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It is a great honor for me to attend this Asian Capital Market Law and Regulation Forum among China, Japan and Korea, co-hosted by Waseda University and Asia-Africa Development Research Institute of Development Research Center of the State Council. On behalf of the Korean participants, I would like to extend my sincere congratulations to you on your successful holding of this forum.

I would also like to thank professor Uemura from Waseda University, Director Zhou Xiao Jing from Asia-Africa Development Research Institute of Development Research Center of the State Council, and professor Inukai for your hard work in hosting this forum. I am grateful as well to everyone attending today to participate in the presentations and discussions. I hope this forum will be an opportunity for us to share our wisdom and insights, to come up with specific and feasible ways of developing the Asian capital markets.

Asia has emerged as a new center of global economic growth now, since the global financial crisis, and the economic importance of our region is growing even more. The combined GDPs of Korea, China and Japan currently account for about 20 percent of total world GDP, and our combined foreign exchange reserves far exceed 3 trillion dollars.

The Asian Development Bank Institute (ADBI) forecasts that the combined economy of Asia including our three countries will be the largest in the world in 2020, exceeding that of the US. Taking Korea as one example, we held a G20 summit meeting successfully last year, strengthening the cooperation among advanced and emerging countries. And in the course of overcoming the global financial crisis, our emerging country can also be said to have shown greatly enhanced status and importance.

The need for effective capital markets in Asia has grown increasingly important since the most recent two financial crises. As part of extensive efforts to promote bond market development in this region, the Asian Bond Market Initiative (ABMI) is in progress. More specifically, a regional guarantee agency called

the Credit Guarantee and Investment Facility (CGIF) has been established, as part of the bond market infrastructure within our region. Discussion is also now under way on creating a Regional Intermediary Settlement (RSI) organization and a New International Credit Rating Agency (NICRA).

As we can see from a controversy over global imbalances, savings in Asia are currently not utilized in the Asian region. A number of scholars (such as Clarida(2005), Dooley et al(2005), Bernanke(2005)) are pointing out that East Asian countries lend capital to the US which has an efficient financial intermediary system, and receive direct investment in return, since there are no well-established domestic and regional financial systems and efficient capital markets in Asia.

In order to resolve this global imbalance issue, it is an urgent task to develop an effective capital market, and particularly a cross-border bond market in Asia which can ensure a more utilization of regional savings into regional investment. In this regard, discussions on the harmony and integration of the Asian bond market have progressed in the recent ASENA+3 Bond Market Forum (ABMF).

But the truth is that there are several limiting factors impeding cross-border bond issuance and investment, such as a diversity of Asian countries, different levels of economic and capital market developments of individual countries, different legal and tax systems in the capital markets of individual countries, and regulations concerning the foreign exchange market and capital movement. Therefore, in order to overcome the obstacles and develop the regional capital market, it is very significant for the regulators, self-regulatory organizations, capital market specialists and researchers from Korea, China and Japan to gather together to make presentations on the development status of the capital market of individual countries, thus, enhancing mutual understanding, and to discuss about the development of the Asian capital markets.

In addition, Korea, China and Japan should pursue an active cooperation to reshuffle the global financial order and reform the international monetary system, and do our best to act as active rule setters of the global standard. Furthermore, we should fully cooperate in efforts not only to conform to the global standard,

but also to set the Asian Standard, to ensure the harmony and integration of the regional capital market.

The Asian Financial Crisis in 1997 made various financial cooperation within Asia, including Korea, China and Japan, gain momentum. This forum is very significant in that it will lay the foundation for establishing the cross-border capital market in Asia through the cooperation among our three countries.

Consequently, I expect that this forum will continue its activities and serve as a momentum to strengthen the roles and cooperative relation among our three countries at the international stage.