

Prepared For

B20 2016 Joint Task Force Policy Recommendations

Based upon the voice of the real economy participants on the ground level

31 May 2016



SME
Development
Task Force

Infrastructure
Task Force

Financing
Growth
Task Force

Trade &
Investment
Task Force

Employment
Task Force

RECOMMENDATIONS FOR 2016 B2O EMPLOYMENT TASK FORCE

Premise

As a foundation for developing our recommendations for the 2016 B2O Employment Task Force, our comments are based upon the following:

- **Analyzing proposals from previous G20 Summits** - The Australia, Turkey and China B2O Employment Task Forces are to be applauded, as many of their recommendations are rightly focused on the need for training to address mismatches between skills required and education
- **Understanding Task Force interdependencies** - While the B2O Task Forces have developed independent objectives, due to the global economy interdependency, it is evident their proposals overlap thus requiring a highly integrated approach for their implementation
- **Listening to the voice of the real economy participants at the ground level** - The G20 Nations Case Study results to date covering 58% of the G20 population have yielded that 90% want new digital tools to improve their competencies and their processes to enhance competitiveness in the global market place

Given the urgency to create 600 million jobs over 15 years, out of the box thinking is required to kick-start the global economy.

A reality check yields that market expansion is required to create more jobs and this demands a focus on the real economy of manufacturing, agriculture and the services industry. Since it is easier to maintain jobs than to create them, we must also provide our workforce the tools, training, monitoring and motivation.

While current and past thinking leads us to a particular focus we recommend a more holistic approach which encompasses the needs of participants on the ground and the interdependencies of all Task Forces. The digital economy is the means to facilitate such an outcome.

Past & Current

CHINA

- Implement programs to encourage entrepreneurship and innovation
- Remove structural barriers and enact support mechanisms to increase youth employment participation
- Implement and encourage initiatives to increase female labor force participation rate
- Launch programs to assess and reduce the skill mismatch and workforce capability gap

TURKEY

- Reform labour markets to make them more dynamic and inclusive
- Increase youth and female participation in the labor force
- Develop and finance programs to reduce skills mismatch

AUSTRALIA

- Establish a national innovation agenda and pipeline with supporting structural reforms
- Increase the level of alignment and responsiveness between the learning ecosystem and workforce needs
- Remove barriers inhibiting entrepreneurs from starting and growing businesses
- Undertake structural reform to increase flexibility, adaptability and mobility within and across labor markets

Reality Check

Why isn't the real economy the driving theme in the global arena and how do the B20 recommendations address this?

Lack of demand is forcing the emphasis on financial engineering for fast wealth creation. However, this comes at the cost of growing the real economy that drives sustainable employment

How do the B20 recommendations address poor market demand?

The world's demographics are changing. In high income countries, the population is aging yet salaries remain high. This is a productive community challenged with low market demand. In mid and low income countries, birth rates are high, the population is growing, but salaries are low

How can the B20 recommendations effectively counter the mismatch between the skills needed for capacity building and current and future job requirements?

Lack of visibility to industry employment needs places a burden to build human capacity that matches employment requirements

How do we properly measure corporate productivity to drive employment?

There is an absence of proper training, required tools and performance measurements to drive efficiency

What are the tools needed at the national level to motivate human capacity and productivity?

The emphasis only on short-term personal financial gain as a main motivation, versus long term job security, could limit human capacity and country productivity growth. In other words there is no visibility of individual contributions to his/her organization and societal economic growth representing a vital foundation to his/her future generation's prosperity

Recommendation

The Real Economy must be the driving theme to deliver sustained employment growth

Our efforts must be concentrated on the following three main economic pillars of the real economy; manufacturing, agriculture and the services industries that support them.

Sustaining global market demand is essential to build youth employment

We must connect the youthful workforce of the mid and low income countries with the expertise of the high income countries thus building the buying power of the mid and low income countries creating an unprecedented new global market demand that could result in more than 100 million new jobs.

Human capacity building must be effectively synchronized with projected employment market opportunity

Greater visibility is required on future production volumes as well as product and services planning. This will allow the development of human capital to meet employment market demands.

Increased employment productivity must be a corporate strategic objective

Employment productivity is optimized when the proper tools are provided to perform a specific duty, training is performed to use the tools efficiently, and a performance monitoring mechanism with escalation capabilities for accountability is implemented.

Provide the tools and national economic progress visibility to build a better future for our generations

Visibility of economic progress & the prospects of job security can promote stronger motivation. We need national real economy dashboards that provide the required indicators for increased productivity today & for the generation to come.

NB: The boxes in lighter shade illustrates the wider scope of our recommendations

RECOMMENDATIONS FOR 2016 B2O TRADE AND INVESTMENT TASK FORCE

Premise

As a foundation for developing our recommendations for the 2016 B2O Trade Task Force, our comments are based upon the following:

- **Analyzing proposals from previous G2O Summits** - The Australia, Turkey and China B2O Trade Task Forces are to be applauded, as many of their recommendations are rightly focused on the need to implement measures to facilitate more trade
- **Understanding Task Force interdependencies** - While the B2O Task Forces have developed independent objectives, due to the global economy interdependency, it is evident their proposals overlap thus requiring a highly integrated approach for their implementation
- **Listening to the voice of the real economy participants at the ground level** - The G2O Nations Case Study results to date covering 58% of the G2O population have yielded that 90% want new digital tools to achieve real economic integration between all participants within the Global Value Chains

Given the urgency to meet the needs of the real economy trade participants, out of the box thinking is required to kick-start the global economy.

A reality check yields that market expansion is required and this demands a focus on the real economy of manufacturing, agriculture and the services industry. We must drive trade efficiency through real economic integration connecting low, mid and high income countries thereby building the global buying power to foster increased trade.

While current and past thinking leads us to a particular focus we recommend a more holistic approach which encompasses the needs of participants on the ground and the interdependencies of all Task Forces. The digital economy is the means to facilitate such an outcome.

Past & Current

CHINA

- The G2O should continue to strengthen the multilateral trading system, encourage trade growth and stop the imposition of protectionist measures while rolling back existing ones
- WTO members should ratify the TFA by 2016 and G2O members should adopt implementation roadmaps prioritizing "digitization of customs processes."
- The G2O should work toward a better global investment policy environment that facilitates and protects investment while safeguarding the right of states to regulate

TURKEY

- Improve the global digital economy trade system
- Digitize customs and cross border clearance systems within 5 yrs through PPP
- Digitize public procurement and incentivize businesses to comply with public procurement processes
- Ratify and implement the TFA
- Reinforce the standstill on protectionism and roll back existing barriers
- Initiate G2O Entrepreneur Visa Program

AUSTRALIA

- Ratify and implement the Bali Trade Facilitation Agreement. Provide capacity building assistance and financial support for developing world trade
- Develop country specific supply chain strategies and address supply chain barriers through domestic regulatory reform and infrastructure investment
- Reinforce the Standstill on protectionism and wind back barriers introduced since the implementation of the Standstill especially non tariff barriers
- Ensure preferential trade agreements (PTAs) realize better business outcomes by consulting business, improving transparency and addressing trade issues

Reality Check

Why isn't the real economy the driving theme in the global arena and how do the B2O recommendations address this?

Lack of demand is forcing the emphasis on financial engineering for fast wealth creation. However, this comes at the cost of growing the real economy that drives sustainable trade growth

How do the B2O recommendations address poor market demand?

The world's demographics are changing. In high income countries the population is aging yet salaries remain high. This is a productive community challenged with low market demand. In mid and low income countries, birth rates are high, the population is growing, but salaries are low

How can we achieve real economic integration?

The present trade environment has inefficient and costly processes to match, execute, finance and integrate buyers with sellers of products and service providers such as finance and logistics companies

How can we expedite business access to trade finance and simplify the process of complying with evolving regulatory requirements?

The lack of integration of financial institutions into Global Value Chains has led to a restriction in SME lending due to increased underwriting risk, high frictional costs, and high costs associated with complying with international laws and regulations

How can we maximize the capacity utilization of existing logistics physical infrastructure to meet trade requirements?

The lack of visibility as to current and future trade volumes contributes to inefficient logistics infrastructure, creating bottlenecks in the flow of commerce

Recommendation

The Real Economy must be the driving theme to deliver sustained economic growth

Our efforts must be concentrated on the following three main economic pillars of the real economy; manufacturing, agriculture and the services industries that support them.

Sustaining global market demand is essential to drive increased trade

We must connect the youthful workforce of the mid and low income countries with the expertise of the high income countries thus building the buying power of the mid and low income countries creating an unprecedented new global market demand that will sustain growth in trade.

We need a digital ecosystem to achieve real economic integration

Promote a digital ecosystem that permits global integration of products and services to intelligently match sellers to targeted buyers based on dynamic validated realtime information continuously updated by multiple parties within the Global Value Chain.

We must create a smart finance matrix with Ultimate Data Quality to expedite trade finance into the real economy

Promote a digital ecosystem that creates a smart finance matrix based upon information with ultimate data quality that is validated & continuously updated by multiple sources. This will de-risk trade by reducing underwriting cost, transaction risks & asset recovery risks, while facilitating compliance with evolving regulatory requirements.

Use soft infrastructure to maximize the capacity utilization of existing logistics physical infrastructure.

Encourage the use of digital tools by increasing throughput at port and border crossings and reducing shipment dwell time to maximize capacity utilization throughout the trade pipeline.

NB: The boxes in lighter shade illustrates the wider scope of our recommendations

RECOMMENDATIONS FOR 2016 B2O FINANCING GROWTH TASK FORCE

Premise

As a foundation for developing our recommendations for the 2016 B2O Financing Growth Task Force, our comments are based upon the following:

- **Analyzing proposals from previous G20 Summits** - The Australia, Turkey and China B2O Financing Task Forces are to be applauded, as many of their recommendations are rightly focused on the need to facilitate more financing, especially for SMEs
- **Understanding Task Force interdependencies** - While the B2O Task Forces have developed independent objectives, due to the global economy interdependency, it is evident their proposals overlap thus requiring a highly integrated approach for their implementation
- **Listening to the voice of the real economy participants at the ground level** - The G20 Nations Case Study results to date covering 58% of the G20 population have yielded that 90% want new digital tools to ease access to financing as well as reduce credit risk and regulatory burdens

Given the urgency to meet the needs of the financial institutions and their customers, out of the box thinking is required to kick-start the global economy.

A reality check yields that market expansion is required and this demands a focus on the real economy of manufacturing, agriculture and the services industry. In turn with seamless dynamic integration into Global Value Chains, the financial industry will realize greater financial stability, reduce their risks and regulatory compliance burden as well as attain the necessary visibility to finance infrastructure investment.

While current and past thinking leads us to a particular focus we recommend a more holistic approach which encompasses the needs of participants on the ground and the interdependencies of all Task Forces. The digital economy is the means to facilitate such an outcome.

Past & Current

CHINA

- Promote global financial services diversification, integration and open access, incentivize financial institutions to provide stable funding to support the real economy and enhance financial regulation for greater adaptability and consistency
- Develop markets for green financing and investments with clear goals and measurement frameworks to maintain economic growth and sustainable development
- Promote financial inclusion by embracing digital technology innovation
- Explore the means by which the tax systems can be used to encourage and increase debt financing and equity investment for inclusive growth

TURKEY

- Develop high level reporting mechanisms
- Finalize and improve implementation of global financial reforms
- Implement G20 principles on transparency of beneficial ownership

AUSTRALIA

- Establish a protocol for international rule-making processes commencing in 2015, to engage the private sector. Ensure rules are fit for purpose and fully take account of their impact on the real economy
- Ensure emerging market economies are effectively represented on global standard setters and that regulations reflect the social, economic and financial challenges faced by SMEs
- Review prudential regulations to ensure restrictions on access to finance do not unduly hamper financial inclusion and finance for SMEs

Reality Check

Why isn't the real economy the driving theme in the global arena and how do the B2O recommendations address this?

Lack of demand is forcing the emphasis on financial engineering for fast wealth creation. However, this comes at the cost of growing the real economy that drives sustainable financing

How do the B2O recommendations address poor market demand?

The world's demographics are changing. In high income countries the population is aging yet salaries remain high. This is a productive community challenged with low market demand. In mid and low income countries, birth rates are high, the population is growing, but salaries are low

How do Financial Institutions increase profitability & diversify revenues as well as minimize their credit and transaction risks?

Financial institutions are faced with negligible revenue growth in overly saturated markets characterized by; a highly competitive environment, customers with poor revenue growth and low profitability and reputational risk due to money laundering and fraud

How can we reduce the burden of regulatory requirements for financial institutions and their clients?

Industry regulatory requirements are placing additional encumbrances on the Financial Institutions such as: costly compliance reporting requiring more data validation, restrictions on service and product offerings, greater monitoring of banks and their customers' transactions, economic scenario stress tests and stringent capital adequacy and liquidity requirements

How can the risks and difficulties of prioritizing logistics physical infrastructure investments be reduced?

Limited availability of funding resources to meet the market demand is placing pressure on prioritizing investment in infrastructure due to unpredictable future revenues needed to achieve the required economic growth and investment returns

Recommendation

The Real Economy must be the driving theme to deliver sustained economic growth

Our efforts must be concentrated on the following three main economic pillars of the real economy; manufacturing, agriculture and the services industries that support them.

Sustaining global market demand is essential to financing growth

We must connect the youthful workforce of the mid and low income countries with the expertise of the high income countries thus building the buying power of the mid and low income countries creating an unprecedented new global market demand serving as the foundation to increase financing globally.

Seamless, integration into the global value chain activities with a smart finance matrix providing the dynamic scoring level needed to:

- Increase profitability and diversify revenues
- Mitigate trade finance risk based on borrowers historic and future activities
- Minimize transaction risk by electronically directing loan proceeds to preapproved sellers
- Reduce asset recovery risk providing the capability to seize assets in the trade pipeline

Ease burden of regulatory compliance through real time, dynamic and validated transaction monitoring:

- Provide dynamic exception reporting of bank and customer transactions
- Improve compliance with Tier One capital asset ratios and economic scenario stress tests
- Achieve improved capital adequacy and liquidity requirements

Create national trade visibility to maximize logistics physical infrastructure investment returns:

- Dynamic information regarding current and future trade volumes
- Efficiently manage resources to avoid shipment bottlenecks
- Optimize existing logistics infrastructure and prioritize future investments

NB: The boxes in lighter shade illustrates the wider scope of our recommendations

RECOMMENDATIONS FOR 2016 B2O INFRASTRUCTURE TASK FORCE

Premise

As a foundation for developing our recommendations for the 2016 B2O Infrastructure Task Force, our comments are based upon the following:

- **Analyzing proposals from previous G20 Summits** - The Australia, Turkey and China B2O Employment Task Force are to be applauded, as many of their recommendations are rightly focused on the need to stimulate infrastructure investment toward achieving economic growth
- **Understanding Task Force interdependencies** - While the B2O Task Forces have developed independent objectives, due to the global economy interdependency, it is evident their proposals overlap thus requiring a highly integrated approach for their implementation
- **Listening to the voice of the real economy participants at the ground level** - The G20 Nations Case Study results to date covering 58% of the G20 population have yielded that 90% want new digital tools to increase throughput at border crossings to reduce dwell time thus maximizing existing physical infrastructure

Given the urgency to fund infrastructure investments needed, out of the box thinking is required to kick-start the global economy.

A reality check yields that market expansion is required and this demands a focus on the real economy of manufacturing, agriculture and the services industry. This market expansion will provide greater profits and tax revenues for the private and public sector to reinvest in physical infrastructure.

While current and past thinking leads us to a particular focus we recommend a more holistic approach which encompasses the needs of participants on the ground and the interdependencies of all Task Forces. The digital economy is the means to facilitate such an outcome.

Past & Current

CHINA

- Increase and accelerate the pipeline of highly bankable projects
- Develop conducive regulations, facilitate innovative financial instrument developments, and promote local capital markets to unlock investment
- Enhance the catalytic role of multilateral development banks and institutions in enabling private investment in infrastructure
- Enable and support the development of best practice asset management and innovative technologies to build future-proof infrastructure
- Strengthen or establish national, regional and global initiatives to enhance infrastructure interconnectivity across all sectors

TURKEY

- Develop a common set of international investment principles
- Promote transparency and harmony in taxation related to FDI
- Develop country specific infrastructure investment strategies
- Improve infrastructure investment ecosystem

AUSTRALIA

- Reaffirm the critical importance of infrastructure (and private investment in infrastructure)
- Establish, publish and deliver credible national infrastructure pipelines
- Establish an Infrastructure Hub
- Work towards greater promotion and protection of cross-border capital flows and Foreign Direct Investment (FDI) through a Model Investment Treaty (MIT).
- Promote longer term investment by removing unnecessary regulatory disincentives
- Implement infrastructure procurement and approvals processes that comply with global leading practice

Reality Check

Why isn't the real economy the driving theme in the global arena and how do the B2O recommendations address this?

Lack of demand is forcing the emphasis on financial engineering for fast wealth creation. However, this comes at the cost of growing the real economy which impedes infrastructure investment

How do the B2O recommendations address poor market demand?

The world's demographics are changing. In high income countries the population is aging yet salaries remain high. This is a productive community challenged with low market demand. In mid and low income countries, birth rates are high, the population is growing, but salaries are low

How can we increase financial resources to meet physical infrastructure investment requirements?

The projected funding needed for infrastructure investment by 2030 exceeds USD 57 Trillion where the resources for such funding have not yet been identified

How can we overcome the difficulties in prioritizing and attracting national and foreign direct investment to achieve economic growth and investment returns?

It is challenging to justify projected returns on infrastructure investment. The debate often centers around: the investment must first be made before the volume can be generated, or, the volume must first be proven before the investment can be allocated

What are the means by which to maximize the capacity utilization of existing physical infrastructure?

The lack of visibility as to current and future trade volumes contributes to inefficient logistics infrastructure, creating bottlenecks in the flow of commerce

Recommendation

The Real Economy must be the driving theme to deliver sustained economic growth

Our efforts must be concentrated on the following three main economic pillars of the real economy; manufacturing, agriculture and the services industries that support them.

Sustaining global market demand is essential to justify and expedite infrastructure investment

We must connect the youthful workforce of the mid and low income countries with the expertise of the high income countries thus building the buying power of the mid and low income countries creating an unprecedented new global market demand that will justify and expedite infrastructure investment.

Deploy digital tools to generate adequate financial resources to fund physical infrastructure investment.

Maximize the efficiency of global trade through the use of digital tools to reduce the cost of trade and increase trade. This will provide greater profits and tax revenues for the private and public sectors, respectively, to re-invest in physical infrastructure.

Promote visibility of national trade to prioritize and attract national and foreign direct investment

Identify the present and future trade volumes as well as which industries and locations achieve operations excellence that will generate the required returns to justify national and foreign direct investments.

Use soft infrastructure to maximize the capacity utilization of logistics physical infrastructure.

Encourage the use of digital tools by increasing throughput at port and border crossings and reducing shipment dwell time to maximize capacity utilization throughout the logistics pipeline.

NB: The boxes in lighter shade illustrates the wider scope of our recommendations

RECOMMENDATIONS FOR 2016 B20 SME DEVELOPMENT TASK FORCE

Premise

As a foundation for developing our recommendations for the 2016 B20 SME Development Task Force, our comments are based upon the following:

- **Analyzing proposals from previous G20 Summits** - The Australia, Turkey and China B20 Task Forces are to be applauded, as many of their recommendations will facilitate the growth of SMEs
- **Understanding Task Force interdependencies** - While the B20 Task Forces have developed independent objectives, due to the global economy interdependency, it is evident their proposals overlap thus requiring a highly integrated approach for their implementation
- **Listening to the voice of the real economy participants at the ground level** - The G20 Nations Case Study results to date covering 58% of the G20 population have yielded that 90% want new digital tools to reduce their operational costs and achieve greater access to markets and financing

Given the urgency to meet the needs of the SMEs, out of the box thinking is required to kick-start the global economy.

A reality check yields that market expansion is required and this demands a focus on the real economy of manufacturing, agriculture and the services industry. SMEs will play an integral role in this market expansion through the use of a digital ecosystem, provided at no cost, that permits global integration of product and service offerings intelligently matching sellers to targeted buyers.

While current and past thinking leads us to a particular focus we recommend a more holistic approach which encompasses the needs of participants on the ground and the interdependencies of all Task Forces. The digital economy is the means to facilitate such an outcome.

Past & Current

CHINA

- Endorse the Electronic World Trade Platform (eWTP), a new private sector led and multi stakeholder initiative to foster the right policy and business environment for cross border electronic Trade (e Trade)
- Develop coordinated capacity building and certification programs to facilitate the inclusion of SMEs in Global Value Chains (GVCs)
- Facilitate SMEs access to bank finance and alternative funding
- Improve SMEs regulatory environment through a reduction of compliance costs and a significant improvement of access to Public Procurement markets, especially through the digitalization of Government processes

TURKEY

- Improve SMEs' access to the digital economy
- Reduce SME finance underwriter risk through increased availability of data
- Increase SME access to alternative financing
- Assist SMEs to Integrate into international markets

AUSTRALIA

No Task Force at the Australian B20

Reality Check

Why isn't the real economy the driving theme in the global arena and how do the B2O recommendations address this?

Lack of demand is forcing the emphasis on financial engineering for fast wealth creation. However, this comes at the cost of growing the real economy that drives sustainable economic growth

How do the B2O recommendations address poor market demand?

The world's demographics are changing. In high-income countries the population is aging yet salaries remain high. This is a productive community challenged with low market demand. In mid and low income countries, birth rates are high, the population is growing, but salaries are low

How can we reduce the SMEs high cost of operational efficiency?

The cost to improve operational efficiency and quality hinders growth. This impacts the SMEs competitiveness and ability to increase revenues based on market demand

How can SMEs gain greater access to markets, sustainable financing and simplify their compliance with financial regulations?

The lack of integration between the financial institutions & the global value chain participants increases frictional costs, risk and the costs of compliance for SMEs & Financial Institutions

How can SMEs reduce excess landed import and export costs as well as improve logistics reliability in order to compete in the global marketplace?

Developing and emerging economies have landed import and export costs that are nearly twice as high as the developed country average. Coupled with unreliable logistics, this results in lost market opportunity and places a major burden on SME competitiveness in the global market place

Recommendation

The Real Economy must be the driving theme to deliver sustained economic growth.

Our efforts must be concentrated on the following three main economic pillars of the real economy; manufacturing, agriculture & the services industries that support them.

Sustaining global market demand is essential to build SME prosperity.

We must connect the youthful workforce of the mid and low income countries with the expertise of the high income countries thus building the buying power of the mid and low income countries creating an unprecedented new global market demand that could result in more than 100 million new jobs, predominantly SMEs.

New digital tools to lower costs through increased operational efficiency.

We must ensure that SMEs can achieve increased operational efficiency through the use of digital tools, delivered by a trusted network offsetting geopolitical and monopolistic concerns, with continuous and unrestricted access at no cost to the end user.

We must create a digital ecosystem connecting all GVC participants.

This will build greater access for SMEs to markets and finance providers while reducing finance risk and the burden of complying with financial regulations.

We must promote the use of digital tools to enhance trade efficiency across the global value chain resulting in lower landed import and export costs and improved logistics reliability.

The World Bank, APEC and UN have identified 6 elements as the key to increase trade efficiency through technology thus lowering trade costs: Integration, Processes, E-documentation, Tracking & Visibility, Competence and Cargo Security.

NB: The boxes in lighter shade illustrates the wider scope of our recommendations

2016 B2O TASK FORCES INTERDEPENDENCIES TOWARDS ACHIEVING SUSTAINED ECONOMIC GROWTH

