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2023 G7 Hiroshima Summit Final Compliance Report

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17. Macroeconomics: Fiscal Sustainability and Price Stability

“In striving for strong, sustainable, balanced and inclusive growth, we are committed to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability.”

Hiroshima G7 Summit Leaders’ Communiqué

Assessment

	No Compliance	Partial Compliance	Full Compliance
Canada			+1
France			+1
Germany			+1
Italy			+1
Japan			+1
United Kingdom			+1
United States			+1
European Union			+1
Average	+1.00 (100%)		

Background

Macroeconomic issues have remained a high-priority issue on G7 summit agendas for decades. Stretching back to 1975, at the inaugural G7 meeting in Rambouillet, France, leaders emphasized their determination to curb unemployment and inflationary forces, to promote fiscal sustainability in developing countries through deficit reduction and to address the “stagflation” crisis through increasing energy supply and thereby stabilizing energy prices.³⁵⁷⁰ Over the years, the commitment has evolved beyond its time-specific roots and adapted to the prevailing economic challenges and opportunities of the time. At the 2023 Hiroshima Summit, G7 leaders reaffirmed their commitment to macroeconomic policies that promote stable economic growth in the midst of high, albeit slowly lowering, rates of inflation across their economies. Additionally, G7 leaders committed to fiscal sustainability at a time when all G7 members were gradually improving their economies from massive state expenditures incurred at the height of the Covid-19 pandemic in 2020.

At the 1976 San Juan Summit, G7 leaders reaffirmed their commitment to combat inflation, declaring that high rates of inflation are irreconcilable with sustainable economic growth.³⁵⁷¹ Additionally, G7 leaders affirmed their intent to cooperate with certain developed countries in eliminating their budget deficits.

At the 1977 London Summit, G7 leaders declared their intent to pursue non-inflationary economic growth by abandoning protectionist trade policies.³⁵⁷² Their Summit Communiqué also stresses the importance of international organizations, such as the International Monetary Fund (IMF) and the World Bank, in fostering stable economic growth worldwide.

At the 1978 Bonn Summit, G7 leaders shared previous actions and new commitments to promote domestic fiscal stability.³⁵⁷³ G7 leaders pledged to expand their domestic economies within the limits of what would promote sustainable, non-inflationary growth.

³⁵⁷⁰ G7 Rambouillet Summit Communiqué, G7 Information Centre (Toronto) 17 November 1975. Access Date: 26 September 2023. <http://www.g7.utoronto.ca/summit/1975rambouillet/communique.html>

³⁵⁷¹ Joint Declaration of the International Conference, G7 Information Centre (Toronto) 28 June 1976. Access Date: 29 September 2023. <http://www.g7.utoronto.ca/summit/1976sanjuan/communique.html>

³⁵⁷² Declaration: Downing Street Summit Conference, G7 Information Centre (Toronto) 8 May 1977. Access Date: 29 September 2023. <http://www.g7.utoronto.ca/summit/1977london/communique.html>

³⁵⁷³ G7 Bonn Summit Declaration, G7 Information Centre (Toronto) 17 July 1978. Access Date: 29 September 2023. <http://www.g7.utoronto.ca/summit/1978bonn/communique.html>

At the 1981 Ottawa Summit, G7 leaders declared that decreasing government deficits served an important role in promoting fiscal sustainability worldwide, and proposed deficit reduction through decreasing public-sector expenditures in prudent ways.³⁵⁷⁴ Further, members warned against excessive government borrowing worldwide and reaffirmed the paramountcy of fighting inflation as an economic policy goal.

At the 1984 London Summit, G7 leaders focused heavily on support for alleviating the debt burdens of developing countries.³⁵⁷⁵ Leaders welcomed the role of the IMF in offering loans to debtor countries, and praised the increasing number of debtor countries who were taking international lending assistance on the condition of “painful and courageous” economic policy adjustments. However, the members noted their receptiveness to the consequences of these conditionalities. Thus, leaders committed to aid developing countries in their debt relief efforts through the IMF while “taking due account of political and social difficulties,” to encourage long-term foreign direct investment (FDI) flow into debtor countries and to visit rescheduling of debts for debtor countries who demonstrate compliance with their loan conditions.

At the 1985 Bonn Summit, each G7 leader individually outlined a series of domestic economic commitments, many of which orbited around themes of fiscal sustainability and price stability.³⁵⁷⁶ Notably, United States President Ronald Reagan emphasized the need for reducing government deficits by constraining public spending. President of the French Republic François Mitterrand focused on inflation reduction and public spending control alongside promoting “sustained growth” through “education, research and investment in high technologies.” German Chancellor Helmut Kohl committed to rein in government deficits and public sector involvement in the economy. Japanese Prime Minister Yasuhiro Nakasone, Italian Prime Minister Bettino Craxi and Canadian Prime Minister Brian Mulroney all stressed public fiscal discipline, with Italy and Canada further emphasizing deficit reduction and noninflationary growth.

At the 1986 Tokyo Summit, G7 leaders reaffirmed prior commitments and introduced further multilateral action to coordinate stability- and growth-conducive economic policies between their countries.³⁵⁷⁷ The leaders agreed to establish a Group of Seven Finance Ministers, comprising each member government’s highest official tasked with domestic economic affairs, to meet between summits with the aim of promoting mutually compatible economic policies across the G7 members. The focuses of this mutual action, as elucidated by representatives of the European Community, include non-inflationary growth and exchange rate stability. On fiscal sustainability, G7 leaders also reaffirmed their faith in the multilateral development banks to guide prudent financial policy for debtor countries and emphasized their support for “flexibility in rescheduling debt” and for further lending from commercial banks.

At the 1987 Venice Summit, G7 leaders operationalized the “menu approach” for recourses available to heavily indebted countries.³⁵⁷⁸ Under this new approach to international lending policy, leaders committed to support the supply of various lending options with distinct repayment and negotiation processes offered by commercial banks in conjunction with existing official and multilateral lending structures.

At the 1989 Paris Summit, G7 members again reaffirmed their support for deficit reduction and non-inflationary growth within their economies, and committed to appropriate goals given each member’s balance-

³⁵⁷⁴ Declaration of the Ottawa Summit, G7 Information Centre (Toronto) 21 July 1981. Access Date: 29 September 2023. <http://www.g7.utoronto.ca/summit/1981ottawa/communique/index.html>

³⁵⁷⁵ The London Economic Declaration, G7 Information Centre (Toronto) 9 June 1984. Access Date: 29 September 2023. <http://www.g7.utoronto.ca/summit/1984london/communique.html>

³⁵⁷⁶ The Bonn Economic Declaration: Towards Sustained Growth and Higher Employment, G7 Information Centre (Toronto) 4 May 1985. Access Date: 29 September 2023. <http://www.g7.utoronto.ca/summit/1985bonn/communique.html>

³⁵⁷⁷ Tokyo Economic Declaration, G7 Information Centre (Toronto) 6 May 1986. Access Date: 29 September 2023. <http://www.g7.utoronto.ca/summit/1986tokyo/communique.html>

³⁵⁷⁸ Venezia Economic Declaration, G7 Information Centre (Toronto) 10 June 1987. Access Date: 29 September 2023. <http://www.g7.utoronto.ca/summit/1987venice/communique/index.html>

of-payments situation.³⁵⁷⁹ Members running deficits, such as Canada, the United States and Italy, committed to further reduce their deficits, whereas members running surpluses, including Japan and Germany, committed to pursue non-inflationary economic growth. Additionally, G7 leaders committed to a “strengthened debt strategy” for countries with high burdens, introducing further incentives for debtor countries to introduce debt-reducing fiscal measures, facilitating a heightened role for both the Bretton Woods institutions and commercial banks and dismantling regulations that would unnecessarily hinder debt reductions.³⁵⁸⁰

At the 1991 London Summit, G7 leaders endorsed “sustained recovery and price stability” as consensus economic priorities, and outlined various commitments to ensure fiscal sustainability and price stability.³⁵⁸¹ Particularly, leaders committed to regulate public-sector spending, including by cutting unproductive subsidies, delegating tasks to public-private partnerships and exploring privatization measures.

At the 1996 Lyon Summit, G7 leaders introduced further commitments to promote fiscal sustainability in heavily indebted poor countries (HIPCs).³⁵⁸² Particularly, leaders called for Paris Club creditors to voluntarily alleviate debts and explore debt conversion schemes for HIPC debtors.

At the 1998 Birmingham Summit, G8 leaders welcomed progress on the HIPC debt reduction strategy coordinated by the Paris Club creditors and various regional and international financial institutions.³⁵⁸³ By the time of this summit, six countries received debt alleviation commitments and heightened financing assistance under the HIPC debt relief initiative. Further, leaders called for creditor countries to relieve aid-related bilateral debt for HIPCs.

At the 1999 Köln Summit, G8 leaders launched the Köln Debt Initiative, a restructuring of existing HIPC debt relief policies.³⁵⁸⁴ The new initiative emphasizes “poverty reduction by releasing resources for investment in health, education and social needs,” and responds to an identified need for “a more enduring solution” to HIPC debt burdens.

At the 2001 Genoa Summit, G8 leaders agreed on further provisions to promote debt relief internationally.³⁵⁸⁵ Leaders committed to remove obstacles to trade affecting HIPCs, promote private sector development and launch a new trade Round focused on balanced economic growth, to promote economic development and debt reduction in developing countries.

At the 2002 Kananaskis Summit, G8 leaders released a specific statement discussing improvements to the Köln Debt Initiative.³⁵⁸⁶ Leaders agreed to a series of recommendations for international financial institutions to secure funding for the Initiative, to ensure that Debt Initiative “graduate” countries hold sustainable debt loads at the Completion Point and to encourage creditors to reduce their HIPC debts.

³⁵⁷⁹ Paris Economic Declaration, G7 Information Centre (Toronto) 16 July 1989. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/1989paris/communique/index.html>

³⁵⁸⁰ Paris Economic Declaration, G7 Information Centre (Toronto) 16 July 1989. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/1989paris/communique/index.html>

³⁵⁸¹ London Economic Declaration: Building World Partnership, G7 Information Centre (Toronto) 17 July 1991. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/1991london/communique/index.html>

³⁵⁸² Lyon Economic Communiqué: Making a Success of Globalization for the Benefit of All, G7 Information Centre (Toronto) 28 June 1996. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/1996lyon/communique.html>

³⁵⁸³ Birmingham Communiqué, G7 Information Centre (Toronto) 17 May 1998. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/1998birmingham/finalcom.htm>

³⁵⁸⁴ Köln Communiqué, G7 Information Centre (Toronto) 20 June 1999. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/1999kolin/finalcom.htm>

³⁵⁸⁵ Genoa Communiqué, G7 Information Centre (Toronto) 22 July 2001. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2001genoa/finalcommunique.html>

³⁵⁸⁶ Statement by G7 Leaders Delivering on the Promise of the Enhanced HIPC Initiative, G7 Information Centre (Toronto) 27 June 2002. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2002kananaskis/hipc.html>

At the 2004 Sea Island Summit, G8 leaders welcomed the progress on HIPC debt sustainability made possible by the HIPC Initiative, and asked their finance ministers to expand and fully fund the Initiative’s mandate until at least December 2006.³⁵⁸⁷

At the 2005 Gleneagles Summit, G8 leaders supported the cancellation of all debts owed by eligible HIPCs to the International Development Association of the World Bank, the IMF and the African Development Fund.³⁵⁸⁸

At the 2006 St. Petersburg Summit, G8 leaders committed to fully implement and fund the Multilateral Debt Relief Initiative and to support IMF/World Bank cooperation with low-income countries on debt sustainability.³⁵⁸⁹

At the 2007 Heiligendamm Summit, G8 leaders updated on their domestic balance-of-payments situations.³⁵⁹⁰ Representatives of the United States and Japan committed to erase their budget deficits within five to six years, whereas Canada committed to “eliminating total government net debt in a generation.”³⁵⁹¹ Representatives of the European Union and Russia committed to pursue sustainable economic growth.

At the 2009 L’Aquila Summit, G8 leaders reaffirmed their support for fiscal and economic stability as a guiding principle for macroeconomic action, in the context of recovery from the 2008 financial crisis.³⁵⁹² Leaders agreed that, while domestic stimulus packages would strain budget deficit reduction initiatives in the short term, they would still work towards “fiscal sustainability in the medium term.”³⁵⁹³

At the 2013 Lough Erne Summit, G8 leaders agreed that “restoring medium-term fiscal sustainability remains a priority” and called for deficit and surplus countries alike to work towards balanced growth.³⁵⁹⁴ Further, leaders called on their central banks to enact monetary policies that maintain price stability.

At the 2014 Brussels Summit, G7 leaders committed to partner economic growth with fiscal sustainability, aiming to put “debt as a share of GDP [gross domestic product] on a sustainable path.”³⁵⁹⁵

At the 2016 Ise-Shima Summit, G7 leaders emphasized the role of fiscal policy actors in securing economic progress, declaring that, despite the role of monetary policy in combating inflation, central banks alone cannot assure “strong, sustainable and balanced growth.”³⁵⁹⁶ Subsequently, leaders committed to making public expenditures more efficient by focusing on “high-quality investment,” with a view to “support productivity,

³⁵⁸⁷ Debt Sustainability for the Poorest, G7 Information Centre (Toronto) 10 June 2004. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2004seaisland/hipc.html>

³⁵⁸⁸ Gleneagles Summit Chair’s Summary, G7 Information Centre (Toronto) 8 July 2005. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2005gleneagles/summary.html>

³⁵⁸⁹ St. Petersburg Summit: Update on Africa, G7 Information Centre (Toronto) 16 July 2006. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2006stpetersburg/africa.html>

³⁵⁹⁰ Growth and Responsibility in the World Economy, G7 Information Centre (Toronto) 7 June 2007. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2007heiligendamm/g8-2007-economy.html>

³⁵⁹¹ Growth and Responsibility in the World Economy, G7 Information Centre (Toronto) 7 June 2007. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2007heiligendamm/g8-2007-economy.html>

³⁵⁹² Responsible Leadership for a Sustainable Future, G7 Information Centre (Toronto) 8 July 2009. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2009laquila/2009-declaration.html>

³⁵⁹³ Responsible Leadership for a Sustainable Future, G7 Information Centre (Toronto) 8 July 2009. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2009laquila/2009-declaration.html>

³⁵⁹⁴ G8 Lough Erne Leaders Communiqué, G7 Information Centre (Toronto) 18 June 2013. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2013lougherne/lough-erne-communiqu.html#economy>

³⁵⁹⁵ G7 Brussels Summit Declaration, G7 Information Centre (Toronto) 5 June 2014. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2014brussels/declaration.html>

³⁵⁹⁶ G7 Ise-Shima Summit Leaders’ Declaration, G7 Information Centre (Toronto) 27 May 2016. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2016shima/ise-shima-declaration-en.html>

employment, inclusiveness and growth.”³⁵⁹⁷ The leaders’ commitment to emphasize “high-quality investments” came alongside a reaffirmation of commitments to manage debt sustainably.

At the 2021 Cornwall Summit, G7 leaders committed that fiscal sustainability would underpin the economic recovery necessitated by the Covid-19 pandemic.³⁵⁹⁸ Moving out from an immediate crisis response focus, leaders affirmed that “strong, resilient, sustainable, balanced and inclusive growth” would be the guiding principle of economic recovery and future economic development.

At the 2022 Elmau Summit, G7 leaders reaffirmed their commitment to medium-term public finance sustainability, in the context of a “stability- and growth-oriented macroeconomic policy mix.”³⁵⁹⁹ Leaders also focused on fiscal sustainability outside the G7 countries, committing to fully implement the G20 Common Framework for Debt Treatments as a complement to existing assistance frameworks for low-income countries facing debt sustainability challenges.

Commitment Features

At the 2023 Hiroshima Summit, “in striving for strong, sustainable, balanced and inclusive growth,” leaders committed to a “stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability.”³⁶⁰⁰ This commitment contains three main concepts – price stability, economic growth and fiscal sustainability.

“Policy mix” is understood to mean the combination of fiscal and monetary policies that a country implements to manage its economy.³⁶⁰¹ In the G7 context, elected governments are the entities that implement fiscal policy, whereas monetary policy is implemented by independent central banks.

“Macroeconomic” is understood to mean “a study of economics in terms of whole systems especially with reference to general levels of output and income and to the interrelations among sectors of the economy.”³⁶⁰²

“Stability” is understood to mean “the quality, state, or degree of being stable.”³⁶⁰³ “Price stability” accordingly refers to an economy where prices are stable – i.e. the rate of inflation is low and/or decreasing or within the target range set by the central bank.

“Growth” is understood to mean economic growth. This can be quantified by improvements in metrics such as GDP or gross national income.

“Oriented” is understood to mean to be directed.³⁶⁰⁴ Accordingly, in the context of this commitment, “stability-oriented” policies refer to policies functionally directed at maintaining a low inflation rate, whereas “growth-oriented” policies refer to policies functionally directed at improving economic growth. These policies will have

³⁵⁹⁷G7 Ise-Shima Summit Leaders’ Declaration, G7 Information Centre (Toronto) 27 May 2016. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2016shima/ise-shima-declaration-en.html>

³⁵⁹⁸ Carbis Bay G7 Summit Communiqué, G7 Information Centre (Toronto) 13 June 2021. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2021cornwall/210613-communique.html>

³⁵⁹⁹ G7 Elmau Summit Leaders’ Communiqué, G7 Information Centre (Toronto) 28 June 2022. Access Date: 30 September 2023. <http://www.g7.utoronto.ca/summit/2022elmau/220628-communique.html>

³⁶⁰⁰G7 Hiroshima Leaders’ Communiqué, G7 Information Center (Toronto) 20 May 2023. Access Date: 1 October 2023. <http://www.g7.utoronto.ca/summit/2023hiroshima/230520-communique.html>

³⁶⁰¹Policy Mix: Overview, History, Examples and How it Works, Investopedia (New York City) 9 January 2022. Access Date: 5 October 2023. <https://www.investopedia.com/terms/p/policy-mix.asp>

³⁶⁰²Macroeconomic, Merriam-Webster (Springfield) n.d. Access Date: 1 October 2023. <https://www.merriam-webster.com/dictionary/macroeconomic>.

³⁶⁰³Stability, Merriam-Webster (Springfield) n.d. Access Date: 1 October 2023. <https://www.merriam-webster.com/dictionary/stability>.

³⁶⁰⁴Oriented, Merriam-Webster (Springfield) n.d. Access Date: 1 October 2023. <https://www.merriam-webster.com/dictionary/oriented>.

contradictory effects – i.e. depending on its structure and the breadth of its target, growth-oriented policies may increase the inflation rate whereas stability-oriented policies may maintain or decrease economic growth.

“Fiscal sustainability” is defined as “the ability of a government to maintain public finances at a credible and serviceable position over the long term.”³⁶⁰⁵ In the context of this commitment, this refers to the ability of governments implementing measures to maintain or even decrease the debt-to-GDP and/or deficit-to-GDP ratios, especially in light of the large budgetary deficits that G7 members ran as part of their response to the Covid-19 pandemic.

“Medium term” refers to “lasting for a period of time that is neither long nor short.”³⁶⁰⁶ In the context of this commitment, this refers arbitrarily to a period between three and six fiscal years from now as this period would encompass at least one electoral cycle.

Altogether, in this commitment, leaders have committed to fiscal policy measures that are functionally directed at maintaining a low inflation rate, improving economic growth, and at least maintaining the deficit-to-GDP ratios over the next three to six years. The assumption, however, is that G7 members will always strive for increased economic growth, so the focus of this commitment is on price stability and fiscal sustainability.

Fiscal policy measures specific to price stability include tackling the causes of supply-side inflation (e.g. labour shortages, supply chain backlogs), reducing government spending, enforcement of antitrust or competition law, price ceilings on price-volatile consumer goods (e.g. fuel, food, energy) and targeted investments (e.g. in a particular sector) or targeted relief measures (e.g. rebates given to low-income individuals only). Monetary policy measures include increasing the policy interest rate (or maintaining it if prices are stabilizing), selling government securities in the open market, increasing reserve requirements, increasing the discount rate and increasing capital requirements for certain sectors (e.g. mortgages) that are contributing to inflation.

Fiscal policy measures more specific to fiscal sustainability include the development of contingency plans or funds, legislation or regulations that limit deficit or debt levels, adjustments of the retirement age or pension benefits, identified savings or efficiencies in government spending, increased taxes on high-earning individuals or entities or products, identifying new sources of revenue or increasing existing ones and maintaining balanced budgets.

Enacting any of the measures above (including through the adoption of legislation or regulations) would be considered a “strong” action. Actions considered weak include verbal reaffirmations, assigning particular entities or individuals with the responsibility to follow-up on this topic or attending meetings where the above topics are discussed.

Full compliance, or a score of +1, will be given to G7 members that take strong action aimed at maintaining both price stability and fiscal sustainability.

Partial compliance, or a score of 0, will be assigned to G7 members that take weak action aimed at maintaining both price stability and fiscal sustainability, or strong action with respect to only one of the two target areas.

Non-compliance, or a score of –1, will be assigned if the G7 member does not take actions either with respect to price stability or fiscal sustainability, or takes weak actions in one domain and none in the other. There is also the possibility of antithetical compliance, whereby a G7 member takes action that increases prices (i.e. decrease price stability) or directs the country towards decreased fiscal sustainability.

³⁶⁰⁵ Government at a Glance 2013, Chapter 2. Strategic Governance, OECD Publishing (Paris), 10 November 2013. Access Date: 1 October 2023. https://www.oecd-ilibrary.org/fiscal-sustainability_5k3tx6gdwmzs.pdf?itemId=%2Fcontent%2Fcomponent%2Fgov_glance-2013-11-en&mimeType=pdf

³⁶⁰⁶ Medium-term, Merriam-Webster (Springfield) n.d. Access Date: 1 October 2023. <https://www.merriam-webster.com/dictionary/medium-term>.

Scoring Guidelines

-1	The G7 member does not adopt macroeconomic policies that aim to maintain price stability or fiscal sustainability or the G7 member adopts weak macroeconomic policies in one domain and none in the other or the G7 member adopts policies that worsen either domain.
0	The G7 member adopts weak macroeconomic policies that aim to maintain price stability and fiscal sustainability or the G7 member adopts strong macroeconomic policies in one domain and weak policies in the other domain.
+1	The G7 member adopts strong macroeconomic policies that aim to maintain price stability and fiscal sustainability.

Compliance Director: Ashton Mathias

Lead Analyst: Luca B. Rampersad

Canada: +1

Canada has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability.

On 7 June 2023, the Bank of Canada increased interest rates by 0.25 per cent, hiking rates from 4.75 per cent to 5 per cent.³⁶⁰⁷ Such contractionary monetary policies aim to reduce inflation rates, supporting price stability.

On 28 June 2023, Prime Minister Justin Trudeau announced the establishment of the Early Learning and Child Care Infrastructure Fund to help public and not-for-profit childcare providers deliver affordable child care – to subsidize this service to the public.³⁶⁰⁸ The new fund provided an additional CAD625 million to provinces and territories to increase spaces in communities for this service and support a high-cost service in low-income areas.

On 5 July 2023, Deputy Prime Minister and Minister of Finance Chrystia Freeland announced that 11 million low- and modest-income Canadians and families will begin receiving a new, one-time Grocery Rebate.³⁶⁰⁹ The Canada Revenue Agency delivered this targeted inflation relief to eligible Canadians by direct deposit or cheque.

On 12 July 2023, the Bank of Canada increased interest rates by another 0.25 per cent to make current interest rates at 5 per cent.³⁶¹⁰ Such contractionary monetary policies aim to reduce inflation rates, supporting price stability.

On 18 July 2023, Prime Minister Trudeau gave a keynote speech at the Australia-Canada Economic Leadership Forum to discuss economic policy and the overall economic health of the two countries.³⁶¹¹ Canada expressed its key objectives including deepening its own stability and economic health.

³⁶⁰⁷ Policy interest rate, Bank of Canada (Ottawa) 1 June 2023. Access Date: 28 October 2023.

<https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

³⁶⁰⁸ Delivering on our promise of high-quality inclusive, and affordable child care for families, Prime Minister of Canada (Toronto) 28 June 2023. Access Date: 3 November 2023. <https://www.pm.gc.ca/en/news/news-releases/2023/06/28/delivering-promise-high-quality-inclusive-and-affordable-child>

³⁶⁰⁹ Government delivers new Grocery Rebate to Canadians who need it most, Department of Finance Canada (Ottawa) 5 July 2023. Access Date: 28 October 2023. <https://www.canada.ca/en/department-finance/news/2023/07/government-delivers-new-grocery-rebate-to-canadians-who-need-it-most.html>

³⁶¹⁰ Policy interest rate, Bank of Canada (Ottawa) 1 June 2023. Access Date: 28 October 2023.

<https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

³⁶¹¹ Keynote speech at the Australia- Canada Economic Leadership Forum, Prime Minister of Canada (Ottawa) 18 July 2023. Access Date: 3 November 2023. <https://www.pm.gc.ca/en/videos/2023/07/18/keynote-speech-australia-canada-economic-leadership-forum>

On 27 July 2023, Canada's Department of Finance sent their first automatic advance payments as part of Canada Workers Benefit to low- and middle-income earners.³⁶¹² The Canada Workers Benefit will provide up to CAD2616 total for an eligible family and CAD1518 total for eligible single workers.

On 1 August 2023, the Bank of Canada published its Debt Management Strategy consultations in response to the Government of Canada's published strategy in its 2023 Budget.³⁶¹³ The Government plans to continue its bi-weekly issuance of 3-, 6- and 12-month maturities with auction sizes projected to be in the CAD14 billion to CAD30 billion range during the 2023-24 fiscal year. Cash management bills will continue to be used to help manage the Government's cash in an efficient manner.

On 26 August 2023, Treasury Board President Anita Anand signaled that federal government spending cuts of around CAD13.4 billion should be refocused on critical services such as health care.³⁶¹⁴

On 6 September 2023, the Bank of Canada stated that it has held its target for the overnight rate at 5 per cent, with its Bank Rate at 5.25 per cent and the deposit rate of 5 per cent.³⁶¹⁵ The Bank stated that it is continuing its policy of quantitative tightening, with the purpose of restoring price stability. The Bank further stated that tightness in the labor market has continued to ease gradually further restoring fiscal and price stability.

On 14 September 2023, Prime Minister Trudeau discussed measures being taken to decrease the impacts of inflation on middle-class families.³⁶¹⁶ He stated that measures include action to build more rental housing by removing the Goods and Services Tax on the construction of new apartment buildings for renters, provide relief to small business owners by continuing to provide partially forgivable loans to nearly 900,000 small businesses and drive down the cost of groceries. He also mentioned measures such as enhancing the Canada Workers Benefit by introducing automatic advance payments and continuing the provision of Canada Student Loans and Apprentice Loans which can be repaid permanently interest-free, and continuing to provide more than CAD800 in additional support to full pensioners presently.

On 21 September 2023, Minister Freeland met with United States Secretary of the Treasury Janet Yellen.³⁶¹⁷ They discussed their respective work to tackle global macroeconomic challenges with modern supply-side economic policies aimed at creating more middle-class jobs and new opportunities for Canadians. They further discussed Canada's CAD120 billion Clean Economy Plan and the US Inflation Reduction Act and how they can work together to maximize economic benefits and fight climate change. The Deputy Prime Minister also reiterated Canada's priority and preference to a multilateral approach to digital taxation.

³⁶¹² Low- income workers to receive first enhanced Canada Workers Benefit payments, Department of Finance Canada (Ottawa) 27 July 2023. Access Date: 28 October 2023. <https://www.canada.ca/en/department-finance/news/2023/07/low-income-workers-to-receive-first-enhanced-canada-workers-benefit-payments.html>

³⁶¹³ Debt Management Strategy Consultations, Bank of Canada (Ottawa) August 2023. Access Date: 28 October 2023. <https://www.bankofcanada.ca/wp-content/uploads/2023/08/debt-management-strategy-consultations.pdf>

³⁶¹⁴ Find \$15B in spending cuts by October, Anand tells federal ministers, Global News (Toronto) 15 August 2023. Access Date: 28 October 2023. <https://globalnews.ca/news/9898633/government-spending-cuts-ministers-anand/>

³⁶¹⁵ Bank of Canada maintains policy rate, continues quantitative tightening, Bank of Canada (Ottawa) 6 September 2023. Access Date: 28 October 2023. <https://www.bankofcanada.ca/2023/09/fad-press-release-2023-09-06/>

³⁶¹⁶ Fighting for the middle class, Prime Minister of Canada (London, Ontario) 14 September 2023. Access Date: 31 October 2023. https://www.pm.gc.ca/en/news/news-releases/2023/09/14/fighting-for-the-middle-class?fbclid=IwAR0V8EoQpiGX53AlIVf1ToYGWMX-kgOm4rG5i1lBF5MMm5HnfvRRqrza8al_aem_AbfGxtOkzY2BHDp06AVNvR_vknUDrOzl4MiVp_mkufz-g90FQKEScSqAueGYtAkQBWM

³⁶¹⁷ Deputy Prime Minister meets with U.S Treasury Secretary Janet Yellen in New York, Department of Finance Canada (Ottawa) 21 September 2023. Access Date: 31 October 2023. <https://www.canada.ca/en/department-finance/news/2023/09/deputy-prime-minister-meets-with-us-treasury-secretary-janet-yellen-in-new-york.html>

On 21 September 2023, the Government of Canada introduced Bill C-56, or the Affordable Housing and Groceries Act.³⁶¹⁸ This legislation involves amendments to the Competition Act that, if adopted, will repeal the efficiencies defense in mergers, expand the scope of agreements and arrangements subject to the civil competitor collaboration provision and permit public interest market studies. These proposed amendments to the Competition Act are in alignment with the Prime Minister's recent announcement that the federal government would take action to enhance competition and drive down prices for Canadians with a specific focus on the grocery sector.³⁶¹⁹

On 12 October 2023, Canada participated in the International Monetary Fund and World Bank annual meetings in Marrakech with the G20 Finance Ministers and Central Bank Governors.³⁶²⁰ The dialogues covered the impact of geopolitical events on fiscal policy and furthered collaborative efforts towards maintaining economic resilience amidst various global challenges, including the repercussions of the war in Ukraine on food and energy security.

On 24 October 2023, Minister Freeland remarked on the government's focus on fiscal responsibility in the upcoming Fall Economic Statement for 2023.³⁶²¹ She emphasized the role that Canada has played as a G7 member for having the fastest rate of fiscal consolidation in the G7, having brought down deficits faster than any of the other G7 members as well as having the lowest net debt-to-gross domestic product (GDP) ratio in the G7. She emphasized that the government's upcoming Fall Economic Statement will focus on housing and affordability within a fiscally responsible framework.

On 24 October 2023, Minister Anand tabled the Public Accounts of Canada 2023 in the Canadian Parliament, which included the government's consolidated financial statements, revealing a deficit for the 2022-23 at CAD35.3 billion.³⁶²² Minister Anand celebrated this deficit at a news conference on the same day stating that it shows the government's continued success at prioritizing the decrease in its deficit and promoting fiscal responsibility.

On 25 October 2023, the Bank of Canada published its monetary policy report which states that the bank remains actively monitoring interest rates with the aim of returning inflation to target around 2025.³⁶²³ It provided an overview of the Canadian economy stating that households currently have a record high in household debt, adding that high interest rates currently employed aim to reduce consumption to reduce such debt.

On 26 October 2023, Prime Minister Trudeau announced a series of measures to promote energy affordability.³⁶²⁴ Prime Minister Trudeau announced a project will first be piloted in Atlantic Canada where upfront payments of CAD250 will be given to low to median-income households who heat their homes with oil. These households can then sign up for a heat pump through a joint federal-provincial government program.

³⁶¹⁸ Canada: Proposed amendments to modernize Canadian Competition Law, Baker McKenzie (Toronto), 27 September 2023. Access Date: 31 October 2023. https://insightplus.bakermckenzie.com/bm/antitrust-competition_1/canada-proposed-amendments-to-modernize-canadian-competition-law_2

³⁶¹⁹ Fighting for the middle class, Prime Minister of Canada (London, Ontario) 14 September 2023. Access Date: 31 October 2023. <https://www.pm.gc.ca/en/news/news-releases/2023/09/14/fighting-for-the-middle-class>

³⁶²⁰ A look ahead to the IMF and World Bank annual meetings, Federal Ministry of Finance (Berlin) 12 October 2023. Access Date: 1 November 2023. <https://www.bundesfinanzministerium.de/Content/EN/Video/2023/2023-10-12-14-Annual-Meetings-IMF-World-Bank-Marrakesh/2023-10-12-ausblick.html>

³⁶²¹ Remarks by the Deputy Prime Minister on fiscal responsibility, Department of Finance Canada (Ottawa) 24 October 2023. Access Date: 28 October 2023. <https://www.canada.ca/en/department-finance/news/2023/10/remarks-by-the-deputy-prime-minister-on-fiscal-responsibility.html>

³⁶²² Freeland says feds will strike 'challenging' balance in fall budget update, CTV News (Toronto) 24 October 2023. Access Date: 31 October 2023. <https://www.ctvnews.ca/politics/freeland-says-feds-will-strike-challenging-balance-in-fall-budget-update-1.6615102>

³⁶²³ Monetary Policy Report, Bank of Canada (Ottawa) 25 October 2023: Access Date: 3 November 2023. <https://www.bankofcanada.ca/2023/10/mpr-2023-10-25/>

³⁶²⁴ Delivering support for Canadians on energy bills, Prime Minister of Canada (Ottawa) 26 October 2023. Access Date: 28 October 2023. <https://www.pm.gc.ca/en/news/news-releases/2023/10/26/delivering-support-for-canadians-on-energy-bills>

Other new measures help Canadians transition to more affordable heating options include doubling the rural top-up for pollution pricing rebates from 10 per cent to 20 per cent with increased payments to rural residents starting in April 2024, making the average heat pump free for low-to-median- income Canadians and temporarily pausing the fuel charge on deliveries of heating oil in all provinces and territories where this applies from 9 November 2023.

On 21 November 2023, the Government of Canada published its 2023 Fall Economic Statement. The statement introduced \$20.8 billion in net new policy action, 30 per cent of which (CAD6.3 billion) will be allocated to housing affordability initiatives.³⁶²⁵ The new spending is aimed at bumping up the shortfall in the outyears of the fiscal plan compared to Budget 2023 projections. The statement also calculated a lower-than-expected deficit of CAD40 billion in fiscal year 2022-23 which has helped improve the government's debt-to-GDP ratio near-term profile relative to Budget 2023 baseline. Further, the statement updated economic development recording progress on reducing inflation from 8.1 per cent in June 2022 to 3.8 per cent in September 2023, while stating that the cost of housing and global energy prices is still volatile.³⁶²⁶

On 30 November 2023, Prime Minister Trudeau said the government is investing in housing and affordability after Statistics Canada reported the country's GDP shrank 0.3 per cent in the third quarter.³⁶²⁷ Prime Minister Trudeau stated that Canada has the lowest deficit and the best debt-to-GDP ratio in the G7.

On 1 December 2023, the Department of Finance Canada released a statement discussing Ministers' public consultation on the federal economic plan.³⁶²⁸ Ministers have highlighted how the government's economic plan has delivered for Canadians including by building 484 new rental homes in Toronto, 231 new affordable homes in Vancouver and more than 780 new homes in Richmond Hill in an attempt to modernize competition in Canada, stabilize prices across the country and attract private investment.

On 21 December 2023, Prime Minister Trudeau announced that the federal government has reached an agreement with the City of Toronto, Ontario, to fast-track and fund 12,000 new housing units.³⁶²⁹ The agreement mobilizes the Housing Accelerator Fund to provide CAD417 million to eliminate barriers to housing and support low-income earners to reach affordable housing.

On 1 January 2024, the federal government imposed changes to Canadian tax measures which are likely to impact high-income earners.³⁶³⁰ These changes included eliminating short-term rental deductions, exemptions to the goods and services tax, Canada Pension Plan enhancement, cuts to gas tax, an increase in federal income tax bracket thresholds by 4.7 per cent across all brackets as well as an increase to tax free saving account contributions from CAD6500 in 2023 to CAD7000 in 2024.

³⁶²⁵ Fall Economic Statement 2023: Federal government backloads new spending, maintains near-term bottom line, Royal Bank of Canada(Toronto) 21 November 2023. Access Date: 2 December 2023.<https://thoughtleadership.rbc.com/fall-economic-statement-2023-federal-government-backloads-new-spending-maintains-near-term-bottom-line/>

³⁶²⁶ Economic and Fiscal Overview, Department of Finance Canada (Ottawa) 21 November 2023. Access Date: 2 December 2023.<https://www.budget.canada.ca/fes-eea/2023/report-rapport/overview-apercu-en.html#a1>

³⁶²⁷ Trudeau defends his economic track record as new data shows GDP contracted last quarter, CBC News (Toronto) 30 November. Access Date: 2 December 2023. <https://www.cbc.ca/news/politics/trudeau-defends-economic-record-gdp-slips-1.7045328>

³⁶²⁸ Roundup: Canada's economic plan is delivering for Canadians from coast to coast, Department of Finance Canada (Ottawa) 1 December 2023. Access Date: 2 December 2023: <https://www.canada.ca/en/department-finance/news/2023/12/roundup-canadas-economic-plan-is-delivering-for-canadians-from-coast-to-coast-to-coast.html>

³⁶²⁹ Removing barriers to build more homes, faster in Toronto, Ontario, Prime Minister of Canada (Ottawa) 21 December 2023. Access Date: 19 February 2024. <https://www.pm.gc.ca/en/news/news-releases/2023/12/21/removing-barriers-build-homes-faster-toronto-ontario>

³⁶³⁰ New year, new tax measures- what to expect in 2024, CBC News (Toronto) 1 January 2024. Access Date: 19 February 2024. <https://www.cbc.ca/news/politics/2024-federal-tax-changes-1.7067843>

On 9 January 2024, the federal government announced that increased public spending and expenses reduced the general government surplus by CAD3.4 billion.³⁶³¹ Higher compensation of employees and interest charges were the main contributors to the increase in expenses. The federal government deficit-to-GDP ratio was 0.7 per cent and provincial-territorial governments posted a 0.1 per cent deficit-to-GDP ratio.

On 16 January 2024, Prime Minister Trudeau announced that he will hold a Cabinet retreat from 21 to 23 January 2024 to work on efforts to support the middle class.³⁶³² The discussions that will take place will focus on bringing down the cost of living, building more homes, creating good paying jobs, improving Canada's health care system.

On 22 January 2024, Immigration Minister Marc Miller announced new measures on international students in an attempt by the Government of Canada to control the shortage and high prices of housing as well as the shortage in health services.³⁶³³ Such policies included introducing a cap for international students study permits—decreasing it by 35 per cent, changing legislation on post-graduate work permits, legislation tightening who can bring family into Canada as well as increasing the minimum funds students must prove to the federal government to receive acceptance to study in Canada by around CAD10,000.³⁶³⁴

On 24 January 2024, the Bank of Canada published its Monetary Policy Report.³⁶³⁵ The report provided an overview of the current interest rate, which is at 5 per cent. The report argues that interest rates are working as they are supposed to, moderating spending and inflation gradually. It predicted that inflation will remain around 3 per cent through the first half of 2024, returning to target in 2025. The Bank further noted that it will be continuing its policy of quantitative tightening.³⁶³⁶

On 2 February 2024, Prime Minister Trudeau announced new measures and funding that will be used to help build 650 new housing units in an attempt to increase affordable housing in Waterloo and reduce barriers for low-income earners to afford housing.³⁶³⁷ The government will provide over CAD22 million to eliminate barriers to affordable housing for Canadians.

On 4 February 2024, Minister Freeland announced the federal government's intent to extend by two additional years the existing ban on foreign ownership of Canadian housing.³⁶³⁸ The policy aims to increase housing affordability for Canadians by reducing overall demand.

³⁶³¹ Government finance statistics, third quarter 2023, Statistics Canada (Ottawa) 9 January 2024. Access Date: 19 February 2024. <https://www150.statcan.gc.ca/n1/daily-quotidien/240109/dq240109d-eng.htm>

³⁶³² Prime Minister to hold Cabinet retreat to focus on continuing to support the middle class, Prime Minister of Canada (Ottawa) 16 January 2024. Access Date: 19 February 2024. <https://www.pm.gc.ca/en/news/news-releases/2024/01/16/prime-minister-hold-cabinet-retreat-focus-continuing-support-middle>

³⁶³³ Canada to stabilize growth and decrease number of new international student permits issued to approximately 360,000 for 2024, Immigration, Refugees and Citizenship Canada (Ottawa) 22 January 2024. Access Date: 19 February 2024. <https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/01/canada-to-stabilize-growth-and-decrease-number-of-new-international-student-permits-issued-to-approximately-360000-for-2024.html>

³⁶³⁴ Canada to cap international student permits amid housing crunch, Reuters (Toronto) 23 January 2024. <https://www.reuters.com/world/americas/canada-set-two-year-cap-international-student-permits-2024-01-22/>

³⁶³⁵ Monetary Policy Report- January 2024, Bank of Canada (Ottawa) 24 January 2024. Access Date: 19 February 2024. <https://www.bankofcanada.ca/2024/01/mpr-2024-01-24/>

³⁶³⁶ Bank of Canada maintains policy rate, continues quantitative tightening, Bank of Canada (Ottawa) 24 January 2024. Access Date: 19 February 2024. <https://www.bankofcanada.ca/2024/01/fad-press-release-2024-01-24/>

³⁶³⁷ Removing barriers to build more homes, faster in Waterloo, Ontario, Prime Minister of Canada (Ottawa) 2 February 2024. Access Date: 19 February 2024. <https://www.pm.gc.ca/en/news/news-releases/2024/02/02/removing-barriers-build-more-homes-faster-waterloo-ontario>

³⁶³⁸ Government announces two-year extension to ban on foreign ownership of Canadian housing, Department of Finance Canada (Ottawa) 4 February 2024. Access Date: 19 February 2024. <https://www.canada.ca/en/department-finance/news/2024/02/government-announces-two-year-extension-to-ban-on-foreign-ownership-of-canadian-housing.html>

On 7 February 2024, Bank of Canada Governor Tiff Macklem made a statement surrounding interest rates.³⁶³⁹ His statement signalled that the bank is taking a step back from monetary policy and is prioritizing boosting housing supply not lowering interest rates. He stated that the policy rate will remain as is now, and it that the purpose of raising the policy rate was to reduce demand for housing making it match the supply.

On 13 February 2024, Minister Freeland stated in a press conference that the federal government will prioritize creating the economic conditions to allow interest rates to come down from 5 per cent.³⁶⁴⁰ Minister Freeland also stated that the federal government intends to hit a fiscal target of reducing Canada's debt-to-GDP ratio, which has risen for two years in a row.

On 18 March 2024, Minister of Export Promotion, International Trade and Economic Development Mary Ng met with her Americas Partnership for Economic Prosperity (APEP) counterparts to discuss regional economic integration and inclusive approaches to trade and investment.³⁶⁴¹ In the meeting topics of discussion included the region's competitive advantage and the importance of more-secure supply chains.

On 25 March 2024, Prime Minister Trudeau announced a CAD15 million tenant protection fund to provide money for provincial legal aid organizations to better protect tenants against rising rent payments.³⁶⁴²

On 10 April 2024, the Bank of Canada stated that it will hold its target for the overnight rate at 5 per cent with a Bank Rate of 5.25 per cent and a deposit rate of 5 per cent.³⁶⁴³ It stated it would continue its policy of quantitative tightening and will announce a new overnight rate target on 5 June 2024.

On 12 April 2024, Prime Minister Trudeau, Minister Freeland and Minister of Housing, Infrastructure and Communities Sean Fraser presented the federal government's housing plan to reduce the current housing crisis, supported by other investments to be presented in Budget 2024.³⁶⁴⁴ The plan targets making housing more affordable by funding an investment to produce 3.87 million new homes by 2031. The plan also introduces CAD15 billion in additional loans for the Apartment Construction Loan Program and launches the Canada Builds team which combines low-cost loans with provincial investments to increase construction of homes to impact affordability.

On 16 April 2024, Statistics Canada released its new basket of goods for the fiscal year, stating that the consumer price index for March was up 2.9 per cent from a year ago.³⁶⁴⁵

On 16 April 2024, Minister Freeland tabled this fiscal year's budget. Important changes include higher deficits, higher spending and higher capital gains taxes on individual investors, trusts and corporations.³⁶⁴⁶ A CAD40

³⁶³⁹ Bank of Canada says housing affordability is about boosting supply, not lowering interest rates, CBC News (Toronto) 7 February 2024. Access Date: 19 February 2024. <https://www.cbc.ca/news/business/armstrong-housing-bank-of-canada-macklem-1.7106867>

³⁶⁴⁰ Canada's budget to create conditions for rate cuts, finance minister says (Ottawa) 13 February 2024. Access Date: 17 March 2024. <https://www.reuters.com/markets/canada-prioritize-creating-conditions-rates-come-down-finance-minister-says-2024-02-13/>

³⁶⁴¹ Minister Ng meets with Americas Partnership for Economic Prosperity trade ministers, Global Affairs Canada (Ottawa) 18 March 2024. Access Date: 18 April 2024. <https://www.canada.ca/en/global-affairs/news/2024/03/minister-ng-meets-with-americas-partnership-for-economic-prosperity-trade-ministers.html>

³⁶⁴² Trudeau announces renter- focused measures ahead of 2024 budget, Globe and Mail (Ottawa) 27 March 2024. Access Date: 18 April 2024. <https://www.theglobeandmail.com/politics/article-trudeau-announces-renter-focused-measures-ahead-of-2024-budget/>

³⁶⁴³ Bank of Canada maintains policy rate, continues quantitative tightening, Bank of Canada (Ottawa) 10 April 2024. Access Date: 18 April 2024. <https://www.bankofcanada.ca/2024/04/fad-press-release-2024-04-10/>

³⁶⁴⁴ Canada's Housing Plan, Prime Minister of Canada (Ottawa) 12 April 2024. Access Date: 18 April 2024. <https://www.pm.gc.ca/en/news/news-releases/2024/04/12/announcement-canadas-housing-plan>

³⁶⁴⁵ Annual inflation rate up in March as gasoline prices rose, but core measures lower, Bloomberg (Toronto) 16 April 2024. Access Date: 18 April 2024. <https://www.bnnbloomberg.ca/statistics-canada-to-release-march-inflation-report-today-1.2059565>

³⁶⁴⁶ Canada's budget 2024: More spending, higher capital gains taxes, bigger deficits, National Post (Toronto) 16 April 2024. Access Date: 18 April 2024. <https://nationalpost.com/news/politics/federal-budget-2024-rich-canadians-targeted-for-new-taxes>

billion deficit is forecasted for the fiscal year that has just ended and this is predicted to increase by CAD10.3 billion in deficits over the next five years. In the budget, the government indicated that they will spend CAD480 billion in the next year with CAD54 billion in payments marked specifically as debt repayments. Minister Freeland also states that she is exercising fiscal restraint where the government will trim the number of civil servants by 5,000 over the next four years, decreasing the current number of 368,000 positions. Increased government spending specifically targets money for home building, targeted relief for first-time homebuyers and the expansion of interest-free student grants and loans. The budget also increased the taxable percentage of capital gains from 50 per cent of profits to 66.6 percent of profits, on people who make than CAD250,000 in the stock market or property other than their primary residence.

On 25 April 2024, the Government of Canada launched a five-year US dollar global bond, recording the second-largest order book for a global bond in the past 15 years at USD13.8 billion³⁶⁴⁷. This bond maintains the strength of the country's foreign currency reserves.

On 9 May 2024, Minister of Emergency Preparedness and Minister responsible for the Pacific Economic Development Agency of Canada Harjit Sajjan announced CAD3.9 million to Community Futures British Columbia in order to help the organization to continue supporting small businesses in the province.³⁶⁴⁸

Canada has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability. They have done so by contributing thoroughly and directly through government spending to the financial health of civilians by providing, in summary, subsidization to the middle class and low-income earners through the Workers Benefit, through grocery rebates, old age security, child care support and increasing the minimum wage. The Bank of Canada has also been a prominent actor in using quantitative tightening to promote price stability. It has ensured that the commitment is fulfilled by continuing to alter the central interest rate to manage price stability and inflation.

Thus, Canada receives a score of +1.

Analyst: Maya Stafrace

France: +1

France has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability.

On 19 June 2023, Prime Minister Élisabeth Borne, Minister of the Economy, Finance and Recovery Bruno Le Maire and Minister Delegate of Public Action and Accounts Gabriel Attal held the Public Finance Conference to discuss debt and deficit reduction.³⁶⁴⁹ Prime Minister Borne sent guidelines to all ministers to identify five per cent of their budgets, aside from the payrolls, that are open to maneuvers and demanded annual expenditure reviews. Prime Minister Borne also committed to structural reforms to raise the employment rate, stimulate economic activity and restore a balanced budget.

³⁶⁴⁷ Government bolsters Canada's foreign reserves with US-dollar global bond, Department of Finance Canada (Ottawa) 25 April 2024. Access Date: 12 May 2024. <https://www.canada.ca/en/department-finance/news/2024/04/government-bolsters-canadas-foreign-reserves-with-us-dollar-global-bond.html>

³⁶⁴⁸ Community Futures British Columbia receives \$3.9M to support rural businesses, Pacific Economic Development Canada (Vancouver) 9 May 2024. Access Date: 12 May 2024. <https://www.canada.ca/en/pacific-economic-development/news/2024/05/community-futures-british-columbia-receives-39m-to-support-rural-businesses.html>

³⁶⁴⁹ Clôture des Assises des finances publiques, Gouvernement de la France (Paris) 20 June 2023. Translation provided by Analyst. Access Date: 5 November 2023. <https://www.gouvernement.fr/actualite/cloture-des-assises-des-finances-publiques>

On 19 June 2023, Prime Minister Borne revealed the plan to put one per cent of the government budget in reserve alongside other measures to decrease the debt-to-gross domestic product (GDP) ratio and affirmed that the introduced measures would reduce the debt-to-GDP ratio to 2.7 per cent in 2027.³⁶⁵⁰

On 27 June 2023, Minister Le Maire attended the Weimar Triangle meeting hosted by German Federal Minister of Finance Christian Lindner.³⁶⁵¹ The dialogue emphasized prudent fiscal policies, the necessity of temporary measures phase-out where feasible and targeted support for vulnerable entities, aligning with Germany's commitment to medium-term fiscal sustainability and price stability. The ministers collectively advocated for the Capital Markets Union to strengthen Europe's financial infrastructure.

On 20 September 2023, the government increased the ceiling for the popular savings booklet for households with modest incomes to EUR10,000 and augmented the personalized housing assistance by an average of 3.7 per cent along with a cap on rent increase.³⁶⁵²

On 26 September 2023, Prime Minister Borne, Minister of Energy Transition Agnès Pannier-Runacher and Minister Delegate of Small and Medium Enterprises, Trade, Craft and Tourism Olivia Grégoire convened major oil operators, retailers and representative federations to address elevated fuel prices.³⁶⁵³ Major brands, including Carrefour, Leclerc, Casino, Cora, Intermarché, Système U and Auchan, committed to charging solely the supply cost at various set times at nearly 120,000 stations on a monthly basis until the end of the year in account of inflation and French purchasing power. In addition, the government would send out EUR100 checks to low-income households for car fuel expenses.

On 27 September 2023, Minister Le Maire and Minister Delegate Attal presented the government budget for 2024 at the Council of Ministers.³⁶⁵⁴ The financial plan proposed indexing income taxes on inflation to preserve French citizens' purchasing power and lower the effects of inflations.³⁶⁵⁵ The fiscal plan aimed to keep inflation at 4.9 per cent in 2023 and decrease it to 2.6 per cent in 2024.³⁶⁵⁶ It would also stabilize the budget-to-GDP ratio at 4.9 per cent in 2023 and reduce it to 4.4 per cent in 2024, decreasing 3.6 per cent of the government budget in comparison to the plan for 2023 and stabilizing the public debt-to-GDP ratio to 109.7 per cent.³⁶⁵⁷

³⁶⁵⁰ Conclusion des Assises des finances publiques, Gouvernement de la France (Paris) 19 June 2023. Translation provided by Analyst. Access Date: 5 November 2023. <https://www.gouvernement.fr/discours/conclusion-des-assises-des-finances-publiques>

³⁶⁵¹ Weimar Triangle meeting, Federal Ministry of Finance (Berlin) 27 June 2023. Access Date: 1 November 2023. <https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Europe/weimar-triangle-meeting-2023.html>

³⁶⁵² Ce qui change au 1er octobre 2023, Gouvernement de la France (Paris) 29 September 2023. Translation provided by Google Translate. Access Date: 5 November 2023. <https://www.gouvernement.fr/actualite/ce-qui-change-au-1er-octobre-2023>

³⁶⁵³ Prix des carburants : la Première ministre a réuni les raffineurs, les distributeurs et les professionnels de la filière à Matignon, Gouvernement de la France (Paris) 26 September 2023. Translation provided by Google Translate and Analyst. Access Date: 5 November 2023. <https://www.gouvernement.fr/communiqu/prix-des-carburants-la-premiere-ministre-a-reuni-les-raffineurs-les-distributeur-et-les-professionnels-de-la-filiere-a-matignon>

³⁶⁵⁴ Les priorités du Gouvernement avec le budget pour 2024, Gouvernement de la France (Paris) 29 September 2023. Translation provided by Analyst. Access Date: 5 November 2023. <https://www.gouvernement.fr/actualite/le-gouvernement-presente-le-projet-de-loi-de-finances-plf-pour-2024>

³⁶⁵⁵ Les priorités du Gouvernement avec le budget pour 2024, Gouvernement de la France (Paris) 29 September 2023. Translation provided by Analyst. Access Date: 5 November 2023. <https://www.gouvernement.fr/actualite/le-gouvernement-presente-le-projet-de-loi-de-finances-plf-pour-2024>

³⁶⁵⁶ Compte rendu du Conseil des ministres du 27 septembre 2023, Gouvernement de la France (Paris) 27 September 2023. Translation provided by Analyst. Access Date: 5 November 2023. <https://www.gouvernement.fr/conseil-des-ministres/compte-rendu-du-conseil-des-ministres-du-27-09-2023>

³⁶⁵⁷ Compte rendu du Conseil des ministres du 27 septembre 2023, Gouvernement de la France (Paris) 27 September 2023. Translation provided by Analyst. Access Date: 5 November 2023. <https://www.gouvernement.fr/conseil-des-ministres/compte-rendu-du-conseil-des-ministres-du-27-09-2023>

On 12 October 2023, France participated in the International Monetary Fund and World Bank annual meetings in Marrakech with the G20 Finance Ministers and Central Bank Governors.³⁶⁵⁸ The dialogues covered the impact of geopolitical events on fiscal policy and furthered collaborative efforts towards maintaining economic resilience amidst various global challenges, including the repercussions of the war in Ukraine on food and energy security.

On 8 November 2023, Prime Minister Borne presented a new plan for the mobilization of allocated funds to France from the European Union.³⁶⁵⁹ Subsequent mobilizations would be followed up by ministries, coordinated by the General Secretariat for European Affairs and published for the public to ensure proper usage of the funds to increase overall performance of the government.

On 14 November 2023, Minister Le Maire, Minister Pannier-Runacher and Chief Executive Officer of Électricité de France Luc Rémont announced a benchmark price of around EUR70 per megawatt hour for the company's nuclear-powered electricity after 2025.³⁶⁶⁰ The government further announced it will establish a tiered tax system to smooth out the impacts of price increases in the market.

On 15 November 2023, Minister Delegate Grégoire announced an extension for the use of restaurant vouchers for foods that are not immediately consumable until 31 December 2024.³⁶⁶¹ The measure protects the purchasing power of the public in the face of inflation.

On 1 December 2023, Minister Le Maire, Minister Pannier-Runacher and Minister Delegate Grégoire announced support for energy consumers who signed contracts with elevated prices during the energy crisis in the pandemic that are still in force for 2024.³⁶⁶² For residential consumers, an individual tariff shield would limit increases up to ten per cent. For households living in collective housing heated by electricity or gas, the government would cover 75 per cent of the costs in addition to regulated electricity and gas prices. For small enterprises, the price ceiling of EUR280 per megawatt hour would continue to be in effect in 2024 for all contracts signed before 30 June 2023. For professional consumers who do not qualify for the EUR280 guarantee but signed a contract before 30 June 2023 that is still in effect in 2024, the shock absorber for electricity would be maintained with a few modifications. The shock absorber is capped at EUR2.25 million, but this restriction does not apply to local communities.

On 14 December 2023, Prime Minister Borne, Minister Le Maire, Minister Darmanin and Minister Delegate of Overseas Territories Philippe Vigier renewed the previous restriction on the selling price of natural or spring mineral water in Mayotte that was set to expire on 15 December 2023 up until 15 April 2024.³⁶⁶³

³⁶⁵⁸ A look ahead to the IMF and World Bank annual meetings, Federal Ministry of Finance (Berlin) 12 October 2023. Access Date: 1 November 2023. <https://www.bundesfinanzministerium.de/Content/EN/Video/2023/2023-10-12-14-Annual-Meetings-IMF-World-Bank-Marrakesh/2023-10-12-ausblick.html>

³⁶⁵⁹ Compte rendu du Conseil des ministres du 08 novembre 2023, Gouvernement de la France (Paris) 8 November 2023. Translation provided by Analyst. Access Date: 3 December 2023. <https://www.gouvernement.fr/conseil-des-ministres/compte-rendu-du-conseil-des-ministres-du-08-11-2023>

³⁶⁶⁰ L'Etat et EDF s'accordent sur le prix de vente de référence de l'électricité nucléaire, Le Monde (Paris) 14 November 2023. Translation provided by Analyst. Access Date: 3 December 2023. https://www.lemonde.fr/economie/article/2023/11/14/l-etat-et-edf-s-accordent-sur-le-prix-de-vente-de-referance-de-l-electricite-nucleaire_6200008_3234.html

³⁶⁶¹ L'usage du titre-restaurant pour les courses alimentaires est prolongé, Gouvernement de la France (Paris) 15 November 2023. Translation provided by Analyst. Access Date: 3 December 2023. <https://www.gouvernement.fr/actualite/lusage-du-titre-restaurant-pour-les-courses-alimentaires-est-prolonge>

³⁶⁶² Communiqué de Presse, Gouvernement de la France (Paris) 30 November 2023. Translation provided by Analyst. Access Date: 3 December 2023. <https://www.gouvernement.fr/upload/media/content/0001/07/80be6e2b9350a7d96b18ec02578b587839ac4464.pdf>

³⁶⁶³ Décret n° 2023-1181 du 14 décembre 2023 relatif aux prix de vente des bouteilles d'eau à Mayotte, Légifrance (Paris) 16 December 2023. Translation provided by Analyst. Access Date: 1 March 2024. <https://www.legifrance.gouv.fr/loda/id/JORFTEXT000048566948/2024-03-01/>

On 1 January 2024, the government increased the interprofessional minimum wage in France by 1.13 per cent, to EUR11.65 per hour, except for Mayotte, where the minimum wage increased to EUR8.80 per hour.³⁶⁶⁴ The new minimum wage accounts for a rise in inflation.

On 31 January 2024, Prime Minister Gabriel Attal reaffirmed the commitment to fiscal sustainability, particularly to return government deficits below three per cent by 2027, by reviewing significant ministerial spending, announcing the first savings policies by the end of March 2024 and closely observing the finance bills.³⁶⁶⁵

On 21 February 2024, Minister of Sports and the Olympics and Paralympic Games Amélie Oudéa-Castéra cooperated with the logistics sector to economize the transport of goods during the upcoming 2024 Paris Olympics.³⁶⁶⁶ Particularly, the Ministry created the platform anticipatelesjeux.gouv.fr and provided advice to vendors, such as stocking non-perishable goods and making larger-volume, less frequent deliveries to facilitate transport and ensure the availability of goods.

On 22 February 2024, Prime Minister Attal, Minister Le Maire and Minister Delegate of Public Accounts Thomas Cazenave signed a decree to reduce government spending and save EUR10 billion in 2024.³⁶⁶⁷ The measure aims to control government deficits in response to the projected decrease in government revenue due to the revision in economic growth forecasts to one per cent. The savings will come from reduction in certain policy spending and in general spending for all ministries.

On 27 February 2024, Minister Delegate of Industry and Energy Roland Lescure, Minister of Labor, Health and Solidarity Catherine Vautrin and Minister Delegate of Health and Prevention Frédéric Valletoux presented a 2024-2027 roadmap to fight the shortage of medication.³⁶⁶⁸ The roadmap emphasizes strengthening detection of shortages, enforcing stocking obligations, relocating the production of essential drugs back to France and ameliorating the transparency of the availability of drugs.

On 1 March 2024, the government imposed a 34 per cent cap on promotions for non-food consumer goods in drugstore, perfume and hygiene sectors to balance commercial relations between producers and distributors and prevent downwards pressure on prices.³⁶⁶⁹

On 14 March 2024, Minister Le Maire and Minister Delegate to the Minister of Ecological Transition and Territorial Cohesion, in charge of Housing, Guillaume Kasbarian announced that 14 insurers committed more

³⁶⁶⁴ Revalorisation du Smic au 1er janvier 2024, Gouvernement de la République française (Paris) 9 January 2024. Translation provided by Analyst. Access Date: 1 March 2024. <https://www.gouvernement.fr/actualite/revalorisation-du-smic-au-1er-janvier-2024>

³⁶⁶⁵ Déclaration de politique générale du Premier ministre au Sénat, Gouvernement de la République française (Paris) 31 January 2024. Translation provided by Analyst. Access Date: 1 March 2024. <https://www.gouvernement.fr/discours/declaration-de-politique-generale-de-gabriel-attal-au-senat>

³⁶⁶⁶ JOP 2024 : accompagner les professionnels de la logistique pour assurer la bonne livraison des marchandises, Gouvernement de la République française (Paris) 21 February 2024. Translation provided by Analyst. Access Date: 1 March 2024. <https://www.gouvernement.fr/actualite/jop-2024-accompagner-les-professionnels-de-la-logistique-pour-assurer-la-bonne-livraison-des-marchandises>

³⁶⁶⁷ 10 milliards d'euros d'économie sur les dépenses de l'État, Gouvernement de la République française (Paris) 22 February 2024. Translation provided by Analyst. Access Date: 1 March 2024. <https://www.gouvernement.fr/actualite/10-milliards-deuros-deconomie-sur-les-depenses-de-letat>

³⁶⁶⁸ Une nouvelle stratégie pour lutter contre les pénuries de médicaments, Ministère de l'Économie, des Finances et de la Souveraineté industrielle et numérique (Paris) 27 February 2024. Translation provided by Analyst. Access Date: 1 March 2024. <https://www.economie.gouv.fr/actualites/nouvelle-strategie-pour-lutter-contre-les-penuries-de-medicaments>

³⁶⁶⁹ Les promotions sur les produits d'hygiène encadrées depuis le 1er mars 2024, Gouvernement de la République française (Paris) 5 March 2024. Translation provided by Google Translate. Access Date: 23 April 2024. <https://www.info.gouv.fr/actualite/les-promotions-sur-les-produits-dhygiene-encadrees-depuis-le-1er-mars>

than EUR400 million to finance intermediate housing, which has rent around 10 per cent to 15 per cent lower than the market rate, to address the affordable housing crisis.³⁶⁷⁰

On 20 March 2024, Prime Minister Attal announced the recovery of EUR15.2 billion in tax fraud in 2023.³⁶⁷¹ In addition, tax audits increased by 25 per cent, and tax raids increased by 30 per cent in 2023. In terms of social fraud, the government detected and recovered more than EUR2 billion. Prime Minister Attal also increased the five-year target recovery of social fraud by the URSSAF to EUR5.5 billion, a ten per cent increase from the target set last year. These recoveries will relieve pressure on small taxpayers and help fund government programs.

On 21 March 2024, the government signed an agreement with intermediate housing constructors and investors to build 75,000 intermediate housing in the next three years to assure affordable housing.³⁶⁷²

On 8 April 2024, Minister Le Maire, along with German Federal Minister for Economic Affairs and Climate Protection Robert Habeck and Italian Minister for Enterprise Adolfo Urso, jointly declared a commitment to foster the development of green and digital technologies in Europe.³⁶⁷³ This initiative, aligning with the EU's Strategic Agenda 2024-2029, is aimed at enhancing technological leadership, productivity, competitiveness, and economic growth across Europe. This decision is a strategic response to ongoing geopolitical challenges and the global climate crisis, notably Russia's conflict with Ukraine, and it positions the EU towards becoming the world's first climate-neutral continent under the Green Deal framework.

On 16 April 2024, Minister Le Maire and Minister Delegate Grégoire obliged companies to inform consumers of decreases in quantity that elevated price per unit of measurement for two months after the downsizing for industrial and non-food goods.³⁶⁷⁴ This decree will enter into effect on 1 July 2024. This is an effort to assure consumer purchasing power by tackling shrinkflation, where the price remains the same, but the quantity has decreased.

On 23 April 2024, Prime Minister Attal announced the continuation to establish and transition to an internal strategic consulting government agency this year, which would continue to save governmental fees paid to external consulting firms.³⁶⁷⁵ These external fees are expected to be quartered in three years.

³⁶⁷⁰ A l'initiative de Bruno Le Maire et de Guillaume Kasbarian les assureurs s'engagent en faveur du logement intermédiaire aux côtés de la Caisse des Dépôts, Ministère de l'Économie, des Finances et de la Souveraineté industrielle et numérique (Paris) 14 March 2024. Translation provided by Google Translate. Access Date: 23 April 2024. <https://presse.economie.gouv.fr/les-assureurs-sengagent-en-faveur-du-logement-intermediaire-aux-cotes-du-groupe-caisse-des-depots/>

³⁶⁷¹ Bilan du plan contre les fraudes aux finances publiques, Gouvernement de la République française (Paris) 20 March 2024. Translation provided by Google Translate. Access Date: 23 April 2024. <https://www.info.gouv.fr/discours/bilan-du-plan-contre-les-fraudes-aux-finances-publiques>

³⁶⁷² Un pacte pour financer 75 000 logements intermédiaires d'ici à 3 ans, Gouvernement de la République française (Paris) 26 March 2024. Translation provided by Analyst. Access Date: 23 April 2024. <https://www.info.gouv.fr/actualite/un-pacte-pour-financer-75-000-logements-intermediaires-dici-3-ans>

³⁶⁷³ Frankreich, Italien und Deutschland rufen für die Stärkung der europäischen Wettbewerbsfähigkeit und Produktivität zur Förderung der Entwicklung von grünen und digitalen Technologien auf, Bundesministerium für Wirtschaft und Klimaschutz (Berlin) 8 April 2024. Translation provided by Google Translate. Access Date: 19 April 2024. <https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/04/20240408-frankreich-italien-und-deutschland-entwicklung-von-grunen-und-digitalen-technologien.html>

³⁶⁷⁴ « Shrinkflation » : publication de l'arrêté ministériel réglementant l'information des consommateurs sur l'augmentation des prix des produits dont la quantité a diminué, Ministère de l'Économie, des Finances et de la Souveraineté industrielle et numérique (Paris) 19 April 2024. Translation provided by Google Translate. Access Date: 23 April 2024. <https://presse.economie.gouv.fr/reduflation-publication-de-larrete-ministeriel-reglementant-linformation-des-consommateurs-sur-laugmentation-des-prix-des-produits-dont-la-quantite-a-diminue/>

³⁶⁷⁵ Transformer l'État : débureaucratiser, simplifier, mettre l'IA au service des Français, Gouvernement de la République française (Paris) 23 April 2024. Translation provided by Analyst. Access Date: 23 April 2024. <https://www.info.gouv.fr/discours/transformer-letat-debureaucratiser-simplifier-mettre-lia-au-service-des-francais>

France has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability. Specifically, it has taken measures to stabilize prices by assuring consumer purchasing power on essential items such as fuel and adopting targeted relief measures. It has also adopted a sustainable fiscal plan for 2024 that would decrease deficit levels and the debt-to-GDP ratio.

Thus, France receives a score of +1.

Analyst: Ruixue (Kerry) Zhong

Germany: +1

Germany has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability.

On 27 June 2023, Federal Minister of Finance Christian Lindner hosted France's Minister Bruno Le Maire and Poland's Minister Magdalena Rzeczkowska in Weimar for the Weimar Triangle meeting.³⁶⁷⁶ The dialogue emphasized prudent fiscal policies, the necessity of temporary measures phase-out where feasible, and targeted support for vulnerable entities, aligning with Germany's commitment to medium-term fiscal sustainability and price stability. The ministers collectively advocated for the Capital Markets Union to strengthen Europe's financial infrastructure.

On 5 July 2023, the Federal Cabinet approved the federal draft budget for 2024, alongside a fiscal roadmap projecting to 2027.³⁶⁷⁷ The budget projects a 6.4 per cent decrease in expenditures in 2024 compared to the 2023 budget, and the financial plan projects a balanced budget by 2027 by meeting projected increased revenues with slightly rising expenditures, while reducing borrowing. Upon the budget's approval, Minister Lindner remarked that the plan "end[s] the crisis mode of expansive public finances," stating that fiscal restraint is "not just a requirement of the constitution, but a requirement of economic prudence."³⁶⁷⁸

On 14 August 2023, Minister Lindner visited Kyiv to sign a joint declaration of intent with Ukrainian Finance Minister Sergii Marchenko, aimed at enhancing cooperation in financial market regulation, customs, and state asset management.³⁶⁷⁹ Through this collaboration, Germany, via its Federal Financial Supervisory Authority and KfW banking group, is positioned to extend expert financial guidance to Ukraine. Additionally, the engagement with Ukrainian officials on topics of support and reconstruction aligns with Germany's macroeconomic goals of fostering a stable and growth-conducive environment.

On 16 August 2023, the Federal Cabinet approved a draft budget financing law which decreases state expenditures in line with the constitutional debt brake.³⁶⁸⁰ The budget financing act cuts various federal tax

³⁶⁷⁶ Weimar Triangle meeting, Federal Ministry of Finance (Berlin) 27 June 2023. Access Date: 1 November 2023.

<https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Europe/weimar-triangle-meeting-2023.html>

³⁶⁷⁷ Regierungsentwurf für den Bundeshaushalt 2024 und Finanzplan bis 2027, Bundesministerium der Finanzen (Berlin) 5 July 2023. Translation provided by Google Translate. Access Date: 10 December 2023.

<https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2023/07/2023-07-05-regierungsentwurf-bundeshaushalt-2024.html>

³⁶⁷⁸ Regierungsentwurf für den Bundeshaushalt 2024 und Finanzplan bis 2027, Bundesministerium der Finanzen (Berlin) 5 July 2023. Translation provided by Google Translate. Access Date: 10 December 2023.

<https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2023/07/2023-07-05-regierungsentwurf-bundeshaushalt-2024.html>

³⁶⁷⁹ Finance Minister Lindner visits Kyiv, Federal Ministry of Finance (Berlin) 14 August 2023. Access Date: 1 November 2023.

<https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Europe/War-in-Ukraine/lindner-visits-kyiv.html>

³⁶⁸⁰ Pressemitteilung zum Haushaltsfinanzierungsgesetz, Bundesministerium der Finanzen (Berlin) 16 August 2023. Translation provided by Google Translate. Access Date: 10 December 2023.

<https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2023/08/2023-08-16-haushaltsfinanzierungsgesetz.html>

deductions and subsidies, while raising the price for emission certificates, thus increasing state revenues available for constitutionally mandated debt treatment.

On 12 October 2023, Minister Lindner participated in the International Monetary Fund and World Bank annual meetings in Marrakech with the G20 Finance Ministers and Central Bank Governors.³⁶⁸¹ The dialogues covered the impact of geopolitical events on fiscal policy, with Germany reiterating its commitment to medium-term fiscal sustainability and price stability. The meeting furthered collaborative efforts towards maintaining economic resilience amidst various global challenges, including the repercussions of the war in Ukraine on food and energy security.

On 20 October 2023, the Bundesrat approved the “Flat-rate Relief Act,” which increases the share of sales tax revenues allocated to individual German states.³⁶⁸² The new law releases EUR3.9 billion for states to sustainably finance public health and administrative costs related to refugee intake.

On 28 November 2023, Federal Chancellor Olaf Scholz released a statement on recent legal complications surrounding the federal budget and its implications for the national debt.³⁶⁸³ In his address at the Bundestag, Chancellor Scholz committed to honour the Federal Constitutional Court’s recent ruling, which elucidates how the government debt limit provided for under the Basic Law must be practically applied. In keeping with the new ruling surrounding the debt limit, Chancellor Scholz further announced that the federal government worked to “prevent any new financial commitments for the next few years being entered into automatically,” and had blocked new Climate and Transformation Fund spending.

On 18 December 2023, the Stability Council, chaired by Minister of Finance of North Rhine-Westphalia Marcus Optendrenk and Minister Lindner, convened to address the implications of the Federal Constitutional Court’s ruling on the Second Federal Supplementary Budget Act 2021.³⁶⁸⁴ The ruling mandates stricter requirements for emergency loans and special funds, significantly impacting federal and state budget policies. The council concurred that the ruling would enhance the comparability and transparency of public budgets during emergencies, aiding the council’s monitoring tasks.

On 5 February 2024, the Federal Ministry for Economic Affairs and Climate Protection initiated a public consultation on the future direction of European cohesion policy, focusing on the European Regional Development Fund.³⁶⁸⁵ This consultation aims to gather early input and ideas for the 2028–2034 funding period, with a particular emphasis on investments in the economy and transformation for Germany’s regions, totalling EUR21 billion for the 2021–2027 period. State Secretary Giegold highlighted the importance of adapting the structural funds to meet the challenges of green and digital transformation, calling for innovative project ideas and reduced bureaucratic hurdles. Interested parties, including organizations, municipalities, research institutions, universities, companies, associations, and citizens, are invited to submit their assessments and suggestions by March through an online questionnaire. This consultation is part of a research project to

³⁶⁸¹ A look ahead to the IMF and World Bank annual meetings, Federal Ministry of Finance (Berlin) 12 October 2023. Access Date: 1 November 2023. <https://www.bundesfinanzministerium.de/Content/EN/Video/2023/2023-10-12-14-Annual-Meetings-IMF-World-Bank-Marrakesh/2023-10-12-ausblick.html>

³⁶⁸² Bund entlastet Länder und Kommunen um weitereknapp 4 Milliarden Euro, Bundesministerium der Finanzen (Berlin) 20 October 2023. Translation provided by Google Translate. Access Date: 10 December 2023. <https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2023/10/2023-10-20-pauschalentlastungsgesetz.html>

³⁶⁸³ “We will not leave anyone to fend for themselves,” The Federal Chancellor (Berlin) 28 November 2023. Access Date: 9 December 2023. <https://www.bundeskanzler.de/bk-en/news/government-statement-budget-2246574>

³⁶⁸⁴ Stabilitätsrat: Umsetzung des Bundesverfassungsgerichtsurteils stärkt Vergleichbarkeit und Transparenz der öffentlichen Haushalte, Bundesministerium der Finanzen (Berlin) 18 December 2023. Translation provided by Google Translate. Access Date: 23 February 2024. <https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2023/12/2023-12-18-sitzung-des-stabilitaetsrats.html>

³⁶⁸⁵ BMWK startet Konsultation zur künftigen Ausrichtung der Kohäsionspolitik für die Förderperioden nach 2027, Bundesministerium für Wirtschaft und Klimaschutz (Berlin) 5 February 2024. Translation provided by Google Translate. Access Date: 4 March 2024. <https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/02/20240205-bmwk-startet-konsultation-zur-kuenftigen-ausrichtung-der-kohaesionspolitik-fur-die-foerderperiode-nach-2027.html>

develop recommendations for future-proof governance and implementation of cohesion policy, led by the DLR project management agency consortium.

On 4 March 2024, Minister Delegate for Industry and Energy Roland Lescure and State Secretary at the German Federal Ministry of Economic Affairs and Climate Action Sven Giegold endorsed a recommendation to continue coordinated measures for reducing gas demand, emphasizing the need for sustained gas-saving efforts to further strengthen security of supply, at a meeting in Brussels.³⁶⁸⁶ This decision underlines Europe's collective commitment to maintaining energy security. Additionally, the ministers highlighted the importance of enhancing the flexibility of the European energy system as a crucial component of the energy transition, focusing on demand flexibility and storage to align electricity demand with renewable energy generation and reduce reliance on fossil fuels.

On 20 March 2024, the Federal Ministry of Finance, under the leadership of Minister Lindner, presented the Sixth Report on the Sustainability of Public Finances to the Federal Cabinet.³⁶⁸⁷ This report, issued once per legislative period, evaluates long-term fiscal projections and highlights demographic impacts on budget sustainability. Key findings suggest that without structural reforms, age-related public spending could rise significantly, impacting Germany's fiscal sustainability and necessitating reforms in pension, healthcare, and other critical sectors to mitigate demographic pressures.

On 8 April 2024, Federal Minister for Economic Affairs and Climate Protection Robert Habeck, French Minister for Economy Bruno Le Maire and Italian Minister for Enterprise Adolfo Urso jointly declared a commitment to foster the development of green and digital technologies in Europe.³⁶⁸⁸ This initiative, aligning with the EU's Strategic Agenda 2024-2029, is aimed at enhancing technological leadership, productivity, competitiveness, and economic growth across Europe. This decision is a strategic response to ongoing geopolitical challenges and the global climate crisis, notably Russia's conflict with Ukraine, and it positions the EU towards becoming the world's first climate-neutral continent under the Green Deal framework.

On 11 April 2024, the Federal Ministry of Finance, the Federal Ministry of Food and Agriculture and the agriculture ministries of the eastern German states signed an agreement implementing new leasing principles for Bodenverutilungs- und -verwaltungs GmbH agricultural lands.³⁶⁸⁹ These Area Management Principles 2024, starting from 12 April 2024, aim to enhance sustainability and ecological practices in agriculture across East Germany. The principles incorporate climate protection and ensure fair access for diverse farming businesses, bolstering Germany's commitment to a sustainable economic policy supporting fiscal stability and environmental stewardship.

Germany has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability. Germany has honoured jurisprudence

³⁶⁸⁶ EU-MitgliedstaatenbetonenBedeutung der Flexibilisierung des europäischenEnergiesystemsalswesentliches Element der Energiewende, Bundesministerium für Wirtschaft und Klimaschutz (Berlin) 4March 2024. Translation provided by Google Translate. Access Date: 4March 2024. <https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/03/20240304-eu-mitgliedstaaten-bedeutung-flexibilisierung-europaeisches-energiesystem-energiewende.html>

³⁶⁸⁷ Sicherungstragfähigeröffentlicher Finanzen bleibteineDaueraufgabe, Bundesministerium der Finanzen (Berlin) 20 March 2024. Translation provided by Google Translate. Access Date: 18 April 2024. <https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2024/03/2024-03-20-bericht-zur-tragfaehigkeit-der-oeffentlichen-finanzen.html>

³⁶⁸⁸ Frankreich, Italien und Deutschland rufen für die Stärkung der europäischen Wettbewerbsfähigkeit und Produktivität zur Förderung der Entwicklung von grünen und digitalen Technologien auf, Bundesministerium für Wirtschaft und Klimaschutz (Berlin) 8 April 2024. Translation provided by Google Translate. Access Date: 19 April 2024. <https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/04/20240408-frankreich-italien-und-deutschland-entwicklung-von-grunen-und-digitalen-technologien.html>

³⁶⁸⁹ Mehr Nachhaltigkeitbei der Verpachtung von Flächen der Bodenverwertungs- und -verwaltungs GmbH (BVVG), Bundesministerium der Finanzen (Berlin) 1April 2024. Translation provided by Google Translate. Access Date: 18 April 2024. <https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2024/04/2024-04-11-mehr-nachhaltigkeit-bvvg.html>

surrounding the proper implementation of its constitutional debt limit and taken material steps to restructure its present and future state expenditures in line with fiscal sustainability requirements. The 2024 federal budget and fiscal roadmap present and act towards a commitment to close the budget deficit in a timely manner. The funding of the collaborative roadmap to strengthen the capital markets union exemplifies this commitment, positioning Germany as a catalyst for technological and economic advancement within the European Union. Furthermore, the targeted financial collaborations and international dialogues, especially concerning fiscal policies and investments in climate action and global development goals, demonstrate Germany's engagement in global financial stability and support for sustainable development. In sum, Germany has taken strong action on promoting fiscal sustainability, and weak action on promoting price stability.

Thus, Germany receives a score of +1.

Analyst: James Wang

Italy: +1

Italy has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability.

On 8 August 2023, Minister Giorgetti introduced a maximum ceiling of 0.1 per cent of banks' total assets that could be applied for tax.³⁶⁹⁰ This measure supports fiscal stability by ensuring the stability of banking institutions.

On 25 September 2023, the Ministry of Labour and Social Policies replenished its support fund for the families of individuals who suffered serious workplace accidents.³⁶⁹¹ This targeted relief replenishment of EUR5 million will reach qualified citizens after authorization from the Ministry of Economy and Finance.

On 12 October 2023, Italy participated in the International Monetary Fund and World Bank annual meetings in Marrakech with the G20 Finance Ministers and Central Bank Governors.³⁶⁹² The dialogues covered the impact of geopolitical events on fiscal policy and furthered collaborative efforts towards maintaining economic resilience amidst various global challenges, including the repercussions of the war in Ukraine on food and energy security.

On 20 October 2023, the Ministry of Economy and Finance announced the issuance of short-term Buono del Tesoro Poliennale (BTP) bonds and of five-year BTPs indexed to Eurozone inflation.³⁶⁹³ The BTPs Euro Inflation aims to protect investor returns by adjusting to maintain their purchasing power to inflationary pressures. This initiative enables the Italian government to raise funds.

On 23 October 2023, the Ministry of Economy and Finance announced the reopening of the six-month treasury bonds between 29 September 2023 and 28 March 2024 for 181 days.³⁶⁹⁴ These bills are used to raise funds to

³⁶⁹⁰ Banche: cap a misura extra-margini, Ministerodell'Economia e delle Finanze (Rome) 8 August 2023. Translation provided by Google Translate. Access Date: 4 November 2023. <https://www.mef.gov.it/ufficio-stampa/comunicati/2023/Banche-cap-a-misura-extra-margini/>

³⁶⁹¹ Rifinanziato il Fondo di sostegno per le famiglie delle vittime di gravi infortuni sul lavoro, Ministerodellavoro e delle Politiche Sociali (Rome) 25 September 2023. Translation provided by Google Translate. Access Date: 15 December 2023. <https://www.lavoro.gov.it/notizie/pagine/rifinanziato-il-fondo-di-sostegno-le-famiglie-delle-vittime-di-gravi-infortuni-sul>

³⁶⁹² A look ahead to the IMF and World Bank annual meetings, Federal Ministry of Finance (Berlin) 12 October 2023. Access Date: 1 November 2023. <https://www.bundesfinanzministerium.de/Content/EN/Video/2023/2023-10-12-14-Annual-Meetings-IMF-World-Bank-Marrakesh/2023-10-12-ausblick.html>

³⁶⁹³ BTP Short Term and BTPs€ Indexed to euro-zone Inflation Issuance, Ministry of Economy and Finance (Rome) 23 October 2023. Access Date: 5 November 2023. <https://www.mef.gov.it/en/ufficio-stampa/comunicati/2023/BTP-Short-Term-and-BTPs-Indexed-to-euro-zone-Inflation-Issuance-00039/>

³⁶⁹⁴ Treasury Bills (BOTs) offering announcement, Ministry of Economy and Finance (Rome) 23 October 2023. Access Date: 4 November 2023. <https://www.mef.gov.it/en/ufficio-stampa/comunicati/2023/Treasury-Bills-BOTs-offering-announcement-00539/>

cover short-term financial needs for the government to maintain financial health and meet obligations on time without causing excessive debt.

On 26 October 2023, the Ministry of Economy and Finance announced the medium- to long-term bonds' issuances, which are expected to help with achieving fiscal stability by helping the government cover debt and finance various projects such as infrastructure development or other budgetary needs.³⁶⁹⁵

On 1 November 2023, the Ministry of Labour and Social Policies declared that 2,769,637 bonuses valued at EUR144 million were made accessible to the public with a maximum value of EUR60 per person to be used for the purchase of a monthly or annual subscription for using public road and rail transportation.³⁶⁹⁶ This helps keep transportation affordable, especially helpful for students and youth, who formed 60.22 percent of applicants.

On 8 December 2023, the Ministry of Economy and Finance announced the updated Recovery and Resilience Plan (RRP), introducing REPowerEU, which focuses on sustainable growth and investments aimed at fostering digital and green transitions.³⁶⁹⁷ The Italian government plans to dedicate EUR11.178 billion to fostering these efforts. The RRP, which launched in 2021, is a package of investments mobilizing over EUR300 billion and reforms aimed at unleashing the growth potential of Italy, reducing unemployment, improving the health of the banking sector and competitiveness, and reducing public debt until 2026.³⁶⁹⁸

On 1 March 2024, the Ministry of Economy and Finance announced an allocation of EUR18.3 billion for the third issuance of the Buoni del Tesoro Poliennali Long-Term Treasury Bonds (BTP Valore), a type of long-term fixed-income security and government bond issued by the Italian Treasury to finance its debt.³⁶⁹⁹ These bonds are designed with special features aimed at individual investors, making them an appealing savings product. The BTP Valore includes an annual loyalty bonus for investors who hold the bond until maturity, providing an additional incentive beyond the regular interest payments. This bonus is a way to reward long-term investors and stabilize the bond's holding period. The BTP Valore bonds are part of Italy's broader efforts to engage retail investors in the country's debt market, offering them a relatively safe investment option with a predictable return, given the bond's backing by the government. Like other government bonds, the BTP Valore is used to finance public expenditure in various sectors, from infrastructure to social programs.

On 8 March 2024, the Bank of Italy launched a public consultation on a proposal to activating a systemic risk buffer equivalent to one per cent of domestic exposures.³⁷⁰⁰ The purpose of the buffer is to enhance the resilience of the Italian banking system by ensuring banks have sufficient capital to deal with shocks, including exogenous ones.

On 8 April 2024, Minister for Enterprise Adolfo Urso, along with German Federal Minister for Economic Affairs and Climate Protection Robert Habeck and French Minister for Economy Bruno Le Maire, jointly

³⁶⁹⁵ Medium-Long term Issuances, Ministry of Economy and Finance (Rome) 26 October 2023. Access Date: 5 November 2023. <https://www.mef.gov.it/en/ufficio-stampa/comunicati/2023/Treasury-Bills-BOTs-offering-announcement-00539/>

³⁶⁹⁶ Esaurite le disponibilità di fondi per il Bonus trasporti, Ministero del Lavoro e delle Politiche Sociali (Rome) 2 November 2023. Translation provided by Google Translate. Access Date: 3 November 2023. <https://www.lavoro.gov.it/stampa-e-media/comunicati/pagine/esaurite-le-disponibilita-di-fondi-il-bonus-trasporti>

³⁶⁹⁷ Italy's recovery and resilience plan, European Commission (Brussels). Access Date: 25 February 2024. https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/country-pages/italys-recovery-and-resilience-plan_en

³⁶⁹⁸ Italy's Stability Program, Ministero dell'Economia e delle Finanze (Rome) 28 April 2023. Access Date: 5 February 2024. https://www.dt.mef.gov.it/export/sites/sitodt/modules/documenti_en/analisi_programmazione/documenti_programmatici/def_2023/2023-Stability-Programme-Abridged.pdf

³⁶⁹⁹ BTP Valore: closed at above 18 billion euros. Third issuance concluded, Ministero dell'Economia e delle Finanze (Rome) 1 March 2024. Access Date: 1 March 2024. <https://www.mef.gov.it/en/ufficio-stampa/comunicati/2024/BTP-Valore-closed-at-above-18-billion-euros-00001.-Third-issuance-concluded/>

³⁷⁰⁰ Launch of Consultation, Banca D'Italia (Rome) 8 March 2024. Access Date: 15 March 2024. https://www.bancaditalia.it/media/comunicati/documenti/2024-01/cs-en-consultazione-2024.03.08.pdf?language_id=1

declared a commitment to foster the development of green and digital technologies in Europe.³⁷⁰¹ This initiative, aligning with the EU's Strategic Agenda 2024-2029, is aimed at enhancing technological leadership, productivity, competitiveness, and economic growth across Europe. This decision is a strategic response to ongoing geopolitical challenges and the global climate crisis, notably Russia's conflict with Ukraine, and it positions the EU towards becoming the world's first climate-neutral continent under the Green Deal framework.

On 11 April 2024, Bank of Italy Deputy Governor Paulo Angelini spoke at the conference 'UN Principles for Green Financing for Sustainable Real Estate, Infrastructure and Urban Transformation Projects'; organized by the Bank of Italy.³⁷⁰² Promoting sustainable and green finance can contribute to long-term economic growth and resilience by fostering a transition to a more sustainable and inclusive economy.

On 23 April 2024, the Ministry of Economy and Finance shared that the G7 Cyber Expert Group completed a cross-border coordination to ensure they can effectively coordinate and communicate their response in the event of a widespread cyber incident affecting the financial system.³⁷⁰³

On 26 April 2024, the Bank of Italy announced the activation of the systemic risk buffer.³⁷⁰⁴ The policy aims to strengthen the capacity of the Italian banking system by providing banks with useful resources to absorb losses and support the supply of credit to the economy.

Italy has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability. The extension of the Transportation Bonus represents a material example of targeted social protection, and the Ministry of Economy and Finance has issued bonds and emphasized the importance of debt management in regional fora. The Italian government has also promoted the stability of banks by softening taxation requirements. These actions are conducive to fiscal sustainability, and the Transportation Bonus extension and banking taxation regulations represent strong actions in this domain. The Ministry of Economy and Finance, through selling government securities such as bonds and treasury bills, also took material steps towards promoting price stability by incentivizing consumer saving. In this domain, the Italian government has taken strong action.

Thus, Italy receives a score of +1.

Analyst: Petek Gordunysus

Japan: +1

Japan has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability.

³⁷⁰¹ Frankreich, Italien und Deutschland rufen für die Stärkung der europäischen Wettbewerbsfähigkeit und Produktivität zur Förderung der Entwicklung von grünen und digitalen Technologien auf, Bundesministerium für Wirtschaft und Klimaschutz (Berlin) 8 April 2024. Translation provided by Google Translate. Access Date: 19 April 2024. <https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/04/20240408-frankreich-italien-und-deutschland-entwicklung-von-grunen-und-digitalen-technologien.html>

³⁷⁰² Speaks at the conference 'UN Principles for Green Financing for Sustainable Real Estate, Infrastructure and Urban Transformation Projects,' Banca D'Italia (Milan) 11 April 2024. Access Date: 16 April 2024. https://www.bancaditalia.it/media/agenda/2024-04-11_speaks-at-the-conference-un-principles-for-green-financing-for-sustainable-real-estate-infrastructure-and-urban-transformation-projects/

³⁷⁰³ G7 Cyber Expert Group Conducts Cross-Border Coordination Exercise in the Financial Sector, Ministero Dell'Economia e Delle Finanze (Rome) 23 April 2024. Access Date: 24 April 2024. <https://www.mef.gov.it/en/inevidenza/G7-Cyber-Expert-Group-Conducts-Cross-Border-Coordination-Exercise-in-the-Financial-Sector-00001/>

³⁷⁰⁴ Activation of the Systemic Risk Buffer, Banca D'Italia (Rome) 24 April 2024. Access Date: 24 April 2024. https://www.bancaditalia.it/media/comunicati/documenti/2024-01/pr_SyRB_Activation_of_the_systemic_risk_buffer.pdf?language_id=1

On 28 July 2023, the Bank of Japan released the July 2023 Outlook for Economic Activity and Prices. The Outlook Report recommended the Bank of Japan to persist in its monetary easing measures, particularly the Quantitative and Qualitative Monetary Easing with Yield Control.³⁷⁰⁵ To stabilize Japan's economic activity and prices, it is suggested that the Bank flexibility of the yield curve control to enhance the sustainability of monetary easing.

On 18 August 2023, Prime Minister Fumio Kishida, along with US President Joe Biden and Korean President Suk Yeol Yoon, released the "Camp David Principles" as part of the Japan-US-Republic of Korea Joint Leaders' Statement.³⁷⁰⁶ The leaders agreed to promote cooperation in critical and emerging technologies and supply chain resilience for economic security and fiscal sustainability and to strengthen their trilateral cooperation "in a continuous and stable manner."

On 26 September 2023, Minister of Economy, Trade and Industry Yasutoshi Nishimura initiated the Ministerial Economic and Energy Dialogue with Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, demonstrating Japan's commitment to collaborate on net-zero goals, using energy transition tech and public-private financing to enhance economic stability and simultaneously address climate concerns.³⁷⁰⁷

On 6 October 2023, the Ministry of Economy, Trade and Industry introduced "J-Startup Impact," a program designed to offer comprehensive assistance to high-potential impact startups through collaboration between the government and the private sector.³⁷⁰⁸ The chosen enterprises are anticipated to make a significant societal impact by addressing social challenges and pursuing innovative visions, all while fostering sustainable economic growth.

On 11 October 2023, the Ministry of Finance and the World Bank launched the Partnership for Resilient and Inclusive Supply-chain Enhancement (RISE).³⁷⁰⁹ RISE aims to assist low- and middle-income countries in increasing their participation in the midstream and downstream segments of clean energy supply chains. The representatives during the event discussed expectations and prospects for RISE, emphasizing global efforts to achieve net-zero.

On 12 October 2023, Japan participated in the International Monetary Fund and World Bank annual meetings in Marrakech with the G20 Finance Ministers and Central Bank Governors.³⁷¹⁰ The dialogues covered the impact of geopolitical events on fiscal policy and furthered collaborative efforts towards maintaining economic resilience amidst various global challenges, including the repercussions of the war in Ukraine on food and energy security.

On 28 October 2023, Minister Nishimura and Kemi Badenoch, Secretary of State for Business and Trade of the United Kingdom, signed a memorandum of cooperation (MoC) on critical minerals.³⁷¹¹ This MoC seeks to

³⁷⁰⁵ Outlook for Economic Activity and Prices, Bank of Japan (Tokyo) 28 July 2023. Access Date: 30 October 2023. <https://www.boj.or.jp/en/mopo/outlook/gor2307a.pdf>

³⁷⁰⁶ Camp David Principles: A New Compass for Japan-U.S.-ROK Cooperation, Government of Japan (Tokyo) 20 October 2023. Access Date: 31 October 2023. https://www.japan.go.jp/kizuna/2023/10/camp_david_principles.html

³⁷⁰⁷ Establishment of Ministerial Economic and Energy Dialogue of the "Central Asia plus Japan" Dialogue, Ministry of Economy, Trade and Industry (Tokyo) 26 September 2023. Access Date: 30 October 2023. https://www.meti.go.jp/english/press/2023/0926_001.html

³⁷⁰⁸ J-Startup Impact Launched as Public-Private Program for Supporting the Growth of Impact Startups, Ministry of Economy, Trade and Industry (Tokyo) 6 October 2023. Access Date: 31 October 2023. https://www.meti.go.jp/english/press/2023/1006_006.html

³⁷⁰⁹ The launch event of the Partnership for Resilient and Inclusive Supply-chain Enhancement (RISE), Ministry of Finance (Tokyo) 11 October 2023. Access Date: 29 November 2023. https://www.mof.go.jp/english/policy/international_policy/mdbs/wb/20231011.html

³⁷¹⁰ A look ahead to the IMF and World Bank annual meetings, Federal Ministry of Finance (Berlin) 12 October 2023. Access Date: 1 November 2023. <https://www.bundesfinanzministerium.de/Content/EN/Video/2023/2023-10-12-14-Annual-Meetings-IMF-World-Bank-Marrakesh/2023-10-12-ausblick.html>

³⁷¹¹ Minister Nishimura Signs Memorandum of Cooperation on Critical Minerals with the Department for Business and Trade of the United Kingdom, Ministry of Economy, Trade and Industry (Tokyo) 28 October 2023. Access Date: 29 November 2023. https://www.meti.go.jp/english/press/2023/1028_005.html

enhance collaboration between Japan and the UK, focusing on expediting innovation, establishing transparent markets, and engaging in joint investments in global projects. The collaboration aims to build “resilient, transparent and sustainable supply chains.”³⁷¹²

On 1 November 2023, the Governments of Japan and Greece signed the “Convention between Japan and the Hellenic Republic for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance” in Athens.³⁷¹³ This first-ever tax convention between the two countries aimed to eliminate double taxation and preventing tax evasion. The agreement outlines the tax scope for both countries and encourages collaboration between their tax authorities to enhance mutual investments and economic exchanges.

On 10 November 2023, the Ministry of Finance announced changes to its Japanese Government Bond (JGB) offerings plan to adjust for the supplementary budget.³⁷¹⁴ The Ministry projects that new JGB bond offerings, including nearly JPY6.4 billion in “Special Deficit-Financing Bonds,” will generate JPY356 billion in new revenue.³⁷¹⁵

On 13 November 2023, Minister Nishimura attended the ministerial meeting of the Indo-Pacific Economic Framework for Prosperity (IPEF), during which the Minister announced that Japan commits to contributing JPY 1.4 billion to the newly established IPEF Catalytic Capital Fund, aiming to facilitate the shift towards cleaner economies.³⁷¹⁶ This initiative will be supported through the Japan Bank for International Cooperation and Nippon Export and Investment Insurance to further boost investment in the IPEF region through public-private collaboration.

On 28 November 2023, the Financial Services Agency announced the launch of Japan’s Impact Consortium to facilitate interactive communication among stakeholders, including businesses, government bodies, academia, and financial institutions, with the goal of fostering a positive feedback loop that intertwines environmental and social impact with economic and social sustainability.³⁷¹⁷ The initiative seeks to promote impactful business initiatives and advance the adoption of impact investment as a recognized approach and market.

On 30 November 2023, the Bank of Japan announced the relaxation of terms and conditions for the Securities Lending Facility for specific 10-year Japanese Government Bonds.³⁷¹⁸ Effective from 1 December 2023, the measures include an increase in the upper limit on consecutive-day purchases, from 50 to 75 business days, and an expansion of applicable issues for the delivery of the Cheapest-to-Deliver issues. These adjustments aim to ensure market stability by addressing excessive tightening in the supply and demand of Japanese government securities in the repo market.

³⁷¹² Minister Nishimura Signs Memorandum of Cooperation on Critical Minerals with the Department for Business and Trade of the United Kingdom, Ministry of Economy, Trade and Industry (Tokyo) 28 October 2023. Access Date: 29 November 2023. https://www.meti.go.jp/english/press/2023/1028_005.html

³⁷¹³ Tax Convention with Greece was Signed, Ministry of Finance (Tokyo) 1 November 2023. Access Date: 29 November 2023. https://www.mof.go.jp/english/policy/tax_policy/tax_conventions/press_release/20231101_gr.html

³⁷¹⁴ Alteration in the JGB Issuance Plan for FY2023 (supplementary budget), Ministry of Finance (Tokyo) 10 November 2023. Access Date: 15 December 2023. https://www.mof.go.jp/english/policy/jgbs/debt_management/plan/231110.html

³⁷¹⁵ FY2023 JGB Issuance Plan, Ministry of Finance (Tokyo) 10 November 2023. Access Date: 15 December 2023. https://www.mof.go.jp/english/policy/jgbs/debt_management/plan/issuanceplan231110.pdf

³⁷¹⁶ METI Minister Nishimura Attends Ministerial Meeting of the Indo-Pacific Economic Framework for Prosperity (IPEF), Ministry of Economy, Trade and Industry (Tokyo) 17 November 2023. Access Date: 29 November 2023. https://www.meti.go.jp/english/press/2023/1117_001.html

³⁷¹⁷ “Launching Japan’s Impact Consortium” Announced, Financial Services Agency (Tokyo) 22 November 2023. Access Date: 29 November 2023. <https://www.fsa.go.jp/en/news/2023/20231122.html>

³⁷¹⁸ Relaxation of the Terms and Conditions for the Securities Lending Facility for the Cheapest-to-Deliver Issues, Bank of Japan (Tokyo) 30 November 2023. Access Date: 28 February 2024. https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2023/mpr231130d.pdf

On 20 December 2023, Japan, Australia, and Singapore announced the substantial conclusion of negotiations on global digital trade rules involving 13 articles as part of the World Trade Organization Joint Statement Initiative on E-Commerce.³⁷¹⁹ This event establishes rules that promote the flourishing of the digital economy, enhances stability, predictability, and lowers costs for businesses globally.

On 22 December 2023, the Government of Japan has compiled “Sector-specific Investment Strategies” for a ten-year period in prioritized fields, aiming to achieve decarbonization, economic growth, and a stable energy supply through green transformation (GX).³⁷²⁰ These strategies, which cover 16 priority areas including steel, chemicals, and renewable energy, offer clear direction and incentives, such as GX Economy Transition Bonds. This aims to enhance investment predictability and encourage companies to invest in these sectors, thus facilitating a transition to a sustainable, green economy within Japan.

On 23 January 2024, the Bank of Japan announced amendments to the “Principal Terms and Conditions for the Loan Support Program,” extending the validity time periods by one year each.³⁷²¹ This decision, made at the Monetary Policy Meeting, aims to encourage a more active lending stance by financial institutions and stimulate credit demand from both firms and households.

On 20 February 2024, the Ministry of Economy, Trade and Industry issued a Cabinet Order extending the taxable period of anti-dumping duties on Electrolytic Manganese Dioxide from the People’s Republic of China, excluding Hong Kong and Macau.³⁷²² This decision, based on a review initiated in March 2023, is significant for fiscal sustainability and economic growth as it provides continuity in protecting domestic industries from unfair trade practices, ensuring a level playing field, and supporting the competitiveness of Japanese companies in the affected sector.

On 27 February 2024, the Bank of Japan announced the disbursement of loans under the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth.³⁷²³ The disbursement, involving the rollover of loans in US dollars, is significant for fiscal sustainability and economic growth as it provides financial support to institutions, totalling JPY2.8711 trillion outstanding balance, fostering economic stability, and potentially stimulating growth by ensuring liquidity in the financial system.

On 19 March 2024, the Bank of Japan indicated in its update on target-rate inflation efforts that existing monetary easing measures (e.g., the end of negative interest rates) fulfilled their intended purpose and that the target-rate would be achieved towards the end of the projection period found within the January 2024 Outlook Report.³⁷²⁴

³⁷¹⁹ WTO Joint Statement Initiative on E-Commerce: Co-Convenor Statement Released, Ministry of Economy, Trade and Industry (Tokyo) 20 December 2023. Access Date: 28 February 2024. https://www.meti.go.jp/english/press/2023/1220_001.html

³⁷²⁰ “Sector-specific Investment Strategies” Compiled as Effort for Specifying Investment Promotion Measures for the Realization of GX, Ministry of Economy, Trade and Industry (Tokyo) 22 December 2023. Access Date: 28 February 2024. https://www.meti.go.jp/english/press/2023/1222_002.html

³⁷²¹ Amendment to “Principal Terms and Conditions for the Loan Support Program”, Bank of Japan (Tokyo) 23 January 2024. Access Date: 28 February 2024. https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2024/mpr240123a.pdf

³⁷²² Decision to Extend the Taxable Period of Anti-Dumping Duties on Electrolytic Manganese Dioxide Originating in the People’s Republic of China, Ministry of Economy, Trade and Industry (Tokyo) 20 February 2024. Access Date: 28 February 2024. https://www.meti.go.jp/english/press/2024/0220_001.html

³⁷²³ Loan Disbursement under the Fund-Provisioning Measure to Support Strengthening the Foundations for Economic Growth, Bank of Japan (Tokyo) 27 February 2024. Access Date: 28 February 2024. https://www.boj.or.jp/en/mopo/measures/mkt_ope/len_b/mope240227a.pdf

³⁷²⁴ Changes in Monetary Policy Framework (March 2024), Bank of Japan (Tokyo) 19 March 2024. Access Date: 23 April 2024. https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2024/k240319b.pdf

On 10 April 2024, the Ministry of Finance stated the economy has been recovering moderately, supported by factors like pent-up demand, improving corporate profits and rising wages.³⁷²⁵ The Bank of Japan has maintained its accommodative monetary policy, aiming to achieve the two per cent inflation target, while the government has worked to improve fiscal sustainability, with the primary balance expected to turn into a surplus in 2025. However, Japan faces challenges in managing inflation and fiscal risks, and may need to carefully balance its policies to ensure long-term stability and growth.

On 14 April 2024, Minister of Finance Suzuki Shunichi met with Korean Minister of Economy and Finance Choi Sang Mok and United States Secretary of the Treasury Janet Yellen.³⁷²⁶ The Ministers affirmed their commitment to cooperate on sustainable growth, financial stability, and well-functioning markets, while also addressing concerns over currency volatility and working to overcome supply chain vulnerabilities and non-market economic practices. Overall, the statement suggests that Japan is engaged with its partners to foster economic prosperity through collaborative efforts to strengthen their economies and the global economic system.

Japan has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability. Japan has effectively upheld its commitment to a stability- and growth-oriented macroeconomic policy, ensuring medium-term fiscal sustainability and price stability. Notable initiatives include persistent monetary easing measures recommended by the Bank of Japan, collaborative efforts with countries like the United Kingdom, Greece, and Cambodia, and strategic economic dialogues in international forums. Japan's proactive stance is evident in sector-specific investment strategies, emphasizing a ten-year roadmap for green transformation, and the relaxation of terms for the Securities Lending Facility, ensuring market stability. These actions collectively demonstrate Japan's dedication to fostering economic stability, resilience, and sustainable growth.

Thus, Japan receives a score of +1.

Analyst: Lucy Wang

United Kingdom: +1

The United Kingdom has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability.

On 9 June 2023, the Government of the United Kingdom announced the continuation of the Energy Profits Levy, which puts a marginal tax rate of 75 per cent on North Sea oil and gas production.³⁷²⁷ The measure combats oil price instability after the Russian invasion of Ukraine.

On 22 June 2023, the Bank of England announced the increase of bank rates from 4.5 per cent to 5 per cent to help with rising inflation and maintain price stability.³⁷²⁸

On 28 June 2023, Chancellor of the Exchequer Jeremy Hunt agreed a new action plan with regulators to ensure consumers are being treated fairly and help those struggling to make payments with wholesale energy prices

³⁷²⁵ Statement by UEDA Kazuo, Governor of the Bank of Japan, concerning the Bank's Semiannual Statement on Currency and Monetary Control before the Committee on Foreign Affairs, House of Representative, Ministry of Finance, Japan (Tokyo) 10 April 2024. Access Date: 23 April 2024. https://www.boj.or.jp/en/mopo/diet/d_state/dst240410a.htm

³⁷²⁶ Japan-Republic of Korea- United States Trilateral Ministerial Joint Press Statement, Ministry of Finance, Japan (Tokyo) 17 April 2024. Access Date: 23 April 2024. https://www.mof.go.jp/english/policy/international_policy/convention/others/20240417.html

³⁷²⁷ New oil and gas tax changes set to protect energy security and British jobs, His Majesty's Treasury (London) 9 June 2023. Access Date: 5 November 2023. <https://www.gov.uk/government/news/new-oil-and-gas-tax-changes-set-to-protect-energy-security-and-british-jobs>

³⁷²⁸ Bank Rate increased to 5% - June 2023, Bank of England (London) 22 June 2023. Access Date: 5 November 2023. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2023/june-2023>

and other input costs now beginning to fall.³⁷²⁹ The plan included measures to encourage competition and ensure consumer rights among sectors such as housing, banking, and energy.

On 10 July 2023, Chancellor Hunt announced a plan to invest an additional GBP75 billion from defined contribution and local government pensions to promote the efficiency of pension fund investment and increase benefits of pensions received annually by the average earner who saves throughout a career for over GBP1,000.³⁷³⁰

On 11 July 2023, the Department for Environment, Food and Rural Affairs announced new regulations to protect supply contracts and ensure farmers are being paid a fair price for their produce.³⁷³¹ The new regulation will improve efficiency and fair competition in the dairy sector.

On 1 August 2023, the Government of the United Kingdom announced tax cuts for over 38,000 UK pubs and bars.³⁷³² The cut will decrease prices for the average consumer.

On 3 August 2023, the Bank of England announced the increase of bank rates from 5 per cent to 5.25 per cent to help with rising inflation and maintain price stability.³⁷³³

On 2 October 2023, Chancellor Hunt accepted the Low Pay Commission's recommendations to increase the national living wage to two-thirds of average earnings.³⁷³⁴ The national living wage will increase by over GBP1,000 next year to help 2 million low-income individuals.

On 12 October 2023, the United Kingdom participated in the International Monetary Fund and World Bank annual meetings in Marrakech with the G20 Finance Ministers and Central Bank Governors.³⁷³⁵ The dialogues covered the impact of geopolitical events on fiscal policy and furthered collaborative efforts towards maintaining economic resilience amidst various global challenges, including the repercussions of the war in Ukraine on food and energy security.

On 31 October 2023, the Department for Environment, Food and Rural Affairs announced new reviews across the egg supply chain.³⁷³⁶ The review will take data and input from industry stakeholders and supply chain set to promote fairness, transparency and accountability among producers and protect consumers' access to high-welfare British eggs.

³⁷²⁹ Chancellor agrees action plan with regulators to support consumers, His Majesty's Treasury (London) 28 June 2023. Access Date: 3 December 2023. <https://www.gov.uk/government/news/chancellor-agrees-action-plan-with-regulators-to-support-consumers>

³⁷³⁰ Chancellor's Mansion House Reforms to boost typical pension by over £1,000 a year, His Majesty's Treasury (London) 10 July 2023. Access Date: 5 November 2023. <https://www.gov.uk/government/news/chancellors-mansion-house-reforms-to-boost-typical-pension-by-over-1000-a-year>

³⁷³¹ New regulations to promote fairness and transparency for dairy sector, His Majesty's Treasury (London) 11 July 2023. Access Date: 5 November 2023. <https://www.gov.uk/government/news/new-regulations-to-promote-fairness-and-transparency-for-dairy-sector>

³⁷³² Tax cut for 38,000 British pubs, His Majesty's Treasury (London) 1 August 2023. Access Date: 5 November 2023. <https://www.gov.uk/government/news/tax-cut-for-38000-british-pubs>

³⁷³³ Bank Rate increased to 5.25% - August 2023, Bank of England (London) 3 August 2023. Access Date: 5 November 2023. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2023/august-2023>

³⁷³⁴ Chancellor announces major increase to National Living Wage, His Majesty's Treasury (London) 2 October 2023. Access Date: 5 November 2023. <https://www.gov.uk/government/news/chancellor-announces-major-increase-to-national-living-wage>

³⁷³⁵ A look ahead to the IMF and World Bank annual meetings, Federal Ministry of Finance (Berlin) 12 October 2023. Access Date: 1 November 2023. <https://www.bundesfinanzministerium.de/Content/EN/Video/2023/2023-10-12-14-Annual-Meetings-IMF-World-Bank-Marrakesh/2023-10-12-ausblick.html>

³⁷³⁶ Government launches review to increase fairness in the egg supply chain, Department for Environment, Food & Rural Affairs (London) 31 October 2023. Access Date: 3 December 2023. <https://www.gov.uk/government/news/government-launches-review-to-increase-fairness-in-the-egg-supply-chain>

On 7 November 2023, the Department for Work and Pensions paid GBP2.2 billion in cost-of-living payments to low-income families with financial pressures across the country.³⁷³⁷ The package is the second of up to three worth up to GBP900 in 2023/24 for those eligible to relieve families facing the rising cost of living due to inflationary pressures.

On 16 November 2023, Chancellor Hunt announced the New Back to Work Plan to help up to 1,100,000 people to look for and stay in work.³⁷³⁸ The plan will build on GBP7 billion employment package from spring 2023 aiming to support people to regain employment growing the UK economy, managing inflation and controlling spending.

On 20 November 2023, Secretary of State for Health and Social Care Victoria Atkins and Chancellor Hunt announced an agreement to cut cost and improve competition for the National Health Service (NHS).³⁷³⁹ The move to improve access to high technology equipment and new pro-competition mechanisms will save the NHS roughly GBP14 billion for the next 5 years.

On 21 November 2023, Chancellor Hunt announced an increase to the National Living Wage to help full-time and young workers.³⁷⁴⁰ The policy will increase wages for over 10 per cent to help low-pay workers around the country facing inflationary pressures.

On 15 December 2023, the Bank of England announced the sale of gilts including short, medium and long maturity sector bonds in the open market.³⁷⁴¹ In the first quarter of 2024, the bank will sell short maturity sector bonds across four auctions of GBP800 million, medium maturity sector bonds across four auctions of GBP750 million, and long maturity sector bonds across three auctions of GBP650 million.

On 18 December 2023, the Department for Energy Security and Net Zero announced a GBP6 billion allocation to cut energy use and bills.³⁷⁴² The package is a relief measure towards rising energy costs, directed towards families in poorly insulated, low-income or social homes.

On 25 January 2024, His Majesty's Treasury announced a decision to increase public service pension by 6.7 per cent from 8 April 2024.³⁷⁴³ The pension increase is a response to rising price levels throughout last year.

On 31 January 2024, Chancellor Hunt announced a National Insurance cut to boost average workers' paycheques.³⁷⁴⁴ The National Insurance will receive a cut from 12 per cent to 10 per cent, resulting in a yearly

³⁷³⁷ £2.2 billion in Cost of Living Payments paid by DWP over the last eight days, Department for Work and Pensions (London) 7 November 2023. Access Date: 3 December 2023. <https://www.gov.uk/government/news/22-billion-in-cost-of-living-payments-paid-by-dwp-over-the-last-eight-days>

³⁷³⁸ Employment support launched for over a million people, His Majesty's Treasury (London) 16 November 2023. Access Date: 3 December 2023. <https://www.gov.uk/government/news/employment-support-launched-for-over-a-million-people>

³⁷³⁹ Landmark deal to boost nation's health and save NHS £14 billion, Department of Health and Social Care (London) 20 November 2023. Access Date: 3 December 2023. <https://www.gov.uk/government/news/landmark-deal-to-boost-nations-health-and-save-nhs-14-billion>

³⁷⁴⁰ Record wage boost for nearly 3 million workers next year, His Majesty's Treasury (London) 21 November 2023. Access Date: 3 December 2023. <https://www.gov.uk/government/news/record-wage-boost-for-nearly-3-million-workers-next-year>

³⁷⁴¹ Asset Purchase Facility: Gilt Sales – Market Notice 15 December 2023, Bank of England (London) 15 December 2023. Access Date: 25 April 2024. <https://www.bankofengland.co.uk/markets/market-notices/2023/december/apf-gilt-sales-market-notice-15-december-2023>

³⁷⁴² Families, business and industry to get energy efficiency support, Department for Energy Security and Net Zero (London) 18 December 2023. Access Date: 1 March 2024. <https://www.gov.uk/government/news/families-business-and-industry-to-get-energy-efficiency-support>

³⁷⁴³ Public service pensions increase: 2024, His Majesty's Treasury (London) 25 January 2024. Access Date: 1 March 2024. <https://www.gov.uk/government/publications/public-service-pensions-increase-2024>

³⁷⁴⁴ £1,000 National Insurance cut boosts Britain's paychecks, His Majesty's Treasury (London) 31 January 2024. Access Date: 1 March 2024. <https://www.gov.uk/government/news/1000-national-insurance-cut-boosts-britains-paychecks>

benefit of GBP1,000 for a household with two average earners. The cut will alleviate pressures from rising prices for average workers in the United Kingdom.

On 1 February 2024, the Bank of England announced to keep bank rates at 5.25 per cent to help maintain price stability despite the falling inflation rate in the past few months.³⁷⁴⁵

On 2 March 2024, Chancellor Hunt announced a pension fund reform to boost returns for savers.³⁷⁴⁶ The reform will increase the efficiency and transparency of pension funds, ensuring the average workers and savers receive better savings returns.

On 2 March 2024, Chancellor Hunt announced a new plan for public sector productivity which will deliver up to GBP1.8 billion worth of benefits by 2029.³⁷⁴⁷ His plans include actions such as the reduction of administrative hours to improve government efficiency through digitalization.

On 14 March 2024, His Majesty's Treasury announced a new bill published to cut tax for working families and boost the creative sector.³⁷⁴⁸ The bill will raise the income threshold from GBP50,000 to GBP60,000 for government benefits to deliver support and relief to more working families.

On 22 March 2024, the Bank of England announced the continuation of gilt sales including short, medium and long maturity sector bonds in the open market.³⁷⁴⁹ In the second quarter of 2024, the bank will sell short maturity sector bonds across four auctions of GBP800 million, medium maturity sector bonds across four auctions of GBP750 million, and long maturity sector bonds across three auctions of GBP600 million.

On 11 April 2024, Chief Executive of the Prudential Regulation Authority Sam Woods announced the 2024/25 business plan to regulate the financial sector.³⁷⁵⁰ The plan set out to introduce more regulations, conduct stress testing and support competitive markets to build a resilient banking and insurance sector for the economy.

On 29 April 2024, His Majesty's Treasury announced that millions of workers in the UK would receive tax cuts due to the Spring Budget's one-third reduction in National Insurance Contributions.³⁷⁵¹

On 8 May 2024, the Bank of England's Monetary Policy Committee voted to maintain Bank Rate at 5.25 per cent.³⁷⁵²

United Kingdom has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability. United Kingdom enacted fiscal policies including tax cuts, targeted relief and investments to protect fiscal sustainability. The Bank of England also enacted monetary policies such as increasing bank rates to maintain price stability.

³⁷⁴⁵ Bank rate maintained at 5.25% - February 2024, Bank of England (London) 1 February 2024. Access Date: 1 March 2024. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2024/february-2024>

³⁷⁴⁶ Chancellor backs British business with pension fund reforms, His Majesty's Treasury (London) 2 March 2024. Access Date: 2 March 2024. <https://www.gov.uk/government/news/chancellor-backs-british-business-with-pension-fund-reforms>

³⁷⁴⁷ £1.8 billion benefits through public sector productivity drive, His Majesty's Treasury (London) 2 March 2024. Access Date: 25 April 2024. <https://www.gov.uk/government/news/18-billion-benefits-through-public-sector-productivity-drive>

³⁷⁴⁸ Spring Finance Bill published to cut tax for working families, His Majesty's Treasury (London) 14 March 2024. Access Date: 25 April 2024. <https://www.gov.uk/government/news/spring-finance-bill-published-to-cut-tax-for-working-families>

³⁷⁴⁹ Asset Purchase Facility: Gilt Sales – Market Notice 22 March 2024, Bank of England (London) 22 March 2024. Access Date: 25 April 2024. <https://www.bankofengland.co.uk/markets/market-notice/2024/march/apf-gilt-sales-market-notice-22-march-2024>

³⁷⁵⁰ Prudential Regulation Authority Business Plan 2024/25, Bank of England (London) 11 April 2024. Access Date: 25 April 2024. <https://www.bankofengland.co.uk/prudential-regulation/publication/2024/april/pru-business-plan-2024-25>

³⁷⁵¹ Cash injection for millions as National Insurance cut hits payslips, His Majesty's Treasury (London) 29 April 2024. Access Date: 12 May 2024. <https://www.gov.uk/government/news/cash-injection-for-millions-as-national-insurance-cut-hits-payslips>

³⁷⁵² Monetary Policy Summary, May 2024, Bank of England (London) 9 May 2024. Access Date: 12 May 2024. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2024/may-2024>

Thus, the United Kingdom receives a score of +1.

Analyst: Zeyang Xie

United States: +1

The United States has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability.

On 3 June 2023, President Joe Biden signed the Fiscal Responsibility Act of 2023 into law.³⁷⁵³ While the act raised the cap for the US government’s borrowing limit to avert a first-ever US default, it aimed at reducing federal spending by USD1.5 trillion over the 2023–2033 period and would help decline the public debt by USD188 billion.³⁷⁵⁴

On 19 July 2023, the Biden Administration and the White House Competition Council announced several new initiatives “to lower food, rental housing, and other costs and updated guidance regarding enforcement of antitrust laws.”³⁷⁵⁵ Specifically, the Department of Agriculture cooperated with bipartisan state attorneys general to combat anticompetitive practices such as price-gouging in food and agricultural markets, lower food costs, and also give farmers more voice. To reduce rental costs, the Competition Council addressed rental housing junk fees, such as rental application fees that exceed the actual cost of doing a credit check, and required transparent fees for prospective renters. Moreover, new Merger Guidelines were released for public comment, seeking to “give the public, businesses, workers, and consumers clarity about how law enforcement agencies evaluate mergers under the antitrust laws.”³⁷⁵⁶

On 26 July 2023, the Federal Open Market Committee announced that it would raise the target range for the federal funds rate by 0.25 percentage points, bringing the target range from 5.25 to 5.5 percent to tackle high inflation in the United States.³⁷⁵⁷ Chair Jerome Powell reinforced the Committee’s commitment of bringing inflation back down to the 2 percent goal through restrictive monetary policies during the conference.

On 10 August 2023, the Department of the Treasury and Internal Revenue Service issued final rules and guidance for the Low-Income Communities Bonus Credit program, targeting low-income individuals, and announced that the application process would open in the fall.³⁷⁵⁸ The specific objectives of this program are to “increase clean energy facilities in low-income communities, encourage new market participants, and benefit

³⁷⁵³ Biden Signs Debt Ceiling Deal into Law, Averting Historic Default, CNN 3 June 2023. Access Date: 4 November 2023. <https://www.cnn.com/2023/06/03/politics/biden-signs-debt-ceiling-deal/index.html>

³⁷⁵⁴ Congress Passes Debt-Limit Bill, Congressman Gregorio Kilili Camacho Sablan (Washington D.C.) 5 June 2023. Access Date: 27 November 2023. <https://sablan.house.gov/media-center/e-kilili-newsletter/congress-passes-debt-limit-bill>

³⁷⁵⁵ FACT SHEET: White House Competition Council Announces New Actions to Lower Costs and Marks Second Anniversary of President Biden’s Executive Order on Competition, The White House (Washington D.C.) 19 July 2023. Access Date: 4 November 2023. <https://www.whitehouse.gov/briefing-room/statements-releases/2023/07/19/fact-sheet-white-house-competition-council-announces-new-actions-to-lower-costs-and-marks-second-anniversary-of-president-bidens-executive-order-on-competition/>

³⁷⁵⁶ FACT SHEET: White House Competition Council Announces New Actions to Lower Costs and Marks Second Anniversary of President Biden’s Executive Order on Competition, The White House (Washington D.C.) 19 July 2023. Access Date: 4 November 2023. <https://www.whitehouse.gov/briefing-room/statements-releases/2023/07/19/fact-sheet-white-house-competition-council-announces-new-actions-to-lower-costs-and-marks-second-anniversary-of-president-bidens-executive-order-on-competition/>

³⁷⁵⁷ July 25–26, 2023 FOMC Meeting, Federal Reserve Board (Washington D.C.) 26 July 2023. Access Date: 3 November 2023. <https://www.federalreserve.gov/monetarypolicy/fomcpresconf20230726.htm>

³⁷⁵⁸ U.S. Department of the Treasury, IRS Release Final Rules and Guidance on Investing in America Program to Spur Clean Energy Investments in Underserved Communities, U.S. Department of the Treasury (Washington D.C.) 10 August 2023. Access Date: 4 November 2023. <https://home.treasury.gov/news/press-releases/jy1688>

individuals and communities that have experienced adverse health or environmental effects or lacked economic opportunities,” which are targeted relief measures and enforcements of market competition.³⁷⁵⁹

On 18 August 2023, President Biden, Japanese Prime Minister Fumio Kishida, and Korean President Suk Yeol Yoon, released the “Camp David Principles” as part of the Japan-US-Korea Joint Leaders’ Statement.³⁷⁶⁰ The leaders agreed to promote cooperation in critical and emerging technologies and supply chain resilience for economic security and fiscal sustainability and to strengthen their trilateral cooperation “in a continuous and stable manner.”

On 21 September 2023, Secretary of the Treasury Janet Yellen met with Canadian Deputy Prime Minister and Minister of Finance Chrystia Freeland.³⁷⁶¹ Secretary Yellen and Minister Freeland discussed their countries’ individual and collective role in addressing global macroeconomic challenges. Further, Secretary Yellen discussed the Inflation Reduction Act of 2022 as an example of a domestic policy conducive to national economic priorities.

On 12 October 2023, the United States participated in the International Monetary Fund and World Bank annual meetings in Marrakech with the G20 Finance Ministers and Central Bank Governors.³⁷⁶² The dialogues covered the impact of geopolitical events on fiscal policy and furthered collaborative efforts towards maintaining economic resilience amidst various global challenges, including the repercussions of the war in Ukraine on food and energy security.

On 31 October 2023, President Biden announced over USD5 billion of investments from his Investing in America agenda, including the Bipartisan Infrastructure Law and the Inflation Reduction Act.³⁷⁶³ The goal was to advance economic growth, rural prosperity, competition and sustainability.

On 1 November 2023, the Federal Open Market Committee announced that it would “continue the process of significantly reducing our securities holdings” although it would “maintain the target range for the federal funds rate at 5.25 to 5.5 percent.”³⁷⁶⁴ The committee also claimed to keep increasing longer-term yields (discount rates) to bring down inflation to 2 per cent over time.

On 3 November 2023, President Biden hosted the inaugural Americas Partnership for Economic Prosperity Leaders’ Summit aiming at bolstering regional competitiveness, mobilizing high-standard investment, and driving economic recovery and growth.³⁷⁶⁵ He announced several initiatives, including the launch of a new investment platform to “channel billions of dollars toward building sustainable infrastructure in the hemisphere

³⁷⁵⁹ U.S. Department of the Treasury, IRS Release Final Rules and Guidance on Investing in America Program to Spur Clean Energy Investments in Underserved Communities, U.S. Department of the Treasury (Washington D.C.) 10 August 2023. Access Date: 4 November 2023. <https://home.treasury.gov/news/press-releases/jy1688>

³⁷⁶⁰ Camp David Principles: A New Compass for Japan-U.S.-ROK Cooperation, Government of Japan (Tokyo) 20 October 2023. Access Date: 31 October 2023. https://www.japan.go.jp/kizuna/2023/10/camp_david_principles.html

³⁷⁶¹ Deputy Prime Minister meets with U.S Treasury Secretary Janet Yellen in New York, Department of Finance Canada (Ottawa) 21 September 2023. Access Date: 10 December 2023. <https://www.canada.ca/en/department-finance/news/2023/09/deputy-prime-minister-meets-with-us-treasury-secretary-janet-yellen-in-new-york.html>

³⁷⁶² A look ahead to the IMF and World Bank annual meetings, Federal Ministry of Finance (Berlin) 12 October 2023. Access Date: 1 November 2023. <https://www.bundesfinanzministerium.de/Content/EN/Video/2023/2023-10-12-14-Annual-Meetings-IMF-World-Bank-Marrakesh/2023-10-12-ausblick.html>

³⁷⁶³ FACT SHEET: President Biden Announces Over \$5 Billion to Support Rural Communities During Investing in Rural America Event Series, The White House (Washington D.C.) 31 October 2023. Access Date: 3 November 2023. <https://www.whitehouse.gov/briefing-room/statements-releases/2023/10/31/fact-sheet-president-biden-announces-over-5-billion-to-support-rural-communities-during-investing-in-rural-america-event-series/>

³⁷⁶⁴ October 31-November 1, 2023 FOMC Meeting, Federal Reserve Board (Washington D.C.) 1 November 2023. Access Date: 5 November 2023. <https://www.federalreserve.gov/monetarypolicy/fomcpresconf20231101.htm>

³⁷⁶⁵ Remarks by President Biden Before the Americas Partnership for Economic Prosperity Leaders’ Summit, the White House (Washington D.C.) 3 November 2023. Access Date: 4 November 2023. <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/11/03/remarks-by-president-biden-before-the-americas-partnership-for-economic-prosperity-leaders-summit/>

and strengthening critical supply chains.³⁷⁶⁶ The objective to increase targeted investment to strengthen key supply chains is a fiscal measure that helps improve price stability.

On 3 November 2023, Secretary Yellen hosted a discussion with leaders from Americas Partnership for Economic Prosperity countries.³⁷⁶⁷ The goals include increasing economic productivity, supporting efforts to integrate the region's supply chains, and fostering private investments.

On 31 January 2024, the Federal Open Market Committee claimed that it would keep the target range for the federal funds at 5.25 to 5.5 percent to ensure that inflation progresses steadily toward the two percent target rate.³⁷⁶⁸ Additionally, the committee implemented restrictive monetary policies such as reducing its Treasury securities, agency mortgage-backed securities and agency debt holdings, all in alignment to achieve the desired inflation level.

On 31 January 2024, the Department of the Treasury announced launching Phase Three of the implementation of the Inflation Reduction Act's Clean Energy Provisions, which was intended to spur job creation.³⁷⁶⁹ Building on its private investments in clean energy generation and manufacturing, the Treasury planned to provide stability for the market, incorporate feedback and finalize proposed rules on key Inflation Reduction Act provisions.

On 7 March 2024, President Biden delivered the State of the Union Address, during which he addressed his Administration's commitment and determination to lower healthcare costs and increase prescription drug affordability.³⁷⁷⁰ The Administration's strategies include enacting USD800 of tax credits per person annually to alleviate healthcare expenses, launching the White House Initiative on Women's Health Research and cracking down on corporate collusion in pricing across various sectors, from food to healthcare to housing.

On 12 March 2024, President Biden announced the budget for fiscal year 2025, aiming to lower the deficit by USD3 trillion in the next 10 years.³⁷⁷¹ The President's Budget would also institute targeted relief by lowering drug prices, reducing energy cost, reducing rent and housing cost and cutting taxes for workers and families with children.

On 14 April 2024, Secretary Yellen met with Japanese Minister of Finance Suzuki Shunichi and Korean Minister of Economy and Finance Choi Sang Mok.³⁷⁷² The Ministers affirmed their commitment to cooperate on sustainable growth, financial stability, and well-functioning markets, while also addressing concerns over currency volatility and working to overcome supply chain vulnerabilities and non-market economic practices.

³⁷⁶⁶ Remarks by President Biden Before the Americas Partnership for Economic Prosperity Leaders' Summit, the White House (Washington D.C.) 3 November 2023. Access Date: 4 November 2023. <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/11/03/remarks-by-president-biden-before-the-americas-partnership-for-economic-prosperity-leaders-summit/>

³⁷⁶⁷ READOUT: Secretary of the Treasury Janet L. Yellen Hosts Americas Partnership for Economic Prosperity Leaders, U.S. Department of the Treasury (Washington D.C.) 3 November 2023. Access Date: 4 November 2023. <https://home.treasury.gov/news/press-releases/jy1881>

³⁷⁶⁸ January 30-31, 2024 FOMC Meeting, Federal Reserve Board (Washington D.C.) 31 January 2024. Access Date: 8 March 2024. <https://www.federalreserve.gov/newsevents/pressreleases/monetary20240131a.htm>

³⁷⁶⁹ U.S. Department of the Treasury, Remarks by Assistant Secretary for Tax Policy Lily Batchelder on Phase Three of Implementation of the Inflation Reduction Act's Clean Energy Provisions, U.S. Department of the Treasury (Washington D.C.) 31 January 2024. Access Date: 9 March 2024. <https://home.treasury.gov/news/press-releases/jy2070>

³⁷⁷⁰ President Biden's State of the Union Address, the White House (Washington D.C.) 7 March 2024. Access Date: 9 March 2024. <https://www.whitehouse.gov/state-of-the-union-2024/>

³⁷⁷¹ FACT SHEET: The President's Budget for Fiscal Year 2025, The White House (Washington D.C.) 11 March 2024. Access Date: 22 April 2024. <https://www.whitehouse.gov/omb/briefing-room/2024/03/11/fact-sheet-the-presidents-budget-for-fiscal-year-2025/>

³⁷⁷² Japan-Republic of Korea- United States Trilateral Ministerial Joint Press Statement, Ministry of Finance, Japan (Tokyo) 17 April 2024. Access Date: 23 April 2024. https://www.mof.go.jp/english/policy/international_policy/convention/others/20240417.html

Overall, the statement suggests that Japan is engaged with its partners to foster economic prosperity through collaborative efforts to strengthen their economies and the global economic system.

On 15 April 2024, President Biden and his Administration revealed a tax reform plan.³⁷⁷³ The plan emphasizes cutting taxes for families and workers, introducing a corporate minimum tax and increasing investment in the Internal Revenue Service to protect tax revenues.

On 1 May 2024, the Biden administration approved USD6.1 billion in student debt forgiveness for 317,000 borrowers who attended the Art Institutes.³⁷⁷⁴

The United States has fully complied with its commitment to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability. The fiscal policies that the US undertook helped strengthen supply chains, reduce government spending, enforce antitrust or competition law, bring down food and energy prices, increase targeted investments, and provide relief measures to low-income communities. The US has also set several monetary policies to reduce the policy interest rate, sell government securities, and raise the discount rates, which all contributed to bringing down inflation.

Thus, the United States receives a score of +1.

Analyst: Sonia Siming Tao

European Union: +1

The European Union has fully complied with the commitment to strive for strong, sustainable, balanced and inclusive growth, and being committed to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability.

On 24 May 2023, the European Commission released macroeconomic policy guidance for member states under the European Semester.³⁷⁷⁵ The Commission recommended that member states “ensure a prudent fiscal policy” through limiting increases in state expenditures for 2024, and that member states wind down energy support programs or transform such programs into targeted initiatives for vulnerable entities.³⁷⁷⁶

On 5 June 2023, President of the European Central Bank (ECB) Christine Lagarde spoke at the Hearing Committee on Economic and Monetary Affairs of the European Parliament.³⁷⁷⁷ Lagarde reaffirmed the European Central Bank’s commitment to price stability and underscored the benefits including medium-term economic growth and lower unemployment, which reduces inequality in the long run as consequence.

³⁷⁷³ FACT SHEET: This Tax Day, the Tax Contrast Couldn’t Be Clearer, The White House (Washington D.C.) 15 April 2024. Access Date: 23 April 2024. <https://www.whitehouse.gov/briefing-room/statements-releases/2024/04/15/fact-sheet-this-tax-day-the-tax-contrast-couldnt-be-clearer/>

³⁷⁷⁴ Statement from President Joe Biden on \$6.1 Billion in Student Debt Cancellation for 317,000 Borrowers who Attended the Art Institutes, The White House (Washington D.C.) 1 May 2024. Access Date: 12 May 2024. <https://www.whitehouse.gov/briefing-room/statements-releases/2024/05/01/statement-from-president-joe-biden-on-6-1-billion-in-student-debt-cancellation-for-317000-borrowers-who-attended-the-art-institutes/>

³⁷⁷⁵ Policy guidance under the European Semester: Sustaining reforms and investments to secure the EU's long-term prosperity, competitiveness, fairness and resilience, European Commission (Brussels) 24 May 2023. Access Date: 13 December 2023. https://ec.europa.eu/commission/presscorner/detail/en/ip_23_2872

³⁷⁷⁶ Policy guidance under the European Semester: Sustaining reforms and investments to secure the EU's long-term prosperity, competitiveness, fairness and resilience, European Commission (Brussels) 24 May 2023. Access Date: 13 December 2023. https://ec.europa.eu/commission/presscorner/detail/en/ip_23_2872

³⁷⁷⁷ Hearing of the Committee on Economic and Monetary Affairs of the European Parliament, European Central Bank (Brussels) 5 June 2023. Access Date: 29 October 2023. <https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230605~0aadd43ce7.en.html>

On 15 June 2023, the Governing Council of the ECB decided to raise the three key ECB interest rates by 25 basis points.³⁷⁷⁸ Consequently, the ECB main refinancing rate, marginal lending rate and deposit rate rose to four per cent, 4.25 per cent and 3.5 per cent respectively. The Council expects that the rate increases will help return inflation indicators to their two per cent medium-term target promptly. Particularly, ECB staff project that interest rate increases will contribute to a euro area average inflation rate of 5.1 per cent in 2023, projected to decline to three per cent in 2024 and 2.3 per cent in 2025.

On 27 July 2023, the Governing Council of the ECB decided to raise the three key ECB interest rates by 25 basis points.³⁷⁷⁹ Consequently, the ECB main refinancing rate, marginal lending rate and deposit rate rose to 4.25 per cent, 4.5 per cent and 3.75 per cent respectively. The Governing Council expects this rate increase will help the central bank more effectively deliver on its price stability mandate, moving towards a medium-term target of a two per cent inflation rate by 2025.

On 14 September 2023, the Governing Council of the ECB decided to raise the three key ECB interest rates by 25 basis points.³⁷⁸⁰ Consequently, the ECB main refinancing rate, marginal lending rate and deposit rate rose to 4.5 per cent, 4.75 per cent and four per cent respectively. The Council notes that the preceding rate increases have “tightened” financing conditions and “are increasingly dampening demand,” creating an economic situation conducive to the bank’s revised projection that euro area inflation reduce to 2.1 per cent by 2025.

On 20 September 2023, ECB Executive Board Member Fabio Panetta iterated the importance of a balanced fiscal position, which will be achieved through consistent price stability and supportive growth.³⁷⁸¹ He also explained the positive correlation between price stability and fiscal sustainability, and their importance for sustained medium and long-term economic growth within the bloc.

On 29 September 2023, President Lagarde conducted a speech at the joint High-Level International Conference with the International Energy Agency and the European Investment Bank on “Ensuring an orderly energy transition: Europe’s competitiveness and financial stability in a period of global energy transformation” and highlighted the most important EU contribution being price stability.³⁷⁸² President Lagarde further stated that price stability is crucial as it provides firms with long-term visibility and even more for green investment, supporting medium and long-term growth.

On 12 October 2023, the European Union participated in the International Monetary Fund and World Bank annual meetings in Marrakech with the G20 Finance Ministers and Central Bank Governors.³⁷⁸³ The dialogues covered the impact of geopolitical events on fiscal policy and furthered collaborative efforts towards maintaining economic resilience amidst various global challenges, including the repercussions of the war in Ukraine on food and energy security.

³⁷⁷⁸ Monetary policy decisions, European Central Bank (Brussels) 15 June 2023. Access Date: 30 November 2023. <https://www.ecb.europa.eu/press/pr/date/2023/html/ecb.mp230615~d34cddb4c6.en.html>

³⁷⁷⁹ Monetary policy decisions, European Central Bank (Brussels) 27 July 2023. Access Date: 30 November 2023. <https://www.ecb.europa.eu/press/pr/date/2023/html/ecb.mp230727~da80cfcf24.en.html>

³⁷⁸⁰ Monetary policy decisions, European Central Bank (Brussels) 14 September 2023. Access Date: 30 November 2023. <https://www.ecb.europa.eu/press/pr/date/2023/html/ecb.mp230914~aab39f8c21.en.html>

³⁷⁸¹ Investing in tomorrow: Future-proofing fiscal policies and governance in Europe, European Central Bank (Brussels) 20 September 2023. Access Date: 29 October 2023. <https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230920~c21e96e03f.en.html>

³⁷⁸² Opening remarks by Christine Lagarde, President of the ECB, at the joint IEA-ECB-EIB High-Level International Conference on “Ensuring an orderly energy transition: Europe’s competitiveness and financial stability in a period of global energy transformation”, European Central Bank (Paris) 29 September 2023. Access Date: 29 October 2023. <https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp230929~9cd14eddfc.en.html>

³⁷⁸³ A look ahead to the IMF and World Bank annual meetings, Federal Ministry of Finance (Berlin) 12 October 2023. Access Date: 1 November 2023. <https://www.bundesfinanzministerium.de/Content/EN/Video/2023/2023-10-12-14-Annual-Meetings-IMF-World-Bank-Marrakesh/2023-10-12-ausblick.html>

On 26 October 2023, the Governing Council of the ECB decided to maintain the three key ECB interest rates.³⁷⁸⁴ The Governing Council considers that the key ECB interest rates are at levels that, maintained for a sufficiently long duration, will make a substantial contribution to achieve the goal of a 2 per cent inflation rate.

On 9 November 2023, the European Parliament amended the “Own Resources Decision” to establish three new revenue streams for the EU.³⁷⁸⁵ The new revenue streams, drawn from carbon market initiatives and corporate profits, enable the EU to pay down debts incurred via its Covid-19 recovery plan while not increasing the EU’s reliance on financial contributions from individual member states.

On 21 November 2023, the European Commission released macroeconomic policy guidance for member states under the European Semester.³⁷⁸⁶ The Commission reiterated its call for member states to coordinate in adopting sustainable levels of public spending to promote fiscal sustainability and non-inflationary growth, as well as their call for member states to either expire or target spending on energy support measures. Further, the Commission called upon member states to “monitor risks related to tightening financial conditions” and to continue efforts towards a single European banking union.³⁷⁸⁷

On 22 November 2023, ECB Executive Board Member Frank Elderson spoke in Berlin about monetary policy in relation to climate change, specifically highlighting the bank’s primary objective of maintaining price stability.³⁷⁸⁸ Moreover, Elderson noted that “a culture of stability can only be preserved if climate and nature are stable,” emphasizing a link between climate action and the ideal of a stable economy.

On 13 December 2023, the European Parliament released a document outlining the European Union’s progress in implementing the Stability and Growth Pact.³⁷⁸⁹ This regularly updated document provides a rubric to measure the European Union’s progress on the fiscal framework adopted.

On 18 December 2023, the European Central Bank and the European Systemic Risk Board agreed upon a joint report which was published and specifically highlights the important role played by banks and insurance firms to reduce climate-related financial stability risks.³⁷⁹⁰ Thus, through the stability indicators used, via a surveillance framework and accompanying, greater economic stability and sustainable growth can be induced.

On 21 December 2023, the Council of the EU agreed on the EU’s economic governance framework reform.³⁷⁹¹ Specifically, this has the objective of reducing debt ratios and deficits in a sustainable manner while protecting reforms and investment in strategic and newly developing areas such as digital, and green.

³⁷⁸⁴ Monetary policy decisions, European Central Bank (Brussels) 26 October 2023. Access Date: 30 November 2023. <https://www.ecb.europa.eu/press/pr/date/2023/html/ecb.mp231026~6028cea576.en.html>

³⁷⁸⁵ MEPs clear way for new EU revenue, call on EU countries to swiftly follow suit, European Parliament (Strasbourg) 9 November 2023. Access Date: 14 December 2023. <https://www.europarl.europa.eu/news/en/press-room/20231106IPR09027/meps-clear-way-for-new-eu-revenue-call-on-eu-countries-to-swiftly-follow-suit>

³⁷⁸⁶ Questions and answers on the 2024 European Semester Autumn Package, European Commission (Brussels) 21 November 2023. Access Date: 13 December 2023. https://ec.europa.eu/commission/presscorner/detail/en/qanda_23_5872

³⁷⁸⁷ Questions and answers on the 2024 European Semester Autumn Package, European Commission (Brussels) 21 November 2023. Access Date: 13 December 2023. https://ec.europa.eu/commission/presscorner/detail/en/qanda_23_5872

³⁷⁸⁸ Monetary policy in the climate and nature crises: preserving a “Stabilitätsskultur”, European Central Bank (Berlin) 22 November 2023. Access Date: 27 February 2024. <https://www.ecb.europa.eu/press/key/date/2023/html/ecb.sp231122~e12db02da3.en.html>

³⁷⁸⁹ Implementation of the Stability and Growth Pact under exceptional times, European Parliament (Brussels) 13 December 2023. Access Date: 27 February 2024. [https://www.europarl.europa.eu/thinktank/en/document/IPOL_IDA\(2022\)699543](https://www.europarl.europa.eu/thinktank/en/document/IPOL_IDA(2022)699543)

³⁷⁹⁰ Banks and insurance have key role to play in reducing climate-related financial stability risks, joint ECB/ESRB report finds, European Central Bank (Brussels) 18 December 2023. Access Date: 27 February 2024. https://www.ecb.europa.eu/press/pr/date/2023/html/ecb.pr231218_1~6b3bea9532.en.html

³⁷⁹¹ Economic governance review: Council agrees on reform of fiscal rules, Council of the European Union (Brussels) 21 December 2023. Access Date: 27 February 2024. <https://www.consilium.europa.eu/en/press/press-releases/2023/12/21/economic-governance-review-council-agrees-on-reform-of-fiscal-rules/>

On 1 January 2024, the joint declaration signed in May 2023 by the EU and Moldova came into force; the joint declaration aims to progressively lower prices for mobile calls and data for either set of citizens travelling across borders.³⁷⁹² This agreement will enhance the insurance of price stability and economic growth in more sectors as a result of the positive spillover effects associated with such policy.

On 10 February 2024, the Council of the EU reached a provisional agreement on the proposed reform of the economic governance framework.³⁷⁹³ This specifically has the objective of providing secure and sustainable public finances, whilst still being able to uphold the promotion of inclusive growth in all EU member states through economic reforms and investment. Furthermore, the agreed upon reform has two safeguards which must be complied with, namely the debt sustainability safeguard and the deficit resilience safeguard.

On 15 February 2024, the European Commission's AggregateEU launched, which is a tender to ensure stability and predictability economically.³⁷⁹⁴ This specifically aims to attract international investment flows for European energy users, thus creating a more stable economic environment for consumers and producers.

On 21 February 2024, the European Union released a publication on creating more cohesive, competitive and inclusive growth.³⁷⁹⁵ Their main objective involves the promotion of progress, by advancing economic, social and territorial development within the European Union, specifically by funneling investments into regions with certain vulnerabilities and disparities.

On 11 April 2024, the European Central Bank decided to reaffirm its maintenance of its interest rates given its medium-term projections for inflation.³⁷⁹⁶ The two percent inflation target aims to “preserve the smooth functioning of monetary policy transmission” and counter “unwarranted, disorderly market dynamics”. This will help the EU maintain its goal of price stability and sustainable growth in the medium-term.

On 17 April 2024, the European Parliament proposed amendments to the European Council concerning the Regulation on ‘speeding up and clarifying the implementation of the excessive deficit procedure.’³⁷⁹⁷ More specifically, it calls upon the economic governance framework of the Union to “promote sound and sustainable public finances and sustainable and inclusive growth” whilst ensuring multilateral surveillance and respecting the principle of equal treatment. Additionally, the amendments requests to strengthen the “fiscal surveillance and enforcement procedures to deliver on the commitment” hence allowing for “budgetary discipline and debt sustainability.”

The European Union has fully complied with the commitment to strive for strong, sustainable, balanced and inclusive growth, and being committed to a stability- and growth-oriented macroeconomic policy mix that supports medium-term fiscal sustainability and price stability. The consistent promotion of non-inflationary medium- and long-term growth through interest rate increases demonstrates the EU's commitment to stable

³⁷⁹² Telecom operators in EU and Republic of Moldova agree on lowering roaming tariffs from 1 January 2024, European Commission (Brussels) 1 January 2024. Access Date: 27 February 2024. <https://digital-strategy.ec.europa.eu/en/news/telecom-operators-eu-and-republic-moldova-agree-lowering-roaming-tariffs-1-january-2024>

³⁷⁹³ Economic governance review: Council and Parliament strike deal on reform of fiscal rules, Council of the European Union (Brussels) 21 February 2024. Access Date: 27 February 2024. <https://www.consilium.europa.eu/en/press/press-releases/2024/02/10/economic-governance-review-council-and-parliament-strike-deal-on-reform-of-fiscal-rules/>

³⁷⁹⁴ AggregateEU launches first mid-term tender to ensure stability and predictability of energy supplies, Directorate-General for Energy (Brussels) 15 February 2024. Access Date: 27 February 2024. https://energy.ec.europa.eu/news/aggregateeu-launches-first-mid-term-tender-ensure-stability-and-predictability-energy-supplies-2024-02-15_en

³⁷⁹⁵ Cohesion for a competitive and inclusive Europe: report of the High-Level Group on the Future of Cohesion Policy, February 2024, European Commission (Brussels) 21 February 2024. Access Date: 27 February 2024. <https://op.europa.eu/en/publication-detail/-/publication/c6e97287-cee3-11ee-b9d9-01aa75ed71a1/language-en>

³⁷⁹⁶ Monetary Policy Decisions, European Central Bank (Brussels) 11 April 2024. Access Date: 18 April 2024. <https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.mp240411~1345644915.en.html>

³⁷⁹⁷ Amendments by the European Parliament to the Commission Proposal amending Regulation (EC) No 1467/97 on speeding up and clarifying the implementation of the excessive deficit procedure, European Parliament (Brussels) 17 April 2024. Access Date: 18 April 2024. https://www.europarl.europa.eu/doceo/document/A-9-2023-0444-AM-002-002_EN.pdf

economic recovery, especially after both the pandemic and Ukraine War which have destabilized the global financial realm. Additionally, ECB officials link fiscal sustainability and price stability in addresses and press releases, demonstrating a commitment to maintaining prudent deficit management and reduction strategies. In sum, the European Union has demonstrated strong action on price stability, and weak action on fiscal sustainability.

Thus, the European Union receives a score of +1.

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