

G20 Finance Officials Debating Exit Strategy

By [The Moscow Times](#)

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ST. PETERSBURG — The Group of 20 nations is intensifying its debate on how to withdraw the fiscal and monetary stimulus measures that developed nations have used to counter economic recession, Russia said Friday.

So-called “spillover effects” from expansive policies have also risen to the top of the agenda, Deputy Finance Minister Sergei Storchak said Friday, after G20 finance talks held against a backdrop of sharply increased global market volatility.

“The theme of exit strategies has returned,” Storchak said after deputy finance ministers and central bankers met in St. Petersburg, where President Vladimir Putin will host a leaders’ summit in September.

“This theme was raised in the context that countries’ policies should be in line with the expectations of market participants.”

Russia's turn at the helm of the Group of 20 has coincided with an attempt by Japan's new prime minister, Shinzo Abe, to shake the world's third-largest economy out of a two-decade-old deflationary slump with expansive fiscal and monetary policies.

At the same time, first indications that the Federal Reserve may wind down its bond-buying program as the U.S. economic recovery gains hold have caused huge swings in currency, bond and stock markets. G20 finance ministers meeting in Moscow in February gave Tokyo a free pass, taking the view that "Abenomics" did not amount to an attempt to manipulate the yen, which has lurched higher this week after earlier sliding below 100 to the dollar.

Yet Storchak's comments reflected Moscow's concern, shared in particular by China, that newly-minted money that has flooded into emerging markets as a result of so-called quantitative easing could turn tail as U.S. monetary conditions normalize.

"The debate on spillover effects has become much more active than it was in the spring," Storchak said.

"That means ministers will have to pay greater attention ... to assess their impact," he added. "Policy measures should be based on a proper impact assessment."

Storchak confirmed that G20 would not set binding government borrowing targets in September.

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