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ADB-PIIE Joint Conference

Luncheon Keynote Speech

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CHAIRMAN

Financial Services Commission

The speech transcript below is provided for the convenience of the press. Please bear in mind that there may be slight discrepancies with the actual contents

I . Introductory Remarks

Good afternoon, ladies and gentlemen!

Let me begin by extending my sincere thanks to **Haruhiko Kuroda**, the President of the Asian Development Bank (ADB), **Fred Bergsten**, the Director of the Peterson Institute for International Economics (PIIE), and others who made today's conference possible.

It's not often that we are able to have so many of the leaders from Asia's economy together in one place.

And ahead of the Seoul G20 Summit to be the first ever held in Asia, I think today's occasion is especially timely and meaningful.

It is also a great honor for me personally to welcome so many of Asia's distinguished leaders at today's lunch.

Before I begin, let me share with you an old Korean proverb that says, "Even the beauty of Kumkang Mountain comes after a hearty meal."

Yes, this proverb is equivalent to the English one, "A loaf of bread is better than the songs of many birds".

In Japanese, we have, "*hana yori danggo*"
(하나요리당고), meaning "Dumplings are better than flowers"

And, Guanzhong(관중), a Chinese politician during the Spring and Autumn Period who's well-known for his loyal friendship also once said "well-fed, well-bred".

Looking at these proverbs, the proper thing to do would be to have our delicious lunch right now.

But please bear with me for a few minutes, since this kind of valuable gathering does not take place every day.

I would like to just briefly speak about the purpose of today's occasion and share my views on the challenges Asia must now address.

II. The Changing Global Economic Order and the Rise of Asia

Ladies and gentlemen!

What kind of changes do you think will be brought to the global economic and financial order in the post-crisis era?

There certainly can be many different answers to this question.

But, we may anticipate two key changes worthy of attention from the Asian perspective.

First is the multi-polarization of global economic governance.

As you know, this financial crisis arose in the core of the global economy, namely the US and Europe.

And because of this, the influence of these regions won't be the same as before.

On the contrary, Asia and Latin America have seen rapid economic growth, making it more difficult for the global economy to be run solely by the US and Europe.

And it's fair to say that the G20 that has emerged as the new body for global economic cooperation is a symbol of this new multi-polar world.

Now, the second change we may expect is that there will be a stronger momentum towards the rise of Asia.

Asian economies including China, India, and Korea have made a strong recovery, playing a leading role in overcoming the global financial crisis.

Meanwhile, the US and Europe are still suffering the aftereffects, and other emerging and less developed markets do not have the capacity to drive global recovery.

This means that Asia is now and will continue to be a driving force for global economic growth.

III. Asia's Role and Responsibilities

I would like to welcome these two changes that will raise Asia's status on a global stage and help get Asia's voice heard.

However, at the same time, these changes will ask Asia to take more active roles and important responsibilities in global economic issues.

In other words, while maintaining rapid growth of their domestic economies, Asian countries also need to take part in the running of the global economy with global leadership.

In this respect, let me discuss how Asia will have to act in reshaping global economic order.

Firstly, Asia must contribute to maintaining and expanding the role of the G20 framework.

In a sense, the G20 framework embodies the rise of Asia and provides a level playing field for both advanced and emerging countries, which is good for Asia.

Recently, however, some raised doubts on whether the G20 framework will work well in normal times as it did during the crisis.

To relieve those concerns, it is important for Asia to work actively to make sure the G20 stays important during these normal times.

And on this matter, I think that the roles of the 5 Asian G20 member countries here today will be very important.

Secondly, Asia needs to be more actively involved in global financial regulatory reform initiatives.

Financial regulatory reform has so far mainly focused on addressing the problems of the advanced economies where the global financial crisis started.

These reform proposals are now in their final stages.

But from now, it's critical that the perspectives of emerging markets also be considered.

Emerging markets experienced their own problems during the crisis, and these issues need to be addressed too.

In this respect, I raised emerging market financial issues as a new item for the G20 agenda at the FSB meeting recently held in Seoul.

And the necessity of having this issue on the agenda was agreed to at last weekend's G20 Meeting of Finance Ministers and Central Bank Governors in the historic city of Gyeongju.

And I hope the ADB continues to work toward making sure emerging markets' concerns are actively discussed at the FSB and other international financial organizations.

In addition, Asia must take a more active part in the FSB outreach program so that the voices of Asia's emerging countries can be heard in global forums.

Third, while actively seeking Asia's rights we deserve, we also need to take corresponding responsibilities.

Last weekend's G20 meeting saw important talks and agreements ahead of the November Summit.

And I look forward to Asia helping advance the issues that were agreed upon.

These issues include promoting the sustainable and balanced growth of the global economy, building a global financial safety net and improving access to financial services.

And with the agreements to reform the quota system and governance structure of the IMF, the conditions are in place for Asia to play a bigger role.

IV. Concluding Remarks

Ladies and gentlemen!

I would like to conclude my remarks with a quote from the world of law that I think is relevant here.

The German legal scholar **Rudolf von Jhering** once said that “those who sleep on their rights do not have them protected”.

Asia must not get complacent about its growing position in the global economy.

We must take responsibility corresponding to the rights we deserve.

In this context, it's very meaningful for Asia's major policy makers to gather together here today.

I hope that we could have this kind of valuable gatherings more often.

And as the G20 Seoul Summit approaches, I look forward to seeing Asia show the world what it can really do!

Thank you so much.