The Committee of Ministers of the Council of Europe

Economical cooperation for the Eurozone Countries

The Eurozone crisis started in that integrated, single-currency economic zone, some member states have seen their competitiveness deteriorate and their current account deficit balloon while other countries have provided the financing, but the crisis does not only concern sovereign debt as banks are now in the front line due to their role in funding governments.[1]

The crisis has also spread to the political and institutional arena. So far, governments have introduced successive austerity measures to rein in excessive indebtedness following the 2008 crisis. This strategy, however, cannot be the sole policy response if only because high public debt levels and economic recession are preventing governments from devising solutions that markets find credible.[2] Greece is a good example. Austerity measures like higher taxes and spending cuts will hit growth; at best, this will wipe out efforts to clean up debt.

however the Eurozone crisis nowadays is not only affecting those countries of that zone, it is also taking the power to have an impact well beyond; other european countries and American ones are likely to see falls in exports and banking sector problems but possibly also increased levels of capital inflows, as investors look to place a larger proportion of their portfolios in 'safe haven' markets. Other countries, like China, will have to deal with a decline in a significant proportion of their export markets.

How does this crisis affect economical relations?

How can developing countries help to carry though the crisis?

[1] Baldwin R. (2010), "Completing the Euro zone Rescue: What More Needs to Be Done?",UK: CEPR, pp 32.

[2] Patrick S. (2010),"Crisis in the Euro zone: transatlantic Perspectives", USA: CEPR, pp 1-3.