

G7 Finance Ministers and Central Bank Governors Meeting Communiqué

May 20, 2022

18 -20 May 2022, *Petersberg, Germany*

PREAMBLE

We, the G7 Finance Ministers and Central Bank Governors, met on the Petersberg on 18-20 May 2022, joined by the Heads of the International Monetary Fund (IMF), World Bank Group, Organisation for Economic Cooperation and Development (OECD), and Financial Stability Board (FSB). We agreed on concrete actions to deepen multilateral economic cooperation and underlined our commitment to our united response to Russia's war of aggression against Ukraine and to our unwavering support for Ukraine. We were honoured to be joined virtually for our meeting by the Ukrainian Prime Minister and the Ukrainian Finance Minister.

SUPPORT TO UKRAINE

1. We remain steadfast in our support for and solidarity with Ukraine. In our statement of 20 April 2022, we confirmed that together with the international community we have provided and pledged considerable support to Ukraine this year, on top of the economic support provided since 2014 until 2021, which exceeds 60 billion US dollars. While also addressing Ukraine's humanitarian and other material needs, we recognise, in particular, Ukraine's urgent short-term financing needs. In 2022, we have mobilised 19.8 billion US dollars of budget support, including 9.5 billion US dollars of recent commitments in the lead up to the Petersberg meeting, to help Ukraine close its financing gap and continue ensuring the delivery of basic services to the Ukrainian people. Furthermore, we welcome ongoing work across the G7 and international financial institutions on further substantial financing to Ukraine, notably including the proposal by the European Commission for up to 9 billion euros of additional macro-financial assistance. Additional planned support to Ukrainian state-owned enterprises and the private sector through the European Bank for Reconstruction and Development and the International Finance Corporation amounts to

3.4 billion US dollars. Importantly, the aforementioned budget support of 19.8 billion US dollars is in addition to recent announcements on further military and humanitarian support. Across all support, we are urgently working on accelerating disbursements of our commitments to Ukraine. We will continue to stand by Ukraine throughout this war and beyond and are prepared to do more as needed. We are working closely with Ukraine to safeguard its macroeconomic stability in face of the challenges posed by Russia's war of aggression, massive destruction of critical infrastructure and disruption of traditional shipping routes for Ukrainian exports.

2. We join our Leaders and Foreign Ministers in their statements of 8 May 2022 and 14 May 2022 calling for peace and committing to support Ukraine in rebuilding for its future. We call on all partners to join us in supporting Ukraine's long-term recovery and to ensure the massive joint effort for reconstruction is closely coordinated, including with the Ukrainian authorities and international financial institutions. Recalling our statement of 20 April 2022, we welcome the important work by international organisations in this regard and support Ukraine's reform efforts and ambition.
3. We underscore our shared commitment to our determined and coordinated sanctions response to Russia's war of aggression. We continue to increase Russia's costs of its war by isolating Russia and Belarus from the global economy. We remain committed to fully implementing and enforcing our economic and financial sanctions and remain vigilant against sanctions evasion, circumvention and backfilling. We welcome the ongoing work of the multilateral Russian Elites, Proxies and Oligarchs Task Force. President Putin, his government and supporters, and the enabling Belarusian regime, bear full responsibility for the social and economic consequences of the war.
4. Russia's war of aggression is causing global economic disruptions, impacting the security of global energy supply, food production and exports of food and agricultural commodities, as well as the functioning of global supply chains in general. The economic costs of the war are felt disproportionately by vulnerable groups across all economies and particularly by those countries already facing food insecurities and elevated debt levels as consequences of the pandemic. We are committed to mitigating these harmful impacts of the war and fully support the multilateral action initiated by the United Nations Secretary General, the "Global Crisis Response Group on Food, Energy and Finance." We fully support the stepped-up response by the international financial institutions and welcome their Action Plan to Address Food Insecurity, as an adequate platform to channel actions by international financial institutions and other stakeholders. We also welcome the Global

Alliance for Food Security as launched yesterday, 19 May 2022, by the G7 Development Track and supported by the World Bank to foster and facilitate the work of the aforementioned Global Crisis Response Group and welcome concrete actions as planned by various international initiatives. We call on the international financial institutions to actively engage in these multilateral and synergetic platforms in line with their mandates and expertise and help operationalise their goals, providing support to vulnerable countries and appropriate finance to keep trade flowing, as well as supporting domestic agricultural production. We are committed to keeping markets open and enhancing the resilience of agricultural and energy markets in line with climate and environmental goals.

MACROECONOMIC STABILITY

5. Against the challenging backdrop of the pandemic and the massive economic repercussions of Russia's war of aggression against Ukraine, we remain committed to driving a strong, sustainable, balanced and inclusive global recovery. We will continue to work together to minimise the impact of the war globally as well as on our own economies and population by providing well-targeted support, where necessary.
6. Across most G7 countries, inflation rates have reached levels not seen for decades, as a result of Russia's war of aggression against Ukraine, which is causing substantial increases in commodity, energy and food prices. G7 central banks are closely monitoring the impact of price pressures on inflation expectations and will continue to appropriately calibrate the pace of monetary policy tightening in a data-dependent and clearly communicated manner, ensuring that inflation expectations remain well anchored, while being mindful to safeguard the recovery and limit negative cross-country spillovers. We will also continue to closely monitor markets given recent volatility. We reaffirm our exchange rate commitments as elaborated in May 2017. Unprecedented policy support has enabled the global economy and the G7 to weather the current crisis and a pandemic crisis of historic proportions, paving the way for the recovery. However, the necessary fiscal response also led to higher levels of public debt. We are committed to a stability- and growth-oriented medium-term macroeconomic policy mix, which puts us on a clear path to medium-term sustainability of public finances and a resilient financial sector.
7. Our response to Russia's war of aggression against Ukraine is also a reminder of the need to redouble our efforts with international partners to enhance multilateral cooperation and to deliver concrete outcomes. We commit to maintaining and strengthening a safe, resilient and open global economic system. We are united in our

strategic response to the structural economic changes made evident by the pandemic and Russia's war of aggression against Ukraine. We recognise that global security and economic and financial stability complement and reinforce each other. We are committed to enhancing our defence, energy security and economic resilience whilst monitoring potential vulnerabilities. We will continue to support the greater resilience of critical supply chains, including through diversification, and the investment in alternative resources and new technologies, including critical minerals and renewable energies.

8. The G7 remains committed to jointly addressing challenges to long-term growth, including facilitating the digital and net-zero transitions and the massive investments required. We commit to mobilise high levels of private and public investments to unleash the potential for innovation and productivity gains. We emphasise our commitment to making the transformation of our economies inclusive, by promoting broad-based growth that addresses existing inequalities within and across countries. We recognise the importance of diversity and the crucial role of women and under-represented groups for the long-term success of our economies. This includes the need to remove structural barriers to gender equality, including through inclusive and supportive economic and fiscal policy frameworks. We welcome the work of the G7 Gender Equality Advisory Council. We support the ongoing work on gender mainstreaming in international financial institutions and welcome the International Monetary Fund's work on its gender strategy.

GLOBAL HEALTH

9. Effectively fighting the pandemic on a global scale remains critical for the economic recovery. Close international cooperation, sufficient financial resources and multilateral solutions remain essential to end this pandemic. All G7 members commit to continue leading the international fight against the pandemic recognising that adequately funding the Access to COVID-19 Tools Accelerator in the current budget cycle is central to end the acute pandemic. The G7 have already provided and pledged 18.33 billion US dollars for the Accelerator of which 12.36 billion US dollars fall to its vaccine pillar. We welcome all efforts for successful fundraising this year, but emphasise that more efforts by all members of the international community, including the G20, are required. We underline the need for a comprehensive pandemic response, supporting countries with fragile health systems and addressing country-specific challenges on the ground to get vaccines into arms as set out in the G7 Foreign Ministers' Action Plan; diagnostics, therapeutics and protective equipment in place and to strengthen health systems for the long-run.

10. We emphasise the importance of strengthening governance and financing of the global health architecture with an adequately and sustainably funded World Health Organisation at its centre, as well as strengthening international coordination and cooperation, especially for pandemic prevention, preparedness and response, and Universal Health Coverage taking forward lessons learnt from COVID-19. The G7 will continue to contribute to global efforts and support the ongoing work of the G20 Joint Finance-Health Taskforce to strengthen coordination between finance and health officials. We agree that pandemic prevention, preparedness and response efforts require additional support to close existing capacity and financing gaps. We welcome the outcomes of the Second Global COVID-19 Summit on 12 May 2022, including the support for the establishment of a Financial Intermediary Fund, housed at the World Bank, to catalyse investments in pandemic prevention, preparedness and response.
11. We reaffirm our commitments of December 2021 on actions to support antibiotic development and support the ongoing work of the G7 Health, Agriculture and Climate Environment and Energy Tracks on antimicrobial resistance (AMR). We welcome the AMR progress report by the World Health Organisation and the Global AMR R&D Hub and request a further detailed update on the progress made for G7 Finance and Health Ministers in 2023.
12. G7 Finance Ministers welcomed having a discussion on global health issues in a joint session with G7 Health Ministers.

DIGITALISATION

13. We reiterate our strong political commitment to the timely and effective implementation of the Organisation for Economic Co-operation and Development (OECD) / G20 Inclusive Framework Two-Pillar Solution to address the tax challenges arising from globalisation and the digitalisation of the economy with a view to bringing the new rules into effect at global level. We will provide support to developing countries for the implementation of this historic agreement. We welcome the report by the OECD Secretariat on tax co-operation for the 21st century and ask the OECD to continue its work in this area and to report back on further developments.
14. Digital innovation in payments is a key driver of economic progress and development, notably through faster, cheaper, more transparent and more inclusive cross-border payment services. We emphasise the important work being conducted through the G20 Roadmap for enhancing cross-border payments. In this context, we highlight the

opportunities and implications of Central Bank Digital Currencies (CBDCs) and their potential role in future payment transactions. We recall the Public Policy Principles for Retail CBDCs agreed in October 2021 and reiterate that any CBDC should be grounded in transparency, the rule of law, sound economic governance, cyber security and data protection. We encourage jurisdictions exploring CBDCs to examine the international dimensions of CBDCs, in particular their cross-border use. CBDCs with cross-border functionality may have the potential to spur innovation and open up new ways to meet users' demand for more efficient international payments, but continued international cooperation will be important to understanding and minimising any negative spillovers to the international monetary and financial system.

15. The G7 supports work by the Financial Stability Board (FSB) to monitor and address financial stability risks arising from all forms of crypto-assets, and welcomes increasing global cooperation to address regulatory issues associated with the use of crypto-assets, including in cross-border payments. In light of the recent turmoil in the crypto-asset market, the G7 urges the FSB, in close coordination with international standard-setters, to advance the swift development and implementation of consistent and comprehensive regulation of crypto-asset issuers and service providers, with a view to holding crypto-assets, including stablecoins, to the same standards as the rest of the financial system. In particular, the G7 calls for rapid implementation of the Financial Action Task Force (FATF) 'travel rule' and stronger disclosure and regulatory reporting, for instance, as regards reserve assets backing stablecoins. We reaffirm that no global stablecoin project should begin operation until it adequately addresses relevant legal, regulatory and oversight requirements through appropriate design and by adhering to applicable standards. The G7 remains committed to high regulatory standards for global stablecoins, following the principle of same activity, same risk, same regulation.

CLIMATE AND ENVIRONMENT

16. The G7 reaffirms its steadfast commitment to the goals of the Paris Agreement and to implement domestic measures aimed at achieving our emission reduction targets by 2030 and net zero by 2050 or earlier. We commit to intensifying efforts to accelerate the transition in a way that positively impacts jobs, growth, fairness and the environment, both globally and at domestic level. Russia's war of aggression against Ukraine is putting further upward pressure on energy prices and underscores the need to accelerate the reduction of our overall reliance on fossil fuels and strengthen our transition to clean

energy. This transition will enhance energy security and mitigate the risk of future energy price shocks, particularly for the most vulnerable, promoting a just transition for all. We, therefore, commit to enhancing international cooperation and coordination on climate mitigation. Effective international cooperation can help facilitate an immediate and orderly global response to climate change, which has huge environmental benefits and has the potential to save trillions of dollars of global GDP by 2050.

17. We recognise the potential of high integrity carbon markets and carbon pricing to foster cost- efficient reductions in emission levels, drive innovation and enable a transformation to net zero, through the optimal use of a range of policy levers to price carbon. We recognise that the risk of carbon leakage may increase with more divergent climate policy ambition and will cooperate on possible WTO-compatible mechanisms to mitigate this risk and support trade relations. We support comprehensive cooperation in the transformation and decarbonisation of our economies, in particular in hard-to-abate industrial and power sectors, and welcome ongoing work by Climate and Energy Ministers.
18. G7 Leaders agreed to explore establishing an open, cooperative international Climate Club to support the implementation of the Paris Agreement, consistent with international rules and with participation beyond the G7. We are committed to achieving a true paradigm shift, by demonstrating that ambitious climate action is conducive to strong and sustainable growth for all economies. We had a first discussion on the Climate Club proposal based on the Presidency's proposal for core elements of Terms of Reference for a Climate Club. We commit to intensifying discussions on the Club's Terms of Reference within the G7 as well as with all interested ambitious partners, including developing and emerging countries in the coming months. We will come back to this issue in our meeting in October 2022.
19. We welcome the ongoing work by international organisations on stocktaking and mapping of climate change mitigation policies within the G7 as well as globally, taking into account the complexity and heterogeneity of applied policy mixes. We are committed to sharing best practices in supporting a green and just transformation of our economies. We take note of the joint report by the IMF and the OECD on advancing climate policy ambition under heterogeneous approaches to mitigation. We commit to advancing this work together with international organisations and to work towards a common understanding of ways to compare the effectiveness in reducing emissions as well as the

economic impacts of mitigation policies, such as through explicit carbon pricing, other alternative carbon mitigation approaches and carbon intensities.

20. We recognise the significant impact of climate change and the transition to net zero on macroeconomic outcomes and fiscal sustainability within our economies and acknowledge the uneven impacts for many low- and middle-income countries and for vulnerable groups in all countries. We recognise the need to reflect the effects of climate change and the transition in our analyses and consider the impact on economic, financial and monetary decision-making, in line with our mandates. We welcome the IMF and World Bank stepping up their engagement on climate change related issues in line with each institution's mandate and in continued collaboration with partners. G7 central banks are committed to intensifying collaboration on integrating climate risks and aspects into their macroeconomic analysis and modelling toolkit. We support further work on climate-related macroeconomic scenarios and nature-related financial risks by the Network for Greening the Financial System and the Coalition of Finance Ministers for Climate Action.
21. We are strongly committed to achieving the collective climate finance mobilisation goal of 100 billion US dollars per year from a wide variety of sources through to 2025 to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation. We expect this goal will be met in 2023. We agree to continue to strengthen and, where possible, increase public climate finance and mobilisation of private sector financing to meet this goal, including through tailor-made just energy transition partnerships with strong country ownership. We commit to continued G7 leadership on climate finance, including for adaptation, and to more detailed work in the Finance Track by our October meeting ahead of COP27, in close cooperation with other relevant G7 Tracks. We support the G7 Partnership for Infrastructure and Investment with the aim to jointly work towards a step change in sustainable financing of quality infrastructure.

FINANCIAL MARKET POLICY AND SUSTAINABILITY

22. The G7 emphasises that resilience of financial markets is key to mobilising private sector finance to facilitate the whole-of-economy transition along the pathway towards sustainability and net zero. We remain committed to supporting the implementation of the G20 Sustainable Finance Roadmap and the Financial Stability Board Roadmap for Addressing Climate-related Financial Risks and welcome the related work by other international standard-setting bodies.

23. The G7 welcomes the inauguration of the International Sustainability Standards Board (ISSB) and its progress of work on the global baseline of sustainability reporting standards. We welcome the ISSB “path to global baseline” statement of 18 May 2022 and call on all relevant stakeholders to participate in the ongoing consultation on the proposed standards. We urge the ISSB and national and regional standard-setters as well as other reporting initiatives to actively cooperate in the process of elaborating the baseline with the aim of reaching standards that can be implemented globally. The baseline should be practical, flexible and proportionate and ultimately suitable for small- and medium-size enterprises and enable jurisdictions to implement the baseline and a more extensive approach to supplement the baseline. We encourage countries to prepare or continue to prepare the ground for usage of the baseline, aim to ensure interoperability of national and regional standards and the global baseline in order to minimise fragmentation of reporting requirements, reduce reporting burdens, and enable the availability of consistent sustainability information for users. We encourage the ISSB to continue its work on sustainability reporting standards beyond climate, such as nature and social issues.
24. The G7 welcomes market participants’ formulation of voluntary commitments to reaching net-zero emissions by 2050 and alignment with broader sustainability goals with published transition plans with transparent and credible interim targets and actions. We will continue to explore ways for the public sector to help enhance the credibility and accountability of these commitments.
25. In line with the G20 Sustainable Finance Roadmap, the G7 calls for international organisations to take concrete steps to improve access to available public and corporate sustainability data. Repositories of sustainability data sources, such as the prototype of the Network for Greening the Financial System, should be made available to the public on a permanent basis. The G7 also supports the launch of the new G20 Data Gaps Initiative which will also focus on climate change.
26. We recognise that the fight against money laundering linked to environmental crimes can contribute to combatting climate change as well as the loss of biodiversity. We renew our commitment to address the risks of illicit finance from environmental crime and recognise them as a cross-cutting issue. We commit to the following priority actions of the Financial Action Task Force (FATF) report "Money Laundering from Environmental Crime:" assessing the money laundering risk exposure in relation to proceeds from environmental crimes in national risk assessments as well as helping other countries to do so; facilitating

knowledge-sharing and promoting awareness-raising measures on money laundering linked to environmental crimes and fostering international co-operation through a multi-stakeholder dialogue. Participants in this dialogue should include, amongst others, environment agencies, law enforcement authorities, Financial Intelligence Units, and customs authorities.

27. The G7 welcomes the FATF's ongoing efforts to enhance beneficial ownership transparency. We commit to fully and effectively implement the recently revised FATF standards on transparency and beneficial ownership of legal persons and in this regard reiterate our commitment to implement and strengthen beneficial ownership registries to provide efficient access to information for law enforcement agencies and competent authorities in tackling illicit finance. We also affirm the benefits of making beneficial ownership information public where possible. We call on all countries to expeditiously implement the new standard. We support the ongoing review of the FATF standards for transparency of trusts and similar legal arrangements, as well as on asset recovery. We welcome the FATF Ministers' commitments for the FATF to do more in combating corruption.

INTERNATIONAL FINANCIAL ARCHITECTURE

28. We welcome the recent establishment of the Resilience and Sustainability Trust (RST) at the IMF and the pledges to the RST. We reaffirm our support for broad-based voluntary contributions in Special Drawing Rights or freely usable currencies to this Trust, which is also an important step towards achieving the total global ambition of 100 billion US dollars of voluntary contributions for countries most in need. We call for all countries with strong external positions to contribute to this effort. We commend the historic 20th replenishment of the International Development Association.
29. Given the deteriorating and highly challenging debt situations of many developing and emerging countries with over 60% of low-income countries in debt distress or at high risk of debt distress, we recognise the urgency to improve the multilateral frameworks for debt restructurings. We underscore our commitment to successfully implementing the G20 Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative, which is also endorsed by the Paris Club. The G7 encourages further efforts to ensure an accelerated implementation of the Common Framework and stands ready to support enhancements and increase predictability in order to provide more certainty for

debtor countries. The G7 also continues to work with G20 partners to support and expedite debt treatments under the Common Framework.

30. With regards to the implementation of the Common Framework, it remains essential that all relevant creditor countries including non-Paris Club countries, such as those, like China, with large outstanding claims on low-income countries facing debt sustainability challenges, contribute constructively to the necessary debt treatments as requested. We encourage the Creditor Committee for Chad to conclude a debt treatment with Chad shortly in order to reduce Chad's debt vulnerabilities, notably resulting from oil price volatility. We stress that Chad's private creditors are expected to provide a debt treatment in line with the comparability of treatment principle. We reiterate our commitment to swiftly form the Creditor Committee for Zambia and call upon all creditors to convene a meeting as soon as possible in order to swiftly provide financing assurances to unlock the IMF and World Bank's timely financial support. Following Ethiopia's re-engagement for a new IMF Extended Credit Facility, we also look forward to progress by the Creditor Committee for Ethiopia. More broadly, we re-emphasise our call for private sector involvement in all debt restructuring in line with the comparability of treatment principle and look forward to continuing work with the international financial institutions and market participants on improving the architecture for such participation.
31. We are concerned about the current situation in Sri Lanka. We call on the authorities to ensure the respect of human rights and ask all sides to act with restraint. We are committed to a long-term solution to Sri Lanka's economic challenges, conducive to the respect of human rights, and welcome Sri Lanka's request for an IMF program. We encourage Sri Lanka to negotiate constructively with the IMF to conclude an ambitious but realistic agreement as soon as possible. The G7 stands ready to support the Paris Club's efforts, in line with its principles, to address the need for a debt treatment for Sri Lanka. We strongly support creditor coordination since any Paris Club treatment is to be accompanied by comparable efforts from non-Paris Club creditor countries. We call on those countries to coordinate with the Paris Club.
32. We reaffirm our commitment to improving transparency across all debtors and creditors, including private creditors. Enhancing debt data accuracy and transparency is crucial to secure valid debt sustainability assessments. Given the limited capacity of borrower countries to collect and report debt data accurately, we urge all G20 and Paris Club creditor countries to step in and share their lending data with the IMF and World Bank to help borrower countries secure accurate data through debt data reconciliation.

