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2024 G7 Apulia Summit Final Compliance Report

15 June 2024 to 15 May 2025

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“We have meanwhile set up a process and there are also independent institutions monitoring which objectives of our G7 meetings we actually achieve. When it comes to these goals we have a compliance rate of about 80%, according to the University of Toronto. Germany, with its 87%, comes off pretty well. That means that next year too, under the Japanese G7 presidency, we are going to check where we stand in comparison to what we have discussed with each other now. So a lot of what we have resolved to do here together is something that we are going to have to work very hard at over the next few months. But I think that it has become apparent that we, as the G7, want to assume responsibility far beyond the prosperity in our own countries. That’s why today’s outreach meetings, that is the meetings with our guests, were also of great importance.”

Chancellor Angela Merkel, Schloss Elmau, 8 June 2015

G7 summits are a moment for people to judge whether aspirational intent is met by concrete commitments. The G7 Research Group provides a report card on the implementation of G7 and G20 commitments. It is a good moment for the public to interact with leaders and say, you took a leadership position on these issues — a year later, or three years later, what have you accomplished?

Achim Steiner, Administrator, United Nations Development Programme,
in G7 Canada: The 2018 Charlevoix Summit

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15. Macroeconomics: Price and Financial Stability

“[Our policy efforts will continue to focus on promoting] ... ensuring price and financial stability.”

Apulia 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		0	
European Union			+1
Average	+0.88 (94%)		

Background

Since its inception, G7 leaders placed macroeconomics and stability at the centre of many discussions and declarations. The first declaration, issued following the inaugural Rambouillet Summit, contained 15 points. Of the 15 each mentioned economic priorities, seven directly mentioned price and/or fiscal stability, and a further four addressed facets of the issue. At the time, leaders sought to address persistent inflationary pressures by exploring various avenues for innovation, energy, and supply chain stability.³⁴¹³ Despite decades of change, crises, and upheaval, several issues outlined in the declaration remain prevalent today, including inflationary pressures and economic stability. Recent years saw higher than expected inflation rates amid supply-chain shocks and extraordinary fiscal stimulus during the Covid-19 Pandemic. At the 2024 Apulia Summit, members reaffirmed their commitment to ensuring price and financial stability.

At the 1976 San Juan Summit, G7 leaders recognized the need to avoid international payments imbalances as a means for achieving domestic economic stability.³⁴¹⁴ Leaders reaffirmed a commitment promote a stable system of exchange rates. Furthermore, leaders committed to cooperation on a transition to economic growth with low inflation and unemployment.

At the 1977 London Summit, G7 leaders committed to inflation stabilization policies and further rectification of international payment imbalances.³⁴¹⁵ Additionally, leaders committed to further support for the International Monetary Fund (IMF) linking lending to stabilization policies.

At the 1978 Bonn Summit, G7 leaders committed to increasing employment through skills development and combatting inflation, while reducing exchange market fluctuations.³⁴¹⁶

At the 1979 Tokyo Summit, G7 leaders recommitted to foreign exchange stability.³⁴¹⁷

³⁴¹³ G7 Rambouillet Summit Communiqué, G7 Information Centre (Toronto) 17 November 1975. Access Date: 6 September 2024. <https://www.g7.utoronto.ca/summit/1975rambouillet/communique.html>

³⁴¹⁴ Joint Declaration of the International Conference, G7 Information Centre (Toronto) 28 June 1976. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/1976sanjuan/communique.html>

³⁴¹⁵ Declaration: Downing Street Summit Conference, G7 Information Centre (Toronto) 8 May 1977. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/1977london/communique.html>

³⁴¹⁶ G7 Bonn Summit Declaration, G7 Information Centre (Toronto) 17 July 1978. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/1978bonn/communique.html>

³⁴¹⁷ Declaration, G7 Information Centre (Toronto) 29 June 1979. Access Date: 14 September 2024. <https://g7.utoronto.ca/summit/1979tokyo/communique.html>

At the 1980 Venice Summit, G7 leaders declared inflation reduction to be their top priority and committed to increasing productivity through innovation and private-sector partnerships to combat the issue.³⁴¹⁸ Leaders also committed to trimming government spending and regulation during the process. On financial stability, G7 leaders reiterated commitments to payment balance and exchange stability as well as tasking the IMF and World Bank with addressing financial problems in low-income and developing countries.

At the 1981 Ottawa Summit, G7 leaders reaffirmed the need to reduce inflation to foster an environment for sustainable growth.³⁴¹⁹ Leaders further committed to cutting government spending and borrowing to eliminate debts and deficits in the interest of fiscal stability.

At the 1982 Versailles Summit, G7 leaders committed to an evolution in monetary cooperation between members to achieve fiscal stability through strengthening the IMF to monitor exchange rate activity and ruling out using exchange rates for trade advantages.³⁴²⁰ Additionally, leaders committed to ensuring price stability by standing against protectionism and trade distortion through open markets.

At the 1983 Williamsburg Summit, G7 members committed to assisting developing nations with their debt burden through a large package of measures, including official and private finance, further funds for the IMF, and opening markets for developing countries. These measures would be aimed to increase the liquidity of developing nations and ensure sufficient access to key resources.³⁴²¹

At the 1984 London Summit, G7 leaders reaffirmed their commitment to innovation as a solution for growth and development, particularly where demand created the need for more industry and services.³⁴²² Additionally, in the area of developing nation debt alleviation, leaders improved upon previous commitments by encouraging the rescheduling of private and government debts where possible, foreign direct investment, and policy-making assistance for indebted nations.

At the 1985 Bonn Summit, G7 leaders reaffirmed the need to sustain non-inflationary growth by lowering interest rates, tying public spending to Gross National Product, and removing regulations to create space for entrepreneurship.³⁴²³ These measures would induce consumerism, private sector growth, and further limit government spending.

At the 1986 Tokyo Summit, G7 leaders committed to forming a G7 Finance Ministers grouping, to meet between annual summits, utilizing respective forecasts and objectives to assess compatibility in areas such as market incentives, trade, investment, and exchange rates.³⁴²⁴ This grouping would produce a report for the following summit, to encourage members to produce and implement compatible economic policies aligned with G7 goals.

³⁴¹⁸ G7 Venice Summit Declaration, G7 Information Centre (Toronto) 23 June 1980. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1980venice/communique/index.html>

³⁴¹⁹ Declaration of the Ottawa Summit, G7 Information Centre (Toronto) 21 July 1981. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1981ottawa/communique/index.html>

³⁴²⁰ Declaration of the Seven Heads of State and Government and Representatives of the European Communities, G7 Information Centre (Toronto) 6 June 1982. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1982versailles/communique.html>

³⁴²¹ Declaration on Economic Recovery, G7 Information Centre (Toronto) 30 May 1983. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1983williamsburg/communique.html>

³⁴²² 9 The London Economic Declaration, G7 Information Centre (Toronto) 9 June 1984. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1984london/communique.html>

³⁴²³ The Bonn Economic Declaration: Towards Sustained Growth and Higher Employment, G7 Information Centre (Toronto) 4 May 1985. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/1985bonn/communique.html>

³⁴²⁴ Tokyo Economic Declaration, G7 Information Centre (Toronto) 6 May 1986. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1986tokyo/communique.html>

At the 1987 Venice Summit, G7 leaders agreed to implement structural policies for effective job creation, with a focus on removing market imperfections and increasing competition.³⁴²⁵ Furthermore, leaders reaffirmed their commitment to developing nation debt reduction by encouraging debtors to use the “menu” method of options for indebted nations, including alternative financing and negotiation schemes, as well as rescheduling options.

At the 1988 Toronto Summit, members formed a consensus around a framework for extant developing country debt alternatives, with options put on the table from partial write-offs, altering of payment terms and timelines, or a combination of these options.³⁴²⁶

At the 1994 Naples Summit, G7 leaders reaffirmed their commitment to economic recovery through job growth by increasing human capital investments, deregulation of the labour market, and job creation in emerging sectors.³⁴²⁷

At the 1995 Halifax Summit, G7 members reaffirmed their commitment to open markets and building up the World Trade Organization (WTO) to resolve trade disputes, encourage greater regional and global market access, and mitigate supply chain issues.³⁴²⁸

At the 1996 Lyon Summit, G7 leaders committed to retaining low interest rates and credible fiscal consolidation programs in the interests of maintaining fiscal stability and sustainable, non-inflationary growth.³⁴²⁹

At the 1997 Denver Summit, G7 leaders called upon financial institutions and regulatory bodies to help strengthen and stabilize financial systems in emerging economies.³⁴³⁰

At the 1998 Birmingham Summit, in the aftermath of the Asian Financial Crisis, G8 leaders committed to undertaking measures to assist least developed countries (LDCs) through duty-free access for goods imported from those nations, assisting regional integration efforts, and promoting their markets for investment.³⁴³¹ Furthermore, leaders committed to extending further debt relief through the Heavily Indebted Poor Countries (HIPC) initiative, including the provision of interim relief measures where necessary.

At the 1999 Köln Summit, G8 leaders announced the Köln Debt Initiative, restructuring the HIPC initiative by calling for full cancellation of official debt, and up to 90 per cent of commercial debt, with countries not qualifying under the HIPC initiative eligible for a 67 per cent reduction consideration.³⁴³²

At the 2002 Kananaskis Summit, G8 leaders announced the completion of HIPC initiative financing, and the need for continued support for HIPC “graduates” to continue carrying a sustainable debt load.³⁴³³ Additionally,

³⁴²⁵ Venezia Economic Declaration, G7 Information Centre (Toronto) 10 June 1987. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1987venice/communiqu/index.html>

³⁴²⁶ Toronto Economic Summit Economic Declaration, G7 Information Centre (Toronto) 21 June 1988. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/1988toronto/communiqu.html>

³⁴²⁷ Summit Communiqué, G7 Information Centre (Toronto) 9 July 1994. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1994naples/communiqu/index.html>

³⁴²⁸ Halifax Summit Communiqué, G7 Information Centre (Toronto) 16 June 1995. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1995halifax/communiqu/index.html>

³⁴²⁹ Lyon Economic Communiqué: Making a Success of Globalization for the Benefit of All, G7 Information Centre (Toronto) 28 June 1996. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/1996lyon/communiqu.html>

³⁴³⁰ Communiqué, G7 Information Centre (Toronto) 22 June 1997. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1997denver/g8final.html>

³⁴³¹ 7 Birmingham Communiqué, G7 Information Centre (Toronto) 17 May 1998. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1998birmingham/finalcom.html>

³⁴³² Köln Communiqué, G7 Information Centre (Toronto) 20 June 1999. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/1999koln/finalcom.html>

³⁴³³ Statement by G7 Leaders Delivering on the Promise of the Enhanced HIPC Initiative, G7 Information Centre (Toronto) 27 June 2002. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/2002kananaskis/hipc.html>

G8 leaders committed to assisting African governments in reaching fiscal stability through obtaining sovereign credit ratings, promoting public-private partnerships, and facilitating investment through a variety of means.

At the 2003 Evian-les-Bains Summit, G8 leaders committed to promoting internationally recognized accounting standards that would be applicable across nations, as well as a host of measures to improve financial transparency around multilateral development banks (MDBs).³⁴³⁴

At the 2005 Gleneagles Summit, G8 leaders committed to ensuring LDCs had the wherewithal to pursue all economic strategies, and to cancel all outstanding HIPC debts.³⁴³⁵

At the 2006 St. Petersburg Summit, G8 leaders announced the implementation of the Joint Oil Data Initiative through which energy market data would be collected and reported, and a global standard for energy reserve reporting developed.³⁴³⁶

At the 2007 Heiligendamm Summit, G8 leaders provided updates on the progress of their joint economic growth strategy.³⁴³⁷ The United States and Canada announced budgetary progress and demand upswings. Russia announced strong growth, consumption, and investment. Furthermore, leaders announced their support for self-regulation within the hedge fund and similarly highly leveraged institutions, drawing from the Fiscal Stability Forum update.

At the 2009 L'Aquila Summit, G8 leaders reaffirmed commitments made at the London Summit to maintain financial stability and non-inflationary growth, in the aftermath of the 2008 financial crisis.³⁴³⁸ Leaders noted efforts made to restore consumer and investor confidence through re-stabilization efforts in economies and financial systems. However, due to the financial crisis, leaders committed to reaching fiscal sustainability in the medium-term and addressing immediately price stability through macroeconomic stimulus. Furthermore, leaders committed to preparing “exit strategies” for when the crisis response policies would no longer be needed.

At the 2011 Deauville Summit, G8 leaders reaffirmed their commitment to recovery and financial sustainability, noting with concern the effects of commodity price volatility on recovery.³⁴³⁹ Leaders further gave updates on recovery progress, with the European Union having adopted sweeping measures to address sovereign debt crises, the United States implementing a medium-term fiscal consolidation framework, and Japan allocating resources for reconstruction.

At the 2013 Lough Erne Summit, G8 leaders prioritized economic recovery along with price stability and medium-term fiscal sustainability.³⁴⁴⁰ Leaders placed emphasis on European recovery during the Euro-crisis and European Economic and Monetary Union financial infrastructure.

³⁴³⁴ Chair's Summary, G7 Information Centre (Toronto) 3 June 2003. Access Date: 8 September 2024.

https://www.g7.utoronto.ca/summit/2003evian/communique_en.html

³⁴³⁵ Gleneagles Summit Chair's Summary, G7 Information Centre (Toronto) 8 July 2005. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/2005gleneagles/summary.html>

³⁴³⁶ St. Petersburg Summit: Update on Africa, G7 Information Centre (Toronto) 16 July 2006. Access Date: 8 September 2024.

<https://www.g7.utoronto.ca/summit/2006stpetersburg/africa.html>

³⁴³⁷ Growth and Responsibility in the World Economy, G7 Information Centre (Toronto) 7 June 2007. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/2007heiligendamm/g8-2007-economy.html>

³⁴³⁸ Responsible Leadership for a Sustainable Future, G7 Information Centre (Toronto) 8 July 2009. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/2009laquila/2009-declaration.html>

³⁴³⁹ G8 Declaration: Renewed Commitment for Freedom and Democracy, G7 Information Centre (Toronto) 27 May 2011. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/2011deauville/2011-declaration-en.html>

³⁴⁴⁰ G8 Lough Erne Leaders Communiqué, G7 Information Centre (Toronto) 18 June 2013. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/2013lougherne/lough-erne-communique.html>

At the 2014 Brussels Summit, G7 leaders agreed that key financial reforms following the 2008 financial crisis would be completed within the year.³⁴⁴¹ These reforms would include financial institution regulations and derivative market reform, among other initiatives.

At the 2015 Elmau Summit, G7 leaders committed to fiscal discipline to address nearer-term objectives such as growth and job creation, and for the first time to achieve sustainable debt-to-gross domestic product ratios.³⁴⁴²

At the 2018 Charlevoix Summit, G7 leaders agreed to the Charlevoix Commitment on Equality and Economic Growth, in which members committed to investing in smart, sustainable, and quality infrastructure to induce job creation, productivity increases, and economic growth.³⁴⁴³ They also reaffirmed commitments on exchange rates.

At the 2021 Carbis Bay Summit, G7 leaders, noting the severe economic ramifications of the pandemic, committed to large economic stimuli initiatives to preserve jobs where possible and for economic recovery in the aftermath of the pandemic.³⁴⁴⁴

At the 2022 Elmau Summit, G7 leaders committed to tackling the cost of living crisis through increasing supply chain resilience and implementing energy price caps.³⁴⁴⁵ Leaders also committed to addressing debt burdens for developing countries.

At the 2023 Hiroshima Summit, G7 leaders committed to economic growth through a macroeconomic policy mix that guaranteed medium-term price and fiscal stability. Additionally, leaders reaffirmed their support for the Financial Stability Board and further regulation on non-bank financial institutions.³⁴⁴⁶

At the 2024 Apulia Summit, leaders committed to “policy efforts...ensuring price and financial stability.”³⁴⁴⁷

Commitment Features

This commitment has two dimensions, ensuring price stability and financial stability.

Definitions and Concepts

“Policy efforts” refers to serious attempts to implement plans or ideas that support price and fiscal stability.³⁴⁴⁸ In the context of this commitment, these efforts include both fiscal policy, which refers to the tax and spending strategies implemented by national governments, and the monetary policy implemented by independent central banks, as well as regulatory policies, supply-side policies, and exchange rate policies.

³⁴⁴¹ G7 Brussels Summit Declaration, G7 Information Centre (Toronto) 5 June 2014. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/2014brussels/declaration.html>

³⁴⁴² Leaders’ Declaration: G7 Summit, G7 Information Centre (Toronto) 8 June 2015. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/2015elmau/2015-G7-declaration-en.html>

³⁴⁴³ The Charlevoix G7 Summit Communique, G7 Information Centre (Toronto) 9 June 2018. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/2018charlevoix/communique.html>

³⁴⁴⁴ Carbis Bay G7 Summit Communiqué, G7 Information Centre (Toronto) 13 June 2021. Access Date: 9 September 2024. <https://www.g7.utoronto.ca/summit/2021cornwall/210613-communique.html>

³⁴⁴⁵ G7 Elmau Summit Leaders’ Communiqué, G7 Information Centre (Toronto) 28 June 2022. Access Date: 9 September 2024. <https://www.g7.utoronto.ca/summit/2022elmau/220628-communique.html>

³⁴⁴⁶ G7 Hiroshima Leaders’ Communiqué, G7 Information Center (Toronto) 20 May 2023. Access Date: 9 September 2024. <https://www.g7.utoronto.ca/summit/2023hiroshima/230520-communique.html>

³⁴⁴⁷ Apulia G7 Leaders’ Communiqué, G7 Information Centre (Apulia). 14 June 2024. Access Date: 7 September 2024. <https://www.g7.utoronto.ca/summit/2024apulia/240614-apulia-communique.html>

³⁴⁴⁸ Effort, Merriam-Webster (Springfield) n.d. Access Date: 7 September 2024. <https://www.merriam-webster.com/dictionary/effort>

“Ensuring” is understood to mean “to make sure, certain, or safe.”³⁴⁴⁹

“Stability” is understood to mean “the quality, state, or degree of being stable.”³⁴⁵⁰

“Price stability” refers to “a situation in which inflation is low enough that it no longer has a material effect on people’s economic decisions.”³⁴⁵¹ This means preserving a currency’s purchasing power and maintaining an inflation rate that remains “low, stable, and predictable” in line with central bank targets.³⁴⁵²

“Financial stability” refers to a financial system “capable of efficiently allocating resources, assessing and managing financial risks, maintaining employment levels close to the economy’s natural rate, and eliminating relative price movements of real or financial assets that will affect monetary stability or employment levels. A financial system is in a range of stability when it dissipates financial imbalances that arise endogenously or as a result of significant adverse and unforeseen events. In stability, the system will absorb the shocks primarily via self-corrective mechanisms, preventing adverse events from having a disruptive effect on the real economy or on other financial systems.”³⁴⁵³

General Interpretive Guidelines

Full compliance, or a score of +1, will be given to G7 members that demonstrate strong action towards both price stability and financial stability. Strong actions to advance price stability include but are not limited to monetary and fiscal policy levers such as increasing or maintaining the policy interest rate, selling government securities on the open market, maintaining stable exchange rates, increasing or maintaining the base rate, increasing reserve requirements for banks, reducing government borrowing, setting price ceilings on volatile and inflation-driving consumer goods, enforcing or enacting antitrust legislation that promotes competition and advantages consumers through lower prices and supply side measures that target supply-chain issues. While price stability forms an essential part of financial stability, for full compliance, G7 members must demonstrate strong actions towards advancing financial stability distinct from price stability. Strong actions to advance financial stability include but are not limited to reducing debt vulnerabilities and rebuilding fiscal buffers, financial asset and securities regulations, regulating non-bank entities, modifying capital requirements to better reflect underlying risk, frameworks, enforcement, and legislation that promote prudent management of credit risk, market risk, operational risk, and credit value adjustment risk. As well, policy interest rate adjustments, including reductions that reduce default risk, especially in the commercial and housing sectors, or that address rising unemployment and recession risk will contribute to compliance. In addition, actions that promote global financial stability and aim to prevent international shocks contribute to compliance.

Partial compliance, or a score of 0, will be assigned to G7 members that take strong action to ensure either price stability or financial stability, or take weak actions to promote both. Weak actions include introducing but not yet passing legislation towards the above actions, verbal or written signals that promote price or financial stability, committee explorations, forum attendance and organization relevant to the above, and diplomatic efforts.

Non-compliance, or a score of –1, will be assigned to G7 members that do not demonstrate action towards either price stability or financial stability or who demonstrate weak action towards only one dimension. Non-

³⁴⁴⁹ Ensuring, Merriam-Webster (Springfield) n.d. Access Date: 7 September 2024. <https://www.merriam-webster.com/dictionary/ensuring>

³⁴⁵⁰ Stability, Merriam-Webster (Springfield) n.d. Access Date: 7 September 2024. <https://www.merriamwebster.com/dictionary/stability>

³⁴⁵¹ Inflation and Price Stability, Bank of Canada (Ottawa) April 2012. Access Date: 14 Sep 2024.

https://publications.gc.ca/collections/collection_2017/banque-bank-canada/FB12-7-17-2012-eng.pdf

³⁴⁵² Two per cent inflation target, European Central Bank (Frankfurt) n.d. Access Date: 14 Sep 2024.

³⁴⁵³ Financial Stability, World Bank Group (Washington D.C.) 2024. Access Date: 8 September 2024. <https://www.worldbank.org/en/publication/gfdr/gfdr-2016/background/financial-stability>

compliance will also be assigned to G7 members whose policy efforts contradict price and financial stability goals.

France, Germany and Italy conduct monetary and economic policy through the European Central Bank (ECB). ECB decisions are made when consensus is achieved by the Governing Council.³⁴⁵⁴ Since 13 December 2023 (renewed on 16 October 2024), France, Germany, and Italy have been represented on the Governing Council through Banque de France Governor François Villeroy de Galhau, Deutsche Bundesbank President Joachim Nagel and Banca d'Italia Governor Fabio Panetta.³⁴⁵⁵ Because of this, and because of the consensus requirement, ECB decisions represent French, German and Italian government action.

Scoring Guidelines

-1	The G7 member has taken action to ensure price stability or financial stability, or the member has taken weak action towards only one dimension.
0	The G7 member has taken strong action to ensure either price stability or financial stability, or has taken weak action to promote both dimensions.
+1	The G7 member has taken strong action to ensure both price stability and financial stability.

Compliance Director: Rachel Strathdee

Lead Analyst: Jonathan Dong

Canada: +1

Canada has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability.

On 20 June 2024, the Fall Economic Statement Implementation Act 2023 received Royal Assent, operationalizing a set of measures intended to stabilize prices.³⁴⁵⁶ These measures include the modernization of competition law, which will prevent anti-competitive behaviours, and increased support for housing accessibility.

On 20 June 2024, Bill C-69, the Budget Implementation Act, received Royal Assent, introducing measures that will support both price and financial stability in Canada.³⁴⁵⁷ The legislation includes affordable housing policies and tax incentives, which target price stability by promoting economic fairness and affordability. The bill supports financial stability through consumer protections and improves access to financial services.

On 26 June 2024, the Paris Club Committee of Creditors, of which Canada is a member, reached an agreement with Sri Lanka supporting their financial stability by addressing debt vulnerabilities and ensuring alignment with the International Monetary Fund's Extended Fund Facility parameters.³⁴⁵⁸ The agreement helps rebuild fiscal buffers and manage risks associated with Sri Lanka's economic recovery. These efforts align with the guidelines by demonstrating actions to reduce debt vulnerabilities, promote prudent fiscal management, and contribute to global financial stability.

³⁴⁵⁴ Rotation of voting rights in the Governing Council, European Central Bank (Frankfurt) 1 December 2014. Access Date: 3 February 2025. <https://www.ecb.europa.eu/ecb-and-you/explainers/tell-me-more/html/voting-rotation.en.html>

³⁴⁵⁵ Governing Council, European Central Bank (Frankfurt) n.d. Access Date: 3 February 2025. <https://www.ecb.europa.eu/ecb/decisions/govc/html/index.en.html>

³⁴⁵⁶ Legislation to make life more affordable, build more homes, and strengthen economy for everyone receives Royal Assent, Department of Finance Canada (Ottawa) 20 June 2024. Access Date: 28 October 2024 <https://www.canada.ca/en/departement-finance/news/2024/06/legislation-to-make-life-more-affordable-build-more-homes-and-strengthen-economy-for-everyone-receives-royal-assent.html>

³⁴⁵⁷ Budget 2024: Legislation to ensure fairness for every generation receives Royal Assent Department of Finance Canada (Ottawa) 20 June 2024. Access Date: 30 October 2024.

³⁴⁵⁸ Agreement on Debt Restructuring Between the Official Creditor Committee and Sri Lanka, Paris Club (Paris) 26 June 2024. Access Date: 30 October 2024. <https://clubdeparis.org/en/communications/press-release/agreement-on-a-debt-restructuring-between-the-official-creditor>

On 12 July 2024, the Bank of Canada announced an increase in dealer and round limits for Overnight Repo (OR) operations, effective 15 July 2024. Dealer limits will rise to CAD3 billion per eligible participant, up from CAD1 billion, and the maximum aggregate cash value for each auction will increase to CAD8 billion from CAD5 billion.³⁴⁵⁹ These adjustments aim to maintain OR effectiveness amid structural changes in the overnight funding market and bolster financial stability by enhancing liquidity management.

On 24 July 2024, the Bank of Canada reduced its policy interest rate by 25 basis points, bringing the rate to 4.5 per cent.³⁴⁶⁰ This rate cut intends to stimulate economic activity and maintain inflation within the bank's target range of one per cent to three per cent.

On 4 September 2024, the Bank of Canada reduced its policy interest rate by 25 basis points, bringing the rate to 4.25 per cent.³⁴⁶¹ This rate cut intends to stimulate economic activity and maintain inflation within the bank's target range of one per cent to three per cent.

On 23 October 2024, the Bank of Canada reduced its policy interest rate by 50 basis points, bringing the rate to 3.75 per cent.³⁴⁶² This rate cut, the fourth of 2024, intends to stimulate economic activity and maintain inflation within the bank's target range of one per cent to three per cent.

On 11 December 2024, the Bank of Canada reduced its policy interest rate by 50 basis points, bringing the rate to 3.25 per cent.³⁴⁶³ This rate cut, the fourth of 2024, intends to stimulate economic activity and maintain inflation within the bank's target range of one per cent to three per cent.

On 29 January 2025, the BoC reduced its policy interest rate by 25 basis points, bringing the rate to 3 per cent.³⁴⁶⁴ This rate cut, the first of 2025, intends to stimulate economic activity and maintain inflation within the BoC's target range of one per cent to three per cent.

On 20 February 2025, the Office of the Superintendent of Financial Institutions (OSFI) launched a consultation period on capital adequacy requirements to enhance the resilience of the financial system and ensure long-term stability.³⁴⁶⁵

On 21 February 2025, Bank of Canada Governor Tiff Macklem announced a review of the inflation-targeting framework.³⁴⁶⁶ Governor Macklem confirmed that the two per cent inflation target would remain unchanged, with the review focusing on evaluating core inflation measures and the impact of housing costs on inflation data.

³⁴⁵⁹ Bank of Canada announces increases to the dealer and round limits for Overnight Repo operations, Bank of Canada (Ottawa) 12 July 2024. Access Date: 6 November 2024. <https://www.bankofcanada.ca/2024/07/bank-canada-announces-increases-dealer-and-round-limits-overnight-repo-operations/>

³⁴⁶⁰ Bank of Canada reduces policy rate by 25 basis points to 4½%, Bank of Canada (Ottawa) 24 July 2024. Access Date: 5 January 2025. <https://www.bankofcanada.ca/2024/07/fad-press-release-2024-07-24/>

³⁴⁶¹ Bank of Canada reduces policy rate by 25 basis points to 4½% Bank of Canada (Ottawa) 4 September 2024. Access Date: 5 January 2025. <https://www.bankofcanada.ca/2024/09/fad-press-release-2024-09-04/>

³⁴⁶² Bank of Canada Reduces Policy Rate by 50 Basis Points to 3¾%, Bank of Canada (Ottawa) 23 October 2024. Access Date: 4 November 2024. <https://www.bankofcanada.ca/2024/10/fad-press-release-2024-10-23/>

³⁴⁶³ Bank of Canada Reduces Policy Rate by 50 Basis Points to 3¾%, Bank of Canada (Ottawa) 11 December 2024. Access Date: 4 November 2024. <https://www.bankofcanada.ca/2024/12/fad-press-release-2024-12-11/>

³⁴⁶⁴ Policy interest rate, Bank of Canada (Ottawa) n.d.. Access Date: 12 May 2025. <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

³⁴⁶⁵ Consultation: Draft Capital Adequacy Requirements (CAR) Guideline, Office of the Superintendent of Financial Institutions (Ottawa) 20 February 2025. Access Date: 8 May 2025. <https://www.osfi-bsif.gc.ca/en/guidance/guidance-library/consultation-draft-capital-adequacy-requirements-car-guideline>

³⁴⁶⁶ Financial Stability Report—2024, Bank of Canada (Ottawa), May 2024. Access Date: 21 February 2025. <https://www.bankofcanada.ca/2024/05/financial-stability-report-2024/>

On 6 March 2025, the OSFI published the 2025–2026 Annual Risk Outlook.³⁴⁶⁷ The outlook identified vulnerabilities stemming from high debt levels and global economic headwinds, reinforcing Canada’s regulatory vigilance to maintain long-term financial stability under the G7 framework.

On 12 March 2025, the BoC reduced its policy interest rate by 25 basis points, bringing the rate to 2.75 per cent.³⁴⁶⁸ This rate cut, the second of 2025, intends to stimulate economic activity and maintain inflation within the BoC’s target range of one per cent to three per cent.

On 16 April 2025, the BoC maintained its policy interest rate at 3.25 per cent.³⁴⁶⁹ Rather than cutting rates, this maintained rate intends to stimulate economic activity and maintain inflation within the BoC’s target range of one per cent to three per cent.

Canada has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability. Canada implemented strong actions to advance price and financial stability including the modification of competition law, debt restructuring for Sri Lanka, targeted financial stability measures, and interest rate changes. Canada has also actively monitored financial risks, particularly addressing high household debt and rising mortgage rates, as highlighted in its Financial Stability Report.

Thus, Canada receives a score of +1.

Analyst: Arushi Chbikara

France: +1

France has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability.

On 26 June 2024, the Paris Club Committee of Creditors, of which France is a member, reached an agreement with Sri Lanka supporting their financial stability by addressing debt vulnerabilities and ensuring alignment with the International Monetary Fund’s Extended Fund Facility parameters.³⁴⁷⁰ The agreement helps rebuild fiscal buffers and manage risks associated with Sri Lanka’s economic recovery. These efforts align with the guidelines by demonstrating actions to reduce debt vulnerabilities, promote prudent fiscal management, and contribute to global financial stability.

On 20 June 2024, Minister of the Economy, Finance, Industrial and Digital Sovereignty Bruno Le Maire and the Eurogroup discussed key issues including the International Monetary Fund’s Article IV review, which highlighted the euro area’s economic resilience and the need for enhanced productivity and sustainable growth.^{3471,3472} The Eurogroup also reviewed the international role of the euro, noting its stability and resilience despite global challenges, with an emphasis on maintaining its strategic importance. Though no policy introductions occurred, consensus emerged on the need for continued focus on sound fiscal policies, long-term growth, and strengthening financial infrastructure to support the euro’s international role and the EU’s strategic autonomy.

³⁴⁶⁷ Institutions, “OSFI’s Annual Risk Outlook – Fiscal Year 2025–2026.” Access Date: 16 April 2025.

³⁴⁶⁸ Policy interest rate, Bank of Canada (Ottawa) n.d.. Access Date: 12 May 2025. <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

³⁴⁶⁹ Policy interest rate, Bank of Canada (Ottawa) n.d.. Access Date: 12 May 2025. <https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/>

³⁴⁷⁰ Agreement on Debt Restructuring Between the Official Creditor Committee and Sri Lanka, Paris Club (Paris) 26 June 2024. Access Date: 30 October 2024. <https://clubdeparis.org/en/communications/press-release/agreement-on-a-debt-restructuring-between-the-official-creditor>

³⁴⁷¹ Eurogroup meeting of 20 June 2024, Eurogroup (Brussels) 26 June 2024. Access Date: 30 October 2024. <https://www.consilium.europa.eu/media/geojipdj/summing-up-letter-eurogroup-in-regular-format-20-june-2024.pdf>

³⁴⁷² Participants, Eurogroup (Luxembourg) 20 June 2024. Access Date: 3 February 2025. <https://www.consilium.europa.eu/media/43vo4nr4/20240620-eurogroup-presslist.pdf>

On 28 June 2024, Bank of France Governor François Villeroy de Galhau and the European Central Bank Governing Council called on macroprudential authorities in member states to maintain capital buffer requirements and acknowledged support for members raising those requirements.³⁴⁷³ The Governing Council recognized members' space to expand macroprudential measures to improve financial stability.

On 1 July 2024, the Ministry of Economy, Finance, and Industry implemented new measures making it mandatory for retailers to inform consumers about price increases related to reduced quantities of products.³⁴⁷⁴ The legislation requires a clear notice to be displayed in stores detailing the change in quantity and price and supports price stability by enhancing transparency in pricing practices.

On 12 July 2024, the Bank of France announced their decision to stabilize the Livret A rate at three per cent and set the base savings rate at four per cent.³⁴⁷⁵ These decisions, with rates at above formula-derived levels, combat inflationary pressures.

On 15 July 2024, the Energy Regulatory Commission (CRE) imposed a fine of EUR6 million on electricity supplier Ohm Energie for abusive practices during the 2022 energy crisis.³⁴⁷⁶ The CRE found that Ohm engaged in excessive demands for energy through the "Arenh" mechanism, which allowed Ohm to purchase nuclear production cheaply and resell this electricity at high market prices after terminating contracts with customers when prices peaked. The penalty intends to support fair market practices, price stability for electricity, and consumer protection.

On 15 July 2024, the Energy Regulatory Commission announced that they would not be going forward with an increase in electricity bills scheduled for 1 August 2024.³⁴⁷⁷ If put into force, the tariff would have impacted 22 million households and businesses, increasing their electricity bills by roughly one per cent. The cancellation intends to promote price stability.

On 15 July 2024, Minister Le Maire and the Eurogroup committed to sustained fiscal consolidation and to implementing the reformed economic governance framework.^{3478,3479} The deficit reduction they outline strengthens both price and financial stability.

³⁴⁷³ Governing Council statement on macroprudential policies, European Central Bank (Frankfurt) 28 June 2024. Access Date: 26 September 2024. <https://www.ecb.europa.eu/press/govcstatement/html/ecb.govcstatement202406~32c180b631.en.html>

³⁴⁷⁴ Reduction: new obligations from July 1 to inform consumers, Ministry of Economy, Finance, and Industry (Paris) 4 July 2024. Translation provided by Google Translate. Access Date: 30 October 2024. <https://www.economie.gouv.fr/actualites/reduflation-shrinkflation-nouvelles-obligations-information-consommateurs>

³⁴⁷⁵ The Governor of the Bank of France proposes to set the LEP rate at 4%: the rates of the Livret A, the LDDS and especially the LEP are now well above inflation, Bank of France (Paris) 12 July 2024. Access Date: 1 November 2024. <https://www.banque-france.fr/fr/communiques-de-presse/le-gouverneur-de-la-banque-de-france-propose-de-fixer-le-taux-du-lep-4-les-taux-du-livret-du-ldds-et>

³⁴⁷⁶ Electricity supplier Ohm Energie receives unprecedented fine of six million euros for abusive practices, Le Monde (Paris) 15 July 2024. Translation provided by Google Translate. Access Date: 25 September 2024. https://www.lemonde.fr/economie/article/2024/07/15/le-fournisseur-d-electricite-ohm-energie-se-voit-infliger-une-sanction-inedite-de-six-millions-d-euros-pour-pratique-abusive_6250250_3234.html

³⁴⁷⁷ Electricity: Government abandons tariff increase planned for August 1, Le Monde (Paris) 15 July 2024. Translation provided by Google Translate. Access Date: 25 September 2024. https://www.lemonde.fr/economie/article/2024/07/15/electricite-le-gouvernement-renonce-a-appliquer-une-augmentation-des-tarifs-prevue-pour-le-1er-aout_6250241_3234.html

³⁴⁷⁸ Eurogroup statement on the fiscal stance for the euro area in 2025, Council of the European Union (Brussels) 15 July 2024. Access Date: 26 September 2024. <https://www.consilium.europa.eu/en/press/press-releases/2024/07/15/eurogroup-statement-on-the-fiscal-stance-for-the-euro-area-in-2025/>

³⁴⁷⁹ Participants, Eurogroup (Luxembourg) 15 July 2024. Access Date: 3 February 2025. <https://www.consilium.europa.eu/media/xacnqii/20240715eurogroupepresslist.pdf>

On 7 October 2024, French customs announced a renewed strategy to combat “money laundering and financial terrorism.”³⁴⁸⁰ The primary goal of the revised strategy is to improve cooperation between state authorities and partners. The strategy intends to improve financial stability through monitoring the movements of money used in the trafficking of narcotics, exotic species, and counterfeits.

On 18 November 2024, the Bank of France partnered with the European Investment Bank to facilitate a proposed a EUR500 million loan to finance the construction of approximately 3,470 affordable and energy-efficient housing units in urban areas with high rental tension.³⁴⁸¹ This loan, facilitated by Banque de France platforms, promotes price stability in the housing sector.

On 15 January 2025, the Minister of Economy, Finance and Industrial and Digital Sovereignty presented a reduced Livret A rate, reduced from 3 per cent to 2.4 per cent.³⁴⁸² Initiatives such as social housing and urban policy are financed from the Livret A account; its rate also determines the price of real estate loans. This reduction aims to incentivize investment and increase the production of social housing.

On 27 January 2025, the Government of France announced a 15 per cent decrease in the price of household electricity for 24.4 million households who already benefit from regulated tariffs.³⁴⁸³ This aims to moderate electricity price instability and thus contributes to price stability in France.

On 27 January 2025, the Government of France announced that the interest rate of Popular Savings Accounts will increase to 3.5 per cent.³⁴⁸⁴ This measure aims to support those in the middle and working classes wishing to gain income through investment.

On 17 February 2025, the French government announced its 2025 budget with a target deficit of 5.4 per cent.³⁴⁸⁵ This budget does not contain a general tax increase; wealthy companies and households will be expected to fulfill a temporary contribution request to unburden middle-class households from the growing cost of living. The budget also includes support for the justice, health, agricultural and essential services sectors to finance necessary projects and ensure economic stability.

On 17 February 2025, the Ministry of Economy and Energy published its report on the effectiveness of regulated electricity sales tariffs and recommended maintaining them.³⁴⁸⁶ The report states that the tariffs benefit small businesses and both residential and rural-area consumers by maintaining price stability and security of supply.

³⁴⁸⁰ La douane française toujours plus stratégique dans sa lutte contre les flux financiers illicites, Ministère de l'Économie, des Finances et de l'Industrie (Paris) 7 October 2024. Translation provided by Analyst Burcea. Access Date: 30 October 2024.

³⁴⁸¹ CDC HABITAT LOGEMENTS INTERMEDIAIRES, European Investment Bank (Kirchberg) 18 November 2024. Access Date: 26 November 2024. <https://www.eib.org/en/investor-relations/press/all/fi-2024-13-eib-digital-bond-eurosystem-explanatory-work>

³⁴⁸² Épargne réglementée : baisse des taux du livret A et du LEP au 1er février 2025, Ministère de l'Économie des Finances et de la Souveraineté Industrielle et Numérique (Paris) 15 January 2025. Translation provided by Maria Burcea. Access Date: 22 February 2025. <https://www.economie.gouv.fr/actualites/epargne-reglementee-baisse-des-taux-du-livret-et-du-lep-au-1er-fevrier-2025>

³⁴⁸³ Ce qui change on février 2025, Gouvernement Français (Paris) 27 January 2025. Translation provided by Maria Burcea. Access Date: 22 February 2025. <https://www.economie.gouv.fr/actualites/ce-qui-change-en-fevrier-2025>

³⁴⁸⁴ Ce qui change on février 2025, Gouvernement Français (Paris) 27 January 2025. Translation provided by Maria Burcea. Access Date: 22 February 2025. <https://www.economie.gouv.fr/actualites/ce-qui-change-en-fevrier-2025>

³⁴⁸⁵ Budget 2025: une étape clé dans la gestion des finances publiques, Gouvernement Français (Paris) 18 February 2025. Translation provided by Maria Burcea. Access Date: 22 February 2025. <https://www.info.gouv.fr/actualite/budget-2025-une-etape-cle-dans-la-gestion-des-finances-publiques>

³⁴⁸⁶ Publication du rapport d'évaluation sur les tarifs réglementés de vente d'électricité (TRVE) en France, Ministère de l'Économie des Finances et de la Souveraineté Industrielle et Numérique (Paris) 17 February 2025. Translation provided by Maria Burcea. Access Date: 22 February 2025. <https://www.economie.gouv.fr/actualites/publication-du-rapport-devaluation-sur-les-tarifs-reglementes-de-vente-deelectricite-trve>

On 22 February 2025, President Emmanuel Macron confirmed his plan to ensure farmers are paid fairly and protected against excessive competition.³⁴⁸⁷ This commitment aims to maintain stability in the farming and agriculture sectors in the face of rapidly lowering agricultural prices and ensure price stability of produce to keep farming financially sustainable.

On 4 April 2025, the Ministry of Ecological Transition, Biodiversity, Forests, Sea and Fisheries announced the continuation of the Villages of the Future project.³⁴⁸⁸ This project provides rural French municipalities with financial aid for identified projects that improve living environments, commerce and housing concerns.

On 14 April 2025, Minister of Finance Eric Lombard announced that he will move forward with plans to make the temporary tax on the wealthy permanent.³⁴⁸⁹ The increased tax revenue will be part of a EUR40 billion budgetary support planned by the government to reduce the budgetary deficit.

France has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability. France advanced strong action to advance price and financial stability by adopting a new framework for bank resolutions and derivatives market regulation, approving debt restructuring for Sri Lanka and macro-financial assistance for Ukraine, by introducing price increase regulations and inflation-targeted rate decisions, and through the implementation of a national transition to renewable energy sources through investment and new bond packages.

Thus, France receives a score of +1.

Analyst: Maria Burcea

Germany: +1

Germany has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability.

On 20 June 2024, Minister for Finance Christian Lindner and the Eurogroup discussed key issues including the International Monetary Fund's Article IV review, which highlighted the euro area's economic resilience and the need for enhanced productivity and sustainable growth.^{3490,3491} The Eurogroup also reviewed the international role of the euro, noting its stability and resilience despite global challenges, with an emphasis on maintaining its strategic importance. Though no policy introductions occurred, consensus emerged on the need for continued focus on sound fiscal policies, long-term growth, and strengthening financial infrastructure to support the euro's international role and the EU's strategic autonomy.

On 28 June 2024, German Federal Bank President Joachim Nagel and the European Central Bank Governing Council called on macroprudential authorities in member states to maintain capital buffer requirements and

³⁴⁸⁷ Pouvoir d'achat, libre échange : Macron promet de défendre les agriculteurs, La Tribune Dimanche (Paris) 22 February 2025. Translation provided by Maria Burcea. Access Date: 22 February 2025. <https://www.latribune.fr/la-tribune-dimanche/politique/pouvoir-d-achat-libre-echange-macron-promet-de-defendre-les-agriculteurs-1018984.html>

³⁴⁸⁸ Villages of the Future: One year later, 2,888 municipalities already supported, Ministry of Ecological Transition, Biodiversity, Forests, Sea and Fisheries (Paris) 4 April 2025. Translation provided by Maria Burcea. Access Date: 15 April 2025. <https://www.ecologie.gouv.fr/actualites/villages-davenir-apres-deja-2-888-communes-accompagnees>

³⁴⁸⁹ French finance minister announces additional €40 billion 'effort' in 2026, Le Monde (Paris) 14 April 2025. Translation provided by Maria Burcea. Access Date: 15 April 2025. https://www.lemonde.fr/en/politics/article/2025/04/14/french-finance-minister-announces-additional-40-billion-effort-in-2026_6740197_5.html

³⁴⁹⁰ Eurogroup meeting of 20 June 2024, Eurogroup (Brussels) 26 June 2024. Access Date: 30 October 2024. <https://www.consilium.europa.eu/media/geojipdj/summing-up-letter-eurogroup-in-regular-format-20-june-2024.pdf>

³⁴⁹¹ Participants, Eurogroup (Luxembourg) 20 June 2024. Access Date: 3 February 2025. <https://www.consilium.europa.eu/media/43vo4nr4/20240620-eurogroup-presslist.pdf>

acknowledged support for members raising those requirements.³⁴⁹² The Council recognized members' space to expand macroprudential measures to improve financial stability.

On 15 July 2024, Minister Lindner and the Eurogroup committed to sustained fiscal consolidation and to implementing the reformed economic governance framework.^{3493,3494} The deficit reduction they outline strengthens both price and financial stability.

On 17 July 2024, the Federal Cabinet adopted the 2025 draft budget and growth initiative alongside a detailed financial plan and 2024 supplementary budget.³⁴⁹⁵ The draft budget supports investments in railway infrastructure, roads, public transport, digital infrastructure, and education with measures to increase employment and sustainable energy transition. It also aims to stimulate private investment through research and development projects, further enhancing economic stability. In addition to the plan, the government also provides for a total of EUR 23 billion in financial relief for citizens to increase price stability and economic resilience.

On 25 November 2024, Federal Finance Minister Christian Lindner launched the WIN initiative.³⁴⁹⁶ The new initiative includes comprehensive measures to finance start-ups, promote medium-sized businesses and the investment of EUR 12 billion in the German venture capital ecosystem.

On 27 November 2024, the Federal Cabinet approved the draft of the second Future Financing Act to enhance Germany's financial market competitiveness.³⁴⁹⁷ The law focuses on improving the tax framework for venture capital investments, making it easier for startups and growth-phase companies to access equity. It also removes barriers to investments in infrastructure and renewable energies by creating a legally secure framework under the Investment Tax Act and Capital Investment Code.

On 18 March 2025, the Bundestag approved a constitutional amendment to the debt brake.³⁴⁹⁸ The amendment allows defense expenditures exceeding one per cent of GDP to be exempt from borrowing limits.³⁴⁹⁹ The reform also established an EUR500 billion extrabudgetary fund dedicated to infrastructure investments over twelve years, with EUR100 billion specifically allocated for climate-related projects. Additionally, the amendment permits Germany's sixteen federal states to run structural deficits up to 0.35% of GDP, effectively doubling the previous national structural deficit limit to 0.7% of GDP. The relaxing of debt rules enhances Germany's long-term financial stability by allowing investment in underinvested risk areas.

Germany has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability. Germany advanced strong action to advance price and financial stability by adopting a

³⁴⁹² Governing Council statement on macroprudential policies, European Central Bank (Frankfurt) 28 June 2024. Access Date: 26 September 2024. <https://www.ecb.europa.eu/press/govcstatement/html/ecb.govcstatement202406~32c180b631.en.html>

³⁴⁹³ Eurogroup statement on the fiscal stance for the euro area in 2025, Council of the European Union (Brussels) 15 July 2024. Access Date: 26 September 2024. <https://www.consilium.europa.eu/en/press/press-releases/2024/07/15/eurogroup-statement-on-the-fiscal-stance-for-the-euro-area-in-2025/>

³⁴⁹⁴ Participants, Eurogroup (Luxembourg) 15 July 2024. Access Date: 3 February 2025. <https://www.consilium.europa.eu/media/xacnqgii/20240715eurogroupepresslist.pdf>

³⁴⁹⁵ Federal Cabinet adopts 2025 draft budget and growth initiative, German Federal Government (Berlin) 17 July 2024. Access Date: 31 October 2024. <https://www.bundesregierung.de/breg-en/search/2025-budget-growth-initiative-2299754>

³⁴⁹⁶ WIN Initiative: Growth and Innovation Capital for Germany (Bundestag) 25 November 2024. Access Date: 19 February 2025. <https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Schlaglichter/Start-ups/win-initiative.html>

³⁴⁹⁷ Federal Cabinet approves draft of a second Future Financing Act (Bundestag) 27 November 2024. Access Date: 19 February 2025. <https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2024/11/2024-11-27-zweites-zukunftsfinanzierungsgesetz.html>

³⁴⁹⁸ Germany's Bundestag votes in favor of reforming 'debt brake', Deutsche Welle (Berlin) 18 March 2025. Access Date: 9 May 2025. <https://www.dw.com/en/germanys-bundestag-votes-in-favor-of-reforming-debt-brake/live-71956815>

³⁴⁹⁹ Entwurf eines Gesetzes zur Änderung des Grundgesetzes (Artikel 109, 115 und 143h), Deutscher Bundestag (Berlin) 10 March 2025. Access Date: 9 May 2025. <https://dserver.bundestag.de/btd/20/150/2015096.pdf>

new framework for bank resolutions and derivatives market regulation, and by approving debt restructuring for Sri Lanka and macro-financial assistance for Ukraine.

Thus, Germany receives a score of +1.

Analyst: Jivika Bhat

Italy: +1

Italy has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability.

On 20 June 2024, Minister for Economic Affairs and Finance Giancarlo Giorgetti and the Eurogroup discussed key issues including the International Monetary Fund's Article IV review, which highlighted the euro area's economic resilience and the need for enhanced productivity and sustainable growth.^{3500,3501} The Eurogroup also reviewed the international role of the euro, noting its stability and resilience despite global challenges, with an emphasis on maintaining its strategic importance. Though no policy introductions occurred, consensus emerged on the need for continued focus on sound fiscal policies, long-term growth, and strengthening financial infrastructure to support the euro's international role and the EU's strategic autonomy.

On 26 June 2024, the Paris Club Committee of Creditors, of which Italy is a member, reached an agreement with Sri Lanka supporting their financial stability by addressing debt vulnerabilities and ensuring alignment with the International Monetary Fund's Extended Fund Facility parameters.³⁵⁰² The agreement helps rebuild fiscal buffers and manage risks associated with Sri Lanka's economic recovery. These efforts align with the guidelines by demonstrating actions to reduce debt vulnerabilities, promote prudent fiscal management, and contribute to global financial stability.

On 28 June 2024, Bank of Italy Director Fabio Panetta and the European Central Bank Governing Council called on macroprudential authorities in member states to maintain capital buffer requirements and acknowledged support for members raising those requirements.³⁵⁰³ The Council recognized that members' space to expand macroprudential measures to improve financial stability.

On 5 July 2024, the Committee for Macroprudential Policies held their first meeting, discussing systemic risks within the Italian financial system.³⁵⁰⁴ Topics included vulnerabilities, such as economic uncertainties, housing market developments, investor behavior, and the Bank of Italy's implementation of macroprudential capital buffers, representing an effort to monitor and mitigate potential threats, and a commitment to prudent financial risk management.

On 15 July 2024, the Ministry of Economy and Finance revealed that it planned to hold a buyback of government bonds at the Bank of Italy, in order to help reduce and manage the national debt.³⁵⁰⁵

³⁵⁰⁰ Eurogroup meeting of 20 June 2024, Eurogroup (Brussels) 26 June 2024. Access Date: 30 October 2024.

<https://www.consilium.europa.eu/media/geojipdj/summing-up-letter-eurogroup-in-regular-format-20-june-2024.pdf>

³⁵⁰¹ Participants, Eurogroup (Luxembourg) 20 June 2024. Access Date: 3 February 2025.

<https://www.consilium.europa.eu/media/43vo4nr4/20240620-eurogroup-presslist.pdf>

³⁵⁰² Agreement on Debt Restructuring Between the Official Creditor Committee and Sri Lanka, Paris Club (Paris) 26 June 2024.

Access Date: 30 October 2024. <https://clubdeparis.org/en/communications/press-release/agreement-on-a-debt-restructuring-between-the-official-creditor>

³⁵⁰³ Governing Council statement on macroprudential policies, European Central Bank (Frankfurt) 28 June 2024. Access Date: 26 September 2024. <https://www.ecb.europa.eu/press/govcstatement/html/ecb.govcstatement202406~32c180b631.en.html>

³⁵⁰⁴ First meeting of the Committee for Macroprudential Policies, Bank of Italy (Rome) 5 July 2024. Access Date: 29 October 2024. https://www.consob.it/documents/1912911/3990887/pr_20240705.pdf/44717ab4-45fd-c46f-309f-42ce724ac54c

³⁵⁰⁵ Asta di riacquisto di titoli di Stato in Banca d'Italia, Ministero dell'Economia e delle Finanze (Rome) 15 July 2024. Translation provided by Google Translate. Access Date: 26 September 2024. <https://www.mef.gov.it/ufficio-stampa/comunicati/2024/Asta-di-riacquisto-di-titoli-di-Stato-in-Banca-dItalia-00012/>

On 15 July 2024, Minister Giorgetti and the Eurogroup committed to sustained fiscal consolidation and to implementing the reformed economic governance framework.^{3506,3507} The deficit reduction they outline strengthens both price and financial stability.

On 16 October 2024, Minister Giorgetti announced that Italy's 2025 Structural Budget Plan had been made in agreement with the EU to reduce the budget deficit over the next seven years and had subsequently been sent to the European Commission and the Italian Parliament for review.³⁵⁰⁸ The new budget outlines a plan to cut spending while raising nominal and real gross domestic product (GDP).³⁵⁰⁹ The intended effect is to decrease the deficit to GDP and debt to GDP ratios in the long term.³⁵¹⁰

On 21 October 2024, the Council of Ministers approved the Incentives Code and gave the government the authority to take standardized action.³⁵¹¹ The code improves Italy's ability to use fiscal tools to improve price and financial stability.

On 13 November 2024, Minister of Economy and Finance Giancarlo Giorgetti announced a move away from emergency measures for small and medium-sized banks adopted during the Covid-19 crisis.³⁵¹² This measure denotes a move back to normalcy in the regulation of credit.

On 21 November 2024, the Ministry of Business and Made in Italy held a commission to monitor price trends in the real estate market, analyzing reports that home costs no longer aligned with the level of average wages.³⁵¹³ The findings of this commission will support government responses to support price stability in housing.

On 18 December 2024, the Rapid Alert Commission for Price Surveillance met with the Ministry for Business and Made in Italy to discuss measures to combat shrinkflation and protect consumer purchasing power.³⁵¹⁴ The meeting emphasized that transparency in the information provided to consumers would be essential to lowering inflation and allowing consumers to make informed spending decisions.

³⁵⁰⁶ Eurogroup statement on the fiscal stance for the euro area in 2025, Council of the European Union (Brussels) 15 July 2024. Access Date: 26 September 2024. <https://www.consilium.europa.eu/en/press/press-releases/2024/07/15/eurogroup-statement-on-the-fiscal-stance-for-the-euro-area-in-2025/>

³⁵⁰⁷ Participants, Eurogroup (Luxembourg) 15 July 2024. Access Date: 3 February 2025. <https://www.consilium.europa.eu/media/xacnqgii/20240715eurogroupepresslist.pdf>

³⁵⁰⁸ Giorgetti, accordo con Ue su rientro deficit a sette anni. Trasmessa al Parlamento appendice VI al Psb, Ministero dell'Economia e delle Finanze (Rome) 16 October 2024. Translation provided by Google Translate. Access Date: 1 November 2024. <https://www.mef.gov.it/inevidenza/Giorgetti-accordo-con-Ue-su-rientro-deficit-a-sette-anni.-Trasmessa-al-Parlamento-appendice-VI-al-Psb/>

³⁵⁰⁹ Giorgetti: Psb ambizioso ma realistico. Riduzione debito necessità ineludibile, taglieremo le spese, Ministero dell'Economia e delle Finanze (Rome) 8 October 2024. Translation provided by Google Translate. Access Date: 1 November 2024. <https://www.mef.gov.it/inevidenza/Giorgetti-Psb-ambizioso-ma-realistico.-Riduzione-debito-necessita-ineludibile-taglieremo-le-spesse/>

³⁵¹⁰ Piano Strutturale di bilancio, Giorgetti: non lasciamo indietro nessuno, impegno per crescita sostenibile e competitività economia, Ministero dell'Economia e delle Finanze (Rome) 28 September 2024. Translation provided by Google Translate. Access Date: 1 November 2024. <https://www.mef.gov.it/inevidenza/Piano-Strutturale-di-bilancio-Giorgetti-non-lasciamo-indietro-nessuno-impegno-per-crescita-sostenibile-e-competitivita-economia/>

³⁵¹¹ Cdm approva il Codice unico degli Incentivi, Urso: riforma storica, Ministero delle Imprese e del Made in Italy (Rome) 21 October 2024. Translation provided by Google Translate. Access Date: 1 November 2024. <https://www.mimit.gov.it/it/notizie-stampa/cdm-approva-il-codice-unico-degli-incentivi-urso-riforma-storica>

³⁵¹² Giorgetti: disintossicazione da misure di emergenza anche per banche (Rome) 13 November 2024. Translation provided by Google Translate. Access Date: 7 December 2024. <https://www.mef.gov.it/inevidenza/Giorgetti-disintossicazione-da-misure-di-emergenza-anche-per-banche/>

³⁵¹³ Mercato immobiliare: riunita al Mimit Commissione Allerta Rapida su andamento prezzi (Rome) 21 November 2024. Translation provided by Google Translate. Access Date: 7 December 2024. <https://www.mimit.gov.it/it/notizie-stampa/mercato-immobiliare-riunita-al-mimit-commissione-allerta-rapida-su-andamento-prezzi>

³⁵¹⁴ Contrasto alla shrinkflation: riunita al Mimit la Commissione allerta rapida (Rome) 18 December 2024. Translation provided by Google Translate. Access Date: 19 February 2025. <https://www.mimit.gov.it/it/notizie-stampa/contrasto-alla-shrinkflation-riunita-al-mimit-la-commissione-allerta-rapida>

On 23 December 2024, the Minister of Enterprise and Made in Italy Adolfo Urso signed a decree providing EUR500 million in funding for promoting competition and resilience in supply chains designated as strategic to economic development.³⁵¹⁵ Requests for funding under the new program must concern either the promotion of industrial development or environmental sustainability within their respective supply chains.

On 28 December 2024, the Italian Council of Ministers approved both the budget for the financial year 2025 and the multi-year budget for 2025-2027, in a measure worth approximately EUR30 billion.³⁵¹⁶ The budget projects fiscal stability.

Italy has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability. Italy advanced strong action to advance price and financial stability by adopting a new framework for bank resolutions and derivatives market regulation, by approving debt restructuring for Sri Lanka and macro-financial assistance for Ukraine, and by moderating its deficit. Italy has taken action to promote price stability by working to build domestic supply chains under its Made in Italy campaign. Italy has also worked with other countries and the European Union to promote macroeconomic financial stability.

Thus, Italy receives a score of +1.

Analyst: Veronica Korolev

Japan: +1

Japan has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability.

On 18 June 2024, the Bank of Japan (BOJ) set out a price stability target of 2 per cent and reaffirmed the Bank's commitment to maintaining this standard in their Semiannual Report on Currency and Monetary Control.³⁵¹⁷ The BOJ also acknowledged the potential for unstable financial and foreign exchange markets, and the Bank's decision to continue to monitor and confront these risks.

On 25 June 2024, Minister of Finance Shunichi Suzuki met with the Korean Deputy Prime Minister and Minister of Economy and Finance Sangmok Choi for the Ninth Korea-Japanese Finance Ministerial Dialogue.³⁵¹⁸ The discussion included talks of financial stability and prevention of volatility and unprecedented fluctuations in exchange rates.

On 26 June 2024, the Paris Club Committee of Creditors, of which Japan is a member, reached an agreement with Sri Lanka supporting their financial stability by addressing debt vulnerabilities and ensuring alignment with the International Monetary Fund's Extended Fund Facility parameters.³⁵¹⁹ The agreement helps rebuild fiscal buffers and manage risks associated with Sri Lanka's economic recovery. These efforts align with the guidelines by demonstrating actions to reduce debt vulnerabilities, promote prudent fiscal management, and contribute to global financial stability.

³⁵¹⁵ Mimit: Urso firma decreto, 500 milioni di euro per automotive e filiere produttive strategiche (Rome) 23 December 2024. Translation provided by Google Translate. Access Date: 19 February 2025. <https://www.mimit.gov.it/it/notizie-stampa/mimit-urso-firma-decreto-500-milioni-di-euro-per-automotive-e-filiere-produttive-strategiche>

³⁵¹⁶ Legge di bilancio approvata dal Parlamento, Giorgetti: la prudenza è un valore (Rome) 28 December 2024. Translation provided by Google Translate. Access Date: 19 February 2025. <https://www.mef.gov.it/inevidenza/Legge-di-bilancio-approvata-dal-Parlamento-Giorgetti-la-prudenza-e-un-valore/>

³⁵¹⁷ The Bank's Semiannual Report on Currency and Monetary Control, Bank of Japan (Tokyo) 18 June 2024. Translation provided by Google Translate. Access Date: 6 November 2024. https://www.boj.or.jp/en/mopo/diet/d_state/dst240618a.htm

³⁵¹⁸ The Ninth Korea-Japan Finance Ministerial Dialogue, Ministry of Finance of Japan (Tokyo) 25 June 2024. Access Date: 5 November 2024. https://www.mof.go.jp/policy/international_policy/convention/dialogue/20240625_1.pdf

³⁵¹⁹ Agreement on Debt Restructuring Between the Official Creditor Committee and Sri Lanka, Paris Club (Paris) 26 June 2024. Access Date: 30 October 2024. <https://clubdeparis.org/en/communications/press-release/agreement-on-a-debt-restructuring-between-the-official-creditor>

On 31 July 2024, the BOJ increased the short-term interest rate to approximately 0.25 per cent.³⁵²⁰ The BOJ also declared that it would cut its monthly purchases of Japanese government bonds by around JPY400 billion per quarter until March 2026. This strategy seeks to modify the level of monetary supply to sustainably and steadily reach the two per cent inflation objective. By reducing its bond purchases, the BOJ signals its objective of effectively managing inflationary pressures and stabilizing the economy.

On 25 October 2024, BOJ Governor Kazuo Ueda highlighted the importance of improved communication with markets following the July interest rate hike.³⁵²¹ The BOJ seeks to improve openness in its monetary policy choices in order to decrease market volatility and maintain financial stability. This communication enhancement aligns with attempts to create a predictable economic environment.

On 18 November 2024, Japan's Cabinet Office released a comprehensive economic stabilization plan to address inflationary pressures and potential market volatility due to global uncertainties. The plan included fiscal measures such as direct household subsidies and support for businesses facing supply chain disruptions. These measures aim to stabilize consumer prices and protect the broader economy from excessive price volatility.

On 18 February 2025, the BOJ increased the policy rate by 25 basis points to 0.50 per cent.³⁵²² This marks the highest rate since 2008 and aims to combat rising inflationary pressures, signalling a shift from ultra-loose monetary policy.

On 5 March 2025, BOJ Deputy Governor Shinichi Uchida affirmed the central bank's commitment to continuing interest rate hikes.³⁵²³ Uchida suggested that rate increases could align with market expectations, which foresee a potential rise in the BOJ policy rate to 0.75 per cent by July and to one per cent by early next year.

On 31 March 2025, the BOJ announced a reduction in its purchase of super-long Japanese Government bonds for the first time since initiating quantitative tightening.³⁵²⁴ This step reflects the central bank's commitment to phasing out the stimulus programme introduced in 2013.

On 18 April 2025, Governor Ueda stated that the BOJ will continue to raise interest rates if underlying inflation progresses toward its two per cent target, as currently projected.³⁵²⁵ He emphasized the importance of carefully assessing whether the economy aligns with its forecasts, particularly in light of uncertainties stemming from the potential impact of U.S. tariffs.

On 1 May 2025, the BOJ maintained its policy interest rate at 0.5 per cent.³⁵²⁶ Governor Ueda, unanimously supported by, stated that current macroeconomic conditions were not conducive to a change in the policy interest rate.

³⁵²⁰ Change in the Guideline for Money Market Operations and Decision on the Plan for the Reduction of the Purchase Amount of Japanese Government Bonds, Bank of Japan (Tokyo) 31 July 2024. Access Date: 3 November 2024.

https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2024/k240731a.pdf

³⁵²¹ Outlook for Economic Activity and Prices (July 2024) Bank of Japan (Tokyo) 31 July 2024. Access Date: 3 November 2024.

<https://www.boj.or.jp/en/mopo/outlook/gor2407a.pdf>

³⁵²² BOJ May Raise Rates Twice More This Year, Underpin Yen, Says Ex-FX Diplomat Watanabe, Reuters (Tokyo) 18 February 2025. Access Date: 22 February 2025. <https://www.reuters.com/markets/asia/boj-may-raise-rates-twice-more-this-year-underpin-yen-says-ex-fx-diplomat-2025-02-18/>

³⁵²³ "BOJ Vows to Keep Raising Rates despite Trump Tariff Risks | Reuters." Access Date: 15 April 2025. <https://www.reuters.com/markets/rates-bonds/boj-keep-raising-rates-if-its-forecasts-are-met-says-deputy-governor-uchida-2025-03-05/>

³⁵²⁴ BOJ to Cut Buying of Super-Long Bonds for First Time in Taper Plan, Reuters (Shizuoka) 5 March 2025. Access Date: 16 April 2025. <https://www.reuters.com/business/finance/boj-cut-buying-super-long-bonds-first-time-taper-plan-2025-03-31/>

³⁵²⁵ BOJ Will Keep Raising Rates If Inflation on Track, Governor Ueda Says, Reuters (Tokyo) 18 April 2025. Access Date: 18 April 2025. <https://www.reuters.com/markets/rates-bonds/boj-will-keep-raising-rates-if-inflation-track-governor-ueda-says-2025-04-18/>

³⁵²⁶ BOJ keeps rates steady, cuts growth forecasts on US tariff hit, Reuters (Tokyo) 1 May 2025. Access Date: 12 May 2025. <https://www.reuters.com/business/boj-keep-rates-steady-cut-growth-forecasts-2025-04-30/>

Japan has fully complied with its commitment to ensure price and financial stability. advanced strong action to advance price and financial stability including through interest rate hikes and reducing bond purchases, releasing a comprehensive economic stabilization plan and approving debt restructuring for Sri Lanka.

Thus, Japan receives a score of +1.

Analyst: Arushi Chhikara

United Kingdom: +1

The United Kingdom has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability.

On 20 June 2024, the Bank of England's Monetary Policy Committee's announced their decision to maintain the Bank Rate at 5.25 per cent.³⁵²⁷ This decision is intended to ensure inflation remains at the 2 per cent target sustainably, balancing efforts to limit inflation persistence with economic growth and employment.

On 26 June 2024, the Paris Club Committee of Creditors, of which the United Kingdom is a member, reached an agreement with Sri Lanka supporting their financial stability by addressing debt vulnerabilities and ensuring alignment with the International Monetary Fund's Extended Fund Facility parameters.³⁵²⁸ The agreement helps rebuild fiscal buffers and manage risks associated with Sri Lanka's economic recovery. These efforts align with the guidelines by demonstrating actions to reduce debt vulnerabilities, promote prudent fiscal management, and contribute to global financial stability.

On 1 August 2024, the Bank of England's Monetary Policy Committee's announced their decision to reduce the Bank Rate to 5 per cent.³⁵²⁹ This decision is intended to ensure inflation remains at the 2 per cent target sustainably, balancing efforts to limit inflation persistence with economic growth and employment.

On 12 September 2024, Chancellor of the Exchequer Rachel Reeves delivered new rules for banks to ensure fiscal stability and promote investment, implementing the Basel 3 framework in response to the Global Financial Crisis.³⁵³⁰ The rules, which come in to force in 2026, include lowering capital requirements for lending to small-to-medium businesses and infrastructure projects as well as streamlining mortgage lending to simplify residential property valuation.

On 19 September 2024, the Bank of England's Monetary Policy Committee's announced their decision to maintain the Bank Rate at 5 per cent.³⁵³¹ This decision is intended to ensure inflation remains at the 2 per cent target sustainably, balancing efforts to limit inflation persistence with economic growth and employment.

On 30 October 2024, Chancellor Reeves introduced the Autumn Budget 2024.³⁵³² The budget includes new fiscal rules.³⁵³³ The stability rule allows borrowing only for investments and requires that revenues cover

³⁵²⁷ Bank Rate maintained at 5.25% - June 2024, Bank of England (London) 20 June 2024. Access Date: 29 October 2024.

<https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2024/june-2024>

³⁵²⁸ Agreement on Debt Restructuring Between the Official Creditor Committee and Sri Lanka, Paris Club (Paris) 26 June 2024.

Access Date: 30 October 2024. <https://clubdeparis.org/en/communications/press-release/agreement-on-a-debt-restructuring-between-the-official-creditor>

³⁵²⁹ Bank Rate reduced to 5% - August 2024, Bank of England (London) 1 August 2024. Access Date: 2 January 2025.

<https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2024/august-2024>

³⁵³⁰ New rules for banks to deliver financial stability and investment, His Majesty's Treasury (London) 12 September 2024. Access Date: 31 October 2024. <https://www.gov.uk/government/news/new-rules-for-banks-to-deliver-financial-stability-and-investment>

³⁵³¹ Bank Rate Maintained at 5% - September 2024, Bank of England (London) 19 August 2024. Access Date: 2 January 2025.

<https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2024/september-2024>

³⁵³² Chancellor Chooses a Budget to rebuild Britain, His Majesty's Treasury (London) 30 October 2024. Access Date: 31 October 2024. <https://www.gov.uk/government/news/chancellor-chooses-a-budget-to-rebuild-britain>

³⁵³³ Autumn Budget 2024, His Majesty's Treasury (London) 30 October 2024. Access Date: 20 December 2024.

https://assets.publishing.service.gov.uk/media/672b9695fbd69e1861921c63/Autumn_Budget_2024_Accessible.pdf

operational and program spending. The investment rule controls public sector net financial liabilities as a share of Gross Domestic Product. The budget instructs the Monetary Policy Committee to maintain its inflation target at 2 per cent. The budget proposes measures to ensure the reduction of net financial debt and enhance financial accountability through improved fiscal reporting and long-term investment strategies.

On 7 November 2024, the Bank of England's Monetary Policy Committee's announced their decision to reduce the Bank Rate to 4.75 per cent.³⁵³⁴ This decision is intended to ensure inflation remains at the 2 per cent target sustainably, balancing efforts to limit inflation persistence with economic growth and employment.

On 13 November 2024, the UK Government announced reforms to the pension system to consolidate local pension schemes and reduce system risks.³⁵³⁵ The plan merges the Local Government Pension Scheme and contribution schemes into a single fund, and supports financial stability for pensioners.

On 28 November 2024, the UK Government announced GBP1.98 billion over three years to the International Development Association (IDA).³⁵³⁶ The IDA provides low-interest loans to low-income countries enhancing their fiscal sustainability and bolstering the global financial system.

On 19 December 2024, the Bank of England's Monetary Policy Committee's announced their decision to maintain the Bank Rate at 4.75 per cent.³⁵³⁷ This decision is intended to ensure inflation remains at the 2 per cent target sustainably, balancing efforts to limit inflation persistence with economic growth and employment.

On 6 February 2024, the Bank of England's Monetary Policy Committee announced its decision to reduce the Bank Rate to 4.5 per cent.³⁵³⁸ This decision is intended to ensure inflation remains at the 2 per cent target sustainably, balancing efforts to limit inflation persistence with economic growth and employment.

On 20 March 2025, the Bank of England's Monetary Policy Committee announced its decision to maintain the Bank Rate at 4.5 per cent.³⁵³⁹ This decision is intended to ensure inflation remains at the 2 per cent target sustainably, balancing efforts to limit inflation persistence with economic growth and employment.

On 13 April 2025, Chancellor Reeves and Secretary of State for Business and Trade Jonathan Reynolds announced a temporary suspension of the UK Global Tariff on eighty-nine foreign products.³⁵⁴⁰ Cheaper imports are predicted to save businesses GBP17 million as a part of the 'Plan for Change' program.

On 25 April 2025, the House of Commons passed the Bank Resolution Recapitalization bill, which has already been passed by the House of Lords.³⁵⁴¹ The bill aims to improve the Bank of England's ability to manage bank

³⁵³⁴ Bank Rate reduced to 4.75% - November 2024, Bank of England (London) 7 November 2024. Access Date: 2 January 2025. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2024/november-2024>

³⁵³⁵ Pension Megafunds could unlock 80 billion of investment as Chancellor takes radical action to drive economic growth, His Majesty's Treasury(London) 13 November 2024. Access Date: 6 December 2024. <https://www.gov.uk/government/news/pension-megafunds-could-unlock-80-billion-of-investment-as-chancellor-takes-radical-action-to-drive-economic-growth>

³⁵³⁶ New UK investment to unlock billions to tackle the root causes of irregular migration, climate change and growth crisis., Foreign, Commonwealth & Development Office (London) 28 November 2024. Access Date: 6 December 2024. <https://www.gov.uk/government/news/new-uk-investment-to-unlock-billions-to-tackle-root-causes-of-irregular-migration-climate-change-and-growth-crises--2>

³⁵³⁷ Bank Rate Maintained at 4.75% - December 2024, Bank of England (London) 19 December 2024. Access Date: 2 January 2025. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2024/december-2024>

³⁵³⁸ Bank Rate reduced to 4.5% - February 2025, Bank of England (London) 6 February 2025. Access Date: 12 May 2025. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/february-2025>

³⁵³⁹ Bank Rate maintained at 4.5% - March 2025, Bank of England (London) 20 March 2025. Access Date: 12 May 2025. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/march-2025>

³⁵⁴⁰ Government cuts price of everyday items and summer essentials (London) 14 April 2025. Access Date: 17 April 2025. <https://www.gov.uk/government/news/government-cuts-price-of-everyday-items-and-summer-essentials>

³⁵⁴¹ Bank Resolution (Recapitalisation) Bill [HL], UK Parliament (London) 2 May 2025. Access Date: 10 May 2025. <https://bills.parliament.uk/bills/3734>

failures and require compensation to the Financial Services Compensation Scheme to support the sustainable use of bank resolution mechanisms.

On 8 May 2025, the Bank of England's Monetary Policy Committee announced its decision to reduce the Bank Rate to 4.25 per cent.³⁵⁴² This decision is intended to ensure inflation remains at the 2 per cent target sustainably, balancing efforts to limit inflation persistence with economic growth and employment.

The United Kingdom has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability. The United Kingdom advanced strong actions towards price and financial stability by introducing new banking rules, new fiscal rules and pension risk management reforms, by supporting low-interest loans to low-income countries, by approving debt restructuring for Sri Lanka, and through rate decisions based on inflation targets.

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

Analyst: Jivika Bhat

United States: 0

The United States has partially complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability.

On 18 June 2024, the Federal Reserve Bank entered into a written agreement with Pedcor Financial and its subsidiaries, including United Fidelity Bank to address capital planning, risk management, and oversight issues.³⁵⁴³ The agreement focuses on improving financial stability by enhancing board oversight, strengthening risk management, and requiring prior approval for capital distributions and debt transactions. These actions aim to ensure the bank's financial soundness and stability, in efforts to maintain its strength and safeguard against financial risks.

On 21 June 2024, the Federal Deposit Insurance Corporation approved deposit insurance for Thrivent Bank, a fully online institution merging Thrivent Federal Credit Union's assets and liabilities.³⁵⁴⁴ The bank's diversified loan portfolio, funded by core deposits, aligns with financial stability goals. Approval followed an evaluation of capital adequacy, management quality, and potential risks to the Deposit Insurance Fund, ensuring compliance with stability-focused regulations.

On 21 June 2024, the Federal Reserve Board and Federal Deposit Insurance Corporation announced that several weaknesses had been found in the resolution plans of eight large US banks.³⁵⁴⁵ As a result, the agencies issued letters with proposed remedies for the outlined weaknesses that must be addressed by 2025.

On 24 June 2024, the Office of the Comptroller of the Currency proposed revisions to its recovery planning guidelines for large insured national banks, federal savings associations, and federal branches.³⁵⁴⁶ The proposal,

³⁵⁴² Bank Rate reduced to 4.25% - May 2025, Bank of England (London) 8 May 2025. Access Date: 12 May 2025.

<https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2025/may-2025>

³⁵⁴³ Written Agreement by and between Pedcor Financial, LLC, Pedcor Financial Bancorp, Fidelity Financial Bancorp, and Federal Reserve Bank of Chicago, Board of Governors of the Federal Reserve System (Washington D.C.) 18 June 2024. Access Date: 31 October 2024. <https://www.federalreserve.gov/newsevents/pressreleases/files/enf20240625a1.pdf>

³⁵⁴⁴ FDIC Approves the Deposit Insurance and Merger Applications for Thrivent Bank, Salt Lake City, Utah, Federal Deposit Insurance Corporation (Washington D.C.) 21 June 2024. Access Date: 31 October 2024. <https://www.fdic.gov/news/press-releases/2024/fdic-approves-deposit-insurance-and-merger-applications-thrivent-bank-salt>

³⁵⁴⁵ Agencies Announce Results of Resolution Plan Review for Largest and Most Complex Banks, Federal Deposit Insurance Corporation (Washington D.C.) 21 June 2024. Access Date: 26 September 2024. <https://www.fdic.gov/news/press-releases/2024/agencies-announce-results-resolution-plan-review-largest-and-most-complex>

³⁵⁴⁶ OCC Requests Comments on Proposed Revisions to Its Recovery Planning Guidelines, Office of the Comptroller of the Currency (Washington D.C.) 24 June 2024. Access Date: 28 October 2024. <https://occ.gov/news-issuances/news-releases/2024/nr-occ-2024-69.html>

aimed at ensuring banks are prepared for severe stress events, would expand guidelines to banks with at least USD100 billion in assets, introduce a testing standard for recovery plans, and clarify the role of non-financial risks, such as operational and strategic risk, in recovery planning.

On 26 June 2024, the Federal Reserve announced the results of its annual bank stress test.³⁵⁴⁷ While the Federal Reserve announced all banks had remained above the minimum capital requirements, and that there would be no change to capital requirements, they noted banks had regressed from the previous year, due to a mixture of riskier portfolio holdings, higher expenses, and credit delinquency.

On 26 June 2024, the Paris Club Committee of Creditors, of which the United States is a member, reached an agreement with Sri Lanka supporting their financial stability by addressing debt vulnerabilities and ensuring alignment with the International Monetary Fund's Extended Fund Facility parameters.³⁵⁴⁸ The agreement helps rebuild fiscal buffers and manage risks associated with Sri Lanka's economic recovery. These efforts align with the guidelines by demonstrating actions to reduce debt vulnerabilities, promote prudent fiscal management, and contribute to global financial stability.

On 27 June 2024, the Government National Mortgage Association proposed a new Home Equity Conversion Mortgage Mortgage-Backed Securities (HMBS) 2.0 program aimed at improving liquidity for HMBS issuers.³⁵⁴⁹ This initiative would allow the re-pooling of active and non-active buyouts into custom, single-issuer pools. The program seeks to address liquidity constraints in the reverse mortgage market while ensuring taxpayer protection and is designed to enhance market stability.

On 1 July 2024, the 2024 Commodity Futures Trading Commission (CFTC) Supervisory Stress Test report asserted that derivatives clearing organizations (DCOs) are well-equipped to handle extreme market shocks and multiple defaults without posing a threat to financial stability.³⁵⁵⁰ The analysis shows that DCOs have adequate resources to absorb significant price fluctuations and the default of clearing members, with minimal impact on non-defaulting members. The stress test illustrates the CFTC's commitment to monitoring and promoting financial stability.

On 2 July 2024, the Department of the Treasury and European Commission hosted the EU-US Joint Financial Regulatory Forum, where participants discussed six themes, including market development and financial stability, regulatory developments in banking and insurance, sustainable finance, and regulatory and supervisory cooperation in capital markets.³⁵⁵¹

On 9 July 2024, the Consumer Financial Protection Bureau fined Fifth Third Bank USD20 million for illegal practices, including charging borrowers for unnecessary auto insurance and creating fake accounts.³⁵⁵² The bank must also provide redress to approximately 35,000 affected consumers. The penalties include a USD5 million

³⁵⁴⁷ Federal Reserve Board annual bank stress test showed that while large banks would endure greater losses than last year's test, they are well positioned to weather a severe recession and stay above minimum capital requirements, Federal Reserve (Washington D.C.) 26 June 2024. Access Date: 26 September 2024.

<https://www.federalreserve.gov/newsevents/pressreleases/bcreg20240626a.htm>

³⁵⁴⁸ Agreement on Debt Restructuring Between the Official Creditor Committee and Sri Lanka, Paris Club (Paris) 26 June 2024.

Access Date: 30 October 2024. <https://clubdeparis.org/en/communications/press-release/agreement-on-a-debt-restructuring-between-the-official-creditor>

³⁵⁴⁹ Ginnie Mae Releases Proposed HMBS 2.0 Term Sheet for Public Comment, Ginnie Mae (Washington D.C.) 27 June 2024.

Access Date: 1 November 2024. <https://www.ginniemae.gov/newsroom/Pages/PressReleaseDispPage.aspx?ParamID=333>

³⁵⁵⁰ CFTC Announces Supervisory Stress Test Results, Commodity Futures Trading Commission (Washington D.C.) 1 July 2024.

Access Date: 28 October 2024. <https://www.cftc.gov/PressRoom/PressReleases/8929-24>

³⁵⁵¹ Joint Statement on the EU-U.S. Financial Regulatory Forum, United States Department of the Treasury (Washington D.C.) 2 July 2024. Access Date: 26 September 2024. <https://home.treasury.gov/news/press-releases/jy2443>

³⁵⁵² CFPB Takes Action Against Fifth Third for Wrongfully Triggering Auto Repossessions and Opening Fake Bank Accounts, Consumer Financial Protection Bureau (Washington D.C.) 9 July 2024. Access Date: 31 October 2024.

<https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-fifth-third-for-wrongfully-triggering-auto-repossessions-and-opening-fake-bank-accounts/>

fine for forcing vehicle insurance onto borrowers who already had coverage and a proposed USD15 million fine for opening unauthorized accounts. Additionally, the bank is banned from setting sales goals that incentivize fraudulent activity. These actions aim to protect consumers from unfair practices and promote financial stability.

On 9 July 2024, the Department of the Treasury announced that they would require entities with large positions of Treasury Bonds to submit Large Position Reports by 15 July 2024.³⁵⁵³ The reports must include detailed position data and administrative information and aim to enhance transparency and stability in US financial markets.

On 10 July 2024, the Federal Reserve Board fined Citigroup USD60.6 million for failing to meet the requirements of its 2020 enforcement action, citing inadequate progress in addressing data quality management issues and a lack of compensating controls.³⁵⁵⁴ This action, coordinated with the Office of the Comptroller of the Currency, brings the total penalties to approximately USD135.6 million. The Federal Reserve continues to oversee Citigroup's compliance efforts to mitigate ongoing risks and ensure financial stability.

On 12 July 2024, the Federal Financial Institutions Regulation Council announced the release of the 2024 list of distressed or underserved nonmetropolitan middle-income areas eligible for Community Reinvestment Act (CRA) credit.³⁵⁵⁵ These areas, based on local economic conditions such as unemployment and poverty, are identified for revitalization or stabilization activities. Such efforts can receive CRA consideration for twelve months, supporting financial stability and promoting equitable access to banking services.

On 15 July 2024, the Department of the Treasury participated in the Pacific Banking Forum, held in Brisbane, addressing the decline of correspondent banking relationships in the Pacific.³⁵⁵⁶ The event brought together international stakeholders to explore solutions, including strengthening anti-money laundering frameworks and promoting digital banking to support financial inclusion. The Forum's commitments aim to improve the region's financial infrastructure and reduce risks tied to de-risking, helping ensure more stable and accessible banking systems.

On 19 September 2024, the Federal Reserve lowered the federal benchmark policy interest rate by 50 basis points, bringing the target range between four-and-three-quarters and five per cent.³⁵⁵⁷ The goal of this cut is to maintain financial stability and to ensure compliance with inflation targets.

On 7 November 2024, the Federal Reserve lowered the federal funds rate by 25 basis points bringing the rate target range to between four-and-a-half and four-and-three-quarter per cent.³⁵⁵⁸ The Federal Reserve emphasized its goal to maximize employment and bring inflation to a long-run rate of two percent while being mindful of the risks involved.

³⁵⁵³ Treasury Calls for Large Position Reports, United States Department of the Treasury (Washington D.C.) 9 July 2024. Access Date: 30 October 2024. <https://home.treasury.gov/news/press-releases/jy2452>

³⁵⁵⁴ Federal Reserve Board fines Citigroup \$60.6 million for violating the Board's 2020 enforcement action, Board of Governors of the Federal Reserve System (Washington D.C.) 10 July 2024. Accessed 31 October 2024. <https://www.federalreserve.gov/newsevents/pressreleases/enforcement20240710a.htm>

³⁵⁵⁵ Agencies Release List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies, Federal Financial Institutions Regulation Council (Washington D.C.) 12 July 2024. Access Date: 30 October 2024. <https://www.ffiec.gov/press/pr071224.htm>

³⁵⁵⁶ Outcomes Statement of the Pacific Banking Forum, United States Department of the Treasury (Washington D.C.) 15 July 2024. Access Date: 1 November 2024. <https://home.treasury.gov/news/press-releases/jy2463>

³⁵⁵⁷ Fed unveils oversized rate cut as it gains 'greater confidence' about inflation, Reuters (Washington, D.C.) 19 September 2024. Access date: 5 January 2025. <https://www.reuters.com/markets/rates-bonds/with-feds-rate-cut-hand-debate-swirls-over-how-big-move-2024-09-18/>

³⁵⁵⁸ Federal Reserve Issues FOMC Statement, Board of Governors of the Federal Reserve System (Washington D.C.) 7 November 2024. Access Date: 6 December 2024. <https://www.federalreserve.gov/newsevents/pressreleases/monetary20241107a.htm>

On 21 November 2024, CFTC Global Markets Advisory Committee promoted a recommendation to expand the usage of non-cash collateral in accordance with global trends on the usage of digital assets.³⁵⁵⁹ This recommendation aims to support financial stability.

On 21 November 2024, the National Credit Union Administration Board approved the Central Liquidity Facility's budget for 2025-2026, providing small and mid-sized credit unions with greater access to liquidity risk management in times of financial stress and market difficulties.³⁵⁶⁰

On 19 December 2024, the Federal Reserve lowered the federal funds rate by 25 basis points bringing the rate target range to between four-and-one-quarter and four-and-a-half per cent.³⁵⁶¹

On 12 December 2024, the Consumer Financial Protection Bureau closed an overdraft loophole in an action expected to save consumers up to USD5 billion in annual overdraft fee payments.³⁵⁶² The loophole exempted overdraft loans from otherwise applicable lending laws and its closure comes as part of a broader crackdown on junk fees harming consumers and benefiting large banks.

On 17 December 2024, the Consumer Financial Protection Bureau finalized a congressionally mandated rule applying residential mortgage protections to Property Assessed Clean Energy (PACE) loans, which had formerly left homeowners at risk of losing their homes.³⁵⁶³ The new regulation enables borrowers to compare the cost of PACE loans with other types of financing and places the burden upon the lender to ensure the loan's affordability.

On 17 December 2024, the National Credit Union Administration Board approved their 2025-2026 budget and adopted a final rule regarding succession planning.³⁵⁶⁴ The budget plan was intended to allow the agency to focus on and execute consumer financial protection and its other responsibilities. The succession planning rule targets credit unions supporting under-resourced, low-income and minority communities, and was intended to reduce unplanned mergers by requiring federally insured credit unions to have succession plans in place for key positions on their boards.

On 7 January 2025, the Consumer Financial Protection Bureau finalized a rule to remove USD49 billion in medical bills from credit reports used by lenders, affecting an estimated fifteen million Americans.³⁵⁶⁵ The new rule prohibits lenders from using medical information when making lending decisions and bans reporting

³⁵⁵⁹ CFTC's Global Markets Advisory Committee Advances Recommendation on Tokenized Non-Cash Collateral, Commodity Futures Trading Commission (Washington D.C.) 21 November 2024. Access Date: 6 December 2024. <https://www.cftc.gov/PressRoom/PressReleases/9009-24>

³⁵⁶⁰ NCUA Board Approves Central Liquidity Facility Budget for 2025-2026, National Credit Union Administration (Alexandria) 21 November 2024. Access Date: 06 December 2024. <https://ncua.gov/newsroom/press-release/2024/ncua-board-approves-central-liquidity-facility-budget-2025-2026>

³⁵⁶¹ Fed lowers rates but sees fewer cuts next year due to stubbornly high inflation, Reuters (Washington, D.C.) 19 December 2024. Access date: 5 January 2025. <https://www.reuters.com/markets/us/fed-expected-combine-interest-rate-cut-with-hawkish-2025-outlook-2024-12-18/>

³⁵⁶² CFPB Closes Overdraft Loophole to Save Americans Billions in Fees, Consumer Financial Protection Bureau (Washington D.C.) 12 December 2024. Access Date: 19 February 2025. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-closes-overdraft-loophole-to-save-americans-billions-in-fees/>

³⁵⁶³ CFPB Finalizes Rule to Protect Homeowners on Solar Panel Loans and Other Home Improvement Loans Paid Back Through Property Taxes, Consumer Financial Protection Bureau (Washington D.C.) 17 December 2024. Access Date: 19 February 2025. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-to-protect-homeowners-on-solar-panel-loans-and-other-home-improvement-loans-paid-back-through-property-taxes/>

³⁵⁶⁴ NCUA Board Approves 2025—2026 Budget; Succession Planning Final Rule, National Credit Union Administration (Alexandria) 17 December 2024. Access Date: 19 February 2025. <https://ncua.gov/newsroom/press-release/2024/ncua-board-approves-2025-2026-budget-succession-planning-final-rule>

³⁵⁶⁵ CFPB Finalizes Rule to Remove Medical Bills from Credit Reports, Consumer Financial Protection Bureau (Washington D.C.) 7 January 2025. Access Date: 19 February 2025. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-to-remove-medical-bills-from-credit-reports/>

agencies from including medical bills on credit reports and in credit scores. This rule comes as part of a broader move towards protecting consumers from harmful debt collection practices.

On 14 January 2025, the Federal Reserve announced that federal and Californian financial regulatory agencies had issued a joint statement providing regulatory assistance and encouragement for institutions affected by Californian wildfires to continue providing financial services to their communities.³⁵⁶⁶ The regulatory guidance included consideration for stabilizing loans and services under the Community Reinvestment Act, looser publishing and regulatory reporting requirements and guidance on changes in lending practices and adoption of temporary facilities.

On 20 January 2025, President Donald Trump issued a statement which ordered all executive departments and agencies to deliver emergency price relief to restore purchasing power and improve the quality of life for the American people.³⁵⁶⁷ The economic goals detailed in the order include lowering the cost of housing, addressing an increase in healthcare costs, creating employment opportunities and targeting increases in food and fuel prices.

On 20 January 2025, President Trump issued an Executive Order detailing an America-centric trade policy and the roles each Cabinet member would play in furthering that policy.³⁵⁶⁸ The actions included in the order involved reassessing existing trade agreements and practices to counter currency manipulation, obtaining broader export market access for American products and businesses and assessing the effects of potential tariffs on the People's Republic of China, among other policies intended to prioritize American economic security.

On 3 February 2025, President Trump issued an Executive order outlining the establishment of a sovereign wealth fund.³⁵⁶⁹ The fund aims to maintain fiscal stability and lower the burden of price instability on American consumers.

On 5 February 2025, the Federal Reserve Board released the hypothetical scenarios to be used in its annual stress test.³⁵⁷⁰ These scenarios, intended to gauge the resilience of large banks' lending capabilities amidst a recession, include both credit and liquidity shocks and a broader market shock.

On 13 February 2025, the Office of the Comptroller of the Currency (OCC) released its economic and financial market scenarios for use in the periodic stress tests mandated by the Dodd-Frank Act.³⁵⁷¹ The tests are meant to produce guidance to assist the OCC in risk assessment and bank supervision.

On 21 March 2025, President Trump announced actions to promote American investment and increase domestic economic security.³⁵⁷² Such actions included implementing increased reviews on investment processes

³⁵⁶⁶ Federal and State Financial Regulatory Agencies Issue Interagency Statement on Supervisory Practices Regarding Financial Institutions Affected by the California Wildfires and Straight-Line Winds, United States Federal Reserve (Washington D.C.) 14 January 2025. Access Date: 19 February 2025. <https://www.federalreserve.gov/newsevents/pressreleases/other20250114a.htm>

³⁵⁶⁷ Delivering Emergency Price Relief for American Families and Defeating the Cost-of-Living Crisis, The White House (Washington D.C.) 20 January 2025. Access Date: 19 February 2025. <https://www.whitehouse.gov/presidential-actions/2025/01/delivering-emergency-price-relief-for-american-families-and-defeating-the-cost-of-living-crisis/>

³⁵⁶⁸ America First Trade policy, The White House (Washington D.C.) 20 January 2025. Access Date: 19 February 2025. <https://www.whitehouse.gov/presidential-actions/2025/01/america-first-trade-policy/>

³⁵⁶⁹ A Plan for Establishing a United States Sovereign Wealth fund, The White House (Washington D.C.) 3 February 2025. Access Date: 19 February 2025. <https://www.whitehouse.gov/presidential-actions/2025/02/a-plan-for-establishing-a-united-states-sovereign-wealth-fund/>

³⁵⁷⁰ Federal Reserve Board releases the hypothetical scenarios for its annual stress test, The Federal Reserve (Washington D.C.) 5 February 2025. Access Date: 19 February 2025. <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20250205a.htm>

³⁵⁷¹ OCC Releases Dodd-Frank Act Stress Test Scenarios for 2025, Office of the Comptroller of the Currency (Washington D.C.) 13 February 2025. Access Date: 18 April 2025. <https://occ.gov/news-issuances/news-releases/2025/nr-occ-2025-11.html>

³⁵⁷² America First Investment Policy, The White House (Washington D.C.) 21 February 2025. Access Date: 18 April 2025. <https://www.whitehouse.gov/presidential-actions/2025/02/america-first-investment-policy/>

to reduce investor uncertainty, create expedited investment pathways for certain businesses and review certain agreements seen as excessively cumbersome to potential investments.

On 28 March 2025, the Consumer Financial Protection Bureau announced that it would redirect its enforcement capabilities towards protecting consumers rather than pressing supervision actions on certain provisions.³⁵⁷³ The move aims to focus resources on protecting taxpayers and provide relief for providers of small loans.

On 2 April 2025, President Trump signed an executive order imposing “reciprocal tariffs” ranging from 10 per cent to 50 per cent on 185 jurisdictions.³⁵⁷⁴ This action is antithetical to the United States commitment to price and financial stability, as tariffs will increase domestic consumer prices.

On 9 April 2025, the Federal Reserve intervened to buy bonds and stabilize the financial market after “reciprocal tariffs” came into effect.³⁵⁷⁵ The Trump Administration subsequently paused these tariffs for 90 days. Uncertainty in the market indicates that the tariff policy is antithetical to the commitment.

On 9 April 2025, President Trump issued an executive order instructing heads of federal agencies, jointly with the Chairman of the Federal Trade Commission and the Attorney General, to review all regulations under their agencies and identify those that promoted anti-competitive practices.³⁵⁷⁷ The order aims to reduce anti-competitive regulatory barriers and promote competition, entrepreneurship, and innovation for the purpose of protecting American consumers.

On 17 April 2025, the Federal Reserve Board put out a request for public comment on a proposal regarding the reduction of capital requirement volatility from its annual stress test results.³⁵⁷⁸ The proposal aims to reduce volatility by giving banks additional time to adjust to new requirements, and the request for comment aims to introduce transparency into the process.

On 7 May 2025, the Board of Governors of the Federal Reserve System announced its decision to maintain the federal funds target rate between four-and-one-quarter and four-and-a-half per cent.³⁵⁷⁹ The board made its decision in response to recently changed economic indicators and according to its goals of maximum employment and 2 per cent inflation over the long run. The Federal Funds Rate has been maintained at this level since December 2024.³⁵⁸⁰

³⁵⁷³ CFPB Offers Regulatory Relief for Small Loan Providers, Consumer Financial Protection Bureau (Washington D.C.) 28 March 2025. Access Date: 18 April 2025. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-offers-regulatory-relief-for-small-loan-providers/>

³⁵⁷⁴ Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices that Contribute to Large and Persistent Annual United States Goods Trade Deficits (Washington D.C.) 2 April 2025. Access Date: 18 April 2025. <https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/>

³⁵⁷⁵ How Trump was forced to bow to reality of markets meltdown, The Telegraph (London) 9 April 2025. Access Date: 10 May 2025. <https://www.telegraph.co.uk/business/2025/04/09/fears-market-armageddon-forced-trump-truss-climbdown/>

³⁵⁷⁶ Why did Trump pause the tariffs? The bond market rebelled — here's what that means., CBS News (New York) 10 April 2025. Access Date: 10 May 2025. <https://www.cbsnews.com/news/trump-tariff-pause-bond-market-bond-yield-treasury-bill/>

³⁵⁷⁷ Reducing Anti-Competitive Regulatory Barriers, The White House (Washington D.C.) 9 April 2025. Access Date: 18 April 2025. <https://www.whitehouse.gov/presidential-actions/2025/04/reducing-anti-competitive-regulatory-barriers/>

³⁵⁷⁸ Federal Reserve Board requests comment on a proposal to reduce the volatility of the capital requirements stemming from the Board’s annual stress test results, United States Federal Reserve (Washington D.C.) 17 April 2025. Access Date: 18 April 2025. <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20250417a.htm>

³⁵⁷⁹ Federal Reserve issues FOMC statement, Board of Governors of the Federal Reserve System (Washington, D.C.) 7 May 2025. Access date: 12 May 2025. <https://www.federalreserve.gov/newsevents/pressreleases/monetary20250507a.htm>

³⁵⁸⁰ Economy at a Glance - Policy Rate, Board of Governors of the Federal Reserve System (Washington, D.C.) n.d. Access date: 12 May 2025. <https://www.federalreserve.gov/economy-at-a-glance-policy-rate.htm>

The United States has partially complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability. The United States advanced strong actions towards price and financial stability by pursuing risk management actions with financial institutions, revising recovery planning guidelines with nationally insured banks, by protecting the financial system from money laundering, amending collateral requirements, approving debt restructuring for Sri Lanka, and through rate decisions based on inflation targets. However, the uncertainty and bond market turmoil induced by the United States' tariff policy and the potential for widespread price effects sufficiently contradicts the United States' commitment to price and financial stability to make compliance partial.

Thus, the United States receives a score of 0.

Analyst: Veronica Korolev

European Union: +1

The European Union has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability.

On 18 June 2024, Vice-President of the European Central Bank (ECB) Luis de Guindos gave a speech at the Joint Conference of the European Commission and the ECB on European Financial Integration.³⁵⁸¹ This speech emphasized the urgent need for greater financial integration within the EU, focusing on completing the Banking Union, advancing the Capital Markets Union and fostering private sector risk-sharing to support the EU's resilience.

On 19 June 2024, the Council of the European Union agreed to a new mandate for negotiations related to the Crisis Management and Deposit Insurance (CMDI) Framework review proposed by the Commission.³⁵⁸² The review intends to strengthen the framework supporting bank resolution procedures. The Council mandate includes provisions for the public interest assessment needed to begin the resolution process, requirements for using institutional resolution and guarantee funds, and claims preferences for depositors. The CMDI reduces risks and enhances financial stability.

On 20 June 2024, the Eurogroup discussed key issues including the International Monetary Fund's Article IV review, which highlighted the euro area's economic resilience and the need for enhanced productivity and sustainable growth.³⁵⁸³ The Eurogroup also reviewed the international role of the euro, noting its stability and resilience despite global challenges, with an emphasis on maintaining its strategic importance. Though no policy introductions occurred, consensus emerged on the need for continued focus on sound fiscal policies, long-term growth, and strengthening financial infrastructure to support the euro's international role and the EU's strategic autonomy.

On 27 June 2024, the ECB supported the European Commission's proposed regulation to streamline financial reporting, reduce administrative burdens, and enhance supervisory data sharing among European authorities, such as the European Supervisory Authorities and the European Systemic Risk Board.³⁵⁸⁴ The ECB emphasized that these measures improve the consistency, accuracy, and timeliness of data essential for informed monetary

³⁵⁸¹ Strengthening European financial markets to ensure a more resilient future, European Central Bank (Frankfurt) 18 June 2024. Access Date: 30 October 2024. <https://www.ecb.europa.eu/press/key/date/2024/html/ecb.sp240618~4d5f03fd1b.en.html>

³⁵⁸² Bank crisis management and deposit insurance framework: Council agrees on its position, Council of the European Union (Brussels) 19 June 2024. Access Date: 26 September 2024. <https://www.consilium.europa.eu/en/press/press-releases/2024/06/19/bank-crisis-management-and-deposit-insurance-framework-council-agrees-on-its-position/>

³⁵⁸³ Eurogroup meeting of 20 June 2024, Eurogroup (Brussels) 26 June 2024. Access Date: 30 October 2024. <https://www.consilium.europa.eu/media/geojipdj/summing-up-letter-eurogroup-in-regular-format-20-june-2024.pdf>

³⁵⁸⁴ Opinion of The European Central Bank of 21 June 2024 on the proposal for a regulation of the European Parliament and of the Council as regards certain reporting requirements in the fields of financial services and investment support, Council of the European Union (Brussels) 27 June 2024. Access Date: 30 October 2024. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CONSIL:ST_11621_2024_INIT

policy and effective oversight of financial institutions, contributing to price and financial stability. The ECB highlighted initiatives such as the Joint Banking Reporting Committee and Integrated Reporting Framework, which promote harmonized data flows and reduce redundancies, bolstering financial system resilience. Notably, the ECB supported the European Parliament's proposal to expand the regulation's scope, including a Single Integrated Reporting System.

On 27 June 2024, the ECB stated its opinion on the Financial Services (Provisions of Access to Cash Services) Bill 2024, discussing the bill's role in ensuring access to cash infrastructure across Ireland.³⁵⁸⁵ By mandating regional cash availability criteria and extending the Central Bank of Ireland's regulatory oversight to automated teller machines, operators and cash-in-transit providers, the bill seeks to safeguard cash access for individuals and small and medium sized enterprises. The ECB supported the bill, and thus supported financial stability, by promoting policy that suggests trust in cash as a secure payment method and mitigates risks to monetary circulation.

On 28 June 2024, the European Central Bank Governing Council called on macroprudential authorities in member states to maintain capital buffer requirements and acknowledged support for members raising those requirements.³⁵⁸⁶ The Council recognized members' space to expand macroprudential measures to improve financial stability.

On 2 July 2024, the European Commission and the US Department of the Treasury hosted the EU-US Joint Financial Regulatory Forum.³⁵⁸⁷ At the forum, participants discussed six themes, including market development and financial stability, regulatory developments in banking and insurance, sustainable finance, and regulatory and supervisory cooperation in capital markets.

On 9 July 2024, the European Banking Authority (EBA) updated its supervisory reporting framework with new implementing technical standards to align with the Capital Requirements Regulation (CRR3) and Basel III reforms, reinforcing financial stability.³⁵⁸⁸ These standards enable enhanced supervision by ensuring institutions provide comparable data on key risks, including credit, market, operational, and crypto-asset exposures. By improving transparency and monitoring compliance with CRR3, the standards address systemic vulnerabilities, promoting consistent oversight and supporting market confidence.

On 12 July 2024, the European Supervisory Authorities announced a consultation on Markets in Crypto-assets Regulation (MiCAR) to standardize the classification of crypto-assets, a step intended to support financial stability and effective market oversight.³⁵⁸⁹ The guidelines require issuers of Asset-Referenced Tokens (ARTs) and other crypto-assets to provide standardized legal opinions and classification explanations and are intended to promote transparency and consistent regulatory treatment. By mitigating risks of misclassification, reducing regulatory arbitrage, and enabling supervisors to better monitor systemic risks posed by crypto-assets, the guidelines are meant to strengthen the stability and integrity of financial markets.

On 15 July 2024, the ECB released their opinion on the draft law amending the Law on De Nederlandsche Bank (DNB) focusing on the significance of the proposed mandatory reporting of granular mortgage data by

³⁵⁸⁵ Opinion of the European Central Bank of 27 June 2024 on access to cash, European Central Bank (Brussels) 27 June 2024. Access Date: 30 October 2024. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024AB0022>

³⁵⁸⁶ Governing Council statement on macroprudential policies, European Central Bank (Frankfurt) 28 June 2024. Access Date: 26 September 2024. <https://www.ecb.europa.eu/press/govcstatement/html/ecb.govcstatement202406~32c180b631.en.html>

³⁵⁸⁷ Joint Statement on the EU-U.S. Financial Regulatory Forum, United States Department of the Treasury (Washington D.C.) 2 July 2024. Access Date: 26 September 2024. <https://home.treasury.gov/news/press-releases/jy2443>

³⁵⁸⁸ The EBA updates the supervisory reporting framework, European Banking Authority (Paris) 9 July 2024. Access Date: 29 October 2024. <https://www.eba.europa.eu/publications-and-media/press-releases/eba-updates-supervisory-reporting-framework>

³⁵⁸⁹ ESAs consult on Guidelines under the Markets in Crypto-Assets Regulation, European Banking Authority (Paris) 12 July 2024. Access Date: 29 October 2024. <https://www.eba.europa.eu/publications-and-media/press-releases/esas-consult-guidelines-under-markets-crypto-assets-regulation>

financial institutions to DNB.³⁵⁹⁰ The ECB supported the law, which is intended to facilitate access to detailed, pseudonymized loan-level information on borrowers, collateral, and risk characteristics, enhancing DNB's capacity to monitor financial stability and improve statistical accuracy. The ECB's memo emphasized the role of this policy in promoting sound macroprudential oversight and effective monetary policy implementation.

On 15 July 2024, the EBA initiated a consultation on draft guidelines under MiCAR to address data gaps in supervisory reporting.³⁵⁹¹ These guidelines aim to provide competent authorities and the EBA with standardized, comparable information to ensure issuers of ARTs and certain e-money tokens comply with MiCAR requirements and to support the EBA's significance assessments, and thus financial stability.

On 15 July 2024, the Eurogroup committed to sustained fiscal consolidation and to implementing the reformed economic governance framework.³⁵⁹² The deficit reduction they outline strengthens both price and financial stability.

On 26 July 2024, the Council of the European Union announced corrective deficit procedures that member states must follow to address their deficits within a specified timeframe.³⁵⁹³ The procedures promote financial stability by ensuring member states exercise discipline with government spending and do not exceed a deficit of three per cent.

On 11 September 2024, the European Commission committed to ensuring renewable energy sources will be reliable and affordable for consumers.³⁵⁹⁴ This new legislation aims to maintain price stability in the face of a potential natural gas crisis, ensuring consumers have access to affordable energy.

On 12 September 2024, the ECB decreased the "three key interest rates" by 25 basis points.³⁵⁹⁵ The ECB made this decision in line with its most recent assessment of inflation and other macroeconomic indicators in the Eurozone.

On 17 October 2024, the ECB decreased the "three key interest rates" by 25 basis points.³⁵⁹⁶ The ECB took this action in line with its most recent assessment of inflation and other macroeconomic indicators in the Eurozone.

³⁵⁹⁰ Opinion of the European Central Bank of 15 July 2024 on the introduction of a reporting obligation in respect of mortgage-related data, European Central Bank (Brussels) 15 July 2024. Access Date: 30 October 2024. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024AB0025>

³⁵⁹¹ The EBA consults on guidelines on reporting of data to assist authorities in their supervisory duties and significance assessment under MiCAR, European Banking Authority (Paris) 15 July 2024. Access Date: 29 October 2024. <https://www.eba.europa.eu/publications-and-media/press-releases/eba-consults-guidelines-reporting-data-assist-authorities-their-supervisory-duties-and-significance>

³⁵⁹² Eurogroup statement on the fiscal stance for the euro area in 2025, Council of the European Union (Brussels) 15 July 2024. Access Date: 26 September 2024. <https://www.consilium.europa.eu/en/press/press-releases/2024/07/15/eurogroup-statement-on-the-fiscal-stance-for-the-euro-area-in-2025/>

³⁵⁹³ Stability and growth pact: Council launches excessive deficit procedures against seven member states, Council of the European Union (Brussels) 26 July 2024. Access Date: 31 October 2024. <https://www.consilium.europa.eu/en/press/press-releases/2024/07/26/stability-and-growth-pact-council-launches-excessive-deficit-procedures-against-seven-member-states/>

³⁵⁹⁴ EU makes progress in ensuring secure and affordable energy for all, European Commission (Brussels) 11 September 2024. Access Date: 31 October 2024. https://commission.europa.eu/news/eu-makes-progress-ensuring-secure-and-affordable-energy-all-2024-09-11_en

³⁵⁹⁵ Monetary policy decisions, European Central Bank (Frankfurt) 12 September 2024. Access Date: 5 January 2025. <https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.mp240912~67cb23badb.en.html>

³⁵⁹⁶ Monetary policy decisions, European Central Bank (Frankfurt) 17 October 2024. Access Date: 5 January 2025. <https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.mp241017~aa366eaf20.en.html>

On 23 October 2024, the Council of the European Union adopted a EUR35 billion aid package for Ukraine, targeted at providing macro-financial assistance to Ukraine.³⁵⁹⁷ The funding, part of a G7 loan of EUR45 billion, aims to support financial stability in Ukraine and reduce exogenous financial hardships the country faces because of the Russian invasion.

On 19 November 2024, the Council of the European Union adopted new regulations that open the EU derivatives market and make the “EU clearing landscape more attractive” by streamlining procedures and improving trading supervision.³⁵⁹⁸ The new rules advance the EU’s financial stability by managing risks while opening markets and increasing trading.

On 25 November 2024, the European Commission announced a “new economic governance framework” to ensure secure public finances along with open markets and transparent investments.³⁵⁹⁹ This step is aimed at making the EU’s economy more secure and competitive while generating sustainable and stable macroeconomic growth.

On 4 December 2024, the Council of the European Union agreed on a Financial Data Access framework to improve the accessibility of consumer data between different financial institutions.³⁶⁰⁰ The new framework would allow consumers to receive more personalized services while also allowing customers to retain control over their data.

On 10 December 2024, the European Commission announced its intent to issue EUR90 billion in long-term EU bonds in the first half of 2025.³⁶⁰¹ These actions are intended to strengthen the market for EU bonds while also generating funds to support initiatives, such as strengthening its economic resilience and supporting EU neighbours.

On 12 December 2024, the ECB decreased the “three key interest rates” by 25 basis points.³⁶⁰² This action was taken in line with inflation reduction goals and according to new analysis by the ECB on inflation in the Eurozone.

On 12 December 2024, the Council of the European Union and the European Parliament reached a provisional deal to streamline financial benchmarks and registration requirements.³⁶⁰³ This provisional deal would reduce regulatory burdens on administrators and financial burdens on companies.

³⁵⁹⁷ Immobilised assets: Council greenlights up to €35 billion in macro-financial assistance to Ukraine and new loan mechanism implementing G7 commitment, Council of the European Union (Brussels) 23 October 2024. Access Date: 5 December 2024. <https://www.consilium.europa.eu/en/press/press-releases/2024/10/23/immobilised-assets-council-greenlights-up-to-35-billion-in-macro-financial-assistance-to-ukraine-and-new-loan-mechanism-implementing-g7-commitment/>

³⁵⁹⁸ Capital markets union: Council adopts revamped rules for EU clearing services, Council of the European Union (Brussels) 19 November 2024. Access Date: 5 December 2024. <https://www.consilium.europa.eu/en/press/press-releases/2024/11/19/capital-markets-union-council-adopts-revamped-rules-for-eu-clearing-services/>

³⁵⁹⁹ First European Semester Autumn Package under new economic governance framework sets out path for sound public finances and sustainable and inclusive growth, European Commission (Brussels) 25 November 2024. Access Date: 5 December 2024. https://ec.europa.eu/commission/presscorner/detail/en/ip_24_592

³⁶⁰⁰ Capital markets Union: Council agrees to make consumers’ financial data more accessible, Council of the European Union (Brussels) 4 December 2024. Access Date: 19 February 2025. <https://www.consilium.europa.eu/en/press/press-releases/2024/12/04/capital-markets-union-council-agrees-to-make-consumers-financial-data-more-accessible/>

³⁶⁰¹ European Commission to issue €90 billion in long-term EU-Bonds in the first half of 2025, European Commission (Brussels) 10 December 2024. Access Date: 19 February 2025. https://ec.europa.eu/commission/presscorner/detail/en/ip_24_6346

³⁶⁰² Monetary policy decisions, European Central Bank (Frankfurt) 12 December 2024. Access Date: 5 January 2025. <https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.mp241212~2acab6e51e.en.html>

³⁶⁰³ Council and Parliament reach deal on financial benchmarks, Council of the European Union (Brussels) 12 December 2024. Access Date: 19 February 2025. <https://www.consilium.europa.eu/en/press/press-releases/2024/12/12/council-and-parliament-reach-deal-on-financial-benchmarks/>

On 13 December 2024, the Council of the European Union adopted a generalized position on its insolvency law harmonization in working towards the Capital Market Union.³⁶⁰⁴ The motion aims to provide for the tracing of national centralized bank account registers for insolvent assets and the aligning of rules across the European Union for the standard procedure in case of insolvency.

On 21 January 2025, the European Council approved submitted requests by Greece, Cyprus and Spain for funding from the recovery and resilience fund.³⁶⁰⁵ The plans are now worth EUR36.6 billion, EUR1.2 billion and EUR163 billion, respectively. These plans aim to support financial stability and overcome challenges from the COVID-19 pandemic faced by these countries.

On 21 January 2025, the Council of the European Union laid out recommendations for the fiscal expenditure paths of 21 of its member states.³⁶⁰⁶ The plans place the medium-term fiscal-structural plans of member states at the heart of the European Union's economic governance and aim to reduce or maintain current levels of government debt.

On 30 January 2025, the ECB decreased the “three key interest rates” by 25 basis points.³⁶⁰⁷ This action was taken in line with inflation reduction goals and according to new analysis by the ECB on inflation in the Eurozone.

On 13 February 2025, the European Commission reaffirmed its commitment to maintaining low tariffs and transparent trade policies.³⁶⁰⁸ The Commission also committed to defending European businesses if faced with US tariffs.

On 18 February 2025, the European Council announced the creation of a “fiscal expenditure path” for Hungary to aid in alleviating its excessive deficit.³⁶⁰⁹ The plan aligns with the EU's new economic governance framework that holds member states accountable for economic changes by asking them to submit national medium-term fiscal security plans.

On 18 February 2025, the European Commission announced its plan to strengthen the farming and agriculture sectors of EU countries.³⁶¹⁰ The strategy focuses on promoting price stability, innovation, improved working conditions and sustainability goals through measures such as implementing food safety standards, developing a Water Resilience Strategy and preventing farmers from selling below production costs.

³⁶⁰⁴ Insolvency law: Council settles on position for core capital markets union legislation, Council of the European Union (Brussels) 13 December 2024. Access Date: 19 February 2025. <https://www.consilium.europa.eu/en/press/press-releases/2024/12/13/insolvency-law-council-settles-on-position-for-core-capital-markets-union-legislation/>

³⁶⁰⁵ Recovery and resilience fund: Council greenlights the amended plans of Greece, Cyprus and Spain, Council of the European Union (Brussels) 21 January 2025. Access Date: 22 February 2025. <https://www.consilium.europa.eu/en/press/press-releases/2025/01/21/recovery-and-resilience-fund-council-greenlights-the-amended-plans-of-greece-cyprus-and-spain/>

³⁶⁰⁶ Economic governance framework: Council sets fiscal expenditure paths for 21 member states, Council of the European Union (Brussels) 21 January 2025. Access Date: 19 February 2025. <https://www.consilium.europa.eu/en/press/press-releases/2025/01/21/economic-governance-framework-council-sets-fiscal-expenditure-paths-for-21-member-states/>

³⁶⁰⁷ Monetary policy decisions, European Central Bank (Frankfurt) 30 January 2025. Access Date: 12 May 2025. <https://www.ecb.europa.eu/press/pr/date/2024/html/ecb.mp241212~2acab6e51e.en.html>

³⁶⁰⁸ Statement on the US reciprocal tariff policy, European Commission (Brussels) 13 February 2025. Access Date: 22 February 2025. https://ec.europa.eu/commission/presscorner/detail/en/statement_25_515

³⁶⁰⁹ Council sets fiscal expenditure path for Hungary and adopts recommendations to correct its excessive deficit situation, Council of the European Union (Brussels) 18 February 2025. Access Date: 22 February 2025. <https://www.consilium.europa.eu/en/press/press-releases/2025/02/18/council-sets-fiscal-expenditure-path-for-hungary-and-adopts-recommendation-to-correct-its-excessive-deficit-situation/>

³⁶¹⁰ Commission presents its roadmap for a thriving EU farming and agri-food sector, European Commission (Brussels) 18 February 2025. Access Date: 22 February 2025. https://ec.europa.eu/commission/presscorner/detail/en/ip_25_530

On 18 February 2025, the Council of the European Union set guidelines for the 2026 EU budget.³⁶¹¹ These guidelines stressed the importance of maintaining a realistic budget while providing enough resources to reach targets and implement initiatives.

On 19 February 2025, the European Council and Parliament announced their support for the creation of the “Reform and Growth Facility for the Republic of Moldova.”³⁶¹² This EUR2 billion in macro-financial assistance will allow Moldova to continue its EU-related reforms, fostering economic growth and helping it build energy independence.

On 25 February 2025, the European Commission announced an overarching plan to reduce energy costs, increase investment and build energy security called the Action Plan.³⁶¹³ The plan is intended to save consumers EUR260 billion annually by 2040 and directly confront issues that are causing unstable, fluctuating energy costs in the EU.

On 6 March 2025, the ECB decreased the “three key interest rates” by 25 basis points.³⁶¹⁴ This action was taken in line with inflation reduction goals and according to new analysis by the ECB on inflation in the Eurozone.

On 11 March 2025, the Council of the European Union gave final approval to new laws modernizing the European Union’s Value Added Tax (VAT) rules.³⁶¹⁵ The rules aim to digitize VAT reporting, charge value added tax on online platforms for short-term rentals and transport services and streamline value added tax registrations. The new regulations are meant to reduce fraud, bolster competitiveness of European industry and ease the regulatory burden on businesses.

On 14 April 2025, the European Council approved new rules to simplify discussion and information sharing for corporate taxation.³⁶¹⁶ The new rules will ensure that profits are correctly taxed and that European corporations pay taxes based on the global minimum rate of corporate tax.

On 17 April 2025, the ECB decreased the “three key interest rates” by 25 basis points.³⁶¹⁷ This action was taken in line with inflation reduction goals and according to new analysis by the ECB on inflation in the Eurozone.

The European Union has fully complied with its commitment that its policy efforts will continue to focus on ensuring price and financial stability. The European Union advanced strong action to advance price and financial stability through adopting a new framework for bank resolutions and derivatives market regulation,

³⁶¹¹ EU annual budget 2026: Council sets guidelines for next year’s EU budget, Council of the European Union (Brussels) 18 February 2025. Access Date: 19 February 2025. <https://www.consilium.europa.eu/en/press/press-releases/2025/02/18/eu-annual-budget-2026-council-sets-guidelines-for-next-year-s-eu-budget/>

³⁶¹² Moldova: Council and European Parliament agree to support reforms and economic growth with almost €2 billion, Council of the European Union (Brussels) 19 February 2025. Access Date: 22 February 2025. <https://www.consilium.europa.eu/en/press/press-releases/2025/02/19/moldova-council-and-european-parliament-agree-to-support-reforms-and-economic-growth-with-almost-2-bn/>

³⁶¹³ Commission brings relief to European consumers and businesses with Action Plan to save €260 billion annually by 2040, European Commission (Brussels) 25 February 2025. Access Date: 15 April 2025. https://ec.europa.eu/commission/presscorner/detail/en/ip_25_570

³⁶¹⁴ Monetary policy decisions, European Central Bank (Frankfurt) 6 March 2025. Access Date: 12 May 2025. <https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250306~d4340800b3.en.html>

³⁶¹⁵ Taxation: Council adopts VAT in the digital age package, Council of the European Union (Brussels) 11 March 2025. Access Date: 18 April 2025. <https://www.consilium.europa.eu/en/press/press-releases/2025/03/11/taxation-council-adopts-vat-in-the-digital-age-package/>

³⁶¹⁶ Council adopts rules to extend cooperation and information exchange between tax authorities to minimum effective corporate taxation, European Council (Brussels) 14 April 2025. Access Date: 15 April 2025. <https://www.consilium.europa.eu/en/press/press-releases/2025/04/14/council-adopts-rules-to-extend-cooperation-and-information-exchange-between-tax-authorities-to-minimum-effective-corporate-taxation/>

³⁶¹⁷ Monetary policy decisions, European Central Bank (Frankfurt) 17 April 2025. Access Date: 12 May 2025. <https://www.ecb.europa.eu/press/pr/date/2025/html/ecb.mp250417~42727d0735.en.html>

rate decisions to target inflation, through corrective deficit procedures for member states, new financial requirements, a new economic governance framework and through providing macro-financial assistance for Ukraine.

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

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