

## Roundtable 4

# Central Bank Roundtable: The Change of International Monetary System and its Impact on Sino-European Economic and Trade Development

**Organizer:** Magyar Nemzeti Bank

Financial Research Center, Fudan Development Institute

**Host:** Sun Lijian & Dániel Palotai



## Sun Lijian

Director, Financial Research Center, Fudan Development Institute

### Introduction of the Host

Sun Lijian is Distinguished Professor, Ph.D. Supervisor at Fudan University. He is now Director of the Financial Research Center at Fudan. His research interests include microstructure of financial markets, comparison of the financial systems, international finance, empirical finance theory and open macroeconomics.

He received his Bachelor Degree on Engineering from the School of Civil Engineering, Tongji University. He studied at Hitotsubashi University, Japan, from April 1993 to March 2000, and received his Ph.D. on Business. He has been teaching at the School of Economics, Fudan University, after graduation. He has won numerous awards, including the second and the third prizes of Excellent Academic Papers on the Research and Advocacy of the Deng Xiaoping Theory (Shanghai) respectively in 2004 and 2006, two third prizes of the 7th and 8th Excellent Academic Papers in Social Sciences and Arts (Shanghai) in 2004 and 2006, the second prize of Mr. Ann Tse-Kai Award of Excellent Papers on International Trade (National) in 2004, and the second prize of the 8th Decision-making Consultation Research Findings (Shanghai) in 2012.



## Dániel Palotai

Executive Director and Chief Economist, Magyar Nemzeti Bank

### Introduction of the Host

Dániel Palotai is Executive Director and Chief Economist of the Magyar Nemzeti Bank. He earned his Master's degree in 2004 at the Faculty of Economics, Finance Major, Actuary Minor, of the Corvinus University of Budapest. He began his professional career at Magyar Nemzeti Bank, the central bank of Hungary, working as an analyst at the Monetary Strategy Division of the Bank's Economics Department between 2004 and 2007. Being one of the developers of the MNB pension model, he is a recognised expert on pension systems. From 2007, he went on to work at the European Central Bank, where as an economist responsible for selected non-euro area EU Members States he gained insight into financial crisis management. From November 2010, he was Head of the Macroeconomic Policy Department of the Ministry for National Economy and was actively involved in the development of Hungary's Structural Reform Program. He contributed to the economic and financial stabilisation of Hungary as a member of the Economic Policy Committee of the European Union.

In March 2013, Dániel Palotai re-joined the Magyar Nemzeti Bank to become Executive Director responsible for monetary policy. He played a key role in shaping monetary policy and in strengthening the credibility of the MNB's forecasts. In 2015, Dániel Palotai received the Popovics Sándor award, which is a prestigious recognition awarded to young economists under the age of 40. In his capacity as the Bank's Chief Economist, since September 2015 he has been responsible for economic sciences, fiscal analysis and key international issues. He is also a member of the Monetary Policy Committee of the European Central Bank and a member of the Economic and Financial Committee of the European Union.

## • Theme Interpretation •

After the collapse of the Bretton Woods SYSTEM, the International Monetary System was set up with U.S. dollar being the dominant reserve currency. When the reserve issuer runs a loose monetary policy after the Financial Crisis of 2008, the multiple roles of U.S. dollar plays in the development of international trade and long-term investment – that is, unit of account, medium of exchange and store of value – have been impaired. The flood of dollar also leads to the inflation of global asset price bubble, the increased financial volatility, and the beggar-thy-neighbor currency devaluations of many countries. The U.S. dollar is thus hoarded as a hedge under the environment of heightened risk aversion, resulting in the exaggerated appreciation of U.S. dollar and the deterioration of trade deficit in the United States.

With the return of the “Triffin dilemma”, China has been pushing further internationalization of the RMB, which can serve as a public good in the world economy growth. This contributes to restore the solvency of international currency and maintain the stability of IMS, and also brings new opportunities for Sino-European economic and trade cooperation. Central and Eastern Europe, as an important part of “The Belt and Road”, will intensify and expand cooperation in multiples fields including trade, investment, finance, etc. with China under the “16+1” mechanism, a platform created by China and 16 Central and Eastern European countries. This comprehensive cooperation is an important step for RMB to become international currency of settlement and investment, and eventually international reserve currency. Also, it will provide fresh impetus for the sustainable economic growth of Central and Eastern European countries. ■■■