

The Financial & Economic Crisis and FTAs:
How can intra-regional export growth
through FTAs help tackle the crisis?

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Discussant

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Appreciation for the Chance to Review Two Valuable Pieces

- Noriyuki Mita's key focus on:
 - the potentially huge Asian markets;
 - FTAs as positive factor for efficient regional production network;
- Thomas G. Aquino's key emphasis on:
 - Need for deepening regional integration on capital flows & professional migration;
 - Confidence-building on issues of global concern with regional institutionalization.

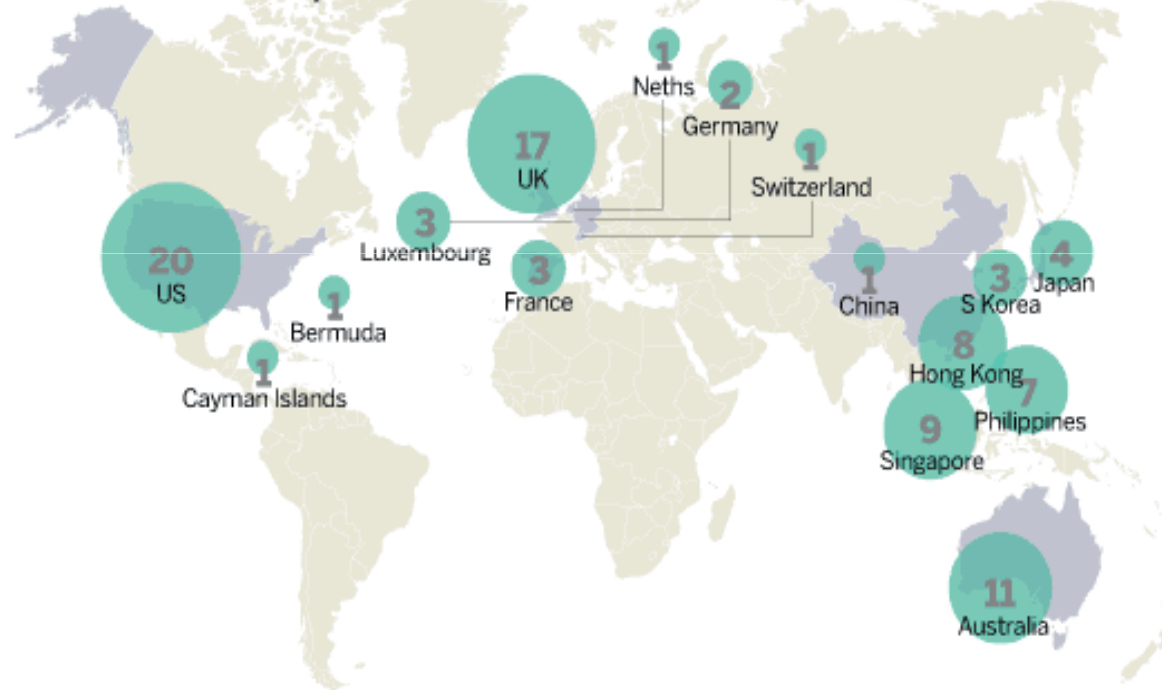
Self-Regarded Task as a Discussant

- To supplement the two presentation with some additional observations;
 - The Financial Crisis & Its Impacts;
 - The Economic Crisis & Its Contentions
- To ask questions for further discussion
 - A New Model for Regional Integration?
 - Regional Integration: Whatever Its Worth & Commitment?

Financial Collapse of a Cross-Border Bank

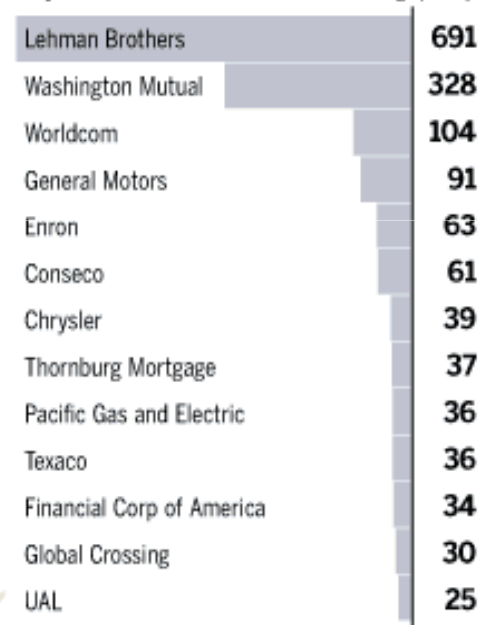
Collapse of a cross-border bank

Lehman Brothers companies in administration



Top 10 US bankruptcies

By balance sheet assets at time of filing (\$bn)



Sep 10

Lehman announces \$3.9bn third-quarter loss. Its shares slide further

Sep 15

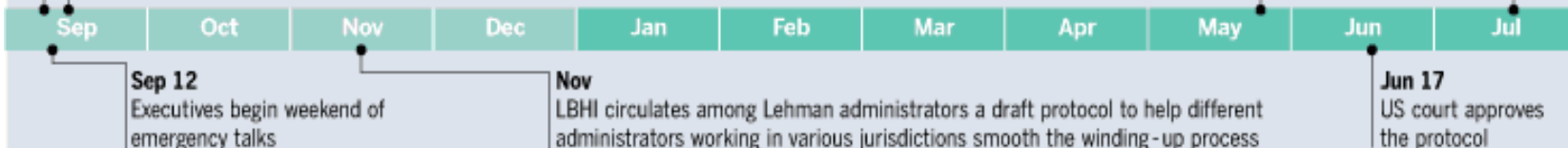
It's all over. LBHI, the parent company, and subsidiaries around the world file for bankruptcy

May 25

LBHI publishes preliminary protocol

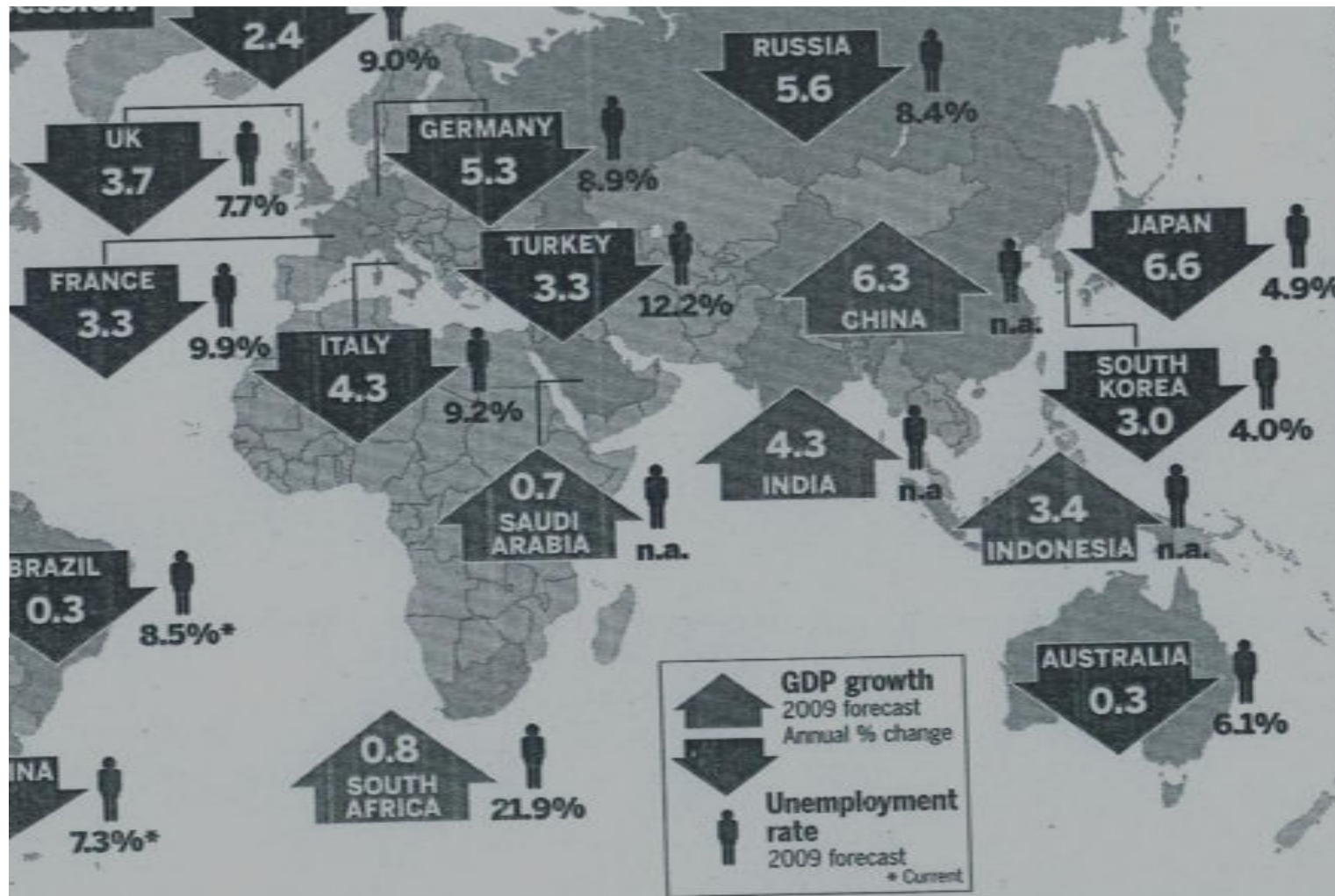
Jul 16

Administrators will arrive in London for further discussions



The Financial Crisis & Its Impacts

- The crisis has caused the domino and ripple effects around the globe, particularly on areas with strong MNC presence.
- For lack of a prudent financial monitoring system & sound corporate governance, the international financial market is under siege, and the free-market capitalist model is under scrutiny.



Does not include acquisition of assets (including financial sector support) and measures that were already planned for

Exports

Change in exports value 2009 forecast (annual % change)



Sources: IMF; OECD; Consensus Economics;

Europe

Financial stress in many European countries, risks to spread. Already called in for... Romania and... unclear how far EU to the region

Africa

- Falls in commodity prices hitting many economies hard
- Growth falling below population increase, creating a large growth in absolute poverty and fears of social unrest

Emerging Asia

- Chinese growth expected to be 6.3 per cent this year - fast but nothing like recent trends
- Other east Asian economies in recession as export industries are hit extremely hard

Japan

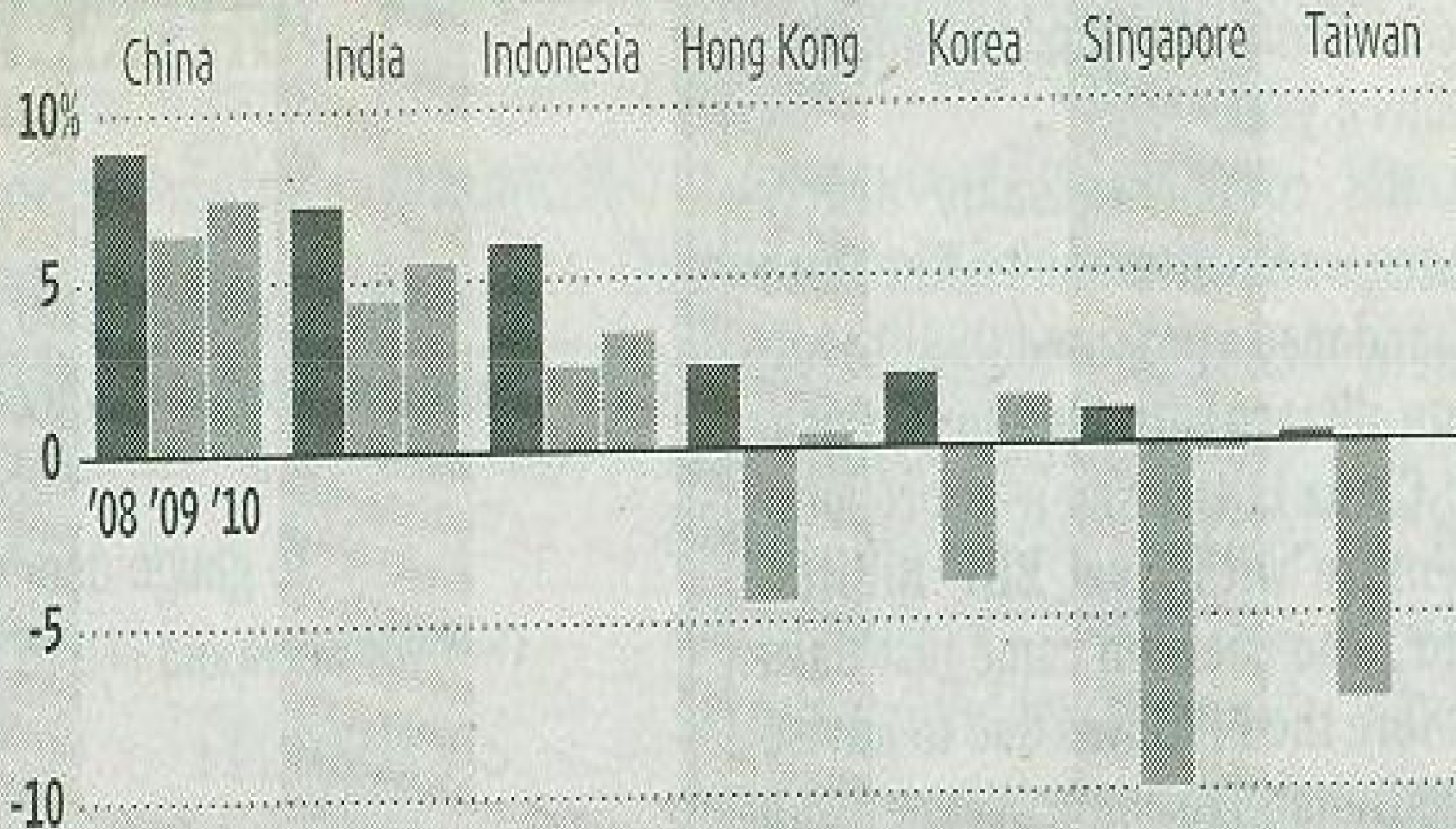
- Hit hardest of advanced economies and expected to contract by 6.6 per cent this year
- Deflation taking hold again as exports slump

GDP growth
2009 forecast
Annual % change

Unemployment rate
2009 forecast
* Current

Asia economic outlook

Actual 2008 GDP, plus 2009 and 2010 IMF forecasts.



Source: IMF

The Economic Crisis & Its Contentions

- Are Asians saving too much & spending too little?
- Where should the next export targets be ?
- Why is protectionism rampant despite of the collective pledges against it?
- Do we need to rethink a new model for development, regional or global?

Exploring a New Model for Regional Economic Integration?

- Do we need a fundamental reconstruct of a regional community beyond GDP growth & production efficiency?
- Could we learn from the Sarkozy/Stiglitz/Sen's Well-Being Report in the context of Sustainability?
- Instead of measuring economic production and stimulating consumption of conventional goods, how do we promote health, education, and household income, as HDI measures, in the region?

Regional Integration: Whatever Its Worth & Commitments?

- A Sense of community-Building?
- A Pursuit of Development Cooperation?
- A Nurturing of Confidence-Building?
- A Pledge to Non-Exclusivity?
- A Devotion to Peace & Co-Prosperity?
- A Commitment to Regional Stability?
- A Model for Global Exemplary?

The End

Thanks for your attention.