

# Executive Roundtable and Professional Placements

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## Session 4, Part 1

### International Responses to Current Financial Turbulence:

Basel II / Role of Financial Stability Forum – 国际社会如何应对当前的金融动荡

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The American the sub-prime lending crisis is not yet over: following the American government's takeover of the two companies Fannie Mae and Freddie Mac, Lehman Brothers Holdings Inc. has announced its collapse; the Bank of America has bought up Merrill Lynch; AIG is placed in circumstances of extremely great difficulty, global stock markets are experiencing a slump; oil prices have seen a sudden fall; and the entire global economy is facing enormous instability. I think that the international community will assent to implementing the following measures:

1. The International Monetary Fund should intensify its bilateral surveillance of America. America's GDP makes up nearly 30% of total world GDP, and the US dollar is still the principal foreign currency reserve for the world's nations; changes on the American financial markets have a pivotal effect on all other countries. The sub-prime lending crisis is a clear message that if a financial crisis occurs in a major country like America, the entire global economy will be badly harmed. As a result, the IMF must seriously exercise bilateral surveillance of America.
2. The International Monetary Fund and BIS should join hands to investigate regulation of financial derivative products, and formulate uniform regulatory standards. Developing nations should be widely recruited into and involved in the formulation process, which could include:
  - a) The International Monetary Fund should investigate the regulation of rating companies, and formulate international criteria to which they must adhere.
  - b) Using the current regional co-operative organizations as a platform, Asia-Pacific countries and regions should further enhance co-operation and facilitate the flow of economic and financial information, and give consideration to establishing regional financial support mechanisms to effectively safeguard against crises.
  - c) Economic, trade, and financial links between China and Australia are becoming closer and closer, and it is essential to consider establishing a mechanism for regular dialogue between the two countries to further strengthen co-operation.