News Release

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Critical role for East Asia in driving the recovery of the global economy

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East Asia will play a critical role in driving global economic recovery and the reform of global governance, government and financial-sector leaders agreed in the opening session of the 18th World Economic Forum on East Asia.

" Asia will lead the way out of the crisis for the rest of the world, " said Rajat M. Nag, Managing Director-General of the Asian Development Bank in Manila, which is projecting 6% growth for all of Asia in 2010, up from the expected 3.4% growth this year. It is critical for Asia to contribute to addressing global economic imbalances that led, in part, to the financial turmoil in the US, Nag added. " Asia has to start on a very different growth paradigm. The time has come for Asia to become a consumer in its own right. " Concluded Peter Sands, Group Chief Executive Officer, Standard Chartered Bank, United Kingdom: " Asia can show real leadership in rebalancing the global economy. "

East Asia will also be in a leading position to push forward the restructuring of the international financial architecture and institutions of global governance. But with more power will come greater responsibility. Miranda S. Goeltom, Acting Governor of the Bank of Indonesia, wondered aloud whether East Asian and other developing countries would be prepared to contribute more to funding international financial institutions if they are given a greater role in their governance. " Countries in East Asia would have to be prepared to share more of what they have, " she argued.

Next year, the Republic of Korea assumes the chair of the G20, which has emerged as the main forum for addressing global economic challenges. " The G20 is where the game is at right now, " Sands observed. South Korea, he explained, would have the opportunity to lead not just by advancing its national interests or those of its partners in East Asia, but also by achieving global objectives including the rebalancing of the global economy and the restructuring of institutions of international governance.

" There is some vacancy in global governance, " former Japanese minister Heizo Takenaka, Director of the Global Security Research Institute at Keio University in Tokyo, Japan, told participants. The G20 countries, he remarked, " have to move from policies to help to policies to solve, from reactive policies to proactive policies. Fundamental reform of global governance has to be discussed very seriously. "

To drive economic recovery and effective reforms will require significant coordination that builds on what the G20 has achieved so far since leaders met in Washington DC last year and in London in April, agreed Ahn Ho-Young, G20 Sherpa and Deputy Minister for Trade of the Republic of Korea. " The fact that we are beginning to see ' green shoots ' in just nine months says something about the cooperation in the G20. "

A major challenge: to avert further protectionism. " If we cannot successfully deal with protectionism, then our recovery will be long delayed, " he warned. Recognizing that the G20 is not representative enough, Seoul would conduct wide-ranging consultations around the world, especially with least developed countries, Ahn pledged. A priority for the G20 and for Asian countries should be to design and coordinate " exit strategies " and policies to prevent hyperinflation that could result from the huge fiscal stimuli that many nations implemented to mitigate the impact of the global crisis, Goeltom said.

Over 350 participants from 35 countries are participating in the two-day World Economic Forum on East Asia, which is held in partnership with the Federation of Korean Industries (FKI) and the Korea International Trade Association (KITA).

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WORLD ECONOMIC FORUM
World Economic Forum, 91-93 route de la Capite, CH-1223 Cologny/Geneva
Tel. +41 (0)22 869 1212, Fax +41 (0)22 786 2744, http://www.weforum.org