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G20 Research Group  
at Trinity College at the Munk School of Global Affairs  
in the University of Toronto  
presents the

## **2016 G20 Hangzhou Summit Interim Compliance Report**

6 September 2016 to 17 February 2017

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“The University of Toronto ... produced a detailed analysis to the extent of which each G20 country has met its commitments since the last summit ... I think this is important; we come to these summits, we make these commitments, we say we are going to do these things and it is important that there is an organisation that checks up on who has done what.”

— *David Cameron, Prime Minister, United Kingdom, at the 2012 Los Cabos Summit*

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## 1. Macroeconomics: Growth Policy Tools

“We are determined to use all policy tools - monetary, fiscal and structural - individually and collectively to achieve our goal of strong, sustainable, balanced and inclusive growth.”

*G20 Hangzhou Leaders’ Communiqué*

### Assessment

	No Compliance	Partial Compliance	Full Compliance
Argentina		0	
Australia			+1
Brazil			+1
Canada			+1
China			+1
France		0	
Germany			+1
India			+1
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia			+1
Saudi Arabia			+1
South Africa			+1
Turkey		0	
United Kingdom			+1
United States	-1		
European Union		0	
Average		+0.65	

### Background

At the 2013 St. Petersburg Summit, G20 leaders agreed to develop and implement “Comprehensive Growth Strategies.” G20 leaders presented peer-reviewed strategies as part of the 2014 Brisbane Action Plan, acknowledging that these strategies represented a key mechanism through which global economic recovery could be achieved. In February 2014, the finance ministers and central bank governors indicated that adherence to this commitment by G20 countries, rather than reliance on existing macroeconomic policies, would raise the collective gross domestic product (GDP) by more than 2 per cent over the next five years.<sup>1</sup> Subsequent analysis by the International Monetary Fund and the Organisation for Economic Co-operation and Development revealed that this increase in collective GDP would be closer to 2.1 per cent, attributing a quarter of the increase to positive spillovers to the global economy resulting from simultaneous implementation of policies.<sup>2</sup>

On 15-16 November 2014, G20 leaders at the Brisbane Summit acknowledged that recovery from the global financial crisis remained uneven, hampered by “weak cyclical recovery...weakened

<sup>1</sup> Meeting of the G20 Finance Ministers and Central Bank Governors Communiqué, G20 (Sydney) 23 February 2014. Access Date: 22 October 2016. <http://www.g20.utoronto.ca/2014/2014-0223-finance.html>.

<sup>2</sup> Quantifying the Impact of G-20 Members’ Growth Strategies, International Monetary Fund (Washington) 2014. Access Date: 22 October 2016. <http://www.imf.org/external/np/g20/pdf/2014/growthstrat.pdf>.

productive capacity in key economies, and a legacy of vulnerabilities from the financial crisis.”<sup>3</sup> G20 leaders reaffirmed the need for a concerted effort towards strong, sustainable and balanced growth, and agreed that implementing flexible fiscal strategies, which take into consideration national economic circumstances, are key to recovery and job creation.

On 15-16 November 2015, G20 leaders at the Antalya Summit renewed their commitment to “fully implement our comprehensive growth strategies in a timely manner, as well as all our past commitments, to move towards our overarching objective of strong, sustainable and balanced growth.”<sup>4</sup> Many members “updated their St. Petersburg fiscal strategy as part of their Growth Strategy for the Brisbane Summit and their adjusted Growth Strategy for the Antalya Summit taking into account policy development, short-term growth and inflation developments.”<sup>5</sup>

On 4-5 September 2016, G20 leaders at the Hangzhou Summit acknowledged that while resilience had improved in some economies, growth was still weak and desirable. They reiterated their commitment to full implementation of the growth strategies that were published in Brisbane and subsequently adjusted in Antalya.<sup>6</sup> Underscoring the essential role of structural reform, they stated “We are using fiscal policy flexibly and making tax policy and public expenditure more growth-friendly, including by prioritizing high-quality investment, while enhancing resilience and ensuring debt as a share of GDP is on a sustainable path.”<sup>7</sup>

### **Commitment Features**

The G20 committed to use all policy tools - monetary, fiscal and structural - individually and collectively to achieve its goal of strong, sustainable, balanced and inclusive growth.

Monetary policy is the macroeconomic policy laid down by the central bank. It involves management of money supply and interest rate and is the demand side economic policy used by the government of a country to achieve macroeconomic objectives like inflation, consumption, growth and liquidity. The G20 stated “Monetary policy will continue to support economic activity and ensure price stability, consistent with central banks' mandates, but monetary policy alone cannot lead to balanced growth.” The G20 committed specifically to refrain from competitive devaluations and not to target exchange rates for competitive purposes. “We will carefully calibrate and clearly communicate our macroeconomic and structural policy actions to reduce policy uncertainty, minimize negative spillovers and promote transparency.”

Fiscal policy is the means by which a government adjusts its spending levels and tax rates to monitor and influence a nation's economy. It is the sister strategy to monetary policy through which a central bank influences a nation's money supply. The G20 stated “We are using fiscal policy flexibly and making tax policy and public expenditure more growth-friendly, including by prioritizing high-quality investment, while enhancing resilience and ensuring debt as a share of GDP is on a sustainable path.”

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<sup>3</sup> Brisbane Action Plan, G20 Australia 2014 (Brisbane) November 2014. Access Date: 22 October 2016. [https://g20.org/wp-content/uploads/2014/12/brisbane\\_action\\_plan.pdf](https://g20.org/wp-content/uploads/2014/12/brisbane_action_plan.pdf).

<sup>4</sup> Antalya Action Plan, G20 Turkey 2015 (Antalya) November 2015. Access Date: 22 October 2016. <https://www.oecd.org/g20/summits/antalya/Antalya-Action-Plan.pdf>.

<sup>5</sup> Antalya Accountability Assessment, G20 Framework Working Group (Antalya) November 2015. Access Date: 22 October 2016. <http://www.mofa.go.jp/files/000185868.pdf>.

<sup>6</sup> Hangzhou Action Plan, Hangzhou 2016 G20 Summit (Hangzhou) 5 September 2016. Access Date: 20 October 2016. <http://www.mofa.go.jp/mofaj/files/000187185.pdf>.

<sup>7</sup> G20 Leaders' Communique Hangzhou Summit, Hangzhou 2016 G20 Summit (Hangzhou) 4-5 September 2016. Access Date: 20 October 2016. [http://www.g20.org/English/Dynamic/201609/t20160906\\_3396.html](http://www.g20.org/English/Dynamic/201609/t20160906_3396.html).

Structural refers to a set of economic policies often introduced as a condition for gaining a loan from the IMF. Structural adjustment policies usually involve a combination of free market policies such as privatisation, fiscal austerity, free trade and deregulation. The G20 underscored the essential role of structural reforms and emphasized that its fiscal strategies are equally important to supporting common growth objectives.

During the 2014 Brisbane Summit, each G20 member submitted individual Comprehensive Growth Strategies, which describe each member's policy objectives. Adjusted growth strategies were submitted ahead of the 2015 Antalya Summit and the 2016 Hangzhou Summit. The objectives outlined in the growth strategies have taken into account each member's near-term economic conditions, which is evident in the variance — in strength and nature — of policy commitments across countries.<sup>8</sup> Moreover, each member's Growth Strategy outlines measures within their fiscal objectives that address putting debt-to-GDP ratios on a sustainable path. Each member report below, summaries the New and Adjusted Policy Commitments made since Antalya, as part of the updated Growth Strategies made at the Hangzhou Summit.

Therefore, each G20 member must adhere to the monetary, fiscal and structural policies as laid out in each individual member Growth Strategy. Each individual member's report below will begin by identifying the policy objectives outlined in each Growth Strategy. The report will then assess compliance based on actions taken by each member to fulfill the stated policy objectives.

Full compliance is achieved if the G20 member takes actions towards implementing all three types of policy tools- monetary, fiscal and structural policies as laid out in its Growth Strategy. Partial compliance will be achieved if the G20 member takes actions toward implementing some policy tools- either monetary, fiscal or structural policies as laid out in its Growth Strategy. No compliance is achieved if the G20 member does not take action to implement any policy tool- monetary, fiscal nor structural policies as laid out in its Growth Strategy.

### Scoring Guidelines

-1	Member has made NO progress towards implementing monetary, fiscal or structural policies as laid out in its Growth Strategy
0	Member has made SOME progress towards implementing monetary, fiscal OR structural policies as laid out in its Growth Strategy
+1	Member has made progress towards implementing monetary, fiscal AND structural policies as laid out in its Growth Strategy

*Lead Analyst: Doris Li*

### Argentina: 0

Argentina has partially complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Argentina has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Belgrano Plan
- Increasing regional connectivity- implementing the infrastructure of Transport Plan
- Completion of the Embalse Nuclear Power Plant Refurbishment
- Construction of the IV and V Nuclear Power Plants in Argentina
- National Securities Commission (CNV) measures for SME

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<sup>8</sup> Policy note: Strategies for economic growth, G20 Australia 2014 (Brisbane) May 2014. Access Date: 22 October 2016. [http://www.g20australia.org/sites/default/files/g20\\_resources/library/policy\\_note\\_strategies\\_economic\\_growth.pdf](http://www.g20australia.org/sites/default/files/g20_resources/library/policy_note_strategies_economic_growth.pdf).

- Promote transparency and competition in the financial sector
- Promote long run savings and credit in domestic currency and increasing mortgage loans
- Family Allowance Scheme
- Trade facilitation & policy
- Competition policy- To improve the institutional mechanisms of defense of competition and the consumer<sup>9</sup>

On 21 October 2016, Minister of Finance Alfonso Prat-Gay announced that Argentina posted a primary fiscal deficit of ARS38.9 billion in September 2016, which is an increase from ARS37.2 billion in August 2016.<sup>10</sup>

On 31 October 2016, the Argentinean government presented a report allowing ARS94.285 billion to develop the north of Argentina as a part of the Belgrano plan. This amount is mainly reserved to improve the infrastructures of the different regions of the north.<sup>11</sup>

On 7 November 2016, Vice President Gabriela Michetti announced during a state visit to Qatar that both countries are setting up an ARS1.3 billion fund focused on infrastructure projects. The fund's initial focus will be infrastructure projects but could extend to other areas including energy.<sup>12</sup>

On 25 January 2017, Argentina's central bank announced it will set its reference rate every two weeks starting in March 2017 to provide more stability and certainty.<sup>13</sup> Under President Mauricio Macri the central bank has been striving to normalize monetary policy and prove its independence.<sup>14</sup> The rate is currently set every week with the bank's goal being to eventually get to a monthly policy rate. In a quarterly press conference, central bank President Federico Sturzenegger said Argentina hoped to renew a currency swap program with China when it expires in June 2017.<sup>15</sup> Sturzenegger also said the central bank is working on a deal with 20 other banks to develop instruments to invest reserves, which in October 2016 swelled above ARS40 billion for the first time since 2013.<sup>16</sup>

Argentina has made some progress towards implementing fiscal policies as listed in its Growth Strategy. Argentina has announced funding for infrastructure projects, including under the Belgrano plan. Argentina has made some progress towards implementing monetary policies and restoring market certainty. However, it has not made progress in implementing structural policies nor has it made progress towards decreasing the fiscal deficit. Thus, Argentina receives a score of 0.

*Analyst: Marwan Bennis*

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<sup>9</sup> 2016 Growth Strategy: Argentina, G20 China 2016 (Hangzhou). Access Date: 16 November 2016. <http://www.g20.utoronto.ca/2016/2016-growth-argentina.pdf>.

<sup>10</sup> Argentina says fiscal deficit widened to 38.9 bln pesos in September, Reuters 21 October 2016. Access Date: 17 January 2017. <http://www.reuters.com/article/argentina-economy-idUSL1N1CR21U>.

<sup>11</sup> Plan Belgrano: en qué estado están las obras, provincia por provincia, La Nacion (Buenos Aires) 11 November 2016. Access Date: 20 November 2016 <http://www.lanacion.com.ar/1954632-plan-belgrano-se-dieron-a-conocer-los-detalles-de-las-obras-y-presupuestos>.

<sup>12</sup> Argentina, Qatar build infrastructure fund, LatinFinance 7 November 2016. Access Date: 20 November 2016. <http://www.latinfinance.com/Article/3599820/Argentina-Qatar-build-infrastructure-fund.html#.WDYEVfnhA2w/>.

<sup>13</sup> UPDATE 1-Argentina central bank to set key rate every 2 weeks from March, Reuters January 25 2017. Access Date: 17 February 2017. <http://www.reuters.com/article/argentina-cenbank-idUSL1N1FF1GI>

<sup>14</sup> UPDATE 1-Argentina central bank to set key rate every 2 weeks from March, Reuters January 25 2017. Access Date: 17 February 2017. <http://www.reuters.com/article/argentina-cenbank-idUSL1N1FF1GI>

<sup>15</sup> UPDATE 1-Argentina central bank to set key rate every 2 weeks from March, Reuters January 25 2017. Access Date: 17 February 2017. <http://www.reuters.com/article/argentina-cenbank-idUSL1N1FF1GI>

<sup>16</sup> UPDATE 1-Argentina central bank to set key rate every 2 weeks from March, Reuters January 25 2017. Access Date: 17 February 2017. <http://www.reuters.com/article/argentina-cenbank-idUSL1N1FF1GI>

**Australia: +1**

Australia has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Australia has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Ten-year enterprise tax plan
- National Innovation and Science Agenda
- Youth Employment Package
- Trans-Pacific Partnership
- Harper Review Response
- Boost water infrastructure investment through the National Water Infrastructure Loan Facility
- Information Technology Agreement<sup>17</sup>

On 10 October 2016, the Senate committee approved changes to Enterprise Tax bill. The amendment makes changes to tax legislation related to the government's commitment to progressively reduce company tax rates for small and large companies under its Ten Year Enterprise Tax Plan.<sup>18</sup>

On 11 October 2016, the Government of Australia launched grant guidelines for the second round of the Empowering Youth Initiatives.<sup>19</sup>

On 20 October 2016, Assistant Minister for Immigration and Border Protection Peter Dutton introduced the Expanded Information Technology Agreement Bill 2016 to the House of Representatives. This bill is meant to reduce custom duty rates on certain information technology products.<sup>20</sup>

On 28 October 2016, the Australian government announced a AUD440 million investment in key water structure projects across the country. This investment was announced with the National Water Infrastructure Development Fund guidelines, which made AUD60 million available to get major projects started.<sup>21</sup>

On 3 December 2016, the Australian government announced an investment of AUD36 million over five years in a Global Innovation Strategy designed to help companies compete on an international level and to improve innovation and science collaboration.<sup>22</sup>

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<sup>17</sup> 2016 Growth Strategy: Australia, G20 China 2016 (Hangzhou). Access Date: October 2016.  
<http://www.g20.utoronto.ca/2016/2016-growth-australia.pdf>.

<sup>18</sup> Senate committee approves changes to Enterprise Tax bill, ZDNet 11 October 2016. Access Date: 31 January 2017.  
<http://www.zdnet.com/article/senate-committee-approves-changes-to-enterprise-tax-bill/>.

<sup>19</sup> Empowering Youth Round 2, Minister's Media Centre, 11 October 2016. Access Date: 20 December 2016.  
<https://ministers.employment.gov.au/cash/empowering-youth-round-2-now-open>.

<sup>20</sup> Bill to implement the Expanded Information Technology Agreement introduced, Lexology (London) 14 November 2016. Access Date: 20 December 2016. <http://www.lexology.com/library/detail.aspx?g=627d1a72-f318-426c-817e-48370f82a376>.

<sup>21</sup> Australia largest water infrastructure investment, Utility Magazine (Melbourne) 28 October 2016. Access Date: 20 December 2016. <http://www.utilitymagazine.com.au/australias-largest-water-infrastructure-investment/>.

<sup>22</sup> National Innovation and Science Agenda is Having a Significant Impact One Year On, Ministry for Industry Innovation & Science (Canberra) 7 December 2016. Access Date: 20 December 2016. <https://www.pm.gov.au/media/2016-12-07/national-innovation-and-science-agenda-having-significant-impact-one-year>.

On 6 December 2016, the Reserve Bank of Australia maintained its interest rate at 1.5 per cent.<sup>23</sup> In August 2016, Australia lowered its interest to 1.5 per cent, due to low inflation.<sup>24</sup>

On 7 February 2017, Australia's central bank held rates at its first policy meeting of the 2017, playing down a recent soft patch in economic growth as a temporary interruption that would not prevent a pick up to a healthy 3 per cent pace over time.<sup>25</sup> The Reserve Bank of Australia's (RBA) optimistic tone lifted the local currency AUD0.7662 as markets widened the odds on another policy easing.<sup>26</sup> The central bank kept rates at a record low of 1.5 per cent for a seventh straight month, following easing in August and May last year.<sup>27</sup> This is in line with Australia's commitment, in its Growth Strategy, "Monetary policy will continue to be set to foster sustainable growth in demand and achieve inflation outcomes consistent with the Reserve Bank of Australia's inflation target of 2-3 per cent, on average, over the cycle."<sup>28</sup>

Australia has made progress towards implementing fiscal policies as listed in its Growth Strategy. Australia has boosted water infrastructure investment and worked towards improving innovation and science collaboration. Australia has made progress towards implementing structural reforms through tax reforms. Australia has made progress towards implementing monetary policies. Thus, Australia receives a score of +1.

*Analyst: Isra Batool*

### **Brazil: +1**

Brazil has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Brazil has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Rescind various tax relief measures and impose stricter rules for obtaining benefits
- Promote expenditure cuts
- Develop new revenue sources and reform existing taxes
- Facilitate access of micro and small enterprises to private capital
- Brazil More Productive Program: A federal government program to raise SMEs productivity by at least 20 per cent<sup>29</sup>

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<sup>23</sup> The Reserve Bank of Australia warns on near-term growth, Business Insider 6 December 2016. Access Date: 6 February 2017. <http://www.businessinsider.com/reserve-bank-of-australia-interest-rate-decision-december-6-2016-2016-12>.

<sup>24</sup> Australia Growth Strategies, G20 (2016) Access Date: 7 February 2017.

<http://www.ranepa.ru/images/media/g20/2016Hangzhou/2016-growth-australia.pdf>

<sup>25</sup> Australia central bank holds rates, takes upbeat tone on growth, Globe and Mail 7 February 2017. Access Date: 17 February 2017. <http://www.theglobeandmail.com/report-on-business/economy/australia-central-bank-holds-rates-takes-upbeat-tone-on-growth/article33920809/>

<sup>26</sup> Australia central bank holds rates, takes upbeat tone on growth, Globe and Mail 7 February 2017. Access Date: 17 February 2017. <http://www.theglobeandmail.com/report-on-business/economy/australia-central-bank-holds-rates-takes-upbeat-tone-on-growth/article33920809/>

<sup>27</sup> Australia central bank holds rates, takes upbeat tone on growth, Globe and Mail 7 February 2017. Access Date: 17 February 2017. <http://www.theglobeandmail.com/report-on-business/economy/australia-central-bank-holds-rates-takes-upbeat-tone-on-growth/article33920809/>

<sup>28</sup> Australia Growth Strategies, G20 (2016) Access Date: 7 February 2017.

<http://www.ranepa.ru/images/media/g20/2016Hangzhou/2016-growth-australia.pdf>

<sup>29</sup> 2016 Growth Strategy: Argentina, G20 China 2016 (Hangzhou). Access Date: 16 November 2016. <http://www.g20.utoronto.ca/2016/2016-growth-argentina.pdf>.

On 8 September 2016, Minister of Trade, Industry and Services Marcos Pereira launched the National Plan of Export Culture as well as the Brazil More Productive Program. Both programs intend to improve domestic industries by improving efficiency in order to compete with foreign firms. The Brazil More Productive Program aims to improve the efficiency of 3000 Brazilian firms by 20 per cent. The program received an initial contribution of BRL50 million to distribute to state governments and businesses. Minister Pereira made the announcement in the State of Bahia, where more than ninety companies in the State are registered.<sup>30</sup> As of 27 January 2017, thirteen states have collaborated with the federal government in launching the 'Brazil More Productive' program. Minister Pereira stated that some companies registered with the program have achieved efficiency improvements exceeding 80 per cent.<sup>31</sup>

On 15 November 2016, the International Monetary Fund (IMF) released a country report assessing Brazil's macroeconomic policy progress.<sup>32</sup> The report stated, "Since May 2016, the government announced a series of measures to strengthen macro policies and restore credibility. Notably, the government has sent to Congress a constitutional amendment limiting the growth in federal noninterest spending to the rate of consumer price inflation of the previous year for the next 20 years. The government has also announced a reform of the social security system, needed in its own right and also necessary to make the expenditure limit viable." The report also found the central bank has intervened in the foreign exchange market less frequently than in the past and broadly symmetrically, limiting corrective action to containing short-term excessive volatility.<sup>33</sup>

On 5 December 2016, President Michel Temer sought support from political leaders for his pension reforms proposal, which would set a minimum retirement age of 65, reduce death pension benefits, and increase social security contributions by civil servants. These measures aim to reduce government expenditure on various social services which presently comprise 40 per cent of the government's budget.<sup>34</sup>

On 7 December 2016, Minister of Industry, Foreign Trade and Services Marcos Pereira signed the Brazil-US cooperation agreement in areas of "innovation, regulatory convergence, trade facilitation, and productive investments."<sup>35</sup>

On 13 December 2016, the Brazilian Senate passed a proposal by President Temer that will cap growth in public spending for a minimum of 20 years.<sup>36</sup> This is in line with Brazil's fiscal goal, "to improve the budgetary and financial execution of public expenditures, contributing to the

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<sup>30</sup> Marcos Pereira leads Brazil More Productive to Bahia, sixth state to receive the program, Ministry of Industry Foreign Trade and Services (Salvador) 8 September 2016. Access Date: 25 January 2017. <http://www.mdic.gov.br/noticias/1857-marcos-pereira-leva-brasil-mais-produtivo-a-bahia-sexto-estado-a-receber-o-programa>.

<sup>31</sup> Brazil More Productive and PNCE will support exports of companies from inland cities, Comex Do Brasil (Brazilia) 27 January 2017. Access Date: 27 January 2017. <https://www.comexdobrasil.com/brasil-mais-produtivo-e-pnce-vaopoiar-exportacoes-das-empresas-de-cidades-do-interior/>.

<sup>32</sup> 2016 Article IV consultation, IMF November 2016. Access Date: 7 February 2017. <https://www.imf.org/external/pubs/ft/scr/2016/cr16348.pdf>

<sup>33</sup> 2016 Article IV consultation, IMF November 2016. Access Date: 7 February 2017. <https://www.imf.org/external/pubs/ft/scr/2016/cr16348.pdf>

<sup>34</sup> Brazil's Temer unveils pension reform, sets retirement age at 65, Reuters (Brasília) 5 December 2016. Access Date: 15 January 2017. <http://www.reuters.com/article/us-brazil-economy-pension-idUSKBN13U1VT>.

<sup>35</sup> MDIC e Amcham assinam acordo para cooperação Brasil-EUA em inovação e convergência regulatória, Ministério da Indústria, Comércio Exterior e Serviços (Brasília) 7 December 2016. Access Date: 15 January 2017. <http://www.mdic.gov.br/noticias/2152-mdic-e-amcham-assinam-acordo-para-cooperacao-brasil-eua-em-inovacao-e-convergencia-regulatoria>.

<sup>36</sup> Brazil Senate passes spending cap in win for Temer, Reuters (Brasília) 13 December 2016. Access Date: 15 January 2017. <http://www.reuters.com/article/us-brazil-politics-idUSKBN142203>.

achievement of the fiscal targets, the optimization of the efficiency of public spending and the enhancement of public policy and government management programs.”<sup>37</sup>

On 15 December 2016, President Michel Temer announced stimulus measures “to reduce the debt burden of businesses and consumers.”<sup>38</sup> Some measures include writing off some of the taxes owed by companies and allowing others to pay their debts in installments.<sup>39</sup>

On 11 January 2017, the central bank lowered its interest rates by 75 base points (bps) to 13 per cent.<sup>40</sup> It is the third straight rate decline, bringing borrowing cost to the lowest since March of 2015 amid slowing inflation and a severe contraction.<sup>41</sup> In Brazil’s 2016 Growth Strategy, short term (st) interest rate projections were 12 per cent for 2017.<sup>42</sup>

Brazil has made some progress towards implementing fiscal policies such as reducing public spending. Brazil has made some progress towards implementing monetary policies and reducing market volatility. Brazil has made progress in implementing structural policies such as improving the efficiency of trade. Thus, Brazil receives a score of +1.

*Analyst: Miguel Martins*

### **Canada: +1**

Canada has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Canada has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- New Infrastructure Plan
- Middle Class Tax Cut- Reduce taxes for middle-income earners.
- Increased support for families- New Canada Child Benefit.
- Improving the Retirement Income System
- Improving Employment Insurance
- Making Post-Secondary Education More Affordable
- Helping Youth Obtain Valuable Work Experience
- Improving the Education Outcomes for First Nations Children
- Strategic Infrastructure Investments at Post-Secondary Institutions
- Investing in and Promoting Clean Growth
- Expanding Trade Opportunities- Eliminate or waive tariffs on a number of goods.

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<sup>37</sup> Brazil Growth Strategy, G20 (2016) Access Date: 7 February 2017. <http://www.g20.utoronto.ca/2016/2016-growth-brazil.pdf>

<sup>38</sup> Brazil’s Temer launches stimulus plan to counter discontent, Reuters (Brasília) 16 December 2016. Access Date: 15 January 2017. <http://www.reuters.com/article/us-brazil-economy-idUSKBN1442J1>.

<sup>39</sup> Brazil’s Temer launches stimulus plan to counter discontent, Reuters (Brasília) 16 December 2016. Access Date: 15 January 2017. <http://www.reuters.com/article/us-brazil-economy-idUSKBN1442J1>.

<sup>40</sup> Brazil Interest Rate 1999-2017 (New York City) 15 January 2017. Access Date: 15 January 2017. <http://www.tradingeconomics.com/brazil/interest-rate>.

<sup>41</sup> Brazil Interest Rate 1999-2017 (New York City) 15 January 2017. Access Date: 15 January 2017. <http://www.tradingeconomics.com/brazil/interest-rate>.

<sup>42</sup> Brazil Growth Strategy, G20 (2016) Access Date: 7 February 2017. <http://www.g20.utoronto.ca/2016/2016-growth-brazil.pdf>

- Strengthen resiliency on Canada's housing finance system<sup>43</sup>

On 14 October 2016, the Canadian government amended housing market regulations, including new regulations for mortgages. These include making mandatory stress tests regardless of down payment, increasing restrictions on insurance for low-ratio mortgages, and enforcing mandatory reporting of primary residence sales to the Canada Revenue Agency.<sup>44</sup>

On 30 October 2016, Prime Minister Justin Trudeau signed the Comprehensive Economic and Trade Agreement (CETA) in Brussels, which began the ratification process of the free trade agreement between Canada and the European Union.<sup>45</sup>

On 1 November 2016, Finance Minister Bill Morneau announced the creation of a Canada infrastructure bank, which the government will contribute CAD35 billion towards major construction projects.<sup>46</sup>

On 21 November 2016, the Government of Canada announced a joint investment with the Province of Ontario in post-secondary infrastructure at Centennial College. The Government of Canada will contribute CAD18.4 million.<sup>47</sup>

On 23 November 2016, the Business Development Bank of Canada announced that it is launching a CAD135 million fund "that will invest in entrepreneurial startup companies in the energy and clean technology sector."<sup>48</sup>

On 13 January 2016, Finance Minister Bill Morneau said the government is not considering any additional measures to tighten housing finance rules "at this stage" but is monitoring the market to ensure risk levels are appropriate.<sup>49</sup>

On 18 January 2017, the Bank of Canada announced that it is maintaining its target for the overnight rate at 0.50 per cent. In Canada's 2016 Adjusted Growth Started report, Canada noted "The Bank of Canada's target for the overnight rate has remained unchanged at 0.5 per cent since July 2015, a historically low level. As such, monetary conditions are very accommodative. While conventional monetary policy rates are low, there is room for the Bank of Canada to use

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<sup>43</sup> 2016 Growth Strategy: Canada, G20 China 2016 (Hangzhou). Access Date 21 November 2016. <http://www.g20.utoronto.ca/2016/2016-growth-canada.pdf>.

<sup>44</sup> Technical Backgrounder: Mortgage Insurance Rules and Income Tax Proposals, Department of Finance Canada (Ottawa) 14 October 2016. Access Date: 24 November 2016. [https://www.fin.gc.ca/n16/data/16-117\\_2-eng.asp](https://www.fin.gc.ca/n16/data/16-117_2-eng.asp); and Four Major changes to Canada's housing rules, The Globe and Mail (Toronto) 3 October 2016. Access Date: 24 November 2016 <http://www.theglobeandmail.com/real-estate/four-major-changes-to-canadas-housing-rules/article32223470/>.

<sup>45</sup> Trudeau signs CETA but final ratification required by European Union, The Globe and Mail (Toronto) 30 October 2016. Access Date: 22 November 2016. <http://www.theglobeandmail.com/news/national/prime-minister-trudeau-signs-canada-eu-trade-deal-in-brussels/article32586423/>.

<sup>46</sup> Liberals announce Canada infrastructure bank: what is it and how does it work?, Global News (Ottawa) 1 November 2016. Access Date: 20 January 2017. <http://globalnews.ca/news/3039197/liberals-announce-canada-infrastructure-bank-what-is-it-and-how-does-it-work/>.

<sup>47</sup> Canada and Ontario invest in post-secondary infrastructure at Centennial College, CNW (Toronto) 21 November 2016. Access Date: 20 January 2017. <http://www.newswire.ca/news-releases/canada-and-ontario-invest-in-post-secondary-infrastructure-at-centennial-college-602246655.html>.

<sup>48</sup> BDC Capital creates \$135-million venture fund for clean technology startups, CTV News (Toronto) 23 November 2016. Access Date: 20 November 2017. <http://www.ctvnews.ca/business/bdc-capital-creates-135-million-venture-fund-for-clean-technology-startups-1.3173318>.

<sup>49</sup> Canada not considering housing measures at this stage: Morneau, Reuters (Toronto) 13 January 2017. Access Date: 20 January 2017. <http://ca.reuters.com/article/domesticNews/idCAKBN14X1XI>.

unconventional monetary policies if warranted.” Maintaining the interest rate is seen in line with the growth strategies.<sup>50</sup>

Canada has made some progress towards implementing fiscal policies, such as increasing infrastructure spending. Canada has made progress in implementing structural policies, such as amending housing market regulations. Canada has made some progress towards implementing monetary policies and decreasing market volatility. Thus, Canada receives a score of +1.

*Analyst: Kyle VanHooren*

### **China: +1**

China has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

China outlined the following fiscal, structural and monetary strategies in its comprehensive Growth Strategy:

- Cut the basic pension insurance contribution rate, unemployment insurance contribution rate and housing provident fund contribution rate progressively to reduce the burden of market players and increase cash income of workers;.
- Promote the tax reform of changing Turnover Tax to Value Added Tax (VAT), further reduce the burden on enterprises, and facilitate economic restructuring and upgrading;
- A fresh round of power grid upgrading projects was implemented in rural areas, to improve the working and living conditions, facilitate the development of related industries, and stimulate investment and consumption;
- Continue to open up and accelerate the development of service trade.
- Legal and market-based measures to reduce overcapacity in steel and coal industries, facilitate supply-side structural reform, and promote the optimization and upgrading of industrial structure;
- Reduce enterprises’ burden, promote energy saving and emission reduction, as well as structural adjustment, through the relief of electricity price contradictions;
- Expand the income tax pilot policy in National Innovation Demonstration Zone to nationwide, so that proactive fiscal policy plays a more important role in promoting the mass entrepreneurship and innovation and fostering new driving forces of economic growth;
- Optimizing the Investment Environment;
- Strengthening Infrastructure Investment;
- Use multiple instruments including Open Market Operations, Short-term Liquidity Operations (SLO), Standing Lending Facility (SLF) and Medium-term Lending Facility (MLF) in a combined way to ensure banking liquidity is kept at an appropriate and adequate level.
- Promoting the Small and Medium-sized Enterprises (SME) Investment.<sup>51</sup>

On 9 September 2016, the National Development and Reform Commission of the People’s Republic of China held a meeting to examine methods to shore up fields where China falls behind other major economies, such as poverty reduction, sustainable agriculture, and corporate technological upgrading.

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<sup>50</sup> Canada Growth Strategy, Government of Canada (2016) Access Date: 7 February 2017.

[http://international.gc.ca/world-monde/international\\_relations-relations\\_internationales/g20/2016-Growth\\_Strategy-Strategie\\_Croissance.aspx?lang=eng#H3-2a](http://international.gc.ca/world-monde/international_relations-relations_internationales/g20/2016-Growth_Strategy-Strategie_Croissance.aspx?lang=eng#H3-2a)

<sup>51</sup> Comprehensive Growth Strategy: China, 2016 G20 (Hangzhou), 26 September 2016. Access Date: 1 November 2016. <http://g20.org/English/Documents/201609/P020160926602268177290.pdf>.

The commission concluded that the priority will be to adopt public-private partnerships (PPP) model in primary infrastructure projects to stimulate investment from private investors.<sup>52</sup>

On 13 September 2016, the People's Bank of China (PBOC) injected funds into the financial system for the first time since February 2016 by auctioning RMB60 billion of reverse repurchase agreements in open market operations. Interest rate lowered after the use of a 28 day lending tool was resumed, from 2.6 per cent to 2.55 per cent. The PBOC also sold RMB70 billion of one-week contracts and RMB30 billion of 14 day reverse repos, which maintained the interest rate at 2.25 per cent and 2.4 per cent respectively.<sup>53</sup>

On 25 October 2016, China's central bank revealed that it will broaden its Macro Prudential Assessment (MPA) risk-tool framework starting the first quarter of 2017 to incorporate wealth management products. This adjustment to the MPA system aims to help the PBOC to curb rising debt levels in its financial system.<sup>54</sup>

On 7 November 2016, Chinese Premier Li Keqiang and Russian Prime Minister Dmitry Medvedev met in St. Petersburg for a signing ceremony to support the development of small and medium-sized enterprises (SME) between two countries.<sup>55</sup>

On 30 November 2016, the PBOC released a moderate amount of liquidity into the market after four consecutive days of reducing liquidity. This decision was made after the market went into crisis on 29 November 2016, which was caused by the limitations the PBOC placed on large banks' lending to smaller banks.<sup>56</sup>

On 9 December 2016, Vice Premier Wang Yang and Thai Deputy Prime Minister Somkid Jatusripitak met in Beijing to extend their five-year plan for economic and trade cooperation.<sup>57</sup>

On 28 December 2016, Yu Xuejun, an official from China Banking Regulatory Commission, urged for a reduction of the required reserve ratio. The senior banking regulator was cited saying "China's requirement for how much cash banks must hold as reserves is very high and should be reduced at an appropriate time."<sup>58</sup>

On 13 January 2017, the PBOC injected 305.5 billion yuan for the first time via its medium-term lending facility (MLF) to 21 financial institutions to maintain liquidity in the interbank market. The

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<sup>52</sup> State To Accelerate Structural Reform, China Daily Asia (Beijing) 13 September 2016. Access Date: 1 November 2016. [http://www.chinadailyasia.com/chinafocus/2016-09/13/content\\_15494601.html](http://www.chinadailyasia.com/chinafocus/2016-09/13/content_15494601.html).

<sup>53</sup> China's PBOC Injects 28-Day Funds for First Time Since February, Bloomberg (New York) 12 September 2016. Access Date: 1 November 2016. <https://www.bloomberg.com/news/articles/2016-09-13/pboc-injects-cash-via-28-day-reverse-repos-first-time-since-feb>.

<sup>54</sup> China to count off-balance sheet financing in assessing banks' risk, CNBC 26 October 2016. Access Date: 30 December 2016. <http://www.cnbc.com/2016/10/26/chinas-central-bank-takes-more-steps-to-tackle-rising-debt-in-the-economy.html>.

<sup>55</sup> China and Russia to promote SME cooperation, The State Council The People's Republic of China (Beijing) 9 November 2016. Access Date: 10 November 2016.

[http://english.gov.cn/premier/news/2016/11/09/content\\_281475486878807.htm](http://english.gov.cn/premier/news/2016/11/09/content_281475486878807.htm)

<sup>56</sup> China's borrowing costs surge, sending economy into cycle of implicit monetary tightening, South China Morning Post (Hong Kong) 30 November 2016. Access Date: 1 December 2016. <http://www.scmp.com/business/banking-finance/article/2050522/chinas-borrowing-costs-surge-sending-economy-cycle-implicit>.

<sup>57</sup> China and Thailand ink deals to strengthen cooperation, The State Council The People's Republic of China (Beijing) 10 December 2016. Access Date: 28 December 2016.

[http://english.gov.cn/state\\_council/state\\_councilors/2016/12/10/content\\_281475512489671.htm](http://english.gov.cn/state_council/state_councilors/2016/12/10/content_281475512489671.htm).

<sup>58</sup> China Banking Official Urges Cut to Required Reserve Ratio, Bloomberg (New York) 28 December 2016. Access Date: 3 January 2017. <https://www.bloomberg.com/news/articles/2016-12-28/china-banking-official-says-required-reserve-ratio-should-be-cut>.

MLF liquidity included RMB182.5 billion in one-year maturities and RMB123 billion in six-month maturities.<sup>59</sup>

China has made some progress towards implementing fiscal policies, such as increasing funding to fight poverty. China has made progress in implementing structural policies, such as promoting SMEs abroad. China has made some progress towards implementing monetary policies such as, broadening its Macro Prudential Assessment (MPA). Thus, China receives a score of +1.

*Analyst: Michelle Tham*

### **France: 0**

France has partially complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

France has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Functioning of the labour market — Improve the flexibility and the functioning of the labour market and promote labour-management dialogue in companies.
- Cost competitiveness — Continue to cut taxes and labour costs for businesses, to boost investment and create jobs.
- Unemployment insurance — Ensure the sustainability and the efficiency of the unemployment insurance system.
- Business environment — Heighten economic transparency to build investor confidence and promote France's attractiveness.
- New economic opportunities — Capitalize on new business opportunities.<sup>60</sup>

In June 2016 France released its Stability Programme which outlines France's fiscal strategy for the period 2016-2019. The strategy "aims to continue fiscal consolidation and reduce the general government deficit to less than 3% of GDP in 2017 and then achieve structural balance in 2019. The Programme adds \$3.8 billion in additional savings measures for 2016 that seek to mitigate against the negative impacts of low inflation resulting in efforts to reduce government deficit. These include:

- EUR1 billion on central government and agency expenditures
- EUR1 billion on healthcare and social protection expenditure
- EUR1.8 billion less in interest expenditure due solely to the lower interest rate forecast.

In 2017 France will adjust these expenditures to EUR2 billion, EUR2 billion and EUR1 billion, respectively. Further, for the purposes of promoting employment, sustaining productive investment capacity and underpinning competitiveness France will continue, as per its Responsibility and Solidarity Pact, with tax cuts in the following areas: cuts in social security contributions, elimination of corporate income tax payments for large corporations, a further cut in the corporate social solidarity contribution, cut in income tax bill for households. On social security, France projects that revenue should increase by 2.6% by 2017, "sustained by strong growth of private-sector wages and

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<sup>59</sup> China PBOC Injects CNY305.5 Bln Via MLF; Rates Unchanged, MNI News (New York) 13 January 2017. Access Date: 13 January 2017. <https://www.marketnews.com/content/china-pboc-injects-cny3055-bln-mlf-rates-unchanged>.

<sup>60</sup> 2016 Growth Strategy: France, G20 China 2016 (Hangzhou). Access Date: 12 December 2016. <http://g20.org/English/Documents/201609/P020160926602750892633.pdf>

salaries (2.5%) as the economy recovers and by the government's measures to boost employment."<sup>61</sup> Progress made within the compliance period is not known.

On 28 September 2016, the Autorité de contrôle prudentiel et de résolution and the Autorité des marchés financiers announced reforms to streamline prospective business investment from British firms in response to the result of the British referendum on European Union membership. These measures include providing English speaking officials to support firms in the licensing process as well as distributing a preauthorization document for prospective companies within two weeks of applying.<sup>62</sup>

On 8 November 2016, France adopted the Law on Transparency, the Fight against Corruption and Modernization of Economic Life. The main provisions include expanding jurisdiction to allow "French authorities to prosecute acts of corruption committed abroad by any company that carries on business or part of its business in France" and the creation of an anti-corruption agency.<sup>63</sup>

On 19 November 2016, France "enacted a bill creating a legal basis for class actions against data controllers and processors resulting from data protection violations."<sup>64</sup>

France has made progress in implementing structural policies, such as streamlining prospective business investment. France has not made progress towards implementing fiscal policies or monetary policies. Thus, France receives a score of 0.

*Analyst: Miguel Martins*

#### **Germany: +1**

Germany has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Germany has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Promote digitalisation to increase Germany's role as an innovative and powerful economy, with additional EUR2.7 billion to be spent on broadband internet in 2015-19;
- Offer various funding instruments for founding and expanding innovative small and medium-sized enterprises;
- Establish an infrastructure entity that manages the national highway system;
- Implementing a second Bureaucracy Relief Act to reduce red tape and improve the investment ecosystem;
- Continue to implement programmes aimed at further reducing youth unemployment;
- The new or adjusted policy action- Promoting Digitalisation.
- Boost female labour force participation by implementing an act to alleviate unjustified pay inequities between women and men.<sup>65</sup>

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<sup>61</sup> Stabiliy Programme 2016-2019, June 2016, Government of France. Date of Access: 01 March 2017.

[http://ec.europa.eu/europe2020/pdf/csr2016/sp2016\\_france\\_en.pdf](http://ec.europa.eu/europe2020/pdf/csr2016/sp2016_france_en.pdf)

<sup>62</sup> Here's Why France Might Steal the UK's Fintech Crown, Business Insider (New York City) 6 January 2017. Access Date: 15 January 2017. <http://www.businessinsider.com/heres-why-france-might-steal-the-uks-fintech-crown-2017-1>.

<sup>63</sup> New French Anti Corruption Law: Companies Doing Business in France must Beware, Lexology (Paris) 22 November 2016. Access Date: 15 January 2017. <http://www.lexology.com/library/detail.aspx?g=bab97afd-83bb-40be-bdc7-39aaec08f797>.

<sup>64</sup> France Adopts Class Action Regime for Data Protection Violations, Lexology (Paris) 30 November 2016. Access Date: 15 January 2017. <http://www.lexology.com/library/detail.aspx?g=561d7b16-5809-4669-bd76-6ac25d3e9e23>.

On 12 October 2016, the German Education Minister Johanna Wanka unveiled the “Digital Pact” plan to invest EUR5.5 billion in 40,000 schools to provide "primary schools, advanced general schools and vocational schools with digital equipment such as broadband connection, Wi-Fi and equipment.".<sup>66</sup>

On 11 January 2017, the German cabinet supported a draft bill to make salaries more transparent for employees in an attempt to close the gender pay gap. The bill would allow employees to see what their colleagues in equivalent positions were earning within companies with over 200 employees. In addition businesses with over 500 workers would need to publish regular updates on their salary structure and show that they were complying with equal pay rules.<sup>67</sup>

On 12 January 2017, State Secretary at the Federal Ministry for Economic Affairs and Energy, Matthias Machnig, launched the digital conference entitled "Key Issues for Digital Transformation in the G20" which will culminate in a meeting of G20 digital ministers in Düsseldorf on 6-7 April 2017.<sup>68</sup>

On 12 January 2017, the Finance Ministry announced that Germany had achieved a surplus of EUR6.2 billion in 2016. The government is still debating whether to spend it on tax reductions and paying off old debts, or on investment in infrastructure and education.<sup>69</sup>

On 3 January 2017, German consumer prices soared by 0.7 per cent compared to November 2016, bringing the annual rate of increase to 1.7 per cent, according to the country's Federal Statistics Office. This represents Germany's highest rate of inflation since 2013. This is in line with protections in Germany's Growth Strategy.<sup>70</sup>

Germany has made some progress towards implementing fiscal policies, such as the Digital Pact. Germany has made progress in implementing structural policies, such as supporting a draft bill to make salaries more transparent for employees. Germany has made some progress towards implementing monetary policies decreasing market volatility. Thus, Germany receives a score of +1.

*Analyst: Ce Shang*

#### **India: +1**

India has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

India has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

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<sup>65</sup> 2016 Growth Strategy: Germany, G20 China 2016 (Hangzhou). Access Date: 16 November 2016. <http://www.g20.utoronto.ca/2016/2016-growth-germany.pdf>.

<sup>66</sup> German education minister unveils 5-billion-euro 'Digital Pact' for 40,000 schools, Die Welle (Bonn) 12 October 2016. Access Date: 21 November 2016. <http://www.dw.com/en/german-education-minister-unveils-5-billion-euro-digital-pact-for-40000-schools/a-36023544>.

<sup>67</sup> Berlin pushes for public payslips to fight pay gap, Die Welle (Bonn) 11 January 2017. Access Date: 13 January 2017. <http://www.dw.com/en/berlin-pushes-for-public-payslips-to-fight-pay-gap/a-37087655>.

<sup>68</sup> Joint Press Release - The Federal Ministry for Economic Affairs and Energy and the OECD kick off G20 digital ministers' process with a conference on "Key Issues for Digital Transformation in the G20", The Federal Ministry for Economic Affairs and Energy (Germany) 12 January 2017. Access Date: 13 January 2017. <http://www.bmwi.de/EN/Press/press-releases,did=798532.html>.

<sup>69</sup> How will Germany spend its €6 billion surplus?, The Local (Berlin) 21 January 2017. Access Date: 13 January 2017. <https://www.thelocal.de/20170113/how-will-germany-spend-its-6-billion-surplus>.

<sup>70</sup> 2016 Growth Strategy: Germany, G20 China 2016 (Hangzhou). Access Date: 16 November 2016. <http://www.g20.utoronto.ca/2016/2016-growth-germany.pdf>.

- Improving and strengthening the financial system.
- Promoting Competition and Enabling Environment.
- Enhancing Environmental Sustainability and Encouraging Innovation
- Advancing Labour Market Reform, Educational Attainment and Skills
- Promoting Fiscal Reform
- Promoting Trade and Investment Openness
- Improving Infrastructure
- Promoting Competition and Enabling Environment
- Enhancing Environmental Sustainability
- Inclusive Growth
- Encouraging Innovation<sup>71</sup>

On 17 October 2016, the Ministry of Labour and Employment launched a model career centre in Mumbai. Union Minister for Labor and Employment Bandaru Dattatreya announced that six more model career centers would be opened this year.<sup>72</sup>

On 24 October 2016, the Government of India made Aadhaar, a unique identification number for citizens, mandatory for receiving cooking gas (LPG) subsidies but gave a two month grace period for citizens to get the unique identification number.<sup>73</sup> This is in line with India's Growth Strategy commitment to "Inclusive growth and Improving and strengthening the financial system: The Indian Parliament has passed the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and 6 Growth Strategy - INDIA Services) Bill, 2016 on March 2016."<sup>74</sup>

On 7 November 2016, India and the United Kingdom agreed to create an infrastructure development fund for India to strengthen economic ties. The fund will initially have GBP120 million in seed money but "private-sector funds will also be sought later from London-based financial institutions and others."<sup>75</sup>

On 8 November 2016, Prime Minister Narendra Modi announced the demonetisation of the INR500 and INR1000 notes to prevent counterfeiting of notes and curb the flow of black money.<sup>76</sup>

On 11 November 2016, in collaboration with the Indian government, Japan announced that it would "set up institutes in the country to train 30,000 people in 10 years, particularly in rural areas, in Japanese style manufacturing skills and practices." Prime Minister Modi said that the dialogue

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<sup>71</sup> 2016 Growth Strategy: India, G20 China 2016 (Hangzhou). Access Date: October 2016.  
<http://www.g20.utoronto.ca/2016/2016-growth-india.pdf>

<sup>72</sup> Govt launches model career centre in Mumbai, Economic Times (New Delhi) 17 October 2016. Access Date: 20 January 2017. <http://economictimes.indiatimes.com/industry/jobs/govt-launches-model-career-centre-in-mumbai/articleshow/54893044.cms>.

<sup>73</sup> Aadhar card must for LPG subsidy after November, The Times of India (New Delhi) 4 October 2016. Access Date: 24 December 2016. <http://timesofindia.indiatimes.com/india/Aadhaar-card-must-for-LPG-subsidy-after-November/articleshow/54680322.cms>.

<sup>74</sup> 2016 Growth Strategy: India, G20 China 2016 (Hangzhou). Access Date: October 2016.  
<http://www.g20.utoronto.ca/2016/2016-growth-india.pdf>

<sup>75</sup> UK, India begin forging closer ties with infrastructure fund, Nikkei Asian Review (New Delhi) 8 November 2016. Access Date: 20 January 2017. <http://asia.nikkei.com/Politics-Economy/International-Relations/UK-India-begin-forging-closer-ties-with-infrastructure-fund>.

<sup>76</sup> Narendra Modi just banned Rs500 and Rs1000 notes to fight corruption and terrorism, Quartz India 8 November 2016. Access Date: 4 January 2017. <https://qz.com/830774/rupee-notes-in-india-narendra-modi-just-banned-rs500-and-rs1000-notes-to-fight-corruption-and-terrorism/>.

between Japan and India in regard to training and skills development was “an important component of [their] economic partnership.”<sup>77</sup>

On 7 December 2016, the Reserve Bank of India decided to maintain its key lending rate, the repo rate at 6.25 per cent.<sup>78</sup>

On 19 December 2016, Prime Minister Modi laid the foundation of the first ‘Indian Institute of Skills’ in the country and launched several skill development initiatives for the youth, including including Pradhan Mantri Kaushal Kendras (PMKKs) and Drivers’ Training Institutes.<sup>79</sup>

On 24 December 2016, Prime Minister Modi kicked off INR1.06 lakh crore worth of infrastructure projects. These projects include the country's longest sea bridge and two metro lines in the city.<sup>80</sup>

On 8 January 2017, Prime Minister Modi said his government will soon launch a skill development programme, Pravasi Kaushal Vikas Yojana, for Indian youth seeking overseas employment.<sup>81</sup>

India has made some progress towards implementing fiscal policies, such as the infrastructure development fund. India has made progress in implementing structural policies, such as opening model career centers. India has made some progress towards implementing monetary policies decreasing market volatility. Thus, India receives a score of +1.

*Analyst: Isra Batool*

#### **Indonesia: 0**

Indonesia has partially complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Indonesia has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Improving infrastructure investment policy framework (Adjusted Brisbane Commitment).
- Improving market competition to support investment and trade activities (Adjusted Antalya Commitment).
- Enhancing employment policy reform (Adjusted Brisbane Commitment).
- Strengthening the financial system (New Commitment).
- Promoting more inclusive growth (New Commitment).<sup>82</sup>

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<sup>77</sup> Japan to set up skill development institutes in three Indian states, The New Indian Express (Tokyo) 11 November 2016. Access Date: 23 January 2017. <http://www.newindianexpress.com/nation/2016/nov/11/japan-to-set-up-skill-development-institutes-in-three-indian-states-1537537.html>.

<sup>78</sup> RBI keeps key rates unchanged: Full text of monetary policy statement, The Indian Express (New Delhi) 7 December 2016. Access Date: 6 February 2017. <http://indianexpress.com/article/business/banking-and-finance/rbi-keeps-key-lending-rates-unchanged-full-text-of-monetary-policy-statement-4415112/>.

<sup>79</sup> PM Modi unveils initiatives for skill development, The Indian Express (Kanpur) 19 December 2016. Access Date: 20 January 2017. <http://indianexpress.com/article/india/pm-modi-unveils-initiatives-for-skill-development/>.

<sup>80</sup> PM Modi kicks off Rs 1.06 lakh crore worth infrastructure projects for Mumbai, The Times of India (Mumbai) 24 December 2016. Access Date: 20 January 2017. <http://timesofindia.indiatimes.com/city/mumbai/pm-modi-kicks-off-rs-1-06-lakh-crore-worth-infrastructure-projects-for-mumbai/articleshow/56158227.cms>.

<sup>81</sup> PM Modi announces skill development programme for youths seeking jobs abroad, India Today (Bengaluru) 8 January 2017. Access Date: 23 January 2017. <http://indiatoday.intoday.in/story/pm-narendra-modi-pravasi-bhartiyadivas-jobs-youth-abroad/1/852215.html>.

<sup>82</sup> 2016 Growth Strategy: Indonesia, G20 China 2016 (Hangzhou). Access Date: 12 December 2016. <http://www.g20.utoronto.ca/2016/2016-growth-indonesia.pdf>.

On 31 October 2016, Indonesia's central bank adopted new regulation that requires banks to attach supporting documents detailing the purpose of every transfer of foreign currencies of more than USD100,000 to increase transparency and "the amount of information available regarding foreign exchange traffic."<sup>83</sup>

On 17 November 2016, Indonesia's central bank announced that it will increase the time period over which central banks must hold the required percentage (6.5 per cent) of total deposits from one day to a period of one to two weeks. This will enable banks to absorb liquidity shocks and "not inflict excessive volatility in interest rates." The Governor of the Central Bank of Indonesia Agus Martowardojo announced that this measure will be introduced in the second half of 2017.<sup>84</sup>

Indonesia has made some progress towards implementing monetary policies such as increasing transparency. Indonesia has not made progress towards implementing fiscal policies or monetary policies. Thus, Indonesia receives a score of 0.

*Analyst: Miguel Martins*

### **Italy: +1**

Italy has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Italy has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Promote economic activity to increase real Gross Domestic Product (GDP) by 1.4 per cent in 2017, 1.5 per cent in 2018 and 1.4 per cent in 2019 by implementing rigorous yet employment based fiscal policy
- Review the public budget composition to free resources which can be better devoted to promote investment, jobs, and general growth
- Leverage budgetary flexibility as per European rules to support comprehensive structural reform plans to increase potential GDP and achieve a budget balance in the medium-term and to support investment expenditure
- Refrain from implementing restrictive policies to avoid other economic issues including deflation, stagnation, inadequate eurozone fiscal policies coordination, higher public debt ratio, and short term cost of structural reform
- Reduce tax burden and introduce tax incentives under 2016 Stability Law.
- Revise public spending and increase fiscal compliance while reducing margins for tax avoidance and evasion.
- Neutralize 'safeguard clauses' under Stability Law by including deficit reduction measures.
- Continue the implementation of the multi-year structural reform agenda.<sup>85</sup>

On 27 September 2016, the Government of Italy increased its target for its 2017 budget deficit to 2.0 per cent from 1.8 per cent and cut its economic growth forecasts for 2017 to 1.0 per cent from 1.4 per cent.<sup>86</sup>

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<sup>83</sup> Indonesia c.bank Beefs up Requirements for Large Outgoing Forex Transfers, Reuters (Jakarta). 31 October 2016. Access Date: 15 January 2017. <http://www.reuters.com/article/indonesia-forex-banks-idUSL4N1D132G>.

<sup>84</sup> Indonesian Central Bank to Ease Reserve Requirement Rules in 2017 - Governor, Reuters (Jakarta) 22 November 2016. Access Date: 15 January 2017. <http://www.reuters.com/article/us-indonesia-cenbank-idUSKBN13H1ER>.

<sup>85</sup> 2016 Growth Strategy: Italy, G20 China 2016 (Hangzhou). Access Date: 16 October 2016. <http://www.g20.utoronto.ca/2016/2016-growth-italy.pdf>.

On 15 October 2016, Prime Minister Matteo Renzi announced the 2017 budget plan, which “raises health spending and sets aside EUR7 billion over three years for measures relating to pensions.”<sup>87</sup> In the budget, the tax credit available to companies for research and development will increase from 25 per cent to 50 per cent and the maximum tax credit will increase from EUR5 million to EUR20 million per company.<sup>88</sup>

In December 2016, Italian lawmakers created a EUR20 billion fund to recapitalize some of Italy’s banks, Rome rushed to approve the fund after Monte dei Paschi di Siena failed to attract enough fresh private capital to satisfy regulators. Italy is currently in talks with Brussels about using the same mechanism for an EUR8.8 billion rescue of Monte dei Paschi di Siena. Italy is also currently considering a EUR5 billion state rescue of two struggling regional banks.<sup>89</sup>

On 7 December 2016, the Italian parliament approved the government’s 2017 budget.<sup>90</sup> The 2017 Budget Law includes a corporate income tax rate reduction from 27.5 per cent to 24 per cent, and other measures “aimed at rendering Italy more attractive for foreign investments, supporting domestic investments by Italian companies, and promoting economic growth in general.”<sup>91</sup> This is in line with Italy’s Growth Strategy commitments to the 2016 Stability Law. Under the Law, Italy launched a broad plan to reduce the tax burden on workers, households and businesses, “including - among other measures- the abolition of taxation on main primary residential properties (“TASI” and “IMU”), the reduction of corporate income taxation (the “IRES” rate was reduced from 27.5 per cent to 24 per cent starting from 1 January 2017).”<sup>92</sup>

Italy has made some progress towards implementing fiscal policies, such as increased public spending. Italy has made progress in implementing structural policies, such as reducing the corporate income tax rate. Italy has made some progress towards implementing monetary policies, such as decreasing negative spillovers. Thus, Italy receives a score of +1.

*Analyst: Isra Batool*

#### **Japan: +1**

Japan has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Japan has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Facilitating the Fourth Industrial Revolution: IoT, Big Data, Robot
- The new or adjusted policy action- Creating new growing markets

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<sup>86</sup> Italy cuts growth outlook, hikes deficit, reverses debt pledge, Reuters (Rome) 27 September 2016. Access Date: 8 January 2016. <http://uk.reuters.com/article/uk-italy-budget-idUKKCN11X1Z4>.

<sup>87</sup> Italy's Renzi presents 2017 budget, seeks compromise with Brussels, Reuters (Rome) 15 October 2016. Access Date: 20 January 2017. <http://www.wsj.com/articles/italy-unveils-2017-budget-plan-1476558935>.

<sup>88</sup> Italy: budget 2017 cut corporate tax rate, offer business tax incentives, Multinational Tax and Transfer Pricing News 20 October 2016. Access Date: 8 January 2017. <http://mnetax.com/italy-budget-2017-italy-corporate-tax-17732>.

<sup>89</sup> Italy considers €5bn state bailout of regional banks, Financial Times 14 February 2017. Access Date: 17 February 2017. <https://www.ft.com/content/b7b55e26-f2a1-11e6-95ee-f14e55513608>

<sup>90</sup> Italy passes 2017 budget, paving way for PM Renzi's resignation, Reuters (Rome) 7 December 2016. Access Date: 20 January 2017. <http://www.reuters.com/article/us-italy-budget-approval-idUSKBN13W10P>.

<sup>91</sup> Italy: Tax News for 2017, Lexology (Italy) 3 January 2017. Access Date: 23 January 2017. <http://www.lexology.com/library/detail.aspx?g=86aad38a-c697-4ee8-9ebe-7d6a6741353c>.

<sup>92</sup> 2016 Growth Strategy: Italy, G20 China 2016 (Hangzhou). Access Date: 16 October 2016. <http://www.g20.utoronto.ca/2016/2016-growth-italy.pdf>.

- Introduction of "Quantitative and Qualitative Monetary Easing (QQE) with a Negative Interest Rate"
- Strengthening local economies ("Local Abenomics")
- Working Style Reform.<sup>93</sup>

On 21 September 2016, the Bank of Japan said in a meeting that it would make yield-curve control a centerpiece of its new policy framework; buy ten-year Japan government bonds (JGBs) so that the yield would hover around 0 per cent while keeping a lid on short-term rates; and continue making JGB purchases more or less in line with the current JPY80 trillion annual pace of expansion of its holdings.<sup>94</sup>

On 11 October 2016, Japan's parliament approved a JPY4.11 trillion supplementary budget, most of which will be used to fund Prime Minister Shinzo Abe's JPY28 trillion stimulus package announced in August 2016. Under this extra budget, JPY710 billion will be used to improve welfare services, JPY1.41 trillion will be used for infrastructure development, and JPY430 billion will be allocated to support small and medium-sized companies and to revitalize local economies.<sup>95</sup>

On 25 November 2016, the Council on Economic and Fiscal Policy approved guidelines for the fiscal 2017 budget with a spending target of around JPY97 trillion. Prime Minister Abe "called for particular focus on such policy priorities as child care and nursing care as well as research and development spending" when planning the budget.<sup>96</sup>

On 8 December 2016, Prime Minister Shinzo Abe unveiled a fiscal 2017 tax reform plan that seeks to expand spousal tax breaks. Previously, a dependent spouse of a household's main earner can trim their taxable annual income by JPY380 thousand but this benefit is lost if the dependent spouse earns more than JPY1.03 million a year. The new fiscal plan raises the threshold to JPY1.5 million.<sup>97</sup>

On 20 December 2016, the Japanese government said it plans to review drug prices annually instead of biannually in an attempt to curb rising health care spending. The government also plans to "expand the scope of the review to all prescription drugs on the domestic market, although not all drugs would see their prices cut each year."<sup>98</sup>

On 20 December 2016, the central bank said it would keep overnight interest rates at minus 0.1 per cent and its ten-year bond yield target around zero. Furthermore, it will continue to purchase

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<sup>93</sup> 2016 Growth Strategy: Japan, G20 China 2016 (Hangzhou). Access Date: 12 December 2016. <http://www.g20.utoronto.ca/2016/2016-growth-japan.pdf>.

<sup>94</sup> Bank of Japan announces major policy overhaul in latest bid to goose economy, CNBC (Singapore) 21 September 2016. Access Date: 13 January 2016. <http://www.cnbc.com/2016/09/21/bank-of-japan-decides-to-modify-policy-framework-keeps-deposit-rate-steady-sets-long-term-rate-target.html>.

<sup>95</sup> Japan parliament approves 40-blnd-dollar supplementary budget to boost economy, Xinhua News Agency (Tokyo) 11 October 2016. Access Date: 12 January 2016. [http://news.xinhuanet.com/english/2016-10/11/c\\_135746281.htm](http://news.xinhuanet.com/english/2016-10/11/c_135746281.htm).

<sup>96</sup> Japan aims to curb new debt in fiscal 2017 as spending edges up, Nikkei Asian Review (Tokyo) 26 November 2016. Access Date: 26 December 2016. <http://asia.nikkei.com/Politics-Economy/Economy/Japan-aims-to-curb-new-debt-in-fiscal-2017-as-spending-edges-up>.

<sup>97</sup> Tax reform proposal targets spousal income credit, irregular beer tax structure, The Japan Times (Tokyo) 8 December 2016. Access Date: 25 December 2016. <http://www.japantimes.co.jp/news/2016/12/08/business/tax-reform-proposal-targets-spousal-income-credit-irregular-beer-tax-structure/#.WF-SF6J95WM>.

<sup>98</sup> Japan to review drug prices more frequently to curb rising healthcare costs, The Indian Express (Tokyo) 20 December 2016. Access Date: 26 December 2016. <http://indianexpress.com/article/world/japan-to-review-drug-prices-more-frequently-to-curb-rising-healthcare-costs-4436466/>.

government bonds at a pace of JPY80 trillion a year, equities at a pace of JPY6 trillion annually and corporate bonds at a pace of JPY3.2 trillion.<sup>99</sup>

On 22 December 2016, Japan's cabinet approved a USD830 billion spending budget for fiscal 2017 that counts on low interest rates and a weak yen to limit borrowing. The budget marks an increase of JPY733 billion from this year's initial plan due to a rising social security bill to fund the cost of services for a fast-ageing society.<sup>100</sup>

On 22 December 2016, Prime Minister Shinzo Abe set aside JPY7 billion in the budget to launch government scholarships in the year starting next April in an effort to make higher education affordable.<sup>101</sup>

Japan has made some progress towards implementing fiscal policies, such as the supplementary budget. Japan has made progress in implementing structural policies, such as the 2017 tax reform plan. Japan has made some progress towards implementing monetary policies increasing transparency. Thus, Japan receives a score of +1.

*Analyst: Di An (Dion) Hu*

### **Korea: +1**

Korea has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Korea has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Reorganizing the tax system to nurture new industries
- Supporting new industries
- Providing tax supports to underpin restructuring
- Implementing the second phase of financial reform
- Reforming the public sector
- Reforming the education sector
- Aggressive macroeconomic policy
- Reviving the housing market
- Enhancing the support for Small and Medium-sized Enterprises (SMEs)
- Boosting infrastructure investment<sup>102</sup>

On 7 September 2016, the Ministry of Science, ICT and Future Planning said it will create KRW40 billion in special funds to foster the virtual reality (VR) and augmented reality (AR) industries. The

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<sup>99</sup> BoJ Leaves Monetary Policy Unchanged, Trading Economics (Tokyo) 20 December 2016. Access Date: 23 December 2016. <http://www.tradingeconomics.com/japan/interest-rate>.

<sup>100</sup> Japan plans record \$830 billion spending in financial year 2017/18, budget-balancing goal elusive, Reuters (Tokyo) 22 December 2016. Access Date: 25 December 2016. <http://www.reuters.com/article/us-japan-economy-budget-idUSKBN14B02R>.

<sup>101</sup> Japan's students face uncertain future under cloud of debt, The Japan Times (Tokyo) 29 December 2016. Access Date: 12 January 2016. <http://www.japantimes.co.jp/news/2016/12/29/national/social-issues/japans-students-face-uncertain-future-cloud-debt/#.WHf13alrJWM>.

<sup>102</sup> 2016 Growth Strategy: Korea, G20 China 2016 (Hangzhou). Access Date: 16 November 2016. <http://www.g20.utoronto.ca/2016/2016-growth-korea.pdf>.

ministry will invest KRW12 billion annually into the fund for the next two years and the rest of the KRW20 billion will be supplemented from private funds.<sup>103</sup>

On 30 October 2016, the government unveiled plans to spend about KRW11 trillion on the shipbuilding industry. It intends to order more than 250 vessels and provide about KRW6.5 trillion in financing support to strengthen shipping companies' efficiency through the end of 2020.<sup>104</sup>

On 28 December 2016, the Ministry of Strategy and Finance released its 2016 revision to 19 tax enforcement decrees, which includes an increase of up to 30 per cent in the Research & Development (R&D) tax credit rate on new growth sectors for large and medium-sized companies; a restructure of tax incentives for Foreign Direct Investment (FDI) companies engaged in high-tech businesses to boost investment in new growth sectors; a tax deferral for domestic companies in overseas mergers of full subsidiaries; and measures to strengthen tax measures on financial instruments.<sup>105</sup>

On 29 December 2016, the Bank of Korea said that it plans to "keep its monetary policy accommodative next year to support economic recovery and to push inflation to reach the bank's target of 2 per cent..<sup>106</sup>

On 5 January 2017, the Financial Services Commission (FSC) outlined in its Financial Policy Direction for 2017 a series of policies regarding household debt management, corporate restructuring, support for SMEs with KRW128.2 trillion, and support for funding start-ups and tech companies.<sup>107</sup>

On 10 January 2017, the Ministry of Strategy and Finance said it will seek changes in tax incentives to promote marriage. It will also offer additional tax deductions for SMEs and conglomerates based on employment and investment.<sup>108</sup>

On 12 January 2017, the FSC announced its financial reform plan for 2017 that includes plans to revise regulations that oversee trust funds and enact a new trust investment law. The FSC plans to draft the bill by June 2017 and submit it to the National Assembly around October.<sup>109</sup>

Korea has made some progress towards implementing fiscal policies, such as increased funding for new industries. Korea has made progress in implementing structural policies, such as tax reform. Korea has made some progress towards implementing monetary policies decreasing market uncertainty. Thus, Korea receives a score of +1.

*Analyst: Ce Shang*

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<sup>103</sup> Gov't to create funds for VR, AR industries, Yonhap News (Seoul) 7 September 2016. Access Date: 21 November 2016. <http://english.yonhapnews.co.kr/news/2016/09/07/0200000000AEN20160907005300320.html>.

<sup>104</sup> Korea to Spend \$9.6 Billion by 2020 to Support Shipbuilding, Bloomberg (Seoul) 30 October 2016. Access Date: 21 November 2016. <http://www.bloomberg.com/news/articles/2016-10-31/korea-to-spend-9-6-billion-by-2020-to-support-shipping-industry>.

<sup>105</sup> Press Release - 2016 Revision to Tax Enforcement Decree, Ministry of Strategy and Finance (Seoul) 28 December 2016. Access Date: 13 January 2017. <http://english.mosf.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4223>.

<sup>106</sup> Bank of Korea to keep policy easy in 2017, sees output gap persisting, Reuters (Seoul) 29 December 2016. Access Date: 6 February 2017. <http://www.reuters.com/article/southkorea-economy-cenbank-idUSL4N1E00F3>.

<sup>107</sup> Press Release - Financial Policy Direction for 2017, Financial Services Commission (Seoul) 5 January 2017. Access Date: 13 January 2017. [http://www.fsc.go.kr/eng/new\\_press/releases.jsp?menu=01&bbsid=BBS0048&selYear=2017](http://www.fsc.go.kr/eng/new_press/releases.jsp?menu=01&bbsid=BBS0048&selYear=2017).

<sup>108</sup> Tax breaks eyed for marriage, jobs, investment, The Korea Herald (Seoul) 10 January 2017. Access Date: 13 January 2017. <http://www.koreaherald.com/view.php?ud=20170110000629>.

<sup>109</sup> Korean govt to promote trust business to expand asset management options, Pulse (Seoul) 12 January 2017. Access Date: 13 January 2017. <http://pulsenews.co.kr/view.php?year=2017&no=29030>.

### **Mexico: +1**

Mexico has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Mexico has outlined the following fiscal, structural, and monetary strategies in its comprehensive growth strategy:

- Increase productivity, boost employment and create wealth in less developed regions through the creation of Special Economic Zones.
- Improving the rule of law to lift potential growth by strengthening the legal framework to realize the reforms' full potential.
- Implementation of a multi-year public spending adjustment plan to secure fiscal sustainability and preserve macroeconomic stability in the current adverse environment.<sup>110</sup>

On 4 October 2016, the President of Inadem, the National Institute of Entrepreneurs, announced that the Youth Credit Program would be extended to entrepreneurs up to the age of 35, rather than the previous limit of 30 years.<sup>111</sup>

In November 2016, the Mexican Peso falls as much as 13 per cent in largest drop since 1994 devaluation crisis. The Mexican central bank and finance ministry called a joint pre-market press conference, raising expectations that they would move to market intervention. Instead, they did not, leaving the currency alone. Finance Minister José Antonio Meade, said Mexico did not need to rush to act and was “in a position of strength to face the new environment” because of fiscal stability; solid public and private institutions; USD175.1 billion in central bank reserves; and a flexible credit line from the International Monetary Fund (IMF) worth USD86.2 billion. He said, however, that the authorities stood ready to act and would remain vigilant.<sup>112</sup>

On 11 November 2016, Mexico's lower house of Congress approved the 2017 budget and sent the package to Mexican President Enrique Peña Nieto for him to sign into law. The budget cut planned spending by MXN239.7 billion and targets a primary surplus of 0.4 per cent of gross domestic product in 2017. It also included a MXN100 billion reduction in funding for the state owned oil company Pemex.<sup>113</sup>

On 15 December 2016, the central bank raised its benchmark interest rate to 5.75 per cent.<sup>114</sup>

Mexico has made some progress towards implementing fiscal policies, such as reducing funding for Pemex. Mexico has made progress in implementing structural policies, such as extending the Youth Credit Program Mexico has made some progress towards implementing monetary policies decreasing market uncertainty. Thus, Mexico receives a score of +1.

*Analyst: Marwan Bennis*

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<sup>110</sup> 2016 Growth Strategy: Mexico, G20 China 2016 (Hangzhou). Access Date: 17 November 2016. <http://www.g20.utoronto.ca/2016/2016-growth-mexico.pdf>

<sup>111</sup> “Amplían programa Crédito Joven”, in *El Financiero*, 04 October 2016, Access Date : 3 January 2017. <http://www.elfinanciero.com.mx/economia/amplian-programa-credito-joven.html>.

<sup>112</sup> Mexican peso hit as Trump takes US presidency, *Financial Times* 9 November 2016. Access Date: 17 February 2017. <https://www.ft.com/content/e70025d2-a628-11e6-8898-79a99e2a4de6>

<sup>113</sup> Mexico's lower house approves 2017 budget, sends it to president, *Reuters (Mexico)* 11 November 2016. Access Date: 23 January 2017. <http://www.reuters.com/article/mexico-economy-idUSL1N1DCOMU>.

<sup>114</sup> Mexico's central bank hikes interest rate by more than US Fed, *Reuters* 15 December 2016. Access Date: 20 January 2017. <http://www.reuters.com/article/mexico-economy-rates-idUSZXN0FWG00>.

**Russia: +1**

Russia has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Russia has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Inflation targeting implementation
- Capital increase of the Industry Development Fund
- Support sustainability of regional labour markets
- Establish Agency for Technological Development
- Improve and strengthen the financial system<sup>115</sup>

On 26 September 2016, President Vladimir Putin announced that there would be no tax increases other than in the oil industry until 2019.<sup>116</sup>

On 31 October 2016, the Russian Central Bank (Bank of Russia) announced that it would not be cutting interest rates any further for the year and keep its benchmark interest rate at 10 per cent in a bid to control inflation.<sup>117</sup>

On 11 November 2016, President Vladimir Putin said that the federal budget deficit for 2016 could slightly exceed 3.7 per cent of Gross Domestic Product (GDP), and that although the government should target a figure of 3.7 per cent, a deficit of 3.8 to 3.9 per cent of GDP would “not be a disaster.”<sup>118</sup>

On 16 December 2016, the Board of Directors of the Russian Central Bank decided to keep the key rate at 10 per cent per annum. The Board of Directors noted that “the dynamics of inflation and economic activity are overall in line with the forecast and inflation risks have subsided somewhat.” The Bank of Russia forecasted that “considering that the moderately tight monetary policy is maintained” inflation will slow to the 4 per cent target in late 2017.<sup>119</sup>

On 10 January 2017, the Ministry of Finance of Russia reported on the results of the Reserve Fund and the National Welfare Fund (NWF) investments management in 2016. In December 2016, the Russian federal budget received the sum of RUB10.51 billion and RUB8.76 billion as a result of the Reserve Fund and NWF assets deposition in the foreign currencies in the Bank of Russia.<sup>120</sup> It helped to stabilize the federal budget and lower the budget deficit.

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<sup>115</sup> 2016 Growth Strategy: Russia, G20 Hangzhou 2016. Access Date: 11 November 2016.  
<http://www.g20.utoronto.ca/2016/2016-growth-russia.pdf>

<sup>116</sup> Russian Finance Ministry Delays Tax Raise, Hopeful on Oil Price, The Moscow Times (Moscow) 26 September 2016. Access Date: 22 November 2016. <https://themoscowtimes.com/articles/russian-promises-not-to-raise-taxes-hopes-oil-will-rise-above-40-55477>.

<sup>117</sup> Russia All Done Cutting Interest Rates This Year, Forbes 31 October 2016. Access Date: 22 November 2016.  
<http://www.forbes.com/sites/kenrapoza/2016/10/31/russia-all-done-cutting-interest-rates-this-year/#2f89659966a7>.

<sup>118</sup> Russia's Putin sees budget deficit exceeding 3.7 per cent of GDP, Reuters (Moscow) 11 November 2016. Access Date: 22 November 2016. <http://www.reuters.com/article/us-russia-budget-putin-idUSKBN13618S>.

<sup>119</sup> The Bank of Russia decides to keep the key rate at 10.00% p.a., Russian Central Bank 16 December 2016.  
[http://www.cbr.ru/eng/press/pr.aspx?file=16122016\\_133003eng\\_keyrate2016-12-16T13\\_22\\_22.htm](http://www.cbr.ru/eng/press/pr.aspx?file=16122016_133003eng_keyrate2016-12-16T13_22_22.htm)

<sup>120</sup> Information on the Results of Management of Reserve Fund and the National Welfare Fund, Russian Ministry of Finance 10 January 2017.  
[http://minfin.ru/ru/performance/reservfund/news/?id\\_57=117098&page\\_id=692&popup=Y&area\\_id=57](http://minfin.ru/ru/performance/reservfund/news/?id_57=117098&page_id=692&popup=Y&area_id=57)

According to the Russian Government report published on 27 November 2016, Russia allocated RUB9 billion in 2016 to the implementation of the National Technology Initiative (NTI)<sup>121</sup> which is the program for “creation of fundamentally new markets and the creation of conditions for global technological leadership of Russia by 2035.”<sup>122</sup> These resources included RUB716 million for the support of approved NTI projects, RUB 2 billion for the support of projects implemented by Small and Medium-sized Enterprises (SMEs) and RUB1 billion for the support of the creation of for children technological clusters.<sup>123</sup>

According to the Action Plan (Road Map) on the Key Measures for the Development of the Financial Market of the Russian Federation in 2016–2018, in 2016 the Russian Government and Bank of Russia implemented the following actions: development of a composite financial literacy index, establishment of the Bank of Russia public reception office for interaction with financial service consumers, establishment of the requirements for the substance of basic standards of self-regulatory organisations in the financial market for protecting the rights and interests of financial service consumers.<sup>124</sup>

Russia has made some progress towards implementing fiscal policies, such as funding for the National Technology Initiative. Russia has made progress in implementing structural policies, such as its tax policies. Russia has made some progress towards implementing monetary policies decreasing market uncertainty. Thus, Russia receives a score of +1.

*Analysts: Qasim Sheikh & Mark Rakhmangulov*

#### **Saudi Arabia: +1**

Saudi Arabia has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Saudi Arabia has outlined the following fiscal, structural and monetary strategies in its comprehensive Growth Strategy:

- National program for occupational health and safety (OSH)
- National Labour Gateway Program (Taqat)
- Employment Development Program
- Improve business environment
- Boost female labor force participation
- Enhance logistics Services — Building a unique Regional Logistical Hub.
- Improve government efficiency

On 26 September 2016, the Saudi cabinet announced it would cut ministers’ salaries by 20 per cent and housing and car allowances for members of the appointed Shoura Council by 15 per cent.<sup>125</sup>

On 13 November 2016, Mohammed bin Ali al-Abbar, an Emirati businessman, reported Saudi Arabia’s Public Investment Fund will invest in a stake of 50 per cent to the largest platform of e-

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<sup>121</sup> On Increasing the Share of Hi-Tech Production and Knowledge-Intensive Industries in the Gross Domestic Product, Government of Russia 27 November 2016. <http://government.ru/orders/selection/406/25506/>.

<sup>122</sup> National Technology Initiative, Agency for Strategic Initiatives. <http://asi.ru/eng/nti/>

<sup>123</sup> On Increasing the Share of Hi-Tech Production and Knowledge-Intensive Industries in the Gross Domestic Product, Government of Russia 27 November 2016. <http://government.ru/orders/selection/406/25506/>.

<sup>124</sup> 2016 Action Plan (Road Map) of the Bank of Russia for Implementing the Guidelines for the Development of the Russian Financial Market in 2016–2018. [http://www.cbr.ru/eng/finmarkets/files/development/map-2016\\_e.pdf](http://www.cbr.ru/eng/finmarkets/files/development/map-2016_e.pdf).

<sup>125</sup> Saudi Arabia Slashes ministers’ pay, cuts public sector bonuses, Reuters (Dubai) 26 September 2016. Access: 22 November 2016. <http://www.reuters.com/article/us-saudi-economy-idUSKCN11W1VS?il=0>.

commerce in the Arab world named “Noon.com,” in which all investors have put a total of USD1 billion. The platform will launch operations in the United Arab Emirates and Saudi Arabia in January.<sup>126</sup>

On 23 November 2016, Saudi Arabian Mining Co. announced it plans on doubling its gold production by 2020 as the country seeks to diversify its economy. The government aims for mining to contribute SAR96 billion to its economy by 2020, and create 90,000 jobs as a result.<sup>127</sup>

On 16 January 2017, Energy Minister Khalid al-Falih said Saudi Arabia would launch a renewable energy program in coming weeks. The program is expected to involve investment of between USD30 billion and USD50 billion by 2023.<sup>128</sup>

On 19 January 2017, Saudi Arabia’s central bank Governor Ahmed Alkholifey said a cash shortage, that stressed commercial lenders last year is over and that he’s open to more foreign financial institutions operating. The Saudi Arabian Monetary Authority sees no need for further steps to boost banking liquidity, Alkholifey said in an interview. In 2016, with falling revenue, the government drew down on its deposits in the banking system, causing a cash shortage that sent a key measure used to price loans to the highest level since 2008. Policy makers responded by injecting billions of riyals into the banking system and deploying other monetary policy tools to ease the strain. Authorities also sold the biggest ever bond from an emerging market in October 2016 and cut weekly domestic debt issuance. According to Alkholifey, stability has been retained and negative spillovers avoided.<sup>129</sup>

Saudi Arabia has made some progress towards implementing fiscal policies, such as investing in renewable energy. Saudi Arabia has made progress in implementing structural policies, such as reducing public sector salaries. Saudi Arabia has made some progress towards implementing monetary policies. Thus, Saudi Arabia receives a score of +1.

*Analyst: Karam Shahrou*

### **South Africa: +1**

South Africa has fully complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

South Africa has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Restoring confidence, boosting investment and improving policy certainty (new policy)- Measures to improve environment for private sector investment and improve cooperation between the public and private sectors.
- Streamline regulatory regime (adjusted policy)- Measures to improve the regulatory regime and to reduce red tape.

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<sup>126</sup> Dubai businessman Alabar, Saudi SWF launch \$1billion e-commerce platform, Reuters (Dubai) 13 November 2016. Access: 22 November 2016. <http://www.reuters.com/article/us-mideast-tech-alabbar-idUSKBN1380JG>.

<sup>127</sup> Saudi Arabia Mining Expands As Kingdom Chases Growth Beyond Oil, Bloomberg 24 November 2016. Access: 31 January 2017. <https://www.bloomberg.com/news/articles/2016-11-24/saudi-arabia-mining-expands-as-kingdom-chases-growth-beyond-oil>.

<sup>128</sup> Saudi Arabia Says It’s About to Launch a \$30-\$50 Billion Renewable Energy Program, Fortune (Saudi Arabia) 16 January 2017. Access Date: 24 January 2017. <http://fortune.com/2017/01/16/saudi-arabia-renewable-energy-program/>.

<sup>129</sup> Saudi Central Banker Says Crunch That Squeezed Banks Is Over, Bloomberg 19 January 2017. Access Date: 17 February 2017. <https://www.bloomberg.com/news/articles/2017-01-19/saudi-central-bank-sees-no-need-for-liquidity-boosting-steps-now>

- Stimulate employment (adjusted policy)- Measures to unblock obstacles to faster employment growth in eight key sectors and SMEs.
- Fiscal reform measures- Reprioritise spending and reduce budgets for non-essential goods and services in national government departments.<sup>130</sup>

On 22 September 2016, the National Treasury announced the postponement of the implementation of the environmental tyre levy to 1 February 2017. Previously, Minister of Finance Pravin Gordhan announced that an environmental levy on tyres will become effective on 1 October 2016 but the Minister has decided on the postponement to allow further consultation between the South African Revenue Service and all affected parties.<sup>131</sup>

On 30 September 2016, South Africa placed USD3 billion in new notes maturing in 2028 and 2046 in the international capital markets through an innovative one-day new issue and tender switch transaction.<sup>132</sup>

On 26 October 2016, Finance Minister Pravin Gordhan released the Medium-term Budget Policy statement. In this statement, Gordhan said that students at South African universities and higher education institutions will receive an extra ZAR17 billion over the next three years.<sup>133</sup>

On 26 October 2016, the National Treasury announced the launch of “Municipal Money,” which is an open local government budget data portal that provides citizens and other stakeholders with access to comparable, verified information on the financial performance of each municipality. This launch is a response to the commitment made in the 2016 Budget speech to launch a data portal that will provide stakeholders with municipal financial information to stimulate citizen involvement in local governance.<sup>134</sup>

On 3 November 2016, the National Treasury invited taxpayers, tax practitioners and members of the public to provide tax proposals of a technical nature to be considered for possible inclusion in Annexure C of the 2017 Budget Review.<sup>135</sup>

On 20 November 2016, Deputy President Cyril Ramaphosa said South Africa has given credit ratings agencies “positive news” in recent meetings after announcing a proposal for a national

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<sup>130</sup> 2016 Growth Strategy: South Africa, G20 Hangzhou 2016. Access Date: 21 November 2016.

<http://g20.org/English/Documents/201609/P020160926606153047971.pdf>.

<sup>131</sup> Postponement of the Implementation Date of the Environmental Tyre Levy, National Treasury (South Africa) 22 September 2016. Access Date: 7 November 2016.

[http://www.treasury.gov.za/comm\\_media/press/2016/2016092201per cent20Levy.pdf](http://www.treasury.gov.za/comm_media/press/2016/2016092201per cent20Levy.pdf).

<sup>132</sup> South Africa issues two new bonds and conducts switch and tender offer, National Treasury (South Africa) 30 September 2016. Access Date: 10 November 2016.

[http://www.treasury.gov.za/comm\\_media/press/2016/20160930per cent20SAissues2newbonds.pdf](http://www.treasury.gov.za/comm_media/press/2016/20160930per cent20SAissues2newbonds.pdf).

<sup>133</sup> South African universities get an extra \$1.2 billion to improve student enrollment, Reuters 26 October 2016. Access Date: 7 November 2016. <http://www.reuters.com/article/us-safrica-budget-fees-idUSKCN12Q1KI>.

<sup>134</sup> National Treasury Launches Open Local Government Financial Data Portal – “Municipal Money”, National Treasury (South Africa) 26 October 2016. Access Date: 7 November 2016.

[http://www.treasury.gov.za/comm\\_media/press/2016/2016102601per cent20Mediaper cent20Releaseper cent20-per cent20Portalper cent20Launch.pdf](http://www.treasury.gov.za/comm_media/press/2016/2016102601per cent20Mediaper cent20Releaseper cent20-per cent20Portalper cent20Launch.pdf).

<sup>135</sup> Inviting Technical Tax Proposals for Annexure C for the 2017 Budget Review, National Treasury (South Africa) 3 November 2017. Access Date: 8 November 2017. [http://www.treasury.gov.za/comm\\_media/press/2016/Invitingper cent20Technicalper cent20Taxper cent20Proposalsper cent20forper cent20Annexureper cent20Cper cent20ofper cent20theper cent202017per cent20Budgetper cent20Review/20161103per cent20Taxper cent20Proposal.pdf](http://www.treasury.gov.za/comm_media/press/2016/Invitingper cent20Technicalper cent20Taxper cent20Proposalsper cent20forper cent20Annexureper cent20Cper cent20ofper cent20theper cent202017per cent20Budgetper cent20Review/20161103per cent20Taxper cent20Proposal.pdf).

minimum wage. A government advisory panel suggested a national minimum wage of ZAR3,500 per month, or around ZAR20 an hour.<sup>136</sup>

On 21 November 2016, the National Treasury and Telkom through Business Connexion concluded negotiations on the existing contract for fixed-line telecommunications services to government for national and provincial departments. This renegotiated contract is expected to save hundreds of millions of rand per year, in the next two years.<sup>137</sup>

South Africa has made some progress towards implementing fiscal policies, such as increased funding to universities. South Africa has made some progress in implementing structural policies, such as reducing public sector expenses. South Africa has made some progress towards implementing monetary policies decreasing market volatility. Thus, South Africa receives a score of +1.

*Analyst: Di An (Dion) Hu*

### **Turkey: 0**

Turkey has partially complied with its commitment to implement monetary, fiscal, and structural policies as laid out in its Growth Strategy.

Turkey has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Minimum wage hike
- Reduce the share of young people who are most at risk of being permanently left behind in the labor market by 15 per cent by 2025
- National Transportation Master Plan (2015-2018)
- Establishment of fund of funds for early stage investing in innovation-driven enterprises, as well as crowdfunding and co-financing mechanisms, and strengthening the legal infrastructure on microfinance
- Meetings with Chambers of Commerce and Universities
- Industry Reports
- Improving the Private Pension System<sup>138</sup>

On 22 September 2016, the Central Bank of the Republic of Turkey (CBRT) cut the marginal funding rate by 25 basis points (bps) from 8.50 per cent to 8.25 per cent and left the one-week repo rate at 7.50 and the overnight borrowing rate at 7.25 per cent.<sup>139</sup>

On 19 October 2016, the Monetary Policy Board (PPK) meeting saw the CBRT leave key interest rates unchanged. The benchmark one-week repo rate was held at 7.5 per cent and the “upper band of

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<sup>136</sup> UPDATE 1- South Africa's Ramaphosa says has given rating agencies positive news, Reuters Africa (Johannesburg) 20 November 2016. Access Date: 21 November 2016. <http://af.reuters.com/article/southAfricaNews/idAFL8N1DL0KS>.

<sup>137</sup> Telkom and Government Cooperation Saves Government Hundreds of Millions of Rands per year, National Treasury (South Africa) 21 November 2016. Access Date: 21 November 2016. [http://www.treasury.gov.za/comm\\_media/press/2016/2016112101per cent20Telkomper cent20andper cent20Governmentper cent20Cooperation.pdf](http://www.treasury.gov.za/comm_media/press/2016/2016112101per%20Telkomper%20andper%20Governmentper%20Cooperation.pdf).

<sup>138</sup> 2016 Growth Strategy: Turkey, G20 Hangzhou 2016. Access Date: 11 November 2016. <http://g20.org/English/Documents/201609/P020160926606376361435.pdf>.

<sup>139</sup> Turkey: Central Bank cuts the marginal rate in September, Focus Economics (Istanbul) 22 September 2016. Access Date: 20 November 2016. <http://www.focus-economics.com/countries/turkey/news/monetary-policy/central-bank-cuts-the-marginal-rate-in-september>.

the interest rate corridor (marginal funding rate) at 8.25 per cent while keeping the borrowing rate at 7.25 per cent.” This decision followed the US dollars’ record high at 3.1055 on 13 October 2016.<sup>140</sup>

On 13 November 2016, the CBRT announced its decision to simplify its monetary policy, citing a switch to a “single interest rate policy” that does not change often from its current “interest rate corridor.” Deputy Prime Minister Mehmet Şimşek stated that the CBRT will be able to better focus on its main tasks and look at more data with the new policy. The CBRT also reduced the number of annual Monetary Policy Committee meetings in order to foster efficiency.<sup>141</sup>

On 8 December 2016, the Turkish government announced a large fund aimed at “[accelerating] the credit volume” and creating 600,000 new jobs. Prime Minister Binali Yıldırım outlined measures to achieve this end that included cheaper funding for companies, easier loan restructuring for banks, and a tighter lid on public spending. This will also take in the form of a credit line up to TRY250 billion particularly aimed for small and medium sized enterprises (SMEs) as a means to “ease the cash flow problem under the Treasury.”<sup>142</sup>

Turkey has made some progress towards implementing fiscal policies, such as increased funding for jobs. Turkey has not made some progress in implementing structural policies. Turkey has made some progress towards implementing monetary policies decreasing market volatility. Thus, Turkey receives a score of 0.

*Analyst: Hivda Ates*

### **United Kingdom: +1**

The United Kingdom has fully complied with its commitment to implement fiscal, structural, and monetary policies as laid out in its Growth Strategy.

The United Kingdom has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Tax-free personal allowance and higher rate threshold
- National Insurance contributions
- Abolition of Class 2 National Insurance contributions
- Reduction in Corporation Tax Rate
- Major Rail Projects in London-
- Transport in the North of England
- Devolution- Devolving powers over transport, planning and skills, as well as control over investment funds to boost economic growth, to areas which choose to have elected mayors.
- Business Impact target- Cut at least GBP10 billion of red tape on business.<sup>143</sup>

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<sup>140</sup> Turkey’s central bank leaves key interest rates unchanged, Daily Sabah (Istanbul) 20 October 2016. Access Date: 20 November 2016 <http://www.dailysabah.com/d/business/2016/10/21/turkeys-central-bank-leaves-key-interest-rates-unchanged>.

<sup>141</sup> Turkey’s Central Bank to simplify interest rate policy, Hurriyet Daily News (Ankara) 14 November 2016. Access Date: 20 November 2016 <http://www.hurriyetdailynews.com/turkeys-central-bank-to-simplify-interest-rate-policy.aspx?pageID=238&nID=106089&NewsCatID=344>.

<sup>142</sup> Turkish businesses welcome new economic measures, Hurriyet Daily News (Ankara) 9 December 2016. Access Date: 10 December 2016. <http://www.hurriyetdailynews.com/Default.aspx?pageID=238&nid=107104>.

<sup>143</sup> 2016 Growth Strategy: United Kingdom, G20 Hangzhou 2016 (Hangzhou). Access Date: 15 November 2016. <http://g20.org/English/Documents/201609/P020160926606240758545.pdf>.

On 12 October 2016, the Public Accounts Committee reported that the government achieved less than GBP1 billion for its Business Impact Target, which aims to reduce the total cost of business regulation by GBP10 billion between 2015 and 2020. This includes the mandatory GBP0.05 plastic bag charge as a ‘saving’ for retailers because of the additional revenue it brings them.<sup>144</sup>

On 17 November 2016, the government announced an additional GBP10 million to help strengthen the resilience of the railway line from Exeter to Newton Abbot via Dawlish.<sup>145</sup>

On 21 November 2016, Prime Minister Theresa May promised to maintain “lowest corporate tax rate in the G20.”<sup>146</sup>

On 23 November 2016, Chancellor of the Exchequer Philip Hammond said his government had raised the tax-free personal allowance from around GBP6,000 to GBP11,000 and now to GBP12,500.<sup>147</sup>

On 13 January 2017, Transport Minister Andrew Jones allocated GBP1.2 billion in local roads funding to councils across England to “improve roads, cut congestion and improve journey times.”<sup>148</sup>

On 17 February 2017, it was reported that for the very first time the Bank of England is publishing monthly data revealing the amount of gold it holds on behalf of other central banks. As a leading custodian of gold, with one of the largest vaults in the world, the World Gold Council says the Bank of England’s decision is highly significant. A report from the World Gold Council states: “Not only will it enhance the transparency of the Bank’s own gold operations; it will also support the drive towards greater transparency across the gold market.” The new data reveals the total weight of gold held within the Bank of England’s vaults and includes five years of historical data.<sup>149</sup>

The UK has made some progress towards implementing fiscal policies, such as increased funding for infrastructure. The UK has made some progress in implementing structural policies such as increasing the personal tax-free allowance. The UK has made some progress towards implementing monetary policies increasing transparency. Thus, the United Kingdom receives a score of +1.

*Analyst: Kelly Yang*

## **United States: –1**

The United States has not complied with its commitment to implement fiscal, structural, and monetary policies as laid out in its Growth Strategy.

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<sup>144</sup> Plastic bag ‘saving’ cannot conceal slow progress on cutting regulation costs, Parliament (London) 12 October 2016. Access Date: 24 November 2016. <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news-parliament-2015/better-regulation-report-published-16-17/>.

<sup>145</sup> Government announces £10 million funding for rail resilience in the South West, Department for Transport (London) 17 November 2016. Access Date: 24 November 2016. <https://www.gov.uk/government/news/government-announces-10-million-funding-for-rail-resilience-in-the-south-west>.

<sup>146</sup> Business wary over further cuts to UK corporation tax, Financial Times 21 November 2016. Access Date: 24 January 2017. <https://www.ft.com/content/245bde5a-ffa-11e6-9c37-5787335499a0>.

<sup>147</sup> Autumn Statement 2016 – Workers will now be able to earn £12,500 before having to pay income tax, The Sun (London) 23 November 2016. Access Date: 24 November 2016. <https://www.thesun.co.uk/news/2247229/autumn-statement-2016-workers-will-now-be-able-to-earn-12500-before-having-to-pay-income-tax/>.

<sup>148</sup> Government allocates £1.2 billion roads funding to councils, Department for Transport (London) 13 January 2017. Access Date: 24 January 2017. <https://www.gov.uk/government/news/government-allocates-12-billion-roads-funding-to-councils>.

<sup>149</sup> Bank of England aids greater transparency across gold market, Professional Jeweler 17 February 2017. Access Date: 17 February 2017. <http://www.professionaljeweller.com/bank-england-leads-way-gold-market-transparency/>

The United States has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- The new or adjusted policy action- 21st Century Clean Transportation Plan.
- Implement an omnibus spending package of USD80 billion sequestration cap over two years, with USD31 billion in additional funding, which incorporates funding to new areas include accounting for risk through natural disasters, and tax cuts for renewable energy to put the United States back on track for sustainable public finance of the national debt;
- Retain a commitment through the Federal Open Market Committee (FOMC) for a flexible and stable monetary policy;
- Boost incomes of low-wage workers and address inequality by raising the minimum wage and expanding selected individual tax credits;
- Undertake comprehensive immigration reform by continuing to press for passage of comprehensive immigration reform legislation in Congress and by implementing executive actions to streamline the legal immigration system and promote naturalization;
- Secure sustained and strong economic expansion through the implementation of cross-border trade agreements such as the ratification of the Trans Pacific Partnership (TPP);
- Affirms its prior commitment to create a robust labour market through comprehensive immigration reform, increase the federal minimum wage, and through business tax reform;
- Boost employment and labor force participation by investing in education, training, and skills, and by promoting female labor force participation.<sup>150</sup>

On 23 January 2017, President Donald Trump formally withdrew the United States from the Trans-Pacific Partnership.<sup>151</sup>

On 27 January 2017, President Trump signed the Executive Order: Protecting the Nation from Foreign Terrorist Entry into the United States, halting immigration to nationals of Countries of Particular Concern.<sup>152</sup>

On 1 February 2017, the Federal Open Market Committee held its benchmark overnight lending rate target steady at a range of 0.5 per cent to 0.75 per cent.<sup>153</sup>

The US has not made some progress towards implementing fiscal policies, structural policies or monetary policies. Thus, the United States receives a score of -1.

*Analyst: Kyle Van Hooren*

### **European Union: 0**

The European Union has partially complied with its commitment to implement fiscal, structural, and monetary policies as laid out in its Growth Strategy.

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<sup>150</sup> 2016 Growth Strategy: United States , G20 China 2016 (Hangzhou) Access Date: 25 November 2016. <http://www.g20.utoronto.ca/2016/growth-strategies.html>.

<sup>151</sup> Trump signs executive order to formally withdraw the US from the Trans-Pacific Partnership trade deal, CNBC 23 January 2017. Access Date: 24 January 2017. <http://www.cnbc.com/2017/01/23/trump-signs-executive-order-to-formally-withdraw-the-us-from-the-trans-pacific-partnership-trade-deal.html>.

<sup>152</sup> Executive Order: Protecting the Nation from Foreign Terrorist Entry into the United States, The White House (Washington) 27 January 2017. Access Date: 31 January 2017. <https://www.whitehouse.gov/the-press-office/2017/01/27/executive-order-protecting-nation-foreign-terrorist-entry-united-states>.

<sup>153</sup> Fed sees 'improved' sentiment, but no interest rate hike, CNBC (Washington) 1 February 2017. Access Date: 6 February 2017. <http://www.cnbc.com/2017/02/01/fed-leaves-rates-unchanged-at-february-meeting.html>.

The European Union has outlined the following fiscal, structural, and monetary strategies in its comprehensive Growth Strategy:

- Expand and extend large-scale purchasing programme
- Single Market Strategy
- Collaborative economy
- Anti-Tax Avoidance Package and Financial Transparency
- A New and Comprehensive Skills Agenda for Europe
- European Open Science Cloud
- European Pillar of Social Rights
- Integration of Third-Country Nationals
- A New Global Climate Agreement
- Advance multilateral trade liberalisation and rulemaking and the EU bilateral trade and investment agenda.<sup>154</sup>

On 30 October 2016, the Comprehensive Economic and Trade Agreement (CETA) was signed at the EU-Canada Summit. The free trade agreement will “remove customs duties, end restrictions on access to public contracts, open-up the services market, offer better conditions for investors and help prevent illegal copying of EU innovations and traditional products.”<sup>155</sup>

On 1 December 2016, the European Commission launched the Digital Skills and Jobs Coalition to reduce the digital skills gap and “help meet the high demand for digital skills in Europe.”<sup>156</sup> The Digital Skills and Jobs Coalition is one of the ten key initiatives proposed by the Commission under the New Skills Agenda for Europe, presented in June 2016.<sup>157</sup>

On 5 December 2016, the European Commission organized its first European Vocational Skills Week to “inspire people to discover, use and improve their talents and abilities through vocational training.”<sup>158</sup>

On 8 December 2016, the European Central Bank announced it would cut asset buys from April 2017. Monthly purchases will decrease from EUR80 billion to EUR60 billion until the end of 2017.<sup>159</sup>

On 23 January 2017, the European Commission held a conference in Brussels to further establish a European Pillar of Social Rights.<sup>160</sup>

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<sup>154</sup> 2016 Growth Strategy: European Union, G20 Hangzhou 2016 (Hangzhou). Access Date: 15 November 2016. <http://g20.org/English/Documents/201609/P020160926606636309477.pdf>.

<sup>155</sup> Comprehensive Economic and Trade Agreement (CETA). European Commission, Trade. Oct 30, 2016. Access: Nov 4, 2016. <http://ec.europa.eu/trade/policy/in-focus/ceta/>

<sup>156</sup> Commission launches Digital Skills and Jobs Coalition to help Europeans in their career and daily life, European Commission (Brussels) 1 December 2016. Access Date: 24 January 2017. [http://europa.eu/rapid/press-release\\_IP-16-4081\\_en.htm](http://europa.eu/rapid/press-release_IP-16-4081_en.htm).

<sup>157</sup> Commission launches Digital Skills and Jobs Coalition to help Europeans in their career and daily life, European Commission (Brussels) 1 December 2016. Access Date: 24 January 2017. [http://europa.eu/rapid/press-release\\_IP-16-4081\\_en.htm](http://europa.eu/rapid/press-release_IP-16-4081_en.htm).

<sup>158</sup> Commission organises first European Vocational Skills Week, European Commission (Brussels) 5 December 2016. Access Date: 24 January 2017. [http://europa.eu/rapid/press-release\\_IP-16-4097\\_en.htm](http://europa.eu/rapid/press-release_IP-16-4097_en.htm).

<sup>159</sup> ECB unexpectedly cuts, extends bond-buying program: ‘We’re going to see a taper tantrum’, BNN (Frankfurt) 8 December 2016. Access Date: 24 January 2017. <http://www.bnn.ca/ecb-unexpectedly-cuts-extends-bond-buying-program-we-re-going-to-see-a-taper-tantrum-1.626657>.

The EU has made some progress towards implementing fiscal policies, such as funding innovation coalitions. The EU has made some progress in implementing structural policies such as signing CETA. The EU has not made some progress towards implementing monetary policies. Thus, the European Union receives a score of 0.

*Analyst: Kelly Yang*

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<sup>160</sup> Commission prepares next steps towards European Pillar of Social Rights, European Commission (Brussels) 23 January 2017. Access Date: 24 January 2017. [http://europa.eu/rapid/press-release\\_IP-17-114\\_en.htm](http://europa.eu/rapid/press-release_IP-17-114_en.htm).