

REPUBLIC OF KOREA

**Keynote Speech by
Mr. Kook Hwan Bae
Vice Minister of Strategy and Finance**

May 18, 2008, Kiev, Ukraine

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for the 17th EBRD Annual Meeting

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**Mr. Kook Hwan Bae
Vice Minister of Strategy and Finance
Republic of Korea**

**Honorable Chairman, President Lemierre,
Fellow Governors, and Distinguished Guests,**

It is my great pleasure to be here with you on behalf of Korea.

Let me begin by extending my appreciation to the Government of Ukraine, to the people of Kiev and to President Lemierre and his staff, for their warm hospitality and the excellent arrangements for this meeting.

Distinguished guests,

Last year, transition countries demonstrated remarkable economic achievement, maintaining a growth of around 6%, despite unfavorable economic conditions such as turbulence in global financial markets and soaring commodity prices.

The EBRD also made its own strides by expanding business volume and continuing to record a net income, thereby achieving stronger transition impact and further improving financial soundness.

I congratulate President Lemierre and his staff for the successful performance.

This has also engaged us in a productive debate on the allocation of these gains.

Korea supports the resolution of 2007 net income allocation, following long and in-depth discussions among member countries.

I believe the resolution would greatly contribute to enhancing transition impact on the Early Transition Countries, particularly in the areas of infrastructure and energy efficiency.

Ladies and gentlemen,

Looking ahead, it is also true that various external and internal challenges remain.

Externally, we are faced with global economic slowdown, hike in food and energy prices and deepening global imbalances.

Internally, advanced transition countries are beginning to graduate from the

EBRD, calling for a need to realign the scope of operations.

In this regard, I would like to comment on future policy directions and priorities of the Bank.

First, the EBRD should take on a greater role as a unique institution to support transition.

By focusing on facilitating transition toward market-oriented economy, the Bank should complement the private sector and willingly support projects that promote transition

Second, the Bank should clearly present future directions to member countries, exploring new areas of operations within its mandate.

New areas could include health, environment, gender equality, and prevention of child labor abuse, thereby ensuring the sustainable development of transition economies

Third, the Bank should promote regional diversity in recruitment and procurement markets.

This would help build a more dynamic organization based on increased participation from more member countries.

Lastly, the EBRD should actively make use of its extensive experience and knowledge in transition support.

Granting Turkey recipient country status would be a meaningful step forward in this regard.

In particular, I would like to ask the Bank to support the transition of North Korea in the future to facilitate its transition to a market economy and integration into the global community.

Fellow Governors,

Allow me to extend my compliments to President Lemierre for his outstanding

performance in steering the Bank into a truly international financial institution.

For the incoming President, I look forward to a new leadership that will make the Bank establish itself as an efficient provider of transition financing.

Before closing, I would like take this opportunity to introduce Korea's new economic policy, "MBnomics", which takes the initials of our new President Myung-Bak Lee.

It focuses on creating a business-friendly environment through drastic deregulation and tax cuts.

Distinguished guests,

Korea's new administration is fully committed to pursuing further opening and solidifying economic cooperation with international organizations in line with the size of our economy.

As a part of this initiative, Korea aims to increase its contribution to the EBRD, such as expanding the Technical Cooperation Fund, while sharing development experience with the Early Transition Countries.

Last but not least, I also hope that all participants of this meeting will enjoy the rich history and tradition of this beautiful city of Kiev.

Thank you.