B20 AUSTRALIA 2014

DRIVING GROWTH AND JOBS
B20 POLICY RECOMMENDATIONS TO THE G20

Key messages from B20 to G20

The G20 has successfully stabilised the global financial system and is working through international financial regulators to make it more resistant to future shocks. The need for further global systemic intervention in the financial system is fading, but the global economic recovery is weak and subject to substantial downside risks, and unemployment is still too high. Notwithstanding the need to deal with legacy issues from the financial crisis, growth and employment are our most pressing issues.

Private sector activity and investment is a prerequisite for sustained and inclusive economic growth. It is essential to global job creation and higher living standards. Accordingly the international business community asks policymakers to focus on structural reforms that will remove the barriers and impediments to growth. The G20's tight focus on 'practical outcomes that will lift growth, boost participation, create jobs and build the resilience of the global economy', and a target of two per cent growth above the trajectory implied by current policies over the coming five years, is therefore entirely appropriate.

In response the B20 has concentrated on identifying the impediments to a more conducive environment for investment and growth through five groups focused on the core economic drivers of trade, infrastructure, human capital, finance and transparency. The result of this work is 20 mutually reinforcing recommendations for action by G20 governments. These actions are mostly new structural reform measures that would deliver on the G20 growth target and form a blueprint for sustainable economic growth in the medium term. If G20 countries commit to these reforms the gains will be large, so a failure by any of the G20 countries to commit will mean a significant opportunity cost.

The B20 recommendations concentrate on structural reforms that will enhance:

- ***Structural flexibility*** so that governments and business can better respond to the need for change as it arises. The B20 proposes that governments enhance structural flexibility through reforms to promote more efficient and productive supply chains, infrastructure and labour markets.
- ***Free movement across borders*** of goods, services, labour and capital, which is the precondition of a truly global economy. The B20 proposes reforms that tackle trade protectionism, facilitate cross-border investment and better link available labour with productive work.
- ***Consistent and effective regulation*** to ensure that markets work as efficiently as possible. The B20 supports completion of the stability-enhancing core reforms to global markets but recommends improved rule-making processes, and also proposes domestic reforms to improve commercial efficiency.
- ***Integrity and credibility in commerce*** to ensure that corruption does not create perverse incentives, distort markets or stunt their growth. The B20 proposes action to incentivise self-reporting, harmonise anti-corruption laws and align beneficial ownership regulation.

The business community believes the proposals detailed in this document are specific, practical and actionable. If implemented they will lift inclusive growth, boost participation, create jobs and build the resilience of the global economy. The business community is committed to working with governments to achieve these outcomes, including through dialogue with governments and communities.

Richard Goyder AO
B20 Chair
Sydney 2014

Summary of B20 recommendations to G20

The international business community asks policymakers to focus on structural reforms that will remove barriers and impediments to growth. If G20 countries commit to these reforms the prospect of meeting and exceeding the G20 growth target is high. A failure to commit to and deliver on these reforms will therefore impose significant opportunity costs.

To promote **structural flexibility**, all G20 governments should:

1. Rapidly implement and ratify the Bali Trade Facilitation Agreement and provide capacity-building assistance and financial support for developing world trade partners to do the same.
2. Develop country-specific supply chain strategies and address supply chain barriers through domestic regulatory reform and infrastructure investment.
3. Reaffirm the critical importance of infrastructure – and private investment in infrastructure – and set specific five year investment targets aligned to a national strategic vision.
4. Establish, publish and deliver credible national infrastructure pipelines that have been rigorously assessed and prioritised by independent infrastructure authorities, and which take full advantage of private sector finance and expertise.
5. Establish an Infrastructure Hub with a global mandate to disseminate leading practice to facilitate the development and delivery of pipelines of bankable, investment-ready infrastructure projects.
6. Establish a national innovation agenda and pipeline with supporting structural reforms.
7. Increase the level of alignment and responsiveness between the learning ecosystem and workforce needs.
8. Remove barriers inhibiting entrepreneurs from starting and growing businesses.
9. Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets.

To promote **free movement across borders**, G20 governments should:

10. Reinforce the standstill on protectionism and wind back barriers introduced since the implementation of the standstill, especially non-tariff barriers.
11. Ensure preferential trade agreements (PTAs) realise better business outcomes by consulting with business, improving transparency and consistency and addressing emerging trade issues.
12. Work towards greater promotion and protection of cross-border capital flows and foreign direct investment (FDI) through a Model Investment Treaty.

To promote **consistent and effective regulation**, all G20 governments should:

13. Finalise the core global financial reforms in 2014 and establish a protocol for international rule-making processes commencing in 2015, which better engages the private sector to ensure rules are fit for purpose and fully take account of their impact on the real economy.
14. Ensure emerging market economies are effectively represented on global standard setters and that regulations reflect the social, economic and financial challenges faced by EMEs.
15. Review prudential and conduct regulation to ensure restrictions on access to finance do not unduly hamper financial inclusion, trade and commodity markets and finance for SMEs.
16. Promote longer-term investment by removing unnecessary regulatory disincentives, and developing local capital markets and financing instruments that better align risk and return.
17. Implement transparent infrastructure procurement and approvals processes that comply with global leading practice, including a commitment to specific timeframes for approvals.

To promote **integrity and credibility in commerce**, all G20 governments should:

18. Agree to harmonise laws related to anti-corruption that incentivise companies to build leading practice compliance programs and self-report compliance breaches.
19. Enforce applicable legal frameworks such as the OECD Anti-bribery Convention and UN Convention against Corruption and implement or strengthen a national independent corruption authority in each jurisdiction to monitor and enforce.
20. Endorse the G8 core principles on transparency of ownership and control of companies and legal arrangements.

B20 recommendations[1]

The G20 has successfully stabilised the global financial system. It must now focus on structural reforms that accelerate the next wave of global economic growth.

B20 recommendations recognise the importance of facilitating increased economic activity now to lock in improved standards of living for the future

To that end, the overarching goal of the G20 this year is to implement policies with "practical outcomes that will lift growth, boost participation, create jobs and build the resilience of the global economy."[2] G20 Finance Ministers and Central Bank Governors agreed in February to lift collective GDP over the coming five years by a target of two per cent growth above the trajectory implied by current policies – more than $2 trillion more in real terms – and add tens of millions of jobs.[3]

The G20 target has been set in the context of high unemployment and weak economic growth. It is clear from IMF, OECD and World Bank forecasts that current growth rates are not sufficient to guarantee rising living standards or substantially lower unemployment.[4] Despite signs of improvement, significant downside risks remain and the balance is delicate. Structural reforms are needed across all markets to boost employment and prospects for diversified and sustained growth.

Structural reform will require both coordinated action and collective agreement for unilateral actions to grow economies

Structural reform is challenging because it requires fundamental changes in the conduct and operation of internal markets. In a global economy, these changes must also be carefully coordinated to achieve the best outcomes for all communities. This will require both coordinated action and collective agreement for unilateral actions that individual countries can take to grow their economies – more trade, better infrastructure, safely regulated, accessible and affordable finance and human capital in the right place, at the right time with the right skills.

Business supports G20 leaders embracing Country Growth Strategies of sufficient ambition to achieve the two per cent additional growth target, through recommendations drawn from four common themes that are critical to success in a global economy:

- Structural flexibility
- Free movement across borders
- Consistent and effective regulation
- Integrity and credibility in commerce

The B20 continues to monitor the discussions occurring with business involvement in other fora in relation to climate change and international tax (including base erosion and profit shifting). Business remains concerned about the impacts of climate change and is focussed on finding ways to reduce emissions at the level of industries and individual business.

1 The B20 recommendations were developed by four discrete taskforces covering financing growth, human capital, infrastructure & investment, and trade, and a cross-cutting anti-corruption working group. The recommendations outlined in this document are explained comprehensively in the more detailed reports made by each of these five groups, including value assessments and quantification methods. The detailed reports can be found at http://www.b20australia.info

2 https://www.g20.org/g20_priorities

3 http://jbh.ministers.treasury.gov.au/media-release/006-2014/

4 IMF, *World Economic Outlook*, April 2014; OECD, *Economic Outlook*, May 2014; http://www.worldbank.org/en/news/press-release/2014/06/10/wb-lowers-projections-global-economic-outlook-developing-countries-domestic-reforms

Structural flexibility

The following actions to realise the benefits of structural flexibility should be agreed collectively by G20 governments but implemented individually.

The greatest increases in international trade (and GDP growth) will come from tackling non-tariff barriers including supply chain barriers and bottlenecks

International trade in goods and services is restricted as much by inefficient supply chains as it is by protectionist policies. Border crossing is a critical element in any supply chain: improvements to the efficiency and transparency of customs procedures in any country in accordance with the Bali Trade Facilitation Agreement (TFA) would increase trade volumes and value for that country across all its trade relationships. Multiplied across every signatory, the annual increase in value would be as much as $960 billion.[5] G20 countries would realise $820 billion of this value by committing to implement the TFA by mid 2015, whether or not they have ratified it.

Country-specific supply chain improvements are integral to increasing international trade

The greatest benefits from increased international trade would be realised if individual countries implement country-specific supply chain strategies, including targeted investment in supply chain infrastructure. By concentrating supply chain improvements on sectors with comparative advantage, each country will increase the volume of its highest value trade. High value supply chain improvements across G20 countries, as measured by the Enabling Trade Index, would yield $2.2 trillion in additional global GDP and support 43 million additional trade-related jobs.[6]

The greatest barrier to more private investment in public infrastructure is not a shortage of capital but the absence of a credible pipeline of bankable infrastructure projects

Infrastructure investments should be aligned to a national strategic vision, prioritised according to the value they create, and delivered in the most efficient manner possible. To achieve this, each G20 country should develop a credible national infrastructure pipeline of projects that has been rigorously and transparently assessed by a politically independent expert body, and which takes full advantage of private sector finance and expertise. G20 governments should also reaffirm the importance of infrastructure – and private investment in infrastructure – in their country growth plans by setting specific five year infrastructure investment targets, and monitoring delivery against these targets annually. Doing so could drive additional infrastructure capacity worth $3 trillion by 2030 and ~$800 billion in increased economic activity.

To realise these benefits, G20 governments should commit in their Country Growth Strategies to:

1. ***Rapidly implement and ratify the Bali Trade Facilitation Agreement and provide capacity-building assistance and financial support for developing world trade partners to do the same.***

2. ***Develop country-specific supply chain strategies and address supply chain barriers through domestic regulatory reform and infrastructure investment.***

3. ***Reaffirm the critical importance of infrastructure – and private investment in infrastructure – and set specific five year investment targets aligned to a national strategic vision.***

4. ***Establish, publish and deliver credible national infrastructure pipelines that have been rigorously assessed and prioritised by independent infrastructure authorities, and which take full advantage of private sector finance and expertise.***

5 Peterson Institute for International Economics, *Payoff from the World Trade Agenda 2013*, Report to the ICC Research Foundation, 2013.

6 World Economic Forum in collaboration with Bain & Company and the World Bank, *Enabling Trade: Valuing Growth Opportunities*, Geneva, 2013.

Structural flexibility would also be enhanced by the following collective action requiring the cooperation and agreement of all G20 governments.

Lifting capability across the infrastructure lifecycle is critical to increasing efficiency and investment

Developing successful infrastructure programs and projects is challenging, and lifting capability across the infrastructure lifecycle is critical to increasing efficiency and investment. G20 governments should establish an Infrastructure Hub with a global mandate to collect and disseminate leading practice, collaborate with key stakeholder organisations on project preparation and capacity building, develop and promote appropriate standards, and collate and publish relevant data and reports. This would increase the pipeline of bankable, investment-ready infrastructure projects, improve productivity across the infrastructure lifecycle, and accelerate the development of infrastructure as an asset class. Doing so could help add $2 trillion of additional infrastructure capacity and $600 billion in GDP by 2030, and generate 10 million additional jobs per annum.

To realise these benefits, G20 governments should collectively commit to:

5. ***Establish an Infrastructure Hub with a global mandate to disseminate leading practice to facilitate the development and delivery of pipelines of bankable, investment-ready infrastructure projects.***

Employment growth is inadequate to absorb the expanding global labour force

To help direct structural reform efforts, each G20 country should establish a national innovation agenda and pipeline to direct resources to areas of comparative advantage. Innovation priorities could then be used to align funding for research and educational institutions, increase engagement between research organisations, education providers and businesses, and influence the structural reform agenda to develop policies that actively support new business models and industries through well-functioning product, labour and capital markets and an intellectual property system that maximises the potential for innovation.

Reforms are needed to increase the alignment between the learning ecosystem and workforce needs

Governments can help ensure that labour is available to fill the new positions created by increased investment by undertaking reforms to increase the alignment between the learning ecosystem and workforce needs. Reforms should establish mechanisms to identify and forecast future skill requirements and gaps, encourage business participation in teaching and provide models for workplace integrated learning. Curricula should build basic skills for the digital age, and governments should implement measures to increase the transparency of the skills that are mastered in attaining educational qualifications.

Barriers to entrepreneurship should be removed to drive new job creation

New jobs are created by private sector entrepreneurs.[7] Entrepreneurship is its own encouragement, but is frequently held back by unnecessarily onerous regulation and bureaucracy. G20 governments should minimise 'red tape' regulations related to starting and growing businesses, address regulations which restrict the use of remuneration alternatives such as stock options, reduce payroll taxes and investment earnings taxes which disincentivise hiring, and revise bankruptcy and liquidation regulations to reduce the punitive consequences and stigma of failure. Regulation should allow a diversity of forms of work including temporary and part-time work to allow companies to react rapidly to market changes and quickly create jobs.

7 According to the OECD *Science, Technology and Industry Scoreboard 2013: Innovation for growth*, young firms with fewer than 50 employees represent 11 per cent of employment but account for 33 per cent of job creation in the business sector.

Structural reform is needed to ensure people have the capability, flexibility, adaptability and mobility to participate fully in the modern global workforce

Skills gaps exist in the workforce of many countries despite high unemployment.[8] Structural reform is needed to ensure people have the capability (through education and training), flexibility, adaptability and mobility to participate fully in the modern workforce. Skills gaps can be addressed by enhancing international labour mobility through short term and temporary visa classes with simplified processing and less onerous requirements. Reducing unnecessary variability in certification and qualification standards, streamlining recertification, and implementing simplified, aligned cross-border tax regimes would also enhance mobility and thereby increase labour productivity and employment.

To help ensure good jobs are available and positions are filled, G20 governments should include the following actions in their Country Growth Strategies:

6. ***Establish a national innovation agenda and pipeline with supporting structural reforms.***

7. ***Increase the level of alignment and responsiveness between the learning ecosystem and workforce needs.***

8. ***Remove barriers inhibiting entrepreneurs from starting and growing businesses.***

9. ***Undertake structural reform to increase flexibility, adaptability and mobility within and across labour markets.***

Free movement across borders

The following collective actions requiring the agreement and coordinated cooperation of G20 governments would enhance the free movement across borders of goods, services, labour and capital.

Renewed effort is required to advance international agreement to reduce barriers to the movement across borders of goods, services, capital and labour

G20 economies have, for the most part, avoided tariff protectionism in the wake of the financial crisis. Disappointingly, however, there has been a large increase in non-tariff barriers. Left unaddressed, non-tariff measures will siphon off gains made through the Bali TFA and inhibit future progress on trade liberalisation. G20 countries should reaffirm their commitment to the G20 standstill and honour the spirit of that agreement by asking the World Trade Organisation (WTO) to also include non-tariff measures in its monitoring, and they should commit to a timeframe to remove those measures found to be trade restricting. A comprehensive standstill and wind-back could add $360 billion to global GDP and support 7 million additional trade-related jobs.

PTAs are not always fully utilised by businesses due to unnecessary internal complexity of agreements and external inconsistency between agreements

As WTO members have been unable to progress the removal of tariff barriers on a most favoured nation basis, they have turned to preferential trade agreements (PTAs)[9] to enhance their most important trading relationships. But these agreements are not always fully utilised by businesses due to unnecessary internal complexity and external inconsistency. G20 countries should survey trading businesses to understand the strengths and weaknesses of PTAs, commit to establish new PTAs in a transparent manner consistent with the WTO rules and compliant with the WTO Transparency Mechanism and request the WTO to identify and share good practices based on business input.

8 Despite global unemployment in 2013 of 201.8 million, 35 per cent of 38,000 employers worldwide report difficulty filling positions due to a lack of available talent. Manpower, *2013 Global Talent Shortage Survey Research Results*, 2013.

9 A preferential trade agreement is any trade agreement that departs from the Most Favoured Nation (MFN) principle. In other words, any agreement that offers one trading partner access to a market under more favourable conditions than are unconditionally afforded every other WTO member. This includes agreements variously labelled 'bilateral', 'regional', 'mega-regional' or 'free-trade agreements', as well as agreements labelled 'plurilateral' when they depart from the MFN principle.

Global FDI flows are still 25 per cent below their 2007 peak and recovery has been slow, especially in developed countries[12]

Foreign Direct Investment (FDI) is also an important driver of productivity and economic growth, but is often constrained by national regulatory environments that restrict market access, are corrupt and non-transparent, or which fail to protect investors against discriminatory, arbitrary and unfair treatment. G20 governments should establish a 'Model Investment Treaty' to encourage the gradual alignment of investment agreements and promote greater FDI. Doing so could contribute an additional $400 billion in infrastructure capacity by 2030, concomitant with an increase of $100 billion in long-run GDP.

To realise these benefits, G20 countries should take the following collective actions:

10. Reinforce the standstill on protectionism and wind back barriers introduced since the implementation of the standstill, especially non-tariff barriers.

11. Ensure preferential trade agreements (PTAs) realise better business outcomes by consulting with business, improving transparency and consistency and addressing emerging trade issues.

12. Work towards greater promotion and protection of cross-border capital flows and foreign direct investment (FDI) through a 'Model Investment Treaty'.

Consistent and effective regulation

International financial regulators should pause, take stock and align the set of regulations introduced in response to the financial crisis

International financial regulation has strengthened the global economy to better deal with financial shocks. G20 governments should now agree collectively that international regulators should be required to adopt more consultative processes so that global rules foster the twin aims of stability and growth.

Business supports the implementation of measures developed by the G20 to provide stability and resilience to the global financial system. Efforts should now be directed at ensuring successful implementation of the post-crisis regulatory agenda. The G20 should deliver on its ambition to finalise key reforms in 2014, including Basel III capital and liquidity requirements, enhanced regulation of global systemically important institutions, over-the-counter derivatives markets and market-based financing ('shadow-banking'), and ensure these measures are implemented uniformly.

Global standard setters should adopt new rule-making protocols to enhance effectiveness of rules and reduce unintended consequences

A new rule-making protocol, incorporating cost benefit analysis and real economy impact assessment, should be adopted by global standard setters. Annual reports on implementation and effectiveness of rules should be provided to the G20 dealing with the impact on stability and economic growth, including unintended effects of the new rules, especially on access to finance in emerging market economies (EMEs) and for small and medium enterprises (SMEs). EMEs should be better represented in the governance of global standard setters to ensure the rules being developed take account of differing market conditions. A 'real economy' survey undertaken for the B20 reveals some unnecessary restrictions on the provision of finance in some markets.[11]

Global standard setters should assess the impacts of prudential and conduct regulation on SMEs and trade finance

Financial institutions are the front line implementers of business rules. Supervisors working with institutions on the implementation of prudential and conduct rules should ensure that for cross-border transactions there is compatibility in the way rules are interpreted and enforced. Global standard setters should assess the impacts of prudential and conduct regulation on SME financing and trade finance to maintain

10 UNCTAD, World Investment Report, 2014.
11 B20, *Voice of the customer*, research conducted for the B20, 2014. Available at http://www.b20australia.info/Pages/FinancingGrowth.aspx

market integrity and remove unnecessary restrictions on the provision of finance. The effect of global conduct rules on correspondent banking relationships for cross-border payments and the provision of remittances should be examined. The WTO should be commissioned to conduct a global study of the impact of new financial crime compliance standards on global trade flows focused on SMEs and EMEs.

In their current form, conduct rules appear to be accentuating financial exclusion

The B20 supports anti-money laundering and counter-terrorism financing (AML/CTF) rules. But in their current form, conduct rules appear to be accentuating financial exclusion.[12] Associated compliance costs, reputation risk and punitive fines for breaches have caused global banks to withdraw services from a number of emerging markets, restricting credit availability and hence growth. The Financial Action Taskforce should work with the Partnership for Financial Inclusion to understand the effects of AML/CTF rules on access to finance and propose rules that restrict financial crime but not growth. This could involve a framework for mutual recognition of base level due diligence standards requirements and the establishment of standard procedures for a "trade transactions only" between banks which streamlines AML requirements.

Prudential regulations should not unnecessarily discourage long-term, less liquid investments

Governments should consider measures to facilitate greater long-term investment by the private sector, including in infrastructure. In order to make long-term, less liquid investments, investors require that prudential financial regulations do not unnecessarily discourage them, and that there are appropriate financial instruments in place to meet their needs, particularly in less developed capital markets. Governments should promote long-term capital formation according to circumstance, but options include the promotion of well structured and regulated insurance and pension industries, and ensuring adequate disclosure and reporting rules. Risk sharing and co-investment mechanisms could enhance government access to private finance for higher risk or EME infrastructure projects.

To ensure international financial regulation places the least possible brake on growth G20 governments should take the following collective actions:

13. ***Finalise the core global financial reforms in 2014 and establish a protocol for international rule-making processes commencing in 2015 which better engages the private sector to ensure rules are fit for purpose and fully take account of their impact on the real economy.***

14. ***Ensure emerging market economies are effectively represented on global standard setters and that regulations reflect the social, economic and financial challenges faced by EMEs.***

15. ***Review prudential and conduct regulation to ensure restrictions on access to finance do not unduly hamper financial inclusion, trade and commodity markets and finance for SMEs.***

16. ***Promote longer-term investment by removing unnecessary regulatory disincentives, and developing local capital markets and financing instruments that better align risk and return.***

The following individual country action would promote consistent and effective regulation and domestic regulatory reform to drive growth and jobs.

12 B20, *Voice of the customer*, research conducted for the B20, 2014. Available at http://www.b20australia.info/Pages/FinancingGrowth.aspx

Increasing efficiency in infrastructure approvals can reduce costs without compromising the integrity of the process

Inefficient approvals processes and corruption in public procurement are major deterrents to infrastructure investment and impose significant public cost.[13] However, significant improvements can be made without compromising the quality of review.[14] To catalyse improvement G20 governments should set appropriate time limits for regulatory and environmental approvals and make a single agency accountable for these. In conjunction with transparent, leading practice public procurement processes, this would add an additional $2 trillion infrastructure capacity and $500 billion in GDP by 2030, and an additional 8 million jobs per annum.

G20 countries should include the following action in their individual Country Growth Strategies:

> ***17. Implement transparent infrastructure procurement and approvals processes that comply with global leading practice, including a commitment to specific timeframes for approvals.***

Integrity and credibility in commerce

Transparency and integrity in commerce is essential for improving efficiency and boosting growth, but rules must be developed and implemented collectively if they are to have the desired effect.

If corruption were an industry, it would be the world's third largest, worth more than $3 trillion and 5 per cent of global GDP[16]

Corruption has the potential to undermine the gains from the proposed reforms. In most countries around the world, corruption is getting worse, not better. In addition to the enormous cost to sustainable economic, political and social development, corruption increases the costs and risks of doing business, restricts cross-border trade, and is a major deterrent to investment, especially in infrastructure, where it can add 25 per cent of project costs.[16] Legal frameworks exist to tackle corruption but are actively enforced in very few countries.[17] The result is an uneven playing field where business is not incentivised or recognised for embedding the right behaviours throughout global supply chains.

G20 governments should incentivise business to tackle the supply side of corruption by working towards harmonised self-reporting regulation

Self-reporting of corruption has the potential to make a significant impact. Businesses – and public offices - need to be prepared to report violations to the authorities and work with them on resolution rather than wait to be detected, and should be encouraged to do so, for example by reduced penalties. Governments should agree to harmonise laws related to anti-corruption that incentivise companies to build robust compliance programs and self-report compliance breaches. This will require government to business and government to government cooperation to map jurisdictional differences and propose appropriate regulatory changes.

Transparency of beneficial ownership has the potential to deliver significant gains in the fight against corruption

Transparency of beneficial ownership has the potential to deliver significant gains in the fight against corruption because it allows illicit financial flows to be more easily traced and makes it harder for people to benefit from the proceeds of corruption and crime. The issue has become top of mind for many governments, which are currently developing their regulatory response. Business sees this as an opportunity to take a consistent global approach producing harmonised regulation at the outset, instead of a multitude of different national laws. As a first step, G20 governments

13 For example, it has been estimated that a delay of one year could reduce some projects' NPV by up to 20 per cent (Australian Productivity Commission, 2009).
14 For example, efficiency improvements have more than halved the time required for major energy project approvals in Canada (Doucet, 2012 *Unclogging the Pipes: Pipeline Reviews and Energy Policy*).
15 http://www.oecd.org/cleangovbiz/49693613.pdf
16 OECD, *Implementing the OECD Principles for Integrity in Public Procurement*, 2013.
17 Transparency International, *Exporting corruption: progress report 2013: assessing enforcement of the OECD convention on combating foreign bribery*, 2013.

should endorse the G8 core principles on transparency of ownership and control of companies and legal arrangements.

G20 governments should take the following collective actions to increase the transparency and credibility of commercial enterprise and tackle corruption without restricting growth:

18. ***Agree to harmonise laws related to anti-corruption that incentivise companies to build leading practice compliance programs and self-report compliance breaches.***

19. ***Endorse applicable legal frameworks, such as the OECD Anti-bribery convention and UN Convention against Corruption, and implement or strengthen a national independent corruption authority in each jurisdiction to monitor and enforce.***

20. ***Endorse the G8 core principles on transparency of ownership and control of companies and legal arrangements.***

Quantifying the benefits for the global economy

These B20 recommendations have been developed specifically to help meet the G20 growth target. The B20 has therefore carefully assessed the benefits of its recommendations, and has quantified them wherever possible.[18] As a number of recommendations overlap, adopting recommendations in some areas will contribute to the achievement of value gains from other recommended policy responses.

In aggregate the B20 believes that these proposed policy responses would cumulatively assist G20 countries to meet and exceed the 2 per cent growth target. On the other hand it is clear that failing to boost growth and jobs through concerted policy responses will have significant negative consequences for global living standards.

Trade recommendations

Value of Trade recommendations[19]

#	Recommendation	GDP	Trade	Jobs
1	Rapidly implement and ratify the Bali Trade Facilitation Agreement and provide capacity-building assistance and financial support for developing world trade partners to do the same.	$820b	$800b	16m
2	Develop country-specific supply chain strategies and address supply chain barriers through domestic regulatory reform and infrastructure investment.	$2.2t	$1.2t	43m
10	Reinforce the standstill on protectionism and wind back barriers introduced since the implementation of the standstill, especially non-tariff barriers.	$360b	$350b	7m
11	Ensure preferential trade agreements (PTAs) realise better business outcomes by consulting with business, improving transparency and consistency and addressing emerging trade issues.	N/A	N/A	N/A

These values have been scaled according to the share of G20 economies in the global economy, to more accurately reflect the impact of our trade recommendations. Benefits have been converted between GDP, trade and jobs supported.

Infrastructure & investment recommendations

Value of Infrastructure & investment recommendations[20]

#	Recommendation	Capacity	GDP	Jobs
3	Reaffirm the critical importance of infrastructure – and private investment in infrastructure – and set specific five year investment targets aligned to a national strategic vision.	N/A	N/A	N/A
4	Establish, publish and deliver credible national infrastructure pipelines that have been rigorously assessed and prioritised by independent infrastructure authorities, and which take full advantage of private sector finance and expertise.	$3t	$800b	13m

18 The quality and availability of data across the range of study is highly variable and consequently a number of incompatible quantification methods have been used.

19 GDP and trade figures measure uplift across G20 countries. Jobs figures measure the number of trade-related jobs supported. Recommendation 1 values are likely to be in 2012 USD, and recommendation 2 values are likely to be in 2010 USD, although the source data does not make this absolutely clear. Recommendation 10 values are in 2012 USD.

20 Capacity figures reflect expected cumulative increases in effective infrastructure capacity achieved by 2030. GDP and jobs figures reflect the annual impact of this cumulative increase in infrastructure capacity over the long run. Monetary figures are in 2010 USD.

#	Recommendation	Capacity	GDP	Jobs
5	Establish an Infrastructure Hub with a global mandate to disseminate leading practice to facilitate the development and delivery of pipelines of bankable, investment-ready infrastructure projects.	$2t	$600b	10m
12	Work towards greater promotion and protection of cross-border capital flows and foreign direct investment through a Model Investment Treaty.	$400b	$100b	2m
16	Promote longer-term investment by removing unnecessary regulatory disincentives, and developing local capital markets and financing instruments that better align risk and return.	$500b	$100b	2m
17	Implement infrastructure procurement and approvals processes that comply with global leading practice, including a commitment to specific timeframes for approvals.	$2t	$500b	8m

The potential value of the individual infrastructure & investment recommendations in terms of jobs and GDP is based on their expected contribution to addressing an estimated $12-22 trillion shortfall in global infrastructure capacity by 2030. Recommendations 12 and 16 are also expected to have significant impacts on investment beyond infrastructure. However, these effects have not been explicitly quantified.

Financing growth recommendations

Value of financing growth recommendations[21]

#	Recommendation	Cumulative increase in global lending volumes supported, 2013 - 2017
13	Finalise the core global financial reforms in 2014 and establish a protocol for international rule-making processes commencing in 2015, which better engages the private sector to ensure rules are fit for purpose and fully take account of their impact on the real economy.	$19t
14	Ensure emerging market economies are effectively represented on global standard setters and that regulations reflect the social, economic and financial challenges faced by EMEs.	$15t
15	Review prudential and conduct regulation to ensure restrictions on access to finance do not unduly hamper financial inclusion, trade and commodity markets and finance for SMEs.	$3t

We assume that a well functioning regulatory system, with improved coordination and adjustments to some distortions, could contribute to increased global business activity. The overall approach is to quantify the value at stake if the proposed improvements are not made to the regulation of financial markets. At current course and speed, global lending is forecast to grow at 5 per cent per annum but the financing growth recommendations will need to be implemented to sustain this level of growth.

Human capital recommendations

Valuing the impact of specific human capital recommendations is challenging because reliable data connecting growth, jobs and human capital policy responses does not exist. Moreover, human capital indicators are impacted by many factors in combination, and there are few holistic studies that directly value the link between a specific action and the broad human capital outcome.

Instead, the B20 has focussed on identifying supporting data that explains the problems to be addressed, and where available, hypotheses on the potential value. Information on this methodology, data sources and case studies can be found in the Human Capital Taskforce Summary.

21 Recommendation 13 and 14 values are in 2013 USD. Recommendation 15 values are in 2012 USD.

Value of human capital recommendations

#	Recommendation	Value
6	Establish a national innovation agenda and pipeline with supporting structural reforms.	Support for innovation creates the conditions for productivity and jobs growth as well as enabling countries to better respond to the challenges of the future world of work
7	Increase the level of alignment and responsiveness between the learning ecosystem and workforce needs.	By developing the right skills to respond to changes in the labour market and technological change, G20 countries can drive economic growth, improve labour productivity and reduce income inequality
8	Remove barriers inhibiting entrepreneurs from starting and growing businesses.	Increase the ability of entrepreneurs to generate net jobs
9	Undertake structural reform to increase felxibility, adaptability and mobility within and across labour markets.	Structural reforms create supportive flexibility, conditions for job creation and participation

Taskforce leadership

The following taskforce and working group leaders endorse the B20 recommendations.

Andrew Mackenzie Coordinating Chair Trade Taskforce	**Alexey Mordashov** Co-Chair	**Harold W. McGraw III** Co-Chair	**Yu Ping** Co-Chair
David Thodey Coordinating Chair Infrastructure & Investment Taskforce	**Danny Truell** Co-Chair **Marcus Wallenberg** Co-Chair	**Hans-Paul Buerkner** Co-Chair **Thomas Donohue** Co-Chair	**Kirill Dmitriev** Co-Chair
Michael Smith OBE Coordinating Chair Financing Growth Taskforce	**Peter Sands** Co-Chair (West)	**Andrey Kostin** Co-Chair	
Steven Sargent Coordinating Chair Human Capital Taskforce	**Brent Wilton** Co-Chair	**Tugrul Kudatgobilik** Co-Chair	
Michael Andrew Coordinating Chair Anti-Corruption Working Group	**Giuseppe Recchi** Co-Chair		

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