

Press Statement

The Fifth EMEAP Governors' Meeting

July 7, 2000, Seoul

1. The Fifth EMEAP Governors' Meeting was held on July 7, 2000 in Seoul, Korea in conjunction with the 50th Anniversary of the Bank of Korea. Dr. Chol-Hwan Chon, Governor of the Bank of Korea, chaired the meeting.
2. The Governors received reports on the last two meetings of the EMEAP Deputies in Tokyo and Hong Kong and progress reports from the three Working Groups on Payment and Settlement Systems, Financial Markets and Banking Supervision. They were also given reports on the Regional Foreign Exchange Markets Monitoring Meeting and on the ongoing study of Exchange Rate Regimes. The Governors reaffirmed that the central banks and monetary authorities of member economies should assist in establishing deep and broad capital markets which contribute to economic and financial stability.
3. The EMEAP Governors reviewed recent developments at international meetings of the G-7, Financial Stability Forum (FSF) , and G-20. The Governors reaffirmed their conviction that enhanced international cooperation among economies, together with the international financial institutions and the private sector, is essential to promote global financial stability. They also stressed the importance of strengthening the monitoring of financial market developments, including cross-border capital movements. They welcomed the establishment of the G-20 and various recommendations by the FSF and looked forward to their timely and appropriate implementation. It was felt that considerable progress had been made in assuring that the region's voice was heard in those international fora, which are now more representative of world opinion. For the future, continuing efforts were called for to further strengthen the region's voice.
4. The Governors reviewed recent economic and financial developments in the member economies, noting encouraging signs of economic recovery

and at the same time expressing concerns about excessive volatility in the world stock and currency markets. They also emphasized the importance of more broadly based and sustained recoveries in the regional economies. They agreed on the need to pursue appropriate economic policies and to sustain efforts in structural reforms.

5. The EMEAP Governors reviewed the policy responses of EMEAP economies to increased capital flows and the key issues involved. With a view to ensuring sound and sustainable capital flows, the Governors stressed the significance, irrespective of the currency regime in place, of conducting macroeconomic policies consistent with economic fundamentals, including disciplined fiscal policies and prudent foreign debt management. They agreed on the need to speed up financial sector restructuring, strengthen prudential regulation and enhance regional cooperation for the monitoring of short-term capital flows to reduce risks associated with such flows.

6. The Governors decided to hold the next Governors' Meeting in Sydney, Australia in the year 2001.

The Bank of Korea
July 7, 2000