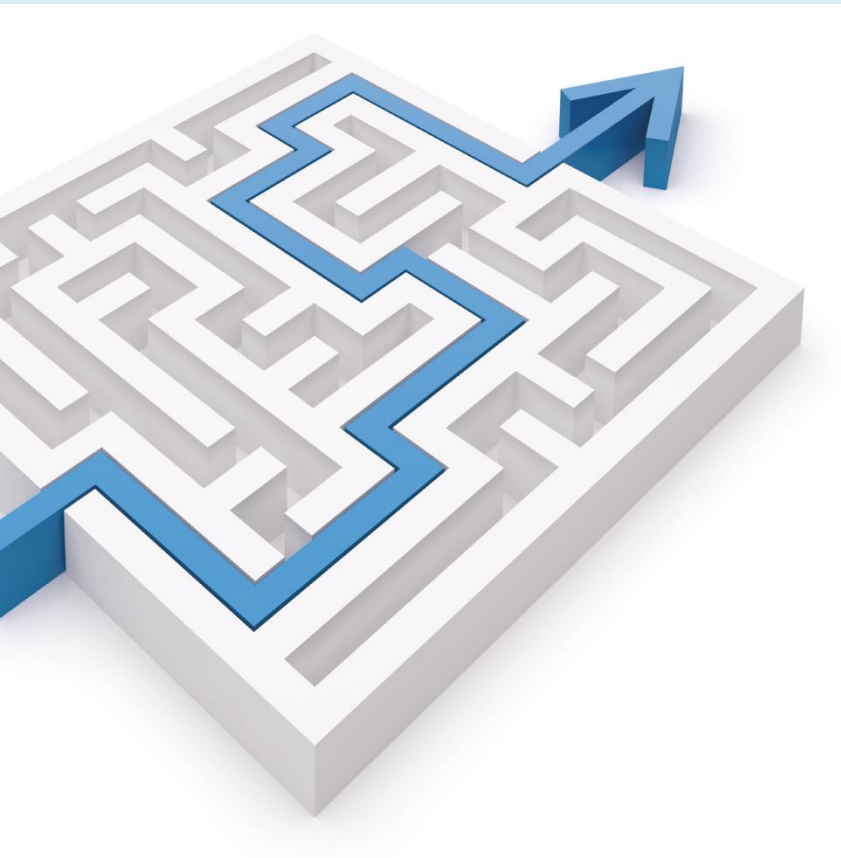


Paths through the crisis: Can enhanced financial integration provide the way forward for Asia and Europe



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Asia Europe Foundation
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European Policy Centre



The Europe-Asia Policy Forum

- Partnership of 4 institutes;

1. Asia-Europe Foundation (ASEF),



2. European Policy Centre (EPC),



3. International Institute of Asian Studies (IIAS),

4. Singapore Institute of International Affairs (SIIA) -
Supported by the EU



- Aims to improve EU-Asian co-operation on **regional integration, sustainable development, governance** and other hot topics of relevance to Asia and Europe.

Asia-Europe Foundation

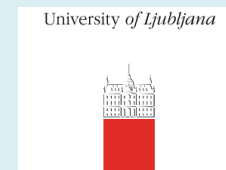


- Set up in 1997 as the only permanent institution of the Asia Europe Meeting (ASEM)
- To promote mutual understanding, deeper engagement and collaboration through intellectual, cultural and people to people exchanges between Asia and Europe
- So far – over 500 projects with over 15,000 direct participants
- 7 Thematic areas – Economy and Society

Workshop:

The Impact of the Crisis on Regional Economic and Financial Integration in Asia and Europe

- Partnership of 5 institutions
- Asia-Europe Foundation (ASEF), Asian Development Bank Institute (ADBI), Europe-Asia Policy Forum, Faculty of Social Sciences – University of Ljubljana, Prospex



- The workshop aimed to :
 - Identify the key dynamics shaping regional financial integration in Asia and Europe
 - Highlight the vulnerabilities and risks
 - Produce policy options for ASEM governments

Process

- The workshop followed a Foresight Strategy Methodology
- Participants outlined the key question –
- “How can global and regional financial integration contribute to resilient and stable economic and social development?”
- Using 2030 as a timeframe, the participants went through rigorous steps to identify, cluster and analyse these drivers

Driving Factors

<p>Eurozone crisis/resolution (resolution of sovereign debt crises, example of global and regional financial development/ Asian co-operation)</p>	<p>Rise of Asia (China, China's development, East Asia strategy in investing its foreign reserves)</p>
<p>Demographic Factors (pension funding, uneven demography, migration)</p>	<p>Sustainability (pension funding, uneven demography, migration)</p>
<p>Political Legitimacy (leadership, trust, political integration, rise of neo-nationalism, unemployment, competition for FDI, National Interests, regional security)</p>	<p>International Monetary System (enhanced fiscal and monetary policy coordination, develop global and regional capital markets, International Financial Institutions, Global Currencies, USA Factor)</p>
<p>Economic Paradigm and Regulatory Regime (privatization, tax cutting/small gov't objectives, deregulation, financial innovation, Establish stable & resilient domestic financial system)</p>	<p>Trade and Growth (increase in trade, real economic growth, economic integration, spatially expanding production networks, trade off – security & growth)</p>
<p>Monetary & Fiscal Policy</p>	

Scenarios

- **Harmonious Globalisation**

- Truly global circuit capital due to an intense global integration, managed by a reformed, robust and trusted global governance system. Effective global regulation of the finance sector has resulted in sustainable growth in the real economy and raised employment levels

- **Regional Isolation**

- Rise in intra-regional co-operation in the face of stagnant economic growth. Rise in regional level protectionism, leading to greater inter-regional competition and tension, which results in an ineffective global economic governance system

- **Global Meltdown**

- Breakdown of global and regional governance systems, the G20 disbands due to its ineffectiveness and lack of trust. Global depression and intense stability causing negative growth. Protectionist policies prevail.

Key Factors and Recommendations

- Solving the Eurozone Crisis
- Revitalising the Bretton Woods
- Providing an effective link: finance and the real economy
- Regulation
- Asian Co-operation
- Internationalisation of the RMB and Exchange Rate Cooperation

Thank You

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