BUENOS AIRES ACTION PLAN

1. Overview and Global Economic Context

1. Ten years since the onset of the global financial crisis, the G20 has advanced reforms across a range of policy areas. The results of our efforts have led to a stronger and more resilient global economy and financial system. Our work however is not complete, and the Buenos Aires Action Plan (the Action Plan) sets out our collective strategy for achieving strong, sustainable, balanced and inclusive growth.

2. The global economic outlook remains strong, and unemployment is at a decade low. However, growth is showing signs of moderation and has become less synchronised between countries, and downside risks have increased. To help fulfil our goal of securing strong, sustainable, balanced and inclusive growth, we will continue using all policy tools at our disposal – monetary, fiscal and structural – individually and collectively, and recognise the importance of timely and clear communication.

3. This Action Plan outlines our policy responses to risks to the global economic outlook, including actions to support the international financial architecture and a resilient financial system. The Action Plan also highlights our policy actions to help ensure the benefits of growth are shared by all, which are key to achieving fair and sustainable development. The Action Plan includes new measures to harness the benefits of technology for the future of work, while tackling issues relevant to gender equality, infrastructure for development, international taxation, sustainable finance and financial inclusion. Finally, the Action Plan provides a final update on the G20 collective growth ambition agreed in 2014.

2. Responding Proactively to Global Risks

4. Over the short and medium term, downside risks have built up and some have partially materialised. These include risks from rising financial vulnerabilities, geopolitical tensions, global imbalances, inequality and structurally weak growth in some economies. We note current trade issues. We will continue to monitor risks, take action to mitigate them and respond as appropriate. We have also furthered our collective efforts to implement the agreed financial sector reform agenda, assess vulnerabilities and strengthen the international financial architecture.

Financial vulnerabilities

5. Financial conditions have been tightening in many emerging market economies as monetary policy continues to normalise in some advanced economies. Although emerging market economies are now better prepared to adjust to changing external conditions, a faster than expected tightening of financial conditions could lead to a further slowdown or reversal of capital flows, increase market volatility and put pressure on exchange rates and on debt servicing costs.

6. We are taking measures to mitigate risks to global growth, including:

- Argentina decided to speed up the pace of fiscal consolidation. The monetary policy shifted to a new regime that stops the monetary base from growing until June 2019 combined with a rule based floating exchange rate policy to mitigate excessive volatility
- The European Union is prioritising the completion of the Banking Union and further development of the European Stability Mechanism.
- India has put in place a new Insolvency and Bankruptcy Code (IBC) and is operationalizing its implementation expeditiously. The IBC has already enabled several non-performing assets to get resolved.
- Bank Indonesia issued a regulation on domestic non-deliverable forward transactions in order to support efforts to mitigate exchange rate risk, improve rupiah exchange rate stability and accelerate domestic foreign exchange market deepening.

- Mexico has implemented an oil hedging program to reduce the vulnerability of federal public finances in the face of unexpected drops in the price of oil.
- South Africa is implementing a new regulatory model in which a Prudential Authority will supervise the safety and soundness of financial institutions and a Financial Sector Conduct Authority will supervise how financial institutions conduct their business and treat customers.
- Turkey's tight fiscal stance is targeted at strengthening the public sector balance sheet in order to mitigate the effects of fluctuations in financial markets.
- The United States is evaluating and improving its financial regulatory system to improve efficiency, decrease unnecessary complexity, and align regulations to support market liquidity, investment, and lending in the real economy.

Challenges to the trading system

7. International trade and investment are important engines of growth, productivity, innovation, job creation and development. We recognize the contribution that the multilateral trading system has made to that end. The system is currently falling short of its objectives and there is room for improvement. We therefore support the necessary reform of the WTO to improve its functioning. We will review progress at our next Summit.

We are working to strengthen the contribution of trade to our economies and taking measures to enhance confidence in international trade and mitigate risks, including:

- Canada, Mexico and the United States have modernized their trading relationship with the US-Mexico-Canada Agreement. Canada has additionally concluded agreements with the European Union and the Comprehensive and Progressive Trans-Pacific Partnership, and is launching an export diversification strategy. The United States and Korea have also made improvements to their trade agreement.
- China is actively expanding imports by measures including hosting the first China International Import Expo. Meanwhile, China has lowered overall tariff level from 9.8% to 7.5% by 4 rounds of adjustments within the year of 2018.
- In 2018, the European Union finalised 7 agreements with 12 countries including Canada, signed 2 agreements with Japan and Singapore, and reached a political agreement to modernize the agreement with Mexico. The EU has put forward ideas to modernise the negotiating, monitoring and dispute settlement functions of the WTO, and with other countries tabled a proposal on transparency and notifications, and one to overcome the deadlock in the WTO Appellate Body.
- The United Kingdom is launching a consultation on a Global Financial Innovation Network which would support more cooperation and trade in financial services by bringing together financial regulators from around the world.

Global imbalances

8. Excessive external and internal imbalances pose a risk to global economic and financial stability, as sudden adjustments could have disruptive spillover effects. While current account imbalances declined following the global financial crisis, further efforts are required to reduce excessive global imbalances. We will continue to monitor global imbalances and improve our understanding of the roles our policies and international monetary system play and to pursue further action to address this challenge from a structural, macroeconomic and multilateral perspective.

9. We are taking measures to address imbalances, including:

- France is consolidating measures designed to lower labour costs and facilitate the appropriation of the CICE by firms. This will spur competitiveness, help increase export market shares, thus contributing to reduce the trade deficit.

- Germany is, in addition to increased public investment, substantially improving the framework conditions in the pension system, is lowering social security contributions, and is generating tax relief for families thereby further contributing to strong domestic demand.
- Korea will target investment for job creation, income redistribution, and strengthening the social safety net by operating an expansionary fiscal policy.

Exchange rates

10. As Finance Ministers and Central Bank Governors agreed in March, strong fundamentals, sound policies and a resilient international monetary system are essential to the stability of exchange rates, contributing to strong and sustainable growth and investment. Flexible exchange rates, where feasible, can serve as a shock absorber. We recognise that excessive volatility or disorderly movements in exchange rates can have adverse implications for economic and financial stability. We will refrain from competitive devaluations, and will not target our exchange rates for competitive purposes.

Structurally weak growth

11. Many advanced economies are expected to expand above their potential growth rates both this year and next, and emerging market and developing economies are expected to continue to show robust growth. However, growth prospects are less favourable over the medium- to long-term for many economies. Structural factors affecting growth prospects include an ageing population and persistently low investment and productivity growth. This underscores the importance of our continued efforts to advance structural reforms that lift our growth potential. We look forward to the next report by international organizations on the G20 Enhanced Structural Reform Agenda.

12. We are taking measures to counter structurally weak growth, including:

- Australia is investing in road, rail and public transport infrastructure projects to reduce congestion, keep roads safe, connect people to jobs and help get produce to market efficiently.
- Brazil's privatisation of electric power distribution will create conditions for increasing private investment in an environment of legal security, especially in infrastructure.
- The European Union is increasing the financial envelope of its Structural Reform Support Programme.
- France's executive orders on labour-management dialogue are giving a prominent role to firm-level bargaining in order to help firms adapt more easily to changing market conditions and spur job creations, thus raising potential GDP.
- Germany has further increased the target for federal investment spending, placing a priority on infrastructure, social housing as well as education and research spending, and has launched a digital infrastructure fund.
- India has reformed its indirect tax system by institutionalising a nation-wide single goods and services tax system and has taken several initiatives to monetise infrastructure assets.
- Italy is revitalising public investment through increased financial resources, regulatory improvements, organizational and administrative simplifications, and new capacity building tools to increase the speed of implementation.
- Japan is implementing its Growth Strategy 2018, which promotes realisation of "Society 5.0" including through making greater use of artificial intelligence, Internet of Things, big data and robots.
- Russia has launched a comprehensive plan for modernization and expansion of mainline infrastructure for a period through 2024, including increases in port capacity and improvements to railroads and regional airports.

- Saudi Arabia continues to launch Vision Realization Programs towards achieving Vision 2030. Recently Human Capital program was launched, with the objective of improving education, women empowerment, vocational training, skills development and addressing unemployment.
- South Africa has recently announced a plan to stimulate the economy and this plan includes, among other things, measures to increase competition, promote investment and further enhance measures to accelerate infrastructure investment.
- The United Kingdom is introducing the new National Roads Fund from 2020 to provide long-term certainty for roads investment
- The United States is implementing reforms to its corporate tax system by reducing marginal rates and allowing full expensing of investment, which should promote capital deepening and job creation, supporting growth in productivity and wages.

Financial regulation

13. Since the global financial crisis our actions have significantly improved the resilience of the global financial system. We remain committed to the full, timely and consistent implementation and finalisation of the agreed financial reform agenda and the evaluation of its effects. The evaluations of the effects of reforms on infrastructure finance and incentives to centrally clear OTC derivatives shows that the FSB evaluation framework is working as intended by identifying effects for potential future discussions on delivering adjustments where appropriate, without compromising on the level of resilience.

14. The financial system is stronger but risks keep evolving. While non-bank financing provides welcome diversity to the financial system, we will continue to identify, monitor and address related financial stability risks as appropriate. We look forward to the FSB's continued progress on achieving resilient non-bank financial intermediation.

15. We continue to monitor and take further steps to address causes and consequences of the withdrawal of correspondent banking relationships and help countries deal with them. We call for the comprehensive implementation of the FSB action plan.

16. In order to reap the full benefits of technological innovation, we will continue to monitor the potential risks of crypto-assets and to assess multilateral responses as needed. We acknowledge there is an urgent need for an effective global, risk-based response to the AML/CFT risks associated with crypto-assets. We commit to applying the recently amended FATF standards for crypto and other virtual assets with further assistance from FATF. We look forward to IOSCO's work on crypto-asset platforms. We are also committed to enhancing cyber resilience, and ask the FSB to report to the 2019 Summit on progress on its initiative identifying effective tools relating to a financial institution's response to and recovery from a cyber-incident. We welcome the Bali Fintech Agenda.

17. We will continue to monitor and, as necessary, tackle financial vulnerabilities and emerging risks; and, through continued regulatory and supervisory cooperation, address market fragmentation and preserve an open and integrated global financial system.

International financial architecture

18. We reaffirm our commitment to further strengthening the global financial safety net with a strong, quota-based, and adequately resourced IMF at its centre. We are committed to concluding the 15th General Review of Quotas and agreeing on 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 and no later than the Annual Meetings of 2019.

19. Cross border capital flows provide substantial benefits for countries but their scale, composition and volatility may pose policy challenges. Sound domestic macroeconomic policies are the first line of defence against these challenges. Macroprudential measures can play a key role in enhancing resilience and mitigating these

challenges while in certain circumstances Capital Flow Management (CFM) measures may be appropriate. We continue to deepen our understanding of how CFM measures are assessed under the OECD Code of Liberalisation of Capital Movements (the Code) and the IMF's Institutional View (IV). We look forward to the final results of the review of the OECD Code by our next Summit.

20. We underline the importance of building capacity in public debt and financial management, strengthening domestic policy frameworks and governance, enhancing domestic resource mobilization, and ensuring transparent sound and sustainable financing practices for borrowers and creditors, both official and private. We support the ongoing work of the Paris Club, as the principal international forum for restructuring official bilateral debt, towards broader inclusion of emerging creditors. We welcome the work of the IMF and the World Bank on strengthening public debt transparency and welcome the recommendations. We welcome the G20 Operational Guidelines for Sustainable Financing and call for their follow-up. We look forward to the progress of the IIF work on sustainable financing.

21. We welcome the report of the Eminent Persons Group on Global Financial Governance and look forward to follow up under the Japanese Presidency.

3. Fostering Inclusive Growth

22. Inclusive growth is key for the welfare of our citizens, social cohesion and socioeconomic development, and sustained growth. In recent decades, economic growth has significantly improved living standards around the world and, at the same time, has helped reduce extreme poverty and inequality between countries. Nevertheless, income inequality and poverty levels remain high and more effort is needed. Moreover, there are concerns that the gains from strong growth have not been broadly shared and that inequality within many countries has worsened. Inequality and extreme poverty can hinder actual and potential growth. We are steadfast in our commitment to ensure that growth is inclusive and that the benefits are shared widely amongst our citizens.

23. We are working to better understand the drivers of economic inequality and have taken numerous actions in recent years to promote inclusive growth. We recognise however the need to do more to meet the aspirations of our citizens for shared prosperity. We are therefore taking actions to support inclusive growth, including:

- Australia has introduced a seven year Personal Income Tax Plan that provides tax relief to low and middle income earners, helps to address bracket creep and makes the tax system fairer and simpler.
- Argentina has introduced a land titling program through which the inhabitants of vulnerable neighbourhoods throughout the country can access a Family Housing Certificate that allows them to request access to basic services and certify their address.
- Brazil's upper secondary education reform will help reduce existing inequalities in educational outcomes and build human capital.
- China is promoting inclusive growth by further improving business environment (shorter time needed to start a business or a project, online or one-stop access to government services, tax and fee cuts to ease business burden), and by reforming personal income tax (higher basic deduction and additional deductions for certain expenses, optimized tax rate structure).France's investment in skills and human capital will focus on the most-disadvantaged areas with the doubling of first- and second-grade classes in priority education networks REP and REP+ in order to concentrate means on those who need it the most.
- Germany aims to foster quality in child care centres and improve the participation in early child care by implementing the Good Early Education Care Act and aims to strengthen lifelong training particularly with regard to technological changes and challenges by launching a National Skills Strategy and implementing the Qualification Opportunities Act.

- India has launched Ayushman Bharat, a National Health Protection Scheme aimed at providing universal health insurance to increase access to quality health and medication including timely treatments, leading to improvements in health outcomes and quality of life.
- Indonesia is implementing a cash-for-work scheme in its rural transfers in order to empower local resources and thereby reduce employment in villages and close the gap in economic disparities.
- Italy is introducing the Citizenship Income, a single universal measure guaranteeing a basic income to those who are below the poverty line, while favouring their reintegration into the labour market through a binding training path.
- Japan is making progress towards better intergenerational equity in its social security system including through free preschool education as well as free tertiary education targeted at lower income families.
- Korea will increase the 'Basic Pension', intended to improve the welfare and security of the low-income elderly, sequentially by 2020.
- Russia has elaborated its Financial Inclusion Strategy for 2018-2020 to improve the accessibility and quality of financial services for SMEs and population groups with limited access to financial services, and to increase the speed and quality of access to financial services through Internet facilities.
- Saudi Arabia has launched the Financial Sector Development Program to further enhance financial diversity, financial inclusion and literacy, to promote customer protection, and to advance digital transformation while safeguarding financial stability.
- South Africa has introduced a national minimum wage which will contribute towards addressing wage inequality, preventing prolonged and violent industrial actions and improving trust between employers and employees over time.
- Spain has launched the 2018-2020 programme for dignified work to fight against the fraudulent use of temporary contracts and ensure the enforcement of and effective compliance with labour laws.
- Turkey is providing additional support for the employment of women, youth and the disabled in order to facilitate their participation in the labour market through care support, vocational training courses, on-the-job training programs and Set-up Business support.

The Future of Work

24. Technology is key to productivity growth and higher living standards, although the diffusion and adoption of technology and innovation can be uneven both within and across countries. We expect the overall long-term impact of technological change to be positive for our economies and living standards, but recognise that the transition period could be disruptive for individuals, firms, and governments and may also entail long term distributional challenges to be addressed.

25. Recognising the potential opportunities and challenges, we have endorsed the G20 Menu of Policy Options for the Future of Work (the Menu) which we will draw on to: harness technology to strengthen growth and productivity; support people during transitions and address distributional challenges; secure sustainable tax systems; and ensure that the best possible evidence informs our decision-making. The Menu also highlights the importance of international cooperation and promoting gender equality.

26. Consistent with the Menu, we are taking a number of new measures to harness the benefits and address the challenges related to the impact of new technologies on the future of work, including:

- Australia has launched a National Health and Medical Industry Growth Plan to create new jobs and improve health outcomes by investing in genomics and health and medical research, accelerating health innovation, and enhancing collaboration between researchers and industry.

- Argentina introduced a tax reform that changes the tax system in gradual steps over a five year window, including a reduction in the weight of distortionary taxes, as well as a reduction of the corporate income tax on re-invested profits.
- Brazil Agenda for Industry 4.0 contains a number of important actions including the development of testbeds/factories for future demonstrations and an online platform which consists of a marketplace for industry 4.0 technology adopters and providers.
- Canada has launched Future Skills to examine major trends impacting national and regional economies and workers, identify emerging skills shortages and develop innovative approaches to skills development to address them.
- China is implementing a lifelong vocational skills training system to help university graduates and migrant workers improve their employment-enabling skills.
- The European Union is providing financial assistance for adults with low levels of skills to acquire a minimum level of literacy, numeracy and digital skills and/or acquire a broader set of skills by progressing towards an upper secondary qualification or equivalent.
- Indonesia is providing basic facilities and infrastructure, such as roads, drainage, waste management, water, electricity, communications and information technology, in order to stimulate the establishment of special integrated and connected zones.
- Italy is strengthening its Impresa 4.0 Plan and the venture capital for innovative start-ups, with the aim of promoting investment in innovation and R&D activities, and boosting firms' productivity and competitiveness.
- Japan is implementing a "work-style reform" including correction of long working hours practice and expanding the capacity of childcare facilities, which will help increase women's labour participation.
- Korea will ease the standards for its Earned Income Tax Credit, a cash subsidy paid to support the work and income of low-income groups, and increase its ceiling for the subsidy amount per household.
- The Bank of Russia has launched a regulatory sandbox to test new innovative financial services and technologies to assess their safety and potential impact on financial market.
- Spain has created a regulatory sandbox to allow FinTech start-ups and other financial entities to conduct live experiments in a controlled environment under the regulator`s supervision.
- Turkey's Development Bank has been restructured in order to provide long term and cost effective funding for investments to be made in technological and strategic sectors.
- The United Kingdom has announced a package of measures to finance growth in innovative firms, which will help them scale-up and achieve their full growth potential, supporting UK productivity growth.

Infrastructure for Development

27. Infrastructure is important for development. Tackling shortfalls in infrastructure investment will help lift growth, job creation, and productivity. A large global infrastructure gap must be funded in the coming decades in order to keep pace with projected growth. Public sector resources alone remain insufficient to fulfil long-term infrastructure financing needs and international finance institutions' balance sheets are limited. Thus, significant private sector investment in infrastructure is needed. In 2017, it was estimated that there were approximately US$80 trillion in assets under management by institutional investors, presenting a potential source for significant financing infrastructure, including for emerging market and developing economies

28. In this context, we are taking steps to further catalyse private investment into infrastructure. To achieve this, we endorse the "Roadmap to infrastructure as an Asset Class" (the Roadmap) that will help improve project development; promote greater standardisation; and improve the investment environment for infrastructure.

29. We welcome the progress made this year under the Roadmap and endorse the G20 Principles for the Infrastructure Project Preparation Phase, which will lay the foundation for making projects bankable and help attract additional private capital into infrastructure. We encourage implementation of these principles by both MDBs and governments through their project development operations. We welcome the MDB Infrastructure Cooperation Platform, which strengthens and promotes the MDBs working as a system. In line with this, we welcome the Introductory Guide to MDB Guarantees Products which will help increase investor understanding of financial models that help crowd in more private capital. We welcome further work on infrastructure asset performance data and to explore ways to address infrastructure data gaps.

30. We look forward to continued progress on the Roadmap during the next presidency, particularly in the areas of Quality Infrastructure and Regulatory Frameworks and Capital Markets.

Gender equality

31. Increased participation of women in our economies not only is empowering but will help improve our economic growth prospects. It will also promote more inclusive societies. Despite progress, gender gaps continue to exist in many areas. We are therefore taking measures to support greater gender equality, including:

- Canada has introduced the first ever Gender Results Framework to track how Canada is currently performing, to help define what is needed to achieve greater equality and to determine how progress will be measured going forward.
- Mexico has implemented a Labour Reform intended to, among others, strengthen gender equality, inclusion and non-discrimination in labour relations.
- Saudi Arabia has launched a Women in Business initiative aimed at empowering women in private businesses and raising their SME ownership.
- Spain will launch a plan to fight against the gender wage gap. Measures will be implemented to close the wage gap between men and women.

International Taxation

32. We will continue our work for a globally fair, sustainable and modern international tax system based in particular on tax treaties and transfer pricing rules, and welcome international cooperation to advance pro-growth tax policies. We reinforce our commitment to the implementation of the Base Erosion and Profit Shifting (BEPS) package. We will continue to work together to seek a consensus-based solution to address the impacts of the digitalisation of the economy on the international tax system by 2020 with an update in 2019.

33. We welcome the entry into force of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (MLI). We welcome the implementation of the automatic exchange of financial account information in over 80 jurisdictions. We support the first automatic exchange of Country-by-Country Reports (CbCR) between governments which started in June 2018. Jurisdictions that have not yet done so are encouraged to put in place a framework for filing and exchanging CbCR. We ask the OECD to prepare a list by the 2019 Leaders' Summit of the jurisdictions that have not yet sufficiently progressed toward a satisfactory level of implementation of the internationally agreed tax transparency standards. Jurisdictions which do not meet the transparency standards will be listed and defensive measures considered against them.

34. We ask the OECD and the IMF to report to Finance Ministers and Central Bank Governors in 2019 on progress made on tax certainty. We call for the Platform for Collaboration on Tax to develop its work plan on its commitments and provide a progress report in 2019.

Sustainable Finance

35. We recognise that mobilising sustainable finance is important for strong, sustainable, balanced and inclusive growth.

36. We welcome the G20 Sustainable Finance Synthesis Report 2018 which presents voluntary options to support the deployment of sustainable private capital, and their implementation by all interested countries.

Financial Inclusion

37. We recognise the importance of financial inclusion to empower and transform the lives of all our people and support the work of the Global Partnership for Financial Inclusion (GPFI) in this regard. We endorse the G20 Financial Inclusion Policy Guide on Digitisation and Informality which provides voluntary policy recommendations to facilitate digital financial services, taking into account country contexts, and recognise digitisation as a tool to financially include unserved and underserved individuals and MSMEs, especially those in the informal economy. We commend the implementation of the G20 Policy Guide in G20 and non-G20 countries through pilot projects and support the continuity of this initiative. We welcome work by the GPFI on financial inclusion of forcibly displaced persons.

38. We support the collection of gender disaggregated data on financial inclusion both from the demand and the supply side considering, among others, the IMF’s Financial Access Survey.

39. We also endorse the GPFI Work Program and Structure: A Roadmap to 2020. We ask the GPFI to ensure it meets the specified timeline to streamline its work program and structure so it continues to support economic growth and financial stability, and reduce inequality.

4. G20’s Collective Growth Ambition

40. In 2014, we agreed to use our growth strategies as instruments for facilitating an integrated approach that makes use of all policy tools – monetary, fiscal and structural – individually and collectively to boost global growth. At that time, we put forward significant policy measures that, if implemented in a full and timely fashion, would increase G20 collective GDP by an additional 2 per cent by 2018 (collective growth ambition). We updated our growth strategies in 2015, 2016, 2017 and 2018 with new measures aimed at raising the effectiveness of our original actions and further boosting growth.

41. This process has allowed us to go one step further in terms of the coordination effort initiated in 2009 with the Mutual Assessment Process following the Global Financial Crisis. It also showcased the spillovers from structural reforms, highlighting the benefits from coordinated action. Our efforts have so far led us to achieve more than half of our collective growth ambition. Slower-than-expected implementation means that we will achieve our collective growth ambition later than originally anticipated. Importantly, however, we expect the longer-term impact of the measures members will have implemented as part of the growth strategy exercise will exceed 2 per cent of G20 collective GDP. We will continue to implement the policy actions we have put forward in our growth strategies. The measures contained in this Action Plan will further add to this impact.