

**REPUBLIC OF KOREA**

**YUN-CHURL JEON, Governor**

It is my pleasure and honor to represent the Republic of Korea at this, the Thirty-fifth Annual Meeting of the Asian Development Bank (ADB). Let me first thank our host, the Governor and the people of Shanghai for their warm hospitality and excellent arrangements.

Allow me also to welcome Portugal with us here today as the newest member of ADB. As you are all aware, Portugal and the Republic of Korea will play in the same group in the upcoming World Cup football games. And, I wish both teams great success.

Without a doubt, the year 2001 was a challenge for economies all over the world. Consumer and investor confidence was hit hard by the terrorist attacks in September and the ensuing war on terrorism.

This year, however, promises to be one of hope. Every day we see signs of rising economic recovery. Today's economic rebound owes much to advanced economies adopting forward-looking economic policies. At this stage, however, it is important that the advanced economies maintain the momentum of growth. This should be achieved through a proper policy mix. And, if necessary, policies should be implemented to reduce structural weaknesses. Emerging economies should also take advantage of the favorable economic climate to facilitate reform and increase long-term growth.

Let me briefly highlight recent economic developments in the Republic of Korea.

The Korean economy is back on the road to recovery after years of restructuring and sound management of macroeconomic policies. Last year, the economy posted a growth rate of about 3% in the midst of the weakened global economy. Our solid economic performance was evident in Moody's recent upgrade of the Republic of Korea's sovereign credit rating by two notches to an A3 level. Foreign exchange reserves now top \$107.6 billion.

I would like to take this opportunity to announce that the Republic of Korea is planning to repay, ahead of schedule, loans of \$3.8 billion from the international financial institutions, including ADB.

Looking to the future, the Republic of Korea will maintain its restructuring drive. The Korean people are well aware of the importance of continued reforms. I take this opportunity to assure you of my commitment to press ahead with the remaining reform agenda, including the privatization of government-owned banks and the resolution of a few cases of corporate distress. Thus if the remaining uncertainties are well addressed, the Korean economy is expected to grow at around 5% this year.

Now, let me move on to the issue of international cooperation.

We support ADB's expanded role in pursuing the international development agenda in Asia. We also hope that, under President Chino's strong leadership, the new organization structure will improve effectiveness of ADB's operations.

Now, I would like to make some suggestions for ADB's operations.

First, in the era of globalization, the role of ADB and other multilateral development agencies is becoming all the more important. Challenges of globalization, such as the widening inequality in income and wealth, cannot be dealt with effectively by the nation states alone. The role of nongovernment organizations and civil society in general as the protector of the economically weak is also crucial. In this regard, we welcome ADB's recent initiative and its interaction with nongovernment organizations to help the most vulnerable groups in our region.

Second, a crucial factor in financing broad-based development activities is an increase in the flow of international private capital. In this regard, ADB should step up its role as a catalyst in mobilizing private sector resources. For example, ADB needs to promote private sector participation in large infrastructure projects, an area where ADB has a comparative advantage.

Third, we should seek to close the growing digital divide, a byproduct of the revolution in information technology (IT). Developing countries are in need of investments in IT infrastructure as well as education and training for human development. In this regard, the Republic of Korea welcomes ADB's assistance for the development of IT capacity in the developing member countries.

Fourth, ADB's role in promoting good governance should also be a priority. In many cases, external help alone will not reduce poverty. It is also up to the countries concerned to make their own efforts. The government should be able to formulate and implement strong policies. In this regard, ADB needs to continue giving high priority to improving the planning capabilities of member countries.

Fifth, in order to strive toward continued growth and dynamism in the long run, we need to address the overcapacity problem in the Asian and Pacific region. I would like to propose that a joint study group be launched, and would appreciate ADB's playing an instrumental role in conducting a comprehensive study on this important issue. On our part, the Republic of Korea is ready to contribute to ADB trust funds to be used for this purpose. All these efforts, combined with ADB's commitment to enhance cooperation, will contribute to the goals of shared prosperity.

In closing, let me convey my Government's strong wish to host the thirty-seventh ADB annual meeting of 2004 in the Republic of Korea. To this end, I would like to ask for broad support from the governors. We look forward to the opportunity to work closely with you. And, we wish all of you great success in the years ahead.