

SPECIFIC ACTION PLANS NEEDED FOR SHARED PROSPERITY IN THE ASIA-PACIFIC REGION

Following are excerpts from President Kim Dae-jung's opening address at the APEC Forum on Shared Prosperity and Harmony, on March 31. (Editor's Note)

In the onset of this new millennium, I believe there are three common tasks that the APEC member economies should collectively address for a brighter future in the Asia-Pacific region.

First, we must further our efforts in structural reforms and trade and investment liberalization in order to achieve sustained prosperity in the region.

Second, we must devise a diverse range of cooperation measures for preventing the recurrence of financial crises.

Third, we must explore specific action plans for regional cooperation in order to alleviate the social and economic disparities among member economies and, further, to achieve shared prosperity in the Asia-Pacific region.

I would, firstly, like to emphasize the importance of structural reforms and trade and investment liberalization.

Korea has taken advantage of the financial crisis as an opportunity to completely overhaul its economy. Accordingly, Korea has boldly pursued reforms and liberalization based on the national policy of a parallel development of democracy and the market economy.

Korea has implemented reforms in the four key areas of the economy; the financial, corporate, labor, and public sectors. These reform measures focused on fundamentally resolving the weaknesses in the economy caused by cronyism, government intervention and corruption.

As a result, Korea was able to achieve a real growth of approximately 10 percent last year. Prices have stabilized at an all time low of 0.8 percent inflation. Foreign exchange reserves exceed \$80 billion, compared to only \$3.9 billion in 1997, when the crisis hit.

At the APEC Economic Leaders' Meeting held in Kuala Lumpur in 1998, I proposed to host the APEC Investment Mart in order to promote investments in the region. In the first APEC Investment Mart, held in Seoul last year, over 2,000 potential investors took part, making it a great success for all concerned.

I hope that the next APEC Investment Mart will reap even greater success in promoting investment in the APEC region.

To this end, Korea will facilitate the expansion of its overseas investment, in addition to actively attracting foreign investments.

Secondly, we must promptly explore, among the APEC member economies, ways to prevent the recurrence of financial crises.

It is, without doubt, important for each economy to exclusively establish a sound financial system and devise prudent foreign exchange policies in order to deter potential risks arising from international financial markets.

However, I believe that efforts to prevent financial crises in advance, through mutual cooperation, are also crucial to the stability of international financial markets.

There have been intense discussions on the establishment of a new international financial architecture. In particular, discussions on ways to minimize the adverse effects of highly leveraged financial institutions such as hedge funds are currently under way.

In this context, I would like to propose a "hedge fund monitoring channel" to be promptly established at an appropriate international financial institution. I believe that such a channel will contribute to the stability of international financial markets by enabling a readily exchange of information regarding investment activities of highly leveraged financial institutions.

I hope that the APEC senior finance officials will actively discuss these issues at this forum and report their recommendations at the next APEC Economic Leaders' Meeting.

Furthermore, I believe that sharing the experiences of APEC member economies in overcoming the economic crisis will help prevent the recurrence of future crises. I also believe that if we jointly develop a "foreign exchange crisis forecast model" by collectively incorporating our past experiences, it will prove to be useful.

Such a model will provide a means by which to provide advance warning of the risk of economic crisis, based upon the assessment of the economic conditions of individual economies.

Finally, the most important task is to explore detailed action plans with an end to achieving shared prosperity and social harmony in the region by alleviating social and economic disparities through cooperation among the APEC economies.

First of all, I would like to propose the establishment of an "APEC cyber education network."

The network will enable the poor and vulnerable members of the population, especially in developing economies, to easily access high quality education. It will also facilitate Internet usage and vocational training.

Furthermore, I hope that information infrastructure, such as computers and high-speed information networks, will be established in all corners of the Asia-Pacific region through such a network.

Also, I would like to see practical support activities materialized through the formation of "youth Internet volunteers."

It is my belief that in times of unforeseen difficulties, the member economies should provide assistance, so that the burden may be shared. To this end, I would like to propose the establishment of an APEC social safety net, participated in by both governments and the private sector.

North Korea is also an economy facing difficulties in the Asia-Pacific region.

I have previously stated, through the Berlin Declaration announced on March 9 during my visit to Germany, that the Republic of Korea is ready to provide North Korea with a wide range of assistance to help them overcome their economic hardships.

I believe that taking interest in the economic difficulties of North Korea is very important for the peace and common prosperity of the Asia-Pacific region.

I hope that North Korea will be able to participate in APEC activities, as an economy with guest status, upon consultation with the APEC members, if it so wishes. Furthermore, I look forward to a day when North Korea will become a member of APEC.

In addition, I believe that it is time for businesses in the APEC member economies to fully consider entering into the North Korean market.

During my visit to Europe earlier this month, European businessmen showed a great deal of interest in the North Korean market. I believe that joint ventures with Korean businesses, which have a considerable amount of experience with respect to North Korea, would be desirable if there are any concerns about the risks involved in entering the North Korean market.

The Republic of Korea has received loans for structural reform from the International Bank for Reconstruction and Development in times of difficulty in the past. Korea has also received support from the IMF and APEC member economies in the recent financial crisis.

I hope that North Korea, too, will be able to receive assistance from international organizations such as the IBRD, IMF and ADB, in times of need. As a further step, I would also like to see the establishment of a formal channel for active support by APEC member economies, in the event of a request for assistance by North Korea. 