

Marking 20 years at the OECD: A new way forward

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Last update: 24 March 2017



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This year, 2016, marks the 20th anniversary of Korea's accession to the OECD. In the meantime, Korea has continued to grow, both in quantitative and qualitative terms, yielding a remarkable outcome that befits the ranks of the OECD countries. Korea has one of the most impressive economic growth performances among the OECD countries, with its economic size now almost three times greater than it was at the time of accession. As of today, Korea proudly ranks as the 8th OECD country in terms of economic size.

Moreover, Korea has established an advanced economic system that strengthens its presence among the OECD member countries by enhancing its domestic institutions and continuously driving forward reforms in each economic sector. Over the years of our partnership, the OECD has provided valuable policy recommendations on ways to improve corporate governance and the financial supervisory system, increase flexibility in the labour market and enhance social safety nets. Korea has successfully institutionalised those recommendations, has managed to overcome the financial crisis in the late 1990s and has reinforced its economic fundamentals.

Korea has also endeavoured to relax overall regulations by adopting the Regulatory Total Amount System (a “one-in, one-out” approach to regulation) and to ease trade and investment barriers by signing Free Trade Agreements (FTAs) with some 50 countries. In this sense, no one can deny that Korea’s joining the OECD has set an important milestone in upgrading the Korean economy.

Contributing as a middle power

The OECD has contributed to improving the global economy through mutual co-operation among its member countries, and adopted the motto “Better Policies for Better Lives” in commemoration of the 50th anniversary of the establishment of the OECD. And it has committed itself to making a better world on multiple fronts, such as the environment, the quality of life and development co-operation.

For its part, Korea has been playing an active role as a middle power of the OECD. In 2010, Korea became the first non-G7 country to host a G20 summit, and it has taken the lead in tackling climate change by hosting the Green Climate Fund (GCF) and establishing the Global Green Growth Institute (GGGI). On top of this, Korea has played a constructive role in international discussions on development co-operation by becoming the 24th member of the OECD Development Assistance Committee (DAC) in 2010. Recently, Korea has been actively undertaking “Four Initiatives for Development Co-operation”, which focus on improving education and health care in underdeveloped countries, and fostering co-operation on science and technology to help reach the Sustainable Development Goals (SDGs).

The world economy is slowly picking up from the aftermath of the global financial crisis, but has yet to recover to pre-crisis levels. Instability is still prevailing over the global economy, forcing us to walk on thin ice amid growing uncertainties. Worries over eroding economic vitality, a lack of jobs and mounting social polarisation have become tasks for countries throughout the world.

Facing these tough challenges, the Korean government has strived to break open a new path for growth through bold and active policies and structural reform efforts. In this regard, Korea has unveiled the “Three Year Plan for Economic Innovation”, a comprehensive strategy designed to improve economic fundamentals and unlock growth potential. The Korean government has also carried out reform in the labour, financial, public and education sectors. At the same time, Korea has channelled its energy into industrial reform by reinforcing business competitiveness and nurturing new industries for the so-called Fourth Industrial Revolution. In line with these policy efforts, Korea has continued to do its share by giving momentum to the economic recovery through active fiscal operations and the promotion of business investment.

To put an end to the low-growth trend in the global economy, OECD countries should do their bit for greater international co-ordination, such as by implementing active macro-economic policies and conducting structural

reforms. The Korean government will remain committed both at the domestic and international levels to paving the way for recovery and the development of the global economy. Based on policy co-ordination within the OECD, Korea will be able to deal with newly arising international challenges more effectively and promote sustainable growth for all countries. Last but not least, Korea will continue to share its development experiences with the global community, serving as a stepping stone to economic growth for emerging countries.

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