



**Asamblea Parlamentaria Euro-Latinoamericana  
Euro-Latin American Parliamentary Assembly  
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Assembleia Parlamentar Euro-Latino-Americana**



**EURO-LATIN AMERICAN PARLIAMENTARY ASSEMBLY**

**Committee on Economic, Financial and Commercial Affairs**

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PROVISIONAL

# **DRAFT MOTION FOR A RESOLUTION**

Globalisation and the financial crisis

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## Globalisation and financial crisis

*The Euro-Latin American Parliamentary Assembly,*

- having regard to its urgent resolution of 8 April 2009 on the financial crisis, its message to the 15th EU-Rio Group Ministerial Meeting of 8 April 2009 and its message to the 6th EU-LAC Summit of 15 May 2010,
  - having regard to its resolutions of 20 December 2007 on the challenges and opportunities resulting from globalisation for economic and trade relations between the EU and LA countries, of 1 May 2008 on the challenges and opportunities of the Doha Round, of 8 April 2009 on trade and climate change, of 15 May 2010 on the reform of the World Trade Organisation (WTO), and of 19 May 2011 on the prospects for trade relations between the European Union and Latin America,
  - having regard to the report by the Committee on Economic, financial and Commercial Affairs,
  - having regard to Article 16 of its Rules of Procedure,
- A. whereas the Euro-Latin American Parliamentary Assembly is the parliamentary institution of the EU-LAC Strategic Biregional Partnership and contributes to its work, development and visibility as the institution responsible for parliamentary consultation, supervision and monitoring of the Partnership, through its powers to adopt resolutions directed towards the EU-LAC summit and the institutions, bodies, groups, and ministerial conferences working towards Latin American development,
- B. whereas the financial and economic crisis has given rise to solvency problems and a lack of liquidity on the international markets and the destabilisation of the banking sector which has swiftly produced negative effects on all the world's economies, including a fall in demand, a resulting deceleration in production and international growth, a marked increase in unemployment and a rapid rise in poverty,
- C. whereas the G-20 has identified the crisis as being rooted in the vulnerability of financial markets which allowed excessive risks to be taken, the inability of financial supervisors and regulators to detect such risks and provide a timely response to them, poorly coordinated and incoherent macroeconomic policies and inappropriate and unsustainable structural reforms at international level,
- D. whereas cooperation needs to be strengthened at global level in order to combat the worldwide consequences of the crisis and define a new financial structure, with a reform of the regulatory and international financial supervisory frameworks and of the international financial institutions, with increased participation and voting rights for emerging and developing countries, which are under-represented,
- E. whereas the end of the crisis has not yet been reached and the current sovereign debt crisis has given rise to a new period of uncertainty, whereas there is a need to guarantee the sustainability of public accounts and the credibility of national

budgetary policies, rebuild trust and stabilise the global financial markets, and to promote balanced and sustainable worldwide economic growth,

- F. whereas the creation of a European Monetary Fund and of Eurobonds can be the move towards economic governance that the EU requires, helping to create macroeconomic stability and increasing the sustainability of public funds,
  - G. whereas the EU is Latin America's second most important trading partner and the main trading partner for Mercosur and Chile; whereas the EU is the main source of direct foreign investment (DFI) in Latin America,
  - H. whereas other world players are strengthening their economic and trade relations with Latin America and the Caribbean and significantly increasing their specific influence in the region; whereas trade relations are an extremely effective means of rebalancing this trend and increasing exchange between the EU and Latin America and the Caribbean,
  - I. whereas the G-20 has agreed not to adopt protectionist measures in order to deal with the crisis at local level and it is essential to immediately relaunch the Doha negotiations, revitalise the trade agreements between the EU and the various Latin American regional blocs and conclude those which are still being negotiated; in this context welcomes the initialling of the EU-Central America Association Agreement and the Trade Agreement between the EU, Colombia and Peru as two good examples of economic and trade cooperation which will strengthen the link between the parties involved, create new development opportunities and lead to job creation,
  - J. whereas the EU-Mercosur Association Agreement will, when completed, become one of the most ambitious biregional agreements in the world and therefore needs to be fairly balanced between the two parties,
  - K. whereas the crisis is not only financial and economic but also has social and political implications, and involves aspects such as democracy and the rule of law, migration, the environment, food security and the fight against poverty, among other factors essential to the development and progress of our peoples,
1. Emphasises the need for a common global understanding and focus with regard to monetary policy, sustainable public finances and flexible currencies based on basic economic indicators and for free and fair trade to be an integral part of the global economy;
  2. Urges the EU-LAC countries to apply coordinated policies and mechanisms to promote the adoption of monetary and fiscal measures able to guarantee the sustainability of public funds and establish the foundations for a solid recovery based on growth, job creation and social cohesion; calls for the adoption of measures aimed at rationalising public spending and improving efficiency, and at eliminating excess expenditure and redirecting spending towards growth and employment-generating investment; proposes that special priority be given to investment and cooperation projects in the fields of research and development, technological innovation and education;

3. Calls for a joint effort to guarantee access to low-interest loans by families and businesses, particularly small and medium-size enterprises, as part of a strategy to restore confidence in the banking system;
4. Calls for an increase in macro-prudential dialogue, more uniform application of the Basel III package, a revision of the macro-prudential policy framework, for the viewpoint of emerging market economies to be better reflected in reforms of the financial regulations, stricter regulation and supervision of the shadow banking system and derivatives markets, reinforcement of the global financial security networks and the construction of a more stable and resistant international monetary system;
5. Proposes that all financial markets, products and players become subject to regulation and supervision, without exceptions and regardless of their country of origin; this calls for the creation and approval, by all countries, of a list of sanctions against off-shore tax havens and an urgent regulation of hedge funds, speculative funds and credit-rating agencies; calls on all the EU-LAC countries to immediately close down all tax havens within their territory and campaign at international level for the closure of all other tax havens and the penalisation of enterprises and persons illegally using their services;
6. Is in favour of the creation of a European Monetary Fund and of eurobonds and European bonds for specific projects, and for access to the resources obtained from their emission to be tied to strict compliance with economic governance requirements;
7. Urges the EU-LAC countries to avoid taking protectionist measures and to support a fair and open multilateral trade system; calls on them to collaborate in the conclusion of the Doha Round, with the aim of reaching an inclusive and balanced agreement which can revitalise international trade to the benefit of all concerned; asks both parties to renew their efforts to conclude the EU-Mercosur Agreement as soon as possible;
8. Calls on the governments participating in the EU-LAC Biregional Strategic Partnership to protect their populations during the crisis with specific measures to promote employment and reinforce public services, ensuring provision of a package of basic social rights available to all, with equal access to free healthcare and education and specific measures to protect groups at risk, thereby safeguarding the equal opportunities essential to the overall progress and development of our societies;
9. Requests that the EU-LAC countries work together to create horizontal cooperation mechanisms able to promote and facilitate specialised technical assistance and investment, through the use of counter-cyclical shock measures, to strengthen agricultural policies and develop physical infrastructure to reduce the impact of the financial crisis on the neediest communities;
10. Emphasises that investment, cooperation and aid should focus on the design, implementation, monitoring and assessment of policies, programmes, plans and projects aimed at economic and social cohesion and inclusion, thereby generating opportunities for the most vulnerable sectors, such as peasants and indigenous communities, and mitigating the circumstances which encourage their mass migration to major cities;

11. Urges the EU-LAC countries to determine structural reforms of the financial, tax and public spending systems to ensure the sustainability of budgetary policies in the medium term, and with a view to gradually consolidating long-term budgetary policies, with new funding scenarios to render the debt sustainable, prioritising growth and investment, and quickly to introduce sound, state-regulated and controlled counter-cyclical measures;

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12. Instructs its Co-Presidents to forward this resolution to the Presidency of the EU-LAC Summit, the Council of the European Union and the European Commission, the parliaments of the EU Member States and of all the countries of Latin America and the Caribbean, the Latin American Parliament, the Central American Parliament, the Andean Parliament, the Mercosur Parliament, the Office of the Secretary-General of the Andean Community, the Commission of Permanent Representatives of Mercosur, the Office of the Permanent Secretary of the Latin American Economic System, and the Secretaries-General of the OAS and UNASUR.