



"Investment and its Financing: What causes private investment to remain relatively low in Asia?"
16-17 December 2010
Trident Hotel, Mumbai

The Reserve Bank of India and the European Commission organised the conference "Investment and its Financing: What causes private investment to remain relatively low in Asia?". The conference took place at Trident Hotel Nariman Point, Mumbai, India, on 16-17 December 2010.

This conference provided participants with an opportunity to share analysis on the key economic issues for Asia and EU in the aftermath of the worst global financial and economic crisis since the Great Depression. As the conference is under the umbrella of ASEM (the Asia-Europe meeting), it will bring together representatives from each of the 48 ASEM member countries together with representatives of central banks, multilateral organisations, private sector, think-tanks and academia.

The conference participants examined what drives investment in Asia and Europe, the impediments to its financing, and will exchange views about policy challenges that lie ahead. The various sessions in the one and a half day conference addressed issues such as the role of investment for productivity and growth, credit growth and financial stability, ways to channel savings into investment, the role of the financial sector and the impact of infrastructure bottlenecks on growth.

This conference provides a useful forum to exchange views and research findings on issues relevant from a policy making perspective. It will serve as input to the ASEM economic process and to the broader analysis of the rebalancing of global growth, already a central theme of the G20 forum.

Some take-aways from the conference:

- After the crisis of 1997/98, investment never returned to pre-crisis growth. This was a step-change in the level of investment. A return to the investment share just before the Asian crisis appears unlikely.
- We identified the impediments to investment growth and some types of policy measures that could address existing bottlenecks. For instance, financial sectors can better channel savings towards corporate investment; corporate bond markets could be further expanded; stock markets can be made more attractive for savers as an investment option.
- We acknowledged country specificities, especially as regards savings and investments behaviour. Driving forces for investment also differ accordingly and explain some of the strengths and vulnerabilities of a country's development pattern.
- There are avenues for improvement and a vast array of opportunities to increase investment from today's somewhat subdued level.
- From a national perspective, untapped investment opportunities would lift long-term growth, and from a global point of view it would help rebalance the global economy.

For further information, please refer to the Website of the Conference:
<http://www.aseminfoboard.org/Calendar/Activities/?id=313>