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G20: Brisbane Action Plan

VOLTAIRE NETWORK | 16 NOVEMBER 2014

A Blueprint for Growth

The Brisbane Action Plan outlines the individual and collective actions that we are taking in pursuit of strong, sustainable and balanced growth, and complements the Leaders' Communiqué. These actions are detailed in our comprehensive growth strategies.

This year we have intensified our efforts to achieve our objective of strong, sustainable and balanced growth. Against the backdrop of a disappointingly weak cyclical recovery from deep recession, weakened productive capacity in key economies and a legacy of vulnerabilities from the financial crisis, we need to pursue an integrated approach to boost growth.

Our approach recognises the important role of macroeconomic policy in supporting the global economy, and we have made a step change in the way we have developed structural and investment policies to lift near-term and medium-term growth.

First, we have set ourselves an ambitious goal of lifting G20 GDP by more than 2 per cent above the trajectory in the October 2013 IMF World Economic Outlook baseline by 2018 (the Sydney Declaration).

Second, we have taken a common, structured approach to the development of our comprehensive growth strategies that responds directly to an assessment of global policy challenges undertaken by members, with the support of international organisations, at the beginning of the year. We have chosen themes based on the areas where we could achieve the biggest potential gains to growth. We have agreed to work together to put forward policy measures on investment, competition, trade and employment, in addition to macroeconomic policies. We have also ensured our economic and labour policies work together to create quality jobs and promote inclusive growth. As a result, each member has developed a comprehensive growth strategy along these themes, and we have benefited from intensive peer review in these areas.

Third, we have strengthened our policy cooperation. We have a shared assessment of our challenges and policy priorities. We are determined to step up our cooperation to: provide significant new momentum to the global economy; boost demand and jobs; and achieve sustained and more balanced growth, both internally and externally. Our macroeconomic and structural policies are mutually reinforcing and address both demand and supply challenges. Our integrated approach is focussed on moving towards a more balanced policy framework. We will continue our efforts to foster positive spillovers and we recognise the need to avoid negative ones.

By acting decisively, implementing our policy measures in a timely manner and upholding our commitments, we can strengthen the recovery and boost confidence. Our actions will strengthen economic development and ensure a more robust and resilient economy for all. Growth within the G20 will have positive spillovers for developing and low-income countries. These will contribute to these countries' efforts to tackle poverty and help drive growth in their economies.

Growth must be underpinned by a stronger and more resilient financial system. We are acting to shake off the legacy of the crisis by putting financial systems on a sound footing, repairing public and private balance sheets, and ensuring the continued effectiveness of global safety nets.

We stand ready to use all policy levers to underpin confidence and the recovery.

State of the Global Economy

We welcome a number of improvements in the global economy, led by faster growth in a few key economies. However, the overall pace of growth is unsatisfactory and the global economy remains far from achieving our main objective of strong, sustainable and balanced growth. Public and private debt levels remain high. Output gaps remain. Growth is uneven and remains below the pace required to generate much-needed jobs. The global economy is being held back by a shortfall in demand, while addressing supply constraints is key to lifting potential growth.

Growth has picked up in some advanced economies, notably the United States, the United Kingdom and Canada. However, the recovery is modest in Japan and in the euro area and inflation is well below target.

While growth in some key emerging market economies is robust and is becoming more sustainable, including in China and India, it is slowing in some other countries. Many low-income countries are performing well.

Monetary policy remains accommodative in advanced economies, providing important support to the recovery. Countries are implementing fiscal strategies flexibly, taking into account near-term economic conditions.

The global economy remains vulnerable to shocks, financial fragility remains and existing risks are exacerbated by geopolitical tensions. We continue to monitor the near-term and long-term effects of the global financial crisis. Economies are grappling with slower potential growth reflecting weaker investment, slower productivity growth, higher unemployment and lower labour force participation. Despite this, households and businesses are generally in much stronger financial positions than before the crisis. Banks are generally better capitalised, and actions in Europe to establish the Banking Union and recent stress tests are important steps to making banks more resilient and easier to supervise.

The implementation of policies to comprehensively address both near-term and medium-term challenges could further strengthen the recovery by building confidence and increasing demand.

This underlines the importance of having a clear plan that draws together the appropriate mix of policy responses.

Acting Together to Lift Growth and Create Jobs

The state of the global economy calls for a comprehensive and coherent policy response that restores near-term demand, removes medium-term supply constraints and builds consumer and business confidence.

We have developed comprehensive growth strategies that address these challenges. Analysis by the IMF and the OECD indicates that full implementation of these strategies will lift our collective GDP by 2.1 per cent through to 2018 above the trajectory implied by policies at the time of the St Petersburg Summit. Around one-quarter of this increase is a result of positive spillovers that come from simultaneous implementation of our policies. Our actions will boost non-G20 GDP by over 0.5 per cent by 2018.

Our comprehensive growth strategies also address key macroeconomic challenges both in the near and medium-term.

We have put forward a set of comprehensive growth strategies consisting of macroeconomic and structural policies. These strategies comprise macroeconomic policies that respond to near-term demand concerns, as well as a step-up in structural reforms to increase growth potential by: fostering better-quality public and private investment, particularly in infrastructure; promoting competition; enhancing trade; and lifting employment and participation. Collectively, these measures should also strengthen demand and promote global rebalancing.

These policy areas were identified by members with the support of international organisations as the areas that have the greatest potential to lift growth, and have been subject to a strong and credible peer review process to ensure that these measures are meaningful and well targeted. We thank in particular the IMF and the OECD for their work and ask for their continued support through this process.

Improving Macroeconomic Cooperation and Outcomes

We will ensure that our macroeconomic policy levers are appropriately calibrated to strengthen growth, create jobs and achieve global rebalancing. We are mindful of the global impact of our macroeconomic policies, understand their potential positive and negative spillovers within and outside the G20 and will cooperate to manage spillovers.

We recognise the role that monetary policy has played in supporting demand and responding to price stability pressures in a manner consistent with central banks' mandates.

Monetary policy normalisation in some advanced economies will reflect stronger economic growth and will be a positive sign for the global economy. We are also mindful of other potential impacts of such normalisation, such as excessive volatility in exchange rates and asset prices that can be damaging to growth.

Our central banks have committed that monetary policy settings will continue to be carefully calibrated and clearly communicated. We will further strengthen and refine our domestic macroeconomic, structural and financial policy frameworks, and other complementary measures, including macro-prudential measures. We recognise that greater exchange rate flexibility would also facilitate the adjustment of our economies.

We will continue to implement fiscal strategies flexibly to take into account near-term economic conditions, so as to support economic growth and job creation, while putting debt as a share of GDP on a sustainable path. We will consider how changes in the composition and quality of government expenditure and revenue may enhance the contribution of our fiscal strategies to growth.

Sustained global rebalancing remains one of our core priorities going forward. It is also important for global rebalancing that internal imbalances are fully addressed and exchange rates are allowed to respond to economic fundamentals. We reiterate our commitment to move more rapidly toward more market-determined exchange rate systems and exchange rate flexibility to reflect underlying fundamentals, and avoid persistent exchange rate misalignments. We will refrain from competitive devaluation and will not target our exchange rates for competitive purposes. We will resist all forms of protectionism and keep our markets open.

We remain mindful of weak and uneven growth, and should the outlook warrant it:

· all members stand ready to deploy a range of macroeconomic and structural measures beyond those in our comprehensive growth strategies to raise demand and supply;

· central banks experiencing protracted below-target inflation or the risk of deflation have indicated they will explore further response options, and will explore complementary policies to manage financial stability risks;

· members with investment needs will examine options for new investment in, but not limited to, infrastructure, consistent with fiscal sustainability;

· emerging economies will continue to implement measures that safeguard their economies from volatility and make them more resilient; and

· all members will ensure that any macroeconomic responses remain well anchored in medium-term frameworks, including credible fiscal measures to ensure that confidence in the sustainability of public finances is not compromised.

We agree that supporting short-term demand is a complement to, not a substitute for, the structural reforms that are needed to raise our growth potential and agree that structural reforms can support demand by strengthening confidence, lifting profitability and investment and creating more jobs. We will continue working together to strike the right balance between short and medium-term actions to achieve the goals of our comprehensive growth strategies.

Increasing and Fostering Investment

Investment is critical to boosting demand and lifting medium-term growth. Through our comprehensive growth strategies, we are committed to improving our domestic investment and financing climate, including intermediation processes, which are essential to attracting private sector investment. Investment in infrastructure is a high priority in most countries as it can support both near-term demand and supply capacity in the medium-term. Improved project selection and prioritisation of quality infrastructure investment supports economic activity and is crucial to accelerating growth, job creation and productivity gains that create benefits now and into the future. In implementing our growth strategies, we will seek to support quality public and private investment, including by optimising the use of the public balance sheet while maintaining appropriate risk controls. We will also support work to improve the transparency and functioning of financial market instruments, such as securitisation, to promote financing, particularly for small and medium enterprises (SMEs).

We welcome the launch of major investment initiatives in Argentina, Australia, Brazil, India, Korea, Mexico, Saudi Arabia, the United States and action in other G20 members included in their growth strategies. Additionally, the European Union in October announced a major initiative mobilising additional public and private investment over 2015-17. We call for swift implementation of these packages.

Our Global Infrastructure Initiative (GII) recognises that we are facing investment and infrastructure shortfalls in the global economy which will grow further if we do not act. We are taking collective action to improve quality investment, particularly in infrastructure. There is considerable scope to attract more private sector capital and better help match potential investors with projects. We will address data gaps and improve information on project pipelines. Our efforts to lift investment will continue into 2015 and beyond as part of the GII. We will implement our existing commitments and will work on ways to mobilise long-term financing for infrastructure. To support implementation of the GII, we agree to establish a Global Infrastructure Hub with a four-year mandate. We will continue our work on facilitating long-term investment financing by institutional investors including through the G20/OECD effective approaches. We will also continue to work with multilateral development banks and encourage national development banks to optimise use of their balance sheets to provide additional lending.

Our individual actions to boost investment are outlined in our comprehensive growth strategies. Many members are:

· directly and indirectly investing in quality public infrastructure, while maintaining appropriate risk controls;

· using public-private partnerships to improve the efficiency of investment in their economies and reduce the immediate funding burden on governments while bearing in mind long-term contingent liabilities — this is particularly important in a fiscally constrained environment;

· introducing tax incentives to raise investment; and 4

· enhancing access to finance for SMEs to allow them to grow and create jobs. In addition, some members are:

· improving institutional and regulatory frameworks in order to enhance their investment climates; and

· deepening their financial markets by supporting new financial products and developing financial instruments that encourage the involvement of institutional investors. We are focussing on practical actions to help developing and low-income countries to increase investment and prepare quality infrastructure projects for investment from public and private sources.

We recognise that we need to take further actions in the areas of reducing barriers to foreign direct investment, spending on social infrastructure and enhancing public sector management of investment.

Promoting Competition

Competition is central to the operation of markets. Efficient and well-functioning markets are essential for catalysing private sector investment, ensuring an efficient allocation of resources and lifting economic growth. Fostering competition is critical for our economies. Well-designed competition policy, effective enforcement of competition law, and competition- based economic reforms promote higher investment and employment. Productivity is increased by stronger competition because a strong competition framework generates the incentives to attract the most efficient firms into markets. Competition in services is often less developed than in other sectors and has significant potential to benefit other industries. Additionally, competition is essential for innovation, as firms that face competition innovate more than monopolies.

We recognise that competition can be hindered by unnecessary regulation that creates barriers to entry or restricts the ability of firms to compete. SMEs are an important and dynamic part of our economies. Reforms that foster the growth of SMEs by providing an enabling environment and encouraging their entry in different sectors, including a level playing field for firms' entry and operation, enhance the competitiveness and dynamism of our economies, boost job creation and promote stronger and more inclusive growth.

Our individual actions to promote competition are outlined in our comprehensive growth strategies. Many members are:

· undertaking product and service market reforms; and

· reducing regulatory burdens and cutting red tape. In addition, some members are:

· lowering barriers to entry for new businesses and reforming their competition policies;

· introducing measures to improve competition in network industries; and

· focussing on improving the ease of doing business, for example, by encouraging innovation and improving the quality of judicial and administrative institutions. These reforms provide some of the most powerful impetuses to growth. However, we recognise that we need to take further action to increase competition and reduce unnecessary regulation in the services sector, strengthen competition policy, further reduce barriers to entry for firms and further reform network industries.

Boosting Trade

Trade is a powerful driver of growth, increased living standards and job creation. Our policies need to take full advantage of the changing patterns of trade. Products are now 'made-in-the-world' and imports matter to countries' ability to export competitively. With supply chains operating across multiple markets, domestic regulations affect the decisions of firms to invest in a country, and to trade and create jobs. Efficient transport and logistics services can help firms compete in global value chains. Delivering on the trade policy actions in our growth strategies will support more inclusive growth, with positive spillovers for countries beyond the G20, including developing countries.

Our individual actions to enhance trade are outlined in our comprehensive growth strategies. All members have taken trade facilitation actions, which will streamline border procedures, such as customs, and allow the freer and more timely movement of goods.

In addition, many members:

· have reduced barriers to trade-enabling services in our economies, particularly in transport, logistics and port services; and

· are working to integrate SMEs into the global economy. Further, some members have:

· taken actions to reduce non-tariff barriers; and

· recently concluded free trade agreements which will lead to further openings in our markets.

Domestic reforms to lift competition and promote investment in infrastructure will also enhance the ability of firms to trade and create jobs. Resisting protectionism remains a core G20 commitment. We ask the WTO, the OECD and UNCTAD to continue to monitor, in accordance with their mandates, G20 trade and investment restricting measures and report to us every six months, with a view to better understand the nature of the stock of protectionist measures introduced since the global financial crisis and their impact on trade and investment.

Lifting Employment and Participation

Today, more than 200 million people around the world are still unemployed, around 30 million people more than when the crisis began; about 75 million of these unemployed are young people. In addition, labour income has stagnated for many people, and income inequality remains an issue in many economies. Reversing these trends and creating quality jobs is our highest priority and our comprehensive growth strategies will assist with this. We have each developed country-specific employment plans (attached to this Action Plan) to address our individual employment challenges. We will ensure our employment plans work alongside our comprehensive growth strategies to more effectively integrate macroeconomic and labour market policies. This will help to maximise the benefits of structural change.

Greater labour force participation boosts economic growth, increases household income, supports consumption and encourages further investment. Conversely, long-term and structural unemployment and underemployment reduce opportunities and income, erode skills and undermine growth. Supporting our citizens, particularly youth and women, to gain and maintain quality employment can also deliver important social benefits by lifting citizens' living standards, enhancing social cohesion and reducing inequality. Significant welfare gains can be made by addressing informality and improving the health and safety of workplaces, and we will renew our efforts, appropriate to our national circumstances, in these areas.

Promoting greater participation by women in the labour market and improving the quality of their employment will contribute to stronger and more inclusive growth. To achieve this we agree to the goal of reducing the gap in labour force participation rates between men and women in our countries by 25 per cent by 2025, taking into account national circumstances. This will bring more than 100 million women into the labour force, significantly increase global growth and reduce poverty and inequality. We recognise the significance of this commitment and will seek the support of international organisations, led by the ILO and OECD, in measuring our progress.

We are renewing our collective commitment to fight youth unemployment which, if not addressed, can create lasting labour market disadvantage for youth. Giving our youth a better start in the labour market is a priority for all members, and ensuring access to quality education, training and skills development is essential.

Our individual actions to lift employment and participation are outlined in our comprehensive growth strategies and employment plans. All members are taking action to raise female participation and tackle youth unemployment.

In addition, many members are:

· introducing and strengthening policies that promote entrepreneurship and skills development, strengthening the linkages between education, training and workforce needs;

· addressing the problems faced by disadvantaged groups, including people with disabilities and the long-term unemployed;

· addressing long-term and structural unemployment, underemployment and low-quality, insecure jobs in the informal economy; and

· taking measures to improve occupational health and safety policies. Further, some members are:

· moving to establish or increase minimum wages, improve social dialogue and improve social safety nets; and

· taking steps to streamline labour market regulation and reduce non-wage costs of labour.

We ask Labour and Employment Ministers to report back in 2015 on progress in reducing youth unemployment, reducing gaps in labour force participation and further developing and implementing their country employment plans. The new Employment Working Group will develop terms of reference and a work programme regarding these priorities and other key issues which support higher levels of employment and participation.

We recognise that we need to take further action in the areas of boosting human capital, enhancing labour market flexibility in some advanced economies, and improving job formality, especially in the emerging economies.

Accountability

We welcome the 2014 Accountability Assessment Report. The report outlines our progress on past macroeconomic and structural reform commitments.

The implementation of key structural reforms and infrastructure commitments, in addition to macroeconomic policies, is essential for strengthening growth and creating jobs. We will only achieve our collective ambition of lifting G20 GDP by more than 2 per cent once all of our reforms are fully implemented. Therefore, we will monitor and hold each other to account for the implementation of our comprehensive growth strategies. We will also continue to learn from each other's experiences in pursuing innovative and creative structural reforms.

We will focus our accountability assessment process on: implementation of our comprehensive growth strategies; actual progress toward our 2 per cent growth ambition; and progress towards our shared goal of strong, sustainable and balanced growth. In this context, we will continue to examine the issue of spillovers taking into account the IMF's work.

As agreed in Los Cabos, our assessments will remain country-owned and country-led and be based on a rigorous comply-or-explain approach. A robust peer review process will continue to be at the core of our accountability assessments and we will produce an annual report on our progress.

International organisations, led by the IMF and the OECD, will estimate the impact of our measures on GDP through to 2018 and regularly assess the remaining policy gaps to be addressed to achieve strong, sustainable and balanced growth. They will also provide input into our peer review process.

We will assess our strategies to ensure that they remain an appropriate response to economic conditions.

To this end, our Finance Ministers and Central Bank Governors will report back to us on:

· progress towards implementation of our comprehensive growth strategies;

· progress towards the Sydney Declaration; and

· an assessment of whether the G20 is moving closer to strong, sustainable and balanced growth. Details on how our accountability framework will apply to our comprehensive growth strategies are outlined in an annex to the Leaders' Communiqué.

Source : "G20: Brisbane Action Plan", *Voltaire Network*, 16 November 2014,
www.voltairenet.org/article185962.html