The G7 Research Group presents the

2020 G7 Virtual Summit Final Compliance Report
17 March 2020 to 6 May 2021

Prepared by
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and the G7 Research Group

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“We have meanwhile set up a process and there are also independent institutions monitoring which objectives of our G7 meetings we actually achieve. When it comes to these goals we have a compliance rate of about 80%, according to the University of Toronto. Germany, with its 87%, comes off pretty well. That means that next year too, under the Japanese G7 presidency, we are going to check where we stand in comparison to what we have discussed with each other now. So a lot of what we have resolved to do here together is something that we are going to have to work very hard at over the next few months. But I think that it has become apparent that we, as the G7, want to assume responsibility far beyond the prosperity in our own countries. That’s why today’s outreach meetings, that is the meetings with our guests, were also of great importance.”

Chancellor Angela Merkel, Schloss Elmau, 8 June 2015

G7 summits are a moment for people to judge whether aspirational intent is met by concrete commitments. The G7 Research Group provides a report card on the implementation of G7 and G20 commitments. It is a good moment for the public to interact with leaders and say, you took a leadership position on these issues — a year later, or three years later, what have you accomplished?

Achim Steiner, Administrator, United Nations Development Programme, in G7 Canada: The 2018 Charlevoix Summit
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“We resolve to coordinate measures and do whatever it takes, using all policy tools, to achieve strong growth in the G7 economies.”

_G7 Leaders’ Statement_

**Assessment**

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<thead>
<tr>
<th></th>
<th>Lack of Compliance</th>
<th>Work in Progress</th>
<th>Full Compliance</th>
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</thead>
<tbody>
<tr>
<td>Canada</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td></td>
<td>+1</td>
<td></td>
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<tr>
<td>Germany</td>
<td></td>
<td>+1</td>
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<tr>
<td>Italy</td>
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<tr>
<td>Japan</td>
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<tr>
<td>United Kingdom</td>
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<td>United States</td>
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<tr>
<td>European Union</td>
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<td></td>
<td>+1</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>+0.50 (75%)</td>
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**Background**

The international community has emphasized the importance of economic growth through enhanced coordination and economic policy tools throughout the past decades. However, more recently this issue has been brought to the forefront due to the extreme impact of COVID-19 on the global economy. It is estimated by the World Bank that global growth could shrink by 8% in 2020.2934 As a result, the international community has committed once again to ensuring strong growth in G7 members despite the unforeseen circumstances.

The first time leaders committed to fostering economic growth was during the 1993 G8 Tokyo Summit.2935 Leaders first committed to the implementation of “prudent macroeconomic policies to promote noninflationary sustainable growth, and structural reforms to improve the efficiency of labor markets.”2936 Similarly, at the 1997 G8 Denver Summit, leaders reiterated the importance of “a common commitment to a medium-term economic strategy” in order to promote economic growth. The medium-term economic strategy included: strengthening structural reform and implementing fiscal consolidation and anti-inflationary policies.2937 Subsequent mentioning of the G8 commitment of fostering sustainable economic growth through cooperation and macroeconomic policy tools continued in the 1998 and 1999 G8 Summits.2938

Despite the G8’s reiteration in 1998 and 1999, the importance of coordinating economic policy responses to support economic growth was not brought up again until after the 2008 economic crisis. At the 2008 G8 Toyako-Hokkaido Summit, leaders claimed that they were committed to acting both individually and collectively


to ensure stability and growth in their economies. Further, at the 2011 G8 Deauville Summit, leaders reaffirmed their commitment to sustained economic growth through individual and collective policy action.

From the period of 2012-2015 leaders committed to fostering sustainable economic growth, however, this did not include pledges to coordinate measures until the 2016 G7 Ise-Shima Summit. At the summit, leaders declared the necessity to address global economic challenges and achieve growth for all while simultaneously responding in a cooperative matter and using “all policy tools – monetary, fiscal, and structural.” Furthermore, at the 2017 G7 Taormina Summit leaders emphasized economic growth as their priority. They also stated that they would use “all policy tools – monetary, fiscal, and structural – both individually and collectively” to achieve economic growth. A coordinated policy response to encourage economic growth was reaffirmed at the 2018 G7 Charlevoix Summit. Similar to the 2016 and 2017 G7 summits, leaders declared that they would use “all policy tools” to support strong economic growth.

The COVID-19 pandemic brought renewed instability to the global economy. Consequently, at the Virtual Summit on 16 March 2020 under the U.S. presidency, G7 leaders acknowledged that they would need to address the economic impact of the pandemic. They stated that all G7 members were committed to restoring the economic growth that occurred in their economies prior to the pandemic and that they would cooperate to build a foundation for a “stronger future growth.” At the time, the leaders expected to meet again in three months at their regularly scheduled summit on 10-12 June 2020, which was later postponed indefinitely.

**Commitment Features**

The G7 commitment states that “We resolve to coordinate measures and do whatever it takes, using all policy tools, to achieve strong growth in the G7 economies.” The goal of achieving strong growth in the G7 economies can be accomplished through three coordinated policy tools: 1) using monetary; 2) fiscal; and 3) structural.

“Coordinate measures and do whatever it takes, using all policy tools” is understood as two separate acts, hence the use of the word “and.” Therefore, members must coordinate measures with other G7 member and use all policy tools with the goal of achieving strong economic growth. “Strong growth” is understood as improving the conditions of a G7 economy – whether that be through growth in gross national product or gross domestic product. While “whatever it takes” is understood as a concrete action (i.e., the implementation of a policy) since a country must demonstrate its dedication to achieving strong economic growth. Full compliance is only possible if countries take concrete actions to coordinate measures and use all policy tools to achieve strong economic growth.

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“All policy tools” is understood as the monetary, fiscal, and structural economic policies.\(^{2948}\) This understanding is based off of the 2016 Ise-Shima and 2017 Taormina Summit Leaders’ Declarations in which “all policy tools” are described as “fiscal, monetary, and structural.”\(^{2949}\) Therefore, in order for full compliance to be achieved a country must use monetary, fiscal, and structural policy tools with the aim of promoting a strong economic growth in the G7 economies.

“G7 economies” is understood as any member’s economy. Therefore, members must; 1) coordinate measures with another G7 economy with the aim of a strong economic growth; or 2) use monetary, fiscal, and structural policy tools to promote strong growth in their own economy or another member’s economy. For example, if France implemented a macroeconomic policy in coordination with Canada this would count towards compliance. However, if France changed a portion of its own macroeconomic policy to ensure strong growth, this would also count towards compliance.

Achieving Strong Economic Growth through Coordinated Measures

“Coordinated measures” is understood as members acting together through a shared policy response.

Full compliance is achieved by coordinating a policy response with at least one other G7 member with the goal of achieving strong economic growth. Examples include, but are not limited to, coordinating a multilateral fiscal policy response, or strengthening global financial institutions.

Part 1: Achieving Strong Economic Growth using Monetary Policy Tools

“Monetary policy tools” is understood as actions taken by a member’s central bank to control money supply and achieve economic growth.

Full compliance within Part 1 is achieved if a member employs monetary policy tools with the goal of achieving strong economic growth. Examples include, but are not limited to, keeping the inflation rate low, creating incentives for lending in the real economy, or temporarily extending the use of the government’s overdraft account to provide a short-term source of additional liquidity to the government if necessary.

Part 2: Achieving Strong Economic Growth using Fiscal Policy Tools

“Fiscal policy tools” is understood as the use of a government’s revenue collection and expenditure to achieve economic growth.

Full compliance within Part 2 is achieved if a member employs fiscal policy tools with the goal of achieving strong economic growth. Examples include, but are not limited to, stimulus packages that provide employment insurance for those who have lost their jobs, increased public spending on infrastructure (including on green projects such as retrofitting houses to improve energy efficiency), or wage subsidies so that businesses can afford to hire labour.

Part 3: Achieving Strong Economic Growth using Structural Policy Tools

“Structural policy tools” is understood as the implementation of policies that aim to boost an economy’s competitiveness, growth potential and adjustment capacity in order to ensure strong growth.

Full compliance within Part 3 is achieved if a member employs structural policy tools with the goal of achieving strong economic growth. Examples include, but are not limited to, making labour markets more adaptable and responsive or improving the overall business environment to allow for competition.


In order to differentiate between full and partial compliance, this report uses a breadth and depth analysis as per the Compliance Coding Manual. For full compliance, members must take a strong action towards ensuring strong economic growth in all three target areas by coordinating: 1) using monetary policy tools; 2) using fiscal policy tools; and 3) using structural policy tools. For partial compliance, countries must take a strong action in at least two of the target areas since the commitment emphasizes the importance of “coordinated measures” and the use of “all policy tools.” Therefore, awarding full compliance to a member that does not demonstrate this dual commitment would be unfair to those who do. Members that act only in one commitment area or do not act in any area will receive non-compliance since they are not fulfilling the coordinated nature of the commitment.

For this report, strong is defined as “effective; of a good quality or level and likely to be successful.” It is assumed that in the assessment of a strong action “whatever it takes” is considered. Therefore, when assessing a “less than strong action” the dedication of the members’ action is most important. Consequently, a “less than strong action” is an action without implementation. Examples of partial compliance would include a member’s verbal commitment to addressing a particular fiscal policy to promote economic growth, but with no concrete action (i.e. policy implementation) taken. While an example of full compliance would be a member’s implementation of a particular monetary policy to promote economic growth, or their verbal commitment followed by policy implementation.

This report acknowledges that actions in which a G7 member only demonstrates a verbal declaration will receive a score of 0 for partial compliance, since they are still demonstrating support for the aforementioned targets but are just lacking the dedication to policy implementation dictated by the “whatever it takes” character of the commitment. Lastly, actions taken against this commitment, such as implementing economic policies that go against the goal of economic growth or purposefully not coordinating measures, will also be recognized as a −1 for no compliance.

**Scoring Guidelines**

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
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<tbody>
<tr>
<td>−1</td>
<td>G7 member takes no action or a strong action in only one target area to achieve strong economic growth in the G7 economies by: 1) coordinating measures; 2) using monetary policy tools; 3) using fiscal policy tools; or 4) using structural policy tools.</td>
</tr>
<tr>
<td>0</td>
<td>G7 member took a strong action to achieve strong economic growth in the G7 economies in at least two of the target areas by: 1) coordinating measures; 2) using monetary policy tools; 3) using fiscal policy tools; or 4) using structural policy tools.</td>
</tr>
<tr>
<td>+1</td>
<td>G7 member took strong action to achieve strong economic growth in the G7 economies in all target areas by: 1) coordinating measures; or 2) using monetary policy tools; 3) using fiscal policy tools; and 4) using structural policy tools.</td>
</tr>
</tbody>
</table>

**Canada: 0**

Canada has partially complied with its commitment to “resolve to coordinate measures and use all policy tools to achieve strong growth in the G7 economies.”

On 18 March 2020, the Canadian government introduced a large set of fiscal stimulus measures aimed at stabilizing the Canadian economy in response to the COVID-19 pandemic. The package provides CAD27 billion to directly support consumers and businesses and includes CAD55 billion to allow firms and

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individuals to defer tax payments, and to provide liquidity to support businesses. In total, the stimulus package equalled CAD82 billion or 3.5 percent of gross domestic product.\textsuperscript{2951}

On 20 March 2020, the Bank of Canada, along with the Bank of England, the European Central Bank, the Bank of Japan, the U.S. Federal Reserve, and the Swiss National Bank announced a “coordinated attempt to enhance the provision of liquidity using the standing U.S. dollar liquidity swap line arrangements.”\textsuperscript{2952} These monetary policy actions “serve as an important liquidity backstop to ease strains in global funding markets, thereby helping to mitigate the effects of such strains on the supply of credit to households and businesses, both domestically and abroad.”\textsuperscript{2953}

On 20 March 2020, the Bank of Canada, along with the Bank of England, Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank announced a “coordinated attempt to enhance the provision of liquidity using the standing U.S. dollar liquidity swap line arrangements.”\textsuperscript{2954} These monetary policy actions will serve as an important role as a liquidity backstop which will ease strings in global funding markets. More specifically, the action will help mitigate the effects of ease straining on the supply of credit to households and businesses.\textsuperscript{2955}

On 27 March 2020, the Bank of Canada took a monetary policy action by lowering interest rates to 0.25 percent to support economic activity.\textsuperscript{2956} The Bank of Canada stated that this action would help to stabilize and provide credit in the economy.\textsuperscript{2957}

Between 13 March 2020 and 20 November 2020, the Canadian government made CAD240 billion in payments and transfers to individuals, businesses, and government entities, as a part of its fiscal policy response to the COVID-19 pandemic.\textsuperscript{2958} The largest single expenditure program was the Canada Emergency Response Benefit, payments offered to unemployed Canadians.\textsuperscript{2959}

On 13 May 2020, the Canadian government initiated an additional CAD962 million to fund businesses and communities affected by the pandemic.\textsuperscript{2960} The funding is part of is part of the Canadian government’s


COVID-19 Economic Response Plan, which aims to initiate more than $149 billion to support Canadians and businesses due to the unforeseen circumstances.2961

On 2 October 2020, the Government of Canada expanded the Regional Relief and Recovery Fund in order to provide further fiscal support for businesses.2962 The Government of Canada initiated an additional $600 million to support workers and businesses that are hit hard by the pandemic.2963

On 26 January 2021, the Minister of Minister of Small Business, Export Promotion, and International Trade announced the launch of the “Highly Affected Sectors Credit Availability Program.”2964 The program will work collaboratively with the Business Development Bank of Canada and some Canadian financial institutions to offer “government-guaranteed, low-interest loans of up to $1 million.”2965

Canada took strong action by coordinating measures, using monetary policy tools, and using fiscal policy tools to achieve strong growth in the G7 economies. However, they did not use structural policy tools.

Thus, Canada receives a score of 0.

*Analyst: Elisabeth Iannucci*

**France: +1**

France has fully complied with its commitment “to coordinate measures and do whatever it takes, using all policy tools, to achieve strong growth in the G7 economies.”

On 20 April 2020, Gérald Darmanin, Minister of Action and Public Accounts, announced the 2019 tax return campaign that included both fiscal and structural policies to ensure the financial safety of taxpayers during the COVID-19 pandemic.2966 These policies included: (1) longer income declaration periods, (2) the closure of public finance centres in favour of new online government tax services, and (3) flexible withholding tax rates to account for dramatic changes in income.2967

On 22 April 2020, Bruno Le Maire, Minister of the Economy and Finance, announced the establishment of a task force set to develop a new fiscal corporate insurance program that would effectively meet the risks of

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future disasters, epidemics, and unforeseen crises.\(^{2968}\) While the task force released a follow-up statement in June, no material action has been taken thus far.\(^{2969}\)

On 29 April 2020, Olivier Véran, Minister for Solidarity and Health, and Minister Darmanin announced the renewal of their partial unemployment program for home-based employees.\(^{2970}\) This fiscal policy action intends to further accommodate employers who are unable to afford the cost of scheduled labour and/or employees who are unable to attend work.\(^{2971}\)

On 29 May 2020, Minister Darmanin announced the adoption of payment terms regarding staggered down payments on corporation taxes and added value taxes.\(^{2972}\) This fiscal policy decision follows the one-month postponement of companies’ tax deadlines with a particular focus on small businesses.\(^{2973}\) He further states opportunities for tax exemptions for businesses experiencing additional difficulties.\(^{2974}\)

On 4 June 2020, Minister Le Maire and Peter Altmaier, Germany’s Minister for Economics and Energy, discussed the future launch of data network project GAIA-X and what the coordinated action means for the two countries’ future prosperity in economic, scientific, and labour spheres. Minister Altmaier stated, “[Digital innovation] is important for competition and future jobs … We invite all European and international partners to share our principles [to] cooperate with us.” The GAIA-X system is still in its developing stages.\(^{2975}\)


On 5 June 2020, Minister Le Maire and Cédric O, Minister of State for Digital Affairs, announced a short-term support package of investments, loans, and grants towards struggling French tech companies. These targeted fiscal increases in government expenditure are meant to foster innovation, growth, and competition within the sector. The goals of the support package focus heavily on structural changes within the tech industry and the flow of investments into current and potential projects in the industry – those of which are essential to France’s economic recovery.

On 8 June 2020, Brune Poirson, Secretary of State to the Minister for the Ecological Transition and Solidarity, and Agnès Pannier-Runacher, Secretary of State to the Minister of the Economy and Finance, engaged in a discussion with members of the Fashion and Luxury Sector Strategic Committee, in order to cultivate innovation and investments towards a sustainable and vibrant industrial recovery. This conversation involved developing fiscal and structural policy actions that would incentivize insourcing, rather than relying on their current unsustainable supply chain models.

On 10 June 2020, the Government of France approved fiscal measures to strengthen the tourism sector including full and partial benefit coverage to the industries and its employees for the full year, state-supported loan guarantees, and tax exemptions or postponements. On 10 August 2020, new businesses were added to this coverage plan like souvenir shops or retail stores in shopping malls.

On 11 June 2020, Minister Le Maire pronounced a new agreement between the French government and credit insurers that established a public reinsurance program for all outstanding credit insurance and maintenance of insured entities – the “CAP Relais” Program. This monetary policy agreement is designed to secure corporate cash flow and inter-company credit for financing economic activity and deliver incentives...
for future insurance investments.\textsuperscript{2983} This support system was recently announced to be extended into the first semester of 2021.\textsuperscript{2984}

On 30 June 2020, the Banque de France announced its coordinated action with Germany’s Deutsche Bundesbank and the European Union’s European Central Bank under the expansion of the Bank for International Settlements’ (BIS) Innovation Hubs.\textsuperscript{2985} France and Germany agreed to host two of these new hubs in order to foster further collaboration and information exchange regarding innovation and economic development.\textsuperscript{2986}

On 20 July 2020, the Banque de France announced the commencement of an experiment that will test the use of “central bank currency for interbank settlements” at eight different financial institutions and improve the French financial markets. This experiment will “explore new ways of exchanging different assets for central bank money, improve the delivery of cross-border payments, and upgrade the arrangements surrounding central bank money liquidity.” This action is also an example of a coordinated measure taken by the BIS Innovation Hub run by the central banks of France, Germany, and the European Union.\textsuperscript{2987}

On 3 September 2020, President Emmanuel Macron released the key features of France’s EUR100 billion COVID-19 recovery plan and various coordinated measures with the European Union.\textsuperscript{2988} The European Union has agreed to finance 40% of France’s recovery plan, which will support investments into long-term productivity growth, energy transitions, and overall well-being of the economies throughout Europe and many G7 economies.\textsuperscript{2989}

On 8 September 2020, Minister Le Maire and Alain Griset, Minister Delegate to the Minister of the Economy, Finance, and Recovery in charge of small and medium-sized enterprises, came to an agreement with the French Bank Federation’s executive committee regarding the state-supported loan repayments for businesses.\textsuperscript{2990} The committee renewed its long-term commitments made in previous loan negotiations, a


On 19 January 2021, the International Monetary Fund (IMF) released an evaluation of France’s response to the pandemic and commended their economic focus that adequately, quickly, and dynamically supported their people in times of need. Minister Le Maire commented on the IMF’s analysis and reaffirmed their commitment to use fiscal and monetary policies to support high-risk businesses, promote a greener and more competitive economic recovery, and rebalance the financial markets. Furthermore, he ensured a future of expansion on these three goals, as laid out in their recovery plan.\footnote{Press Release: IMF Annual Report on Economic Response released brought by France to the health crisis, Minister of the Economy, Finance, and Recovery (Paris) 19 January 2021. Access Date: 25 February 2021. https://minefi.hosting.augure.com/Augure_Minefi/default.ashx?WCIContenuEnLigne&id=D416C985-B843-4DCS-A308-46388BD01B98.}

On 1 March 2021, Minister Le Maire announced the Government of France’s plan to reroute an additional EUR1 billion towards the industrial sector over the next two years.\footnote{France steps up economic stimulus rollout with more cash for industry, Reuters (Paris) 1 March 2021. Access Date: 3 March 2021. https://www.reuters.com/article/us-france-economy-idUSKCN2AT25I.} He explained that the French industrial sector struggles to be competitive and depends heavily on a limited assortment of industries; therefore, these additional funds are intended to incentivize firms to invest in digital technologies, physical capital, and insourced labour.\footnote{France steps up economic stimulus rollout with more cash for industry, Reuters (Paris) 1 March 2021. Access Date: 3 March 2021. https://www.reuters.com/article/us-france-economy-idUSKCN2AT25I.} Minister Le Maire announced France was on track to meet their economic growth target of EUR40 billion and 6 per cent in 2021, due to both this fiscal policy action and other existing aspects of the COVID-19 recovery plan.\footnote{France steps up economic stimulus rollout with more cash for industry, Reuters (Paris) 1 March 2021. Access Date: 3 March 2021. https://www.reuters.com/article/us-france-economy-idUSKCN2AT25I.}

France took strong action through coordinated measures with Germany and the European Union and in monetary, fiscal, and structural policies which provides evidence of full compliance to their commitment of fostering strong growth in the G7 economies.

Thus, France receives a score of +1.

\textit{Analyst: Angelina Zabajko}

\section*{Germany: +1}

Germany has fully complied with its commitment “to coordinate measures and do whatever it takes, using all policy tools, to achieve strong growth in the G7 economies.”

On 23 March 2020, the German government announced EUR50 billion in aid for small businesses, self-employed individuals, and members of liberal professions.\footnote{German government announces €50 billion in emergency aid for small businesses, Federal Ministry of Finance (Berlin) 23 March 2020. Access Date: 9 March 2021. https://www.bundesfinanzministerium.de/Content/EN/Pressemitteilungen/2020/2020-03-23-gemeinsame-pm.html.}

On 6 April 2020, the German government adopted a more extensive Quick Loan Programme. The New Programme will allow small and medium-sized firms access to a “instant loan” as long as they are eligible and with certain restrictions.\footnote{German government announces €50 billion in emergency aid for small businesses, Federal Ministry of Finance (Berlin) 23 March 2020. Access Date: 9 March 2021. https://www.bundesfinanzministerium.de/Content/EN/Pressemitteilungen/2020/2020-03-23-gemeinsame-pm.html.}
On 3 June 2020, the German government announced a EUR130 billion fiscal stimulus package to stabilize the economy by providing help to citizens, companies, and local authorities, as well as investments into green and digital technology.2998

On 4 June 2020, Minister Le Maire and Peter Altmaier, Germany’s Minister for Economics and Energy, discussed the future launch of data network project GAIA-X and what the coordinated action means for the two countries’ future prosperity in economic, scientific, and labour spheres. Minister Altmaier stated, “[Digital innovation] is important for competition and future jobs … We invite all European and international partners who share our principles [to] cooperate with us.” The GAIA-X system is still in its developing stages.2999

On 15 June 2020, the German government announced a short time work benefit to keep employment stable during the financial crisis amidst the COVID-19 pandemic.3000 The program is designed to help employers reduce their amount of layoffs by reducing work hours with an additional government wage top up.3001

On 18 June 2020, Chancellor Angela Merkel proposed and urged the European Union to approve a EUR750 billion COVID-19 recovery plan that would provide unity and cohesion for Europe’s economic recovery.3002

On 21 July 2020, the European Union passed the EUR750 billion coronavirus recovery funds, where Germany played a pivotal role in strengthening ties among and creating unified methods to address the crisis.3003

On 29 June 2020, the Deutsche Bundesbank announced the expansion of the Bank for International Settlements’ Innovation Hubs.3004 Germany and France agreed to host two of these new hubs in order to foster further collaboration and information exchange regarding innovation and economic development.3005

On 15 March 2021, the German government announced the launch of Zukunftsfonds, an equity fund for technologies of the future.3006 The German government will invest EUR10 billion into the initiative, aiming to mobilize EUR30 billion with further private and public partnerships.3007


Germany took strong action to coordinate measures and in the areas of fiscal, structural and monetary policy to achieve strong growth in G7 economies.

Thus, Germany receives a score of +1.

Analyst: James Venslaukas

**Italy: +1**

Italy fully complied with its commitment “to coordinate measures and do whatever it takes, using all policy tools, to achieve strong growth in the G7 economies.”

On 24 March 2020, G7 Finance Ministers and Central Bank Governors issued a joint statement reaffirming the G7 leaders’ call to ensure coordinated measures to combat the economic impact caused by the COVID-19 pandemic. In specific, they pledged to deliver the fiscal, monetary, structural policies to support global economic stability. Some measures suggested include providing liquidity enhancements, improving swap lines among our central banks and with those of other nations, and working with the private sector to overcome operational challenges. 3008

On 14 April 2020, G7 Finance Ministers and Central Bank Governors met virtually to re-affirm their commitment to ensuring coordinated measures to combat the economic impact caused by the COVID-19 pandemic. The Ministers and Governors pledged to do whatever necessary to protect jobs and restore economic growth. They also stressed the importance of ensuring a coordinated economic response using all policy tools to ensure “strong, sustainable, balanced, and inclusive growth”. 3009

On 19 May 2020, G7 Finance Ministers and the EuroGroup held a call to discuss ways to accelerate their domestic economies and stated that they will remain in contact regularly to coordinate economic responses due to the adverse impact of the COVID-19 pandemic. 3010

On 6 June 2020, the Italian government approved a EUR55 billion coronavirus spending package to assist families and firms to maneuver the economic downturn brought on by the pandemic. 3011

On 27 October 2020, the Italian government implemented a EUR5.4 billion package which includes grants for self-employed workers, income support for families and quick relief to sectors hardest hit by the COVID-19 pandemic. 3012

On 14 December 2020, Prime Minister Giuseppe Conte stated that the Italian government would continue to implement strongly expansionary budgets to ensure economic certainty and increase the share of renewable energy sources. 3013

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On 15 January 2021, the Italian government approved another stimulus package of EUR32 billion, which provides a deferral on tax payment deadlines and extends support for workers and businesses forced to close due to public health measures.\(^{3014}\)

On 21 March 2020, the Italian and French government announced the formation of a Franco-Italian working group on space launchers and their exploitation” to help the launcher industry recover from the COVID-19 crisis. This coordinated measure is intended to strengthen the competitiveness and infrastructure flexibility of the France and Italy’s space launcher industries.\(^{3015}\)

On 9 April 2021, the Ministry of Economy and Finance issued the third BTP Futura bond, a government bond that is aimed to target retail investors. All the proceedinds from the bond will be used to finance COVID-19 recovery measures implemented by the Government.\(^{3016}\)

On April 21, 2021, Prime Minister Mario Draghi committed to an investment and economic reform program the size of EUR200 billion in grants and loans. Prime Minister Draghi’s proposed reforms seek to address Italy’s economic recovery by achieving a fiscal and political integration of Europe.\(^{3017}\)

Italy took strong action to coordinate measures with the European Union, France, and used fiscal, structural, and monetary policy tools to achieve strong growth in the G7 economies.

Thus, Italy receives a score of +1.

**Analyst: James Venslauskas**

**Japan: 0**

Japan has partially complied with its commitment “to coordinate measures and do whatever it takes, using all policy tools, to achieve strong growth in the G7 economies.”

On 20 March 2020, the Bank of Japan, along with the Bank of England, European Central Bank, the Bank of Canada, the U.S. Federal Reserve, and the Swiss National Bank announced a “coordinated attempt to enhance the provision of liquidity using the standing U.S. dollar liquidity swap line arrangements.” These monetary policy actions “serve as an important liquidity backstop to ease strains in global funding markets,
thereby helping to mitigate the effects of such strains on the supply of credit to households and businesses, both domestically and abroad.\textsuperscript{3019}

On 20 April 2020, the Japanese government enacted a JPY117 trillion stimulus package in response to the COVID-19 pandemic.\textsuperscript{3020} This package allotted funds for the securement of zero interest loans, deferment of taxes, and cash payments to Japanese residents and businesses.\textsuperscript{3021}

On 27 April 2020, the Bank of Japan made several amendments to its Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus program.\textsuperscript{3022} These amendments expanded access to low interest loans by financial institutions and further defined what was considered collateral for these loans.\textsuperscript{3023}

On 27 May 2020, the Japanese government announced another round of economic stimulus, amounting to JPY117 trillion, to further alleviate COVID-19 related economic hardship.\textsuperscript{3024}

On 15 November 2020, Prime Minister Yoshihide Suga signed the Regional Comprehensive Economic Partnership, designed to boost intra-Asian economic ties, and stimulate economic growth.\textsuperscript{3025}

On 7 December 2020, Prime Minister Suga announced a JPY75 trillion stimulus package to alleviate economic strains of the pandemic, with additional targeted investment in new growth areas.\textsuperscript{3026}

On 18 December 2020, the Bank of Japan extended the Special Funds-Supplying Operations to Facilitate Financing in Response to the Novel Coronavirus program for an additional six months until September 2021.\textsuperscript{3027}

On 19 March 2021, the Bank of Japan resolved to meet its’ two per cent inflation goal through the use of various monetary policy tools: “The Bank will establish the Interest Scheme to Promote Lending, make clear that the range of 10-year Japanese government bond (JGB) yield fluctuations would be between around plus and minus 0.25 percent from the target level, and purchase exchange-traded funds (ETFs) and Japan real


estate investment trusts (J-REITs) as necessary with upper limits of about JPY12 trillion and about JPY180 billion.”

On 26 March 2021, the Japanese National Diet approved a JPY106.6 trillion budget for the 2021 fiscal year. The budget includes emergency spending to ensure economic recovery from the COVID-19 pandemic and investments in digital transformation and carbon neutrality.

Japan took strong action through fiscal policy and coordinated measures to achieve strong growth in the G7 economies. However, Japan has not taken strong action in the areas of structural or monetary policy.

Thus, Japan receives a score of 0.

**Analyst: Thomas Dellinger**

### United Kingdom: 0

The United Kingdom has partially complied with its commitment “to resolve to coordinate measures and use all policy tools, to achieve strong growth in the G7 economies.”

On 20 March 2020, the Bank of England, along with the Bank of Canada, the European Central Bank, the Bank of Japan, the U.S. Federal Reserve, and the Swiss National Bank announced a “coordinated attempt to enhance the provision of liquidity using the standing U.S. dollar liquidity swap line arrangements.” These monetary policy actions “serve as an important liquidity backstop to ease strains in global funding markets, thereby helping to mitigate the effects of such strains on the supply of credit to households and businesses, both domestically and abroad.”

On 18 November 2020, Prime Minister Boris Johnson set out a GBP12 billion plan for a “green industrial revolution” which will create and support up to 250,000 highly skilled “green” jobs in the UK, and spur over three times as much private sector investment by 2030.

On 12 November 2020, Business Secretary Alok Sharma announced an extension of a COVID-19 grant for self-employed individuals to March 2021, cash grants of up to GBP3,000 per month for English businesses, and an additional GBP2.2 billion for local authorities to distribute to small businesses.

On 17 December 2020, the Bank of England set monetary policy to meet the 2 per cent inflation target to sustain economic growth and employment. The bank’s Monetary Policy Committee voted unanimously to maintain the bank rate at 0.1 per cent, continue with the programme of GBP100 billion UK government

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bond purchases, and to commence a previously announced programme of GBP150 billion UK government bond purchases.\(^{3034}\)

On 17 December 2020, the British government passed the UK Internal Market Act that ensures there are no harmful new barriers to trade between the four nations in the UK.\(^{3035}\)

On 19 February 2021, Prime Minister Johnson met with other G7 leaders and resolved to work together to make 2021 a turning point for multilateralism and to shape a recovery that promotes the health and prosperity of people and planet.\(^{3036}\)

On 6 April 2021, the United Kingdom government launched the Recovery Loan Scheme (RLS) as part of its continued fiscal support for businesses, as previously announced by the Treasury on 3 March 2021. The aim of the RLS is to help businesses of any size access loans and other kinds of financial support so they can recover after the pandemic.\(^{3037}\)

On 23 April 2021, the Bank of England, the Bank of Japan, the European Central Bank, and the Swiss National Bank, in consultation with the United States Federal Reserve, coordinated to discontinue offering dollar liquidity at the 84-day maturity. This is due to the sustained improvement in U.S dollar funding conditions and low demand at recent U.S. dollar liquidity-providing operations.\(^{3038}\)

The United Kingdom took strong action through coordinating measures and using monetary and fiscal policy tools to achieve strong growth in the G7 economies. However, the United Kingdom has not used structural policy tools.

Thus, the United Kingdom has received a score of 0.

**United States: 0**

The United States has partially complied with its commitment “to coordinate measures and use all policy tools, to achieve strong growth in the G7 economies.”

On 20 March 2020, the U.S. Federal Reserve, along with the Bank of England, European Central Bank, the Bank of Japan, the Bank of Canada, and the Swiss National Bank announced a “coordinated attempt to enhance the provision of liquidity using the standing U.S. dollar liquidity swap line arrangements.”\(^{3039}\) These monetary policy actions “serve as an important liquidity backstop to ease strains in global funding markets,  

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thereby helping to mitigate the effects of such strains on the supply of credit to households and businesses, both domestically and abroad."\(^{3040}\)

On 27 August 2020, the Federal Open Market Committee announced the unanimous approval of updates to its Statement on Longer-Run Goals and Monetary Policy Strategy, which articulates its approach to monetary policy and serves as the foundation for its policy actions.\(^{3041}\)

On 22 January 2021, President Joseph Biden issued an executive order that launched “an interagency benefit coordination structure” to provide equitable emergency economic relief in the form of direct payments to working families, communities, and small businesses.\(^{3042}\)

On 30 October 2020, the Federal Reserve Board adjusted the terms of the Main Street Lending Program in two important ways to better target support to small businesses. In particular, the minimum loan size for three Main Street facilities available to for-profit and non-profit borrowers has been reduced from USD250,000 to USD100,000 and the fees have been adjusted to encourage the provision of these smaller loans. The Board and Department of the Treasury also issued a new frequently asked question clarifying that “Paycheck Protection Program loans of up to USD2 million may be excluded for purposes of determining the maximum loan size.”\(^{3043}\) To date, the Main Street program has made almost 400 loans totalling USD3.7 billion, providing support to businesses from a wide range of industries. The program was established with the approval of the Treasury Secretary and with USD75 billion in equity provided by the Treasury Department from the CARES Act.\(^{3044}\)

On 20 January 2021, President Joe Biden announced a USD1.9 trillion American Rescue Plan which contains a series of fiscal measures to support the recovery of the economy post COVID-19. Some measures include, delivering stimulus checks to working families impact by the COVID-19 pandemic, providing grants of more than USD1 million to support small businesses, and encouraging small business lending and investing with USD35 billion in government funds.\(^{3045}\)

On 22 January 2021, President Biden issued an executive order that launched “an interagency benefit coordination structure” to provide equitable emergency economic relief in the form of direct payments to working families, communities, and small businesses.\(^{3046}\)


On 27 January 2021, Secretary of Treasury Janet L. Yellen spoke with United Kingdom Chancellor of the Exchequer Rishi Sunak regarding their shared priorities, including the need to cooperate and find multilateral solutions to ensure a strong global economic recovery.  

The United States took strong action in the areas of monetary, fiscal, and structural policies to achieve strong growth in the G7 economies. However, it has not taken action to coordinate measures with either G7 member states. Thus, the United States has received a score of 0.

**Analyst: Mike Zhao**

**European Union: +1**

The European Union has fully complied with its commitment “to resolve to coordinate measures and use all policy tools, to achieve strong growth in the G7 economies.”

On 19 March 2020, the European Union set in motion a Temporary Framework on State Aid Rules to ensure that sufficient liquidity is available to European businesses to help sustain economic activity in Europe during and after the COVID-19 pandemic. This framework includes both fiscal and monetary policy measures and allows member states to grant companies up to EUR800,000 to address their liquidity needs or grant loans with low interest rates.

On 20 March 2020, the European Central Bank, along with the Bank of England, Bank of Japan, the Bank of Canada, the U.S. Federal Reserve, and the Swiss National Bank announced a “coordinated attempt to enhance the provision of liquidity using the standing U.S. dollar liquidity swap line arrangements.” These monetary policy actions “serve as an important liquidity backstop to ease strains in global funding markets, thereby helping to mitigate the effects of such strains on the supply of credit to households and businesses, both domestically and abroad.”

On 6 April 2020, the European Commission used EUR1 billion from the European Fund for Strategic Investments to indirectly provide liquidity to at least 100,000 European small and medium-sized enterprises (SMEs) and small mid-cap companies that have been negatively impacted by the COVID-19 pandemic. This monetary policy initiative fulfills the Commission’s commitment made on 13 March to immediately support SMEs beginning in April.
On 17 June 2020, the European Parliament called for structural economic policies to level the playing field for all businesses in order to prevent unfair competition from foreign companies that could distort the single market.\(^\text{3054}\)

On 22 September 2020, the European Commission authorized “Support to Mitigate Unemployment Risks in an Emergency,” a fiscal policy that would supplement member states’ national efforts to prevent unemployment.\(^\text{3055}\) Under the programme, the EU will provide members with financial assistance, upon request, in the form of loans that are granted on favourable terms. Up to EUR100 billion is available to all member states.\(^\text{3056}\) This assistance supports national short-time work schemes, unemployment benefits, and similar job protection measures.\(^\text{3057}\)

On 10 December 2020, the European Central Bank extended the pandemic emergency long-term refinancing operations.\(^\text{3058}\) It is stated that the action “will serve as a liquidity backstop to the euro area banking system and contribute to preserving the smooth functioning of money markets during the extended pandemic period.”\(^\text{3059}\)

On 17 December 2020, the European Union approved a EUR1.8 trillion stimulus package that includes structural and fiscal policy measures.\(^\text{3060}\) The package includes the EU’s long-term budget and Next Generation EU, a temporary recovery instrument aimed at repairing the social and economic damage caused by the COVID-19 pandemic.\(^\text{3061}\) Most of the package will promote modernization through research and innovation, environmental measures, and digital transformations. It also aims to make the European economy more resilient and prepared for disruptions.\(^\text{3062}\)

The European Union has taken strong action through coordinated measures and the implementation of monetary, fiscal, and structural policies to achieve strong growth in the G7 economies.

Thus, the European Union has received a score of +1.

**Analyst: Elisabeth Iannucci**


