

## B20 Trade & Investment Taskforce

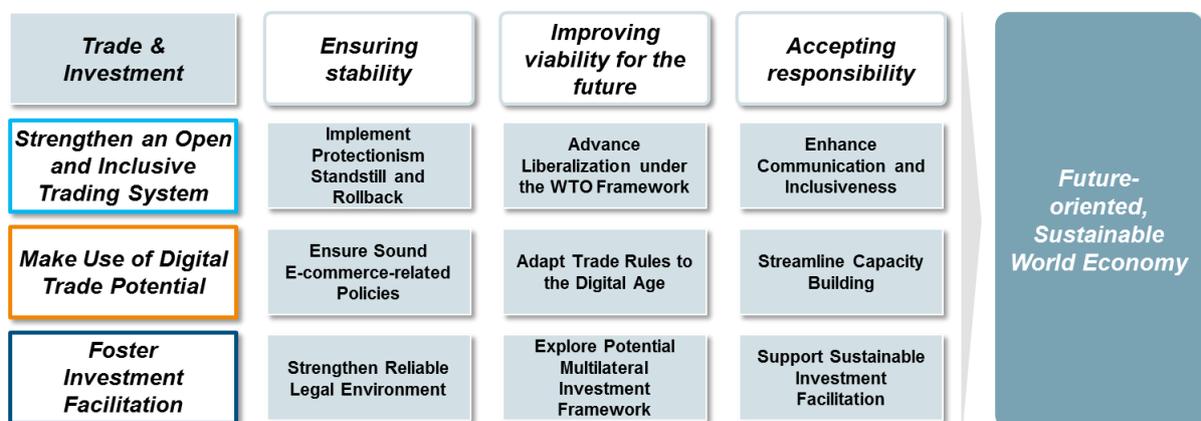
Trade and investment have been the growth engines of the global economy over a long period: Exports and imports boost productivity by enhancing economies of scale and specialization, as well as lowering prices and increasing competition. Although trade has a tremendously beneficial effect on growth, welfare, and employment, we must not ignore that an increasingly large number of people feel that they have been disadvantaged by globalization. As one consequence of the growing anti-globalization sentiment, protectionism is on the rise. To sustain the acceptance of globalization, governments and businesses need to better communicate the effects of trade on growth, employees, and consumers. They also have to conjointly foster inclusiveness and assist in the adjustment of those affected by structural production shifts caused by globalization, for instance through concepts for life-long learning.

Due to the significant slowdown of multilateral liberalization, many of the most important structural and technological shifts in the global economy are not sufficiently captured by the multilateral trade regime. Consequently, emerging opportunities cannot be fully utilized, challenges are not addressed adequately, and efforts to make trade more inclusive are hindered.

One prominent example for this is digital trade. Digital trade can reduce transaction costs immensely, enable significant efficiency gains, and facilitate the integration of developing countries and micro-, small-, and medium-sized enterprises (MSMEs) into global value chains. However, a precondition for these benefits is a significant improvement of e-commerce readiness. Furthermore, the potential of digital trade is significantly hampered by an increasing number of barriers, such as discriminatory and incompatible standards and regulations affecting e-commerce, localization requirements, and limitations on the free flow of data.

The G20 has made significant progress on investment facilitation in 2016 through the development of its Guiding Principles for Global Investment Policymaking. The challenge moving forward will be to ensure that members will respect them and build on them to agree on a more concrete and ambitious set of implementable principles. FDI plays a fundamental role in the development of sustainable, dynamic, and innovative economies. Private FDI in least-developed countries can fill the gap left by the lack of domestic funds and should therefore be fostered. Investment flows could potentially be promoted further by a multilateral framework.

### Relevance of Taskforce Recommendations for the G20 focusses “Ensuring stability”, “Improving viability for the future”, and “Accepting responsibility”



## Recommendations

### Strengthen an Open and Inclusive Trading System

**Recommendation 1: The G20 should confirm its unconditional commitment to open and inclusive trade that is underpinned by transparency and robust adjustment assistance programs, resistance to protectionism in all forms, and a strong, non-discriminatory rules-based global trading system.**

**Policy Action 1.1: Enhance Communication and Inclusiveness** – The G20 should establish a common understanding of the effects and benefits of trade, communicate trade issues better, improve assistance for those displaced by trade, and put a focus on making trade more inclusive.

- The G20 should adopt a report annexed to the G20 Communiqué in 2017, in which they establish consensus of their views of the impacts of trade on growth, employment, and welfare.
- G20 members should share best practices and opportunities to develop more structured approaches for better education, training, and life-long learning, especially for displaced employees.
- The G20 should develop best practices, incorporating opinions and viewpoints from businesses, for greater inclusiveness of trade benefits, monitor progress, and regularly publish the results in a report.

**Policy Action 1.2: Implement Protectionism Standstill and Rollback** – G20 members urgently need to honor their commitment to halt and roll back protectionist measures, improve their track record of related notifications, and provide greater transparency on the damages of trade barriers.

- The G20 should mandate the WTO to refine its current protectionism monitoring and G20 Trade Measures Report. The G20 Trade Measures Report should contain a more detailed categorization of trade barriers, include a qualitative impact assessment of specific prevalent trade barriers, and encompass root cause analyses for changes in the applications of trade measures.
- The G20 Trade Measures Report should regularly include B20 assessments on the evolution and impacts of trade barriers.
- G20 members need to honor their WTO notifications commitments on trade measures.

**Policy Action 1.3: Advance Liberalization under the WTO Framework** – G20 members should pursue further negotiation tracks, preferably under the WTO umbrella, including negotiations on sectoral and plurilateral agreements.

- The G20 should support a swift and ambitious conclusion of the remaining Doha Round goals.
- G20 members should lead the implementation of the TFA and ITA-II and support efforts to further expand their membership.
- G20 members should advance the expansion of GPA coverage and support a reopening of WTO negotiations on transparency in procurement.
- G20 members should support further negotiation tracks at the WTO and agree on the most promising areas for sectoral or other plurilateral initiatives.

## Make Use of Digital Trade Potential

**Recommendation 2: The G20 should facilitate an enabling environment for digital trade by accelerating capacity building, encouraging implementation of interoperable and non-discriminatory e-commerce-related policies, and calling for a WTO negotiation mandate on digital trade.**

**Policy Action 2.1: Accelerate Capacity Building** – G20 members should accelerate the inclusive buildup of e-commerce capacities, especially in developing countries and for MSMEs.

- G20 members should develop and implement country-specific initiatives to improve e-commerce readiness and digital literacy of developing countries and MSMEs.
- G20 members and international organizations should streamline existing Aid for Trade initiatives towards capacity building for digital trade.
- G20 members should actively support the eTrade for All initiative and develop an action plan on how to support each of the initiative's seven key policy areas.
- In support of and complementarity with already existing initiatives such as Aid for Trade, governments should set up frameworks that allow for further funding sources for e-commerce capacity building, such as foreign investments and public-private partnerships.

**Policy Action 2.2: Ensure Sound E-Commerce-Related Policies** – G20 members should ensure that e-commerce-related policies are interoperable as well as nondiscriminatory strengthen the regulatory dialog with all relevant stakeholders.

- G20 members need to align e-commerce-related policies with existing international standards and guidelines.
- G20 members should establish regulatory dialogs on national e-commerce-related policies among each other, as well as with non-G20-members.
- G20 members should engage in a dialog with private stakeholders in the eWTP.

**Policy Action 2.3: Adapt Trade Rules to the Digital Age** – The G20 should instigate a WTO negotiation mandate on digital trade at the next WTO Ministerial Conference, which should address free cross-border data flows, trade in digital products and services, trade facilitation, regulatory coherence, and other identified legal gaps.

- The G20 Trade and Investment Working Group should establish consensus for the need of a digital trade agreement and the potential components of negotiations.
- WTO members should review the WTO telecommunications rules and its reference paper to reduce barriers to trade in telecommunications services.
- The G20 should push for a revitalization of the WTO Work Programme on Electronic Commerce.

## Foster Investment Facilitation

**Recommendation 3: The G20 should foster a reliable legal environment, enhance sustainable investment facilitation, and identify the benefits and drawbacks of a multilateral investment framework.**

**Policy Action 3.1: Strengthen a Reliable Legal Environment** – The G20 should further develop and build on the G20 Guiding Principles for Global Investment Policymaking, make progress on a concrete G20 Investment Facilitation Package, and support the resumption of a dialog in the WTO on strengthening coherence of trade and investment policies.

- The G20 should advance towards more ambitious and implementable set of common principles with support of the OECD, UNCTAD and WTO.
- The G20 should agree on an ambitious and implementable G20 Investment Facilitation Package.
- G20 members should act on their acknowledgement in 2016 of the trade-investment nexus' crucial importance.
- All G20 members should reduce market access barriers to investment in conjunction with the G20 protectionism standstill on investment and the G20 Investment Measures reports.

**Policy Action 3.2: Support Sustainable Investment Facilitation** – The G20 should enhance international support programs for investment in developing countries to meet the Sustainable Development Goals.

- The G20 and international organizations should use the G20 Investment Facilitation Package to develop best practice policy recommendations and capacity-building efforts in developing countries.
- Implementation of the Investment Facilitation Package and adherence to the G20 Guiding Principles on Investment Policymaking should be integrated in the Compact with Africa, which the G20 is currently developing.
- G20 members should work with the Global Infrastructure Hub to enhance and consolidate the quality and availability of information about target countries for FDI.
- G20 members should support public-private partnerships to attract investors, including long-term investors, institutional investors and financial investors, with a focus on developing countries.

**Policy Action 3.3: Explore a Potential Multilateral Investment Framework** – Building on the Guiding Principles for Global Investment Policymaking, the G20 should mandate the OECD, UNCTAD, UNCITRAL, and the WTO to prepare a study on benefits, challenges, drawbacks, and potential components of a multilateral investment framework.

- The G20 should ask UNCTAD, UNCITRAL, the OECD and the WTO to jointly conduct an evaluation of potential areas for harmonization or consolidation of stipulations in existing investment agreements.
- The G20 should ask UNCTAD, UNCITRAL, the OECD, and the WTO to evaluate the potential of a multilateral investment framework, including a review mechanism and standards that can be applied to settle investment disputes.

## Business 20

The Business 20 (B20) is the official G20 dialogue with the global business community. On September 4, 2016, the leading German business associations BDI, BDA, and DIHK, mandated by the German Chancellery, assumed the B20 presidency. Chair of B20 Germany is Dr. Jürgen Heraeus.

Since September 2016, more than 700 representatives from companies and business association developed recommendations for the G20 on a consensual basis. B20 Germany is organized in seven working groups: Trade and Investment, Energy, Climate & Resource Efficiency, Financing Growth & Infrastructure, Digitalization and Employment & Education, Responsible Business Conduct & Anti-Corruption and SMEs. In February, the B20 Health Initiative was launched. Each group is headed by a chair and several co-chairs. The approximately 100 members of each group represent all G20 countries and sectors of the economy.

### B20 Trade & Investment Taskforce

#### Chair

Emma Marcegaglia, President, Businesseurope

#### Co-Chairs

Loïc Armand, President, L'Oréal France

Jack Ma, CEO, Alibaba

Jamal Malaikah, President & COO, National Petrochemical Industrial

Sunil Bharti Mittal, Chairman, International Chamber of Commerce

Alexey Mordashov, Chairman of the Board of Directors, Severstal

#### Knowledge Partner

Boston Consulting Group

#### Network Partners

Global Chamber Platform

International Chamber of Commerce

World Economic Forum

### The taskforce consists of 113 members from 26 countries



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