

Gov't Organ Eyed for Balanced Regional Development

By Nho Joon-hun
Staff Reporter

The Ministry of Construction and Transportation (MOCT) is seeking to attract more private investment in infrastructural projects and promote balanced regional development by setting up a pan-government organization.

The ministry has also been drastically boosting the volume of social overhead capital (SOC) projects with private capital in mind as a means of creating much needed jobs in the construction market.

In his report to President Kim Dae-jung yesterday, Minister Lee Jung-moo said

investments in SOC projects and residential construction have increased by 1.5 trillion won and 4.8 trillion won, respectively.

"The increase in investments in apartment construction and infrastructural projects has already created 200,000 new jobs this year. Nearly all of the SOC investments have been made," Lee explained.

He went on to say that his ministry has secured 800 billion won in additional funds to ensure that the SOC projects, which alone have provided jobs for 82,000 workers, can continue in the second half.

"We are pursuing a diverse range of projects for attracting private equity for infrastructural projects. Along these

lines, the Private Infrastructure Investment Center of Korea has been established the minister said.

Commenting on balanced regional development, Lee suggested that the Kim administration create a pan-government organization, much like DATAR (Invest in France Agency) which is responsible for regional development, foreign investment and manpower management.

He said distributing SOC investments in the nation's largest cities alone is not sufficient for realizing real balanced development and that such an organization is needed to improve the quality of life across the country.

On the possibility of a shortage of water in the year 2011, Minister Lee said his ministry is working out a diverse range of measures, including the construction of multi-purpose dams, for securing more water sources.

"To this end, the ministry is planning to put together a team of specialists for reviewing the disputed construction of the Yongwol Dam by the end of August," said Lee, who strongly backs the project.

He also said construction of the Incheon International Airport and the Seoul-Pusan highspeed railway is proceeding smoothly, with the first phase of the airport due to reach 90 percent by the end of this year.

AmCham to Finance Korean Venture Firms

The American Chamber of Commerce (AmCham) Korea offered funds to help local "angel businesses" yesterday.

During a meeting with Kim Byong-kyun, chairman-president of Korea Technology Credit Guarantee Fund (KOTEC), Jeffrey Jones, chairman of AmCham, offered a proposal for financing small venture firms via the "Kibo Angel Club."

The club for venture firms is jointly run by KOTEC and the Seoul Eco-

nomics Daily, a sister newspaper of The Korea Times, to promote new industries by providing financial aid.

The club has a total of 210 individual members at present.

The monetary contribution offered by AmCham will amount to 1 billion won, Jones said, adding that he will also advise potential foreign investors under AmCham to join the club.

The AmCham head said his members will provide new management

skills and technologies to Korean venture companies as well as offering direct financial packages.

"This will present small, local venture companies with a good opportunity to gain exposure to both the capital and technology of advanced countries," said KOTEC head Kim.

"Once they join the club, foreign investors will be able to enjoy profits from Korean venture companies from a long-term perspective," he said.

Korea, Japan to Hold Bizmen Confab Today

South Korean and Japanese business leaders will sit together to discuss pending economic issues in the 31st Korea-Japan Economic Conference to open today at the Shilla Hotel in Seoul for a three-day run.

The binational event will be attended by 110 Korean business figures and 120 of their Japanese counterparts, led by Mitsubishi Materials chairman Masaya Fujimura, the Korea-Japan Economic Association said.

Korean participants include, among others, Korea Chamber of Commerce and Industry chairman Kim Sang-ha and Federation of Korean Industries chairman Kim Woo-choong.

High on the agenda are South Korea's economic reform and investment climate, establishment of a free trade zone, bilateral cultural exchanges and Japanese corporate help in the Asia-Pacific Economic Cooperation (APEC) Investment Fair.

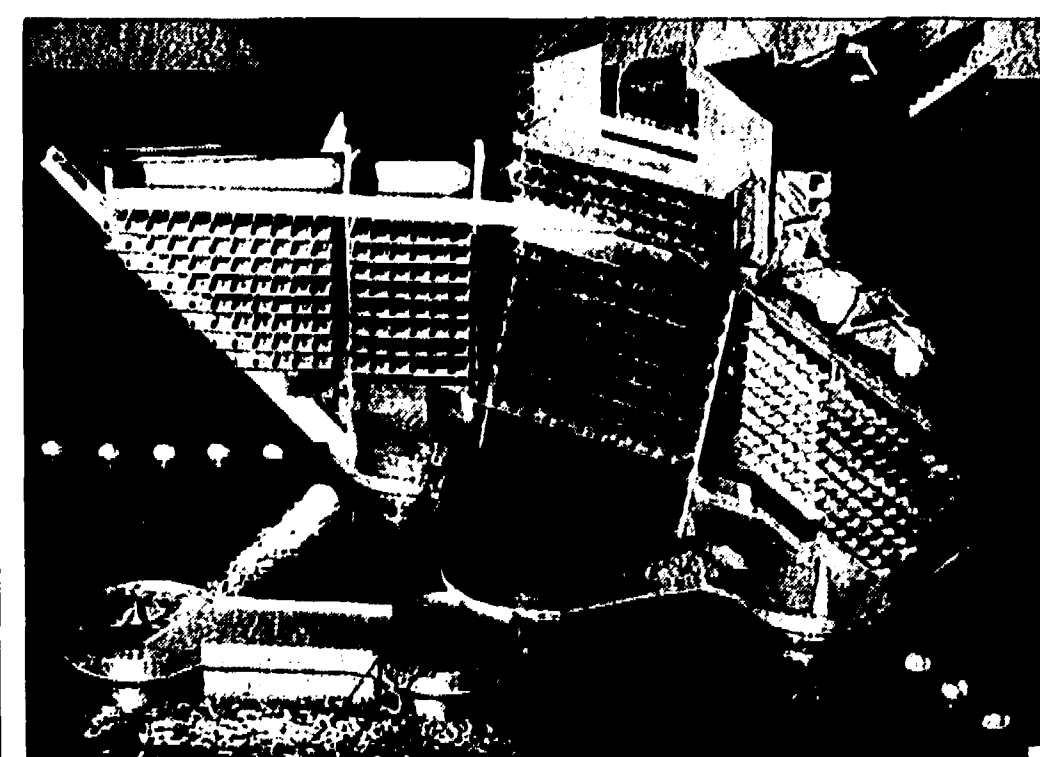
Chairman Cho Suck-rai of the Hyosung Group will deliver a keynote speech on "The Vision for Asia in the 21st Century" and Jiro Ushio, president of the Medium Enterprises of Japan, will speak on Korea-Japan cooperate efforts toward economic restructuring.

Two panels will proceed simultaneously tomorrow — one on trade-related issues and the other on industrial cooperation.

They will wrap up the conference with a joint statement.

The conference is expected to help Japanese business leaders obtain an accurate grasp of the ongoing economic reform of Korea and consequently promote their active role in capital investment in Korea, an official of the association said.

During their stay in Seoul, the Japanese businessmen will meet with President Kim Dae-jung, Prime Minister Kim Jong-pil and Finance and Economy Minister Lee Kyu-sung, he said.



Bird's eye view of the proposed offshore hotel in Cheju-do

Cheju-do Signs \$400-Mil. FDI Agreement for Offshore Hotel

By Hong Sun-hee
Staff Reporter

The Cheju Provincial Government Tuesday signed a \$400-million investment agreement with a British firm for the construction of a deluxe offshore hotel.

The marine hotel one kilometer off Hallim, Pukcheju-kun will be in early 2002.

The agreement was signed by Governor Uh Kun-min and chairman Mel Braithwaite of the SMB Group, a Singapore-based British gas and oil development and financing firm.

The 15-story hotel will have 950 rooms and be linked to the land by a monorail. It will be specially built to bear tornado-force winds of 48 meters per second, according to the officials of the island province.

SMB is to set up a foreign investment company somewhere in the subtropical island within 60 days under the agreement.

The provincial government will provide administrative support, including pushing law amendments, to facilitate the project.

The Cheju-registered company will take the shape of a consortium of SMB and E.K. Cosmos group of Los Angeles. A 700-room offshore hotel is being built in Qatar by SMB and E.K., a construction and computer-related firm.

Construction and furnishing of the envisioned Cheju hotel, the first of its kind in Korea, will be completed early in 2002 before the World Cup which Korea and Japan will co-host in June.

Upon signing the agreement, the Cheju government has begun reviewing eight related local laws for deregulation to facilitate foreign investment. Among them are the Near Sea Supervision Law and the Tourism Promotion Law.

The provincial government earlier signed foreign investment agreements or exchanged letters of intent worth \$2.25 billion, including a \$1.2 billion agreement on a mega resort in a place yet to be decided.



Cheju Governor Uh Kun-min, second from right, shakes hands with SMB Group chairman Mel Braithwaite, second from left, upon signing a \$400-million investment agreement in Cheju, Tuesday.

Gov't to Remove Obstacles to Export Financing

The government will focus on removing obstacles to export financing in hopes of realizing a \$25-billion trade surplus this year, the Ministry of Commerce, Industry and Energy (MOCIE) said yesterday.

In the year's second government-industry meeting to promote exports, Minister Park Tae-young said his ministry is considering easing its insistence on year-end debt-to-equity ratios of 200 percent for general trading companies affiliated with large conglomerates, re-setting the figure at 400 percent.

Also under study are the extension of insurance guarantees for D/A (deposit after acceptance) export and a deregulation of foreign exchange liquidity controls concerning exporters.

Barter trade will be pushed with Southeast Asian countries' and lease funds will be scaled up for exporters to Latin America and the Middle East, which lack foreign reserves but are rich in oil and other alternative means of payment.

There also will be increased efforts to develop niche markets and to foster trade-minded diplomatic activities with the U.S., Europe and Japan.

The ministry will legislate a law to firm up the trade infrastructure. The envisioned Trade Infrastructure Promotion Law will facilitate the construction of exposition sites, the training of trade-related personnel and the fostering of Internet-based trade.

In the meeting, Minister Park urged the related ministries and economic trade organizations to come up with active and substantial measures to help the nation reach its goal so as to allow a complete recovery from the crisis and pave the way for a new take-off.

The business community recommended that the government lower the cost of exports and ease the conditions for export financing. It was also asked to provide measures supportive of international marketing and to efficiently respond to trade pressure from foreign countries while stabilizing labor-management relations.

The GTCs sought the Korea Export Insurance Corporation's coverage of the risk from large-scale projects and the non-L/C trade with Thailand and Indonesia, which are still under economic crisis.

The petrochemical industry demand-

ed tariff exemptions on products which arrive in Korea to be processed for re-export and on financing on home-made materials, while steel manufacturers asked the government to lobby China to increase export quota for companies which invest in the same sector in China. The semiconductor industry called for measures supportive of the cost-cutting localization of machinery and materials. The Kukdong Electric Wire Co. asked the government to set up an organization exclusively concerned with information services on export markets.

Yesterday's meeting at the Federation of Korean Industries in downtown Seoul was attended by some 100 people from the small and medium enterprises.

In an effort to create an environment favorable to exporters, the National Tax Office will refund the value-added tax within 10 days after it is collected while waiving tax investigation for two years on exporters who are recognized for high export volumes or honesty in their duty as taxpayers.

The Information and Communication Ministry will intensify publicity to promote the export of Code Division Multiple Access (CDMA) systems to China and Australia and will provide the Economic Development and Cooperation Fund (EDCF) with the opportunity to sell time division exchange (TDX) equipment to Nepal. (HSH)

Economic Bulletin



Samsung General Chemical Co. president Yoo Hyun-shik, left, and BOC Gas Korea Co. president Peter Owen sign a contract for the sale of Samsung's production facility in Sosan to the British firm.

Samsung General Chemical Sells Production Facility in Sosan

Samsung General Chemical Co. said yesterday it will sell off non-core assets and indirect production facilities in a bid to attract foreign capital worth \$300-400 million ahead of a merger with Hyundai Petrochemical Co.

As an initial step in the recapitalization, Samsung General Chemical President Yoo from the selloff to repay debts. Hyun-shik signed a contract with BOC Gas Korea Co. President Peter Owen to sell a production facility in Sosan complex off non-core projects in an attempt to improve their financial status.

The facility is known to compress air to produce the nitrogen and oxygen needed for chemical factories. Under the deal, BOC Gas Korea will supply nitrogen and oxygen to Samsung General Chemical for the next 18 years.

Samsung said it will use the capital with a merged entity in the works. Samsung and Hyundai agreed to sell off non-core projects in an attempt to improve their financial status.

Daewoo Telecom Exports \$300 Mil. Worth of Computers to US

Daewoo Telecom, a consumer electronics maker, said it has exported a total of 400,000 Daewoo PCs worth \$300 million to U.S.-based system integration firm Computer Technology

Link Corp (CTL).

The contract marks the biggest single export deal ever for a domestic computer maker, a Daewoo Telecom spokesman said. PCs to be exported

are Pentium II and Celeron models along with 15-inch and 17-inch monitors. CTL plans to distribute the Daewoo products to Asian and Middle Eastern nations.

Daewoo Telecom expects to export 1 million PCs to overseas markets this year in an effort to maintain its posi-

tion as the leading computer exporter in Korea, Daewoo officials said.

Under the yearly plan, Daewoo Telecom plans to strengthen its maintenance and customer service departments by securing manufacturing and logistics centers in France to diversify its lineup for European customers.

Daewoo Sends Out New 'Image' to TV Viewers

Daewoo Group, now the second largest chaebol in Korea, has resumed TV advertising to promote its company image both at home and abroad.

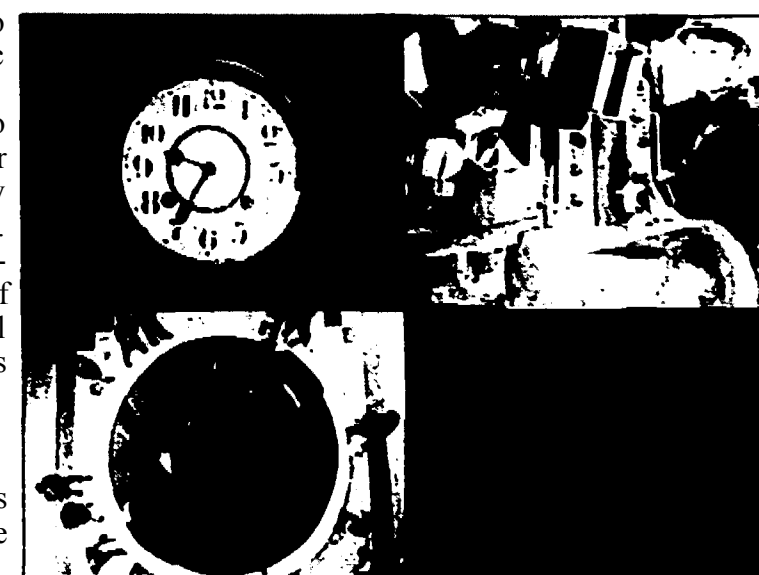
Daewoo, along with the other conglomerates, had stopped television promotion at the group level in the wake of the financial crisis of November 1997 in order to cut the cost of public relations.

The new Daewoo TV ad put together by Korad, Ogilvy and Mather Co. includes a black-and-white shot of Korean industrial workers in the 1950s and 1960s and a color scene of its workers in the 1990s.

The scene is designed to get the message across to

the public as well as to potential investors that Daewoo has always played and will continue to play a leading role in the domestic economy.

The total length of the television commercial is one minute and it will be shown on major TV networks across the nation from this week.



LG Develops CD-RW Motor

LG Precision Co. said it has developed a motor, a core part of CD-RW, marking the first ever breakthrough in this area.

CD-RW can store information repeatedly, unlike CD-Recordable, a device limited to one-time data

recording.

The newly-developed motor determines the speed and performance of CD-RW. LG said it is ready to mass produce the motor, which will lead to a high-speed CD-RW model in the second half of this year.

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