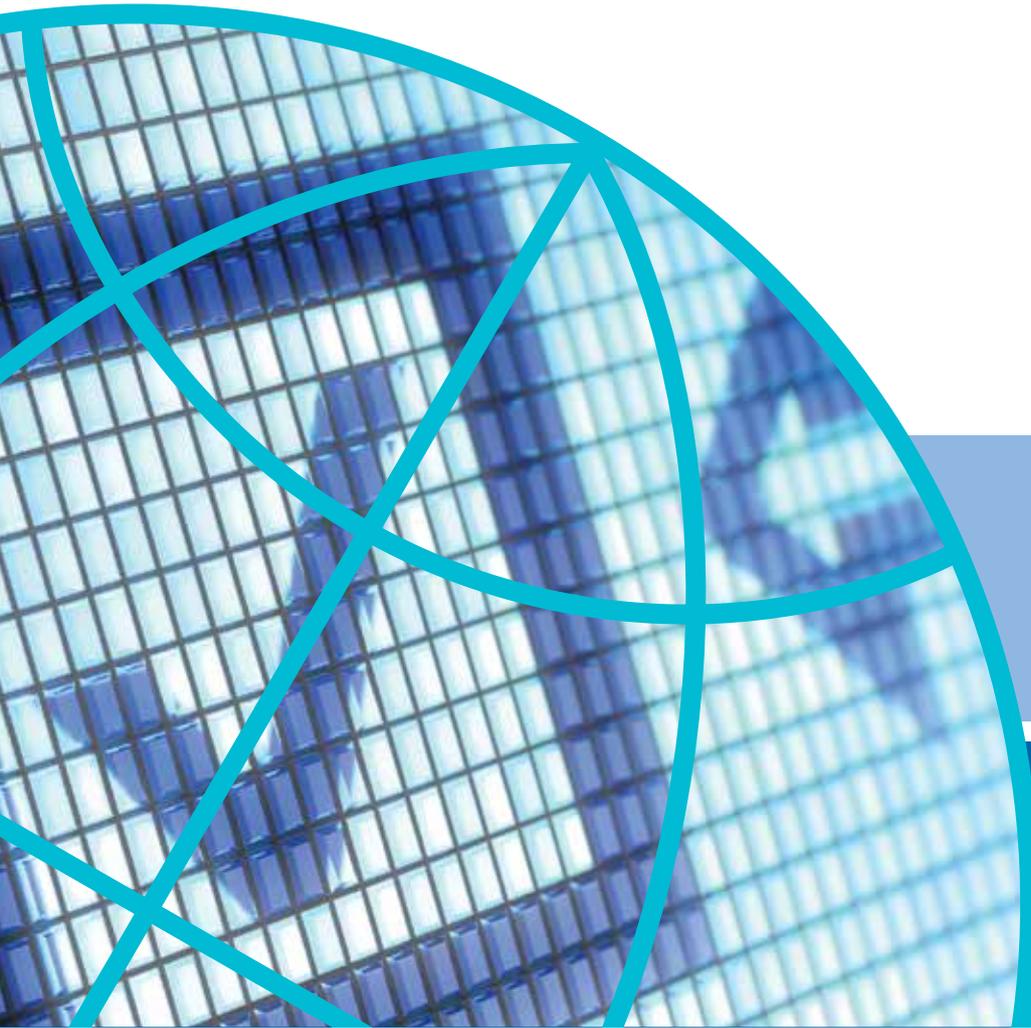


ICC G20 BUSINESS SCORECARD

SIXTH EDITION



DECEMBER 2016

ICC G20

CEO ADVISORY GROUP

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 40 CEOs working to ensure that the voice of business is heard by governments, the public and the media before, during and after each Summit. To learn more visit www.iccwbo.org/g20



About the International Chamber of Commerce (ICC)

ICC is the world business organization, whose fundamental mission is to promote open trade and investment and help business meet the challenges and opportunities of an increasingly integrated world economy. With interests spanning every sector of private enterprise, ICC's global network comprises over 6 million companies, chambers of commerce and business associations in more than 130 countries. ICC members work through national committees in their countries to address business concerns and convey ICC views to their respective governments. ICC conveys international business views and priorities through active engagement with the United Nations, the World Trade Organization, the G20 and other intergovernmental forums. To learn more about ICC visit www.iccwbo.org



About the International Organisation of Employers (IOE)

The International Organisation of Employers (IOE) is the largest network of the private sector in the world, with a membership of more than 150 business and employer federations around the world. 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 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

Table of Contents

List of acronyms	2
Foreword	3
Executive Summary.....	4
Introduction	17
Chapter 1: Trade and Investment	22
Chapter 2: Financing Growth.....	32
Chapter 3: Infrastructure	42
Chapter 4: Employment	49
Chapter 5: Anti-Corruption.....	53
Chapter 6: SME Development	58
Chapter 7: Energy and Environment	67
Notes	79

List of Acronyms

ACWG	G20 Anti-Corruption Working Group
B20	Business-20
BEPS	Base Erosion and Profit Shifting
BIAC	The Business and Industry Advisory Committee to the OECD
COP21	2015 United Nations Climate Change Conference
DDA	WTO Doha Development Agenda
EEAP	G20 Energy Efficiency Action Plan
EELP	G20 Energy Efficiency Leading Programme
EGA	WTO Environmental Goods Agreement
ESWG	G20 Energy Sustainability Working Group
eWTP	Electronic World Trade Platform
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FSB	Financial Stability Board
G20	Group of 20
GDP	Gross Domestic Product
GFSG	G20 Green Finance Study Group
GPFI	Global Partnership for Financial Inclusion
GTA	Global Trade Alert
GVCs	Global Value Chains
ICC	International Chamber of Commerce
IEA	International Energy Agency
IIA	International Investment Agreement
IIWG	G20 Investment and Infrastructure Working Group
ILO	International Labour Organization
IMF	International Monetary Fund
IOE	International Organization of Employers
ITA	WTO Information Technology Agreement
ITC	International Trade Centre
IPR	Intellectual Property Right
JODI	International Energy Forum Joint Oil Data Initiative
LIC	Low-Income Country
MDB	Multilateral Development Bank
OECD	Organization for Economic Cooperation and Development
PPP	Public-Private Partnership
RESIST	Resisting Extortion and Solicitation in International Transactions toolkit
SDGs	UN Sustainable Development Goals
SE4All	Sustainable Energy for All initiative
SME	Small- and Medium-Sized Enterprise
SSBs	Standard-Setting Bodies
TIWG	G20 Trade and Investment Working Group
TRIPS	WTO Agreement on Trade-Related Aspects of Intellectual Property Rights
TFA	WTO Trade Facilitation Agreement
UNCAC	United Nations Convention against Corruption
UNCTAD	United Nations Conference on Trade and Development
UNFCCC	United Nations Framework Convention on Climate Change
VET	Vocational Education and Training
WBG	World Bank Group
WSF	World SME Forum
WTO	World Trade Organization

Foreword

Broadly speaking, some observers have largely written off the Hangzhou Summit as another missed opportunity to do something meaningful for the global economy. Depending on your point of view, perhaps they're right. The general verdict is that Hangzhou advanced few G20 priorities and contained little substance in its provisions. But the business community remains convinced that opportunity abounds for G20 Leaders to act collectively in the spirit that brought them together in the aftermath of the financial crisis. Especially in the face of a rising tide of protectionism and a chorus of anti-trade rhetoric, G20 leadership—and their commitment to collective economic growth and open cross-border trade and investment—is as essential as ever.

For those who follow closely, it's quite clear that the G20 is deepening attention to an ever-widening scope of global policy challenges. Reading through the Summit Communiqué and associated reports and guidelines gives evidence to the steady progress G20 Leaders are achieving between Summits—increasingly fulfilling the moniker of “global steering committee” foreshadowed by G20 sage Paul Martin, Canada's former Prime Minister.

In pulling together this sixth edition of the *ICC G20 Business Scorecard*, we've detected more than a few places where Hangzhou delivered the robust guidance and policy prescriptions one would expect from a global steering committee. Among some of the most notable:

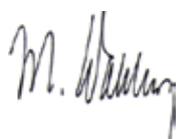
- G20 Guiding Principles for Global Investment Policymaking;
- G20 Action Plan on the 2030 Agenda for Sustainable Development;
- G20 2017-2018 Anti-Corruption Action Plan;
- G20 Digital Economy Development and Cooperation Initiative;
- G20 Initiative to Promote Quality Apprenticeship;
- G20 Strategy for Global Trade Growth;
- G20 Voluntary Action Plan on Renewable Energy;
- G20 High-Level Principles for Digital Financial Inclusion;
- Launch of the Global Infrastructure Connectivity Alliance.

In addition to these, the G20—under the leadership of Chinese President Xi Jinping—outlined a number of important commitments, including a unified opposition against protectionist policies, support for the Paris Agreement on climate change, endorsement for global ratification of the WTO Trade Facilitation Agreement, and several references to the importance of protecting and enforcing Intellectual Property Rights (IPR).

We also find the G20's work to be increasingly responsive to the priority recommendations put forward by the business community. The G20 made good progress on the business agenda and the 20+ recommendations developed by B20 China. Consequently, this year's *Scorecard* yields the highest rating to date: 2.3/3.0.

But at what point can we evaluate steering committee guidance and policy prescriptions as achievements? Time and again, this edition of our *Scorecard* suggests that real progress will only become effective when policy guidance takes root in national capitals. So, while this year's relatively high score reflects a strong policy response at the Leaders' level, our eyes will be on national governments and their resolve to implement the extensive guidance that the G20 process has managed to produce.

Sincerely,



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 government 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 anti-corruption to trade has aided Business' own efforts to grow and create jobs. Although the G20 is an informal forum for international cooperation with no permanent secretariat or binding enforcement power, the group has the ability to provide strategic leadership for an increasingly integrated global economy, overcoming political roadblocks and driving progress on some of the most intractable economic and social challenges confronting the global economy.

The Group of Twenty (G20) is the premier forum for international economic cooperation. Its members account for 85% of the world economy, 75% of global trade, and around two-thirds of the world's population. The G20 is credited for playing a key role in responding to the global financial crisis of 2008-09. Its decisive and coordinated actions boosted consumer and business confidence and supported the first stages of economic recovery.

For these reasons, the International Chamber of Commerce (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 press for the inclusion of business priorities in the deliberations of G20 Leaders. Among the activities of the *ICC G20 CEO Advisory Group* has been participation in the Business-20 (B20) process—to drive the development of business policy recommendations—and the production of the *ICC G20 Business Scorecard* to help measure the responsiveness of G20 Leaders to these priorities.

The development of business recommendations

Starting with the first gathering of business leaders during the Canadian G20 Presidency in June 2010, groupings of the world business community, operating collectively as the B20, have come together to develop business priorities and present policy recommendations to G20 Leaders. In their Seoul Communiqué of December 2010, G20 Leaders officially recognized the B20 as an important stakeholder and a constructive partner in promoting the shared objectives of global growth and job creation. Since Seoul, the B20 has been organized by successive national business hosts, under which a number of distinct policy task forces have prepared B20 recommendations on issues ranging from trade and investment to anti-corruption and employment.

On 1 December 2015, the first day of China's G20 presidency, President Xi Jinping outlined China's vision for "an innovative, invigorated, interconnected and inclusive world economy"—the theme of the Hangzhou Summit. In response, B20 China, under the leadership of B20 Chairman Jiang Zengwei, organized itself under five business-led taskforces: Trade and Investment, Infrastructure, Financing Growth, Employment, SME Development, and a special forum on Anti-Corruption. Working collectively during the first half of 2016, the five taskforces and Anti-Corruption Forum arrived at 20 principle recommendations for action by G20 governments.

The B20 China recommendations call on G20 Leaders to implement existing and new commitments to encourage robust international trade and investment, develop more effective and efficient global economic and financial governance, promote inclusive and interconnected development, address gaps in infrastructure connectivity, enhance the role of small- and medium-sized enterprises (SMEs), women, and young people in business growth, and ensure strong, sustainable, and balanced growth. In addition, the recommendations underline the need for the G20 to forge a regulatory environment that helps the international business community to trade and invest, develop new business models, and create new jobs.

The evaluation of G20 responsiveness to business

The purpose of this sixth edition of the *ICC G20 Business Scorecard* is to examine the G20's collective policy response to the business recommendations developed during the Chinese presidency.

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

- Informing 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. Second, while this sixth edition of the *Scorecard* concentrates on G20 performance during the 2016 Chinese Presidency, it includes intertemporal assessments, recognizing that the response cycle of government policymaking is generally more long-term than the time afforded by the one-year G20 presidencies.

It is also important to underline that 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.

The sixth edition *Scorecard* takes as its starting point the 20 recommendations for G20 governments prepared by B20 China in 2016. It also includes an evaluation of recommendations on energy sustainability and security prepared by companies from the ICC G20 CEO Advisory Group in the absence of a B20 China taskforce on energy.¹ These were delivered to G20 Energy Ministers ahead of the second G20 Energy Ministerial in Beijing in June 2016. Recommendations evaluated by the *Scorecard* have been grouped into seven major policy categories corresponding to the 2016 B20 China work structure and the ICC Energy Recommendations:

1. Trade and Investment
2. Financing Growth
3. Infrastructure
4. Employment
5. Anti-Corruption
6. SME Development
7. Energy and Environment

The *Scorecard's* evaluation of Employment recommendations has been contributed by our colleagues at the International Organization of Employers (IOE) and the Business and Industry Advisory Committee to the OECD (BIAC). IOE and BIAC have contributed significantly to the development of B20 recommendations in this area. IOE served as the co-chair for the Human Capital task force during the Russian and Australian B20 cycles, and was the Business Network Partner for the B20 Employment Taskforces in Turkey in 2015 and China in 2016.

Scores

Overall score

On 4-5 September 2016, G20 Leaders met in Hangzhou, China, to continue their collective actions towards achieving strong, sustainable and balanced growth. As the world's second-largest economy, with a huge stake in the growth and resilience of the world economy, China's G20 Presidency embraced an ambitious agenda to push for measurable progress on the G20's agenda of global cooperation.

The nine-page, 7,000-word Summit communiqué released at the conclusion of the Hangzhou Summit was generally reflective of business priorities, with a strong emphasis on infrastructure interconnectivity, promising guidance on multilateral investment policy coordination, an increased focus on innovation and the digital economy, and strengthened collaboration on energy access and climate change.

The overall score of 2.3 (out of 3) across the seven major policy groups evaluated in this edition of the *Scorecard* marks the highest overall score since ICC began its monitoring. Despite the positive overall trend, progress is uneven across the seven major groupings, which includes three GOOD, three FAIR and one POOR score. The mixed scores highlight several notable advancements on business priorities, but also that room for improvement still exists.

The G20 is an incremental process, which can be shrouded in complex language, chided for intangible actions or even sidetracked by the crisis-of-the-day. Yet, the opportunity for global leaders to sit together at the G20 table can not to be underestimated. The joint ratification of the Paris Agreement on climate change by the US and China just hours ahead of the Hangzhou Summit offers an important example of how G20 Heads of Government can deliver shared global leadership.

In addition to providing an overall score, the *Scorecard's* assessment of G20 responsiveness to business priorities illustrates the importance and value of continued G20-B20 dialogue. For business, any long-term success is judged by the substantive policy outcomes on business priorities. Some of the more notable business-responsive steps G20 Leaders took in Hangzhou include the following:

- Commitments to enhance an open world economy by working towards trade and investment facilitation and liberalization;
- Reaffirmed the G20's opposition to protectionism on trade and investment and extended the standstill and rollback commitments till the end of 2018;
- Delivered the G20 Guiding Principles for Global Investment Policymaking;
- Outlined commitments to energy and climate challenges;
- Pledged to ratify the WTO Trade Facilitation Agreement by the end of 2016; and
- Endorsed the G20 Action Plan on the 2030 Agenda for Sustainable Development.

Overall Score Sixth Edition ICC G20 Business Scorecard

Overview of all topics	Score
Trade and Investment	Fair (2.25)
Financing Growth	Good (2.5)
Infrastructure	Good (3.0)
Employment	Good (2.6)
Anti-Corruption	Fair (2.0)
SME Development	Poor (1.25)
Energy and Environment	Fair (2.2)
Overall Score	Fair (2.3)

ICC is also pleased that the Hangzhou Communiqué made several references to the importance of protecting Intellectual Property Rights (IPR), including recognizing the key role of adequate and effective IPR protection and enforcement to the development of the digital economy. For the first time Leaders also encouraged more cooperation on standards, adequate and effective IPR protection in line with the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs).

G20 score on Trade and Investment

The overall score assessment of G20 commitments and decisions on Trade and Investment is 2.25 (out of 3). This is a significant step up from last year's score of 1.0 and the second highest score ever received on Trade and Investment since ICC's monitoring began.

This score is a reflection of G20 commitments to enhance an open world economy by working towards trade and investment facilitation and liberalization, solid progress on ratification of the WTO Trade Facilitation Agreement, and first steps on multilateral investment policy coordination. However, insufficient action by the G20 to prioritize a meaningful curb on protectionism prevented a higher score, especially at a time when strong leadership and support for free trade is so sorely needed.

Over the past 60 years, the multilateral trading system has contributed to improving the standard of living of billions of people across the world. It has created new economic opportunities, providing greater choice and lower prices to consumers. However, trade and investment are continuing to slow significantly in the headwinds faced by the world economy. Growth in the volume of world trade is expected to remain sluggish in 2016 at 2.8%. This will be the fifth consecutive year of trade growth below 3%. World Trade Organization (WTO) estimates suggest that global trade growth should pick up to 3.6% in 2017—a welcome improvement but still well below growth rates seen prior to the financial crisis.

Meanwhile, a rising tide of protectionism and a chorus of anti-trade rhetoric threatens to undermine much needed progress on global trade integration. In the United States, the President-elect has expressed opposition to major trade deals, and in Europe there is growing public opposition to the proposed Transatlantic Trade and Investment Partnership (TTIP). In addition, G20 and global levels of foreign direct investment (FDI) have stagnated since 2011—even though developing countries still face an annual investment gap of around \$2.5 trillion for basic infrastructure, food security, climate change mitigation and adaptation, health, and education.

The global economy, international trade and investment face an uncertain new world, where isolationism and anti-globalism are becoming the new norm. It is therefore vital that the Hangzhou commitments take root in national capitals to enhance an open world economy and refrain from protectionism.

Scoring component highlights:

- Business welcomes the G20's commitment to shape the WTO's post-Nairobi work programme and commit to advancing negotiations on the remaining DDA issues "as a matter of priority." Notably, the G20 also indicated that new trade issues and sector-specific initiatives, including those addressed by the B20, could be subject for legitimate and progressive discussion in the WTO. Notwithstanding the promise of G20 rhetoric, Business remains watchful for evidence that G20 countries will deliver on domestic reforms to provide greater market access for foreign goods, services and technology.

Summary of G20 Response to Business Recommendations

Trade and Investment	Score
1.A – Strengthen the multilateral trading system	Good
1.B – Rollback protectionism	Inadequate
1.C – Ratify the TFA by the end of 2016 and commit to rapid implementation	Good
1.D – Enhance the global investment policy environment	Good
Overall Score	FAIR

- Business is appreciative of the G20's steady support for ratification of the WTO Trade Facilitation Agreement (TFA) by the end of 2016, noting especially that Argentina, Canada, Indonesia, and South Africa must ratify before the end of the year. ICC sustains its appeal for immediate ratification and implementation, which could add more than US\$1 trillion to global trade flows, creating 20 million jobs in the process.
- The global business community has been clear that tackling protectionism is a first order priority and has called on the G20 to demonstrate much-needed global leadership in refraining from protectionism or introducing new trade barriers. The G20's standstill commitment on protectionism has been a rolling centerpiece of G20 Summit declarations, however there is mounting evidence that rhetoric and reality are diverging at an increasing rate. In the current environment of global uncertainty, Business calls on G20 economies to lead by example in the fight against protectionism. New trade-restrictive measures must be rejected, and existing ones need to be rolled back.
- ICC embraces the G20's adoption of the *Guiding Principles for Global Investment Policy-Making*. The *Principles* correspond to a longstanding ICC recommendation for the G20 to intensify multilateral investment policy coordination and represent a historic step toward bridging unhealthy differentiation among inter-state investment policies.

G20 score on Financing Growth

The overall score assessment of G20 commitments and decisions on Financing Growth is 2.5 (out of 3). The relatively high score reflects clear responsiveness to three of the four business priorities put forward this year. However, uneven implementation of agreed financial reforms across the G20 and limited tangible actions to address the global trade finance gap—that is, global unmet demand for trade finance—precluded a higher score.

Given the critical importance of access to timely and affordable trade finance, and the direct, adverse impact of regulatory requirements on banks' capacity to underwrite additional trade finance, this point warrants highlighting. The year-on-year increase in the size of the trade finance gap, which currently stands at \$1.6 trillion in 2015, requires focused policy attention through the G20.

The widespread endorsement of the COP21 Paris Agreement reinforces the urgency of further mobilizing green investment to move towards a de-carbonized economy. The inclusion of green financing as one of the major topics for China's Presidency, along with the establishment of a G20 Green Finance Study Group (GFSG) and subsequent discussions in Hangzhou, are therefore significant achievements. Business also welcomes the G20's continued commitment to harmonize international tax rules and support for a timely, consistent and widespread implementation of the G20/OECD Base Erosion and Profit Shifting (BEPS) package. Going forward, the G20 must lead a coordinated and consistent effort to ensure that the implementation is appropriate and consistent. In particular, governments must ensure that inconsistent legislation, interpretation or application do not result in new forms of double taxation which cannot be resolved through existing double taxation relief systems.

Summary of G20 Response to Business Recommendations

Financing Growth	Score
2.A – Optimize global financial regulations to support growth	Poor
2.B – Facilitate the development of green financing and investment markets	Good
2.C – Adopt consistent and aligned tax policies to drive inclusive growth	Good
2.D – Stimulate financial inclusion by embracing digital technology innovation	Good
Overall Score	GOOD

Business is encouraged by the Chinese Presidency’s embracement of digital technologies to advance an already impressive body of work addressing financial inclusion, recognizing both the opportunities as well as the many challenges that remain. The many reports and products prepared and delivered in 2016 demonstrates that ‘digital’ is now firmly integrated into the G20 agenda.

Scoring component highlights:

- Business is encouraged by the G20’s commitment to finalize the remaining critical elements of the financial regulatory framework and to the timely, full and consistent implementation of the agreed financial sector reform agenda.
- While the G20 has made good progress on the financial regulatory reform agenda, implementation across the G20 is uneven, posing risks for divergent or inconsistent financial regulation and increased market fragmentation.
- G20 leadership is required to ensure equitable, risk-aligned and consistent regulatory treatment of trade finance to address the gap of unmet demand, which most recently is estimated at \$1.6 trillion in 2015 alone.
- The Hangzhou Communiqué rightfully acknowledged the importance of a coordinated and consistent implementation of OECD/G20 BEPS Project, while also recognizing the importance of pro-growth tax policies and tax certainty for investment and trade promotion. ICC looks forward to engaging with the G20 and the OECD on these important topics in 2017.
- Recognizing the significant investment required for a greener global economy, enhancing the ability of the financial system to mobilize private capital for green investment is more important than ever. Business therefore commends China for introducing “green finance” on the G20 agenda and welcomes the Leaders’ recognition of the important role that private sector finance can play in developing solutions for sustainable global growth.
- The Chinese G20 Presidency made digitalization a centerpiece of the G20’s financial inclusion agenda. Notably, a number of reports and products, including the G20 High-Level Principles for Digital Financial Inclusion, respond to the B20’s call for the G20 to stimulate financial inclusion by embracing digital technologies.

G20 score on Infrastructure

The overall score assessment of G20 commitments and decisions on Infrastructure is 3.0 (out of 3). This score reflects China’s strong emphasis on infrastructure and “interconnectivity” as a core theme of its 2016 G20 Presidency; it’s also reflective of tangibly increasing alignment between Business priorities and G20 actions on how to improve the global infrastructure ecosystem.

As both investors and delivery partners, the private sector can help bridge the infrastructure gap through increased involvement. Private capital, however, is

often limited by market inefficiencies and legislative and regulatory disincentives that constrain funding for infrastructure projects. B20 recommendations going back to the 2010 Seoul Summit have therefore primarily focused on urging G20 governments to stimulate infrastructure investments by creating enabling regulatory frameworks that

Summary of G20 Response to Business Recommendations

Infrastructure	Score
3.A – Accelerate the pipeline of high-quality bankable projects and facilitate infrastructure investment	Good
3.B – Enhance the role of multilateral development banks and institutions in enabling private-sector infrastructure investment	Good
3.C – Strengthen or establish national, regional, and global initiatives to enhance infrastructure interconnectivity	Good
Overall Score	GOOD

encourage (rather than dis-incentivize) private sector participation. In 2016, the B20 China Infrastructure Taskforce aimed to supplement pre-existing G20 actions and focused its recommendations on two areas (i) reinforcing the “evergreen” B20 actions from previous years; and (ii) identifying new opportunities to close the infrastructure investment gap.

Closing the infrastructure gap will require huge investments from public and private sources and a higher degree of cooperation across all actors involved. The challenge is immense, but the pay-off is equally dramatic. Expanding and accelerating project pipelines is expected to increase infrastructure capacity by US\$7 trillion by 2030. In G20 countries, this will increase GDP by US\$1.9 trillion and support 31 million jobs per annum.²

China is commended for ensuring that infrastructure remained a G20 priority in 2016, delivering several reports and work streams to advance and improve the availability and quality of bankable projects. Equally impressive are efforts to promote new financial instruments that facilitate infrastructure investments. While it is ultimately up to individual governments to act on the recommendations, the G20’s continued support ensures that the knowledge and necessary tools are readily available.

Scoring component highlights:

- The G20 is commended for maintaining a strong focus on infrastructure investment, addressing the need to raise the quality of infrastructure investment and exploring new ways to unlock long-term investments. The GDP multiplier impact associated with infrastructure investment is an essential and necessary factor for achieving the G20 growth targets.
- Under the Chinese G20 Leadership the G20 delivered appreciable guidance—through a number of projects and reports—to help improve the pipeline of available, high-quality bankable projects and promote the creation of financial instruments to facilitate infrastructure investment.
- Following on the request of G20 Finance Ministers, the Multilateral Development Banks (MDBs) announced joint actions to stimulate infrastructure investment, including the delivery of the *MDB Response to the G20 MDB Balance Sheet Optimization Action Plan* and the *Joint Declaration of Aspirations on Actions to Support Infrastructure Investment*; both have potential to enhance the scope and depth of MDBs coordination and cooperation and improve efforts to encourage greater levels of private sector investment.
- The launch of *Global Infrastructure Connectivity Alliance* is a signature initiative of the Chinese G20 Presidency, and it reflects the importance of a holistic approach to greater infrastructure integration at national, regional and global levels.
- Business notes the absence in Hangzhou of any substantial discussions on the use of new technologies for improving infrastructure development; nor were there any discussions on launching national asset-transformation initiatives per the B20 recommendation.
- Business encourages Germany to promote the deployment of new technologies to help make infrastructure future-proof, particularly in the energy and transport sectors, as part of the G20’s infrastructure agenda in 2017.

G20 score on Employment

The overall business assessment of G20 commitments and decisions on Employment is 2.6 (out of 3).

The Chinese G20 Presidency took a fresh approach to persistent global unemployment by focusing particularly on innovation and entrepreneurship as means to create employment, growth and development. Important initiatives emerging from the Chinese G20 Presidency include the Entrepreneurship Action Plan and the G20 Structural Reform Agenda. These initiatives have the potential to drive more dynamic labour markets, generating more

jobs and stimulating new business development. This kind of entrepreneurial thinking contributes to effective policy at the G20 level, but the impact of these initiatives will necessarily depend on national implementation. This concern is foreshadowed by the IOE-BIAC G20 monitoring report on implementation of G20 commitments, which shows that the majority of employers' federations in G20 countries are questioning whether the G20 process has resulted in any major policy changes at national level. The credibility of the G20 process ultimately depends on the determination of governments to implement G20 prescriptions at national level. Consequently, G20 governments must do better in driving effective labour market reforms that encourage companies to hire as many people as quickly as possible.

Scoring component highlights:

- Business welcomes the new G20 focus on entrepreneurship and innovation as a fresh means to tackle persistent unemployment worldwide. The *G20 Entrepreneurship Action Plan* and the *G20 Enhanced Structural Reform Agenda* contain important commitments that warrant implementation at national level.
- The *G20 Enhanced Structural Reform Agenda* includes the important commitment to “*rebalance protection from jobs to workers*” in order to advance G20 labour market reforms. This approach—in the EU context called “Flexicurity”—is a valuable model, which through translation into concrete principles and actions has enormous potential to create more dynamic labour markets.
- The *G20 Initiative to Promote Quality Apprenticeship* is an important strategy to modernize national Vocational Education and Training (VET) systems. To be effective the initiative must trigger reforms at national level and follow-up activities at G20 level.

Summary of G20 Response to Business Recommendations

Employment	Score
4.A – Implement programs and reforms to encourage entrepreneurship and innovation	Good
4.B – Remove structural barriers to increase youth employment, and implement initiatives to raise the participation rate of women in the labour force	Fair
4.C – Enacting policies to assess and reduce skill mismatches and capability gaps in the workforce	Good
Overall Score	GOOD

G20 score on Anti-Corruption

The overall score assessment of G20 commitments and decisions on Anti-Corruption is 2.0 (out of 3). This score acknowledges the ongoing partnership between the B20 and ACWG, with several priorities laid out in the new *2017-2018 G20 Anti-Corruption Action Plan* aligning with the 2016 B20 recommendations.

Corruption is a major barrier to global economic growth, with both government and business recognizing its negative impact on market efficiency and fair competition. With regulatory enforcement becoming more robust in many jurisdictions and growing international cooperation among law enforcement agencies, businesses around the world are becoming increasingly aware of the corruption risk and are seeking new ways to secure sustainable growth fairly.

The fourth biennial G20 Anti-Corruption Action Plan was endorsed in Hangzhou, with Leaders' pledging to *"improve public and private sector transparency and integrity, implementing our stance of zero tolerance against corruption, zero loopholes in our institutions and zero barriers in our actions."*

Business has consistently highlighted the problem of corruption and presented strong recommendations to help tackle the issue, with a focus on enhancing international cooperation and assisting at the enterprise level. It is therefore rewarding to see that the 2-page *Action Plan* identifies several longstanding business priorities, including beneficial ownership, private sector integrity, capacity building and increased transparency in public contracting and customs. Nonetheless, if the G20 is to have any moral sway in countries where corruption is rampant and largely unchecked and if it intends to live up to its 2010 commitment to *"lead by example in the fight against corruption"*, commitments will need to translate into tangible actions that demonstrate G20 leadership in this area.

Scoring component highlights:

- ICC welcomes the adoption of the *2017-2018 Anti-Corruption Action Plan*, which identifies eight G20 priorities on Anti-corruption over the next two-year period: (1) Practical co-operation; (2) Beneficial ownership; (3) Private sector integrity and transparency; (4) Bribery; (5) Public sector integrity and transparency; (6) Vulnerable sectors; (7) International organizations; and (8) Capacity building.
- The new *G20 Anti-Corruption Implementation Plan 2017-2018* contains promising, yet open ended, language on several key business priorities, including actions to improve beneficial ownership transparency, whistleblower protection frameworks, integrity in public procurement and customs and supporting private sector anti-corruption initiatives. These commitments must now translate into tangible and specific actions to strengthen anti-corruption efforts.
- Business is pleased that the *Action Plan* pledged to promote greater transparency in the public sector, including in public contracting, budget processes and customs, building on the *G20 Open Data Principles* adopted in Antalya in 2015.
- Business recognizes and values the ongoing cooperative role between the G20 and B20 on anti-corruption, and welcomes the inclusion of private sector integrity and transparency as one of the G20's priority work areas for the next two years. G20 governments must ensure that lofty anti-corruption principles laid out in statutes and declarations are reflected in the day-to-day operations of businesses on the ground.

Summary of G20 Response to Business Recommendations

Anti-Corruption	Score
5.A – Promote a more transparent environment for business in order to bolster competition	Fair
5.B – Strengthen intergovernmental cooperation against corruption, and supporting the building of capacity for stronger anti-corruption compliance	Fair
Overall Score	FAIR

SME Development

The overall score assessment of G20 commitments and decisions on SME Development is 1.25 (out of 3). This is a step down in score from the fifth edition's score of 2.0, which was buoyed by the Turkish government's emphasis on SME growth as one of the key priorities of its G20 Presidency. Nonetheless, the score demonstrates that the G20 at least continues to recognise Business emphasis of the critical role SMEs play in generating sustainable and balanced economic growth.

Businesses in the SME sector play a critical role in the world economy, and in most countries SMEs of all sizes contribute over 50% of GDP and three quarters of formal employment. Consequently, the role of SMEs is increasingly viewed as a vital source of productivity, growth, innovation and job creation across G20 countries. SMEs however face a number of critical barriers to growth, including lack of access to timely and affordable finance, weak use of and access to cross border electronic trade, relative isolation from global value chains and complexities in navigating regulatory environments.

Since the first G20 Business Summit in Seoul in 2010, the B20 has repeatedly called on G20 Leaders to address the constraints SMEs face in the global marketplace. In 2016, B20 China carried forward this work under the SME Development Taskforce and identified several major impediments to SME development in both developed and developing countries.

Business commends China for maintaining a focus on improving SME access to finance as an integral part of the G20's agenda. A significant aggregation of actions and recommendations for improving SME's access to finance, including the progress report on the G20/OECD High-Level Principles on SME Financing, the G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure and SMEs and the G20 Action Plan on SME Financing. However, given the availability of this body of knowledge and the palpable need to encourage SME growth and development, it is somewhat surprising that the G20 did not more emphatically clear pathways for SMEs to contribute to global growth and employment.

Increasing SME capabilities to participate in global value chains (GVCs) and providing the environment to do so are two cornerstones for enhancing competitiveness and participation of SMEs in GVCs. Business was therefore pleased when the 2015 Antalya Communiqué, for the first time, addressed these two issues collectively. The Chinese G20 Presidency is commended for maintaining a focus on these important issues. Nonetheless, there was little collective action beyond reaffirming past statements and identifying persistent challenges. Notably, there was no response to the B20's call for coordinated capacity building and certification programs or for setting targets for SMEs access to regional and GVCs.

Scoring component highlights:

- While China made the digital economy a key aspect of its G20 Presidency, effectively launching the G20's digital agenda, there was little discussion on how digital technology can reduce SMEs' compliance costs or improve their access to government processes. Business sees this as a missed opportunity to carry forward their strong focus on SME development during the Turkish G20 Presidency.

Summary of G20 Response to Business Recommendations

SME Development	Score
6.A – Facilitate SMEs' access to bank finance and alternative funding	Fair
6.B – Lower compliance costs and improve access to public procurement markets to support SME growth	Poor
6.C – Endorse the Electronic World Trade Platform (eWTP)	Poor
6.D – Develop coordinated capacity-building and certification programs to ease the inclusion of SMEs in GVCs	Poor
Overall Score	POOR

- Business commends China for maintaining a focus on improving SME access to finance as an integral part of the G20's agenda. A significant aggregation of actions and recommendations for improving SME's access to finance, including non-bank alternatives, were made available to G20 Leaders in the form of several reports, studies and action plans prepared for the Hangzhou Summit.
- China is commended for maintaining a focus on improving participation of SMEs in GVCs throughout its G20 Presidency. While the G20 has come a long way towards raising awareness on the importance of better integrating SMEs into GVCs, a lack of accreditation programs, SME awareness, and the ability to conform to international, regional, or even national standards, remain major challenges that require comprehensive and coordinated response by the G20.
- While the G20's recognition of the B20's efforts to strengthen frameworks for digital trade and the mention of the Electronic World Trade Platform (eWTP) initiative are important steps in addressing the need for more extensive consultation with business, Business would expect the G20 to give significantly more attention to the matter, provide prescriptions for organizations such as WTO and UNCTAD to convene forums for eWTP discourse, and request recommendations for further actions.
- ICC encourages the G20 Trade and Investment Working Group and other relevant stakeholders to work in close cooperation with the World SME Forum to identify areas of collaboration, such as facilitating interactions at country level to foster SME linkages to GVCs and promoting a certification program to enable greater SME participation in global and regional value chains.

G20 score on Energy and Environment

The overall score assessment of G20 commitments and decisions on Energy and Environment is 2.2 (out of 3). This equals the highest score on Energy and Environment achieved last year.

Meeting the future demand for reliable, affordable and sustainable energy will require significant and timely investment in energy infrastructure, especially since projects can take up to a decade to develop and implement. In fact, energy investment is expected to be the largest single area of overall infrastructure investment, requiring as much as US\$1-2 trillion per annum over the coming decades.

At the same time, policies to tackle climate change will impact the energy sector as governments around the world follow through on policy commitments made at the COP21 meeting in Paris in December 2015. Moreover, digitization and accelerating innovation are transforming most industry sectors and society at large, posing challenges to capital intensive, long-term energy investments. The potential sources of disruptive innovation and uncertainty on energy demand are many, requiring companies to more actively scan the innovation horizon in years to come than they have in the past.

In the absence of official B20 work on energy in 2016, companies from the ICC G20 CEO Advisory Group have for the past three years developed a set of business recommendations for consideration by G20 Leaders. The 2016 paper, *Six steps to energy sustainability and security*, was shared with G20 Energy Ministers ahead of the G20's second Energy Ministerial in Beijing in June 2016.

Summary of G20 Response to Business Recommendations

Energy and Environment	Score
7.A – Utilize a broad energy mix to drive sustainable development	Good
7.B – Establish stable regulatory frameworks that encourage and incentivize energy investment	Poor
7.C – Promote and prioritize energy efficiency	Good
7.D – Improve global energy governance and coordinate international efforts	Fair
7.E – Increase worldwide access to clean, modern forms of energy in accordance with SDG 7, with emphasis on Africa and the Asia-Pacific region	Fair
Overall Score	FAIR

ICC is pleased that the Hangzhou Communiqué recognized several of the ICC priorities and maintained a strong focus on energy and climate change, building on the unprecedented attention to these issues in the 2015 Antalya Leader's Communiqué. Specifically, G20 Leaders agreed to explore innovative collaborative arrangements for international cooperation on energy efficiency. They also endorsed the *G20 Voluntary Collaboration Action Plan on Energy Access*, the *G20 Voluntary Action Plan on Renewable Energy*, and the *G20 Energy Efficiency Leading Programme*; and called on G20 energy ministers to follow up implementation of these plans.

On climate change, Leaders committed to complete their respective domestic procedures in order to join the Paris Agreement. They also affirmed the importance of fulfilling the UNFCCC commitment by developed countries in providing means of implementation including financial resources to assist developing countries with mitigation and adaptation actions in line with Paris outcomes.

Notably, on the eve of the G20 Summit, US President Barack Obama and Chinese President Xi Jinping announced that both countries would formally adopt the Paris Agreement and outlined new plans for expanding their joint efforts on climate change. The leadership by China and the US enabled the Paris Agreement to reach the required threshold of 55 countries representing 55% of global emissions and enter into force on November 4, 2016, four years ahead of schedule.

B20 Germany's announcement of an Energy, Climate & Resource Efficiency taskforce is as a welcome recognition of the importance of energy in the B20/G20 deliberations.

Scoring component highlights:

- The adoption of the *G20 Energy Efficiency Leading Programme (EELP)* and five new areas of collaboration on Energy Efficiency is a significant outcome of the Chinese G20 Presidency, ensuring that long term cooperation on energy efficiency remains a priority for the G20 in the years to come.
- The G20's increased focus on renewables, including the adoption of the *G20 Voluntary Action Plan on Renewable Energy*, demonstrates the necessary leadership to broaden the world's energy mix and help alleviate environmental or other sustainability challenges associated with any one form of energy.
- Business has long sought clarity from policymakers in developing long-term, predictable market-based policies on climate change. Unfortunately, the G20 did not address nor offer collective leadership for developing predictable international carbon pricing mechanisms.
- ICC commends the G20's multi-phase plan to strengthen collaboration on energy access, starting with Africa as per the 2015 Turkish G20 Presidency and expanding its focus during the 2016 Chinese Presidency through the adoption of the *Enhancing Energy Access in Asia and the Pacific: Key Challenges and G20 Voluntary Collaboration Action Plan*.
- ICC is pleased that the G20 has recognized several of the business priorities outlined in the paper *Six steps to energy sustainability and security*, including maintaining a strong focus on supporting energy investment and stressing "the importance of diversification of energy sources and routes." In addition, the Energy Ministers recognized the importance of keeping all energy options open, and referenced various forms of energy used by G20 members, including renewable energy, natural gas, nuclear power and advanced and cleaner fossil fuel technologies "as meaningful options for countries with diverse energy realities."
- The lack of private-sector participation in the G20's energy discussions remains a key concern. The work of the ESWG is conducted behind the scenes and efforts to meaningfully involve the business community in the past two Ministerial meetings has been extremely limited. Business encourages Germany to integrate business in the work of its official, specialized energy working groups during its G20 Presidency in 2017.

- While G20 Energy Ministers have identified several key players in achieving SDG 7 the critical role of business is not sufficiently recognized. Business therefore calls on the German G20 Presidency to identify ways to better integrate the private sector into the decision-making process for increasing worldwide access to clean, modern forms of energy.

ICC G20 Business Scorecard results over time

To establish a point of reference on scoring over time, the following table presents the overall score and the scores across the major policy groupings since the publication of the first edition *Scorecard* in 2011. Notably, the major groupings have changed slightly due to the re-composition of B20 taskforces in 2014 and 2015 under B20 Australia and B20 Turkey, the inclusion of a chapter on Employment deriving from ICC's collaboration with IOE/BIAC, and the addition of a new taskforce on SMEs in 2015 and 2016. In order to bridge any gaps associated with the restructuring in this edition, the reader will find that each scoring chapter contains a brief discussion on how those specific scores have progressed since ICC's monitoring began.

Major Groupings	First Scorecard (France) ³	Second Scorecard (Mexico)	Third Scorecard (Russia)	Fourth Scorecard (Australia)	Fifth Scorecard (Turkey)	Sixth Scorecard (China)
Trade and Investment ⁴	Poor	Poor	Good	Fair	Poor	Fair
Infrastructure ⁵				Fair	Poor	Good
SME Development ⁶					Fair	Poor
Financing Growth	Fair	Good	Fair	Good	Good	Good
Energy and Environment	Poor	Fair	Poor	Poor	Fair	Fair
Anti-Corruption	Poor	Fair	Good	Good	Fair	Fair
Employment				Fair	Fair	Good
Overall Score	POOR (1.4)	FAIR (1.9)	FAIR (2.1)	FAIR (2.1)	FAIR (2.0)	FAIR (2.3)

As set out in the first edition, *“The Scorecard is envisioned to be a living document that evolves with G20 developments. Subsequent Scorecard editions will refine the process for identifying deficiencies; provide guidance for improvement and action; and monitor progress from Summit to Summit.”* As such, ICC will endeavour to continually adapt the *Scorecard* to reflect the evolution of Business policy priorities and the progress by the G20 in responding to these priorities.

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 its objectives for 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 competing in global markets. Against this background, along with the recognition that the G20 agenda will have a major impact on core business goals to expand economic growth and employment, ICC formed the *ICC G20 Advisory Group* of CEOs to spearhead global business engagement with G20 heads of government and contribute a high-level business perspective to G20 policymaking.

The last seven years have witnessed an evolving G20 that seeks to harness and apply its collective, collaborative leadership to a broader, “post crisis” development agenda and an array of global economic challenges. Yet, the complex challenges ahead, ranging from persistent high levels of unemployment and faltering infrastructure to combatting corruption and open markets, can only be resolved if the G20 and the private sector work in concert. While governments create the necessary frameworks and conditions, it is the world’s businesses, both large and small, that drive the creation of jobs, investment, and inclusive economic growth.

To achieve its overarching goal of strong, sustainable and balanced growth, it is imperative that G20 Leaders are informed of the constraints that businesses, small and large, face in creating jobs and sustainable growth—and how these problems can be mitigated.

The critical 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 business recommendations

Over the last seven G20 Summit cycles (Seoul 2010, Cannes 2011, Los Cabos 2012, St. Petersburg 2013, Brisbane 2014, Antalya 2015 and Hangzhou 2016), ad hoc groupings of the world business community, operating collectively as the Business-20 or “B20”, have prepared and delivered policy recommendations to G20 Leaders. Through the 2016 B20 China cycle, 52 distinct business policy task forces have prepared more than 400 business recommendations for G20 Leaders’ consideration, concentrating on issues ranging from trade and investment to anti-corruption and employment. Collectively, the recommendations presented to G20 Leaders in Korea, France, Mexico, Russia, Australia, Turkey and most recently China constitute an extensive compendium of international

business priorities and recommendations that continue to be reshaped as the process moves from Summit to Summit. Some of the business priorities have been reiterated and carried over between Summits, and others have called on the G20 to take action in new areas.

In 2016 B20 China, under the leadership of B20 Chair Jiang Zengwei, organized itself under five business-led taskforces: Trade and Investment, Infrastructure, Financing Growth, Employment, SME Development, and a special forum on Anti-Corruption. Working collectively during the first half of 2016, the five taskforces and Anti-Corruption Forum arrived at 20 principle recommendations for action by G20 governments that call for structural measures to:

- **Break a new path for global economic growth** by encouraging entrepreneurship and innovation, developing transparent infrastructure pipelines, enhancing the role of the multilateral development banks in infrastructure finance, facilitating markets for green financing and investment, and promoting financial inclusion through digital technology.
- **Develop more effective and efficient global economic and financial governance** by optimizing global financial regulations, facilitating the access of small- and medium sized enterprises (SMEs) to finance, adopting consistent and aligned tax policies, strengthening intergovernmental cooperation against corruption, and promoting a more transparent business environment to foster competition.
- **Encourage robust international trade and investment** by strengthening the multilateral trading system and rolling back protectionist measures, ratifying and implementing the Trade Facilitation Agreement, enabling the e-commerce environment through support of the Electronic World Trade Platform (eWTP) initiative, backing actions to facilitate SMEs' inclusion in global value chains, and enhancing the global investment policy environment.
- **Promote inclusive and interconnected development** by removing structural impediments that lower the participation rates of young people and women in the labor force, developing programs to reduce mismatches between available and needed skills, improving the regulatory environment to support SME growth, promoting innovative approaches to future infrastructure, and building infrastructure interconnectivity across all sectors.

In addition to the development of the business recommendations, B20 China also organized a number of events and exchanges with governments and other stakeholders of the G20 process during the entire year, including more than 50 special workshops and an anti-corruption forum.

The B20 recommendations were presented to China's President Xi Jinping at the B20 Summit, held on the eve of the G20 Leaders' Summit.

The Scorecard: towards sustained and balanced measurement

With the B20 process concluding its 7th year, there is an ever-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 recommendations put forward by the global business community.

Five editions of the *ICC G20 Business Scorecard* have already been published.

- The first *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"⁷ across the four policy areas evaluated: trade and investment, green growth, transparency and anti-corruption.

- The second edition of the *Scorecard* was released in April 2013 and focused on the G20's performance during the 2012 Mexican Presidency. The improvement to an overall assessment of "Fair" was attributed to operational progress and increasing alignment of B20 to the G20 work program.
- The third edition was released in March 2014 and assessed the G20's response to business recommendations put forward during the 2013 Russian G20 Presidency. It revealed a year-on-year improvement in score since ICC's monitoring began, while noting that progress still remained poor in several crucial areas, including energy and the environment.
- The fourth edition was released in March 2015 and evaluated the G20's response to recommendations put forward during the 2014 Australian G20 Presidency. With only one of the seven chapters receiving a "Poor" grade, the overall score of "Fair" suggested an improving alignment between B20 recommendations and G20 priorities.
- The fifth edition of the *Scorecard* was released in January 2016 at the B20 China launch in Beijing and focussed on business recommendations put forward during the 2015 Turkish G20 Presidency. While a majority of the recommendations received a number of "Good" scores, reflecting solid progress on business recommendations, a non-insignificant number of lower scores pulled down the average—ultimately yielding an overall score of "Fair".

This sixth edition of the *Scorecard* evaluates the G20's response to recommendations put forward by the international business community during the 2016 Chinese 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 seven major policy groupings corresponding to the B20 task forces along with issues that the *ICC G20 Advisory Group* considers priorities for G20 attention at this time.

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

1. The **Trade and Investment** chapter captures a major policy area of the business recommendations over the past seven B20 cycles and reflects the international business view that trade and investment are vital contributors to the global economy.
2. The **Financing Growth** chapter looks at the implementation of global financial reforms and associated impacts on an integrated global financial system, harmful fragmentation and unintended costs to business and the real economy.
3. The **Infrastructure** chapter explores business recommendations that address structural bottlenecks in infrastructure investment and policies to create an enabling environment for private sector engagement.
4. The **Employment** chapter is contributed by the IOE and BIAC and highlights some of the key challenges and recommendations necessary to create sustainable growth and generate employment opportunities across G20 countries.
5. The **Anti-Corruption** chapter explores actions that can promote a legitimate and fair business environment and delineates steps that G20 Leaders can take to encourage the private sector to put in place robust anti-corruption compliance programmes.

6. The **SME Development** chapter identifies the most critical bottlenecks to SME development and evaluates a priority list of SME-oriented policy recommendations geared to support SME growth and job creation.
7. The **Energy and Environment** chapter covers some of society's most intractable international challenges to rationalize energy markets, improve international energy cooperation and achieve sustainable development.

The sixth edition of the *Scorecard* looks at 25 business recommendations across these seven policy groupings, with a corresponding assessment and 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. As noted above, the Employment chapter is contributed by the IOE and BIAC. The assessment of G20 responsiveness is based on official documents issued by the G20, its working groups and ministerial meetings, and other publicly available documents. While multiple official documents are considered for the evaluation, the *Scorecard* puts a particular emphasis on the G20's principal policy outcome document, the "Leaders' Communiqué" (sometimes referred to as "Summit Declaration"). This document embodies the collective voice of the G20 Leaders and is the primary mechanism for delineating G20 priority areas, progress, commitments, decisions and next steps.

Individual actions by member countries are not considered for the score. Accordingly, the revised national growth strategies for the individual member states, released at the conclusion of the Antalya Summit, are not used for assessing scores. However, examples of actions by G20 members may be highlighted to illustrate progress and achievements.

In addition, the *Scorecard* does not evaluate G20 performance on the basis of whether the "end goal" is achieved. Rather, it concentrates the evaluation 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.

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.

Score criteria	
Recognition	<input checked="" type="checkbox"/>
Action	<input type="checkbox"/>
Adequacy	<input type="checkbox"/>

For each criterion that has been met, a green () is attributed and one corresponding point has been assigned, with the final score based on the total amount of points awarded. 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."

Qualitative assessment

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

The score “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. 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).

Points	Score
0	Inadequate
1	Poor
2	Fair
3	Good

Overall scoring

Each major grouping has also been given an average score based on the G20 responsiveness to all of the aggregated business recommendations within that chapter.

Finally, all chapter scores contribute to an overall score, based on the average of all 25 recommendations reviewed in the sixth edition of the *Scorecard*.

Chapter 1: Trade and Investment

Over the past 60 years, the multilateral trading system has contributed to improving the standard of living of billions of people around the world. It has created new economic opportunities, providing greater choice and lower prices to consumers. However, trade and investment are continuing to slow significantly in the headwinds faced by the world economy. Growth in the volume of world trade is expected to remain sluggish in 2016 at 2.8%. This will be the fifth consecutive year of trade growth below 3%. World Trade Organization (WTO) estimates suggest that global trade growth should pick up to 3.6% in 2017—a welcome improvement but still well below growth rates seen prior to the financial crisis.

Meanwhile, a rising tide of protectionism and a chorus of anti-trade rhetoric threatens to undermine much needed progress on global trade integration. In addition, G20 and global levels of foreign direct investment (FDI) have stagnated since 2011—even though developing countries still face an annual investment gap of around \$2.5 trillion for basic infrastructure, food security, health, education, climate change mitigation and adaptation.

In order to compel the G20 to demonstrate the collective leadership necessary to reinvigorate global trade, the business community's priorities in 2016 called for G20 members to accomplish the following:

- Strengthen the multilateral trading system and roll back protectionism;
- Ratify the WTO Trade Facilitation Agreement (TFA) by the end of 2016 and commit to rapid implementation;
- Enhance the global investment policy environment.

Summary of score

The overall score assessment of G20 commitments and decisions on Trade and Investment is a 2.25 (out of 3.0). This is a step up from last year's edition of 1.0 and the second highest score ever received on Trade and Investment since ICC's monitoring began (highest score was 2.5 in the third edition).

Table 1 delineates the four B20 China Trade and Investment Taskforce recommendations, with scores presented in the right column. The following section presents scoring component highlights, followed by an in-depth review of each recommendation and explanation on how the score was derived.

Table 1

B20 China Trade and Investment Taskforce Recommendations	Score
1a Strengthen the multilateral trading system. ⁸	(3.0/3.0) GOOD
1b Eliminate new protectionist measures while rolling back existing measures to enable trade growth. ⁸	(0.0/3.0) INADEQUATE
1c Ratify the TFA by the end of 2016 and commit to rapid implementation.	(3.0/3.0) GOOD
1d Enhance the global investment policy environment in order to boost investment.	(3.0/3.0) GOOD
Average Score for Trade and Investment	FAIR (2.25/3.0)

Scoring component highlights:

- Business welcomes the G20's commitment to shape the WTO's post-Nairobi work programme and commit to advancing negotiations on the remaining DDA issues "as a matter of priority." Notably, the G20 also indicated that new trade issues and sector-specific initiatives, including those addressed by the B20, could be subject for legitimate and progressive discussion in the WTO. Notwithstanding the promise of G20 rhetoric, Business remains watchful for evidence that G20 countries will deliver on domestic reforms to provide greater market access for foreign goods, services and technology.
- Business is appreciative of the G20's steady support for ratification of the WTO Trade Facilitation Agreement (TFA) by the end of 2016, noting especially that Argentina, Canada, Indonesia, and South Africa must ratify before the end of the year. ICC sustains its appeal for immediate ratification and implementation, which could add more than US\$1 trillion to global trade flows, creating 20 million jobs in the process.
- The global business community has been clear that tackling protectionism is a first order priority and has called on the G20 to demonstrate much-needed global leadership in refraining from protectionism or introducing new trade barriers. The G20's standstill commitment on protectionism has been a rolling centerpiece of G20 Summit declarations, however there is mounting evidence that rhetoric and reality are diverging at an increasing rate. In the current environment of global uncertainty, Business calls on G20 economies to lead by example in the fight against protectionism. New trade-restrictive measures must be rejected, and existing ones need to be rolled back.
- ICC embraces the G20's adoption of the *Guiding Principles for Global Investment Policy-Making*. The *Principles* correspond to a longstanding ICC recommendation for the G20 to intensify multilateral investment policy coordination and represent a historic step toward bridging unhealthy differentiation among inter-state investment policies.

1a – Strengthen the multilateral trading system

Since the inaugural “crisis” Summit in 2008, the G20 has consistently affirmed the role of open trade and investment as powerful tools for revitalizing economic growth and development. Yet, despite strong support for the WTO and the crucial role of the multilateral trading system in restoring global growth, the WTO’s multilateral trade-liberalization agenda has advanced slowly. This is largely due to limited progress on the Doha Development Agenda (DDA). As a result, emerging twenty-first-century trading issues are not being addressed at the WTO forum. Meanwhile, leading G20 economies are advancing a number of regional and bilateral trade agreements outside of the WTO, challenging the WTO’s relevance as a forum for trade liberalization negotiations.

Business welcomed the 2015 Antalya Communiqué’s suggestion that G20 trade ministers meet on a regular basis and the establishment of a supporting working group to advance the G20’s trade agenda. Building on this commitment, the B20 China Trade and Investment Taskforce recommended that the G20 formalize the role of trade ministerial meetings in the G20 process, ensure ministerial determinations are clearly communicated, and include regular B20 engagement in those meetings. To revitalize the multilateral trade-liberalization agenda, the Taskforce recommended that the G20 should propose a work program to the WTO that includes forming a roadmap for the remaining Doha issues, as well as possible discussions on trade-related issues such as e-commerce, investment, SMEs, and global value chains (GVCs).

Noting with concern the slow growth in trade and investment globally, the Hangzhou Communiqué reaffirmed G20 Leaders’ determination to ensure a rule-based, transparent, non-discriminatory, open and inclusive multilateral trading system with the WTO playing the central role in today’s global trade. Leaders pledged to shape the post-Nairobi work and committed to advancing negotiations on the remaining DDA issues as a matter of priority. Leaders also agreed to further strengthen the WTO and work together with all WTO members with a sense of urgency and solidarity to achieve positive outcomes at the 11th WTO Ministerial Conference (MC11) and beyond.

In addition to remaining DDA issues, Leaders also noted that *“a range of issues may be of common interest and importance to today’s economy, and thus may be legitimate issues for discussions in the WTO, including those addressed in regional trade arrangements (RTAs) and by the B20.”* In particular, the Communiqué noted that WTO-consistent bilateral and plurilateral trade agreements with broad participation, such as the Environmental Goods Agreement (EGA), *“can play an important role in complementing global liberalization initiatives.”*

Indeed, the *G20 Enhanced Structural Reform Agenda* adopted in Hangzhou, sets out the G20’s ambitions to *“reduce barriers to trade and investment through multilateral as well as plurilateral and bilateral agreements”* This is a notable inclusion and a break in G20 tradition where discussions on the role of bilateral, regional and plurilateral trade agreements have previously been limited to commitments to ensure that these *“complement one another, are transparent and inclusive, are consistent with and contribute to a stronger multilateral trade system under WTO rules.”*⁹

The Chinese G20 Presidency also saw a strengthening of G20 trade and investment cooperation, with the establishment of a G20 Trade and Investment Working Group (TIWG), the hosting of a G20 Trade Ministers Meeting in Shanghai on 9-10 July, the endorsement of a new *G20 Strategy for Global Trade Growth* and the continued delivery of several supporting reports by intergovernmental organizations.¹⁰

This *G20 Strategy for Global Trade Growth* is very much in line with the B20 recommendations compiled over the last few years and clearly commits the G20 to lead by example to lower trade costs; harness trade and investment policy coherence; boost trade in services; enhance trade finance; promote e-commerce development; and address trade and development. The Shanghai Trade Ministers Meeting Statement also included the G20’s consensus on strengthening the multilateral trading system and helping developing countries and SMEs participate in and take full advantage of GVCs.

The Chinese G20 Presidency also opened the door to an unprecedented increase in business dialogue and recognition of the B20's input on trade and investment issues. The newly established G20 TIWG invited the B20's chair and co-chairs to attend and represent the B20 at the group's three working-level meetings. B20 representatives were invited to the WTO Dialogue with Business event on 30 May to share their perspectives on emerging trade issues, and the B20 Trade and Investment Taskforce chair was invited to meet with G20 Trade Ministers to report on B20 Trade and Investment Taskforce policy recommendations. While these are welcome steps forward, B20 remains hopeful for more tangible opportunities to contribute to the process going forward, such as those referenced in the *Terms of Reference of the TIWG*, which indicates that it *"may also engage more directly with relevant stakeholders, including the Business 20."* Additionally, the *G20 Strategy for Global Trade Growth* welcomes the input *"from G20 engagement partners, in particular, the B20 and T20, and will continue to collaborate with them to achieve strong, sustainable, inclusive and balanced growth."*

SCORE: GOOD

ICC welcomes G20 Leaders' repeated recognition of the importance of the multilateral trading system with the WTO at its center. However, Summit commitments to *"shape the post-Nairobi work program and commit to advancing negotiations on the remaining DDA issues as a matter of priority, including ratification of the Trade Facilitation Agreement by end of 2016"* (see 1C), will necessarily require G20 Leaders to press for progress in national capitals. Moreover, progress will also require G20 Trade Ministers to deliver the same level of enthusiasm and cooperative spirit to ongoing WTO negotiations.

Plurilateral sectoral tariff initiatives have tremendous potential to further liberalize trade, and recent developments at the WTO have laid the ground for more sectoral agreements. ICC therefore welcomes the explicit recognition by G20 Leaders that new trade issues, including those addressed by the B20, *"may be of common interest and thus may be legitimate issues for discussions in the WTO."* The first Leaders' level reference of the WTO Environmental Goods Agreement (EGA) in Hangzhou is a particularly welcome example, given that past editions of *ICC G20 Business Scorecard* down-scored the G20 for its absence of leadership on advancing new trade issues (see also 7b). Another example of forward thinking by the G20 this year is found in the July 2016 Shanghai Trade Ministers Communiqué, which recognized (i) progress on the WTO Information Technology Agreement and its Expansion Agreement, (ii) negotiations on the WTO Trade in Services Agreement, and (iii) encouraged WTO members who share the objectives of participants in such plurilateral agreements and negotiations to join.

ICC also acknowledges greater openness by the G20, evidenced by invitations for B20 representatives to join the G20 TIWG discussions, meetings with G20 trade ministers, and engagement with the WTO. We remain hopeful that these become regular opportunities for business to share views on outstanding and emerging trade priorities.

✔ Recognition

In the face of growing protectionism and anti-trade rhetoric, it was essential that Leaders in Hangzhou reiterated the importance and value of a strong multilateral trading system, dedicating a specific section of the Leaders' Declaration to creating robust international trade and investment. The G20 Strategy for Global Trade Growth echoed a number of trade priorities identified by business in 2016.

✔ Action

Business welcomes the commitment to shape the post-Nairobi work and commit to advancing negotiations on the remaining DDA issues *"as a matter of priority."* Notably, the G20 also indicated that new trade issues, including EGA, ITA and Trade in Services, could be legitimate issues for discussions at the WTO. Commitments will necessarily require G20 Leaders to press for progress in national capitals. Moreover, progress will also require G20 Trade Ministers to deliver the same level of enthusiasm and cooperative spirit to ongoing WTO negotiations.

✔ Adequacy

The *G20 Strategy for Global Trade Growth* is very much in line with the B20 recommendations compiled over the last few years and clearly commits the G20 to lead by example to lower trade costs, harness trade and investment policy coherence, boost trade in services, enhance trade finance, promote e-commerce development, and address trade and development. Razor focus on accomplishing this simple strategy would breathe life into the multilateral trading system. While Germany has announced that it will not host a G20 Trade Ministerial in 2017, ICC hopes that the business dialogue with the TIWG will be formalized and enhanced in subsequent years on the basis of the 2016 experience.

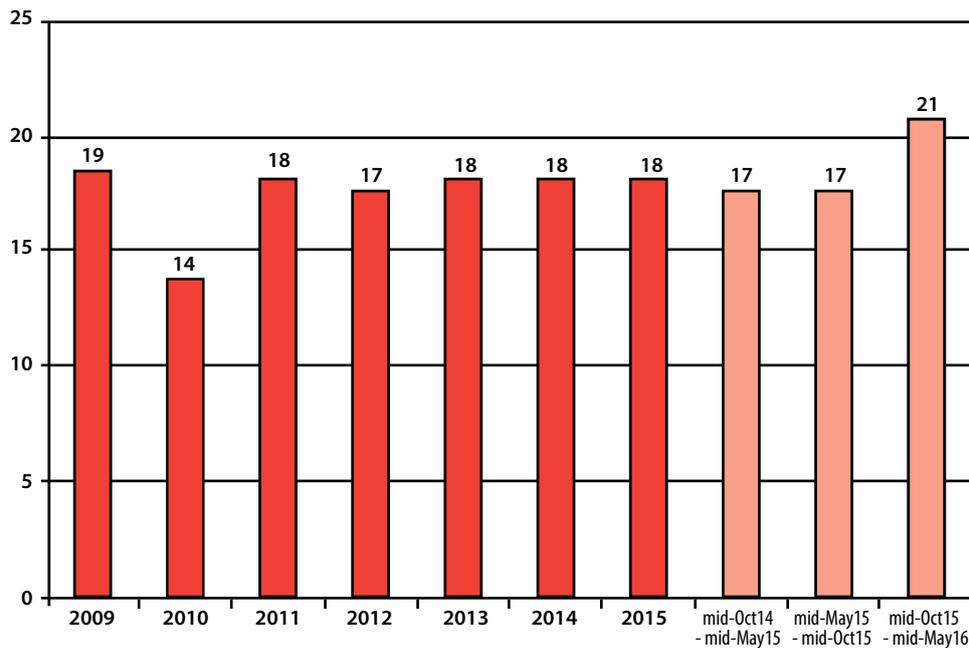
1b – Rollback protectionism

Starting with the inaugural G20 Summit in November 2008, G20 Leaders have been regularly renewing their commitment to keep markets open and to refrain from *"raising new barriers to investment or to trade in goods or services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports."* The Standstill agreement has also been accompanied by a commitment to rollback any new protectionist measures that may have arisen, and was extended to the end of 2016 at the St Petersburg G20 Summit (2014).

While the Standstill initially played an important role in keeping markets open in the aftermath of the global financial crisis, Business has increasingly expressed concerns over a trend of rising protectionism. During the Chinese G20 Presidency, Business therefore called for an extension of the Standstill until 2020 and a significant reduction in the number of G20 trade-restrictive measures by the 2017 G20 Summit in order to reverse the increasing trend in such measures since the 2008 financial crisis.

Despite recurrent pledges to refrain from protectionism and to roll back protectionist measures, several reports indicate that the overall stockpile of restrictive measures introduced by G20 economies continues to grow. The WTO's fifteenth trade monitoring report on G20 trade measures, issued on 21 June 2016, shows that the application of new trade-restrictive measures by G20 economies has increased compared to the previous reporting period, reaching the highest monthly average registered since the WTO began its monitoring exercise in 2009. In the period under review (mid-October 2015 to mid-May 2016), G20 economies applied 145 new trade-restrictive measures, or an average of almost 21 new measures a month. The WTO report shows that since 2009, a total of 1,583 trade restrictive measures were imposed by G20 countries, and only a quarter of these measures have been removed. These restrictions cover over 6% of all G20 imports and 5% of global imports.¹¹

G20 trade-restrictive measures since 2009 (average per month)

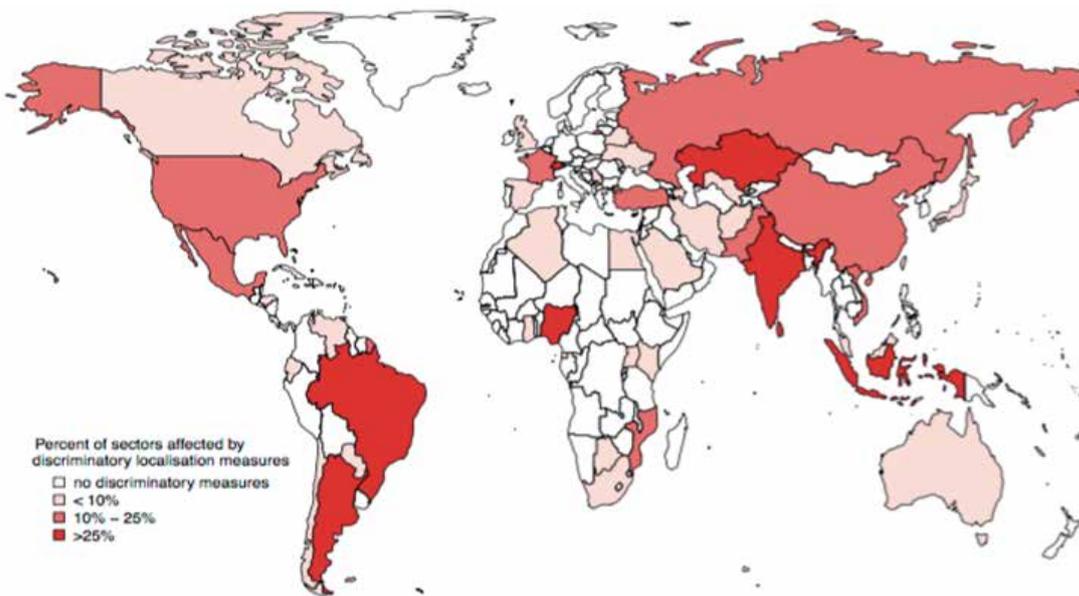


Source: 15th WTO Report on G-20 Trade Measures (mid-October 2015 to mid-May 2016)

Commenting on the release of the WTO report, WTO Director-General Roberto Azevêdo said: *“We have long been concerned about the growing stockpile of trade restrictive measures, and our report suggests that this worrying trend is continuing. A rise in trade restrictions is the last thing the global economy needs today, with GDP growth sluggish and 2016 expected to be the fifth year in a row that trade has expanded by less than 3%.”*

Other studies show an even more alarming increase in protectionism, including the widespread use of local content requirements. According to the 19th Global Trade Alert (GTA) report, restrictive trade measures grew by 50% in 2015 compared to 2014. The report finds that in the first four months of 2016, protectionist measures increased by one-and-a-half to three times compared to the same period each year since 2010. Notably, G20 members were responsible for 81% of protectionist measures implemented in 2015.¹²

Since the global economic crisis began localisation measures have been implemented in every continent.



Source: Global Trade Alert, June 2016

G20 Leaders' response to this priority business concern was modest, with the Hangzhou Communiqué reiterating the G20's opposition to protectionism on trade and investment "in all its forms." Expectedly, Leaders also extended their commitments to standstill and rollback of protectionist measures till the end of 2018, two years short of the B20's recommendation. Addressing a global rise in anti-trade sentiments, the Hangzhou Communiqué emphasized that *"the benefits of trade and open markets must be communicated to the wider public more effectively and accompanied by appropriate domestic policies to ensure that benefits are widely distributed."*

SCORE: INADEQUATE

Each year the B20 has called for a stronger stance against protectionism and each edition of the *ICC G20 Business Scorecard* has consistently ranked G20 responsiveness in this area with the low scores. Unfortunately, this trend continues in the sixth edition.

Certainly, Business was pleased that G20 Leaders reaffirmed their rollback on protectionist measures and longstanding commitment to standstill until end of 2018: albeit two years short of the B20's petition for extension through 2020. Moreover, these commitments come across as hollow in light of recent reports showing that protectionism is rising at unprecedented rates. In the current environment of global uncertainty, Business calls on G20 economies to lead by example in the fight against protectionism. New trade-restrictive measures should be rejected, and existing ones need to be rolled back.

Recognition

The standstill has been a centerpiece of G20 Summit declarations, however there is mounting evidence that rhetoric and reality are diverging—at an increasing rate.

Action

G20 statements on rolling back protectionism look increasingly ritualistic and empty of intent. In stark contrast to the G20's recurrent standstill commitment, the overall stockpile of restrictive measures introduced by G20 economies since 2008 continues to grow.

Adequacy

Against a growing chorus of anti-trade rhetoric and rise in protectionism, there is no room for political posturing; open international trade must start with the G20 eliminating its own protectionist measures.

1c – Ratify the TFA by the end of 2016 and commit to rapid implementation

Simplifying and harmonizing international trade procedures are fundamental to improving global trade management efficiency. Business has continuously called on G20 Leaders to demonstrate leadership on driving global ratification of the TFA, which aims to remove administrative and regulatory bottlenecks at borders and to expedite the movement, release and clearance of goods, including goods in transit.¹³

Following the groundbreaking deal at the Ninth WTO Ministerial Conference in Bali in December 2013, the TFA was opened for acceptance by the WTO's members on November 27, 2014. The agreement will enter into force once two-thirds of WTO members have completed their domestic ratification process. However, almost two years in, the agreement has not yet reached this milestone. A call for the G20 to demonstrate leadership on the TFA has therefore been high on the B20's list of priority recommendations, going as far back as the 2011 French B20 Presidency.

Leaders in Hangzhou addressed the importance of the prompt ratification and implementation of the TFA with a single affirmative line in the Summit Communiqué: *“We commit to ratify the Trade Facilitation Agreement by the end of 2016 and call on other WTO members to do the same.”*

The Communiqué echoed the July G20 Trade Ministers' statement: *“In the current climate of continuing moderate economic and trade growth, G20 leadership in implementing the TFA could make a significant contribution to lowering trade costs and freeing up world trade. We therefore commit to ratify the TFA by the end of this year and call on other WTO members to do the same. We reaffirm our commitments to providing resources to Trade Facilitation assistance mechanisms designed to help least-developed countries and developing countries most in need in implementing the TFA.”*

SCORE: GOOD

The ratification and ambitious implementation of the TFA is one of ICC's strategic priorities. ICC is therefore pleased that the B20 recommendation was fully reflected in the Hangzhou Leaders' Declaration. While previous G20 communiqués have called for the TFA's prompt ratification and implementation, the Hangzhou Communiqué is notable for its inclusion of a specific target date (end of 2016).

As of the Hangzhou Summit, nearly 85% of the ratifications needed to bring the TFA into force have been received (92 out of 108). However, four G20 members—Argentina, Canada, Indonesia, and South Africa—have yet to complete ratification. With the December deadline set, it will be critical for these remaining G20 members to honor their Hangzhou commitment. Failure to do so will not only further delay the benefits of the TFA, but also tarnish the reputation and undermine the relevance of the G20. Once this important milestone is reached, G20 economies must demonstrate leadership by committing swift implementation of the agreement.

✔ Recognition

Business welcomes the G20's commitment to ratify the TFA by the end of 2016 and its call on other WTO members to do the same.

✔ Action

The Hangzhou Communiqué is notable for its inclusion of a specific target date for the remaining G20 members to ratify the TFA. The inclusion of TFA as the first item in the G20 Strategy for Global Trade Growth represents a concrete commitment to implementing the agreement as an important impetus to increasing trade flows.

✔ Adequacy

Only four G20 members have not yet ratified the TFA (Argentina, Canada, Indonesia, and South Africa), and their adherence to the agreement will fulfill the G20's leadership role in driving ratification throughout the WTO. Clearly, ratification must be closely followed with actions by all parties to implement the agreement in national capitals.

1d - Enhance the global investment policy environment

Open, cross-border investment is critical for economic growth, however, cross-border capital flows have not returned to pre-crisis levels and values remain volatile. Although global investment increased 38% in 2015 due to a surge in cross-border mergers and acquisitions, growth still fell short of peak, pre-crisis levels, and FDI flows are expected to decline by 10-15% in 2016.¹⁴

A primary factor is the multiplicity of international investment agreements (IIAs). To date, there are around 3,300 IIAs; G20 members have entered into approximately 45% of these. Business has cautioned that these agreements, differing from each other in terms of the level of protection and degree of market opening, raise transaction costs for businesses, create barriers to economic activity and ultimately undermine investor confidence. Therefore, there is an urgent need for G20 Leadership to strengthen global cooperation and coordination in investment policymaking on a multilateral basis.

To this end, the B20 China Trade and Investment Taskforce proposed that the G20 develop clear and transparent guiding principles on investment policymaking and promote their application nationally, regionally and multilaterally. Business also asked the G20 to encourage the WTO Working Group on the Relationship Between Trade and Investment to resume exploration of options for strengthening global trade and investment rule coherence. In addition, the B20 called for the development of an international investment-facilitation action plan by the 2016 G20 Summit and that the G20 should call on relevant international organizations to evaluate ways to establish a more effective standard that can be universally applied to settle investment disputes.

Recognizing that global investment flows remain well below pre-crisis peak levels, the Shanghai G20 Trade Ministers' Communique emphasized that policy attention and cooperation is required to put investment growth back on track: *"We are committed to ensuring that trade, investment and other public policies, at both national and global levels, remain coherent, complementary and mutually reinforcing."*

To identify ways and means to enhance coherence and complementarity between trade and investment regimes, the Trade Ministers welcomed further research and analytical work by UNCTAD, WTO, OECD and the World Bank, in consultation with the IMF, within their existing mandates and resources. *“In this context, we take note of the B20’s recommendation for the WTO Working Group on the Relationship between Trade and Investment to resume its work.”*

To provide momentum for global investment, G20 Leaders adopted the non-binding *G20 Guiding Principles for Global Investment Policymaking*, which had been endorsed by its Trade Ministers in July: *“These principles will help promote coherence in national and international policymaking and provide greater predictability and certainty for business to support their investment decisions.”*

SCORE: GOOD

ICC strongly supports Foreign Direct Investment (FDI) as an effective tool to foster economic growth and sustainable development and routinely calls on governments to maintain and strengthen investment protection and promotion agreements. After years of calling for a multilateral framework on investment, ICC is very much encouraged by the development of the *G20 Guiding Principles for Global Investment Policymaking*, which establish nine non-binding principles to foster an open, transparent and conducive global policy environment for investment.

The *G20 Guiding Principles* represent the first multilateral guidelines for investment policymaking in G20 history and establish nine¹⁵ non-binding principles to provide general guidance for investment policymaking with a view to:

- fostering an open, transparent and conducive global policy environment for investment
- promoting coherence in national and international investment policymaking
- promoting inclusive economic growth and sustainable development

While the G20 did not develop a G20 Investment-facilitation action plan per the B20’s recommendation, ICC notes that UNCTAD, OECD and World Bank prepared a draft G20 action plan on investment facilitation for the G20 Trade Ministers’ meeting in July. However, Trade Ministers, concerned that this might draw away attention from the *Guiding Principles for Global Investment Policymaking*, decided to hold off on adopting this. Nonetheless, the development of a draft Action Plan gives hope that this is in the pipeline for the 2017 German G20 Presidency.

✔ Recognition

The *Guiding Principles for Global Investment Policymaking* correspond to this year’s business recommendation and provide a positive signal for promoting investment, reducing unnecessary artificial barriers and fueling economic growth. Notably, the adoption of the *Guiding Principles* is the first time in more than five decades that consensus has been reached on international investment policymaking between such a varied group of developed, developing and transition economies.

✔ Action

ICC is pleased that trade ministers explicitly recognized the B20’s call for the WTO Working Group on the Relationship between Trade and Investment to resume its work.

✔ Adequacy

The Principles correspond to a longstanding ICC recommendation for the G20 to intensify multilateral investment policy coordination and represent a historic step toward bridging inter-state investment policies and intensifying multilateral investment policy coordination.

Chapter 2: Financing Growth

The shared agenda for the business community and governments is to foster growth that promotes job creation and development and increasingly, some consideration of financial and economic inclusion. 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.

In response to the financial crisis, building a stronger, safer, and more resilient international financial system has been one of the core elements of the G20's agenda. However, after eight years of working on global financial reforms aimed at stabilizing the global financial system and preventing a repeat of the global financial crisis, G20 commitments have not produced the development of harmonized financial regulations as hoped. Business has repeatedly expressed concerns that inconsistencies in domestic implementation of the new regulatory standards and their applicability to all countries are collectively and unintentionally negatively impacting global growth prospects, and creating unhelpful instances of so-called “regulatory arbitrage”, where inconsistent interpretation and/or implementation of regulations, such as compliance and capital adequacy regulations, creates an uneven landscape.

In addition to financial reform, transparent and predictable tax regimes are also key for economic growth. Business has therefore cautioned that due attention must be given so that the G20/OECD Base Erosion and Profit Shifting (BEPS) project's main goals are realized without inadvertently creating disruptions on cross-border investment flows. Additionally, the scaling up of green finance to achieve the objectives of the 2015 Paris Agreement will require significant investments into the renewable-energy sector and financing of energy efficiency.

Business has long commended and supported the G20's ambitious financial inclusion agenda, going back to the 2009 Pittsburgh Summit. The challenge for G20 governments now is to embrace new advanced digital technologies to more effectively propel development and financial inclusivity.

In 2016 the B20 China Financing Growth Taskforce identified four policy areas that can contribute to the G20's goal of achieving strong, sustainable and balanced growth: 1) financial sector reforms; 2) green finance; 3) financial inclusion; and 4) international tax. The B20 recommendations continue the momentum established under the 2015 Turkish B20, while also expanding the discussion into new areas, such as green finance, taxation and digital financial inclusion.

Summary of score

The overall score assessment of G20 commitments and decisions on Financing Growth is 2.5 (out of 3.0). The relatively high score reflects the clear responsiveness to three of the four business priorities put forward this year. However, uneven implementation of agreed financial reforms across the G20 and limited tangible actions to address the global trade finance gap—that is, global unmet demand for trade finance—prevented a higher score. Given the critical importance of access to timely and affordable trade finance, and the direct, adverse impact of regulatory requirements on banks' capacity to underwrite additional trade finance, this is a point worth highlighting. The continuing existence, and the increase year-over-year in the size of the trade finance gap, which stands today at \$1.6 trillion in 2015, requires focused policy attention through the G20.

Table 2 delineates the four B20 China Financing Growth Taskforce recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by an in-depth review of each recommendation and explanation on how the score was derived.

Table 2

B20 China Financing Growth Taskforce Recommendations	Score
2a Optimize global financial regulations to support growth.	(1.0/3.0) POOR
2b Facilitate the development of green financing and investment markets.	(3.0/3.0) GOOD
2c Adopt consistent and aligned tax policies to drive inclusive growth.	(3.0/3.0) GOOD
2d Stimulate financial inclusion by embracing digital technology innovation.	(3.0/3.0) GOOD
Average Score for Financing Growth	GOOD (2.5/3.0)

Scoring component highlights:

- Business is encouraged by the G20's commitment to finalize the remaining critical elements of the financial regulatory framework and to the timely, full and consistent implementation of the agreed financial sector reform agenda.
- While the G20 has made good progress on the financial regulatory reform agenda, implementation across the G20 is uneven, posing risks for divergent or inconsistent financial regulation and increased market fragmentation.
- G20 leadership is required to ensure equitable, risk-aligned and consistent regulatory treatment of trade finance to address the gap of unmet demand, which most recently is estimated at \$1.6 trillion in 2015 alone.
- The Hangzhou Communiqué rightfully acknowledged the importance of a coordinated and consistent implementation of OECD/G20 BEPS Project, while also recognizing the importance of pro-growth tax policies and tax certainty for investment and trade promotion. ICC looks forward to engaging with the G20 and the OECD on these important topics in 2017.
- Recognizing the significant investment required for a greener global economy, enhancing the ability of the financial system to mobilize private capital for green investment is more important than ever. Business therefore commends China for introducing “green finance” on the G20 agenda and welcomes the Leaders’ recognition of the important role that private sector finance can play in developing solutions for sustainable global growth.
- The Chinese G20 Presidency made digitalization a centerpiece of the G20’s financial inclusion agenda. Notably, a number of reports and products, including the *G20 High-Level Principles for Digital Financial Inclusion*, respond to the B20’s call for the G20 to stimulate financial inclusion by embracing digital technologies.

2a – Optimize global financial regulations to support growth

The financial crisis demonstrated substantial structural shortcomings and weaknesses in the global financial system. In response, at the inaugural Washington Summit in 2008, G20 Leaders tackled an ambitious agenda to make the financial system more resilient by improving countries' capacity to address existing risks and to identify, monitor, and mitigate emerging threats to financial stability.

International business has supported the extensive efforts to improve global financial resilience and stability. Business recognizes that financial regulation is ongoing and welcomes the substantial progress made so far on the G20's regulatory reform package.

Yet as the global recovery slows down, concerns are being raised about inconsistencies in domestic implementation of the new regulatory standards and their applicability to all countries. Business believes that it is important to re-evaluate post-crisis financial regulations, particularly in relation to lessons learned during the implementation stage. At the same time, the G20 needs to finalize the remaining parts of the reform agenda, implementing and reviewing standards and rules already agreed. Unilateral and uncoordinated actions by individual countries, or even by regional regulatory bodies, can skew the global playing field and even reduce the effectiveness and resilience of the global financial system.

The B20 China Financing Growth Taskforce has therefore called on G20 Leaders to conduct an independent impact analysis to evaluate the potentially adverse effects of certain post-crisis reforms, as well as assess potential economic costs and benefits before introducing new reforms or finalizing pending reforms. The B20 has also stressed that reforms create no significant capital increases for financial institutions. In addition, business has repeatedly urged the G20 to monitor the impact of regulatory reforms on trade finance, SME lending, market liquidity, and insurance regulations.

Ahead of the Hangzhou Summit, the Financial Stability Board (FSB)¹⁶ published its second report on the *Implementation and Effects of the G20 Financial Regulatory Reforms*. The report concludes that *"implementation progress remains steady but uneven"*, and that the strengthened resilience due to the reforms has *"stood the global financial system in good stead."* FSB Chair Mark Carney's letter to G20 Leaders ahead of the Summit even declared that *"The G20 financial reforms are working."* Yet, several observers, including the FSB itself, recognize that much more work remains to be done. Only the first core element¹⁷ of the G20's reform agenda, making financial institutions more resilient, can be considered a success, with implementation on the latter three elements fragmented and behind schedule.

In response, the Hangzhou Communiqué reaffirmed Leaders' commitment *"to finalizing remaining critical elements of the regulatory framework and to the timely, full and consistent implementation of the agreed financial sector reform agenda."* The Communiqué welcomed the FSB's implementation report, with Leaders' agreeing to enhance the monitoring of implementation and effects of reforms *"to ensure their consistency with our overall objectives, including by addressing any material unintended consequences."* The issue of systemic risk within the insurance sector and the decline in correspondent banking services were identified as areas that warranted particular attention.¹⁸ Relatedly, the ICC notes that trade finance requires the same level of priority and focus, given that it supports and enables up to 80% of global merchandise trade flows, according to the WTO and others.

One of the seven actions in the *G20 Strategy for Global Trade Growth*, endorsed by Leaders in Hangzhou, calls for 'Enhancing Trade Finance' and *"takes note"* of the recommendations on trade finance and SMEs prepared by the WTO and World Bank.¹⁹ G20 Leaders also *"note the WTO Director-General's call to enhance the availability of trade finance supported by*

existing multilateral trade finance facilitation programmes.” A similar reference was made in the *G20 Action Plan on the 2030 Agenda for Sustainable Development*, also endorsed in Hangzhou, where G20 members examined specific policy areas where more targeted and coordinated efforts are needed to leverage trade and investment for development, including enhancing availability of trade finance.

SCORE: POOR

While the financial system has continued to function in the face of recent shocks, global growth remains muted. Business continues to be concerned that access to finance remains a major constraint for SMEs, despite their pivotal role as important drivers of economic growth and employment. Completing the international regulatory agenda requires a global effort, across both advanced and emerging markets. While the international financial regulatory reform movement has made important strides, there is still much left to accomplish. Divergent or inconsistent financial regulations prevent the proper functioning of the financial sector and pose a risk of market fragmentation, further dampening much needed economic growth.

Financing international trade, both through traditional mechanisms and through fast-growing supply chain finance, is critical to international development, economic value creation and global inclusion. ICC therefore welcomes the adoption of the *G20 Strategy for Global Trade Growth* under which the G20 announced that it will lead by example to enhance trade finance. Business is also pleased that the G20 identified the decline in correspondent banking services as an area of continued focus. Trade finance can represent a significant amount of correspondent banking activity, and further withdrawals can reduce availability and increase the cost of trade finance globally, with the most severe impact felt in emerging economies. ICC and its Banking Commission will continue our longstanding engagement in this area, and stand ready to support the G20 in this important work.

However, neither the *Strategy*, the G20 Trade Ministers' *Shanghai Statement* nor the Hangzhou Communiqué delineate any concrete actions to achieve these lofty goals. And while it is good that the G20 has taken note of the recent WTO study focusing on SMEs' lack of access to trade finance and its associated recommendations, which are informed in part through dialogue with the ICC Banking Commission, this passive recognition is insufficient to address the gap of unmet demand estimated to reach US\$1.6 trillion or more annually.

✔ Recognition

Sound financial system regulation is critical for a properly functioning global economy. Regulation is also an important enabler for sustainable and long-term economic growth. Business therefore welcomes the G20's commitment to finalize the remaining critical elements of the regulatory framework and to the timely, full and consistent implementation of the agreed financial sector reform agenda.

✘ Action

Although good progress has been made on the regulatory reform agenda there is still much left to accomplish, with noticeable uneven implementation of agreed reforms across the G20. Equitable, risk-aligned and consistent regulatory (capital and compliance) treatment of trade finance is critical. The G20 should take tangible action to ensure equitable, risk-aligned and consistent regulatory treatment of trade finance to enable the engagement of developing and frontier economies into the global trade architecture. The passive recognition of trade finance is insufficient to address the gap of unmet demand estimated to reach US\$1.6 trillion or more annually.

✘ Adequacy

Financial reform is central to the G20's mandate and crucial to future global financial stability. The G20 must complete the reform agenda and do so in a way that is appropriately informed about the characteristics and nuances of key areas of activity like trade finance, and does not place undue burdens on the financial community or inadvertently restrict global economic growth.

2b – Facilitate the development of green financing and investment markets

The COP21 Paris Agreement will require unprecedented investments in renewable energy and energy efficiency. To unlock this investment, green financing²⁰ mechanisms will need to be scaled-up significantly to the level of tens of trillions of dollars over the coming decade. Given the magnitude of investment capital needed, healthy and resilient financial markets will need to underpin the transition to a low carbon economy. In 2016, the B20 Financing Growth urged G20 Leaders to create incentives and lower the financing costs of green investments and build institutional capacity and knowledge through the creation of a G20 international platform on green financing. The B20 also emphasized the importance of supporting a systematic approach of measuring and managing risks arising from tightening climate policies, and including business in these discussions.

Upon assumption of the G20 Presidency, China announced that green finance was going to be one of the major topics. To lead this work China proposed the creation of a Study Group led by the central banks of China and Britain to *“identify institutional and market barriers to green finance, and based on country experiences, develop options on how to enhance the ability of the financial system to mobilize private capital for green investment.”* While there was some initial pushback to include this concept within the G20 Finance track, the February Shanghai G20 Finance Ministers Communiqué announced the establishment of the G20 Green Finance Study Group (GFSG) and tasked it with developing a synthesis report on green finance for deliberations at the Hangzhou Summit.

The Hangzhou Summit Communiqué reaffirmed the G20's commitment to ratifying the Paris Agreement and signaled the G20's backing for green finance reforms: *“We recognize that, in order to support environmentally sustainable growth globally, it is necessary to scale up green financing.”* Leaders acknowledged several challenges to the development of green finance, such as *“difficulties in internalizing environmental externalities, maturity mismatch, lack of clarity in green definitions, information asymmetry and inadequate*

analytical capacity, but many of these challenges can be addressed by options developed in collaboration with the private sector.” Notably, this is the first time that a G20 Summit Communiqué has referenced the importance of “greening” the financial system.

The Communiqué also welcomed the delivery of the *G20 Green Finance Synthesis Report* that clarifies the definition and scope of green finance, identifies challenges faced by green finance and provides seven voluntary options for countries to enhance the ability of the financial system to mobilize private capital for green investment: (1) provide clear strategic policy signals and frameworks; (2) promote voluntary principles for green finance; (3) expand learning networks for capacity building; (4) support the development of local green bond markets; (5) promote international collaboration to facilitate cross-border investment in green bonds; (6) encourage and facilitate knowledge sharing on environmental and financial risks; and (7) improve the measurement of green finance activities and their impacts.

SCORE: GOOD

The widespread endorsement of the COP21 Paris Agreement reinforces the urgency of further mobilizing green investment to move towards a de-carbonized economy. The inclusion of a paragraph on green financing in the Hangzhou Communiqué reflects this urgency and is therefore a significant achievement of the Chinese G20 Presidency. Business welcomes the findings of the GFSG synthesis report and is hopeful that their future work will contain more clear guidance beyond the initial “voluntary” options suggested to enhance the ability of the financial system to mobilize private capital for green investment. The G20 GFSG is a promising forum and business is supportive of this work being carried forward.

✔ Recognition

For the first time, green finance is included on the G20 Summit agenda. Business welcomes G20 Leaders’ recognition of the important role of private sector finance in identifying and developing solutions for sustainable global growth.

✔ Action

The Hangzhou Communiqué acknowledged the need to “scale up green financing.” The establishment the G20 Green Finance Study Group demonstrates leadership and a tangible body to carry the work forward.

✔ Adequacy

The G20’s embracement of “green finance” is significant outcome of the Chinese G20 Presidency. The GFSG’s initial report, which set out a series of voluntary policy recommendations designed to boost the flow of green finance, is an important first step.

2c – Adopt consistent and aligned tax policies to drive inclusive growth

Combating tax evasion and avoidance has been a standing G20 priority, with Leaders at the 2009 London Summit declaring “*the era of bank secrecy is over.*” Since then, the G20 has rallied international support to reform the global tax system and tasked several international organizations with improving developing countries’ tax administration systems and policies. At the 2013 St. Petersburg Summit, the G20 fully endorsed the G20/OECD Base Erosion and Profit Shifting (BEPS) Action Plan. The initiative aims to create a single set of consensus-based international tax rules that do not allow or encourage multinational enterprises to reduce overall taxes paid by artificially shifting profits to lower-tax jurisdictions.

ICC applauds the principles underlying the BEPS project and recommendations to modernize and harmonize international tax rules. Transparent and predictable tax regimes are key for economic growth. Tax is an important consideration in cross-border transactions, especially with respect to infrastructure and investment. While taxes can play a favorable role as a catalyst to encourage debt financing and equity investment, they can also impede investment and growth. In 2016, the B20 China Financing Growth Taskforce therefore encouraged the G20 to use tax policies as a tool to support growth and encourage institutional investment, particularly in relation to long-term infrastructure projects. In addition, the B20 called on the G20 to ensure that the implementation of the BEPS project is consistent and aligned between the developed countries and the developing countries, and that increased cooperation, coordination and information sharing between tax administrations creates benefits not only for tax authorities, but also taxpayers.

Taxation received a lengthy paragraph in the Hangzhou Communiqué, with G20 Leaders expressing their support for work toward a fair and modern international tax system; continued cooperation on combating Base Erosion and Profit Shifting (BEPS); the exchange of tax information; capacity building for developing countries; and tax policies promoting growth and certainty.

The Communiqué welcomed the implementation of standards on tax transparency and called on all jurisdictions to commit to transparency standards, implement the automatic exchange of information by 2018 (at the latest) and sign the Multilateral Convention on Mutual Administrative Assistance. The G20 also endorsed a proposal made by the OECD, working with G20 members, to compile a black list of non-cooperative jurisdictions with respect to tax transparency by the July 2017 G20 Leaders' Summit, at which time defensive measures will be considered. While the proposal for a black list lacked consensus at the start of the Chinese Presidency, the fallout of the Panama Papers galvanized the G20 to take increased action against non-cooperative jurisdictions.

Recognizing the need for a harmonized approach to BEPS implementation, Leaders welcomed the *G20/OECD Inclusive Framework on BEPS* that involves developing countries in BEPS implementation: *"We support a timely, consistent and widespread implementation of the BEPS package and call upon all relevant and interested countries and jurisdictions that have not yet committed to the BEPS package to do so and join the framework on an equal footing."* The Communiqué also underlined the importance of supply-side structural reform: *"We emphasize the effectiveness of tax policy tools in supply-side structural reform for promoting innovation-driven, inclusive growth, as well as the benefits of tax certainty to promote investment and trade,"* with leaders asking the OECD and IMF to continue working on the issues of *"pro-growth tax policies and tax certainty."* In this connection, the Communiqué noted that China would establish an international tax policy research center for international tax policy design and research.

SCORE: GOOD

The BEPS project is entering the critical implementation phase. Business applauds the G20's continued commitment to harmonize international tax rules and to move towards a world standard. Going forward, the G20 must lead a coordinated and consistent effort to ensure that the implementation of BEPS proposals is appropriate and consistent. In particular, business is concerned that inconsistent legislation, interpretation or application will result in new forms of double taxation which would not necessarily be resolved through existing double taxation relief systems.

ICC therefore welcomes the G20's support for a timely, consistent and widespread implementation of the BEPS package and fully shares the G20's call for all relevant and interested countries to join the BEPS framework on an equal footing. ICC is also pleased that the Communiqué recognized that rational tax policy tools can promote innovation-driven, inclusive growth; and that tax certainty can drive investment and trade. Consequently, ICC welcomes the Leaders' call for the OECD and IMF to continue working on the issues of pro-growth tax policies and tax certainty.

Looking forward, business encourages the G20 to ensure that double taxation does not arise as a result of different interpretation or application of new tax laws and to ensure that those laws do not adversely impact the debt financing of or equity investment in infrastructure projects in relation to BEPS proposals. Critically, G20 countries should abide by the promises that they have made in Action 14 of the BEPS project with respect to dispute resolution.

✔ Recognition

The Hangzhou Communiqué supported a timely, consistent and widespread implementation of the BEPS package and called for all relevant and interested countries to join the BEPS framework on an equal footing.

✔ Action

ICC is pleased that the Communiqué recognized that rational tax policy tools can promote innovation-driven, inclusive growth; and that tax certainty can drive investment and trade. Most importantly, ICC believes that implementation of BEPS should take place in close cooperation with business to ensure the reforms are both practicable and effective.

✔ Adequacy

ICC fully supports the G20's goal for a globally fair and modern international tax system. The Hangzhou Communiqué rightly acknowledged the importance of a coordinated and consistent implementation of BEPS proposals, while also recognizing the importance of pro-growth tax policies and tax certainty for investment and trade promotion. ICC looks forward to engaging with the G20 and the OECD on these important topics in 2017.

2d – Stimulate financial inclusion by embracing digital technology innovation

Financial inclusion has been recognized by the G20 as one of the main pillars of global development since the 2009 Pittsburgh Summit, when the G20 Financial Inclusion Experts Group was launched to help identify new ways to provide financial services to different groups. In 2010, the Seoul Summit endorsed The Global Partnership for Financial Inclusion (GPII) and adopted a concrete Financial Inclusion Action Plan, which was updated in 2014, to meet the challenge of promoting access to finance for individuals and businesses.

The G20's focus on financial inclusion has been impressive, but more can be done. Two billion adults globally do not have access to formal financial services and are excluded from opportunities to improve their lives. To address this challenge, the 2016 B20 China Financing Growth Taskforce proposed that the G20 stimulate financial inclusion by embracing digital technologies. In particular, rapid advancements in information technologies should be leveraged to provide basic financial services to less-privileged people and those in less-developed regions, especially when those advanced technologies are applied to areas related to credit databases, financial literacy, consumer protection, mobile finance, and microfinancing.

Despite the profound impact of new digital technologies on the global economy, the G20's digital agenda remained virtually absent until the 2015 Turkish G20 presidency. The G20's commitment in the Antalya Communiqué to "*bridge the digital divide*" was a watershed, signaling the G20's first Leaders' level discussions on the digital economy. In fact, the Antalya Communiqué even marked the first time the 'Internet' was mentioned in any of the nine previous G20 Summit Communiqués.

The Turkish Presidency laid the groundwork for further discussions, and the Chinese G20 Presidency in 2016 saw an exponential increase of the G20's discourse on the digital agenda: The Hangzhou Communiqué mentioned 'digital' twelve times, compared to two mentions (in the same paragraph) in the 2015 Antalya Communiqué and no mentions in the 2014 Brisbane Communiqué.

Paragraph 14 of the Hangzhou Communiqué touched on several longstanding business priorities: *"To unleash the potential of digital economy, we deliver the G20 Digital Economy Development and Cooperation Initiative, which builds on our work begun in Antalya. We aim to foster favorable conditions for its development and to address digital divide, including through expanded and better and affordable broadband access, flow of information for economic growth, trust and security, while ensuring respect for privacy and personal data protection, investment in the ICT sector, entrepreneurship, digital transformation, ecommerce cooperation, enhanced digital inclusion and development of micro, small and medium-sized enterprises (MSMEs)."* The G20 also welcomed efforts made by several international organizations on the measurement of the digital economy, and recognized that *"further relevant research and exchange are needed."*

Building on the 2010 G20 Principles for Innovative Financial Inclusion, Leaders endorsed the G20 High-level Principles for Digital Financial Inclusion, an updated version of the G20 Financial Inclusion Indicators and the G20 Digital Economy Development and Cooperation Initiative.

- G20 Digital Economy Development and Cooperation Initiative emphasizes that digital inclusion and the use of digital technology to enhance inclusion *"should remain key elements in promoting the digital economy."* The initiative also includes the G20's recognition of *"the critical importance of private sector on digital economy"* and commits to interact actively with the B20 to pool ideas on how to promote a sound digital economy.
- The updated G20 Financial Inclusion Indicators is an expansion and revision of the 2013 St. Petersburg Summit set of indicators, and measure the use, availability, and quality of digital financial services.
- The G20 High-Level Principles for Digital Financial Inclusion are particularly notable as many of the principles closely align with business' call on the G20 to stimulate financial inclusion by embracing digital technology innovation.²¹ The Hangzhou Action Plan includes the G20's commitment to take concrete actions based on the principles to promote digital financial inclusion in all G20 members, reflecting country context and national circumstances.

In addition to the above, several other reports prepared for the Chinese G20 Presidency touch upon the B20's recommendations. For example, the GPMI white paper *Global Standard-Setting Bodies and Financial Inclusion—The Evolving Landscape* examines the changing landscape of the digitization of financial services and includes a set of valuable recommendations on opportunities and risks of digital financial inclusion.

SCORE: GOOD

Digital financial inclusion can be a game changer for unserved and under-served low-income households as well as micro- and small enterprises. Business welcomes the Chinese Presidency's embracement of digital technologies, recognizing both the opportunities as well as the many challenges that remain. The many reports and products prepared and delivered in 2016 demonstrates that 'digital' is now firmly integrated into the G20 agenda.

✔ Recognition

The Chinese G20 Presidency made digital technologies a centerpiece of the G20's financial inclusion agenda. G20 Leaders committed to taking 'concrete actions' to accelerate access to finance globally, "*particularly in the area of digital financial inclusion.*"

✔ Action

A number of reports and products, including the *G20 High-Level Principles for Digital Financial Inclusion*, respond to the B20's call for the G20 to stimulate financial inclusion by embracing digital technologies.

✔ Adequacy

ICC commends the G20 for not only maintaining, but expanding an already impressive body of work addressing financial inclusion. The G20's work on Digital Financial Inclusion provides tangible guidance to members and holds enormous potential to drive inclusive growth by promoting digital financial services to all. In this regard, ICC welcomes the announcement that B20 Germany has organized a B20 Taskforce to specifically address digitalization.

Chapter 3: Infrastructure

Meeting the world's projected infrastructure needs will require huge investments. The World Economic Forum (WEF) estimates that global investment in infrastructure is approximately US\$1 trillion less per year than what is needed to satisfy the demand by 2030. Moreover, the scale of the capital required to meet the demand for infrastructure investment is beyond individual governments' capability, particularly at a time of fiscal constraint and weakened economic conditions in many parts of the world. The ability to attract sufficient private capital into infrastructure projects will depend upon better project selection and preparation by governments, coupled with public-sector funding and multilateral institution support.

Reinvigorating and increasing public and private investment in infrastructure assets has been a high priority of G20 presidencies since France's leadership in 2011. Notable G20 initiatives include the establishment of the G20 Investment and Infrastructure Working Group (IIWG) under Russia's G20 Presidency in 2013 and the creation of the Global Infrastructure Hub (GI Hub) under Australia's G20 Presidency in 2014. The establishment of GI Hub, which was a leading B20 recommendation in 2014, represents one of a very small number of international institutions created by the G20 to work collaboratively with governments, the private sector, national, regional and multilateral development banks, international organizations, and other stakeholders to increase the flow and quality of infrastructure investment opportunities in G20 countries.

Addressing the global infrastructure gap remained a prominent feature on China's G20 agenda and in 2016 the IIWG identified three pillar agendas:

- encouraging multilateral development banks to advance infrastructure investment by taking joint actions,
- promoting global infrastructure connectivity,
- exploring diversified financing approaches and fostering private financing.

As both investors and delivery partners, the private sector can help bridge the infrastructure gap through increased involvement. Private capital, however, is often limited by market inefficiencies and legislative and regulatory disincentives that constrain funding for infrastructure projects. B20 recommendations going back to the 2010 Seoul Summit have therefore primarily focused on urging G20 governments to stimulate infrastructure investments by creating enabling regulatory frameworks that encourage (rather than disincentivize) private sector participation.

In 2016, the B20 China Infrastructure Taskforce aimed to supplement pre-existing G20 actions and focused the recommendations on two areas (i) reinforcing the "evergreen" B20 actions from previous years; and (ii) identifying new opportunities to close the infrastructure investment gap.

Summary of score

The overall score assessment of G20 commitments and decisions on Infrastructure is 3.0 (out of 3). This score reflects China's strong emphasis on infrastructure and "interconnectivity" as a core theme of its 2016 G20 Presidency and a tangibly increasing alignment between Business priorities and G20 actions on how to improve the global infrastructure ecosystem.

Table 3 delineates the three B20 China Infrastructure Taskforce recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by an in-depth review of each recommendation and explanation on how the score was derived.

Table 3

B20 China Infrastructure Taskforce Recommendations	Score
<p>3a Accelerate the pipeline of high-quality bankable projects and promote the creation of financial instruments to facilitate infrastructure investment.</p>	<p>(3.0/3.0) GOOD</p>
<p>3b Enhance the catalytic role of multilateral development banks (MDBs) and institutions in enabling private-sector infrastructure investment.</p>	<p>(3.0/3.0) GOOD</p>
<p>3c Strengthen or establish national, regional, and global initiatives to enhance infrastructure interconnectivity.</p>	<p>(3.0/3.0) GOOD</p>
<p>Average Score for Infrastructure</p>	<p>GOOD (3.0/3.0)</p>

Scoring component highlights:

- The G20 is commended for maintaining a strong focus on infrastructure investment, addressing the need to raise the quality of infrastructure investment and exploring new ways to unlock long-term investments. The GDP multiplier impact associated with infrastructure investment is an essential and necessary factor for achieving the G20 growth targets.
- Under the Chinese G20 Leadership the G20 delivered appreciable guidance—through a number of projects and reports—to help improve the pipeline of available, high-quality bankable projects and promote the creation of financial instruments to facilitate infrastructure investment.
- Following on the request of G20 Finance Ministers, the Multilateral Development Banks (MDBs) announced joint actions to stimulate infrastructure investment, including the delivery of the *MDB Response to the G20 MDB Balance Sheet Optimization Action Plan* and the *Joint Declaration of Aspirations on Actions to Support Infrastructure Investment*; both have potential to enhance the scope and depth of MDBs coordination and cooperation and improve efforts to encourage greater levels of private sector investment.
- The launch of *Global Infrastructure Connectivity Alliance* is a signature initiative of the Chinese G20 Presidency, and it reflects the importance of a holistic approach to greater infrastructure integration at national, regional and global levels.
- Business notes the absence in Hangzhou of any substantial discussions on the use of new technologies for improving infrastructure development; nor were there any discussions on launching national asset-transformation initiatives per the B20 recommendation.
- Business encourages Germany to promote the deployment of new technologies to help make infrastructure future-proof, particularly in the energy and transport sectors, as part of the G20's infrastructure agenda in 2017.

3a – Accelerate the pipeline of high-quality bankable projects and promoting the creation of financial instruments to facilitate infrastructure investment

A key challenge facing G20 governments in closing the infrastructure gap is the limited pipeline of available high quality “bankable projects” in most emerging countries, as well as in some developed countries. While there have been some advancements in recent years, the overall progress has not been sufficient to radically increase the volume of quality infrastructure projects. In order to address persistent bottlenecks, the B20 China Infrastructure Taskforce called on the G20 to increase and accelerate the pipeline of high-quality bankable projects, formulate conducive regulations, deploy asset-monetization strategies, and promote the creation of financial instruments necessary to unlock long term investments in infrastructure.²²

While individual G20 governments are the target of this business recommendation, the G20 has collectively acknowledged the importance of, and the need for, improved project preparation since the 2011 Cannes Communiqué. Under the Chinese leadership of the G20, a number of measures were taken to raise the quality of infrastructure investment and to promote private sector participation including the use of Public- Private Partnerships (PPPs). Actions were also taken to promote new financial instruments for long-term investment financing in infrastructure:

- In April, G20 Finance Ministers and Central Bank Governors welcomed the GI Hub’s *Knowledge Sharing Report*. The report sets out the GI Hub’s approach to knowledge management and systems, as well as steps to aggregate and share information on infrastructure projects and financing among governments, international organizations, development banks, national infrastructure institutions, and the private sector.
- In July, G20 Finance Ministers and Central Bank Governors welcomed a GI Hub report on *Allocating Risks in Public-Private Partnership Contracts*. The report is a guidance tool for governments and infrastructure providers, primarily in emerging markets, to assist in building a global pipeline of viable PPP projects. Risk allocation is at the center of every PPP transaction, and a deep understanding of the risk allocation arrangements is a precondition for developing PPP projects that are “bankable.”
- At their September Hangzhou Summit, G20 Leaders endorsed the *Global Infrastructure Connectivity Alliance* (See 3c). The Alliance will facilitate the sharing of information on bankable projects and work with the GI Hub to publish information about global, regional and national infrastructure development programs. This in turn will allow the GI Hub to document innovative financing mechanisms applied to such projects.
- Leaders in Hangzhou endorsed the *G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure and SMEs* and agreed to further promote diversified financing instruments on a voluntary basis. The *Guidance Note* includes a set of actions that countries may consider for higher levels of private sector finance for infrastructure and for diversification of infrastructure financing instruments.²³
- The Multilateral Development Banks (MDBs) *Joint Declaration of Aspirations on Actions to Support Infrastructure Investment* (see 3b) outlines the MDBs’ ambitions to catalyze new private resources and strengthen project pipelines: “We need to adapt our investment strategies to a new financing environment combining public and private resources. [We] can help build planning capacity, enabling environments, and a pipeline of affordable, bankable projects that are sustainable and foster economic growth.”

SCORE: GOOD

Closing the infrastructure gap will require huge investments from public and private sources and a higher degree of cooperation from all actors involved. The challenge is immense, but the pay-off is equally dramatic. Expanding and accelerating project pipelines is expected to increase infrastructure capacity by US\$7 trillion by 2030. In G20 countries, this will increase GDP by US\$1.9 trillion and support 31 million jobs per annum.²⁴

China is commended for ensuring that infrastructure remained a G20 priority in 2016, bringing about several reports and work streams to advance and improve the availability and quality of bankable projects. Equally impressive are efforts to promote new financial instruments that facilitate infrastructure investments. While it is ultimately up to individual governments to act on the recommendations, the G20's continued support ensures that the knowledge and necessary tools are readily available.

✔ Recognition

China identified infrastructure as a common challenge for global development, with the lack of finance as the main bottleneck.

✔ Action

Under the Chinese G20 Leadership, the G20 delivered a number of projects and reports to improve the pipeline of high-quality bankable projects and promote the creation of financial instruments to facilitate infrastructure investment.

✔ Adequacy

The G20 is commended for maintaining a strong focus on infrastructure investments, including both the need to raise the quality of infrastructure investment and the need to explore new ways to unlock long term investments. Actions taken in Hangzhou, and by Finance Ministers in the run up to the Summit, will ensure that infrastructure remains an important aspect of the G20's objective to stimulate growth and development.

3b – Enhance the catalytic role of multilateral development banks (MDBs) and institutions in enabling private-sector infrastructure investment

While the MDBs represent only a small percentage of the financing for infrastructure, they play a critical role facilitating investment through their efforts to improve project design and structure to attract private capital. The efforts of the MDBs generally aim to lower transaction costs, risk and risk perception. They support the institutional and legislative reforms needed to encourage the rule of law and ensure that projects are sustainable and welfare enhancing.

Therefore, the B20 Infrastructure Taskforce urged the G20 to enhance the catalytic role of MDBs in enabling private-sector infrastructure investment by (1) directing MDBs to enhance the scope and depth of coordination and cooperation, particularly in areas such as co-financing and technical assistance, and to provide more support to governments in developing bankable projects; and (2) encouraging MDBs to consider increasing their focus on crowding in private-sector financing by developing and supporting innovative financial instruments.

Historically, the G20 has valued the role MDBs can play in enabling infrastructure development in developing countries:

- Ahead of the 2011 Cannes Summit, MDBs submitted a G20 Infrastructure Action Plan and proposed eight actions to the G20 to unlock the project pipeline in developing countries with technical assistance and targeted financial support to improve spending efficiency.
- In 2014, the Brisbane Summit supported the efforts of MDBs to increase their lending capacity and established the IIWG to maximize the effectiveness of project preparation facilities to leverage greater private sector investment in infrastructure.
- At their 2015 Antalya Summit, G20 Leaders approved the *MDB Action Plan on Balance Sheet Optimisation*, which asks the MDBs to work with their respective shareholders to consider a series of measures that could increase lending through balance sheet optimization and improve the effective and efficient use of their existing risk bearing capital to maximize the impact of their activities.

Bridging the infrastructure gap, both in terms of quantity and quality, remained a top priority under the Chinese 2016 G20 Presidency. Under the Finance Track, the G20 Finance Ministers and Central Bank Governors encouraged the MDBs to push forward joint actions to foster infrastructure investment, including formulating quantitative ambitions for high-quality projects; encouraging multipartite cooperation financing models; catalyzing private resources; fostering collaboration between new and existing MDBs; and strengthening project preparation to improve quality and bankability. Discussions on how MDBs can deepen their collaboration were elaborated in a series of IIWG meetings in April.

An important outcome of these discussions was the delivery of a *Joint Declaration of Aspirations on Actions to Support Infrastructure Investment* by 11 MDBs in July. The *Joint Declaration*, which was welcomed by G20 Leaders in Hangzhou, describes the MDB's plan to invest a minimum of \$350 billion in 2016-18 in infrastructure development, especially to attract and partner with the private sector in the energy, transportation, water, and information, communications and technology (ICT) sectors.²⁵

G20 Leaders also welcomed the *MDB's Response to the Antalya G20 MDB Action Plan on Balance Sheet Optimization*, which includes a list of each MDB's response on the five areas in the Action Plan, noting activities already implemented and delineating areas for additional future work.

Per the request by the G20 Finance Ministers, the MDBs will provide regular updates on the status of their *Joint Declaration*, including catalyzing private investment, and report back in 2017 on their progress against the MDB Balance Sheet Optimization Action Plan.

At their meeting in Chengdu on 23-24 July 2016, the G20 Finance Ministers and Central Bank Governors asked the GI Hub to “*work with the MDBs to assess internal incentives with regard to crowding-in private finance and to report to our Deputies in December 2016.*” This request reflects G20 and B20 concerns that MDBs do not have the right incentive structures to implement the commitments made including in the *Joint Declaration*.

SCORE: GOOD

MDBs play a central role in the infrastructure financing market (particularly in developing countries), as they commit about US\$40 billion to infrastructure each year, typically catalyzing three to four times that amount in additional private investment. A number of steps were taken in 2016 to promote synergies between MDBs and enhance their catalytic role in enabling private-sector infrastructure investment. The delivery of *MDB Response to the G20 MDB Balance Sheet Optimization Action Plan* and the *Joint Declaration of Aspirations on Actions to Support Infrastructure Investment* are important outcomes that buttress the MDBs' ambitions to support high-quality infrastructure projects, improve collaboration among existing and new MDBs, and catalyze private resources for infrastructure investments.

✔ Recognition

The G20 has appropriately identified the critical role of MDBs to advance and catalyze infrastructure investments.

✔ Action

G20 Finance Ministers encouraged the MDBs to push forward joint actions to foster infrastructure investment, resulting in an update on the Antalya Summit's G20 MDB Balance Sheet Optimization Action Plan and a Joint Declaration of Aspirations on Actions to Support Infrastructure Investment; both to enhance the scope and depth of MDBs' coordination and cooperation and to improve efforts to crowd in greater levels of private sector investment.

✔ Adequacy

The joint actions outlined by the MDBs—and the G20 endorsement of this work—are responsive to Business recommendations and represent tangible progress on the challenge to support infrastructure investments by co-financing projects and catalyzing private sector finance.

3c – Strengthen or establish national, regional, and global initiatives to enhance infrastructure interconnectivity

Transnational infrastructure networks play an important role as the backbone of regional integration: they link production clusters in different countries, remove physical barriers to trade, and allow the free movement and trade of goods, services, and people. Although the international community has long recognized the significance of infrastructure connectivity in achieving sustainable development and shared prosperity, existing initiatives have typically been focused either on only one region, or on only one of the dimensions or sectors of connectivity, like trade facilitation. Furthermore, transnational projects typically face delivery challenges in addition to the usual infrastructure project risks, including historical political differences, language barriers, and cultural disconnections.

Reflecting 'interconnectivity' as one of the core themes of China's 2016 G20 Presidency, G20 Finance Ministers agreed at their February Shanghai meeting to launch a global *"infrastructure connectivity alliance initiative"* to enhance the cooperation and synergy of infrastructure programs in a holistic way.

The proposed initiative received strong endorsement from the B20 China Infrastructure Taskforce, which requested that the G20 formally include the B20 as a participant in the Alliance. In addition, the B20 China Infrastructure Taskforce encouraged relevant MDBs and multilateral development institutions to deepen coordination of and cooperation for interconnectivity, as well as to expand other transnational infrastructure programs and implementation mechanisms. The taskforce also encouraged regular G20 government, business, and expert dialogue to shape the interconnectivity agenda and foster the exchange of best practices across regions and sectors.

The launch of the *Global Infrastructure Connectivity Alliance* was heralded as a signature initiative of the G20 Hangzhou Summit: *"We note that infrastructure connectivity is key to achieving sustainable development and shared prosperity. We endorse the Global Infrastructure Connectivity Alliance launched this year to enhance the synergy and cooperation among various infrastructure connectivity programs in a holistic way"*, said the Leaders' Communiqué.

The *Alliance* aims to enhance cooperation and synergies of existing and future global infrastructure and trade facilitation programs seeking to improve connectivity within, between and among countries. The Alliance also looks to enhance cooperation and synergies among MDBs, donors and national development banks to catalyze private investment and facilitate the pooling of resources, knowledge and information for increased impact. Although the B20 is not explicitly mentioned as a participant, the initiative notes that “A broad swath of development partners including national development banks, corridor management groups, private financiers, investors, operators and other stakeholders, will be free to engage with the Alliance on a voluntary and non-binding basis.”

SCORE: GOOD

Business welcomes the launch of the *Global Infrastructure Connectivity Alliance* by the G20 and agrees that transnational infrastructure connectivity should continue to be an important area of focus for the G20. Business looks forward to invitations to engage with the Alliance and opportunities to share private sector expertise in developing, implementing and funding transnational programs.

✔ Recognition

China made infrastructure interconnectivity a key theme of its 2016 G20 Presidency.

✔ Action

Business welcomes the launch of the *Global Infrastructure Connectivity Alliance* to enhance synergies and cooperation of existing infrastructure connectivity initiatives, including those at national, regional and global level.

✔ Adequacy

While the launch of *Global Infrastructure Connectivity Alliance* did not specifically reference the B20 as a principal partner, the initiative is nonetheless a signature initiative of the Chinese G20 Presidency, and appropriately recognizes the importance of a holistic approach to greater infrastructure integration. Moreover, the initiative holds tremendous potential for ushering in a rational and coordinated approach to transnational infrastructure development. The G20's endorsement will drive tangible engagement by all stakeholders over the coming years.

Chapter 4: Employment

For development and scoring of Chapter 4 on Employment, ICC is pleased to collaborate with the International Organization of Employers (IOE) and the Business and Industry Advisory Committee to the OECD (BIAC).

In the face of rising global unemployment, the G20 focused particularly on entrepreneurship and innovation as a driver for jobs, growth and development. The G20 Entrepreneurship Action Plan and the G20 Structural Reform Agenda are signs the G20 is taking a progressive approach to tackling unemployment and creating an enabling environment that promotes start-ups, and enterprise growth innovation. Consequently, this year's score is the highest on B20 / G20 employment recommendations so far. It is now of paramount importance that governments follow-up on their commitments at the national level.

Table 4 delineates the three B20 China Employment Taskforce recommendations, with scores presented in the right column. Each recommendation consists of a series of sub-actions, with the final score based on the average of all the sub-actions within that specific recommendation. The section which follows presents scoring component highlights, after which there is an in-depth review of each recommendation and explanation of how the score was derived.

Table 4

B20 China Employment Taskforce Recommendations	Score
4a Implement programs and reforms to encourage entrepreneurship and innovation	(3.0/3.0) GOOD
4b Removing structural barriers to increase youth employment, and implementing initiatives to raise the participation rate of women in the labour force	(2.0/3.0) FAIR
4c Enacting policies to assess and reduce skill mismatches and capability gaps in the workforce	(3.0/3.0) GOOD
Average Score for Employment	GOOD (2.6/3.0)

Scoring component highlights:

- Business welcomes the new G20 focus on entrepreneurship and innovation as a fresh means to tackle persistent unemployment worldwide. The *G20 Entrepreneurship Action Plan* and the *G20 Enhanced Structural Reform Agenda* contain important commitments that warrant implementation at national level.
- The *G20 Enhanced Structural Reform Agenda* includes the important commitment to “*rebalance protection from jobs to workers*” in order to advance G20 labour market reforms. This approach—in the EU context called “Flexicurity”—is a valuable model, which through translation into concrete principles and actions has enormous potential to create more dynamic labour markets.
- The *G20 Initiative to Promote Quality Apprenticeship* is an important strategy to modernize national Vocational Education and Training (VET) systems. To be effective the initiative must trigger reforms at national level and follow-up activities at G20 level.

4a – Implement programs and reforms to encourage entrepreneurship and innovation

To create more and better jobs, businesses need a regulatory framework that encourages long-term investment and innovation and promotes entrepreneurial behaviour. To this end, the B20 has routinely called upon the G20 to create enabling environments for enterprises and entrepreneurship. The Chinese G20 has emphasized “innovation” as a pillar for the 2016 Presidency and buttressed this priority by launching the G20 entrepreneurship initiative.

SCORE: GOOD

The Chinese G20 Presidency adopted a new course for addressing persistent high unemployment across the G20 by focusing on entrepreneurship and innovation. The *G20 Labour Ministers Declaration’s* inclusion of the *G20 Entrepreneurship Action Plan* (Annex 1) and the *G20 Blueprint for Innovative Growth* are milestones in the G20 process, but nonetheless will need to be implemented at the national level. Moreover, the initiatives must be taken up by the successive German and Argentine G20 Presidencies.

✓ Recognition

The *G20 Labour Ministers Declaration*, the *G20 Entrepreneurship Action Plan* and the *G20 Blueprint for Innovative Growth* fully recognized the importance of an environment favourable to enterprise development, entrepreneurship and innovation.

✓ Action

The G20 and Labour Ministers commitment to advance entrepreneurship and innovation are a tangible response to B20 recommendations.

✓ Adequacy

Business very much supports the commitment in the G20 Structural Reform Agenda to “*reduce administrative and legal barriers to starting and expanding a business*” and the commitment by Labour Ministers to “*provide accessible and effective services supporting micro, small and medium-sized enterprises.*”

4b – Removing structural barriers to increase youth employment, and implementing initiatives to raise the participation rate of women in the labour force

Youth and female employment are longstanding issues on the agenda of the G20 and the B20, going back to the 2010 Seoul Summit. With the commitment to reduce the proportion of young people who are most at risk of being left permanently behind in the labour market by 15% by 2025, G20 Leaders in Antalya established a concrete and measurable target to grow youth employment. This complements the 2014 Brisbane target of reducing the gap in participation between men and women in G20 economies by 25% by 2025. However, despite the G20 focus on increasing youth and women employment, progress has been limited. Youth unemployment across much of the world remains very high at around 13%, which is notably higher than the pre-crisis rate of 11.7% in 2007. Similarly, women worldwide continue to face lower labor force participation, higher unemployment rates, and a higher vulnerable employment rate than men. The rate for global female labor force participation in 2014 was 55% compared to 82% for males.

SCORE: FAIR

The G20 under the Chinese Presidency concretely addressed the issue of female and youth employment. With the *G20 Initiative to Promote Quality Apprenticeship* initiative, the Chinese G20 endeavoured to bring fresh impetus into the work on apprenticeships, by including commitments to affordable quality childcare and family-friendly work opportunities. Moreover, the *G20 Enhanced Structural Reform Agenda* contains important commitments concerning the reduction of barriers for the participation of women, youth and older workers in labour markets.

Significantly, the *G20 Enhanced Structural Reform Agenda* includes the call to “*rebalance protection from jobs to workers*” in order to advance G20 labour market reforms. Likewise, the G20 Labour Ministers’ Declaration recognizes the need to strike a balance between social protection and work incentives, while also promoting voluntary labour mobility and developing transferable skills that will be beneficial to individuals throughout their working lives. This approach, which has been discussed within the EU for many years under the term “Flexicurity”, is critical to modernize G20 labour markets.

However, G20 Leaders and G20 Labour Ministers failed to concretely address the important issue of reducing red tape and restrictions on various forms of contractual arrangements, such as part-time, flexible-hour, and temporary contracts. The full range of contractual arrangements must be available for business to expand employment opportunities.

Recognition

The G20 Enhanced Structural Reform Agenda and July Labour Ministers’ Declaration identify a number of actions and initiatives that respond to this year’s B20 Employment recommendations.

Action

G20 Leaders committed in the G20 Enhanced Structural Reform Agenda to reduce barriers to employment for groups with low participation rates such as women, youth and older workers. The G20 Labour Ministers’ G20 Apprenticeships Initiative includes concrete commitments to improve VET systems.

Adequacy

Although the G20 Enhanced Structural Reform Agenda included the important commitment to “*rebalance protection from jobs to workers*”, G20 Leaders and G20 Labour Ministers failed to concretely address steps to reduce red tape and restrictions on various forms of contractual arrangements such as part-time, flexible-hour, and temporary contracts that can provide valuable incentives for businesses to hire youths.

4c – Enacting policies to assess and reduce skill mismatches and capability gaps in the workforce

Skill mismatches undermine employment growth in many countries. According to statistics published by the International Labour Organization, skill mismatches affect 30-50% of the employed in many European countries. Moreover, automation and digitalization have begun to make once common manufacturing jobs obsolete, reducing medium skill jobs. On the other hand, technological innovation is increasing the need for highly skilled jobs in the fast-growing, new-economy sectors. According to a recent survey, 38% of global employers are having difficulty filling jobs, with a lack of technical competency highlighted as a major reason for this difficulty. Thus, improving national education and skills development policies is of crucial importance.

SCORE: GOOD

The G20 has repeatedly addressed the need for skills development, including the adoption of a G20 Training Strategy at the 2010 Toronto Summit and the G20 Skills Strategy in Antalya in 2015. However, implementation has largely been unsatisfactory. During the Chinese Presidency the G20 acknowledged the necessity of evaluating the full impact of workforce changes due to technological innovation and ensuring that education systems and vocational training programs develop skills required in the modern business environment. The *G20 Initiative to Promote Quality Apprenticeship*, which was launched in July in Beijing, has the potential to meet the demand for skills development in line with business needs. Under the Chinese G20 Presidency, Governments also addressed the B20 call for increasing workers' mobility and committed to *"improve regulations to facilitate voluntary labor mobility between economic sectors and regions."* The issue of migration and the future of work will need to be a priority of the German G20 Presidency where there will be opportunities to deepen the G20 work on these important topics.

✔ Recognition

The B20 welcomes the G20 commitments to take effective actions to address changes in skill needs, adapt skill development policies, and facilitate the mobility of workers and talents.

✔ Action

G20 Labour Ministers committed to strengthen efforts to assess and anticipate changing skill needs and adapt skill development policies accordingly. Moreover, they agreed to facilitate voluntary labour mobility and to develop regional and industrial strategies to improve the capacity of the economy to absorb displaced workers.

✔ Adequacy

The *G20 Initiative to Promote Quality Apprenticeship* is a comprehensive strategy to bring VET systems into line with labour market needs. Business encourages G20 governments to follow this initiative with commitments at national level and to address skill developments through their national employment plans.

Chapter 5: Anti-Corruption

Corruption is a major barrier to global economic growth, with both government and business recognizing its negative impact on efficiency and fair competition. With regulatory enforcement becoming more robust in many jurisdictions and growing international cooperation among law enforcement agencies, businesses around the world are becoming increasingly aware of the corruption risk and are seeking new ways to secure sustainable, fair growth.

Recognizing that failure to address corruption undermines the effectiveness of G20 efforts across its entire agenda, G20 Leaders have made the fight against corruption a core item of their work programme. The G20 first addressed anti-corruption at the 2009 Pittsburgh Summit. Since 2010, the work of the G20 Anti-Corruption Working Group (ACWG) has been guided by two-year Action Plans, and Leaders adopted the current 2015-16 Action Plan at their 2014 Brisbane Summit.

In 2016, the Chinese G20 Presidency defined its anti-corruption priorities as (1) adopting the next G20 Anti-Corruption Action Plan; (2) developing principles on asset recovery and repatriation and (3) launching a G20 Research Centre on Anti-corruption.

Business has consistently highlighted the problem of corruption and presented strong recommendations to help tackle this issue, with a focus on enhancing international cooperation and assisting at the enterprise level. Starting with the 2011 Cannes Summit, the B20 has prepared annual anti-corruption recommendations for G20 Leaders' consideration. Recurring themes include ratification, enforcement and monitoring of the implementation of the OECD and UN conventions on anticorruption; transparent public procurement; corruption in the supply chain; private sector self-reporting, training and capacity building; and a B20/G20 multiyear dialogue.

In 2016, B20 China opted not to organize a B20 taskforce on Anti-Corruption, instead organizing a B20 Anti-Corruption Forum in Beijing on 27 April 2016 (with ICC serving as an organizing Partner). The Forum, which had as its theme "Combating Corruption to Foster Sustainable Growth", brought together leaders from business, government and academia. The dialogue at the Forum, and substantive consultations with business in recent months, resulted in the B20 China Anti-Corruption Policy Paper, which recommends that G20 Leaders (1) Encourage stronger international anti-corruption cooperation to foster sustainable growth; (2) Promote a more transparent environment for business in an effort to bolster competition; and (3) Support capacity-building to enable stronger anti-corruption compliance efforts.

Summary of score

The overall score assessment of G20 commitments and decisions on Anti-Corruption is 2.0 (out of 3). This score acknowledges the ongoing partnership between the B20 and ACWG, with several priorities laid out in the new *2017-2018 G20 Anti-Corruption Action Plan* aligned to the 2016 B20 recommendations. The ACWG is by far the most inclusive of all official G20 working arrangements. B20 representatives have routinely been invited to participate in ACWG meetings and to submit suggestions to the ongoing G20 anti-corruption agenda.

Table 5 delineates two B20 China Anti-Corruption Forum recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by an in-depth review of each recommendation and explanation on how the score was derived.

Table 5

B20 China Anti-Corruption Forum Recommendations	Score
5a Promote a more transparent environment for business in order to bolster competition.	(2.0/3.0) FAIR
5b Strengthen intergovernmental cooperation against corruption, and support the building of capacity for stronger anti-corruption compliance.	(2.0/3.0) FAIR
Average Score for Anti-Corruption	FAIR (2.0/3.0)

Scoring component highlights:

- ICC welcomes the adoption of the *2017-2018 Anti-Corruption Action Plan*, which identifies eight G20 priorities on Anti-corruption over the next two-year period: (1) Practical co-operation; (2) Beneficial ownership; (3) Private sector integrity and transparency; (4) Bribery; (5) Public sector integrity and transparency; (6) Vulnerable sectors; (7) International organizations; and (8) Capacity building.
- The new *G20 Anti-Corruption Implementation Plan 2017-2018* contains promising, yet open ended, language on several key business priorities, including actions to improve beneficial ownership transparency, whistleblower protection frameworks, integrity in public procurement and customs and supporting private sector anti-corruption initiatives. These commitments must now translate into tangible and specific actions to strengthen anti-corruption efforts.
- Business is pleased that the Action Plan pledged to promote greater transparency in the public sector, including in public contracting, budget processes and customs, building on the G20 Open Data Principles adopted in Antalya in 2015.
- Business recognizes and values the ongoing cooperative role between the G20 and B20 on anti-corruption, and welcomes the inclusion of private sector integrity and transparency as one of the G20's priority work areas for the next two years. G20 governments must ensure that lofty anti-corruption principles laid out in statutes and declarations are reflected in the day-to-day operations of businesses on the ground.

5a – Promote a more transparent environment for business in order to bolster competition

Greater transparency in beneficial ownership, public procurement and customs—supported by sophisticated digital platforms and more accessible data—can both create a foundation for more robust corporate competition and contribute to economic development. In 2016, the B20 has therefore called on the G20 to promote a more transparent environment for business in order to bolster competition by:

- Improving beneficial ownership transparency;
- Advancing integrity in public procurement, including adopting transparent e-procurement systems and encouraging best practices in effective compliance programs;
- Supporting transparent electronic customs clearance;
- Ensuring that laws to protect whistleblowers are in place and effective.

The new *2017-2018 G20 Anti-Corruption Action Plan* identifies beneficial ownership as a continued G20 priority, emphasizing that improved transparency “*is critical to preventing and exposing corruption and illicit finance*” and that the G20 will “*further promote the identification of the true beneficial ownership and control of companies and legal arrangements, including trusts, wherever they are located.*” The *Action Plan* also reaffirms the G20’s commitment to fully implement the Financial Action Task Force (FATF) Recommendations on Transparency and Beneficial Ownership of Legal Persons and the G20 Action Plans to implement the *G20 High Level Principles on Beneficial Ownership Transparency* endorsed at the 2015 Antalya Summit.

The *G20 Anti-Corruption Implementation Plan 2017-2018* highlights that the ACWG will continue to work with the private sector, civil society and international organizations to identify ways to promote the use of beneficial ownership information for tackling corruption and related economic crimes such as money laundering or tax evasion. This includes working with the World Bank to develop procedures for linking beneficial ownership information with other information sources, such as information provided in financial declarations, to identify “*conflicts of interest and other forms of malfeasance, consistent with applicable law.*” The *Implementation Plan* also notes that “*Those G20 countries that have not yet submitted or published their respective Beneficial Ownership Action Plans will do so before the 2017 Leaders Summit.*”

Due to the large financial amounts involved, and the complexity of relationships between private and public sectors, public procurement is extremely vulnerable to corruption and other types of misconduct. Business is therefore pleased that the *Action Plan* pledged to “*promote greater transparency in the public sector, including in public contracting, budget processes and customs*”, building on the *G20 Open Data Principles* adopted in Antalya in 2015. Under the *Implementation Plan*—and in line with the B20’s recommendation—the G20 will also promote e-procurement as a tool to promote transparency in public contracting and disseminate best practices to effectively address the risk of corruption in customs, drawing on international best practice and input from international organizations.

The new *Action Plan* also included a call for G20 members to review progress in implementing legislative and institutional protections for whistleblowers, noting that “*encouraging the reporting of suspected actions of corruption is critical to deterring and detecting it.*” To that end, the *Implementation Plan* notes that G20 countries will conduct a self-assessment of their whistleblower protection frameworks in both public and private sectors, with reference to the OECD Study on *G20 Whistleblower Protection Frameworks, Compendium of Best Practices and Guiding Principles for Legislation*, and consider next steps.

SCORE: FAIR

Opaque corporate structures promulgate mistrust, and enable illegal activity including terrorist financing, money laundering, tax evasion and corruption, to tilt the playing field and create unfair disadvantages for legitimate business. ICC is therefore pleased that beneficial ownership remains a G20 priority and looks forward to seeing ambitious deliverables under the *Implementation Plan*.

It is also rewarding to see the inclusion of a G20 pledge to increase transparency in public contracting and customs, building on last year’s adoption of the *G20 Open Data Principles*. Notably, this commitment comes on the back of the Anti-Corruption Summit in May where 14 countries, including six G20 members, pledged to make public contracting “*open by default.*”²⁶ Business also welcomes the G20’s decision to conduct self-assessment of their whistleblower protection frameworks in both public and private sectors. It is essential that individuals who suspect corruption and other wrongdoing are encouraged to report it and are protected from any retaliation or discrimination.

✔ Recognition

The new *Anti-Corruption Action Plan* outlines the G20's ambitions and anti-corruption priorities for the next two years, addressing several of businesses' key priorities.

✔ Action

Business is pleased that the *Action Plan* pledged to promote greater transparency in the public sector, including public contracting, budget processes and customs, building on the G20 Open Data Principles adopted in Antalya in 2015.

✘ Adequacy

The new *Implementation Plan* contains promising, yet open ended, language on several key business priorities; including actions to improve beneficial ownership transparency, whistleblower protection frameworks, and integrity in public procurement and customs. These commitments must be translated into tangible and specific actions to strengthen anti-corruption efforts.

5b – Strengthen intergovernmental cooperation against corruption, and supporting the building of capacity for stronger anti-corruption compliance

The G20 has stated its commitment to reducing the incidence of corruption and building a global culture of intolerance towards corruption. Corruption knows no borders, so in addition to proper domestic legal and institutional frameworks, enhanced international cooperation is essential for the creation of a truly level playing field for business, while enhancing the ability of countries to address corruption within their borders.

At the same time, G20 governments must ensure that lofty anti-corruption principles laid out in statutes and declarations are reflected in the day-to-day operations of businesses on the ground. SMEs, in particular, continue to struggle with the implementation of new legal and ethical standards. The business community has therefore consistently identified the need to provide concrete practical training materials on anti-corruption compliance as one of the priorities to advance G20 and B20 work in this area.

With this in mind, in 2016 the B20 encouraged the G20 to strengthen intergovernmental cooperation against corruption, and support capacity building for stronger anti-corruption compliance by:

- Advocating greater collaboration among nations in enforcement of anti-corruption laws;
- Continuing to encourage dialogue between government and business;
- Bolstering incentives for companies to build best-practice compliance programs;
- Supplying companies—SMEs in particular—with training programs and toolkits.

The Hangzhou Communiqué included a commitment to “reinforce the G20's efforts to enhance international cooperation against corruption”, with Leaders endorsing the *G20 High Level Principles on Cooperation on Persons Sought for Corruption and Asset Recovery* (formerly the Principles on Fugitive Repatriations), a commitment to continue the G20 Denial of Entry Experts Network and the acknowledgement of the Chinese initiative to establish in China a *Research Center on International Cooperation Regarding Persons Sought for Corruption and Asset Recovery in G20 Member States*. Reiterating its 2009 G20 commitment, the G20 also called for ratification by all the G20 members of the United Nations Convention Against Corruption (UNCAC).

The preamble of the 2017-2018 *G20 Anti-Corruption Action Plan* recognizes that no country is immune and governments cannot tackle corruption alone: “we need the support of

business and civil society to help prevent and uncover corruption.” The Action Plan identifies ‘private sector integrity and transparency’ as one of its eight priority work areas for the next two years: “The G20 will explore means of promoting a culture of integrity and supporting private sector anti-corruption initiatives, including for small and medium sized enterprises (SMEs) and in the non-financial professional services sector.”

The *Implementation Plan* notes that the ACWG will consider the role government can play to promote a culture of integrity in the private sector, including within State Owned Enterprises, and will continue to encourage the private sector “to develop anti-corruption initiatives, including anti-corruption training and education.” The ACWG also aims to encourage stronger partnerships and improve co-operation and dialogue on good practices, innovative approaches, and the use of technology to prevent, identify, report and combat corruption. This includes “closer partnership with civil society and business, including but not limited to the B20 and C20.”

Seeking to galvanize a global response to tackle corruption, the Hangzhou Communiqué also welcomed the “momentum created by the London Anti-Corruption Summit in May 2016” and pledged to support implementation of its outcomes. The Summit Declaration outlined a package of actions to tackle corruption across the board, including corporate secrecy, government transparency, the enforcement of international anti-corruption laws, and the importance of strengthening of international institutions.

SCORE: FAIR

Efforts to eliminate corruption can only be successful if countries have the proper legal and institutional framework in place to ensure a level playing field, and if they in turn work with business to promote better understanding of best anti-corruption practices in both the public and private sectors. The new *G20 Anti-Corruption Action Plan* and the associated *Implementation Plan* contain promising language, including a commitment to encourage the private sector to develop anti-corruption training and education initiatives. ICC encourages the continued collaboration between the B20 and the G20 ACWG to promote guidance and models that support effective anti-corruption compliance programmes, such as RESIST, the *ICC Anti-Corruption Third Party Due Diligence Guide for SMEs*, the *ICC Guidelines on Gifts and Hospitality*, the *ICC Anti-Corruption Clause*, and the *ICC Ethics & Compliance Training Handbook*.

If the G20 is to have any moral sway in countries where corruption is rampant and largely unchecked and if it intends to live up to its 2010 commitment to “lead by example in the fight against corruption”, its members need to get the job done at home first. While the UNCAC is far from a panacea against corruption—several UNCAC members are notable offenders—and seven years after the initial G20 Commitment for full ratification, it’s disappointing that Japan remains the sole G20 member not to have ratified the Convention.

Recognition

The Hangzhou Communiqué reinforced the G20’s efforts to enhance international cooperation against corruption.

Action

Leaders adopted the 2017-2018 *Anti-Corruption Action Plan*, which commits the G20 to explore means of promoting a culture of integrity and supporting private sector anti-corruption initiatives, highlighting the SME sector as being particularly vulnerable.

Adequacy

Business commends the G20 for underlining the importance of strengthening intergovernmental cooperation against corruption and supporting private sector anti-corruption initiatives. However, the *Action Plan and Implementation Plan* lack detailed timelines, actions and deliverables to achieve these goals, preventing a higher score.

Chapter 6: SME Development

Businesses in the small- and medium-sized enterprise (SME) sector play a critical role in the world economy, and in most countries, SMEs of all sizes contribute over 50% of GDP and three quarters of formal employment. As a result, the role of SMEs is increasingly viewed as a vital source of productivity, growth, innovation, and job creation across G20 countries. SMEs, however, face a number of critical barriers to growth, including lack of access to timely and affordable finance; weak use of, and access to cross border electronic trade; relative isolation from global value chains; and complexities in navigating regulatory environments.

Since the first G20 Business Summit in Seoul in 2010, the B20 has repeatedly called on G20 Leaders to address the constraints SMEs face in the global marketplace. Typically, SME issues were addressed by the B20 Employment Task Force or the B20 Finance Task Force, with associated recommendations including promoting SME access to financial markets. Beginning in 2015, B20 Turkey initiated the first B20 Task Force dedicated to SMEs since Seoul: B20 Turkey SME and Entrepreneurship Task Force. This group concentrated on policy recommendations to promote SME access to international markets, managerial and entrepreneurial skills, digital economy and finance. In 2016, B20 China carried forward this work under the SME Development Taskforce and identified several major impediments to SME development in both developed and developing countries. In response to these challenges, the B20 China SME Development Taskforce proposed four recommendations that the G20 should consider to unlock SME growth. The role of digitalization was identified as a particular game changer for policy makers to ease SMEs' access to markets; provide SME opportunities for innovation in products; increase the efficiency of government operations; and improve access to public procurement markets.

The aggregated work undertaken by the B20 over the past two cycles is a clear indication of the priority that international business places on unlocking the potential of SMEs. The B20 China recommendations offer a concrete roadmap that G20 governments can implement to assist with ongoing SME development and growth, in turn boosting much needed job creation and inclusive economic growth in both developing and developed economies.

Summary of score

The overall score assessment of G20 commitments and decisions on SME Development is 1.25 (out of 3.0.) This is a step down in score from the fifth edition's score of 2.0, which likely benefited from Turkish government's emphasis on SME growth as one of its key priorities for its G20 Presidency. Nonetheless, the score demonstrates that the G20 continues to respond to Business priorities in this area and recognises the critical role of SMEs for generating sustainable and balanced economic growth.

Table 6 delineates the four B20 China SME Development Taskforce recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by an in-depth review of each recommendation and explanation on how the score was derived.

Table 6

B2O China SME Development Taskforce Recommendations	Score
6a Facilitate the access of small-and medium-sized enterprises (SMEs) to bank financing and alternative funding.	(2.0/3.0) FAIR
6b Lower compliance costs and improve access to public procurement markets in order to support SME growth.	(1.0/3.0) POOR
6c Endorse the concept of the Electronic World Trade Platform (eWTP) to incubate cross-border electronic trade (e-trade) rules and aid e-trade development.	(1.0/3.0) POOR
6d Develop coordinated capacity-building and certification programs to ease the inclusion of SMEs into global value chains (GVCs).	(1.0/3.0) POOR
Average Score for SME Development	POOR (1.25/3.0)

Scoring component highlights:

- While China made the digital economy a key aspect of its G20 Presidency, effectively launching the G20’s digital agenda, there was little discussion on how digital technology can reduce SMEs’ compliance costs or improve their access to government processes. Business sees this as a missed opportunity to carry forward their strong focus on SME development during the Turkish G20 Presidency.
- Business commends China for maintaining a focus on improving SME access to finance as an integral part of the G20’s agenda. A significant aggregation of actions and recommendations for improving SME’s access to finance, including non-bank alternatives, were made available to G20 Leaders in the form of several reports, studies and action plans prepared for the Hangzhou Summit.
- China is commended for maintaining a focus on improving participation of SMEs in GVCs throughout its G20 Presidency. While the G20 has come a long way towards raising awareness on the importance of better integrating SMEs into GVCs, a lack of accreditation programs, SME awareness, and the ability to conform to international, regional, or even national standards, remain major challenges that require comprehensive and coordinated response by the G20.
- While the G20’s recognition of the B20’s efforts to strengthen frameworks for digital trade and the mention of the Electronic World Trade Platform (eWTP) initiative are important steps in addressing the need for more extensive consultation with business, Business would expect the G20 to give significantly more attention to the matter, provide prescriptions for organizations such as WTO and UNCTAD to convene forums for eWTP discourse, and request recommendations for further actions.

- ICC encourages the G20 Trade and Investment Working Group and other relevant stakeholders to work in close cooperation with the World SME Forum to identify areas of collaboration, such as facilitating interactions at country level to foster SME linkages to GVCs and promoting a certification program to enable greater SME participation in global and regional value chains.

6a – Facilitate the access of small-and medium-sized enterprises (SMEs) to bank financing and alternative funding

SMEs are major drivers of economic growth and employment, yet research shows that limited access to reasonably priced finance is holding back small business potential. This long-standing problem was magnified during the global financial crisis, as SMEs are usually the first to be negatively impacted when they are perceived to be a riskier investment than large corporations. According to the International Finance Corporation (IFC), total unmet demand for micro and SME credit is estimated at about US\$3.2-3.9 trillion globally. This problem is compounded by the impact of a new global financial/banking regulatory framework that favors stability over increased lending to SMEs, coupled with a lack of appropriate non-bank alternative forms of finance for SMEs.

To help SMEs reach their full potential, in 2016 the B20 China SME Development Taskforce urged the G20 to (1) facilitate the development of alternative (nonbank) sources of funding for SMEs and (2) ask relevant international organizations to evaluate the impact of existing and proposed financial regulations on lending to SMEs.

SME access to finance has been included in the G20's agenda since the 2009 Pittsburgh Summit when Leaders agreed to “*scale up the successful models of small and medium-sized enterprise (SME) financing.*” The establishment of the Global Partnership for Financial Inclusion (GPMI) and adoption of the *G20 Financial Inclusion Action Plan* at the 2010 Seoul Summit helped to further integrate SME financing in the G20's rolling agenda. In particular, the GPMI Subgroup on SME Finance focuses on identifying, scaling up, and improving the policy environment for successful models of SME financing, with special attention to improving SME access to finance in the poorest countries, improving access to finance for agricultural SMEs, and promoting access to finance for women entrepreneurs.

SME finance received increased attention in 2015, when Turkey made support for SMEs one of the defining aspects of its G20 Presidency. On the request of the G20 Finance Ministers, the OECD together with other relevant international organizations, developed the *G20/OECD High-Level Principles on SME Financing* for the Antalya Leaders' Summit. The voluntary Principles call for strengthening SME access to traditional bank financing and improving their access to a broad range of financing instruments, to enable them to obtain the form and volume of financing best suited to specific needs and stages of the firm life-cycle.

In parallel, the GPMI SME Finance Subgroup and G20 Investment and Infrastructure Working Group (IIWG) developed a *Joint G20 Action Plan on SME Financing* for the Antalya Summit, which identifies priority reform measures in financial markets infrastructure to ensure that SMEs have proper access to credit. Both strands of work—GPMI and OECD—cordially recognize each other's work²⁷, but there are notable overlaps in work and mandate.

The work was carried forward under the Chinese Presidency, with both groups preparing implementation updates for the Hangzhou Summit.

- The Hangzhou Communiqué endorsed the GPMI's *G20 Action Plan on SME Financing Implementation Framework*, which encourages non-G20 countries to fully develop credit infrastructure for SMEs, while improving SME financial capability through targeted learning and support interventions and encouraging competition through an enabling regulatory environment.

- The Communiqué also welcomed a *Progress Report* by the OECD on the development of effective approaches to support the implementation of the G20/OECD High-Level Principles On SME Financing. A final report is planned for Q2 2017 and “will support governments in identifying and designing appropriate policy measures to address the key challenges for broadening the range of financing instruments available to SMEs, in particular for equity markets.”

In addition to the above updates, Leaders in Hangzhou also endorsed the *G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure and SMEs*,²⁸ which, in line with the B20’s recommendation, identifies a number of actions that G20 countries can take to improve SME access to a broad range of financing instruments. A more detailed *Support Note on Diversification of Financial Instruments for SMEs* was prepared for the G20 Finance Ministers July meeting in Chengdu. It contains a good discussion on the importance of facilitating the access of SMEs to bank financing and alternative funding, while emphasizing that “a number of challenges persist that limit lending to SMEs as well as their uptake of non-bank finance instruments, including asset based finance, crowdfunding, hybrid tools and equity instruments, most of which are currently at the reach of only a small share of SMEs.”

The G20 has repeatedly recognized the need to monitor implementation of its ambitious regulatory reform agenda. In Hangzhou, G20 Leaders welcomed the FSB’s second annual report on the implementation and effects of the G20 financial regulatory reforms: “[We] will continue to enhance the monitoring of implementation and effects of reforms to ensure their consistency with our overall objectives, including by addressing any material unintended consequences” (see also 2a). However, as with last year’s report, the second monitoring report does not discuss the global regulatory frameworks’ potential impact on SMEs’ access to finance, nor does it include a single reference to SMEs.

In this regard it should be noted that the GPMI Subgroup on Regulation and Standard-Setting Bodies (SSBs) works to embed financial inclusion in the work of SSBs and explores ways to improve the treatment of financial inclusion in various financial system assessments. Notably, the GPMI March 2016 report, *Global Standard-Setting Bodies and Financial Inclusion—The Evolving Landscape*, notes that “deepened thinking about the potential for a proportionate approach to financial regulation and supervision to contribute to both financial inclusion and financial stability” could have particularly far-reaching ramifications. Yet, the report contains no specific discussion on whether existing and proposed financial regulations can constrain SME lending.

SCORE: FAIR

Improving SMEs’ access to financial resources has been a recurrent issue on the G20’s agenda for more than a half-decade, with notable steps taken by the GPMI subgroup on SME Finance and the OECD to promote policy actions for G20 Leaders’ consideration. In parallel, the G20 has repeatedly asked the FSB to monitor the implementation and effects of regulatory reforms and encouraged the GPMI to continue efforts to imbed financial inclusion principles in the work of SSBs. While all the ingredients for the G20 to effectively address the B20’s recommendation are present, progress remains limited and no one governance body has emerged as the clear champion for improving SME access to finance. So while the OECD and GPMI SME Finance Subgroup are doing important work, there is no apparent coordination between the two work streams. The FSB monitors the implementation of the G20’s agreed financial reform package, but SMEs are not explicitly incorporated into its core mandate, although it has explored the effects of reforms in emerging market and developing economies (EMDEs). And while the SME Subgroup on Regulation and SSBs works to raise awareness of financial inclusion principles within the FSB and others, it does not specifically focus on SMEs’ access to finance.

✔ Recognition

Business commends the G20 for maintaining a focus on improving SMEs access to finance as an integral part of its economic growth agenda.

✔ Action

Actions for improving SME's access to finance, including non-bank alternatives, were highlighted in several of the reports, studies and action plans prepared for the Hangzhou Summit, including a *Progress Report on the G20/OECD High-Level Principles on SME Financing*, the *G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure and SMEs* and the *G20 Action Plan on SME Financing Implementation Framework*. While the FSB continues to monitor and assess the implementation and effects of the G20's agreed financial reforms, it has yet to adequately address the potential regulatory impact on SMEs.

✘ Adequacy

A better understanding of the individual and cumulative impacts of financial regulatory measures on SMEs' ability to access finance must become a top priority of G20 governments and regulators. G20 governments will need to ensure that financial regulatory measures do not perversely restrict SMEs' ability to access finance.

6b – Lower compliance costs and improve access to public procurement markets in order to support SME growth

In most countries, SMEs contribute more than 50% of GDP and three quarters of formal employment and form the backbone of the working middle class. Supporting the growth of SMEs is therefore one of the best opportunities to unlock growth, investment and jobs. Regulatory barriers, such as complex regulations and standards, can be particularly costly and resource intensive for SMEs. According to the International Trade Centre's (ITC) 2016 *SME Competitiveness Outlook: meeting the standard for trade*, a 10% increase in regulatory burden decreases the value of large-firm exports by 1.6% but limits small-firm exports by 3.2%. Business has therefore routinely highlighted the need for improvements in regulatory frameworks, taking into account the corporate life cycle of small businesses. E-government initiatives that provide online and one-stop access to government services and compliance requirements across government agencies can be very effective in simplifying operations, optimizing efficiency, and reducing costs for SMEs. In addition, improving SMEs' access to public procurement markets, which in most countries represents a significant share of the markets for goods and services, can be an important source of business for SMEs and helps stimulate development of an effective, innovative and efficient SME sector. In 2016, the B20 China SME Development Taskforce called on the G20 to promote SMEs' participation in public procurement by simplifying their compliance burden for public procurement, especially through the use of digital technology in government processes.

Despite this year's B20 recommendation, the Hangzhou Communiqué contained no prescriptions for modifying procurement or reducing compliance costs for business, let alone for SMEs. The *G20 Digital Economy Development and Cooperation Initiative*, adopted by Leaders in Hangzhou, lists six²⁹ key areas for G20 cooperation in digital economy and identifies digital transformation and the development of micro-small-and-medium-sized enterprises (MSMEs) as priority issues. But there is little substance here beyond encouraging participation in efforts "to make transparent and simple the business registration mechanisms" and the "[promotion of] the continued development of service sectors such as [...] e-government." G20 members are encouraged under the Initiative to cultivate "intelligent public procurement schemes to support the production of innovative digital services and products by the private sector", though this is not SME specific, and there are no associated actions included.

SCORE: POOR

While China made the digital economy (see 2d) a key aspect of its G20 Presidency, effectively launching the G20's digital agenda, there was little discussion on how digital technology can reduce SMEs' compliance costs, or improve their access to government processes. Business sees this as a missed opportunity given the G20's focus on SME development since the Turkish Presidency and availability of several initiatives by the G20's own Anti-Corruption Working Group to address transparency and integrity procedures in government procurement, including the *G20 Compendium of Good Practices for Integrity in Public Procurement* at the 2014 Brisbane Summit, and the *G20 Anti-Corruption Open Data Principles* and *G20 Principles For Promoting Integrity In Public Procurement* in Antalya in 2015.

✓ Recognition

The *G20 Digital Economy Development and Cooperation Initiative* identifies both SME development and intelligent public procurement schemes as important areas for unleashing the potential of the digital economy. However, these issues are not addressed jointly and there were no material discussions on lowering compliance costs for SMEs in line with the B20's recommendation.

✗ Action

The streamlining of regulatory compliance processes including the use of digitalization, can help reduce costs for SMEs and free up resources that can be invested in innovation and value creation. In addition to standing B20 recommendations, a number of actions and guidelines from G20 working groups were not acted upon.

✗ Adequacy

Improving SME participation in government procurement processes is actionable by the G20 and variety of available measures—including developing e-government priorities to digitalize national and international regulatory processes; lowering the threshold of market entry especially in terms of size; streamlining the procurement process; and setting aside a portion of total procurement value dedicated to SME suppliers—must be undertaken if the G20 intends to achieve progress on the SME development agenda.

6c – Endorse the Electronic World Trade Platform (eWTP)

With global economic growth slowing down after 2008, trade barriers in some countries make it difficult for SMEs to take advantage of market potentials and contribute to global economic development. SMEs also face challenges of obtaining access to trade finance, and having limited access to information on legislations in different regions and information on export opportunities.

E-trade holds enormous potential to open new and efficient channels for SMEs to conduct cross border trade and to more directly and efficiently interact with a global customer base. Building on steps taken during the Turkish B20 Presidency, the B20 China SME Development Taskforce recommended that G20 Leaders in Hangzhou endorse the concept³⁰ of the Electronic World Trade Platform (eWTP) as a private, sector-led, multi-stakeholder dialogue to incubate e-trade rules and foster a more effective and efficient policy and business environment for cross-border e-trade development.

In the 30th paragraph of the Hangzhou Communiqué, the B20's proposal of establishing the eWTP is mentioned: “We welcome the B20's interest to strengthen digital trade and other work and take note of it's initiative on an Electronic World Trade Platform (eWTP).”

A near identical reference was also included in the *G20 Strategy for Global Trade Growth*, which was endorsed by Leaders in Hangzhou.

SCORE: POOR

With studies showing that SMEs using online platforms are five times more likely to export than those in the traditional economy,³¹ ICC believes that the G20 has an important role to level the global trading field and address remaining barriers to Internet-enabled commerce.

The inclusion of the eWTP in the Hangzhou Communiqué is a notable achievement in this regard, however, the G20's passive "notice" of the initiative falls short of the B20's appeal for an endorsement and leadership. While the distinction may seem inconsequential, this can be contrasted with the 2015 Antalya Summit, where the G20 "welcomed" the establishment of the B20 endorsed World SME Forum, or the G20's agreement at the 2014 Brisbane Summit to "establish" the Global Infrastructure Hub, a key B20 Australia recommendation.

✓ Recognition

The Hangzhou Communiqué welcomed the B20's interest to strengthen digital trade and took note of the B20's eWTP initiative.

✗ Action

The notice of the eWTP in the Hangzhou Communiqué falls short of an actionable endorsement and provides no guidance or leadership to inspire further development of the initiative.

✗ Adequacy

While the G20's recognition of the B20's efforts to strengthen digital trade and the mention of the eWTP initiative is an important step in addressing need for more extensive consultation with business, Business would expect the G20 to give significantly more attention to the matter, provide prescriptions for organizations such as WTO and UNCTAD to convene forums for eWTP discourse, and request recommendations for further actions.

6d – Develop coordinated capacity-building and certification programs to ease the inclusion of SMEs in GVCs

SMEs are important drivers of global growth, yet their share of export remains disproportionately less than their contribution to GDP. Limited access to GVCs is part of the problem and this is partially derived from the lack of awareness of—and that the ability to conform to—international, regional, or even national standards, especially for SMEs in emerging economies. While steps have been taken to improve the ability for SMEs to demonstrate conformity with standards and certifications, accreditation remains a major challenge for SMEs to access and benefit from GVCs.

SMEs' role in employment, income generation and economic development have been recognized by the G20 since the 2009 Pittsburgh Summit, and became an integral part of the G20's development narrative at the 2010 Seoul Summit. The 2013 St. Petersburg Summit introduced GVCs on the G20 agenda, but it wasn't until the 2015 Antalya Summit that both issues converged, with G20 Leaders promising to support policies that enable SMEs to participate in and take full advantage of GVCs, particularly in low-income countries (LICs).

Building on the outcomes of the Antalya Summit, as well as the contributions made by B20 Turkey in 2015 to unlock opportunities for SME financing in GVCs, the B20 China SME Development Taskforce recommended that the G20 develop coordinated programs for capacity building and certification to ease the inclusion of SMEs into GVCs by (1) setting ambitious targets for their admittance to regional and GVCs and regularly reporting on performance; and (2) cooperating with relevant stakeholders to better coordinate capacity-building initiatives and priorities and stepping up funding for such programs.

Upon taking over the G20 Presidency from Turkey on 1 December 2015, President Xi Jinping announced: *“The G20 should work toward the GVCs that benefit all, and explore the possibility of formulating initiatives aimed at strengthening capacity building and policy coordination to substantially improve participation of SMEs, as well as developing countries, in GVCs and their capabilities to trade and invest.”*³² His words were carried forward, with SME integration in GVCs featuring in a number of G20 discussions and reports under the Chinese Presidency.

- When G20 Leaders met in Hangzhou, they reaffirmed their support for *“policies that encourage firms of all sizes [...] to take full advantage of global value chains (GVCs) and that encourage greater participation, value addition and upward mobility in GVCs by developing countries, particularly low-income countries.”*
- As part of the G20’s commitment to align its work with the 2030 Agenda for Sustainable Development, the *G20 Action Plan on the 2030 Agenda for Sustainable Development*, endorsed by Leaders in Hangzhou, includes the G20’s commitment to *“make good use of the newly established Trade and Investment Working Group (TIWG) to [...] support activities to help low income and developing countries and SMEs better integrate into the Global Value Chains (GVCs).”*
- The July G20 Trade Ministers’ Statement noted that G20 members *“with capacity to do so will continue to: assist developing countries’ and SMEs’ ability to adopt and comply with relevant national and international standards, technical regulations, and conformity assessment procedures; [...] and provide further information that would help them participate in GVCs and move up the value-chain.”* In this regard, the Trade Ministers’ welcomed *“further work, within their mandates and resources, by the ITC, OECD, World Bank and other relevant international.”*

SCORE: POOR

Increasing SME capabilities to participate in GVCs and providing an enabling environment are two cornerstones for enhancing competitiveness and participation of SMEs in GVCs. Business was therefore pleased when the 2015 Antalya Communiqué, for the first time, addressed these two issues collectively. The Chinese G20 Presidency is commended for maintaining a focus on this important issue.

The G20 Trade Ministers’ Statement rightfully recognized the need to assist SMEs’ ability to adopt and comply with relevant national and international standards, as well as the need for additional work in this area. The Leaders’ support for improving SME integration in GVCs in developing countries and LICs as part of the G20’s 2030 Agenda for Sustainable Development is also a welcome recognition of the role that SME-inclusive trade can play in achieving the SDGs.

Nonetheless, there was little collective action beyond reaffirming past statements and identifying persistent challenges. Notably, there was no response to the B20's call for coordinated capacity building and certification programs, or the setting of ambitious targets for SMEs admittance to regional and GVCs.

Recognition

China is commended for maintaining a focus on improving participation of SMEs in GVCs throughout its G20 Presidency.

Action

While the G20 has come a long way towards raising awareness on the importance of better integrating SMEs into GVCs, a lack of accreditation programs, SME awareness, and the ability to conform to international, regional, or even national standards, remain major challenges that require comprehensive and coordinated response by the G20.

Adequacy

ICC encourages the G20 TIWG and other relevant stakeholders to work in close cooperation with the World SME Forum to identify areas of collaboration both in laying out a unifying framework, and facilitating interactions at country level to foster SME linkages to GVCs, with the goal of developing a certification program that will help and attract SMEs to become part of global or regional value chains.

Chapter 7: Energy and Environment

Energy is indispensable to a productive economy, and is consequently integral to achieving G20 priorities for economic stability, sustainable growth and prosperity. By 2035, global energy demand is projected to increase by one-third across all types and forms of energy, driven by the continued extraordinary population growth and economic development in many regions in recent years.

Meeting the future demand for reliable, affordable and sustainable energy will require significant and timely investment in energy infrastructure, especially since projects can take up to a decade to develop and implement. In fact, energy investment is expected to be the largest single area of overall infrastructure investment, requiring as much as US\$1-2 trillion per annum over the coming decades. At the same time, policies to tackle climate change will impact the energy sector as governments around the world follow through on policy commitments made at the COP21 meeting in Paris in December 2015. Moreover, digitization and accelerating innovation are transforming most industry sectors and society at large, posing challenges to capital intensive, long-term energy investments. The potential sources of disruptive innovation and uncertainty on energy demand are significant, requiring companies to more actively scan the innovation horizon in years to come than they have in the past.

Therefore, G20 leadership on energy policy must: (i) support the expansion of lower-carbon energy and the sustainable development of hydrocarbon resources; (ii) deliver long-run energy security, ensure affordability, increase energy access and realize environmental objectives; and (iii) provide a stable and predictable environment that will encourage long-term investment.

Starting with the G20 Summit in Pittsburgh in 2009, energy and environment issues have been recurring, but limited items on the G20 agenda. From 2009 to 2012, the focus was on fossil fuel subsidies and limited efficiency measures, with little recognition of energy issues at the Leaders level. In 2013, the G20 established the G20 Energy Sustainability Working Group (ESWG) to integrate and organize its broad energy-related agenda. This was then followed by the adoption of the G20 Principles on Energy Collaboration at the 2014 Brisbane Summit and a request that G20 Energy Ministers meet for the first time under the 2015 Turkish Presidency.

The dedicated G20 Energy Ministerial organized by Turkey in October 2015, and repeated under the Chinese Presidency, was a significant step change and demonstrated that energy and climate change issues were gaining greater traction in G20 deliberations at the Leaders' level.

In 2016, China identified and prioritized five areas of the G20 energy agenda: (1) Energy Access; (2) Clean Energy; (3) Energy Efficiency; (4) Global Energy Governance; and (5) Implementation of Previous Commitments (primarily phasing-out inefficient fossil fuels subsidies and achieving market transparency).

Business has engaged the G20 on energy issues, with dedicated energy or energy-related B20 taskforces at the Seoul, Cannes, Los Cabos and St Petersburg B20 Summits.³³ In 2014, B20 Australia opted not to organize a B20 taskforce on energy, but did host a special energy panel at the July 2014 B20 Summit. Turkey and China followed a similar approach, choosing not to have a B20 Energy Taskforce, and instead organizing business engagement on the side-lines of the 2015 and 2016 G20 Energy Ministers meetings.

In the absence of official B20 work on energy, companies from the ICC G20 CEO Advisory Group have developed a set of business recommendations for consideration by G20 Leaders for the past three years. The 2016 paper, *Six steps to energy sustainability and security*, was shared with G20 Energy Ministers ahead of the G20's second Energy Ministerial in Beijing in June 2016.

Summary of score

The overall score assessment of G20 commitments and decisions on Energy and Environment is 2.2 (out of 3.0.) This is the same score as last year and the highest score on Energy and Environment since ICC began monitoring the G20.

Table 7 delineates the ICC G20 CEO Advisory Group's *Six steps to energy sustainability and security* recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by an in-depth review of each recommendation and explanation on how the score was derived.

Table 7

ICC 2016 G20 Energy Paper Recommendations	Score
7a Utilize a broad energy mix to drive sustainable development.	(3.0/3.0) GOOD
7b Manage the long-term transition to secure and sustainable global energy systems by establishing stable regulatory frameworks that encourage and incentivize energy investment.	(1.0/3.0) POOR
7c Promote and prioritize energy efficiency.	(3.0/3.0) GOOD
7d Improve global energy governance and coordinate international efforts.	(2.0/3.0) FAIR
7e Increase worldwide access to clean, modern forms of energy in accordance with SDG 7, with emphasis on Africa and the Asia-Pacific region.	(2.0/3.0) FAIR
Average Score for Energy and Environment	FAIR (2.2/3.0)

Scoring component highlights:

- The adoption of the *G20 Energy Efficiency Leading Programme (EELP)* and five new areas of collaboration on Energy Efficiency is a significant outcome of the Chinese G20 Presidency, ensuring that long term cooperation on energy efficiency remains a priority for the G20 in the years to come.
- The G20's increased focus on renewables, including the adoption of the *G20 Voluntary Action Plan on Renewable Energy*, demonstrates the necessary leadership to broaden the world's energy mix and help alleviate environmental or other sustainability challenges associated with any one form of energy.
- Business has long sought clarity from policymakers in developing long-term, predictable market-based policies on climate change. Unfortunately, the G20 did not address nor offer collective leadership for developing predictable international carbon pricing mechanisms.
- ICC commends the G20's multi-phase plan to strengthen collaboration on energy access, starting with Africa as per the 2015 Turkish G20 Presidency and expanding its focus during the 2016 Chinese Presidency through the adoption of the *Enhancing Energy Access in Asia and the Pacific: Key Challenges and G20 Voluntary Collaboration Action Plan*.
- ICC is pleased that the G20 has recognized several of the business priorities outlined in the paper *Six steps to energy sustainability and security*, including maintaining a strong focus on supporting energy investment and stressing “the importance of diversification of energy sources and routes.” In addition, the Energy Ministers recognized the importance of keeping all energy options open, and referenced various forms of energy used by G20 members, including renewable energy, natural gas, nuclear power and advanced and cleaner fossil fuel technologies “as meaningful options for countries with diverse energy realities.”
- The lack of private-sector participation in the G20's energy discussions remains a key concern. The work of the ESWG is conducted behind the scenes and efforts to meaningfully involve the business community in the past two Ministerial meetings has been extremely limited. Business encourages Germany to integrate business in the work of its official, specialized energy working groups during its G20 Presidency in 2017.
- While G20 Energy Ministers have identified several key players in achieving SDG 7 the critical role of business is not sufficiently recognized. Business therefore calls on the German G20 Presidency to identify ways to better integrate the private sector into the decision-making process for increasing worldwide access to clean, modern forms of energy.

7a – Utilize a broad energy mix to drive sustainable development

Access to reliable, affordable, economically-viable, socially-acceptable and environmentally-sound energy is fundamental to economic growth and sustainable development. In light of expected growth in world population and energy demand—projected to increase by one-third by 2035, across all types and forms of energy—long-term energy access and security must become priorities for G20 Leaders.

The majority of global energy demand over the next two decades will still be met by coal, oil and gas. Therefore, G20 leadership needs to employ the abundance of all available energy resources, including conventional fuels such as coal, gas, gas liquids (LPG and LNG) and oil; nuclear power; and renewables such as bioenergy, geothermal, hydro (including ocean), solar and wind. Each of these energy resources presents opportunities and constraints, which may be different depending on local circumstances. Therefore, all energy options must remain open in order to cater to the wide variety of national and regional circumstances; policy options and constraints; and uncertainties and risks connected to energy security.

With reference to the COP21 Paris Agreement and the UN 2030 Agenda for Sustainable Development, China emphasized renewable energy as a priority energy issue for its G20 Presidency in 2016. This was evidenced when G20 Energy Ministers met for the second G20 Energy Ministerial Meeting in Beijing in June. They agreed to adopt, and Leaders later endorsed, the *G20 Voluntary Action Plan on Renewable Energy*, which “*aims to consolidate the leading role that the G20 has in the global renewable energy deployment and development, through the established efforts and new initiatives that can be carried out in 2016 and beyond.*”

Although the *Action Plan* is non-binding, it encourages G20 members to participate on a voluntary basis to drive the development of renewables:

1. Increase substantially the share of renewable energy by 2030
2. Continue the implementation of the Antalya *G20 Toolkit of voluntary options on renewable energy deployment*
3. Improve the frameworks for enabling the scale-up of renewable energy investment
4. Continue to support the strengthening of international cooperation

“*We encourage members to facilitate investment in renewable energy production and use through reducing barriers and risks, taking full consideration of the available indigenous renewable energy sources, increasing substantially the share of renewable energy in the global energy mix*” said the Energy Ministers’ Communiqué.

While the delivery of the *G20 Voluntary Action Plan on Renewable Energy* was heralded as a significant outcome, Energy Ministers also underlined the continued role of conventional energy sources for economic growth and sustainable development. Reflecting the need for a sustainable energy security, Ministers stressed “*the importance of diversification of energy sources and of efficient, flexible and competitive markets*” and encouraged members “*to explore clean energy production and consumption models appropriate to their own circumstances and, in light of the changes in the regional and global energy landscape and the needs of sustainable energy development, while at the same time fostering economic growth.*” Energy Ministers also recognized various forms of energy used by G20 members, including renewable energy, natural gas, nuclear power and advanced and cleaner fossil fuel technologies “*as meaningful options for countries with diverse energy realities.*”

The Hangzhou Leaders’ Communiqué included a notable reference to the role of natural gas, as a less emission-intensive fossil fuel and pledged to “*enhance collaboration on solutions that promote natural gas extraction, transportation, and processing in a manner that minimizes environmental impacts*”, while also stressing “*the importance of diversification of energy sources and routes.*”

SCORE: GOOD

Business commends the G20’s increased focus on renewables, while at the same time recognising that different forms of energy used by G20 members remain meaningful options for countries with diverse energy realities. The *G20 Voluntary Action Plan on Renewable Energy* is a significant outcome of the Chinese G20 Presidency and is an important step forward in reducing renewable energy costs among G20 countries and sharing low-cost technology around the globe.

Broadening the energy mix can help alleviate environmental or other sustainability challenges associated with any one form of energy, and promote other synergies that support sustainable development. For example, the expansion of renewable energies in the mix may result in increased local supply and support the growth of businesses, jobs and in some cases export markets, as well as reduce greenhouse gas emissions.

✔ Recognition

G20 Energy Ministers recognized that various forms of energy used by G20 members, including renewable energy, natural gas, nuclear power and advanced and cleaner fossil fuel technologies, are meaningful options for countries with diverse energy realities.

✔ Action

The delivery of the *G20 Voluntary Action Plan on Renewable Energy* is a significant outcome of the Chinese G20 Presidency and is an important step forward in reducing renewable energy costs among G20 countries and sharing low-cost technology around the globe.

✔ Adequacy

Business welcomes the G20's recognition of the importance of diversification of energy sources and routes. In order to achieve the G20's commitment to the improvement and enhancement of energy security through cooperation and dialogue, all energy options must remain open in order to cater to the wide variety of national and regional circumstances, policy options and constraints, uncertainties and risks.

7b – Establish stable regulatory frameworks that encourage and incentivize energy investment

In general, energy sectors are capital intensive, have very long investment and planning horizons, and can take decades to develop. Given the long-term nature of energy innovation, energy investment and energy infrastructure, clear and stable government policy and regulatory frameworks are essential.

Among the many needed regulatory frameworks, the ICC recommendations to G20 Energy Ministers included:

- Support global carbon pricing as a policy framework
- Champion the elimination of tariff and non-tariff barriers on energy and environmental goods and services
- Rationalize and phase-out inefficient energy subsidies that distort markets and lead to inefficient use of energy resources

Carbon pricing principles

The Hangzhou Communiqué reaffirmed G20 Leaders commitment to ratify the Paris Agreement adopted at the COP21 meeting in December 2015: *“We commit to complete our respective domestic procedures in order to join the Paris Agreement as soon as our national procedures allow. We welcome those G20 members who joined the Agreement and efforts to enable the Paris Agreement to enter into force by the end of 2016.”* Notably, on the eve of the G20 Summit, US President Barack Obama and Chinese President Xi Jinping announced that both countries would formally adopt the Paris Agreement and outlined new plans for expanding their joint efforts on climate change.

The Paris Agreement, especially through Art. 6, recognizes the important role of providing incentives for emission reduction activities, including voluntary emission trading and carbon pricing. Business strongly welcomes this continued availability of market-based instruments under the international climate policy framework and has repeatedly called for predictable international carbon pricing frameworks to enhance investor confidence in low-carbon energy supply. However, as with past G20 gatherings, there were no material discussions on carbon pricing at the Hangzhou Leaders' Summit or by G20 Energy Ministers.³⁴

Liberalize trade in environmental products and services

Starting with the 2010 Seoul Business Summit, the international business community has repeatedly called on the G20 to push for progress on liberalizing trade in environmental products and services as a rapid way to reduce the cost of renewable, energy efficiency and other clean energy projects. In particular, Business has urged G20 economies to support the plurilateral *WTO Environmental Goods Agreement* (EGA) negotiations, which currently includes eight G20 members.

Prior G20 Summits had omitted any discussions on the EGA; however, on the first day of the Chinese G20 Presidency, President Xi announced that progressing the EGA negotiations was among the key agenda items for its G20 Presidency. This ambition was also reflected in the 2016 G7 Ise-Shima Leaders' Declaration, where G7 leaders declared their ambition to conclude the EGA by the September Hangzhou G20 Summit. When G20 trade ministers met a few months later at their July meeting in Shanghai they announced "substantial progress" in the EGA negotiations, anticipating that a "landing zone" could be reached by the Hangzhou Summit. The Hangzhou Leaders' Communiqué welcomed the landing zone achieved in the EGA negotiations, and participants reaffirmed their aim to "*redouble efforts to bridge remaining gaps and conclude an ambitious, future-oriented EGA that seeks to eliminate tariffs on a broad range of environmental goods by the end of 2016.*"

Rationalize and phase out inefficient energy subsidies

Business has also repeatedly called on G20 Leaders to follow through on their 2009 Pittsburgh Summit pledge to "*rationalize and phase out inefficient fossil fuel subsidies that encourage wasteful consumption over the medium term, while providing targeted support for the poorest.*" The 'medium term' however, has yet to be defined. In May 2016, G7 countries "*committed to phasing out inefficient fossil fuel subsidies that encourage wasteful consumption, and encourage all countries to do so by 2025,*" a significant statement in the lead-up to the G20 Energy Ministerial Meeting in June. However, despite increased international momentum and calls from business and civil society, G20 Energy Ministers were less ambitious: "*we welcome significant progress made to date by a number of G20 countries, and we will endeavor to make further progress in moving forward this commitment which was agreed by our Leaders in 2009.*"

Nonetheless, after nearly three years of discussions,³⁵ China and the US presented a peer review of each other's fossil fuel subsidies at the Hangzhou Summit, becoming the first two countries to do so under the G20. The US-China voluntary peer reviews have helped to kick-start efforts by other G20 members, with the next round to be carried out in Germany, Mexico and Indonesia.

SCORE: POOR

To businesses, energy security means confidence in their ongoing ability to access reliable and affordable energy wherever they operate. Energy security is an important consideration for business viability, planning and investment over the near, medium and long term, and impacts businesses' ability to grow and to increase employment. To maximize business involvement and attract investment those mechanisms have to be based on clear rules and procedures that also avoid setting up trade barriers and are in line with international trade rules.

Business has long sought clarity from policymakers in developing long-term, predictable market-based policies on climate change. The conclusion of the Paris Agreement at COP21 was a historic achievement that puts the world on a sustainable low-carbon path and which can provide business and investors the long-term certainty needed to scale up innovation and investment in climate solutions. Unfortunately, the G20 has not taken any collective action to implement predictable international carbon pricing mechanisms. Nonetheless, business notes that carbon pricing is expanding within the G20, with a whole range of different schemes being applied.³⁶ However, at the global level, the existing carbon prices vary significantly and every country defines the scope of their pricing mechanism

and its emissions coverage differently. In order to be effective and attract much needed investment, business encourages the G20 to work towards global carbon pricing policies that are transparent, based on robust criteria for emission reductions and based on a clear legal framework. Implementing robust international carbon pricing can be a particularly powerful tool for rationalizing and enhancing investor confidence in low carbon investment decisions and helping government achieve global net emission reduction targets.

According to the International Monetary Fund (IMF) fossil fuel subsidies hit \$5.3 trillion in 2015.³⁷ Inefficient and wasteful energy subsidies help distort markets and lead to inefficient energy use. The G20 broke new ground in 2009 by committing to a phase out of fossil fuel subsidies in the “*medium term*,” but have accomplished little since then and have yet to agree on a specific target date. So while the G7 committed to a 2025 phase out target, the G20 remains stalled. The delivery of the US-China voluntary peer reviews at the Hangzhou Summit could be considered as progress and could provide Germany with the leverage to push for a target date on the G20’s 2009 commitment.

✔ Recognition

ICC is pleased that the G20 has recognized several of the business priorities outlined in the paper *Six steps to energy sustainability and security*, including maintaining a strong focus on supporting energy investment.

✘ Action

Business has long sought clarity from policymakers in developing long-term, predictable market-based policies on climate change. Unfortunately, the G20 has not taken any collective action to implement predictable international carbon pricing mechanisms. Progress on tariffs for environmental goods and services has been slow and there has been limited action on reaching the 2009 targets for phasing out fossil fuel subsidies.

✘ Adequacy

Implementing robust international carbon pricing can be a particularly powerful tool for rationalizing and enhancing investor confidence in low carbon investment decisions and helping government achieve global net emission reduction targets. The G20 should follow the lead of the G7 by committing to a specific phase out target on their fossil fuel subsidies.

7c – Promote and prioritize energy efficiency

Business supports energy efficiency as a critical component of any comprehensive sustainable energy strategy. Governments should continue to promote and support energy efficiency across industries and to promote adoption of energy-efficient behaviors and devices by energy consumers through education, regulation and incentives. Supported by sound, stable fiscal and regulatory frameworks, business can collaborate with public authorities to improve the efficiency of current systems and to reduce future energy demand. Business has therefore regularly called on the G20 to demonstrate leadership in increasing the uptake of energy efficiency.

In 2016, ICC called on the G20 to demonstrate leadership by establishing efficiency standards in the main energy-consuming sectors where price sensitivity is limited, with particular emphasis on buildings, housing and transport.

Starting as a peripheral G20 agenda item, energy efficiency received increased attention at the 2014 Brisbane Summit with adoption of the *G20 Action Plan for Voluntary Collaboration on Energy Efficiency*, which represented the first time G20 Leaders agreed upon international cooperation for energy efficiency. Energy Efficiency remained a priority issue in 2016, with the Energy Ministers’ June Communiqué recognizing energy efficiency

as a long-term priority for G20. To that end, Ministers committed to *“significantly improve energy efficiency in the G20, through greater energy efficiency cooperation and by encouraging G20 members to develop active energy efficiency programs, policies and measures based on the specific needs and national circumstances of each member.”*

A major outcome of the Energy Ministerial was the adoption of the *G20 Energy Efficiency Leading Programme* (EELP), developed under the Chinese G20 presidency as a comprehensive, flexible and adequately-resourced long-term framework for strengthening the G20 voluntary collaboration on Energy Efficiency.

The EELP, which builds on the 2014 *G20 Energy Efficiency Action Plan* (EEAP), calls for G20 members to play a leading role in progressing energy efficiency globally. Like its predecessor, it encourages members to participate in international energy efficiency activities on a voluntary basis, but takes it further in both time and scope. Among the new initiatives are:

- *G20 Voluntary Pillars for Energy Efficiency Cooperation*, which encourage G20 cooperation on energy efficiency to be “mutually beneficial, innovative, inclusive, and sharing”
- A long-term aim for countries to improve energy efficiency through national programs, policies, and measures, according to their needs and priorities
- Five new areas of collaboration, beyond the six under the EEAP. The new areas include: top ten best available technologies and best practices (Top Tens), super-efficient equipment and appliance deployment, district energy systems, Energy End-Use Data and Energy Efficiency Metrics, and knowledge-sharing framework.³⁸

In their Hangzhou Communiqué, the G20 encouraged members to *“significantly improve energy efficiency based on the specific needs and national circumstances of each member”* and pledged to *“explore innovative collaborative arrangements for international cooperation on energy efficiency.”* The Communiqué also welcomed progress on the voluntary international collaboration on the six energy efficiency areas identified in the 2014 EEAP, particularly highlighting efforts being taken to improve the efficiency of heavy-duty vehicles.

SCORE: GOOD

As a group of the largest energy consumers globally (80% of primary energy consumption and 80% of GHG emissions), G20 choices matter and their collective, increased adoption of energy efficiency can make a real difference for economies, climate change, individuals and businesses. Their declaration to *“significantly improve energy efficiency”* provides the leadership and the EELP is tangible evidence of their commitment in this area. The decision to extend the EEAP to five new work areas and provide a long-term framework for energy efficiency suggest that the G20 has taken on a meaningful role in the promotion of energy efficiency as a solution to global energy and environmental challenges.

The adoption of the EELP also corresponds to a 2015 commitment at the first G20 Energy Ministerial, when Ministers committed *“further work to ensure that the [2014 Energy Efficiency Action Plan] has a long-term perspective.”*

Business welcomes the significant international work under the 2014 EEAP on vehicles, networked devices, finance, buildings, industrial processes, and electricity generation, which mirrors many of ICC’s recommendations. Germany is encouraged to carry forward this important work during its G20 Presidency in 2017.

✔ Recognition

Building on the 2014 G20 EEAP and commitments made at the first G20 Ministerial in Istanbul in 2015, G20 Energy Ministers adopted the EELP, the first long-term framework for strengthening the G20 voluntary collaboration on energy efficiency.

✔ Action

The Paris Agreement at COP21 will require huge financial flows toward investment in energy efficiency solutions. Long-term policy frameworks like the EELP are critical to increase public and private investment flows into energy efficiency.

✔ Adequacy

The adoption of the EELP and five new areas of collaboration on energy efficiency are a significant outcome of the Chinese G20 Presidency, ensuring that cooperation on energy efficiency remains a priority for the G20 in the years to come. Nonetheless, business notes that G20 plans and programmes are being adopted on a voluntary basis, with individual countries sure to face economic and political hurdles at home. Words of encouragement must be met with tangible actions and accountability if these measures are expected to pay dividends over time.

7d – Improve global energy governance and coordinate international efforts

The global energy landscape has changed dramatically in recent years with new methods of energy production and exploration transforming some of the world's major energy import and export markets. Existing global energy governance arrangements must adapt to reflect these changes by taking a holistic view that includes careful consideration of energy mix and diversification to address long-term energy issues and risks. Together G20 accounts for more than three-quarters of the world's energy consumption and greenhouse gas emissions, and its mix of major producers and consumers of energy suggests that it must play a bigger role in international energy cooperation and governance. G20 countries also have a significant influence on international organizations such as the World Bank and the International Energy Agency (IEA). The G20 is therefore uniquely placed to help guide the international global energy agenda.

Among Business' longstanding recommendations to the G20 are calls for establishing formal business representation in the G20 energy-related working groups (e.g., G20 Energy Sustainability Working Group), improving energy market transparency and efficiency (e.g., supporting the International Energy Forum Joint Oil Data Initiative (JODI) work on oil, gas and coal information) and reforming current institutions (e.g., International Energy Agency, International Energy Forum).

The 2014 Brisbane Summit put energy governance firmly on the G20 agenda with the adoption of the *G20 Principles on Energy Collaboration*, a request for a first meeting of G20 Energy Ministers under the Turkish Presidency in 2015, and the consolidation of the G20's Energy Sustainability Working Group (ESWG), first instituted under the Russian Presidency in 2013. The success of the first G20 Energy Ministers Meeting in 2015 demonstrated that the G20 was ready to act as an important platform to discuss global energy issues, with Energy Ministers agreeing to meet again under the 2016 Chinese G20 Presidency.

When G20 Energy Ministers met the second time in Beijing in June 2016, they reaffirmed the G20's role as a key player on global energy governance: *"Reflecting previous G20 discussions on energy, particularly the G20 Principles on Energy Collaboration agreed in 2014, the outcomes of the first G20 Energy Ministerial Meeting in 2015, recognizing the importance of [the UN 2030 Agenda for Sustainable Development and COP21 Paris Agreement] we reaffirm the importance of energy collaboration within and beyond G20 countries for tackling common energy challenges ..."*

In line with business' recommendation, the Energy Ministers also reinforced their belief in transparent markets and committed to further strengthen the JODI initiative by encouraging and facilitating the collection and dissemination of high quality energy data, and promoting the visibility of the initiative, as well as enhancing support for capacity building.

The need to adapt and evolve the global energy architecture was also recognized by G20 Leaders in their Hangzhou Communiqué: *"we reaffirm our commitment to building well-functioning, open, competitive, efficient, stable, transparent energy markets, fostering more effective and inclusive global energy architecture to better reflect the changing realities of the world's energy landscape, and shaping an affordable, reliable, sustainable and low greenhouse gas (GHG) emissions energy future while utilizing energy sources and technologies."*

Despite several G20 documents emphasizing the importance of mobilizing and leveraging private sector finance in all aspects of the G20's energy agenda, neither the G20 Energy Ministers Communiqué nor the G20 Leader's Hangzhou Communiqué considered business' recommendation to establish formal business representation to the G20 ESWG.

SCORE: FAIR

Improving the global governance framework for energy is a necessary success factor for progressing the G20's energy agenda and associated policy objectives. Business is encouraged that Energy Ministers and G20 Leaders recognize that the G20 has an important role to play in improving global energy governance and coordinating international efforts. Business also welcomes the G20's continued support of JODI and discussion on improving its functioning. However, the continued absence of specific guidelines or references to reforming existing international organizations, the limited private sector involvement in the G20 Energy Ministerial, and the work of the ESWG undermines the ultimate effectiveness of the ESWG's work. ICC encourages Germany to formalize a dialogue with members of the B20 Germany Energy, Climate and Resource Efficiency taskforce during its G20 Presidency in 2017.

Recognition

Business is encouraged that Energy Ministers and G20 Leaders recognize that the G20 has an important role to play in improving global energy governance and coordinate international efforts.

Action

Business welcomes the G20's continued support of JODI and discussion on improving its functioning. However, the private sector has not been materially invited to engage in the G20's energy work streams.

Adequacy

The lack of formalized private-sector participation in the G20's energy discussions remains a key concern. Business encourages Germany to invite members of the B20 community to its official energy working group meetings and to materially involve the private sector in the deliberations of Energy Ministers.

7e – Increase worldwide access to clean, modern forms of energy in accordance with SDG 7, with emphasis on Africa and the Asia-Pacific region

Universal access to affordable, reliable, sustainable and modern energy services is embodied in Sustainable Development Goal (SDG) 7.³⁹ Nonetheless, about 1.1 billion people worldwide continue to lack access to electricity and 2.9 billion people lack access to non-solid fuels for cooking. The majority of people without access to electricity and clean cooking are overwhelmingly concentrated in rural parts of Sub-Saharan Africa and Asia.⁴⁰ Energy contributes to meeting basic needs, such as clean water, food preservation, transportation, healthcare, sanitation, education and communications. In light of expected growth in world population and energy demand, long-term energy access and security must be among G20 priorities. The challenge is to support choices and access within the framework of international cooperation and global markets. The ICC G20 CEO Advisory Group has therefore encouraged the G20 to increase worldwide access to clean, modern forms of energy in accordance with SDG 7, with a particular emphasis on Africa and the Asia-Pacific region. Suggested actions include:

- Supporting the UN SE4All initiatives and its High-Impact Opportunity (HIO) partners (including energy efficiency in district energy, green building, transportation, lighting and appliances);
- Cooperating closely with international organizations to coordinate efforts on energy access in developing countries (e.g., the African Development Bank's New Deal on Energy for Africa);
- Partnering with international organizations and the private sector (through appropriate representative institutions) to improve the potential for financing and implementation of initiatives related to energy access and energy efficiency.

Energy access entered the G20's agenda in a meaningful way at the 2014 G20 Brisbane Summit, where Leaders endorsed the *G20 Principles on Energy Collaboration* agreeing to work together to ensure access to affordable and reliable energy for all. In 2015, *G20 Energy Ministers adopted the G20 Energy Access Action Plan: Voluntary Collaboration on Energy Access*, a multi-phase plan to “strengthen collaboration of G20 members on energy access in a flexible way, taking account of existing initiatives, and adding value through sharing of knowledge, experience and good practices, in accordance with national circumstances and developmental priorities.” The first phase of the *Action Plan* focused on Sub-Saharan Africa, with Energy Ministers agreeing that it could be extended to cover other regions in the future.

When G20 Energy Ministers met again in Shanghai in 2016, they welcomed the adoption of the *Enhancing Energy Access in Asia and the Pacific: Key Challenges and G20 Voluntary Collaboration Action Plan*. The document represents the second phase of the G20's energy access plan and focuses on the Asia-Pacific region, where “investment, financing, innovation, building institutional capacity, and ensuring market viability of the new projects [are] key challenges to achieve universal energy access.” Reflecting previous G20 discussions on energy, particularly the 2014 G20 Principles on Energy collaboration, Energy Ministers also reaffirmed the G20's support for the 2030 Agenda for Sustainable Development and committed to collaborate to move the SDG 7 goal forward “to realize the development of a balanced, clean, affordable, viable and reliable energy mix.”

Energy Ministers in Shanghai committed to working jointly on a voluntary basis towards implementation of both G20 Energy Access Action Plans together with SE4All⁴¹ and other relevant international, regional and national institutions in the Asia-Pacific region and the African region. This commitment was carried over to the Leaders' September Hangzhou Communiqué, where the G20 endorsed the Asia-Pacific Energy Access Action Plan, and agreed to “work with Sub-Saharan and Asia-Pacific countries to improve universal access to affordable, reliable, clean, sustainable and modern energy services, particularly by addressing barriers to electricity access.”

The *Action Plan* does reference the crucial role of the private sector in closing the financing gap in the Asia-Pacific Region, while at the same time noting that “*Many countries in the region have yet to put in place enabling policies, legislation, regulations and incentives to attract such financing.*”

SCORE: FAIR

ICC welcomes the G20's multi-phase plan to strengthen collaboration on energy access, starting with Africa under the 2015 Turkish G20 Presidency and expanding its focus to Asia-Pacific under the Chinese G20 leadership in 2016. Both Action Plans correspond to Business' call for the G20 to demonstrate leadership on SDG 7, with an emphasis on Africa and the Asia-Pacific region. The challenge is immense and access to energy must be drastically accelerated if the G20 wants to contribute to achievement of SDG 7.

While the G20's Energy Access Action Plans identifies and supports several key players in achieving SDG 7, including UN SE4All initiatives and relevant international organizations, the role of business is not sufficiently addressed. Public resources alone will not be sufficient to close the financing gap in the Asia-Pacific Region; both international financial institutions and the private sector have a key role to play. Business therefore urges Germany to continue supporting the G20's Energy Access Action Plans, while involving the private sector as a key partner for success. In particular, efforts to improve policy and regulatory frameworks that support private sector participation and financing should be prioritized to improve the potential for implementation of initiatives related to energy access and energy efficiency.

✔ Recognition

Business welcomes the adoption of the *Enhancing Energy Access in Asia and the Pacific: Key Challenges and G20 Voluntary Collaboration Action Plan*, which outlines major challenges and possible options that G20 members could embrace to address access deficits and accelerate trends towards universal access.

✔ Action

ICC commends the G20's multi-phase plan to strengthen collaboration on energy access, starting with Africa under the 2015 Turkish G20 Presidency and expanding its focus to Asia-Pacific under the Chinese G20 leadership in 2016.

✘ Adequacy

While the new Asia-Pacific Action Plan identifies several key players in achieving SDG 7, the critical role of business is not sufficiently recognized. Business calls on the German G20 Presidency to work with the new B20 Energy, Climate and Resource Efficiency taskforce to identify ways that the public and private sector can work together to increase worldwide access to clean, modern forms of energy.

Notes

¹ ICC, Six steps to energy sustainability and security: Business recommendations for G20 Energy Ministers. <http://iccwbo.org/Global-influence/G20/Reports-and-Products/ICC-Energy-Priorities-for-G20/>

² According to the B20 China Infrastructure Taskforce.

³ The first *Scorecard*, released in June 2012, compared global business recommendations from the 2010 Korean and 2011 French B20 cycles with G20 commitments and decisions conveyed in Summit Declarations since the inaugural G20 Leaders' Summit in Washington in 2008.

⁴ The 2014 Australian and 2015 Turkish B20 created a specific taskforce on Trade separate from investment; these two topics were subsequently recombined in China.

⁵ The 2014 Australian and 2015 Turkish B20 grouped together Infrastructure and Investment under one taskforce.

⁶ Called "SMEs and Entrepreneurship" under the 2015 Turkish B20.

⁷ N.B. All editions of the *Scorecard* share the same scoring methodology, however the first edition had a somewhat different scoring terminology. Cf. First edition (Second and third edition) scores: Inadequate (Inadequate), Incomplete (Poor), Insufficient (Fair), Pass (Good). While the overall assessment score for the first edition *Scorecard* was "Incomplete", the corresponding score in subsequent editions would be "Poor".

⁸ The original B20 China recommendation is "Strengthening the multilateral trading system and eliminating new protectionist measures while rolling back existing measures to enable trade growth". Recognizing that these are two distinct recommendations, and in line with the delineation in previous *Scorecards*, the sixth edition will evaluate these two recommendations separately.

⁹ E.g., Antalya Leaders Communiqué, Paragraph 12. See also Paragraph 27 in the Hangzhou Communiqué where this is reaffirmed.

¹⁰ E.g., World Trade Outlook Indicator (WTO), Developments in Trade and Policy Challenges (OECD), Reinforcing Trade to Support Growth: A Path Forward (IMF).

¹¹ 15th WTO Report on G-20 Trade Measures (mid-October 2015 to mid-May 2016), https://www.wto.org/english/news_e/news16_e/trdev_21jun16_e.htm

¹² Global Trade Plateaus: The 19th Global Trade Alert Report (2016) at: http://www.globaltradealert.org/sites/default/files/GTA%2019%20-%20World%20Trade%20Plateaus_0.pdf

¹³ Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth, OECD, WTO 2015

¹⁴ UNCTAD, "World Investment Report 2016: Investor Nationality-Policy Challenges" (2016). Available at: http://unctad.org/en/PublicationsLibrary/wir2016_en.pdf

¹⁵ (I) Anti-protectionism, (II) Non-discrimination, (III) Investment protection, (IV) Transparency, (V) Sustainable development, (VI) the Right to regulate, (VII) Investment promotion and facilitation, (VIII) Responsible business conduct, and (IX) International cooperation.

¹⁶ The FSB effectively acts as a secretariat for the G20 with respect to its financial reform agenda, and as a coordinator of the G20-related policy development processes for other global financial bodies.

¹⁷ The four core elements of the G20's reform agenda are: 1) Building resilient financial institutions, 2) Ending Too-big-to-fail, 3) Making derivatives markets safer, and 4) Transforming shadow banking into resilient market-based finance.

¹⁸ See for example the FSB August 2016 "Progress report to G20 on the FSB action plan to assess and address the decline in correspondent banking": <http://www.fsb.org/2016/08/progress-report-to-g20-on-the-fsb-action-plan-to-assess-and-address-the-decline-in-correspondent-banking/>

¹⁹ WTO, Trade finance and SMEs - Bridging the gaps in provision (2016) https://www.wto.org/english/res_e/booksp_e/tradefinsme_e.pdf

²⁰ According to the G20 Green Finance Study Group Synthesis Report "Green finance" can be understood as financing of investments that provide environmental benefits in the broader context of environmentally sustainable development. These environmental benefits include, for example, reductions in air, water and land pollution, reductions in greenhouse gas (GHG) emissions, improved energy efficiency while utilizing existing natural resources, as well as mitigation of and adaptation to climate change and their co-benefits.

²¹ The eight principles are: (1) Promote a Digital Approach to Financial Inclusion; (2) Balance Innovation and Risk to Achieve Digital Financial Inclusion; (3) Provide an Enabling and Proportionate Legal and Regulatory Framework for Digital Financial Inclusion; (4) Expand the Digital Financial Services Infrastructure Ecosystem; (5) Establish Responsible Digital Financial Practices to Protect Consumers; (6) Strengthen Digital and Financial Literacy and Awareness; (7) Facilitate Customer Identification for Digital Financial Services; (8) Track Digital Financial Inclusion Progress.

²² To achieve this, the Taskforce put forward several actions for consideration by the G20. See B20 China Infrastructure Taskforce Policy Paper, <http://en.b20-china.org/documents/doc/1/5>

²³ The Guidance Note is a key deliverable of the G20 Investment and Infrastructure Working Group (IIWG) which identified "Exploring diversified financing approaches and fostering private financing" as one of three priority areas under the Chinese G20 Presidency.

²⁴ According to the B20 China Infrastructure Taskforce.

²⁵ The Joint Declaration of Aspirations on Actions to Support Infrastructure Investment highlights that efforts to "crowd in greater levels of private sector investment via co-financing, mobilization, and catalyzation mechanisms" is central to the MDBs' mandates and includes the MDBs' announcements of quantitative ambitions for high-quality infrastructure projects within their respective institutional mandates as well as their efforts to maximize the quality of infrastructure projects, strengthen project pipelines, collaborate further among existing and new MDBs, strengthen the enabling environment for infrastructure investment in developing countries, as well as catalyze private resources.

²⁶ London Anti-corruption Summit Communiqué (2016), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/522791/FINAL_-_AC_Summit_Communique_-_May_2016.pdf

²⁷ The GPMI notes that the G20/OECD High-Level Principles on SME Financing and the G20 Action Plan on SME Financing are "complementary and mutually reinforcing" (see Footnote 2, <http://www.gpmi.org/sites/default/files/documents/G20%20Action%20Plan%20on%20SME%20Financing%20Implementation%20Framework.pdf>) The OECD High-Level principles take note of the Joint Action Plan on SME Financing (see footnote 8, <https://www.oecd.org/finance/G20-OECD-High-Level-Principles-on-SME-Financing.pdf>)

²⁸ Available at: <https://www.oecd.org/finance/G20-OECD-Support-Note-on-Diversified-Financial-Instruments-for-SMEs.pdf>

²⁹ (1) expand broadband access and improve quality; (2) promote investment in the ICT sector; (3) support entrepreneurship and promote digital transformation; (4) encourage e-commerce cooperation; (5) enhance digital inclusion; (6) and promote development of MSMEs.

³⁰ Following that G20's endorsement, the B20 would formally establish the eWTP as an open, transparent, not-for-profit platform to bring together all stakeholders and enable efficient dialogue between public and private sectors to address policy challenges facing SMEs, sum up best practices and generate common industry standards.

³¹ WTO Business focus Group 1 - MSMEs and E-commerce (ICC), <http://www.iccwbo.org/Advocacy-Codes-and-Rules/Document-centre/2016/WTO-Business-focus-Group-1-MSMEs-and-E-commerce/>

³² Xi Jinping (2015) Theme and Key Agenda Items of the G20 Summit in 2016, <http://www.g20.org/English/China2016/G202016/201512/P020151210392071823168.pdf>

³³ B20 Russia included energy as part of its Global Priorities for Innovation and Development taskforce.

³⁴ The 2016 G20 Climate Finance Study Group (CFSG) Report is the only G20 Hangzhou document to mention carbon pricing, with some G20 members sharing national experiences on carbon pricing policies.

³⁵ The two nations initially agreed to the peer reviews in 2013, with the terms of reference agreed in July 2014.

³⁶ See for example, Climate Transparency, "G20 Financing the transition - Glimpses of green" (2016), <http://www.climate-transparency.org/g20-financing-the-transition>

³⁷ IMF, "Counting the Cost of Energy Subsidies" (2015), http://www.imf.org/external/pubs/ft/survey/so/2015/NEW070215A.htm?utm_source=twitterfeed&utm_medium=twitter

³⁸ The original EEAP work streams are (1) Vehicles, particularly heavy-duty vehicles, (2) Networked Devices, (3) Finance, (4) Buildings, (5) Industrial processes (Industrial energy management), and (6) Electricity Generation.

³⁹ "Ensure access to affordable, reliable, sustainable and modern energy for all"

⁴⁰ Enhancing Energy Access in Asia and the Pacific: Key Challenges and G20 Voluntary Collaboration Action Plan: <https://ec.europa.eu/energy/sites/ener/files/documents/Enhancing%20Energy%20Access%20in%20Asia%20and%20the%20Pacific%20Key%20Challenges%20and%20G20%20Voluntary%20Collaboration%20Action%20Plan.pdf>

⁴¹ The G20 efforts to improve worldwide access to energy are coordinated by SE4All.

