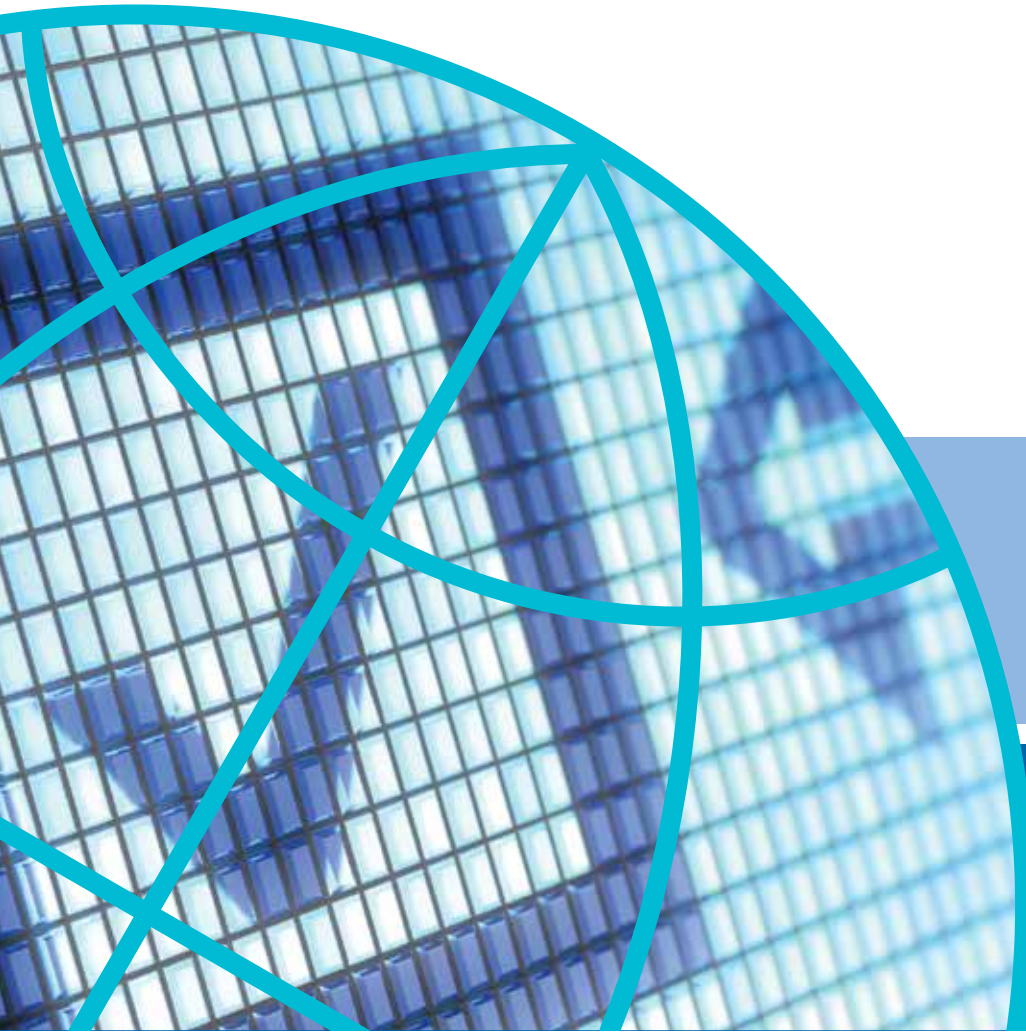


# ICC G20 BUSINESS SCORECARD

SIXTH EDITION



EXECUTIVE SUMMARY  
DECEMBER 2016

# ICC G20

## CEO ADVISORY GROUP

### About the ICC G20 CEO Advisory Group

The ICC G20 CEO Advisory Group, an initiative of the International Chamber of Commerce (ICC), is a platform for global business to provide input to the work of the G20 on an ongoing basis. The Group mobilizes ICC's worldwide policy-making expertise and solicits priorities and recommendations from companies and business organizations of all sizes and in all regions of the world. The Group comprises approximately 40 CEOs working to ensure that the voice of business is heard by governments, the public and the media before, during and after each Summit. To learn more visit [www.iccwbo.org/g20](http://www.iccwbo.org/g20)



### About the International Chamber of Commerce (ICC)

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



### About the International Organisation of Employers (IOE)

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

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



### About the Business and Industry Advisory Committee (BIAC)

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

# Foreword

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

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

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

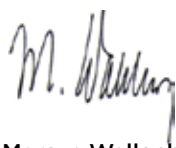
- G20 Guiding Principles for Global Investment Policymaking;
- G20 Action Plan on the 2030 Agenda for Sustainable Development;
- G20 2017-2018 Anti-Corruption Action Plan;
- G20 Digital Economy Development and Cooperation Initiative;
- G20 Initiative to Promote Quality Apprenticeship;
- G20 Strategy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

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

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

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

Sincerely,



**Marcus Wallenberg**  
Chairman, ICC G20 CEO Advisory Group

# Executive Summary

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## The importance of the G20 to international business

The G20 agenda bears upon core business goals for trade, investment, economic growth and job creation and will increasingly shape government policies that affect business internationally. Since its elevation to a Leaders-level forum in 2008, G20 cooperation across a wide range of policy issues from anti-corruption to trade has aided Business' own efforts to grow and create jobs. Although the G20 is an informal forum for international cooperation with no permanent secretariat or binding enforcement power, the group has the ability to provide strategic leadership for an increasingly integrated global economy, overcoming political roadblocks and driving progress on some of the most intractable economic and social challenges confronting the global economy.

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

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

## The development of business recommendations

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

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

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

## The evaluation of G20 responsiveness to business

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

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

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

### About the Scorecard

First, given the breadth and complex nature of the G20's policy work, it is important to note that the *Scorecard* focuses on G20 responsiveness to business recommendations; it does not attempt to assess progress on the G20's entire agenda. Second, while this sixth edition of the *Scorecard* concentrates on G20 performance during the 2016 Chinese Presidency, it includes intertemporal assessments, recognizing that the response cycle of government policymaking is generally more long-term than the time afforded by the one-year G20 presidencies.

It is also important to underline that the *Scorecard* assesses progress by the G20 *collectively* in responding to business recommendations, rather than assessing the performance of *individual* G20 countries. Likewise, the *Scorecard* does not evaluate G20 performance solely on the basis of its achievement of the "end goal." Rather, it evaluates G20's recognition of and subsequent actions in dealing with an issue, followed by an assessment of G20's responsiveness to corresponding business recommendations.

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

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

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

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



## Scores

### Overall score

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

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

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

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

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

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

Overall Score Sixth Edition ICC G20 Business Scorecard

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

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

## G20 score on Trade and Investment

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

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

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

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

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

### Scoring component highlights:

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

### Summary of G20 Response to Business Recommendations

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

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

## G20 score on Financing Growth

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

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

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

### Summary of G20 Response to Business Recommendations

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



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

### Scoring component highlights:

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

## G20 score on Infrastructure

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

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

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

### Summary of G20 Response to Business Recommendations

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

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

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

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

### Scoring component highlights:

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

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<sup>2</sup> According to the B20 China Infrastructure Taskforce.

## G20 score on Employment

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

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

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

### Scoring component highlights:

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

### Summary of G20 Response to Business Recommendations

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

## G20 score on Anti-Corruption

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

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

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

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

### Scoring component highlights:

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

### Summary of G20 Response to Business Recommendations

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

## SME Development

The overall score assessment of G20 commitments and decisions on SME Development is 1.25 (out of 3). This is a step down in score from the 5th edition's score of 2.0, which was buoyed by the Turkish government's emphasis on SME growth as one of the key priorities of its G20 Presidency. Nonetheless, the score demonstrates that the G20 at least continues to recognise Business emphasis of the critical role SMEs play in generating sustainable and balanced economic growth.

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

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

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

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

### Scoring component highlights:

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

### Summary of G20 Response to Business Recommendations

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



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

## G20 score on Energy and Environment

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

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

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

### Summary of G20 Response to Business Recommendations

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

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

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

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

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

#### Scoring component highlights:

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

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

## ICC G20 Business Scorecard results over time

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

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

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

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

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

<sup>6</sup> Called "SMEs and Entrepreneurship" under the 2015 Turkish B20.

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

