



G-20 Reform Agenda 2005

Agreed actions to implement the G-20 Accord for Sustained Growth

1. We, the Finance Ministers and Central Bank Governors, have adopted the reform agenda below that translates our *G-20 Accord for Sustained Growth* into concrete policy measures for our countries.

2. **The United States** has seen important developments in tax, trade, corporate governance, education, and energy policies to enhance growth. Future tax, health, and pension policies could further support growth. Proposed reforms in pension funding include improvements in calculating and disclosing pension liabilities and restricting benefit increases. Healthcare reforms have also been proposed. **Canada** is focused on jobs, economic growth, and prosperity. It is committed to maintaining balanced budgets and sound monetary policy, building a highly-skilled, adaptable and inclusive workforce, encouraging greater private sector involvement in research and development, making the regulatory system more transparent, accountable and adaptable and maintaining a fair, efficient and competitive tax system. **Argentina** is emphasizing the need to correct imbalances as evidenced by capital flow instability and foreign exchange crises, and distortions of free international commerce through taxes and subsidies. **Brazil** will continue to strengthen its sound macroeconomic framework, which has already resulted in higher growth, sustained price stability and significant job creation, while improving the quality of public expenditure. For **Mexico** high priority is placed on achieving the equilibrium between public revenue and expenditure. Mexico is also determined to invest in physical and human capital, reduce poverty and inequality, including through public expenditure that emphasizes social development and infrastructure.

3. Members of **the European Union** are committed to further reforming labour markets, to consolidating public finances and pension systems, to enhancing innovation and to completing the single market. **Germany** will continue to make its tax system more competitive, fully implement labour market reform, push forward the reform of the health and pension system, and ensure fiscal sustainability. **France** is implementing further major structural reforms aimed at increasing labour market participation through an enhanced income tax credit, strengthening the labour market through making more flexible labour contracts available to small firms, creating incentives for better public-private partnerships for R&D investments, and consolidating fiscal sustainability. To enhance productivity and competitiveness, **Italy** plans to prioritize simplification of administrative procedures, further liberalization in the energy market, investment in research and innovation and scientific and technical education. **The United Kingdom** is committed to entrenching stability and to building a flexible, enterprising economy with a highly skilled workforce and a strong science and innovation sector. It is determined to ensure fairness alongside flexibility, providing security and support for those that need it. It is also delivering lasting improvements in public services through sustained investment and reform.

4. To pursue sustained long-term growth and higher standards of living, **Russia** will attach priorities to invest in human capital through reforms of its education and public health systems, to increase overall competitiveness of the economy through improvement of the investment climate and the encouragement of innovation, and to increase the effectiveness of the government through administrative and budgetary reforms. **Turkey** will continue with reforms of its financial sector, social security system and tax system, and improve the investment climate.

5. **South Africa** is focusing on infrastructure investment and human capital development. It also regards enhancing the efficiency of the public service and bridging the “two economy” divide as key goals. **Saudi Arabia** places high priority on diversifying the economy, reducing dependence on oil and improving the investment-friendly environment for both domestic and foreign investors. Another high priority is placed on maintaining monetary and financial stability, and enhancing employment opportunities. Efforts are also being made to develop the tourism sector to enhance its contribution to GDP and to seek larger markets through enhanced competition, trade agreements, regional integration and acceding to the WTO.

6. **India** will focus on removing infrastructure constraints, achieving fiscal consolidation and ensuring elimination of the revenue deficit. Financial market reform and agriculture reform will remain important as well. **Indonesia** will further focus on improving public debt management, promoting the stability of financial markets, addressing problems of governance and ensuring poor and low-income households, as well as SMEs, have access to financial services. It gives priority to other important issues such as enhancing domestic and international competitiveness, empowering the people, and reducing poverty.

7. **Australia’s** priorities for reform include: raising employment and productivity through greater flexibility in workplace relations; increasing workforce participation by facilitating the transition from welfare to work; enhancing Australia’s international integration and engagement; and maintaining Australia’s strong record of macroeconomic management through the ongoing operation of medium-term fiscal and monetary policy frameworks.

8. **Japan** will continue its reform that includes measures to promote further reform of the financial system, to advance privatization such as in postal services, and to address more vigorously the problem of fiscal sustainability.

9. **Korea** will focus on expediting economic recovery; recuperating growth potential through physical and human capital formation and greater productivity gains; strengthening social safety nets to cope with increasing disparities and to facilitate structural adjustment. **China** has made significant progress in its economic system reform, and the socialist market economic system has primarily taken shape. The basic economic system of keeping public ownership as the main stay of the economy and allowing diverse forms of ownership to develop side by side has been established and a multi-layer and well-functioning market system has come into being. The modern enterprise system has been gradually adopted and the vitality of micro-entities been remarkably enhanced. The social security system, with the pension for urban employees, the unemployment insurance and basic medicare as its priorities, has been introduced. The mode of macro-regulation has undergone profound changes and the macro-regulation system has been established and further improved.