

Corporate Affairs

The Korea Society fosters dialogue and cooperation between American and Korean business leaders by arranging opportunities for frank and interactive discussions of current issues affecting the economic and political partnership between the United States and Korea.



Above: Jeon Yun-Churl, deputy prime minister and minister of finance and economy

Bottom (l-r): Tami Overby, Al Rajwani, Il-Young Maing and Jeffrey Jones

CORPORATE AFFAIRS

GLOBAL PROSPECTS AFTER 9/11 AND THE IMPLICATIONS FOR JAPAN

January 25 • New York, NY

In a corporate luncheon program at the Japan Society cosponsored by The Korea Society, Shigemitsu Sugisaki, deputy managing director of the International Monetary Fund, shared with a corporate audience his perspectives on the policy measures needed for Japan to regain sustained growth and restore its role in the world economy. William Clark, Jr., president of the Japan Society, moderated the event.

The Korea Society accepted the invitation to cosponsor this program in the interest of providing its members with a comparative perspective on the ongoing economic reform efforts in Korea.

THE GEOSTRATEGIC IMPORTANCE OF THE KOREAN PENINSULA IN NORTHEAST ASIA

February 6 • New York, NY

In a distinguished visitors luncheon program, Kim Jae-Chul, chairman of the Korea International Trade Association (KITA), spoke about the geo-strategic importance of Korea in economic terms. He noted that a recent report projected that South Korea would

become the seventh largest economy by 2010, if it continues to grow at a five percent annual rate. This achievement would underline the appeal of Korea as a bridgehead for American corporations in Northeast Asia. In order to facilitate that role, Kim advocated the negotiation of a free trade agreement between South Korea and the U.S., an agreement that would also make sense because of the complementary nature of the economies of South Korea and the U.S. He concluded his presentation by observing how South Korea's location also makes it a logical place for an East Asian hub.

Kim Jae-Chul

CORPORATE GOVERNANCE REFORM IN KOREA: PROSPECTS AND CHALLENGES

February 26 • New York, NY

In a business roundtable luncheon program cosponsored by the Asia Foundation,



Jang Hasung, professor of finance and director of the Asian Institute of Corporate Governance at Korea University, provided a comprehensive assessment of recent developments in corporate governance in Korea. From his unique perspective as one of the leaders in the grassroots small shareholder movement, Jang spoke about the new regulations resulting from recent reforms mandating improvements in corporate governance. He expanded on the positive results of these changes, including an enhanced awareness of the issues of corporate governance among the business community and the general public.

Despite these positive changes, according to Jang, many of the structural problems within corporate governance persist as chaebol find loopholes in the new regulations. The under-valuation of Korean companies, called the "Korea Discount," and the ever-present issue of corruption remain chronic



Jang Hasung

problems that contribute to capital inefficiency. The biggest obstacle to improved corporate governance in Korea is the unwillingness of both shareholders and managers to embrace new global standards. This unwillingness works against the many positive factors that contribute to the growth potential of the Korean economy.

Jang concluded his presentation by stressing that proper corporate gover-

nance would benefit corporations by increasing their value, enhancing their capital efficiency and protecting their shareholders. This in turn would benefit the economy by improving stability in long-term foreign capital investment—increasing national competitiveness and contributing to sustainable growth.

During the Q&A session, several questions referred to the generational divide in corporate leadership. When asked if there was an ethical difference between the younger generation educated outside Korea and the older generation educated within Korea, Jang replied that it is not a difference of ethics but rather a difference in the systems that oversee business practices. The older generation is viewed as a liability because of their difficulty in overcoming old structural problems, while the younger generation is seen as an asset for their willingness to implement new measures and standards.

THE WIRELESS FRONTIER 2002: TECHNOLOGY TRENDS IN THE U.S. AND KOREA

March 14 • New York, NY

Over 150 people attended a conference on wireless technology presented by The Korea Society in cooperation with Farren Mitchell Associates, Inc., the Korean American Society of Entrepreneurs (KASE), the Korean Chamber of Commerce and Industry in the USA, Inc. (KOCHAM) and New York Seoul, and cosponsored by The Asian Wall Street Journal Weekly Edition and Citigroup. The conference offered an overview of the wireless sector in the U.S. and showcased the advanced 3G networks and applications available in South Korea today. There were four panels with 16 panelists and three different moderators.

Hong Kee-Doo, the head of Investment Support and the Ombudsman Office, Korea Investment Service Center, pre-



Hong Kee-Doo

sented an overview of the growth and penetration of information technology businesses in South Korea. Brian (Byung Moo) Kim, president of SK Telecom International, gave a special presentation that included television commercials about "Nate" a multimedia messaging application available on SK Telecom's network today.

Farren Ionita, director of media



development at Iquity Systems, Inc., moderated the first panel, "Overview and Comparison of U.S. and Korea Today," which boasted a diverse group of representatives from companies related to the wireless sector. The panelists were: Andrew Perelson, manager of Business Development for Xerox Mobile Business; Omar Javaid, chairman of Mobilicity; Evan Uhlfelder, creative

director at HIPnTASTY; Steve Spencer, technology officer at Screaming Media; and Andy Fessel, vice president of Wireless Internet Intelligence at Telephia.

The second panel, "Service Providers and Data Services in the U.S. and Asia," was moderated by Sunny M. Youn, CEO of Avalon Ventures. The panelists were: Tim Meyer, CEO of CrispWireless; Nelson Hsu, product manager at Lucent Technologies; Jonathan E. Chua, founder & CEO of Duration, Inc.; and Brian Kim, president of SK Telecom International.

The third panel, "Brands: How Marketing Will Come Back in 2002," also was moderated by Farren Ionita. The panelists were: Doug Jaeger, interactive creative director at TBWA/Chiat Day; Rory O'Connor, regional media director at Beyond Interactive; Perry Allison, vice president of strategic alliances at Skygo and Mobile Marketing Association; and Robin Griffin, interactive supervisor at Arnold MPG.

The fourth panel, "Investing in the



Brian Kim



Tim Meyer



Sunny Youn

Wireless Sector: The Why's and Why Not's," was moderated by Mark Choey, vice president of e-Citi technology at Citigroup. The presenters were: Sanjay Basu, vice president of information technology at VennWorks; Tim Kendall, manager at Garage Technology Ventures; Sung Chul Whang, partner at Phillips Nizer Benjamin Krim & Ballon LLP; and Evan Sohn, vice president of strategic sales and market development at ReefEdge.

LUNCHEON WITH DEPUTY PRIME MINISTER JIN NYUM

March 19 • New York, NY

Jin Nyum, deputy prime minister and minister of finance and economy, addressed an audience of approximately 250 invited guests at a luncheon in his honor held in the Astor Ballroom of the Inter-Continental Hotel. The luncheon was cohosted by Goldman, Sachs & Co.

After his introduction, Jin attributed the rapid recovery South Korea had made from the 1997 financial crisis to three irreversible transformations: a strengthened regulatory system that has enhanced transparency by improving accounting standards and starting reforms in corporate governance; an open economy based on market-determined credit and an "Ongoing Credit Risk Assessment System;" and a

welcoming attitude toward foreign investment. Jang noted that foreign investment in South Korea after the financial crisis were double what it had been before and that foreign investment now accounted for 36 percent of the market capitalization of the KOSPI index.

Jin then spoke about future reforms envisioned for the South Korean economy. As examples, he mentioned the government plan to privatize government-owned banks, with a goal of completing the process in the next three or four years, and the sale of some companies.

Jin concluded his speech with an appeal to investors to join in making South Korea a "dynamic business hub of Asia." Noting that "forty-three cities with a population of one million or more are located within a three-and-



Jin Nyum (center)

one-half-hour flight from Seoul," Jin also cited the rapid growth of high-tech industries and South Korea's status as the number one country in terms of proportion of population with high-speed internet connections as evidence for South Korea's compelling value as a business hub. He said South Korea's

commitment to free markets and its efforts to liberalize investment, focus on high technology and provide professional manpower created exciting opportunities that foreign investors should not miss.

CURRENT BUSINESS CLIMATE IN KOREA: A FIRSTHAND ACCOUNT FROM THE AMERICAN CHAMBER OF COMMERCE IN KOREA

April 18 • New York, NY

Jeffrey Jones, president of the American Chamber of Commerce in Korea, moderated a discussion of economic and business conditions in Korea before 80 guests at the Citigroup Center. Jones pointed out that there is a two to three year lag between actual economic developments in Korea and foreigners

becoming aware of them. He praised the continuing efforts by all levels of the Korean government to make Korea an easier place in which to do business. The marked increase in foreign direct investment over the last couple of years is a tribute to the success of these efforts.

Jones lamented the fact that few small American businesses are even attempting to market their products in Korea, and noted that the EU is clearly more active than the U.S. in both investments and the introduction of new small business ventures. Sluggish U.S. automobile sales in Korea, the pricing of drugs and intellectual property rights issues (piracy in particular) were cited by Jones as examples of continuing problem areas between the U.S. and Korea. He also said that "the politics of the American movie industry" is the only major remaining obstacle to the establishment of a bilateral investment treaty between the two countries.

Il-Young Maing, president of United Technologies, spoke positively of his company's activities in Korea, which now ranks as number three among foreign corporations in terms of overall investment in Korea. Tami Overby, the

executive director of the American Chamber of Commerce in Korea, and Al Rajwani, general manager of Proctor and Gamble Korea, also spoke positively of the current economic trends in Korea.

RETURNING TO SUSTAINED GROWTH IN ASIA: HOW ASIA'S ECONOMIES CAN COMPETE IN CHALLENGING TIMES

April 22-23 • New York, NY

The Korea Society joined other organizations in cosponsoring a conference that coincided with the conclusion of the World Bank and the International Monetary Fund Spring Meetings in Washington, DC. The objective was to bring Asia's government and industry leaders together with American policy-makers, global investors and senior executives from multinational corporations to discuss the reforms needed to put the Asian economies back on track.

WORLD CUP KICKOFF RECEPTION

April 24 • New York, NY

More than 250 guests attended a gala reception to launch the festivities attendant to the World Cup matches to be held in Korea and Japan. Organized jointly by The Korea Society, Japan Society and the New York-New Jersey Metrostars, the event was held at the Citigroup Center. It was sponsored by a number of leading Korean and Japanese companies, tourism organizations and business associations.

The clear high point of the event came during the remarks made by Ambassador Cho Wonil, the Korean Consul General in New York. Toward the end of his speech, Cho said, "I am a Korean and consequently, I am rooting for the Korean soccer team. However, in my mind, the true victory has already been won: My country,



Left: Tami Overby

Below (l-r): Al Rajwani, Il-Young Maing, and Jeffrey Jones





Amb. Cho Wonil

the country that was an economic wasteland some fifty years ago, today is a cohost of the World Cup.”

KOREA AS A NEW INVESTMENT FRONTIER

May 15 • New York, NY

Shin Kook-Hwan, the minister of commerce, industry and energy of the Republic of Korea, was the guest of honor at a distinguished visitor luncheon held at the Waldorf-Astoria. He addressed a standing-room-only crowd on the subject “Korea as a New Investment Frontier.” Shin was the first minister of commerce, industry and energy ever to speak publicly in New York, and he made the most of his opportunity. His remarks were preceded by a video presentation, “Korea’s Economic Recovery and Business Environment,” that vividly outlined South Korea’s current economic status and the major steps it has taken to make foreign direct investment more attractive.

Shin began with a summary of the four major areas where reforms were carried out by the Kim Dae-jung administration: the financial system, the corporate sector, the public sector and the labor market. The restructuring is still ongoing but the Korean economy definitely operates on very different principles than before. The economy has been brought into line with global

standards and will evolve into a full-fledged market economy more similar to that of the United States than that of Japan. In the financial sector, a major target of the reforms, banks were either forced out of the market or recapitalized through nationalization, purchase or investment. In the corporate sector, 95 highly-indebted companies with loans exceeding 50 billion won were forced out of business and corporate transparency was improved by new rules empowering minority shareholders, requiring the appointment of outside directors, and mandat-

establishing an environment conducive to productive labor-management relations.

Shin then described several significant changes in the Korean economy. Foreign direct investment (FDI) into Korea has grown tremendously—the \$52 billion of the last four years more than doubled the amount invested during the 36-year period prior to the financial crisis. Korea made extraordinary strides in establishing a high-speed communication network and spreading the use of the Internet, leading to landmark progress in developing the IT



Shin Kook-Hwan

ing clearer accounting practices and greater public disclosure. In the public sector, massive layoffs, management innovation and steps to privatize eleven major state-owned companies enhanced efficiency and competitiveness. Labor reforms were aimed at increasing labor market flexibility and

industry. The number of start-ups in Korea has increased exponentially thanks to the formation of an environment where venture firms are able to concentrate on technology development and commercialization. Sales revenues of start-ups as a percentage of GDP have increased from 2.7 percent

in 1997 to 7.4 percent in 2000. These changes have helped the economy grow at a very healthy rate, reduced unemployment and replenished foreign exchange reserves.

According to Shin, Korea's most important future goal will be an industrial paradigm shift from quantitative growth to qualitative, innovative growth based on advanced technology, greater productivity and high value-added products. Korea also plans to raise its competitiveness as a favorable place to do business by creating a cooperative relationship between labor and management, heretofore regarded as a major obstacle to foreign investment.

These changes will help make the Republic of Korea the business hub of Northeast Asia, and Korea has several advantages that make it well placed to serve as a focal point for multinational corporations' regional headquarters. First, Korea is blessed with the geographic advantage of being situated at the center of Northeast Asia, illustrated by the fact that Seoul is located

within a three-hour flight from 43 cities with populations of over one million. Second, Korea has several large ports, which will connect, if inter-Korean relations improve as expected, with Asia and on to Europe via the linking of our railroad system with the Trans-Siberian Railroad (TSR) and the Trans-China Railroad (TCR). Third, Korea has an advanced IT infrastructure and a highly educated and diligent workforce that is more skilled than that of China and cheaper than that of Japan. Fourth, Korea has a diversified and strong manufacturing base ranging from light industry to petrochemicals to heavy manufacturing.

But most of all, Koreans recognize that a drastic paradigm shift is necessary for the continued success of the Korean economy. As seen by the breakneck speed of past economic development and the astonishing rebound from the 1997 financial crisis, Korea possesses the resiliency to respond quickly to the changing environment. However, the continued attraction of foreign investment by ensuring a friendly business environment

and maximum assistance to foreign investors is a prerequisite for realizing this dream of becoming the business hub of Northeast Asia. The Korean government will make every effort to ensure that Korea is one of the most attractive places in Asia to do business. In this regard, inducement of foreign investment is a top priority, as seen by enactment of the Foreign Direct Investment Promotion Act in 1998. This landmark piece of legislation has streamlined investment procedures and provides a variety of factory site and tax incentives.

Shin concluded by citing Hewlett Packard, Texas Instruments and Walmart as U.S. corporations that have advanced into the Korean market and reaped solid business success. He encouraged other American companies to seek the many profitable opportunities to be found by investing in Korea. Noting that Korea would be cohosting the world's premier soccer event, the FIFA World Cup Finals in two weeks, he invited those present to come to Korea and enjoy soccer matches, while also witnessing first hand the dynamic Korean economy.

RESOLVING CROSS-BORDER FINANCIAL DISPUTES BETWEEN U.S. AND KOREAN BUSINESS ENTITIES: FROM NEGOTIATION TO COLLECTION

May 16 • New York, NY

Charles Yoon, a partner in the litigation department of the law firm of Thelen Reid & Priest LLP, addressed a business roundtable luncheon on the topic of "Resolving Cross-Border Financial Disputes Between U.S. and Korean Business Entities: From Negotiation to Collection." Among other themes, Yoon stressed the importance of planning for a dispute resolution process in advance in case a deal does not go as intended. He explained the various legal options open to businesses, such as choosing a forum for litigation and whether to opt for arbitration over litigation. He also



Charles Yoon

elaborated on informal mediation procedures that can be used prior to a more formal resolution of a dispute and clarified some of the legal and practical issues encountered in litigating, arbitrating and enforcing any judgment or arbitral award.

THE SOUTH KOREAN ECONOMY IN THE CHANGING NORTH PACIFIC ECONOMIC SPACE: RISING CHINA, DECLINING JAPAN, CONFUSING AMERICA

May 21 • New York, NY

Jeffrey Shafer, vice chairman of Salomon Smith Barney International, has long been an enthusiastic observer of South Korea's efforts to become a truly modern economy. Shafer spelled out just how these efforts have paid off in a very stimulating business roundtable luncheon presentation. Citing Seoul's GDP growth as second only to China's, the South Korean credit rating, now the highest in Asia, and the over 90% growth in the Korean stock market since last September, Shafer said simply, "Korea has weathered the global recession very well." Broadening his focus,



Jeffrey Shafer

Shafer opined that Asia as a whole looked quite healthy, though he was less bullish about the United States. In closing, Shafer said that Korea's commitment to reform is deep and growing, especially among younger people.

EMPLOYMENT ISSUES FACING KOREAN COMPANIES AFTER 9/11

June 11 • New York, NY

William J. Milani, Robert S. Groban, Jr. and Howard Pianko, attorneys with the law firm of Epstein Becker & Green, were presenters in a breakfast



Howard Pianko

forum devoted to exploring areas of special concern to employers in the aftermath of 9/11. The topics discussed included: military leave rights,

corporate reorganizations, immigration issues, and workplace security and privacy issues. There also was a discussion of the use of stock option rights for U.S. operations as well as pension plans and contributory benefits in light of the abuses uncovered following the collapse of the Enron Corporation.

AFTER THE WORLD CUP: WHAT'S NEXT FOR KOREA?

July 30 • New York, NY

The Korea Society joined the Asia Society as the cohost of a luncheon for Chung Mong-Joon, a member of the ROK National Assembly since 1988 and president of the Korea Football Association, as part of the Asia Society's ongoing CEO Forum series. In

M.B.A. CAREER FORUM: WHO SHOULD GET AN M.B.A.—AND WHO SHOULDN'T?

September 20 • New York, NY

The Korea Society joined with New York Seoul to host a career forum for young Asian American students and professionals interested in getting an M.B.A. degree. Six panelists from the business community participated in this event. They included Roger An, vice president of SK USA; Philip Chen, research analyst at MacKayShields; Catherine Kim, associate director at UBS Warburg; Jonathan Kim, financial advisor at AXA Advisors; Julia Min, assistant dean at the New York University Leonard N. Stern School of Business; and Henry Tang, chairman of the Committee



(l-r): Winston Lord, Richard Smith, Richard Holbrooke, Chung Mong-Joon, Nicholas Platt and Donald P. Gregg

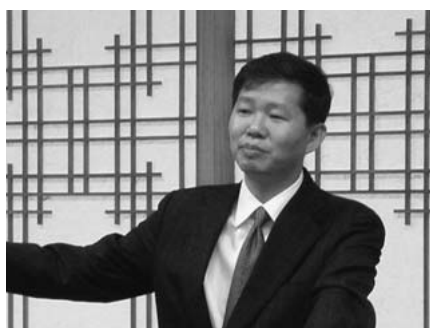
his luncheon address, Chung spoke enthusiastically about the results of the World Cup and its impact on Korean national and regional politics.

of 100. Max Han, founder of New York Seoul, moderated the program.

SETTING BENCHMARKS FOR KOREA: UNSEEN CHANGES LEADING TO STRUCTURAL CORPORATE REFORM

September 24 • New York, NY

In a business roundtable luncheon program, Thomas Chan-Soo Kang, chairman & CEO of Seoul Securities Company, discussed the remarkable performance of the Korean economy in the last few years, with a particular focus on the



Thomas Chan-Soo Kang

causes of this growth as well as the challenges that lie ahead.

He began with the question of why Korea has done so well, outperforming most of the world even as many other global economies have suffered. Much of Korea's growth can be attributed to financial reforms and government policies, he said. Nonetheless, Kang argued, the recent upturn in the Korean economy is mostly due to changes in the corporate psyche. He noted that both the bond and bank markets are now brutally honest and that banks will not lend money to a company with bad credit, so corporations must be profitable to access credit markets. In fact, profitability has become an important priority for companies and their CEOs. Kang concluded his remarks with a cautionary word about the challenge posed by

China as the world's fastest growing economy. He stressed the need for Korea to remain nimble and flexible to meet this challenge.

KOREA: THE WAY FORWARD

October 1 • New York, NY

The Korea Society joined Deutsche Bank, Goldman, Sachs & Co. and Salomon Smith Barney to cohost a



Jeon Yun-Churl

luncheon in honor of ROK Deputy Prime Minister and Minister of Finance and Economy Jeon Yun-Churl.

Jeon stated that the financial crisis in 1998 had forced Koreans to question the foundation of their economy and to transform it fundamentally from what it had been four years ago. As evidence, Jeon noted several major accomplishments. The banking system has been consolidated and is now profitable. More than 600 banks have been closed and bad loans are down to 2.7%. Banks, even with aggressive provisioning for bad loans, are expected to make seven to eight trillion won in profits this year and the government is accelerating bank privatization. Corporations have deleveraged and restructured, and now put profits ahead of market share. This change is one reason why profits of

listed corporations reached 17 trillion won—the highest first half profit in Korea's market history. Transparency and corporate governance have improved as accounting and auditing standards have been brought into line with international best practices, outside directors have been appointed to corporate boards, cross-guarantees have been eliminated, and minority shareholder rights have been strengthened. The public sector has become more efficient as seven out of eleven state-owned firms have been privatized and 140,000 jobs in the public sector have been abolished. The labor market has become more flexible as layoffs have become easier and more common, and with the establishment of a temporary work system.

Jeon gave several reasons why the reforms would remain in place no matter who won the upcoming election. Although they disagree on some issues, no candidate has suggested that the reforms be scrapped. Korea's foreign exchange reserves are the fourth largest in the world; the financial sector is well capitalized and the economy is well managed; South Korea's relations with the North have been both peaceful and fruitful since the 2000 South-North summit; and Korea is positioned between the two largest markets in Asia. Jeon concluded by inviting his audience to share in Korea's future by experiencing a country that has stepped up to the challenge of change, growth and leadership in the 21st century.

RECREATING ASIA: VISIONS FOR A NEW CENTURY—A NEW BOOK BY THE WORLD ECONOMIC FORUM

October 29 • New York, NY

In a program hosted by Merrill Lynch Investment Management and cosponsored with the China Institute and the Japan Society, Frank-Jürgen Richter, the director for Asia of the World Economic Forum in Geneva, spoke



Frank-Jürgen Richter

about the economic situation in Asia. The main theme of Richter's presentation was that China is the most likely primary engine of growth for the world economy during the coming century. Richter argued that the U.S. has economic problems that will prevent it from maintaining this role; Europe is too casual to assume it; and Japan is still unwilling to resolve its economic problems and will fall behind. China faces a number of problems like pollution, the need to restructure old state industries and a growing economic disparity between the coast and inland areas, but it seems to be capable of moving beyond them, is already challenging countries like Mexico and has the potential to challenge the U.S.

SUNSHINE POLICY: THE ROAD TO PEACE AND COOPERATION

November 18 • New York, NY

Jeong Se-Hyun, minister of unification of the Republic of Korea, gave his assessment of relations between South and North Korea in a presentation delivered during a breakfast forum in The Korea Society's distinguished visitors series.

In his presentation, Jeong stated that the Sunshine Policy does not tolerate any provocation from North Korea that may be a threat to peace on the Korean peninsula, but that the policy also reflects South Korea's desire not

to act in any way that threatens North Korea. As illustrations, Jeong cited the naval skirmishes in 1999 and 2002, where South Korea responded firmly while maintaining active communication with the North. This South Korean policy kept the 2000 summit on track and, after the North expressed regret over the 2002 provocation, made it possible for the North and South to finalize plans for connecting inter-Korean railways and highways and constructing an industrial complex in the northern city of Kaesong.

Inter-Korean exchanges and cooperation also have expanded significantly. Since the beginning of the Kim Dae-jung administration, 36,000 South Koreans have visited North Korea for such purposes as the inter-Korean dialogue and for economic, cultural and athletic programs; tourist visits to Mt. Kumgang in North Korea have passed 500,000; and inter-Korean trade has increased to \$400 million.

These achievements, Jeong stated, mark a significant shift in North Korea's policy toward the South: "In the past, denying the legitimacy of South Korea, North Korea resisted our overtures for dialogue and the

shown a willingness to cooperate with South Korea by participating in various governmental-level dialogues, including the summit meeting and ministerial talks."

In reference to concerns over North Korea's nuclear program, Jeong stated South Korea's position as one of intolerance towards any kind of nuclear development by the North. But, noting that "over 85% of the South Korean people support a peaceful solution to the matter," Jeong was hopeful that the concerned nations would cooperate and maintain a common stance on the nuclear issue so that a peaceful solution could be found. "Based on our strong alliance, South Korea and the U.S. have been working in close cooperation for peace and security on the Korean peninsula... Our pursuit of peace on the peninsula... and the reunification of Korea are not objectives that can be accomplished overnight. We must... exercise our wisdom so as to turn crises into opportunities."

WHAT'S NEXT FOR THE ECONOMIES OF THE KOREAN PENINSULA? ECONOMIC RENEWAL AND REFORM IN THE TWO KOREAS

December 12 • New York, NY

Kim Yong-Duk, deputy minister of finance and economy of the Republic of Korea, was the keynote speaker at a New York business conference presented by The Korea Society and sponsored by Citigroup. Brief presentations by a six-member panel of economic experts followed his address.

Kim's assessment of South Korea's future economic prospects was largely optimistic, although he admitted to some concern about "the rising trend in household lending by banks in Korea and the resulting rise in credit delinquencies." He noted several key indicators of economic strength and



Jeong Se-Hyun

promotion of exchanges. Today North Korea has changed its position and



top: KimYong Duk

middle (l-r): Vincent Truglia, David Coe and Marcus Norland

Korea as essentially a fiscal threat to the South, with the costs of rapidly merging the two economies being well beyond Seoul's capabilities. Joyce Chang, managing director and head of emerging markets research at JP Morgan Chase, echoed this concern. Robin Gvozden, senior vice president and head of Asia sovereign research at Lehman Brothers, saw reunification as inevitable and requiring foreign assistance. Marcus Noland, senior fellow at the Institute for International Economics and author of *Avoiding the Apocalypse: The Future of the Two Koreas*, a book on the problematic North Korean economy, expressed the view that the North was "starting to unravel." David Coe, assistant director of the Asia and Pacific department at the IMF, spoke of North Korea's strange rela-

ed. He was very optimistic about the shift to rule-based regulations and away from "outcome oriented regulations." He also noted that Korean bureaucrats have become more helpful to foreign investors, and that audits in Korea have become "more serious."



was confident that economic reform would continue, regardless of the outcome of the 19 December election.

William W. Ferguson of Citigroup then moderated lively presentations and discussion by the six panel members.

Vincent Truglia, managing director of Moody's Investors Service, saw North

relationship with his organization. North Korea is not a member of the IMF nor has it applied for membership. The IMF has had virtually no contact with North Korea since 1997. Charles Kaye, co-president of Warburg Pincus, spoke positively of his firm's experience in South Korea, with \$350 million invest-