



On the road towards success: sustainable growth and cooperation in Eurasia in the 21st century – Report on the 2022 Eurasia Forum

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The MNB launched an event series called the Budapest Eurasia Forum in 2020, based on the idea of the emergence of a multipolar world order and the rise of Eurasian power centres. In recent years, a broad historical process has reached a new phase, when the world economy's centre of gravity is shifting back towards the East after 500 years in the Atlantic Period (centuries of the West). A Eurasian force field is emerging from the dynamic interactions and cooperation between various hubs (e.g. Western Europe, East Asia). This is related not only to the rise of China and the launching of the Chinese "Belt and Road" initiative (New Silk Road), but also to other advanced or emerging hubs in the East, such as South Korea, Singapore, the United Arab Emirates and Kazakhstan.

The Eurasia Forum seeks to strengthen dialogue between the countries of the supercontinent, encourage joint answers to the economic and social challenges based on thematic panels, focusing on the megatrends of the era such as sustainability, digitalisation and technology, the renewal of the financial system and the growing importance of geopolitics. Every year, the event covers topics such as finance, geopolitics, economics, infrastructure, multilateral cooperation and education. The Forum is also intended to emphasise the special role and hub-like nature of Central and Eastern Europe, in particular Hungary and Budapest.

The Eurasia Forum was held on 19–20 September 2022 under the title of "*Sustainable growth and cooperation – How to win the 21st century?*", and its main message was the need to promote multilateral cooperation, which can provide solutions to short and long-term challenges alike. This year, the Forum showcased 48 speakers from 18 countries, most of whom visited Budapest in person.

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Eurasian cooperation for a prosperous future

This year's Forum was opened with a welcome address by the Governor of the MNB *György Matolcsy*, who said that nowadays everyone is looking for the secret recipe for sustainable growth and competitiveness, and he claimed that the key to this mystery lies in the method for achieving results, namely cooperation. He argued that it was particularly important to engage in international dialogue and hold forums such as this annual conference series organised by the MNB. In connection with today's challenges, the governor of the MNB considers it important to learn from the lessons of past economic events, and develop new patterns and rules to stay on a path of sustainable growth.



**György H MATOLCSY, Governor
Magyar Nemzeti Bank (MNB)**



**János CSÁK, Minister of Culture and Innovation,
Hungary**



**Sethaput SUTHIWARTNARUEPUT, Governor
Bank of Thailand**



**Jun ZHU, Chairwoman
Silk Road Fund Co., Ltd.**



**Assoc Prof. Simon TAY, Chairman
Singapore Institute of International Affairs**

The Hungarian government was represented by Minister of Culture and Innovation *János Csák*. In his speech, he underlined the need for stronger and more innovative corporate actors to ensure sustainable growth and address the demographic problems, thereby facilitating the growth of the Hungarian economy. To this end, appropriate and targeted scientific and innovation policies are required, which indirectly help finance family policies and the country's competitiveness.

The first foreign speaker at the opening ceremony was *Sethaput Suthiwartnarueput*, Governor of the Bank of Thailand. He believed that small, open economies such as Hungary and Thailand primarily need to spearhead innovation and digitalisation, as that is the best way for them to adapt to a changing global economy. After the governor of Thailand's central bank, *Jun Zhu*, Chairwoman of the Silk Road Fund, talked about the importance of the Chinese "Belt and Road" initiative, which provides a corridor between East Asia and Central and Eastern Europe, and offers sustainable investments to promote the economic advantages of cooperation along the Silk Road. The last speaker at the opening ceremony was *Simon Tay*, Chairman of the Singapore Institute of International Affairs, who pointed out the huge potential in cooperation between Asia and Europe, potentially leading to the development of rules that are not only inclusive but also flexible, functional and rational.

Key factors in the success of the financial sector

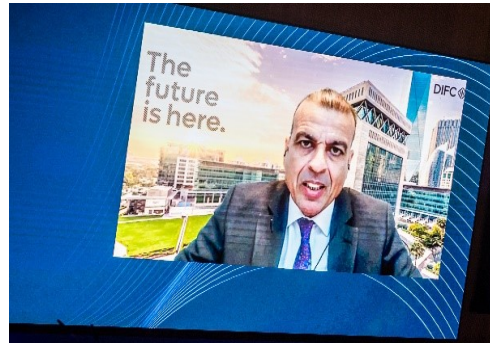
In 2022, the two-day specialised programme began with a panel discussion on finance entitled "*Ingredients of success in the financial sector: How to strengthen new financial hubs in Eurasia?*" The experts in the panel discussed the crucial conditions for becoming a successful financial hub, touching on regulatory, infrastructure and investment issues. The moderator, CEO of the Budapest Stock Exchange *Richárd Végh*,



started the panel discussion by underscoring the importance of international cooperation among stock exchanges, which is even more important in the context of today's rapid technological progress. The keynote speech was given by *Ali Hassan*, Senior Representative for Europe and North America at the Dubai International Financial Centre (DIFC), stressing that the two key factors in the success of the DIFC were innovation and the acceptance of international standards.



**Richard VÉGH, Chief Executive Officer
Budapest Stock Exchange**



**Ali HASSAN, Senior Representative for Europe
and North America
Dubai International Financial Centre**

The keynote speech was followed by the panel discussion itself, where *Nurkhat Kushimov*, CEO of the Astana Financial Services Authority; *Michael Mainelli*, Chairman of Z/Yen Group Limited, a think tank producing global indices; *Yang Su Park*, Director General of the Economic Research Institute at the Bank of Korea; and *Jun Qian*, Executive Dean and Professor at the Fanhai International School of Finance of Fudan University shared their ideas.



PANEL 1. FINANCE: Ingredients of success in the financial sector: How to strengthen new financial hubs in Eurasia?



The experts all agreed that the most important factor in success was attracting capital, knowledge and skilled workers to a country, and *Kushimov* pointed out that regulatory authorities also need to take a clear stance on the exact aim of regulation, be it facilitation or prohibition. *Michael Mainelli* listed fair treatment, the need for competition and the essential nature of prudent regulation in various financial services as the most important factors. According to *Jun Qian*, a financial hub can only be truly successful if decision-makers take an innovative approach to technology and dare to try new things. Regarding SMEs, *Yang Su Park* and *Nurkhat Kushimov* said that their operation can best be supported by reducing operating costs and the costs of starting a business. The experts noted that attracting large international corporations and talent to Budapest and the steps facilitating the creation of a green finance hub may greatly help Budapest in becoming one of the world's financial hubs.

New regionalism and changing value chains

The second panel of the Eurasia Forum was called “*Globalisation vs. regionalisation? The changing value chains, connectivity and prosperity of Eurasia*”. This year's geopolitical panel mainly examined the impact of geopolitical changes on supply chains, along with the role of megacities in these processes. Before the panel discussion, *Yan Xuetong*, the world-famous dean and expert of the Institute of International Relations at Tsinghua University, provided food for thought in his video address on anti-globalisation trends as well as weakening regional cooperation, in particular the “Belt and Road” initiative. Professor *Yan* underlined that populist trends do not point towards international cooperation, and when coupled with power, they exert an anti-globalisation impact. He added that efficient regional cooperation today requires appropriate leadership, and that globalisation can only be revived in the future with close cooperation.



Xuetong Yan
Dean, Institute of International Relations, Tsinghua University

Xuetong YAN, Dean
Institute of International Relations, Tsinghua University



The geopolitical panel's moderator was Norbert Csizmadia, President of the Board of Trustees at the Pallas Athéné Domus Meriti Foundation (PADME). The panel discussion was joined in person by *Mehmet H. Bilgin*, Chair of the Euro-Asia Forum in Politics, Economics and Business; *Deborah Elms*, Founder and Executive Director of the Asian Trade Centre; along with *Henry T. Tillman*, Founder of Grisons Peak Services, China Investment Research; who were joined online by *Changhe Su*, Dean of the School of International Relations and Public Affairs at Fudan University. The experts in the panel discussed the disruptions to global supply chains caused by Covid-19 and the related recovery options, as well as the role of megacities in future value chains.



PANEL 2. GEOPOLITICS: Globalisation Vs. Regionalisation? The changing value chains, connectivity and prosperity of Eurasia

Mehmet H. Bilgin argued that the Eurasian region is especially important in balancing global relations, and that the changes in value chains benefit Eurasia, so the opportunities created by the crisis on the continent need to be grasped, particularly in the economy and trade. Governments could actively contribute to the emergence of new Eurasian trade and logistics hubs by supporting domestic production and developing technology-intensive sectors. *Deborah Elms* claimed that governments are tasked with establishing an accommodating economic environment, since only then can SMEs become part of the supply chain, thereby facilitating growth. Among the advantages of megacities, she listed that high population density was conducive to the development of services, which is the basis for the emergence of supply chains and value chains, and she also noted that this development can be further strengthened by talent development. She claimed that Asia will remain the engine of global economic growth, and the growth of the regions outside Asia could depend on their ability and commitment to connect to Asia. *Henry Tillman* said that China is thinking



about the future, which will be dominated by digitalisation and data. He noted that the Shanghai Cooperation Organisation (SCO) now has nine members and it has become a proactive body of cooperation with its own investment fund and agricultural strategy. He also pointed out that the SCO could grow even further, and that China may continue to expand its trade relations currently dominated by the members of the Association of Southeast Asian Nations (ASEAN), especially in Latin America and Africa. *Changhe Su* said that Chinese foreign policymakers pay special attention to strengthening the trade and investment relations with Eurasian countries, which may significantly promote Eurasian regional cooperation efforts. In connection with megacities, he argued that infrastructure is crucial, and in the future this will apply not only to physical infrastructure but also to software infrastructure.

The members of the panel agreed that in the near future the engine of growth will remain in Asia, and that new regional cooperation efforts are expected to strengthen, focusing on long-term sustainable development and connectivity in Eurasia.

Infrastructure in the service of a competitive and circular economy

The third panel of the Eurasia Forum was called “*Logistics, infrastructure and technological developments in the service of a competitive and circular economy*”, with a fireside chat by *Raekwon Chung*, the Nobel Peace Prize Laureate and Board Director of the Ban Ki-moon Foundation for a Better Future, and moderated by *Zoltán Cséfalvay*, Head of the Center for Technology Futures, School of Economics of Mathias Corvinus Collegium.

Raekwon Chung spearheaded the exploration of the economic potential and opportunities in climate protection in the 2000s. Their discussion mainly revolved around the sustainability model that claims it is increasingly important to ensure that traditional markets and green markets do not operate in parallel, as separate entities, but rather be merged wherever possible, creating a unified market. The Nobel laureate Board Director said that this may cause a significant increase in costs in particular cases, but a new trend can be observed where certain communities are willing to pay a higher price by putting sustainability and green products first.



Zoltán CSÉFALVAY, Head of Center for
Technology Futures, School of Economics
Mathias Corvinus Collegium

Raekwon CHUNG, Board Director
Ban Ki-moon Foundation for a Better Future

At the start of the panel discussion, Director of the MNB *Péter Fáykiss* welcomed *Jian Chu*, Professor & Chair of the School of Civil & Environmental Engineering at Nanyang Technological University; *Biliang Hu* (online), Executive Dean of Beijing Normal University's Belt and Road School; *Bruno Lanvin*, President of the Smart City Observatory and *Seungho Lee*, Professor of the Graduate School of International Studies and the College of International Studies at Korea University.



Panel 3. – INFRASTRUCTURE, CONNECTIVITY AND TECHNOLOGY:
Logistics, infrastructure and technological developments in the service of a competitive and circular economy

During their talk, the panellists built on the thoughts of *Raekwon Chung* and added that achieving a more sustainable economy was increasingly important. *Jian Chu*



mentioned a Singaporean initiative in which a so-called “Seawall” is to be built in the bay near the city. The project is implemented with a mindset emphasising in its various aspects that future infrastructure developments need to be combined with environmental protection. Accordingly, the envisaged facility could set an example for modern architecture. In his speech, *Biliang Hu* stressed the importance of China’s engagement in climate protection and green energy developments. Professor *Seungho Lee* focused on water resources. He said that in the future it will be crucial to assign greater importance to drinking water, even in the countries and regions that do not currently experience shortages. The key to a stable supply is close cooperation between private and public sector players in managing resources. This kind of cooperation is increasingly common in Korea. The last speaker of the panel, *Bruno Lanvin*, believed that – unlike in earlier years – innovation in the market nowadays is no longer about facilitating capacity growth in the production of goods, but rather about the quality of the product and the technology implemented in the output, and it can also be observed in the management of the inputs during production.

Uncharted waters – Gaining ground in the economies of the 21st century

The second day of the Eurasia Forum began with a fireside chat with *Jeffrey Sachs*, Director of the Center for Sustainable Development at Columbia University, moderated by *Barnabás Virág*, Deputy Governor of the MNB. During the chat, *Sachs* argued that the greatest problems of the world are not the animosities between blocs or alliances, but rather the challenges affecting humanity as a whole, such as climate change. Therefore, the US and China should cooperate, and it would be crucial to engage in genuine multilateral cooperation among larger regions.



**Barnabás VIRÁG, Deputy Governor
Magyar Nemzeti Bank (MNB)**

**Jeffrey D. SACHS, University Professor, Director
Center for Sustainable Development
Columbia University**

After the chat with *Sachs* and *Virág*, the programme continued with a panel on economics entitled “*Success in uncharted waters: How can businesses gain ground in 21st-century Eurasian markets?*” The panel was kicked off by *Patrick Lau*, Deputy Executive Director of the Hong Kong Trade Development Council, who shared his thoughts on topics such as China’s economic situation and role played in the world economy as well as Hong Kong’s position in the global economy. The fireside chat was moderated by *Gergely Baksay*, Executive Director for Economic Analysis and Competitiveness of the MNB.



**Gergely BAKSAY, Executive Director for
Economic Analysis and Competitiveness
Magyar Nemzeti Bank (MNB)**

**Patrick LAU, Deputy Executive Director
Hong Kong Trade Development Council (HKTDC)**



The introductory talk was followed by the panel discussion, moderated by *Luca Miraglia*, CEO of The European House – Ambrosetti (Middle East & Central Asia), and the participants were *Ádám Banai*, Executive Director for Monetary Policy Instruments and Foreign Reserve Management of the MNB; *Arturo Bris*, Director of the IMD World Competitiveness Center; *Gene Ma*, Head of China Research at the Institute of International Finance; and *Huiyao Wang*, Founder and President of the Center for China and Globalization.



Panel 4. – ECONOMY:

Success in uncharted waters: How can businesses gain ground in 21st-century Eurasian markets?

During the panel discussion, *Luca Miraglia* mentioned that successful business management and business development require a deep understanding of the operating environment and consumer needs, which was confirmed by the other participants. In this context, *Arturo Bris* added that cooperation and adequate communication between the public and the private sector are also necessary to improve competitiveness and break into new markets. *Bris* also claimed that brand loyalty was less and less important for customers, as consumers are more likely to take into account how purchasing a product or service impacts the world. In connection with the Chinese economic model, *Gene Ma* added that the Asian giant should switch to an economic model that is greener, more knowledge-intensive and offers greater value added. Building on this train of thought, *Ádám Banai* argued that in the long run the companies in the Chinese supply chain can benefit enormously from the Chinese economic success driven increasingly by technology. *Huiyao Wang* agreed and added that it was China's stated intention to play a central role in innovation and clean energy, in line with 21st century megatrends.



Regional cooperation for promoting competitiveness

The fifth panel discussion of the Eurasia Forum revolved around multilateral cooperation, and it was called “*Regional and megaregional integrations: How can international cooperation serve competitiveness of the supercontinent?*” The keynote speech was given by *Shamshad Akhtar*, former Governor of the State Bank of Pakistan. In his speech, *Dr Akhtar* stressed that the growing interdependence between Europe and Asia could facilitate the reform of the regional multilateral framework, along with global growth, stability and regional economic welfare. He claimed that the integration of the Eurasian supercontinent can be enhanced by deepening financial integration and improving regional value chains and technological and digital ties.



**Shamshad Akhtar, Former Governor, State Bank of Pakistan
Former Care Taker Finance Minister of Pakistan**

The panel was moderated by *Elena Rovenskaya*, Programme Director of the International Institute for Applied Systems Analysis from Austria. The panellists included *Byung-il Choi*, President of the Korea Foundation for Advanced Studies; *Chris Humphrey*, Executive Director of the Singapore-based EU-ASEAN Business Council; *Christoph Nedopil*, Associate Professor, Practice in Economics at Fudan University; as well as *Guiying Sun*, CEO of the Credit Guarantee & Investment Facility.



Panel 5. – MULTILATERAL COOPERATION:

Regional and megaregional integrations: How can international cooperation serve competitiveness of the supercontinent?

Byung-il Choi began the discussion by presenting today's four main, interconnected global challenges, namely the technological race in digital transformation between China and the US; clean energy and climate change; the food crisis; and the crisis of the financial system. *Chris Humphrey* responded by underlining the importance of cooperation between megablocs, the EU and various Asian groups to tackle global challenges, and the need for them to act together in finding solutions for global crises, including sustainability, which poses a complex and intricate challenge. In connection with sustainability, *Christoph Nedopil* presented the opportunities offered by the "Green Silk Road" project in terms of promoting the development of the Eurasian region. Then *Guiying Sun* underlined that the development of this region requires a secure and stable environment where international rules are upheld and the barriers to trade and investments are reduced. The implementation of the policies aimed at tackling crises calls for an international cooperation framework. The panellists agreed that free trade agreements, regional financial institutions and other partnerships may pave the way for improving the competitiveness of the supercontinent. The multilateral cooperation between Europe and Asia can increase Eurasia's global clout as an emerging economic and political bloc. In closing, the experts said that integrated international cooperation and a joint search for solutions are required to address today's global crises.





Education in the service of Eurasian economic development

The 2022 Eurasia Forum's panel on education was entitled "How can people-to-people exchanges serve the economic development of Eurasia?", and this year it sought to illustrate that the continued and successful development of the Eurasian region requires not only economic and infrastructure ties but also closer links in education, culture and society. The panel was opened by the fireside chat between *Eng Chye Tan*, President of the world-famous National University of Singapore, and *Zoltán Dubécz*, Secretary General of the Hungarian Rector's Conference and Chief Advisor to the Governor of the MNB. *Eng Chye Tan* said that talent development at the universities can only happen if academic mobility is supported, which in turn fosters the strengthening of connectivity across different regions and cultures.



Zoltán DUBÉCZI, Chief Advisor to the Governor
Magyar Nemzeti Bank (MNB)

Eng Chye TAN, President
National University of Singapore

Following the talk between *Eng Chye Tan* and *Zoltán Dubécz*, the panel discussion was joined by *Dan Li*, Deputy Director of the Global Partnerships Office at Fudan University, Shanghai; *Séamus Ó Tuama*, Director and Chair of the ASEM Education and Research Hub for Lifelong Learning; and *Jung Cheol Shin*, Professor of Higher Education at Seoul National University, and the event was moderated by *Gergely Salát*, Associate Professor and Head of the Department of Chinese Studies at Pázmány Péter Catholic University. The panellists agreed that student, teacher and higher education staff mobility, cross-border innovation in education, bilateral and multilateral partnerships between universities, exchange programmes and scholarship programmes are vital for the rise of competitive, sustainable and knowledge-based Eurasian economies. *Dan Li* and *Séamus Ó Tuama* added that the 21st-century challenges can only be successfully



managed by supporting lifelong learning and fostering new approaches to problems. *Jung Cheol Shin* emphasised that gaining new knowledge and first-hand experience about cultures remains key, so the stakeholders in education need to use all the tools at their disposal to internationalise higher education in the future.



**Panel 6. – EDUCATION AND CULTURE:
How can people-to-people exchanges serve the economic development of Eurasia?**

The prestigious event showcasing a wide range of international experts and scientists ended with the thoughts of Deputy Governor of the MNB *Mihály Patai*, who pointed out that this year's event once again showed the importance of stepping up international cooperation in all areas, whether in finance, the economy or education. The Eurasian nations are bound together by their shared cultural heritage, which serves as the foundation for deepening cooperation in the future.



Closing remarks from Mihály PATAI, Deputy Governor, Magyar Nemzeti Bank (MNB)



The events of the 2022 Eurasia Forum can be watched at the official website of the conference (<https://mnb.hu/eurasia>) and on YouTube. Due to the resounding success and in keeping with tradition, the Magyar Nemzeti Bank will organise the event in 2023, too.