

Corporate Affairs

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

Seoul-Washington Relations Over the Next Two Years

January 18 • New York, NY

Addressing a business roundtable luncheon, Amb. Donald P. Gregg offered his perspectives on the challenges and opportunities facing the new administration in Washington in the area of Korea policy.



Donald P. Gregg

Noting that the first two years of the George W. Bush administration coincide with the last two years of the Kim Dae-jung administration, Gregg stressed the tremendous importance of this period for the relationship between the two nations.

Emphasizing his view that Korea is emerging as the hub of Northeast Asia, Gregg listed three things that need to be handled at an early date: first, the choice of a seasoned American ambassador to Seoul; second, the scheduling of a meeting between Kim Dae-jung and George W. Bush; and third, the initiation of the planning process for an eventual decrease in the level of U.S. troops in Korea and Japan, which would be implemented only after North Korea has shown in a demonstrable way that it is no longer considering the use of military force.

Post IMF Financial Reform in Korea: Progress to Date and Continuing Challenges

February 8 • New York, NY

Mr. Paul Ford, a senior partner at Simpson Thacher and Bartlett, led a discussion of the current status of economic reform in Korea at a business roundtable luncheon. Ford described how the Korean economy over a thirty-year period had shifted away from agriculture, raw materials and light industry export toward high-end manufactured goods (electronics, ships, machinery, steel, semiconductors and automobiles) export. The growth and prosperity that Korea experienced through this transformation process were very impressive, but in retrospect it is clear that problems were about to set in. The global overcapacity along with declining exports, corporate debt, and decreasing foreign currency

reserves, in Ford's view, led to the financial crisis that took place in 1997.

What followed was an amazing recovery from the financial crisis. As Ford noted, however, problems remain such as the upcoming maturity of a large inventory of corporate debt and a looming liquidity crunch. It is also estimated that both imports and exports will decrease while inflation will increase slightly.

With this scenario facing Korea, there will have to be a continuing effort on all parts to face the challenge. The banking sector needs to improve its credit risk evaluation through effective implementation of forward-looking criteria. The corporate sector needs to be restructured in several aspects; a separation of ownership and management must be established; and management needs to be held more accountable (in part by public shareholders).



Paul Ford

Despite the problems that exist, Ford said, he doesn't doubt that Korea will pull through, but only wonders how much pain will have to be endured in the process before ultimate success is achieved.

Korea's Economic Reforms: Past, Present and Prospects

March 12 • New York, NY

In an address delivered at a distinguished visitors series luncheon, Dr. Lee Ki-ho, senior secretary for economic affairs in the Blue House, strongly reaffirmed the Kim Dae-jung administration's continuing commitment to promote economic reforms. The program was moderated by Mr. Oliver N. Greeves, president, Asia-Pacific, MetLife International. Lee was introduced by Mr. Michael B. G. Froman, executive director, Citigroup.

Lee began his remarks by affirming the basic objectives of the South Korean government's three-year effort to carry out a structural reform of the economy. He cited the need to eliminate the distortions and irregular practices of the past; specifically,

the collusion between business and politics and a financial sector subservient to the dictates of the government. Thus, he said, the government has focused its economic reform efforts in four key areas; the corporate, financial, public and labor sectors. Considering the reform fatigue and complacency that have occurred in many sectors of the Korean economy, Lee said, the main concern at this juncture is whether the Korean

economy can achieve sustainable growth. Further, because of the slowdown in the world economy, weakening global stock markets and high oil prices, the external environment has been worsening. Nonetheless, Lee said he remains confident that further reforms will establish a solid economic foundation for Korea's transformation into a competitive player, even in the midst of external difficulties.



Lee Ki-ho



Yang Sung-chul

KEI Spring Advisory Council Meeting Luncheon

March 28 • New York, NY

The Korea Society hosted a luncheon for members of the advisory council of the Korea Economic Institute (KEI) in conjunction with the spring meeting. The guest speaker was ROK Ambassador to the United States Yang Sung-chul.

Current Business Climate in Korea

March 29 • New York, NY

A delegation from the American Chamber of Commerce in Korea (AMCHAM-K) presented their perspectives on Korea's current business climate in a breakfast forum co-sponsored by the Korea Economic Institute (KEI). Opening remarks were given by Amb. Donald P. Gregg and Mr. Joseph A. B. Winder, president of KEI. The presenters included Mr. Jeffrey D. Jones, president of AMCHAM-K and an attorney at Kim & Chang, who served as



(l-r) Jeffrey D. Jones, Il-Young Maing, Bryce J. Buchanan, Pietro Doran and Tami Overby

the moderator of the program; Mr. Bryce J. Buchanan, treasurer of AMCHAM-K and a partner at PricewaterhouseCoopers; Mr. Pietro Doran, a vice president of AMCHAM-K and senior advisor to the Morgan Stanley Real Estate Fund; Dr. Il-Young Maing, a vice president of AMCHAM-K and president of United Technologies; and Ms. Tami Overby, executive director of AMCHAM-K.

Jones began his presentation by stating that the Republic of Korea, with its thriving democracy and dynamic economy, is strategically positioned as a trade and communications hub in Northeast Asia. Along with the other presenters, he applauded the reform efforts made by the administration of President Kim Dae-jung.

In light of these reforms and changes, Jones stated that Korea, in its third year of recovery since the IMF crisis, has been relatively successful in creating a market-based economy. However, there are still regulatory changes and "clean-up" measures that need to be implemented in order to establish a sound market-based economy. Jones also pointed out that the disconnect and lag in the conveyance of information to the U.S. about the business potential and foreign investment opportunities available in Korea pose a serious disadvantage to the U.S. As for the role of the Korean government in stimulating greater awareness of these opportunities on the part of the U.S., the presenters stressed the importance of continuing to implement, support and oversee policies

and practices that will enhance transparency in the industrial, financial and public sectors.

Bringing their remarks to a close, the presenters characterized Korea as a country with a well-educated and well-informed work force that is now becoming a sophisticated consumer society with ever-increasing diversity. Noting that Korea also has a vibrant hi-tech sector with particular strengths in telecommunications and the Internet, as well as a world class "old economy" manufacturing sector, the presenters voiced their optimism about the developing trends in Korea's business climate and strongly urged U.S. and foreign investors to realize the potential of the Korean market.

Korea's Economic Restructuring

April 18 • New York, NY

Dr. Oh Kap-Soo, an assistant governor of the Financial Supervisory Service, discussed the progress and prospects of Korea's economic reform efforts in a business roundtable luncheon program. In his presentation, Oh argued that Korea has become "a model of economic reform" in the aftermath of the financial crisis that hit the country just a little over three years ago. "The sweeping reforms and restructuring programs we have embarked upon since the onset of the crisis have not only overhauled Korea's financial and corporate sectors," he said, "but they also have changed the basic orientation of the economy to a more transparent, market-based and globalized paradigm."

As an indication of this transformation in the financial sector, Oh cited the adoption of international best practices based on the U.S. Generally

Accepted Accounting Principles (US GAAP), which means that Korean financial institutions are being held to much higher accounting and disclosure standards than was the case previously. In addition, non-performing loans held by financial institutions must be identified and disclosed in a fully transparent process, he said, and banks must now account for all estimated potential losses in their financial statements.

Oh pointed out that the restructuring of financial institutions has produced major improvements in corporate governance and accountability as well. Included are such changes as the introduction of an outside director system, the mandatory establishment of an audit committee to promote sounder management and the stiffening of penalties against deceptive accounting practices.

Recognizing that stronger regulatory oversight often has been cited as



Oh Kap-Soo

one of the factors that could have helped to prevent the crisis, Oh said, the government has instituted major upgrades to the system of financial supervision and regulation. "And with the historic establishment of the nation's supreme and consolidated financial supervisory agency, the Financial Supervisory Commission (FSC), and its executive arm, the Financial Supervisory Service (FSS)," he argued, "Korea today boasts an organization that can conduct coordinated supervision of diverse financial industries and institutions." In

the area of corporate sector restructuring, according to Oh, both the government and Korea's large industrial conglomerates, the *chaebol*, have vigorously pursued the five basic principles of reform agreed to in 1998, which are: (1) to enhance overall management transparency; (2) to eliminate all cross-debt guarantees among affiliates; (3) to improve capital structures on an ongoing basis; (4) to focus upon core competencies; and (5) to strengthen accountability of controlling shareholders and management. Oh added: "Producing lasting improvements in the capital structures and long-term investment strategies of the *chaebol*, however, is the key to the continued success of corporate sector restructuring efforts." Accordingly, he noted, stricter guidelines on the extension of credit by financial institutions have been established to limit the ability of the *chaebol* to make reckless investment decisions as well as to compel them to pursue more feasible investment plans while reducing excessively high debt-to-equity ratios. And in line with these efforts, he said, the re-focusing upon core competencies and dissolution of unprofitable business units has become an increasingly important part of corporate restructuring efforts.

In concluding his presentation, Oh reaffirmed his government's commitment to economic reform: "It takes time to change institutions and practices, and even longer to transform cultures and attitudes. But, no matter how long it takes, the Korean government will continue to make every effort to complete the process of creating a fundamentally sound financial system and economy in the most consistent and transparent manner. The international community will, of course, remain well informed of the progress that we make, as well as the problems that we encounter, in our economic reform and recovery efforts."

Free Trade between Korea and the United States?

April 26 • New York, NY

In a business roundtable luncheon presentation, Mr. Jeffrey J. Schott, a senior fellow at the Institute for International Economics, offered his perspectives on the challenges and opportunities for free trade between Korea and the United States. Noting that free trade agreements (FTAs) are proliferating in the Asia-Pacific region, Schott pointed out that Korea, for the first time, is pursuing such accords as part of a strategy to restructure its economy and sustain the recovery from the 1997-98 economic crisis. In his presentation, Schott examined the economic and political benefits and challenges of pursuing bilateral FTA negotiations as well as the impact of a prospective pact on other trading partners, on the Asia-Pacific Economic Cooperation (APEC) forum and on the multilateral trading system.



Jeffrey J. Schott and Donald P. Gregg

Schott pointed out that over the past few years there has been a dramatic resurgence of bilateral trade initiatives in the Asia-Pacific region. To date, the Korean FTA initiatives have involved small trading partners who pose a relatively modest competitive threat to domestic industry and agriculture. According to Schott, it appears as though Korea is engaging in trial runs of FTAs with Chile, and possibly New Zealand and Singapore, before entering into bilateral talks with Japan and the United States.

With regard to the U.S. interests in establishing an FTA with Korea, Schott provided several possible benefits of a bilateral initiative between the two countries. The primary reason for the United States to consider a free trade agreement with Korea would be commercial interest. In a mercantile sense, the U.S. would benefit from increased trade and investment, and in particular, increased agricultural and services exports to Korea. The U.S. could also use its expanded access to the Korean market as a platform for sourcing throughout Northeast Asia. Moreover, the U.S. could use the FTA with Korea as a catalyst to launch the next stage of the regional free trade movement within APEC and as a building bloc to further progress in the multilateral trading system. In a political sense, the U.S. would benefit from a further strengthening of its security ties with Korea that could result from an FTA. Schott believes that such an agreement would send a signal that the U.S. commitment to a prosperous Korea and to peace and stability on the Korean peninsula and in Northeast Asia remains firm. Though establishing a free trade agreement between the United States and Korea will not be easy, Schott expressed optimism about the feasibility of achieving this objective, which he believes will return significant economic and political dividends.

Chairman's Special Event: Dinner with Seoul Mayor Goh Kun

May 9 • New York, NY

Amb. Donald P. Gregg, president and chairman of The Korea Society, hosted a dinner for H.E. Goh Kun, the mayor of Seoul, and a group of prominent corporate leaders at the Waldorf-Astoria Hotel. Mayor Goh discussed the Seoul Metropolitan Government's plans to establish a hi-tech, IT-oriented center in the outskirts of Seoul that will be known as Digital Media City (DMC).



(l-r) Donald P. Gregg, Sharon L. Greenberger, Wilbur L. Ross, Jr., Goh Kun, Alfred R. Kahn, Theodore Roosevelt IV, Nicholas Bratt and Jack Maisano

Transforming Korea's Development Model: Linkages Between the Old and New Economy

May 17 • New York, NY

In a keynote address delivered at a business conference held at The Waldorf-Astoria, Mr. Jae Hoon Lee, the director general of the Industrial Policy Bureau in the ROK Ministry of Commerce, Industry and Energy, gave an overview of the current status of the Korean economy and the rapid growth of e-commerce within Korea. Amb. Donald P. Gregg, president and chairman of The Korea Society, gave the opening remarks and Mr. Jeffrey R. Shafer, vice chairman of Salomon Smith Barney International, moderated the program. The presenters were: Mr. Lee Hee-Gook, president of the LG Electronics Institute of Technology; Ms. Leslie Norton, Asia editor of *Barron's*; Mr. Lee Seung-Cheol, director of the Knowledge-Based Economy Center and head of the Planning Division of The Federation of Korean Industries; Mr. Charles Kaye, executive managing director of Warburg Pincus; and Mr. John J. Lee, managing director of Zurich Scudder Investments. The conference was cosponsored by the Asian Wall Street

Journal Weekly Edition, Citigroup, The Federation of Korean Industries, the Korean Chamber of Commerce and Industry in the USA, Inc., Pohang Steel America Corporation and PricewaterhouseCoopers LLP.

Lee Jae Hoon began his address with a review of the current downward trend in the Korean economy, but stressed that the recent stabilization of production, consumption and stock prices are signs of recovery. He then went on to describe the ongoing paradigm shift in the Korean economy from post-IMF crisis restructuring to a "knowledge-based economy" focused on e-commerce and the IT sector. He attributed much of the overall economic growth in Korea to the expansion of the IT sector, pointing out that the growth of this sector accounted for 50.5% of the overall growth of the GDP in 2000. As for the role of the Korean government in regulating e-commerce, he argued that the government should avoid undue restrictions and allow the private sector to lead. Where government involvement is needed, he said, its aim should be to support and enforce a predictable, minimalist, consistent and simple legal environment. In concluding his presentation, he

stressed that Korea is becoming one of the most attractive investment destinations among countries at its level of development.

Lee Seung-Cheol agreed that growth in the IT sector has created a favorable e-commerce environment in Korea. Citing a survey showing that there are 20.9 million internet users in Korea, including 15.8 million mobile phone internet users, he pointed out that Korea currently ranks seventh in the world in numbers of internet users. With a fiber optic broadband network providing high-speed Internet services for over four million subscribers, Korea also is emerging as one of the leading countries in broadband internet connections. In short, he said, widespread and advanced internet usage in Korea has led to a growth in e-commerce that is providing investment opportunities and incentives for Foreign Direct Investment (FDI). While acknowledging the rapid growth of e-commerce in Korea, however, Lee cited some of the dilemmas facing e-commerce, particularly in venture companies, such as a lack of infrastructure, expertise, communication and benchmarking.



(l-r) Jeffrey Shafer, Lee Jae Hoon, Lee Hee-Gook and Leslie Norton

Charles Kaye argued that the Internet should be seen as a medium to transform the economy, not a market, and emphasized the need for all companies to adapt and embrace technology for more efficiency. He also expressed the conviction that the proper role of

the government is to "level the playing field."

Lee Hee-Gook gave an overview on how LG Electronics is trying to meet the needs of the new economy by emphasizing the "digitalization" of products as well as of the company

itself, and by responding to the challenges of globalization through expanding into strategic countries such as China and India.

John Lee affirmed that the Korean business portfolio has changed considerably in the last ten years. Investment has shifted from large industrial *chaebol* to smaller technological companies with better corporate governance, he said.

Similarly, Leslie Norton voiced great confidence in the new economy and focused on the Internet as the medium for success. She also reiterated the importance of reforming the old economy but expressed confidence that "a bet on Korea is a bet on the new economy."

Overall, the presenters were optimistic regarding the future of e-commerce in Korea.

Reform Update and Economic Outlook in Korea

October 25 • New York, NY

During a business roundtable luncheon, Dr. Oh Kap-Soo, assistant governor of South Korea's Financial Supervisory Service, gave a broad overview of the current state of the economy, reviewed reforms made thus far, discussed future reform efforts and presented Korea's vision for the future.

Oh stated that the Korean economy today demonstrates resilience while still facing ongoing challenges. Although the economy showed signs of recovery and growth in 2000, growth slowed considerably in 2001, along with the slowdown of the global economy. However, despite recent setbacks, the economy remains stable and fundamentally stronger as a result of reform and restructuring.

Oh asserted that Korea maintains a strong commitment to continual structural reforms as a matter of survival rather than a matter of choice. Up to now the government has been putting in place what Oh termed "hardware reforms," legislative and institutional changes. The next major step lies in "software reforms," changes in managerial and business practices and in the mindsets and attitudes of the people. Furthermore, market-driven restructuring will continuously streamline and liquidate nonviable companies through constant competitive pressures.

Oh said policy for the remainder of the year would center on four key issues: 1) clearing up market uncertainties by establishing a constant restructuring system; 2) removing barriers to exports and investments; 3) expanding and utilizing information technology as

an economic growth engine; and 4) cooperating more closely with other international economic entities.

During the Q&A period, several of the guests inquired about specific companies and banks, particularly in regard to mergers with foreign corporations, including the partnership between Daewoo and General Motors as well as Hyundai Securities and AIG. Some guests were also concerned about economic relations between the U.S. and Korea after the September 11 tragedy. Although the financial severity of the impact of the World Trade Center attack remains unknown, Oh asserted that the U.S. has a very strong and resilient economy that will, in time, be able to recover from the tragedy.



Lee Han-Dong

Meeting with Prime Minister Lee Han-Dong

November 9 • New York, NY

In a Chairman's Special Event, Prime Minister Lee Han-Dong spoke to a group of business executives and academics at the Waldorf-Astoria Hotel.

After presenting a short overview of the political situation in Korea, in which he stressed the need for patience in dealing with North Korea, the prime minister addressed several pointed questions from the audience. The questions mainly dealt with the possibility of a second North-South summit, South Korea's developing relationship with China and President Kim Dae-jung's resignation as president of the Millennium Democratic Party.

The Future of the Korean Power Industry

November 13 • New York, NY

A half-day business conference held at the Citigroup Center addressed the issues surrounding privatization of the Korean power industry. Amb. Donald P. Gregg, president and chairman of The Korea Society, began the conference with a keynote address on the prospects for resuming U.S.-North Korea dialogue. Mr. Gary Sullivan, partner at Haynes and Boone, LLP, served as the moderator of the program. The presenters included Dr. Regis A. Matzie, senior vice president of Westinghouse Electric Company; Mr. Edward Lynch, general counsel and director for legal affairs of The Korean Peninsula Energy Development Organization (KEDO); and Ms. Stacey G. C. Jernigan, partner and chair of the Business Reorganization and

Bankruptcy Practice Group at Haynes and Boone, LLP. The conference was cosponsored by *The Asian Wall Street Journal Weekly Edition*, Citigroup, Doosan Heavy Industries, Inc., Korea

Electric Power Corporation and Westinghouse Electric Company.

Gregg began his address by giving a brief history of U.S.-North Korea relations within the past decade.



(l-r) Regis A. Matzie, Donald P. Gregg and Gary Sullivan

Starting from the North Korean missile threat in 1994 to the recent events of September 11, 2001, Gregg covered the significant events that led up to the current break in communication between the two countries. He is confident that talks will start once someone initiates the conversation, but the question remains of who will make the first move.

Matzie spoke about South Korea's long-term power development plan, particularly focusing on how nuclear energy fits into a privatized power industry. As in all industrialized countries, South Korea's energy use is directly related to its GDP. Expanding on this relationship, Matzie stated that electrification drives sustainable growth because more electricity means less total energy expended, creating a more cost-effective supply and decreasing overall costs. He supported the privatization of the power industry since deregulation would ultimately drive the price of electricity down in a stable environment. Since nuclear plant development has been accelerating in South Korea over the past

decade, Matzie offered nuclear energy as an economical source of electricity. Energy security, low volatility of fuel cost, minimized capital outflow and internalized environmental costs were a few of the reasons he gave in support of nuclear energy as a power source for Korea in a deregulated market.

Lynch gave a thorough description of KEDO and its current energy project in North Korea. KEDO was formed in 1995 to implement the 1994 Agreed Framework and includes an executive board of four members (South Korea, Japan, the U.S. and the E.U.) and nine other member countries. It is currently in the process of constructing two 1000-megawatt light water reactors (LWRs) in North Korea. Lynch stated that the LWR project is essential to North Korea because "electric power is an absolute need for a developing country." However, Lynch also pointed out that these plants cannot be operated unless there is a stable energy grid to transmit the power. The power grid in North Korea is in a shambles and it is the North's responsibility to fix it.

Nobody has answered the question of where the funding needed to build a functional power grid will be found.

As the final presenter, Jernigan used the recent California energy crisis to draw a lesson for the Korean power industry. By giving a breakdown of how multi-billion dollar companies such as Pacific Gas & Electric and Southern California Edison went bankrupt or came close to bankruptcy, Jernigan explained the flaws of the system that was created to increase supply and bring prices down. While the California government deregulated the wholesale electric market, the retail rate was frozen, creating a dysfunctional market where prices kept rising. The power companies were also prohibited from hedging, or entering into long-term contracts with generators, putting the retail companies at another disadvantage. Jernigan reiterated Matzie's point by saying that California was not an example of full regulation but rather "partial deregulation." This partial deregulation created a skewed supply and demand balance that eventually resulted in the energy crisis. Jernigan advised the Korean power industry to monitor supply as demand and prices rise to make sure there is enough supply to meet the demand. She also emphasized the importance of hedging and diversification within the power industry in preventing future energy crises.



(l-r) Regis A. Matzie, Edward Lynch and Stacey G.C. Jernigan

A New Look at Korea's Economy

December 6 • New York, NY

During a business conference organized by The Korea Society, financial experts presented their perspectives on the outlook of the Korean economy. The conference opened with two keynote addresses delivered by Mr. William S. Cohen, former U.S. defense secretary and chairman & CEO of the Cohen Group, and Mr. Kwon Okyu, deputy minister of the Ministry of Finance and Economy, Republic of Korea. Mr. Jeffrey R. Shafer, vice chairman of Salomon Smith Barney International, moderated the panel. The presenters were Mr. Theodore Roosevelt IV, managing director of Lehman Brothers; Ms. Vickie Tillman, executive vice president of Standard and Poor's; Mr. Ajai Chopra, assistant director of the Asia and Pacific Department, International Monetary Fund; Mr. Bradley Babson, senior advisor on South and North Korea, World Bank; and Dr. Hiwhoa Moon, adjunct professor at the School of International and Public Affairs, Columbia University. The Asian Wall Street Journal Weekly Edition, Citigroup, FKI and KOCHAM cosponsored the event.

Cohen set the tone for the panel, saying that Korea has surprised many with its rapid progress and early repayment of its IMF debts. However, its early repayment has also relieved pressure to make further fundamental and necessary changes. Much more needs to be accomplished, particularly regarding issues of transparency and accountability.

Kwon outlined in detail the recent developments in the Korean economy, major reform efforts and accomplishments and the remaining challenges and tasks for the next year. Among the goals that still need to be reached are solidifying a sound financial market, constant corporate restructuring and replacing government intervention with



(l-r) William S. Cohen, Kwon Okyu, Jeffrey R. Shafer, Theodore Roosevelt IV, Vickie Tillman, Ajai Chopra, Bradley Babson and Hiwhoa Moon

the increased role of market forces. Kwon pointed to several pieces of legislation that should facilitate the accomplishment of these goals, including the Corporate Restructuring Promotion Law.

Roosevelt began his remarks with a historical overview of Korea's fiscal accomplishments since the early 1960's and the problems of rapid economic development that eventually led to the crisis of 1997. He stated that the nation has made considerable progress in the financial sector during its recent reforms but is lagging in the corporate sector. Citing the need to fully pursue reforms, including politically contentious reforms such as labor reductions and foreign investment, Roosevelt stated that the challenge for Korea today is complex, "in that it lies in achieving the right mix between pursuing reform and deregulation and preserving a stable society."

Tillman outlined the strengths and ongoing challenges to the economy, commenting specifically on the S&P's decision to upgrade Korea's foreign currency rating from BBB to a BBB+. She stated that Korea deserved the upgrade based on its diversified economic base, educated labor force, vibrant democracy and strong external financial position. However, many weaknesses remain, thereby preventing the country from achieving its full economic potential. She cited three areas in which Korea could improve:

further progress in disclosure and transparency, stronger governance practices and "general streamlining in the regulatory environment to allow market forces greater say in shaping the economy."

Chopra praised Korea for its reform achievements, which surpass those of any crisis economy in the region. He stated that although reform will take years and there are many challenges ahead, there are also many opportunities of which Korea can take advantage.

Babson took a different perspective on the issue, as he focused primarily on the economic impact and potential of the relationship between North and South Korea. His presentation focused on three topics: 1) supporting Korean reconciliation and the integration of North Korea into the international economy; 2) building the institutional framework to support greater economic cooperation and integration in Northeast Asia; and 3) helping KEDO establish a new role in inter-Korean relations.

Finally, Moon stated that although Korea received a high score from the IMF on its performance in structural adjustment, this positive rating came too soon and was overstated. He asserted that although Korea has made much progress, the government must continue to pursue further reforms and avoid mixing economic issues with politics.