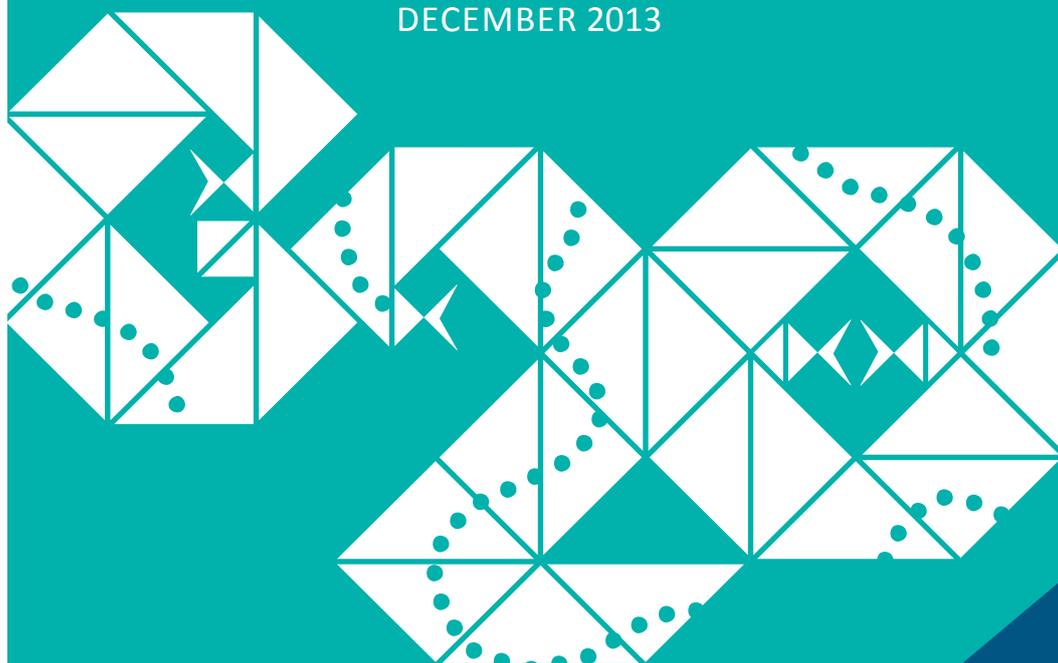


# G20 2014: OVERVIEW OF AUSTRALIA'S PRESIDENCY

DECEMBER 2013



## Australia's G20 presidency

### MESSAGE FROM THE PRIME MINISTER



It is an honour for Australia to host the G20 in 2014.

It is an important opportunity and a major responsibility. Our Presidency comes at a time when global economic growth is too low and unemployment too high. This is preventing people from reaching their full potential.

So why is the G20 important? It comes down to a simple idea: the world's major governments can do more economic good for our citizens when we work together. That is what the G20 Leaders Summit is about.

The G20 has proved itself in difficult times. It helped prevent an economic collapse following the global financial crisis. The main problem we must now solve is how to strengthen economic growth and employment, to create opportunities for our people. That is our common challenge.

The best way to do this is by empowering the private sector. To have strong economies, we need business to invest, build the infrastructure of the future and trade with the rest of the world. We must also implement the G20's financial reforms to ensure our economies are more resilient to future economic shocks.

The challenge for the G20 this year will be to make concrete decisions and take real steps that will improve people's lives through stronger growth, more jobs and better infrastructure. As the chair of the G20 in 2014, I will ask world leaders to come to Brisbane with a commitment to take practical action. It means developed and emerging economies working together. And it means partnership between governments, private enterprise and the community.

I look forward to hosting world leaders in the beautiful riverside city of Brisbane in November 2014. The G20 will be the most important meeting of world leaders Australia has ever hosted. I want it to make a lasting difference.

A handwritten signature in black ink that reads "Tony Abbott". The signature is fluid and cursive.

The Hon Tony Abbott MP  
Prime Minister of Australia



## Priorities for 2014

The G20 brings together the leaders of the world's major economies to deal with the biggest economic challenges. As the G20's response to the global financial crisis in 2008 showed, it is capable of decisive action that can make a real and positive difference to people's lives.

Australia's history and geography define who we are and how we engage with the world. We value our links with other countries and thrive on cooperation and inclusiveness. We are outward-looking and accustomed to working collaboratively with a wide range of countries to deliver practical outcomes. Located in the world's most dynamic region, Australia has strong links with countries in the Asia-Pacific that are reshaping the global economy. These Australian characteristics shape our approach to the G20 Presidency in 2014.

### THEMES FOR 2014

There are many challenges that could benefit from G20 leaders' attention, but to make the most of the opportunity, we need to focus carefully on the issues that matter most and where practical progress can be made or initiated. Building on the St Petersburg summit, we are well placed to do this in 2014.

Australia's G20 Presidency in 2014 will structure leaders' discussion around the key themes of:

- ▶ Promoting stronger economic growth and employment outcomes
- ▶ Making the global economy more resilient to deal with future shocks

We want to maintain a tight focus on practical outcomes that will lift growth, boost participation, create jobs and build the resilience of the global economy.

### THE GROWTH CHALLENGE

*Strengthening growth and creating jobs is our top priority and we are fully committed to taking decisive actions to return to a job-rich, strong, sustainable and balanced growth path ... We will identify the remaining key obstacles to be addressed and reforms needed to achieve stronger, more sustainable and balanced growth in our economies.*

St Petersburg G20 Leaders Declaration

Global growth is subdued and the outlook is not improving quickly enough: the International Monetary Fund has revised down its global growth forecasts repeatedly over the last two years. Many countries are struggling to create enough jobs for their people. According to the World Bank, there are more than 600 million young people around the world who are neither working nor studying.

Many countries have relied heavily on fiscal and monetary policies to bolster their economies, particularly in the aftermath of the global financial crisis. Coordinating policies to maximise growth and minimise unintended effects will remain a central role of the G20 in 2014. But we also need new approaches to ensure growth is sustained in the years ahead. It is the only way to bolster confidence and create employment opportunities. And it's the only lasting way to lift people out of poverty and build national prosperity.

Achieving this will not be easy. The key is for governments to enable the private sector to drive economic activity. Only private enterprise can deliver the sustainable growth in investment, trade and job creation that the world needs.



## STRATEGIES TO STIMULATE GROWTH

In September 2013, G20 Leaders in St Petersburg committed to develop comprehensive growth strategies by the Brisbane summit in 2014. These commitments will be encapsulated in a 'Brisbane Action Plan'. The challenge for 2014 is to turn that commitment into results. To be effective, these growth strategies will need to include practical actions to improve productivity and competitiveness, strengthen investment in infrastructure, encourage trade, make it easier to do business and boost employment. Individual country reforms will need to be complemented and strengthened by similar actions by all G20 members.

### Attracting private infrastructure investment

Building infrastructure drives growth in the short term through investment and employment, and makes economies more productive in the long term. The OECD estimates that over \$50 trillion (US dollars) in infrastructure investment is needed worldwide by 2030. Funding requirements of that size demand that governments work with the private sector. But the private sector will only become involved if projects are economically and financially viable. Working together to improve investment environments in G20 countries through a package of collective and individual actions will make it easier to get infrastructure projects off the ground. Finding ways to help capital markets to better channel global savings to productive investments, including by sharpening the role of Multilateral Development Banks in assisting this process, will also be a priority for 2014.

### Removing obstacles to trade

Trade is an engine of economic growth. However, global trade is expected to grow at just 2.5 per cent in 2013, well below its pre-crisis average of 6 per cent per annum. This is a concern for all countries. As G20 President, Australia will focus leaders' discussion on how trade contributes to economic growth and on ways to boost trade globally. That will include working together on practical actions to remove obstacles to trade and enhance countries' ability to participate in global value chains through domestic reform.

### Creating jobs and lifting participation

*Unemployment and underemployment in many countries, particularly among young people, remains one of the key challenges confronting the global economy.*

St Petersburg G20 Leaders Declaration

Sustained high levels of unemployment threaten growth and social cohesion, especially for young people and other vulnerable groups. Creating the right conditions for private enterprise to grow is the key to boosting employment and lifting participation. In 2014, G20 countries have committed to bring actions to the table to do just that. G20 members will work on issues including female participation, structural unemployment, informal employment, and labour market outcomes for young people and vulnerable groups. G20 member actions on employment and participation will be part of the Brisbane Action Plan.



## **Empowering development**

Strengthening development is central to the G20's objectives. Emerging market and developing economies contribute around three quarters of global growth. The G20's work will focus on activities that lift growth across the developed and developing world. Australia's priority for 2014 is to link development actions to growth, by creating the conditions for developing countries to attract infrastructure investment, by strengthening tax systems, and by improving access to financial services. This approach will ensure that the G20's broad priorities for improving global economic prospects will contribute to better development outcomes across the board.

## **BUILDING GLOBAL ECONOMIC RESILIENCE**

In addition to addressing the growth challenge, the G20 has a significant role in ensuring that international and domestic economic policies work together to immunise the global economy against future shocks. The G20 has put in place a wide-ranging work program to manage global economic and financial risks. Implementing these commitments will complement the G20's growth agenda to ensure growth is strong but sustainable in the long term.

### **Reforming the global financial system**

Over the past five years, G20 members have made considerable headway in global financial reforms aimed at preventing a repeat of the global financial crisis. But this work remains unfinished. To promote a more resilient financial system, as G20 President, Australia will make it a priority to complete financial reforms in four core areas directly related to the causes of the crisis: building the resilience of banks; helping prevent and manage the failure of globally important financial institutions; making derivatives markets safer; and improving oversight of the shadow banking sector.

### **Strengthening tax systems**

Changes to the global economy have outpaced tax systems around the world. Governments face increasing difficulty collecting tax where economic activity occurs, leading to tax base erosion. This 'leaking bucket' makes it harder for governments to maintain growth-friendly tax systems and manage their budgets in a sustainable way, while delivering essential services to their populations. Australia will lead stronger international cooperation in the G20 to combat tax base erosion and profit shifting, including better global exchange of tax information. This will modernise the international tax system and strengthen public finances.

### **Reforming global institutions**

Strong, representative international financial institutions are essential to global economic stability. To be effective and relevant, these organisations must keep pace with current realities and better reflect the growing economic weight of dynamic emerging market economies. This means a bigger voice in the International Monetary Fund for the countries that are re-shaping the global economy. Australia will work with the G20 membership to deliver reforms the G20 has initiated in this area during 2014.



### **Strengthening energy market resilience**

Well-functioning energy markets and reliable supply are essential to every household and business and have a significant impact on the cost of living and the cost of doing business. Emerging economies are expected to account for more than 90 per cent of growth in energy demand to 2035. In 2014 the G20 will support international efforts to improve the operation of global energy markets and increase cooperation between major producers and consumers. The G20 will also explore how it can advance work on energy efficiency and continue its work to improve the transparency of energy markets. These efforts will help position us to meet the energy demands of the future.

### **Fighting corruption**

The G20 will continue to fight corruption and work to address its negative impact on economic activity. Corruption increases costs for businesses and deprives developing countries of up to \$40 billion each year. There are practical steps that all G20 members can take to reduce the costs of corruption for growth and development.

## **Working with Partners**

The G20 has an ambitious growth agenda but governments cannot deliver this in isolation. Australia's host year will see the G20 continue to work closely with business and other groups.

We will look to business to help identify practical actions countries can take to improve investment environments across the G20, remove obstacles to trade and reduce the costs of doing business. Similarly, the G20's work will be informed by input from other sections of the community. Tackling complex global challenges can benefit from perspectives, ideas and input from across business, labour, civil society, youth and think tanks in G20 countries. Contributions to the G20 process from these groups will be warmly welcomed by Australia in 2014.

## **The G20 and the world**

The G20 works to address issues that matter to all countries, not just those in the G20. Dialogue with non-member countries is a high priority. Australia wants to ensure that the G20 delivers positive outcomes for all countries. This is why the G20 engages with the United Nations and with a wide range of other institutions and groups. Australia will work closely with countries in our region and with Asia-Pacific groupings, including APEC (Asia-Pacific Economic Cooperation), ASEAN (Association of Southeast Asian Nations), EAS (East-Asia Summit) and PIF (the Pacific Islands Forum).



## Key dates in 2014

The 2014 G20 Leaders summit will be held on 15 and 16 November in Brisbane, Queensland.

G20 Finance Ministers and Central Bank Governors will have a series of meetings to monitor and respond to macroeconomic challenges and to take the growth agenda forward for the summit, including meetings in Sydney and in Cairns.

G20 Trade Ministers will meet to discuss how to maximise the gains from trade and G20 Labour and Employment Ministers will focus on measures to lift workforce participation and reduce structural unemployment.

Leaders' representatives, the G20 Sherpas, will meet throughout the year to prepare for the summit, as will senior finance ministry and central bank officials.

## A G20 Agenda for Growth and Resilience in 2014

