



Policy Note

A G20 agenda for growth and resilience in 2014

Strengthening growth and creating jobs is our top priority and we are fully committed to taking decisive actions to return to a job-rich, strong, sustainable and balanced growth path. ... We will identify the remaining key obstacles to be addressed and reforms needed to achieve stronger, more sustainable and balanced growth in our economies.

St Petersburg G20 Leaders Declaration

Five years on from the global financial crisis, global economic growth is recovering, but growth rates remain below what is required to get citizens back into jobs, ensure a sustained rise in living standards and achieve a more balanced global economy.

As G20 leaders emphasised at St Petersburg last year, the G20's immediate task is breaking the cycle of low growth and diminished business and consumer confidence. Building on the St Petersburg Summit, G20 members are well placed to do this in 2014.

In 2014, the global economy continues to produce far less than it would have if it were not for the crisis, there are tens of millions fewer jobs and global trade still has a way to go to return to pre-crisis levels.

As Prime Minister Tony Abbott said in Davos in January 2014, if the largest economies can individually achieve higher growth and can cooperate to achieve higher global growth, then every economy benefits.

As G20 chair in 2014, Australia is developing with members an agenda

to structure Leaders' discussions at the Brisbane summit on practical outcomes around the key themes of:

- ▶ promoting stronger economic growth and employment outcomes by empowering the private sector
- ▶ making the global economy more resilient to deal with future shocks.

In 2014, the G20 is moving to address the global growth challenge in an ambitious and meaningful way.

In February, G20 Finance Ministers and Central Bank Governors committed to developing new measures with the aim of raising the level of G20 output by at least 2 per cent above the currently projected level in the next five years. This will make a significant difference – a boost of over \$2 trillion to global GDP with the promise of millions of additional jobs.

The Brisbane Action Plan, to be discussed by leaders in November, will put in place short and medium-term actions to help achieve this growth ambition. To deliver on this ambition, this collective commitment needs to be translated into specific actions by each country.

STRATEGIES TO STIMULATE GROWTH

In September 2013, G20 Leaders in St Petersburg committed to develop comprehensive growth strategies for each of their countries by the Brisbane summit in 2014. The challenge for the G20 in 2014 is to turn that commitment into practical results.

G20 country growth strategies will contain a mix of macroeconomic and structural reforms at the domestic level that suit each country's circumstances in areas with the greatest potential to lift global growth:

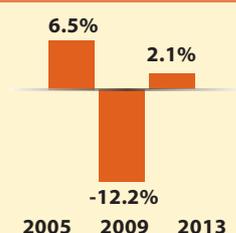
- ▶ Increasing quality investment in infrastructure. This will create jobs and boost economic growth and development. The G20 is focusing on finding ways to boost private sector involvement in infrastructure development.
- ▶ Reducing barriers to trade. Many products are not made in one country and sold somewhere else, but cross national borders many times as they are created. Domestic

THE GLOBAL ECONOMY IS RECOVERING TOO SLOWLY AND STILL HAS NOT RETURNED TO PRE-CRISIS STRENGTH

GROSS DOMESTIC PRODUCT, CONSTANT PRICES



TRADE GROWTH, GOODS AND SERVICES



The IMF estimates that output in the G20 would now be 8 per cent higher per worker if the world economy had continued growing as it did between 1998 and 2005.

The ILO estimates 62 million fewer people had jobs across the G20 by 2013 than if the crisis had not occurred.

According to the OECD, increased long term and structural unemployment and lower participation in labour markets have already had an impact on growth, at least in many advanced economies.

Trade growth is still tracking lower than its pre-crisis annual average of 6 per cent per annum (from 1980-2007). The WTO now expects global trade volumes to grow at 3.1 per cent this year and 4.0 per cent in 2015.

Source: IMF World Economic Outlook April 2014

Source: WTO World Trade 2013, Prospects for 2014, April 2014

Note that the WTO's expectations on global trade have been updated according to the WTO's Press Release of 23 September.

measures to cut the cost of doing business and enhance countries' ability to participate in global value chains can facilitate increased trade activity, fueling economic growth.

- ▶ Promoting competition. Reforms to promote competition help economies become more productive and innovative and can bring prices closer to production costs, benefiting consumers and encouraging business to become more efficient.
- ▶ Lifting employment and participation. More and better jobs mean a more productive economy, leading to improved livelihoods and increased economic growth.

Strengthening development is an important part of achieving strong, sustainable and balanced growth and ensuring a more robust and resilient economy for everyone. According to the International Monetary Fund, emerging market and developing economies contribute more than two thirds of global growth.

BUILDING GLOBAL ECONOMIC RESILIENCE

The G20 also has a significant role in ensuring that international and domestic economic policies work together to

protect the global economy against future shocks. Restoring business and investor confidence requires addressing the causes of the global financial crisis and ensuring financial stability.

Since 2008, the G20 has worked to manage global economic and financial risks. Implementing these commitments will complement the G20's growth agenda to ensure growth is strong and sustainable in the long term.

In 2014, G20 members are building the resilience of the global economy by:

- ▶ delivering on the G20's core financial regulation reforms (building the resilience of financial institutions, ending 'too big to fail', transforming the shadow banking sector, making derivatives markets safer)
- ▶ modernising the international tax system to keep pace with the changing ways people and companies do business
- ▶ reforming global institutions to ensure countries that are reshaping the global economy have a greater voice and keep the institutions relevant
- ▶ strengthening energy market resilience, and improving the operation of global energy markets for greater efficiency and transparency
- ▶ identifying how the G20 can help strengthen the global trading system, which now comprises the WTO, over 400 bilateral and regional free trade agreements and sector-specific agreements
- ▶ addressing corruption to curb its corrosive impact.

Further information

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