The SEACEN Centre



Opening Remarks by the Executive Director of The SEACEN Centre, Dr Cynyoung Park at the 62nd SEACEN Governors' Conference

The 62nd SEACEN Governors' Conference was held on 12 November 2026, ahead of the 46th Meeting of the SEACEN Board of Governors (BOG) in Vientiane, Lao PDR, hosted by Bank of the Lao PDR

Governor VORACHIT, Governors and Deputy Governors, Heads of Delegation, distinguished speakers, ladies and gentlemen.

Sabai di ton sao.

It is my great pleasure to welcome you to the 62nd SEACEN Governors' Conference.

Let me begin by thanking Governor VORACHIT and the Bank of the Lao PDR for their generous hospitality in Vientiane. I also thank our distinguished speakers from the World Bank Group, AMRO, the IIF, CGIF, the Banque de France, the National Bank of Slovakia, and leading universities in the region and beyond.

Global imbalances are hardly new, but rising trade tensions and geoeconomic fragmentation have returned them to the top of the international agenda, including in G20 discussions in 2026. For Asian central banks, the implications are substantial. Shifting trade and capital flows are complicating monetary policy, testing exchange rate and reserve management frameworks, and raising new financial stability risks. Our theme today, "Asian Central Banks in a Rewiring World: Navigating Fractured Flows and Global Imbalances", offers a timely opportunity for us to reflect on how the region can respond collectively.

I. Why global imbalances matter again

The IMF finds that global imbalances have widened again in recent years, reversing a decade of steady decline – and this time, the increase in surpluses has come largely from Asia. The United States still runs by far the largest deficit, at about US$1.1 trillion. China's surplus, which rose by about US$300 billion in 2025, is now the world's largest.

Imbalances arise because some economies save more than they invest, while others invest more than they save. This can benefit the global economy, by moving savings from capital-rich economies to finance productive investment in economies where capital is scarce and the potential for growth is high. However, today's large, persistent and concentrated gaps, with savings from parts of the developing world financing richer economies rather than investment at home, can leave emerging market economies exposed to financial shocks, trade disputes and a loss of investment opportunity for future.

II. What this means for Asia

Global imbalances are, in no small part, an Asian story. In aggregate, our region saves more than it invests, and so contributes a large share of global surpluses. Persistent trade deficits already fuel trade tensions. When jobs and incomes come under pressure in deficit economies, perception of unfair competition invites tariffs and retaliation, spilling into wider disputes over supply chains, technology and economic security. Large imbalances also expose emerging market economies to the risk of a disorderly unwinding, with sudden shifts in exchange rates, capital flows and global investor sentiment.

We therefore have a direct stake in engineering an orderly adjustment to protect the integrity of the global trade and financial systems, maintain sustainable growth, and safeguard financial stability. Let me elaborate on these points from a central banking and financial perspective.

First, our savings have built an enormous stock of external assets. Asian central banks hold around US$8 trillion in foreign exchange reserves – roughly three-fifths of the world's total. Much of this sits in US Treasuries and other advanced-economy assets, exposing us to sovereign and financial-sector risks in these economies at a time of mounting public debt.

Second, the central role of the US dollar calls for careful management of the exposures that come with it. The dollar accounts for about 57 per cent of identified reserves, and most of Asia's trade is invoiced and settled in dollars. Dollar assets remain important sources of safety and liquidity, especially in times of stress. As the global economic and fiscal landscape evolves, prudent reserve management remains essential to preserving resilience over the long term.

Third, the dollar's central role also means that changes in global funding conditions warrant close attention. Even economies with substantial external assets may experience periods of tighter dollar liquidity. As dollar funding markets can seize up abruptly during periods of stress, ensuring that liquidity is available where and when it is needed remains an important policy consideration. The region's experience in 1997 and 2008 remains a powerful reminder.

Fourth, and perhaps most important, is the risk of a missed opportunity. Asia still has enormous investment needs in infrastructure, climate adaptation and inclusive development. Yet much of our long-term capital, including the assets of pension funds, insurers and sovereign wealth funds, sits in low-yielding or offshore assets. Asian savings are financing growth elsewhere, while our own investment gaps remain open.

III. What Asian central banks can do

So what can we do? Let me suggest four areas where Asian central banks in particular can make a difference.

First, keep our own houses in order. Sound macroeconomic policies are the foundation. Strong supervision and macroprudential tools can help contain financial vulnerabilities, while well-calibrated measures can help manage risks from volatile capital flows. Exchange rate flexibility, supported where needed by macroprudential measures, can help economies adjust to external shocks.

Second, enable Asia's savings to work for Asia. Central banks can help create the conditions for deeper local currency markets, working with other authorities to broaden the investor base and develop hedging instruments. Pension funds and insurers can then play a stronger role as long-term investors. Channelling more regional savings into productive investment would support domestic demand and, over time, help narrow imbalances.

This is where further development of local currency capital markets becomes critical. Local currency bond markets have come a long way since the Asian Financial Crisis. The Asian Development Bank puts bonds outstanding in emerging East Asia at about US$30 trillion at the end of June 2026, or 109 per cent of regional GDP. But China accounts for some 85 per cent of that, while ASEAN markets together make up less than 7 per cent. Much more needs to be done. We need greater depth and liquidity, a more diverse investor base, and instruments to manage currency and interest rate risks.

Third, accelerate the development of market infrastructure that connects our financial markets. Better-connected payment systems can make cross-border transactions faster and cheaper. Local currency settlement frameworks provide an alternative channel in times of market stress, reducing foreign exchange and liquidity risks. Deep and liquid money markets, together with the availability of hedging instruments, can further enhance financial resilience by helping banks and firms mitigate dollar funding and currency risks when volatility rises.

Fourth, deepen regional financial cooperation. Integration can expand opportunities beyond what any single economy can achieve – but only if underpinned by robust regional financial safety nets, closer regulatory coordination and sustained policy dialogue. When global cooperation is under strain, regional cooperation becomes even more critical.

IV. Looking Ahead

Ladies and gentlemen, the world is rewiring. The patterns of trade and capital that served our region for decades are shifting beneath our feet. We cannot choose the world we operate in. But by strengthening policy frameworks, deepening financial markets, and working together, we can foster greater resilience and shared prosperity.

Today's forum will explore what global imbalances mean for Asia's stability and growth, how financial development can strengthen resilience to shocks, and how institutional investors can support long-term finance. It will also consider how we can reinforce regional cooperation to meet these challenges. I look forward to the insights of our keynote speakers and experts, and to the exchange of experience among our members.

Once again, my sincere thanks to Governor VORACHIT and the Bank of the Lao PDR for making this forum possible. I hope we will also have a chance to enjoy Vientiane and its peaceful riverfront.

Khop chai lai lai. Thank you.

www.seacen.org | enquiries@seacen.org | LinkedIn: The SEACEN Centre

About The SEACEN Centre —

The South East Asian Central Banks (SEACEN) Research and Training Centre was established in 1982 to serve the capacity building needs of central banks in the South East Asian region. Starting with 8 initial members, the Centre now boasts members from 19 jurisdictions among its full members, as well as 9 Associate and 7 Observer members in the Asia-Pacific region. The SEACEN Centre has established its unique regional position in serving its membership of central banks in the Asia-Pacific region through its learning programmes, research work, and networking and collaborative platforms for central banking capacity building in line with its Vision to become the Regional Learning Hub for Central Banks in the Asia-Pacific region.

© All rights reserved by The South East Asian Central Banks (SEACEN) Research and Training Centre