

## **PRESS BRIEFING**

Ministry of Finance and Economy

### **Opening Statement**

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To begin, let me say that it is a pleasure to meet with you today and thank you for coming.

I would like to take this opportunity to introduce myself to the members of the press corps as the new IMF resident representative in Korea and to say that it is an honor and personal privilege for me to be here.

As a Korean-American with friends and family here, I have many close personal ties to Korea. As a graduate student, I studied the economic history of Korea and have a deep interest in its development. More recently, as a member of the IMF team during the Korean financial program, I was able to witness firsthand both the extreme difficulties that Korea endured and its remarkable economic recovery.

Let me move on to outline what I hope to accomplish while in Korea as the IMF resident representative.

First, I am here to serve as a bridge between the Korean government and the IMF. The role of the IMF office in Korea has changed significantly since its opening in 1998. We are now here to provide our objective views to the government as an independent policy advisor. The IMF has a wealth of knowledge and experience from its 184 member countries that can serve as a useful input into the policy discussions in Korea.

Second, I would like to listen carefully to the views in Korea on the issues that are important to the region. Part of my job here is not only to meet with officials from the government, but also to visit universities, business groups, and trade unions to better understand the views of Korean citizens on international issues that are important to them.

It benefits the IMF to have a direct presence in Asia, particularly in Korea as one of its major countries. In addition to Korea, the IMF has two offices in China, one in Japan, India, the Philippines and other countries in **East and Southeast Asia**. By having a “on-the-ground” presence here, we are able to follow more closely developments in the region and to learn about the views of Asia on issues affecting the global economy.

Lastly, I hope to pass on the lessons from Korea’s reform experience to other countries. The IMF and its member countries can learn a great deal from Korea’s reform experience. Since 1998, Korea has undergone tremendous change, and in many ways, is a leader in the area of financial and corporate sector reforms. The IMF and its member countries, particularly those in Asia, can benefit from the important lessons from Korea’s experience—what has worked well, what hasn’t worked well, and the important challenges looking ahead.

Korea and the IMF have developed a strong and close working relationship over the years. Let me point out that Korea for the first time will send an Executive Director to the IMF Executive Board in 2004, representing not only Korea but also the views of the 13 other countries in its constituency, including Australia, New Zealand, and the Philippines.

This is a remarkable achievement as Korea will be able to sit at the same table as other countries, such as the United States and Japan, to voice its own views—and those of its Asia-Pacific members—on issues related to the global economy. As a representative of the region, Korea can play an important role in guiding the institution.

Since I have just arrived in Korea a few weeks ago, I am not yet in a position to comment in detail on the economic situation, but let me make a few brief observations. After several years of strong performance, economic growth in Korea slowed in the first half of 2003, led by a sharp decline in consumption. The government has taken steps to address the slowdown by cutting interest rates twice—in May and July—and by increasing spending through a frontloading of expenditures and two supplementary budgets.

Based on our most recent World Economic Outlook, we expect the economy to begin to recover toward the end of this year, led by exports and a stabilization in consumption. We are projecting growth to rise from 2½ percent in 2003 to between 4½ and 5 percent in 2004.

The IMF will be conducting its annual Article IV consultation in Korea starting in early November. The mission will assess the economic situation and the outlook and will issue a press statement based on its findings. At that time, we would be happy to answer more specific questions on the state of the economy.

Let me again take this opportunity to thank you for your time.

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