
IIMA International Financial Symposium

The Global Economy Approaching a Turning Point -challenges for developed countries and emerging countries-

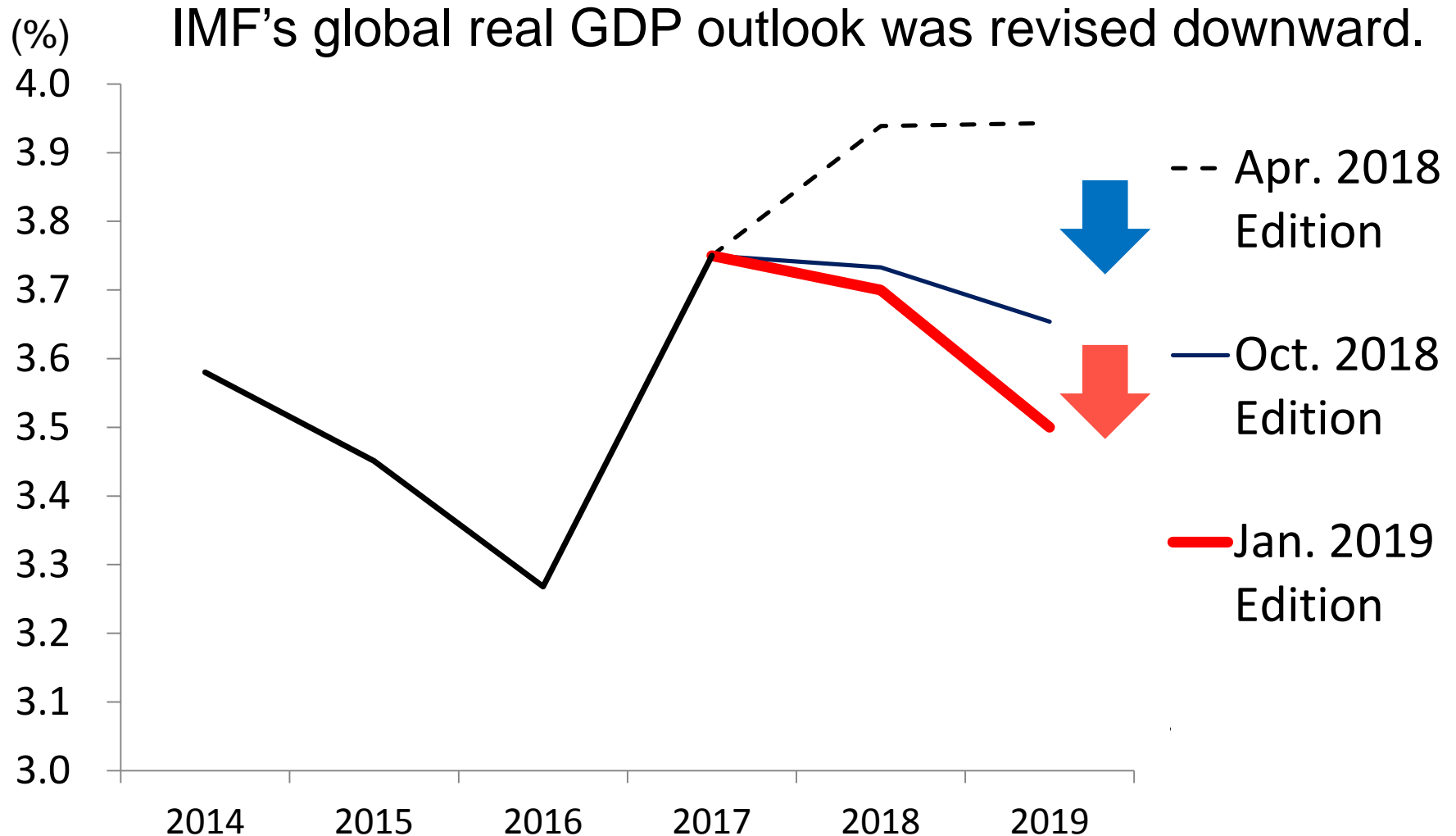
Opening Remarks

February 25th, 2019

Muneo Kurauchi
Managing Director

Institute for International Monetary Affairs

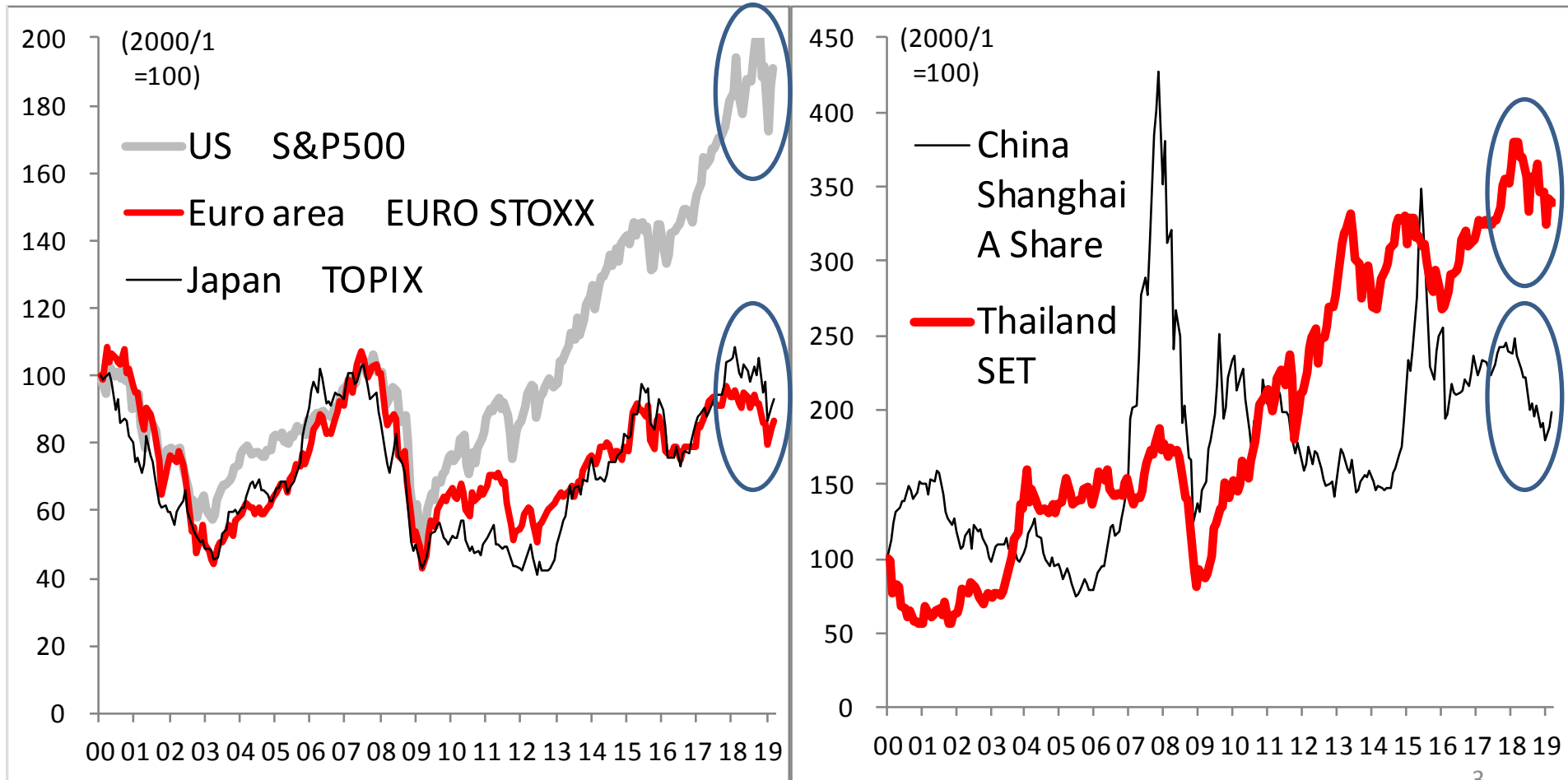
Global Growth Outlook



Stock Market Indices

(US, Euro area, Japan, China, Thailand)

Stock Market Indices



Three Channels for Negative Influence of US-China Trade Tensions on the Global Economy



1. Contraction of the US-China trade due to tariff increases
2. Contraction of trade between China and the third countries through Global Value Chains
3. Deterioration of corporate investment incentives and financial market sentiment, reflecting higher uncertainties about the future of the economy

Two Views on the Chinese Policy Responses

1. The policy responses (fiscal stimulus measures and accommodative monetary policy) may NOT be enough to underpin the Chinese economy.
2. The policy responses will be enough to underpin the economy, but may lead to a postponement of the necessary structural reforms.

Structural reforms:

- i. Deleveraging
- ii. Measures to address non-performing loans
- iii. Reforms of local governments and SOEs

Uncertainties in the UK, Germany, France and Italy

United Kingdom · · · BREXIT

Germany · · · Declining “unifying power” of Chancellor Merkel

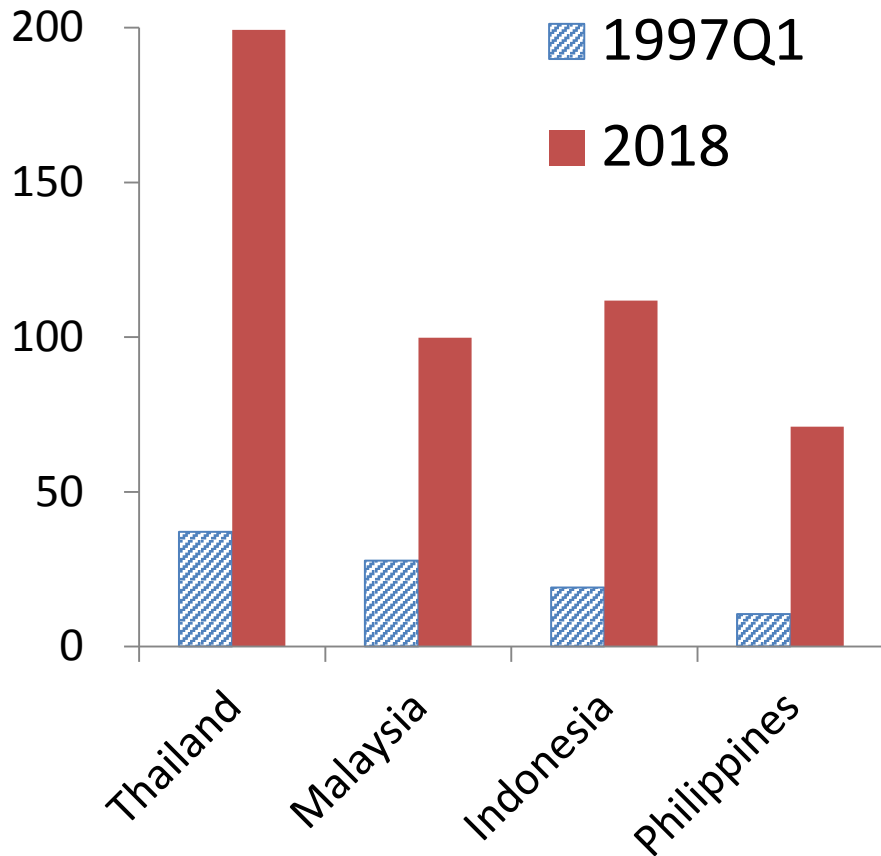
France · · · Withdrawal of reform agendas by President Macron

Italy · · · Problems of budget deficits and political turmoil

Policy Responses to the Risks in Emerging Markets

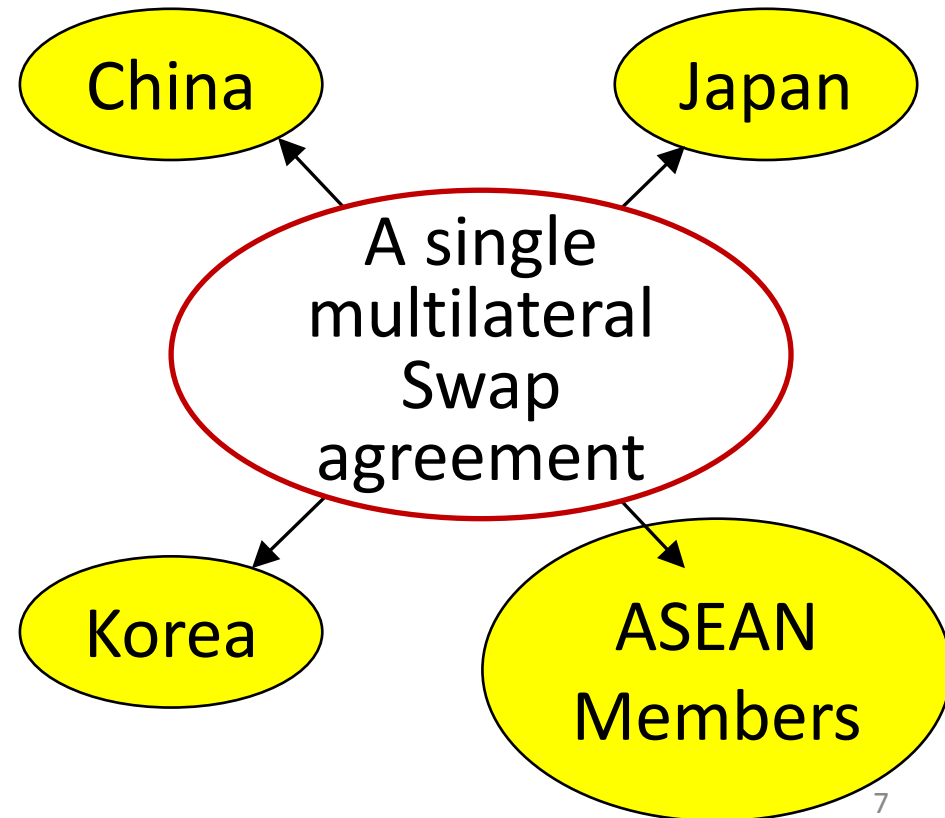
International Reserves

(billion USD)



CMIM

(Chiang Mai Initiative Multi.)



Issues of Crypto-Assets (Virtual Currencies)

1. Low liquidity & High volatility
2. Consumer and investor protection
3. Anti-money laundering
Combating the financing of terrorism
(AML / CFT)



Thank you