The strategic review of the International Monetary Fund IMF

2005/2121(INI) - 31/01/2006

The committee adopted the own-initiative report by Benoît HAMON (PES, FR) on the strategic review of the International Monetary Fund. MEPs welcomed the review under way and supported a reorientation of IMF policies towards "emphasising its core mandate of stabilising global exchange rate fluctuations and as a lender of last resort for countries experiencing serious balance of payments problems". They also urged the IMF, "in the interest of its own legitimacy", to review the distribution of quotas and voting rights within its governing institutions to reflect the current world economy better and to give more appropriate weightings to the developing and emerging economies. In this connection they pointed out that African countries, accounting for 25% of IMF membership, had just over 4% of the vote on the Board of Governors.

The committee said that, in the interests of parallelism with the WTO, the EU institutions should ensure that"the eurozone or if possible the European Community is represented and votes as a single block". It also called for greater coordination and coherence between the policies of the IMF, the World Bank, the WTO, the European Central Bank, other international organisations and the EU to promote development issues and the achievement of the Millennium Goals.

Turning to the liberalisation of the financial systems of borrowing countries, MEPs urged that this be "gradual, sequential and stable" but also "adjusted to take account of their institutional capacities, thus permitting the effective regulation and management of movement of capital". Similarly, the opening up of the markets of low-income countries should not take place outside the framework of the WTO's Development Round, so that these countries can conduct the negotiations themselves and choose the degree to which they open up their markets. In fact, the committee added that developing countries should not have to open up their markets "fully and without restrictions" to foreign imports and that they should be able to establish "protection for certain industries for a limited period so as to permit a steady development".

MEPs welcomed the IMF's emphasis on improvingthe levels of education and health in developing countries and stressed that increasing public expenditure - together with improving governance, combating corruption and efficient use of resources - remained the surest way to reduce inequality of access to health and education.

Lastly, the committee suggested that the IMF develop policies designed to prevent new debt crises, and it welcomed the decision to extend the HIPC (Highly Indebted Poor Countries) initiative.