



SPEECHES

Response Address

**Response Address by Mr. Koh Yong Guan, Managing Director,
Monetary Authority of Singapore at the
37th SEACEN GOVERNORS CONFERENCE
Ulaanbaatar, 25 - 27 June 2002**

Your Excellency, Prime Minister, Mr Enkhbayar,
Governor Chuluunbat,
Fellow Governors,
Distinguished Guests and Delegates,
Ladies and Gentlemen,

I am honoured to deliver this Response Address on behalf of my fellow Governors and delegates to the 37th Conference of Governors of South East Asian Central Banks.

First, I would like to express our deep appreciation to the Prime Minister for honouring us with his presence today.

Since we last met in Singapore, the economic outlook for SEACEN members has brightened even though uncertainty remains, primarily over the strength of the US recovery. Already, there are tentative signs that the regions' exports are experiencing a rebound, following the large declines last year. Domestic sources of demand also appeared to have strengthened in some parts of the region, perhaps because of general optimism over the economic outlook. Financial markets have also reflected this nascent recovery. Stock markets in the region have recovered from their lows in the second half of 2001, and recent debt offerings by regional issuers have been well received by international investors.

Indeed, what I found most remarkable about the latest downturn is how resilient the regional economies have become since the Asian crisis in 1997/98. Most countries in the region weathered the economic downturn well, and some without even any significant impact. There was no widespread dislocation in our financial markets or generalised instability in any of our financial systems. This was even more impressive, considering that on many accounts, this latest slowdown, which started in 2000, was one of the most challenging facing our economies. The US and Japan, the world's two largest economies both entered a recession in 2001. The deceleration in global trade growth in 2001, which can be attributed in large part to the shake-up in the information technology sector, was the sharpest in two decades. And in addition to facing a more difficult external environment, we also had to deal with the negative publicity caused by the largest ever debt default by an Asian corporate.

It is inevitable that developments in the global economy continue to exert a strong influence on the performance of our economies. This has led some observers to question the benefits of globalisation and argue against the traditional model of export oriented growth pioneered by East Asian economies. Such arguments are fallacious as they mistake the symptoms for the causes. The achievements each of our economies has made in the last 20 to 30 years are real. In my view, therefore, any retreat from globalisation would be a costly mistake for the region. Globalisation is a phenomenon driven by deep economic and social forces which cannot be stopped. While globalisation can cause financial distress and economic dislocation, especially in developing economies, it has also enhanced efficiency and raised productivity of global economy.

Singapore's experience, as well as the experience of a large number of SEACEN countries, demonstrates that small countries can benefit from globalisation, overcoming the constraints of scale in our domestic markets. But there are necessary pre-conditions for benefiting from globalisation. The process of integration into the global economy must be judiciously managed. Countries need to formulate a plan for sequenced liberalisation of their economies, and must continually invest in efforts to strengthen economic, financial and structural resilience. While the process has not always been smooth, our success in weathering the latest downturn demonstrates the significant progress that has been achieved.

Regional fora such as SEACEN provide a useful platform for countries to share their experiences. We note that our host, The Bank of Mongolia has been actively contributing to SEACEN activities. In short order, since joining in 1999, it has hosted a Directors of Research and Training (DORT) meeting, a SEACEN Experts Group on Capital Flows meeting, and now the main event, the Governors Conference itself.

The challenge for regional fora is to remain relevant to its members, amidst the proliferation of new fora/regional organisations. The training and continuous upgrading of the knowledge and skills of our people in central banking and supervisory matters is an important investment for all of us. In this regard, there is scope for greater co-ordination and collaboration on training efforts among regional initiatives. SEACEN Centre should seek to co-ordinate its training activities and endeavour to complement the training initiatives of regional fora/organisations such as the Asian Development Bank, APEC training, and the IMF-Singapore Regional Training Institute, to name a few. In this regard, SEACEN, through the SEACEN Centre, has continued to adapt and serve its members well. This is an accomplishment that is more note-worthy given that it is one of the oldest fora. As a training provider for regional central banks, the Centre has recognised the new challenges it faces, and has increased its collaboration with other regional central banks, international financial institutions and training providers, to encourage international best practices among central bank officials in the region.

At the last SEACEN Governors Conference, we deliberated on the strategic review of the SEACEN Centre. Since then, technical details of setting up an Executive Committee has been worked out. The Executive Committee would provide guidance and operational oversight over the SEACEN Centre, and also advise Governors on major policy issues affecting the SEACEN Centre. This would reinforce the governance of the Centre, and bodes well for the future of SEACEN. We at the Monetary Authority of Singapore continue to value the ties forged with SEACEN through participation in the various activities, and I am sure many of the governors would share the same view.

It leaves me now to thank, on behalf of my fellow governors and delegates, Prime Minister Enkhbayar for graciously agreeing

to open the SEACEN Governors Conference, and Governor Chuluunbat and the staff of The Bank of Mongolia for the excellent arrangements and warm hospitality extended to us. We look forward to a fruitful and successful Conference.

Thank you.

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