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**East Asia in the 21st Century
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Secretary-General Donald Johnston, and distinguished guests!

I would like to express my heartfelt gratitude for your invitation to this gathering. Since its establishment in 1961, the OECD (Organization for Economic Cooperation and Development) has achieved a great deal in promoting its three core values of open market economy, pluralistic democracy and respect for human rights.

The 21st century has distinctive characteristics. Compared to the 20th century, there are four main characteristics which are: the shift from an industrial society to a knowledge-based society; the shift from an age of territorial state to an age of globalization; the prevalence of terrorism; and the emergence of Asia as an economic power. Today, I would like to focus on the East Asian economy which has been growing into the third main economic bloc in the world. I would also like to talk about peace on the Korean Peninsula which is the key to peace in East Asia.

Ladies and gentlemen,

The most significant phenomenon in the economic development of Asia is the re-emergence of China and India. Back in 1820, according to a research, China took up 27% of world's GDP and India, 14%. At that time, the United Kingdom occupied only 5% of world's GDP. Today, China and India again show signs of resurfacing as economic powers.

Meanwhile, the Northeast Asian region consisting of South Korea, China and Japan is exerting the strongest influence in the Asian economy. China has achieved an annual growth rate of 9% for the past 20 years, developing into a large-scale world market despite the insolvency issues in its financial and corporate sectors. Japan is the second largest economy in the world, and is gradually coming out of its ten-year long economic recession by pursuing reform and increasing its exports to China. South

Korea has risen from the ashes of the Korean War and overcome the financial crisis of 1997 to become the world's 12th largest economy. South Korea serves as a model for developing countries.

Korea, China and Japan all have been influenced by Confucianism, which underlies their intellectual foundation. Korea and Japan have received the cultural influence of China for the past 1,500 years. The economies of the three countries are swiftly adapting to and developing in the age of knowledge-based economy of the 21st century. Some experts even predict that the economic bloc of the Northeast Asian countries, especially China, will become the epicenter of the world economy in the 21st century.

These three countries of Northeast Asia are all participating in the ASEAN (Association of South-East Asian Nations). They are contributing to the common development of East Asia through cooperation in trade, technology and finance. The establishment of FTAs is currently underway among the countries of Northeast Asia and Southeast Asia. East Asia is now enjoying stability, peace and economic cooperation within the region, despite its differences in political system, religion and culture.

When I attended the ASEAN+3 Summit in Vietnam in 1998 as President of South Korea, I emphasized the need for an integrated cooperative system within East Asia. Since then, there have been discussions in the form of an East Asia Vision Group(EAVG) and East Asia Study Group(EASG), leading to the announcement in Cambodia of the East Asia Cooperative Dialogue. Accordingly, the East Asia Forum was recently established last year in Seoul, taking the first step towards the integration of East Asia.

East Asian countries are also engaged in the ASEAN Regional Forum (ARF), an East Asian consultative body on regional security, which includes Russia, the United States and North Korea. East Asia is also working to develop market economy, free trade and sound financial systems through the APEC (Asia-Pacific Economic Cooperation) which includes countries such as the United States, Chile, Australia and Russia. The region will also pursue cooperation with Southwest Asian countries such as India. East Asia is also strengthening cooperation with Europe, as can be seen from the success of the ASEM (Asia-Europe Meeting).

The world economy is being shaped by the NAFTA led by the United States, the European Union, and the East Asian economic bloc, competing and cooperating continuously with each other.

Ladies and gentlemen,

The world is currently seeing a remarkable increase in wealth, thanks to the rapid advancement in high-technology in the age of information. While the advanced countries are benefiting from most of the wealth, the poor countries are being left out. What is important is that the developing countries should enjoy the benefits of globalization.

Today, 1.2 billion people, or 20% of the world population live on less than 1 dollar a day. In 2002, 98% of the 10 million children who died under the age of five were those from developing countries. These are all sad realities arising from poverty.

Looking at terrorism sweeping the world into fear and confusion today, it seems that in most cases its root cause is the grief and despair of poverty. The OECD must further strengthen its leading role in resolving the poverty issue, not just for the sake of human rights and democracy, but for world peace and the development of a stable global economy.

Secretary-General, and distinguished guests,

As I mentioned before, despite its differences, East Asia is living in peace and cooperation. But we all know that the North Korean issue is a huge obstacle standing in the way of peace.

The Korean people have lived for sixty years under the division for which they are not directly responsible. They have experienced the tragedy of going to war against their own people, as the Korean Peninsula still remains the last vestige of the Cold War. Furthermore, the nuclear issue of North Korea has placed the Korean Peninsula in an unstable situation.

I have been adamantly opposed to North Korea's nuclear weapons program ever since I became President. If there is the will to resolve the North Korean nuclear issue, it

is not a difficult problem to solve. Though the six-party talks are important, the issue cannot be resolved without the direct dialogue between the United States and North Korea.

The solution to this issue is for North Korea to completely dismantle its nuclear weapons, and the United States to provide security guarantees to North Korea and help North Korea advance into the international community. Because there is a lack of trust between the two countries, they must both act simultaneously or in parallel. And then, the six-party talks and the United Nations should support this decision. The newly-strengthened EU could also contribute to this process.

At the summit talks with Chairman Kim Jong-il on June 15, 2000, I strongly advised him to improve relations with the United States, and to do that North Korea must, more than anything else, give up its weapons of mass destruction, including its nuclear weapons program. After I urged the two countries to meet, the United States and North Korea resumed dialogue through high-level talks. And there was significant progress. However, the change of government in the United States and the surfacing of the North Korean nuclear issue have aggravated the situation and led to the current stalemate.

However, I am hopeful. When I met Chairman Kim, I clearly noticed his aspiration to improve relations with the United States. I believe that North Korea is prepared to give up its nuclear weapons program. President Bush has pledged repeatedly that the United States will resolve this issue peacefully. He also gave me his word. We must all work together to ensure that the U.S.-North Korea relations improves peacefully through dialogue.

Ladies and gentlemen,

The Korean people are firmly opposed to any solution that involves using force on the Korean Peninsula. According to the estimates of the U.S. Pentagon during the first nuclear crisis in 1994, a new war on the Korean Peninsula will result in more than 1.5 million South Korean and tens of thousands of American casualties. Of course, North Korea will also suffer detrimental consequences. Today, both sides possess weapons of mass destruction far more advanced than that of 1994.

When North Korea completely dismantles its nuclear weapons program and its security is guaranteed, peace will be restored on the Korean Peninsula, and it will strengthen peace in Northeast Asia. This, in turn, will contribute to peace in East Asia and the world as a whole.

For more than thirty years, I have pursued the Sunshine Policy which emphasizes the three-stage approach of peaceful coexistence, peaceful exchange and peaceful reunification. South Korea and North Korea should eliminate the icy breeze of the Cold War and let in the warm sun rays of reconciliation. The two Koreas can coexist peacefully and, when both feel reassured, then reunification can be pursued. The countries around the world have supported my proposal, as have the United Nations.

In fact, since the inter-Korean summit of 2000, there has been remarkable progress. While only 200 separated families were able to meet in the past half a century, the number has now swelled to 9,000. The number of civilians going to and fro has reached sixty thousand. And the railroad construction linking the two Koreas is in its final stage of completion. The Kaesong industrial complex in North Korea where South Koreans are investing is under construction. Hundreds of thousand tons of fertilizers and grain are being sent to North Korea every year. Over 600 thousand tourists have visited the Kumgang Mountain in North Korea. North Korea is gradually opening up its doors and pursuing economic reform.

Above all, the distrust and hostility between the two Koreas is gradually being replaced by understanding and fraternity towards each other. In the wake of the recent Ryongchon train explosion in the North, the South Korean government and people are putting their full efforts to answer the suffering cries of their brothers and sisters. Once the U.S.-North Korea relations improve, the relations between the two Koreas will take a dramatic step forward, and the warm rays of peace will shine on the Korean Peninsula.

Leaders of the OECD member countries,

I ask for your whole-hearted support for peace on the Korean Peninsula where Korean people have been living for more than half a century under the threat of war.

Now I would like conclude my speech.

As can be seen in East Asia, the 21st century is undergoing a remarkable economic development that was unimaginable in the past. If the benefits of such economic development could be shared with the developing countries, then we would have a more peaceful and prosperous world where terrorism will lose ground.

In realizing this, it would be most effective for the OECD, which had spurred the economic growth, to take the initiative. East Asia has the willingness to cooperate, and high expectations of the OECD's contribution to the future of the 21st century. I would like to extend my best wishes to the OECD for its commitments and greater achievements in the future.

Thank you.