G20 Leaders' Conclusions on Exchange Rates, 2008–15

Zaria Shaw, Sarah Jane Vassallo and Brittaney Warren
G20 Research Group, February 8, 2016

Year	# Words	% Total Words	# Paragraphs	% Total Paragraphs	# Documents	% Total Documents	# Dedicated Documents
2008 Washington	0	0	0	0	0	0	0
2009 London	418	6.7	6	3.6	2	66.6	0
2009 Pittsburgh	203	2.1	3	2.3	2	66.6	0
2010 Toronto	543	4.9	8	4.1	3	75	0
2010 Seoul	791	5.0	7	2.0	2	40	0
2011 Cannes	1436	10.1	13	8.5	3	100	0
2012 Los Cabos	1005	7.8	9	4.3	4	100	0
2013 St. Petersburg	1422	4.9	14	2.6	3	27	0
2014 Brisbane	213	2.3	3	1.3	1	20	0
2015 Antalya	265	1.9	2	0.5	2	33.3	0
Average	629.6	4.5	6.5	2.9	2.2	52.8	0

Notes:
Data are drawn from all official English-language documents released by the G20 leaders as a group. Charts are excluded.
"# Words" is the number of words related to exchange rates for the year specified, excluding document titles and references. Words are calculated by paragraph because the paragraph is the unit of analysis.
"% Total Words" refers to the total number of words in all documents for the summit specified.
"# Paragraphs" is the number of paragraphs containing references to exchange rates for the summit specified. Each point is recorded as a separate paragraph.
"% Total Paragraphs" refers to the total number of paragraphs in all documents for the summit specified.
"# Documents" is the number of documents that contain subjects related to exchange rates and excludes dedicated documents.
"% Total Documents" refers to the total number of documents for the summit specified.
"# Dedicated Documents" is the number of documents for the year that contain a subject related to exchange rates in the title.

Introduction

The purpose of this report is to document all references to, or in other terms, all of what leaders concluded on exchange rates in official G20 documents released at their summits.

Since the G20 finance minsters and central bank governors began meeting in 1999 and leaders in 2008 until present, they have discussed the role of exchange rates to reduce countries' vulnerability to economic crises. At Seoul in 2010, G20 leaders committed to the Seoul Action Plan, which included moving toward more market market-determined exchange rate systems" and "enhancing exchange rate flexibility to reflect underlying economic fundamentals and refraining from competitive devaluation of currencies." These statements were meant to address grievances by the United States in its demand that China allow its currency to fully appreciate against international currencies. At a news conference in May 2011 following the annual strategic and economic dialogue between the two countries, U.S. treasury secretary Timothy Geithner stated: "We hope that China moves to allow the exchange rate to appreciate more rapidly and more broadly against the currencies of all its trading partners."

Search Terms

The following keywords were used for this report.

Inclusions

appreciation, balance of payments, capital controls, crawling peg, currency board, currency crisis, currency fluctuation, currency union, currency war, devaluation, dirty float, dollar, euro, exchange rate, exchange rate intervention, exchange rate markets, exchange rate peg, fixed exchange rate, float, foreign exchange, franc, free float, global imbalance, lira, managed float, mark, microeconomic reform, monetary union, pound sterling, private sector currency, public statements, renminbi, target zones, yen, yuan, international monetary system

Exclusions

fiscal policy, monetary policy, trade controls

Coding Rules

The unit of analysis is the sentence or paragraph.

The unit must contain a direct reference to exchange rates or a cognate term.

Cognate or extended terms can be used without a direct reference to exchange rates if they have previously been directly associated in summit document history.

Conclusions on Exchange Rates in G20 Summit Documents

2008: Washington DC, November 14-15

None.

2009: London, April 1-2

Global Plan for Recovery and Reform

Restoring growth and jobs

12. We will conduct all our economic policies cooperatively and responsibly with regard to the impact on other countries and will refrain from **competitive devaluation of our currencies** and promote a stable and well-functioning **international monetary system.** We will support, now and in the future, to candid, even-handed, and independent IMF surveillance of our economies and financial sectors, of the impact of our policies on others, and of risks facing the global economy.

Strengthening our global financial institutions

17. Emerging markets and developing countries, which have been the engine of recent world growth, are also now facing challenges which are adding to the current downturn in the global economy… We have therefore agreed today to make available an additional $850 billion of resources through the global financial institutions to support growth in emerging market and developing countries by helping to finance counter-cyclical spending, bank recapitalisation, infrastructure, trade finance, **balance of payments** support, debt rollover, and social support. To this end:

18. It is essential that these resources can be used effectively and flexibly to support growth. We welcome in this respect the progress made by the IMF with its new Flexible Credit Line (FCL) and its reformed lending and conditionality framework which will enable the IMF to ensure that its facilities address effectively the underlying causes of countries' **balance of payments financing** needs, particularly the withdrawal of external capital flows to the banking and corporate sectors. We support Mexico's decision to seek an FCL arrangement.

Declaration on Delivering Resources through the International Financial Institutions

We have agreed to make available an additional $850 billion of resources through the IMF and the multilateral development banks to support growth in emerging market and developing countries by helping to finance counter-cyclical spending, bank recapitalisation, infrastructure, trade finance, **balance of payments** support, debt rollover, and social support.

We agreed to accelerate the next quota review to be completed by January 2011 to ensure the IMF's finances are on a sustainable footing commensurate with the needs of the **international monetary system.**

We have also agreed to ensure that the international financial institutions have the facilities they need to address the current crisis and meet the needs of emerging markets and developing countries. To this end:

- the IMF should take steps to ensure that its surveillance and lending facilities address effectively the underlying causes of countries' **balance of payments** financing needs, particularly the withdrawal of external capital flows to the banking and corporate sectors;

2009: Pittsburgh, September 24-25

ANNEX: Core Values for Sustainable Economic Activity

5. We also agree that certain key principles are fundamental, and in this spirit we commit to respect the following core values:

- We have a responsibility to ensure sound macroeconomic policies that serve long-term economic objectives and help avoid unsustainable **global imbalances.**

G20 Framework for Strong, Sustainable, and Balanced Growth

1. Our countries have a shared responsibility to adopt policies to achieve strong, sustainable and balanced growth, to promote a resilient international financial system, and to reap the benefits of an open global economy. To this end, we recognize that our strategies will vary across countries. In our Framework for Strong, Sustainable and Balanced Growth, we will:

- undertake monetary policies consistent with price stability in the context of market oriented **exchange rates** that reflect underlying economic fundamentals.

4. We call on our Finance Ministers to develop our process of mutual assessment to evaluate the collective implications of national policies for the world economy. To accomplish this, our Finance Ministers should, with the assistance of the IMF:

- Assess the implications and consistency of fiscal and monetary policies, credit growth and asset markets, **foreign exchange developments,** commodity and energy prices, and current account imbalances.

2010: Toronto, September 26-27

The G20 Toronto Summit Declaration

The Framework for Strong, Sustainable and Balanced Growth

9. …The IMF and World Bank estimate that if we choose a more ambitious path of reforms, over the medium term:

- **global imbalances** would be significantly reduced.

10. We are committed to taking concerted actions to sustain the recovery, create jobs and to achieve stronger, more sustainable and more balanced growth. These will be differentiated and tailored to national circumstances. We agreed today on:

- Strengthening social safety nets, enhancing corporate governance reform, financial market development, infrastructure spending, and greater **exchange rate flexibility** in some emerging markets;

International Financial Institutions and Development

31. We agreed to task our Finance Ministers and Central Bank Governors to prepare policy options to strengthen global financial safety nets for our consideration at the Seoul Summit. Our goal is to build a more stable and resilient **international monetary system.**

Annex I: The Framework for Strong, Sustainable and Balanced Growth

2. Yet risks remain. Unemployment remains unacceptably high in many G20 economies. The recovery is uneven across G20 members both across advanced economies and between advanced and emerging economies. This poses risks to the continued economic expansion. There is a risk that **global current account imbalances** will widen again, absent further policy action...

6. The assessment is that in the absence of a coordinated policy response: global output is likely to remain below its pre-crisis trend; unemployment remains above pre-crisis levels in most countries; fiscal deficits and debt in some advanced economies reach unacceptably high levels; and, **global current account imbalances**, which narrowed during the crisis, widen again. Moreover, this outlook is subject to considerable downside risks.

8. We are committed to taking concerted actions to sustain the recovery, create jobs and to achieve stronger, more sustainable and more balanced growth. These will be differentiated and tailored to national circumstances. We agreed today on:

- strengthening social safety nets, enhancing corporate governance reform, financial market development, infrastructure spending, and increasing **exchange rate flexibility** in some emerging markets;

12. Surplus economies will undertake reforms to reduce their reliance on the external demand and focus more on domestic sources of growth…Emerging surplus economies will undertake reforms tailored to country circumstances to:

- **Enhance exchange rate flexibility** to reflect underlying economic fundamentals. Excess volatility and disorderly movements in **exchange rates** can have adverse implications for economic and financial stability. **Market-oriented exchange rates** that reflect underlying economic fundamentals contribute to global economic stability.

Annex III: Enhancing the Legitimacy, Credibility and Effectiveness of the IFIs and Further Supporting the Needs of the Most Vulnerable

IMF Reforms

18. We acknowledged a need for national, regional and international efforts to deal with capital flow volatility, financial fragility, and prevent crisis contagion. We task our Finance Ministers and Central Bank Governors to prepare policy options, based on sound incentives, to strengthen global financial safety nets for our consideration at the Seoul Summit. In line with these efforts, we also call on the IMF to make rapid progress in reviewing its lending instruments, with a view to further reforming them as appropriate. In parallel, IMF surveillance should be enhanced to focus on systemic risks and

vulnerabilities wherever they may lie. Our goal is to build a more stable and resilient **international monetary system.**

2010: Seoul, November 11-12

The G20 Seoul Summit Leaders' Declaration

9. Today, the Seoul Summit delivers:

the Seoul Action Plan composed of comprehensive, cooperative and country-specific policy actions to move closer to our shared objective. The Plan includes our commitment to:

- undertake macroeconomic policies, including fiscal consolidation where necessary, to ensure ongoing recovery and sustainable growth and enhance the stability of financial markets, in particular moving toward more **market-determined exchange rate systems**, **enhancing exchange rate flexibility** to reflect underlying economic fundamentals, and refraining from **competitive devaluation of currencies**. Advanced economies, including those with reserve currencies, will be vigilant against excess volatility and disorderly movements in **exchange rates**. These actions will help mitigate the risk of excessive volatility in capital flows facing some emerging countries;

- …To support our efforts toward meeting these commitments, we call on our Framework Working Group, with technical support from the IMF and other international organizations, to develop these indicative guidelines, with progress to be discussed by our Finance Ministers and Central Bank Governors in the first half of 2011; and, in Gyeongju, our Finance Ministers and Central Bank Governors called on the IMF to provide an assessment as part of the MAP on the progress toward external sustainability and the consistency of fiscal, monetary, financial sector, structural, **exchange rate** and other policies. In light of this, the first such assessment, to be based on the above mentioned indicative guidelines, will be initiated and undertaken in due course under the French Presidency.

11. Building on our achievements to date, we have agreed to work further on macro-prudential policy frameworks; better reflect the perspective of emerging market economies in financial regulatory reforms; strengthen regulation and oversight of shadow banking; further work on regulation and supervision of commodity derivatives markets; improve market integrity and efficiency; enhance consumer protection; pursue all outstanding governance reform issues at the IMF and World Bank; and build a more stable and resilient **international monetary system**, including by further strengthening global financial safety nets. We will also expand our MAP based on the indicative guidelines to be agreed.

The Seoul Summit Document

The Seoul Action Plan

6. Monetary and **Exchange Rate Policies**: We reaffirm the importance of central banks' commitment to price stability, thereby contributing to the recovery and sustainable growth. We will move toward more **market-determined exchange rate systems** and enhance **exchange rate flexibility** to reflect underlying economic fundamentals and refrain from **competitive devaluation of currencies**. Advanced economies, including those with **reserve currencies**, will be vigilant against excess volatility and disorderly movements in **exchange rates**. Together these actions will help mitigate the risk of excessive volatility in capital flows facing some emerging market economies. Nonetheless, in circumstances where countries are facing undue burden of adjustment, policy responses in emerging market economies with adequate reserves and increasingly **overvalued flexible exchange rates** may also include carefully designed macro-prudential measures. We will

reinvigorate our efforts to promote a stable and well functioning **international monetary system** and call on the IMF to deepen its work in these areas.

11. …To support our efforts toward meeting these commitments, we call on our Framework Working Group, with technical support from the IMF and other international organizations, to develop these indicative guidelines, with progress to be discussed by our Finance Ministers and Central Bank Governors in the first half of 2011; and, in Gyeongju, our Finance Ministers and Central Bank Governors called on the IMF to provide an assessment as part of the MAP on the progress toward external sustainability and the consistency of fiscal, monetary, financial sector, structural, **exchange rate and other policies**. In light of this, the first such assessment, to be based on the above mentioned indicative guidelines, will be initiated and undertaken in due course under the French Presidency.

Surveillance

20. …We call on the IMF to make further progress in modernizing the IMF's surveillance mandate and modalities. These should involve, in particular: strengthening bilateral and multilateral work on surveillance covering financial stability, macroeconomic, structural and **exchange rate policies**, with increased focus on systemic issues; enhancing synergies between surveillance tools; helping members to strengthen their surveillance capacity; and ensuring even-handedness, candor, and independence of surveillance. We welcome the IMF's work to conduct spillover assessments of the wider impact of systemic economies' policies.

Strengthened global financial safety nets

26. Our goal is to build a more stable and resilient **international monetary system**. While the **international monetary system** has proved resilient, tensions and vulnerabilities are clearly apparent. We agreed to explore ways to further improve the **international monetary system** to ensure systemic stability in the global economy. We asked the IMF to deepen its work on all aspects of the **international monetary system,** including capital flow volatility. We look forward to reviewing further analysis and proposals over the next year.

2011: Cannes, November 3-4

Cannes Summit Final Declaration

1. Since our last meeting, global recovery has weakened, particularly in advanced countries, leaving unemployment at unacceptable levels. Tensions in the financial markets have increased due mostly to sovereign risks in Europe. Signs of vulnerabilities are appearing in emerging markets. Increased commodity prices have harmed growth and hit the most vulnerable. **Exchange rate volatility** creates a risk to growth and financial stability. **Global imbalances** persist. Today, we reaffirm our commitment to work together and we have taken decisions to reinvigorate economic growth, create jobs, ensure financial stability, promote social inclusion and make globalization serve the needs of our people.

Building a more stable and resilient **International Monetary System**

9. In 2010, the G20 committed to working towards a more stable and resilient **IMS** and to ensure systemic stability in the global economy, improve the global economic adjustment, as well as an appropriate transition towards an IMS which better reflects the increased weight of emerging market economies. In 2011, we are taking concrete steps to achieve these goals.

Reflecting the changing economic equilibrium and the emergence of new international currencies

12. We affirm our commitment to move more rapidly toward more market-determined **exchange rate systems** and enhance **exchange rate flexibility** to reflect underlying economic fundamentals,

avoid persistent **exchange rate misalignments** and refrain from competitive **devaluation of currencies**. We are determined to act on our commitments to **exchange rate reform** articulated in our Action plan for Growth and Jobs to address short term vulnerabilities, restore financial stability and strengthen the medium-term foundations for growth. Our actions will help address the challenges created by developments in global liquidity and capital flows volatility, thus facilitating further progress on **exchange rate reforms** and reducing excessive accumulation of reserves.

Strengthening IMF surveillance

18. We call on the IMF to make further progress towards a more integrated, even-handed and effective IMF surveillance, taking into account the Independent Evaluation Office report on surveillance, covering in particular financial sector, fiscal, monetary, **exchange rate policies** and an enhanced analysis of their impact on external stability. We call on the IMF to regularly monitor cross-border capital flows and their transmission channels and update capital flow management measures applied by countries. We also call on the IMF to continue its work on drivers and metrics of reserve accumulation taking into account country circumstances, and, along with the BIS, their work on global liquidity indicators, with a view to future incorporation in the IMF surveillance and other monitoring processes, on the basis of reliable indicators. We will avoid persistent **exchange rate misalignments** and we asked the IMF to continue to improve its assessment of **exchange rates** and to publish its assessments as appropriate.

Communique: G20 Leaders Summit

2. Since our last meeting, global recovery has weakened, particularly in advanced countries, leaving unemployment at unacceptable levels. In this context, tensions in the financial markets have increased due mostly to sovereign risks in Europe; there are also clear signs of a slowing in growth in the emerging markets. Commodity price swings have put growth at risk. **Global imbalances** persist.

A global strategy for growth and jobs

5. We have agreed on an Action plan for Growth and Jobs to address short term vulnerabilities and strengthen medium-term foundations for growth.

- Taking into account national circumstances, countries where public finances remain strong commit to let automatic stabilizers work and take discretionary measures to support domestic demand should economic conditions materially worsen. Countries with large current account surpluses commit to reforms to increase domestic demand, coupled with greater **exchange rate flexibility.**

Towards a more stable and resilient **International Monetary System**

8. We have made progress in reforming the **international monetary system** to make it more representative, stable and resilient. We have agreed on actions and principles that will help reap the benefits from financial integration and increase the resilience against volatile capital flows. This includes coherent conclusions to guide us in the management of capital flows, common principles for cooperation between the IMF and Regional Financial Arrangements, and an action plan for local currency bond markets. We agree that the SDR basket composition should continue to reflect the role of currencies in the global trading and financial system. The SDR composition assessment should be based on existing criteria, and we ask the IMF to further clarify them. To adjust to currencies' changing role and characteristics over time, the composition of the SDR basket will be reviewed in 2015, or earlier, as currencies meet the existing criteria to enter the basket. We are also committed to further progress towards a more integrated, even-handed and effective IMF surveillance and to better identify and address spill-over effects. While continuing with our efforts to strengthen surveillance, we recognize the need for better integration of bilateral and multilateral

surveillance, and we look forward to IMF proposals for a new integrated decision on surveillance early next year, and for increased ownership and traction.

9. We affirm our commitment to move more rapidly toward more **market-determined exchange rate systems** and enhance **exchange rate flexibility** to reflect underlying economic fundamentals, avoid persistent **exchange rate misalignments** and refrain from competitive **devaluation of currencies**. We are determined to act on our commitments to **exchange rate reform** articulated in our Action plan for Growth and Jobs to address short term vulnerabilities and restoring financial stability and strengthen the medium-term foundations for growth. Our actions will help address the challenges created by developments in global liquidity and capital flows volatility, thus facilitating further progress on **exchange rate reforms** and reducing excessive accumulation of reserves.

Cannes Action Plan for Growth and Jobs

The global economy has entered a new and difficult phase. Global growth has weakened, downside risks have heightened, and confidence has waned. Uncertainty over the sustainability of public debt levels in some advanced economies has increased, and the rebalancing in demand from the public to the private sector and from the external to the domestic sector has not materialized.

- In emerging markets, there are also clear signs of a slowing in growth as developments in advanced economies begin to weigh on these countries. In some emerging market economies, financial stability and overheating risks remain. The lack of **exchange rate flexibility** in some countries limits policy options to deal with these risks.

Addressing Short-Term Vulnerabilities and Restoring Financial Stability

3. We affirm our commitment to move more rapidly toward market-determined **exchange rate systems** and enhance **exchange rate flexibility** to reflect underlying fundamentals and refrain from competitive **devaluation of currencies**. The actions above should help address challenges created by developments in global liquidity and capital flow volatility, thus facilitating further progress on **exchange rate reforms** and reducing excessive accumulation of reserves. We welcome the recent changes to Russia's foreign exchange regime to allow the rouble to move more in line with market forces and China's determination to increase **exchange rate flexibility** consistent with underlying market fundamentals.

5. In all policy areas, we commit to minimize the negative spillovers on other countries of policies implemented for domestic purposes. We reaffirm our shared interest in a strong and stable international financial system, and our support for market-determined **exchange rates.** We reiterate that excess volatility and disorderly movements in **exchange rates** have adverse implications for economic and financial stability.

Strengthening the Medium-Term Foundations for Growth

2. Countries with large current account surpluses and those with relatively weak private demand will play an important role in rebalancing and sustaining global demand.

c) China will rebalance demand towards domestic consumption by implementing measures to strengthen social safety nets, increase household income and transform the economic growth pattern. These actions will be reinforced by ongoing measures to promote greater **exchange rate flexibility** to better reflect underlying economic fundamentals, and gradually reduce the pace of accumulation of foreign reserves..

6. While reducing barriers to trade and investment will help reduce the development gap and support progress towards the Millennium Development Goals, further efforts to support capacity building and channelling of surplus savings for growth-enhancing investments in developing countries,

including infrastructure development, would also have positive spillovers for global growth, rebalancing and development.

b) … We will also hold ourselves accountable for meeting our commitments to address near-term vulnerabilities and move ahead on reforms (see Annex). We will enhance our reporting and monitoring in 2012 and future years, developing a framework to assess progress against our commitments for the reform of our fiscal, financial, structural, and monetary and **exchange rate**, trade and development policies. As agreed in Seoul, we will continue to use the indicative guidelines as a mechanism to assess progress in rebalancing, and the consistency of fiscal, monetary, financial sector, structural, **exchange rate** and other policies.

2012: Los Cabos, June 18-19

G20 Leaders Declaration

7. We are implementing our structural and regulatory reform agenda to enhance medium-term growth prospects and build more resilient financial systems. We remain committed to reduce imbalances by strengthening deficit countries' public finances with sound and sustainable policies that take into account evolving economic conditions and, in countries with large current account surpluses, by strengthening domestic demand and moving toward greater **exchange rate flexibility.**

Supporting economic stabilization and the global recovery

16. We welcome progress by countries with large current account surpluses to increase domestic demand and actions by countries with large current account deficits to increase national savings. Emerging surplus economies will carry out further actions to increase domestic consumption, including by removing price and tax distortions and strengthening social safety nets, while advanced surplus economies or those with relatively weak private demand will promote domestic demand, notably through the liberalization of service sectors and the promotion of investment, including through the removal of inefficiencies. Higher national savings in countries with current account deficits will contribute to a lasting reduction in **global imbalances**. We recognize the special circumstances of large commodity exporters with regard to current account surpluses. We reaffirm our commitment to move more rapidly toward market-determined **exchange rate systems** and **exchange rate flexibility** to reflect underlying fundamentals, avoid persistent **exchange rate misalignments,** and refrain from competitive **devaluation of currencies**. We also welcome the commitment by China to allow market forces to play a larger role in determining movements in the **Remnimbi (RMB),** continue to reform its **exchange rate regime**, and to increase the transparency of its **exchange rate policy.**

18. In all policy areas, we commit to minimize the negative spillovers on other countries of policies implemented for domestic purposes. We reaffirm our shared interest in a strong and stable international financial system. While capital flows can be beneficial to recipient economies, we reiterate that excess volatility of financial flows and disorderly movements in **exchange rates** have adverse implications for economic and financial stability.

Strengthening the international financial architecture

34. We agreed that the current surveillance framework should be significantly enhanced, including through a better integration of bilateral and multilateral surveillance with a focus on global, domestic and financial stability, including spillovers from countries' policies. We welcome the work of the IMF to advance considerations for a proposed integrated surveillance decision and commit to support the decision process. We underscore the importance of rigorous surveillance on **exchange rate policies** and support a more ample coverage of surveillance activities, where relevant, including global liquidity, capital flows, capital account measures, reserve and fiscal, monetary and financial sector policies that could have an impact on external stability. We welcome the IMF's ongoing work to

produce an external sector report, which would strengthen multilateral analysis and enhance the transparency of surveillance. We also recognize that political ownership and traction is critical to effective surveillance, and that the International Monetary and Financial Committee (IMFC) has a role in facilitating the active involvement of all IMF members. We look forward to substantial progress by the next IMF/World Bank Annual Meetings.

The Los Cabos Growth And Jobs Action Plan

Strengthening the Medium-term Foundations for Growth

2. We will intensify our efforts to rebalance global demand, through increasing domestic demand in countries with current account surpluses, rotating demand from the public to private sector in countries with fiscal deficits and increasing national savings in countries with current account deficits

- The reduction of structural fiscal deficits and actions to promote private savings in advanced economies with current account deficits will contribute to a lasting reduction in **global imbalances** (US).

- We reaffirm our commitment to move more rapidly toward market-determined **exchange rate systems** and enhance **exchange rate flexibility** to reflect underlying fundamentals, avoid persistent **exchange rate misalignments**, and refrain from competitive **devaluation of currencies.** We recognize the important decisions to increase the fluctuation bands for the **exchange rates** in China and Russia. China is building on its commitment to gradually reduce the pace of reserve accumulation, and to allow market forces to play a larger role in determining movements of the **RMB** and to increase the transparency of its **exchange rate policy**. We welcome China's commitment to continue **exchange rate regime reform.**

Addressing Near-term Risks, Restoring Confidence, and Promoting Growth

8. In all policy areas, we commit to minimize the negative spillovers on other countries of policies implemented for domestic purposes. We reaffirm our shared interest in a strong and stable international financial system and our support for **market-determined exchange rates**. We reiterate that excess volatility and disorderly movements in **exchange rates** have adverse implications for economic and financial stability.

Annex A: The Los Cabos Accountability Assessment Framework

1. A Peer-Review Process informed by Third-Party Assessments

To ensure the Framework's credibility and integrity, we task our officials with further enhancing the Accountability Assessment Framework, by looking at ways to promote peer review discussions based on a shared understanding of issues. We are committed to agreeing on a common approach to measure progress against previous commitments in the areas of fiscal, monetary, **exchange rate,** and other policies. As well we agree that commitments need to be specific, measurable and relevant to achieving strong, sustainable and balanced growth. We task our Finance Ministers and Central Bank Governors to review progress by their meeting in Mexico City in November 2012.

Annex B: The Los Cabos Accountability Assessment

Monetary and Exchange Rate Policies

Since the Pittsburgh Summit, emerging market economies with relatively inflexible **exchange rate regimes**, under the IMF's de facto classification system, implemented a number of important reforms. In particular, both China and Russia have widened their **exchange rate floating bands.** China's **exchange rate** has appreciated substantially since 2005, but progress towards greater

exchange rate flexibility has been less clear since the Cannes Summit, particularly given the short time that China's most recent reforms have been in place. Reserves fell in China during the last quarter of 2011 partly owing to the narrowing in its current account surplus. Reserve accumulation resumed in the first quarter of 2012.

2013: St. Petersburg, September 5-6

G20 Leaders' Declaration

Global Economy and G20 Framework for Strong, Sustainable and Balanced Growth

13. In this respect, the euro area commits to strengthen the foundations for economic and **monetary union,** including through further efforts to strengthen bank balance sheets, reduce financial fragmentation and moving ahead decisively and without delay toward a banking union. Advanced G20 countries agree to maintain a flexible approach in implementing their fiscal strategies, while remaining committed to sustainable public finances. Facing increased financial volatility, emerging markets agree to take the necessary actions to support growth and maintain stability, including efforts to improve fundamentals, increase resilience to external shocks and strengthen financial systems.

15. We reiterate that excess volatility of financial flows and disorderly movements in **exchange rates** can have adverse implications for economic and financial stability, as observed recently in some emerging markets. Generally stronger policy frameworks in these countries allow them to better deal with these challenges. Sound macroeconomic policies, structural reforms and strong prudential frameworks will help address an increase in volatility. We will continue to monitor financial market conditions carefully.

17. We reiterate our commitments to move more rapidly toward more market-determined **exchange rate systems** and **exchange rate flexibility** to reflect underlying fundamentals, and avoid persistent **exchange rate misalignments.** We will refrain from **competitive devaluation** and will not target our **exchange rates** for competitive purposes. We will resist all forms of protectionism and keep our markets open

21. We are determined to achieve more progress toward broad based rebalancing of global demand. While global current account imbalances have declined, reflecting in part important reforms in a number of countries, a substantial part of this progress has occurred due to demand compression. In order to ensure a durable improvement as global growth strengthens, we are determined to undertake further policy adjustments toward rebalancing global demand between surplus and deficit countries, as well as internal rebalancing. In this respect, it is essential to achieve stronger domestic demand growth in large surplus economies, increased savings and enhanced competitiveness in deficit economies and more **flexible exchange rates**. We are committed to actions in all these areas and will regularly assess progress.

Tax Annex to the Saint Petersburg G20 Leaders Declaration

ANNEX - The 15 Actions to Address BEPS

ACTION 11 – Establish Methodologies to Collect and Analyse Data on BEPS and the Actions to Address It. Develop recommendations regarding indicators of the scale and economic impact of BEPS and ensure that tools are available to monitor and evaluate the effectiveness and economic impact of the actions taken to address BEPS on an ongoing basis. This will involve developing an economic analysis of the scale and impact of BEPS (including spillover effects across countries) and actions to address it. The work will also involve assessing a range of existing data sources, identifying new types of data that should be collected, and developing methodologies based on both aggregate (e.g. FDI and **balance of payments data**) and micro-level data (e.g. from financial statements and tax returns), taking into consideration the need to respect taxpayer confidentiality and the administrative costs for tax administrations and businesses.

St. Petersburg Action Plan

1. The State of Global Economy

To address these challenges and to place the global economy on a stronger, more sustainable and balanced growth path, we have built on our previous actions with new measures as set out in this Action Plan. The Action Plan is designed to boost economic activity and job creation, support the recovery, and address near-term risks to the outlook, while strengthening the foundations for strong, sustainable and balanced growth through ambitious and well-targeted reforms. The Action Plan is informed by the assessment of the economic outlook, and the Accountability Assessment, which describes our progress made toward implementing existing commitments and identifies gaps in our reform agenda. The Action Plan is also based on our commitment setting process, which includes our fiscal strategies, our monetary and **exchange rate policy commitments,** and a resetting of our structural reform agenda along more concrete and ambitious lines.

2. Supporting the Recovery and Addressing Near-Term Risks

The euro area commits to strengthen the foundations for economic and **monetary union,** including through further efforts to strengthen bank balance sheets, reduce financial fragmentation and a more rapid progress toward a banking union. Specifically, the EU will continue to address the strength and quality of EU bank capital and assets; implement the new prudential requirements for banks across the EU; and move forward with a swift adoption and implementation of the building blocks of the banking union, namely a Single Supervisory Mechanism and a Single Resolution Mechanism. The EU will act to deepen the institutional framework of EMU in order to achieve a genuine EMU and improve its functioning.

Monetary policy will continue to be directed towards domestic price stability and supporting the economic recovery according to the respective mandates of central banks. We recognize the support that has been provided to the global economy in recent years from accommodative monetary policies, including unconventional monetary policies. We remain mindful of the risks and unintended negative side effects of extended periods of monetary easing. We recognize that strengthened and sustained growth will be accompanied by an eventual transition toward the normalization of monetary policies. Our central banks have committed that future changes to monetary policy settings will continue to be carefully calibrated and clearly communicated.

- In order to reduce uncertainty and increase transparency in the **foreign exchange market,** as well as to offer hedge and liquidity to the local market, the Central Bank of Brazil has committed to a program of foreign exchange swap auctions and credit lines totaling an amount equivalent in Reals to at least US$ 54.5 billion until the end of the year.

We reiterate that excess volatility of financial flows and disorderly movements in **exchange rates** can have adverse implications for economic and financial stability, as observed recently in some emerging markets. Generally stronger policy frameworks in these countries allow them to better deal with these challenges. Sound macroeconomic policies, structural reforms and strong prudential frameworks will help address an increase in volatility. We will continue to monitor financial market conditions carefully.

We reiterate our commitments to move more rapidly toward more **market-determined exchange rate systems** and **exchange rate flexibility** to reflect underlying fundamentals, and avoid persistent **exchange rate misalignments.** We will refrain from competitive devaluation and will not target our exchange rates for competitive purposes.

3.2 Structural Reforms

Stronger Growth

Reforms to promote investment can lift potential growth, create jobs and contribute to needed global rebalancing.

- Japan will establish 'National Strategic Special Zones' that aim to improve the Japanese business environment with measures including bold regulatory reforms to attract investment from abroad, thereby targeting to double the stock of inward FDI to **35 trillion yen** by 2020 from 2012 levels together with other measures.

As an important prerequisite for strong growth, countries have also committed to measures designed to enhance productivity and competition.

- China will accelerate the pilot project to replace its business tax with a VAT, which reduced over **40 billion yuan** of tax as part of a 300 billion total structural tax cut in 2012. This project was extended to other sectors in August of this year.

Sustainable Growth

All G20 members are fully committed to the timely implementation of financial market reforms agreed in the past. Some members have proposed additional reforms to increase the resilience of national financial systems and reduce the risk of future financial crises.

- The European Union is enacting and implementing a comprehensive programme of financial reforms for all its 28 countries, covering inter alia bank capital, structure and resolution, insurance, derivatives trading and market infrastructures, and is setting up single supervision and resolution mechanisms within a banking union comprising initially its Member States sharing the **euro** as their common currency.

Balanced Growth

We are determined to achieve more progress toward broad-based rebalancing of global demand. While global current account imbalances have declined, reflecting in part important reforms in a number of countries, a substantial part of this progress has occurred due to demand compression. In order to ensure a durable improvement as global growth strengthens, we are determined to undertake further policy adjustments toward rebalancing global demand between surplus and deficit countries, as well as internal rebalancing. In this respect, it is essential to achieve stronger domestic demand growth in large surplus economies, increased savings and enhanced competitiveness in deficit economies and more **flexible exchange rates.** We are committed to actions in all these areas and will regularly assess progress.

2014: Brisbane, November 15-16

Brisbane Action Plan

Acting Together to Lift Growth and Create Jobs

Improving Macroeconomic Cooperation and Outcomes

Monetary policy normalisation in some advanced economies will reflect stronger economic growth and will be a positive sign for the global economy. We are also mindful of other potential impacts of such normalisation, such as excessive volatility in **exchange rates** and asset prices that can be damaging to growth.

Our central banks have committed that monetary policy settings will continue to be carefully calibrated and clearly communicated. We will further strengthen and refine our domestic macroeconomic, structural and financial policy frameworks, and other complementary measures, including macro-prudential measures. We recognise that greater **exchange rate flexibility** would also facilitate the adjustment of our economies.

Sustained global rebalancing remains one of our core priorities going forward. It is also

important for global rebalancing that internal imbalances are fully addressed and **exchange rates** are allowed to respond to economic fundamentals. We reiterate our commitment to move more rapidly toward more **market-determined exchange rate systems** and **exchange rate flexibility** to reflect underlying fundamentals, and avoid persistent **exchange rate misalignments**. We will refrain from competitive **devaluation** and will not target our **exchange rates** for competitive purposes. We will resist all forms of protectionism and keep our markets open.

2015: Antalya, November 15-16

G20 Leaders' Communique

Strengthening the Recovery and Lifting the Potential

4. We will continue to implement sound macroeconomic policies in a cooperative manner to achieve strong, sustainable and balanced growth. Our monetary authorities will continue to ensure price stability and support economic activity, consistent with their mandates. We reiterate our commitment to implement fiscal policies flexibly to take into account near-term economic conditions, so as to support growth and job creation, while putting debt as a share of GDP on a sustainable path. We will also consider the composition of our budget expenditures and revenues to support productivity, inclusiveness and growth. We remain committed to promote global rebalancing. We will carefully calibrate and clearly communicate our actions, especially against the backdrop of major monetary and other policy decisions, to mitigate uncertainty, minimize negative spillovers and promote transparency. Against the background of risks arising from large and volatile capital flows, we will promote financial stability through appropriate frameworks, including by ensuring an adequate global financial safety net, while reaping the benefits of financial globalization. We reaffirm our previous **exchange rate commitments** and will resist all forms of protectionism.

Antalya Action Plan

STRENGTHENING THE RECOVERY AND LIFTING THE POTENTIAL

Continuing our Efforts to Build a Prosperous Future

We reiterate our commitment to move more rapidly toward more **market-determined exchange rate systems** and **exchange rate flexibility** to reflect underlying fundamentals, and avoid persistent **exchange rate misalignments.** We will refrain from **competitive devaluation** and will not target our **exchange rates** for competitive purposes. We will resist all forms of protectionism and keep our markets open.