

# 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  
the advancement of Korean Economy  
in the 21st century by proposing  
creative policy alternatives.

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## < Executive Summary >

### I . Recent Economic Trends

The economic recovery of the US and Eurozone is ongoing. It is far from clear whether Japan's recovery trend to date will be sustained. China's economy continues to decelerate. In terms of Korea, domestic economy suffered a setback in both production and consumption. Exports continued to improve and prices marginally rose.

### II . Economic Issues Facing Korea

#### 『Analyses of Factors for Low Consumer Spending and its Economic Ripple Effect』

The growth rate of domestic private consumption continues to fall short of the GDP growth rate. When private consumption declines and domestic demand remains weak, it is feared that the chance of job creation will be lost and domestic economic recovery would be further delayed with falling household and disposable income and declining average propensity to consume.

#### 『Current Situation of Korean MICE Industry's Competitive Edge』

Korea's tourism deficit is persistent as tourism expenditure increases faster than tourism income since 2000s. There are several causes for the continuing tourism income deficit: Koreans' growing demand for travelling overseas and foreign tourists visiting Korea focusing on low-cost sightseeing activities. Therefore, interest is rising in a higher value-added tourism industry such as MICE: Meeting, Incentive travel, Convention, and Exhibition, which is a growing industry both home and abroad.

### III . The North Korean Issues

In early 2014, the summits of the two Koreas touched upon the improvement of inter-Korean relations, and the subsequent reunion of separated families. High-level talks between both Korean officials escalated expectation for improving inter-Korean relations. Nevertheless, pending issues such as lifting the 5.24 sanction and resumption of the suspended Mt. Geumgang tours are still unresolved. HRI therefore conducted a survey to find a way for the restoration of trust between the two Koreas and to identify solutions for other pending issues including resumption of the suspended Mt. Geumgang tours. 88 experts were canvassed on unification, diplomacy, and defense issues from February 16th to March 4th, 2014.

## **I . Recent Economic Trends**

### **1. Recent Global & Domestic Economic Trends**

#### **Major Foreign Economies**

*The economic recovery of the US and Eurozone is ongoing. It is far from clear whether Japan's recovery trend to date will be sustained. China's economy continues to decelerate.*

US industrial production and retail sales showed a month-on-month increase of 0.6% and 0.3% respectively in February. The manufacturing industry's PMI accounted for 53.7p in March, a month-on-month rise of 0.5%. The Conference Board consumer confidence index marked 82.2p in March, a sharp rise from 78.3p in February. Order volume for durable goods bounced back to a month-on-month rise of 2.2% in February after recording a month-on-month fall of 1.3% in January. The sale of new-build homes, however, recorded 440,000 units in February, a month-on-month fall of 3.3%, reflecting a recently slowing housing market.

The economic recovery of Eurozone is slow. Industrial production showed a month-on-month fall of 0.1% in January while retail sales marked a month-on-month rise of 1.6%. Composite PMI accounted for 53.0p in March, a month-on-month drop of 0.2p, but continues its upward trend. The composite PMI in the first quarter of 2014, in particular, marked 53.4p, the highest since the second quarter of 2011. Unemployment rate stayed at 11.9% in February, showing little change for the fifth consecutive month, except in the fourth quarter of 2013 when employment increased by 0.1%, a sign of slow recovery in employment market.

Japan showed a fast economic recovery up until earlier this year, but economic downside pressure is growing due to the consumption tax rise. Industrial production and retail sales recorded a month-on-month increase of 3.8% and 1.6% respectively in January. Manufacturers' PMI showed 53.9p in March, the lowest since October 2013. Japan's trade deficit persisted due to the rising energy imports following the closure of nuclear power plants. The increase of consumption tax from 5% to 8% starting from April 1st may hinder its domestic economic recovery in the short term.

### < Economic Indices of Major Countries >

(%)

(p, yen, euro, yuan)

Economic Sectors		2012	2013		2014		Economic Sectors	2012	2013	2014			
		Annual	Annual	Dec	Jan	Feb		Annual	Annual	Feb	Mar	Apr	
US	Industrial Production	3.6	2.6	0.0	-0.2	0.6	Stock index	DJIA	13,104	16,577	16,322	16,458	16,533
	Retail Sales	5.3	4.3	-0.3	-0.6	0.3		DAX	7,612	9,552	9,692	9,604	9,556
EU	Industrial Production	-2.5	-0.7	-0.4	-0.1	-		NIKEI	10,395	16,291	14,841	14,828	14,792
	Retail Sales	-1.7	-0.8	-1.3	1.6	-		SSE	2,269	2,098	2,056	2,033	2,047
Japan	Industrial Production	0.6	-0.8	0.9	3.8	-	Rate of Exchange	EUR/USD	1.3222	1.3799	1.3708	1.3748	1.3774
	Retail Sales	1.8	1.0	-0.6	1.6	-		YEN/USD	85.86	105.04	102.19	102.90	103.22
China	Industrial Production	10.0	9.7	9.7	-	8.6		CNY/USD	6.2317	6.0617	6.1284	6.2122	6.2172
	Retail Sales	14.3	13.1	13.6	-	11.8							

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

Note : US, EU, Japan QoQ, China YoY

## 2. Korean Economy

*Domestic economy suffered a setback in both production and consumption. Exports continued to improve and prices marginally rose.*

Production, consumption, and investment all dropped. Industrial production showed a month-on-month drop of 1.2% in February due to the weak

performance of mining and manufacturing industries and the service industry. Consumption marked a month-on-month fall of 3.2% due to the base effect of a sharp rise in the previous month and slow sales of food stuffs and non-durable goods. Facility investments and construction showed a marginal drop from the previous month while machinery and construction orders, a leading indicator of investments, maintained an increasing trend.

Exports recorded US\$49.8 billion in March, thanks to the good export performance to advanced countries, the second highest monthly performance ever and a year-on-year rise of 5.2% while imports accounted for US\$45.6 billion for the same period, a year-on-year increase of 3.6%, netting a trade surplus of US\$4.2 billion, a continuing surplus for the 26th consecutive month. Exports of IT products, passenger cars, and ships performed well, and region-wise, exports to the US, which suffered a temporary setback due to the abnormal cold wave, regained a double digit growth rate, whilst exports to the EU also continued a double digit growth rate for the 3rd consecutive month.

Total number of employees in February accounted for 24.819 million, a year-on-year rise of 835,000 due to the increased growth rate of wholesale, retail, hotel, restaurant, and manufacturing businesses, sustained increasing trend of regular employees, and the base effect of a year-on-year comparison. The unemployment rate in February was 3.5%, a year-on-year rise of 0.5%p. The number of the unemployed marked a year-on-year increase of 189,000 in February due to the seasonal factor of new graduates looking for work and a decreased number of economically inactive workers.

The consumer price in March showed a year-on-year rise of 1.3%, the highest rise since 1.5% recorded in August 2013. The growth rate of consumer price index, having risen from 0.9% in October to 1.2% in November 2013, has been following a downturn curved line -1.1% in December 2013, 1.1% in January, and 1.0% in February 2014. The growth rate of consumer price rose for the first time since November 2013. The sharp rise of inflation is attributable mainly to the fade away of the base effect created by the government subsidy for child-care and pre-school education.

## &lt; Korea Major Economic Indices &gt;

(p, %)

Economic Sectors		2011			2012					2013					2014	
		Annual	3/4	4/4	Annual	1/4	2/4	3/4	4/4	Annual	1/4	2/4	3/4	4/4	Feb	Mar
Domestic Market	Retail Sales	4.5	0.7	-0.5	2.3	1.1	0.2	1.4	-0.1	0.7	-1.0	0.9	0.8	0.4	-3.2	-
	Facility Investment Index	4.0	1.7	-3.6	-2.0	5.6	-6.2	-3.7	0.4	-5.0	-3.1	1.1	5.0	5.9	-0.3	-
	Construction	-6.4	-4.5	3.2	-5.8	-5.0	-1.7	1.9	1.7	10.5	3.5	6.3	-0.1	-0.7	-3.6	-
Foreign Trade	Export Growth Rate	19.0	21.4	9.0	-1.3	2.9	-1.7	-5.8	-0.4	2.2	0.4	0.7	2.7	4.8	1.5	5.2
Employment/ Prices	Unemployment Rate	3.4	3.1	2.9	3.2	3.8	3.3	3.0	2.8	3.1	3.6	3.1	3.0	2.8	4.5	-
	Consumer Price	4.0	4.3	4.0	2.2	3.0	2.4	1.6	1.7	1.3	1.6	1.2	1.4	1.1	1.0	1.3
Finance	KOSPI	-	1,770	1,826	-	2,014	1,854	1,996	1,997	-	2,005	1,863	1,997	2,011	1,980	1,986
	KRW/USD	-	1,178	1,152	-	1,133	1,145	1,111	1,071	-	1,111	1,142	1,075	1,067	1,068	1,065
	3yr Government Bond	-	3.55	3.34	-	3.55	3.30	2.79	2.82	-	2.52	2.88	2.82	2.86	2.85	2.87
	Corporate Bond (BBB-)	-	10.31	10.12	-	10.05	9.69	8.69	8.81	-	8.50	8.99	8.97	9.10	9.08	9.11

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



## II . Economic Issues Facing Korea

### 1. Analyses of Factors for Low Consumer Spending and its Economic Ripple Effect

#### *Low Private Consumption and Domestic Economy*

The growth rate of domestic private consumption continues to fall short of the GDP growth rate; the ratio of private consumption to GDP fell from 55.7% in 2003 to 50.6% in 2013, a drop of 5.1%p over the past 10 years. The level of contribution of private consumption to economic growth also continued to decline from the annual average 2.6%p in 2000-2005 to 1.7%p in 2005-2010, and to 1.1%p in 2011-2013. Considering that private consumption accounts for a large portion of national economy, the continuing low private consumption is a cause for concern over domestic economic recession.

#### *Analyses of Factors for Low Consumer Spending*

The weight of consumption was attributed by elements within the framework of national income<sup>1)</sup>. The private consumption to national income ratio can be divided into three elements: Household income ratio, Disposable income ratio, and Average propensity to consume.

$$\frac{\text{Household Consumption}}{\text{National Income}} = \frac{\text{Household Income}}{\text{National Income}} \times \frac{\text{Household Income Disposable}}{\text{Household Income}} \times \frac{\text{Household Consumption}}{\text{Household Income Disposable}}$$

1) GNI equals Net factor income from the rest of the world added to GDP, but the difference between GNI and GDP is insignificant. This study applied GNI instead of GDP for the purpose of identifying causes for low consumer spending within the framework of domestic consumption.

**(Decrease of Household Income Ratio)** The weight of household income in Gross National Income (GNI) is decreasing as the household income growth rate falls short of the GNI growth rate. Household income increased from US\$388.68 billion to US\$750.94 billion (based on USD/KRW exchange rate of 1 to 1,060) for the period 2000 to 2012, an average annual rise of 5.9%, which is lower than the GNI growth rate of 6.9%. The weight of household income in GNI dropped from 68.7% in 2000 to 62.3% in 2012. Particularly, the weight of wage income in household income increased while the weight of self-employment income decreased.

**(Decrease of Disposable Income Ratio)** The portion of disposable income out of household income is on the decrease as the growth rate of disposable income falls behind the household income growth rate. The average annual growth rate of household income for the period 2000 to 2013 is 6.9% whereas the same of disposable income, which is household income minus non-living expenditure, accounted for only 5.3%, reducing the weight of household disposable income out of total household income from 83% in 2000 to 81.1% in 2013. Among non-living expenditures, the growth rate of social insurance such as health insurance marked 10.4%, the highest of all, followed by 9.5% for pension contribution including national pension.

**(Falling Average Propensity to Consume)** The average propensity to consume of overall households is falling as the growth rate of household consumption expenditures falls short of the growth rate of household disposable income. Household disposable income increased by an average annual growth rate of 5.3% from 2000 to 2013 while the growth rate of household consumption expenditures rose by no more than 4.6% for the same period, decreasing the average propensity to consume, which shows the consumption expenditure to disposable income ratio, from 80.6% in 2000 to 73.4% in 2013. It is noticeable that the disposable income of high-income bracket earners with a low average propensity to consume rose while the same of low-income bracket earners with a high average propensity to consume was flat.

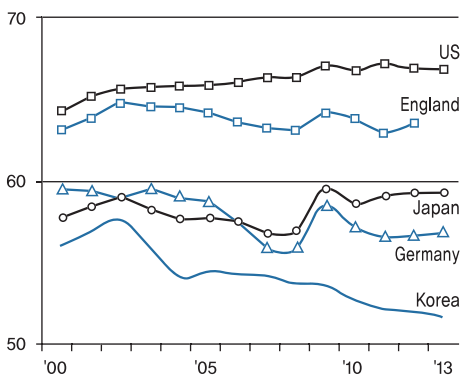
Low Private Consumption and Loss of Economic Opportunities

The loss of economic opportunities caused by low private consumption was estimated on the assumption that the annual consumption growth rate in each year following the credit card crisis(2004 to 2013), when private consumption started to decline in full scale, was identical to that of the annual GDP growth rates in each corresponding year.

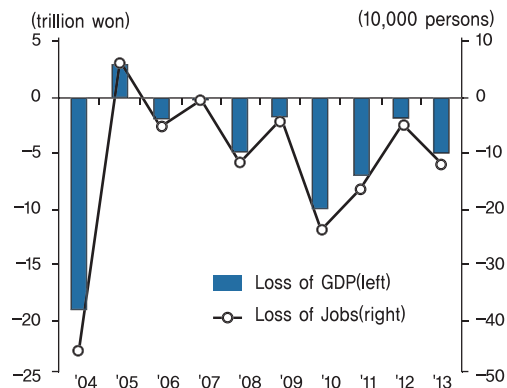
**(GDP Loss of Economic Opportunities, Private Consumption, and GDP)** On the assumption that each annual growth rate of consumption was the same as the GDP growth rate in each corresponding year from 2004 to 2013, the average annual loss of opportunities, private consumption, and GDP would be around US\$4.62 billion, and it is estimated that opportunities to raise GDP by 0.5% was lost.

**(Loss of Job Creation and Employment Rate)** Supposing the average annual growth rate of private consumption from 2004 to 2013 was identical to the GDP growth rate in each corresponding year, lost job opportunities accounted for 115,000, which is estimated to be equivalent to losing opportunity to raise employment rate by 0.3%. In other words, if the private consumption growth rate had kept up with the GDP growth rate for the last 10 years, it would have created an average of 115,000 jobs a year, pushing up the average annual employment rate by 0.3%p.

<Trends of Private Consumption to GDP Ratio of Major Economies>



<Loss of GDP and Jobs>



### *Policy Suggestion*

When private consumption declines and domestic demand remains weak, it is feared that the chance of job creation will be lost and domestic economic recovery would be further delayed with falling household and disposable income and declining average propensity to consume. Therefore we would recommend:

1. Various measures to enhance household income should be in place by creating jobs and by encouraging wage and corporate earnings grow at the same time through productivity improvement.
2. Measures should be introduced to ease the burden of interest payment due to the increased household debt, and burdens for pension and social insurance should be adjusted to a reasonable level suitable to different social classes.
3. Income environment for mid-income and low-income families with high average propensity to consume should be improved while encouraging expansion of domestic consumption spending by high-income earners with low average propensity to consume.
4. Average propensity to consumption should be enhanced by relieving anxiety over housing and life in old age and also by raising job security and consumer confidence of households.

## **2. Current Situation of Korean MICE Industry's Competitive Edge**

### *Need to Promote Higher Value-Added Tourism Industry.*

Korea's tourism deficit is persistent as tourism expenditure increases faster than tourism income since 2000s. There are several causes for the continuing tourism income deficit: Koreans' growing demand for travelling overseas and foreign tourists visiting Korea focusing on low-cost sightseeing activities.

Therefore, interest is rising in a higher value-added tourism industry such as MICE: Meeting, Incentive travel, Convention, and Exhibition, which is a growing industry both home and abroad.

### *Assessment of Competitiveness of Domestic MICE Industry*

Korea's MICE industry was assessed in four areas(Product, Price, Place, and Promotion) utilizing '4P' analysis framework, a marketing strategy analysis method, and then compared with those of 20 advanced countries.

In terms of size of exhibition, conference and hotel facilities, Korea's MICE industry appears to fall behind major competing countries. Korea's total exhibition area accounts for 280,000m<sup>2</sup> with the largest one having 104,000m<sup>2</sup> of exhibition and conference area, ranking 15<sup>th</sup> and 11<sup>th</sup> respectively out of 21 countries. In terms of size of hotel facilities, Korea has 0.6 rooms per 100 tourists, ranking at 19th place.

Price-wise, Korea's MICE industry was assessed to be competitive. One of the elements fixing costs for holding MICE events is rent. Korea's annual rent per square metre of office area accounts for US\$547, taking 6th place in the order of inexpensiveness. Korea's comparable price(PPP/basic exchange rate) marked 0.73, the 3<sup>rd</sup> lowest out of 21 countries. The cost of business travel per diem including charges for room, meals and others for participants of events held in Korea amounted to US\$411, ranking 12<sup>th</sup> lowest out of 21 countries.

In the area of air-traffic infrastructure and location attractiveness, Korea's MICE industry ranked 15th place; Korea's level of security 16th, economic standard 15th, and tourism attractiveness 11th out of 21countries.

The promotion activities of Korea's MICE industry is also weak. Korea's marketing effectiveness ranked in17th place with the government's total investment in tourism industry in 14th place and the investment in tourism industry to government budget ratio being ranked 16th. The comprehensive assessment of the competitiveness of Korea's MICE industry shows that Korea ranks 18th out of 21 countries with 30.8 points out of 100.

< MICE Competitive Edge Assessment >

	Composite				
	Competitiveness Index	Product Index	Price Index	Place Index	Promotion Index
USA	58.6( 1)	71.3( 1)	26.7(18)	70.2( 2)	66.0( 2)
Spain	52.0( 2)	22.9( 8)	70.2( 5)	59.2( 7)	55.8( 4)
Canada	48.7( 3)	9.1(11)	66.2( 6)	77.5( 1)	42.1( 7)
Germany	48.6( 4)	45.6( 3)	58.5(11)	60.1( 5)	30.1(14)
China	47.3( 5)	47.4( 2)	70.4( 4)	28.0(19)	43.2( 6)
Singapore	45.4( 6)	4.5(19)	44.1(13)	58.0( 8)	75.1( 1)
Austria	45.1( 7)	4.5(18)	71.7( 3)	49.3(11)	54.9( 5)
France	41.9( 8)	23.1( 7)	43.0(14)	61.9( 3)	39.4( 9)
Portugal	40.8( 9)	4.0(20)	88.9( 2)	34.2(17)	35.9(12)
Netherlands	37.6(10)	8.3(12)	59.6(10)	52.1(10)	30.5(13)
Swiss	37.3(11)	11.3(10)	19.7(20)	59.5( 6)	58.9( 3)
UK	36.7(12)	17.6( 9)	31.6(16)	55.8( 9)	41.7( 8)
Italy	36.4(13)	34.2( 5)	59.6( 9)	44.6(15)	7.0(21)
Belgium	33.7(14)	7.0(13)	65.3( 8)	40.1(16)	22.3(16)
Japan	33.5(15)	37.1( 4)	16.0(21)	44.6(14)	36.3(11)
Australia	32.7(16)	5.8(15)	25.0(19)	61.6( 4)	38.3(10)
Argentina	32.1(17)	6.8(14)	99.8( 1)	5.6(21)	16.0(18)
Korea	30.8(18)	5.3(16)	66.0( 7)	33.3(18)	18.7(17)
Brazil	28.0(19)	32.5( 6)	55.7(12)	11.9(20)	11.8(20)
Demark	26.9(20)	5.1(17)	42.4(15)	45.6(13)	14.3(19)
Sweden	25.3(21)	2.3(21)	27.8(17)	48.4(12)	22.7(15)

Data: Calculated by HRI based on various reference materials.

Note: 1) Each index's full mark is 100. Composite Competitiveness Index stands for the simple average of sectional indexes.

2) Figures in the brackets stands for the rankings out of 21 countries.

*Policy Suggestions*

To promote Korea's MICE industry as a means of developing tourism for higher value-added industry, government should:

1. Expand the MICE facilities to solve the shortage of facilities for conference, exhibition and accommodations.
2. Improve traffic infrastructure focusing on enhancing convenience.
3. Promote the whole nation's open-door policy to incoming foreign tourists.
4. Strengthen marketing activities to enhance the image of Korea.
5. Increase industrial support for MICE industry.

### III. North Korean Issues

#### **Expert Survey on Inter-Korean Relations: Actions Needed to Restore Trust**

##### *Summary of the Survey on Inter-Korean Relations Experts*

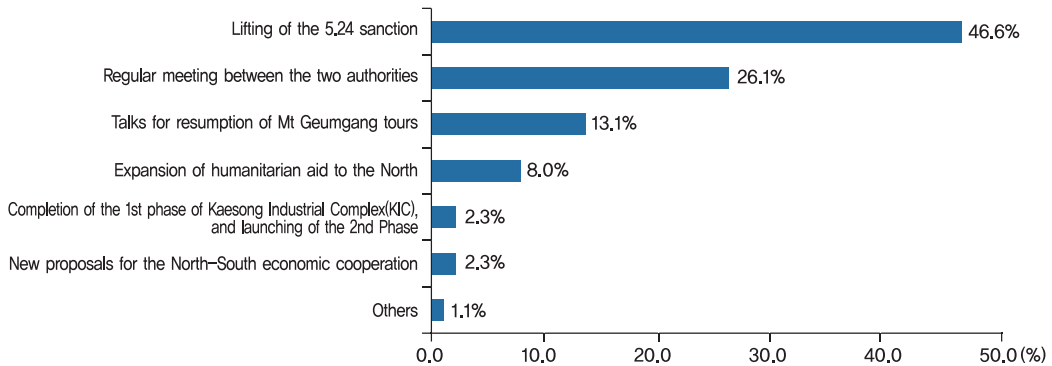
In early 2014, the summits of the two Koreas touched upon the improvement of inter-Korean relations, and the subsequent reunion of separated families. High-level talks between both Korean officials escalated expectation for improving inter-Korean relations.

Nevertheless, pending issues such as lifting the 5.24 sanction and resumption of the suspended Mt. Kumgang tours are still unresolved. HRI therefore conducted a survey to find a way for the restoration of trust between the two Koreas and to identify solutions for other pending issues including resumption of the suspended Mt. Geumgang tours. 88 experts were canvassed on unification, diplomacy, and defense issues from February 16th to March 4th, 2014.

##### *Restoration of Trust between the Two Koreas*

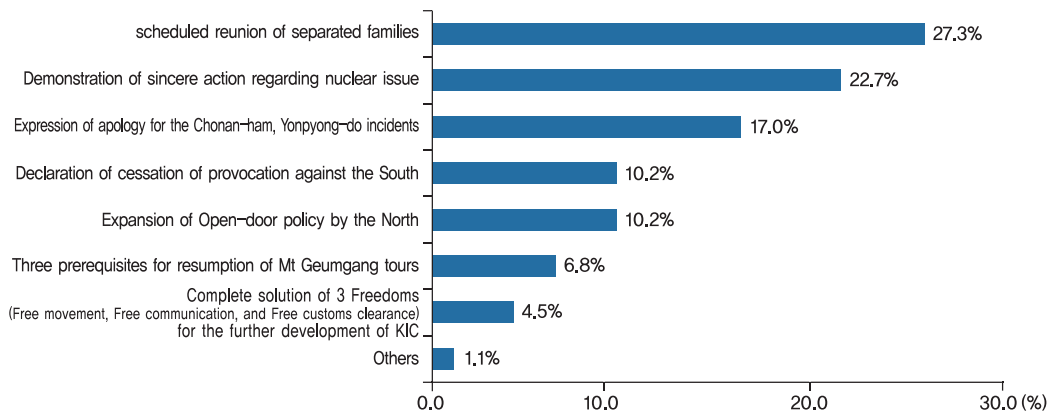
Experts responded that the top agenda for S. Korea to induce N. Korea to restore mutual trust is to focus on the resumption of the North and South economic cooperation by lifting ‘the 5. 24 sanction’(46.6%) followed by ‘talks for the resumption of Mt. Kumgang tourism’(13.6%).

<Top Agendas for S. Korea to Induce N. Korea to Restoration of Trust >



Respondents also suggested that ‘the top priority for N. Korea to establish trust between the two Koreas is to demonstrate its sincerity by accepting S. Korea’s proposal for regular reunions of separated families(27.3%).

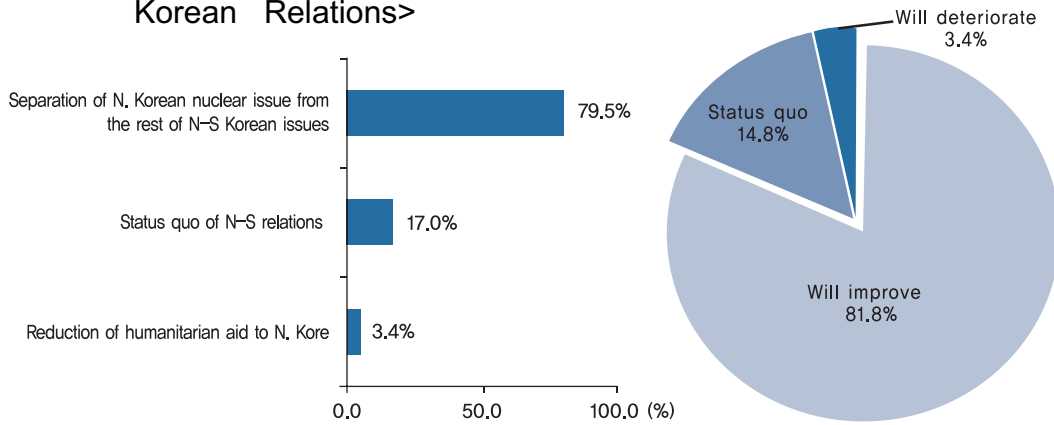
<Top Agendas for N. Korea to Induce S. Korea to Restoration of Trust>



Meanwhile, a majority of experts(79.5%) responded that the North-South issues should be dealt with independently from the N. Korean nuclear issue, and interactions and cooperation in non-political areas should be continued and expanded. Most respondents(81.8%) showed an optimistic view on the prospect of inter-Korean relations for 2014.



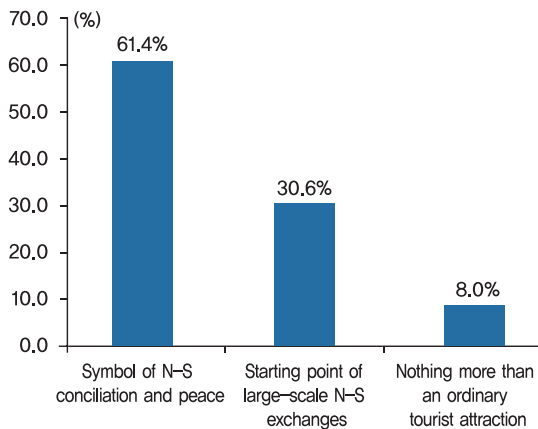
<N. Korean Nuclear Issue and N-S Korean Relations> <Forecast on N-S Relations for 2014>



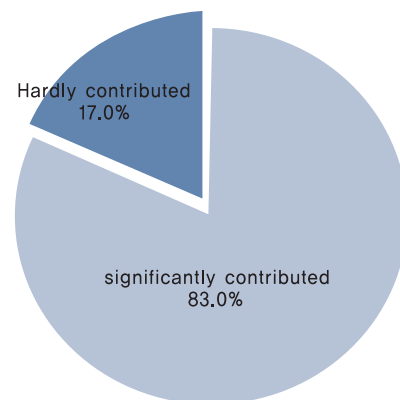
Significance of Mt Kumgang Tours

More than 9 out of 10 experts(92.0%) believe that the Mt Kumgang tour project symbolizes ‘reconciliation of the two Koreas and peace(61.4%)’ and ‘a starting point of exchange between North and South Korea(30.6%)’. Only 8% of respondents considered that the Mt Kumgang tourism project was nothing more than an ordinary tourist attraction, while 83.0% agreed that the Project would contribute to improving inter-Korean relations.

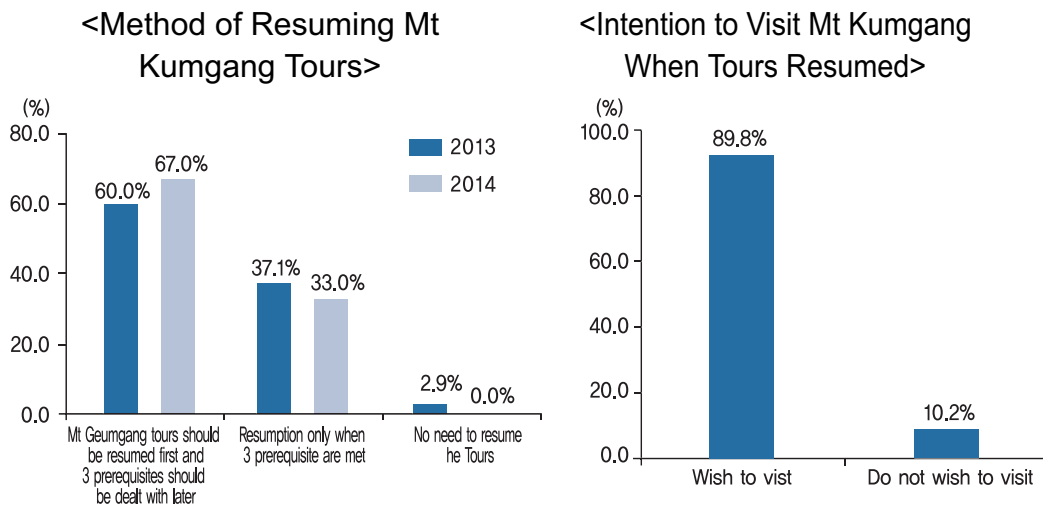
<Significance of Mt Kumgang Tourism>



<Contribution of Mt Kumgang Tourism to N-S Relations>



Meanwhile, a substantial number of experts(67.0%) replied that ‘Mt Kumgang tours should be resumed first’ and ‘3 prerequisites(a joint investigation of the shooting, a pledge from the North that such incidents will not recur, and a safety guarantee for tourists) should be dealt with later’, suggesting that the number of experts with the same view increased by 7%p compared with the survey result conducted in 2013. The number of respondents who desired to visit Mt Kumgang was much higher(89.8%) than those who did not(10.2%).



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**[Annex]**  
**Domestic and Global Economic Indices**

## [Annex] Domestic and Global Economic Indices

### □ Global Growth Rate

Category	2012					2013					2014
	Annual	1/4	2/4	3/4	4/4	Annual(E)	1/4	2/4	3/4	4/4	Annual(E)
US	2.8	3.7	1.2	2.8	0.1	1.9	1.1	2.5	4.1	3.2	2.8
Euro Region	-0.6	-0.1	-0.3	-0.1	-0.5	-0.4	-0.2	0.3	0.1	0.3	1.0
Japan	2.0	3.7	-1.7	-3.1	-0.2	1.7	4.8	3.9	1.1	1.0	1.7
China	7.7	8.1	7.6	7.4	7.9	7.7	7.7	7.5	7.8	7.7	7.5

Note : 1) IMF figures of January 2014 for 2013 and 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		2012	2013		Annual	2014(E)
			the first half	the second half		
National Account	Economic Growth rate (%)	2.3	2.4	3.5	3.0	3.8
	Private Consumption (%)	1.9	1.9	2.1	2.0	2.7
	Construction Investment (%)	-3.9	6.4	7.0	6.7	2.5
	Facility Investment (%)	0.1	-8.3	6.2	-1.5	6.7
Foreign Trade	Current Account (100 million Dollars)	508	313	486	799	490
	Exports (100 million Dollars)	5,479	2,765	2,832	5,596	6,067
	[Increase rate, %]	[-1.3]	[0.5]	[3.8]	[2.1]	[8.4]
	Imports (100 million Dollars)	5,196	2,565	2,591	5,156	5,697
[Increase rate, %]	[-0.9]	[-2.9]	[1.4]	[-0.8]	[10.5]	
Consumer Price (Average, %)		2.2	1.4	1.2	1.3	2.4
Unemployment rate (Average, %)		3.2	3.4	2.9	3.1	3.1

### □ 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	-
Amount of 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

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## 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 its 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 its 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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