

## Moon Jae-in's initiative for 'Inter-Korean Economic Union' [press release]

*Aug 17, 2012*

The Korean Peninsula is facing a new era. China has grown to be a G2 country, and the United States is claiming a foreign policy emphasizing Asia. The new leadership has emerged in North Korea. The global economic crisis which began in the United States in 2008 has developed into the financial crises in Europe.

We are now going through the middle of turbulent historical period. The Korean Peninsula is standing at an important crossroads, between being at the forefront of a new Cold War confrontation and being at the epicenter of a new order of peace, cooperation, and growth.

The Kim Jong-eun regime is showing signs of changes compared to the past. North Korea's leadership style as well as the group in power is changing, and signs of a transition in economic policy have been observed. The international community is showing attention to this change and preparing to set up a new relationship with North Korea.

But what are we doing now? The Lee Myung-bak government is ignoring a huge historical opportunity and wasting time at this important moment. While Lee's administration has destroyed relations with North Korea by consistent inaction, North Korea's relations with China have been strengthened.

A new Cold War confrontation in Northeast Asia may be revived if our influence on North Korea is weak. The division of North Korea and South Korea could set in for eternity if we keep on watching the situation phlegmatically.

We need to restore inter-Korean relations and build a new strategy for the future now. We need to pioneer a new peaceful future for the Korean Peninsula by studying all the clues of big and small changes which are going on in the Korean Peninsula and its surroundings.

I will end the Korean Peninsula's tragic history of confrontation and distrust. In order to open an era of peace, reunification, and prosperity, it is essential to apply and develop the June 15 Joint

Declaration and the October 4 Declaration to improve inter-Korean relations. We should help North Korea's new leadership change the situation positively, and build more mature inter-Korean collaborative growth.

I will carry out the following things to do so.

**First I will open an era of 'South-North Economic Union' for cooperative growth between North and South.**

We have put effort into developing the relations between North and South through the consensus process of the June 15 Joint Declaration and the October 4 Declaration. Detailed regulations were agreed upon through the 'Four Agreements for Economic Cooperation' which followed the June 15 Joint Declaration, and North and South Korea agreed at the Deputy Prime Minister level to create a Joint Committee on Inter-Korean Economic Cooperation in the October 4 Declaration.

If I become the president, I will form a Joint Committee on Inter-Korean Economic Cooperation to ensure free and secure investment and economic activity and sign an 'Inter-Korean Comprehensive Economic Agreement' to internationally recognize duty-free trade and protection of investment between the two Koreas.

In doing so, I will build a foundation for socio-economic unification in accordance with the common unification plan which was agreed upon in the June 15 Joint Declaration. The 'Inter-Korean Economic Union' will be a plan to move toward unification in the economic sector first.

Our economy has encountered a limit of its growth, and we need a new growth engine. North Korea is a land of opportunity for us and South Korea is also a land of opportunity for North Korea.

Through an 'Inter-Korean Economic Union,' South Korea's per capita income will rise to \$30,000 and we could create a Korean Peninsula common market with a population of 80 million, entering the 30/80 era that only the United States, Japan, and Germany have reached. We can create a peaceful Korean Peninsula by growing together with North Korea.

**Second, I will establish a five-year plan for the 'South-North Economic Union', and will make sure that the South and the North apply it together.**

During my five year term, we can create endless opportunities. I will establish a five-year plan for the Inter-Korean Economic Union' and I'll discuss it with North Korea and move it forward.

South and North Korea agreed upon 48 common projects following the October 4 declaration. Among these projects I will prioritize those that can bring about significant impact on the economic linkage effects of the South-North economy and include them in this five-year plan.

The Korean Peninsula joint economic area will be a stepping stone letting us advance Northward via the West Sea rim and the East Sea rim.

The East Sea rim, which runs from Busan to Ulsan, Pohang, Samcheok, Donghae, through North Korea's eastern seaboard of Rajin-Sonbong, and onto Russia and China, is a huge connection of industrial economies. Especially, this area will develop as an eco-friendly international tourist zone which connects Mount Seorak, Pyeongchang, the Demilitarized Zone, and Mount Kumgang in North Korea. We should resume the Mt. Kumgang tours and invigorate the local economy.

The West Sea rim is a vast economic region which ties the western Korean Peninsula, including Jeju, Jeolla, Chungcheong, Incheon, Gyeonggi, Nampo, Hwanggumpyong, and Sinuiju, with eastern China. In the middle of this area is the Incheon-Kaesong-Haeju triangle, which I will promote as a Free Economic Zone of South-North Korea.

I will lift the May 24 measures and expand the Kaesong Industrial Complex as planned to provide new homes for small businesses.

To do this, the West Sea should first be converted from today's sea of conflict into a sea of peace. The starting point is resuming inter-Korean dialogue to create the 'West Sea Peace and Cooperation Zone' which was promised at the October 4 Declaration.

**Third, I will promote the formation of a 'Northeast Asia Cooperation Growth Belt' with a population of 600 million people.**

There is a huge market, including a population of 600 million, around the East Sea and West Sea of the Korean Peninsula. This area has a great potential to become a large 'Northeast Asia Cooperative Growth Belt.'

Northeast Asia is receiving attention as a dynamic region of global growth and a hub of trade, resources, and energy. An 'Asia Super Grid Project' which connects Northeast Asia's power grid with eco-friendly renewable energy can be realized, and a Russian natural gas pipe line can be connected to various areas in the region.

A Northeast Asia economic bloc which includes the Korean Peninsula, China, Russia, and Japan is both an opportunity and a challenge. South and North Korea's relationship has to be stable and an Inter-Korean Economic Union has to be created for this region to develop into a cooperative growth belt.

In particular, it is important to change the DMZ from a scene of conflict and confrontation into a starting point for peace and prosperity. It will be the sixtieth anniversary of the creation of DMZ next year. This area is a rich repository of the world's ecology. We need to open inter-Korean military talks to move back the guard towers and heavy weapons to rear lines and remove anti-personnel mines in order to use the DMZ in a peaceful way. By making the DMZ into a truly demilitarized area, we must change this place into a world-class ecological and peace tour zone and a foothold for cooperative growth of Northeast Asia.

**Forth, I will establish a ‘Korean Peninsula Infrastructure Development Organization’ to build an industrial foundation for North Korea.**

Infrastructure development is now rising as an investment industry itself, because investors can get returns on their investments through long-term license fees and other development rights.

North Korea’s weak infrastructure needs to improve if the Korean Peninsula and Northeast Asia want to grow together. We need to invest in North Korea to connect to the rest of Northeast Asia. However, the scale is too massive for us to do it alone and we shouldn’t do it alone. It is desirable that the international community joins in this investment to ensure its scale and stability.

I will also promote the establishment of a Korean Peninsula Infrastructure Development Organization (KIDO) with the participation our private sector companies as well as companies from different countries and international financial institutions.

If we and the international community invest in North Korea and deepen our linkages with North Korea’s economy, then the two Koreas and the international community will form a complex economic network. This will bring economic growth to the Korean Peninsula and improve the peaceful relationship.

**Fifth, I will faithfully play an international role as a peace leading country.**

There will be four new leaders in North Korea, South Korea, America, and China this year. I will put all my efforts into resuming the Six-Party Talks for denuclearization with this new leadership.

Establishing a peace regime is also urgent. It will be the sixtieth anniversary of the armistice agreement next year. I will hold a four country forum to discuss the Korean peninsula peace regime as soon as possible. I will also replace the Armistice Agreement with a peace treaty and actively support international efforts to normalize North Korea’s relations with the U.S. and Japan.

The North Korea nuclear issue and the Korean peninsula peace regime should be addressed together so that there will be security, cooperation, and growth at the same time. We must become an active 'peace facilitator' so that the Korean peninsula does not remain as a place for South-North, U.S.-North and U.S.-China conflicts but becomes a place for peace and prosperity.

My fellow citizens,

Over the last five years, relations between North Korea and South Korea have collapsed. Peace has disappeared and the possibility of war has threatened our life. The old ghost of the cold war has come back to life.

In 1989, President Bush of the United States and General Secretary Gorbachev declared that the cold war has ended in Malta, an island country of the Mediterranean. This declaration resulted in the end of the 'war without gunshots' between East and West, and East and West Germany achieved reunification. The end of the cold war in world history that was promised in Malta will be completed here in the Korean Peninsula.

We don't have much time and we have a long way to go. After my inauguration, I will revitalize inter-Korean relations and bring about the inter-Korean Summit around the coming June 15th next year. There, I will discuss the nuclear issue, the Korean Peninsula peace regime, cooperative growth, and Northeast Asian joint prosperity.

Furthermore I will wipe the tears of our separated families and the pain and torment caused by the division.

My dream is to see a prosperous Korean Peninsula with both North and South Korea living well and travelling freely. We need to stop passing down the division, and let the next generation inherit a unified Korean Peninsula.

Thank you.

