



ICAEW G20 POLICY FORUM

On Thursday 21 July, ICAEW hosted its G20 Policy Forum. It was the latest in a series of annual roundtables 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 leaders.

The overarching theme of this year's Forum was "**towards an innovative, invigorated, interconnected and inclusive world economy**". Speaking on behalf of the Chinese G20 presidency, Mr. Guo Chentao (Counsellor, Policy Planning Division) told the forum that in a period of profound economic adjustments and challenges, G20 leaders could no longer simply rely on fiscal and monetary policies to stimulate the economy. New concepts and visions are needed to achieve the G20's ambition of boosting global GDP by 2% by 2018. The world looks to the G20 to provide the leadership necessary to guide the global economy towards sustainable growth.



Innovation at the heart of the Leaders' Summit

China has decided to make "breaking a new path for growth" a priority of the Hangzhou Summit. The world is now on the eve of a new round of scientific and industrial revolution and innovation is of crucial importance for facilitating progress in productivity and strong economic growth. China hopes that the summit will reach consensus on innovation, structural reform, new industrial revolution and a digital economy.



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. Amanda Clack, President of RICS, suggested that the gap can only be bridged through a public sector led strategy meeting private sector delivery.

There is a growing appreciation by governments about the benefits of improving the environment for public-private partnerships for 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.

**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.*

Strengthening the international tax system – the important work starts now

In an increasingly interconnected global economy, it is critical that the international tax system reflects the changing nature of business while maintaining the trust of the public. 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.

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. Inclusive Framework on BEPS is a welcome attempt at broadening stakeholder engagement beyond OECD membership and will be a key asset in supporting a timely, consistent and widespread implementation of the G20/OECD BEPS package, as well as in tackling the specific challenges faced by developing countries.

Boosting international trade – key priority

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.

However, delegates highlighted that trade has increasingly received bad press and that comprehensive trade deals such as TTIP have been seen in a negative light over the past few months. A concerted approach among all G20 stakeholders is required to communicate the benefits of cross border trade and how trade deals can act as an inclusive force by providing 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.

Delegates around the table highlighted that regulation was often designed at the "macro" level and focused on how large corporations operate. G20 leaders should adopt a "think-small-first approach to regulation to create a framework which both safeguards the public interest while acting as an enabler for growth.

The future of the G20 – world leaders must place emphasis on *foresight* and *implementation* not just hindsight

The real challenge for the G20 in the years ahead is to move away from being a mechanism for crisis response and become a genuine forum for global decision making.

ICAEW looks forward to a successful G20 Leaders' Summit in Hangzhou. 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 2017 when the G20 presidency will be held by Germany. Details of the forum will be sent nearer the time, and we look forward to welcoming you all again to Chartered Accountants' Hall.

