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MUNK SCHOOL OF GLOBAL AFFAIRS

G20 Leaders' Communiqué: Hangzhou Summit

Hangzhou, September 5, 2016

1. We, the Leaders of the G20, met in Hangzhou, China on 4-5 September 2016.

2. We met at a time when the global economic recovery is progressing, resilience is improved in some economies and new sources for growth are emerging. But growth is still weaker than desirable. Downside risks remain due to potential volatility in the financial markets, fluctuations of commodity prices, sluggish trade and investment, and slow productivity and employment growth in some countries. Challenges originating from geopolitical developments, increased refugee flows as well as terrorism and conflicts also complicate the global economic outlook.

3. We also met at a time of continued shifts and profound transformations in the configuration of the global economic landscape and dynamics for growth. With these transformations come challenges and uncertainties as well as opportunities. The choices we make together will determine the effectiveness of our response to the challenges of today and help to shape the world economy of the future.

4. We believe that closer partnership and joint action by G20 members will boost confidence in, foster driving forces for and intensify cooperation on global economic growth, contributing to shared prosperity and better well-being of the world .

5. We are determined to foster an innovative, invigorated, interconnected and inclusive world economy to usher in a new era of global growth and sustainable development, taking into account the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda and the Paris Agreement.

6. In this context, we, the G20, as the premier forum for international economic cooperation, forge a comprehensive and integrated narrative for strong, sustainable, balanced and inclusive growth, and thereby adopt the attached package of policies and actions - the Hangzhou Consensus - based on the following:

----Vision. We will strengthen the G20 growth agenda to catalyze new drivers of growth, open up new horizons for development, lead the way in transforming our economies in a

more innovative and sustainable manner and better reflect shared interests of both present and coming generations.

----Integration. We will pursue innovative growth concepts and policies by forging synergy among fiscal, monetary and structural policies, enhancing coherence between economic, labor, employment and social policies as well as combining demand management with supply side reforms, short-term with mid- to long-term policies, economic growth with social development and environmental protection.

----Openness. We will work harder to build an open world economy, reject protectionism, promote global trade and investment, including through further strengthening the multilateral trading system, and ensure broad-based opportunities through and public support for expanded growth in a globalized economy.

----Inclusiveness. We will work to ensure that our economic growth serves the needs of everyone and benefits all countries and all people including in particular women, youth and disadvantaged groups, generating more quality jobs, addressing inequalities and eradicating poverty so that no one is left behind.

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Strengthening Policy Coordination

7. Our growth must be shored up by well-designed and coordinated policies. We are determined to use all policy tools - monetary, fiscal and structural - individually and collectively to achieve our goal of strong, sustainable, balanced and inclusive growth. 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. Underscoring the essential role of structural reforms, we emphasize that our fiscal strategies are equally important to supporting our common growth objectives. We are using fiscal policy flexibly and making tax policy and public expenditure more growth-friendly, including by prioritizing high-quality investment, while enhancing resilience and ensuring debt as a share of GDP is on a sustainable path. Furthermore, we will continue to explore policy options, tailored to country circumstances, that the G20 countries may undertake as necessary to support growth and respond to potential risks including balance sheet vulnerability. We reiterate that excess volatility and disorderly movements in exchange rates can have adverse implications for economic and financial stability. Our relevant authorities 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 and structural policy actions to reduce policy uncertainty, minimize negative spillovers and promote transparency.

8. We are making further progress towards the implementation of our growth strategies, but much more needs to be done. Swift and full implementation of the growth strategies remains key to supporting economic growth and the collective growth ambition set by the Brisbane Summit, and we are prioritizing our implementation efforts. In the light of this, we launch the Hangzhou Action Plan and have updated our growth strategies, including new and adjusted macroeconomic and structural policy measures that can provide mutually-supportive benefits to growth. We will also strive to reduce excessive imbalances, promote greater inclusiveness and reduce inequality in our pursuit of economic growth.

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Breaking a New Path for Growth

9. Our growth, to be dynamic and create more jobs, must be powered by new driving forces. While reaffirming the importance of addressing shortfalls in global demand to

support short-term growth, we believe it is also imperative to address supply side constraints so as to raise productivity sustainably, expand the frontier of production and unleash mid- to long-term growth potential.

10. We recognize that in the long run, innovation is a key driver of growth for both individual countries and the global economy as a whole. We are committed to tackling one of the root causes of weak growth by taking innovation as a key element of our effort to identify new growth engines for individual countries and the world economy, which will also contribute to creating new and better jobs, building a cleaner environment, increasing productivity, addressing global challenges, improving people's lives and building dynamic, cooperative and inclusive innovation ecosystems. We thus endorse the G20 Blueprint on Innovative Growth as a new agenda encompassing policies and measures in and across the areas of innovation, the new industrial revolution and the digital economy. In this context, we recognize the importance of structural reforms. We will act on the recommendations of the Blueprint in accordance with our national circumstances and in line with our vision for leadership, partnership, openness, inclusiveness, creativity, synergy and flexibility.

11. We commit to important cross-cutting actions related to multi-dimensional partnerships, supporting developing countries and improving skills and human capital. We will set up a G20 Task Force supported by the OECD and other relevant international organizations to take forward the G20 agenda on innovation, new industrial revolution and digital economy, subject to the priorities of the respective future G20 presidencies, ensuring continuity and consistency with the results so far, and promoting synergies with other G20 workstreams.

12. To achieve innovation-driven growth and the creation of innovative ecosystems, we support dialogue and cooperation on innovation, which covers a wide range of domains with science and technology innovation at its core. We deliver the G20 2016 Innovation Action Plan. We commit to pursue pro-innovation strategies and policies, support investment in science, technology and innovation (STI), and support skills training for STI - including support for the entry of more women into these fields - and mobility of STI human resources. We support effort to promote voluntary knowledge diffusion and technology transfer on mutually agreed terms and conditions. Consistent with this approach, we support appropriate efforts to promote open science and facilitate appropriate access to publicly funded research results on findable, accessible, interoperable and reusable (FAIR) principles. In furtherance of the above, we emphasize the importance of open trade and investment regimes to facilitate innovation through intellectual property rights (IPR) protection, and improving public communication in science and technology. We are committed to foster exchange of knowledge and experience by supporting an online G20 Community of Practice within the existing Innovation Policy Platform and the release of the 2016 G20 Innovation Report.

13. To seize the opportunity that the new industrial revolution (NIR) presents for industry, particularly manufacturing and related services, we deliver the G20 New Industrial Revolution Action Plan. We commit to strengthen communication, cooperation and relevant research on the NIR, facilitate small and medium-sized enterprises (SMEs) to leverage benefits from the NIR, address employment and workforce skill challenges, encourage more cooperation on standards, adequate and effective IPR protection in line with existing multilateral treaties to which they are parties, new industrial infrastructure, and support industrialization, as committed in the action plan. We also support industrialization in developing countries, especially those in Africa and Least Developed Countries (LDCs). We are committed to supporting our workforces throughout this transition and to ensuring that the benefits of the NIR extend to all, including women, youth and disadvantaged groups. We call for cooperation to maximize the benefits and mitigate the negative impact of the expected technological and industrial changes. In all these initiatives, the G20 will take into consideration the different opportunities and challenges for developing and developed countries.

14. To unleash the potential of digital economy, we deliver the G20 Digital Economy Development and Cooperation Initiative, which builds on our work begun in Antalya. We aim to foster favorable conditions for its development and to address digital divide, including through expanded and better and affordable broadband access, flow of information for economic growth, trust and security, while ensuring respect for privacy and personal data protection, investment in the ICT sector, entrepreneurship, digital transformation, e-commerce cooperation, enhanced digital inclusion and development of micro, small and medium-sized enterprises (MSMEs). We reaffirm paragraph 26 in the Antalya Communique, commit to offer policy support for an open and secure environment and recognize the key role of adequate and effective IPR protection and enforcement to the development of the digital economy. We welcome the efforts made by the OECD, IMF, national and other international organizations on the measurement of the digital economy, and recognize that further relevant research and exchange are needed.

15. We reiterate the essential role of structural reforms in boosting productivity and potential output, as well as promoting innovative growth in G20 countries. We deliver the Enhanced Structural Reform Agenda, noting that the choice and design of structural reforms are consistent with countries' specific economic conditions. We endorse the nine priority areas of structural reforms and a set of guiding principles identified in the Agenda to provide high-level and useful guidance to members, while allowing them to account for their specific national circumstances. We also support the quantitative framework consisting of a set of indicators, which will be improved over time, to help monitor and assess our efforts and progress with structural reforms and challenges. We are putting in place an integrated strategy for growth with short, medium and long-term measures. We will ensure that the Enhanced Structural Reform Agenda and the relevant elements of the Blueprint on Innovative Growth are well articulated.

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More Effective and Efficient Global Economic and Financial Governance

16. Our growth, to be resilient, must be underpinned by effective and efficient global economic and financial architecture. We will continue our work in this regard.

17. We endorse the G20 Agenda Towards A More Stable and Resilient International Financial Architecture. We will continue to improve the analysis and monitoring of capital flows and management of risks stemming from excessive capital flow volatility. We look forward to the IMF's review of country experiences and emerging issues in handling capital flows by year-end. We note the ongoing work on the review of the OECD Code of Liberalization of Capital Movements. We support work to further strengthen the Global Financial Safety Net (GFSN), with a strong, quota-based and adequately resourced IMF at its center, equipped with a more effective toolkit, and with more effective cooperation between the IMF and regional financing arrangements (RFAs), respecting their mandates. In this respect, we welcome the upcoming CMIM-IMF joint test run. We support maintaining access to bilateral and multilateral borrowing agreements between members and the IMF, in line with the objective of preserving the IMF's current lending capacity, and call for broad participation of the IMF membership, including through new agreements. We welcome the entry into effect of the 2010 IMF quota and governance reform and are working towards the completion of the 15th General Review of Quotas, including a new quota formula, by the 2017 Annual Meetings. We reaffirm that any realignment under the 15th review in quota shares is expected 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. We are committed to protecting the voice and representation of the poorest members. We support the World Bank Group to implement its shareholding review according to the agreed roadmap, timeframe and principles, with the objective of achieving equitable voting power over time. We underline the importance of

promoting sound and sustainable financing practices and will continue to improve debt restructuring processes. We support the continued effort to incorporate the enhanced contractual clauses into sovereign bonds. We support the Paris Club's discussion of a range of sovereign debt issues, and the ongoing work of the Paris Club, as the principal international forum for restructuring official bilateral debt, towards the broader inclusion of emerging creditors. We welcome the admission of the Republic of Korea and the decision of Brazil to join the Paris Club. We welcome China's continued regular participation in Paris Club meetings and intention to play a more constructive role, including further discussions on potential membership. Following the IMF's decision, we welcome the inclusion of the RMB into the Special Drawing Right (SDR) currency basket on October 1st. We support the ongoing examination of the broader use of the SDR, such as broader reporting in the SDR and the issuance of SDR-denominated bonds, as a way to enhance resilience. In this context, we take note of the recent issuance of SDR bonds by the World Bank in China's interbank market. We welcome further work by the international organizations to support the development of local currency bond markets, including intensifying efforts to support low-income countries.

18. Building an open and resilient financial system is crucial to supporting sustainable growth and development. To this end, we remain committed to finalizing remaining critical elements of the regulatory framework and to the timely, full and consistent implementation of the agreed financial sector reform agenda, including Basel III and the total-loss-absorbing-capacity (TLAC) standard as well as effective cross-border resolution regimes. We reiterate our support for the work by the Basel Committee on Banking Supervision (BCBS) to finalize the Basel III framework by the end of 2016, without further significantly increasing overall capital requirements across the banking sector, while promoting a level playing field. We welcome the second annual report of the Financial Stability Board (FSB) on implementation and effects of reforms, and will continue to enhance the monitoring of implementation and effects of reforms to ensure their consistency with our overall objectives, including by addressing any material unintended consequences. We will continue to address the issue of systemic risk within the insurance sector. We welcome the work towards the development of an Insurance Capital Standard (ICS) for internationally active insurers. We are committed to full and timely implementation of the agreed over-the-counter (OTC) derivatives reform agenda, and we will remove legal and regulatory barriers to the reporting of OTC derivatives to trade repositories and to authorities' appropriate access to data. We encourage members to close the gap in the implementation of the Principles for Financial Market Infrastructures and welcome the reports by the Committee on Payments and Market Infrastructures, International Organization of Securities Commissions and FSB on enhancing central counterparty resilience, recovery planning and resolvability. Recognizing the importance of effective macroprudential policies in limiting systemic risks, we welcome the joint work by the IMF, FSB and Bank for International Settlements (BIS) to take stock of international experiences with macroprudential frameworks and tools and to help promote effective macroprudential policies. We welcome the FSB consultation on proposed policy recommendations to address structural vulnerabilities from asset management activities. We will continue to closely monitor, and if necessary, address emerging risks and vulnerabilities in the financial system, including those associated with shadow banking, asset management and other market-based finance. We will continue to address, through the FSB-coordinated action plan, the decline in correspondent banking services so as to support remittances, financial inclusion, trade and openness. We look forward to further efforts to clarify regulatory expectations, as appropriate, including through the review in October by the Financial Action Task Force (FATF) of the guidance on correspondent banking. We call on G20 members, the IMF and WBG to intensify their support for domestic capacity building to help countries improve their compliance with global anti-money laundering and countering the financing of terrorism (AML/CFT) and prudential standards. We endorse the G20 High-level Principles for Digital Financial Inclusion, the updated version of the G20 Financial Inclusion Indicators and the Implementation Framework of the G20 Action Plan on SME Financing. We encourage countries to consider these principles in devising their broader financial

inclusion plans, particularly in the area of digital financial inclusion, and to take concrete actions to accelerate progress on all people's access to finance.

19. We will continue our support for international tax cooperation to achieve a globally fair and modern international tax system and to foster growth, including advancing on-going cooperation on base erosion and profits shifting (BEPS), exchange of tax information, tax capacity-building of developing countries and tax policies to promote growth and tax certainty. We welcome the establishment of the G20/OECD Inclusive Framework on BEPS, and its first meeting in Kyoto. We support a timely, consistent and widespread implementation of the BEPS package and call upon all relevant and interested countries and jurisdictions that have not yet committed to the BEPS package to do so and join the framework on an equal footing. We also welcome the progress made on effective and widespread implementation of the internationally agreed standards on tax transparency and reiterate our call on all relevant countries including all financial centers and jurisdictions, which have not yet done so to commit without delay to implementing the standard of automatic exchange of information by 2018 at the latest and to sign and ratify the Multilateral Convention on Mutual Administrative Assistance in Tax Matters. We endorse the proposals made by the OECD working with G20 members on the objective criteria to identify non-cooperative jurisdictions with respect to tax transparency. We ask the OECD to report back to the finance ministers and central bank governors by June 2017 on the progress made by jurisdictions on tax transparency, and on how the Global Forum will manage the country review process in response to supplementary review requests of countries, with a view for the OECD to prepare a list by the July 2017 G20 Leaders' Summit of those jurisdictions that have not yet sufficiently progressed toward a satisfactory level of implementation of the agreed international standards on tax transparency. Defensive measures will be considered against listed jurisdictions. We encourage countries and international organizations to assist developing economies in building their tax capacity and acknowledge the establishment of the new Platform for Collaboration on Taxation by the IMF, OECD, UN and WBG. We support the principles of the Addis Tax Initiative. We recognize the significant negative impact of illicit financial flows on our economies and we will advance the work of the G20 on this theme. We emphasize the effectiveness of tax policy tools in supply-side structural reform for promoting innovation-driven, inclusive growth, as well as the benefits of tax certainty to promote investment and trade and ask the OECD and IMF to continue working on the issues of pro-growth tax policies and tax certainty. In this connection, China would make its own contribution by establishing an international tax policy research center for international tax policy design and research.

20. Financial transparency and effective implementation of the standards on transparency by all, in particular with regard to the beneficial ownership of legal persons and legal arrangements, is vital to protecting the integrity of the international financial system, and to preventing misuse of these entities and arrangements for corruption, tax evasion, terrorist financing and money laundering. We call on the FATF and the Global Forum to make initial proposals by the Finance Ministers and Central Bank Governors Meeting in October on ways to improve the implementation of the international standards on transparency, including on the availability of beneficial ownership information of legal persons and legal arrangements, and its international exchange.

21. We recognize that, in order to support environmentally sustainable growth globally, it is necessary to scale up green financing. The development of green finance faces a number of challenges, including, among others, difficulties in internalizing environmental externalities, maturity mismatch, lack of clarity in green definitions, information asymmetry and inadequate analytical capacity, but many of these challenges can be addressed by options developed in collaboration with the private sector. We welcome the G20 Green Finance Synthesis Report submitted by the Green Finance Study Group (GFSG) and the voluntary options developed by the GFSG to enhance the ability of the financial system to mobilize private capital for green investment. We believe efforts could be made to provide clear strategic policy signals and frameworks, promote voluntary principles for green

finance, expand learning networks for capacity building, support the development of local green bond markets, promote international collaboration to facilitate cross-border investment in green bonds, encourage and facilitate knowledge sharing on environmental and financial risks, and improve the measurement of green finance activities and their impacts.

22. Recognizing the detrimental effects of corruption and illicit finance flows on equitable allocation of public resources, sustainable economic growth, the integrity of the global financial system and the rule of law, we will reinforce the G20's efforts to enhance international cooperation against corruption, while fully respecting international law, human rights and the rule of law as well as the sovereignty of each country. We endorse the G20 High Level Principles on Cooperation on Persons Sought for Corruption and Asset Recovery and welcome Chinese initiative to establish in China a Research Center on International Cooperation Regarding Persons Sought for Corruption and Asset Recovery in G20 Member States, which will be operated in line with international norms. We commit to continue the G20 Denial of Entry Experts Network. Consistent with our national legal systems, we will work on cross-border cooperation and information sharing between law enforcement and anti-corruption agencies and judicial authorities. We call for ratification by all the G20 members of the United Nations Convention Against Corruption and welcome the launch of the second cycle of its review mechanism. We will endeavor to apply effectively the extradition, mutual legal assistance and asset recovery provisions of the above Convention and other applicable international conventions. We endorse the 2017-2018 G20 Anti-Corruption Action Plan to improve public and private sector transparency and integrity, implementing our stance of zero tolerance against corruption, zero loopholes in our institutions and zero barriers in our actions. We ask the Anti-Corruption Working Group to develop an implementation plan before the end of 2016 as a flexible framework to carry this work forward with renewed high-level attention and urgency. We also welcome outcomes of the London Anti-Corruption Summit in May 2016 and the OECD Ministerial Meeting in March 2016.

23. In line with the G20 Principles on Energy Collaboration, we reaffirm our commitment to building well-functioning, open, competitive, efficient, stable and transparent energy markets, fostering more effective and inclusive global energy architecture to better reflect the changing realities of the world's energy landscape, and shaping an affordable, reliable, sustainable and low greenhouse gas (GHG) emissions energy future while utilizing energy sources and technologies. We stress that continued investment in energy projects and better regional interconnection, particularly in sustainable energy projects, remains critically important to ensuring future energy security and preventing economically destabilizing price spikes. We endeavor to work with Sub-Saharan and Asia-Pacific countries to improve universal access to affordable, reliable, clean, sustainable and modern energy services, particularly by addressing barriers to electricity access. We encourage members to significantly improve energy efficiency based on the specific needs and national circumstances of each member and promote energy conservation through appropriate lifestyle changes. We will explore innovative collaborative arrangements for international cooperation on energy efficiency. We endorse the G20 Voluntary Collaboration Action Plan on Energy Access, the G20 Voluntary Action Plan on Renewable Energy and the G20 Energy Efficiency Leading Programme issued by the G20 energy ministers and ask them to meet regularly to follow up on the implementation of these plans.

24. We reaffirm the importance of energy collaboration towards a cleaner energy future and sustainable energy security with a view to fostering economic growth. We welcome the progress on the voluntary international collaboration on energy efficiency in six key areas, taking into consideration the policies outlined in the Energy Efficiency Leading Programme and in line with national circumstances, including in heavy duty vehicles, and improving the efficiency of these vehicles. We also reaffirm our commitment to rationalize and phase-out inefficient fossil fuel subsidies that encourage wasteful consumption over the medium term, recognizing the need to support the poor. We welcome G20 countries' progress on their commitments and look forward to further progress in the future. Further, we encourage

G20 countries to consider participating in the voluntary peer review process. Given that natural gas is a less emission-intensive fossil fuel, we will enhance collaboration on solutions that promote natural gas extraction, transportation, and processing in a manner that minimizes environmental impacts. We stress the importance of diversification of energy sources and routes.

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Robust International Trade and Investment

25. Our growth, to be strong, must be reinforced by inclusive, robust and sustainable trade and investment growth. We note with concern the slow growth in trade and investment globally and commit to enhance an open world economy by working towards trade and investment facilitation and liberalization. We recognize the importance of economic diversification and industrial upgrading in developing countries to benefit from more open global markets. We endorse the outcome of the G20 Trade Ministers Meeting held in Shanghai on 9-10 July, and welcome the establishment of the G20 Trade and Investment Working Group (TIWG). We commit to further strengthen G20 trade and investment cooperation.

26. We reaffirm our determination to ensure a rules-based, transparent, non-discriminatory, open and inclusive multilateral trading system with the World Trade Organization playing the central role in today's global trade. We reiterate our commitment to shape the post-Nairobi work with development at its center and commit to advancing negotiations on the remaining DDA issues as a matter of priority, including all three pillars of agriculture (i.e. market access, domestic support and export competition), non-agricultural market access, services, development, Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) and rules. We also note that a range of issues may be of common interest and importance to today's economy, and thus may be legitimate issues for discussions in the WTO, including those addressed in regional trade arrangements (RTAs) and by the B20. We will work together with all WTO members with a sense of urgency and solidarity and with a view to achieving positive outcomes of the MC11 and beyond and we will work together to further strengthen the WTO.

27. We commit to ratify the Trade Facilitation Agreement by the end of 2016 and call on other WTO members to do the same. We note the important role that bilateral and regional trade agreements can play in liberalizing trade and in the development of trade rules, while recognizing the need to ensure they are consistent with WTO rules. We commit to working to ensure our bilateral and regional trade agreements complement the multilateral trading system, and are open, transparent, inclusive and WTO-consistent. WTO-consistent plurilateral trade agreements with broad participation can play an important role in complementing global liberalization initiatives. G20 Environmental Goods Agreement (EGA) participants welcome the landing zone achieved in the WTO EGA negotiations, and reaffirm their aim to redouble efforts to bridge remaining gaps and conclude an ambitious, future-oriented EGA that seeks to eliminate tariffs on a broad range of environmental goods by the end of 2016, after finding effective ways to address the core concerns of participants.

28. We reiterate our opposition to protectionism on trade and investment in all its forms. We extend our commitments to standstill and rollback of protectionist measures till the end of 2018, reaffirm our determination to deliver on them and support the work of the WTO, UNCTAD and OECD in monitoring protectionism. We emphasize that the benefits of trade and open markets must be communicated to the wider public more effectively and accompanied by appropriate domestic policies to ensure that benefits are widely distributed.

29.We endorse the G20 Strategy for Global Trade Growth, under which the G20 will lead by example to lower trade costs, harness trade and investment policy coherence, boost

trade in services, enhance trade finance, promote e-commerce development, and address trade and development. We welcome the World Trade Outlook Indicator released by the WTO as an important leading indicator of global trade. We endorse the G20 Guiding Principles for Global Investment Policymaking, which will help foster an open, transparent and conductive global policy environment for investment.

30. We also support policies that encourage firms of all sizes, in particular women and youth entrepreneurs, women-led firms and SMEs, to take full advantage of global value chains (GVCs), and that encourage greater participation, value addition and upward mobility in GVCs by developing countries, particularly low-income countries (LICs).We welcome the B20's interest to strengthen digital trade and other work and take note of it's initiative on an Electronic World Trade Platform (eWTP).

31. We recognize that the structural problems, including excess capacity in some industries, exacerbated by a weak global economic recovery and depressed market demand, have caused a negative impact on trade and workers. We recognize that excess capacity in steel and other industries is a global issue which requires collective responses. We also recognize that subsidies and other types of support from government or government-sponsored institutions can cause market distortions and contribute to global excess capacity and therefore require attention. We commit to enhance communication and cooperation, and take effective steps to address the challenges so as to enhance market function and encourage adjustment. To this end, we call for increased information sharing and cooperation through the formation of a Global Forum on steel excess capacity, to be facilitated by the OECD with the active participation of G20 members and interested OECD members. We look forward to a progress report on the efforts of the Global Forum to the relevant G20 ministers in 2017.

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Inclusive and Interconnected Development

32. Our growth, to be strong, sustainable and balanced, must also be inclusive. We are committed to ensuring the benefits of our growth reach all people and maximize the growth potential of developing and low-income countries. In this context, we place sustainable development high on the G20 agenda.

33. We pledge to enhance policy coherence on sustainable development and reaffirm our commitment to further align our work with the universal implementation of the 2030 Agenda for Sustainable Development and the Addis Ababa Action Agenda on financing for development, based on the comparative advantage and the added value of the G20 and in accordance with our national circumstances, while acknowledging that the global follow-up and review of the 2030 Agenda is a UN-led process. We commit to contributing to the implementation of the 2030 Agenda by setting an example through bold, transformative collective and intended national actions in a wide range of areas. By endorsing the G20 Action Plan on the 2030 Agenda for Sustainable Development which also includes high-level principles, we reaffirm our commitment to achieve the ambition of the 2030 Agenda. We note the Addis Tax Initiative, welcome the establishment of the Technology Facilitation Mechanism and stress the importance of enhanced cooperation on technologies to achieving sustainable development.

34. We welcome the Hangzhou Comprehensive Accountability Report on G20 Development Commitments, which reflects our progress already made over the period of 2014-2016.

35. We launch the G20 Initiative on Supporting Industrialization in Africa and LDCs to strengthen their inclusive growth and development potential through voluntary policy options including: promoting inclusive and sustainable structural transformation; supporting sustainable agriculture, agri-business and agro-industry development; deepening,

broadening and updating the local knowledge and production base; promoting investment in sustainable and secure energy, including renewables and energy efficiency; exploring ways to develop cooperation on industrial production and vocational training and sustainable and resilient infrastructure and industries; supporting industrialization through trade in accordance with WTO rules; and leveraging domestic and external finance and supporting equitable access to finance - with a focus on women and youth; and promoting science, technology and innovation as critical means for industrialization.

36. We will continue our work on addressing cross-border financial flows derived from illicit activities, including deliberate trade misinvoicing, which hampers the mobilization of domestic resources for development, and welcome the communication and coordination with the World Customs Organization for a study report in this regard following the Hangzhou Summit.

37. We acknowledge the important role of inclusive business in development, and welcome the establishment of the G20 Global Platform on Inclusive Business and its future actions. We welcome the G20 Inclusive Business Report for the 2016 Summit.

38. We will fulfill our collective commitment to achieve a successful 18th replenishment of the International Development Association, as well as 14th replenishment of the African Development Fund.

39. We reaffirm our commitment to promote investment with focus on infrastructure in terms of both quantity and quality. We welcome the Joint Declaration of Aspirations on Actions to Support Infrastructure Investment by 11 multilateral development banks (MDBs), including their announcements of quantitative ambitions for high-quality infrastructure projects within their respective institutional mandates as well as their efforts to maximize the quality of infrastructure projects, strengthen project pipelines, collaborate further among existing and new MDBs, strengthen the enabling environment for infrastructure investment in developing countries, as well as catalyze private resources. We stress the importance of quality infrastructure investment, which aims to ensure economic efficiency in view of life-cycle cost, safety, resilience against natural disaster, job creation, capacity building, and transfer of expertise and know-how on mutually agreed terms and conditions, while addressing social and environmental impacts and aligning with economic and development strategies. We welcome the MDB Response to the G20 MDB Balance Sheet Optimization Action Plan and call for further implementation of the Action Plan. We note that infrastructure connectivity is key to achieving sustainable development and shared prosperity. We endorse the Global Infrastructure Connectivity Alliance launched this year to enhance the synergy and cooperation among various infrastructure connectivity programs in a holistic way. We ask the WBG to serve as the Secretariat of the Alliance, working closely with the Global Infrastructure Hub (GIH), OECD, other MDBs, and interested G20 members to support its activities. We endorse the G20/OECD Guidance Note on Diversification of Financial Instruments for Infrastructure and SMEs and we welcome the Annotated Public-Private Partnership (PPP) Risk Allocation Matrices completed by the GIH to help developing countries better assess infrastructure risks. We support the effective implementation of the G20/OECD Principles of Corporate Governance and G20/OECD High-level Principles on SME Financing and look forward to the revision of the assessment methodology of the G20/OECD Principles of the Corporate Governance, which will be informed by an FSB peer review on corporate governance.

40. Generating quality employment is indispensable for sustainable development and is at the center of the G20's domestic and global agenda. We will work to ensure the benefits from economic growth, globalization and technological innovation are widely shared, creating more and better jobs, reducing inequalities and promoting inclusive labor force participation. We endorse the strategies, action plans and initiatives developed by G20 labor and employment ministers to enhance the growth and development agenda by taking effective actions to address changes in skill needs, support entrepreneurship and employability, foster decent work, ensure safer workplaces including within global supply

chains and strengthen social protection systems. We endorse Sustainable Wage Policy Principles. We recognize entrepreneurship is an important driver for job creation and economic growth, reinforce our commitments in the G20 Entrepreneurship Action Plan, and welcome China's contribution in the establishment of an Entrepreneurship Research Center on G20 Economies. We also endorse the G20 Initiative to Promote Quality Apprenticeship with policy priorities of increasing the quantity, quality and diversity of apprenticeships. We will further develop the G20 employment plans in 2017 to address these commitments and monitor progress in a systemic and transparent manner in achieving the G20 goals especially on youth employment and female labor participation. We recognize strengthened labor market institutions and policies can support productivity and promote decent work, and therefore higher, sustainable wage growth, in particular for the low-income workers. We recognize the importance of addressing opportunities and challenges brought into the labor market through labor migration as well-managed migration can bring potential benefits to economies and societies.

41. The G20 will continue to prioritize its work on food security, nutrition, sustainable agricultural growth and rural development as a significant contribution to implementing the 2030 Agenda for Sustainable Development. We endorse the outcome of the G20 Agriculture Ministers Meeting and encourage our agriculture ministers to meet regularly to jointly facilitate sustainable agricultural development and food value chains, including through technological, institutional and social innovation, trade and responsible investment, as a means of food security, rural development and poverty alleviation. We support increasing efforts in this regard by the agricultural scientific and private sectors and welcome the opening of the First G20 Agricultural Entrepreneurs Forum. We recognize the role of family farmers and smallholder agriculture in development, and welcome the Good Practices on Family Farming and Smallholder Agriculture that identifies a set of policies, programs and tools that can prove useful to G20 members and beyond. We welcome the contribution by programs and initiatives that promote sustainable agricultural development, including the Global Agriculture and Food Security Program.

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Further Significant Global Challenges Affecting the World Economy

42. The outcome of the referendum on the UK's membership of the EU adds to the uncertainty in the global economy. Members of the G20 are well positioned to proactively address the potential economic and financial consequences stemming from the referendum. In the future, we hope to see the UK as a close partner of the EU.

43. We reiterate our commitment to sustainable development and strong and effective support and actions to address climate change. We commit to complete our respective domestic procedures in order to join the Paris Agreement as soon as our national procedures allow. We welcome those G20 members who joined the Agreement and efforts to enable the Paris Agreement to enter into force by the end of 2016 and look forward to its timely implementation with all its aspects. We affirm the importance of fulfilling the UNFCCC commitment by developed countries in providing means of implementation including financial resources to assist developing countries with respect to both mitigation and adaptation actions in line with Paris outcomes. We reaffirm the importance of the support provided by the Green Climate Fund. We welcome the G20 Climate Finance Study Group report on "Promoting Efficient and Transparent Provision and Mobilization of Climate Finance to Enhance Ambition of Mitigation and Adaptation Actions". We look forward to successful outcomes in related multilateral fora, including the Montreal Protocol and the International Civil Aviation Organization.

44. Worldwide massive forced displacement of people, unprecedented since the Second World War, especially those generated from violent conflicts, is a global concern. We reiterate our call in Antalya for global concerted efforts in addressing the effects, protection

need and root causes of refugee crisis to share in the burden associated with it. We call for strengthening humanitarian assistance for refugees and refugee resettlement, and we invite all states, according to their individual capacity, to scale up assistance to relevant international organizations in order to enhance their capabilities to assist affected countries, intensifying efforts to find durable solutions, in particular for protracted refugee situations, and in this regard, strengthening the contribution of development assistance to host communities. We support the international efforts to respond to the ongoing crisis and note the upcoming high-level meetings which will take place during the UN General Assembly. We note the World Bank's effort to work with other international organizations and its shareholders to develop a global crisis response platform to provide support to refugees and host communities in both low and middle income countries. The G20 will continue to address forced displacement in 2017 with a view to developing concrete actions. The G20 will also examine migration issues in 2017.

45. We strongly condemn terrorism in all forms and manifestations, which poses serious challenges to international peace and security and endangers our ongoing efforts to strengthen the global economy and ensure sustainable growth and development. We reaffirm our solidarity and resolve in the fight against terrorism in all its forms and wherever it occurs. We will tackle all sources, techniques and channels of terrorist financing, including extortion, taxation, smuggling of natural resources, bank looting, looting of cultural property, external donation, and kidnapping for ransom. In confronting terrorism, we remain committed to effectively exchanging information, freezing terrorist assets, and criminalizing terrorist financing. We call for the swift, effective and universal implementation of the FATF standards and of the provisions of the UN Security Council resolution 2253 worldwide. We welcome the progress achieved by the FATF in the implementation of its new Consolidated Strategy on Combating Terrorist Financing and call for effective implementation of its operational plan. We call on the FATF to reflect by March 2017 on ways to progress in strengthening its traction capacity and enhanced effectiveness of the network of FATF and FATF-style regional bodies.

46. Antimicrobial resistance (AMR) poses a serious threat to public health, growth and global economic stability. We affirm the need to explore in an inclusive manner to fight antimicrobial resistance by developing evidence-based ways to prevent and mitigate resistance, and unlock research and development into new and existing antimicrobials from a G20 value-added perspective, and call on the WHO, FAO, OIE and OECD to collectively report back in 2017 on options to address this including the economic aspects. In this context, we will promote prudent use of antibiotics and take into consideration huge challenges of affordability and access of antimicrobials and their impact on public health. We strongly support the work of the WHO, FAO and the OIE and look forward to a successful high-level meeting on AMR during the UN General Assembly. We look forward to the discussion under the upcoming presidency for dealing with these issues.

47. We reaffirm that the G20's founding spirit is to bring together the major economies on an equal footing to catalyze action. Once we agree, we will deliver.

48. We thank China for hosting a successful Hangzhou Summit and its contribution to the G20 process, and look forward to meeting again in Germany in 2017 and in Argentina in 2018.

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Source: **Official website of the 2016 G20 Presidency**

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