

“Asian Integration Beyond the Border”

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1. Introduction

Good morning, distinguished delegates, scholars, ladies and gentlemen,

Allow me first to welcome you all on your visit to Korea. It is a great pleasure for me to address the Fourth Asia Development Forum.

And thank you to everyone who helped arrange this forum: the World Bank, Asian Development Bank, Korea Institute for International Economic Policy, and Korea Development Institute.

We are here to discuss relevant issues under our forum topic, “Trade and Poverty Reduction”.

This gathering gives us a valuable opportunity to exchange many constructive ideas on economic and social development strategies for the Asian region.

I understand international efforts to reduce poverty is one effective way to overcome the conflicts and adverse effects we experience today from the challenges of globalization.

I hope we can address such negative aspects of globalization at this forum.

2. Prospects for the World Economy and Remaining Agenda for the Asian Economies

Ladies and gentlemen,

Let me start by discussing the prospects for the world economy and remaining agenda in the region.

Global economic recovery is under way. However, there is a growing concern for the prolonged uncertainties around the world. The pace of recovery is slowing in the U.S., EU, and Japan.

Risk factors, such as the unstable international financial market, ailing IT industry and a possible oil price hike, will weigh on a recovery of the world economy.

Therefore, I believe now is the appropriate time to strengthen our macro-economic policy coordination.

And since Asian countries have an overlapping industrial structure, they tend to be more vulnerable to downside risks of the world economy.

That is why we need to make a more concerted effort to address this overcapacity problem in the region.

Hopefully, this forum will well guide us to seek the very optimal solution to it.

3. Progress in the Regional Cooperation

Ladies and Gentlemen,

Following the 1997 financial crisis, we have established a consensus among the regional economies to deepen financial and economic cooperation.

Through the ASEAN+3 summit, for example, we have been discussing means to further economic cooperation, especially in areas of the prevention and resolution of a financial crisis.

And the Chiang Mai Initiative (CMI), launched at the ASEAN+3 Finance Ministers' meeting in May 2000, has brought about some concrete outcomes such as establishment of bilateral currency swap arrangements among member countries.

On the trade front, progress is being made among ASEAN member countries to reduce tariffs on imports and create an ASEAN Free Trade Area (AFTA) in 2003.

4. Road to Asian Integration

Admittedly, we face various obstacles in developing Asia into an integrated market like the EU, including a large development gap and the political and cultural differences among member countries.

Nonetheless, we can achieve regional integration, step-by-step, through strengthening various cooperation channels under a long-term vision of "Integrated Asia".

The best way is to grasp the existing momentum and implement what we have already agreed upon.

From this point of view, we feel the need to replace the current ASEAN+3 Summit with an East Asia Summit and establish an East Asia Free Trade Area, as President Kim Dae-jung suggested in Brunei last year.

I also would like to see Chiang Mai Initiative develop into a more systematic form of a multilateral regional financing system from the current bilateral arrangement.

Moreover, we need to further develop our regional bond market. A well-functioning bond market can facilitate capital flows within the region by taking advantage of the large savings in Asian countries.

It will also provide the long-term financing necessary for the economic development in the region.

At the APEC Finance Ministers' meeting held in Los Cabos, Mexico, Korea, together with Hong-Kong, China and Thailand launched a new initiative to promote regional capital market development.

We would appreciate your encouragement and active support for this initiative.

I would like to call on the advanced economies in the region to share their responsibilities in helping to reduce poverty in less developed countries.

In this regard, I am pleased to inform you that Korea has announced, at the recent IMF/WB annual meeting, the plan to make contributions to the HIPC Trust Fund.

Lastly, I would like to see North Korea join us as one important member of the integrated Asia.

In this context, I myself requested at the annual meetings of the IMF/WB and the ADB that membership be extended to North Korea.

5. Conclusion

Ladies and gentlemen,

Our vision and determination will decide the future of Asia. From here, we shall move onward to common prosperity, leaving backward disintegration and poverty.

The Korean government will make every effort to help overcome disintegration and reduce poverty in the region.

Ladies and gentlemen,

We witnessed how all Asians, including South and North Koreans, came as one under the “New Vision, New Asia” banner at the Busan Asian Games where 43 Asian countries gathered to join the festival.

I sincerely hope that we can all advance toward One Asia by continuing to expand economic and cultural exchanges in the region.

Thank you very much.