

ASIA21 Conference

Welcoming Remarks

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# ASIA21 Conference

## Welcoming Remarks

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Minister of Strategy and Finance

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## I. Introduction

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Good morning, ladies and gentlemen.

It is a great pleasure to welcome all of you to the **Asia Conference**, hosted jointly by Korea and the IMF, under the theme "**Asia 21: Leading the Way Forward.**"

I would like to extend my deepest gratitude to **Dr. Dominique Strauss-Kahn, Managing Director of the IMF**, for his invaluable contribution to this conference.

I also want to thank Finance Ministers, Central Bank Governors and prominent participants from across Asia for your presence and participation.

We are gathered here today to bring to light the role of Asia in the wider global economy as we emerge from the global financial crisis, and to build a shared vision for the future of this great continent.

Most of all, this meeting holds a special significance for Korea, in that it is the first IMF regional conference taking place in Asia.

Taking this opportunity, I would like to applaud the management and staff at the IMF for all the effort they have made in organizing this conference.

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## II. The Objectives of ASIA21 Conference

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Distinguished guests,

Asia has always been a crucial player in the global economy, and its influence is increasing as we speak.

Viewing Asia from a historical perspective reveals that

Asia accounted for half of the world's economic output until the eve of the Industrial Revolution in the 18th century.

In addition, in the **UN Millenium Project's State of the Future** report, the "**Rise of Asia**" tops the list of 10 Mega Trends for 2020.

With its strong growth after two centuries of economic sluggishness, Asia is once again becoming the new center of gravity in the world economy and many economists argue the Asia Century is now at hand.

All of this makes this gathering here a timely occasion for us to discuss the role of Asia and the tasks of the IMF in the context of today's global economy.

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### III. Challenges and Agenda for ASIA

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Ladies and Gentlemen,

Nevertheless, we cannot afford to ignore the risks that may threaten to stop Asia from taking another leap forward.

Considering such risks, Asia also has full plate of challenges and tasks in the post-crisis era.

**First of all**, despite their recent rapid growth, the high external dependence on the part of Asian economies leads to inherent vulnerabilities to external shocks.

**Second**, growth in Asia has been focused on the quantitative side for the most part.

Growth gaps between countries in the region and poverty gaps within each country have yet to be addressed.

24% of population in the Asia Pacific region is still living in poverty, and poverty percentages in individual countries vary widely from 0.4% to 55%.

**Third**, in the near future,

global risk factors such as climate change and depletion of energy resources will place huge constraints to sustainable and balanced growth in Asia.

Taking these factors into account, I believe status quo is not an option for Asia. Now is the time we should work together to help shape a more prosperous and shared future for Asia.

Towards the better future, I have three suggestions for all of us about our solemn tasks.

**First**, we need to strengthen both independence and interdependence in the regional economy.

In line with individual countries' efforts to boost domestic demand, we should also continue measures to expand overall demand in the regional market, so that the region would become more resilient to external shocks in the future.

Moreover, as the veritable pillar of the global economy, Asia needs to reach out to other parts of the world by contributing to renewed international cooperation led by the G20 and by pursuing more free trade agreements.

**Second**, we should ensure that growth experience and its benefits are shared in Asia and across the world.

Advanced and emerging economies in Asia have an important role to play in this regard.

They can share their growth models with low income countries in the region, and help those presently poor countries lift themselves out of poverty.

Although the number of people living under the poverty line has been declining in the region, we should bear in mind that two thirds of the world's poor still live in Asia.

**Third**, Asia needs to play a leading role in tackling global challenges that we must face, including climate change.

Asia has this responsibility because one third of the world's greenhouse gas emissions come from Asia.

I am confident that we will be able to find new growth engines for the global economy, as we explore ways to address climate change and promote green growth.

With the center of gravity of the world economy shifting toward Asia, countries in Asia should fulfill their roles as responsible members of the global economy.

Such new roles are never easy, but I remain confident that Asia will not be shy away from the new roles rising from its remarkable tasks.

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#### IV. The Role of IMF in ASIA

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Distinguished guests, ladies and gentlemen,

As Asia's clout and responsibilities in the global economy grow further, the role of the IMF must change accordingly, to adjust to the new realities of the post-crisis world.

Up until now, it seems that the IMF has not fully assumed up its role of ensuring macroeconomic stability and supporting economic development in the Asian developing countries.

With the liberalization of capital markets leading to increases in the volume and high volatility of international capital flows, efforts of developing countries alone are no longer sufficient to withstand external shocks.

In this context, I believe the IMF has an important contribution to make, by proposing and enacting concrete and realistic measures to strengthen financial safety nets around the globe.

This issue is being pursued as the Korea Initiative, and will be considered by the G20 Leaders at the Seoul Summit in November.

In addition, the IMF should accelerate efforts to implement its wide-ranging reforms, including quota reform in line with the actual weight of its members in the world economy, and improvements in staff diversity.

These reforms will allow Asia's growing economic influence to be reflected in the IMF's governance and decision-making.

The November Seoul Summit will be the first G20 Leaders' meeting to be hosted by an emerging country. I sincerely hope

that the IMF will join hands with Korea in efforts to serve as a bridge between advanced and emerging economies.

As we enter the era of "**New Normal**",  
with the post-crisis global order taking shape,  
Asia is emerging as a key pillar of the world economy.

With Asia rising, I believe that Asian economies and the IMF should further strengthen their cooperation and collaboration going forward.

Make no mistake, this is the time we should begin our new partnership between the IMF and Asia when new circumstances require the region to help reinvent the new growth engines that will take Asia to the next phase of remarkable journey.

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## V. Closing

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As we often say,  
**"the future belongs to those who prepare for it today."**

And the old proverb "**the survival of the fittest**" reminds us that the ones who survive are not those who are most outstanding at present, but those who brace themselves for the future and are thus best able to adapt themselves to the new environment.

Diligence and industriousness have been greatly valued in Asian cultures.

If we are all able to stay with these Asian virtues and prepare for the future today, I trust, without a hint of doubt, that Asia will fulfill its new role as the essential pillar of the global economy.

Surely, Asia will come to grips with challenges and new roles in the post-crisis global economy and the Asian Wave will spread throughout the world.

I hope this conference will mark the first step toward a brighter future for Asia.

Once again, let me express my sincere appreciation to all of you for sharing your precious time today, and I ask you to enjoy Korea to the fullest while you stay here in the hot summer.

Thank you very much.