



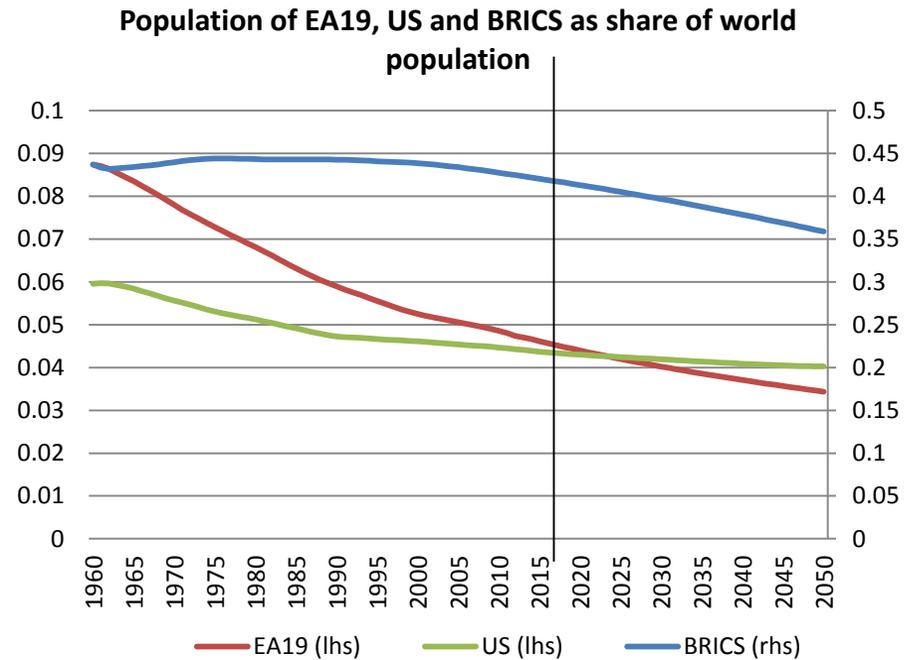
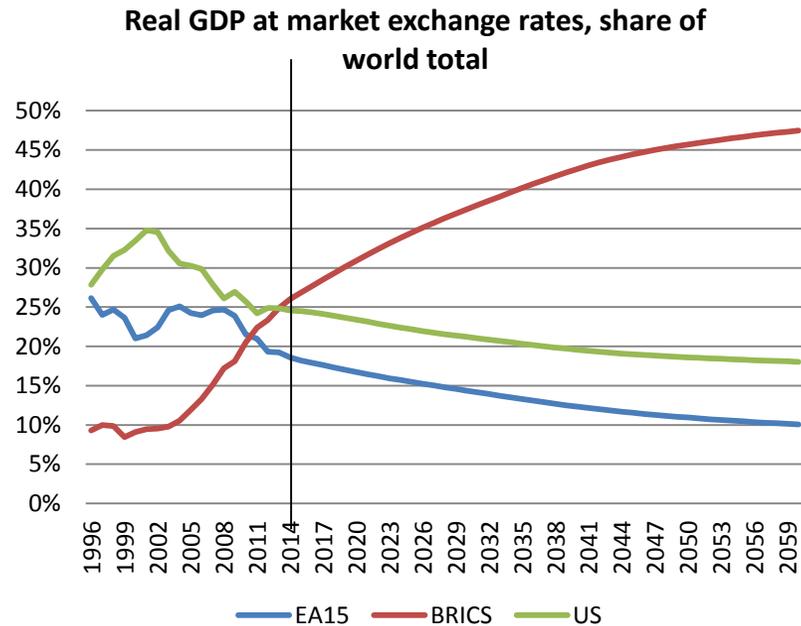
The international monetary and financial system – a European perspective:

Moving towards a multipolar financial system

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A more multipolar world driven by long-term trends and integration



Financial crisis demonstrated global interdependence

Financial crisis, starting as a housing bust in the US, demonstrated clearly how integrated the world is

- Spillovers not only via economic channel, but also via financial transmission channel and confidence effects
- Financial capital flows and monetary stability policy have a global dimension
- Close cooperation between policy makers is essential to preserve the current highly flexible international monetary system



Financial crisis affected institutional setup of global governance: G7 vs. G20

Starting in 2008-2009: Shifts in international institutional landscape to address crisis, for example:

- G20 elevated to Leaders level, now key global forum
- Creation of FSB
- Tripling of IMF resources



Example of China: taking on a larger role

Increased role for China in the region / world through, for example:

- Silk road and OBOR initiatives
- New forum / institutions (BRICS: NDB + AIIB)
- Internationalisation of the RMB / inclusion into the SDR basket
- Active stance in global governance: G20 Presidency 2016

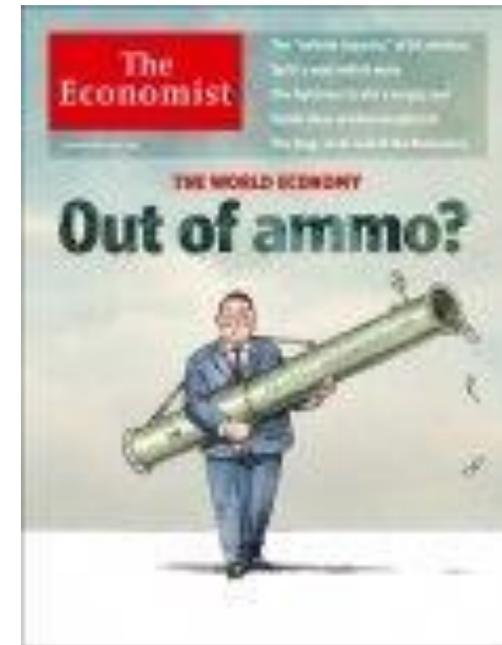
Economic cooperation and coordination remain key

- *Fragile and uneven recovery calls for action*

using all policy tools, to foster strong, sustainable and balanced growth (G20 FWG)

- *Strengthening the stability and resilience of the IMS*

improving IMF's tool kit, a more effective cooperation with regional safety nets (G20 IFA, IMF)



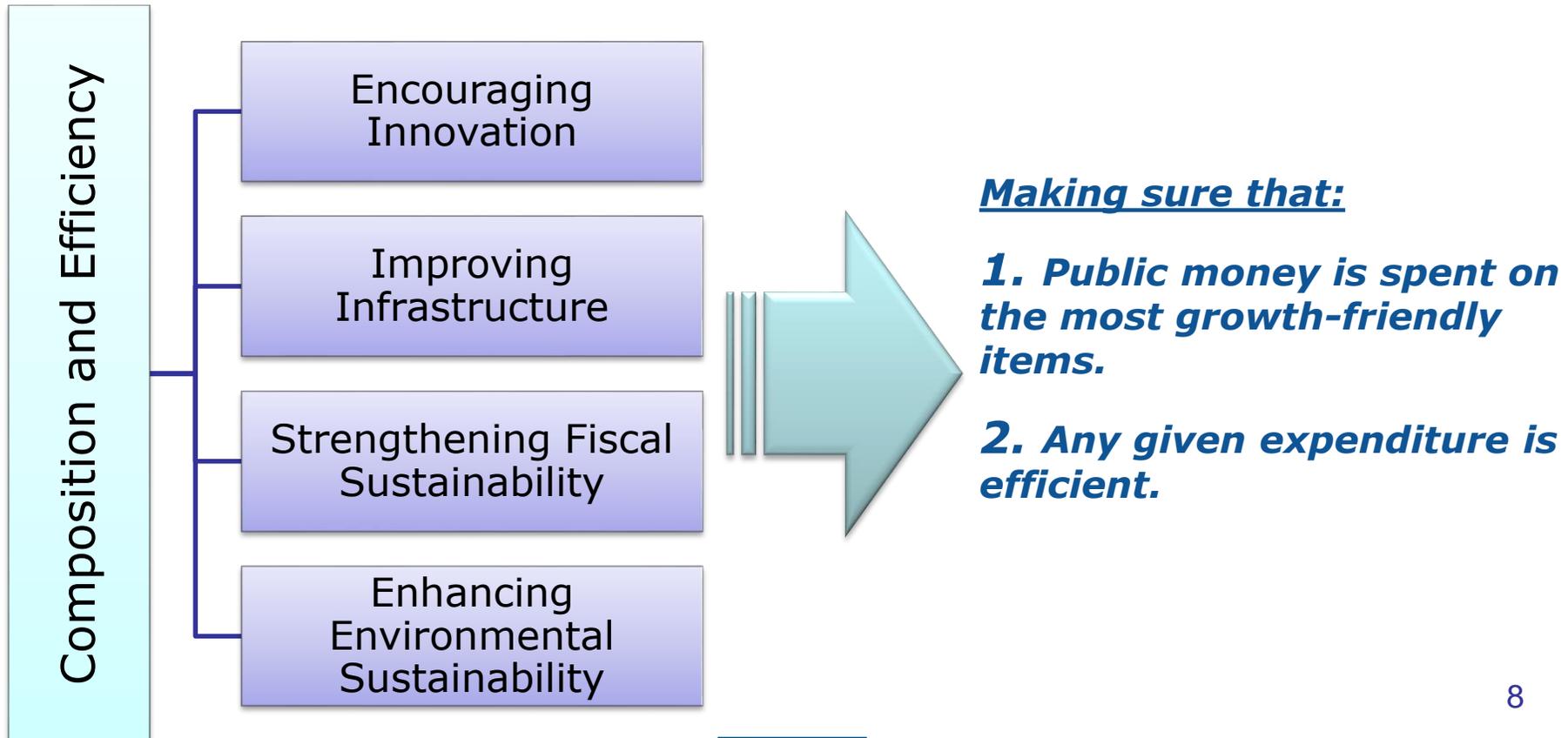
Can G20 continue to take the lead in shaping the policy response ?

Operationalising the three-pronged strategy a challenge

Agreement that monetary policy cannot alone do the job, but then what... With different outlook and 'ideological differences' for the role of fiscal policies ongoing, the focus is on

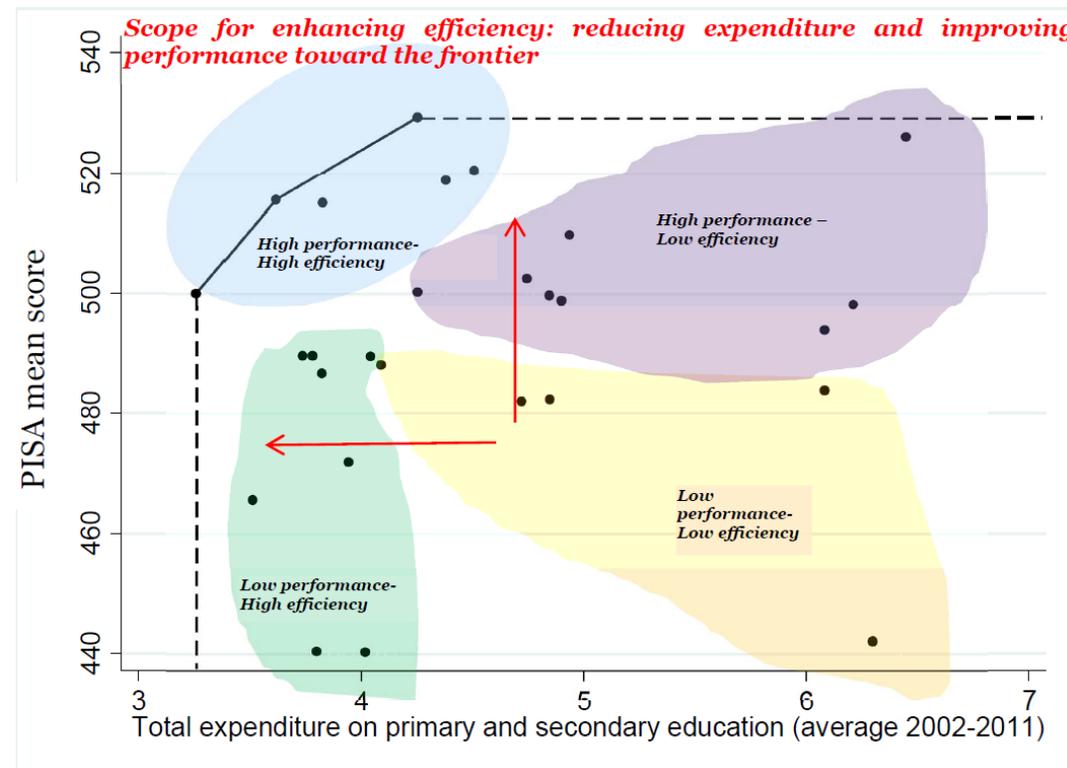
- **Composition and efficiency of public finances and on**
- **Structural reforms**

Ex 1: improving the composition of public finances

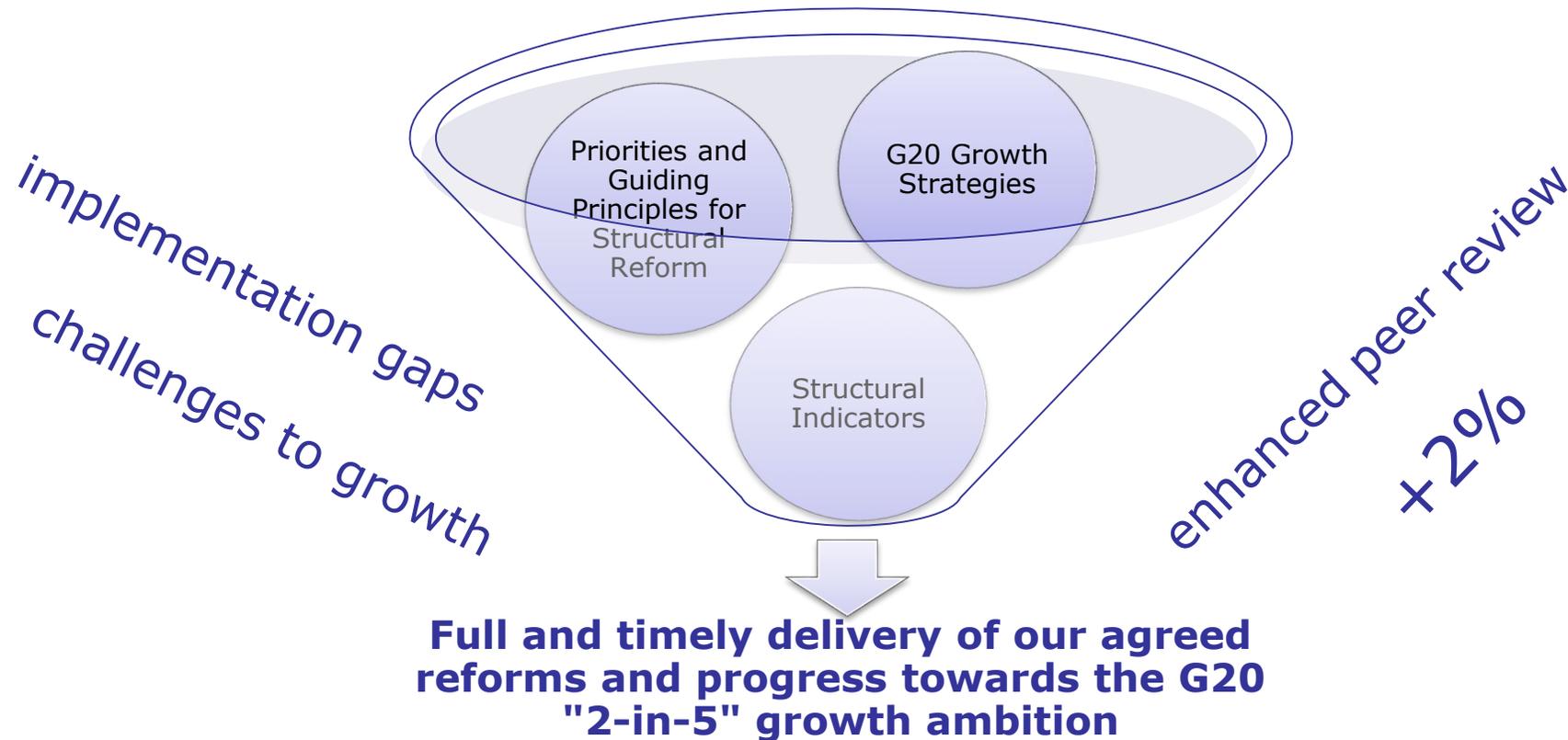


Ex 2: improving the efficiency of public finances

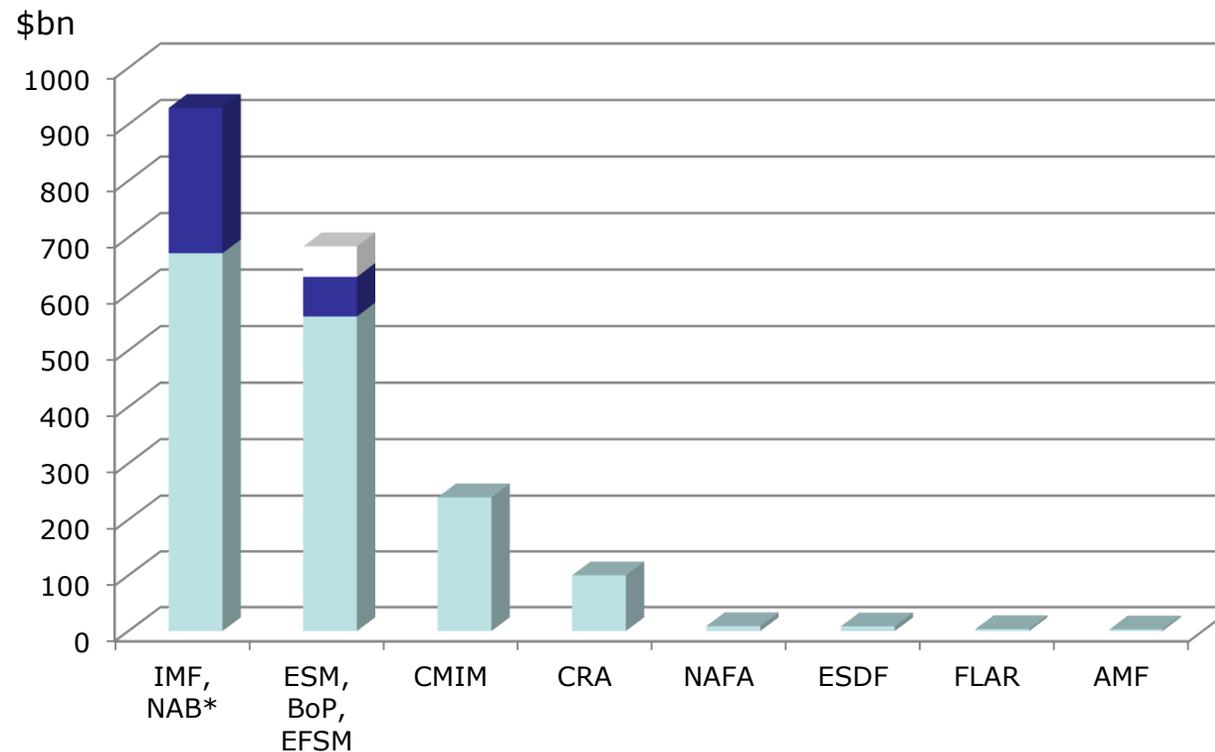
The example of expenditure in education (Pisa score)



Ex 3: fostering a stronger delivery of structural reforms → 2% more GDP



Ex. 4: EU has a sizeable firewall and experience that can be of use



*Nominal amount after 14th review quota increases and NAB rollback, assuming that quota payments of all members have been completed.

EU and IMF cooperation at work

- Joint financial assistance
- Joint negotiations of programme design and conditionality
- Joint missions, mutual consultations on programme documents, and coordinated communication
- Joint monitoring of implementation

THANK YOU

- ECFIN brief: The G20 and the EU: A Win-Win Game
http://ec.europa.eu/economy_finance/publications/eeeb/eb009_en.htm
- Regular statements by EU representative at IMF or G20 meetings, e.g. by Commissioner Moscovici at the 2016 'Spring meetings':
<http://www.imf.org/external/spring/2016/imfc/statement/eng/ec.pdf>