# パラダイムシフト

## コロナ後の世界経済が目指すべき姿を問う

# Paradigm Shift

**— Post-Covid-19 Global Economy and Challenges for Policy Response —**

Occasional Paper No.38

IIMA

Institute for International Monetary Affairs

公益財団法人 国際通貨研究所
Institute for International Monetary Affairs

## はじめに

コロナショック後の世界経済は、各国の危機対応策を背景に持ち直しつつあるものの、様々な構造変化が予想されるなかでの景気の回復力や、超低金利の常態化と公的債務膨張、格差拡大やグローバリゼーションの退潮など、先行き不透明感はかつてなく強い状況にあります。

こうしたなか、国際通貨研究所では 2021 年 3 月 3 日、「パラダイムシフト～コロナ後の世界経済が目指すべき姿を問う～」と題する第 29 回国際金融シンポジウムを開催、世界各国から著名な専門家をお招きし、世界経済の構造変化や政策面で求められる根本的な転換（パラダイムシフト）について議論しました。

今回のシンポジウムは、新型コロナウイルスの感染拡大により、各パネリストがそれぞれの国からダイアル・インして参加する初めてのオンライン形式での開催となりました。

本稿は、同シンポジウムにおける各パネリストのプレゼンテーション及びディスカッションを取り纏めたもので、二部構成となっています。前半は当研究所で翻訳した日本語要旨、後半は英語での全文となっており、内容については英語版が日本語版に優先します。

パンデミック収束と景気回復に向けてグローバルな取り組みが続くなか、グローバル経済・金融の行方に関心をお持ちの方々の今後のご考察への一助になれば幸いです。

2021 年 10 月

公益財団法人　国際通貨研究所

## Preface

Although the global economy has been recovering gradually from the impact of Covid-19 pandemic due to the various crisis response measures, there still is a strong sense of uncertainty about the future with regard to the resilience of the economy in the face of various expected structural changes, the normalization of ultra-low interest rates, expansion of public debt, widening inequality and retreat from the globalization.

With these points in mind, on 3 March 2021 the Institute for International Monetary Affairs (IIMA) held a symposium titled “Paradigm Shift - Post-Covid-19 Global Economy and Challenges for Policy Response”. We invited distinguished experts from around the globe to discuss the structural changes in the global economy and the fundamental paradigm shift to be required from policy making point of view.

Due to the on-going Covid-19 pandemic, for the first time in its history we hosted this event on a remote basis by inviting the panelists to call in from respective home country.

This booklet is a record of the presentations and discussions by the panelists at the symposium which consists of two parts:- the summary in Japanese translated by IIMA and the full text in English. Regarding the content, the English full text takes precedence over the Japanese summary.

It would be our pleasure if this could be of some help for those who are interested in how the global economy and finance go, when the effort to contain the pandemic and promote economic recovery continue globally.

October 2021

Institute for International Monetary Affairs

## パネリストの略歴（2021 年 3 月時点）
## Profile of Panelist (as at March 2021)

**ティム・アダムズ**
国際金融協会（IIF）最高経営責任者

**Tim Adams**
President and Chief Executive Officer,
Institute of International Finance (IIF)

2013 年より国際金融協会（IIF）最高経営責任者。米国財務省の国際担当財務次官や、ワシントン DC を拠点とする経済アドバイザリーファーム、リンゼーグループのマネジングディレクターを歴任。1993 年に G-7 Group を共同設立し、その後マネジングディレクターに就任。ケンタッキー州立大学にて金融学学士、行政学と国際関係学の修士号を取得。

**Mr. Adams** currently serves as President and CEO of the IIF since January 2013. Prior to joining the IIF, Mr. Adams was Managing Director of The Lindsey Group, an economic advisory firm based in Washington, DC. Previously, he served as Under Secretary for International Affairs at the U.S. Department of Treasury. In 1993, Mr. Adams co-founded the G-7 Group, a Washington-based advisory firm, and later headed their Washington operation as Managing Director. Mr. Adams holds a B.S. in Finance, a Master in Public Administration, and an M.A. in International Relations from the University of Kentucky.

**アンドリュー・フォン**
香港理工大学 会計・金融学部教授
元ハンセン銀行 グローバルバンキング・資本市場部門長

**Andrew Fung BBS, JPI**
Professor of Practice (Finance), School of Accounting and Finance,
The Hong Kong Polytechnic University
Former Executive Director and Head of Global Banking and Markets,
Hang Seng Bank Ltd.

香港理工大学 会計・金融学部教授。元ハンセン銀行 グローバルバンキング・資本市場部門長。銀行業界で 30 年以上の経歴を有し、ハンセン銀行には 2006 年に入行。同行の証券、アセットマネジメント、保険等の各子会社を統括。2017 年より Henderson Land Development 最高財務責任者（現職）。香港大学にて文学士取得（1981 年）、嶺南大学名誉フェロー。

**Mr. Fung** has over 30 years banking experience. He joined Hang Seng Bank in 2006, where he was appointed Executive Director in charge of Global Banking & Markets, and subsidiaries including Hang Seng Securities, Hang Seng Investment Management and Hang Seng Index Services, as well as the director of Hang Seng Insurance and non-executive director of China Industrial Bank. Currently he is also Chief Financial Officer, Henderson Land Development since August 2017. He attained his B.A. degree at the University of Hong Kong in 1981 and is an Honorary Fellow of the Lingnan University.

**フィリップ・ヒルデブランド**
**ブラックロック副会長、元スイス国立銀行（中央銀行）総裁**

**Philipp Hildebrand**
Vice Chairman, BlackRock
Former Chairman of the Governing Board, Swiss National Bank

ブラックロック副会長及びグローバル経営会議メンバー。元スイス国立銀行（中央銀行）総裁。BlackRock Investment Institute（BII）及びサステイナブル投資チーム BlackRock Sustainable Institute（BSI）を統括。スイス中銀総裁在任中は、国際決済銀行（BIS）理事、国際通貨基金（IMF）総務会メンバー、金融安定理事会（FSB）メンバーにも就任。

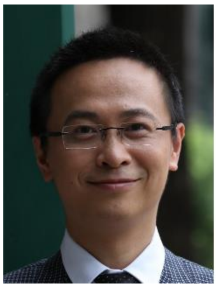
**Mr. Hildebrand** is Vice Chairman of BlackRock and a member of the firm's Global Executive Committee. He also oversees the BlackRock Investment Institute (BII) and BlackRock Sustainable Investing (BSI). Prior to joining BlackRock in 2012, he served as Chairman of the Governing Board of the Swiss National Bank. In that capacity, he was also a Director of the Bank for International Settlements, Swiss Governor of the IMF and a member of the Financial Stability Board.

**岡村 健司**
**財務省 財務官**

**Kenji Okamura**
Vice Minister of Finance for International Affairs,
Ministry of Finance, Japan

1985 年大蔵省（現財務省）入省。財務大臣秘書官、東京国税局査察部長、金融庁国際担当参事官などを経て、財務省国際局で審議官・次長・局長を歴任。2020 年
7 月より財務官。IMF アジア局や山形県へ出向経験あり。東京大学法学部卒、ハーバード大学ジョン・F・ケネディ・スクールにて公共政策学修士号取得。

**Mr. Okamura** is the Vice Minister of Finance for International Affairs, Japan's highest civil servant in the international finance field. He joined the Ministry of Finance in 1985. In recent years, he held many senior positions in the International Bureau of the Ministry of Finance as well as in the Financial Services Agency. He also has experiences of external assignment, including in the IMF and a local government. He obtained a Bachelor of Law from the University of Tokyo and a Master of Public Policy from the John F. Kennedy School of Government at Harvard University.



**徐 奇淵**
**中国社会科学院 世界経済・政治研究所 経済発展研究室ヘッド**

**Xu Qiyuan**
Head of Economic Development Division, Institute of World Economics and Politics,
Chinese Academy of Social Sciences

中国社会科学院（CASS）、世界経済・政治研究所（IWEP）のシニア・フェロー。2014 年より IWEP の経済発展研究室ヘッド。中国財政部国際財金合作司アドバイザー。中国のマクロ経済・政策、人民元国際化、米中貿易摩擦とサプライチェーンへの影響を研究。2019 年に中国金融四十人論壇に参加、調査部門のディレクターに就任。

**Dr. Xu** is a senior fellow of IWEP (Institute of World Economics and Politics), CASS (Chinese Academy of Social Sciences). He has been the head of economic development division in IWEP since 2014. He is an advisor to the international collaboration department in Ministry of Finance of PRC. His interests focus on China's macro-economy and policies, RMB internationalization, China and US trade tension and its impact on supply chains. In 2019, he joined CF40 (China Finance 40 Forum) and took the position as the director of research department.

**ゼティ・アジズ**
**ペルモダラン・ナショナル（PNB）グループ会長**
**元マレーシア中央銀行総裁**

**Zeti Aziz**
Group Chairman, Permodalan Nasional Berhad (PNB)
Former Governor, Bank Negara Malaysia

2000 年から 16 年までマレーシア中央銀行総裁。1997－98 年のアジア通貨危機への適切な対応とその後のマレーシア経済回復に貢献。地域間協力の強化やアセアンと東アジア地域での金融統合にも尽力。ペンシルベニア大学より経済博士号を取得。現在、MIT スローン経営大学院とマレーシア中央銀行で共同設立したアジア・スクール・オブ・ビジネスの共同校長、PNB のグループ会長を務めている。

**Dr. Zeti** served as the Governor of Bank Negara Malaysia from 2000 to 2016. Known for her role in successfully managing the 1997-1998 Asian Financial Crisis and its strong economic recovery in Malaysia, she was also active in strengthening regional cooperation. She was also unrelenting in working for ASEAN and East Asian regional financial integration. Dr. Zeti holds a doctorate in economics from University of Pennsylvania, and is currently the Co-Chair of the Asia School of Business in collaboration with MIT Sloan and is the Group Chairman of PNB.

(アルファベット順／In alphabetical order)

## モデレーター略歴
## Profile of Moderator

**渡辺　博史**
国際通貨研究所　理事長

**Hiroshi Watanabe**
President, Institute for International Monetary Affairs

1972 年東京大学法学部卒業、同年大蔵省（現財務省）に入省。主税局税制第三課長、同第二課長、大臣官房秘書課長、大蔵大臣秘書官などを経て、国際局長、財務官などを歴任。2007 年退官後、一橋大学大学院教授、日本政策金融公庫代表取締役副総裁、2013- 2016 年国際協力銀行総裁。2016 年 10 月より現職。

**Mr. Watanabe** after graduating from the University of Tokyo joined the Ministry of Finance (MOF) in 1972. Before retiring as Vice Minister of Finance for International Affairs in 2007, he occupied various senior positions in the Taxation Bureau and others at the MOF. He later took high positions in the Japan Policy Bank and the Japan Bank for International Cooperation (JBIC) before his appointment as the President of JBIC in 2013. Since October 2016 he has been the President of the IIMA.

Occasional Paper No.38

The 29th International Financial Symposium

# Paradigm Shift

## — Post-Covid-19 Global Economy and Challenges for Policy Response —

Full Text in English

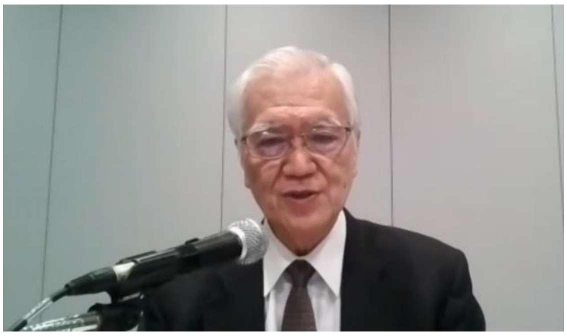
March 3, 2021

Institute for International Monetary Affairs

Contents

## 1. Opening of Symposium

## Hiroshi Watanabe, President, IIMA



Good evening, good afternoon, and good morning, everyone, and welcome to the 29th International Financial symposium hosted by the Institute for International Monetary Affairs (IIMA). I am Hiroshi Watanabe, president of the IIMA and today's host of this event.

Today's symposium's title is "Paradigm Shift-- Post Covid-19 Global Economy and Challenges for Policy Response". Since the global financial crisis (GFC) about 12 years ago, we have been fighting against many troubles but still we have some kind of aftermath of the GFC. In addition, in the year 2020, we had some political changes in some countries. In the United States, we had the presidential election, in Europe the Brexit was realized, and even in Japan, we had the new prime minister. In order to overcome the aftermath of the GFC many central banks have provided affluent liquidity to the market.

The COVID-19 or novel coronavirus brought us further burdens and in order to respond to such kind of situation, each government has increased its fiscal expenses, leading to another deepening of debt on the burden of the government fiscal position. 12 years after the GFC, we now face very difficult situations. The digital transformation brings us some big challenges, especially for the banking sector. And the environmental consideration demands us much keen sense on its impact on the financial operation.

To discuss these issues today, we have very excellent panelists from all corners of the world. Very luckily, they all are my good old friends, and also friends of my Institute, IIMA.

Today's symposium consists of two parts. The first part will be speeches from each panelist. It will take about an hour and it will be followed by the second part, the panel discussion among the panelists. We will try to include questions from the audience during the panel discussion.

Now let me introduce our distinguished panelists from around the globe. The first, Mr. Tim Adams, President and CEO of the IIF. Prior to joining the IIF in 2013, Mr. Adams was Managing Director of the Lindsey Group, an economic advisory firm based in Washington DC. Previously, he also served as Under Secretary for International Affairs at the US Department of the Treasury.

Next, Mr. Andrew Fung, Professor of Practice at the School of Accounting and Finance in Hong Kong Polytechnic University. Mr. Fung joined the Hang Seng Bank in 2006, where he was appointed Executive Director in charge of Global Banking & Markets, and its subsidiaries, including Hang Seng Securities. Currently, he is CFO of Henderson Land Development, and he is also an Honorary Fellow of the Lingnan University.

Next, Mr. Philipp Hildebrand, Vice Chairman of BlackRock. He also oversees the BlackRock Investment Institute and the BlackRock Sustainable Investing. Prior to joining BlackRock in 2012, he served as Chairman of the Governing Board of the Swiss National Bank and in that capacity, he was also a Director of the BIS, Swiss governor of the IMF, and a member of the Financial Stability Board.

Next, Mr. Kenji Okamura, Vice Minister of Finance for International Affairs at the Ministry of Finance, Japan. Mr. Okamura joined the Ministry of Finance in 1985. In recent years, he held many senior positions in the International Bureau of the Ministry of Finance, as well as in the Financial Services Agency. He also has experiences of external assignment, including the IMF and the Japanese local government.

Next is Dr. Xu Qiyuan, Head of Economic Development Division, Institute of World Economics and Politics (IWEP) at the Chinese Academy of Social Science. He has been the head of Economic Development Division in IWEP since 2014. He is also an advisor to the international collaboration department in the Ministry of Finance of People's Republic of China. In 2019, he joined CF40 (China Finance 40 Forum) and took the position as the director of research department.

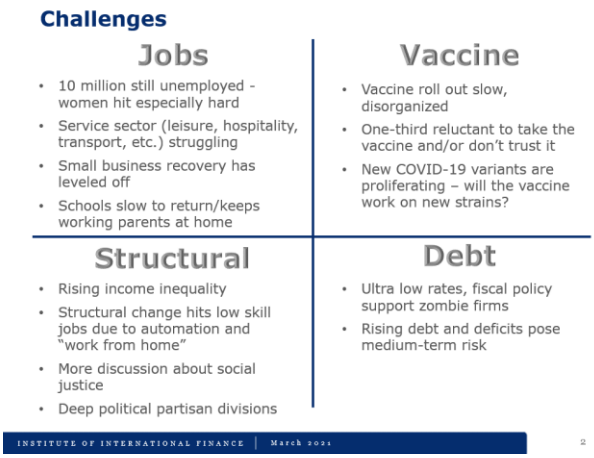
And last but not least, Dr. Zeti Aziz, Group Chairman of PNB and the former Governor of Bank Negara Malaysia. Dr. Zeti served as Governor of the Malaysian central bank from 2000 to 2016, known for her role in successfully managing the Asian financial crisis and its strong economic recovery in Malaysia. She is currently the Co-chair of the Asian School of Business and the Group Chairman of PNB.

Now we would like to invite each panelist to have a speech. The first is Mr. Tim Adams, President and CEO of the IIF, and he is my teammate of the G7 Deputies when I was in the Ministry of Finance. I'm very much looking forward to listening to what Mr. Adams is going to say. So, Tim, please.

## 2. Paradigm shift:
## U.S. perspective on post-COVID-19 challenges and policy responses
## Tim Adams, President and CEO, IIF


Thank you, Watanabe-san. It's such a pleasure to be here today with you and the IIMA and see so many old friends whom I have not seen in person for a long time and I look forward to actually doing this in person again, and I'd like to be in Tokyo. It's very early morning here in Washington but it's a pleasure being here with you today.

Let's start with the challenges. The challenges are numerous but I'm going to accentuate positive ones in my short presentation. Let's just review real challenges the economy faces. Still 10 million people are unemployed from the crisis. Key sectors such as the service sector, leisure, hospitality, retail trade, medical, educational services have deep scaring which will probably exist for many years to come.



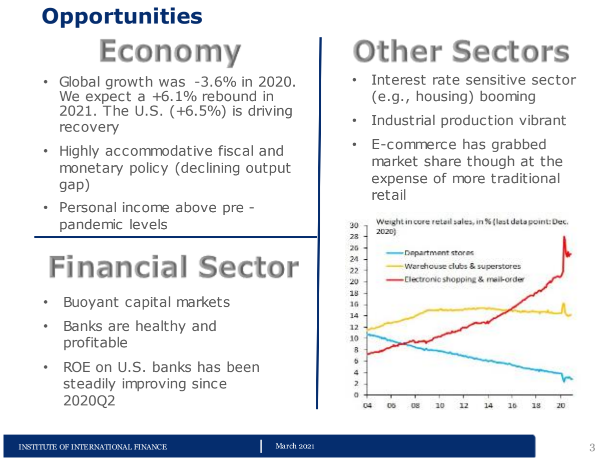

Small businesses have done well but leveled off. The schools in the Washington DC area just started opening this week after a year of closure, so it was a huge challenge for the parents who had to stay and can't go to work because their children were out of school. Structural issues that existed in pre-pandemic are still there; rising income inequalities, social disruptions. You've seen the event here in Washington on January 6th, a culmination of the last several years of social division. And there are deep political partisan divisions in this country. I've been in Washington for 35 years, and I've never seen anything quite like it.

The passage of much to be done is really hampered by the lack of political comity and cooperation. There is a good news about the vaccine obviously with Johnson & Johnson (J&J)'s announcement this week marking that they'll open production facilities, all working 24 hours today. The President yesterday expected every adult to have access to vaccine by the end of May, but there is a challenge that a third of the population said they won't get one because they're distrustful of the vaccine. There are mutations of the virus which we have to ensure that the vaccines cover.

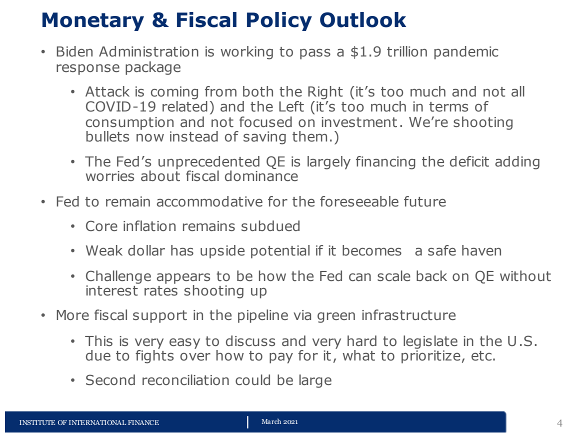
And there is a rush to get masks off. Texas yesterday reduced their mask mandates. So people are ambitious, and they're ready to get back to normal life and that could see a resurgence of the virus after all the numbers have actually been quite positive in the past month or so.

Regarding the debt, the US fiscal position is pretty horrible. US government's debt to GDP is at the highest standing since the World War II. We added $7 trillion to our debt over the past four years, and debt levels continue to increase at a very rapid clip. Now, the central bank has been an important buyer of debt and four big central banks globally had balance sheets in excess of $20 trillion, and still a huge debt load will eventually have to be paid off.

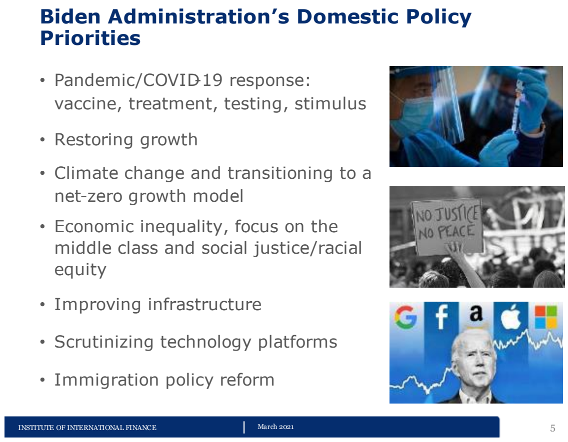
I am very optimistic this morning since the economy is recovering at a very rapid clip. We'll see really extraordinary numbers in the first quarter and the second quarter. We think the US GDP will increase 6.5 percent, maybe 7% this year, the highest that we've seen since the mid-1980s. We will end the year with the economy of a 5% higher than pre pandemic levels, and we see pretty strong numbers across the board, retail sales, industrial production, construction spending, manufacturing, anything in the interest-sensitive sectors, housing and autos. These have been really robust, and anyone who's tried to order an appliance or if you want to do any kind of remodeling in addition to home, you're having to wait for months to get access to them, because the demand for durable goods is incredibly high. We have strong income, but high savings and a mountain of cash are ready to be deployed. The Bloomberg reported today that globally there's almost $3 trillion in cash that could be put to work very quickly.




Monetary and fiscal policies have been well coordinated especially with Janet Yellen as Treasury Secretary and Jerome Powell at the Federal Reserve. I will continue to see supportive policy. At the Federal Reserve Jerome Powell has been pretty forward leaning and saying that what you see is what you get and you will get the same thing for the foreseeable future. So we expect accommodative policy for the rest of the year. I don't think we're going to see an increase in interest rates for several years to come. I don't think we're going to see any kind of tapering in 2022 at the earliest. Core inflation remains subdued, there's a huge debate and I know we'll talk about this in the Q and A section on the outlook for inflation. I'm skeptical on the short term, but we'll see what it looks like in the medium term. Fiscal support continues to come to surpass 1.9 trillion package, sometime in the next three weeks and I'll quickly follow up, with much more focus on infrastructure and climate related package, and in the mid-year that could top one trillion. So additional fiscal stimulus is supposed to be $3 trillion this year alone.



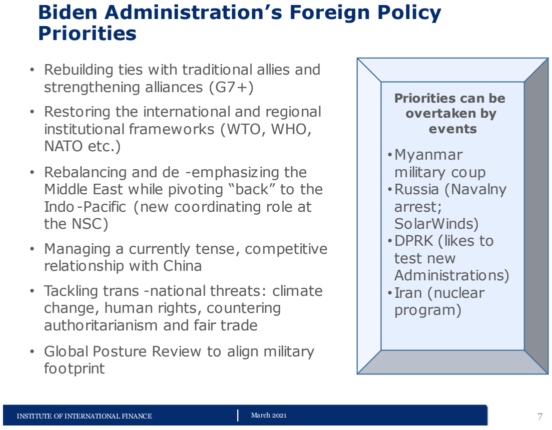
Key priorities for this administration are about the pandemic and economic recovery, and I think we are on the right transit turning quickly. Climate change is the number one domestic priority for the President beyond the pandemic and economic recovery. It permeates every part of the US government. This town Washington is well behind European in terms of understanding, appreciating, embracing climate change, but that is changing rapidly here in Washington just in the last 90 days.




Economic inequality and social justice are important part of this administration, important part of their political narrative in terms of the election. Infrastructure; anyone driving or taking trains or flying to Washington knows that US infrastructure desperately needs an upgrade. I think we will see the beginning of that with this fiscal package this year. Technology is now the villain of Washington. So, Facebook, Google, and others will come under enormous scrutiny for antitrust purposes and tax reasons. While technology companies and technology platforms were the focus in the darlings of Washington for many years, they now have become the focus of attention and great ire. And immigration policy continues to divide the country, especially for those on a pathway to citizenship. The most important thing is to make sure we've got good qualified workers, and H-1B visas for high tech workers will go up after being constrained under the previous administration.

Climate change is quickly permeating in Washington. The President has made a whole government approaches and climate experts in every department, the White House is chockfull of climate. Maybe the biggest problem they'll have is coordinating the various responsibilities under John Kerry who will focus on the international ones and there's a whole host of domestic climate related issues. As far as our industry is concerned, I think it will be under pressure in terms of the way that we restore balance sheets, the way that we measure, identify monetary risks. Disclosure will be a huge issue with the new head of the Securities Exchange Commission. So this is really beginning to start, but it will be really the most important domestic issue and the banking industry and the financial services industry will be part of that. And in the investment community, BlackRock is obviously one of the most important players in Washington in terms of determining the pace of the financial services role in fighting climate.

The foreign policy priorities include an approach to multilateralism which we really haven't seen in many years. Less emphasis on the Middle East, and emphasis will shift back to the Indo Pacific region, really embracing the Pacific Rim. The shift will be slow as the President will mostly focus on domestic policy, but I think this is a reversion to more traditional US approach to foreign policy.




And the last slide is on the U.S.-China relations. Probably we will see more continuity with the previous administration than many want to believe. There're so many plays for the foreseeable future. There will be an effort to engage China on really important issues, mostly on climate change since we can't solve climate politically in Washington without China being a partner. There will be an endeavor to have conversation. And I think that will dominate the U.S.-China relations, as well as just traditional issues of technology transfer, support for State-owned enterprises (SOEs) and others. So, more of the same, but what's new is really a focus on climate. And with that I conclude.


**Mr. Watanabe:** Tim, thank you very much. Now we have some good sense of the US that has started the new, very brave recovery, novel economy. So, the next speaker would be Mr. Philipp Hildebrand, Vice Chairman of BlackRock Group. He's also my teammate of the G10 Deputies. We had a very good experience of deepening discussions. Now the floor is yours, Philipp.

## 3. Developments in Europe after the COVID-19 and Implications for European Integration

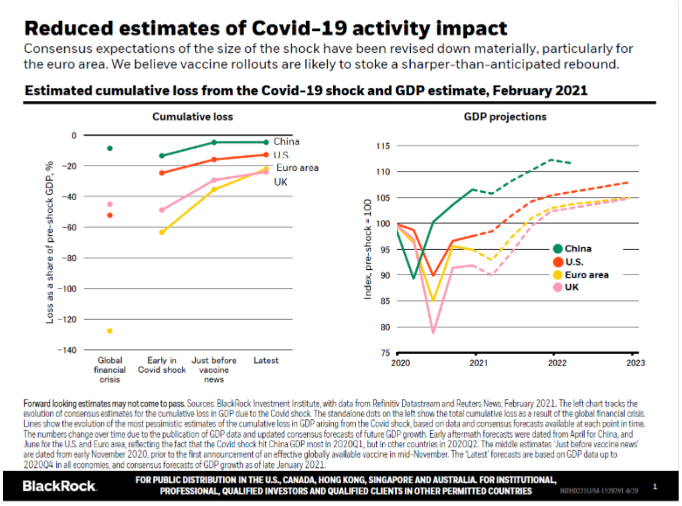
### Philipp Hildebrand, Vice Chairman, BlackRock and Former Chairman of the Governing Board of Swiss National Bank

In my comments today, I will focus on the developments we have seen here in Europe over the last 12 months as the Covid-19 pandemic unravelled and what this means for the European integration effort. All this, of course, comes on top of the effects of Brexit, which will force further long-term structural changes. As you know, the narrow goods trade agreement that came into force at the beginning of the year does not cover financial services. At this stage, it is unlikely that either party will put forward concrete proposals in the forthcoming Memorandum of Understanding which means the lack of clarity around UK financial services access to EU markets is set to continue.

Covid-19 has been at the center of our considerations for over a year now with significant upheaval both in our economies as well as in our personal lives. Let me just say at the beginning that despite the recent developments around new variants of the virus, we believe this is unlikely to challenge the 2021 economic restart, for two reasons.

First, it would seem that the vaccines are relatively effective, especially in easing up the capacity pressure points on hospitals and the health services more broadly. This, of course, is key to countries opening up again and therefore key to the economic restart.

Second, any near-term disruptions will be followed by a faster activity restart later, keeping the cumulative shortfall in economic activity to just a fraction of that seen after the GFC as you can see in the chart on the left, where especially the Euro area suffered a much more dramatic economic shortfall than what we can expect this time around. Across geographies the outlook has further improved on the back of increasingly positive vaccination news, so much so that we now expect both the US as well as European economies to return to pre-Covid GDP levels by the end of this year.




As everywhere else, the Covid-19 pandemic has reshaped the economic outlook across countries in Europe. But it has also shown the importance of continuing to deepen European cohesion. Restarting the economy will only work if countries work together and align on policies. The European Union's €750 billion investment plan to help recover from the pandemic will go some way towards supporting these efforts. At the same time, it will also have 25% of that funding set aside for climate action which makes me hopeful that this may also signal a paradigm shift in how sustainability considerations and goals are included in economic policies.

But a recovery fund alone does not provide cohesion. The pandemic has also shown the importance of continuing to deepen European capital markets integration. Building deeper, better-connected capital markets in Europe is an important objective to promote stronger and more inclusive growth in the EU and to increase the resilience of the euro area against potential adverse shocks as deeper and more integrated financial markets would increase Europe's ability to absorb and diversify risk.

Although the ECB successfully stepped in and provided the necessary liquidity, it is paramount that we keep working towards the goal of a true Single Market for capital in Europe. Compared to the US, Europe still has underdeveloped capital markets. As a result, an excessive focus on cash, saving accounts and bonds are exacerbating the problems posed by the decline in the equilibrium interest rate level. The difficulty of savers to access the capital market in an efficient way results in insufficient long-term returns on investment and prevents the broader public from participating in the economic upside of the European Union.

There is an urgent need to create a more investor-friendly capital markets architecture that allows European investors (i.e. asset owners and asset managers that act as their fiduciary) to benefit from the full scale of European and global capital markets. More importantly, however, we need better capital-raising options across Europe, so that companies have access to funding especially at an early stage for their life cycle. Completing the Capital Markets Union would not only provide a growing supply of capital for European companies but also further strengthen the EU's pathway to achieving its sustainability goals.

Achieving the transition to a net-zero world by 2050 – a world in which we succeed in capping global temperature rise to below 2 degrees by 2100 – will require large sums of capital. Although significant public spending commitments have been made in the last 12 months, there is no way public funding will be sufficient to fund the transition to a net-zero world in 2050.

In order to deliver on this, we will need to mobilize huge quantities of private capital, estimates range from $3.5 to $6.9 trillion annually. However, compared to the US, risk diversification is still limited in Europe with the lack of meaningful cross-border investments significantly reducing the degree of private sector risk sharing between countries which results in reduced investor appetite.

Deepening capital markets in Europe is important in order to provide a more fertile ground for investing in a post-Covid environment to boost the economic restart. But deepening capital markets in Europe is vital to provide the capital needed to finance sustainable innovation. Achieving a net-zero world by 2050 requires major investments that help to transition European corporates towards a carbon neutral economic structure. Here, creating deep pools of stable private capital to support long-term investments is key to financing the transition to a low carbon economy. In view of the European Union's sustainability goals, this re-orientation of capital raising is urgently needed.

**Mr. Watanabe:** Thank you, Philipp. In Europe I think the signs of integration and disintegration are mixed but I think the current position is rather getting better. And I fully agree the mobilization of the private capital is quite important in coping with COVID 19 and also the environmental issues.

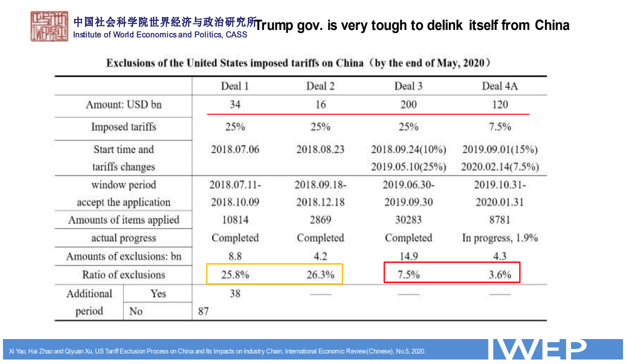
So the next speaker is Mr. Xu Qiyuan, Head of Economic Development Division of the Institute of World Economics and Politics at the Chinese Academy of Social Sciences. He once stayed with the IIMA in the old days and we have kept a very good relation with him. Now, the floor is yours.

## 4. Paradigm Shift of China’s Economy: amidst the China-US Tension and Pandemic Shock

### Xu Qiyuan, Head of Economic Development Division, IWEP, CASS


Thank you for having me here. And my topic is about the paradigm shift of China's economy, especially against the background of the China-US tension and pandemic shock. Before I elaborate on the next page, I would like to say China's economic growth rate recorded a positive growth last year for 2020, with the background of many other major economies recording negative growth. But I think for this year for 2021, maybe there's a kind of paradigm shift for China's growth rates. For the first half of this year China's economy will certainly be continuously quite strong, but for the second half of this year, there will be some uncertainty. The uncertainty comes actually from overseas. That is the certainty from the US and Europe, and Japan, because the vaccine exactly will cover all the people by the end of the first half of this year. And I expect that since the second half of this year, the certainty and uncertainty situations will be reversed. That means, in the second half of this year China's economy will be weaker than the first one, but for the US, Europe and Japan, the second half will be much stronger, not only in terms of a year-on-year but also in terms of month-to-month basis. So, with such kind of background, it is meaningful for the cross-border capital flow, also meaningful for exchange rates and asset price, not only for China but also for other countries. This is the first point.

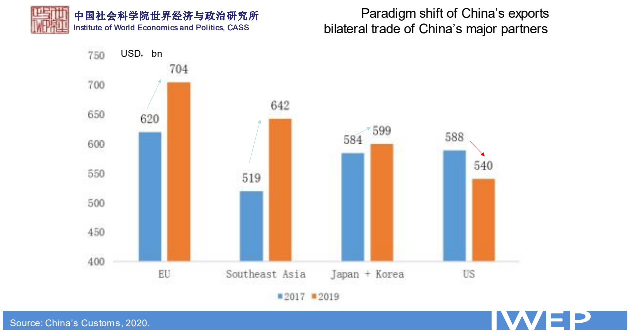
And secondly, I was given the topic of “evaluation of effects of trade friction and changes in global value chain” by the guideline for the panelists, and I will try to get them answered.



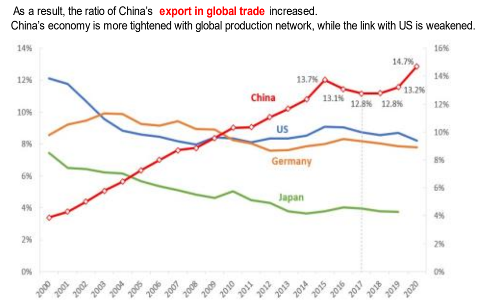

| | | Deal 1 | Deal 2 | Deal 3 | Deal 4A |
|---|---|---|---|---|---|
| Amount: USD bn | | 34 | 16 | 200 | 120 |
| Imposed tariffs | | 25% | 25% | 25% | 7.5% |
| Start time and tariffs changes | | 2018.07.06 | 2018.08.23 | 2018.09.24(10%) 2019.05.10(25%) | 2019.09.01(15%) 2020.02.14(7.5%) |
| window period accept the application | | 2018.07.11-2018.10.09 | 2018.09.18-2018.12.18 | 2019.06.30-2019.09.30 | 2019.10.31-2020.01.31 |
| Amounts of items applied | | 10814 | 2869 | 30283 | 8781 |
| actual progress | | Completed | Completed | Completed | In progress, 1.9% |
| Amounts of exclusions: bn | | 8.8 | 4.2 | 14.9 | 4.3 |
| Ratio of exclusions | | 25.8% | 26.3% | 7.5% | 3.6% |
| Additional period | Yes | 38 | —— | —— | —— |
| | No | 87 | | | |

The Trump government was very tough to delink itself from China. We can find the four deals to impose tariffs on China. And since the beginning of 2018, my colleagues and I worked out a team to make some estimation of the exclusion ratio, which is shown at the bottom of the figure. The ratio of exclusions was more than one quarter for the first two deals. So at that time we were quite optimistic because it's quite remarkable if you consider the total US-China trade of more than $500 billion, China exports to US. So the exclusion amount would be more than $100 billion. So it's quite large.

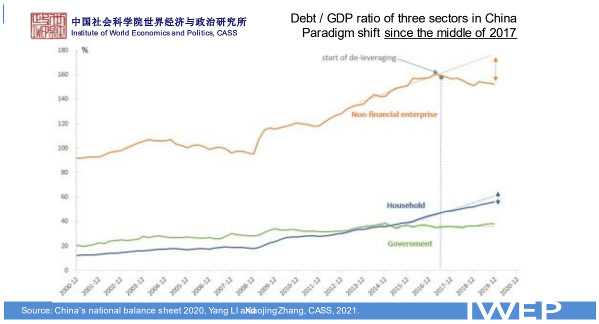
But our friends from the US side told us “Don’t be so optimistic because the officials from the United States Trade Representative (USTR) are lawyers, not economists”. But we were quite astonished that for the 3rd deal and for the 4th deal, you can find the ratio of exclusion declined substantially to only 7.5% and less than 4% for the last deal. So you can find that the stance of the Trump government was quite tough, but let's find the data in terms of objectivity. You can find the paradigm shift of China's exports in terms of the bilateral trade with China's major partners. Comparing with 2017 and 2019, only the bilateral trade with the US declined to some extent. At the same time, China's bilateral trade with other major partners increased, especially for Southeast Asia increased significantly by more than $100 billion. And increase is also quite substantial for the EU, and a moderate growth for Japan and Korea. This means that on the one hand China delinks with the US in terms of trade to some extent or moderately and on the other hand China is more integrated with other major partners.



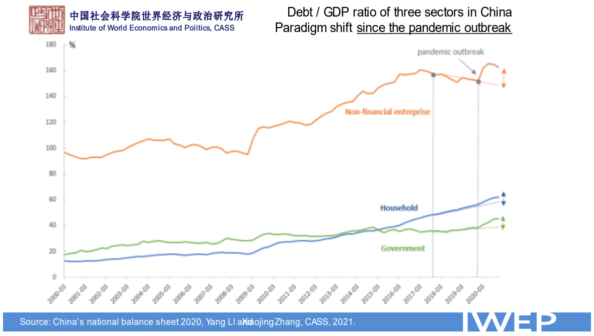

The chart shows the market share of exports in global trading. You can find that China's ratio of exports in global trade (red line) increased after the China-US trade war. I mean, after 2017, it stabilized, and it went up especially in the last year.




This is the last point, risks of the financial system associated with excessive debts. Let's look at the debt to GDP ratio of three sectors in China. Let's look at the first paradigm shift since the middle of 2017 to 2019 before the pandemic. Here you can find the orange line. That is the debt to GDP ratio of non-financial enterprises. You can find the major problem or major challenge for China's excessive debt lies in the non-financial enterprises, while for the household and the government the leverage is quite moderate. And if you find the data after 2017, you will find the leverage of debt to GDP ratio of non-financial enterprises declined to much lower than the dotted line. This dotted line is extended by the historical trend. That means the deleveraging policy has been quite effective.



Since the very beginning of last year, you will find the orange line jumped up to much higher than the dotted line. At the same time, in the household sector and governments, the leverage of debt to GDP ratio is also higher than the historical trend, but relatively moderate. So the major challenge is from non-financial enterprises, but we believe it is a temporary shock, not continuous shock. And when the pandemic passes, the orange line will converge to the dotted line, or at least parallel to the trend of the dotted line. Actually, I have more arguments to say that the debt issue actually is not so big issue for China, especially compared with Japan. We can discuss it more later. Thank you.



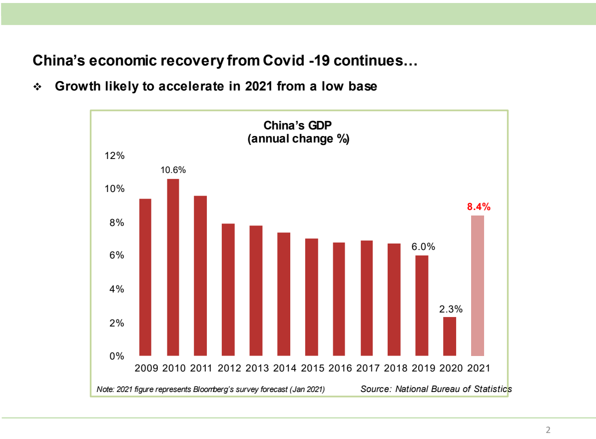

**Mr. Watanabe**: Thank you, Qiyuan. You pointed out the big change of the global trade and some impact on the supply chain in the global market. Also, you pointed out the cause and the result of massive transfer of funds is very much important to discuss in the coming days. Thank you very much.

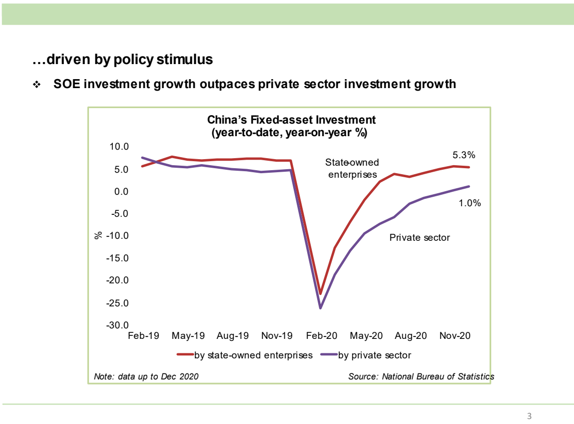
## 5. China's Economy: 2021 – 2025

### Andrew Fung, Professor of Practice (Finance), School of Accounting and Finance, The Hong Kong Polytechnic University

Thank you, Mr. Watanabe. I must deliver forecast for the next five years of China's economy. China's economy continues to recover from COVID-19. Forecasts of 2021 growth rates are in the range of 7.5 percent to 10%. China should be able to manage the pandemic better than most developed markets in the first half of 2021, and most Non-East Asia emerging markets in 2022. This will give China room to optimize on-shore supply chain in the global market. The economy is supported by improved consumption and booming manufacturing.

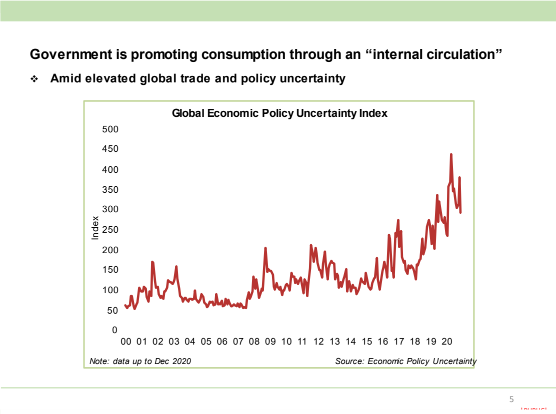
Driven by policy stimulation, State-Owned Enterprise's (SOEs) investment growth outpaces private sector investment growth. Household spending recovery still lags behind income recovery and industrial output, but the gap between spending and income is narrowing and a sense of stability and confidence returns as the COVID-19 is contained and vaccination rolls out. I believe consumption will be the main driver in 2021, household should reduce excessive savings as unemployment rate is back to normal and working hours are longer than before.

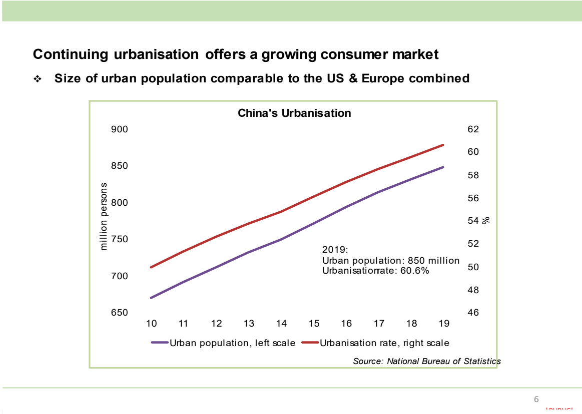


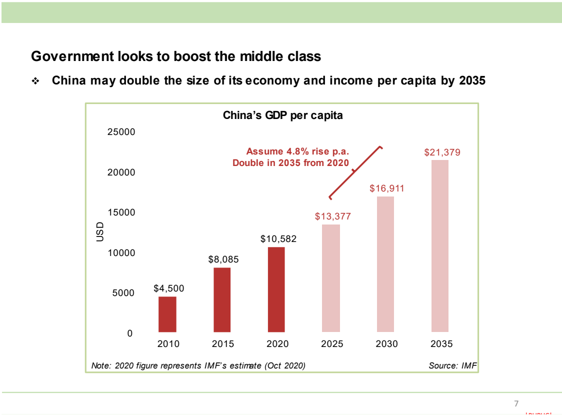

In fact, labor market tightened and migrant workers are back to work and paid more than the level before the COVID-19. However, January 2021 shows employment softened again in some sectors. Social activity can be normalized from the second quarter. In fact, apparel and jewelry sales have almost fully recovered, industrial output is expanding faster than its 3-year average growth rate before the COVID-19. Auto sector is booming. Sales growth forecast is 5% yearly for the next 10 years. Industrial profits have also improved while inventory growth has declined. High capacity utilization will likely lead to more manufacturing investment which helps to offset lower infrastructure investment.

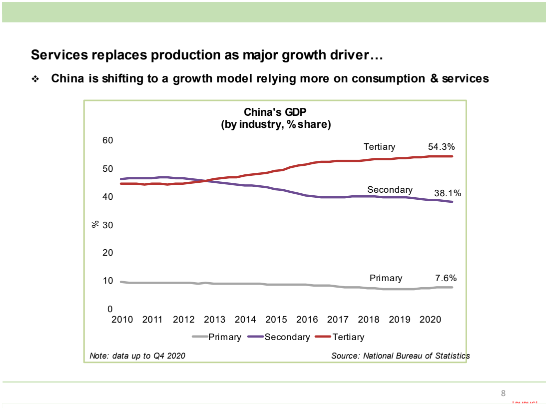
Government is promoting consumption through an "internal circulation". Continuing urbanization offers a growing consumer market. Government looks to boost the middle class with urbanization,



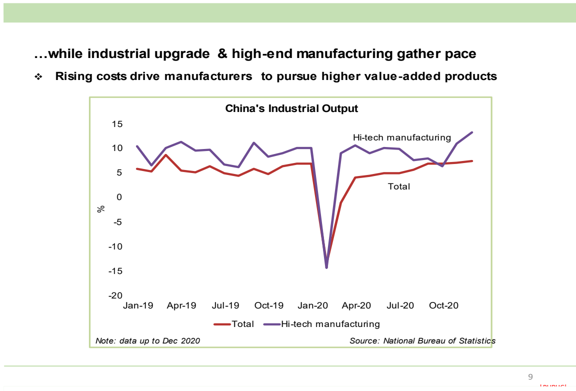



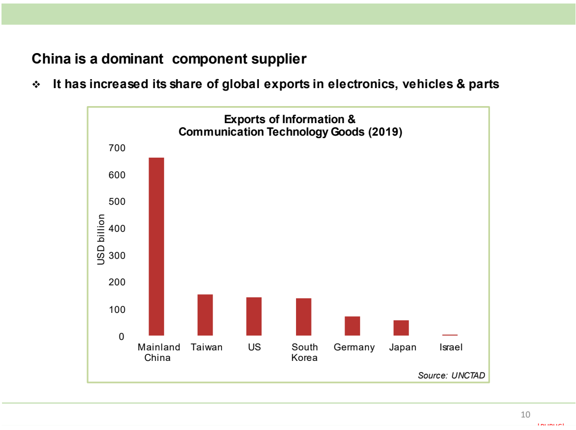

rural revival, measured anti-trust, pension reforms, and advancing on technology via more R&D, education and opening-up. China is shifting to a growth model relying more on consumption and services.

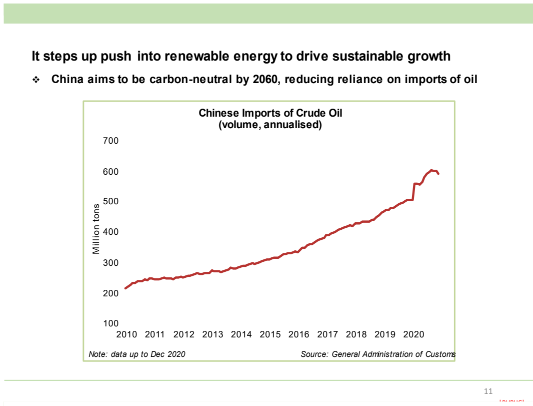



Some economists are very bullish on vaccine-based US and advanced economies' recovery, that's shared by the last few speakers. This positive sentiment is good for global economy. China remains a dominant component supplier. President Xi's commitment in carbon emission leads to an acceleration of non-fossil energy utilization, investment in solar and wind power sectors will be multiples and China will rely less on oil imports. These factors are positive for growth and structure of the economy.



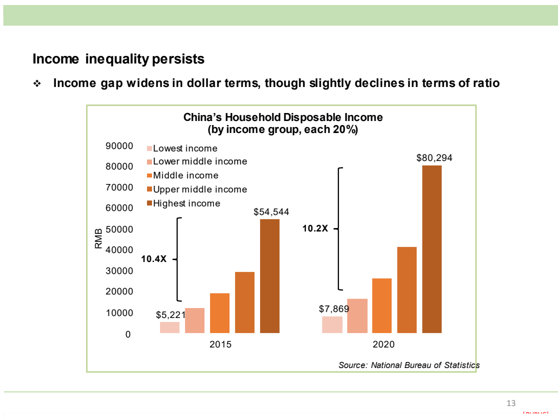


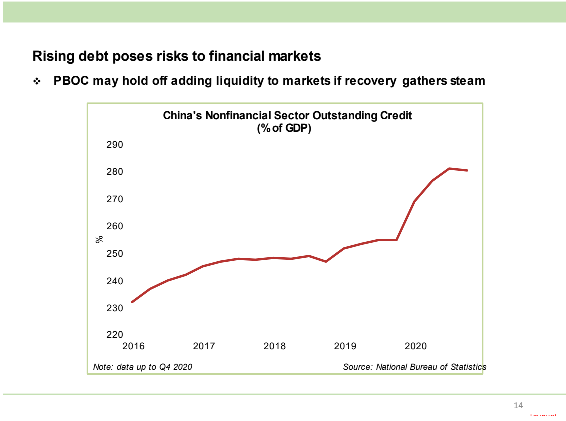

Although China is on the downtrend for demographic dividend, this can be substituted by geographical dividend. The developments of the North-West Region are well behind the coastal region, policy driven catch up can result in a significant payout, for example, Guizhou, a Southwest, and one of the poorest provinces, average GDP between 2016 and 2020 was 8.5 percent versus nationwide's 2.8 percent as it is transforming into a big data hub. Geographical dividend may dilute the negative impacts of aging population.

Several risk factors are likely to stay for the next few years. The top risk factor must be relationship with the US, as Professor Xu just mentioned. Current consensus seems to be the US will continue to see China as a rival and competitor. The most important sticking point is technology, it is unlikely to see significant relaxation under the Biden administration. China will have a lot of catch up to do in terms of the development of semiconductors, and it remains to be seen if China can achieve a breakthrough.

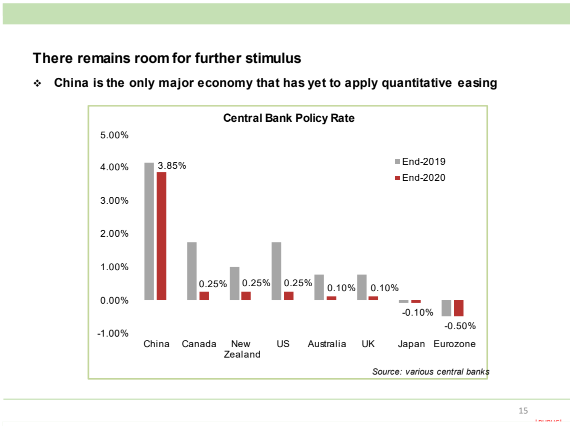

Despite government efforts in poverty reduction and common prosperity, super low interest rate, COVID-19 and asset bubbles led the income inequality to persist. This may dampen the effectiveness of internal circulation and consumption on a widespread basis.



The deleverage campaign of the government which started in 2018 is still incomplete. Local government debt and real estate debt risk still remain a challenge as again Dr. Xu has mentioned.




On the other hand, January credit statistics are pretty encouraging and People's Bank of China (PBOC) seems to move to normalization bias. As China is able to manage the economy with traditional tools and need not apply zero percent interest rate yet, the Government can still use nominal interest rates to stimulate the economy when needed.




The COVID-19 based export boom may also face downside risk as production in other countries recovers gradually. China is lagging behind in vaccination rate, about 4% of the population versus 5.9% in the EU and 18.9% in the US. Of course, China is near zero percent infection and China has 1.3 billion population. Although government has just declared victory in poverty reduction, the “Urban-Rural Divide” can still be a potential economic risk. Though, I believe government is on the right path to alleviate that gap, especially in medical care and education and such issues. So I remain cautiously optimistic for China's economy for the next five years. Thank you.

**Mr. Watanabe**: Thank you, Andrew. You have illustrated very clearly the big change in China’s policy to more emphasis on the consumption by the domestic side, and also the carbon generated emission is very much important on the agenda for the Chinese government. You also pointed out the importance of the ASEAN, not only to China, but to Europe and the United States, even to Japan. Thank you very much.

As Andrew pointed out the importance of the ASESAN, now, we have the next speaker, Madam Zeti Aziz, Group Chairman of PNB. She was also my good teammate of the ASEAN+3, and we have discussed the financial integration issues so many times during the time. So the floor is yours, Madam Zeti.

## 6. Effects of the COVID-19 on the ASEAN Economy

### Zeti Aziz, Group Chairman of Permodalan Nasional Berhad (PNB), Former Governor of Bank Negara Malaysia

Greetings from Kuala Lumpur. Thank you for the invitation to participate in this International Financial Symposium. The world is now currently at an inflection point and emerging from the economic and social consequences of the health pandemic that has inflicted the world since about a year ago.

My remarks will focus on three points:

- The effects of the pandemic and other recent global developments on the ASEAN economies that comprise of ten economies in South East Asia that accounts for a population of 650 million people and that collectively is equivalent to being the 5th largest economy in the world;
- Secondly, the elements that explains the resilience of the ASEAN region to be able to withstand and survive destabilizing global developments;
- Thirdly, that despite the trend towards greater regional economic and financial integration, the ASEAN region continues to remain outward looking and is still very much part of the globalization process.

Following the consequences of the economic shutdowns to contain the pandemic in 2020, the economies in ASEAN experienced an economic contraction during the year. However, in terms of the overall economic setback for the year as a whole, it is estimated to be to a lesser extent to that experienced during the Asian financial crisis twenty-two years ago, and to be to a lesser extent than other parts of the world.

According to the Asian Development Bank, the economic contraction in most of the ASEAN economies is expected to range from 1% to 8%, and for the bloc as a whole it is expected to contract by 3.8% for 2020.

This relatively better economic performance arises in a large part from the payoffs from the structural adjustment efforts undertaken following the Asian financial crisis, the financial reforms and the efforts to strengthen the financial system which were also reinforced by a comprehensive set of policy responses.

For the economy:

- There was a shift from being export-led economies to now having a growth that is being driven by domestic demand, by both consumption and investment demand;
- The economic structure of the ASEAN economies is now more diversified, thereby reducing its vulnerability to external demand and supply shocks;
- A third structural change is the greater intra-regional trade among the ASEAN economies. Our international trade with each other now accounts for 25% of our total trade.

The economic flexibility to adjust to the changing conditions in the world economy facilitated these fundamental structural trends in our economies.

Significant payoffs were also derived from the wide ranging efforts to strengthen the financial system. Most important among this was the development of the domestic bond market, the strengthening of the domestic financial institutions and the supervisory oversight arrangements as well as the transition to a more flexible exchange rate regime;

The stronger financial systems and the more developed domestic financial markets, in particular the domestic bond market, and a more deregulated and more liberalized financial system with a strengthened regulatory and supervisory regime has allowed most ASEAN economies to be better positioned to effectively absorb volatile capital flows.

With these elements in place, the ASEAN region has built significant potential to emerge from the economic consequences of the pandemic. Despite the relatively stronger recovery for the ASEAN economies that is being projected, there remains vulnerabilities that needs to be addressed. This includes rising inequalities, rising debt levels and employment levels that are not commensurate with the economic recovery that is occurring.

There are also new challenges arising from the increased digitalization and the advances in technology, the need for reform in the education system to meet new requirements of the changed economic environment and the urgent need for the necessary investment for the health infrastructure to build resilience to deal with future health shocks.

The final point I wish to mention is on the relations of the ASEAN grouping with the other parts of the world, despite the trend towards greater regional economic and financial integration. In the early 2000s, the ASEAN economies made a decision to pursue regional financial integration rather than monetary unification. The objectives for such regional integration is to encourage some part of our high national savings to be recycled and reinvested into productive economic activities in our economies in the region.

Despite this trend, ASEAN economies remain very much part of the globalization process.

On the issues relating to the trade tensions among the major economies, the ASEAN economies have always charted the neutral middle ground, and has always avoided choosing one superpower over the other. ASEAN has in effect maintained strong economic relations with most major economies.

While China is the most important trading partner for most of the ASEAN economies, accounting for about 17% of the total ASEAN trade, the trade with the US is also important, accounting for about 10% of the total trade in ASEAN.

During these recent two decades, the three major economies in Asia, that is, Japan, China and Korea have had an increasing role with ASEAN. This role is manifested in terms of, trade, investment and financial flows. It is also reinforced by people flows and knowledge and technology flows. This trend has prompted the launch of ASEAN Plus Three (APT), a cooperation process that began in December 1997, which has led to the deepening of East Asian cooperation to extend beyond economics and finance, but to also social, political and security.

The most recent development in ASEAN is the launch of RCEP in November 2020, the Regional Comprehensive Economic Partnership (RCEP) that not only includes China, Japan and Korea but also

Australia and New Zealand. It aims to bolster trade ties in the Asia Pacific and thereby promote economic growth in the region.

Despite these developments, ASEAN will continue to stay engaged with the rest of the world. Our history, several hundred years ago shows that the region was a meeting point for trade between the East and the West. This will continue as we venture forward into the future.

In conclusion, the ASEAN economies are very aware that the environment around us is highly dynamic and thus the building of resilience is always an unfinished business. Moreover, there is also the issues that relate to the protection of the community, the environment and the strengthening of governance arrangements which are also key to ensure the sustainability of our progress and development. Thank you.

**Mr. Watanabe:** Thank you very much, Madam Zeti, and you have given the very good updating of the ASEAN economies. As far as the negative impact of the COVID-19 would be limited, I believe that the ASEAN can be maintaining the position of the core of the world growth in the coming two decades or three decades, but I think as you said the high saving of the ASEAN and how to use and how to mobilize it is quite important. So in that sense, I think the integration of the global capital market, as all the previous speakers have already pointed out, is quite important even for the ASEAN region.

So, last but not least, next speaker would be Mr. Kenji Okamura, Vice Minister of Finance for International Affairs at the Ministry of Finance, Japan. He and myself have been working for more than 25 years in the international monetary fields, so I very much appreciate your joining today. So now the floor is yours, Kenji.

## 7. Japan’s Experience with COVID-19 and Challenges in Post COVID Era

**Kenji Okamura, Vice Minister of Finance for International Affairs, Ministry of Finance, Japan**

Thank you, Watanabe-san, for this great opportunity. I am very happy to be here with such distinguished panelists. Let me begin with Japan's recent economic developments and outlook, and I’ll go quickly through many slides.

This crisis is characterized by big uncertainties and unevenness. Uncertain, a race between vaccines and mutating virus. Uneven, recovery diverging both across and within countries. In Japan, less stringent containment, so-called soft lockdown, has worked and the infections were controlled at a relatively low level.

**Global Economy : IMF World Economic Outlook, January update 2021**

**Overview of the World Economic Outlook Projections**

(Year over year, Percent change)

| | 2020 | | | | | 2021 | | | | | 2022 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As of Jun. 2020 | As of Oct. 2020 | As of Jan. 2021 | Difference from Jun. 2020 | Difference from Oct. 2020 | As of Jun. 2020 | As of Oct. 2020 | As of Jan. 2021 | Difference from Jun. 2020 | Difference from Oct. 2020 | As of Oct. 2020 | As of Jan. 2021 | Difference from Oct. 2020 |
| **World Output** | **-4.9** | **-4.4** | **-3.5** | **1.4** | **0.9** | **5.4** | **5.2** | **5.5** | **0.1** | **0.3** | **4.2** | **4.2** | **0.0** |
| **Advanced Economies** | **-8.1** | **-5.8** | **-4.9** | **3.2** | **0.9** | **4.8** | **3.9** | **4.3** | **-0.5** | **0.4** | **2.9** | **3.1** | **0.2** |
| Japan | -5.8 | -5.3 | -5.1 | 0.7 | 0.2 | 2.4 | 2.3 | 3.1 | 0.7 | 0.8 | 1.7 | 2.4 | 0.7 |
| United States | -8.0 | -4.3 | -3.4 | 4.6 | 0.9 | 4.5 | 3.1 | 5.1 | 0.6 | 2.0 | 2.9 | 2.5 | -0.4 |
| Euro Area | -10.2 | -8.3 | -7.2 | 3.0 | 1.1 | 6.0 | 5.2 | 4.2 | -1.8 | -1.0 | 3.1 | 3.6 | 0.5 |
| Germany | -7.8 | -6.0 | -5.4 | 2.4 | 0.6 | 5.4 | 4.2 | 3.5 | -1.9 | -0.7 | 3.1 | 3.1 | 0.0 |
| United Kingdom | -10.2 | -9.8 | -10.0 | 0.2 | -0.2 | 6.3 | 5.9 | 4.5 | -1.8 | -1.4 | 3.2 | 5.0 | 1.8 |
| **Emerging Market and Developing Economies** | **-3.0** | **-3.3** | **-2.4** | **0.6** | **0.9** | **5.9** | **6.0** | **6.3** | **0.4** | **0.3** | **5.1** | **5.0** | **-0.1** |
| Emerging and Developing Asia | -0.8 | -1.7 | -1.1 | -0.3 | 0.6 | 7.4 | 8.0 | 8.3 | 0.9 | 0.3 | 6.3 | 5.9 | -0.4 |
| China | 1.0 | 1.9 | 2.3 | 1.3 | 0.4 | 8.2 | 8.2 | 8.1 | -0.1 | -0.1 | 5.8 | 5.6 | -0.2 |

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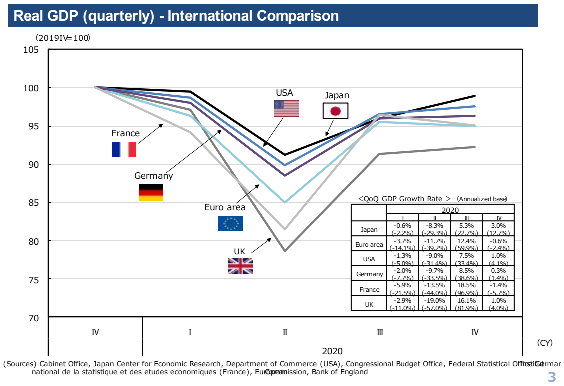


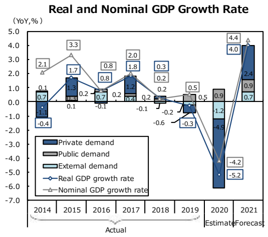

Japan's economy is recovering after severe contraction in the first half of last year, as the trough in the second quarter for Japan was mild relative to other major advanced economies. Government forecasts the real growth will rebound to 4% for FY 2021, supported by strong policy measures.

The output level is expected to come back to the pre-pandemic level within the fiscal year. Recovery is strong in goods consumption, but services consumption remains weak, particularly in contact-intensive sectors like hotels and restaurants.

**Economic outlook for FY2020 - 2021**

- In FY2020, despite the subsequent economic recovery from a large drop in the second quarter, GDP is projected to contract by approximately 5.2% in real terms and 4.2% in nominal terms.
- In FY2021, GDP is projected to increase by approximately 4.0% in real terms and 4.4% in nominal terms, driven by economic support and stimulation of private demand by public expenditure, and an autonomous recovery of private demand, supported by the smooth and steady implementation of “Comprehensive Economic Measures”.

**Real and Nominal GDP Growth Rate**




(Source) Cabinet Office

| | FY 2019 Actual (%) | FY 2020 Estimate (% Approx.) | FY 2021 Forecast (% Approx.) |
|---|---|---|---|
| Real GDP | **-0.3** | **-5.2** | **4.0** |
| Private consumption | -0.9 | -6.0 | 3.9 |
| Private non-residential Investment | -0.6 | -8.1 | 2.9 |
| Domestic demand | (-0.1) | (-4.0) | (3.3) |
| Private demand | (-0.6) | (-4.9) | (2.4) |
| Public demand | (0.5) | (0.9) | (0.9) |
| External demand | (-0.2) | (-1.2) | (0.7) |
| Nominal GDP | **0.5** ¥559.7 T | **-4.2** ¥536.1 T | **4.4** ¥559.5 T |
| GDP Deflator | 0.9 | 1.0 | 0.3 |
| CPI | 0.5 | -0.6 | 0.4 |

* ( ) represents contributions to Real GDP growth.

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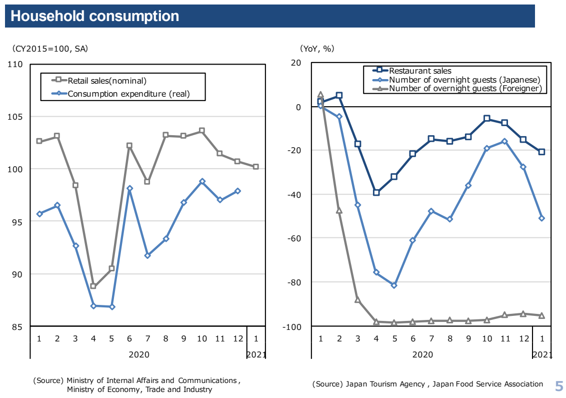
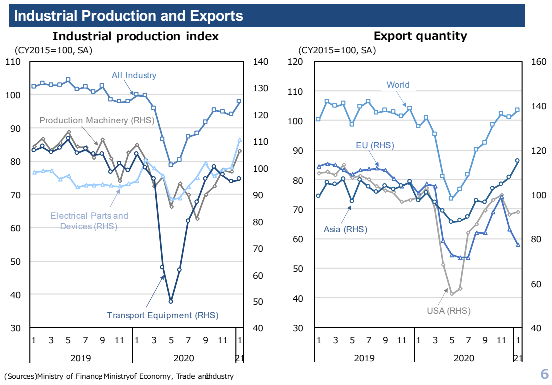
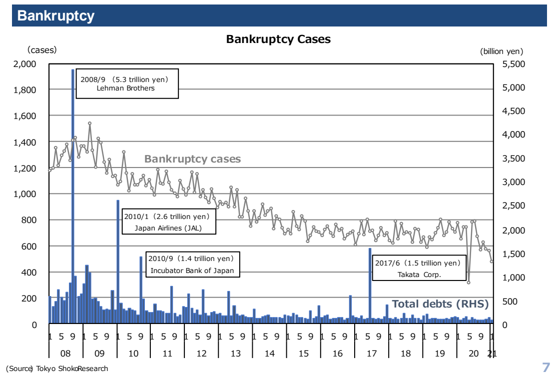
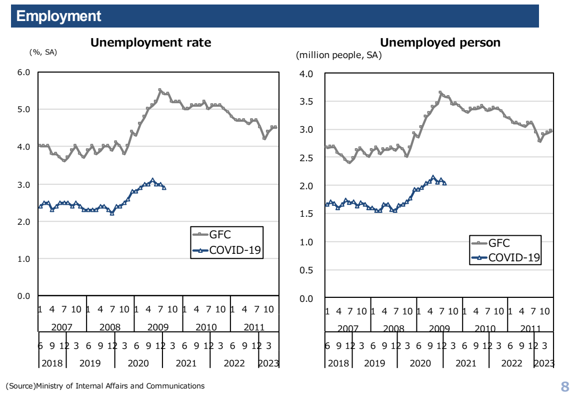


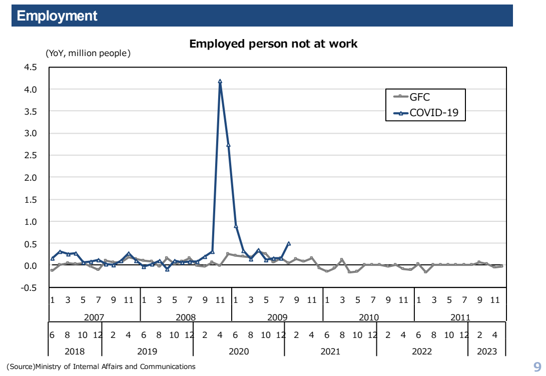
Industrial production and exports dropped sharply in the spring, but thereafter rebounded to the pre-pandemic level. This crisis has not brought about a rise in bankruptcies, in a sharp contrast to the GFC. Swift and aggressive actions were taken and worked well. Unemployment, in both rate and the number of persons, has been contained at a low level.

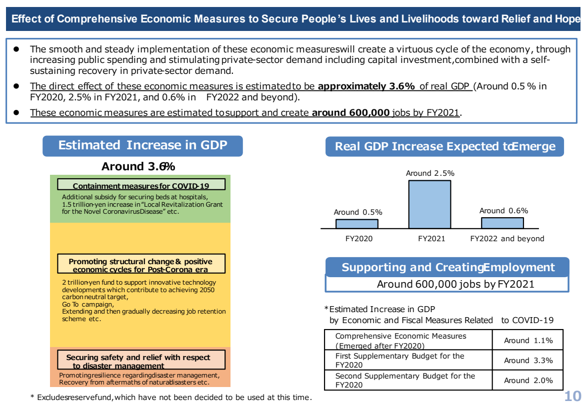


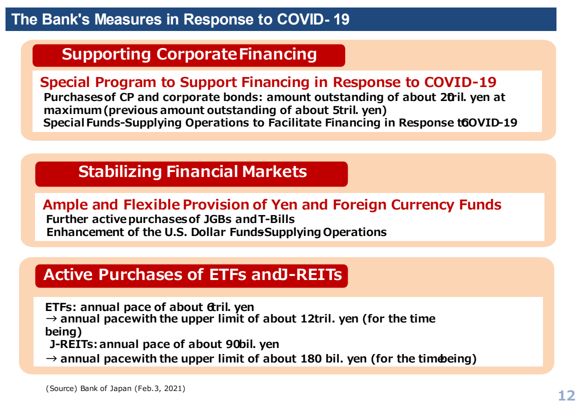




Employed persons not at work marked a sharp rise in the spring but fell back quickly in the summer. This demonstrates that employees became temporarily out of work but promptly returned to their workplace. Japan's job retention scheme worked effectively in enabling production to resume swiftly.



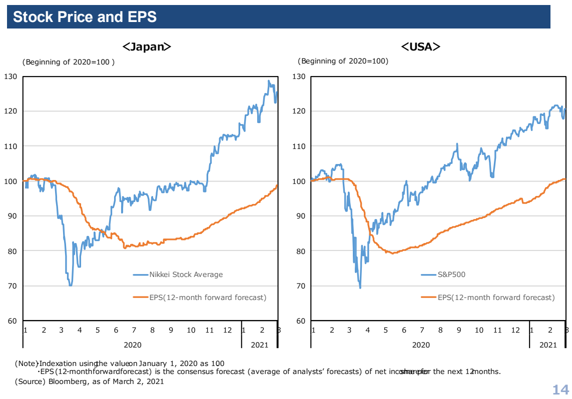



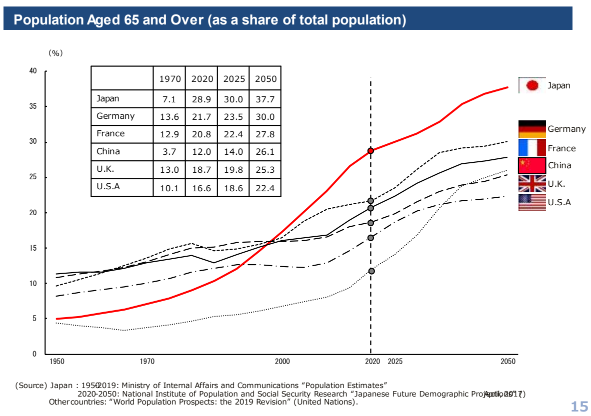

Now, let me turn to policy responses. Japan adopted three large supplementary budgets in April, June and December. The fiscal deficit is estimated to jump to 14% of GDP in FY2020 from 4% of GDP in the previous year. The first supplementary budget centered on emergency support measures, including cash handout to households and affected businesses. The latest stimulus package, the first one under Prime Minister Suga, marked a gradual shift in policy focus. In addition to short-term measures, the latest package includes longer-term measures to promote economic transformation, particularly in relation to digital and green. Digitalization has already been in progress before the pandemic, we pushed further. The package includes various policy measures to promote the digital economy, such as financial support by policy banks. On green, Prime Minister Suga declared that Japan would aim to achieve net zero emissions by 2050. Efforts to flesh out this vision statement are vigorously under way. The package includes a $20 billion worth multi-year fund and 10% tax credit to facilitate innovation and promote investment toward net zero.

The Bank of Japan responded to the pandemic swiftly and innovatively by supporting corporate financing, providing ample liquidity to markets, and actively purchasing of ETFs and J-REITs. The Bank decided in December to extend this special program by six months, and conduct an assessment for further effective and sustainable monetary easing.

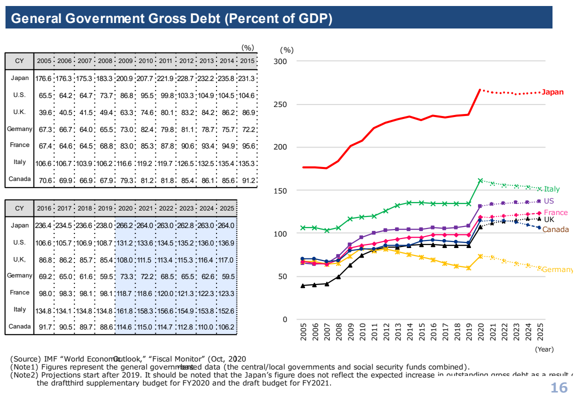



With these policy actions, financial markets are well stabilized and stock prices have been rising. However, vulnerabilities are observed in a significant gap between the two indices of stock price and expected earnings per share. The gap appears to be larger in Japan than in the US. We need to be vigilant to the risks of a sudden fall in asset prices.

The next question I'm asked is, what is the biggest challenge for Japan in the post COVID era? I would point the slow potential growth that is mostly attributable to population aging. Onto this long-standing issue, the pandemic has added a significant burden. We continue to address these difficult challenges by reinforcing our conventional efforts, such as increasing inputs of labor and capital, enhancing productivity of labor and efficiency of capital, and promoting innovation.




Now, let me move on to the final point, that is, long-term strategy towards fiscal consolidation. Public debt stocks have much risen in all the advanced economies, but Japan stands out at about 260% of GDP, far above the European target of 60%. Assuming that the current low interest rates will continue, the ratio is projected to stabilize going forward. However, Japan, as an outlier with huge debt stock, faces much bigger vulnerabilities in debt sustainability to an interest rates shock. Premature withdrawal of



emergency support should be avoided. At the same time, fiscal policy should gradually shift to more targeted measures to facilitate necessary reallocation across jobs and industries. Fiscal support for too long would foster the creation of zombie firms. Once the recovery is established, full-fledged efforts of fiscal consolidation should resume, pushing forward both spending and revenue reforms, together with the growth strategy to enhance productivity and increase labor input. I'll stop here. Thank you very much.

**Mr. Watanabe:** Well, thank you, Kenji. You gave us a very good updating of the Japanese policy and Japanese economic situation, together with some commitment of Japan to promote, to contribute to the world economy. Thank you very much.

## 8. Panel Discussion

**Mr. Watanabe:** Now we have listened to the six excellent panelists' presentations. From now on, I'd like to go into the second part of today's symposium, the panel discussion.

Most of the panelists have pointed out the current situation, that the governments have made every effort to have the accommodative fiscal policy to cope with the COVID-19, and even before that many central banks have taken so called super easy monetary policies. These actions have provided ample liquidity or the funds into the markets.

If the capital market is working well, it is rather a good chance and opportunity for many investors and project promoters to gain from that, but unfortunately recently it is only raising the stock prices in many markets. But I think it is still low interest rate and low inflation that prevail in many countries. So how do you see these events in many markets? Is there any good reason, or, would there be some kinds of good prospects for the future? I'd like to ask all the panelists on these issues, in the same order if you don't mind. Tim, any comments on that?

**Mr. Adams:** Sure. I was thinking about this conundrum of why inflation has been so low for so long. In fact, there's a whole generation that's now grown up and don't remember inflation that existed in the 1970s when Gerald Ford was the President and his motto was "whip inflation now". But a whole generation of investors and consumers don't remember that. So, in many ways, the central banks have been extraordinarily successful in anchoring inflationary expectations and I think we've benefited from that.

Two is the huge supply shock and labor supply shock occurring over the last 40 or 50 years, and the movement, which is a part of the supply chains abroad, which is the de-unionization of the US and other industrialized countries, has changed the nature of wage inflation, capacity for workers to demand higher wages, and businesses have so many other opportunities, and then just the nature of the way in which we consume, that I pointed out in one of these graphs I used was the surge in online purchasing and shopping away from bricks and mortar, and labor costs per unit of economic activity on online dropped dramatically. So, the whole host of reasons that we've seen a quietest inflation and it will remain so for the foreseeable future despite the fact we have this extraordinary fiscal and monetary support which will eventually push up prices. That's the objective to bring inflation but, as Philipp noted in Europe, the ECB has been trying to do this for a very long time and still is unable to reinflate the European economy. So extraordinary structural changes have been with us for some time, which we won't overcome with the traditional tools in the near term despite our best efforts.

**Mr. Watanabe:** Thank you, Tim. Philipp, do you have any comment on that?

**Mr. Hildebrand:** Yes, maybe I would just add to what Tim has said. My sense is that we are probably underestimating inflation risk at this stage. I have been saying this for a few months and the market has moved quite a bit, so inflation expectations have begun to respond.

Other than the liquidity piece and the expenses, or the very expansionary monetary policy and fiscal policy Tim has mentioned, I will just add three points. One is we are undergoing, as a result of COVID, a number of very significant structural changes in terms of the way supply chains will be set up in the future. I don't like the term deglobalization, I think it's more a form of re-globalization that we all will be engaged in the years to come.

And it seems to me that the basic theme of that will be to build more resilience into global supply chains, this is in many ways quite similar to what many of us went through in the post financial crisis period where we realized we needed to build resilience into the banking system. And I think we're about to do the same thing in terms of how trade works, how the global supply chains operate. That, to me, ultimately is a cost push factor, and it will make production more expensive, you can think of it as a tax. In order to move to a system that is more resilient, Larry Summers, I think, coined the very cute term of going forth from “Just-in-Time” to “Just-in-Case”. That of course will entail additional cost in terms of production processes. So, I think we shouldn't underestimate that.

Secondly, as numbers of you have also addressed, the transformation to a net zero economy is very, very fundamental and profound. It will affect every single business, every sector, every economy in the world in a significant way. And that too, in a sense, raises the cost of production in a deliberate way we want that to happen. That's part of the mechanism by which we will reach these, at the moment relatively abstract, net zero targets that 127 countries of course Japan committed to. But I think if we think about that in terms of what it really means on the ground, it has to mean higher production costs.

And then finally I would suggest the third point and Tim alluded to it in his initial presentation. You know, by our estimates, the cumulative shortfall in the United States, that will be able to measure a couple of years from now, as a result of pandemic, this is obviously just in economic terms, will be roughly a quarter of what we had in the years after the financial crisis. The stimulus that we've thrown at the system, I'm not even referring to monetary policy piece, referring to the fiscal piece here, this is about four times as much as we had after the financial crisis.

So, in terms of the proportional difference, when you compare the expected cumulative economic shortfall and match that up against the largely already implemented, some of it yet to come, fiscal stimulus, the numbers are quite extraordinary. So, to me, that also would lead me to believe that at some point the combination of enormous debt implications of the pandemic, as well as simply the amount of stimulus going into the system, inevitably will change inflation expectations and to some extent I think what we've been seeing is the beginning of that. If you look at five-year five -year forewords, we certainly seeing some repricing of inflation expectations.

**Mr. Watanabe:** Thank you, Philipp for good warning for us. How about Qiyuan?

**Dr. Xu:** For the inflation issues from the point of China, we have always worried about its overcapacity and deflation in the last decade. And now, we also have some disputes on the prospects of inflation. And last year for inflation, we suffered from supply shocks like masks and this year, chips and automobiles are also hot topics in these days. It also reflects supply shock.

The labor with the aging population is also a negative supply shock. And in the last 10 years China was undergoing aging population, but in the next five years China will be entering aged population. That means, in the last decade, although the older people were becoming more and more, the old people were quite young, but in the next five years we will find the older people are really old in China. So, it's really a challenge. At the same time, we also find the robots. Their use is quite popular in China. China ranks number one to use robots, and Japan ranks number one to produce and supply robots. This is the second.

And I want to add other two points for the supply shock, especially negative supply shock to support the inflation in the middle and the long term. One is from the perspective of global value chains, which Philipp has mentioned before, re-globalization. I have met many high senior executives from multinational companies in an event and I made statistics from 40 senior executives from multinational companies, and almost 100% of them agreed that the global supply chain risks increased and we should pay much more attention to the risks.

Before the pandemic, all of the companies paid much more attention to efficiency, especially for Japanese company, you have the idea of zero inventory, which was very efficient, but after the pandemic, there will be a trade-off between efficiency and the safety of supply chains. That means, the cost of the production will increase. If we add companies together to be a global economy, that means the potential growth rates will decline, or it's like a kind of a negative supply shock that will also support a continuous inflation. That is one point.

Second point is, for all of the countries, we have the consensus to deal with climate change, to make great efforts to make the earth greener. But traditional industries will suffer from the challenge, because like in many developing countries, many old factories cannot meet the high standard on the carbon emission. They have to go bankrupt because of the new policies on climate change with much higher, stricter policy and standard. So, the monetary policy should be not only neutral, but it should be relatively ease to give more liquidity so that the macro economy can afford many traditional companies go bankrupt. With such kind of background, even when the pandemic is past, we have to maintain a relatively ease monetary policy. I know it's quite a controversial issue even in European countries, but this could be at least a kind of uncertainty for the inflation. Okay, I'll stop here.

**Mr. Watanabe:** Thank you very much on that. So, the next will be Andrew.

**Mr. Fung:** Well, in terms of inflation I think I completely agree with Philipp and Dr. Xu. Actually, every country will build up some capacity in medical, foods and essentials, which actually add the cost, and of course their commitment on creating a better and clean world is also inflationary, I think that's for sure. What's the difference between this cycle and the former financial crisis cycle? Between 2008 and 2016 it seems that the modern monetary theory really worked. If we go up with those economies, we find them without inflation. But this time, because of the reasons we mentioned, I think that inflation will come and edge up the curve. The US Treasury could show that the most of the traders are the economists that are convinced that it will come.

But I think the immediate problem is that we still have two to three years' zero percent interest rate in the short-term rates, and, for the next three or four years before real inflation comes in, the poor underprivileged will suffer from lower income growth and deflation, whereas the better-off class still enjoying asset bubble and inflation. So, in the next few years inequality will worsen. That's the point I would like to make. Thank you.

**Mr. Watanabe:** Well, thank you, Andrew. So next Dr. Zeti.

**Dr. Aziz:** Yes, I am in full agreement with what has been said about the potential for inflation. But on the point relating to extremely low interest rates and keeping them low for a prolonged period of time, it will create incentives for excessive risk taking that will result in higher degrees of leverage and indebtedness. This in turn may result in a misallocation of resources that brings permanent damage to the overall economy. It could also result in the formation of asset bubbles. Such financial imbalances are generally prevalent during periods when interest rates are too low for too long.

We also need to look at the fact that while monetary policy and interest rates have been very successful in reining in inflation, it is less able to deal with the upside potential of the economy. We have seen this to be the case, especially for a number of the developed economies where interest rates were brought to such lows. The time taken to achieve the recovery took a far longer period of time, despite the low interest rate environment. Thus, normalisation should happen at the earliest opportunity. There are other policy measures that can be implemented to support growth while anchoring inflationary expectations. Thank you.

**Mr. Watanabe:** Thank you. Dr. Zeti. In old days, we have learned low interest rate is very good for the motivation of the industry but recently the opinion is somewhat different on that, we have to see the real situation and we have to think again what would be good and what would not be good, that would be very much important. So the last again, sorry, Kenji.

**Mr. Okamura:** Okay, thank you. Agreeing with many points already made by previous speakers, I'd like to add two angles of perspectives when we look at this low inflation and low interest rate issue. Two angles I mean, one is the savings-investment balance, and the other is the formation of inflation expectations. The savings- investment balance is in a long-standing imbalance situation of excess savings and insufficient investment, particularly in Japan, and as Watanabe-san said when he opened this discussion, some structural factors are there. Structural factors related to the pandemic include: price decline by more efficient global value chains; precautionary saving for longevity; declining propensity to consume from sharing economy; firms' conservative investment behavior, particularly pronounced in Japan; and declining expected return on investment from shrinking domestic market. The pandemic has increased savings much through loss of consumption opportunities and cash transfers to households and firms, and heightened uncertainties further impaired firms' conservative investment appetite.

In the medium-term, some pandemic-induced temporary factors will abate, and other factors will become permanent through transformations of activities. But most structural factors have their roots in the demographics. So those structural factors will remain valid. And all in all, imbalance of excess savings and insufficient investment will continue into the post COVID era. That's the structure of the savings-investment balance.

Another important cause of low inflation, particularly in Japan, is the strong deflationary mindset. In the formation of inflation expectations, the backward-looking nature works strongly in Japan. This is called adaptive formation mechanism in which expectation reflects track record in the past. So, this accounts for the very persistent deflationary mindset here in Japan. As Tim discussed, the US long term interest rates have recently gone up a bit, reflecting a rising inflation expectation. This forward-looking nature in expectation formation enables markets to promptly respond to policy measures. And this is something we don't have in Japan.

Then let me offer a few words on my expectations for monetary policy. Given the continuation of savings-investment imbalance structure, and consistent deflationary mindset, it would be natural to expect that the current ultra-accommodative stance on both short- and long-term interest rates will continue for a prolonged period of time. Of course, I fully respect the central bank independence. This would be "Sein" statement, rather than "Sollen" statement.

And finally let me just add one point. Madam Zeti pointed out inflation risks and people discussed them here. In Japan, honestly, I think inflation risk or the inflation is very remote. But even in the meantime before the inflation comes, we should guard against the risks that huge government debt stocks could lead to misallocation of resources, as Madam Zeti pointed out, and lower growth and this misallocation of resources would lower the growth potential. So, efforts to restore this debt sustainability is essential. Thank you.

**Mr. Watanabe:** Well, thank you. I have a very long list of the points for discussion today. Unfortunately, the time is limited, but still, I'd like to stick to two points on that. The first one is how to recover the multi-national collaboration. Now, I believe US is back. And another point is, as some of the speakers have mentioned about, the green finance issues. So, in the next round I think you can touch upon, either of them, or both of them, the multinational collaboration, and/or the green finance issues.

Again, Tim?

**Mr. Adams:** Thank you. I actually think that they're geo-connected. If you look at the administration's top policy agenda again beyond responding to the COVID crisis and economic recovery, it really is about climate. And we know that we can't solve it domestically because there's a perception and an understanding that it's a global problem, and any actions taken here that appear to shift the competitive stance of the US economy, especially manufacturing, in a negative way vis-a-vis other jurisdictions, would put any kind of climate efforts in a political peril. So, the president rightly understands that this has to have a collective action. That's why one of his first initiatives, just the first couple of days in office was the return to Paris Accord, starting outreach with Senator Kerry as his foreign policy climate czar spending a tremendous amount of time working with his counterparts globally. There's a huge climate summit the President will host on Earth Day April 22.

And obviously, as I said, US-China relations will be dominated by the climate day. Unless the US and China come to some accommodation, we cannot solve global issues. Collectively we combine the two countries for 45% of global emission, so they have to be a part of the solution and that means, as Philipp said, significant changes in the economic and industrial structural profile of our two economies which will take decades to achieve and, in many ways, shifting prices, which are really the question of how do we fund it and as Philipp noted there's trillions that need to be intermediated. The financial service industry is ready to do that, our investors want it, our clients want it, our employees want it, our policymakers want it. The question is how do we do it and how quickly. And we have to ensure good quality investments, there's a lot of concern about greenwashing, there's enormous demand.

The supply would come but public support for green technologies has to be ramped up, and I think it will over time, but the industry is ready to intermediate capital even through the banking system or through capital markets. I think we are part of the solution, but we have to do it in a politically collective environment in which multilateralism, or international political institutions set the stage for the financial sector to function.

**Mr. Watanabe:** Thank you, Tim. Next, Philipp?

**Mr. Hildebrand:** Yes, I couldn't agree more. I think climate is an opportunity here, amongst others, for the re-engagement of the United States around multilateralism. The challenge will be the overarching strategic priority to be very firm on China on many issues and yet find a path to collaborate on climate. That will not be a straightforward exercise strategically, how you do that.

On the other hand, in view of the urgency of climate change as such, it has to happen one way or another. I suspect we'll see a better sequencing around this, but I think it's a real challenge for statesmanship here to respond to these two priorities.

From a European perspective I would simply add there's obviously enormous relief around not just the fact that the US is back, but also around professionalism and confidence in terms of how things are dealt with, meetings that occur on time. So, I think there's a great relief about US being back but also being very professional about how you conduct multilateral affairs. I don't think that means the US will be an easy partner at all times. But there's great relief. The question that kind of remains as a bit of a shadow over all of this of course is the topic that nobody really wants to speak about openly. But the last four years did happen. And the question will be in many European leaders' mind that it could happen again. And what's the answer to that possibility even if at the moment things look much more constructive.

And I think the answer ultimately is to continue to persevere on European integration, try to create a sense of sovereignty for Europe, try to tackle some of these issues where there is a real sense of the need for sovereignty, whether it's digital area, climate change, ultimately defense. These are very, very hard challenges that will take decades to solve, but I think the fact the last four years have happened, in theory they could happen again.

And Tim referred to the great deep divisions in the United States politically. They will have lasting repercussions on how Europe and perhaps the rest of the world think about its long-term relationship with the United States. It's a sad thing to say in many ways, but I think that is the reality.

**Mr. Watanabe:** Thank you, Philipp. So next Qiyuan?

**Dr. Xu:** Yes. I think the green financing and dealing with climate change could be one of the points to push forward the collaboration between China and the US. As Tim has mentioned, China and the US have extreme competition, competition in many ways. But if we can find the only one field to collaborate or coordinate, that is the green financing or to deal with climate change.

I think for the foreign investors, you are very welcome to invest to China in the area of climate change or green financing. And if we look at the multilateral way after the pandemic, many developing countries, especially, low-income countries suffered the debt, especially the external debt. And for the global community, especially for the major economies, I think we can collaborate each other to make some plans to alleviate that burden for the developing countries, like the idea of debt swap that swaps the existing debts, and the new climate protection projects or green financing projects involving the debt swap. I think it is quite a good advice. And China is also a stakeholder in this area, China is really waiting to join in such kind of plan. And I noticed that recently the G7 has agreed to push forward Special Drawing Rights (SDRs), to increase issue of SDRs with a basket of around 600 billion. We can combine this together with the debt swap plan to make more aggressive plan to deal with the challenge after the pandemic. I'll stop here. Thank you.

**Mr. Watanabe:** Thank you, Qiyuan. How about you, Andrew?

**Mr. Fung:** I share the views of the previous colleagues, but I'm slightly optimistic because I think the US and China are of course competitors and have some form of rivalry but the current US administration is supposed to be at least more predictable. Also, although the US and China may have some decoupling, look at the whole world out there, there's a few bridges that they can cap that decoupling, we've seen ASEAN playing a connector's role, and RCEP, Japan and Korea, actually Japan with the TTP. And EU returned to the CAI (EU-China Comprehensive Agreement on Investment), with the US it has the Transatlantic trade agreement in negotiation. So, in some way the China-US relation is important, but I'm slightly optimistic because there are some super connectors in between, and, I think, Japan, EU and ASEAN have a very good role to play in putting lively competition and cooperation balance within these recent multinational establishments. Thank you.

**Mr. Watanabe:** Thank you, Andrew. Dr. Zeti?

**Dr. Aziz:** Yes, there is a need for greater multinational collaboration and collective action to solve global issues such as climate change. The conduct of such multilateral affairs needs to be strengthened immensely. The lack of progress on this front has resulted in greater regional efforts, such as that mentioned for Europe, and then for us in East Asia and in ASEAN. So, strengthening the existing avenues for such multilateral collaboration is something that needs to be addressed. And also, I would like to add that industry and the private sector also have an important role in these efforts to solve such global issues as well. Thank you.

**Mr. Watanabe**: Thank you, Dr. Zeti. So, Kenji?

**Mr. Okamura:** Let me just concentrate my remarks on the US return to multilateralism. One of the 2 points to add to what we have already discussed is the international taxation on the global huge platformers like GAFAM (Google, Amazon, Facebook, Apple and Microsoft). And this taxation issue is what Japan has been taking the lead, but due to US safe harbor proposal and European unilateral measures of levying digital services tax, conflict continues and we couldn't make the target originally set at end of last year. So, it is really a good news that the United States has come back to the multilateral discussions on both pillars of this taxation issue. Now that the US has abandoned its safe harbor proposal, momentum has got much stronger toward reaching global consensus-based solution by the deadline of mid this year.

Then, the next point I'd like to touch upon is the US-China relationship. We all agree that this US-China relationship will continue to be a decisive factor for the global economic and financial stability in a post COVID era. In a bigger picture, I would say China, as an emerging economic super power, is likely to challenge the existing global economic order and this poses a threat to the stability. Complete economic decoupling is infeasible. I think we need to pursue a middle ground between decoupling and accommodation on an issue-by-issue basis and here on an issue-by-issue basis cooperation, green financing is one promising area. And in this regard, I would report to you that the latest G7 leaders' statement issued on February 19 is a good manifestation of our spirit. It identifies China as an example of large countries to be engaged with, and defines what G7 is to address is not China, but "non-market-oriented policies and practices". This is the language prepared by the UK, as a G7 presidency, so I interpret this as English way to express that middle ground.

So, my point here is we should reinforce our efforts to integrate China into various multilateral systems, now that the US is back to the multilateral systems we have established over long time in such areas as health, climate, debt, trade, investment and taxation.

**Mr. Watanabe:** Thank you, Kenji. Time is running so fast, now I'd like to have the session for the final remarks from each panelist. I'm sorry to say that you have only one minute. So please stress on points you could not refer to. Again, starting from Tim.

**Mr. Adams:** I think we should applaud the historic cooperation between fiscal monetary authorities and regulatory authorities in re-inflating our economies in response to this historic crisis. We are reflating the numbers pretty extraordinarily; I think we'll find ourselves at the end of this year on a level that exceeds where we were in 2019. That should be applauded. There are still scaring and huge challenges to be overcome.

I don't know whether or not we have structural long term inflationary pressures, but I'd love to continue the conversation. I tend to be a skeptic, but I could be convinced based on elasticity and capital formation whatever happens on the supply side.

And last thing I'll say that de-carbonization of the economy is our number one priority, we the financial service industry is going to be a part of that. But it requires global cooperation and I agree with Philipp, I hope the US is back for the long term. But, you know, the political forces at work are still here. And I don't think we're going anywhere, anytime soon. Thank you and thank you for inviting me.

**Mr. Watanabe:** Thank you. Philipp?

**Mr. Hildebrand:** So just to follow on this extraordinary cooperation seen between fiscal monetary policy which was required given that we had reached the zero boundary essentially on interest rates and couldn't really use conventional monetary policy to do any more.

I think it is equally important now as you go forward and this picks up on the inflation discussion, we had that we put some guard rails around this cooperation and begin to think early about ways and conditions under which you let the central bank come back into a fully independent mode to do their job when the time comes. That is probably not an issue we'll have to face immediately, but I think it's very important to start to think about putting guard rails around this revolutionary change we've seen, and then think hard about how we can reverse and going back to a separation between fiscal policy and independent monetary policy.

**Mr. Watanabe**: Thank you, and Qiyuan?

**Dr. Xu:** Yes, in last three years the US and China were in great tension and some people said about the only possible way for China and the US to collaborate is the earth attacked by the E.T. And now I think the pandemic is the E.T., the pandemic is making it possible for China and the US and the all of the community in a global world to collaborate together. And I'm also glad to see that the US come back to the multilateral platforms. I hope in the next four years Biden's new governments will make it possible for China and US to get well to each other. Thank you.

**Mr. Watanabe:** Thank you. Andrew?

**Mr. Fung:** I think it is very important for the next two or three years when the government is still continuing to pursue super ease policy and aggressive fiscal policy, that they have to take care of their effects on inequality and poor class, deflationary issues. So, I am looking for the government to have to be very careful when they are pursuing super ease policy and then an aggressive fiscal policy. Thank you.

**Mr. Watanabe:** Thank you so much. Dr. Zeti?

**Dr. Aziz:** Yes, there seems to be different recovery paths in different parts of the world. And we need to now shift from short-term crisis containment and relief measures to policies that would achieve a more sustainable recovery. There has to be greater focus on the future. This means that policies need to have a long-term orientation. There needs to be focus on those investments such as in technology and infrastructure development that would transform the environment and provide the foundations for future growth to be sustained.

**Mr. Watanabe:** Thank you, and Kenji?

**Mr. Okamura:** Thank you. I'd like to make one generic short statement. The pandemic has brought about serious hardship to all of us. And at the same time just reminded us of the need to address the common challenges with collective efforts, that's the theme of multilateralism. In this sense, the pandemic has actually opened the door for greater international cooperation. So, we need to make our best efforts to overcome hardship and turn the pandemic into an opportunity to build back better our societies. Toward this common goal, I appreciate this symposium has made a great step forward. So, let's continue to work together. Thank you very much.

**Mr. Watanabe:** Thank you very much. Now the time is almost up. Today every panelist has pointed out very important issues, maybe I do not have to conclude the discussion. I think everybody has key points of the discussion which we are going to face in the coming days, so I think that is important, and also on most of them, we have some common understanding with the issues. So, I think the today's discussion was very encouraging.

And today I did not touch upon the issues of inequality, or the unfair distribution of income and asset, much of the basic issues we have to overcome. Sometimes people discussed that low interest rate and some malfunction of the capital market enhance such kind of inequality issues. So, we have some responsibility to discuss this in the future, to have a much better, much equal society to be realized. So, I think that is going to be important, but also, we have to keep the good earth or the environment. As everybody said the importance of the green financing, green capital, and green project, that is quite important. The Conference of Parties (COP) discussion is going to continue and we can make some good progress on the issues.

So, thank you, Tim, Philipp, Qiyuan, Andrew, Dr. Zeti, and Kenji for the very excellent presentation and remarks. I really appreciate your deep and inherited knowledge and wisdom. Anyway, keep away from the COVID-19, that is a quite important message, and hopefully next year or in the coming years we'd like to invite you to Tokyo to join our symposium.

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