World Economy

Promoting financial stability

In recent years financial markets have become more global and complex. Technology has broken down barriers to cross-border financial flows. Distinctions between business lines in the financial sector have blurred. The result is more efficient markets and new opportunities. It is important to ensure that public authorities keep pace with these changes and adapt their policies and practices through national and international efforts.

Starting in Halifax in 1995, and continuing last year in Lyon, summit leaders and finance ministers have promoted global financial stability. In particular, finance ministers have encouraged the international supervisory community, composed of banking, securities and insurance regulators, to seek new ways to co-operate.

Summit members are also interested in the emergence of large, global financial institutions whose activities span the banking, securities and insurance sectors. Regulators must be able to develop a complete understanding of these institutions' activities, despite different legal, sectoral and national jurisdictions.

In Lyon, the leaders asked their finance ministers to report back on four issues: improving co-operation among regulators, enhancing market transparency and disclosure, improving regulatory standards in emerging markets, and the implications of new electronic payment technologies such as electronic money. Canada endorses the report submitted by ministers in June. In particular, Canada supports focusing future work on two key matters: improving co-ordination among supervisors of global financial institutions and strengthening the financial systems and regulatory standards in emerging markets.

Progress on helping heavily indebted poor countries

At the Halifax Summit, the G-7 leaders proposed multilateral debt relief for heavily indebted poor countries (HIPC). This initiative was subsequently refined at the Lyon Summit and has been actively pursued by the international community over the past year. In recent months, the International Monetary Fund, World Bank and creditor governments, acting through the Paris Club, have begun to implement this initiative.

The goal is to significantly reduce the debt of countries that have performed well under IMF-administered restructuring programs. The reductions would enable these countries to manage their remaining debts within a reasonable time. They will then be better able to reduce poverty and avoid further debt rescheduling.