IL SAKONG

Chairman, Institute for Global Economics, former Minister of Finance, Republic of Korea

Jean-Claude Trichet, former President, ECB

Thank you very much. Let me now turn to the minister who was responsible for the G20 organisation.

Il Sakong, Chairman, Institute for Global Economics, former Minister of Finance, Republic of Korea
Thank you. I requested to be the last speaker, so that I can be brief. In fact, a lot has been said already by previous speakers, so I will be brief.

As John Lipsky well summarized, since the Lehman Brothers bankruptcy in 2008, various major financial reform measures have been taken, either to help resolve/remedy crisis-stricken financial institutions or to help prevent future crises and systemic failures.

In this regard, I would like to emphasize that as much as the global community has achieved in putting through these financial reform measures, the critical factor was the involvement of national political leaders in the process. What I am saying is that without the G20 leaders' commitments and personal support, these financial reform measures would have been difficult to be implemented.

Since, as a previous speaker already mentioned, a lot more needs to be done, especially in the cross-border financial policy cooperation and institutional build-up. I would like to see the G20 leaders' involvement further strengthened in this connection.

With regard to the cross-border financial policy cooperation, the G20 leaders' decision to elevate the former Financial Stability Forum to become the current Financial Stability Board was, in my view, a critically important first step in the right direction. However, I would like to see the FSB further structured and strengthened in its own governance and the working relationship with other multilateral institutions, i.e. the IMF, BIS, IOSCO and the IAIS.

Another point I would like to make is regarding the expansion of the G20's MAP (Mutual Assessment Process) to include financial sector analyses together with real economy diagnoses. As you know, the pre-crisis diagnosis of global imbalances in the G20 process primarily focused on the current account balances without paying enough attention to the capital account balances. In other words, it primarily focused on savings/investment gap without paying due attention to the capital flows and financial linkages.

After all, the G20's goal of strong, sustainable and balanced growth can only be achieved with correcting global imbalances in both real and financial sectors. In this regard, the imminent US Fed's tapering QE should be brought to the G20 process, more specifically, the G20's MAP. It is needless to say that it is a US domestic economic policy but spillover effects will be grave enough for the G20 level discussion to be necessary.

Thank you.