News Release

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Asia will drive G20 thoughts

6 June 2009

East Asia can drive the critical post-crisis structural reform of the global economy, business, government and civil society leaders participating in the 18th World Economic Forum on East Asia agreed at the closing session of the two-day meeting.

Next year, the Republic of Korea will assume the chair of the G20, which has become the main forum for addressing global economic challenges. " For the time being, the G20 is for reactive purposes, with the financial markets still in shambles, " said Ahn Ho-Young, G20 Sherpa and Deputy Minister for Trade of the Republic of Korea. But " moving on, there will be other post-crisis management issues on which G20 members will have to cooperate. If leaders agree and there is sufficient ambition, the G20 should move from being reactive to proactive. The question is if G20 leaders have the stomach and appetite to address these next-generation issues. Korea does. "

During the session, three of the meeting Co-Chairs reviewed some of those priorities, including rebalancing the global economy; devising " exit strategies " from the huge public investments made in recent months to stimulate economies around the world; developing social safety nets to promote domestic consumption in high-saving economies such as China; examining the potential of shaping a coordinated approach to interest rate and currency management; and alleviating the poverty that affects half of the world ' s population.

Leadership will be important at this critical time, said Azman Mokhtar, Managing Director, Khazanah Nasional, Malaysia: " It is a bit like 1945, when the world got together and came up with the Bretton Woods arrangements and decided that war is bad. We are at a similar moment – hence, the global redesign. " With the support of three countries – Qatar, Singapore and Switzerland – the World Economic Forum launched early this year the Global Redesign Initiative, which will bring together all of the Forum ' s communities in an unprecedented process of discussion and deliberation to develop a set of principles and guidelines for the adaptation of global economic institutions and arrangements to current circumstances.

As East Asia and other countries pursue crucial structural reforms to rebalance the global economy, the G20 could play an important monitoring role. " This is where the G20 and Korea would need to hold people to account to make sure that they were indeed adopting new growth models, " Peter Sands, Group Chief Executive Officer, Standard Chartered Bank, United Kingdom, argued.

" If we simply sit back and let people continue with the old models, then we perpetuate the situation we have now. " The G20, Sands added, must also take the lead not only in averting protectionism but also in rolling back protectionist measures. " If the G20 provides the leadership, then [the] Doha [Round of global trade negotiations] will work. " What the G20 should avoid is pushing for more regulation of the financial sector, warned Tarek Sultan Al Essa, Chairman and Managing Director, Agility, Kuwait. " We don ' t need more regulation. What this is about is governance and implementing [existing] regulations. "

At the close of the session, Richard Samans, Managing Director, World Economic Forum, said that this year ' s World Economic Forum on East Asia left a " clear impression that there are significant pockets of dynamism in the world, despite the fact that the world economy is in recession. " In East Asia, " people are not complacent, and there is an increasing focus on the need to structurally rebalance the global economy. While the ' what ' has become clear, the ' how ' has not yet become clear with any specificity. "

The Global Redesign Initiative aims to fill in those gaps as the Forum prepares for its Annual Meeting of the New

Champions 2009 in Dalian, People ' s Republic of China, in September, and the next World Economic Forum Annual Meeting in Davos-Klosters, Switzerland, in January 2010.
Note to Editors:

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