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Statement by the Hon. **OKYU KWON**,  
Governor of the Fund for the **REPUBLIC OF KOREA**,  
at the Joint Annual Discussion



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Honorable Managing Director de Rato of the IMF,  
Honorable President Wolfowitz of the World Bank,  
Fellow Governors,  
Distinguished Guests,  
Ladies and Gentlemen.

First of all, let me express my deepest appreciation to the Government of Singapore for hosting the Annual Meetings.

It is truly an honor for me to address such a distinguished audience today at the IMF and the World Bank Annual Meetings as Governor for Korea.

Distinguished guests,

When the IMF and World Bank were first established, the Asian region was heavily dependent on international aid.

However, Asia today has emerged as one of the major players in the world economy, and is receiving more attention than ever in the global community.

Therefore, it is all the more meaningful that this meeting is taking place in Singapore, which is the financial and logistical hub of Asia.

High demand for education, trade liberalization, and strong entrepreneurship were major contributors to the rapid transformation of Asia. However, without the support of the IMF and the World Bank, Asia could not have become what it is today.

Therefore, let me take this precious opportunity to express my deepest gratitude to the IMF and the World Bank for the support they have rendered to the Asian countries.

Ladies and gentlemen,

The world economy is constantly changing. Globalization and the increased flow of capital provide not only opportunities but also various challenges to the prosperity of the global economy.

This calls for the IMF and the World Bank to constantly change along with the evolving global economy.

In this sense, I highly acknowledge the reform efforts these two agencies have made during the past year, and I would like to add a few comments to the future role of these two institutions.

Let me first talk about the role of the IMF.

First of all, I greatly welcome the Fund's decision to give top priority to its governance reform.

As Managing Director de Rato once mentioned, if the Fund intends to maintain its leading role and legitimacy, the voice of each member country should be fairly represented in its decision-making process.

In this sense, I sincerely thank the Fund and its members for supporting the ad hoc quota increase for four emerging market countries, including Korea.

I have no doubt that the initial increase will send a strong message to the global community that the Fund is on the right track to achieve its governance reform.

However, there is still much to be done. Many countries' quotas still need readjustment to properly reflect their changing economic weight.

Further, the new quota formula should be established based on the consensus of all members, and the voices of low-income countries should be strengthened.

Against this backdrop, I call upon all members to join the efforts to reach a consensus on the second stage reform, building on the momentum created in the first stage.

Most importantly, efforts should be made to redistribute the quotas of some Asian countries according to their improved positions in the global economy, and I expect similar efforts to be made in the Bank as well.

Ladies and gentlemen,

The Korean government strongly supports the Fund's recent efforts to strengthen its surveillance role for crisis prevention.

I also welcome the introduction of Multilateral Consultation as a means to resolve global imbalances.

However, in order for multilateral consultation and strengthened surveillance to successfully contribute to stabilizing the global economy, the IMF's capacity must be further enhanced.

On top of improving its analytical skills, the Fund should be able to coordinate the diverse interests of its member nations, so that the Fund's policy measures can be acceptable and trustworthy to all members.

Let me now move on to talk about the World Bank's poverty reduction efforts.

As you know, the World Bank's efforts in various fronts to reduce poverty and to achieve the Millennium Development Goals have been remarkable.

I also agree with the need to intensify the Bank's anti-corruption and governance reform efforts in order to improve its aid effectiveness.

Taking this opportunity, I would like to express Korea's strong commitment to achieving the Millennium Development Goals.

As part of its efforts, Korea has decided to establish a 30 million dollar fund in the IBRD and a 1.5 million dollar fund in the IFC within this year.

The Korean government will also triple the ODA to Africa by 2008, according to the Africa Initiative that our president Roh Moo-Hyun announced this spring.

We will also invite one thousand Africans to receive vocational training in Korea within the next three years.

Moreover, Korea will continue to share with developing nations its unique development experience of transforming itself from a recipient country to a donor nation in one generation. In this context, I would like to highlight three major factors that contributed to our rapid economic development.

First, trade liberalization paved the way for the export-led economic growth of Korea. Therefore, I strongly believe that the DDA negotiations that recently stalled must be restarted with a new momentum. Also, aid for trade should be continued regardless of the resumption of the talks.

Another contributor to Korea's rapid development was active investment in human capital. In this sense, I hope the Bank's Fast Track Initiative can achieve successful results.

Confucianism, which highly values the importance of education, laid the groundwork for the remarkable economic development of the East Asian economy.

Therefore, encouraging the developing nations to put higher priority on education would be as equally important as providing financial aid to these countries.

Third, after realizing at an early stage that reducing corruption was a major determinant of successful economic development, Korea has been making continuous efforts to build a transparent society.

We also came to a conclusion that supporting the establishment of an anti-corruption system is much more effective than imposing sanctions against corruption.

Ladies and gentlemen,

Before I close my remarks, I once again extend my sincere appreciation to the Singaporean government for organizing this important occasion with excellent arrangements and warm hospitality.

I hope the global efforts to achieve our shared objective of poverty reduction and strong world economy produce successful results, under the excellent leadership of the IMF and the World Bank. I also pledge Korea's strong commitment to participate in these efforts.

Thank you.