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present the

2014 Brisbane G20 Summit
Final Compliance Report

17 November 2014 to 1 October 2015

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"The University of Toronto … produced a detailed analysis to the extent of which each G20 country has met its commitments since the last summit … I think this is important; we come to these summits, we make these commitments, we say we are going to do these things and it is important that there is an organisation that checks up on who has done what."

— *David Cameron, Prime Minister, United Kingdom, at the 2012 Los Cabos Summit*

Contents

1. Macroeconomics: Fiscal Strategies

"We will continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of GDP on a sustainable path."

G20 Brisbane Leaders' Communiqué

Assessment

	No Compliance	Partial Compliance	Full Compliance
Argentina		0	
Australia		0	
Brazil		0	
Canada		0	
China		0	
France		0	
Germany			+1
India		0	
Indonesia		0	
Italy		0	
Japan		0	
Korea		0	
Mexico		0	
Russia			+1
Saudi Arabia		0	
South Africa	−1		
Turkey		0	
United Kingdom		0	
United States		0	
European Union		0	
Average	+0.05		

Background

On 15-16 November 2014, G20 leaders at the Brisbane Summit acknowledged that recovery from the global financial crisis remains uneven, hampered by "weak cyclical recovery…weakened productive capacity in key economies, and a legacy of vulnerabilities from the financial crisis."[4] G20 leaders reaffirmed the need for a concerted effort towards strong, sustainable and balanced growth, and agreed that implementing flexible fiscal strategies, which take into consideration national economic circumstances, are key to recovery and job creation.

At the 2013 St. Petersburg Summit, G20 leaders agreed to develop "Comprehensive Growth Strategies"[5] to collectively address these challenges. G20 leaders presented peer-reviewed strategies as part of the 2014 Brisbane Action Plan, acknowledging that these strategies represented a key mechanism through which global economic recovery could be achieved. In February 2014, the finance ministers and central bank governors indicated that adherence to this commitment by G20 countries, rather than reliance on existing macroeconomic policies, would raise the collective gross domestic product (GDP) by more than 2% over the

[4] Brisbane Action Plan, G20 Australia 2014 (Brisbane) November 2014. Access: 28 January 2015. https://g20.org/wp-content/uploads/2014/12/brisbane_action_plan.pdf

[5] G20 Comprehensive Growth Strategies: Macroeconomic and Structural Reforms, G20 Australia 2014 (Brisbane) November 2014. Access: 28 January 2015. http://www.g20australia.org/official_resources/current_presidency/growth_strategies

next five years.[6] Subsequent analysis by the International Monetary Fund and the Organisation for Economic Co-operation and Development revealed that this increase in collective GDP would be closer to 2.1%, attributing a quarter of the increase to positive spillovers to the global economy resulting from simultaneous implementation of policies.[7]

In May 2014, a policy note created ahead of the Brisbane Summit stated that "strengthening national economies will result in a marked impact on global growth and prosperity, but given high levels of debt in certain developed economies, fiscal policy can only be used sparingly."[8] Therefore, developing fiscal policies that are flexible, in that they consider national circumstances and prioritize fiscal sustainability, is a critical element to the success of the strategies agreed to last year.

Commitment Features

This commitment is based on achieving fiscal sustainability through the implementation of sound economic policy measures, tailored to the specific objectives and circumstances of each country. Specifically, this commitment recognizes that each country will have different priorities, dictated by their individual economic circumstances. During the 2014 Brisbane Summit, each G20 country submitted individual Comprehensive Growth Strategies, which describe each country's fiscal policy objectives. The objectives outlined in the growth strategies have taken into account each country's near-term economic conditions, which is evident in the variance — in strength and nature — of policy commitments across countries.[9] Moreover, each country's comprehensive growth strategy outlines measures within their fiscal objectives that address putting debt-to-GDP ratios on a sustainable path.

Therefore, for the purpose of this report, the fiscal policy objectives within the individual country Comprehensive Growth Strategies will provide the basis for assessing country compliance. Each individual country report below will begin by identifying the fiscal policy objectives outlined in each comprehensive growth strategy. The report will then assess compliance based on any actions taken by each member to fulfill the stated fiscal policy objectives. Full compliance will be awarded to G20 members that have taken actions towards implementing all their stated fiscal policy objectives within their individual growth strategies.

Scoring Guidelines

−1	Member has made NO progress towards implementing fiscal policy measures stated within its comprehensive growth strategy.
0	Member has made SOME progress towards implementing fiscal policy measures stated within its comprehensive growth strategy.
+1	Member has implemented ALL fiscal policy measures stated within its comprehensive growth strategy.

Lead Analyst: Melanie Wallace

Argentina: 0

Argentina has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

Argentina has outlined the following fiscal strategies in its comprehensive growth strategy:

[6] Meeting of the G20 Finance Ministers and Central Bank Governors Communiqué, G20 (Sydney) 23 February 2014. Access: 29 January 2015. http://www.g20.utoronto.ca/2014/2014-0223-finance.html
[7] Quantifying the Impact of G-20 Members' Growth Strategies, International Monetary Fund (Washington) 2014. Date of Access: 27 January 2015. http://www.imf.org/external/np/g20/pdf/2014/growthstrat.pdf
[8] Policy note: Strategies for economic growth, G20 Australia 2014 (Brisbane) May 2014. Access: 30 January 2015. https://g20.org/wp-content/uploads/2014/12/Policy%20Note%20Strategies%20for%20Economic%20Growth.pdf
[9] Policy note: Strategies for economic growth, G20 Australia 2014 (Brisbane) May 2014. Access: 30 January 2015. https://g20.org/wp-content/uploads/2014/12/Policy%20Note%20Strategies%20for%20Economic%20Growth.pdf

- Continue to implement countercyclical policy and maintain a low and manageable debt-to-GDP ratio
- Increase tax revenue through the creation of a more progressive tax structure (increasing the share of income tax) and export duties on sectors with high profitability
- Expand public spending in areas with high multiplier effects, such as social security and investment in infrastructure, especially energy-efficiency projects
- Improve allocation of public spending in productive and social investment, including a gradual reduction of subsidies on energy consumption and public transport.[10]

On 24 December 2014, the government of Argentina announced that it would extend tax amnesty for the sixth time. The program will allow those with undeclared accounts in countries such as Switzerland to legalize their undeclared cash. It is estimated that 4,000 citizens are eligible to participate. According to the decree, "The fiscal amnesty allows [the use of] idle cash resources for productive and social investments that would help [economic growth and industrialization]."[11] The government hopes that its threat of cracking down on individuals with undeclared accounts will increase participation significantly.

On 2 January 2015, the government of Argentina announced that it will "raise the retail price at which luxury tax is applicable on sales of cars, motorbikes, boats and planes."[12] This constitutes an overall tax floor increase of 15%. The government hopes that the initiative will boost sales for the car industry and increase tax revenues.

On 14 January 2015, the government of Argentina launched the second phase of the Argentine Northeastern Pipeline (GNEA) initiative. The project requires an investment of ARS11.35 billion and will create about 11,000 jobs. The pipeline will give the provinces of Chaco, Formosa, and the northern Santa Fe access to natural gas.[13]

On 16 January 2015, the 2014 budget of the Argentine government received additional revenue worth ARS9.9 billion. The additional revenue has improved the balance of the 2014 budget. The radio spectrum auction and money from the ANSeS social security agency are the major sources of this revenue.[14]

On 3 February 2015, the Administración Federal de Ingresos Públicos chief Ricardo Echegaray reported that the Argentine government's tax collection had increased by 30.1% in January 2015 to ARS117.5 billion. This increase includes 40.8% increase in income taxes, 34.3% increase in social security contributions and 23.2% increase in value-added tax. The revenue collected in January was ARS1.7 billion above the target set in this year's budget. Tax collections from foreign trade-based revenue brought in only ARS4.3 billion, an 8.5% increase, while import royalties contributed ARS2.8 billion, up by 11.6%.[15]

On 3 September 2015, the federal government extended its tax amnesty program for three more months, the ninth time it has been prolonged since May 2013. The reasoning behind this move is that the "use of Cedin

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[10] Comprehensive Growth Strategy: Argentina, G20 Australia 2014 (Brisbane) 15-16 November 2014. Access: 28 February 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_argentina.pdf

[11] Gov't extends tax amnesty once again, Buenos Aires Herald (Buenos Aires) 24 December 2014. Access: 28 February 2015. http://www.buenosairesherald.com/article/177999/gov%E2%80%99t-extends-tax-amnesty-once-again

[12] Gov't raises retail price for tax applied to luxury car sales, Buenos Aires Herald (Buenos Aires) 2 January 2015. Access: 28 February 2015. http://www.buenosairesherald.com/article/178524/gov%E2%80%99t-raises-retail-price-for-tax-applied-to-luxury-car-sales

[13] Gov't launches second phase of gas pipeline, Buenos Aires Herald (Buenos Aires) 15 January 2015. Access: 28 February 2015. http://www.buenosairesherald.com/article/179568/gov%E2%80%99t-launches-second-phase-of-gas-pipeline

[14] 2014 budget increases by 9.9 billion pesos, Buenos Aires Herald (Buenos Aires) 16 January 2015. Access: 28 February 2015. http://www.buenosairesherald.com/article/179643/2014-budget-increases-by-99-billion-pesos

[15] Tax collection grows 30 percent, Buenos Aires Herald (Buenos Aires) 3 February 2015. Access: 28 February 2015. http://www.buenosairesherald.com/article/181066/tax-collection-grows-30-percent

certificates has been growing over the past few months," which suggests success in the fight to legalize undeclared cash.[16]

Argentina has taken various measures to generate tax revenue and balance its budget in line with its stated fiscal policy objectives. For instance, Argentina has increased its tax revenue from ARS101.8 billion on 30 November 2014 to ARS117.46 billion at the beginning of February 2015.[17] However, Argentina has not tackled its spending challenges in unsustainable areas like energy consumption and public transit. Finally, its ongoing general election has both politicized and stalled budget talks until after 25 October 2015.

Argentina has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Argentina is awarded a score of 0.

Analysts: Darcy Drury

Australia: 0

Australia has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

Australia has outlined the following fiscal strategies in its comprehensive growth strategy:

- Reduce tax and government spending
- Achieve fiscal consolidation at a measured pace without undermining the economy's near-term growth, and achieve average budget surpluses over the progression of the economic cycle by: 1) redirecting spending to investments that boost productivity and participation; 2) reducing the government's share of the economy over time through reduction in payments and paying down debt; and 3) improving financial net worth over time
- Follow its Budget Repair Strategy until a strong surplus is achieved. This means all new government spending must be more than offset and all unexpected improvements in receipts and payments must be used to directly improve the budget
- Improve the cash balance deficit from 4.5% of GDP in 2013-2014 to 0.9% of GDP in 2016-2017 en route to a balanced budget around 2018-2019
- Cap tax receipts as a share of GDP
- Reduce company tax rate by 1.5 percentage points in July 2015, offsetting the cost of the government's Paid Parental Leave Scheme.[18]

In December 2014, the Australian government published its Mid-Year Economic and Fiscal Outlook 2014-2015 (MYEFO). The MYEFO determined that both the troubled economy, linked to a decrease in iron ore prices (Australia's top export), and legislation delays in the Senate had a significant impact on tax receipts, payments, and the budget's bottom-line.[19] Overall, tax receipts were lower and government payments had

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[16] Government extends tax amnesty for three months, Buenos Aires Herald (Buenos Aires) 1 October 2015. Access: 11 October 2015. http://www.buenosairesherald.com/article/199955/government-extends-tax-amnesty-for-three-months

[17] Argentina Tax Revenue, Bloomberg (NYC) 28 February 2015. Access: 28 February 2015. http://www.bloomberg.com/quote/ARTXTOTL:IND

[18] Comprehensive Growth Strategy: Australia, G20 Australia 2014 (Brisbane) 15-16 November 2014. Access: 28 February 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_australia.pdf

[19] Mid-Year Economic and Fiscal Outlook 2014-15, Commonwealth of Australia (Canberra) 15 December 2014. Access: 1 March 2015. http://www.budget.gov.au/2014-15/content/myefo/html/index.htm

increased more than forecasted.[20] The MYEFO stated that underlying cash balances and fiscal balances had both deteriorated since the introduction of the budget in May. However, despite these setbacks, the government continues to progress on budget repair. The 2015 Intergenerations Report shows that measures already implemented are projected to make a significant contribution towards achieving fiscal sustainability over the long term.

The MYEFO stated that the Government of Australia has "more than offset all of its new spending decisions, other than those decisions taken as part of negotiations with the Senate."[21] The MYEFO also maintained Australia's commitment to improving the long-term sustainability of the budget stating, "The Path of fiscal consolidation and policy settings will be considered comprehensively as part of the normal annual Budget process."[22]

In its MYEFO, the Government of Australia formally announced initiatives aimed at improving efficiency of government agencies and increasing public savings. These smaller government reforms involve (1) abolishment of 138 government bodies; (2) consolidation of 15 government bodies into existing government departments; (3) transfer of two bodies out of the Commonwealth; and (4) merging of 26 governmental bodies (for a net reduction of 20).[23] These reforms build upon previous attempts to decrease government spending.

On 20 February 2015 Treasurer Joe Hockey and Minister of Finance Mathias Cormann issued a joint media release announcing the Australian government had successfully passed the Tax Laws Amendment (Research and Development) Bill 2013. This Bill involves a AUS100 million cap on research and development expenditure that companies can claim in their taxes.[24] Hockey and Cormann say this is an important budget saving tool for the Senate.[25]

On 25 June 2015 Minister of Finance Mathias Cormann released the Australian Government General Sector Monthly Financial Statements for May 2015. The fiscal balance for the year up until 31 May 2015 was a deficit of AUD 26,002 million compared to the revised budget profile deficit of AUD 31,193 million. The difference is largely related to lower than expected cash payments. [26]

On 12 May 2015 Treasurer Joe Hockey delivered the Budget Speech 2015. He maintained that, "despite the headwinds, [Australia's] timetable back to a Budget surplus is unchanged from last year." Hockey announced a package of tax measures to aid small businesses in Australia, including a tax discount for unincorporated businesses and immediate tax reductions for items purchased up to AUD 20,000 to reduce small business tax liability. He further introduced a number of tax amendments in order to ensure a fair collection of taxes. This includes a new Multinational Anti-Avoidance Law in attempt to discontinue complex tax-avoiding schemes

[20] Mid-Year Economic and Fiscal Outlook 2014-15, Commonwealth of Australia (Canberra) 15 December 2014. Access: 1 March 2015. http://www.budget.gov.au/2014-15/content/myefo/html/index.htm

[21] Mid-Year Economic and Fiscal Outlook 2014-15, Commonwealth of Australia (Canberra) 15 December 2014. Access: 1 March 2015. http://www.budget.gov.au/2014-15/content/myefo/html/index.htm

[22] Mid-Year Economic and Fiscal Outlook 2014-15, Commonwealth of Australia (Canberra) 15 December 2014. Access: 1 March 2015. http://www.budget.gov.au/2014-15/content/myefo/html/index.htm

[23] Smaller, More Efficient and Effective Government, Minister for Finance (Canberra) 15 December 2014. Access: 1 March 2015. http://www.financeminister.gov.au/media/2014/1215-smaller-gov.html

[24] Senate Supports Labor's R&D Savings Measure Despite Labor Opposition, Minister for Finance (Canberra) 10 February 2015. Access: 1 March 2015. http://www.financeminister.gov.au/media/2015/0210-senate-supports-savings.html

[25] Senate Supports Labor's R&D Savings Measure Despite Labor Opposition, Minister for Finance (Canberra) 10 February 2015. Access: 1 March 2015. http://www.financeminister.gov.au/media/2015/0210-senate-supports-savings.html

[26] Australian Government Sector Monthly Financial Statements May 2015, Australian Government Department of Finance, 25 June 2015. Access: 7 October 2015. http://www.finance.gov.au/publications/commonwealth-monthly-financial-statements/2015/mfs-may/

used by multinationals and a tighter Australian foreign investment regime, which is estimated to supply AUD 735 million to the budget. [27]

The Australian Tax Office lowered taxes for small businesses by 1.5 per cent, applicable for income years beginning on or after 1 July 2015, while taxes for other companies maintained the same tax rate of 30 per cent.[28]

Australia has made multiple efforts aimed at increasing government savings and key tax reforms. Although Australia has not consistently met budget deficit reduction targets outlined in its forecasts, it has identified barriers to this and recommitted to prioritize fiscal consolidation.

Australia has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Australia is awarded a score of 0.

Analyst: Rebecca Patrick

Brazil: 0

Brazil has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

Brazil has outlined the following fiscal strategies in its comprehensive growth strategy:

- Fiscal consolidation to support sustainable economic growth and control inflation
- Fiscal sustainability, with an aim towards reducing debt as a share of GDP
- Rebalancing expenditures from concurrent expenses towards investment
- Expansion of social safety nets so as to reduce poverty and income inequality.[29]

On 26 November 2014, the Brazilian government recorded a primary surplus of BRL4.1 billon for the month of October, a recovery from a deficit of BRL20.4 billion for the month of September. With this result, Brazil had an accumulated deficit of BRL11.6 billion for the year of 2014, and a surplus of BRL31.9 billion for the previous 12-month period on its debt payment account. National Treasury Secretary Arno Augustin stated that the Ministry of Finance was already working with a target of BRL10.1 billion surplus for the central government in 2014, as opposed to the BRL80.8 billion expected on the last budget review decree. He stated the target "is what we consider best for the moment" and emphasized the increase of 41.1% in payments to the Growth Acceleration Program, totalling BRL51.5 billion between the months of January and October.[30]

In his first address to the press on 5 January 2015, new Finance Minister Joaquim Levy emphasized the need for promoting fiscal adjustment and a better control of public expenditures. The changes proposed by Joaquim Levy include modifications to the payment of unemployment insurance and pensions. The measures are an attempt at improving the country's cost expenditure profile.[31]

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[27] Budget Speech 2015, J.B. Hockey 12 May 2015. Access: 7 October 2015. http://www.budget.gov.au/2015-16/content/speech/html/speech.htm

[28] Company Tax Rates, Australian Taxation Office (Canberra). Access: 7 October 2015. https://www.ato.gov.au/Rates/Company-tax/

[29] Comprehensive Growth Strategy: Brazil. G20 Australia 2014 (Brisbane) October 2014. Access: 22 February 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_brazil.pdf

[30] Governo Central tem superavit primário de R$ 4,1 bilhões em outubro. Ministry of Finance (Brasilia) 26 November 2014. Access: 25 February 2015. http://www.fazenda.gov.br/divulgacao/noticias/2014-1/novembro/governo-central-tem-superavit-primario-de-r-4-1-bilhoes-em-outubro

[31] Joaquim Levy acredita em retomada da economia sem parada brusca, Ministry of Finance (Brasilia) 5 January 2015. Access: 25 February 2015. http://www.fazenda.gov.br/divulgacao/noticias/joaquim-levy-diz-acreditar-em-reequilibrio-da-economia-sem-parada-brusca

On 29 January 2015, the National Treasury announced the fiscal results of the central government, showing a primary surplus of BRL1 billion in December 2014. From January to December the results showed a cumulative deficit of BRL17.2 billion, which represented −0.3% of the GDP. According to a statement by National Treasury Secretary Marcelo Barbosa Saintive, a frustrated revenue collection of 1.7% and an increase in expenses of 0.4% impacted those results, which he believes helps explain the disparity in projections made in November to the presented results. Mr. Saintive also announced the creation of a task force formed by the Ministries of Planning, Finance, Civil House, and Comptroller General of the Union to examine public expenditures, in order to address "the need for fiscal robustness and a greater control of expenditure."[32]

On 11 February 2015, the National Treasury Secretary (STN) Annual Report revealed that the federal public debt's stock closed 2014 at BRL2.295 trillion, within the range established by the Annual Financing Plan (PAF).[33] On the same day, the STN also released the PAF for 2015, fixing a higher limit for the public debt's stock from BRL2.450 trillion to BRL2.6 trillion.[34]

During an event organized by the Chamber of Commerce France-Brazil held on 23 February 2015 in São Paulo, Joaquim Levy defended the fiscal adjustment measures highlighting that there was a fiscal imbalance in 2014, which led to an increase in the country's debt-to-GDP ratio.[35] Included in the measures announced by the government are limitations to social benefits, such as unemployment insurance, an increase in the interest charged by the Brazilian Development Bank, the increase in taxing of fuel, automobiles, credit operations, cosmetics, and the end of transfers to the Energy Development Account.[36]

Following the announcement on 26 February 2015 that the federal public debt had diminished in January to BRL2.29 trillion, mostly affected by a seasonal movement according to José Franco Medeiros de Moraes, coordinator of the Public Debt Operations, the government published decree nº 8.412.[37] The decree brought about a reprogramming of various financial obligations of the Executive Power for the period of January to April. National Treasury Secretary Marcelo Saintive stated the government was rescheduling its payments in order to give a greater predictability to the ministries.[38]

In January, the central government recorded a primary surplus of BRL10.4 billion, the lowest result for the month of January since 2009.[39] The twelve-month accumulated results showed a deficit of BRL19.9 billion. Compared to January of the previous year, revenue increased 0.3%, from BRL125 billion to BRL125.4

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[32] Vamos cumprir meta de superavit e recuperar credibilidade, diz Saintive. Ministry of Finance (Brasilia) 29 January 2015. Access: 25 February 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/janeiro/201cvamos-cumprir-meta-de-superavit-e-recuperar-credibilidade201d-diz-saintive

[33] Dívida pública encerra 2014 dentro da meta do governo, Ministry of Finance (Brasilia) 11 February 2015. Access: 26 February 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/fevereiro/divida-publica-encerra-2014-dentro-da-meta-do-governo

[34] Limite para estoque da Dívida Pública será de R$ 2,600 trilhões em 2015, Ministry of Finance (Brasilia) 11 February 2015. Access: 26 February 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/fevereiro/limite-para-estoque-da-divida-publica-sera-de-r-2-600-trilhoes-em-2015

[35] Levy defende ajuste fiscal em apresentação para empresários em São Paulo, Ministry of Finance (Brasilia) 23 February 2015. Access: 26 February 2015. http://www.fazenda.gov.br/divulgacao/noticias/levy-defende-ajuste-fiscal-em-apresentacao-para-empresarios-em-sao-paulo

[36] Governo lança programação para gastos e não descarta novas medidas, Globo (Brasilia) 26 February 2015. Access: 27 February 2015. http://g1.globo.com/economia/noticia/2015/02/governo-lanca-programacao-para-gastos-e-nao-descarta-novas-medidas.html

[37] Dívida pública federal caiu 2,09% em janeiro para R$ 2,24 trilhões, Ministry of Finance (Brasilia) 26 February 2015. Access: 27 February 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/fevereiro/divida-publica-federal-caiu-2-09-em-janeiro-para-r-2-24-trilhoes

[38] Governo reprograma gastos para atingir meta fiscal, Ministry of Finance (Brasilia) 26 February 2015. Access: 27 February 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/fevereiro/governo-reprograma-gastos-para-atingir-meta-fiscal

[39] Governo lança programação para gastos e não descarta novas medidas, Globo (Brasilia) 26 February 2015. Access: 27 February 2015. http://g1.globo.com/economia/noticia/2015/02/governo-lanca-programacao-para-gastos-e-nao-descarta-novas-medidas.html

billion.[40] Expenditures increased 2.8%, from BRL90 billion to BRL92.5 billion, caused mainly by an increase in social security expenses, which rose 8.4%, from BRL29.1 billion to BRL31.5 billion, resulting from the minimum wage increase. The Secretary also highlighted the reduction of 34.5% of the expenses related to the Growth Acceleration Program (PAC), from BRL7.2 billion in January 2014 to BRL4.7 billion in January 2015.[41] The government's economic team also imposed a reduction of 23.7% on the expenses of the PAC until April.[42]

On 31 March 2015, the Central Bank announced a deficit of BRL7.4 billion in February against the surplus of BRL10.8 billion from January. National Treasury Secretary Marcelo Saintive stated that the results were expected, the result was influenced by the fall in administrated revenue and the payment of timely expenses. [43]

On 29 April 2015, Minister of Finance Joaquim Levy stated that the fiscal adjustments would not disturb the country's growth, while defending the proposed measures that depend on approval by Congress during talk at the Chamber of Deputies. Levy stated that inflation had to convert to the goal in order to give investors safeguard and help lower the long term yield curve, "for this, fiscal discipline is irreplaceable." [44]

On 28 May 2015, the Central Bank announced a surplus of BRL 10.1 billion for the month of March. Saintive stated that, given the macroeconomic conditions Brazil was facing, the results were positive. [45] "We are satisfied with the primary achieved this month. We are on our way. We will increase the collection effort and make the necessary contingencies to achieve the established goal [BRL55.2 billion for the Central Bank]," said Saintive. [46]

On 9 September 2015, Brazil was downgraded to junk rating by the S&P with a negative outlook, opening for the possibility of additional downgrades in the near term. The downgrade was a result of the deterioration of the country's economy and public finance. S&P stated that the decision was based on the mounting political problems that have negatively affected the economy. The country's economy has been weighed down following a massive corruption scandal at the state-run oil firm Petrobras SA. The credit rating agency stated it has been weighing the government's "ability and willingness" to submit a 2016 budget that is consistent with the proposed policies following Rousseff's reelection. [47]

On 14 September 2015, Finance Minister Joaquim Levy and Minister of Planning, Budget, and Management Nelson Barbosa announced a reduction on government expenses of BRL26 billion and additional collection

[40] Governo reprograma gastos para atingir meta fiscal, Ministry of Finance (Brasilia) 26 February 2015. Access: 27 February 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/fevereiro/governo-reprograma-gastos-para-atingir-meta-fiscal

[41] Governo reprograma gastos para atingir meta fiscal, Ministry of Finance (Brasilia) 26 February 2015. Access: 27 February 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/fevereiro/governo-reprograma-gastos-para-atingir-meta-fiscal

[42] Equipe econômica fixa redução de 23,7% em gastos do PAC até abril, Globo (Brasilia) 26 February 2015. Access: 27 February 2015. http://g1.globo.com/economia/noticia/2015/02/equipe-economica-autoriza-reducao-de-237-em-gastos-do-pac-ate-abril.html

[43] Governo Central apresenta deficit de R$ 7,4 bilhões em fevereiro, Ministry of Finance (Brasilia) 31 March 2015. Access: 11 October 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/marco/governo-central-apresenta-deficit-de-r-7-4-bilhoes-em-fevereiro

[44] Levy diz que ajuste fiscal não irá atrapalhar crescimento do País, Ministry of Finance (Brasilia) 29 April 2015. Access: 11 October 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/abril/levy-diz-que-ajuste-fiscal-nao-ira-atrapalhar-crescimento-do-pais

[45] Governo Central faz superavit de R$ 10,1 bilhões em abril, Ministry of Finance (Brasilia) 28 May 2015. Access: 11 October 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/maio/governo-central-faz-superavit-de-r-10-1-bilhoes-em-abril

[46] Governo Central faz superavit de R$ 10,1 bilhões em abril, Ministry of Finance (Brasilia) 28 May 2015. Access: 11 October 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/maio/governo-central-faz-superavit-de-r-10-1-bilhoes-em-abril

[47] Brazil downgraded to junk rating by S&P, deepening woes, Reuters (Rio de Janeiro) 9 September 2015. Access: 11 October 2015. http://www.reuters.com/article/2015/09/10/us-brazil-ratings-s-p-idUSKCN0RA06120150910

of BRL40.2 billion in the Union's budget for 2016.[48] Levy stated that the measures would require combined effort from the Brazilian population as well as the National Congress, "it will be important to review tributary expenses, subsidies, and benefits."[49] In order to cover the pension deficit, the government plans to implement the Provisory Contribution of Financial Movements (CPMF) with an aliquot of 0.2%, "the CPMF was considered, among other tax alternatives, the path that would bring the smallest distortions to the economy and smallest inflationary impact."[50]

On 28 September 2015, President Dilma Rousseff stated Brazil could overcome its economic difficulties with fiscal austerity policies that are aimed at regaining investor confidence. The success of a recovery depends on whether President Rousseff has the political strength to get unpopular new taxes and measures passed by Congress, according to investors.[51]

On 8 October 2015, in a unanimous vote, the federal accounts court ruled Dilma Rousseff's government had manipulated its accounts in 2014 to disguise an increasing fiscal deficit. The ruling was the first in approximately 80 years, although not legally binding; it will be used by opposition leaders to argue for impeachment proceedings in Congress, according to leader of the opposition party PSDB Carlos Sampaio.[52]

Brazil has taken steps that are in line with the country's commitment to implement fiscal policies to promote sustainability. These steps include a tightening of fiscal policies and a greater emphasis on the control of public expenditure. The rising debt-to-GDP ratio in 2014 is recognized as having resulted from a fiscal imbalance during the year. With the re-election of President Dilma Rousseff, a new economic team was formed and changes to the current fiscal policies have been announced. These changes are understood to trade short-term economic contraction in favour of medium-term sustainable economic growth.[53] With the turbulent current economic and political environments, it is uncertain whether the fiscal measures will successfully pass through Congress.

Brazil has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Brazil is awarded a score of 0.

Analyst: Artur Pereira

Canada: 0

Canada has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

Canada has outlined the following fiscal strategies in its comprehensive growth strategy:

[48] Governo anuncia corte de R$ 26 bilhões nas despesas para 2016, Ministry of Finance (Brasilia) 14 September 2015. Access: 11 October 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/setembro/levy-anuncia-corte-de-r-26-bilhoes-nas-despesas-do-governo-para-2016

[49] Governo anuncia corte de R$ 26 bilhões nas despesas para 2016, Ministry of Finance (Brasilia) 14 September 2015. Access: 11 October 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/setembro/levy-anuncia-corte-de-r-26-bilhoes-nas-despesas-do-governo-para-2016

[50] Governo anuncia corte de R$ 26 bilhões nas despesas para 2016, Ministry of Finance (Brasilia) 14 September 2015. Access: 11 October 2015. http://www.fazenda.gov.br/divulgacao/noticias/2015/setembro/levy-anuncia-corte-de-r-26-bilhoes-nas-despesas-do-governo-para-2016

[51] Rousseff says fiscal plan to pull Brazil out of recession, Reuters (United Nations) 28 September 2015. Access: 11 October 2015. http://www.reuters.com/article/2015/09/28/us-un-assembly-brazil-rousseff-idUSKCN0RS1PM20150928

[52] Brazil's president Dilma Rousseff loses legal battle and could face impeachment, The Guardian (Brasilia) 8 October 2015. Access: 11 October 2015. http://www.theguardian.com/world/2015/oct/08/brazils-president-dilma-rousseff-loses-legal-battle-and-could-face-impeachment

[53] Putting Brazil's Political Risk in Perspective, Forbes (NYC) 13 Mar 2015. Access: 13 Mar 2015. http://www.forbes.com/sites/kenrapoza/2015/03/13/putting-brazils-political-risk-in-perspective/

Balanced federal budgets from 2015 and the introduction of balanced budget legislation
Federal debt-to-GDP ratio of 25 per cent GDP by 2021.[54]

More generally, Canada's proposed strategy for economic growth formulated for the G20 Australian Summit consisted of five key commitments: (1) infrastructure investment; (2) enhanced job matching service and a modernized national job bank; (3) reduced barriers to entry and promotion of competition in telecommunications sector; (4) new funding for research and innovation; and (5) Canada-EU comprehensive economic and trade agreement and the Canada-Korea free trade agreement.[55]

On 24 November 2014, Prime Minister Stephen Harper announced new investments that will continue to build and renew government infrastructure, from harbours and shipbuilding yards to national defence facilities across Canada. The Canadian government has pledged CAD 5.8 billion in investments towards these projects — the majority of which to take place in the next three years.[56]

On 19 February 2014, Prime Minister Harper announced that Canada is cutting taxes on liquefied natural gas projects in order to spur growth in the industry. Under this tax cut, liquefied natural gas assets acquired over the next decade will enjoy a capital cost allowance rate of 30 per cent for equipment, and 10 per cent for buildings as compared to 8 per cent for equipment and 6 per cent for structures before the cut.[57]

On 1 March 2015, Finance Minister Joe Oliver announced that Canada would extend its 15 per cent mineral exploration tax credit for one more year to support small mining companies. The credit, now scheduled to expire 31 March 2015, has "helped keep investment flowing" in the extractive sector, according to the Canadian government.[58]

On 21 April 2015, Finance Minister Joe Oliver announced in the 2015 Federal Budget that Canada will spend CAD 750 million beginning in 2017-2018 and CAD 1 billion per year ongoing thereafter on a Public Transit Fund to promote public transit infrastructure investment, will continue to spend CAD 5.35 billion on average annually for provincial, territorial, and municipal infrastructure under the New Building Canada Plan, and will continue to build and renew federal infrastructure and on-reserve schools, including through CAD 5.8 billion in investments over six years.[59]

The 2015 Budget also announced that the Government will provide up to CAD 100 million over five years, starting in 2015-2016 for an Automotive Supplier Innovation Program, provide an additional CAD 1.33 billion over six years, starting in 2017-2018, to the Canada Foundation for Innovation to support advanced research infrastructure at universities, colleges, and research hospitals.[60]

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[54] Comprehensive Growth Strategy: Canada. G20 Australia 2014 (Brisbane) October 2014. Access: 22 February 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_canada.pdf

[55] Comprehensive Growth Strategy: Canada, G20 Australia 2014 (Brisbane) November 2014. Access: 28 January 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_canada.pdf

[56] Harper unveils $5.8 billion in infrastructure spending, The Globe and Mail (Toronto) 24 Nov 2014. Access: 2 March 2015. http://www.theglobeandmail.com/news/politics/harper-unveils-58-billion-in-infrastructure-spending/article21736451/

[57] Canada to reduce taxes for LNG projects, Stephen Harper says, Financial Post (Toronto) 19 Feb 2015. Access: 2 March 2015. http://business.financialpost.com/2015/02/19/canada-to-reduce-taxes-for-lng-projects-stephen-harper-says/?__lsa=3a9c-1926

[58] Canada to extend 15% mineral exploration tax credit to 2016, Bloomberg Business (Ottawa) 1 Mar 2015. Access: 2 March 2015. http://www.bloomberg.com/news/articles/2015-03-01/canada-to-extend-15-mineral-exploration-tax-credit-to-2016

[59] Investing in Infrastructure (Chapter 3.4), 2015 Budget, Government of Canada (Ottawa) 21 April 2015. Access: 3 October 2015. http://www.budget.gc.ca/2015/docs/plan/ch1-eng.html#_Toc417204064

[60] Supporting the Manufacturing Sector and Investing in Advanced Research (Chapter 3.1), 2015 Budget, Government of Canada (Ottawa) 21 April 2015. Access: 3 October 2015. http://www.budget.gc.ca/2015/docs/plan/ch1-eng.html#_Toc417204064

The Budget also announced that the federal debt-to-GDP ratio is expected to fall to 27.9 per cent in 2017–18, putting the Government on track to meeting its target of 25 per cent of GDP by 2021.[61]

On 23 June 2015, the Federal Balanced Budget Act was enacted in force on assent requiring "that the Government of Canada achieve annual balanced budgets and reduce debt, other than when a recession or extraordinary situation occurs." The bill stipulates that "any surplus recorded in the Public Accounts in respect of a fiscal year must be applied to the reduction of the federal debt."[62]

Canada has implemented fiscal policies in infrastructure investment, tax reform, and reducing its debt-to-GDP ratio. However, Canada has not made much progress towards achieving balanced budget legislation.

Canada has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Canada is awarded a score of 0.

Analyst: Jasmine Chorley

China: 0

China has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

China has outlined the following fiscal strategies in its comprehensive growth strategy:

- To stabilize near-term growth
- To further boost consumption
- To allow the market to play its basic role and promote private sector involvement
- To support growth and employment
- To reform its fiscal and financial sector.[63]

On 2 February 2015, the State Council announced a new guideline on transfer payments to streamline administrative management, reduce unnecessary spending, and promote equal development in China. According to the Chinese government, this guideline "will allow the market to play a decisive role, and will gradually restrict special [transfer payments] in competitive businesses and industries, to maintain a fair environment for market competition."[64]

On 10 February 2015, Chinese President Xi Jinping participated in the ninth meeting of the Central Leading Group on Financial and Economic Affairs and demanded stable urbanization in China. President Xi urged faster reform and innovation in investment and financing to better engage public infrastructure construction.[65]

On 25 February 2015, the State Council pledged to pursue a proactive fiscal policy with measures to introduce more tax cuts and lower administrative fees to better support small and micro-sized businesses and to encourage entrepreneurship and innovation. The new policies will expand the range of beneficiaries to

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[61] Balancing the Budget (Chapter 5) 2015 Budget, Government of Canada (Ottawa) 21 April 2015. Access: 3 October 2015. http://www.budget.gc.ca/2015/docs/plan/ch1-eng.html#_Toc417204064

[62] Federal Balanced Budget Act (S.C. 2015, c. 36, s. 41) Access: 4 October 2015. http://laws-lois.justice.gc.ca/eng/acts/F-5.8/page-1.html

[63] Comprehensive Growth Strategy: China, G20 Australia 2014 (Brisbane) November 2014. Access: 2 March 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_china.pdf

[64] Transfer payment guideline to promote equal development, The State Council of The People's Republic of China (Beijing) 2 Feb 2015. Access: 2 March 2015. http://english.gov.cn/policies/latest_releases/2015/02/02/content_281475049185334.htm

[65] Xi stresses implementing central economic policies, Xinhuanet (Beijing) 10 Feb 2015. Access: 2 March 2015. http://news.xinhuanet.com/english/china/2015-02/10/c_127481077.htm

include higher income groups, lower unemployment insurance fees, and shift to requiring installment payments rather than one-time payments on taxes from actual investment interest from non-monetary assets.[66]

On 3 March 2015, China's Vice Finance Minister Zhu Guangyao declared that China's fiscal policy will continue to be proactive going forward. Minister Zhu made the comments at the opening of the Chinese People's Political Consultative Conference, stating that the finance ministry is making fiscal reforms to address the root cause to mounting local government debt.[67]

On 23 March 2015, the Communist Party of China Central Committee and the State Council released a document that calls for a financial boost to support innovation and venture capitals. An institutional and legal framework is in the makings and should be established by 2020.[68]

On 1 April 2015, the State Council, China's cabinet announced that the administrators of the social security fund can now invest it in local debt in order to boost e-commerce and liberalize investment regulation in the sector. The National Council for the Social Security Fund can now invest the 1.2 trillion yuan fund in local government bonds and other financial instruments. The limit on the council's investments in corporate and local government bonds has been increased from 10 per cent to 20 per cent. The measures are said to stabilize economic growth, promote economic restructuring, change the dependency of fiscial policies on capital injection to putting surplus budgetary fund to use.[69]

On 21 April 2015, a free trade zone in Fujian officially started. The plan was approved in December by the State Council and is said to be both innovative and opportune. The zone is expected to bring more investment from Taiwan into the communication, transportation, and tourism industry. This plan fits within the blueprint of the Economic Cooperation Framework Agreement (cross-straits economic pact) signed in 2010.[70]

On 5 May 2015, the National Development and Reform Commission announced that starting from 1 June 2015 Chinese regulators will lift price ceilings from most medical drugs. The intended effect is to ensure fair competition and create a more market-driven pricing system that keeps medical costs in check.[71]

On 10 May 2015, The People's Bank of China cut interests rates to counteract downward pressure on the economy. The People's Bank of China said that its benchmark one year lending rate and its benchmark deposit rate will both be lowered by 25 basis points to 5.1 per cent and 2.25 per cent respectively.[72]

On 16 June 2015, the State Council issued an official statement supporting the creation of a strategic emerging industries board on the Shanghai Stock exchange. The board aims to help raise funds through the

[66] Quick view: The State Council executive meeting on Feb 25, The State Council of The People's Republic of China (Beijing) 26 Feb 2015. Access: 2 March 2015. http://english.gov.cn/policies/infographics/2015/02/26/content_281475061970428.htm
[67] Update 2 – China will keep fiscal policy proactive – vice finmin, Reuters (Beijing) 3 Mar 2015. Access: 3 March 2015. http://www.reuters.com/article/2015/03/03/china-parliament-idUSL4N0W53E720150303
[68] China to spur innovation with financial support, The State Council of The People's Republic of China (Beijing) 25 March 2015. Access: 11 October 2015. http://english.gov.cn/policies/policy_watch/2015/03/25/content_281475077333513.htm
[69] New measures to target economic growth amid slowdown, The State Council of The People's Republic of China (Beijing) 3 April 2015. Access: 11 October 2015. http://english.gov.cn/policies/policy_watch/2015/04/15/content_281475089509292.htm
[70] Fujian province looks to investment from Taiwan, The State Council of The People's Republic of China (Beijing) 21 April 2015. Access: 11 October 2015. http://english.gov.cn/policies/policy_watch/2015/04/21/content_281475093004530.htm
[71] Govt to end ceiling on medicine prices to keep costs in check, The State Council of The People's Republic of China (Beijing) 6 May 2015. Access: 11 October 2015. http://english.gov.cn/policies/policy_watch/2015/05/06/content_281475102200046.htm
[72] China's central banks slashes interest rates again, The State Council of The People's Republic of China (Beijing) 11 May 2015. Access: 12 October 2015.

capital market for inventive and high-growth enterprises. Shanghai Stock exchange is expected increase the level of rivalry against the Shenzhen Stock exchange. [73]

On 27 June 2015, the one year lending and deposit rates were cut by 25 basis points to 4.85 per cent and 2 per cent respectively. The reserve requirement ratio, has also been cut by 50 basis points for commercial banks assisting "rural areas, agriculture and small businesses," it has also been cut for finance companies by 300 basis points to promote restructuring and the economy. [74]

On 11 August 2015, the People's Bank of China cut the reference rate against the US dollar by 1.86 per cent. This cut was made to "fix the discrepancy between the reference rate and the market's spot rate." Ma Jun, chief economist at the central bank's research bureau says that A persistent export surplus, large foreign exchange reserves, low inflation, a moderate fiscal deficit and government debt will ensure a stable currency.[75]

On 24 September 2015, the State Council released a guide to invite foreign investors to take part of China's 'reform and reorganization of State-owned enterprises (SOEs), forming joint ventures and other cooperative arragements through overseas mergers, financing cooperation and offshore financing'. This move is seen to encourage mixed-ownership of SOEs and investment in China.[76]

On 30 September 2015, the People's Bank of China and the China Banking Regulatory Comission cut down minimum down payments from 30 per cent to 25 per cent for first home buyers borrowing from commercial banks in cities with no purchase quotas. This is expected to boost investment in the housing market[77]

China has begun to make progress towards fiscal sustainability, including through promoting equal development and reducing growth of local government debt. However, there has been little evidence demonstrating that China's debt-to-GDP ratio has changed in a manner that places the country on a more sustainable path.

China has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, China is awarded a score of 0.

Analysts: Joannie Fu

France: 0

France has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product on a sustainable path.

France has outlined the following fiscal strategies in its comprehensive growth strategy:

- Lowering the cost of factors of production to stimulate employment and business competitiveness
- Lightening the tax burden of low-income households to boost purchasing power and increase incentives to take up a job
- Modernizing markets to allow for productivity gains, lower prices for consumers and boost companies' competitiveness gains

[73] Govt backs creation of emerging industries board in Shanghai, The People's Republic of China (Beijing) 17 June 2015. Access: 12 October 2015. http://english.gov.cn/policies/policy_watch/2015/06/17/content_281475128934874.htm,
[74] Forceful easing to keep Chinese economy buoyant, The People's Republic of China (Beijing) 29 June 2015. Access: 12 October 2015. http://english.gov.cn/policies/policy_watch/2015/06/29/content_281475136926377.htm
[75] New yuan fixes distortions, The People's Republic of China (Beijing) 12 August 2015. Access: 12 October 2015. http://english.gov.cn/policies/policy_watch/2015/08/12/content_281475166292424.htm
[76] Government releases guide for SOE mixed ownership, The People's Republic of China (Beijing) 25 September 2015. Access: 12 October 2015. http://english.gov.cn/policies/policy_watch/2015/09/25/content_281475197788888.htm
[77] China lowers down payment for first home buyers, The State Council of The People's Republic of China (Beijing) 1 October 2015. Access: 11 October 2015. http://english.gov.cn/policies/policy_watch/2015/10/01/content_281475202168925.htm

- Supporting productive investment to increase long-term growth
- Reducing red tape, which will in turn reduce production costs and help rein in public expenditures.[78]

The growth strategy referenced EUR 50 billion in savings between 2015 and 2017 needed to reduce expenditure growth into line with inflation: an effort that would lead to further deficit reduction without raising taxes.

On 18 December 2014, the French parliament approved President François Hollande's revised 2015 budget. The budget included measures to cut spending, but still carried a sizeable deficit, in contradiction of EU budget constraints.[79] On 26 March 2014, the French government cuts its deficit targets, indicating stronger economic recovery than was reflected in the 2015 budget.[80]

On 17 February 2015, a package of economic reforms known as Macron Law, passed the National Assembly. The reforms are designed to revive the economy, to improve legislative efficiency and to boost growth by loosening restrictive practices to promote energy and confidence in the French economy.[81] Specific measures of the reforms include the selling of 5% to 10% of the EUR 100 billion portfolio of state-owned assets over the next 18 months, deregulating medical, legal and notary practices, allowing stores to be open on Sunday 12 times a year (compared to five), and liberalizing the inter-city coach industry. Macron Law was praised in a joint statement of euro zone finance ministers that read, "We welcome the commitments of France to address the structural weaknesses of the economy and encourage the implementation of the ambitious and wide-ranging reform agenda."[82]

On 10 March 2015, EU finance ministers approved a two-year extension for France to bring its budget deficit in line with EU rules, while calling for additional efforts to reduce spending.[83] The previous 2015 deadline to reduce its deficit below the 3% threshold was extended to 2017. The new agreement requires France's budget deficit to be at 4% by 2015, 2.4% by 2016, and 2.8% by 2017. Valdis Dombrovskis, European Commission VP for the euro, indicated that the deadlines are fixed and that the European Commission would reassess France's fiscal performance in the next two to three months. This is the seventh consecutive year France has exceeded the EU's target deficit.

On 27 June 2015, France forbade the payment of services over EUR 1,000 in cash — meaning businesses and consumers have to pay electronically for service fees exceeding that amount.[84] On 18 September 2015, the French Senate recommends taxing businesses it designated as being a part of the "sharing economy"[85]. These are initial steps towards legislation that effectively increase red tape.

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[78] Comprehensive Growth Strategy: France, G20 Australia 2014 (Brisbane) 14 November 2014. Access: 28 February 2015. https://g20.org/wp-content/uploads/2014/12/g20_comprehensive_growth_strategy_france.pdf

[79] France 2015 Budget to Curb Spending, Wall Street Journal (Paris) 1 October 2014. Access: 28 February 2015. http://www.wsj.com/articles/france-2015-budget-to-curb-spending-1412150641

[80] France cuts 2015 deficit target, eyes economic recovery, Reuters (Paris) 26 March 2015. Access: 28 February 2015. http://www.reuters.com/article/2015/03/26/us-france-economy-idUSKBN0MM0NN20150326

[81] France's Socialist Party pushes free-market deregulation with Macron Law, WSWS (Paris) 17 December 2014. Access: 28 February 2015. https://www.wsws.org/en/articles/2014/12/17/macr-d17.html

[82] Macron Seeks Blair Moment in France for Hollande's Economic Push, Bloomberg Business (Paris) 8 December 2014. Access: 28 February 2015. http://www.bloomberg.com/news/articles/2014-12-08/macron-seeks-blair-moment-in-france-for-hollande-s-economic-push

[83] France Gets Respite on Budget Deficit as More Reforms Demanded, Bloomberg (Brussels) 10 March 2015. Access: 10 March 2015. http://www.bloomberg.com/news/articles/2015-03-10/france-gets-respite-on-budget-deficit-as-more-reforms-demanded

[84] Payer en Espèce Interdit Au-Delà de 1.000 Euros, Le Figaro (Paris) 27 June 2015 Access: 10 October 2015 http://www.lefigaro.fr/flash-eco/2015/06/27/97002-20150627FILWWW00021-payer-en-espece-interdit-au-dela-de-1000-euros.php

[85] Le Sénat Propose de Taxer les Revenus de l'Économie du Partage, Le Figaro (Paris) 18 September 2015. Access: 10 October 2015 http://www.lefigaro.fr/conjoncture/2015/09/17/20002-20150917ARTFIG00146-le-senat-propose-de-taxer-les-revenus-de-l-economie-du-partage.php

On 18 August 2015, France's Minister of Ecology, Sustainable Development and Energy, Ségolène Royal, announced France's "loi de la Transition Énergétique,"[86] making EUR 5 billion available for projects that promote France's transition towards renewable energy. The law's funds will go to renovation of infrastructure to reduce energy demand, renewable energy, and towards clean transport.[87] The law aims to wane France's reliance on fossil fuels while sparking new business and investment opportunities in the energy sector.[88]

On 14 September 2015, France's Comité Interministériel aux Ruralités announced a plan to improve France's rural economy. The centerpieces of the program are the interest-free loans offered to 30,000 rural communes across France (available to 40 per cent of France's population), the investment of EUR 1 billion in rural areas, and the simplification of norms in local collectives.[89] The program will simplify procedures and make funds available in France's rural areas.[90]

On 30 September 2015, France's Finance Minister, Michel Sapin announced the 2016 budget, which included multiple provisions in line with France's comprehensive growth strategy. These are initial steps in the formation of legislation. Chief among these is the announced reduction of income taxes; François Hollande states there will be a EUR 2 billion tax reduction on some eight million lower and middle income households.[91] Michel Sapin cited a predicted reduction of France's deficit from 3.8% of GDP in 2015 to an estimated 3.3% in 2016.[92]

The French government is making investments predicted to have positive impacts on the economy while planning a reduction of taxes on lower income households. Nevertheless, it has increased red tape for some businesses and its economy did not grow between April and June 2015.[93] The French government has passed new economic reforms and there are signals indicating that the French economy is in a stage of recovery and is setting itself on a trajectory of growth.

France has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, France is awarded a score of 0.

Analyst: Emile Lavergne

[86] La loi de Transition Énergétique est Publiée : les Mesures d'Application Immédiate, Ministère de L'Écologie, du Développement Durable et de L'Énergie (Paris) 18 August 2015. Access: October 10, 2015 http://www.developpement-durable.gouv.fr/La-loi-de-transition-energetique,44350.html

[87] Le Financement de la loi Energétique, Ministère de L'Écologie, du Développement Durable et de L'Énergie (Paris) 18 June 2015. Access: 10 October 2015. http://www.developpement-durable.gouv.fr/IMG/pdf/140618_fiche_financement.pdf

[88] Comment Sera Financée la Transition Énergétique?, Le Monde (Paris) 1 October 2015. Access: 10 October 2015 http://www.lemonde.fr/planete/article/2014/10/01/comment-sera-financee-la-transition-energetique_4498476_3244.html

[89] Nos Ruralités Une Chance pour la France, Comité Interministériel Aux Ruralités (Vesoul) September 2015. Access: 10 October 2015

[90] Comité Interministériel aux Ruralités : 21 Nouvelles Mesures Pour l'Égalité des Territoires, Ministère du Logement, de L'Égalité et de la Ruralité (Paris) 14 September 2015. Access 10 October 2015 http://www.territoires.gouv.fr/comite-interministeriel-aux-ruralites-21-nouvelles-mesures-pour-l-egalite-des-territoires

[91] La Baisse de l'Impôt sur le Revenu Concernera 8 Millions de Foyers, Le Figaro (Paris) 7 September 2015. Access: 10 October 2015 http://www.lefigaro.fr/conjoncture/2015/09/07/20002-20150907ARTFIG00132-la-baisse-de-l-impot-sur-le-revenu-concernera-8-millions-de-foyers.php

[92] Moins d'Impôts, Plus d'Économies: le Budget 2016 Tient Grosso Modo ses Promesses, Libération (Paris) 29 September 2015. Access: 10 October 2015 http://www.liberation.fr/futurs/2015/09/29/budget-2016-declaration-en-ligne-impots-en-baisse-et-economies-a-programmer_1393780

[93] Des Indicateurs Économiques Toujours Contrastés en France, Le Monde (Paris) 23 September 2015. Access: 10 October 2015 http://www.lemonde.fr/economie-francaise/article/2015/09/23/france-des-indicateurs-economiques-toujours-contrastes_4768029_1656968.html

Germany: +1

Germany has fully complied with its commitment to continue to implement fiscal strategies taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

Germany has outlined the following fiscal strategies in its comprehensive growth strategy:

- Recommit to complying with all international fiscal commitments at the EU and G20 level
- Balance the federal budget (in nominal terms) in 2015
- Decrease debt ratio to below 65% by 2018 from 76.9% of GDP in 2013
- Preserve a balanced budget while scaling up infrastructure investment.[94]

On 28 November 2014, the Bundestag approved Germany's 2015 budget. For the first time since 1969, Germany recorded a balanced budget, owing largely to an increase in tax revenues and low interest rates, as well as a EUR 2.2 billion rebate from the EU.[95] In 201,4 the government attained EUR 11.9 billion (USD 13.9 billion) budget surplus, representing 0.4% of GDP.

On 2 March 2015, German government officials reached a final agreement on how the funds from the EUR 10 billion investment package proposed by Federal Minister of Finance Wolfgang Schäuble will be allocated. The group decided that between 2016 and 2018, a total of EUR 7 billion in federal government spending will be targeted in five key areas: public transportation infrastructure, energy efficiency, digital infrastructure, combating climate change, and urban development. The remaining EUR 3 billion will be directed toward government ministries according to the amount that each ministry has paid to finance the recently introduced supplementary child care benefits.

In a 4 March 2015 press release, the federal government announced it would go ahead with measures to support financially weak local authorities. The federal government committed to investing EUR 1.5 billion to local authorities in 2017, in additional to the EUR 1 billion already invested. The federal government also committed to establishing a fund for the exclusive purpose of boosting investment by local authorities with inadequate financial resources. It plans to endow the fund with a total of EUR 3.5 billion up to 2018.

On 1 July 2015 the federal cabinet adopted the government draft for the 2016 federal budget and the financial plan to 2019. There will be no new federal borrowing in any of the years during this period. This demonstrates that the federal government is upholding its commitment to sound and responsible fiscal policy.

On 8 September 2015 Minister Schäuble said: "Consistent fiscal and economic policymaking that does not seek to force short-term growth, but instead improve the opportunities for sustainable growth is the healthier, more successful approach."[96] This statement clearly ranks economic priorities of German government.

On 29 September 2015, the German cabinet adopted the draft of a second supplementary federal budget for 2015 which is addressing the refugee crisis. Minister Schäuble said: "Dealing with the high numbers of refugees is the federal government's top priority. We want to, and we must, tackle this major challenge right now. The Federation is in a position to do so because we have carried out structural consolidation of the federal budget in recent years. With the supplementary budget for 2015, we are using the leeway we have for

[94] Comprehensive Growth Strategy: Germany, G20 Australia 2014 (Brisbane) 14 November 2014. Access: 28 February 2015. https://g20.org/wp---content/uploads/2014/12/g20_comprehensive_growth_strategy_germany.pdf

[95] Bundestag approves 2015 budget with no new debt, DW (Berlin) 28 December 2014. Access: 28 February 2015.

[96] Wolfgang Schäuble: Less debt, fewer crises, more sustainable growth – that's the best policy approach now, 08 September 2015 Access: 05 October 2015, http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Fiscal_policy/Articles/2015-09-08-less-debt-fewer-crises-more-sustainable-growth.html

this year to provide comprehensive support to the *Länder* and local authorities with regard to receiving and accommodating refugees.*"*[97]

Germany has recorded its first balanced budget in over four decades, committed to substantial investment in infrastructure, and is poised to meet most of its fiscal objectives in 2015.

During the compliance period Germany was successful in implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Germany is awarded a score of +1.

Analyst: Vitali Selivanov

India: 0

India has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

India has outlined the following fiscal strategies in its comprehensive growth strategy:

- Medium-term fiscal consolidation, deficit-to-GDP targets of 4.1% in 2014-15, 3.6% in 2015-16, and 3% in 2016-17
- Create a stable tax regime with measures for reduced litigation and dispute resolution
- Fiscal consolidation through enhanced revenue mobilization and rationalized expenditures
- Provide more targeted subsidies (e.g., food, petroleum, and a new urea subsidy), while ensuring full protection to the poor
- Establish an expenditure management commission to oversee the operational efficiency of governmental spending.[98]

On 28 February 2015, Minister of Finance Arun Jaitely announced the Union Budget for 2015-2016. In his budget announcement, Minister of Finance Jaitely recommitted to a fiscal deficit target for this fiscal year (ending 31 March 2016) of 4.1% of GDP. Minister of Finance Jaitely also revealed that the Indian government would postpone its 2015-2016 budget deficit target of 3.6% to 3.9% of GDP in order to make greater space for infrastructure development in the country. To this end, Finance Minister Jaitely also announced an increase in INR700 trillion (USD 11.4 billion) in road and rail investments and power generation projects in the next year.[99,100]

Following the change in goals for the FY15-16, projections for FY16-17 have been changed to 3.5%, and the end target of 3% would be reached a year later than expected.[101]

The debt policy in India emphasizes maintaining a stable, sustainable, low-cost and prudent debt structure. The government of India is in process of introducing necessary legislation and setting up its own Public Debt Management Agency (PDMA). The "Middle Office" has been established in the meantime. One major

[97] Measures to deal with refugees will be soundly financed, Federal Ministry of Finance, 01 October 2015, Access: 05 October 2015, http://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Fiscal_policy/Articles/2015-10-01-refugees-measures-soundly-financed.html

[98] Comprehensive Growth Strategy: India, G20 Australia 2014 (Brisbane) 14 November 2014. Access: 10 March 2015. https://g20.org/wp-content/uploads/2014/12/g20_comprehensive_growth_strategy_india_01.pdf

[99] Fiscal Policy Strategy Statement, Union Budget of India 2015 (New Delhi) 28 February 2015. Access: 1 March 2015. http://indiabudget.nic.in/ub2015-16/frbm/frbm3.pdf

[100] Jaitley goes for growth, delays cut in fiscal deficit, Government of India (New Delhi) 28 February 2015. Access: 1 March 2015. http://www.thehindubusinessline.com/economy/budget/jaitley-unveils-budget-for-growth-investment/article6944653.ece?homepage=true

[101] Government contains fiscal deficit to 3.99% of GDP in FY15 to Rs 5.01 lakh crore: The Economic Times 31 May 2015. Access: October 10 2015. http://economictimes.indiatimes.com/news/economy/finance/government-contains-fiscal-deficit-to-3-99-of-gdp-in-fy15-to-rs-5-01-lakh-crore/articleshow/47487908.cms

change is the 10% increase of the states' share in the net proceeds of union tax revenues to 42%. The decentralization of revenue has "significantly constrained the Centre's fiscal resources," the minister was quoted as saying.[102]

On 30 April 2015, the government dropped the provisions aimed at setting up a PDMA on the grounds that the government lacks the experience and knowledge to undertake a task that the Reserve Bank of India (RBI) has been responsible of for years.[103]

The Union Budget revealed that the government of India will be implementing a Goods and Services Tax that will come into effect 1 April 2016. The Minister of State for Finance Jayant Sinha stated that the new tax will "fundamentally change the taxing power of the states, local governments and the Centre," and through the devolution to the states, it will transform the "fiscal architecture" of the Indian government.[104]

On 27 February 2015, finance minister Arun Jaitley proposed to cut subsidies by 10% by focusing on eliminating "subsidy leakages, not subsidies themselves."[105] On May 13 2015, the government approved a policy aimed at increasing domestic urea production by 2 million tonnes and cut subsidies by over INR48 billion (USD 740.9 million).[106] On 1 August 2015, as a part of Jaitley's plan, the government put forth a plan to replace a portion of subsidies with their equivalent in cash in the bank accounts of beneficiaries, which appears to be more beneficial for target demographics.[107, 108]

Although India had made progress towards its fiscal sustainability, including thorough reforms to taxes and creating fiscal space for much-needed infrastructure development, it has gone back on the reforms it had implemented for those purposes. Though it has taken steps towards subsidy reform to make subsidy spending more efficient, it has cut must forms of subsidy.

Though India had, immediately following the Brisbane summit, made some progress towards its comprehensive growth strategy, it has gone back on them since then. Thus, India is awarded a score of 0.

Analyst: Anna Bianca Roach

Indonesia: 0

Indonesia has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

Indonesia has outlined the following fiscal strategies in its comprehensive growth strategy:

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[102] Budget 2015 not pro-rich, it has something for all: Jayant Sinha, India Times (New Delhi) 10 March 2015. Access: 1 March 2015. http://economictimes.indiatimes.com/news/economy/policy/budget-2015-not-pro-rich-it-has-something-for-all-jayant-sinha/articleshow/46469289.cms

[103] Why the govt took a U-turn on public debt office: Manojit Saha, Business Standard (Mumbai), 1 May 2015. http://www.business-standard.com/article/economy-policy/why-the-govt-took-a-u-turn-on-public-debt-office-115050100678_1.html

[104] GST will transform India's fiscal architecture: Jayant Sinha, India Times (New Delhi) 5 March 2015. Access: 6 March 2015. http://economictimes.indiatimes.com/news/economy/finance/gst-will-transform-indias-fiscal-architecture-jayant-sinha/articleshow/46468367.cms

[105] FM Arun Jaitley cuts down on subsidy bill: Hindustan Times (New Delhi), 28 February 2015. http://www.hindustantimes.com/business/fm-arun-jaitley-cuts-down-on-subsidy-bill/story-AnFEoRDVwVdiyDVHBHvNYN.html

[106] Cabinet clears new urea policy, to cut subsidy by Rs 4,800 crore: The Economic Times 13 May 2015. Access: 10 October 2015. http://articles.economictimes.indiatimes.com/2015-05-13/news/62124156_1_neem-coated-urea-urea-units-new-urea-policy

[107] Government planning to deduct part of subsidies and hand it over to beneficiaries to boost demand: Yogima Sharma, The Economic Times, 1 August 2015. Access: 10 October 2015. http://articles.economictimes.indiatimes.com/2015-08-01/news/65103082_1_subsidy-transfer-direct-cash-transfer-scheme-aadhaar-database

[108] Subsidy is Rs 3.77 lakh crore, targeted beneficiaries very few, dna india (New Delhi) 27 February 2015. Access: 10 October 2015. http://www.dnaindia.com/money/report-subsidy-is-rs-377-lakh-crore-targeted-beneficiaries-very-few-2064680

- A recognized need for sound, effective and sustainable fiscal policy
- Commitment to keep the current account deficit to a maximum of 3% of GDP through revenue optimization and improving the quality of spending
- Financing infrastructure projects to improve Indonesia's supply chain in order to drive economic growth
- Energy subsidy reform to minimize growing burden to the government budget
- Broadening its tax base and modernizing tax administration to increase government revenue.[109]

Effective 1 January 2015, Indonesian President Joko Widodo implemented a fixed diesel subsidy system to replace the traditional petroleum subsidy program.[110] Prior to this move, subsidies would comprise 13% of total expenditure in 2015 but has been reduced to as little as 1%. The government expects about IDR 200 trillion in savings from these subsidy cuts.[111]

On 9 January 2015, President Joko Widodo submitted a revised state budget for 2015. The draft fiscal plan increased its expenditure on infrastructure development to IDR 281.1 trillion.[112] The World Bank has considered a lack of adequate infrastructure to be a barrier to Indonesia's ability to improve economic growth. The President aims to improve the interconnectivity issue in Indonesia and to enhance its domestic economy with the increase in infrastructure budget.

On 13 February 2015, the Indonesian People's Representative Council approved the final version of its revised state budget 2015.[113] The new state budget targets higher tax revenue through tax administration reform and expanding its taxpayer base. The Indonesian government aims to introduce a tax amnesty and expects the resulting tax revenue to reduce its current budget deficit.

On 30 April 2015, the Indonesian Ministry of Finance has launched a financial management information system (FMIS) named SPAN. The system aims to facilitate the management of government spending, the preparation of a unified national budget, and the budget execution. Subsequently, FMIS will help the government to improve its transparency, efficiency, and accountability.[114]

On 10 July 2015, the Indonesian Government released its Third Economic Policy Package, which aims to decrease the price of oil fuel, gas, and electricity tariff for industries. The price of oil fuel will reduce from IDR 6, 900 per litre to IDR 6, 700 per litre. The price will begin from October to December 2015.[115]

Indonesia has eliminated petroleum subsidies and invested in improved infrastructure. However, it has not taken any action to keep its current account deficit to the self-imposed 3% maximum.

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[109] Comprehensive Growth Strategy: Indonesia, G20 Australia 2014 (Brisbane) 16 November 2014. Access: 2 March 2015. https://g20.org/wp-content/uploads/2014/12/g20_comprehensive_growth_strategy_indonesia1.pdf

[110] Widodo Makes Biggest Change to Indonesia Fuel Subsidies: Economy, Bloomberg Business (NYC) 30 December 2014. Access: 27 February 2015. http://www.bloomberg.com/news/articles/2014-12-31/widodo-makes-biggest-change-to-indonesias-fuel-subsidy-system

[111] Budget 2015: Indonesia's revised fiscal plan envisages substantial rise in infrastructure spending, but implementation constraints remain, iHS (United States) 28 January 2015. Access: 27 February 2015. https://www.ihs.com/country-industry-forecasting.html?ID=1065997790

[112] Budget 2015: Indonesia's revised fiscal plan envisages substantial rise in infrastructure spending, but implementation constraints remain, iHS (United States) 28 January 2015. Access: 27 February 2015. https://www.ihs.com/country-industry-forecasting.html?ID=1065997790

[113] Indonesian 2015 Budget Targets Higher Revenue, The Global Business Network (Portsmouth) 19 February 2015. Access: 1 March 2015. http://tgs-global.com/news/indonesian-2015-budget-targets-higher-revenue/

[114] New Financial Management Information System at Finance Ministry to Improve Transparency, Efficiency and Accountability, Ministry of Finance Republic of Indonesia (Indonesia), 30 April 2015. Access: 9 October 2015. http://www.kemenkeu.go.id/en/SP/new-financial-management-information-system-finance-ministry-improve-transparency-efficiency-and

[115] Government Decreases Oil Fuel, Gas and Electricity Prices through 3rd Economic Policy Package, Ministry of Finance Republic of Indonesia (Indonesia) 8 October 2015. Access: 9 October 2015. http://www.kemenkeu.go.id/en/Berita/government-decreases-oil-fuel-gas-and-electricity-prices-through-3rd-economic-policy-package

Indonesia has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Indonesia is awarded a score of 0.

Analyst: Freda Zhang

Italy: 0

Italy has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

Italy has outlined the following fiscal strategies in its comprehensive growth strategy:

- Support recovery and raise Italy's growth rate while complying with European budgetary rules
- Adjust timeframe for convergence with Medium Term Objective from 2015 to 2017
- Implement tax reforms to promote a more equitable, transparent, simplified and growth-oriented tax system (e.g., the 2015 Stability Law)
- Streamline government spending in areas of public administration, justice system, social welfare, and privatization and dismissal of state-owned real estate.[116]

On 28 November 2014, the European Commission postponed its decision on whether to put Italy under a disciplinary process for failing to tackle their high and rising public debt.[117] Italy, along with France and Belgium, then pledged structural reforms and other fiscal steps to comply with the commission requirements.[118] However, the European Commission ultimately decided against penalizing Italy.[119]

On 30 December 2014, following results showing improvements to employment levels, Italy's Economy Minister Pier Carlo Padoan said that the "slowdown in the Italian economy had ended."[120] Italy's economy had not experienced a quarter of growth in the previous three years, and the government forecasted a decrease of 0.3% in economic output for 2014 followed by an increase in economic output of 0.6% for 2015. He also stated that the country's public debt, second only to Greece in the euro zone, would start to fall in 2016.[121]

On 2 January 2015, the Ministry of Economy and Finance announced that based on the preliminary data for the month of December, the public sector borrowing requirement in 2014 was expected to grow to EUR 76.8 billion, an increase of more than EUR 3.5 billion compared to 2013. The statement also showed an estimated surplus of EUR 5.1 billion, as compared to an estimate of EUR 15.58 billion made in December of 2013. This result is seen as a consequence of a reduction in tax receipts along with an increase in withdrawals from the treasury accounts. These withdrawals resulted from the payment of debts of the public administration, higher interest payments on the public debt, which was due to a different scheduling of deadlines, and contributions to the EU budget.[122]

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[116] Comprehensive Growth Strategy: Italy. G20 Australia 2014 (Brisbane) October 2014. Access: 22 February 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_italy.pdf

[117] EU puts off French and Italian budget rulings until March, Reuters (Brussels) 28 November 2014. Access: 26 February 2015. http://www.reuters.com/article/2014/11/28/us-eu-budgets-idUSKCN0JC0R620141128

[118] France, Italy, Belgium promise reform in letters to EU-Dombrovskis, Reuters (Brussels) 28 November 2014. Access: 26 February 2015. http://www.reuters.com/article/2014/11/28/eu-budgets-dombrovskis-letters-idUSL6N0TI1UW20141128

[119] EU gives France until 2017 to cut deficit; Italy, Belgium in clear, Reuters (Brussels) 25 February 2015. Access: 27 February 2015. http://www.reuters.com/article/2015/02/25/us-eu-budgets-idUSKBN0LT1QU20150225

[120] UPDATE 1-Slowdown in Italian economy has ended - Econmin to Corriere, Reuters (Brussels) 30 December 2014. Access: 27 February 2015. http://www.reuters.com/article/2014/12/30/italy-economy-growth-idUSL6N0UE0C320141230

[121] UPDATE 1-Slowdown in Italian economy has ended - Econmin to Corriere, Reuters (Brussels) 30 December 2014. Access: 27 February 2015. http://www.reuters.com/article/2014/12/30/italy-economy-growth-idUSL6N0UE0C320141230

[122] Fabbisogno statale 2014: 76,8 miliardi, in miglioramento di 3,5 miliardi sul 2013, Ministry of Economy and Finance (Rome) 2 January 2015. Access: 27 February 2015. http://www.mef.gov.it/ufficio-stampa/comunicati/2015/comunicato_0001.html

On 19 February 2015, the Organisation for Economic Co-operation and Development (OECD) reevaluated Italy's prospective growth for 2015 from an initial 0.2% prediction made in November to 0.6%. According to the OECD, this increase would be attributed to the "European Central Bank's expansionary measures, the depreciation of the euro, the fall of oil prices, and less restrictive fiscal policies by the government."[123] The OECD report differed from the Italian government's prediction on the expected public debt-to-GDP ratio, stating that it would reach 132.8% for 2015 and 133.5% for 2016. As part of its recommendations, the OECD included the adoption of structural reforms to Italy's labour market and judicial systems, an increase in competition, and a simplification of the legislation as well as being combative with corruption.[124]

On 21 February 2015, Italy's Ministry of Economy and Finance, together with the Treasury Department, presented a document displaying the structural reforms the country had undertaken since September 2014. The document outlined the planned reforms and their implementation timetables, along with their macroeconomic impacts. The government policy measures included the Jobs Act, as part of the labour market reform, increased efficiency of the public administration, reforms to the civil justice system, deregulation of credit and improved access to capital markets, simplification of the tax system, and the reform of the educational system.[125] Included in the reforms to the tax system was the 2015 Stability Law, effective beginning 1 January 2015, which was aimed at reducing the tax wedge on labour and introducing fiscal incentives for firms who hired workers with open ended contracts.[126]

In the European Commission's Country Report on Italy, presented on 18 March 2015, the Italian economy's growth was predicted to turn positive in 2015 (but still remain below the EU average), and its debt-to-GDP ratio was set to increase. The commission stated that although Italy's fiscal adjustment measures had "helped avert immediate sustainability risks,"[127] high government debt still remained a heavy burden for the Italian economy and was a major source of its vulnerability. The report also highlighted Italy's efforts to considerably reduce the tax burden on labour over the past year, but emphasized that it is still high. The report concluded that Italy had made some progress in addressing the recommendations presented in 2014, however, it saw "limited, and sometimes delayed" progress in several areas.[128]

On 13 May 2015, the European Commission urged Italy to assist its banks on the offload of billions in bad loans and on the reform of the role of banking foundations in order to support its economic recovery. Italian banks have an estimated EUR 190 billion of non-performing loans resultant from the previous three years of recession and according to the EU, this issue has become one of Italy's most pressing economic problems. [129]

On 18 May 2015, the IMF increased Italy's economic forecasts for 2015 and 2016. The IMF raised the GDP growth forecast for 2015 from 0.5% to 0.7% and from 1.1% to 1.2% for 2016. Although the Fund commended the efforts of Italian Prime Minister Renzi's efforts to improve efficiency in the labour market,

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[123] OECD raises Italy 2015 GDP forecast to 0.6 percent, Reuters (Rome) 19 February 2015. Access: 27 February 2015. http://www.reuters.com/article/2015/02/19/us-italy-economy-oecd-idUSKBN0LN0TN20150219

[124] OECD raises Italy 2015 GDP forecast to 0.6 percent, Reuters (Rome) 19 February 2015. Access: 27 February 2015. http://www.reuters.com/article/2015/02/19/us-italy-economy-oecd-idUSKBN0LN0TN20150219

[125] 2014: A turning point for Italy: Structural reforms in Italy since September 2014. Ministry of Economy and Finance (Rome), 21 February 2015. Access: 2 April 2015. http://www.mef.gov.it/inevidenza/documenti/riforme_strutturali.pdf

[126] 2014: A turning point for Italy: Structural reforms in Italy since September 2014, Ministry of Economy and Finance (Rome) 21 February 2015. Access: 2 April 2015. http://www.mef.gov.it/inevidenza/documenti/riforme_strutturali.pdf

[127] Country Report Italy 2015 including an In-Depth Review on the prevention and correction of macroeconomic imbalances, European Commission (Brussels) 18 March 2015. Access: 2 April 2015. http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_italy_en.pdf

[128] Country Report Italy 2015 including an In-Depth Review on the prevention and correction of macroeconomic imbalances, European Commission (Brussels) 18 March 2015. Access: 2 April 2015. http://ec.europa.eu/europe2020/pdf/csr2015/cr2015_italy_en.pdf

[129] UPDATE 1-EU asks Italy to act on bad loans by end of the year, Reuters (Rome) 13 May 2015. Access: 11 October 2015. http://www.reuters.com/article/2015/05/13/eu-italy-badloans-idUSL5N0Y447Z20150513

banking system, and political institutions, it called for "deeper" reforms.[130] Among the recommendations, the IMF stated that progress on the privatization of state owned companies had been "disappointing" and should be accelerated; a greater efficiency would contribute towards the reduction of public debt.[131]

On 18 September 2015, the Italian government announced a raise on GDP growth forecasts for 2015 and 2016. The updated forecasts showed a rise to 0.9% in 2015 and 1.6% in 2016, however, the debt to GDP ratio also saw a rise from 132.5% to 132.8% for 2015 and a fall to 131.4% in 2016, contrary to the previously expected 130.9%. Finance Minister Pier Padoan stated that the country's recovery would be based on "stronger domestic demand and improved business and consumer sentiment,"[132] while reassuring that Italy has not slowed its efforts to reduce the debt to GDP ratio, affirming that the flexibility asked was in line with EU treaties.[133]

Italy has taken some steps towards the improvement of its fiscal position. Following a three-year recession, Italy's economic prospects have shown improvements with better results on employment levels. However, Italy has failed to maintain a stable debt-to-GDP ratio, with mixed reports on possible improvements for the 2016 fiscal year. The government's adjustment of its Medium Term Objective plan will slow the pace of fiscal reform, but is designed to ultimately generate momentum for growth in Italy's future.

Italy has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Therefore, Italy is awarded a score of 0.

Analyst: Artur Pereira

Japan: 0

Japan has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

Japan has outlined the following fiscal strategies in its comprehensive growth strategy:

- Fiscal consolidation against a backdrop of very high public debt, in line with fiscal targets
- Halving the primary deficit-to-GDP ratio from FY2010 in FY2015 in order to achieve a primary surplus by FY2020
- Growth-oriented corporate tax reform, aimed at reducing corporate tax rates (to be offset by broadening its overall tax base)
- Increasing consumption tax to 10%, taking various economic and other situations into account.[134]

On 27 December 2014, the Japanese government introduced the Immediate Economic Measures for Extending Virtuous Cycles to Local Economies. This package targets vulnerable areas of the economy, with the intent (1) to stimulate consumption while considering different economic conditions among regions; (2) to revitalize local economies facing structural challenges through effective initiatives such as job creation; and

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[130] UPDATE 1-IMF nudges up Italy growth forecasts, calls for reforms, Reuters (Rome) 18 May 2015. Access: 11 October 2015. http://www.reuters.com/article/2015/05/18/italy-economy-imf-idUSL5N0Y93FR20150518

[131] UPDATE 1-IMF nudges up Italy growth forecasts, calls for reforms, Reuters (Rome) 18 May 2015. Access: 11 October 2015. http://www.reuters.com/article/2015/05/18/italy-economy-imf-idUSL5N0Y93FR20150518

[132] Italy Raises Its 2016 GDP Growth Target, The Wall Street Journal (Rome) 18 September 2015. Access: 11 October 2015. http://www.wsj.com/articles/italy-raises-its-2016-gdp-growth-target-1442601305

[133] Italy Raises Its 2016 GDP Growth Target, The Wall Street Journal (Rome) 18 September 2015. Access: 11 October 2015. http://www.wsj.com/articles/italy-raises-its-2016-gdp-growth-target-1442601305

[134] Comprehensive Growth Strategy: Japan, G20 Australia 2014 (Brisbane) 16 November 2014. Access: 2 March 2015. https://g20.org/wp-content/uploads/2014/12/g20_comprehensive_growth_strategy_japan.pdf

(3) to accelerate post-disaster recovery and other emergency responses, and reconstruction from the Great East Japan Earthquake.[135]

On 12 January 2015, the Japanese cabinet approved its FY2015 Budget of JPY 96.34 trillion. The FY2015 budget aimed to achieve both economic revitalization and fiscal consolidation through: (1) its economic stimulus package, (2) FY2014 supplementary budget, and (3) FY2015 tax reform. The budget signalled a JPY 2.79 trillion increase to spending from FY2014, with notable increases directed towards social security and national defence. In efforts to further reduce its debt, the government reduced bond issuance by JPY 4.4 trillion, the third consecutive decrease and lowest in six years.[136] The budget also indicated that Japan is on target to halve its deficit-to-GDP ratio from -6.6% (FY2010) to -3.3% by FY2015.[137]

On 14 January 2015, the Japanese government released the cabinet's decision on its 2015 Tax Reform. The decision highlighted corporate tax reductions from 25.5% to 23.9% in FY2015 and 23.9% in FY2016, as well as international harmonization of taxations related to cross-border transactions, such as automatic exchange of information on financial accounts held by non-residents. Lastly, the reform indicated a postponement of the consumption tax hike until 1 April 2017 after a decrease in demand following last year's consumption tax hike.[138]

On 12 February 2015, the cabinet released its Fiscal 2015 Economic Outlook and Basic Stance for Fiscal and Economic Management.[139] The document identified a modest recovery in FY2014 owing to the implementation of the administration's "three arrows" strategy, which emphasizes sound fiscal policy, bold monetary policy, and growth that promotes private investment. Despite the implementation of the Immediate Economic Measures package and an increase in social security-related costs, government spending is expected to decrease approximately 2.1% in FY2015.

On 12 February 2015, Japanese Minister of Finance Taro Aso outlined the Supplementary Budget for FY2014 at the 189rd Session of the National Diet.[140] The supplementary budget for FY2014 is a part of the "Immediate Economic Measures for Extending Virtuous Cycles to Local Economies," which aims to address the vulnerable areas of the Japanese economy. The budget will allocate a total of JPY 3.5059 trillion to various sections of the "Immediate Economic Measures," including: (1) Livelihood and Lifestyle Support, (2) Revitalization of Local Communities, (3) Disaster and Emergency Response, (4) Special Account for Reconstruction from the Great East Japan Earthquake, and (5) local tax grants.

On 30 June 2015, the Council on Economic and Fiscal Policy released the Basic Policy on Economic and Fiscal Management and Reform 2015.[141] The policy paper suggests an increase in the government's general account spending to JPY 1.6 trillion and an increase in welfare and healthcare spending to JPY 1.5 trillion over the next three years. It also sets an interim target to reduce the primary deficit to 1% of GDP in FY2018,

[135] Immediate Economic Measures for Extending Virtuous Cycles to Local Economies, Ministry of Finance (Japan) 27 December 2014. Access: 25 March 2015. http://www5.cao.go.jp/keizai1/keizaitaisaku/2014/141227_economic_measures_all.pdf
[136] Japan readies record $800 billion 2015-16 budget: sources. Takaya Yamaguchi, Reuters (Tokyo) 11 January 2015. Access: 25 March 2015. http://www.reuters.com/article/2015/01/11/us-japan-economy-budget-idUSKBN0KK08J20150111
[137] Highlights of the Draft Budget for FY2015, Ministry of Finance (Japan) 14 January 2015. Access: 27 February 2015. http://www.mof.go.jp/english/budget/budget/fy2015/01.pdf
[138] FY2015 Tax Reform (Main Points), Ministry of Finance (Japan) 14 January 2015. Access: 27 February 2015. http://www.mof.go.jp/english/tax_policy/tax_reform/fy2015/tax2015a.pdf
[139] Fiscal 2015 Economic Outlook and Basic Stance for Economic and Fiscal Management, Cabinet Office (Government of Japan) 12 February 2015. Access: 1 March 2015. http://www5.cao.go.jp/keizai1/2015/0212mitoshi-e.pdf
[140] Speech on Fiscal Policy by Minister of Finance Aso at the 189rd Session of the National Diet, Ministry of Finance (Japan) 12 February 2015. Access: 28 February 2015. http://www.mof.go.jp/english/public_relations/statement/fiscal_policy_speech/e20150212.html
[141] Basic Policy on Economic and Fiscal Management and Reform 2015, Cabinet Office (Japan) 20 June 2015. Access: 11 October 2015. http://www5.cao.go.jp/keizai-shimon/kaigi/cabinet/2015/2015_basicpolicies_en.pdf

excluding debt servicing and revenues from new debt. The paper aims to serve as a blueprint of Japan's fiscal strategies in the upcoming years.[142]

Despite its enormous public debt, Japan has implemented some fiscal strategies flexibly and in alignment with the fiscal objectives outlined in its comprehensive growth strategy. Such measures included growth-oriented tax reforms and spending towards certain vulnerable regions of Japan's economy. Japan also appears to be on track to halve its debt-to-GDP ratio by the end of FY2015. However, it is not clear that the cost of corporate tax reforms to the Japanese government have been entirely offset by broadening of the tax base.

Japan has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Japan is awarded a score of 0.

Analyst: Freda Zhang

Korea: 0

Korea has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

On 20 March 2015, during the 5th Ministerial Meeting on Economy, Deputy Prime Minister Choi Kyung Hwan addressed that is was crucial to pursue structural reform in the four main areas of the labor, education, financial, and public sectors without any delay. The government was planning to move up KRW3 trillion worth of spending to the first half of this year, with KRW2 trillion coming from the annual budget and the other KRW1 trillion from the leftover of the KRW46-trillion policy package.

On 7 April 2015, Korea approved the "Guidelines for FY 2016 Budget and Public Funds Management" at the Cabinet Meeting. The objectives for the 2016 Guidelines are to revive the economy and prepare for the future by strategically using fiscal resources and strengthen fiscal soundness by implementing fiscal reforms. The fiscal reform would focus on increasing budget spending efficiency and fiscal integrity by completing 10 tasks.

On 5 June 2015, Deputy Prime Minister Choi Kyung Hwan stated during an investor relations meeting in London that "the Korean economy is well prepared for external risks as its external soundness and macroeconomic performance indicators are strong," and "financial markets are stable." In terms of fiscal or monetary policies, Deputy Prime Minister addressed that "the Korean economy has enough room for additional policies given its fiscal soundness and interest rate levels," and "the government will decide on additional policies after closely reviewing development."

On 3 July 2015, the Korean government proposed a supplementary budget of around KRW12 trillion, KRW5.6 trillion to deal with revenue shortages and KRW5.6 trillion to help overcome the MERS outbreak, improve water resources management, support the working class, and stimulate local economies. The amount will reach around KRW22 trillion when taking into account other public sector expenditures including KRW3.1 trillion from the government funds.

On 22 July 2015, the Korean government announced a new round of household debt management measures that focus on reducing risks in loan agreement during the 14th Ministerial Meeting on Economy. In order to continue to improve the soundness of household debt, the government will require banks to increase capital buffers taking into consideration their household debt levels. The government will also introduce non-recourse loans as pilot programs and regularly monitor the household debt situation.

[142] Japan's fiscal strategy takes flexible approach to spending curbs, Reuters (Tokyo) 22 June 2015. Access: 11 October 2015. http://www.reuters.com/article/2015/06/22/us-japan-economy-fiscal-idUSKBN0P207120150622

On 24 July 2015, Korea approved the 2015 supplementary budget proposal at the National Assembly with around KRW0.26 trillion cuts including a KRW0.2 trillion cut in revenue financing and a KRW0.06 trillion cut in budget expenditures. With the approved supplementary budget, total revenues were revised to increase by KRW0.2 trillion, taking into account adjustments in national tax revenues. Fiscal deficits will improve compared with the supplementary budget proposal, and national debt will fell by KRW0.3 trillion.

On 6 August 2015, the Korean government announced the 2015 tax revision bill that focuses on stimulating the economy to increase youth employment and promote consumption, supporting the working class, and pursuing fair taxation.

On 26 August 2015, the Korean government announced measures to stimulate consumption, which include: (1) temporarily cutting individual consumption tax rates by 30 per cent for the rest of the year, and automobiles and luxury consumer electronics will be applies to a 3.5 per cent tax rate instead of 5 per cent; (2) expanding Korean Grand Sale; and (3) stretching reverse mortgage loans to houses whose prices are KRW900 million or less and residential units in commercial buildings.

On 8 September 2015, the Budget Office of the Ministry of Strategy and Finance released the 2016 budget proposal. The proposal pursues economic stimulation and fiscal soundness while there will be an increase of KRW11.3 trillion of total budgets, or 3 per cent compared with the 2015 budget. Korea will spend KRW387 trillion focusing on increasing youth employment, promoting economic innovation, developing culture and service industries, and improving welfare.

On 24 September 2015, the spokesperson's office of the Ministry of Strategy and Finance released "Notes on the Korean Economy's Recent Developments and Rating Upgrade." According to the notes, the Korean government has been pursing substantial fiscal reform to improve mid to long term fiscal soundness. Korea's ratio of national debt to GDP increases from 28.7 (2007) to 38.5 (2015 outlook). The country's public institution debt started to fall after the government began public institution reform in 2014. 8 public institutions received credit rating upgrades from Moody's.

Korea has made progress toward fiscal reform, especially focusing on tax revision. its fiscal policy has increased its national debt to GDP.

Korea has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Korea is awarded a score of 0.

Analyst: Stella Yawen Jiang

Mexico: 0

Mexico has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of GDP on a sustainable path.

Mexico has outlined the following fiscal strategies in its Comprehensive Growth Strategies:

- Secure a downward trend of public debt through a comprehensive fiscal consolidation strategy, while anticipating public debt to GDP to peak in 2015-16.
- Continue the implementation of the National Infrastructure Program 2014-2018 (NIP) to promote economic growth through investment in infrastructure.
- Strengthen the fiscal responsibility law.
- Improve the efficiency and quality of public spending in infrastructure, health and welfare programs.[143]

[143] Comprehensive Growth Strategy: Mexico, G20 Australia 2014 (Brisbane) October 2014. Access: 22 February 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_mexico.pdf

On 14 November 2014, the Mexican Chamber of Deputies approved the Federation's Budget Expenditures for the Fiscal Year of 2015 at MXN4.695 billion, which represented an increase of 1.6% compared to the approved budget in 2014. The government allocated MXN65.833 million to investments in road infrastructure, regional development projects in states and municipalities, infrastructure for schools in rural regions of the country, as well as social programs. The approved budget contributes to the completion of the National Goals from the National Development Plan 2013-2018, and is designed to promote structural reforms.[144]

On 18 November 2014, the Mexican government performed a debt issuance in the international market for a total of USD 2 billion in Global Stocks with maturity in 2025. This issuance included improvements in contracts of foreign debt following recommendations from the International Capital Market Association, the International Monetary Fund (IMF) and the G20.[145]

On 26 November 2014, the Secretariat of Finance and Public Credit (SHCP) and the Central Bank declared that the IMF's Executive Board had approved the renewal of the Flexible Credit Line (LCF) for Mexico. The approval of this credit line requires that the country show a sustainable trajectory of the public debt and healthy public finances, low and stable inflation expectations, a well-capitalized financial system, and effective monitoring of the financial sector.[146]

On 16 December 2014, the SHCP presented the Annual Financing Plan for 2015, which contained the objectives of the public credit policies for the fiscal year and the strategies necessary for its achievement. A net federal government debt of 3.1% of GDP was estimated for 2015, a decrease of 0.4% from 2014. The President's administration reaffirmed their commitment to maintaining prudent management of the public debt, emphasizing the need for macroeconomic stability, resulting from fiscal and monetary discipline, and a stable financial system that allows for long-term savings.[147]

The central objectives of Mexico's public debt policy, in line with the National Development Plan and the National Development Financing Program, include: addressing the federal government's financing needs with the lowest costs and risks consistent with a long-term plan, while accounting for possible extreme scenarios; preserving the diversity and access to credit in different markets; and ensuring that the public debt policy facilitates access for financing to an ample array of Mexican economic agents, both public and private.[148]

On 30 December 2014, the SHCP presented the results of public expenditures and the public debt for the month of November 2014. The results showed an increase in the public sector's net expenditure, and specifically an increase of 8.2% from January to November relative to the same period last year. The balance for the internal public debt saw an increase of MXN420.8 billion and the external debt increased by USD

[144] SE APRUEBA PRESUPUESTO DE EGRESOS DE LA FEDERACION PARA EL EJERCICIO FISCAL DE 2015, Secretariat of Finance and Public Credit (Mexico City) 14 November 2014. Access: 26 February 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2014/noviembre/comunicado_098_2014.pdf

[145] El Gobierno de Mexico Introduce un Nuevo Estandar Internacional en los Contratos de Deuda Externa y Emite un Nuevo Bono de Referencia a 10 Años en Dólares, Secretariat of Finance and Public Credit (Mexico City) 18 November 2014. Access: 26 February 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2014/noviembre/comunicado_100_2014.pdf

[146] El Fondo Monetario Internacional renueva la Línea de Crédito Flexible para México resaltando la fortaleza de su economía, Secretariat of Finance and Public Credit (Mexico City) 26 November 2014. Access: 26 February 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2014/noviembre/comunicado_103_2014.pdf

[147] LA SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO PRESENTA EL PLAN ANUAL DE FINANCIAMIENTO 2015, Secretariat of Finance and Public Credit (Mexico City) 16 December 2014. Access: 26 February 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2014/diciembre/comunicado_110_2014.pdf

[148] LA SECRETARÍA DE HACIENDA Y CRÉDITO PÚBLICO PRESENTA EL PLAN ANUAL DE FINANCIAMIENTO 2015, Secretariat of Finance and Public Credit (Mexico City) 16 December 2014. Access: 26 February 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2014/diciembre/comunicado_110_2014.pdf

14.5 billion, both in comparison to December 2013. These results were consistent with the approved goals by the Union's Congress for the year of 2014.[149]

On 30 January 2015, the SHCP announced measures to demonstrate improved fiscal responsibility that will enhance the pursuit of economic stability. The announcement highlighted that the public finances were poised to handle international volatility for the year 2015, including an adjustment of the federal government's expenditures in order to deal with medium-term volatility.[150] This adjustment is targeted at the federal government's current expenditure, which corresponds to 65% of its total department and agency costs. The predicted adjustment to public expenditure corresponds to an increase of MXN124.3 billion, which represents 0.7% of the GDP. Included in the announcement was the statement that the government had initiated a revision of the expenditure budget for the fiscal year of 2016.[151]

On the same day, the SHCP also announced the results for the fourth quarter of 2014. The results showed a total public debt of MXN545 billion, 3.2% of the GDP, which was lower than the annual target approved by the Union's Congress. With these results, the debt of the Federal Public Sector amounted to 38.3% of the GDP.[152]

On 10 March 2015, the SHCP announced the extension of fiscal discounts for the participants of the Fiscal Regime Incorporation, created through the Fiscal Reform. These actions were aimed at improving productivity through the encouragement of business growth and formality. The fiscal discounts are targeted at small businesses and attempt to help their familiarization with the compliance to tax obligations.[153]

Further on 25 March 2015, the Federal Government established a fiscal stimulus package to reduce the cost of living for Mexican families through lower prices in the housing sector. The objective of the package is to reduce the cost of housing construction and consequently translate into an impulse in economic activity.[154]

On 30 April 2015, the SHCP published reports about the economic situation, public finance, and the public debt for the first trimester of 2015. The SHCP identified greater dynamism in the economy in 2015 compared to the end of 2014, in addition to the maintenance of public debt at moderate and stable levels of 40.9% of the GDP.[155]

On 21 May 2015, the National Institute for Statistics and Geography published the GDP growth of 0.4% for the first trimester of 2015 with respect to the previous trimester. The report highlighted that the growth is a

[149] LAS FINANZAS PÚBLICAS Y LA DEUDA PÚBLICA A NOVIEMBRE DE 2014, Secretariat of Finance and Public Credit (Mexico City) 30 December 2014. Access: 27 February 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2014/diciembre/comunicado_113_2014.pdf

[150] LA SHCP ANUNCIA MEDIDAS DE RESPONSABILIDAD FISCAL PARA MANTENER LA ESTABILIDAD, Secretariat of Finance and Public Credit (Mexico City) 30 January 2015. Access: 27 February 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2015/enero/comunicado_007_2015.pdf

[151] LA SHCP ANUNCIA MEDIDAS DE RESPONSABILIDAD FISCAL PARA MANTENER LA ESTABILIDAD, Secretariat of Finance and Public Credit (Mexico City) 30 January 2015. Access: 27 February 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2015/enero/comunicado_007_2015.pdf

[152] INFORMES SOBRE LA SITUACIÓN ECONÓMICA, LAS FINANZAS PÚBLICAS Y LA DEUDA PÚBLICA, Secretariat of Finance and Public Credit (Mexico City) 30 January 2015. Access: 27 February 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2015/enero/comunicado_008_2015.pdf

[153] EL GOBIERNO FEDERAL EXTIENDE DESCUENTOS FISCALES PARA IMPULSAR LA FORMALIDAD Y EL CRECIMIENTO, Secretariat of Finance and Public Credit (Mexico City) 10 March 2015. Access: 11 October 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2015/marzo/comunicado_018_2015.pdf

[154] EL GOBIERNO FEDERAL ESTABELECE ESTÍMULO FISCAL PARA REDUCIR EL COSTO DE LA VIVIENDA EN BENEFICIO DE LAS FAMILIAS MEXICANAS, Secretariat of Finance and Public Credit (Mexico City) 25 March 2015. Access: 11 October 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2015/marzo/comunicado_026_2015.pdf

[155] INFORMES SOBRE LA SITUACIÓN ECONÓMICA, LAS FINANZAS PÚBLICAS Y LA DEUDA PÚBLICA, Secretariat of Finance and Public Credit (Mexico City) 30 April 2015. Access: 11 October 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2015/abril/comunicado_035_2015.pdf

reflection of a balance between the internal market and exports and has shown to be greater than recent analyst expectations. The SHCP established its estimation of GDP growth for 2015 at a range of 2.2% to 3.2%.[156]

As part of its Action Plan, on 15 June 2015, the Mexican government consolidated an inter-secretarial work group to achieve Mexico's adhesion to the Extractive Industries Transparency Initiative. The goal is to maintain the best international transparency standards relative to payments received by the government from the oil and mining industries. The initiative is a collaboration between the civil society and the private sector.[157]

On 30 July 2015, the SHCP's report on Mexico's economic situation, public finance, and public debt for the first semester of 2015 showed that the public debt increased to 42.2% of the GDP, but remained in line with the pre-determined range established by the Congress, maintaining a moderate and stable level.[158]

On 17 August 2015, Mexican president Enrique Peña Nieto submitted to Congress new law proposals aimed at increasing transparency and tightening controls over debt issued by states and municipalities. The proposals call for a registry where the states and municipalities will need to maintain their debt levels and financial obligations.[159] According to him, the proposed laws don't "prohibit states from resorting to debt, but sets out principles and guidelines so that they do it in a much more orderly and responsible way."[160]

Mexico has taken several steps to maintain a sustainable trajectory and to adopt measures that are necessary for a sustainable public debt ratio, however it has not taken any action to strengthen its fiscal responsibility law, as outlined in its comprehensive growth strategy.

Mexico has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Mexico is awarded a score of 0.

Analyst: Artur Pereira

Russia: +1

Russia has fully complied with the commitment on fiscal strategies.

According to the Russian comprehensive growth strategy adopted at the Brisbane summit and the St. Petersburg fiscal template, Russia's strategy mid-term for debt sustainability provides for maintaining a low overall debt burden, moderate budget deficits and targeting increased size of fiscal buffers.[161]

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[156] EVOLUCIÓN ECONÓMICA RECIENTE Y ACTUALIZACIÓN DEL PRONÓSTICO DEL PIB, Secretariat of Finance and Public Credit (Mexico City) 21 May 2015. Access: 11 October 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2015/mayo/comunicado_037_2015.pdf

[157] EL GOBIERNO DE MÉXICO AVANZA EN MATERIA DE TRANSPARENCIA EN EL SECTOR DE LAS INDUSTRIAS EXTRACTIVAS, Secretariat of Finance and Public Credit (Mexico City) 15 June 2015. Access: 11 October 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2015/junio/comunicado_053_2015.pdf

[158] INFORMES SOBRE LA SITUACIÓN ECONÓMICA, LAS FINANZAS PÚBLICAS Y LA DEUDA PÚBLICA, Secretariat of Finance and Public Credit (Mexico City) 30 July 2015. Access: 11 October 2015. http://www.shcp.gob.mx/SALAPRENSA/doc_comunicados_prensa/2015/julio/comunicado_080_2015.pdf

[159] Mexico's Enrique Peña Nieto Submits Bill to Control State and Municipal Debt, The Wall Street Journal (Mexico City) 17 August 2015. Access: 11 October 2015. http://www.wsj.com/articles/mexicos-enrique-pena-nieto-submits-bill-to-control-state-and-municipal-debt-1439843502

[160] Mexico's Enrique Peña Nieto Submits Bill to Control State and Municipal Debt, The Wall Street Journal (Mexico City) 17 August 2015. Access: 11 October 2015. http://www.wsj.com/articles/mexicos-enrique-pena-nieto-submits-bill-to-control-state-and-municipal-debt-1439843502

[161] Comprehensive Growth Strategy: Russia, G20 Australia November 2014. Access date: 14 May 2015. http://g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_russia.pdf.

Russian external debt, as reported by the Bank of Russia, decreased from USD 729 billion on 1 January 2014 to USD 556 billion as of 1 July 2015.[162]

On 5 March 2015, Russian finance minister Anton Siluanov declared that optimization measures implemented by the government, mainly cuts in spending, allowed lowering the projections for the budget deficit in 2015 from 5.2 to 3.8% of GDP.[163]

On 2 October 2015, Russian finance minister informed that the budget deficit forecast for 2015 had been lowered to 3% of GDP.[164]

The minister also mentioned that by the end of 2015 financial authorities plan to spend more than RUB3 trillion from the RUB5 billion Reserve Fund. However, to address this increase in fiscal buffers, the government started developing measures aimed at achieving the balanced federal budget by 2016-2017 and increasing the volume of the Reserve Fund later on.[165]

During the compliance period Russia has not managed to achieve all its fiscal targets provided for by the comprehensive growth strategy adopted at the G20 Brisbane summit. At the same time, it has taken measures to accommodate its fiscal policies following the recent economic shock caused by the fall in oil prices and exchange rates volatility. Thus, Russia is given a score of +1.

Analyst: Andrey Shelepov

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of GDP on a sustainable path.

Saudi Arabia has outlined the following fiscal strategies in its comprehensive growth strategy:

- Increase public spending in order to stimulate economic activity through investment in increasing production capacities to enhance supply, as well as increasing government consumption
- Increase non-oil public revenue from 10.1% in 2014 to 13.9% in 2019
- Continue to increase the capital of government credit institutions in line with demand for loans
- Manage budget surplus in a manner that achieves high and growing economic return.[166]

Given its already low debt-to-GDP ratio, 1.6% in 2014,[167] the Saudi government put forth no changes to policies relating to its public debt over the medium term.[168]

On 17 November 2014, Saudi Arabia's Finance Minister Ibrahim Alassaf stated that, despite the downward trend in oil prices, there would be no direct impact on Saudi Arabia's budget for the 2015 fiscal year, as "the

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[162] Russian external debt estimates as of 1 April 2015, Bank of Russia April 2015. Access date: 22 October 2015. http://cbr.ru/statistics/credit_statistics/debt/debt_new.xlsx.
[163] Speech of the Russian finance minister Anton Siluanov at the briefing following the government's meeting, Russian Ministry of Finance 5 March 2015. Access date: 14 May 2015. http://www.minfin.ru/ru/press-center/?id_4=33107.
[164] Interview of the Russian Finance Minister Anton Siluanov to the RBC newspaper, Russian Ministry of FINANCE 2 October 2015. Access date: 22 October 2015. http://www.minfin.ru/ru/press-center/?id_4=33254&area_id=4&page_id=2119&popup=Y
[165] Speech of the Russian finance minister Anton Siluanov at the briefing following the government's meeting, Russian Ministry of Finance 5 March 2015. Access date: 14 May 2015. http://www.minfin.ru/ru/press-center/?id_4=33107.
[166] Comprehensive Growth Strategy: Kingdom of Saudi Arabia, G20 Australia 2014 (Brisbane) November 2014. Access: 28 February 2015. https://g20.org/wp-content/uploads/2014/12/g20_comprehensive_growth_strategy_saudi_arabia.pdf
[167] Gulf economies well positioned to cope with lower oil prices, Arab News (Riyadh) 23 February 2015. Access: 12 March 2015. http://www.arabnews.com/economy/news/708336
[168] Comprehensive Growth Strategy: Kingdom of Saudi Arabia, G20 Australia 2014 (Brisbane) November 2014. Access: 28 February 2015. https://g20.org/wp-content/uploads/2014/12/g20_comprehensive_growth_strategy_saudi_arabia.pdf

kingdom has always been keen on building its budgets on estimates that take all possibilities into consideration."[169]

On 17 December 2014, Alassaf said that the Kingdom's countercyclical fiscal policy for the previous years, which allowed Saudi Arabia to build net foreign assets totalling USD 734 billion when oil prices were high, would assist in the maintenance of the development projects and social benefits for 2015.[170] The focus of the investment programs would be targeted at infrastructure, education, health, security, social services, municipal services, water and water treatment services, roads and highways, with emphasis on science and technology projects, as stated in the 2015 National Budget.[171]

On 25 December 2014, Saudi Arabia announced it would be lifting state spending for the 2015 budget to SAR860 billion, a record high, which corresponded to an increase of 0.6% from the SAR855 billion 2014 budget, the smallest increase in over a decade. The projected revenues would drop to SAR715 billion on 2015 from SAR855 billion for the previous year. The government stated that the deficit would be covered by its fiscal reserves[172] and on 26 December 2014, Finance Minister Ibrahim Alassaf stated that some borrowing from the domestic financial market would also be considered.[173]

The Ministry of Finance's statement about the national budget for 2015 also pointed towards a decline in public debt from SAR60.1 billion at the end of 2013, to SAR44.3 billion by the end of 2014, this value represented approximately 1.6% of the GDP for the 2014 fiscal year.[174]

Furthermore, on the national budget statement, according to the Saudi Arabian Monetary Agency (SAMA), total exports were estimated to be of USD 359.6 billion, a 4.4% decrease from 2013, while total imports were estimated to be USD 150.4 billion, a 2.6% decrease as compared to 2013. This accounted for a trade balance surplus of USD 210.3 billion, a 5.6% decline from 2013.[175]

On 9 February 2015, Standard & Poor's lowered Saudi Arabia's economic outlook from "stable" to "negative" as a result of plummeting oil prices. The agency stated that the change is resultant from the country's dependence on the oil sector, an estimated 90% of its government revenue,[176] and its undiversifiable nature.[177]

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[169] No direct impact on Saudi budget from oil slide -minister, Reuters (Riyadh) 17 November 2014. Access: 12 March 2015. http://www.reuters.com/article/2014/11/17/saudi-budget-oil-idUSL6N0T714520141117
[170] Saudi Arabia to keep spending in 2015 budget: finance minister, Reuters (Riyadh) 17 December 2014. Access: 12 March 2015. http://www.reuters.com/article/2014/12/17/us-saudi-finmin-budget-idUSKBN0JV0RC20141217
[171] Press Release: Recent Economic Developments and Highlights of Fiscal Years 1435/1436 (2014) & 1436/1437 (2015), Ministry of Finance (Riyadh) 25 December 2014. Access: 12 March 2015. https://www.mof.gov.sa/English/DownloadsCenter/Budget/Ministry's%20of%20Finance%20statment%20about%20the%20national%20budget%20for%202015.pdf
[172] Saudis to keep spending heavily in 2015 budget, shrug off oil plunge, Reuters (Riyadh) 25 December 2014. Access: 12 March 2015. http://www.reuters.com/article/2014/12/25/saudi-budget-idUSL6N0U90AZ20141225
[173] Saudi ministry to discuss deficit financing with central bank, Reuters (Riyadh) 26 December 2014. Access: 12 March 2015. http://www.reuters.com/article/2014/12/26/saudi-budget-financing-idUSL6N0UA04720141226
[174] Press Release: Recent Economic Developments and Highlights of Fiscal Years 1435/1436 (2014) & 1436/1437 (2015), Ministry of Finance (Riyadh) 25 December 2014. Access: 12 March 2015. https://www.mof.gov.sa/English/DownloadsCenter/Budget/Ministry's%20of%20Finance%20statment%20about%20the%20national%20budget%20for%202015.pdf
[175] Press Release: Recent Economic Developments and Highlights of Fiscal Years 1435/1436 (2014) & 1436/1437 (2015), Ministry of Finance (Riyadh) 25 December 2014. Access: 12 March 2015. https://www.mof.gov.sa/English/DownloadsCenter/Budget/Ministry's%20of%20Finance%20statment%20about%20the%20national%20budget%20for%202015.pdf
[176] Saudi set for tighter 2015 budget after oil price falls, Reuters (Riyadh) 2 December 2014. Access: 12 March 2015. http://www.reuters.com/article/2014/12/02/saudi-budget-idUSL6N0TL1MI20141202
[177] S&P lowers outlook on Saudi Arabia due to plunge in oil prices, Reuters (Riyadh) 9 February 2015. Access: 12 March 2015. http://www.reuters.com/article/2015/02/09/saudi-sp-idUSL4N0VJ61C20150209

On 10 February 2015, SAMA's Governor Fahad Al-Mubarak stated that a reform was needed to the system of subsidies that the government provided to the energy and water system. Although the governor gave no indication that the Saudi government had plans for concrete action, he stated, "One of the existing challenges is enhancing the efficiency of the local consumption of energy and water, which resulted in distortion and a large waste of those important resources in addition to increasing the financial burdens on the government."[178]

On 7 March 2015, an announcement revealed that SAMA's foreign reserve assets had increased by USD 2 billion, reaching USD 730 billion in January. This increase followed consecutive decreases for the previous four months. This volatility was related to a "fall in oil export revenues, while government spending was kept at an elevated level," according to Jadwa Investment economists.[179]

On 2 June 2015, the IMF raised its forecast for GDP growth for Saudi Arabia, although a bigger budget deficit was predicted. GDP was projected to grow 3.5% in 2015, up from the previously projected 3%, the same as the growth for 2014. However, the growth would slow to 2.7% in 2016 as state expenditure began to slow as it adjusts to an environment of lower oil prices. The fiscal deficit was expected to be of 20% of the GDP, up from 14.2% previously forecasted, the biggest deficit since 1999.[180] According to the IMF, "a sizeable fiscal policy consolidation will be needed over the next few years to put the deficit on a gradual but firm downward path."[181]

Additionally, on 9 September 2015, the IMF urged Saudi Arabia to reduce its domestic energy subsidies and its public sector wage bill as a result from the fall of oil prices. Despite record low oil prices, Saudi Arabia government spending saw increases as a result from bonus salary payments following the king's accession to power in January.[182] The Fund stated that although the country had high level of reserves and low public debt, it should take steps now in order to control spending via economic reforms. Among the recommended actions were higher domestic energy prices, long-term deflation of the civil service, increase in non-oil related revenues, and private sector reforms.[183]

Given a successful countercyclical strategy on previous years, the Saudi government has accumulated large fiscal reserves that enable it to maintain its trend towards investments that enable domestic growth. However, given the country's dependency on the oil sector, coupled with the plummeting of prices, there is a need to weaken their fiscal position through deficits in public spending in order to maintain the desired levels of investments.

Saudi Arabia has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Saudi Arabia is awarded a score of 0.

Analyst: Artur Pereira

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[178] SAMA chief calls for energy subsidy reform, Arab News (Jeddah) 10 February 2015. Access: 12 March 2015. http://www.arabnews.com/news/701941

[179] Rebound in oil prices to boost Saudi export revenues, Arab News (Jeddah) 7 March 2015. Access: 12 March 2015. http://www.arabnews.com/economy/news/715071

[180] IMF lifts outlook for Saudi GDP, sees bigger budget gap this year, Reuters (Dubai) 2 June 2015. Access: 11 October 2015. http://www.reuters.com/article/2015/06/02/saudi-imf-growth-idUSL5N0YO0A920150602

[181] IMF lifts outlook for Saudi GDP, sees bigger budget gap this year, Reuters (Dubai) 2 June 2015. Access: 11 October 2015. http://www.reuters.com/article/2015/06/02/saudi-imf-growth-idUSL5N0YO0A920150602

[182] IMF urges Saudi action on domestic energy prices and wage bill, Reuters (Riyadh) 9 September 2015. Access: 11 October 2015. http://www.reuters.com/article/2015/09/09/saudi-imf-idUSL5N11F3CN20150909

[183] IMF urges Saudi action on domestic energy prices and wage bill, Reuters (Riyadh) 9 September 2015. Access: 11 October 2015. http://www.reuters.com/article/2015/09/09/saudi-imf-idUSL5N11F3CN20150909

South Africa: −1

South Africa has not complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of GDP on a sustainable path.

South Africa has outlined the following fiscal strategies in their comprehensive growth strategy:

- Reducing infrastructure constraints through public investments
- Pursuing countercyclical policy by providing support to economic recovery while reducing the budget deficit over the medium term
- Stabilizing debt-to-GDP ratio over the medium term
- Issuing cost containment guidelines to apply to public sector institutions at the national and provincial levels.[184]

On 25 February 2015, the South African government unveiled ZAR35 billion in new taxes and spending cuts.[185] The plan aims in part to reinvigorate a failing power system, which has dragged down growth and deterred investors.

In the budget announcement, Finance Minister Nhlanhla Nene stood by a pledge to keep the deficit at 3.9% of GDP in the fiscal year and narrow it to 2.5% by 2018.[186] To do so while upholding South Africa's welfare programs, Nene announced higher taxes on fuel, which adds about 8% to the price of gas.[187] The package also includes a 1% increase in income tax for those earning more than ZAR182,000, representing the first increase since 1995.[188]

However, these measures totalling a net ZAR8.2 billion for the current fiscal year appear to fall short of the treasury's commitment to raise revenue by ZAR27 billion over the next two years.[189] As a result, the treasury expects fiscal debt-to-GDP ratio to increase from 46.2% in FY2015 to 47.6% in FY2018.[190]

Though South Africa has committed to major infrastructure investments, its current fiscal strategy to finance such programs raises concern among rating agencies. Some have even lowered the country's credit rating, which is now close to junk status.[191] The National Treasury plans to limit borrowing for FY2015-2016 to appease credit rating agencies and to avoid a further downgrade.[192]

South Africa has made no progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, South Africa is awarded a score of −1.

Analyst: Steven Lampert

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[184] Comprehensive Growth Strategy: South Africa, G20 Australia 2014 (Brisbane) November 2014. Access: 28 February 2015. https://g20.org/wp-content/uploads/2014/12/g20_comprehensive_growth_strategy_south_africa.pdf

[185] South Africa Announces $3 Billion in New Taxes, Spending Cuts, The Wall Street Journal (Pretoria) 25 February 2015. Access: 27 February 2015. http://www.wsj.com/articles/south-africa-announces-3-billion-in-new-taxes-spending-cuts-1424868889.

[186] 2015 Budget Speech, National Treasury (Pretoria) 25 February 2015. Access: 27 February 2015. http://www.treasury.gov.za/documents/national%20budget/2015/speech/speech.pdf.

[187] South Africa Announces $3 Billion in New Taxes, Spending Cuts, The Wall Street Journal (Pretoria) 25 February 2015. Access: 27 February 2015. http://www.wsj.com/articles/south-africa-announces-3-billion-in-new-taxes-spending-cuts-1424868889.

[188] South Africa raises income tax rates for first time in 20 years in gloomy budget, Reuters (Cape Town) 25 February 2015. Access: 27 February 2015. http://www.reuters.com/article/2015/02/25/safrica-budget-idUSL5N0VZ3BO20150225.

[189] South African Budget Shows Persistent Fiscal Challenges, Reuters (London) 26 February 2015. Access: 27 February 2015. http://www.reuters.com/article/2015/02/26/idUSFit91540620150226.

[190] South African Budget Shows Persistent Fiscal Challenges, Reuters (London) 26 February 2015. Access: 27 February 2015. http://www.reuters.com/article/2015/02/26/idUSFit91540620150226.

[191] South Africa Announces $3 Billion in New Taxes, Spending Cuts, The Wall Street Journal (Pretoria) 25 February 2015. Access: 27 February 2015. http://www.wsj.com/articles/south-africa-announces-3-billion-in-new-taxes-spending-cuts-1424868889.

[192] South Africa's Treasury says weak growth a threat to fiscal outlook, Reuters (Africa) 13 October 2015. Access: 13 October 2015. http://af.reuters.com/article/investingNews/idAFKCN0S71TL20151013.

Turkey: 0

Turkey has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of GDP on a sustainable path.

Turkey has outlined the following fiscal strategies in its comprehensive growth strategy:

- Improving public infrastructure
- Maintain positive primary balances and declining debt to GSP ratios
- Implementing cost-benefit analysis for government service procurement
- Enhancing technology and innovation[193]

On 25 March 2015, Science, Industry, and Technology Minister Fikri Işık announced that there will be direct incentives of TRY1.5 billion for research and development projects. The aim is to transform Turkey into a production and research and development hub. Minister Fikri Işık said that the hope is to attract companies to develop new products in Turkey's research and development facilities.[194]

On 23 March 2015, the Turkish Finance Ministry announced it will not charge value added tax to innovators or software developers so long as the companies sell, rent, or transfer their products or ownership rights. Approximately 50 per cent of earnings from the transactions will be exempt from corporate and income taxes.[195]

On 20 February 2015, President Sir Suma Chakrabarti of the European Bank for Reconstruction and Development announced that it has been investing in Turkish companies' innovative works with the aim of making them more competitive in the global market. The banks have been investing in research and development projects and the European Bank for Reconstruction and Development is continuing to provide funds to Turkey's innovative companies.[196]

On 5 September 2015, Deputy Prime Minister Cevdet Yılmaz and Secretary-General Angel Gurria of the Organization for Economic Cooperation and Development presented newly revised G20 Principles of Corporate Governance. Deputy Prime Minister Cevdet Yılmaz announced at the presentation that more transparency, accountability, and effective corporate governance are the demands of rational investors.[197]

On 4 December 2014, Turkish Deputy Prime Minister Ali Babacan announced that the government will implement a new phase of transparency reforms. The construction industry is one of the main targeted sectors. The plan will help with improving competition and fairness in the construction sector amid concerns about corruption, a priority of the G20 countries.[198]

On 30 August 2015, the Central Bank of the Republic of Turkey raised the reserve ratio on short-term hard currency borrowing to encourage the banks borrow on a longer-term basis and bring more stability to a

[193] Comprehensive Growth Strategy – Turkey, G20 Australia (Brisbane) 15-16 November 2014. Access: 28 February 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_turkey.pdf

[194] Turkey to offer direct incentives for R&D operations, Hurriyet Daily News (Istanbul) 26 March 2015. Access: 10 October 2015. http://www.hurriyetdailynews.com/turkey-to-offer-direct-incentives-for-rd-operations.aspx?pageID=238&nID=80228&NewsCatID=344

[195] Turkish Finance Ministry eases tax conditions for innovators, Hurriyet Daily News (Istanbul) 23 March 2015. Access: 11 October 2015. http://www.hurriyetdailynews.com/turkish-finance-ministry-eases-tax-conditions-for-innovators.aspx?pageID=238&nID=80069&NewsCatID=344

[196] EBRD invests in innovation in Turkey, Hurriyet Daily News (Istanbul) 20 February 2015. Access: 10 October 2015. http://www.hurriyetdailynews.com/ebrd-invests-in-innovation-in-turkey-.aspx?pageID=238&nID=78622&NewsCatID=344

[197] Turkey presents G20/OECD Corporate Governance Principles, Hurriyet Daily News (Istanbul) 05 September 2015. Access: 11 October 2015.

[198] Turkish gov't to announce new transparency reforms: Deputy PM Babacan, Hurriyet Daily News (Istanbul) 4 December 2014. Access: 28 February 2014.

domestic currency market that has been volatile. Limits on foreign exchange transactions that banks conduct with the Central Bank were also implemented in order to increase foreign exchange liquidity.[199]

On 18 December 2014, the Government of Turkey introduced a comprehensive action plan to help boost the economy's growth. Turkey's year-on-year GDP grew by only 1.7% in the third quarter of 2014, which was significantly below the expected 3%. Key objectives of the plan include: "increasing domestic savings at the national level, preventing wastefulness, rationalizing public expenditure, raising the quality of public revenue, improving the business and investment climate, and developing statistical information on infrastructure."[200]

On 16 July 2015, Turkey and Malaysia announced a free trade agreement. There will be a 70 per cent elimination on tariffs. After eight years, duties will be reduced or eliminated for almost 86 per cent of tariff lines. Iron and steel will have import duties phased-out in stages within an eight-year period. All existing duties ranging from 20 to 30 per cent on textiles and apparel and footwear will also be eliminated. In 2014 total trade between Malaysia and Turkey amounted to USD 969 million, Malaysia's exports to Turkey were USD 752 million and imports from Turkey were USD 217 million.[201]

On 4 February 2015, Turkey and Finland signed a Joint Economic and Trade Committee agreement to boost trade and investment. Turkey wants to attract USD 300 million worth of foreign direct investment over the next decade. Both countries agree that cooperation between their small and medium-sized businesses is key to increasing investments and trade.[202]

On 18 February 2015, new budget figures indicated that the government's tax income increased by 6.6% to TRY34.8 billion. This increase was attributed to higher revenues from indirect taxes such as added value taxes, up by 19.2%, and consumption taxes, up by 16.7%. The income from consumption tax on cigarettes also surged to TRY3.3 billion, a 37% increase compared to the same month last year.[203]

Turkey has made progress in promoting competitiveness, innovation and healthy streams of government income. However, it is unclear whether this will reduce its debt-to-GDP ratio.

Turkey has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, Turkey is awarded a score of 0.

Analyst: Creed Atkinson

United Kingdom: 0

The United Kingdom has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of GDP on a sustainable path.

The UK has outlined the following fiscal strategies in its comprehensive growth strategy:

- Deficit reduction
- Financial system reform

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[199] Turkish central bank hikes reserve ratio for short-term forex borrowing, Hurryiyet Daily News (Istanbul) 30 August 2015. Access: 11 October 2015.

[200] Turkey's new economic action plans urge savings, Hurriyet Daily News (Istanbul) 18 December 2015. Access: 28 February 2014.

[201] Malaysia, Turkey set to boost trade with new deal, Hurriyet Daily News (Istanbul) 17 July 2015. Access: 11 October 2015.

[202] Turkey, Finland sign Joint Economic and Trade Committee agreement, Hurriyet Daily News (Istanbul) 4 February 2015. Access: 28 February 2014.

[203] Income from indirect taxes fuels Turkey's budget, Hurriyet Daily News (Istanbul) 18 February 2015. Access: 28 February 2014. http://www.hurriyetdailynews.com/income-from-indirect-taxes-fuels-turkeys-budget.aspx?pageID=238&nID=78477&NewsCatID=344

- Continued infrastructure investment
- Investment support for small and medium enterprises
- Ensure public debt on a sustainable, downward path.204
- On 12 October 2015, the Chancellor of the Exchequer, George Osborne, published an updated Charter for Budget Responsibility. Chancellor Osborne described the purpose of the Charter in his Summer Budget 2015 speech. "While we move from deficit to surplus, this Charter commits us to keeping debt falling as a share of GDP each and every year– and to achieving that budget surplus by 2019-20."205
- Fiscal mandates in previous Charters targeted returning the cyclically adjusted current budget to balance (CACB) over a rolling period (initially five years, then reduced to three). Since then, the government has made significant progress on fiscal consolidation, having decreased CACB from its peak of 4.8% of GDP in 2009-10 to 2.4% in 2014-15. CACB of 0.3% is forecast for 2017-18. The UK is therefore forecast to meet its previous fiscal deficit reduction targets one year earlier than expected.

However, Chancellor Osborne said the UK is unlikely to meet its commitment to putting debt-to-GDP levels on a declining path by 2015-16. The ratio is expected to peak at 81.1% this fiscal year. The revised Charter for Budget Responsibility set a new target for debt to be falling as a percentage of GDP in 2016-17.[206]

In order to meet the new debt-to-GDP targets, the government has identified that additional tax increases or spending cuts of around GBP 37 billion must be made. The Conservative government, having been elected to a majority government in May, plans to make these budget adjustments through a combination of reducing welfare spending, squeezing departmental budgets, and cracking down on tax avoidance. Consolidation has already been announced worth GBP 17 billion: GBP 12 billion from welfare reform and GBP 5 billion from measures to address tax avoidance and planning, evasion and compliance, and imbalances in the tax system, with further measures to be announced.[207]

Chancellor Osborne reinforced the UK's commitment to reducing its debt-to-GDP ratio to the Economic Club of New York on 15 December 2014, and at the OECD's biennial Economic Survey of the UK press conference on 24 February 2015. Although Chancellor Osborne's plans took a setback after public borrowing rose and tax receipts stalled in August, the pattern of monthly year-on-year falls has since resumed and the overall trend has been improving since April.[208]

By successfully reducing its fiscal deficit, the UK has caused its debt-to-GDP ratio to begin falling, but the high level of debt still raises concern. However, as not all the spending cuts to reverse this trend have been implemented, the UK has not yet completely complied with its growth strategy commitments.

The United Kingdom has made good progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, the United Kingdom is awarded a score of 0.

Analyst: Steven Lampert

[204] Comprehensive Growth Strategy: United Kingdom, G20 Australia 2014 (Brisbane) November 2014. Access: 28 February 2015. https://g20.org/wp-content/uploads/2014/12/g20_comprehensive_growth_strategy_united_kingdom.pdf
[205] Updated Charter for Budget Responsibility, HM Treasury (London) 15 December 2014. Access: 26 February 2015. https://www.gov.uk/government/news/updated-charter-for-budget-responsibility
[206] Updated Charter for Budget Responsibility, HM Treasury (London) 15 December 2014. Access: 26 February 2015. https://www.gov.uk/government/news/updated-charter-for-budget-responsibility
[207] David Cameron warns of 'legacy of debt', BBC News UK Edition (London) 12 January 2015. Access: 27 February 2015. http://www.bbc.com/news/uk-30773974
[208] Osborne's deficit plans suffer setback as UK borrowing rises and tax receipts stall, The Telegraph (London) 22 September 2015. Access: 10 October 2015. http://www.telegraph.co.uk/finance/economics/11881672/Osbornes-deficit-plans-suffer-setback-as-UK-borrowing-rises-and-tax-receipts-stall.html.

United States: 0

The United States has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of GDP on a sustainable path.

The United States outlined the following fiscal strategies in its comprehensive growth strategy:

- Deficit reduction over the medium-term to 2.1% of the economy by the ten-year budget window.
- Put debt-to-GDP ratio on a declining path.[209]

On 26 January 2015, the Congressional Budget Office (CBO) released its annual 10-year fiscal forecast. The report indicated some positive trends for US fiscal sustainability. The cost of healthcare reform, once projected to be USD 710 billion between 2015-2019, is now slated at USD 571 billion, representing a 20% reduction.[210]

On 2 February 2015, President Barack Obama unveiled his USD 4 trillion FY2016 budget request.[211] The plan — which has yet to be approved — is consistent with the country's growth strategy objectives. The White House intends for the budget to "end the harmful spending cuts known as sequestration" implemented in 2011.[212] This is possible given the government's estimated USD 1.8 trillion in new revenues and almost USD 400 billion in spending reductions.[213] The new revenue and cost cuts are reflected in the aforementioned healthcare savings as well as a proposed 4.2% increase in the capital gains tax for couples earning over USD 500,000.[214]

The government intends to use the additional money to finance certain new programs, such as a USD 478 billion package to repair public infrastructure and a USD 75 billion initiative to provide all children under four years old from low-income families with access to "high quality" preschool.[215]

The budget has yet to be approved by Congress. On 28 September 2015, Republican and Democrat Senators voted to advance a temporary spending measure, known as a continuing resolution, that would fund the federal government at FY2015 budget levels through 11 December 2015.[216]

The impact of the proposed budget on the debt-to-GDP ratio is unclear. The government claims the ratio will level towards 73% by 2025, representing a modest 1% decrease from 2014.[217] The CBO disagrees with

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[209] Comprehensive Growth Strategy: United States, G20 Summit (Australia) 30 November 2014. Access: 25 February 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_united_states.pdf

[210] The Budget and Economic Outlook: 2015 to 2025, Congressional Budget Office (Washington) 26 January 2015. Access: 26 February 2015. http://www.cbo.gov/sites/default/files/cbofiles/attachments/49892-Outlook2015.pdf

[211] Fiscal Year 2016 Budget of the U.S. Government, Office of Management and Budget (Washington) 2 February 2015. Access: 25 February 2015. http://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/budget.pdf

[212] Fiscal Year 2016 Budget of the U.S. Government, Office of Management and Budget (Washington) 2 February 2015. Access: 25 February 2015. http://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/budget.pdf

[213] Fiscal Year 2016 Budget of the U.S. Government, Office of Management and Budget (Washington) 2 February 2015. Access: 25 February 2015. http://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/budget.pdf

[214] Fiscal Year 2016 Budget of the U.S. Government, Office of Management and Budget (Washington) 2 February 2015. Access: 25 February 2015. http://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/budget.pdf

[215] Fiscal Year 2016 Budget of the U.S. Government, Office of Management and Budget (Washington) 2 February 2015. Access: 25 February 2015. http://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/budget.pdf

[216] Spending Bill Passes, Averting a Shutdown, New York Times (NYC) 30 September 2015. Access: 7 October 2015. Access: http://www.nytimes.com/2015/10/01/us/politics/government-shutdown-congress.html.

[217] Press Briefing by Senior Administration Officials on the President's FY2016 Budget, Office of the Press Secretary (Washington) 2 February 2015. Access: 25 February 2015. http://www.whitehouse.gov/the-press-office/2015/02/02/press-briefing-senior-administration-officials-presidents-fy2016-budget

this projection and believes the ratio will rise "to nearly 79 per cent of GDP" by 2025.[218] The outcome may depend on future interest rate levels, which have yet to rise despite speculation.[219]

Moody's maintained the United States' Triple-A rating, but noted potential long-term threats to its score. The rating agency expressed concern over rising spending on social programs.[220]

While the United States has taken some steps to see through the flexible fiscal strategies outlined in its growth strategy, it remains unclear whether the country will uphold its commitment to decreasing its debt-to-GDP ratio.

Thus, the United States is awarded a score of 0.

Analyst: Steven Lampert

European Union: 0

The European Union has partially complied with its commitment to continue to implement fiscal strategies flexibly, taking into account near-term economic conditions, while putting debt as a share of gross domestic product (GDP) on a sustainable path.

The European Union outlined the following fiscal strategies in its comprehensive growth strategy:

- Pursue growth-friendly fiscal consolidation according to each member's fiscal situation, including a mix of expenditure cuts and revenue measures
- Increase efficiency of public expenditure and maintain an adequate level of productive public investment
- Introduce tax reforms to make the tax system fairer and more efficient
- Coordinate member states' fiscal policies to ensure medium-term objectives.[221]

On 28 November 2014 the European Commission released its Annual Growth Survey 2015 outlining the key features of its growth agenda. The survey called for an integrated approach to growth using three pillars: 1) a coordinated boost to investment; 2) a renewed commitment to structural reforms; and 3) pursuit of fiscal responsibility.[222] The outcome of the Growth Survey reflects the EU's commitment towards its comprehensive growth strategy.

In conjunction with the Annual Growth Survey 2015, the commission announced a EUR 315 billion investment plan on 26 November 2014 titled the European Fund for Strategic Investments (EFSI).[223] The EFSI is meant to increase both public and private investments over the next three years, particularly towards strategic investments to propel Europe towards growth once again. On 13 January 2015 The European Commission adopted the EFSI's legislative proposal. They then reached a political agreement regarding the Regulation for the EFSI on 28 May 2015, which was approved by EU Finance Ministers on 19 June 2015 and

[218] The Budget and Economic Outlook: 2015 to 2025, Congressional Budget Office (Washington) 26 January 2015. Access: 26 February 2015. http://www.cbo.gov/sites/default/files/cbofiles/attachments/49892-Outlook2015.pdf.
[219] The Debt Non-Spiral, New York Times (NYC) 27 January 2015. Access: 26 February 2015. http://krugman.blogs.nytimes.com/2015/01/27/the-debt-non-spiral/
[220] Moody's Backs Triple-A Rating on U.S. But Warns on Social Spending, Wall Street Journal 7 October 2015. Access: 7 October 2015. http://www.wsj.com/articles/moodys-backs-triple-a-rating-on-u-s-but-warns-on-social-spending-1444226512.
[221] Comprehensive Growth Strategy: European Union (Brisbane) October 2014. Access: 1 March 2015. http://www.g20australia.org/sites/default/files/g20_resources/library/g20_comprehensive_growth_strategy_european_union.pdf
[222] Annual Growth Survey 2015, European Commission (Brussels) 28 November 2014. Access: 1 March 2015. http://ec.europa.eu/europe2020/pdf/2015/ags2015_en.pdf
[223] EU Launches Investment Offensive to Boost Jobs and Growth, European Commission (Strasbourg) 26 November 2014. Access: 1 March 2015. http://europa.eu/rapid/press-release_IP-14-2128_en.htm

voted in favour of by the European Parliament plenary on 24 June 2015.[224] This move should contribute to an increased efficiency of public expenditure.

On 18 February 2015 the commission signalled its commitment to fighting tax avoidance and aggressive tax planning. The College of Commissioners outlined possible ways to make taxation more fair and transparent. On 18 March 2015, the European Commission introduced the Tax Transparency Package — a proposal to exchange tax ruling information between Member States automatically.[225] It was also the first step towards their corporate tax avoidance agenda. On 17 June 2015 the European Commission presented their Action Plan to reform corporate taxation in order to "tackle tax avoidance, secure sustainable revenues and strengthen the Single Market for business."[226] These tax reforms should help to increase tax revenues for the member states.

The commission continues to assess the draft budgetary plans of EU member states in order to identify those that are at risk of non-compliance with the Stability Growth Pact. The 2015 Draft Budgetary Plan summarizes the draft budgets that governments submit to national parliaments and provides policy advice to those states. Through the draft budgetary plans the commission is trying to improve economic policy coordination within the EU.[227] Non-compliance requires a country's deficit to be above 3% of GDP or for it to have a general government debt more than 60% of GDP, while not declining at a satisfactory pace.[228] The most recent assessment, on 13 May 2015, identified eight countries (Croatia, Cyprus, France, Greece, Ireland, Portugal and Spain) as having "ongoing excessive deficit procedures," two countries in consideration of changing previous procedures (the UK and Finland), two countries (Malta and Poland) as broadly compliant and 16 countries as being fully compliant with "no excessive deficit procedure."[229] It is important to note the movement of Malta and Poland to broadly compliant, as their Excessive Deficit Procedures were closed by the Commission in May. Further is the Commission's decision to recommend that the UK correct its present excessive deficit by 2016-2017 the latest, as they feel the UK has not taken effective action in response to previous recommendations.[230]

On 13 January 2015 the commission provided further guidance on the use of the Stability and Growth Pact's flexibility. It recognized the need for rules that are flexible to be applied over time and across countries. The commission is left with some discretion to assess public finances and recommend actions so that countries can have fiscal policies that are more growth-friendly.[231]

On 26 February 2015, the commission presented the economic surveillance package outlining its analysis of members' fiscal situations and updating its guidance towards fiscal policy for members. On 13 May 2015, the commission released their assessment of member states and their country-specific policy recommendations

[224] The European Fund for Strategic Investments (EFSI), European Commission (Brussels) Access: 7 October 2015. http://ec.europa.eu/priorities/jobs-growth-investment/plan/efsi/index_en.htm

[225] Transparency and the fight against tax avoidance, European Commission (Brussels) Access: 7 October 2015. http://ec.europa.eu/taxation_customs/taxation/company_tax/transparency/index_en.htm

[226] Commission presents Action Plan for Fair and Efficient Corporate Taxation in the EU, European Commission (Brussels) 17 June 2015. Access: 7 October 2015. http://europa.eu/rapid/press-release_IP-15-5188_en.htm

[227] 2015 Draft Budgetary Plans: Overall Assessment, European Commission (Brussels) 28 November 2014. Access: 1 March 2015. http://ec.europa.eu/economy_finance/economic_governance/sgp/pdf/dbp/2014/communication_to_euro_area_member_states_2014_dbp_en.pdf

[228] European Semester 2015: Country-Specific Updates, European Commission (Brussels) 26 February 2015. Access: 1 March 2015. http://europa.eu/rapid/press-release_MEMO-15-4511_en.htm

[229] Country-specific recommendations 2015: Further efforts needed to support robust recovery, European Commission (Brussels) 13 May 2015. Access: 7 October 2015. http://europa.eu/rapid/press-release_IP-15-4975_en.htm?locale=en

[230] Decisions under the Stability and Growth Pact, European Commission (Brussels) 13 May 2015. Access: 7 October 2015. http://europa.eu/rapid/press-release_MEMO-15-4971_en.htm?locale=en

[231] Stability and Growth Pact: Commission Issues Guidance to Encourage Structural Reforms and Investment, European Commission (Strasbourg) 13 January 2015. Access: 1 March 2015. http://europa.eu/rapid/press-release_IP-15-3220_en.htm

for 2015 and 2016.[232] These recommendations are meant to aid member states in maintaining sound public finances while boosting their economies.

On 9 December 2014 the 2015 EU budget was approved by the council, stating an increase in total payments for tackling the large scale of unpaid bills being offset by additional revenue from areas like fine collection and financial surplus from previous years.[233] Further, the Winter Economic Forecast indicated that the economies of all EU members are expected to grow this year for the first time since 2007, along with a reduction in general government deficits continuing and deficit-to-GDP ratios forecasted to continue falling over the next two years.[234] On 27 May 2015, The Commission proposed a draft 2016 EU budget to focus on the recovery of the European economy through investment measures that stimulate growth, employment and competitiveness.[235]

On 22 June 2015, The Five Presidents released a report outlining short and long term goals to improve the macroeconomic situation in the EU. In the short term they suggested the creation of an advisory European Fiscal Board in order to coordinate and compliment the fiscal councils already existing. In the longer term, they propose a Common Macroeconomic Stabilisation function to better cushion for large macroeconomic shocks which cannot be managed at the national level alone.[236]

The EU has made progress towards implementing fiscal policies consistent with its stated economic growth objectives in government spending and tax reform. Additionally, the debt-to-GDP ratios of members are forecasted to continue to fall. However, these forecasts are based on member states implementing EU fiscal recommendations, which has been inconsistent across those states.

The European Union has made some progress towards implementing the fiscal policy measures stated in its comprehensive growth strategy. Thus, the European Union is awarded a score of 0.

Analyst: Rebecca Patrick

[232] Country-specific recommendations 2015: Further efforts needed to support robust recovery, European Commission (Brussels) 13 May 2015. Access: 7 October 2015. http://europa.eu/rapid/press-release_IP-15-4975_en.htm?locale=en
[233] EU Budget 2015 Gets Council Approval, Council of the European Union (Brussels) 9 December 2014. Access: 1 March 2015. http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/146122.pdf
[234] Winter Economic Forecast: Outlook Improved but Risks Remain, European Commission (Brussels) 5 February 2015. Access: 1 March 2015. http://europa.eu/rapid/press-release_IP-15-4085_en.htm
[235] Commission proposes draft EU budget 2016: focus on jobs, growth, migration and global action, European Commission (Brussels) 27 May 2015. Access: 7 October 2015. http://europa.eu/rapid/press-release_IP-15-5046_en.htm
[236] Five Presidents' Report sets out plan for strengthening Europe's Economics and Monetary Union as of 1 July 2015, European Commission (Brussels) 22 June 2015. Access: 7 October 2015. http://europa.eu/rapid/press-release_IP-15-5240_en.htm?locale=en