

# US – Japan Forum: Uncertain Prospects and Policy Challenges for the Global Economy

**Friday, September 25, 9:00 am — 5:30 pm**

Stein Room, The Brookings Institution, 1775 Massachusetts Ave, NW, Washington, DC

## Context for the Forum:

Seven years after the 2008 financial crisis, the global economy remains mired in sluggish and uneven growth and subject to continued volatility in financial markets. According to the IMF, global growth declined in the first half of 2015 compared to the second half of 2014 – reflecting a further slowdown in emerging markets and a weak recovery in advanced economies. World trade growth has sharply decelerated, reflecting weak global demand and lack of progress on trade liberalization. Financial conditions remain easy in most advanced economies but have tightened in emerging markets. Prospects for short- and long-term growth remain uncertain because of a number of risks including those posed by the growth transition in China, capital flow reversals and funding challenges linked to potential interest rate hikes and dollar appreciation, and volatility in commodity prices. Boosting actual and potential growth is a key challenge for both advanced and emerging economies. This will require raising investment from its present low levels, and in turn calls for domestic structural reform and a conducive trade and foreign investment environment. Addressing persistent low employment and growing inequality is a shared challenge for many economies. In order to ensure the sustainability of growth, it will be crucial to have climate impact and resilience reflect more clearly in growth strategies, including the implications for energy development and policy.

## Agenda:

**9:00am – 9:30am**      **Coffee and Registration**

**9:30am – 10:00am**      **Welcome and Opening Remarks**

- ❖ **Kemal Derviş**, Vice President and Director, Global Economy and Development, Brookings Institution
- ❖ **Kazumasa Kusaka**, Chairman and CEO, Japan Economic Foundation

10:00am – 11:45am

## Session 1: Challenges to the global economy – Perspectives on advanced economies including US and Japan

Growth in the US in the first half of the year has decelerated compared to the second half of 2014, but the unemployment rate has fallen to pre-crisis levels while inflation remains below target. In Japan, a strong rebound in the first quarter was followed by a sharp contraction in the second. And in Europe, overall growth remains subdued but with significant variation across countries. Against this backdrop, there is a continuing debate about the appropriate pace of monetary normalization, the role of fiscal policy in supporting growth and demand, and the agenda for structural reforms to boost productivity and growth.

- How do participants view the immediate and longer-term prospects for advanced economies, including that of the US and Japan? Are we at a risk of secular stagnation and what responses are called for?
- What are the implications for normalization of monetary policies and their coordination?
- How can the growth impact of fiscal policy be improved?
- What should be the global trade agenda in light of the prospective mega trade deals?
- What further policy measures are needed to deal with persistent unemployment (including youth unemployment) and growing inequality?

### Moderator:

- ❖ **Kemal Dervis**, Vice President and Director, Global Economy and Development, Brookings Institution

### Panel:

- ❖ **John Lipsky**, Distinguished Visiting Scholar, School of Advanced International Studies, Johns Hopkins University; Former First Deputy Managing Director, IMF
- ❖ **Martin Baily**, Senior Fellow, Economic Studies, Brookings Institution
- ❖ **Takeo Hoshi**, Professor, Stanford University
- ❖ **Yasuyuki Sugiura**, President and CEO, Mitsubishi Corporation (Americas)
- ❖ **Hideo Suzuki**, Former Director-General of Trade Policy Bureau, Ministry of Economy, Trade and Industry (METI)

12:00pm – 1:00pm

### Lunch

*Biggs Lounge, Brookings Institution (2<sup>nd</sup> floor)*

1:00pm – 2:30pm

## Session 2: Challenges to the global economy – Perspectives on developing economies including China and India

Growth in emerging markets has slowed and is characterized by marked differences across regions and countries. In China, while growth in the first half of 2015 was largely in line with previous forecast, recent signs of weakness and a sharp fall in equity prices have raised concerns about the growth transition and financial vulnerabilities. Growth has also fallen sharply in some other major economies including Brazil, Russia, South Africa and Turkey with the potential for regional spillovers. On the other hand growth in India, Southeast Asia, sub-Saharan Africa and some countries in Latin America remain robust. The outlook for the future is uncertain given weak and uncertain commodity prices, capital flow volatility and exchange rate pressures and the impact of the weak global recovery and lower growth in China.

- How do participants view the prospects for the major emerging markets including China and India? What is underlying the significant variation across regions and countries?
- What are the policy implications and potential spillovers of China's growth transition and financial vulnerabilities?
- What is the impact of lower and volatile commodity prices?
- How are emerging markets likely to be affected by the normalization of trade policies?
- What are the implications for emerging markets and developing countries of the TPP and the TIPP?

### Moderator:

- ❖ **Takeo Hoshi**, Professor, Stanford University

### Panel:

- ❖ **Ayhan Kose**, Director, Development Prospects Group, The World Bank
- ❖ **Naoyuki Yoshino**, Dean, Asian Development Bank Institute; Professor Emeritus, Keio University
- ❖ **Rakesh Mohan**, Executive Director, IMF
- ❖ **David Dollar**, Senior Fellow, Foreign Policy, and Global Economy and Development, Brookings Institution

2:30pm – 2:45pm

### Coffee Break

*Biggs Lounge, Brookings Institution (2<sup>nd</sup> floor)*

2:45pm – 4:15pm

### Session 3: Challenges of climate change and energy

The coming two decades will be pivotal for arresting and reversing greenhouse gas emissions if the world is to have a reasonable chance to restrict global warming to the 2 degree target. During the same time, there will be a large increase in energy demand in the emerging markets and developing countries to meet their growth and development aspirations. Reconciling both these goals is one of the most important but complex challenges of our time. The upcoming Climate Summit in Paris in December provides an important opportunity to reach agreement on a new and ambitious approach. An effective framework of action will require concerted actions by countries to reorient their growth, consumption and investment strategies and enhance international cooperation including on finance and technology.

- What should be the aspirations for the Paris COP21 Summit?
- How should countries reorient growth and investment strategies to enhance sustainability and climate resilience?
- How can large energy demands be met while ensuring more sustainable approaches? What are the lessons from recent shifts in energy strategies in major economies?
- How should the framework for international cooperation be strengthened?

#### Moderator:

- ❖ **Amar Bhattacharya**, Senior Fellow, Global Economy and Development, Brookings Institution

#### Panel:

- ❖ **Yoriko Kawaguchi**, Professor at Meiji Institute for Global Affairs; Former Minister for Foreign Affairs; Former Minister of the Environment, Government of Japan
- ❖ **Charles K. Ebinger**, Senior Fellow, Energy Security and Climate Initiative, Brookings Institution
- ❖ **Timmons Roberts**, Nonresident Senior Fellow, Global Economy and Development, Brookings Institution; Professor, Brown University.

4:15pm – 4:30pm

#### Closing Remarks

- ❖ **Kazumasa Kusaka**, Chairman and CEO, Japan Economic Foundation
- ❖ **Amar Bhattacharya**, Senior Fellow, Global Economy and Development, Brookings Institution

4:30pm – 5:30pm

#### Cocktail Reception

*Biggs Lounge, Brookings Institution (2<sup>nd</sup> floor)*