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2022 G20 Bali Summit Interim Compliance Report

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Feedback, as always, is welcome and is kept anonymous.
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Appendix: General Considerations

In evaluating the results of this report, the following considerations should be kept in mind.

Assessments contained in this report apply to commitment-related actions taken by G20 members only since the commitments were declared publicly at the last summit.

Compliance has been assessed against a selected set of priority commitments, rather than all commitments contained in the summit documents. The selection is intended to produce a representative subset of the total body of commitments. An ideal set of priority commitments represents proportionally the amount of attention paid to each policy area in summit documents, reflects the relative ambition of summit commitments, and holds as many G20 members to account for compliance as possible.

In addition to producing commitments, summits provide value by establishing new principles and norms, creating and highlighting issues and issue areas and altering the traditional discourse used to discuss priorities. Some of the most important decisions reached at summits may be done in private and not encoded in the public record of the summit documents.

Some commitments cover several years and thus compliance takes longer than the summit-to-summit timeframe applied in this report. For this reason, full compliance (denoted by a +1 score) might not require that G20 members carry out a given commitment completely, but might instead demand clear, visible progress commensurate with the overall timetable as well as public statements of support of commitment objectives.

In some cases, a G20 member might choose not to comply with a particular summit commitment for good reason, for example if global conditions have changed dramatically since the commitment was made or if new knowledge has become available about how a particular problem can best be solved.

As each G20 member has its own constitutional, legal and institutional processes for undertaking action at the national level (and in the case of the European Union at the supranational level), each member is free to act according to its own legislative schedule. Of particular importance here is the annual schedule for creating budgets, seeking legislative approval and appropriating funds.

Commitments in G20 summit documents might also be included, in whole or in part, in documents released by other international forums, as the decisions of other international organizations or even national statements such as the State of the Union Address in the US, the Queen's Speech in the UK and the Speech from the Throne in Canada. Merely repeating a G20 commitment in another forum does not count fully as compliant behaviour.

This report assesses G20 members' action in accordance with the text of actual, specific commitments made in G20 summit documents. Because commitments demand that policymakers and regulators act specifically to meet the identified objectives, this report holds policymakers accountable for pushing and passing recommended policies. Furthermore, compliance is assessed against the precise, particular commitment, rather than what might be regarded as a necessary or appropriate action to solve the problem being addressed.

As individual members can often take different actions to comply with the same commitment, no standardized cross-national evaluative criterion produced by external parties can be universally applied. The interpretive guidelines attempt to provide a clear, consistent, equitable method for assessing compliance.

Because the evaluative scale used in this compliance report runs from -1 to +1, any score in the positive range represents at least some degree of compliance.

1. Macroeconomics: Price Stability

“We will ensure long-term fiscal sustainability, with our central banks committed to achieving price stability.”

G20 Bali Leaders’ Declaration

Assessment

	No Compliance	Partial Compliance	Full Compliance
Argentina			+1
Australia			+1
Brazil		0	
Canada			+1
China			+1
France		0	
Germany			+1
India		0	
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia		0	
Saudi Arabia		0	
South Africa		0	
Türkiye		0	
United Kingdom		0	
United States		0	
European Union			+1
Average		+0.50 (75%)	

Background

Price stability has been a consistent area of interest at the G20 Summits, although it has traditionally been a part of a broader agenda aimed at economic recovery and exchange rate security. The post–Covid-19 economic recovery boom, in combination with supply chain disruptions and the oil price shock, generated newfound concern for price stability amongst G20 leaders in 2022.

At the 2009 London Summit, G20 leaders committed to continuing “expansionary policies for as long as needed and to use the full range of monetary policy instruments, including unconventional instruments” so long as they were “consistent with price stability.”³

At the 2010 Seoul Summit, G20 leaders reaffirmed their support of the commitment made by central banks to price stability as a means to promote economic recovery.⁴ They sought to move toward more market-determined exchange rate systems in order to protect currency devaluations.

³ London Summit – Leaders’ Statement, G20 Information Centre (Toronto) 2 April 2009. Access Date: 28 January 2023. <http://www.g20.utoronto.ca/2009/2009communique0402.pdf>.

⁴ The Seoul Summit Document, G20 Information Centre (Toronto) 12 November 2010. Access Date: 28 January 2023. <http://www.g20.utoronto.ca/2010/g20seoul-doc.pdf>.

At the 2012 Los Cabos Summit, G20 leaders committed to maintaining price stability while continuing their efforts to support economic recovery.⁵ The leaders agreed that strong, stable banks were “critical to the global recovery.”⁶

At the 2015 Antalya Summit, G20 leaders advocated for implementing macroeconomic policies that would promote price stability and economic activity.⁷ Further, they reaffirmed their commitment to preventing volatile capital flows, maintaining a stable exchange rate, and resisting forms of protectionism that could endanger the global financial system.

At the 2016 Hangzhou Summit, G20 leaders reiterated their commitment to support economic activity and price stability.⁸ They advocated for country-tailored fiscal reform strategies to encourage economic growth while reducing volatile exchange rates and balance sheet vulnerabilities.

At the 2021 Rome Summit, the G20 leaders expressed concern over price stability in face of the growing economic uncertainty related to the Covid-19 pandemic. The leaders reassured that “central banks are monitoring current price dynamics closely” and would act as needed to ensure price stability and combat inflationary pressures.⁹

Commitment Features

At the 2022 Bali Summit, leaders committed to “ensur[ing] long-term fiscal sustainability, with [their] central banks committed to achieving price stability.”¹⁰ There are two components to this commitment: ensuring long-term fiscal sustainability and achieving price stability by working with their central banks.

“Ensure” is understood to mean “to make something certain to happen.”¹¹

“Long-term” is understood to mean “any commitment with a delivery date of over [five] years.”¹²

“Fiscal sustainability” is defined by the OECD as “the ability of a government to maintain public finances at a credible and serviceable position over the long term.”¹³

“Price stability” has not been defined quantitatively by the G20. According to the European Central Bank, OECD members often set inflation targets of 2 to 4 per cent as a measure for price stability.¹⁴ The G20 further defined the central bank’s role as “ensuring that inflation expectations remain well anchored.”¹⁵

Compliance with the first part of the commitment, to ensure long-term fiscal sustainability includes the continued government forecasting of future debts and liabilities for the long-term as defined as over five years. The public-debt-to-GDP ratio is a quantitative measure of the sustainability of public finances. To

⁵ G20 Leaders Declaration, G20 Information Centre (Toronto) 19 June 2012. Access Date: 28 January 2023. <http://www.g20.utoronto.ca/2012/2012-0619-loscabos.pdf>.

⁶ G20 Leaders Declaration, G20 Information Centre (Toronto) 19 June 2012. Access Date: 28 January 2023. <http://www.g20.utoronto.ca/2012/2012-0619-loscabos.pdf>.

⁷ G20 Leaders’ Communiqué, G20 Information Centre (Toronto) 16 November 2015. Access Date: 28 January 2023. <http://www.g20.utoronto.ca/2015/151116-communiqué.html>.

⁸ G20 Leaders’ Communiqué: Hangzhou Summit, G20 Information Centre (Toronto) 5 September 2016. Access Date: 28 January 2023. <http://www.g20.utoronto.ca/2016/160905-communiqué.html>.

⁹ G20 Rome Leaders’ Declaration, G20 Information Centre (Toronto) 31 October 2021. Access Date: 28 January 2023. <http://www.g20.utoronto.ca/2021/211031-declaration.html>.

¹⁰ G20 Bali Leaders’ Declaration, G20 Information Centre (Toronto) 16 November 2022. Access Date: 30 January 2023. <http://www.g20.utoronto.ca/2022/221116-declaration.html>

¹¹ Compliance Coding Manual for International Institutional Commitments, Global Governance Program (Toronto) 12 November 2020. Access Date: 30 January 2023. http://www.g7.utoronto.ca/compliance/Compliance_Coding_Manual_2020.pdf

¹² Compliance Coding Manual for International Institutional Commitments, Global Governance Program (Toronto) 12 November 2020. Access Date: 30 January 2023. http://www.g7.utoronto.ca/compliance/Compliance_Coding_Manual_2020.pdf

¹³ Government at a Glance 2013, OECD Publishing (Paris) 10 December 2013. Access Date: 30 January 2023. https://www.oecd-ilibrary.org/docserver/gov_glance-2013-11-en.pdf

¹⁴ Definition of Price Stability, Range and Point Inflation Targets: the Anchoring of Long-Term Inflation Expectations European, Central Bank (Frankfurt) September 2003. Access Date: 30 January 2023. <https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp273.pdf>

¹⁵ G20 Bali Leaders’ Declaration, G20 Information Centre (Toronto) 16 November 2022. Access Date: 30 January 2023. <http://www.g20.utoronto.ca/2022/221116-declaration.html>

receive full compliance, G20 members must forecast future debts and liabilities, take action such as austerity measures and the federal buyback of sovereign and foreign bonds, to reduce the public debt to GDP ratio, promote sustainable financial and capital flows and to catalyze private investments. These actions must have measurable impacts beyond a five-year period to be considered “long-term.” Weak actions include verbal reaffirmations and commitments, attendance of meetings to address the commitment without demonstrated adoption of policies based on those meetings and the forecasting of future debts and liabilities beyond a five-year period, however no evidence of action to manage debts.

Compliance with the second part of the commitment, to have central banks achieve price stability, involves the utilization of monetary policies through the central bank and changes in legislation. These include actions that ensure the G20 member meets its set quantitative inflation targets. If the G20 member has not set inflation targets, actions with the intention of managing inflation expectations will count for compliance. Examples of these actions include the manipulation of short-term interest rates, effective price controls, changes in the federal funds rate, the purchase or sale of treasury securities and changes in federal reserve requirements. Weak actions include verbal reaffirmations and commitments, attendance of meetings to address the commitment without demonstrated adoption of policies based on those meetings and the setting of inflation targets, however no evidence of action to achieve inflation targets.

Full compliance, or a score of +1, will be assigned to G20 members that take strong actions in both areas of the commitment. This includes the forecasting of future debts and liabilities and taking action to manage debts over a five-year period. Additionally, the member must utilize monetary policy and changes in legislation in order to achieve inflation targets or manage inflation expectations if no target has been set.

Partial compliance, or a score of 0, will be assigned to G20 members that address only one of the two parts of the commitment, or takes only weak action on both parts of the commitment.

Non-compliance, or a score of -1, will be assigned if the G20 member does not take any action to ensure long-term fiscal sustainability or achieve price stability with their central bank, or takes action that is antithetical to the commitment.

Scoring Guidelines

-1	The G20 member has not taken action to ensure long-term fiscal sustainability OR achieve price stability with the central bank OR has taken action that is antithetical to the commitment.
0	The G20 member has taken strong action to ensure long-term fiscal sustainability OR achieve price stability with the central bank OR has taken only weak action for both.
+1	The G20 member has taken strong actions to ensure long-term fiscal sustainability AND achieve price stability with its central bank.

*Compliance Director: Brinda Batra
Lead Analyst: Chiara Barsanti*

Argentina: +1

Argentina has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 12 January 2023, the Central Bank of Argentina agreed to keep the interest rate unchanged.¹⁶ This will allow the economy to remain stable over a longer time period.

On 3 February 2023, the Secretary of Commerce Matías Tombolini expanded the program Precios Justos to over 482 companies with more than 49,900 products, expected to last from February to 30 June 2023.¹⁷ Some products included under the program are phones, motorcycles, appliances, and medicine. Further,

¹⁶ Comunicado de Política Monetaria, febrero 2023, Banco Central de la República Argentina (Buenos Aires) 16 February 2023. Translation provided by Analyst. Access Date: 13 March 2023. <https://www.bcra.gov.ar/noticias/comunicado-politica-monetaria-febrero-2023.asp>

¹⁷ Ampliación del programa Precios Justos, Ministerio de Economía (Buenos Aires) 3 February 2023. Translation provided by Analyst. Access Date: 10 March 2023. <https://www.argentina.gov.ar/noticias/ampliacion-del-programa-precios-justos>

Secretary Tombolini agreed to develop a technological program aimed at monitoring the program's success at stabilizing prices.

On 16 February 2023, the Central Bank of Argentina issued a monetary policy release noting that the monetary policy rate will remain unchanged.¹⁸ The rise in the consumer price index was explained by seasonal price increases and core inflation was noted as comparable to December levels.

On 22 February 2023, the National Public Sector registered a primary deficit of about ARS204 million, with a financial deficit of ARS538 million due the interest payment to cover public debt in order to keep the economy stable.¹⁹

On 24 February 2023, at a meeting of the G20 Finance Ministers and Central Bank Governors, Economy Minister Sergio Massa delivered a statement regarding existing asymmetries in financing developing economies, which poses challenges to sustainable development, calling on the International Monetary Fund to revise overcharge financing.²⁰

On 9 March 2023, Minister Massa, Secretary Tombolini and the Secretary of Energy Flavia Royón, in coordination with the Precios Justos program, agreed to control rising fuel prices by having participating oil companies refrain from increasing prices by more than four per cent.²¹

On 16 March 2023, the Central Bank of Argentina updated the return on time deposits to 78 per cent annual nominal while keeping the interest rates regulated to stabilize prices.²²

On 3 April 2023, the national tax collection increased to ARS2.337 million, associated with the increase in external sales, which is an increase of 121 per cent. The growth of tax collection is in par with the jump in consumer spending.²³ The rise in tax collection is in line with the goals of long-term fiscal sustainability.

On 13 April 2023, Minister Massa, in collaboration with the International Monetary Fund and the Interamerican Development Bank approved USD200 million to finance the health sector, which forms part of USD600 million investment projects in Argentina.²⁴

On 20 April 2023, the Central Bank raised the monetary policy interest rate from 78 per cent to 81 per cent.²⁵

¹⁸ Monetary Policy Release, Central Bank of the Argentine Republic (Buenos Aires) 16 February 2023. Access Date: 30 March 2023. <http://www.bcra.gov.ar/Noticias/comunicado-politica-monetaria-febrero-2023-i.asp>

¹⁹ En enero el Sector Público Nacional registró un déficit primario de \$203.938 millones, lo que representa 0,12% del PBI, Ministerio de Economía (Buenos Aires) 22 February 2023. Access Date: 29 April 2023. <https://www.argentina.gob.ar/noticias/en-enero-el-sector-publico-nacional-registro-un-deficit-primario-de-203938-millones-lo-que>

²⁰ Guerra, deuda ambiental y tasas del FMI, los planteos de Massa en el G20, Ministerio de Economía (Buenos Aires) 24 February 2023. Translation provided by Analyst. Access Date: 29 April 2023. <https://www.argentina.gob.ar/noticias/guerra-deuda-ambiental-y-tasas-del-fmi-los-planteos-de-massa-en-el-g20>

²¹ Sergio Massa anunció la incorporación de los combustibles a Precios Justos, Ministerio de Economía (Buenos Aires) 28 November 2022. Translation provided by Analyst. Access Date: 9 March 2023. <https://www.argentina.gob.ar/noticias/sergio-massa-anuncio-la-incorporacion-de-los-combustibles-precios-justos>

²² El BCRA incrementó el rendimiento de los depósitos a plazo fijo, Banco Central de la República Argentina (Buenos Aires) 16 March 2023. Translation provided by Analyst. Access Date: 28 April 2023. <https://www.bcra.gov.ar/Noticias/BCRA-incremento-rendimiento-plazo-fijo.asp>

²³ En el mes de marzo, la recaudación tributaria nacional ascendió a \$2.336.942 millones, Ministerio de Economía (Buenos Aires) 3 April 2023. Translation provided by Analyst. Access Date: 29 April 2023. <https://www.argentina.gob.ar/noticias/en-el-mes-de-marzo-la-recaudacion-tributaria-nacional-ascendio-2336942-millones>

²⁴ El BID aprobó una línea de crédito para proyectos de inversión y salud en Argentina por USD 600 millones, Ministerio de Economía (Buenos Aires) 13 April 2023. Translation provided by Analyst. Access Date: 29 April 2023. <https://www.argentina.gob.ar/noticias/el-bid-aprobo-una-linea-de-credito-para-proyectos-de-inversion-y-salud-en-argentina-por-usd>

²⁵ El BCRA actualizó la tasa de política monetaria, Banco Central de la República Argentina (Buenos Aires) 27 April 2023. Translation provided by Analyst. Access Date: 28 April 2023. <https://www.bcra.gov.ar/noticias/BCRA-actualiza-tasa-politica-monetaria.asp>

On 20 April 2023, the Public National Sector announced a primary deficit of ARG257856 million, indicating government expenditure towards stabilizing the economy.²⁶

On 27 April 2023, the Central Bank raised the monetary policy rate by 1000 basic points to 91 per cent. Additionally, the bank raised the nominal interest for consumers to encourage savings in pesos to preserve the stability of the peso.²⁷

Argentina has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. Argentina has implemented important policy changes such as the Precios Justos plan to achieve price stability. The Central Bank of Argentina has also taken strong actions through monetary policy in order to stabilize the economy in the long-term, such as through changing the interest rates. The government has also recorded substantive public spending in order to further stabilize the economy.

Thus, Argentina receives a score of +1.

Analyst: Ana Maria Guevara Ibarra

Australia: +1

Australia has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 7 December 2022, Australia joined the G7 in implementing a price cap of USD60 per barrel on seaborne Russian-origin crude oil.²⁸ This price cap is intended to ensure price stability in the global energy markets.

On 9 December 2022, Prime Minister Anthony Albanese announced that he will be partnering with the States and Territories of Australia to implement the Energy Relief Plan.²⁹ This plan introduces a 12-month emergency price cap on gas at AUD12 per gigajoule and a 12-month emergency price cap on coal at AUD125 per ton. The plan also introduces a AUD1.5 billion targeted energy bill assistance to directly pay the electrical bills of eligible households and small businesses. Finally, the plan provides AUD10 billion to promote investment in clean energy generation and storage among the private and public sectors. The Energy Relief Plan seeks to ensure price stability among the energy sector and minimize the effects of rising energy costs on consumers.

On 15 December 2022, Australia agreed to loan AUD750 million to Papua New Guinea.³⁰ This loan will help ensure Papua New Guinea can meet its 2022 Budget financing shortfall and supply the delivery of reform actions under multilateral development programs.

On 1 January 2023, the Australian Government for its Home Care Packages Program began its implementation of price caps.³¹ These price caps limited prices for care management at a maximum of 20

²⁶ En marzo el Sector Público Nacional registró un déficit primario de \$257.856 millones, Ministerio de Economía (Buenos Aires) 20 April 2023. Access Date: 29 April 2023. <https://www.argentina.gob.ar/noticias/en-marzo-el-sector-publico-nacional-registro-un-deficit-primario-de-257856-millones>

²⁷ El BCRA incrementó la tasa de política monetaria y elevó el beneficio a los plazos fijos, Banco Central de la República Argentina (Buenos Aires) 27 April 2023. Translation provided by Analyst. Access Date: 28 April 2023. <https://www.bcra.gob.ar/noticias/BCRA-incremento-tasa-politica-monetaria.asp>

²⁸ Russia – Australia implements the G7 price cap on Russian oil, Department of Foreign Affairs and Trade (Canberra) 7 December 2022. Access Date: ed 18 March 2023. <https://www.dfat.gov.au/news/news/russia-australia-implements-g7-price-cap-russian-oil>

²⁹ Energy Price Relief Plan, Prime Minister of Australia (Canberra) 9 December 2022. Access Date: 4 March 2023. <https://www.pm.gov.au/media/energy-price-relief-plan>

³⁰ National Interest Statement: 2022 Loan Agreement between the Commonwealth of Australia and the Independent State of Papua New Guinea, The Treasury (Canberra) 09 February 2023. Access Date: 18 May 2023. <https://treasury.gov.au/publication/p2023-360908>

³¹ Home Care Packages Program update – November 2022, Department of Health and Aged Care (Canberra) 11 November 2022. Access Date: 18 March 2023. <https://www.health.gov.au/news/newsletters/home-care-packages-program-update-november-2022>

per cent of the package level, and limited package management prices at a maximum of 15 per cent of the package level. These price caps are intended to ensure price stability in the healthcare market.

On 6 February 2023, the Reserve Bank renewed the bilateral local currency swap agreement with the Bank of Korea.³² This new agreement is for a period of five years and allows the exchange of local currencies between the two central banks of up to AUD12 billion or KRW9.6 trillion. It is designed to promote bilateral trade and ensure long-term fiscal sustainability for both Australia and Korea.

On 7 February 2023, the Board of the Reserve Bank decided to increase the cash interest rate by 25 basis points to 3.35 per cent.³³ The Board also decided to increase the interest rate on exchange settlement balances by 25 basis points to 3.25 per cent. This increase in interest rates is designed to bring inflation back down to the two to three per cent target range and ensure long term price stability.

On 24 February 2023, Australia joined the G7 in implementing two price caps on Russian refined petroleum products.³⁴ The G7 countries and Australia agreed to price caps of USD100 per barrel for high value Russian refined petroleum products and USD45D per barrel for low value refined petroleum products. These price caps are intended to ensure price stability in the global energy markets.

On 7 March 2023, the Board of the Reserve Bank increased the cash interest rate by 25 basis points to 3.60 per cent.³⁵ The Board also decided to increase the interest rate on exchange settlement balances by 25 basis points to 3.5 per cent. This increase in interest rates is designed to bring inflation back down to the 2 to 3 per cent target range and ensure long term price stability.

On 4 April 2023, the Board of the Reserve Bank decided to leave both the cash interest rate and the interest rate on exchange settlement unchanged.³⁶ This decision was made to give the Reserve Bank more time to assess the consequences and effects of previous rate increases.

Australia has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. Australia has taken strong action to ensure price stability through interest rate changes and implementing price controls in several sectors. Additionally, Australia has taken fiscal action and international cooperation to ensure long-term fiscal sustainability.

Thus, Australia receives a score of +1.

Analyst: Peter Ma

Brazil: 0

Brazil has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 17 November 2022, the Ministry of Economy published a bulletin detailing the state of the Brazilian economy.³⁷ Important features of the report include projections for the 2023 fiscal year, which is at 4.5 to 4.6 per cent as measured by the Brazilian Extended National Consumer Price Index.

³² Renewal of Bilateral Local Currency Swap Arrangement Between the Reserve Bank of Australia and Bank of Korea, Reserve Bank of Australia (Sydney) 6 February 2023. Access Date: 18 March 2022. <https://www.rba.gov.au/media-releases/2023/mr-23-03.html>

³³ Statement by Philip Lowe, Governor: Monetary Policy Decision, Reserve Bank of Australia (Sydney) 7 February 2023. Access Date: 18 March 2023. <https://www.rba.gov.au/media-releases/2023/mr-23-04.html>

³⁴ Russia – Australia implements G7 price caps on Russian refined petroleum products, Department of Foreign Affairs and Trade (Canberra) 24 February 2023. Access Date: 18 March 2023. <https://www.dfat.gov.au/news/news/russia-australia-implements-g7-price-caps-russian-refined-petroleum-products>

³⁵ Statement by Philip Lowe, Governor: Monetary Policy Decision, Reserve Bank of Australia (Sydney) 7 March 2023. Access Date: 18 March 2023. <https://www.rba.gov.au/media-releases/2023/mr-23-07.html>

³⁶ Statement by Philip Lowe, Governor: Monetary Policy Decision, Reserve Bank of Australia (Sydney) 4 April 2023. Access Date: 3 May 2023. <https://www.rba.gov.au/media-releases/2023/mr-23-08.html>

³⁷ Boletim Macrofiscal da SPE aponta crescimento do PIB brasileiro em 2,7% em 2022, Ministério da Economia (Brasília) 17 November 2022. Translation provided by Google Translate. Access Date: 19 March 2023. <https://www.gov.br/economia/pt-br/assuntos/noticias/2022/novembro/boletim-macrofiscal-da-spe-confirma-crescimento-do-pib-brasileiro-em-2-7-em-2022>

On 23 November 2022, the Ministry of Economy proposed an expenditure ceiling for all spending budgets in the future.³⁸ The proposed ceiling limits public spending to last year's inflation to ensure the sustainability of public debts, the final aim of this measure is the improvement of the country's ratio of debt to gross domestic (GDP).

On 25 November 2022, the Ministry of Economy reported that the federal public debt of the nation reached BRL5.778 trillion in October 2022.³⁹ At this point, the liquidity pools of the national reserves of Brazil can still guarantee debts to be paid in the next 8.97 months. The liquidity reserve has seen its total cash drop from BRL1.031 trillion to BRL1.028 trillion in the last month while earning a total of BRL13.7 billion, officials have assured that the liquidity pool is draining at a stable rate. At the same time, the government has seen an increase in the sales of treasury bonds which increases total debt.

On 16 December 2022, the National Treasury raised concerns within the Ministry of Finance about the sustainability of public debt and fiscal consolidation.⁴⁰ It is suspected that budgetary reforms will be required to stabilize the growing debt-to-GDP ratio.

On 2 January 2023, Finance Minister Fernando Haddad pledged to eliminate the BRL.220 billion deficit of budget leftover by the previous administration as the main objective of his term as finance minister.⁴¹

On 3 January 2023, Minister Haddad announced a tax on the use of traditional fossil fuels and the export of unrefined oil.⁴² According to Minister Haddad, the tax is part of the long-term plan to raise revenues that will reduce the predicted 2023 deficit.

On 31 January 2023, Secretary of Economic Policy Guilherme Mello stated the need for a new fiscal framework that focuses on increasing foreign investment and reforming the taxation system to address social inequalities while resolving the budgetary deficit.⁴³

On 23 February 2023, the Ministry of Finance reported a record total federal revenue of BRL251.7 billion in January, which is the highest monthly revenue for the Brazilian government since 1995.⁴⁴ The Ministry of Finance stated that the boost in revenue was mainly due to the excellent performance of funds and fixed-income securities package that the government of Brazil had strategically invested in. In addition, corporate income taxes, and social security financing contributions also added to the record-breaking income of

³⁸ SPE publica a Nota Informativa 'Uma Proposta de Aprimoramento do Teto de Gastos', Ministério da Economia (Brasília) 23 November 2022. Translation provided by Google Translate. Access Date: 19 March 2023. <https://www.gov.br/economia/pt-br/assuntos/noticias/2022/dezembro/spe-publica-a-nota-informativa-2018uma-proposta-de-aprimoramento-do-teto-de-gastos2019>

³⁹ Dívida Pública Federal atinge R\$ 5, 778 trilhões em outubro (Brasília) 25 November 2022. Translation provided by Google Translate. Access Date: 19 March 2023. <https://www.gov.br/economia/pt-br/assuntos/noticias/2022/novembro/divida-publica-federal-atinge-r-5-778-trilhoes-em-outubro>

⁴⁰ Projeções do Tesouro Nacional apontam dívida bruta, em relação ao PIB, no patamar de 73,7% ao final de 2022, Ministério da Economia (Brasília) 16 December 2022. Translation provided by Google Translate. Access Date: 19 March 2023. <https://www.gov.br/economia/pt-br/assuntos/noticias/2022/dezembro/projecoes-do-tesouro-nacional-apontam-divida-bruta-em-relacao-ao-pib-no-patamar-de-73-7-ao-final-de-2022>

⁴¹ Haddad assume compromisso de nova âncora fiscal e afirma que Brasil vai recuperar confiança de investidores e da população, Ministério da Economia (Brasília) 2 January 2022. Translation provided by Google Translate. Access Date: 19 March 2023. <https://www.gov.br/fazenda/pt-br/assuntos/noticias/2023/janeiro/haddad-assume-compromisso-de-nova-ancora-fiscal-e-afirma-que-brasil-vai-recuperar-confianca-de-investidores-e-da-populacao>

⁴² Medida Provisória dos Combustíveis atende a responsabilidades social, fiscal e ambiental, Ministério da Economia (Brasília) 3 January 2023. Translation provided by Google Translate. Access Date: 19 March 2023. <https://www.gov.br/fazenda/pt-br/assuntos/noticias/2023/marco/medida-provisoria-dos-combustiveis-atende-a-responsabilidades-social-fiscal-e-ambiental>

⁴³ Secretário de Política Econômica afirma que o Brasil precisa combater a desigualdade social e buscar equilíbrio fiscal, Ministério da Economia (Brasília) 31 January 2023. Translation provided by Google Translate. Access Date: 19 March 2023. <https://www.gov.br/fazenda/pt-br/assuntos/noticias/2023/janeiro/secretario-de-politica-economica-afirma-que-o-brasil-precisa-combater-a-desigualdade-social-e-buscar-equilibrio-fiscal>

⁴⁴ Arrecadação federal bate recorde e atinge R\$ 251,7 bilhões em janeiro, Ministério da Economia (Brasília) 23 February 2023. Translation provided by Google Translate. Access Date: 19 March 2023. <https://www.gov.br/fazenda/pt-br/assuntos/noticias/2023/fevereiro/arrecadacao-federal-bate-recorde-e-atinge-r-251-7-bilhoes-em-janeiro>

January. The funds are a contribution to the national liquidity pool that will be used to pay off debts which promotes fiscal sustainability.

On 17 March 2023, Secretary of Economic Policy Mello reported that the estimated growth rate of the Brazilian economy had to be revised from previous predictions.⁴⁵ As such, the predicted growth rate had to be lowered from the original 2.1 per cent to 1.6 per cent. Inflation will also be worsened by these issues as the National Consumer Price Index of Brazil has also risen to 5.31 per cent from 4.6 per cent. However, Secretary Mello noted that policies such as the increase in minimum wage above inflation and reduction in taxes for the poor will soften the impact of these issues.

On 18 April 2023, the Ministry of Finance delivered a new fiscal framework to the legislature of Brazil that emphasizes the reduction of long-term debt in order to balance the budget of Brazil while upholding promises to continue public investment.⁴⁶ Such measures will allow for an investment of BRL75 billion in 2023, which must be maintained to counteract inflation.

On 26 April 2023, Secretary Mello stated that the long-term economic goals of Brazil would focus on two areas, the reduction of debt and increased social development.⁴⁷ The new framework would include a 0.6 per cent expenditure growth floor and 2.5 per cent expenditure growth ceiling to regulate the increases of government spending as they are expected to increase in the following years.

Brazil has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The administration has enacted several policies aimed to reduce inflationary pressures, particularly the burden on lower-income families. It has also developed long-term plans to keep debt under control in order to maintain fiscal sustainability. However, Brazil has also increased its debt by selling treasury bonds and faces a rising consumer price index.

Thus, Brazil receives a score of 0.

Analyst: Harry Pim

Canada: +1

Canada has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 7 December 2022, the Bank of Canada released an increase in the overnight rate to 4.25 per cent, the bank rate to 4.5 per cent, and the deposit rate to 4.25 per cent.⁴⁸ These adjustments will occur alongside quantitative tightening, as both policies target price stability with a two per cent inflation goal. The Bank highlighted that current inflation indicators were approximately five per cent, with a consumer price index (CPI) inflation rate of 6.9 per cent in October 2022.

On 25 January 2023, the Bank of Canada reported raising the overnight rate to 4.5 per cent, the bank rate to 4.75 per cent, and the deposit rate to 4.5 per cent.⁴⁹ These changes were accompanied by quantitative tightening as the Bank seeks a CPI inflation rate of three per cent by the middle of 2023 and two per cent by 2024. As well, the Bank reaffirmed its commitment to achieving price stability.

⁴⁵ Secretaria de Política Econômica apresenta o primeiro Boletim Macrofiscal de 2023, Ministério da Fazenda (Brasília) 17 March 2023. Translation provided by Google Translate. Access Date: 3 May 2023. <https://www.gov.br/fazenda/pt-br/assuntos/noticias/2023/marco/secretaria-de-politica-economica-apresenta-o-primeiro-boletim-macrofiscal-de-2023>

⁴⁶ Brazil unveils new budget rules, easing market fears on fiscal discipline, Reuters (Brasília) 30 March 2023. Access Date: 10 June 2023. <https://www.reuters.com/markets/brazil-unveils-new-budget-rules-ease-market-jitters-fiscal-discipline-2023-03-30/>

⁴⁷ Novo Arcabouço Fiscal busca equilíbrio entre responsabilidade fiscal e social, Ministério da Fazenda (Brasília) 26 April 2023. Translation provided by Google Translate. Access Date: 3 May 2023. <https://www.gov.br/fazenda/pt-br/assuntos/noticias/2023/abril/novo-arcabouco-fiscal-busca-equilibrio-entre-responsabilidade-fiscal-e-social>

⁴⁸ Bank of Canada Increases Policy Interest Rate by 50 Basis Points, Continues Quantitative Tightening, Bank of Canada (Ottawa) 7 December 2022. Access Date: 14 March 2023. <https://www.bankofcanada.ca/2022/12/fad-press-release-2022-12-07/>

⁴⁹ Bank of Canada Increases Policy Interest Rate by 50 Basis Points, Continues Quantitative Tightening, Bank of Canada (Ottawa) 25 January 2023. Access Date: 14 March 2023. <https://www.bankofcanada.ca/2023/01/fad-press-release-2023-01-25/>

On 8 March 2023, the Bank of Canada announced a continuation of sustaining the overnight rate at 4.5 per cent, the bank rate at 4.75 per cent, and the deposit rate at 4.5 per cent.⁵⁰ These actions, alongside quantitative tightening, seek to bring down CPI inflation to three per cent by the halfway point of 2023. The Bank also reiterated its commitment to achieving price stability.

On 28 March 2023, the Department of Finance published the Budget 2023, which plans to maintain Canada's lowest net debt-to-GDP ratio and debt overall among the G7 members.⁵¹ It also seeks to maintain long-term fiscal sustainability alongside its initiatives, such as natural disaster insurance.

On 12 April 2023, the Bank of Canada announced a continuation of sustaining the overnight rate at 4.5 per cent, the bank rate at 4.75 per cent, and the deposit rate at 4.5 per cent.⁵² These actions, alongside quantitative tightening, seek to bring down CPI inflation to three per cent by the halfway point of 2023 and two per cent by the end of 2024.

Canada has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. Canada has taken action to ensure long-term fiscal sustainability through a long-term economic plan maintaining its low debt-to-GDP ratio. Canada has taken action to achieve price stability with its central bank through regular announcements and expectations for targeting a low inflation rate within the 2 to 4 per cent goal.

Thus, Canada receives a score of +1.

Analyst: Eliza Yip

China: +1

China has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 13 January 2023, People's Bank of China (PBoC) Deputy Governor Xuan Changneng delivered a presentation reviewing the 2022 economy and China's financial outlook moving forward.⁵³ The deputy contended that China's economy has shown adequate recovery since the Covid-19 Pandemic, noting liquidity in the form of the RMB1.13 trillion surplus in the national budget. The objective of the PBoC will be to ensure the continued surplus of liquidity while regulating domestic currency issuing to avoid inflation.

On 17 January 2023, the PBoC released guidelines on the newest financial instruments that will be used for ensuring fiscal and price stability.⁵⁴ It will develop a long-term program of central bank lending for rural development that focuses on the development of agricultural and financial infrastructure of rural areas, which can increase the overall capital flow of the nation's economy.

On 2 March 2023, Minister of Finance Liu Kun promised to enact measures that will coordinate provincial development and unemployment to fix the issue of reducing debt for certain provinces to decrease the debt-to-GDP ratio.⁵⁵

On 5 March 2023, the State Council revealed in a press release that the inflation target for China is three per cent for the fiscal year of 2023, indicating a plan to maintain economic stability.⁵⁶

⁵⁰ Bank of Canada Maintains Policy Rate, Continues Quantitative Tightening, Bank of Canada (Ottawa) 8 March 2023. Access Date: 14 March 2023. <https://www.bankofcanada.ca/2023/03/fad-press-release-2023-03-08/>

⁵¹ Budget 2023 (Ottawa) 28 March 2023. Access Date: 3 May 2023. <https://www.budget.canada.ca/2023/pdf/budget-2023-en.pdf>

⁵² Bank of Canada Maintains Policy Rate, Continues Quantitative Tightening, Bank of Canada (Ottawa) 12 April 2023. Access Date: 3 May 2023. <https://www.bankofcanada.ca/2023/04/fad-press-release-2023-04-12/>

⁵³ Transcript of Press Briefing on 2022 Financial Statistics, The People's Bank of China (Beijing) 13 January 2023. Access Date: 19 March 2023. <http://www.pbc.gov.cn/en/3688247/3688978/3732405/4782603/index.html>

⁵⁴ Introduction to Structural Monetary Policy Instruments (Updated), The People's Bank of China (Beijing) 17 January 2023. Access Date: 19 March 2023. <http://www.pbc.gov.cn/en/3688229/3688335/4738114/4798006/index.html>

⁵⁵ China sure of preempting fiscal risks, The State Council of the People's Republic of China (Beijing) 2 March 2023. Access Date: 19 March 2023. http://english.www.gov.cn/statecouncil/ministries/202303/02/content_WS640009aac6d0a757729e779a.html

⁵⁶ China targets inflation of around 3 pct in 2023, The State Council of the People's Republic of China (Beijing) 5 March 2023. Access Date: 19 March 2023. http://english.www.gov.cn/premier/news/202303/05/content_WS6403efdcc6d0a757729e7a2d.html

On 9 March 2023, the State Council published a press release that reported that the consumer price index for China has remained low in its first two months, as the prices of goods remained low due to official regulations and monetary policies.⁵⁷ However, prices of goods excluding food and energy have climbed slightly.

On 17 March 2023, the PBoC reduced the required reserve ratio for banks by 0.25 per cent, effective 27 March 2023.⁵⁸

On 4 April 2023, PBoC Governor Yi Gang announced the elimination of high-risk financial institutions in China to consolidate its financial sector.⁵⁹ According to the governor, the move is a step towards financial stability, as these institutions hold too much high-risk debt and credit that can jeopardize the economy during a crisis. The number of online lenders has also been reduced.

On 14 April 2023, Governor Yi attended the G20 Finance Ministers and Central Bank Governors Meeting.⁶⁰ During the conference, the governor promised to support the common framework of debt treatment and reported that inflation had remained stable within China.

On 17 April 2023, the PBoC announced a shift in the direction of future fiscal policy.⁶¹ Future policies of the PBoC will focus on supporting the growth of the real economy of goods and services instead of the financial economy. In order to commit to this policy, market-oriented policies of exchange rates will be imposed on banks and structural reforms of the Chinese banking system that work to centralize control to the central government of China will need to be made as noted in the policy report.

On 20 April 2023, the PBoC noted that the risk for long-term inflation and deflation within China is low due to the balance in aggregate supply and demand within the economy.⁶² As a result, the consumer price index of China has only risen by 1.3 per cent in the first quarter of 2023, which is considered to be a moderate increase.

China has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The central bank enacted monetary policies such as the reduction of the required reserve ratio in addition to monitoring the consumer price index and debt-to-GDP ratio.

Thus, China receives a score of +1.

Analyst: Harry Pun

France: 0

France has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

⁵⁷ China's inflation remains tame in February, The State Council of the People's Republic of China (Beijing) 9 March 2023. Access Date: 19 March 2023.

http://english.www.gov.cn/archive/statistics/202303/09/content_WS64099c31c6d0a757729e7e75.html

⁵⁸ China makes surprising rate cut to boost banking liquidity and the economy, CNN Business (Hong Kong) 17 March 2023. Access Date: 30 March 2023. <https://www.cnn.com/2023/03/17/economy/china-reserve-requirement-ratio-cut-intl-hnk/index.html>

⁵⁹ Building a Modern Central Banking System to Contribute to Chinese Modernization—Speech by Governor Yi Gang at the 2023 Annual Conference of China Society for Finance & Banking/China Financial Forum, The Peoples' Bank of China (Beijing) 4 April 2023. Access Date: 3 May 2023 <http://www.pbc.gov.cn/en/3688110/3688172/4756445/4856766/index.html>

⁶⁰ Governor Yi Gang Attended G20 Finance Ministers and Central Bank Governors Meeting, The Peoples' Bank of China (Beijing) 7 April 2023. Access Date: 3 May 2023 <http://www.pbc.gov.cn/en/3688110/3688172/4756445/4851761/index.html>

⁶¹ Central bank reforms to strengthen monetary policy efficacy, State Council of the People's Republic of China (Beijing) 17 April 2023. Access Date: 3 May 2023

http://english.www.gov.cn/policies/policywatch/202304/17/content_WS643ca32ac6d03ffcca6ec573.html

⁶² China has no long-term deflation or inflation basis: central bank, State Council of the People's Republic of China (Beijing) 21 April 2023. Access Date: 3 May 2023 http://english.www.gov.cn/news/202304/05/content_WS642d78e3c6d03ffcca6ec101.html

On 7 December 2022, the Treasury announced that it expects to issue EUR270 billion worth of medium- and long-term bonds as it seeks to reduce expectations for short term debt issuance.⁶³

On 17 February 2023, the Bank of France reaffirmed the government's commitment to bringing inflation back to two per cent in the coming years.⁶⁴

On 6 March 2023, Finance Minister Bruno Le Maire announced a deal with the country's major supermarket chains in which food retailers would offer the lowest possible prices.⁶⁵ This partially alleviates the inflation burden on consumers.

France has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. France has announced several immediate measures to ensure price stability but has not produced sufficient work regarding fiscal sustainability.

Thus, France receives a score of 0.

Analyst: Sofiya Sapeha

Germany: +1

Germany has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 15 December 2022, the Bundestag passed a bill establishing price ceilings for electricity, gas, and heating which came into effect through January to March 2023.⁶⁶ The price ceiling is set at EUR0.12 per kilowatt hour for natural gas and EUR0.095 per kilowatt hour for heating. The price ceilings were deemed to be necessary to preserve overall price stability for consumers given the increase in energy prices in Europe following Russia's invasion of Ukraine. In addition to the price ceilings, the same bill establishes a hardship fund which would cover subsidies and transfer payments for households, firms, and individuals particularly affected by increasing energy prices.

On 16 December 2022, the Stability Council reiterated the necessity of cooperation between federal and state governments to lessen the shocks of the energy crisis on price stability.⁶⁷ Federal Minister of Finance Christian Lindner announced that a normalization in state finances would come into effect by 2024, and expressed the view that economic capacity could only be improved with reforms to the tax system and reductions in bureaucratic obstacles. The Stability Council concluded that Germany had reduced its structural deficit by 0.5 per cent per year, part of its medium-term budgetary goal for 2024-2026.

On 12 January 2023, Minister Lindner announced in his report on the 2022 financial statement that the federal government had borrowed EUR23.5 million less than expected, thereby reducing the federal government's spending deficit.⁶⁸

On 27 January 2023, the Stability Council noted in its monthly report that although the structural deficit could rise to around 3.25 per cent of gross domestic product (GDP) in 2023 owing to the federal

⁶³ France keeps 2023 borrowing plans steady at 270 bln euros, Reuters (London) 7 December 2022. Access Date: 19 March 2023. <https://www.nasdaq.com/articles/france-keeps-2023-borrowing-plans-steady-at-270-bl-euros>

⁶⁴ How monetary policy will defeat inflation: channels and locks, Banque de France (Paris) 17 February 2023. Access Date: 19 March 2023. <https://www.banque-france.fr/en/intervention/how-monetary-policy-will-defeat-inflation-channels-and-locks>

⁶⁵ French government says has deal on anti-inflation shopping basket, Reuters (London) 6 March 2023. Access Date: 19 March 2023. <https://www.reuters.com/world/europe/french-government-says-has-deal-anti-inflation-shopping-basket-2023-03-06/>

⁶⁶ Bundestag beschließt Energiepreisbremsen – Wichtige Entlastungen für Verbraucherinnen und Verbraucher, Bundesministerium für Wirtschaft und Klimaschutz (Berlin) 15 December 2022. Translation provided by Analyst. Access Date: 12 March 2023. <https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2022/12/20221215-bundestag-beschliesst-energiepreisbremsen.html>

⁶⁷ 26. Sitzung des Stabilitätsrates am 16. Dezember 2022, Bundesministerium der Finanzen (Berlin) 16 December 2022. Translation provided by Analyst. Access Date: 12 March 2023. <https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2022/12/2022-12-16-stabilitaetsrat-26-sitzung.html>

⁶⁸ Lindner: „23,5 Mrd. Euro weniger Schulden als geplant“, Bundesministerium der Finanzen (Berlin) 12 January 2023. Translation provided by Analyst. Access Date: 12 March 2023. <https://www.bundesfinanzministerium.de/Content/DE/Pressemitteilungen/Finanzpolitik/2023/01/2023-01-12-vorlaeufiger-haushaltsabschluss-2022.html>

government's crisis response, this was permissible in the medium term under European regulations.⁶⁹ The Stability Council announced that owing to the temporary nature of these measures, it would not be recommending measures for reducing the deficit at this time since the long-term outlook remained uncertain. However, it reiterated the importance of reforming the tax system and reducing bureaucratic roadblocks.

On 1 March 2023, Deutsche Bundesbank President Joachim Nagel said in a press conference on the introduction of the 2022 economic report that average inflation rates would remain between six to seven per cent throughout 2023.⁷⁰ President Nagel expressed doubt about a successful return to the two per cent target inflation rate in the short to medium term. However, he supported the European Central Bank's (ECB) decision to tighten monetary policy, and he identified it as a key factor in combating inflation and price instability in the long-term.

On 31 March 2023, the Deutsche Bundesbank noted in a press release that, although the federal government's debt had risen by EUR71 billion in 2022, the state governments' debts had decreased, and the federal debt-to-GDP ratio had sunk by 2.9 per cent.⁷¹ The increase in federal debt is well below the EUR101 billion Maastricht Treaty deficit limit.

On 13 April 2023, Deutsche Bundesbank President Nagel announced in a joint press conference with Minister Lindner at an International Monetary Fund and World Bank meeting in Washington DC, that he believes that, in view of the upcoming ECB meeting on 4 May 2023, the ECB should continue to raise interest rates to combat inflation in general and commodity inflation in particular.⁷² President Nagel stressed the need for more information before determining how much interest rates ought to increase, but he expressed confidence that the German economy would have a positive year.

On 14 April 2023, the Federal Ministry for Economic Affairs and Climate Action published an overview of the current German economic situation.⁷³ It was noted that GDP growth would be expected to remain stable, and that inflation had fallen to 7.4 per cent. Given the positive GDP growth, a technical recession of two consecutive negative quarters has been avoided. Consumer confidence is also projected to rise following the success of earlier energy price stabilization measures.

On 25 April 2023, Minister Lindner wrote in a guest article for the Financial Times that European fiscal rules need to be reformed, simplified, and equalized to ensure sound public finances and debt sustainability across the European Union, and that Germany would be evaluating any proposed reform to the European system on these criteria.⁷⁴

On 29 April 2023, Federal Minister for Economic Affairs and Climate Action Robert Habeck advocated at a press conference for government subsidization of energy for industrial purposes.⁷⁵ He argued that, without government subsidization, Germany would risk an outflow of industry to other countries. Although

⁶⁹ Stabilitätsrat: Krisenbewältigung fordert öffentliche Haushalte weiter heraus, Bundesministerium der Finanzen (Berlin) 27 January 2023. Translation provided by Analyst. Access Date: 19 March 2023. <https://www.bundesfinanzministerium.de/Monatsberichte/2023/01/Inhalte/Kapitel-3-Analysen/3-5-26-sitzung-stabilitaetsrat-pdf.pdf>

⁷⁰ Einleitendes Statement bei der Pressekonferenz zur Vorstellung des Geschäftsberichts 2022, Deutsche Bundesbank (Frankfurt am Main) 1 March 2023. Translation provided by Analyst. Access Date: 19 March 2023. <https://www.bundesbank.de/de/presse/reden/einleitendes-statement-905586>

⁷¹ Deutsche Staatsschulden steigen 2022 um 71 Milliarden Euro auf 2,57 Billionen Euro, Schuldenquote sinkt von 69,3 auf 66,4 Prozent, Deutsche Bundesbank (Frankfurt am Main) 31 March 2023. Translation provided by Analyst. Access Date: 28 April 2023. <https://www.bundesbank.de/de/presse/presse-notizen/deutsche-staatsschulden-907124>

⁷² Nagel: „Aus geldpolitischer Sicht ist noch eine Wegstrecke zu gehen“, Deutsche Bundesbank (Frankfurt am Main) 13 April 2023. Translation provided by Analyst. Access Date: 28 April 2023. <https://www.bundesbank.de/de/aufgaben/themen/nagel-aus-geldpolitischer-sicht-ist-noch-eine-wegstrecke-zu-gehen--907708>

⁷³ Die wirtschaftliche Lage in Deutschland im April 2023, Bundesministerium für Wirtschaft und Klimaschutz (Berlin) 14 April 2023. Translation provided by Analyst. Access Date: 20 April 2023. <https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2023/20230413-die-wirtschaftliche-lage-in-deutschland-im-april-2023.html>

⁷⁴ We need to strengthen EU fiscal rules, not dilute them, Bundesministerium der Finanzen (Berlin) 25 April 2023. Access Date: 28 April 2023. <https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Presse/Namensartikel/2023/2023-04-25-lindner-we-need-to-strengthen-eu-fiscal-rules.html>

⁷⁵ Bundeswirtschaftsminister Habeck will Strompreis für Industrie deckeln, Tagesschau (Hamburg) 29 April 2023. Translation provided by Analyst. Access Date: 29 April 2023. <https://www.tagesschau.de/inland/innenpolitik/habeck-industrie-strompreise-100.html>

this would necessitate an expansion in fiscal policy and an increase in the budget deficit, Habeck defended his proposal as being necessary to ensure that German industries remain competitive and innovative in the long term.

Germany has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. Germany has had to introduce expansionary fiscal policy to lessen the destabilizing effects of the energy crisis at the cost of short- and medium-term deficit increases. Germany has consistently emphasized that it will pursue tax reform and bureaucratic streamlining in the long term to ensure fiscal sustainability and price stability, and the German government has committed to reducing its level of debt. Current German government efforts have been focused on the short- to medium-term, owing to the volatility of the economy. This does not necessarily indicate a lack of long-term commitment, but the current economic circumstances necessitate that most government actions will be focused on ensuring short- to medium-term fiscal sustainability and price stability, actions which have been successful to date.

Thus, Germany receives a score of +1.

Analyst: Rudy Yuan

India: 0

India has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 7 December 2022, Governor of the Reserve Bank Shaktikanta Das announced an increase in the interest rate by 35 basis points to 6.25 per cent, up from six per cent in September 2022.⁷⁶ This is part of a larger cycle of monetary policy tightening. Das noted that although consumer price inflation was beginning to moderate, it still remained above inflationary targets, but expressed confidence in the agricultural, construction, and manufacturing sectors while emphasising the continuing need to manage inflation.

On 1 February 2023, Minister of Finance Nirmala Sitharaman tabled the Finance Bill 2023 to the Indian parliament, with the purpose of introducing tax relief, simplifying tax compliance, and combatting tax avoidance by widening the taxpayer base.⁷⁷ These measures are meant to ensure stable tax revenues for the government that can sustain fiscal policy in the long term.

On 8 February 2023, the Reserve Bank of India further increased its interest rate by 25 basis points to 6.5 per cent as part of its monetary policy tightening cycle.⁷⁸ The rate hike is meant to address rising consumer price inflation in an uncertain economic environment.

On 21 March 2023, the Lok Sabha approved a supplementary demand from the government to expand spending by INR1.48 trillion in the 2023 fiscal year.⁷⁹ Finance officials expressed the belief that this expanded fiscal policy would not affect compliance with government deficit targets in the short term.

On 6 April 2023, the Monetary Policy Committee of the Reserve Bank, chaired by Governor Das in its 42nd meeting, unanimously agreed that the interest rate would remain unchanged at 6.5 per cent.⁸⁰ This marked the end of the Reserve Bank's monetary policy tightening cycle. The decision was informed by medium-term projections for the consumer price index that indicated the inflation rate would remain within two percentage points of the four per cent target rate.

⁷⁶ Governor's Statement, Reserve Bank of India (Mumbai) 7 December 2022. Access Date: 21 March 2023. <https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/03GS201220228564D7C4AA014311BEE00B09E4A7A0A9.PDF>

⁷⁷ Memorandum Explaining the Provisions in the Finance Bill, 2023, Ministry of Finance (New Delhi) 1 February 2023. Access Date: 20 March 2023. <https://www.indiabudget.gov.in/doc/memo.pdf>

⁷⁸ Governor's Statement, Reserve Bank of India (Mumbai) 8 February 2023. Access Date: 20 March 2023. https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55177

⁷⁹ Lok Sabha okays Centre's extra net spend of Rs 1.48 lakh crore, The Economic Times (Mumbai) 21 March 2023. Access Date: 21 March 2023. <https://economictimes.indiatimes.com/news/politics-and-nation/lok-sabha-passes-rs-1-48-lakh-crore-supplementary-grants-for-fy23-without-debate/articleshow/98865574.cms>

⁸⁰ Minutes of the Monetary Policy Committee Meeting, April 3, 5 and 6, 2023, Reserve Bank of India (Mumbai) 20 April 2023. Access Date: 30 April 2023. https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=55538

On 21 April 2023, the Reserve Bank published a bulletin that argued that India had become a low-inflation regime after having endured supply shocks in 2022 and 2023, with monetary policy having played a key role in restoring confidence in the economy.⁸¹

India has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The central bank has taken a very prominent role in implementing a tightening cycle in monetary policy since before the G20 summit, having demonstrated a willingness to continue to adjust and fine-tune monetary policy in order to maintain price stability given the current volatility of economic conditions. The central bank has concluded its monetary policy tightening cycle as inflation projections have tapered off, in accordance with commitments to price stability. The government, however, has increased spending which may conflict with goals of long-term fiscal sustainability, and the government has not undertaken any comprehensive efforts to promote fiscal sustainability.

Thus, India receives a score of 0.

Analyst: Rudy Yuan

Indonesia: 0

Indonesia has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 6 December 2022, the Bank Indonesia reported an expected growth rate of 4.5 to 5.3 per cent and consumer price index (CPI) inflation rate of three per cent in 2023.⁸² These expectations, alongside policies focusing on currency stabilization, seek to improve price stability.

On 22 December 2022, the Bank Indonesia increased the 7-Day Reverse Repo Rate to 5.5 per cent, the Deposit Facility rate to 4.75 per cent, and the Lending Facility rate to 6.25 per cent.⁸³ These rates reflect the bank's goal to lower inflation and CPI inflation to three per cent during the year, alongside reinforcing policies to stabilize the currency from potentially destabilizing global factors.

On 30 December 2022, the Bank Indonesia announced a 11.7 per cent increase in the money supply occurred in the month of November.⁸⁴ Narrow money grew by 11.7 per cent year on year, disbursed loans grew 10.8 per cent year on year, Net Foreign Assets grew 1 per cent year on year, and net claims on central government decreased by 17.2 per cent year on year. This growth in money supply is contrary to commitments to increase price stability.

On 19 January 2023, the Bank Indonesia increased the 7-Day Reverse Repo Rate to 5.75 per cent, the Deposit Facility rate to five per cent, and the Lending Facility rate to 6.5 per cent.⁸⁵ These rates reflect the Bank's goal of lowering inflation and CPI inflation to three per cent during the year and reinforcing policies to stabilize the currency from potentially destabilizing global factors.

On 16 February 2023, the Bank Indonesia committed to maintaining the 7-Day Reverse Repo Rate at 5.75 per cent, the Deposit Facility rate at five per cent, and the Lending Facility rate at 6.5 per cent.⁸⁶ These rates

⁸¹ Recent Regime Reversal in Inflation: The Indian Experience, Reserve Bank of India (Mumbai) 21 April 2023. Access Date: 30 April 2023. https://www.rbi.org.in/Scripts/BS_ViewBulletin.aspx?Id=21731

⁸² Bank Indonesia Projects 4.5-5.3% Economic Growth and Inflation to Return to The 3.0%±1% Target Range in 2023, Bank Indonesia (Jakarta) 6 December 2022. Access Date: 12 March 2023. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2432222.aspx

⁸³ BI 7-Day Reverse Repo Rate Raised 25 BPS to 5.50%: Synergy Maintaining Stability and Recovery Momentum, Bank Indonesia (Jakarta) 22 December 2022. Access Date: 12 March 2023. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2435022.aspx

⁸⁴ Money Supply Maintained Positive Growth in November 2022, Bank Indonesia (Jakarta) 30 December 2022. Access Date: 12 March 2023. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2435122.aspx

⁸⁵ BI 7-Day Reverse Repo Rate Raised 25 BPS to 5.75%: Synergy Maintaining Stability and Recovery Momentum, Bank Indonesia (Jakarta) 19 January 2023. Access Date: 12 March 2023. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_251323.aspx

⁸⁶ BI 7-Day Reverse Repo Rate Held at 5.75%: Synergy Maintaining Stability and Recovery Momentum, Bank Indonesia (Jakarta) 16 January 2023. Access Date: 12 March 2023. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_256523.aspx

reflect the bank's goal to lower inflation and CPI inflation to three per cent during the year, alongside reinforcing policies to stabilize the currency from potentially destabilizing global factors.

On 16 March 2023, the Bank Indonesia Board of Governors announced a continuation of the 7-Day Reverse Repo Rate at 5.75 per cent, the Deposit Facility rate at five per cent, and the Lending Facility rate at 6.5 per cent.⁸⁷ These rates reflect the Bank's goal to lower inflation and CPI inflation to three per cent during the year, alongside reinforcing policies to stabilize the currency from potentially destabilizing global factors.

On 31 March 2023, the Bank Indonesia and the Ministry of Finance hosted the Association of Southeast Asian Nations Finance Ministers and Central Bank Governors meeting.⁸⁸ The meeting reaffirmed their commitment towards sustainable economic growth through increased trade and collaborative efforts.

On 14 April 2023, the Bank Indonesia reported a decrease in external debt by USD4.5 billion from January 2023 to February 2023.⁸⁹ The ratio of external debt to gross domestic product decreased from 30.3 per cent to 29.9 per cent. This decrease in debt held by the government and central bank contributes towards fiscal sustainability.

On 18 April 2023, the Bank Indonesia committed to maintaining the 7-Day Reverse Repo Rate at 5.75 per cent, the Deposit Facility rate at five per cent, and the Lending Facility rate at 6.5 per cent.⁹⁰ These rates reflect the bank's goal to lower inflation and CPI inflation to three per cent during the year, alongside reinforcing policies to stabilize the currency from potentially destabilizing global factors.

On 2 May 2023, the Bank Indonesia committed with the Bank of Korea to increase the use of their respective currencies in bilateral transactions.⁹¹ This agreement seeks to increase cooperation, reduce exchange rate risk and thereby increase price stability.

Indonesia has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. Indonesia has taken action to achieve price stability with its central bank through regular announcements and expectations for targeting a low inflation rate within the 2 to 4 per cent goal. However, Indonesia has not taken action to ensure fiscal sustainability in the long-term, only the short-term.

Thus, Indonesia receives a score of 0.

Analyst: Eliza Yip

Italy: +1

Italy has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 13 December 2022, Prime Minister Giorgia Meloni reaffirmed Italy's commitment to implementing a dynamic price cap on gas and energy prices.⁹² This cap would prevent differences between nations on the

⁸⁷ BI 7-Day Reverse Repo Rate Held at 5.75%: Synergy Maintaining Stability and Recovery Momentum, Bank Indonesia (Jakarta) 16 March 2023. Access Date: 12 March 2023. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_256523.aspx

⁸⁸ ASEAN Members Commit to Maintaining Economic Stability at ASEAN Finance Ministers and Central Bank Governors Meeting, March 2023 in Bali (Bali) 1 April 2023. Access Date: 3 May 2023. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_258423.aspx

⁸⁹ Indonesia's External Debt Decreased in February 2023 (Jakarta) 14 April 2023. Access Date 23 May 2023. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_259523.aspx

⁹⁰ BI 7-Day Reverse Repo Rate Held at 5.75%: Synergy Maintaining Stability and Recovery Momentum, Bank Indonesia (Jakarta) 18 April 2023. Access Date: 3 May 2023. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2510223.aspx

⁹¹ Signing of the Memorandum of Understanding Between Bank Indonesia and Bank of Korea on the Cooperation to Promote the Use of Local Currencies for Bilateral Transactions (Incheon) 2 May 2023. Access Date: 3 May 2023. https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2510823.aspx

⁹² President Meloni's address to the Chamber of Deputies ahead of the European Council meeting on 15 December, Italian Government (Rome) 13 December 2022. Access Date: 30 March 2023. <https://www.governo.it/en/articolo/president-meloni-s-address-chamber-deputies-ahead-european-council-meeting-15-december>

level of protection they offer enterprises and ensure that all nations are interacting with the oil and gas market equitably.

On 20 January 2023, the Bank of Italy predicted that gross domestic product (GDP) will grow 1.2 per cent in 2023, with inflation for Italy's EU-harmonised index averaging 6.5 per cent this year and easing to 2.6 per cent in 2024.⁹³ Prime Minister Meloni has proposed policies to support this GDP growth, including a cut in social security contributions for employees with medium-to-low incomes and government spending on the Tax Reduction Fund. Both have been approved by Parliament. These measures, along with other measures contained in the budget law, are intended to augment purchasing power and moderate wage growth, to increase GDP while preventing inflation.

On 11 April 2023, Prime Minister Meloni and Minister of Economy and Finance Giancarlo Giorgetti declared their intent to reduce the administration's deficit and debt relative to GDP.⁹⁴ The projected targets are 4.5 per cent for 2023, 3.7 per cent in 2024, 3 per cent in 2025, and 2.5 per cent for 2026. Current trends in the government budget balance project a slight surplus in 2024 and a significant surplus in 2025 and 2026, signalling that the targets are achievable should nothing else change.

On 11 April 2023, the Ministry of Economy and Finance projected that interest rates will increase throughout 2024-2026.⁹⁵ Causes include a growing public debt which will cause rates to settle at or higher than current ones, increasing the yield on government bonds, the expense of interest payments on indexed securities, and a high volume of issued bonds and thus overall debt burden. The administration has proposed legislation to lower its net borrowing to curb the effects of inflation and rising interest rates. This legislation is projected to improve the deficit to GDP ratio by 0.8 per cent for 2024, 0.5 per cent for 2025 and 0.5 per cent for 2026.

On 13 April 2023, the Department of the Treasury estimated that a 33 per cent increase in migrants to Italy would offset the shrinking workforce and a declining domestic birth rate, and lead to a decrease in public debt by 2070 by "over 30" percentage points.⁹⁶ However, Prime Minister Meloni's government has adopted a state of emergency enabling it to more quickly repatriate arriving migrants.⁹⁷ This has boosted identification and expulsion orders, despite the Treasury's projections that accepting more migrants would increase GDP in a nation with one of the world's oldest populations and lowest birth rates.

Italy has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The administration has taken steps to enact policy that support GDP growth, curb inflation and decrease public debt. Italy's policy on migrants as the south frontier to the European Union is an administrative decision and there is no evidence of contractionary impacts to its commitment. Additionally, rising interest rates are a result of restrictive monetary policy and Italy has taken appropriate steps, proposing legislation to curb the effects.

Thus, Italy receives a score of +1.

Analyst: Miranda Yang

⁹³ Italian central bank hikes 2023 growth forecast, cuts inflation outlook, Reuters (Milan) 20 January 2023. Access Date: 18 March 2023. <https://www.reuters.com/business/finance/italian-central-bank-hikes-2023-growth-forecast-cuts-inflation-outlook-2023-01-20/>

⁹⁴ Documento di Economia e Finanza – Programma di Stabilità dell'Italia, Department of the Treasury (Rome) 11 April 2023. Translation provided by Google Translate. Access Date: 3 May 2023. https://www.dt.mef.gov.it/modules/documenti_it/analisi_progammazione/documenti_programmatici/def_2023/DEF-2023-Programma-di-Stabilita.pdf

⁹⁵ Documento di Economia e Finanza – Programma di Stabilità dell'Italia, Department of the Treasury (Rome) 11 April 2023. Translation provided by Google Translate. Access Date: 3 May 2023. https://www.dt.mef.gov.it/modules/documenti_it/analisi_progammazione/documenti_programmatici/def_2023/DEF-2023-Programma-di-Stabilita.pdf

⁹⁶ Italy can cut massive public debt with migrant inflows, Treasury data shows, Reuters (Milan) 13 April 2023. Access date: 3 May 2023. <https://www.reuters.com/world/europe/italy-can-cut-massive-public-debt-with-migrant-inflows-treasury-data-2023-04-13/>

⁹⁷ Italy adopts state of emergency over migrants, Reuters (Milan) 11 April 2023. Access date: 3 May 2023. <https://www.reuters.com/world/uk/italy-adopts-state-emergency-over-migrants-2023-04-11/>

Japan: +1

Japan has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 28 November 2022, the Bank of Japan (BOJ) relaxed the terms and conditions for the Securities Lending Facility for the Cheapest-to-Deliver (CTD) Issues for 10-year JGBs #358, #359 and #360. The upper limit on the Consecutive-day Purchases of the Same Issue was raised from 50 to 85 business days, in principle. The BOJ also expanded the Issues that were applicable to the Relaxed Conditions for the Delivery of the CTD Issues. Prior to the expansion, only CTD issues which the share of the Bank's holdings in the market exceeded 80 per cent were applicable. After the expansion, all CTD issues regardless of the Bank's holdings were applicable. This expansion was aimed at ensuring economic stability by easing excessive tightening in the supply and demand of Japanese government securities in the repo market.⁹⁸

On 3 December 2022, the Parliament approved a JPY29 trillion supplementary budget to counter the financial impact from rising food and utility costs as well as a weaker currency.⁹⁹

On 20 December 2022, the BOJ Policy Board held a monetary policy meeting.¹⁰⁰ In the short-term, the bank decided to apply a negative interest rate of minus 0.1 per cent to the policy-rate balances in current accounts held by financial institutions at the bank. In the long-term, it committed to the purchase of Japanese Government Bonds without an upper limit so that its ten-year yield rates remain around zero per cent. It also set a price stability target of two per cent, committing to the use of quantitative and qualitative monetary easing and yield curve control to achieve this goal. It will continue to expand the monetary base until the year-on-year rate in the observed consumer price index (CPI) (all items less fresh food) exceeds 2 per cent in a stable manner.

On 17 January 2023, the BOJ held a monetary policy meeting at which they decided to continue enacting monetary policy decided on at the 20 December 2022 meeting.¹⁰¹ Members agreed that it is important to continue with the current monetary easing to achieve the price stability target in a sustainable and stable manner given developments in economic activity and prices.

On 18 January 2023, the Bank reiterated previous commitments and established guidelines for those commitments.¹⁰² It permitted the fluctuation of ten-year government bond yields in a range of plus and minus 0.5 per cent from the target level. It will also offer to purchase ten-year bonds at 0.5 per cent every business day through fixed-rate purchase operations.

On 4 February 2023, Japan, alongside members of the Price Cap Coalition, reached a consensus on maximum prices for seaborne Russian-origin petroleum products. Two levels of price caps have been set, one for “premium to crude” petroleum products such as diesel, kerosene and gasoline, and another for “discount to crude” petroleum products, such as fuel and oil. The maximum price for premium-to-crude products will be USD100 per barrel, and USD45 per barrel. These measures were agreed upon to support stability in the global energy markets and minimize negative economic impacts of the War in Ukraine.¹⁰³

On 28 February 2023, the BOJ relaxed more terms and conditions for the Securities Lending Facility for the CTD Issues for 10-year government bonds #359, #360 and #361. The upper limit on the Consecutive-day Purchases of the Same Issue was raised from 50 to 85 business days, in principle. The BOJ also

⁹⁸ Relaxation of the Terms and Conditions for the Securities Lending Facility for the Cheapest-to-Deliver Issues, Bank of Japan (Tokyo) 29 November 2022. Access Date: 2 May 2023. https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2022/rel221129g.pdf

⁹⁹ Japan OKs 29 trillion yen extra budget to counter impact of inflation, The Asahi Shimbun (Osaka) 3 December 2023. Access Date: 27 March 2023. <https://www.asahi.com/ajw/articles/14783709>

¹⁰⁰ Statement on Monetary Policy, Bank of Japan (Tokyo) 20 December 2022. Access Date: 27 March 2023. https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2022/k221220a.pdf

¹⁰¹ Minutes of the Monetary Policy Meeting, Bank of Japan (Tokyo) 15 March 2023. Access Date: 27 March 2023. https://www.boj.or.jp/en/mopo/mpmsche_minu/minu_2023/g230118.pdf

¹⁰² Statement on Monetary Policy, Bank of Japan (Tokyo) 18 January 2023. Access Date: 27 March 2023. https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2023/k230118a.pdf

¹⁰³ Statement of the G7 and Australia on price caps for seaborne Russian-origin petroleum products, Ministry of Finance (Tokyo) 4 February 2023. Access Date: 3 May 2023.

https://www.mof.go.jp/english/policy/international_policy/convention/others/20230204_statement_en.pdf

expanded the Issues that were applicable to the Relaxed Conditions for the Delivery of the CTD Issues. This expansion was aimed at ensuring economic stability by easing excessive tightening in the supply and demand of Japanese government securities in the repo market.¹⁰⁴

On 9 March 2023, the BOJ decided to continue with its monetary easing.¹⁰⁵ It decided to consider additional measures to ease the impact of rising energy and food prices.

On 10 March 2023, the BOJ reiterated its previous commitments to monitor price levels and work towards price stability.¹⁰⁶

On 22 March 2023, the Parliament approved a package of JPY2 trillion set aside from the reserve fund in the current fiscal year budget targeted as easing inflation.¹⁰⁷ Measures include cash payments to low-income households and subsidies on propane gas used in rural communities for heating and cooking purposes.

On 28 April 2023, the BOJ reiterated its previous commitments to price stability and provided an outlook of the Japanese economy, committing to continuous monitoring and action, if necessary.¹⁰⁸

Japan has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. Japan set a price stability target and determined both short and long-term actions to achieve the target, with the BOJ conducting monetary policy such as the purchase of bonds and decrease of its policy-rate balances. Japan's parliament has also taken fiscal measures, approving budgets to ensure sustainability.

Thus, Japan receives a score of +1.

Analyst: Peter Ma

Korea: +1

Korea has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 24 November 2022, the Monetary Policy Board of the Bank of Korea (MPB) announced an increase in the base rate of 25 basis points, from three per cent to 3.25 per cent.¹⁰⁹ The MPB cited that this action was part of its policy response for price stability in response to expected inflation levels.

On 22 December 2022, the MPB reaffirmed its focus on price stability, noting that its terminal interest rate level would be based on the consumer price index, which, despite being expected to stay at a mid-three per cent level, would be subject to significant uncertainty due to exchange rates and oil prices.¹¹⁰

On 23 December 2022, the Budget Office of the Ministry of Economy and Finance announced that the government's 2023 budget was passed at the National Assembly.¹¹¹ The budget highlighted a decrease in

¹⁰⁴ Relaxation of the Terms and Conditions for the Securities Lending Facility for the Cheapest-to-Deliver Issues, Bank of Japan (Tokyo) 28 February 2023. Access Date: 2 May 2023. https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2023/mpr230228e.pdf

¹⁰⁵ Summary of Opinions at the Monetary Policy Meeting, Bank of Japan (Tokyo) 20 March 2023. Access Date: 27 March 2023. https://www.boj.or.jp/en/mopo/mpmsche_minu/opinion_2023/opi230310.pdf

¹⁰⁶ Statement on Monetary Policy, Bank of Japan (Tokyo) 10 March 2023. Access Date: 27 March 2023. https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2023/k230310a.pdf

¹⁰⁷ 2 trillion yen in reserve fund earmarked to offset inflation, The Asahi Shimbun (Osaka) 23 March 2023. Access Date: 27 March 2023. <https://www.asahi.com/ajw/articles/14868039>

¹⁰⁸ Statement on Monetary Policy, Bank of Japan (Tokyo) 28 April 2023. Access Date: 3 May 2023. https://www.boj.or.jp/en/mopo/mpmdeci/mpr_2023/k230428a.pdf

¹⁰⁹ Monetary Policy Decision & Opening Remarks to the Press Conference (November 24, 2022), Bank of Korea (Seoul) 24 November 2023. Access Date: 17 March 2023.

<https://www.bok.or.kr/eng/bbs/E0000634/view.do?nttlId=10074009&menuNo=400069&pageIndex=6>

¹¹⁰ Monetary Policy for 2023, Bank of Korea (Seoul) 22 December 2022. Access Date: 17 March 2023.

<https://www.bok.or.kr/eng/bbs/E0000634/view.do?nttlId=10074527&menuNo=400069&pageIndex=5>

¹¹¹ 2023 Budget of 638.7 Trillion Won Passed, Ministry of Economy and Finance (Seoul) 23 December 2022. Access Date: 17 March 2023. <https://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=5478>.

net expenditure and an easing of pandemic-era stimulus, which would maintain the ratio of debt to gross domestic product at 49.8 per cent.

On 13 January 2023, the MPB announced an increase in the base rate of 25 basis points, from 3.25 per cent to 3.5 per cent, in light of the projected inflation rate to remain well above target levels for a considerable length of time.¹¹² They affirmed that the board intends to conduct monetary policy to stabilize consumer price inflation over the medium-term horizon.

On 6 February 2023, the Bank of Korea renewed the bilateral local currency swap agreement with the Australian Reserve Bank.¹¹³ This new agreement is for a period of five years and allows the exchange of local currencies between the two central banks of up to AUD12 billion or KRW9.6 trillion. This agreement is designed to promote bilateral trade and ensure long-term fiscal sustainability for both Australia and Korea.

On 23 February 2023, the MPB announced that the base rate would remain unchanged at 3.5 per cent, given forecasts of a gradual decrease in inflation level despite it still being above the target level for the rest of the year and the existence of a high degree of market uncertainty.¹¹⁴ They also reaffirmed their commitment to continue to assess developments and conduct monetary policy as required.

On 24 February 2023, Deputy Prime Minister Kyungho Choo attended the G20 Finance Ministers and Central Bank Governors Meeting.¹¹⁵ Deputy Prime Minister Choo urged that providing support for vulnerable countries and enhancing the resilience of the international financial system be covered as agenda items at this year's summit. He cited that doing so will aid in preventing the least developed countries' sovereign debt crisis from spilling into the global financial market.

On 17 March 2023, the Ministry of Economy and Finance provided an update on Korea's economic situation.¹¹⁶ A slower inflation increase was noted, and the Ministry committed to make efforts towards attaining price stability.

On 11 April 2023, the MPB announced that the base rate would remain unchanged at 3.5 per cent, given forecasts of a gradual decrease in inflation level despite it still being above the target level for the rest of the year and the existence of a high degree of market uncertainty.¹¹⁷ It also reaffirmed its commitment to continue to assess developments and conduct monetary policy as required.

On 14 April 2023, the Ministry of Economy and Finance provided another update on Korea's economic situation.¹¹⁸ The inflation rate decreased further, and the Ministry committed to take additional efforts needed to attain price stability.

Korea has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. In addition to an adaptive monetary response from the Bank of Korea, which led to tentative forecasts of decreasing inflation levels, Korea's most recent budget reflects a strong

¹¹² Monetary Policy Decision & Opening Remarks to the Press Conference (January 13, 2023), Bank of Korea (Seoul) 13 January 2023. Access Date: 17 March 2023

<https://www.bok.or.kr/eng/bbs/E0000634/view.do?nttlId=10074985&menuNo=400069&pageIndex=4>.

¹¹³ Renewal of Bilateral Local Currency Swap Arrangement Between the Reserve Bank of Australia and Bank of Korea, Reserve Bank of Australia (Sydney) 6 February 2023. Access Date: 18 March 2022. <https://www.rba.gov.au/media-releases/2023/mr-23-03.html>

¹¹⁴ Monetary Policy Decision & Opening Remarks to the Press Conference (February 23, 2023), Bank of Korea (Seoul) 23 February 2023. Access Date: 17 March 2023.

<https://www.bok.or.kr/eng/bbs/E0000634/view.do?nttlId=10075703&menuNo=400069&pageIndex=2>

¹¹⁵ DPM Choo Attends the G20 Finance Ministers and Central Bank Governors Meeting and Meets with Finance Ministers from Major Countries, Ministry of Economy and Finance (Seoul) 26 February 2023. Access Date: 30 March 2023.

<https://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=5511>

¹¹⁶ Current Economic Situation, March 2023, Ministry of Economy and Finance (Seoul) 17 March 2023. Access Date: 30 March 2023. <https://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=5521>

¹¹⁷ Monetary Policy Decision & Opening Remarks to the Press Conference (February 23, 2023), Bank of Korea (Seoul) 11 April 2023. Access Date: 2 May 2023.

<http://www.bok.or.kr/eng/bbs/E0000627/view.do?nttlId=10076735&menuNo=400022&pageIndex=1>

¹¹⁸ Current Economic Situation, April 2023, Ministry of Economy and Finance (Seoul) 14 April 2023. Access Date: 2 May 2023. <https://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=5533>

commitment to fiscal sustainability through decreased debt dependence, particularly in the aftermath of the pandemic.

Thus, Korea receives a score of +1.

Analyst: Benjamin Seung Woo Lee

Mexico: +1

Mexico has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 15 December 2022, the Bank of Mexico increased the interest rate by 50 base points to 10.5 per cent.¹¹⁹ It anticipates that interest rates will need to remain high in order to combat inflationary pressures.

On 11 January 2023, the Ministry of Finance and Public Credit completed the exchange of debt in the public market for MXN41,000 million.¹²⁰ This cancelled the debt in the sale and purchase of the Bank of Mexico bonds which reduced internal government debt for 2023 by MXN34,000 million.

On 9 February 2023, Bank of Mexico increased the benchmark interest rate by an unexpected 50 base point to 11 per cent given the necessary price pressures.¹²¹ The bank's monetary policy aims to address rising inflation and stabilize consumer prices.

On 2 March 2023, the Secretariat of Public Financing communicated that the fiscal balances are in a sustainable state, as total income in taxes increased by 6.3 per cent annually.¹²² Tax revenue is higher than in the past five years. As well, the federal government communicated that they have increased investments in health and education.

On 30 March 2023, the Ministry of Finance and Public Credit communicated that tax revenue increased by 4.2 per cent in the first bimester of 2023. Physical investment for the medium and long-term increased by 16.3 per cent annually.¹²³ As well, the Bank of Mexico increased the interest rate by 25 base points to 11.25 per cent, as inflation continues rising.¹²⁴

On 12 April 2023, the Service Tax Administration reported a total cumulative tax collection of MXN1.2 billion, which is an increase of MXN96,232 million in cumulative collection with respect to the same period

¹¹⁹ El objetivo para la Tasa de Interés Interbancaria a 1 día (tasa objetivo) se incrementa en 50 puntos base, Banco de México (Mexico City) 15 December 2022. Translation provided by Analyst. Access Date: 9 March 2023.

<https://www.banxico.org.mx/publicaciones-y-prensa/anuncios-de-las-decisiones-de-politica-monetaria/%7B83B088FF-1923-A73F-2914-0087A31FE25A%7D.pdf>

¹²⁰ Comunicado No. 4 Gobierno de México reduce pago de amortizaciones en mercado local, Secretaría de Hacienda y Crédito Público (Mexico City) 11 January 2023. Translation provided by Analyst. Access Date: 18 March 2023.

<https://www.gob.mx/shcp/prensa/comunicado-no-4-gobierno-de-mexico-reduce-pago-de-amortizaciones-en-mercado-local?idiom=es>

¹²¹ El objetivo para la Tasa de Interés Interbancaria a 1 día (tasa objetivo) se incrementa en 50 puntos base, Banco de México (Mexico City) 9 February 2023. Translation provided by Analyst. Access Date: 9 March 2023.

<https://www.banxico.org.mx/publicaciones-y-prensa/anuncios-de-las-decisiones-de-politica-monetaria/%7B38BE1D9-20AB-7D0D-C010-ED242852AF04%7D.pdf>

¹²² Comunicado No. 14 Finanzas públicas y deuda pública a enero de 2023, Secretaría de Hacienda y Crédito Público (Mexico City) 20 April 2023. Translation provided by Analyst. Access Date: 1 May 2023.

<https://www.gob.mx/shcp/prensa/comunicado-no-14-finanzas-publicas-y-deuda-publica-a-enero-de-2023?idiom=es>

¹²³ Comunicado No. 18 Finanzas públicas y deuda pública a febrero de 2023, Secretaría de Hacienda y Crédito Público (Mexico City) 20 April 2023. Translation provided by Analyst. Access Date: 1 May 2023.

<https://www.gob.mx/shcp/prensa/comunicado-no-18-finanzas-publicas-y-deuda-publica-a-febrero-de-2023?idiom=es>

¹²⁴ El objetivo para la Tasa de Interés Interbancaria a 1 día (tasa objetivo) se incrementa en 25 puntos base, Banco de México (Mexico City) 30 March 2023. Translation provided by Analyst. Access Date: 1 May 2023.

<https://www.banxico.org.mx/publicaciones-y-prensa/anuncios-de-las-decisiones-de-politica-monetaria/%7BB5CDF10E-D32B-9E92-3E8E-13BB22940D60%7D.pdf>

in 2022. This level tax revenue represents a real growth increase by one per cent.¹²⁵ The increase in tax collection will help ensure long-term fiscal sustainability.

On 13 April 2023, Secretary of the Treasury and Public Credit Rogelio Ramírez de la O announced in meetings with the International Monetary Fund and US Treasury Department that Mexico is developing a strategy for sustainable financing to increase investments and development.¹²⁶

On 25 April 2023, the Ministry of Finance and Public Credit emitted a new bond with an expiry date for 2053, which is the greatest Environmental, Social and Corporate Governance bond emitted.¹²⁷ They also decreased debt by USD368 million. This will better finance Mexico's external debt.

On 26 April 2023, the Ministry of Finance and Public Credit announced its fourth sale of bonds to support its strategy in sustainable financing.¹²⁸ The total sale reached over MXN92,100 million, demonstrating the high interest of investors to support local sustainable financing. This sale will increase investments in development projects.

Mexico has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The Bank of Mexico has set inflation targets and has enacted monetary policy to achieve these targets and maintain stable inflation expectations. Similarly, the government has enacted fiscal policy and planned strategies with sale of bonds and investments.

Thus, Mexico receives a score of +1.

Analyst: Ana María Guevara

Russia: 0

Russia has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 6 February 2023, the Federal State Statistics Service and the Bank of Russia reported that inflation had slowed to 11.8 per cent, but that price growth rates would continue to increase in 2023.¹²⁹

On 10 February 2023, Bank of Russia Governor Elvira Nabiullina announced that the interest rate would be kept at 7.5 per cent.¹³⁰ Governor Nabiullina added that the bank's objective is to reduce inflation to four per cent by 2024.

On 9 March 2023, the Bank of Russia published its macroeconomic survey which detailed various metrics including the consumer price index, gross domestic product, key rate and others.¹³¹ According to the survey,

¹²⁵ El SAT da a conocer los ingresos tributarios del primer trimestre de 2023, Servicio de Administración Tributaria (Mexico City) 12 April 2023. Translation provided by Analyst. Access Date: 3 May 2023. <https://www.gob.mx/sat/prensa/el-sat-da-a-conocer-los-ingresos-tributarios-del-primer-trimestre-de-2023-014-2023?idiom=es>

¹²⁶ Comunicado No. 22 México desarrolla estrategia de financiamiento sustentable para incrementar capacidad productiva: Ramírez de la O, Secretaría de Hacienda y Crédito Público (Mexico City) 13 April 2023. Translation provided by Analyst. Access Date: 1 May 2023. <https://www.gob.mx/shcp/prensa/comunicado-no-22-mexico-desarrolla-estrategia-de-financiamiento-sustentable-para-incrementar-capacidad-productiva-ramirez-de-la-o?idiom=es>

¹²⁷ Comunicado No. 27 México reduce deuda externa con intercambio de bonos y coloca su segundo bono sustentable en el mercado de dólares, Secretaría de Hacienda y Crédito Público (Mexico City) 25 April 2023. Translation provided by Analyst. Access Date: 1 May 2023. <https://www.gob.mx/shcp/prensa/comunicado-no-27-mexico-reduce-deuda-externa-con-intercambio-de-bonos-y-coloca-su-segundo-bono-sustentable-en-el-mercado-de-dolares>

¹²⁸ Comunicado No. 28 Hacienda fortalece el mercado de deuda local sostenible, Secretaría de Hacienda y Crédito Público (Mexico City) 26 April 2023. Translation provided by Analyst. Access Date: 1 May 2023. <https://www.gob.mx/shcp/prensa/comunicado-no-28-hacienda-fortalece-el-mercado-de-deuda-local-sostenible>

¹²⁹ Economic activity is on the rise Monetary Policy Report No. 1 (41), Bank of Russia (Moscow) 6 February 2023. Access Date: 17 March 2023. https://www.cbr.ru/eng/about_br/publ/ddkp/longread_1_41/

¹³⁰ Statement by Bank of Russia Governor Elvira Nabiullina in follow-up to Board of Directors meeting on 10 February 2023, Bank of Russia (Moscow) 10 February 2023. Access Date: 17 March 2023. <https://www.cbr.ru/eng/press/event/?id=14539>

¹³¹ Macroeconomic survey of the Bank of Russia, Bank of Russia (Moscow) 9 March 2023. Access Date: 17 March 2023. (https://www.cbr.ru/eng/statistics/ddkp/mo_br/)

analysts expect inflation to slow to 6.8 per cent in 2023, to 4 per cent in 2024, and to remain at the target rate of the Bank of Russia thereafter.

On 29 March 2023, the Bank of Russia announced that the external debt had decreased since the end of 2021 by USD101.8 billion, totaling USD380.5 billion as of 31 December 2022. The reduction occurred due to a decrease in debt liabilities in the form of loans, including to direct investors and direct investment enterprises, as well as a decline in liabilities in sovereign debt securities. These debt figures are the lowest since 2007.¹³²

On 28 April 2023, Governor Nabiullina stated that core inflation had decreased to four per cent.¹³³ Additionally, the inflation forecast for the year decreased by half a percentage point to 4.5-6.5 per cent.

Russia has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The Bank of Russia has maintained a high interest rate in the hopes of curbing inflation and ensuring stable price levels. However, Russia has also not taken steps towards ensuring long-term fiscal sustainability.

Thus, Russia receives a score of 0.

Analyst: Sofiya Sapaha

Saudi Arabia: 0

Saudi Arabia has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 7 December 2022, the Ministry of Finance introduced the 2023 Budget Statement highlighting Saudi Arabia's intent to continue promoting fiscal sustainability and stability.¹³⁴ Plans for doing so include the government's dedication to the ongoing completion of processes surrounding economic and structural reforms.

On 7 December 2022, the Ministry of Finance introduced the 2023 Budget Statement outlining Saudi Arabia's budget strategy for the 2023 year.¹³⁵ The government aims to utilize their budget surplus on expenditure focused on promoting sustainability and stability in the fiscal market, as well as strengthen the fiscal position of the country.

On 7 December 2022, the Ministry of Finance declared the 2023 Budget Statement highlighting Saudi Arabia's plans to further promote fiscal sustainability and stability.¹³⁶ The government plans to do so through the implementation of initiatives, strategies, and Giga projects with objectives centered on economic growth and fiscal stability.

On 25 January 2023, the Ministry of Finance held a workshop that brought together different government agencies to provide an overview of the agenda of the G20 including Saudi Arabia's participation.¹³⁷ Topics discussed included Saudi Arabia's initiative to suspend debt payments.

¹³² Main Aggregates of External Sector Statistics in 2022, Central Bank of Russia (Moscow) 29 March 2023. Access Date: 26 May 2023. https://www.cbr.ru/eng/statistics/macro_itm/svs/key-ind/

¹³³ Statement by Bank of Russia Governor Elvira Nabiullina in follow-up to Board of Directors meeting on 28 April 2023 (Moscow) 28 April 2023. Access Date: 4 May 2023. (<https://www.cbr.ru/eng/press/event/?id=14742>)

¹³⁴ Pre-budget statement, Ministry of Finance (Riyadh). 7 December 2022. Access Date: 18 April 2023. <https://www.mof.gov.sa/en/budget/2023/Documents/Bud-En%202023MoF.pdf>

¹³⁵ Pre-budget statement, Ministry of Finance (Riyadh). 7 December 2022. Access Date: 18 April 2023. <https://www.mof.gov.sa/en/budget/2023/Documents/Bud-En%202023MoF.pdf>

¹³⁶ Pre-budget statement, Ministry of Finance (Riyadh). 7 December 2022. Access Date: 18 April 2023. <https://www.mof.gov.sa/en/budget/2023/Documents/Bud-En%202023MoF.pdf>

¹³⁷ The Saudi Sherpa Holds a Workshop to Coordinate, Harmonize, and Prepare for the Kingdom's Participation in the G20 Meetings Under the Indian Presidency for 2023, Ministry of Finance (Riyadh) 27 January 2023. Access Date: 29 March 2023. <https://www.mof.gov.sa/en/MediaCenter/news/Pages/news26012023.aspx>

On 25 January 2023, Finance Minister Mohammed Al-Jadaan approved the Annual Borrowing Plan for 2023.¹³⁸ The plan included the objective of repaying debt principal that will mature in 2023 and the projection of a budget surplus.

On 1 February 2023, the Saudi Central Bank increased the repurchase agreement (Repo) rate by 25 basis points to 5.25 per cent and the Reverse Repo rate by 25 basis points to 4.75 per cent.¹³⁹

On 25 February 2023, Minister Al-Jadaan participated in a global sovereign debt roundtable attended by other G20 members.¹⁴⁰ Minister Al-Jadaan urged the International Monetary Fund (IMF) and World Bank Group (WBG) to intensify capacity development efforts. He also discussed institutionalizing the Common Framework, assisting countries experiencing debt vulnerabilities and the role of the private sector.

On 22 March 2023, the Saudi Central Bank increased the Repo rate by 25 basis points to 5.5 per cent and the Reverse Repo rate by 25 basis points to five per cent.¹⁴¹

Saudi Arabia has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The Central Bank has evaluated and increased Repo and Reverse Repo rates. However, it has not taken enough actions towards price stability.

Thus, Saudi Arabia receives a score of 0.

Analysts: Sarah Afiane and Brinda Batri

South Africa: 0

South Africa has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 18 November 2022, the National Treasury stated that the higher-than-anticipated tax revenues were going to be directed toward the government's medium-term fiscal strategy of reducing the budget borrowing requirement.¹⁴² According to the National Treasury, long-term fiscal solvency would be achieved by directing extra funds to create fiscal cushions for future risks.

On 24 November 2022, the Monetary Policy Committee (MPC) of the Reserve Bank increased the repurchase rate by 75 basis points to contain the rising inflation rates and the current energy crisis, exacerbated by recent measures of load-shedding that had already strained the country's growth in gross domestic product (GDP).¹⁴³

On 26 January 2023, Governor of the Reserve Bank Lesetja Kganyago, announced an interest rate hike of 25 basis points as a response to inflation exceeding the Reserve Bank's upper target limit of six per cent.¹⁴⁴ The new 7.25 per cent rate on interest is expected to guide inflation back to its mid-point target, which the National Reserve has set to be around 4.5 per cent.

¹³⁸ The Minister of Finance Approves the 2023 Annual Borrowing Plan, Ministry of Finance (Riyadh) 25 January 2023. Access Date: 29 March 2023. https://www.mof.gov.sa/en/MediaCenter/news/Pages/news25012023_1.aspx

¹³⁹ The Saudi Central Bank's Decision on Repo and Reverse Repo Rates, the Saudi Central Bank (Riyadh) 1 February 2023. Access Date: 29 March 2023. <https://www.sama.gov.sa/en-US/News/Pages/news-819.aspx>

¹⁴⁰ Saudi Minister of Finance Participates in G20 Global Sovereign Debt Roundtable in Bengaluru, Ministry of Finance (Riyadh) 25 February 2023. Access Date: 29 March 2023. https://www.mof.gov.sa/en/MediaCenter/news/Pages/news_25022023.aspx

¹⁴¹ The Saudi Central Bank's Decision on Repo and Reverse Repo Rates, the Saudi Central Bank (Riyadh) 22 March 2023. Access Date: 29 March 2023. <https://www.sama.gov.sa/en-US/News/Pages/news-836.aspx>

¹⁴² National Treasury on Government's response to the rating action of S&P Global Ratings (S&P), South African Government (Pretoria) 18 November 2022. Access Date: 13 March 2023 <https://www.gov.za/speeches/national-treasury-government%E2%80%99s-response-rating-action-sp-global-ratings-sp-18-nov-2022-0000>

¹⁴³ Statement of the Monetary Policy Committee, South African Reserve Bank (Pretoria) 24 November 2022. Access Date: 13 March 2023 <https://www.resbank.co.za/content/dam/sarb/publications/statements/monetary-policy-statements/2022/statement-of-the-monetary-policy-november/Statement%20of%20the%20Monetary%20Policy%20Committee%20November%202022.pdf>

¹⁴⁴ Statement of the Monetary Policy Committee, South African Reserve Bank (Pretoria) 26 January 2023. Access Date: 13 March 2023 <https://www.resbank.co.za/content/dam/sarb/publications/states/monetary-policystatements/2023/january/Statement%20of%20the%20Monetary%20Policy%20Committee%20January%202023.pdf>

On 8 March 2023, the National Treasury responded to S&P's revision of South Africa's credit rating by acknowledging the necessity of fostering a stable macroeconomic framework and reiterating its mission to achieving long-term fiscal sustainability and price stability.¹⁴⁵ The agency added that the government is taking steps to reduce load-shedding and performing market reforms in the energy sector to secure long-term price security and stability in the industry. In addition, the National Treasury also announced that measures are being taken by the government to absorb a part of the energy utility Eskom's public debt through the means of fiscal consolidation.

On 30 March 2023, the MPC voted to increase the repurchase rate by 50 basis points, to 7.75 per cent as expectations for inflation reached 6.3 per cent for 2023.¹⁴⁶ The Committee explained that the decision was made to further anchor inflation expectations more effectively around the five per cent mid-point target over the long-term. The Committee has also forecasted the account deficit of 2.7 per cent of GDP over the next three years, citing lower growth in export volumes and a weak export commodity price index.

On 31 March 2023, the National Treasury identified the 7.5 per cent increase in public sector wages as one of the key risks to the state's fiscal outlooks for the year.¹⁴⁷ The hike in pay rates had not been included in the 2023 budget as the decision came as a result of negotiations with the Public Sector Bargaining Council. To alleviate the potential fiscal fallout, the National Treasury announced that government borrowings would not be increased for the purposes of paying higher wages, and all increases in pay rates would be financed by cutting funding from other areas of public expenditure. The government agency also reaffirmed its commitment to reducing the fiscal deficit to a sustainable level in order to achieve long-term fiscal sustainability.

South Africa has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The Reserve Bank has taken reasonable steps to monitor inflation. South Africa has also made strides in easing long-term fiscal risks through the direct allocation of funds for reducing the budget deficit. The National Treasury has taken actions to ensure long-term fiscal sustainability by explicitly avoiding additional government borrowing and utilizing fiscal consolidation measures to monitor domestic energy prices. The Reserve Bank has also adjusted repurchase rates through the national reserve, marking a step forward in ensuring price stability. However, this is not enough to demonstrate full compliance towards maintaining price stability.

Thus, South Africa receives a score of 0.

Analyst: Giorgi Kaikatsishvili

Türkiye: 0

Türkiye has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 24 November 2022, the Monetary Policy Committee (MPC) of the the Central Bank of the Republic of Türkiye (TCMB) announced an interest rate cut from 10.5 per cent to nine per cent in order to stimulate the nation's production.¹⁴⁸ This unexpected decrease in interest rates, according to the committee, is intended to further stimulate Türkiye's economy through increased exports and manufacturing.

¹⁴⁵ Government's Response to the Rating Action of S&P Global Ratings (S&P), South African National Treasury (Pretoria) 8 March 2023. Access Date: 18 April 2023 https://www.treasury.gov.za/comm_media/press/2023/2023030901%20Media%20statement%20-%20Government's%20response%20to%20S&P%20Global%20Ratings.pdf

¹⁴⁶ Statement of the Monetary Policy Committee, South African Reserve Bank (Pretoria) 30 March 2023. Access Date: 18 April 2023 <https://www.resbank.co.za/content/dam/sarb/publications/statements/monetary-policy-statements/2023/march-/Statement%20of%20the%20monetary%20policy%20committee%20March%202023.pdf>

¹⁴⁷ 2023 Public Sector Coordinated Bargaining Council Outcome, South African National Treasury (Pretoria) 31 March 2023. Access Date: 28 April 2023 https://www.treasury.gov.za/comm_media/press/2023/2023033101%20Media%20statement%20-%202023%20Public%20sector%20coordinated%20bargaining%20council%20outcome.pdf

¹⁴⁸ Press Release on Interest Rates (2022-47), Türkiye Cumhuriyet Merkez Bankası (Ankara) 24 November 2022. Translation provided by Google Translate. Access Date: 12 March 2023 <https://www.tcmb.gov.tr/wps/wcm/connect/en/tcmb+en/main+menu/announcements/press+releases/2022/ano2022-47>

On 22 December 2022, the TCMB maintained its medium-term inflation target at five per cent and reiterated the commitment to use all available instruments within its liraization strategy to achieve long-term price stability.¹⁴⁹

On 22 December 2022, President Recep Tayyip Erdogan announced a 55 per cent hike in the national minimum wage, bringing the number to USD455.¹⁵⁰ The decision came amid record inflation levels and is designed to alleviate the effects of the plummeting national currency.

On 30 December 2022, the TCMB reinforced commitments to liraization in its 2023 Monetary Policy Strategy, a policy that aims to achieve long-term price stability on a sustainable basis by increasing the share of Turkish lira deposits in the banking system.¹⁵¹ The Central Bank raised the minimum share of the national currency-denominated deposits in the system to 60 per cent for 2023, aiming to incentivize the use of the national currency to limit its devaluation.

On 15 January 2023, the TCMB announced its decision to set the required reserve ratio to zero for all Turkish lira deposits with maturity of at least three months. The decision is explained to further encourage deposits in national currency, in line with its broader liraization strategy designed to limit the effect of foreign exchange rate shocks on the domestic financial sector.¹⁵²

On 23 February 2023, the TCMB announced further interest rate cuts by 50 basis points, lowering the one-week repo rate to 8.5 per cent in order to counter the effects of an earthquake on the country's economic growth and to support economic recovery following the disaster.¹⁵³

On 23 March 2023, the MPC decided to keep the one-week repo auction rate at 8.5 per cent, which marked an end to its series of expansionary monetary actions.¹⁵⁴ The MPC further reaffirmed its commitment to achieving permanent price stability by bringing down the inflation rate to the five per cent target in the long-term.

On 3 May 2023, the TCMB reported that the annual inflation rate fell by 4.67 points to 50.5 per cent, reiterating its willingness to use all tools in order to institutionalize long-term price stability through implementing its liraization strategy and strengthening the country's foreign exchange reserves.¹⁵⁵

Türkiye has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The policy of liraization was implemented to encourage the usage of the national currency with the aim of achieving long-term account balance stability and fiscal sustainability. The TCMB has demonstrated strong implementation of this policy through repeated measures to reduce dollarization and promote the usage of the national currency in domestic deposits. Yet, the commitment to

¹⁴⁹ Press Release on Interest Rates (2022-51), Türkiye Cumhuriyet Merkez Bankası (Ankara) 22 December 2022. Access Date: 12 March 2023 <https://www.tcmb.gov.tr/wps/wcm/connect/en/tcmb+en/main+menu/announcements/press+releases/2022/ano2022-51>

¹⁵⁰ Turkey Raises Monthly Minimum Wage By 55% for 2023, Reuters (Ankara) 22 December 2022. Access Date: 16 March 2023 <https://www.reuters.com/markets/turkey-raises-monthly-minimum-wage-by-50-2023-2022-12-22/>

¹⁵¹ Monetary Policy and Liraization Strategy for 2023, Türkiye Cumhuriyet Merkez Bankası (Ankara) 30 December 2022. Translation provided by Google Translate. Access Date: 16 March 2023 https://www.tcmb.gov.tr/wps/wcm/connect/1c1885ca-b730-452a-86d3-c22b33dc0eac/2023+Para+Politikas%C4%B1+ve+Lirala%C5%9Fma+Stratejisi_123022_0945_ENG.pdf

¹⁵² Press Release on Macroeconomic Measures (2023-02), Türkiye Cumhuriyet Merkez Bankası (Ankara) 15 January 2023. Translation provided by Google Translate. Access Date: 14 April 2023

<https://www.tcmb.gov.tr/wps/wcm/connect/TR/TCMB+TR/Main+Menu/Duyurular/Basin/2023/DUY2023-02>

¹⁵³ Press Release on Interest Rates (2023-10), Türkiye Cumhuriyet Merkez Bankası (Ankara) 23 February 2023. Translation provided by Google Translate. Access Date: 18 March 2023

<https://www.tcmb.gov.tr/wps/wcm/connect/en/tcmb+en/main+menu/announcements/press+releases/2023/ano2023-10>

¹⁵⁴ Press Release on Interest Rates (2023-12), Türkiye Cumhuriyet Merkez Bankası (Ankara) 23 March 2023. Translation provided by Google Translate. Access Date: 20 April 2023

<https://www.tcmb.gov.tr/wps/wcm/connect/TR/TCMB+TR/Main+Menu/Duyurular/Basin/2023/DUY2023-12>

¹⁵⁵ Monetary Policy Committee Meeting Summary (2023-19), Türkiye Cumhuriyet Merkez Bankası (Ankara) 3 May 2023. Translation provided by Google Translate. Access Date: 3 May 2023

<https://www.tcmb.gov.tr/wps/wcm/connect/TR/TCMB+TR/Main+Menu/Duyurular/Basin/2023/DUY2023-19>

price stability has been undermined by the TCMB's repeated actions to lower interest rates amid peaking inflation, as well as by sharp increases in the minimum wage that are projected to drive costs up even more.

Thus, Türkiye receives a score of 0.

Analyst: Giorgi Kaikatsishvili

United Kingdom: 0

The United Kingdom has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 17 November 2022, the Ministry of Treasury introduced the Autumn Statement, outlining the UK's plans for fiscal policies to help alleviate inflationary pressures, and help promote price stability in the country.¹⁵⁶ The primary strategy outlined to control inflation and provide stable prices is the reversal of the majority of the Growth Plan and the implementation of an increased taxation rate.

On 2 December 2022, the UK and its coalition partners (G7 members and Australia) agreed to cap the price of Russian crude oil being shipped to third countries at USD60 per barrel.¹⁵⁷ It will ensure that countries still dependent on Russian oil can access the commodity at an affordable price which will help stabilize world energy prices.

On 15 December 2022, the Monetary Policy Committee (MPC) voted to increase the bank rate by an additional 0.5 percentage point, bringing the rate up to 3.5 per cent.¹⁵⁸ This demonstrates the bank's continued commitment to price stability.

On 2 February 2023, the MPC raised the bank rate an additional 0.5 percentage point.¹⁵⁹ Further monetary contraction was considered necessary to ensure that long-term inflation expectations are anchored to the two per cent target rate.

On 2 February 2023, the Parliament launched an inquiry into the role quantitative easing played in the current bout of high inflation.¹⁶⁰ The investigation will determine the extent to which quantitative easing and tightening strategies are effective monetary policy tools to balance the objectives of sustained economic growth and price stability.

On 13 March 2023, the Treasury initiated a number of programs aimed at reducing the negative spillover effects of the Silicon Valley Bank (SVB) failure. For one, SVB's UK subsidiary was sold to HSBC and customers of SVB UK were allowed to access their deposits and banking services despite the bank crisis.¹⁶¹ These initiatives seek to prevent a financial crisis from taking shape in the UK, which would severely undermine its efforts to achieve price stability.

On 15 March 2023, Treasury Chancellor Jeremy Hunt released the Treasury's 2023 Spring Budget.¹⁶² The main objective is to promote sustainable economic growth while maintaining stable prices. To do so, the

¹⁵⁶ The Autumn Statement 2022, His Majesty's Treasury (London) 17 November 2022. Access Date: 21 April 2023. <https://www.gov.uk/government/publications/autumn-statement-2022-documents>

¹⁵⁷ UK and allies announce price cap of \$60 on Russian oil (London) 2 December 2022. Access Date: 26 March 2023. <https://www.gov.uk/government/news/uk-and-allies-announce-price-cap-of-60-on-russian-oil>

¹⁵⁸ Bank Rate increased to 3.5% - December 2022 (London) 15 December 2022. Access Date: 26 March 2023. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2022/december-2022>

¹⁵⁹ Bank Rate increased to 4% - February 2023 (London) 2 February 2023. Access Date: 26 March 2023. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2023/february-2023>

¹⁶⁰ MPs launch inquiry on impact of Bank of England's quantitative tightening (London) 2 February 2023. Access Date: 26 March 2023. <https://committees.parliament.uk/committee/158/treasury-committee/news/185837/mps-launch-inquiry-on-impact-of-bank-of-englands-quantitative-tightening/>

¹⁶¹ Government and Bank of England facilitate sale of Silicon Valley Bank UK (London) 13 March 2023. Access Date: 26 March 2023. <https://www.gov.uk/government/news/government-and-bank-of-england-facilitate-sale-of-silicon-valley-bank-uk>

¹⁶² Chancellor unveils a Budget for growth (London) 15 March 2023. Access Date: 26 March 2023. <https://www.gov.uk/government/news/chancellor-unveils-a-budget-for-growth>

government will need to cut debt over the medium-term and prevent government spending from rising beyond a sustainable level.¹⁶³

On 15 March 2023, the Ministry of Treasury outlined the MPC's decision to raise interest rates to four per cent and the Committee's ongoing aim to continually adjust the interest rate as needed.¹⁶⁴ This increased interest rate and adjustment initiative are intended to help mitigate high and volatile inflation in the country and promote price stability in the UK.

On 23 March 2023, the MPC voted to increase the bank rate by 0.25 percentage points in an effort to bring inflation back to its target two per cent.¹⁶⁵

The United Kingdom has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The Bank of England has taken considerable action to anchor inflation to its target rate. It has shown some effort to ensure fiscal sustainability by outlining a course of action to reduce debt, but short- and long-term steps to achieve this has remained vague and largely unacted upon.

Thus, the United Kingdom receives a score of 0.

Analyst: Sarah Afiane

United States: 0

The United States has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 31 January 2023, the Federal Open Market Committee (FOMC) reaffirmed its Statement on Longer-Run Goals and Monetary Policy Strategy, which included maintaining maximum employment, stable prices, and moderate long-run interest rates.¹⁶⁶ This reaffirms the Federal Reserve's commitment to promoting long-term growth and price stability.

On 1 February 2023, the FOMC announced that it would raise the target range for the federal funds rate to 4.5 to 4.75 per cent while reducing holdings of Treasury securities, agency debt, and agency mortgage-backed securities.¹⁶⁷ This increased rate, in addition to its quantitative tightening efforts, illustrates that the Federal Reserve is committed to maintaining price stability by working to decrease the inflation rate to two per cent at full employment over the long run.

On 9 March 2023, President Joseph Biden announced his administration's proposed Fiscal Year 2024 budget, which included an array of measures to cut the government deficit by USD3 trillion over a 10-year period.¹⁶⁸ These measures include increased taxation on high-income earners, investors, and large corporations, as well as an expansion of Medicare's ability to negotiate lower prices on drugs with pharmaceutical companies. This proposed budget highlights the Biden administration's emphasis on long-term fiscal sustainability and the reduction of government debt.

¹⁶³ Chancellor unveils a Budget for growth (London) 15 March 2023. Access Date: 26 March 2023. <https://www.gov.uk/government/news/chancellor-unveils-a-budget-for-growth>

¹⁶⁴ Spring Budget 2023, His Majesty's Treasury (London) 15 March 2023. Access Date: April 20th. <https://www.gov.uk/government/publications/spring-budget-2023>

¹⁶⁵ Bank Rate increased to 4.25% - March 2023 (London) 23 March 2023. Access Date: 26 March 2023. <https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2023/march-2023>

¹⁶⁶ Federal Open Market Committee reaffirms its "Statement on Longer-Run Goals and Monetary Policy Strategy", Federal Reserve (Washington) 31 January 2023. Access Date: 17 March 2023. <https://www.federalreserve.gov/newsevents/pressreleases/monetary20230201b.htm>.

¹⁶⁷ Federal Reserve issues FOMC statement, Federal Reserve (Washington) 1 February 2023. Access Date: 17 March 2023. <https://www.federalreserve.gov/newsevents/pressreleases/monetary20230201a.htm>.

¹⁶⁸ U.S. Department of the Treasury Releases Greenbook, Outlining Tax Proposals to Reduce the Deficit, Expand Support for Working Families, and Ensure the Wealthy and Large Corporations Pay their Fair Share, U.S. Department of the Treasury (Washington) 9 March 2023. Access Date: 17 March 2023. <https://home.treasury.gov/news/featured-stories/us-department-of-the-treasury-releases-greenbook-outlining-tax-proposals-to-reduce-the-deficit-expand-support-for-working-families-and-ensure-the-wealthy-and-large-corporations-pay-their-fair-share>.

On 22 March 2023, the FOMC announced that it would raise the target range for the federal funds rate to 4.75 to five per cent while reducing holdings of Treasury securities, agency debt, and agency mortgage-backed securities.¹⁶⁹ This increased rate, in addition to its quantitative tightening efforts, illustrates that the Federal Reserve is committed to maintaining price stability by working to decrease the inflation rate to two per cent at full employment over the long run.

The United States has partially complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The Federal Reserve system has promoted price stability through both increases in the federal funds rate, as well as the reduction of its balance sheets. However, US action to promote long-term fiscal sustainability have been relatively limited, with no tangible policy to this end beyond President Joe Biden's 2024 budget proposal.

Thus, the United States receives a score of 0.

Analyst: Benjamin Seung Woo Lee

European Union: +1

The European Union has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank.

On 23 January 2023, the European Union's ratio of debt to gross domestic product (GDP) stood at 85.1 per cent. For the euro area, the gross debt-to-GDP ratio stood at 93 per cent.¹⁷⁰

On 10 February 2023, the European Central Bank (ECB) adopted a more hawkish monetary policy.¹⁷¹ Interest rates are predicted to now increase as early as June 2023 in accordance with this stance, as opposed to the previous projected date of December. The ECB's target inflation rate is two per cent over the medium-term to ensure price stability.¹⁷²

On 8 March 2023, the European Commission published guidelines for debt and deficit targets that member states should meet as part of the Stability Programme, for which they will assess compliance and propose recommendations for 2024.¹⁷³ The goal of the reform is to reconcile financial stability with the need to stimulate economic growth, and member states must pursue a shrinking debt-to-GDP ratio and a nominal deficit below three per cent of GDP in the next four years. Specific consolidation paths vary by country, depending on the nation's debt sustainability risk. Nations with high public debt sustainability risks are mandated to ensure both a downward debt-to-GDP trajectory and nominal deficit below three per cent of GDP over the next decade; medium-risk states must ensure a downward debt-to-GDP trajectory over the next three years and nominal debt below three per cent of GDP over the next decade; and low-risk states must ensure deficit is below three per cent of GDP for the next three years. The Commission will impose a cap on the growth of net expenditure, and this will serve as the primary indicator for evaluating compliance with these guidelines.¹⁷⁴ These strict guidelines are reflective of a strong will and a clearly defined plan for achieving fiscal sustainability.

On 13 March 2023, a press release by the Eurogroup outlined the European Council's fiscal plans for 2024.¹⁷⁵ The release articulated that inflation appears to have peaked, labour markets are performing well,

¹⁶⁹ Federal Reserve issues FOMC statement, Federal Reserve (Washington) 1 February 2023. Access Date: 17 March 2023. <https://www.federalreserve.gov/newsevents/pressreleases/monetary20230322a.htm>.

¹⁷⁰ Government debt down to 93.0% of GDP in euro area, Eurostat (Brussels), 23 January 2023. Access date: 30 March 2023. <https://ec.europa.eu/eurostat/documents/2995521/15725185/2-23012023-AP-EN.pdf/02f734a3-f3fe-df4d-db84-f1671933a5c6>

¹⁷¹ European Central Bank takes a hawkish turn, what's next?, RBC Wealth Management (London) 10 February 2023. Access Date: 30 March 2023, <https://www.rbcwealthmanagement.com/en-ca/insights/european-central-bank-takes-a-hawkish-turn-whats-next>

¹⁷² Introduction, European Central Bank (Frankfurt am Main), 10 July 2021. Access date: 20 April 2023. <https://www.ecb.europa.eu/mopo/intro/html/index.en.html>

¹⁷³ Council of the European Union, Orientations for a reform of the EU economic governance framework - Revised Draft Council Conclusions, European Union (Brussels) 14 March 2023. Access date: 15 April 2023. <https://data.consilium.europa.eu/doc/document/ST-6995-2023-REV-1/en/pdf>

¹⁷⁴ Fiscal Sustainability Report 2021, European Commission (Brussels), 25 April 2022. Access date: 30 April 2023.

¹⁷⁵ Eurogroup statement on the fiscal guidance for 2024, European Council (Brussels) 13 March 2023. Access date: 20 March 2023. <https://www.consilium.europa.eu/en/press/press-releases/2023/03/13/eurogroup-statement-on-the-fiscal-guidance-for-2024>

and although GDP is expected to remain slow in 2023, it is projected to increase in 2024. The Council highlighted the importance of prudent fiscal policy that ensure medium-term debt sustainability, while promoting sustainable growth and addressing environmental transitions. Broad-based fiscal stimulus has been deemed unnecessary, and the Council urges avoiding deficit-increasing measures.

On 14 March 2023, the Council of the European Union published its new framework for reforms of the EU economic governance structure.¹⁷⁶ The European Commission intends to enforce the guidelines going forward, a shift away from past rounds of budget rules where threats of fines was largely unenforced. Under the new legislation, national governments can negotiate for additional time to fulfil their targets with EU authorities if they can justify spending on investment or reform, but they must comply with the framework.¹⁷⁷ The EU's tougher fiscal framework illustrates its commitment to price stability and fiscal sustainability.

The European Union has fully complied with its commitment to ensure long-term fiscal sustainability and achieve price stability with its central bank. The ECB has enacted quantitative tightening measures in compliance with its goal of price stability. It has also taken steps to reduce public debt throughout the European Union, promoting fiscal sustainability.

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

Analyst: Miranda Yang

¹⁷⁶ Economic governance framework: Council agrees its orientations for a reform, European Union (Brussels) 14 March 2023. Access date: 20 March 2023. <https://www.consilium.europa.eu/en/press/press-releases/2023/03/14/economic-governance-framework-council-agrees-its-orientations-for-a-reform/>

¹⁷⁷ New EU debt rules have way to avoid past mistakes, Reuters (Brussels) 4 April 2023. Access date: 30 April 2023. <https://www.reuters.com/breakingviews/new-eu-debt-rules-have-way-avoid-past-mistakes-2023-04-04/>