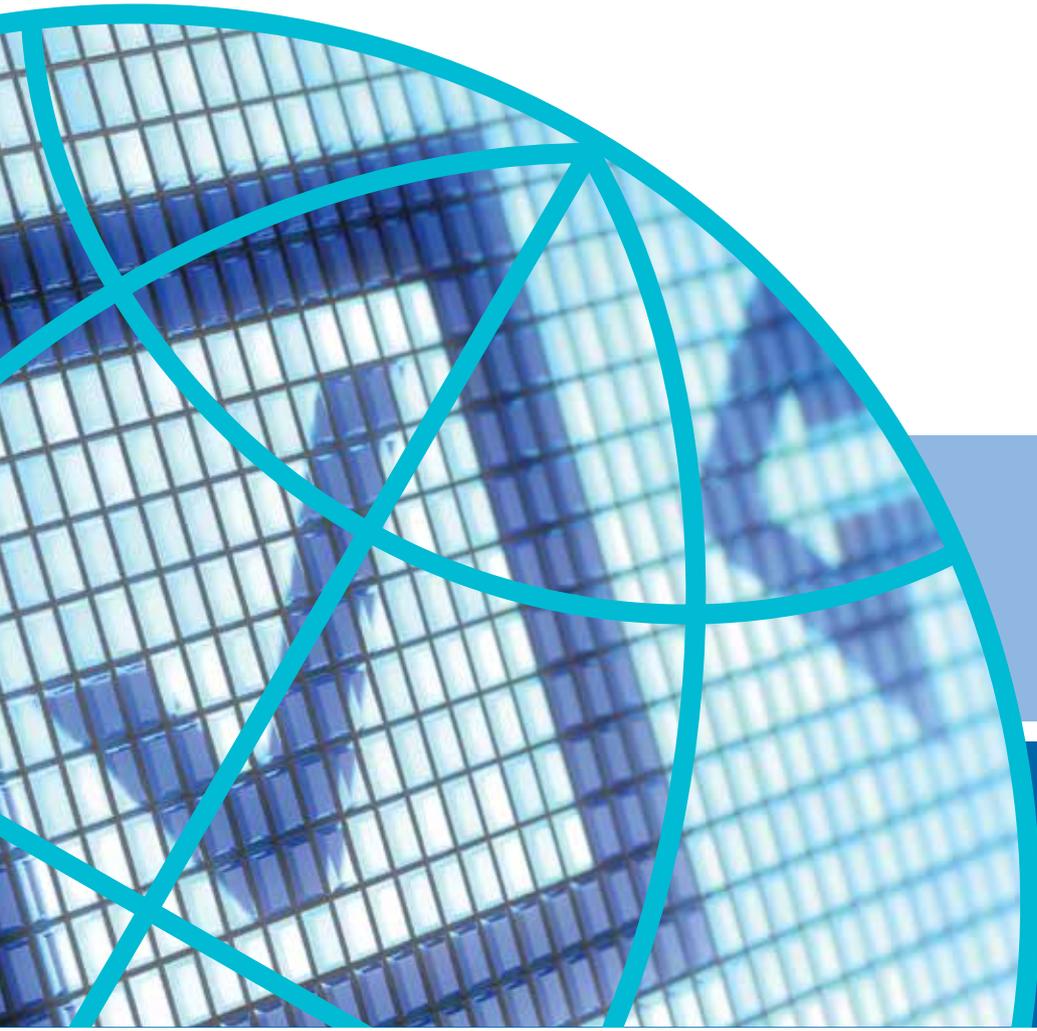


ICC G20 BUSINESS SCORECARD

FOURTH EDITION



MARCH 2015

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 30 CEOs working to ensure that the voice of business is heard by governments, the public and the media before, during and after each Summit. 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 150 business and employer federations in 143 countries. In social and labour policy debate taking place in the International Labour Organization, across the UN and multilateral system, and in the G20 and other emerging processes, the IOE is the recognized voice of business.

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



About the Business and Industry Advisory Committee (BIAC)

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

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List of Acronyms

ACWG	G20 Anti-Corruption Working Group
APEC	Asia-Pacific Economic Cooperation
B20	Business-20
BACWG	B20 Anti-Corruption Working Group
BCBS	Basel Committee on Banking Supervision
BEPS	Base Erosion and Profit Shifting
BIAC	The Business and Industry Advisory Committee to the OECD
BIT	Bilateral Investment Treaty
CbC	Country-by-Country reports
CFSG	G20 Climate Finance Study Group
DWG	G20 Development Working Group
EGA	Environmental Goods Agreement
EMDEs	Emerging Markets and Developing Economies
ESWG	G20 Energy Sustainability Working Group
FDI	Foreign Direct Investment
FSB	Financial Stability Board
G20	Group of 20
GDP	Gross Domestic Product
GPFI	Global Partnership for Financial Inclusion
GSIBs	Global Systemically Important Banks
GTA	Global Trade Alert
ICC	International Chamber of Commerce
IEA	International Energy Agency
IFI	International Financial Institution
IAs	International Investment Agreements
IOE	International Organisation of Employers
IPEEC	International Partnership for Energy Efficiency Cooperation
IPVMP	International Performance Measurement & Verification Protocol
JODI	International Energy Forum Joint Oil Data Initiative
LICs	Low-Income Countries
MC9	Ninth WTO Ministerial Conference in Bali 2013
MFN	Most Favoured Nation
OECD	Organisation for Economic Cooperation and Development
PTA	Preferential Trade Agreement
RESIST	Resisting Extortion and Solicitation in International Transaction Toolkit
SME	Small- and Medium-Sized Enterprise
SIFI	Systemically Important Financial Institution
SSBs	Standard-Setting Bodies
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
UNODC	United Nations Office on Drugs and Crime
WTO	World Trade Organization

Foreword

The 2014 G20 Summit in Brisbane marked the 9th time G20 Leaders had met since their initial, crisis-driven Washington Summit in 2008. During this time, their forceful coordinated action stemmed the sharp decline in economic activity and initiated a rebuilding process to put the global economy on more solid foundation. This signature achievement was possible through an unprecedented level of cooperation among Leaders, as they set aside ordinary differences to accomplish the extraordinary.

The last six years have also witnessed an evolving G20 that seeks to harness and apply this cooperative approach to a broader development agenda and an array of global economic challenges. Leaders' willingness to step forward in world trade negotiations, kick-start infrastructure investment and tackle energy and climate issues is evident in the Brisbane communiqué and foreshadows a future in which the G20 fulfills the role of steering committee for the global economy.

The associated Brisbane Action Plan and G20 members' Comprehensive Growth Strategies contain more than 800 new measures to achieve their target to grow major economies by 2.1% by 2018. ICC believes that this target can be achieved—and even exceeded—but will require the G20 to continue the spirit of cooperation, forge ahead with much-needed multi-lateral reforms and work in concert to ensure the recovery takes hold and that growth is strong, sustainable, and balanced.

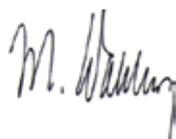
ICC also contends that the G20 must work in concert with business to achieve meaningful results – and that's why, after several years of engagement with the G20, I'm pleased to see that business recommendations are receiving greater and greater traction. B20 Australia Chairman Richard Goyder's assessment was that almost all of the B20's recommendations were reflected in the Summit communiqué. This is a comprehensive endorsement of the relevance of business input in the process; and the significance of that input was specifically acknowledged by Australian Prime Minister Tony Abbott in his Summit-closing press conference:

"I think it's that partnership with the B20 which has helped to make this G20 a success."

The purpose of the *ICC G20 Business Scorecard* is to help maintain this progress. Since the first edition was published in 2012, our aim has been to inform the G20 on how the business community interprets its actions – thereby helping it to establish priorities, honour commitments, gauge progress over time, and identify areas that merit greater attention.

The outcomes of the Brisbane Summit demonstrate that the B20 process can make a real difference to the conversation among G20 Leaders. We present this fourth edition of the *Scorecard* in the spirit of a continued mutually beneficial B20-G20 dialogue.

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 intergovernmental policies that affect business internationally. Since its elevation to a Leaders-level forum in 2008, G20 cooperation across a wide range of policy issues from trade to anti-corruption has aided Business' own efforts to grow and create jobs. Although the G20 is an informal forum for international cooperation with no permanent secretariat or 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, 80% of global trade, and two-thirds of the world's population. The G20 is credited with 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 concentrating on issues ranging from trade and investment to anti-corruption and employment.

The process of constructing and delivering business recommendations during the Australian G20 Presidency was organized by B20 Australia under the chairmanship of Wesfarmers CEO Richard Goyder, appointed by (then) Australian Prime Minister Julia Gillard. During the first half of 2014, four policy task forces (Trade, Infrastructure & Investment, Financing for Growth, and Human Capital)—supported by a crosscutting anti-corruption working group—produced a final set of 20 mutually reinforcing recommendations for action by G20 governments. The business community believes the recommendations are specific, practical and actionable. If implemented, they will prompt inclusive growth, boost participation, create jobs and build the global economy's resilience.

The evaluation of G20 responsiveness to business

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

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

- Informing G20 governments on how the business community interprets G20 actions, thereby helping the G20 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 complexity of the G20's policy work, the *Scorecard* focuses on G20 responsiveness to business recommendations; it does not attempt to assess progress on the G20's entire agenda. Secondly, this fourth edition of the *Scorecard* concentrates on G20 performance during the 2014 Australian presidency. It includes assessments of progress over time, recognizing that the response cycle of government policymaking is generally longer-term than the time afforded by the one-year G20 presidencies.

In addition, 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 fourth edition *Scorecard* takes its starting point from the 20 mutually reinforcing recommendations for G20 governments prepared by B20 Australia in 2014. In addition, recommendations on energy and tax reform—prepared by ICC in 2014 for G20 Leaders' consideration—are also evaluated. These additional recommendations reflect two areas of the G20 agenda that the 2014 B20 Australia did not address but which ICC believes merit discussion at the highest level.

Recommendations in the *Scorecard* are grouped into seven policy categories, including the first five issues corresponding to the 2014 B20 Australia task force structure, followed by two *ICC G20 Advisory Group* priorities on energy and tax reform.

1. Trade
2. Investment and Infrastructure
3. Financing Growth
4. Human Capital
5. Anti-Corruption
6. Energy and Environment
7. Global Tax Reform

Our colleagues at the International Organisation of Employers (IOE) and the Business and Industry Advisory Committee to the OECD (BIAC) contributed the *Scorecard's* evaluation of Human Capital. IOE and BIAC contributed significantly to the development of B20 recommendations in this area, and IOE served as the co-chair for the Human Capital task force during the Russian and Australian cycles.

Scores

Overall score

The 2014 G20 Leaders' Summit in Brisbane continued the growth narrative developed by the 2013 Russian presidency and delivered practical advancements on several business priorities.

This edition of the *Scorecard* reports an overall score of 2.1 (out of 3.0), which translates to a **FAIR** assessment across the seven major policy groups. With only one of the seven chapters receiving a "POOR" grade, the overall score reflects Australia's considerable efforts to actively engage business throughout its G20 Presidency. It also suggests an improving alignment between B20 recommendations and G20 priorities. The higher number of "GOOD" scores across the B20 recommendations evaluated in this edition also speaks to the increasing traction of business input. Despite this progress, however, the overall average score of "FAIR" reflects several "Inadequate" scores, which prevent the G20 from reaching a higher overall score.

Overall Score Fourth Edition ICC G20 Business Scorecard

Overview of all topics	Score
Trade	FAIR (2.0)
Infrastructure and Investment	FAIR (2.0)
Financing Growth	GOOD (2.7)
Human Capital	FAIR (1.6)
Anti-Corruption	GOOD (2.75)
Energy and Environment	POOR (1.2)
Global Tax Reform	GOOD (2.5)
Overall Score	FAIR (2.1)

The G20's response to business priorities under the Australian G20 Presidency can therefore best be summarized as follows: Where G20 leaders adopted business recommendations, they truly integrated these practices in their work, and consequently received a high score. Conversely, on issues where G20 leaders failed to acknowledge business recommendations, these initiatives generated low scores and pulled down the overall average. The fourth edition *Scorecard* accordingly suggests room for improvement for both the B20 and G20 in terms of better communicating and translating priorities into government actions.

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. Some of the more notable steps G20 Leaders took in Brisbane in response to business recommendations include the following:

- Strong support for the multilateral trading system to drive economic growth and job creation;
- Several commitments to stimulate much-needed investment in infrastructure, including the launch of the G20's multi-year Global Infrastructure Initiative;
- The pledge to reduce the gap by 25% in female participation in the paid workforce;
- Endorsement of a new two-year G20 Anti-corruption Action Plan; and
- The announcement of the first-ever G20 Energy Ministers meeting to be held in 2015.

Business also applauds progress on the G20's comprehensive financial regulatory reform agenda and supports Leaders' commitment to modernize international tax rules, including the G20/OECD base erosion plan and profit shifting (BEPS) project.

G20 score on Trade

The overall business assessment of G20 commitments and decisions on Trade is **FAIR** (2 of 3). This score is a reflection of solid progress on the WTO Trade Facilitation Agreement and the multilateral trade agenda. The score is limited, however, by the G20's insufficient action to curb protectionism and improve alignment of preferential trade agreements (PTAs) with business needs.

The fourth edition reveals a slight dip in score from last year's "GOOD" score¹, which noted the G20's exemplary leadership on trade during the Russian cycle. Nonetheless, this year's score is an improvement over the first and second *Scorecard*—where G20 Trade commitments and decisions received "POOR" scores. This result demonstrates an overall positive trend in G20's recognition of business priorities on trade since ICC's monitoring began.

Robust trade policies—supported by an open, rules-based, transparent and non-discriminatory multilateral trading system embodied by the WTO—are the best guarantee to deliver strong and sustainable growth. Business is therefore pleased that Prime Minister Abbott made trade a prominent item on the G20 agenda throughout Australia's presidency. The Brisbane Summit declaration and action plan rightfully recognized trade as a key driver of economic growth, improved living standards and job creation. Business was particularly pleased that the G20 rallied support for a strong multilateral trading system, including the focus on WTO rules and their historic role in delivering economic prosperity.

Scoring component highlights:

- Accounting for the breakthrough between the United States and India on the WTO Trade Facilitation Agreement, G20 Leaders pledged to implement all elements of the Bali package and to swiftly define a WTO work programme on the remaining Doha Development Agenda issues. Business calls on G20 countries to build upon this momentum and lead continuing negotiations at the WTO.
- Business was again pleased that G20 Leaders reiterated their commitment to the standstill agreement and pledged to rollback protectionist measures. These commitments, however, come across as hollow in the face of recent reports that operational progress has been lacking. While some G20 members have introduced trade-liberalizing measures, new restrictive measures still outnumber these efforts, increasing the cumulative share of restrictive measures imposed since 2008. Moreover, Leaders have not adequately addressed problems of increasing non-tariff barriers as suggested by B20.
- G20 Leaders agreed to ensure that bilateral, regional and plurilateral agreements complement one another, are transparent and contribute to a stronger multilateral trading system under WTO rules. Business welcomes this because it is essential that the dramatic increase in PTAs does not spiral out of control, ultimately undermining the multilateral system and the broader business interests they are intended to serve. So while the calls for complementarity and transparency are good, G20 directives must also include the B20 recommendations to extend business consultation in the process, including anti-corruption clauses or addressing emerging trade issues in PTA discussions. Considering the proliferation of PTAs, coupled with several currently under negotiation, G20 Leaders must weigh in and address this important business issue.

Summary of G20 Response to Business Recommendations

Trade	Score
1.A – Implement the WTO Trade Facilitation Agreement	Good
1.B – Reinforce the standstill on protectionism	Poor
1.C – Ensure PTAs realize better business outcomes	Fair
1.D – Develop country-specific supply chain strategies	No Score
Overall Score	FAIR

- Business commends Australia for hosting the second G20 Trade Ministers meeting on 19 July in Sydney. The event, which was held back to back with the annual B20 Summit, provided an important opportunity for the business community to share policy priorities and offer business support to trade ministers. The inclusion of trade-promoting policies in several of G20 member growth strategies released in Brisbane is also a significant achievement. To realize the greatest benefits, G20 nations are encouraged to develop country-specific supply chain strategies and remove supply chain barriers.

G20 score on Infrastructure and Investment

The overall score assessment of G20 commitments and decisions on Infrastructure and Investment is **FAIR** (2.3 of 3). The score reflects Australia’s emphasis on long-term investment and infrastructure as one of its key priorities for its G20 presidency, resulting in a number of collective actions and initiatives to improve infrastructure investments across the G20 and beyond. This category narrowly missed a “GOOD” score for its continued absence of any discussions on the recurrent business recommendation to work towards a multilateral framework on investment.

A comparison of past scores shows that the G20 has not only increased its focus on infrastructure and investment but it has also improved its responsiveness to business recommendations in this area. The 2014 Australian G20 is particularly notable for its constructive approach to working with the private sector. Infrastructure investment, whether maintaining existing networks or building new assets, is critical to economic growth and development—as evidenced by the multiplier effect of infrastructure investment on GDP and job creation. Australian Prime Minister Abbott’s leadership on the issue throughout the year was significant, including the first joint G20-B20 infrastructure roundtable and the Brisbane launch of a multi-year Global Infrastructure Initiative to lift quality public and private infrastructure investment. The G20 initiative comes at a critical time, given estimates by the Organisation for Economic Co-operation and Development (OECD) that over US\$70 trillion in investment in infrastructure is needed by 2030.

Summary of G20 Response to Business Recommendations

Infrastructure and Investment	Score
2.A – Reaffirm the critical importance of infrastructure	Good
2.B – Establish, publish and deliver credible national infrastructure pipelines	No Score
2.C – Establish an Infrastructure Hub	Good
2.D – Promote cross-border investments and FDI through a model investment treaty	Inadequate
2.E – Promote longer-term investment	Good
Overall Score	FAIR

Scoring component highlights:

- The Brisbane Summit Declaration, Brisbane Action Plan and G20 members’ growth strategies contain significant references to infrastructure investment and underscore the group’s critical role—supported by the private sector—in achieving the G20’s overarching goal of strong, sustainable and balanced growth. Business commends this effort, although it remains to be seen if G20 members will follow through on the B20’s call for the development of specific infrastructure investment targets aligned with national strategic visions.
- Business welcomes the Leaders’ commitment in Brisbane to improve access to essential information on infrastructure project pipelines. It also supports agreement on voluntary practices to promote and prioritize quality investment, particularly in infrastructure. If enforced, these practices will establish the conditions and frameworks necessary to encourage greater private sector involvement in infrastructure delivery.

- The establishment of the Global Infrastructure Hub directly responds to one of the B20's core business recommendations in 2014. If effective, the Hub could drive an additional US\$2 trillion in infrastructure capacity. Business notes the need for policy coherence and operational coordination across the Hub and other initiatives in this space, such as the World Bank's new Global Infrastructure Facility (GIF). The work of these organizations should be complementary and not competitive. Although individual private-sector companies have expressed interest in participating in the Hub, they must be represented more significantly in the final Hub and in the broader Initiative.
- Australia's focus on long-term investment was evident throughout its 2014 presidency. The launch of several investment initiatives identified in the Brisbane Action plan and G20 member growth strategies is a significant achievement. Nonetheless, Business cautions that post-crisis financial-sector prudential regulation must avoid making it more costly for financial markets to provide long-term capital. Business highly endorses the Financial Stability Board's (FSB) decision to monitor impacts of financial regulation on the provision of long-term finance under its annual monitoring framework.
- Business believes that more needs to be done to reinforce cross-border investment activity. It encourages G20 Leaders to engage in discussions on a multilateral framework for investment. Though the G20 has not yet responded to this business priority, we believe the development of a high-standard multilateral framework would help overcome the deficiencies of the current patchwork of bilateral and regional investment rules. Ultimately, these efforts will provide international investors with greater confidence and a level playing field.

G20 score on Financing Growth

The overall score assessment of G20 commitments and decisions on Financing Growth is **GOOD** (2.7 of 3). The near perfect score reflects the G20's significant work to correct the fault lines that led to the global financial crisis. Notable progress was made across the G20's regulatory reform agenda under the Australian G20 presidency, and the group acted upon all of the business recommendations. The only shortfall noted in the *Scorecard* is due to some notable gaps in finalization and implementation of agreed-upon core financial reforms.

The shared agenda for the business community and governments is to foster growth that promotes job creation and development. Business stands ready to play its part. Now governments need to address structural bottlenecks and implement policies that promote financial stability. They also need to create reliable market conditions for private-sector engagement and investment. The G20's steady progress on its comprehensive financial reform package, led by the FSB, is both welcome and necessary to instill business confidence. As rightly noted by Leaders in Brisbane, the task now is to swiftly finalize remaining elements in a timely and uniform fashion.

Summary of G20 Response to Business Recommendations

Financing Growth	Score
3.A – Finalize the core global financial reforms in 2014	Fair
3.B – Ensure emerging market economies are effectively represented on global standard setters	Good
3.C – Review prudential and conduct regulation	Good
Overall Score	GOOD

Scoring component highlights:

- Business recognizes that financial regulation is ongoing and welcomes substantial progress on the G20's regulatory reform package. Several of the reforms agreed at Leaders' level, however, remain tentative or incompletely implemented. Business calls for the G20 to expeditiously finalize agreed reforms, while carefully monitoring implementation across jurisdictions to avoid regulatory fragmentation.
- Given that emerging market and developing economies account for around two-thirds of global growth—and they are expected to do so for the foreseeable future—business is pleased that Leaders in Brisbane welcomed increased representation of emerging economies on the FSB. More effective representation in global regulatory bodies is critical to ensure that emerging market economies' perspectives are better incorporated in decision-making processes.
- It is encouraging that Leaders welcomed the FSB's plans to report on the implementation and effects of the G20's agreed financial regulatory reforms. A key aspect of this work should be ensuring that new prudential and conduct regulatory standards do not inadvertently restrict access to finance, particularly for small- and medium-sized enterprises (SMEs).

G20 score on Human Capital

The overall business assessment of G20 commitments and decisions on Human Capital is **FAIR** (1.6 of 3). High and persistent unemployment in many countries has motivated the G20 focus on the role of employment in achieving a sustained recovery. The commitment to place jobs at the heart of the recovery has consequently been included in every G20 Leaders' declaration. The G20 employment process under the Australian presidency focused on preventing structural unemployment, creating better jobs, and addressing informality and underemployment. It also encouraged participation in the workforce and implementing G20 commitments, which resulted in the introduction of annual national employment plans. In particular, Business applauds the fact that the G20 Employment Task Force, set up in Cannes in 2010, became a permanent body in 2014 as the G20 Employment Working Group.

The final outcome, however, of the G20 labour ministerial in September 2014 is mixed. Although ministers committed to important issues, such as the reduction of non-wage labour costs and skills development, concrete recommendations are missing to improve the business environment. Removing barriers to start and grow a business, and increasing adaptability and mobility within and across labour markets, are fundamental prerequisites for creating opportunities for newcomers to the labour market and for companies to hire.

Summary of G20 Response to Business Recommendations

Human Capital	Score
4.A – Establish a national innovation agenda and pipeline with supporting structural reforms	Inadequate
4.B – Increase the level of alignment and responsiveness between the learning ecosystem and workforce needs	Fair
4.C – Remove barriers inhibiting entrepreneurs from starting and growing businesses	Poor
4.D – Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets	Fair
4.E – Monitor and measure G20 nation commitments to Human Capital and Employment Actions	Good
Overall Score	FAIR

Scoring component highlights:

- Business welcomes the G20 commitment to reduce non-wage labour costs. High non-wage labour costs are direct and significant obstacles to job creation.
- Commitments to specific and concrete structural reforms to enable an environment for job creation are missing from the 2014 G20 Labour and Employment Ministerial Declaration and the Brisbane Summit Communiqué. In 2013, Business welcomed the G20 ministers' commitment to implement reforms that support multiple forms of work. Despite this commitment towards greater labour market flexibility, however, progress has been too slow—a key finding of the 2014 IOE-BIAC G20 Implementation Survey and Report.
- Business welcomes the G20 commitment to support gender equality, including improved access to affordable quality childcare. This initiative is critical to increase workforce participation rates given the aging population and demographic changes in many G20 countries.
- Business welcomes the strong G20 recommendations on skills and education. The commitment to strengthen links between education providers, employers and employment services with a view to reducing skills mismatch, meeting skills demands, and facilitating entry into the labour market is critical, particularly for youth.
- Business commends the G20 national employment plans in which the countries commit to concrete policy priorities and measures. The impact of such plans will, however, largely depend on governments at national level to collaborate with representative employers' organizations and to follow through with their commitments.

G20 score on Anti-Corruption

The overall score assessment of G20 commitments and decisions on Anti-Corruption is **GOOD** (2.75 of 3). This is the highest score of any chapter in the fourth edition of the *Scorecard*. This score acknowledges the ongoing partnership between the B20 and ACWG, with several commitments and deliverables in the 2015-2016 G20 Anti-Corruption Action Plan closely aligned to the 2014 B20 recommendations.

This year's score is also a slight numerical improvement over the third edition *Scorecard*, demonstrating a year-on-year improvement since ICC's monitoring began. This increase can largely be attributed to government and global businesses' shared responsibility to enhance transparency and combat corruption. The ACWG is by far the most inclusive of all of the G20 working arrangements. B20 representatives are routinely invited to participate in official ACWG meetings and submit suggestions on the future G20 anti-corruption agenda.

Summary of G20 Response to Business Recommendations

Anti-Corruption	Score
5.A – Harmonize laws related to anti-corruption	Good
5.B – Enforce applicable Anti-Corruption legal frameworks	Fair
5.C – Endorse the G8 core principles on transparency of ownership	Good
5.D – Implement transparent infrastructure procurement and approvals processes	Fair
Overall Score	GOOD

Scoring component highlights:

- Business is pleased that the 2015-2016 G20 Anti-corruption Action Plan contains several specific commitments related to the B20 Australia recommendations. Business appreciates the opportunity to partner with the G20 and commends the efforts to ensure alignment between the interests of business, governments and the rule of law. In particular, business welcomes the G20 pledge to work with the private sector to develop anti-corruption education and training for business, with a particular focus on SMEs. Business also welcomes G20's plan to examine best practices for businesses to implement robust compliance programmes and to self-report breaches of corruption laws.
- Despite operating in its sixth year, the G20 commitment remains incomplete for ratification and full implementation by all G20 members of the United Nations Convention Against Corruption (UNCAC). ICC welcomes Germany's ratification of the UNCAC in November 2014. Japan's failure, however, to meet its 2010 G20 commitment to ratify the UNCAC—a convention now already ratified by 173 other countries—is disappointing.
- The G20 commitment to improve the transparency of beneficial ownership is an important new area of focus for the G20. Such transparency would make ill-gotten gains easier to trace. Benefiting from the proceeds of corruption and crime would also be more difficult.
- Business welcomes the ACWG's declaration that public procurement will be a priority issue in 2015-2016, including the announcement of a practical toolkit for G20 governments on integrity in public procurement. Business equally endorses the G20's *Leading Practices on Promoting and Prioritizing Quality Investment*. This proposal rightly identifies the critical role of robust and transparent public procurement systems in ensuring that corruption does not undermine infrastructure investment. The G20 now has the opportunity to build on this work and ensure effective implementation of transparency and integrity measures in infrastructure investments, including the mandate that all projects must comply with recognized international best practices.

G20 score on Energy and Environment

The overall score assessment of G20 commitments and decisions on Energy and Environment is **POOR** (1.2 of 3). This is the lowest score of all the policy areas evaluated in the fourth edition *Scorecard*, with two recurrent business priorities in the energy sphere receiving an “Inadequate” score: carbon pricing and trade in environmental goods and services.

This year's overall low score follows G20's previous performance on Energy and Environment: only the second edition *Scorecard* achieved a “Fair” score. The persistently low scores in this area illustrate G20 Leaders' continued difficulties in bridging differences and collectively rallying around one of society's most intractable international challenges.

This low overall score also masks the progress made during the Australia G20 cycle. During this time, the group took steps to improve the global energy governance framework and to raise the energy efficiency profile with the goal to deliver economic and environmental benefits. ICC was pleased to see the G20 Leaders' commitment to addressing climate

Summary of G20 Response to Business Recommendations

Energy and Environment	Score
6.A – Increase the uptake of energy efficiency	Fair
6.B – Minimize inefficient and wasteful energy subsidies that distort markets	Poor
6.C – Eliminate barriers to trade in energy and environmental goods and services	Inadequate
6.D – Implement predictable international carbon pricing	Inadequate
6.E – Improve global energy governance framework	Good
Overall Score	POOR

change and to working together to adopt “a protocol, another legal instrument or an agreed outcome with legal force under the UNFCCC that is applicable to all parties at the 21st Conference of the Parties (COP21) in Paris in 2015.” Although energy and climate issues had not been a priority for the Australian G20 presidency, G20 Leaders nonetheless dedicated—for the first time—an entire session on global energy issues at the Brisbane Summit. This effort, coupled with the announcement of the first-ever G20 Energy Ministers meeting to be held in 2015, demonstrates that energy and climate issues are emerging as integral parts of the G20 agenda. This direction supports G20’s affirmation that strong, resilient energy markets and access to energy are considered critical to economic growth

Scoring component highlights:

- ICC commends the *G20 Energy Efficiency Action Plan* announced at Brisbane and calls on participating G20 members to provide the resources to support this important initiative. Improving energy efficiency can deliver economic and environmental benefits, including reduced energy infrastructure costs, lowered fossil fuel dependency, increased energy security and improved consumer welfare.
- The G20 reaffirmed its 2009 Pittsburgh commitment to rationalize and phase out inefficient fossil fuel subsidies. While welcoming this commitment, business remains concerned over the lack of progress. Now entering the seventh year since the G20’s initial pledge, business notes the continued absence of measurable achievements. The G20 needs to honour its Pittsburgh commitment and deliver the leadership to reduce public spending on fossil fuel subsidies and encourage the development of low-carbon innovations and alternative energy sources.
- While the Brisbane *G20 Principles on Energy Collaboration* includes a commitment to promote energy trade and investment, this is far from a clear recognition of the business recommendation to eliminate tariff and non-tariff barriers to trade in environmental goods and services. Business believes that the Australian G20 presidency missed an important and timely opportunity by not including discussions on the plurilateral Environmental Goods Agreement (EGA) in Brisbane. This point is even more noteworthy since Australia was one of the EGA’s founding members. Trade-enhancing solutions can be a particularly important tool in addressing global sustainability challenges. By reducing tariffs on environmental goods and services, countries will have better access to new environmental technologies.
- Business has sought clarity from policymakers in developing long-term, predictable market-based policies on climate change. Yet, despite recurrent calls from business, ICC notes a continued absence of material discussions on market-based mechanisms, including carbon pricing, at the G20 Leader and Finance Minister level. While these policies have primarily been dealt with at the intergovernmental level at the United Nations Framework Convention on Climate Change (UNFCCC), Business believes that the G20 can, and should, take a leadership role in setting the parameters for these discussions.
- Business commends the G20 for discussing reform of global energy institutions and enhanced cooperation between emerging and advanced economies at the highest political level. The adoption in Brisbane of the *G20 Principles on Energy Collaboration*, in which Leaders of the G20 countries agreed to work together to make international energy institutions more representative and inclusive of emerging and developing economies, is a significant achievement and bodes well for future work on this important issue.

G20 score on Global Tax Reform

The overall score assessment of G20 commitments and decisions on Global Tax Reform is **GOOD** (2.5 of 3). The relatively high score acknowledges the significant efforts by OECD and G20 members to harmonize taxation standards under the G20/OECD base erosion and profit shifting (BEPS) project. Business recognizes that stronger G20 leadership is necessary to ensure a coordinated, balanced and common approach.

ICC supports the efforts of the G20 and individual governments to harmonize taxation standards

and welcomes the opportunity to remain actively engaged in the G20's tax agenda process. While ICC fully concurs that tax fraud and tax evasion should be stopped, these issues should be clearly distinguished from legal tax management and planning. Increased coordination between governments is necessary to avoid inconsistencies between national tax systems. Governments must collaborate to create transparent, efficient, predictable and stable tax regimes that incentivize long-term investment, job creation and economic growth.

Scoring component highlights:

- Business fully acknowledges the importance of tax authorities to have access to information, ensuring that businesses pay the correct amount of tax, but underscores the importance of confidentiality of commercially sensitive business information. Business therefore welcomes that the OECD has made clear that country-by-country reporting should go to tax administrations and not be made public.
- 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 as it implements the G20/OECD BEPS Action Plan. Double taxation is a major impediment to trade and must be avoided. ICC welcomes the OECD's December discussion draft on making dispute resolution mechanisms more effective (BEPS Action 14). ICC looks forward to engaging with the G20 and the OECD on this important topic in 2015.

Summary of G20 Response to Business Recommendations

Global Tax Reform	Score
7.A – Ensure confidentiality of commercially sensitive businesses information	Good
7.B – Modernize and harmonize taxation rules for the 21st Century	Fair
Overall Score	GOOD

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 first edition *Scorecard* in 2012. Notably, the major groupings have changed slightly due to the re-composition of B20 task forces under B20 Australia, the inclusion of a chapter on Human Capital deriving from ICC's collaboration with IOE/BIAC, and the addition of an evaluation on Global Tax Reform reflecting ICC policy work in this area. 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 specific score progress since ICC's monitoring began.

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 continually adapt the *Scorecard* to reflect the evolution of Business policy priorities and G20's progress in responding to these priorities.

Major Grouping (Past Editions)	First Scorecard	Second Scorecard	Third Scorecard	Fourth Scorecard	Major Grouping (Fourth Edition)
Trade and Investment	Poor	Poor	Good	Fair	Trade
				Fair	Infrastructure and Investment
Financing for Growth and Development	Fair	Good	Fair	Good	Financing Growth
Energy and Environment	Poor	Fair	Poor	Poor	Energy and Environment
Anti-Corruption	Poor	Fair	Good	Good	Anti-Corruption
				Fair	Human Capital
				Good	Global Tax Reform
Overall Score	POOR (1.4)	FAIR (1.9)	FAIR (2.1)	FAIR (2.1)	

Introduction

Business engagement: a prerequisite for success

As 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 of growth, financial stability, and better global governance. For these reasons, ICC has been closely engaged in the G8/G20 policy process since 1990, when it initiated the practice of conveying world business priorities to the host country Head of State.

With its mixed membership of advanced and emerging economies, the G20 has become a powerful force for shaping the rules of engagement for competing in global markets. With this understanding, 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.

In 2014, and for the fifth consecutive year, ICC continued to serve as a strategic partner in the B20 process. CEO members of the *Advisory Group* have worked collectively to develop constructive policy recommendations on key issues from a world business perspective, and during B20 Australia, held leadership positions in three of the four task forces.

Former Korean President Lee Myung-bak recognized the importance of business engagement and ushered in a new era for 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.”*

In his closing press conference at the 2014 Brisbane Summit Australian Prime Minister Abbott reiterated B20's continued relevance and its role in delivering high-level business input to G20 policymaking: *“I don't believe there has ever been such close partnership between the G20 and the B20. And there was a very good reason for that because, in the end, if we want better communities and a stronger society, as we all do, we need stronger economies to sustain them and we won't get stronger economies without stronger and more profitable private businesses. I think it's that partnership with the B20 which has helped to make this G20 a success.”*

The Brisbane Summit Legacy

At their first meeting under the Australian presidency in Sydney in February 2014, G20 finance ministers announced:

... [The G20] will develop ambitious but realistic policies with the aim to lift our collective GDP by more than 2% above the trajectory implied by current policies over the coming 5 years. This is over US\$2 trillion more in real terms and will lead to significant additional jobs. To achieve this, we will take concrete actions across the G20, including to increase investment, lift employment and participation, enhance trade and promote competition, in addition to macroeconomic policies.

In an effort to achieve the target set by finance ministers, G20 Leaders agreed at the Brisbane Summit on a “comprehensive and coherent” economic plan that could expand

major economies by 2.1% while also delivering “spillovers” for smaller non-G20 economies. The resulting Brisbane Action Plan contains close to 1,000 measures, including more than 800 new ones, with individual national growth strategy actions ranging from employment measures to infrastructure investment, as well as actions to expand trade, increase competition and reduce the regulatory burden on business.

The Brisbane Action Plan and National Growth Strategies were not the first times Leaders delineated country specific commitments; however, it was the first time the G20 rallied around a specific growth target. ICC believes the 2.1% economic growth target can be achieved—and even exceeded—but challenges also lie ahead. Continued interaction with global business will help ensure a faster and more impactful path to growth.

While the fourth edition *Scorecard* does not specifically evaluate the Brisbane Action Plan and G20 members’ Comprehensive Growth Strategies, ICC contends that if properly implemented, these strategies have the potential to become an important legacy of the Australian G20 Presidency. To achieve this will require the G20 to increase visibility and understanding of the country growth plans to ensure implementation and accountability.

G20 business recommendations

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

In 2014, B20 Australia streamlined the process and established four targeted task forces: Trade; Infrastructure & Investment; Human Capital; and Financing Growth. A crosscutting anti-corruption working group was also established to consider corruption risk issues across the four B20 task forces. The result of this work was the development and publication of 20 mutually-reinforcing recommendations for G20 Leaders, which called on the G20 to focus on four themes that will remove barriers to growth:

- structural flexibility;
- free movement across borders;
- consistent and effective regulation; and
- integrity and credibility in commerce.

Collectively, the B20 recommendations presented to the G20 in Seoul, Cannes, Los Cabos, St. Petersburg and Brisbane comprise a seminal compendium of international business priorities and recommendations that continue to evolve as the process moves from summit to summit. Some business priorities have been reiterated and carried over between Summits, while others have called on the G20 to take action in new areas.

The Scorecard: towards sustained and balanced measurement

With the B20 process now entering its sixth year, an ever-increasing need exists 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.

Three 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” (1.4)² 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 overall assessment was "FAIR" (1.9), which marked a modest improvement over the first *Scorecard*.
- 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 with an overall assessment of "FAIR" (2.1). It still noted, however, that progress remained poor in several crucial areas, including energy and the environment.

This fourth edition of the *Scorecard* focuses on the G20's response to recommendations put forward by the international business community during the 2014 Australian 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 and issues that the *ICC G20 Advisory Group* considers priorities for G20 attention at this time. Notably, the major groupings also correspond to trends in recurring priorities put forward by the broader B20 participants.

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

1. **Trade** captures a major policy area of the business recommendations over the past five B20 cycles and reflects the international business view that trade is a vital contributor to the global economy.
2. **Infrastructure and Investment** explores business recommendations that address structural bottlenecks in infrastructure investment. It also suggests policies to create an enabling environment for private sector engagement.
3. **Financing Growth** looks at steps to ensure that the implementation of global financial reforms promotes an integrated global financial system, that it addresses harmful fragmentation, and that it avoids unintended costs for business and the real economy.
4. **Human Capital** is contributed by the IOE and BIAC and highlights key challenges and recommendations for creating sustainable growth and generating employment opportunities across G20 countries.
5. **Anti-Corruption** 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 establish and enforce robust anti-corruption compliance programmes.
6. **Energy and Environment** takes its starting point from the *2014 ICC Energy Priorities for G20* paper and covers some of society's most intractable international challenges: rationalizing energy markets, improving international energy cooperation, and achieving sustainable development.
7. **Global Tax Reform** is derived from the ICC Commission on Taxation's active engagement in the G20/OECD mandated BEPS project, which aims to create a new single set of consensus-based international tax rules.

The fourth edition of the *Scorecard* looks at 28 business recommendations across these seven policy groupings, with a corresponding assessment and score, as discussed below.

Evaluation

The *ICC G20 CEO Advisory Group*, their corporate representatives and ICC policy experts have collectively assessed the G20's response to international business recommendations. G20 responsiveness is based on official documents issued by the G20, its working groups and ministerial meetings, and on other publicly available documents. While multiple official documents are considered for the evaluation, the *Scorecard* particularly emphasizes the G20's principal policy outcome document, the "Leaders' Declaration" (sometimes referred to as "Summit Communiqué"). This document embodies the collective voice of the G20 Leaders and is the primary 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 national growth strategies for individual member states, released at the conclusion of the Brisbane Summit, are not used for assessing scores.

Examples from G20 members may be highlighted, however, to illustrate general action and progress. Likewise, the *Scorecard* does not evaluate G20 performance on the basis of whether the "end goal" is achieved. Rather, it evaluates G20's recognition of the problem, the G20's actions to address the problem, and 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 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 or action is adequate in addressing business concerns.

Score criteria	
Recognition	☑
Action	☒
Adequacy	☒

For each criterion the G20 meets, it earns a green check (☑) and one corresponding point, each of which lend to a final score. If the criterion has not been met, it is assigned a red "X" (☒) and 0 points. 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 considering business priorities and whether the G20, as a collective body, is responding effectively, the numerical score is further translated into a qualitative assessment.

The score “Inadequate” indicates that the G20 has not addressed the issue at all (i.e., it earned no points). 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., earning a point 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 lend to an overall score, based on the average of all 28 recommendations reviewed in the fourth edition of the *Scorecard*.

Chapter 1: Trade

Over the past 60 years, the multilateral trading system has contributed to improving the standard of living of billions of people across the world by creating new economic opportunities and providing greater choice and lower prices to consumers. Six years after the global financial crisis, however, Gross Domestic Product (GDP) growth for a majority of the world economies has shifted to a noticeably lower path compared to pre-crisis levels.

In January, the World Bank once again revised its forecast for global growth downward in 2015 to 3%, having previously predicted an increase of 3.4% in June 2014.³ World trade growth remains equally sluggish. The United Nations World Economic Situation and Prospects 2015 (WESP) report estimates that world trade expanded by 3.4% in 2014, still well below the pre-crisis average rate of 6% (1990–2008).⁴ In a global economy where recovery remains fragile, additional measures to liberalize trade can provide a significant debt-free stimulus and much needed boost to global GDP. Therefore, international business has repeatedly called for G20 Leaders to ensure that trade liberalization remains a core feature of the G20 agenda.

Business was encouraged by Australian Prime Minister Tony Abbott's decision to make trade policy a prominent G20 agenda item throughout Australia's presidency, including by hosting the second G20 Trade Ministers meeting on July 19th in Sydney. The event, which was held back to back with the annual B20 Summit, provided an important opportunity for the international business community to share policy priorities and offer business support to G20 Trade Ministers.

In 2014, the B20 Australia Trade Task Force prepared four targeted, high-impact B20 trade recommendations that, if implemented, could generate up to \$3.4 trillion in GDP growth and support more than 50 million jobs across the G20 economies. The impact would be roughly equivalent to adding another Germany to the global economy.

Summary of score

The overall score assessment of G20 commitments and decisions on Trade is “FAIR” (2 of 3). This score is a function of solid progress on the WTO Trade Facilitation Agreement and the multilateral trade agenda. This progress was limited, however, by insufficient G20 action to curb protectionism and improve alignment of preferential trade agreements (PTAs) with business needs.

The fourth edition reveals a slight dip in score from last year's “GOOD” score⁵, which recognized the exemplary progress on trade during the Russian cycle. Nonetheless, this year's score is an improvement over the first and second *Scorecard*—where G20 commitments and decisions on trade received “POOR” scores. The outcome demonstrates an overall positive trend in G20's recognition of business priorities on trade since ICC's monitoring began.

Table 1 delineates the four B20 Australia Trade Task Force recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by an in-depth review and explanation of each recommendation and score.

Table 1

B20 Australia Trade Task Force Recommendations	Abridged recommendation	Score
1a Rapidly implement and ratify the Bali Trade Facilitation Agreement and provide capacity-building assistance and financial support for developing world trade partners to do the same.	<i>Implement the WTO Trade Facilitation Agreement</i>	GOOD
1b Reinforce the standstill on protectionism and wind back barriers introduced since the implementation of the standstill, especially non-tariff barriers.	<i>Reinforce the standstill on protectionism</i>	POOR
1c Ensure preferential trade agreements (PTAs) realize better business outcomes by consulting with business, improving transparency and consistency and addressing emerging trade issues.	<i>Ensure preferential trade agreements (PTAs) realize better business outcomes</i>	POOR
1d Develop country-specific supply chain strategies and address supply chain barriers through domestic regulatory reform and infrastructure investment.	<i>Develop country-specific supply chain strategies</i>	NO SCORE
Average Score for Trade		FAIR (1.7)

Scoring component highlights:

- Accounting for the breakthrough between the United States and India on the WTO Trade Facilitation Agreement, G20 Leaders pledged to implement all elements of the Bali package and to swiftly define a WTO work programme on the remaining Doha Development Agenda issues. Business calls on G20 countries to build upon this momentum and lead continuing negotiations at the WTO.
- Business was again pleased that G20 Leaders reiterated their commitment to the standstill agreement and pledged to rollback protectionist measures. These commitments, however, come across as hollow in the face of recent reports that operational progress has been lacking. While some G20 members have introduced trade-liberalizing measures, new restrictive measures still outnumber these efforts, increasing the cumulative share of restrictive measures imposed since 2008. Moreover, Leaders have not adequately addressed problems of increasing non-tariff barriers as suggested by B20.
- G20 Leaders agreed to ensure that bilateral, regional and plurilateral agreements complement one another, are transparent and contribute to a stronger multilateral trading system under WTO rules. Business welcomes this because it is essential that the dramatic increase in PTAs do not spiral out of control, ultimately undermining the multilateral system and the broader business interests they are intended to serve. So while the calls for complementarity and transparency are good, G20 directives must also include the B20 recommendations to extend business consultation in the process, including anti-corruption clauses or

addressing emerging trade issues in PTA discussions. Considering the proliferation of PTAs, coupled with several currently under negotiation, G20 Leaders must weigh in and address this important business issue.

- Business commends Australia for hosting the second G20 Trade Ministers meeting on 19 July in Sydney. The event, which was held back to back with the annual B20 Summit, provided an important opportunity for the business community to share policy priorities and offer business support to trade ministers. The inclusion of trade-promoting policies in several of G20 member growth strategies released in Brisbane is also a significant achievement. To realize the greatest benefits, G20 nations are encouraged to develop country-specific supply chain strategies and remove supply chain barriers.

1a - Implement the WTO Trade Facilitation Agreement

International business strongly believes in the primacy of a strong, rules-based multilateral trading system embodied by the World Trade Organization (WTO). Recalling the first G20 business gathering at the 2010 Toronto Summit, business leaders have continuously called on G20 Leaders to advance the WTO Doha Development Agenda trade negotiations, including a WTO Trade Facilitation Agreement (TFA). ICC has provided strong business leadership throughout TFA negotiations, rallying its global network to highlight the agreement's potential to boost growth and create up to 21 million new jobs.⁶ Business praised G20 Leaders for rallying behind the TFA at the 2013 St. Petersburg Summit, eventually closing the deal at the Ninth Ministerial Conference of the WTO in Bali in December 2013 (MC9).⁷

With the TFA agreed upon, business recommendations for the 2014 Australian G20 presidency looked to each G20 economy to accelerate the agreement's implementation and ratification.⁸ Headway was stalled in July, however, when India, together with supporters in developing countries, refused to adopt the protocol of amendment until a permanent solution on food stockpiles was reached. The ensuing gridlock, primarily between G20 members U.S. and India, endangered the success of the Bali package and ultimately threatened the effectiveness of the multilateral trading system. ICC once again called on G20 members to demonstrate leadership to save the TFA and restart the multilateral trade agenda.

On November 13, 2014, just two days before the G20 Summit in Brisbane, the U.S. and India unveiled a bilateral deal to resolve the impasse at the WTO, including by simultaneously adopting a protocol of amendment of TFA text and a decision clarifying that an existing "peace clause" protecting food stockholding programmes from certain legal challenges at the WTO will last until a permanent solution on food security is agreed upon.

On the eve of the G20 Summit, WTO Director-General Roberto Azevêdo commended business for its strong engagement on the TFA throughout the year: *"The business community is also a very strong supporter of the TFA, the Trade Facilitation Agreement, and I must praise the leadership of the B20, a leadership that has shown under Australia's presidency"*.⁹

The three-page Brisbane G20 Summit Declaration strongly endorsed the multilateral trading system and welcomed the U.S.-India agreement: *"A robust and effective WTO that responds to current and future challenges is essential. We welcome the breakthrough between the United States and India that will help the full and prompt implementation of the Trade Facilitation Agreement and includes provisions on food security."* Moreover, the Declaration provided political support for advancing the WTO system: *"We commit to implement all elements of the Bali package and to swiftly define a WTO work programme on the remaining issues of the Doha Development Agenda to get negotiations back on track. This will be important to restore trust and confidence in the multilateral trading system."* Notably, several of the G20 members' growth strategies identified in the Brisbane Action Plan included domestic reforms to facilitate trade by lowering costs, streamlining customs procedures, reducing regulatory burdens and strengthening trade-enabling services.

Building on the momentum from the U.S.-India agreement and the G20 Summit Declaration, WTO members came together at the WTO General Council in Geneva on November 27th and adopted texts that resolved the impasse and cleared the path for the TFA to be implemented and come into force.¹⁰ Significantly, the deal also set a new July 2015 deadline for WTO members to decide on a work programme on the remainder of the Doha Development Agenda.

SCORE: GOOD

ICC believes that implementation of the TFA is fundamental to the establishment of a more efficient management process for international trade in goods. Progress on the TFA is a demonstration of how G20 commitments and actions cut across G20 Summits; the success of MC9 in 2013 was the culmination of concerted G20 leadership and commitments made at the 2013 St. Petersburg Summit. This momentum was carried over in 2014, when G20 members U.S. and India unveiled a bilateral deal to resolve the impasse at the WTO just days before the Brisbane Summit. The breakthrough demonstrates the G20's collective ability to drive progress in other international forums, such as the WTO.

Explicit support for TFA implementation in the Summit Declaration, coupled with the subsequent agreement at the WTO on November 27th, has recharged the WTO's multilateral trade agenda and created momentum for more progress on the Doha agenda. WTO members must now ratify the TFA.

✔ Recognition

G20 Leaders in Brisbane demonstrated continued strong support for the implementation of the WTO TFA.

✔ Action

The G20 fulfilled its St. Petersburg commitment to reach a conclusion on the TFA at MC9 in Bali. Business commends G20 Leaders' continued support in Brisbane for the TFA and its implementation, including several actions outlined in individual G20 members' growth strategies.

✔ Adequacy

Business commends G20 members India and USA for the much needed global leadership in reaching a compromise solution. On the eve of the G20 Summit in Brisbane, the breakthrough was welcome and timely, and it laid the foundation for the Leaders' commitment to swiftly define a WTO work programme on the remaining issues of the Doha Development Agenda.

1b - Reinforce the standstill on protectionism

At the inaugural G20 Summit in November 2008, the G20 declared: *"We underscore the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty. In this regard, within the next 12 months, we will refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports."* At each subsequent Summit, the G20 has reaffirmed its pledge and called on WTO, OECD, and UNCTAD to monitor and publicly report on G20 countries' trade and investment policy measures. The "standstill" commitment was extended in St. Petersburg and currently remains valid until the end of 2016.

While Business recognizes that the G20 has no institutional mechanism to act, the group can play a catalytic role by committing to cooperate in international economic organizations to eliminate protectionist measures. Business has therefore strongly

supported the G20 initiative, with each B20 Summit containing a call for G20 Leaders to demonstrate global leadership and honour their standstill commitments. The 2014 Australian B20 Trade Task Force notes, “G20 economies have, for the most part, avoided tariff protectionism in the wake of the global financial crisis. Disappointingly, however, there has been a large increase in non-tariff barriers.” Recognizing that this trend undermines the goodwill of the G20 standstill agreement, the business community called for the G20 to demonstrate global leadership in 2014 by reaffirming the commitment to the standstill agreement, and advocating broad opposition to non-tariff barriers.¹¹ A similar recommendation to address non-tariff barriers¹² was put forward by the OECD, WTO and World Bank in their July report, *Global Value Chains: Challenges, Opportunities, and Implications for Policy*, which was prepared for the G20 Trade Ministers on the request of G20 Leaders at the 2013 St. Petersburg Summit.

As with past Summits, the Brisbane Summit Declaration reaffirmed Leaders’ “longstanding standstill and rollback commitments to resist protectionism.” The Brisbane Action Plan expanded on this commitment in an annex to the Summit Declaration, including continued support for the WTO, OECD and UNCTAD monitoring: “Resisting protectionism remains a core G20 commitment. We ask the WTO, the OECD and UNCTAD to continue to monitor, in accordance with their mandates, G20 trade and investment restricting measures and report to us every six months, with a view to better understand the nature of the stock of protectionist measures introduced since the global financial crisis and their impact on trade and investment.”

Despite these commitments, a number of reports and studies have found that protectionism is, in fact, on the rise:

- The WTO’s 12th monitoring report (mid-May 2014 to mid-October 2014) delivered to the Brisbane Summit notes that of the 1,244 restrictions recorded since the onset of the crisis in 2008, only 282 have been removed. Moreover, the total number of restrictive measures increased by 12% from the end of the reporting period in November 2013: “The combination of the continuing addition of new restrictive measures and a relatively low removal rate runs counter to the G-20 pledge to roll back any new protectionist measures that may have arisen.” Echoing business concerns, the report’s key findings highlight that “[g]reater transparency is needed from G-20 members in order to improve the understanding of the operation and effects of non-tariff barriers to trade.”
- The 11th EU Report on Potentially Trade-Restrictive Measures (June 1, 2013–June 30, 2014)¹³ identified 170 new measures “exceeding the number identified in the previous 13 months period.” Even more worrisome is that in that time span, the EU Report finds that only 12 previously imposed measures had been withdrawn (compared to 18 the previous year). The pace of removal has therefore considerably worsened, while the number of new measures increased as sharply as before.
- According to the 16th Global Trade Alert report (GTA)¹⁴, which has a broader definition of trade barriers than the WTO monitoring report, found that G20 economies have introduced more than 450 protectionist measures since their St. Petersburg Summit—exceeding the rate in 2009, during the depths of the crisis and “amounting on average to one harmful act every 23 hours.”

SCORE: POOR

Business is highly supportive of the G20’s standstill commitment and welcomes Leader’s continued recognition of the importance of refraining from protectionism as a core G20 commitment. Nonetheless, reports show that G20 nations are not adhering to their standstill and roll-back commitment with regards to regular tariff barriers—a commitment that has been in place since 2008. On the subject of non-tariff measures, as noted by the 2014 B20 Australia Trade Task Force, these can have a much greater detrimental impact on GDP growth than tariffs. Neither the G20 Summit Declaration nor the Brisbane Action Plan contains any commitments to address non-tariff measures. The nearest evidence is a

mention in the Action Plan that “some members have [...] taken actions to reduce non-tariff barriers.” While this inclusion indicates that G20 Leaders have touched upon this issue, it is far from an adequate response to business’ concerns. This lack of response is even more concerning, considering that the G20’s own monitoring exercise highlighted the need for greater transparency in this area.

✔ Recognition

G20 Leaders in Brisbane reaffirmed their longstanding standstill and rollback commitments to resist protectionism.

✘ Action

The G20 has not responded to Business calls for G20 leadership to advocate broad opposition to non-tariff barriers, nor has it acted on measures to enhance Standstill monitoring and compliance mechanisms.

✘ Adequacy

Adherence to the Standstill remains unsatisfactory. Likewise, recurring commitments to roll-back protectionism come across as hollow in the face of recent reports on the lack of operational progress. While some G20 members have introduced trade-liberalizing measures, new restrictive measures still outnumber them, increasing the cumulative share of restrictive measures implemented since the start of Leaders’ roll-back commitment in 2008.

1c - Ensure preferential trade agreements (PTAs) realize better business outcomes

The last 30 years have witnessed a dramatic increase in preferential trade agreements (PTAs). As of June 15, 2014, 585 PTAs have been notified to the WTO, 379 of which are in force and cover practically all countries in the world.¹⁵ The vast majority of these PTAs have been entered in the last two decades, and this trend is likely to continue given the number of PTAs currently under negotiation. While PTAs can make a significant contribution to trade liberalization, business has cautioned that a shift towards PTAs threatens the multilateral trading system’s relevance and undermines its core Most Favoured Nation (MFN) principle.

From the business perspective, the challenge is to ensure that PTAs evolve consistently with and complementary to broader multilateral trade liberalization and the WTO rules. Business has also stressed that it is important that PTAs produce real value. As the 2014 B20 Trade task force noted, businesses (especially SMEs) may not use poorly structured PTAs due to their complexity. Moreover, poorly implemented PTAs can reduce anticipated benefits for business, with additional concerns over the effects of trade diversion and regulatory fragmentation. Building on the 2013 B20 recommendation for G20 Leaders to make PTAs more transparent, compatible with multilateral trade promotion goals and complementary to the WTO rules, the 2014 B20 Trade task force has called on the G20 to ensure that PTAs realize better business outcomes.¹⁶ This initiative requires that PTAs are comprehensive, WTO-compliant, and developed with close business consultation. In addition, PTAs should also address emerging trade areas such as competition policy, services, regulatory cooperation, and non-tariff barriers, and they should include anti-corruption principles.

Business was encouraged by G20 Trade Ministers’ discussions on the role of PTAs in complementing multilateral liberalization during their second official meeting on July 19, 2014, in Sydney. The communiqué released at the conclusion of their meeting noted, “Such agreements, if well-designed, encourage domestic structural change and make it easier

for countries to enter multilateral agreements, because many of us have already lowered barriers with our trade partners.”

The G20’s position was further aligned to Businesses’ recommendation in November when G20 Leaders at the Brisbane Summit reaffirmed the importance of WTO rules as the backbone of the global trading system: *“To help business make best use of trade agreements, we will work to ensure our bilateral, regional and plurilateral agreements complement one another, are transparent and contribute to a stronger multilateral trading system under World Trade Organization (WTO) rules.”*

SCORE: FAIR

Business is pleased that G20 Leaders pledged to ensure that PTA processes are transparent, complementary and contribute to a stronger multilateral trading system, while also recognizing the need that these agreements must support business outcomes. Business welcomes this pledge because it is essential that the dramatic increase in PTAs do not spiral out of control, ultimately undermining the multilateral system and the broader business interests they are intended to serve. While the directives for complementarity and transparency are good, G20 Action needs to be more than an acknowledgment on paper. Future G20 directives should include the B20 recommendations to involve business consultation in the process, including anti-corruption clauses and emerging trade issues.

Recognition

The G20 addressed the issue of PTAs for the second year in a row, reflecting a growing acknowledgment that this critical issue merits attention.

Action

The Brisbane Summit Declaration explicitly mentioned the need to help business better utilize PTAs and, critically, pledged to ensure that agreements complement one another. PTA’s should emphasize transparency, convergency, and consistency with the multilateral trading system and the WTO.

Adequacy

The Brisbane Summit Declaration did not contain any new material commitments or discussion on improving PTAs, such as extending business consultation, including anti-corruption clauses or addressing emerging trade issues. Considering the proliferation of PTAs, coupled with several currently under negotiation, it is critical that G20 Leaders weigh in and address this important business issue.

1d - Develop country-specific supply chain strategies

Global supply chains enable goods to more efficiently reach markets, generating jobs, stimulating innovation, driving growth and improving the competitive environment. Today, over 70% of global trade is in intermediate goods and services, with components often crossing national borders many times before reaching the end user.¹⁷ The emergence of global supply chains can make it easier for businesses, especially small and medium enterprises (SMEs), to gain access to the global marketplace. On the other hand, supply chain barriers— ranging from inefficient border procedures and regulatory burdens on business to poor infrastructure and corruption—waste resources and drive up costs for traders, in many cases inhibiting SMEs from engaging in international trade.

In 2014, the B20 Australia Trade Task Force called on G20 Leaders to develop country-specific supply chain strategies to address, and ultimately eliminate, all supply chain barriers across all industries. This business recommendation looks primarily at country-level efforts,

including the development of national plans, targeted infrastructure investment, streamlined border administration and domestic regulatory reforms. As such, this recommendation lies outside the scope of the *Scorecard's* evaluation of collective G20 action. The fourth edition of the *Scorecard*, therefore, withholds an assessment of this recommendation. Nonetheless, the *Scorecard* would like to draw attention to several positive G20 steps that the group took during the Australian G20 presidency that support and reinforce the B20's recommendation. These include:

- The request by G20 Leaders in St. Petersburg—and subsequent delivery in July 2014—of the OECD, WTO and World Bank Group report, *Global Value Chains: Challenges, Opportunities, and Implications for Policy*, which identifies a number of priority actions for G20 governments to support an increasingly inter-connected global economy.
- The G20 Trade ministers meeting on July 19, 2014, where ministers considered the B20 recommendations, discussed global supply chain barriers and agreed, “[...] *barriers to trade-in services hamper economic growth and need to be addressed through both domestic reform and international cooperation.*”
- The Summit Declaration's explicit support for the TFA (see 1a), which, if properly implemented, will go a long way in reducing domestic supply chain barriers.
- The *Brisbane Action Plan's* recognition of supply chain importance¹⁸ and the corresponding trade-enhancing actions outlined in G20 members' growth strategies, which include streamlining border procedures, reducing barriers to trade-enabling services, and working to integrate SMEs into the global economy.

SCORE: NO SCORE

Australia is commended for ensuring that trade policy was a priority for the G20 in 2014. Addressing supply chain barriers benefits society broadly: by reducing resource wastage and transport costs, increasing mobility, and facilitating SME access to international markets. As noted by the B20 Australia Task Force, the greatest benefits from increased international trade would be realized if individual countries implement country-specific supply chain strategies, including targeted investment in supply chain infrastructure. Business welcomes the inclusion of trade-promoting policies in G20 members' growth strategies. On the international level, continued G20 leadership on the TFA (see 1a) is critical. Moving forward, Business encourages the G20 to lead by example by extending capacity-building assistance and financial support to assist developing countries in addressing supply chain barriers.

Chapter 2: Infrastructure and Investment

High-quality infrastructure is at the heart of efficient and productive economies. Ports, airports, roads, energy supply and power generation, telecommunications, and water systems form the complex infrastructure that supports modern life. Over the coming decades, however, trillions of dollars in new money will be required to build or replace infrastructure worldwide and to provide adequate energy and water supplies for the growing world economy.¹⁹ At the same time, as the world is facing a need for significant investment, the impact of the great recession on government finances means that many governments—particularly in the developed world—are hard-pressed to invest in public infrastructure.

A recent report from Standard and Poor's highlights that even if governments manage to sustain historic average investment levels of 3% of GDP over the next 20 years, an \$8.4 trillion infrastructure gap will still exist, equating to an annual investment gap of \$500 billion.²⁰ To put Standard and Poor's assumption in context, last year, the U.S. spent just 1.7% of GDP on infrastructure investment. Against this backdrop, everything possible must be done to encourage and remunerate private investment in infrastructure to help close the gap. Business stands ready to play its part, but governments need to address structural bottlenecks and implement policies to enable private sector engagement and investment.

Business, therefore, commends Australia for setting out infrastructure investment as one of its core priorities for its 2014 G20 presidency. Australian Prime Minister Abbott's leadership on the issue throughout the year was significant, including the first joint G20-B20 infrastructure roundtable and launch in Brisbane of a multi-year Global Infrastructure Initiative (GII) to fuel quality public and private infrastructure investment.

In 2014, the B20 Australia Infrastructure and Investment Task Force recommended six practical steps that G20 nations should take—individually and collectively—to promote more, and more efficient, investment in infrastructure.²¹ Collectively, the B20 estimated that these actions could generate \$8 trillion worth of additional infrastructure capacity by 2030, and \$1.6 trillion of additional investment by businesses in their own operations every year.

Summary of score

The overall score assessment of G20 commitments and decisions on Infrastructure and Investment is "FAIR" (2.3 of 3). The score reflects Australia's emphasis on long-term investment and infrastructure as one of its key priorities for its G20 presidency. The result has been collective actions and initiatives to improve infrastructure investments across the G20 and beyond. This initiative narrowly missed a "Good" score due to the continued absence of any discussions on the recurrent business recommendation to work towards a multilateral framework on investment.

While Infrastructure and Investment is a new policy grouping for the fourth *Scorecard*, previous editions have assessed various elements of this category. A comparison of past scores shows that the G20 has not only increased its focus on infrastructure and investment but also improved its responsiveness to business recommendations. The 2014 Australian G20 is particularly notable for its constructive approach to working with the private sector.

Table 2 delineates the five B20 Australia Infrastructure and Investment Task Force 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 of each score.

Table 2

B20 Australia Infrastructure and Investment Task Force Recommendations	Abridged recommendation	Score
<p>2a Reaffirm the critical importance of infrastructure – and private investment in infrastructure – and set specific five-year investment targets aligned to a national strategic vision.</p>	<p><i>Reaffirm the critical importance of infrastructure</i></p>	<p>GOOD</p>
<p>2b Establish, publish and deliver credible national infrastructure pipelines [by the Turkey G20 Summit in 2015] that have been rigorously assessed and prioritized by independent infrastructure authorities, and which take full advantage of private sector finance and expertise.</p>	<p><i>Establish, publish and deliver credible national infrastructure pipelines</i></p>	<p>NO SCORE</p>
<p>2c Establish an Infrastructure Hub with a global mandate to disseminate leading practice to facilitate the development and delivery of pipelines of bankable, investment-ready infrastructure projects.</p>	<p><i>Establish an Infrastructure Hub</i></p>	<p>GOOD</p>
<p>2d Work towards greater promotion and protection of cross-border capital flows and foreign direct investment (FDI) through a Model Investment Treaty.</p>	<p><i>Promote cross-border investments and FDI through a model investment treaty</i></p>	<p>INADEQUATE</p>
<p>2e Promote longer-term investment by removing unnecessary regulatory disincentives, and developing local capital markets and financing instruments that better align risk and return.</p>	<p><i>Promote longer-term investment</i></p>	<p>GOOD</p>
<p>Average Score for Infrastructure and Investment</p>		<p>FAIR (2.3)</p>

Scoring component highlights:

- The Brisbane Summit Declaration, Brisbane Action Plan and G20 members’ growth strategies contain significant references to infrastructure investment and underscore the group’s critical role—supported by the private sector—in achieving the G20’s overarching goal of strong, sustainable and balanced growth. Business commends this effort, although it remains to be seen if G20 members will follow through on the B20’s call for the development of specific infrastructure investment targets aligned with national strategic visions.
- Business welcomes the Leaders’ commitment in Brisbane to improve access to essential information on infrastructure project pipelines. It also supports agreement on voluntary practices to promote and prioritize quality investment, particularly in infrastructure. If enforced, these practices will establish the conditions and

frameworks necessary to encourage greater private sector involvement in infrastructure delivery.

- The establishment of the Global Infrastructure Hub directly responds to one of the B20's core business recommendations in 2014. If effective, the Hub could drive an additional US\$2 trillion in infrastructure capacity. Business notes the need for policy coherence and operational coordination across the Hub and other initiatives in this space, such as the World Bank's new Global Infrastructure Facility (GIF). The work of these organizations should be complementary and not competitive. Although individual private-sector companies have expressed interest in participating in the Hub, they must be represented more significantly in the final Hub and in the broader Initiative.
- Australia's focus on long-term investment was evident throughout its 2014 presidency. The launch of several investment initiatives identified in the Brisbane Action plan and G20 member growth strategies is a significant achievement. Nonetheless, Business cautions that post-crisis financial-sector prudential regulation must avoid making it more costly for financial markets to provide long-term capital. Business highly endorses FSB's decision to monitor impacts of financial regulation on the provision of long-term finance under its annual monitoring framework.
- Business believes that more needs to be done to reinforce cross-border investment activity. It encourages G20 Leaders to engage in discussions on a multilateral framework for investment. Though the G20 has not yet responded to this business priority, we believe the development of a high-standard multilateral framework would help overcome the deficiencies of the current patchwork of bilateral and regional investment rules. Ultimately, these efforts will provide international investors with greater confidence and a level playing field.

2a - Reaffirm the critical importance of infrastructure

Infrastructure investment, whether maintaining existing networks or building new assets, is critical to economic growth and development. Yet governments across the globe face challenges in meeting current and future demand for infrastructure, with an estimated \$15–20 trillion investment gap under current conditions. Over the long run, B20 Australia estimates that closing this gap could create up to 100 million additional jobs and generate \$6 trillion in economic activity every year. Infrastructure investments would also support the G20's development goals, including by contributing to health, education and food security.

While governments play a crucial role in filling the void, a big part of the solution is increased private sector involvement—as both investors and delivery partners. B20 recommendations in Seoul, Cannes, Los Cabos and St. Petersburg have consistently urged G20 governments to increase investments in infrastructure and explore ways to increase private sector participation. This direction was reaffirmed again by the 2014 B20 Australia Investment and Infrastructure Task Force, which called on G20 governments to acknowledge the importance of infrastructure –and private investment in infrastructure–and set specific five-year infrastructure investment targets in their country growth plans.

As chair of the G20 in 2014, Australia identified investment in infrastructure as a key priority and highlighted the need for collaboration with the private sector to close the investment gap.²² The increased focus resonated across much of the G20's agenda in 2014, resulting in a number of collective actions and initiatives to improve infrastructure investments across the G20 and beyond:

- The G20 Investment and Infrastructure Working Group (IIWG) was formed under the Australian presidency and tasked with finding ways to unlock private sector investment, particularly in infrastructure and SMEs.²³
- A first joint G20-B20 infrastructure roundtable discussion held in Sydney on February 21, 2014, provided opportunity for senior business representatives from around the world to have a direct dialog with G20 ministers, governors and heads of key institutions on ways to boost private sector investment in infrastructure.

- The G20 Development Working Group (DWG) report, *G20 Report on Infrastructure Agenda and Response to the Assessments of Project Preparation Facilities in Asia and Africa*, outlined G20 efforts to build infrastructure project preparation facilities in low-income countries (LICs).

The Brisbane Summit Declaration echoed the priority Business has placed on infrastructure investment, as Leaders announced: “*Tackling global investment and infrastructure shortfalls is crucial to lifting growth, job creation and productivity.*” To that end, Leaders endorsed the Global Infrastructure Initiative (GII), a multi-year work programme to fuel quality public and private infrastructure investment. To support implementation of the GII, Leaders also agreed to establish a Global Infrastructure Hub with a four-year mandate (see 2c). The critical role of the private sector was further underscored in the Brisbane Action Plan: “*We are taking collective action to improve quality investment, particularly in infrastructure. There is considerable scope to attract more private sector capital and better help match potential investors with projects.*” Specifically, Leaders in Brisbane endorsed the *Voluntary G20 Leading Practices on Promoting and Prioritising Quality Investment* (see also 5d), which, among other initiatives, suggests that governments should have a clearly articulated, long-term, integrated national infrastructure strategy. Furthermore, these initiatives should clearly describe the roles of the public and private sectors. Nonetheless, governments made no specific commitments to five-year infrastructure investment targets, as suggested by the B20 recommendation.

SCORE: GOOD

The Business recommendation to reaffirm the critical importance of infrastructure—and private investment in infrastructure—was well reflected in the Brisbane Declaration language. Business strongly endorses the G20 commitments and initiatives taken under the Australian G20 presidency to increase quality investment in infrastructure. If properly implemented, these collective and individual actions will go a long way in closing the investment gap.

Business notes that G20 Leaders did not commit to the B20 recommendation to set specific five-year infrastructure investment targets. Nonetheless, business welcomed the *Voluntary G20 Leading Practices on Promoting and Prioritising Quality Investment*, and its suggestion that governments should clearly articulate long-term, integrated, national infrastructure strategies.

✔ Recognition

The Brisbane Leaders’ statement recognized the significant role that investment in infrastructure—supported by the private sector—can play in achieving the G20’s overarching goal of strong, sustainable and balanced growth.

✔ Action

Business welcomed the first joint G20-B20 infrastructure roundtable. It commends the G20 for launching the multi-year Global Infrastructure Initiative and Global Infrastructure Hub.

✔ Adequacy

The Brisbane Summit underlined the importance of infrastructure investment and the necessity to enable greater private sector investment. Looking forward, the *Scorecard* will be attentive to the G20’s responsiveness to specifying five-year infrastructure investment targets.

2b - Establish, publish and deliver credible national infrastructure pipelines

To address the infrastructure investment gap, Business has called on G20 Leaders to move beyond traditional sources of public finance and encourage convergence in public and private sector activity. Business has cautioned, however, that a key constraint in increasing private participation in infrastructure is the lack of transparent and bankable projects.

Credible national project pipelines, coupled with greater visibility on future opportunities, would remove uncertainty around infrastructure investment opportunities. For this reason, B20 Australia called on G20 nations to establish, publish and deliver credible national infrastructure pipelines that take full advantage of private sector finance and expertise.

The Business recommendation calls for two critical steps, to be accomplished by the Turkey G20 Summit in 2015:

1. Individual G20 governments should publish credible, transparent national infrastructure pipelines;
2. Individual G20 governments should establish independent infrastructure authorities to provide transparent, expert review of programmes and projects.

Since the *ICC G20 Business Scorecard* assesses only collective G20 actions taken during the Australian G20 presidency, and this recommendation calls for action by the 2015 Antalya Summit, the fourth edition does not provide an evaluation or definitive score for this recommendation. Nonetheless, the Brisbane Summit statement contained several notable references to the importance of infrastructure project pipelines:

- The 2015 agenda of the G20's DWG pledges new actions to maximize Project Preparation Facilities that will leverage greater private sector investment. These actions will also promote better understanding of risk and return among infrastructure investments in LICs.
- To help match investors with infrastructure projects, Leaders in Brisbane pledged *"to address data gaps and improve information on project pipelines."*
- Leaders in Brisbane agreed on a set of voluntary leading practices to promote and prioritize quality investment, particularly in infrastructure (see also 5d): *"Clear and credible infrastructure project pipelines are important in conveying governments' intentions ... and providing transparency and certainty to the private sector and other stakeholders."* With this in mind, the Leading Practices state: *"Project pipelines should be consistent with long-term integrated infrastructure strategies."*

SCORE: NO SCORE

As the B20 recommendation set a 2015 deadline for G20 members to publish credible, transparent national infrastructure pipelines, an evaluation in the fourth edition *Scorecard* is premature. Nonetheless, Business commends the Leaders' commitment in Brisbane to improve the availability of essential information on infrastructure project pipelines. Business also supports their agreement on voluntary leading practices to promote and prioritize quality investment, particularly in infrastructure. If enforced, these practices will help establish the conditions and frameworks necessary to encourage greater private sector involvement in infrastructure delivery. Although Brisbane did not mention the creation of independent infrastructure authorities, Business hopes that the operationalization of the Infrastructure Hub (see 2c) will provide much needed support here.

2c - Establish an Infrastructure Hub

The development of successful infrastructure programmes requires a holistic view of the infrastructure lifecycle. Governments need to address several complex issues—from project selection, preparation and delivery, through enabling an environment for private sector investment.

Going back to the 2010 Seoul Summit, annual B20 recommendations have called for G20 governments to stimulate infrastructure investments by creating enabling regulatory frameworks that encourage private sector participation. In 2014, B20 Australia built on past recommendations and urged the G20 to establish a Global Infrastructure Hub that would collect, develop, and promote the adoption of leading practices across the infrastructure life-cycle. This Hub would accomplish the following:

- Increase the pipeline of bankable infrastructure projects;
- Improve the productivity of infrastructure investments; and
- Accelerate the development of infrastructure as an asset class.

The Brisbane Declaration wholly recognized the B20 recommendation: *“To support implementation of the [G20 Global Infrastructure Initiative], we agree to establish a Global Infrastructure Hub with a four-year mandate. The Hub will contribute to developing a knowledge-sharing platform and network between governments, the private sector, development banks and other international organisations.”*

The Hub will provide dedicated resources to help implement the G20’s multi-year infrastructure agenda. Among other things, it will help: (a) match sponsors of and investors in infrastructure projects; (b) contribute to knowledge-sharing; (c) promote investment rules, including standard documentation covering project identification, preparation and procurement; and (d) financialize infrastructure as an asset class.

SCORE: GOOD

The establishment of the Global Infrastructure Hub directly responds to one of the B20’s core business recommendations in 2014. If properly implemented, B20 Australia estimates the Hub could support an additional US\$2 trillion in infrastructure capacity. Business notes the need for policy coherence and operational coordination across the Hub and other initiatives in this space, such as the World Bank’s new Global Infrastructure Facility (GIF). The various organizations’ work must be complementary and not competitive. Although individual private-sector companies have expressed interest in participating in the Hub, they must be represented more significantly in the final Hub and in the broader Initiative.

✔ Recognition

Leaders in Brisbane agreed to establish the Global Infrastructure Hub.

✔ Action

The Hub will report and deliver products to the G20 via relevant G20 working groups in line with the Hub’s four-year mandate.

✔ Adequacy

While the Hub is still in its infancy, its effectiveness remains to be seen. Business is very pleased with the strong support the initiative received in Brisbane. If properly operationalized, the Hub will help assemble collective expertise to yield ongoing improvements in the functioning of infrastructure markets.

2d – Promote cross-border investments and FDI through a model investment treaty

The international investment landscape has undergone fundamental changes in recent years. Developing economies have become not only important recipients of foreign direct investment (FDI) but they are increasingly large investors themselves. From 1990 to 2013, FDI inflows worldwide increased seven-fold, from just over US\$200 billion to \$1.5 trillion. Even more striking, the developing world's share in worldwide investment abroad during that same time period increased from 5% to 39%.

The rapid change in FDI flows has resulted in a number of new international investment agreements, both between developed and developing countries and between developing countries themselves. As of October 15, 2014, 2,907 bilateral investment treaties (BITs) and 345 other International Investment agreements (IIAs) existed globally, with no overarching multilateral framework on investment—increasing transaction costs for businesses and leaving many gaps in coverage. At the same time, G20 members continued to negotiate or concluded new IIAs: Between May 16th and October 15th, 2014, G20 members concluded three BITs and eight other IIAs, two of which involved G20 countries as contracting parties.²⁴

Business recognizes that private sector investment—from both local and foreign sources—drives economic growth. The B20 has repeatedly urged G20 Leaders to promote a mutual understanding of open cross-border investment's role as an essential contributor to growth, development and job creation. In particular, Business has called for G20 Leaders to promote the positive impact of FDI and work towards the establishment of a multilateral framework on investment, or even a model investment treaty.

Despite a recurrent Business message, G20 Leaders have yet to take any substantial steps to address this issue. Official Brisbane Summit documents or associated working group reports fell short of any discussion on FDI, a multilateral framework on investment, or a model investment treaty.

SCORE: INADEQUATE

Clearly, G20 members are eager to stimulate investments. Business believes, however, that more can be done to reinforce cross-border investment activity and highlight FDI's role in raising prosperity in both developed and developing economies. Business has repeatedly encouraged G20 Leaders to engage in discussions on a multilateral framework on investment or a Model Investment Treaty. Though the G20 has not yet responded to this business priority, the development of a high-standard multilateral framework would help overcome the deficiencies of the current patchwork of bilateral and regional investment rules. It would also provide international investors with a level playing field to stimulate FDI worldwide.

Recognition

There was no mention of a model investment treaty in any of the Brisbane Summit documents or associated reports.

Action

G20 Leaders need to address the recent changes in the international investment landscape to reinforce and support cross-border investment activity. Efforts should include avoiding and reducing impediments, particularly regulatory environments that restrict market access, which are non-transparent, or which fail to protect investors against unfair treatment.

Adequacy

The lack of G20 response to this issue is unfortunate. A model investment treaty could help overcome the deficiencies of the current patchwork of bilateral and regional investment rules, and provide international investors with a level playing field for FDI worldwide.

2e – Promote longer-term investment

G20 Leaders have continuously highlighted the importance of investments to generate growth and create jobs; however, the emphasis on long-term financing—focusing on infrastructure investment—is a relatively recent item on the G20's agenda.

This topic was first discussed at the OECD-G20 Mexican presidency Seminar on Green Growth in May 2012, which included a session on institutional investment and infrastructure. It was established in earnest as a G20 agenda item during the 2013 Russian G20 presidency with the formation of the G20 Study Group on Financing for Investment. Tasked with analyzing obstacles and limitations delaying long-term financing, the study group was upgraded to an official Working Group on Investment and Infrastructure in 2014, reflecting the high priority the G20 Australian presidency placed on this issue.

While the world is faced with a significant infrastructure gap (see 2a), no global shortage exists of capital for attractive investments. To improve the market for long-term investments—the kind typically required for infrastructure—investors require that financial regulations do not unnecessarily constrain long-term investments, capital markets and financial instruments. Underdeveloped, local-currency capital markets can be particular barriers to infrastructure investment in countries where the costs of currency hedging are prohibitively high for foreign investors.

B20 Australia, therefore, recommended that G20 governments should promote longer-term investment by removing unnecessary regulatory disincentives. G20 governments should develop local capital markets and financing instruments that better align risk and return. In particular, Business urged the G20 to task the Financial Stability Board (FSB) with examining prudential regulation so new requirements do not unnecessarily discourage long-term investment. The stakes are high. B20 Australia estimates that achievable increases in the availability of long-term financing, both globally and in local markets, could generate an increase of \$500 billion in infrastructure capacity by 2030. Long-term financing would also support a rise in economic activity of approximately \$100 billion and 2 million jobs per annum.

Australia's prioritization of long-term financing was evident at the November Brisbane Summit, where the three-page Declaration contained a pledge to “[work] *to facilitate long-term financing from institutional investors and to encourage market sources of finance, including transparent securitisation, particularly for small and medium-sized enterprises.*” The Australian G20 presidency was cognizant that neither governments nor multilateral

development banks can finance large global infrastructure needs on their own. It worked with G20 members, therefore, to identify and implement country-specific actions to improve policy and institutional settings and make countries more attractive to potential investors. The multi-year approach also suggested measures to facilitate the flow of savings to productive investments, including easing regulatory barriers to financing and developing local capital markets. Business was encouraged by several G20 members' plans to strengthen or develop local capital markets as part of their Brisbane country growth strategies.

In response to concerns that new regulatory requirements may unnecessarily discourage long-term investment, the FSB—the G20's financial regulatory arm—undertook a series of surveys and studies in 2014. In its latest progress report,²⁵ the FSB concluded *“there continues to be little tangible evidence or data to suggest that agreed regulatory reforms have had adverse consequences on the provision of long-term investment finance.”* (See also 3c.) With most regulatory reforms still at an early stage of implementation, however, the FSB itself notes, *“It remains too early to fully assess their impact on the provision of long-term finance or changes in market behavior in response to these reforms. [...] The regulatory community will remain vigilant to avoid material unintended consequences and to analyse potential impacts as implementation proceeds.”* In 2015, the FSB will monitor impacts of financial regulation on the provision of long-term finance under its annual monitoring framework.²⁶

SCORE: GOOD

Business has cautioned that post-crisis, financial-sector, prudential regulation has made it more costly for players to provide long-term capital. With several key regulatory reforms expected over the coming years, such as Solvency II, the regulatory community will need to carefully review the new requirements—as noted by the FSB—and propose changes to ensure they do not unnecessarily discourage long-term investment.

Business welcomes G20 discussions on measures to ease regulatory barriers to financing and developing local capital markets. The G20 has already initiated work in this area, e.g., the 2011 G20 Action Plan to Support the development of Local Currency Bond Markets. The inclusion of commitments in G20 members' country growth strategies is also an important development.

Recognition

Australia made long-term investment a priority for its 2014 G20 presidency.

Action

The FSB continues to assess the impact of regulatory reforms on long-term investment finance. Several G20 members included measures aimed at developing local capital markets as part of their country growth strategies released in Brisbane.

Adequacy

Australia's focus on long-term investment was evident throughout its 2014 G20 presidency. Continued global leadership will be essential to support development of local capital markets, particularly in developing countries. With its mixed membership of developed and developing countries, the G20 is uniquely positioned to tackle this issue.

Chapter 3: Financing Growth

When G20 Leaders held their first meeting in Washington in November 2008, their immediate concern was to pull the world from the abyss of another Great Depression. The outbreak of the global financial crisis and the risk of a complete meltdown of the world economy prompted an unprecedented international regulatory response among the world's leading economic powers. Over the past six years, G20 members have made substantial progress in introducing global financial reforms aimed at preventing a repeat of the global financial crisis.

Chairing the G20 in 2014, Australia pledged to prioritize financial reforms in four core areas directly related to the causes of the crisis: building bank resilience; helping prevent and manage the failure of globally important financial institutions; making derivatives markets safer; and improving oversight of the shadow banking sector.²⁷

The rapid development of financial regulation has made the global financial system more resilient, and Business supports the finalization of the G20 key reforms to improve the stability of the international financial system. Concerns are being raised, however, on inconsistencies in domestic implementation of the new regulatory standards and their applicability to all countries. Unilateral and uncoordinated actions by individual countries can skew the global level playing field. More importantly, these actions can reduce the effectiveness and resilience of the global financial system. Past B20 recommendations have therefore called on G20 Leaders to ensure and monitor uniform implementation of regulatory reforms, so they do not inadvertently restrict access to finance, particularly for SMEs.

In 2014, the B20 Australia Financing Growth Task Force proposed three actions to support the G20's global growth strategy of raising collective GDP by more than 2% above the trajectory implied by current policies over the coming five years. The B20's recommendations address three critical areas that enable the financial regulatory agenda to transition from the crisis response phase:

- Complete the regulatory reform;
- Ensure better representation of emerging economies on global standard setters; and
- Review implementation of agreed-upon reforms to mitigate unintended consequences to finance.

Summary of score

The overall score assessment of G20 commitments and decisions on Financing Growth is "GOOD" (2.7 of 3). The near perfect score reflects G20's significant work to correct the fault lines that led to the global financial crisis. Notable progress was made across the G20's regulatory reform agenda under the Australian G20 presidency, with the group acting upon all of the business recommendations to some degree. Notable gaps in finalization and implementation of agreed-upon core financial reforms prevented a higher score.

Table 3 delineates the three B20 Australia Financing Growth Task Force recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by and in-depth review and explanation of each recommendation and score.

Table 3

B20 Australia Financing Growth Task Force Recommendations	Abridged recommendation	Score
<p>3a Finalize the core global financial reforms in 2014 and establish a protocol for international rule-making processes commencing in 2015, which better engages the private sector to ensure rules are fit for purpose and fully take account of their impact on the real economy.</p>	<p><i>Finalize the core global financial reforms in 2014</i></p>	<p>FAIR</p>
<p>3b Ensure emerging market economies are effectively represented on global standard setters and that regulations reflect the social, economic and financial challenges faced by EMEs.</p>	<p><i>Ensure emerging market economies are effectively represented on global standard setters</i></p>	<p>GOOD</p>
<p>3c Review prudential and conduct regulation to ensure restrictions on access to finance do not unduly hamper financial inclusion, trade and commodity markets, and finance for SMEs.</p>	<p><i>Review prudential and conduct regulation</i></p>	<p>GOOD</p>
<p>Average Score for Financing Growth</p>		<p>GOOD (2.7)</p>

Scoring component highlights:

- Business recognizes that financial regulation is ongoing and welcomes substantial progress on the G20’s regulatory reform package. Several of the reforms agreed at Leaders’ level, however, remain tentative or incompletely implemented. Business calls for the G20 to expeditiously finalize agreed reforms, while carefully monitoring implementation across jurisdictions to avoid regulatory fragmentation.
- Given that emerging market and developing economies account for around two-thirds of global growth—and they are expected to do so for the foreseeable future—business is pleased that Leaders in Brisbane welcomed increased representation of emerging economies on the Financial Stability Board (FSB).²⁸ More effective representation in global regulatory bodies is critical to ensure that emerging market economies’ perspectives are better incorporated in decision-making processes.
- It is encouraging that Leaders welcomed the FSB’s plans to report on the implementation and effects of the G20’s agreed financial regulatory reforms. A key aspect of this work should be ensuring that new prudential and conduct regulatory standards do not inadvertently restrict access to finance, particularly for small- and medium-sized enterprises (SMEs).

3a - Finalize the core global financial reforms in 2014

Sound financial system regulation is critical for a properly functioning global market and economy. Regulation is also an important enabler for sustainable and long-term economic 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 identify, monitor, and mitigate emerging threats to financial stability.

International business has supported the extensive efforts to improve global financial resilience and stability. In 2014, B20 Australia's approach to regulatory reform called for international regulators to push to substantially complete the core financial agenda in 2014 and then to pause, take stock and align the regulatory agenda in 2015 to ensure that it is coherent, consistent and working as intended.²⁹

The Brisbane Summit Leaders' Declaration encouragingly notes, *"We have delivered key aspects of the core commitments we made in response to the financial crisis ... The task now is to finalise remaining elements of our policy framework and fully implement agreed financial regulatory reforms, while remaining alert to new risks."*

Ahead of the Summit, the FSB prepared several reports on the status of implementation by FSB member jurisdictions on priority reform areas.³⁰ For example, the FSB noted that the Basel Committee on Banking Supervision (BCBS) has substantially completed the remaining components of the Basel III framework. Implementation of the framework is on track and all FSB jurisdictions have risk-based capital rules in force, in accordance with the agreed-upon timetable. Other assessments on implementation status were more muted:

- Several important steps were taken in 2014 to end "too-big-to-fail," including the G20 Leaders' endorsement of a proposal requiring global systemically important banks (GSIBs) to hold additional loss-absorbing capacity. The FSB notes, however, that substantial work remains on the implementation of effective resolution regimes.
- Governments are making progress toward improving the intensity and effectiveness of systemically important financial institution (SIFI) supervision, but more remains to be done.
- Implementation of the agreed over-the-counter (OTC) derivatives reforms is uneven and two years behind schedule.

SCORE: FAIR

The G20 has worked intensively to correct the fault lines that led to the global financial crisis. Under the Australian G20 presidency, progress was made across all policy areas. Business recognizes that financial regulation is a constant work-in-progress and welcomes the substantial progress on the G20's regulatory reform package. Despite the fact that six years have passed since the eruption of the global financial crisis, however, several agreed-upon reforms remain tentative, fragmented, or only partially implemented. The stakes are high; B20 Australia estimates that improved coordination and the reduction in distortions in the global financial system could increase global lending volumes by 5 per cent per annum, or a total of US\$19 trillion by 2017.

Financial regulation is not an objective in itself, nor is it a panacea against future crisis. Too much regulation—or poor implementation—creates higher costs of doing business, uncertainties that stifle investments, and international inconsistencies that can lead to further regulatory fragmentation. In 2015, business encourages the G20 and FSB to take stock of progress and ensure that agreed-upon reforms promote an integrated global financial system, address harmful fragmentation, and avoid unintended costs for business and the real economy.

✓ Recognition

Several of the G20's key reforms are set to be finalized in the coming months and years, enabling the G20 to move from crisis response to dealing with longer-term issues affecting the global economy.

✓ Action

Six years into the G20's ambitious regulatory reform agenda, several (though not all) core reforms have been met to a substantial degree.

✗ Adequacy

Although the G20 has made substantial progress on its comprehensive regulatory reform, several notable gaps still exist. Business calls for the G20 to expeditiously finalize agreed reforms, while carefully monitoring implementation across jurisdictions to avoid regulatory fragmentation.

3b – Ensure emerging market economies are effectively represented on global standard setters

The global financial crisis demonstrated the interdependence of global financial sectors. For example, problems in the U.S. housing market quickly spread across the globe, affecting financial markets everywhere. International Business recognizes that the G20's comprehensive financial reform package will impact financial markets not only in developed economies, but also increasingly in emerging and developing economies. Global regulatory bodies need to acknowledge the role of emerging market and developing economies (EMDEs) and provide them with more effective representation. In addition to improving an understanding of the particular financial challenges that these countries face, increased participation of EMDE policymakers in policy dialog will also give more consideration to how financial systems can assist growth in emerging economies and better manage risks in these markets.

In 2014, B20 Australia recommended that the FSB review the structure of its representation to ensure that EMDEs are effectively represented and that their perspectives are actively incorporated in decision-making processes.³¹

Ahead of the Brisbane Summit, the FSB published a report reviewing the structure of its representation. Echoing the business recommendation, the report sought G20 endorsement of measures to strengthen the voice of EMDEs, while also preserving the effectiveness of its decision-making process. Suggested measures included:

- Allocating a second plenary seat to the five EMDE jurisdictions that currently have a single seat each in the Plenary (Argentina, Indonesia, Saudi Arabia, South Africa and Turkey).
- Making greater use of the existing flexibility in the FSB Charter to enable non-member authorities to be involved in the work of the FSB's Committees and working groups; strengthen and broaden engagement in the work of the FSB; and widen the pool of expertise available, including that of EMDEs and securities market regulators.
- Extending to the non-FSB member co-chairs of its Regional Consultative Groups a standing invitation to attend Plenary meetings.
- Holding an Emerging Market Forum in early 2015 to identify and discuss issues of importance to EMDEs that the FSB should address.
- Carrying out future reviews of the structure of its representation at five-yearly intervals.

The FSB's proposal was endorsed by the G20 in Brisbane, with Leaders' declaring, "[the] G20 must be at the forefront in helping to address key global economic challenges. Global economic institutions need to be effective and representative, and to reflect the changing world economy."

SCORE: GOOD

Given that emerging market and developing economies account for about two-thirds of global growth, and that they are expected to do so for the foreseeable future, Business is pleased that the Brisbane Declaration welcomed increased representation of EMDEs on the FSB. More effective representation in global regulatory bodies is critical to ensure that emerging market economies' perspectives are better incorporated in the decision-making processes.

✓ Recognition

The G20 has acknowledged the importance of increasing EMDE's representation on global standard setters.

✓ Action

Business welcomes the G20's endorsement in Brisbane for increased representation of EMDEs in the FSB.

✓ Adequacy

The inclusion of emerging markets perspectives in FSB decision-making processes will help ensure that appropriate weight is given to the social, economic and financial challenges they face.

3c - Review prudential and conduct regulation

Finance plays a central role in development, ensuring that all members of the community are economically and financially included. Business has cautioned, however, that the G20's financial reforms could unintentionally restrict access to finance for SMEs and underrepresented sectors of society, particularly in EMDEs. A specific concern is the effect of regulators' increased supervisory and enforcement activity, which may manifest in problems for banks in day-to-day operations with customers and restrictions on lending to businesses.

B20 recommendations have, therefore, routinely called on G20 Leaders to ensure that agreed-upon financial reforms do not unintentionally impact capital and liquidity treatment. Business also encourages G20 leaders to focus on how financial services—within the necessary parameters of systemic stability—can better contribute to economic growth.

In 2014, the B20 Australia Financing Growth Task Force recommended that the G20 and standard-setting bodies (SSBs) review prudential and conduct rules to ensure that restrictions on access to finance do not unduly hamper financial inclusion, trade and commodity markets, and finance for SMEs.

In response to the G20 Leaders' request at the 2011 Los Cabos Summit, the FSB, in collaboration with several SSBs and international financial institutions (IFIs), have initiated monitoring, analysis and reporting on the effects of financial regulatory reforms on EMDEs. Four FSB reports on financial stability and EMDEs have been released since 2011, with the most recent report, *Monitoring the effects of agreed regulatory reforms on emerging market and developing economies (EMDEs)*, published in November 2014 before the

Brisbane Summit.³² Endorsed by the G20 in Brisbane, the November FSB report addresses the effects on EMDEs of several key prudential regulations, including the following:

- Basel III capital and liquidity framework;
- Policy measures for G-SIFIs and resolution regimes;
- Over-the-counter derivatives market reforms; and
- Structural banking reform initiatives.

Encouragingly the report finds that, to date, EMDEs have not reported major unintended consequences in their economies from the implementation of internationally agreed-upon reforms. The FSB will continue its monitoring exercise and, starting in 2015, consolidate its findings in annual reports to the G20 on the implementation of reforms and their effects.

In addition to the FSB's monitoring exercise, a number of other G20 activities are exploring the effects of and links between regulatory reforms and financial inclusion, as well as SME's access to finance:

- The G20 Global Partnership for Financial Inclusion (GPFI) Subgroup on Regulation and Standard-Setting Bodies encourages effective and consistent incorporation of financial inclusion components into financial sector assessments by SSBs.
- The BCBS and FSB have regular consultations with the Basel Consultative Group (BCG), which has established a work stream to identify the impact of the Basel framework on emerging, developing and small economies.

SCORE: GOOD

Business is encouraged that Leaders welcomed the FSB's plans to report on the implementation and effects of the agreed-upon financial regulatory reforms. Supervisors working with financial institutions on the implementation of prudential and conduct rules need to continue monitoring and must also ensure consistency in rules' interpretation and enforcement for cross-border transactions. To mitigate risks, supervisors should employ a holistic review on the impact of reforms from the point of view of the entity seeking finance. An additional area of exploration should be the manner in which business conduct regulations, including anti-money laundering regulation and risk assurance measures, are enforced. Business has cautioned that these regulations, in combination with Basel III prudential rules, must not needlessly restrict the provision of finance to certain client segments, including trade finance and SME financing.

<p><input checked="" type="checkbox"/> Recognition</p> <p>The FSB announced plans to prepare annual reports on the implementation and effects of the agreed-upon EMDE financial regulatory reforms.</p> <p><input checked="" type="checkbox"/> Action</p> <p>Leaders at the Brisbane Summit welcomed the FSB's continued monitoring. The GPFI continues to engage SSBs to mitigate negative effects of regulatory reform on financial inclusion and SME finance.</p> <p><input checked="" type="checkbox"/> Adequacy</p> <p>The G20 and SSBs are commended for giving greater consideration to the potential unintended effects of increased supervisory and enforcement activity. Business looks forward to the FSB's first annual consolidated monitoring report in 2015.</p>
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Chapter 4: Human Capital

High and sustained unemployment in countries around the globe has given impetus to the G20 focus on employment's role in achieving a sustained recovery. Consequently, every G20 Leaders' declaration has committed to placing job growth at the heart of the recovery. Business welcomes the increased emphasis on implementing these commitments under the Australian G20 Presidency, which resulted in the introduction of annual national employment plans. Business also applauds the fact that the G20 Employment Task Force, which was set up in Cannes in 2010, became a permanent body last year as the G20 Employment Working Group.

The final outcomes of the G20 employment process in 2014 are, however, mixed. In September 2014, G20 Labour Ministers committed in Melbourne to important initiatives, such as the reduction of non-wage labour costs and skill development. Still, concrete recommendations to improve the legislative and administrative environment for business are lacking. Removing barriers to start and grow a business, and increasing adaptability and mobility within and across labour markets, are fundamental prerequisites for providing labour and hiring opportunities to newcomers. Concrete commitments for comprehensive reforms in these areas can no longer be postponed if the G20 wants to successfully address high unemployment levels.

Table 4 delineates the five B20 Australia Human Capital recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by an in-depth review and explanation of each recommendation and corresponding score.

Table 4

B20 Australia Human Capital Task Force Recommendations	Abridged recommendation	Score
4a Establish a national innovation agenda and pipeline that defines and promotes a nation's priority areas, which is underpinned by structural reforms that align investment and support for innovation, resulting in productivity gains and job creation.	<i>Establish a national innovation agenda and pipeline with supporting structural reforms</i>	INADEQUATE
4b Increase the level of alignment and responsiveness between the learning ecosystem and workforce needs.	<i>Increase the alignment and responsiveness between the learning ecosystem and workforce needs</i>	FAIR
4c Remove barriers inhibiting entrepreneurs from starting and growing businesses.	<i>Remove barriers inhibiting entrepreneurs from starting and growing businesses</i>	POOR
4d Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets.	<i>Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets</i>	FAIR
4e Monitor and measure G20 nation commitments to Human Capital and Employment Actions by ensuring Employment Plans submitted by G20 nations form the 'baseline' from which progress and development can be measured.	<i>Monitor and measure G20 nation commitments to Human Capital and Employment Actions</i>	GOOD
Average Score for Human Capital		FAIR (1.6)

Scoring component highlights:

Business commends the G20 national employment plans that outline countries' commitment to concrete policy priorities and measures. The impact of such plans, however, largely depends on national governments, in collaboration with representative employers' organizations, to define and implement such measures.

- Business welcomes the G20 commitment to reduce non-wage labour costs. High non-wage labour costs are direct and significant obstacles to job creation.

- Commitments to specific and concrete structural reforms to enable an environment for job creation are missing from the 2014 G20 Labour and Employment Ministerial Declaration and the Brisbane Summit Communiqué. In 2013, Business welcomed the G20 ministers’ commitment to implement reforms that support multiple forms of work. Despite this commitment towards greater labour market flexibility, however, progress has been too slow—a key finding of the 2014 IOE-BIAC G20 Implementation Survey and Report.
- Business welcomes the G20 commitment to support gender equality, including improved access to affordable quality childcare. This initiative is critical to increase workforce participation rates given the aging population and demographic changes in many G20 countries.
- Business welcomes the strong G20 recommendations on skills and education. The commitment to strengthen links between education providers, employers and employment services with a view to reducing skills mismatch, meeting skills demands, and facilitating entry into the labour market is critical, particularly for youth.
- Business commends the G20 national employment plans in which the countries commit to concrete policy priorities and measures. The impact of such plans will, however, largely depend on governments at national level to collaborate with representative employers’ organizations and to follow through with their commitments.

4a - Establish a national innovation agenda and pipeline with supporting structural reforms

Innovation is a key driver of growth and employment. In 2014, the B20 Australia Human Capital Task Force focused its recommendations in this area on policies to create the right environment for innovation to flourish. Innovation policies played no role, however, in the Labour Ministers’ Melbourne meeting, and were also not sufficiently tackled at the G20 Leaders’ summit in Brisbane.

SCORE: INADEQUATE

The recommendations of the B20 Human Capital Task Force in this area were specific, such as to “Establish a multilateral working group to collate and share best practices on the commercialization of innovation and research.” While this level of specificity may have precluded a substantial response to the B20 recommendations on innovation, the response was nonetheless inadequate.

Recognition

Neither the G20 Labour Ministers nor the G20 Leaders in Brisbane properly addressed the need for policies to support innovation.

Action

The G20 has not responded to the Business request to define and promote a national innovation agenda and pipeline that include priority areas for development.

Adequacy

The G20 missed the opportunity in Australia to take a more comprehensive approach to growth and employment by addressing innovation.

4b - Increase the alignment and responsiveness between the learning ecosystem and workforce needs

Skills in line with labour market needs give people opportunity to enter the labour market and develop a career, as well as for companies to have the workforce they need in order to grow. Skills development has played an important role in the G20 process from the very beginning. Already in their 2009 Pittsburgh Declaration, the G20 Leaders pledged to support robust training efforts in their growth strategies and investments. The ILO, in collaboration with the OECD, developed a G20 skills strategy, which G20 Leaders welcomed in Toronto in June 2010.

Despite this strong focus on skills, concrete developments at national level in many countries remain unsatisfactory. A 2014 IOE-BIAC survey on national apprenticeship systems shows that in too many G20 countries, VET systems do not correspond sufficiently to business needs and do not always facilitate school-to-work transition. Moreover, a GAN-MEDEF experts' workshop in October 2014 underlined that regulation in some countries even resulted in fewer numbers of apprenticeships.

Against this background, Business welcomes the strong recommendations on skills and education in the 2014 G20 Labour Ministers' declaration, which include the following:

- Working with business and labour to better use the skills of the existing workforce;
- Addressing skills mismatch;
- Committing to effective training programmes that are guided by labour market needs; and
- Strengthening the links between education providers, employers and employment services to better match workforce needs and the training of young people.

SCORE: FAIR

Strengthening links between education providers, employers and employment services with a view to reducing skills mismatch, meeting skills demands, and facilitating labour market entry is critical, in particular for youth. However, B20 recommendations left unaddressed by the G20 concern the need to increase the transparency of skills, to commit to develop a G20 Skills Strategy to define the skills needed for success in the digital age, as well as to remove regulatory discrimination between physical, online, and other models of learning.

✔ Recognition

Skills development played a prominent role in the G20 Labour Ministers' declaration, as well as in their statements on "Policy priorities for preventing unemployment from becoming structural," "Policy priorities for creating better jobs," and on "Policy priorities for boosting female participation, quality of employment and gender equity."

✔ Action

The G20 Labour Ministers committed to a number of actions, such as improving career guidance; strengthening the link between training providers, employers and employment services; and developing training frameworks that are adaptable to local labour market needs.

✘ Adequacy

The G20 addressed important proposals of the B20 Human Capital Task Force; however, it failed to tackle issues such as skills transparency, digital skills, and the removal of regulatory discrimination between physical, online and other models of learning. G20 countries need to address a more comprehensive strategy to resolve these skill mismatches.

4c - Remove barriers inhibiting entrepreneurs from starting and growing businesses

By making it faster and simpler to start a new business, hire and retain talent, governments can create the conditions for entrepreneurs to employ more people more easily. The core message of the B20 to governments is to increase entrepreneurs' ability to generate new jobs. In this regard, Business welcomes G20 countries' commitment to reduce non-wage labour costs. It also supports the Brisbane Summit Declaration's acknowledgment of the need to create incentives for hiring young people and encouraging entrepreneurship.

SCORE: POOR

High non-wage labour costs are direct and significant obstacles to job creation; however, concrete G20 measures—such as minimizing "red tape"—are missing that would improve the business environment. Also missing are commitments to conduct impact assessments that ensure the burden of new regulation is not overly onerous. While the specificity of some of the B20 recommendations may have precluded a full G20 response, Business still looks for G20 action to revise bankruptcy and liquidation legislation.

✔ Recognition

The G20 countries recognized the need to foster an environment that supports job creation.

✘ Action

The commitments to support access to reliable, quality, low-cost connectivity infrastructure, as well as to address the issue of non-wage labour costs, are steps in the right direction. The G20, however, failed to address important issues, such as minimizing red tape, conducting impact assessments, improving access to finance, etc.

✘ Adequacy

The G20 did not develop a coherent strategy to improve the business environment at the national level. Instead, the G20 addressed only single issues. Such a piecemeal approach is insufficient in responding to the urgent need for enabling environments for growth and employment.

4d - Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets

Mobile, dynamic and open labour markets are fundamental prerequisites to increasing employment, meeting the challenge of aging societies, and strengthening G20 countries' economic growth. While no one-size-fits-all approach exists for such framework conditions, the B20 delineated a number of key ingredients, including: access to a diversity of forms of employment; reduction of the tax burden; availability of childcare; reduction in restrictions on the temporary movement of workers; reduction of the cost and time of visa and work permit processing; and increased transparency of qualifications.

The G20 responded partly to these recommendations, for instance, by committing to affordable and quality childcare access and boosting female participation in the labour market. Business welcomes the G20 commitment in Brisbane to support gender equality, including improved access to affordable quality childcare. This commitment is critical to increasing workforce participation rates given the aging populations and demographic changes facing many G20 countries.

SCORE: FAIR

Commitments to specific structural reforms that enable an environment for job creation are missing in the 2014 G20 Labour Ministers' declaration and the Brisbane Summit Declaration. In 2013, Business welcomed the G20 Labour Ministers' commitment to implement reforms that support multiple forms of work. Despite this commitment towards greater labour market flexibility, progress has been too slow—a key finding of the 2014 IOE-BIAC G20 Implementation Survey and Report.³³ The lack of concrete commitments to structural reforms in the Labour Ministers' and in the Leaders' 2014 declarations is surprising, particularly given that G20 delegates at the G20 SME conference in Melbourne in June 2014 specifically called on G20 governments to "improve labour market flexibility." The G20 missed the opportunity under the Australian G20 Presidency to become an engine for reform in this regard.

✔ Recognition

The G20 recognized the need for policies to prevent structural unemployment.

✔ Action

Business welcomes the G20 commitments to preventing structural unemployment and to promote female employment. The recommendations of the B20 Human Capital Task Force were only partially addressed.

✘ Adequacy

The G20 failed to put a strong focus on structural reforms—not as aims in themselves, but to create an enabling environment in which companies are encouraged to hire people.

4e - Monitor and measure G20 nation commitments to Human Capital and Employment Actions

Implementation of G20 commitments at the national level has been a weak point in the G20 employment process to date. The IOE-BIAC implementation report from September 2014 reveals that even in areas where G20 countries undertook most initiatives, one-fourth of these countries did not follow up on their commitments. Of greater concern is that in some areas, the situation worsened. For example, in some countries, government action limited the possibility of using multiple forms of work, despite the clear commitment by the Labour Ministers to promote such forms of work. Moreover, it is a serious concern that the majority of employers' federations in the G20 countries reported that they were not sure whether the G20 process had resulted in any policy changes; in some cases, they even maintained that the G20 process had little if no impact.

Business therefore commends G20 Labour Ministers' decision in September 2014 to launch annual national employment plans in G20 countries and commit to concrete policy priorities and measures. The G20 Labour Ministers' Declaration explicitly noted the importance of accountability: *"We will monitor the implementation of the employment Plans, review progress and encourage their further development."* Notably, the national employment plans, which G20 Leaders endorsed in Brisbane, follow a four-point template, in which the last section is dedicated to "Monitoring of commitments." This section reports on the implementation of each G20 members' employment commitments made under recent G20 presidencies, including the Los Cabos Jobs and Growth Plan and the St. Petersburg Action Plan.

SCORE: GOOD

Findings from the 2014 September IOE-BIAC implementation report demonstrate the need for improved monitoring and implementation of past G20 employment commitments. Business welcomes the inclusion of a specific monitoring section in the Brisbane national G20 employment plans, which is an important step towards increasing accountability.

Recognition

The G20 recognized the need to improve implementation of commitments made in the G20 employment process.

Action

The G20 Labour Ministers launched national employment plans in which they committed to concrete policies at the national level. The plans were discussed in the G20 Employment Task Force, as well as at the G20 Labour Ministerial.

Adequacy

The national G20 employment plans constitute an important measure to increase accountability and strengthen implementation. The impact of such plans will, however, largely depend on national governments' commitment to addressing their relevance, scope and implementation. Business calls on governments to work in full collaboration with representative business organizations in the development and implementation of national employment plans.

Chapter 5: Anti-Corruption

Corruption is a significant impediment to sustainable economic growth and poverty reduction. The World Bank has declared corruption among the greatest obstacles to economic and social development, undermining the rule of law and weakening the institutional foundations upon which sustainable development depends. Failure to address corruption undermines G20 efforts across its entire agenda, so 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. By the 2010 Seoul Summit, G20 Leaders adopted a comprehensive G20 Anti-Corruption Action Plan and tasked the G20 Anti-Corruption Working Group (ACWG) with the plan's implementation.

Starting with the 2011 Cannes Summit, Business has prepared annual anti-corruption recommendations for G20 Leaders' consideration. Recurring themes include the following:

- Ratification, enforcement and monitoring 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.

A key role of the G20 ACWG is to participate in the development of best practices and principles on topics of mutual concern to G20 countries, including laws, policies and procedures for preventing and combating corruption. In 2014, under the co-chairmanship of Australia and Italy, the ACWG continued to lead G20 efforts to combat corruption. It implemented the second G20 Anti-corruption Action Plan (2013-2014), with particular attention to the transparency of beneficial ownership of legal persons and arrangements, and to implementing and enforcing foreign bribery legislation.

Governments and global business have a responsibility to promote a legitimate and fair business environment that guards against corruption. In 2014, B20 Australia established the B20 Anti-Corruption Working Group (BACWG) to develop anti-corruption recommendations across the four B20 task forces, as well as separate overall recommendations that cut across each of the task forces and impact the global economy as a whole.

Summary of score

The overall score assessment of G20 commitments and decisions on Anti-Corruption is "GOOD" (2.75 of 3). Receiving the highest score of any chapter in the fourth edition of the *Scorecard*, this score acknowledges the ongoing partnership between the B20 and ACWG, with several commitments and deliverables in the 2015-2016 G20 Anti-corruption Action Plan closely aligned to the 2014 B20 recommendations.

This year's score is also a slight numerical improvement over the third edition *Scorecard*, demonstrating a year-on-year improvement in score since ICC's monitoring began. This can be attributed largely to the mutual recognition that governments and global business have a shared responsibility to enhance transparency and support efforts to combat corruption. The ACWG is by far the most inclusive of all of the G20 working arrangements, with B20 representatives having routinely invited to participate in official ACWG meetings and submit suggestions on the future G20 anti-corruption agenda.

Table 5 delineates the five B20 Australia Anti-Corruption Working Group recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by an in-depth review and explanation of each recommendation and corresponding score.

Table 5

B20 Australia Anti-corruption Working Group Recommendations	Abridged recommendation	Score
<p>5a Agree to harmonize laws related to anti-corruption that incentivize companies to build leading practice compliance programmes and self-report compliance breaches.</p>	<p><i>Harmonize laws related to anti-corruption</i></p>	<p>GOOD</p>
<p>5b Enforce applicable legal frameworks such as the OECD Anti-bribery Convention and UN Convention against Corruption and implement or strengthen a national independent corruption authority in each jurisdiction to monitor and enforce.</p>	<p><i>Enforce applicable anti-corruption legal frameworks</i></p>	<p>FAIR</p>
<p>5c Endorse the G8 core principles on transparency of ownership and control of companies and legal arrangements.</p>	<p><i>Endorse the G8 core principles on transparency of ownership</i></p>	<p>GOOD</p>
<p>5d Implement transparent infrastructure procurement and approvals processes that comply with global leading practice, including a commitment to specific timeframes for approvals.</p>	<p><i>Implement transparent infrastructure procurement and approvals processes³⁴</i></p>	<p>GOOD</p>
<p>Average Score for Anti-Corruption</p>		<p>GOOD (2.75)</p>

Scoring component highlights:

- Business is pleased that the 2015-2016 G20 Anti-corruption Action Plan contains several specific commitments related to the B20 Australia recommendations. Business appreciates the opportunity to partner with the G20 and commends the efforts to ensure alignment between the interests of business, governments and the rule of law. In particular, business welcomes the G20 pledge to work with the private sector to develop anti-corruption education and training for business, with a particular focus on SMEs. Business also welcomes G20’s plan to examine best practices for businesses to implement robust compliance programmes and to self-report breaches of corruption laws.
- Despite operating in its sixth year, the G20 commitment remains incomplete for ratification and full implementation by all G20 members of the United Nations Convention Against Corruption (UNCAC). ICC welcomes Germany’s ratification of the UNCAC in November 2014. Japan’s failure, however, to meet its 2010 G20 commitment to ratify the UNCAC—a convention now already ratified by 173 other countries—is disappointing.

- The G20 commitment to improve the transparency of beneficial ownership is an important new area of focus for the G20. Such transparency would make ill-gotten gains easier to trace. Benefiting from the proceeds of corruption and crime would also be more difficult.
- Business welcomes the ACWG's declaration that public procurement will be a priority issue in 2015-2016, including the announcement of a practical toolkit for G20 governments on integrity in public procurement. Business equally endorses the G20's *Leading Practices on Promoting and Prioritizing Quality Investment*. This proposal rightly identifies the critical role of robust and transparent public procurement systems in ensuring that corruption does not undermine infrastructure investment. The G20 now has the opportunity to build on this work and ensure effective implementation of transparency and integrity measures in infrastructure investments, including the mandate that all projects must comply with recognized international best practices.

5a - Harmonize laws related to anti-corruption

Business has a significant stake in stopping corrupt practices: The cost of doing business in a country with medium or high levels of corruption compared to a country with low levels of corruption creates an economic burden equivalent to a 20% tax.³⁵ Moreover, when business transactions are affected by the payment of bribes, the transparency that underpins competitive markets is lost. For decades, ICC has taken the lead in denouncing corruption and in developing measures to combat it. For example, ICC's Rules on Combating Corruption, first launched in 1977, provide a global standard for the private sector to fight corruption through business self-regulation.

Business believes that corporate responsibility, self-regulation and incentives for self-reporting can be powerful tools in tackling the supply side of corruption; however, no unified approach exists among governments on acknowledging corporate compliance programmes, thereby limiting their effectiveness. The B20 has, therefore, routinely urged G20 governments to do more to encourage the private sector to put in place robust anti-corruption programmes. Building on past B20 recommendations, the 2014 B20 Anti-Corruption Working Group (BACWG) asked G20 Governments to agree to harmonize laws related to anti-corruption. These laws would incentivize companies to build best-practice compliance programmes and self-report compliance breaches. As part of this work, Business suggested that Leaders form a working group consisting of business and enforcement agencies to map jurisdictional differences, propose regulatory change that recognizes anti-corruption programmes and self-reporting, and monitor progress.

Business is pleased that G20 Leaders endorsed the *2015-2016 G20 Anti-Corruption Action Plan* and its accompanying Implementation Plan, which contain several specific commitments to *"provide help to business to tackle corruption, and to ensure laws and regulations promote clean business."* ACWG deliverables include the following:

- Promote the implementation by Business of existing guidelines for combatting corruption by the private sector. In partnership with the B20 and other G20 engagement groups, G20 countries will also assess what other steps could be taken to provide guidance to the private sector on anti-corruption.
- In partnership with the B20, identify and share practices for incentivizing businesses to self report breaches of corruption laws in G20 countries.
- Consider the financial sector's role in preventing and detecting the inflows of corrupt funds, and hold a workshop with the financial sector to support efforts in this regard.
- Work with the B20 to encourage Business to adopt and implement anti corruption measures and appropriate codes of conduct, including effective supply chain integrity programmes.

Although the 2015-2016 Action Plan did not mention the B20 suggestion for a public-private sector working group on anti-corruption programmes and self reporting mechanism, it does recognize the private sector “as an essential partner in achieving the G20’s anti-corruption goals.” This understanding was also evident throughout the Australian G20 presidency: B20 representatives were routinely invited to participate in official ACWG meetings and submit suggestions on the future G20 anti-corruption agenda.

SCORE: GOOD

Global business has a responsibility to promote a fair business environment. Business commends the ACWG for maintaining a productive and ongoing dialogue with the private sector throughout the Australian G20 presidency. Business also endorses the 2015-2016 G20 Anti-Corruption Action Plan commitments and deliverables to enhance work with the B20, as these initiatives correspond to the 2014 B20 Australia recommendation. While one-size-fits-all solutions do not exist, steps to address corrupt practices must account for national or regional circumstances. Business encourages Leaders to continue promoting the concrete anti-corruption tools and compliance programmes, such as RESIST, ICC’s Rules on Combating Corruption, the ICC Anti-corruption Clause, and the ICC Ethics & Compliance Training Handbook.

✓ Recognition

The 2015-2016 G20 Anti-Corruption Action Plan recognizes the private sector as an essential partner in achieving the G20’s anti-corruption goals and outlines several public-private initiatives to reduce the incidence of corruption.

✓ Action

The 2015-2016 G20 Anti-Corruption Implementation Plan outlines several important deliverables that promote the implementation of existing compliance programmes and provide incentives to self-report breaches.

✓ Adequacy

Business commends the ACWG’s enhanced partnership with the B20 and its efforts to ensure alignment among business interests, governments and the rule of law. The ACWG’s endorsement of existing private sector guidelines for combatting corruption will help spread best practices across the G20 and beyond.

5b - Enforce applicable legal frameworks

Corruption is the abuse of entrusted power for private financial or non-financial gain. It diverts resources from their proper use, distorts competition, and creates gross inefficiencies in both the public and private sectors. While self-regulation is key to corporate ethics, combating corruption requires strong government and international action. Prevention encompasses universally agreed-upon international legal frameworks to thwart bribery and corrupt practices, and efforts to create a level playing field for all participants in the global economy.

Starting with the 2009 Pittsburgh Summit, G20 Leaders have committed to strengthen treaties and legislative frameworks necessary to fight corruption. The G20 has focused on two important anti-corruption treaties: the United Nations Convention against Corruption (UNCAC)³⁶ and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention). Leaders have continuously called for all G20 members to ratify the UNCAC and for non-parties of the OECD Anti-Bribery Convention to engage in the OECD Working Group on Bribery with a view to exploring adherence to the Convention.³⁷

Business, in turn, has urged G20 governments to honour these commitments and have called for increased efforts to involve the private sector as a key stakeholder in the fight against corruption. The 2014 B20 Australia Anti-Corruption Working Group's recommendations reiterated the call for G20 governments to commit to enforcing the existing OECD Anti-Bribery Convention and the UNCAC. Recommendations also encouraged G20 Leaders to improve cooperation among law enforcement agencies and take steps to install and/or build capacity for high-level reporting mechanisms.³⁸

The ACWG continued to make progress on past G20 commitments throughout the 2014 Australian chairmanship of the G20:

- Germany became the 173th member of the UNCAC in November 2014, leaving Japan the only G20 member not to have ratified the Convention.
- Despite the G20's repeated encouragement that all G20 countries adhere to the OECD Anti-Bribery Convention, four G20 countries are not yet parties (China, India, Indonesia and Saudi Arabia). The OECD, however, notes that China, India and Indonesia have been attending meetings of the Working Group as observers on an ad hoc basis.³⁹
- The G20 ACWG made implementing and enforcing domestic and foreign bribery offenses a priority in 2014. Building on the momentum of 2013, when Leaders endorsed the *Principles on the Enforcement of the Foreign Bribery Offence*, eighteen G20 countries completed self-assessments of their implementation of their G20 Foreign Bribery commitments in 2014. Responding to the G20's commitment at the 2013 St. Petersburg G20 Summit to develop, promote and support rigorous standards in anti-corruption legislation, regulation and policy, the OECD developed and produced the *OECD Foreign Bribery Report* on December 2, 2014.⁴⁰
- According to the *2015-16 G20 Anti-Corruption Action Plan*, the ACWG will continue to monitor countries' efforts and will identify further steps to strengthen efforts to combat foreign bribery.

Although G20 countries show a clear signal of intent, the overall level of actual enforcement on foreign bribery unfortunately remains low: According to Transparency International's 10th annual progress report on OECD Anti-Bribery Convention, only three out of the fifteen G20 signatories actively enforced the OECD Anti-Bribery Convention in 2013 (USA, Germany, United Kingdom).⁴¹ Moreover, G20 members have not officially acknowledged the B20's recurrent recommendation for the establishment of high-level reporting mechanisms.

SCORE: FAIR

Business commends the ACWG's efforts in 2014 and welcomes its pledge to take concrete and practical action on combatting bribery in 2015. Enforcement of corrupt practices, particularly cross-border corruption and foreign bribery, remains a challenge with multiple and inconsistent actions and penalties across jurisdictions and different action taken against the public officials who take bribes and the companies that pay them. If the G20 is serious about its 2010 Seoul Summit commitment to "*lead by example in the fight against corruption*," it needs to make better use of its primary anti-corruption tool: influence. This example starts with honouring past commitments and demonstrating leadership on best practices.

While it is heartening that Germany ratified the UNCAC in 2014, it is disappointing that the G20 commitment for full ratification and implementation by all G20 members remains incomplete, despite operating in its 6th year. Business calls on the remaining G20 member—Japan—to commit to specific deadlines. Signatories of the OECD Anti-bribery Convention need to improve enforcement and the four G20 members that are not yet signatories should apply their efforts to participate in official working group meetings with the ultimate goal of adhering to the Convention.

✔ Recognition

The G20 Anti-Corruption Working Group reiterated past G20 commitments on UNCAC ratification and active participation with the OECD Anti-Bribery Convention working group.

✔ Action

Business welcomes the ACWG's continued focus on enforcing foreign bribery offences and Germany's ratification of the UNCAC in November 2014.

✘ Adequacy

G20 Members need to lead by example and honour past anti-corruption commitments. Japan's failure to meet its 2010 G20 commitment to ratify the UNCAC—a convention already ratified by 173 other countries—is disappointing. Business encourages the ACWG to explore together with the private sector in 2015 efforts to build capacity for high level reporting mechanisms in G20 members.

5c - Endorse the G8 core principles on transparency of ownership

Led by U.K. Prime Minister David Cameron, G8 Leaders at the 2013 Lough Erne Summit agreed on new measures to clamp down on money laundering, tax evasion and tax avoidance, including the G8 Action Plan to prevent the misuse of companies and legal arrangements. International business welcomed the G8's initiative as an opportunity to create a globally consistent approach on beneficial ownership transparency regulation, instead of multiple disparate national laws. With this in mind, B20 Australia called on G20 Leaders to endorse the G8 core principles.

The Brisbane Summit Declaration contained a short but direct response: *"We commit to improve the transparency of the public and private sectors, and of beneficial ownership by implementing the G20 High Level Principles on Beneficial Ownership Transparency."*

The G20 principles outline actions G20 countries will take to ensure legal entities are transparent and are not being misused for illicit purposes such as money laundering, tax evasion and corruption. Specifically, the principles state that countries should ensure that law enforcement, tax authorities and other competent authorities can access information in a timely manner to trace and determine the legal identity of owners of financial assets.

The release of the principles in Brisbane was a welcome surprise, especially considering that Chinese authorities had noted just a few days before the Summit that the principles were still under discussion. During Summit negotiations, however, G20 Leaders were able to resolve the impasse and unanimously agreed to endorse the G20 principles.

In addition to expanding the G8 pledge to the broader G20 membership, the G20 principles go beyond the G8's by including a commitment to *"identify high-risk sectors, and enhanced due diligence could be appropriately considered for such sectors."* Moreover, the G20 principles explicitly reference the importance of collecting beneficial ownership information to prevent tax evasion, a point that the G8 did not mention as a motivating rationale.

SCORE: GOOD

By its very nature, combatting cross-border corruption requires effective cross-border cooperation. Business commends the G20, and in particular the strong leadership demonstrated by Australia, for expanding the G8 pledge to the broader and more diverse G20 membership. The *G20 High Level Principles on Beneficial Ownership Transparency* represents an important new focus for the G20, and has the potential to accelerate the global effort to increase transparency and deter corruption.

✔ Recognition

In 2014, the ACWG developed the G20 High-Level Principles on Beneficial Ownership Transparency.

✔ Action

Despite early signs to the contrary, Leaders at the Brisbane unanimously endorsed the G20 Principles on Beneficial Ownership Transparency.

✔ Adequacy

The G20 Principles are a significant step towards fulfilling the mandate by Leaders and Finance Ministers for G20 countries to lead by example on anti-corruption.

5d - Implement transparent infrastructure procurement and approvals processes

Every year, government agencies in both developed and developing countries spend trillions of dollars on behalf of their citizens. An efficient and effective public procurement system—the purchase of goods and services by government—is the backbone of a well functioning government. It also ensures a level playing field for those private sector actors who deliver services to the public. Infrastructure investment and development, a focus area of the Australian G20 presidency, is particularly vulnerable to corruption, with some estimates suggesting that corruption could represent a third of project costs. Yet, while several international organizations have developed best-practice procurement guidelines (such as World Bank, UNODC and OECD), currently, no unified view exists on best practice for public sector procurement of infrastructure and project execution.

Corruption in public procurement transactions creates an uneven playing field and precludes fair competition. Business has, therefore, repeatedly called on G20 Leaders to support fair and transparent procurement practices. In 2014, B20 Australia built on past business recommendations and called for G20 governments to implement transparent infrastructure procurement and approval processes that comply with global leading practices.

Cognizant of the risks and financial stakes involved, the G20 ACWG undertook important work on public procurement in 2014:

- In 2014, with support of the OECD, the ACWG finalized and published the *G20 Compendium of Good Practices for Integrity in Public Procurement*. The Compendium identifies good practices in public procurement in G20 countries, and is meant to be a tool to assist all countries in detecting and preventing integrity risks in the procurement process.
- In addition, the *2015-16 G20 Anti-Corruption Implementation Plan* stipulates that before the end of 2016 the ACWG will accomplish the following: prepare a set of G20 High-Level Principles on Public Procurement; develop a practical toolkit for G20 governments on integrity in public procurement; and conduct analytical work on procurement practices to support a better understanding of public procurement systems globally and to identify best practices.

While Leaders in Brisbane did not specifically respond to the B20 recommendation on implementing transparent infrastructure procurement process, the ACWG's 2015-16 Implementation Plan acknowledges the risks: *"Robust and transparent public procurement systems play an important role in supporting the G20 investment and infrastructure agenda, including by ensuring public funds intended for vital infrastructure are not diverted to corrupt officials."*

In this context, it is worth highlighting the announcement in Brisbane of the G20's *Leading Practices on Promoting and Prioritising Quality Investment*, which aims to assist governments with defining the conditions and frameworks necessary to encourage greater private sector involvement in infrastructure delivery (See also 2a). Significantly, the Leading Practices report contains several references to public procurement, including calling for governments to: introduce transparent and appropriate procedures that ensure integrity and prevent corruption; and facilitate private sector investment through tender and decision-making processes that are consistent across sectors and over time.

SCORE: GOOD

Corruption in public procurement is damaging because it diverts public funds from other worthwhile development projects; it holds back economic growth; and undermines public trust in government. Business welcomes the ACWG's declaration that public procurement will be a priority issue in 2015-2016, including the announcement of a practical toolkit for G20 governments on integrity in public procurement. The G20's *Leading Practices on Promoting and Prioritising Quality Investment* are also endorsed and correctly identify the robust and transparent public procurement systems' role in ensuring that corruption does not undermine infrastructure investment. Business encourages G20 members to implement these practices in national policies and include commitments to specific time limits for regulatory and environmental approvals for major infrastructure projects. This work should be undertaken and coordinated together with the ACWG and the private sector.

Recognition

The G20 ACWG has identified that robust and transparent public procurement systems play an essential role in ensuring that corruption does not undermine infrastructure investment.

Action

The G20 ACWG has prepared several reports and best practices on integrity in public procurement, with work set to continue under the 2015-2016 G20 Anti-Corruption Action Plan.

Adequacy

Business welcomes the G20 and ACWG's increased focus on public procurement processes. The G20 now has the opportunity to build on this work and ensure effective implementation of transparency and integrity measures in infrastructure investments, including by mandating that all projects must comply with recognized international best practices.

6: Energy and Environment

Energy is indispensable to a productive economy and to supporting 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. This increase will be driven by the continued extraordinary population growth and economic development experienced in many regions in recent years. Meeting future demands for reliable, affordable and sustainable energy will require timely investment in supply and demand infrastructure, where projects can take up to a decade to develop and implement. Depending on overall energy use and the pace of low-carbon energy expansion, energy investment is expected to be the largest single area of overall infrastructure investment, requiring US\$1-2 trillion per annum over the coming decades.

Starting with the G20 Summit in Pittsburgh in 2009, energy and environment issues have been recurring items on the G20 agenda. In 2013, the G20 established the G20 Energy Sustainability Working Group (ESWG) to integrate and organize its broad energy-related agenda. In 2014, Australia and India co-chaired the ESWG, which focused on four key issues: (1) global energy architecture; (2) gas markets; (3) energy efficiency; and (4) and phasing out of inefficient fossil fuel subsidies that cause wasteful consumption.

Australian Prime Minister Tony Abbott had initially resisted calls to make climate change and environment a substantive agenda item for his G20 presidency. He argued that the G20 Summit should remain focused on promoting economic growth, leaving climate change discussions to other UN-led meetings. Following pressure from several G20 members, however—including the announcement of the historic watershed agreement between the US and China to reduce greenhouse gas emissions just three days before the G20 Summit—the topic reemerged centre stage at the Brisbane Leaders' Summit.

For the first time, G20 Leaders dedicated an entire session of the G20 Summit to global energy issues. This shift—coupled with the announcement of the first-ever G20 Energy Ministers meeting to be held in 2015— demonstrates that energy and climate issues are emerging as an integral part of the G20 agenda. Leaders are recognizing that strong and resilient energy markets, as well as energy access, are critical to economic growth and societal development and prosperity.

Business has engaged the G20 on energy issues, with dedicated energy or energy-related B20 task forces at the Seoul, Cannes, Los Cabos and St. Petersburg B20 Summits.⁴² In 2014, B20 Australia opted not to organize a B20 task force on energy. It did, however, host a special energy panel at the July 2014 B20 Summit. In lieu of an official B20 task force on energy, the *ICC G20 CEO Advisory Group* developed a set of energy policy priorities in parallel to B20's efforts: *ICC Energy Priorities for G20* ("ICC Energy Paper").

The ICC Energy Paper and its recommendations were presented to the Australian Government, ESWG and G20 Sherpas; they were also discussed during the B20 Summit energy panel in July.⁴³ The ICC Energy Paper recognizes that several of the main business themes on energy have been carried over from past B20 Summits:

- (i) support both the expansion of lower-carbon energy and the sustainable development of conventional 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 to encourage long-term investment.
- The five ICC Energy Paper business recommendations reviewed in this chapter were selected for their alignment with past B20 recommendations, suggesting an ongoing priority status for international business.

Summary of score

The overall score assessment of G20 commitments and decisions on Energy and Environment is “POOR” (1.2 of 3). This is the lowest score of all the policy areas evaluated in the fourth edition *Scorecard*. Two recurrent business priorities in the energy sphere received an “Inadequate” score: carbon pricing and trade in environmental goods and services. However, the low overall score masks the significant progress made during the Australia G20 cycle to improve the global energy governance framework and notable steps to raise the profile of energy efficiency as a tool to deliver economic and environmental benefits.

The persistently low scores in this area illustrate G20 Leaders’ continued difficulties in bridging differences and collectively rallying around one of society’s most intractable challenges to rationalize energy markets and achieve sustainable development.

Table 6 delineates the five *ICC Energy Paper* recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by an in-depth review and explanation of each recommendation and corresponding score.

Table 6

2014 ICC Energy Paper Recommendations	Abridged recommendation	Score
<p>6a Increase efforts by the G20 Energy Sustainability Working Group (G20 ESWG) to promote energy efficiency scale-up, sharing of best practices, raising awareness of existing technologies and expanding the availability of risk-sharing financing, including collaboration with organizations like the IFC on green bonds. Establish—among G20 countries—government efficiency standards in the main energy-consuming sectors where price sensitivity is limited, notably buildings, housing and transport.</p>	<p><i>Increase the uptake of energy efficiency</i></p>	<p>FAIR</p>
<p>6b Improve conditions for energy investment and trade by minimizing inefficient and wasteful energy subsidies that distort markets.</p>	<p><i>Minimize inefficient and wasteful energy subsidies that distort markets</i></p>	<p>POOR</p>
<p>6c Champion the elimination of tariff and non-tariff barriers on energy and environmental goods and services, as currently envisaged under WTO and regional trade agreements (such as TTIP and TPP).</p>	<p><i>Eliminate barriers to trade in energy and environmental goods and services</i></p>	<p>INADEQUATE</p>
<p>6d De-risk and stimulate new energy technologies by implementing predictable international carbon pricing to enhance investor confidence in low carbon energy supply.</p>	<p><i>Implement predictable international carbon pricing</i></p>	<p>INADEQUATE</p>
<p>6e Improve global energy governance framework through reform of current institutions (International Energy Agency, International Energy Forum) as necessary, prior to considering the creation of new ones.</p>	<p><i>Improve global energy governance framework</i></p>	<p>GOOD</p>
<p>Average Score for Energy and Environment</p>		<p>Poor (1.2)</p>

Scoring component highlights:

- ICC commends the *G20 Energy Efficiency Action Plan* announced at Brisbane and calls on participating G20 members to provide the resources to support this important initiative. Improving energy efficiency can deliver economic and environmental benefits, including reduced energy infrastructure costs, lowered fossil fuel dependency, increased energy security and improved consumer welfare.
- The G20 reaffirmed its 2009 Pittsburgh commitment to rationalize and phase out inefficient fossil fuel subsidies. While welcoming this commitment, business remains concerned over the lack of progress. Now entering the seventh year since the G20's initial pledge, business notes the continued absence of measurable achievements. The G20 needs to honour its Pittsburgh commitment and deliver the leadership to reduce public spending on fossil fuel subsidies and encourage the development of low-carbon innovations and alternative energy sources.
- While the Brisbane *G20 Principles on Energy Collaboration* includes a commitment to promote energy trade and investment, this is far from a clear recognition of the business recommendation to eliminate tariff and non-tariff barriers to trade in environmental goods and services. Business believes that the Australian G20 presidency missed an important and timely opportunity by not including discussions on the plurilateral Environmental Goods Agreement (EGA) in Brisbane. This point is even more noteworthy since Australia was one of the EGA's founding members. Trade-enhancing solutions can be a particularly important tool in addressing global sustainability challenges. By reducing tariffs on environmental goods and services, countries will have better access to new environmental technologies.
- Business has sought clarity from policymakers in developing long-term, predictable market-based policies on climate change. Yet, despite recurrent calls from business, ICC notes a continued absence of material discussions on market-based mechanisms, including carbon pricing, at the G20 Leader and Finance Minister level. While these policies have primarily been dealt with at the intergovernmental level at the United Nations Framework Convention on Climate Change (UNFCCC), Business believes that the G20 can, and should, take a leadership role in setting the parameters for these discussions.
- Business commends the G20 for discussing reform of global energy institutions and enhanced cooperation between emerging and advanced economies at the highest political level. The adoption in Brisbane of the *G20 Principles on Energy Collaboration*, in which Leaders of the G20 countries agreed to work together to make international energy institutions more representative and inclusive of emerging and developing economies, is a significant achievement and bodes well for future work on this important issue.

6a - Increase the uptake of energy efficiency

Improving energy efficiency can deliver economic and environmental benefits, including reducing growth in world energy demand, extending the life of conventional energy resources, helping reduce global carbon emissions and—through the multiplier-effect of energy efficiency investment—increasing cumulative economic output worldwide. ICC has therefore regularly called on the G20 to demonstrate leadership in increasing the uptake of energy efficiency and in 2014 made three recommendations for G20 Leaders' consideration:

1. Increase efforts by the G20 Energy Sustainability Working Group (ESWG) to promote energy efficiency scale-up, share best practices, raise awareness of existing technologies and expand the availability of risk-sharing financing, including collaboration with organizations like the IFC on green bonds.
2. Among G20 countries, establish government efficiency standards in the main energy-consuming sectors where price sensitivity is limited, notably buildings, housing and transport.

3. Establish an international monitoring and measurement protocol for energy efficiency savings (e.g., International Performance Measurement & Verification Protocol (IPVMP)).

Energy efficiency has been a recurrent G20 agenda item, but the G20 has spent most its efforts so far on sharing approaches and best practices.

In the Brisbane Summit Declaration G20 Leaders announced, *“Improving energy efficiency is a cost-effective way to help address the rising demands of sustainable growth and development, as well as energy access and security. It reduces costs for businesses and households. We have agreed an Action Plan for Voluntary Collaboration on Energy Efficiency.”*

Released alongside the Summit Declaration, the *G20 Energy Efficiency Action Plan* (the “Action Plan”) includes six work areas comprising the following priorities on energy efficiency:

- *Priorities for new work:* (1) Improving vehicle energy efficiency and emissions performance; (2) Improving the energy efficiency of networked devices; and (3) Enhancing capital flows to energy efficiency investments
- *Priorities for accelerating existing international work:* (4) Buildings: Improving metrics and performance; (5) Industrial energy management: Making industrial processes more energy efficient; and (6) Electricity generation: Sharing high-efficiency, low-emissions technologies

The Action Plan was produced in consultation with the International Partnership for Energy Efficiency Cooperation (IPEEC) and relevant expert international organizations. G20 Members (and other countries such as G20 guests) have volunteered to participate in areas of work that interest them. In 2015, IPEEC will support implementation of the Action Plan and report to the ESWG on collaboration under the Action Plan and possible next steps.

SCORE: FAIR

Business commends the launch of the Action Plan and G20 Leaders’ continued recognition of the importance of improving energy efficiency. The Action Plan mirrors many of ICC’s recommendations this year, including sharing of best practices within the ESWG and discussions on energy efficiency standards and measurements through the Action Plan. Unfortunately, the emphasis on the Action Plan’s voluntary nature—the word “voluntary” is mentioned seven times in the 13-page document, including in the title—underscores an inability of the G20 to collectively rally around this important issue. With no requirement for commitment, the Action Plan risks devolving from action to discussion. Nonetheless, Business highly commends those members who have pledged their support and encourages non-participants to commit by the 2015 G20 Summit.

✔ Recognition

The Brisbane Summit Declaration reaffirmed the importance of improving energy efficiency uptake.

✔ Action

ICC commends the *Voluntary Collaboration on Energy Efficiency Action Plan* and calls on participating G20 members to provide sufficient resources to support this important initiative.

✘ Adequacy

The Action Plan’s emphasis on volunteer participation and lack of clear commitments is disappointing and undermines potential progress.

6b – Minimize inefficient and wasteful energy subsidies that distort markets

At the 2009 Pittsburgh Summit, the G20 agreed “to rationalise and phase out inefficient fossil fuel subsidies (FFS) that encourage wasteful consumption over the medium term, while providing targeted support for the poorest.” Leaders at subsequent G20 Summits have reaffirmed this commitment, and since the 2010 Seoul G20 Business Summit, the private sector has continuously called on the G20 to follow through on its pledge. In 2014, ICC reiterated past B20 recommendations and called on G20 Leaders to minimize inefficient and wasteful energy subsidies that distort markets.

Regrettably, the group made little tangible progress in 2014. The Brisbane Summit Declaration reiterated the now hollow pledge to rationalize and phase out inefficient fossil fuel subsidies. The *G20 Principles on Energy Collaboration* (see 6e) also included a similar statement, endorsed by Leaders in Brisbane.

Following years of shuffling without any significant progress, Leaders at the 2013 St. Petersburg Summit endorsed a voluntary, country-owned peer review process on members’ fossil fuel subsidies and “encouraged broad voluntary participation in reviews as a valuable means of enhanced transparency and accountability.” G20 Finance Ministers were tasked with reporting back by the 2014 Brisbane Summit on outcomes from the first rounds of reviews. No such report, however, has been made public and the G20 ESWG 2014 Co-chairs’ Report⁴⁴, annexed to the Summit Declaration, suggests that the peer review has yet to begin: “[In 2014] The ESWG benefitted from updates on the preparations for the first round of voluntary peer reviews involving the United States and China. A second round of voluntary peer reviews involving other G20 countries is expected to commence in mid-2015. Germany has announced it will participate in the second round.”

Under the Australian presidency, the G20 issued an uninspiring request for more reports from international energy organizations to analyze the scope of energy subsidies and present suggestions for the implementation of this G20 country initiative.⁴⁵

- In response to a request from Leaders at the 2013 St. Petersburg Summit, the World Bank Group delivered a report to Finance Ministers in September on options for transitional policies that would phase out fossil fuel subsidies. Outside of a brief mention, however, in the G20 ESWG 2014 Co-chairs’ Report, the 55-page World Bank paper was largely ignored and not recorded as a received report by G20 Finance Ministers during their September meeting (more than 18 other reports were recorded). The World Bank paper was also not mentioned in the G20 Summit Declaration, nor was it referenced among the list of annexed documents.⁴⁶
- The G20 Climate Finance Study Group 2014 Report, annexed to the Brisbane Summit Declaration, presented Finance Ministers and Leaders with a “toolbox” of non-exhaustive policy options for enhancing climate finance mobilization and effectiveness. The ongoing G20 commitment to rationalize and phase out inefficient fossil fuel subsidies was included as one of the report’s policy recommendations on greenhouse gas emission pricing approaches.

SCORE: POOR

The G20 again reaffirmed its 2009 Pittsburgh commitment to rationalize and phase out inefficient fossil fuel subsidies. While welcoming this commitment, business remains concerned over the lack of evidence on progress. Now entering the seventh year since the G20’s initial pledge, business notes a continued absence of substantial achievements. The St. Petersburg pledge to initiate a peer review process was viewed as an important and meaningful, albeit incremental, step to reengage on this issue. The lack of tangible steps in 2014, beyond requesting reports, is discouraging.

✔ Recognition

The G20 reaffirmed its 2009 Pittsburgh commitment to rationalize and phase out inefficient fossil fuel subsidies.

✘ Action

The G20 has continued down its familiar and uninspiring path of requesting reports and discussing best practices, but there were no signs of tangible progress in 2014.

✘ Adequacy

The G20 needs to honour its Pittsburgh commitment by delivering the leadership to reduce public spending on fossil fuel subsidies and spur the development of low-carbon innovations and alternative energy sources.

6c – Eliminate barriers to trade in energy and environmental goods and services

ICC has been a strong proponent of reducing trade barriers to environmental goods and services. Trade-enhancing solutions can be particularly important tools in addressing global sustainability challenges: by reducing tariffs on environmental goods and services, countries and consumers will have better access to new environmental technologies. Starting with the 2010 Seoul Business Summit, Business has continuously called on the G20 to push for progress on liberalizing trade in environmental products and services. In 2014, ICC urged G20 Leaders to champion the elimination of tariff and non-tariff barriers on energy and environmental goods and services, as currently proposed under WTO and regional trade agreements.

Past editions of the *Scorecard* have encouraged the G20 to explore plurilateral options, including possible use of the 2012 Asia-Pacific Economic Cooperation (APEC) agreement to reduce applied tariff rates on a list of 54 environmental goods to 5% or less by 2015. Business was supportive of the announcement in January 2014 that 14 WTO members agreed to launch plurilateral negotiations for an Environmental Goods Agreement (EGA) in the WTO context, building on the APEC 2012 commitment (seven of the 14 EGA negotiating members are G20 economies).⁴⁷

As Australia is a founding member of the EGA, surprisingly, the G20 Summit Declaration did not contain any references to EGA negotiations nor to reducing barriers to trade in environmental goods. Moreover, the *G20 Principles on Energy Collaboration* (see 6e), which laid the foundation for future G20 collaboration on energy, shied away from any concrete commitments. G20 Leaders only agreed to work together to encourage and facilitate well-functioning, open, competitive, efficient, stable and transparent energy markets that “promote energy trade and investment.”

SCORE: INADEQUATE

Business welcomes the adoption of the *G20 Principles on Energy Collaboration*, which touch upon many ICC energy policy priorities. Without any follow up action or concrete proposals, however, the principles run the risk of devolving into little more than aimless discussion. Business believes that the Australian G20 presidency missed an important opportunity by not including discussions on the EGA in Brisbane. This omission is even more noteworthy, since Australia is one of the EGA’s founding members.

ICC has pledged strong support for the EGA initiative, which could inject up to US\$10.3 billion in additional exports and augment employment gains by 256,000 jobs. Business encourages more G20 countries to join the agreement and encourages Turkey to rally G20 support during its G20 presidency in 2015.

✘ Recognition

While the *G20 Principles on Energy Collaboration* includes a commitment to work together to promote energy trade and investment, this mention is far from a clear recognition of the business recommendation to eliminate tariff and non-tariff barriers to trade in environmental goods and services.

✘ Action

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

✘ Adequacy

Liberalizing trade in environmental goods and services can accelerate the spread of clean/"greener" technologies worldwide. Business believes that the G20 missed an important opportunity under the Australian presidency to commit to—or at least endorse—the EGA negotiations.

6d – Implement predictable international carbon pricing

Companies have sought clarity from policymakers in developing long-term and credible policies on climate change to incentivize investment necessary to shift to renewable and low-carbon energy sources. Implementing robust international carbon pricing can be a particularly powerful tool for rationalizing investment decisions. While the United Nations Framework Convention on Climate Change (UNFCCC) has primarily addressed these policies on an intergovernmental level, Business believes that the G20 can augment these negotiations by setting priorities and parameters.

In 2014, ICC called for G20 Leaders to implement predictable international carbon pricing to enhance investor confidence in low-carbon energy supply. This is a recurring business recommendation, going back to the 2010 Seoul B20 Summit.

As with previous Summits, the Brisbane Leaders Declaration did not include any references to market-based carbon pricing. This omission is not surprising given the G20's track record on this recommendation. The likelihood of any material discussions on carbon pricing were also greatly reduced by Australian Tony Abbott's initial stance that the G20 Leaders' Summit in Brisbane should not discuss climate change: "[It is] *important to ensure that these international meetings don't cover all subjects and illuminate none*".⁴⁸

As with two past G20 Summits, the G20 Climate Finance Study Group (CFSG)⁴⁹ was asked to prepare a report in 2014 to provide "*Ministers and Leaders with a better understanding of climate finance issues and a range of policy options*." The 2014 CFSG report contains "*a range of non-exhaustive policy options ("toolbox") for voluntary consideration*" with three bullet points outlining members' discussions on green house gas emission pricing approaches, including domestic emissions/carbon taxes, emissions trading systems, carbon offset projects and rationalizing and phasing out fossil fuel subsidies (see also 6b).

SCORE: INADEQUATE

Companies have sought clarity from policymakers in developing long-term, predictable market-based policies on climate change. Robust carbon pricing mechanisms would be one important market based policy tool to enhance financial flows towards climate friendly investments and achieving global net emission reductions. At the same time, robust carbon pricing mechanisms would be one important market-based policy tool that could urge the success of an ambitious, worldwide UNFCCC agreement in 2015 and clearly benefit from G20 leadership. Yet, despite recurrent calls from Business, ICC notes a continued absence of material discussions on carbon pricing mechanisms at the G20 Leader and Finance Minister level.

Recognition

The Brisbane Leaders Declaration did not include any references to carbon pricing mechanisms. While business acknowledges that some discussions have ensued on this issue within the CSFG, this effort is not sufficient to award the G20 a point for recognition.

Action

The G20 has not taken any collective action to implement predictable international carbon pricing.

Adequacy

The G20 should demonstrate leadership and global governance by tackling and deliberating this issue at the Leaders' level.

6e – Improve global energy governance framework

The global energy landscape has changed dramatically in recent decades. The adoption of new methods of energy production and exploration has begun to transform some of the world's major energy importers into net exporters. Existing global energy governance arrangements have not adapted and no longer reflect changes in energy markets, particularly the growing role played by emerging markets.

Recognizing the need to reform and adapt global energy governance arrangements to this new reality, ICC recommended in 2014 that the G20 improve the global governance energy framework as a necessary factor in achieving its energy policy objectives. Specifically, ICC recommended the following G20 approach:

- Reform current institutions (International Energy Agency, International Energy Forum) as necessary, prior to considering the creation of new ones;
- Complete the International Energy Forum Joint Oil Data Initiative (JODI) work on oil, gas and coal information to improve energy market transparency and efficiency; and
- Establish formal business (B20) representation to the G20 Energy Sustainability Working Group.

In 2014, Australian Prime Minister Tony Abbott focused attention on supporting international efforts to improve the operation of global energy markets: *“Emerging economies have become major players, and the balance of energy trade has shifted towards the Asia Pacific region. As this year’s president of the G20, we want global energy institutions to reflect this reality, and want to make energy markets more transparent, resilient and efficient.”*⁵⁰

The G20 ESGW dedicated much of its efforts in 2014—including three working group meetings—on improving the existing global energy governance architecture. This initiative included organizing a Global Energy Architecture Workshop in February, as well as two ESGW-commissioned surveys on global energy governance.⁵¹ Based on the survey findings and reports from international energy organizations, the ESGW developed the *G20 Principles on Energy Collaboration* (the Principles) to *“lay the foundation for future collaboration on energy access, energy institutions, energy markets, energy security and sustainable growth and development.”* The G20 in Brisbane endorsed the Principles and included Leaders' commitment to *“work together to make international energy institutions more representative and inclusive of emerging and developing economies”*.

The three ESWG meetings in 2014 included several updates on the development of the IEF JODI-initiative and capacity-building efforts, including a presentation on the public launch of the JODI-Gas database at the second ESWG meeting in May. In response to G20 Leaders' request in St. Petersburg to bring the private sector and officials together to discuss factors hindering energy investment, the ESWG organized a workshop on Energy Infrastructure Investment in May. While the workshop included select representatives from the energy sector, there was no formal B20 representation at the event. The ESWG also did not extend an invitation to the B20 to participate in any of the ordinary ESWG working Group meetings.

SCORE: GOOD

Business is encouraged by the ESWG discussions on the improving global energy governance frameworks. It also supports the adoption in Brisbane of the *G20 Principles on Energy Collaboration*, in which Leaders of the G20 countries agreed to make international energy institutions more representative and inclusive of emerging and developing economies. Business also welcomes the launch of the Jodi-Gas database in May 2014 and the G20's continued support of the JODI-initiative.

The G20 and ESWG have not responded to the recommendation to establish formal Business (B20) representation on the ESWG. Looking forward, Business encourages the ESWG to invite B20 representatives to participate in official working group meetings during the Turkish G20 presidency in 2015.

Recognition

ESWG actions throughout 2014 reflect ICC's recommendations for G20 leadership on improving the global energy governance framework.

Action

G20 Leaders endorsed the *G20 Principles on Energy Collaboration* and pledged to work together to address the changing realities of the world energy landscape.

Adequacy

Business commends the G20 for discussing a reform of global energy institutions and enhanced cooperation between emerging and advanced economies at the highest political level.

Chapter 7: Global Tax Reform

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 low-tax jurisdictions. With planned completion by December 2015, the outcomes of the G20/OECD BEPS project are expected to significantly affect business activity, increasing the need to disentangle new requirements and reconsider international business models.

ICC applauds the G20 approach to modernize and harmonize international tax rules and strongly believes transparent and predictable tax regimes are key for economic growth. While ICC fully concurs that tax fraud and tax evasion should be stopped, it contends that these issues should be clearly distinguished from legal tax management and planning. Because taxes can only be levied on the basis of laws and because countries design their own tax regimes in pursuit of differing macro-economic policy objectives, ICC underscores that companies are often encouraged to use the tax planning measures made available to them by individual governments. Companies should not be condemned for choosing the least costly route. Moreover, Business fears that governments might be too focused on combating tax evasion, while losing sight of the fact that most companies are not engaged in abusive practices and may suffer collateral damage from a new regime that does not sufficiently account for these distinctions.

There was no dedicated B20 Australia task force to address taxation in 2014. The recommendations evaluated in this chapter were instead prepared by the ICC Commission on Taxation and are accordingly presented in parallel to the work of B20 Australia. The ICC Commission on taxation, which comprises 150 taxation experts from 40 countries, has actively engaged the OECD in the first phase of the G20/OECD BEPS project. The Commission also participated in the G20 International Tax Symposium on May 9-10, 2014 in Tokyo, where it provided business views on OECD draft reports. In particular, the ICC has urged the G20 to safeguard confidentiality of commercially sensitive business information in country-by-country reports. It has also called for enhanced coordination in the implementation of the G20/OECD BEPS project.

Summary of score

The overall score assessment of G20 commitments and decisions on Global Tax Reform is “GOOD” (2.5 of 3). The high score acknowledges the significant efforts of the OECD and G20 members to harmonize taxation standards under the G20/OECD-mandated BEPS project, albeit recognizing that stronger G20 leadership is necessary to ensure a coordinated, balanced and common approach.

Global Tax Reform is a new policy area for the fourth edition *Scorecard*. Consequently, it is not possible to isolate any specific trends on G20 responsiveness to business recommendations in this category.

Table 7 delineates the two ICC Commission on Taxation recommendations, with scores presented in the right column. The succeeding section presents scoring component highlights, followed by an in-depth review and explanation of each recommendation and corresponding score.

Table 7

B20 Australia Anti-corruption Working Group Recommendations	Abridged recommendation	Score
7a Ensure confidentiality of commercially sensitive businesses information in country-by-country reports.	<i>Ensure confidentiality of commercially sensitive businesses information</i>	GOOD
7b Achieve coordinated and consistent implementation of the G20/OECD BEPS Action Plan, and enhance tax dispute settlement mechanisms to avoid costly and growth-inhibiting double taxation.	<i>Modernize and harmonize taxation rules for the 21st Century</i>	FAIR
Average Score for Global Tax Reform		GOOD (2.5)

Scoring component highlights:

- Business fully acknowledges the importance of tax authorities to have access to information, ensuring that businesses pay the correct amount of tax, but underscores the importance of confidentiality of commercially sensitive business information. Business therefore welcomes that the OECD has made clear that country-by-country reporting should go to tax administrations and not be made public.
- 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 as it implements the G20/OECD BEPS Action Plan. Double taxation is a major impediment to trade and must be avoided. ICC welcomes the OECD’s December discussion draft on making dispute resolution mechanisms more effective (BEPS Action 14). ICC looks forward to engaging with the G20 and the OECD on this important topic in 2015.

7a – Ensure confidentiality of commercially sensitive businesses information

As the world business organization, the ICC applauds the G20 and individual government efforts to globalize taxation standards. ICC continues to fully engage with the G20/OECD-mandated BEPS project, as the debate over tax planning and business paying its “fair share” of taxation has reached the highest levels of government and public debate.

In line with the G20’s endorsement of the G20/OECD BEPS Action Plan at the 2013 St. Petersburg Summit, the OECD released seven deliverables of its 15-point Action Plan in September 2014 (with the remaining eight due in September 2015). Action 13 contains revised standards for transfer pricing documentation and a template for Country-by-Country (CbC) reporting, the latter of which requires the disclosure of the activity, employment level, profits and tax paid in each country in which a company does business. While the OECD had initially proposed that tax authorities should maintain CbC report confidentiality, some actors in the BEPS debate have called for public disclosure of tax data and CbC reports based on transparency and a public “right to know.”

Business fully endorses tax authorities' access to adequate information to determine that businesses are paying the correct amount of tax. ICC, however, strongly believes that the public release of CbC reports—containing financial information relating to the business operations of multinational enterprises— would be counterproductive to efficient tax administration and potentially harmful to the relationship between taxpayers and tax authorities. The relationship between taxpayers and tax authorities should be characterized by openness and trust; the disclosure of tax data would negatively impact this important dynamic. As part of its mandate to represent international business globally, the ICC Commission wrote to the Australian G20 presidency recommending that the G20 maintain its current stance: CbC reports are intended to serve as high-level risk assessment tools for tax authorities and should be kept from public release.

On September 16, 2014, the OECD presented its report with draft recommendations on BEPS Action 13: *Guidance on Transfer Pricing Documentation and Country-by-Country Reporting*. In line with business views, the draft recommendations state that CbC reporting should not be made public, with the OECD calling on tax administrations to ensure that there is no public disclosure of confidential or commercially sensitive information.

Underscoring that CbC reporting is a sensitive and important issue, Pascal Saint-Amans, Head of the OECD's Centre for Tax Policy, reaffirmed the OECD's position during an OECD press conference on the eve of the Brisbane Summit: *"There is agreement on [the CbC] template. There is agreement that this should start quickly. There is agreement that these should go to tax administrations, and not be public, contrary to what a large number of people in the media, and the NGOs would like to see. But governments say, 'We want this to happen, and for this to happen, to get consensus, we need to keep this information confidential to the tax administrations.' So that's the agreement which has been reached."*

SCORE: GOOD

ICC agrees that it is important for tax authorities to access adequate information, ensuring that businesses pay the correct amount of tax. ICC underscores, however, the importance of confidentiality of commercially sensitive business information. Business welcomes that the OECD has limited CbC report disclosure only to tax authorities, not to the general public.

✔ Recognition

The OECD reaffirmed that CbC reporting will not be made public.

✔ Action

The OECD's draft CbC recommendations calls on tax administrations to ensure no public disclosure of confidential or commercially sensitive information.

✔ Adequacy

ICC welcomes the OECD's decision and looks forward to continued engagement with the G20/OECD-mandated BEPS project.

7b – Modernize and harmonize taxation rules for the 21st Century

Noting the ambitious timeframe of the BEPS project, ICC is concerned that insufficient attention is being given to the necessary analysis and study of the repercussions of potential changes to the international tax infrastructure. This is illustrated by the limited narrative examination and/or concrete suggestions offered by the OECD in several of the recently issued BEPS Discussion Drafts. Failure to conduct the necessary due diligence and dialogue with stakeholders may result in faulty rules, creating difficulties for businesses, and significantly hampering cross-border trade and economic growth.

The ICC Commission on Taxation has therefore stressed the importance that phase one and phase two deliverables of the G20/OECD BEPS Action Plan are implemented across G20 and non-G20 members in a coordinated and consistent manner to prevent disparate rules and double taxation. International double taxation puts a significant economic burden on taxpayers and should be resolved promptly. In light of potentially increasing disputes resulting from the BEPS and CbC reporting, Business has called on the G20 and other countries to enhance tax dispute settlement mechanisms.⁵²

The Brisbane Summit Declaration welcomed *“the significant progress on the G20/OECD [BEPS] Action Plan to modernise international tax rules”* but contained few technical details beyond the pledge to finalize the work in 2015. The OECD has, however, recognized Business concerns. Responding to questions on the status of country implementation of the BEPS Action Plan, Pascal Saint-Amans, Head of the OECD’s Centre for Tax Policy said: *“Paradoxically, I’d say there is too much momentum, and we’re telling our member countries, ‘Please hold on’. [...] We’re trying to tell the countries, ‘Please don’t rush taking unilateral measures, because precisely this project is about having all the countries agreeing common rules which will have to be implemented by domestic legislation, but these domestic legislation should be compatible, should be coordinated, so that you [don’t] deteriorate the environment of investment’.”*⁵³

Addressing concerns of double taxation, Mr. Saint-Amans explained, *“You will maintain the ability of eliminating double taxation. We have an action [...] delivered in 2015, which is about effective dispute resolution mechanisms. [...] We need to make sure that where there are disputes, these disputes be solved without double taxation remaining.”*⁵⁴

On December 18, 2014, the OECD released a discussion draft in connection with Action 14 of its BEPS Action Plan—Make Dispute Resolution Mechanisms More Effective. A final report will be delivered in September 2015.

SCORE: FAIR

Business applauds the G20’s continued commitment to modernize international tax rules and to move toward a world standard through the G20/OECD BEPS Action Plan. While the OECD has been responsive to Business concerns, the G20 has so far not utilized its collective influence to call for coordinated and consistent implementation. ICC has, for example, expressed concerns over the UK Government’s plans to introduce a 25% Diverted Profits Tax (DPT) from April 2015 to tackle “artificial” profit-shifting arrangements. This type of unilateral action by a G20 member is unfortunate, especially before the BEPS project has been successfully concluded and before consensus has been reached. If the G20 is unable to gain consensus from both OECD-G20 members and non-OECD members, countries could take unilateral action, creating discrepancies in tax legislation and lead to an unnecessarily complicated and costly patchwork of compliance requirements for business of all sizes.

✔ Recognition

The OECD—the organization responsible for carrying forward the G20’s work on BEPS—has acknowledged the importance of achieving coordinated and consistent implementation of the G20/OECD BEPS Action Plan, including the need for an effective tax dispute settlement mechanism to avoid costly, growth-inhibiting double taxation.

✔ Action

The Brisbane Summit endorsed the OECD’s BEPS work. ICC welcomes the December discussion draft on making dispute resolution mechanisms more effective and looks forward to engage the G20 and the OECD on this important topic in 2015.

✘ Adequacy

While the G20 endorsed the OECD’s work, ultimately it will be up to BEPS members, currently 44 countries, to implement the agreed-upon standards through domestic legislation. By the same token, it will be crucial for G20/OECD member states and non-OECD members to reach agreement on BEPS-project’s outcomes. Consequently, ICC encourages the G20 to engage with non-OECD members to commit to an approach with a balanced and common framework that avoids disparate rules and harmful double taxation. Unfortunately, there are signs that some governments are considering unilateral action, instead of agreeing on a collective approach.

Notes

¹ It should be noted that previous *Scorecards* grouped together trade and investment recommendations, precluding a strict comparison in score.

² 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 the second edition would be "Poor".

³ World Bank Global Economic Prospects report 2015.

⁴ United Nations World Economic Situation and Prospects 2015 (WESP) report http://www.un.org/en/development/desa/policy/wesp/wesp_archive/2015wesp_chap1.pdf

⁵ It should be noted that previous *Scorecards* grouped together trade and investment recommendations, precluding a strict comparison in score.

⁶ According to the OECD's latest estimates, the agreement signed in Bali would reduce total trade costs by 14.1% for low-income countries, 15.1% for lower middle-income countries and 12.9% for upper middle income countries. The Peterson Institute of International Economics (PIIE) estimated that the agreement could see world GDP increases of another \$960 billion annually—along with more than \$1 trillion in world export gains. The corresponding benefit for G20 countries is approximately \$820 billion in GDP. Moreover, the gains from trade facilitation are most likely to benefit small- and medium-sized enterprises (SMEs), especially in developing countries because SMEs suffer more from higher trade administration costs than larger enterprises.

⁷ The third edition *ICC G20 Scorecard*, which evaluates the 2013 Russia G20 Summit cycle, awarded the G20 the highest score "Good" for Leaders' collective ability to push all WTO members to show the political will needed to conclude the Bali package in MC9.

⁸ In order for the Agreement on Trade Facilitation to become legally binding, two-thirds of WTO members must ratify it.

⁹ WTO press conference, G20 International Media Centre, Brisbane, 14 November 2014: http://www.g20australia.org/sites/default/files/documents/transcripts/Transcript%20-%20WTO%20%2814.11.14%29_1.pdf

¹⁰ http://www.wto.org/english/news_e/news14_e/gc_rpt_27nov14_e.htm

¹¹ The 2014 B20 trade task force delineated several supporting recommendations, including expanding the WTO-UNCTAD-OECD monitoring to all non-tariff measures; establishing a peer review mechanism and specific time frames for to cease and/or reverse trade restrictive policies.

¹² Priority actions for G20 governments included to "Reinforce the standstill commitment against protectionism and wind back any restrictive measures implemented since the crisis - with a particular focus on non-tariff barriers." http://www.oecd.org/tad/gvc_report_g20_july_2014.pdf

¹³ http://trade.ec.europa.eu/doclib/docs/2014/november/tradoc_152872.pdf

¹⁴ http://www.globaltradealert.org/16th_GTA_report

¹⁵ http://www.wto.org/english/tratop_e/region_e/region_e.htm

¹⁶ 2013 B20 Russia: Encourage the WTO to take a leadership role in establishing principles to guide the design of PTAs by identifying best practices for PTAs with the aim of making them more transparent, compatible with multilateral trade promotion goals and complementary to the WTO rules.

¹⁷ Global Value Chains: Challenges, Opportunities, and Implications For Policy, OECD, WTO and World Bank Group, Report prepared for submission to the G20 Trade Ministers Meeting Sydney, Australia, July 19, 2014. http://www.oecd.org/tad/gvc_report_g20_july_2014.pdf

¹⁸ "With supply chains operating across multiple markets, domestic regulations affect the decisions of firms to invest in a country, and to trade and create jobs. Efficient transport and logistics services can help firms compete in global value chains. Delivering on the trade policy actions in our growth strategies will support more inclusive growth, with positive spillovers for countries beyond the G20, including developing countries."

¹⁹ McKinsey and Co estimate that \$57 trillion in total will need to be spent between 2013 and 2030, covering road, rail ports, airports, water, power and telecoms, but excluding social infrastructure such as schools and hospitals. This equates to an annual investment requirement of \$3.4 trillion. McKinsey Global Institute (2013) *Infrastructure Productivity: How to save \$1 trillion a year*.

²⁰ Standard and Poor's (2014) *Global Infrastructure: How to fill a \$500 billion hole*.

²¹ Chapter 2 of the *Scorecard* contains five of the six task B20 Infrastructure and Investment task force recommendations. The sixth recommendation on transparent infrastructure procurement and approval processes is evaluated in Chapter 5 on Anti-Corruption.

²² G20 2014: Overview of Australia's presidency December 2013 <http://www.g20.utoronto.ca/2014/G20Australia2014conceptpaper.pdf>

²³ The IIWG was also responsible for developing the investment and infrastructure elements for inclusion in G20 members' growth strategies, and for working with the G20 Development Working Group (DWG) to increase financing for infrastructure investment in developing countries.

²⁴ Source OECD-UNCTAD Twelfth Report on G20 Investment Measures. http://www.wto.org/english/news_e/news14_e/g20_oecd_unctad_report_oct14_e.pdf

²⁵ See the FSB's "Update on financial regulatory factors affecting the supply of long-term investment finance" to G20 Finance Ministers and Central Bank Governors (September 2014, available at http://www.financialstabilityboard.org/wpcontent/uploads/r_140916.pdf).

²⁶ <http://www.financialstabilityboard.org/wp-content/uploads/Overview-of-Progress-in-the-Implementation-of-the-G20-Recommendations-for-Strengthening-Financial-Stability.pdf>

²⁷ <https://g20.org/wp-content/uploads/2014/12/G20Australia2014conceptpaper.pdf>

²⁸ 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.

²⁹ B20 Australia identified four key reforms of the existing agenda: capital and liquidity requirements under Basel III; enhanced regulation of global systemically important financial institutions (G-SIFIs); over-the-counter (OTC) derivatives markets and market-based finance (shadow banking).

³⁰ See for example, The FSB's first annual implementation report, *Overview of Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability-Report of the Financial Stability Board to G20 Leaders* (Nov 2014).

³¹ At the 2013 St. Petersburg Summit, the G20 Leaders supported the FSB's intention to review the structure of its representation and asked the FSB to report back to the Brisbane Summit.

³² The FSB November report provides an update on monitoring developments, drawing upon discussions in FSB work streams and in FSB regional consultative groups on the effects of these reforms, as well as input by SSBs and IFIs from their own monitoring and assessment processes. See *Monitoring the effects of agreed regulatory reforms on emerging market and developing economies (EMDEs)*. Available at: <http://www.financialstabilityboard.org/wp-content/uploads/Monitoring-the-effects-of-reforms-on-EMDEs.pdf>

³³ http://www.ioe-emp.org/fileadmin/ioe_documents/publications/Other%20International%20Organisations/G20/EN/_2014-09-03_IOE-BIAC_Monitoring_Report_on_the_Implementation_of_G20_Commitments__final_.pdf

³⁴ This recommendation originates from the B20 Australia Infrastructure and Investment task force, however has been organized under Chapter 5 to better follow the Scorecard structure.

³⁵ <http://www.weforum.org/pdf/paci/BusinessCaseAgainstCorruption.pdf>

³⁶ The UNCAC, adopted by the United Nations General Assembly in 2003, is the broadest manifestation of the international community's resolve to curtail corruption. It serves as a general guideline to anticorruption efforts, and covers a broad range of pertinent issues, including the prevention and criminalization of corruption, the importance of international cooperation, and the principle of stolen asset recovery.

³⁷ The OECD Convention, often described as "the gold standard" of anti-bribery conventions, requires signatories to enact legislation that criminalizes the act of bribing a foreign public official. The Convention's 41 signatory countries are responsible for approximately two-thirds of world exports and almost 90 per cent of total foreign direct investment outflows.

³⁸ High Level Reporting Mechanisms provide a channel for companies to report bribery solicitation to a dedicated and high-level institution that has the authority and capacity to respond promptly and without prolonged delays.

³⁹ The OECD convention is open to accession by any country that is a member of the OECD or has become a full participant in the OECD's working group on the issue.

⁴⁰ <http://www.oecd.org/corruption/oecd-foreign-bribery-report-9789264226616-en.htm>

⁴¹ http://www.transparency.org/whatwedo/publication/exporting_corruption_progress_report_2014_assessing_enforcement_of_the_oecd

⁴² B20 Russia included energy as part of its Global Priorities for Innovation and Development task force.

⁴³ <http://www.iccwbo.org/global-influence/g20/reports-and-products/icc-energy-priorities-for-g20/>

⁴⁴ http://www.g20australia.org/official_resources/g20_energy_sustainability_working_group_2014_co_chairs_report

⁴⁵ E.g., Joint report on fossil fuel subsidies prepared by the IEA, OECD, OPEC, and World Bank, presented to the G20 Toronto Summit in June 2010; "The Scope of Fossil fuel subsidies in 2009 and a Roadmap for Phasing out Fossil fuel subsidies: An IEA, OECD and World Bank report," prepared for the November 2010 G20 Summit meeting in Seoul; "An update of the G20 Pittsburgh and Toronto Commitments," a joint report by the IEA, OECD, OPEC, OECD, and World Bank, prepared for the G20 Cannes Summit; and "Recent Developments in Fuel Pricing and Fiscal Implications," prepared by the IMF in 2012 for the G20 Energy and Commodity Markets Working Group.

⁴⁶ The report can be found on the G20's web page: <https://g20.org/wp-content/uploads/2014/12/14-Transitional-Policies-To-Assist-The-Poor-While-Phasing-Out-Inefficient-Fossil-Fuel-Subsidies.pdf>

⁴⁷ Founding members of the EGA include Australia, Canada, China, Chinese Taipei, Costa Rica, the European Union, Hong Kong China, Japan, New Zealand, Norway, Singapore, the Republic of Korea, Switzerland and the United States. The WTO counts the 28 member states of the EU as one party to the negotiations. EGA negotiations were officially launched on July, 8, 2014 in Geneva, Switzerland. http://eeas.europa.eu/delegations/wto/documents/press_corner/final_joint_statement_green_goods_8_july_2014.pdf

⁴⁸ <http://www.smh.com.au/federal-politics/political-news/climate-change-off-g20-agenda-20140604-39jdx.html>

⁴⁹ The CFSG was launched during the 2012 Mexican G20 presidency and tasked with exploring ways to effectively mobilize climate finance, accounting for the objectives, provisions, and principles of the UNFCCC process.

⁵⁰ <http://www.pm.gov.au/media/2014-06-13/address-asia-society-texas-centre-houston>

⁵¹ The first survey invited international energy organizations to provide their views on ways to strengthen the global energy architecture. The second survey asked ESWG members about any gaps and duplications in the existing mandates and work plans of international energy organizations.

⁵² The OECD anticipates that treaty based disputes will increase as a result of the work on BEPS. See www.oecd.org/ctp/dispute/discussion-draft-action-14-make-dispute-resolution-mechanisms-more-effective.pdf

⁵³ http://www.g20australia.org/news/transcripts/oecd_press_conference_g20_international_media_centre_brisbane

⁵⁴ http://www.g20australia.org/news/transcripts/oecd_press_conference_g20_international_media_centre_brisbane

