

13. Close consultation and effective cooperation on macroeconomic policies among the G-7 are important elements in promoting sustained non-inflationary growth avoiding the emergence of large external and internal imbalances, and promoting greater exchange market stability. Our Ministers have adopted a number of changes to the structure of their consultations over time, in order to strengthen policy cooperation, including enhanced consultation with the IMF.

14. The growth and integration of global capital markets have created both enormous opportunities and new risks. We have a shared interest in ensuring the international community remains able to manage the risks inherent in the growth of private capital flows, the increased integration of domestic capital markets, and the accelerating pace of financial innovation.

15. The developments in Mexico earlier this year and their repercussions have sharpened our focus on these issues. We welcome the recent more positive turn of events in Mexico, as well as the positive developments in a number of emerging economies.

16. The prevention of crisis is the preferred course of action. This is best achieved through each country pursuing sound fiscal and monetary policies. But it also requires an improved early warning system, so that we can act more quickly to prevent or handle financial shocks. Such a system must include improved and effective surveillance of national economic policies and financial market developments, and fuller disclosure of this information to market participants. To this end, we urge the IMF to:

- establish benchmarks for the timely publication of key economic and financial data;
- establish a procedure for the regular public identification of countries which comply with these benchmarks;
- insist on full and timely reporting by member countries of standard sets of data, provide sharper policy advice to all governments, and deliver franker messages to countries that appear to be avoiding necessary actions.

17. If prevention fails, financial market distress requires that multilateral institutions and major economies be able to respond where appropriate in a quick and coordinated fashion. Financing mechanisms must operate on a scale and with the timeliness required to manage shocks effectively. In this context, we urge the IMF to:

- establish a new standing procedure — "Emergency Financing Mechanism" — which would provide faster access to Fund arrangements with strong conditionality and larger upfront disbursements in crisis situations.