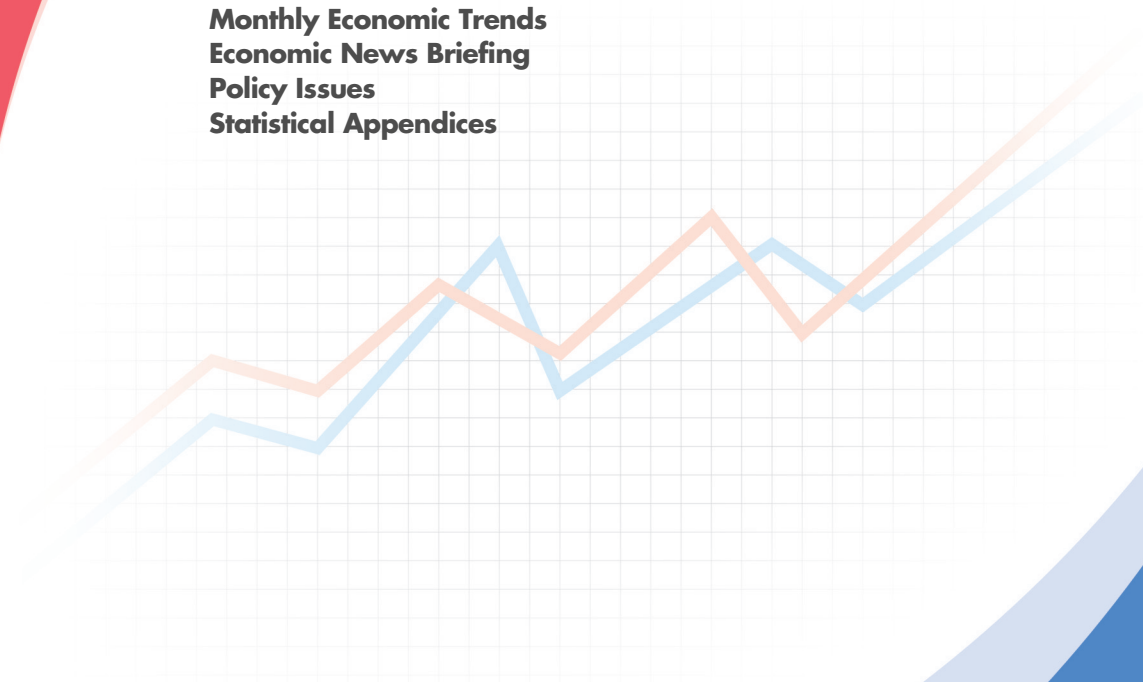


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Republic of Korea Economic Bulletin

Monthly Economic Trends
Economic News Briefing
Policy Issues
Statistical Appendices



MINISTRY OF FINANCE AND ECONOMY
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Republic of Korea

Economic Bulletin

July 2004

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Monthly Economic Trends

Executive Summary

Industrial production continued to grow rapidly, expanding 13.5 percent on-year in May as semiconductor and audio-visual/telecommunications equipment output increased on the strength of surging exports.

- Wholesale and retail sales contracted 2.2 percent on-year in May mainly led by a decline in automobile and retail sales.
- Facility investment turned to rise, up 1.3 percent on-year in May as investment of machinery and telecommunications equipment increased.

Exports surged 39.6 percent on-year to US\$21.86 billion in June led by a strong performance of automobile/parts, semiconductors, wireless telecommunications and computers. Imports also increased 38.6 percent on-year in June to US\$18.62 billion led by an increase in workdays and a substantial increase in oil imports.

Consumer prices remained unchanged from the previous month in June as agricultural product prices decreased, while the cost of personal services and industrial goods climbed.

The unemployment rate declined 0.1 percentage point on-month to 3.3 percent in May as the number of agricultural, forestry, fishery, business, and service sector workers increased.

Long-term interest rates increased in mid-June and then declined as concerns about the delayed economic recovery mounted, to finish the month at 4.24 percent (unchanged from the previous month), including those for benchmark three-year government bonds.

The KOSPI declined in June as the possibility of interest rates increasing in the U.S. and China became more likely. The KOSPI fell 18.05 points or 2.2 percent between the end of May and end of June to 785.79 points.

1. Real Economy

1.1 Industrial Production, Inventory and Operations

Industrial production expanded 13.5 percent on-year in May on the strength of surging exports as on-month production increased 1.9 percent. An increase in semiconductor and audiovisual/telecommunications equipment output allowed the strong performance by offsetting the decline in office/accounting equipment and textile output.

Producer shipments were up 11.0 percent on-year in May as export shipments surged 28.7 percent driven by an increase in semiconductor, audio-visual/telecommunications equipment, and automobile

orders. Domestic shipments increased a slight 1.3 percent as an up-tick in semiconductor and machinery equipment shipments offset slowing audio-visual/telecommunications shipments.

Overall on-year inventory was up 3.5 percent in May as semiconductor and automobile inventories increased, although audio-visual/telecommunications equipment and textile inventories declined.

The average manufacturing operation ratio was 81.3 percent in May, up 0.8 percentage point from April.

	2003				2004			
	May	Q 1	Q 4	Annual	Q 1	Mar	Apr ^P	May ^P
▪ Industrial Production ¹⁾	-0.6	3.2	7.8	5.1	11.0	11.6	11.2	13.5
▪ Total Inventory ¹⁾	11.3	8.1	5.7	5.7	4.2	4.2	1.5	3.5
▪ Shipments ¹⁾	-1.2	2.5	6.8	4.2	9.9	10.9	10.0	11.0
▪ Average Operation Ratio ²⁾	76.3	76.9	80.4	78.3	81.5	80.6	80.5	81.3

1) Percentage change from same period the previous year

2) Percent

P: Preliminary

Source: Korea National Statistical Office

1.2 Consumption

Overall wholesale and retail sales shrank 2.2 percent on-year in May as automobile and retail sales continued to decline – 14.3 percent and 1.6 percent, respectively – and wholesale sales lost ground to post a decline.

Domestic consumer goods shipments were down 4.6 percent on-year in May. Durable goods shipments

declined 11.3 percent as an increase in mobile phone and flat panel display TV shipments was not enough to offset sluggish automobile and refrigerator shipments. Non-durable goods shipments also slipped 1.1 percent on-year as kerosene and gasoline shipments declined in spite of an increase in tobacco and pharmaceutical shipments.

(Percentage change from same period the previous year)

	2003				2004			
	May	Q 3	Q 4	Annual	Q1	Mar	Apr ^P	May ^P
▪ Wholesale & Retail	-1.7	-2.3	-2.0	-1.0	0.1	0.8	0.0	-2.2
▪ Domestic Consumer Goods Shipments	-11.8	-7.0	-6.1	-5.9	-2.4	1.0	-1.2	-4.6
- Durable Goods	-16.8	-14.9	-13.8	-11.5	-6.4	-3.9	-6.7	-11.3
- Non-Durable Goods	-9.0	-2.8	-2.1	-3.1	-0.3	3.5	1.9	-1.1

P: Preliminary

Source: Korea National Statistical Office

1.3 Investment

Facility investment was up 1.3 percent on-year in May as machinery and telecommunications equipment investment increased, despite a decrease in computer investment. The current value of domestic machinery orders surged 20.1 percent on-year in May as orders from both the private and public sector increased.

The current value of completed construction projects was up 9.4 percent on-year in May as private and public sector construction projects increased. Domestic construction orders were, down 24.0 percent on-year, however, as both private and public sector construction orders decreased.

(Percentage change from same period the previous year)

	2003				2004			
	May	Q 3	Q 4	Annual	Q 1	Mar	Apr ^P	May ^P
▪ Facility Investment	-3.5	-6.4	-5.3	-2.3	-3.8	-7.7	-1.6	1.3
▪ Machinery Orders	3.1	-7.5	-5.0	-8.5	19.0	30.8	18.6	20.1
▪ Value of Construction	18.5	17.9	18.6	18.8	9.8	17.0	14.7	9.4
▪ Construction Orders	32.6	47.6	2.1	22.5	-14.2	-3.2	-14.6	-24.0

P: Preliminary

Source: Korea National Statistical Office

1.4 Service Industry Activity

Service sector activity decreased 0.4 percent on-year in May. Communications, transportation, repair and private services increased, while wholesale & retail trade, real estate/rentals, education and

business services slowed. Output declined 1.3 percent on-year, excluding financial institutions and insurance services.

(Percentage change from same period the previous year)

	2003				2004			
	May	Q3	Q4	Annual	Q1	Mar	Apr ^P	May ^P
▪ Service Industry	-0.3	0.6	0.5	1.3	0.8	2.5	0.1	-0.4
- Excluding Financial Institutions and Insurance	-0.3	1.0	1.1	1.5	0.4	1.9	0.3	-1.3

P: Preliminary

Source: Korea National Statistical Office

1.5 Business Indexes

The Coincident Composite Index (CI) remained unchanged from the previous month at 124.5 in May. The Cyclical Component of the Coincident CI, a statistical snapshot of current business conditions, dipped 0.6 point from the previous month to 99.7 in May.

The leading CI was down 0.1 percent from the previous month to 112.0 in May as the business survey index and the composite stock price index declined.

(Base year: 2000)

	2003		2004				
	Nov	Dec	Jan	Feb	Mar	Apr ^P	May ^P
▪ Coincident CI	119.6	120.7	121.6	123.2	123.9	124.5	124.5
▪ Cyclical Component	99.1	99.5	99.6	100.3	100.4	100.3	99.7
▪ Leading CI	110.5	111.3	111.4	112.0	112.0 ^P	112.1	112.0
- On-Month Change (%)	0.5	0.7	0.1	0.5	0.0 ^P	0.1	-0.1
- On-Year Change (%)	2.2	3.1	3.1	3.6	3.6 ^P	3.5	3.3

P: Preliminary

Source: Korea National Statistical Office

2. External Transactions

2.1 Exports and Imports (customs clearance basis)

Exports surged 39.6 percent on-year to US\$21.86 billion in June driven by a global economic recovery as well as an increase in workdays, to set an all-time monthly record. A surge in automobile/parts, semiconductor, wireless telecommunication, computer and ship exports contributed to the strong performance. Exports to China rose 52.2 percent in spite of the belt-tightening policy announced by Chinese authorities, and exports to other major

markets such as the U.S. (39.4 percent), Japan (31.4 percent), EU (53.6 percent) and ASEAN (18.9 percent) also showed solid growth.

Imports were up 38.6 percent on-year in June from US\$13.43 billion for the same period last year to US\$18.62 billion led by an increase in workdays and a substantial increase in oil imports.

	2003					2004	
	May	Jun	1 st Half	2 nd Half	Annual	Jun	1 st Half
▪ Exports ¹⁾	3.5	21.4	17.4	21.0	19.3	39.6	38.6
▪ Imports ¹⁾	6.5	12.5	21.1	14.5	17.6	38.6	25.7
▪ Trade Balance ²⁾	1.2	2.2	3.2	11.8	15.0	3.2	15.5

1) Percentage change from same period the previous year 2) US\$ billion

P: Preliminary

Source: Ministry of Commerce, Industry and Energy

2.2 Balance of Payments

The current account balance posted a surplus of \$3.76 billion in May, up US\$2.62 billion from the previous month.

The goods trade surplus was up US\$0.49 billion from the previous month to US\$3.8 billion in May led by a strong export performance. The service

balance deficit narrowed from US\$0.45 billion the previous month to US\$0.19 billion in May as the deficit in the travel and other service areas narrowed despite a slight decrease in the transportation balance surplus.

The income balance turned to a surplus of US\$0.3 billion in May from a deficit of US\$1.44 billion caused by a substantial fall in dividend and interest payments to foreign investors. The current transfer balance deficit decreased from US\$0.28 billion the previous month to US\$0.15 billion.

The capital account balance registered a net outflow of US\$1.65 billion in May led by a net outflow of foreign portfolio investment funds as well as an increase in foreign securities investment by Koreans.

(US\$ billion)

	2001	2002	2003		2004	
			May	Annual	Apr	May ^P
▪ Current Account Balance	8.03	5.39	1.08	12.32	1.14	3.76
- Goods Trade Balance	13.49	14.78	1.65	22.16	3.32	3.80
- Service Balance	-3.87	-8.20	-0.54	-7.61	-0.45	-0.19
- Income Balance	-1.20	0.43	0.21	0.60	-1.44	0.30
- Current Transfer	-0.39	-1.62	-0.24	-2.82	-0.28	-0.15
▪ Capital Account Balance	-3.39	6.25	1.57	13.13	0.64	-1.65

P: Preliminary

Source: Bank of Korea

2.3 Foreign Exchange Reserves

Foreign exchange reserves were up US\$0.49 billion since the end of May to finish June at US\$167.03 billion. This increase is attributable to a surge in profit taking on foreign currency holdings and

commercial bank foreign exchange reserves at the central bank, and occurred despite a decline in the value of euro-denominated assets when converted into the U.S. dollar as the greenback gained value.

(End-period, US\$ billion)

	2002	2003	2004			
			Mar	Apr	May	Jun
▪ Foreign Reserves	121.41	155.35	163.56	163.64	166.54	167.03

Source: Bank of Korea

Foreign Direct Investment in the Second Quarter

Reported foreign direct investment (FDI) increased 28.7 percent on-year in the second quarter of 2004 from US\$1.55 billion to approximately US\$2.0 billion. FDI was up 89.6 percent on-year to nearly US\$5.0 billion in the first half of 2004.

Manufacturing and service sector FDI increased on-year in the second quarter, with the former accounting for 59.6 percent and the latter 38.3 percent of the total. Manufacturing sector FDI was up 29 percent on-year to US\$1.19 billion in the second quarter, the most since 2002 and service sector FDI was up 87 percent to US\$0.77 billion.

FDI from Japan jumped 302.8 percent to US\$850 million on-year in the second quarter, making it the largest investor in Korea. FDI from the EU declined 1.6 percent to US\$620 million on-year and the figure for

the U.S. was up 39.8 percent to US\$320 million.

Although M&A investment activity has declined recently, a sharp increase in greenfield-type investments from multinational companies seeking new production sites such as S-LCD, Asahi Glass, and Siemens has been a primary factor in the FDI surge.

The increase in FDI in the first half was largely the result of the trend toward global economic recovery, healthy performances by domestic industries and improvements to the foreign investment system. It is forecast that FDI will continue to expand in the second half of the year as the global economic recovery continues, corporate earnings improve, and the number of cross-border M&As increase.

(Reported FDI)

	2002	2003					2004		
		Q1	Q2	Q3	Q4	Annual	Q1	Q2	1 st Half
•Amount (US\$ billion)	1.86	1.11	1.55	1.97	1.84	6.47	3.05	2.00	5.05
•On-Year Change (%)	-63.7	-48.4	-41.1	-19.9	-1.1	-28.9	175.2	28.7	89.6

Source: Ministry of Commerce, Industry and Energy

External Assets and Liabilities

The value of Korean external assets increased by US\$17 billion to US\$242.9 billion during the first quarter of this year. External liabilities amounted to US\$169 billion, up US\$8.1 billion from the end of 2003. Long-term debt increased US\$4.9 billion to US\$110.5 billion in the first quarter as the issuance of long-term foreign currency-denominated bonds by banks and front-end fee for exports on deferred payment term increased. Short-term debt reached US\$58.5 billion, up US\$3.2 billion from the end of last year as non-resident bank and security company deposits increased.

Net external assets (external assets minus external liabilities) were up US\$8.9 billion since the end of last year to US\$73.9 billion by the end of March. Korea has maintained its position as a net foreign creditor since June 2000.

Korea's short-term external payment ability maintained a stable position as the short-term debt to foreign currency reserve ratio increased 0.2 percentage point to 35.8 percent and the current liabilities ratio decreased 0.2 percentage point to 47.9 percent.

(End-period, US\$ billion)

	1999	2000	2001	2002	2003	2004 Mar ^P
▪External Liabilities	152.9	148.5	130.8	144.0	160.9	169.0
- Long-Term	110.5	99.1	88.9	93.9	105.6	110.5
- Short-Term	42.4	49.4	41.9	50.1	55.3	58.5
▪External Assets	146.1	167.4	165.5	186.1	225.9	242.9
▪Net External Assets	-6.8	18.9	34.7	42.1	65.0	73.9

P: Preliminary

Source: Ministry of Finance and Economy

3. Prices and Employment

3.1 Prices

Consumer prices remained unchanged from the previous month in June as an increase in the volume of shipments brought lower agricultural product prices, while the cost of personal services and industrial goods such as processed food climbed. On-year consumer prices, however, were up 3.6 percent. The core consumer price index, which excludes agricultural and energy products, was up 0.2 percent on-month and 2.7 percent on-year in June.

Producer prices declined 0.1 percent on-month in June as agricultural, forestry and fishery product prices declined 1.5 percent on the strength of increasing shipment volume and service costs fell 0.1 percent. The cost of manufactured goods increased a slight 0.1 percent as international oil and raw material prices stabilized.

(Percentage change)

		2003	2004					
		Jun	Jan	Feb	Mar	Apr	May	Jun
▪ Consumer Prices	- On-Year	3.0	3.4	3.3	3.1	3.3	3.3	3.6
	- On-Month	-0.3	0.6	0.4	1.0	0.0	-0.1	0.0
▪ Core Inflation	- On-Year	3.3	2.8	2.7	2.7	2.7	2.7	2.7
	- On-Month	0.2	0.4	0.1	1.1	0.1	0.2	0.2
▪ Producer Prices	- On-Year	1.1	3.8	4.5	4.4	5.5	6.3	6.8
	- On-Month	-0.5	1.4	1.2	0.9	0.5	0.3	-0.1

Source: Korea National Statistical Office, Bank of Korea

3.2 Employment

The unemployment rate declined 0.1 percentage point on-month to 3.3 percent in May as the number of agricultural, forestry, fishery, business, and service sector workers increased. The on-year

unemployment rate was up, however, 0.1 percentage point.

Unemployment figures were down 21,000 or 2.6 percent for a total of 788,000 people still looking for work, while employment was up 65,000 or 0.3 percent from the previous month to 22,738,000 in May.

The labor force participation rate increased 0.1 percentage point from the previous month to 62.5 percent.

	2003					2004	
	May	Sept	Oct	Nov	Dec	Apr	May
▪ Jobless (thous.)	744	730	765	792	825	809	788
▪ Unemployment Rate (%)	3.2	3.2	3.3	3.4	3.6	3.4	3.3
- Seasonally adjusted (%)	3.4	3.5	3.6	3.6	3.5	3.4	3.5
▪ Employed (thous.)	22,370	22,301	22,452	22,425	22,096	22,673	22,738

Source: Korea National Statistical Office

4. Financial Market

4.1 Interest Rates

After climbing in mid-June, long-term interest rates, including those on the benchmark three-year government bonds, reversed course to finish June unchanged from the previous month at 4.24 percent, as concerns mounted that the economic recovery may recede.

Short-term interest rates such as those on CDs were up a slight 0.04 of a percentage point between the end of May and end of June.

(End-period, Percent)

	2002	2003			2004				
		Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
▪ Treasury Bonds (3 yr.)	5.11	4.88	4.82	4.94	4.78	4.50	4.43	4.24	4.24
▪ Corporate Bonds (3 yr.)	5.68	5.60	5.58	5.74	5.56	5.30	5.14	4.91	4.84
▪ CDs (91 days)	4.90	4.28	4.36	4.19	4.00	3.90	3.90	3.89	3.93

Source: Bank of Korea

4.2 Stock Market

The KOSPI lost ground in mid-June as concerns about the possibility of interest rate hikes in the U.S. and China mounted and domestic IT company profits remained sluggish, but rebounded slightly by the end of the month. Trade volume also contracted as investors continued to take a wait and see approach.

Although foreign portfolio investors continued to be net buyers in June as they searched for IT stock bargains, investment activity has become less intense.

The KOSPI fell 18.05 points or 2.2 percent between the end of May and end of June to 785.79 points, while KOSDAQ dropped 15.74 points or 3.9 percent during the same period to finish June at 385.18 points.

(End-period indexes)

	2001	2002	2003	2004					
				Jan	Feb	Mar	Apr	May	Jun
▪ KOSPI	693.70	627.55	810.71	848.50	883.42	880.50	862.84	803.84	785.79
▪ KOSDAQ	72.21	44.36	448.7	441.45	428.68	434.16	453.47	400.92	385.18

Source: Bank of Korea

4.3 Exchange Rates

The won gained strength against the U.S. dollar by June 25 as the yen appreciated against the greenback, after concerns about a substantial U.S. interest rate hike subsided and expectations of a soft landing for the Chinese economy mounted.

The won, however, weakened slightly later in the month to finish June at 1,155.5 won per greenback due to the increased demand for dollars by importers seeking to take advantage of the low exchange rate.

(End -period FX rate)

	2002	2003		2004			
		Nov	Dec	Mar	Apr	May	Jun
▪ Won/Dollar	1,186.2	1,202.1	1,192.6	1,146.6	1,173.3	1,160.1	1,155.5
▪ Yen/Dollar	118.5	109.6	106.9	104.1	110.3	109.5	108.8
▪ Won/100 Yen	999.9	1,097.7	1,115.4	1,101.3	1,063.9	1,059.5	1,062.2

Source: Ministry of Finance and Economy

4.4 Money Market

The increase in bank deposits slowed from 4.4 trillion won the previous month to 1 trillion won in June as interest rates remained low, while time deposits and CD issuances declined and bond issuances were up.

shrinking 0.5 trillion won in June. Companies withdrew massive amounts of capital from money market funds as money was needed to repay loans and reduce debt ratios by the end of the first half of the year, while beneficiary certificate (bond-type funds) issuances increased steadily.

Investment trust management company receipts reversed course from the previous month by

(Monthly average change, trillion won)

	2003		2004				
	Q4	Annual	Q1	Q2	Apr	May	Jun
▪ Bank deposits	6.1	3.3	0.9	1.5	-0.8	4.4	1.0
▪ ITMC Receipts	-5.9	-2.4	5.7	-0.5	-2.5	1.4	-0.5

Source: Bank of Korea

4.5 Money Supply

The on-year M3 growth rate is estimated to have risen slightly from 6 percent in May to the low-6

percent range in June as the increase in fiscal government expenditures boosted money supply.

The new M1 growth rate is estimated to have fallen slightly, however, to the upper-8 percent range in

June mainly as domestic consumption remained sluggish.

(Percentage change from same period the previous year)

	2003			2004				
	Annual	Q1	Q2	Q1	Q2	Apr	May	Jun
▪ M3 ¹⁾	8.8	12.4	9.6	5.1	Upper-5	5.4	6.0 ^P	Lower-6
▪ New M2 ²⁾	7.9	13.1	9.1	2.6	Upper-3	3.1	3.9	About-4
▪ New M1 ³⁾	6.9	10.3	5.5	7.3	Lower-9	9.9	9.2	Upper -8

1) Currency in circulation + deposits at bank and non-bank financial institutions+ bank debentures issued + commercial bills sold + CD + RP + cover bills (includes cover bills since Nov. 1989)

2) Deposits with up to 2-year maturities (excluding life insurance and securities companies)

3) Demand deposits + instant access accounts + deposits in MMFs at ITMCs

P: Preliminary

Source: Bank of Korea

4.6 Corporate Financing and Household Loans

Corporate financing repayments totaled 1.6 trillion won in June as corporate loans began to decline.

Corporate bond issuances were up 1.1 trillion won as low interest rates made issuance conditions favorable.

Corporate loans in the banking sector decreased 2 trillion won in June after growing 1.3 trillion won the previous month, as companies repaid borrowed money to reduce debt ratios at the end of June and banks sold a massive amount of bad loans and tightened loan-screening requirements. Loans to large companies decreased 1.8 trillion won continuing the downward trend, while loans to small- and medium-sized enterprises also decreased 0.2 trillion won.

Bank lending to individuals slowed from 2.7 trillion won increase in May to 1.6 trillion won in June. Bank lending to individuals was up 3.0 trillion won, however, similar to the previous month, after adjusting for seasonal factors such as mortgage loan sales to the Korea Housing Finance Corporation and increasing bad debt write-offs at the end of June.

	2003			2004			
	Annual	Q1	Q2	Q1	Q2	May	Jun
▪ Corporate Loans	30.9	15.8	10.4	9.0	1.8	1.3	-2.0
- Large Companies	-4.1	1.2	-1.6	2.0	-2.3	-0.3	-1.8
- SMEs	35.0	14.7	11.9	7.1	4.1	1.6	-0.2
▪ Corporate Bonds	-4.0	-1.0	-1.0	-1.7	2.1	0.5	1.1
▪ CPs	-2.0	2.5	-3.7	2.3	-3.0	-1.7	-1.1
▪ Stocks	2.8	0.6	0.4	0.5	0.6	0.2	0.3
▪ Total	27.7	17.8	6.0	10.2	1.4	0.2	-1.6
▪ Household Loans	30.6	4.8	9.1	5.1	6.2	2.7	1.6
- Mortgage-based Loans*	21.3	2.3	5.5	3.0	5.2	1.8	1.5

* Based on loans collateralized by bank accounts and mortgages

Source: Bank of Korea

Economic News Briefing

Streamlining Land-Use Regulations

The government is now in the process of preparing the land-use regulation rationalization plan. This plan will involve new legislation that mandates the simplification, transparency and computerization of complex land-use regulations.

Because existing land use zones and districts have been designated to suit ministerial needs, they are so complicated and diverse that even land owners find it difficult to fully understand regulations that apply to their own property. This causes mistrust and inconvenience so far as the administrative system is concerned, and makes it difficult for entrepreneurs to find suitable investments.

Land-use regulations will be revised to be more user-friendly. The government plans to move forward with the simplification and computerization of land-use regulations in 181 zones and districts that are subject to regulation to make them more transparent.

The government will submit a basic land-use regulation proposal to the National Assembly by the end of this year, while individual ministries are moving ahead with plans to revise regulations under their jurisdictions.

New land use zone and district designations will no longer be allowed on the basis of individual laws, but will instead be in accordance with the above-mentioned legislation.

A mandatory land-use regulation specifications and administration status report will be reviewed every five years to improve land regulations based on an annual evaluation of land-use zone and district designations and administrative performance.

Public hearings will be mandatory for all procedural changes, including land-use zone and district designations. Land register notification procedures will also be made available to clarify individual land demarcations, as a computerized database is being established to increase land-use regulation transparency.

Zones and districts with similar purposes and functions will also be integrated. Various administrative changes are also scheduled to simplify procedures for public hearings, criteria used for land demarcations, land register notification, etc.

The government will consider consolidating all land-use regulations into a "National Territory Planning Legal System" based on the outcome of the above-mentioned land use rationalization efforts.

Financial Sector Goal: 20 Percent of GDP

The Ministry of Finance and Economy (MOFE) announced on June 16 that it is going to grow the financial sector from 8 percent to 15~20 percent of GDP and the stock market from the fifth to the second or third largest in Asia.

During a meeting with financial institution CEOs hosted by President Roh Moo Hyun, MOFE reported that although the health and profitability of the Korean financial sector have improved with the inflow of foreign capital since the 1997 foreign currency crisis, overall financial industry competitiveness and maturity still lags behind advanced nations.

Korean equity market capitalization currently accounts for only 0.9 percent of the global market and bond issuance value 1.0 percent. The International Institute for Management Development in Switzerland has ranked Korea 40th internationally in terms of financial sector competitiveness.

Financial innovation is required if Korea is to emerge as a Northeast Asian business hub, given that more value is now added by financial industries in developed countries. The Ministry has, therefore, decided to reinforce the existing preventive risk management system and establish an ongoing corporate/financial restructuring system as it overhauls and integrates financial regulations and pertinent legislation. Advances will be made, for example, in the private equity and pension fund management and a “Korean Investment Corporation” created to increase and expedite capital formation.

Stimulating Agricultural Businesses

The Ministry of Agriculture and Forestry announced a plan to stimulate agricultural businesses on June 25. This plan is in response to the increasing need for agricultural expansion and specialization as the number of farmers is on the decline, market opening pressure builds, and large discount outlets become more widespread.

Although agricultural management organizations such as agricultural cooperatives and agricultural corporations have appeared in response to these changing circumstances, the fact that pertinent regulations remain unchanged has slowed such developments. The aim of the new plan, therefore, is to improve the management environment for commercialized agricultural organizations by reforming the tax system and increasing resource input from other industries.

Agricultural workers and businesses will receive a five-year tax exemption to be followed by a reduced tax rate, which will ease the burden on agricultural management organizations. Farmland ownership requirements for agricultural enterprises will be eased to facilitate the inflow of funding, up-to-date technology, and professionals from other fields. Farm management educational and consulting support will also be expanded to help those involved in agricultural enterprises gain management-oriented skills.

Individuals Debt Repayment Ability Improves

The rate of personal debt growth has slowed and consumer's ability to meet credit obligations improved for the first time in five years as consumer spending waned and repayments/savings increased.

According to a June 24th Bank of Korea (BOK) report on capital circulation trends for the 1st quarter of 2004, individual financial assets increased by 14.1 trillion won since the fourth quarter of last year to 1,009 trillion won at the end of March.

Although individual debts also climbed to 285.5 trillion won since the previous quarter, the growth rate was a mere 0.6 percent, much slower than the 2.0 percent up-tick the previous quarter. The individual asset/debt ratio, which indicates a consumer's ability to repay loans, also increased from 2.06 the previous quarter to 2.08.

FEZ Foreign Direct Investment

Follow up measures have been taken after a Korean Free Economic Zone (FEZ) Investment Bonanza road show was held in New York from May 13 to 14 and Frankfurt May 18 to 19.

A total of 184 investment consultations were held during the road show and individual local governments have been contacting those enterprises consulted with.

There has been a steady progress in attracting world-class overseas schools and hospitals. The foreign education entity establishment law was

approved during a cabinet meeting on June 15, 2004 after a public hearing and ministerial consultations.

Many foreign hospitals responded positively to the May consultations in the U.S. with regard to entering free economic zones. These consultations included discussions about the basic business framework, top-notch medical staff recruitment, establishing medical and biotechnology clusters, and the implementation schedule.

The Gwangyang Free Economic Zone Authority has reached an agreement with the Drager Group, a world class German medical engineering company. The two sides concluded a memorandum of understanding to establish a medical instrument manufacturing factory and R&D center. A detailed project initiative will be formulated by the end of September 2004.

Yeongi-Gongju Chosen as Top Capital Site

After weighing the pros and cons of four candidate sites in the running to become the new administrative capital – Cheonan, Yeongi/Gongju, Nonsan in South Chungcheong Province and Jincheon/Eumseong in North Chungcheong Province – the government selected the Yeongi-Gongju area as the most favorable locale.

The Presidential Committee on Administrative Capital Relocation, co-chaired by Deputy Prime Minister Hun-jai Lee and Seoul National University professor An-je Kim, made the list of candidate sites public on June 15.

These sites were selected on the basis of three major criteria: balanced national development, development potential and conservation requirements. Another major factor was whether a 23 million pyeong (approximately 75.9 million square meters) site would be able to accommodate a population of 500,000.

After a review by an evaluation committee of experts from 16 cities and provinces has been completed, the final decision will be made sometime in August and announced by the end of 2004.

This committee has designated candidate sites and the surrounding areas as special real estate transaction and development control zones until a site for the new capital has been selected to prevent real estate speculation and random development.

Yeongi-Gongju is located about 160 kilometers from Seoul and scored 88.96 points compared to Nonsan the second closest competitor with 75.02, on the strength of being able to contribute to balanced national development, accessible roads and environmental conditions.

The aim of the capital transfer plan is to ease overpopulation in Seoul and promote balanced national development.

Seoul is ranked as the most densely populated city among all OECD member countries. In 2000 46.3 percent of South Korea's 48 million people lived in the Seoul metropolitan area, compared with 18.7 percent in Paris and 32.6 percent in Tokyo.

The capital relocation plan includes 85 public organizations that will move to provincial areas to create growth momentum for local economies.

2004 WEF Roundtable Discusses Asia's New Growth Partnership

The World Economic Forum Strategic Asian Insight Roundtable 2004 was held at the Shilla Hotel in Seoul, Korea on June 14, 2004.

Approximately 150 government officials, journalists, and businessmen from East Asia and other regions discussed "Building Asia's New Growth Partnership."

Deputy Prime Minister (DPM) and Minister of Finance and Economy Hun-Jai Lee delivered the keynote speech entitled "Sustaining Dynamic Growth in Asia" at the forum.

DPM Lee emphasized four points with regard to insuring that dynamic Asian growth continues in the 21st century so as to become a growth engine for the global economy: economic transparency and accountability, creative entrepreneurship, intra-Asian economic cooperation, and reducing income gaps and absolute poverty.

He pointed out that one of the fundamental causes of the most recent Asian financial crisis was the absence of transparency and accountability at economic institutions. He went on to underscore the continuing need for ongoing legal and institutional improvements that lead to more transparency and accountability, while the business community works to upgrade management practices.

He continued by suggesting that in the 21st century, businesses should not depend on government but instead ought to give free rein to entrepreneurship. He said the government should, therefore, focus on creating a business-friendly environment.

As for intra-Asian economic cooperation, he said it must be expanded to encourage common development. This would include promoting intra-regional FTAs, while cooperative financial efforts such as the Chiang Mai Initiative and Asia Bond Market Initiative aimed at preventing crises should continue, according to DPM Lee.

He concluded by explaining that the Korean government is striving to make regulatory improvements in cooperation with the business community so Korea can capitalize on its top-notch IT infrastructure and geographical advantage to become a Northeast Asian gateway provider of logistical and financial services.

Asia Pacific Officials Target Money Laundering and Terrorist Financing

Anti-money laundering efforts and fighting terrorist financing were at the top of the agenda during the 7th Annual Meeting of the Asia-Pacific Group (APG) on Money Laundering and 3rd Annual Technical Assistance and Training Forum.

Hundreds of senior officials were in attendance from Asian Pacific countries such as Japan, the Fiji Islands, India, and the U.S. APG members to discuss efforts aimed at eradicating money laundering and terrorist financing. Representatives from Cambodia and Mongolia were also in attendance at the meeting, bringing the number of APG members to twenty-eight.

APG Co-chair, Commissioner Yangho Byeon of the Korean Financial Intelligence Unit said, "Money laundering and the financing of terrorism are major issues for the Asia Pacific region and require a coordinated international response."

He also said greater cooperation is expected among member countries this year, including a commitment to implement and assess the revised Financial Action Task Force (FATF) recommendations on how to best combat money laundering. He added that further efforts are expected with regard to implementing international standards aimed at eliminating terrorist financing.

"The working-level meeting is an important part of the APG's efforts to implement international anti-money laundering and counter-terrorist financing standards, policies, and legislation in the region," said APG Co-chair Commissioner Mick Keelty of the Australian Federal Police.

Commissioner Keelty continued by saying that through this commitment APG group would work as a region to combat money laundering and the financing of terrorist organizations and activities.

The APG meeting also includes the Annual Forum on Technical Assistance and Training. The purpose of this forum is to identify technical assistance and training needs and provide assistance when requested so that member jurisdictions can effectively implement international standards.

Korea-Japan Northeast Asian Logistics Forum Held in Tokyo

Korea and Japan held the first ever joint Northeast Asian Logistics Forum in Tokyo on June 24, 2004.

The forum was sponsored by Nikkei Newspaper under the auspices of the Korea's Ministry of Maritime Affairs and Fisheries (MOMAF), Japan's

Ministry of Foreign Affairs, the Embassy of Korea in Japan, and the Japan External Trade Organization. Approximately 500 commercial, corporate, logistics, and manufacturing representatives from Korea and Japan attended the logistics forum.

Entrepreneurs and high-ranking officials from the two countries participated in a “Logistics Revolution in the Northeast Asian Economic Bloc” panel discussion. The panelists discussed the potential impacts of forthcoming conclusion of an FTA between Korea and Japan in the near future and the benefits of Free Trade Zones (FTZs) in Busan and Gwangyang ports for optimizing the logistics systems in Northeast Asia.

Particularly, the panelists gave strong support for using Busan and Gwangyang FTZs (to be designated in September 2004) to help solve the Japanese logistical problems such as high trucking and warehousing costs.

MOMAF has been publicizing the initiative of promoting Korea’s FTZ as an alternative to help reduce rising logistics costs in Japan.

After the forum, Japanese businessmen have become interested in investing in Korea’s FTZs in Busan and Gwangyang ports because of the very low rental cost and long-term rental period (i.e. maximum 50 years).

Policy Issues

1. Boosting the Engineering Industry

Ministry of Science and Technology

The engineering industry is a field in which high technology and know-how are very important, and has an enormous spillover effect on social overhead capital such as roads, airports and petrochemical plant construction.

Most Korean engineering companies are not very large, however, and competition continues to intensify although the domestic market remains small.

The government is, therefore, planning to help this industry become a high value-added field by raising technological competitiveness from the current 60 percent of advanced countries to 90 percent by 2010 and expanding the global market share of domestic companies from the present 0.6 percent to 5 percent.

Improvements will be made in the bidding, assessment and blueprinting processes. Education programs for engineers will also be developed.

- Improving the bidding process to encourage technological competition

Pertinent Ministry of Construction and Transportation regulations will be amended to make assessment standards for technological capabilities

more tangible and allow negotiation-based contracts to become standard procedure. National contract law will also be revised to scale back qualification screening in favor of awarding bids to the companies with superior technology.

- Enhancing project qualification screening standards

The practice of giving performance records the most weight when evaluating corporate qualifications prior to bids has hindered fair competition. Construction technology management enforcement law will, therefore, be improved so that more emphasis is placed on technological capabilities when evaluating bids.

- Blueprint Reform

Although shop drawing must be carried out during the construction period to take into account specific construction site conditions, this is currently not the case according to current practices because it is included as part of the detailed design process. The government is planning to correct this practice by separating the shop drawing and detailed design processes, and inspecting the former during the construction stage.

- Fair competition for public sector suppliers

In the past local companies were favored over those from other regions when it came to receiving local government supply contracts. The government will, therefore, step up supervision to ensure that provisions that are preferential for local companies are not written into regional government bid announcements, and prevent public companies from adopting standards that favor their affiliates.

- Educational curriculum to enhance professionalism

Customized career development and cyber education programs will be created on the basis of technological field and grade level. Training for plant engineers will be expanded and a retiree database created to make full use of experienced workers.

If you have any further questions, please contact the Ministry of Science and Technology's Industrial Innovation Support Division at 822-503-7636 or visit www.most.go.kr.

2. Reinforcing Design Industry Competitiveness

Ministry of Commerce, Industry and Energy

Last December the Ministry of Commerce, Industry and Energy set its sights on becoming the seventh leading country in the design field and it is now in the process of increasing the amount of product value added by Korean design from the current 7 trillion won to 20 trillion won by 2008. The government has announced the following plan to achieve this goal.

- Creating jobs by increasing the demand for industrial design

The design industry will be promoted as a high value added field by establishing linkages with key industries such as home electronics, automobile manufacturing and shipbuilding, thereby creating new jobs via a 'Design Driven Strategy'.

Support for innovative design development will be made available for high-tech growth engines and parts/raw material businesses that commercialize R&D innovations. Unemployed and retired designers, design firm executives and professors will work together as a 'design doctor team' to help small- and medium-sized enterprises come up with new products.

- Cultivating world-class designers

The government is planning to begin selecting two promising designers each month in the second half of the year to support efforts to penetrate overseas markets. Field-oriented education will be encouraged by developing a program that brings former and present chief design officers as guest speakers to colleges and allowing design-major

students to obtain college credit for field experience gained while working at design companies.

- Encouraging design companies to enter overseas markets

'Design innovation centers' will be encouraged to set up shop in emerging markets such as China, India and Vietnam to provide one-stop service to companies entering these foreign markets. Design road-shows will be held overseas biennially to facilitate the overseas operations of local design companies.

- Government support

Mergers and acquisitions and corporate cooperation will be encouraged to help design companies expand and specialize. Registration requirements for design specialty firms will be tightened and support will be expanded for companies that are engaged in systematic field-by-field cooperation with other firms in such areas as visual and environmental design. R&D funding will be concentrated in design technology areas expected to have a large spillover effect including raw materials and surface treatment.

If you have any further questions, please contact the Ministry of Commerce, Industry and Energy's Design & Brand Policy Division at 822-2110-5102 or visit www.moice.go.kr.

Statistical Appendices

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12. Employment and Earnings
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14. Monetary Indicators
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1. National Account

(On-Year Change, %)

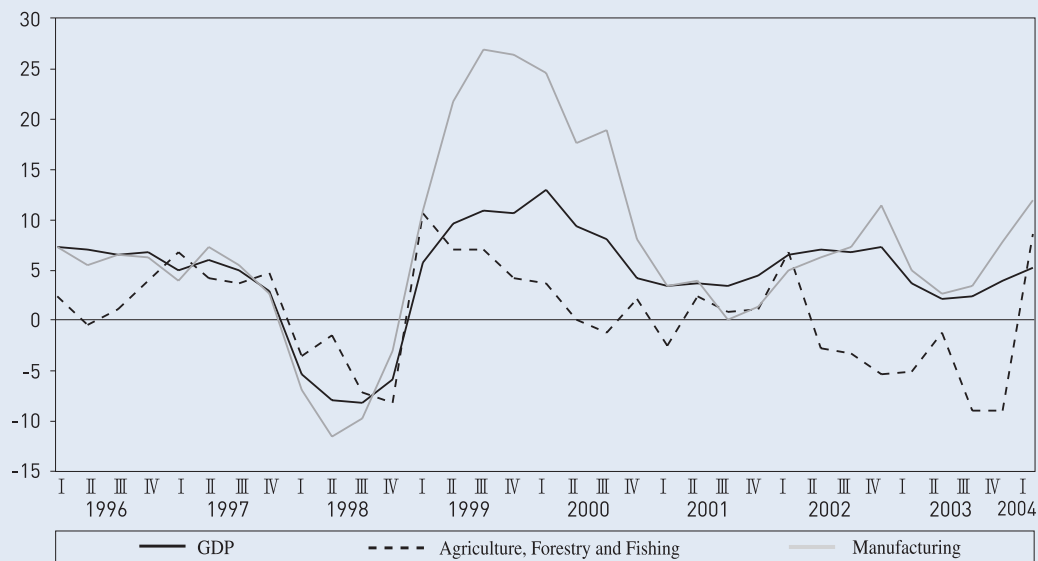
Period		Growth rate of real GDP at constant prices			Increase rate of final consumption expenditure	Increase rate of gross fixed capital formation			
		Agri.Fores. & fishing	Non-agri. forestry & fishing	Manufacturing			Construction	Machinery and equipment	
1996		7.0	2.3	7.2	6.4	7.0	8.4	7.5	9.2
1997		4.7	4.6	4.7	4.9	3.2	-2.3	2.3	-9.6
1998		-6.9	-6.4	-6.9	-7.9	-10.6	-22.9	-12.4	-42.3
1999		9.5	5.9	9.7	21.8	9.7	8.3	-3.7	36.8
2000		8.5	1.2	8.8	17.0	7.1	12.2	-0.7	33.6
2001		3.8	1.1	4.0	2.2	4.9	-0.2	6.0	-9.0
2002		7.0	-3.5	7.4	7.6	7.6	6.6	5.3	7.5
2003 ^a		3.1	-7.1	3.5	4.8	-0.5	3.6	7.6	-1.5
2001	I	3.5	-2.4	3.6	3.4	2.2	-3.7	1.0	-9.4
	II	3.7	2.4	3.7	4.1	4.2	-3.5	0.8	-10.6
	III	3.4	0.9	3.5	0.0	5.7	-0.5	9.6	-14.2
	IV	4.6	1.2	4.9	1.3	7.3	6.2	10.7	-1.3
2002	I	6.5	6.7	6.5	5.2	9.4	7.7	11.0	3.3
	II	7.0	-2.7	7.4	6.2	8.5	7.3	6.0	8.0
	III	6.8	-3.2	7.1	7.4	7.3	2.4	-2.4	9.1
	IV	7.5	-5.5	8.6	11.4	5.3	9.1	8.4	9.6
2003 ^a	I	3.7	-5.1	3.8	5.1	0.9	4.6	8.0	1.9
	II	2.2	-1.3	2.3	2.6	-0.8	3.7	7.3	-0.6
	III	2.4	-9.1	2.8	3.3	-0.9	2.6	7.9	-5.0
	IV	3.9	-9.1	4.9	8.0	-1.1	3.6	7.4	-2.4
2004	I ^a	5.3	8.6	5.3	12.1	-0.6	1.8	4.1	-0.3

P: Preliminary

Source: Bank of Korea

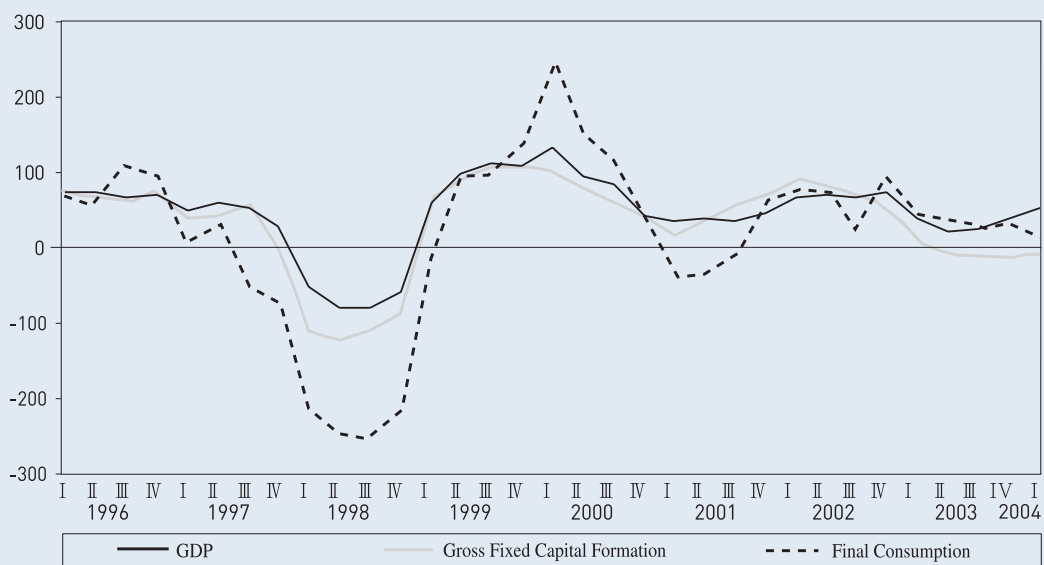
Growth Rate by Kind of Economic Activity

(On-Year Change, %)



Growth Rate by Kind of Expenditure on GDP

(On-Year Change, %)



2. Production, Shipment and Inventory

[2000=100]

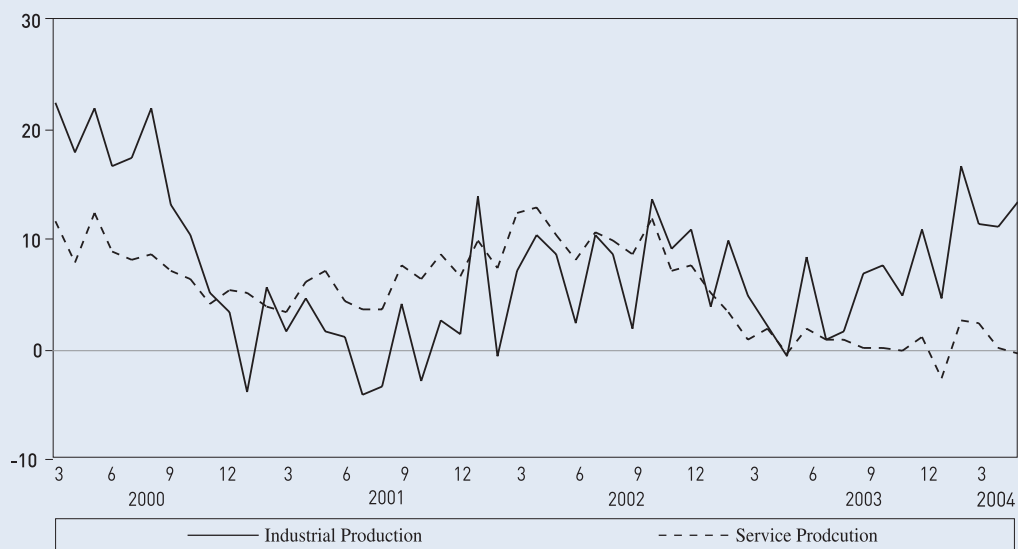
Period	Production Index	On-Year Change (%)	Shipment Index	On-Year Change (%)	Inventory Index	On-Year Change (%)	Service Production Index	On-Year Change (%)
2000	100.0	16.8	100.0	16.6	104.9	12.6	100.0	8.8
2001	100.7	0.7	101.3	1.3	105.3	0.4	105.6	5.6
2002	108.8	8.0	109.3	7.9	104.5	-0.8	116.0	9.8
2003	114.4	5.1	113.9	4.2	110.5	5.7	117.5	1.3
2001								
I	97.1	1.0	97.7	1.0	111.1	11.0	100.5	4.0
II	101.8	2.4	102.6	2.7	109.3	11.3	105.4	5.9
III	99.3	-1.1	99.0	-0.5	105.6	7.5	106.0	5.0
IV	104.4	0.4	105.0	1.9	105.3	0.4	110.5	7.4
2002								
I	103.7	6.8	104.9	7.4	101.9	-8.9	110.6	10.0
II	109.1	7.2	109.6	6.8	102.8	-5.9	116.6	10.6
III	106.2	6.9	106.2	6.3	102.1	-3.3	116.5	9.9
IV	116.3	11.4	116.4	10.9	104.5	-0.8	120.2	8.8
2003								
I	110.0	6.1	109.6	4.5	111.7	9.6	114.1	3.2
II	112.6	3.2	112.7	2.8	112.3	9.2	118.0	1.2
III	109.6	3.2	108.9	2.5	110.4	8.1	117.2	0.6
IV	125.4	7.8	124.3	6.8	110.5	5.7	120.8	0.5
2004								
I	122.1	11.0	120.4	9.9	116.5	4.3	115.0	0.8
2003								
1	110.0	3.9	109.0	3.5	109.4	1.3	115.0	0.8
2	103.4	9.9	103.6	7.5	110.4	5.7	108.5	3.5
3	116.6	5.0	116.2	2.8	111.7	9.6	118.0	0.9
4	113.7	2.1	113.7	1.4	113.1	10.0	117.9	1.8
5	111.6	-0.6	111.9	-1.2	113.0	11.3	118.9	-0.4
6	112.4	8.6	112.5	8.9	112.3	9.2	116.9	1.9
7	108.3	1.0	106.8	1.2	113.3	8.7	117.8	0.8
8	108.2	1.6	107.4	1.3	113.0	7.5	106.3	0.8
9	112.3	7.0	112.6	5.2	110.4	8.1	117.4	0.2
10	126.1	7.8	125.5	7.0	109.6	6.1	119.6	0.2
11	122.3	4.9	121.5	3.7	109.4	5.9	117.7	0.0
12	127.8	10.9	126.0	9.9	110.5	5.7	124.9	1.1
2004								
1	115.2	4.7	113.5	4.1	113.3	3.6	112.6	-2.7
2	120.9	16.9	118.7	14.7	116.1	5.2	111.4	2.7
3	130.1	11.6	128.9	10.9	116.4	4.2	121.0	2.5
4 ^p	126.4	11.2	125.1	10.0	114.8	1.5	118.1	0.1
5 ^p	126.7	13.5	124.2	11.0	116.9	3.5	118.5	-0.4

P: Preliminary

Source: Korea National Statistical Office

Industrial Production and Service Production

[On-Year Change, %]



Inventory and Shipment

[On-Year Change, %]



3. Production Capacity and Operation Ratio

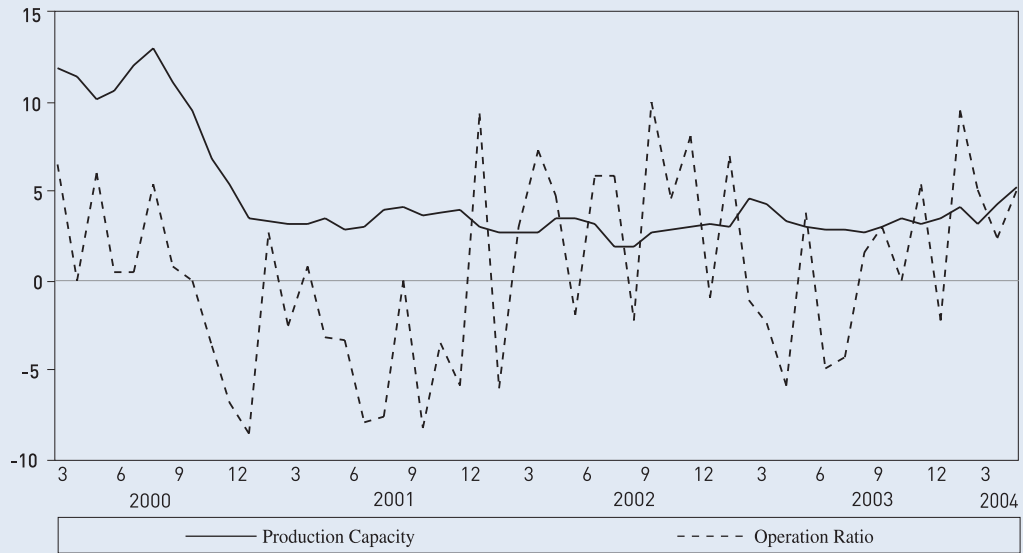
Period	Production Capacity Index (2000=100)	On-Year Change (%)	Operation Ratio Index (2000=100)	On-Year Change (%)	Average Operation Ratio (%)
2000	100.0	10.4	100.0	2.4	78.6
2001	103.5	3.5	95.9	-4.1	75.3
2002	106.3	2.7	99.7	4.0	78.4
2003	109.8	3.3	99.7	0.0	78.3
2001					
I	102.2	3.3	94.1	-3.1	76.3
II	102.8	3.2	99.2	-2.0	75.8
III	104.2	3.7	94.7	-5.3	75.3
IV	104.8	3.8	95.7	-5.9	73.8
2002					
I	105.0	2.7	96.0	2.0	77.9
II	106.0	3.1	102.5	3.3	78.3
III	106.6	2.3	97.5	3.0	78.9
IV	107.7	2.8	102.9	7.5	78.5
2003					
I	108.8	3.6	97.2	1.3	78.5
II	109.7	3.5	100.9	-1.6	77.3
III	109.6	2.8	95.0	-2.6	76.9
IV	111.2	3.2	105.7	2.7	80.4
2004					
I	112.7	3.6	101.1	4.0	81.5
2003					
1	108.2	3.2	96.9	-0.1	78.7
2	108.2	3.0	91.9	6.9	79.0
3	110.0	4.5	102.9	-1.2	77.9
4	109.8	4.2	103.0	-2.4	77.7
5	109.8	3.3	99.7	-5.9	76.3
6	109.5	2.9	99.9	3.8	78.0
7	109.5	2.8	94.0	-5.0	74.7
8	109.6	2.8	93.7	-4.3	77.2
9	109.6	2.7	97.3	1.6	78.9
10	110.7	3.0	109.2	3.0	81.1
11	111.4	3.4	103.0	-0.1	79.6
12	111.4	3.2	104.9	5.4	80.4
2004					
1	112.0	3.5	94.7	-2.3	80.4
2	112.6	4.1	100.5	9.4	83.4
3	113.5	3.2	108.0	5.0	80.6
4 ^P	114.5	4.3	105.4	2.3	80.5
5 ^P	115.5	5.2	104.8	5.1	81.3

P: Preliminary

Source: Korea National Statistical Office

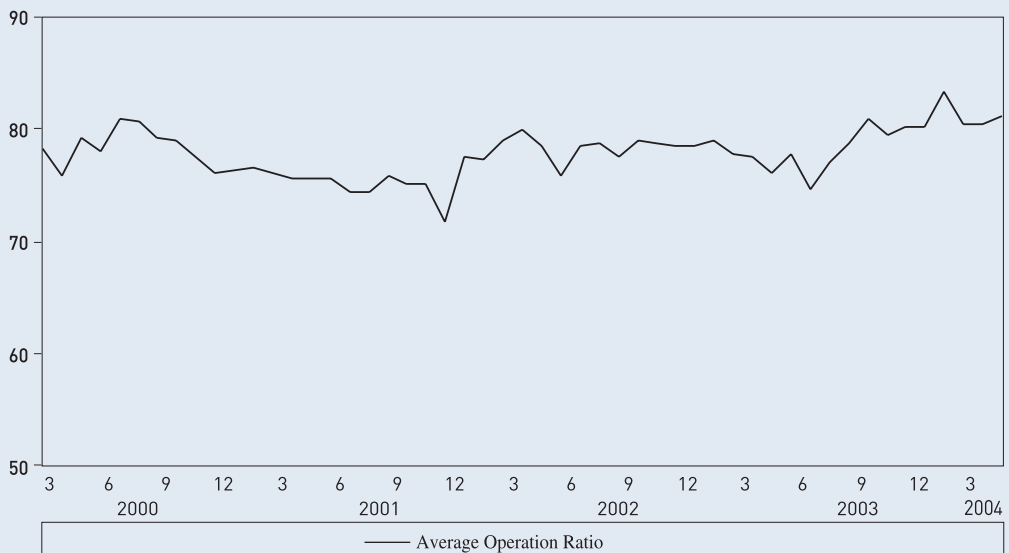
Production Capacity and Operation Ratio

[On-Year Change, %]



Average Operation Ratio

[%]



4. Wholesale and Retail Trade

(Constant price, 2000=100)

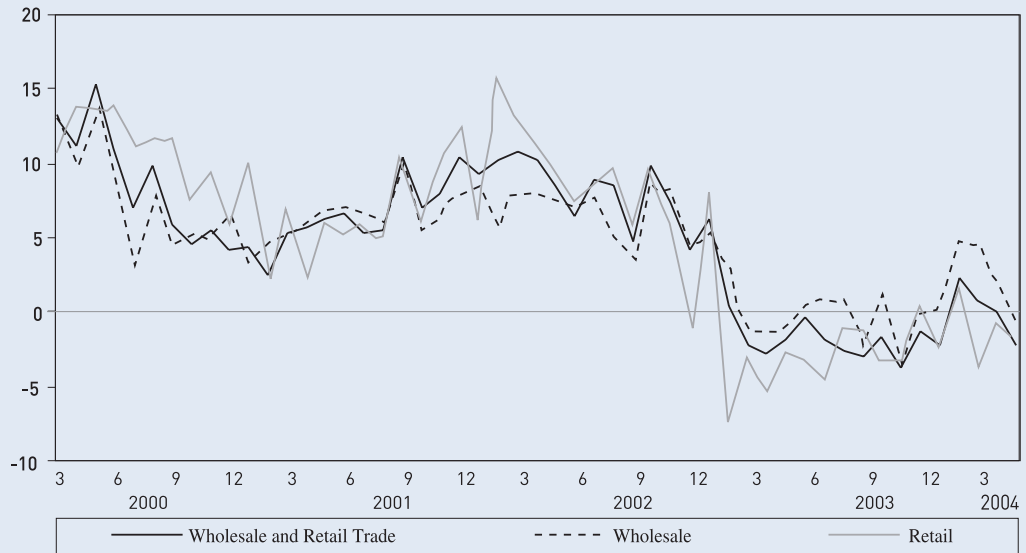
Period	Wholesale and Retail Trade	On-Year Change (%)	Wholesale	On-Year Change (%)	Retail	On-Year Change (%)	Vehicles and Fuel	On-Year Change (%)
2000	100.0	9.8	100.0	9.1	100.0	11.0	100.0	9.3
2001	106.6	6.6	106.4	6.4	107.0	7.0	106.4	6.4
2002	115.4	8.3	113.6	6.8	115.8	8.2	121.7	14.4
2003	113.9	-1.3	113.6	0.0	113.1	-2.3	117.2	-3.7
2001								
I	101.4	4.1	102.9	4.6	101.9	6.3	93.9	-2.9
II	106.3	6.2	105.9	6.6	105.3	4.8	110.5	7.8
III	105.8	7.2	105.1	7.7	105.2	7.3	110.5	5.1
IV	112.7	8.6	111.5	6.6	115.6	9.5	110.8	15.8
2002								
I	111.7	10.2	110.6	7.5	113.6	11.5	112.2	19.5
II	115.4	8.6	113.9	7.6	115.3	9.5	122.0	10.4
III	113.6	7.4	110.6	5.2	113.4	7.8	126.2	14.2
IV	120.7	7.1	119.3	7.0	120.8	4.5	126.5	14.2
2003								
I	113.4	1.5	113.0	2.2	112.6	-0.9	116.9	4.2
II	113.4	-1.7	113.1	-0.7	110.9	-3.8	121.1	-0.7
III	110.8	-2.5	110.3	-0.3	110.7	-2.4	112.9	-10.5
IV	118.1	-2.2	118.1	-1.0	118.2	-2.2	117.8	-6.6
2004								
I	113.7	0.1	116.4	2.9	111.1	-1.8	109.2	-6.6
2003								
1	118.8	6.4	116.9	5.0	121.5	7.6	120.3	9.2
2	105.3	0.4	105.5	3.0	102.8	-6.8	110.8	8.5
3	116.0	-2.2	116.6	-1.2	113.6	-3.3	119.6	-3.7
4	112.8	-2.8	111.9	-1.4	110.3	-5.2	122.6	-3.1
5	115.6	-1.9	114.0	-1.3	114.8	-3.0	124.4	-1.5
6	111.9	-0.4	113.4	0.5	107.7	-3.1	116.2	2.7
7	109.8	-1.9	109.0	0.9	109.1	-4.5	114.7	-6.4
8	108.8	-2.6	109.9	0.5	105.6	-1.1	112.1	-16.3
9	113.7	-2.9	112.0	-2.3	117.3	-1.5	111.9	-8.4
10	117.4	-1.6	117.4	0.8	115.7	-3.4	121.4	-6.3
11	115.9	-3.7	114.5	-3.6	118.4	-3.1	115.7	-5.2
12	121.0	-1.2	122.5	-0.1	120.5	0.1	116.4	-8.9
2003								
1	116.1	-2.3	116.9	0.0	118.8	-2.3	106.2	-11.7
2	107.9	2.4	110.7	4.7	104.3	1.5	104.7	-5.5
3	117.2	0.8	121.6	4.2	110.1	-3.6	116.6	-2.5
4 ^p	113.2	0.0	113.9	1.5	110.2	-0.9	117.8	-4.0
5 ^p	113.2	-2.2	112.8	-1.1	113.4	-1.1	114.3	-8.2
6 ^p	-	-	-	-	-	-	92.2	67.3

P: Preliminary

Source: Korea National Statistical Office

Wholesale and Retail Trade

(On-Year Change, %)



Wholesale and Retail Trade, and Vehicles and Fuel Trade

(On-Year Change, %)



5. Consumer Goods Shipment Index and Consumer Sentiment Index

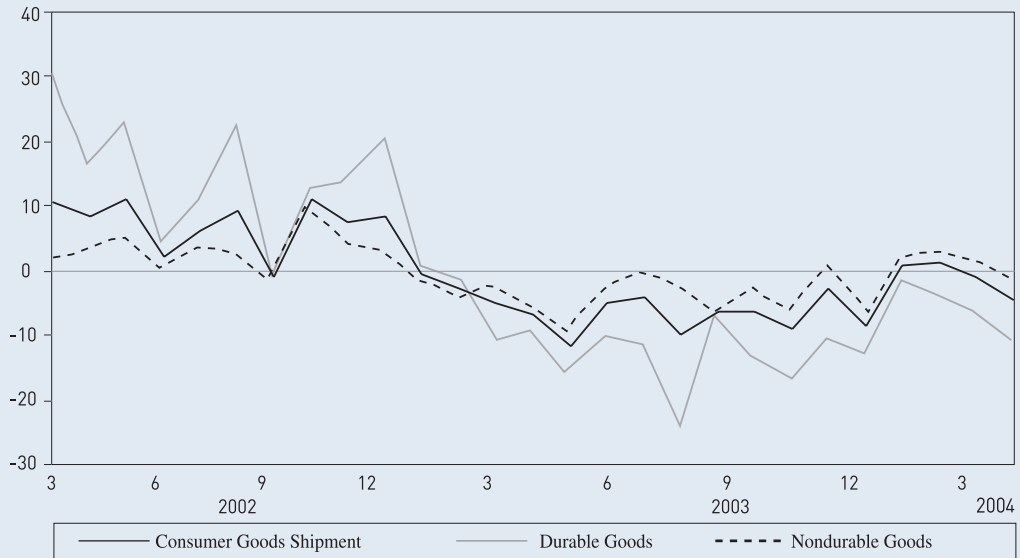
Period	Domestic Consumer Goods Shipment Index (2000=100)	On-Year Change (%)	Durable		Nondurable		Consumer Sentiment Index	
				On-Year Change (%)		On-Year Change (%)	Consumer expectation Index	Consumer present situation Index
2001	102.8	2.8	103.0	3.0	102.7	2.7	-	-
2002	111.3	8.3	120.6	17.1	106.9	4.1	-	-
2003	104.5	-5.9	106.6	-11.5	104.4	-3.1	-	-
2001								
I	96.7	-4.3	87.4	-14.3	101.0	0.5	-	-
II	104.1	5.6	109.4	6.9	101.7	5.0	-	-
III	104.3	5.4	107.5	8.6	102.8	3.7	-	-
IV	106.1	4.6	107.6	11.3	105.4	1.8	-	-
2002								
I	108.1	11.8	114.9	31.5	105.0	4.0	-	-
II	111.5	7.1	125.2	14.4	105.1	3.3	-	-
III	109.2	4.7	118.3	10.0	104.9	2.0	-	-
IV	116.2	9.5	123.8	15.1	111.8	6.1	-	-
2003								
I	106.4	-1.6	109.8	-4.4	102.8	-2.1	-	-
II	103.2	-7.4	109.5	-12.5	99.4	-5.4	-	-
III	101.6	-7.0	100.7	-14.9	102.0	-2.8	-	-
IV	108.5	-6.1	106.7	-13.8	109.4	-2.1	-	-
2004								
I	102.6	-2.4	102.8	-6.4	102.5	-0.3	-	-
2002								
1	111.9	16.7	102.9	40.7	112.7	8.3	106.7	97.4
2	100.7	8.4	108.5	25.1	97.0	1.3	107.7	100.5
3	111.8	10.5	125.9	29.4	105.2	2.0	109.7	105.9
4	111.7	8.2	124.5	16.8	105.7	4.0	109.4	107.2
5	117.4	11.1	134.7	22.2	109.3	5.4	109.1	107.6
6	105.4	1.9	116.4	4.5	100.2	0.5	110.6	108.1
7	105.8	6.2	117.1	10.8	100.6	4.0	107.8	105.2
8	111.2	9.1	124.5	21.5	105.0	3.2	106.2	102.1
9	110.5	-0.8	113.4	-0.8	109.1	-0.8	103.9	97.2
10	117.1	10.9	127.3	12.3	112.3	10.2	97.1	86.8
11	114.7	7.6	124.6	13.5	110.1	4.8	93.4	80.9
12	115.0	8.4	119.5	19.9	112.9	3.5	94.8	81.2
2003								
1	111.5	-0.4	111.2	0.9	111.5	-1.1	96.4	79.6
2	97.7	-3.0	106.6	-1.8	93.6	-3.5	96.1	73.5
3	106.0	-5.2	111.5	-11.4	103.4	-1.7	90.4	63.9
4	104.1	-6.8	112.2	-9.9	100.2	-5.2	94.5	64.7
5	103.5	-11.8	112.1	-16.8	99.5	-9.0	94.5	67
6	100.2	-4.9	104.2	-10.5	98.4	-1.8	91.7	62.7
7	101.2	-4.3	102.7	-12.3	100.5	-0.1	90.8	62.1
8	100.2	-9.9	94.6	-24.0	102.8	-2.1	92.0	63.9
9	103.4	-6.4	104.8	-7.6	102.7	-5.9	90.4	59.9
10	109.6	-6.4	109.4	-14.1	109.7	-2.3	91.5	62.7
11	104.1	-9.2	104.0	-16.5	104.1	-5.4	94.6	68.4
12	111.9	-2.7	106.7	-10.7	114.3	1.2	96.0	69.2
2004								
1	102.0	-8.5	97.1	-12.7	104.4	-6.4	98.0	72.6
2	98.6	0.9	104.2	-2.3	96.0	2.6	96.3	71.9
3	107.1	1.0	107.2	-3.9	107.0	3.5	94.4	68.5
4 ^p	102.9	-1.2	104.7	-6.7	102.1	1.9	99.9	74.9
5 ^p	98.7	-4.6	99.4	-11.3	98.4	-1.1	94.8	70.7
6 ^p	-	-	-	-	-	-	92.2	67.3

P: Preliminary

Source: Korea National Statistical Office

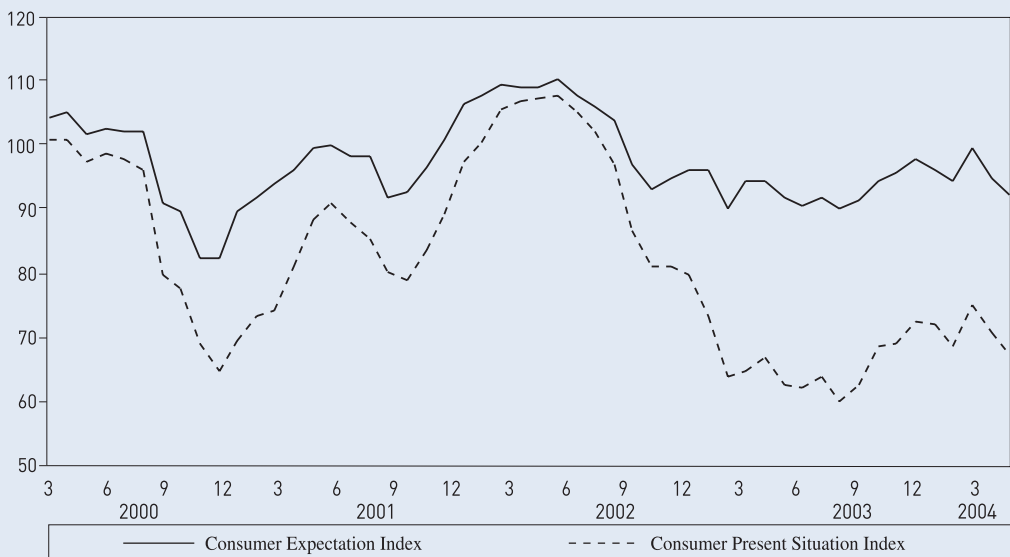
Consumer Goods Shipment

[On-Year Change, %]



Consumer Sentiment Index

[Base = 100]



6. Machinery Orders Received, Domestic Machinery Shipment and Estimation Index of Equipment Investment

Period	Domestic Machinery Orders Received (Billion Won)				Estimation Index of Equipment Investment (2000=100)	Domestic Machinery shipment excluding ship (2000=100)
	Total	Public	Private	Mfg.		
2002						
I	6,705	1,666	5,039	1,952	95.8	98.0
II	5,964	378	5,586	2,000	99.3	107.1
III	5,904	614	5,290	1,815	96.8	98.6
IV	5,942	571	5,372	2,161	102.0	110.6
2003						
I	5,577	374	5,203	2,148	98.3	100.8
II	5,777	446	5,331	2,418	99.5	107.6
III	5,513	730	4,782	1,956	90.6	95.8
IV	5,662	652	5,010	2,205	96.6	105.9
2004						
I	6,797	633	6,164	2,903	94.6	98.5
2003						
1	1,815	112	1,703	676	82.4	93.6
2	1,833	119	1,714	730	95.6	96.6
3	1,928	143	1,785	741	116.8	112.1
4	1,928	102	1,826	830	101.9	106.9
5	1,941	123	1,818	822	95.4	107.8
6	1,908	222	1,686	767	101.3	108.1
7	1,649	98	1,551	655	90.9	93.4
8	1,768	148	1,620	682	88.5	93.4
9	2,096	484	1,612	618	92.3	100.5
10	2,074	347	1,727	744	97.0	99.8
11	1,707	92	1,615	700	90.3	102.3
12	1,881	212	1,669	761	102.5	115.7
2004						
1	2,208	179	2,030	923	79.8	85.3
2	2,067	130	1,937	911	96.1	97.5
3	2,522	324	2,198	1,070	107.8	112.7
4 ^p	2,286	148	2,138	1,142	100.3	104.2
5 ^p	2,326	211	2,115	974	96.6	104.7

On - Year Change [%]

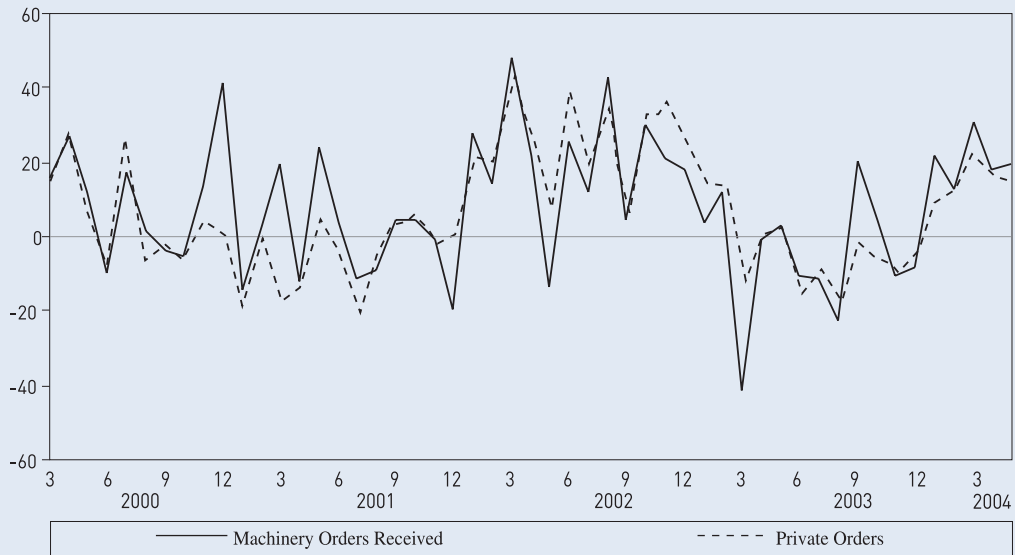
2002						
I	33.2	50.9	28.3	12.7	4.2	10.0
II	9.2	-59.4	23.2	1.3	6.9	6.9
III	19.8	20.8	19.7	-1.6	8.3	8.6
IV	22.9	-20.1	30.3	24.5	13.8	12.3
2003						
I	-16.8	-77.6	3.3	10.0	2.6	2.9
II	-3.1	18.0	-4.6	20.9	0.2	0.5
III	-7.5	15.9	-10.3	7.8	-6.4	-2.8
IV	-5.0	14.2	-7.1	2.1	-5.3	-4.2
2004						
I	19.0	69.4	15.4	35.2	-3.8	-2.3
2003						
1	4.1	-55.8	14.3	4.7	-6.9	0.8
2	12.4	12.3	12.4	17.2	8.9	7.1
3	-42.1	-89.1	-11.8	8.4	5.0	1.2
4	-0.7	-7.9	-0.3	13.3	-2.5	-0.7
5	3.3	5.7	3.2	24.8	-3.5	-3.6
6	-11.0	46.3	-15.3	26.0	7.2	6.3
7	-11.5	-35.1	-9.4	11.0	-8.0	-8.4
8	-23.1	-58.2	-16.7	11.1	-6.3	-3.2
9	20.4	348.2	-1.3	1.3	-4.9	3.4
10	4.8	153.9	-6.2	6.7	1.5	-1.5
11	-10.8	-29.9	-9.4	-4.4	-12.0	-7.5
12	-8.2	-29.8	-4.5	4.1	-5.0	-3.6
2004						
1	21.7	60.3	19.1	36.4	-3.2	-8.9
2	12.7	9.3	13.0	24.7	0.5	0.9
3	30.8	126.5	23.1	44.4	-7.7	0.5
4 ^p	18.6	45.8	17.1	37.6	-1.6	-2.5
5 ^p	20.1	78.6	16.3	18.5	1.3	-2.9

P: Preliminary

Source: Korea National Statistical Office

Machinery Orders Received

(On-Year Change, %)



Domestic Machinery Shipment and Estimation of Equipment Investment

(On-Year Change, %)



7. Value of Construction Completed and Domestic Construction Orders Received

(Billion Won)

Period	Value of Construction Completed (Total)	Type of Order		Domestic Construction Orders Received (Total)	Type of Order	
		Public	Private		Public	Private
2002						
I	11,632	4,321	6,959	15,998	3,404	12,359
II	13,936	5,213	8,260	16,161	3,863	11,952
III	13,642	4,921	8,243	12,745	3,064	9,223
IV	17,006	6,125	10,238	22,930	9,064	12,121
2003						
I	14,035	4,912	8,683	16,520	2,969	13,168
II	16,497	5,689	10,316	24,320	4,863	18,210
III	16,082	5,611	10,008	18,814	4,010	14,483
IV	20,161	7,417	12,168	23,418	8,096	14,207
2004						
I	15,406	4,872	10,097	14,174	3,618	10,239
2003						
1	4,536	1,713	2,683	5,243	934	4,297
2	4,482	1,520	2,820	5,951	1,128	4,513
3	5,016	1,679	3,180	5,326	907	4,358
4	5,156	1,796	3,205	5,783	1,129	4,603
5	3,403	1,836	3,409	7,370	1,755	5,574
6	5,938	2,057	3,702	11,166	1,979	8,033
7	5,274	1,802	3,223	6,336	1,063	5,181
8	5,417	1,844	3,417	6,846	1,234	5,524
9	5,391	1,965	3,269	5,632	1,713	3,778
10	5,916	2,031	3,683	6,200	2,084	3,967
11	6,193	2,157	3,858	6,261	1,714	4,321
12	8,053	3,228	4,627	10,958	4,298	5,918
2004						
1	4,812	1,533	3,137	4,492	1,274	3,126
2	4,727	1,458	3,153	4,526	1,475	3,044
3	5,867	1,881	3,807	5,153	869	4,069
4 ^p	5,912	1,968	3,766	4,939	1,265	3,409
5 ^p	5,910	1,892	3,828	5,604	558	4,706

On - Year Change (%)

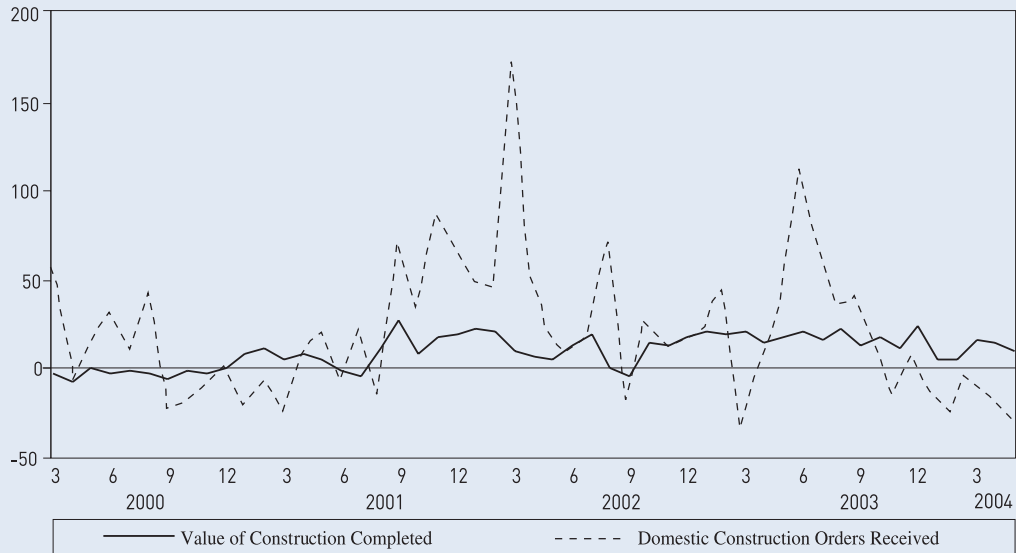
2002						
I	17.6	-0.6	30.4	93.1	48.4	121.2
II	8.4	-7.8	19.6	25.2	-11.8	69.8
III	4.3	-13.5	15.7	19.7	8.0	21.4
IV	15.3	-8.5	32.9	19.8	-10.3	43.4
2003						
I	20.7	13.7	24.8	3.3	-12.8	6.6
II	18.4	9.1	24.9	50.5	25.9	52.4
III	17.9	14.0	21.4	47.6	30.9	57.0
IV	18.6	21.1	18.9	2.1	-10.7	17.2
2004						
I	9.8	-0.8	16.3	-14.2	21.9	-22.2
2003						
1	21.5	26.4	17.3	23.6	7.3	28.1
2	19.9	7.8	26.4	45.0	10.3	46.5
3	20.6	7.9	30.3	-30.4	-40.0	-26.4
4	15.5	6.6	22.3	8.1	28.8	3.8
5	18.5	10.2	24.0	32.6	5.2	46.3
6	20.9	10.5	28.1	112.7	50.1	116.6
7	17.1	11.8	21.1	68.2	-5.5	98.4
8	23.2	19.8	26.5	38.6	32.6	53.3
9	13.7	11.0	16.8	39.5	69.7	25.6
10	18.0	21.0	17.6	16.7	-5.0	28.3
11	12.2	16.3	11.7	-14.8	-15.7	4.2
12	24.4	24.5	26.7	6.7	-11.1	21.2
2004						
1	6.1	-10.5	16.9	-14.3	36.4	-27.2
2	5.5	-4.1	11.8	-23.9	30.8	-32.6
3	17.0	12.1	19.7	-3.2	-4.2	-6.6
4 ^p	14.7	9.5	17.5	-14.6	12.1	-25.9
5 ^p	9.4	3.0	12.3	-24.0	-68.2	-15.6

P: Preliminary

Source: Korea National Statistical Office

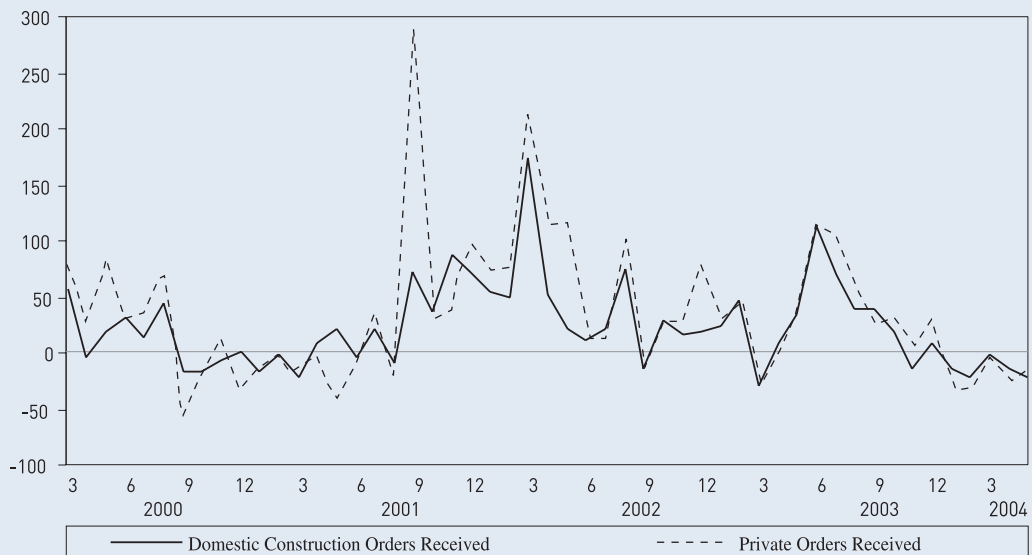
Value of Construction Completed and Domestic Construction Orders Received

(On-Year Change, %)



Domestic Construction Orders Received

(On-Year Change, %)



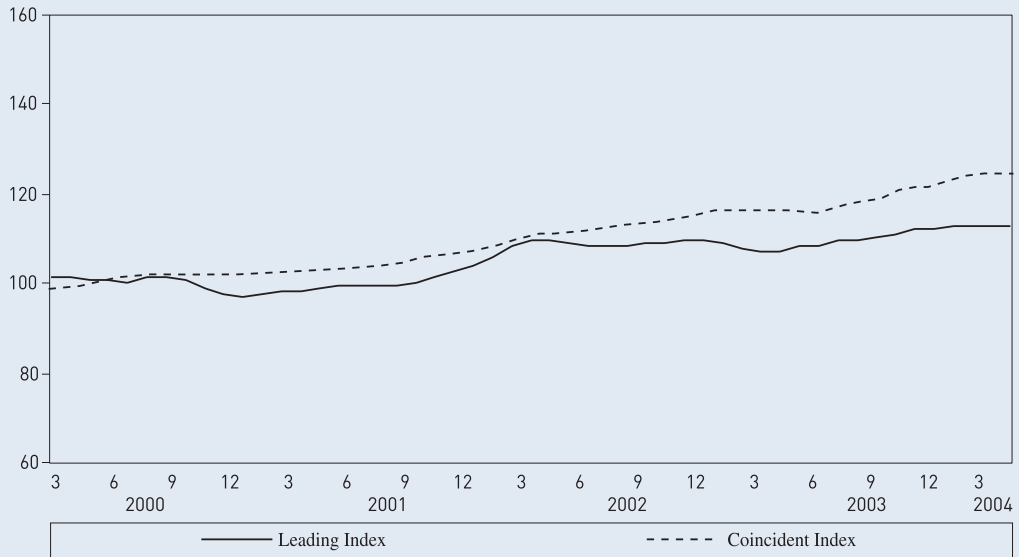
8. Composite Indexes of Business Cycle Indicators and BSI

Period	Leading Index (2000=100)	On-Year Change (%)	Coincident Index (2000=100)	Cycle of Coincident Index (2000=100)	BSI (Actual)	BSI (Outlook)
2001						
1	96.5	-4.4	101.2	101.8	66.3	114.5
2	97.1	-3.8	101.6	101.6	81.5	110.2
3	97.6	-3.3	102.0	101.5	98.7	131.0
4	97.6	-3.2	102.1	101.0	100.4	127.9
5	98.0	-2.6	102.5	100.8	105.4	123.3
6	98.6	-1.7	102.7	100.5	101.8	103.8
7	98.6	-1.2	102.8	100.0	88.9	91.4
8	98.6	-1.0	103.3	99.9	79.0	91.1
9	98.7	-0.5	104.2	100.2	87.0	104.7
10	99.7	0.7	105.3	100.7	85.9	91.8
11	100.8	2.1	105.8	100.6	95.9	81.0
12	101.9	3.3	105.6	99.8	103.0	68.0
2002						
1	103.6	5.2	106.6	100.1	105.6	105.1
2	105.5	7.4	107.7	100.6	109.7	110.7
3	107.7	10.0	109.3	101.6	138.9	141.9
4	109.0	11.2	110.1	101.7	129.8	140.8
5	109.2	11.1	110.5	101.5	125.9	143.0
6	108.4	9.7	110.6	101.0	108.4	121.8
7	107.9	8.4	111.2	100.9	97.3	114.6
8	107.5	7.2	111.9	101.0	100.2	100.4
9	108.0	6.7	112.8	101.2	106.2	118.5
10	108.1	5.9	113.0	100.9	102.7	115.1
11	108.7	5.5	113.6	100.8	99.6	98.6
12	109.0	4.9	114.3	100.8	91.9	95.6
2003						
1	108.9	4.0	115.2	101.0	90.2	91.9
2	108.2	2.6	115.3	100.5	79.8	89.3
3	107.1	0.9	115.4	100.1	89.3	109.0
4	106.5	-0.4	115.2	99.3	87.7	90.2
5	106.2	-1.2	115.2	98.7	84.7	108.1
6	107.5	-0.6	115.4	98.4	81.5	96.4
7	108.0	-0.2	115.6	98.0	79.1	90.3
8	109.0	0.5	116.4	98.0	85.1	91.4
9	109.0	0.7	117.1	98.1	89.4	109.6
10	110.0	1.5	118.7	98.9	103.4	110.3
11	110.5	2.2	119.6	99.1	98.9	102.8
12	111.3	3.1	120.7	99.5	100.4	98.7
2004						
1	111.4	3.1	121.6	99.6	90.7	99.8
2	112.0	3.6	123.2	100.3	95.3	104.9
3	112.0	3.6	123.9	100.4	104.2	113.6
4 ^P	112.1	3.5	124.5	100.3	101.7	104.3
5 ^P	112.0	3.3	124.5	99.7	90.2	113.2
6 ^P	-	-	-	-	86.8	92.1
7 ^P	-	-	-	-	-	86.4

P: Preliminary

Source: Korea National Statistical Office, The Federation of Korean Industries

Leading Index and Coincident Index



Business Survey Index



9. Balance of Payments (I)

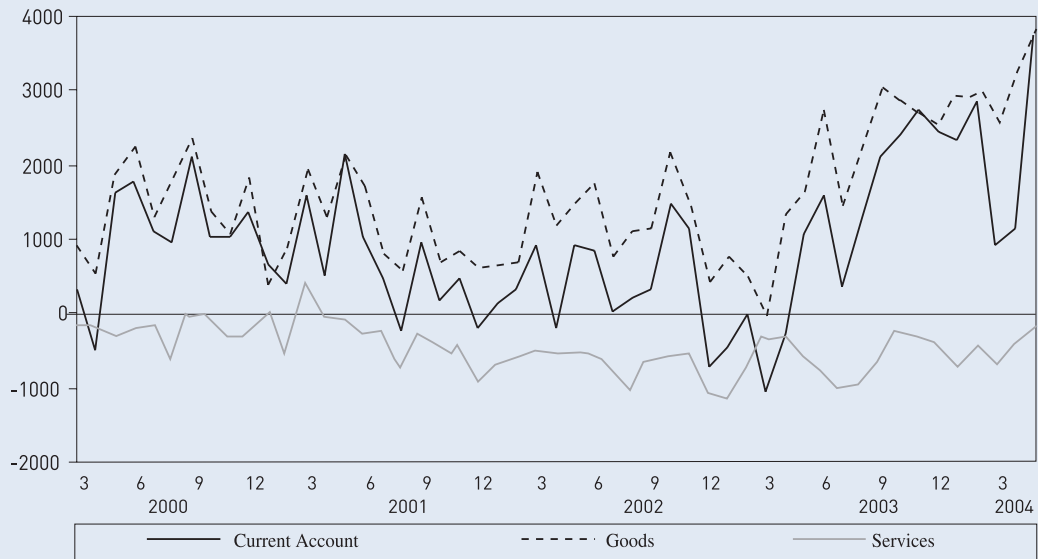
(Million US\$)

Period	Current Balance	Goods Trade Balance			Services Trade Balance	Income Trade Balance	Current Transfers
			Exports	Imports			
2000	12,250.8	16,953.6	176,220.5	159,266.9	-2,847.8	-2,421.3	566.3
2001	8,032.6	13,488.0	151,478.3	137,990.3	-3,872.1	-1,198.1	-385.2
2002	5,393.9	14,777.4	163,414.0	148,636.6	-8,197.5	432.3	-1,618.3
2003	12,320.7	22,161.3	197,637.2	175,475.9	-7,611.2	595.4	-2,824.8
2001							
I	2,666.9	3,224.8	36,029.1	32,910.1	-253.7	-382.8	78.6
II	3,738.2	5,127.9	38,634.6	33,549.4	-425.0	-850.5	-114.2
III	1,185.3	2,964.9	36,227.1	33,247.4	-1,320.1	-123.2	-354.3
IV	442.2	2,170.4	35,777.0	33,571.8	-1,891.3	158.4	4.7
2002							
I	1,400.6	3,259.9	36,029.1	32,910.1	-1,789.4	40.6	-110.5
II	1,569.7	4,450.7	40,573.5	36,204.0	-1,642.3	-859.3	-379.4
III	547.2	3,012.2	40,913.0	38,087.0	-2,464.9	582.1	-582.2
IV	1,876.4	4,054.6	45,038.1	41,172.8	-2,300.9	668.9	-546.2
2003							
I	-1,523.7	1,241.9	44,501.3	43,275.2	-2,295.4	254.6	-724.8
II	2,426.1	5,756.4	46,472.1	40,774.9	-1,674.9	-1,039.8	-615.6
III	3,757.7	6,818.0	49,064.6	42,005.4	-2,648.7	478.9	-890.5
IV	7,660.6	8,345.0	45,038.1	41,172.8	-992.2	901.7	-593.9
2003							
1	-460.3	771.3	14,319.9	14,495.0	-1,178.3	257.0	-310.3
2	5.2	499.2	13,337.1	13,858.3	-740.2	447.7	-210.5
3	-1,068.6	-28.6	15,378.9	15,870.2	-376.9	-450.1	-213.0
4	-257.8	1,357.4	15,720.6	14,758.7	-305.4	-1,215.2	-94.6
5	1,080.6	1,646.6	14,676.1	13,523.6	-536.0	211.5	-241.5
6	1,603.3	2,752.4	15,656.3	13,428.1	-833.5	-36.1	-279.5
7	345.7	1,461.6	15,431.7	14,898.0	-1,027.4	162.8	-251.3
8	1,302.6	1,289.2	15,375.3	13,541.4	-977.0	266.7	-276.3
9	2,109.4	3,067.2	17,021.1	14,531.4	-644.3	49.4	-362.9
10	2,436.5	2,940.6	18,929.7	16,536.6	-261.2	-10.1	-232.8
11	2,771.8	2,795.4	18,242.1	15,760.8	-302.3	446.4	-167.7
12	2,452.3	2,609.0	19,728.7	17,624.5	-428.7	465.4	-193.4
2004							
1	2,343.7	2,975.5	18,978.2	16,164.0	-766.2	352.6	-218.2
2	2,887.5	3,000.0	19,130.3	17,428.6	-463.9	594.0	-242.6
3	914.8	2,630.9	21,173.1	19,092.0	-651.9	-720.4	-343.8
4	1,141.9	3,319.0	21,505.0	18,824.3	-453.0	-1,444.8	-279.9
5 ^a	3,761.8	3,804.7	20,842.7	17,854.4	-193.4	302.8	-152.3

P: Preliminary
Source: Bank of Korea

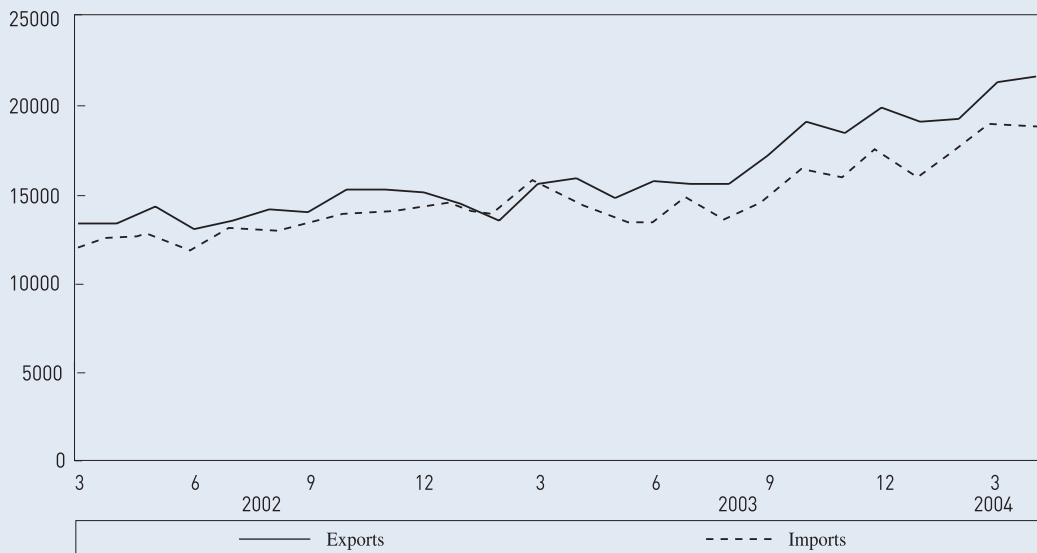
Balance on Current Account

(Million US\$)



Imports and Exports

(Million US\$)



10. Balance of Payments (II)

(Million US\$)

Period	Capital & Financial Account					Capital Account	Changes in Reserve Assets	Errors and Omissions
		Financial Account	Direct Investment	Portfolio Investment	Other Investment			
2000	12,110.0	12,725.2	4,284.5	11,997.5	-3,556.8	-615.2	-23,771.2	-589.6
2001	-3,390.8	-2,659.8	1,107.6	6,583.4	-10,350.8	-731.0	-7,575.8	2,934.0
2002	6,251.5	7,338.3	-224.2	708.7	6,853.8	-1,086.8	-11,799.4	154.0
2003	13,128.3	14,530.4	-207.2	17,959.4	-3,221.8	-1,402.1	-25,849.5	400.5
2002								
I	2,922.3	3,096.0	21.2	-1,229.3	4,304.1	-173.7	-3,284.0	-1,038.9
II	424.1	782.2	-500.6	-3,665.2	4,348.0	-358.1	-2,079.7	85.9
III	2,142.1	2,376.8	-144.5	1,275.3	1,246.0	-234.7	-4,305.4	1,616.1
IV	763.0	1,083.3	399.5	4,327.9	-3,644.3	-320.3	-2,130.3	-509.1
2003								
I	1,996.8	2,312.4	-431.3	-1,121.9	3,865.6	-315.6	-926.3	453.2
II	2,496.5	2,883.0	-193.8	3,801.8	-725.0	-386.5	-5,720.0	797.4
III	3,759.5	4,141.9	-439.9	7,724.4	-3,142.6	-382.4	-8,516.7	999.5
IV	4,875.5	5,193.1	-857.8	7,555.1	-3,219.8	-317.6	-10,686.5	-1,849.6
2003								
1	1,202.7	1,301.2	110.0	771.9	419.3	-98.5	-206.7	-535.7
2	337.3	433.2	-233.8	-1,547.2	2,114.2	-95.9	-986.0	643.5
3	456.8	578.0	-307.5	-346.6	1,232.1	-121.2	266.4	345.4
4	-748.1	-611.3	-81.0	-1,575.7	1,045.4	-136.8	1,139.4	-133.5
5	1,570.2	1,684.5	-74.7	974.6	784.6	-114.3	-2,668.7	17.9
6	1,674.4	1,809.8	-38.1	4,402.9	-2,555.0	-135.4	-4,190.7	913.0
7	-279.1	-137.3	-205.1	2,527.6	-2,459.8	-141.8	-1,333.4	1,266.8
8	3,907.5	4,029.8	151.3	2,215.4	1,603.1	-122.3	-4,054.5	-1,155.6
9	131.1	249.4	-386.1	2,981.4	-2,345.9	-118.3	-3,128.8	888.3
10	123.5	227.2	1,079.9	4,193.9	-5,046.6	-103.7	-1,269.9	-1,290.1
11	4,287.2	4,383.8	-28.0	7.0	1,654.8	-96.6	-6,372.4	-686.6
12	464.8	582.1	-194.1	604.2	172.0	-117.3	-3,044.2	127.1
2004								
1	-22.9	74.1	-255.3	4,129.4	-3,800.0	-97.0	-2,156.8	-164.0
2	2,216.0	2,322.0	-303.0	3,268.6	-643.6	-106.0	-5,745.0	641.5
3	457.5	651.6	-281.5	3,343.4	-2,410.3	-194.1	-841.5	-530.8
4	635.9	794.6	84.8	2,677.4	-1,967.6	-158.7	-1,348.0	-429.8
5 ^p	-1,652.7	-1,518.8	2,359.0	-3,810.1	-67.7	-133.9	-1,982.2	-126.9

P: Preliminary

Source: Bank of Korea, Korea Customs Service

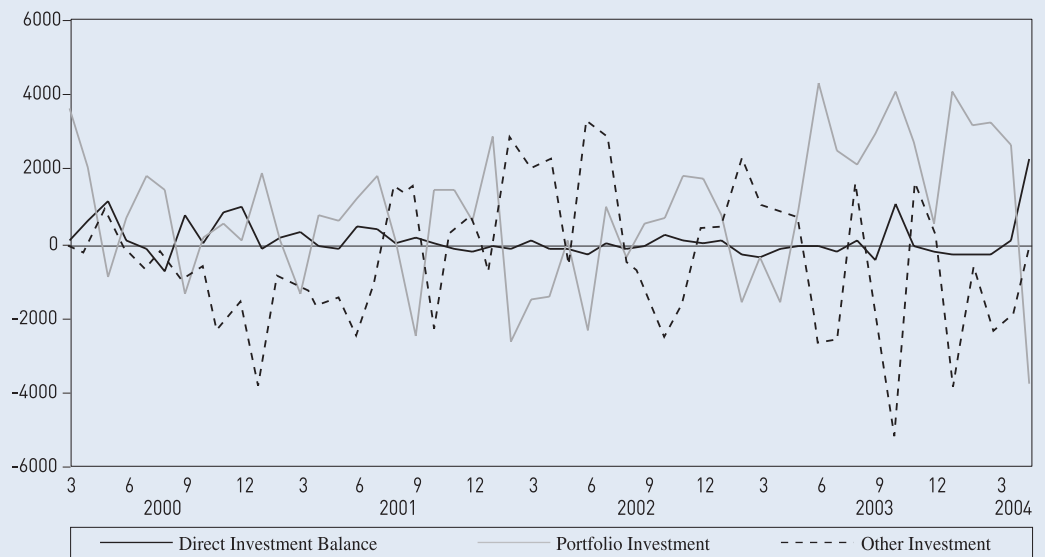
Current and Capital Balance

(Million US\$)



Financial Account

(Million US\$)



11. Prices

(2000 = 100)

Period	Consumer Prices				Producer Prices		Export & Import Prices	
	All Items	Commodity	Service	Core	All Items	Commodity	Export	Import
2000	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2001	104.1	103.5	104.6	103.6	99.5	98.9	96.2	103.5
2002	106.9	106.4	107.5	106.7	99.2	97.7	89.5	97.1
2003	100.7	109.8	111.4	110.0	101.4	99.7	87.5	98.9
2003 1	109.0	108.8	109.2	108.4	100.5	98.8	86.9	98.0
2	109.6	109.9	109.3	108.6	101.1	99.5	89.0	101.4
3	110.9	110.9	110.9	109.7	102.1	100.9	91.4	103.2
4	110.7	109.8	111.4	109.8	101.5	100.1	88.4	98.5
5	110.5	109.2	111.6	110.0	101.0	99.3	86.3	96.4
6	110.2	108.3	111.7	110.2	100.5	98.5	86.2	96.6
7	110.1	108.0	111.9	110.1	100.7	98.7	85.8	96.6
8	110.6	109.0	112.0	110.3	101.1	99.2	86.2	97.2
9	111.6	110.9	112.1	110.5	101.5	99.7	85.2	95.6
10	111.7	111.2	112.1	110.4	101.8	100.0	86.2	98.4
11	111.5	110.5	112.3	110.5	102.2	100.5	88.4	101.1
12	112.0	111.3	112.6	111.0	102.9	101.2	90.3	103.4
2004 1	112.7	112.3	112.9	111.4	104.3	102.8	91.8	105.3
2	113.2	113.1	113.2	111.5	105.6	104.6	91.2	105.1
3	114.3	114.2	114.5	112.7	106.6	106.0	91.2	106.6
4	114.3	114.0	114.5	112.8	107.1	106.7	91.0	106.6
5	114.2	113.7	114.6	113.0	107.4	107.1	93.9	110.5
6	114.2	113.6	114.7	113.2	107.3	107.0	-	-

On - Year Change (%)

2000	2.3	1.7	3.0	1.9	2.0	2.1	-1.0	7.7
2001	4.1	3.5	4.5	3.6	-0.5	-1.1	-3.8	3.5
2002	2.7	2.8	2.8	3.0	-0.3	-1.2	-7.0	-6.2
2003	3.6	3.2	3.6	3.1	2.2	2.0	-2.2	1.8
2003 1	3.8	4.8	2.9	3.1	2.8	2.8	-4.3	2.5
2	3.9	4.3	3.4	3.0	2.8	3.0	-3.6	5.2
3	4.5	5.5	3.7	3.4	3.3	3.7	-3.9	2.8
4	3.7	3.6	3.9	3.2	1.9	2.0	-7.1	-3.4
5	3.2	2.3	3.8	3.1	1.0	0.6	-5.1	-2.4
6	3.0	1.8	3.9	3.3	1.1	0.6	-0.9	1.2
7	3.2	2.2	4.0	3.1	1.6	1.2	0.5	3.2
8	3.0	2.0	3.9	3.2	1.9	1.5	-0.1	2.6
9	3.3	2.5	3.9	3.1	2.1	1.9	-2.6	-1.5
10	3.7	3.7	3.7	2.8	2.2	2.1	-3.4	-0.8
11	3.4	3.2	3.7	2.7	2.4	2.4	1.9	6.4
12	3.4	3.2	3.5	2.8	3.1	3.2	3.3	6.5
2004 1	3.4	3.2	3.4	2.8	3.8	4.0	5.7	7.4
2	3.3	2.9	3.6	2.7	4.5	5.1	2.4	3.7
3	3.1	3.0	3.2	2.7	4.4	5.1	-0.2	3.3
4	3.3	3.8	2.8	2.7	5.5	6.6	3.0	8.2
5	3.3	4.1	2.7	2.7	6.3	7.9	8.9	14.6
6	3.6	4.9	2.7	2.7	6.8	8.6	-	-

Source: Korea National Statistical Office, Bank of Korea

(On-Year Change, %)

The graph displays two data series: Consumer Prices (solid line) and Producer Prices (dashed line) from 2000 to 2004. The Y-axis represents the percentage change, ranging from -4 to 8. The X-axis shows time in quarters, with labels for 3, 6, 9, and 12 for each year.

Consumer Prices (Solid Line):

- Starts at approximately 3.0 in early 2000.
- Peaks at about 5.2 in early 2001.
- Experiences a sharp drop to around 3.2 in late 2000.
- Remains relatively stable, fluctuating between 2.5 and 3.5 throughout the period.
- Ends at approximately 3.5 in early 2004.

Producer Prices (Dashed Line):

- Starts at approximately 3.0 in early 2000.
- Peaks at about 3.0 in early 2000.
- Experiences a sharp drop to around -2.5 in early 2001.
- Remains negative until late 2001, then rises sharply.
- Peaks at about 4.5 in late 2002.
- Ends at approximately 6.5 in early 2004.

(On-Year Change, %)

The graph displays the annual percentage change in export and import prices from 2000 to 2004. The Y-axis represents the percentage change, ranging from -15% to 15%. The X-axis shows the years from 2000 to 2004, with quarterly markers (3, 6, 9, 12). Export prices are represented by a solid line, and import prices by a dashed line. Both series show significant volatility, with import prices generally higher than export prices after 2001.

Year	Quarter	Export Prices (%)	Import Prices (%)
2000	3	-3	12
2000	6	2	12
2000	9	0	4
2000	12	-6	4
2001	3	5	13
2001	6	-3	6
2001	9	-8	4
2001	12	-12	-8
2002	3	-6	-6
2002	6	-10	-10
2002	9	-3	-3
2002	12	-1	3
2003	3	-7	-3
2003	6	-1	3
2003	9	-3	-1
2003	12	5	7
2004	3	0	3

12. Employment and Earnings

Period	Economically Active Persons (Thous.)	Employed Persons			Unemployment (%)	All Industry Earnings (Won) (Base year = 2000)	Manufacturing
		All Industry	Manufacturing	S.O.C & Service			
2000	22,069	21,156	4,293	14,603	4.1	1,727,338	1,601,468
2001	22,417	21,572	4,267	15,139	3.8	1,824,826	1,702,350
2002	22,877	22,169	4,241	15,841	3.1	2,036,207	1,907,117
2003	22,916	22,139	4,205	15,967	3.4	2,228,491	2,073,992
2003							
1	22,352	21,562	4,144	15,807	3.5	2,511,545	2,387,360
2	22,320	21,498	4,152	15,685	3.7	2,053,000	1,876,980
3	22,644	21,837	4,209	15,756	3.6	2,049,389	1,850,907
4	22,912	22,156	4,238	15,825	3.3	2,110,473	1,932,985
5	23,114	22,370	4,252	15,948	3.2	1,935,255	1,741,462
6	23,138	22,383	4,225	15,988	3.3	2,273,793	2,090,913
7	23,238	22,456	4,220	16,116	3.4	2,157,598	2,011,279
8	22,883	22,126	4,115	15,917	3.3	2,247,760	2,114,594
9	23,031	22,301	4,164	16,030	3.2	2,386,405	2,198,409
10	23,218	22,452	4,236	16,088	3.3	2,126,587	2,017,836
11	23,218	22,425	4,246	16,205	3.4	2,017,523	1,819,736
12	22,922	22,096	4,257	16,245	3.6	2,870,292	2,837,319
2004							
1	22,790	21,936	4,254	16,173	3.7	2,507,996	2,372,647
2	22,906	22,005	4,272	16,158	3.9	2,196,532	2,106,600
3	23,249	22,371	4,309	16,263	3.8	2,177,895	2,027,800
4	23,482	22,673	4,323	16,401	3.4	2,214,623	2,096,647
5	23,527	22,738	4,286	16,455	3.5	-	-

On - Year Change (%)

2000	1.9	4.3	5.9	4.4	-	8.0	8.5
2001	1.6	2.0	-0.6	3.7	-	5.6	6.3
2002	2.1	2.8	-0.6	4.6	-	11.6	12.0
2003	0.2	-0.1	-0.8	0.8	-	9.4	8.8
2003							
1	0.7	1.0	-2.4	2.3	-	37.4	42.8
2	0.3	0.4	-1.9	1.0	-	-2.9	-6.0
3	0.3	0.3	-0.9	1.1	-	9.2	9.3
4	-0.5	-0.7	-0.6	-0.1	-	8.2	8.0
5	-0.1	-0.4	-0.4	0.4	-	9.0	6.5
6	-0.1	-0.6	-0.4	0.1	-	8.1	6.9
7	0.2	-0.3	0.2	0.4	-	6.7	4.9
8	-0.1	-0.4	-1.8	0.9	-	13.0	13.0
9	-0.3	-0.8	-1.8	0.4	-	6.9	6.1
10	0.2	-0.4	-0.4	0.6	-	7.9	6.8
11	0.8	0.2	-0.3	1.2	-	9.1	11.2
12	0.7	0.2	0.4	1.4	-	5.5	3.1
2004							
1	2.0	1.7	2.7	2.3	-	-0.1	-0.6
2	2.6	2.4	2.9	3.0	-	7.0	12.2
3	2.7	2.4	2.4	3.2	-	6.3	9.6
4	2.5	2.3	2.0	3.6	-	4.9	8.5
5	1.8	1.6	0.8	3.2	-	-	-

Source: Korea National Statistical Office

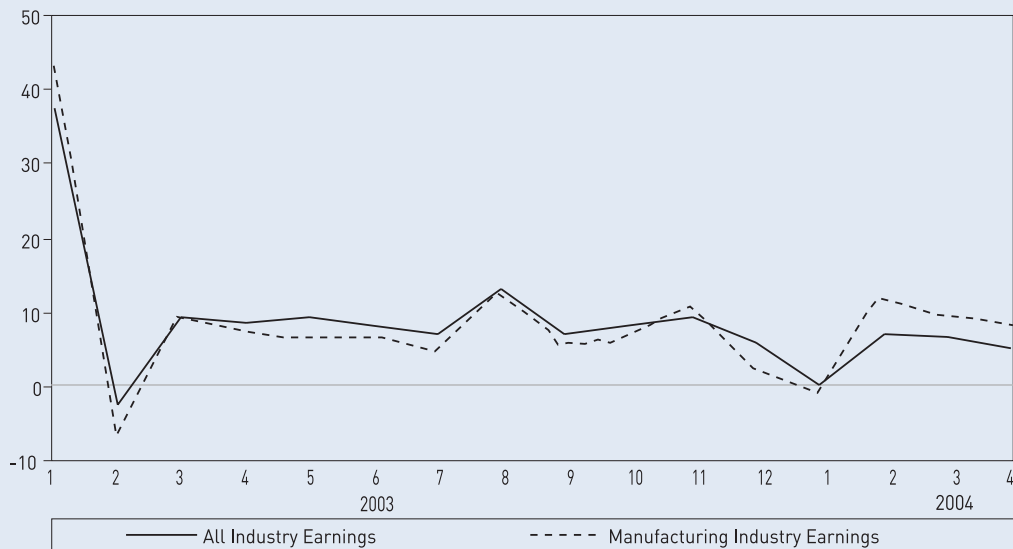
Unemployment Rate and Growth Rate of the Employed

(%)



Earnings

(On-Year Change, %)



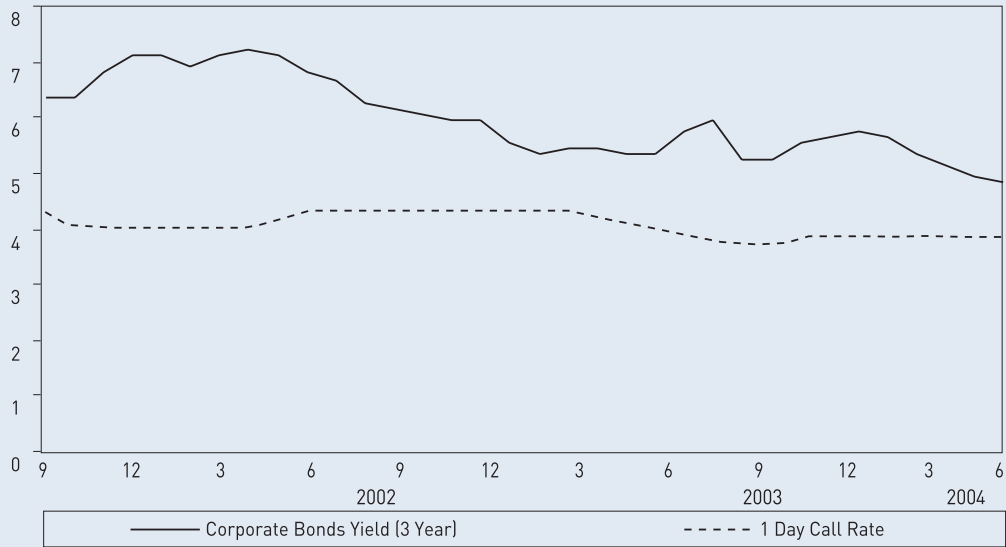
13. Financial Indicators

Period	Yields[%]				Stock		
	1 Day Call Rate	3 Month CD	3 Year Corporate Bonds (AA-)	3 Year Treasury Bonds	Stock Price Index (Kospi)	Trading Value (BilL Won)	
2001	1	5.3	6.4	7.8	6.0	585.0	53,510.5
	2	5.1	5.7	6.8	5.4	593.4	39,362.5
	3	5.0	5.7	7.2	5.8	543.9	16,145.4
	4	5.0	5.8	7.9	6.6	530.3	32,657.6
	5	5.0	5.9	7.7	6.5	600.7	49,230.6
	6	5.0	5.6	7.2	6.0	602.9	36,365.8
	7	4.8	5.3	7.0	5.8	554.1	24,586.3
	8	4.6	4.9	6.5	5.2	567.1	34,078.0
	9	4.3	4.7	6.3	4.9	504.0	34,479.2
	10	4.0	4.4	6.3	4.7	523.3	31,176.4
	11	4.0	4.5	6.8	5.3	604.9	61,929.8
	12	4.0	4.8	7.1	5.9	666.0	60,082.6
2002	1	4.0	4.8	7.1	6.1	739.0	90,300.4
	2	4.0	4.5	6.9	5.9	774.4	59,861.7
	3	4.0	4.6	7.1	6.3	864.7	87,336.1
	4	4.0	4.8	7.2	6.5	894.0	84,815.2
	5	4.2	4.8	7.1	6.3	842.2	69,981.5
	6	4.3	4.9	6.8	5.9	784.3	43,623.7
	7	4.3	4.9	6.6	5.7	753.7	65,903.3
	8	4.3	4.8	6.2	5.4	713.2	51,164.5
	9	4.3	4.8	6.1	5.4	703.0	42,706.4
	10	4.3	4.9	6.0	5.4	642.2	54,392.1
	11	4.3	4.9	5.9	5.3	679.7	51,474.5
	12	4.3	4.9	5.9	5.3	699.8	40,590.6
2003	1	4.3	4.7	5.5	5.0	631.0	36,144.8
	2	4.3	4.5	5.3	4.7	591.6	29,335.7
	3	4.3	4.8	5.4	4.8	550.8	39,090.8
	4	4.2	4.6	5.4	4.6	585.9	54,875.7
	5	4.1	4.4	5.3	4.3	613.5	40,840.8
	6	4.0	4.3	5.3	4.1	663.2	47,946.6
	7	3.8	4.2	5.7	4.4	703.5	49,483.9
	8	3.7	3.9	5.9	4.6	731.7	46,450.9
	9	3.7	3.8	5.2	4.3	742.3	42,642.3
	10	3.7	3.9	5.2	4.3	756.5	52,947.7
	11	3.8	4.2	5.5	4.8	789.1	53,972.5
	12	3.8	4.3	5.6	4.8	801.2	51,330.4
2004	1	3.8	4.3	5.7	4.9	845.5	49,491.6
	2	3.8	4.1	5.6	4.8	867.5	52,324.1
	3	3.8	3.9	5.3	4.6	875.6	56,186.2
	4	3.8	3.9	5.1	4.5	907.1	57,918.3
	5	3.8	3.9	4.9	4.4	798.8	48,865.5
	6	3.8	3.9	4.8	4.3	-	-

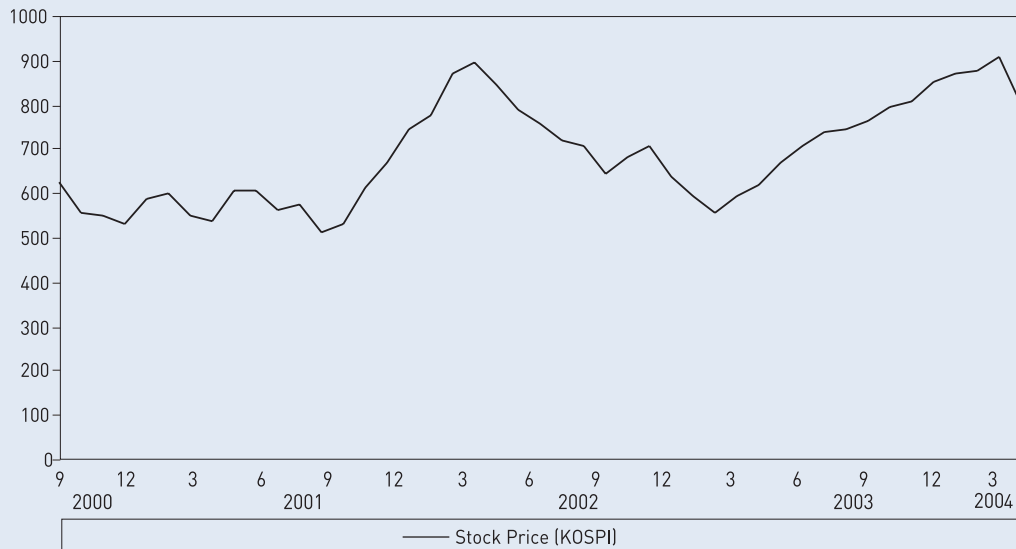
Source: Bank of Korea

Corporate Bonds Yield and 1 Day Call Rate

[%]



Stock Price



14. Monetary Indicators

[Period Average]

[Billion Won]

Period	Reserve Money	M1	M2	M3
2000	26,357.0	183,349.9	691,393.5	882,764.3
2001	29,375.9	216,442.4	739,337.0	967,324.9
2002	33,579.3	265,042.4	824,227.8	1,092,168.8
2003	35,754.7	283,397.4	888,988.6	1,187,839.8
2003 1	35,464.6	285,581.0	880,250.7	1,162,240.3
2	36,200.9	282,153.5	883,643.0	1,168,118.1
3	34,854.8	282,509.9	892,494.8	1,177,872.1
4	35,625.4	277,971.1	890,351.6	1,177,246.3
5	35,162.7	276,666.5	886,410.8	1,177,553.5
6	35,412.2	278,561.3	886,769.4	1,183,812.6
7	34,976.9	277,602.5	886,242.9	1,191,441.2
8	35,544.9	279,840.7	886,880.8	1,190,755.5
9	36,836.1	286,407.1	890,673.1	1,201,779.7
10	35,519.3	286,354.8	885,171.7	1,198,490.1
11	36,377.7	291,032.3	896,674.7	1,210,856.4
12	37,080.9	296,103.4	901,818.6	1,213,911.2
2004 1	38,875.0	302,742.1	901,048.5	1,219,452.7
2	37,664.2	303,377.3	906,803.8	1,227,580.6
3	37,380.6	306,044.0	916,675.5	1,240,792.7
4	36,990.4	305,387.2	918,104.4	1,240,972.6 ^P
5 ^P	36,980.7	-	921,047.9	-

On - Year Change (%)

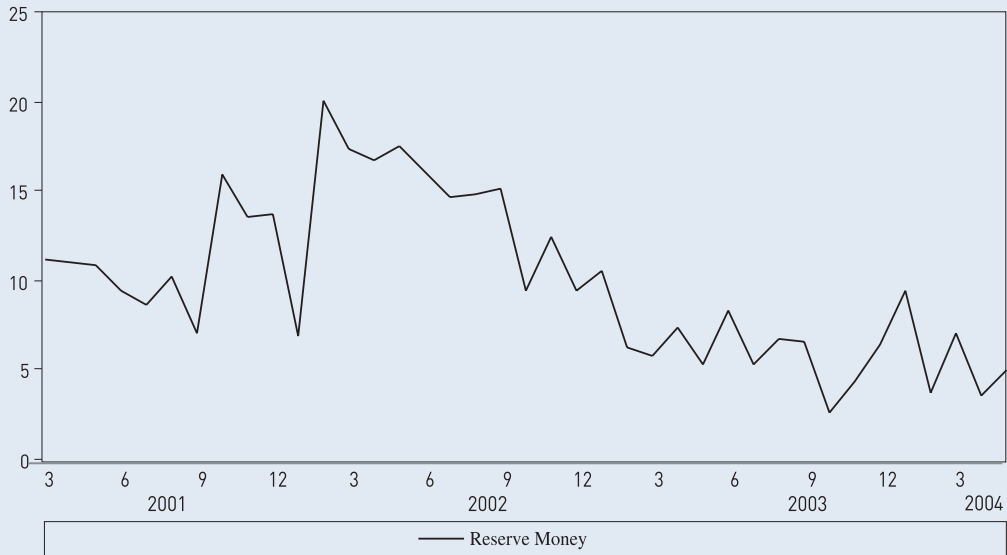
2000	20.0	24.5	2.2	5.6
2001	11.5	18.0	6.9	9.6
2002	14.3	22.5	11.5	12.9
2003	6.5	6.9	7.9	8.8
2003 1	10.7	13.7	13.9	13.1
2	6.5	9.5	13.3	12.5
3	6.0	7.8	11.9	11.7
4	7.6	5.3	10.3	10.2
5	5.5	5.2	9.1	9.4
6	8.6	5.9	7.9	9.1
7	5.6	6.2	7.0	8.7
8	6.9	6.9	6.7	7.9
9	6.8	6.8	5.7	7.5
10	2.8	5.3	3.8	5.9
11	4.6	5.6	3.2	5.3
12	6.6	5.4	3.0	5.0
2004 1	9.6	6.0	2.4	4.9
2	4.0	7.5	2.6	5.1
3	7.2	8.3	2.7	5.3
4	3.8	9.9	3.1	5.4 ^P
5 ^P	5.2	-	3.9	-

P: Preliminary

Source: Bank of Korea

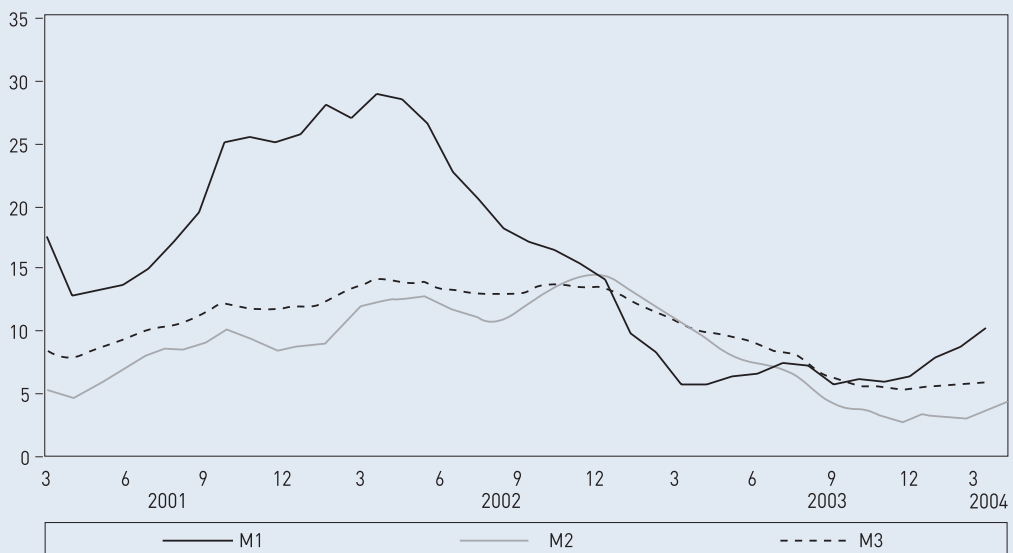
Reserve Money

(On-Year Change, %)



Monetary Trends

(On-Year Change, %)



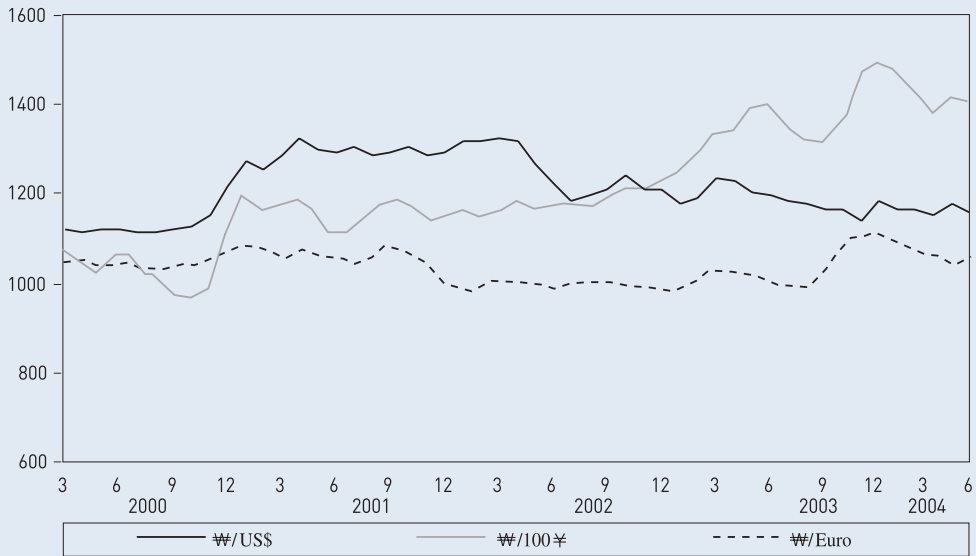
15. Exchange Rates

Period	₩ / US\$		₩ / 100 ¥		₩ / Euro	
	End-of-Period	Average	End-of-Period	Average	End-of-Period	Average
2001	1,326.1	1,291.0	1,009.4	1,062.7	1,172.6	1,156.6
2002	1,200.4	1,251.5	1,012.9	999.5	1,257.4	1,180.2
2003	1,197.8	1,088.4	1,119.6	934.3	1,502.6	1,226.8
2003 1	1,170.5	1,179.8	987.1	994.0	1,265.7	1,251.4
2	1,186.8	1,191.2	1,008.5	996.8	1,275.6	1,283.1
3	1,252.9	1,234.1	1,044.7	1,038.4	1,351.1	1,331.3
4	1,213.1	1,230.7	1,014.0	1,027.0	1,348.3	1,337.3
5	1,205.3	1,200.0	1,010.7	1,022.4	1,420.5	1,391.5
6	1,193.1	1,194.5	996.4	1,008.5	1,362.3	1,393.7
7	1,180.0	1,181.6	980.9	997.0	1,338.4	1,346.1
8	1,178.5	1,178.3	1,009.6	992.1	1,294.6	1,313.7
9	1,150.2	1,166.0	1,028.9	1,015.3	1,331.2	1,311.5
10	1,177.3	1,166.4	1,083.5	1,065.3	1,369.0	1,365.5
11	1,202.6	1,184.9	1,100.7	1,085.2	1,432.8	1,385.5
12	1,197.8	1,138.6	1,119.6	1,106.1	1,502.6	1,464.0
2004 1	1,173.6	1,184.3	1,107.9	1,112.7	1,461.7	1,472.9
2	1,174.5	1,166.7	1,072.5	1,095.7	1,461.0	1,473.9
3	1,153.6	1,166.3	1,090.0	1,073.1	1,404.8	1,430.0
4	1,167.7	1,150.9	1,062.1	1,071.2	1,396.2	1,381.3
5	1,165.7	1,177.4	1,056.2	1,048.9	1,426.7	1,412.2
6	1,152.5	1,158.6	1,064.0	1,059.0	1,393.7	1,407.3
On - Year Change (%)						
2001	5.3	14.2	-8.4	1.3	-1.2	10.7
2002	-9.5	-3.1	0.3	-5.9	7.2	2.0
2003	-0.2	-13.0	10.5	-6.5	19.5	3.9
2003 1	-11.0	-10.5	-0.3	0.0	11.7	7.3
2	-10.6	-9.7	2.0	0.9	11.0	11.9
3	-5.5	-6.7	4.6	2.9	16.9	14.9
4	-6.1	-6.7	0.6	1.9	15.5	14.5
5	-2.3	-5.3	1.2	2.0	23.0	19.8
6	-0.7	-2.4	-0.8	1.6	14.4	19.3
7	-1.4	-0.2	-1.4	-0.8	13.7	14.5
8	-1.8	-1.4	-0.4	-1.2	9.8	12.4
9	-6.1	-3.5	3.1	1.4	10.7	10.7
10	-4.5	-6.0	8.0	6.4	12.8	12.2
11	-0.4	2.3	11.6	8.8	19.2	14.1
12	-0.2	-5.8	10.5	11.5	19.5	18.8
2004 1	0.3	-0.4	12.2	12.0	15.1	19.3
2	-1.0	2.1	6.3	9.9	14.5	14.9
3	-7.9	-5.4	4.3	3.3	4.0	7.4
4	-3.7	-6.6	4.7	4.1	3.6	3.2
5	-3.4	-1.9	3.5	2.5	-0.6	1.4
6	-3.4	-3.0	6.8	5.0	2.3	1.0

Source: Bank of Korea

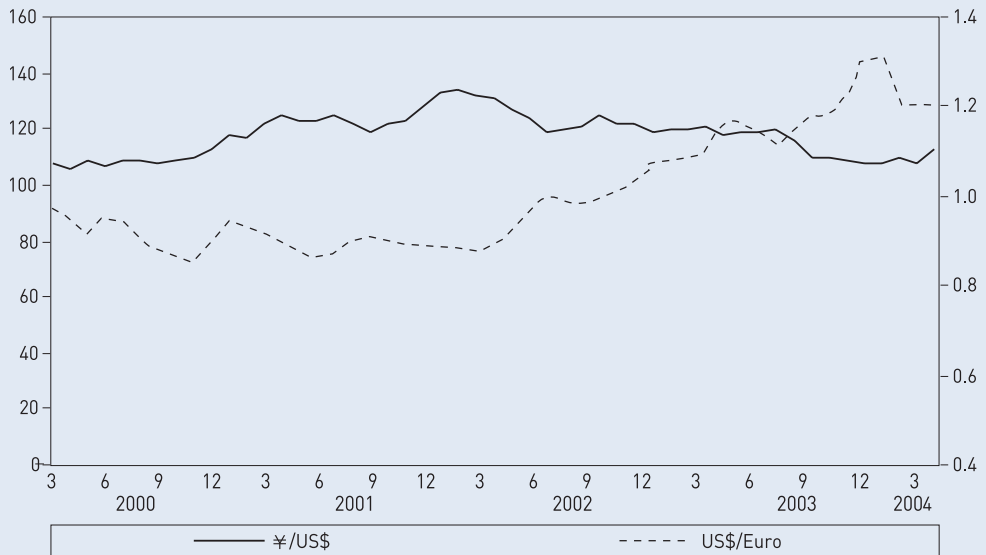
Won's Exchange Rates to Major Foreign Currencies

(Average)



Exchange Rates of Major Currencies

(Average)



For free subscriptions and inquiries, please contact :

Center for Economic Information, KDI
207-41, Chongnyangni-dong, Dongdaemun-gu
Seoul, Korea (130-012)
TEL : 82-2-958-4645
FAX : 82-2-3295-0744
E-mail : sslee@kdi.re.kr
Website : <http://epic.kdi.re.kr>