Statement by the Hon. MAN-SOO KANG, Governor of the Fund and the Bank for the REPUBLIC OF KOREA, at the Joint Annual Discussion
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Honorable Managing Director Strauss-Kahn, 
Honorable President Zoellick, 
Mr. Chairman, 
My fellow Governors, 
And distinguished guests,

It is my great pleasure to join you here on behalf of the Republic of Korea.

Today, the world economy and global financial market are in grave difficulty.

Given the close linkage between financial markets and the real economy that we are now observing, our priority should be to stabilize the financial market.

To this end, it is important that we restore market confidence before the on-going financial market turmoil develops into a "Confidence Crisis."

Policy-makers should enhance predictability in the market by providing transparent and objective information and sending consistent policy signals.

In particular, policy coordination and information sharing between member countries are critical in stabilizing the closely inter-linked global financial market.

Drawing upon our experience of the Asian financial crisis, I would like to make two suggestions.

First, policy-makers should take swift actions sufficient to stabilize the market when necessary.

In this context, I fully support the decisive and timely market-stabilizing measures including liquidity provision and interest rate cuts.

We should not forget, however, that emerging and developing economies are suffering the most from the turbulence in financial markets.
To ease their burden, I would suggest global market-stabilizing measures, such as liquidity provision, engage emerging and developing economies through close coordination.

To facilitate policy coordination, I look forward to G-20 taking a stronger role. Given its comprehensive membership consisting of both developed and developing economies, G-20 can be an effective platform for global collaboration.

Second, regarding the role of IMF amid today's uncertainty, I have three points to make.

First of all, the Fund has a bigger role to play in this unstable financial market. It should help the global economy address current turmoil by strengthening its surveillance.

Specifically, the Fund needs to help member countries enhance the financial supervisory system in response to the evolving situation in financial markets.

Objective and transparent evaluation and disclosure of the risk inherent in new financial products, will enable us to minimize systemic risk and regain investor confidence.

Second point is that the Fund should focus its analysis on the macro-financial linkage by fostering the capability to identify and analyze the spill-over process and its risk.

Going further, it needs to make recommendations on macro-economic policies including the counter-cyclical role of fiscal policy to revitalize investment and consumption in the context of slowing growth.

My third point is that the development of regional surveillance and crisis management system and its coordination with the IMF are critical to effectively address the current financial crisis.

In Asia, for example, the CMI Multilateralization, which is to establish regional liquidity providing system, can be a desirable complement to the IMF.

As for the real economy, it is important that all member countries cooperate to stabilize oil and other commodity prices and, thereby, mitigate worldwide inflationary pressure.

To this end, commodity-exporting countries should stay away from "export protectionism" and maintain an adequate level of supply. On the other hand,
developed countries need to take appropriate actions to stop speculative demand from driving up prices.

Turning to the on-going World Bank reform, the ultimate goal of governance reform is to enhance the Bank's responsiveness and maximize members' participation by ensuring their equitable representation.

The first and foremost principle of the reform should be to ensure that the share structure reflects each member's relative weight in the global economy.

It has been a decade since the Bank realigned its quota in 1998. The current quota does not fairly reflect the status of emerging and dynamic countries whose economies have experienced significant changes.
That explains the urgent need for a quota reform, especially for the countries whose quota falls far short of their economic position.

I am confident that the reform will in turn contribute to achieving the Bank's mandate as it will promote participation by member countries.

Distinguished guests!

Last but not least, I urge you to support North Korea, one of the least developed countries in the world, in opening up its economy and reforming itself.

To encourage North Korea's opening and reform, it is important to integrate the country into the global community.

This will be a challenging task which requires the efforts of both Koreas as well as the cooperation of the international community.

In this regard, I would like to emphasize that the forward-looking stance of the IMF and World Bank is essential.

Once again, I ask for the support of all member countries.

Thank you!