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**G20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS MEETING  
IMFC MEETING**

## **DPM CHOO ATTENDS THE G20 FINANCE MINISTERS AND CENTRAL BANK GOVERNORS MEETING AND THE IMFC MEETING**

Deputy Prime Minister Kyungho CHOO attended the G20 Finance Ministers and Central Bank Governors Meeting held on October 12 and 13 and the International Monetary and Financial Committee (IMFC) Meeting on October 14, both of which are held in Washington D.C., the US.

The G20 Finance Ministers and Central Bank Governors Meeting consisted of 6 sessions, which are Global economy, International financial architecture, Financial sector regulation, Infrastructure investment, Sustainable finance, and Sustainable taxation.

The Korean government will work hard to brace for the impact on Korea's real and financial economy caused by global economic slowdown and financial volatility that have been identified as possible challenges affecting the global economy at this meeting. In addition, it will continue to work on structural reforms in the labor and public sectors.

The following is a summary of DPM CHOO's remarks for each session of the G20 meeting.

### *Session 1: Global economy*

As DPM CHOO affirmed that global uncertainties such as the war, reshaping of the supply chain structure and climate change along with persistent rising inflation are making it difficult for each country to seek optimum policy mix, he highlighted three ways to weather such challenges.

- Take into account rising global financial volatility due to tight monetary policy that is inevitably implemented to stabilize prices
- Implement fiscal policy in a way that ensures coherence with monetary policy even when pursuing growth and providing support for the vulnerable to prevent sending a confused message to the market
- Work to improve labor supply, end the war as soon as possible and restore the multilateral trade structure

### *Session 2: International financial architecture*

DPM CHOO pointed out that monetary tightening has increased capital flow volatility and caused financial insecurity in both advanced and developing countries.

DPM CHOO emphasized that G20 should demonstrate leadership to tackle the global imbalance in capital flow as previously shown to address the global imbalance in trade in the early 2010s. To that end, he called for G20 member countries to make efforts to enhance the global safety net with the completion of the IMF's 16<sup>th</sup> General Review of Quota (GRQ) by December 2023, find solutions for

the sovereign debt problems of vulnerable countries and expand the lending capacity of multilateral development banks (MDBs).

#### *Session 6: Sustainable taxation*

Regarding Pillar One<sup>1</sup>, DPM CHOO highlighted the need to gather a broad range of expert opinions and facilitate negotiations among countries with the aim of minimizing the burdens on businesses. He also mentioned that it is necessary to devise administrative guidelines and procedures to smoothly settle disputes to establish an effective implementation framework on Pillar Two.

At the International Monetary and Financial Committee (IMFC) Meeting, leaders discussed global economic trends and the IMF's role to overcome global crises.

DPM CHOO agreed on the Global Policy Agenda suggested by the IMF's Managing Director and mentioned the IMF's three major roles, pointing out that the global economy is facing multiple challenges.

- DPM CHOO asked for seeking an optimum policy mix and ensuring policy coherence. He emphasized the need to ensure coherence of the overall monetary and fiscal stances and capitalize on fiscal policy for economic recovery and the protection of vulnerable groups. DPM CHOO also requested for enhancing IMF's bridging roles, highlighting the importance of close coordination and clear communication among countries to prevent another crisis from occurring.
- DPM CHOO advocated the fund's various efforts to expand support for vulnerable countries. He welcomed the launch of the Food Shock Window (FSW)<sup>2</sup> and urged the implementation of the Resilience and Sustainability Trust (RST)<sup>3</sup>-supported programs as soon as possible. DPM CHOO called for member countries to actively participate in the RST fund and supported the IMF's efforts for the rapid operationalization of the RST.
- DPM CHOO requested that the IMF would work harder for member countries to reach an amicable agreement on the 16th General Review of Quota (GRQ). He argued that to keep the IMF at the center of the global financial safety net, the fund needs to reduce the share of its lending arrangements with countries and instead expand the share of quotas, which is a fundamental source of financing. DPM CHOO also suggested that the new IMF quota formula should be created to better reflect changes in each country's economic power such as GDP and protect low-income and small countries' quota shares.

The Korean government actively participated in discussions on IMFC's agendas and other global issues, calling for member countries' tangible actions and cooperation and highlighting our interest. For example, the chair's statement the IMFC issued reflected the government's opinion as it asked for ensuring coherence of the overall monetary and fiscal stances, implementing the RST-supported programs as soon as possible, and reaching an agreement on a new quota formula.

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<sup>1</sup> It is currently under discussion over detailed issues by delaying its effective year to 2024 from 2023.

<sup>2</sup> It will provide additional access under the IMF's existing emergency financing instruments to countries that face urgent balance of payments needs associated with the global food shock. It will be available for a maximum of 12 months, be capped at 50 percent of quota and be increased to 175 percent of quota for members that will borrow through the FSW.

<sup>3</sup> The RST fund was built to help about 140 low-income and vulnerable middle income countries deal with structural challenges with a goal of raising SDR 33 billion. It is available for a maximum of 20 years.

The Chair's Statement the IMFC issued is available on the following link:

<https://www.imf.org/en/News/Articles/2022/10/14/pr22357-imfc-chair-statement-forty-sixth-meeting-of-the-imfc>

Attachment: G20 Chair's Summary of the fourth G20 Finance Ministers and Central Bank Governors Meeting