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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Letter to the ECOFIN Ministers on the outcomes of the 12-13 April 2023 meeting of G20 Finance Ministers and Central Bank Governors in Washington, DC

Delegations will find attached a letter on behalf of the Council Presidency and the Commission to the ECOFIN Ministers on the outcomes of the G20 meeting of Finance Ministers and Central Bank Governors, which took place on 12-13 April 2023 in Washington, DC.



26 April 2023

Dear colleagues,

We are writing to share with you the main outcomes of the G20 Finance Ministers and Central Bank Governors meeting, which took place on 12-13 April 2023 in Washington, DC.

The impact of Russia's war against Ukraine on the global economy remained a strong focus of the meeting. From the EU-side we reiterated our condemnation of Russia's war in Ukraine and called on Russia to stop the war. This was supported by G7-countries and a number of other countries.

On the global economy, the IMF warned that global growth would expand by less than 3% in 2023 despite resilient labour markets, strong consumer demand and the uplift of the Chinese economy. Financial sector developments have exposed vulnerabilities and call for caution. Uncertainty remains high and risks to the global outlook are tilted to the downside. The IMF called on Central Banks to stay the course in the fight against inflation and stressed the need to restore medium-term fiscal sustainability, target support to the vulnerable, boost structural reforms, and avoid economic fragmentation. It continues to be important for fiscal policy to avoid fuelling inflation.

On the recent financial sector turbulence, Ministers and Governors agreed that the authorities in the US and Switzerland acted swiftly. From the EU side, the message given was that EU banks are solid, well capitalised and effectively supervised. Ministers and Governors stressed the importance for banks to have governance standards commensurate with their risk profile and recalled the need to put in place robust regulation, supervision, and resolution frameworks.

On the international financial architecture, Ministers recalled the need to develop an ambitious G20 Roadmap to implement the recommendations of the G20 Independent Review of Multilateral Development Banks' Capital Adequacy Frameworks. In addition, they stressed that it was urgent to reinforce contributions to the subsidy account of the IMF's Poverty Reduction and Growth Trust, increase pledges to the IMF's Resilience and Sustainability Trust, and step up the voluntary channelling of Special Drawing Rights (SDRs). Japan's announcement to double the percentage of channelled SDRs to 40% of its 2021 allocation brings the total amount of pledges from USD 87 billion to USD 95 billion, but further efforts are needed to reach the agreed USD 100 billion target.

On debt treatment, Ministers reiterated the urgency of enhancing multilateral coordination to address debt vulnerabilities in low- and middle-income countries and recalled their commitment to step up the implementation of the G20 Common Framework for Debt Treatment in a predictable, timely, orderly, and coordinated manner. They welcomed the progress made in the new Global Sovereign Debt Roundtable. Ministers called for a swift conclusion of the debt treatment for Zambia, the formation of a creditor committee for Ghana and progress for Ethiopia under the Common Framework. They also looked forward to a swift resolution of Sri Lanka's debt situation.

On financial regulation and financial inclusion, Ministers and Governors agreed on the importance of developing a well-coordinated and comprehensive global approach to crypto-assets and of better understanding their macro-financial implications both domestically and across jurisdictions. Many stressed the urgency of finalising the Financial Stability Board (FSB) recommendations on crypto-assets and stablecoins by July, and the FSB-IMF synthesis report on macro-economic and regulatory issues related to crypto-assets by September. Furthermore, several Ministers and Governors recalled

the need to continue to focus on non-bank financial institutions. Finally, Ministers and Governors discussed how to leverage Digital Public Infrastructure for financial inclusion and productivity gains.

On sustainable finance, Ministers and Governors recalled the need to monitor the implementation of the G20 Sustainable Finance Roadmap and emphasised the importance to catalyse greater volumes of private finance to effectively achieve the net-zero transition. Ministers and Governors also highlighted the key role of both pricing and non-pricing policies to unlock private investments for climate action, especially in developing countries.

On international taxation, the OECD stressed the importance to advance the work on Pillar 1 of the OECD/G20 two-pillar international tax package in order to sign the Multilateral Convention in July 2023, emphasising that further work is needed to finalise the outstanding technical issues. On Pillar 2, the OECD explained that the G20 is close to the finishing line, as the new arrangements for minimum taxation would apply to most multinational companies. In the discussion, Ministers reaffirmed their commitment to the swift implementation of the international tax package and stressed the need to resolve the remaining issues and to finalise the Multilateral Convention on Pillar 1 by July. Ministers also emphasised the need to provide technical assistance to developing countries to support them in the implementation of the international tax package.

The Indian G20 Presidency decided from the outset not to issue an outcome document for this meeting but only a press release.



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