

## The Concept Note

### 1. Theme of the Seminar: Achieving Sustainable and Balanced Growth in Asia

### 2. The Basic Structure of the Seminar

- Total number of sessions: 10
- The number of sessions per day: 2
- The Duration of each session: two and half hours per session, including a 15 minutes coffee break. Morning session: 9:30AM-12:00PM. Afternoon session: 13:30-16:00
- Each session will have a chairman, a speaker and a discussant. The chairman will introduce the speaker and discussant, join the discussion, and monitor the progress of the session; the speaker will give one hour presentation, lead the discussion and entertain questions from participants; the discussant will make 30 minutes comments on the presentation and lead the discussion whenever it is necessary.
- A lunch welcome reception on the first day of the seminar;
- A closing dinner reception and certificate giving ceremony;

### 3. Main Topics:

#### 1. The World Economic Outlook

This session will provide the updated information on trends and challenges of the global economy. The presentation will draw on the IMF flagship publications (including, but not only, the World Economic Outlook).

#### **Theme I: Managing Financial Stability and Capital Flows**

#### 2. Unconventional Monetary Policies: Scope and Future Prospects

The conventional model for implementing monetary policy was challenged during the 2008 financial crisis. Central banks in

advanced economies responded to this challenge by implementing unconventional monetary policies (UMP), such as lending to nonbank intermediaries or sovereigns, forward guidance and the purchase of private assets. While the Bank of Japan continues an accommodating monetary policy, and the European Central Bank has embarked on a new era of quantitative easing, the Federal Reserve is exiting UMP and lifting interest rates. This session will look into the challenges associated with lack of synchronicity of monetary policies and discuss the likely impacts of UMP, including the spillover effects to emerging countries, the precautions that need to be taken in the implementation of such policies and the scope for continuing to utilize them in the future.

3. *Exchange Rates and Emerging Asian Economies*

Exchange rate policies are an integral part of monetary policies. Many developing Asian economies peg their currencies to the dollar explicitly or implicitly. The rigid exchange regimes often become the source of economic instability and external imbalances. This session will review the theoretical relationship between exchange rate regimes and monetary policies, discuss necessary adjustments on exchange rate policies as economies grow, and the consequences of rigid exchange rate regimes.

**Theme II: Fiscal Management and Debt Sustainability**

4. *Aging of the Population and Social Policies in Japan and East Asia*

The rapid aging of the population is a common trend in East Asia. The speed of the aging process is particularly high in Japan and it puts a stronger pressure on the social security system, in particular on the public pension and health care systems. However, increasing tax and social security contributions would

have negative impacts on the economy. Increasing labor supply of the elderly and women as well as utilizing the private initiatives for providing health and nursing care services through the markets are key measures for reducing the fiscal burden and keeping the economy on a steady growth path.

5. *Policies for Managing and Preventing Sovereign Debt Crisis*

The session will discuss methods to monitor fiscal sustainability risks and the theory of debt sustainability. It will use the sovereign debt crisis in the Euro area and the mounting public debts of Japan as cases to analyze the process of debt accumulation, the consequences of fiscal crises and possible policy options for crisis prevention and management.

**Theme III. Structural Reforms and Growth Policies in Asia**

6. *Policies to Stimulate Growth in Asian Emerging Economies*

Some Asian countries, such as Singapore, Korea, Taiwan Province and Hong Kong SAR, succeeded in maintaining rapid income growth until they converged to the income levels of advanced economies. However, although Asia remains as one of the world's fastest growing regions, there are signs of a growth slowdown in several Asian middle income countries and concern that this might delay the convergence to high income levels. Many factors can play a role in the development process such as the quality of institutions, the legal framework, the human capital, the structure and intensity of international trade, infrastructure and demographic factors. This session will look into the causes of the recent slowdown in Asia and the structural challenges that must be addressed in order to achieve faster growth and reduce poverty.

7. *Asian Bond Market Development: Background and Progress*

The smaller size and development of financial markets in Asia is one of the reasons that the savings of emerging Asian economies constantly flow into the US, thus fueling global imbalances. Developing efficient financial markets in Asia is critical for emerging Asian economies to invest their savings in the region and benefit from the robust economic growth. The Asian bond market formed by ASEAN+3 is a significant initiative to develop a regional financial market and promote portfolio investments within the region. This session will review the current status of the Asian bond market and its future perspectives.

8. *Achieving Economic Growth and Debt Sustainability by Developing the Infrastructure & SME Finance and the Role of Long Term Institutional Investors*

This session will look into the conditions for sustainable growth and the causes of budget deficits.

Given the prominent role played by the SMEs in the Asian region and the necessity of infrastructure for sustainable development, it is crucial to attract long term institutional investors that enhance the infrastructure & SME finance. On the one hand much of Asian savings is not utilized in the region but instead invested in US/Europe government bonds. On the other, short term stock investment comes from Europe into the Asia/Pacific region. And so the question arises as to how to mobilize Asian savings into Asian investment and thereby achieve sustainable economic growth.

9. *How can Asia benefit from regional trade integration?*

Regionalism has maintained a strong momentum along with the progress of globalization. Bilateral and multilateral free trade agreements (FTA) and economic partnership agreements (EPA) have grown into a spaghetti bowl. A key issue is how Asian countries would be able to benefit from these institutional agreements. This session will review the current level of economic integration in Asia and discuss necessary policy measures for realizing the benefits of these FTA/EPA. This session will also pay attention to the Trans-Pacific Partnership (TPP) and its implications for Asia.

10. *Wrap Up Session: Macroeconomic Policies and Structural Changes-- Practices and Challenges in Developing Asian Countries*

*Chairman: Roberto Leon-Gonzalez, Professor of Economics, GRIPS*

This wrap-up session will provide a forum for all participants to share their experiences in policy making and relate them to the topics that were covered in previous sessions.