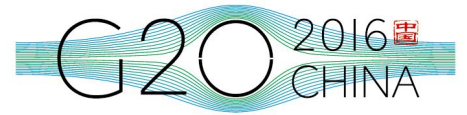


G20 SUMMIT 2016, CHINA



(Translation)

Beijing, 1 December 2015

The year of 2016 is fast approaching, a year in which China will host the G20 Summit. This shows both the international community's strong confidence in China and China's sincere wish to make contribution to the international community.

The G20 summit mechanism was set up at the height of the international financial crisis in 2008, demonstrating G20 members' determination to put the global economy back on its feet. The G20 thus became the premier forum for international economic cooperation. Looking back, I believe that the most valuable thing this process has created is the close partnership we have forged that has enabled us to jointly tide over a difficult time. It proves that in a world of deepening economic globalization, cooperation is the sure way for countries to meet challenges and achieve common development.

Today, the global economy and international economic cooperation have reached another crucial juncture. Can we strengthen the foundation for global recovery and growth and leave the crisis behind us? Can we seize the historical opportunity presented by technological breakthroughs and a new industrial revolution and usher in a new round of global growth? The answer lies in the course of common action that we will take.

Now, all eyes are on the G20. As an important forum for cooperation among developed countries, emerging markets and developing countries, the G20 plays a key role in leading and advancing international economic cooperation. It should act with a broad vision and deliver concrete outcomes. It should address critical issues affecting the global economy and endeavor to promote strong, sustainable and balanced growth.

We should strive to build an innovative, invigorated, interconnected and inclusive global economy and explore new ways to drive development and structural reform, injecting impetus into the growth of individual countries and energizing the global economy. We should embrace the vision of a global community of shared future, enhance economic connectivity and exchanges among countries and improve global economic and financial governance so as to address inequality and imbalance in global development and ensure that the benefits of economic growth will be equitably shared by people of all countries.

In the course of making preparations for the 2016 G20 summit, China will work with all other parties to pull in one direction in the spirit of win-win partnership. We should pool wisdom, form synergy, implement the outcomes of the Antalya Summit and all previous summits, and jointly advance international economic cooperation.

I look forward to meeting the leaders of the G20 members in Hangzhou, Zhejiang next September to discuss ways of enhancing international economic cooperation. Hangzhou, renowned for its rich history, is also a city of innovation. It is a cosmopolitan city with a distinctive Chinese cultural appeal. I am sure that, through our joint efforts, Hangzhou will deliver a uniquely impressive summit to the world in 2016.

(Signed) Xi Jinping

President
The People's Republic of China

Theme and Key Agenda Items of the G20 Summit in 2016

The Group of Twenty or the G20, is the premier forum for international economic cooperation and an important mechanism for global economic governance. The Group is entrusted with the critical mission of addressing economic risks and challenges, promoting world economic growth, improving global economic governance and sharing development benefits amongst people across the world. It is committed to an open world economy with a strong partnership among members and beyond.

In 2016, China will work together with other members to consolidate and strengthen the partnership within the G20, to fully implement the commitments at the Antalya and the previous summits, to improve the effectiveness of the G20 in decision-making and implementation, and to further extend its influence. Based on the latest developments of the global economy and the needs of individual economies, the G20 will not only address outstanding issues of the moment to mitigate short-term risks, but also develop forward-looking and creative policy ideas and take collective actions to steer the world economy into the future.

I. The Theme of the Summit

Over the past few years, the success of the G20 in overcoming the international financial crisis through joint efforts has shown us that it is not only possible but also indispensable for major economies to enhance international economic coordination and cooperation in an era of globalization. In this process, a close and effective partnership has been established, and has come to be cherished by all G20 members as their common asset .

The G20 has reached another turning point. Many countries are suffering from a series of unfavorable factors, including anaemic global growth, decline in potential

output, increasing volatility in financial markets, weakening global trade and investment, high levels of unemployment and inequalities. Due to growing divergence in economic performance and policy priorities among major economies, we are seeing increasing difficulties in macroeconomic policy coordination. The world economy calls for new impetus.

The G20 has managed mainly short term risks through close cooperation. While continued work along those tracks is still needed to prevent risks and promote growth, greater efforts should be made to achieve more sustainable growth and prosperity. This requires greater courage, deeper cooperation, better coordinated policies and stronger actions. To this end, China, assuming the G20 presidency for 2016, stands ready to work together with all members **TOWARDS AN INNOVATIVE, INVIGORATED, INTERCONNECTED AND INCLUSIVE WORLD ECONOMY**. Hence the theme of the 2016 G20 Summit.

Innovation is an important driving force for global sustainable growth. Cyclical policies can iron out short-term fluctuations, but it is hardly sufficient to sustain long-term growth. The G20 should forge new growth engines by promoting innovation-driven development, encouraging across-the-board innovation in science and technology, in development concepts, and in institutions and mechanisms, as well as in business models.

An **invigorated** world economy is based on and requires the participation of all stakeholders. The G20 should stimulate greater dynamism for growth through domestic structural reforms, international economic cooperation, and global economic governance that is equitable, legitimate and effective. Only when stronger endogenous sources of growth are identified and higher growth quality and efficiency are achieved in each and every economy, can the potential of the world economy be fully unleashed.

In a globalized world, the **interconnectivity** between growth and development in different countries have become so close that we either stand or fall together. That sense of community should both impel and enable the G20 to strive to build an open world economy, cooperate to address common challenges, and strengthen

all-dimensional connectivity and sound interaction among economies to achieve mutual benefits.

While the development levels of countries differ from one another, the gap must be narrowed rather than left to widen. Likewise, benefits of development should be shared by all rather than by only a few. The G20 is committed to more **inclusive** growth, through concrete actions to reduce inequalities and imbalances in global development.

Visions shape goals, which in turn guide actions. During the preparations for the G20 Summit in 2016, China will strengthen coordination and cooperation with all parties, and spare no efforts to build an innovative, invigorated, interconnected and inclusive world economy.

II. Key Agenda items

BREAKING A NEW PATH FOR GROWTH

Since the 2008 global financial crisis, the G20 has stressed the importance of coordinated fiscal and monetary policies to stabilize the global economy and promote growth. The Pittsburgh Summit in 2009 set up the Framework for Strong, Sustainable and Balanced Growth. Further efforts were made at the Brisbane Summit in 2014 in formulating the Comprehensive Growth Strategy, which starts to be implemented in 2015. G20 leaders reiterated at the Antalya Summit the need to be bold in making more effective policies to achieve these goals.

The G20 should continue to uphold the spirit of a partnership of win-win cooperation, to enhance macroeconomic policy coordination and cooperation, to address potential risks, and to increase synergies in promoting growth. Meanwhile, it is crucial to adopt an innovation-driven development strategy, deepen structural reforms and increase total-factor productivity, and add new impetus to strong, sustainable and balanced growth.

Maintaining the Momentum of World Economic Recovery

All G20 members should be committed to responsible macroeconomic policies and enhance coordination to increase the synergy of their policies and reduce negative spill-overs, maintain financial market stability, increase investment and consumption, and jointly boost global economic growth.

Lifting Mid-to-Long Term Growth Potential

Due to structural factors, our economies are facing challenges of a slow-down in potential output. Demand management aiming at ironing out cyclical fluctuations can hardly be the ultimate solution to the deep-rooted structural issues undermining economic growth, let alone supporting the world economic growth in mid-to-long term. Therefore, it is necessary for the G20 to take a different approach, assess the growth prospect of the world economy from a new perspective, innovate the growth pattern, further deepen structural reforms and lift the total-factor productivity and potential growth rate, thus facilitating strong, sustainable and balanced growth in the mid-to-long term.

First, the G20 needs to enhance cooperation on innovation, including innovation in science and technology, in development concept, institutional arrangements and business models, to explore new growth engines of the world economy.

Second, the G20 needs to continue structural reforms to lift total-factor productivity and potential output, and expand growth boundaries. G20 members are encouraged to carry out and benefit from structural reforms in line with their own development status. Based on members' individual experiences, G20 could summarize some useful guiding principles of structural reforms at the G20 and further strengthen the evaluation and monitoring on implementation of reform commitments.

Third, the G20 needs to advance the emerging new industrial revolution, taking full advantage of new technologies and new organizational models in industrial production to lift domestic production and create more jobs. The G20 should

strengthen industrial development cooperation, especially in digital economy, to seize the new opportunities and maximize the benefits for all.

Fourth, the G20 needs to enhance exchanges and coordination in economic, innovation and entrepreneurship policies to reduce inconsistencies. The G20 should also promote broader diffusion of the fruits of innovation, so as to improve the capacity of mankind in addressing common challenges.

MORE EFFECTIVE AND EFFICIENT GLOBAL ECONOMIC AND FINANCIAL GOVERNANCE

The international financial crisis in 2008 exposed weaknesses in global economic governance, which the G20 has made consistent efforts to address. The G20 promotes the reform of global economic and financial governance, particularly the increase of representation and voice of emerging market economies and developing countries. This is conducive to improving the representativeness and effectiveness of the global economic governance and providing institutional support for world economic growth. All previous G20 summits have actively promoted reforms of the IMF, the World Bank and other international institutions. Some reforms have been completed, while others are still in progress. The London Summit and Los Cabos Summit twice reached consensus on the IMF resources increase, which helped stabilize market confidence. The Financial Stability Forum was restructured to become the Financial Security Board, which has made a set of new standards on financial regulation. Global Forum on Transparency and Automatic Exchange of Information for Tax Purposes was established, and the cooperation on automatic exchange of tax information, BEPS and other fields is facilitated, setting fair international tax rules and tax cooperation mechanism to ensure global economic growth. The Brisbane Summit endorsed the G20 Principles on Energy Cooperation, taking a key step forward for the G20 to play a role in global energy governance. In sum, a global economic and financial governance system that is fair, equitable, inclusive and well-managed provides the institutional guarantee to world economic growth. The G20 should continue to play a role to keep the momentum of reform.

Improving International Financial Architecture to Meet Future Challenges

The 2010 IMF quota and governance reform has not yet been fully implemented. The prolonged delay jeopardizes the credibility of the G20. The G20 should continue to promote the reform of the Bretton Woods Institutions, by implementing the 2010 IMF quota and governance reform, facilitating completion of the 15th general review of IMF quotas, expanding the role of the SDR of IMF, and continuing to push forward work related to World Bank voting share review.

The G20 should work together to establish a more stable international monetary and financial system, improve macro-prudential management, facilitate orderly cross-border capital movements, strengthen global financial safety net, and promote orderly sovereign debt restructuring.

Continuing Financial Sector Reforms

In order to enhance the stability and resilience of global financial system, the G20 needs to continue the reforms in global financial sector, implementing standards and rules already agreed and further the work on setting standards. Meanwhile, the G20 should continue to be vigilant on new risks and vulnerabilities of the global financial system, and ready to take timely measures in response. The G20 should sum up past experiences on macro-prudential management and improve the framework of financial regulation coordination, so as to more effectively maintain financial stability. The G20 should also continue to improve global financial infrastructure and enhance macro-prudential regulation and its international cooperation in this area. It is important to make further progress in inclusive finance to ensure the benefits of financial development be shared by more people.

Developing Green Finance

To better address the challenges of environment and climate change and support the transition to a green global economy, the G20 needs to explore ways to encourage greener financial institutions worldwide, and improve the capacity of capital markets in channeling resources to green industries, thus developing the

environment-friendly economy.

Improving International Tax Regime

International tax is at the juncture of a historical change where globalization and emerging industries pose challenges to tax rules, policies and administration systems. The G20 should deepen international tax cooperation to establish on a global scale mechanism which is inclusive, fair and transparent, with the broad participation of developing countries. While implementing the outcomes of the international tax agenda (e.g. BEPS project) and the consensus reached in other tax related arenas, the G20 should continue to move forward global tax cooperation, combat tax evasion and avoidance, and give practical help to developing countries in capacity-building on tax administration. In addition, efforts should be made to explore future development of taxation, and give full scope to the role of taxation in promoting investment, growth and structural reforms.

Implementing Consensus on Anti-Corruption

Corruption harms the economy. G20 members attach great importance to international cooperation on anti-corruption and have reached important consensus on many issues. The G20 should continue to implement the Two-Year Action Plan on Anti-Corruption, particularly in terms of strengthening practical cooperation in areas such as denial of safe haven to corrupt officials, recovery of the proceeds of corruption, and repatriation of corrupt officials, which should be prioritized in G20's future work. G20 members should commit themselves to denying safe haven to corrupt officials, so that they will have no place to hide. G20 members should also work together to safeguard the credibility of government, create a clean business environment and promote economic growth.

ROBUST INTERNATIONAL TRADE AND INVESTMENT

Trade and investment are important engines for growth and jobs creation. There is growing concern over the persistent decline in global trade growth, to levels below

the global growth rate in the past three years. Protectionist measures in trade and investment have been rising significantly, and the Doha Development Agenda has remained in the doldrums for years. Worldwide, regional trade agreements and bilateral investment agreements have flourished. While this has promoted trade and investment liberalization and facilitation, it also results in “fragmentation” in global trade and investment governance regimes, to which G20 needs to respond.

In recent years, the G20 has had fruitful discussions on opposing protectionism in trade and investment, strengthening the multilateral trading system, integrating developing countries and Small and Medium Enterprises (SMEs) into Global Value Chains (GVCs) among others, and made a series of political commitments at previous summits. The significant slowdown of global trade growth has weakened the role of trade as an engine of growth, heightening the need for G20 to strengthen its trade and investment agenda. In Antalya, G20 leaders asked their trade ministers to meet on a regular basis and agreed on setting up a supporting working group.

Reinforcing Trade and Investment Cooperation Mechanism

In order to implement the above-mentioned consensus on trade ministers’ meeting and its supporting working group and take full advantage of G20 members as major global trading nations, in 2016, China will hold a Trade Ministers’ Meeting and several Trade and Investment Working Group Meetings. On the basis of the past work, these meetings will have in-depth discussions over some key issues of trade, among which urgently needs to be addressed by G20 members together, so as to increase consensus and prepare tangible outcomes for the summit.

Supporting the Multilateral Trade System

The G20 pays high attention to the challenges faced by the multilateral trading system, stressing the its centrality and primacy in promoting trade and investment liberalization and facilitation, while reaffirming the pledges against all forms of protectionism. Based on the outcome of the tenth WTO Ministerial Conference in Nairobi, G20 should formulate detailed plans with a view to strengthening multilateral trading system, advancing the Doha Development Agenda to achieve

development-oriented outcomes and contributing to the UN 2030 Agenda for Sustainable Development. The G20 needs to make continuous efforts for early entry into force of the WTO Trade Facilitation Agreement, conclusion of Information Technology Agreement (ITA) expansion negotiations, and progress in the Environmental Goods Agreement negotiations. In addition, it should be encouraged to discuss new trade and investment related issues of common interests in the WTO.

Promoting Global Trade Growth

Accounting for nearly 80% of world trade volume, G20 members have both the responsibility and capability to maintain the role of international trade and investment as key engines for global economic growth, thus contributing more to world economic stability and sustainability. The G20 should send strong political signals that trade plays a key role in lifting growth and creating jobs. Through in-depth discussions and researches, a comprehensive action-based initiative should be developed to promote global trade growth, create an open global trade framework, provide enabling policy environment for trade, and initiate concrete proposals of common interest, including setting relevant quantitative indicators, to effectively restore the robust growth of global trade and investment.

Promoting Inclusive and Integrated Global Value Chains

GVCs have entered a new phase of adjustment. To achieve sustainable development of the world economy, global trade and investment facilitation and the participation of developing countries in GVCs need to be improved. The G20 should work toward the GVCs that benefit all, and explore the possibility of formulating initiatives aimed at strengthening capacity building and policy coordination to substantially improve participation of SMEs, as well as developing countries, in GVCs and their capabilities to trade and invest. Moreover, the G20 needs to build a rules-based GVCs system that is both consistent and inclusive.

Enhancing Cooperation and Coordination on Global Investment Policy

Investment is a crucial engine for global trade and economic growth. The current global investment governance is fragmented as a result of numerous investment agreements. In the interest of robust growth of global investment, the G20 needs to enhance policy coordination and explore the development of non-binding global investment guiding principles or framework on a voluntary basis, while seriously addressing the concerns of developing countries. To this end, The G20 should serve as a platform for pragmatic cooperation on issues like capacity building, information exchange and sharing of good practices, to enable developing countries to be better prepared in cross-border investment and create a sound policy environment. In addition, the G20 needs to continue the work on corporate governance and SMEs financing.

INCLUSIVE AND INTERCONNECTED DEVELOPMENT

To help developing countries achieve economic development is not only the moral responsibility of the international community, but also an effective way to address weak global growth. 2015 is a crucial year for international development cooperation. The UN Sustainable Development Summit has endorsed the 2030 Agenda for Sustainable Development, calling for all countries to make joint efforts in eradicating poverty, promoting the coordinated development in economy, society and environment, narrowing the gap between the North and the South, so as to achieve the shared development for all. These are solemn commitments made by our leaders, which must be fully implemented.

Development has long been at the top of the G20 agenda, and the Development Working Group has been established to explore greater growth potential in developing countries. The G20 strongly supports the 2030 Agenda for Sustainable Development, and has achieved significant outcomes in infrastructure investment, food security, taxation, financial inclusion, human resource development and so on. In 2015, while continuing to progress on these issues, the G20 accorded special attention to low income and developing countries, SMEs, energy access in Africa as

well as women and youth employment, demonstrating the G20's determination in implementing the 2030 Agenda for Sustainable Development and deepening cooperation on development.

Implementing the 2030 Agenda for Sustainable Development

The 2030 Agenda sets a clear direction of international development cooperation for the next 15 years. The development work under the G20 should be in close coordination and interaction with the 2030 Agenda to foster synergy in global development cooperation. As the premier forum for international economic cooperation, the G20 members should take the lead in implementing the 2030 Agenda. Based on the real needs of countries, especially the developing countries, in implementing the 2030 Agenda, the G20 should take its unique advantage to provide a package of solutions to real problems. Meanwhile, G20 should explore opportunities of cooperation in specific areas for early achievements, such as pilot projects, to make positive and constructive contribution to international development. In this regard, China suggests the G20 members develop national plans for the implementation of the 2030 Agenda, based on which a G20 collective action plan could be collated to promote strong, sustainable and balanced growth.

Optimizing G20 Development Cooperation Agenda

The G20 should honor previous development commitments in a more systematic and effective manner, enhancing alignment and synergy with the 2030 Agenda, to help the developing countries substantially improve their development capacity. First, the G20 Agenda on Development Cooperation should be optimized with an emphasis on strategic vision to improve the efficiency and explore greater potential of cooperation, reflecting the unique advantage of the G20. Second, policy coordination should be enhanced between DWG and other G20 work streams. On the basis of the 3-year-accountability report mechanism, it is important to clarify the division of labor, optimize the use of resources and better reflect the development elements in all tracks of work. Better and orderly coordination are required in moving forward the agenda on infrastructure investment, food security, energy, employment, financial

inclusion, inclusive business and industrialization, etc.

Building Infrastructure and Connectivity

Infrastructure is a common challenge for global development, with the lack of finance as the main bottleneck. Therefore, the G20 should ask multilateral development banks to take joint actions to support infrastructures investment. The Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) and other new institutions should also play a role in complementing the existing multilateral development system. The G20 should continue to promote private investment for infrastructure by exploring diversified and innovative financing approaches, developing market-oriented financial instruments, such as PPP, capital market, institutional investor, etc. The G20 should further promote global infrastructure connectivity, and amplify the positive externality of infrastructure as a public good .

Promoting Accessible, Affordable and Sustainable Energy Supply

At present, 1.1 billion people in the world have no access to electricity. Energy poverty is another serious challenge to the developing countries. The G20 should implement the Principles of Energy Collaboration and strengthen cooperation on energy access, renewable energy and energy efficiency to ensure green, balanced and sustainable development.

Increasing Employment

Employment is the foundation of people's livelihood. The G20 should innovate development ideas and adopt macro-economic policies that promote jobs. To stimulate the dynamics of labor market, it is important to create more jobs through entrepreneurship and address unemployment. It is also necessary to analyze and project the implications of the new economy on labor markets, and improve the effectiveness of vocational training to improve people's employability. Meanwhile, the G20 should also work together to build a more equitable and sustainable social security system, establish a reasonable mechanism for wage increase and promote

quality jobs.

Improving Food Security and Nutrition

According to the Food and Agriculture Organization of the United Nations, world's food production needs to be increased by 60% from 2005 to 2050 to meet the global food demand. The G20 should implement previous commitments on food security and nutrition, promote innovation of agricultural science and technology, increase agricultural investment and lift food production capacity.

Mobilizing Climate Finance

The COP21 in Paris is expected to lay down the mechanism of global cooperation to tackle climate change after 2020, while enhancing pre-2020 ambition. As parties to the UNFCCC, G20 members should follow the principles and rules of the UNFCCC, take active measures to implement the outcomes of the COP21 on climate financing and others, and provide dynamic political impetus to the continuing discussions under the framework of the UNFCCC on how to meet the demand of developing countries in climate financing.

Eradicating Poverty

Poverty eradication constitutes the top priority of the 2030 Agenda for Sustainable Development, and also a key element of each country's endeavor to realize sustainable development. With over 800 million people still living below the poverty line, poverty eradication remains an arduous task. The G20 should increase its investment in this area and promote international cooperation to help developing countries, particularly least developed countries, build their capacity to develop and improve their external development environment, thus accelerating the global process of poverty reduction.

Supporting Industrialization in Africa and Other Developing Countries

Industrialization is vital to each country's development. Africa is developing fast

with an average annual growth rate of 5% in the past 15 years, reflecting the huge potential of development. Meanwhile, the continent is still at a comparatively low level of industrialization, with manufacturing output only accounting for less than 8% of its GDP. This year the African Union adopted the 2063 Agenda and the first ten-year plan, taking industrialization as one of the core objectives. The international community should take actions to support Africa's industrialization, and help Africa create jobs, eradicate poverty, enhance capacity building, achieve sustainable self-development, and implement the 2030 Agenda.

III. An Action-Oriented G20

Over the past seven years, the G20 has made important commitments to promote global growth and improve global economic governance. The G20 Summit in 2016 will continue to implement these commitments, by turning consensus into actions and strengthening accountability and assessment, in order to maintain the G20's credibility and effectiveness and make greater contribution to world economic growth.

IV. An Out-Reaching G20

Bearing in mind its ultimate goal is to ensure people live better life, G20 is ready to hear voices from all walks of life. In 2016, the G20 will continue to work with representatives from business, labor, think-tanks, women, youth and other social groups, so as to better respond to people's needs and demands.

V. A World-Embracing G20

China will attach great importance to and take advice and suggestions from non-G20 members. Following the G20 tradition, China will invite countries and international/regional organizations as guests of the Summit. China also expects continued contributions from international organizations, including the UN, IMF,

World Bank, WTO, FSB, ILO and OECD. In addition, China will promote dialogues between the G20 and other international/regional organizations like the UN, Group of 77 and APEC, and will take the opportunities of international meetings to share ideas and to brief them on progress in the G20 agenda, such as the World Economic Forum in Davos and the Boao Forum for Asia. These activities will provide opportunities for broadbased contributions from different countries and regions to the preparation for the 2016 Summit.

VI. Key Time Lines

The G20 Summit in 2016 will be held on September 4th and 5th in Hangzhou, China.

Four Sherpas' Meetings will be held before the Summit for preparation, and one after the Summit on follow-up. Meanwhile, four meetings will be held for Finance Ministers and Central Bank Governors, and six for finance deputies (including one for communique drafting) to move forward the financial agenda. In addition, the G20 trade/employment/energy/agriculture ministers meetings as well as relevant working groups meetings will also be held separately to promote cooperation in respective areas and prepare deliverables for the Summit.