

Joint Press Release

The Ninth Korea-Japan Finance Ministerial Dialogue

June 25, 2024, Seoul, Korea

I. Introduction

1. Mr. CHOI Sangmok, Korea's Deputy Prime Minister and Minister of Economy and Finance and, Mr. SUZUKI Shunichi, Japan's Minister of Finance met for the 9th Korea- Japan Finance Ministerial Dialogue on June 25, 2024, in Seoul, Korea. The Ministers exchanged their views on wide-ranging issues including the current global and regional economy and the ways to strengthen bilateral and multilateral cooperation.

II. Global and Regional Economies, and Policies

2. The Ministers agreed that the global economy in 2024 is on a gradual recovery path, with the region's economy recovering faster than the global economy due to robust domestic demand and export recovery. However, they acknowledged that uncertainties remain, including ongoing geopolitical conflicts, the potential slowdown in major trading partners' growth, and increased volatility in the foreign exchange market, and, in particular, shared serious concerns about the recent sharp depreciation of the Japanese yen and the Korean won. The Ministers also recognized the importance of remaining vigilant and staying agile in policy actions to support economic growth and maintain financial stability. They reaffirmed that they continue to take appropriate actions against excess volatility and disorderly movements in exchange rates.
3. The Ministers are united in their condemnation of Russia's war of aggression against Ukraine. Russia's war has exacerbated global economic challenges, including disrupting supply chains and heightening energy and food insecurity. The Ministers remain determined to foster international cooperation to address the global economic hardships caused by Russia's war, and call for an immediate end to Russia's illegal war against Ukraine.
4. The Ministers shared policy experiences in ensuring sustainable growth. Deputy Prime Minister Choi introduced strategies for a Dynamic Economy, supported by relentless innovation in the private sector, fair competition, and active social mobility. Minister Suzuki introduced the ongoing policy efforts to support wage increases and lift the economy, in order to achieve a virtuous cycle, while referring to the robust wage growth and strong business investment.
5. The Ministers shared their policy efforts to address the low birth rate issue as a key common structural challenge. In this context, Deputy Prime Minister Choi outlined policy directions focused on addressing the direct causes of low birth rates by supporting three key areas: work-life balance, childcare, and housing, and also explained that the government will continue structural reforms to fundamentally resolve the issue of low birth rates, such as improving the quality of public education and promoting balanced regional development. Minister Suzuki introduced Japan's policy package "Children's Future Strategy," which aims to strengthen support for child-rearing generations, including through labor market and work environment

reforms, while ensuring sustainability of the entire social security system. The Ministers agreed to continue sharing their policy experiences and seeking the best solutions for common issues faced by both countries.

6. The Ministers recognized the importance of promoting investment between the two countries. In this context, the Ministers welcomed the Korean government's efforts to incorporate Korean treasury bonds into the World Government Bond Index through improved foreign access to government bond investment, including the introduction of omnibus accounts for bonds. The Ministers also appreciated the Korean government's efforts to improve the Korean foreign exchange market practices and systems to global standards, such as opening the market to foreign financial institutions and extending trading hours.
7. The Ministers recognized the importance of deepening financial markets. They welcomed ongoing efforts in the respective countries, specifically the Corporate Value-up Program in Korea and the Policy Plan for Promoting Japan as a Leading Asset Management Center in Japan, and expect these initiatives to contribute to sustainable economic growth in both countries. The Ministers also noted that the Japan-Korea Shuttle Meeting between financial authorities would be an appropriate channel for further exchange of views and information on developments in their respective markets.

III. Bilateral and Regional Financial Cooperation

8. The Ministers reaffirmed that the resumption of the swap arrangement between the two Ministries in 2023 has further enhanced the regional financial safety net. The Ministers also agreed on the importance of maintaining bilateral financial cooperation and discussing possible further improvements in this cooperation.
9. The Ministers welcomed the success of the 27th ASEAN+3 Finance Ministers and Central Bank Governors' Meeting, under the co-chairmanship of Korea, and the 24th Trilateral Finance Ministers and Central Bank Governors' Meeting of China, Japan and Korea, under the chairmanship of Japan, both of which were held in Tbilisi, Georgia, on May 3, 2024. They welcomed the endorsement of the establishment of Rapid Financing Facility (RFF) under the Chiang Mai Initiative Multilateralization (CMIM). Furthermore, the Ministers reaffirmed the benefits of a paid-in capital structure which would enhance the effectiveness of the regional financial safety net and agreed to continue active discussions on the financing structure reform of the CMIM.
10. The Ministers welcomed the signing of the Memorandum of Intent (MOI) between the Korea Institute of Public Finance (KIPF) and the Policy Research Institute, Ministry of Finance, Japan (PRI) on June 20. Through the MOI, KIPF and PRI will share research results on issues of common interest to both countries. The Ministers also agreed to explore further cooperation among research institutions in the future.
11. The Ministers reached an agreement on the following cooperative actions in key areas of bilateral cooperation.
 - Customs: The Ministers welcomed the successful resumption of the Korea-Japan Customs Heads' Meeting, based on the agreement of the Finance Ministers' meeting last year. Through the meeting, the two countries will further promote information exchanges among customs

authorities for enforcement of sanctions against Russia and North Korea.

- International Taxation: The Ministers also reaffirmed their agreement to hold the periodical discussions between technical experts on international taxation issues.
- Staff Visit Program: The Ministers welcomed the successful launch of the short-term staff visit program between the two Ministries for better mutual understanding of economic policies and closer relationships among staffs. The first program was conducted in Japan in May. The next program will be held in Korea next year.
- Financial Integrity and Countering Proliferation Financing: The Ministers welcomed the discussions on risk mitigation of proliferation financing in the region. In this context, the Ministers acknowledged as an important step our respective recent sanctions designations against those who were involved in the unlawful transfer of arms from North Korea to Russia for use in attacking Ukraine, which were announced on May 24 in cooperation with like-minded countries. The Ministers reiterated both governments' commitment to counter sanctions evasion and strengthen enforcement of all North Korea related United Nations Security Council Resolutions. The Ministers also welcomed the appointment of Japan as the next co-chair of the Asia/Pacific Group on Money Laundering (APG).

IV. Cooperation in G20 and G7 with Partner Countries

12. The Ministers agreed to maintain close cooperation at the G20. The Ministers recognized the importance of evolving and strengthening Multilateral Development Banks (MDBs) to effectively address global challenges such as climate change, pandemic prevention, preparedness, and response, and fragility, conflict, and violence. The Ministers are committed to delivering better, bigger, and more effective MDBs, including through the implementation of Capital Adequacy Framework, while acknowledging ongoing discussion on the development of the G20 MDB Roadmap.
13. The Ministers recognized the pressing need to address debt vulnerabilities in times of ongoing economic hardships in developing countries and highlighted the importance of stepping up the implementation of the Common Framework. In this regard, the Ministers welcomed the efforts to build on lessons learned from past and ongoing country cases of the Common Framework and to promote information sharing. The Ministers acknowledged that debt vulnerabilities in middle-income countries should be addressed by enhancing multilateral coordination. The Ministers emphasized the importance of enhancing debt data accuracy and transparency and call on all creditors' participation in Data Sharing Exercise.
14. The Ministers welcomed the progress made under the Partnership for Resilient and Inclusive Supply-chain Enhancement (RISE), which aims to address existing vulnerabilities within the supply chains of clean energy products and to support low- and middle-income countries in playing bigger roles in the middle and downstream of the supply chains. Moreover, the Ministers welcomed Japan's first disbursement of the committed amount in March 2024 and Korea's first disbursement of the committed amount in June 2024.
15. The Ministers welcomed our collaboration so far and agreed to further deepen cooperation on the Pandemic Fund and contribute to efforts at the G20 Joint Finance-Health Task Force to explore response financing framework that will identify and help address remaining functional

gaps.

16. The Ministers welcomed that Korea was invited to the G7 Finance Ministers and Central Bank Governors' Meeting for the second consecutive year, following the invitation by Japan to the G7 Meeting last year. The Ministers also agreed to actively cooperate in strengthening the two countries' voices in various multilateral fora, including the G20 and G7, to jointly address global challenges.

V. Cooperation in Third Countries

17. The Ministers welcomed the tangible progress in cooperation in third countries, based on the Third Country Investment Cooperation MOU between Export-Import Bank of Korea (KEXIM) and Japan Bank for International Cooperation (JBIC) signed last year. In this context, KEXIM and JBIC successfully signed project financing for the expansion of a copper mine in Chile. The Ministers expected KEXIM and JBIC to continue to strengthen their collaboration in energy transition and digital transformation, with the aim of developing quality infrastructure projects in third countries, establishing diverse and resilient supply chains, and achieving global carbon neutrality. The Ministers also welcomed the advanced cooperation with the U.S. International Development Finance Corporation, including in the digital infrastructure in India.
18. The Ministers also welcomed the comprehensive and strategic Memorandum of Cooperation (MOC) between Economic Development Cooperation Fund (EDCF) and Japanese International Cooperation Agency (JICA) signed last year, and encourage the identification of concrete cooperation in the future.

VI. Conclusion

19. The Ministers were of the same view that the Korea-Japan Finance Ministerial Dialogue, which began in 2006, is a very useful forum where the two finance ministries share various experience and improve mutual understanding. The Ministers shared their intention to further enhance communication between the ministries at various levels and in various areas. To this end, the Ministers agreed to regularize the Bilateral Deputy level meetings to once a year and to continue working-level consultations.
20. The Ministers agreed to hold the 10th Korea-Japan Finance Ministerial Dialogue in Japan in 2025.