

3. Macroeconomic: Emerging Market Growth

Commitment [177]

“Emerging market members will also promote a range of reforms to promote development, including improving the investment climate and enhancing infrastructure investment.”

Los Cabos Summit Final Declaration

Assessment

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina		0	
Australia		n/a	
Brazil			+1
Canada		n/a	
China			+1
France		n/a	
Germany		n/a	
India			+1
Indonesia			+1
Italy		n/a	
Japan		n/a	
Korea		n/a	
Mexico			+1
Russia			+1
Saudi Arabia			+1
South Africa			+1
Turkey		0	
United Kingdom		n/a	
United States		n/a	
European Union		n/a	
Average Score		+0.80	

Background

According to the World Economic Outlook Updated released by the International Monetary Fund (IMF) on 16 July 2012, emerging market economies are presently facing a number of setbacks regarding their economic development.²³⁸ In some emerging market countries, such as Brazil, China, and India, growth momentum has slowed down due to factors such as weaker domestic demand, increases in investor risk aversion, and perceived growth uncertainty.²³⁹ Although, the

²³⁸ World Economic Outlook Update, New Setbacks, Further Policy Action Needed, International Monetary Fund (Washington) 16 July 2012. Date of Access: 2 December 2012. <http://www.imf.org/external/pubs/ft/weo/2012/update/02/index.htm>.

²³⁹ World Economic Outlook Update: New Setbacks, Further Policy Action Needed, International Monetary Fund (Washington) 16 July 2012. Date of Access: 2 December 2012. <http://www.imf.org/external/pubs/ft/weo/2012/update/02/pdf/0712.pdf>.

forecasts of growth for 2013 are positive²⁴⁰, nevertheless developing economies remain vulnerable to negative external pressures.²⁴¹

On 26-27 June 2010, at the Toronto Summit, the G20 leaders affirmed the establishment of the Development Working Group (DWG) with the mandate to “elaborate, consistent with the G20’s focus, on measures to promote economic growth and resilience, a development agenda and multi-year action plans to be adopted at the Seoul Summit.”²⁴²

Recognising the potential impact of modest global recovery on emerging markets and their increasingly important role to the global economy²⁴³, G20 leaders in Los Cabos agreed to intensify their efforts in strengthening growth, financial stability and improving employment through a globally coordinated economic plan, the Los Cabos Growth and Jobs Action Plan²⁴⁴. This Plan, extending the Cannes principles, “include[s] policy measures combined with short and medium-term impacts, in order to enhance policy credibility and reflect the different capacities of countries to respond in particular areas.”²⁴⁵

Furthermore, on 31 October 2012, the World Bank in cooperation with the Organization for Economic Co-operation and Development (OECD), G24, and other international organizations, drafted and submitted a work program to the G20 Ministers and Governors that they could consider at their meeting in November 2012. The findings of this meeting will be discussed at the St. Petersburg Summit in 2013.²⁴⁶ The identified issues—diagnostic in nature—were: (1) Systemic Developments and the Impact on Investor Horizon; (2) Sources of Private Financing; (3) Sources of Risk and the Role for the Public Sector and Public Policy; (4) the Demand for Long-Term Finance.²⁴⁷

In addition, the Financial Stability Board (FSB) in coordination with the IMF, and the World Bank, drafted a Report on Potential Unintended Consequences of the Regulatory Reforms on

²⁴⁰ Better Policies for Development: Recommendations for Policy Coherence, Organization for Economic Co-operation and Development (Paris) 2011. Date of Access: 3 December 2012.
<http://www.oecd.org/development/pcd/48110465.pdf>.

²⁴¹ World Economic Outlook Update, New Setbacks, Further Policy Action Needed, International Monetary Fund (Washington) 16 July 2012. Date of Access: 2 December 2012.
<http://www.imf.org/external/pubs/ft/weo/2012/update/02/index.htm>.

²⁴² Promoting Responsible Investment for Sustainable Development and Job Creation, G20 Information Centre (Toronto) June 2012. Date of Access: 4 December 2012.
<http://g20mexico.org/images/stories/docs/canalsherpas/summarep.pdf>.

²⁴³ Better Policies for Development, Recommendations for policy Coherence, Organization for Economic Co-operation and Development (Paris) 2011. Date of Access: 3 December 2012.
<http://www.oecd.org/development/pcd/48110465.pdf>.

²⁴⁴ The Los Cabos Growth and Jobs Action Plan, G20 Information Centre (Toronto) 19 June 2012. Date of Access: 5 December 2012.
<http://www.g20.utoronto.ca/2012/2012-0619-loscabos-actionplan.html>.

²⁴⁵ The Los Cabos Growth and Jobs Action Plan, G20 Information Centre (Toronto) 19 June 2012. Date of Access: 5 December 2012.
<http://www.g20.utoronto.ca/2012/2012-0619-loscabos-actionplan.html>.

²⁴⁶ Long Term Investment Financing for Growth and Development, World Bank Group (Washington) 31 October 2012. Date of Access: 5 December 2012.
<http://www.g20russia.ru/load/780983973>.

²⁴⁷ Long Term Investment Financing for Growth and Development, World Bank Group (Washington) 31 October 2012. Date of Access: 5 December 2012.
<http://www.g20russia.ru/load/780983973>.

Emerging Market and Developing Economies (EMDEs). On 19 June 2012, the FSB released the Report announcing that in the light of the tightening of regulatory legislation in developed countries, EMDEs are likely to experience an array of unintended consequences.²⁴⁸

The primary identified areas of concern for the EMDEs were, among others: (1) the pressure on the capital and liquidity frameworks as defined by the Basel Committee, (2) the spillover and/or extraterritorial effects from regulatory reforms in advanced economies, (3) the perceived home bias in the design or implementation of reforms, (4) the need to reduce reliance on credit ratings and to establish stronger internal credit risk assessment practices as well as regular monitoring of the regulatory reforms, and (5) the sharing of experiences and implementation lessons.²⁴⁹

On 18-19 June 2012, at the Los Cabos Summit, the DWG released its Progress Report. The Report recognised the progress that was made in the implementation of previous agreements under the Seoul Multi-Year Action Plan (MYAP), and identified new actions that could support developing countries²⁵⁰. The G20 leaders welcomed the significant progress made since the Cannes Summit, in implementing the Multilateral Development Banks (MDBs) Action Plan and the High Level Panel on Infrastructure (HLPI) recommendations.²⁵¹

The G20 leaders also endorsed the Summary Report of the Inter-Agency Working Group (IAWG) comprised of the UNCTAD, ILO, UNDP, World Bank, and the OECD on Private Investment and Job Creation with policy recommendations on the stimulation of investments and the improvement of business climate.²⁵² In the Report, four main areas of recommendations were identified:

- Improving the business climate and the regulatory framework for foreign and domestic investment;
- Assisting developing countries to attract the most value-adding investments;
- Promoting responsible investments in value-chains; and

²⁴⁸ Press Release: Study on the Potential Unintended Consequences of Regulatory Reforms on Emerging Market and Developing Economies, Financial Stability Board (Basel) 19 June 2012. Date of Access: 9 December 2012.

http://www.financialstabilityboard.org/press/pr_120619b.pdf.

²⁴⁹ Identifying the Effects of Regulatory Reforms on Emerging Market and Developing Economies: A Review of Potential Unintended Consequences, Financial Stability Board (Basel) 19 June 2012. Date of Access: 1 December 2012.

http://www.financialstabilityboard.org/publications/r_120619e.pdf.

²⁵⁰ 2012 Progress Report of the Development Working Group, G20 Information Centre (Toronto) 19 June 2012. Date of Access: 5 December 2012.

<http://www.g20.utoronto.ca/2012/2012-0619-dwg.html>.

²⁵¹ 2012 Progress Report of the Development Working Group, G20 Information Centre (Toronto) 19 June 2012. Date of Access: 5 December 2012.

<http://www.g20.utoronto.ca/2012/2012-0619-dwg.html>.

²⁵² Promoting Responsible Investment for Sustainable Development and Job Creation, G20 Information Centre (Toronto) June 2012. Date of Access: 4 December 2012.

<http://g20mexico.org/images/stories/docs/canalsherpas/summarep.pdf>.

- Stimulating investment in local enterprise development including by boosting access to finance for SMEs, promoting entrepreneurship and supporting innovative business solutions.²⁵³

Commitment Features

This commitment applies to the emerging market economies among the G20 members. These members are Argentina, Brazil, China, Indonesia, India, Mexico, Russia, Saudi Arabia, South Africa, and Turkey.

A range of macroeconomic reforms can be categorized as those that promote development. Not all macroeconomic and development policies will be considered for this analysis, however, as some are treated as separate commitments in this report. Policies that are recognized to promote development but will not be considered in this commitment, as analyzed in other chapters of the report, are: exchange rates flexibility, over-the-counter (OTC) derivatives, Systemically Important Financial Institutions (SIFIs), Basel banking regulation framework, social protection floors, and unemployment.

Instead, the report will focus on the policies that follow on the Commitments of the Multi-Year Action Plan on Development (MYAP).²⁵⁴ These policies include reforms in the areas of:

- Promoting longer-term prosperity through Inclusive Green Growth (IGG);
- Fostering Financial Inclusion;
- Promoting Knowledge Sharing (KS) activities;

Special attention will be given to reforms directed at enhancing infrastructure investment and improving investment climate, including that of Small and Medium Enterprises (SMEs).

The aforementioned policies will be counted towards compliance as promoting growth and development²⁵⁵, granted the member emphasizes they are being undertaken as such.

Since there is a diversity of EMDE financial systems in economic size, level of development, legal, and institutional frameworks there is no “one-size-fits-all” framework. Different countries will apply different measures depending on their priorities and concerns within their specific development context.²⁵⁶

²⁵³ Promoting Responsible Investment for Sustainable Development and Job Creation: Final Report to the High-Level Development Working Group on the Work of the Private Investment and Job Creation Pillar, United Nations Conference on Trade and Development (Geneva) June 2012. Date of Access: 4 December 2012.

http://unctad.org/meetings/en/Miscellaneous%20Documents/diae_g20_Mexico_en.pdf.

²⁵⁴ Annex II: Multi-Year Action Plan on Development, G20 Information Center (Toronto) 12 November 2012. Date of Access: 9 December 2012.

<http://www.g20.utoronto.ca/2010/g20seoul-development.html>.

²⁵⁵ Promoting Responsible Investment for Sustainable Development and Job Creation, G20 Information Centre (Toronto) June 2012. Date of Access: 4 December 2012.

<http://g20mexico.org/images/stories/docs/canalsherpas/summarep.pdf>.

²⁵⁶ Promoting Responsible Investment for Sustainable Development and Job Creation, G20 Information Centre (Toronto) June 2012. Date of Access: 4 December 2012.

<http://g20mexico.org/images/stories/docs/canalsherpas/summarep.pdf>.

Scoring Guidelines

-1	G20 member does not promote a range of reforms to promote development AND does not declare intent to do so.
0	G20 member is in process of promoting a range of reforms OR declares intent to promote a range of reforms to promote development, including improving the investment climate and enhancing infrastructure investment.
+1	G20 member promotes a range of reforms to promote development, including improving the investment climate and enhancing infrastructure investment.

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Argentina: 0

Argentina has partially complied with its commitment to promote a range of reforms to promote development. The government of Argentina has stated its commitment to promote actions conducive to economic development, but has yet to enact appropriate policies.

On 8 August 2012, the government of Argentina announced further restrictions on the sale of US dollars. According to Agence France-Presse (AFP), the tightening of restrictions came into effect in the third week of August, and is part of the government's efforts to discourage capital flight and protect foreign exchange reserves needed to repay Argentina's debt.²⁵⁷

On 31 August 2012, the Economic Commission for Latin America and the Caribbean, of which Argentina is a member, ended its summit in El Salvador. Delegates from Argentina welcomed the integrated approach to economic development outlined in the summit document "Structural change for equality: An integrated approach to development," which lays out a strategy for growth with equality and sustainability for development across Latin America and the Caribbean.²⁵⁸

On 13 September 2012, Argentina became the first South American country to become a party to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.²⁵⁹ The Convention aids developing countries to share in the benefits of a cooperative tax framework, as it facilitates international cooperation and information exchange, leading to an improved operation of national tax laws and tax collection.²⁶⁰ The Convention helps the countries combat

²⁵⁷ Argentina Imposes More Restrictions on US Dollars, Tengri News (Astana) 8 August 2012. Date of Access: 4 January 2013.

http://en.tengrinews.kz/laws_initiatives/Argentina-imposes-more-restrictions-on-US-dollars--12027/.

²⁵⁸ Structural Change Is the Path, Policy Is the Instrument and Equality Is the Basic Objective, Economic Commission for Latin America and the Caribbean (San Salvador) 28 August 2012. Date Accessed 13 January 2013.

<http://www.eclac.cl/cgi-bin/getProd.asp?xml=/prensa/noticias/comunicados/0/47880/P47880.xml&xsl=/prensa/tpl-i/p6f.xsl&base=/ps34/tpl-i/top-bottom.xsl>.

²⁵⁹ Convention on Mutual Administrative Assistance in Tax Matters, Organisation for Economic Co-operation and Development (Paris) 5 December 2012. Date of Access: 27 December 2012.

<http://www.oecd.org/tax/exchangeofinformation/conventiononmutualadministrativeassistanceintaxmatters.htm>.

²⁶⁰ Convention on Mutual Administrative Assistance in Tax Matters, Organisation for Economic Co-operation and Development (Paris) 5 December 2012. Date of Access: 27 December 2012.

<http://www.oecd.org/tax/exchangeofinformation/conventiononmutualadministrativeassistanceintaxmatters.htm>.

tax avoidance and evasion via multilateral information sharing.²⁶¹ The Convention entered into force on 1 January 2013, and is expected to enhance Argentina's tax collection system.²⁶²

On 29 October 2012, Argentina participated in the first Annual Global Partnership for Financial Inclusion (GPII) Conference and Technical Meeting on Standard-Setting Bodies and Financial Inclusion in Basel.²⁶³ Participants of the conference discussed the progress and the challenges that Global Standard-Setting Bodies (SSBs) face when it comes to financial inclusion.²⁶⁴

On 30 October 2012, a Technical Meeting on the same topics took place where the Conference's participants discussed technical aspects and practical issues.²⁶⁵ The goal of the meeting was to inform the GPII Sub-Group on G20 Principles for Innovative Financial Inclusion and Engagement with SSBs under the Russian G20 Presidency.

As of 17 December 2012, according to a press release by the International Monetary Fund's (IMF) Director of External Relations Gerry Rice, the IMF management has filed a report to the Executive Board on Argentina's official economic data.²⁶⁶ The report's considerations are expected at the beginning of February 2013²⁶⁷; and Argentina may be subject to IMF sanctions depending on the report's findings.²⁶⁸ Director Rice explained that Argentina's strict capital control policies have put a restraint on trade and investment, contributing to a slowdown in

²⁶¹ Convention on Mutual Administrative Assistance in Tax Matters, Organisation for Economic Co-operation and Development (Paris) 5 December 2012. Date of Access: 27 December 2012.
<http://www.oecd.org/tax/exchangeofinformation/conventiononmutualadministrativeassistanceintaxmatters.htm>.

²⁶² Argentina becomes the first South American country to become a Party to the Multilateral Convention, Organisation for Economic Co-operation and Development (Paris) 13 September 2012. Date of Access: 27 December 2012.
<http://www.oecd.org/ctp/exchangeofinformation/taxargentinabecomesthefirstsouthamericancountrytobecomeapartytothemultilateralconvention.htm>.

²⁶³ First Annual GPII Conference and Technical Meeting on Standard-Setting Bodies and Financial Inclusion, Global Partnership for Financial Inclusion (Seoul) 31 October 2012. Date of Access: 15 January 2013.
<http://www.gpii.org/featured/first-annual-gpii-conference-and-technical-meeting-standard-setting-bodies-and-financial-inclusion>.

²⁶⁴ First Annual GPII Conference and Technical Meeting on Standard-Setting Bodies and Financial Inclusion, Global Partnership for Financial Inclusion (Seoul) 31 October 2012. Date of Access: 15 January 2013.
<http://www.gpii.org/featured/first-annual-gpii-conference-and-technical-meeting-standard-setting-bodies-and-financial-inclusion>.

²⁶⁵ First Annual GPII Conference and Technical Meeting on Standard-Setting Bodies and Financial Inclusion, Global Partnership for Financial Inclusion (Seoul) 31 October 2012. Date of Access: 15 January 2013.
<http://www.gpii.org/featured/first-annual-gpii-conference-and-technical-meeting-standard-setting-bodies-and-financial-inclusion>.

²⁶⁶ Statement by the IMF Spokesman on Argentina, International Monetary Fund (Washington) 17 December 2012. Date of Access: 2 January 2013.
<http://www.imf.org/external/np/sec/pr/2012/pr12488.htm>.

²⁶⁷ Transcript of Managing Director's New Year Press Briefing, International Monetary Fund (Washington) 17 January 2013. Date of Access: 29 January 2013.
<http://www.imf.org/external/np/tr/2013/tr011713.htm>.

²⁶⁸ IMF's Christine Lagarde says Argentina faces 'red card', BBC News (London) 24 September 2012. Date of Access: 27 December 2012.
<http://www.bbc.co.uk/news/world-latin-america-19709273>.

growth from nine per cent to 2.2 per cent.²⁶⁹ Key sectors of the economy — real estate and construction — have felt negative effects because of these policies.²⁷⁰

On 9 January 2013, the government of Argentina introduced a new system of export duties on oil shipments in order to attract investments and boost production.²⁷¹ This announcement is part of a series of measures aimed at attracting investments and boosting growth.²⁷²

On 15 January 2013, President Cristina Fernandez de Kirchner delivered a keynote speech at the opening ceremony of the sixth annual World Future Energy Summit and the first International Water Summit in Dubai.²⁷³ The speech signaled the strengthening ties in the field of renewable energy between South American countries and the Middle East. According to Argentinean ambassador to the United Arab Emirates (UAE) Ruben Eduardo Caro: “The World Future Energy Summit, as part of the Abu Dhabi Sustainability Week, will be a platform that enables Argentina to establish a dialogue and work with political and business leaders in order to identify how they can further develop renewable energy and sustainable development solutions.”²⁷⁴

On 21 March 2013, President Kirchner met with officials, including Economy Minister Hernan Lorenzino, to discuss the issue of inflation and the discrepancies between Argentina’s official exchange in relation to the US dollar and the exchange rate in the parallel market.²⁷⁵ These issues continue to affect Argentina’s financial situation as the country’s deficit remains a concern and Argentines look to stronger currencies to safeguard their investments and look abroad when it

²⁶⁹ Argentina Grapples With Credit-Rating Challenges, The Wall Street Journal (New York) 31 October 2012. Date of Access: 27 December 2012.

<http://online.wsj.com/article/SB10001424052970203707604578090781324040470.html>.

²⁷⁰ Argentina Imposes More Restrictions on US Dollars, Tengri News (Astana) 8 August 2012. Date of Access: 4 January 2013.

http://en.tengrinews.kz/laws_initiatives/Argentina-imposes-more-restrictions-on-US-dollars--12027/.

²⁷¹ Argentina rapidly changing oil/gas industry levies to attract foreign investment, Merco Press (Montevideo) 9 January 2013. Date of Access: 15 January 2013.

<http://en.mercopress.com/2013/01/09/argentina-rapidly-changing-oil-gas-industry-levies-to-attract-foreign-investment>.

²⁷² Argentina rapidly changing oil/gas industry levies to attract foreign investment, Merco Press (Montevideo) 9 January 2013. Date of Access: 15 January 2013.

<http://en.mercopress.com/2013/01/09/argentina-rapidly-changing-oil-gas-industry-levies-to-attract-foreign-investment>.

²⁷³ Argentine President to Address ADSW, Khaleej Times (Dubai) 12 January 2013. Date of Access: 13 February 2013.

http://www.khaleejtimes.com/kt-article-display-1.asp?xfile=/data/uaebusiness/2013/January/uaebusiness_January178.xml§ion=uaebusiness.

²⁷⁴ Argentine President to Address ADSW, Khaleej Times (Dubai) 12 January 2013. Date of Access: 13 February 2013.

http://www.khaleejtimes.com/kt-article-display-1.asp?xfile=/data/uaebusiness/2013/January/uaebusiness_January178.xml§ion=uaebusiness.

²⁷⁵ Urgent meeting of Argentine economic team as US dollar jumps 10% to 8.75 pesos, MercoPress South Atlantic News Agency (Montevideo) 21 March 2013. Date of Access: 25 June 2013.

<http://en.mercopress.com/2013/03/21/urgent-meeting-of-argentine-economic-team-as-us-dollar-jumps-10-to-8.75-pesos>.

comes to spending their money, a situation which is hampering Argentina's domestic consumption.²⁷⁶

On 22 March 2013, the government of Argentina modified regulation regarding mutual fund investments in locally traded securities (Cedears) aiming at increasing investments in local companies and halting capital flight.²⁷⁷

On 20 April 2013, Economy Minister Hernan Lorenzino, in a statement to the International Monetary and Financial Committee (IMFC), spoke of Argentina's strong and inclusive growth, and stated that the country's macroeconomic framework continued to pursue the sustenance of growth and the invigoration of the economy in an inclusive manner.²⁷⁸ More specifically, Minister Lorenzino stated that the main pillars of Argentina's current and future model are strong domestic consumption coupled with increased employment and standard of living, and prudent fiscal management.²⁷⁹

Furthermore, Minister Lorenzino praised Argentina's weathering of the economic slowdown in Brazil and advanced economies and noted that, despite those unfortunate events, the Argentine economy is continuing to grow and create jobs.²⁸⁰ Minister Lorenzino stated that Argentina's main economic goal is to continue its robust growth by strengthening its domestic economic policies and government programmes.²⁸¹

Argentina has partially complied with its commitment to promote development reforms. On one hand, Argentina has taken steps towards promoting economic growth by signing on to the Convention on Mutual Administrative Assistance in Tax Matters, and by embracing the agenda for inclusive growth. On the other hand, Argentina continues to impose currency controls that have had an adverse effect on its economy. Therefore, it is awarded a score of 0.

²⁷⁶ IMF estimates Argentine economy will expand 2.8% this year and 3.5% in 2014, MercoPress South Atlantic News Agency (Montevideo) 17 April 2013. Date of Access: 25 June 2013.
<http://en.mercopress.com/2013/04/17/imf-estimates-argentine-economy-will-expand-2.8-this-year-and-3.5-in-2014>.

²⁷⁷ Argentina Tightens Securities Regulation as Peso Slides, Bloomberg (New York) 22 March 2013. Date of Access: 28 June 2013.
<http://www.bloomberg.com/news/2013-03-22/argentina-tightens-securities-regulation-as-peso-slide-deepens.html>.

²⁷⁸ Statement by Hernán Lorenzino, Minister of Economy and Public Finance, on behalf of Bolivia, Chile, Paraguay, Peru, Uruguay, International Monetary Fund (Washington DC) 20 April 2013. Date of Access: 25 June 2013.
<http://www.imf.org/External/spring/2013/imfc/statement/eng/arg.pdf>.

²⁷⁹ Statement by Hernán Lorenzino, Minister of Economy and Public Finance, on behalf of Bolivia, Chile, Paraguay, Peru, Uruguay, International Monetary Fund (Washington DC) 20 April 2013. Date of Access: 25 June 2013.
<http://www.imf.org/External/spring/2013/imfc/statement/eng/arg.pdf>.

²⁸⁰ Statement by Hernán Lorenzino, Minister of Economy and Public Finance, on behalf of Bolivia, Chile, Paraguay, Peru, Uruguay, International Monetary Fund (Washington DC) 20 April 2013. Date of Access: 25 June 2013.
<http://www.imf.org/External/spring/2013/imfc/statement/eng/arg.pdf>.

²⁸¹ Statement by Hernán Lorenzino, Minister of Economy and Public Finance, on behalf of Bolivia, Chile, Paraguay, Peru, Uruguay, International Monetary Fund (Washington DC) 20 April 2013. Date of Access: 25 June 2013
<http://www.imf.org/External/spring/2013/imfc/statement/eng/arg.pdf>.

Brazil: +1

Brazil has fully complied with its commitment to promote a range of reforms to promote development. Brazil has promoted and enacted reforms aimed at improving the investment climate as well as invested in its infrastructure.

On 21 June 2012, Director-General of the United Nations Industrial Development Organization Kandeh K. Yumkella, speaking at the Rio+20 UN Conference on Sustainable Development, praised Brazil's commitment to the Sustainable Energy for All initiative.²⁸² Brazil has committed to invest USD4.3 billion to achieve universal energy access by 2014. The move involves improvements to the power grid as well as further investment in energy infrastructure.²⁸³

On 25 June 2012, the International Monetary Fund (IMF) outlined a path for sustainable development at the Rio+20 Conference.²⁸⁴ In response, Brazil's Minister of Finance Mantega welcomed the IMF outline and reiterated Brazil's commitment to inclusive economic growth, stating, "Brazil's growth is indivisible from environmental protection and social inclusion."²⁸⁵

On 30 August 2012, Brazil's central bank cut its benchmark interest rate to a record low of 7.5 per cent.²⁸⁶ The move follows stimulus measures enacted earlier in August 2012, when President Dilma Rousseff's government announced the first phase of a major economic stimulus package that involves USD60 billion for investment in Brazil's infrastructure over the next 25 years.²⁸⁷ The stimulus measures also include tax cuts to promote investment.²⁸⁸

On 13 October 2012, speaking at a meeting of the International Monetary and Financial Committee, Minister Mantega spoke on behalf of Brazil and other emerging market countries of

²⁸² Director-General Yumkella says Sustainable Energy for All initiative to Benefit Over a Billion People Worldwide, United Nations Industrial Development Organization (Vienna) 21 June 2012. Date of Access: 28 December 2012.

[http://www.unido.org/index.php?id=7881&tx_ttnews\[tt_news\]=1218&cHash=7d2d0e8cfa7cfbea2bea03f3d22667a7](http://www.unido.org/index.php?id=7881&tx_ttnews[tt_news]=1218&cHash=7d2d0e8cfa7cfbea2bea03f3d22667a7).

²⁸³ Director-General Yumkella says Sustainable Energy for All initiative to Benefit Over a Billion People Worldwide, United Nations Industrial Development Organization (Vienna) 21 June 2012. Date of Access: 28 December 2012.

[http://www.unido.org/index.php?id=7881&tx_ttnews\[tt_news\]=1218&cHash=7d2d0e8cfa7cfbea2bea03f3d22667a7](http://www.unido.org/index.php?id=7881&tx_ttnews[tt_news]=1218&cHash=7d2d0e8cfa7cfbea2bea03f3d22667a7).

²⁸⁴ IMF Sets Path for Sustainable Development, International Monetary Fund (Washington) 25 June 2012. Date of Access: 28 December 2012.

<http://www.imf.org/external/pubs/ft/survey/so/2012/new062512a.htm>.

²⁸⁵ IMF Sets Path for Sustainable Development, International Monetary Fund (Washington) 25 June 2012. Date of Access: 28 December 2012.

<http://www.imf.org/external/pubs/ft/survey/so/2012/new062512a.htm>.

²⁸⁶ Brazil Cuts Interest Rates to Fresh Record Low, BBC News (London) 30 August 2012. Date of Access: 28 December 2012.

<http://www.bbc.co.uk/news/business-19422063>.

²⁸⁷ Brazil announces \$60bn stimulus package, BBC News (London) 15 August 2012. Date of Access: 29 January 2013.

<http://www.bbc.co.uk/news/business-19274755>.

²⁸⁸ Brazil Cuts Interest Rates to Fresh Record Low, BBC News (London) 30 August 2012. Date of Access: 28 December 2012.

<http://www.bbc.co.uk/news/business-19422063>.

short-term growth measures should promote demand and job creation.²⁸⁹ Mantega elaborated that infrastructure and social spending should be increased when possible.²⁹⁰ Furthermore, Mantega ensured that Brazil would take all necessary measures to avoid the negative effects of external policies that reduce global growth and demand.²⁹¹

On 24 October 2012, President Rousseff announced extended tax cuts for carmakers in the country — an incentive that has helped the national car industry recover as well as boosted foreign investment in Brazil's factories.²⁹² Moreover, the Brazilian government plans to hold rounds of concession bids for public airports and ports as well as to lower federal and state taxes — all to attract foreign investment.²⁹³

On 24 January 2013, Brazil released a joint statement along with the European Union (EU), following the sixth Brazil-EU Summit.²⁹⁴ The two parties discussed the outcome of the United Nations Conference on Sustainable Development (UNCSD) and subsequently released a joint statement.²⁹⁵ Brazil stressed the importance of implementing the outcome of Rio+20 and pledged to work on the development of the Sustainable Development Goals (SDGs).²⁹⁶ Additionally, Brazil listed the eradication of poverty and the changing of unsustainable consumption patterns as key to a better development paradigm.²⁹⁷

²⁸⁹ Statement by Mr. Guido Mantega, Minister of Finance, Brazil, on behalf the Constituency comprising Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago, at the International Monetary Financial Committee, International Monetary Fund (Washington) 13 October 2012. Date of Access: 29 December 2012.

<http://www.imf.org/External/AM/2012/imfc/statement/eng/bra.pdf>.

²⁹⁰ Statement by Mr. Guido Mantega, Minister of Finance, Brazil, on behalf the Constituency comprising Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago, at the International Monetary Financial Committee, International Monetary Fund (Washington) 13 October 2012. Date of Access: 29 December 2012.

<http://www.imf.org/External/AM/2012/imfc/statement/eng/bra.pdf>.

²⁹¹ Statement by Mr. Guido Mantega, Minister of Finance, Brazil, on behalf the Constituency comprising Brazil, Colombia, Dominican Republic, Ecuador, Guyana, Haiti, Panama, Suriname, Trinidad and Tobago, at the International Monetary Financial Committee, International Monetary Fund (Washington) 13 October 2012. Date of Access: 29 December 2012.

<http://www.imf.org/External/AM/2012/imfc/statement/eng/bra.pdf>.

²⁹² Brazil's Economic Recovery Finally Arrives, Reuters US Edition (New York) 26 October 2012. Date of Access: 28 December 2012.

<http://www.reuters.com/article/2012/10/26/brazil-economy-idUSL1E8LPHLT20121026>.

²⁹³ Brazil's Economic Recovery Finally Arrives, Reuters US Edition (New York) 26 October 2012. Date of Access: 28 December 2012.

<http://www.reuters.com/article/2012/10/26/brazil-economy-idUSL1E8LPHLT20121026>.

²⁹⁴ 6th EU-Brazil Summit Reflects on Rio+20 and Doha, International Institute for Sustainable Development (New York) 24 January 2013. Date of Access: 9 February 2013.

<http://climate-l.iisd.org/news/6th-eu-brazil-summit-reflects-on-rio20-and-doha/>

²⁹⁵ 6th EU-Brazil Summit Reflects on Rio+20 and Doha, International Institute for Sustainable Development (New York) 24 January 2013. Date of Access: 9 February 2013.

<http://climate-l.iisd.org/news/6th-eu-brazil-summit-reflects-on-rio20-and-doha/>

²⁹⁶ 6th EU-Brazil Summit Reflects on Rio+20 and Doha, International Institute for Sustainable Development (New York) 24 January 2013. Date of Access: 9 February 2013.

<http://climate-l.iisd.org/news/6th-eu-brazil-summit-reflects-on-rio20-and-doha/>

²⁹⁷ 6th EU-Brazil Summit Reflects on Rio+20 and Doha, International Institute for Sustainable Development (New York) 24 January 2013. Date of Access: 9 February 2013.

<http://climate-l.iisd.org/news/6th-eu-brazil-summit-reflects-on-rio20-and-doha/>

On 26-27 January 2013, Brazil participated in the first European Union–Community of Latin American and Caribbean States (EU-CELAC) Summit, where European, Latin American, and Caribbean government representatives came together to form an “Alliance for Sustainable Development to Promote Investments of Social and Environmental Quality”²⁹⁸, and adopting an Action Plan for 2013-2015.²⁹⁹ Among the key themes and measures identified were: the promotion of green economy, increased and diversified bi-regional investments, improved integration, corporate social responsibility, small and medium enterprises (SMEs), energy and social services, and infrastructure projects.³⁰⁰

On 31 January 2013, the Brazilian government extended tax breaks to foreign property investments in order to boost its real estate market.³⁰¹ Foreign investors are exempt from paying a financial transaction charge on real estate investment trust (REIT). The government expects to create an alternative resource of funding for local constructors, apart from the state development bank BNDES and boost the construction sector as well. For this reason, the government reduced payroll taxes for construction companies, due to weak economic growth.³⁰²

On 5 February 2013, Finance Minister Guido Mantega and Chief Executive Officer of Investment Bank BTGPactual Andre Esteves, launched in Sao Paulo Brazil’s road show to attract foreign infrastructure investments through 2015.³⁰³ According to Finance Minister Mantega, “the government hopes these efforts will lead to long-term growth by attracting private investment, which is one of the weakest pillars of Brazil’s economy.”³⁰⁴

On 20 March 2013, the governments of Brazil and United States entered into negotiations for bilateral agreements in areas such as services, transportation, investment, energy, and trade. Both sides expressed their interest in expanding their relationship in those areas that hold the potential to spur Brazil’s economic growth.³⁰⁵

²⁹⁸ EU-CELAC Summit, Europe, Latin America and the Caribbean to Promote Investments of Social and Environmental Quality in both regions, European Union (Brussels) 25 January 2013. Date of Access: 13 February 2013.

http://eeas.europa.eu/la/summits/2013/index_en.htm.

²⁹⁹ EU-CELAC Action Plan, Council of the European Union (Brussels) 27 January 2013. Date of Access: 13 February 2013.

http://eeas.europa.eu/la/summits/docs/2013_santiago_summit_eu-celac_action_plan_en.pdf.

³⁰⁰ EU-CELAC Action Plan, Council of the European Union (Brussels) 27 January 2013. Date of Access: 13 February 2013.

http://eeas.europa.eu/la/summits/docs/2013_santiago_summit_eu-celac_action_plan_en.pdf.

³⁰¹ Brazil cuts tax on foreign investments in domestic REITs-gazette, Reuters (London) 31 January 2013. Date of Access: 13 February 2013.

<http://www.reuters.com/article/2013/01/31/brazil-economy-tax-idUSE5N09A00K20130131>.

³⁰² Brazil Favors Foreign Property Investors, NuWire Investors (Washington D.C.) 5 February 2013. Date of Access: 13 February 2013.

<http://www.nuwireinvestor.com/articles/brazil-favors-foreign-property-investors-60429.aspx>.

³⁰³ Brazil Launches Road Show to Shop Infrastructure Projects, Reuters (London) 5 February 2013. Date of Access: 13 February 2013.

<http://www.reuters.com/article/2013/02/05/brazil-infrastructure-idUSL1N0B5DZV20130205>.

³⁰⁴ Brazil Launches Road Show to Shop Infrastructure Projects, Reuters (London) 5 February 2013. Date of Access: 13 February 2013.

<http://www.reuters.com/article/2013/02/05/brazil-infrastructure-idUSL1N0B5DZV20130205>.

³⁰⁵ Brazil and USA seek bilateral agreements, United States Diplomatic Mission to Brazil (Brasilia) 20 March 2013. Date of Access: 28 June 2013.

On 27 March 2013, Brazil, along with the other constituents of the BRICS states, released a declaration stating its commitment to international development and cooperation. The leaders of the five countries expressed their concern about the slow pace of reforms of the International Monetary Fund (IMF) and proposed the establishment of a Development Bank that would mobilise resources for infrastructure and sustainable development projects.³⁰⁶

Additionally, the declaration included Brazil's intention to boost investment and trade, particularly with emerging markets in Africa, to further drive growth.³⁰⁷ Brazil reiterated its commitment to support small and medium-sized enterprises (SMEs), recognizing their value to economic growth and sustainability.³⁰⁸

On 19 April 2013, Minister of Finance Guido Mantega, spoke to the International Monetary and Financial Committee (IMFC) on behalf of Brazil and a host of other states.³⁰⁹ Minister Mantega spoke of Brazil's desire to maintain strong growth via an effective domestic policy and through international cooperation to reinvigorate international trade. Minister Mantega stated that Brazil's main goal is to continue to stimulate domestic demand as a means to guard against international downturns and called on other states to follow.³¹⁰

On 21 May 2013, Head of Government Infrastructure Agency EPL Bernardo Figueiredo spoke of Brazil's need to double its current investments levels in infrastructure in order to overcome its transport deficiencies. In order to boost investments in infrastructure, the Brazilian government raised the internal rate of return for highway concessions from 5.5 to 7.2 per cent and for railway projects from 6.3 to 7-7.5.³¹¹ Furthermore, the National Ground Transport Agency (ANTT) is preparing 13 railroad projects throughout the country.³¹² On 16 May 2013, the Congress approved

<http://brazil.usembassy.gov/interviewfromanvalor.html>.

³⁰⁶ BRICS and Africa: Partnership for Development, Integration and Industrialisation – eThekwin Declaration, Fifth BRICS Summit (Durban) 27 March 2013. Date of Access: 24 June 2013.

<http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/>.

³⁰⁷ BRICS and Africa: Partnership for Development, Integration and Industrialisation – eThekwin Declaration, Fifth BRICS Summit (Durban) 27 March 2013. Date of Access: 24 June 2013.

<http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/>.

³⁰⁸ BRICS and Africa: Partnership for Development, Integration and Industrialisation – eThekwin Declaration, Fifth BRICS Summit (Durban) 27 March 2013. Date of Access: 24 June 2013.

<http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/>.

³⁰⁹ Statement by Guido Mantega, Minister of Finance, Brazil, On behalf of Brazil, Cape Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Timor-Leste, Trinidad and Tobago, International Monetary Fund (Washington DC) 19 April 2013. Date of Access: 25 June 2013.

<http://www.imf.org/External/spring/2013/imfc/statement/eng/bra.pdf>.

³¹⁰ Statement by Guido Mantega, Minister of Finance, Brazil, On behalf of Brazil, Cape Verde, Dominican Republic, Ecuador, Guyana, Haiti, Nicaragua, Panama, Suriname, Timor-Leste, Trinidad and Tobago, International Monetary Fund (Washington DC) 19 April 2013. Date of Access: 25 June 2013.

<http://www.imf.org/External/spring/2013/imfc/statement/eng/bra.pdf>.

³¹¹ Brazil offers better terms for infrastructure investors, Reuters (London) 21 May 2013. Date of Access: 28 June 2013.

<http://www.reuters.com/article/2013/05/21/us-latam-summit-brazil-infrastructure-idUSBRE94K0WN20130521>.

³¹² ANTT conducts Public Hearing to reap subsidies for granting the Railroad Açailândia / MA - Barcarena / PA, National Ground Transport Agency (Brasilia) 13 May 2013. Date of Access: 28 June 2013.

http://www.antt.gov.br/index.php/content/view/21626/ANTT_realiza_Audiencia_Publica_para_colher_subsidios_para_concessao_da_Ferrovia_Acailandia_MA_Barcarena_PA.html.

legislation that lifted restrictions on building private ports in the country and opened the way for private investments. The goal of the new bill is to boost the country's export growth.³¹³

On 14 June 2013, President Dilma Rousseff announced the creation of new credit lines worth of USD8 billion, with the goal of facilitating purchases of consumer goods in an attempt to bolster growth.³¹⁴ The move follows an increase in interest rates, made by the central bank in April, to combat inflation.³¹⁵ On 14 June 2013, President Rousseff assured investors and the market that Brazil is acting to promote growth and fight inflation, assuring that “inflation is under control, [and] the public finances are under control.”³¹⁶

Brazil has been promoting policies that encourage development, specifically those with a focus on infrastructure investment and sustainable economic growth. Thus, Brazil has been awarded a score of +1.

*Analyst: David Gelles
Lead Analyst: Eleni Tsaliki*

China: +1

China has fully complied with its commitment to promote a range of reforms to promote development, including improving the investment climate and enhancing infrastructure investment.

On 17 September 2012, the State Council of China in conjunction with the People's Bank of China (PBC) released its 12th Five-Year Plan for Financial Sector Development and Reform.³¹⁷ Key policy objectives included: (1) financial sector restructuring, (2) allowing the market to play a bigger role in resource allocation, (3) market-based interest rate reform, (4) multi-layer capital reform, and (5) improvement of the Renminbi, or Chinese Yuan, rate exchange regime. The guiding principles for the Plan are aimed at “comprehensively promoting financial reform, opening-up and development, enhancing comprehensive strengths, international competitiveness and risk prevention capacity of the Chinese financial industry, enabling the financial sector better

³¹³ Brazil port modernization bill clears Congress, Reuters (London) 16 May 2013. Date of Access: 28 June 2013.

<http://www.reuters.com/article/2013/05/17/brazil-ports-idUSL2N0DX1XZ20130517>.

³¹⁴ Brazil pumps more consumer credit lines to bolster the economy, MercoPress South Atlantic News Agency (Montevideo) 14 June 2013. Date of Access: 25 June 2013.

<http://en.mercopress.com/2013/06/14/brazil-pumps-more-consumer-credit-lines-trying-to-bolster-the-economy>).

³¹⁵ Brazil pumps more consumer credit lines to bolster the economy, MercoPress South Atlantic News Agency (Montevideo) 14 June 2013. Date of Access: 25 June 2013.

<http://en.mercopress.com/2013/06/14/brazil-pumps-more-consumer-credit-lines-trying-to-bolster-the-economy>).

³¹⁶ Brazil pumps more consumer credit lines to bolster the economy, MercoPress South Atlantic News Agency (Montevideo) 14 June 2013. Date of Access: 25 June 2013.

<http://en.mercopress.com/2013/06/14/brazil-pumps-more-consumer-credit-lines-trying-to-bolster-the-economy>).

³¹⁷ The PBC Released the 12th Five-Year Plan for the Financial Industry, The People's Bank of China (Beijing) 17 July 2012. Date of Access: 02 January 2012.

http://www.pbc.gov.cn/publish/english/955/2012/20120926145631142409624/20120926145631142409624_.html.

serve the real economy, improving the macro financial management and regulatory system.”³¹⁸ Government sectors at all levels are expected to develop and implement measures to fulfill the policy objectives, with an emphasis on supporting “the real economy” and inclusive growth.³¹⁹

On 14 December 2012, China’s State Administration of Foreign Exchange removed the USD1 billion ceiling on investments in local capital markets by “institutional investors such as sovereign wealth funds, central banks and monetary authorities.”³²⁰ The lifting of the quota is intended to attract more overseas investors.

On 1 July 2012, the People’s Bank of China released the China Financial Stability Report 2012.³²¹ The Report speaks of the importance of continuing macroeconomic reforms to promote sustainable development and healthy financial conditions for governments, corporations, and households.

In December 2012, at the Central Economic Work Conference, the Chinese government recognized the expansion of domestic demand as one of its strategic development goals for 2013.³²²

On 18 December 2012, the head of China’s National Development and Reform Commission (NDRC) Zhang Ping announced that China would increase efforts to spur economic growth by targeting emerging industries through policies and pilot programs.³²³ Development plans include increasing investment for biotechnology and satellite navigation, as well as research and development in the medical industry. Zhang Ping said that China “will strive to reduce its industrial overcapacity, boost the tertiary industry, step up the exploitation of new and renewable resources and improve infrastructure in rural and urban areas.”³²⁴ Between September and

³¹⁸ The PBC Released the 12th Five-Year Plan for the Financial Industry, The People’s Bank of China (Beijing) 17 July 2012. Date of Access: 02 January 2012.
<http://www.pbc.gov.cn/publish/english/955/2012/20120926145631142409624/20120926145631142409624.html>.

³¹⁹ China unveils financial reform plan for 12th Five-Year Plan period, Xinhua News Agency (Beijing) 24 September 2012. Date of Access: 02 January 2012.
http://news.xinhuanet.com/english/china/2012-09/24/c_131869302.htm.

³²⁰ New Chinese policy may favor big foreign investors, Pensions and Investments (New York) 24 December 2012. Date of Access: 15 January 2013.
<http://www.pionline.com/article/20121224/PRINTSUB/312249992/new-chinese-policy-may-favor-big-foreign-investors>.

³²¹ The PBC Released the Financial Stability Report 2012, The People’s Bank of China (Beijing) 1 July 2012. Date of Access: 02 January 2013.
<http://www.pbc.gov.cn/publish/english/955/2012/20120712091753592198079/20120712091753592198079.html>.

³²² Goals for 2013 set at the economic work conference, SinaEnglish (Beijing) 16 December 2012. Date of Access: 15 January 2013.
<http://english.sina.com/china/p/2012/1216/538321.html>.

³²³ China targets emerging sectors for quality growth, Xinhua News Agency (Beijing) 19 December 2012. Date of Access: 02 January 2013.
http://news.xinhuanet.com/english/china/2012-12/19/c_124114491.htm.

³²⁴ China targets emerging sectors for quality growth, Xinhua News Agency (Beijing) 19 December 2012. Date of Access: 02 January 2013.
http://news.xinhuanet.com/english/china/2012-12/19/c_124114491.htm.

December 2012, the NDRC approved over 300 new infrastructure and energy related projects meant to boost economic growth.³²⁵

On 23 August 2012, the PBC began a pilot project to offer agriculture-linked central bank loans to spur investment in the real economy.³²⁶

China's 12th Five-Year plan for 2011-2015 has emphasized green and low-carbon development, integrating the fight against climate change into its economic restructuring and overall growth.³²⁷ In December 2012, Vice Premier Li Keqiang announced that China would invest over RMB3.4 trillion into environmental protection, and expand domestic markets by focusing on the application and research of solar technology.³²⁸

On 5 November 2012, the Chinese government participated in the Forum on Green Economy and Inclusive Development for Bamboo and Rattan in Beijing and signed onto the declaration agreeing to build capacity, share technical knowledge, and promote industries that foster green growth and sustainable development with other emerging economies.³²⁹

On 16 October 2012, Governor Zhou Xiaochuan of the PBC signed a Memorandum of Understanding (MOU) with the Inter-American Development Bank (IDB) to establish a China co-financing fund to increase collaboration and cooperation.³³⁰ On a visit to several Latin American countries in June 2012, Premier of the State Council of China Wen Jiabao emphasized the need for concrete measures to boost trade and cooperation, proposing a trade increase of USD400 billion with Economic Commission for Latin America and the Caribbean (ECLAC) countries over the next five years.³³¹

On 24 October 2012, Director General of the European Commission Directorate-General Enterprise and Industry Daniel Calleja and Administrator of Standardization Administration of

³²⁵ Beijing steps up approval rate for infrastructure projects, *Want China Times* (Taipei) 27 December 2012. Date of Access: 15 January 2013.

<http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20121227000046&cid=1102>.

³²⁶ Highlights of China's Monetary Policy in the Third Quarter of 2012, *The People's Bank of China* (Beijing) 9 November 2012. Date of Access: 2 January 2013.

<http://www.pbc.gov.cn/publish/english/955/2012/20121113141006634513925/20121113141006634513925.html>.

³²⁷ Commentary: China self-motivated to combat climate change, *Xinhua News Agency* (Beijing) 27 November 2012. Date of Access: 2 January 2013.

http://news.xinhuanet.com/english/china/2012-11/27/c_132003022.htm.

³²⁸ China invests big in ecological progress, *Xinhua News Agency* (Beijing) 19 December 2012. Date of Access: 29 December 2012.

http://news.xinhuanet.com/english/china/2012-12/19/c_132051457.htm.

³²⁹ Beijing Declaration by International Network for Bamboo and Rattan, *Xinhua News Agency* (Beijing) 7 November 2012. Date of Access: 29 December 2012.

http://news.xinhuanet.com/english/world/2012-11/07/c_123926997.htm.

³³⁰ Signing of Memorandum of Understanding between the PBC and IDB Concerning Exploration of Opportunities to Establish a China Co-financing Fund, *The People's Bank of China* (Beijing) 16 October 2012. Date of Access: 14 January 2013.

<http://www.pbc.gov.cn/publish/english/955/2012/20121019160024470888790/20121019160024470888790.html>.

³³¹ 2012 marks new stage in China-LatAm ties, *Xinhua News Agency* (Beijing) 20 December 2012. Date of Access: 29 December 2012.

http://news.xinhuanet.com/english/china/2012-12/20/c_132052543.htm.

China (SAC) launched the Europe-China Standards Information Platform (CESIP) in Beijing for the strengthening of small and medium enterprises (SMEs) and trade between Europe and China.³³² CESIP, which is a one-stop shop, will make market information more accessible and time efficient.³³³

On 16 January 2013, the State Council announced the approval of a Medium-and Long-Term (2012-2030) Plan on Infrastructure Construction for China's Major Science and Technology Projects.³³⁴ The aim of the Plan is to increase investment as well as the efficiency of major infrastructure projects. The focus of the Plan is to promote China's capacity building in innovation, achieving scientific and technological breakthroughs, and accelerating the pace of infrastructure projects in various sectors such as energy, life, Earth systems and environments, materials, particle and nuclear physics, space and astronomy and engineering technology.³³⁵

On 1 March 2013, the Ministries of Commerce and Environment announced Guidelines on Environmental Protection for China's Outbound Investment and Cooperation, aiming at standardizing domestic investors' corporate social responsibility and environmental protection in overseas direct investments.³³⁶ The guideline is part of a series of policies that the Chinese government has launched in order to improve corporate social responsibility and ease overseas risks.³³⁷

On 5 March 2013, Premier Wen Jiabao, in his speech at the Parliament's Fifth Annual Session, stated that China would ease control over market access for nongovernmental investments.³³⁸ Premier Wen Jiabao explained that "in the current stage, the role investment plays in promoting economic growth cannot be underestimated, and the share of the governmental investment is decreasing."³³⁹

³³² News China – Europe: information and standards and market requirements, European Commission (Brussels) 24 October 2012. Date of Access: 30 January 2013.

http://ec.europa.eu/enterprise/newsroom/cf/itemdetail.cfm?item_id=6271&lang=en.

³³³ China – Europe: information and standards and market requirements, European Commission (Brussels) 18 December 2012. Date of Access: 30 January 2013.

http://ec.europa.eu/enterprise/magazine/articles/industrial-policy/article_11052_en.htm.

³³⁴ China Approves Science Infrastructure Plan, China Daily (Beijing) 16 January 2013. Date of Access: 13 February 2013.

http://www.chinadaily.com.cn/china/2013-01/16/content_16127710.htm.

³³⁵ China Approves Science Infrastructure Plan, China Daily (Beijing) 16 January 2013. Date of Access: 13 February 2013.

http://www.chinadaily.com.cn/china/2013-01/16/content_16127710.htm.

³³⁶ Green guidance on the way for Chinese companies operating abroad, China Daily (Beijing) 1 March 2013. Date of Access: 6 July 2013.

http://www.chinadaily.com.cn/kindle/2013-03/01/content_16265995.htm.

³³⁷ Green guidance on the way for Chinese companies operating abroad, China Daily (Beijing) 1 March 2013. Date of Access: 6 July 2013.

http://www.chinadaily.com.cn/kindle/2013-03/01/content_16265995.htm.

³³⁸ China to further "stimulate" private investment: report, Xinhua News Agency (Beijing) 5 March 2013. Date of Access: 6 July 2013.

http://news.xinhuanet.com/english/china/2013-03/05/c_132208412.htm.

³³⁹ China to further "stimulate" private investment: report, Xinhua News Agency (Beijing) 5 March 2013. Date of Access: 6 July 2013.

http://news.xinhuanet.com/english/china/2013-03/05/c_132208412.htm.

On 27 March 2013, Chinese President Xi Jinping, together with his BRICS counterparts, released the eThekweni Declaration on their Partnership for Development, Integration and Industrialisation.³⁴⁰ The Declaration informed of the BRICS' decision to establish a Development Bank that would focus on financing infrastructure projects.³⁴¹ The creation of a Contingent Reserve Arrangement (CRA) among the five nations was also announced as a precautionary measure, with the hope of forestalling short-term liquidity pressures and strengthening financial stability.³⁴²

On 4 May 2013, the State Administration of Foreign Exchange (SAFE) announced that it will simplify regulation governing Foreign Direct Investments (FDI) by abolishing twenty-four rules regarding foreign exchange registration, account openings, remittances, and conversions.³⁴³ This is the second round of deregulation efforts on FDI by SAFE following amendments made in November. On the same matter, Premier Li Keqiang urged governmental agencies to reduce red tape and cancel any unnecessary administrative approvals.³⁴⁴

On 4-5 June 2013, China welcomed the American delegation, headed by President of US Chamber of Commerce Thomas Donohue, to participate in the fourth China-US business leaders' and former senior officials' dialogue in Beijing. The focus of the dialogue was on working more closely to create a stronger impetus for economic growth and development.³⁴⁵ Premier Li Keqiang stated that the upcoming summit with President Barack Obama "will chart a blueprint for a new type of bilateral relationship that features equality, trust, tolerance, cooperation, and common prosperity."³⁴⁶

China has adopted a series of macroeconomic policies to promote a range of reforms to promote development, including fostering Inclusive Green Growth, promoting knowledge sharing activities, sustainable development, and infrastructure investment. Thus, China is awarded a score of +1.

³⁴⁰ BRICS and Africa: Partnership for Development, Integration and Industrialisation – eThekweni Declaration, Fifth BRICS Summit (Durban) 27 March 2013. Date of Access: 7 July 2013.

<http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/>.

³⁴¹ Statement by BRICS leaders on the establishment of the BRICS-led Development Bank, Fifth BRICS Summit (Durban) 27 March 2013. Date of Access: 7 July 2013.

<http://www.brics5.co.za/statement-by-brics-leaders-on-the-establishment-of-the-brics-led-development-bank/>.

³⁴² BRICS Bank to focus on funding infrastructure development, The Hindu (New Delhi) 27 March 2013. Date of Access: 7 July 2013.

<http://www.thehindu.com/business/Economy/brics-bank-to-focus-on-funding-infrastructure-development/article4554773.ece>.

³⁴³ China to simplify foreign exchange rules on foreign direct investment, Reuters (Shanghai) 10 May 2013. Date of Access: 6 July 2013.

<http://www.reuters.com/article/2013/05/11/us-china-fx-investment-idUSBRE94A01P20130511>.

³⁴⁴ China to simplify foreign exchange rules on foreign direct investment, Reuters (Shanghai) 10 May 2013. Date of Access: 6 July 2013.

<http://www.reuters.com/article/2013/05/11/us-china-fx-investment-idUSBRE94A01P20130511>.

³⁴⁵ Deeper China-US cooperation to drive economic growth, China Daily (Beijing) 4 June 2013. Date of Access: 6 July 2013.

http://www.chinadaily.com.cn/china/2013-06/04/content_16566941.htm.

³⁴⁶ Deeper China-US cooperation to drive economic growth, China Daily (Beijing) 4 June 2013. Date of Access: 6 July 2013.

http://www.chinadaily.com.cn/china/2013-06/04/content_16566941.htm.

India: +1

India has fully complied with its commitment to promote a range of reforms to promote development, including improving the investment climate and enhancing infrastructure investment.

On 30 October 2012, the Reserve Bank of India (RBI) cut the cash reserve ratio (CRR) from 4.5 per cent to 4.25 per cent, designed to inject INR175 billion of liquidity into the banking system and ease the growth-inflation dynamic in the economy.³⁴⁷ Such policy initiatives seek to manage inflation and revitalize economic activity for sustained growth.

On 14 September 2012 and 4 October 2012, the RBI called for further Foreign Direct Investment (FDI) liberalization.³⁴⁸ The FDI liberalizations of 14 September call for increased liberalization and FDI inflows in the retail sector, including aviation, broadcasting, and brand retail. The 4 October measure calls for a 26 per cent foreign investment ceiling in the pension sector, designed to allow for longer-term growth in India.³⁴⁹ As a follow up to the FDI liberalizations, in January 2013, Finance Minister Palaniappan Chidambaram met foreign investors in Asia and Europe. The focus of those meetings was mainly in infrastructure as it is the main priority of the Indian government. Trips to the United States and Canada are to follow.³⁵⁰

On 29 September 2012, the Reserve Bank of India (RBI) proposed the creation of a National Investment Board (NIB), to be headed by the prime minister, pending cabinet approval.³⁵¹ The NIB would work to clear major infrastructure investment, avoid delays in production, and provide a clearer and less uncertain investment environment.

On 8 October 2012, Deputy Governor of the RBI Dr. K. C. Chakrabarty reiterated the government's commitment to strengthen the environment for India's Micro, Small and Medium Enterprise (MSME) sector.³⁵² On 1 August 2012, the RBI issued a directive to banks to provide

³⁴⁷ Second Quarter Review of Monetary Policy 2012-13 Press Statement by Dr. D. Subbarao, Reserve Bank of India (Mumbai) 30 October 2012. Date of Access: 30 December 2012.
http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=27483.

³⁴⁸ Macroeconomic and Monetary Developments Second Quarter Review 2012-13, Reserve Bank of India (Mumbai) 29 October 2012. Date of Access: 30 December 2012.
<http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/0MD2910C88C124.pdf>.

³⁴⁹ Macroeconomic and Monetary Developments Second Quarter Review 2012-13, Reserve Bank of India (Mumbai) 29 October 2012. Date of Access: 30 December 2012.
<http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/0MD2910C88C124.pdf>.

³⁵⁰ India Plans Roadshows to Attract Foreign Investment, The Wall Street Journal (New York) 11 January 2013. Date of Access: 13 February 2013.
<http://online.wsj.com/article/SB10001424127887324081704578235072606220586.html>.

³⁵¹ Macroeconomic and Monetary Developments Second Quarter Review 2012-13, Reserve Bank of India (Mumbai) 29 October 2012. Date of Access: 30 December 2012.
<http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/0MD2910C88C124.pdf>.

³⁵² Address by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at the Interactive Session organized by the Bombay Chamber of Commerce and Industry (Mumbai) 8 October 2012. Date of Access: 30 December 2012. http://rbi.org.in/scripts/BS_SpeechesView.aspx?Id=739.

additional financial literacy and consultative support, in addition to creating supportive policies for loans and reducing administrative barriers for business owners.³⁵³

In a move to create greater financial inclusion in credit delivery, the RBI announced new guidelines on priority sector lending on 30 October 2012.³⁵⁴ One initiative included re-categorizing agricultural loans of up to INR20 million for eligible partnerships and cooperatives as direct finance to agriculture. In December 2012, external commercial borrowing was allowed for developers and builders of low cost affordable housing projects.³⁵⁵

On 7 December 2012, Dr. Chakrabarty shared six steps to create growth in the Indian Economy: “(1) to preserve demographic dividends by investing in human capital; (2) to improve productivity and efficiency; (3) to revive infrastructure investments and harness natural resources better; (4) to improve governance at every level; (5) to enforce accountability [...]; and (6) to make finance more responsive to real sector and promote inclusive growth.”³⁵⁶ Dr. Chakrabarty emphasized the importance of the RBI in helping to achieve such growth.

On 20 December 2012, India’s Ministry of Finance announced that the government would undertake major measures to promote growth in the country’s economy.³⁵⁷ Measures taken will include: “better access to finance for manufacturing sector, fast tracking of large investment projects in the areas of power, petroleum and gas, roads, coal, [and] strengthening of [the] financial and banking sector.”³⁵⁸ Other high growth measures include: “enhancing the level of investment for agriculture sector including irrigation projects, promoting Micro, Small & Medium Enterprises sector by way of higher allocation of funds, enhancing investment in the infrastructure sector focusing on Public Private Partnerships, [and the] introduction of a new National Manufacturing Policy.”³⁵⁹

On 24 December 2012, Minister of State for Planning and Parliamentary Affairs Rajeev Shukla stated that the goal of the “12th [Five-Year Economic] Plan, as proposed in the draft, is to achieve

³⁵³ Micro and Small Enterprises Sector – The imperative of Financial Literacy and consultancy support, Reserve Bank of India (Mumbai) 1 August 2012. Date of Access: 15 January 2013.
<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=7488&Mode=0>.

³⁵⁴ Second Quarter Review of Monetary Policy 2012-13 Press Statement by Dr. D. Subbarao, Reserve Bank of India (Mumbai) 30 October 2012. Date of Access: 31 December 2012.
http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=27483.

³⁵⁵ Monetary and Credit Information Review, Reserve Bank of India (Mumbai) 31 December 2012. Date of Access: 31 December 2012.
<http://www.rbi.org.in/scripts/PublicationsView.aspx?id=14758>.

³⁵⁶ Address delivered by Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India at the interaction with members of Delhi Chapter of the Young Presidents Organization (New Delhi) 7 December 2012. Date of Access: 30 December 2012.
http://rbi.org.in/scripts/BS_SpeechesView.aspx?Id=759.

³⁵⁷ Government takes Several Measures for Growth Revival, Press Information Bureau of Government of India (Mumbai) 20 December 2012. Date of Access: 30 December 2012.
<http://pib.nic.in/newsite/PrintRelease.aspx?relid=91083>.

³⁵⁸ Government takes Several Measures for Growth Revival, Press Information Bureau of Government of India (Mumbai) 20 December 2012. Date of Access: 30 December 2012.
<http://pib.nic.in/newsite/PrintRelease.aspx?relid=91083>.

³⁵⁹ Government takes Several Measures for Growth Revival, Press Information Bureau of Government of India (Mumbai) 20 December 2012. Date of Access: 30 December 2012.
<http://pib.nic.in/newsite/PrintRelease.aspx?relid=91083>.

“faster, sustainable and more inclusive growth.”³⁶⁰ On 27 December 2012, the draft plan of the 12th Five-Year Plan was given to the National Development Council (NDC) for final approval.³⁶¹

On 31 January 2013, India hosted the 13th Delhi Sustainable Development Summit (DSDS) with a focus on “the Global Challenge of Resource-Efficient Growth and Development.” In his inaugural speech, Prime Minister Manmohan Singh stated India’s commitment to sustainable development and the protection of the fragile ecosystems and praising the work done by The Energy and Resources Institute (TERI) towards resource efficiency.³⁶²

On 5 February 2013, Finance Minister Palaniappan Chidambaram announced cuts on budget spending in order to reduce the fiscal deficit and attract more foreign direct investments (FDI) by increasing investors’ confidence.³⁶³ For that reason, on 14 January 2013, the finance minister announced the delay of the enforcement of General Anti-Avoidance Rules (GAAR) to 2016 as there are concerns that the national tax system might becoming more hostile.³⁶⁴ After the recommendations of the Foreign Investment Promotion Board (FIPB) on 11 January 2013, the central government approved 14 FDI projects.³⁶⁵

On 28 February 2013, Finance Minister Palaniappan Chidambaram presented to the Parliament a plan to boost growth. The plan consists of a series of measures, including the construction of two new ports, two new industrial corridors, and seven new smart cities.³⁶⁶ Minister Chidambaram mentioned the creation of a regulator to boost road projects and lift obstacles faced by investors.³⁶⁷ Furthermore, Minister Chidambaram announced his proposal to raise the corpus of

³⁶⁰ Combining reforms with inclusive growth is our key focus, The Hindu Business Line (New Dehli) 24 December 2012. Date of Access: 30 December 2012. <http://www.thehindubusinessline.com/industry-and-economy/combining-reforms-with-inclusive-growth-is-our-key-focus/article4235689.ece>.

³⁶¹ Draft 12th Plan document to be placed before NDC on Dec 27, The Economic Times (Mumbai) 20 December 2012. Date of Access: 30 December 2012. http://articles.economictimes.indiatimes.com/2012-12-20/news/35933978_1_draft-12th-plan-document-ndc-chief-ministers-and-cabinet.

³⁶² Hon'ble Prime Minister Dr. Manmohan Singh Inaugurates TERI's Delhi Sustainable Development Summit (DSDS) 2013 on 'Global Challenge of Resource-Efficient Growth and Development', Reuters (London) 31 January 2013. Date of Access: 13 February 2013. <http://www.reuters.com/article/2013/02/01/idUSnPrekKVM3a+11c+PRN20130201>.

³⁶³ India Budget Cuts Designed to Spur Foreign Investment, India Briefing (New Delhi) 5 February 2013. Date of Access: 13 February 2013. <http://www.india-briefing.com/news/india-budget-cuts-designed-to-spur-foreign-investment-5843.html/>.

³⁶⁴ India Delays Tax-Avoidance Clampdown to Spur Investment Inflows, Bloomberg (New York) 14 January 2013. Date of Access: 13 February 2013. <http://www.bloomberg.com/news/2013-01-14/india-delays-tax-avoidance-clampdown-to-spur-investment-inflows.html>.

³⁶⁵ Rs.1,311 Cr Worth FDI Proposals Cleared, The Hindu (New Delhi) 11 January 2013. Date of Access: 13 February 2013. <http://www.thehindu.com/business/Economy/rs1311-cr-worth-fdi-proposals-cleared/article4298401.ece>.

³⁶⁶ Big boost to infrastructure investment, The Hindu (New Delhi) 28 February 2013. Date of Access: 7 July 2013. <http://www.thehindu.com/business/Economy/big-boost-to-infrastructure-investment/article4462430.ece>.

³⁶⁷ Chidambaram presents Budget 2013, makes strong pitch for inclusive development, The Times of India (Mumbai) 28 February 2013. Date of Access: 7 July 2013. http://articles.timesofindia.indiatimes.com/2013-02-28/union-budget/37351702_1_p-chidambaram-chidamabram-finance-minister.

the Rural Infrastructure Development Fund (RIDF) in 2013-2014 to INR20 billion and INR5 billion for the construction of storage units for agricultural products.³⁶⁸ In regards to new high-value investments the government proposed the issuance of an allowance for the time period of 1 April 2013 to 31 March 2015, where companies would be able to deduct 15 per cent of their investment in addition to the current rates of depreciation.³⁶⁹

On 20 March 2013, Small Industries Development Bank of India (SIDBI) signed a tripartite Memorandum of Understanding (MoU) with the Social Fund for Development (SFD), Egypt and the World Bank.³⁷⁰ The MoU aims to strengthen the ties of the two countries by transferring technology and enabling Indian entrepreneurs to expand their businesses into Egypt.³⁷¹ As SIDBI Deputy Managing Director NK Maini stated, “the historical bond between the two countries would be further strengthened and SMEs in Egypt would benefit immensely from the expertise developed by SIDBI in several areas.”³⁷²

On 28 March 2013, Prime Minister Manmohan Singh concluded his visit to Durban where he attended the BRICS Summit. The five nations announced the establishment of a Development Bank to finance infrastructure projects and the creation of a USD100 billion contingency fund that could be used in case of financial crises in the emerging economies.³⁷³ The Prime Minister met on the sidelines with his Chinese and Russian counterparts and pledged to intensify communications and dialogue.³⁷⁴

In April 2013, Finance Minister Palaniappan Chidambaram held a series of presentations in Canada and the United States to attract international investors.³⁷⁵ The Minister was accompanied

³⁶⁸ Big boost to infrastructure investment, The Hindu (New Delhi) 28 February 2013. Date of Access: 7 July 2013. <http://www.thehindu.com/business/Economy/big-boost-to-infrastructure-investment/article4462430.ece>.

³⁶⁹ Big boost to infrastructure investment, The Hindu (New Delhi) 28 February 2013. Date of Access: 7 July 2013. <http://www.thehindu.com/business/Economy/big-boost-to-infrastructure-investment/article4462430.ece>.

³⁷⁰ SIDBI signs MoU with Egypt for their SME sector Development, Business Standard (New Delhi) 20 March 2013. Date of Access: 7 July 2013. http://www.business-standard.com/article/finance/sidbi-signs-mou-with-egypt-for-their-sme-sector-development-113032000173_1.html.

³⁷¹ SIDBI signs MoU with Egypt for their SME sector Development, Business Standard (New Delhi) 20 March 2013. Date of Access: 7 July 2013. http://www.business-standard.com/article/finance/sidbi-signs-mou-with-egypt-for-their-sme-sector-development-113032000173_1.html.

³⁷² SIDBI signs MoU with Egypt for their SME sector Development, Business Standard (New Delhi) 20 March 2013. Date of Access: 7 July 2013. http://www.business-standard.com/article/finance/sidbi-signs-mou-with-egypt-for-their-sme-sector-development-113032000173_1.html.

³⁷³ BRICS and Africa: Partnership for Development, Integration and Industrialisation – eThekweni Declaration, Fifth BRICS Summit (Durban) 27 March 2013. Date of Access: 7 July 2013. <http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/>.

³⁷⁴ PM Manmohan Singh leaves for home after attending BRICS Summit in Durban, The Times of India (Mumbai) 28 March 2013. Date of Access: 7 July 2013. http://articles.timesofindia.indiatimes.com/2013-03-28/india/38098751_1_brics-summit-president-xi-jinping-infrastructure-projects.

³⁷⁵ Chidambaram to begin week long tour to Canada, US tomorrow, The Times of India (Mumbai) 13 April 2013. Date of Access: 7 July 2013.

by senior Finance Ministry officials and RBI Deputy Governor Urjit Patel, in order to seek investments in infrastructure projects.³⁷⁶ His visit is part of a global tour to various countries, among them Germany, Malta³⁷⁷, Singapore, Japan, and Qatar, to promote India as an attractive investment destination.³⁷⁸

On 11 April 2013, Prime Minister Manmohan Singh, in a joint press conference with German Chancellor Angela Merkel, upon the conclusion of the second Indo-Germany Governmental Consultations, stated that both sides have come closer to concluding a balanced India-EU broad-based Trade and Investment Agreement.³⁷⁹ The two leaders also agreed to initiate a high technology partnership group with expanded defense cooperation through technology transfer, co-development and co-production in India.³⁸⁰

On 14 May 2013, Finance Minister Palaniappan Chidambaram met top bank executives and industrialists.³⁸¹ The focus of the meeting was to speed up infrastructure investments by addressing procedural and structural issues in order to boost growth and attract more investors as it was estimated that hundreds of projects were falling behind schedule due to administrative and legal bottlenecks.³⁸²

India received a score of +1 for implementing policy reforms that encourage growth, inclusive development, infrastructure investment, and for its focus on measures to create a more equitable investment environment for small and medium enterprises and larger businesses.

Analyst: Katie Clancy
Lead Analyst: Eleni Tsaliki

http://articles.timesofindia.indiatimes.com/2013-04-13/india/38511084_1_p-chidambaram-fiscal-deficit-global-economy.

³⁷⁶ Chidambaram to begin week long tour to Canada, US tomorrow, The Times of India (Mumbai) 13 April 2013. Date of Access: 7 July 2013.

http://articles.timesofindia.indiatimes.com/2013-04-13/india/38511084_1_p-chidambaram-fiscal-deficit-global-economy.

³⁷⁷ India, Malta sign tax agreements, Times of Malta (Valletta) 9 April 2013. Date of Access: 7 July 2013. <http://www.timesofmalta.com/articles/view/20130409/local/India-Malta-sign-tax-agreements.464843>.

³⁷⁸ Chidambaram to visit Dubai tomorrow to woo investments, The Indian Express (New Delhi) 25 May 2013. Date of Access: 7 July 2013.

<http://www.indianexpress.com/news/chidambaram-to-visit-dubai-tomorrow-to-woo-investments/1120534/>.

³⁷⁹ India, European Union move closer to free trade pact, The Hindu (New Delhi) 11 April 2013. Date of Access: 7 July 2013.

<http://www.thehindu.com/news/national/india-european-union-move-closer-to-free-trade-pact/article4605952.ece>.

³⁸⁰ India, European Union move closer to free trade pact, The Hindu (New Delhi) 11 April 2013. Date of Access: 7 July 2013.

<http://www.thehindu.com/news/national/india-european-union-move-closer-to-free-trade-pact/article4605952.ece>.

³⁸¹ Chidambaram meets bankers, industrialists to speed up projects, The Times of India (Mumbai) 14 May 2013. Date of Access: 7 July 2013.

<http://timesofindia.indiatimes.com/business/india-business/Chidambaram-meets-bankers-industrialists-to-speed-up-projects/articleshow/20050506.cms>.

³⁸² Chidambaram meets bankers, industrialists to speed up projects, The Times of India (Mumbai) 14 May 2013. Date of Access: 7 July 2013.

<http://timesofindia.indiatimes.com/business/india-business/Chidambaram-meets-bankers-industrialists-to-speed-up-projects/articleshow/20050506.cms>.

Indonesia: +1

Indonesia has fully complied with its commitment to promote a range of reforms that spur development by improving the investment climate and enhancing infrastructure investment. Indonesia has both continued with reforms initiated prior to the Los Cabos Summit and commenced a new round of reforms directed towards sustainable economic development.

On 7 August 2012, the Government of Indonesia released a regulation concerning land acquisition. The new regulation is designed with a goal of stimulating infrastructure development.³⁸³ In an effort to speed up land acquisition for development projects, the regulation specifies the upper limit for the completion of acquisitions as a maximum of 583 days.³⁸⁴

On 3 October 2012, Indonesia participated in a workshop jointly organized by the United Nations Environment Programme (UNEP), International Monetary Fund (IMF), and German Agency for International Cooperation (GIZ).³⁸⁵ At the workshop, Indonesia's representative Laksmi Dhewanthi delivered a presentation on the topic of fiscal policy for an inclusive green economy in Indonesia.³⁸⁶ The presentation included a generalized fiscal policy direction for 2013 based on sustainable economic growth through fiscal restructuring (state revenue optimization, improving the quality of government spending, controlling the budget deficit, and reducing the debt ratio to GDP), as well as a set of characteristics the green economy in Indonesia is expected to exhibit. These included: low carbon emissions, less hazardous waste production, sustainable use of biological diversity, and maintenance of the environment's natural carrying capacity.³⁸⁷ A more specific fiscal policy focus outlined incentives for biofuels and geothermal, a reduction in the fossil fuel subsidy, government guarantees for green infrastructure, enlistment of international climate finance, and the optimization of domestic finance. At present, the government has not yet taken action to eliminate the fossil fuel subsidy³⁸⁸, and there is no evidence of policy reform that matches those presented at the workshop.

³⁸³ Editorial: Making the Most of Land Acquisition Law, The Jakarta Globe (Jakarta) 10 August 2012. Date of Access: 29 December 2012.

<http://www.thejakartaglobe.com/editorials/editorial-making-the-most-of-land-acquisition-law/537050>.

³⁸⁴ Presidential Regulation Implements the Land Acquisition Law, The Legal 500 (Indonesia) August 2012. Date of Access: 29 December 2012.

<http://www.legal500.com/c/indonesia/developments/21374>.

³⁸⁵ UNEP-IMF-GIZ Workshop Fiscal Policies Towards an Inclusive Green Economy, United Nations Environment Programme (Nairobi) October 2012. Date of Access: 30 January 2013.

<http://www.unep.org/greeneconomy/WorkshopsConferences/FiscalPolicies/tabid/105008/language/en-US/Default.aspx>.

³⁸⁶ Fiscal Policy towards an Inclusive Green in Indonesia, United Nations Environment Programme (Nairobi) 4 October 2012. Date of Access: 30 January 2013.

http://www.unep.org/greeneconomy/Portals/88/documents/research_products/Fiscal%20Policies/Brief_Presentation_Indonesia_UNEP_IMF_GIZ_Workshop%202012.pdf.

³⁸⁷ Fiscal Policy towards an Inclusive Green in Indonesia, United Nations Environment Programme (Nairobi) 4 October 2012. Date of Access: 30 January 2013.

http://www.unep.org/greeneconomy/Portals/88/documents/research_products/Fiscal%20Policies/Brief_Presentation_Indonesia_UNEP_IMF_GIZ_Workshop%202012.pdf.

³⁸⁸ Renewable energy seems unlikely in near future: Minister, The Jakarta Post (Jakarta) 6 November 2012. Date of Access: 28 December 2012.

<http://www.thejakartapost.com/news/2012/11/06/renewable-energy-seems-unlikely-near-future-minister.html>.

On 19 November 2012, Indonesia participated in the Association of Southeast Asian Nations (ASEAN) Plus Three Summit where Indonesia indicated a desire to cooperate and share experience with South Korea in the spheres of infrastructure, small and medium enterprises (SMEs), information and communication technology (ICT), and green technology.³⁸⁹ Leaders at the Summit agreed to expand cooperation in the ASEAN-China Free Trade Agreement to “further increase the efficiency, cooperation, and competitiveness of [...] SMEs.”³⁹⁰

Further evidence of the government’s effort to foster growth and development is the additional financing earmarked for Indonesia-led reform programs approved by the World Bank. On 20 November 2012, the World Bank announced three new development policy loans (DPLs). According to the World Bank, the Indonesian government requested for these policy loans aiming at reforms that will “improve public financial management, advance the connectivity agenda, as well as strengthen the financial sector and accelerate investment.”³⁹¹ According to the World Bank’s Country Director for Indonesia Stefan Koeberle, “these DPLs will contribute to the strengthening of Indonesia’s central Government institutions and systems, to make them more effective and accountable. This in turn will help improve national connectivity, enhance the quality of government spending and improve financial system stability and investment climate.”³⁹²

On 23 November 2012, the government reported it is considering several innovative measures to solve the financing and logistical bottleneck issues surrounding infrastructure development.³⁹³ Deputy Head of Infrastructure and Regional Development at the Office of the Coordinating Economic Minister Wahyu Utomo said “to support infrastructure development, we are considering developing a new institution, which has yet to be named. This institution will be responsible for preparing project proposals that are sufficiently viable to be offered to private investors.”³⁹⁴ According to Wahyu Utomo, the government is “considering issuing infrastructure bonds to obtain financing to enhance project preparations.”³⁹⁵

³⁸⁹ ASEAN leaders meet with lame-duck guests, The Jakarta Post (Phnom Penh) 20 November 2012. Date of Access: 29 December 2012.

<http://www.thejakartapost.com/news/2012/11/20/asean-leaders-meet-with-lame-duck-guests.html>.

³⁹⁰ ASEAN leaders meet with lame-duck guests, The Jakarta Post (Phnom Penh) 20 November 2012. Date of Access: 29 December 2012.

<http://www.thejakartapost.com/news/2012/11/20/asean-leaders-meet-with-lame-duck-guests.html>.

³⁹¹ World Bank Approves New Financing for Priority Reforms in Indonesia, World Bank (Washington) 20 November 2012. Date of Access: 29 December 2012.

<http://www.worldbank.org/en/news/2012/11/20/world-bank-approves-new-financing-priority-reforms-indonesia>.

³⁹² World Bank Approves New Financing for Priority Reforms in Indonesia, World Bank (Washington) 20 November 2012. Date of Access: 29 December 2012.

<http://www.worldbank.org/en/news/2012/11/20/world-bank-approves-new-financing-priority-reforms-indonesia>.

³⁹³ Infrastructure on red alert, players call for solutions, The Jakarta Post (Jakarta) 23 November 2012. Date of Access: 3 January 2013.

<http://www.thejakartapost.com/news/2012/11/23/infrastructure-red-alert-players-call-solutions.html>.

³⁹⁴ Infrastructure on red alert, players call for solutions, The Jakarta Post (Jakarta) 23 November 2012. Date of Access: 3 January 2013.

<http://www.thejakartapost.com/news/2012/11/23/infrastructure-red-alert-players-call-solutions.html>.

³⁹⁵ Infrastructure on red alert, players call for solutions, The Jakarta Post (Jakarta) 23 November 2012. Date of Access: 3 January 2013.

<http://www.thejakartapost.com/news/2012/11/23/infrastructure-red-alert-players-call-solutions.html>.

On 14 December 2012, President of Indonesia Susilo Bambang Yudhoyono signed a government regulation that has provided PT Sarana Multi Infrastruktur (SMI), an infrastructure financing company, an additional Rp2 trillion aimed at accelerating infrastructure development across the country.³⁹⁶

On 19 November 2012, Indonesia was granted a USD300 million loan by the Asian Development Bank (ADB) to facilitate infrastructure development and connect the country's less-developed rural areas to urban growth centers.³⁹⁷ This program seeks to promote private sector participation, create a more conducive business climate, and enhance new technology and innovation.³⁹⁸ In addition, the ADB plans to provide Indonesia with a grant worth USD1 million towards technical assistance in order to strengthen the capacity of government agencies.³⁹⁹

On 17 December 2012, Finance Minister Agus Martowardojo announced in an interview that his Ministry is "preparing to provide incentives for investment in sectors that [...] currently need [it the] most such as basic metal processing or smelters, renewable energy and refineries."⁴⁰⁰ These incentives will be in the form of tax holidays—similar to those issued by the government in August of 2011.⁴⁰¹

On 27 December 2012, Government of Indonesia announced it would finance state projects in 2013 with rupiah-denominated sukuk Islamic bonds in an attempt to accelerate infrastructure development. Investment in infrastructure has lagged, as domestic banks are reluctant to finance long-term infrastructure projects due to their low internal rate of return (IRR) and high risks.⁴⁰² According to the 2013 state budget financial note, the Finance Ministry plans to borrow up to IDR1 trillion (USD103.5 million).⁴⁰³ Director of Islamic Financing Policy at the Finance Ministry Debt Management Office Dahlan Siamat believes that Islamic-based bonds may be the solution to

³⁹⁶ Accelerating Infrastructure Development, Government to Allocate IDR2 Trillion for PT SMI, Republic of Indonesia Ministry of Finance, Fiscal News (Jakarta) 9 January 2013. Date of Access: 7 February 2013. http://www.depkeu.go.id/Eng/Read/?type=ixNews&id=25593&thn=2013&name=en_09012013_1.htm.

³⁹⁷ ADB to provide \$300m for rural infrastructure, The Jakarta Post (Jakarta) 19 November 2012. Date of Access: 3 January 2013. <http://www.thejakartapost.com/news/2012/11/19/adb-provide-300m-rural-infrastructure.html>.

³⁹⁸ ADB to provide \$300m for rural infrastructure, The Jakarta Post (Jakarta) 19 November 2012. Date of Access: 3 January 2013. <http://www.thejakartapost.com/news/2012/11/19/adb-provide-300m-rural-infrastructure.html>.

³⁹⁹ ADB to provide \$300m for rural infrastructure, The Jakarta Post (Jakarta) 19 November 2012. Date of Access: 3 January 2013. <http://www.thejakartapost.com/news/2012/11/19/adb-provide-300m-rural-infrastructure.html>.

⁴⁰⁰ Discourse: Investment to play bigger role in 2013 economy: Finance Minister, The Jakarta Post (Jakarta) 17 December 2012. Date of Access: 3 January 2013. <http://www2.thejakartapost.com/news/2012/12/17/investment-play-bigger-role-2013-economy-finance-minister.html>.

⁴⁰¹ Unilever, Petrokimia receive tax holidays, The Jakarta Post (Jakarta) 28 December 2012. Date of Access: 3 January 2013. <http://www2.thejakartapost.com/news/2012/12/28/unilever-petrokimia-receive-tax-holidays.html>.

⁴⁰² Govt to use sukuk for infrastructure projects, The Jakarta Post (Jakarta) 27 December 2012. Date of Access: 4 January 2012. <http://www2.thejakartapost.com/news/2012/12/27/govt-use-sukuk-infrastructure-projects.html>.

⁴⁰³ Govt to use sukuk for infrastructure projects, The Jakarta Post (Jakarta) 27 December 2012. Date of Access: 4 January 2012. <http://www2.thejakartapost.com/news/2012/12/27/govt-use-sukuk-infrastructure-projects.html>.

the reluctance of Indonesian banks to finance infrastructure-related projects.⁴⁰⁴ Since sukuk adhere to Islamic investing principles, the infrastructure projects can serve as collateral against the bonds.⁴⁰⁵

In December 2012, the government of Indonesia in close collaboration with the World Bank prepared a new Country Partnership Strategy (CPS). The strategy is in alignment with the government's development objects as outlined in Indonesia's Master Plan for accelerated growth.⁴⁰⁶ According to the World Bank Group, the new CPS with Indonesia "focuses on engagement areas identified by the government as priorities ... where the Bank Group can be most helpful in helping produce development results."⁴⁰⁷

On 1 January 2013, Bank Indonesia (BI) put into effect a new productive loan target for banks.⁴⁰⁸ The target is set so that 20 per cent of a bank's loan portfolio must be comprised of credits to micro, small, and medium enterprises.⁴⁰⁹ The policy design seeks to increase credit activity to the Small- and Medium Enterprise (SME) sector.⁴¹⁰

On 7 January 2013, Government of Indonesia unveiled the scheduling of 146 projects worth USD57 billion as a part of the government's economic master plan MP3EI.⁴¹¹ The schedule consists of 82 infrastructure and 64 private sector projects aiming at faster economic growth.

On 1 February 2013, Vice Minister of Finance Mahendra Siregar stated that Government of Indonesia will focus on addressing problems in infrastructure⁴¹² as "infrastructure is required to stimulate increasing economic growth."⁴¹³

⁴⁰⁴ Govt to use sukuk for infrastructure projects, The Jakarta Post (Jakarta) 27 December 2012. Date of Access: 4 January 2012.

<http://www2.thejakartapost.com/news/2012/12/27/govt-use-sukuk-infrastructure-projects.html>.

⁴⁰⁵ Govt to use sukuk for infrastructure projects, The Jakarta Post (Jakarta) 27 December 2012. Date of Access: 4 January 2012.

<http://www2.thejakartapost.com/news/2012/12/27/govt-use-sukuk-infrastructure-projects.html>.

⁴⁰⁶ Masterplan Acceleration and Expansion of Indonesia Economic Development 2011-2025, Ministry for Economic Affairs (Jakarta) May 2011. Date of Access: 15 January 2013.

[http://www.depkeu.go.id/ind/others/bakohumas/bakohumaskemenko/PDFCompleteToPrint\(24Mei\).pdf](http://www.depkeu.go.id/ind/others/bakohumas/bakohumaskemenko/PDFCompleteToPrint(24Mei).pdf).

⁴⁰⁷ Latest Country Partnership Strategy for Indonesia Focuses on Growth with Equity, World Bank (Washington) 11 December 2012. Date of Access: 28 December 2012.

<http://www.worldbank.org/en/news/2012/12/11/latest-country-partnership-strategy-indonesia-focuses-growth-equity>.

⁴⁰⁸ SME Credits Opportunities for Banking, Indonesia Finance Today (Jakarta) 2 January 2013. Date of Access: 4 January 2013.

<http://en.indonesiainancetoday.com/read/27988/SME-Credits-Opportunities-for-Banking->

⁴⁰⁹ SME Credits Opportunities for Banking, Indonesia Finance Today (Jakarta) 2 January 2013. Date of Access: 4 January 2013.

<http://en.indonesiainancetoday.com/read/27988/SME-Credits-Opportunities-for-Banking->

⁴¹⁰ SME Credits Opportunities for Banking, Indonesia Finance Today (Jakarta) 2 January 2013. Date of Access: 4 January 2013.

<http://en.indonesiainancetoday.com/read/27988/SME-Credits-Opportunities-for-Banking->

⁴¹¹ Now Fulfill Those Infrastructure Plans, Jakarta Globe (Jakarta) 7 January 2013 Date of Access: 15 January 2013.

<http://www.thejakartaglobe.com/editorials/editorial-now-fulfill-those-infrastructure-plans/564844>.

⁴¹² Improving Infrastructure, Governance as the Main Point, Republic of Indonesia Ministry of Finance, Fiscal News (Jakarta) 1 February 2013. Date of Access: 7 February 2013.

http://www.depkeu.go.id/Eng/Read/?type=ixNews&id=25809&thn=2013&name=en_01022013_4.htm.

On 5 February 2013, the Ministry of Finance announced that a new Public Private Partnership (PPP) Unit is to be established immediately.⁴¹⁴ The Unit will support and facilitate infrastructure projects as a means to ensure Indonesia's continued economic development.⁴¹⁵ It will operate under its supervision.⁴¹⁶

In November 2013, the Indonesia International Infrastructure Conference and Exhibition will take place in support of the government's USD414 billion Master Plan for the Acceleration and Expansion of Indonesia's Economic Development (MP3EI).⁴¹⁷ The event is expected to foster dialogue with private investors that will accelerate the country's growth, as according to the deputy for public-private partnerships at the National Development Planning Agency (Bappenas), Bastari Panji: "infrastructure remains the biggest constraint on Indonesia's economic progress."⁴¹⁸

In May 2013, Industry Minister MS Hidayat revealed to the public that the government of Indonesia is in the process of formulating a series of fiscal incentives aimed at promoting the development of green industry. To facilitate this initiative, the Indonesian Chamber of Commerce and Industry will collaborate with the Indonesian Environment Ministry to determine the most appropriate set of incentives and establish a task force to implement the program.⁴¹⁹

On 15 May 2013, Coordinating Economic Minister Hatta Rajasa stated that the government would revise the tax incentives and tax allowance rules implemented over the past few years in order to make Indonesia more investor-friendly and maintain economic growth in the country. The changes are expected to be implemented later in 2013.⁴²⁰

On 17 May 2013, at the conclusion of the three-day Indonesian Petroleum Association (IPA) Conference and Exhibition, Government of Indonesia reiterated its commitment to improve the

⁴¹³ Improving Infrastructure, Governance as the Main Point, Republic of Indonesia Ministry of Finance, Fiscal News (Jakarta) 1 February 2013. Date of Access: 7 February 2013.

http://www.depkeu.go.id/Eng/Read/?type=ixNews&id=25809&thn=2013&name=en_01022013_4.htm.

⁴¹⁴ PPP Unit under MoF to be Established Immediately, Republic of Indonesia Ministry of Finance, Fiscal News (Jakarta) 5 February 2013. Date of Access: 7 February 2013.

http://www.depkeu.go.id/Eng/Read/?type=ixNews&id=25826&thn=2013&name=en_050213_02.htm.

⁴¹⁵ PPP Unit under MoF to be Established Immediately, Republic of Indonesia Ministry of Finance, Fiscal News (Jakarta) 5 February 2013. Date of Access: 7 February 2013.

http://www.depkeu.go.id/Eng/Read/?type=ixNews&id=25826&thn=2013&name=en_050213_02.htm.

⁴¹⁶ PPP Unit under MoF to be Established Immediately, Republic of Indonesia Ministry of Finance, Fiscal News (Jakarta) 5 February 2013. Date of Access: 7 February 2013.

http://www.depkeu.go.id/Eng/Read/?type=ixNews&id=25826&thn=2013&name=en_050213_02.htm.

⁴¹⁷ Infrastructure Event Aims To Attract Global Investors, The Jakarta Globe (Jakarta) 16 January 2013. Date of Access: 12 February 2013.

<http://www.thejakartaglobe.com/business/infrastructure-event-aims-to-attract-global-investors/565883>.

⁴¹⁸ Infrastructure Event Aims To Attract Global Investors, The Jakarta Globe (Jakarta) 16 January 2013. Date of Access: 12 February 2013.

<http://www.thejakartaglobe.com/business/infrastructure-event-aims-to-attract-global-investors/565883>.

⁴¹⁹ Government prepares incentives for green industry, Jakarta Post (Jakarta) 8 May 2013. Date of Access: 6 June 2013.

<http://www.thejakartapost.com/news/2013/05/08/government-prepares-incentives-green-industry.html>.

⁴²⁰ Govt offers incentives to draw more investment, Jakarta Post (Jakarta) 16 May 2013. Date of Access: 26 June 2013.

<http://www.thejakartapost.com/news/2013/05/16/govt-offers-incentives-draw-more-investment.html>.

investment climate of the oil and gas industry by promising to move forward with robust bureaucratic reforms.⁴²¹

On 28 May 2013, Finance Minister Chatib Basri announced that the Indonesian government will introduce more tax incentives to spur innovation and growth, and reduce the country's dependence on imports. The tax-reduction schemes will be given to companies investing in research and development, and allocated strategically to industries producing intermediate goods.⁴²²

On 18 June 2013, Government of Indonesia launched a two-year green growth initiative developed in coordination with the Global Green Growth Institution (GGGI) based in South Korea. The goal is to pursue sustainable and environmental friendly development. The three main components of the initiative include: (1) greening the planning process; (2) developing a funding mechanism to facilitate green growth; and (3) providing support for provincial governments to prioritize and implement green growth.⁴²³

On 19 June 2013, Indonesia's Investment Coordinating Board (BKPM) and its Belgian counterpart, the Wallonia Foreign Trade and Investment Agency, signed an agreement for the purpose of facilitating greater investment between the two countries via information sharing, joint promotional events, etc. The agreement was signed during the Indonesia Investment Marketing (IIM) forum held in Brussels, where the Belgian-Indonesian Chamber of Commerce (BICC) was also launched.⁴²⁴

Indonesia has fully complied with its commitment to promote development and growth through by improving the investment climate and enhancing infrastructure investment. Thus, Indonesia is awarded a score of +1.

Analyst: Jennifer Prenger

Mexico: +1

Mexico has fully complied with its commitment to promote a range of reforms to promote development, including improving the investment climate and enhancing infrastructure investment.

⁴²¹ Government vows to take steps to enhance investment climate for oil and gas industry, Jakarta Post (Jakarta) 21 May 2013. Date of Access: 6 June 2013. <http://www.thejakartapost.com/news/2013/05/21/government-vows-take-steps-enhance-investment-climate-oil-and-gas-industry.html>.

⁴²² Govt planning fiscal incentives to spur economy next year, Jakarta Post (Jakarta) 29 May 2013. Date of Access: 6 June 2013. <http://www.thejakartapost.com/news/2013/05/29/govt-preparing-fiscal-incentives-spur-economy-next-year.html>.

⁴²³ RI launches green initiative in cooperation with int'l group, Jakarta Post (Jakarta) 19 June 2013. Date of Access: 26 June 2013. <http://www.thejakartapost.com/news/2013/06/19/ri-launches-green-initiative-cooperation-with-int-l-group.html>.

⁴²⁴ RI, Belgium agree to promote investments, Jakarta Post, (Jakarta) 21 June 2013. Date of Access: 26 June 2013. <http://www.thejakartapost.com/news/2013/06/21/ri-belgium-agree-promote-investments.html>.

On 1 December 2012, Mexico's President Enrique Peña Nieto took office after making numerous campaign promises to enact policy reforms and boost economic growth.⁴²⁵ President Nieto's commitments included opening up the energy sector to foreign investment and "reforms to foster private competition."⁴²⁶ In September 2012, former President Calderon's last reforms in office included a "labor reform to flexibilize labor markets" and "[The Law on Government Accounting], a public transparency initiative to improve information and monitoring of governments."⁴²⁷

On 19 July 2012, Minister of Economy Bruno Ferrari Garcia de Alba, in his speech at the 73th National Congress of the Confederation of Custom Brokers of the Mexican, spoke of Mexico's recently adopted measures to boost the economy and continuing commitment to promotion of external growth and programs that support the investment climate such as "the federal government's strategy to further trade facilitation with the introduction of the Foreign Affairs' One-Stop Window, export control regimes, entry into force the Trans-Pacific Partnership, and, not least, a frontal attack on customs undervaluation."⁴²⁸

On 20 July 2012, Minister Ferrari spoke of the government's plans to "ensure certainty and security for investment, adding partners and strengthening ties with countries and businesses that consolidate Mexico as one of the best productive investment destinations."⁴²⁹ Minister Ferrari estimated that by August 2012, planned Foreign Direct Investment (FDI) would amount to almost USD6.5 billion, largely in the activity in the auto sector.⁴³⁰

On 29 October 2012, Mexico participated in the First Annual Global Partnership for Financial Inclusion (GPI) Conference on "Standard-Setting Bodies and Financial Inclusion: Promoting Financial Inclusion through Proportionate Standards and Guidance."⁴³¹ Mexican Executive Vice-President Miguel Angel Garza presented Mexico's financial inclusion strategy and the measures

⁴²⁵ Investor Update: Can Mexico Push Through Economic Reforms and Boost Growth?, Forbes (New York) 18 December 2012. Date of Access: 30 December 2012.

<http://www.forbes.com/sites/nathanielparishflannery/2012/12/18/investor-update-can-mexico-push-through-economic-reforms-and-boost-growth/>.

⁴²⁶ Mexico: IMF Country Report, International Monetary Fund (Washington) November 2012. Date of Access: 30 December 2012.

<http://www.imf.org/external/pubs/ft/scr/2012/cr12316.pdf>.

⁴²⁷ Mexico: IMF Country Report, International Monetary Fund (Washington) November 2012. Date of Access: 30 December 2012.

<http://www.imf.org/external/pubs/ft/scr/2012/cr12316.pdf>.

⁴²⁸ Mexico Is Becoming Major Exporting Power, Ministry of Economy (Mexico City) 19 July 2012. Date of Access: 2 January 2012.

<http://www.economia.gob.mx/news-and-events/press-room/headlines/8317-boletin160-12-en>.

⁴²⁹ Increase in Foreign Investment, Result of Economic Discipline and Solidity, Ministry of Economy (Mexico City) 20 July 2012. Date of Access: 30 December 2012.

<http://www.economia.gob.mx/en/8302-bol-comunicado-de-prensa-no-15912-en>.

⁴³⁰ Mexico: 2012 ARTICLE IV CONSULTATION, International Monetary Fund (Washington) November 2012. Date of Access: 30 December 2012.

<http://www.imf.org/external/pubs/ft/scr/2012/cr12317.pdf>.

⁴³¹ 1st Annual GPI Conference on Standard-Setting Bodies and Financial Inclusion, Global Partnership for Financial Inclusion (Basel) 29 October 2012. Date of Access: 15 January 2013.

<http://www.gpfi.org/news-and-events/events-and-meetings/1st-annual-gpfi-conference-standard-setting-bodies-and-financial-inclusion>.

taken so far to expand access to financial services in areas such as banking agents, mobile payments, flexible risk-based account opening procedures, and new intermediaries.⁴³²

On 5 and 22 November 2012, Mexico acquired a full legal framework in relation to the implementation of infrastructure projects under the Public-Private Partnership (PPP) framework through publishing in the Federal Official Gazette the new Regulations and Guidelines to the Public-Private Partnership Law (“PPP Regulations”).⁴³³ Project developers and financial institutions welcomed the new legislation, which is hoped to create legal safety keys for future investments under the PPP framework.⁴³⁴

On 9 January 2013, Mexico and the Economic Commission for Latin America and the Caribbean (ECLAC) signed a Memorandum of Understanding (MOU) for the promotion of sustainable development in the region. The MoU brought attention to the economic importance of: (1) achieving lower carbon emissions, (2) sustainable management of forestry, biodiversity, and water resources, (3) limiting environmental impact on seas and coasts, and (4) transfer of technology.⁴³⁵

On 5-9 March 2013, Mexico participated in the Caribbean Forum and the Conference on Sustainable Development in Latin America and the Caribbean: Follow-Up to the Development Agenda Beyond 2015 And Rio+20.⁴³⁶ The focus of the Forum was on issues of global and regional development and their implications.⁴³⁷ At the conference, Mexico reiterated its commitment to the Rio Declaration on Environment and Development and urged all participants to join the initiative.⁴³⁸

⁴³² Presentation by Executive Vice-President, Miguel Angel Garza C. at the 1st Annual GPMI Conference on Standard-Setting Bodies and Financial Inclusion, Global Partnership for Financial Inclusion (Basel) 29 October 2012. Date of Access: 15 January 2013.

<http://www.gpmi.org/sites/default/files/events/Session%20%20GPMI%20SSBs%20Conference%20Plenary%20Mexico%20presentation.pdf>.

⁴³³ Mexico has a full legal framework for implementing public-private partnerships -PPP-, Lexology, Association of Corporate Counsel (London) 15 December 2012. Date of Access: 15 January 2013.

<http://www.lexology.com/library/detail.aspx?g=ed31e534-e1de-48e2-ba59-5b1ed430c1de>.

⁴³⁴ Mexico has a full legal framework for implementing public-private partnerships -PPP-, Lexology, Association of Corporate Counsel (London) 15 December 2012. Date of Access: 15 January 2013.

<http://www.lexology.com/library/detail.aspx?g=ed31e534-e1de-48e2-ba59-5b1ed430c1de>.

⁴³⁵ ECLAC, Mexico ink sustainable development accord, English News (Mexico City) 10 January 2013. Date of Access: 15 January 2013.

http://news.xinhuanet.com/english/world/2013-01/10/c_132092453.htm.

⁴³⁶ Summary of the Caribbean Forum and the Conference on Sustainable Development in Latin America and the Caribbean: Follow-up to the Development Agenda Beyond 2015 and Rio+20, International Institute for Sustainable Development (New York) 11 March 2013. Date of Access: 18 July 2013.

<http://www.iisd.ca/vol05/enb05306e.html>.

⁴³⁷ Caribbean Forum: Shaping a Sustainable Development Agenda to address the Caribbean Reality in the 21st Century and Conference on Sustainable Development in Latin America and the Caribbean: Follow-up to the development agenda beyond 2015 and Rio+20, International Institute for Sustainable Development (New York) 5 March 2013. Date of Access: 5 July 2013.

<http://www.iisd.ca/csd/eclac/>.

⁴³⁸ Caribbean Forum: Shaping a Sustainable Development Agenda to address the Caribbean Reality in the 21st Century and Conference on Sustainable Development in Latin America and the Caribbean: Follow-up to the development agenda beyond 2015 and Rio+20, International Institute for Sustainable Development (New York) 5 March 2013. Date of Access: 5 July 2013.

On 8-11 June 2013, Mexico participated in the Council Session of the Global Growth Institute and the Global Green Growth Summit in South Korea. The purpose of the Summit was to share experiences and to generate policies in relation to Green Growth.⁴³⁹

Mexico has implemented a set of policy reforms to promote development with a focus of investment environment and green growth. Thus, Mexico is awarded a score of +1.

*Analyst: Katie Clancy
Lead Analyst: Eleni Tsaliki*

Russia: +1

Russia has complied with its commitment on emerging market growth.

Russia has taken measures on conducting a range of reforms to promote development, including improving the investment climate and enhancing infrastructure investment.

On 1 November 2012, the Russian Central Bank Board of Directors approved the Guidelines for the Single State Monetary Policy in 2013 and for 2014 and 2015. According to the Guidelines “the Bank of Russia will continue gradually increasing the exchange rate flexibility in the next three years and intends to abolish operational benchmarks for the level of the exchange rate in its exchange rate policy and to switch to a floating exchange rate by 2015”.⁴⁴⁰

On 4 October 2012, Russian Prime Minister instructed the Ministry of Transport, the Government of the Moscow Region and the Moscow Government to prepare a list of priorities for building motor roads in the Moscow Region. Prime Minister mentioned that there would be an opportunity to provide up to RUB30 billion (about USD1 billion) of additional financing for this project in 2013-2015. Additionally, up to RUB15 billion (USD500 million) will be available for the construction of crossovers in 2012.⁴⁴¹

On 8 November 2012, the Russian Government approved basic parameters of an investment program for the state company Russian Railways for the period of 2013-2015. The three-year budget provides for over RUB1 trillion (approximately USD33 billion) allocations. They will be mainly used to improve the railway transport infrastructure.⁴⁴²

On 7 December 2012, Russian President participated in the ground-breaking ceremony for the South Stream gas pipeline. He noted that the gas pipeline projected capacity is 63 billion cubic

<http://www.iisd.ca/csd/eclac/>.

⁴³⁹ Mexico and South Korea for Green Growth, Presidencia de la Republica (Mexico City) 27 May 2013. Date of Access: 5 July 2013.

<http://en.presidencia.gob.mx/mexico-and-south-korea-for-green-growth/>.

⁴⁴⁰ Guidelines for the Single State Monetary Policy in 2013 and for 2014 and 2015, Bank of Russia 1 November 2012. http://www.cbr.ru/eng/today/publications_reports/on_13-eng.pdf.

⁴⁴¹ List of Prime Minister Dmitry Medvedev’s Instructions following a Working Meeting on Road Infrastructure Development in the Moscow Region on October 4, 2012, Official Website of the Government of the Russian Federation 9 October 2012. Date of Access: 28 January 2013.

<http://government.ru/eng/docs/22358/>

⁴⁴² Government meeting, Official Website of the Government of the Russian Federation 8 November 2012. Date of Access: 28 January 2013. <http://government.ru/eng/docs/21416/>

meters. To ensure it can deliver this amount, Russia will expand its transportation capacity and invest in the construction of 10 new pumping stations.⁴⁴³

On 28 December 2012, the Russian Government endorsed the State Program «Development of the Transport System». The program is designed to «launch over 2,500 kilometers of new rail tracks, build and renovate 14,000 kilometers of federal and regional motorways, increase the capacity of ports by 356 million tones, bring up to code nearly 100 airport runways, and replace a significant portion of the rolling stock» by 2020.⁴⁴⁴ Total program financing will amount to RUB12.5 trillion (USD0.4 trillion), RUB7.3 trillion (about USD0.25 trillion) of which are budget funds.⁴⁴⁵

On 31 January 2013, Russian President issued a list of instructions to the Russian Government and several federal and regional bodies on improving investment climate in the regions of Russia. Russian Government will develop a system of granting for Russian regions, which are successful in attracting investments; draft proposals on reducing redundant powers of federal bodies, affecting business climate; amend the legislation to create a system of state support of industrial parks.⁴⁴⁶

During the monitoring period the Russian Government continued to implement the National Business Initiative, which “is expected to systematically improve the investment climate”. The initiative is implemented according to the roadmaps, “which deal with various spheres of government regulation” and “stipulate concrete results”.⁴⁴⁷ The Government adopted the following roadmaps: improving customs administration,⁴⁴⁸ support to foreign markets access and export support⁴⁴⁹ on 29 June 2012, increasing availability of energy infrastructure⁴⁵⁰ on 30 June 2012 and on improving investment climate in the construction industry on 16 August 2012.⁴⁵¹

Russia has taken measures on conducting a range of reforms to promote development, including improving the investment climate and enhancing infrastructure investment. Thus Russia has been awarded a score of +1.

Analyst: Mark Rakhmangulov

⁴⁴³ South Stream will ensure reliable Russian gas supplies to main consumers in Europe, President of Russia 7 December 2012. Date of Access: 28 January 2013. <http://eng.kremlin.ru/news/4723>

⁴⁴⁴ Government meeting, Official Website of the Government of the Russian Federation 23 November 2012. Date of Access: 28 January 2013. <http://government.ru/eng/docs/21576/>

⁴⁴⁵ State Program of the Russian Federation «Development of the Transport System» is approved by the Russian Government Executive Order No. 2600-r of 28 December 2012, Ministry of Transport of the Russian Federation 11 January 2013. Date of Access: 28 January 2013. http://www.mintrans.ru/documents/detail.php?ELEMENT_ID=19443

⁴⁴⁶ List of Instructions after the State Council Meeting, President of Russia 31 January 2013. <http://kremlin.ru/assignments/17512>.

⁴⁴⁷ Dmitry Medvedev takes part in the round table discussion, National Business Initiative: Initial Results, Next Steps, Russian Government 15 February 2013. <http://www.government.ru/eng/docs/22826/>.

⁴⁴⁸ Roadmap on Improving Customs Administration, Agency for Strategic Initiatives (Moscow) June 2012. Date of Access: 18 April 2013. <http://asi.ru/initiatives/mpi/tamozhnya/>.

⁴⁴⁹ Roadmap on Supporting Access to Foreign Markets, and Export Support, Agency for Strategic Initiatives (Moscow) June 2012. Date of Access: 18 April 2013. <http://asi.ru/initiatives/mpi/export/>.

⁴⁵⁰ Roadmap on Improving Access to Energy Infrastructure, Agency for Strategic Initiatives (Moscow) June 2012. Date of Access: 18 April 2013. <http://asi.ru/initiatives/mpi/energetica/>.

⁴⁵¹ Roadmap on Improving the Business Climate in the Construction Industry, Agency for Strategic Initiatives (Moscow) August 2012. Date of Access: 18 April 2013. <http://asi.ru/initiatives/mpi/stroitelstvo/>.

Saudi Arabia: +1

Saudi Arabia has fully complied with its commitment to promote a range of reforms for the promotion of development. Saudi Arabia has increased its investment in infrastructure as well as allocated funds for development projects.

In August 2012, the government of Saudi Arabia revealed its plans for new public transportation and construction projects. The projects will be spanning over the period of the next five years and are meant to boost growth and address social needs.⁴⁵² The future projects include a USD16.5 billion plan to modernise public transport in Mecca⁴⁵³ as well as a USD9.3 billion project for a metro system in Jeddah.⁴⁵⁴ Hani Mohammed Aburas, the mayor of Jeddah, referred the transport project as “crucial.”⁴⁵⁵ These extensive public infrastructure projects have generated a lot of interest among investors as well as a note of caution from the International Monetary Fund (IMF) warning against excessive spending.⁴⁵⁶

Saudi Arabia’s Minister of Finance Ibrahim Al Assaf responded to the IMF’s warning by ensuring that the funding for the projects will come from secure investments and not be borrowed from the country’s reserves or compromise the economy’s ability to absorb fiscal shocks.⁴⁵⁷ Minister Al Assaf expressed confidence that Saudi Arabia will continue to grow at a sustained pace.

In November 2012, at the 18th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Doha, Saudi Arabia — together with Bahrain, Qatar, and the United Arab Emirates — pledged to bring forward climate-smart economic diversification plans.⁴⁵⁸ Saudi Arabia has projected USD109 billion investments in solar energy for the creation of permanent sources of clean energy.⁴⁵⁹

⁴⁵² Saudi Arabia: Inflation Risk Downplayed, Oxford Business Group (London) 13 November 2012. Date of Access: 31 December 2012.

http://www.oxfordbusinessgroup.com/economic_updates/saudi-arabia-inflation-risk-downplayed.

⁴⁵³ Saudi Arabia: Inflation Risk Downplayed, Oxford Business Group (London) 13 November 2012. Date of Access: 31 December 2012.

http://www.oxfordbusinessgroup.com/economic_updates/saudi-arabia-inflation-risk-downplayed.

⁴⁵⁴ Saudi Arabia: Inflation Risk Downplayed, Oxford Business Group (London) 13 November 2012. Date of Access: 31 December 2012.

http://www.oxfordbusinessgroup.com/economic_updates/saudi-arabia-inflation-risk-downplayed.

⁴⁵⁵ Saudi Arabia: Inflation Risk Downplayed, Oxford Business Group (London) 13 November 2012. Date of Access: 31 December 2012.

http://www.oxfordbusinessgroup.com/economic_updates/saudi-arabia-inflation-risk-downplayed.

⁴⁵⁶ Saudi Arabia: Inflation Risk Downplayed, Oxford Business Group (London) 13 November 2012. Date of Access: 31 December 2012.

http://www.oxfordbusinessgroup.com/economic_updates/saudi-arabia-inflation-risk-downplayed.

⁴⁵⁷ Saudi Arabia: Inflation Risk Downplayed, Oxford Business Group (London) 13 November 2012. Date of Access: 31 December 2012.

http://www.oxfordbusinessgroup.com/economic_updates/saudi-arabia-inflation-risk-downplayed.

⁴⁵⁸ Green energy can lead to stability and development, Gulf News (Jeddah) 26 December 2012. Date of Access: 15 January 2013.

<http://gulfnews.com/business/opinion/green-energy-can-lead-to-stability-and-development-1.1123896>.

⁴⁵⁹ Green energy can lead to stability and development, Gulf News (Jeddah) 26 December 2012. Date of Access: 15 January 2013.

<http://gulfnews.com/business/opinion/green-energy-can-lead-to-stability-and-development-1.1123896>.

On 29 December 2012, Saudi Arabia announced its budget for the year 2013. The country's new budget commits USD500 billion to infrastructure and other development projects aimed at promoting sustained growth and stability.⁴⁶⁰ Saudi Arabia's King Abdullah has pledged USD500 billion for infrastructure, public services, and social projects as a way to tackle unemployment, increase growth, and ensure the inclusiveness of Saudi Arabia's economic development.⁴⁶¹

Additionally, the Ministry of Finance of Saudi Arabia has stated that the budget will focus on investment programs that enhance long-term sustainable growth for all citizens.⁴⁶² Saudi Arabia's budget strives to diversify the economy away from oil by providing new measures for economic stability.⁴⁶³ The commitment to economic growth outlined in the budget has created a favourable outlook among investors. Finally, the budget increases spending on infrastructure by 16 per cent.⁴⁶⁴

On 7 February 2013, Saudi Arabia signed four agreements with Jordan for development projects worth of USD299 million, including infrastructure projects and funding of technical community colleges and university infrastructure funding in different sectors such as health, education, water, and transportation.⁴⁶⁵

On 7 May 2013, Capital Market Authority (CMA) Chairman Mohammed bin Abdulmalik Al-Sheikh, stated Saudi Arabia is finalising a regulatory framework which will attract foreign investors and encourage institutional investment by diversifying investment instruments and funds.⁴⁶⁶

On 28 May 2013, Saudi Finance Minister Ibrahim Al-Assaf praised the many initiatives that the Saudi Arabian government has taken to strengthen small and medium enterprises (SMEs) in the

⁴⁶⁰ Saudi Arabia Boosts Spending Goal by Fifth in Record Budget, Bloomberg (New York) 29 December 2012. Date of Access: 31 December 2012.
<http://www.bloomberg.com/news/2012-12-29/saudi-arabia-boosts-2013-spending-in-record-budget-state-tv.html>.

⁴⁶¹ Saudi Arabia Boosts Spending Goal by Fifth in Record Budget, Bloomberg (New York) 29 December 2012. Date of Access: 31 December 2012.
<http://www.bloomberg.com/news/2012-12-29/saudi-arabia-boosts-2013-spending-in-record-budget-state-tv.html>.

⁴⁶² Saudi Arabia Boosts Spending Goal by Fifth in Record Budget, Bloomberg (New York) 29 December 2012. Date of Access: 31 December 2012.
<http://www.bloomberg.com/news/2012-12-29/saudi-arabia-boosts-2013-spending-in-record-budget-state-tv.html>.

⁴⁶³ Saudi Arabia Boosts Spending Goal by Fifth in Record Budget, Bloomberg (New York) 29 December 2012. Date of Access: 31 December 2012.
<http://www.bloomberg.com/news/2012-12-29/saudi-arabia-boosts-2013-spending-in-record-budget-state-tv.html>.

⁴⁶⁴ Saudi Arabia Boosts Spending Goal by Fifth in Record Budget, Bloomberg (New York) 29 December 2012. Date of Access: 31 December 2012.
<http://www.bloomberg.com/news/2012-12-29/saudi-arabia-boosts-2013-spending-in-record-budget-state-tv.html>.

⁴⁶⁵ Jordan, S. Arabia Sign \$299.4m Deals to Finance Development Projects, The Jordan Times (Amman) 7 February 2013. Date of Access: 13 February 2013.
<http://jordantimes.com/jordan-s-arabia-sign-2994m-deals-to-finance-development-projects>.

⁴⁶⁶ Saudi Arabia finalising regulations for foreign ownership – CMA, Reutes (London) 7 May 2013. Date of Access: 28 June 2013.
<http://www.reuters.com/article/2013/05/07/saudi-stocks-market-idUSL6N0DO1BS20130507>.

country.⁴⁶⁷ Al-Assaf stated that the many initiatives have helped SMEs drive growth in the kingdom, and announced that the Saudi Credit and Savings Bank's capital has been increased to SR36 billion to provide more loans to start-up SMEs.⁴⁶⁸ Further, Al-Assaf reiterated his government's support for SMEs via such initiatives and stated Saudi Arabia's commitment to promote SMEs by increasing government support for these ventures.⁴⁶⁹

Saudi Arabia has been awarded a score of +1 for enacting policies that promote economic development through green growth and improve the investment climate.

Analyst: David Gelles

South Africa: +1

South Africa has fully complied with its commitment to promote a range of reforms that spur development, including improving the investment climate and enhancing infrastructure investment. The government of South Africa has been working to foster trade relations, strengthen regional cooperation, and encourage infrastructure development, thus enhancing the country's business and investment climate.

On 8-10 May 2013, South Africa hosted the 23rd World Economic Forum on Africa. The main theme of the Forum was growth and development, with special attention being paid to creating inclusive and sustainable growth, accelerating infrastructure development, improving competitiveness, and economic diversification.⁴⁷⁰

On 7 May 2013, the Department of Trade and Industry released a statement in which Deputy Minister of Trade and Industry Elizabeth Thabethe declared infrastructure development and skills transfer vital for growth. Deputy Minister Thabethe announced the government's intention to coordinate and carry out business missions across the continent in order to boost inter-African trade and infrastructure development. She stated that the government of South Africa would encourage small and medium enterprises to play a larger role in the mainstream economy.⁴⁷¹

On 24 April 2013, in a statement released by the Ministry of Trade and Industry, Deputy Minister Thabethe reaffirmed the government's commitment to "supporting the development of the small, medium and micro enterprises (SMMEs) because of the critical role that they play in the country's economy."⁴⁷² According to Deputy Minister Thabethe, the government will focus not

⁴⁶⁷ Al-Assaf: SMEs enjoying many benefits, Zawya (Dubai) 29 May 2013. Date of Access: 25 June 2013. http://www.zawya.com/story/AlAssaf_SMEs_enjoying_many_benefits-ZAWYA20130529031256/.

⁴⁶⁸ Al-Assaf: SMEs enjoying many benefits, Zawya (Dubai) 29 May 2013. Date of Access: 25 June 2013. http://www.zawya.com/story/AlAssaf_SMEs_enjoying_many_benefits-ZAWYA20130529031256/.

⁴⁶⁹ Al-Assaf: SMEs enjoying many benefits, Zawya (Dubai) 29 May 2013. Date of Access: 25 June 2013. http://www.zawya.com/story/AlAssaf_SMEs_enjoying_many_benefits-ZAWYA20130529031256/.

⁴⁷⁰ South Africa to host the 2013 World Economic Forum on Africa, South African Government Information (Pretoria) 11 April 2013. Date of Access: 7 June 2012. <http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=35676&tid=104329>.

⁴⁷¹ Infrastructure development is vital for Africa's growth – Deputy Minister Thabethe, South African Government Information (Pretoria) 7 May 2013. Date of Access: 7 June 2013. <http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=36256&tid=106252>.

⁴⁷² SA Government is committed to supporting SMME development – Deputy Minister Thabethe, South African Government Information (Pretoria) 24 April 2013. Date of Access: 7 June 2013. <http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=36015&tid=105434>.

only on supporting the growth of existing SMMEs, but on increasing the number of new SMMEs in the country.⁴⁷³

On 27 March 2013, the government of South Africa, in conjunction with its BRICS partners, announced an initiative to establish a new BRICS-led Development Bank. The inspiration for this initiative was the obstacles faced by developing countries when trying to address deficient infrastructure, such as insufficient financing and foreign direct investment.⁴⁷⁴ The New Development Bank will serve as a means to assemble funds for infrastructure and sustainable development projects in developing countries and emerging economies.⁴⁷⁵ Furthermore, the Industrial Development Corporation (IDC) signed three Memoranda of Understanding (MoUs) with its Chinese, Russian, and Brazilian counterparts in order to improve economic growth and job creation through mutual cooperation.⁴⁷⁶ Economic Development Minister Ebrahim Patel said that “South Africa is ready to partner with investors from other BRICS countries to expand [the country’s] manufacturing base and support the development of small businesses.”⁴⁷⁷

On 6 March 2013, the South African government, in conjunction with its BRICS partners, announced that the BRICS member states would launch a BRICS Business Council with the goal of strengthening trade, investment, and economic ties between the member countries. According to the Minister of Trade and Industry, Dr. Rob Davies, the Council will promote “...trade and industry and business cooperation, technology transfer and development, tapping business opportunities in third countries and multilateral business, advisory role, cooperation in the fields of manufacturing, infrastructure, banking and financial services, green economy, skills development, and training and small and medium enterprises.”⁴⁷⁸

South Africa has formulated a new National Development Plan (2030) entitled “Our future — make it work.”⁴⁷⁹ On 15 August 2012, a final draft of the plan was handed over to President Jacob Zuma⁴⁸⁰; and in September 2012, the Cabinet endorsed the plan’s objectives and key targets.⁴⁸¹

⁴⁷³ SA Government is committed to supporting SMME development – Deputy Minister Thabethe, South African Government Information (Pretoria) 24 April 2013. Date of Access: 7 June 2013.

<http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=36015&tid=105434>.

⁴⁷⁴ BRICS and Africa: Partnership for Development, Integration and Industrialisation – eThekwin Declaration, Fifth BRICS Summit (Durban) 27 March 2013. Date of Access: 24 June 2013.

<http://www.brics5.co.za/about-brics/summit-declaration/fifth-summit/>.

⁴⁷⁵ Statement by BRICS Leaders on the establishment of the BRICS-LED Development Bank, Fifth BRICS Summit, South African Government Information (Pretoria) 27 March 2013. Date of Access: 7 June 2013.

<http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=35343&tid=103048>.

⁴⁷⁶ IDC signs MoUs with Brics counterparts, Engineering News (Johannesburg) 27 March 2013. Date of Access: 7 July 2013.

<http://www.engineeringnews.co.za/article/idc-signs-mous-with-brics-counterparts-2013-03-27>.

⁴⁷⁷ IDC signs MoUs with Brics counterparts, Engineering News (Johannesburg) 27 March 2013. Date of Access: 7 July 2013.

<http://www.engineeringnews.co.za/article/idc-signs-mous-with-brics-counterparts-2013-03-27>.

⁴⁷⁸ BRICS Business Council statement, South African Government Information (Pretoria) 6 March 2013. Date of Access: 7 June 2013.

<http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=34749&tid=100667>.

⁴⁷⁹ National Development Plan 2030, South African Government Information (Pretoria) 15 August 2012. Date of Access: 3 January 2013.

<http://www.info.gov.za/issues/national-development-plan/index.html>.

⁴⁸⁰ President Zuma receives plan for better future, South African Government News Agency (Cape Town) 15 August 2012. Date of Access: 3 January 2013.

<http://www.sanews.gov.za/news/12/12081514351002>.

One of the six pillars of the plan is “bringing about faster economic growth, higher investment and greater labour absorption.”⁴⁸² According to the Plan, South Africa must establish a solid base of business and social infrastructure, grow an inclusive economy, professionalize the public service, boost private investment, and ensure environmental sustainability.⁴⁸³

In February 2012, South Africa introduced a National Infrastructure Plan comprised of 18 Strategic Integrated Projects (SIPs) that cover social and economic infrastructure across all nine provinces of the country.⁴⁸⁴ On 19 October 2012, ministers and potential investors met to sign a Memorandum of Understanding (MOU) to move the infrastructure rollout plan forward.⁴⁸⁵ At the meeting, President Zuma acknowledged infrastructure development to be “a catalyst to sustainable economic development.”⁴⁸⁶ In this light, the government announced that it would contribute ZAR844 billion for the infrastructure projects over the next three years.⁴⁸⁷ According to Minister of Economic Development Ebrahim Patel, the government is committed to being the driving force behind the programme but the private sector will also have to play its role.⁴⁸⁸

On 6 December 2012, the Cabinet announced a new Infrastructure Development Bill.⁴⁸⁹ The Bill assists to coordinate and fast-track South Africa Strategic Infrastructure Projects and guarantees the future of the Presidential Infrastructure Coordinating Commission (PICC).⁴⁹⁰ The PICC is

⁴⁸¹ National Development Plan endorsed by Cabinet, South African Government News Agency (Pretoria) 7 September 2012. Date of Access: 3 January 2013.

<http://www.sanews.gov.za/news/12/12090711551001>.

⁴⁸² National Development Plan endorsed by Cabinet, South African Government News Agency (Pretoria) 7 September 2012. Date of Access: 3 January 2013.

<http://www.sanews.gov.za/news/12/12090711551001>.

⁴⁸³ National Development Plan 2030: Our future – make it work, South African Government Information (Pretoria) 15 August 2012. Date of Access: 3 January 2013.

<http://www.info.gov.za/view/DynamicAction?pageid=623&myID=348761>.

⁴⁸⁴ National Infrastructure Plan, South African Government Information (Pretoria) 13 December 2012. Date of Access: 3 January 2013.

<http://www.info.gov.za/issues/national-infrastructure-plan/index.html>.

⁴⁸⁵ Investors, govt meet to discuss infrastructure, South African Government News Agency (Johannesburg) 19 October 2012. Date of Access: 3 January 2013.

<http://www.sanews.gov.za/news/12/12101912251002>.

⁴⁸⁶ Investors, govt meet to discuss infrastructure, South African Government News Agency (Johannesburg) 19 October 2012. Date of Access: 3 January 2013.

<http://www.sanews.gov.za/news/12/12101912251002>.

⁴⁸⁷ Govt to be main driver in build programme, South African Government News Agency (Pretoria) 19 October 2012. Date of Access: 4 January 2013.

<http://www.sanews.gov.za/news/12/12102209251001>.

⁴⁸⁸ Govt to be main driver in build programme, South African Government News Agency (Pretoria) 19 October 2012. Date of Access: 4 January 2013.

<http://www.sanews.gov.za/news/12/12102209251001>.

⁴⁸⁹ Cabinet approves Infrastructure Development Bill, Engineering News Online (Johannesburg) 6 December 2012. Date of Access: 4 January 2013.

<http://www.engineeringnews.co.za/article/cabinet-approves-infrastructure-development-bill-2012-12-06>.

⁴⁹⁰ Cabinet approves Infrastructure Development Bill, Engineering News Online (Johannesburg) 6 December 2012. Date of Access: 4 January 2013.

<http://www.engineeringnews.co.za/article/cabinet-approves-infrastructure-development-bill-2012-12-06>.

responsible for “supporting, integrating, and coordinating South Africa’s long-term infrastructure build.”⁴⁹¹

In December 2012, the African National Congress (ANC) at its 53rd National Conference elaborated on its commitments, progress and challenges regarding issues of development. Resolutions were made in relation to, among other issues, infrastructure, industrial policies, small and medium enterprises (SMEs) and cooperatives, the developmental state, macroeconomic policies, land reform and rural development, institutional development, and state capacity.⁴⁹²

On 15 September 2012, Minister of Trade and Industry Rob Davies announced the Incubation Support Programme (ISP).⁴⁹³ Through the Programme, public-private partnerships (PPPs) are encouraged to form a support system for incubators that help to develop small, medium, and micro enterprises (SMMEs) into sustainable businesses and thus contribute to economic development. According to Minister Davies, this program promotes a more inclusive economic participation across the country as well as provides the necessary infrastructure and business development services required by new businesses.⁴⁹⁴

On 30 August 2012, Deputy Minister of Trade and Industry Elizabeth Thabethe concluded a technical mission to India where Deputy Minister Thabethe learned about the government of India’s progress on the development of the country’s SMMEs. During the visit, Indian institutions presented solutions tailored for South African SMMEs regarding key challenges such as technology, market development, and access to finance.⁴⁹⁵

In August 2012, the Industrial Development Corporation (IDC) of South Africa and the Export-Import Bank of the United States signed a USD2 billion Declaration of Intent to advance South Africa’s green energy initiatives, specifically the Integrated Resource Plan and the South African Renewable Initiative.⁴⁹⁶ The IDC is a national development finance institution established to support industrial development and economic growth.⁴⁹⁷

⁴⁹¹ Cabinet approves Infrastructure Development Bill, Engineering News Online (Johannesburg) 6 December 2012. Date of Access: 4 January 2013.

<http://www.engineeringnews.co.za/article/cabinet-approves-infrastructure-development-bill-2012-12-06>.

⁴⁹² ANC Conference Resolution: On Economic Transformation, PoliticsWeb (Pretoria) 4 February 2013. Date of Access: 12 February 2013.

<http://www.politicsweb.co.za/politicsweb/view/politicsweb/en/page71654?oid=355019&sn=Detail&pid=71654>.

⁴⁹³ Davies to launch programme to develop small business, South African Government News Agency (Pretoria) 14 September 2012. Date of Access: 28 December 2012.

<http://www.sanews.gov.za/news/12/12091409351001>.

⁴⁹⁴ Davies to launch programme to develop small business, South African Government News Agency (Pretoria) 14 September 2012. Date of Access: 28 December 2012.

<http://www.sanews.gov.za/news/12/12091409351001>.

⁴⁹⁵ Technical mission to India to help SMMEs, South African Government News Agency (Pretoria) 20 August 2012. Date of Access: 29 December 2012.

<http://www.sanews.gov.za/news/12/12082010151002>.

⁴⁹⁶ SA, US sign energy deal, South African Government News Agency (Pretoria) 8 August 2012. Date of Access: 28 December 2012.

<http://www.sanews.gov.za/news/12/12080809551002>.

⁴⁹⁷ SA, US sign energy deal, South African Government News Agency (Pretoria) 8 August 2012. Date of Access: 28 December 2012.

<http://www.sanews.gov.za/news/12/12080809551002>.

South Africa has taken over as co-chair of the Forum on China-Africa Cooperation (FOCAC) for the next six years. At the Fifth Ministerial Conference of FOCAC in July 2012, the Beijing Action Plan (2013-2015) was released and all participating countries, including South Africa, pledged to fully implement the initiatives outlined in the plan.⁴⁹⁸ The Action Plan prioritizes infrastructure development, encourages and supports mutual investment. It also encourages the signees to explore new ways to expand investment cooperation, and make progress on bilateral agreements that promote and protect investment and foster an enabling investment environment.⁴⁹⁹

South Africa has taken a series of actions to promote development reforms, including those directed at improving the investment climate and enhancing infrastructure investment. Thus, South Africa is awarded a score of +1.

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Lead Analyst: Eleni Tsaliki*

Turkey: 0

Turkey has partially complied with its commitment to promote a range of reforms that spur development. The government of Turkey has taken steps to improve investment climate through a series of international agreements.

On 19 June 2012, the Cabinet approved a new incentive package aimed at increasing domestic production of import-dependent products and incentivizing investors to increase high-value-added investments.⁵⁰⁰

On 1 July 2012, the new Turkish Commercial Code (TCC) and the Turkish Code of Obligations (TCO) took effect.⁵⁰¹ These two regulations are part of an ambitious infrastructure and energy strategy, the Turkish government initiated a few years ago with the purpose of creating a more investor-friendly environment.⁵⁰² The major changes that come along with the new Codes, are among others; (1) acquisition of treasury stock of up to ten percent of a company's share capital; (2) conditional capital increase of third parties; (3) lifting the prohibition on transfer of "capital in

⁴⁹⁸ China, Africa pledge to implement Beijing Action Plan, South African Government News Agency (Pretoria) 22 July 2012. Date of Access: 29 December 2012.

<http://www.sanews.gov.za/news/12/12072210351001>.

⁴⁹⁹ China, Africa pledge to implement Beijing Action Plan, South African Government News Agency (Pretoria) 22 July 2012. Date of Access: 29 December 2012.

<http://www.sanews.gov.za/news/12/12072210351001>.

⁵⁰⁰ The Legislation on New Investment Incentives Program Has Been Published, Ministry of Economy (Ankara) 20 June 2012. Date of Access: 30 January 2013.

<http://www.economy.gov.tr/index.cfm?sayfa=gundem&kat=CF702B04-D8D3-8566-45209E35C619A72C&icerik=8AFE23DF-9D97-F5AA-11B77B3520696F17>.

⁵⁰¹ Development and opportunities in the Turkish market, Lexology (London) 7 December 2012. Date of Access: 5 January 2012.

<http://www.lexology.com/library/detail.aspx?g=15e7ccb0-e2bf-404d-90e2-9349aa24a43f>.

⁵⁰² Development and opportunities in the Turkish market, Lexology (London) 7 December 2012. Date of Access: 5 January 2012.

<http://www.lexology.com/library/detail.aspx?g=15e7ccb0-e2bf-404d-90e2-9349aa24a43f>.

kind shares”; (4) simplification of the merger and demerger procedures; and (5) increased shareholders’ minority rights.⁵⁰³

In December 2012, the Secretariat of the Coordination Council for the Improvement of Investment Environment in Turkey (YOIKK) provided training to 26 experts from 19 countries, members of the Islamic Development Bank (IsDB), on its reforms to boost the investment climate and economic development.⁵⁰⁴ According to Turkey’s Ministry of Economy, this training “would contribute to the development of investment climate in the 19 countries.”⁵⁰⁵

On 4 February 2013, Turkey’s Prime Minister Recep Tayyip Erdogan spoke of the possibility of cancelation of the country’s second largest privatisation for a series of roads and bridges over the Bosphorus, citing dissatisfaction with the size of the winning bid.⁵⁰⁶ Earlier in the year, on 12 January 2013, Prime Minister Erdogan also confirmed Turkey’s intent to proceed with the previously formulated plan of a canal around the city of Ankara.⁵⁰⁷

In March 2013, Turkey signed twenty-five cooperation deals with Greece to boost trade and investment.⁵⁰⁸ On 5 March 2013, in regards to improving the investment climate, Deputy Prime Minister Ali Babacan emphasized the need for more reforms in the judicial system in order to foster conducive investment climate. Mr. Ali Babacan said: “We [Turkey] are not at an ideal point regarding fundamental rights and freedoms. We need more judicial reforms [...] without political reforms, economic success cannot be maintained.”⁵⁰⁹

On 2-3 May 2013, the Investment Support and Promotion Agency of Turkey (ISPAT), in cooperation with the World Bank Group’s Investment Climate Department, hosted a forum on investment facilitation and promotion.⁵¹⁰

⁵⁰³ Development and opportunities in the Turkish market, Lexology (London) 7 December 2012. Date of Access: 5 January 2012.

<http://www.lexology.com/library/detail.aspx?g=15e7ccb0-e2bf-404d-90e2-9349aa24a43f>.

⁵⁰⁴ Islamic Countries Follow Turkey for Investments, The Journal of Turkish Weekly (Ankara) 25 December 2012. Date of Access: 30 January 2013.

<http://www.turkishweekly.net/news/146008/islamic-countries-follow-turkey-for-investments.html>.

⁵⁰⁵ Islamic Countries Follow Turkey for Investments, The Journal of Turkish Weekly (Ankara) 25 December 2012. Date of Access: 30 January 2013.

<http://www.turkishweekly.net/news/146008/islamic-countries-follow-turkey-for-investments.html>.

⁵⁰⁶ Turkish PM casts doubt on roads deal, Financial Times (Istanbul) 4 February 2013. Date of Access: 14 February 2013.

<http://www.ft.com/cms/s/0/3295c34e-6ee2-11e2-8189-00144feab49a.html#axzz2Kshh2ckM>.

⁵⁰⁷ Government Clears Deck for ‘Crazy’ Road Project, Hurriyet Daily News (Istanbul) 14 January 2013. Date of Access: 12 February 2013.

<http://www.reuters.com/article/2013/02/22/turkey-healthcare-idUSL6N0BM1WR20130222>.

⁵⁰⁸ Turkey and Greece set to boost trade, investments, The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (Ankara) 5 March 2013. Date of Access: 9 June 2013.

<http://www.invest.gov.tr/en-US/infocenter/news/Pages/050313-turkey-greece-boosting-trade-investments.aspx>.

⁵⁰⁹ Judicial reform vital for economic success: Turkish Government, Hurriyet Daily News (Istanbul) 5 March 2013. Date of Access: 29 June 2013.

<http://www.hurriyetdailynews.com/judicial-reform-vital-for-economic-success-turkish-government.aspx?pageID=238&nid=42339>.

⁵¹⁰ ISPAT holds investment conference in cooperation with World Bank, The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (Ankara) 3 May 2013. Date of Access: 9 June 2013. <http://www.invest.gov.tr/en-US/infocenter/news/Pages/030513-ispat-world-bank-group-conference.aspx>.

In June 2013, ISPAT signed two Memorandums of Understanding (MOU); one with the South Korean Ministry of Trade, and one with the Korean Construction Equipment Manufacturers Association (KOCEMA). The MOUs are meant to enhance trade, build strong business relations, and tighten investment cooperation between the signing countries.⁵¹¹

Turkey has taken steps to encourage development through cultivating a more conducive climate for international investment. Hence, Turkey is awarded a score of 0.

Analyst: Jennifer Prenger

⁵¹¹ ISPAT signs memorandums with South Korean trade ministry, business association, The Republic of Turkey Prime Ministry Investment Support and Promotion Agency (Ankara) 7 June 2013. Date of Access: 9 June 2013. <http://www.invest.gov.tr/en-US/infocenter/news/Pages/070613-ispat-motie-kocema-mou-signed.aspx>.