

## **Moving Forward in New Global Economic, Financial Landscape**

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The recent global economic crisis is a crucial inflection point of modern economic history. Legacies from the crisis together with the continuation of the globalisation process, albeit in a newer form, will likely reshape the global and regional economic and financial landscape going forward.

First, there will be a shift in the global growth contribution of the G4 economies - the United States, eurozone, United Kingdom and Japan-to emerging economies especially in Asia.

As a result of high fiscal debt burdens, fragile banking sector balance sheets and deleveraging of the house-hold sector, growth in the G4 economies is expected to be subdued. On the other hand, emerging Asia, which has come through the crisis relatively unscathed, is expected to become a new global growth engine.

Rising domestic consumption and investment, as well as the swift transition of vast amounts of workers in emerging Asia from agriculture to manufacturing and services would increasingly stimulate the significant demand within the region.

Second, global growth differentials and ample global liquidity will likely lead to surges in capital flows into emerging Asia. Moreover, the shorter and more volatile business cycles of the G4, irreplaceable safe haven status of the US, overheating risk in Asia, policy uncertainty and geopolitical risk could also bring about large capital flow fluctuations.

Third, increasing banking opportunities from the better growth prospects and capital inflows into emerging Asia will allow regional and domestic banks to play a greater intermediary role, as G4 global banks

will continue to be weak and subject to stricter new regulations. They will have a more important role in facilitating growth within this high-saving region.

These changes will open up vast opportunities and pose challenges for Thailand. The major opportunities are likely to be associated with Thailand's central location in the region, its position as an important player in the regional production network and stronger regional bargaining power.

On the other hand, three of the most important challenges in the new global environment would be those associated with the fragile external environment, capital flow volatility and the possibility of being marginalised if the country is unable to catch up with regional progress and changing dynamism.

For Thailand to effectively position herself in this changing environment, a comprehensive and well-planned strategy is necessary. To help ignite and brainstorm for ideas and strategies, the theme of this year's Bank of Thailand Symposium will be "Moving Thailand towards the Next Decade."

The introductory paper at the symposium will explore the global and regional changes that are likely to emerge in the next decade, and also will assess how Thailand can take advantage of the new global and regional context while avoiding the intrinsic pitfalls.

Interested readers are welcome to participate in the symposium from September 21-22 at the Centara Grand Hotel in Bangkok. For reservations and information, please call the Monetary Policy Group at the Bank of Thailand at (02) 356 7389, 283 6980-1, or fax 282 5082, or email to [WebTeam@bot.or.th](mailto:WebTeam@bot.or.th).

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**(The views expressed are the author's own.)**

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