RSPP

B20
BUSINESS RUSSIA 2013

B20–G20 PARTNERSHIP FOR GROWTH AND JOBS

Recommendations from Business 20

2013

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This White Book represents the final recommendations from Business 20 to the G20 Leaders. We are grateful to everyone who provided feedback on the Green Book before and during the B20 summit in June 2013. You can download the White Book as well as other B20 reports and papers at http://www.b20russia.com.

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PART 1.
THE B20 MESSAGES TO THE G20 LEADERS

Address to B20 Leaders by Vladimir Putin, President of Russia[1]

Ladies and gentlemen,

It's very good to see you all. I am happy to welcome the B20 participants to St Petersburg, on the first day of the St Petersburg International Economic Forum. We always value the opportunity to discuss ongoing issues directly with the business community, especially since there are quite a few of them at present.

I would like to note that our meeting today, and in general, the work of the B20 at the St Petersburg Forum are of particular importance, bearing in mind that Russia will host the G20 Summit this year, very soon, in just two months, and it will take place near here, in St Petersburg. Therefore, such direct dialogue with the business community is extremely important to us.

Just recently, in Moscow, I had the pleasure of meeting with G20 representatives from non-governmental organisations, who had also analysed the situation and presented their proposals for the leaders. I must say that almost all of these suggestions somehow resonate with the challenges that you focus on in your research and proposals to the leaders of the 20 strongest global economies.

The concern that the world leaders feel about the processes unfolding in the world is obvious because global growth is slowing, or it is unstable in any case. Unfortunately, there are very few positive signals and numerous different risks. <...>

Of course, the business community is responsible for the lion's share of investments and new jobs in the modern world. That is natural and could not be otherwise. The confidence of businesspeople and their plans largely determine the standard and quality of life in their country, and ultimately the stability of entire nations.

In this regard, I note with great appreciation that the B20 agenda of this year includes such issues of global significance as infrastructure development and increased investment in human resources. This is reflected in the materials that have been provided. <...>

Efforts are ongoing in most of these areas at the official G20 level. That is why the Russian Presidency in this association is aimed at promoting an active dialogue with the business community, that is to say with you, ladies and gentlemen, to ensure the utmost transparency in G20 activities. To do this, we conduct multilateral consultations with the business community. We expect to make the maximum use of your research and proposals.

[1] From the meeting with Business 20 at Saint Petersburg International Economic Forum on June 20th, 2013.

Today the business summit is holding an open discussion of the first draft of your recommendations for the leaders. Mr Shokhin has passed on the Green Book to me. That's a good picture. It shows raised drawbridges, a symbol of St Petersburg. But what we need to think about together is how to lower these bridges, that is, how to close the gaps in the global economy and the G20 countries, because the most important challenge is to remove barriers to investment and trade, and you highlight this point in your recommendations. The world trade is also slowing down, and we feel it.

I hope the White Book with the final proposals for inclusion in the G20 Summit documents will be ready soon. As I said, the event will be held here, and we will certainly try to take into account all of your proposals. <...>

Our meetings have become something of an official event now. That is not a bad thing overall and creates a business-like atmosphere. The point I want to make is this. We went through the 2009-2010 crisis, and we see that the global economic situation is not at its best today either. There are a lot of risks and uncertainties, though we are all hoping for an improvement of course. But none of us really know for sure how things will develop. Let's hope that all of the problems we have faced over these last years and are still facing today are the worst of it all, and that from here things will only get better. This is our hope, but we cannot be certain that this will really be the case.

It would be wrong, harmful and dangerous to add fuel to the fire and overdramatize things, but it would be equally dangerous to underestimate the problems. You can explain the situation in various ways. Some say that crisis was already in the making and would have come a lot earlier if it hadn't been for the Soviet Union's collapse, which opened up new markets in Russia, the post-Soviet area and Eastern Europe. Some say that the technological development and systems in place today no longer meet the demands of developed countries' populations, or that existing political systems are unable to resolve the tasks that citizens want their governments to address today. There are many questions, but far fewer answers. We talked about the global economy's complexities just now, and about how one of the biggest problems in the world today is the high unemployment level. As I noted before, youth unemployment in developed European countries is as high as 40, 50 or 60 percent. <...>

I am saying all of this because it is only through a common effort that we can find effective solutions to this situation. It would be extremely dangerous, given the complexities of the problems we face, for us all to shut ourselves away in our own backyards. It is very difficult to avoid all of these problems, but only if governments and business join forces and work together can we address and resolve the issues. You carry huge responsibility. I hope very much that this positive work together will continue over the years to come .

July 10, 2013

Vladimir Putin

Foreword from Alexander Shokhin, B20 Russia Chairman

Despite the sustained efforts to restore growth, reduce unemployment and rebuild confidence, we have not yet put the crisis behind us. The pace of recovery is slow, with the IMF projecting the world economic growth at 3.1% in 2013, rising to 3.8% in 2014. The expected upturn is modest and uneven across regions and countries. Significant downside risks remain, including the economic downturn in the Euro area, absence of growth-friendly fiscal consolidation plans in the US and Japan, capital inflows putting exchange rate pressures on several emerging economies, financial markets outpacing real activity, and suppressed world trade growth. In the face of these persisting challenges it is crucial that the G20 members do not lose momentum in their reform agendas to foster the recovery, and increase business confidence and well-being of their citizens. The Russian G20 Presidency is committed to harnessing G20 political will for generating strong, sustainable, and balanced growth. The B20 shares the Russian Presidency's overarching priorities of generating growth through sound macroeconomic policies; productive investment and quality jobs; effective regulation; open, rules based and beneficial trade; transparency and trust.

The RSPP coordinates the G20-B20 dialogue having a mandate from the international business community and support from the Russian G20 Presidency. As the B20 Chair, the RSPP's objectives are that the B20 recommendations reflect business interests, underpin the Russian G20 agenda priorities, and help promote the G20-B20 shared objective of global growth. We believe that against the backdrop of feeble, unsteady and prone to setbacks economic recovery, the G20 should reiterate its commitment to three overarching priorities:

- Balanced policies. Macroeconomic stability is essential for business confidence to develop and invest. However, fiscal consolidation strategies should not adversely affect growth, business and consumer confidence, and global rebalancing. G20 should prioritize public debt management instruments which can contribute positively to the productive potential of both advanced and emerging economies. Thus corporate tax, social contribution and personal income tax hikes should be avoided, as well as cuts in public infrastructure spending which helps boost private investment.
- Pro-growth regulation. Implementation of new financial regulation standards and requirements should not lead to deterioration of financing conditions for industries and real economy, especially SMEs, which need reliable access to credit to invest and create employment. Transparent, up-to-date, predictable and efficient taxation systems are a crucial factor in addressing profit shifting, promoting entrepreneurship and fostering private sector led growth and job creation.
- Structural reforms. Structural reforms should remain at the core of the G20 actions to generate strong and balanced recovery. The G20 members should consolidate efforts to raise productivity, increase

investment in human capital and enhance citizens' participation in the labor market, improve efficiency of government expenditure, remove barriers to competition and investment, and support innovation with due regard of the countries' national circumstances.

Since its inception the B20 has proactively engaged with the G20 to provide forward-looking recommendations responding to the key post-crisis challenges and G20 priorities. During the Russian Presidency we have built the process of recommendations development and consultations with the benefit of experience accumulated from Toronto to Los Cabos, and advanced the core B20 principles of transparency, collaborative approach, inclusiveness, continuity, consistency and a structured dialogue with the G20.

An early launch of the B20 debate at the December 2012 conference, bringing more than 200 representatives of business from the G20 members, kick-started the work and opened a structured engagement with the G20 on the Presidency's agenda priorities within the G20 Sherpas' and Working Groups' meetings.

Through the work of the B20 Task Forces we focused on the topics of investment and infrastructure; financial system – restoring confidence and growth; trade as a growth driver; innovation and development as a global priority; jobs creation, employment and investment in human capital; transparency and anti-corruption. The Task Forces brought together leading CEOs and representatives of business organizations from the G20 members, heads of international organizations and expert partners, such as the Organization for Economic Cooperation and Development, International Chamber of Commerce and the World Economic Forum.

To support the work of the Task Forces and ensure continuity with the B20 established core agenda and consistency across the TFs recommendations on the key policy areas, the B20 Task Force on G20-B20 Dialogue Efficiency initiated a review of all B20 recommendations made since Toronto and their impact on the G20 decision-making, as reflected in the G20 documents. This review and a catalogue of all B20 recommendations made since Toronto, produced by the TF, consolidate the B20 members' individual wisdom into an institutional memory. For the first time in the B20 history we have done a report which looks into how G20 members comply with the B20 related commitments focusing on the decisions made in Los Cabos.

The debates on recommendations have been heated, open, multilevel, and involved a diversity of opinions. We have gone through many rounds of consultations with several milestones such as the Russian Business week in March 2013, release of the draft Green book in the end of April in time for the G20 Sherpas' meeting on May 11 and 12, and the B20 summit on June 20 bringing together more than 600 CEOs from the G20 members and beyond. Thus the recommendations are consensus based and draw on results of the B20 members' intense deliberations.

We have enjoyed a constructive engagement with the G20 throughout the Russian Presidency. With the benefit of being able to share our early drafts with the G20 Sherpas and members of the G20 working groups we have developed responsible and actionable recommendations. The President of the Russian Federation Vladimir Putin welcomed the recommendations and emphasized the imperative to work together to find effective solutions to the challenges we face.

With the insights from the B20 summit debates and discussion with the President the recommendations have been finalized. We appreciate the opportunity for a constructive engagement with the G20 and look forward to working together.

We stand ready to support the G20 actions aimed at steering the "three-speed recovery" towards a more even and sustainable growth, and we are committed to collaborating with the G20 to implement the recommendations proposed in this White Book.

July 10, 2013

Alexander Shokhin,
RSPP President, B20 Russia Chairman

B20 Troika Statement

Ladies and gentlemen, dear friends,

Today's global challenges are too complex and interrelated to be resolved by governments alone, even by those of the world's leading economies. The B20 believes that business has an important role to play in working with governments domestically, regionally and internationally to drive sustainable economic growth, create jobs and foster prosperity. The B20–G20 dialogue, born in the run up to the G20 Summit in London in 2009, has transformed into ever more thoughtful and productive collaboration from Toronto to Seoul, from Cannes to Los Cabos.

The B20–G20 Partnership for Growth and Jobs under the Russian Presidency drew on this solid foundation and experience as business leaders united to develop recommendations for the G20 St. Petersburg summit.

The B20 guiding principles of transparency, collaborative approach, inclusiveness, continuity and consistency have become cornerstones of the 2013 B20 process under the leadership of the RSPP Chair. This has helped engage leading representatives of business communities from all G20 countries in B20 Task Forces' collective efforts. In some countries recommendations on the key priorities have been developed by a number of business associations – by national unions of industrialists and entrepreneurs, chambers of commerce and associations of employers. Also globally recognized business leaders and CEOs, leading representatives of think tanks, and experts from pre-eminent professional services consultancies, international economic and financial organizations – have been deeply involved in our joint work. We reiterate the value of this inclusive approach and hope it will be further strengthened in the upcoming presidencies.

Proposed B20 priorities and recommendations have been available for public discussion and presented to G20 representatives from the very first week of the Russian B20 Presidency in December 2012 to the B20 summit in June 2013 and afterwards. We commend this practice of broad and open communication within the business community and steps taken to engage with the G20 Sherpas, working groups and ministerial meetings. This intense engagement culminated in a profound discussion on the draft recommendations at the Business Summit held within the framework of the St. Petersburg International Economic Forum providing an opportunity to collect feedback from participants of this influential international event. The results of the discussions are reflected in the B20 recommendations to G20 heads of state and government set out in this White Book.

The B20 Troika, representing Russia, Mexico and Australia, the present, past, and future B20 presidencies, served to ensure continuity and consistency of the B20 process, coordinating the work on recommendations to global leaders at an international level. We believe this approach has proved its effectiveness and will be consolidated in the future.

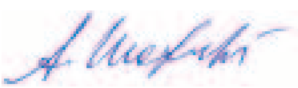
The B20 Troika, the business community and the members of the Task Forces fully supported the decision of the Russian Presidency "to focus the G20 efforts on developing measures to stimulate economic growth and create jobs" and to find efficient ways to secure "investment incentives, trust and transparency in markets, and effective regulation".

The seven B20 Task Forces have worked comprehensively during the year within the framework of the objectives laid out in President Putin's Address from December 1, 2012, to identify impediments and barriers to business and investment (of all sizes and scope) and to develop constructive and actionable recommendations for policy responses and decisions for consideration by the G20 leaders at the St. Petersburg Summit.

The B20 recommends these policy changes and actions and encourages the G20 Leaders to consider both short and medium term steps to implement them. B20 stands ready and willing to discuss recommendations with all of the G20 Leaders and to assist governments, whether domestically, regionally or internationally, in communicating these proposals, the rationale and issues standing behind them. In relation to the recommendations B20 looks forward to a continuing constructive dialogue with G20 over the course of ensuing presidencies and to collaborating in the implementation of those recommendations.

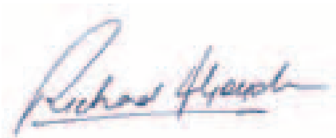
The B20 Troika's hope is that through the recommendations made in this White Book, and consistent and rigorous follow up work in the months and years to come, we will make a tangible contribution to generating strong, sustainable and balanced growth and creating jobs. We thank everybody for their commitment and valuable contributions to the B20 process.

Sincerely yours,



Alexander Shokhin
Russia B20 Chair
Moscow

Alejandro Ramirez
Mexico B20 Chair
Mexico City



Richard Goyder
Australia B20 Chair
Perth

July 10, 2013

B20 BUSINESS RUSSIA 2013

Key Messages from the B20

The G20, which brings together emerging and advanced economies, is moving from what the IMF defines as a "two-speed recovery" to a "three-speed recovery", with growth in emerging economies steadily strong, economic activity gradually accelerating in the US, and progress in the EU mixed and unsteady. Thus, the G20 members have to take actions countervailing the risks with due regard of common threats to global recovery, and take account of differentiated national circumstances. With no "one size fits all" solutions, the G20 should harness political will and show leadership, forging common pledges and members' individual commitments aimed at boosting economic growth. The B20 recommendations reflect interests of business from the G20 members and put proposals for G20 collective actions to steer the global economy towards ***sustainable and inclusive growth, with an emphasis on generating investment needed for structural reforms, reforming regulation as a key factor for building business and consumer confidence, and establishing enabling environment for businesses to innovate and create quality jobs***.

Framework for Strong, Sustainable and Balanced Growth

The aim of ensuring that economic growth is strong, sustainable and balanced should remain central for G20. We believe that in the feeble, unsteady, and prone to setbacks economic recovery, the G20 should reiterate its commitment to four overarching priorities:

- ***Fiscal consolidation plans should be growth-friendly, providing for investment into structural reforms, prioritizing business and consumer confidence, and encouraging enterprise and private investment.*** The G20 should promote compliance with the Los Cabos commitment to identify country-specific targets for the debt-to-GDP ratio beyond 2016 "accompanied by clear strategies and timetables to achieve them". However, the G20's focus should be shifted to long-term fiscal adjustment measures.
- The G20 should secure capital flows for infrastructure investment by promoting a broad range of financing instruments and sources, including fostering the development of a long-term capital market. In particular, necessary steps should be taken to develop corporate bond markets as an alternative to bank financing. ***To support the shift from banking to capital markets financing, regulators in G20 countries should establish relevant market structures, improving regulatory approaches.*** New instruments should be standardized, and their development should be accompanied by strengthening disclosure standards and increasing market transparency. Regulators should consider the risk that securitized debt can create and should also focus on reforms, aimed at transforming shadow banking into a reliable source of financing for investment. G20 members should facilitate removing impediments to foreign direct investment and agreeing on relevant cross-border regimes.
- Tax evasion and avoidance remain a challenge. Tax base erosion and profit shifting (BEPS) threaten the sustainability of G20 members' budgets, and negatively affects the investment climate and competition, as businesses that operate cross-border may profit from BEPS opportunities. ***G20 members should address the issue of BEPS through increasing the transparency of companies' financial flows, improving transfer pricing rules, and strengthening anti-avoidance legislation in the framework of comprehensive anti-BEPS plans. These plans should be subject to consultation with business communities across the G20 in order to ensure transparency and confidence business needs to make long-term investment decisions.***
- Given the centrality of the structural reforms to the success of the Framework for Strong, Sustainable and Balanced Growth, ***the G20 should reinforce its direction-setting efforts on structural reforms, providing scope for individual but coordinated commitments, with a focus on market liberalization and strengthening labour markets.*** Education should be incorporated into the G20 structural reform agenda, given its crucial role in boosting jobs and growth in the long run.

Financing for Investment

Flows of foreign direct investment (FDI), which could contribute to urgently needed global growth, innovation and prosperity, never returned to pre-crisis levels. Infrastructure investment activity is further depressed by constrained government budgets, dearth of projects with attractive returns, and limited bank lending. Cross-border infrastructure investment activity is well short of pre-crisis peak, depressed by constrained government budgets, dearth of projects with attractive returns, and limited bank lending. Stagnant infrastructure productivity is an extra drag on investment activity, forfeiting a potential US $1 trillion in annual savings that would be possible under a more innovative and disciplined approach. At the same time, demand for long-term investment is rising substantially, as advanced economies strive to jump-start growth and update aging infrastructure, while emerging nations continue to modernize and urbanize. ***To restart global growth, the G20 governments need to act in concert to enable free flow of capital and support major investments in infrastructure.***

To address these challenges, the B20 has put forward three recommendations to be endorsed by the G20 governments:

- ***Identify and remove restrictions on free flow of capital to reinforce cross-border investment activity*** by agreeing upon a set of recommendations governing G20 multilateral investment framework and setting minimum standards to be endorsed by all G20 governments, and acting as a model for other countries.
- ***Stimulate private investment in infrastructure and other real economy assets across all countries*** by agreeing and establishing a new financing guarantee model, which will reduce overall transaction and financing costs and improve bankability by mitigating projects' country and regulatory risks.
- ***Increase productivity of investments in infrastructure and green energy*** by encouraging application of best practices by setting up an "infrastructure network" to work with the G20 and other governments and developing a "PPP Toolbox".

Jobs and Employment

Job creation has been at the heart of the G20 agenda since the Cannes summit. G20 members have already taken a wide range of measures aimed at enhancing employment, reforming the labour market and improving social protection. Further measures to promote jobs creation and investment in human capital are needed:

- Employability: Governments must focus on access for all to compulsory, high quality education systems that ensure proper knowledge in the core competences, particularly literacy, numeracy and science, technology, and engineering and mathematics (STEM) subjects. Enhancing cooperation between business and employers' organizations in the design of educational and vocational curricula should be a priority, as should be the promotion of lifelong learning. ***The G20 Training Strategy, agreed-upon in 2010, should become a practical tool to generate skills for economic recovery and growth. Education systems must focus on employability in the context of the unacceptably high youth unemployment rates.***
- Enterprises and entrepreneurship: Sustainable jobs are best created by the private sector. ***Governments must ensure an enabling environment for entrepreneurship and jobs creation that promotes a variety of forms of employment and enables companies to create new jobs as rapidly as possible.*** This environment should promote start-ups and support the growth of SMEs through fewer regulatory burdens. To this end, regulations should be subject to business development and job creation impact assessments. Special emphasis must be placed on entrepreneurship education to empower and enable young people to start their own companies.
- The demographic challenge: If not properly addressed, the impact of the ageing of society can have negative consequences for the supply of skilled workers and the stability of social security systems, as well as for economic growth. Every G20 country is facing an ageing population in contrast to last century's "Baby Boom". ***Governments must adapt retirement systems in ways that stabilize the old-age dependency rate.*** They must seek to increase employment levels for older workers by reducing

the incidence of early retirement and promoting diversification within pension systems through the development of sustainable, insurance-based private pensions. They must also adapt existing immigration policies so that they are coherent with labour market needs.

International Financial Architecture Reform

Public Debt Sustainability

Consolidation strategies should take into account spill-over effects and are most effective if coordinated in multilateral setting, thus sustainable B20 proposes to consider the issue of public debt management within the international financial architecture reform.

The global crisis has highlighted that poor government debt management leads to fiscal imbalances and thus increases the vulnerability to financial shocks of all sectors of the economy. Given that sovereign debt can make national economies subject to substantial risks if not adequately managed, G20 should comprehensively address this issue. Following the commitment made at the Toronto summit "to stabilize or reduce government debt-to-GDP ratios by 2016", G20 members should adopt more ambitious targets for lowering sovereign debt levels. To ensure sustainability of public finances and global economy as a whole, ***sovereign debt management plans should become an integral part of prudent fiscal frameworks of all G20 members***. As a first step, G20 should continue its work on revising the IMF-World Bank Guidelines for Public Debt Management, taking into account the lessons learned from the global crisis.

Strengthening Financial Regulation

The financial crisis has clearly demonstrated the need to review the global financial system's regulatory frameworks and standards, strengthening in particular the banking sector's capital and liquidity requirements, as well as managing the sources of systemic risk in a globally coordinated manner. A lot has been done to improve financial regulation at both global and national level. Now the priority needs to shift from stability and solidarity towards growth, while maintaining coherence between these three dimensions.

The three most crucial areas for financial stability and economic recovery have been identified to work on at the moment:

- Financial Regulation: Growth conditions imply integrating three sets of needs in a consistent manner: corporate needs in financing, savers' and investors' needs to manage their assets in the long term, and financial intermediaries' needs to optimize the match between the first two. This leads to three key priorities: i) long-term investment as a precondition for growth and employment; ii) convergence and consistency (rationality) in regulation in order to avoid fragmentation or extraterritoriality; and iii) regulatory efficiency to optimize capital allocation in favour of the real economy and global trade. ***The G20 should undertake an independent assessment of the results of the financial reform – especially the Basel III capital and liquidity requirements and the impact of reforms on other areas such as trade financing, SMEs financing, and infrastructure financing.***
- Financial Inclusion: Much attention has also been drawn after the crisis to small and medium enterprises (SMEs), the development of which is directly intertwined with economic growth, supporting it in long-term, sustainable and diversified ways; SMEs enhance employment, innovation, production, reduce economic vulnerability for individual households, and improve the quality of life for people around the world, playing a crucial role in economic development. Therefore, access to financing and more open access to markets for them are vital issues. ***The G20 should mandate relevant institutions to determine a common SME definition, enabling the creation of a standardised database and international comparability. G20 governments should also ensure that proper tax regulations are applied to SMEs, reducing compliance burdens.*** Where lacking, a coordination process of public entities at local and/or regional levels should be identified by each G20 state that would optimize all support programs including direct funding and guarantees for SMEs.
- Financial Markets Infrastructure Development: Creating a reliable, stress-resistant infrastructure, especially within emerging markets, will stimulate investment growth, increase financial markets

transparency, and promote financial regulation effectiveness. ***Different infrastructure institutions (depositories, repositories, clearing centers) should be equally developed throughout the G20 economies and regulated consistently to avoid inherent risks.*** The G20 should encourage the usage of common platforms and standards amongst equally positioned infrastructural collateral management agents.

Energy Sustainability

Improving energy efficiency is a priority step aimed at cutting costs, reducing emissions, and using world resources in a sustainable and effective manner. It is a critical aspect of any policy aiming to reduce CO2 emissions and to allow better energy access for low-income consumers. More efficient energy production, the elimination of losses in distribution networks, the priority of energy efficiency in the housing sector, well-targeted information, and education efforts, as well as encouraging responsible behavior are all essential. Innovation is a critical component of greater energy efficiency.

G20 should create freer energy markets through stable, rational policies harmonized across borders and foster energy efficiency (and decarbonization) through innovation, including government support of R&D, demonstration and pre-commercial deployment of low-carbon technologies, training, new methods of accessing technologies and producing traditional energy (with a special focus on gas and nuclear), new financing schemes, and public-private partnerships. It is necessary to promote universal energy access through sustained investment in the energy sector and acceleration of cost-effective renewable and energy-efficient technologies (including the production and usage of gas).

Development for All

Investments in Development

Attracting financial resources to facilitate economic growth in developing countries remains a key challenge, exacerbated by the financial and economic crisis of the recent years. The developing countries strive to attract finance for their development, specifically in such important spheres as human resource development, infrastructure, green growth and sustainable development. In their previous summits the G20 recognized the essential character of this issue. The leaders agreed that public investments should be complemented by the involvement of private sector.

To fulfill that ambitious goal the ***G20 needs to put an emphasis on project financing, development and implementation, not on further increases in ODA.*** Special attention should be paid to improving projects' design, management and implementation while ensuring that they are relevant, well-targeted and provide incentives for a private sector involvement.

The governments should encourage private sector involvement by using public funds to leverage private investment, for example by offering government guarantees on minimum returns or tranching private investors' risks.

The G20 also should concentrate on facilitating private sector involvement in the development projects in the most vulnerable countries by changing the way multilateral development banks operate, specifically by bringing the design of MDBs procurement rules in line with the reality of infrastructure investment and the significant role of private sector in this sphere.

Global Intellectual Property Regime for Innovation and Development

The global Intellectual Property (IP) regime is crucial for both innovation and development. However, the G20 agenda has not yet acknowledged the importance of a global IP regime for economic development. Given the innovative industries' dependency on the global IP regime, which regulates ownership and distribution of knowledge and technologies throughout the world, ***G20 should set a common agenda for enabling successful innovation and its dissemination by improving the global IP regime***, at the same time, balancing strong needs for stimulating innovation and development around the world with various societal and business interests.

Food Security

There are a growing number of examples in the developing world of applied low-cost Information and Communication Technologies (ICT) solutions linking farmers to mediated information networks. Farm extension services are a proven mechanism for providing critical access to information and expert advice to small and medium-sized farmers. In addition to providing access to expert advice, the process of information sharing among farmers at regional, national and international levels builds trust, fosters cooperation, and increases productivity. Access to ICT services allows direct contact with consumers, more cost-effective brand building, and improved competitiveness through price and market monitoring. Access to ICTs is indispensable for strengthening land administration and rural governance.

The G20 should support the promotion of an open and interconnected Internet to ensure access to ICT services for small and medium-sized farmers and agricultural networks in developing countries to promote direct contact with consumers, more cost-effective brand building, and improved competitiveness through price and market monitoring, as well as dissemination of new technologies.

Infrastructure

Sustainable development requires access to reliable and modern infrastructure, including the ICT. The promotion of an open and interconnected Internet fosters industries and new business models. ICT creates new economic opportunities for businesses and entrepreneurs, providing access to previously underserved population segments. The growth and stability of the international Internet infrastructure is best served when Internet interconnection agreements are left to competition forces, with the objective of increasing the percentage of the population with Internet access from 35% to 70% in G20 countries. Reliable broadband Internet access is essential for households to benefit from online services, for businesses to compete nationally and globally, and for citizens to be part of the digital environment. The ability of broadband providers to maintain and invest in robust, expanding broadband infrastructure requires a coordinated, unified policy approach from government agencies that support private sector investment and innovation. ***The G20 should define national legal, policy, and regulatory frameworks that incentivize and create a stable environment for investment (including public-private partnership mechanisms) and fostering a sustainable competition in a long-term perspective***, pursuing special policy for geographically remote areas. It should also invite relevant international institutions to create a robust database for tracking and comparing delivery of universal broadband access across countries.

Human Capital

Innovation in healthcare and public health possesses potential to advance life expectancy. Given the current status of public finance, the private sector of the G20 economies recognizes that it will be contributing a growing share of investment in healthcare innovation. Compounding financial pressure and market dynamics in centralized payer environments prevent adequate funding and growth of innovative healthcare industries. These challenges are also relevant for developing countries with large populations whose basic healthcare needs remain unmet. The principle of stimulating investment in innovations that drive healthy life expectancy and productivity holds true for all G20 members.

G20 should establish and champion an agenda that aligns incentives in industrial, economic, and healthcare policy to accelerate the shift in spending on healthcare innovations and delivery away from treating illness and extending absolute life expectancy to a new focus on extending healthy and economically productive life expectancy. Specific incentives to drive private investment in novel healthcare industries and priority healthcare outcomes should be created.

Enhancing Multilateral Trade

G20 members should reinforce their resolve to promote international trade and resist protectionist pressures. As a matter of priority:

- G20 demonstrated their willingness to counter protectionist pressures in the aftermath of global financial crisis in 2008 by signing up to the standstill agreement. ***The G20 should extend the deadline for standstill and monitoring protectionism after 2014, further strengthening the monitoring system and exploring ways to roll back any new protectionist measures*** that may have arisen and ensure full respect for existing multilateral trade commitments.
- The G20 governments should commit to the WTO Trade Facilitation Agreement and call on all parties involved ***to finalize the WTO Trade Facilitation Agreement text by the time of St.***

Petersburg G20 Summit in September and conclude the final agreement at the Bali WTO Ministerial in December 2013.

- ***The G20 governments should encourage the WTO to take a leadership role in analyzing the existing PTAs, identifying best practices for PTAs and establishing principles to guide their design*** in order to make them more transparent and aligned with multilateral trade promotion goals.

Anti-Corruption and Transparency

With the globalization of business, corruption is as much a global as it is a local phenomenon. As such, it is clear that no single government can provide the solution. By the same token, no single company or small group of companies can set the standards of behaviour. Only by leading by example, exchanging best practices with their peers, jointly creating codes of conduct within their markets, and building capacity in their supply chains, can companies begin to change behaviour. Only through business and government cooperating on promoting transparency in public procurement and establishing integrity pacts, workable whistle-blowing and reporting systems can unethical players be isolated and squeezed out. This is a radical departure from business as usual.

The recommendations to the G20 focus on four areas where business can and should be part of the solution:

- Enhancing the dialogue between the B20 and the G20 and strengthening the role of the B20. This includes ***more regular and substantive meetings between the B20 Task Force and the G20 Anti-corruption working group, and establishing both groups on a permanent footing*** with due consideration of the long-term nature of the corruption challenges.
- Combating the solicitation of bribes. The ***G20 governments have a critical role to play in ensuring fair and transparent public procurement,*** and we recommend a number of actions through which they can achieve this, including an agreement on transparency in government procurement in future global trade talks.
- Training and capacity building for companies, SMEs, and public officials. ***The G20 governments should implement annual training programmes for public officials on the latest developments in national and international legislation.*** They should invite the B20 companies and business associations, where appropriate, to support government training programmes by sharing their experience with corporate compliance programmes. The G20 governments should encourage Export Credit Agencies in their countries to provide anti-corruption training programmes for beneficiary companies. The B20 companies and business organizations should exchange best practices in devising training for SMEs in their supply chains.
- Encouraging Collective Action and Anti-corruption globally and in each G20 country. One of the main outputs from the B20 this year will be the establishment of a Collective Action Anti-corruption Hub, which will act as a central repository of best practices worldwide. At the same time, the ***G20 governments and business should set up or support Anti-corruption Centres of Excellence in each country, which will act as local counterparts for both the Collective Action Hub and the B20 Task Force.*** The Centres of Excellence could for example work with the Hub to analyze, share and promote effective Collective Action strategies and initiatives, and with the B20 Task Force to track and measure progress in the implementation of B20 recommendations and decisions.

Much of the success in implementing this year's recommendations will depend on the G20 governments and the B20 companies being able to establish a formal institutional framework globally, and a network of companies, business associations, local organizations and other partners in each G20 country that will be capable of implementing, tracking, reviewing, and reporting the actions that are decided upon by the B20 during 2013.

Open Data

Governments need to use Information and Communication Technologies (ICT) as a tool for a more efficient administration and provision of services to the public and businesses. Open access to public data enhances the transparency of government, quality of governance, helps combat corruption. ***G20 should agree that the government information is made public in an easily accessible way, showing how the public money is spent.*** It can promote development of valuable mechanisms to allow citizens and companies hold their governments accountable through improved access to information and e-governance.

Open data can also become a catalyst for innovation in the private sector, supporting the creation of new markets, businesses, and jobs.

G20-B20 Dialogue Efficiency

The B20 authority rests on three pillars: representing business interests and priorities; sharing the G20 goal of generating Strong, Sustainable and Balanced Growth; and engaging effectively with the G20 to get B20 priorities heard by the leaders. Consistency, continuity, and transparency are key factors for B20 effectiveness. The B20's legitimacy and influence as a G20 partner could be significantly boosted if B20 recommendations are balanced by B20 commitments to act in partnership with the G20 to implement these recommendations. Business pledges made by the B20 on improving transparency and anti-corruption are important steps towards ensuring a balanced G20-B20 relationship, wherein B20 members get fully engaged with the G20 and contribute to attaining shared goals.

The investment into the dialogue made by both business and governments warrants actions, which would maximize return on the investment made. The recommendations are addressed to both the B20 and the G20.

- The G20 partnership with business is instrumental in attaining the objectives on long-term investment and financial regulation. ***The G20 could initiate joint G20-B20 working groups on investment and finance, bringing together the G20, the B20, and other outreach partners and international institutions.*** The G20 could build on the experience of the joint pilot groups on investment and finance and initiate joint G20-B20 working groups on other G20 priority areas.
- The G20 should continue to develop an effective dialogue with the B20 in a structured manner throughout the preparatory period, culminating in a joint session in the summit. The G20-B20 engagement should not be limited to a separate outreach track. The B20 and the G20 could agree on an effective and feasible coordination mechanism, developing further the practice of joint B20-G20 meetings at the working groups' level and providing for an early start of G20-B20 consultations on the presidency priorities. ***The G20 could invite the B20 for a structured dialogue within its formal mechanisms.*** The G20 would benefit from consulting with the B20 on the Presidency agenda priorities. B20 representatives acting as observers or invited members can add real value to the deliberations and decision making of the G20 working groups, ministerial and sherpas' meetings.
- ***Progress on the B20 recommendations and G20 commitments related to B20 recommendations should be reviewed and made public for each summit.***

Looking Forward

This chapter presents the B20 Russia National Steering Committee vision of future actions based on the experience accumulated so far and the views from the Task Forces. We envisage three objectives as B20 priorities in the future:

- following up on the key consensus based recommendations reflected in the White Book;
- building B20 capacity to coordinate and consolidate positions across presidencies to enhance B20-G20 engagement efficiency;
- communicating B20 strategic priorities to all stakeholders to ensure B20 transparency.

We are committed to implementation of the White book recommendations, especially those supported by the G20 leaders. We stand ready to work together to address the key challenges on the G20 agenda. We hope that the future B20 presidencies will prioritize actions aimed to boost economic growth, investment and employment with the following steps forward:

Investment

- Follow up on the recommendations focused on (i) enabling long-term cross-border investments; (ii) facilitating private sector participation in infrastructure; and (iii) increasing productivity of infrastructure investments through application of best practices, such as development of programmatic guarantee packages by national and international financial institutions such as Multilateral Investment Guarantee Agency (MIGA).
- Identify a proper balance between traditional and new sources for financing investment for real economy, supporting SMEs and innovations; find the appropriate ways and means for governmental support and role of the private sector and international financial institutions in the investment environment.
- Ensure that progress is made with the establishment of relevant working groups / panels (such as working group on financial system and capital markets, infrastructure network and energy best practice working group) and with development of the G20 programmatic guarantee packages by MIGA (if approved) and that next year's presidency is able to use their insights / frameworks / best practices developed to better tackle existing issues and see how this knowledge can be better delivered to the actors in charge of decisions globally.

The proposed G20 Project Preparation Fund initiative is expected to be further considered by MDBs, national governments and private sector players and as part of the implementation we expect the next presidency to review progress on the Fund's creation and its governance.

Finance

- Maintain the key issues of financial regulation and financial inclusion as an important focus on the agendas of future summits. Consider the issue of financial markets infrastructure within the broader framework of financial regulation.
- Add the topics of tax evasion, base erosion and profit shifting (BEPS), regulatory and fiscal imbalances to the list of issues that need further discussions.
- Review progress on the current B20 recommendations' implementation, in line with the G20 principles of succession and continuity, in order to ensure their consistent implementation.
- Engage in a constructive dialogue as regards global regulatory and macroeconomic policies within the framework of the OECD Base Erosion and Profit Shifting (BEPS) Project

Trade

- Encourage WTO to lead in the analysis of PTAs in order to identify ways to make them more transparent and compatible with WTO rules and multilateral trade liberalization goals. Undertake practical steps towards implementation of best practices, for example by creating and running specific pilot projects on 2-3 issue areas where WTO could develop and promote its findings.
- In case of further delays with signing the Trade Facilitation Agreement within the Doha Round negotiations to set up a consensus panel with private sector participation that could lead the way to upgrading the existing draft treaty or to develop a new efficient document acceptable for all the stakeholders.

Innovation and Development

- Continue and expand the dialogue on the global intellectual property (IP) regime to find a way of rethinking and revisioning of the global IP regime for the needs of innovation and development throughout the world.
- Support attaining the Millennium Development Goals by promoting universal access to energy, healthcare, and ICT, ultimately aiming at "access for all," and the programmatic goals envisioned by B20.

Job Creation

- Collaborate for creating regulatory environment fostering entrepreneurship and sustainable enterprise development.
- Collaborate to ensure that the G20 Training Strategy agreed in 2010 becomes a practical tool to generate skills for economic recovery and growth.

Transparency and Anti-corruption

- Collaborate for ensuring fair and transparent public procurement.
- Focus on launching the Collective Action Hub before the end of 2013 and subsequently setting up Centres of Excellence in some of the G20 countries , bringing the public-private partnership in fighting corruption on a new level.
- Work with the G20 to ensure that the government information is made public in an easily accessible way, showing how the public money is spent to promote development of valuable mechanisms allowing citizens and companies hold their governments accountable through improved access to information and e-governance.

We will consolidate our efforts to engage effectively with the G20 to get B20 priorities heard by the leaders. Representation of business interests, sharing G20 objectives, consistency, continuity, and transparency will remain the key pillars of B20 effectiveness.

We look forward to pursuing an effective dialogue with the G20 in a structured manner throughout the preparatory period, culminating in a joint session in the summit. We hope the forthcoming presidencies will ensure that G20-B20 engagement is not limited to a separate outreach track. The G20 would benefit from consulting with the B20 on the Presidency agenda priorities. B20 representatives acting as observers or invited members can add real value to the deliberations and decision making of the G20 Working Groups, Ministerial and Sherpas' meetings. The G20 could invite the B20 for a structured dialogue within its formal mechanisms. The G20 could initiate joint G20-B20 working groups bringing together the G20, the B20, and other outreach partners and international institutions.

We propose to review how the B20 recommendations are implemented by G20 and to present the reviews for public consultations on the eve of each summit.

PART 2. RECOMMENDATIONS FROM B20

Investments and Infrastructure

Starting Point

In the aftermath of the global financial crisis and the ongoing Euro crisis, uncertainty continues to depress business investment, while constrained government budgets limit infrastructure spending. More than ever, governments around the world need to proactively support major investments in order to fuel the next wave of growth and prosperity.

Although emerging economies were resilient in the face of these recent crises, they will need an enormous infusion of capital to build modern transportation networks and deliver adequate education, health care, water, housing, transportation, communication, and energy to their growing populations. Developed economies, too, urgently need investment to jump-start economic growth during a time of deleveraging and fiscal austerity. While consumption is up at pre-crisis peak levels and net exports have increased, long-term investment is lagging severely across most of the developed economies. Many of these countries need to update their aging infrastructure, dramatically accelerate educational attainment and training to build a 21st-century workforce, and revitalize innovation. Continued underinvestment by the public and private sectors alike would inflict lasting damage on the productive capacity of these economies and ultimately sustain elevated unemployment levels.

Foreign direct investment (FDI), which is a more stable driver of long-term cross-border investment, held much steadier than volatile short-term wholesale bank lending. However the cross-border capital flows collapsed after the financial crisis, falling from US $11.8 trillion in 2007 (in 2011 exchange rates) to US $1.7 trillion in 2009; they have only partially recovered, reaching US $4.6 trillion in 2012. Despite a commitment by the G20 leaders to refrain from protectionism, most governments took measures that in one way or another have negatively affected foreign investment. Recent erosion of property rights protection in certain countries has become another factor negatively affecting FDI.

The demand for long-term investment is projected to rise substantially, as mature economies address long-deferred infrastructure needs, and emerging nations continue to urbanize and industrialize. Some 17% of total investment goes to infrastructure projects in transportation, energy, and telecom, with significant backlogs remaining. Stimulating these investments can create employment in the particularly hard-hit construction sector, as well as boost long-term growth — but governments provide the majority of infrastructure funding, and public budgets around the world are under strain. Private capital has to be mobilized, even though investors struggle to find projects with sufficient risk-adjusted returns. In addition, the absence of common accounting standards and regulatory barriers limit the ability of asset managers, such as insurance companies and pension fund managers to make long-term investments, especially in equities.

Moreover, infrastructure investment remains astonishingly ineffective. Productivity in construction in advanced economies has remained stagnant for decades. A comprehensive study "Infrastructure productivity: How to save $1 trillion a year" has identified potential annual savings of US $1 trillion across the full cycle of infrastructure investment, including planning, delivery and management of assets. Significant opportunities also exist to improve the selection and prioritization of infrastructure projects to ensure the highest social and economic impact.

In addition, an estimated US $6 trillion investment in green energy infrastructure is required until 2035 in order to reduce environmental degradation and substantially mitigate climate change. Again, much if not most of this will have to come from the private sector, yet investors have growing concerns about the uncertainty and adverse trends in regulatory regimes.

Recommendations

Against this backdrop, the B20 asks G20 leaders to adopt three fundamental recommendations:

1. Identify and remove restrictions on free flow of capital (inflow and outflow) to reinforce cross-border investments that support economic growth.

Actions

- Agree upon a set of recommendations constituting a G20 multilateral investment framework, setting minimum standards to be endorsed by all G20 governments, and acting as a model for other countries. This framework, underpinning promotion and protection of long-term investments, should have a particular focus on: property rights, equal access, transparency, capital flows, tax regimes, best practices for corporate governance and government guarantees for non-commercial risks and investor protection mechanisms, and visibility on government commitments. The 2012 International Chamber of Commerce (ICC) Guidelines for International Investment could be used as a template for such a framework.
- Review and suggest improvements to financial reporting to make the existing reporting model more conducive to long-term investments.

Relevance and Expected Impact

- Creating a stable framework should significantly increase cross-border investment and foreign ownership of fixed assets, in particular in long-term projects. This would increase stability of the global financial system, including foreign exchange, and predictability of global investment environment.
- A multilateral investment framework will provide investors from all G20 nations with equal access to investments in all member states. It would remove geographical restrictions on the portfolios of institutional investors, unlocking a major source of long-term finance.
- Better protection and incentives provided by the G20 governments to attract and retain long-term investors will facilitate both short-term and long-term job creation.

Timeline for Implementation and Follow up

- The G20 should mandate the OECD to develop and deliver recommendations for the framework by the Brisbane G20 Summit in 2014, in close cooperation with representatives of the G20 governments, MDBs, and global business, as well as other relevant bodies.
- The G20 should mandate the OECD to develop, by the time of the G20 Summit in Brisbane, in November 2014, effective approaches to the implementation at national level of the High-Level Principles for long-term Investment Financing by Institutional Investors which are expected to be delivered by the OECD to Leaders at the Saint Petersburg Summit in September 2013.
- The G20 should invite the "Big 4" (KPMG, E&Y, PWC and Deloitte) to form a panel to analyze existing accounting practices and, in close cooperation with the G20 Study Group on Financing for Investment, to develop a recommendation to be presented at the next G20 summit.

2. Stimulate private investment in infrastructure and other real economy assets across all countries

Actions

- Establish a working group on financial systems and capital markets, managed by the OECD and the World Bank, to develop and employ appropriate mechanisms and instruments, as well as to identify and address regulatory, tax and legal impediments, across the G20 countries to channel domestic pools of long-term capital for financing of real economy assets, including large infrastructure projects. The working group should bring together the G20, global business leaders, and relevant international organizations, and could build on the work already done by the World Bank, multilateral development banks (MDBs), and the G20 High Level Panel on Infrastructure Investment.
- Establish a US $200 million G20 Project Preparation Fund (PPF) for preparation of pilot projects to foster capital market financing of real economy assets. The Fund would also assist public sector project sponsors in selection of financial advisers with significant PPP experience who specialize in project formation phase. The Fund could recover its capital by recouping invested capital and expenses from projects established by the Fund.
- Improve the mandate and capital base of the World Bank's Multilateral Investment Guarantee Agency (MIGA) in order to promote FDI by providing political and credit guarantees for a portfolio of projects in G20 countries.

Relevance and Expected Impact

- The working group will support the process of deepening domestic capital markets in developing economies, particularly for infrastructure. It will increase the availability of cost-effective long-term funding.
- Increasing supply of well-structured bankable infrastructure projects will boost private investment in infrastructure globally. A pipeline of actionable opportunities will be created and maintained in coordination with local governments, and marketed to global investors. "Shovel ready and exemplary" projects should be identified where these funds could be applied, such as those identified in the G20 High Level Panel on Infrastructure Investment and building on other ongoing work such as the implementation of the African Union Commission coordinated Program for Infrastructure Development in Africa (PIDA).
- The expanded portfolio and the new financing guarantee model that fill the gap left by monoline insurers will reduce overall transaction and financing cost and improve bankability by mitigating projects' country and regulatory risks.

Timeline for Implementation and Follow up

- The working group on financial systems and capital markets, which will be aimed at developing and employing instruments for financing real economy projects, to be established under the leadership of the G20 governments and central banks, managed by the OECD and the World Bank in consultation with the G20 Study Group on Financing for Investment, the EBRD, the IFC, and leading global pension funds managers and insurance companies by the 2014 Spring Meetings of the World Bank and the IMF.
- Project Preparation Fund to be established with US $10 million contribution by each G20 member state, under the leadership of G20 governments. The Fund will prepare pilot projects with appropriate financial systems and instruments for capital market financing of real economy projects.
- The World Bank's MIGA to develop and propose to the G20 programmatic guarantee packages covering credit and political risks associated with project portfolios by the 2014 Spring Meetings of the World Bank and the IMF.

3. Encourage application of best practices to increase productivity of investments in infrastructure and green energy

Actions

- Set up an "infrastructure network", including a Moscow-based Infrastructure Productivity Institute, to work with the G20 and other governments on increasing the productivity of infrastructure investments and value for money. This would include identifying and sharing best practices across strategy and planning (e.g., appropriate master planning and individual project evaluation), project delivery (e.g., design-to-value, contracting and procurement methods, project preparation and supervision), management of existing infrastructure (e.g., lifecycle cost optimization, demand management), and financing including respective governance (e.g., independent project planning or review commissions), capability building, and R&D. As part of this project, the G20 would also welcome sufficient funding to conduct the Global Infrastructure Benchmarking Initiative, which was proposed by the MDBs Working Group on Infrastructure, on an annual basis. The Global Infrastructure Benchmarking Initiative would be a comparatively low-cost means of improving the quality of PPP programs and projects.

- Develop a "PPP Toolbox" within the "infrastructure network" that will be continuously aggregating best practices and developing guidelines and templates necessary for successful private-public cooperation. The "infrastructure network" will support peer-learning and exchange experience of the G20 member-countries using the "PPP Toolbox" on a regular basis.
- Set up an Energy Best Practice Working Group, which will identify and support sharing of best practices on effective integration of energy and environmental policies, forecasting of power-sector developments, and transformation of energy market designs to effectively incorporate green energy.

Relevance and Expected Impact

As the "Infrastructure productivity: How to save $1 trillion a year" report stresses, the world will need to invest approximately US $60 trillion in infrastructure through 2030 simply to keep up with projected global GDP growth — more than the value of today's entire stock of infrastructure, and a 60% increase compared to what was spent on infrastructure over the past 18 years. This posits a special challenge against a backdrop of tight public budgets and constrained long-term bank lending. Given the potential shortfalls in funding, it is imperative to maximize capital productivity, so that critical projects can be completed in a timely and cost-effective manner.

- If proven best practices for enhancing infrastructure productivity are utilized globally, they can save US $1 trillion annually and increase global GDP by at least 3% if savings are reinvested.
- Best environmental and energy practices and policies can unlock up to US $1 trillion overall in additional green investments in the next 10 years by providing stronger, consistent policy signals and reducing risk of financing clean energy projects.

Timeline for Implementation and Follow up

- The G20 should mandate the World Economic Forum (WEF) to set up the "infrastructure network" at the summit in St. Petersburg, which will leverage the work done by MDBs.
- Russian Direct Investment Fund to provide initial funding.
- The WEF should report to the G20 in 2014 on progress in implementation and further milestones.
- The International Energy Agency (IEA), in consultations with the Green Growth Action Alliance (G2A2), to create an Energy Best Practice Working Group, which will work with the Clean Energy Ministerial's Solution Center to support national energy authorities and the development and implementation of new financing mechanisms that unlock private financing.
- The scope and implementation to be reviewed at the next G20 summit.

Financial System

The financial crisis has clearly demonstrated the need to review the global financial system's regulatory frameworks and standards, strengthening in particular the banking sector's capital and liquidity requirements, as well as identifying and managing the sources of systemic risk in a globally coordinated manner. Now the priority needs to shift from stability and solidarity, towards growth while maintaining coherence between these three dimensions.

Three most crucial areas for financial stability and economic development have been identified to work on at the moment: financial regulation, financial inclusion and financial markets infrastructure development. Given the importance of the world trade for economic development an additional topic of trade finance has been added.

1. Financial Regulation

Recommendations

Ensure that reforms are appropriately calibrated and phased to help secure "sustainable, inclusive and balanced growth". Acknowledge the challenges posed by debt deleveraging in the major European economies as they try to return to steady rates of economic growth and improved levels of employment. Urge policymakers to take action to develop conditions for long-term investment for both providers and consumers of capital. Support proposals to improve the regulatory framework in the shadow banking sector, especially in the area of collateral management, which will be a critical condition to address new liquidity constraints to finance the economy. Initiatives must be taken to improve the legal framework and operational efficiency of collateral circuits, especially in case of multiple steps in the collateral chain such as central infrastructures, securities services.

Take action to reinforce the level of trust between national supervisors and to define the conditions for a mutual recognition process based on the functional equivalence of rules and practices. The FSB should continue to monitor the consistent and timely implementation of the agreed-upon regulatory reforms among the different jurisdictions in coordination with the Basel Committee, ensuring a level playing field while adapting them to the diversities of banking and capital markets models.

Ensure that actions taken in the area of taxation are coherent with regulatory changes so that no regional imbalances are created due to regulatory arbitrage e.g. through the implementation of the Financial Transaction Tax that is expected to have multi-layer negative consequences and uncertain benefits.

Promote a global solution for clear and efficient tax systems, through coordinated dialogue between economies, taking into consideration the key outcomes of the OECD Base Erosion and Profit Shifting (BEPS) project.

Undertake an independent assessment of the results of the financial reform – especially the Basel III capital and liquidity requirements and the impact of reforms on other areas such as trade financing, SMEs financing, and infrastructure financing. The European authorities have taken a number of positive steps to address some of the potentially adverse impacts of Basel III, through amendments to CRD 4 which recognize the real risk levels and positive economic impacts of revised regulatory requirements for trade finance and corporate hedging (for example, credit valuation adjustment, CVA). While consistency is crucial, this is an example where the G20 could usefully request the BCBS to review the Basel III framework in light of the implementation for Europe which will have a positive impact on stimulating growth, so that those changes receive global treatment.

Relevance and Expected Impact

After four years of ongoing financial regulation reform targeting restoring stability and confidence, both banks and other economic agents across all G20 countries are increasingly calling for coherence of measures aimed at ensuring stability and economic growth. Any delays in completing the reform agenda in a proper and well-calibrated way risks creating unnecessary uncertainty for financial markets, restricting credit availability, and hampering a return to sustainable economic growth. In addition, it is important to avoid uncoordinated initiatives, which undermine the harmonization of global minimum regulatory standards and progress in implementing the reform agenda as per the Basel III timeline.

The recommendations above are expected to result in improvements in market confidence, reduction in tail risks, further progress in banks' balance sheet repair (especially in the Eurozone), and a stronger economic recovery generally. For emerging market banks, the main challenge is to continue supporting growth while safeguarding against domestic vulnerabilities, especially in coping with potentially volatile cross-border capital flows and the spillover from monetary policy in the major economies.

Timeline for Implementation

In September 2013 the G20 should reiterate their renewed political commitment at the global and national levels to complete growth friendly financial reform, strengthen the FSB mandate to monitor implementation of the agreed regulatory reforms, and report progress at their next summit in Brisbane.

Reporting Format

The G20 and the FSB together with the IMF should consider progress at each of the G20 subsequent summits.

2. Financial Inclusion

Recommendations

The G20 governments should provide easier access to finance for SME sector using partial public guarantee schemes that would create the economic incentives for financial institutions to make resources available. Programs to support the availability of funding from business angels and early stage venture financing should also be encouraged, and listing procedures should be reviewed to provide easier access to the public markets for smaller companies.

G20 governments should ensure that actions taken in the area of taxation are consistent with the regulations in place with the view to ensuring that tax provisions do not encourage excessive risk taking and leverage. G20 governments should also identify best practices both in the design of tax systems and in reducing compliance burdens on SMEs, recognizing that taxation can act as a barrier to the development of this sector and can inhibit the movement of SMEs, especially micro-enterprises, from the informal to the formal sector.

The G20 should mandate relevant institutions to determine a common SME definition in order to facilitate the creation of a standardised database and international comparability. The existence of this database would enable the G20 to develop additional tools, providing investors with analysis and data, and thus enhancing the capacity to raise financing for the sector.

Where lacking, a coordination process of public entities at local and/or regional levels should be identified by each G20 state that would optimize all support programs including direct funding and guarantees for SMEs. Such a process could optimize coordination of the federal, state and municipal programs to promote SMEs development.

Relevance and Expected Impact

Special funding conditions for SMEs will contribute to economic growth and creation of jobs. Enabling an environment which supports young businesses will contribute to broadening the economic base of participant countries.

Provision of reliable data to investors will encourage an availability of finance for emerging companies and a reduction in both capital requirements and cost of debt through increased transparency.

Timeline for Implementation and Follow up

The G20 could mandate the World Bank to form a working group on development of instruments to support the SME sector, develop a common definition of SME, and to collate appropriate information on SMEs across the G20 markets. The World Bank could present these proposals to the next G20 summit in Brisbane.

3. Financial Markets Infrastructure (FMI) Development

Recommendations

The G20 should reiterate the commitment on enhancing the financial market infrastructures in line with the Committee on Payment and Settlement Systems (CPSS) and International Organization of Securities Commissions (IOSCO) Principles for Financial Market Infrastructures to mitigate credit and liquidity risks and increase market transparency to avoid volatile risks, especially in trade in commodities derivatives.

G20 members should ensure that market participants, particularly in emerging market and developing economies, use central counterparties (CCPs) for OTC standardized derivatives. CCPs themselves should have sufficiently robust risk management, governance, and recovery and resolution plans in place.

Due to the global nature of trade repositories (TR), common principles should be better defined to facilitate the regulators' access to TR around the world, to define rights on data not just under the constraints of the domestic law, and to increase functionalities and enhance consolidated risk reporting.

We recommend that the FMIs should provide centralized collateral management services to facilitate the optimization of collateral allocation across financial exposures on domestic and cross-border level, where applicable. The G20 should review the benefits of the usage of common platforms and standards amongst equally positioned infrastructural collateral management agents, like in the recently founded Liquidity Alliance of central securities depositaries from Australia, Brazil, Germany, Luxembourg, South Africa and Spain.

The G20 should reiterate that FMIs, strengthened by enhanced confidence in financial markets as a result of increased transparency, improved reporting and disclosure requirements, will better inform the market participants in regard to hedging and speculation in regulated futures markets. The G20 regulators should enact prior IOSCO Principles for the Regulation and Supervision of Commodity Derivatives Markets recommendations on standardized reporting of deals with commodities derivatives.

Relevance and Expected Impact

The functioning of the robust FMIs is a prerequisite of stress-proof and resilient financial markets. The latter aligns with the main priority of Russia's G20 Presidency to encourage investments and promote growth.

According to the IMF assessments (April 2012), sovereign downgrades are likely to decrease the collateral by $9 trillion by 2016. This poses a significant risk for securing collateral by financial institutions. The proper functioning of the centralized collateral management services is an effective instrument to make financial markets stable.

Increased transparency and greater visibility in derivatives markets align with the main priority of Russia's G20 Presidency to make regulation effective. Particularly, commodities industries would benefit from better pricing and positioning information to ensure less market distortion that might otherwise result from increasing participation by non-commercial entities.

Better links, information sharing and interaction between stock exchanges, central clearing houses, trade repositories, and central depositories will be beneficial for all the G20 financial markets. The creation of domestic and cross-border mechanisms to optimize the management of a collateral pool will contribute to mitigating the risks of shortfalls on the collateral market.

The FMIs, enhanced by strengthening their supervision and financial markets discipline through increased transparency, improved reporting and disclosure requirements, are likely to decrease volatility risks and make prices less vulnerable to speculations, especially in the commodities derivatives market.

Timeline for Implementation and Follow up

The G20 market authorities should supply an implementation plan for compliance to the IOSCO recommendations on commodity derivatives trade with an update to G20 Finance Ministers no later than the 2014 Brisbane G20 Summit.

4. Trade Finance as a Driver of Economic Growth

Recommendations

To ensure economic growth the G20 countries should consider the reforms made to the capital, liquidity and leverage treatment of trade finance by European legislators and adopt similar reforms in their markets. In particular G20 members should agree on the following changes:

- Capital
  - Waive the one year maturity floor. The Basel Committee on Banking Supervision (BCBS) has waived the one year maturity floor for letters of credit and has given national regulators discretion to extend this waiver to other trade products. Following the approach set out by BCBS, European legislators have extended the waiver to all trade products which are not direct credit substitutes. As the G20 members implement Basel III they should address the one year maturity floor taking an approach similar to that of the European Union.
  - Introduce a separate trade finance risk curve by using a trade specific Asset Value Correlation and a maturity adjusted Probability of Default. A separate trade finance risk curve will ensure a more appropriate capital treatment of trade finance reflecting its short tenor, low default and loss rates plus the low default correlation with the broader economy. The G20 should encourage BCBS to address this issue in order to align regulatory capital requirements with the risk profile of trade finance.
- Liquidity
  - Agree a harmonized implementation of outflow rates for trade finance contingents. In January 2013, BCBS issued a guidance setting a range for outflows of trade finance contingents between 0% to 5%, leaving implementation of rates within that range to the discretion of national regulators. The EU, following BCBS' guidance, set the same outflow rate. Other G20 members should consider adopting the approach taken by the EU in the framework of implementing Basel III.
  - Recognize 100% of inflows from trade finance transactions as liquidity, rather than 50% provided for by Basel III.
  - Adopt a consistent definition of operational accounts across all client segments, with a clear distinction between clearing and correspondent banking balances.
- Leverage
  - Adopt a Credit Conversion Factor of 20% for medium/low risk off-balance sheet trade finance exposures and 50% for medium risk off-balance sheet exposures for the Leverage Ratio.

Relevance and Expected Impact

Trade finance has an important role to play in helping facilitate global trade, economic growth and job creation. We welcome the broad thrust of Basel III and in particular a greater focus on the creation of regulatory liquidity regimes and higher capital levels. However, the right balance is needed to ensure regulatory regimes posses an appropriate risk sensitivity, while not inhibiting economic growth. The capital, liquidity and leverage treatment of trade finance in Basel III does not reflect the low risks posed by these products. We welcome the changes made by BCBS over the last year to the treatment of these products, but further changes are required to ensure the proportionate treatment of trade finance.

We welcome the capital, liquidity and leverage regime developed recently by European policymakers for the treatment of trade products. Regulators outside the EU should consider implementing similar changes. These measures will align the capital treatment of trade finance products with their true risk profile allowing banks to provide trade finance to the real economy.

In agreeing the changes to the capital, liquidity and leverage treatment of trade finance the European Parliament has made it clear that a low risk nature of trade finance would mean that implementing the changes would not have a negative impact on financial stability. The European Parliamentarians also highlighted the positive economic impact that the changes could have in helping to increase global trade.[1]

G20 regulators as well as BCBS should leverage on the work undertaken by the International Chamber of Commerce (ICC) Trade Register. Data compiled by the ICC Trade Register shows trade finance is short term, low risk (low default and loss rates) and has a low default correlation with the broader economy.[2]

Ensuring the appropriate regulatory treatment of trade finance is especially important in Asia-Pacific, which – according to SWIFT data – accounted for 65% of the total import letters of credit issued and 73% of the export letters of credit received globally in 2012. Asia-Pacific also accounted for 59% of the USD value of import letters of credit issued and 52% of the total export letters of credits received globally in 2012. As a result ensuring the regulatory regime for trade finance in Asia is proportionate should be a key issue for policymakers alongside the global revisions that are recommended.

Availability of trade finance has an economic impact on growth and job creation. According to a survey conducted by the Asian Development Bank (ADB)[3] there is a gap in trade amounting to $1.6 trillion globally, because of unmet trade finance needs. Results from the ADB survey show that an increase of 5% in the availability of trade finance could result in a 2% increase in production and 2% more jobs. The survey[4] warns that banks may reduce trade finance by about 13% if Basel III is fully implemented without the necessary changes in capital and liquidity treatment. At the same time, the World Trade Organisation has recently concluded that "world trade growth fell to 2% in 2012 — down from 5.2% in 2011 — and is expected to remain sluggish in 2013 at around 3.3%".[5] Therefore addressing concerns about the cost and availability of trade finance could be an important step in efforts to improve global trade and economic growth.

Timeline for Implementation

In September 2013 the G20 members should reiterate their political commitment at the global and national levels to complete growth-friendly financial reform including changes to the capital and liquidity treatment of trade finance and should report on progress at their next summit in Brisbane.

Reporting Format

The G20 should request BCBS to report to the G20 finance ministers' on measure to address these issues. The G20 finance ministers should inform the Leaders on the agreed actions and deadlines at the Brisbane Summit in 2014.

1 Sharon Bowles, Member of the European Parliament on the trade finance package, April 2013 http://sharonbowles.org.uk/en/article/2013/679215/strengthening-eu-banks-to-get-europe-back-on-the-path-to-growth-and-trade-statement-by-sharon-bowles-mep-on-today-s-crd-iv-plenary-vote.

2 International Chamber of Commerce, Release of 2013 Global Risks Trade Finance Report, April 2013. Data from the ICC shows that default rates are very low for trade products. In the latest review the ICC concluded that "data reveals fewer than 1,800 defaults were made across close to 8.1 million short-term trade finance transactions. This equates to an approximate 0.02% default rate on a transaction basis." http://www.iccwbo.org/News/Articles/2013/New-ICC-report-says-low-risk-trade-finance-not-to-be-feared/.

3 Asian Development Bank, Trade Finance Survey: Major Findings, http://www.adb.org/sites/default/files/pub/2013/trade-finance-survey-major-findings.pdf.

4 The survey was conducted before the most recent BCBS changes to LCR treatment.

5 World Trade Organisation, trade update, April 2013 http://www.wto.org/english/news_e/pres13_e/pr688_e.htm.

Trade

Since World War II, the world economy has seen a massive growth in international trade. Trade has been growing faster than GDP (5.6% vs. 3.5% for 1960-2010), and the share of exports in GDP grew from 25% to 32% in just the last decade. Increased international cooperation in trade liberalization within the WTO framework played an important role in the acceleration of trade momentum: world average "most favored nation" applied tariff went down from 26% in 1981 to 8% in 2010. Less than half of manufactured goods are traded in 2012 effectively without any tariff.

Governments and international organizations should be looking for the new ways of assessing and communicating the actual impact of trade on the long-term growth and creation of new, highly-skilled work opportunities in every sector of the economy, including manufacturing.

The OECD research shows that a 50% cut in goods tariffs and non-tariff barriers by the G20 countries could bring an increase in job creation of up to 4% in the long run. Countries at all levels of economic development benefit not only from avoidance of protectionism, but also from further trade and investment liberalization. Open markets are also good for growth. OECD work suggests that for every percentage point increase in the share of trade in national output, income levels rise by 1%-3%. Moreover, there are substantial potential gains from liberalizing trade between developing countries, which is subject to much higher tariff and non-tariff barriers than trade with and between developed nations. And this high return can be obtained at a very low cost: the positive effects of trade in economic growth can be achieved through measures that are budget-neutral or almost budget-neutral in most cases, which is particularly important in the current environment of fiscal constraints.

While the current slowdown in trade liberalization has been caused by pending issues of economic and social nature and the lack of significant progress on the wider multilateral trade agenda,it is important to reach agreement that the liberalization should continue, while working to resolve specific issues and align interests of all stakeholders of trade negotiations. Further progress will require more careful identification of areas where cooperation is mutually beneficial for countries with varying economic structures, and tailoring the multilateral trade regime to the needs of parties with very different interests. The most important step in this direction for governments and international organizations is to promote international trade by finding new communication channels and strengthening the message of more open, value creative trade that benefits all countries, developing and developed alike.

Promoting international trade and ensuring that global supply chains can continue to facilitate the unfettered flow of goods across borders is of greatest importance, and should remain as one of the central points on the G20 agenda.

1. Fighting and Rolling Back Protectionism

Starting Point

Protectionist measures have been long used by governments, primarily as a way to protect their domestic industries from foreign competition. These measures may take the form of tariff or non-tariff barriers (NTBs) to trade. While trade barriers have generally been declining in recent years, the number of protectionist measures has risen as a reaction to the global financial crisis 2007-2008. The commitment by the G20, made at its Washington Summit in 2008, and reaffirmed at the subsequent summits, to resist rising protectionism and to roll back any new protectionist measures that may have arisen, has played an important role in keeping markets relatively open. But recent trends suggest that protectionist pressures – and the slow but steady accumulation of protectionist measures – remain a threat to the global economy.

As highlighted in the latest OECD-WTO-UNCTAD report on G20 trade and investment measures, in the period from May to October 2012, the incidence of new protectionist measures decreased, compared to the previous period, but the accumulation of restrictions amounting to more than 700 remains a concern, slowly and incrementally eroding trade openness. Moreover, the accumulation of measures has to be considered in a broader perspective, in which the stock of trade restrictions and distortions that existed before the global crisis, such as trade-distorting subsidies in agriculture and tariff peaks, is still in place.

Four years after the outbreak of the global economic and financial crisis, the message the B20 would like to present to the G20 leadership is clear: The argument of the crisis cannot be used any longer to reintroduce trade restrictions—the negative effects of the accumulation of protectionist measures must be emphasized.

Thus far, the G20 has supported efforts to monitor protectionism through international economic organizations such as the WTO, the OECD and UNCTAD. Monitoring protectionist measures alone is not enough—it only serves to highlight a trend harmful to global prosperity. Information gathered through monitoring, however, can and should be used to pave the way to removing them. The G20 should consolidate efforts to roll back protectionist measures. The B20 recognizes that the G20 has no institutional mechanism to act, but it can play a catalytic role by committing its members to cooperate in international economic organizations to eliminate protectionist measures.

Recommendation

G20 demonstrated their willingness to counter protectionist pressures in the aftermath of global financial crisis in 2008 by signing up to the standstill agreement. The G20 should extend the deadline for standstill and monitoring protectionism after 2014, further strengthening the monitoring system and exploring ways to roll back any new protectionist measures that may have arisen and ensure full respect for existing multilateral trade commitments.

Actions

- Support the creation of a WTO non-tariff barriers mediation mechanism at the Bali WTO Ministerial Conference;
- Support the continuation of the WTO rules on subsidies and on anti-subsidy measures in particular, and the update of export credits insurance rules at the WTO conference in Bali;
- Address restrictive import or export licensing through a WTO non-tariff barriers mediation mechanism;
- Limit intellectual property right violations that undermine a company's investment in technology and innovation by better enforcing the WTO rules on Trade-related Intellectual Property (TRIPs);
- G20 leaders should mandate the OECD, WTO and UNCTAD to expand the current framework of the monitoring report to not just list the protectionist measures, but also regularly include an impact assessment to demonstrate their impact on trade flows, GDP, jobs, investment and time to market of consumer goods;

- Create a "data bank" that collates all measures which date back to pre-crisis period in all G20 countries;
- G20 leaders should call to expand the monitoring report with separate sections on regulatory and standards measures (i.e. non-tariff measures – NTMs) which have influence on the trade flows, to make these measures more public and transparent.

Relevance and Expected Impact

Pursuing a dynamic trade agenda to remove protectionist barriers will reassure business that governments are truly committed to progressive market opening and providing the stability needed to generate investment, growth and jobs. Companies and industry associations will engage in these processes in order to benefit from greater stability, while governments will benefit from higher investments and growth in their economies.

We recommend this "rolling back protectionism" agenda to be included in the G20 official declaration in September, so that the WTO would have to take it up at the Bali Ministerial conference, as the G20 represents around 90% of global trade.

Timeline for Implementation and Follow up

The timelines for these different negotiating agendas are variable. However, the WTO Bali Ministerial could announce the start of negotiations on issues such as non-tariff barriers mediation mechanism, rules on subsidies and export credits and enforcement of TRIMs and TRIPs as a part of the wider trade advancement agenda promoted by the G20 member states.

Reporting Format

The G20 should review the state of the commitment implementation at the next summit. The leaders should mandate their Ministers of Trade and relevant international institutions to agree on a strengthened monitoring system and present a report for the G20 2014 summit.

2. Trade Facilitation

Starting Point

Steady increases in trade volumes and complexity have significantly changed the operating environment for the international trading community and involved government agencies. This has exposed the inefficiencies of outdated modes of operation and motivated an essential rethinking of border procedures, both within national administrations and at the international level. In today's world of interconnected global supply chains, where goods cross multiple borders, reducing the physical, administrative, and other informal barriers to the movement of goods will stimulate greater international trade, improve economic growth, and create new jobs.

The productivity and competitiveness of domestic firms depends in large part on reliable access to world-class inputs, with over 50% of goods and 70% of services trade occurring in intermediate inputs. Inefficient customs administration and logistics bottlenecks are now the primary barriers to trade, and the OECD estimates that every day that a shipment sits at the border because of administrative procedures reduces trade up to 4%. These "hidden" costs of trade can be as much as 15% of the value of the goods traded.

Trade facilitation measures cost little to implement and produce a large return on investment. The use of smarter technologies and a risk-based approach can also improve security and protect customs revenue. Many forward-thinking countries are using trade facilitation to shift their traditional border management goal from revenue collection to one focused on economic competitiveness and growth.

Given the sluggish global growth, the WTO Trade Facilitation negotiations present the best opportunity to stimulate trade and world economic growth. The OECD analysis suggests that trade facilitation measures under negotiation have the potential to reduce trade costs by almost 10%, with the greatest potential cost reductions related to the simplification of procedures, the provision of advance rulings, the streamlining of fees and charges, and the transparency of trade information. Many of the largest benefits would accrue to developing countries that have seen their ability to participate in global supply chains hobbled by inefficient and costly logistics and border management. Concluding a Trade Facilitation Agreement is in the economic interest of all WTO members, developed and developing alike. A Trade Facilitation Agreement would also send a powerful message to the global trade community that the WTO can still accomplish its trade liberalization mandate.

Recommendation

The G20 governments should commit to the WTO Trade Facilitation Agreement as an element of Doha Development Agenda that enjoys universal consensus and highest chances to be agreed in the nearest future and call on all parties involved to finalize the WTO Trade Facilitation Agreement text by the time of St. Petersburg G20 Summit in September and conclude the final agreement at the Bali WTO Ministerial in December. Other less controversial elements of Doha Development Agenda should also be prioritized and set up for signing in the shortest possible time to harvest the low-hanging fruits of Doha Development Agenda.

Actions

- Set up a Task Force to perform a gap analysis of trade facilitation performance based on specific criteria and develop an action plan for improvement with measurable goals. Appoint a senior government official to be responsible for its implementation;
- Make full implementation of the Revised Kyoto Convention a priority;
- Facilitate the movement of low value goods through implementation of the World Customs Organization's Immediate Release Guidelines and commercially meaningful de minimis thresholds;
- Ensure that G20 countries customs administrations have adequate resources and provide flexible, off-hours services for those traders that need such services;
- Prioritize negotiation of mutual recognition agreements for trusted trader programs, increase harmonization and strengthen private sector benefits;
- Engage their business communities in assessing existing dialogue and consultation mechanisms, and establish new vehicles, where needed, for effective dialogue on matters related to supply chain performance;
- Address trade-related infrastructure bottlenecks;
- Establish defined goals for implementing single-window clearance procedures;
- Not overregulate trade finance to ensure its availability, particularly in developing economies, thereby improving the global financial system's overall resilience;
- Highlight types of assistance available for developing and least developed countries in adaptation to the requirements of the Trade Facilitation Agreement.

Relevance and Expected Impact

Implementation of the recommendations would generate significant economic gains through improved trade facilitation and customs administration. According to Peterson Institute report from April 2013 completion of the WTO Trade Facilitation agreement could generate global economic gains of approximately $960 billion and support at least 21 million jobs, most of them in G20 countries, by facilitating trade and improving border management performance. All countries would benefit from improved customs capabilities, in terms of both revenue collection and economic competitiveness.

Timeline for Implementation and Follow up

The WTO Trade Facilitation agreement should be completed and approved at the WTO Ministerial in Bali in December 2013. The B20 recommends that the G20 include a Trade Facilitation scorecard or annual review process to ensure continued focus on this issue. The G20 could cite existing logistics indexes such as the World Bank Logistics Performance Index or the OECD Trade Facilitation Indicators as a barometer of progress. At a minimum, the G20 should reiterate at each Summit its strong support for continuous improvement of customs and other trade facilitation measures to reduce trade costs and stimulate global economic growth.

Reporting Format

The B20 recommends that each G20 country prepare an annual report on measures it has taken to promote trade facilitation. The report should describe the measures taken and the expected impact on trade. The B20 could then provide its assessment of the measures and their anticipated commercial and operational impact. Leveraging the G20 as a platform to share these trade facilitation best practices will help both G20 and non-G20 countries improve their trade facilitation performance.

3. Preferential Trade Agreements

Starting Point

Further expansion of international trade continues to offer significant potential for efficiency improvements, which could be beneficial to the world community as a whole, and the best avenue towards taking advantage of such global opportunity is through multilateral trade agreements. But limited progress in multilateral global trade agreements creates a gap that many countries feel an urgent need to fill through more circumscribed trade agreements, in order to create greater opportunity for their exports. Key factors behind the proliferation of PTAs are geographical and strategic reasons to strengthen economic ties by individual countries and regional groups.

In addition, some countries also find that PTAs can serve as transition mechanisms, as they find themselves at starting points that would make it difficult for their entrepreneurs and corporations to take full opportunity of a global free trade environment. The end result is that hundreds of PTAs, including over 350 that have been notified to GATT/WTO are in place now, covering practically all the countries in the world.

Such proliferation of PTAs results in extra complexity for global supply chains and growing costs for businesses (especially SMEs), which are forced to navigate through the "spaghetti bowl" of rules. The challenge of managing the establishment and evolution of PTAs is to ensure that PTAs help to pave the way for broader trade liberalization, rather than become obstacles to it, and to reduce distortions, which could hinder the efficiency of global supply chain dynamics.

Recommendation

The G20 should 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.

PTAs' Design and Monitoring Process

Transparency in PTAs is important both ex-ante and ex-post. Registering with the WTO ex-post will represent progress in this regard. Transparency, open discussion (including consultation with businesses involved in export, import, and logistics) in the process leading up to PTAs is equally important and should be incorporated in their planning as indicated, for instance, by the APEC's model chapter for RTAs.

PTAs' Scope

PTAs should go beyond the scope of the WTO — by complementing it. The aim would be to deemphasize the focus of PTAs on tariffs and barriers that discriminate against non-members and to provide greater emphasis on actions that would promote the expansion of economic activity among the members and reduce obstacles to fluid trade and supply chains.

Actions

- Facilitate investment and capital mobility;
- Address the complexities related to the "rules of origin" restrictions;
- Carry out joint research on the best practices of trade regulation, including issues of monitoring, harmonization of standards, and quality of statistics, and explore the ways to implement them into practice.

PTAs' Membership

PTAs should incorporate clear principles for accession and commitment to allow expansion, particularly when PTA rationale is not based on geographical adjacency.

Relevance and Expected Impact

Making PTAs compatible with and complementary to multilateral trade liberalization will have positive effects on world trade and on supply chain dynamics. It will also help pave the way for a more comprehensive multilateral agreement, the benefits of which are widely acknowledged: growth in worldwide trade will help to reach the ultimate goal – inclusive economic growth – through more efficient use of resources and faster spread of innovation.

The time is ripe for drawing lessons from the rapidly proliferating body of PTAs. The WTO is best positioned to take the lead, in consultation with other international organizations with global memberships, on establishing principles to guide the design and evolution of PTAs. Improved and more transparent processes in the design and implementation of PTAs will be an effective way of ensuring that PTAs serve the broader global goals and facilitating convergence—including through dialogue with all key stakeholders and players in global supply chains. A scope that focuses on areas complementary to WTO rules will be crucial to addressing the bottlenecks and constraints affecting trade in the 21st century, which go well beyond the traditional issues of tariffs and other direct barriers. Finally, a flexible approach to membership will ensure that PTAs are a dynamic force in global trade, rather than a source of new rigidities.

Timeline for Implementation and Follow up

The G20 should call on the WTO to propose by the 9th Ministerial Conference in Bali the specifics (composition, method and key milestones) of a working group to establish principles to guide PTA design and evolution. The aim should be to have the results of the working group presented to the General Council during the first half of 2014, and disseminated widely shortly thereafter.

To ensure the desired impact, the G20 should invite the WTO and its partner international organizations to design a scoring system for PTAs (based on the principles and best practices identified by the working group and revised in subsequent discussions) and to produce the first set of PTA ratings by the end of 2014.

Reporting Format

- G20 members to report back in 2014 on (a) representatives assigned and other support provided for this effort; and (b) adherence to the principles and best practice in PTAs they are party to;
- WTO-led working group to produce: (a) the report with principles and best practice guidelines by mid-2014; and (b) the first of an intended annual series of PTA ratings (compared to best practice guidelines) by end-2014.

Innovation and Development

The recommendations presented in this report reflect the contributions of the 39 participants of the Innovation and Development as a Global Priority Task Force, functioning during Russia's presidency of the G20 in 2013. The Task Force consists primarily of CEOs from G20 countries who represent the world's leading innovative firms. The goal of the Task Force is to offer the world a way to transition to an improved global innovation and development environment drawing on views and insights from a large and diverse set of states and businesses.[1]

The B20 envisions:

- A world of creators – where policy approaches to innovation, including on IP, stimulate a dramatic increase in the creativity of citizens.
- A world with universal energy access, secure supply, reasonable and transparent prices (as well as mitigated price volatility), and minimal environmental damage – where investments are made in renewables that can be effectively and economically sustained and traditional energy sources are further developed and environmentally improved with cutting-edge cost-effective and productive innovation.
- A world of unprecedented healthy longevity – where policy makers focus on better living conditions and better quality of life.
- A world of sustainable resource consumption with an increasing use of biotechnological products and processes.
- A world of more rational, better-informed decision-makers – where ICT is universally accessible and applied to all sectors of the global economy.

1. Intellectual Property (IP)

1.1. Global IP Regime for Innovation and Development

Starting Point

The global IP regime is crucial for both innovation and development. In the words of Joseph Stiglitz, Nobel laureate in economic sciences, "[i]ntellectual property is one of the most important aspects of globalization, especially as the world moves toward a knowledge economy. How we regulate and manage the production of knowledge and the right of access to knowledge is at the center of how well this new economy . . .

works and of who benefits. At stake are matters of both distribution and efficiency."[2]

Despite innovative industries' dependency on the global IP regime, which regulates ownership and distribution of knowledge and technologies throughout the world, the G20 agenda has not yet acknowledged the importance of a global IP regime for economic development.

Recommendations

G20 efforts to propel economic development and stimulate growth must recognize and reflect that:

- A reliable global IP regime plays a critical role in encouraging innovation and innovation-driven economic development and growth, and it must be thoughtfully adjusted.
- Reducing barriers to obtain and enforce IP rights can stimulate technological innovation and, thereby, economic development.
- Broadening access to knowledge, advanced technologies, and best practices[3] through, inter alia, supporting and providing incentives for cross-border partnerships and investment, together with sufficient and consistent enforcement of IP rights, can help expand the base of innovation and social development worldwide.

1.2. Global Legal Framework for Fair Competition in Innovation Markets

Starting Point

The world economy has been liberalized significantly as a result of intergovernmental cooperation on reducing import restrictions and export subsidies (e.g., through GATT, WTO, and bilateral investment treaties). At the national level, similar liberalization efforts have typically resulted in the creation of antitrust regulation and authorities designed to fight cartels and other private combinations limiting competition on the market.

Despite the great need, especially of innovative markets (fair trade in IP goods), such protection mechanisms are not yet in place at the international level.

Recommendation

G20 leaders should formulate and propose a regulatory mechanism functioning on a global scale – through WTO mechanisms, an international treaty, the G20, or otherwise – to improve global competition. This is especially significant for innovation markets and global value chains (e.g., in the ICT, agriculture, energy, and pharmaceutical sectors).

2. Energy Efficiency and New Energy Sources

2.1. Increasing Energy Efficiency

Starting Point

Improving energy efficiency is a necessary overarching step aimed at cutting costs, reducing emissions, and using world resources in a sustainable and effective manner. It is a critical aspect of any policy aiming to reduce CO2 emissions and to allow better energy access for low-income consumers. More efficient energy production, the elimination of losses in distribution networks, the priority of energy efficiency in the housing sector, well-targeted information, and education efforts, as well as encouraging responsible behavior are all essential. Innovation is a critical component of greater energy efficiency.

Recommendations

The G20 should:

- Guarantee governments' lasting political commitment to energy efficiency and affirm their understanding of its impact on security and the economy through measures including the following:
  - Holding B20/G20 dialogues on energy efficiency on a regular basis
  - Ensuring policy focus on regions and business sectors with the highest potential for achievement[4]
  - Supporting energy efficiency policies and fostering the sharing of best practices and successful initiatives on an international scale
- Establish clear standards for energy efficiency and ensure full monitoring and compliance, including the following measures:
  - Establishing a mechanism for regular progress reports from G20 countries in order to monitor the implementation of standards in all areas of energy efficiency
  - Training, educating, and contributing to the development of adequate resources for the implementation of energy efficiency

- Increase public investment in and promote the deployment of efficient and innovative technologies such as demand-response, end-use energy efficiency, energy storage technologies and renewable energy technologies, particularly to improve urban sustainability (e.g., higher air quality, more efficient energy use and economic development):
  - Provide public financial support to companies, individuals or cities, for example, via performance contracting or low-interest loans, to support innovative local projects.
  - Support pilot projects and research initiatives in all areas of the smart grid, energy storage considering both innovative technologies and new business models.
  - Explore innovative financing schemes to attract investments in new technologies with long-term horizons, such as smart grids.
- Adopt a holistic approach to energy management, assessing the process end to end (from exploration and production, to consumption, to emissions).

2.2. Improving Energy Access

Starting Point

According to the International Energy Agency, today approximately 1.3 billion people (around 20% of the global population) have no access to electricity and 2.6 billion people (above 35%) live without clean cooking facilities.[5] Energy poverty is concentrated in the developing world, particularly in Asia and Sub-Saharan Africa. However, energy poverty is evident in the industrial world as well, underscoring the importance of securing affordable energy prices everywhere. In accordance with the Millennium Development Goals[6], the international community recognizes that this is a serious obstacle to economic and social development. Applying the Task Force's emphasis on incremental improvements to the global system, B20 energy companies ultimately aim at "energy access for all."

Recommendations

The G20 should:

- Focus on prioritizing energy access in national development planning, improving the investment climate, and promoting energy access solutions.
- Harmonize technical standards, the regulatory environment, and fiscal (tax) policies for energy equipment and services importation, marketing installation, and distribution.
- Promote global standards to avoid duplicating efforts and market effectiveness.
- Emphasize the importance of energy for education and health.
- Support the development of associated technology as an additional measure promoting universal access to energy.
- Support national governments in creating conditions for expanded and decentralized energy infrastructure to serve remote populations by providing investment incentives (limited subsidies, guarantees, reduction of custom duties for renewable and other relevant energy technologies) and support for pilot projects.[7]
- Provide capacity-building support, including small-scale financing for small and medium-sized businesses (SMEs) in developing countries to deliver modern energy services, including services to rural communities.
- Develop a framework for more efficient development of and public-private cooperation for energy production (including viable decentralized solutions), import and distribution infrastructure, and business models (with a focus on developing countries), and ensure regular reporting to the G20.
- Disseminate existing best practices and implementation methods among developing countries and energy providers, with special attention to training.
- Invest in networks and systems capable of successfully managing decentralization and overall economic efficiency and sustainability.

2.3. Enhancing Energy Security and Reliability

Starting Point

Universal access to clean energy is expected to be achievable by 2030.[8] This would require a total investment of USD 1 trillion from 2011 to 2030 (3% of the global energy-related infrastructure investment). Technological solutions that could enable such universal access would increase global energy demand and CO2 emissions by no more than 1.1% and 0.7%[9], respectively. These results are contingent on a sustained improvement of energy efficiency, a high investment effort in the energy sector and the unlocking of renewables potential and technological advances.[10]

The scale of investment needed to meet these objectives requires freer markets – where technologies freely compete and prices are non-distorted. Clear and robust price signals that internalize the cost of carbon emissions can provide the certainty that will allow long-term investments that are efficient and sustainable. This in turn will allow technologies to compete on a level playing field. Supporting policies such as inefficient subsidies[11] should be avoided to provide for a non-distorted market environment.[12] The remuneration regime for networks should be coherent with these developments in order to ensure an appropriate return on investments. However, in certain limited circumstances subsidies should be made available – though limited in time and amount – to stimulate private investment, e.g., in pilot renewable energy projects that are not yet competitive. This is especially crucial for marine (e.g., offshore wind, tidal) and certain solar technologies – in moving from prototype to commercially viable product, considering their tremendous potential on the planet.

Achieving freer energy markets will require a harmonized and stable regulatory framework both at global and local levels.

Recommendations

G20 leaders should:

- Limit (and eventually abandon) the use of inefficient subsidies in energy. Policies that create inefficiencies and distort the market, such as command-and-control mandates and unsustainable subsidies, should be avoided.
  - Work with G20 leaders to better assess the effectiveness of existing energy subsidies and work toward phasing them out in favor of putting a cost or value on the externality in question, such as carbon or innovation.
  - Promote a stable regulatory framework that enables long-term price signals set by the market to drive investment and innovation, such as market-based carbon trading and capacity remuneration.
- Promote free trade in goods and services by sustaining trade liberalization negotiations, including on sustainable energy products and services.
- Eliminate tariffs, local content requirements, and other non-tariff barriers, and coordinate industrial and technical standards. Reduce tariff and non-tariff barriers that distort international trade, including anti-competitive standards and technical requirements. Develop a truly global initiative to lower barriers to green trade by establishing a multilateral agreement for instance, at the 9th WTO Ministerial Conference in Bali (2013).
- Support the opening of energy markets and reform of regulatory and tax policies, including appropriate regulation of unconventional gas development, to allow the flow of innovations across borders.
  - Work with existing intergovernmental organizations such as the International Energy Agency and the World Bank to monitor and assess measures, and enhance transparency in energy markets, find optimal cost/benefit solutions for society's energy needs, facilitate sharing of best practices among their member countries regarding energy market design, energy regulation, and energy-related fiscal policies, and report back to G20 Energy Ministers on a periodic basis.
  - Provide R&D and technology demonstration funding to support the development of technologies from prototypes to commercially viable products (e.g., marine and solar energies, energy storage).

2.4. Enhancing and Ensuring Energy Sustainability

Starting Point

Sustainable innovation is a fundamental driver of competitiveness, job creation, and long-term economic growth.

Intensification of global green and low-carbon trade can increase competition, reduce prices, and also encourage innovation and diffusion. Though they share a common interest in green growth, developed and developing countries choose their own goals and means of policy implementation. The sustainability of investments is another key aspect to be considered here.

There is a wide spectrum of policies and measures to improve investment incentives for economically and environmentally sustainable technologies, such as regulatory reform, the formulation of technology-driven energy conservation standards, green procurement, the expansion of tax incentives for investment as well as research and development.

Recommendations

G20 leaders should:

- For developed countries – implement and strengthen carbon-pricing mechanisms, such as the European Union Emissions Trading System (ETS), ensuring that their national targets and policies support the creation of consistent international demand for carbon units and provide the basis for an international carbon market.[13] For developing countries – define a gradual transition to participation in similar mechanisms.
  - Build confidence in new market mechanisms through international platforms.
  - Make new market mechanisms eligible for current and upcoming emissions trading systems.
  - Establish a fund to support innovation and demand certainty for early new market mechanisms.
  - Encourage emission mitigation and clean energy investments in developing countries through international linkages, such as the recognition of new market mechanisms.
  - Sustain demand by setting more ambitious mitigation targets for G20 nations over time.
  - Promote cleaner energy in certain areas of the world where natural resources are abundant in order to reduce or avoid emissions (this should be undertaken rationally) and maintain an attractive remuneration regime for networks.
  - Establish a working group[14] bringing together institutional investors (especially pension and insurance funds), international organizations (including multilateral development banks and the OECD), and national representatives to begin a dialogue on actions needed to scale up financing for green and low carbon intensive technologies.
- Adopt a systematic approach for technology development to arrive at commercial solutions.
  - Launch a set of international flagship projects focused on relevant energy challenges in G20 countries.
  - Cooperate for international rule-making and R&D for enhanced nuclear safety and to the establishment of an international cooperative framework for emergencies.
  - Support negotiations on the liberalized trade of green products and services.

2.5. Ensuring Energy Balance through Natural and Shale Gas

Starting Point

Natural gas is the only fossil fuel for which global demand seems to be growing in all scenarios. It is estimated to grow up to 65% by 2040. Meeting such demand would require the world's annual natural gas production to increase by 1.8 trillion cubic meters, with unconventional gas accounting for nearly half of that increase by 2035. The greater use of conventional (natural) gas and unconventional (shale) gas can lead to more rapid decarbonization than would be possible through the use of renewables alone. Currently, it is the least-carbon emissive fossil fuel (a thermal unit emits half as much as a coal plant) and the best compromise in terms of flexibility, competitiveness, security of supply, and environmental concerns. Natural gas is a complement and not a substitute to renewable energies, and it should be supported as an optimal response to renewables' intermittency.

Recommendations

The G20 should:

- Focus policy on supporting the substitution of coal with technologies that have lower emissions, such as natural gas and unconventional gas, in the energy mix of G20 countries. Encourage and support developing countries in utilizing natural gas, natural gas liquids and unconventional gas in their energy mix.
- Use certain revenues resulting from carbon pricing measures to increase direct support for research, development, demonstration, and pre-commercial deployment of low-carbon and energy efficient technologies, including conventional, unconventional gas and nuclear energy.
- Focus on developing equal and uninhibited access to cutting-edge technologies in the conventional and unconventional (shale) gas sectors globally.
- Consider natural gas the optimal fuel to bridge the supply-demand gap in transportation and encourage the development of natural gas technologies for transportation.
- Set a common agenda to build stable legal, tax, and regulatory frameworks for the gas industry that would foster development and promote fair competition.

3. Healthcare and Biotechnology

3.1. Focusing National Healthcare Priorities on Healthy Life Expectancy and Productivity

Starting Point

Since the early 1900s, improvements in healthcare and public health have extended life expectancy in developed countries by three to four years each decade. This has improved the productivity and longevity of labor capital, fueling both general economic growth and the success of innovative healthcare industries.

Although innovation in healthcare and public health still has the potential to advance life expectancy, paradoxically, as a result of increasing wealth, longevity, and changes in lifestyle, developed countries now face new healthcare challenges such as obesity, diabetes, Alzheimer's, and cancer. These diseases threaten economic sustainability, as associated healthcare costs rise faster than GDP.

The application of biotechnology to primary production, health, and industry could result in the emergence of a "bio-economy" where biotechnology contributes to a significant share of economic output.

Recommendations

The G20 leaders should:

- Establish and champion an agenda that aligns incentives in industrial, economic, and healthcare policy to accelerate the shift in spending on healthcare innovations and delivery away from treating illness and extending absolute life expectancy to a new focus on extending healthy and economically productive life expectancy.
- Shift the perception of healthcare expenses from social costs to economic investment.
- Establish and publish metrics on healthy life expectancy as driving forces of economic development.
- Improve measurement of healthcare spending.
- Set country-specific priority areas with targets for improvement.
- Launch co-funded private/public research for cross-G20 priority areas.

3.2. Reallocation of Current Healthcare Expenditures towards the Development and Diffusion of Novel Solutions that Deliver Better Outcomes

Starting Point

Given the current status of public finance, the private sector of the G20 economies recognizes that it will be contributing a growing share of investment in healthcare innovation.

Compounding financial pressure and market dynamics in centralized payer environments prevent adequate funding and growth of innovative healthcare industries. These challenges are also relevant for developing countries with large populations whose basic healthcare needs remain unmet. The principle of stimulating investment in innovations that drive healthy life expectancy and productivity holds true for all G20 members.

As governments globally consider how to manage budgets in the challenging economic environment, the efficiency of healthcare spending and investment should be maximized. This will ensure the continued realization of economic benefits of productive and healthy populations, as well as sustainable economic growth within new and existing healthcare industries.

The B20 seeks for G20 members and key health and science policy-makers in G20 countries to align economic, industrial, and healthcare policies that will allow innovations to proceed undeterred even under current market and budget constraints and take full advantage of the global nature of 21st-century innovation.

Recommendations

The G20 leaders should:

- Create specific incentives to drive private investment in novel healthcare industries and priority healthcare outcomes.
- Maintain current levels of public investment in healthcare.
- Maintain innovations as a tool for more efficient healthcare funding.
- Establish an expert group to identify and recommend specific policies and report back to G20.
- Improve healthcare efficiency by enabling technology transfer.

3.3. Dissemination of Best Practices and Rapid Adoption across G20 Countries

Starting Point

Today healthcare biotech accounts for more than 20% of all marketed medicines. It is already benefiting more than 350 million patients around the globe who rely on biotech medicine to treat and prevent everyday and chronic illnesses, including heart attacks, stroke, multiple sclerosis, breast cancer, cystic fibrosis, leukemia, and diabetes. It is estimated that by 2015, 50% of all medicines will come from biotech. Currently, there are more than 200 biologic medicines and vaccines that benefit millions of patients worldwide, in developed as well as in developing countries. There are more than 1,200 biotech diagnostic tests being used in clinics around the world. More than 600 new biologic medicines are in development, including treatments for cancer, HIV/AIDS, Alzheimer's disease, and numerous rare conditions. Healthcare biotech increases the effectiveness and safety of treatments. All these practices are highly transferrable.

Recommendations

The G20 leaders should:

- Create a catalogue of innovations and best practices with proven, measurable impact.
- Exchange evidence of successful implementation of the best practices between G20 and B20 including at the summit level.
- Improve the funding capabilities of innovative projects, research facilities and industrial research ventures by providing tax incentives, investing in Life Sciences, offering policies that encourage foreign investments, and maintaining a stable financial market and health care system.

3.4. Promoting Production and Use of Bio-based Processes and Products

Starting Point

The application of biotechnology to primary production, health, and industry has the potential to create an emerging bio-economy in which biotechnology contributes a significant share of future economic output. The OECD estimates that the bio-economy could account for 2.7% of the world's GDP by 2030, with the largest economic contribution of biotechnology in industry and primary production, followed by health applications.

At the same time, the commercialization of R&D in bio-based products often proves challenging, meaning that many products fail to make it to the market. This can have several causes, including high development costs and regulatory barriers for bringing new bio-based products to market.

Deployment of commercial-scale integrated bio-refineries is a critical step towards realizing the potential offered by industrial biotech. Bio-refineries convert biomass into industrial intermediates and final products. It is crucial to establish proof of concept and to test the emerging technologies used in the integrated bio-refineries under industrial conditions. Full-scale manufacturing facilities or even pilot plants are often not accessible to public and private sector researchers, meaning that concepts and new technologies developed in the lab often cannot be tested on a larger scale. It is therefore necessary to ensure access to scaled-up bio-refining infrastructure to test industrial processes with the purpose of reducing both lead-time and investment.

Recommendations

The G20 should:

- Secure an affordable supply of sustainable biomass feedstock for bio-based industries, e.g., through supportive programs and agricultural policies.
- Support the construction of the first full-scale integrated bio-refineries, accelerating the deployment of a new infrastructure for the bio-based economy. This can come in the form of funding schemes, loan guarantees or the implementation of conducive framework conditions.
- Incentivize the conversion of conventional industrial processes into bio-based ones, e.g., through approval systems or by providing market incentives to overcome initial investment barriers.
- Provide market incentives to stimulate the commercialization of bio-based products, e.g., via public procurement standards, regulation and labeling.

3.5. Implement Coherent Bio Economy Strategies and Framework

Starting Point

Biotechnology offers solutions to address the most pressing issues of societies today and in the foreseeable future. Using new methods and innovative procedures, biotech helps to tackle problems such as fighting disease, feeding the hungry and improving the environment, whilst providing for steady economic growth. Estimates for 2030 based on the current framework suggest that biotechnology could account for 2.7% of the GDP of OECD countries. The bio economy encompasses many economic sectors and a wide range of policy areas at global, regional and national level, resulting in a complex and sometimes fragmented policy environment. Accordingly, there is a need for a more informed dialogue and better interaction between existing bio economy-supporting policies at regional and national level, as well as a regulatory harmonization process. Doing so will encourage private investment.

Recommendation

G20 leaders should develop and implement coherent bio economy strategies and action plans,[15] and strengthen cooperation on promoting the bio economy at the regional and global level.

3.6. Stimulate and Support Innovation and R&D in Biotechnology

Starting Point

Industrial biotechnology is a relatively new science with major areas of knowledge still to be explored and understood. This offers tremendous opportunities for further R&D and break-through innovation. Developing biotech products is scientifically demanding, capital intensive, time-consuming, and commercially risky. It is therefore of the utmost importance to foster an innovation-friendly environment in which biotech innovation can prosper and within which scientists, businesses, investors, and regulators can properly work together to discover, develop, and market innovative biotech products. Education is fundamental not only on the supply, but also on the demand side. Proper education, especially in the field of applied sciences, provides for a scientifically skilled workforce able to staff R&D facilities and offers the consumer a better understanding of biotech as a way of improving one's life.

Recommendations

G20 leaders should:

- Ensure that governments and companies make adequate investments in basic education and applied sciences by funding educational facilities, university research laboratories, research institutes, and private companies. Support collaboration between public and private sector actors, e.g., by creating public-private partnerships.
- Recognize the importance of IP rights for attracting private investments necessary to support biotech innovation. IP incentivizes R&D in that field of innovation providing planning security to a certain degree, putting the initial financial cost into perspective with possible returns. IP rights also form the basis of efficient knowledge flows within scientific networks, diminishing the concerns of intellectual property theft.

3.7. Promote the Production and Use of Bio-based Processes and Products

Starting Point

Commercialization of basic and applied R&D in bio-based products often proves challenging. Many products fail to make the transition from research to the market. This problem has been called the "valley of death" because of challenges related to the high costs and regulatory barriers of bringing a new bio-based product to market. Agricultural biotechnology holds great hope for meeting this challenge by increasing crop yields, preserving and improving soils, enhancing the control of pests, weeds and harmful diseases, and producing more healthy food with enhanced vitamin and nutrient levels.

Diseases and pests currently reduce global food production by more than 35%, at a cost of more than USD 200 billion a year. Corn and cottonseeds enhanced with Bacillus thuringiensis (Bt), a bacteria used widely in conventional and organic agriculture, have a built-in defense against the most threatening insects, reducing the need for pesticides. These new corn and cotton varieties save farmers' time and money, while also lessening the impact of agriculture on the environment. Through biotechnology common crops like cotton, corn, soybeans and canola can be grown using conservation tillage, resulting in less plowing and healthier soils.

Recommendations

G20 leaders should:

- Secure that an affordable supply of bio-based, sustainable raw material (biomass feedstock) is available for bio-based industries, e.g., through supportive innovation programs and agricultural policies.

- Maintain transparent, non-discriminatory, competitive, and commercially viable markets for biotech products.
- Include biotech innovations within development aid schemes to harness the possibilities that they offer low-income countries to combat local challenges such as disease and malnutrition, and thus foster innovation, while providing developing countries with more efficient technologies to improve living standards in those areas.

4. Information & Communications Technologies (ICT)

4.1. Enhancing ICT Infrastructure Development for Internet

Starting Point

The promotion of an open and interconnected Internet fosters industries and new business models. ICT creates new economic opportunities for businesses and entrepreneurs, providing access to previously underserved population segments. The growth and stability of the international Internet infrastructure is best served when Internet interconnection agreements are left to competition forces, with the objective of increasing the percentage of the population with Internet access from 35% to 70% in G20 countries.

Recommendations

The G20 leaders are encouraged to:

- Commit to promoting an open and interconnected Internet through support of open markets and pro-investment policies, independent regulators, pro-competitive legal policy, fair regulatory frameworks, respect for the rule of law, an adequate level playing field amongst different actors in the market and IP rights protection and enforcement. Streamlining national and international IP protection policies will help ensure that there is a level of playing field for both start-ups and established corporations.
- Define minimum guaranteed standards of ICT services and facilities for G20 countries and encourage other countries to conform to these standards.
- Leverage ICT to create new economic opportunities for businesses and entrepreneurs to provide access (traditional services) to previously underserved population segments through ICT content, applications and other innovative ways and business models.
- Eliminate barriers to trade in ICT products and services by expanding product coverage under the WTO's Information Technology Agreement (ITA).
- Harmonize ICT regulation on a global scale, with a particular focus on rethinking the global approach to privacy issues and cross-border transfer of data and ICT services.[16]

4.2. Enable Broadband Access for All

Starting Point

Reliable broadband Internet access is essential for households to benefit from online services, for businesses to compete nationally and globally, and for citizens to be part of the digital environment. The ability of broadband providers to maintain and invest in robust, expanding broadband infrastructure requires a coordinated, unified policy approach from government agencies that support private sector investment and innovation.

ICTs help people innovate, provide access to education, create jobs and important facilities, and drive growth in different sectors of the economy, including agriculture, medicine, and energy (smart grid).

Recommendation

The G20 should define national legal, policy, and regulatory frameworks that incentivize and create a stable environment for investment (including public-private partnership mechanisms) and fostering a sustainable competition in a long-term perspective, pursuing special policy for geographically remote areas. It should also invite relevant international institutions to create a robust database for tracking and comparing delivery of universal broadband access across countries.

4.3. Increasing Agricultural Productivity through ICT

Starting Point

Farm extension services are a proven mechanism for providing critical access to information and expert advice to small and medium-sized farmers. There are a growing number of examples in the developing world of applied low-cost ICT solutions linking farmers to mediated information networks. In addition to providing access to expert advice, it is imperative to begin the process of information sharing among farmers at regional, national and international levels. This in turn builds trust, fosters cooperation, and increases productivity. Access to ICT services allows direct contact with consumers, more cost-effective brand building, and improved competitiveness through price and market monitoring. Access to ICTs is indispensable for strengthening land administration and rural governance.

Recommendation

The G20 should support the promotion of an open and interconnected Internet to ensure access to ICT services for small and medium-sized farmers and agricultural networks in developing countries to promote direct contact with consumers, more cost-effective brand building, and improved competitiveness through price and market monitoring, as well as dissemination of new technologies.

4.4. Data Protection and Privacy

Starting Point

Private and public sectors are still determining the boundaries of data privacy. Governments play a key role in protecting the interests of the state and its citizens by fighting cyber-crime (including acts of terrorism) and strengthening data protection mechanisms. To achieve these objectives, governments need access to information. Multinational corporations set up global data centers that are governed by country-specific information security and data privacy laws. Such complex networks not only call for inter-governmental cooperation but also for cooperation between governments.

Recommendations

The G20 should:

- Articulate the dangers of a lack of inter-governmental cooperation in the area of data protection and privacy.
- Define the loopholes that need to be closed in order to strengthen the governance and policy frameworks.
- Provide and foster a platform where national governments and private sector organizations will be able to discuss, debate and drive action.

[1] The Keidanren doesn't subscribe to the recommendations on carbon trading (see Keidanren's "Achieving a Low Carbon Society of Global Scale", Chapter 6) and the starting point on data protection and privacy.

[2] J.E. Stiglitz, Economic Foundations of Intellectual Property Rights, Duke Law Journal, 57 (2008), p. 1695.

[3] E.g., inter alia, digitization of printed materials, e-delivery, and open access to publicly funded research.

[4] E.g., inter alia, energy efficiency standards for commercial buildings (see 2013 World Energy Outlook prepared by the International Energy Agency).

[5] Here, energy access is defined according to the International Energy Agency as a "household having reliable and affordable access to clean cooking facilities and a first electricity supply connection, with a minimum level of consumption (250 kilowatt-hours [kWh] per year for a rural household and 500 kWh for an urban household) that increases over time to reach the regional average."

[6] See United Nations, Millennium Development Goals Report 2011, June 2011, available at: http://www.refworld.org/docid/4e42118b2.html [accessed 31 May 2013].

[7] Lack of conventional high carbon infrastructure (e.g., large centralized power plants and power line distribution) in poor countries can be regarded as an opportunity to develop distributed energy infrastructure and build new green infrastructure rather than as a constraint. Using renewables in remote areas with low density of population can be preferable in certain circumstances; however, in poor countries with many people living in rural areas local access to energy through decentralized power systems and portable energy supply becomes crucial due to prohibitive costs of conventional infrastructure development.

[8] International Energy Agency, Energy for All: Financing Access for the Poor, November 2011, Paris, France: OECD/IEA, p. 20, available at: http://www.iea.org/papers/2011/weo2011_energy_for_all.pdf [accessed 31 May 2013].

[9] Ibid, p. 27.

[10] Renewables are undergoing a period of rapid development, brining substantial improvements in cost, performance, and reliability. Though some renewables, such as onshore wind or hydroelectricity (the lowest LCOE), already compete with conventional energy in some regions, and others, like solar Photovoltaics (PV), have seen costs fall significantly, they are still not competitive on the whole (e.g., hydro with the lowest LCOE).

[11] E.g., tax credits, investment grants, low-interest loans, price premiums, preferential buy-back rates (or feed-in tariffs, FITs), green certificates, quotas, Renewable Portfolio Standards (RPS), net metering et al.

[12] Subsidies may distort markets in three ways: 1) by creating unfair competitive conditions, 2) by reallocating the value of the subsidies to unintended parties — often more value is captured by the them, 3) by shifting the allocation of capital and other resources to technologies and business models that can never be economically sustained. Additionally, governmental subsidies are often unsustainable, putting pressure on governmental fiscal policy and balance sheets, as public demand for the subsidized good or service increases beyond the government's ability to pay.

[13] Bearing in mind the current European situation, such a market would need to rely on a mechanism that sends the appropriate signals so that pricing remains dissuasive enough to encourage greener and lower emitting alternatives.

[14] Such a working group might cooperate with the Green Growth Action Alliance, which was launched at the Los Cabos B20 Summit in 2012.

[15] In 2012, both the EU and US developed bio economy strategies.

[16] The Open Government Initiative might be a good model of harmonization on a global scale.

Job Creation, Employment and Investments in Human Capital

The financial crisis and the subsequent recession have become a catalyst for reform: many of the countries hit hardest by high unemployment and low growth have responded by implementing far-reaching structural reforms. Indeed, today's employment crises have been exacerbated by long-term structural problems that were concealed or disguised by "growth".

These reforms need to be pursued, difficult though they may be. It takes time for success to be visible. The worst case scenario would be to jeopardize their potential through inconsistent policy measures and non-implementation. Countries must follow a coherent reform path, both to create jobs now and to address ongoing long-term challenges such as: demographic developments; the impact of climate change on employment; and the long term consequences of high public debt. These challenges confront all countries, even those that have been relatively successful in mitigating unemployment. Those that have suffered less until now, but ignore structural issues, could well be the losers of tomorrow.

With these objectives in mind, the B20 urges the G20 governments to give priority to the following policy areas:

1. To make employability a top priority in national education and training systems

Starting Point

Employability must be a key component of education systems, if skills mismatches in the labour market are to be overcome. Skills and competencies are the determinants of an individual's place and mobility in the labour market. A sound basic education lays the foundation for subsequent vocational training or university education. Sadly, 775.4 million people worldwide are illiterate, and therefore doomed to remain on the margins of labour markets. This is an important issue for both developed and developing countries. Across the OECD, nearly one in five young people lacks basic literacy skills, and more than a quarter of all adults are early school leavers, with below upper secondary education.

Vocational training and university education must be consistently aligned with labour market needs and practical requirements, ensuring that students are employable when they complete their courses. Too often, curricula are designed without sufficient involvement of business and employer organizations, with the result that they do not meet the needs of labour markets. Additionally, in many countries work-based learning systems are inadequate because of inadequate economic framework conditions such as, for instance, high upfront costs. A further problem is that work-based learning systems, such as dual learning and apprenticeships schemes, are in some cases limited to traditional vocations and do not encompass modern professions. The B20 and L20 have developed a joint understanding of key elements of quality apprenticeships. Governments are called on to take into account these key principles when modernizing or setting up new apprenticeships systems.

Finally, the rapid pace of technological change and access to information highlights the diminishing half-life of knowledge, and the consequent central importance of lifelong learning. To promote lifelong learning, training systems should be structured to allow transferability. In particular, areas of vocational training and higher education should dovetail more closely. Lifelong learning is a shared responsibility. For companies, lifelong learning both increases the capacity of staff, and serves as an important retention tool. For workers, training means an increase in their employability and labour market mobility. Thus, it is important to boost the interests and commitment of both enterprises and individual workers and their organizations to ongoing training and qualification.

The ILO G20 Training Strategy, which was agreed upon and welcomed by the G20 Leaders Summits in Toronto and Seoul in 2010, addressed these issues in various ways. States must now follow-up on their commitments and resolutely implement the training strategy.

Actions

With regard to education systems:

- Promote early childhood education to lay the foundations and to provide the necessary tools for a successful school career, especially for vulnerable groups.
- Ensure access for all, including for vulnerable groups, to compulsory, high-quality education systems that ensure proper acquisition and application of the core competences, particularly literacy, numeracy and science, technology, and engineering and mathematics (STEM) subjects.
- Facilitate close cooperation between businesses and schools to better link educational pathways with labour market needs, and to effectively support and provide guidance to students in their career choices and job search.
- Provide mentoring and support systems for pupils with special needs, including those with high intellectual abilities.

With regard to Vocational Education and Training (VET) systems:

- Create regulatory frameworks that stimulate the establishment of work-based learning systems (such as dual learning and apprenticeship systems), for instance, through tax policies and other incentives, which enable SMEs to participate in apprenticeship schemes.
- Enhance cooperation and dialogues on curricula between businesses, employers' organizations and VET institutions, as well as universities.
- Ensure that work-based learning systems, such as dual learning and apprenticeship systems, are responding to the needs of new professions.
- Promote a positive image of VET systems so as to increase their attractiveness and ensure that VET institutions have the latest learning tools technologies at their disposal.

With regard to lifelong learning:

- Promote lifelong learning as a means for individuals to enhance their employability, as well as for companies to improve their innovative capacity and competitiveness.
- Build up education and training systems, which are responsive to structural changes in the economy and society; ensure acquisition, recognition, utilization and transferability of skills and competencies, thereby opening new training and career pathways and exploiting all available human resource potential.

Relevance and Expected Impact

Skills in line with labour market needs are the precondition for people to enter into employment and stay in the labour market, and for companies to have the workforce they need to be successful. Education and training policies that focus much more clearly on the employability of people will help to avoid skills mismatches in the labour market, strengthen the supply side in the labour market, and thereby contribute to growth and employment.

Timeline for Implementation and Follow up

The G20 Labour Ministers should present national strategies with individual national timelines to address the remaining challenges. Finally, social partners should present and discuss with the G20 labour ministers how they will contribute to the implementation of G20 commitments on education and training.

Reporting Format

At the G20 Labour Ministers' Meeting in 2014, the G20 Labour Ministers should report what has been implemented at national levels from the G20 Training Strategy, as well as from the B20-L20 joint understanding of key elements on Quality Apprenticeships, and identify the remaining gaps and challenges.

2. To create an enabling environment for enterprises and entrepreneurship

Starting Point

To create sustainable jobs, companies require a stable and attractive business-friendly environment at national and local levels. This means a predictable regulatory framework that encourages long-term investment and innovation, and promotes entrepreneurial behaviour.

Flexible labour markets that offer a diversity of work contracts (including temporary and part-time work) are an essential part of such an enabling environment. A diversity of work contracts allows companies to react rapidly to market changes and quickly create jobs. A joint study by The Boston Consulting Group (BCG) and International Confederation of Private Employment Agencies (CIETT) shows, for example, that with regard to temporary agency work, in 62% of all cases there would be no job created, as companies would choose internal flexibility or not to do the job. Moreover, flexible forms of employment can often be stepping stones into full-time and permanent employment – especially for disadvantaged groups. 92% of workers in the UK agreed that agency work is an effective way to find a first job, and 90% agreed that it is effective in helping to find a full-time job. In South Africa, just 15% of workers were in jobs before they secured agency work. In Germany, a study of the Institut der Deutschen Wirtschaft, for instance, shows that three years after starting a fixed-term work contract, two-thirds of entrants have moved on to an indefinite contract. Overall, even in the crisis year of 2009, every second job that started as a fixed-term assignment was converted into a permanent appointment.

Enabling environments are especially important with regard to small and medium-sized enterprises (SMEs), which are the backbone of most economies around the globe. In France alone, small and medium-sized enterprises have created 1.8 million jobs over the past 15 years; over the same period, the country's 500 largest companies cut 300,000 jobs. Countries must focus much more on an enabling environment that promotes start-ups, and that is conducive to enterprise growth. Start-ups are a significant driver of economic growth, accounting for 36% of variation in economic growth rates. G20 members should work with financial institutions to enable greater access to a variety of funding sources for SMEs, such as temporary tax incentives for early stage investors, start-up loans with favorable interest rates and/or repayment-free year, and guarantees in order to minimize the default risk for lenders.

Young entrepreneurs not only bring vibrancy and innovation to world economies, they also typically hire other youth. This is particularly important in view of youth unemployment. Special emphasis should be placed on youth entrepreneurship. Youth unemployment does not exist in a vacuum, but reflects the general performance of labour markets. A key pillar for any strategy to reduce youth unemployment is to improve the business environment and the framework conditions for entrepreneurship.

The importance of entrepreneurship and entrepreneurship education must rise on the political agenda. A G20 action plan could outline clear commitments to create favorable conditions for fostering young entrepreneurs. These include long-term stability of regulation and tax policies that affect start-ups and business growth; promoting clusters to create synergies between universities, R&D centers, start-ups and public administration; as well as access to simplified information. Entrepreneurship education is essential to help students understand the full range of opportunities open to them, e.g. that they can start their own companies and create jobs, and not just take a job.

Actions

- Promote enabling environments by effectively assessing the impact of regulation on businesses and job creation.
- Promote open and dynamic labour markets through flexible labour law and a diversity of forms of employment that are needed to give companies the most opportunities to hire as many people as possible. Prejudices and inaccurate information regarding non-traditional forms of work have to be rectified.
- Develop and implement ambitious support and growth strategies for young entrepreneurs at the national and G20 levels.
- Set up support systems for start-ups through easily accessible and timely information and advice. Make the registration of companies as easy as possible.
- Refrain as much as possible from excessive taxation on new small businesses, in order to not discourage future entrepreneurs from the outset.
- Enable greater access to a variety of funding sources for SMEs, such as temporary tax incentives for early stage investors, start-up loans with favorable interest rates and/or repayment-free year, and guarantees in order to minimize the default risk for lenders.
- Embed entrepreneurship education into school, VET, and university curricula.
- Create innovation-friendly framework conditions, in which start-ups can generate new ideas and inventions through sufficient R&D spending, as well as investments in post-R&D activities (such as market development).

Relevance and Expected Impact

An enabling environment for enterprises and entrepreneurship in which companies can more easily be set up, grow, and employ will boost the demand side in the labour market, as well as create the wealth and growth so urgently needed to tackle the debt crisis. It will contribute to dynamic labour markets, which provide more employment security by generating more job opportunities to help people integrate into the labour market, as well as encouraging and effectively supporting job mobility. It will enable people to reach their full potential by opening their own business, instead of just being employed. Finally, an enabling environment is crucial to ensure that businesses are set up in the formal sector and not in the informal sector, in which productivity and working conditions are poor.

Timeline for Implementation and Follow up

Enabling environments are not created overnight. They are created step by step, through structural reforms in the area of labour market policies, tax policies, competition policies, research and innovation policies, etc. However, countries have to start this journey now. The G20 heads of state and government should present at the 2014 G20 Leaders' Summit comprehensive and ambitious national reform strategies with clear implementation timelines. These strategies should be discussed with the B20 and the L20.

Reporting Format

Reporting on the implementation should be a fixed component of each G20 Leaders' Summit.

3. To master the demographic challenge

Starting Point

The ageing of populations will deeply affect the economic and social systems in G20 countries. Over the next 50 years, life expectancy at birth is forecast to increase by more than seven years in developed economies. In the EU, the average old-age dependency ratio will double: in 2050 every person in the labour force will have to support 1.5 persons. In China, the elderly (aged 60 and over) will increase from 11.3% of the population in 2007 to 27.9% in 2040.

It is a positive development that people live longer. However, if governments are unable to adapt their employment, social, and immigration policies, the ageing of societies will: threaten the growth potential of many economies; have serious negative consequences for the supply of skilled workers; and weaken the stability of social security systems. Policy areas for action include higher labour market participation from older workers, development of insurance-based private pensions systems, and immigration of qualified labour. It is critical that the actions required be implemented together. If applied individually, the impact will fall short of mitigating in any significant way the serious challenge of population ageing. This is even more crucial since governments have a very limited time window in which to reform pension systems: the clock is ticking as baby boomers begin to retire, and any expected political support from the active population will shrink in proportion to their dwindling numbers.

Actions

- Adjust retirement ages in ways that stabilise the old-age dependency rate, take into account life expectancy, and increase employment levels at older ages by reducing the incidence of early retirement.
- Promote diversification within the pension system through the development of sustainable, insurance-based private pensions systems, with appropriate regulation agreed upon between the social partners, the insurers, and the government to protect savers from excessive risk and encourage the development of a framework for industry- and branch-wide pension insurance systems, based on long-term savings and incentivised by a number of tax deductions.
- Adapt immigration policies in line with labour market needs to allow the immigration of the labour force, which is needed for the economy.

Relevance and Expected Impact

Comprehensive approaches to tackle the aging of societies will secure the sustainability of social security systems without overly burdening the younger generation and companies, the supply of skilled labour, and thereby also contribute to potential growth.

Timeline for Implementation and Follow up

The G20 Working Group on Employment mandate should include the demographic challenge, and develop in partnership with the OECD and the ILO key principles for policies approaches to tackle the aging of societies. The G20 heads of states at the G20 Leaders' Summit in November 2014 should commit to these principles.

Reporting Format

The OECD and the ILO should jointly prepare a progress report for every G20 presidency.

Conclusion: Fostering Implementation of G20 Commitments

The B20 shares the ambition of the Russian Government to foster implementation of G20 commitments. Without such action, the G20 process risks losing its credibility and legitimacy. For example, in view of the unacceptably high unemployment rate amongst young people in many countries, in the last year, the G20 has focused particularly on youth employment. The G20 Employment Task Force has produced valuable guidance with regard to apprenticeships. The G20 Leaders' Summit in Los Cabos in June 2012 agreed on important recommendations to tackle youth unemployment. These commitments made at the G20 level must now be urgently implemented at national level. The G20 leaders should report back at every G20 leaders' summit on the state of implementation and its impact.

Governments should monitor their performance by setting benchmarks and comparing their reform successes with other G20 countries. Today, the G20 states face the challenge of lacking comparable data. The G20 should ensure accurate and robust statistics with the same calculation basis applied to all G20 countries.

The B20 plans to monitor national responses to G20 commitments and will jointly (with national employer and business federations) provide a report of its findings to the G20 summit in 2014. Specifically, the B20, IOE and BIAC, jointly with their national member federations, will:

- monitor national responses to these priorities, as well as G20 commitments related to job creation.
- produce a benchmarking report to the G20 summit in 2014.
- work closely with the L20 in advancing the debates at national level to realise these outcomes.

Transparency and Anti-corruption

This year, the B20 focuses on recommendations which can be put into practice in a short- or medium-term time frame, with full participation of business. In so doing, the B20 positions itself as a body no longer concerned solely with declarations, but as a group of leading companies and business associations, committed to delivering a lasting, beneficial, and measurable impact on economic and social development in the G20 countries and beyond.

Starting Point

In 2013, the B20 agreed to concentrate on issues of serious concern to the business community, where business could, and indeed should, be part of the solution. As well as coming up with new recommendations, we decided to make sure that the B20 recommendations accepted by the G20 at the Los Cabos Summit would be properly implemented.

In our recommendations we have restricted ourselves to two major concerns of the corporate sector: 1) how business can combat and resist the solicitation of bribes, especially when bidding in public tenders; and 2) our ability, as companies, to guarantee the highest standards of integrity of our own employees, and to build the capacity of our dealers, distributors and suppliers to aspire to similar standards.

The new method to promote transparency and counter corruption requires complex, multifaceted, cross-sector alliances aimed at reducing corruption in the markets which we are serving and investing in, ranging from codes of conduct between companies in particular industries to integrity pacts between companies and governments around public tenders. This is what we refer to as "Collective Action". In 2013 and beyond, Collective Action should become the name of the game. Our idea for a Collective Action Hub, to be established this year, will create a major resource for business, government and civil society to enable new approaches and techniques for avoiding and resisting corruption. Combined with our recommendations to enhance the G20-B20 dialogue, to support the establishment of Anti-corruption Centres of Excellence in each G20 country, and to strengthen the role of the B20, the Collective Action Hub should become the centre of a wheel whose spokes will reach deep into every G20 country.

When Russia took over the Presidency of G20, one of the our first actions was to align the B20 recommendations with the G20 2013-2014 Anti-corruption Action Plan. This yielded a number of key areas, which were structured into four work streams composed of leading multinational companies and business associations.

Many of the B20 recommendations included in the Los Cabos summit documents were scheduled for implementation in 2013 and 2014, and at the time of writing, there had already been a number of successes, for example the implementation of one of the B20's key recommendations – the introduction in April 2013 of the first High Level Reporting Mechanism by the government of Colombia.

The B20 examined the effectiveness of the B20 process itself. It set for itself the goal to include more companies from high-growth markets in its work, and to find new ways of tracking and measuring the implementation and impact of its recommendations.

The presence of several Russian companies in this year's Task Force on Improving Transparency and Anti-corruption, plus a number of outreach events held by the Task Force Secretariat in China and India, have re-emphasised the need for the B20 process to be conducted not only at the transnational level, but also brought in to "land" in each G20 country.

The following recommendations deal with a variety of issues ranging from general goals, such as improving the G20-B20 process, to very specific actions, such as the establishment of a Collective Action Hub during 2013.

Recommendations

1. Enhancing the dialogue between B20 and G20 and strengthening the role of the B20

- We recommend that, from 2014 onwards, the G20 Anti-corruption Working Group should have permanent status as a standing committee of the G20.
- We recommend that, at the B20 Summit in June 2013, the B20 Task Force on Improving Transparency and Anti-corruption should nominate a permanent expert group to support each year's new B20 presidency.
- We recommend that from June 2013 the representatives of the B20 Task Force and of the G20 Anti-Corruption Working Group should have regular meetings to identify regulatory improvements and discuss their impact on the corporate sector. This would include identifying consistent and effective enforcement measures that can discourage bribe payers; developing incentives and removing disincentives for the corporate sector to take an active role in the fight against corruption such as voluntary disclosure, self-reporting and other means of cooperation with law enforcement authorities.
- We recommend that the G20 governments should make every effort to involve the private sector in the review mechanisms of the UN Convention Against Corruption (UNCAC) including China, Turkey, India, and Italy, which are scheduled for review in 2013; and of the OECD Anti-Bribery Convention (ABC), including Russia, which is scheduled for review in 2013. In particular, the G20 governments should consider acting as pilots to develop mechanisms for the active involvement of the corporate sector during and after the reviews.
- Given the important role of civil society in opposing corruption and the inclusion of anti-corruption in the C20 agenda, we recommend that the B20 Task Force should work closely with the C20, including through regular joint meetings of the G20, B20 and C20 starting from June 2013.

2. Combating the solicitation of bribes

- We recommend that the G20 governments should include an agreement on transparency in government procurement in future rounds of global trade talks.
- We recommend that the G20 governments should benchmark their performance in government procurement when a new World Bank indicator is launched in 2014.[1]
- We recommend that, from 2013, the G20 governments should consider introducing a High Level Reporting Mechanism, and study the experience of countries which have already done so.
- We recommend that the G20 governments should encourage and support fair and transparent procurement practices outside the G20 countries as a part of their external trade and development programmes.

3. Training and capacity building in companies, SMEs and of public officials

- We recommend that, from 2013, G20 governments and B20 companies should support the development of courses in business ethics and responsible business practices in higher education establishments, business and law schools, corporate universities, and training centers.
- We recommend that, from 2013, B20 companies and business organizations should regularly exchange best practices in devising training for SMEs in their supply chains.
- We recommend that, at the G20 Summit in September 2013, G20 governments should encourage Export Credit Agencies in their countries to provide anti-corruption training programmes for beneficiary companies.
- We recommend that, at the G20 Summit in September 2013, G20 governments should encourage International Financial Institutions, including development banks, to make their loans, investments, guarantees and provision of other funding conditional on the beneficiaries of their financing having in place effective internal controls, ethical standards, and compliance and anti-corruption programmes.
- We recommend that G20 governments should implement annual training programmes for public officials on latest developments in national and international legislation starting in 2014. They should invite B20 companies and business associations, where appropriate, to support government training programmes by sharing their experience of corporate compliance programmes.

4. Encouraging Collective Action and Anti-corruption globally and in each G20 country

- We recommend that the G20 governments and B20 companies should continue to support the establishment, by the end of 2013, of a Collective Action Hub to share best practices throughout the G20 countries and beyond.
- We recommend that, throughout 2013 and 2014, each G20 government, in collaboration with the local business communities and with the support of the B20 companies, should set up or support independent and properly funded Anti-corruption Centres of Excellence in each G20 country, which will act as the local counterparts for both the Collective Action Hub and the B20 Task Force. The Centres of Excellence could for example work with the Hub to analyze, share and promote effective Collective Action strategies and initiatives, and with the B20 Task Force to track and measure progress in the implementation of B20 recommendations and decisions.

Relevance and Expected Impact

There are many global anti-corruption initiatives, but few which have the ability of the B20 process to bring together governments and companies of the developed world and high-growth markets.

The initiatives proposed by this unique B20 process are particularly relevant and timely, as in the wake of the financial crisis, the temptation of corruption is even greater now than before.

Furthermore, with many of the companies from the high-growth markets now investing in the developing world, especially in Africa and Latin America, they need to assume the role of standard bearers of probity, integrity, and prudence.

These recommendations are designed to strengthen and institutionalise the dialogue between business and governments within the G20. The intention is to ensure continuity and consistency on an issue which, by definition, cannot be resolved quickly. Another aim is to strengthen the institution of the G20 itself as the grouping of nations most suited to driving change in the world's most influential markets.

Rather than spread ourselves too broadly, we have restricted ourselves to issues where our companies can play a significant role. In these recommendations we have focused on two major concerns to the corporate sector which we believe we can influence: 1) the fairness and transparency of public tenders; and 2) our own ability to guarantee the highest standards of integrity of our own employees, and build the capacity of our dealers, distributors and suppliers to aspire to similar standards.

And we are willing to go beyond talk. We are ready to act now: the Collective Action Hub which we hope will be established this year will be a major repository of new approaches and techniques in how to avoid and resist corruption, the centre of a wheel whose spokes will reach deep into every G20 country. In our recommendations, those spokes will be represented by Anti-Corruption Centres of Excellence, which will track and measure progress in implementation of B20 recommendations and decisions, and which will promote best practices in corporate compliance and collective action.

Timeline for Implementation and Follow up

Specific deadlines are indicated in each action, where appropriate.

Reporting Format

Our proposal is that the Anti-corruption Centres of Excellence would monitor, measure and report on progress of implementation of B20 recommendations and decisions. This could be organized to coincide with the biannual meetings of the G20 Anti-Corruption Working Group and B20 Task Force. The reporting could be coordinated by the B20 permanent expert group and/or the Collective Action Hub. Until such time that these new institutions are established, the precise timeline and format for reporting will be agreed upon at the regular meetings of the B20 Task Force.

[1] Huguette Labelle (Transparency International) has recused herself from this recommendation in order to avoid a conflict of interest since she is a Member of the World Bank Panel on reviewing the Doing Business Survey.

G20-B20 Dialogue Efficiency

The B20's authority rests on three pillars: representing business interests and priorities; sharing the G20 goal of generating Strong, Sustainable and Balanced Growth; and engaging effectively with the G20 to get B20 priorities heard by the leaders. Consistency, continuity and transparency are key factors for B20 effectiveness. The investment in the dialogue made by both business and governments warrants actions which would maximize return on the investment made.

Starting Point

A special B20 Task Force on Advocacy and Impact was established in the Mexican G20 Presidency as an initiative of the B20 Presidency to coordinate the process of recommendations development and to monitor progress and enhance impact of B20 recommendations and G20 decisions by tracking and promoting their implementation in G20 members. The Russian B20 Presidency took up the challenge by going further with these efforts through G20-B20 Dialogue Efficiency Task Force actions.

The G20-B20 Dialogue Efficiency Task Force aims to enhance G20-B20 engagement effectiveness. It thus focuses on advancing implementation of G20 commitments on B20 priorities at national levels through tracking G20 performance and establishment of effective mechanisms for G20 governments, civil society, and business communities engagement.

To support the work of the Task Forces and to ensure continuity with the B20 established core agenda and consistency across the TFs recommendations on the key policy areas, the B20 Task Force on G20-B20 Dialogue Efficiency initiated a review of all B20 recommendations made since Toronto and their impact on G20 decision-making, as reflected in the G20 documents. The review and a catalogue of all B20 recommendations made since Toronto, produced by the TF, consolidate B20 members' individual wisdom into an institutional memory. The G20-B20 Dialogue Efficiency Task Force report findings and recommendations were instrumental in advancing the dialogue in the other B20 Task Forces.

Relevance and Expected Impact

The review of previous B20 recommendations and their impact on G20 decision-making highlighted some of the B20 best practices and led to several conclusions for B20-G20 dialogue in the future. The key takeaway from the review is that the B20 can build upon its own best practices. This will require three qualities. First, the B20 capability to identify current and emerging challenges G20 face, to define B20 priorities related to these challenges and to agree on a select number of issues B20 would advocate. Second, the B20 awareness of the G20 members' national circumstances and understanding if G20 consensus may be forged on B20 recommendations. Third, the B20 capacity to coordinate and consolidate positions across presidencies, and B20 consistency and continuity on the issues they prioritize, especially where recommendations fall beyond the G20 core agenda.

Recommendations

B20 Actions

- B20 recommendations should be forward looking, guided by insights into the future challenges, and aligned with the long-term G20 agenda.
- B20 should agree a mid-term strategy to ensure continuity and consistency between B20 presidencies' agendas and their alignment with B20 core long-term priorities.
- B20 could revisit the mid-term strategy and review the priorities and objectives on the basis of attained goals and newly emerging challenges.
- B20 mid-term strategy implementation should be supported by a shared information platform and knowledge sharing. A catalogue of all B20 recommendations with an assessment of the B20 recommendations' impact on G20 decision-making as reflected in the G20 documents produced by the Task Force on G20-B20 Dialogue Efficiency is a good starting point in that regard.
- Progress on the B20 recommendations and G20 commitments related to B20 recommendations should be reviewed and made public for each summit. Advancement of recommendations and commitments should be tracked on the basis of a consistent, reliable and transparent methodology with support of experienced, independent, and well-respected institutions in each country (for example, think tanks or universities), chosen by and interacting with the key stakeholders in such countries in the follow-up process. The TF started this process by initiating a review of the G20 compliance with B20 related commitments. The results, which represent a good evidence base, were included in the report "From Toronto to Saint Petersburg: Assessing G20-B20 Engagement Effectiveness" presented at the B20 Summit in June 2013.
- Building on the experience of the Mexican Presidency, the B20 could consider agreeing on what actions B20 can undertake to translate their recommendations into reality. Accepting responsibility would significantly boost B20 legitimacy and influence as a G20 partner, and thus enhance the capacity to project business interests. Business pledges made by the B20 on improving transparency and anti-corruption are important steps towards ensuring a balanced G20-B20 relationship, wherein B20 members get fully engaged with G20 and contribute to attaining shared goals.

G20 Actions

- The G20 should continue to develop an effective dialogue with the B20 in a structured manner throughout the preparatory period, culminating in a joint session in the summit.
- The G20-B20 engagement should not be limited to a separate outreach track. The G20 should invite the B20 for a structured dialogue within its formal mechanisms. The G20 should benefit from consulting with the B20 on the Presidency agenda priorities. B20 representatives acting as observers or invited members can add real value to the deliberations and decision making of the G20 working groups, ministerial and sherpas' meetings.
- Joint G20-B20 working groups on G20 priorities can be set up.
- The G20 members should engage with national representatives of the B20, to sensitize the B20 to the G20 member positions. Such engagement will allow B20 to take into consideration each country's context at an early stage of B20 recommendations development, and to make recommendations actionable.
- The G20 should encourage international organizations to foster cooperation with the B20. Better participation of businesses in the discussions and decision-making processes of international organizations would deepen their engagement with stakeholders and increase transparency.

- The G20 needs partnership with business to attain its objective on long-term investment and financial regulation. The G20 could initiate joint G20-B20 working groups on investment and finance, bringing together the G20, the B20, and other outreach partners and international institutions.
- The G20 could build on the experience of the joint pilot groups on investment and finance and initiate joint G20-B20 working groups on other G20 priority areas.
- The G20 should improve its transparency and monitoring of outcomes. The G20 accountability reports published for the summits should be subject for discussion with the B20 and the wider public to enhance G20 legitimacy and effectiveness.

G20-B20 Actions

- The B20 should develop a proposal on a G20-B20 systemic coordination mechanism, taking into account the propositions set forth above, and building on accumulated experience. The mechanism should allow the B20 to sensitize the G20 to B20 members' positions.
- The B20 and the G20 should agree upon an effective and feasible coordination mechanism, developing further the practice of joint B20-G20 meetings at the working groups' level, and providing for an early start of G20-B20 consultations on the presidency priorities.
- The B20 and the G20 should test the coordination mechanism consulting on B20 recommendations in the run-up to the St. Petersburg G20 Summit.
- The B20 and the G20 should further pilot the coordination mechanism within the Australian G20-B20 Presidencies.
- The B20 and the G20 should have the coordination mechanism fully established in the Turkish G20-B20 Presidencies.

Timeline for Implementation and Follow up

The G20-B20 structured dialogue, including through joint working groups, should be an ongoing process. The respective decisions should be adopted at the St. Petersburg G20 Summit.

The B20 and the G20 should test the coordination mechanism prior to the St. Petersburg G20 Summit in September, and agree upon the mechanism at the Summit in order to pilot it in 2014 and fully establish it in 2015.

Reporting Format

Progress on the B20 recommendations and G20 commitments related to B20 recommendations, as well as broader achievements of the G20-B20 dialogue, should be made public for each summit through a dedicated chapter in B20 reports. Joint G20-B20 working groups, if established, should develop and adopt their reporting mechanisms and formats.

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UIA, Argentina
AIG, Australia
CNI, Brazil
CCC, Canada
CCCE, Canada
CCPIT, China
BUSINESSEUROPE, European Union
MEDEF, France
BDI, Germany
CII, India
Kadin, Indonesia
Confindustria, Italy
Keidanren, Japan
COMCE, Mexico
RSPP, Russia
CEOE, Spain
CSC, Saudi Arabia
BUSA, South Africa
FKI, South Korea
TISK, Turkey
TOBB, Turkey
TUSKON, Turkey
TUSIAD, Turkey
CBI, United Kingdom
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USCIB, United States

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APPENDICES

B20 Under the Russian Presidency in 2013

B20 summit results

On June 20, 2013 the Saint-Petersburg International Economic Forum (SPIEF) hosted the "B20-G20 Partnership for Economic Growth and Jobs" summit, which is the core preparatory event for the upcoming G20 summit. The summit brought together more than 600 leading businessmen, government leaders, experts, and members of public organizations from Russia and abroad. More than 150 companies, 20 business associations, 20 public organizations participated in the summit debates.

The summit's discussions were focused on the Green Book, a draft of B20 recommendations to G20 leaders' summit. The Green Book presented the results of more than seven months of non-stop work, which began with a B20 debate back in December 2012. The primary objective of that conference was to kick-start the work and structure the engagement of the B20 Presidency agenda. It also had to integrate the priorities of this agenda into the meetings of G20 Sherpas and working groups. Later the work of seven task forces was organised in the form of debates and consultations where recommendations were developed in the iterative way. The finalized Green Book was released well ahead of the summit in early June so that all participants could familiarize themselves with the text and reflect on it during the open sessions of the summit. The feedback on the Green Book received before and during the summit was incorporated into the present White Book, which summarizes the final key messages and recommendations from B20 to the leaders of G20.

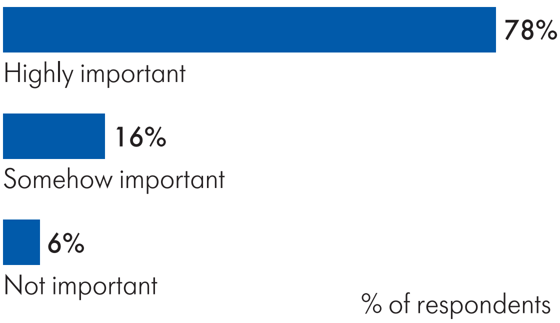
The B20 summit was comprised of six open task force sessions, a plenary session, and a meeting with Russian President Vladimir Putin.

During the open sessions, each task force presented its recommendations for public discussions allowing also many SPIEF participants to join. The recommendations of the task forces presented in the Green Book met with the general approval of the Summit delegates and are finalized for the upcoming G20 summit in Strelna.

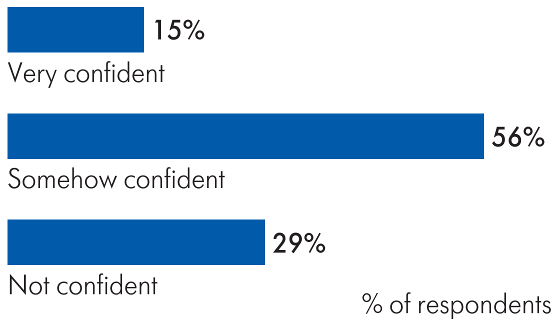
Once the open discussions were completed, the summit proceeded with a plenary session, involving all six task forces, joined by some 600 delegates of the summit and SPIEF participants. The main purpose of the session entitled "Promoting a New Mode of Economic Growth – B20 Priority for 2013" was to get the buy-in and feedback on the recommendations proposed by each task force. The key overarching idea that could be summarized from all of the reports delivered at the session was identifying innovative approaches to promote balanced and strong economic growth in the recovering after-crisis environment.

The voting organized during the plenary session showed that the vast majority of its participants (78%) greatly supported the need for business active engagement in the G20 process. The participants also expressed reasonable confidence (15% + 56% of votes) that these recommendations would translate into concrete actions for G20 and B20. The informal discussions during and after the summit confirmed that the global business community was not only relying on the G20 leaders, but was itself eager and ready to play an active role in advancing recommendations' implementation.

How important is it for business to remain actively engaged in the G20 process?



How confident are you that B20 recommendations will transform into concrete G20 and B20 actions?



Also the participants of the plenary session voted for the recommendations from each taskforce defining their relative importance. As the table below indicates the plenary session members were strongly in favour of financial regulation flexibility, finalizing the trade facilitation agreement, creating enabling environment for entrepreneurship, fair and transparent procurement, stimulating private investments in infrastructure and other real economy assets:

Recommendation	% of respondents
What are the most important financial instruments for economic growth within the next few years?	
Flexibility of financial regulation	42
Financial inclusion (providing access to finance for SMEs)	40
Financial market infrastructure development	18
Where do you see the main priorities in the trade sphere?	
Extending the standstill deadline for any trade protectionist measures beyond 2014	20
Finalizing the WTO Trade Facilitation Agreement till the end of 2013	65
Designing the PTAs to make them compatible with and complementary to the WTO rules	15
Where do you see the most efficient measures for job creation and human capital development?	
Broader access to quality education	35
Enabling environment for entrepreneurship	49
Addressing demographic challenges of ageing population and immigration	16
Which actions you consider worth to be amongst the priorities in combating corruption?	
Enhancing G20-B20 Dialogue and strengthening the B20 role in combating corruption	18
Fair and transparent public procurement	50
Training and capacity building for SMEs and public officials	17
Joint anti-corruption actions through Collective Action Hub and Anti-corruption Centers of Excellence	15

Recommendation	% of respondents
Where do you see the key success factors to stimulate private investment in infrastructure?	
Removing restrictions on free capital flow to reinforce cross-border investments	36
Stimulating private investments in infrastructure and other real economy assets	41
Increasing productivity of investments in infrastructure by encouraging application of best practices	23

The meeting of the B20 leaders with President Putin became the final highlight of the B20 summit. Over 120 business leaders, experts, and public officials had the chance to exchange their views on the proposed recommendations in an open discussion with the President of Russia. The main purpose of the session was to get Putin's feedback on the recommendations presented, as well as to ensure his commitment to incorporate them into the further G20 agenda. These expectation were fully met. A very engaged and open dialogue lasting for an hour and a half was concluded by a shared commitment to work together for growth and jobs

"... only if governments and business join forces and work together can we address and resolve the issues. You carry huge responsibility. I hope very much that this positive work together will continue over the years to come."

Vladimir Putin, President of Russia

Additionally, the meeting helped reach an accord on the core B20 recommendations, as well as some new ideas that were proposed for further exploration and analysis.

Specifically, general consensus was achieved on the following topics:

- G20 agenda should include a free flow of cross-border investments as a influential driver for economic growth support;
- The right balance between the banking system stability and economic growth support should be attained;
- Promotion of international trade is an important growth driver, thus no additional protectionist measures to be imposed in the upcoming years;
- Effective innovation policies and intellectual property rights protection should be viewed as priority;
- Employability can be enhanced through investment into quality education and training;
- Business and governments should persevere to achieve fairness and transparency of public procurement.

Some topics generated further discussion and raised additional questions. Reflection of some of those became part of this White Book, while others were proposed for the next year Presidency agenda:

- How G20 governments should coordinate actions on capital flows flight and profit shifting and which practical measures can be undertaken?
- What is the right balance for financial regulation and financial deregulation?
- How to fight protectionism in emerging markets?
- Where is the right balance between the intellectual property protection and freedom of informational exchange?
- How to enhance labour market flexibility and increase employability?
- Which practical tools can be used to increase public procurement transparency?

In conclusion, the participants of the B20 summit expressed a high confidence that their fruitful and mutually beneficial cooperation with the members of G20 would continue in the years to come, and that the political leaders of the world would demonstrate the will and commitment to support the global business community in the joint effort to drive further economic growth around the globe.

B20 Russia Distinctive Features

The Russian Presidency drew from the accumulated experience of the previous summits but aspired to bring B20 to a new level in the coming years. We believe that this year had several distinctive features that could potentially lay the ground for the upcoming Presidencies: transparency, collaborative approach, inclusiveness, structured dialogue with G20, continuity and consistency.

Transparency of the process was based on open communication and interaction:

- Every step of the B20 was made public via a comprehensive bi-lingual web-site, with content covered in Russian and English;
- Numerous opportunities for open interaction between all parties involved were created through regular meetings of the International and National Steering committees, as well as meetings between B20 and National Sherpas.

The **Collaborative approach** helped incorporate all relevant feedback and ensure continuity with the previous and the next Presidencies:

- The B20 recommendations were developed across a series of iterations including the early release of the first draft of the Green Book (April 2013), the incorporation of the initial feedback (June 2013), and the preparation of the final White Book (July 2013) based on the results of the open discussions at the B20 summit;
- In order to ensure consistency and continuity, the Russian Presidency worked in close cooperation with the Mexican and Australian Presidencies.

Inclusiveness — the process of developing the recommendations during the Russian Presidency was organized so as to open the doors for participation by all interested parties and build on the key points of the G20 agenda:

- Process-wise, the core preparatory event — the B20 summit — was run well ahead of the G20 summit and as part of one of the largest global business forums, which is the Saint Petersburg International Economic Forum. This helped collect all relevant feedback for the B20 recommendations;
- Content-wise an effort was made to shape the B20 recommendations in the context of specific development objectives, high on the agenda of the G20 members, thus providing a path for sustainable and balanced growth for the coming years.

Special effort was made to ensure **continuity and consistency** for the B20 organizational process and future recommendations development:

- During the Mexican Presidency a Task Force on Advocacy and Impact was established to ensure tracking of the B20 recommendations implementation. The Russian Presidency continued this effort as part of the G20-B20 Dialogue Efficiency Task Force that was established to ensure cross-consistency of final recommendations and effective delivery to the G20 leaders;
- The G20-B20 Dialogue Efficiency Task Force completed a review of all B20 recommendations made since Toronto and assessed their impact on G20 decision-making as reflected in the G20 documents. This review also looked into how G20 members complied with the B20-related commitments focusing on the decisions made in Los Cabos. The results of that research were published in the first in the history of B20 report "From Toronto to Saint-Petersburg: Assessing G20-B20 Engagement Effectiveness" available at http://b20russia.com/en/;
- In addition, the G20-B20 Dialogue Efficiency Task Force has produced a comprehensive catalogue of all B20 recommendations since the summit in Toronto, ensuring better coordination and tracking of recommendations for the upcoming Presidencies. This catalogue is also available at the B20 Russia web-site.

Obviously, the full breadth of issues faced by G20 member states cannot be addressed in full in a fast moving world. This year brought a lot of new ideas and not all of them could have been addressed in proper detail in the format of the White Book. However, in order to make sure that these ideas are not lost, they were included in the "Looking Forward" chapter of this book. This chapter summarizes the topics and ideas that could be considered in the forthcoming Presidency lead by Australia.

B20 Russia Presidency is open for further cooperation. We look forward to continued B20-G20 partnership in the upcoming Australian and other Presidencies.

Framework for B20 Process

Russia's B20 presidency supports the following guiding principles for the coordination of the B20 working process. This suggested framework is not restrictive and should be treated as a proposal to the future B20 presidencies rather than as a mandate.

The B20 is an informal forum of the G20 national business communities, established to enable cooperation on key issues regarding the global economy. This cooperation is based on the following guiding principles:

- equal and voluntary participation of all stakeholders;
- flexibility and transparency;
- continuity and consistency.

The B20 process is headed by the **B20 Chair** from the G20 Chair country and relies on efficient interaction in the G20 business community assured by national business leaders.

The B20 process includes the following core elements:

- B20 International Steering Committee;
- B20 Chair and B20 National Steering (Executive) Committee designated by each B20 Chair;
- B20 taskforces (working groups) ;
- B20 'Troika' mechanism;
- B20 Summit;
- B20/G20 and 'intra-outreach' dialogue;
- B20 Sherpa mechanism.

The B20 International Steering Committee

- is comprised of all the B20 national leaders, B20 taskforces chairs and heads of the B20 permanent partner organizations (international institutions, consultancy groups etc.);
- holds its meetings at least twice per year: first to agree on B20 priorities and taskforces (working groups) and second to consider the B20 recommendations before they are officially passed to the G20 representatives.

The **B20 Chair** is the leader of national business community in his institutional or personal capacity from the country of the current G20 presidency responsible for arranging B20 activity within the respective term. The B20 Chair appoints the B20 Sherpa authorized to arrange current activities and cooperation with partner organizations.

The B20 Chair forms the **B20 National Steering (Executive) Committee** to ensure a regular B20 working process by:

- proposing the concept (strategic goals and objectives) for the current B20 presidency;
- proposing a composition of B20 taskforces (working groups);
- elaborating the annual B20 general action plan and a more detailed working plan;
- monitoring performance against these plans;
- arranging cooperation with expert community, the media and partners;
- maintaining the official Presidency's website as an instrument of communication that assures the B20 process transparency and comprehensibility.

The B20 Chair proposes the chairs and co-chairs of the **B20 taskforces** (working groups) created for the year of the B20 presidency. The dedicated taskforces composition is consistent with the former presidencies' experience and reflects the specific priorities of each B20 presidency. The composition and leadership of the taskforces (working groups) take into account the opinions of the partners and ensure proper representation of B20 business community both in terms of geographically and by industries.

The B20 Troika mechanism assures continuity, consistency and transparency of the B20 process and is composed of former, current and future B20 Chairs. The B20 Troika considers:

- the concept (strategic goals and objectives) for the current B20 presidency;
- the B20 National Steering (Executive) Committee proposal on B20 taskforces (working groups) composition ;
- the B20 general action plan and a more detailed working plan;

- the draft of the B20 recommendations before they are officially transferred to the G20 representatives.

The B20 Troika is authorized to deal with issues beyond the usual scope of responsibility of B20 National Steering (Executive) Committees and prepares the decisions to be taken by the B20 International Steering Committee.

The B20 Summits are held annually either well before or just prior to G20 Summits for discussions on B20 recommendations prepared for the global leaders or for the presentation of the final set of recommendations to them.

The draft recommendations for the global leaders ('Green book') is presented for open discussion at the B20 Summit if organized well before the G20 Summit or at other major forum according to the B20 general action plan of the respective presidency. In any case the final set of B20 recommendations to the heads of state and governments ('White book') is handed over to the G20 Sherpas well before the G20 Summit.

The whole work on the B20 recommendations is arranged in a close contact with the G20 Sherpas and other outreach partners retaining at the same time the necessary independence of business community and its activities.

Participation in the B20 process is voluntary and imposes no financial duties or similar obligations on any business association, corporation or business leader.

The hosting country enjoys the flexibility to structure the B20 process in accordance with specific national priorities and circumstances.

B20 Task Forces Continuity Established by Previous Summits

Seoul 2010 12 Task Forces	Cannes 2011 12 Task Forces	Los Cabos 2012 8 Task Forces	St.Petersburg 2013 7 Task Forces
Revitalizing World Trade Encouraging FDI Closing the Gap in Infrastructure and Natural Resource Funding	Trade and Investment Commodities and Raw Materials	Trade and Investment	1 Investments and Infrastructure 3 Trade as a Growth Driver
Supporting Econ. Growth and the Implications for Fin. Sector Policy & Regulatory reforms Funding and Nurturing the SME sector	Financial Regulation International Monetary System		2 Financial System – Restoring Confidence and Growth
Increasing Access to Healthcare in Dev. Countries	Development and Food Security	Financing for Growth & Development Food Security	4 Global Priorities for Innovation and Development
Unleashing Technology-Enabled Productivity Growth	ICT and Innovation	ICT and Innovation	4 Global Priorities for Innovation and Development
Creating Green Jobs	Green Growth	Green Growth	4 Global Priorities for Innovation and Development
Encouraging Substantial Use of Renewable and Low Carbon Energy Improving Energy Efficiency	Energy	Green Growth	4 Global Priorities for Innovation and Development
Addressing the Impact of Youth Unemployment	Employment and Social Dimension	Employment	5 Job creation, Employment & Investments in Human Capital
	Anti-Corruption	Improving Transparency & Anti-corruption	6 Transparency & Anti-corruption
	Global Governance	Advocacy and Impact	7 G20-B20 Dialogue Efficiency
Reducing Monetary and Fiscal Stimulus	Economic Policies		