G7 Finance Ministers and Central Bank Governors' Statement on Russia's War of Aggression against Ukraine and its Impact on the Global Economy

Bengaluru, 23 February 2023

We, the G7 Finance Ministers and Central Bank Governors, met in Bengaluru. We were honored to be joined by the Ukrainian Finance Minister Sergii Marchenko. We were also joined by the Heads of the International Monetary Fund, World Bank Group, Organisation for Economic Cooperation and Development, and Financial Stability Board.
We are deeply saddened by the loss of life and destruction caused by the devastating earthquakes in Türkiye and Syria and are offering our continued support to the affected people.

1. On February 24 last year, Russia launched its illegal, unjustifiable, and unprovoked war of aggression against Ukraine, which is also an attack on the rule of law and the principles of the UN Charter. On the eve of the one-year mark, we reaffirm our unwavering support for Ukraine and unity in our condemnation of Russia's war of aggression and the resulting tragic loss of life and destruction of property. We remain determined to foster international cooperation to uphold multilateralism and address the global economic hardships caused by Russia's war and its weaponization of food and energy, which are disproportionately felt by low- and middle-income countries.

2. We, together with the international community, remain strongly committed to addressing Ukraine's urgent short-term financing needs. For 2023, based on the Government of Ukraine's needs, we have increased our commitment of budget and economic support to 39 billion US dollars. These significant commitments and their swift disbursement give Ukraine certainty and enable the authorities to safeguard the functioning of government, continue the delivery of basic services, carry out the most critical repairs of damaged infrastructure and stabilize the economy. This will also support Ukraine in its effort to defend their country. This financial support is in addition to our vital military support and training to Ukrainian forces, humanitarian support, and development cooperation.

3. We reiterate our strong support for the IMF's close engagement with Ukraine and welcome the progress made to complete a review under the IMF Program Monitoring with Executive Board Involvement. With this significant progress in mind, we urge the IMF and Ukraine to deliver a credible, ambitious, fully financed and appropriately conditioned IMF program by the end of March 2023.

4. We also recognize the important efforts made by the World Bank Group (WBG) to channel a significant amount of support for Ukraine, including through the Public Expenditures for Administrative Capacity Endurance (PEACE) facility and the Ukraine Relief, Recovery, Reconstruction and Reform Trust Fund (URTF). We welcome the work of the International Finance Corporation as well as the initiative of the Multilateral Investment Guarantee Agency to launch its new trust fund to support private investment in Ukraine.

5. We will continue our joint efforts to support and contribute to Ukraine's repair of its critical infrastructure, recovery and reconstruction, including through the Multi-agency Donor Coordination Platform. We will also closely coordinate with relevant IFIs, including the WBG, the European Bank for Reconstruction and Development and the European Investment Bank.

6. We re-emphasize our shared commitment to our coordinated economic measures in response to Russia's war of aggression. Our sanctions have significantly undermined Russia's capacity to wage its illegal war. We will continue to closely monitor the effectiveness of sanctions and take further actions as needed. We will also continue to work closely together and with our partners to enforce our sanctions and prevent any attempts to evade or circumvent sanctions. In this context, we call on other countries to join our sanctions on Russia.

7. We reject Russia's false narrative about the spillover effects of the sanctions on food and energy security. We reaffirm that our sanction measures targeting Russia are intended not to contribute to energy and food insecurity, while these measures are tailored to reduce Russia's ability to reap windfall profits from changes in global oil prices. Following the introduction of the price cap on seaborne Russian-origin crude oil implemented last December, this month the Price Cap Coalition imposed further price caps on Russian-origin petroleum products. We are already making progress on the goals of the price cap policy to prevent Russia from profiting from its war of aggression against Ukraine, while supporting stability in global energy markets and limiting negative economic spillovers from the war, especially on low- and middle-income countries. Russia's monthly budget gap has surged to record highs, which will significantly restrict its ability to finance its illegal war. Developing market economies can take advantage of this opportunity to access to crude oil and petroleum products at a discount to prevailing market prices. We will continue to work closely together and with our partners to enforce the oil and petroleum product price caps and prevent attempts to evade or circumvent the measure.

8. Russia's prolonged war of aggression has exacerbated global economic challenges, including through adding to inflationary pressures, further disrupting supply chains and heightening energy and food insecurity. In addition to these negative consequences of the war, we must remain vigilant to further downside risks, including inflationary pressures, threats to financial stability, as

well as capital outflows especially in developing countries amid shifting global financial conditions and potential debt crises. Against this backdrop, we will stay agile and flexible in our macroeconomic policy, while ensuring fiscal sustainability and preserving financial stability. Fiscal policy should continue to provide necessary support particularly for vulnerable groups in a temporary and targeted manner and catalyze investment needed for the green and digital transitions. Central banks remain strongly committed to achieving price stability, in line with their respective mandates, and will clearly communicate policy stances to help limit negative cross-country spillovers. We will continue to closely monitor global markets and welcome the ongoing monitoring and analysis of the Financial Stability Board, as well as its work to address vulnerabilities. We also reaffirm our exchange rate commitments.

9. Noting that low- and middle-income countries are disproportionally affected by Russia's war of aggression and associated global challenges, we commit to step-up our efforts and contribute to the G20 agenda to support them. This includes supporting work in the G20 on debt vulnerabilities; promoting efforts by Multilateral Development Banks (MDBs) to make the most efficient use of their balance sheets based on the recommendations of the G20 MDB Capital Adequacy Framework Review, and review their business models to better address transboundary challenges while maintaining their focus on poverty reduction and accelerating progress on addressing all SDGs; and advancing our joint efforts with international partners to support countries most in need through the voluntary channeling of Special Drawing Rights (SDRs) or equivalent contributions with the global ambition of 100 billion US dollars and making further progress towards the 2023 Spring Meetings. We will continue to closely work with other G20 members to swiftly conclude country cases under the Common Framework for Debt Treatments beyond the Debt Service Suspension Initiative, namely Ethiopia, Ghana and Zambia, and facilitate coordination among all official bilateral creditors to address debt issues of vulnerable middle-income countries, such as Sri Lanka. We reaffirm the G7's support for work to improve debt data accuracy and transparency and our commitment to publish our own creditor portfolios on a loan-by-loan basis for future direct lending.