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The
G20 Research Group
at Trinity College at the Munk School of Global Affairs in the University of Toronto
with the
International Organisations Research Institute
at the National Research University Higher School of Economics, Moscow
present the

2014 Brisbane G20 Summit Final Compliance Report

17 November 2014 to 1 October 2015

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14 November 2015
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“The University of Toronto ... produced a detailed analysis to the extent of which each G20 country has met its commitments since the last summit ... I think this is important; we come to these summits, we make these commitments, we say we are going to do these things and it is important that there is an organisation that checks up on who has done what.”

— *David Cameron, Prime Minister, United Kingdom, at the 2012 Los Cabos Summit*

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2. Macroeconomics: Investment

“We are working to facilitate long-term financing from institutional investors ... particularly for small and medium-sized enterprises.”

G20 Brisbane Leaders' Communiqué

Assessment

	No Compliance	Partial Compliance	Full Compliance
Argentina		0	
Australia			+1
Brazil	-1		
Canada			+1
China			+1
France			+1
Germany			+1
India			+1
Indonesia			+1
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia	-1		
South Africa		0	
Turkey			+1
United Kingdom			+1
United States			+1
European Union			+1
Average		+0.70	

Background

At the meeting in Moscow on 15-16 February 2013, the Organisation for Economic Co-operation and Development (OECD) presented a report on the Role of Banks, Equity Markets and Institutional Investors in Long-Term Financing for Growth and Development. The report highlights the importance of long-term finance in satisfying long-term physical investment needs across all sectors and the high potential of institutional investors (such as pension funds and insurance companies).²³⁷ At this meeting, the G20 leaders established a Study Group on Financing for Investment.

At the G20 Saint Petersburg summit in September 2013, the G20 leaders endorsed the G20/OECD High-Level Principles on Long-Term Investment Financing by Institutional Investors. The eight principles are (1) preconditions for long-term investment, (2) development of institutional investors and long-term savings, (3) governance of institutional investors, remuneration and asset management delegation, (4) financial regulation, valuation and tax treatment, (5) financing vehicles and support for long-term investment and collaboration among institutional investors, (6) investment restrictions, (7) information sharing and disclosure, and (8) financial education, awareness and consumer protection. G20 leaders called on the OECD and other interested participants to identify approaches for their implementation by the next summit.

²³⁷ The Role of Banks, Equity Markets and Institutional Investors in Long-Term Financing for Growth and Development, OECD (Paris) 2013. Access: 3 April 2015. <http://www.oecd.org/daf/fin/private-pensions/G20reportLTFinancingForGrowthRussianPresidency2013.pdf>

On 15-16 November 2014, at the Brisbane Summit, the G20 leaders committed to “facilitate long-term financing from institutional investors and to encourage market sources of finance, including transparent securitisation, particularly for small and medium-sized enterprises.” The Report on Effective Approaches to Support Implementation of the G20/OECD High-Level Principles on Long-term Investment Financing by Institutional Investors was presented at the Brisbane Summit. To reflect the high priority placed on this issue by the 2014 G20 Australian presidency, the study group has been upgraded to a Working Group on Investment and Infrastructure.

Commitment Features

The commitment requires G20 members to take measures to establish conditions that are favourable for institutional investors and to support the long-term financing needs of small and medium-sized enterprises (SMEs). The commitment focuses on improving domestic investment and financing climates, with emphasis on “the voluntary implementation of the G20/OECD High-Level Principles of Long-Term Investment Financing by Institutional Investor.”

Positive actions for creating enabling conditions for institutional investors are outlined in the G20/OECD High Level Principles on Long-Term Investment Financing by Institutional Investors. The report outlines six principles: (1) preconditions for long-term investments, (2) development of institutional investors and long-term savings, (3) governance of institutional investors, remuneration and asset management delegation, (4) financial regulation, valuation and tax treatment, (5) financing vehicles and support for long-term investment and collaboration among institutional investors, and (6) information sharing and disclosure.²³⁸

Positive actions for supporting the long-term financing needs of small and medium-size enterprises are also outlined in the G20/OECD report. Common effective approaches include designing flexible regulatory regimes governing institutional investors; offering an array of tailored assistance measures (e.g. expert advice, training programs and consulting); providing guarantees on loans to small businesses and/or preferential tax rates for small businesses. Innovative effective approaches include establishing a public investment fund; establishing special vehicles to provide tax concessions for registered venture capital funds; offering exemptions on capital gains on qualified small business; and simplifying the legal framework governing commercial paper.²³⁹

Thus, to achieve full compliance with this commitment the G20 member must take actions to both improve market and regulatory conditions for institutional investors, including those supporting the long-term financing needs of small and medium-sized enterprises (SMEs).

Scoring Guidelines

-1	Member takes no steps to facilitate long-term financing from institutional investors.
0	Member takes steps to facilitate long-term financing from institutional investors that do not directly address the financial needs of SMEs.
+1	Member takes steps to facilitate long-term financing from institutional investors, including those that address SMEs financial needs.

Lead Analyst: Justice M. Durland

²³⁸ Report on Effective Approaches to Support Implementation of the G20/OECD High-Level Principles on Long-Term Investment Financing by Institutional Investors, OECD (Paris) 2014. Access: 3 April 2015. <https://g20.org/wp-content/uploads/2014/12/7.1%20G20-OECD%20Report%20on%20Effective%20Approaches%20to%20Support%20Implementation%20of%20the%20G20-OECD%20High-Level%20Principles.pdf>

²³⁹ Report on Effective Approaches to Support Implementation of the G20/OECD High-Level Principles on Long-Term Investment Financing by Institutional Investors, OECD (Paris) 2014. Access: 3 April 2015. <https://g20.org/wp-content/uploads/2014/12/7.1%20G20-OECD%20Report%20on%20Effective%20Approaches%20to%20Support%20Implementation%20of%20the%20G20-OECD%20High-Level%20Principles.pdf>

Argentina: 0

Argentina has partially complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 3 September 2014, Argentina's Poverty Reduction Program took steps to strengthen awareness of SME assistance policies.²⁴⁰ The program primarily targeted employment, rather than access to credit, for SMEs.

On 30 October 2014, Argentina's congress approved a new hydrocarbons law to establish a regulatory framework intended to accelerate investment in the country's shale resources. The law aimed to simplify investment standards and streamline processes for the oil industry.²⁴¹

On 4 February 2015, Argentina took steps to increase foreign investment by signing a package of 22 agreements with Chinese leader Xi Jinping.²⁴²

On 9 February 2015, Argentina's Central Bank announced that it would gradually increase authorizations handed out to importers for dollar purchases. Few changes have been implemented following previous announcements in 2014 that the government would begin to normalize its currency exchange market.²⁴³

On 1 June 2015, Argentina announced it would not negotiate with U.S. hedge funds suing over unpaid debt as long as the firms persisted to harass the country.²⁴⁴

Argentina has taken limited action to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, Argentina is awarded a score of 0.

Analyst: Christopher Villegas-Cho

Australia: +1

Australia has complied its commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 8 October 2014, Australia's Export Finance and Insurance Corporation (Efic) announced that it would refocus on increasing its capacity to finance SMEs seeking to capitalize on global trade opportunities.²⁴⁵

On 6 December 2014, Government Affairs and Public Policy released a report entitled "A Deregulation Plan for Australian SMEs." This report contributes to ongoing efforts by the Australian government to make financing for SMEs more accessible.²⁴⁶

On 4 February 2015, the NSW government launched Australia's first Social Impact Investment Policy as part of a bold new approach to providing long-term social and economic benefits.²⁴⁷

²⁴⁰ Employment Plan 2014 Argentina, G20 (Cancún) December 2014. Access: 15 March 2015. https://g20.org/wp-content/uploads/2014/12/g20_employment_plan_argentina-.pdf

²⁴¹ Why Investors Shouldn't Overlook Argentina's Energy Reforms, Oil Price 30 October 2014. Access: 15 March 2015. <http://oilprice.com/Energy/General/Why-Investors-Shouldnt-Overlook-Argentinas-Energy-Reforms.html>

²⁴² Argentina Moves Towards Marriage of Convenience with China, IPS News (Buenos Aires) 23 February 2015. Access: 1 March 2015. <http://www.ipsnews.net/2015/02/argentina-moves-towards-marriage-of-convenience-with-china/>

²⁴³ Argentina to Ease currency Controls for Importers- Central Bank, Reuters (Buenos Aires) 9 February 2015. Access: 12 October 2015. <http://www.reuters.com/article/2015/02/09/argentina-imports-idUSL5N0VJ4I520150209>

²⁴⁴ Argentina says no debt negotiations while 'attacks' continue, Reuters (Buenos Aires) 1 June 2015. Access: 12 October 2015. <http://www.reuters.com/article/2015/06/02/argentina-debt-idUSL1N0YN2R520150602>

²⁴⁵ Efics Renewed Focus on SMEs to Boost Jobs and Growth, Australian Government (Canberra) 9 October 2014. Access: 15 March 2015. <http://www.efic.gov.au/news-room/latest-news/2014/october/efics-renewed-focus-on-smes-to-boost-jobs-and-growth/>

²⁴⁶ Deregulation Plan for Australian SMEs, Australian Government Affairs and Public Policy (Canberra) December 2014. Access: 15 March 2015. <http://business.nab.com.au/wp-content/uploads/2014/12/nabs-deregulation-plan-for-australian-smes-december-2014-.pdf>

On 30 April 2015, Australian Treasurer Hon Joe Hockey announced “Approval was given for \$167.4 billion of proposed investment in 2013-14. This represented a 23.4 per cent increase on the \$135.7 billion approved in 2012-13. Foreign investment is critical to the Australian economy. We welcome all foreign investment that is not contrary to our national interests”²⁴⁸

On 20 August 2015, Hockey described the foreign investment reform package; “By granting new compliance powers to the Australian Taxation Office (ATO), and additional powers to the Foreign Investment Review Board (FIRB), the Government is ensuring that Australians can have confidence that our foreign investment framework will be effectively enforced. The package delivers a robust and enforceable regulatory framework and provides a predictable and welcoming environment for investors”²⁴⁹

Thus, Australia has been awarded a score of +1 for the commitment to facilitate long term financing from institutional investors, particularly for SMEs.

Analyst: Jose Isla

Brazil: -1

Brazil has not complied with the commitment to facilitate long term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 17 February 2015, Brazilian Minister of Communication Ricardo Berzoini announced the creation of broadband synergies between the public and private sectors, with the intention to “create an environment where companies can invest larger sums of money and get medium and long-term paybacks.”²⁵⁰

On 24 February 2015, Moody’s cut the rating of Petrobras, a semi-public multinational energy corporation, to Ba2, two levels below investment grade. The downgrade reflected concerns over scandals and liquidity pressures. Most large institutional investors are only able to put money into investment grade securities.²⁵¹

On 26 February 2015, the Presidential Palace announced an immediate cut on federal spending until the end of April, including on work projects such as the Belo Monte hydroelectric dam.²⁵²

On 31 March 2015, Brazilian Finance Minister Joaquim Levy highlighted the importance of long-term investment, stating “If we want to avoid a crisis, we must treat investments as an important issue. If there’s a risk of losing the investment rating, costs will skyrocket for the government and the companies that will no longer be capable of getting [cheaper] credit and [generating jobs].”²⁵³

²⁴⁷ NSW Delivers Australia’s First Social Impact Investment Policy, Media Release, Australian Government (Canberra) 4 February 2015. Access: 15 March 2015. <https://www.nsw.gov.au/media-releases-premier/nsw-delivers-australias-first-social-impact-investment-policy>

²⁴⁸ Australian treasurer, Hon. Joe Hockey speech on Investment (Sydney) 30th April 2015. Access: October 3rd, 2015 <http://jbh.ministers.treasury.gov.au/media-release/032-2015/>

²⁴⁹ Australian treasurer, Hon. Joe Hockey speech on Investment framework. (Sydney) 20th August 2015. Access: October 3rd, 2015 <http://jbh.ministers.treasury.gov.au/speech/026-2015/>

²⁵⁰ Brazilian government promises major broadband investment, ZD Net 17 February 2015. Access: February 26, 2015. <http://www.zdnet.com/article/brazilian-government-promises-major-broadband-investment/>

²⁵¹ Investment atmosphere in Brazil touched by scandal, Bloomberg 24 February 2015. Access: February 26, 2015. <http://www.bloomberg.com/news/articles/2015-02-25/petrobras-downgraded-to-junk-by-moody-s-amid-graft-probe>

²⁵² Brazil Government Starts Making Cuts, Raise Taxes, Forbes 27 February 2015. Access: 15 March 2015. <http://www.forbes.com/sites/kenrapoza/2015/02/27/brazil-government-starts-making-cuts-raises-taxes/>

²⁵³ Brazilian Finance Minister explains the importance of investment to senate. March 31st 2014. Access: October 3rd 2015. <http://agenciabrasil.ebc.com.br/en/economia/noticia/2015-03/economic-adjustment-aims-ensure-new-growth-cycle-finance-minister-says>

On 5 May 2015, Ambassador José Alfredo Graça Lima, Under-Secretary-General of Brazil's Foreign Ministry, announced that the governments of Brazil and China will sign investment agreements worth \$53.3 billion, with close to \$50 billion is for new projects.²⁵⁴

On 10 September 2015, S&P downgraded Brazil to “junk” credit rating. TAG Investimento analyst Andre Leite noted, “If another rating agency also lowers Brazil, then very probably we’re going to see institutional investors obliged to pull their money out.”²⁵⁵

Thus, Brazil is awarded –1 for the commitment to improve measures towards long term financing from institutional investors, particularly for SMEs.

Analyst: Jose Isla

Canada: +1

Canada has fully complied with the commitment to facilitate long-term investment from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 18 November 2014, Canadian Finance Minister Joe Oliver announced investment in Kensington Venture Fund as the next step in the government of Canada's Venture Capital Action Plan (VCAP). The government of Canada contributed CAD 53 million alongside CAD 107 million from institutional, corporate, and individual investors.²⁵⁶

On 22 January 2015, Prime Minister Stephen Harper announced intent to make changes to the Canada Small Business Financing Program to allow more small businesses to apply and to make larger loans available for small business to purchase or improve land or buildings.²⁵⁷

On 30 January 2015, Statistics Canada announced that a comprehensive survey on Small and Medium Enterprises would be released in fall 2015. This survey will provide concrete data for identifying the needs of SMES in Canada.²⁵⁸

On February 3, 2015, a spokesperson for Canada's Minister of Transport confirmed that the Government was leading a major public-private partnership in the construction in the new \$3.65 billion USD bridge between Windsor and Detroit.²⁵⁹

On 6 February 2015, the Government of Canada publicly promoted Canada's stable investment climate for institutional investors. It highlighted that Canada's overall tax on new business investment is the lowest of all G7 members at 17%.²⁶⁰

²⁵⁴ Brazil and China to sign \$53 billion investment agreement. May 5, 2015. Access: October 3, 2015.

http://investimentos.mdic.gov.br/noticia/conteudo/sq_noticia/581.

²⁵⁵ Brazil cut to “junk” credit rating by S&P September 10 2015. Access: October 3 2015. <http://www.bbc.com/news/business-34205558>.

²⁵⁶ Government of Canada Helps to Create Jobs and Growth With Investment in New Venture Capital Fund of Funds, Department of Finance, Government of Canada (Ottawa) 18 November 2014. Access: 10 March 2015. <http://www.fin.gc.ca/n14/14-163-eng.asp>.

²⁵⁷ <http://www.pm.gc.ca/eng/news/2015/01/22/pm-announces-improved-access-financing-canadian-small-businesses>

²⁵⁸ Survey on Financing and Growth of Small and Medium Enterprises, Statistics Canada (Ottawa) 30 January 2015. Access: 28 February 2015. <http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=2941>.

²⁵⁹ US, Canada will tap private sector funds to build customs plaza, The Wall Street Journal (New York City), 3 February 2015. Access: 28 February 2015. <http://www.wsj.com/articles/u-s-canada-will-tap-private-sector-funds-to-build-customs-plaza-1423014158>.

²⁶⁰ Why Invest in Canada? The Canadian Trade Commissioner Service (Ottawa) 6 February 2015. Access: 28 February 2015. <http://www.international.gc.ca/investors-investisseurs/avantage-avantage/avantage-avantage.aspx?lang=eng>.

In the 2015-2016 fiscal year, Canada's Small Business Job Credit will take effect. This measure will apply to "EI premiums paid by small businesses" and is "expected to save small employers more than \$550 million over 2015 and 2016."²⁶¹

On 21 April 2015, the Conservative Government released the 2015 budget, which introduced new measures to support SMEs. These measures include reducing taxes further for small businesses; improving access to financing for Canadian small businesses; expanding services of the Business Development Bank of Canada and Export Development Canada to help small and medium-sized enterprises; increasing access to venture capital financing to help innovative, high-growth companies grow and create jobs; providing \$14 million over two years to Futurpreneur Canada in support of young entrepreneurs; and supporting the Action Plan for Women Entrepreneurs to help women business owners succeed.²⁶²

The 2015 budget also included measures to reduce red tape for SMEs, such as reducing the frequency of remittances for the smallest new employers and launching the planning and preparation required for federal adoption of the Business Number as a Common Business Identifier.²⁶³

During the compliance period, Canada has taken actions to improve the conditions for institutional investors and to support the long-term financing needs of SMEs. Thus, Canada has been awarded a score of +1.

Analyst: Elise Belzil

China: +1

China has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 8 November 2014, President Xi announced the establishment of the Silk Road Fund endowed with USD 40 billion, jointly sponsored by official foreign exchange reserves, China Investment Corporation, the Export-Import Bank of China, and the China Development Bank. The fund will make medium- and long-term investment in the fields of infrastructure, resource development, and industrial and financial cooperation with a focus on providing financing and investment services along the Silk Road Economic Belt and the 21st Century Maritime Silk Road.²⁶⁴

On 11 December 2014, leaders in China concluded the three-day Central Economic Work Conference.²⁶⁵ The conference recognized the importance of emerging industries, service industry, and small and micro businesses.²⁶⁶

On 23 January 2015, the People's Bank of China (PBC) released the "Notice on Improving the Policy on Credit Policy Supporting Central Bank Lending to Support the Lending to the Agricultural Sector, Rural Areas and Farmers, and Small and Micro Enterprises." The purpose of the notice is to "improve the terms and conditions of agro-supporting and small and micro enterprises supporting central bank lending, to clarify the quantitative and interest rate standards of financial institutions providing agricultural-related and small and micro enterprise loans with funds provided by agro-supporting and small and micro enterprises

²⁶¹ Backgrounder: The Small Business Job Credit, Department of Finance (Ottawa), 11 September 2014. Access: 28 February 2015. http://www.fin.gc.ca/n14/data/14-120_1-eng.asp.

²⁶² The Budget in Brief 2015 (Ottawa) 21 April 2015. Access: 10 October 2015. <http://www.budget.gc.ca/2015/docs/bb/brief-bref-eng.html>.

²⁶³ The Budget in Brief 2015 (Ottawa) 21 April 2015. Access: 10 October 2015. <http://www.budget.gc.ca/2015/docs/bb/brief-bref-eng.html>.

²⁶⁴ China to Establish \$40 Billion Silk Road Infrastructure Fund, Reuters (Beijing) 8 November 2014. Access: 4 October 2015. <http://www.reuters.com/article/2014/11/08/us-china-diplomacy-idUSKBN0IS0BQ20141108>.

²⁶⁵ Highlights of China's Central Economic Work Conference, Xinhua Net News 11 December 2014. Access: 1 March 2014. http://news.xinhuanet.com/english/china/2014-12/11/c_133848763.htm.

²⁶⁶ 9 Interpretations of China's Central Economic Work Conference in 2014, CCTV.com 12 December 2014. Access: 1 March 2015. <http://english.cntv.cn/2014/12/12/ART11418377771846609.shtml>.

supporting central bank loans, and to enhance assessment and monitoring of the effect of central bank lending.”²⁶⁷ As a result, the quota of credit policy supporting central bank lending is increased by RMB 30 billion for small and micro enterprise financing.²⁶⁸

On 5 February 2015, the PBC announced a decision to cut the renminbi deposit required reserve ratio for financial institutions by 0.5%. In addition, the PBC cut the reserve ratio for city commercial banks and non-country level rural commercial banks that have met the reduction by an additional 0.5% and cut the required reserve ratio for the Agricultural Development Bank of China by 4%, which will—in part—enhance the capacity of financial institutions to support small and micro enterprises.²⁶⁹

On 28 February 2015, the PBC cut the loan interest rate and the deposit interest rate to 5.35% and 2.5% respectively.²⁷⁰ This followed the cuts on 22 November 2014, which reduced RMB benchmark loan interest rate from 6% to 5.6% and cut deposit interest rate for financial institutions from 3% to 2.75%.²⁷¹ These interest rate cuts sought to “lower social financing costs and provide a modest monetary environment to facilitate economic restructuring.”²⁷²

On 29 June 2015, 57 countries signed the articles of agreement for the Asian Infrastructure Investment Bank (AIIB) in Beijing. This multilateral development bank is a China-led initiative to improve infrastructure throughout Asia and is part of the “One Belt, One Road” initiative.²⁷³

On 23 August 2015, China allowed local government managed pension funds to invest in the stock market for the first time. The State Council’s website states that the pension funds can invest up to 30 per cent of their net assets in domestic stocks, equity funds and balanced funds. Monet-market instruments, asset-backed securities, index futures, bond futures, and major infrastructure projects can also be the target for the investment.²⁷⁴

On 1 September 2015, China’s cabinet announced that it would relax requirement for fixed-asset investments, and it would establish a 60 billion yuan national development fund for SMEs.²⁷⁵

²⁶⁷ The PBC Increases Quota of Credit Policy Supporting Central Bank Lending to Support Agro-Supporting Loans and Lending to Small and Micro Enterprises, International Business Television (Beijing) 28 January 2015. Access: 4 October 2015. <http://en.ibtv.cc/index.php?m=article&a=index&id=10521>.

²⁶⁸ The PBC Increases Quota of Credit Policy Supporting Central Bank Lending to Support Agro-Supporting Loans and Lending to Small and Micro Enterprises, International Business Television (Beijing) 28 January 2015. Access: 4 October 2015. <http://en.ibtv.cc/index.php?m=article&a=index&id=10521>.

²⁶⁹ PBC Decides to Cut Required Reserve Ratio for All Financial Institutions and to Provide Targeted Required Reserve Ratio Cut for Selected Institutions, HighBeam Research (Beijing) 5 February 2015. Access: 4 October 2015. <http://www.highbeam.com/doc/1G1-400285882.html>.

²⁷⁰ China cuts interest rates to lower financing costs, CCTV.com 28 February 2015. Access: 1 March 2015. <http://english.cntv.cn/2015/02/28/ARTI1425122192578487.shtml>.

²⁷¹ PBC Decides to Cut RMB Benchmark Loan and Deposit Interest Rates and Expand Interest Rate Floating Range, the People’s Shanghai Housing Provident Fund Website 21 November 2014. Access: 4 October 2015. <http://www.spfmc.com/html/en/news/75901.html>.

²⁷² China cuts interest rates to lower financing costs, CCTV.com 28 February 2015. Access: 1 March 2015. <http://english.cntv.cn/2015/02/28/ARTI1425122192578487.shtml>.

²⁷³ The Asia Infrastructure Investment Bank, Lexology (Asia-Pacific) 7 October 2015. Access: 10 October 2015. <http://www.lexology.com/library/detail.aspx?g=c80ad5ec-db31-4a5e-891a-ab9a63595bc5>.

²⁷⁴ China gives pension funds access to stock market, the Globe and Mail (Shanghai) 23 August 2015. Access: 10 October 2015. <http://www.theglobeandmail.com/report-on-business/international-business/asian-pacific-business/china-gives-pension-funds-access-to-stock-market/article26066035/>.

²⁷⁵ China to relax investment rules and set up development fund for SMEs, South China Morning Post (Beijing) 1 September 2015. Access: 10 October 2015. <http://www.scmp.com/news/china/policies-politics/article/1854506/china-relax-investment-rules-and-set-development-fund>.

On 8 October, the China Insurance Regulatory Commission (CIRC) appointed a senior executive at one of China's leading insurance company to launch a 300 billion yuan fund to facilitate infrastructure development projects including those linked to the "One Belt, One Road" initiatives.²⁷⁶

China has taken measures to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, China is awarded a score of +1.

Analyst: Wenjie (Shirley) Wu

France: +1

France has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 24 October 2014, the government published a report entitled "Effort Financier de L'État en Faveur des Petites et Moyennes Entreprises" attached to the 2015 Budget Bill. The report commented on the state of SME financing in France.²⁷⁷

In January 2015, President Francois Hollande announced a plan to "lower taxes and spur employment." This series of tax cuts for businesses is called the "Responsibility Pact."²⁷⁸ In the pact, President Hollande promised to "ease payroll taxes by up to €40 billion by 2017 if businesses would hire more workers."²⁷⁹

On 19 February 2015, French Prime Minister Manuel Valls pushed through a new pro-business bill through Parliament, by decree. Passing a bill by decree involves "passing it through the lower house, without a vote, using Constitutional Article 49-3." This bill aims to "free up France's stringent labour rules to invigorate hiring and investment."²⁸⁰ The bill also includes over "200 deregulatory measures."²⁸¹

In May 2015, the Government of France released its National Reform Program and outlined targeted measures to support the long-term financing needs of SMEs. These measures include the "Competitiveness and Employment Tax Credit (CICE)," which along with the "Responsibility Pact" amounts to a "\$40 billion reduction in taxation and labour contributions by 2017."²⁸²

The Reform Program also outlined measures to "simplify administrative formalities for businesses" by "reducing the time-frame for the issue of planning permission to five months," "simplifying access for SMEs to the 20,000 public tenders organized by the government every year," implementing "100% online administrative procedures, including a single digital ID for all the administrative procedures of individuals," and implementing a "single permit for environmental authorizations."²⁸³

²⁷⁶ Taikang executive 'picked to set up belt and road fund', Caixin Online 8 October 2015. Access: 10 October 2015.

<http://english.caixin.com/2015-10-08/100860775.html>.

²⁷⁷ Effort Financier de L'état en Faveur des Petites et Moyennes Entreprises, Government of France (Paris) 2015. Access: 15 March 2015.http://www.performance-publique.budget.gouv.fr/sites/performance_publique/files/farandole/ressources/2015/pap/pdf/jaunes/jaune2015_PME.pdf

²⁷⁸ Boost for France as jobless figures fall, The Local (Paris) 26 February 2015. Access: 28 February 2015.

<http://www.thelocal.fr/20150226/boost-for-france-as-jobless-figures-fall>.

²⁷⁹ French Government survives no confidence vote, France 24 (Paris) 20 February 2015. Access: 28 February 2015.

<http://www.france24.com/en/20150219-valls-macron-france-economic-reform-no-confidence-vote-national-assembly/>.

²⁸⁰ French PM forces pro-business bill through Parliament, France 24 (Paris) 19 February 2015. Access: 28 February 2015.

<http://www.france24.com/en/20150217-france-macron-bill-pro-business/>.

²⁸¹ Events throw France's Hollande a lifebuoy, BBC News (Paris) 14 February 2015. Access: 28 February 2015.

<http://www.bbc.com/news/blogs-eu-31461815>.

²⁸² National Reform Program 2015 (Paris) 1 May 2015. Access: 10 October 2015.

http://www.gouvernement.fr/sites/default/files/locale/piece-jointe/2015/05/national_reform_programme_2015-france.pdf.

²⁸³ National Reform Program 2015 (Paris) 1 May 2015. Access: 10 October 2015.

http://www.gouvernement.fr/sites/default/files/locale/piece-jointe/2015/05/national_reform_programme_2015-france.pdf.

During the compliance period, France has passed comprehensive legislation to improve the conditions for institutional investors and to support the long-term financing needs of SMEs. Thus, France has been awarded a score of +1.

Analyst: Elise Belzil

Germany: +1

Germany has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 11 November 2014, the German government announced reductions to bureaucratic influence for small to medium-sized enterprises in their Annual Financial Report. Initiatives included changes to tax and accounting law; relief for start-ups and young entrepreneurs; and obligations to provide statistics and information.²⁸⁴

On 25 November 2014, Germany hosted the first European Family Business Summit, focused on global challenges.²⁸⁵ The Stability and Growth Pact stressed growth through “sound budgetary management when pro-competitive structural reforms are carried out.”²⁸⁶

On 25 November 2014, German Chancellor Angela Merkel referred to funds set aside in the German budget for new investments, specifying EUR 7 billion at the moment with EUR 10 billion euros added by the end of 2018.²⁸⁷

On 17 December 2014, Germany proposed 58 projects worth EUR 89 billion euros for infrastructure projects.²⁸⁸ Germany has consistently referred to investment in digital infrastructure as a form of investment for the operation of small to medium-sized enterprises, emphasizing the importance of the Digital Agenda 2014-2017 as an initiative to further investment opportunities.²⁸⁹

On 15 February 2015, the Ministry for Economic Affairs and Energy announced plans to establish funds from public-private partnerships for cross-community construction projects.²⁹⁰ According to Transport Minister Alexander Dobrindt, “We want a state organisation that can make use of private financing. Public-private construction partnerships are more economic...projects in the magnitude of EUR 15 billion.”²⁹¹

²⁸⁴ 2015 Annual Economic Report: Investing in Germany and Europe’s future, Federal Ministry of Economic Affairs and Energy (Berlin) 28 January 2015. Access: 16 February 2015. <http://www.bmwi.de/English/Redaktion/Pdf/jahreswirtschaftsbericht-2015-englische-zusammenfassung,property=pdf,bereich=bmwi2012,sprache=en,rwb=true.pdf>

²⁸⁵ Investing in Germany, The Federal Government (Berlin) 25 November 2014. Access: 16 February 2015. http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-25-eu-familienunternehmer_en.html?nn=709674

²⁸⁶ Investing in Germany, The Federal Government (Berlin) 25 November 2014. Access: 16 February 2015. http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-25-eu-familienunternehmer_en.html?nn=709674

²⁸⁷ Investing in Germany, The Federal Government (Berlin) 25 November 2014. Access: 16 February 2015. http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-25-eu-familienunternehmer_en.html?nn=709674

²⁸⁸ Investing in Germany, The Federal Government (Berlin) 25 November 2014. Access: 16 February 2015. http://www.bundesregierung.de/Content/EN/Artikel/2014/11_en/2014-11-25-eu-familienunternehmer_en.html?nn=709674

²⁸⁹ 2015 Annual Economic Report: Investing in Germany and Europe’s future, Federal Ministry of Economic Affairs and Energy (Berlin) 28 January 2015. Access: 16 February 2015. <http://www.bmwi.de/English/Redaktion/Pdf/jahreswirtschaftsbericht-2015-englische-zusammenfassung,property=pdf,bereich=bmwi2012,sprache=en,rwb=true.pdf>

²⁹⁰ Germany eyes part-privatization for infrastructure projects - paper, Euronews (Berlin) 15 February 2015. Access: 16 February 2015. <http://www.euronews.com/business-newswires/2939756-germany-eyes-part-privatisation-for-infrastructure-projects-paper/>

²⁹¹ Germany eyes part-privatization for infrastructure projects - paper, Euronews (Berlin) 15 February 2015. Access: 16 February 2015. <http://www.euronews.com/business-newswires/2939756-germany-eyes-part-privatisation-for-infrastructure-projects-paper/>

On 16 March 2015, Chancellor Merkel emphasized the importance of access to capital for new businesses in her speech at the Conference and Exhibition for IT and digital business (CeBIT).²⁹² She mentioned an upcoming plan to “promote young entrepreneurs with funds from the European Recovery Programme (ERP) Special Fund, the European Investment Fund and the Kreditanstalt für Wiederaufbau.”²⁹³

On 16 March 2015, the Federal Minister for Economic Affairs and Energy Sigmar Gabriel and Federal Minister of Education and Research Johanna Wanka launched the Industry 4.0 platform.²⁹⁴ Part of the Industry 4.0 platform, according to Minister Wanka, is “helping small and medium-sized companies make use of the opportunities” by “[improving] the reliability and security of information technology.”²⁹⁵

On 11 June 2015, State Secretary in the Federal Ministry for Economic Affairs and Energy Matthias Machnig, together with Deputy CEO of Deutsche Börse Andreas Preuß, announced the Deutsche Börse Venture Network. The programme gives small companies the opportunity to find international investors.²⁹⁶ This was part of the Ministry of Economic Affairs and Energy’s discussion with financial leaders on how to increase funding for small German companies.²⁹⁷

On 1 July 2015, the German government introduced the “one in, one out” rule to the Federal Government’s creation of regulatory rules affecting business compliance costs.²⁹⁸ In efforts to reduce red tape faced by businesses, each Federal Ministry must remove a rule for every burdensome regulation added.²⁹⁹

During the compliance period, Germany has taken actions to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, Germany is awarded a score of +1.

Analyst: Eimi Harris

India: +1

India has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 28 February 2015, in the Union Budget, the Indian government and the Ministry of Finance have created the “Make in India” initiative; which is allocating INR20,000 to the SME sector (up from the INR10,000 in 2014).³⁰⁰ The initiative eases regulations so that it is easy for people to invest and become involved in the

²⁹² Ten points for the digital future, The Federal Government (Berlin) 16 March 2015. Access: 22 September 2015.

http://www.bundesregierung.de/Content/EN/Artikel/2015/03_en/2015-03-16-cebit-zehn-punkte_en.html?nn=709674

²⁹³ Ten points for the digital future, The Federal Government (Berlin) 16 March 2015. Access: 22 September 2015.

http://www.bundesregierung.de/Content/EN/Artikel/2015/03_en/2015-03-16-cebit-zehn-punkte_en.html?nn=709674

²⁹⁴ Launch of the Industry 4.0 platform, Federal Ministry for Economic Affairs and Energy (Berlin) 16 March 2015. Access: 23 September 2015. <http://www.bmwi.de/EN/Press/press-releases,did=697920.html>

²⁹⁵ Launch of the Industry 4.0 platform, Federal Ministry for Economic Affairs and Energy (Berlin) 16 March 2015. Access: 23 September 2015. <http://www.bmwi.de/EN/Press/press-releases,did=697920.html>

²⁹⁶ Gabriel: Deutsche Börse Venture Network will improve the financing situation of young, fast-growing companies, Federal Ministry for Economic Affairs and Energy (Berlin) 11 June 2015. Access: 23 September 2015. <http://www.bmwi.de/EN/Press/press-releases,did=716474.html>

²⁹⁷ Gabriel: Deutsche Börse Venture Network will improve the financing situation of young, fast-growing companies, Federal Ministry for Economic Affairs and Energy (Berlin) 11 June 2015. Access: 23 September 2015. <http://www.bmwi.de/EN/Press/press-releases,did=716474.html>

²⁹⁸ Federal Government introduces rules to limit red tape, The Federal Government (Berlin) 17 August 2015. Access: 22 September 2015. http://www.bundesregierung.de/Content/EN/StatischeSeiten/Buerokratieabbau_en/2015-08-17-federal-government-introduces-rules-red-tape.html?nn=709674

²⁹⁹ Federal Government introduces rules to limit red tape, The Federal Government (Berlin) 17 July 2015. Access: 22 September 2015. http://www.bundesregierung.de/Content/EN/StatischeSeiten/Buerokratieabbau_en/2015-08-17-federal-government-introduces-rules-red-tape.html?nn=709674

³⁰⁰ Government allocates 20,000 Rupees to SMC sector, Money Control (New Delhi) 28 February 2015. Access: 28 February 2015. http://www.moneycontrol.com/news/economy/union-budget-2015-govt-allocates-rs-20000-cr-to-boost-smes-via-mudra-bank_1315834.html

SME industry as well as providing access to cheap credit, use of technology and a stringent policy framework.³⁰¹

On 1 March 2015, the Indian government announced it would set up the Micro Units Development Refinance Agency Bank “to finance the setting up of small and micro units and thereby encourage entrepreneurship among SC/STs [scheduled castes/scheduled tribes] and OBCs [other backward classes].”³⁰² The bank would have a corpus of INR20,000 and a credit guarantee corpus of INR3,000.

On 10 October 2015, the Department of Industrial Policy and Promotion (DIPP) approved 19 private companies to manufacture a multitude of defence products, “adding to a slew of clearances by the Modi government and strengthening the Make it India initiative.”³⁰⁴

India has taken action to facilitate long-term financing particularly for SMEs. Thus, India is awarded a score of +1.

Analyst: Lukas Weese

Indonesia: +1

Indonesia has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 17 November 2014, Indonesian President Joko Widodo announced plans to raise the government-subsidized petrol price by more than 30%. Subsidies for imported fuel currently cost 13% of the government’s budget. Widodo said that savings from cutting the petrol subsidy could be spent on key infrastructure projects such as roads and ports.³⁰³

On 21 November 2014, President Joko Widodo announced plans to change the body of the Investment Coordinating Board (BKPM) to improve and facilitate services for investors to invest more in Indonesia.³⁰⁴

On 7 December 2014, Indonesian President Joko Widodo outlined general plans to lower the country’s investment barriers and streamline the bureaucracy. Widodo said he had directed government officials to investigate, on a case-by-case basis, incentives such as offers of tax holidays to attract investment.³⁰⁵

On 15 January 2015, Indonesia’s Investment and Coordinating Board piloted a one-stop business licensing service to reducing administrative burdens and simplifying bureaucratic procedures.³⁰⁶

On 30 June 2015, Indonesia Investment Coordinating Board Chairman Franky Sibarani announced plans to simplify the investment application process and create 25 “special economic zones” that will lure investment.³⁰⁷

³⁰¹ Micro, Small and Medium Enterprises, Reserve Bank of India (New Delhi) 26 September 2013. Access: 27 February 2015.

<http://www.rbi.org.in/commonman/english/scripts/FAQs.aspx?id=966>

³⁰² Banking on Mudra for SMEs, The Financial Express (New Delhi) 1 March 2015. Access: 10 March 2015.

<http://indianexpress.com/article/business/budget/banking-on-mudra-for-smes/>

³⁰³ Joko Widodo raises Indonesia’s subsidised petrol price, Financial Times 17 November 2014. Access: 26 February 2015.

<http://www.ft.com/cms/s/0/f8b84820-6e73-11e4-afe5-00144feabdc0.html>

³⁰⁴ Jokowi Akan Rombak Total BKPM, CNN Indonesia (Jakarta) 21 November 2014. Access: 10 March 2015.

<http://www.cnnindonesia.com/ekonomi/20141121065740-92-12908/jokowi-akan-rombak-total-bkpm/>

³⁰⁵ Indonesian President Joko Widodo Pledges to Cut Investment Barriers, Wall Street Journal 7 December 2014. Access: 26 February 2015. <http://www.wsj.com/articles/indonesian-leader-joko-widodo-pledges-to-cut-investment-barriers-1417988251#livefyre-comment>

³⁰⁶ Indonesia Looks to Foreign Investment to Boost Economy, ASEAN Briefing 19 January 2015. Access: 26 February 2015.

<http://www.aseanbriefing.com/news/2015/01/19/indonesia-looks-foreign-investment-boost-economy.html>

³⁰⁷ Indonesia aims to attract more foreign investment, The China Post 1 July 2015. Access: 9 October 2015.

<http://www.chinapost.com.tw/business/asia/indonesia/2015/07/01/439599/Indonesia-aims.htm>

On 9 September 2015, Indonesian President Joko Widodo outlined a set of measures to lure investment. The measures are intended to simplify overlapping industry and trade regulations and streamline the permit process for “strategic projects.”³⁰⁸

On 29 September 2015, Indonesian President Joko Widodo announced plans to attract investment by streamlining government regulations through special “industrial economic zones.”³⁰⁹

On 1 October 2015, Indonesian President Joko Widodo announced plans to increase bank lending by looking at ways to allow lenders to reduce operational costs. The government also announced plans to impose sanctions and funding cuts on regional governments that have not yet streamlined the business permit application process.³¹⁰

Indonesia has taken measures to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, Indonesia is awarded a score of +1.

Analyst: James Flynn

Italy: +1

Italy has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 14 October 2014, Deutsche Bank Research found that SME financing has increased, especially for micro enterprises.³¹¹ Italy has created financial instruments such as minibonds, which pool together SME bonds and sell them into capital markets.³¹²

On 7 January 2015, reports indicated that guaranteed credit and support to innovative small- and medium-sized businesses were going to be the two pillars of the government’s new economic growth plan. The bill will include the new reforms of the state’s SME Guarantee Fund. The reforms included a packet of deregulation and aid for competitive small business, specific regulations about alternative sources of funding, and a review of the rules aimed to attract foreign capital.³¹³

On 9 February 2015, the Italian Economy Minister Pier Carlo Padoan called for Europe to take bolder steps in “boosting investment and [taking] policy steps that encourage private sector spending particularly in infrastructure.”³¹⁴

³⁰⁸ Indonesia unveils stimulus package to lure investment, Reuters 9 September 2015. Access: 8 October 2015. <http://uk.reuters.com/article/2015/09/09/indonesia-economy-policy-idUKL4N11F2C120150909>

³⁰⁹ Indonesia rolls out next stimulus phase in effort to lift economy, Financial Times 29 September 2015. Access: 8 October 2015. <http://www.ft.com/cms/s/0/8e7145b8-66a5-11e5-97d0-1456a776a4f5.html>

³¹⁰ Indonesia to lower fuel costs, boost bank lending, Bangkok Post 1 October 2015. Access: 8 October 2015. <http://www.bangkokpost.com/news/asean/714832/indonesia-to-lower-fuel-costs-boost-bank-lending>

³¹¹ SME Financing in the Euro Area, Deutsche Bank Research (Frankfurt) 14 October 2014. Access: February 25, 2015. https://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000344173/SME+financing+in+the+euro+area%3A+New+solutions+to+an+old+problem.PDF

³¹² Italian SMEs bypass banks with securitization product, Reuters (New York) 9 July 2014. Access: February 25, 2015. <http://www.reuters.com/article/2014/07/09/idUSL6NOPJ47920140709>

³¹³ A preview of the new “industrial compact” for SMEs, Italy 24 (Rome) 7 January 2015. Access: 15 March 2015. <http://www.italy24.ilsole24ore.com/art/government-policies/2015-01-06/cabinet-ready-to-introduce-new-guaranteed-credit-to-support-smes-growth--125620.php?uid=ABC9kQZC>

³¹⁴ Italy's Padoan says Europe should be bolder in boosting investments, Reuters Canada 12 February 2015. Access: 15 March 2015. <http://ca.reuters.com/article/topNews/idCAKBNOLD0TE20150209>

⁵ Italian government backtracks loyalty shares, Campden FB 12 February 2015. Access: 15 March 2015. <http://www.campdenfb.com/article/italian-government-back-tracks-loyalty-shares>

⁶ SMEs in Italy Benefit from EU-Guaranteed Loans, European Commission 1 June 2015. Access: October 10, 2015. <http://ec.europa.eu/research/index.cfm?pg=newsalert&year=2015&na=na-010615>

On 12 February 2015, the Italian government amended a measure that allowed listed companies to introduce “loyalty shares.” The amendment stated that companies must have a two-thirds majority to introduce the mechanism, the result being that minority investors are more likely to get a say. This is a positive sign for institutional investors.³¹⁵

On 1 June 2015, Italy announced that it will allow banks to enter loan agreements with SMEs for a total of 220 million euros over the next two years⁶. SMEs in Italy will have “easier access to risk capital thanks to a new EU-backed loan guarantee facility under the Horizon 2020 Programmes.”

Italy has taken action to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, Italy is awarded a score of +1.

Analyst: Lukas Weese

Japan: +1

Japan has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 31 October 2014, the Government Pension Investment Fund (GPIF) announced policy changes designed to boost domestic investment and improve returns. Specifically, the GPIF reduced the basic asset allocation target for domestic bonds from 60% to 35% and increased the domestic stocks allocation from 12% to 25%. In addition, the allocation to foreign bonds and foreign stocks has increased to 15% and 25% respectively.³¹⁶

On 9 January 2015, the Prime Minister’s cabinet endorsed a JPY 3.12 trillion package to revive domestic demand. Of this package, JPY 247.1 billion will be used to support farmers, small firms and transport companies.³¹⁷

On 4 February 2015, the Ministry of Economy, Trade and Industry (METI) developed guidelines for small and medium-sized service businesses to improve the productivity. The guidelines outline eight approaches for value-creation and innovation, as well as two approaches for improving efficiency. In addition, SMEs that follow these guidelines are eligible for financial support from METI.³¹⁸

On 28 September 2015, Prime Minister Shinzo Abe instructed the government-affiliate Organization for Small & Medium Enterprises and Regional Innovation to launch an SME investment fund. This fund would pool up to 10 billion yen from companies including foreign ones to provide capital to domestic businesses aiming at expanding overseas market.³¹⁹

Japan has taken steps to support long-term financing from institution investors by reforming the GPIF and particularly for SMEs through numerous initiatives. Thus, Japan is awarded a score of +1.

Analyst: Wenjie (Shirley) Wu

³¹⁵ Italian government backtracks loyalty shares, Campden FB 12 February 2015. Access: 15 March 2015. <http://www.campdenfb.com/article/italian-government-back-tracks-loyalty-shares>.

³¹⁶ Japan’s pension fund cutting local bonds to buy equities, BloombergBusiness 31 October 2014. Access: 10 October 2015. <http://www.bloomberg.com/news/articles/2014-10-31/japan-s-pension-fund-cutting-local-bonds-to-buy-equities>.

³¹⁷ Cabinet rubber stamps JPY 3.12 trillion extra budget, the Japan Times (Tokyo) 10 January 2015. Access: 1 March 2015. http://www.japantimes.co.jp/news/2015/01/10/business/economy-business/cabinet-rubber-stamps-%C2%A53-12-trillion-extra-budget/#.VPPHf_nF9sJ.

³¹⁸ METI has Developed Guidelines for Small and Medium-sized Service Businesses to Improve the Productivity, Ministry of Economy, Trade and Industry (Tokyo) 4 February 2015. Access: 1 March 2015. http://www.meti.go.jp/english/press/2015/0204_01.html.

³¹⁹ Abe pledges aid for investment in Japan’s small manufacturers, Nikkei Asian Review (New York) 29 September 2015. Access: 10 October 2015. <http://asia.nikkei.com/Politics-Economy/Policy-Politics/Abe-pledges-aid-for-investment-in-Japan-s-small-manufacturers>.

Korea: +1

Korea has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 17 November 2014, the Financial Supervisory Service (FSS) announced a new lending model for SMEs based on long-term relationships, beginning on 24 November 2014. The model “involves extending long-term loans, making equity investment and offering consulting services based on the general assessment of qualitative information” related to SMEs’ operations by banks, and would be pushed for adoption by banks by the FSS.³²⁰

On 22 December 2014, the Ministry of Finance unveiled its strategic policy plans for 2015 centred on structural reforms to improve Korea’s economy. These included policies to permit creation of large investment funds; reform financial regulation; reform foreign exchange rules; strengthen shareholder rights and raise dividend payments; establish a KRW30 trillion investment scheme and expand research and development tax breaks for SMEs; reduce unfair trading practices that discourage foreign investment; and build SME competitiveness through incentives and tax benefits.³²¹

On 28 December 2014, the government announced removal of “114 administrative rules cited by local companies for hindering businesses,” with all changes to be completed within the first half of 2015 in order to spur business development.³²²

On 4 January 2015, the government announced it would provide a two-year extension for the existing tax deduction for companies purchasing industrial land or newly establishing or expanding industrial plants in order to encourage companies to expand and spur investment.³²³

On 7 January 2015, President Park Geun-hye reaffirmed the government’s commitment to reform Korea’s past export-oriented economic model based on large conglomerates. In addition to public sector reforms and policies targeting innovation, the government aims to target SMEs to boost growth and domestic demand, “[pledging] particular support to five integral services sectors—namely health and medical care, tourism, finance, education and software.”³²⁴

On 19 January 2015, the government announced it would invest KRW100 trillion in new growth industries, providing technology financing through the establishment of ‘finance zones’ for creative economy innovation centres to support innovative start-ups and SMEs nationwide.³²⁵

On 28 January 2015, the government-run Korean Development Bank (KDB) announced plans to extend KRW63 trillion to domestic companies in 2015 to foster investment and to support the government’s stimulus drive and economic policies. KRW34.9 trillion will support SMEs, with an additional KRW10.5

³²⁰ Relationship-Based Lending to SMEs, Financial Supervisory Service (Seoul) 17 November 2014. Access: 28 February 2015. <http://english.fss.or.kr/fss/en/media/release/view.jsp?bbsid=1289277491315&category=null&idx=1416187369095&num=914&color=green>.

³²¹ 2015 economic policy - gist, Yonhap News Agency (Seoul) 22 December 2014. Access: 28 February 2015. <http://english.yonhapnews.co.kr/business/2014/12/19/17/0502000000AEN20141219000900320F.html>

³²² Gov't to ax red tape hampering businesses, Invest Korea (Seoul) 31 December 2014. Access: 28 February 2015. http://www.investkorea.org/ikwork/iko/eng/cont/contents.jsp?code=102060101&no=608300001&url_info=bbs_read.jsp&bno=412310003&sort_num=1643&l_unit=90202&m_unit=&s_unit=

³²³ 2-Yr Extension for Tax Deduction on Industrial Complexes, Invest Korea (Seoul) 15 January 2015. Access: 28 February 2015. http://www.investkorea.org/ikwork/iko/eng/cont/contents.jsp?code=102060101&no=608300001&url_info=bbs_read.jsp&bno=501150007&sort_num=1655&l_unit=90202&m_unit=&s_unit=

³²⁴ Government emphasizes role of private sector in GDP growth, Economist Intelligence Unit (London) 14 January 2015. Access: 28 February 2015. <http://country.eiu.com/article.aspx?articleid=721424056&Country=South%20Korea&topic=Economy>.

³²⁵ Govt. Invests KRW 100 Tn in New Growth Industries, Invest Korea (Seoul) 19 January 2015. Access: 28 February 2015. http://www.investkorea.org/ikwork/iko/eng/cont/contents.jsp?code=102060101&no=608300001&url_info=bbs_read.jsp&bno=501190002&sort_num=1658&l_unit=90202&m_unit=&s_unit=

trillion of the total planned to support financing of venture firms and start-ups. In addition, KDB aims to invest KRW15 trillion to spur investment in (long-term) major infrastructure projects, as well as technology companies “with high growth potential.”³²⁶

On 17 March 2015, following a national trade and investment promotion meeting, the government announced a number of measures to promote investment. These include attracting service sector investment by creation by taking advantage of an existing earmarked KRW3 trillion fund, establishing a target to generate KRW24 trillion investment in manufacturing by 2017 supported by policies including a KRW30 billion investment fund to be established later that year, and growing the safety goods industry by policies including upgrading safety rules to conform to international standards and spending KRW12.4 trillion to support the nascent industry.³²⁷

On 6 May 2015, the government released its Foreign Investment Regulatory Reforms Plan, aimed to harmonize Korean foreign direct investment regulations with international standards and remove obstacles to foreign investment.³²⁸

On 27 July 2015, the Ministry of Trade, Industry, and Energy opened a regulatory information portal for foreign investment, to provide information on regulations and regulatory reform in certain sectors and submit policy suggestions.³²⁹

Korea has made efforts to facilitate long-term financing by improving market and regulatory conditions for institutional investors and spurring investment opportunities, particularly for SMEs. Thus, Korea is awarded a score of +1.

Analyst: Adam Barrett

Mexico: +1

Mexico has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 25 February 2015, the parliamentary group in the Congress of Deputies presented a draft resolution to the debate on the State of the Nation that urges the government to continue to improve and diversify funding channels for enterprises, especially for SMEs.³³⁰

On 14 May 2015 the Government of Mexico announced plans to push forward land reform to strengthen the rights of private companies involved in negotiations with rural landholders in an effort to spur investment

³²⁶ State-run lender KDB eyes 63 tln won in financing for local firms this year, Yonhap News Agency (Seoul) 28 January 2015. Access: 27 February 2015. <http://english.yonhapnews.co.kr/news/2015/01/28/63/0200000000AEN20150128005100320F.html>

³²⁷ Outline of policy measures from trade-investment promotion meeting, Invest Korea (Seoul) 20 March 2015. Access: 10 October 2015. http://investkorea.org/ikwork/iko/eng/cont/contents.jsp?code=102060101&no=608300001&url_info=bbs_read.jsp&bno=503200005&sort_num=1709&l_unit=90202&m_unit=&s_unit=

³²⁸ Overview of foreign investment regulatory reform plan, Invest Korea (Seoul) 26 June 2015. Access: 10 October 2015. http://investkorea.org/ikwork/iko/eng/cont/contents.jsp?code=1020601&no=608300002&url_info=bbs_read.jsp&bno=50626001&sort_num=173&l_unit=90202&m_unit=&s_unit=

³²⁹ Regulatory information portal for foreign investment to open July 27, Invest Korea (Seoul) 21 July 2015. Access: 10 October 2015.

http://investkorea.org/ikwork/iko/eng/cont/contents.jsp?code=1020601&no=608300002&url_info=bbs_read.jsp&bno=50721002&sort_num=178&l_unit=90202&m_unit=&s_unit=

³³⁰ Debate nación. el pp pide al gobierno mejorar la financiación a pymes y hacer más flexible el acceso al crédito 15 February 2015. Access: 15 March 2015. <http://www.economista.es/economia/noticias/6506473/02/15/Debate-nacion-el-pp-pide-al-gobierno-mejorar-la-financiacion-a-pymes-y-hacer-mas-flexible-el-acceso-al-credito.html#.Kku8mYOiWImY7eF>

both from domestic and international sources.³³¹ Seen as a means of offering “legal certainty” to economic players in the region, the move has the potential to influence shifts in agriculture and natural resource investments.

On 2 June 2015, Mexico proceeded with breaking up its energy monopolies, auctioning off oil exploration areas to foreign investors.³³² The unprecedented is set to open up the Mexican energy industry foreign investment at unprecedented rates. With more than two dozen companies set to compete for these rights, bidders include companies such as ExxonMobil, Chevron, and Pemex.

On 26 August 2015, the Mexican government announced its intention to launch a new low-tax investment vehicle aimed at tapping foreign markets to fund energy infrastructure development.³³³ Similar to the American “Master Limited Partnerships” and modeled after Mexico’s real estate investment trusts, the plan is set to be announced sometime in September 2016.

On 15 September 2015, Fitch Ratings highlighted some of the hurdles currently facing further expansion of SME lending in Mexico.³³⁴ While significant growth has been made in the past few years, lower growth rates are expected for 2016 due to a combination of shifts in government budgeting and slowing SME loan demand.

On 21 September 2015, Canada-based Caisse de depot announced its partnership with Mexican institutional investors in infrastructure projects throughout the country, marking the first of such partnerships between Mexican financial institutions and a large international pension fund manager.³³⁵

Mexico has taken measures to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, Mexico is awarded a score of +1.

Analyst: Christopher Villegas-Cho

Russia: +1

Russia has fully complied with the commitment on investment.

On 25 March 2015, Russian Prime Minister Dmitry Medvedev ordered to introduce a draft law on special tax regimes for small business to the State Duma. The law is aimed at stimulating SME development by reducing financial and administrative costs through establishing special tax regimes at the level of regions and municipalities.³³⁶

On 28 March 2015, Dmitry Medvedev signed an executive order on allocation of subsidies to the regions to support small and medium business in 2015. Subsidies of RUB16.9 billion will be granted to the subjects of the Russian Federation to facilitate the creation of new and support of existing innovative SMEs.³³⁷

³³¹ Mexico Plans Land Reform to Boost Investment, Reuters (Mexico City) 14 May 2015. Access: 12 October 2015.

<http://www.reuters.com/article/2015/05/14/mexico-reforms-idUSL1NOY301420150514>

³³² Energy reform: will Mexico’s newest revolution boost renewables-or just fossil fuels?, the Guardian (Mexico City) 2 June 2015. Access: 12 October 2015. <http://www.theguardian.com/sustainable-business/2015/jun/02/mexico-oil-companies-reforms-gas-hydrocarbon>

³³³ Mexico to unveil energy investment vehicle in September, Reuters (Mexico City) 26 August 2015. Access: 12 October 2015. <http://www.reuters.com/article/2015/08/26/mexico-energy-idUSL1N1102Q220150826>

³³⁴ Mexico’s SME Lending Faces Hurdles in Sustaining Growth, Fitch (New York) 15 September 2015. Access: 12 October 2015. <https://www.fitchratings.com/site/fitch-home/pressrelease?id=990817>

³³⁵ Caisse investing \$1.43 billion on Mexico infrastructure projects, Financial Post (Montreal) 21 September 2015. Access: 12 October 2015. <http://business.financialpost.com/news/fp-street/caisse-investing-1-43-billion-on-mexico-infrastructure-projects>

³³⁶ A draft law on special tax regimes for small business was introduced to the State Duma, Federal Web Portal for Small and Medium Sized Enterprises 27 March 2015. Access date: 14 May 2015. <http://en.smb.gov.ru/sme/news/260.html>.

³³⁷ Government of the Russian Federation allocated nearly 17 billion rubles to support small business, Federal Web Portal for Small and Medium Sized Enterprises 3 April 2015. Access date: 14 May 2015. <http://en.smb.gov.ru/sme/news/262.html>.

On 28 April 2015, Russian President Vladimir Putin instructed the Government to draft an executive order on the creation of a single institution responsible for the development of SMEs in Russia on the basis of the Agency for Credit Guarantees and Russian Bank for Small and Medium Business Support. The new institution will “provide financial, legal, methodological and other support to small and medium-sized businesses.”³³⁸

On 13 October 2015, Russian Ministry of Economic Development drafted SME Development Strategy up to 2030. The draft Strategy was developed in accordance with the President’s instructions of April 2015. Implementation of the strategy is expected to contribute to 2.5 times increase of SMEs turnover compared to 2014, twofold increase in labour productivity in SMEs sector compared to 2014 and other ambitious goals through, inter alia, improving access to and increasing the volume of SME finance.³³⁹

During the compliance period Russia has taken steps to facilitate long-term financing from institutional investors that address SMEs financial needs. Thus, it is awarded a score of +1.

Analyst: Andrey Shelepon

Saudi Arabia: –1

Saudi Arabia has not complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 25 February 2015, Bloomberg reported lending under Saudi Arabia’s SME Loan Guarantee Program, known as Kafalah, plunged 76% to SAR572 million last year as banks tightened rules (according to data from the Saudi Industrial Development Fund). Al-Hazmi, co-founder of Riyadhbased Supply & Logistics Solutions stated that “banks are not lending to any start-ups without providing annual financial statements audited by licensed entities in Saudi Arabia.” The current arrangement makes it difficult for small and medium enterprises to receive public financing.³⁴⁰

On 4 May 2015, The Wall Street Journal reported that Saudi Arabia laid down final rules for the opening of its \$590 billion stock market to foreigners.³⁴¹ This will allow only large institutions to invest, making it more difficult for smaller domestic institutions to invest in Saudi Arabia’s economy.

Saudi Arabia has not taken action to facilitate long-term financing from institutional investors, particularly for SMEs. Thus, Saudi Arabia is awarded a score of –1.

Analyst: Mason Nowak

South Africa: 0

South Africa has partially complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 4 November 2014, the Organisation for Economic Co-operation and Development (OECD) and the United Nations Conference on Trade and Development (UNCTAD) released the 12th report on G20 policy and investment-related measures. This report covered the period between 16 May 2014 and 15 October 2014.

³³⁸ Instructions following State Council meeting, President of Russia 28 April 2015. Access date: 14 May 2015.
<http://en.kremlin.ru/events/state-council/49354>.

³³⁹ Russian Ministry of Economic Development drafted SME Development Strategy in the Russian Federation until 2030, Federal Web Portal for Small and Medium Sized Enterprises 22 October 2015. Access date: 22 October 2015.
<http://en.smb.gov.ru/sme/news/?action=show&id=315>.

³⁴⁰ Saudi Banks Pull Welcome Mat From Startups Seeking Loans, Bloomberg, 25 February 2015. Access: 28 February 2015.
<http://www.bloomberg.com/news/articles/2015-02-26/saudi-banks-pull-welcome-mat-for-smesseeking-loans-arab-credit>.

³⁴¹ Saudi Arabia Issues Rules for Foreign Investing in Stocks, The Wall Street Journal, 4 May 2015. Access: 1 October 2015.
<http://www.wsj.com/articles/saudi-arabia-issues-rules-for-foreign-investing-in-stocks-1430755791?mg=id-wsj>.

South Africa did not report investment policy measures related or unrelated to foreign direct investment during this period.³⁴²

On 10 February 2015, Mineral Resource Minister Ngoako Ramatlhodi announced that South Africa is committed to expanding its mining industry. “South Africa is ready for investment,” Ramatlhodi told the conference. “We are leaving no stone unturned in providing a stable environment for investment.”³⁴³

On 13 February 2015, President Jacob Zuma delivered the State of the Nation Address. Zuma said, “To prevent corruption and promote ethical governance, in December I signed into law the Public Administration and Management Act which among others prohibits public servants from doing business with the State.” Zuma said government has in place seven anti-corruption institutions and 17 pieces of legislation that are intended to combat corruption.³⁴⁴

On 25 February 2015, South African Finance Minister Nhlanhla Nene told Parliament during his 2015 budget speech that a new tax regime has been proposed for businesses with a turnover below ZAR1 million a year. Qualifying businesses with a turnover of less than ZAR335,000 a year will pay no tax. The maximum tax rate has also been reduced from 6% to 3%.³⁴⁵

South Africa has taken actions to facilitate long-term financing from institutional investors, but not particularly for SMEs. Thus, South Africa is awarded a score of 0.

Analyst: Mason Nowak

Turkey: +1

Turkey has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 15-16 December 2014, Turkey hosted the European Business Angels Investment Forum, organized by the European Trade Association for Business Angels, Seed Funds and Early Stage Market Players (EBAN).³⁴⁶ The forum brings together SMEs, private institutions and government bodies to discuss SMEs’ access to funds.

On 30 January 2015, Prime Minister Ahmet Davutoğlu announced initiatives to support SMEs, including the provision of TRY150,000 to each business to help expand overseas. Additionally, the Turkish SME Development Agency (KOSGEB) will increase incentives for research and development for SMEs by 50%.³⁴⁷

On 8 April 2015, President of Turkey’s Small and Medium Enterprises Development Organization Recep Bicer signed a Memorandum of Understanding with the Organization of Iran Small Industries and Industrial Townships. The Memorandum asserted Iran and Turkey would increase their level of trade to \$30 billion per

³⁴² UNCTAD-OCED Twelfth Report on G20 Investment Measures, United Nations Conference on Trade and Development (Geneva) 4 November 2014, Access Date: 20 February 2015. http://unctad.org/en/PublicationsLibrary/unctad_oecd2014d12_en.pdf

³⁴³ South Africa is ready for investment, says Ramatlhodi, South Africa Info (Cape Town) 10 February 2015. Access: 20 February 2015. <http://www.southafrica.info/news/mining-indaba-100215.htm#.VPILUUI-A6U>

³⁴⁴ We will move forward, Zuma tells South Africa, South Africa Info (Cape Town) 13 February 2015. Access: 20 February 2015. <http://www.southafrica.info/news/sona-130215.htm#.VPIbpl-A6U#ixzz3T4TeKqdh>

³⁴⁵ Budget 2015: People’s Guide, National Treasury (Cape Town) 25 February 2015. Access: 26 February 2015. <http://www.treasury.gov.za/documents/national%20budget/2015/guides/2015%20People's%20Guide%20-%20English.pdf>

³⁴⁶ European Business Angels Investment Forum to be held in Turkey this year, Daily Sabah (Istanbul) 15 December 2014. Access: 28 February 2015. <http://www.dailysabah.com/money/2014/12/15/european-business-angels-investment-forum-to-be-held-in-turkey-this-year>

³⁴⁷ Government issues five pieces of good news to SMEs, Daily Sabah (Istanbul) 30 January 2015. Access: 28 February 2015. <http://www.dailysabah.com/money/2015/01/30/govt-issues-five-pieces-of-good-news-to-smes>

year so economic cooperation could “open the space for presence of Turkish economic activists” and promote entrepreneurial exchange.³⁴⁸

On 27 April 2015, Istanbul hosted the World Association Investment Promotion Agencies (WAIPA) Conference on Foreign Direct Investments. The Conference had goals to coordinate global investment strategies with “renewed focus on infrastructure and SME.”³⁴⁹

On 27 May 2015, Deputy Prime Minister Ali Babacan announced the launch of the World SME Forum (WSF) in Istanbul. Created with the Union of Chambers and Commodity Exchanges of Turkey, the International Chamber of Commerce, and the World Chambers Federation, the WSF is meant to coordinate G20 members in their compliance to commitments to support SMEs in the global economy.³⁵⁰

On 30 June 2015, the European Bank for Reconstruction and Development (EBRD) announced it would partner with Turkey’s Odeabank, loaning 60 million euros specifically for lending to Turkish SMEs.³⁵¹

On 3-5 September 2015, Turkey hosted the B20 Summit, a platform for members of the G20 to focus on global business communities. The Summit produced the “B20 SMEs & Entrepreneurship Taskforce Policy Paper” with five recommendations to support SME activities in members. Specifically, the Policy Paper referenced actions to improve SMEs’ “access to finance.”³⁵²

During the compliance period, Turkey took actions to facilitate long-term financing particularly for SMEs. Thus, Turkey is awarded a score of +1.

Analyst: Eimi Harris

United Kingdom: +1

The United Kingdom has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 2 December 2014, the Bank of England and Her Majesty’s Treasury jointly announced a one-year extension for the Funding for Lending Scheme, which is designed to reduce banks’ and building societies’ funding costs and incentivise lending to SMEs. The scheme provides inexpensive funding to banks that lend to SMEs by allowing participants to draw GBP 5 of funding for every GBP 1 of net lending to SMEs.³⁵³

On 3 December 2014, HM Treasury unveiled the Autumn Statement, a comprehensive statement of the implementation of existing economic policies and an outline of planned policies, and the National

³⁴⁸ Iran, Turkey sign MoU for expansion of economic, commercial cooperation, Islamic Republic News Agency (Tehran), 8 April 2015. Access: 6 October 2015. <http://www.irna.ir/en/News/81564405/>

³⁴⁹ G20 - WAIPA Conference on Foreign Direct Investments in Istanbul, The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (Istanbul) 27 April 2015. Access: 6 October 2015. <http://www.invest.gov.tr/en-US/infocenter/pressrelease/Documents/27-04-2015-ISPAT-WAIPA-G20.pdf>

³⁵⁰ World SME Forum, International Chamber of Commerce (Istanbul) 27 May 2015. Access: 6 October 2015.

<http://www.iccwbo.org/News/Articles/2015/Turkish-government-launches-World-SME-Forum-as-part-of-its-G20-strategy/>

³⁵¹ EBRD partners with Odeabank to finance small businesses in Turkey, European Bank for Reconstruction and Development, 30 June 2015. Access: 6 October 2015. <http://www.ebrd.com/news/2015/ebrd-partners-with-odeabank-to-finance-small-businesses-in-turkey.html>

³⁵² B20 SMEs & Entrepreneurship Taskforce Policy Paper (Ankar) September 2015. Access: 6 October 2015.

http://b20turkey.org/policy-papers/b20turkey_sme.pdf

³⁵³ Funding for Lending Scheme: Bank of England and HM Treasury announce extension, HM Treasury (London) 2 December 2014. Access: 27 February 2015. <https://www.gov.uk/government/news/funding-for-lending-scheme-bank-of-england-and-hm-treasury-announce-extension>

Infrastructure Plan 2014, which indicated planned policies to work with the private sector on long-term infrastructure investment.³⁵⁴

On 10 February 2015, Prime Minister David Cameron announced the “Help to Grow” pilot scheme by the British Business Bank. The GBP 100 million scheme aims to allow fast-growing SMEs realize their potential by providing growth financing through private sector delivery partners.³⁵⁵

On 12 February 2015, the Infrastructure Act became law. The Act includes various provisions targeting infrastructure investment in the UK, including the creation of Highways England, a government-owned company for roadway development with long-term funding, and programs to give local people the right to buy a stake in renewable energy projects, and reducing regulation for nationally significant infrastructure projects to boost investment.

On 18 February 2015, Trade Minister Lord Livingston announced that the government would sign five-year contracts with locally based providers to deliver export support to businesses. This is to enable more businesses to export, including SMEs.³⁵⁶

On 26 February 2015, the Public Procurement Regulations 2015 came into force as law, enacting policies making government procurement more transparent and accessible, particularly for SMEs.^{357,358}

On 24 March 2015, the British Business Bank published expressions of interest documents that allowed interested credit reference agencies and finance platforms to apply to be designated to receive credit data from banks in order to improve competition in finance markets for smaller businesses and assist alternative finance providers in providing financing to smaller businesses as part of the Treasury’s flagship policies on SME credit data and referral platforms, which were legislated for in the SBEE Act.³⁵⁹

On 26 March 2015, the British Business Bank announced the ENABLE Guarantees programme, designed to encourage participating banks to extend greater lending to small business by reducing the capital requirements for such loans by these banks.³⁶⁰

On 27 March 2015, the Small Business, Enterprise and Employment (SBEE) Act became law.³⁶¹ The Act includes provisions aimed at improving access to finance by SMEs, including amongst other policies a requirement for key banks to share credit data with credit reference agencies and finance platforms (to

³⁵⁴ Autumn Statement: documents, HM Treasury (London) 3 December 2014. Access: 27 February 2015.

<https://www.gov.uk/government/publications/autumn-statement-documents>

³⁵⁵ Prime Minister announces British Business Bank ‘HELP TO GROW’ scheme, British Business Bank (London) 10 February 2015. Access: 27 February 2015. <http://british-business-bank.co.uk/prime-minister-announces-british-business-bank-help-to-grow-scheme/>

³⁵⁶ Long term export support confirmed for small and medium sized firms, UK Trade & Investment (London) 18 February 2015. Access: 27 February 2015. <https://www.gov.uk/government/news/long-term-export-support-confirmed-for-small-and-medium-sized-firms>

³⁵⁷ Government spends £11.4 billion with SMEs, Cabinet Office (London) 25 February 2015. Access: 27 February 2015. <https://www.gov.uk/government/news/government-spends-114-billion-with-smes>

³⁵⁸ Procurement Policy Note 03/15: reforms to make public procurement more accessible to SMEs, Cabinet Office (London) 18 February 2015. Access: 27 February 2015. <https://www.gov.uk/government/publications/procurement-policy-note-0315-reforms-to-make-public-procurement-more-accessible-to-smes>

³⁵⁹ Budget 2015 features British Business Bank ‘Help to Grow’ growth loans and small business referrals, British Business Bank (London) 26 March 2015. Access: 10 October 2015. <http://british-business-bank.co.uk/budget-2015-provides-more-details-of-british-business-bank-programmes-to-help-smaller-businesses/>

³⁶⁰ British Business Bank rolls out ENABLE Guarantees Programme to boost small business, British Business Bank () 26 March 2015. Access: 10 October 2015. <http://british-business-bank.co.uk/british-business-bank-rolls-out-enable-guarantees-programme-to-boost-small-business/>

³⁶¹ Small business, enterprise and employment act, HM Treasury (London) 27 March 2015. Access: 10 October 2015. <https://www.gov.uk/government/collections/small-business-enterprise-and-employment-bill>

support the “Help to Grow” program), and a requirement for key banks to direct SMEs rejecting for financing to alternative finance providers.³⁶²

On 10 July 2015, Secretary of State for Business Sajid Javid announced “Fixing the Foundations: Creating a More Prosperous Nation,”³⁶³ a comprehensive plan which includes policies to incentivize long-term investment such as raising the Annual Investment Allowance to GBP 200 000 as of January 2016, and engaging with large institutional investors on proposals to support companies investing for long-term growth,³⁶⁴ as first announced in the 2015 Summer Budget by Chancellor of the Exchequer George Osborne.³⁶⁵

On 16 July 2015, Chancellor of the Exchequer George Osborne announced that GBP 6 billion of UK Guarantees would be made available to co-finance investment in SMEs and infrastructure alongside investment in these areas by the European Investment Bank (EIB). In conjunction with this, the Chancellor announced increased bilateral engagement with the EIB and the signing of a Memorandum of Understanding between the EIB and the UK Government, and another Memorandum of Understanding between the British Business Bank and the European Investment Fund including key provisions on collaborating to support high-potentials SMEs.³⁶⁶

On 27 August 2015, Minister for the Cabinet Office Matt Hancock announced the Government’s intent to increase its procurement from SMEs target to one third of central government spending by 2020.³⁶⁷

The UK has made efforts to facilitate long-term financing, particularly for SMEs, by improving market and regulatory conditions for institutional investors. Thus, the UK is awarded a score of +1.

Analyst: Adam Barrett

United States: +1

The United States has fully complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 16 January 2015, the Obama administration announced an expansion of the Build America Investment Initiative to increase long-term infrastructure investment in the US. The expansion includes the creation of a new Water Finance Center at the Environmental Protection Agency; a new Rural Opportunity Investment Initiative run through the Department of Agriculture; the creation of Qualified Public Infrastructure Bonds

³⁶² Small business, enterprise and employment act: Access to finance fact sheet, HM Treasury (London), 27 March 2015. Date Accessed: 10 October 2015.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417322/bis_15_272_SBEE_Act__Access_to_Finance_fact_sheet.pdf

³⁶³ Productivity plan launched, HM Treasury (London) 10 July 2015. Access: 10 October 2015.

<https://www.gov.uk/government/news/productivity-plan-launched>

³⁶⁴ Fixing the foundations: Creating a more prosperous union, HM Treasury (London) 10 July 2015. Access: 10 October 2015.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf

³⁶⁵ Summer Budget 2015, HM Treasury (London), 8 July 2015. Date Accessed: 10 October 2015.

<https://www.gov.uk/government/publications/summer-budget-2015/summer-budget-2015>

³⁶⁶ Chancellor unveils more than GBP 6 billion of support for UK SMEs and infrastructure projects to unlock EU financing, HM Treasury (London) 16 July 2015. Access: 10 October 2015. <https://www.gov.uk/government/news/chancellor-unveils-more-than-6-billion-of-support-for-uk-smes-and-infrastructure-projects-to-unlock-eu-financing>

³⁶⁷ Big opportunities for small firms: Government set to spend GBP 1 in every GBP 3 with small businesses, Cabinet Office (London) 27 August 2015. Access: 10 October 2015. <https://www.gov.uk/government/news/big-opportunities-for-small-firms-government-set-to-spend-1-in-every-3-with-small-businesses>

to leverage private capital; the creation of various infrastructure projects by the Department of Transportation; and steps to attract investment through the SelectUSA investment program.³⁶⁸

On 2 February 2015, the Department of the Treasury released its Tax Revenue Proposals for Fiscal Year 2016, which included various provisions aimed at simplifying the Tax Code and reducing evasion; providing tax relief and simplification for small businesses; providing incentives in areas such as manufacturing and research; providing incentives for investment in infrastructure; and improving and streamlining tax administration.³⁶⁹

On 3 February 2015, the SBA expanded its American Supplier Initiative, announcing ‘matchmaking events’ to provide small businesses with tools and resources to allow them to connect with federal and commercial supply chain opportunities. The initiative aims to address four areas in which SMEs often need help to become suppliers in the private sector: “access to mentorship and counselling services, increased market and revenue opportunities, ready sources of capital to fund their growth, and a highly skilled workforce.”³⁷⁰

On 11 February 2015, the SBA launched the Leveraging Information and Networks to Access Capital initiative to pair SMEs with appropriate, interested private sector lenders using a free online ‘matchmaking’ system.³⁷¹

On 23 February 2015 and 25 February 2015, SBA Administrator Maria Contreras-Sweet concluded Memorandums of Understanding with both the National Association of Federal Credit Unions and the National Credit Union Administration to expand lending and access to capital for SMEs by expanding SBA small dollar loans and increasing awareness of such loan programs available through credit unions.^{372,373,374}

On 24 February 2015, the National Institute of Standards and Technology of the Department of Commerce awarded new cooperative agreements to ten non-profit universities and organizations to manage new Hollings Manufacturing Extension Partnerships (MEP) centres. MEP centres operate as public-private partnerships, channelling federal funding to small and mid-size manufacturers to support growth and innovation, and helping firms “create and retain jobs, increase profits, and save time and money.” This follows the announcement by NIDS in August 2014 to provide awards in these ten states as “the first step in a multi-year effort to update MEP’s funding structure to better match resources with needs.”³⁷⁵

³⁶⁸ FACT SHEET: Increasing Investment in U.S. Roads, Ports and Drinking Water Systems Through Innovative Financing, White House Office of the Press Secretary (Washington) 16 January 2015. Access: 27 February 2015. <http://www.whitehouse.gov/the-press-office/2015/01/16/fact-sheet-increasing-investment-us-roads-ports-and-drinking-water-systems>

³⁶⁹ FACT SHEET: Administration’s FY2016 Budget Tax Proposals, Department of the Treasury (Washington) 2 February 2015. Access: 27 February 2015. <http://www.treasury.gov/press-center/press-releases/Pages/jl9754.aspx>

³⁷⁰ SBA Announces Expansion of American Supplier Initiative with Matchmaking Events to be held throughout 2015, Small Business Administration - Department of Commerce (Washington) 3 February 2015. Access: 27 February 2015. <https://www.sba.gov/content/sba-announces-expansion-american-supplier-initiative-matchmaking-events-be-held-throughout>

³⁷¹ SBA Launches Online Matchmaking for Small Business Loans, Small Business Administration - Department of Commerce (Washington) 11 February 2015. Access: 26 February 2015. <https://www.sba.gov/blogs/sba-launches-online-matchmaking-small-business-loans>

³⁷² SBA and NAFCU Partner to Help Entrepreneurs Gain Access to Capital, Small Business Administration - Department of Commerce (Washington) 23 February 2015. Access: 27 February 2015. <https://www.sba.gov/content/sba-and-nafcu-partner-help-entrepreneurs-gain-access-capital>

³⁷³ SBA Partners with NCUA to Expand Small Business Lending Through Credit Unions, Small Business Administration - Department of Commerce (Washington) 23 February 2015. Access: 27 February 2015. <https://www.sba.gov/content/sba-partners-ncua-expand-small-business-lending-through-credit-unions>

³⁷⁴ Small Business Administration and National Association of Federal Credit Unions join forces to solve the entrepreneurial credit crunch, Small Business Administration – Department of Commerce (Washington) 25 February 2015. Access: <https://www.sba.gov/content/small-business-administration-and-national-association-federal-credit-unions-join-forces>

³⁷⁵ Commerce’s NIST Awards \$26 Million to Support Manufacturing in 10 States, Department of Commerce (Washington) 24 February 2015. Access: 27 February 2015. <http://www.commerce.gov/blog/2015/02/24/commerces-nist-awards-26-million-support-manufacturing-10-states>

On 23 to 24 March 2015, the Department of Commerce hosted the SelectUSA Investment Summit to highlight tools and opportunities for investment in the United States. During the Summit, Commerce Secretary Penny Pritzker announced the creation of a federal advisory committee to solicit input on strategies for attracting investment to the United States. During the Summit, the Obama Administration additionally announced its plan to expand the SelectUSA program and announced its intent to create new partnerships with state economic development agencies to improve coordination, inform the SelectUSA program, and promote high standards in investment promotion.³⁷⁶

On 16 June 2015, the Obama administration hosted the Clean Energy Investment Summit, which highlighted USD 4 billion in commitments by long-term investors, including institutional investors, in clean energy, as well as executive actions to encourage private sector investments in clean energy innovation, in particular Small Business Administration for private investment funds seeking long-term capital and investment particularly in capital-intensive clean energy technology.³⁷⁷

On 28 September 2015, the Treasury Department reported that more than USD 1.2 billion had been deployed nationally through the State Small Business Credit Initiative (SSBCI) to support local economic development and private sector lending to small businesses. While the SSBCI program is slated to close in 2017, President Obama requested an extension of the program with an additional USD 1.5 billion in funding in the Fiscal Year 2016 budget.³⁷⁸

The U.S. has maintained its past commitments to programs for facilitating long-term investment, particularly for SMEs, such as the State Small Business Credit Initiative (SSBCI) which extends federal funds to programs that leverage private lending to help finance creditworthy, underfunded small businesses and manufacturers.³⁷⁹

The U.S. is awarded a score of +1 for actions taken to facilitate long-term investment from institutional investors, particularly for SMEs.

Analyst: Adam Barrett

European Union: +1

The European Union has complied with the commitment to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises (SMEs).

On 25 November 2014, the European Commission unveiled the mechanism for its EUR 315 billion investment plan, the Investment Plan for Europe, which is set to launch in September 2015. A EUR 21 billion European Fund for Strategic Investments fund is projected to generate EUR 240 billion for long-term

³⁷⁶ SelectUSA investment summit concludes with renewed focus on reinvesting in America, creating jobs at home, Department of Commerce (Washington) 24 March 2015. Access: 10 October 2015. <https://www.commerce.gov/news/press-releases/2015/03/selectusa-investment-summit-concludes-renewed-focus-reinvesting-america>; President Obama to announce new steps to attract foreign investors and create jobs through the continued expansion of the SelectUSA program, Office of the Press Secretary (Washington) 23 March 2015. Access: 10 October 2015. <https://www.whitehouse.gov/the-press-office/2015/03/23/fact-sheet-president-obama-announce-new-steps-attract-foreign-investors>

³⁷⁷ Obama Administration Announces More Than \$4 Billion in Private Sector Commitments and Executive Actions to Scale up Investment in Clean Energy Innovation, Office of the Press Secretary (Washington) 16 June 2015. Access: 10 October 2015. <https://www.whitehouse.gov/the-press-office/2015/06/16/fact-sheet-obama-administration-announces-more-4-billion-private-sector>

³⁷⁸ Report: More than USD 1.2 billion issued for small businesses, Department of the Treasury (Washington) 28 September 2015. Access: 10 October 2015. <http://www.treasury.gov/press-center/press-releases/Pages/jl0185.aspx>

³⁷⁹ State Small Business Credit Initiative (SSBCI), Department of the Treasury (Washington) 5 November 2014. Access: 27 February 2015. <http://www.treasury.gov/resource-center/sb-programs/Pages/ssbci.aspx>

investments and EUR 75 billion for small and medium enterprises between 2015 and 2017.³⁸⁰ The fund, which will unlock private and public investment, will provide financing for higher risk strategic projects. The project also includes plans for an assistance program to help direct investment and a roadmap that will remove regulatory bottlenecks and financial barriers.³⁸¹

On 18 December 2014, the European Council emphasized calls for a new European Fund for Strategic Investments (EFSI) in the EIB Group with the aim to mobilize EU315 billion in new investments between 2015 and 2017.³⁸²

On 17 February 2015, the Board of Governors of the European Investment Bank decided to allow SMEs across Europe to benefit from the first funds from the EFSI. In addition, the EIB Board of Governors will allow for the pre-financing of SME projects linked to the Investment Plan for Europe before the summer, which will cover the risk of transactions with intermediaries providing additional finance to SMEs and small mid-caps until the main EFSI is in place.³⁸³

On 18 February 2015, the European Commission launched the creation of a single market for capital its 28 members, thereby removing barriers to cross-border investments, facilitating financing for SMEs, and encouraging investment from around the world. The European Commission stated in a press release, “the Capital Markets Union aims to break down the barriers that are blocking cross-border investments in the EU and preventing businesses from getting access to finance.”³⁸⁴

On 9 June 2015, the European Commission announced plans to improve access to funding for SMEs by streamlining regulatory access to five European Structural and Investment Funds.³⁸⁵

On 30 September 2015, the European Commission launched the Capital Markets Union Action Plan in a bid to boost investment across the 28 EU Member States. The plan is intended to diversify financing for SMEs and start-ups by enhancing access to alternative sources of finance, like venture capital and crowdfunding. The plan will also improve access to capital by improving the free flow of capital across EU State borders.³⁸⁶

The European Union has taken measures to facilitate long-term financing from institutional investors, particularly for small and medium-sized enterprises. Thus, the European Union is awarded a score of +1.

Analyst: James Flynn

³⁸⁰ Juncker's €315bn investment plan unveiled: fifteenfold leverage and solidarity for the south, European Commission (Brussels) November 26 2014. Access: 26 February 2015. <http://www.euractiv.com/sections/eu-priorities-2020/junckers-eu315bn-investment-plan-unveiled-fifteenfold-leverage-and>

³⁸¹ EU launches Investment Offensive to boost jobs and growth, European Commission (Brussels) 26 November 2014. Access: 26 February 2015. http://europa.eu/rapid/press-release_IP-14-2128_en.htm

³⁸² European Council Cover Note, European Council (Brussels) 18 December 2014. Access: 10 March 2015. <http://data.consilium.europa.eu/doc/document/ST-237-2014-INIT/en/pdf>

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