The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

G20 Leaders Pledge to Avoid Currency Wars

By Alexander Bratersky

February 17, 2013



President Vladimir Putin arriving for a G20 meeting in the Kremlin Friday. **Maxim Shemetov**

Leaders of the Group of 20 said Saturday that global economic growth remains weak despite government measures, but they agreed to avoid currency wars intended to stimulate the economy by devaluing their money.

A meeting of the group's finance ministers and central bankers was held in Moscow for the first time, due to Russia's current G20 presidency. The Manezh exhibition hall, a stone's throw away from the Kremlin, was the venue.

"We recognize that important risks remain and that global growth is still too weak, with unemployment remaining unacceptably high in many countries," read a joint communique published on the G20's official site Saturday.

The communique, signed by high-profile financial experts including former U.S. Federal

Reserve Chairman Ben Bernanke, also called on countries to avoid "persistent exchange rate misalignments."

"We will refrain from competitive devaluation," the statement said.

Financial experts said the communique indirectly criticized Japan, which recently devalued the yen to encourage economic growth by keeping interest rates at almost zero.

French Finance Minister Pierre Moscovici told reporters Saturday that G20 members had agreed not to engage in currency wars.

The commitment is in line with the position of Russian Finance Minister Anton Siluanov, who has said exchange rates should be set by the market because Central Bank interference could lead to imbalances, Rossiiskaya Gazeta reported Saturday.

G20 leaders also said they had agreed to establish a joint study group with the World Bank, International Monetary Fund and United Nations to stimulate the financing of long-term investment.

The G20 is also seeking to increase governments' control over the global financial system.

"The pendulum has swung toward tougher financial regulation," Deputy Finance Minister Sergei Storchak said Saturday, Prime reported.

The G20 meeting in Moscow was seen as a milestone for Russia, which is nursing the idea of turning Moscow into a key financial center despite purportedly poor corporate governance.

"A clear and enforced rule of law will be important for Russian financial markets to reach their full potential," Lawrence Goodman, head of the Center for Financial Stability, a U.S.-based financial think tank, told the Moscow Times in an e-mail interview Friday.

"Russian participation in the G20 and inclusion in the BRIC category of nations helps deepen its local financial markets," said Goodman, a former adviser to the U.S. treasury secretary.

"Although the clustering of Brazil, Russia, India and China is somewhat artificial," he said, "the four nations maintain the potential to shape future growth outside the advanced economies."

Contact the author at a.bratersky@imedia.ru

Related articles:

- Back to the Future as G20 Comes to Russia
- How Russia Can Lead the G20
- G20 Representative Wants Global Economic Balance

Original url:
https://www.themoscowtimes.com/2013/02/17/g20-leaders-pledge-to-avoid-currency-wars-a21615