

## International Monetary Stability Key for Maintaining Global Growth Says New Report

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- A new World Economic Forum report examines key challenges for the euro, dollar and yuan and their implications for global growth, investment and business environments.
- International monetary stability is at risk due to uncertain future international roles of these currencies, while policy choices within each currency area could radically alter global patterns of trade and capital movement.
- The full *Euro, Dollar, Yuan Uncertainties: Scenarios on the Future of the International Monetary System* report is available at <http://wef.ch/EuroDollarYuanUncertainties>

**Istanbul, Turkey, 5 June 2012** – Growing instability in the international monetary system could significantly affect economic growth, investment and business environments, according to a new report, *Euro, Dollar, Yuan Uncertainties: Scenarios on the Future of the International Monetary System*, launched today at the World Economic Forum on the Middle East, North Africa and Eurasia in Istanbul. The report explores the critical uncertainties underlying the future international roles of the euro, the dollar and the yuan – the world's three major currencies – and posits three scenarios for the international monetary system in 2030 based on policy choices in each currency area.

“Currency uncertainties are an increasing concern for businesses from the real economy due to the rapid integration of global trade and capital flows over the past decades. This has made the links that connect different parts of the world economy ever more central to global prosperity while at the same time making the international monetary system, as well as the main international currencies that underpin this system, more vulnerable,” said Kristel Van der Elst, Director and Head of Strategic Foresight at the World Economic Forum.

“It is clear that studying possible evolutionary paths of the international monetary system has moved out of the realm of academic discussion and into the real world in a way financial services providers cannot afford to ignore” said Christopher Harvey, Global Head of Banking and Securities at Deloitte Touche Tohmatsu Limited, a Partner of the World Economic Forum initiative.

All three currencies face significant yet different challenges. The Eurozone is plagued by a weak governance structure, fragmented sovereign debt markets and an uncertain growth outlook. The United States must contend with a dim fiscal position, a persistently large trade deficit and a political system at risk of resorting to protectionism. Meanwhile, if the yuan is to rise to international significance, China will have to ensure continued growth, resolve systemic weaknesses in its financial system and address limitations stemming from its system of capital controls.

“A successful transition towards a stable multipolar currency system requires a high degree of coordination at the global level, but it has become apparent that achieving coordinated structural

adjustments in today's globalized economy is increasingly difficult, given the multiplication of actors with competing interests," said Stephan Mergenthaler, co-editor of the report. "The scenarios in this report highlight that different combinations of these adjustment processes may create diverse future environments for the international monetary system and the world economy."

The analysis presented in this report builds on a series of strategic conversations with industry, public policy and academic leaders and has been developed in collaboration with Deloitte Touche Tohmatsu Limited.

## Notes to Editors

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