



ICAEW G20 POLICY FORUM OCTOBER 2015

G20 TURKEY 2015 – A CALL TO ACTION

ICAEW hosted the G20 Policy Forum on 22 October 2015. It was the latest in a series of annual G20 forums ICAEW has organised in London since the G20 was elevated to a leader's level summit in 2008. Participants included delegates from the foreign embassies of G20 member nations, international organisations, and business and industry leaders.

Prioritising the *three I's* – investment, implementation and inclusiveness

The theme of this year's event was focused around the *three I's* of **investment, implementation and inclusiveness**. Holding the G20 presidency this year, Turkey made these three points the priorities for world leaders to consider ahead of the G20 Summit in November. We discussed the three main global challenges that fall under the *three I's*: investment in infrastructure; implementing international tax reform; and the inclusion of entrepreneurs and SMEs in the world economy.



G20 progress under Turkish leadership – maintaining momentum

Speaking on behalf of the Turkish G20 presidency, Aytaç Göksu (Commercial Counsellor, Turkish Embassy) told the forum how Turkey is keen to build on previous G20 initiatives and has, over the course of 2015, already made significant progress on a number of existing G20 goals. This has been done through the motto of "collective action for inclusive and robust growth". The Turkish G20 presidency believes that efforts to outreach to a wide range of stakeholders are important to enhance the legitimacy of the G20, and that the ICAEW G20 Policy Forum is a good example of facilitating such dialogue. As a member [Australia] of the G20 troika, the Australian High Commissioner Alexander Downer spoke about the need to prioritise the G20 agenda and focus on the most pressing global challenges. Only by making tangible progress on those priorities, the G20 can achieve its ambitions to boost global growth by an additional 2 percent.

Closing the infrastructure gap – a key priority for governments and business

Encouraging greater infrastructure investment remains among the top priorities on the G20 agenda. The creation of the Global Infrastructure Hub, based in Sydney, is a good example of G20 nations coming together to set up joint initiatives. Delegates at the forum agreed that "infrastructure is core for growth" and that private sector organisations and professional bodies have an important role to play by working with governments to close the investment gap. Jacqueline Minor (Head of European Commission representation, UK) spoke about the importance of attracting private investment for infrastructure projects. The European Fund for Strategic Investments (EFSI) is an example of how policy makers in Brussels are looking to mobilise private financing for infrastructure across the European Union.



Public-private partnerships lie at the heart of G20 solutions

There is a growing appreciation by governments around the world about the benefits of improving the environment for successful and sustainable public-private partnerships, especially relating to infrastructure projects. All the different stages of the infrastructure pipeline need to work in harmony. This includes not only the financing of infrastructure, but the political environment which is sometimes a barrier for infrastructure investment.



Strengthening the international tax system – so far so good, but important work starts now

The success of the OECD's Base Erosion and Profit Shifting (BEPS) Action Plan, designed to strengthen the international tax system, will be determined by how the outcomes are implemented by countries around the world; an internationally coordinated response is crucial. There is a perceived first-mover disadvantage for a country implementing the OECD recommendations ahead of others; therefore the timely and successful development of a multilateral process to streamline all the changes in a harmonised and cohesive way is paramount.



The changing tax architecture should not be seen as an opportunity for countries to “tax grab”, as this will lead to a fragmented system and a rise in disputes between countries. A “breaking of ranks” at this stage of the BEPS process will delay the implementation significantly.

In an effort to make the BEPS Action Plan as inclusive as possible, the OECD has brought in a number of non-OECD developing countries to be part of the process. However, there are still concerns that the BEPS project is not inclusive of all countries and therefore the G20 has provided a mandate for the BEPS framework to be broadened as it enters implementation stage. This has already started with more than 80 countries agreeing to work together to develop the multilateral instrument which will help implement the tax treaty changes required between countries. The G20 Finance Ministers meeting in February 2016 will provide a first opportunity to discuss progress of the BEPS implementation.

Boosting international trade – the G20 should lead the way

A number of delegates at the forum urged the G20 to do more to reverse the decline in international trade growth over the last few years. Boosting inter-G20 trade is a good way to encourage wider global trade agreements. The recently signed China-Australia Free Trade Agreement is a good example of two G20 countries working closely together. The proposed free trade agreement between the United States and the European Union, known as the Transatlantic Trade and Investment Partnership (TTIP), is another example of where G20 members can help strengthen international trade. However, as seen by the significant public concern over such trade agreements, it is important that they are inclusive and provide a boost to all segments of the economy, including SMEs.



Entrepreneurship and SME growth – G20 policy makers need to understand the needs of small businesses

Entrepreneurs and SMEs find themselves in an economic environment that is markedly different to the one that preceded the financial crisis. This “new economy” needs public policies that are geared more towards market access, greater financing options, a skills pipeline, etc.

The forum heard how there was a growing appetite from young people around the world to become entrepreneurs and start their own businesses. This ambition needs to be matched by a public policy environment that facilitates the success of this rise in entrepreneurship, especially in developing and emerging economies.



Big international issues such as climate change, the Sustainable Development Goals and the threat posed by cybercrime are all areas where governments around the world, through the G20 forum, have a responsibility to work together.



The future of the G20 – world leaders must place an emphasis on foresight and insight, not just hindsight

The G20 Leaders’ Summit first convened after the financial crisis of 2008 with the immediate goal of rescuing and resuscitating the international financial system. As the global economy continues to recover, the G20 has the opportunity to set the global governance agenda on a more proactive and forward-looking stance. This includes exploring how the economy, society and the environment will all evolve over the 21st century.

ICAEW looks forward to a successful G20 Leaders’ Summit in Antalya. World leaders have an opportunity to make progress on the major challenges facing the global economy. We will be following the outcomes of the summit closely and will be eager to hear your thoughts on what is agreed in the final communiqué.

We will be hosting a G20 Policy Forum in 2016 when the G20 presidency will be held by China. Details of the forum will be sent nearer the time, and we look forward to welcoming you all again to Chartered Accountants’ Hall.



**This document captures the ideas and issues that were raised by delegates at the ICAEW G20 Policy Forum. Although we may agree with some of the points, they do not necessarily represent the views of ICAEW.*