

## A NEW SPECIAL PARTNERSHIP FOR THE ASIA-PACIFIC ERA

*The following is an address that was given by President Kim Young Sam of the Republic of Korea at a meeting of the Chile-Korea Committee on September 6, 1996 during his historic state visit to Central and South America.*

The Honorable Petro Lizana Greve, President of the Society of Industrial Promotion; the Honorable Roberto Enrique Maristany Watt, President of the Chile-Korea Committee; and business leaders from the Republics of Chile and Korea,

I am exceedingly pleased to speak on the cooperative partnership between the Republics of Chile and Korea at this gathering of business leaders from our two countries. I am deeply grateful to President Lizana and President Maristany, as well as other Chilean and Korean business leaders, who arranged this opportunity for me.

Chile is the first destination of my current round of visits to four South American nations. Together with my delegation, I chose Chile, whose land extends farthest along the continent, as the first leg of our trip because Chile has led the successful move for democratization and economic growth in this region.

Today, the world is fond of calling Chile "the rising star on the Central and South American continent." Under the outstanding leadership of President Eduardo Frei, Chile has developed democratic institutions and is building the foundation for long-term national development in preparation for the forthcoming 21st century.

Since the beginning of the 1990s, Chile's economy has continued to grow at a high average annual rate of some 6 percent. Last year Chile's inflation and rate of unemployment both showed a low single digit level, with trade recording a surplus.

Such a remarkable economic performance has made Chile stand out as an exemplary national economy in Central and South America and, I believe, is the valu-

able result of the foresight of the Chilean leader and the exertions of the Chilean people.

Even in the 1970s and '80s when most Central and South American countries were experiencing economic difficulties, Chile consistently pursued policies of market economics and openness that have paved the way for economic prosperity today.

On the other hand, Chile is also contributing positively to the development of the world economy and the common prosperity of the world community through active participation in the regional economic cooperation system.

Chile became the first South American country to join the Asia-Pacific Economic Cooperation (APEC) forum in 1994 and has since been expanding cooperation with the Asia-Pacific region. By concluding a free trade accord with MERCOSUR, the South American common market, Chile is also expected to contribute actively to the economic development of this region.

Rising from poverty and underdevelopment and from territorial division and a devastating war, the Republic of Korea has worked hard with blood and sweat over the past half a century to emerge as the 10th largest industrial country in the world.

The Republic of Korea is the 12th largest trading country in the world and is now becoming one of the five largest producers of semiconductors, automobiles and steel. Since my inauguration as President of a civilian Administration in 1993, I have resolutely pushed a policy of change and reform. As a result, democracy has taken root in our society.

Building upon the solid foundation of substantial industrialization and democratization, the goal of state affairs was set as *seggyehwa*, or globalization. Under this goal, continuous efforts are being made for openness and reform in all aspects of our society.

Externally, the Republic of Korea would like to expand and increase exchanges and cooperation with each and every country, thereby contributing much to the peace and prosperity of the world.

We know well that Chile attaches great importance to Asia as a key region in its effort to achieve continued economic development. Chile's policy emphasis on Asia will help in a major way to advance the advent of the Pacific era in the 21st century.

The Republic of Korea wants Chile and Korea to share each other's development experience gained in the course of industrialization. Moreover, ROK firms that are active in many areas of the world are deeply interested in Chile's industrial development and would very much like to cooperate in such endeavors.

The Pacific Ocean that geographically separates the Republic of Korea from Chile will from now on become the waterway of cooperation that links our two countries together.

Our two countries have both experienced political and economic difficulties that are very similar and have shown indefatigable courage in overcoming such difficulties. At about the same time that Chile was regaining democracy, an era of genuine democratization had also come to the Republic of Korea as a crowning result of long struggle. Both Chile and the Republic of Korea, striving with a firm conviction in the positive principles of a market economy and free trade, have finally achieved a phenomenal economic leap.

Our two countries, which have steadily maintained exchanges since the establishment of formal diplomatic relations in 1962, are becoming closer partners as the importance of the Pacific region has begun to mount

since the beginning of the 1990s.

Bilateral trade between our two nations has risen from US\$600 million a year to as much as US\$1.6 billion a year over the past five years. The Republic of Korea has become Chile's fifth largest export market, while Chile has become the Republic of Korea's second largest trading partner in South America. Two-way trade between Chile and the Republic of Korea, if it continues to increase at the current pace, will reach more than US\$3 billion a year.

When the Asia-Pacific Economic Cooperation (APEC) forum was born seven years ago, we Koreans firmly believed that the forthcoming 21st century would unfurl a Pacific era. This belief has now begun to prove real. The course of world history is now moving vigorously toward the Pacific era as the 21st century approaches.

The Pacific region continues to grow more dynamically than any other region of the world. Today large-scale investments are being actively made in the Pacific sphere where production activity is very vigorous. This Pacific region that accounts for more than half of world trade has emerged as the trade center and as one of the main pivots of the world economy.

Our two nations must build a cooperative partnership and raise it a notch higher, working more closely together to promote the common prosperity of the Pacific region. To that end, our two countries need to do the following:

First, we should further develop mutually beneficial economic relations based on mutual complementarity. By effectively bringing together our comparative advantages in terms of natural resources, technology and capital resources, our two countries will be able to successfully advance together into the Central and South American markets.

It is at once possible and desirable for firms of our two countries to cooperate closely with each other in

Chile's ambitious infrastructure development projects now underway, as well as its natural resources development projects. In this respect, I believe that the Republic of Korea's admittance into the Inter-American Development Bank (IDB) can provide a strong foundation for implementing cooperation in such Chilean development projects.

Second, our two countries should begin by exerting joint efforts to help promote free trade and encourage open economies in the Pacific region. The development of free trade in the Pacific region is essential for the promotion of the common prosperity of Asia and Central and South America as well.

Initially, our two nations should encourage and promote free trade by substantially opening up their markets and by spurring mutual investment. Furthermore, our two countries should become solid bridges for the other to advance into the Asian and the Central and South American regions, respectively.

The Republic of Korea will continue to actively expand the range of cooperation with Chile, which is the only South American country that is a member of the APEC forum.

The Republic of Korea and the Republic of Chile should more actively spearhead efforts to promote greater market opening and investment liberalization in not only the APEC region, but also the entire Asian region as well as the Central and South American region.

Third, Chile and the Republic of Korea share the common goals of democratization and the development of an advanced country. Both Chile and the Republic of Korea underwent the lengthy, thorny process of democratization before they could genuinely enjoy the economic prosperity of today. The past ordeal made us realize the value of democracy and in the process we managed to overcome poverty and strengthened our resolve to build advanced nations.

Political democratization and economic prosperity

are inseparable; they are essential to each other, going hand in hand. Without both, it is impossible to build an advanced country in the real sense of the word and to provide genuine public well-being. Our two countries should make every effort so that their common ideals of democratization and building an advanced country may spread to other Asian and South American countries.

The visit to the Republic of Korea by Chilean President Eduardo Frei two years ago laid a historic milestone in the development of closer bilateral relations between our two countries.

During our summit meeting this morning, President Frei and I had wide-ranging talks on the need for and ways to promote bilateral economic cooperation.

I understand that the business leaders of our two nations also got together today and talked about ways and means to expand economic cooperation between our two countries. I believe that through these talks you all must have realized the limitless potential for cooperation between our two nations and must have affirmed the mutual trust and warm friendship between you, the Chilean and Korean business leaders.

I am certain that my current visit to Chile has provided a good momentum for the development of ROK-Chile relations into a special partnership.

I earnestly hope that increasingly active exchanges between Chilean and ROK businessmen and entrepreneurs in the future will further promote cooperation between our two nations and serve to lay the ground for the advent of a great Pacific era. The ROK Government will provide active support for such cooperation between firms of our two countries.

Once again, I express my appreciation to you, the leaders of Chile's business organizations and other business leaders from the Republic of Korea and Chile, for having invited me to speak to you. **VIP**