

## Opening remarks

I am honored welcome you to the first high level seminar that the Reinventing Bretton Woods is organizing with the National Bank of the Republic of Macedonia. The topics of the conference, is not selected by chance, but it is indeed very timely.

At the start of 2018, recent economic data from poor and rich countries alike suggest that we may need to rethink the phrase ‘secular stagnation’ and embrace "global growth"? The latest indicators show the world economy expanding rapidly, enjoying the most robust and synchronous growth we've seen in close to a decade. Upward revisions are now the order of the day and in the autumn of 2017, the IMF improved its global forecast for the following year for the first time since 2009.

The euro area is also currently experiencing a solid and broad-based economic expansion, with the economy in 2017 growing at its fastest pace for a decade. The very accommodative monetary policy measures taken since 2014 are judged to have had a significant impact on output growth. Looking ahead, real GDP growth is projected to remain consistently above potential growth in the coming years.

Despite these favorable developments, how is global monetary policy likely to evolve in the foreseeable future? The persistence of low inflation and the financial implications of normalization may call for a gradual approach.

The experience of the “taper tantrum” episode in the US, in 2013, showed us that markets can rapidly shift their sentiment and prompt an abrupt adjustment of financial variables.

Predictability and a clear communication strategy might be important in order to avoid adverse market reactions. It will also help mitigate spillover effects in third countries. In any case, emerging economies are now better prepared to manage this new context.

Are global markets are entering a new era of volatility as the world adjusts to higher interest rates after a decade of ultra-loose monetary policy? Are generalized financial imbalances emerging? Will 2018 be the start of a stronger period of global economic performance or is it already the late cycle exuberance before another crunching halt?

What are the longer-term consequences of synchronized global growth, fiscal stimulus in the U.S. at a time of already high resource utilization and the reduction of monetary accommodation by major central banks?

Some observers are thinking that 2018 could well mark the peak for economic growth in this cycle and that investors should start preparing for several key risks that lie ahead and

beyond. A topic that will discuss with key market participants coming from the asset management.

However, the risks of a cyclical inflation overshoot in 2018 are rising given the globally synchronized nature of the expansion, additional fiscal stimulus, recent rises in commodity prices and super-easy financial conditions.

Global structural forces are still weighing down inflation, but the cyclical pressures are clearly on the up. The ongoing economic expansion. Has yet to translate sufficiently into stronger inflation dynamics". How much do we really know about the inflation process?" will be a key topic of our conference today.

The EU strategy for the Western Balkans, released a few days ago can be a turning point for the future of the region. Not only is the EU a key political partner of this part of Europe; it is also the most important investor in the region with the annual total trade volume of 43 billion euros.

Six Western Balkan countries hope to be EU members, although the 2025 'perspective' date seems unlikely. The EU strategy aims to turn the tide and push the region towards EU membership and deep transformation.

The commission has proposed bold measures; particularly important, are progressive opening of EU funds, inclusion of the Balkan six governments in EU policy-making processes even before membership, lifting of visible and invisible barriers for trade and travel.

The mention of 2025 and other target dates for progress in negotiations are especially valuable as a powerful incentive for the region's politicians to work to meet the criteria for membership.

There is a renewed sense of optimism in Europe manifested by positive economic momentum (the Euro area has expanded for 19 consecutive quarters, growing by 2,7%) and a political situation that looks better compared to last year, despite the complicated Brexit negotiations and risky elections in Italy next March. In the past six months, the paths of America and Europe have diverged on everything from trade to climate change to preserving an open, multilateral international system. Today, the European Union (EU) finds itself without a strong partner with a similar vision who can help shoulder the responsibilities of global governance. The years to come will test the resilience of the current global governance architecture. What innovations should Europe put in place to strengthen its position? Should there be a reform of Eurozone Governance, banking union and a clear strategy for a development policy (European Development Bank)? What should be the role of Europe vis-a-vis the US and China?

Distinguished speakers, dear friends, let me once more, as a host, to thank you for the precious time you dedicated, joining us. We will have a fruitful discussion, beneficial for all of us. And now is with great pleasure to welcome Benoit Coeure our keynote speaker today.

