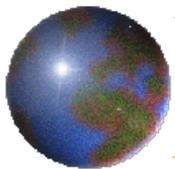


Ways to Promote Financial Cooperation in Asia

- Promoting the Use of Local Currencies in Asia

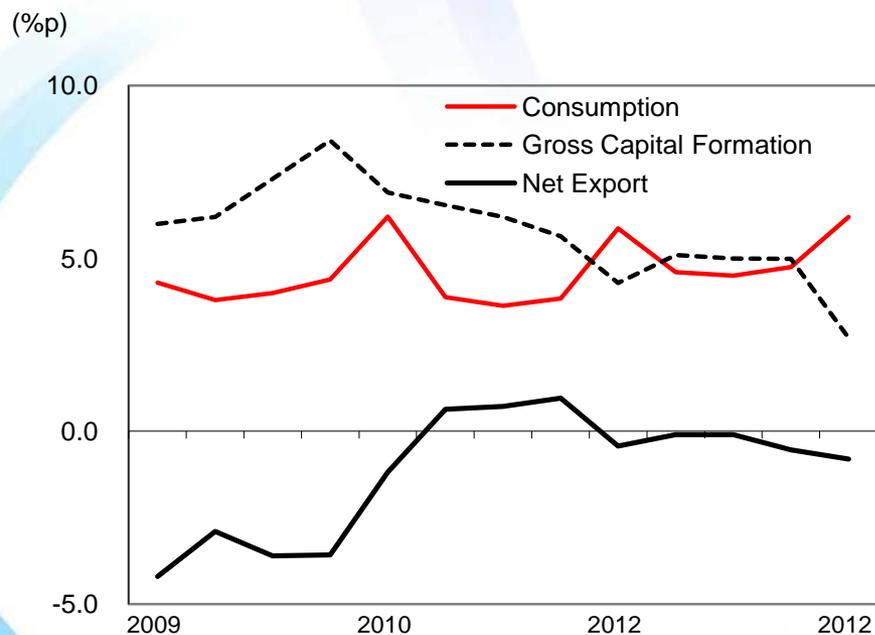
2012. 5. 10

**Baek, Yongchun
Korean Embassy in China**



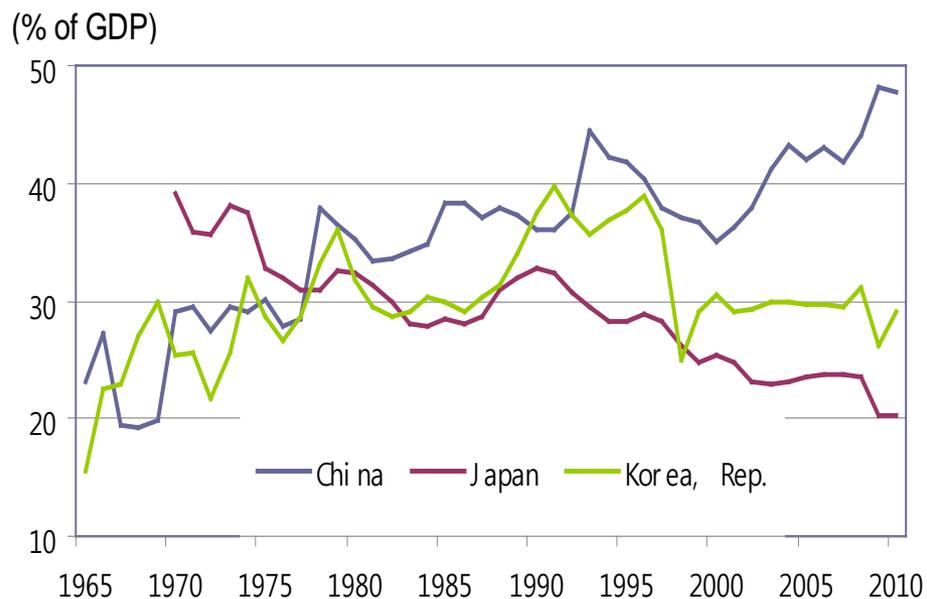
I . Chinese Economy at a Glance

GDP Contribution

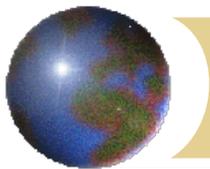


Source: CEIC

Gross Capital Formation



Source: World Bank, World Development Indicators



II. International Currency Status: A Score Board

<AE Currencies>	USD	Euro	Yen	Pound	SWF	AUD	CAD	NZD
Widely used an international reserves	●	●	●	●	◐	○	○	○
Widely Used in capital and trade payments	●	●	◐	◐	○	○	○	○
Widely traded in FX markets	●	●	●	●	◐	◐	◐	◐
Economic size	●	●	●	●	◐	◐	◐	○
Trade network	●	●	●	●	◐	◐	◐	◐
Investability 2/	●	●	●	●	●	●	●	●
Capital account openness 3/	●	●	●	●	●	◐	●	●
Financial depth index 4/	●	●	●	●	◐	◐	◐	○
<EM and NIE currencies>	HKD	Won	SGD	RMB	Real	Rupee	Ruble	Rand
Widely used an international reserves	○	○	○	○	○	○	○	○
Widely Used in capital and trade payments	○	○	○	○	○	○	○	○
Widely traded in FX markets	●	◐	◐	○	○	○	○	○
Economic size	○	◐	○	●	◐	◐	◐	◐
Trade network	◐	◐	◐	●	◐	◐	◐	◐
Investability 2/	●	●	●	●	◐	◐	◐	●
Capital account openness 3/	●	◐	●	○	◐	○	◐	○
Financial depth index 4/	◐	◐	◐	●	◐	◐	◐	◐

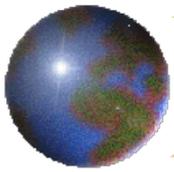
1/ "●" criteria fully met, "◐" partially met, "○" not met

2/ "●" Based on sovereign risk ratings "A" or above by Moody's and S&P

3/ Based on Chinn and Ito "Capital Account Openness Indicator, 2008"

4/ Country contribution to global financial depth, "●" for top five contributors.

Source: "Internationalization of Emerging Market Currencies: A Balance between Risks and Rewards" (2011)



III. Foreign Presence of Financial Institutions

1. Korea to China

- Bank: Overseas affiliated Companies (5), Foreign Branches (2)
- Insurance: Joint-venture Life insurance (1), Property insurance (3)
- Securities: Investment consulting companies, Representative offices

2. China to Korea

- Bank: Foreign Branches (4), Representative office (1)
- Securities: Representative offices (2)