



ICC

G20 BUSINESS SCORECARD

EXECUTIVE SUMMARY

SECOND EDITION

April 2013



International Chamber of Commerce

The world business organization

icc (G20) ADVISORY
GROUP

Table of Contents

Foreword	1
Executive Summary.....	2
The importance of the G20 to the international business community	2
The scorecard: towards balanced and reliable measurement	2
Development of business recommendations – Los Cabos	3
Selecting which recommendations to evaluate	3
Summary of scoring.....	4
Looking forward.....	8

About the ICC G20 Advisory Group

The ICC G20 Advisory Group, an initiative of the International Chamber of Commerce (ICC), is a platform for global business to provide input to the work of the G20 on an ongoing basis. The Group mobilizes ICC's worldwide policy-making expertise and solicits priorities and recommendations from companies and business organizations of all sizes and in all regions of the world. The Group comprises approximately 30 CEOs working to ensure that the voice of business is heard by governments, the public and the media before, during and after each Summit. www.iccwbo.org/g20

About the International Chamber of Commerce (ICC)

ICC is the world business organization, the largest, most representative international business organization speaking on behalf of thousands of member companies in over 120 countries with interests spanning every sector of private enterprise. The fundamental mission of ICC is to promote cross-border trade and investment and the multilateral trading system, and to help corporations meet the challenges and opportunities of globalization. As the voice of global business, ICC takes the pole position in representing the business views and priorities to the United Nations network of agencies, the World Trade Organization, the G20 and many other international and regional intergovernmental bodies. ICC's worldwide network of national committees operates at the doorstep of governments in over 90 countries, enabling ICC to channel business priorities to policymakers and stakeholders where it matters most. More than 2,000 experts drawn from ICC's member companies feed their knowledge and experience into crafting the ICC stance on specific business issues. For more information please visit: www.iccwbo.org



International Chamber of Commerce

The world business organization

38 cours Albert 1er, 75008 Paris, France

Tel: +33 (0)1 49 53 28 28 Fax: +33 (0)1 49 53 28 59

E-mail icc@iccwbo.org Website www.iccwbo.org

Foreword

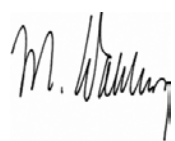
In 2008, 20 heads of state and government decided to take over the reins of a collapsing world economy and rebuild the foundations of the global governance system. The Group of Twenty (G20), bringing together a broad base of leading industrialized and emerging economies representing 80% of world trade and 85% of global GDP, has now emerged as the highest-level policy forum for international economic cooperation.

Despite this distinguished pole position, after seven summits spanning four-and-a-half years, the G20 is at risk of losing some of its momentum. From the perspective of international business, however, the G20 has emerged as vital institution of global governance – one that is uniquely positioned to address some of the world's most important and intractable economic problems and one that manifestly bears on core business goals for trade, investment, economic growth and job creation.

G20 actions have produced a number of policies that have improved the climate for international business and its decisions increasingly shape the policy direction and programmes of multilateral and intergovernmental organizations that affect business internationally. Business believes that many of these measures have helped rationalize the global economic agenda and enhance international cooperation by compelling greater coordination between governments, and between governments and other institutions. Business also remains confident that the G20 still has potential to deliver more.

The scope of the G20 agenda and limited progress on its larger development agenda have not been lost on this year's Russian leadership of the G20 that has acknowledged that the organization will have to shift from crisis response to long-term reform in order to remain relevant. The real challenge now is to achieve consensus on long overdue issues, such as IMF quota reform, climate change, unemployment, closing the infrastructure investment gap, combating corruption and a successful conclusion of the WTO Doha Development Round. As noted by Ksenia Yudaeva, Russian G20 Sherpa and office of the President of the Russian Federation, we are at the stage where the G20 agenda contains no easy solutions.

This report, issued after the conclusion of the Mexican G20 Presidency in 2012 and midway through the Russian Presidency in 2013, is designed to offer global business views on the G20's progress in advancing its agenda, with a focus on priority issues of interest to international business.



Marcus Wallenberg
Chairman, ICC G20 Advisory Group

Executive Summary

The importance of the G20 to the international business community

In today's interdependent world, greater dialogue among governments is vital to foster a better understanding of the economic interactions among nations.

The Group of 20 (G20) was established as a leaders' forum in 2008 in the wake of the global financial crisis. It played an essential role in preventing a worldwide depression, stabilizing the international financial system, stemming protectionism, and restoring confidence. Now emerging as the "steering group" for the global economy, it is demonstrating how stronger intergovernmental cooperation can tackle major challenges which transcend national boundaries and which governments are increasingly unable to resolve on their own. The big issues of today, including long-term economic stability, climate change, food and energy security and water scarcity all require global solutions which can only be devised through the collective engagement of all countries.

Consequently, the G20 agenda manifestly bears upon core business goals for trade, investment, economic growth and job creation and will increasingly shape the direction, policy and programmes of multilateral intergovernmental organizations that affect business internationally. For these reasons, ICC has been closely engaged in the work of the G20, and formed the *ICC G20 Advisory Group of CEOs* to spearhead global business engagement and to press for the inclusion of business views in the deliberations of G20 Leaders.

The scorecard: towards balanced and reliable measurement

The purpose of the *ICC G20 Business Scorecard* is to provide a detailed analysis of the G20's recognition of, action on and response to recommendations put forward by the international business community. It is the ICC's view that the *Scorecard* and its results deliver value to both government and business leaders by providing:

- Government authorities with better information on how their actions are interpreted by the business community so that they are better able to establish priorities, honour commitments, gauge their own progress over time and identify areas that deserve greater attention.
- Business leaders with better information on whether the G20 has recognized business input and how it has carried through on specific business recommendations so that they are better able to tailor forthcoming recommendations and engagement with the G20 – and with national governments and intergovernmental organizations tasked with implementing G20 commitments.

With these objectives in mind, ICC published the first edition of the *ICC G20 Business Scorecard* in June 2012, which compared 54 global business recommendations with G20 commitments and directives conveyed in Summit Declarations since Washington. The overall assessment was "Incomplete"¹ across the four policy areas evaluated: trade and investment, green growth, transparency and anti-corruption, and financing for growth and development. This suggested that the G20 was at least acknowledging business priorities, but that additional time, a broader and more comprehensive work programme, and greater global cooperation would be necessary for the G20 to address more adequately the considerable challenges that remained.

¹N.B. The 1st and 2nd edition of the *Scorecard* share the same scoring methodology, however they have somewhat different scoring terminology. Cf. First edition (*Second edition*) scores: Inadequate (*Inadequate*), Incomplete (*Poor*), Insufficient (*Fair*), Pass (*Good*). While the overall assessment score for the first edition *Scorecard* was "Incomplete", the corresponding score in the 2nd edition would be "Poor".

This 2nd edition of the *Scorecard* focuses on the 2012 Mexican G20 cycle and aims to generate an assessment of the G20's performance during the Mexican presidency. The listing of recommendations and responses by category, along with the indicative scoring, is intended to improve transparency and accountability, concentrate attention on business priorities and monitor progress over time. The overall assessment for the 2nd edition of the *ICC Scorecard* is "Fair". This marks a modest improvement over last year and illustrates the value of a business scorecard, as well as the need for continued monitoring efforts.

Development of business recommendations – Los Cabos

During the Mexican G20 presidency Alejandro Ramirez, CEO of Cinopolis, was designated by President Felipe Calderon to coordinate the business input into G20 Summit preparations. 153 taskforce members from more than 25 countries participated in 7 policy task forces (Food Security; Green growth; Employment; Anti-corruption; Trade and investment; ICT and innovation; and, Financing for growth and development) and collectively generated 80 recommendations. Of the recommendations for conveyance to G20 Leaders, some reiterated past priorities, some called on the G20 to take action in new areas and some have not been conveyed in a way that permit a fair evaluation of the G20, but nonetheless called for higher levels of engagement by all.

Given the breadth and complex nature of the G20's policy work, the 2nd edition of the *Scorecard* does not attempt to assess progress on the G20's entire agenda, nor does it attempt to assess all of the business recommendations put forward to G20 Leaders. Instead, the 2nd edition of the *Scorecard* focuses on four major groupings selected on the basis of a subset of issues that the *ICC G20 Advisory Group* considers priorities for G20 attention at this time. Notably, the major groupings also correspond to trends in recurring priorities put forward over time by the broader "Business 20" ("B20") participants. In the *Scorecard*, each major grouping is presented as a specific chapter that includes the treatment and assessment of between 4-6 aggregated business recommendations.

- 1. Trade and Investment**
- 2. Financing for Growth and Development**
- 3. Energy and Environment**
- 4. Anti-Corruption**

The *Scorecard* also includes "Other Priorities" in chapter 5, which addresses the topics of Food Security, Employment, ICT and Intellectual Property. While Food Security and Employment have been addressed in multiple instances by the G20, they cover complex realities and were phrased in broad terms and therefore provide little recourse for a fair evaluation. ICT and IP have been put forward by business for G20 consideration and inclusion, but have not so far been addressed in any official way by the G20. As such, the *Other Priorities* grouping highlights these subjects without commensurately evaluating performance at this stage.

Selecting which recommendations to evaluate

While the 2nd edition of the *Scorecard* focuses on the G20's performance during the Mexican Presidency, it recognizes that the response cycle of government policy making is generally longer term than the time afforded by the 1-year G20 Presidencies. The *Scorecard* also recognizes that over the last three Summit cycles, business recommendations were prepared by 31 unique policy task forces, concentrating on different policy topics and featuring different leaders, different priorities, and largely composed of different companies – and thus yielding a mix of recommendations relating to the same topics. Finally, of the more than 250 recommendations that have been "officially" developed by business and conveyed to G20 Leaders, ICC considers only about half have been conveyed in a way that is "actionable" by the G20.

For these reasons, the Scorecard takes a “multi-cycle” approach to both the business recommendations and the G20’s response. The compendiums of business recommendations presented to the G20 Business Summits in Seoul, Cannes and Los Cabos were reviewed. The most salient of the recommendations were then selected for evaluation based on the following criteria:

1. Recommendations clear and specific enough to be actionable by the G20;
2. Recommendations that have recurred in the compendiums of business recommendations;
3. Recommendations that share enough similarities to warrant a collective assessment and score.

The resultant recommendations were then delineated by their respective Summit and then aggregated for evaluation.

Summary of scoring

Overall score

The overall G20 score across 46 business recommendations² in the four major policy groups evaluated here is **Fair (1.9)**. This can be compared with the overall score of first edition of the Scorecard, which was **Poor (1.4)**.³

The score of “Fair” indicates that Leaders are making progress on addressing business priorities, albeit at a protracted pace. The score is perhaps somewhat intuitive given the extended nature of global policymaking and the limited time for appreciation of and responsiveness to business contributions into the process. The score is also relatively congruent with the G20’s limited progress at recent summits, contributing to a widely held view that the G20 is losing momentum.

Overview of all topics	Score
Trade and Investment	POOR
Financing for Growth & Development	GOOD
Energy and Environment	FAIR
Anti-Corruption	FAIR
Overall Score	FAIR

An assessment of the Mexican G20 cycle must nevertheless be put into context. The Mexican G20 Summit in Los Cabos was once again held under the shadow of the Eurozone sovereign debt crisis. Despite the Mexican G20 Presidency’s ambitious agenda – which included sustainable and inclusive development, food security, and improved international financial architecture – a sizeable part of the Summit and the Los Cabos Declaration was devoted to discussions on containing the Eurozone crisis, thus reducing precious time for Leaders to discuss other aspects of the G20 agenda. Notwithstanding the ‘crisis-nature’ of the Summit period, the relatively strong final G20 Declaration indicates that G20 Sherpas and official working groups are undertaking good work before and after summits. As this work matures, we would expect scores to continue to improve.

Business also greatly appreciated being increasingly recognized as a constructive and meaningful partner in the G20 process and Mexico’s efforts to deepen the G20’s partnership with business. President Calderón personally launched the B20 taskforce process and, along with other Heads of State, participated meaningfully in the G20 Business Summit held 18-19 June 2012, in conjunction with the G20 Leaders Summit in Los Cabos.

²Trade and Investment (16); Financing for Growth and Development (10); Energy and Environment (12); Anti-Corruption (8). From these, a total of 19 aggregated recommendations were evaluated.

³While the first edition of the ICC Scorecard used a similar scoring system, it utilised a somewhat different scoring terminology: Inadequate (0); Incomplete (1); Insufficient (2); Pass (3). The score of the first edition Scorecard was accordingly “Incomplete” (1.4)

As an overall average, the score masks the outlying high scores that the G20 has achieved on a categorical basis, including concerted efforts to increase SME access to finance, global support for scaling up energy efficiency technologies and a deepened public-private dialogue on the fight against anti-corruption.

However, this knife cuts both ways, concealing 4 “Poor” scores and one “Inadequate” at the categorical level, reflecting the lack of progress on trade liberalization within the WTO, rising trade protectionism and the absence of G20 discussions on reducing tariffs on environmental goods and services.

In summary, the overall score suggests that the G20 is responding to the calls of business, but that renewed efforts and increased international cooperation will be required to achieve reform on major global challenges.

G20 score on Trade and Investment

Despite progress on some of international business’ recommendations, the overall assessment of G20 outcomes on trade and investment is **POOR**. While the low score reflects the lack of progress on completing the Doha Round, business was encouraged by the Mexican G20 Presidency’s increased focus on trade and investment at Los Cabos and looks to the Russian G20 Presidency to maintain this momentum in 2013.

The G20 is in a unique position to promote global trade and improve the international investment environment: Together its members represent around 90% of global GDP, 80% of global trade, and two thirds of the world’s population. Business continues to emphasize the importance of preventing protectionism, improving the international investment environment and promoting the WTO and the multilateral trading system.

Summary of G20 Response to Business Recommendations

Trade and Investment	Score
1.A – Promote multilateral trade liberalization and rule making within the WTO	Poor
1.B – Finalize a WTO Trade Facilitation Agreement	Fair
1.C – Roll back protectionism	Poor
1.D – Make trade and investment a permanent item on the agenda	Fair
1.E – Improve the international investment environment	Fair
1.F – Promote the positive impact of FDI	Inadequate
Overall Score	POOR (1.3)

Scoring component highlights:

- The Doha Development Round impasse continues to be the single largest obstacle in advancing multilateral trade liberalization and rule making within the WTO. Nevertheless, business is encouraged by the G20’s explicit inclusion of trade facilitation as one of the G20’s priority areas in moving forward with the Doha Round.
- Despite the G20’s recurring commitment to refrain from protectionism and pledges to roll back any new protectionist measures that may have arisen, business notes with deep concern that measures restricting trade and investment continue to be imposed.
- Business commends the Mexican G20 Presidency for convening the first ever G20 Trade Ministers meeting in Puerto Vallarta in April 2012. Business is also encouraged by the creation of the first G20 Trade and Investment Promotion Summit in November 2012.
- Business continues to call on G20 leaders to build a better understanding of foreign direct investment (FDI) and strengthen the framework rules for international investment.

G20 score on Financing for Growth and Development

The overall score assessment of G20 commitments and directives on Financing for Growth and Development is **GOOD**.

The score reflects progress on the G20's ambitious financial inclusion agenda aimed at improving access to financial services in low-income countries (LICs) and increasing financing available to SMEs. Business is also encouraged by Leaders' continued call for additional monitoring on material unintended consequences of agreed financial reforms. Business encourages the G20 to deepen its work on infrastructure investment, including by exploring new ways to encourage private-public partnerships.

Summary of G20 Response to Business Recommendations

Financing for Growth and Development	Score
2.A – Give trade finance favourable treatment under Basel III	Good
2.B – Increase SME Finance	Good
2.C – Improve financial education, protection and inclusion	Good
2.D – Mitigate risks associated with infrastructure investments	Fair
2.E – Create conditions for successful private-public partnerships	Fair
Overall Score	GOOD (2.6)

Scoring component highlights:

- The G20 is praised for recognizing business's call on the need to closely monitor the effect of financial regulation - in particular Basel III - on trade finance.
- The G20 and the Global Partnership for Financial Inclusion (GPFi) continue to put SME access to finance at the heart of its Financial Inclusion agenda.
- The G20 Financial Inclusion Peer Learning Program, born by strong leadership of the Mexican Presidency, and explicit support by G20 leaders for the OECD International Network on Financial Education's (INFE) High Level Principles ensures a continued dialogue on the importance of financial education, protection and inclusion.
- Business welcomes G20 discussions on increasing private participation in infrastructure investment in low-income countries, including through private-public partnerships (PPPs). However, a key constraint lies with the lack of bankable projects and limited PPP expertise in local governments and Multilateral Development Banks (MDBs).

G20 score on Energy and Environment

The overall business assessment of G20 commitments and directives on Energy and Environment is **FAIR**.

The G20's work on promoting energy efficiency technologies remains impressive and leaders have taken some positive steps towards the Toronto Summit's commitment to phase out inefficient fossil fuel subsidies. However, Leaders have largely ignored two areas of priority for the business community; market-based carbon pricing and eliminating barriers to trade in environmental goods between G20 countries and beyond.

Summary of G20 Response to Business Recommendations

Energy and Environment	Score
3.A – Phase out fossil fuel subsidies	Fair
3.B – Scale up energy- efficiency and low-carbon innovation	Good
3.C – Eliminate barriers to trade in environmental goods and services	Poor
3.D – Achieve market-based carbon pricing	Poor
Overall Score	Fair (1.8)

Scoring component highlights:

- Business is encouraged by the G20's suggestion of a voluntary peer review process on its Toronto commitment to phase out inefficient fossil fuel subsidies. Still, concerns remain on the absence of consistent and comparable data on the full range of member's subsidies, which in turn could limit the effectiveness of the peer review process.
- The G20 is commended for its continued work on supporting the deployment of clean energy and energy efficiency (C3E) technologies, which will help reduce global carbon output, while at the same time supporting "green" innovation and job creation.
- Despite being a recurrent business issue, G20 Leaders have not acted on businesses' recommendation to eliminate barriers to trade in environmental goods and services.
- Business believes the lack of clear support for market-based carbon pricing in the Los Cabos Leaders Declaration was a missed opportunity. Clear and comprehensive carbon pricing policies, supported by ambitious emissions targets, provide business with an incentive to use all options to cut carbon emissions across the economy.

G20 score on Anti-Corruption

The overall business assessment of G20 commitments and directives on Anti-Corruption is **FAIR**.

The Los Cabos Leaders Declaration recognized and reaffirmed previous commitments, welcomed further private sector engagement and highlighted specific progress made in the implementation of the Anti-Corruption Action Plan. The score indicates that the G20 continues to make good progress on its ambitious Anti-Corruption Agenda, but that there is room for further improvements, particularly in ensuring proper implementation of agreed measures.

Summary of G20 Response to Business Recommendations

Anti-Corruption	Score
4.A – Honour UNCAC and OECD Anti-Bribery Convention commitments	Fair
4.B – Enhance transparency in Government procurement	Fair
4.C – Support an on-going Multiyear dialogue	Good
4.D – Strengthen the legal anti-corruption framework	Fair
Overall Score	Fair (2.3)

Scoring component highlights:

- Business is pleased that the Los Cabos Leaders Declaration explicitly recognized the engagement from the B20 in the fight against corruption and commends the G20 for extending the mandate of the Anti-Corruption Working Group (ACWG) for another two years.
- While the G20 pledge to involve the private sector in the United Nations Convention on Anti-Corruption (UNCAC) review process on a voluntary basis is praised, the still uncompleted G20 pledge for complete UNCAC ratification and implementation by all G20 members (now on its 4th year) is disappointing.
- Business welcomes the G20 Anti-Corruption Working Group's efforts to address public procurement and is pleased that the issue is included in the 2013-2014 Action Plan.
- The G20 Working Group and the B20 Task Force on anti-corruption maintained a productive dialogue throughout the Mexican G20 Presidency to align and coordinate on objectives, including a High-Level Public-Private Dialogue on Anti-Corruption in April 2012 in Puerto Vallarta and the G20-B20-OECD meeting in October in 2012.
- Business is encouraged by the G20's efforts to strengthen the legal anti-corruption framework. Leaders now need to ensure that measures agreed at Los Cabos and formulated in the 2013-2014 Action Plan are put in place.

Looking forward

The purpose of the *ICC G20 Business Scorecard* is to provide a deeper assessment of the G20's recognition of, action on and response to recommendations put forward by the international business community. As such, the qualitative nature of the Scorecard is primarily a policy tool that advocates greater attention to business priorities and expectations.

At the same time, the Scorecard yields a valuable working tool, enabling business to rationalize engagement with the G20 and better tailor its forthcoming recommendations. The 1st edition of the Scorecard has, for example, been used to help shape business recommendations for the Russian cycle. Further, this 2nd edition of the Scorecard has been presented and welcomed by the members of the G20-B20 Dialogue Efficiency Task Force, the mission of which is to support continuity and provide guidance to future B20 efforts. This task force is chaired by Alexander Shokhin, President of the Russian Union of Industrialists and Entrepreneurs (RSPP), who was designated by President Putin to organize the Russian B20 process. ICC serves as a co-chair for this task force, along with a number of other key business organizations and leaders committed to building continuity between Summits.

In the run up to the Saint Petersburg summit, the task force has initiated a review of all B20 recommendations made since Toronto and their impact on G20 decision-making as reflected in the G20 documents. To ensure independence and quality, as agreed in the B20 Los Cabos recommendations, the task force has invited an international network of scholars under the leadership of the International Organizations Research Institute of the National Research University Higher School of Economics (IORI HSE) and the G20 Research Group at the University of Toronto to conduct the research and produce a report on *How B20 Recommendations Translate into G20 Decisions*. The report objective is to review the progress of G20-B20 engagement, identify what works, support continuity of B20 efforts on the key areas of policy coordination with the G20, and help in developing B20 recommendations for future G20 actions.

Together these products deliver valuable tools to help the business community strengthen its engagement with the G20. ICC, IORI HSE and the G20 Research Group at the University of Toronto are committed to co-operate more closely to inform and support future B20-G20 engagement.

The International Chamber of Commerce

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

The fundamental mission of ICC is to promote open international trade and investment and help business meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the 20th century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

ICC has three main activities: rule setting, dispute resolution, and policy advocacy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution. Another service is the World Chambers Federation, ICC's worldwide network of chambers of commerce, fostering interaction and exchange of chamber best practice. ICC also offers specialized training and seminars and is an industry-leading publisher of practical and educational reference tools for international business, banking and arbitration.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on relevant technical subjects. These include anti-corruption, banking, the digital economy, marketing ethics, environment and energy, competition policy and intellectual property, among others.

ICC works closely with the United Nations, the World Trade Organization and intergovernmental forums including the G20.

ICC was founded in 1919. Today its global network comprises over 6 million companies, chambers of commerce and business associations in more than 130 countries. National committees work with ICC members in their countries to address their concerns and convey to their governments the business views formulated by ICC.



International Chamber of Commerce

The world business organization

38 cours Albert 1er, 75008 Paris, France

Tel: +33 (0)1 49 53 28 28 Fax: +33 (0)1 49 53 28 59

E-mail icc@iccwbo.org Website www.iccwbo.org



International Chamber of Commerce

The world business organization

International Chamber of Commerce
38 cours Albert 1er
75008 Paris, France
Tel: +33 (0)1 49 53 28 28
Fax: +33 (0)1 49 53 28 59
Website: www.iccwbo.org