

REPUBLIC OF KOREA
JIN NYUM, Governor

I am pleased to address the 34th Annual Meeting of the Asian Development Bank (ADB) on behalf of the Korean Government.

Let me also express my sincere gratitude to the government of the United States (US) and the people of Honolulu, a city of the rainbow state, for their gracious hospitality in hosting this event.

Cooperation for Global Economic Stability

Perhaps the biggest challenge facing us now is the sharp slowdown in the global economy. The integration of the global economy increases the vulnerability for emerging market economies. In particular, the global economic slowdown adversely affects the ongoing structural reforms in the Asian countries recovering from the financial crisis .

If not addressed in a timely and appropriate manner, this could undermine sustainable growth in the Asia-Pacific region. That is why it is vital that leading economies, particularly the G-7 countries, display decisive leadership and make concerted efforts in implementing forward-looking economic policies that boost domestic demand and stabilize the financial markets.

At the same time, emerging market economies in the region must cooperate actively on macroeconomic policy and strengthen their economic fundamentals by implementing financial and corporate sector reforms for long-term growth potential. In addition, countries in our region must strengthen financial cooperation to minimize external vulnerability. The synchronization of financial markets and the herd behavior of the market participants make small open economies susceptible to financial crises. To prevent such a recurrence, we must work together on projects like the Chiang Mai Initiative undertaken by the ASEAN+3 members. Recent positive developments such as the bilateral currency swap arrangements indicate that this joint effort will help ensure stability in the East Asian financial market.

Korea's Recent Economic Development

Now, I would like to briefly touch upon recent economic developments in Korea. The slowdown in the global economy and instability in the international financial markets have temporarily deterred our progress toward sustained growth since the fourth quarter of last year.

Recently, however, business and consumer sentiments are showing signs of recovery. Yet, uncertainties still remain, and it is rather early to tell whether the economy has taken a favorable turn.

To cope with these uncertainties, we will continue to promote economic reform

and restructuring through a market-driven process, shifting away from the government-led approach of the past three years. In addition, a policy priority will be placed on enhancing long-term growth potential and sharpening the competitive edge of Korean industries. By focusing on maintaining the momentum of the economic reform and in line with global recovery, the Korean economy is expected to recover in the second half of this year.

ADB's Role for Poverty Reduction

Despite the recent economic challenges, the long-term prospects for Asia are still promising. Yet, as a region, there is still one milestone that lies just beyond our reach. That is poverty reduction.

In this regard, we fully support ADB's poverty reduction strategy under President Chino's strong leadership and concrete initiatives that center on pro-poor sustainable economic growth, social development, and good governance.

In addition, in the era of information technology, ADB should encourage member countries to share development experiences. By providing more opportunities for education and training, ADB will no doubt contribute to developing the region's human resource capital.

Fortunately, ADB member countries possess a great potential to adjust to the new era of the digital revolution. So, I am sure that we can achieve our goals of common prosperity, if we know exactly where we are headed and maintain a positive way of thinking.

Economic Cooperation with North Korea

As for economic cooperation with North Korea, progress has been made since the South-North summit meeting last June. Now, I hope that a positive environment will be created for international financial institutions, such as ADB, to join Korea's efforts in encouraging changes in the North Korean economy and enabling it to become part of the international community.

To this end, both the international community and North Korea need to promote mutual efforts and enhance understanding through constructive dialogue and cooperation.

Concluding Remarks

Before closing, I would like to add some forward-looking insights to ADB's operations.

As we are all aware, Asian countries hold a significant portion of the global reserves, which are not utilized in the most efficient way. In this regard, ADB needs to

explore ways to assist member countries in enhancing the efficiency of reserve management, as well as strengthening financial cooperation among member countries.

I also would like to suggest that ADB should play a more active role in promoting freer regional trade, as it is a driving force behind economic growth and social welfare.

In the spirit of partnership and shared prosperity, I hope you will all join me in pledging unwavering support and cooperation to ADB.