Global Think Tank Summit

July 3, 2009

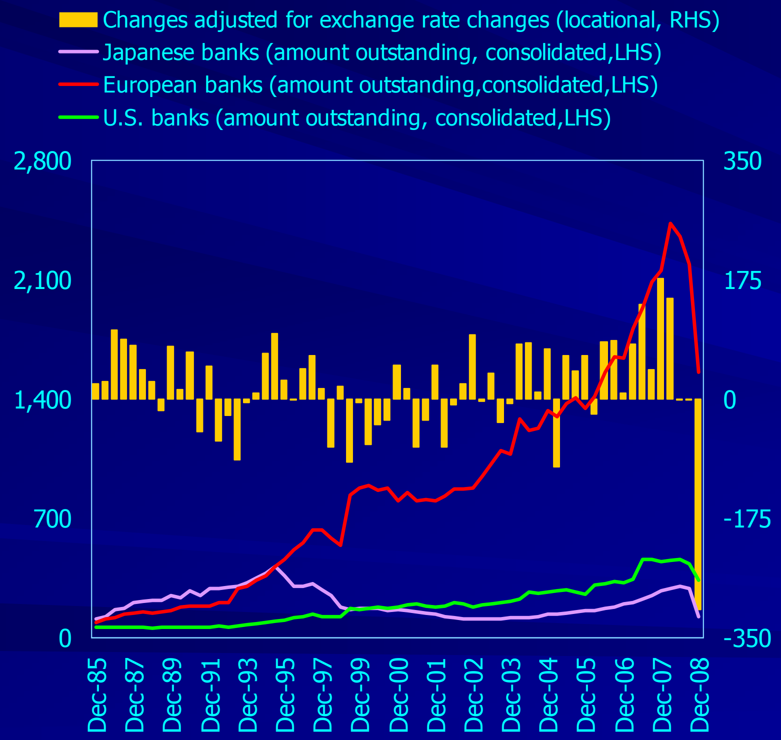
Remarks by Takatoshi Kato

Deputy Managing Director

International Monetary Fund

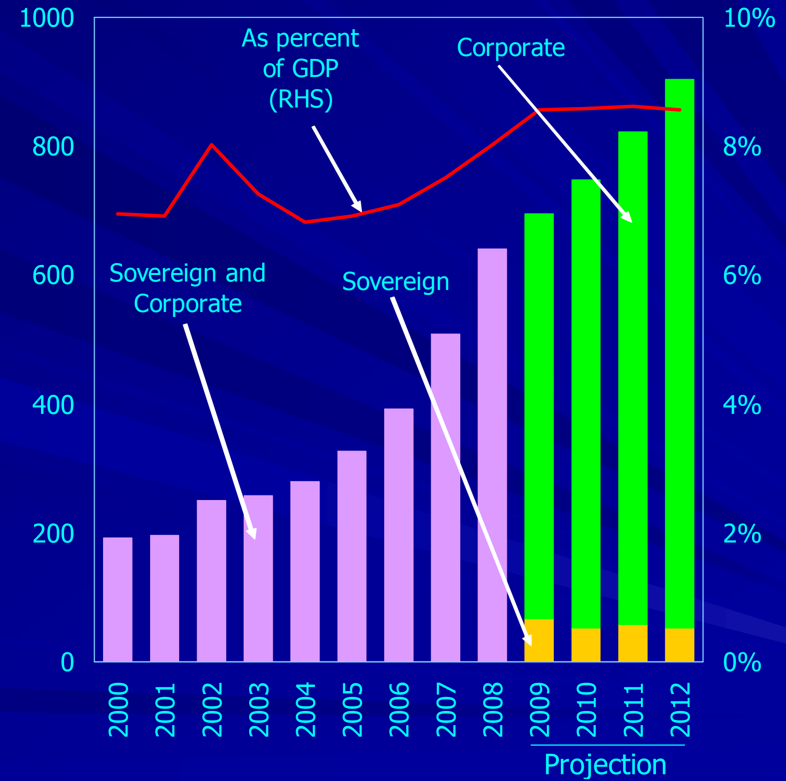
Financial Interconnectedness

International Claims of Reporting Banks vis-à-vis Major Economies in the Asia and Pacific Region
(In billions of U.S. dollars)



Source: Bank for International Settlements.

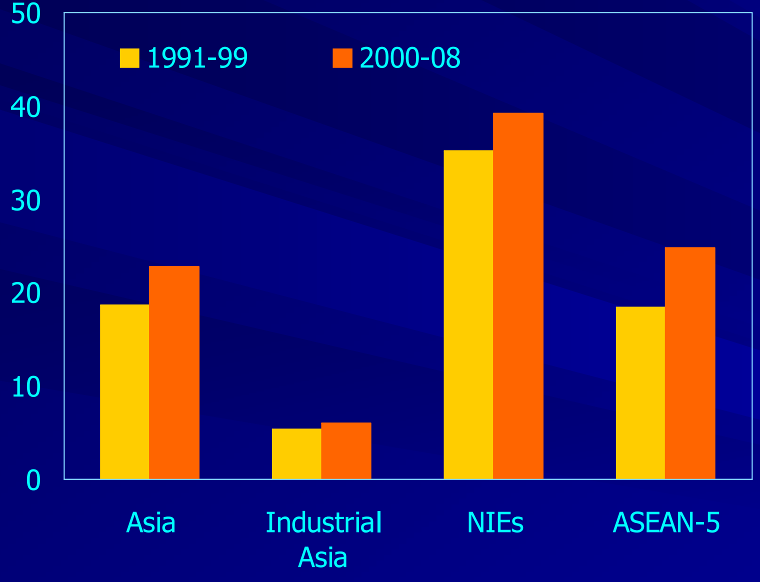
EM Asia: External Debt Refinancing Needs
(In billions of U.S. dollars, left scale)



Source: IMF, *Global Financial Stability Report*, April 2009.

Trade Interconnectedness

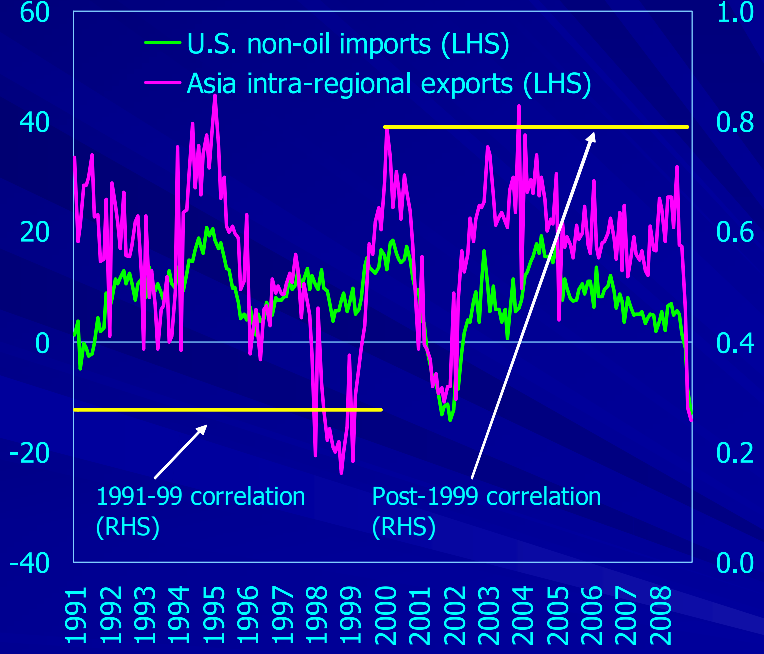
Asia: Export Exposure to Industrial Economies[1]
(In percent of GDP)



Sources: IMF, *Regional Economic Outlook* - Asia and Pacific, April 2008; Direction of Trade Statistics database; and staff calculations.

[1] Includes indirect exposure through exports of intermediate and capital goods via intra-regional trade. Regional aggregates are simple averages of the total exposure of consituent economies.

Emerging Asia Intra-regional Exports and U.S. Non-oil Imports[1]
(Year-on-year percent change)

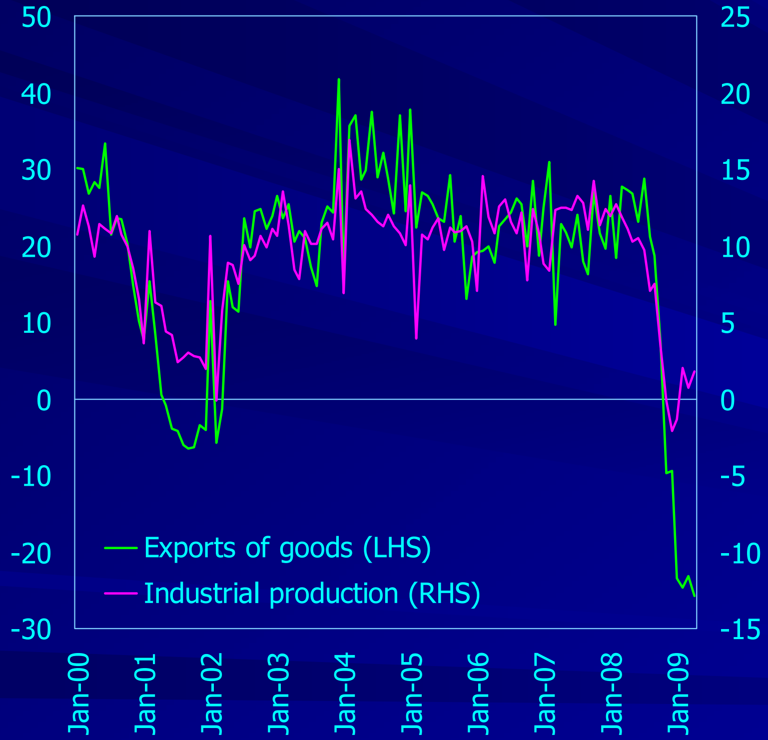


Sources: Haver Analytics; and IMF, Direction of Trade Statistics database; and staff calculations.

[1] Includes China, Hong Kong SAR, Korea, Singapore, Indonesia, Malaysia, the Philippines and Thailand.

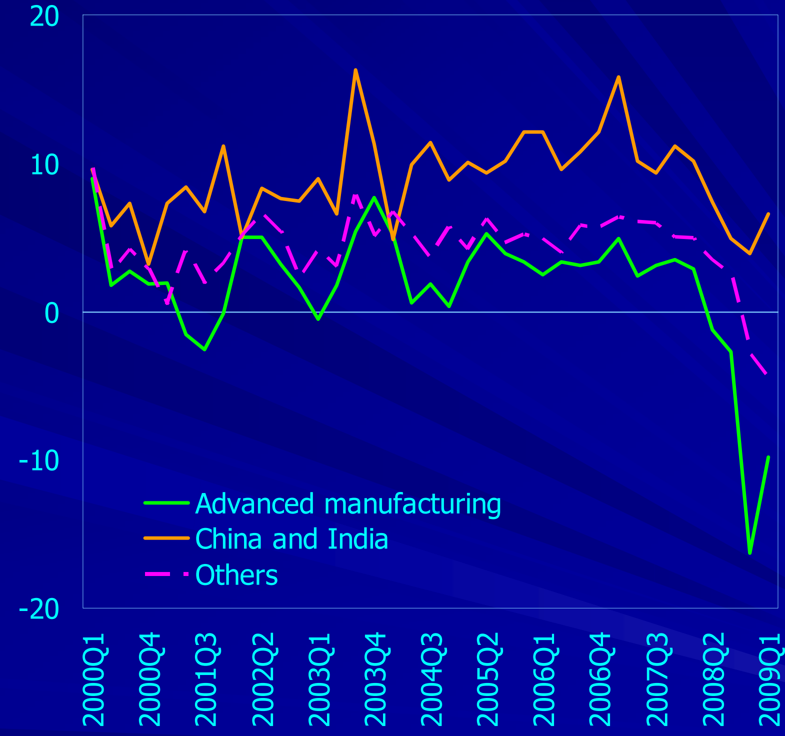
Impact of the Crisis on Asia

Emerging Asia: Exports of Goods and Industrial Production
(Year-on-year percent change)



Sources: CEIC Data Company Ltd; and IMF staff calculations.

Asia: Real GDP Growth[1]
(Quarter-on-quarter percent change, SAAR)



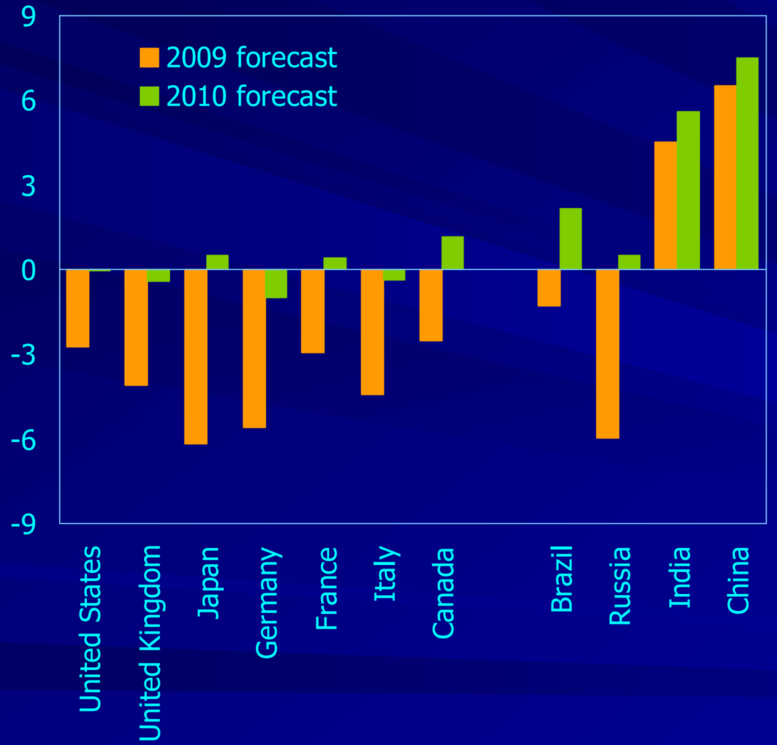
Source: IMF, WEO database.
[1] Advanced manufacturing economies are Japan, Korea, Singapore, Taiwan Province of China and Thailand.

The Outlook

Global

Selected Economies: Growth Forecasts for 2009 and 2010

(Year-on-year, in percent)

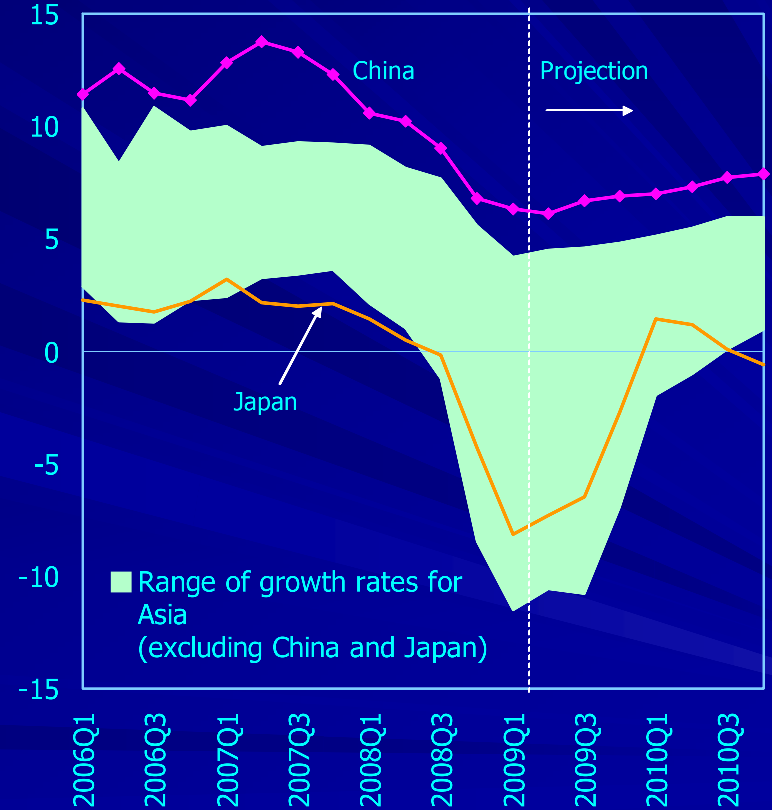


Source: IMF, *World Economic Outlook*, April 2009.

Asia

Asia: Real GDP

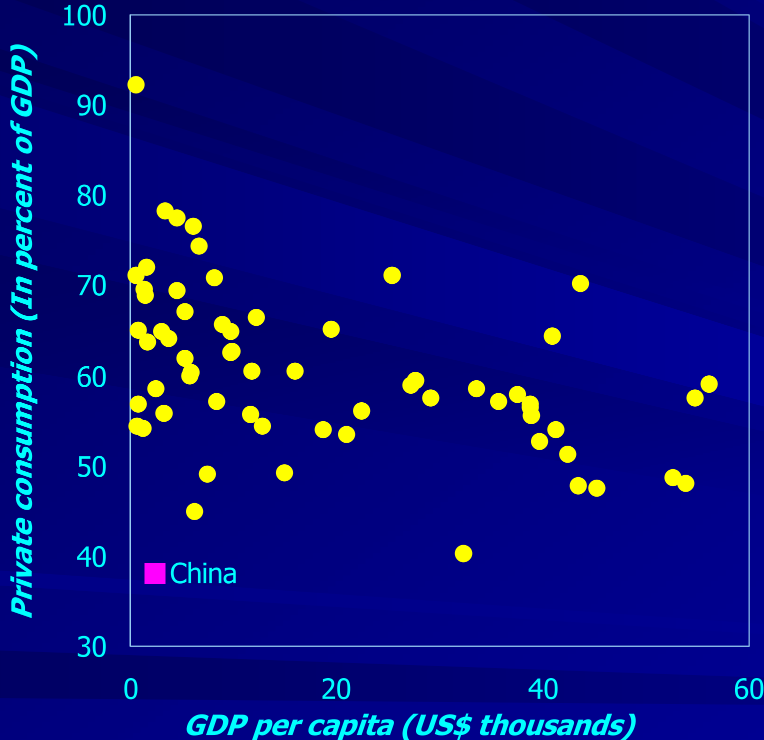
(Year-on-year percent change)



Source: IMF, *World Economic Outlook*, April 2009.

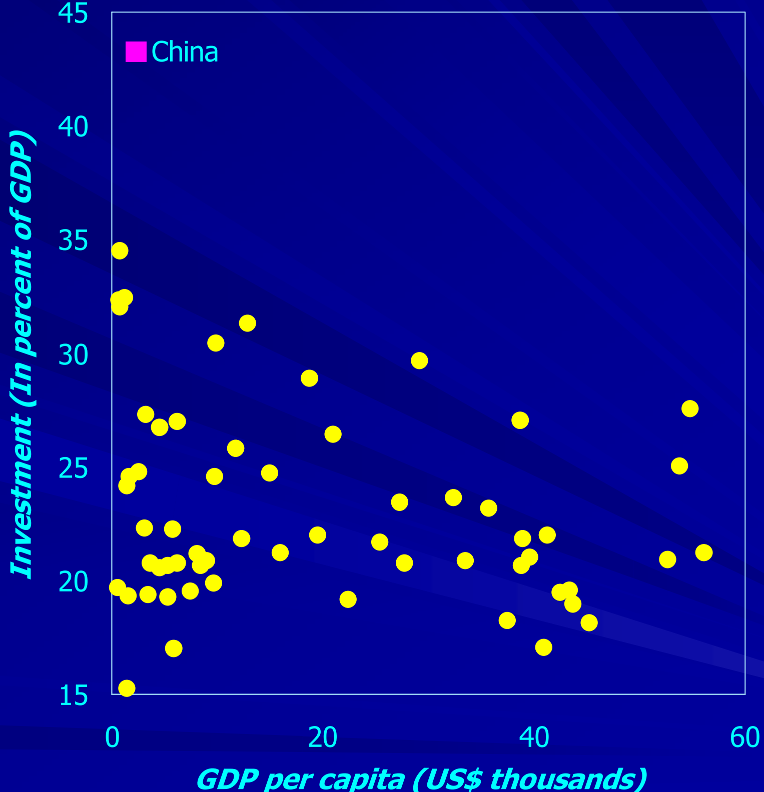
Implications for China Rebalancing

Average Consumption Expenditure, 2004–08
(Industrial countries and emerging markets)



Source: IMF staff calculations.

Average Investment, 2004–08
(Industrial countries and emerging markets)



Source: IMF staff calculations.

Implications for China
Social Policies

China: Average Savings Rate by Age of Head of Household
(In percent)

Source: IMF staff calculations.

- Healthcare—universal coverage and improved quality
- Pensions—increased coverage, portability and funding

Implications for China
Financial Development

- Increasing the range of savings vehicles
- Greater availability of health insurance, life insurance, annuities, private pensions
- Liberalizing deposit and loan rates
- Raising the cost of capital and other inputs (such as water, land, energy)

Implications for the IMF

- Mandate at the G20 Meetings
- 5 key areas
  - Surveillance
  - Lending
  - Resources
  - Early Warning
  - Governance

Thank you.