



PREPARING THE G20 BRISBANE SUMMIT AGENDA

AN OVERVIEW FROM THE AUSTRALIAN PRESIDENCY

PART 1: OVERVIEW – 2014 G20 AGENDA

NOVEMBER 2014

This year the G20 is focussing on longer term economic reform. This is how and why it is doing it.

Part 1: Overview - 2014 G20 Agenda

- Promoting stronger economic growth and employment outcomes by empowering the private sector
- Making the global economy more resilient to future shocks, and preventing a repeat of the circumstances that led to the 2008 global financial crisis (GFC)
- Strengthening global institutions to ensure they serve us best in today's global economy

Part 2: Background on 2014 Priorities

- G20 Agenda 2014: working arrangements, key events
- The Brisbane Action Plan
- Attracting private sector investment in infrastructure
- Creating jobs and lifting participation
- Removing obstacles to trade and competition
- Growth and development
- Reforming the global financial system
- Strengthening the international tax system
- Strengthening energy markets
- Fighting corruption

Part 3: Facts about the G20 and the global economy

- Gross Domestic product G20 members
- Unemployment trends, including youth
- Labour force participation rates G20 members
- Global investment and GDP
- Global trade and G20 members
- Foreign direct investment and G20 members
- Global energy profile
- Remittance costs
- Undernourishment trends

Part 1: Overview: 2014 G20 Agenda

“Strengthening growth and creating jobs is our top priority and we are fully committed to taking decisive actions to return to a job-rich, strong, sustainable and balanced growth path.”

G20 Leaders’ Declaration, St Petersburg, September 2013

P1

P2

P3

The world expects the G20 to commit to practical actions that make a real difference.

“As the chair of the G20 in 2014, I will ask world leaders to come to Brisbane with a commitment to take practical action. It means developed and emerging economies working together. And it means partnership between governments, private enterprise and the community.”

Prime Minister of Australia, Tony Abbott, December 2013

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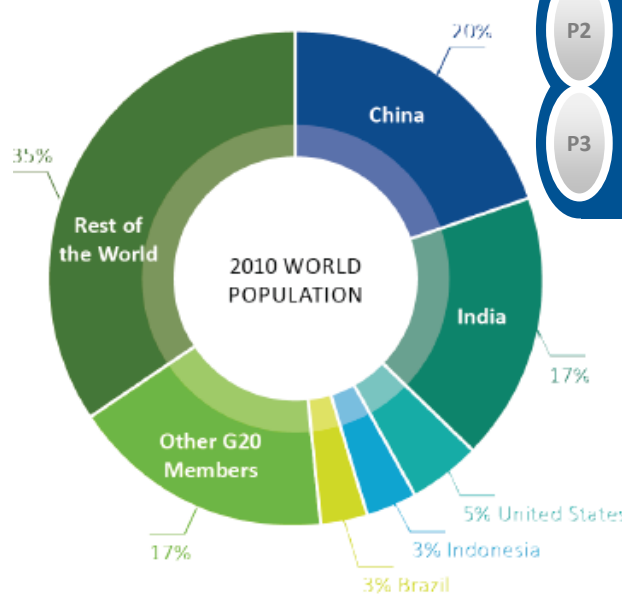
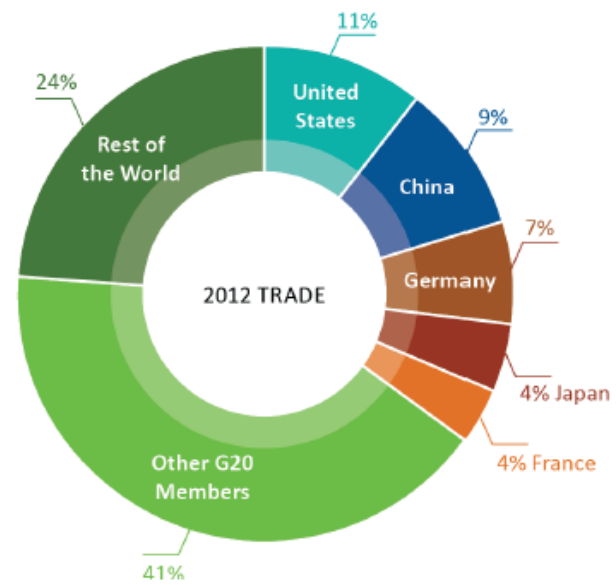
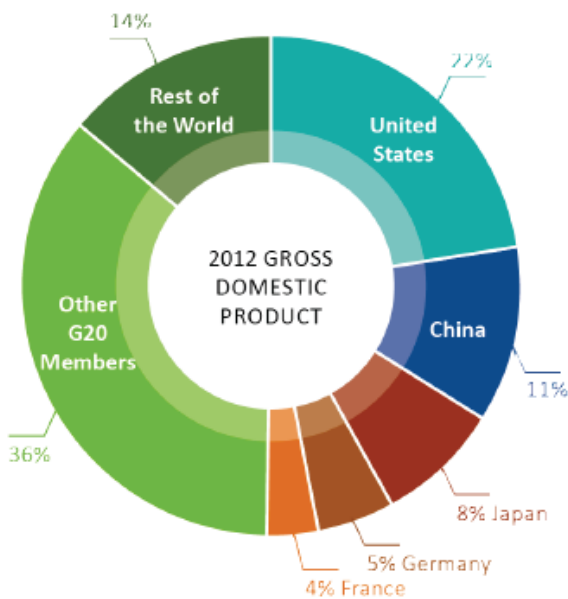
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The G20 is well placed to take strong action to address global economic challenges.

A forum that regularly brings together the leaders of the world's major economies to enhance international economic cooperation.

- P1
- P2
- P3



Sources: IMF WEO October 2014, WTO online database and UN online database

Further information is available in *The G20 - A forum for the 21st Century* factsheet on G20.org

Leaders can use their combined influence to deliver economic outcomes to benefit the global community.

The G20 comes down to a simple idea: the world's major governments can do more economic good for our citizens when working together.

- Australia's Prime Minister, Tony Abbott

Throughout 2014, G20 members have worked together to produce short, non-technical documents to help communicate meeting outcomes.

Australia aims to deliver a three page communiqué, written in clear, direct language.



P1

P2

P3

The Brisbane Action Plan will lay the foundations for a multi-year approach to driving growth and jobs over five years.

The global rise of the middle class is creating new economic opportunities

Investment in infrastructure supports economic activity



A dynamic and prosperous global economy underpins growth in living standards

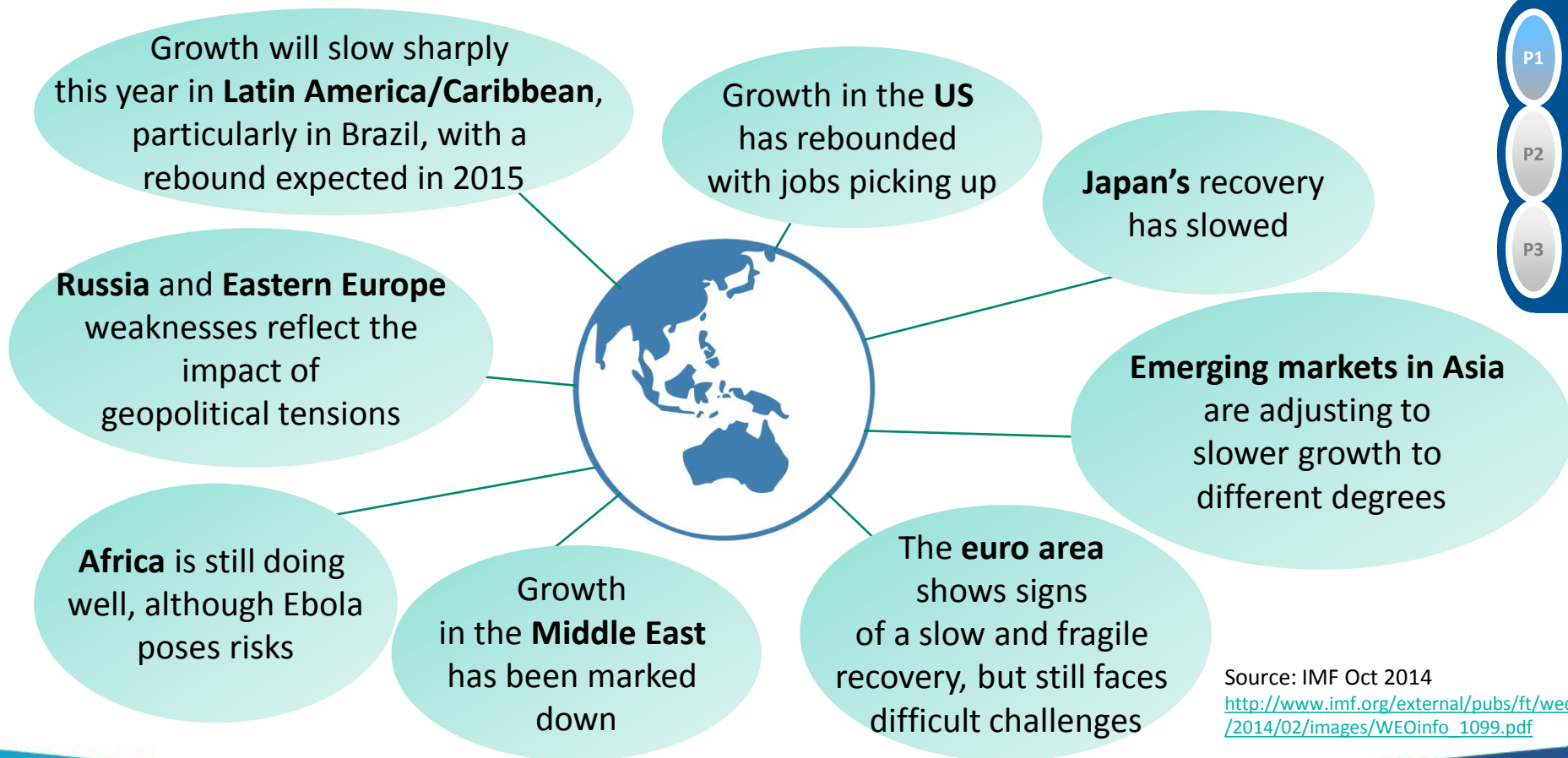
Promoting more and better jobs is a top priority

Trade as an engine of growth

Further information is available in the *Strategies for growth* factsheet on G20.org

- P1
- P2
- P3

The global economy continues to experience mixed fortunes.



- P1
- P2
- P3

Source: IMF Oct 2014
http://www.imf.org/external/pubs/ft/weo/2014/02/images/WEOinfo_1099.pdf

Shifting the dial on growth through structural reform is critical in setting the right foundation to guide the next few years.

This year, the G20 is focussing on:

- Promoting strong economic growth and employment outcomes by empowering the private sector
- Making the global economy more resilient to future shocks
- Strengthening global institutions

Macroeconomic policies will continue to support demand in the near-term, while structural reforms will increase growth in the medium-term.

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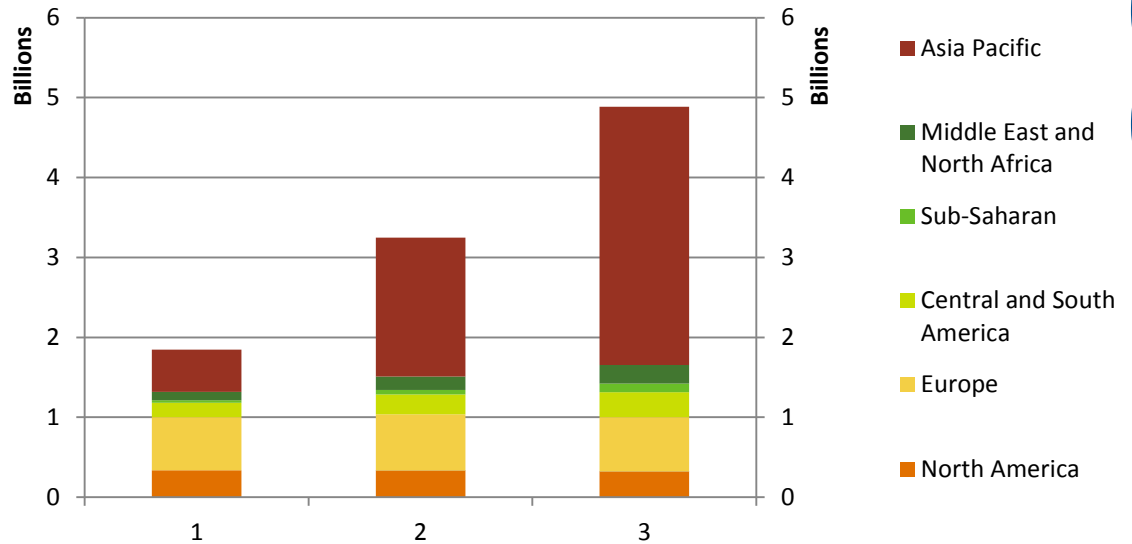
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The transformations and circumstances of the 21st century need to be reflected in global arrangements.

The purchasing power of the world's middle class will continue to grow.

Asia accounts for a quarter of world output and is projected to account for over half the world economy by 2050.

Asia's middle class could rise to 3.2 billion people by 2030.



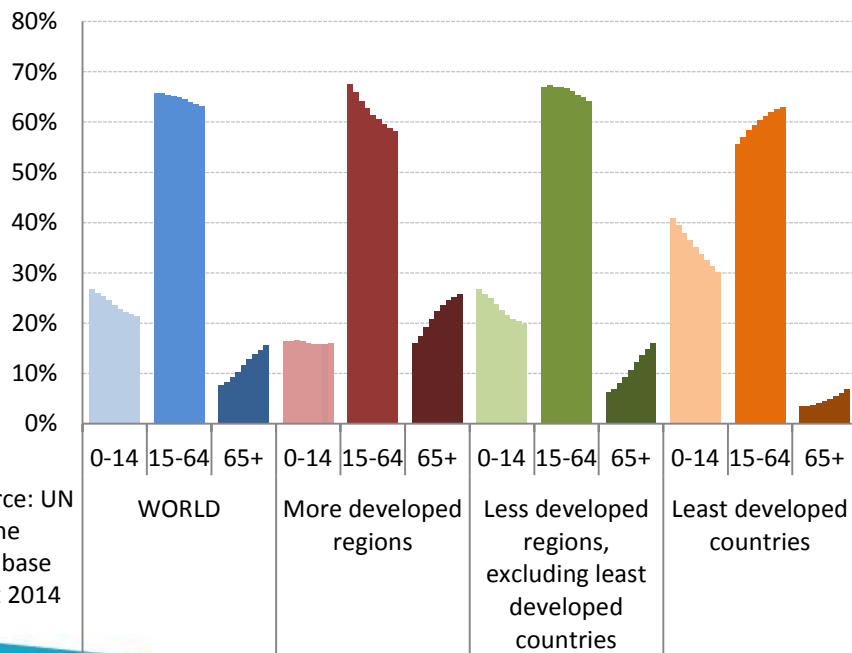
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P2
P3

Source: OECD Development Centre based on Kharas (2010)

Advanced economies, and some emerging ones, have ageing populations.

Demographic change is likely to be a constraint on growth in emerging and advanced economies.

Projected age demographics by region (2010-2050)



Source: UN online database Sept 2014

Governments around the world will face growing pressure on public finances:

- The cost of the social safety nets is projected to increase rapidly over the coming decades.
- As living standards rise, citizens of many emerging economies will expect greater social safety nets from their states.
- Shrinking labour forces are also likely to reduce income tax revenue.

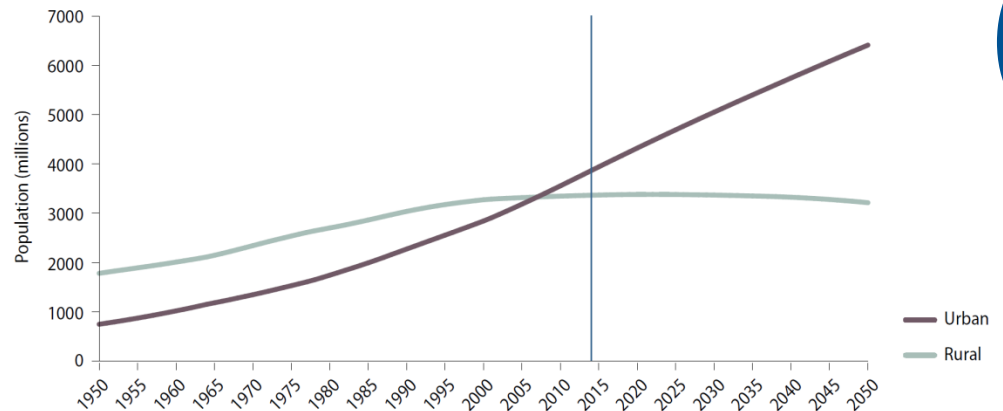


Over the next 15 years, the urban population will grow by a billion people.

A majority of the world's population lives in urban areas.

Higher rates of urbanisation will require expansion in infrastructure for water and sanitation, energy, transportation, information and communication.

Urban and rural population of the world, 1950-2050



Source: UN World Urbanisation Prospects Highlights Revision 2014



Heading into the G20 Leaders' Summit, the global economy is struggling to regain momentum.



The IMF estimated earlier this year that output in the G20 would now be 8 per cent higher per worker if the world economy had continued growing as it did between 1998 and 2005.

The ILO estimates 62 million fewer people had jobs across the G20 by 2013 than if the crisis had not occurred.

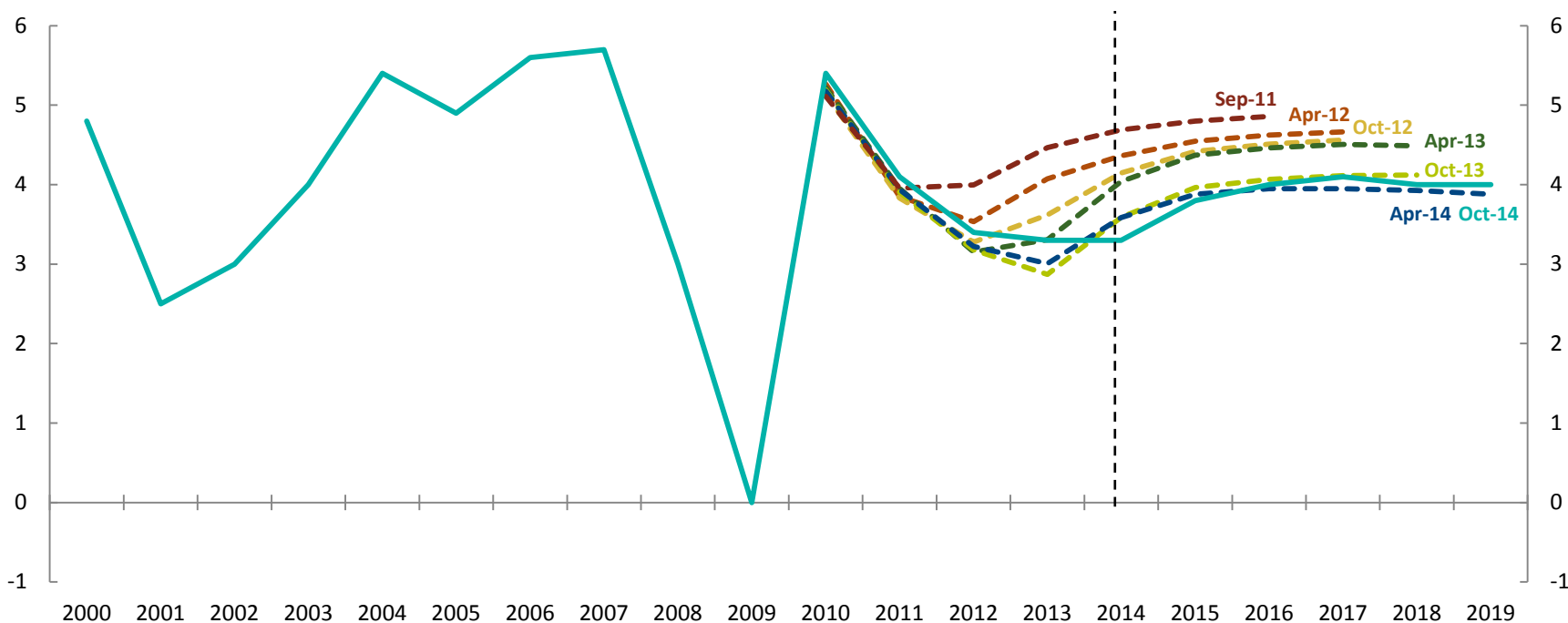
Trade growth is still tracking lower than its pre-crisis average of 6 per cent per annum (from 1980-2007). The WTO now expect global trade volumes to grow at 3.1 per cent this year and 4.0 per cent in 2015.

Sources: IMF Macroeconomic and reform priorities and policies for growth and rebalancing Feb and WEO Oct 2014, ILO Global Employment Trends 2014, WTO Press Release Sept 2014 and online database



Several IMF downgrades highlight a persistently fragile and weak recovery.

In October 2014, the IMF forecast global growth will be 3.3 percent in 2014 — unchanged from 2013 — and rise to 3.8 percent in 2015.



Source: IMF WEO October 2014

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- P2
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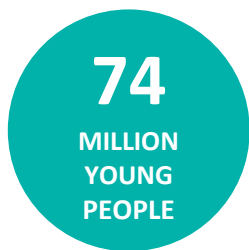
In 2013, global employment was 62 million lower than it would have been compared to pre-crisis trends.

There are over

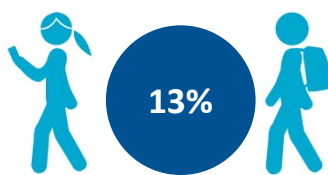


people unemployed around the world.

There are over

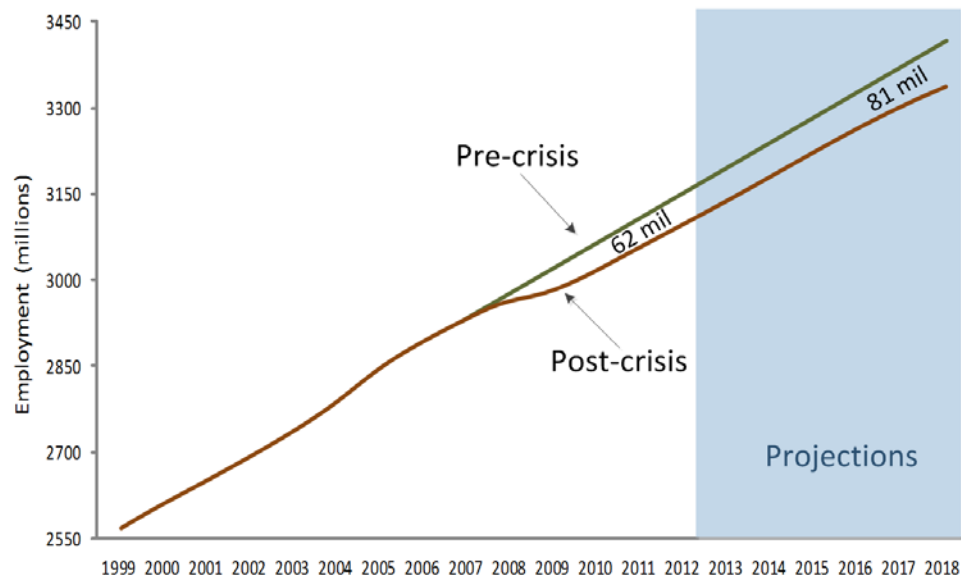


out of work worldwide, with the global youth unemployment rate over



This is almost three times higher than the global adult unemployment rate.

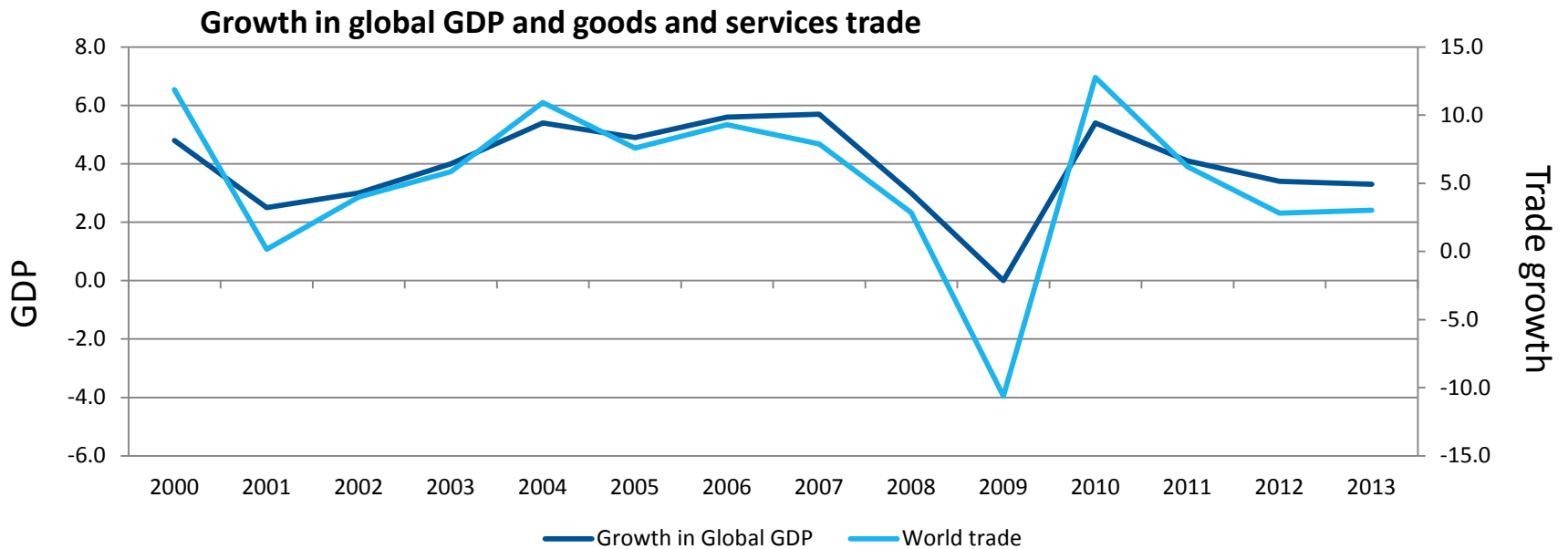
The crisis-related global jobs gap



- P1
- P2
- P3

And global trade has been slow to recover.

Global trade growth slowed again in the first half of 2014, consistent with weaker global growth during this period.



Source: IMF WEO October 2014

- P1
- P2
- P3

Emerging and developing economies are driving global economic growth.

Stronger economies make it possible for countries to deliver the opportunities to their citizens that can help lift them out of poverty.

Emerging and developing economies account for more than

$\frac{2}{3}$

of global growth.



1.3 billion people still live on less than \$1.25 a day - more than half of these people are in G20 countries.

Source: World Bank, G20 and Global Development, 2010

Linking development for strong, sustainable and balanced growth

Investment / infrastructure

Modernising tax systems

Strengthening the international financial system

Helping build better investment environments

Tax administration in developing countries

Improving access to financial services

Further information is available in the *Growth and development* factsheet on G20.org

P1

P2

P3

Focus is on empowering the private sector by creating the conditions to help them prosper.

- If private firms were compared to major world economies, they would account for 51 of the 100 largest economies in the world.
- Small and medium enterprise (SMEs) are major creators of jobs, especially smaller and young firms.

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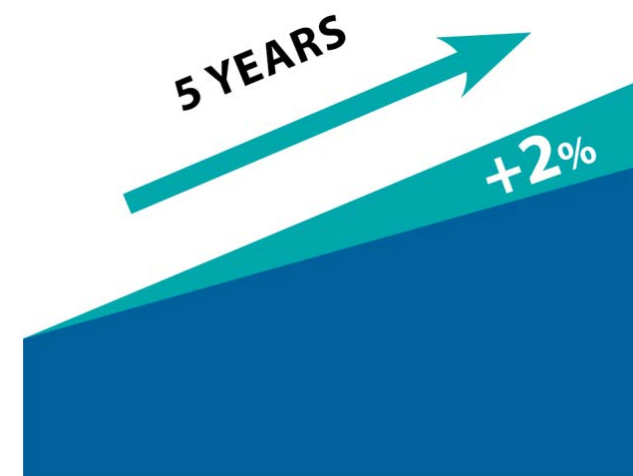
G20 members have already put on the table growth strategies that take the G20 within reaching distance of its 2 % goal.

Members are working up to the Leaders' Summit and beyond to bring forward new measures to meet and surpass the goal of an additional 2 per cent by 2018.

The act of setting this goal – something the G20 has never done before – has galvanised members into action.

By the end of September, over 900 measures were on the G20 table, potentially amounting to a GDP gain of 1.8 per cent over business as usual.

Further information is available in the *Lifting GDP by more than 2 per cent* factsheet on G20.org



According to the IMF, OECD and World Bank, raising G20 output by 2 per cent is equivalent to adding \$2 trillion and millions of jobs to the global economy.

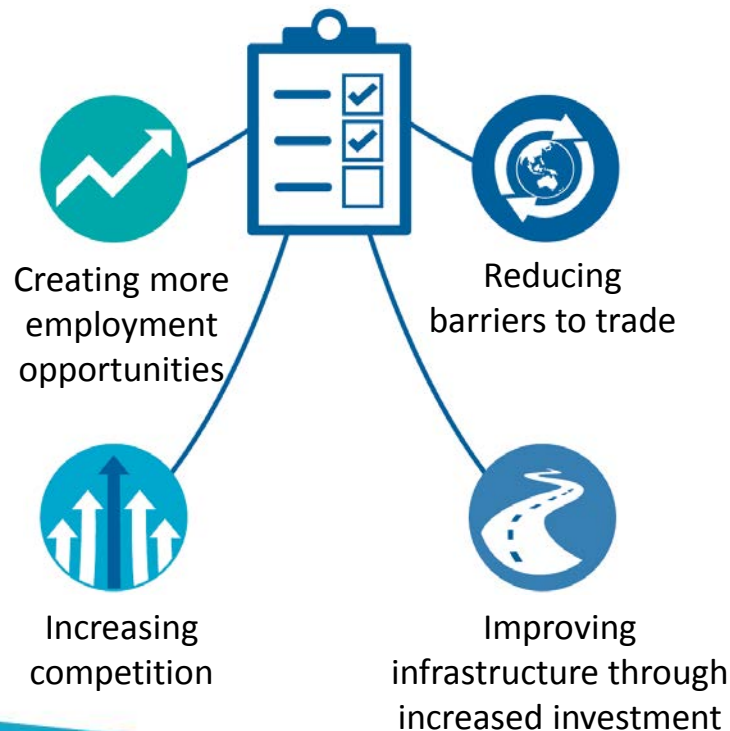
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P3

The G20 structural reform agenda is focussed on investment in infrastructure, trade, competition and employment.

The Brisbane Action Plan is a multi-year strategy to stimulate growth and boost employment over five years.



G20 members have identified measures to drive economic growth, including:

- fostering more investment in infrastructure
- measures to facilitate trade
- changes to competition policy
- initiatives to improve workforce participation, especially by women and young people.

Further information is available in the *Strategies for growth and Lifting GDP by more than 2 per cent* factsheets on G20.org

Business expects the G20 to make it easier for the private sector to finance and build quality infrastructure.

The G20 is working with business to help close the US\$1 trillion global annual infrastructure gap.

The **Global Infrastructure Initiative** agreed by Finance Ministers in September will enhance the productivity of economies and place them better to meet the needs of the future.



The World Bank estimates that an additional US\$1-1.5 trillion in annual investment is required through 2020 to meet growth targets in emerging and developing economies.

Source: World Bank, Infrastructure Unbound, 2014

P1

P2

P3

To boost growth and jobs, the G20's trade reforms help businesses be more efficient and innovative.

Domestic policies can have a significant impact on the amount of trade that takes place all over the world.

The OECD estimates that actions to reduce global trade costs by **1%**

could result in a worldwide



income increase of **US\$40 billion**

with 65% of the benefits accruing to developing countries.

Made in the World

'The ability to import matters as much as the ability to export and the ability to move goods around matters more than ever.'

- Australian Prime Minister, Tony Abbott

Source: OECD Press Release 2013

Further information is available in the *Removing obstacles to trade* factsheet on G20.org

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P3

Improving productivity and competition will drive growth and job creation.

Competition is central to the operation of markets and promotes higher investment and employment.



Increasing competition ensures economies become more productive and innovative.

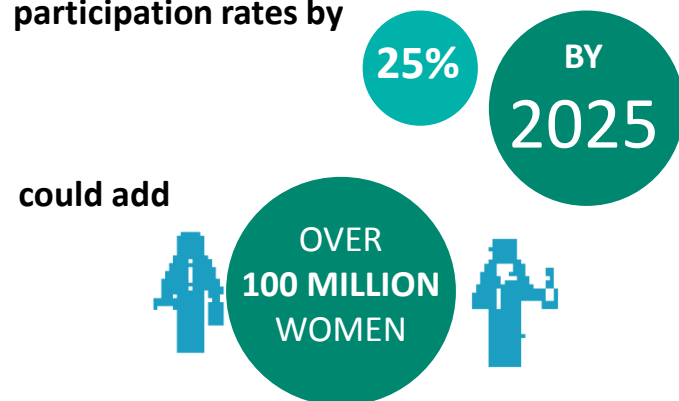
Productivity is increased by stronger competition. A strong framework for competition helps attract the most efficient firms into markets.

Actions to enhance competition include product market reform, reducing regulatory burdens, and lowering barriers to entry for new businesses.

G20 policies to strengthen labour markets and boost participation are also important sources of growth.

Members are including in their growth strategies and employment plans measures to lift the number of women in the workforce and reduce youth unemployment.

Reducing the gap between male and female workforce participation rates by



to the labour force across G20 countries.

G20 Labour and Employment Ministers recommended that leaders adopt the goal of reducing the gap in participation between men and women in G20 economies by 25 per cent by 2025 as a reference for action.

This could improve growth prospects well beyond 2018.

Source: OECD, ILO, IMF, World Bank, Achieving stronger growth by promoting a more gender-balanced economy, 2014

The G20 has made substantial progress to strengthen financial institutions and foster global stability.

In 2014, the G20 completed many financial regulatory reforms agreed in 2010.

P1

P2

P3



**BUILDING THE RESILIENCE
OF BANKS (BASEL III)**



**TRANSFORMING THE
SHADOW BANKING SECTOR**



**REDUCING THE RISKS AND
IMPACTS OF WHEN LARGE
INSTITUTIONS FAIL**



**MAKING DERIVATIVES
MARKETS SAFER**

In 2015, the financial regulation agenda will shift focus from designing standards towards addressing new and evolving risks and vulnerabilities.

Further information is available in the *Building financial resilience* factsheet on G20.org

The G20 is on track to deliver work to address tax avoidance and has taken measures to identify and catch tax evaders.

The international tax system needs to keep pace with technology and changing business practices so governments receive the revenue needed to serve their people.

Some multinationals use strategies that allow them to pay as little as 5 per cent in corporate taxes when smaller businesses are paying up to 30 per cent.



Source: OECD website 2014

The G20 is closing loopholes in international tax systems and strengthening public finances through its two-year work plan on Base Erosion and Profit Shifting (BEPS).

In February 2014, Finance Ministers and Central Bank Governors endorsed a new standard on automatic exchange of tax information to identify and catch tax evaders.

The G20 is working with low income and developing countries to strengthen their tax administration capacity and support them to participate in and benefit from tax work.

Further information is available in the *Strengthening tax systems* factsheet on G20.org

P1

P2

P3

Members continue their work to curb corruption and discuss actions to strengthen investment environments.

Improving the transparency of the public sector and entity ownership cuts corruption, which erodes business and investor confidence.

Investment in corruption-prone countries is almost 5 per cent less than in countries that have little corruption.



The business sector grows 3 per cent more on average each year in low-corruption environments than in high-corruption environments.

US\$1.5 trillion worth of public procurement projects are tainted by



Further information is available in the *Fighting corruption* factsheet on G20.org

Sources: IMF 2013 and World Bank Press Release 2013



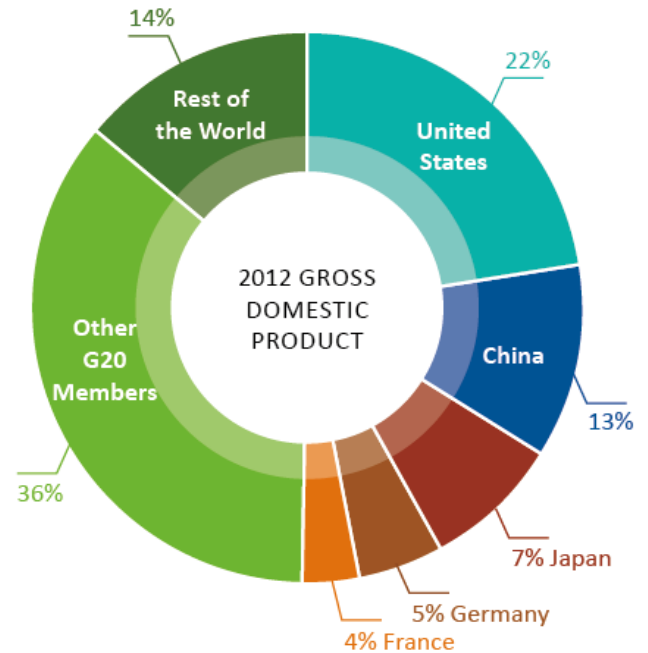
Actions to ensure global institutions reflect global economic realities will help them be more effective.

‘Emerging economies should have a voice commensurate with their increasing importance.’
 - Australian Prime Minister, Tony Abbott

The world needs:

- strong financial institutions
- a strong global trading system
- inclusive energy institutions that reflect the realities of today.

Global GDP



International Monetary Fund
 World Economic Outlook October 2014



G20 members remain committed to the reform of the International Monetary Fund and the Financial Stability Board.

The G20 wants to ensure these institutions remain effective, legitimate and credible.

If the IMF quota and governance reforms agreed in 2010 are not ratified by the end of 2014, we will ask the IMF to develop options for next steps.

Finance Ministers and Central Bank Governors
Meeting, April 2014

We agree that the FSB's review of the structure of its representation should ensure the FSB remains well prepared to respond to the full range of challenges as we transition from the crisis response phase.

Finance Ministers and Central Bank Governors
Meeting,
April 2014

Further information is available in the
Building financial resilience factsheet on G20.org

P1

P2

P3

The G20 is working to ensure that the global trading system is as strong as it can be to deliver growth.

In July, G20 Trade Ministers reaffirmed the commitment from St Petersburg to standstill and roll back protectionist measures.

Trade Ministers also discussed the need for the various types of free trade agreements to work together in the global trading system and to ensure that outcomes from trade negotiations help businesses worldwide to trade.

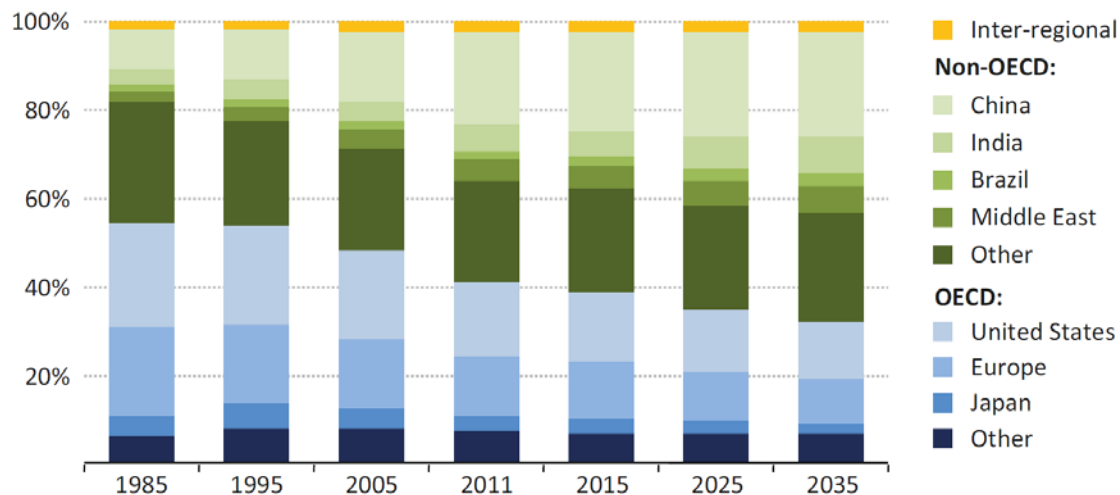


Implementing the Trade Facilitation Agreement settled in Bali and progressing the WTO's forward work plan is vital to strengthening the global trading system.

The B20 has told the G20 that it can be difficult to navigate the 200+ FTAs.

The global energy landscape is changing.

Share of world primary energy demand by region



Source: IEA World Energy Outlook 2013

Energy demand is expected to increase by over one-third by 2035 with the centre of gravity of the global energy system shifting towards the Asia-Pacific region.

Strong economic growth and ongoing urbanisation and industrialisation has driven energy demand.



Countries recognise that an affordable and reliable supply of energy is of vital importance to their economic development, yet over 1.3 billion people are still without access to electricity.

Australia has renewed its pledge to do all it can to assist the common effort to lift the G20's economic growth.

In playing its part towards the common growth goal, Australia is:



Getting our budget under control and improving productivity through investments in economic infrastructure



Removing regulatory burdens and taxes that constrain business



Getting more people into jobs - an emphasis on earning or learning and finding ways to help women get into the workforce



Reducing obstacles to trade, including through cutting red tape at borders and streamlining customs procedures

“ Our plan reflects this Government’s Economic Action Strategy. It focuses on the fundamentals: lowering tax, cutting red tape, investing in infrastructure, encouraging competition and increasing productivity”. Australia’s Prime Minister Tony Abbott, 10 November 2014

P1

P2

P3

The G20 in 2014 identified common interests with engagement groups from business, civil society, labour, think tanks and youth.

Common interests include:

- The importance of economic growth to development
- Trade as a driver of growth
- Lifting investment in infrastructure
- Employment, including female workforce participation and youth unemployment
- Transparency and anti-corruption
- Progress on tackling tax evasion

On 3 October, the B20 and C20 Infrastructure Taskforce co-chairs hosted a discussion on infrastructure with a number of Australian civil society and business leaders.

The joint L20 and B20 open letter of 4 November to Australia's Prime Minister presented common priorities for Leaders to consider:

- ensuring that growth is strong, sustainable and inclusive
- investing in infrastructure and encouraging productive private and long term investment
- ensuring that growth plans contribute to the creation of quality jobs
- raising women's participation in the labour force to close the "gender gap"
- implementing the G20 Employment Ministers' Safer Workplaces initiative
- that company tax should be paid where profits are earned.



Further information is available in the *Working with Partners* factsheet on G20.org

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The G20 talked to non-member countries to understand their priorities.

Raising global growth to deliver better living standards and quality jobs for people across the world is the G20's highest priority.

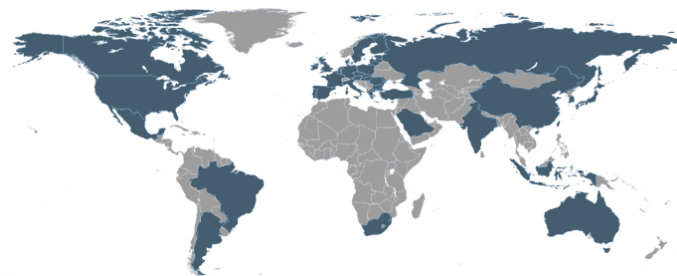
The 2014 G20 agenda reflects consultation with a wide range of stakeholders on issues relevant to developing countries, including:

- Investment in infrastructure
- tax cooperation
- financial inclusion and remittance flows
- food security and nutrition
- UN-led post-2015 development agenda

Stakeholders consulted :

- UN
- ASEAN
- African Union (AU) and New Partnership for Africa's Development (NEPAD)
- The Commonwealth
- La Francophonie
- Caribbean Community (CARICOM)
- Pacific Island Forum (PIF)
- World Economic Forum (WEF)

Further information is available in the *G20 and the World* factsheet on G20.org



Guests help the G20 understand regional economic challenges and the effects of their actions on people around the world.

Guest countries are participating in member discussions, bringing their views to the G20 table.

Australia has invited :



Mauritania, the 2014 Chair of the African Union



Myanmar, the 2014 Chair of ASEAN



New Zealand



Senegal, the 2013-2014 head of the New Partnership for Africa's Development



Singapore



Spain

Further information is available in the *G20 and the World* factsheet on G20.org

P1

P2

P3

FOR MORE INFORMATION

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