

## Preliminary G20 Summit Evaluation

### G20 Germany – Hamburg Leaders’ Declaration ‘Shaping an Interconnected World’

The weeks before the G20 Summit had made clear: the negotiations between the heads of state and government in Hamburg would not be easy. From efforts to increase financial resilience, to combatting terrorism and tackling transnational health issues – global problems require global solutions. However, forging constructive compromise has become more difficult in the G20.

As expected, the G20 Leaders fought hard to agree on a joint Declaration at the Summit in Hamburg, July 7-8 – and succeeded. They forged a consensus on trade, committing to open markets, to fighting protectionism and upholding a rule-based trading system. Regarding climate change, the G20 acknowledged the departure of the United States from the Paris Climate Agreement, while the 19 remaining members maintained their commitment to an “irreversible” agreement. Unfortunately, a close reading of the summit documents shows that many divides persisted. The Declaration often only secures the status quo; in few areas did the G20 Leaders commit to taking concrete action to ‘shape an interconnected world’, as was the motto of the German G20 presidency.

Nonetheless, given the difficult negotiation climate, the Hamburg Leaders’ Declaration should be viewed at least as a partial success. The compromises that were forged reflect that international cooperation is indispensable in an increasingly volatile global political and economic environment.

### Trade and Investment

The G20 had to drive a hard bargain to achieve a joint text on trade and investment at the Hamburg Summit. All efforts during the preparations to agree on a substantial text had failed. The declaration by the G20 Finance Ministers and Central Bank Governors in Baden-Baden in mid-March was more than disappointing. The G7 Taormina Leaders’ Declaration had raised some hopes. However, the G7 text on trade was not confirmed at the OECD Ministerial Meeting in June 2017, the last test prior to Hamburg. The fact that the G20 Leaders were able to agree on a joint Declaration in Hamburg with comprehensive language on several trade and investment aspects at all should thus be rated a success – even if many commitments fall short of the G20 Hangzhou Leaders’ Declaration.

The Leaders note that international trade and investment are important engines for growth, productivity, innovation, job creation, and development. They commit to keeping markets open, noting the importance of reciprocal and mutually advantageous trade and investment frameworks and the principle of non-discrimination. The principle of “reciprocity” was already introduced in the G7 Taormina Declaration, albeit in regard to outcomes (“reciprocal benefits”), not systemic frameworks.

Furthermore, the Leaders promise to continue to fight protectionism including all unfair trade practices and recognize the role of legitimate trade defense instruments in this regard. This emphasis on using remediation instruments in the face of unfair trade practices is stronger than in the G7 Taormina declaration, and its ultimate meaning is open to interpretation. While it could hint at conformity with the WTO-rules, the language leaves an opening for nationally determined responses, falling short of the clear commitment against all forms of protectionism called for by the B20.

In order to ensure a level playing field, the G20 members want to promote a favorable environment for trade and investment. They appreciate the monitoring activities by the WTO, UNCTAD, and OECD within their existing mandates and commit to further reinforce G20 trade and investment cooperation. The German G20 Presidency had aimed to strengthen the monitoring capacities of the WTO. The reference “within their existing mandate” is a clear sign that some G20 members have little interest in giving the WTO, UNCTAD, and OECD greater leeway in monitoring the trade policies of G20 members.

In line with B20 recommendations, the G20 Leaders call on the OECD, WTO, World Bank Group, and IMF to continue their work to better understand trade impacts and report back in 2018. At the same time, the G20 Leaders recognize that the benefits of international trade and investment have not been shared

widely enough. In this regard, G20 members are planning to exchange experiences on the mitigation of the adjustment costs of trade and investment liberalization and technological change, and on appropriate domestic policies, as well as to enhance international cooperation towards inclusive and sustainable global growth.

The G20 Leaders also acknowledge the essential role of the rule-based international trading system. It is noteworthy that the Declaration does not name “multilateral” as a key feature of the international trading system, thus falling behind the 2016 Hangzhou Declaration. While the G20 welcomes the entry into force of the WTO Trade Facilitation Agreement and promises swift implementation, any mention of further advancing the DDA agenda, included in the Hangzhou Declaration, is omitted. The Declaration maintains reference to the next WTO Ministerial Meeting, which the G20 members pledge to support. The G20 members also commit to improving the functioning of the WTO to ensure the effective and timely enforcement of trade rules and commitments as well as improve its negotiating, monitoring, and dispute settlement functions. The Declaration also briefly mentions plurilateral and regional trade agreements, noting the importance of them being open, transparent, inclusive, and WTO-compatible. However, the members again fall short of their Hangzhou commitments, in which they acknowledged that such initiatives – explicitly also referring to the Environmental Goods Agreement – can facilitate trade liberalization efforts. On top, there is no longer any consensus that the multilateral trading system of the WTO should play the central role in today’s global trade. This is a great disappointment.

The G20 members recognize the important role that international investment can play to promote inclusive economic growth, job creation, and sustainable development, when there is an open, transparent, and supportive global policy environment. The G20 members are planning to identify strategies to facilitate and retain foreign direct investment. Again, the Declaration falls short of expectations. Building on the Hangzhou Declaration, B20 had hoped for a clear commitment by G20 members to implement the G20 Guiding Principles for Global Investment Policymaking and a roadmap with more concrete actions.

The G20 Leaders recognize the sustained negative impact of excess capacity in industrial sectors on domestic production, trade, and workers. Therefore, they commit to further strengthening their cooperation to find collective solutions. While the Hangzhou Declaration called for increased attention to potentially market-distorting subsidies, the 2017 Declaration calls for the removal of all subsidies and governmental support that yields market-distorting outcomes and thus goes beyond the Hangzhou Declaration. The G20 Leaders call on the members of the Global Forum on Steel Excess Capacity, facilitated by the OECD, as mandated by the Hangzhou Summit, to fulfil their commitments on enhancing information sharing and cooperation by August 2017, and to rapidly develop concrete policy solutions that reduce steel excess capacity. They look forward to a substantive report with concrete policy solutions by November 2017, as a basis for tangible and swift policy action, and follow-up progress reporting in 2018. We welcome this clear timeline for action.

On digital trade, the G20 Leaders agree to continue promoting effective cooperation of all stakeholders and encourage the development and use of market- and industry-led international standards for digitized production, products and services that are based on the principles of openness, transparency, and consensus. They also underline that standards should not act as barriers to trade, competition or innovation. The G20 Leaders support the free flow of information while respecting applicable legal frameworks for privacy, data protection, and intellectual property rights. The Leaders promise to constructively engage in WTO discussions relating to e-commerce and in other international fora. The G20 wants to sustain and improve, as appropriate, predictable and transparent frameworks on digital trade. They also recognize that intensified and concerted action is needed in order to enhance the ability of developing and least developed countries to more fully engage in digital trade. The paragraph on digitalization mentions the G20 Digital Economy Ministerial Declaration from April 2017, which includes an annex on G20 priorities on digital trade. It comprises, among others, the pledge to engage constructively in WTO discussions, related to e-commerce with the WTO’s eleventh Ministerial Conference in mind. While the B20 was hoping for more concrete actions, this is a step in the right direction.

In addition to the Declaration, the Leaders agree upon the “G20 Hamburg Action Plan” that sets out the G20’s strategy for achieving strong, sustainable, balanced, and inclusive growth. The Hamburg Action Plan includes new policy actions to tackle economic challenges by using monetary, fiscal, and structural

policy tools. Some of the measures correspond very well with B20 requests to facilitate investment and enable people to cope with structural changes (e.g. triggered by trade). One of many examples is the commitment of the European Union to foster investment by extending the European Investment Plan and to increase the overall flexibility of the EU budget in order to support job creation, investment, and economic growth.

The Hamburg Leaders' Declaration is, as expected, less ambitious and concrete than the Hangzhou Declaration with only a few exceptions (excess capacities, sustainable globalization/ human rights). It is in this regard a step backward. Several concrete actions and decisions agreed to last year are not mentioned anymore and may no longer be joint projects (e.g. G20 Trade and Investment Working Group, tackling the remaining issues of the Doha Development Agenda, Environmental Goods Agreement, Guiding Principles for Global Investment Policymaking, etc.). While most if not all recommendations and topics of the B20 are touched upon, we are disappointed about the vagueness of the Declaration and the lack of concrete actions. There are several hints in the text that may be alarming. For example, the reason why the legitimacy of trade defense instruments is stressed likely has to do with the plan of some G20 members to use defense measures more actively. The protectionism standstill and roll-back is not mentioned explicitly. The wording of the paragraph on monitoring of potentially protectionist measures suggests that the consensus is limited only to the existing mandate until 2018.

## Digitalization

Regarding digitalization, the Hamburg G20 Leaders' Declaration builds on previous results of the G20 process, the summits in Antalya 2015, Hangzhou in 2016, and especially the G20 Digital Economy Ministerial Declaration from April 2017. The G20 Leaders endorsed the "Roadmap for Digitalization: Policies for a Digital Future" concluded by the G20 Ministers in April. The Roadmap sets out measures and resolutions on eleven different aspects of digitalization. These would help to guide the future work of the G20, according to the Leaders' Declaration. Overall, the German G20 Presidency was able to advance the discussion on digitalization, promoting cooperation and enabling measures by the G20. On many issues, B20 recommendations on Fostering Global Connectivity and Strengthening Industry 4.0 and the Industrial Internet are well-reflected in the Declaration. Regrettably, the evolution of human-centric artificial intelligence has not been mentioned in the Declaration this year. B20 also would have liked to see stronger commitments regarding international standards and IT security. We are also disappointed that the resolutions and measures remain quite general and non-binding.

The pledge by the G20 to support the free flow of information while respecting applicable legal frameworks for privacy, data protection, and intellectual property rights largely mirrors the B20 recommendations. The Declaration also underlines that trust in digital technologies requires effective consumer protection, intellectual property rights, transparency, and security in the use of ICT. In the respective paragraph, the Leaders endorse the Ministers' Declaration agreed to in Düsseldorf. However, it remains unclear if this endorsement regards the whole Ministers' Declaration with all its annexes.

The G20 Leaders rightly acknowledge that digital transformation is a driving force of global, innovative, inclusive and sustainable growth. They also point out that digitalization can contribute to reducing inequality and achieving the goals of the 2030 Agenda for Sustainable Development. The B20 appreciates that the G20 members want to bridge the digital divide along multiple dimensions, including income, age, geography, and gender. The G20 members also want to expand ICT infrastructure. This is reflected in the plans to ensure that all citizens are digitally connected by 2025. And they want to promote digital literacy and digital skills in all forms of education. Although this is consistent with B20 recommendations, public-private partnerships are unfortunately not mentioned as a way to improve infrastructure projects.

The G20 members commit to ensuring a secure ICT environment, in which all sectors are able to enjoy its benefits, and reaffirm the importance of collectively addressing issues of security in the use of ICT. The B20 welcomes any action in this regard. The Declaration also mentions that market- and industry-led international standards for digitized production, products, and services can promote interoperability and security in the use of ICT. However, we would have liked the G20 to have gone into more detail.

The same is true regarding small and medium-sized enterprises (SMEs). The B20 welcomes that the G20 Leaders recognize the important role of SMEs and start-ups as well as commit to promoting better access to financial resources and services and a more entrepreneurial friendly environment. However, the G20 Declaration falls short on mentioning how this can be achieved. Overall, the role of SMEs as backbone of many countries' economies and societies is not paid nearly enough attention in the Leaders' Declaration.

Furthermore, we appreciate that the G20 members encourage the development of global and international standards to promote effective cooperation and development and use of market- and industry-led international standards for digitized production. The G20 set a strong point for consensus-based standards. Again, the Declaration, however, lacks detail and concrete actions, which is a disappointment for B20.

## Financing Growth and Infrastructure

In the realm of finance, the G20 was able to build on past work and move the agenda forward.

On financial stability, the B20 welcomes the confirmation by the G20 of its commitment to international economic and financial cooperation and strong, effective, and representative global economic and financial institutions. The B20 agrees that "all policy tools have to be used – monetary, fiscal and structural – individually and collectively to achieve our goal of strong, sustainable, balanced and inclusive growth, while enhancing economic and financial resilience".

The B20 agrees with the G20 that an open and resilient financial system, grounded in agreed upon international standards, is crucial to supporting sustainable growth. The B20 welcomes that the G20 members reaffirm their commitment "to the finalization and timely, full and consistent implementation of the agreed G20 financial sector reform agenda". The B20 endorses the G20 Declaration in its goal to "finalize the Basel III framework without further significantly increasing overall capital requirements across the banking sector, while promoting a level playing field" and in further monitoring and addressing emerging risks and vulnerabilities. It is noteworthy that the Hamburg Action Plan clearly mentions the support for the activities of the Basel Committee on Banking Supervision's (BCBS), the Financial Stability Board (FSB), and the International Organization of Securities Commissions' (IOSCO) in that regard.

The B20 welcomes that the G20 Leaders "support the FSB's work to analyze the effects of financial regulatory reforms and the structured framework for post-implementation evaluation". The Hamburg Action Plan further welcomes the FSB's third annual report on the implementation and effects of reforms and the FSB structured framework for the post-implementation evaluation of the effects of G20 financial regulatory reforms. However, the B20 is disappointed to see that there is nothing more concrete to really ensure the mitigation of unintended consequences.

The B20 thus remains concerned that the finalization of Basel III will have unintended effects on already subdued economic growth and calls on the G20 Finance Ministers and Central Bank Governors to ensure that the BCBS complies with the mandate given by the G20. To ensure that the proposals are workable in terms of their impact on market liquidity, breadth, and depth, the FSB should carry out a Quantitative Impact Study. Furthermore, all international financial standards should be designed based on an explicit cost/benefit analysis, taking into account both financial stability and growth objectives. The economic consequences of proposed standards, between and within various jurisdictions, should be evaluated before their adoption.

The B20 welcomes that the Hamburg Action Plan hints at the willingness of the G20 to continue to enhance the monitoring of reforms to ensure their consistency with the G20's overall objectives. However, it remains unclear how policy coherence can be increased. The G20 Leaders, unfortunately, did not follow the B20 recommendation to mandate the FSB to set up a more formal mechanism for continuous and systematic cross-border dialogue with and between national regulators, including addressing possible unintended consequences of conflicting objectives across regulation.



The B20 welcomes that G20 members pledge to intensify joint efforts to enhance tax certainty and find an appropriate balance to both reap the benefits and opportunities that the digitalization of finance offers while also appropriately managing its potential risks. On tax, the B20 notes that the G20 members reaffirm their commitment to working towards a globally fair and modern international tax system, the implementation of the Base Erosion and Profit Shifting (BEPS) package, and assistance to developing countries in building their tax capacity. The consistent implementation of the BEPS measures is key to addressing uncertainty. To minimize compliance burden and any negative impact on global value chains, participating members should avoid national 'gold-plating'. The G20 Leaders "welcome the work on tax certainty conducted by the OECD and the IMF and encourage jurisdictions to consider voluntarily the practical tools for enhanced tax certainty as proposed in the report by the OECD and the IMF of March 2017" (including with respect to dispute prevention and dispute resolution to be implemented within domestic legal frameworks and international tax treaties). However, the character of the endorsement remains vague. B20 would have liked to see a stronger commitment on certainty for businesses.

On digital finance, it is noteworthy that the Hamburg Action Plan recognizes the balancing act between the facilitation of innovation and the guarding against possible material risks that can stem from the digitalization of finance. On FinTech, the G20 members "welcome the FSB report on financial stability implications from technology-enabled financial innovation (FinTech) and agree with the supervisory and regulatory issues identified therein that merit authorities' attention". In general, but on digital finance and FinTech especially, B20 is disappointed that the Hamburg Action Plan does not mention the cooperation with the private sector at all.

Regarding infrastructure, the G20 Declaration corresponds to the relevant B20 recommendations on enhancing the role of Multilateral Development Banks (MDBs) to act as catalysts to crowd-in private investment in infrastructure. Specifically, we welcome the adoption of the "Hamburg Principles and Ambitions", designed to find a joint framework among MDBs to better quantify their ability to facilitate private investments in infrastructure and connectivity. This entails for example a target of a 25-35 percent increase in mobilization over the next three years. We also welcome the call for an integrated MDBs implementation report by the G20 Leaders' Summit in 2018 and annual reporting on crowding-in. The special character of the Principles and other initiatives such as the Global Infrastructure Connectivity Alliance (GICA) are further underlined in the Hamburg Action Plan. However, the B20 would have liked to see a clearer focus on the construction phase of infrastructure projects and enhanced exchange with private stakeholders.

In the area of green finance and financial disclosure, a minor improvement was reached. Omitted from the Baden-Baden Communiqué, the Hamburg Action Plan at least mentions the work of both the G20 Green Finance Study Group and the Taskforce on Climate-related Financial Disclosure. We are, however, disappointed that there are no specific actions or follow-up measures mentioned. The B20 would like the G20 Leaders to encourage global policymakers to calibrate regulatory and prudential market-based frameworks to address disincentives for long-term green investment and to support their allocation to Green Finance. The G20 and G20 members should foster the growth of green finance markets through commonly accepted terminologies and concepts, improved publication of information, as well as encourage the development of international standards for proportionate and consistent market regulation. Regarding climate-related financial disclosure, G20 members should build on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and work towards their implementation, in particular through harmonized metrics endorsed by relevant industries and associations. Green finance can be an essential tool not only for reaching the goals of the Paris Agreement, but also the 2030 Agenda for Sustainable Development. We therefore welcome that the G20 Declaration recognizes the "opportunities for innovation, sustainable growth, competitiveness, and job creation of increased investment into sustainable energy sources and clean energy technologies and infrastructure".

The B20 welcomes the reference made to financial inclusion "as a multiplier for poverty eradication, job creation, gender equality, and women's empowerment". While the B20 supports the encouragement of the G20 that "G20 and non-G20 countries [...] continue promoting digital financial services under the guidance of the G20 High-Level Principles for Digital Financial Inclusion", we would have wished for

more concrete actions. Regarding SME finance, the B20 welcomes that the G20 members “have conducted a first self-assessment of our framework conditions for SME financing in line with the G20 Action Plan on SME Financing that shall be updated bi-annually [...] and encourage G20 countries to implement reforms in their identified areas for improvement and invite non-G20 countries to participate in their own baseline assessments and improvement plans”.

The B20 shares the assessment that financial literacy needs to be strengthened and thus welcomes “the G20/OECD/INFE report on adult financial literacy in G20 countries based on surveys that have been conducted to measure financial literacy and inclusion as a starting point to better compare the levels of financial literacy and evaluate impacts of national education programmes”. The B20 notes with interest the UN Secretary-General’s proposal to establish an International Finance Facility for education.

## Energy, Climate and Resource Efficiency

Regarding energy, climate, and resource efficiency, the results are mixed. While it is disappointing that the G20 did not deliver a joint message on climate protection and did not come up with mechanisms on carbon pricing, the commitment of the remaining 19 G20 members to implement the Paris Climate Agreement and the launch of the G20 Resource Efficiency Dialogue can be counted as success.

The B20 welcomes the linkage in the G20 Declaration of “a strong economy and a healthy planet” and the G20’s recognition of “opportunities for innovation, sustainable growth, competitiveness, and job creation of increased investment into sustainable energy sources and clean energy technologies and infrastructure”. It is important that the G20 members reiterate their commitment to collectively mitigate greenhouse gas emissions. The way they want to do this is by “increased innovation on sustainable and clean energies and energy efficiency, and work towards low greenhouse-gas emission energy systems”. We note the call for more collaboration among G20 members and internationally with regard to long-term energy strategies regarding energy security, technologies, and energy access.

B20 regrets the fact that for the first time a G20 Declaration notes an individual paragraph from one G20 member, in that case the United States. While in Hangzhou last year the G20 still committed to address climate change, to join the Paris Climate Agreement and work towards its timely implementation, it now noted that the United States “will immediately cease the implementation of its current nationally-determined contribution”, and intends to collaborate on fossil fuels and renewable energy sources. Regarding the annexed G20 Hamburg Climate and Energy Action Plan for Growth, the United States reserves its position. This is a setback for international law-making.

In contrast, the B20 welcomes the clear signal of the 19 G20 Leaders that the Paris Agreement is irreversible and that they fully commit to the UNFCCC process. The declaration calls on all 19 members to move more swiftly towards the Agreement’s full implementation, while repeating the Paris wording that this can only be done at different speed, respective of national circumstances and capacities. This gives business at least some planning certainty and reaffirms the Paris Climate Agreement as the guiding framework for national climate and energy policies.

Further on climate change, the B20 welcomes the G20 commitment outlined in the G20 Hamburg Climate and Energy Action Plan for Growth to implement current and future Nationally Determined Contributions (NDCs) in line with the Paris Agreement. Reflecting B20 recommendations, the G20 Leaders call on all members to communicate long-term low greenhouse gas emission development strategies by 2020. We are, however, disappointed, that no concrete plan to drive carbon pricing (e.g. via an inter-governmental G20 Carbon Pricing Platform, as B20 suggested) has been agreed upon.

The B20 further welcomes the continued commitment of the G20 to phase out inefficient fossil fuel subsidies and to establish a peer review of inefficient fossil fuel subsidies that support unnecessary consumption, also recognizing the need to support the poor (see G20 Hamburg Climate and Energy Action Plan for Growth). The G20 Leaders did, however, not decide upon a concrete timeline for the phase-out of inefficient fossil fuel subsidies. The G20 had already committed to phase out inefficient fossil fuel subsidies over the “medium term” in 2009, with little real follow-up action.

On energy, the B20 welcomes the fact that the G20 members want to exchange best practices on national long-term low greenhouse gas emission energy sector strategies and the role of the IEA, IRENA, and other international organizations to monitor and report on the transformation process. While B20 welcomes the importance that the G20 relates to energy innovation and the reference to Mission Innovation, it is disappointing that the G20 did not decide on any concrete action like a road map as recommended by B20. Regarding energy efficiency, the B20 welcomes the continued efforts of the G20 to strengthen international collaboration on energy efficiency and thus notes with interest the initiative of the G20 to establish an Energy Efficiency Hub and taskforce. While the G20 Energy Efficiency Leading Programme (EELP) will be further implemented, the Action Plan does, unfortunately, not entail any concrete measures, such as an investment toolkit, as recommended by the B20. On energy access, the B20 welcomes the G20 efforts to further implement the two regional energy access action plans but misses anything more concrete. A clear linkage could have been made to the Compact with Africa initiative that foresees a better environment for investments in infrastructure in Africa, with a main focus on energy infrastructure. This is also true for the mentioned African-led Renewable Energy Initiative (AREI).

The B20 welcomes that G20 Leaders commit to sustainable growth. In this regard, the relevance of the 2030 Agenda has been stressed and all G20 members and respective stakeholders are called upon to strive towards its ambitious and integrated implementation. The B20 welcomes the initiative to launch the G20 Resource Efficiency Dialogue in that regard and the goal to exchange good practices and national experiences to improve the efficiency and sustainability of natural resource use across the entire life cycle. International organizations, business, academia, civil society and other stakeholders may be invited to contribute to this dialogue with their expertise and a close collaboration with Business 20 being mentioned in particular. Possible first topics for the dialogue could be: cooperation on implementing resource-related SDGs; broadening the knowledge base on global resource use and future resource needs; exchange of good practices on resource-efficient solutions along the entire life-cycle – such as for industrial and urban development, infrastructure, waste management, water use, production processes, consumption patterns and business models. The topic of resource efficiency has been one of the focal topics of the B20 ECRE taskforce, and the G20 commitments can be counted as success. Now, the G20 and B20 need to elaborate on the implementation of the commitments.

The B20 finally welcomes the remark in the G20 Hamburg Climate and Energy Action Plan for Growth regarding the constructive dialogue with the engagement groups, including B20, in the area of energy and climate and will advocate for its continuation under the Argentinian Presidency.

## Global Health

The G20 Leaders' Declaration addresses global health challenges in two paragraphs and focuses on strengthening health systems, combatting antimicrobial resistance (AMR), and to some extent refers to Universal Health Coverage (UHC).

Strengthening health systems through improved preparedness and response capabilities has received significant political attention prior to this year's G20 Summit. The B20 is encouraged that the G20 Leaders' Declaration stresses the importance of advancing preparedness for and response to global health challenges. In addition, the B20 commends the G20 Leaders in their call for R&D preparedness through mechanisms such as the Coalition for Epidemic Preparedness (CEPI) guided by the WHO R&D blueprint. However, it is discouraging that the Leaders did not commit to a continuation of the G20 Health Ministers' emergency simulation after its first round in May 2017, and merely call for ongoing trust-building and cross-sectoral cooperation. This will not suffice to prepare for and respond to future pandemics and we urge the G20 members to take concrete action.

The B20 fully supports the G20 Leaders' Declaration in its emphasis on the role of the WHO as a central coordinating body for capacity building and response to health emergencies. The B20 also joins the G20 Leaders' call for the United Nations to keep health high on the international agenda. In particular, the B20 welcomes that the Declaration advocates for sufficient and sustainable funding for global health capacities, including rapid financing mechanisms and the WHO's Health Emergencies Programme.

However, the Declaration fails to recognize the enormous potential of the private sector assets and service delivery in preparation for and response to health emergencies. Furthermore, the B20's recommendation to incorporate the economic risk of infectious disease outbreaks into macro-economic assessments went unnoticed by the G20 Leaders. This is a crucial step to raise awareness and encourage investment in health emergency preparedness and response.

The B20 is encouraged that the G20 Leaders' Declaration stresses the importance of UHC within the 2030 Agenda. However, the Declaration fails to draw the connection to innovation in healthcare: new and improved medical tools such as vaccines, medications, diagnostics, and other therapies will be crucial in extending access to healthcare to those that do not have it. The Declaration also does not recognize the need to encourage innovation through market-based incentives or fostering results focused approaches to health care systems. Innovation eco-systems with market-based incentives and robust and predictable regulatory environments are essential to ensure that innovation continues to thrive in healthcare.

The B20 strongly supports that the G20 Leaders commit to combatting AMR. The B20 welcomes that the National Action Plans will be in the process of implementation by August 2018 based on the One-Health approach. It is particularly encouraging that the G20 Leaders call for the prudent usage of antimicrobials and the planned dissemination of information to all stakeholders. Furthermore, the B20 welcomes that the G20 Leaders call to foster R&D of new antimicrobials, in particular for priority pathogens as identified by the WHO and tuberculosis. Multi-resistant tuberculosis requires particular attention, and it is encouraging that the G20 Leaders recognize this. However, it is regrettable that the G20 Leaders did not explicitly call for relevant push and pull mechanisms to incentivize R&D and product development of new antimicrobials. While the Declaration did refer to examining practical market incentive options, the G20 Leaders could have committed to these more explicitly.

The B20 is very disappointed that the G20 fails to address neglected tropical diseases (NTDs), digital health, and the nexus of gender and health. The world is at a pivotal point in time where it can eliminate or eradicate a number of NTDs and thus alleviate the considerable disease burden placed on low- and middle-income countries that are affected disproportionately. Furthermore, the G20 Leaders missed an opportunity by not recognizing the benefits of digital healthcare solutions that will be essential to address the demographic changes across the world and to monitor non-communicable diseases. Finally, the G20 Leaders' Declaration inexplicably failed to connect questions of gender in health even though it addressed women's empowerment and health separately. The links between gender and a number of health issues are clear, and the G20 should recognize this more strongly and commit to concrete actions.

### **Compact with Africa**

The B20 strongly welcomes the G20's initiative to launch the G20 Africa Partnership. This is a big step forward from last year's G20 commitments in Hangzhou. By highlighting the need for joint measures to enhance sustainable infrastructure, improve investment frameworks as well as support education and capacity building, the G20 acknowledges the opportunities as well as the challenges of the region.

The related initiatives included in the Partnership, such as #eSkills4Girls, Rural Youth Employment, and African Renewable Energy, are a good step towards ensuring that development is sustainable and reaches all participants of the economy.

The B20 strongly welcomes the intention of Côte d'Ivoire, Ethiopia, Ghana, Morocco, Rwanda, Senegal, Tunisia, the AfDB, IMF and WBG, and interested bilateral partners to work on investment compacts and develop strong investment climates. By encouraging the private sector to seize African economic opportunities, sustainable growth and employment creation are supported.

Overall, the B20 welcomes the clear linkage to African-led strategies and initiatives like the African Union's Agenda 2063 and its Programme for Infrastructure Development in Africa (PIDA). It is crucial that "continued follow-up and support of the G20 Africa Partnership including agreement and implementation



of compacts with African countries will furthermore be ensured by enhanced cooperation between the Sherpa- and the Finance Tracks”.

In that respect the B20 welcomes that the reform measures and contributions will be coordinated by “Country Teams” set up in each Compact country, comprising of representatives of the respective African government, international organizations, interested G20 members and other partner countries or institutions. The G20 finance track will coordinate and monitor the initiative as well as report on progress, future ambitions, and measurable targets in each Compact country. The B20 looks forward to the next steps, such as an investor event at the IMF Fall Meeting in Washington D.C..

## Sustainable Global Supply Chains

The G20 recognizes that global supply chains “can be an important source of job creation and balanced economic growth” but that challenges remain, as was also stated in the recommendations of the B20 Employment & Education (EE) Taskforce. The G20 in this regard reflected the B20 EE recommendations by committing “to fostering the implementation of labour, social and environmental standards and human rights in line with internationally recognised frameworks, such as the UN Guiding Principles on Business and Human Rights and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. Those countries that adhere to the OECD Guidelines for Multinational Enterprises (OECD MNE Guidelines) commit to fostering them and welcome others to follow”. The G20 also welcomes the Vision Zero Fund to prevent work-place related deaths and injuries and encourages enterprises and others to join.

However, the G20 Leaders go beyond the B20 recommendations of creating a Global Level Playing Field. They namely “underline the responsibility of business to exercise due diligence”. Furthermore, they “emphasise that fair and decent wages as well as social dialogue are other key components of sustainable and inclusive global supply chains”. While it is clear that enterprises have to comply with law and human rights standards, we would like to emphasize the fact that businesses can only deliver, if minimum standards defined by national legislation are effectively enforced by the respective governments. The G20 Leaders did not include any recognition of this principle or plan efforts of increasing national legislation standards in their Declaration. Thereby, they excessively put the responsibility of improving working conditions throughout the supply chains on companies.

The G20 members also “encourage multinational companies to conclude international framework agreements as appropriate”. This is inappropriate as it disrespects the autonomy of Social Dialogue. It also contradicts the B20 call for avoiding the creation of new initiatives regarding global supply chains. As stated in the B20 EE paper, there are already numerous alliances and initiatives through which companies voluntarily invest in corporate social responsibility. New initiatives might stand in competition rather than complement existing efforts. The B20 has asked the G20 to acknowledge existing efforts, which the Leaders did not do in the final statement.

Finally, recognizing the ongoing work of the Global Partnership for Financial Inclusion (GPFI), the G20 Leaders want to promote better access to financing, technology, and training facilities that help improve the capacity of micro, small and medium-sized enterprises to integrate into sustainable and inclusive global supply chains. This is very much in line with B20 recommendations.

## Boosting Employment

The G20 Leaders recognize the effect of digitalization on employment and “the need to educate and train people with the necessary skills for the future of work”. The G20 members also recognize the increasing diversity of employment and “will assess its impact on social protection and working conditions and continue to monitor global trends, including the impact of new technologies, demographic transition, globalisation, and changing working relationships on labour markets”. However, there is no mention of planned efforts to promote more diverse forms of work or creating more inclusive labor markets in general (women’s empowerment is treated in a separate paragraph, see below).

Regarding education, the G20 Leaders agree with the B20 EE paper by stating: “We recognize the important role of vocational education and training, including quality apprenticeship in integrating young people into the labour market.” In this regard, the G20 also highlights that vocational training is most effective when structures are elaborated in cooperation among governments, business communities, and social partners.

## Women’s Empowerment

The G20 Leaders agree with the B20 recommendations to empower women by facilitating their access to education and to the labor market. They also state that while there is progress on the 25 percent by 2025 target, more needs to be done. Furthermore, the importance of access for women and girls to STEM related training and occupation is highlighted. B20 welcomes the three initiatives for women’s empowerment that will be launched, namely:

- #eSkills4Girls: promote opportunities and equal participation for women and girls in the digital economy, in particular in low income and developing countries;
- Women Entrepreneurs Financing Initiative (We-Fi), housed at the World Bank: support ongoing G20 efforts to reduce barriers to financial inclusion and increase women’s access to capital, markets, and technical assistance as well as contribute to achieving the goals of the G20 Africa Partnership and the G20 Entrepreneurship Action Plan;
- Business Women Leaders’ Task Force: The G20 will, in close cooperation with the W20 and the B20, bring together business women from G20 countries to examine ways to increase women’s participation in the economy and will make recommendations at next year’s summit on the implementation of G20 commitments regarding the economic empowerment of women.

## Migration

The G20 Leaders take a much more detailed look at migration than does the B20 EE paper, as they also include the issue of forced displacement. Regarding employment, the G20 Leaders “endorse the G20 Policy Practices for the Fair and Effective Labour Market Integration of Regular Migrants and Recognised Refugees”. In the G20 Leaders’ Statement, there is no clear distinction between refugees and migrants and the challenges each group poses to countries of origin and host countries.

## Anti-corruption

The topic of anti-corruption and Responsible Business Conduct not only found its way into the Leaders’ Declaration but also resulted in the endorsement of four sets of High Level Principles aimed at fostering integrity in the public and private sector. This reflects the importance of the issue and is strongly welcomed by the B20. Especially the first three of the following High Level Principles reflect the B20 focus: the High Level Principles on the Liability of Legal Persons; the G20 High Level Principles on Countering Corruption in Customs; the G20 High Level Principles on Organizing against Corruption; the High Level Principles on Combatting Corruption related to Illegal Trade in Wildlife and Wildlife Products.

The B20 specifically welcomes the G20 Leaders’ recognition that effectively preventing and combating corruption in customs is essential to an enabling business environment and investment climate. The G20 Leaders’ commitment to ensure that customs administrations build a culture of integrity through transparent internal decision-making, integrity awareness-raising and training activities, as well as an open organizational structure that is responsive to integrity concerns is key in this regard.

In particular, the B20 welcomes that the importance of Beneficial Ownership Transparency as an important tool to fight corruption found its way into the G20 Leaders’ Declaration as well as the Hamburg Action Plan. The Leaders agree to advance the effective implementation of the international standards on transparency and beneficial ownership of legal persons and legal arrangements, including the availability of information in the domestic and cross border context.

The G20 Leaders remain committed to fighting corruption, including through practical international co-operation and technical assistance, and will continue to fully implement the G20 Anti-Corruption Action Plan 2017-18. Additionally, the G20 Leaders call for ratification and implementation by all G20 members of the UN Convention against Corruption and for a strong involvement in its review process. Both commitments are welcomed and supported by the B20.

The B20 is very pleased to see that the G20 members are overall supportive of companies' proactive engagement by providing positive recognition of effective anti-corruption actions and systems. The G20 Leaders commit to ensuring that not only individual perpetrators but also companies benefitting from corruption can be held liable. This creates incentives within the business community to implement compliance systems.

The B20 regrets that the issue of Responsible Business Conduct in infrastructure projects has not been taken into account by the G20 Leaders. Not only is there a large infrastructure gap in many countries, infrastructure can be a powerful force for economic growth and development. Overall, B20 is disappointed by how little attention the Leaders paid to infrastructure investment.

### **About B20**

*The Business 20 (B20) is the official G20 dialogue with the global business community. The mission of the B20 is to support the G20 through consolidated representation of interests, expertise, and concrete policy proposals. Furthermore, the B20 promotes dialogue among policy-makers, civil society, and business at the international level.*

*The German B20 is organized by the Federation of German Industries (BDI), the Confederation of German Employers' Associations (BDA), and the Association of German Chambers of Commerce and Industry (DIHK). The B20 is headed by B20 Chair Jürgen Heraeus (Heraeus Holding). He is assisted by the three members of the Executive Committee Dieter Kempf, President of BDI, Eric Schweitzer, President of DIHK, and Ingo Kramer, President of BDA, as well as B20 Sherpa Stormy-Annika Mildner. B20 Germany has more than 700 members from all sectors and all G20 members, representing the entire G20 business community.*

### **B20 Germany**

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