



Financial Supervisory Service
www.fss.or.kr

October 10, 2012

Welcoming Speech

China-Japan-Korea Accounting Standards Setters' Meeting
Seoul, Korea

Kim Gun Sop
Senior Deputy Governor
Financial Supervisory Service

Good morning, everyone.

It's wonderful to speak to you this morning. On behalf of the Financial Supervisory Service, I first want to welcome all of you to Seoul for this year's meeting. I extend my special welcome to ASBJ Chairman Ikuo Nishikawa and Director-General Yang Min from China's ministry of finance for joining us here in Seoul. And I thank Mr. Lim Suk Sig, chairman of KASB and president of KAI, for hosting this year's meeting and inviting me to speak.

We have gathered here today to exchange our ideas and views on the ongoing IFRS agenda and IASB projects. I have no doubt that there is much we can learn from each other, and I very much look forward to an engaging and productive meeting.

As we all know, the global economic outlook has been clouded for some time by uncertainty in the euro-zone and concerns for sluggish growth worldwide. To some extent, this is true for China, Japan, and Korea as well. But there are also reasons to be more upbeat about our future growth prospects. The three countries together make up about 20% of the global output, 20% of global trade, and 22% of world population.

What such figures point to is significant growth potential backed by an abundant pool of labor, sizable markets at home, and significant international competitiveness. The trilateral free trade talks now under way are another positive development for the three countries.

In respect of accounting, the language of business we all share, setting high, transparent standards and oversight has become more important than ever. Today's meeting of accounting standard setters contributes to more effective accounting and accounting supervision. And this is why we have gathered here.



Financial Supervisory Service
www.fss.or.kr

As you know, Korea's accounting industry underwent several transformative changes beginning with reform following the 1997 Asian financial crisis.

For Korea, the 1997 crisis was a watershed event that crystallized the importance of reliable accounting. As a key post-crisis reform measure, we established Korea Accounting Standards Board as a private-sector standard-setter in 1999. The KASB then went about setting new accounting standards modeled on U.S. and international standards. Unfortunately, Korea's accounting standards were seen as falling short of international standards and did not command strong market confidence. The so-called "Korea discount" was an example of this.

Then, in March 2007, Korea took a major step toward internationalizing its accounting with the announcement of the roadmap for the full adoption of IFRS. A concerted public- and private-sector effort then got under way to lay the groundwork for IFRS. And, in 2011, IFRS finally took effect for listed companies and financial institutions. So we completed full IFRS implementation fairly quickly, and we can now see domestic companies' IFRS-based annual financial reporting.

China and Japan have been active at the IFRS Foundation and IASB and have played a positive role in establishing the IFRS as the de facto global standards. The IFRS is now in use in more than 100 countries. With the U.S. looking to embrace it as well, the stature of the IFRS as the truly global accounting standards is indeed getting strong. Lately, there has been a talk of the U.S. postponing its convergence effort with the IFRS. But the consensus is that the IFRS is well on its way to becoming the global accounting standards.

For Japan, my understanding is that interest in IFRS convergence very much remains strong. As a key member of the IASB Emerging Economies Group (EEG), China can speak for other EEG members. So our hope is that issues of concern to EEG will continue to be reflected in the IFRS standard-setting process.

In the face of globalization and convergence of accounting standards across countries, the need to share our experiences and cooperate more effectively with each other grows each day.

So I have no doubt that you will continue to strive for high quality accounting standards and consistent implementation worldwide. And I very much hope that this meeting will continue to function as a constructive forum that contributes to close cooperation among the three countries for many years to come.

I once again thank you for joining us here in Seoul. It's great to have you, and I hope you have a great meeting today. Thank you.