



INVESTING IN GROWTH THAT
WORKS FOR EVERYONE

—
INVESTIR DANS LA CROISSANCE
ÉCONOMIQUE QUI PROFITE
À TOUT LE MONDE

CHAIR'S SUMMARY: G7 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS' MEETING

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Over two days of discussions, G7 Finance Ministers and Central Bank Governors engaged on a range of topics including the importance of rules-based international trade, and ways of ensuring that economic growth works for everyone.

G7 Finance Ministers and Central Bank Governors agreed that, when they work together, the G7 can build on strong inter-personal and economic relationships to advance our common goals.

Concerns were expressed that the tariffs imposed by the United States on its friends and allies, on the grounds of national security, undermine open trade and confidence in the global economy.

Finance Ministers and Central Bank Governors requested that the United States Secretary of the Treasury communicate their unanimous concern and disappointment.

ADDRESSING GLOBAL RISKS AND PROMOTING A MORE LEVEL INTERNATIONAL PLAYING FIELD

Ministers and Governors had a frank exchange on the benefits of an open rules-based trading system and many highlighted the negative impact of unilateral trade actions by the United States. Ministers and Governors agreed that this discussion should continue at the Leaders' Summit in Charlevoix, where decisive action is needed. The aim of this should be to restore collaborative partnerships to promote free, fair, predictable and mutually beneficial trade.

More broadly, Ministers and Governors agreed that the global economy has strengthened since they met last year in Bari and that the expansion is set to persist. Ministers and Governors reviewed major risks to the economic outlook, particularly potential vulnerabilities in some emerging market economies as displayed by the recent market developments, which they will continue to monitor closely.

A RESILIENT GLOBAL SYSTEM THAT WORKS FOR ALL

Recognizing the important role that international institutions play in fostering the resilience and fairness of the global economic system, Ministers and Governors reiterated their commitment to stand together as partners to enhance the effectiveness and governance of global economic and financial institutions, including the Financial Action Task Force. In addition, Ministers and Governors welcomed the ongoing cooperation between Multilateral Development Banks and their efforts to operate more effectively as a system to further increase their development impact.

ECONOMIC GROWTH THAT WORKS FOR EVERYONE

Ministers and Governors agreed that a key challenge facing G7 economies is to make sure that every person has a real and fair chance to contribute to, and share in, economic success. Inequality, both in terms of income and opportunities, can undermine confidence and economic growth, especially when members of disadvantaged groups are unable to realize their potential and contribute fully.

Reflecting these considerations, Ministers and Governors agreed that economic policy should be informed by a broader set of measures than just GDP. They highlighted the value of considering more measures of economic prosperity that reflect broad dimensions of well-being, including:

- Skills development and training, as reflected by the distribution of educational attainment across populations and the employment to population ratio by skill level.
- Support for children and families, as reflected by the child poverty rate and access to affordable, high quality early learning and benefits for families.
- Opportunity for all citizens to get ahead, as reflected by the incomes and educational attainment within families across generations.
- Full economic participation, as reflected by the employment to population ratio; the participation of women and men; the incidence of involuntary part-time work; and the gender wage gap.
- Broader sharing of the benefits of growth, as reflected by the level and growth of incomes by women and men.

ADAPTING TO CHANGE IN A MODERN ECONOMY

Ensuring that growth works for everyone also requires that economic leaders address anxieties related to the rapid pace of change in modern economies. To that end, Ministers and Governors discussed the opportunities and challenges associated with technological change, and shared lessons learned from domestic policy experiences. Ministers and Governors agreed that equipping people with the right skills requires a greater focus on education and training that goes beyond traditional primary, secondary and post-secondary education. They highlighted the need to adapt labour market policies and practices by shifting towards a model of life-long learning. Ministers and Governors also stressed the importance of ensuring that groups that are often under-represented, particularly women, are fully included in high growth areas like science, technology, engineering and mathematics. They also agreed that multilateral coordination is an important aspect of adapting to change in a modern economy.

BALANCING THE RISKS AND POTENTIAL BENEFITS OF CRYPTO-ASSETS

Ministers and Governors discussed crypto-assets. While the associated technologies have the potential to make the financial sector more efficient, crypto-assets may also be used to carry out illicit transactions, and may raise issues of investor protection and market integrity. Ministers and Governors agreed that international coordination is needed to ensure that regulatory actions are effective in a globally interconnected financial system.

ADDRESSING CYBER RISKS IN THE FINANCIAL SECTOR

Ministers and Governors took part in a scenario to simulate “the day after” a major cyber incident in the financial sector. Given the high degree of global interconnectedness in the sector, a major cyber incident would require an internationally coordinated response. Ministers and Governors worked through the scenario to identify how such an incident and related effects could spread through the global financial system, and highlighted areas where the G7 Cyber Experts Group could help address potential coordination issues.

FOSTERING TAX FAIRNESS

Ministers and Governors reviewed the current state of international tax coordination, including how the tax system can best address the challenges of digitalization by working towards a consensus-based solution by 2020, with an update in 2019. They also renewed their commitment to supporting coordinated global efforts, such as the exchange of information for tax purposes and the OECD/G20 BEPS (Base Erosion and Profit Shifting) Project, and building capacity to fight against tax evasion and avoidance. In addition, Ministers and Governors endorsed ongoing work to develop a global Knowledge-Sharing Platform for Tax Administrations and supported the work of the Platform for Collaboration on Tax to enhance efforts to build tax capacity in developing countries.

THE WAY FORWARD

While G7 Finance Ministers and Central Bank Governors are pleased with the progress made on important issues that affect the daily lives of people around the world, most regret the uncertainty caused by trade actions which run counter to the goal of economic growth. The international community is faced with significant economic and security issues, which are best addressed through a united front from G7 countries. Members continue to make progress on behalf of our citizens, but recognize that this collaboration and cooperation has been put at risk by trade actions against other members.