



08 July 2017

G20 Hamburg Action Plan

1. Overview and Economic Context

The Hamburg Action Plan sets out the G20's strategy for achieving strong, sustainable, balanced and inclusive growth. We believe that closer partnership and action by G20 members will boost confidence and contribute to shared prosperity. Our actions laid out here aim to contribute to meeting the aspirations of our citizens for a better quality of life for their families, communities and future generations.

We have developed this Action Plan against a backdrop of improving growth and job prospects. The global economic recovery is progressing and gaining momentum. Investment has picked up, and trade and manufacturing are showing signs of recovery. However, the pace of this growth is still weaker than desirable, and downside risks remain. Weak productivity growth, income inequality and ageing populations represent challenges to growth in the longer term.

We remain strongly committed to full implementation of our policy actions. At the same time, evolving global economic and policy conditions warrant new responses. Building on our past initiatives in our growth strategies, the Hamburg Action Plan includes new policy actions to tackle challenges in our economies, focusing on initiatives that foster inclusive growth, enhance resilience and further our efforts to implement structural reforms (see section 2.B)b) below).

In addition to the specific national measures outlined below, we reiterate that we will continue to use all policy tools – monetary, fiscal and structural – individually and collectively to achieve our goal of strong, sustainable, balanced and inclusive growth, while enhancing economic and financial resilience. Monetary policy will continue to support economic activity and ensure price stability, consistent with central banks' mandates. But monetary policy alone cannot lead to balanced growth. Fiscal policy will be used flexibly and be growth-friendly, prioritise high-quality investment, and support reforms that would provide opportunities and promote inclusiveness, while ensuring debt as a share of GDP is on a sustainable path. We reinforce our commitment to structural reform. We emphasise that our structural reform and fiscal strategies are mutually reinforcing to support our common growth objectives and will continue to explore policy options tailored to country circumstances in line with the Enhanced Structural Reform Agenda.

We reiterate that excess volatility and disorderly movements in exchange rates can have adverse implications for economic and financial stability. We will consult closely on exchange markets. We reaffirm our previous exchange rate commitments, including that we will refrain from competitive devaluations and we will not target our exchange rates for competitive purposes. We will carefully calibrate and clearly communicate our macroeconomic policy actions and structural reforms to reduce policy uncertainty, minimise negative spillovers and promote transparency. We will strive to reduce excessive global imbalances in a way that supports global growth. We will promote greater inclusiveness, fairness and equality in our pursuit of economic growth and job creation.

The Hamburg Action Plan also includes new measures we are taking to strengthen the international financial architecture, improve financial sector regulation and development, and promote collaboration on international taxation issues (see sections 3, 4 and 5 below). It also outlines our new actions to tackle the issues of beneficial ownership, correspondent banking and remittances, anti-money laundering and combatting the financing of terrorism, fossil fuel subsidies and data gaps (see section 6 below). Each of these measures, whether made separately or jointly, contributes to our shared goal of strong, sustainable, balanced and inclusive growth.

2. Framework for Strong, Sustainable, Balanced and Inclusive Growth

A) Implementation of Past Growth Strategy Commitments

Our growth strategies are the instruments for facilitating an integrated approach that makes use of all policy tools – monetary, fiscal and structural – individually and collectively to boost global growth. In 2014, Leaders put forward significant actions which, if implemented in a full and timely fashion, would increase G20 collective GDP by an additional 2 per cent by 2018 (collective growth ambition). These growth strategies were enhanced in 2015 and 2016 with new policy initiatives aimed at raising the effectiveness of our original actions and further boosting growth. We will increase our efforts and use the window of opportunity provided by the strengthening recovery to implement the policy actions we have put forward in our growth strategies.

We have in place a comprehensive framework for monitoring implementation, which includes a member-led member-owned peer review mechanism supported by the use of indicators developed under the Enhanced Structural Reform Agenda, an assessment by the International Monetary Fund (IMF), the OECD and the World Bank Group (WBG). We note that G20 members have continued to make progress on the implementation of their Brisbane, Antalya and Hangzhou commitments. These efforts have so far led us to achieve more than half of our collective growth ambition. Slower-than-expected implementation means it is likely that our collective growth ambition will be achieved later than originally anticipated. Importantly, however, the longer-term impact on G20 collective GDP of measures members will have implemented as part of the growth strategy exercise will exceed 2 per cent. The 2017 Accountability Assessment provides further details on our progress with implementation of past growth strategy commitments.

B) New Growth Strategy Policy Actions

a) Supporting the Global Economy in the Short Term

Demand-side measures are important for supporting confidence and strengthening growth over the short term, and can complement structural reforms designed to yield results in the longer term. Improving the efficiency of fiscal policy such as by prioritising growth- and equity-friendly expenditure is also important in the short- and long-term. In this context, we are implementing a number of monetary and fiscal policy measures to further foster confidence and boost growth and stability.

- Monetary Policy:
 - The policy stance continues to remain accommodative in Australia, Canada, the euro area, Saudi Arabia, South Africa, the United Kingdom and the United States
 - The Bank of Japan introduced Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control as a means of strengthening the previous frameworks for monetary easing, with a view to achieving the price stability target of 2% at the earliest possible time
 - Brazil's monetary policy stance has become less restrictive, the policy interest rate having fallen 400 basis points since the start of the monetary easing cycle in August 2016
- Fiscal Policy:
 - China will further ease the tax burden on businesses by around 380 billion yuan and cut business related fees by around 720 billion yuan
 - Turkey is extending its minimum wage subsidy and waiving personal income tax and stamp duty liabilities for every worker participating in the labour force till the end of 2017, and cutting indirect taxes on consumer durables and housing

b) Supporting the Global Economy in the Medium and Long Term

i. Enhancing Resilience

Economic crises can have severe and long-lasting consequences. The lingering impact of the global financial crisis is a case in point and underscores the need to enhance resilience of our economies. In March 2017 our Finance Ministers and Central Bank Governors agreed a "Note on Resilience Principles in G20 Economies". These Principles may be used as an indicative guide by G20 members to highlight policy actions they are undertaking which can contribute to enhancing the resilience of their economies.

Our actions to build resilience will help strengthen the durability of economic growth, reduce the negative impact of shocks, and set off a virtuous cycle of high resilience and strong economic growth. Increased economic resilience will make for more robust growth, which can, in turn, further contribute to our resilience. In this context, we are putting forward a number of measures that will build our respective capacities to: (1) achieve sustainable growth in the face of risks and pressures related to structural challenges; (2) avoid excessive build-up of risks, imbalances and vulnerabilities in the face of shocks; and (3) absorb and overcome severe shocks and return quickly to a sustainable economic growth path. This year, G20 members are putting forward the following actions to enhance the resilience of their economies:

- Argentina, Brazil and Mexico are implementing multi-year fiscal consolidation plans to secure fiscal sustainability and preserve macroeconomic stability and Germany envisages that the general government debt-to-GDP ratio will fall below 60 % in 2020
- Australia will provide AUD 1.5 billion over four years from financial year 2017-18 to establish a permanent Skilling Australians Fund to support the skilling of Australian workers
- Canada is making a broad range of infrastructure investments to build modern, resilient neighbourhoods and communities
- China is improving its business environment and utilising foreign investment actively
- The European Union is fostering investment with a proposal to extend the European Investment Plan and increasing the overall flexibility of the EU budget to support job creation, investment and economic growth
- France has enhanced its already effective anti-corruption framework to align it with the best international standards and taken steps to increase transparency and modernise the economy, which should support productivity and attractiveness

- In the financial sector India is popularising a number of derivatives instruments in exchanges or electronic trading platforms. Turkey is introducing capital market reforms and policies for a sustainable investment ecosystem
- Indonesia is enhancing transparency and efficiency in tax administration by providing automatic access of financial data to tax authority in order to boost tax collection (tax to GDP ratio).
- Italy is strengthening its fight against tax evasion to ensure a level playing field for all firms and citizens and a fairer and growth-friendly tax system
- Japan continues to promote competition in energy, healthcare and agriculture sectors (e.g. full liberalisation of entry into gas retail business)
- Korea is developing the roadmap to add more jobs in the public sector, particularly in essential public services aimed at enhancing economic resilience
- Russia is taking measures to discourage malpractice in financial markets (including by enhancing regulation of usage of insider information) and is continuing to develop its bonds market (e.g. through simplification of issuance); and South Africa is finalising a public procurement bill as part of the government's continuing attempts to modernise government procurement and improve government expenditure efficiency
- Saudi Arabia is establishing a fund that provides attractive investment capital to support the private sector by raising its efficiency and competitiveness
- Spain is making progress towards more sustainable growth through the reinforcement of the Research, Development and Innovation framework, internal reforms to comply with its international commitments on climate, and new measures to foster energy efficiency
- The United Kingdom is providing GBP 4.7 billion by 2020-21 in research and development funding to enhance its position as a world leader in science and innovation

ii. Promoting Inclusive Growth

Over the past several decades, G20 economies have become increasingly integrated as they have opened up to trade and foreign investment as a result of a broader trend of globalisation and in the search for stronger economic growth and prosperity. Increased integration has coincided with substantial technological progress. These developments have produced large economic benefits, including by helping to lift millions of people around the world out of extreme poverty and thereby decreasing inequality between countries.

At the same time, inequality within many countries had increased until the mid-2000s, with a less clear trend afterwards. Too many people still live in extreme poverty. It is critical that the G20 continue to take actions to ensure that the benefits of this growth and prosperity are shared broadly and reach the poor and more vulnerable segments of society. Against this backdrop we are introducing further measures this year to promote inclusive growth and raise the living standards of all our citizens. In this context, the work of the IMF as well as the OECD/WBG's "Framework to Help Guide the G20 in its Development of Policy Options to Foster More Inclusive Growth" inform our policy choices.

- Argentina is introducing a national program for historical reparation to retirees and pensioners in order to adjust pension benefits and cancel debts due to back payments
- Australia is implementing a new needs-based funding model for primary and secondary education throughout the country
- Brazil is updating its labour legislation, making it more flexible and predictable
- Canada is introducing a number of labour market reforms, including expanding employment insurance, skills training and employment support, and providing more child care spaces to help grow its middle class
- The European Union is promoting a European pillar of social rights, which sets out 20 key principles to support fair and well-functioning labour markets and welfare systems and is also

investing in Europe's youth by helping young people to seize opportunities, integrate well into society, become active citizens and pursue successful professional careers

- China is waiving tuition and miscellaneous fees at public senior high schools and providing subsidies at private senior high schools for students from registered poor families
- France is easing the tax burden for low-income households in order to increase their purchasing power and the incentive to take up jobs
- On access to the labour market, Germany is promoting the integration of refugees whilst India is introducing labour market reforms to provide security to workers, increase female participation in the workforce and make doing business easier.
- Indonesia is promoting Ultra Micro Credit Program to increase access of financing for marginal society, especially for Small and Medium-sized Enterprises (SMEs) that are 'non bankable but feasible' by enabling non-bank financial institutions to involve in the program
- Italy is adopting a comprehensive strategy to spur inclusive growth, especially among the most vulnerable groups including women and youth and notably through the introduction of the minimum income scheme and the monitoring of sustainable well-being (BES) indicators in the planning documents, and South Africa is introducing a national minimum wage in 2018 to protect workers and increase the living wage of the poorest working citizens
- Japan is promoting "work-style reform," including through realising equal pay for equal work, and correcting long working hours
- Korea is building a fair economic ecosystem by means of supporting micro-, small-, and medium-sized enterprises, ventures and start-ups, improving the quality of jobs and establishing a fair order in the market economy
- Mexico is creating special economic zones to increase productivity, boost employment and create wealth in less developed regions
- Russia is improving financial inclusion for households and SMEs by developing remote identification of individuals (including remote opening of bank accounts) and supporting individual entrepreneurship (through promoting credit to entrepreneurs and its securitisation; expanding guarantees; elaborating the "single window" mechanism for state support programs)
- Saudi Arabia is developing a national household allowance to provide social safety net protection to low-income groups
- Spain is undertaking reforms that promote access of citizens to the labour market, with particular emphasis on active employment policies and adequacy of human capital
- South Africa is introducing programs such as youth employment schemes to provide opportunities for young people to gain work experience
- Turkey is increasing employment of groups requiring special policies through a number of entrepreneurship programs and on the job training programs in order to encourage labour force participation among the most vulnerable groups
- The United Kingdom is providing funding to increase the supply of new homes, including the construction of additional affordable housing

iii. Maintaining the Momentum on Structural Reform and Sustainable Growth

Structural reform is an important driver of growth over the long term, and can support confidence, demand and growth in the short term especially when used in conjunction with appropriate macroeconomic policies. In 2016, we developed our Enhanced Structural Reform Agenda to strengthen our structural reform efforts and ensure that these efforts are ambitious, relevant, focused and effective. Consistent with this agenda, we are undertaking additional structural reform this year to complement our existing efforts in boosting potential growth.

Our policy package also includes the following initiatives to lift medium term growth:

- Argentina is planning USD 33 billion of investment in maritime, aero and rail infrastructure
- Australia is committing over AUD 70 billion from 2013-14 to 2020-21 for transport infrastructure across Australia including a national Rail Program for urban and regional rail investment and a second airport in Sydney, along with AUD 770 million over 4 years from 2017-18 for regional infrastructure projects
- For new businesses, Brazil is designing and implementing an adequate, simplified and specific regulatory framework for microentrepreneurships and individual microentrepreneurs. Germany is supporting the provision of acquisition grants to private investors investing in young, innovative companies, whilst India is facilitating external commercial borrowing by start-ups in order to encourage innovation and promote the ease of doing business. Turkey is increasing the efficiency of its publicly supported credit guarantee system.
- Canada is introducing an Innovation and Skills Plan to make Canada a world-leading centre for innovation and help create jobs and grow its middle class
- China is simplifying the structure of VAT rates and further reduces tax burden for small business
- The EU is determined to deepen its Single Market by inclusion of new priority initiatives, which aim to further strengthen the Capital Markets Union strategy and completing the digital single market
- France will go further with the flexibilisation of the labour market by, among others, further rationalising its Labour Code and investing more in the training of unemployed and low-qualified workers
- Indonesia is developing a national logistics system to ensure effective and efficient flow of goods as well as to improve competitiveness
- Italy is implementing the Industry 4.0 Plan, which aims at boosting the productivity and competitiveness of Italian firms, by promoting innovative investment and skills
- Japan is implementing the Growth Strategies 2017, which accelerates realisation of “Society 5.0”, including through greater use of AI (Artificial Intelligence), IoT (Internet of Things), robotics, and FinTech
- Korea is devising a comprehensive plan for creating an ecosystem for innovative start-ups and carrying out diverse policies to strengthen innovation
- Mexico strengthened its legal framework through the creation of the National Anti-Corruption System to improve the rule of law and lift potential growth
- Russia is increasing the capital of the Industry Development Fund to expand its loan support for newly created industrial enterprises
- Spain is fostering entrepreneurship and business investment by enhancing its public administration’s efficiency through better procurement procedures and state regulations
- The United Kingdom is creating ‘T-Levels’, introducing a new framework of fifteen routes to skilled employment, with a high quality industry work placement during the programme
- The United States plans as part of its stimulus plan to implement a major reform of its tax system to encourage investment and growth
- The United States also intends to reform regulations across broad sectors of its economy to reduce regulatory overlap and unnecessary compliance costs

3. International Financial Architecture

Improving the Global Financial Architecture

We remain committed to further strengthening the international financial architecture and the global financial safety net with a strong, quota-based and adequately resourced IMF at its centre. We support

the efforts by the IMF to further enhance the effectiveness of its lending toolkit in line with its mandate, including considerations on a new short-term liquidity instrument and a new non-financial policy cooperation instrument. We look forward to the completion of the 15th General Review of Quotas, including a new quota formula as a basis for a realignment of quota shares to result in increased shares for dynamic economies in line with their relative positions in the world economy, and hence likely in the share of emerging market and developing countries as a whole, while protecting the voice and representation of the poorest members, by the Spring Meetings 2019 and no later than the Annual Meetings 2019.

We continue with our efforts to achieve a more effective cooperation between the IMF and Regional Financing Arrangements, respecting their mandates, including holding a regular high-level dialogue to share information and experience, and welcome the Chiang Mai Initiative Multilateralization/IMF joint test run. To contain the build-up of sovereign debt in low-income countries while allowing adequate access to foreign financing, we emphasise the need to promote sound and sustainable financing practices. With a view to ensuring debt sustainability, we welcome the Operational Guidelines for Sustainable Financing reflecting responsibilities of borrowers and lenders and look forward to regular updates. We also support the completion of the review of the joint IMF-WBG Debt Sustainability Framework for Low-Income Countries and encourage the IMF and WBG to provide further technical assistance to support implementation. We welcome the IMF work on Financing for Development to enhance the safety net for developing countries.

The Compass for GDP-linked Bonds provides an overview of important aspects of this instrument and serves as a good starting point for further work on state-contingent debt instruments by interested sovereigns. We will continue to promote the incorporation of enhanced collective action and *pari passu* clauses in new issuances of sovereign bonds and explore options for incorporation into existing stock where feasible.

We are committed to increasing the development impact of Multilateral Development Banks (MDBs). Given scarce public resources and the key role of the private sector in sustainable economic development, we welcome the work by MDBs on mobilising and catalysing private capital, optimising balance sheets and boosting investment in infrastructure. We endorse the Hamburg Principles and Ambitions on crowding-in private finance, which provide a common framework among MDBs and quantify MDBs ability to crowd-in private funds, including by setting a target of a 25-35 per cent increase in mobilisation over the next 3 years, and encourage further work to better assess and foster additionality. We welcome the second MDB report on the G20 Action Plan to Optimize Balance Sheets and encourage MDBs to make further progress in this area, making use of the whole menu of available measures. We also support the MDBs work to promote high quality infrastructure investment and welcome the report on the state of implementation of the 2016 MDBs Joint Declaration of Aspirations on Actions to Support Infrastructure Investment (JDA). We acknowledge the operational implementation of the Global Infrastructure Connectivity Alliance (GICA) work programme. To better streamline and coordinate ongoing initiatives, we call for an integrated MDBs implementation report by the G20 Leaders Summit in 2018 and annual reporting on crowding-in as specified in the Hamburg Principles and Ambitions.

We welcome the Principles for Effective Coordination between the IMF and MDBs in case of Countries requesting Financing while facing Macroeconomic Vulnerabilities and call for periodic updates on efforts to further enhance coordination. We welcome the International Development Association (IDA18) replenishment that, among other goals, will double support to fragile states and emphasise private sector development.

We reaffirm the importance of the development of local currency bond and capital markets, along with the monitoring of associated risks and appropriate supervision, to improve the resilience of the domestic economy and financial system. We look forward to further annual updates to this issue by the WBG and IMF, working with Regional Development Banks, OECD and other International Organisations (IOs) as appropriate. We support the ongoing examination of the broader use of the SDR and look forward to the IMF report on this issue.

Capital Flows

We recognise the importance and benefits of open capital markets and of improving the system underpinning international capital flows while continuing to enhance the monitoring of capital flows and management of risks stemming from excessive capital flow volatility. To support this goal, we look forward to the IMF and other IOs further work in this area. We reassert the importance of enhancing data collection and strongly support the second phase of the Data Gaps Initiative (DGI-2) including its timely implementation. We look forward to complementing the existing IMF/Financial Stability Board (FSB) Early Warning Exercises and Bank for International Settlements (BIS) Global Liquidity and Early Warning Indicators by continuing to have regular discussions on emerging risks related to capital flows.

We welcome the IMF recent review of experience with the Institutional View on the Liberalisation and Management of Capital Flows and its work on the role of macroprudential policies in increasing resilience to large and volatile capital flows. We welcome the ongoing review of the OECD Code of Liberalisation of Capital Movements, including work on appropriate flexibility, while maintaining the Code's current strength and broad scope. Several non-OECD G20 members have started the process of adherence to the Code this year and those G20 countries that have not yet adhered to the Code are encouraged to participate voluntarily in the current review and to consider adhering to the Code, taking into consideration country-specific circumstances. We underline the importance of coherent policy advice while respecting the scope, membership and objectives of the different institutional approaches. We call for continued information sharing among the IMF, FSB and BIS of their work on the role of macroprudential measures.

4. Financial Sector Regulation and Development

Implementing and Developing the FSB Agenda

We reiterate our commitment to support the timely, full and consistent implementation and finalisation of the agreed G20 financial sector reform agenda. Consistent observation of international standards provides a sound basis for an open and resilient financial system, which is crucial to supporting sustainable growth and development. We confirm our support for the Basel Committee on Banking Supervision's (BCBS) work to finalise the Basel III framework without further significantly increasing overall capital requirements across the banking sector, while promoting a level playing field.

In order to reap the full benefits of the financial system, we must continue to closely monitor, and, if necessary, address emerging risks and vulnerabilities, in particular those that are systemic, and including those associated with shadow banking or other market-based finance activities. In this respect, we welcome the FSB assessment of the adequacy of the monitoring and policy tools available to address financial stability risks from shadow banking, and we commit to further fully participate in the FSB annual shadow banking monitoring exercise. We also welcome the FSB policy recommendations to address structural vulnerabilities from asset management activities and the work of the International Organization of Securities Commissions (IOSCO) to develop concrete measures for the timely operationalisation of these recommendations and we ask the FSB to report again on the progress of this operationalisation by the G20 Leaders Summit in 2018.

We welcome the FSB comprehensive review of the implementation and effects of the reforms to over-the-counter (OTC) derivatives markets and call on G20 members to complete the full, timely and consistent implementation of the OTC derivatives reforms where they have not already done so, including by meeting their commitment to remove legal barriers to reporting and accessing trade repository data by mid-2018. We welcome the Committee on Payments and Market Infrastructures (CPMI), IOSCO and FSB guidance to enhance the resilience, recovery and resolvability of Central Counterparties (CCPs) and endorse their plans for follow-on work. We welcome the FSB's internal Total Loss Absorbing Capacity guidance. We will continue implementing agreed resolution standards and working on the full and timely removal of remaining barriers to cross-border resolution. We support the FSB Key Attributes Assessment Methodology for the Banking Sector and its related work to assess resolution systems for banks and other systemically important financial institutions. We call on the IMF and WBG to promptly approve its use, and will request a baseline review of banking resolution regimes as part of our next Financial Sector Assessment Programs. We reiterate the importance of progress under the work plan to address misconduct risks in the financial sector and welcome the report from the FSB.

We welcome the FSB third annual report on the implementation and effects of reforms. We welcome the FSB structured framework for the post-implementation evaluation of the effects of the G20 financial regulatory reforms and we look forward to its effective application. We will continue to enhance our monitoring of implementation and effects of reforms to ensure their consistency with our overall objectives, including by addressing any material unintended consequences. We welcome the OECD Methodology for assessing the implementation of the G20/OECD Principles of Corporate Governance and fully support its use, and we also welcome the publication of the FSB Thematic Peer Review on Corporate Governance.

The G20 Green Finance Study Group has completed work on environmental risk analysis in the financial sector. The Group's 2017 Synthesis Report includes voluntary options for encouraging environmental risk analysis and for improving the availability and relevance of publicly available environmental data for financial analysis, taking into account country circumstances. The industry-led Task Force on Climate-related Financial Disclosures has also completed work which includes recommendations on voluntary disclosures of climate-related financial risks by corporates, reflecting the principle of materiality.

Digital Finance

To ensure that we will reap the benefits and opportunities that digital innovation offers, while potential risks are appropriately managed, we encourage all countries to closely monitor developments in digital finance, including taking into consideration cross-border issues, both in their own jurisdictions and in cooperation with the FSB and other IOs and standard setting bodies. Such monitoring activity is key in order to assess whether, when and how to intervene in order to adapt our regulatory frameworks in order to facilitate innovation and guard against possible material risks. We welcome the FSB report on financial stability implications from technology-enabled financial innovation (FinTech) and agree with the supervisory and regulatory issues identified therein that merit authorities' attention. We also welcome FSB continued monitoring of the evolving financial stability implications of FinTech developments going forward. We encourage national authorities to increase their awareness of FinTech issues in the areas identified when undertaking regular risk assessment and the development of micro-and macroprudential regulatory frameworks.

Cyber Security

The malicious use of Information and Communication Technologies (ICT) could disrupt financial services crucial to both national and international financial systems, undermine security and confidence and endanger financial stability. We will promote the resilience of financial services and institutions in G20 jurisdictions against the malicious use of ICT, including from countries outside the G20. With the aim of enhancing our cross-border cooperation, the G20 Finance Ministers and Central Bank Governors have asked the FSB, as a first step, to perform a stock-taking of existing relevant released regulations and supervisory practices in our jurisdictions, as well as of existing international guidance, including to identify effective practices. We welcome the information by the FSB on the progress of this work and ask the FSB to deliver a stock-take report by the G20 Finance Ministers and Central Bank Governors meeting in October 2017.

Financial Inclusion and Literacy

We welcome the updated G20 Financial Inclusion Action Plan (FIAP) and remain committed to support current and future work of the Global Partnership for Financial Inclusion (GPII) to advance financial inclusion and literacy, and in particular of SMEs as well as vulnerable and underserved groups. We note the outcomes of the G20 workshop Helping SMEs Go Global – Moving Forward in SME Finance in Frankfurt in February 2017 on how to improve SMEs access to finance, in particular in sustainable global value chains, through development banks and FinTech companies, and in Africa. We look forward to the GPII Report on Leveraging Financial Services for SME in Sustainable Global Value Chains and acknowledge the GPII Policy Paper: Climate Smart Financing for Rural Micro, Small and Medium Enterprises. We have conducted a first self-assessment of our framework conditions for SME financing in line with the G20 Action Plan on SME Financing that shall be updated bi-annually and remain committed to further significant progress in improving the environment for SME financing. We encourage G20 countries to implement reforms in their identified areas for improvement and invite non-G20 countries to participate in their own baseline assessments and improvement plans. We welcome the GPII report on Alternative Data Transforming SME Finance and ask the International Committee on Credit Reporting (ICCR) to build on those findings and provide new guidelines for the responsible growth and regulation of innovative data systems and services.

We support the work of the GPII to advance financial inclusion for particularly underserved and vulnerable segments of society, including women, youth and forcibly displaced persons. We look forward to the GPII Policy Paper to be finalised in 2017 and ask the GPII to develop a roadmap for sustainable and responsible financial inclusion of forcibly displaced persons by 2018.

We encourage G20 and non-G20 countries to continue promoting digital financial services under the guidance of the G20 High-Level Principles for Digital Financial Inclusion. We support the efforts to develop enabling and responsible legal and regulatory environments for financial services that foster financial inclusion and encourage countries to share their experiences in regulating FinTech.

We emphasise the importance of enhancing financial literacy and consumer protection given the sophistication of financial markets and increased access to financial products in a digital world. We note the outcomes of the 8th Responsible Finance Forum in April 2017 and the G20 conference on digitising finance, financial inclusion and financial literacy in Wiesbaden in January 2017, which aimed at gaining a better understanding on the topic's multifaceted issue. We welcome the OECD/International Network on Financial Education (INFE) report on Ensuring Financial Education and Consumer Protection for All in the Digital Age, the GPII report on Digital Financial Inclusion: Emerging Policy Approaches, prepared by the WBG and other implementing partners, and the GPII Guidance Note on Building Inclusive Digital Payments Ecosystems. Furthermore, we welcome the G20/OECD/INFE report on adult financial

literacy in G20 countries based on surveys that have been conducted to measure financial literacy and inclusion as a starting point to better compare the levels of financial literacy and evaluate impacts of national education programmes.

5. International Taxation

We will continue our work for a globally fair and modern international tax system and welcome international cooperation on pro-growth tax policies. We remain committed to a timely, consistent and widespread implementation of the Base Erosion and Profit Shifting (BEPS) package, welcome the growing membership of the Inclusive Framework on BEPS and encourage all relevant and interested countries and jurisdictions to join. We ask the OECD to continue annual reporting to the G20 Leaders on the progress of BEPS implementation. We call on all countries and jurisdictions to implement the four minimum standards, including on the automatic exchange of Country-by-Country reporting, such as through the signing of the multilateral competent authority agreement. We welcome the first signing round on 7 June 2017 of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS and invite all relevant and interested countries and jurisdictions to join.

We look forward to the first automatic exchange of financial account information under the OECD Common Reporting Standard (CRS) in September 2017. We call on all jurisdictions to sign and ratify the multilateral Convention on Mutual Administrative Assistance in Tax Matters and urge all relevant jurisdictions including financial centres which have not yet done so to commit without delay to implementing the CRS and to take all necessary actions, including putting in place domestic legislation, in order to begin exchanges under the CRS by September 2018 at the latest. We commend the recent progress made by jurisdictions to meet a satisfactory level of implementation of the agreed international standards on tax transparency, as identified in the OECD report. We look forward to an updated list by the OECD by our next Summit reflecting further progress made towards the implementation of the standards. Defensive measures will be considered against listed jurisdictions.

We continue to support assistance to developing countries in building their tax capacity in order to strengthen domestic resource mobilisation and enhance international cooperation on tax, including through the participation of developing countries on an equal footing in the BEPS Inclusive Framework. We continue to support the principles of the Addis Tax Initiative and the ongoing work of the Platform for Collaboration on Tax. We look forward to the completion of the Platform's toolkits for developing countries by the end of 2018. We welcome the planned establishment of the Africa Academy for Tax and Financial Crime Investigation.

We welcome the work on tax certainty conducted by the OECD and the IMF. We encourage jurisdictions to consider voluntarily the practical tools for enhanced tax certainty as proposed in the report by the OECD and the IMF of March 2017, including with respect to dispute prevention and dispute resolution to be implemented within domestic legal frameworks and international tax treaties. This will be complemented by a consultative workshop on tax certainty with African countries planned to take place in the region later in 2017. We look forward to the assessment of progress in enhancing tax certainty by the OECD and the IMF in 2018. As part of the BEPS project, we recognise the importance of monitoring and evaluating the developments related to the digitalisation of the economy, and, depending on conclusions of the work by the OECD Task Force on Digital Economy, developing policy options, as appropriate, to address the related tax challenges with a consistent approach. We will further work on this issue through the Task Force and look forward to an interim report by the IMF and WBG Spring Meetings 2018.

6. Other Finance Issues

Transparency – Beneficial Ownership

As an important tool in our fight against corruption, tax evasion, terrorist financing and money laundering, we will advance the effective implementation of the international standards on transparency and beneficial ownership of legal persons and legal arrangements, including the availability of information in the domestic and cross-border context. In this regard, we welcome the work by the Financial Action Task Force (FATF) and the Global Forum on Transparency and Exchange of Information for Tax Purposes. We welcome the OECD's progress report on its work in complementary tax areas relating to beneficial ownership. We ask the FATF and the OECD to report back to our Finance Ministers and Central Bank Governors on further progress by early 2018.

Correspondent Banking and Remittances

We welcome the latest progress report of the FSB and the work plan under the FSB-coordinated action plan to assess and address the decline in correspondent banking relationships, so as to secure a well-functioning global payment system and thus support remittances, financial inclusion, trade and openness. We welcome the publication of Guidance on Correspondent Banking Services by the FATF and the revised guidance on combating money laundering and terrorist financing in correspondent banking by BCBS. As the decline in the number of correspondent banking relationships is continuing, we look forward to the monitoring by the FATF and BCBS of their guidance and further work towards clarifying regulatory expectations, as appropriate.

In relation to remittance providers' access to banking services, based on the Baden-Baden agreements and the dialogues with the private sector in Vienna in March, the FSB is coordinating further work, together with the FATF and the GPF. We welcome the latest FSB work plan, under which the FSB Correspondent Banking Coordination Group will take stock of past and ongoing initiatives, including through consultations with the private sector, and explore the remaining issues relating to remittance providers' access to banking services. We look forward to the FSB convening a high-level roundtable in October 2017 to establish whether there are unwarranted barriers preventing remittance providers from accessing banking services that should be addressed by financial authorities. We also look forward to an update by the meeting of our Finance Ministers and Central Bank Governors in October 2017 and to the report of the stock-take and findings. If needed, we will develop actions to address the unwarranted barriers identified by the stocktaking in early 2018 and proceed with their implementation thereafter.

To further improve the environment for remittances, we also support progress made by the GPF with regard to facilitating remittances, including by promoting actions and policies that could lower their costs, while ensuring the quality of remittance services and their impact on local economic development. We welcome the GPF 2017 Update to Leaders on Progress Towards the G20 Remittance Target and look forward to the revised monitoring template for G20 National Remittances Plans by the end of 2017. We also ask all relevant stakeholders, including IOs, to intensify their support to countries in building domestic capacity to improve the supervisory environment for remittances and correspondent banking, notably through technical assistance.

Anti-Money Laundering and Combatting the Financing of Terrorism (AML/CFT)

We reaffirm our commitment to tackle all sources, techniques and channels of terrorist financing, including extortion, taxation, exploitation of natural resources and antiquities, drug trafficking, bank looting, looting of civilians and cultural property, external donation, and kidnapping for ransom. We call for swift and effective implementation of the FATF standards worldwide.

We welcome the reforms agreed by the FATF Plenary in June to strengthen the governance of the FATF. We also welcome the FATF intention to further explore its transformation into a legal person, which recognises that the FATF has evolved from a temporary forum to a sustained public and political commitment to tackle AML/CFT threats. We ask the FATF to provide an update by the first G20 Finance Ministers and Central Bank Governors meeting in 2018. We appreciate the strengthening of the president's role when engaging with member countries, other stakeholders and the general public. We also appreciate the decision taken by the FATF to open the membership process for Indonesia, that will broaden the geographic representation and global engagement. We underline the importance of strengthening FATF's traction capacity and enhancing effectiveness of the network of FATF and FATF-style regional bodies. We call on all member states to ensure that the FATF has the necessary resources and support to effectively fulfil its mandate. We call on the IMF, the WBG and other relevant actors to continue capacity building in the area of AML/CFT.

Fossil Fuel Subsidies

We reaffirm our commitment to rationalise and phase out, over the medium term, inefficient fossil fuel subsidies that encourage wasteful consumption, recognising the need to support the poor. Furthermore, we encourage all G20 countries which have not yet done so, to initiate as soon as feasible a peer review of inefficient fossil fuel subsidies that encourage wasteful consumption.

Promoting Data Sharing

We welcome the recommendations of the Inter Agency Group on Economic and Financial Statistics (IAG) for sharing and accessibility of granular data. We look forward to the joint report of the FSB and IMF on the overall progress of the Data Gaps Initiative by the G20 Finance Ministers and Central Bank Governors meeting at the October 2017 G20 Meeting. We also welcome the work of the IMF in consultation with the FSB and the BIS to promote information sharing by compiling a country-reported, publicly available macroprudential policy database, building on the IMF's existing infrastructure.