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## 2024 G7 Apulia Summit Interim Compliance Report

15 June 2024 to 20 December 2024

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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			+1
European Union			+1
Average		+1.00 (100%)	

### 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.<sup>2377</sup> 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.<sup>2378</sup> 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.<sup>2379</sup> 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.<sup>2380</sup>

At the 1979 Tokyo Summit, G7 leaders recommitted to foreign exchange stability.<sup>2381</sup>

<sup>2377</sup> 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>

<sup>2378</sup> 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>

<sup>2379</sup> 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>

<sup>2380</sup> 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>

<sup>2381</sup> 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.<sup>2382</sup> 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.<sup>2383</sup> 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.<sup>2384</sup> 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.<sup>2385</sup>

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.<sup>2386</sup> 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.<sup>2387</sup> 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.<sup>2388</sup> This grouping would produce a report for the following summit, to encourage members to produce and implement compatible economic policies aligned with G7 goals.

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<sup>2382</sup> 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>

<sup>2383</sup> 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>

<sup>2384</sup> 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>

<sup>2385</sup> 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>

<sup>2386</sup> 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>

<sup>2387</sup> 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>

<sup>2388</sup> 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.<sup>2389</sup> 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.<sup>2390</sup>

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.<sup>2391</sup>

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.<sup>2392</sup>

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.<sup>2393</sup>

At the 1997 Denver Summit, G7 leaders called upon financial institutions and regulatory bodies to help strengthen and stabilize financial systems in emerging economies.<sup>2394</sup>

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.<sup>2395</sup> 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.<sup>2396</sup>

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.<sup>2397</sup> Additionally,

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<sup>2389</sup> Venezia Economic Declaration, G7 Information Centre (Toronto) 10 June 1987. Access Date: 8 September 2024.

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

<sup>2390</sup> Toronto Economic Summit Economic Declaration, G7 Information Centre (Toronto) 21 June 1988. Access Date: 8 September 2024. <https://www.g7.utoronto.ca/summit/1988toronto/communique.html>

<sup>2391</sup> Summit Communique, G7 Information Centre (Toronto) 9 July 1994. Access Date: 8 September 2024.

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

<sup>2392</sup> Halifax Summit Communique, G7 Information Centre (Toronto) 16 June 1995. Access Date: 8 September 2024.

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

<sup>2393</sup> 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/communique.html>

<sup>2394</sup> Communique, G7 Information Centre (Toronto) 22 June 1997. Access Date: 8 September 2024.

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

<sup>2395</sup> 7 Birmingham Communiqué, G7 Information Centre (Toronto) 17 May 1998. Access Date: 8 September 2024.

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

<sup>2396</sup> Köln Communiqué, G7 Information Centre (Toronto) 20 June 1999. Access Date: 8 September 2024.

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

<sup>2397</sup> 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).<sup>2398</sup>

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.<sup>2399</sup>

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.<sup>2400</sup>

At the 2007 Heiligendamm Summit, G8 leaders provided updates on the progress of their joint economic growth strategy.<sup>2401</sup> 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.<sup>2402</sup> 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.<sup>2403</sup> 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.<sup>2404</sup> Leaders placed emphasis on European recovery during the Euro-crisis and European Economic and Monetary Union financial infrastructure.

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<sup>2398</sup> 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](https://www.g7.utoronto.ca/summit/2003evian/communique_en.html)

<sup>2399</sup> 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>

<sup>2400</sup> 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>

<sup>2401</sup> 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>

<sup>2402</sup> 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>

<sup>2403</sup> 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>

<sup>2404</sup> 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.<sup>2405</sup> 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.<sup>2406</sup>

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.<sup>2407</sup> 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.<sup>2408</sup>

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.<sup>2409</sup> 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.<sup>2410</sup>

At the 2024 Apulia Summit, leaders committed to “policy efforts...ensuring price and financial stability.”<sup>2411</sup>

### **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.<sup>2412</sup> 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.

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<sup>2405</sup> 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>

<sup>2406</sup> 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>

<sup>2407</sup> 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>

<sup>2408</sup> 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>

<sup>2409</sup> 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>

<sup>2410</sup> 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>

<sup>2411</sup> 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>

<sup>2412</sup> 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.”<sup>2413</sup>

“Stability” is understood to mean “the quality, state, or degree of being stable.”<sup>2414</sup>

“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.”<sup>2415</sup> 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.<sup>2416</sup>

“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.”<sup>2417</sup>

### 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-

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<sup>2413</sup> Ensuring, Merriam-Webster (Springfield) n.d. Access Date: 7 September 2024. <https://www.merriam-webster.com/dictionary/ensuring>

<sup>2414</sup> Stability, Merriam-Webster (Springfield) n.d. Access Date: 7 September 2024. <https://www.merriamwebster.com/dictionary/stability>

<sup>2415</sup> 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](https://publications.gc.ca/collections/collection_2017/banque-bank-canada/FB12-7-17-2012-eng.pdf)

<sup>2416</sup> Two per cent inflation target, European Central Bank (Frankfurt) n.d. Access Date: 14 Sep 2024.

<sup>2417</sup> 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.<sup>2418</sup> 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.<sup>2419</sup> 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.<sup>2420</sup> 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.<sup>2421</sup> 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.<sup>2422</sup> 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.

<sup>2418</sup> 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>

<sup>2419</sup> 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>

<sup>2420</sup> 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/department-finance/news/2024/06/legislation-to-make-life-more-affordable-build-more-homes-and-strengthen-economy-for-everyone-receives-royal-assent.html>

<sup>2421</sup> 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.

<sup>2422</sup> 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.<sup>2423</sup> 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.<sup>2424</sup> 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.<sup>2425</sup> 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.<sup>2426</sup> 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.<sup>2427</sup> 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.

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.

Thus, Canada receives a score of +1.

*Analyst: Arushi Chhikara*

### **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.<sup>2428</sup> The agreement helps rebuild fiscal buffers and manage risks associated with Sri Lanka's economic recovery. These efforts align with the guidelines

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<sup>2423</sup> 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/>

<sup>2424</sup> 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/>

<sup>2425</sup> Bank of Canada reduces policy rate by 25 basis points to 4¼% Bank of Canada (Ottawa) 4 September 2024. Access Date: 5 January 2025. <https://www.bankofcanada.ca/2024/09/fad-press-release-2024-09-04/>

<sup>2426</sup> 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/>

<sup>2427</sup> Bank of Canada Reduces Policy Rate by 50 Basis Points to 3¼%, Bank of Canada (Ottawa) 11 December 2024. Access Date: 4 November 2024. <https://www.bankofcanada.ca/2024/12/fad-press-release-2024-12-11/>

<sup>2428</sup> 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>

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.<sup>2429,2430</sup> 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, 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.<sup>2431</sup> 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.<sup>2432</sup> 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.<sup>2433</sup> 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.<sup>2434</sup> 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.<sup>2435</sup> If put into force, the tariff would have impacted

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<sup>2429</sup> 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>

<sup>2430</sup> Participants, Eurogroup (Luxembourg) 20 June 2024. Access Date: 3 February 2025.

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

<sup>2431</sup> 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>

<sup>2432</sup> 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>

<sup>2433</sup> 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/communiqués-de-presse/le-gouverneur-de-la-banque-de-france-propose-de-fixer-le-taux-du-lep-4-les-taux-du-livret-du-ldds-et>

<sup>2434</sup> 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](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)

<sup>2435</sup> 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](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)

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.<sup>2436,2437</sup> The deficit reduction they outline strengthens both price and financial stability.

On 7 October 2024, French customs announced a renewed strategy to combat “money laundering and financial terrorism.”<sup>2438</sup> 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.<sup>2439</sup> This loan, facilitated by Banque de France platforms, promotes price stability in the housing sector.

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, and by introducing price increase regulations and inflation-targeted rate decisions.

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.<sup>2440,2441</sup> 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.

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<sup>2436</sup> 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/>

<sup>2437</sup> Participants, Eurogroup (Luxembourg) 15 July 2024. Access Date: 3 February 2025. <https://www.consilium.europa.eu/media/xacnqgii/20240715eurogroupepresslist.pdf>

<sup>2438</sup> 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. <https://www.economie.gouv.fr/actualites/la-douane-francaise-toujours-plus-strategie-dans-sa-lutte-contre-les-flux-financiers>

<sup>2439</sup> 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>

<sup>2440</sup> 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>

<sup>2441</sup> 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, 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 acknowledged support for members raising those requirements.<sup>2442</sup> 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.<sup>2443,2444</sup> 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.<sup>2445</sup> 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.

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 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.<sup>2446,2447</sup> 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

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<sup>2442</sup> 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>

<sup>2443</sup> 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/>

<sup>2444</sup> Participants, Eurogroup (Luxembourg) 15 July 2024. Access Date: 3 February 2025. <https://www.consilium.europa.eu/media/xacnqgi/20240715eurogrouppresslist.pdf>

<sup>2445</sup> 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>

<sup>2446</sup> 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>

<sup>2447</sup> Participants, Eurogroup (Luxembourg) 20 June 2024. Access Date: 3 February 2025. <https://www.consilium.europa.eu/media/43vo4nr4/20240620-eurogroup-presslist.pdf>

the International Monetary Fund's Extended Fund Facility parameters.<sup>2448</sup> 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.<sup>2449</sup> 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.<sup>2450</sup> 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.<sup>2451</sup>

On 15 July 2024, Minister Giorgetti and the Eurogroup committed to sustained fiscal consolidation and to implementing the reformed economic governance framework.<sup>2452,2453</sup> 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.<sup>2454</sup> The new budget outlines a plan to cut spending while raising nominal and real gross domestic product (GDP).<sup>2455</sup> The intended effect is to decrease the deficit to GDP and debt to GDP ratios in the long term.<sup>2456</sup>

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<sup>2448</sup> 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>

<sup>2449</sup> 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>

<sup>2450</sup> 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](https://www.consob.it/documents/1912911/3990887/pr_20240705.pdf/44717ab4-45fd-c46f-309f-42ce724ac54c)

<sup>2451</sup> 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/>

<sup>2452</sup> 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/>

<sup>2453</sup> Participants, Eurogroup (Luxembourg) 15 July 2024. Access Date: 3 February 2025. <https://www.consilium.europa.eu/media/xacnqgii/20240715eurogroupepresslist.pdf>

<sup>2454</sup> Giorgetti, accordo con Ue su rientro deficit a sette anni. Trasmessa al Parlamento appendice VI al Psb, Ministero dell'Economia e dell 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/>

<sup>2455</sup> 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-spes/>

<sup>2456</sup> 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/>

On 21 October 2024, the Council of Ministers approved the Incentives Code and gave the government the authority to take standardized action.<sup>2457</sup> 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.<sup>2458</sup> 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.<sup>2459</sup> The findings of this commission will support government responses to support price stability in housing.

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.

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.<sup>2460</sup> 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.<sup>2461</sup> 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.<sup>2462</sup> The agreement helps rebuild fiscal

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<sup>2457</sup> 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>

<sup>2458</sup> 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/>

<sup>2459</sup> 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>

<sup>2460</sup> 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](https://www.boj.or.jp/en/mopo/diet/d_state/dst240618a.htm)

<sup>2461</sup> 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](https://www.mof.go.jp/policy/international_policy/convention/dialogue/20240625_1.pdf)

<sup>2462</sup> 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>

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 31 July 2024, the BOJ increased the short-term interest rate to approximately 0.25 per cent.<sup>2463</sup> 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.<sup>2464</sup> 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.

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.<sup>2465</sup> 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.<sup>2466</sup> 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.

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<sup>2463</sup> 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](https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2024/k240731a.pdf)

<sup>2464</sup> 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>

<sup>2465</sup> 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>

<sup>2466</sup> 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 1 August 2024, the Bank of England's Monetary Policy Committee's announced their decision to reduce the Bank Rate to 5 per cent.<sup>2467</sup> 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.<sup>2468</sup> 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.<sup>2469</sup> 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.<sup>2470</sup> The budget includes new fiscal rules.<sup>2471</sup> The stability rule allows borrowing only for investments and requires that revenues cover 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.<sup>2472</sup> 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.<sup>2473</sup> 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).<sup>2474</sup> The IDA provides low-interest loans to low-income countries enhancing their fiscal sustainability and bolstering the global financial system.

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<sup>2467</sup> 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>

<sup>2468</sup> 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>

<sup>2469</sup> 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>

<sup>2470</sup> 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>

<sup>2471</sup> 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](https://assets.publishing.service.gov.uk/media/672b9695fbd69e1861921c63/Autumn_Budget_2024_Accessible.pdf)

<sup>2472</sup> 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>

<sup>2473</sup> 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>

<sup>2474</sup> 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>

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.<sup>2475</sup> 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: +1**

The United States 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 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.<sup>2476</sup> 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.<sup>2477</sup> 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.<sup>2478</sup> 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.<sup>2479</sup> The proposal, aimed at ensuring banks are prepared for severe stress events, would expand guidelines to banks with at least

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<sup>2475</sup> 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>

<sup>2476</sup> 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>

<sup>2477</sup> 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>

<sup>2478</sup> 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>

<sup>2479</sup> 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>

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.<sup>2480</sup> 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.<sup>2481</sup> 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.<sup>2482</sup> 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.<sup>2483</sup> 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.<sup>2484</sup>

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.<sup>2485</sup> The bank must also provide redress to approximately 35,000 affected consumers. The penalties include a USD5 million fine for forcing vehicle insurance onto borrowers who already had coverage and a proposed USD15 million

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<sup>2480</sup> 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>

<sup>2481</sup> 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>

<sup>2482</sup> 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>

<sup>2483</sup> 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>

<sup>2484</sup> 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>

<sup>2485</sup> 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 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.<sup>2486</sup> 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.<sup>2487</sup> 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.<sup>2488</sup> 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.<sup>2489</sup> 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.<sup>2490</sup> 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.<sup>2491</sup> 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.

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<sup>2486</sup> 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>

<sup>2487</sup> 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>

<sup>2488</sup> 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>

<sup>2489</sup> 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>

<sup>2490</sup> 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/>

<sup>2491</sup> 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.<sup>2492</sup> 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.<sup>2493</sup>

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.<sup>2494</sup>

The United States has fully 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.

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

*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.<sup>2495</sup> 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.<sup>2496</sup> 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

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<sup>2492</sup> 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>

<sup>2493</sup> 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>

<sup>2494</sup> 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/>

<sup>2495</sup> 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>

<sup>2496</sup> 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/>

sustainable growth.<sup>2497</sup> 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.<sup>2498</sup> The ECB emphasized that these measures improve the consistency, accuracy, and timeliness of data essential for informed monetary 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.<sup>2499</sup> 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.<sup>2500</sup> 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.<sup>2501</sup> 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.<sup>2502</sup> These standards enable enhanced supervision by ensuring institutions provide comparable data on key risks, including credit, market, operational, and crypto-asset exposures. By

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<sup>2497</sup> 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>

<sup>2498</sup> 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](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CONSIL:ST_11621_2024_INIT)

<sup>2499</sup> 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>

<sup>2500</sup> 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>

<sup>2501</sup> 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>

<sup>2502</sup> 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>

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.<sup>2503</sup> 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 financial institutions to DNB.<sup>2504</sup> 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.<sup>2505</sup> 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.<sup>2506</sup> 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.<sup>2507</sup> The procedures promote financial stability by ensuring member states exercise discipline with government spending and do not exceed a deficit of three per cent.

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<sup>2503</sup> 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>

<sup>2504</sup> 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>

<sup>2505</sup> 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>

<sup>2506</sup> 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/>

<sup>2507</sup> 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/>

On 11 September 2024, the European Commission committed to ensuring renewable energy sources will be reliable and affordable for consumers.<sup>2508</sup> 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.<sup>2509</sup> 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.<sup>2510</sup> The ECB took this action in line with its most recent assessment of inflation and other macroeconomic indicators in the Eurozone.

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.<sup>2511</sup> 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.<sup>2512</sup> 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.<sup>2513</sup> This step is aimed at making the EU’s economy more secure and competitive while generating sustainable and stable macroeconomic growth.

On 12 December 2024, the ECB decreased the “three key interest rates” by 25 basis points.<sup>2514</sup> 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, rate decisions to target inflation, through corrective deficit procedures for member states, new financial

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<sup>2508</sup> 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](https://commission.europa.eu/news/eu-makes-progress-ensuring-secure-and-affordable-energy-all-2024-09-11_en)

<sup>2509</sup> 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>

<sup>2510</sup> 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>

<sup>2511</sup> 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/>

<sup>2512</sup> 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/>

<sup>2513</sup> 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](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_592)

<sup>2514</sup> 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>



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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