

FSC CHAIRMAN CONVENES AN EMERGENCY MEETING ON FEB.10

FSC Chairman Yim Jong-yong convened an emergency meeting of high-ranking FSC officials on February 10 to make sure policy measures are in place amid growing market concerns over the recent developments in financial markets at home and abroad.

RECENT MARKET DEVELOPMENTS

Global stock markets have shown increased volatility with a rebound in oil prices, the prospect of deteriorating profitability for European banks and the strengthening of the yen, while major Asian markets including Korea were closed for the Lunar New Year holiday. On the domestic front, geopolitical risks including North Korea's missile launch on February 7 could heighten anxiety over Korea's financial market to be open on Thursday, February 11.

POLICY RESPONSES

The missile launch is likely to have little impact on Korea's financial market, given its calm response to North Korea's previous provocations. However, the FSC will stay alert to any possibility of further escalation and closely monitor financial market conditions to prevent such geopolitical risks from combining with risk factors in global financial markets to weigh on our financial market. Particularly, we will look into policy implications of recent developments in major financial markets such as Europe, Japan, China and the U.S. to come up with policy responses, if needed. There is also a need for investors to respond calmly to recent market uncertainties with a longer-term view, rather than overreact out of anxiety. The government will thoroughly review and fine-tune contingency plans to ensure prompt and preemptive actions against any possible crisis.

FINANCIAL AID TO COMPANIES OPERATING AT THE KIC

The FSC will offer swift and sufficient financial aid to the companies operating at the Kaesong Industrial Complex (KIC) to minimize their possible losses from the shutdown of the KIC operation after North Korea's missile launch. Those companies will be granted a roll-over for their maturing loans and cuts in interest rates and fees until their financial conditions stabilize. Policy banks will provide emergency funds to companies temporarily suffering a liquidity crunch.

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