Increased world monetary cooperation with a view to better regulation of monetary and financial markets

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Adopting the report by Mr GARRIGA POLLEDO (PPE), the European Parliament reiterated that the objective of international monetary cooperation was to implement monetary and fiscal policies which would lead to lower long-term interest rates and sustained economic growth. With regard to exchange rates, it noted that case-by-case coordination of economic policy measures between the three major economies (United States, Japan and European Union) was politically impracticable without an institutional framework. Considering that exchange rates should be a principal objective of international political coordination, it also stated that official intervention to regulate currency markets would only have a limited impact unless the underlying economic fundamentals were sound. Parliament considered that the current international monetary system based on the predominance of the dollar should develop into a system in which other currencies, including the single currency, play a more important role. As far as cooperation in relation to external debt is concerned, it called for developing countries, economies in transition and the poorest countries to have greater access to private international capital markets. As far as the institutional cooperation framework is concerned, Parliament called for the system to prevent financial crises to include better and more effective monitoring of national economic policies and developments on the financial markets. Considering that the G7 cooperation framework did not allow monitoring of the policies of emerging countries, it called for the multilateral monitoring procedure to be carried out by the IMF. Supporting the reforms agreed at the Halifax summit by the G7, it also called on the Commission to take measures to strengthen the prudential rules applicable to the derivatives market. Finally, it considered that the European Union should be a full member of the international monetary cooperation institutions. Parliament also supported the creation of an international economic council comparable to the UN Security Council which would create the necessary conditions for improved monetary cooperation. It called for the IMF to report twice a year on developments in financial and currency markets and to provide information as to any economic sectors in the three main industrialized countries in which coordination was defective or where shortcomings were giving rise to undesirable trends on financial and currency markets. It agreed with the conclusions of the UN report "A call to action" on the need for an international tax on currency transactions and called on the Union to take steps to speed up the introduction of a minimum global tax on currency transactions. Finally, it called on the Commission to investigate the possibility of introducing a tax on international speculative capital transfers and trading in derivatives in order to soften the destabilizing consequences of ever-growing international financial speculation.