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Statement by Commissioner Gentiloni at G20 Finance

Ministers and Central Bank Governors

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USPA NEWS - Statement by Commissioner Gentiloni at G20 Finance Ministers and Central Bank Governors meeting.

The European Union strongly condemns Russia's unprovoked and unjustified war of aggression against Ukraine. We call on Russia to immediately end this war. We stand in solidarity with the Ukrainian people. We are united in our support for Ukraine's sovereignty and territorial integrity. We are also united to defend our shared values, including democracy, respect for human rights, global peace and stability, and the rules-based international order.

Let there be no doubt: it is because of Russia's war that the recovery of the global economy now faces a major setback. Most of the key risks to the global outlook – increasing commodity prices, food shortages and prolonged supply chain disruptions – are dependent on the evolution of the war started by Russia. And it is the most vulnerable countries that are set to suffer the worst hardships.

Our summer forecast, which I presented yesterday, projects growth in the EU to remain rather resilient this year at 2.7%. However, the outlook for EU growth has been revised down for next year to 1.5%. Our forecast for EU inflation has been revised up to 8.3% in 2022 and to 4.6% in 2023.

To navigate these troubled waters, we need strong policy coordination. Beyond the impact of the COVID-19 pandemic, the recovery strategies in the G20 must also address the impact of Russia's war against Ukraine on the global economy. The G20 has to demonstrate that we continue to deliver.

I would like to stress three points:

1). Our immediate concern is about food shortages and global food insecurity due to the war. We support the UN Global Crisis Response Group initiative. Let me push back on the disinformation coming out of Moscow by underlining this: our sanctions on Russia are not targeting food. They allow for the free flow of agricultural products. We are working on Solidarity Lanes to ensure that food exports can leave Ukraine. Moreover, we are mobilising an additional 600 million EUR in support of the most affected countries.

2). Fiscal policies should remain agile and be ready to react to the evolving economic situation. The euro area fiscal stance is set to remain supportive in 2022. Support measures for the most vulnerable to mitigate the impact of the energy crisis should remain targeted and temporary while maintaining incentives for higher energy efficiency.

3). The implementation of reforms and investments is key to facilitate the green and digital transitions. The extreme weather conditions we are seeing around the world are a stark reminder of the need to keep working to achieve net zero greenhouse gas emissions. In the EU, the actions in our REPowerEU Plan, together with the financing from our Recovery and Resilience Facility, will reduce EU countries' dependency on Russian fossil fuels and accelerate the roll-out of renewables.

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