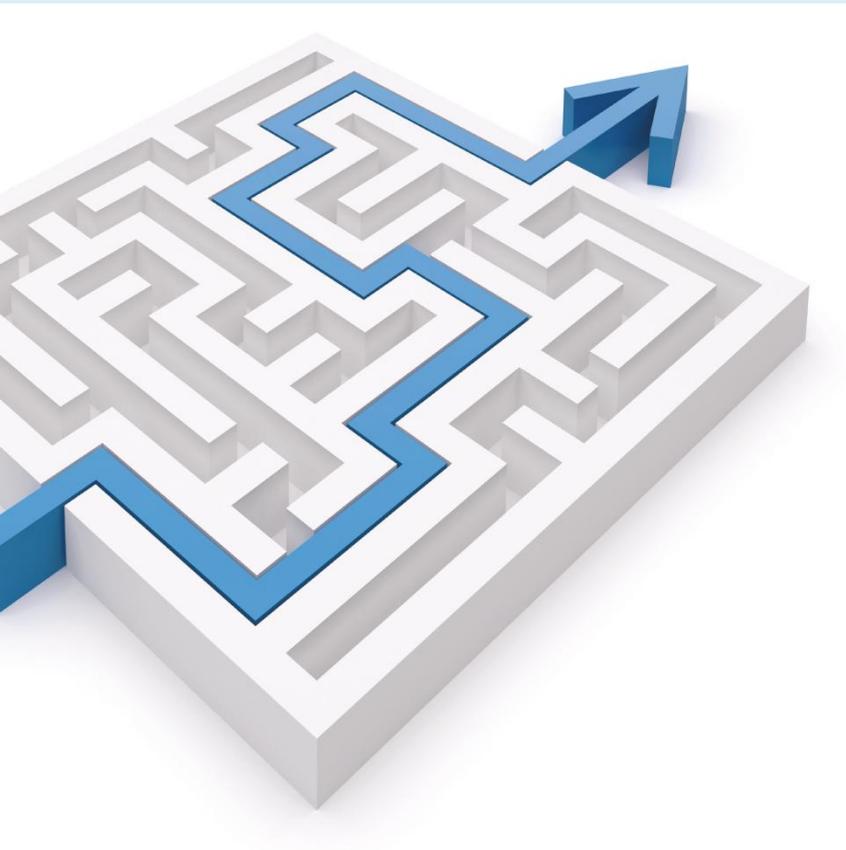


# Paths through the crisis: Can enhanced financial integration provide the way forward for Asia and Europe



Ronan Lenihan,  
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

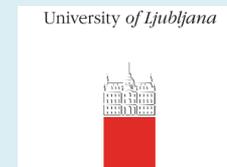


- Set up in 1997 as the only permanent institution of the Asia Europe Meeting (ASEM)
- To promote mutual understanding, deeper engagement and collaboration through intellectual, cultural and people to people exchanges between Asia and Europe
- So far – over 500 projects with over 15,000 direct participants
- 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><b>Eurozone crisis/resolution</b><br/>(resolution of sovereign debt crises, example of global and regional financial development/ Asian co-operation)</p>  | <p><b>Rise of Asia</b> (China, China's development, East Asia strategy in investing its foreign reserves)</p>  |
| <p><b>Demographic Factors</b> (pension funding, uneven demography, migration)</p>   | <p><b>Sustainability</b> (pension funding, uneven demography, migration)</p>   |
| <p><b>Political Legitimacy</b> (leadership, trust, political integration, rise of neo-nationalism, unemployment, competition for FDI, National Interests, regional security)</p>                          | <p><b>International Monetary System</b><br/>(enhanced fiscal and monetary policy coordination, develop global and regional capital markets, International Financial Institutions, Global Currencies, USA Factor)</p> |
| <p><b>Economic Paradigm and Regulatory Regime</b> (privatization, tax cutting/small gov't objectives, deregulation, financial innovation, Establish stable &amp; resilient domestic financial system)</p> | <p><b>Trade and Growth</b> (increase in trade, real economic growth, economic integration, spatially expanding production networks, trade off – security &amp; growth)</p>   |
| <p><b>Monetary &amp; Fiscal Policy</b></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

## Paths through the crisis:

Can enhanced financial integration provide the way forward for Asia and Europe

