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“A new European system of financial supervision and crisis management”

How to deepen the single market and at the same time respect the European goal brought by the Treaty of Lisbon of building a “highly competitive social market economy”? This question comes at a time when Europe’s economy and financial markets are still severely affected by the effects of the 2008 financial crisis. At the same time their Asian counterparts have resumed their previous growth. The Larosière Group proposed correcting regulatory weaknesses by building a European System of financial Supervision and Crisis Management. This aims at building a bridge between macroeconomic analysis and regulatory policy in Europe. Following the recommendations in this report, on September 2009 the European Commission presented the proposals for establishing a European Systemic Risk Board that will start its functions on January 2011. What might be the impact on the relations between Europe and Asia of such system? And what are the lessons Europe and Asia may learn with each other when it comes to supervision of financial systems? These are the questions addressed in the present article.