

HRI Monthly Economic Review

- I . Recent Economic Trends
- II . Economic Issues Facing Korea
- III . The North Korean Issues
- [Annex] Domestic and Global Economic Indices

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Devoting to economic research
and human resource development
with intellectual conscience and sincerity,
the Hyundai Research Institute leads
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creative policy alternatives.

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< **Executive Summary** >

1. Recent Economic Trends

The US economy maintains its recovery trend while Europe, Japan, and China remain weak. Korean economy shows a marginal recovery. Exports rebounded, employment improved, and inflation rate remains low.

2. Economic Issues Facing Korea

『[Comparison of Silver Economies of Korea, Germany and Japan](#)』 The outcome of the comparison of Korean silver economy infrastructure to those of Germany and Japan reveals that Korea's aged consumers are constantly increasing providing an opportunity to expand consumption market of the aged although the growth of that market expansion is limited since the purchasing power of the aged is insignificant and the support for the silver industry is marginal. To overcome this barrier and turn the aging society into an opportunity to create a new demand leading to finding a new growth engine, new policies to implement the following measures should be introduced.

『[Changing Korea-China Trade Structure](#)』 It looks unlikely that Korea's exports to China will recover to the same level as in the past due to the quantity of intermediate goods imported into China falling as China's economic growth rate is expected to slow. China's economic slowdown and the structural change of its economy appear to be blamed for Korea's recent depressed export performance to China. Furthermore, depression caused by the export structure of intermediate goods is not likely to be solved in a short term. Items highly reliant on export to China with a fast rising self-sufficiency rate such as petrochemical and IT products and machinery are expected to suffer most.

3. The North Korean Issues

Discussions on the normalization of diplomatic relations between N. Korea and Japan started to activate from 1990 and reached its peak when the second North Korea-Japan summit meeting was held in 2004 with a Pyongyang Declaration, but faced difficulty due to the issue of Japanese abductees remaining unsettled. The recent resumption and expansion of negotiations between the two nations is an outcome of interest alignment of N. Korea's wish to attempt to emerge from economic difficulty and diplomatic isolation and Japan's hope to settle the abductees issue.

I . Recent Global and Domestic Economic Trends

Major Economies

The US economy maintains its recovery trend while Europe, Japan, and China remain weak.

Industrial production of the US showed a month-on-month decrease of 0.1% in August while retail sales increased by 0.6%. Although the manufacturing industry's PMI marked 56.6p, a month-on-month drop of 2.4p in September, it still remains higher than the baseline 50p. The Conference Board composite leading indicator has been rising since the beginning of 2014, although the Case-Shiller home price index recently dropped for the last three months. Inflation rate recorded 1.7% in August, a marginal drop compared to 2% plus for the previous four months.

Europe's economic recovery is weak. Industrial production in August showed a month-on-month increase of 0.7% whereas retail sales fell by 0.4%. Although the unemployment rate is slowly falling, it still remains at 10% plus showing 10.1% in August. The year-on-year increase rate of consumer prices marked 0.5% in August staying below 1% since the beginning of this year. Exports in August showed a year-on-year drop of 2.8%, a continued decrease for two months.

Japan's economic recovery is marginal. Industrial production in August marked a month-on-month rise of a mere 0.4%, and retail sales recorded a month-on-month drop of 0.5%. Exports

I. Recent Global and Domestic Economic Trends

and imports showed a year-on-year decrease of 1.3% and 1.4% respectively. Manufacturing industry's PMI recorded 51.7p, a month-on-month drop of 0.5p. The year-on-year increase rate of inflation accounted for 3.3% in August showing a continued falling trend for the 3rd consecutive month.

China's economic recovery is also weak. Industrial production recorded a year-on-year rise of 6.9% in August, lower than 8%-9% plus growth rates in the previous years. Retail sales showed a year-on-year increase of 11.9%. Although exports kept a good growth rate in July and August, imports marked a year-on-year drop of 2.4% in August. China's real estate prices are falling with residential house sales for the period of January to August showing a year-on-year drop of 10.9%.

Global financial market saw a strong global dollar thanks to the economic recovery trend of the US while euro and yen stayed weak due to the continued easing monetary policy.

<Economic indices of major countries>

(%)

(p, yen, euro, yuan)

Economic Sectors	2012	2013	2014			International Finance Sector	2012	2013	2014					
	Annual	Annual	Jun	Jul	Aug		Annual	Annual	Aug	Sep	Oct			
US	Industrial Production	3.8	2.9	0.3	0.2	-0.1	Stock index	DJIA	13,104	16,577	17,098	17,043	16,805	
	Retail Sales	5.1	4.2	0.4	0.3	0.6		DAX	7,612	9,552	9,470	9,474	9,382	
EU	Industrial Production	-2.5	-0.7	-0.1	0.7	-		NIKEI	10,395	16,291	15,425	16,174	16,082	
	Retail Sales	-1.7	-0.8	0.3	-0.4	-		SSE	2,269	2,098	2,217	2,364	-	
Japan	Industrial Production	0.6	-0.8	-3.4	0.4	-		Rate of Exchange	EUR/USD	1.3222	1.3799	1.3132	1.2631	1.2623
	Retail Sales	1.8	1.0	0.5	-0.5	-			YEN/USD	85.86	105.04	104.09	104.65	108.89
China	Industrial Production	10.0	9.7	9.2	9.0	6.9	CNY/USD		6.2317	6.0617	6.1436	6.1394	6.1396	
	Retail Sales	14.3	13.1	12.4	12.2	11.9								

Source : US Department of Commerce; Eurostat; The People's Bank of China

Note : US, EU, Japan QoQ, China YoY

Korean Economy

Korean economy shows a marginal recovery. Exports rebounded, employment improved, and inflation rate remains low.

Domestic economy showed a feeble recovery. Although consumption increased in August, production and investment fell. Consumption of durable goods such as furniture, semi-durable goods such as clothes, and nondurable goods such as cosmetics all increased in August showing a month-on-month rise of 2.7% while production marked a month-on-month drop of 0.6% due to the depressed performance in the mining and manufacturing industries. Facility investment fell by 10.6% with decreasing investment in machinery and transportation equipment.

Exports bounced back in September amounting to US\$47.7 billion, a year-on-year rise of 6.8%, and imports recorded US\$44.3 billion, a year-on-year increase of 8.0%. Trade surplus in September amounted to US\$3.4 billion, a continued surplus for 32 consecutive months. Exports of steel, machinery, computers, and liquid crystal devices performed well. Exports to the US and China increased, but its performance to Europe declined.

Employment is improving. The total number of the employed recorded a year-on-year rise of 594,000 in August showing an increase of more than 500,000 for the recent two months owing to the rising employment in most industries including agro-forest, manufacturing, wholesale/retail, hygienic service, social welfare services as well as temporary workers. Unemployment rate marked 3.3%, a year-on-year rise of 0.3% as the economically inactive population seeking jobs increased

in the midst of the number of the rising employed.

Inflation rate remains low. Consumer prices showed a month-on-month drop of 0.1%, but a year-on-year rise of 1.1%, the lowest since 1.0% in February due to the falling petroleum product prices and agricultural product prices remaining stable.

Korean financial market saw USD/KRW exchange rate rising due to the strong dollar following the recovery of the US economy. Interbank interest rate fell in expectation of the base rate being further lowered.

<Korea Major Economic Indices>

(p, %)

Economic Sectors		2012	2013				2014					
		Annual	Annual	1/4	2/4	3/4	4/4	1/4	2/4	Jul	Aug	Sep
Domestic Market	Retail Sales	2.3	0.7	-1.0	0.9	0.8	0.3	0.3	-0.5	0.3	2.7	-
	Facility Investment Index	-2.0	-5.0	-3.1	1.1	5.0	5.9	-5.2	2.2	3.4	-10.6	-
	Construction	-5.8	10.5	3.6	6.3	-0.3	1.1	1.6	-0.1	-1.5	1.0	-
Foreign Trade	Export Growth Rate	-1.3	2.2	0.3	0.7	2.8	4.7	1.7	3.2	5.2	-0.2	6.8
Employment/Prices	Unemployment Rate	3.2	3.1	3.6	3.1	3.0	2.8	4.0	3.7	3.4	3.3	-
	Consumer Price	2.2	1.3	1.6	1.2	1.4	1.1	1.1	1.6	1.6	1.4	1.1
Employment/Prices	KOSPI	-	-	2,005	1,863	1,997	2,011	1,986	2,002	2,076	2,069	2,020
	KRW/USD	-	-	1,111	1,142	1,075	1,067	1,065	1,012	1,028	1,014	1,055
	3yr Government Bond	-	-	2.52	2.88	2.82	2.86	2.87	2.68	2.52	2.51	2.30
	Corporate Bond (BBB-)	-	-	8.50	8.99	8.97	9.10	9.00	8.79	8.63	8.62	8.43
Economic Index	Coincident Composite Index	-	-	112.3	113.9	115.1	116.8	118.4	118.8	119.5	120.3	-
	Lending Composite Index	-	-	110.7	113.1	114.6	117.0	118.2	119.7	120.3	121.7	-

Source : Bank of Korea, National Office of Statistics, Foreign Trade Association.

II. Economic Issues Facing Korea

1. Comparison of Silver Economies of Korea, Germany and Japan

The Necessity for Promotion of Silver Economy

Nations such as Germany and Japan recently began to recognize senior citizens as important consumers and started to promote growth of a ‘silver economy’ as a new growth engine providing new and innovative products and services for the aged to create new jobs. Korea, however, tends to perceive its aging society as a negative element hindering economic growth. This report examines how Korea, anticipated to be the second most aging society in the world in 2050, would compare with Germany and Japan in four different areas: the size of consumers, income, consumption, and industries. We attempt to determine if Korean society has capacity and wherewithal to turn the silver economy into a new growth engine.

Comparison of Structure of Silver Economies of Korea, Germany and Japan

1. The size of consumers: Korea will face a fast growth of aging population, accounting for more than one-third of total consumers by 2050. Based on the statistics of 2010, Korea’s ratio of people aged 65 and over accounted for 11%, considerably lower than 20.8% of Germany and 23.0% of Japan. However, Korea is rapidly turning into an aging society

and the ratio is anticipated to increase to 34.9% by 2050

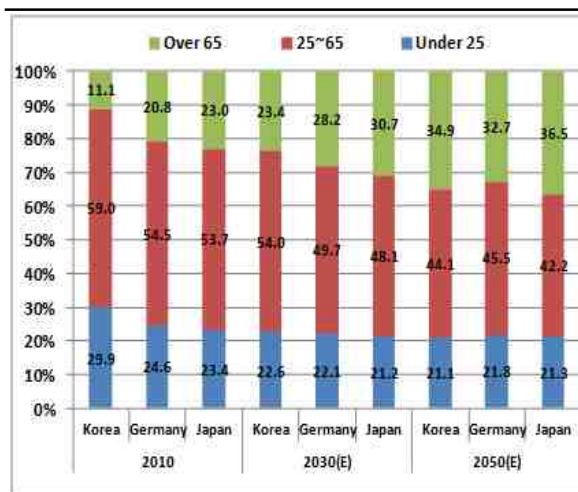
2. Income: the number of households of the aged takes less than 50% of total household income, lower than Germany and Japan. The income of the Korean households of the aged accounts for 47% of total household income as of 2012, which is lower than 68% of Germany and 74% of Japan(based on working households). As 84% of the holding assets are focused on tangible properties such as real estate, the ratio of disposable assets leading to actual consumption is also lower than Germany and Japan. Especially, Korean households of the aged are relying on highly unstable earned income and the propensity to consume appears to be lower than these countries. According to OECD, the degree of dependence of the aged on earned income is 63%, higher than Germany of 13.4% and Japan of 43.9%. Relying heavily on unstable earned income, the degree of propensity to consume of Korean aged people is only 76% compared to 84% of Germany and 85% of Japan(based on working households).

3. Consumption: Consumption expenditure of Korean households of the aged is no more than 53%, which is more than 30p lower than Germany and Japan. The consumption expenditure of Korea's aged households comprises 53% of the total households as of 2012, showing a huge gap with 88.4% of Germany and 86.4% of Japan. The growth rate of consumption for the period of 2007 to 2012 recorded 3.0% compared to an average 3.6% of the total households. The ratio of expenditure for medical service of the aged households is

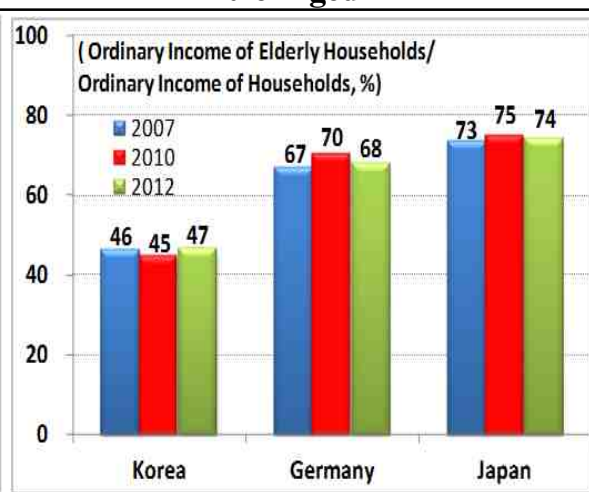
twice as high(12.9%) as Germany(6%) and Japan(6%) whereas the expenditure for leisure is less than half (4.9%) of those two countries(10%).

4. Industry: The size of the Korean silver industry is 5.4% of GDP. When we estimate the ratio of the silver industry in a broad sense through the ratio of the consumption expenditure of the aged households, Korean silver industry accounts for 5.4% of GDP as of 2012, much lower than 12.3% of Germany and 19.6% of Japan. The support for R&D activities for the aged-friendly industries is also insignificant compared to Germany and Japan. The amount of the government grant for R&D for the aged-friendly products is no more than US\$1 million whereas Germany provides 300 to 400 million euro per annum, and Japan also supports silver industry by universal design and expansion of applications of Barrier Free Act.

<Forecast on Demography by Ages>



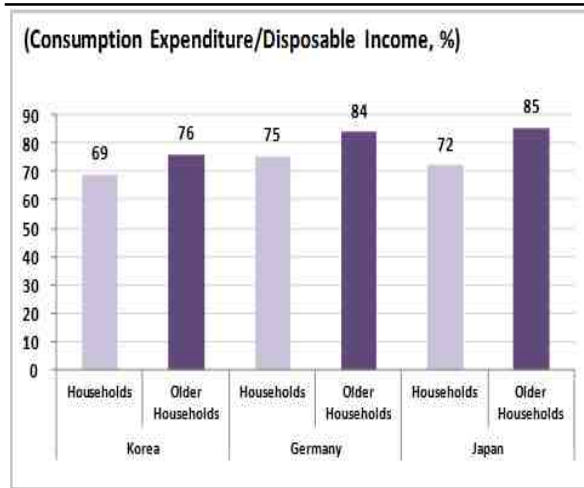
<Income Level of the Households of the Aged>



Source: Calculated by HRI based on the UN estimation on Demographical Change.

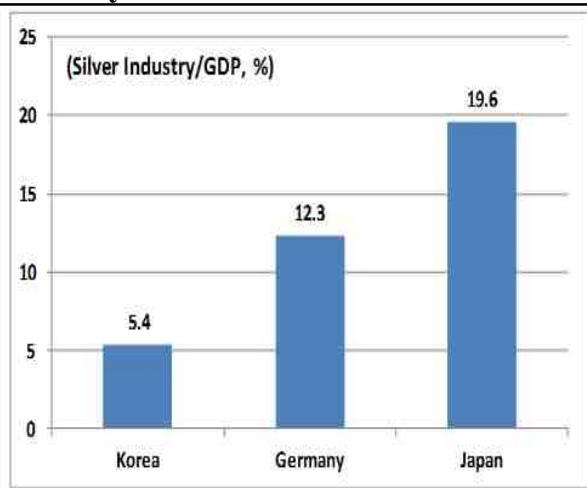
Source: Calculated by HRI.
Note: The Households of the Aged refers to a Household the age of the Head of which is 65 or over

<Propensity of Consumption by Households as of 2012>



Source: Calculated by HRI.

<Estimated Ratio of the Ratio of Silver Industry in a Broad Sense as of 2012>



Source: Calculated by HRI.

Note: Silver industry/GDP ratio=(Households expenditure/GDP)×(Consumption expenditure of the aged households/Consumption expenditure of the total households).

Policy Suggestions

The outcome of the comparison of Korean silver economy infrastructure to those of Germany and Japan reveals that Korea's aged consumers are constantly increasing providing an opportunity to expand consumption market of the aged although the growth of that market expansion is limited since the purchasing power of the aged is insignificant and the support for the silver industry is marginal. To overcome this barrier and turn the aging society into an opportunity to create a new demand leading to finding a new growth engine, new policies to implement the following measures should be introduced:

1. Stable income for the aged should be increased to enhance stability, and differentiated income supplement should be available for the aged depending on their age group.

2. The number of financial organizations dealing with reverse housing mortgages should be increased to expand wherewithal for consumption, and reduction of medical cost for the aged should be further considered.

3. Education, leisure, and travel products should be available for the aged to promote various consumption activities, providing support for the development of relevant contents.

4. Government should expand support for the aged-friendly industry and R&D activities for the technology for the aged to enhance the competitive edge of silver industry while businesses endeavor to expand the consumption market for the aged by widening the usage of universal design.

2. Changing Korea-China Trade Structure

Present Condition of Exports to China

Korean economy has enjoyed a large benefit from exports to China since 2000 during its course of rapid economic growth. Since the financial crisis, however, the ratio of exports to China against the total amount of Korea's exports dwindled as the speed of China's economic growth slowed down. As exports to China decreases in 2014, the contribution of exports to China versus the total Korean export volume turned to a negative figure of -0.4p. We attempt to identify the structural causes for dwindling exports to China and find counter-measures.

Structural Causes for Depressed Exports to China

1. The cause for the recent struggling exports to China is the slow-down of China's economic growth leading to falling demand for imports. Chinese economy, which enjoyed a period of fast growth, now shows a continued slowdown in the areas of investment and export. The depressed investment and export resulted in falling demand for capital and intermediate goods, leading to depressed export demand from Korea.

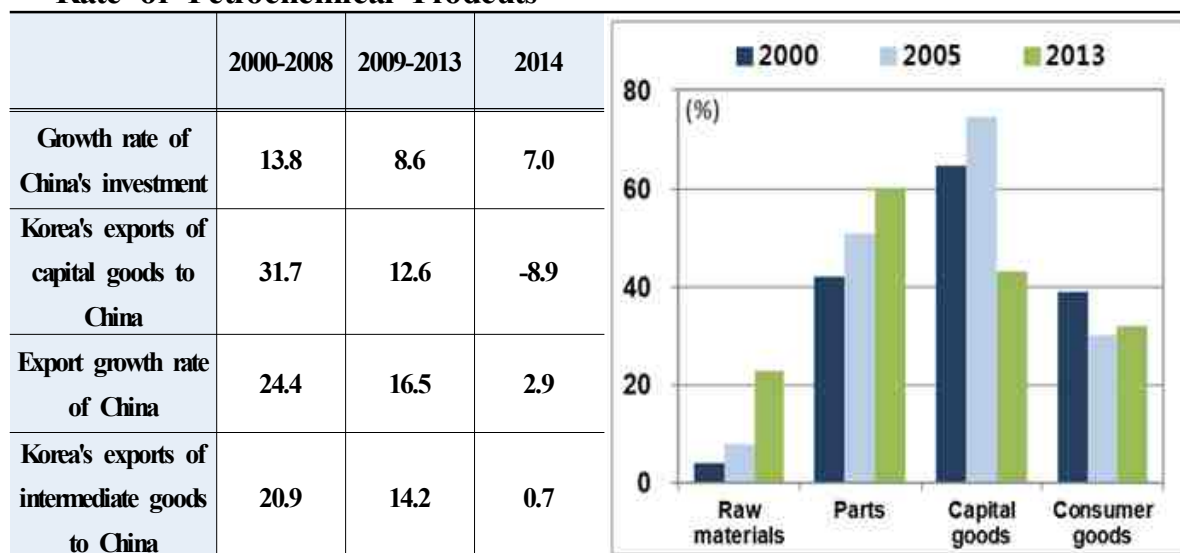
2. As the technological gap between Korea and China narrowed, the specialization structure of the two countries changed and China's import demand from Korea reduced as a result. In the specialization structure of the two nations, the ratio of inter-industry trade which takes place when there are differences of production elements such as labor or capital decreased while the ratio of intra-industry trade deriving from differentiation of products within the same industry increased from 41.7% in 2000 to 53.8% in 2013. The increasing trade of the identical products shows that the quality of Chinese products has improved to a similar level to Korea. In the case of intermediate goods which comprise 70% of the total Korea-China trade, the ratio of intra-industry trade has considerably risen from 42.0% in 2000 to 60.1% in 2013.

3. Korea's major export items to China such as petroleum products, petro-chemical goods, and FDP-related goods suffered

a set-back as China's self-sufficiency ratio increased as a result of China's huge investment in the relevant industries. The self-sufficiency ratio of major petro-chemical products such as synthetic resin improved to 68.8% in 2013 from 44.5% in 2000, and in the case of display panel, the self-sufficiency ratio jumped from more or less 1% in 2011 to 30% in 2014 with Chinese government's policy of focusing on promoting and developing relevant industries.

4. Processing trade fell and the ratio of China's import of parts dropped as the China's trade structure changed. China's ratio of parts import against the total import amount dropped from 55.8% in 2000 to 39.2% in 2013 as processing trade between the two nations decreased whereas the ratio of Korea's exports of parts still accounted for 35% of the total export amount to China, which reveals the extent of depression of Korea's export to China. Another cause for the depressed export volume to China is that recently Korean businesses operating in China tend to acquire more and more China-made parts as the competitive edge of local parts has improved; the local procurement ratio of parts increased from 46.1% in 2007 to 57.4% in 2012.

<Korea's Exports Growth Rate of Petrochemical Products to China and Trend of China's Self-Sufficiency Rate of Petrochemical Products> **<Trend of the Ratio of Intra-Industry Trade Phased Processing between Korea & China>**



Source: Calculated by HRI based on data of IMF, UN Comtrade, Source: Calculated by HRI based on UN Comtrade .

Note: 1) The investment growth rate of China in related item is 10% or more 2014 was estimated based on IMF forecast. ($\frac{\text{Min}(X_i, M_i)}{\text{Max}(X_i, M_i)} > 0.1$), it is classified as

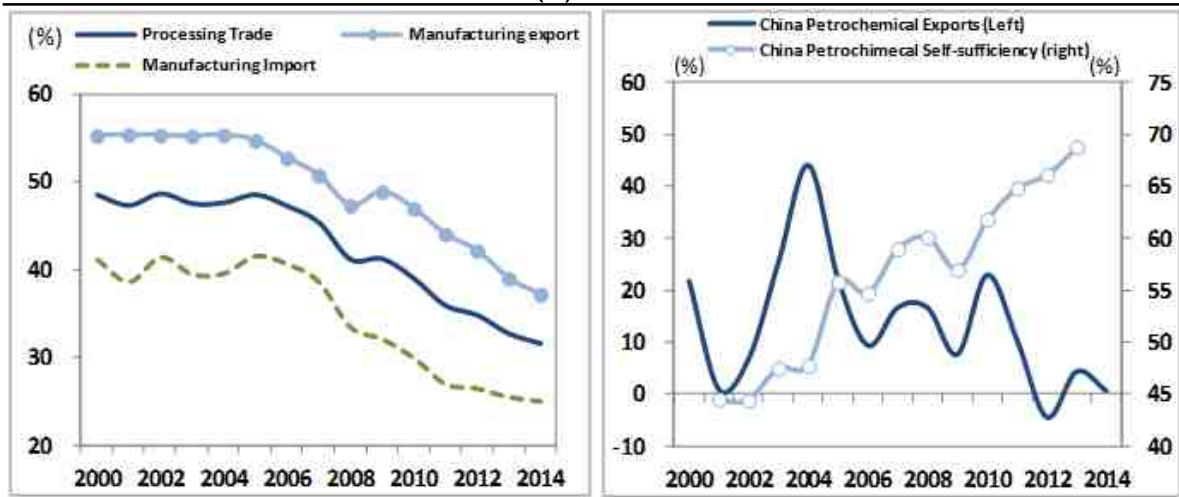
Note: 2) The exports growth rate of China in 2014, intra-trade as it is regarded as two-way trade between Korea's exports growth rate of capital & the two countries(X_i, M_i refers to import/export of intermediate goods to China shows year-on-year respective i industry).

increase/decrease rate during January-July 2014. Note: 3) Processing stages were classified by HS6

Note: 3) Annual average increase/decrease rate by periods. unit data connected to BEC code).

<Growth Rate of China's Investment and Exports & the Growth Rate of Korea's Exports of Capital & Intermediate Goods to China> (%)

<Trend of China's Processing Trade/Total Trade Ratio>



Source: Calculated by HRI based on CEIC data. Source: CEIC.

Note: 1) Petrochemical products refer to synthetic resin and synthetic rubber.

Note: 2) Self-sufficiency of petrochemical products= Output/(Output+volume imported-volume exported).

Policy Suggestion

It looks unlikely that Korea's exports to China will recover to the same level as in the past due to the quantity of intermediate goods imported into China falling as China's economic growth rate is expected to slow. China's economic slowdown and the structural change of its economy appear to be blamed for Korea's recent depressed export performance to China. Furthermore, depression caused by the export structure of intermediate goods is not likely to be solved in a short term. Items highly reliant on export to China with a fast rising self-sufficiency rate such as petrochemical and IT products and machinery are expected to suffer most. It is, therefore, necessary to prepare against the changing trade structure

paradigm of China, and make an effort to diversify export markets by exploring new markets in the regions such as ASEAN and the Middle-East, and also by targeting Chinese domestic market.

III. North Korean Issues

1. Effect of Improving N. Korea-Japan Relations

Fast Progressing N. Korea-Japan Relations

With the 12th anniversary of the adoption of the ‘Pyongyang Declaration’ (September 17, 2002) approaching, the agreement between the two nations to address the issue of Japanese abductees held in N. Korea is raising hopes to resume talks for normalization of diplomatic relations between the two countries. Summit meetings and negotiations for the normalization of diplomatic relations can be resumed if the issue of Japanese abductees in the North can be amicably settled. Improving N. Korea-Japan relations is something to be watched carefully as it can affect the political situations in North-east Asia including North and South Korea relations.

Background of and Forecast on N. Korea-Japan Talks Resumption

Discussions on the normalization of diplomatic relations between N. Korea and Japan started to activate from 1990 and reached its peak when the second North Korea-Japan summit meeting was held in 2004 with a Pyongyang Declaration, but

faced difficulty due to the issue of Japanese abductees remaining unsettled. The recent resumption and expansion of negotiations between the two nations is an outcome of interest alignment of N. Korea's wish to attempt to emerge from economic difficulty and diplomatic isolation and Japan's hope to settle the abductees issue. Although there could be a certain amount of progress in the abductees issue, it is difficult to expect normalization of diplomatic relations between N. Korea and Japan in the near future due to the pending N. Korean nuclear issue and the political situations in the neighboring nations. N. Korea's active compliance of the 'Stockholm Agreement' is raising hope for the settlement of the abductees issue, which can contribute to lowering the level of Japanese economic sanctions against N. Korea. Especially, Japan has maintained that the abductees issue is a separate one from the N. Korean nuclear issue, showing its determination to solve the abductees issue. Unlike the abductees issue, however, normalization of diplomatic relations between the two nations is not likely to happen as the settlement of N. Korean nuclear issue and agreement of neighboring countries are prerequisites.

Effects of Improving N. Korea and Japan Relations

When the abductees issue is settled, the following ripple effects are expected:

1. The settlement can help N. Korea to recover from economic difficulty and enhance the living standard of N. Korean people by resuming trade with Japan. The

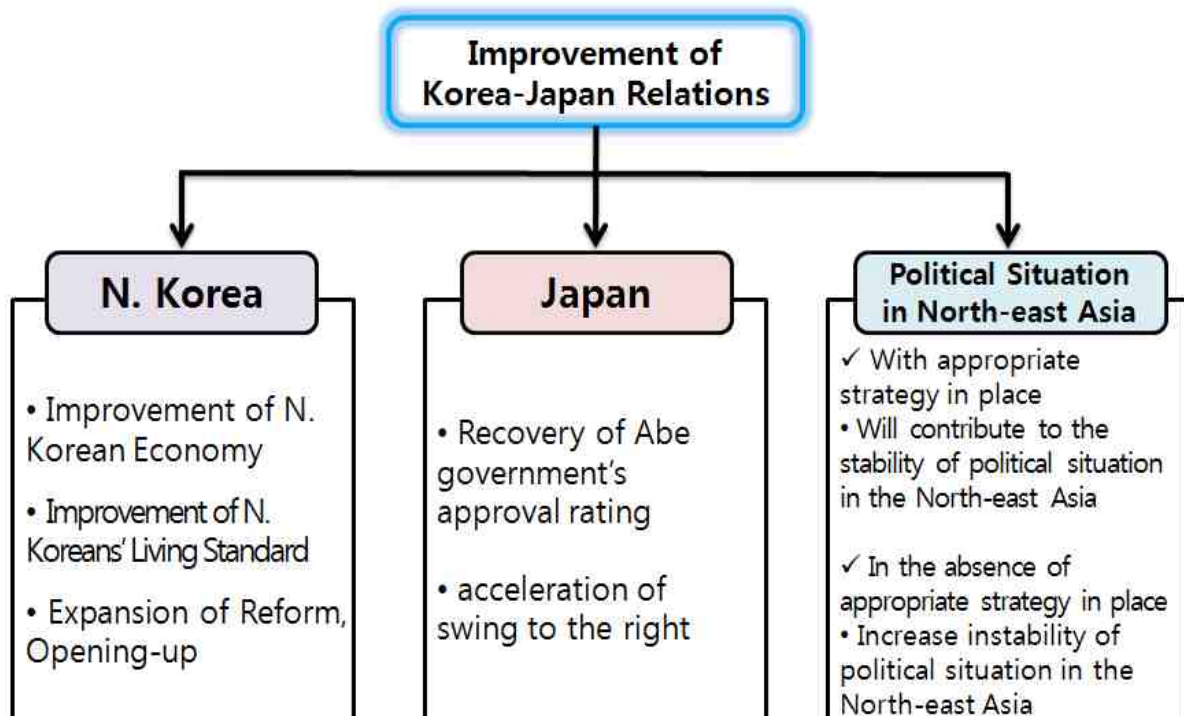
total trade volume between N. Korea and Japan can be over US\$2 billion assuming it will reach 29.0% of the total trade volume in 1995 considering N. Korea's total trade amount of US\$7.3 billion in 2013, which is 7% of N. Korea's GDP US\$30 billion. If it happens, it will exceed the total North-South total trade volume of US\$1.1 billion in 2013. Increasing importation of light industry goods will also help enhance the living standard of N. Korean people.

2. Expansion of Japan's ODA support for N. Korea, if available, will assist N. Korea to improve its industrial infrastructure to a considerable extent. Japan is anticipated to offer around US\$1.7 billion of ODA funds to N. Korea on humanitarian grounds if and when the N. Korea-Japan relation improves. This amount is larger than the ODA fund provided to Vietnam(US\$1.65 billion and the largest amount so far of all ODA funds provided to the East Asian countries).This amount comprises 23.9% of the total government budget of N. Korea(estimated by the Ministry of Unification) and will greatly help N. Korea reconstruct its economy and develop special economic zones in provincial areas.

3. The expansion of personal exchanges between N. Korea and Japan will contribute to the reform and opening-up of N. Korea. The resumption of Mangyongbong-92 merchant vessel operation will

facilitate around 15,000 N. Korean residents to travel to and from Japan and bring a positive effect for the reform and opening-up of N. Korea. Meanwhile, there is a growing concern over recovery of Abe's approval rating and the tendency of Japan swinging to the right. The Abe government's approval rating is likely to soar if the long-standing abductees issue is solved, which may provide the Abe government with a stepping stone for the revision of Japan's Pacifist Constitution strengthening the swing-to-the-right tendency in Japan.

4. The improvement of N. Korea-Japan relations can act as a factor for political uncertainty in the North-east Asia if Korea fails to counter the changing political situation with an appropriate strategy



Policy Suggestion

1. Korean government should be prepared and armed with an appropriate strategic policy to cope with the changing political situation as the improvement of N. Korea-Japan relations could on one hand exert a positive influence on the reform and opening-up of N. Korea, and political stability around Korean peninsulas, and on the other hand, a negative effect of weakening the North-South cooperation. Diplomatic efforts should be made to prevent the improvement of N. Korea-Japan relations from having a negative effect on the concerted efforts of multilateral cooperation such as 6-party talks for maintaining peace in Korean peninsula.

2. Every effort should be made by the government to prevent the North-South relations from further deterioration through increased inter-government talks. At the same time, non-governmental organizations should also endeavor to revitalize humanitarian aid projects to reinstate trust and homogeneity of the North and South. Ongoing North-South economic cooperation projects should continue without disruption and discontinued economic cooperation projects should be resumed to secure political stability in the North-east Asia and at the same time to curtail cost for unification.

[Annex] Domestic and Global Economic Indices

Global Growth Rate

Category	2012					2013					2014
	Annual	1/4	2/4	3/4	4/4	Annual	1/4	2/4	3/4	4/4	Annual(E)
US	2.8	3.7	1.2	2.8	0.1	1.9	2.7	1.8	4.5	3.5	1.8
Euro Region	-0.6	-0.1	-0.3	-0.1	-0.5	-0.4	-0.2	0.3	0.1	0.3	0.8
Japan	2.0	3.7	-1.7	-3.1	-0.2	1.7	5.2	3.4	1.4	-0.2	0.9
China	7.7	8.1	7.6	7.4	7.9	7.7	7.7	7.5	7.8	7.7	7.4

Note: 1) IMF figures of October 2014 for 2014 global projections.

2) Annual rates were compared with those of previous term for the US and Japan, with the rates of the previous term for Euro region, and with the same term in the previous year for China.

Economic Indicators of South Korea

Division		2013	2014			2015(E)
			the first half	the second half(E)	Annual(E)	
National Account	Economic Growth rate (%)	3.0	3.7	3.6	3.6	3.6
	Private Consumption (%)	2.0	2.0	2.6	2.3	2.8
	Construction Investment (%)	6.7	1.9	1.8	1.9	3.0
	Facility Investment (%)	-1.5	7.6	3.9	5.7	5.1
	Intellectual Property Investment(%)	7.3	6.1	5.9	6.0	7.1
Foreign Trade	Current Account (100 million Dollars)	799	392	408	800	680
	Exports (100 million Dollars) [Increase rate, %]	5,596 [2.1]	2,833 [2.5]	2,936 [3.7]	5,770 [3.1]	6,023 [4.4]
	Imports (100 million Dollars) [Increase rate, %]	5,156 [-0.8]	2,631 [2.6]	2,705 [4.4]	5,336 [3.5]	5,597 [4.9]
Consumer Price (Average, %)		1.3	1.4	1.9	1.7	1.9
Employment rate (15~64, Average, %)		64.4	65.0	65.6	65.3	66.2

Economic Indicators of North Korea

	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Per capita GNI (10,000 won)	105	103	104	114	119	124	133	137	138	
Trade by Year (USD million)	South-to-North	715.5	830.2	1,032.6	888.1	744.8	868.3	800.2	897.2	520.6
	North-to-South	340.3	519.5	765.3	932.3	934.3	1,043.9	913.7	1,074.0	615.2
	Total	1,055.8	1,349.7	1,797.9	1,820.4	1,679.1	1,912.2	1,713.9	1,971.2	1,135.8

Source: THE BANK OF KOREA, Ministry of Unification.

Hyundai Research Institute

Current Status

HRI is established by Chung Ju-yung, the first CEO, founder and honorary chairman of Hyundai Group in 1986. HRI is a leading Korean research think tank committed to studying and analyzing the economic and industrial environment as well as reunification economy of Korea. HRI, further, has it's own businesses such as business consulting, education and training service, and knowledge-content business.

Main Research Topics

HRI is mainly composed of four divisions. The major working areas of each part are as following :

Research Sector deals with the macroeconomic issues relating to domestic-and-international economy as well as the industrial trends and issues. Reunification Economy Center is one of it's sub-sectors, specialized in both the North Korean political and economic issues.

Business Consulting Sector devotes to helping domestic and international companies improve their competitiveness by providing strategic solutions.

Knowledge-Business Sector produces a great deal of invaluable online-and-offline contents such as educational videos and reading materials.

Human Resource Development and Education Sector provides HR development consulting services to companies for improved talent management, and also provides educational services such as training and lectures.

Messages to Future-Cooperation Partner

HRI is prepared for cooperation and coworks with your institute, especially in the field of survey, economic trend analysis and business consulting. For more information on cooperation, please contact us.

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 Hyundai Research Institute

