Virtual Roundtable

Ensuring Sustained Recovery and Growth: The Roles of Macroeconomic and Supply-Side Policies in an Inflationary Post-Pandemic World

28/29 June 2022

ROUNDTABLE REPORT

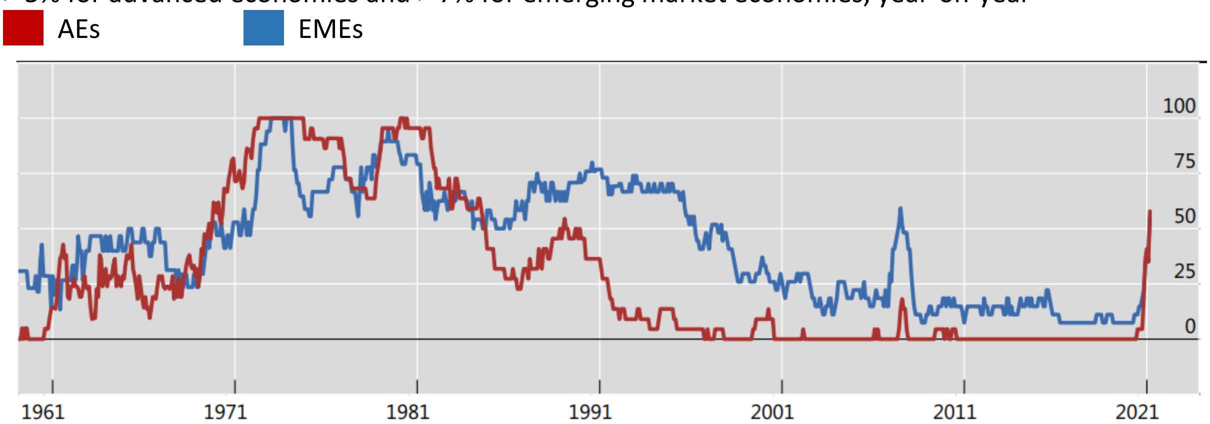
Note: This Report reflects the views of participants as presented during the Roundtable and not necessarily the positions of the organizers.

The COVID-19 pandemic – which is still ongoing – left many economies with huge losses in human lives, business income and jobs, disproportionately impacting developing economies, small enterprises and marginalized sections of society. The unprecedented and vigorous response by governments and central banks averted a full-blown recession and crisis, kept the global economy afloat and paved the way for recovery. However, economies now need to deal with the aftermath of the pandemic – record levels of public and private debt, constrained fiscal space, hugely expanded central bank balance sheets, and a return of inflation.

More than half of advanced economies and emerging market economies are experiencing year-on-year inflation rates above 5 percent and 7 percent, respectively, according to the Bank of International Settlement (BIS). Economic data indicate that the world economy will be facing a period of entrenched inflation in the foreseeable future. The strong rebound in aggregate demand stimulated by the exceptional macroeconomic policy response to the pandemic is not being matched by a corresponding increase in supply of goods, services and labor. The pandemic disrupted global value chains, logistics networks and labor supply, while recent geopolitical conflicts are now hugely impacting fuel and food supply. Combined with these was a pre-pandemic legacy of low levels of investment in commodity markets that is now constraining the response to shortages.

Figure 1: Proportion of Economies with High Inflation

> 5% for advanced economies and > 7% for emerging market economies, year-on-year



Source: Bank of International Settlement, *The return of inflation* [Speech by Agustín Carstens, General Manager, BIS], Geneva, 5 April 2022; Data from OECD, BIS and BIS calculations

Higher inflation is now affecting a much larger share of the consumption basket in both advanced and emerging market economies, as the increased demand for goods during the pandemic was accompanied by an acceleration of prices of services, which are typically more persistent than increases in the prices of goods, potentially leading to a period of entrenched inflation. The BIS points to various indicators suggesting that the long period of relatively low inflation the global economy has enjoyed is coming to an end. These are the significantly elevated inflation expectations among financial markets and households, the rise of price spillovers across sectors to levels not seen since the high inflation era, and early signs of growing price spillovers to wages, which if left to continue opens the possibility of a future wage-price spiral.

These developments pose serious challenges to governments and central banks in the Asia-Pacific region, which to date have borne the burden of buttressing the economy and stimulating recovery. The impact of the pandemic is still being felt in most APEC member economies, even as some governments continue to deal with the serious threat posed by new COVID variants. However, the new economic realities present a stark choice between the demands for more restrictive fiscal and monetary policies at a time when businesses, financial markets and households have become too dependent on expansionary policies for too long, and the larger costs down the road of a failure to make the necessary policy adjustments.

The Roundtable discussed these issues with the aim of identifying a viable path forward that would enable APEC economies to undertake the policies needed for sustained and stable growth, including the restoration of governments' fiscal health, the reduction of public debt to more sustainable levels and the orderly unwinding of central banks' balance sheets, while continuing to promote recovery, especially of the hardest hit economies, micro- and small enterprises and the socially marginalized. Participants discussed the prospects of greater reliance on supply-side policies, the possible roles that the business sector and markets can play in this process, in partnership with governments, and how APEC can provide a platform for collaboration in meeting the economic challenges that the region is facing today.

The Asia-Pacific Macroeconomic Landscape

As of June 2022, GDP growth in APEC member economies as a group is expected to slow down to a range of 3.2 to 3.4 percent through to 2027, from 5.9 percent in 2021, underperforming the rest of the world combined. This is occurring against a backdrop of rising risks and substantial economic uncertainty including higher and more broad-based inflation, rising interest rates, growing indebtedness, moderation of growth in major trading economies and increasing trend toward protectionism, brought about by, among others, the consequences of the still ongoing pandemic and geopolitical conflict . Inflation in the region is on an upward trend, driven by demand-supply imbalances, as reflected in the recent sharp rise of the food price index, which has been trending upwards since the outbreak of the pandemic.

Developing economies in Latin America are facing daunting challenges. They are emerging from the pandemic with significant weaknesses. Employment has not fully recovered, even as they are now experiencing a sharp decline in growth (from artificially inflated aggregate demand in 2021), high inflation particularly in energy and food, that is heavily impacting those in the lower income groups. The leeway for further government intervention is constrained by weakened fiscal and current account positions. Expectations are for a downward revision of growth forecasts from the April 2022 projections of the International Monetary Fund (IMF).

As is the case with most of the developing world, the factors now affecting Latin America's economies are mostly external. These include the growing slide toward recession in the USA and Europe that has been partly driven by higher interest rates, a sharp deceleration of growth in China as a consequence of the more recent outbreak of new COVID variants and the shrinking of the real estate sector, and higher international interest rates that spell capital outflows at a time of large current account deficits. In response to these trends, Latin American economies are expected to hike their interest rates in order to quell inflation and stem the capital outflow.

As the second largest economy in the world, China has a profound impact on the developing economies in the region. In the current situation, China is facing a range of mutually reinforcing short-term risks. These include geopolitical tensions, the property market downturn, policy uncertainty, disruptions due to the COVID pandemic, slowing growth and rising risk aversion. Its growth slowdown will have a strong impact on the Asia-Pacific region due to the high trade dependence of many economies on China, as reflected in the percentage share of GDP of their trade with China.

Although not a global trend, there has been significant trade diversion of the USA away from China and toward ASEAN since 2018, which has further accelerated since the beginning of 2022. The growing importance being given to supply chain security is said to be driving the shift in strategy toward diversification and localization. The goal of diversification of suppliers is to reduce reliance on a single supplier. The goal of localization or re-shoring is to relocate production to markets that are geopolitically and/or geographically closer to the end-users or to home economies in order to minimize geopolitical risks, such as economic sanctions. In the case of international business strategy vis-à-vis China, the emerging trend has been a move of production for international supply chains away from China and the shift of production within China to cater mainly to the domestic market ("made in China for China").

A continuing trend of diversification of US companies' global supply chain production away from China is expected to benefit developing economies in Asia. This is already being reflected in the significant growth of foreign direct investment in ASEAN economies as compared to FDIs in China in the course of the last 6 years.

Developments in the markets for fossil fuels are likely to be an important source of inflation for some time to come. The huge reduction of demand for oil, coal and natural gas following the outbreak of COVID-19 led to a significant decline in investments in new sources and a similar decline in global refining capacity, in addition to the OPEC response of cutting the supply of oil. Since it takes years for new investment to result in additional supply, the market became very vulnerable to any shortage in oil supply, which was what happened after the economic sanctions were imposed following the outbreak of the armed conflict in Ukraine.

A key issue is the lack of refining capacity. The COVID-19 pandemic resulted in the closure of several major refineries in the USA in 2020 and the first ever decline in global refining capacity in 2021. With refined petroleum products already in short supply at the beginning of 2022, the imposition of the ban on buying petroleum products from Russia led to a surge in the price of fuel and to an energy crunch.

Other commodity prices, however, after having spiked in March 2022, have come down. This has been the case for metals as well as for agricultural commodities. The main driving force has been the expectation of recession. Nevertheless, given the volatility of commodities markets due to their sensitivity to various factors (e.g., expectations of drought in the case of agriculture), continued vigilance remains important.

Over the coming months, several key trends bear watching:

- The Global Financial Crisis and the Euro Crisis occurred in the wake of monetary policy tightening in the USA, with asset price adjustment playing a key role in both events. While the COVID-19 pandemic crisis was triggered by other causes, the prospective consequences of the most recent monetary policy tightening as reflected in the rising Federal Funds Rate have become a focus of concern.
- Foreign exchange markets have been roiled by various developments, and particularly more recently by geopolitical conflicts. Most of the Asian economies have seen the value of their currencies go down. In addition to crypto-assets such as Ethereum and Bitcoin, Japanese yen has depreciated by 14 percent from the beginning of 2022, the largest decline in value among APEC member economies.

- The development of China's property prices, which are reaching new heights, appears to resemble the trajectory of property prices in Japan shortly before the bursting of the asset-price bubble in the 1990s.
- The natural rate of interest in the USA (defined as the theoretical short-term interest rate that would support the economy at maximum output or full employment GDP while keeping inflation constant) has been on a downward trend since the 1960s, raising concerns about secular stagnation. The rate of decline has become more pronounced immediately since the Global Financial Crisis.
- The recent sharp decline of global exports of goods and services as a percentage of global GDP, following its spectacular rise since the end of the Second World War, appears to reflect a new trend toward de-globalization.

Options for Fiscal and Monetary Policies

While credible concerns about the prospects of global stagflation have been recently raised,[1] currently there is still strong nominal growth in the developed world, where unemployment rates are still at an all-time low. However, high inflation is definitely a problem that affects economies across the globe except for a few like Japan and China where inflation remains largely under control. A key factor behind the spike in inflation was tight supply due to years of under-investment that could not meet the demand unleashed by the abrupt opening of economies after years of monetary expansion. It was compounded by the impact of geopolitical conflict on supply chains and commodity prices.

A longer-term trend that is affecting the region today and exacerbated by the pandemic is the growing global imbalance, as reflected in real exchange rates. In Japan, there has been a steady decline in the real (price-adjusted) value of the yen since the "lost decade" of the 1990s marked by cost-cutting and relatively falling prices, reinforced by monetary expansion after the Global Financial Crisis and accelerating after the outbreak of COVID until the present. In the USA, government recovery spending and tax cuts over the past decade have propelled the real value of the US dollar to historic highs. The impact has been growing export dependence and cost-cutting pressure in Japan and severe exporter pain and a push to overseas investments in the USA.

The accumulation of huge public and private sector debt with its consequent risks is an important issue that needs to be addressed. In all the major markets (China, Europe, Japan and the USA), public sector debt has steadily increased since the Global Financial Crisis and sharply increased during the COVID-19 pandemic. Special attention will need to be paid to higher credit risks arising from the huge increases in private non-financial sector debt, especially in China. Substantial diversion of non-financial credit from the private to the public sector is weighing on growth and returns as well as innovation, putting economies on a trajectory of stagnation.

At this point, macroeconomic policy would need to focus on stabilizing inflation as the key priority to prevent it from becoming entrenched. In this context, fiscal policies may be used to smooth price shocks in the economy. These would include cash transfers and targeted subsidies to help low-income wage earners and those who are liquidity-constrained, in order to head off a potential wage-price spiral. Thus, while it is important to pursue fiscal consolidation and debt reduction as medium-to long-term goals, the withdrawal of fiscal support will need to be carefully managed. There is room for increasing taxes and tax collection efficiency in economies where the ratio of tax revenues to GDP is still low. Fiscal policy could also be used to achieve sustainability goals without impacting the fiscal balance. For example, governments may consider the introduction of carbon taxes to finance

[1] See for example the World Bank's June 2022 Global Economic Prospects, which noted that "the danger of stagflation is considerable today. Several years of above-average inflation and below-average growth are now likely." [https://www.worldbank.org/en/news/press-release/2022/06/07/stagflation-risk-rises-amid-sharp-slowdown-in-growth-energy-markets]

digital innovation, green investment, emissions reductions in developing economies and neutral transfers to support low-income consumers.

With respect to monetary policy, monetary tightening in order to contain domestic inflation expectations would be needed. Nevertheless, central banks will also need to keep external factors in mind. There is greater room for flexibility with respect to developing Asian economies, which have negative output gaps and face lower inflationary pressures compared to developed economies.

Geopolitical conflicts and the sustained use of economic sanctions are likely to have long-term damaging impacts on the global economy. These include the risks of a permanent increase in inflationary pressure, as governments place priority on resilience over efficiency, de-dollarization, de-globalization and unintended consequences. They also produce outcomes that run counter to the APEC vision of regional integration and free and open trade, such as the fragmentation of international trade and financial arrangements into competing blocks. While sanctions form part of governments' array of legitimate options to achieve political objectives and may be necessary in certain cases, it is extremely important to carefully and objectively weigh their costs in relation to their purpose and review their broader impact as appropriate.

The big uncertainty going forward is whether the current inflationary pressure will be more persistent than in the past. Policy-wise, monetary policy must remain nimble to ensure inflation expectation is anchored. In Asia, given the output gap, policy makers need to strike a good balance between keeping inflation under control while ensuring recovery and have greater leeway to adopt a more gradual approach. Fiscal policy in the short term may be partly used to curb inflation, but over the longer-run, fiscal space must be used innovatively to meet key objectives including macroeconomic stability, sustainability, inclusive digitalization and addressing inequality. Finally, it is important to be aware of the possible impact of economic sanctions on the global economy.

Prospects for Supply-Side Policies, a Larger Role for Markets and Expanding Public-Private Partnerships

The constraints to further expansionary fiscal and monetary policy interventions come at a time when the region's economies are struggling to recover from the COVID-19 pandemic and face new economic challenges. Many of them also face the consequences of a long-term decline in potential growth rates, as well as the need to bring society to the digital age and respond to climate change, all of which will require the introduction of structural reform measures. To finance the requirements to meet these challenges, economies will need the private sector to expand its contributions to development. The private sector on its part, in order to respond to this challenge, will need enabling policy ecosystems and collaboration from governments.

Finance can play a key role in providing solutions for economies and markets in meeting the challenges of sustainable transition, inclusion and digital transformation and in navigating the ongoing tensions between globalization and fragmentation. It can strengthen resilience against crises, for example by providing wider access to digital payments, and bring more people into the financial system to expand investment resources. In order to enable finance to play these roles, policy makers need to act on three layers. The first is the infrastructure to enable digital access and access to electronic payment systems. The second is regulatory approaches and systems based on balanced and proportionate principles and utilizing technology for regulatory and supervisory purposes. The third is the wider ecosystem for digital finance and innovation, which includes a strategy for data policy and regulation, as well as research and development.

Financing of infrastructure is an area where the private sector can make critical contributions to development. In the context of promoting sustained economic recovery, infrastructure investment has the power to stimulate the economy in the short-term and create the conditions for longer-term prosperity and growth. It is where limited resources can have the strongest impact.[2] It also provides an opportunity for the huge amount of institutional investor capital to be channeled to where they are most needed and can produce the best returns. In the context of the UN SDGs, the opportunity exists to mobilize private capital to finance transformative infrastructure projects – especially public-private partnership (PPP) projects where there is a large scope for expansion – that can help societies become more inclusive and sustainable.

Investing in infrastructure projects involve informed decision-making that is based on data, appropriate allocation of risks among project stakeholders, and understanding and documenting the necessary liabilities that come with PPPs. It requires an enabling environment, which includes supportive and consistent legal, judicial and regulatory frameworks, institutional capacity and commitment in the public sector for better project preparation, coordination of stakeholders to facilitate platformed approaches, and providing greater certainty around risks that are beyond the ability of the private sector to assess and manage.

There are already existing tools and resources that are available for the public sector to meet these requirements and enable the private sector to expand investment in infrastructure. An example is SOURCE, a multilateral platform that digitalizes the project preparation process in accordance with international standards and provides a mechanism for making projects visible to investors.[3] Another is the Global Infrastructure Hub (GIH), which is a knowledge sharing platform established by the G20 to produce data, insights, knowledge tools, and programs that inform both policy and infrastructure delivery.[4] A third example is the Finance to Accelerate the Sustainable Transition-Infrastructure (FAST-Infra) initiative that provides a consistent labelling system for sustainable infrastructure assets alongside financial mechanisms to mobilize private investment for financing labelled projects.[5] APEC can assist in promoting a pipeline of sustainable infrastructure projects by providing a platform for facilitating member economies' accelerated uptake of these tools and resources.

Scaling up green finance is another important area where the private sector can make substantial contributions to long-term growth. This requires the following:

- Providing financiers and investors better transparency about the environmental impact of assets they fund and purchase;
- A stronger ambition to achieve integrity of green labels that can foster market development and funding in line with environmental objectives; and
- Better alignment between sustainable investment practices and climate transition plans to enable financial markets to facilitate the reduction of carbon emission intensity across industries.

Experts from central banks, supervisory agencies and international financial institutions under the Network for Greening the Financial System (NGFS) recently collaborated in drafting a report that identified critical elements for scaling up green finance,[6] which are as follows:

- Taxonomies: A number of transition taxonomies have emerged in various jurisdictions and regional groupings. [See Figure 2.] Differing features pose a challenge for investors, who need to be able to compare investments across borders, and thus need clear definitions of green assets,

[2] Global Infrastructure Hub, The vital role of infrastructure in economic growth and development, November 2021 [https://www.gihub.org/articles/the-vital-role-of-infrastructure-in-economic-growth-and-development/].

[3] https://www.facebook.com/SIFSource

[4] https://www.gihub.org/

[5] https://www.climatepolicyinitiative.org/fast-infra/

[6] Network for Greening the Financial System, Enhancing market transparency in green and transition finance, April 2022 [https://www.ngfs.net/sites/default/files/medias/documents/enhancing_market_transparency_in_green_and_transition_finance.pdf]

activities and projects. For example, the detailed and rigorous EU taxonomy is based on EU regulations that do not necessarily reflect emerging markets' development. The report provides guidance for balancing alignment with realistic domestic environmental objectives while allowing for comparability and consistency of terms and metrics across jurisdictions, where structure of taxonomy may be similar but the content differs depending on the local context in order to achieve inter-operability.[7]

Figure 2: Main Characteristics of Selected Transition Taxonomies

Jurisdiction	Format	Base	Methodology	Sectors	Science-based targets	Requirements for entry
ASEAN	Taxonomy	Activity	Tiered framework, traffic lights	All sectors for 1st tier; 6 focus sectors and 3 enabling sectors for 2nd tier*	2nd tier provides science-based metrics and thresholds	NA
EU (proposed extension)	Taxonomy	Activity	Five categories; traffic lights	Most relevant sectors	Set science-based criteria for different categories of performance	Entity-level disclosure based on the taxonomy
Japan	Roadmap	Entity	Sector-specific pathway	Hard-to-abate sectors	Formulate science-based roadmaps	Entity-level roadmap
Malaysia	Taxonomy	Activity	Three broad categories	All sectors	NA	NA
Singapore	Taxonomy	Activity	Traffic lights	8 focus sectors	Thresholds use science-based targets	NA

*Focus and enabling sectors may be expanded in future iterations of the taxonomy
Source: NGFS, based on taxonomies and roadmaps of individual jurisdictions and regional organizations

- Green external review and assessment: Regulation of green external review is supposed to address concerns about reliability and comparability of green labels, especially in relation to ESG ratings. It seeks to develop regulations to admit competent private verifiers; ensure a level playing field for assessments; and promote transparency for both green objectives and definitions as well as external review methodologies. Some jurisdictions have already put in place regulatory frameworks to guide private external review.
- Climate transition metrics, frameworks and market products: Assessing and guiding orderly transition through market-based approaches require the development of tools. The growth of the sustainability-linked bond (SLB) market, for example, will require a further development of

[7] In 2021, the People's Bank of China (PBOC), together with the National Development and Reform Commission (NDRC) and the China Securities Regulatory Commission (CSRC) updated the China Green Bond Endorsed Projects Catalogue, removing clean coal, and included climate change mitigation as environmental objective alongside pollution prevention and introduced the Do No Significant Harm Principle. Within the International Platform on Sustainable Finance, China and the EU established a working group to develop the Common Ground Taxonomy, a comprehensive activity-by-activity mapping and comparison of taxonomies in China and the EU.

industry-specific assessment indicators and targets.[8] Adoption of technology can help promote greater availability of high-quality granular data needed for green external review.[9]

In sum, promoting green and transition finance through enhanced transparency and ensuring consistent outcomes across jurisdictions would require several measures. These include: (a) enhancing the comparability and inter-operability of taxonomies and transition frameworks; (b) promoting external review, assessment and engagement to ensure market integrity; (c) encouraging, enabling and supporting due diligence in the assessment of climate risks by institutional investors; and (d) promoting entity-level analysis in transition finance, to facilitate the transformation of the entity's business model.

Adoption of technology is important in understanding the impact of activities on the environment and in identifying the risks. Enhanced ability to quantify risks in turn is key to the creation of new financial instruments for the new economy and to the development of efficient and robust regulatory frameworks, including appropriate capital adequacy requirements.

Conclusions and Recommendations

Asia-Pacific economies are now facing various economic consequences of the COVID-19 pandemic – record levels of public and private debt, constrained fiscal space, hugely expanded central bank balance sheets and the return of inflation, exacerbated by geopolitical conflict. Developing economies are facing daunting challenges as they emerge from the pandemic with significant weaknesses. External factors are weighing on them, including rising interest rates that could result in capital outflows, economic weaknesses in the developed economies, decelerating growth in China, and surging energy prices. Risks are growing as global imbalances increase, currency markets plunge into turmoil, property prices in China reach dangerous levels, the trend toward secular stagnation continues, and the world enters a new period of de-globalization.

For the moment, the macroeconomic policy response needs to focus on stabilizing inflation as the key priority to prevent it from becoming entrenched. Monetary policy needs to ensure inflation expectations remain anchored through monetary tightening in developed economies. Short-term, fiscal policies can provide support to smooth price shocks, such as cash transfers and targeted subsidies to low-income wage earners and those who are liquidity constrained in order to head off a potential wage-price spiral. Medium and long-term, governments need to pursue fiscal consolidation and use fiscal space innovatively to meet key objectives including sustainability, inclusive digitalization and addressing inequality.

Geopolitical conflict and economic sanctions are likely to have long-term damaging impact on the global economy, the global economic and financial system, and the prospects for achieving the goals of APEC. It is extremely important for governments to carefully and objectively weigh their costs in relation to their purpose and review their impact, including unintended consequences, as appropriate.

Given the serious constraints to the ability of governments through further expansionary fiscal and monetary policies to promote recovery, more emphasis needs to be placed on structural reforms

[8] Looking ahead, steps need to be taken to ensure that forward-looking indicators and targets used by issuers are sufficiently credible. These include the development of KPIs, enhanced standards through more guidance on the choice of industry-specific indicators and indicators promoted by global reporting standard setters (such as the one being developed by the International Sustainability Standards Board) to allow comparison with other non-SLB issuers that comply with these standards.

[9] Some jurisdictions are working to leverage technology to enhance data collection. For example, the European Commission has proposed in 2021 to require companies to digitally tag the reported information in order to make it machine-readable and allow it to directly feed into the European single access point proposed in the EU's capital markets union action plan. In 2021, the International Finance Corporation launched ESG Book, which provides a new central source for accessible and digital corporate sustainability information for the general public. The BIS and Hong Kong Monetary Authority launched Project Genesis leveraging Internet of Things and distributed ledger technologies to facilitate the measurement of green impact.

and supply-side growth strategies, with the private sector and markets increasing their contributions to economic development. In order to achieve this, governments and regulators need to provide enabling policy ecosystems and collaborate with the private sector where needed. Priority areas for public-private collaboration are infrastructure financing, inclusive digitalization, de-carbonization, with a focus on transition financing and better income distribution policies to increase tax revenue.

Successful implementation of structural reforms and supply-side measures is essential in raising economies' potential growth rates, and consequently the natural rate of interest. Inasmuch as the decline of the natural rate of interest in key economies to historic lows has been the principal factor behind the ineffectiveness of traditional monetary policy instruments to provide growth stimulus in recent years, reforms that will allow it to rise to normal levels are expected to help restore policy maneuverability for promoting sustained and stable growth.

Key recommendations emerging from the Roundtable are as follows:

- Focus on preventing inflation from becoming entrenched as the key priority, with monetary policy in developed economies playing a lead role by raising interest rates to anchor inflation expectations, and fiscal policy over the short term playing a supporting role in smoothing price shocks, such as through cash transfers and targeted subsidies to head off a potential wage-price spiral.
- Pursue fiscal consolidation and debt reduction over the medium and long term while using innovative fiscal policy instruments such as for example carbon taxes to finance digital innovation, green investment, global emissions reduction and neutral transfers to support low-income consumers without significantly impacting the fiscal balance.
- Review the broader impact of geopolitical conflict and economic sanctions, including unintended consequences, and undertake the necessary steps to address them.
- Undertake policy, regulatory and capacity-building initiatives leveraging the APEC platform and regional public-private collaboration to provide an enabling ecosystem for the private sector to increase its contributions to economic growth, with focus on infrastructure investment, sustainable transition, inclusive digitalization and enhanced resilience.

ANNEX: ROUNDTABLE AGENDA (*Times displayed are Japan Standard Time on 28 June 2022*)

1000-1010	**OPENING SESSION** **Welcome Remarks** Mr. Hiroshi Nakaso, Chair, ABAC Finance and Economics Working Group; and Chairman, Daiwa Institute of Research **Opening Remarks** Dr. Richard Cantor, Co-Chair, PECC; and Vice Chairman, Moody's Investors Service
1010-1110	**SESSION 1** **THE ASIA-PACIFIC MACROECONOMIC LANDSCAPE** Moderator: Dr. Richard Cantor, Co-Chair, PECC; and Vice Chairman, Moody's Investors Service
	Introductory Remarks by Moderator Dr. Denis Hew, Director, APEC Policy Support Unit Dr. Manuel Agosin, Professor Emeritus of Economics, Faculty of Economics and Business, University of Chile Mr. Chris Lafakis, Director, Economic Research Economics & Structured Analytics Moody's Analytics Ms. Lillian Li, Vice President and Senior Credit Officer, Moody's Investors Service Dr. Toshitaka Sekine, Professor, Asian Public Policy Program, Hitotsubashi University **Concluding Summary by Moderator**
1110 -1150	**SESSION 2** **PANEL DISCUSSION – OPTIONS FOR FISCAL AND MONETARY POLICIES** Moderator: Mr. Hiroshi Nakaso, Chair, ABAC Finance and Economics Working Group; and Chairman, Daiwa Institute of Research
	Introductory Remarks by Moderator Dr. Angel Ubide, Managing Director and Head of Economic Research for Global Fixed Income and Macro, Citadel Mr. Chikahisa Sumi, Director, Regional Office for Asia and the Pacific, International Monetary Fund (IMF) Dr. Martin Schulz, Chief Policy Economist, Fujitsu **Discussion** **Concluding Summary by Moderator**

1150-1250	**SESSION 3** **PANEL DISCUSSION – PROSPECTS FOR SUPPLY SIDE POLICIES, A LARGER ROLE FOR MARKETS AND EXPANDING PUBLIC-PRIVATE PARTNERSHIPS** Moderator: Dr. Christopher Findlay, Honorary Professor, Crawford School of Public Policy, Australian National University; and Member, Australian Pacific Economic Cooperation Committee (AusPECC)
	Introductory Remarks by Moderator Mr. Trevor Lewis, Advisor, SPD and Head, Unit for Non-sovereign Operations, for Strategy, Policy and Partnerships, Asian Development Bank Dr. Douglas Arner, Kerry Holdings Professor in Law, The University of Hong Kong Dr. Frank Packer, Co-Chair, Network of Central Banks and Supervisors for Greening the Financial System (NGFS) Subgroup for Report on "Enhancing Market Transparency in Green and Transition Finance" Dr. Gordon de Brouwer, Professor of Economics, The Australian National University; and Board member, Australian Nuclear Science and Technology Organisation (ANSTO) **Discussion** **Concluding Summary by Moderator**
1250-1300	**CLOSING SESSION** **Closing Remarks** Mr. Hiroshi Nakaso, Chair, ABAC Finance and Economics Working Group; and Chairman, Daiwa Institute of Research

ABOUT THE ORGANIZERS:

APEC Business Advisory Council

The APEC Business Advisory Council (ABAC) was created by the APEC Economic Leaders in November 1995 to provide advice on the implementation of the Osaka Action Agenda and on other specific business sector priorities, and to respond when the various APEC fora request information about business-related issues or to provide the business perspective on specific areas of cooperation. ABAC comprises of up to three members of the private sector from each economy.

Pacific Economic Cooperation Council

The Pacific Economic Cooperation Council (PECC) is a non-profit, policy-oriented, regional organization dedicated to the promotion of a stable and prosperous Asia-Pacific. Founded in 1980, PECC brings together thought-leaders from business, government, civil society and academic institutions in a non-official capacity. Together, PECC members anticipate problems and challenges facing the region and through objective and rigorous and analysis, formulate practical solutions. More than three decades on, it continues to serve as an independent forum to discuss cooperation and policy coordination to promote economic growth and development in the Asia-Pacific.