliminate “non-tariff barriers, including local content requirements that distort environmental goods and services trade” (nine G20 countries also belong to APEC). Initial negotiations should focus on defining a list of goods/services to be included, as well as key barriers facing trade in these products.

- **Recognition**
  The G20 has not responded to Business' call for the elimination of tariff and non-tariff barriers to trade in environmental goods and services.

- **Action**
  No actions have been taken—nor has there been explicit endorsement for—an agreement on reducing trade barriers in green goods and services.

- **Adequacy**
  A reduction in tariffs on environmental goods and services will allow business and citizens better access to new environmental technologies, which in turn will facilitate the deployment and use of green goods and services.

3d) Achieve market-based carbon pricing

As with previous Summits, the St. Petersbourg Leaders Declaration did not include any references to market-based carbon pricing. Nevertheless, carbon pricing continues to be discussed within the G20 Climate Finance Study Group (CFSG). The CFSG was launched during the 2012 Mexican G20 Presidency and tasked with exploring ways to effectively mobilize climate finance taking into account the objectives, provisions, and principles of the UNFCCC process. The CFSG is open to all G20 members, co-chaired by France and South Africa. The first face-to-face meeting of the group was on 23 September 2012 in Mexico, which enabled preliminary exchanges of views and experiences and led to a progress report in November 2012.

Building on the November report, the study group held a workshop in Paris on 17 June 2013, which served as a forum for dialogue and exchange among G20 countries. Participants shared, on a voluntary basis, domestic experiences and best practices on selected instruments, actions and policies of their choice related to climate change and climate finance. Notably, the first session of the workshop was dedicated to economic instruments and carbon pricing. The session included three presentations by G20 members on their experiences with carbon pricing. Australia reported on implementing an Emissions Trading System (ETS), particularly on the challenges and opportunities of linking it with the European Union ETS. The European Commission illustrated the current challenges and debates regarding the EU ETS, especially given the current low price of carbon. Finally, South Africa shared its current proposal to introduce a domestic carbon tax and underlined the rationale behind the proposal. Following these presentations, participants explored the question of whether to price carbon through the implementation of a tax or an ETS (which also includes the sale or auctioning of emission certificates).

Several G20 members noted the potential value in furthering understanding among G20 members on climate financing issues. The CFSG is considering holding additional experience exchanges and workshops after the 2013 Summit.

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29A carbon tax at R120 ($12) per ton of CO2 above the suggested thresholds with annual increases of 10 per cent until 2019/20 is proposed as from 01 January 2015.
G20 Leaders at the Saint Petersburg Summit welcomed the progress report by the CFSG and asked the G20 Finance Ministers to “continue the work building on the working group report and report back to us in one year.”

**SCORE: POOR**

Companies have sought clarity from policy-makers in developing long-term, credible and predictable policies on climate change. While countries have taken different paths, some have established a price for carbon as an essential element for enhancing investor confidence and providing the certainty required for business to invest in low-carbon technologies. While these policies have primarily been dealt with at the United Nations Framework Convention on Climate Change (UNFCCC), Business believes that the G20 can, and should, take a leadership role in setting the tone for future discussions.

The ongoing discussions within the CFSG are welcomed, but G20 Leaders should bring the issue to the forefront of the G20 Agenda. Recognizing different levels of development, Business calls on the G20 to demonstrate leadership in relevant forums like the UNFCCC, where progress could be made, for example, on establishing a flexible global framework for carbon pricing.

- **Recognition**
  Business is encouraged that the G20 Leaders’ Declaration recognized the work by the CFSG.

- **Action**
  While the CFSG discussed the issue at the June 2013 workshop, carbon pricing was not addressed in the Leaders’ Declaration and there has been no coordinated G20 action to pursue and implement such mechanisms.

- **Adequacy**
  The G20 should demonstrate leadership and global governance by tackling and deliberating this issue at the Leaders’ level.
Chapter 4: Anti-Corruption

Corruption is a significant impediment to sustainable economic growth and poverty reduction. Recognizing that failure to address corruption undermines the effectiveness of G20 efforts across its entire agenda, G20 Leaders have taken up the fight against corruption as a core item of their work programme.

The G20 first addressed anti-corruption at the 2009 Pittsburgh Summit, calling for the “adoption and enforcement of laws against transnational bribery, such as the OECD Anti-Bribery Convention, and the ratification by the G20 of the UN Convention against Corruption (UNCAC).” The 2010 Seoul Summit adopted the G20 Anti-Corruption Action Plan and tasked the G20 Anti-Corruption Working Group (ACWG) with the plan’s implementation. The Working Group is now implementing its second two-year action plan (2013-2014). The ACWG seeks to promote the main United Nations and OECD tools to combat international corruption and prevent corrupt officials from accessing the financial system. The ACWG also exchanges experiences and identifies best practices, and supports public-private partnerships that engage the private sector in the global fight against corruption.

Governments and global business have a special responsibility to promote a legitimate and fair business environment and to continue to assist G20 countries in combatting corruption. Business has an enormous stake in stopping corrupt practices: The cost of doing business in a country with medium or high levels of corruption compared to a country with low levels of corruption is equivalent to a 20% tax. Moreover, when business transactions are affected by the payment of bribes, the transparency that underpins competitive markets is lost. For decades, ICC has taken the lead in denouncing corruption and in developing measures to combat it.

The following table delineates key business recommendations on anti-corruption as they appeared in the compendiums of business recommendations presented at G20 Business Summits since 2011. The left column consolidates those recommendations that have been clear, recurrent and share enough similarities to warrant a collective assessment. These “aggregated recommendations” are then scored in the right column.

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<table>
<thead>
<tr>
<th>Aggregated Recommendations</th>
<th>Business Recommendations</th>
<th>Score</th>
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</thead>
<tbody>
<tr>
<td><strong>4a</strong> (Honour UNCAC and OECD Anti-Bribery Convention commitments)</td>
<td>[Building on the Seoul Action Plan, G20 governments should] accelerate their commitment to ratify, enforce and monitor the implementation of the OECD and UN conventions on anticorruption. (Cannes)</td>
<td>FAIR</td>
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<td></td>
<td>Engage the private sector to participate in peer reviews required by the UNCAC review mechanism and continue consultation with the OECD working group on bribery in the context of its monitoring mechanism. (Los Cabos)</td>
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<td></td>
<td>G20 governments should make every effort to involve the private sector in the review mechanisms of UNCAC; and of the OECD Anti-Bribery Convention. (St. Petersburg)</td>
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<tr>
<td><strong>4b</strong> (Enhance transparency in government procurement)</td>
<td>[Building on the Seoul Action Plan, G20 governments should] support negotiations within the WTO for a multilateral agreement on standards for procedures and transparency in government procurement. (Cannes)</td>
<td>FAIR</td>
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<td></td>
<td>All G20 governments should commit to conducting independent assessments of their public procurement systems through OECD integrity reviews and other mechanisms, and to publishing the results by 2013. (Los Cabos)</td>
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<td></td>
<td>G20 governments should include an agreement on transparency in government procurement in future rounds of global trade talks; G20 governments should encourage and support fair and transparent procurement practices outside the G20 countries as a part of their external trade and development programmes. (St. Petersburg)</td>
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<tr>
<td><strong>4c</strong> (Support an ongoing multiyear dialogue)</td>
<td>Create a G20/B20 joint platform, supported by an explicit business commitment and accountable to G20 and B20 leaders, to maintain an ongoing, multiyear dialogue. (Cannes)</td>
<td>GOOD</td>
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<td></td>
<td>Governments and business should work together to further step up the G20/B20 dialogue, also through the creation of a devoted permanent platform, through which both actors could develop and implement realistic commitments by end-2012. (Los Cabos)</td>
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<td>G20 Leaders should reaffirm the mandate of the G20 Working Group on Anti-Corruption with a view toward: securing the full implementation of the Seoul Anti-Corruption Action Plan; identifying and developing new streams of work; and maintaining a strong and continuous dialogue with the business community. (Los Cabos)</td>
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<td>From June 2013 the representatives of the B20 Task Force and of the G20 Anti-Corruption Working Group should have regular meetings to identify regulatory improvements and discuss their impact on the corporate sector; From 2014 onwards, the G20 Anti-corruption Working Group should have permanent status as a standing committee of the G20. (St. Petersburg)</td>
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<tr>
<td><strong>4d</strong> (Share best practices in the field of anti-corruption)</td>
<td>Strengthening the legal and regulatory framework on anti-corruption, including by encouraging and incentivizing voluntary disclosure by companies and cooperation with enforcement authorities, developing best practices in the fight against solicitation and endorsing common principles on enforcement of foreign bribery legislation. (Los Cabos)</td>
<td>GOOD</td>
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<tr>
<td></td>
<td>G20 governments and B20 companies should continue to support the establishment, by the end of 2013, of a Collective Action Hub to share best practices throughout the G20 countries and beyond. (St. Petersburg)</td>
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</tbody>
</table>

**Average Score for Anti-Corruption** GOOD (2.5)
4a) Honour UNCAC and OECD Anti-Bribery Convention commitments

The World Bank has declared corruption “among the greatest obstacles to economic and social development,” undermining the rule of law and weakening the institutional foundations on which sustainable development depends. Estimates put the total amount of bribes paid in both developing and developed countries in 2001/2002 at a staggering US$1 trillion, about 3% of world GDP.31

Starting with the 2009 Pittsburgh Summit, G20 leaders have continuously committed to strengthen treaties and legislative frameworks necessary to fight corruption. The G20 has focused on two important anti-corruption treaties: the United Nations Convention against Corruption (UNCAC)32 and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention). Leaders have called for all G20 members to ratify the UNCAC and for non-parties of the OECD Convention to engage in the OECD Working Group on Bribery with a view to exploring adherence to the Convention.33

Reiterating previous Summit commitments, Leaders in St. Petersburg “continue to encourage all G20 member countries to ratify and implement the UNCAC, and encourage engagement with the OECD Working Group on Bribery with a view to exploring possible adherence to the OECD Anti-bribery Convention as appropriate.” Leaders welcomed the ratification by Saudi Arabia of the UNCAC and reaffirmed their pledge to enhance the transparency and inclusivity of UNCAC reviews “by making use on a voluntary basis of the options in the Terms of Reference to the UNCAC Review Mechanism.” The ACWG continues to encourage UNCAC ratification by the two remaining G20 countries, Germany and Japan.

To date, twelve out of thirteen G20 members that have undergone UNCAC reviews have allowed or have agreed to allow country visits on a voluntary basis for their reviews, while eleven out of thirteen are engaging with business and civil society on their reviews in some manner. Sixteen G20 states are party to the OECD Anti-Bribery Convention34, and according to the ACWG’s 2013 Progress Report, most of those that are not party are engaging regularly with the OECD Working Group. In this regard, the OECD has proposed a “Key Partners” process with China, India and Indonesia, which aims to forge a more structured and coherent partnership with these governments.

Nevertheless, the overall level of enforcement remains uneven: Transparency International’s Exporting Corruption Progress Report 2013: Assessing Enforcement of the OECD Convention on Combating Foreign Bribery35 found that only three out of the fifteen G20 signatories actively enforced the OECD Anti-Bribery Convention in 2011 (USA, Germany, United Kingdom). Furthermore, the report finds that six G20 signatories-Brazil, Japan, Russia36, Turkey, Mexico and South Korea-have done little to hold companies and businesspeople accountable for bribing foreign governments.

SCORE: FAIR

As noted in the ACWG’s 2013 Progress Report, the G20 has the collective potential to create powerful momentum towards a global culture of zero tolerance for corruption.

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32The UNCAC, adopted by the United Nations General Assembly in 2003, is the broadest manifestation of the international community’s resolve to curtail corruption. It serves as a general guideline to anticorruption efforts, and covers a broad range of pertinent issues, including the prevention and criminalization of corruption, the importance of international cooperation, and the principle of stolen asset recovery.
33Significantly, the St. Petersburg Strategic Framework For The G20 Anti-Corruption Working Group, endorsed by Leaders in the Summit Declaration, states that all future Anti-Corruption Action Plans will, at a minimum, continue to encourage ratification and implementation of UNCAC and other relevant anti-corruption conventions, and encourage engagement with the OECD Working Group on Bribery.
34Of the G20 members, the following four are not party to the Convention: China, India, Indonesia and Saudi Arabia. Transparency International (2013).
36The convention entered into force in Russia in April 2012.
The G20 continues to recognize Business’ call for UNCAC ratification and full implementation. Efforts to eliminate corruption can be successful only if countries have the proper legal and institutional framework in place to ensure a level playing field. For this reason, Business continues to urge all G20 countries to ratify, rigorously enforce and monitor the implementation of UNCAC and the OECD Anti-Bribery Convention. The ongoing—but still incomplete—G20 pledge for UNCAC ratification and full implementation by all G20 members (now on its 5th year) is disappointing. If the G20 is serious about its 2010 Seoul Summit commitment to “lead by example in the fight against corruption,” Leaders need to increase pressure on the two remaining G20 members that have not yet ratified the UNCAC (Germany and Japan) and compel them to commit to specific deadlines.

Business is encouraged by the engagement with the OECD Working Group on Bribery by China, India and Indonesia, and encourages Saudi Arabia to increase its engagement with the Working Group.

- **Recognition**
  G20 Leaders continue to encourage all G20 member countries to ratify and implement the UNCAC, and they encourage engagement with the OECD Working Group on Bribery.

- **Action**
  The ACWG continues to monitor progress; the majority of G20 members are engaging with business on their UNCAC reviews, and almost all G20 countries are engaging regularly with the OECD Working Group.

- **Adequacy**
  Despite operating in its 5th year, the commitment for ratification and full implementation by all G20 members of the UNCAC remains incomplete. Enforcement of the OECD Anti-Bribery Convention remains inadequate.

### 4b) Enhance transparency in government procurement

Public procurement is an area that warrants special attention in the fight against corruption. An efficient and effective public procurement system—the purchase of goods and services by governments—is the backbone of a well functioning government and ensures a level playing field for those private sector actors that deliver services to the public. Business has continuously called on G20 governments to support fair and transparent procurement practices within, as well as outside, the G20 membership; and to include an agreement on transparency in government procurement in future rounds of global trade talks.

The G20 Anti-Corruption Action Plan 2013-2014 recognizes public procurement as a focus area to promote integrity, transparency, accountability and the prevention of corruption in the public sector. Leaders in St. Petersburg welcomed the ACWG’s progress in implementing the Action Plan and pledged “to promote integrity in buy-and-sell relations between the public and private sectors, including public procurement and privatization of state-owned property.”

In particular, the 2013 Progress Report, annexed to the Leaders’ Declaration, highlights the ACWG’s ongoing work in developing and sharing good practices in the field of public procurement anti-corruption policies, measures, and legislation.

- The ACWG, with support of the OECD, is developing a *Compendium of Good Practices in Public Procurement*. The OECD will present a draft for the ACWG’s consideration at their first meeting in 2014.
- Together with the World Bank and OECD, the ACWG reviewed current systems for the disclosure of financial and other assets of public officials, as well as potential conflicts of interest, which act as an important disincentive to corruption in procurement processes.
SCORE: FAIR

Much is at stake in the global effort to tackle corruption in public procurement. Transparency International estimates that damage from corruption can represent on average 10 to 25%—and in the worst cases, as much as 50%—of a public procurement contract’s value. Corruption in public procurement is particularly damaging because it diverts public funds from worthwhile development projects, holds back economic growth and undermines public trust in government.

Business accordingly welcomes the G20’s continued efforts to address public procurement and is pleased that the ACWG has published a compilation of G20 members’ policies.

While exchanges of best practices and dialogue are important pieces to improve the procurement environment, Business believes that the G20 should take a leadership role in creating global standards and mechanisms to ensure transparency and integrity in government procurement. Business urges G20 Leaders under the 2014 Australian G20 Presidency to signal their clear support for re-initiating negotiations within the WTO for a multilateral agreement on worldwide standards for procedures and transparency in government procurement, based on the WTO Government Procurement Agreement.

- **Recognition**
The G20 and its Anti-Corruption Working Group continue to highlight the importance of transparency in public procurement.

- **Action**
The ACWG is working with several international organizations to develop best practices; G20 countries continue to review national legislation and practices.

- **Adequacy**
G20 Leaders have not yet explored a unified approach, including through multilateral trade discussions, to develop global standards and mechanisms to ensure transparency in government procurement.

4c) Support an ongoing multiyear dialogue

Eliminating corruption is as much in the interest of business as it is of governments. Business has, consequently, called for the ACWG to have permanent status as a standing G20 committee in the G20 and asked Leaders to support a G20/B20 joint platform to maintain an ongoing, multi-year private-public dialogue.

Acknowledging the importance of anti-corruption work, Leaders at the 2012 Los Cabos Summit extended the mandate of the ACWG for two years to the end of 2014. The ACWG is now implementing its second two-year action plan, 2013-2014, covering over 35 work elements to prevent corruption in the public sector, international organizations and business.

Leaders in St. Petersburg welcomed the ACWG’s progress in implementing its 2013-14 Action Plan and pledged to advance existing commitments and consider further G20 actions on the global fight against corruption in 2014. Highlighting the need to work in partnership with business, Leaders committed to “maintain and build on the enhanced dialogue between the G20 Anti-Corruption Working Group and the B20.” In particular, Leaders welcomed the business community’s initiatives to enhance anti-corruption collective actions and to develop institutional arrangements to promote anti-corruption compliance in the private sector.

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Acknowledging that the fight against corruption will require sustained, concerted effort, Leaders endorsed the *St. Petersburg Strategic Framework* to guide the ACWG’s work. The *Strategic Framework* was proposed by the ACWG as a means to look beyond the two-year horizon of the Group’s mandate and Action Plan. In particular, the *Strategic Framework* agrees that to further strengthen Leaders’ fight against corruption, the ACWG “will have the same status of other G20 working groups” with the work of the ACWG “based on G20 Anti-corruption Action Plans, updated periodically, of fixed duration and approved by leaders.”

The Russian G20 Presidency maintained positive engagement between the B20 and the G20’s Anti-Corruption Working Group. During 2013, the B20 Task Force on Transparency and Anti-Corruption was invited to participate in the ACWG’s meetings in Moscow (February), Ottawa (June), and Paris (October).

**SCORE: GOOD**

International business can play a decisive role in global anti-corruption efforts—and even more effectively in cooperation with governments. Business is pleased that G20 Leaders continue to recognize business recommendations and that they are committed to maintaining and enhancing dialogue between the B20 and the G20 Anti-Corruption Working Group.

As with the previous Summits, there was no explicit endorsement of the business recommendation to create a permanent G20/B20 joint platform on transparency and anti-corruption. Nevertheless, the Leaders’ Declaration, the ACWG 2nd Action Plan and the *St. Petersburg Strategic Framework* all recognize business as a key partner in the fight against corruption.

In light of the G20’s expression of the need for partnership between government, business and civil society, ICC has for many years lead the fight of global business against corruption. ICC will continue to contribute tools and solutions toward reducing corruption in all its forms. Business applauds the G20 for acknowledging the importance of a long-term strategy on anti-corruption through the adoption of the *St. Petersburg Strategic Framework*. G20 Leaders are encouraged to bolster the B20/G20 dialogue by calling for the creation of a permanent public-private platform in Brisbane, through which business and government can develop and implement realistic commitments and identify good practices in the fight against corruption.

- **Recognition**
  Leaders continue to support the ACWG and encourage the Group to maintain and build on the B20/G20 Anti-Corruption dialogue.

- **Action**
  The ACWG is making good progress on its second Action Plan and continues to work in partnership with business, including inviting B20 representatives to participate in Working Group meetings.

- **Adequacy**
  The adoption of the *Strategic Framework* and substantial public-private sector dialogue reflects G20 Leaders’ ongoing commitment to rid their economies and societies of corruption’s corrosive effects.

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38For example, the ICC Anti-corruption Clause and the RESIST (Resisting Extortion and Solicitation in International Transactions) toolkit, a joint effort by the ICC, World Economic Forum’s Partnering Against Corruption Initiative (PACI), Transparency International and the United Nations Global Compact.
4d) Share best practices in the field of anti-corruption

A key role of the ACWG is to participate in the development of best practices and principles on topics of mutual concern to G20 countries, including the laws, policies, and procedures relevant to preventing and combating corruption. The St. Petersburg Declaration recognized the ACWG’s continued achievements in its efforts to develop and strengthen frameworks to facilitate cooperation among G20 member-countries in the fight against corruption.

Echoing Business’ repeated call for G20 governments to strengthen their legal framework on anti-corruption and to formally address the issue of bribe solicitation, the ACWG adopted the 2013 G20 Guiding Principles on Enforcement of the Foreign Bribery Offence, as well as G20 Guiding Principles to Combat Solicitation. The ACWG agreed to promote these principles in G20 governments and among business communities. These Principles identify measures that have proven useful at all stages of an effective enforcement process, including detection, investigation, prosecution and sanctioning of the offence. They also provide a reference for countries wishing to step up their actions against solicitation, including in partnership with the private sector. Additional initiatives in 2013 include the following:

- Building on the principles endorsed in Los Cabos, the ACWG established a G20 network of contact points to enable authorities to share information and cooperate, in order to identify and deny entry to G20 countries of corrupt officials and those who corrupt them.

- Leaders endorsed the High-Level Principles on Mutual Legal Assistance, developed with the support of the OECD and UNODC. The purpose of this initiative is to enhance international collaboration in the investigation and prosecution of corruption offenses, as well as in the recovery of proceeds of corruption.

- Leaders renewed their commitment to share best practices and enforce legislation to protect whistle blowers, ensure the effectiveness of anticorruption authorities free from any undue influence, and promote the integrity of public officials.

- Supported by the World Bank / UNODC STAR Initiative, the ACWG has undertaken a review of each member’s approach relative to the asset recovery principles adopted in Los Cabos, including development of national guides that identify contact points, and defining procedures and requirements to facilitate G20 government requests to recover assets.

In line with the St. Petersburg Strategic Framework commitment to cooperate closely with the business community, G20 Leaders have called on business representatives to develop capacity-building programmes and explore integrity pacts between business and governments. At the June 2013 ACWG meeting in Ottawa, representatives from governments, civil society and business discussed the B20 proposal to establish a “Collective Action Hub” with links to the business communities in G20 countries. It also addressed how to disseminate anti-corruption practices among private companies and with governments. In this regard, the ACWG took particular notice of the Resisting Extortion and Solicitation in International Transaction (RESIST) toolkit, co-developed by ICC.

**SCORE: GOOD**

The achievements highlighted in St. Petersburg and in the ACWG’s Progress Report are commendable and will facilitate cooperation and sharing of best practices among G20 member-countries. Business recognizes that the G20 can show leadership and boost political will, but implementation of laws will always be a national task. The strongest message G20 governments can send will be implementing the measures agreed in the 2013-2014 Action Plan.
Although Business praises the G20 for the work it has already undertaken, Business encourages G20 Leaders to take concrete steps to further strengthen the legal and regulatory framework on anti-corruption, including by supporting and disseminating business driven initiatives among its members. Business encourages Leaders to continue promoting the concrete anti-corruption tools that ICC develops, such as RESIST, ICC’s Rules on Combating Corruption, the ICC Anti-corruption Clause, and the new ICC Ethics & Compliance Training Handbook.40

**Recognition**
A key element of the G20’s 2nd Anti-Corruption Action Plan is the development of guides, best practices and principles relevant to preventing and combating corruption in G20 countries. Business is recognized as a key partner in this work.

**Action**
The ACWG continued under the Russian G20 Presidency to develop and strengthen initiatives to facilitate cooperation and sharing of best practices among G20 member-countries and business in the fight against corruption.

**Adequacy**
Business commends the ACWG’s enhanced dialogue with the B20 and recent efforts to develop and strengthen frameworks to facilitate cooperation among G20 member-countries, including exploring B20 proposals on integrity pacts between business and governments.

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Preface

To strengthen our evaluation of G20 work in the areas of job creation and human capital, ICC has invited the International Organization of Employers (IOE) and the Business and Industry Advisory Committee to the OECD (BIAC) to co-author this chapter of the issues of employment, skills and job creation in the G20. Together, these organizations believe that concerted and coordinated policy response from the G20 is critical in getting the world back into employment. IOE and BIAC also jointly coordinate the business engagement in the G20 labour ministerial process, and previously in the G8 process.

- With its membership of 150 business and employer federations in 143 countries, IOE has actively been engaging in the G20 process since its beginning, calling for G20 Leaders to support an enabling business environment that favours entrepreneurship, private sector development, and sustainable job creation. Notably, IOE served as the co-chair for the B20 Job Creation task force in 2013, contributing significantly to the development of the Russian B20 recommendations on employment. IOE will continue to co-chair the task force under the Australian B20 process in 2014.

- Officially recognized since its founding in 1962 as the representative of the OECD business community, BIAC promotes the interests of business by advising policymakers with the support of 41 business organizations from OECD countries and 10 Observer organizations from non-OECD countries. In this capacity, BIAC also actively engages in the B20 and G20 processes, supporting the OECD as knowledge partner to the G20 on a variety of key economic governance issues, including international taxation, employment.

Introduction

Since the first meeting of G20 heads of state and government in November 2008, employment, skills and job creation have become an increasing priority. Whereas in 2008, the G20 Summit in Washington focused almost exclusively on the financial system, half a year later in London, G20 Leaders acknowledged the role of employment in achieving a sustained recovery. The commitment to place jobs at the heart of recovery became part of every G20 Leader’s Declaration. To that end, G20 employment and labour ministers have met periodically to define strategies and exchange best practices to address persistently high unemployment rates. Moreover a G20 Employment Task Force was set up in Cannes in 2011 to support the G20 labour ministerial process.

The growing focus on employment, however, has not led to the establishment of G20 employment targets, nor has concrete and measurable progress been made on employment across the G20. Despite the commitments of individual G20 countries reflected in action plans in Seoul, Cannes and Los Cabos, the outcomes anticipated in G20 Declarations have proven rather less concrete. Moreover, acknowledgement of the role of the private sector in job creation has been largely neglected. It was only under the Russian G20 Presidency in June 2013 that G20 labour ministers stressed that the private sector is a major source of new jobs; and it was only in September 2013 at the St. Petersburg Summit that G20 Leaders acknowledged the need for a business-friendly environment to drive the creation of more jobs.

The B20 for its part has stressed in the G20 process the need for comprehensive and coherent reform strategies to open up opportunities for young people and job seekers by making employability a top priority in national education and training systems, as well as the need to enhance job opportunities also for more vulnerable groups by eliminating all forms of barriers to labour market participation. This chapter focuses on these two areas.
Business has a key role to play in job creation, but needs an enabling environment

The private sector creates employment. And to create sustainable employment, companies require a stable, attractive and business-friendly environment at national and local levels. This means a predictable regulatory framework that encourages long-term investment and innovation and promotes entrepreneurial behaviour.

With regard to the labour market, an enabling environment means easy-to-understand, employment-friendly labour law with provisions that give legal certainty and predictability for the establishment and termination of work contracts, based on business practice. In too many countries, however, over-regulation and confusion over labour legislation create uncertainty for companies and engender caution with new recruitment. And although in 2012/13 seven G20 economies changed their laws to increase labour market flexibility, six did the opposite according to the latest World Bank Doing Business Report. A recent IOE survey of its 150 members around the world supports this finding: The majority of respondents stated that labour law is still too rigid and that enterprises hire fewer employees than they might otherwise.

Of special importance for business is therefore the question of whether there is a diversity of forms of work available that allow companies to quickly react to market changes and hire as many people as quickly as possible. The so-called new forms of work, such as temporary agency work, part-time work or fixed-term work, are of crucial importance, particularly to newcomers to the labour market, to the low skilled and to the long-term unemployed. Thanks to their success in providing a foothold for people in the labour market, these flexible forms of employment specifically help certain groups to mitigate the risk of becoming stuck in long-term unemployment. In addition, fixed-term work contracts particularly give newcomers to a trade the prospect of a permanent employment offer over time.

Frameworks for flexible work remain too restrictive, however, in many G20 countries. With respect to temporary agency work, evidence suggests that in the absence of temporary contracts, jobs would not otherwise be created since companies would opt for internal flexibility. Furthermore, limited contracts can often be stepping-stones into full-time and permanent employment. Responses to the recent global IOE survey show that even in countries where the labour market offers a diversity of forms of work, legislation often makes it too difficult to use them. Consequently, well-meant protection laws become barriers to employment. While a tall wall of regulations protects insiders and job-keepers, outsiders and especially young job seekers cannot climb over it.

The G20 has not adequately addressed these labour market challenges to date. The ILO-OECD G20 implementation reports from June 2013 stress that job creation measures taken by G20 countries since 2010 have focused mainly on investment in infrastructure, as well as support to small and medium-sized enterprises (SMEs), hiring credits and entrepreneurship development. Only four G20 countries have adopted broad labour law reforms covering measures relating to adjustments in working hours, the use of temporary and open-ended contracts, requirements to terminate contracts, and lowering of taxes on wages below a defined threshold.

Moreover, the modernization of labour markets must be part of a comprehensive reform strategy for more growth and jobs, which goes beyond the labour market and also comprises measures in the areas of tax, innovation, industrial relations and competition policy, public finances and better regulation. In many countries, for instance, bureaucratic obstacles, particularly for microenterprises, remain too high. According to the latest World Bank Doing Business Report, SMEs in particular are subject to burdensome regulations and vague rules that are unevenly applied, leading to inefficiencies in the enterprise sector in many parts of the world and negatively impacting the overall competitiveness of economies and their potential for creating jobs. These barriers to growth and employment need to be dismantled through coherent policies, which make it easier to start a business, to grow and to employ people. The G20 must become an engine for reform in this regard.
Skills deficits are a major obstacle to bringing people into employment and securing the workforce needed by companies

The competitiveness of economies and the advancement of societies rest on individuals possessing the necessary education and skills to innovate, adapt, productively engage and excel in today’s work environment. Yet, in all too many countries and sectors of the economy, this paradox exists: high unemployment persists simultaneously with many job vacancies that cannot be filled because of skills shortages. The recent IOE global survey found that almost all countries reported major skills deficits and that tertiary and vocational education does not sufficiently meet the needs of the business community.

The main reason why skills are not in line with labour market needs is that in too many countries, the curricula of vocational as well as university education are designed without the proper involvement of business –resulting in skills that do not meet employers’ needs. Moreover, in some countries, economic framework conditions prevent the establishment of functioning apprenticeship systems. For instance, only 8% of economies in Eastern Europe and Central Asia, and only 5% in the Middle East and North Africa, allow for special apprenticeship wages. Additionally, the apprenticeship systems in many cases are limited to traditional trades. They do not encompass modern professions, and the equipment at the disposal of Vocational Education and Training (VET) institutions is often outdated. There is also the challenge of negative perception: vocational training is less well regarded compared to university education.

The G20 started to focus on the issue of skills development at an early stage in the process. Already in the 2009 Pittsburgh Declaration, G20 Leaders pledged to support robust training efforts in their growth strategies and investments. The ILO, in collaboration with the OECD, developed a G20 skills strategy which was welcomed by G20 Leaders in Toronto in June 2010. In Los Cabos two years later, G20 heads of state and government committed to intensifying efforts to strengthen cooperation in education, skills development and training policies—including internship and on-the-job training—that support successful school-to-work transition.

Indeed, skills development has been one of the priority areas in which most action has been taken by G20 governments since 2010. According to the ILO-OECD G20 implementation report, a common objective since 2010 has been to render skills more relevant to the labour market, including through apprenticeships and dual training systems. In May 2013, OECD launched an Action Plan on Youth to address youth employment in a comprehensive, coordinated manner and to ensure that policy action supports more successful school-to-work transition and more jobs for young people. These increased activities on skills development and vocational training of G20 member states are very much welcomed by Business. Some of the measures will take time to bear fruit; however, member states must remain steadfast in their efforts. The challenges are significant in many G20 countries, but skills development is too important for countries to fall short on this issue.

Business has taken its responsibility seriously

Business has not left governments to address these issues alone, and it is following up on the recommendations for alleviating youth employment that resulted from the Los Cabos Summit. Jointly with BIAC, the IOE has created a compendium of best practice initiatives from national member federations on the promotion of vocational training and workplace-centered learning. Additionally, the organizations have jointly established the Global Apprenticeships Network (GAN), which is flourishing. The GAN is a worldwide business alliance with the aim of promoting quality apprenticeships through the exchange of experience, the facilitation of partnerships, and the provision of up-to-date and relevant information.

Moreover, the B20 and L20 have agreed on a Joint Understanding on Key Elements of Quality Apprenticeships. The Joint Understanding identifies the essential principles that make apprenticeships work successfully. The Joint Understanding emphasizes, among other
things, that apprenticeship systems must be workplace-centered, and that a significant part of the training should be conducted in companies to ensure a work-based character. Apprenticeships also need their own contractual arrangements. This Joint Understanding represents a concrete commitment by the social partners to actively and constructively engage in vocational education and training based on common principles. The IOE and BIAC will continue to promote this Joint Understanding, including through the GAN. Governments are called on to base the reform of vocational training systems on these jointly established elements.

The Russian G20 Presidency set important trends

The G20’s work on the employment agenda during the Russian Presidency focused on job creation, labour market activation and the implementation of G20 commitments. These are the right priorities for getting the world back into employment. The process did indeed lead to important outcomes: the G20 Leaders rightly stressed in September 2013 in St. Petersburg the need for pro-growth structural reforms, including by promoting labour market adaptability and efficiency. This is the absolute prerequisite to creating more dynamic labour markets, which open up opportunities for both companies and employees, and support growth and employment. Moreover, the focus in the G20 Labour Ministers’ Declaration on (i) an enabling business environment and the promotion of entrepreneurship; (ii) the commitment to improve education and training systems and to address skills mismatches in the labour market; (iii) the call to embrace multiple forms of work; and (iv) the aim of focusing activation policies on measures, now need to be implemented. The IOE and BIAC jointly with their national member federations will monitor the implementation of these commitments and present a report in September 2014.

Under the Russian G20 Presidency, the labour process took a more comprehensive approach, which was evidenced by the first joint meeting of G20 labour and finance ministers in Moscow in July 2013. This meeting underlines that growth, job creation and fiscal consolidation are not contradictory, but must be the mutually supportive components of one coherent reform strategy. Indeed, macro-economic stability is critical for boosting consumer demand and creating the confidence necessary for business to invest. Clearly, fiscal discipline and private sector-driven growth can and must work hand-in-hand. Such joint meetings of finance and labour ministers, perhaps including ministers of the economy, should continue in future G20 processes, should not be an end in themselves and must lead to more coherent policies, as well as implementation of these policies, by governments at national level.

In the monitoring report jointly prepared by the ILO and OECD, the focus is now much more on implementation. There appears to be a greater willingness to translate G20 recommendations into action and to start benchmarking reform efforts and labour market performances. This new action-oriented approach gives hope that the G20 employment process will have real impact on the ground, which is a prerequisite for its legitimacy.

Looking ahead to 2014

Overall, the G20 has made substantial progress in the field of employment, and it is incumbent upon the Australian G20 Presidency to build on this foundation.

To do so, the G20 employment process should maintain its focus on job creation, and especially on elaborating policies that lead to an enabling business environment. Global competitiveness and private sector growth are the primary sources of job creation. A consensus of G20 labour ministers on key elements that facilitate starting, operating, and growing businesses is key to tackling the unemployment challenge. The G20 Employment Task Force should elaborate on action-oriented and concrete recommendations based on best practices that address the main obstacles to job creation, such as insufficient investment in education, skills and training; restricted labour markets; and insufficient or untapped innovation and entrepreneurship.
Furthermore, the B20 has highlighted cross-border migration and the demographic challenge. These continue to constitute pressing issues, which the G20 should address under the Australian Presidency. Cross-border migration can and should benefit all parties: the migrant, the host and the home country. Such a “win-win-win” phenomenon will occur when the framework conditions are improved; when migrants’ skills match labour market needs in destination countries; and when migration policies are transparent and reflect labour-market-oriented approaches. The G20 can facilitate the debate on how to create these win-win-win situations and elaborate on concrete steps to achieving them.

The B20 has continuously stressed the need for the G20 to look at the demographic challenge during the Russian G20 Presidency. The demographic challenge is a ticking time bomb, if not appropriately addressed, both in developed countries and in many developing countries. The G20 should become a catalyst for comprehensive approaches to tackling the aging of societies, to ensure that economic growth is not compromised by a shrinking workforce, and to secure the sustainability of social security systems without placing undue burdens on enterprises and future generations.

Finally, the focus on implementation of G20 commitments should be further strengthened. The ILO-OECD compilation of initiatives by G20 countries is a good start. More detailed reporting is required, however, with more in-depth identification of action and impacts of the measures already achieved. To improve monitoring and benchmarking, comparable, accessible, accurate, up-to-date and robust statistics are absolutely necessary. G20 countries should make all efforts to work together to improve the statistical database.
Conclusion

Overall Score

The overall G20 score across 20 business recommendations in the four major policy groups evaluated in this 3rd Edition of the ICC G20 Business Scorecard is FAIR (2.1).

The G20 Leaders' Summit in St. Petersburg in September 2013 maintained a focus on economic objectives, delivered a number of accomplishments, and made steady progress in addressing several business priorities.

Among the detailed commitments set forth in the G20 Leaders' Declaration were the following:

- The call for a successful outcome on trade facilitation at the WTO Bali Ministerial Conference was a convincing demonstration of the G20's effectiveness and collective leadership approach to tackling global economic problems. This leadership led to the historic WTO Agreement on Trade Facilitation in Bali, which will restore confidence in the multilateral trading system and also generate a much-needed stimulus of US$1 trillion and 21 million jobs to the world economy.
- The G20's agreement to freeze the introduction of protectionist measures by extending the Standstill agreement until end of 2016 is a significant achievement amidst different perspectives on trade, and one that, due to the resolve and commitment of G20 Leaders, will stabilize conditions to generate more growth and jobs.
- The G20 reaffirmed that regional trade agreements (RTAs) are complementary to and not a substitute for the multilateral trading system. Leaders called for further work in the WTO on how to enhance RTA transparency and encouraged WTO members to advance discussions on the systemic implications of the increasing number of RTAs on the multilateral trading system.
- Though energy efficiency was a back-burner issue under the Russian G20 Presidency, Leaders in St. Petersburg encouraged a closer engagement between the private sector and the G20 Energy Sustainability Working Group and called for a dialogue to be launched in 2014.
- Continued emphasis on the importance of infrastructure investments, including project preparation funds and the role of public-private partnerships.
- Further good progress by the G20 Anti-corruption Working Group on its second Anti-corruption Action Plan in partnership with business.

The substantive nature and the deep degree of policy stewardship embodied in the Leaders’ Declaration is evidence that the annual G20 Summit is only the most visible part of an ongoing, collaborative process that has evolved since the 2008 elevation of the G20 to the level of heads of government.

Although a score of “Fair” suggests that there is still much room for improvement, it does illustrate that the G20 has recognized a number of business recommendations and has taken at least some partial steps in response.

The 3rd Edition of the Scorecard condenses 63 business recommendations across four major groupings: Trade and Investment (16 recommendations); Financing for Growth and Development (19 recommendations); Energy and Environment (16 recommendations); Anti-Corruption (12 recommendations). From these, a total of 20 aggregated recommendations were evaluated.
Review of previous Scorecards

A comparison with previous Scorecards reveals progress in the G20’s record in recognizing and responding to recommendations put forward by the international business community. The overall score of 2.1 (out of 3.0) in this 3rd Edition is a slight numerical improvement over the Scorecard 2nd Edition score (1.9) and maintaining improvement over the score of “Poor” (1.4) in the Scorecard 1st Edition.

<table>
<thead>
<tr>
<th>Major Grouping</th>
<th>1st Scorecard</th>
<th>2nd Scorecard</th>
<th>3rd Scorecard</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Trade and Investment</td>
<td>Poor</td>
<td>Poor</td>
<td>Good</td>
</tr>
<tr>
<td>(2) Financing for Growth and Development</td>
<td>Fair</td>
<td>Good</td>
<td>Fair</td>
</tr>
<tr>
<td>(3) Energy and Environment*2</td>
<td>Poor</td>
<td>Fair</td>
<td>Poor</td>
</tr>
<tr>
<td>(4) Anti-Corruption</td>
<td>Poor</td>
<td>Fair</td>
<td>Good</td>
</tr>
<tr>
<td>Overall Score</td>
<td>Poor (1.4)</td>
<td>Fair (1.9)</td>
<td>Fair (2.1)</td>
</tr>
</tbody>
</table>

Despite the positive overall trend, progress has been mixed across the four major groupings. Part of this variation in score could be ascribed to differing host nation priorities. For example, the 2012 Mexican Presidency, evaluated in the 2nd Scorecard, prioritized energy and development issues resulting in relatively high scores in these areas. President Putin, in turn, made anti-corruption and investment in infrastructure his priority issues for the 2013 Russian G20 Presidency, which may have contributed to the higher scores earned in these areas.

Nevertheless, while leadership from a G20 Presidency can have a positive impact, underlying scores remain low in some areas. Within the major groupings, only three “Good” scores have been achieved, with the rest hovering between “Poor” and “Fair” scores. The overall score, therefore, suggests that the business dialogue with G20 Leaders is important and should remain a key component of the G20 agenda. Concerted efforts and increased international cooperation among the G20 will be required for continued improvement.

*2The chapter was called “Green Growth” in the 1st Edition of the ICC G20 Business Scorecard
The International Chamber of Commerce

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

The fundamental mission of ICC is to promote open international trade and investment and help business meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization’s origins early in the 20th century. The small group of far-sighted business leaders who founded ICC called themselves “the merchants of peace”.

ICC has three main activities: rule setting, dispute resolution, and policy advocacy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world’s leading arbitral institution. Another service is the World Chambers Federation, ICC’s worldwide network of chambers of commerce, fostering interaction and exchange of chamber best practice. ICC also offers specialized training and seminars and is an industry-leading publisher of practical and educational reference tools for international business, banking and arbitration.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on relevant technical subjects. These include anti-corruption, banking, the digital economy, marketing ethics, environment and energy, competition policy and intellectual property, among others.

ICC works closely with the United Nations, the World Trade Organization and intergovernmental forums including the G20.

ICC was founded in 1919. Today its global network comprises over 6 million companies, chambers of commerce and business associations in more than 130 countries. National committees work with ICC members in their countries to address their concerns and convey to their governments the business views formulated by ICC.