

Global Financial Crisis Hits Asia: China asks Asia to set up 'reserve pool'

By [Global Research](#)

Global Research, April 19, 2009

[Press TV](#) 18 April 2009

Region: [Asia](#)

Theme: [Global Economy](#)

The Chinese premier has called for the setting up of an Asian reserve pool to help the region's economies tackle the economic recession.

In a keynote speech marking the opening of the Boao Forum for Asia (BFA) summit in southern China, Premier Wen Jiabao urged freer trade and more regional cooperation in the face of the global financial crisis.

More than 1,600 political leaders, business people and academic scholars gathered in the island resort of Boao to discuss the effects of the economic downturn in Asia and the role of Asian countries, especially emerging economies, in reforming the global financial system.

"Asia is one of the most dynamic and promising regions in the world economy. Together, we take up 60 percent of the world's population, a quarter of the global economy and a third of global trade," Wen said in Boao town, south of China's Hainan Province on Saturday.

Asian economies such as China and India are among the few major economies that are forecast to escape recession in 2009. However, the global financial crisis has resulted in reduced exports, shrinking investment and demand, fewer jobs and lower income in many emerging economies in Asia.

In its latest forecast in March, the World Bank has lowered the estimated gross domestic product (GDP) growth of 20 East Asian and Pacific developing economies this year down by 1.4 percentage points to 5.3 percent.

"We should make greater efforts to promote free trade and expand intra-regional trade," Wen said.

"We should accommodate each other's concern to the greatest extent possible, build consensus and establish a regional reserve pool as early as possible so as to better protect our region from financial risks," he added.

Iran's Vice-president Parviz Davoodi, who attended the summit, said using Asian currencies in trade between regional countries could ultimately pave the way for establishing a single Asian currency to replace the US dollar.

Davoodi also said that promoting Islamic banking system among Asian countries could help regional economies resist the economic downturn as Islamic law prohibits investments in interest-based financial products.

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