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**ROK-U.S. FINANCE MINISTERS' MEETING**

## **DPM CHOO HOLDS ROK-U.S. FINANCE MINISTERS' MEETING WITH U.S. TREASURY SECRETARY JANET YELLEN**

Deputy Prime Minister and Minister of Korea Economy and Finance Choo Kyung-ho met with U.S. Treasury Secretary Janet Yellen, who was visiting Korea on July 19 (Tuesday) at 16:30.

This meeting was held in Korea for the first time in six years since 2016, and it is the third official meeting between Korea and the U.S. Ministers, following the conference call on July 1 and the meeting on the occasion of the G20 Finance Ministers and Central Bank Governors meeting on July 15.

Deputy Prime Minister Choo and Secretary Yellen agreed that the Korea-US economic partnership should also be expanded and evolved under the "Global Comprehensive Strategic Alliance" confirmed by the two leaders at the Korea-US Summit in May.

The two countries exchanged views and held in-depth discussions on a wide range of issues facing both countries, including global and domestic economic outlooks, actions on Russia's war against Ukraine, foreign exchange market developments and cooperation, and responses to climate change and global health issues.

### **1. Economic outlooks**

Deputy Prime Minister Choo and Secretary Yellen shared the view that strategic economic cooperation between the two countries is more important than ever given the complex crises (the world economy is facing), such as supply chain disruption, sharp rise in raw material prices and inflationary pressures following the Ukraine war, and the impact of rapid monetary tightening.

In particular, the leaders agreed on the need for closer policy coordination between the two countries to thoroughly respond to global supply chain disruptions and unfair market-distorting practices that increase the burden on the Korean and American people and businesses.

The two Ministers discussed the resilience of the Korean economy, including its impressive recovery from the COVID-19 pandemic, effective use of public health measures and fiscal measures, as well as the strength of Korea's external sector. They also agreed that Korea's recovery is a testament to its strong economic fundamentals and robust policy framework.

DPM Choo highlighted that the Korean economy is continuing its economic recovery centered on exports and consumption based on strong fundamentals and policies despite the recent challenges and

that Korea is also contributing to the recovery of the global economy by inducing corporate investment through regulatory and tax relief.

## **2. Actions against Russia-Ukraine war**

As the war in Ukraine continues, Korea and the U.S. reaffirmed close coordination and resolved to continue mutual cooperation.

In this context, the two leaders discussed the merits of a price cap on Russian oil. Following the July 1 conference call, Secretary Yellen once again stressed the need for introducing a coalition that caps the price paid for Russian oil and invited Korea to join.

DPM Choo agreed with the proposal's spirit and expressed Korea's active interest in joining the price coalition. He emphasized that the price cap's mechanism should be effective in contributing to the stabilization of global oil prices and consumer prices.

Secretary Yellen thanked DPM Choo for a positive response and hoped for Korea's input in designing the price exception policy's mechanism.

## **3. Financial and Foreign Exchange Market**

DPM Choo and Secretary Yellen reviewed recent financial and foreign exchange market trends and reaffirmed the two countries' commitment to strengthening cooperation in the foreign exchange market.

The two Ministers discussed exchange rate developments, including the recent increase in exchange rate volatility due to external factors. Nonetheless, they acknowledged that foreign currency liquidity situation is still favorable compared to past crises. FX prudential measures have contributed to financial market stability, and dollar funding conditions are stable.

Meanwhile, DPM Choo explained that, while the current foreign currency liquidity conditions are stable, the Korean authorities will monitor the situation closely for any sudden changes in the liquidity of global financial markets and regional economic security risk factors, and realign the set of countermeasures for the case of emergency.

With this in mind, DPM Choo and Secretary Yellen agreed to continue to consult closely on exchange markets and cooperate preemptively as appropriate on currency issues.

The two Ministers recognize they have ability to implement various cooperative actions such as liquidity facilities if necessary.

## **4. Climate Change Response**

The two Ministers discussed the "green transition" of both countries in response to climate change.

DPM Choo stated that Korea is also participating in efforts to raise funds to respond to climate change with a sense of responsibility as a member of the international community and requested continued interest and support from the United States for the Green Climate Fund (GCF), which has a secretariat in Korea.

## **5. Global Health**

DPM Choo highly appreciates Secretary Yellen's leadership in actively leading discussions about increasing financial resources to address global health issues such as a pandemic.

In addition, he stated that Korea plans to contribute \$30 million to the Financial Intermediary Funds (FIF, to be established within the World Bank) in response to the pandemic, as announced at the G20 Finance Ministers' Meeting last week, and that he hopes that cooperation between the two countries will be strengthened in future discussions.