

Country Report (Korea)

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I am very honored to join this Twelfth Northeast Asia Economic Forum and to make a brief statement on behalf of the Korean participants. First let me express our appreciation to **Ikuo Hirayama**, Governor of Niigata Prefecture, and **Akira Shinoda**, Mayor of Niigata City, and Dr. Lee-Jay Cho, Chairman of the Northeast Asia Economic Forum, and to all the staff of ERINA and the NEAEF, for their diligent and excellent preparations for this meeting, and for their warm hospitality.

Niigata has a long history as a dynamic transportation and communication hub city of Northeast Asia, and it is very fitting that our economic forum is being held here. Through this forum we realize that all Northeast Asian countries will gain benefits when they cooperate in sectors such as transportation, energy, and banking.

In my opinion, yesterday's and today's meetings have been very useful and helpful discussions. I am very pleased with the result of the meeting.

For more than 10 years, our Korean Committee of the Northeast Asia Economic Forum has been trying to promote the overall economic cooperation in the Northeast Asian region.

And hereafter, our Korean Committee will continue to make efforts to encourage close economic cooperation in the Northeast Asian region through various studies and necessary arrangements.

Taking the opportunity of this meeting, I would like to emphasize again that the Forum has to give close attention to refining the strategies for the formation and development of the

Northeast Asian economic region and to increasing awareness of economic cooperation in Northeast Asia, as mentioned by Mr. Yasuo Sawai yesterday. Also we have to give keener attention to and promote dialogue toward the establishment of the Northeast Asian Development Bank, which we have been discussing for the past several years in the Forum's annual meetings. And we also have to make more efforts to gain public understanding of and interest in the proposed Bank.

Furthermore, I would like to suggest the formation of feasibility study teams for the creating of a railway network, which will be essential to interlinking and to the operations of integrated sea, air and railway transportation in the Northeast Asia region. One example is the establishment of a railway network linking Korea, China, and Russia, in spite of the North Korean nuclear problem, which we believe will be solved peacefully by the concerned countries.

Now, I would like to explain briefly our Korean Committee's activities during the past year. From 199* to last year, with the cooperation of the Korea Transportation Institute (KOTI), the Korean Committee has studied the "Northeast Asian Logistics and Distribution Hub Plan," the "Northeast Asian Business Hub Plan," and the "Proactive Strategies for Attracting Foreign Direct Investment (FDI)." Last summer and winter, seminars were held in Honolulu, Hawaii, to review and discuss the result of these studies. The Korean Committee recommended that our government accept some of the suggestions that resulted from these seminars. Mostly the suggestions are concerned with reforms that should be made in Korea, improvements that should be made in Korea, and the actions that the Korean government has to take to achieve these reforms and improvements. In this regard, the Korean government accepted the Korean Committee's recommendations and has taken action on almost all of the suggestions: 25 out of 28 recommendations are already taking effect or will be implemented in the near future.

During the present year, too, the Korean Committee will continue to further develop these plans, especially the prospects for logistics supply and demand in the Northeast Asia region and the strategy for a world-class logistics hub with the Korea Transportation Institute.

Furthermore, the Korean Government designated Incheon, Pusan, and the Kwangyang Port Area as economic free zones last November. The Korean Committee co-hosted an international seminar with Incheon City, to discuss a successful implementation and management plan for the Incheon Free Economic Zone last October and November.

The most effective operation of the free economic zones will be made possible through the various reforms of the existing systems. The Korean Government wants to attract many global logistics centers and their regional headquarters and to induce foreign direct investment, by building and expanding the business and housing facilities available for foreigners and by improving other aspects of the investment environment for foreign businesses.

This year the Korean Committee will also make efforts to help in the successful implementation of the three free economic zones.

Last, I would like to point out an example of the real and sincere cooperation between Korea and Japan in the energy sector, which has begun in this conference. KEPCO of Korea and Hokuriku Electric Company of Japan agreed during the conference to take a big step to cooperate with each other in supplying electricity. Korea and Japan have been long-time friends as well as competitors. But from now on, two leading electric power companies of the two countries are finding ways to cooperate via the sea. The two companies will each help the other whenever an electricity supply shortage occurs. By helping each other, their operations will also be more profitable. By jointly building this electricity line, they will link together the resources

of both industries. In near future, when the natural gas pipeline also links Korea and Japan, both countries will then share two key industrial resources: electricity and gas.

I would like to express my sincere thanks to the Northeast Asia Economic Forum, because it has provided good common ground for meetings and discussions between the electric power experts of these two companies. This is an example of why the Forum is so important for Northeast Asian economic cooperation. I am sure that, as cooperation among Northeast Asian countries progresses in the future, there will be nothing that we cannot accomplish.