

Statement by H.E. Cho Tae-yul,

Vice Minister of Foreign Affairs, Republic of Korea

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Prime Minister Tshering Tobgay,
Executive Secretary Shamshad Akhtar,
Distinguished Representatives,
Ladies and Gentlemen,

First of all, I would like to express my appreciation to the ESCAP Secretariat and the Royal Thai Government for organizing the 70th Session of the Commission. I would also like to offer my congratulations to His Excellency Tshering Tobgay, Prime Minister of Bhutan, on assuming the Presidency of this important meeting. I am confident that under his able leadership, the 70th Session of the Commission will come to a successful conclusion.

Distinguished Representatives,

This year marks the 60th anniversary of Korea's accession to ESCAP. Having become a member of ESCAP in 1954 right after the Korean War, Korea had received from the organization various forms of technical assistance to rebuild the economy from the ashes of the war. And today, as ESCAP's largest donor and the host country of the APCICT (Asian and Pacific Training Centre for Information and Communication Technology for Development) and ESCAP Subregional Office for East and North-East Asia, Korea is providing technical assistance across the Asia-Pacific region in a range of areas, including trade, environment, health and ICT.

The 60th birthday, or *hwangap* in Korean, is an especially important milestone in the Korean culture. Therefore, it gives me great pleasure

to commemorate the 60th anniversary, and I look forward to the further deepening of ties between Korea and ESCAP in the future.

Challenges facing Asia and the Pacific and the Importance of Connectivity

Ladies and Gentlemen,

The Asia-Pacific has been the most dynamic region in the world, and it has been serving as a locomotive for the global economy. However, almost two-thirds of the world's poor still inhabit this region, while the development gap between the advanced and the least developed economies is the largest in the world. Meanwhile, some countries that achieved economic development face the risk of being caught in a middle-income trap.

Given this challenging situation, today's discussion on the theme of "Regional

Connectivity for Shared Prosperity” is timely and relevant. I believe that greater economic integration from the Pacific islands to the landlocked countries in Central Asia, where there is an increasing flow of goods, services, energy and people facilitated by stronger connectivity, will raise living standards in the region and serve as a new driver of global economic growth.

In this regard, Korea values the proposals by the ESCAP Secretariat to strengthen regional connectivity in areas such as trade, transport, energy and ICT. And I would like to share with you some of Korea’s experiences and ways in which we may be able to contribute to our collective efforts in this area.

Strengthening Regional Connectivity and Korea’s Contribution

First, institutional connectivity should be

strengthened to promote trade and investment, which has been a driving force of economic growth in the Asia-Pacific region. I believe that the various ongoing initiatives on trade liberalization, such as bilateral FTAs, RCEP and TPP, will generate fresh impetus for further economic development in the region. I also anticipate that the discussions on further opening the market under the APTA (Asia-Pacific Trade Agreement) and preparatory works toward the adoption of the Regional Arrangement for the Facilitation of Cross-border Paperless Trade in ESCAP will contribute to reducing trade barriers in the region. In this regard, Korea will continue to cooperate with ESCAP members so that these discussions will make meaningful progress.

However, we need to be aware that the benefits of trade liberalization may not be reaped automatically. In particular, in order for trade expansion to contribute to the common

prosperity of the region, it is important to provide the necessary support for the developing economies so that they can participate in Global Value Chains (GVCs).

Korea, for its part, has been successfully participating in Global Value Chains. According to the OECD-WTO Database on Trade in Value Added, Korea's GVC participation rate increased from 40 percent in 1995 to 60 percent in 2009. Several policies have contributed to this achievement: first, the expansion of an FTA-driven global trade network; second, the promotion of inbound and outbound foreign investment; and third, the strengthening of the competitiveness of small and medium-sized enterprises (SMEs). In particular, the policy to promote the joint entry of SMEs and conglomerates into overseas markets has helped SMEs create jobs and enhance competitiveness, which in turn enabled them to successfully join the global

production networks.

Based on this experience, Korea is planning to pursue a capacity-building program that supports the participation of the SMEs from developing countries of the region in Global Value Chains.

Second, there is a need to make greater efforts to strengthen transport connectivity. Progress is being made in expanding physical infrastructure, including an estimated 300,000 km of roads being built every year in the region. This can be attributed to ESCAP initiatives, such as the Asian Highway network and Trans-Asian Railway.

However, given that there are still many missing links, our imminent task should be to increase the connection of roads and railways across borders, and to enhance access to seaports and airports by landlocked and least

developed countries.

For Korea, the 416-kilometer-long transnational Gyeongbu Expressway, the first of its kind to be constructed in the 1960's, has been the backbone of our economic growth. Likewise, I believe that the expansion of transport networks across the region will lead to a more densely connected region and reduce the physical distance between the countries in the region, ultimately helping to promote shared prosperity in the Asia-Pacific. In this regard, Korea welcomes the adoption of the Intergovernmental Agreement on Dry Ports at the ESCAP Commission Session last year. I am pleased to inform you that Korea deposited the instrument of ratification of the Agreement this April, becoming ESCAP's second member state to do so following Thailand.

Third, we should exert greater efforts to promote energy connectivity. Although the

Asia-Pacific region is home to the world's leading energy consuming and producing countries, energy trade in the region has been stagnant. In addition, Asian energy importers have been paying an 'Asian Premium' that keeps fuel prices higher than those in other markets, partly due to the lack of energy infrastructure in the region.

Against this backdrop, Korea has been supporting ESCAP's Asian Energy Highway Initiative, which aims to build an integrated regional power grid. I believe that the expansion of energy infrastructure through such efforts will deepen regional integration by facilitating intra-regional energy trade. Korea also hosted the Pacific Energy Summit in Seoul last June. And together with the ESCAP Sub-regional Office for East and North-East Asia, Korea will host another regional event, the Second Northeast Asia Energy Cooperation Forum, this coming

December.

Fourth, the importance of ICT connectivity cannot be overemphasized in our efforts to achieve sustainable economic development and prosperity in the region. As indicated in the ESCAP theme paper, ICT connectivity is a new engine of economic growth in its own right, as well as a valuable source of innovation across all sectors of the economy.

In order to maximize the benefits of ICT, Korea has been pursuing the ‘creative economy’ as a new economic paradigm. A creative economy aims to create jobs and add value by harnessing creative ideas with ICT. Korea would eventually like to share the lessons learned and the results of such efforts.

The ESCAP theme paper also indicates that, a 10 percent growth on average in broadband penetration is associated with a 1.34 percent

increase in GDP per capita. This implies that a gap in Internet penetration rates can lead to disparities in economic development. One statistics shows that 99.6 percent of the young people in Korea are active Internet users, while the figure is less than 1 percent in Timor-Leste. I believe that the digital divide in the younger generation can result in persistent economic disparities in the Asia-Pacific.

In fact, Korea highly values ESCAP's efforts to implement, in cooperation with ITU, the Asian Information Super-Highway initiative, which aims to make broadband Internet more available and affordable across the region. As a major donor, Korea has been actively participating in the initiative by conducting a joint study on the status of the regional broadband network. Korea will also continue to support the usage and capacity-building of ICT of developing countries through the APCICT.

In connection with this, as the host country of the 2014 ITU Plenipotentiary Conference that is scheduled to be held in Busan this October, Korea will play its due role in enabling the Conference to provide an opportunity to seek practical ways to bridge the digital divide between developed and developing economies.

Fifth, efforts to improve connectivity should ultimately result in the strengthening of people-to-people connectivity. As a way to promote the movement of people in the region, Korea has been streamlining the procedures for visa issuance and immigration. And through such efforts, Korea is committed to contribute to promoting the exchange of people and knowledge in the Asia-Pacific region.

Finally, in order to realize regional connectivity as a “regional public good”, sufficient financial resources need to be

secured. However, given the mounting fiscal pressure faced by ESCAP member countries, efforts to promote the public-private partnership is essential, as pointed out in the ESCAP theme paper. Korea looks forward to ESCAP's efforts to coordinate and promote discussions on PPP, in close cooperation with APEC, ASEAN, and the G20.

Eurasia Initiative and Regional Connectivity

Distinguished Representatives, Ladies and Gentlemen,

The Korean Peninsula is a gateway that connects Eurasia and the Pacific. By taking advantage of this geographical location, Korea will continue to strive to achieve “seamless connectivity” throughout Asia and the Pacific.

In this regard, Korea has been pursuing the Eurasia Initiative, which aims to build trust

and economic cooperation across Eurasia. The initiative has been taken by President Park Geun-hye with a vision to build logistics and energy networks, including the Silk Road Express (SRX) that runs from Busan all the way to Europe, and to combine the ICT-based policies of the countries in the region to pave the way for a ‘One, Creative, and Peaceful Continent’ in Eurasia. This initiative will help foster connectivity and generate further opportunities in the region.

Conclusion

If countries in the region work closely together to strengthen regional connectivity by bringing together their comparative advantages in the areas of trade, transport, energy, and ICT, I am confident that Asia-Pacific will be able to enjoy sustained economic growth and serve as a driving force of the global economy.

In closing, I sincerely hope that the 70th Session of the Commission will lay a milestone in deepening regional connectivity. As a trustworthy partner of ESCAP, Korea will continue to actively participate in our collective efforts to promote shared prosperity in the Asia-Pacific region. Thank you. /End/