

Keynote Speech

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Honorable President Arroyo, former Prime Minister Han Seung-soo, Distinguished Guests, it is a great pleasure to again hold this forum for peace and prosperity on the beautiful Island of Jeju. Jeju is widely known for its beauty and is a leading candidate for designation as one of the ‘New 7 Wonders of Nature’.

I would like to extend my warmest welcome to all our guests who have travelled so far from around the world. I would especially like to thank Governor Woo Kun Min of Jeju Island, President Han Tae Kyu of the Jeju Peace Institute, and our officials who have worked hard to prepare for this event. In addition, I greatly welcome that this forum is firmly establishing itself as a comprehensive forum that is moving beyond addressing issues of peace and prosperity to discussing a wider range of topics, including environmental issues.

It has been said that the 19th century was the European century and that the 20th century was a period of Western dominance. Many now proclaim that the 21st century will be a time for Asia to shine. Asia is rising once again as the center of the world shifts from the Atlantic to the Pacific

and from the West to the East.

Following the 2008 Financial Crisis, Asia played a critical role in driving the global economic recovery and in the reform of global governance. In this process, East Asia, in particular, has played a major role and established a core presence in the G20. Therefore, greater expectations than ever before await the role of East Asia. However, the reality is that many challenges and problems lie ahead for East Asia as we seek to pursue peace and prosperity.

First, we must address the security threat from North Korea. North Korea, although suffering from chronic food shortages and international sanctions, has yet to renounce its military adventurism or its ongoing nuclear program. In addition to North Korea's sinking of the Cheonan naval ship and the shelling of Yeonpyeong Island last year, and its previous two nuclear tests, it has recently publicly revealed a Uranium Enrichment Program(UEP). Such North Korean adventurism poses a serious threat that disrupts peace and stability on the Korean Peninsula as well as in the entire region. Resolving regional instability is our top priority. However, due to the lack of institutional arrangements for the pursuit of political and military trust and cooperation, security concerns compounded by a burgeoning regional arms race still weigh heavily on our region.

Unique historical experiences such as the scars from colonial rule, ideological indoctrination, and territorial conflicts remain as seeds of conflict and distrust among nations in the region. Non-traditional threats such as climate change, natural disasters, energy and food security, terrorism, cyber attacks, and narcotics trafficking, are new sources of regional security challenges.

The economic challenges also cannot be ignored. Due to a high level

of foreign dependence, the East Asian economy is feeling a direct impact from the uncertainty in the world economy. Insecurity in the Middle East and North Africa, continued global imbalances, and the spread of a financial crisis in Europe, cast shadows of uncertainty on the East Asian economy. Addressing the development and growth gap between countries is a vital task for the achievement of a common regional prosperity. In East Asia, there are developed countries in which the GDP is more than \$30,000 USD per capita; however, in some least developed countries the average person lives on less than \$1 per day.

The era of Asia must be an era of hope. It is imperative that we move beyond confronting challenges to proactively engage them. First, we must realize the goal of a denuclearized Korean Peninsula and prevent North Korea from continuing any further provocations. We are always willing to talk with North Korea with an open mind, and it is our sincere hope that there will be productive discussions on denuclearization through the Six-Party Talks. However, Six-Party Talks should be resumed to bring about progress on denuclearization and not just for the sake of talk. North Korea must demonstrate its sincerity through inter-Korean dialogue.

President Lee, on his visit to Germany on May 9th stated that “If North Korea firmly agrees to denuclearization with the international community, I am prepared to invite Kim to the Nuclear Security Summit in the spring.” We urge North Korea to commit to the clear and early implementation of our proposal on denuclearization. North Korea must recognize that abandoning its nuclear program and joining the international community is the only way for North Korea to be guaranteed a bright future.

Second, we must build an institutional mechanism to effectively respond to regional security concerns and discuss security issues on a regular

basis. The mechanism of the Six-Party Talks(which a responsible attitude by North Korea is an essential prerequisite) and the “ASEAN Regional Forum”(ARF) for multilateral security cooperation in the region, may serve as valuable catalysts for regional peace and stability. In addition, we must continue our efforts to promote democracy and human rights. We must institutionalize and strengthen cooperation to cope with unconventional, transnational security threats such as terrorism, natural disasters, and climate change.

Combining our efforts for a prosperous East Asia is equally important. The starting point for this is to expand the regional Free Trade Agreement network. The Free Trade Agreement between ASEAN countries and Korea-China-Japan has acted as a catalyst for East Asian economic cooperation. If the framework of ASEAN+1 acts as a line of longitude and the FTA among Korea, China and Japan(which account for 17.6% of world trade) act as a line of latitude, then the FTA network in East Asia will become denser. This is expected to facilitate further discussions on economic integration among regional states.

Korea has so far signed Free Trade Agreements with 45 countries. Among the East Asian countries, the FTAs with ASEAN countries and India are already in effect; in addition, we are currently engaged in discussions with China and Japan. FTAs are expected to revitalize trade and investment, as well as the enhancement of transparency in the regional economy. I hope that Korea’s promotion of FTAs will serve as a foundation for the promotion of economic co-prosperity in East Asia.

East Asia should be an area of co-existence where all share in the fruits of prosperity. To this end, the Millennium Development Goals(MDGs) in our region must be achieved and joint efforts are needed to bridge the

development gap among countries. South Korea rose from the ashes of a civil war in half a century to become a donor nation. Therefore, Korea acutely recognizes the value of international assistance, more than any other country.

In 2009 we joined the OECD's Development Assistance Committee (DAC), and plan to expand the scale of ODA by threefold(compared to 2010 levels) by the year 2015. First, we are willing to support the region by sharing our successful development experience with East Asian countries. In addition, we played a leading role in the Seoul Development Consensus at the G20 Summit last year, and this year, we are planning to hold the Fourth High Level Forum(HLF-4) to find ways to ensure that East Asian countries can contribute to the development of a global development partnership.

The basis for prosperity in East Asia should be Green Growth and sustainability. In 2008, President Lee Myung-Bak announced a "Low-carbon, Green Growth" strategy. Through the 'East Asia Climate Partnership' program, we have supported green growth policy in the region, such as the development of renewable energy. In June of 2011, we established the Global Green Growth Institute(GGGI) to support the reduction of greenhouse gas emissions. Further, we have contributed actively to the adoption of "the OECD's Green Growth Strategy Report," and based on this report, the "OECD Green Growth Strategy" was launched at the OECD Ministerial Meeting held in France earlier this week.

As an aspiring leader in green growth, Korea is seeking to host the 18th Conference of the Parties to the UN Framework Convention on Climate Change(COP18). The pursuit of the 'Smart Grid Demonstration Project' here on Jeju Island is also one of our major efforts. In my keynote speech

at the “Boao Forum” last April, I stressed the need to achieve inclusive growth and inclusive development in order to solve the problems of the polarization of wealth and to promote sustainable growth. It is expected that under the vision of ‘Prosperity in Asia’ a comprehensive and balanced approach will be taken, one that encompasses environmental protection, job creation, and bridging the development gap between nations.

East Asia is a region with great potential. Korea-China-Japan and ASEAN countries account for 31% of the world’s population, 20% of total GDP, and 22% of total global trade. In order to tap this potential, it is essential to build a stable security system and regional economic integration as well as further a community established on peace and prosperity.

We must put in place an institutional framework to resolve conflicts and disputes, eliminate restrictions on international trade and investment activities, and further increase mutual understanding by diverse cultures and societies. In addition to addressing regional issues, the future Asian community should embrace an open and progressive approach that addresses global problems in order to promote mutual prosperity across the entire international community.

The 4th Korea-China-Japan Summit held in Tokyo last week, as well as the ASEAN+3 Summit, APEC and various other forms of regional cooperation, are all expected to contribute in a mutually complementary way for the development of an Asian community in Asia.

Korea seeks to promote the development of the East Asian community and make every effort to help establish peace and prosperity in East Asia. Korea also hopes to actively play its part in contributing to the solution of global problems. I look forward to many constructive opinions and lively discussions during the next two days. Thank you.