

## Lunch address

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As the head of the central securities depository of Korea, I accept as a great honour and pleasure the task of conveying a congratulatory message to this international conference on Asian bond markets, which is being held under the joint auspices of the Institute of Northeast Asian Business and Economics of Korea University and the Bank for International Settlements.

In addition, I would like to thank all the prominent scholars and experts in the securities and financial fields who are gracing this conference with their attendance. It really is a privilege for the Korea Securities Depository (KSD) to support this wonderful conference, where outstanding papers are being presented and heated discussions are being held on the subject of our common interest, the nurture of Asian bond markets.

Also, I would like to take this opportunity to give my special thanks to Professors Yung-Chul Park and Young-Sup Yun of Korea University and all the researchers at the Institute of Northeast Asian Business and Economics for having spared no effort to successfully organise this conference.

As you are well aware, one of the convincing arguments for the root cause of the 1997 East Asia foreign exchange crisis is that East Asia unwittingly invited the crisis. It did so by financing long-term investments with short-term liabilities and financing projects producing domestic currency cash flows with foreign currency debt.

I believe it is encouraging that after the financial crisis we are giving serious consideration to developing Asian bond markets and discussing this topic in earnest within the framework of ASEAN+3 and APEC.

The further development of Asian bond markets is expected to bring about the following three effects. First, it will retain Asia's savings within the region, helping Asian corporations easily finance long-term projects with long-term liabilities. Second, it will provide more diverse investment vehicles to Asian investors. Finally, it will lay the groundwork for enhanced economic cooperation among Asian countries and ultimately perhaps encourage the evolution of an Asian key currency.

However, the prospects are not necessarily rosy. There are a lot of problems which need to be addressed in order to nurture the Asian bond market. Decisions need to be made on areas such as the issuance methods for Asian bonds, credit enhancement measures, and development of the depository and settlement systems within the region, to name but a few.

Under the current circumstances, it is very significant that Asian countries have reached a consensus on the importance of tackling the recognised problems and formed a working group comprising experts from each Asian country.

I firmly believe that more developed Asian bond markets would make a strong contribution to bringing each Asian country's capital market to an international level. Increased financial cooperation among Asian countries would be a welcome by-product of this effort.

This international conference provides a golden opportunity for us to consider the prospects for and the tasks relating to the development of Asian bond markets and to seek the joint prosperity of Asian countries on the firm foundation of stable financial systems.