



Assembly
Item 2

A/119/2-P.4
11 October 2008

**CONSIDERATION OF POSSIBLE REQUESTS FOR THE
INCLUSION OF AN EMERGENCY ITEM IN THE ASSEMBLY AGENDA**

**Request for the inclusion of an emergency item
in the agenda of the 119th Assembly of the Inter-Parliamentary Union
submitted by the delegation of Belgium**

On 11 October 2008, the Secretary General received from the delegation of Belgium a request for the inclusion in the agenda of the 119th Assembly of an emergency item entitled:

"The financial crisis".

Delegates to the 119th Assembly will find attached the text of the communication submitting the request (Annex I), as well as an explanatory memorandum (Annex II) and a draft resolution (Annex III) in support thereof.

The 119th Assembly will be required to take a decision on the request of the delegation of Belgium on Monday, 13 October 2008.

Under the terms of Assembly Rule 11.1, any Member of the Union may request the inclusion of an emergency item in the Assembly agenda. Such a request must be accompanied by a brief explanatory memorandum and a draft resolution which clearly define the scope of the subject covered by the request. The Secretariat shall communicate the request and any such documents immediately to all Members.

Furthermore, Assembly Rule 11.2 stipulates that:

- (a) A request for the inclusion of an emergency item must relate to a major event of international concern on which it appears necessary for the IPU to express its opinion. Such a request must receive a two-thirds majority of the votes cast in order to be accepted;
- (b) The Assembly may place only one emergency item on its agenda. Should several requests obtain the requisite majority, the one having received the largest number of positive votes shall be accepted;
- (c) The authors of two or more requests for the inclusion of an emergency item may combine their proposals to present a joint one, provided that each of the original proposals relates to the same subject;
- (d) The subject of a proposal that has been withdrawn by its authors or rejected by the Assembly cannot be included in the draft resolution submitted on the emergency item, unless it is clearly referred to in the request and title of the subject adopted by the Assembly.

**COMMUNICATION ADDRESSED TO THE SECRETARY GENERAL
BY THE LEADER OF THE DELEGATION OF BELGIUM**

Brussels, 8 October 2008

Dear Mr. Secretary General,

The Belgian delegation to the 119th IPU Assembly in Geneva wishes to submit the following proposal for an emergency item:

"The financial crisis".

Please find enclosed the text of an explanatory memorandum and a draft resolution for consideration by the Assembly.

Yours sincerely,

(signed)

Sabine DE BETHUNE (Mrs.)
Head of the Belgian delegation

THE FINANCIAL CRISIS

Explanatory memorandum submitted by the delegation of Belgium

The current financial crisis was sparked in 2007 by the sub-prime mortgage crisis in the US housing market, which had been booming for a number of years. Borrowers took out heavy mortgages in the belief they would be able to refinance quickly at more favourable terms. They were encouraged by easy lending conditions and a long-term trend towards rising house prices. When the housing bubble burst and interest rates rose, many borrowers who had adjustable mortgage rates defaulted. The result was a serious credit problem for many financial institutions in the United States.

The ongoing crisis is not confined to the US credit market or to credit institutions that had entered into "risky loans". As a result of excessive (and questionable) securitization of mortgages, inaccurate credit ratings, a weak regulatory framework and several other factors, the US credit crunch has had serious effects on the international financial market and stock exchanges all over the world.

More recently, the credit crisis struck the European continent. Confidence was shaken in several financial institutions that had bad loans in their portfolios, and the institutions concerned were therefore very quickly deprived of credit on the interbank market and developed serious liquidity problems. This prompted government intervention in several countries. It goes without saying that this financial crisis – potentially the largest in one hundred years – has had a major impact on public trust in the financial system and could seriously affect economic development all over the world.

The time for action is now. The financial crisis concerns all of us. As the world organization of parliaments, the IPU provides a particularly useful forum in which to address this problem at the parliamentary level and to exchange views on how to deal with it.

THE FINANCIAL CRISIS

Draft resolution submitted by the delegation of BELGIUM

The 119th Assembly of the Inter-Parliamentary Union,

- (1) *Concerned* about the ongoing international financial crisis,
- (2) *Reaffirming* the role of the Inter-Parliamentary Union as a particularly useful forum in which to address international problems at the parliamentary level and to exchange views on how to deal with them,
- (3) *Condemning* any action that might undermine the stability of financial markets,
- (4) *Acknowledging* that an international problem needs an international approach,
 1. *Calls* for urgent action by national governments, the monetary authorities and the regulatory bodies of banks and financial markets, at both national and international level, to restore confidence in and stability to financial markets and to prevent economic growth from stagnating because of a lack of credit;
 2. *Endorses* the action already taken by national governments, monetary authorities and regulatory bodies to restore public trust and to protect the interests of stakeholders;
 3. *Calls on* national parliaments to provide a more efficient proactive regulatory framework for national regulatory bodies, with a view to preventing future instability in major financial markets;
 4. *Calls* for greater international cooperation between regulatory bodies and monetary authorities and for greater harmonization and coordination in the regulations and interventions required by the globalization of the economy and of financial markets in particular;
 5. *Calls* for international legislative measures to improve consumer protection and information in the bank and credit sector;
 6. *Calls on* national and international political authorities and institutions to ensure that the impact of the financial crisis does not have an excessive spillover effect on the least developed countries, which are the most vulnerable;
 7. *Calls on* the IPU to organize a hearing at its 120th Assembly or a specialized conference on the financial crisis, with a panel of international experts.