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**ECONOMIC  
BULLETIN**

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Republic of Korea

# Economic Bulletin

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# The Green Book

## Current Economic Trends

### Overview

**The Korean economy in early 2007 is assessed to stay in line with the projected economic trend of lower growth in the first half and higher in the second, despite temporary slowdown factors such as a partial strike by auto workers.**

The pace of growth of industrial output in January increased 7.4 percent, up 4.4 percent from 3.0 percent in December last year. It was largely attributable to the fact that Lunar New Year fell in February and days operated increased 1.5 days. However, the expansion was limited due to a partial strike by auto workers. Services went up 4.6 percent year-on-year in January on increased days operated.

Consumer goods sales in January edged up on-year 3.1 percent indicating the continued adjustment period since the third quarter of the previous year. Meantime, consumption on Lunar New Year holidays was deferred to February. Estimated facility investment surged 16.0 percent in January from the previous month on the back of investment expansion in computers and special industrial machinery. Construction completed climbed 13.3 percent.

February exports maintained double-digit growth of 11.3 percent year-on-year despite the shortened days operated by 1.5 days with the Lunar New Year falling in the same month. During the January-February period, exports surged 16.0 percent. Still, January current account posted a deficit of US\$510 million affected by widened services account deficit despite robust exports.

Jobs growth registered 258,000 year-on-year in January, continuing the trend of hovering slightly below 300,000 from the second half of the previous year. February consumer prices stabilized within a 2 percent range backed up by stabilizing oil prices despite price rise of agricultural products affected by the Lunar New Year holidays.

**The Korean economy in 2007 is expected to expand a mid 4 percent provided external conditions do not deteriorate sharply. As for the quality of growth, however, momentum for domestic demand including consumption is likely to moderate.**

The government will focus on macroeconomic and fine-tuning measures to compensate the domestic economy, so as to support growth mostly in line with potential and ease difficulties of ordinary people.

The government will continue its endeavor to expand growth engines by improving the business environment to cope with the weakening momentum for domestic demand and strengthening competitiveness of the service industry. The government will also enhance efforts to compensate the sluggish construction investment.

## 1. Global economy

The global economy maintained solid growth on the back of high growth in China and economic recovery in Japan and the eurozone, despite moderation of the US economy.

International financial market has been highly volatile recently triggered by a sudden fall in the Chinese stock market. The yen appreciated on concerns over the unwinding of the carry trade.

### US

The fourth quarter of 2006 growth (*q-o-q, annualized*) was substantially revised down to 2.2 percent (*preliminary*) from 3.5 percent (*advance*).

The downward revision was largely attributable to the expanded business inventory adjustment that lowered contribution of inventory investment to growth from -0.71 to -1.35 percentage points.

New home sales fell 16.6 percent in January from the previous month, the biggest drop in 13 years, pointing to a further deterioration of the housing market.

Meantime, the ISM Index<sup>1</sup> registered 52.3, the highest in 5 months. Amid such mixed economic indicators, market expectations heightened on interest rate decrease with rising concerns over financial instability originated from China.

(Percentage change from previous period)

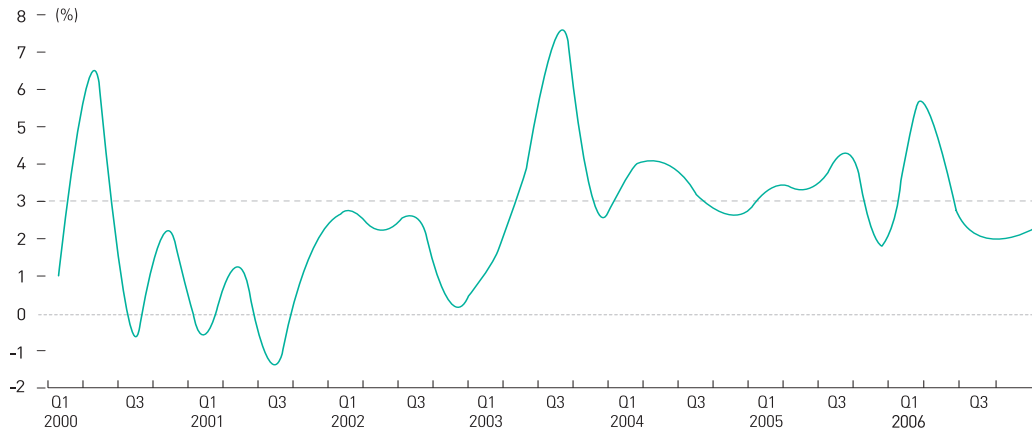
	2005		2006					2007	
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Dec	Jan
Real GDP <sup>1</sup>	3.2	1.8	3.3	5.6	2.6	2.0	2.2	-	-
- Personal consumption expenditures	3.5	0.8	3.2	4.8	2.6	2.8	4.2	-	-
- Corporate fixed investment	6.8	5.2	7.4	13.7	4.4	10.0	-2.4	-	-
- Residential purpose construction investment	8.6	-0.9	-4.2	-0.3	-11.1	-18.7	-19.1	-	-
Industrial production	3.2	4.7	4.0	5.0	6.5	4.0	-0.8	0.5	-0.5
Retail sales	7.2	0.7	6.3	3.1	0.8	0.9	0.1	1.2	0.0
New non-farm payroll employment (thousand)	1,981	536	1,838	529	346	556	407	167	111
New home sales	6.8	-1.3	-17.3	-13.3	-1.0	-7.5	5.4	9.1	-16.6
Core consumer prices (y-o-y, %)	2.2	0.6	2.5	0.6	0.8	0.7	0.5	0.1	0.3

1. Annualized rate

1. A national manufacturing index based on a survey of purchasing executives at roughly 300 industrial companies. The index signals expansion when the figure is above 50 and contraction when below.

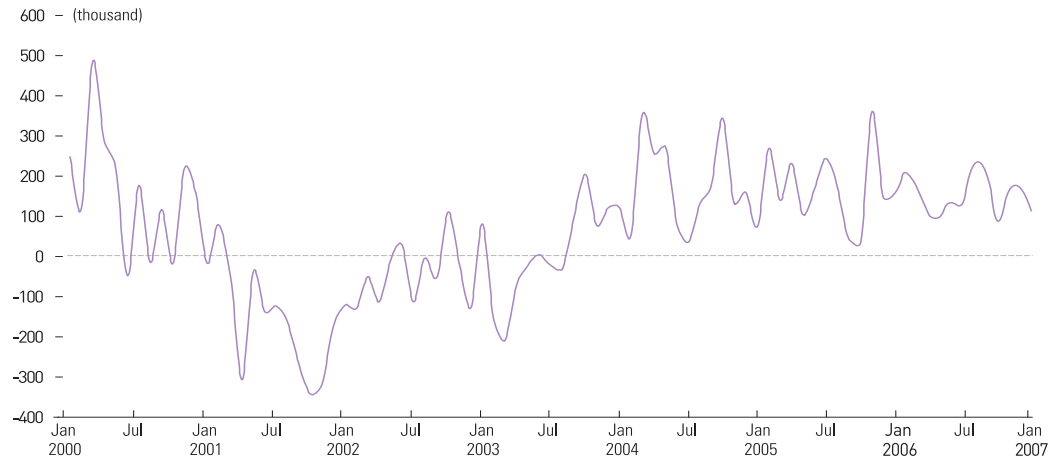
### 1-1 US GDP (q-o-q, annualized rate)

Source: US Department of Commerce



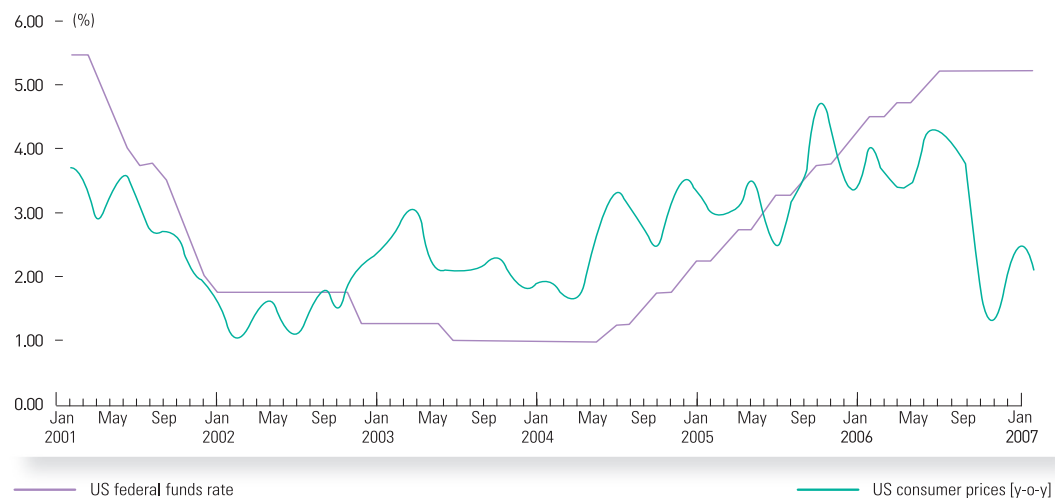
### 1-2 US non-farm payroll employment (m-o-m change)

Source: US Department of Labor



### 1-3 US federal funds rate and consumer prices

Source: US Federal Reserve Board & Department of Labor



## China

The People's Bank of China increased the reserve requirements of banks by 0.5 percentage point on February 16 for the second time this year due to continued worries over inflation despite measures to absorb excess liquidity.

The Shanghai Composite Index shed 8.8 percent on February 27 due to tightening policy, possibility over the yuan appreciation and speculations on capital gains tax.

*(Percentage change from same period in previous year)*

	2005		2006						2007
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Dec	Jan
Real GDP	10.2	9.9	10.7	10.3	11.3	10.4	10.4	-	-
Fixed asset investment (accumulated)	27.2	27.2	24.5	29.8	31.3	28.2	24.5	24.5	-
Retail sales	12.9	12.6	13.7	12.8	13.9	13.8	14.3	14.6	-
Exports	28.4	22.1	27.2	26.6	24.1	28.7	29.1	24.8	33.0
Consumer prices	1.8	1.4	1.5	1.2	1.3	1.3	2.0	2.8	2.2

## Japan

Fourth quarter GDP surged 1.2 percent from the previous quarter on the back of steady expansion of facility investment and private consumption's transition into a positive growth.

Accordingly, the Bank of Japan (BOJ) revised up the target overnight call rate from 0.25 percent to 0.5 percent on February 21 after it judged that the economy would continue its expansion.

*(Percentage change from previous period)*

	2005		2006						2007
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Dec	Jan
Real GDP	1.9	0.4	2.2	0.7	0.3	0.1	1.2	-	-
Industrial production	1.6	0.3	0.9	0.1	0.6	-1.1	1.1	-	-
Retail sales	6.6	-0.5	7.3	3.3	3.3	0.8	2.2	-	-
Exports (y-o-y, %)	7.3	13.4	14.6	17.6	14.7	15.6	11.1	9.8	18.9

## Eurozone

The 2006 eurozone economy expanded a substantial 2.7 percent from 1.4 percent in the previous year, recording the highest since 2000. The expansion was backed up by a surge in private consumption and fixed investment thanks to an increase in profitability and employment improvement on labor reform.

*(Percentage change from previous period)*

	2005		2006						2007	
	Annual	Q4	Annual	Q1	Q2	Q3	Q4	Dec	Jan	Feb
Real GDP	1.4	0.4	2.7	0.8	1.0	0.5	0.9	-	-	-
Industrial production	1.3	0.9	3.8	1.0	1.3	0.9	0.4	1.0	-	-
Retail sales	1.3	0.4	1.4	0.2	0.5	0.6	0.5	0.3	-	-
Exports (y-o-y, %)	7.7	9.8	11.2	15.8	9.3	7.8	12.0	7.6	-	-
Consumer prices (y-o-y, %)	2.2	2.3	2.2	2.3	2.4	2.2	1.9	1.9	1.9	1.8

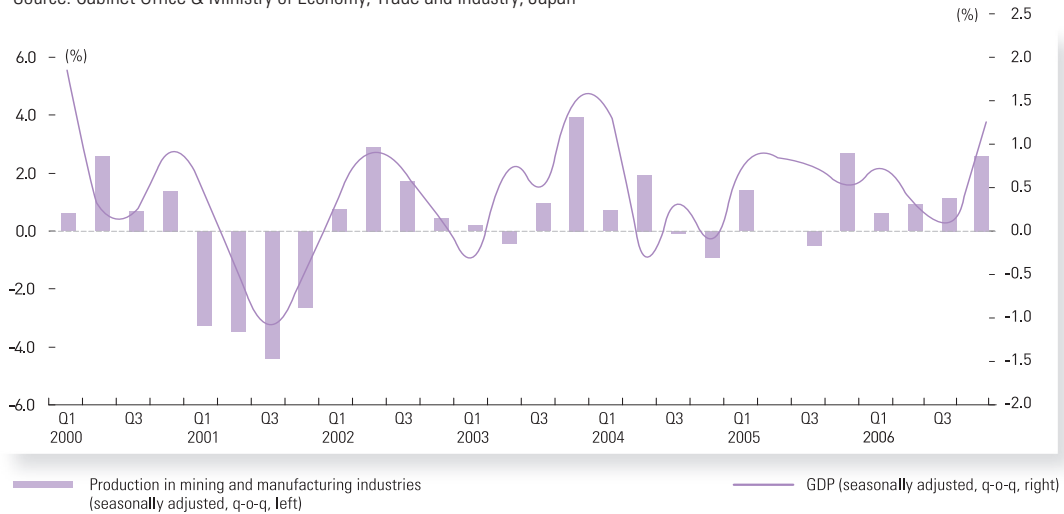
### 1-4 China's GDP and fixed asset investment

Source: National Bureau of Statistics of China



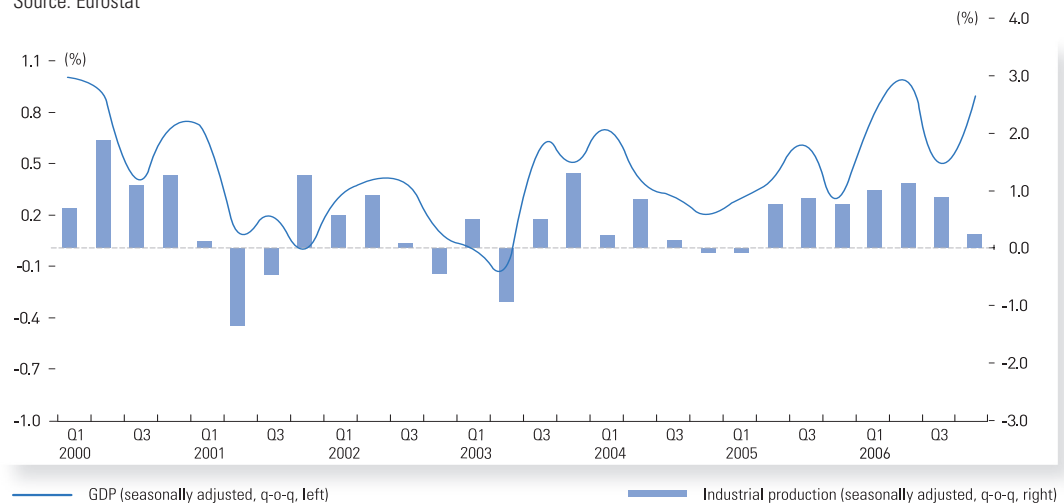
### 1-5 Japan's GDP growth

Source: Cabinet Office & Ministry of Economy, Trade and Industry, Japan



### 1-6 Eurozone GDP growth and industrial production

Source: Eurostat



## 2. Private consumption

The pace of private consumption growth kept on moderating into the fourth quarter of 2006 (*preliminary GDP*) from the beginning of the year. It gained on-year 3.6 percent or on-quarter 0.8 percent.

### Private consumption

(y-o-y, %): 4.2 (Q4 2005) ↻ 4.8 (Q1 2006) ↻ 4.4 (Q2) ↻ 4.0 (Q3) ↻ 3.6 (Q4)

(SA\*, q-o-q, %): 1.1 (Q4) ↻ 1.3 (Q1 2006) ↻ 0.9 (Q2) ↻ 0.6 (Q3) ↻ 0.8 (Q4)

\* SA: *seasonally adjusted*

Consumer goods sales in January posted a mere 3.1 percent gain year-on-year, continuing the previous month's moderation. The slowdown was due to the Lunar New Year holidays falling in February as opposed to January in the previous year.

Durable goods sales led by automobiles surged while non-durable goods sales fell directly affected by the shift of the Lunar New Year.

*(Percentage change from same period in previous year)*

	2005		2006						2007
	Annual	Annual	Jan	Q1	Q2	Q3	Q4 <sup>1</sup>	Dec <sup>1</sup>	Jan <sup>1</sup>
Consumer goods sales	4.1	4.7	9.1	5.3	6.1	2.9	4.5	3.3	3.1
(Seasonally adjusted) <sup>2</sup>	-	-	-1.9	0.0	1.9	-0.2	3.0	0.9	0.8
- Durable goods <sup>3</sup>	6.5	11.0	7.0	11.5	11.3	11.4	9.6	8.3	21.4
• Automobiles	9.5	8.1	13.4	22.6	8.1	4.2	1.3	-0.6	17.2
- Semi-durable goods <sup>4</sup>	7.9	5.1	8.6	7.4	6.7	2.9	3.6	3.9	6.4
- Non-durable goods <sup>5</sup>	1.2	1.1	10.3	1.2	3.0	-1.7	2.0	0.0	-7.3

1. Preliminary

2. Percentage change from previous period

3. Durable goods (25.4%): Automobiles, electronic appliances, furniture, telecommunications devices, etc.

4. Semi-durable goods (24.0%): Clothing, footwear, etc.

5. Non-durable goods (50.5%): Food, medicine, cosmetics, fuel, tobaccos, etc.

Sales growth in department stores, large discount stores and other retail stores all reversed course to post a negative growth in January due to sales drop in food and beverage and cosmetics as the Lunar New Year fell in February this year.

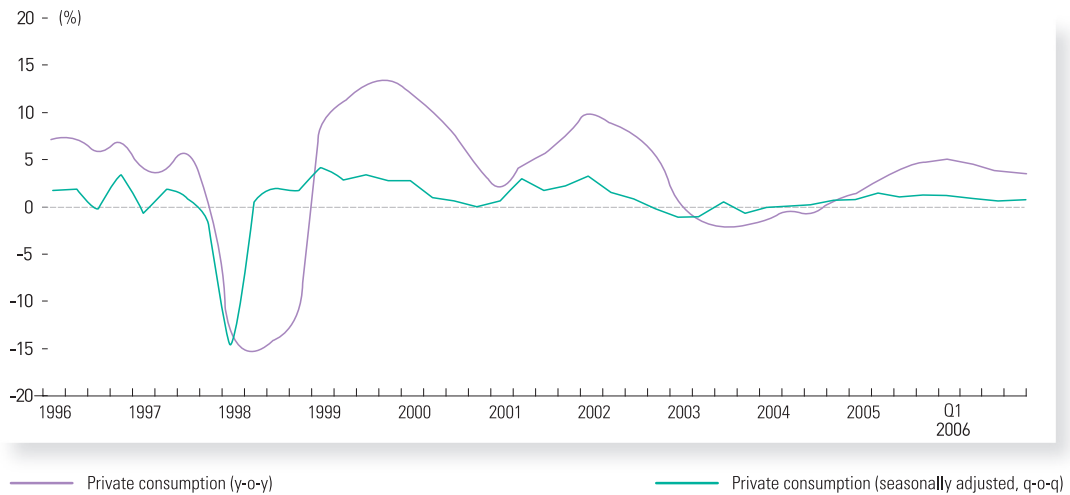
*(Percentage change from same period in previous year)*

	2005		2006						2007
	Annual	Annual	Jan	Q1	Q2	Q3	Q4 <sup>1</sup>	Dec <sup>1</sup>	Jan <sup>1</sup>
- Department stores	3.1	3.7	10.4	8.3	6.0	0.4	0.7	0.8	-6.6
- Large discount stores	8.3	8.8	22.6	7.3	10.1	6.4	11.6	9.0	-8.4
- Other retail stores	1.3	0.6	4.0	-1.4	-1.8	0.4	1.7	0.8	-1.0

1. Preliminary

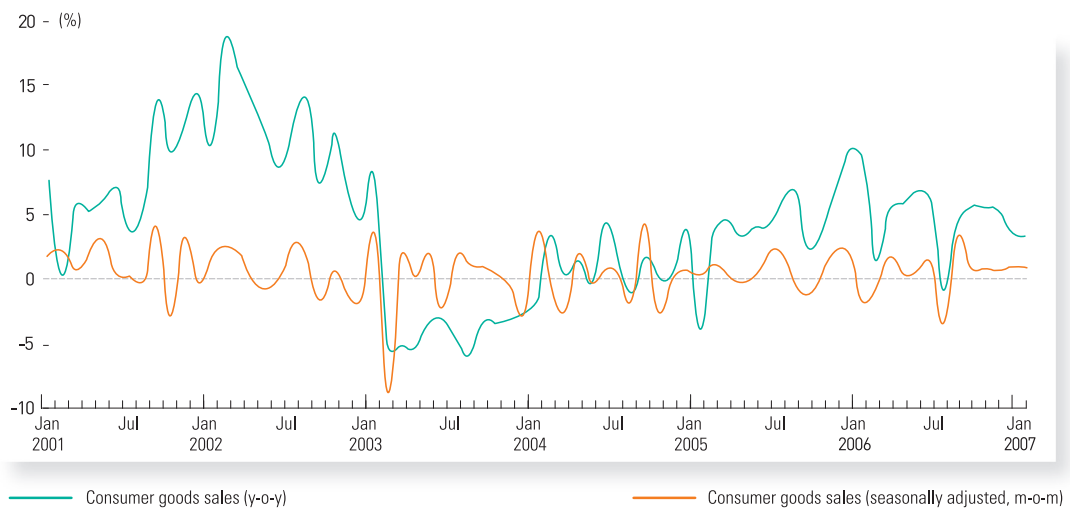
## 2-1 Private consumption

Source: The Bank of Korea (national accounts)



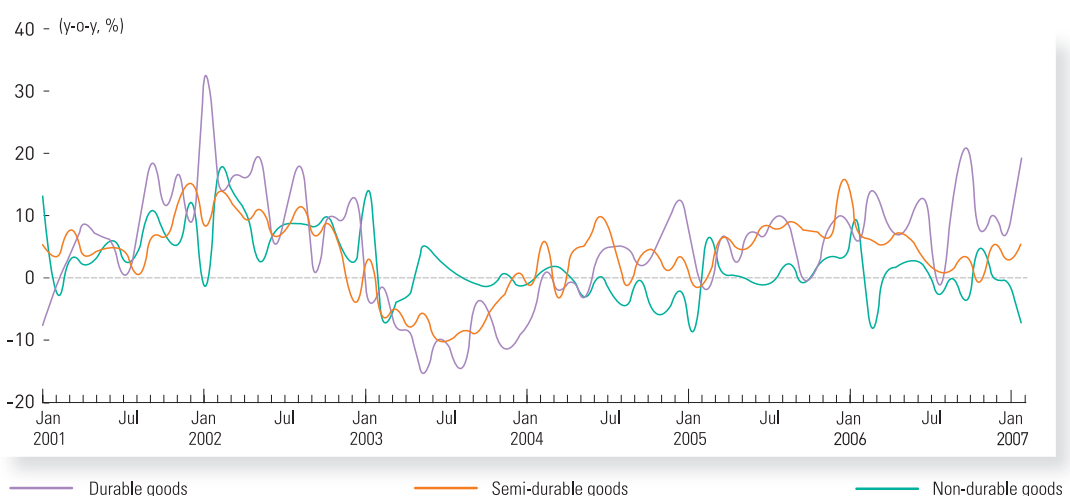
## 2-2 Consumer goods sales

Source: Korea National Statistical Office (industrial activity trend)



## 2-3 Consumer goods sales by type

Source: Korea National Statistical Office (industrial activity trend)



Preliminary consumption indicators in February 2007 appear to be in good shape, accelerating the growth pace on the back of the sales increase around the Lunar New Year holidays.

In particular, the value of credit card use expanded. Sales growth in department and discount stores turned to a positive territory by a large margin.

**Value of credit card use** (y-o-y, %)

13.5 (Nov 2006) ↻ 10.0 (Dec) ↻ 11.5 (Jan 2007) ↻ 16.5 (Feb)

Source: The Credit Finance Association

**Department store sales** (y-o-y, %)

4.4 (Nov 2006) ↻ 1.0 (Dec) ↻ -6.2 (Jan 2007) ↻ 3.0 (Feb)

**Discount store sales** (y-o-y, %)

-0.7 (Nov 2006) ↻ 1.8 (Dec) ↻ -19.5 (Jan 2007) ↻ 22.5 (Feb)

Source: Ministry of Commerce, Industry and Energy

Ministry of Finance and Economy (February 2007, monitoring results on current sales volume basis)

Domestic sales of home-manufactured automobiles in February 2007 decreased due to the shortened days operated affected by the Lunar New Year holidays.

**Domestic sales of home-manufactured automobiles**

(thousand units): 98 (Oct 2006) ↻ 105 (Nov) ↻ 122 (Dec) ↻ 95 (Jan 2007) ↻ 90 (Feb)

(y-o-y, %): 1.2 (Oct 2006) ↻ -3.9 (Nov) ↻ -4.9 (Dec) ↻ 13.6 (Jan 2007) ↻ 0.9 (Feb)

Consumer expectations index strengthened from the previous month on rising exchange rate and falling oil prices.

**Consumer expectations index** (base=100)

100.6 (Apr 2006) ↻ 98.0 (May) ↻ 97.4 (Jun) ↻ 94.3 (Jul) ↻ 93.7 (Aug) ↻ 94.8 (Sep) ↻ 93.9 (Oct) ↻ 95.2 (Nov) ↻

93.7 (Dec) ↻ 96.1 (Jan 2007)

Source: Korea National Statistical Office

Income and employment conditions are likely to determine the sustainability of trend growth in private consumption. Although the real GNI in the fourth quarter of 2006 expanded, it hovered below the GDP due to the deteriorating terms of trade. On the other hand, employment conditions such as the number of new employees on payrolls have not improved sufficient enough to push up private consumption.

**Income and employment indicators**

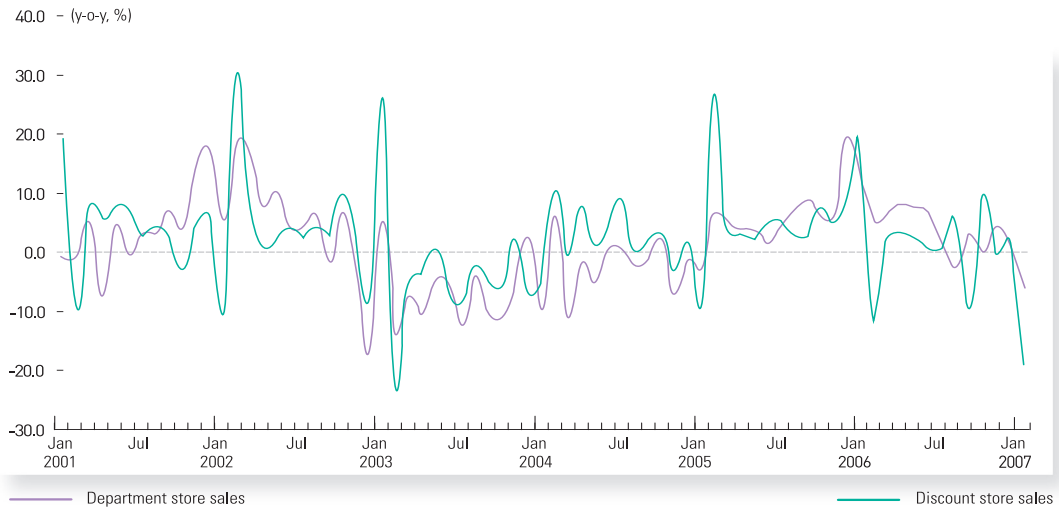
(Growth rate, %)

	2004	2005	2006	2006			
				Q1	Q2	Q3	Q4
Real GNI	3.9	4.0	2.0	1.3	2.1	2.2	3.0 <sup>1</sup>
Real household income (urban workers)	2.3	1.3	2.8	1.9	2.4	1.1	5.4
Changes in number of employed (y-o-y, thousand)	418	299	295	331	283	288	278

1. Gross Domestic Income

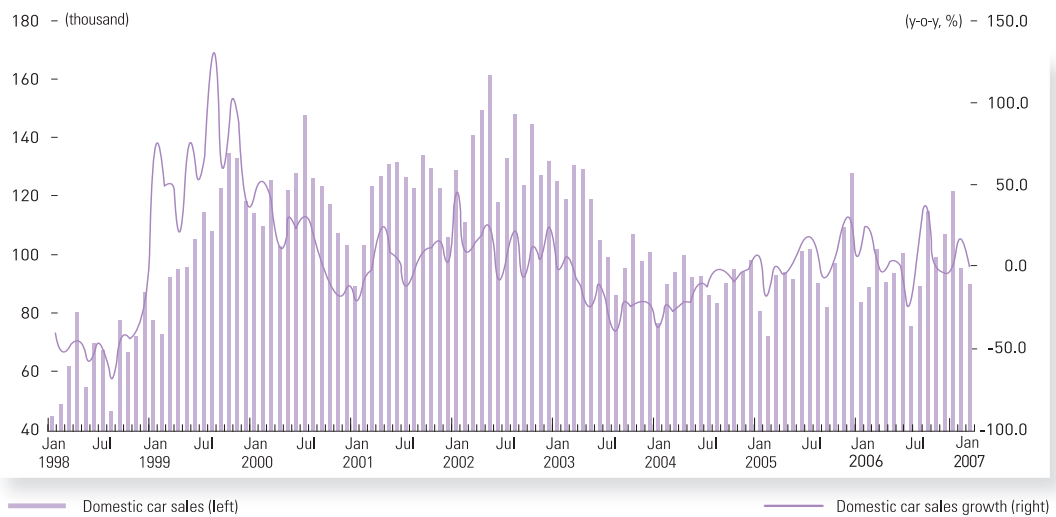
## 2-4 Department store and discount store sales (current value)

Source: Ministry of Commerce, Industry and Energy (monthly retail sales)



## 2-5 Domestic automobile sales

Source: Korea Automobile Manufacturers Association (monthly automobile industry trend)



## 2-6 Consumer expectations index and present situation index

Source: Korea National Statistical Office (monthly consumer survey index)



### 3. Facility investment

Facility investment in the fourth quarter of 2006 (*preliminary GDP*) increased a mere 0.1 percent from the previous quarter. The moderation was affected by the advance investment completed in the IT sector. It expanded 5.8 percent from the same period of the previous year.

(Percentage change from same period in previous year)

	2005 <sup>1</sup>					2006 <sup>1</sup>				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Facility investment <sup>2</sup>	2.9	2.7	4.3	10.2	5.1	6.9	7.4	9.9	5.8	7.5
(Seasonally adjusted) <sup>3</sup>	2.3	2.4	0.8	4.2	-	-0.4	2.5	3.5	0.1	-
- Machinery	7.2	6.0	4.7	9.3	6.8	3.2	9.7	11.9	-	-
- Transportation equipment	-14.4	-10.5	2.4	15.1	-2.7	25.7	-3.6	0.2	-	-

1. Preliminary 2. National accounts 3. Percentage change from previous period

Facility investment in January (*estimated index*) posted an on-year growth of 16.0 percent led by investment expansion in computers and special industrial machinery. Domestic machinery shipments furthered its growth pace to record an 11.0 percent year-on-year.

Facility investment expects an upward trend on the back of growing leading indicators such as machinery orders and imports.

Domestic machinery orders (*current value*) in January posted an on-year 21.3 percent growth led by a surge in orders from the public as well as the private sectors.

(Percentage change from same period in previous year)

	2005		2006						2007
	Annual	Annual <sup>1</sup>	Jan	Q1	Q2	Q3	Q4 <sup>1</sup>	Dec <sup>1</sup>	Jan <sup>1</sup>
Estimated facility investment <sup>2</sup>	6.3	7.4	1.5	6.2	6.7	11.8	5.1	2.3	16.0
- Domestic machinery shipments	0.6	4.1	1.3	4.8	3.2	4.0	6.7	6.7	11.0
Domestic machinery orders	5.7	18.8	2.8	13.6	24.4	21.0	16.7	2.1	21.3
- Public	-1.3	7.1	6.9	-31.1	24.7	19.0	-22.1	-22.0	22.1
- Private	6.7	20.4	2.5	20.2	24.4	21.3	15.8	7.5	21.3

1. Preliminary 2. Industrial activity

#### Machinery imports (%)

22.5 (Oct 2006) ↻ 13.7 (Nov) ↻ 13.7 (Dec) ↻ 34.7 (Jan 2007) ↻ 9.3 (Feb 1~20)

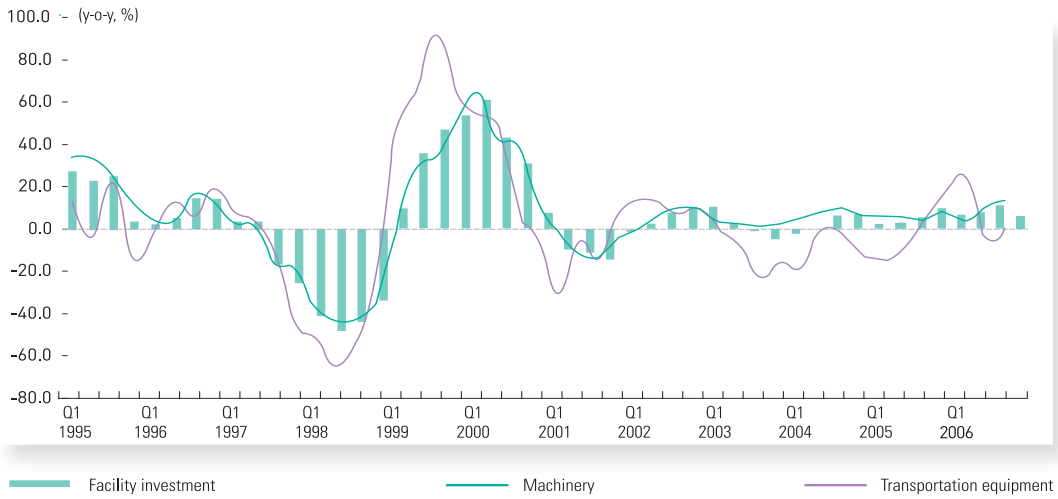
The Business Survey Index (BSI) for facility investment result in the manufacturing sector compiled by the Bank of Korea remained unchanged from the previous month while BSI for facility investment prospect decreased from the previous month.

Business Survey Indexes (base=100)	2006			2007	
	Nov	Dec	Jan	Feb	Mar
Manufacturing facility investment result	97	96	96	96	-
Manufacturing facility investment prospect	97	97	99	98	97

Source: The Bank of Korea

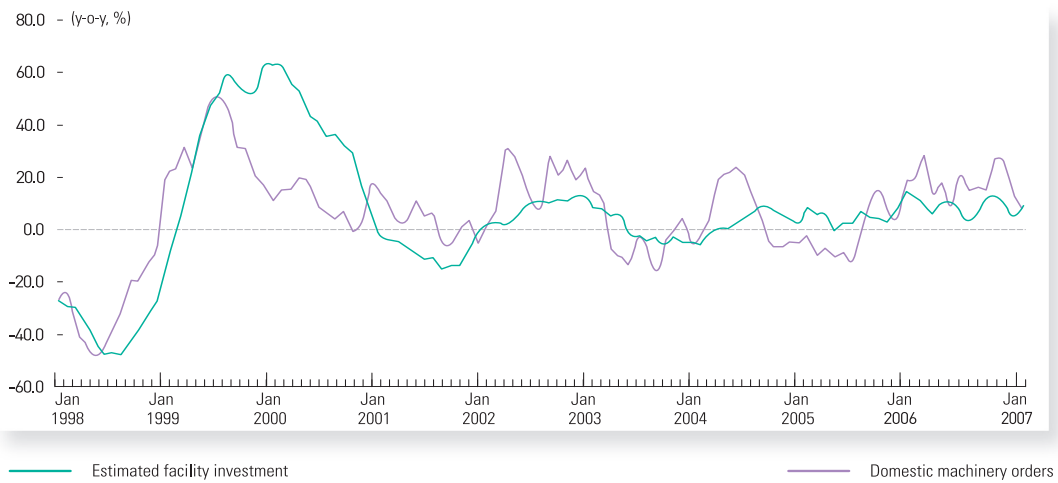
### 3-1 Facility investment by type

Source: The Bank of Korea (national accounts)



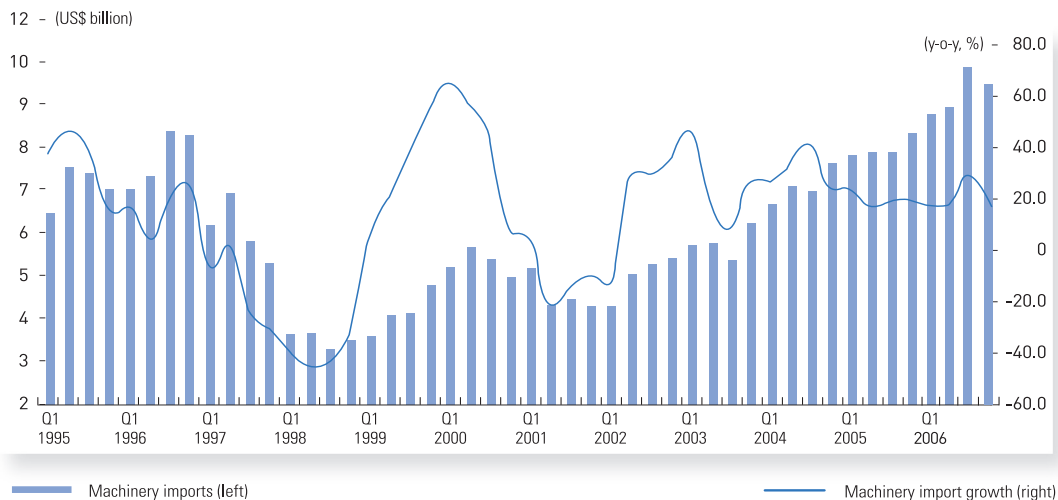
### 3-2 Machinery orders and estimated facility investment (3-month average)

Source: Korea National Statistical Office (industrial activity trend)



### 3-3 Machinery imports

Source: Korea International Trade Association (KITA)



## 4. Construction investment

Construction investment in the fourth quarter of 2006 (*preliminary GDP*) increased 2.9 percent year-on-year, derailing from the negative growth trend.

(Percentage change from same period in previous year)

	2005 <sup>1</sup>					2006 <sup>1</sup>				
	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Annual
Construction investment <sup>2</sup>	-2.2	1.6	0.3	0.9	0.4	1.2	-3.9	-0.6	2.9	-0.1
(Seasonally adjusted) <sup>3</sup>	0.4	1.8	-0.8	0.0	-	0.6	-3.9	2.9	2.6	-
- Building construction	-6.4	0.6	-0.5	1.3	-1.0	2.0	-5.9	-2.1	-	-
- Civil engineering works	6.8	3.1	1.5	0.4	2.4	-0.3	-1.2	1.5	-	-

1. Preliminary 2. National accounts 3. Percentage change from previous period

Construction completed (*current value*) in January registered an on-year 13.3 percent growth on the back of robust performance in residential and non-residential construction.

(Percentage change from same period in previous year)

	2005		2006						2007
	Annual	Annual <sup>1</sup>	Jan	Q1	Q2	Q3	Q4 <sup>1</sup>	Dec <sup>1</sup>	Jan <sup>1</sup>
Construction completed <sup>2</sup>	4.1	3.7	0.6	4.2	-0.3	4.8	6.0	6.3	13.3
- Construction	3.5	2.8	0.9	4.6	-1.6	3.5	5.3	6.9	15.4
- Civil engineering works	5.5	5.4	0.1	3.6	-2.7	7.6	7.0	4.8	8.3
Construction orders <sup>3</sup>	7.3	9.0	10.9	-8.5	-14.7	37.1	27.1	29.8	9.7
Building construction permit area	-5.1	19.5	2.6	13.0	7.4	75.1	-2.8	-8.3	-

1. Preliminary 2. Industrial activity 3. Current value basis

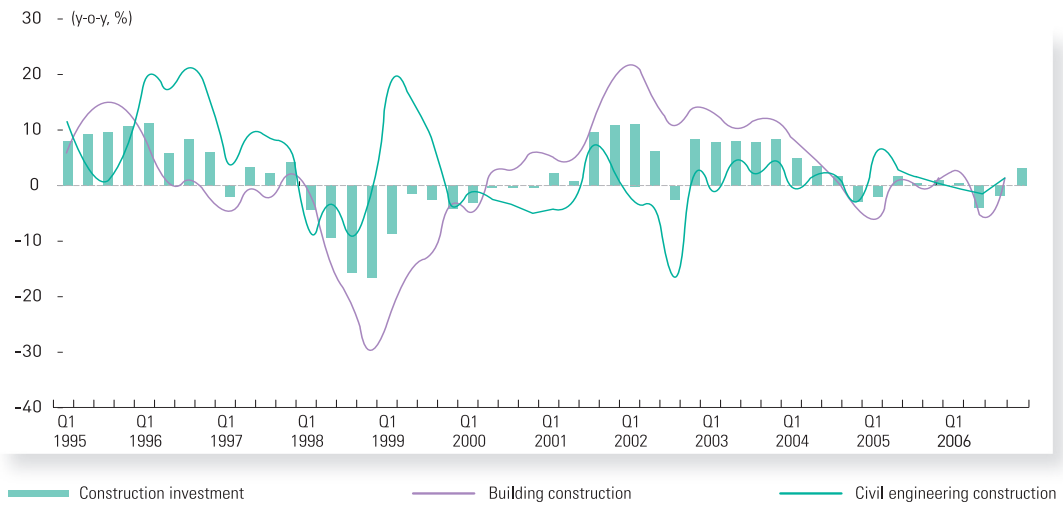
Construction investment-related leading indicators such as construction orders and building construction permit area remained rather sluggish in the fourth quarter after a surge in the third quarter.

Construction orders in January expanded 9.7 percent due to a sluggish growth of 0.3 percent in the private sector, despite a 73.4 percent jump in the public sector.

The construction sector is expected to reverse course to post growth derailing from the decreasing trend due to the low comparison base set in the previous year. However, improvement in large scale seems unlikely.

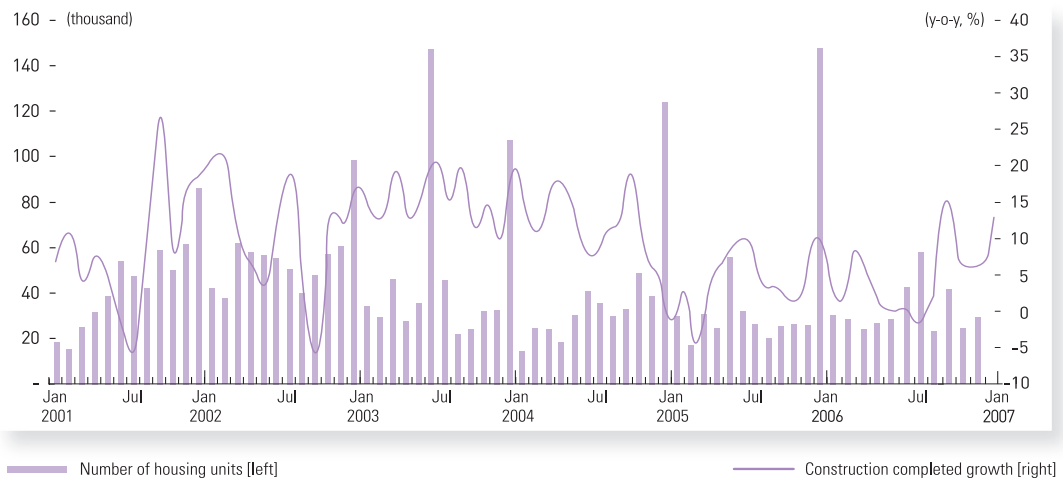
#### 4-1 Construction investment

Source: The Bank of Korea (national accounts)



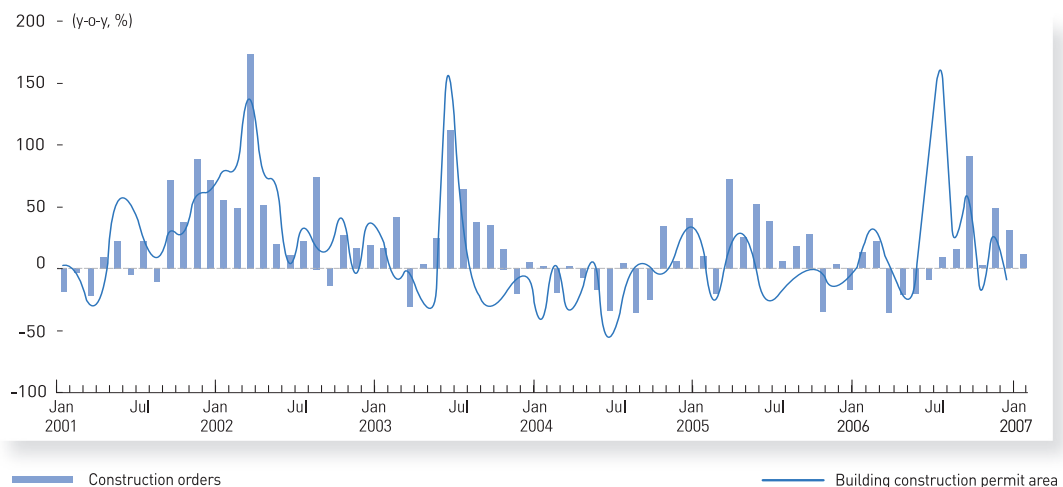
#### 4-2 Construction completed and housing construction

Source: Korea National Statistical Office (construction completed)  
Ministry of Construction and Transportation (housing construction)



#### 4-3 Leading indicators of construction investment

Source: Korea National Statistical Office (construction orders)  
Ministry of Construction and Transportation (building construction permit area)



## 5. Exports and imports (customs clearance basis)

Exports in February maintained a double-digit growth of 11.3 percent with US\$26.47 billion despite the decreased days operated from 22 to 20.5 year-on-year and the high comparison base of 16.6 percent set in the previous year.

Average daily exports, decreased sharply in January, recovered strength, nearing a 20 percent increase.

### Average daily export increase (%)

21.3 (Oct 2006) ↻ 18.5 (Nov) ↻ 22.2 (Dec) ↻ 13.4 (Jan 2007) ↻ 19.4 (Feb)

By export category (*estimated, Ministry of Commerce, Industry and Energy*), steel (*up 36.6 percent*), petroleum products (*up 26.6 percent*), LCD panel (*up 26.6 percent*), semiconductors (*up 19.6%*) made solid gains. By region (*from Feb 1 to 20*), exports increased, concentrating on ASEAN (*up 27.9 percent*) and the US (*up 23.0 percent*).

*(US\$ billion)*

	2006			2007		
	Jan	Feb	Jan ~ Feb	Jan	Feb	Jan ~ Feb
Exports	23.26	23.79	47.04	28.12	26.47	54.59
(y-o-y, %)	3.6	16.6	9.8	20.9	11.3	16.0
Average daily exports	1.03	1.08	1.06	1.17	1.29	1.23
Imports	23.09	23.56	46.60	27.78	25.27	53.05
(y-o-y, %)	18.7	27.8	23.1	20.3	7.5	13.8
Average daily imports	1.03	1.07	1.05	1.16	1.23	1.19

February imports moderated to post a 7.5 percent growth with US\$25.27 billion. Consumer goods imports maintained a significant increase, while the imports of raw materials and capital goods moderated due to falling oil prices and decreasing imports of automobile parts.

### Raw materials (%)

15.9 (Oct 2006) ↻ 14.0 (Nov) ↻ 18.1 (Dec) ↻ 17.9 (Jan 2007) ↻ 4.1 (Feb 1-20)

### Capital goods (%)

11.0 (Oct 2006) ↻ 7.7 (Nov) ↻ 7.0 (Dec) ↻ 22.2 (Jan 2007) ↻ 2.9 (Feb 1-20)

### Consumer goods (%)

14.0 (Oct 2006) ↻ 24.5 (Nov) ↻ 15.1 (Dec) ↻ 32.5 (Jan 2007) ↻ 27.6 (Feb 1-20)

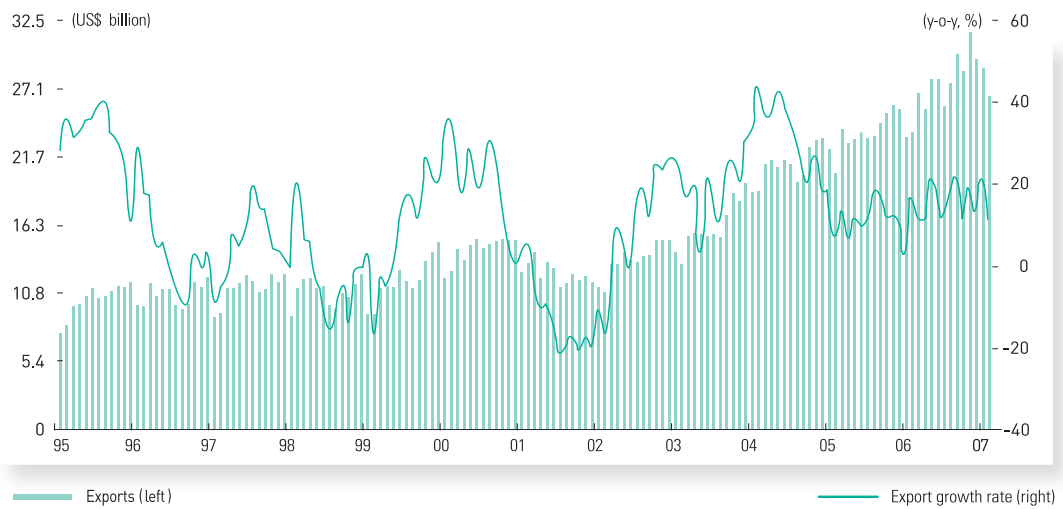
Trade surplus in February expanded US\$0.85 billion from the previous month and US\$0.92 billion year-on-year driven by swifter growth pace of exports compared to imports.

*(US\$ billion)*

	2006			2007		
	Jan	Feb	Jan ~ Feb	Jan	Feb	Jan ~ Feb
Trade balance	0.17	0.28	0.45	0.35	1.2	1.55

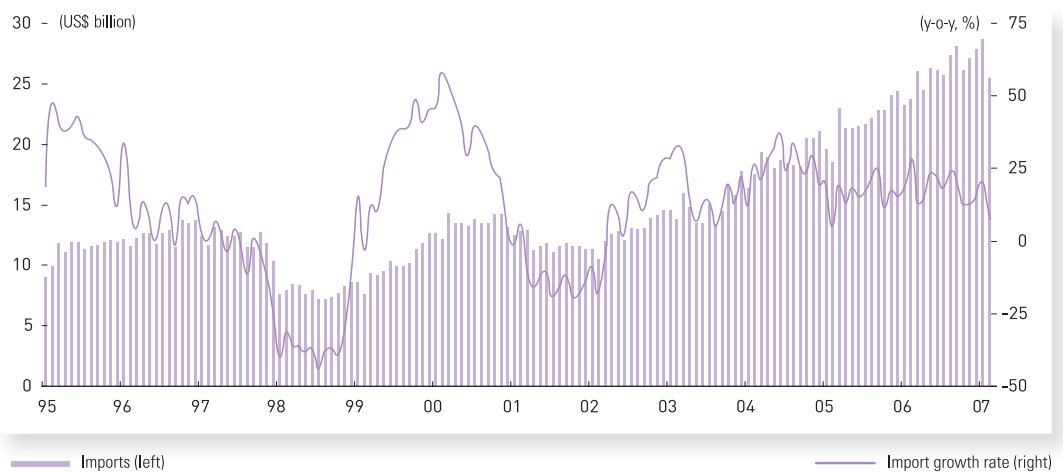
### 5-1 Exports (customs clearance basis)

Source: Ministry of Commerce, Industry and Energy (export and import trend)



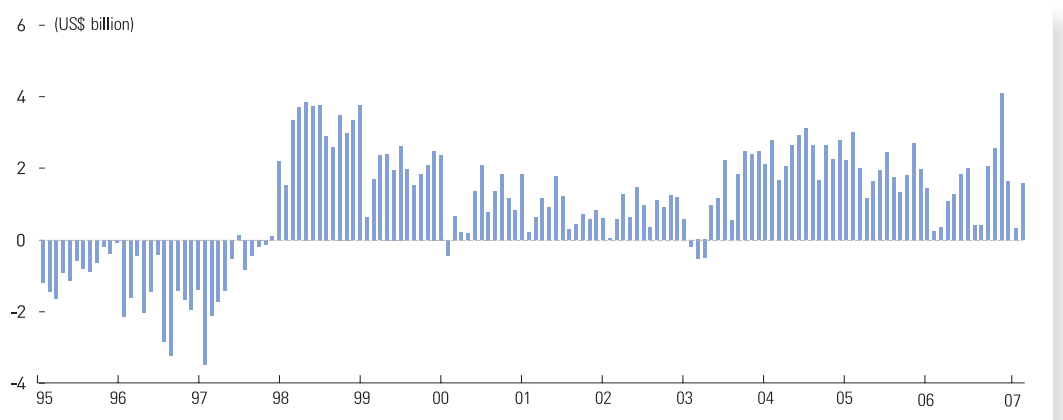
### 5-2 Imports (customs clearance basis)

Source: Ministry of Commerce, Industry and Energy (export and import trend)



### 5-3 Trade balance

Source: Ministry of Commerce, Industry and Energy (export and import trend)



## 6. Industrial activity

January industrial production expanded on-year 7.4 percent from 3 percent in December 2006 due to increased days operated by 1.5 with the Lunar New Year falling in February.

By sector, excluding audiovisual telecommunications (*down 15.0 %*), most sectors such as machinery equipment (*up 17.4%*) and semiconductors (*up 11.4%*) appeared to have expanded.

However, despite the shift in Lunar New Year from January to February, growth was not relatively high in January due to partial strikes of auto workers, production line maintenance<sup>2</sup> and continuing slowdown in audiovisual telecommunications.

Shipment for both domestic demand and exports rose 7 percent and 7.5 percent respectively from the previous month in January affected by increased days operated. Inventory growth also expanded significantly from the previous month.

(Percentage change from same period in previous year)

	2006							2007
	Annual <sup>1</sup>	Jan	Feb	Q3	Q4 <sup>1</sup>	Nov	Dec <sup>1</sup>	Jan <sup>1</sup>
Production (q-o-q)	-	4.5	-2.3	0.5	2.7	-0.2	-2.8	1.3
(y-o-y)	10.1	7.7	21.4	11.3	5.2	7.1	3.0	7.4
(days operated reflected)	10.6	13.6	8.0	10.5	9.2	7.1	7.6	1.4
- Manufacturing	10.5	8.0	22.5	11.8	5.6	7.4	3.4	7.6
• Heavy & chemical industry	12.6	10.1	25.0	13.9	7.0	8.6	4.2	8.4
• Light industry	1.1	-1.7	12.0	2.4	-1.7	1.3	-0.9	3.8
Shipment	7.8	5.3	17.5	9.2	3.8	5.3	3.0	7.2
- Domestic demand	4.5	1.5	14.9	3.8	2.2	4.6	1.8	7.0
- Exports	11.9	10.0	20.6	15.7	5.6	6.2	4.8	7.5
Inventory	6.2	-0.4	2.3	6.5	6.2	7.1	6.2	10.7
Average operation ratio (%)	81.1	83.1	80.9	80.6	81.3	81.6	80.5	81.3
Production capacity	3.4	4.6	4.5	3.2	2.1	1.9	1.9	1.6

1. Preliminary

Volatility of February industrial production is expected to be larger with growth slowdown due to the decreased days operated from 22 to 20.5 year-on-year affected by the shift in Lunar New Year from January in 2006 to February in 2007.

2. Partial strike of Hyundai Motors (Jan 3-17, 2007), Kia Motors (production line maintenance)



## 7. Service sector activity

Service activity in January 2007 increased 4.6 percent from a year earlier, maintaining its steady growth albeit slower pace compared to the previous month.

Output in the overall service business categories, except for educational services, expanded year-on-year in January, with wholesale and retail sales and financial and insurance services leading the way. Educational services stayed on the downward track in January as special bonuses for teachers were paid in February as the Lunar New Year holidays fell in February this year as opposed to January in the previous year.

(Percentage change from same period in previous year)

	Weight	2005		2006					2007		
		Annual	Annual <sup>1</sup>	Q1	Q2	Q3	Q4 <sup>1</sup>	Jan	Dec <sup>1</sup>	Jan <sup>1</sup>	Contribution <sup>2</sup>
Service industry activity index	100.0	3.6	5.2	6.2	5.4	4.5	4.8	7.1	5.4	4.6	-
(Seasonally adjusted) <sup>3</sup>	-	-	-	1.3	0.9	0.7	2.8	0.7	1.2	-1.0	-
- Wholesale & retail	27.6	1.9	4.0	3.3	4.2	4.3	3.7	4.3	3.7	4.9	1.35
- Hotels & restaurants	7.7	0.3	2.1	3.9	2.4	2.3	-0.2	1.7	2.4	5.2	0.40
- Transportation services	8.8	4.2	6.3	6.4	6.3	5.9	6.9	5.5	10.2	6.3	0.55
- Communication services	5.8	4.1	2.8	2.3	2.9	3.2	2.6	1.6	2.1	4.5	0.26
- Financial & insurance services	17.6	7.3	7.9	13.2	9.2	4.9	4.8	17.5	2.8	5.3	0.93
- Real estate & renting	5.4	8.5	10.2	10.5	8.2	7.4	14.3	11.6	18.0	8.2	0.44
- Business services	8.5	2.8	5.9	5.8	5.7	5.7	6.4	4.2	7.0	4.9	0.42
- Educational services	8.6	0.7	2.3	1.3	2.5	1.4	4.4	7.4	2.5	-3.7	-0.32
- Healthcare & social welfare services	4.0	7.3	10.0	11.2	8.1	11.9	8.9	7.3	9.4	10.1	0.40
- Entertainment, cultural and sports services	3.5	3.0	2.5	4.9	2.7	-0.9	3.7	5.8	11.7	2.4	0.08
- Other public & personal services	2.6	1.9	3.8	4.7	4.1	3.9	2.5	2.9	5.6	2.5	0.07

1. Preliminary

2. Contribution to January 2007 growth (%p)

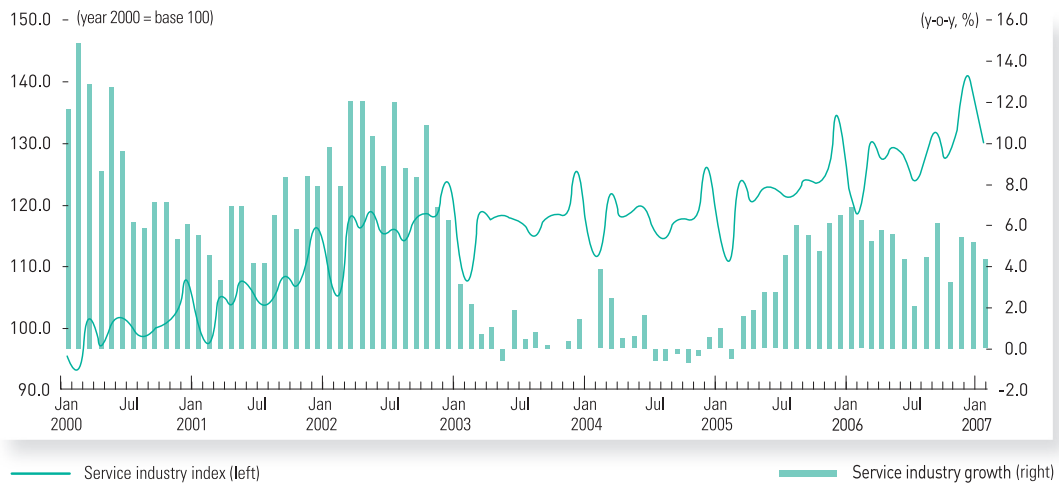
3. Percentage change from previous period

Most industries contributed evenly to the total sector growth of 4.6 percent in January with wholesale and retail sales (1.35 percentage points) and financial and insurance services (0.93 percentage point) and transportation services (0.55 percentage point) leading the increase.

Service activity is expected to have continued its upward trend in February, although its growth pace may have been adjusted slightly. For the time being, the sector will be boosted by an increase in real estate related services. However, sluggish domestic demand is expected to affect the service activity gradually.

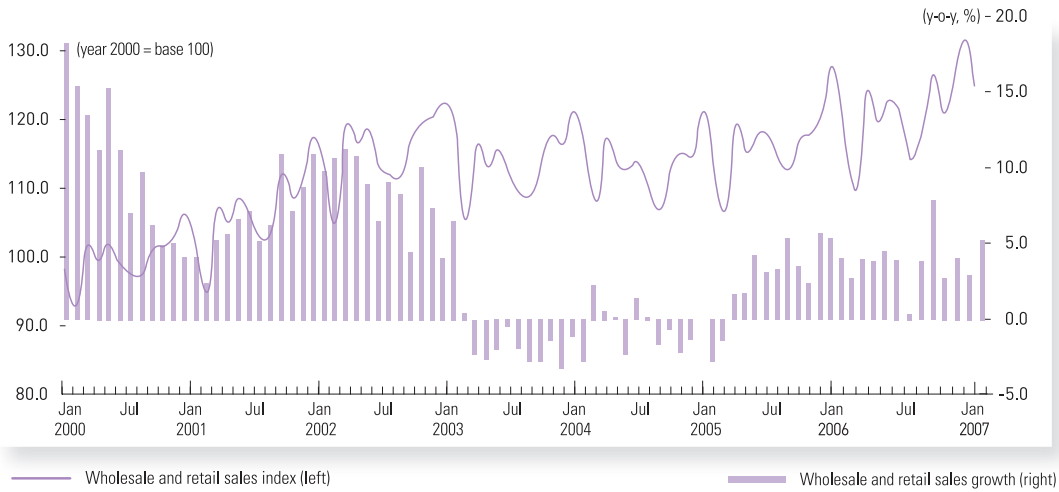
### 7-1 Service industry

Source: Korea National Statistical Office (service industry activity trend)



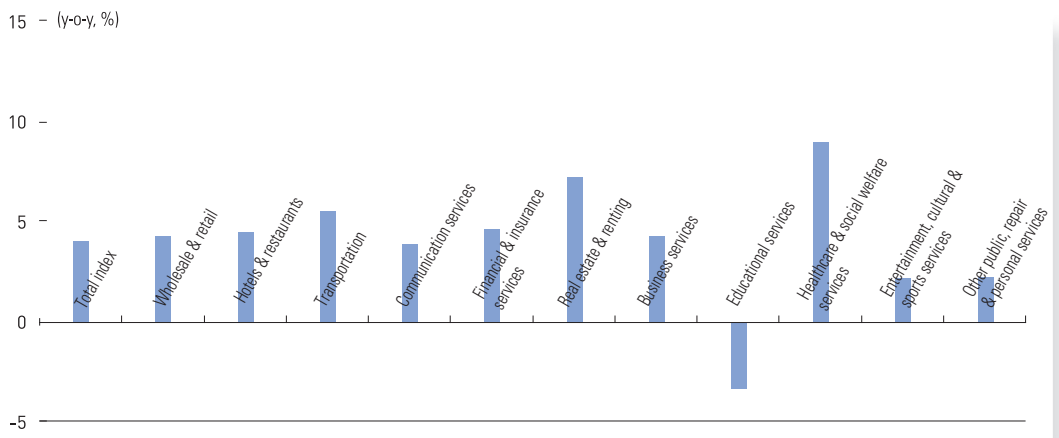
### 7-2 Wholesale and retail sales

Source: Korea National Statistical Office (service industry activity trend)



### 7-3 2006 service industry by business

Source: Korea National Statistical Office (service industry activity trend)



## 8. Employment

The number of workers on the payroll increased 258,000 from a year earlier in January 2007, continuing the recent trend growth of hovering slightly below the 300,000 mark.

Despite steady service activity, employment growth in services slightly moderated year-on-year to post 281,000 in January due to the high comparison base of 476,000 set in the same month of the previous year. Growth in service sector employment was relatively high in January 2006, as female employment in wholesale and retail sales and hotels and restaurants was brisk in mid January ahead of the Lunar New Year holidays at the end of the month.

Employment in manufacturing fell 45,000, the lowest decline in 13 months since December 2005 echoing strong exports in January 2007.

Hiring in construction has expanded for 6 consecutive months to register a 47,000 increase driven by robust growth in construction completed. Employment in agriculture, forestry and fisheries declined 28,000 returning to the trend decrease caused by its reduced weight in the Korean industry.

As for the type of employment, the increase was led by waged work (*up 470,000*) and full-time work (*up 352,000*).

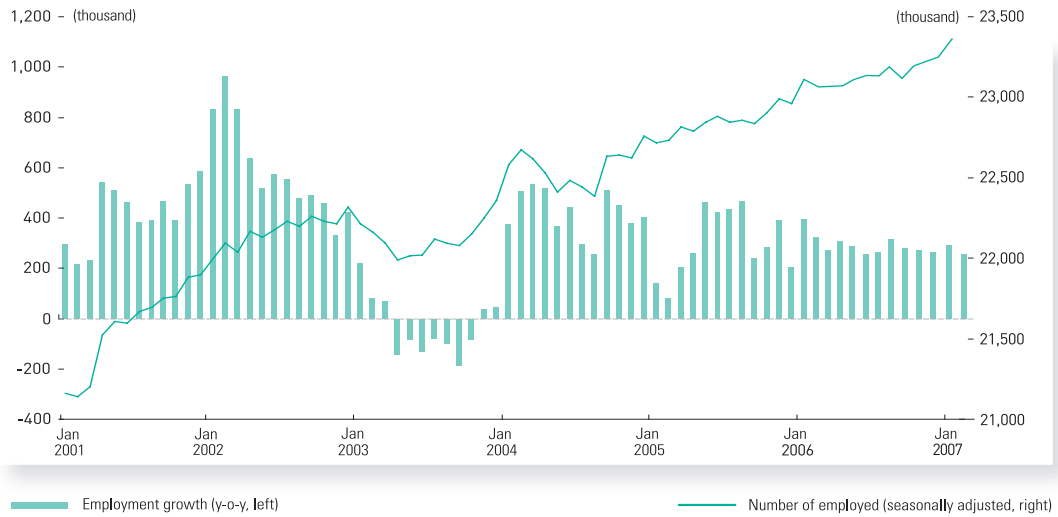
The employment rate was up 0.1 percentage point year-on-year to 54.8 percent in January as the number of employed increased 103,000 month-on-month on the seasonally adjusted basis. The unemployment rate fell 0.1 percentage point from a year earlier to 3.6 percent while the youth unemployment rate dropped 0.6 percentage point to 7.4 percent.

*(Change from same period in previous year, thousand)*

	2006									2007
	Jan	Q1	Q2	Q3	Q4	Oct	Nov	Dec	Annual	Jan
Employment growth	393	331	283	288	293	278	267	290	295	258
- Agriculture, forestry and fishery	-44	-34	-65	-28	-36	6	-7	11	-31	-28
- Manufacturing	-51	-72	-77	-57	-77	-58	-60	-67	-67	-45
- Construction	14	34	7	13	-32	23	17	48	21	47
- Services	476	403	419	358	436	305	313	293	371	281
Unemployment rate (%)	3.7	3.9	3.4	3.3	3.2	3.3	3.2	3.3	3.5	3.6
Employment rate (%)	58.3	58.5	60.4	60.0	59.9	60.4	60.3	59.1	59.7	58.4

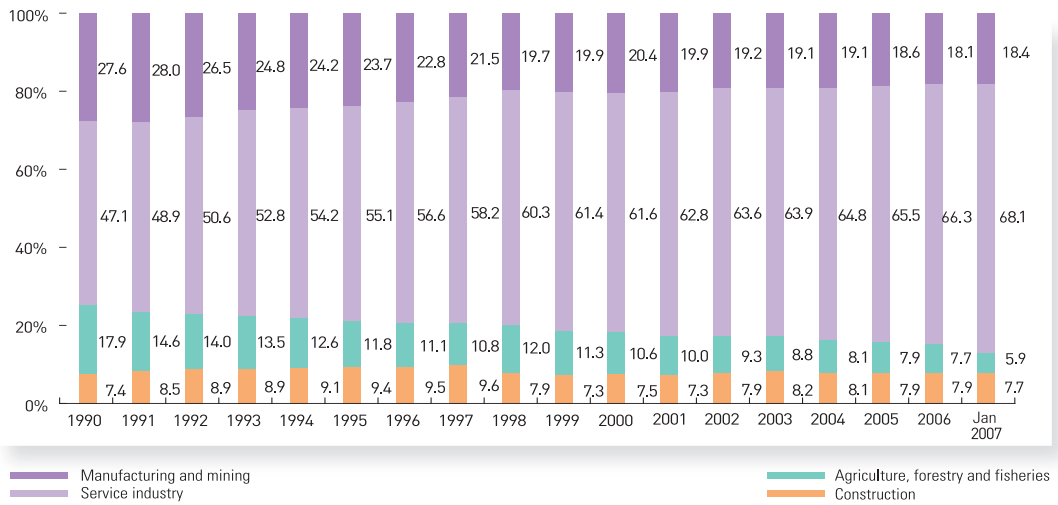
### 8-1 Number of employed and employment growth

Source: Korea National Statistical Office (employment trend)



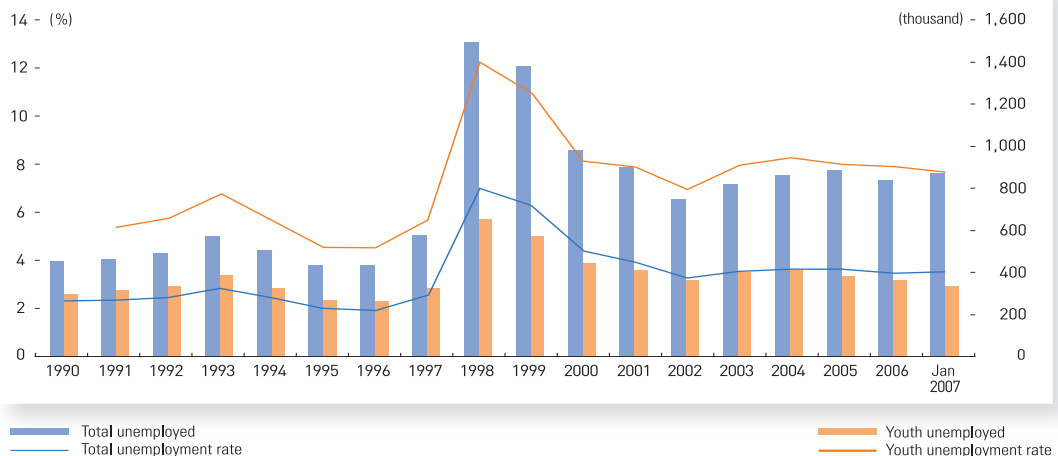
### 8-2 Share of employed by industry

Source: Korea National Statistical Office (employment trend)



### 8-3 Unemployment rate and number of unemployed

Source: Korea National Statistical Office (employment trend)



## 9. Financial markets

### 9.1 Stock market

The KOSPI hit a record high on February 26 on the back of brisk global markets, net buying by foreign investors, expectations on robust growth and price stabilization in the US, and eased concerns on the won's appreciation. However, it slid on February 27 as global stock markets, the Chinese market in particular, fell.

The KOSDAQ in February also showed an upward momentum to hit the highest record of 613.01 points on February 26 before falling from the next day.

In February, net buying by foreign investors amounted to 1,245.1 billion won, while net selling by institutional investors and individual investors recorded 728.3 billion won and 855.7 billion won respectively.

*(End-period, point, trillion won)*

	KOSPI			KOSDAQ		
	2006	Feb 2007	Change <sup>1</sup>	2006	Feb 2007	Change <sup>1</sup>
Stock price index	1,434.5	1,417.3	-17.2 (-1.2%)	606.2	600.9	-5.3 (-0.9%)
Market capitalization	704.6	696.0	-8.6 (-1.2%)	72.1	73.0	0.9 (1.2%)
Average daily trade value	3.4	3.4	0.0 (0.0%)	1.7	1.8	0.1 (0.9%)

*1. Change from the end of previous year*

### 9.2 Exchange rate

After edging up and down at the 930 range with balance in supply and demand, the won/dollar exchange rate rose to close February at the 941 won range due mainly to foreign investors' net selling position in the domestic stock market at the end of the month.

In early February, the won's value against the dollar fell to the 932 won range on February 6 mainly affected by a fall in the yen/dollar exchange rate. However, the value rebounded to the upper 930 won range along with a rise in the yen/dollar exchange rate, after the meeting of G-7 finance ministers on February 9 wrapped up without calling for correcting the yen's weakness.

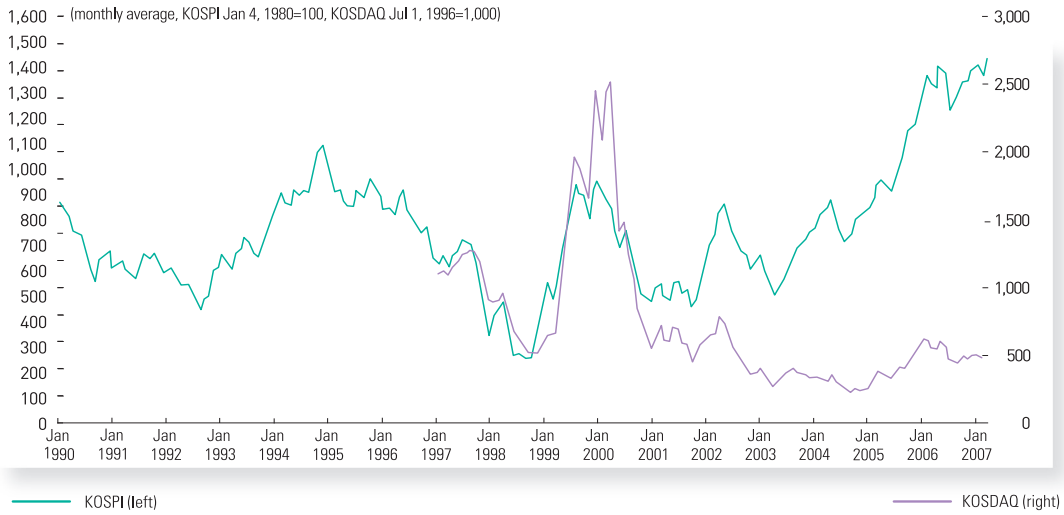
After fluctuating within the narrow band of the upper 930 won range until the end of February, the won/dollar exchange rate closed the month at the range of 941 won affected by a fall in global stock prices on February 28 and net stock selling by foreign investors.

*(End-period)*

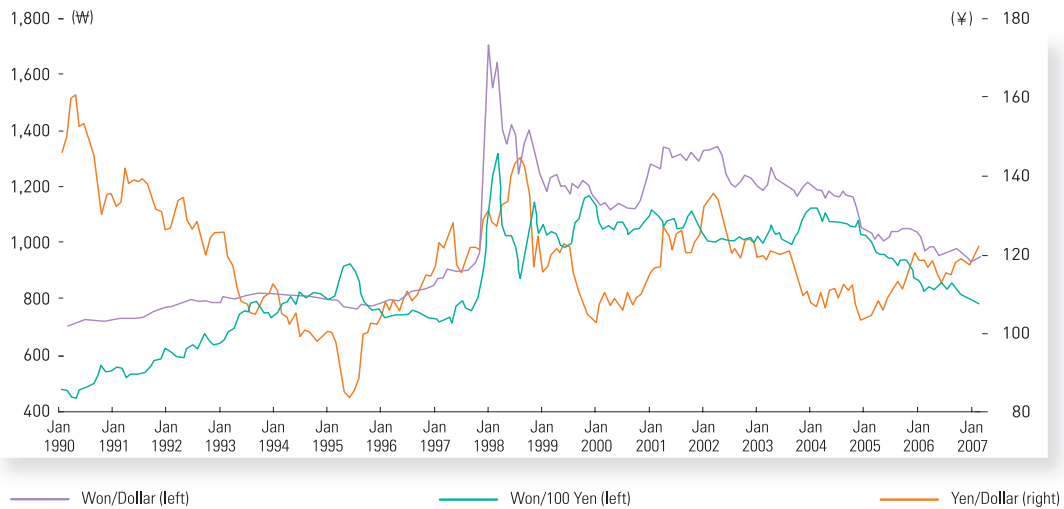
	2004	2005	2006		2007		Change <sup>1</sup>
	Dec	Dec	Nov	Dec	Jan	Feb	
Won/Dollar	1,035.1	1,011.6	929.5	929.8	941.0	941.8	-1.3
Yen/Dollar	102.5	117.8	116.1	118.7	121.4	118.2	0.4

*1. Appreciation from the end of previous year (%); the value of Korean won is based on closing price at 3:00 p.m.*

### 9-1 Stock prices



### 9-2 Foreign exchange rate (month-end)



### 9-3 Recent foreign exchange rate



## 9.3 Bond market

After rising at the beginning of the month with the government's announcement of plans to raise funds to increase national rental housing supply, bond yields such as Treasury bond yield in February showed downward stability due mainly to massive buying of the Korean Treasury bond futures by foreign investors and moderation of economic indicators.

Yields on 91-day CDs, which are short-term interest rates, fell slightly compared to the previous month affected by less issuance of CD.

*(End-period)*

	2004	2005	2006				2007		Change <sup>1</sup>
	Dec	Dec	Mar	Jun	Sep	Dec	Jan	Feb	
Call rate (1 day)	3.29	3.76	3.97	4.21	4.48	4.60	4.61	4.55	-5
CD (91 day)	3.43	4.09	4.27	4.59	4.59	4.86	4.96	4.94	8
Treasury bonds (3 yr)	3.28	5.08	4.93	4.92	4.57	4.92	5.02	4.86	-6
Corporate bonds (3 yr)	3.72	5.52	5.25	5.20	4.89	5.29	5.38	5.24	-5
Treasury bonds (5 yr)	3.39	5.36	5.13	5.04	4.61	5.00	5.03	4.88	-12

1. Basis point change from end December 2006

## 9.4 Money supply & money market

The M2 growth in January slightly moderated from a month earlier, as money redemption in the overseas sector expanded while credit based financing in the private sector slowed. The M1 growth significantly decreased as settlement accounts including instant access accounts plunged.

*(Percentage change from same period in previous year, average)*

	2005			2006							2007	2006
	Annual	Q4	Dec	Annual	Q1	Jan	Q2	Q3	Q4	Dec	Jan	Dec <sup>1</sup>
M1 <sup>2</sup>	8.5	2.6	-0.5	-0.9	-0.6	1.7	-2.8	-5.5	5.9	10.4	Lower 7	351.6
M2	6.9	6.7	7.0	8.3	7.0	7.3	7.2	8.1	10.9	11.4	Around 11	1,138.3
Lf <sup>3</sup>	7.0	7.1	7.3	7.9 <sup>4</sup>	7.2	7.2	7.4	7.5	9.0 <sup>4</sup>	9.6 <sup>4</sup>	Lower 9	1,526.9 <sup>4</sup>

1. Amount, trillion won 2. Excludes corporate MMF which is redeemable on and after the next business day following the transaction date from November 2005.

3. Liquidity aggregates of financial institutions (mostly identical with M3) 4. Preliminary

In January, bank deposits turned to a negative growth. It was attributable to value added tax (VAT) payments and the massive withdrawal of settlement deposits in early month with the end of the previous month falling in weekend.

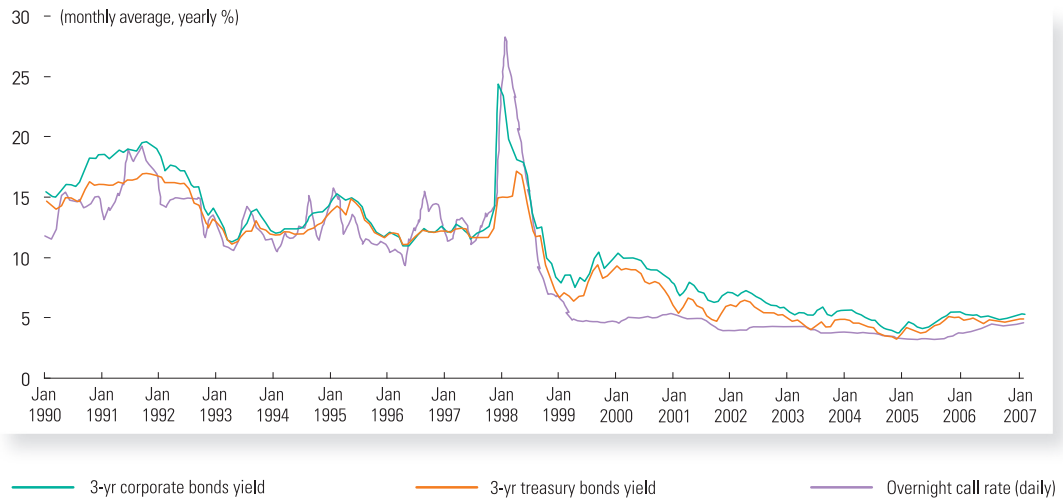
Asset management company (AMC) receipts have rebounded as equity funds, newly launched funds and money market funds (MMFs) increased.

*(Monthly change, end-period, trillion won)*

	2006										2007
	Jan	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Bank deposits	-14.6	2.1	6.2	10.9	-7.2	4.3	13.6	-7.3	3.7	17.4	-8.3
AMC receipts	5.4	1.3	9.9	-11.7	0.3	-1.8	4.0	5.8	4.7	-0.8	3.4

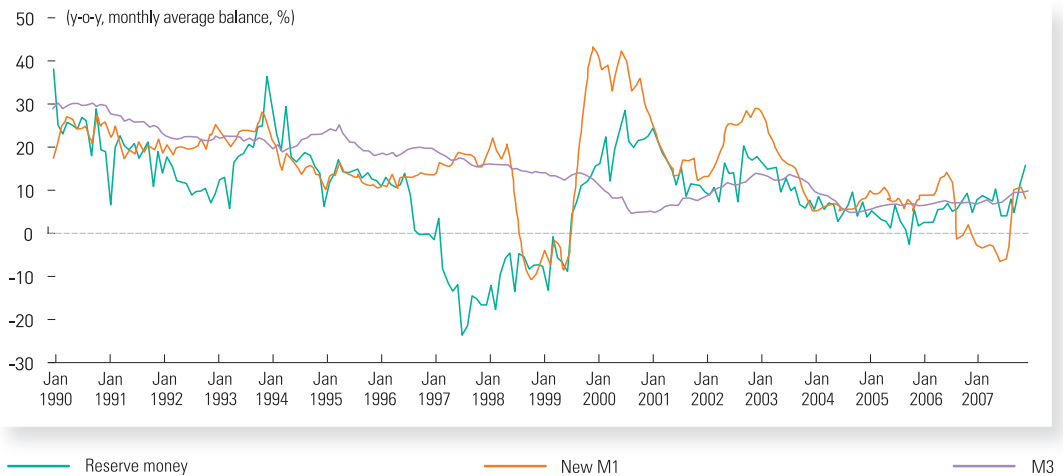
### 9-4 Interest rates

Source: The Bank of Korea



### 9-5 Total money supply

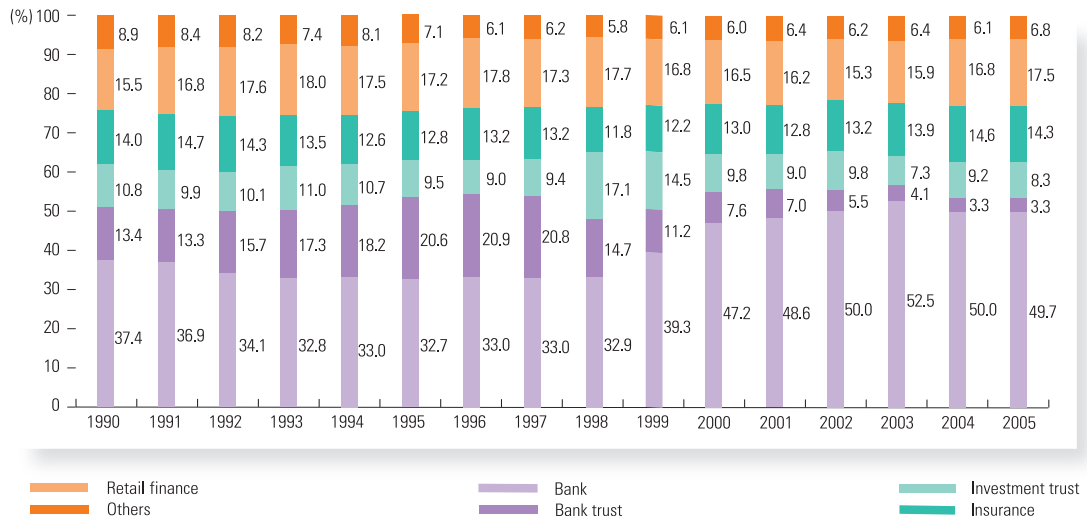
Source: The Bank of Korea



### 9-6 Share of deposits by financial sector (M3 as of year-end)

Source: The Bank of Korea

\* Retail finance: Mutual savings banks & National Credit Union Federation of Korea, Others: Investment banks, post office savings, etc.



## 10. Balance of payments

Korea's current account in January 2007 turned to negative territory in five months, recording a US\$0.51 billion deficit due to the narrowed goods account surplus and the widened service account deficit.

Despite export expansion, the goods account surplus narrowed to US\$1.21 billion in January, down US\$0.74 billion from the previous month as import growth surpassed export growth.

The service account deficit increased US\$0.06 billion from the previous month to US\$1.94 billion with narrowing transportation account surplus and widening travel account deficit. The travel account deficit widened US\$0.19 billion from the previous month to US\$1.47 billion due to the increased payments of overseas travel and education/training expenses from seasonal factors, while the transportation account surplus narrowed US\$0.18 billion from the previous month recording US\$ 0.11 billion affected by the deceased ocean freight revenue.

### Travel balance (US\$ billion)

-1.22 (Jan 2006) ↗ -0.96 (Oct) ↗ -1.1 (Nov) ↗ -1.28 (Dec) ↗ -1.47 (Jan 2007)

### Transportation balance (US\$ billion)

0.06 (Jan 2006) ↗ 0.35 (Oct) ↗ 0.21 (Nov) ↗ 0.29 (Dec) ↗ 0.11 (Jan 2007)

The income account surplus amounted to US\$0.55 billion, up US\$ 0.26 billion from the previous month as overseas interest income increased while overseas dividend payment decreased.

Meantime, the seasonally adjusted current account posted a US\$0.84 billion deficit in January.

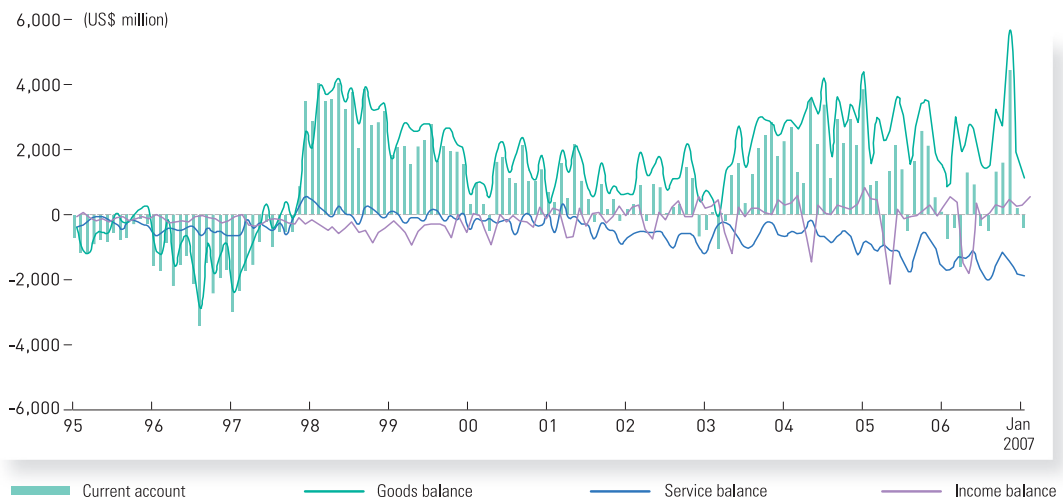
	2006					2007
	Jan	Oct	Nov	Dec	Annual	Jan
Current account	0.09	1.76	4.24	0.15	6.09	-0.51
(Seasonally adjusted)	-0.19	0.89	2.46	0.6	6.09	-0.84
- Goods balance	1.48	2.69	5.71	1.95	29.21	1.21
- Service balance	1.64	-1.19	-1.43	-1.88	-18.76	-1.94
- Income balance	0.57	0.46	0.24	0.29	-0.54	0.55
Capital & financial account	3.63	-2.26	0.44	5.46	18.62	3.03

Despite a net outflow in the direct and portfolio investment balances, the capital and financial account balance saw a net inflow of US\$3.03 billion in January backed up by increased short-term loans from overseas by domestic deposit banks.

As for February, the current account is forecast to have returned to balance provided the service account deficit would not have seriously deteriorated on expanded export-import gap on customs clearance basis from US\$0.35 billion in January to US\$1.2 billion in February.

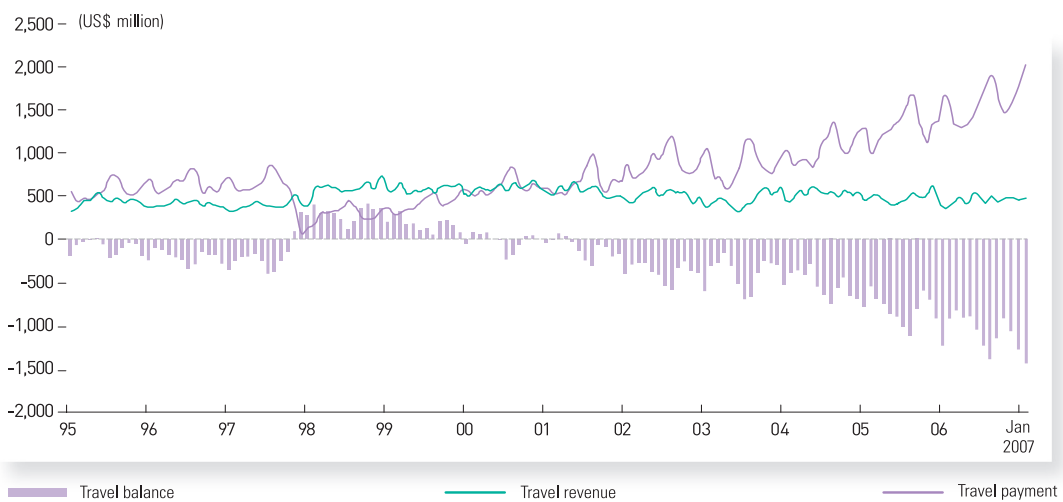
### 10-1 Current account balance

Source: The Bank of Korea (balance of payments trend)



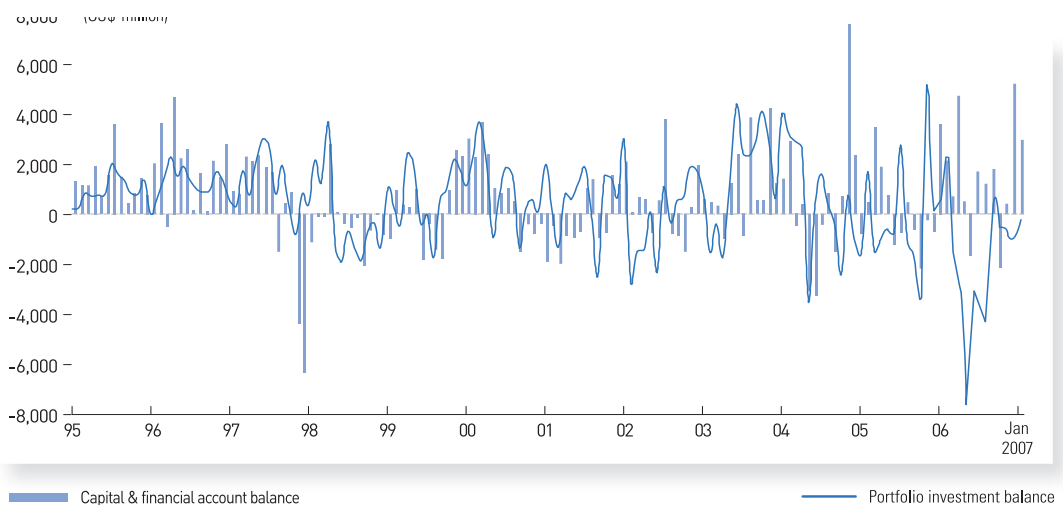
### 10-2 Travel balance

Source: The Bank of Korea (balance of payments trend)



### 10-3 Capital & financial account balance

Source: The Bank of Korea (balance of payments trend)



## 11. Prices and international commodity prices

### 11.1 Prices

Despite price increases in some personal services and agricultural, livestock and fisheries products centering on goods for the ancestral ceremonies on the Lunar New Year day, consumer prices have stabilized with an on-year 2.2 percent rise in February 2007.

#### Consumer price inflation

	2006				2007	
	Feb	Oct	Nov	Dec	Jan	Feb
Month-on-Month (%)	0.2	-0.5	-0.5	0.3	0.2	0.7
Year-on-Year (%)	2.0	2.2	2.1	2.1	1.7	2.2

Prices of agricultural, livestock and fishery products in February rose driven by fruit and meat used for the ancestral ceremonies for the Lunar New Year. Education related personal service fees also increased led by prices of home study materials and tuition fees of college preparatory schools.

Meantime, prices of petroleum products went down as oil prices stabilized until early February, while personal communication service fees including wireless data communication charges declined.

#### Consumer price inflation in major sectors

*(Percentage change from same period in previous year)*

	Total	Agricultural, livestock & fishery products	Industrial products	Oil products	Housing rents	Public utility	Personal services
Feb 2007 (Contribution ratio, %p)	2.2	3.4 (0.29)	0.6 (0.17)	-3.7 (-0.21)	1.6 (0.15)	2.6 (0.44)	3.1 (1.08)
Feb average 2002-2006	3.0	5.5	-0.1	0.8	2.6	2.0	3.7

#### Consumer price increases of major items in Feb 2007 (y-o-y, %)

Onion (63.5), persimmon (50.4), gold ring (13.4), home study material (8.3), services of college preparatory school covering all needed subjects (6.6)

#### Consumer price decreases of major items in Feb 2007 (y-o-y, %)

Radish (-45.2), Chinese cabbage (-56.4), gasoline (-4.6), wireless data communication services (-12.9)

Core inflation was up 2.3 percent from a year earlier in February. Consumer prices for basic necessities, a barometer of perceived consumer prices, rose 2.4 percent year-on-year.

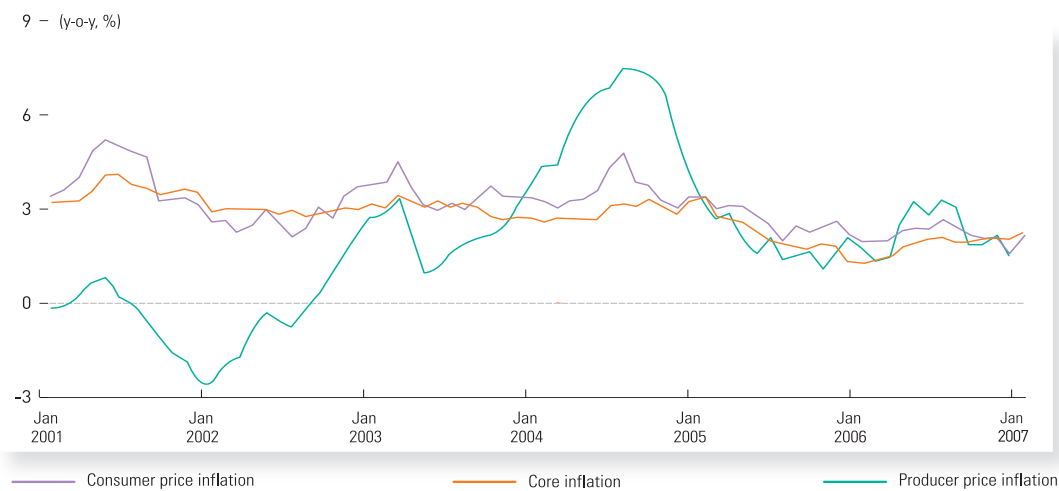
*(Percentage change from same period in previous year)*

	2006				2007	
	Feb	Oct	Nov	Dec	Jan	Feb
Core inflation	1.3	2.0	2.1	2.1	2.1	2.3
Consumer prices for basic necessities	3.4	2.7	2.6	2.6	1.9	2.4

Consumer prices in March are forecast to maintain the stable 2 percent level year-on-year although education costs are expected to rise driven by college tuition fees along with some public utility charges such as city bus fares.

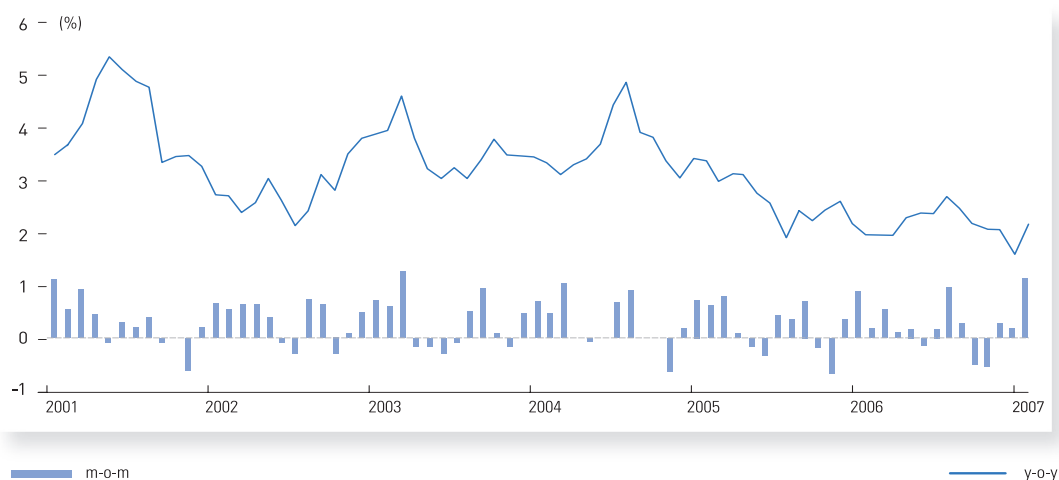
### 11-1 Prices

Source: Korea National Statistical Office (consumer prices, core inflation) & The Bank of Korea (producer prices)



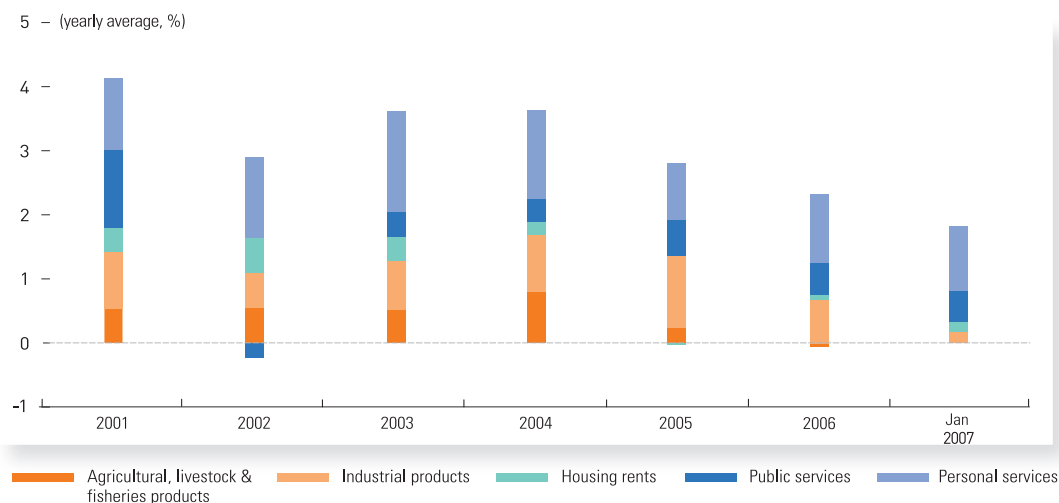
### 11-2 Consumer price inflation

Source: Korea National Statistical Office (consumer price trend)



### 11-3 Contribution to consumer price inflation

Source: Korea National Statistical Office (consumer price trend)



## 11.2. International oil and commodity prices

International oil prices increased in February 2007 due to heightened geopolitical tensions over Iran's nuclear ambitions, output disruption in US refineries, and the OPEC's output cut. International oil prices in March are most likely to be influenced by the development of the Iranian nuclear issue as well as the result of the OPEC's general meeting in Vienna on March 15.

(US\$/barrel, period average)

	2004	2005	2006		2007		
	Annual	Annual	Annual	Nov	Dec	Jan	Feb
Dubai crude	33.6	49.4	61.6	56.8	58.7	51.8	55.9
Brent crude	38.2	54.3	65.1	58.8	62.6	53.6	57.5
WTI crude	41.4	56.5	66.0	59.1	62.0	54.2	59.2

### Record high oil prices (spot prices, US\$/barrel)

Dubai crude: 72.2   Brent crude: 78.7   WTI crude: 77.0

Prices of domestic oil products including gasoline and diesel fell from a month earlier as international oil prices have deployed downward trends until early February.

(Won/liter, period average)

	2004	2005	2006		2007		
	Annual	Annual	Annual	Nov	Dec	Jan	Feb'
Gasoline prices	1,295	1,365	1,543	1,415	1,415	1,411	1,401
Diesel prices	908	1,080	1,295	1,187	1,182	1,170	1,162

1. Average prices for first three weeks of the month

Source: Korea National Oil Corporation

International commodity prices in February continued the upward trend, driven by faster than expected economic growth in the US and expected expansion of China's commodity markets. Overall prices of non-ferrous metals edged up as China increased imports of nickel and electrolytic copper while production of tartar and lead was disrupted in Indonesia, which strengthened restrictions on commodity exports. Gold prices rose fueled by increased gold reserves by central banks and production drops in major gold producing countries such as South Africa.

Prices of agricultural products stayed on the upward track led by soybean and corn, affected by expected increases in demand for bio-energy and production decreases due to worsening weather conditions.

### Price increases in Feb 2007 (monthly average, m-o-m, %)

Tartar (13.5), nickel (9.1), gold (5.3), soybean (8.5), corn (6.0)

### Price decreases in Feb 2007 (monthly average, m-o-m, %)

Zinc (-10.1), raw sugar (-3.4), coffee bean (-2.9)

### Reuters index\*

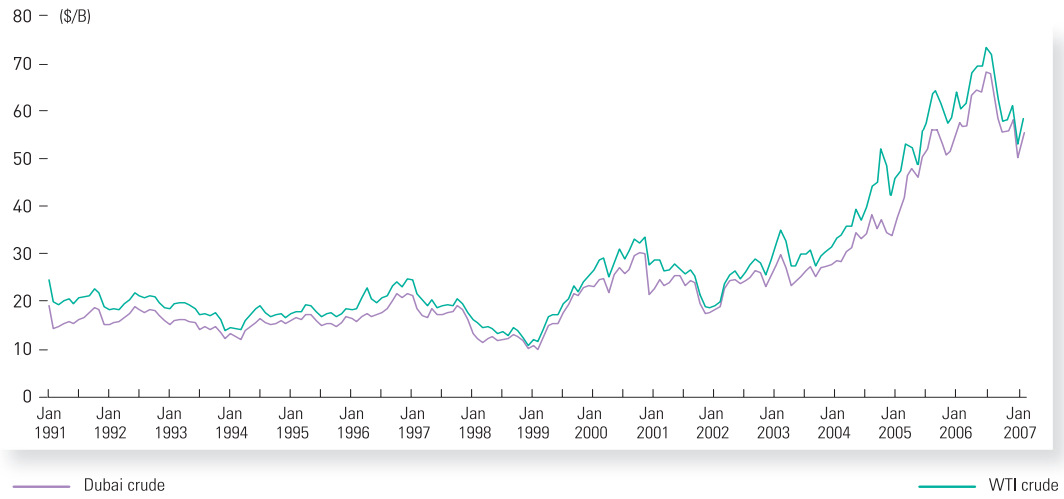
(Period average)

2004	2005	2006		2007	
Annual	Annual	Annual	Nov	Jan	Feb
1,618	1,680	2,019	2,153	2,223	2,247

\* A weighted average index of 17 major commodities

### 11-4 International oil prices

Source: Korea National Oil Corporation



### 11-5 International oil prices (Dubai crude) and import prices

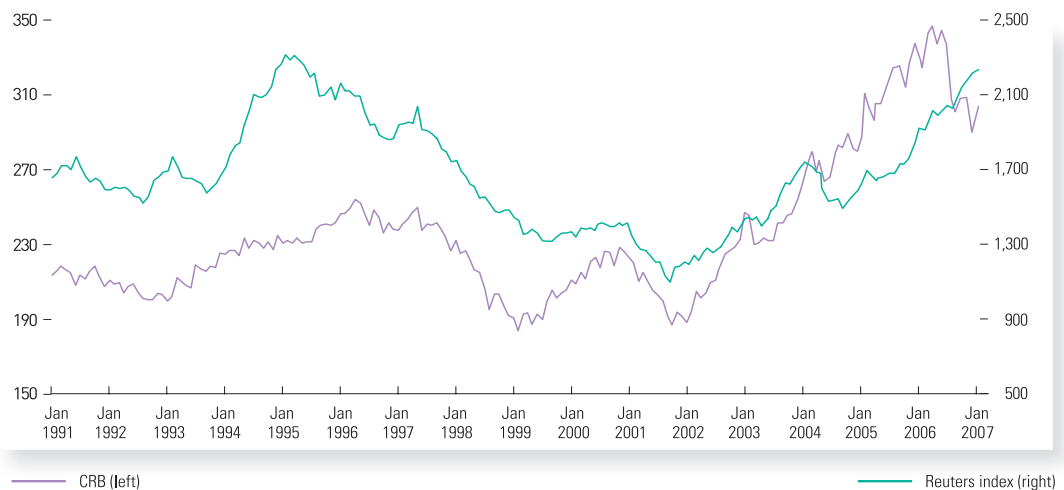
Source: Korea National Oil Corporation & Korea Customs Service



### 11-6 International commodity prices

Source: Bloomberg (CRB) & The Bank of Korea (Reuters index)

\* CRB demonstrates futures price index of 21 commodities listed on the US Commodity Transaction Market, including beans and other crops, crude oil and jewelry.



## 12. Real estate market

### 12.1 Housing market

Apartment prices growth nationwide decelerated considerably from the previous month in February 2007.

#### Apartment sales prices

(Percentage change from previous period)

	2004	2005	2006				2007						
	Annual	Annual	Annual	Sep	Oct	Nov	Dec	Jan	Feb	Feb 5 <sup>1</sup>	Feb 12 <sup>1</sup>	Feb 19 <sup>1</sup>	Feb 26 <sup>1</sup>
Nationwide	-0.6	5.9	13.8	0.4	1.5	3.8	2.1	1.0	0.3	0.1	0.0	0.0	0.0
Seoul	-1.0	9.1	24.1	0.6	2.2	6.2	3.7	1.8	0.3	0.0	0.1	0.0	0.0
Gangnam <sup>2</sup>	-1.3	13.5	27.6	0.7	2.5	6.5	2.4	1.1	0.1	0.0	0.0	0.0	0.0
Gyeonggi	-3.7	7.6	28.4	1.0	3.3	8.2	3.6	1.6	0.5	0.1	0.1	0.0	0.0

1. Weekly trends

2. Upscale area of southern Seoul

Source: Kookmin Bank

Apartment rental prices in February remained on a stable trajectory.

#### Nationwide apartment rental prices

(Percentage change from previous period)

	2004	2005	2006				2007						
	Annual	Annual	Annual	Sep	Oct	Nov	Dec	Jan	Feb	Feb 5 <sup>1</sup>	Feb 12 <sup>1</sup>	Feb 19 <sup>1</sup>	Feb 26 <sup>1</sup>
Nationwide	-2.7	5.7	7.6	0.8	1.2	1.2	0.6	0.5	0.3	0.1	0.1	0.1	0.1
Seoul	-4.4	6.2	11.5	1.2	1.7	1.7	0.6	0.7	0.4	0.1	0.1	0.1	0.1
Gangnam <sup>2</sup>	-5.2	8.6	11.3	1.2	1.5	1.6	0.5	0.7	0.4	0.1	0.1	0.0	0.1
Gyeonggi	-5.5	10.6	12.4	1.5	2.1	2.1	1.0	0.8	0.4	0.1	0.1	0.1	0.1

1. Weekly trends

2. Upscale area of southern Seoul

Source: Kookmin Bank

Apartment sales transactions in January 2007 decreased from the previous month but edged up from a year earlier.

#### Apartment sales transactions

(Monthly average, thousand)

2004	2005	2006												2007
Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
64	79	66	86	107	89	89	81	68	60	100	110	152	116	86

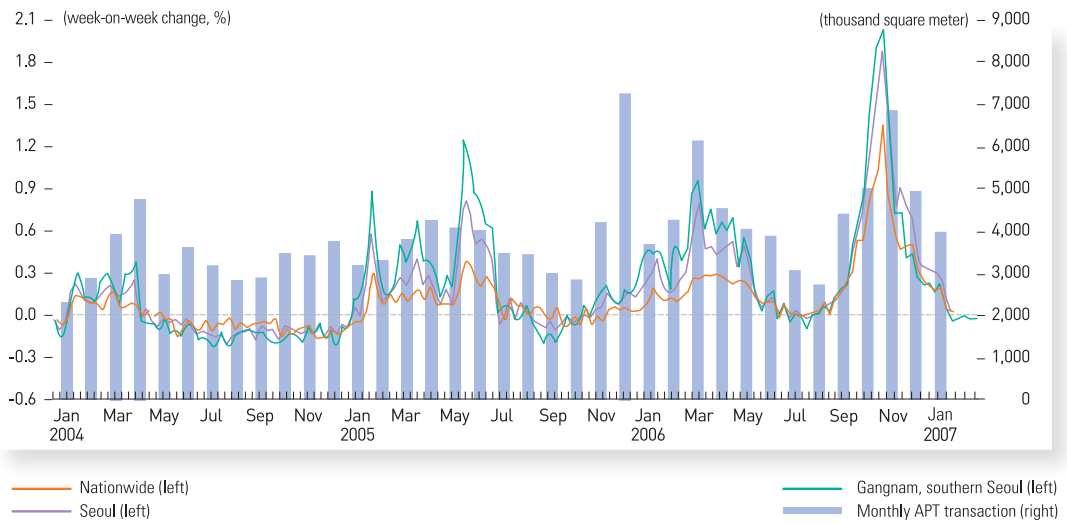
### 12-1 Real estate prices

Source: Kookmin Bank (national housing price trend)



### 12-2 Weekly apartment sales prices and monthly transaction volume

Source: Kookmin Bank (weekly APT price trend) & Korea Land Corporation (monthly land trade trend)



### 12-3 Apartment prices by region

Source: Kookmin Bank (national housing price trend)



## 12.2 Land market

Nationwide land prices in January 2007 rose 0.36 percent from the previous month.

Only 68 areas out of 248 cities, counties and districts stayed above the nationwide average while the rest stood at the below average.

### Land prices by region

*(Percentage change from previous period)*

	2004		2005				2006					2007	
	Annual	Annual	Q1	Q2	Q3	Q4	Annual	Q1	Q2	Q3	Q4	Dec	Jan
Nationwide	3.86	4.98	0.76	1.90	1.13	1.11	5.61	1.31	1.43	1.25	1.5	0.49	0.36
Seoul	4.09	6.56	0.74	2.65	1.44	1.59	9.17	1.78	2.37	2.19	2.5	0.81	0.51
Gyeonggi	6.12	5.69	0.96	2.40	1.41	0.81	5.07	1.12	1.29	1.05	0.5	0.49	0.40
S. Chungcheong	11.65	8.32	2.16	2.52	1.28	2.12	5.54	2.77	1.31	0.69	0.67	0.24	0.16

Nationwide land transactions in January were down from the previous month. They, however, rose substantially from a year earlier.

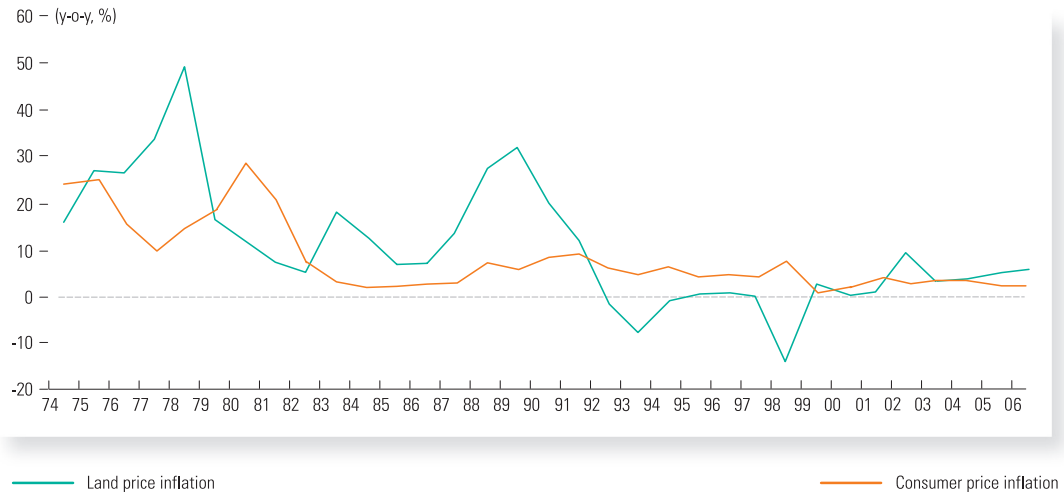
### Land sales transactions

*(Percentage change from previous period)*

	2004	2005	2006												2007
	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Nationwide	218	248	153	197	261	231	249	211	182	178	236	239	330	372	242
Gyeonggi	52	56	22	45	61	55	66	52	45	46	66	71	102	100	59
N. Chungcheong	8	11	11	8	11	8	9	9	8	7	8	7	10	13	9
S. Chungcheong	20	17	10	13	17	14	15	12	8	8	10	9	12	15	12

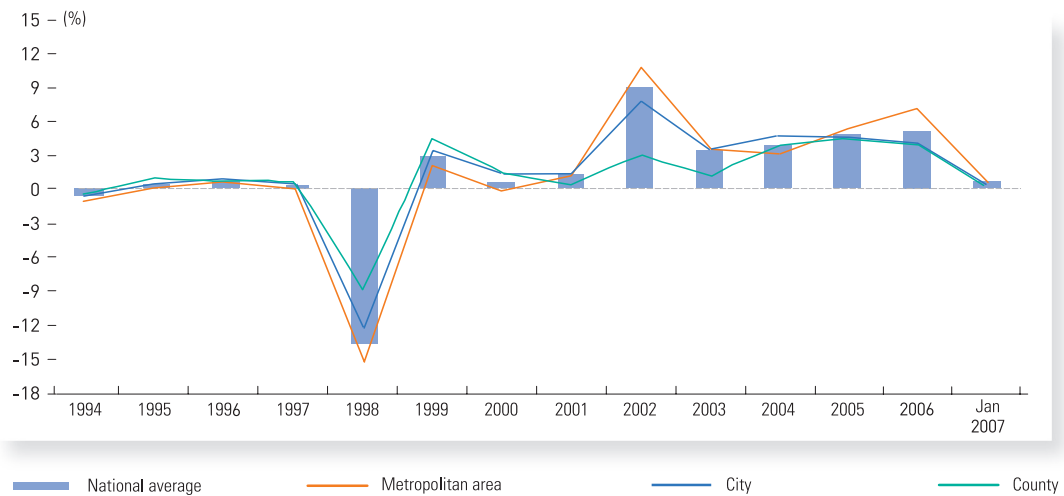
### 12-4 Land and consumer prices since 1970s

Source: Korea Land Corporation (land prices) & Korea National Statistical Office (consumer prices)



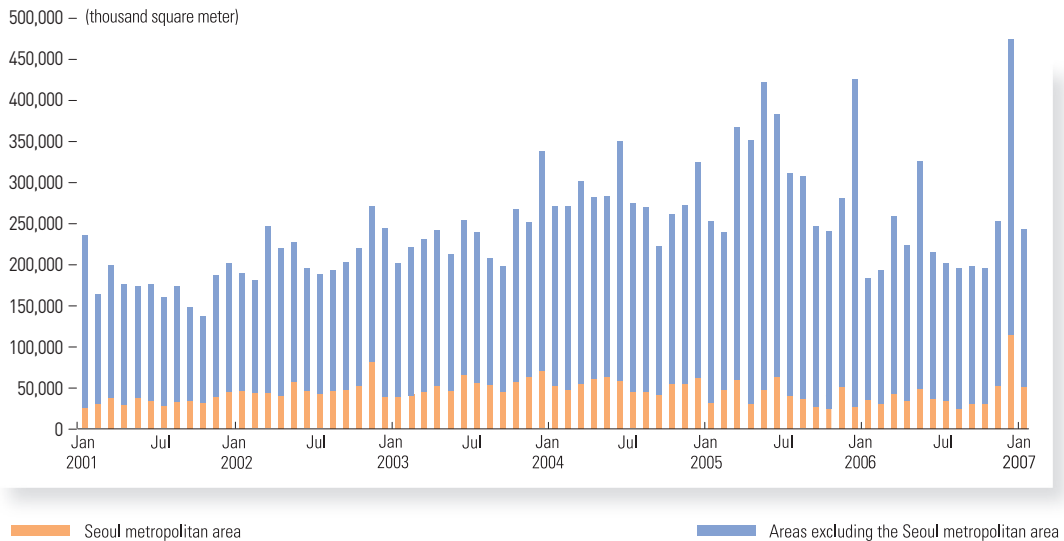
### 12-5 Land prices by region

Source: Korea Land Corporation (land price trend)



### 12-6 Land trade volume

Source: Korea Land Corporation (land trade trend)



### 13. Composite indexes of business cycle indicators

The cyclical indicator of coincident composite index, a barometer of current economic conditions, fell 0.2 percentage point from a month earlier in January 2007. Despite robust volume of imports, the fall was mainly due to moderation in some components of the index including the domestic shipment index, the industrial production index and the manufacturing operation ratio.

The on-year leading composite index in January, which foresees the future economic conditions, dropped 0.1 percentage point month-on-month. Some components of the index including the value of construction order received and the volume of capital goods imports made solid gains. However, the indicator of inventory cycle and the ratio of job vacancies to job seekers were sluggish.

The economy in January stayed mostly in line with the projected trend of lower growth in the first half and higher in the second, although it was affected by temporary factors such as a partial strike in the automobile industry.

Momentum for domestic demand including consumption weakened to some degree, and Lunar New Year holidays moved from January last year to February this year. All these factors contributed to higher volatility of economic indexes such as the industrial production index.

Volatility of the indexes is assessed to have continued to increase in February.

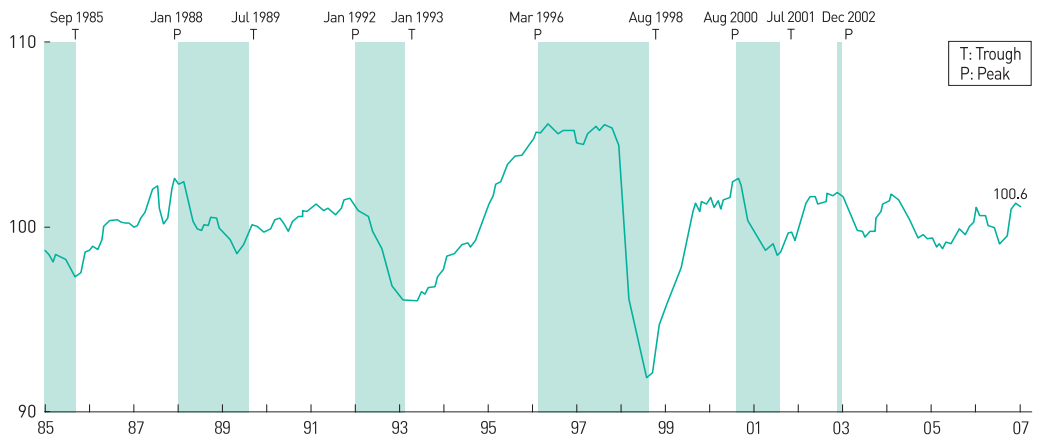
	2006							2007
	Jun	Jul	Aug	Sep	Oct <sup>1</sup>	Nov <sup>1</sup>	Dec <sup>1</sup>	Jun <sup>1</sup>
Cyclical indicator of coincident composite index	99.8	99.1	99.2	99.6	100.7	101.0	100.8	100.6
(m-o-m, p)	-0.1	-0.7	0.1	0.4	1.1	0.3	-0.2	-0.2
Leading composite index <sup>2</sup>	4.9	4.2	3.9	4.1	4.4	4.8	4.7	4.6
(m-o-m, %p)	-0.3	-0.7	-0.3	0.2	0.3	0.4	-0.1	-0.1

1. Preliminary

2. y-o-y, %

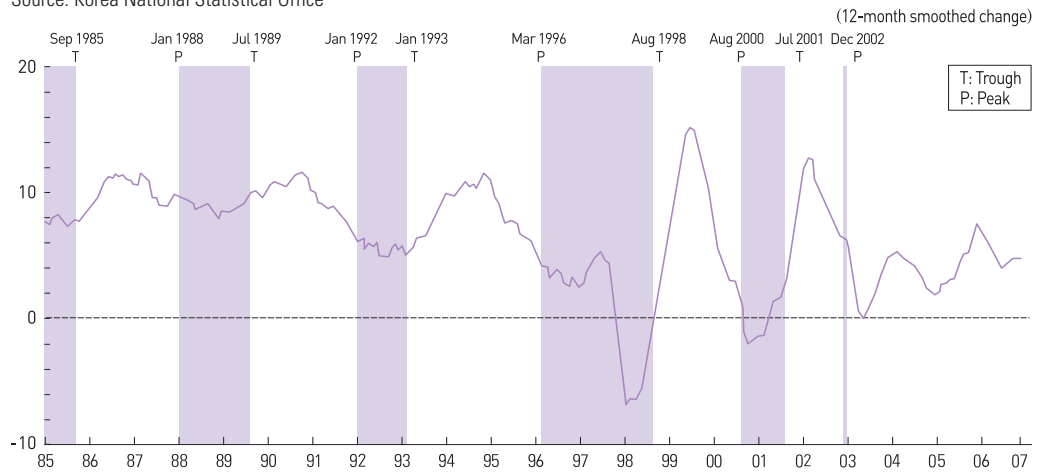
### 13-1 Cyclical indicator of coincident composite index

Source: Korea National Statistical Office



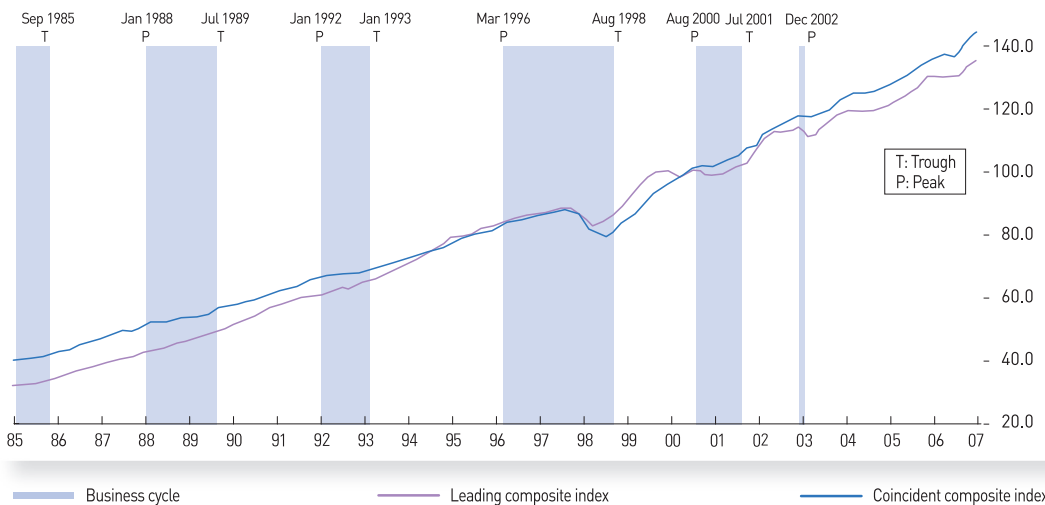
### 13-2 Leading composite index

Source: Korea National Statistical Office



### 13-3 Coincident and leading composite indexes

Source: Korea National Statistical Office



# Policy Issues

## 1. Four Years of the Participatory Government

### I. Economic policy direction and achievements of the Participatory Government

#### 1. Pursuing sustainable economic recovery

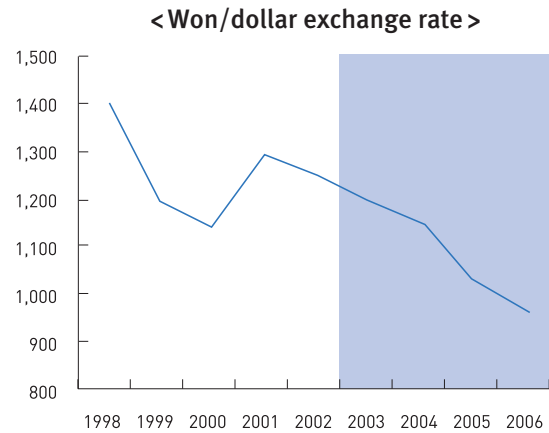
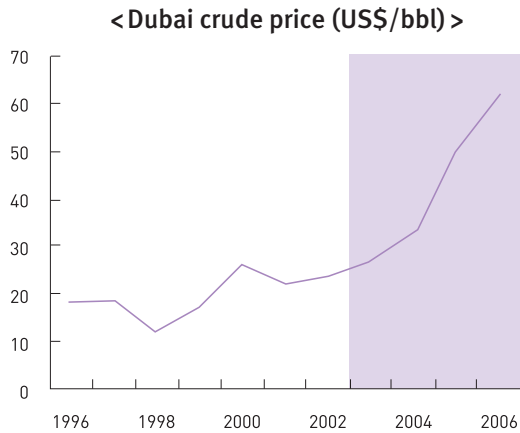
##### **Policy direction**

The government has managed the macroeconomy based on the economic principle while refraining from employing artificial economic stimulus that can cause side effects later. Private consumption, for the first time, fell for two consecutive years from 2003 to 2004, resulting from credit card defaults. In the face of severely sluggish domestic demand, the government opted for strengthening fundamentals through restructuring instead of carrying out artificial economic stimulus. At the same time, however, the government sought for economic stability by making the most use of rational tools to boost the economy. In specific, the government executed fiscal front-loading, expanded investment of public corporations and introduced a private capital inducement system.

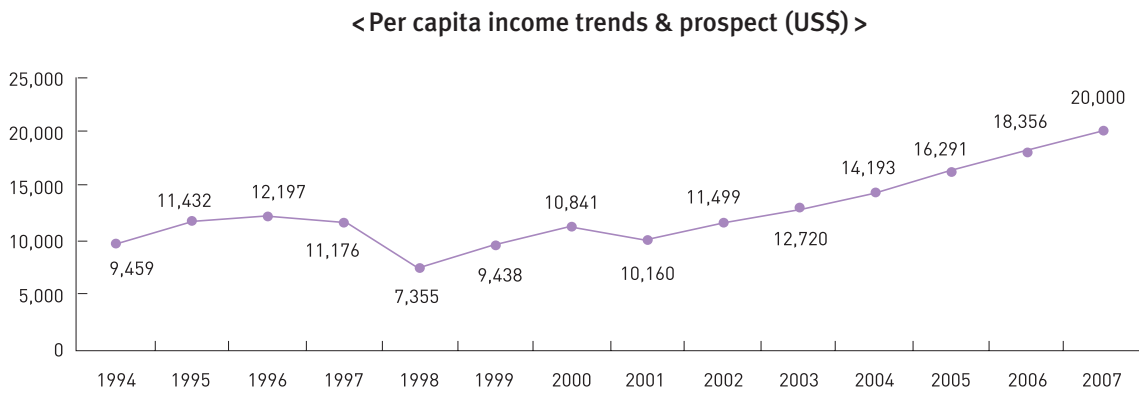
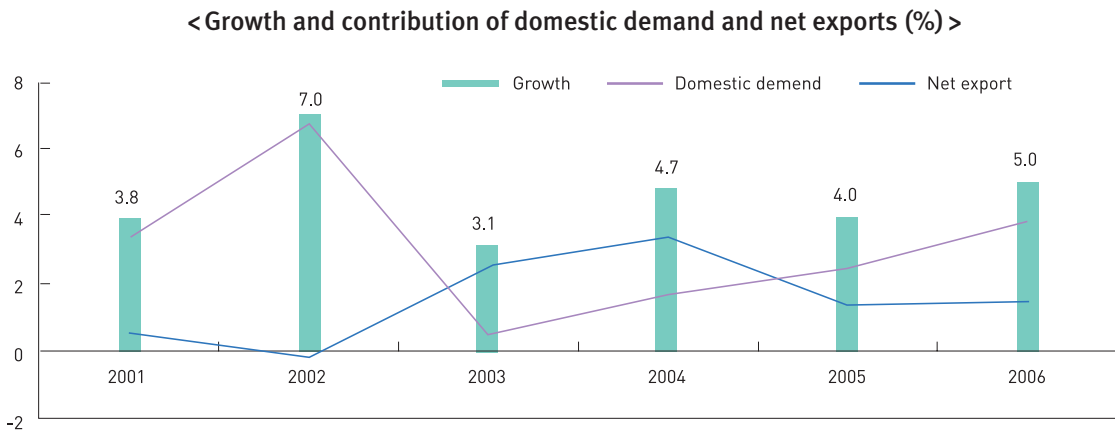
Crisis response capacity has been enhanced by way of supplementing and expanding the Early Warning System (EWS). Finance, raw materials, real estate and labor have been added to the external sector under EWS.

##### **Major achievements**

The economy is back on track in line with growth potential, overcoming internal and external difficulties such as soaring oil prices, appreciation of the won and household debt adjustment. During the period between 2003 and 2006, Dubai crude oil prices surged 27 percent at an average annualized rate while won/dollar exchange went up an annual average of 7 percent, posing a burden to the economy.



Meantime, exports have maintained a double-digit growth for four consecutive years since 2003 supported by the robust global economy and the improved quality competitiveness of Korean products. Exports (*customs clearance basis*) rose 19 percent at an average annualized rate from 2003 to 2006. Private consumption and corporate investment have been back on track since 2005 after adjustment during 2003 and 2004. Accordingly, the economy in 2006 achieved its potential backed up by balanced growth between domestic demand and exports. Per capita GDP is projected to hit the US\$20,000 mark during 2007.



\*Estimates for 2006 and 2007

The market has positively assessed the economic achievements. KOSPI more than doubled during the 2003 and 2006 period. Foreign exchange stabilization bond spread has been on a downward trend. Sovereign rating has been upgraded.

**KOSPI**

575.4 (end-Feb 2003) ↗ 1,465.4 (Feb 22, 2007)

**Sovereign rating**

S&P's (A<sup>-</sup> ↗ A), Fitch (A ↗ A<sup>+</sup>)

Despite the favorable macroeconomic performance, economic sentiment of the ordinary people and jobs growth have been sluggish. Structural difficulties such as the increasing self-employed have persisted. The gap between GDP and GNI has persisted due to the deteriorating terms of trade from sluggish domestic demand and rising oil prices.

**Real GNI growth (%)**

1.9 (2003) ↗ 3.9 (2004) ↘ 0.5 (2005) ↗ 1.9 (Q1~Q3 2006)

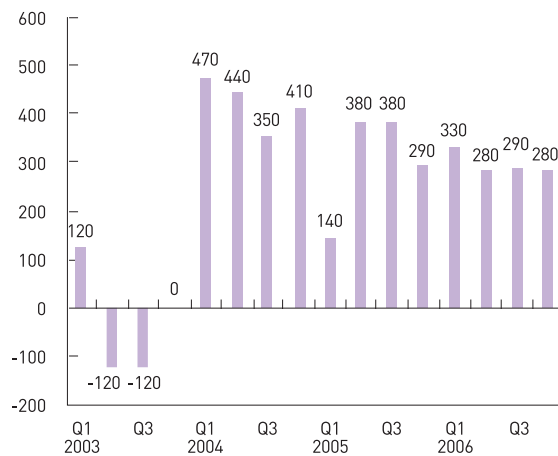
Income of the self-employed has stagnated since the financial crisis of 1997 to 1998 affected by oversupply and low productivity. The number of newly added jobs has reached about 300,000 on an average annual basis, a moderate growth compared to the initial expectation. The number of employees in manufacturing has continued to decrease due to the IT industry driven industrial restructuring and relocation of production facilities overseas.

**Employment growth in manufacturing (thousand)**

-36 (2003) ↗ 85 (2004) ↘ -56 (2005) ↘ -67 (2006)

Businesses were shy of new hiring due to deteriorating corporate profitability stemming from rising oil prices and the appreciation of the won.

< Employment growth (y-o-y, thousand) >



## 2. Improving economic fundamentals from a mid to long term perspective

### Policy direction

The government has redoubled efforts to implement restructuring in each economic sector and to upgrade the economic system. In specific, the government improved institutions while carrying out financial restructuring aimed at revitalizing the capital market and upgrading the financial market. The capital market base has been strengthened through measures such as issuing long-term government bonds. The government has endeavored to push for early legislation of the bill on Financial Investment Services and Capital Market, which was submitted to the National Assembly in December 2006. Zero-based reform of financial regulations has also been pursued. The government has strived to make the economic system more transparent and fair by improving corporate governance through the “3-year roadmap for market reform” drawn up in December 2003. The government has also made efforts to amend regulations on large business groups including the equity investment cap. Companies were encouraged to shift to the holding company system while the securities class action lawsuit was introduced in January 2007.

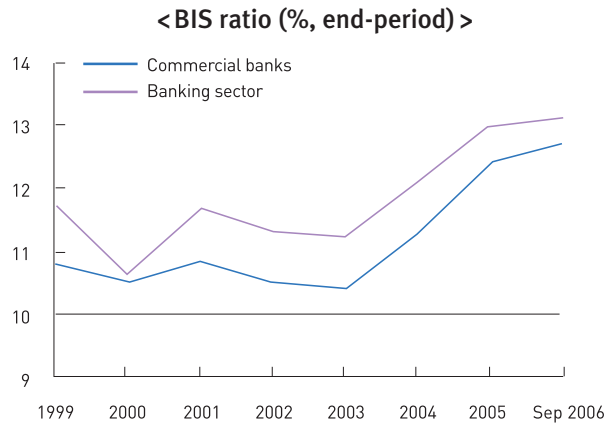
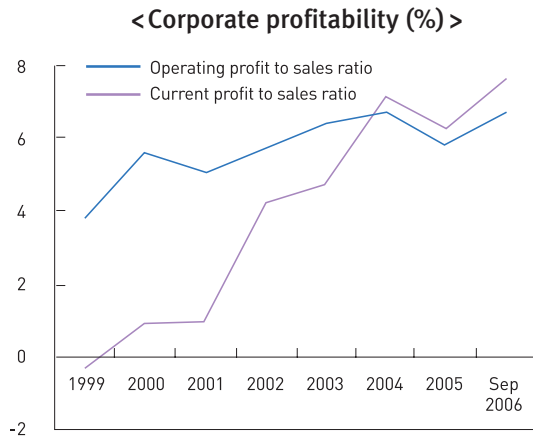
The government aims at an innovation driven economy where new technologies and creative talents are growth engines of the economic growth. Cutting edge and high technology industries will be fostered including the 10 growth engine industries. Infrastructures for technology innovation will be expanded through enhancing R&D budget. In particular, a total 40.1 trillion won of R&D investment budget earmarked from 2003 to 2007 is bigger than the 39.1 trillion won budget allocated from 1980 to 2002.

The government has sought for expanding growth potential and creating quality jobs by improving the business environment and supporting services and SMEs for their strengthening competitiveness. De-regulation has been pursued in two phases: August 2004 and August 2006. Comprehensive measures to improve the business environment were drawn up in September 2006 while measures to boost services competitiveness have been pursued from 2004 to 2006.

Multi-track FTAs have been pursued including the Korea-US FTA. FTAs with Chile (April 2004), Singapore (March 2006) and the European Free Trade Association (EFTA) (September 2000) entered into force while negotiations with ASEAN, Canada, India and Mexico are underway.

### Major achievements

With corporate and financial restructuring in progress, profitability and financial structure have greatly improved in companies and financial institutions.



Technology level has increased overall centering on 10 growth engines. Technology gap with advanced countries is assessed to have been narrowing. The technology gap reduced from an average 3.3 years in 2003 to 2.1 years in 2006. Technology level also improved from an average 72 percent to 85.6 percent compared with technologies of advanced economies. The industry-government-academia cooperation system was established as evidenced in innovation clusters. Korea ranked sixth as of 2005 in terms of the number of international patent applications with 4,684 cases.

The number of financial delinquents dropped significantly while the household credit card payment overdue rate sharply reduced.

**Number of financial delinquents (thousand)**

3,825 (Apr 2004) ↘ 2,820 (Nov 2006)

**Overdue rate (% more than 1 month)**

14.1 (end March 2003) ↘ 9.0 (end 2004) ↘ 5.9 (end 2005) ↘ 5.1 (end 2006)

Korea became the world's 11<sup>th</sup> nation to have exceeded the US\$300 billion mark in exports. Its exports surpassed the US\$200 billion mark in 2004. Total accumulated current account surplus amounted to US\$61.2 billion from 2003 to 2006.

**Exports trend (US\$ billion)**

1977	1995	2006	2006
10	100	200	300

**3. Laying the groundwork for shared growth**

**Policy direction**

The government is expanding social investment, recognizing social and welfare expenditures are investment for sustainable growth. It has been aiming at strengthening welfare for the vulnerable by expanding the beneficiaries of the basic livelihood program and the scope of

application for social insurance payments as well as introducing the emergency welfare support system. The government is also enhancing education opportunity and employability of those just above the poverty line with ability to work. In particular, the student loan system has been improved. Vocational training, employment support services and social services business have been expanded. The government has also made efforts to stabilize housing for the low income. To this end, it is expanding supply of long-term rental houses and financial support for housing aimed at ordinary people.

The government has been diversifying growth engines through the balanced national development strategy. It has exerted efforts to ease concentration in the Seoul metropolitan area by building the Multifunctional Administrative City, innovation cities and company towns. Development strategies custom-made for each region have been drawing up and the cooperation system is being established for both urban and rural areas.

The government is supporting the vulnerable such as small traders and non-regular workers to boost their competitiveness. Assistance to small business owners and the low-income self-employed is being enhanced by providing facility improvement and management innovation support. Employment quality and treatment of non-regular workers will likely be improved by enacting a law on non-regular workers.

### Major achievements

Since the launch of the Participatory Government, social and welfare expenditures surged aimed at reinforcing the social safety net and social investment expansion.

### Growth of fiscal expenditure & welfare expenditure (annual average, %)

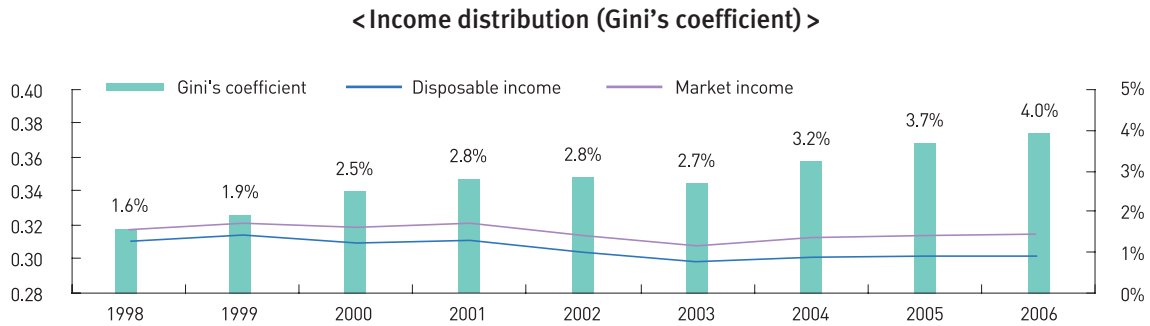
People's Government (1997-2002)		Participatory Government (2003-2006)	
Total fiscal expenditure	Welfare expenditure	Total fiscal expenditure	Welfare expenditure (2003-2005)
6.3	8.0	11.3	19.5

Accordingly, beneficiaries of the social safety net such as the basic livelihood guarantee program, social insurance and child rearing supports increased to a great extent.

### Number of beneficiaries (thousand)

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Basic livelihood program	979	933	1,489	1,420	1,351	1,374	1,425	1,515	1,535
National pension (except lump sum payment)	198	282	618	770	916	1,052	1,424	1,652	1,859
Childcare services	78	161	159	182	240	241	384	569	992

Income re-distribution effects of tax and transfer expenditure gradually magnified easing the deterioration of income distribution.



\* The Gini's coefficient was calculated using the data on household income and expenditure of urban workers compiled by the Korea National Statistical Office.

A stable base for pursuing balanced national development has been established while support for the vulnerable sectors has been effectivized. In specific, a special act on the balanced national development and a special act on the establishment of the Multifunctional Administrative City took effect in January 2004 and March 2005 respectively.

## 4. Preparing for the future

### Policy direction

The government aims to establish a fundamental response system against risks such as low fertility, population aging and polarization, which calls for a mid to long term preparation. It has also unveiled a new national development paradigm for shared growth. A favorable environment for child birth and rearing will be created while the quality of life of the aged will be upgraded. The government is doing its part to make its fiscal system efficient in preparation for increase in welfare expenditure.

### Major achievements

The government set up and announced Vision 2030 in August 2006, which presents a vision for the future Korean economy. It has been striving to ensure a shared growth by enhancing social investment in such areas as education, employment and welfare. Sector-by-sector follow-up measures including “2+5 strategy for utilizing human resources” have concretized the vision and put the issue on the public agenda.

A basic plan for low fertility and aging society for 2006-2010 was drawn up in July 2006. A favorable environment for child birth and rearing has been created by lessening the burden of child rearing. The quality of life of the aged has been enhanced through the establishment of a system guaranteeing income after retirement and support for promoting employment of the aged.

The government has been preempting future fiscal risks. Fiscal management efficiency and mid to long term preparation have been enhanced through the promulgation and implementation of a law on national finance in October 2006 and January 2007 respectively. An institutional reform has been pushed ahead to seek fiscal stability of the national pension fund and health insurance. A measure to rationalize national treasury support to the national health insurance was passed in the National Assembly in December 2006 and took effect in January 2007. A law on revised national pension is pending in the National Assembly as of February 2007.

## II. Challenges facing the Korean economy

### 1. Globalization and informatization

Global market is being integrated with globalization and informatization gaining pace. The era of “winner-takes-all” is taking hold driven by herd behavior over the top-quality goods and services. The progress of globalization deepens international coupling in the financial market, increases uncertainty of the global economy and forces businesses to face limitless competition. Capabilities to create and utilize knowledge have emerged as a key factor determining a successful transition to an innovation system. Unlike capital and labor, science and technology make progress under a principle of increasing returns, translating into widening digital divide among nations, businesses and individuals. Opportunities for market expansion in goods and services exist along with the possibility of widening income inequality and innovation gap between industries, businesses and classes.

BRICs are emerging as a new pillar of the global economy with their dramatic growth rate. BRICs GDP as a percentage of the global economy is forecast to increase from 12 percent in 2005 to 25 and 33 percent in 2020 and 2030 respectively according to a projection by Goldman Sachs in December 2005. The Chinese economy, in particular, is estimated to exceed the Japanese economy around 2020 in terms of the GDP size. The rise of BRICs provides opportunities for export market expansion. At the same time, however, it may reduce investment in Korea while deepening competition due to the narrowed technology gap.

### 2. Low fertility and population aging

Low fertility and population aging are in rapid progress due to changes in the social and economic environment and perspectives as well as longer life span. Korea’s total fertility rate is just 1.08 as of 2005, which is far short of 2.1 required to maintain the current population level. Meantime, the total fertility rate is 1.29, 1.90 and 2.05 for Japan, France and the US, respectively, as of 2004.

Meantime, population aging in Korea is progressing in the most rapid manner among OECD members. It is estimated to take only 18 years for Korea to enter into an aged society from an aging society. France took 115 years, US 72 and Japan 24. The United Nations describes a society whose elderly take up more than 7 percent of the population as “aging”. If it tops 14 percent, it is referred to as “aged”.

The progress of low fertility and population aging may weaken growth potential while causing a surge in fiscal burden. Economic vitality can be undermined resulting from the decrease of working age population, increase in average working age and contraction in saving and consumption. Per capita real GDP rises 0.08 percentage point with every 1 percent increase in working age population while it falls 0.041 percentage point with every 1 percent rise in the elderly population, according to IMF as of 2004. Intergenerational conflicts cannot be ruled out as the future generation’s burden on tax and social security increases to support the aged. The cost of elderly support (% of elderly/working age population) is likely to grow from 12.2 percent in 2005 to 21.4 and 71.4 percent in 2020 and 2050 respectively. A preemptive and systematic response is called for with low fertility and population aging in progress at an unprecedented pace.

### 3. Becoming polarized

Polarization has little improved due to structural factors such as globalization and technological progress, despite the economic recovery effects. Income distribution slightly deteriorated as evidenced by monthly income and expenditure per household. The trickle-down effect has also mitigated.

#### Gini’s coefficient

	2003	2004	2005	2006
Gini’s coefficient	0.314	0.344	0.348	0.351
Income of the highest quintile / income of the lowest quintile (%)	7.23	7.35	7.56	7.64

Source: Korea National Statistical Office

If polarization issue goes unchecked, conflicts between classes can deepen undermining social integration, eventually weakening economic growth.

### III. Future directions

The government will manage the economy in a stable manner while doubling efforts to ease the difficulties of ordinary people. Reform tasks of the Participatory Government will be finalized by sector-by-sector roadmap. At the same time, a base for sustained economic development will be established.

The government will manage the macroeconomic policies while compensating the economy. It will preempt potential risks in the financial, foreign exchange and real estate markets. The government will minimize economic fluctuations through budget front-loading. During the first half of the year, 56 percent of the budget is planned to be executed. The Early Warning System and risk management manual will help thoroughly prepare for market risks.

The government will strengthen various efforts to reduce difficulties of ordinary people. Opportunities for creating quality jobs will be provided led by SMEs and public and social services where a considerable amount of job seekers can be absorbed. The government will help boost employability of the vulnerable such as youth and the low-income self-employed. Employment support service will be expanded while a base for lifetime education will be set up as well. The government will help ordinary people become home-owners by lowering construction cost. Financial burden of ordinary people will be eased by facilitating microfinance and inducing improvement in the supervisory system over lending institutions while upgrading the credit card service charge system.

A foundation for mid to long term sustainable economic development will be laid by faithfully implementing structural reform tasks, having been pursued by the Participatory Government.

#### **Expanding growth potential**

The Participatory Government has unveiled the following measures: the next generation growth engine projects (2004-2008), the comprehensive measures to improve the business environment (September 2006) and the measures to boost services competitiveness and foster innovation-driven SMEs (30,000 by 2008).

#### **Upgrading the economic system**

The government will improve the fundamentals and establish fair and free market order by carrying out the Northeast Asia's financial hub roadmap and the 3-year roadmap for market reform and by improving laws and regulations on labor-management relations. Follow-up measures will be drawn up to secure policy consistency.

#### **Preparing for the future**

The government will lay the foundation to cope with future risks by implementing plans including the national pension reform, the 5-year plan for balanced national development (2004-2008) and the 3-year plan to improve energy intensity (2005-2007).

## 2. 2007 EDCF Plan and Measures to Improve Assistance Framework

“EDCF (Economic Development Cooperation Fund) is a bilateral ODA loan program, which was established by the Korean government on June 1, 1987. Its objectives are to help developing countries spur industrial growth and improve economic stability, as well as to encourage development of a sound economic relationship between other countries and Korea.” - The Export-Import Bank of Korea -

### I. Assessment of 2006 EDCF policy

#### 1. 2006 EDCF commitment

In 2006, the Korean government achieved the initial target of committing 352.3 billion won, the largest since the launch of EDCF in 1987.

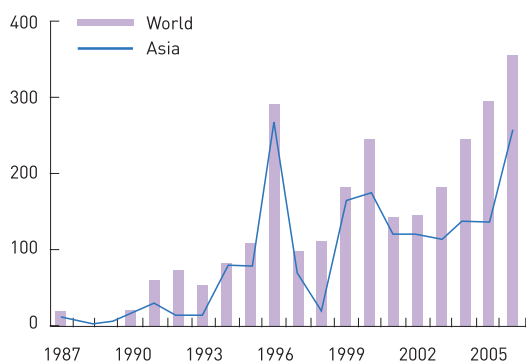
By region, 61.2 percent of the EDCF went to Asian countries with which Korea has close economic and diplomatic relations. In specific, EDCF commitment to countries in Asia surged 38.3 percent year-on year in 2006, hovering way above an average growth of 24.1 percent for all partner countries.

#### EDCF commitment growth

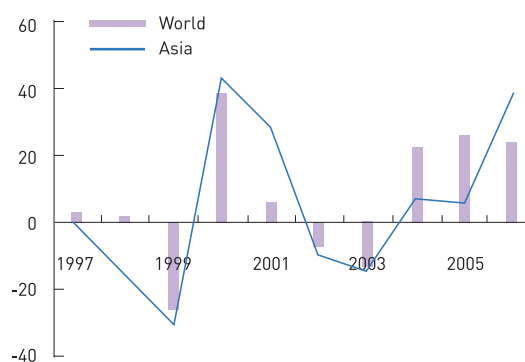
(Percentage change from the previous year)

	2003	2004	2005	2006
World	-11.9	22.3	26.4	24.1
Asia	-15.4	6.0	4.2	38.3

< EDCF commitment (billion won) >



< EDCF commitment growth (%) >

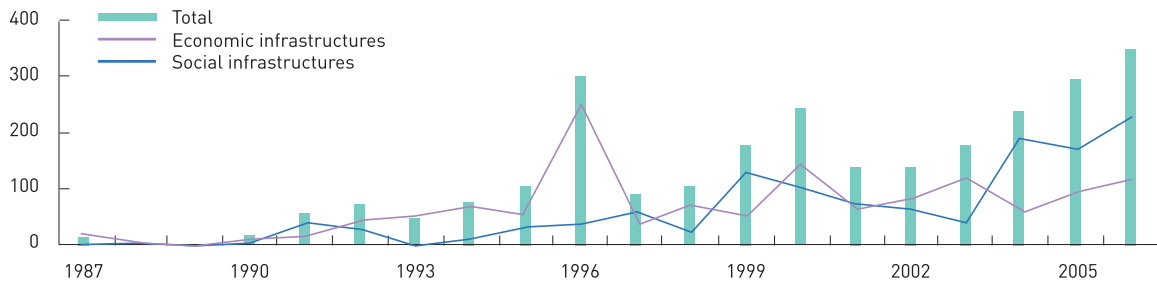


By sector, the government joined the international community's efforts to achieve the UN Millennium Development Goals (MDGs) by supporting both economic and social infrastructures in a balanced manner. Economic infrastructures include transportation and telecommunications while social infrastructures cover education and environment.

**Percentage share of IT assistance, the highest priority area (%)**

2003	2004	2005	2006
17.8	19.1	15.3	48.7

**<EDCF by sector (billion won)>**



**2. 2006 major institutional improvements**

The Korean government unveiled the Medium-Term EDCF Strategic Management Plan on January 3, 2006. The plan clearly states the EDCF's vision, principles, and management direction for the next four years (2006 to 2009). Under the plan, the government sets up and implements a medium term loan disbursement plan and an annual EDCF management plan.

Under the new framework, the EDCF application procedure was simplified. First, a legal base was set up for signing Framework Agreement with partner countries. The Framework Agreement is expected to shorten the aid assistance procedure by more than 6 months by making a separate agreement per each project irrelevant. Pertaining to simplifying the agreement process in case of supporting priority countries such as Indonesia and Vietnam, working level consultations are currently under way with a completion target of within the first quarter.

Second, the government streamlined the process of offering foreign currency-denominated loans by changing the decision making authority from the Fund Management Council to the Minister of Finance and Economy. The Council is composed of members from 15 related organizations and the chair of the Council is the Minister of Finance and Economy.

A principle was established to employ competitive bidding procedures when selecting suppliers. To ensure the principle, regulations concerned were revised. Indeed, all 17 projects implemented in 2006 went through the competitive bidding procedures.

Meantime, an advisory council on the EDCF management was formed in November 2006. The council consists of people with experiences in Multilateral Development Banks (MDBs), academia, industry and civil groups, to enhance expertise as well as strengthen public-private partnership.

Eligibility requirements for united aid are clearly stated in a revised guideline on the fund management as of July 2006. According to the guideline, co-financing projects with MDBs are eligible for the united aid.

A guideline on environmental impact assessment was drawn up in November 2006 with a view to supporting sustainable growth of partner countries and to promoting an environment friendly image.

A team solely responsible for EDCF at the Export-Import Bank of Korea (Korea Eximbank) was expanded and revamped aimed at increasing the EDCF related work while enhancing aid quality.

## **II. 2007 EDCF management plan**

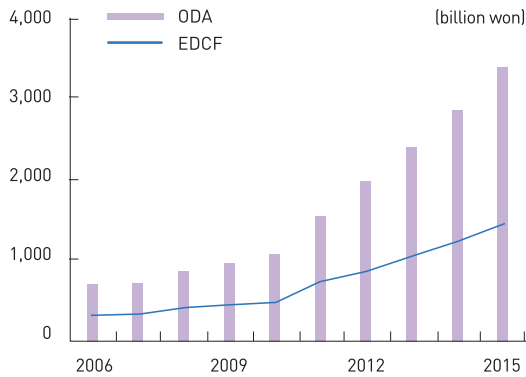
### **1. Medium-term EDCF strategic management plan and 2007 management plan**

The Korean government will pursue expanding Official Development Assistance (ODA) from a mid to long term perspective. It will continue to increase the ODA so that its contributions to the international community will be commensurate with the economic size of Korea. By 2009, the government aims to increase the ODA to 0.1 percent as a ratio to GNI. Meantime, the government is under review on increasing the ratio to 0.25 percent by 2015, an average of the member countries of the Development Assistance Committee (DAC) under the OECD as of 2004.

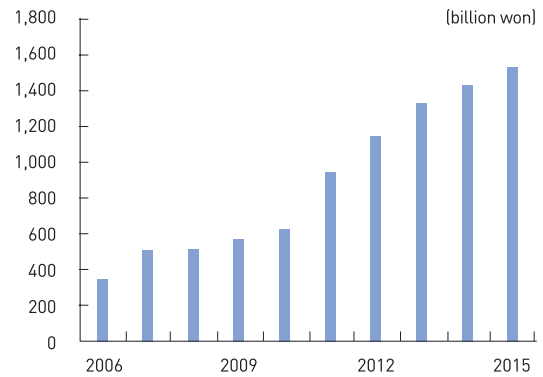
According to the ODA expansion plan, the EDCF will pursue committing around 2.4 trillion won from 2007 to 2010, up 118 percent from 1.1 trillion won of the accumulated commitments made by the EDCF from 2003 to 2006. The commitments will continue to expand after 2011 as well.

In 2007, the EDCF will provide new loan commitments totaling 550 billion won to 25 projects while closely monitoring the needs to revise the initial plan according to the execution progress.

### <ODA & EDCF disbursement outlook>



### <EDCF commitment outlook>



\* The outlook is based on the national fiscal management plan from 2006 to 2009 and measures to improve ODA announced in November 2005.  
 \*\* Figures after the year 2011 are based on a bilateral aid disbursement ratio and the ratio of loan against grant aid projected in the national fiscal management plan.

## 2. Loan disbursement plan for 2007-2010

Asia will be the largest borrower with 70 percent of the total commitments going to Asia in line with the “selection and concentration” principle under the Medium-Term EDCF Strategic Management Plan. In particular, the commitments will be concentrated on ASEAN to boost the effects of economic partnership policy while recognizing Korea’s close economic and diplomatic ties with ASEAN. The assistance to Asia as a ratio to the total commitment will increase to 70 percent or 1.7 trillion won from 2007 to 2010, up from 53 percent or 0.6 trillion won from 2003 to 2006.

The Korean government will channel the loan largely to emerging markets and resource-rich countries. It will also join the international community’s efforts in eradicating poverty. For example, the government will be active in tripling the ODA volume as stated in “Korea’s Initiative for Africa’s Development” launched in March 2006 with a view to combating poverty.

## 3. Marking 20<sup>th</sup> anniversary of EDCF establishment

The year 2007 marks the 20th anniversary of EDCF foundation. On this occasion, the government will actively promote public awareness of EDCF programs at home and abroad. The EDCF future-oriented message of “growth and development through sharing as a responsible member of the international community” will be conveyed. Korea is the only recipient-turned-donor. In this light, Korea will link its successful experiences of receiving ODA to its future aid policy.

### III. Measure to Improve Assistance Framework

#### 1. Measures for better management to enhance aid effectiveness

First, the government will support introducing program loans. As opposed to individual project loans, program loans provide aid package on programs encompassing a certain sector's or macroeconomic development and capital investment. Aid effectiveness is likely to increase when a holistic approach to development programs is adopted in concerted efforts of multi donors under the ownership of recipient countries. Opportunities for the EDCF and Korean companies to participate in the development activities will also expand. The EDCF assistance modalities are also expected to be diversified to include budget support and technical assistance. At an early stage, program loans will take a co-financing form with ADB and support a specific sector. Feasibility study and projects on sharing economic development experiences will be implemented as and when necessary.

Second, co-financing with MDBs will be reinvigorated. In an effort to enhance the status of the EDCF in the international community, the government will actively identify and support co-financing projects through policy consultations with MDBs and aid organizations of the advanced countries. In the process of pursuing co-financing, the government will make the best use of joint country analysis and project appraisal to enhance effectiveness as well as to acquire know-hows of advanced economies. An agreement between the Korea Eximbank and aid organizations of the advanced nations will be pursued to conduct joint country analysis and project appraisal. Such agreements were already signed with the Japan Bank for International Cooperation (JBIC) and ADB. An agreement with the German Development Bank (KfW) is scheduled to be signed during the second half of the year.

Third, the united aid will be introduced as a pilot project. In preparation for expanding ODA amount and joining DAC, Korea will gradually increase the united aid centering on areas where it has comparative advantages. Priorities will be given to co-financing with MDBs and supporting the least developed countries.

Fourth, candidates for the Country Cooperation Strategy and Program (CCSP) will be expanded to a great extent. During the year 2007, differentiated CCSP will be adopted for 8 priority countries. The CCSPs were already developed for top three priority countries of Indonesia, Vietnam and the Philippines. Based on a partner country's development plan, the CCSP will effectively support the country's social and economic development. The Korean government will be active in identifying projects through policy consultations with partner countries on the basis of the CCSP.

Fifth, project effectiveness will be boosted by strengthening ODA evaluation. Performance indicators will be made available from the beginning of each project with a view to laying the foundation for systematic performance appraisal. The results will be used to improve management of the aid projects as well as to enhance the public accountability.

## 2. Measures to support studying in Korea

The measures to support the government officials of partner countries to study in Korea are currently under working level consultations among the Ministry of Education and Human Resources Development (MOE), the Ministry of Foreign Affairs and Trade, and universities.

Under review are the measures to support government officials of partner countries to attend master's or doctorate programs in graduate schools in Korea. It is to enhance performance in loan projects by helping the government officials of the partner countries build capacity to carry out ODA projects in a successful manner. In addition, the measures are likely to help graduate schools in Korea internationalize. Prospective trainees are people of partner countries in charge of the ODA projects/programs or loan management.

A separate program combining the EDCF with grant aid offered by MOE and universities is being considered. Within the first quarter of the year, the Korean government will conduct a survey on developing countries' demand for the EDCF program. Based on the survey results, the government will decide whether or not to include the grant aid.

## 3. EDCF procurement improvement

The principle of applying competitive bidding procedures is critical in terms of enhancing transparency and effectiveness while being in line with global standards. DAC recommends international competitive bidding process under the "Principle for Effective Aid". Direct negotiations of contracts by donors or recipient countries with several suppliers or only one single supplier enable projects to be carried out fast, but they can undermine a long-term economic cooperation due to quality degrading from corruption, irregularities and the absence of competition.

The guideline on the fund management will be revised to clearly confine direct negotiations of contracts to exceptional cases such as disaster recovery, patents related projects and a close relation to a former project. The government will facilitate policy consultations with partner countries thereby taking the lead in identifying promising projects.

## 4. EDCF cooperation channel

With gradual expansion of the EDCF, there is a growing interest in the fund management among ministries concerned such as the Ministry of Information and Communication, the Ministry of Health and Welfare and MOE. Still, channels of cooperation have not been completely established between the ministry in charge of coordinating EDCF and other ministries concerned.

Accordingly, a working level cooperation channel led by MOFE will be set up within the first quarter of the year to reach a concerted view on the EDCF policy direction. To identify new projects suitable for the EDCF support, close consultations will be held among related sectors in each ministry to make the best use of their expertise.

# Economic News Briefing

## **DPM Kwon & US Treasury Secretary Paulson optimistic on KORUS FTA**

US Treasury Secretary Henry Paulson, during his visit to Korea, expressed guarded optimism about on-going Korea-US free trade negotiations and confidence on the global economy even after a recent slump of global stock markets.

Secretary Paulson met with President Roh Moo-hyun and Deputy Prime Minister and Minister of Finance and Economy Kwon Okyu, separately, in Korea on March 7. President Roh said the decision to pursue a free trade agreement (FTA) with the US was a politically difficult choice for his government, but expressed confidence that a deal, if reached, would eventually help heighten the nation's economic competitiveness. Secretary Paulson, on his part, said he is cautiously optimistic about the possibility of two sides eventually concluding the Korea-US FTA. Paulson also shared views with DPM Kwon that concluding the KORUS FTA will bear great significance on the two economies, confirming commitments to make concerted efforts for the conclusion at the earliest possible time.

Concerning the Korean economy, Paulson stated that Korea's reform in the aftermath of the 1997 financial crisis should be recognized as an exemplary success case for other Asian nations. He was also positive about the global economy including the US economy despite recent volatility in the international stock and foreign exchange markets, as the fundamentals of the global economy remain solid.

Meanwhile, Korea and the US made "significant" headway in their eighth and final round of FTA talks that ended in Seoul on March 12, increasing confidence that a deal can be clinched by an end-March deadline. The two countries reached full agreement on 3 out of 19 chapters under review - competition policy, government procurement and customs administration - and were "very close" to reaching an agreement on eight others including financial services, telecommunications and technical barriers to trade. Still, hard-to-bridge gaps remain over some controversial issues such as agriculture and automobiles. A series of informal top-level meetings will be held in the coming weeks to clear last-minute hurdles.

## Gaeseong Complex exceeding US\$100 mil output & 100,000 visitors

The cumulative value of goods produced by South Korean firms operating at the Gaeseong Industrial Complex (GIC), an inter-Korean joint industrial complex in North Korea, has exceeded US\$100 million as of January 2007. The combined number of visitors to the North Korea based industrial complex has surpassed the 100,000 mark in end January.

According to the Gaeseong Industrial District Management Committee, the South Korean companies in Gaeseong produced US\$106.1 million worth of goods in total as of the end of January 2007, after annual output reaching about US\$15 million in 2005 and US\$74 million in 2006, respectively.

The project is assessed to have laid groundwork for its continuous proceeding based on the economic rationales such as the needs in the private sector and companies' profit pursuit.

## More supports to boost firms' overseas investment

The Ministry of Commerce, Industry and Energy (MOCIE) announced on February 27 that local companies looking to invest overseas will be able to receive comprehensive support, as the government seeks to expand Korea's business presence abroad as well as to better utilize the country's liquidity.

For example, the government is examining ways to make use of the country's liquidity to create various specialized funds to help companies make inroad into overseas construction and resources development. It is also planning to simplify needed procedures for companies to get tax benefits for facility investments made overseas.

Convenient one-stop consulting services will be offered to firms wanting to set up businesses abroad. Korea Trade-Investment Promotion Agency (KOTRA) will bring together experts from various fields to form the "Global Korea" department. The division will be in charge of managing call centers and providing consulting services.

## Korean banks' total assets up 11% in 2006

An asset-liability analysis of domestic banks by the Financial Supervisory Service (FSS) announced on February 27 shows Korean banks' assets increased 11.0 percent or 118 trillion won from a year earlier to total 1,191 trillion won (average account balance basis) in 2006.

On the liabilities side including equity, the proportion of deposits dropped from 53.4 percent a year earlier to 49.6 percent. The rest were mostly made up by debt issues (15.4%), borrowings (13.8%), and certificates of deposits (5.6%). Debt issues and CDs in 2006 jumped by 38.0 trillion won and 13.7 trillion won, respectively, which served as a main source of funds for increased loans compensating for the contracted proportion of deposits.

## Bank assets & liabilities: 2005-2006

(Trillion won, period average)

	2005			2006		
	Total amount	Amount change <sup>1</sup>	Percentage change <sup>1</sup>	Total amount	Amount change <sup>1</sup>	Percentage change <sup>1</sup>
Asset	1,072.6	49.3	4.8	1,191.0	118.3	11.0
- Securities	231.6	20.9	9.9	249.1	17.5	7.6
- Loans	724.9	28.4	4.1	813.2	88.2	12.2
• Corporate	389.7	7.2	1.9	448.5	58.8	15.1
• Household	310.0	23.8	8.3	340.7	30.7	9.9
• Credit card	25.3	-2.6	-9.3	23.9	-1.4	-5.4
- Other assets	116.1	-0.1	-0.1	128.7	12.6	10.8
Liabilities	1,072.6	49.3	4.8	1,191.0	118.3	11.0
- Deposits	572.9	4.2	0.7	590.6	17.7	3.1
- CDs	53.4	14.5	37.1	67.1	13.7	25.8
- Borrowing	148.4	1.8	1.2	164.1	15.7	10.6
- Debt issues	145.9	13.0	9.8	183.9	38.0	26.1
- Other liabilities	85.9	2.1	2.5	100.3	14.4	16.7
- Equity	66.3	13.7	26.0	85.0	18.7	28.3

1. Change from previous year

## FSC announces measures to improve fund management efficiency

The Financial Supervisory Commission (FSC) announced measures that will be taken to encourage asset management companies to eliminate small-sized funds as a series of its efforts to improve fund management efficiency and protect investors' assets. Compared to other major countries, Korea has a high number of small-sized funds, which can bring about inefficient fund management and increase investor's vulnerability.

### Comparison of fund size among countries as of end Jan 2007

(Trillion won)

	Korea	US	UK	Japan
Aggregate investment amount	243	9,341	506	674
Number of funds	8,239	8,056	2,699	1,899
Average investment amount	29.5	1,159.6	187.6	354.7
Comparison of average fund size (times)	1.0	39.3	6.4	12.0

\* Foreign countries' data are based on publicly offered funds as of end June 2006

A task force will be formed, composed of asset management companies and selling companies, to prepare a plan to encourage companies to voluntarily liquidate small-sized funds. Once the plan is drafted and submitted to the FSC, FSC and the Financial Supervisory Service (FSS) staff will join the task force to add regulatory changes that need to be made. The plan is scheduled to be completed within the first half of this year.

To help funds diversify their portfolios and effectively manage their assets, the FSC also plans to ease restrictions on the investment of subordinated bonds. High yield funds,

investing 10 percent or more of their assets in junk bonds, will be allowed to invest in all subordinated bonds while other funds will also be able to invest in limited subordinated bonds that received at least an investment grade from a credit rating agency.

## **Overseas resources development jumps to record high in 2006**

The Ministry of Commerce, Industry and Energy announced that Korea's investment in overseas resources development hit a record high of US\$2.09 billion last year, jumping 88 percent from the previous year's US\$1.11 billion. Particularly, investment in oil field development doubled to US\$1.90 billion from US\$950 million in 2005.

The investment growth was due to not only the recent increases in oil and mineral prices but also the government's steady support for overseas resources developments since 2004 through top-level resource diplomacy.

The investment in overseas resources development is forecast to reach US\$3.7 billion this year, up 81 percent from a year earlier, according to a recent survey by the Commerce ministry of 35 energy-related companies. The firms will spend US\$3.2 billion on oil and gas development and US\$580 million on mineral resources projects.

# Statistical Appendices

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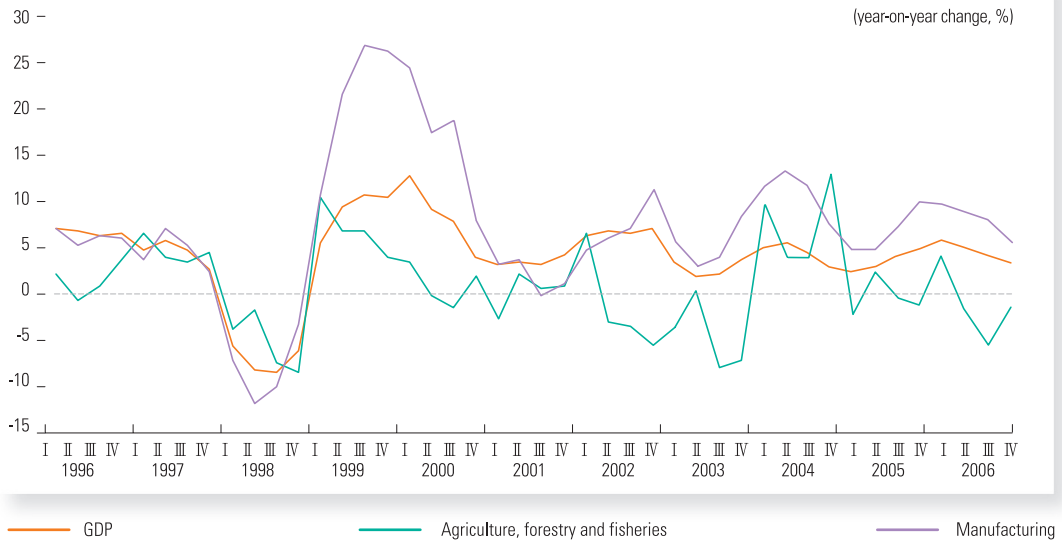
# 1. National accounts

(year-on-year change, %, 2000 constant prices)

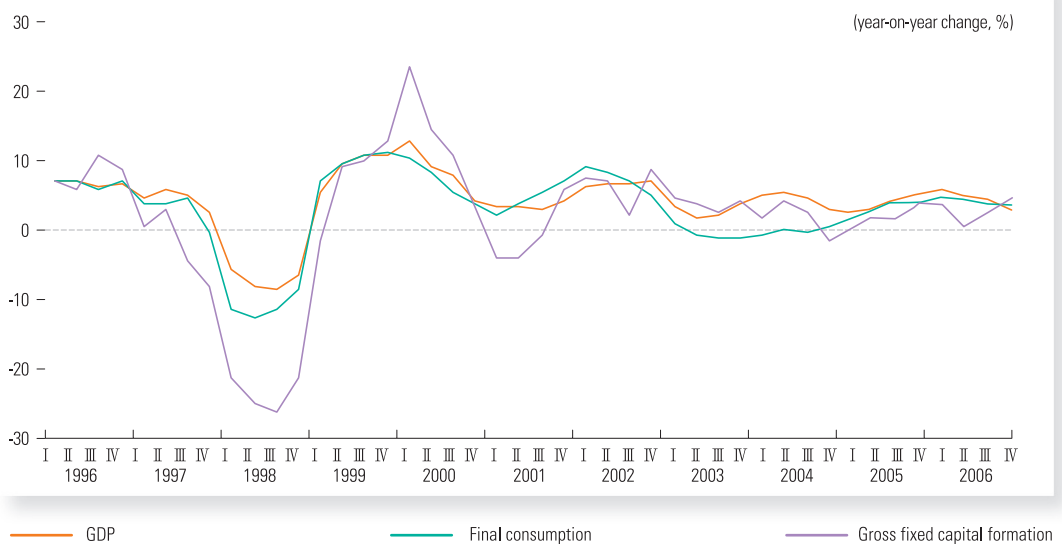
Period	Real GDP			Final consumption expenditure	Gross fixed capital formation		
	Agri., fores. & fisheries	Manufacturing			Construction	Facilities	
1996	7.0	2.3	6.4	7.0	8.4	7.5	9.2
1997	4.7	4.6	4.9	3.2	-2.3	2.3	-9.6
1998	-6.9	-6.4	-7.9	-10.6	-22.9	-12.4	-42.3
1999	9.5	5.9	21.8	9.7	8.3	-3.8	36.8
2000	8.5	1.2	17.0	7.1	12.2	-0.8	33.6
2001	3.8	1.1	2.2	4.9	-0.2	6.0	-9.0
2002	7.0	-3.5	7.6	7.6	6.6	5.3	7.5
2003	3.1	-5.3	5.5	-0.3	4.0	7.9	-1.2
2004	4.7	9.2	11.1	0.4	2.1	1.1	3.8
2005 <sup>P</sup>	4.0	-0.1	7.0	3.4	2.3	0.4	5.1
2006 <sup>P</sup>	5.0	-1.9	8.3	4.5	3.2	-0.1	7.5
2001 I	3.5	-2.4	3.4	2.3	-3.7	1.0	-9.4
II	3.7	2.4	4.1	4.2	-3.5	0.8	-10.6
III	3.4	0.9	0.0	5.7	-0.5	9.6	-14.2
IV	4.6	1.2	1.3	7.3	6.2	10.7	-1.3
2002 I	6.5	6.7	5.2	9.4	7.7	11.0	3.3
II	7.0	-2.7	6.2	8.5	7.3	6.0	8.0
III	6.8	-3.2	7.4	7.3	2.4	-2.4	9.1
IV	7.5	-5.5	11.4	5.3	9.1	8.4	9.6
2003 I	3.8	-3.3	5.8	1.2	4.7	7.7	2.3
II	2.2	0.5	3.3	-0.6	4.2	7.9	-0.4
III	2.3	-7.8	4.2	-1.0	2.7	7.7	-4.6
IV	4.1	-6.9	8.6	-0.9	4.3	8.3	-2.0
2004 I	5.4	10.1	11.9	-0.4	2.4	4.9	-0.1
II	5.7	4.2	13.6	0.7	4.7	3.8	6.4
III	4.7	4.3	11.7	0.1	2.9	1.0	6.8
IV	3.3	13.3	7.7	1.3	-1.1	-3.3	2.4
2005 <sup>P</sup> I	2.7	-2.1	5.2	1.9	0.4	-2.2	2.9
II	3.2	2.6	5.0	3.2	2.0	1.7	2.7
III	4.5	-0.2	7.4	4.2	1.9	0.3	4.3
IV	5.3	-0.9	10.3	4.3	4.2	0.9	10.2
2006 <sup>P</sup> I	6.1	4.4	9.9	4.9	3.9	1.2	6.9
II	5.3	-1.5	9.3	4.6	0.8	-3.9	7.4
III	4.8	-5.4	8.8	4.4	3.8	-0.6	9.9
IV	4.0	-1.8	5.7	4.2	4.5	2.9	5.8

P: Preliminary  
Source: The Bank of Korea

### Growth rate by economic activity



### Growth rate by expenditure on GDP



## 2. Production, shipment and inventory See graphs 6-1, 6-3, 7-1, 7-2 & 7-3

(constant prices, 2000 = 100)

Period	Production		Shipment		Inventory		Service production		
	index	Y-o-Y change (%)	index	Y-o-Y change (%)	index	Y-o-Y change (%)	index	Y-o-Y change (%)	
2003	114.5	5.2	114.3	4.7	110.9	6.1	117.2	1.0	
2004	126.2	10.2	124.7	9.1	121.2	9.3	117.9	0.6	
2005	134.1	6.3	131.7	5.6	124.1	2.4	122.2	3.7	
2006 <sup>P</sup>	147.6	10.1	142.0	7.8	131.8	6.2	129.0	5.6	
2003	I	110.2	6.4	110.0	4.9	112.1	10.0	113.5	2.0
	II	112.7	3.4	113.1	3.3	112.6	9.5	117.8	0.8
	III	109.7	3.3	109.4	3.1	110.7	8.4	116.6	0.5
	IV	125.5	8.1	124.8	7.3	110.9	6.1	121.0	0.6
2004	I	122.8	11.4	121.2	10.2	117.2	4.5	115.9	2.1
	II	127.1	12.8	125.5	11.0	115.9	2.9	119.0	1.0
	III	121.7	10.9	120.3	10.0	116.1	4.9	116.0	-0.5
	IV	133.5	6.4	131.9	5.7	121.2	9.3	120.8	-0.2
2005	I	127.1	3.5	125.6	3.6	127.6	8.9	116.8	0.8
	II	131.6	3.5	129.9	3.5	124.3	7.2	121.9	2.4
	III	130.4	7.1	128.0	6.4	122.8	5.8	122.3	5.4
	IV	147.3	10.3	143.2	8.6	124.1	2.4	127.8	5.8
2006	I	143.4	12.8	137.8	9.7	132.4	3.8	124.1	6.3
	II	146.7	11.5	141.6	9.0	133.6	7.5	129.0	5.8
	III	145.2	11.3	139.8	9.2	130.8	6.5	128.5	5.1
	IV <sup>P</sup>	155.0	5.2	148.6	3.8	131.8	6.2	134.5	5.2
2004	1	115.5	4.8	114.0	4.2	114.2	4.1	114.1	0.0
	2	121.8	17.6	119.7	15.1	116.7	5.3	111.9	3.9
	3	131.0	12.2	129.9	11.4	117.2	4.5	121.7	2.5
	4	126.9	11.4	125.8	10.3	115.0	1.3	118.3	0.6
	5	127.3	13.9	125.1	11.5	117.4	3.5	119.0	0.6
	6	127.0	12.9	125.5	11.2	115.9	2.9	119.6	1.7
	7	122.4	12.9	120.4	12.3	117.4	3.3	116.2	-0.6
	8	119.6	10.4	118.3	9.7	117.3	3.5	114.4	-0.6
	9	123.0	9.4	122.3	8.1	116.1	4.9	117.5	-0.2
	10	133.0	5.3	132.1	4.8	116.3	5.7	117.8	-0.7
	11	134.3	9.6	133.2	9.2	119.0	8.4	118.2	-0.4
	12	133.1	4.1	130.3	3.1	121.2	9.3	126.5	0.6
2005	1	131.9	14.2	128.4	12.6	128.6	12.6	115.2	1.0
	2	112.6	-7.6	112.5	-6.0	127.3	9.1	111.4	-0.4
	3	136.8	4.4	135.8	4.5	127.6	8.9	123.7	1.6
	4	131.1	3.3	129.3	2.8	127.8	11.1	120.6	1.9
	5	131.9	3.6	129.3	3.4	128.1	9.1	122.3	2.8
	6	131.7	3.7	131.0	4.4	124.3	7.2	122.9	2.8
	7	131.0	7.0	128.2	6.5	126.7	7.9	121.5	4.6
	8	127.7	6.8	126.3	6.8	122.7	4.6	121.3	6.0
	9	132.4	7.6	129.5	5.9	122.8	5.8	124.0	5.5
	10	143.7	8.0	140.3	6.2	122.7	5.5	123.4	4.8
	11	150.1	11.8	146.3	9.8	122.6	3.0	125.4	6.1
	12	148.2	11.3	142.9	9.7	124.1	2.4	134.7	6.5
2006	1	142.1	7.7	135.2	5.3	128.1	-0.4	124.1	7.7
	2	136.7	21.4	132.2	17.5	130.2	2.3	118.1	6.0
	3	151.4	10.7	146.0	7.5	132.4	3.8	130.2	5.3
	4	145.1	10.7	140.1	8.4	132.5	3.7	128.5	6.6
	5	148.5	12.6	142.8	10.4	134.7	5.2	130.2	6.5
	6	146.5	11.2	141.9	8.3	133.6	7.5	128.2	4.3
	7	137.4	4.9	130.5	1.8	135.8	7.2	124.9	2.8
	8	142.6	11.7	138.5	9.7	131.7	7.3	128.0	5.5
	9	155.7	17.6	150.5	16.2	130.8	6.5	132.5	6.9
	10	151.6	5.5	144.4	2.9	131.6	7.3	129.0	4.5
	11	160.8	7.1	154.1	5.3	131.3	7.1	132.5	5.7
	12 <sup>P</sup>	152.7	3.0	147.2	3.0	131.8	6.2	141.9	5.4
2007	1 <sup>P</sup>	152.6	7.4	144.9	7.2	141.8	10.7	129.8	4.6

P: Preliminary

Source: Korea National Statistical Office

### 3. Production capacity and operation ratio See graph 6-2

Period	Production capacity index (2000=100)	Y-o-Y change (%)	Operation ratio index (2000=100)	Y-o-Y change (%)	Average operation ratio (%)
2003	109.8	3.3	99.7	0.0	78.3
2004	115.1	4.8	102.5	2.8	80.3
2005	119.0	3.4	102.1	-0.4	78.3
2006 <sup>P</sup>	123.1	3.4	103.1	1.0	81.1
2003 I	108.8	3.6	97.2	1.3	78.2
II	109.7	3.5	100.9	-1.6	77.4
III	109.6	2.8	95.0	-2.6	77.2
IV	111.2	3.2	105.7	2.7	80.4
2004 I	113.0	3.9	101.0	3.9	81.0
II	115.3	5.1	104.9	4.0	80.6
III	115.6	5.5	98.3	3.5	79.6
IV	116.5	4.8	105.8	0.1	80.3
2005 I	117.2	3.7	99.4	-1.6	79.5
II	118.1	2.4	104.1	-0.8	79.5
III	118.9	2.9	98.7	0.4	79.9
IV	121.7	4.5	106.0	0.2	80.1
2006 I	122.6	4.6	102.2	2.8	81.8
II	122.8	4.0	105.0	0.9	80.7
III	122.7	3.2	100.8	2.1	80.6
IV <sup>P</sup>	124.3	2.1	104.4	-1.5	81.3
2004 1	112.3	3.8	94.3	-2.7	79.9
2	112.9	4.3	100.7	9.6	82.9
3	113.8	3.5	108.0	5.0	80.1
4	114.7	4.5	105.4	2.3	80.5
5	115.6	5.3	104.9	5.2	81.6
6	115.7	5.7	104.5	4.6	79.6
7	115.6	5.6	100.0	6.4	79.4
8	115.6	5.5	96.5	3.0	79.5
9	115.6	5.5	98.5	1.2	79.9
10	116.1	4.9	106.6	-2.4	79.8
11	116.5	4.6	107.2	4.1	81.2
12	116.9	4.9	103.6	-1.2	79.8
2005 1	117.1	4.3	102.7	8.9	81.2
2	117.2	3.8	86.8	-13.8	77.2
3	117.3	3.1	108.6	0.6	80.5
4	117.3	2.3	104.8	-0.6	79.1
5	118.4	2.4	104.0	-0.9	79.0
6	118.5	2.4	103.6	-0.9	80.0
7	118.5	2.5	101.8	1.8	80.9
8	118.6	2.6	96.2	-0.3	79.4
9	119.5	3.4	98.2	-0.3	79.3
10	121.0	4.2	104.9	-1.6	79.0
11	122.0	4.7	108.7	1.4	82.1
12	122.1	4.4	104.5	0.9	79.4
2006 1	122.5	4.6	99.8	-2.8	83.1
2	122.5	4.5	97.5	12.3	80.9
3	122.7	4.6	109.3	0.6	81.3
4	122.7	4.6	103.3	-1.4	79.3
5	122.8	3.7	106.2	2.1	80.9
6	122.8	3.6	105.5	1.8	81.9
7	122.8	3.6	94.9	-6.8	76.7
8	122.6	3.4	98.0	1.9	81.2
9	122.6	2.6	109.4	11.4	84.0
10	124.1	2.6	101.2	-3.5	81.9
11	124.3	1.9	109.7	0.9	81.6
12 <sup>P</sup>	124.4	1.9	102.4	-2.0	80.5
2007 1 <sup>P</sup>	124.5	1.6	104.1	4.3	81.3

P: Preliminary

Source: Korea National Statistical Office

## 4. Consumer goods sales index See graphs 2-2, 2-3, 2-4 & 2-5

(constant prices, 2000 = 100)

Period	Consumer goods sales index		Durable goods		Semi-durable goods		Non-durable goods	
	index	Y-o-Y change (%)	index	Y-o-Y change (%)	index	Y-o-Y change (%)	index	Y-o-Y change (%)
2003	115.0	-3.1	113.4	-9.1	111.4	-5.1	117.6	1.1
2004	116.2	1.0	117.1	3.3	115.8	3.9	116.0	-1.4
2005	121.0	4.1	124.7	6.5	124.9	7.9	117.4	1.2
2006 <sup>P</sup>	126.7	4.7	138.4	11.0	131.3	5.1	118.7	1.1
2003 I	113.7	-1.0	113.1	-4.3	111.6	-2.3	115.1	1.6
2003 II	114.0	-3.9	114.4	-11.8	109.3	-7.8	116.0	2.7
2003 III	112.9	-4.6	112.1	-10.4	98.4	-9.2	120.2	0.6
2003 IV	119.5	-3.0	113.8	-9.8	126.3	-1.7	119.1	-0.1
2004 I	114.3	0.5	110.6	-2.2	112.7	1.0	117.0	1.7
2004 II	115.9	1.7	115.3	0.8	117.5	7.5	115.4	-0.5
2004 III	113.7	0.7	117.6	4.9	101.9	3.6	117.3	-2.4
2004 IV	121.0	1.3	125.0	9.8	131.3	4.0	114.1	-4.2
2005 I	115.8	1.3	114.5	3.5	115.5	2.5	116.6	-0.3
2005 II	120.0	3.5	122.9	6.6	125.9	7.1	115.7	0.3
2005 III	119.0	4.7	126.4	7.5	111.7	9.6	118.7	1.2
2005 IV	129.4	6.9	135.1	8.1	146.6	11.7	118.4	3.8
2006 I	121.9	5.3	127.7	11.5	124.1	7.4	118.0	1.2
2006 II	127.3	6.1	136.8	11.3	134.3	6.7	119.2	3.0
2006 III	122.4	2.9	140.8	11.4	114.9	2.9	116.7	-1.7
2006 IV <sup>P</sup>	135.2	4.5	148.1	9.6	151.9	3.6	120.8	2.0
2004 1	120.2	-1.6	110.2	-6.3	116.7	-0.6	126.9	0.2
2004 2	107.7	3.3	108.3	1.6	107.0	7.2	107.8	2.5
2004 3	115.0	0.2	113.3	-1.6	114.3	-2.9	116.2	2.5
2004 4	115.5	1.3	117.6	0.1	119.5	5.3	112.5	0.2
2004 5	117.2	-0.4	112.7	-2.7	124.2	6.4	116.1	-2.5
2004 6	114.9	4.3	115.5	5.2	108.7	11.4	117.6	0.9
2004 7	113.7	1.3	122.5	6.0	104.2	6.4	113.7	-3.1
2004 8	107.4	-1.1	113.3	6.0	88.3	-0.9	113.6	-4.3
2004 9	119.9	1.7	117.0	2.8	113.2	4.7	124.6	0.0
2004 10	118.7	-0.2	122.8	5.0	130.0	5.5	111.3	-5.5
2004 11	119.3	0.3	122.6	10.0	132.4	1.9	111.4	-5.2
2004 12	125.1	3.7	129.6	14.6	131.5	4.5	119.7	-1.9
2005 1	115.5	-3.9	114.3	3.7	115.7	-0.9	116.1	-8.5
2005 2	111.7	3.7	106.7	-1.5	107.9	0.8	116.1	7.7
2005 3	120.1	4.4	122.6	8.2	122.9	7.5	117.6	1.2
2005 4	119.0	3.0	121.5	3.3	126.7	6.0	114.0	1.3
2005 5	121.7	3.8	122.7	8.9	131.6	6.0	116.4	0.3
2005 6	119.3	3.8	124.4	7.7	119.3	9.8	116.7	-0.8
2005 7	119.9	5.5	136.6	11.5	113.7	9.1	114.5	0.7
2005 8	114.5	6.6	124.7	10.1	97.8	10.8	117.4	3.3
2005 9	122.5	2.2	117.8	0.7	123.6	9.2	124.3	-0.2
2005 10	123.4	4.0	125.5	2.2	141.4	8.8	113.8	2.2
2005 11	127.6	7.0	135.3	10.4	143.0	8.0	116.4	4.5
2005 12	137.2	9.7	144.5	11.5	155.5	18.3	124.9	4.3
2006 1	126.0	9.1	122.3	7.0	125.6	8.6	128.1	10.3
2006 2	113.3	1.4	123.9	16.1	115.9	7.4	106.6	-8.2
2006 3	126.5	5.3	136.9	11.7	130.8	6.4	119.2	1.4
2006 4	125.6	5.5	131.2	8.0	137.7	8.7	117.1	2.7
2006 5	129.7	6.6	136.6	11.3	141.2	7.3	120.7	3.7
2006 6	126.5	6.0	142.5	14.5	123.9	3.9	119.7	2.6
2006 7	118.9	-0.8	135.6	-0.7	115.7	1.8	111.9	-2.3
2006 8	119.4	4.3	141.0	13.1	99.7	1.9	117.9	0.4
2006 9	129.0	5.3	145.9	23.9	129.2	4.5	120.3	-3.2
2006 10	129.8	5.2	136.6	8.8	141.4	0.0	120.8	6.2
2006 11	134.1	5.1	151.3	11.8	152.7	6.8	116.7	0.3
2006 12 <sup>P</sup>	141.7	3.3	156.5	8.3	161.6	3.9	124.9	0.0
2007 1 <sup>P</sup>	129.9	3.1	148.5	21.4	133.7	6.4	118.8	-7.3

P: Preliminary

Source: Korea National Statistical Office

## 5. Consumer goods shipment index and consumer sentiment index

See graph 2-6

Period	Domestic consumer goods shipment index (2000=100)						Consumer sentiment index	
		Y-o-Y change (%)	Durable goods	Y-o-Y change (%)	Non-durable goods	Y-o-Y change (%)	Expectations index	Present situation index
2003	107.3	-3.4	111.7	-7.1	104.7	-2.1	-	-
2004	105.8	-1.4	106.4	-4.7	103.6	-1.1	-	-
2005	108.0	2.1	112.6	5.8	104.2	0.6	-	-
2006 <sup>P</sup>	113.3	4.9	124.0	10.1	107.8	3.5	-	-
2003 I	107.0	-0.8	112.9	-1.2	104.2	-0.8	-	-
II	104.6	-5.5	113.0	-8.4	100.6	-4.4	-	-
III	104.2	-4.8	105.4	-10.6	103.2	-2.3	-	-
IV	113.3	-2.8	115.5	-8.2	110.8	-0.9	-	-
2004 I	107.2	0.2	110.4	-2.2	104.8	0.6	-	-
II	104.9	0.3	108.5	-4.0	101.3	0.7	-	-
III	102.5	-1.6	99.6	-5.5	101.7	-1.5	-	-
IV	108.7	-4.1	107.3	-7.1	106.5	-3.9	-	-
2005 I	102.4	-4.5	101.8	-7.8	100.6	-4.0	-	-
II	105.3	0.4	111.2	2.5	101.3	0.0	-	-
III	107.7	5.1	111.5	11.9	104.7	2.9	-	-
IV	116.6	7.3	126.0	17.4	110.4	3.7	-	-
2006 I	109.4	6.8	116.1	14.0	105.0	4.4	-	-
II	111.3	5.7	125.1	12.5	104.4	3.1	-	-
III	113.4	5.3	121.7	9.1	109.4	4.5	-	-
IV <sup>P</sup>	119.2	2.2	133.2	5.7	112.6	2.0	-	-
2004 1	106.2	-5.7	103.3	-9.0	106.8	-4.8	101.2	72.6
2	103.5	3.7	112.1	2.2	98.5	3.2	99.0	71.9
3	112.0	3.2	115.7	0.3	109.0	3.7	96.4	68.5
4	107.9	1.6	112.6	-3.0	104.2	2.8	103.0	74.9
5	103.5	-1.4	106.7	-6.7	100.0	-0.8	97.1	70.7
6	103.2	0.7	106.1	-2.1	99.8	0.3	94.1	67.3
7	102.5	-0.3	102.4	-2.9	100.7	-0.8	90.8	66.2
8	100.7	-1.9	96.6	-3.0	100.9	-2.5	88.3	63.1
9	104.4	-2.5	99.8	-10.2	103.6	-1.1	90.1	65.0
10	108.5	-5.5	108.7	-8.0	105.6	-5.7	89.1	65.1
11	108.8	-0.3	109.1	-3.5	105.3	-0.5	87.8	62.8
12	108.9	-6.2	104.1	-9.9	108.6	-5.2	86.5	62.2
2005 1	107.2	0.9	102.1	-1.2	106.9	0.1	92.5	66.5
2	91.7	-11.4	91.4	-18.5	90.3	-8.3	102.5	83.2
3	108.2	-3.4	112.0	-3.2	104.5	-4.1	105.7	89.6
4	103.9	-3.7	107.5	-4.5	100.6	-3.5	104.7	90.2
5	104.9	1.4	110.6	3.7	101.1	1.1	102.2	85.5
6	107.1	3.8	115.4	8.8	102.1	2.3	97.8	79.7
7	106.7	4.1	116.1	13.4	101.5	0.8	97.2	78.9
8	107.0	6.3	108.1	11.9	105.2	4.3	96.7	78.3
9	109.4	4.8	110.4	10.6	107.3	3.6	99.1	81.2
10	113.8	4.9	122.4	12.6	107.8	2.1	100.0	83.4
11	117.6	8.1	128.9	18.1	110.2	4.7	101.5	84.9
12	118.4	8.7	126.8	21.8	113.2	4.2	103.0	85.3
2006 1	110.4	3.0	112.3	10.0	107.9	0.9	104.5	88.4
2	103.1	12.4	112.5	23.1	97.8	8.3	103.8	89.0
3	114.6	5.9	123.5	10.3	109.2	4.5	103.4	90.1
4	108.8	4.7	118.1	9.9	103.7	3.1	100.6	87.2
5	112.0	6.8	125.5	13.5	105.3	4.2	98.0	83.0
6	113.0	5.5	131.8	14.2	104.2	2.1	97.4	81.9
7	104.7	-1.9	110.3	-5.0	102.2	0.7	94.3	87.7
8	110.5	3.3	117.4	8.6	107.5	2.2	93.7	77.8
9	124.9	14.2	137.3	24.4	118.4	10.3	94.8	87.9
10	114.1	0.3	126.8	3.6	107.8	0.0	93.9	80.7
11	122.8	4.4	139.4	8.1	115.1	4.4	95.2	77.3
12	120.7 <sup>P</sup>	1.9 <sup>P</sup>	133.4 <sup>P</sup>	5.2 <sup>P</sup>	115.0 <sup>P</sup>	1.6 <sup>P</sup>	93.7	77.1
2007 1	117.7 <sup>P</sup>	6.6 <sup>P</sup>	127.8 <sup>P</sup>	13.8 <sup>P</sup>	113.2 <sup>P</sup>	4.9 <sup>P</sup>	96.1	79.3
2	-	-	-	-	-	-	98.1	82.3

P: Preliminary

Source: Korea National Statistical Office

## 6. Machinery orders received, domestic machinery shipment and estimated facility investment index See graph 3-2

Period	Domestic machinery orders received excluding ship (billion won)				Estimated facility investment index (2000=100)	Domestic machinery shipment excluding ship (2000=100)
	Total	Public	Private	Manufacturing		
2004	23,913	2,563	21,350	10,597	101.0	101.2
2005	24,260	2,472	21,879	10,195	107.4	101.8
2006 <sup>P</sup>	27,702	2,515	25,188	13,071	115.3	106.6
2005						
I	6,207	693	5,514	2,632	104.6	97.2
II	6,008	388	5,620	2,800	108.1	104.8
III	5,796	580	5,217	2,330	103.6	98.5
IV	6,248	811	5,437	2,433	113.3	106.8
2006						
I	6,779	293	6,486	3,405	111.1	101.9
II	7,259	559	6,700	3,531	115.3	108.2
III	6,670	671	5,999	3,060	115.8	102.4
IV <sup>P</sup>	6,994	991	6,003	3,074	119.1	114.0
2005						
7	1,938	224	1,714	780	110.8	101.8
8	1,968	221	1,747	754	102.0	96.5
9	1,890	134	1,756	797	98.1	97.1
10	1,928	235	1,693	727	107.5	98.2
11	1,929	145	1,784	798	109.6	100.6
12	2,391	431	1,960	908	122.8	121.5
2006						
1	2,022	81	1,941	960	102.3	93.1
2	2,324	96	2,228	1,187	103.5	96.4
3	2,434	117	2,317	1,259	127.5	116.2
4	2,377	94	2,282	1,225	117.1	104.9
5	2,219	93	2,126	1,070	116.1	111.9
6	2,664	372	2,292	1,236	112.6	107.9
7	1,892	72	1,820	866	115.1	95.3
8	2,264	256	2,007	1,016	116.7	101.4
9	2,514	342	2,172	1,178	115.5	110.6
10	2,587	635	1,952	1,015	113.5	101.2
11	2,123	71	2,052	999	118.1	111.0
12 <sup>P</sup>	2,283	286	1,999	1,060	125.6	129.7
2007						
1 <sup>P</sup>	2,395	78	2,317	1,121	118.7	103.3
<i>Y-o-Y change (%)</i>						
2004	6.8	17.6	5.7	22.8	3.7	-1.3
2005	1.5	-3.6	2.1	-3.8	6.3	0.6
2006 <sup>P</sup>	14.2	1.7	15.6	28.2	7.4	4.7
2005						
I	-6.9	7.7	-8.4	-10.3	5.0	-0.3
II	-12.2	-51.5	-7.0	-6.5	2.5	-1.1
III	14.0	38.9	11.7	2.7	4.2	2.4
IV	17.5	15.7	17.8	1.4	14.0	1.8
2006						
I	9.2	-57.7	17.6	29.4	6.2	4.8
II	20.8	44.1	19.2	26.1	6.7	3.2
III	15.1	15.9	15.0	31.3	11.8	4.0
IV <sup>P</sup>	11.9	22.2	10.4	26.4	5.1	6.7
2005						
7	26.2	179.8	17.8	13.1	11.1	4.6
8	18.3	116.5	11.9	1.7	1.4	1.3
9	0.1	-43.0	6.3	-5.0	0.2	1.0
10	0.7	51.0	-3.8	-24.9	7.2	-2.9
11	11.7	-28.8	17.1	3.0	13.0	1.5
12	42.8	26.2	47.1	38.4	21.7	6.2
2006						
1	-2.3	-17.3	-1.5	-2.6	1.5	1.3
2	37.5	31.5	37.8	61.9	4.7	11.1
3	-0.6	-77.6	20.3	37.7	11.7	2.9
4	15.3	-30.7	18.6	24.7	13.9	1.0
5	12.3	-16.9	14.1	12.6	5.7	8.2
6	35.1	165.1	25.1	42.6	0.7	0.8
7	-2.4	-68.0	6.2	11.2	3.9	-6.4
8	15.0	16.4	14.9	34.7	14.4	5.1
9	33.0	155.5	23.7	47.9	17.7	13.9
10	34.2	170.7	15.3	39.6	5.6	3.1
11	10.1	-51.2	15.0	25.1	7.8	10.3
12 <sup>P</sup>	-4.5	-33.9	2.0	16.8	2.3	6.7
2007						
1 <sup>P</sup>	18.5	-3.5	19.4	16.8	16.0	11.0

P: Preliminary

Source: Korea National Statistical Office

## 7. Value of construction completed and domestic construction orders received

See graphs 4-2 & 4-3

(billion won)

Period	Value of construction completed (total)	Type of order		Domestic construction orders received (total)	Type of order	
		Public	Private		Public	Private
2004	72,838	23,916	46,649	77,774	22,210	51,510
2005	75,831	23,031	50,144	83,489	21,825	58,975
2006 <sup>P</sup>	78,637	23,470	52,623	91,001	20,460	66,550
2005 I	15,593	4,707	10,419	17,901	4,349	12,727
II	19,900	6,063	13,215	24,915	5,918	17,878
III	18,627	5,516	12,446	16,817	3,432	13,213
IV	21,711	6,745	14,065	23,856	8,126	15,157
2006 I	16,254	4,158	11,561	16,377	3,807	12,227
II	19,849	5,709	13,510	21,249	4,147	16,801
III	19,520	6,010	12,918	23,049	4,159	18,074
IV <sup>P</sup>	23,014	7,593	14,633	30,327	8,347	19,447
2005 7	6,015	1,759	4,048	6,667	1,111	5,455
8	6,179	1,744	4,207	5,052	1,041	4,000
9	6,433	2,012	4,192	5,098	1,279	3,758
10	6,433	1,846	4,339	5,255	1,258	3,939
11	7,135	2,063	4,785	6,233	2,187	3,933
12	8,143	2,836	4,941	12,368	4,682	7,286
2006 1	4,977	1,291	3,525	5,846	901	4,809
2	4,902	1,218	3,521	4,515	1,518	2,893
3	6,376	1,649	4,515	6,017	1,388	4,525
4	6,354	1,790	4,375	5,266	1,229	3,992
5	6,461	1,841	4,416	6,744	1,403	5,249
6	7,034	2,078	4,720	9,239	1,515	7,560
7	5,873	1,724	3,989	7,123	987	6,020
8	6,286	1,890	4,229	5,808	785	4,598
9	7,361	2,396	4,701	10,118	2,387	7,457
10	6,826	2,192	4,435	5,245	1,609	3,503
11	7,533	2,271	5,009	9,031	2,796	6,101
12 <sup>P</sup>	8,655	3,130	5,189	16,051	3,941	9,843
2007 1 <sup>P</sup>	5,639	1,532	3,937	6,411	1,562	4,822
<i>Y-o-Y change (%)</i>						
2004	11.1	4.9	14.8	-3.9	13.5	-11.6
2005	4.1	-3.7	7.5	7.3	-1.7	14.5
2006 <sup>P</sup>	3.7	1.9	4.9	9.0	-6.3	12.8
2005 I	0.3	-3.9	2.0	19.1	18.2	15.3
II	7.9	0.4	11.6	36.7	70.7	29.5
III	2.1	-9.3	7.3	13.1	-5.0	27.1
IV	5.4	-2.2	8.2	-19.5	-29.0	-6.9
2006 I	4.2	-11.7	11.0	-8.5	-12.4	-3.9
II	-0.3	-5.8	2.2	-14.7	-29.9	-6.0
III	4.8	9.0	3.8	37.1	21.2	36.8
IV <sup>P</sup>	6.0	12.6	4.0	27.1	2.7	28.3
2005 7	2.8	-4.2	5.7	4.3	-15.3	20.7
8	2.8	-12.1	9.4	16.2	13.5	18.7
9	0.8	-11.1	6.9	23.7	-7.5	50.0
10	1.8	-4.8	4.2	-36.5	-59.7	-18.2
11	10.0	-4.4	16.5	0.8	-2.9	2.5
12	4.5	1.3	4.5	-18.6	-23.0	-4.4
2006 1	0.6	-12.5	6.5	10.9	-34.6	39.7
2	8.0	-13.5	16.6	29.0	158.0	0.7
3	4.3	-9.6	10.5	-34.1	-41.7	-29.4
4	0.2	-6.4	3.4	-17.7	-35.8	-8.5
5	-0.8	-5.5	1.1	-21.7	-26.6	-18.6
6	-0.2	-5.6	2.3	-6.8	-27.6	7.0
7	-2.4	-2.0	-1.4	6.8	-11.2	10.4
8	1.7	8.4	0.5	15.0	-24.6	14.9
9	14.4	19.1	12.1	98.5	86.6	98.4
10	6.1	18.7	2.2	-0.2	27.9	-11.1
11	5.6	10.1	4.7	44.9	27.9	55.1
12 <sup>P</sup>	6.3	10.4	5.0	29.8	-15.8	35.1
2007 1 <sup>P</sup>	13.3	18.6	11.7	9.7	73.4	0.3

P: Preliminary

Source: Korea National Statistical Office

## 8. Composite indexes of business cycle indicators and BSI

See graphs 13-1, 13-2 & 13-3

Period	Leading index (2000=100)	Y-o-Y change (%)	Coincident index (2000=100)	Cycle of coincident index (2000=100)	BSI (actual)	BSI (outlook)	
2003	7	114.1	1.3	118.1	99.4	79.1	90.3
	8	115.2	2.0	118.9	99.6	85.1	91.4
	9	115.9	2.6	119.4	99.7	89.4	109.6
	10	117.1	3.7	120.9	100.4	103.4	110.3
	11	117.7	4.3	121.6	100.6	98.9	102.8
	12	118.4	5.0	122.7	101.1	100.4	98.7
2004	1	118.9	5.2	123.4	101.2	90.7	99.8
	2	119.4	5.4	124.2	101.5	95.3	104.9
	3	119.3	5.1	124.5	101.3	104.2	113.6
	4	119.4	4.9	124.9	101.2	101.7	104.3
	5	119.6	4.8	125.1	100.9	90.2	113.2
	6	119.8	4.6	125.3	100.6	86.8	92.1
	7	119.9	4.3	125.2	100.2	83.8	86.4
	8	119.7	3.7	125.1	99.7	81.2	86.4
	9	119.8	3.3	125.4	99.4	93.4	95.5
	10	120.2	3.0	126.0	99.5	92.2	99.2
	11	120.4	2.6	126.4	99.4	82.2	90.3
	12	120.7	2.4	126.8	99.3	80.9	82.2
2005	1	120.9	2.1	127.3	99.3	84.6	77.8
	2	121.5	2.3	127.3	98.9	87.2	85.7
	3	122.5	2.9	128.1	99.0	110.7	119.2
	4	122.9	3.0	128.3	98.8	107.0	117.6
	5	123.4	3.2	129.2	99.1	98.2	114.1
	6	123.7	3.3	129.8	99.1	93.4	105.1
	7	124.7	4.0	130.8	99.5	91.7	96.5
	8	125.7	4.7	131.7	99.8	91.0	91.7
	9	126.5	5.1	132.3	99.7	99.2	111.4
	10	127.1	5.3	132.6	99.5	98.0	110.2
	11	128.3	6.0	133.6	99.9	101.8	107.8
	12	129.5	6.8	134.5	100.1	107.1	103.8
2006	1	130.4	7.3	135.5	100.5	95.4	102.6
	2	130.4	6.9	136.0	100.4	90.5	102.4
	3	130.3	6.3	136.6	100.4	111.5	118.9
	4	130.1	5.7	136.6	100.0	99.8	112.7
	5	130.3	5.2	137.1	99.9	94.1	110.7
	6	130.7	4.9	137.5	99.8	94.2	98.6
	7	130.7	4.2	137.1	99.1	79.1	94.2
	8	131.1	3.9	137.8	99.2	85.9	93.4
	9	132.0	4.1	138.9	99.6	99.4	107.7
	10	133.1	4.4	141.1	100.7	99.4	103.5
	11	134.2	4.8	142.1	101.0	103.7	104.3
	12	134.7	4.7	142.4	100.8	100.4	101.4
2007	1	135.0	4.6	142.7	100.6	85.6	96.5
	2	-	-	-	-	87.5	93.4
	3	-	-	-	-	-	112.3

P: Preliminary

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

## 9. Balance of payments (I) See graphs 5-1, 5-2, 5-3, 10-1 & 10-2

(million US\$)

Period	Current balance	Goods trade balance		Services trade balance	Income trade balance	Current transfers	
		Exports	Imports				
2003	11,949.5	21,952.0	193,817.4	178,826.7	-7,424.2	326.3	-2,904.6
2004	28,173.5	37,568.8	253,844.7	224,462.7	-8,046.1	1,082.8	-2,432.0
2005	14,980.9	32,683.1	284,418.7	261,238.3	-13,658.2	-1,562.5	-2,481.5
2006 <sup>P</sup>	6,092.6	29,213.1	325,681.1	309,308.5	-18,762.9	-538.6	-3,819.5
2004 I	6,418.4	8,585.4	59,298.9	52,797.5	-1,870.9	497.6	-793.7
II	6,856.6	10,060.7	63,974.7	55,269.7	-1,358.1	-1,168.4	-677.6
III	7,565.4	9,752.9	61,633.9	54,707.8	-2,305.2	461.4	-343.7
IV	7,333.1	9,169.8	68,937.1	61,687.7	-2,511.9	1,292.2	-617.0
2005 I	5,263.5	8,750.5	66,807.6	60,626.8	-3,114.4	166.4	-539.0
II	2,352.1	8,365.8	69,702.8	63,694.9	-3,368.7	-1,948.8	-696.2
III	2,198.2	7,234.8	71,097.7	66,228.3	-4,254.6	-97.3	-684.7
IV	5,167.1	8,332.0	76,810.7	70,688.3	-2,920.5	317.2	-561.6
2006 <sup>P</sup> I	-1,118.4	5,222.6	73,893.3	72,501.7	-4,996.2	-481.7	-863.0
II	692.0	7,413.7	81,473.1	76,622.6	-3,878.9	-1,648.0	-1,194.8
III	374.9	6,227.9	82,729.3	80,281.7	-5,384.7	608.6	-1,076.9
IV	6,144.1	10,349.5	87,585.4	79,902.5	-4,503.1	982.5	-684.8
2005 1	3,682.3	4,356.6	22,454.0	19,450.0	-948.6	498.0	-223.7
2	781.4	1,489.1	20,401.1	18,396.9	-1,008.4	447.7	-147.0
3	799.8	2,904.8	23,952.5	22,779.9	-1,157.4	-779.3	-168.3
4	-1,202.2	2,233.7	22,872.5	21,244.5	-1,053.6	-2,121.9	-260.4
5	1,444.3	2,558.5	23,122.7	21,161.8	-1,182.2	296.5	-228.5
6	2,110.0	3,573.6	23,707.6	21,288.6	-1,132.9	-123.4	-207.3
7	1,237.6	3,052.7	23,235.5	21,508.8	-1,484.3	-91.6	-239.2
8	-527.9	1,472.4	23,343.0	22,000.8	-1,696.6	-71.1	-232.6
9	1,488.5	2,709.7	24,519.2	22,718.7	-1,073.7	65.4	-212.9
10	2,830.3	3,477.0	25,352.7	22,652.7	-610.0	61.8	-98.5
11	2,056.8	3,187.2	25,826.2	23,849.6	-875.1	-80.4	-174.9
12	280.0	1,667.8	25,631.7	24,186.0	-1,435.4	335.8	-288.2
2006 <sup>P</sup> 1	91.2	1,478.2	23,259.2	23,064.7	-1,644.0	571.4	-314.3
2	-782.8	837.3	23,788.6	23,500.0	-1,808.2	418.9	-230.8
3	-426.8	2,907.1	26,845.5	25,937.0	-1,544.0	-1,472.0	-317.9
4	-1,608.1	1,883.9	25,591.9	24,450.5	-1,345.7	-1,876.5	-269.8
5	1,359.6	2,815.3	27,931.0	26,162.4	-1,354.5	387.1	-488.3
6	940.5	2,714.5	27,950.2	25,009.7	-1,178.7	-158.6	-436.7
7	-392.7	1,619.4	25,779.8	25,536.3	-1,744.0	44.4	-312.5
8	-638.3	1,443.2	27,292.7	27,036.8	-2,087.3	311.7	-305.9
9	1,405.9	3,165.3	29,656.8	27,708.6	-1,553.4	252.5	-458.5
10	1,759.9	2,685.5	28,053.9	25,639.4	-1,192.8	461.2	-194.0
11	4,237.5	5,712.6	30,661.1	26,763.3	-1,426.3	236.3	-285.1
12	146.7	1,951.4	28,870.4	27,499.8	-1,884.0	285.0	-205.7
2007 <sup>P</sup> 1	-510.7	1,209.5	-	-	-1,943.4	547.1	-323.9

P: Preliminary

Source: The Bank of Korea & Korea Customs Service

## 10. Balance of payments (II) See graph 10-3

(million US\$)

Period	Capital & financial account					Changes in reserve assets	Errors and omissions
		Direct investment	Portfolio investment	Other investment	Capital transfers & acquisition of non-financial assets		
2003	13,909.4	100.0	17,906.5	-2,698.7	-1,398.4	-25,849.4	-9.5
2004	7,598.8	4,588.3	8,619.3	-3,856.0	-1,752.8	-38,710.5	2,938.2
2005	4,756.5	2,010.4	-1,728.2	6,814.7	-2,340.4	-19,805.8	68.4
2006 <sup>P</sup>	18,618.7	-3,483.5	-22,543.6	47,679.1	-3,033.3	-22,111.7	-2,599.6
2004 I	3,980.6	-680.6	10,260.3	-5,226.3	-372.8	-8,746.9	-1,652.1
II	-6,066.6	3,163.8	-757.0	-8,002.9	-470.5	-4,005.5	3,215.5
III	-1,137.1	144.4	1,621.2	-2,514.9	-387.8	-6,805.7	377.4
IV	10,821.9	1,960.7	-2,505.2	11,888.1	-521.7	-19,152.4	997.4
2005 I	4,141.5	-194.0	-1,278.2	6,125.5	-511.8	-9,513.7	108.7
II	2,257.6	1,249.7	-2,575.3	4,247.5	-664.3	-2,817.2	-1,792.5
III	-504.3	48.8	-147.5	256.8	-662.4	-2,300.1	606.2
IV	-1,138.3	905.9	2,272.8	-3,815.1	-501.9	-	1,146.0
2006 <sup>P</sup> I	6,524.4	-1,306.7	1,436.2	7,083.8	-688.9	-5,679.3	273.3
II	3,684.4	780.4	-14,176.7	17,880.6	-799.9	-4,315.7	-60.7
III	4,773.7	-3,656.5	-7,395.3	16,479.6	-654.1	-3,615.4	-1,533.2
IV	3,636.2	699.3	-2,407.8	6,235.1	-890.4	-8,501.3	-1,279.0
2005 1	376.1	101.6	-1,489.7	1,950.3	-186.1	-2,874.5	-1,183.9
2	1,061.5	-255.4	1,864.5	-401.7	-145.9	-1,848.6	5.7
3	2,703.9	-40.2	-1,653.0	4,576.9	-179.8	-4,790.6	1,286.9
4	2,430.5	1,457.1	-972.8	2,182.9	-236.7	-625.4	-602.9
5	1,523.1	-231.1	-740.7	2,730.5	-235.6	-1,636.7	-1,330.7
6	-1,696.0	23.7	-861.8	-665.9	-192.0	-555.1	141.1
7	-9.0	-440.0	2,579.4	-1,936.8	-211.6	-873.2	-355.4
8	212.7	327.8	1,103.9	1,209.2	-220.4	-450.3	765.5
9	-708.0	161.0	-1,623.0	984.4	-230.4	-976.6	196.1
10	-1,941.8	74.5	-3,168.6	1,319.8	-167.5	-715.9	-172.6
11	158.5	160.3	5,406.6	-5,213.5	-194.9	-2,518.6	303.3
12	645.0	671.1	34.8	78.6	-139.5	-1,940.3	1,015.3
2006 <sup>P</sup> 1	3,628.2	-319.4	609.5	3,561.3	-223.2	-5,432.6	1,713.2
2	2,110.2	190.4	2,207.1	-92.7	-194.6	140.7	-1,468.1
3	786.0	-1,177.7	-1,380.4	3,615.2	-271.1	-387.4	28.2
4	4,862.8	585.2	-3,180.0	7,745.1	-287.5	-3,354.6	99.9
5	513.1	125.6	-7,880.1	8,509.1	-241.5	-495.6	-1,377.1
6	-1,691.5	69.6	-3,116.6	1,626.4	-270.9	-465.5	1,216.5
7	1,730.1	-114.2	-3,669.2	5,789.4	-275.9	-686.0	-651.4
8	1,234.9	-663.3	-4,448.2	6,511.4	-165.0	-959.8	363.2
9	1,808.7	-2,879.0	772.1	4,178.8	-213.2	-1,969.6	-1,245.0
10	-2,263.8	-57.9	-614.1	-1,328.7	-263.1	-956.2	1,460.1
11	436.0	126.1	-653.5	1,286.9	-323.5	-2,695.1	-1,978.4
12	5,464.0	631.1	-1,140.2	6,276.9	-303.8	-4,850.0	-760.7
2007 1 <sup>P</sup>	3,034.9	-208.9	-448.0	4,046.8	-355.0	-2,350.7	-173.5

P: Preliminary

Source: The Bank of Korea

## 11. Prices See graphs 11-1, 11-2 & 11-3

(2000 = 100)

Period	Consumer prices (2005=100)				Producer prices		Export & import prices	
	All Items	Commodity	Service	Core	All items	Commodity	Export	Import
2003	93.9	93.0	94.8	94.9	101.4	99.7	87.5	98.9
2004	97.3	96.9	97.7	97.7	107.6	107.2	92.9	108.9
2005	100.0	100.0	100.0	100.0	109.9	109.8	86.7	112.0
2006	102.2	101.5	102.7	101.8	112.4	112.6	85.1	118.0
2005 7	100.0	99.8	100.1	100.0	109.9	109.8	87.5	114.3
8	100.3	100.3	100.3	100.1	110.2	110.3	87.0	116.5
9	100.8	101.5	100.3	100.2	110.8	111.0	88.8	118.8
10	100.6	101.1	100.3	100.2	111.0	111.2	89.1	118.6
11	100.2	99.7	100.5	100.2	110.4	110.3	86.4	115.5
12	100.5	100.4	100.7	100.4	110.2	109.9	85.0	114.8
2006 1	101.1	101.1	101.1	100.6	110.9	110.7	83.8	115.0
2	101.3	101.1	101.4	100.8	110.9	110.7	82.5	113.7
3	101.9	101.1	102.3	101.4	111.0	110.9	83.3	114.3
4	102.0	101.3	102.5	101.5	111.8	111.9	83.6	117.2
5	102.2	101.6	102.6	101.9	112.5	112.8	84.7	119.7
6	102.0	101.0	102.7	101.9	112.5	112.9	86.2	120.7
7	102.4	101.5	103.0	102.1	113.0	113.5	87.1	123.3
8	103.0	103.0	103.1	102.2	113.9	114.7	89.1	125.3
9	103.3	103.1	103.4	102.2	114.2	114.9	87.3	119.1
10	102.8	101.8	103.4	102.2	113.1	113.3	85.9	116.9
11	102.3	100.7	103.4	102.3	112.5	112.4	84.1	115.1
12	102.6	101.2	103.6	102.5	112.6	112.5	83.6	115.4
2007 1	102.8	101.4	103.8	102.7	112.6	112.3	83.4	112.4
2	103.5	102.3	104.2	103.1	112.8	112.5	-	-
<i>Y-o-Y change (%)</i>								
2003	3.5	3.3	3.7	3.1	2.2	2.0	-2.2	1.8
2004	3.6	4.2	3.1	2.9	6.1	7.5	6.2	10.2
2005	2.8	3.2	2.4	2.3	2.1	2.4	-6.7	2.9
2006	2.2	1.5	2.7	1.8	2.3	2.6	-1.9	5.3
2005 7	2.6	3.2	2.0	2.1	2.0	2.3	-6.6	3.6
8	2.0	1.7	2.2	1.9	1.4	1.6	-9.3	2.7
9	2.5	2.9	2.2	1.8	1.6	1.6	-7.4	6.3
10	2.3	2.7	2.0	1.7	1.7	1.7	-8.5	3.1
11	2.5	2.8	2.0	1.9	1.1	0.9	-7.1	5.6
12	2.6	3.6	1.9	1.8	1.7	1.6	-3.2	10.2
2006 1	2.2	2.5	2.0	1.3	2.1	2.3	-3.6	10.2
2	2.0	1.6	2.3	1.3	1.7	1.8	-4.9	8.5
3	2.0	1.2	2.3	1.4	1.4	1.3	-4.4	5.7
4	2.0	1.0	2.7	1.5	1.5	1.3	-4.0	6.1
5	2.3	1.8	2.7	1.8	2.7	2.8	0.6	11.3
6	2.4	2.0	2.8	1.9	3.2	3.9	1.3	9.2
7	2.4	1.7	2.9	2.1	2.8	3.4	-0.5	7.9
8	2.7	2.7	2.8	2.1	3.4	4.0	2.4	7.5
9	2.5	1.6	3.1	2.0	3.1	3.5	-1.7	0.2
10	2.2	0.7	3.1	2.0	1.9	1.9	-3.6	-1.4
11	2.1	1.0	2.9	2.1	1.9	1.9	-2.6	-0.3
12	2.1	0.8	2.9	2.1	2.2	2.4	-1.6	0.6
2007 1	1.7	0.3	2.7	2.1	1.5	1.5	-0.4	-2.3
2	2.2	1.2	2.8	2.3	1.7	1.6	-	-

Source: Korea National Statistical Office

## 12. Employment and earnings See graphs 8-1, 8-2 & 8-3

Period	Economically active persons (thous.)				Unemployment (%)	All industry earnings (won) (base year=2000)	
	Employed persons (thous.)			All industry		Manufacturing	
	All industry	Manufacturing	S.O.C&service				
2003	22,957	22,139	4,205	15,967	3.6	2,228,491	2,073,992
2004	23,417	22,557	4,290	16,427	3.7	2,372,612	2,279,724
2005	23,743	22,856	4,234	16,789	3.7	2,524,917	2,458,022
2006	23,978	23,151	4,167	17,181	3.5	-	-
2005 7	24,072	23,184	4,233	16,931	3.7	2,496,925	2,450,956
8	23,689	22,847	4,167	16,713	3.6	2,461,924	2,404,969
9	23,918	23,048	4,201	16,892	3.6	2,759,394	2,655,434
10	24,056	23,186	4,241	16,966	3.6	2,413,960	2,370,892
11	23,976	23,191	4,197	17,137	3.3	2,282,356	2,097,699
12	23,526	22,699	4,220	17,007	3.5	3,349,475	3,504,729
2006 1	23,340	22,471	4,201	16,893	3.7	2,865,004	2,803,400
2	23,365	22,412	4,184	16,763	4.1	2,451,498	2,376,782
3	23,769	22,848	4,179	16,986	3.9	2,481,580	2,322,720
4	24,088	23,242	4,188	17,186	3.5	2,504,830	2,424,268
5	24,267	23,484	4,170	17,293	3.2	2,356,038	2,201,426
6	24,320	23,501	4,184	17,294	3.4	2,685,520	2,580,407
7	24,270	23,447	4,180	17,303	3.4	2,646,200	2,596,198
8	23,972	23,164	4,114	17,099	3.4	2,607,031	2,531,654
9	24,096	23,330	4,135	17,248	3.2	2,796,266	2,648,830
10	24,253	23,463	4,183	17,294	3.3	2,690,402	2,681,556
11	24,225	23,458	4,137	17,467	3.2	2,409,143	2,226,062
12	23,773	22,989	4,153	17,348	3.3	3,502,448	3,745,800
2007 1	23,580	22,729	4,156	17,221	3.6	-	-
<i>Y-o-Y change (%)</i>							
2003	0.2	-0.1	-0.9	0.8	-	9.4	8.8
2004	2.0	1.9	2.0	2.9	-	6.5	9.9
2005	1.4	1.3	-1.3	2.2	-	6.4	7.8
2006	1.0	1.3	-1.6	2.3	-	-	-
2005 7	1.9	1.9	-1.8	2.6	-	5.7	6.4
8	2.0	2.1	-1.4	3.1	-	5.1	9.6
9	1.3	1.0	-2.2	2.0	-	5.1	5.6
10	1.5	1.2	-1.9	2.4	-	6.9	10.0
11	1.5	1.7	-2.5	2.9	-	6.5	6.7
12	0.6	0.9	-1.0	2.0	-	4.2	0.7
2006 1	1.2	1.8	-1.2	3.0	-	20.3	24.1
2	1.3	1.5	-1.7	2.5	-	-7.7	-11.8
3	1.0	1.2	-2.2	2.5	-	5.5	5.7
4	1.0	1.3	-1.9	2.9	-	5.3	4.1
5	0.9	1.2	-1.9	2.5	-	7.9	8.1
6	0.8	1.1	-1.6	2.2	-	4.1	3.4
7	0.8	1.1	-1.2	2.2	-	6.0	5.9
8	1.2	1.4	-1.3	2.3	-	5.9	5.3
9	0.7	1.2	-1.6	2.1	-	1.3	-0.2
10	0.8	1.2	-1.4	1.9	-	11.5	13.1
11	1.0	1.1	-1.4	1.9	-	5.6	6.1
12	1.1	1.3	-1.6	2.0	-	4.6	6.9
2007 1	1.0	1.1	-1.1	1.9	-	-	-

Source: Korea National Statistical Office

## 13. Financial indicators See graphs 9-1 & 9-4

(period average)

Period	Yields (%)					Stock	
	Call rate (1 day)	CD (91 days)	Corporate bonds (3 years, AA-)	Treasury bonds (3 years)	Treasury bonds (5 years)	KOSPI (end-period)	
2003	1	4.3	4.7	5.5	5.0	5.2	591.90
	2	4.3	4.5	5.3	4.7	4.9	575.40
	3	4.2	4.8	5.4	4.8	4.9	535.70
	4	4.2	4.6	5.4	4.6	4.8	599.40
	5	4.1	4.4	5.3	4.3	4.4	633.40
	6	4.0	4.3	5.3	4.1	4.2	669.90
	7	3.8	4.2	5.7	4.4	4.6	713.50
	8	3.7	3.9	5.9	4.6	4.9	759.50
	9	3.7	3.8	5.2	4.3	4.5	697.50
	10	3.8	3.9	5.2	4.3	4.5	782.40
	11	3.8	4.2	5.5	4.8	5.1	796.20
	12	3.8	4.3	5.6	4.9	5.1	810.70
2004	1	3.8	4.3	5.7	4.9	5.2	848.50
	2	3.8	4.1	5.6	4.8	5.1	883.40
	3	3.8	3.9	5.4	4.6	4.9	880.50
	4	3.8	3.9	5.3	4.5	4.9	862.80
	5	3.8	3.9	5.1	4.4	4.8	803.80
	6	3.8	3.9	4.9	4.3	4.6	785.80
	7	3.8	3.9	4.8	4.2	4.5	735.30
	8	3.6	3.7	4.4	3.8	4.0	803.60
	9	3.5	3.5	4.1	3.6	3.8	835.10
	10	3.5	3.5	4.0	3.5	3.7	834.80
	11	3.3	3.4	3.9	3.4	3.5	878.10
	12	3.3	3.4	3.7	3.3	3.4	895.90
2005	1	3.3	3.5	4.1	3.7	3.9	932.70
	2	3.3	3.6	4.6	4.2	4.5	1,011.40
	3	3.3	3.6	4.5	4.0	4.3	965.70
	4	3.3	3.5	4.3	3.9	4.1	911.30
	5	3.3	3.5	4.1	3.7	3.9	970.20
	6	3.3	3.5	4.2	3.8	4.0	1,008.20
	7	3.3	3.5	4.5	4.1	4.4	1,111.30
	8	3.3	3.5	4.8	4.3	4.7	1,083.30
	9	3.3	3.7	4.9	4.5	4.8	1,221.00
	10	3.4	3.9	5.2	4.8	5.1	1,158.10
	11	3.5	4.0	5.5	5.1	5.4	1,297.40
	12	3.7	4.0	5.5	5.1	5.3	1,379.40
2006	1	3.7	4.2	5.5	5.0	5.3	1,399.80
	2	3.9	4.3	5.3	4.9	5.0	1,371.60
	3	4.0	4.3	5.3	4.9	5.1	1,359.60
	4	4.0	4.3	5.2	5.0	5.2	1,419.70
	5	4.0	4.4	5.1	4.8	4.9	1,317.70
	6	4.2	4.5	5.2	4.9	5.0	1,295.20
	7	4.2	4.6	5.2	4.9	5.0	1,297.80
	8	4.4	4.7	5.1	4.8	4.8	1,352.70
	9	4.5	4.6	5.0	4.7	4.8	1,371.40
	10	4.5	4.6	4.9	4.6	4.7	1,364.60
	11	4.5	4.6	5.1	4.7	4.8	1,432.20
	12	4.5	4.8	5.2	4.8	4.9	1,434.50
2007	1	4.6	4.9	5.3	5.0	5.0	1,360.2
	2	4.6	5.0	5.3	4.9	4.9	1,417.3

Source: The Bank of Korea

## 14. Monetary indicators See graph 9-5

(period average)

(billion won)

Period	Reserve money	M1	M2	Lf
2003	35,754.7	283,397.4	888,988.6	1,187,839.8
2004	37,272.4	306,842.5	929,640.6	1,260,547.1
2005	38,785.2	332,902.1	993,960.1	1,348,818.8
2006	41,664.0	330,134.1	1,076,682.4	1,454,858.8
2005 7	38,103.3	346,659.4	1,004,960.2	1,361,474.7
8	38,630.0	346,984.8	1,008,802.0	1,366,592.7
9	39,864.5	347,135.3	1,008,223.6	1,371,084.6
10	39,732.8	339,969.4	1,008,215.2	1,374,836.2
11	39,461.4	307,025.1	1,011,582.7	1,381,692.7
12	40,319.5	318,419.2	1,021,591.6	1,393,063.7
2006 1	41,336.0	327,542.1	1,027,697.4	1,398,707.3
2	41,655.5	326,548.3	1,034,711.9	1,407,971.3
3	40,991.9	325,711.9	1,042,293.6	1,413,306.8
4	41,190.0	324,222.6	1,048,598.6	1,421,447.5
5	40,734.4	323,908.4	1,055,855.4	1,430,748.5
6	40,715.1	326,949.2	1,072,886.5	1,445,440.3
7	41,973.7	330,267.7	1,082,577.5	1,460,729.4
8	40,287.2	325,958.2	1,084,752.6	1,468,210.0
9	41,500.4	327,648.4	1,098,444.2	1,479,577.9
10	43,199.9	333,597.5	1,110,360.9	1,494,767.6
11	41,507.4	337,666.0	1,123,714.6	1,510,883.0
12	44,876.4	351,588.5	1,138,295.5	1,526,890.0
2007 1	47,851.4	353,494.2	1,143,814.9	1,535,080.1
<i>Y-o-Y change (%)</i>				
2003	6.5	6.9	7.9	8.8
2004	4.2	8.3	4.6	6.1
2005	4.1	8.5	6.9	7.0
2006	7.4	-0.8	8.3	7.9
2005 7	5.6	13.3	7.9	7.5
8	5.8	14.4	7.7	7.6
9	6.9	12.8	6.6	6.9
10	5.2	9.7	6.5	6.9
11	5.7	-1.1	6.6	7.2
12	7.8	-0.5	7.0	7.4
2006 1	9.0	1.7	7.3	7.2
2	5.0	-0.8	7.2	7.4
3	7.8	-2.7	6.6	7.0
4	8.6	-3.0	6.8	7.4
5	7.5	-2.3	7.1	7.6
6	7.6	-3.0	7.7	7.3
7	10.2	-4.7	7.7	7.3
8	4.3	-6.1	7.5	7.4
9	4.1	-5.6	9.0	7.9
10	8.7	-1.9	10.1	8.7
11	5.2	10.0	11.1	9.4
12	11.3	10.4	11.4	9.6
2007 1	15.8	7.9	11.3	9.8

P: Preliminary

Source: The Bank of Korea

## 15. Exchange rates See graphs 9-2 & 9-3

Period	₩/US\$		₩/100 ¥		₩/Euro	
	End-period	Average	End-period	Average	End-period	Average
2003	1,197.8	1,191.9	1,119.6	1,029.8	1,502.6	1,348.3
2004	1,043.8	1,144.7	1,012.1	1,058.8	1,423.0	1,422.9
2005	1,013.0	1,024.3	859.9	930.7	1,199.3	1,274.0
2006	929.6	955.5	781.8	821.5	1,222.2	1,199.3
2005 7	1,028.3	1,037.4	915.8	927.2	1,247.2	1,249.5
8	1,031.0	1,021.2	925.6	921.8	1,259.2	1,254.5
9	1,038.0	1,029.3	915.9	927.1	1,247.4	1,262.1
10	1,042.7	1,046.3	900.4	910.9	1,256.7	1,258.0
11	1,036.3	1,041.4	865.4	880.1	1,219.3	1,229.0
12	1,013.0	1,024.2	859.9	863.9	1,199.3	1,214.0
2006 1	971.0	987.0	824.9	854.3	1,173.8	1,194.8
2	969.0	970.2	833.8	822.4	1,147.9	1,159.7
3	975.9	975.1	831.7	831.3	1,187.1	1,172.8
4	945.7	954.4	828.3	814.8	1,184.9	1,169.9
5	947.4	941.4	842.2	843.0	1,208.0	1,201.7
6	960.3	955.2	834.0	833.0	1,215.9	1,208.7
7	953.1	950.2	830.2	821.4	1,216.4	1,206.2
8	959.6	960.7	820.3	829.7	1,232.3	1,230.6
9	945.2	953.7	802.2	814.3	1,200.6	1,214.9
10	944.2	954.2	803.5	803.2	1,200.8	1,202.4
11	929.9	936.2	799.0	798.0	1,223.0	1,205.3
12	929.6	925.8	781.8	790.2	1,222.2	1,222.8
2007 1	940.9	936.4	773.1	777.9	1,220.1	1,217.0
2	938.3	937.0	793.9	776.8	1,241.9	1,225.1
<i>Y-o-Y change (%)</i>						
2003	-0.2	-4.7	10.5	3.0	19.5	14.2
2004	-12.9	-4.0	-9.6	2.8	-5.3	5.5
2005	-3.0	-10.5	-15.0	-12.1	-15.7	-10.5
2006	-8.2	-6.7	-9.1	-11.7	1.9	-5.9
2005 7	-12.0	-10.4	-12.1	-12.5	-11.3	-12.1
8	-10.6	-11.9	-11.7	-12.2	-9.4	-11.2
9	-9.6	-10.3	-11.4	-11.3	-11.9	-9.9
10	-7.4	-8.6	-15.0	-13.2	-12.4	-12.0
11	-1.1	-4.6	-15.0	-15.5	-12.3	-13.2
12	-3.0	-2.6	-15.0	-14.7	-15.7	-13.8
2006 1	-5.4	-4.9	-16.7	-15.1	-12.2	-12.4
2	-3.9	-5.1	-12.9	-15.6	-14.0	-13.1
3	-4.7	-3.2	-12.7	-13.2	-10.3	-11.7
4	-5.7	-5.6	-12.3	-13.6	-8.4	-10.6
5	-5.5	-6.1	-9.3	-10.3	-3.5	-5.5
6	-6.3	-5.5	-10.1	-10.4	-1.8	-1.7
7	-7.3	-8.4	-9.3	-11.4	-2.5	-3.5
8	-6.9	-5.9	-11.4	-10.0	-2.1	-1.9
9	-8.9	-7.4	-12.4	-12.2	-3.8	-3.7
10	-9.5	-8.8	-10.8	-11.8	-4.5	-4.4
11	-10.3	-10.1	-7.7	-9.3	0.3	-1.9
12	-8.2	-9.6	-9.1	-8.5	1.9	0.7
2007 1	-3.1	-5.1	-6.3	-8.9	3.9	1.9
2	-3.2	-3.4	-4.8	-5.5	8.2	5.6

Source: The Bank of Korea

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