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ANNUAL CONSULTATION MEETING WITH S&P

DPM CHOO MEETS WITH S&P OFFICIALS TO DISCUSS THE COUNTRY'S ECONOMIC POLICIES AND DIRECTIONS

Deputy Prime Minister Kyungho CHOO met with S&P officials¹ in Seoul on September 26 and discussed Korea's economic policies and directions.

At the meeting, DPM CHOO explained the new government's three key economic policy directions: to put the private sector, businesses, and markets at the core of the economic policy, to push ahead with overall structural reforms to increase growth potentials, and to make a shift toward sound fiscal policy.

DPM CHOO introduced measures taken under the new administration including bold regulatory reforms, corporate tax system improvement and structural reforms for five major sectors. He also emphasized that the government will redesign fiscal rules in a simpler and stricter manner and legalize them with a view to maintaining fiscal soundness.

In response, S&P appreciated the government's policy shift and mentioned that today's meeting will help learn about the new government's economic policy philosophy and strong commitments. Moreover, S&P asked a question about rising uncertainties and burdens on household debts driven by the acceleration of interest rate hikes across the globe.

DPM CHOO answered that the possibility of those factors developing into structural risks is limited considering low delinquency rates, high shares of borrowers with high credibility and solid soundness of financial institutions. He stressed that the government will pursue consistent management for household debt stabilization as well as ease the repayment burdens of the vulnerable. In addition, DPM CHOO said that the government will stay vigilant to manage debt levels as excessive debts in any sectors would weigh on the country's economic fundamentals.

DPM CHOO said that despite rising global uncertainties affecting the Korean economy, Korea's external soundness is favorable considering its foreign exchange LCR, foreign reserves and net external assets.

Going forward, the government will actively consult with global rating agencies such as S&P and work hard to maintain the country's credit rating via consultations with global rating agencies and talks with foreign investors before and after the G20 Finance Ministers and Central Bank Governors' meeting.

S&P has maintained its credit rating on Korea at AA with a stable outlook since 2016 and the rating agency is expected to announce the country's credit rating in the first half of next year, based on the consultation results.

¹ The S&P delegation visits Korea for three days of consultations with officials from related ministries and institutions to discuss the country's current economic situation, outlook and policy responses. It is the first consultation meeting with S&P since the launch of the new government.