

WRITTEN QUESTION P-7016/08
by Daniel Dăianu (ALDE)
to the Commission

Subject: Banning short-selling of currencies as an option

Capital account liberalisation is fine when things are smooth on international financial markets. When things go awry on these markets, not benefiting from a reserve currency as a shelter can bring an economy into a terrible mess. The Asian financial crisis and other crises in emerging economies are a stark reminder of this truth. We are extremely worried in the emerging economies of the EU about the impact of the current financial crisis. Our region, most of which is not part of the eurozone, could suffer major collateral damage from this crisis due to huge volatility in financial markets, speculative attacks on our currencies, the flight of capital, deepening recession and a persistent credit crunch. In view of all this would the Commission, among other measures, support banning currency short-selling in our markets, be it on a temporary basis, if things get out of control? For what the Americans and British have done with prohibiting short-selling of stocks of major banks is quite telling in this regard. Extraordinary times demand exceptional means, and the highly unorthodox steps which central banks and finance ministries worldwide have adopted, because of this crisis, would justify the measure I am suggesting.