



BANK INDONESIA

**Reinventing Bretton Woods Committee
Bank Indonesia**

In cooperation with



**THE SHADOW OF NEO PROTECTIONISM AND COPING
WITH THE CHALLENGES OF THE NORMALISATION
PROCESS**

Thursday, October 11, 2018

10:15 AM – 18:00 PM

*St Regis Hotel, Astor Room
Nusa Dua, Bali*

Kawasan Pariwisata, Nusa Dua, Lot S6, PO Box 44, Nusa Dua 80363 Indonesia

10:15 – 10:45 Registration

10:45 – 11:00 Opening Remarks

- **Mirza Adiyaswara**, Senior Deputy Governor, Bank of Indonesia
- **Marc Uzan**, Executive Director, Reinventing Bretton Woods Committee

11:00 – 12:30 Session I: POLICY NORMALISATION RISKS: ENTERING THE OLD ERA OF CAPITAL FLOWS AND EXCHANGE RATE VOLATILITY?

Chair: **Massimiliano Castelli**, Managing Director, UBS Global Asset Management

Speakers:

- **Pablo Hernández de Cos**, Governor of Bank of Spain
- **Juan José Echavarría**, Governor, Central Bank of Colombia
- **Klaus Regling**, Managing Director, European Stability Mechanism

- **Geoffrey Wong**, Global Head of Emerging Equities, UBS Asset Management

Since their respective last financial crises most EMEs have implemented more prudent policies, made stronger their governance frameworks and created financial safety nets as a buffer against adverse shocks. Nevertheless, emerging countries have become more exposed to an appreciation of the dollar and to reversals in the appetite for international risks. High foreign currency borrowings, the ongoing normalization process, along with the contagion factor added by escalating a new trend of neo protectionism, have been the ingredients of current uncertainties facing emerging markets.

12:30 – 13:30 Lunch

13:30 – 15:00 Session II: MONETARY POLICY FRAMEWORKS

Chair: **Beat Siegenthaler**, Global Macro Advisor, UBS Investment Bank

Speakers:

- **James Bullard**, President, Federal Reserve Bank of St Louis
- **Philip Lowe**, Governor, Reserve Bank of Australia
- **Olli Rehn**, Governor, Central Bank of Finland
- **Ardo Hansson**, Governor, Bank of Estonia
- **Jacob Frenkel**, Chairman, JP Morgan Chase International

The world economy also needs to tackle the challenges of monetary normalization in advanced countries, including timing, consequences, and the meaning of normalization. Unwinding these extraordinary policies will be demanding and central banks currently have a very little margin to respond, should a new crisis arise. Numerous discussions are underway regarding the adequacy of the current monetary toolbox to address a sharp downturn (Raise the inflation objective, strengthen forward guidance, institute a price level target? or “Bernanke Rule “temporary price level target at Effective Lower Bound ELB?).

15:00 – 15:15 Coffee Break

15:15 – 16:30 Session III: ASIA AND THE WORLD IN A NEOPROTECTIONISM ENVIRONMENT

Chair: **Linda Yueh**, Fellow in Economics, University of Oxford, and Adjunct Professor of Economics, London Business School

Speakers:

- **Mari Pangestu**, Professor of Economics, University of Indonesia
- **Takatoshi Ito**, Professor of Economics, Columbia University
- **Dr. Hoe Ee Khor**, Chief Economist, AMRO

Asia is now at the center of the world economy and steady growth has been a source of stability. Over the past five decades Asia's economies have relied largely on an export-oriented development model to support rapid economic transformation and growth. The escalation of trade tensions would negatively affect business and confidence investment. Globally, the OECD has estimated that a 10 percent hike in import tariffs across China, Europe, and the United States could reduce world GDP by 1.4 percent and global trade by as much as 6 percent, reversing the recent synchronized global growth. The Asian economies with export-dependent growth models -- such as Vietnam (where exports constitute 90% of GDP), Malaysia (71%), and South Korea (45%) -- would be hit particularly hard. The likelihood is that these costs would be only the beginning. A trade war scenario is also one in which international cooperation and openness in other areas is likely to be compromised. What should Asia do to strengthen its domestic growth engines, including consumption and investment, and to reduce its reliance on external markets? In particular, should it pursue policies that foster the creation of quality jobs and the transfer of more corporate savings to households?

16:30 – 17:45 Session IV: THE ECONOMICS OF MONEY – WHAT SHOULD THE FUTURE OF MONEY BE?

Chair: **Ousmène Jacques Mandeng**, Visiting Fellow, London School of Economics and Political Science

Speakers:

- **Már Guðmundsson**, Governor, Central Bank of Iceland
- **Dr. Sugeng**, Deputy Governor, Bank Indonesia
- **Sayuri Shirai** Professor of Keio University, Former Bank of Japan Policy Board Member
- **Srinivas Yanamandra**, Chief-Compliance, New Development Bank

The G20 and central banks around the world have been looking at the future role of crypto assets and the future of digital assets. The associated distributed ledger technology has the potential to question the responsibilities of central banks, including the conduct of monetary policy, ensuring the safeguarding of financial stability, providing for secure and efficient payment and settlements system. This session will also explore some of the legal issues around the ability of central banks to issue CBDCs and key technical and operational hurdles in their design and implementation. How should digital currencies be regulated? What is the future of the banking system and financial intermediation? These are preliminary considerations for this high-level session.