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## The Korean Economy in the Pacific Age

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Dr. Kihwan Kim, the Chair of PECC, representatives from business, academia, and governments in Asia Pacific, and ladies and gentlemen, I would like to congratulate you on the opening of the 16th General Meeting of PECC. I feel honored to have an opportunity to deliver my speech at this prestigious meeting attended by many distinguished guests from the Asia Pacific region.

In 2000, when I was Trade Minister of Korea, I attended the Meeting of APEC Ministers Responsible for Trade hosted by Darwin, Australia. During the meeting, I was deeply impressed by watching PECC present valuable ideas and insights. So I expect the participation of PECC will enrich the discussions played out in the APEC Finance Ministers' Meeting slated for September 8 in Jeju Island. And I also hope today's meeting will have produced constructive discussions on important agenda items thanks to the active participation of those who are gathered here.

Distinguished guests, this year marks the 25th anniversary of the foundation of PECC. Backed by the leading efforts that PECC has made since its inception, the economic ties in Asia Pacific are being deepened. In 1989, the APEC set sail as the biggest regional cooperative body. Since its launch, the organization has played a pivotal role in promoting regional exchange and cooperation by contributing to various fields ranging from trade and investment liberalization and facilitation, economic and technological cooperation to political cooperation.

Now, Asia Pacific has witnessed dramatic increases in regional trade and investment to the point where they cannot even be comparable to the level of 20 years ago. For instance, in 2003, the Asia Pacific region made up 72% of total exports of Korea and 63% of FDI into the nation. The relations of APEC members are not limited only to the boundaries of economy. We are united to overcome challenges facing us, such as the Asian Financial Crisis in the late 1990's, the 9.11 terrorist attacks, and the tragedy of the tsunami, representing our strong bonds. Recently, each country of the region continues its efforts to conclude the Doha Development Agenda while strengthening economic relations within Asia Pacific through launching FTAs with each other in order to cope with the rising global trend of regionalism.

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Ladies and Gentlemen, based on our strengthened relations, I believe we will be able to make this year a turning point in the history of regional cooperation in the Asia Pacific area.

At the 2005 APEC Economic Leaders' Meeting, Midterm Stocktaking of the Bogor Goals declared in 1994 will be conducted and a Busan Roadmap will be suggested to point out the future direction of the APEC. The Midterm Stocktaking of the Bogor Goals will help review the achievements made by Asia Pacific countries to date in their efforts to liberalize trade and investment in the region and build up momentum to realize various goals. In addition, we have to take the occasion as an opportunity to decide where to focus our energy to achieve shared prosperity in the Asia Pacific region.

Looking at the theme of this year's General Meeting, "Towards a Pacific Community: Renewing the Commitment," I realized we share a common concern. I firmly believe that, of all conditions, the environment for freer and more open trade must be put in place first in order to contribute to enhancing regional economic cooperation and liberalizing the global economy. A freer movement of human resources and capital can realize further active regional economic and technological cooperation.

Distinguished guests from home and abroad, Korea is committed to developing into an Advanced Trading Nation by proactively pursuing market opening and upgrading its economic system to the level of advanced countries. Overcoming the financial crisis that hit many Asian countries in 1997 faster than any others, Korea stepped up its endeavors of restructuring its businesses and finance to enhance transparency of corporate management and competitiveness of the financial industry in the nation. As for market opening, Korea succeeded in signing FTAs with Chile and Singapore already and concluded another FTA negotiation with EFTA last July. We are also in the negotiation process to launch FTAs with ASEAN, Japan, and Canada while conducting joint researches with Mexico, India, and MERCOSUR.

In line with the efforts to build bilateral relations, Korea strives to complete the Doha Development Agenda. As Chair of APEC 2005, Korea will take the initiative in gathering political willingness among leaders of member countries who are gathering at the APEC Economic Leader's Meeting in order to make a breakthrough for DDA.

The Korean government is implementing its vision of "Developing the Nation into the Hub of Northeast Asian Business." Korea lies at an advantageous location, linking the Asia continent and Pacific Ocean. It has secured the world's best IT infrastructure and outstanding human resources nurtured by high enthusiasm for education. And Korea boasts advanced logistics systems, including Incheon International Airport, and the world class ports of Busan, Incheon, and Gwangyang. Based on the advantages we possess, Korea set a goal to become a hub of logistics, finance, and R&D in Northeast Asia.

In Addition, Korea is proactively enhancing the investment environment through various measures. We

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will streamline unnecessary and complex administrative procedures and establish a one-stop service for foreign investors. Not only the business environment but also the living environment will be improved with the provision of better education and medical services for foreign investors and businessmen. With these measures, Korea will increase FDI from its current level of 8% to reach 14% of GDP by 2010. As for the labor market, the government will revise labor-related laws and institutions to send flexibility of the market to another level. By making law-abiding labor practices take root and promoting compromise through dialogue, we will decrease labor conflicts.

There is growing expectation that the six-party talks which are being held in Beijing will make possible a peaceful resolution to the North Korean nuclear issue. North Korea's nuclear problem has been the cause of the "Korean discount." The Korean government pledges to address the issue peacefully in cooperation with neighboring countries.

Ladies and gentlemen, Korea is already emerging as an attractive destination for FDI in the world. The Gale Company, the renowned real estate company, decided to invest US\$12.7 billion in Korea and launched the construction of an international business center in 2003. AMEC, the leading English developer, is proceeding with a project to build a bridge from Incheon International Airport to Songdo Island. Household IT names such as Intel Corporation are considering the establishment of their R&D centers in Seoul while major logistics companies like DHL and Hutchison decided to make investments at Incheon International Airport and Gwangyang Port.

Ladies and Gentlemen, the Asia Pacific region is serving as a growth engine for the global economy by growing at an annual rate of 4 to 6%. If we invigorate complementary exchanges by making full use of diversity in Asia Pacific and reach our potential in capital, technology, and human resources, we will be able to achieve even more remarkable growth. Now is the time for us to seek measures to develop our partnership one step further based on the competitiveness we have accumulated so far. I hope that today's meeting will have provided us with an opportunity to review the progress of the various tasks we have and suggest policy goals for each member on our road to becoming one economic community.

In closing, I'd like to extend my congratulations on the opening of the 16th PECC General Meeting again. I wish PECC will continue to play its part in strengthening momentum to consolidate cooperation in the Asia Pacific region.

Thank you for listening.