

Republic of Korea Economic Bulletin

The Green Book: Current Economic Trends

Policy Issues

- ✓ *Korea's Policy Direction for Prevention of Tax Avoidance Using Tax Treaties*

Economic News Briefing

- ✓ *International Community Upbeat about Korean Economy Next Year*
- ✓ *FSC/FSS Plans to Improve Prompt Disclosure Requirements*
- ✓ *BIS Capital Adequacy Ratio Highest Ever*

Statistical Appendices

Republic of Korea

Economic Bulletin

December 2005

Contents

The Green Book: Current Economic Trends ----- 3

Overview

1. Global economy
2. Private consumption
3. Facility investment
4. Construction investment
5. Exports and imports (customs clearance basis)
6. Industrial activity
7. Service sector activity
8. Employment
9. Financial markets
 - 9.1 Stock market
 - 9.2 Exchange rate
 - 9.3 Bond market
 - 9.4 Money supply & money market
10. Balance of payments
11. Prices and international commodity prices
 - 11.1 Prices
 - 11.2 International oil and commodity prices
12. Real estate market
 - 12.1 Housing market
 - 12.2 Land market

Policy Issues ----- 38

**Korea's Policy Direction for Prevention of
Tax Avoidance Using Tax Treaties**

Economic News Briefing ----- 43

Statistical Appendices ----- 47

The Green Book

- Current Economic Trends -

Overview

With continuing export growth, the Korean economy has been on a recovery track as domestic demand driven by private consumption is gaining pace. Private consumption is taking hold, with the progress in household debt restructuring and improving household incomes. However, investment is yet to see signs of recovery. Exports (*customs clearance basis*) stayed on a solid growth track, up 15.4 percent in the third quarter and 12.7 percent in the October-November period.

Proofs of economic recovery were also detected in production, with the growing manufacturing output and a continuing rebound in service activity. Employment, which had improved remarkably in the summer season, faltered in October with the growth of the newly employed stayed in the 200 thousand range following September. Prices remained low and stable with consumer prices in the 2 percent range and core inflation in the 1 percent range.

With the current recovery continuing, the Korean economy is projected to expand in the high 4 percent range in the fourth quarter, nearing its growth potential. However, a recovery in investment is still negligible and household incomes have not improved enough to support a solid rebound in private consumption due to continued difficulties the SMEs and self-employed small business owners are facing.

The government will push ahead with policy efforts in order to consolidate the recent economic recovery. For this, it will execute the revised supplementary budget as planned while closely monitoring domestic economic trends and external conditions.

1. Global economy

The global economy maintained solid growth despite oil price volatility. The US and China

stayed on the upward track while Japan and the eurozone posted moderate gains.

US

The US economy in the third quarter posted the highest growth of 4.3 percent (*preliminary, annualized*) since the first quarter of 2004, far surpassing the advance estimate of 3.8 percent (*annualized*) announced last month. The robust growth, despite high oil prices and hurricanes, relied on increases in consumption driven by rising sales of services and durable

goods, facility investment including industrial equipment investment, and government expenditures such as defense spending. Net exports' contribution to growth declined to -0.25 percentage point from 1.11 percentage points in the previous quarter due to a surge in imports to 2.1 percent from -0.3 percent in the previous quarter.

(Percentage change from previous quarter, annualized rate)

Q3 2005	GDP	Consumption	Investment	Net export		Government expenditure
				Export	Import	
Growth	4.3	4.2	5.8	0.8	2.1	3.2
Contribution to growth (%p)	4.3	2.97	0.96	-0.25		0.60

Meanwhile, the principal economic indicators in November showed signs of recovery, mainly driven by employment and industrial production.

New non-farm payroll employment

(m-o-m, thousand)

2,194 (2004) → 546 (Q1 2005) → 593 (Q2) → 663 (Q3) → 44 (Oct) → 215 (Nov)

Industrial production (m-o-m, %)

4.2 (2004) → 0.9 (Q1 2005) → 0.3 (Q2) → -1.5 (Sep) → 0.9 (Oct)

Retail sales (m-o-m, %)

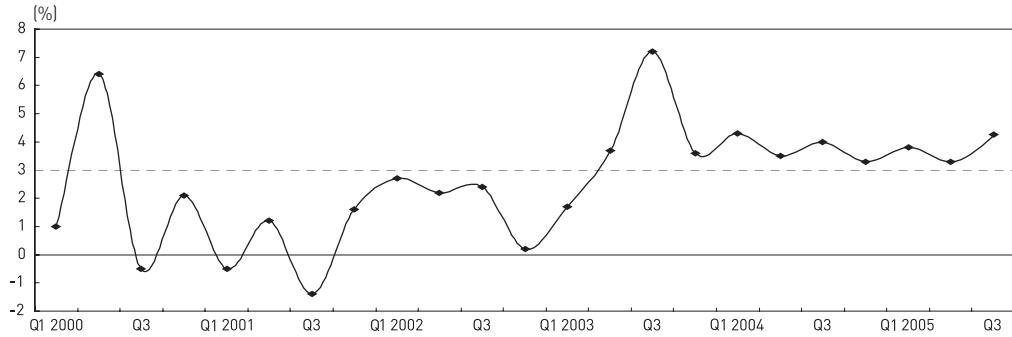
7.3 (2004) → 1.5 (Q1 2005) → 2.6 (Q2) → 0.3 (Sep) → -0.1 (Oct)

In the Minutes of the Federal Open Market Committee (FOMC) issued on November 22, the Committee participants expressed, for the first time since August 2004 when the federal funds rate rise started, a variety of perspectives about how the policy statement issued at the end of FOMC meetings might evolve over time. They agreed that several aspects of the statement language would have to be changed before long, particularly those related to the characterization of and outlook for policy.

• m-o-m: month-on-month • q-o-q: quarter-on-quarter

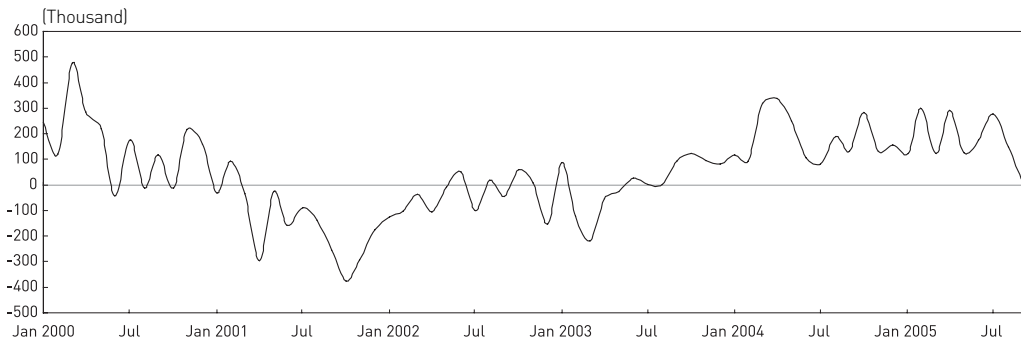
• y-o-y: year-on-year

Graph 1-1: US GDP (q-o-q, annualized rate)



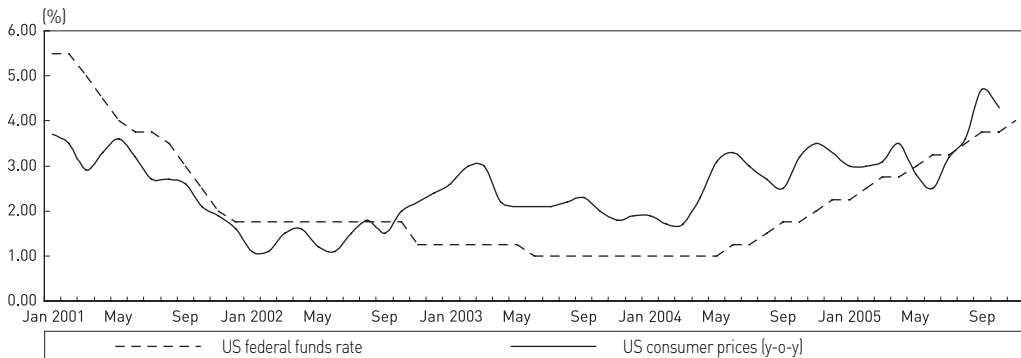
Source: US Department of Commerce

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



Source: US Department of Labor

Graph 1-3: US federal funds rate and consumer prices



Source: US Federal Reserve Board & Department of Labor

China

The Chinese economy posted a 9.4 percent growth in the third quarter while retail sales, industrial output and fixed asset investment recorded solid gains in October.

Growth rate (y-o-y, %)

9.5 (2004) → 9.4 (Q1 2005) → 9.5 (Q2) → 9.4 (Q3)

Retail sales (y-o-y, %)

13.3 (2004) → 13.7 (Q1 2005) → 12.6 (Q2) → 12.6 (Q3) → 12.8 (Oct)

Industrial production (y-o-y, %)

16.7 (2004) → 16.2 (Q1 2005) → 16.5 (Q2) → 16.2 (Q3) → 16.1 (Oct)

Fixed asset investment (accumulated, %)

27.6 (2004) → 25.3 (Q1 2005) → 27.1 (Q2) → 28.5 (Q3) → 27.6 (Oct)

The export growth rate in October rose slightly from September to 29.7 percent.

Exports (y-o-y, %)

35.4 (2004) → 34.9 (Q1 2005) → 30.9 (Q2) → 25.9 (Sep) → 29.7 (Oct)

The Chinese currency is fluctuating around 8.08 against the dollar. The G7 Finance Ministers' Meeting held in early December adopted a statement calling for additional flexibility in the yuan.

The US Treasury Department did not name China as a currency manipulator in its Semiannual Report to Congress on International Economic and Exchange Rate Policies in November.

Japan

Economic indicators suggested that economic recovery slowed its pace for two straight months to October. A worldwide downtrend in consumption caused by continuing higher oil prices dragged down various indicators in September. Also, retail sales and exports declined in October from the previous month.

Mining and manufacturing output (q-o-q, %)

5.5 (2004) → 1.7 (Q1 2005) → -0.4 (Q2) → -0.3 (Q3), 0.4 (Sep) → 0.6 (Oct)

Retail sales (q-o-q, %)

-0.6 (2004) → 0.0 (Q1 2005) → 3.2 (Q2) → 0.8 (Q3), 0.2 (Sep) → -0.3 (Oct)

Exports (y-o-y, %)

12.1 (2004) → 3.8 (Q1 2005) → 4.3 (Q2) → 7.4 (Q3), 8.8 (Sep) → 8.0 (Oct)

Eurozone

Signs of economic recovery in the eurozone were manifested in the major economic indicators in the third quarter. Industrial output maintained a strong momentum since June while retail sales rose 0.9 percent in August notwithstanding high oil prices.

Industrial output (m-o-m, %)

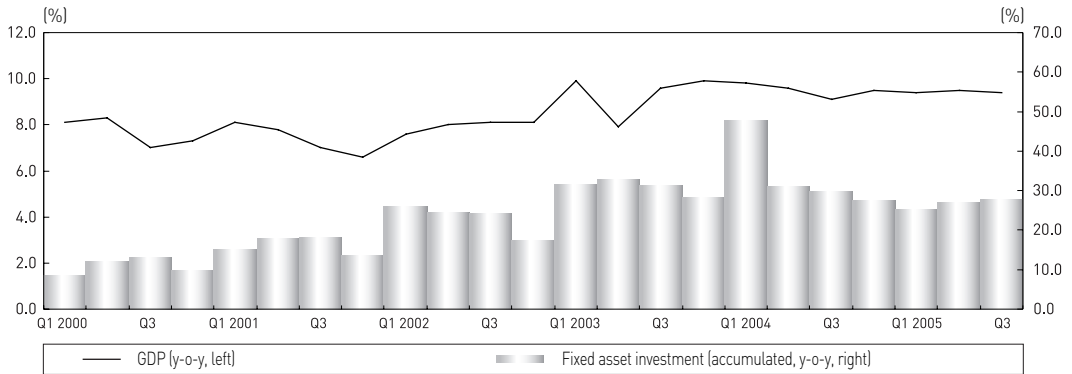
1.9 (2004) → 0.0 (Q1 2005) → 0.4 (Q2) → 0.6 (Jul) → 2.6 (Aug)

Retail sales (m-o-m, %)

0.7 (2004) → 0.7 (Q1 2005) → -0.3 (Q2) → -0.5 (Jul) → 0.9 (Aug)

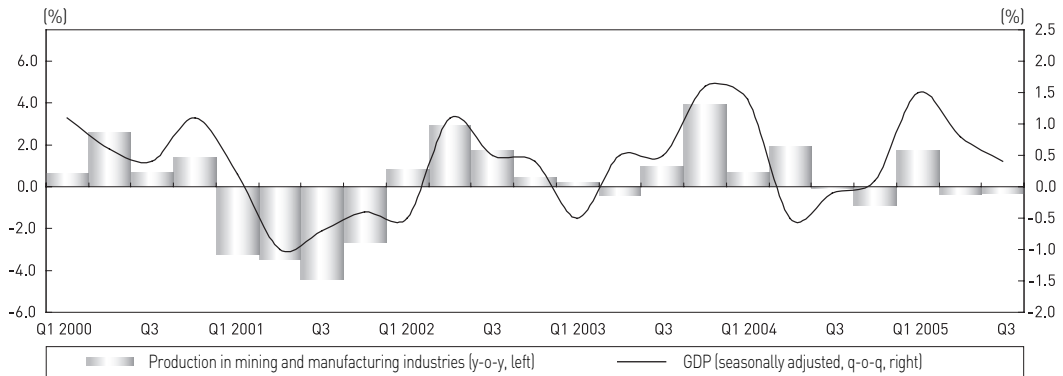
The European Central Bank lifted key interest rates by 25 basis points from the record low 2 percent to 2.25 percent on December 1.

Graph 1-4: China's GDP and fixed asset investment



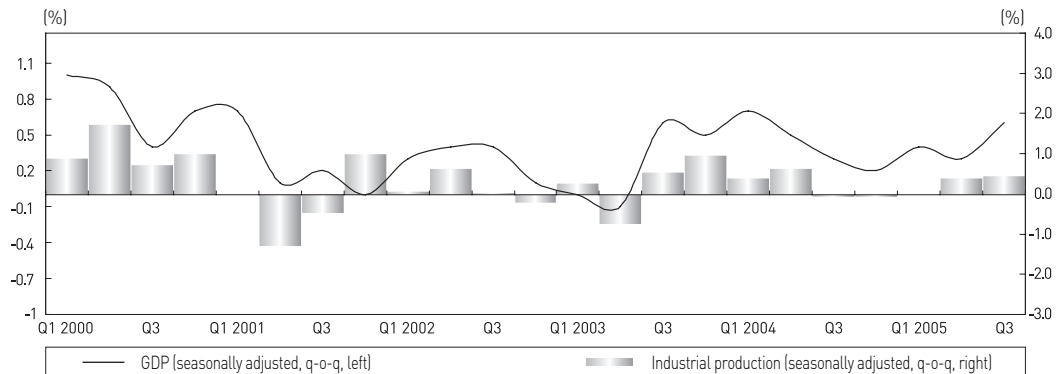
Source: National Bureau of Statistics of China

Graph 1-5: Japan's GDP growth



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

Graph 1-6: Eurozone GDP growth and industrial production



Source: Eurostat

2. Private consumption

Private consumption in the third quarter (*preliminary, national accounts*) expanded its growing momentum, staying in the 4 percent range with sales increases in durable goods and services.

Private consumption

(y-o-y, %): 0.6 (Q4 2004) → 1.4 (Q1 2005) →
2.8 (Q2) → 4.0 (Q3)

(SA*, q-o-q, %): 0.6 (Q4 2004) → 0.7 (Q1 2005) →
1.4 (Q2) → 1.2 (Q3)

* SA: seasonally adjusted

Consumption-related indexes, albeit sluggish due to labor disputes in the automobile industry in September, resumed their expansion in October. Consumer goods sales rose 3.4 percent with a recovery in auto sales and gains in the sales of vehicle fuels and other non-durable goods.

(Percentage change from same period in previous year)

	2004			2005					
	Sep	Oct	Q4	Q1	Q2	Q3 ¹	Aug	Sep ¹	Oct ¹
Consumer goods sales	0.6	-1.3	0.2	1.2	3.2	3.8	6.1	1.1	3.4
- Durable goods ²	-4.3	-2.1	2.5	2.5	6.4	6.5	10.1	-0.8	0.9
- Automobiles	3.3	-0.7	8.4	-2.5	4.8	15.9	24.8	-3.4	5.5
- Semi-durable goods ³	4.7	5.5	4.0	2.8	7.3	9.5	10.8	9.0	7.6
- Non-durable goods ⁴	1.1	-4.2	-2.9	-0.2	0.0	0.4	2.4	-1.3	2.5

1. Preliminary

2. Automobiles, electronic appliances, furniture, telecommunications devices, etc.

3. Clothing, footwear, etc.

4. Foods, medicine, cosmetics, fuel, tobaccos, etc.

Wholesale and retail sales continued growth thanks to accelerating automobile and fuel sales. Retail sales growth augmented.

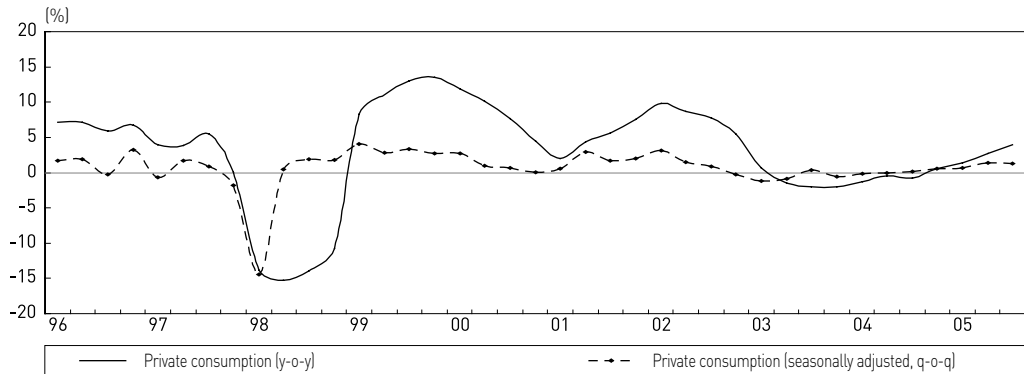
However, growth of wholesale sales slowed from September.

(Percentage change from same period in previous year)

	2004			2005					
	Sep	Oct	Q4	Q1	Q2	Q3 ¹	Aug	Sep ¹	Oct ¹
Wholesale & retail sales	-0.8	-2.5	-1.4	-1.0	2.6	3.6	5.1	2.8	1.8
- Wholesale	-0.9	-2.1	-1.1	-2.0	2.8	4.0	4.7	5.1	1.1
- Retail	-1.6	-1.4	-1.6	1.2	2.4	2.6	3.8	2.1	2.3
- Vehicles & fuel	1.7	-5.8	-0.9	-2.6	2.0	4.2	9.2	-4.6	3.5

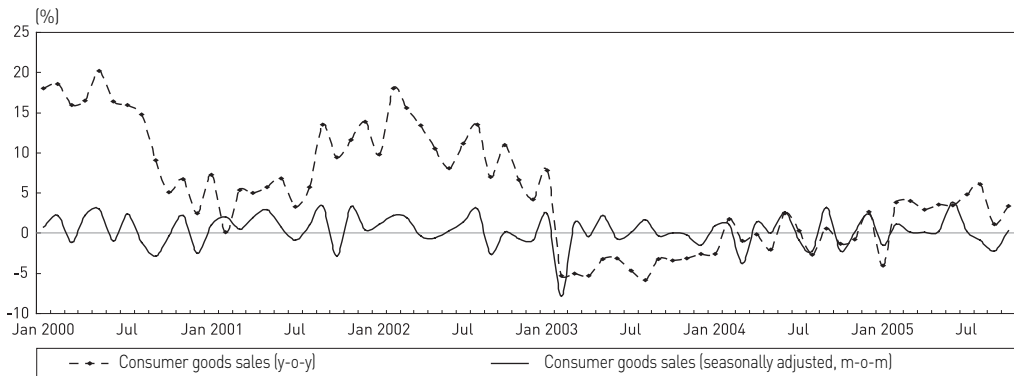
1. Preliminary

Graph 2-1: Private consumption



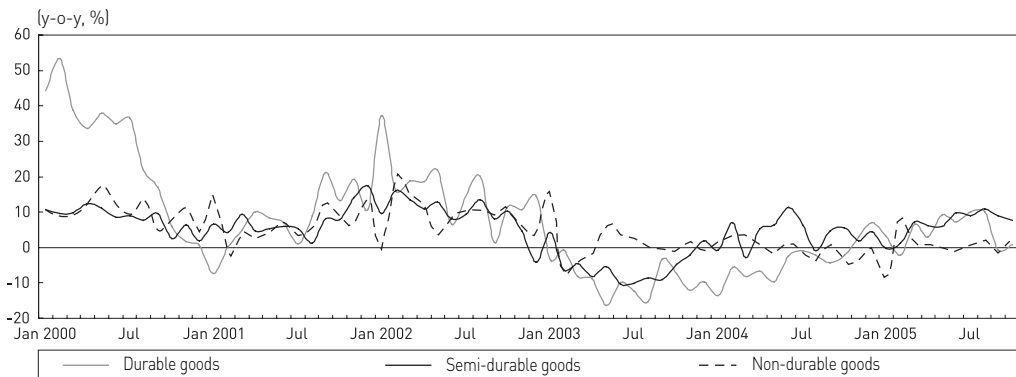
Source: The Bank of Korea (national accounts)

Graph 2-2: Consumer goods sales



Source: Korea National Statistical Office (industrial activity trend)

Graph 2-3: Consumer goods sales by type



Source: Korea National Statistical Office (industrial activity trend)

Consumer spending is projected to consistently accelerate in November given favorable trends in preliminary consumption indicators including retail sales and credit card use, along with improved consumer confidence. Sales growth in both department and discount stores stayed on the gaining side, while credit card use expanded continuously.

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

4.3 (Jul 2005) → 7.0 (Aug) → 8.7 (Sep) → 5.9 (Oct) → around 6 (Nov)

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

5.3 (Jul 2005) → 2.8 (Aug) → 3.0 (Sep) → 7.4 (Oct) → around 5 (Nov)

Source: Ministry of Commerce, Industry and Energy
Ministry of Finance and Economy (Nov 2005)

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

13.6 (Q1 2005) → 18.0 (Q2) → 16.5 (Q3),
17.8 (Sep) → 19.1 (Oct) → 18.3 (Nov)

Source: Credit Finance Association

Sales of domestically manufactured automobiles expanded at a faster pace with new models being introduced in the market.

Home-manufactured automobile sales

(thousand units): 94 (Nov 2004), 90 (Aug 2005) → 82 (Sep) → 97 (Oct) → 110 (Nov)
(y-o-y, %): -4.3 (Nov 2004), 7.6 (Aug 2005) → -9.0 (Sep) → 1.9 (Oct) → 16.5 (Nov)

Household consumer confidence had improved for two consecutive months since September.

Consumer expectations index (base=100)

102.2 (Mar 2005) → 95.2 (Jul) → 94.8 (Aug) → 96.7 (Sep) → 97.5 (Oct)

Consumer present situation index (base=100)

89.6 (Mar 2005) → 78.9 (Jul) → 78.3 (Aug) → 81.2 (Sep) → 83.4 (Oct)

Source: Korea National Statistical Office

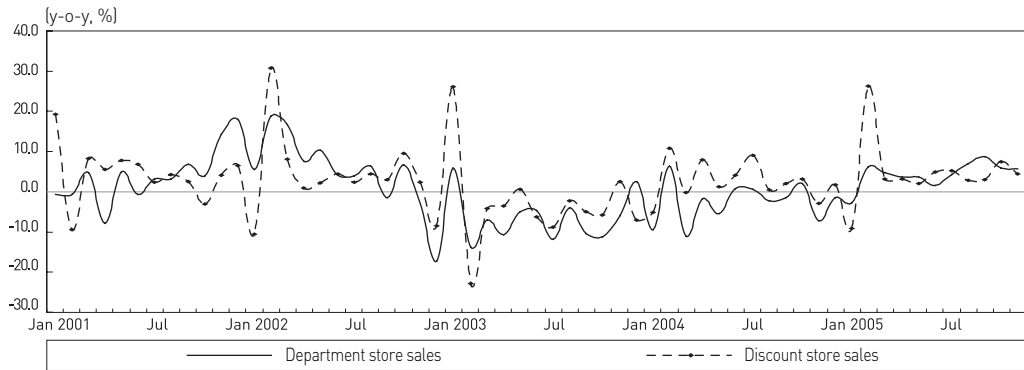
Private consumption is forecast to stay on the recovery side given the progress in household debt restructuring and improving employment. However, meager improvement in income conditions such as slowing growth in Gross National Income (GNI) from aggravating terms of trade may serve as a constraining factor in the private consumption rebound.

< Income and employment related indexes >

[Growth rate, %]

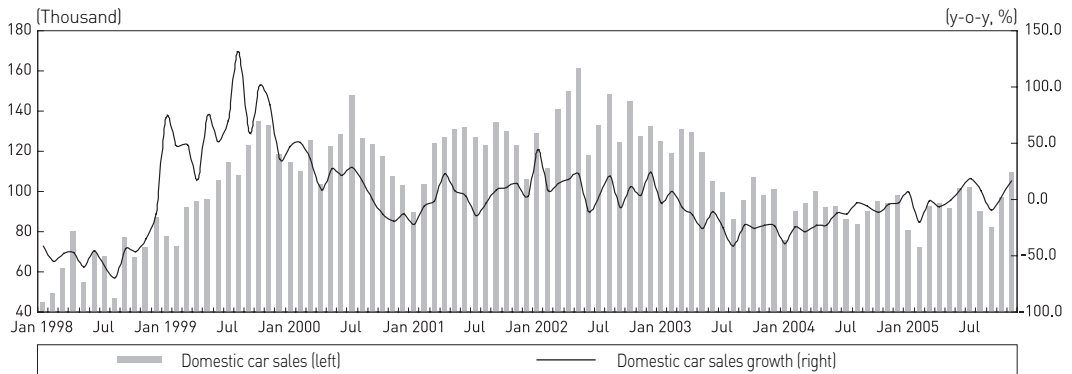
	2001	2002	2003	2004	2005		
					Q1	Q2	Q3
Real GNI	2.8	7.0	1.9	3.8	0.5	0.0	0.1
Real household income (urban employees)	5.6	3.6	1.7	2.2	1.9	1.6	0.6
Changes in number of employed (y-o-y, thousand)	416	597	-30	418	142	382	379

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



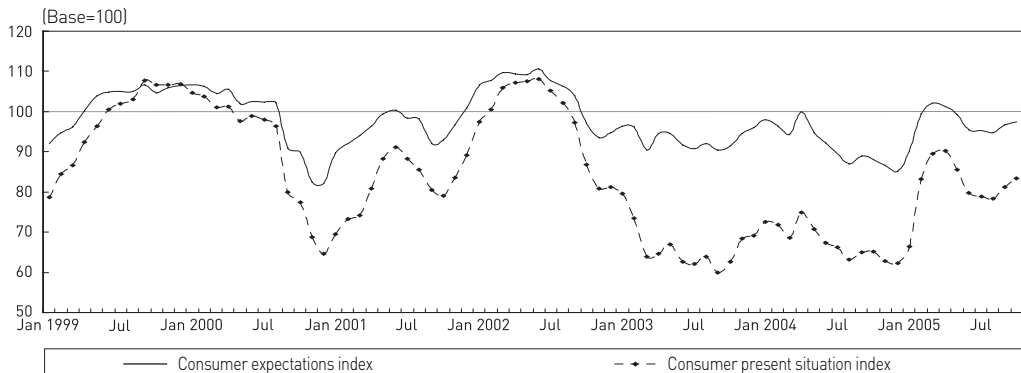
Source: Ministry of Commerce, Industry and Energy (monthly retail sales)

Graph 2-5: Domestic automobile sales



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

Graph 2-6: Consumer expectations index and present situation index



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

3. Facility investment

Estimated facility investment index (*current value*) in October rebounded, albeit slightly, in three months with a rise in machinery investment and a smaller decrease in transportation equipment investment. Machinery investment rose 2.7 percent from

October last year with growing investments in electronic and electric goods and computers. Transportation equipment investment eased the pace of slide to improve from -11.2 percent in September to -2.3 percent in October.

(Percentage change from same period in previous year)

	2004			2005					
	Sep	Oct	Q4	Q1	Q2	Q3'	Aug	Sep'	Oct'
Facility investment ²	-	-	2.5	3.1	2.9	4.2	-	-	-
Estimated facility investment index ³	1.5	-0.5	0.1	4.0	1.4	0.5	-0.7	-1.9	1.7
- Machinery	2.8	0.1	0.8	5.5	3.6	0.2	-5.4	0.0	2.7
- Transportation equipment	-0.8	-0.4	2.6	1.8	-8.5	5.9	27.2	-11.2	-2.3

1. Preliminary 2. National accounts 3. Industrial activity

Facility investment-related indicators were sluggish in October. Domestic shipments of machinery fell 3.9 percent from the previous year with decreases in telecommunications and

machinery equipment. The Business Survey Index for facility investment compiled by the Bank of Korea stayed at a similar level to that of the previous month.

(Percentage change from same period in previous year)

	2004				2005			
	Annual	Q2	Q3	Q4	Q1	Q2	Q3'	Oct'
Domestic machinery shipments	-1.3	-1.5	0.4	-0.9	-0.4	-1.4	2.2	-3.9
BSI ³ for facility investment	94	93	95	92	97	96	97	97 (Nov)

1. Preliminary 2. BSI [base 100] = (percentage of companies that gave a positive reply) - (percentage of companies that gave a negative reply) + 100

Of leading indicators, machinery imports showed positive signs, although domestic machinery orders edged up 0.9 percent, failing to overcome sluggishness since September.

Facility investment is expected to recover gradually with rebounding domestic demand. Nevertheless, substantial improvement may not be likely for some time given the sluggish trend in related indicators such as domestic machinery orders.

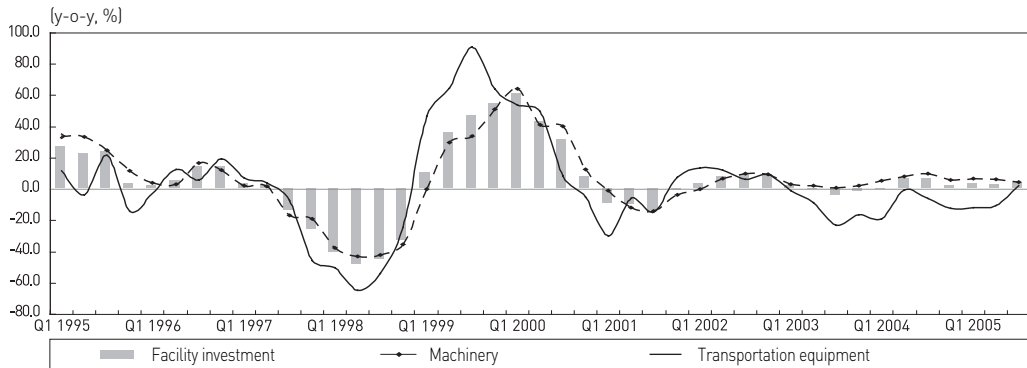
Domestic machinery orders (y-o-y, %)

25.4 (Jul 2005) → 18.4 (Aug) → -0.3 (Sep) → 0.9 (Oct)

Machinery imports (y-o-y, %)

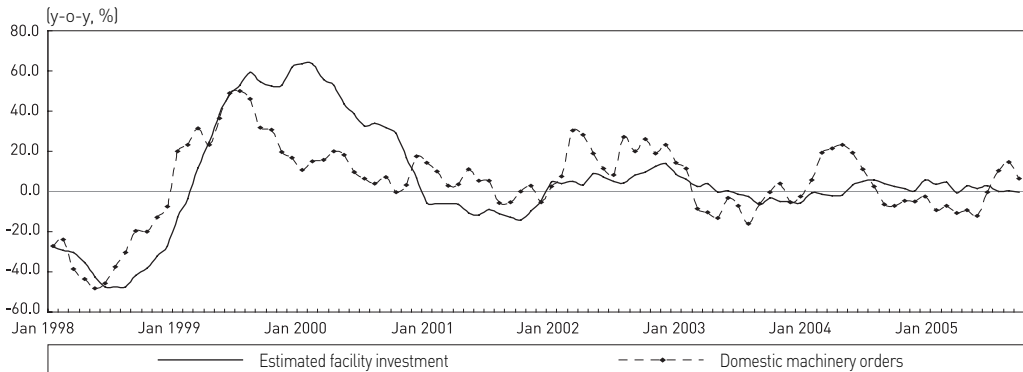
24.7 (Jul 2005) → 10.0 (Aug) → 13.5 (Sep) → -0.7 (Oct) → 30.4 (Nov 1-20)

Graph 3-1: Facility investment by type



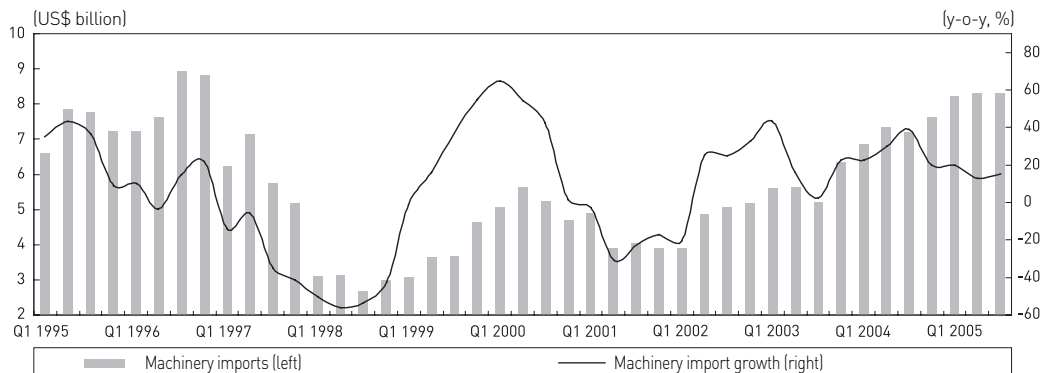
Source: The Bank of Korea (national accounts)

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



Source: Korea National Statistical Office (industrial activity trend)

Graph 3-3: Machinery imports



Source: Korea International Trade Association (KITA)

4. Construction investment

Construction completed (*current value*) in October grew mere 3.4 percent reflecting the recent sluggishness in the construction sector.

Construction project increased 4.6 percent from a year earlier, while civil engineering project was up 1.0 percent.

(Percentage change from same period in previous year)

	2004			2005					
	Sep	Oct	Q4	Q1	Q2	Q3 ¹	Aug	Sep ¹	Oct ¹
Construction investment ²	-	-	-3.4	-2.9	1.7	0.4	-	-	-
Construction completed ³	19.7	9.0	4.4	2.8	10.3	4.4	5.0	3.3	3.4
- Construction project	18.9	12.5	8.3	1.1	10.5	5.4	4.8	7.2	4.6
- Civil engineering project	21.3	2.7	-2.0	6.3	10.3	2.4	5.4	-3.6	1.0

1. Preliminary

2. National accounts

3. Industrial activity, current value basis

Overall, the performance of construction related indicators was weak in October.

Housing construction went down 46.9 percent to post a five-month losing streak.

Construction orders, a leading indicator, were down 34.8 percent from the same month last year reversing course to negative growth in eight months. A relative high base set in October last year also affected the negative growth.

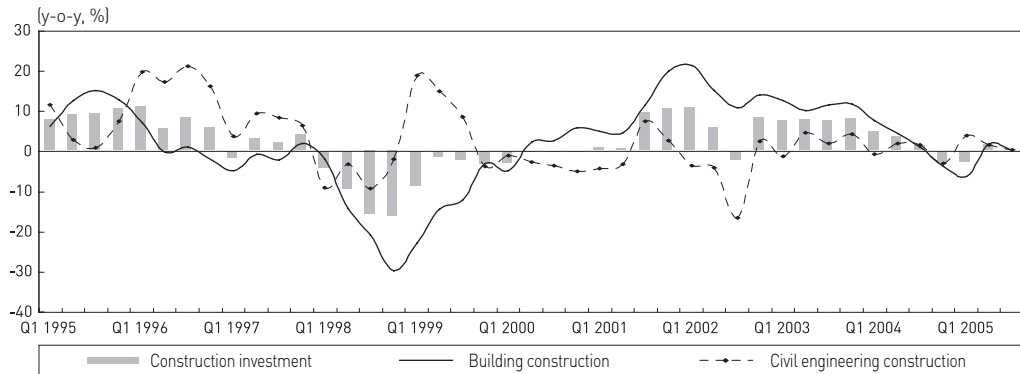
Building construction permits edged up 0.5 percent in October. However, most of the growth came from the non-housing construction such as educational and social building construction, which is not directly related with growth in the construction sector, while housing construction shrank 15 percent.

(Percentage change from same period in previous year)

	2004			2005			
	Q2	Q3	Q4	Q1	Q2	Q3	Oct
Construction orders	-23.8	-20.8	28.8	24.8	40.5	16.7	-34.8
Housing construction	-57.6	6.5	23.4	23.0	25.8	-26.6	-46.9
Building construction permits	-34.0	-15.0	14.7	0.6	-0.6	-6.0	0.5

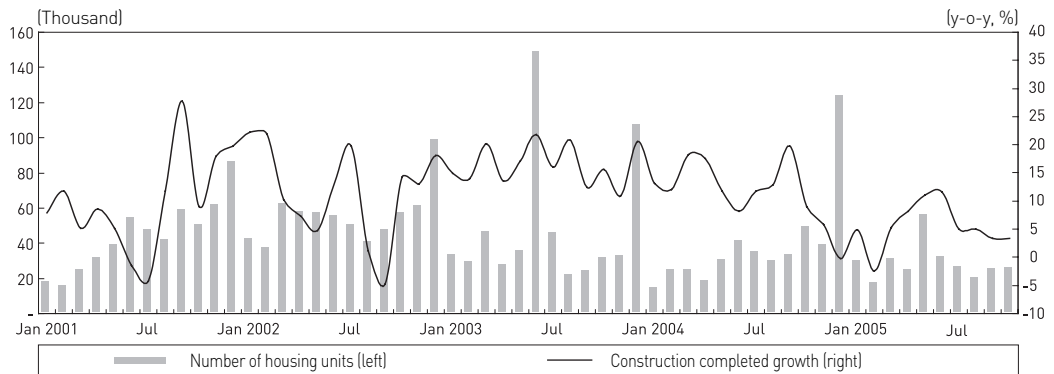
Although tracking changes in various indicators seems necessary, the construction business will likely remain sluggish for the time being given trends in leading indicators.

Graph 4-1: Construction investment



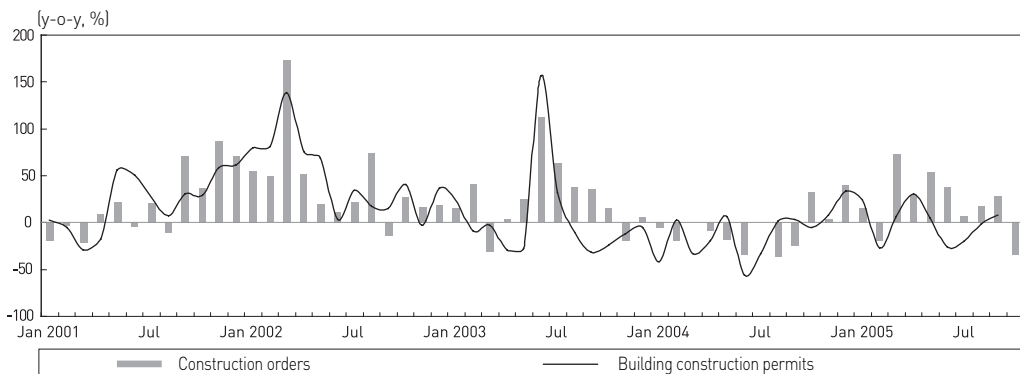
Source: The Bank of Korea (national accounts)

Graph 4-2: Construction completed and housing construction



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

Graph 4-3: Leading indicators of construction investment



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

5. Exports and imports (customs clearance basis)

Exports in November hit a record high of US\$26.07 billion posting a double-digit boost of 13.0 percent despite unfavorable external conditions such as high oil prices and a high

base set in November last year (*US\$23.08 billion*). Average daily exports recorded US\$1.09 billion.

	2005						
	Jun	Jul	Aug	Sep	Oct	Nov	Jan-Nov
Exports (US\$ billion)	23.72	23.24	23.35	24.53	25.50	26.07	259.22
(y-o-y, %)	(9.5)	(10.6)	(17.9)	(17.8)	(12.5)	(13.0)	(12.4)
Average daily exports (US\$ billion)	1.03	0.99	0.97	1.09	1.13	1.09	1.03

Estimated exports of petrochemicals (*up 62.4 percent*), automobiles (*up 6.7 percent*), general machinery (*up 38.0 percent*) and semiconductors (*up 6.7 percent*) showed strong growth, while computers (*down 8.4 percent*) and home appliances (*down 8.2 percent*) decreased.

growth overtook export growth, and average daily imports stayed in the US\$1 billion range for three consecutive months.

Imports in November also hit a record high of US\$23.94 billion, surging 17.9 percent. Import

The imports of raw materials sustained a double-digit growth with a 22.2 percent while imports of consumer and capital goods increased moderately recording gains of 8.2 percent and 5.5 percent respectively.

	2005						
	Jun	Jul	Aug	Sep	Oct	Nov	Jan-Nov
Imports (US\$ billion)	21.26	21.47	21.94	22.65	22.71	23.94	236.87
(y-o-y, %)	(14.6)	(16.7)	(21.0)	(24.5)	(11.3)	(17.9)	(16.4)
Average daily imports (US\$ billion)	0.92	0.91	0.91	1.01	1.01	1.00	0.94

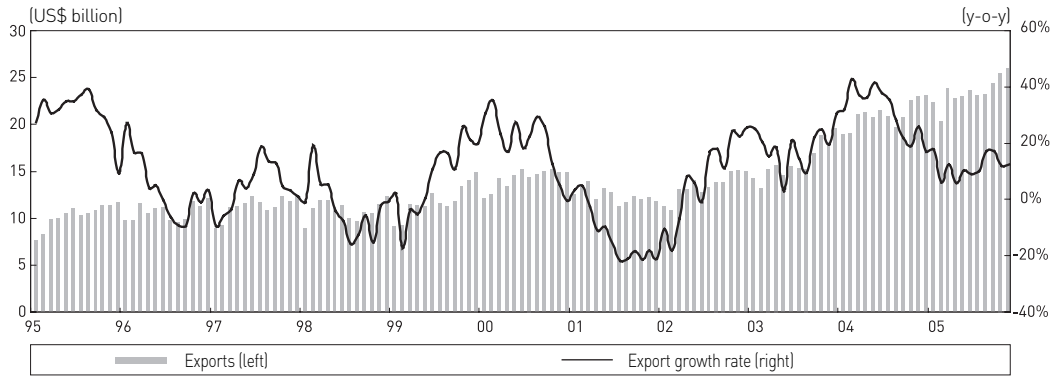
Trade balance surplus reduced in November to US\$2.13 billion from US\$2.79 billion in the previous month.

Trade balance (US\$ billion)

2.46 (Jun 2005) → 1.77 (Jul) → 1.41 (Aug) → 1.88 (Sep) → 2.79 (Oct) → 2.13 (Nov)

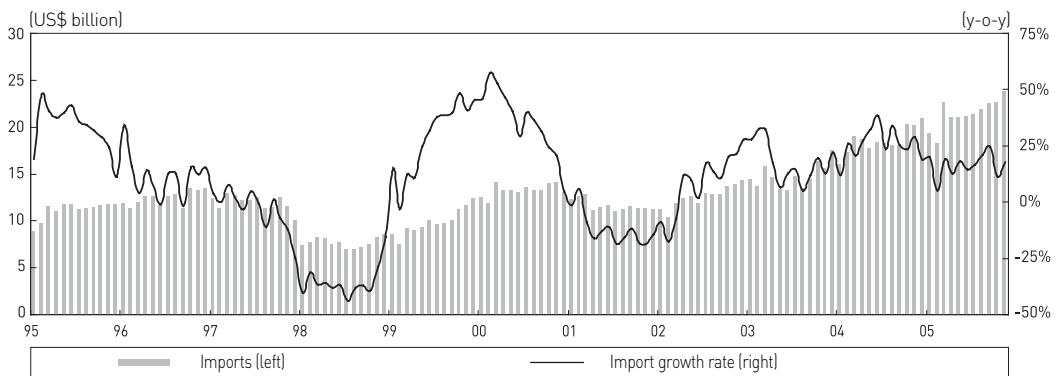
Exports are projected to continue to be robust in December although a slight ease in the growth pace is expected considering the same working days (*24.5 days*) as December 2004 and relatively high growth last year (*US\$23.20 billion in December 2004*).

Graph 5-1: Exports (customs clearance basis)



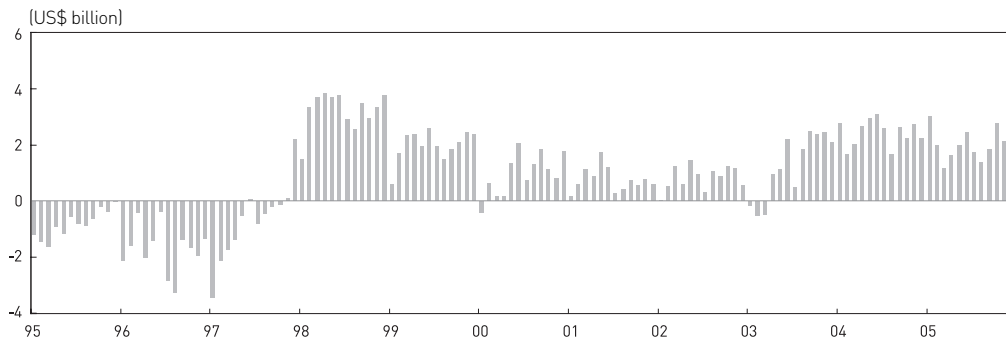
Source: Ministry of Commerce, Industry and Energy (export and import trend)

Graph 5-2: Imports (customs clearance basis)



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

Graph 5-3: Trade balance



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

6. Industrial activity

Industrial production accelerated in October despite fewer working days compared to the same month last year on healthy growth in semiconductor output and operation normalization in the automobile industry after the industrial action in September.

However, the increase in output, excluding semiconductors and audiovisual & telecommunications equipment, stood at a mere 0.3 percent, indicating that the economic recovery is not well balanced across all sectors.

Industrial production (y-o-y, %)

4.0 (Q2 2005) → 6.9 (Q3),

6.4 (Aug) → 7.3 (Sep) → 8.0 (Oct)

Industrial production except semiconductors and audiovisual & telecommunications equipment (y-o-y, %)

2.0 (Q2 2005) → 1.3 (Q3),

0.7 (Aug) → 0.2 (Sep) → 0.3 (Oct)

Output in semiconductors, audiovisual & telecommunications equipment and automobiles led the increase in industrial production climbing 36.7 percent, 12.0 percent and 6.1 percent respectively from a year earlier, whereas textiles and office accounting equipment including computers decreased 12.4 percent and 11.1 percent respectively.

The average manufacturing operation ratio stood at 79.3 percent in October, up 0.3 percentage point from the previous month. Total inventory growth remained at a similar level to that of the previous month.

(Percentage change from same period in previous year)

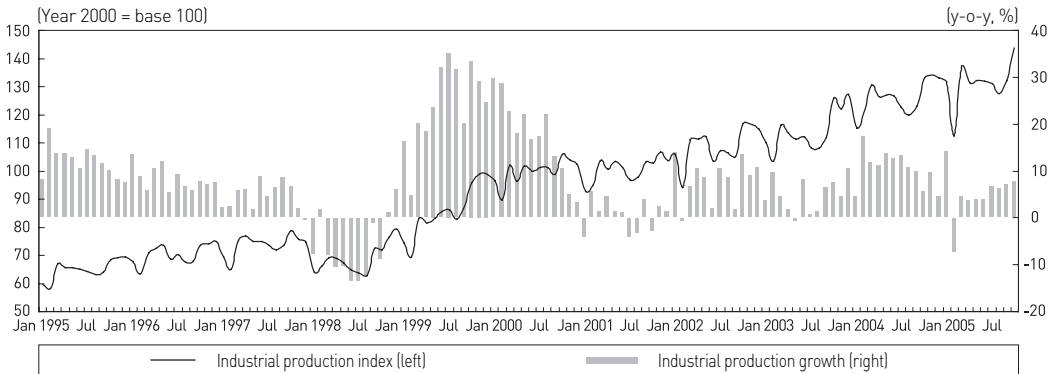
	2004			2005				
	Oct	Q4	Annual	Q2	Q3 ¹	Aug	Sep ¹	Oct ¹
Industrial production	5.8	6.7	10.4	4.0	6.9	6.4	7.3	8.0
- Semiconductors	27.4	22.5	41.0	13.0	27.2	26.6	31.9	36.7
- Audiovisual & telecommunications equipment	20.3	11.1	19.6	4.0	14.1	14.9	16.4	12.0
- Automobiles	0.8	12.6	13.3	15.4	2.9	-0.2	-11.1	6.1
(Seasonally adjusted ²)	0.6	2.1	-	0.5	3.2	-0.7	2.4	1.0
Average operation ratio	79.7	80.4	80.3	79.0	79.4	78.6	79.0	79.3
Total inventory growth	5.9	9.4	9.4	7.9	6.8	5.4	6.8	6.7

1. Preliminary

2. Percentage change from the previous period

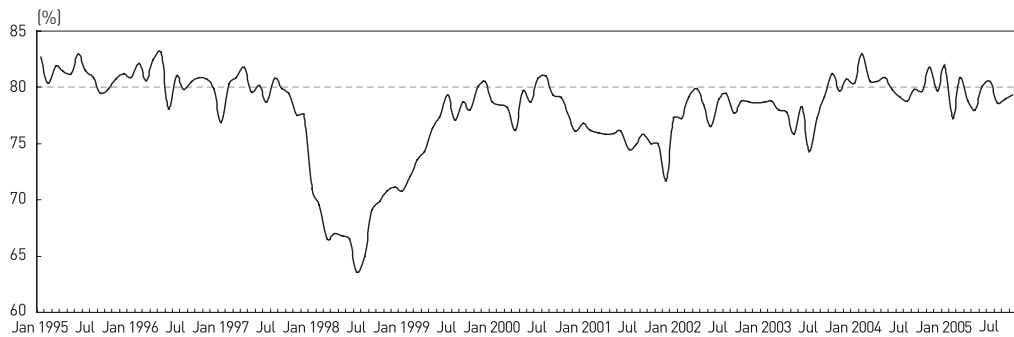
Industrial production is projected to continue its upward trend in November on robust exports and domestic demand on a recovery path.

Graph 6-1: Industrial production



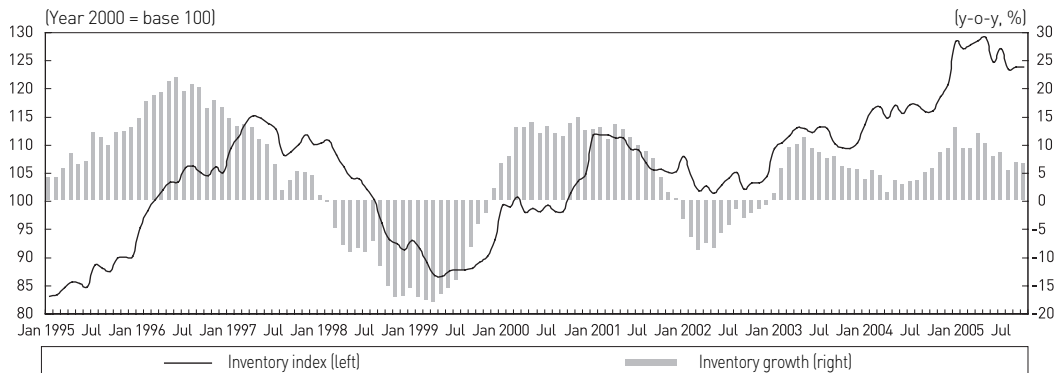
Source: Korea National Statistical Office (industrial activity trend)

Graph 6-2: Average manufacturing operation ratio



Source: Korea National Statistical Office (industrial activity trend)

Graph 6-3: Inventory



Source: Korea National Statistical Office (industrial activity trend)

7. Service sector activity

Service sector output maintained a recovery momentum with an increase of 4.7 percent from a year earlier and 0.2 percent from the previous month.

Service industry activity

(y-o-y, %): 0.7 (Q1 2005) → 2.4 (Q2) → 5.3 (Q3),
5.9 (Aug) → 5.5 (Sep) → 4.7 (Oct)

(SA*, change from previous period, %)
: 1.1 (Q1 2005) → 1.0 (Q2) → 2.1 (Q3),
1.2 (Aug) → -0.5 (Sep) → 0.2 (Oct)

* SA: seasonally adjusted

Output in overall service business categories expanded year-on-year in October with the exception of educational services. In particular, production in hotels & restaurants reflecting consumer confidence experienced accelerated growth in October after reversing course to positive territory in five months in September.

Most industries contributed evenly to the 4.7 percent growth in total services output with financial & insurance services (2.25 percentage points) leading the growth.

[Percentage change from same period in previous year]

	Weight	2004		2005						Contribution ²
		Oct	Annual	Q1	Q2	Q3 ¹	Aug	Sep ¹	Oct ¹	
Service industry activity	100.0	-0.8	0.6	0.7	2.4	5.3	5.9	5.5	4.7	4.7
Wholesale & retail	27.6	-2.6	-1.2	-1.4	2.0	2.8	4.2	2.2	1.2	0.33
Hotels & restaurants	7.7	1.3	-0.7	-1.3	-0.6	-0.1	-0.1	0.5	3.4	0.25
Transportation	8.8	2.0	6.2	3.1	3.4	4.7	4.5	5.0	5.2	0.48
Communication services	5.8	4.3	5.8	4.6	4.2	2.7	4.3	2.1	4.1	0.29
Financial & insurance services	17.6	-0.8	0.1	0.4	1.8	13.6	13.5	15.3	12.9	2.25
Real estate & renting	5.4	-8.0	-6.3	6.6	8.0	10.0	11.0	10.0	6.6	0.32
Business services	8.5	0.5	1.9	1.8	1.5	2.7	3.2	4.5	3.2	0.27
Educational services	8.6	1.0	1.6	-0.4	0.0	3.2	4.0	2.0	-1.2	-0.10
Healthcare & welfare services	4.0	2.4	5.0	1.6	7.0	8.1	7.5	9.7	7.8	0.29
Entertainment, cultural and sports services	3.5	-2.9	-3.3	-1.1	3.5	4.6	5.1	4.0	4.0	0.15
Other public & personal services	2.6	-3.6	-1.1	0.3	2.0	2.4	4.6	1.9	2.4	0.07

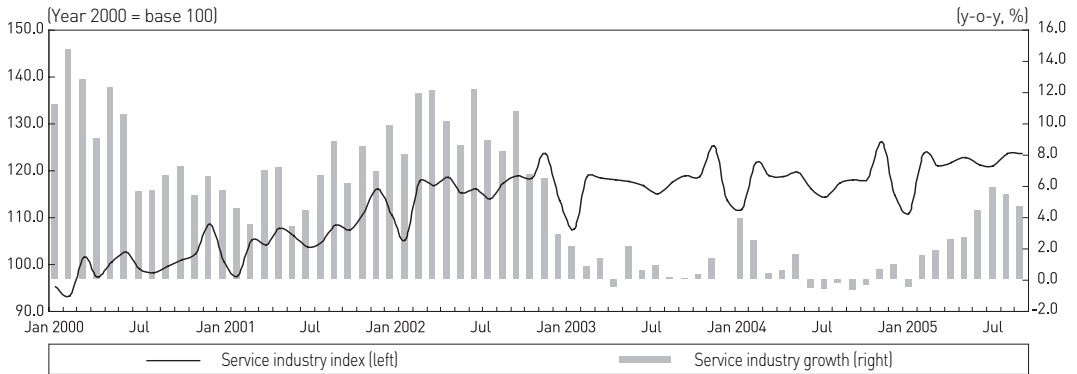
1. Preliminary

2. Contribution to October growth [%p]

Service sector output is expected to continue its upward trend given strong consumption indicators and better performances in tourism,

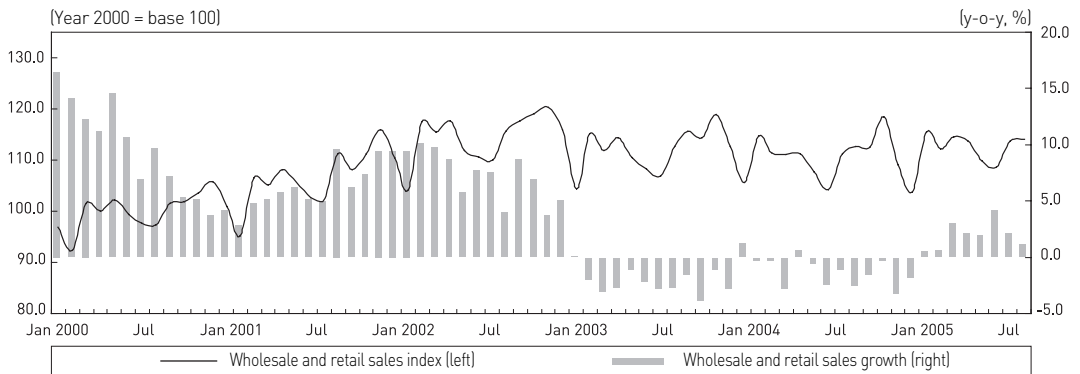
entertainment services and hotels with the 40-hour workweek and a relatively low base set a year ago.

Graph 7-1: Service industry



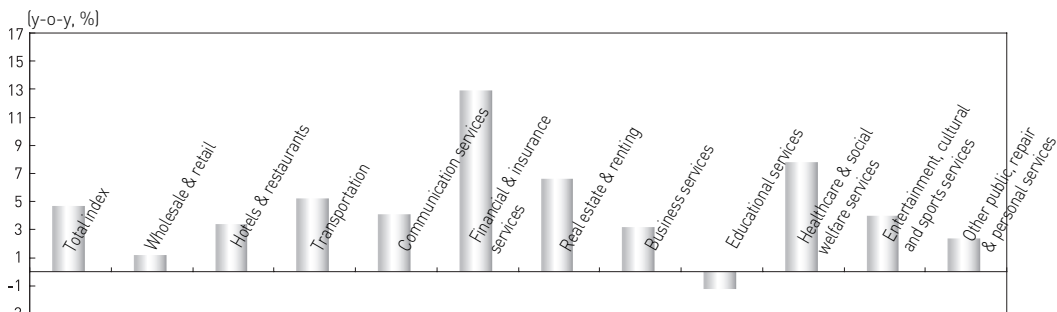
Source: Korea National Statistical Office (service industry activity trend)

Graph 7-2: Wholesale and retail sales



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

Graph 7-3: October 2005 service industry by business



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

8. Employment

Employment growth in October expanded from September. The number of workers on the payroll was up 284,000 in October after increasing 239,000 in the previous month, with monthly average growth being 299,000 in the first ten months of this year.

Employment in the manufacturing sector continued to fall (*down 81,000*) while that in the construction sector had decreased slightly (*down 11,000*) for two consecutive months affected by fiscal frontloading in the first half. Hiring in the agricultural, forestry and fisheries sector, which had a marked rise during the May-August period with fair weather conditions, returned to a long-term downward trend (*down 28,000*) in October after having reversed course to a decline in September.

The service sector increased employment by 404,000 fueled by the recovery in overall domestic demand. The sector played a leading role in job creation with employment in the overall sector continuing its healthy growth apart from wholesale & retail sales (*down 56,000*). In particular, hotels & restaurants, sensitive to trends in the domestic economy, reversed course to an increase (*up 28,000*) in October as seen in August.

The unemployment rate stood at 3.6 percent, up 0.2 percentage point from a year earlier, as the economically active population made a relatively big gain (*up 345,000*) in October. Part-time workers recruited for the 'Population and Housing Census' were classified as unemployed in case they did not get a job until the end of the census period (Nov 1-15), which raised the unemployment rate by around 0.1 percentage point.

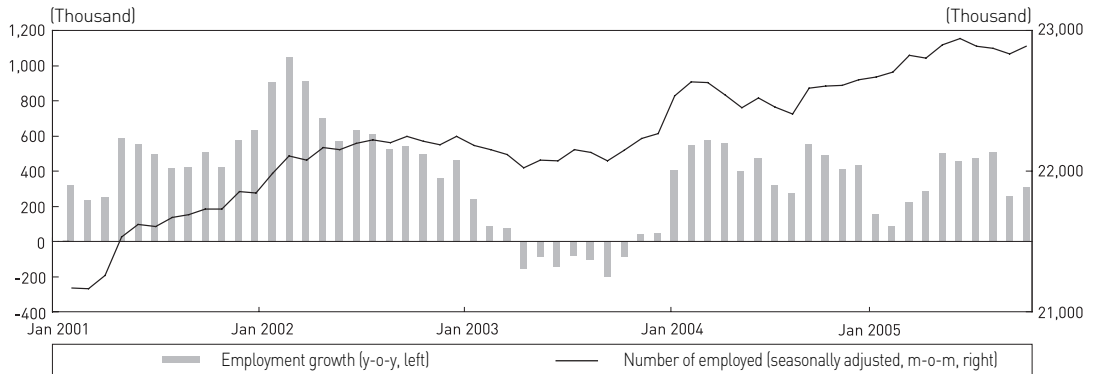
(Change from same period in previous year, thousand)

	2005									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Employment growth	142	80	205	262	460	424	434	465	239	284
- Agriculture, forestry and fisheries	-84	-94	-74	4	80	67	81	18	-2	-28
- Manufacturing	-2	-18	-35	-52	-38	-65	-79	-59	-96	-81
- Construction	-54	-96	-58	-17	50	66	84	69	-14	-11
- Services	284	290	371	323	364	352	345	435	350	404
Unemployment rate (%)	4.2	4.3	4.1	3.8	3.5	3.6	3.7	3.6	3.6	3.6

Employment growth slowed down since September compared to the surge in the May-August period. However, the average number of newly employed is expected to reach around

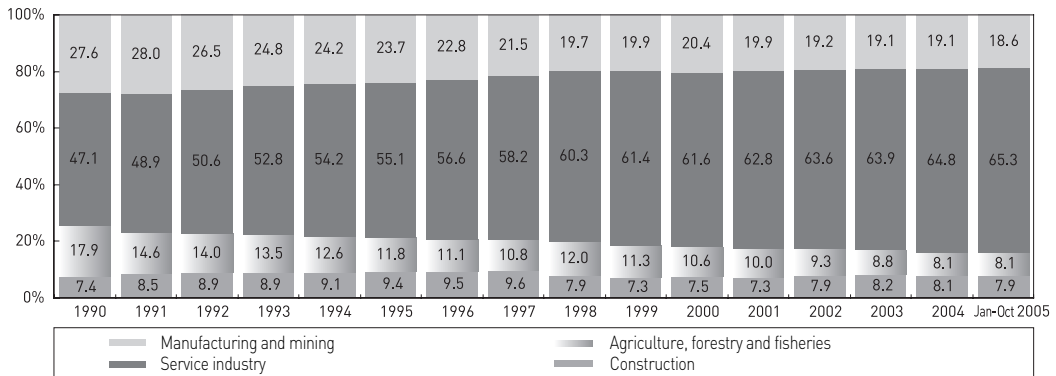
300,000 this year as employment growth is likely to stay at current levels in November and December given the rebounding domestic demand.

Graph 8-1: Number of employed and employment growth



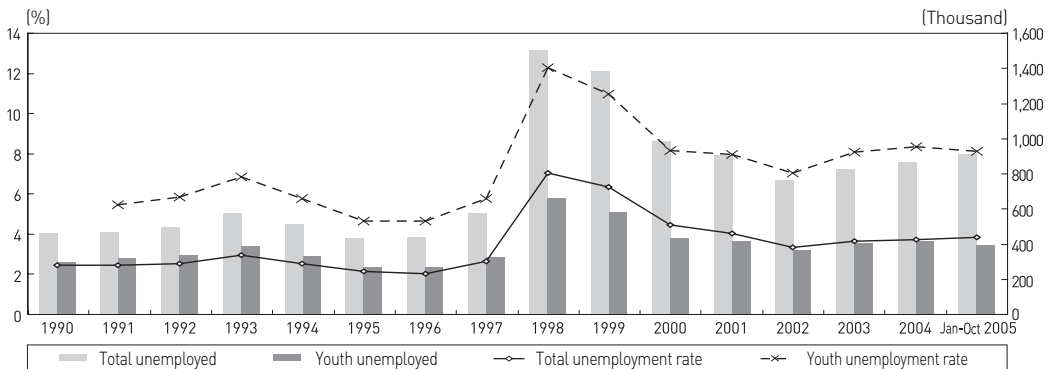
Source: Korea National Statistical Office (employment trend)

Graph 8-2: Share of employed by industry



Source: Korea National Statistical Office (employment trend)

Graph 8-3: Unemployment rate and number of unemployed



Source: Korea National Statistical Office (employment trend)

9. Financial markets

9.1 Stock market

The KOSPI gained 12.0 percent in November from the end of October to wrap up the month at a record high of 1,297.4 points. The KOSDAQ too was up 21.3 percent to 712.4 points steadily increasing throughout the month. This was attributed to a bullish run in global markets including the US on expectations of better performances in the IT industry. Investor sentiment improved on the back of expectations

on continued recovery in domestic demand and funds continued to flow into equity funds, which also boosted the stock market.

Net buying by foreign investors and institutional investors amounted to 41 billion won and 1,545.1 billion won respectively, while net selling by individual investors was 1,826.5 billion won.

(End-period, point, trillion won)

	KOSPI			KOSDAQ		
	2004	Nov 2005	Change ¹	2004	Nov 2005	Change ¹
Stock price index	895.9	1,297.4	+401.5 (44.8%)	380.3	712.4	+332.1 (87.3%)
Market capitalization	412.5	608.7	+196.2 (47.6%)	31.6	69.9	+38.3 (121.2%)
Average daily trade value	2.2	4.2	+2.0 (90.9%)	0.6	2.5	+1.9 (316.7%)

1. Change from the end of previous year

9.2 Exchange rate

After increasing slightly in early November, the won/dollar exchange rate declined since mid-November.

The exchange rate reached the 1,049 won range on November 7, as dollar supply subdued with an interest rate hike by the US Federal Reserve Board and with the closing of

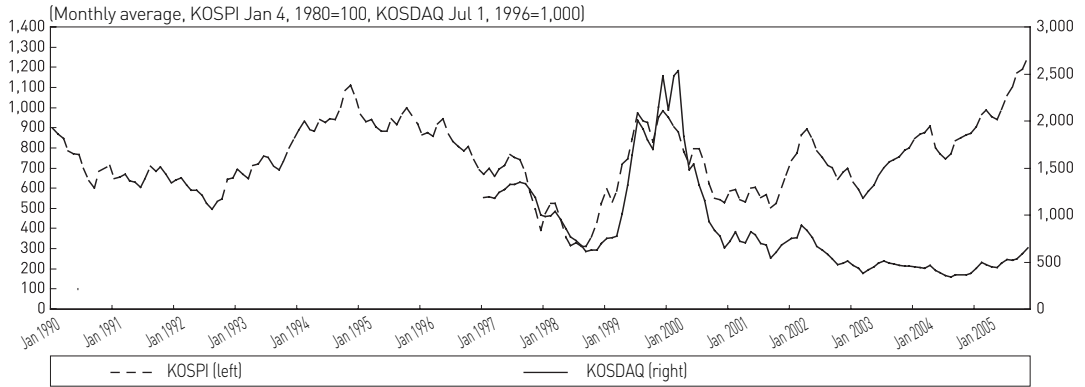
dollar payments from overseas for the purchase of Hynix shares.

The won/dollar exchange rate, however, fell after mid-November to close the month at 1,033.5 won as dollar supply exceeded demand with increased selling of the currency by domestic exporters.

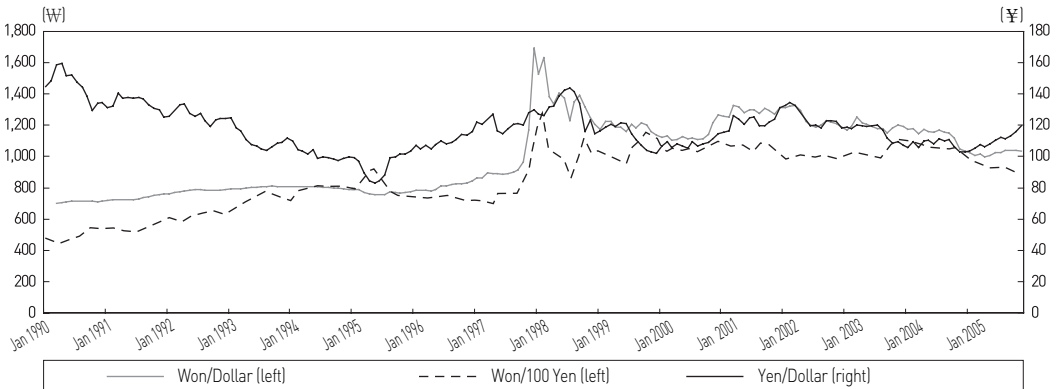
(End-period)

	2004	2005			
		Jun	Sep	Oct	Nov
Won/Dollar	1,035.1	1,025.4	1,041.1	1,040.2	1,033.5
Yen/Dollar	102.5	110.2	113.0	115.6	119.3

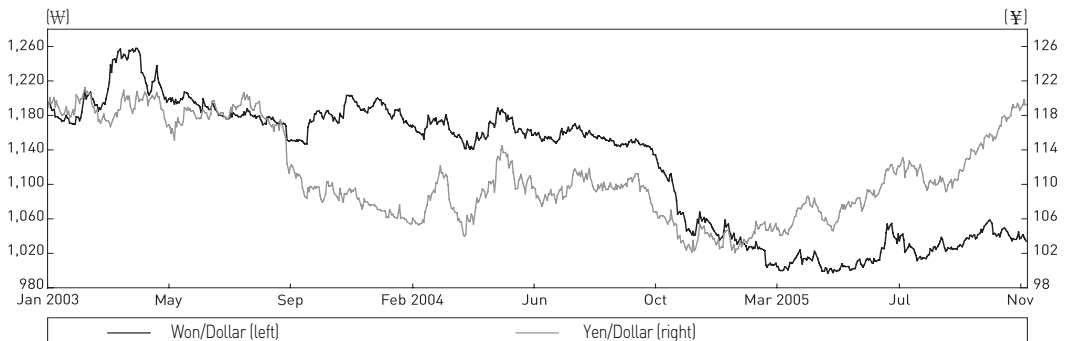
Graph 9-1: Stock prices



Graph 9-2: Foreign exchange rate (month-end)



Graph 9-3: Recent foreign exchange rate



9.3 Bond market

Bond yields, such as the Treasury bond yield continued to rise on the back of economic recovery.

Yields on 3-month CDs remained stable since the Bank of Korea raised the overnight call rate on October 11.

[End-period]

	2005											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Change ¹
Call rate (1 day)	3.24	3.26	3.25	3.25	3.26	3.27	3.24	3.23	3.25	3.50	3.51	+0.01
CD (91 days)	3.57	3.55	3.54	3.48	3.52	3.54	3.49	3.51	3.93	3.95	3.95	+0.00
Treasury bonds (3 yr)	4.06	4.04	3.91	3.76	3.67	4.02	4.23	4.16	4.60	4.95	5.10	+0.15
Corporate bonds (3 yr)	4.53	4.49	4.34	4.18	4.08	4.41	4.63	4.59	5.00	5.34	5.51	+0.17

1. Percentage point change from end October 2005

9.4 Money supply & money market

M3 growth in October is estimated to have stayed at the mid-6 percent range, a similar level to that of the previous month, as money supply from overseas decreased despite a healthy credit supply from the private sector.

M1 growth is estimated to have plunged to mid-9 percent in October as money moved into time deposits and equity funds.

[Percentage change from same period in previous year, average]

	2004	2005									
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
M1	7.5	5.6	7.7	8.7	8.6	8.8	9.9	12.8	13.9	12.0	Mid 9
M2	4.9	5.3	5.3	5.3	5.5	5.5	6.0	7.0	7.1	5.9	Around 6
M3	6.3	6.1	5.8	5.4	5.4	5.6	6.0	6.5	6.5	6.41	Mid 6

1. Preliminary

Bank deposits decreased 3.2 trillion won in October, with declining money flows into money market deposit account (MMDA), which saw a substantial increase in the previous month. Less money into MMDA occurred as specially offered deposits with higher deposit rates came due and companies paid the VAT. However, time deposits increased

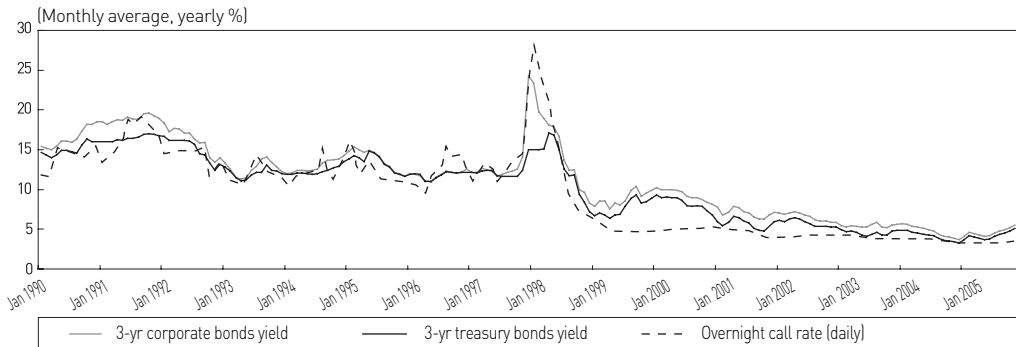
further with promotional efforts and rising deposit rates.

Asset management company (AMC) receipts expanded slightly as money outflows from money market funds (MMF) eased and a decrease in money inflows into equity funds slowed.

[Average monthly change, trillion won]

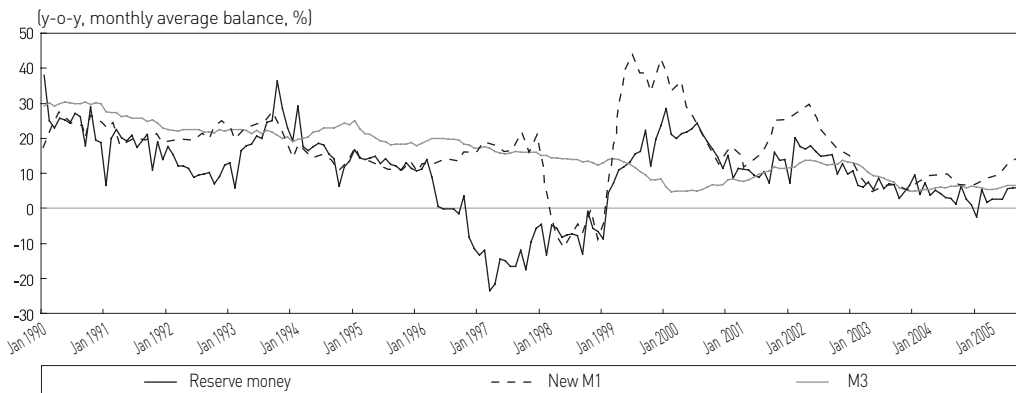
	2004				2005									
	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Bank deposits	0.9	1.5	-0.6	-2.0	-7.4	11.7	-4.3	9.9	1.9	11.9	-3.1	1.4	10.1	-3.2
AMC receipts	5.7	-0.3	4.5	5.2	0.7	4.6	-0.1	3.3	1.3	0.0	8.3	0.9	-13.0	1.6

Graph 9-4: Interest rates



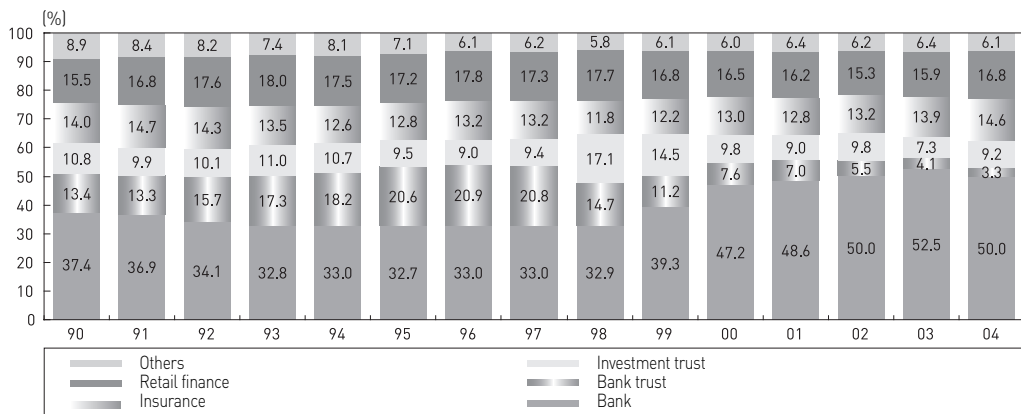
Source: The Bank of Korea

Graph 9-5: Total money supply



Source: The Bank of Korea

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



Source: The Bank of Korea

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

10. Balance of payments

Korea's current account surplus expanded US\$1.34 billion from the previous month to US\$2.99 billion in October.

The goods account surplus amounted to US\$3.44 billion, up US\$0.62 billion from the previous month thanks to strong exports.

(US\$ billion)

	2004		2005					
	Oct	Jan-Oct	Q1	Q2	Q3	Sep	Oct'	Jan-Oct'
Current account	2.30	23.14	5.95	2.76	2.51	1.64	2.99	14.22
- Goods balance	2.75	31.15	9.29	8.65	7.54	2.81	3.44	28.93
- Service balance	-0.54	-6.07	-3.05	-3.08	-4.46	-1.11	-0.60	-11.19
- Income balance	0.12	-0.09	0.24	-2.10	0.04	0.14	0.30	-1.52
- Current transfer	-0.03	-1.85	-0.53	-0.50	-0.46	-0.21	-0.15	-2.00

1. Preliminary

The service account deficit narrowed US\$0.51 billion to US\$0.60 billion due to seasonal factors in October. However, the deficit amounted to US\$11.19 billion in the first ten months of 2005, already exceeding US\$6.9 billion recorded in 2004.

in 2004, as travel payments increased 26.8 percent and travel revenue declined 6.6 percent.

The travel account deficit widened 59.1 percent to US\$7.88 billion during the January-October period, higher than the US\$4.96 billion recorded

The business service account deficit expanded 31.4 percent to US\$5.17 billion from January to October this year as payments increased 19.1 percent to US\$12.66 billion while revenue climbed mere 11.9 percent.

(Jan-Oct 2005 accumulated, US\$ million)

	General travel	Education & training	Total
Travel revenue	4,460 (-6.5)	8 (-46.6)	4,470 (-6.6)
Travel payment	9,590 (23.7)	2,760 (39.0)	12,350 (26.8)
Travel balance	-5,130 (71.9)	-2,750 (39.7)	-7,880 (59.1)

* The figures in parentheses represent a percentage change from the same period in the previous year.

The income account surplus amounted to US\$300 million, up US\$160 million from the previous month as overseas interest payments decreased.

The capital account recorded a US\$2.28 billion deficit in October due to a net outflow of foreign portfolio investment.

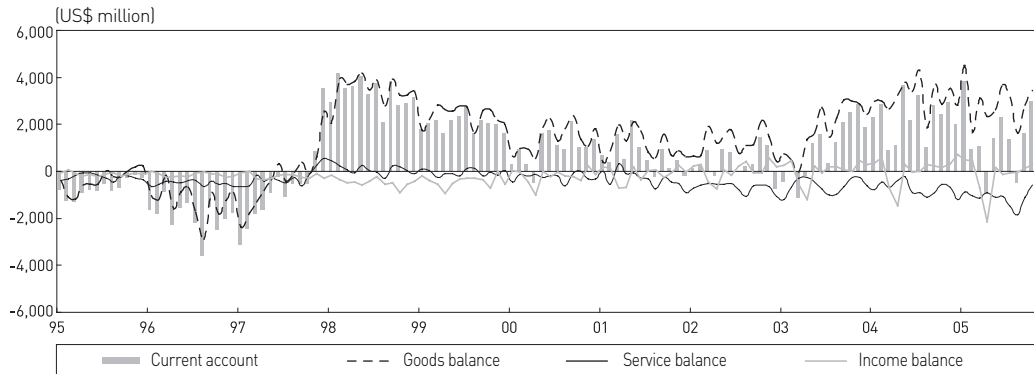
Inbound FDI in Korea (US\$ billion)

-0.22 (Jul 2005) → 0.62 (Aug) → 0.32 (Sep) → 0.30 (Oct)

Outbound FDI of Korea (US\$ billion)

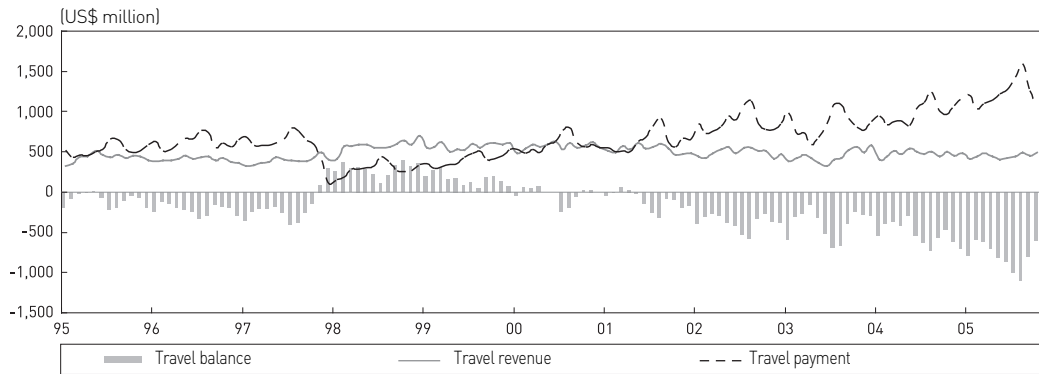
-0.28 (Jul 2005) → -0.29 (Aug) → -0.54 (Sep) → -0.44 (Oct)

Graph 10-1: Current account balance



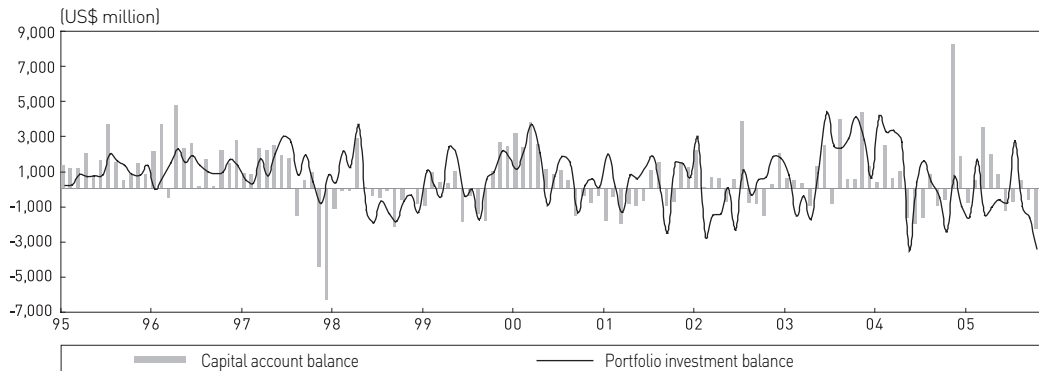
Source: The Bank of Korea (balance of payments trend)

Graph 10-2: Travel balance



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

Graph 10-3: Capital account balance



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

11. Prices and international commodity prices

11.1 Prices

Consumer prices in November rose 2.4 percent from a year earlier and 2.8 percent compared to monthly average prices in the first 11 months of last year, stabilizing below the early-year forecast of low 3 percent.

Oil product prices remained high, rising 8.4 percent from a year earlier. However, they declined 2.0 percent from the previous month as global oil prices recently stabilized.

< Consumer price inflation >

	2004	2005				
	Nov	Jul	Aug	Sep	Oct	Nov
Month-on-Month (%)	-0.6	0.4	0.3	0.7	-0.2	-0.7
Year-on-Year (%)	3.3	2.5	2.0	2.7	2.5	2.4

< Consumer price inflation in major sectors >

(Percentage change from same period in previous year)

	Total	Agricultural, livestock & fisheries products	Industrial products	Oil products	Public utility	Housing rents	Personal services
Nov 2005 (Contribution ratio, %p)	2.4	-0.5 (-0.06)	3.9 (1.28)	8.4 (0.52)	2.6 (0.38)	-0.3 (-0.06)	3.1 (0.83)
Nov average 2000-2004	3.2	5.1	2.1	4.4	3.5	3.8	3.6

Year-on-year core inflation, excluding agricultural and energy products, stood at 1.9 percent due to low aggregate demand pressure and grain price stabilization. Year-on-year

consumer price inflation for basic necessities, a barometer of perceived consumer prices, gained 3.3 percent from a year earlier.

(Percentage change from same period in previous year)

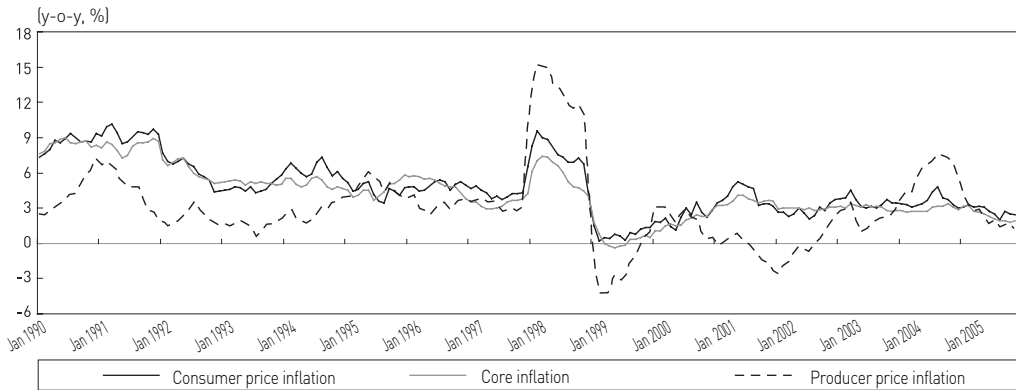
	2004	2005					
	Nov	Jul	Aug	Sep	Oct	Nov	Jan-Nov
Core inflation	3.1	2.1	1.9	1.9	1.8	1.9	2.4
Consumer prices for basic necessities	5.0	3.9	2.8	3.8	3.4	3.3	4.1

Average consumer price inflation in 2005 is likely to stay in the upper 2 percent range, the most stable record since 2002.

stable 2 percent, despite some inflationary factors such as an increase in taxi fares and water supply & drainage service charges in several cities.

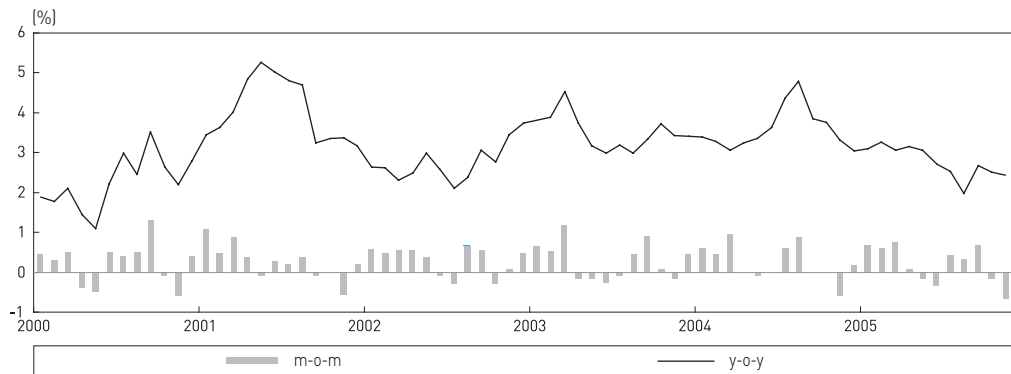
Year-on-year consumer price inflation in December will probably remain in the range of

Graph 11-1: Prices



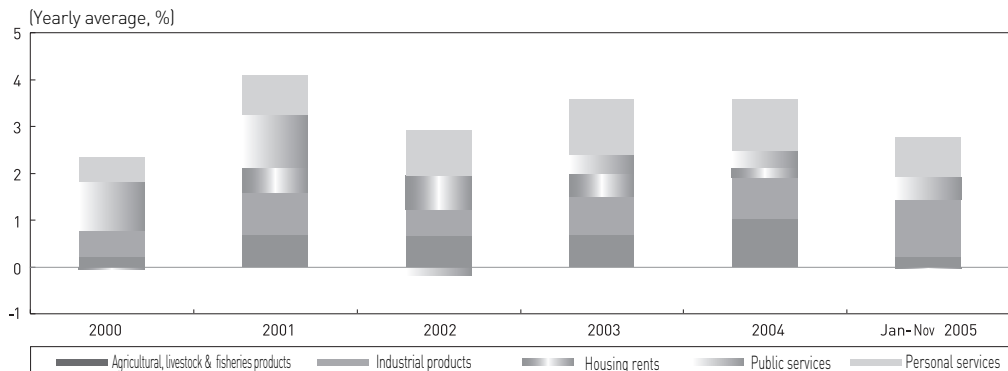
Source: Korea National Statistical Office (consumer prices, core inflation) & The Bank of Korea (producer prices)

Graph 11-2: Consumer price inflation



Source: Korea National Statistical Office (consumer price trend)

Graph 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 saw a downward stabilization in November affected by mild winter weather in the US and a recovery from oil production losses in the US Gulf of Mexico.

However, oil prices may rise to some extent, in the event temperatures in the US Northeast drop in December when the winter season begins in earnest.

(US\$/barrel, average)

	2003	2004		2005			
	Annual	Annual	Dec	Sep	Oct	Nov	Jan-Nov
Dubai crude	26.8	33.6	34.2	56.8	54.0	51.5	49.0
Brent crude	28.7	38.2	40.0	62.8	58.5	53.1	54.1
WTI crude	31.1	41.4	43.2	65.6	62.3	58.3	56.2

Record high oil prices in 2005 (US\$/barrel)

Dubai crude: 59.5 (Sep 1)

Brent crude: 67.8 (Aug 12)

WTI crude: 69.8 (Aug 30)

International oil prices are projected to remain high, affected by a limited supply capacity, whereas the increase is expected to slow mainly as an increase in oil demand moderates.

< Outlook for Dubai crude prices by major international agencies (Nov 2005) >

(US\$/barrel)

	CGES ¹	EIA ²	CERA ³
2005 average*	49.5	50.3	49.7
2006 average*	48.0	57.4	49.4

1. Center for Global Energy Studies (UK) 2. Energy Information Administration (US) 3. Cambridge Energy Research Association (US)

* WTI and Brent prices were converted to Dubai prices with average price gap (WTI-Dubai: 7\$/b, Brent-Dubai: 5\$/b) being reflected.

The price of domestic oil products, such as petroleum, fell from a month ago in November on the back of stabilizing international oil prices.

(Won/liter, period average)

	2003	2004		2005			
	Average	Average	Dec	Sep	Oct	Nov	Jan-Nov
Petroleum prices	1,295	1,365	1,346	1,525	1,518	1,479	1,430

Source: Korea National Oil Corporation

The Reuters index, an indicator of other commodity prices, rose 0.5 percent from October.

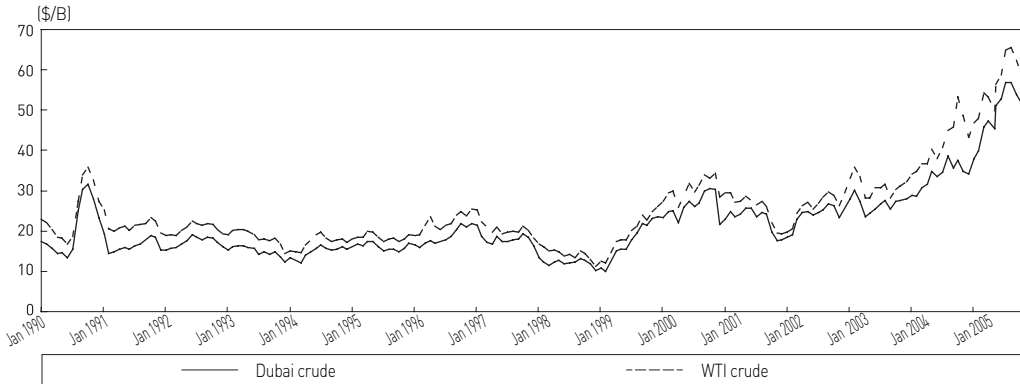
< Reuters index (a weighted average index of 17 major commodities) >

(Won/liter, period average)

2003	2004	2005			
Average	Average	Sep	Oct	Nov	Jan-Nov
1,493	1,618	1,676	1,730	1,738	1,672

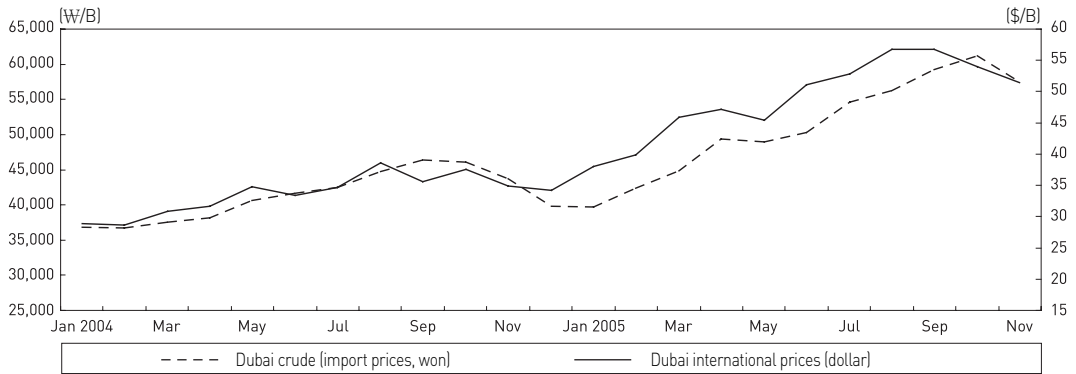
Prices of non-ferrous metals including electrolytic cathode copper and zinc remained high on the back of strong demand. Overall, prices of agricultural products fell.

Graph 11-4: International oil prices



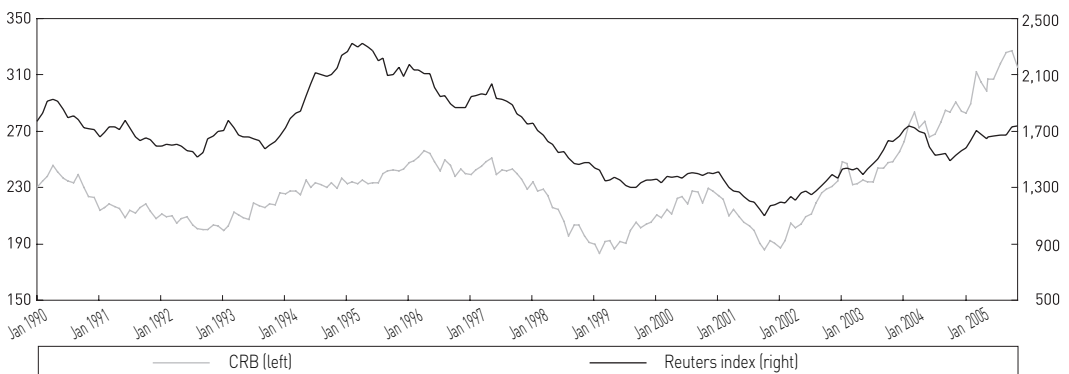
Source: Korea National Oil Corporation

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



Source: Korea National Oil Corporation & Korea Customs Service

Graph 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

Nationwide apartment prices in November stabilized remaining nearly unchanged from the previous month. Prices, however, rose slightly in the upscale Gangnam area of southern Seoul led by prices of rebuilding apartments.

Apartment rental prices were more stable in November compared to the previous month as the moving season ended. Average growth in November during recent 20 years stood at negative 0.4 percent.

< Apartment prices >

(Percentage change from previous period)

		2003	2004	2005														
		Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Nov7	Nov14	Nov21	Nov28
Sales prices	Nationwide	9.6	-0.6	-0.3	0.5	0.6	0.8	0.8	1.2	1.1	0.5	0.2	0.0	0.0	0.0	0.0	0.0	0.1
	Seoul	10.2	-1.0	-0.3	1.0	0.5	1.2	1.0	2.2	1.9	0.4	0.2	-0.2	0.2	0.0	0.1	0.1	0.2
	Gangnam ¹	14.3	-1.3	-0.3	1.7	0.7	1.9	1.5	3.7	2.6	0.2	0.0	-0.4	0.3	0.0	0.1	0.2	0.2
Rental prices	Nationwide	-0.4	-2.7	-0.4	0.4	0.7	0.6	0.4	0.4	0.3	0.4	1.1	1.0	0.2	0.0	0.0	0.0	0.1
	Seoul	-3.2	-4.4	-0.6	0.2	0.3	0.4	0.1	0.4	0.3	0.7	1.7	1.5	0.3	0.1	0.0	0.1	0.2
	Gangnam ¹	-2.3	-5.2	-0.7	0.4	0.2	0.6	0.3	0.8	0.6	0.7	2.2	1.8	0.5	0.0	0.0	0.1	0.1

1. Upscale area of southern Seoul

Source: Kookmin Bank

Apartment sales prices still remain higher than levels seen in September 2003 when the Oct 29 policy, a real estate policy intending to stabilize the housing market, was not yet in effect. However, apartment rental prices were similar to or lower than the levels in September 2003.

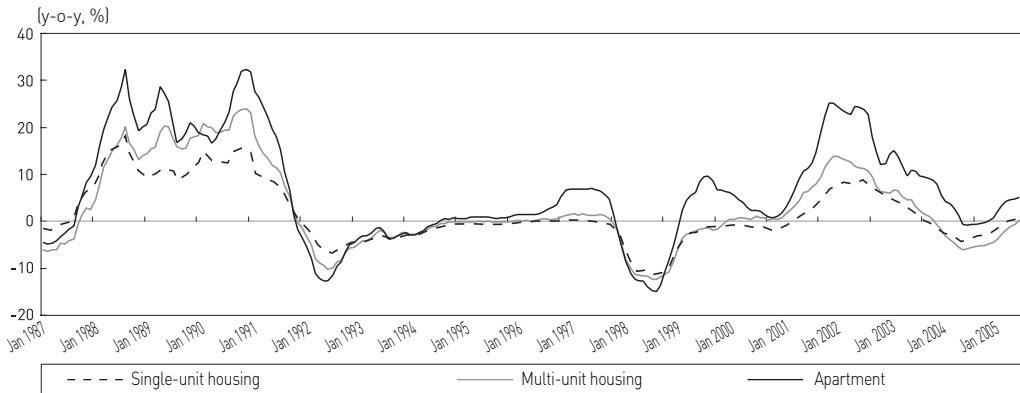
Apartment sales have moderated since a government plan to review the real estate policy was announced on June 17.

< Apartment sales transactions >

(Monthly average, thousand)

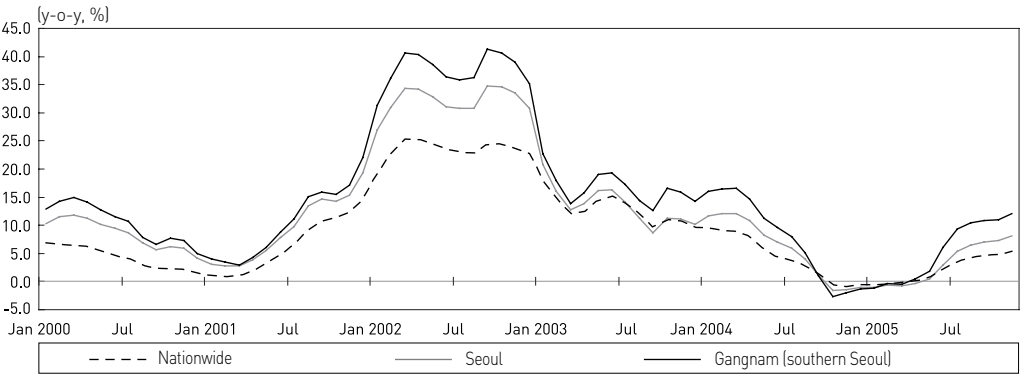
2003	2004	2005									
Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
91	64	68	63	90	94	86	85	77	77	66	67

Graph 12-1: Real estate prices



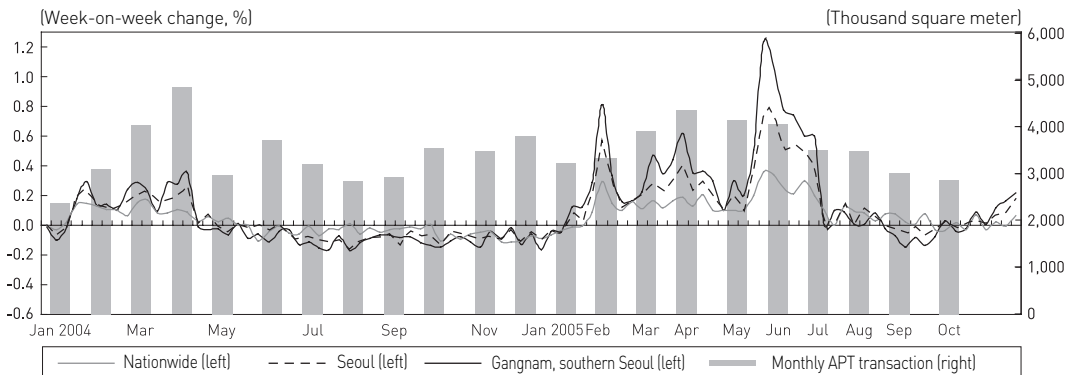
Source: Kookmin Bank (national housing price trend)

Graph 12-2: Apartment prices by region



Source: Kookmin Bank (national housing price trend)

Graph 12-3: Weekly apartment sales prices and monthly transaction volume



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

12.2 Land market

Overall land prices were on the stable track in October rising 0.29 percent month-on-month after a 0.19 percent increase in the previous month.

< Land prices by region >

(Percentage change from previous period)

	2003	2004					2005									
	Annual	Q1	Q2	Q3	Q4	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Nationwide	3.43	1.36	1.09	0.77	0.58	3.86	0.23	0.18	0.35	0.53	0.56	0.79	0.47	0.45	0.19	0.29
Seoul	5.23	2.10	0.95	0.59	0.39	4.09	0.19	0.14	0.40	0.73	0.59	1.31	0.49	0.69	0.23	0.52
Gyeonggi	5.12	1.96	1.74	1.16	1.13	6.12	0.37	0.26	0.32	0.59	0.88	0.90	0.72	0.47	0.20	0.20
South Chungcheong	4.81	2.40	4.65	3.93	0.25	11.65	0.46	0.53	1.15	0.80	0.88	0.81	0.61	0.44	0.21	0.34

Land prices showed bigger gains in some parts of the nation such as Yeongi-gun as compensation was anticipated soon for residents in some areas selected to establish a multi-functional administrative city and several provincial cities were chosen as company towns. The Cheonggye stream restoration also boosted land price in some related areas.

The top five areas with the steepest rise in land prices include Yeongi-gun, South Chungcheong

province (3.29 percent), Muju-gun, North Jeolla province (1.05 percent), Seongdong-gu, Seoul (0.93 percent), Dongjak-gu, Seoul (0.90 percent) and Seogwipo-si, Jeju province (0.85 percent).

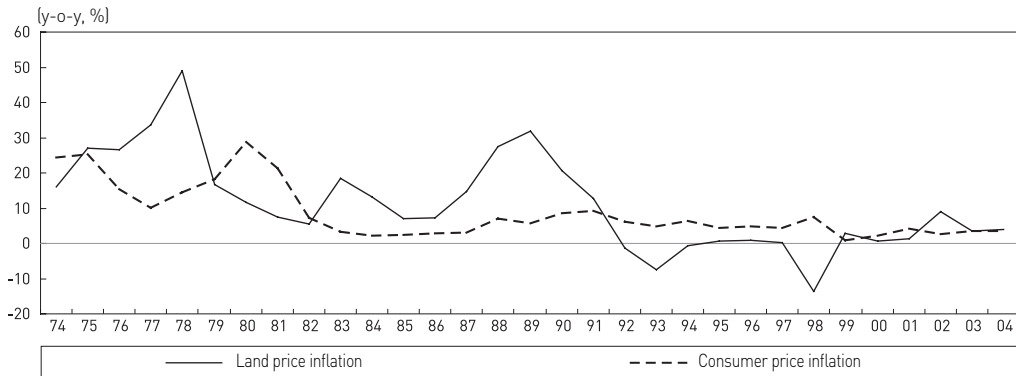
Land transactions decreased led by major areas with the impact of the government's tighter property measures announced on August 31, 2005.

< Land sales transactions >

(Monthly average, thousand)

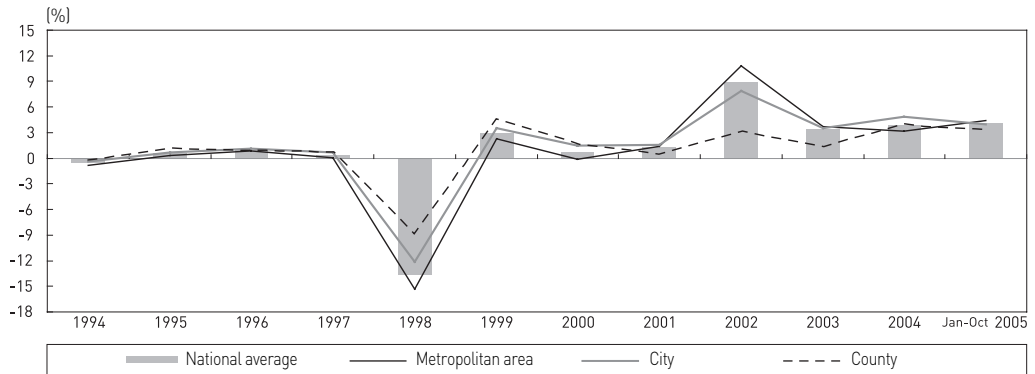
	2003	2004	2005									
	Annual	Annual	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Nationwide	246	218	228	180	279	285	297	287	253	246	210	206
Gyeonggi	63	52	46	41	58	60	66	63	60	55	50	46
North Chungcheong	7	8	8	6	10	13	12	12	12	11	9	9
South Chungcheong	17	20	12	11	19	20	22	31	17	15	11	11

Graph 12-4: Land and consumer prices since 1970s



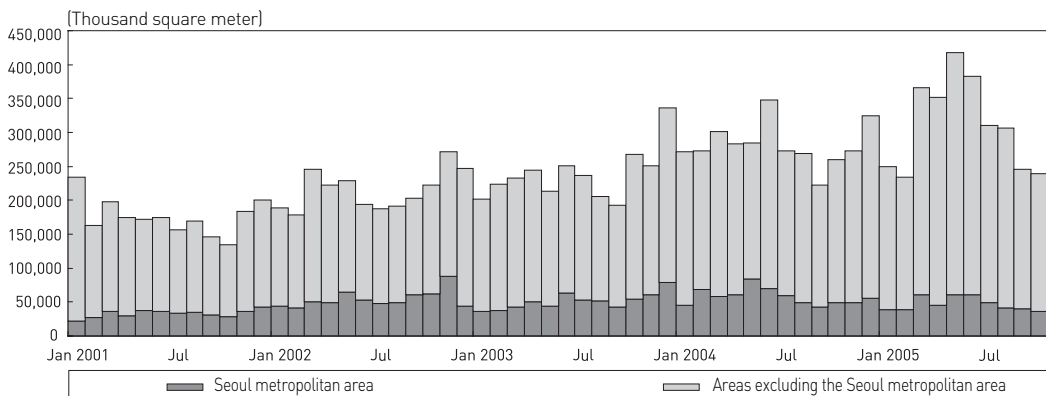
Source: Korea Land Corporation (land prices) & Korea National Statistical Office (consumer prices)

Graph 12-5: Land prices by region



Source: Korea Land Corporation (land price trend)

Graph 12-6: Land trade volume



Source: Korea Land Corporation (land trade trend)

Policy Issues

Korea's Policy Direction for Prevention of Tax Avoidance Using Tax Treaties

I. Proliferation of international tax avoidance and global movement against tax avoidance

The rapid development of information and communication technology (ICT), the liberalization of cross-border capital movement, the spread of a new breed of financial instruments such as derivatives and the increasing role of investment funds in the international financial market have led to explosive growth and a variety of cross-border transactions of intangible properties, services and financial products.

This, however, has also contributed to the expansion of international tax avoidance in size as well as the sophistication of the way that such tax avoidances are committed. To make matters worse, tax haven jurisdictions and preferential tax regimes of some countries have played a catalytic role for the development of international tax avoidance practices.

A report released by the Brookings Institution in September 2005 found that roughly US\$1 trillion in "dirty money" – money that is illegally earned, transferred, or used – is channeled through tax havens each year. Moreover, in March 2005, the Tax Justice Network (TJN)

estimated that there is approximately US\$11.5 trillion in personal wealth being stowed away in roughly 72 international tax havens.

Contribution of tax havens to the increase of tax avoidance practices is also backed by the latest US federal data. According to the data, the profits of foreign subsidiaries of US multinational corporations in 18 tax havens soared from US\$88 billion in 1999 to US\$149 billion in 2002.

Given that total profits of US multinationals' foreign subsidiaries around the world stood at US\$255 billion in 2002, and that those 18 tax havens were home to 58 percent of the foreign profits of those multinationals, subsidiaries of US multinationals generated profits mainly in tax havens rather than in the locations in which they conducted most of their business.

This reflects an increasing number of US multinationals are attempting to avoid their taxes through tax shelters rather than they carry on substantive investment activities in those low-tax countries.

II. Amendment to domestic tax laws

A. Codification of the substance-over-form principle with respect to international transactions

(1) Overview

In September 2005, the Korean government submitted to the National Assembly the proposed bill for revising the current Law for Coordination of International Tax Affairs (LCITA) in order to specify in the law that where domestic or foreign investors make investment in Korea through a paper company (conduit company) established in tax haven jurisdiction to merely claim tax treaty benefits, income from such investment in Korea may be subject to Korean tax in accordance with the substance-over-form principle.

(2) Issue of conflict with tax treaties

Where a transaction is entered into between Korean residents and a substantive owner (or beneficial owner) of the income from the transaction is not the same as a recipient of the income, the income should be regarded as belonging to the substantive owner (or beneficial owner) rather than the recipient and taxation shall be made accordingly pursuant to the substance-over-form principle as defined in Article 14 of the existing Basic Law for National Taxes and Article 3 of the existing Corporation Tax Law.

When it comes to the application of such general provision of domestic tax laws to bilateral tax treaties, however, there are two conflicting views in the academic circle. One is that in order to restrict the application of tax treaties, a special provision with respect to limitation on treaty benefits should be inserted into treaties. The other view supported by the majority is that a general provision stipulated in domestic tax laws can be extended to tax treaties.

The Commentaries on the OECD Model Tax Convention backs the second view by suggesting some countermeasures against tax treaty abuse schemes on the premise that specifying the substance-over-form principle in domestic tax laws and applying it to tax treaties are legally permissible. In this sense, it can be said that the argument made by some scholars that the substance-over-form provision or anti-abuse provision is valid only if it is included in tax treaties clearly runs counter to the OECD's position.

In addition to the Commentaries on the OECD Model Tax Convention, examples of such developed countries as the US, Germany and Canada also support the Korean government's move to include those rules mentioned above in the domestic tax laws.

(3) Nature of the substance-over-form rule to be stipulated in Korean domestic tax laws

It is generally believed in the academic circle that the substance-over-form rule should apply irrespective of its codification in domestic laws or not. The Supreme Court of Korea also has rendered a decision on cases with respect to the determination of a substantive owner of income based on the substance-over-form rule before any provision stating the rule was stipulated in domestic tax laws. Given this, the provisions stating the rule in the Basic Law for National Taxes and the Corporation Tax Law can be seen simply as declaratory and confirmatory provisions.

This also holds true for the proposed codification of the substance-over-form rule in the Law for Coordination of International Tax Affairs (LCITA). In 1993, the Supreme Court of Korea rendered a decision denying the benefits of the Korea-Netherlands Tax Treaty in accordance with the substance-over-form principle.

Also, the National Tax Tribunal held in 2003 that it was justifiable to apply the substance-over-form principle for the imposition of tax by the Korean tax authorities in respect of interest paid by a bogus offshore fund established in Labuan, Malaysia on money borrowed in the name of the fund.

In the US as well, a theory has been established in court cases that where

a company is set up for non-business purpose and does not perform substantial business activities, the company's legal personality should be disregarded.

Given this, it seems to be widely accepted that the substance-over-form principle can be applied to tax treaties. In this sense, it can be safely said that even if a provision on the rule is inserted in the LCITA as proposed this year, it will be only a declaratory and confirmatory provision.

Such declaratory and confirmatory nature of the proposed provision has significant implications with respect to its effective date. Since the proposed provision, if enacted, should be viewed as declaratory and confirmatory provision, it would be right to regard the provision as not affecting legal effect of international transactions made before the provision comes into effect.

In other words, taxation on such transactions will be determined in accordance with the previous court decisions and extended interpretation of relevant provisions on the substance-over-form principle in the Basic Law for National Taxes and the Corporation Tax Law, while taxation on those transactions to be made after the new provision in the LCITA takes into effect will be determined pursuant to the substance-over-form principle based on that particular provision.

B. New withholding tax rule with regard to passive income paid to residents in tax shelters

(1) Overview

Recognizing such negative impact on the effective operation of Korea's international tax system of a few of the country's treaty partners offering no or nominal tax burden to foreign investment funds, the Korean government plans to introduce a new withholding tax rule to cover countries or areas that are deemed to be tax shelters so that chances of treaty shopping attempts can be significantly reduced.

The gist of the new rule is that income from investment in Korea derived by a non-resident or a foreign company located in some specific countries or jurisdictions designated by the Minister of Finance and Economy should be first withheld by a withholding agency based on tax rates provided in domestic tax laws.

If the non-resident or the foreign company is able to substantiate to the relevant tax office within 3 years that it qualifies for the treaty benefits as the substantive owner of the income concerned, any difference between the amount withheld at the domestic tax rate and one based on the applicable treaty should be refunded within 6 months.

According to the rule, in case the taxpayer concerned wishes to apply a reduced rate or tax exemption provided

for under tax treaties from the beginning, he or she should request the Commissioner of the National Tax Service (NTS) to give an advance approval by following the procedure to be provided in the relevant Presidential Decrees.

(2) Issue of conflict with tax treaties

Some may claim that the new withholding tax rule conflicts with relevant provisions of tax treaty on the ground that a tax rate under domestic tax law is applied first without regard to tax treaties under the new system.

According to the Commentaries on the OECD Model Tax Convention, however, a Contracting State is free to use a procedure provided in its domestic law in applying non-taxation, tax exemption or a reduced tax rate under a tax treaty. Therefore, the newly proposed withholding tax rule should not be viewed as conflicting with tax treaties.

In fact, withholding tax regimes similar to that to be introduced in Korea in July next year have already been adopted in some other countries such as the US, Germany, Switzerland and Canada.

(3) Supplementary rules to be further developed

The proposed amendments to the Income Tax Law and the Corporation Tax Law with regard to the new withholding tax system were submitted to the National Assembly in September this year. In order to ensure smooth implementation of the

system, further preparatory work is underway for the development of detailed rules to be specified in relevant enforcement decrees.

For the purpose of securing enough time necessary to ensure the smooth

implementation of the new withholding tax system by the NTS, the new system is scheduled to come into effect on July 1, 2006.

III. Conclusion

In response to concerns among foreign investors over the proposed amendments and recognizing that foreign investment plays such a significant part in Korea's economic development, the Korean government will spare no effort to make sure that the new tax regime is operated in a way that does not hinder foreign investments in Korea.

Economic News Briefing

International Community Upbeat about Korean Economy Next Year

An economic recovery is certainly underway in Korea led by reviving private consumption and accelerating exports. The encouraging trend will continue into next year, with the economy growing 3.8 percent this year and 5 percent next year, said the IMF whose mission visited Seoul on November 9-17.

The Organization for Economic Cooperation and Development (OECD), too, raised next year's growth forecast for Korea to 5.1 percent from 4.9 percent projected in October in its "OECD Economic Outlook" released on November 29. It also forecast that Korea's growth rate would be 3.9 percent for this year compared to a previous projection of 3.7 percent and 5.2 percent for 2007.

Private consumption would continue to recover by increasing 4.1 percent next year, and exports maintaining robust momentum, up 13.1 percent in 2006 driven by the recovering IT sector, said OECD in its latest report.

However, the upbeat outlook could be jeopardized by a possible increase in

household savings rates and the still large number of delinquent borrowers that may limit consumption spending, it pointed out. OECD called on Korea to continue its reform to address the structural causes of weak domestic demand.

Both IMF and OECD concurred in that the current recovery needs further support from accommodating macroeconomic policy and structural reform in the face of still weak investment and delinquent borrowers.

Meanwhile, the International Herald Tribune and the Asian Wall Street Journal, quoting economists at the Conference Board, the New York-based think-tank, and JP Morgan Chase, reported on December 2 that the Korean economy has entered into a sustainable recovery nearing a complete restoration of its domestic demand.

FSC/FSS Plans to Improve Prompt Disclosure Requirements

The Financial Supervisory Commission (FSC) and Financial Supervisory Service (FSS) plan to make changes to prompt disclosure requirements to reduce the

disclosure burden of publicly held companies.

The changes will be implemented from early next year based on the draft proposals put forth by the Korea Securities Research Institute on June 17, 2005.

As the FSC/FSS increased prompt disclosure items in an effort to enhance management transparency after the Asian financial crisis, Stock Market-listed companies are now subject to 231 prompt disclosure items, while KOSDAQ-listed companies are subject to 227 items.

In order to relieve the burden of filing many prompt disclosures, the FSC/FSS will eliminate disclosure items that are deemed to be of little significance to investors.

For certain disclosure items, companies will be subject to two triggering ratios; currently they are subject to four.¹ Certain transactions such as debt guarantees will also be subject to mandatory disclosure if the amount of each transaction exceeds a threshold amount, whereas currently the disclosure obligation is triggered on an accumulated basis.

From next year, publicly traded companies will be given more flexibility and latitude

1. For example, in the case of collaterals which require a publicly held company to file a disclosure when they amount to a certain percent of its shareholders' equity, four triggering ratios apply depending on its size and whether it is a Stock Market-listed or KOSDAQ-listed company.

in deciding what information they will give to investors, as disclosure of certain items that deal with positive corporate information or hold relatively little significance to investors will be left to the discretion of companies.

Companies will also no longer be delisted from stock markets as a result of too many disclosure violations. However, to ensure companies' compliance with disclosure rules, the companies that are in strict compliance will see a reduction in their penalty points.

Finally, unless deemed necessary for the public interest, self-regulatory organizations will assume the primary responsibility for regulating and enforcing disclosures.

BIS Capital Adequacy Ratio Highest Ever

The average BIS capital adequacy ratio of domestic banks hit a new record high of 12.83 percent, up 0.75 percentage point from 12.08 percent at end 2004 and up 1.05 percentage points from a year earlier. The ratio rose for 15 banks and fell for 4 banks from end last year.

Domestic banks' risk-weighted assets rose mere 8.3 percent since the beginning of this year, which was easily offset by a 15 percent (12.9 trillion won) gain in banks' equity capital. The equity capital gain is attributable to 10.5 trillion won worth net income of domestic banks and 500 billion won worth government contributions to the Export-Import Bank of Korea.

Domestic banks' tier-1 capital surged by 14.2 trillion won or 25.0 percent, while debt type tier-2 capital declined 1.3 trillion won or 4.4 percent as of the end of September to improve the quality of capital.

< BIS bank capital adequacy ratio: 2000-2005 >

(End-period, %)

2000	2001	2002	2003	2004		2005	
				Sep	Dec	Jun	Sep
10.59	11.68	11.33	11.16	11.78	12.08	12.53	12.83

**Mutual Savings Banks' Net
Income Surges in Q1 of FY2005**

Mutual savings banks (MSBs) posted a combined net income of 175.2 billion won for the first quarter of Fiscal Year 2005 that ended September 30, more than a twofold increase from the quarterly average of 75.3 billion won in the previous year. The significant increase in net income was mainly due to a surge in investment income from strong stock prices and a rise in income from fees and charges.

Excluding non-operating income from the disposition of MSBs' office buildings (*23.1 billion won*) and government funds covering the losses from mergers of distressed banks (*28.7 billion won*), net income amounted to 123.4 billion won, up 63.9 percent from the same period a year ago.

The MSBs' delinquency ratio for the first quarter of Fiscal Year 2005 stood at 21.3 percent, down from 22.2 percent the same period a year ago. The ratio of MSB loans classified as substandard or below (SBL)

rose slightly to 13.1 percent from 11.7 percent a year ago, reflecting the recent mergers with financially distressed MSBs by Busan Solomon MSB and Yegaram MSB. However, the SBL ratio excluding these two MSBs amounted to 11.8 percent.

< Combined net income of mutual savings banks >

(Billion won, FY)

	2004		2005	Change
	Annual	Quarterly average (a)	Q1 (b)	(b-a)
Interest income	1,566.4	391.6	407.0	15.4 (3.9%)
Income from fees and charges	328.0	82.0	97.8	15.8 (19.3%)
Investment income from securities	95.6	23.9	60.9	37.0 (154.8%)
Net operating income	237.6	59.4	131.6	72.2 (121.5%)
Net income	301.2	75.3	175.6	99.9 (132.7%)

**Busan APEC Forum Concludes
amid Upgrading Korea's Status**

The 13th Asia-Pacific Economic Cooperation (APEC) meeting was held on November 18-19, 2005 at Nurimaru APEC House in Busan.

Korea as host of the regional body was rated as having etched its image of 'advanced trading country' in the minds of foreign business people through its role in the CEO Summit, APEC Business Advisory Council, and other business-related functions.

The APEC event has also helped strengthen the image of Korea as an IT

powerhouse. “Paperless e-conference” was introduced to the Summit. Journalists at the International Media Center experienced PDA and DMB phones first hand as they worked.

Also, Korea is forecast to reap US\$600 million in FDI from hosting the APEC meetings. According to the Ministry of Commerce, Industry and Energy (MOCIE), memorandums of understanding (MOUs) will be agreed on investment worth US\$520 million by foreign corporations during the APEC Investor Opportunities 2005. In addition, Busan and the Incheon FEZ succeeded in attracting investments worth US\$130 million and US\$6 million respectively from foreign investors.

Korea Ranks First in Digital Opportunity Index

Korea ranked first in the world’s digital opportunity index (DOI), the International

Telecommunication Union (ITU) announced at the World Summit on the Information Society (WSIS) held in Tunis, Tunisia on November 18. Hong Kong and Japan followed Korea while Denmark, Sweden and Canada ranked fourth, fifth and sixth, respectively, on the index.

The DOI, an official figure made public by the ITU, is a composite index developed to measure the magnitude of the digital divide and to follow up the implementation of the objectives, goals and targets of WSIS plans.

The DOI is based on data verified by the Organization for Economic Cooperation and Development (OECD), the United Nations Conference on Trade and Development (UNCTAD) and UNESCO.

Statistical Appendices

Tables & Figures

1. National accounts
2. Production, shipment and inventory
3. Production capacity and operation ratio
4. Wholesale and retail trade
5. Consumer goods shipment index and consumer sentiment index
6. Machinery orders received, domestic machinery shipment, and estimated facility investment index
7. Value of construction completed and domestic construction orders received
8. Composite indexes of business cycle indicators and BSI
9. Balance of payments (I)
10. Balance of payments (II)
11. Prices
12. Employment and earnings
13. Financial indicators
14. Monetary indicators
15. Exchange rates

1. National accounts

(Year-on-year change, %)

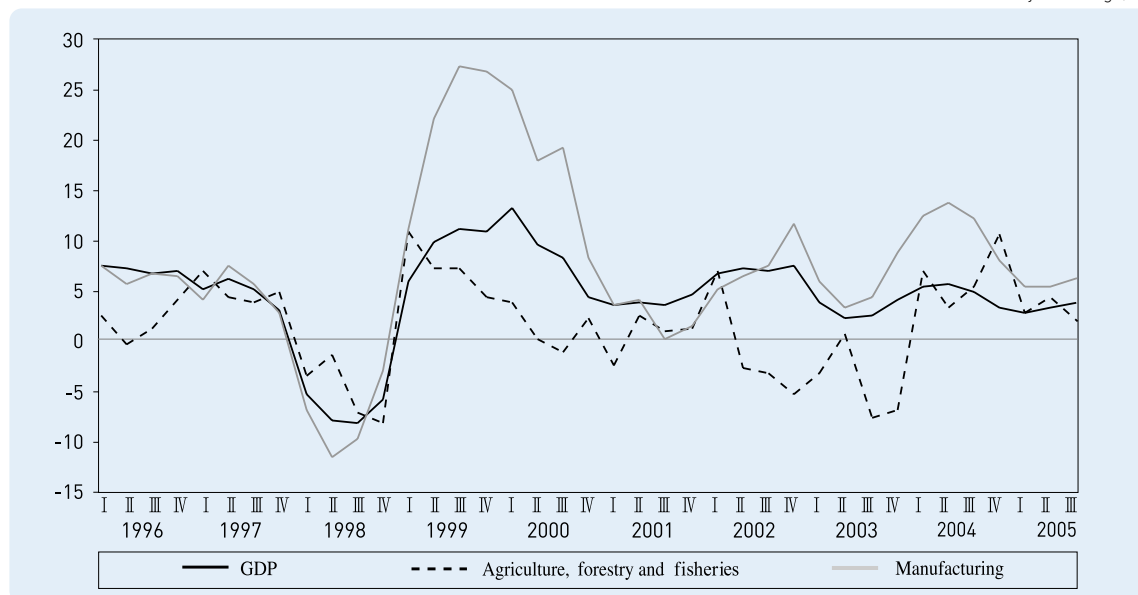
Period	Real GDP at constant prices			Final consumption expenditure	Gross fixed capital formation		
		Agri., fores. & fisheries	Manufacturing			Construction	Facilities
1996	7.0	2.3	6.4	7.0	8.4	7.5	9.2
1997	4.7	4.6	4.9	3.2	-2.3	2.3	-9.6
1998	-6.9	-6.4	-7.9	-10.6	-22.9	-12.4	-42.3
1999	9.5	5.9	21.8	9.7	8.3	-3.7	36.8
2000	8.5	1.2	17.0	7.1	12.2	-0.7	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 ^p	4.6	7.4	11.4	0.2	1.9	1.1	3.8
2001 I	3.5	-2.4	3.4	2.2	-3.7	1.0	-9.4
2001 II	3.7	2.4	4.1	4.2	-3.5	0.8	-10.6
2001 III	3.4	0.9	0.0	5.7	-0.5	9.6	-14.2
2001 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
2002 II	7.0	-2.7	6.2	8.5	7.3	6.0	8.0
2002 III	6.8	-3.2	7.4	7.3	2.4	-2.4	9.1
2002 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
2003 II	2.2	0.5	3.3	-0.6	4.2	7.9	-0.4
2003 III	2.3	-7.8	4.2	-1.0	2.7	7.7	-4.6
2003 IV	4.1	-6.9	8.6	-0.9	4.3	8.3	-2.0
2004 ^p I	5.3	6.8	12.2	-0.5	2.2	4.9	-0.3
2004 ^p II	5.5	3.1	13.7	0.4	4.3	3.6	6.2
2004 ^p III	4.7	5.3	12.0	-0.1	3.0	1.3	6.8
2004 ^p IV	3.3	10.4	8.0	0.9	-1.2	-3.4	2.5
2005 ^p I	2.7	2.6	5.3	1.7	0.1	-2.9	3.1
2005 ^p II	3.3	4.6	5.2	3.0	2.1	1.7	2.9
2005 ^p III	4.5	1.8	7.3	4.1	2.0	0.4	4.2

p: preliminary

Source: The Bank of Korea

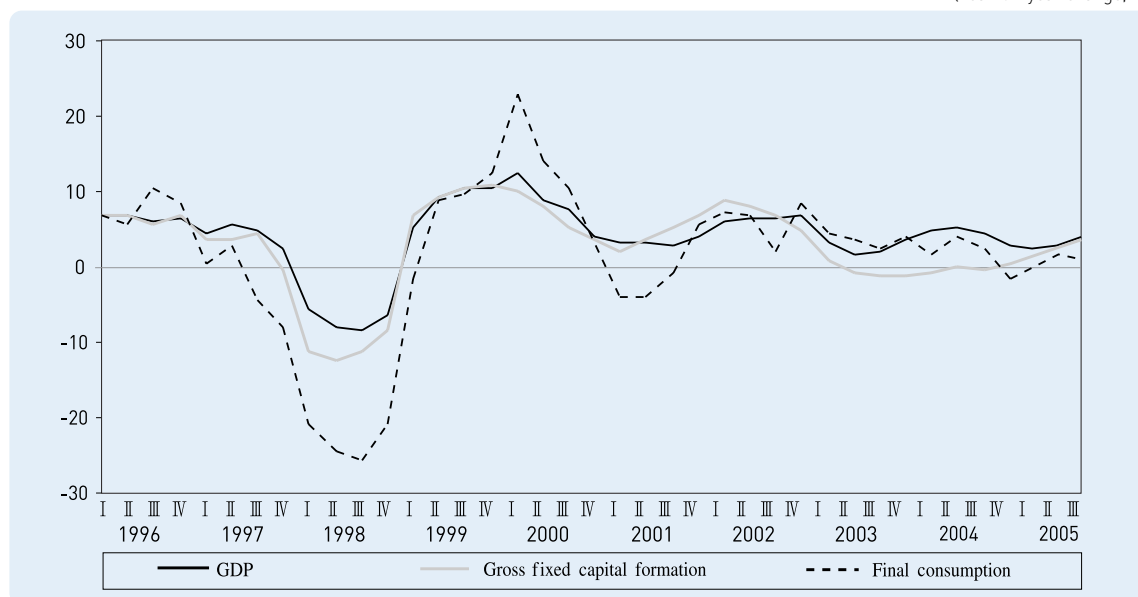
Growth rate by economic activity

(Year-on-year change, %)



Growth rate by expenditure on GDP

(Year-on-year change, %)



2. Production, shipment and inventory

See graphs 6-1, 6-3, 7-1, 7-2 & 7-3

[2000=100]

Period	Production index		Shipment index		Inventory index		Service production index	
	Production index	Y-o-Y change (%)	Shipment index	Y-o-Y change (%)	Inventory index	Y-o-Y change (%)	Service production index	Y-o-Y change (%)
2001	100.7	0.7	101.3	1.3	105.3	0.4	106.1	6.1
2002	108.8	8.0	109.2	7.8	104.5	-0.8	116.1	9.4
2003	114.2	5.0	113.7	4.1	110.4	5.6	117.2	0.9
2004	126.1	10.4	124.1	9.1	120.8	9.4	117.9	0.6
2002								
I	103.6	6.7	104.9	7.4	101.9	-8.9	111.2	10.0
II	109.0	7.1	109.5	6.7	102.8	-5.9	116.9	10.3
III	106.2	6.9	106.1	6.2	102.1	-3.3	115.9	9.8
IV	116.1	11.2	116.3	10.8	104.5	-0.8	120.3	8.0
2003								
I	109.9	6.1	109.5	4.4	111.7	9.6	113.3	1.9
II	112.4	3.1	112.6	2.8	112.3	9.2	118.0	0.9
III	109.4	3.0	108.8	2.5	110.3	8.0	116.5	0.5
IV	125.0	7.7	124.1	6.7	110.5	5.6	121.0	0.6
2004								
I	122.3	11.3	120.5	10.0	116.8	4.6	115.7	2.1
II	126.7	12.7	124.8	10.8	115.7	3.0	119.1	0.9
III	121.9	11.4	119.8	10.1	116.0	5.2	115.9	-0.5
IV	133.4	6.7	131.3	5.8	120.8	9.4	120.8	-0.2
2005								
I	127.0	3.8	124.7	3.5	127.8	9.4	116.5	0.7
II	131.8	4.0	129.2	3.5	124.8	7.9	121.9	2.4
III ^P	130.3	6.9	127.1	6.1	123.9	6.8	122.0	5.3
2003								
1	109.9	3.8	108.9	3.4	109.4	1.3	113.7	2.9
2	103.3	9.9	103.5	7.4	110.4	5.7	107.5	2.1
3	116.4	4.9	116.1	2.8	111.7	9.6	118.7	0.8
4	113.6	2.0	113.6	1.4	113.1	10.1	118.4	1.4
5	111.4	-0.8	111.8	-1.2	113.0	11.3	118.0	-0.5
6	112.2	8.5	112.4	8.8	112.3	9.2	117.7	2.1
7	108.1	0.8	106.7	1.2	113.3	8.7	116.9	0.6
8	108.0	1.5	107.2	1.2	113.0	7.5	115.1	0.9
9	112.0	6.7	112.4	5.0	110.3	8.0	117.6	0.2
10	125.8	7.6	125.3	6.9	109.6	6.1	119.0	0.1
11	122.0	4.7	121.3	3.6	109.4	5.9	118.8	0.3
12	127.3	10.7	125.7	9.8	110.4	5.6	125.3	1.4
2004								
1	115.1	4.7	113.3	4.0	113.7	3.9	113.7	0.0
2	121.3	17.4	119.0	15.0	116.4	5.4	111.7	3.9
3	130.5	12.1	129.2	11.3	116.8	4.6	121.7	2.5
4	126.5	11.4	125.2	10.2	114.8	1.5	118.9	0.4
5	126.9	13.9	124.4	11.3	117.1	3.6	118.7	0.6
6	126.7	12.9	124.8	11.0	115.7	3.0	119.6	1.6
7	122.7	13.5	119.9	12.4	117.2	3.4	116.2	-0.6
8	119.8	10.9	117.8	9.9	117.1	3.6	114.3	-0.7
9	123.2	10.0	121.7	8.3	116.0	5.2	117.3	-0.3
10	133.1	5.8	131.5	4.9	116.1	5.9	118.1	-0.8
11	134.1	9.9	132.5	9.2	118.7	8.5	118.3	-0.4
12	133.1	4.6	129.9	3.3	120.8	9.4	126.1	0.6
2005								
1	131.6	14.3	127.4	12.4	128.4	12.9	114.8	1.0
2	112.4	-7.3	111.7	-6.1	127.2	9.3	111.1	-0.5
3	136.9	4.9	134.9	4.4	127.8	9.4	123.6	1.6
4	131.4	3.9	128.7	2.8	128.6	12.0	121.1	1.9
5	132.2	4.2	128.7	3.5	129.2	10.3	121.8	2.6
6	131.9	4.1	130.2	4.3	124.8	7.9	122.8	2.7
7	131.2	6.9	127.6	6.4	127.2	8.5	121.3	4.4
8	127.5	6.4	125.2	6.3	123.4	5.4	121.0	5.9
9 ^P	132.2	7.3	128.4	5.5	123.9	6.8	123.7	5.5
10 ^P	143.8	8.0	139.1	5.8	123.9	6.7	123.6	4.7

p: preliminary

Source: Korea National Statistical Office

3. Production capacity and operation ratio

See graph 6-2

Period	Production capacity index (2000=100)		Operation ratio index (2000=100)		Average operation ratio [%]
		Y-o-Y change [%]		Y-o-Y change [%]	
2001	103.5	3.5	95.9	-4.1	75.3
2002	106.3	2.7	99.7	4.0	78.4
2003	109.8	3.3	99.7	0.0	78.3
2004	115.1	4.8	102.5	2.8	80.3
2002					
I	105.0	2.7	96.0	2.0	77.9
II	106.0	3.1	102.5	3.3	78.3
III	106.6	2.3	97.5	3.0	78.7
IV	107.7	2.8	102.9	7.5	78.7
2003					
I	108.8	3.6	97.2	1.3	78.5
II	109.7	3.5	100.9	-1.6	77.3
III	109.6	2.8	95.0	-2.6	76.9
IV	111.2	3.2	105.7	2.7	80.5
2004					
I	113.0	3.9	101.1	3.9	81.5
II	115.3	5.1	104.9	4.0	80.4
III	115.6	5.5	98.3	3.5	79.2
IV	116.5	4.8	105.8	0.1	80.4
2005					
I	117.1	3.6	99.2	-1.8	80.0
II	117.9	2.3	103.9	-1.0	79.0
III ^p	118.7	2.7	98.7	0.4	79.4
2003					
1	108.2	3.2	96.9	-0.1	78.7
2	108.2	3.0	91.9	6.9	78.8
3	110.0	4.5	102.9	-1.2	78.0
4	109.8	4.2	103.0	-2.4	77.8
5	109.8	3.3	99.7	-5.9	75.8
6	109.5	2.9	99.9	3.8	78.3
7	109.5	2.8	94.0	-5.0	74.3
8	109.6	2.8	93.7	-4.3	77.3
9	109.6	2.7	97.3	1.6	79.1
10	110.7	3.0	109.2	3.0	81.2
11	111.4	3.4	103.0	-0.1	79.7
12	111.4	3.2	104.9	5.4	80.7
2004					
1	112.3	3.8	94.3	-2.7	80.4
2	112.9	4.3	100.7	9.6	83.0
3	113.8	3.5	108.0	5.0	80.6
4	114.7	4.5	105.4	2.3	80.5
5	115.6	5.3	104.9	5.2	80.9
6	115.7	5.7	104.5	4.6	79.8
7	115.6	5.6	100.0	6.4	79.1
8	115.6	5.5	96.5	3.0	78.8
9	115.6	5.5	98.5	1.2	79.8
10	116.1	4.9	106.6	-2.4	79.7
11	116.5	4.6	107.2	4.1	81.8
12	116.9	4.9	103.6	-1.2	79.7
2005					
1	117.0	4.2	102.6	8.8	81.9
2	117.1	3.7	86.7	-13.9	77.2
3	117.2	3.0	108.4	0.4	80.9
4	117.2	2.2	104.6	-0.8	78.8
5	118.3	2.3	103.8	-1.0	78.0
6	118.3	2.2	103.4	-1.1	80.1
7	118.4	2.4	101.7	1.7	80.5
8	118.5	2.5	96.1	-0.4	78.6
9 ^p	119.1	3.0	98.3	-0.2	79.0
10 ^p	120.4	3.7	105.3	-1.2	79.3

p: preliminary
Source: Korea National Statistical Office

4. Wholesale and retail trade

(Constant price, 2000=100)

Period	Wholesale and retail trade		Wholesale		Retail		Vehicles and fuel	
		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)		Y-o-Y change (%)
2001	106.6	6.6	106.4	6.4	107.0	7.0	106.4	6.4
2002	115.4	8.3	113.6	6.8	115.8	8.2	121.7	14.4
2003	114.2	-1.0	113.8	0.2	113.5	-2.0	117.2	-3.7
2004	113.2	-0.9	114.0	0.2	111.9	-1.4	113.7	-3.0
2002								
I	111.7	10.2	110.6	7.5	113.6	11.5	112.2	19.5
II	115.4	8.6	113.9	7.6	115.3	9.5	122.0	10.4
III	113.6	7.4	110.6	5.2	113.4	7.8	126.2	14.2
IV	120.7	7.1	119.3	7.0	120.8	4.5	126.5	14.2
2003								
I	113.6	1.7	113.1	2.3	113.1	-0.4	116.9	4.2
II	113.7	-1.5	113.3	-0.5	111.4	-3.4	121.1	-0.7
III	111.0	-2.3	110.5	-0.1	111.0	-2.1	112.9	-10.5
IV	118.3	-2.0	118.3	-0.8	118.3	-2.1	117.8	-6.9
2004								
I	113.4	-0.2	115.7	2.3	111.2	-1.7	109.7	-6.2
II	113.0	-0.6	113.3	0.0	110.8	-0.5	117.2	-3.2
III	109.8	-1.1	109.9	-0.5	109.1	-1.7	111.3	-1.4
IV	116.7	-1.4	117.0	-1.1	116.4	-1.6	116.7	-0.9
2005								
I	112.3	-1.0	113.4	-2.0	112.5	1.2	106.9	-2.6
II	115.9	2.6	116.5	2.8	113.5	2.4	119.6	2.0
III ^p	113.8	3.6	114.3	4.0	111.9	2.6	116.0	4.2
2003								
1	119.1	6.6	117.0	5.1	122.3	8.3	120.4	9.3
2	105.4	0.5	105.7	3.2	102.8	-6.8	110.8	8.5
3	116.3	-1.9	116.7	-1.1	114.2	-2.8	119.6	-3.7
4	113.2	-2.5	112.2	-1.1	111.2	-4.5	122.7	-3.0
5	115.8	-1.7	114.1	-1.2	115.2	-2.7	124.5	-1.4
6	112.1	-0.2	113.7	0.8	107.8	-3.0	116.2	2.7
7	110.2	-1.5	109.4	1.3	109.7	-3.9	114.7	-6.4
8	109.0	-2.4	110.0	0.6	105.9	-0.8	112.2	-16.2
9	113.9	-2.7	112.2	-2.1	117.5	-1.3	111.9	-8.4
10	117.6	-1.4	117.6	0.9	115.9	-3.3	121.4	-6.3
11	116.1	-3.6	114.8	-3.4	118.6	-2.9	115.7	-5.2
12	121.1	-1.1	122.5	-0.1	120.5	0.2	116.4	-8.9
2004								
1	115.8	-2.8	116.1	-0.8	118.9	-2.8	106.8	-11.3
2	107.6	2.1	110.0	4.1	104.4	1.6	105.7	-4.6
3	116.9	0.5	120.9	3.6	110.2	-3.5	116.5	-2.6
4	112.9	-0.3	113.3	1.0	110.3	-0.8	118.0	-3.8
5	112.6	-2.8	111.8	-2.0	113.7	-1.3	113.3	-9.0
6	113.4	1.2	114.8	1.0	108.3	0.5	120.2	3.4
7	109.9	-0.3	109.6	0.2	110.3	0.5	110.2	-3.9
8	106.6	-2.2	108.9	-1.0	101.4	-4.2	110.0	-2.0
9	113.0	-0.8	111.2	-0.9	115.6	-1.6	113.8	1.7
10	114.7	-2.5	115.1	-2.1	114.3	-1.4	114.3	-5.8
11	114.5	-1.4	114.2	-0.5	115.3	-2.8	113.9	-1.6
12	121.0	-0.1	121.7	-0.7	119.5	-0.8	122.0	4.8
2005								
1	112.4	-2.9	113.6	-2.2	112.3	-5.6	107.5	0.7
2	105.9	-1.6	105.2	-4.4	110.9	6.2	96.1	-9.1
3	118.5	1.4	121.4	0.4	114.2	3.6	117.2	0.6
4	114.4	1.3	114.4	1.0	113.9	3.3	115.8	-1.9
5	116.8	3.7	116.8	4.5	116.3	2.3	117.9	4.1
6	116.6	2.8	118.3	3.0	110.3	1.8	125.0	4.0
7	113.1	2.9	112.0	2.2	112.4	1.9	119.4	8.3
8	112.0	5.1	114.0	4.7	105.3	3.8	120.1	9.2
9 ^p	116.2	2.8	116.9	5.1	118.0	2.1	108.6	-4.6
10 ^p	116.8	1.8	116.4	1.1	116.9	2.3	118.3	3.5

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	
	Domestic consumer goods shipment index (2000=100)	Y-o-Y change (%)	Durable goods	Y-o-Y change (%)	Non-durable goods	Y-o-Y change (%)	Expectations index	Present situation index
2001	102.8	2.8	103.0	3.0	102.7	2.7	-	-
2002	111.1	8.1	120.6	17.1	106.7	3.9	-	-
2003	104.5	-5.9	106.7	-11.5	103.4	-3.1	-	-
2004	102.0	-2.4	99.2	-7.0	103.2	-2.0	-	-
2002								
I	108.1	11.8	114.9	31.5	105.0	4.0	-	-
II	111.5	7.1	125.2	14.4	105.1	3.3	-	-
III	109.2	4.7	118.3	10.0	104.9	2.0	-	-
IV	115.6	9.0	123.8	15.1	111.8	6.1	-	-
2003								
I	105.1	-2.8	109.8	-4.4	102.8	-2.1	-	-
II	102.6	-8.0	109.5	-12.5	99.4	-5.4	-	-
III	101.6	-7.0	100.7	-14.9	102.0	-2.8	-	-
IV	108.5	-6.1	106.7	-13.8	109.4	-2.1	-	-
2004								
I	103.7	-1.3	103.2	-6.0	103.9	1.1	-	-
II	101.1	-1.5	100.8	-7.9	101.2	1.8	-	-
III	98.9	-2.7	93.0	-7.6	101.7	-0.3	-	-
IV	104.2	-4.0	99.9	-6.4	106.2	-2.9	-	-
2005								
I	98.5	-5.0	96.3	-6.7	99.5	-4.2	-	-
II	102.3	1.2	108.0	7.1	99.7	-1.5	-	-
III ^p	105.0	6.2	108.5	16.7	103.4	1.7	-	-
2003								
1	111.5	-0.4	111.2	0.9	111.5	-1.1	96.4	79.6
2	97.7	-3.0	106.6	-1.8	93.6	-3.5	96.1	73.5
3	106.0	-5.2	111.5	-11.4	103.4	-1.7	90.4	63.9
4	104.1	-6.8	112.2	-9.9	100.2	-5.2	94.5	64.7
5	103.5	-11.8	112.1	-16.8	99.5	-9.0	94.5	67.0
6	100.2	-4.9	104.2	-10.5	98.4	-1.8	91.7	62.7
7	101.2	-4.3	102.7	-12.3	100.5	-0.1	90.8	62.1
8	100.2	-9.9	94.6	-24.0	102.8	-2.1	92.0	63.9
9	103.4	-6.4	104.8	-7.6	102.7	-5.9	90.4	59.9
10	109.6	-6.4	109.4	-14.1	109.7	-2.3	91.5	62.7
11	104.1	-9.2	104.0	-16.5	104.1	-5.4	94.6	68.4
12	111.9	-2.7	106.7	-10.7	114.3	1.2	96.0	69.2
2004								
1	103.4	-7.3	97.3	-12.5	106.2	-4.8	98.0	72.6
2	99.7	2.0	104.6	-1.9	97.4	4.1	96.3	71.9
3	107.9	1.8	107.8	-3.3	108.0	4.4	94.4	68.5
4	104.3	0.2	105.2	-6.2	103.8	3.6	99.9	74.9
5	99.7	-3.7	98.8	-11.9	100.1	0.6	94.8	70.7
6	99.2	-1.0	98.3	-5.7	99.6	1.2	92.2	67.3
7	98.8	-2.4	95.5	-7.0	100.3	-0.2	89.6	66.2
8	97.5	-2.7	91.1	-3.7	100.6	-2.1	87.0	63.1
9	100.4	-2.9	92.4	-11.8	104.2	1.5	88.9	65.0
10	103.6	-5.5	100.8	-7.9	104.9	-4.4	88.0	65.1
11	103.8	-0.3	100.9	-3.0	105.1	1.0	86.6	62.8
12	105.2	-6.0	97.9	-8.2	108.6	-5.0	85.1	62.2
2005								
1	102.8	-0.6	95.6	-1.7	106.1	-0.1	90.3	66.5
2	88.5	-11.2	86.8	-17.0	89.3	-8.3	99.4	83.2
3	104.2	-3.4	106.6	-1.1	103.1	-4.5	102.2	89.6
4	100.5	-3.6	103.7	-1.4	99.0	-4.6	101.3	90.2
5	102.3	2.6	108.2	9.5	99.6	-0.5	99.2	85.5
6	104.2	5.0	112.2	14.1	100.4	0.8	95.4	79.7
7	104.8	6.1	114.7	20.1	100.1	-0.2	95.2	78.9
8	104.2	6.9	104.0	14.2	104.3	3.7	94.8	78.3
9	106.1 ^p	5.7 ^p	106.7 ^p	15.5 ^p	105.9 ^p	1.6 ^p	96.7	81.2
10	109.1 ^p	5.3 ^p	117.7 ^p	16.8 ^p	105.0 ^p	0.1 ^p	97.5	83.4
11	-	-	-	-	-	-	98.5	84.9

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		
2003	22,385	2,178	20,206	8,629	96.2	102.2
2004	23,913	2,563	21,350	10,579	97.5	101.2
2004						
I	6,664	644	6,020	2,935	96.3	97.5
II	6,847	800	6,046	2,995	102.7	106.0
III	5,086	417	4,669	2,269	94.0	96.2
IV	5,316	701	4,615	2,399	96.7	104.9
2005						
I	6,211	694	5,517	2,708	100.2	97.1
II	6,010	390	5,620	2,904	104.1	104.5
III ^p	5,777	580	5,198	2,399	94.5	98.3
2004						
1	2,054	183	1,871	930	82.4	84.3
2	2,080	133	1,947	923	98.1	96.9
3	2,530	327	2,203	1,082	108.5	111.4
4	2,291	151	2,141	1,150	100.4	103.8
5	2,311	213	2,097	982	98.9	103.6
6	2,245	437	1,808	863	108.9	110.6
7	1,536	80	1,455	689	94.5	97.3
8	1,663	102	1,561	741	93.8	95.3
9	1,887	235	1,652	838	93.7	96.1
10	1,915	155	1,760	968	96.5	101.1
11	1,727	204	1,523	775	93.0	99.1
12	1,674	341	1,333	656	100.7	114.4
2005						
1	2,070	97	1,973	1,007	95.6	92.1
2	1,691	73	1,618	760	94.7	86.5
3	2,449	523	1,926	940	110.2	112.6
4	2,062	136	1,926	1,007	100.2	103.6
5	1,977	112	1,865	995	106.5	103.4
6	1,971	143	1,828	902	105.5	106.6
7	1,926	224	1,702	800	98.5	101.9
8	1,969	221	1,748	785	93.1	96.3
9 ^p	1,882	134	1,748	814	91.9	96.6
10 ^p	1,932	244	1,687	769	98.1	97.2
Y-o-Y change (%)						
2003	-8.7	-32.5	-5.1	8.8	-2.3	-1.1
2004	6.8	17.6	5.7	22.8	1.4	-1.3
2004						
I	19.6	72.3	15.8	36.5	-2.0	-3.3
II	19.2	81.3	14.0	23.7	3.2	-1.5
III	-6.6	-41.4	-1.4	15.9	3.8	0.4
IV	-5.4	7.6	-7.1	14.2	0.1	-0.9
2005						
I	-6.8	7.8	-8.4	-7.7	4.0	-0.4
II	-12.2	-51.3	-7.1	-3.0	1.4	-1.4
III ^p	13.6	38.9	11.3	5.8	0.5	2.2
2004						
1	13.1	64.3	9.8	37.3	0.0	-9.9
2	13.6	12.1	13.7	26.3	2.6	0.3
3	31.5	128.7	23.7	45.8	-7.1	-0.6
4	19.0	48.3	17.3	38.4	-1.5	-2.9
5	19.6	80.5	15.6	19.4	3.7	-3.9
6	18.9	96.9	8.6	12.5	7.5	2.3
7	-5.6	-3.6	-5.8	5.1	4.0	4.2
8	-5.5	-29.4	-3.4	8.6	6.0	2.0
9	-8.4	-51.4	4.8	35.4	1.5	-4.4
10	-7.1	-55.2	2.7	29.9	-0.5	1.3
11	1.6	122.0	-5.3	10.7	3.0	-3.1
12	-9.9	60.7	-19.0	0.0	-1.8	-1.1
2005						
1	0.8	-46.9	5.5	8.3	16.0	9.3
2	-18.7	-45.0	-16.9	-17.6	-3.5	-10.7
3	-3.2	59.9	-12.6	-13.1	1.6	1.1
4	-10.0	-9.6	-10.0	-12.4	-0.2	-0.2
5	-14.4	-47.7	-11.1	1.3	7.7	-0.2
6	-12.2	-67.4	1.1	4.5	-3.1	-3.6
7	25.4	179.8	16.9	16.1	4.2	4.7
8	18.4	116.5	12.0	5.9	-0.7	1.0
9 ^p	-0.3	-43.0	5.8	-2.8	-1.9	0.5
10 ^p	0.9	57.2	-4.1	-20.6	1.7	-3.9

p: preliminary

Source: Korea National Statistical Office

7. Value of construction completed and domestic construction orders received

See graph 4-2

(Billion won)

Period	Value of construction completed (total)	Type of order		Domestic construction orders received (total)	Type of order		
		Public	Private		Public	Private	
2003	65,553	22,789	40,646	80,897	19,571	58,271	
2004	72,766	23,988	46,485	76,588	22,124	50,409	
2004							
I	15,537	4,914	10,182	14,509	3,654	10,538	
II	18,413	6,055	11,785	17,984	3,446	13,579	
III	18,227	6,101	11,555	14,581	3,591	10,136	
IV	20,588	6,918	12,964	29,514	11,434	16,156	
2005							
I	15,971	4,874	10,628	18,110	4,488	12,791	
II	20,315	6,266	13,421	25,262	6,042	18,066	
III ^p	19,034	5,735	12,630	17,010	3,587	13,249	
2004							
1	4,853	1,546	3,163	4,588	1,321	3,175	
2	4,767	1,470	3,180	4,635	1,458	3,167	
3	5,917	1,898	3,839	5,285	875	4,196	
4	5,963	1,985	3,798	5,074	1,276	3,533	
5	5,975	1,920	3,866	5,647	558	4,749	
6	6,476	2,151	4,121	7,263	1,612	5,297	
7	5,846	1,842	3,816	6,161	1,299	4,300	
8	6,003	1,989	3,831	4,315	911	3,346	
9	6,379	2,269	3,908	4,106	1,380	2,490	
10	6,315	1,946	4,151	8,202	3,106	4,749	
11	6,484	2,164	4,095	6,150	2,246	3,810	
12	7,789	2,808	4,718	15,162	6,082	7,597	
2005							
1	5,088	1,540	3,388	5,272	1,435	3,388	
2	4,655	1,457	3,088	3,709	627	3,038	
3	6,227	1,877	4,152	9,128	2,425	6,364	
4	6,452	1,966	4,290	6,550	1,972	4,460	
5	6,636	2,007	4,434	8,690	1,946	6,489	
6	7,227	2,293	4,698	10,022	2,124	7,117	
7	6,140	1,818	4,111	6,631	1,161	5,368	
8	6,303	1,803	4,271	5,103	1,071	4,022	
9 ^p	6,591	2,114	4,247	5,275	1,355	3,859	
10 ^p	6,533	1,886	4,395	5,343	1,283	4,002	
Y-o-Y change (%)							
2003	16.6	10.7	20.6	19.3	0.9	27.6	
2004	11.0	5.3	14.4	-5.3	13.0	-13.5	
2004							
I	14.7	13.4	16.5	-9.2	29.6	-17.5	
II	12.3	9.3	14.1	-23.8	-29.3	-22.2	
III	14.8	8.7	18.3	-20.8	-7.8	-28.7	
IV	4.4	-5.3	9.8	28.8	43.2	16.9	
2005							
I	2.8	-0.8	4.4	24.8	22.8	21.4	
II	10.3	3.5	13.9	40.5	75.4	33.0	
III ^p	4.4	-6.0	9.3	16.7	-0.1	30.7	
2004							
1	13.1	5.3	18.2	-6.1	55.7	-21.1	
2	12.0	17.0	11.8	-20.2	30.7	-27.7	
3	18.3	18.1	19.2	0.0	2.3	-3.9	
4	17.6	15.5	19.2	-8.4	7.1	-17.5	
5	11.8	7.5	14.1	-18.6	-67.0	-8.8	
6	8.2	5.7	9.7	-34.7	-19.0	-33.6	
7	11.7	1.4	17.2	0.0	28.7	-15.2	
8	12.9	9.6	15.0	-36.4	-24.0	-39.3	
9	19.7	14.4	22.9	-24.7	-18.2	-31.4	
10	9.0	-3.6	16.6	33.1	47.3	21.7	
11	5.8	0.5	8.3	4.3	34.3	-4.7	
12	-0.2	-10.3	5.7	39.7	44.6	28.3	
2005							
1	4.9	-0.4	7.1	14.9	8.6	6.7	
2	-2.4	-0.9	-2.9	-20.0	-57.0	-4.1	
3	5.3	-1.1	8.1	72.7	177.1	51.7	
4	8.2	-0.9	12.9	29.1	54.6	26.2	
5	11.1	4.5	14.7	53.9	248.8	36.6	
6	11.6	6.6	14.0	38.0	31.8	34.8	
7	5.0	-1.3	7.8	7.6	-10.6	24.8	
8	5.0	-9.4	11.5	18.3	17.5	20.2	
9 ^p	3.3	-6.9	8.7	28.5	-1.9	55.0	
10 ^p	3.4	-3.1	5.9	-34.8	-58.7	-15.7	

p: preliminary
Source: Korea National Statistical Office

8. Composite indexes of business cycle indicators and BSI

Period	Leading index (2000=100)	Y-o-Y change (%)	Coincident index (2000=100)	Cycle of coincident index (2000=100)	BSI (actual)	BSI (outlook)
2001						
1	95.7	-4.9	101.4	101.8	66.3	114.5
2	96.2	-4.5	101.6	101.4	81.5	110.2
3	96.8	-4.0	101.9	101.3	98.7	131.0
4	96.7	-4.1	101.9	100.7	100.4	127.9
5	97.1	-3.4	102.2	100.5	105.4	123.3
6	97.6	-2.4	102.5	100.3	101.8	103.8
7	97.8	-1.7	102.7	99.9	88.9	91.4
8	97.8	-1.3	103.3	99.9	79.0	91.1
9	98.1	-0.6	104.2	100.3	87.0	104.7
10	98.9	0.5	105.4	100.9	85.9	91.8
11	100.1	2.1	105.9	100.8	95.9	81.0
12	101.1	3.3	105.8	100.1	103.0	68.0
2002						
1	103.0	5.4	106.8	100.6	105.6	105.1
2	105.1	7.8	107.8	101.0	109.7	110.7
3	107.7	10.7	109.4	101.9	138.9	141.9
4	109.2	12.4	109.9	101.8	129.8	140.8
5	109.4	12.4	110.1	101.5	125.9	143.0
6	108.5	11.0	110.3	101.1	108.4	121.8
7	108.1	9.8	110.9	101.1	97.3	114.6
8	107.7	8.6	111.8	101.4	100.2	100.4
9	108.3	8.2	112.7	101.7	106.2	118.5
10	108.3	7.1	113.1	101.5	102.7	115.1
11	109.0	6.6	113.6	101.4	99.6	98.6
12	109.2	6.0	114.5	101.6	91.9	95.6
2003						
1	109.1	5.0	115.3	101.8	90.2	91.9
2	108.2	3.3	115.2	101.1	79.8	89.3
3	107.0	1.3	115.1	100.6	89.3	109.0
4	106.3	-0.1	114.7	99.6	87.7	90.2
5	106.0	-1.1	114.6	99.0	84.7	108.1
6	107.3	-0.5	115.0	98.8	81.5	96.4
7	108.1	-0.2	115.2	98.5	79.1	90.3
8	109.1	0.5	116.2	98.8	85.1	91.4
9	109.0	0.5	116.9	98.8	89.4	109.6
10	110.0	1.6	118.6	99.7	103.4	110.3
11	110.5	2.4	119.5	99.9	98.9	102.8
12	111.2	3.1	120.8	100.5	100.4	98.7
2004						
1	111.3	3.2	121.9	100.8	90.7	99.8
2	111.8	3.5	123.4	101.6	95.3	104.9
3	112.0	3.6	124.1	101.6	104.2	113.6
4	111.9	3.4	124.4	101.2	101.7	104.3
5	111.8	3.2	124.1	100.5	90.2	113.2
6	111.6	2.9	124.0	99.9	86.8	92.1
7	111.6	2.7	123.7	99.1	83.8	86.4
8	111.8	2.6	123.4	98.3	81.2	86.4
9	112.0	2.3	123.7	98.0	93.4	95.5
10	112.0	1.9	124.0	97.8	92.2	99.2
11	111.8	1.2	124.8	97.8	82.2	90.3
12	111.7	0.8	125.1	97.5	80.9	82.2
2005						
1	112.3	1.0	126.1	97.8	84.6	77.8
2	112.8	1.3	125.9	97.1	87.2	85.7
3	113.3	1.5	126.7	97.2	110.7	119.2
4	113.0	1.1	126.3	96.4	107.0	117.6
5	113.3	1.3	127.2	96.6	98.2	114.1
6	113.7	1.6	127.6	96.3	93.4	105.1
7	114.3	2.0	128.4	96.4	91.7	96.5
8	115.0 ^p	2.6 ^p	129.1	96.4	91.0	91.7
9	115.5 ^p	3.0 ^p	129.2 ^p	95.9 ^p	99.2	111.4
10	116.3 ^p	3.7 ^p	129.7 ^p	95.9 ^p	98.0	110.2
11	-	-	-	-	101.8	107.8
12	-	-	-	-	-	103.8

p: preliminary

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

9. Balance of payments (I)

See graphs 5-1, 5-2 & 10-1

(Million US\$)

Period	Current balance	Goods trade balance	Exports		Imports	Services trade balance	Income trade balance	Current transfers
			Exports	Imports				
2001	8,032.6	13,488.0	150,439.1	141,097.8	-3,872.1	-1,198.1	-385.2	
2002	5,393.9	14,777.4	162,470.5	152,126.2	-8,197.5	432.3	-1,618.3	
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	253,884.7	224,462.7	-8,046.1	1,082.8	-2,432.0	
2003								
I	-1,556.4	1,199.3	43,035.9	44,223.5	-2,178.9	154.7	-731.5	
II	2,572.9	5,685.6	46,053.0	41,710.5	-1,486.3	-1,029.7	-596.7	
III	3,669.7	6,793.0	47,828.1	42,970.8	-2,633.0	438.7	-929.0	
IV	7,263.3	8,274.1	56,900.4	49,921.9	-1,126.0	762.6	-647.4	
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 ^a								
I	5,950.1	9,290.8	66,813.7	60,545.2	-3,052.5	236.3	-524.5	
II	2,756.8	8,648.2	69,714.2	63,622.7	-3,079.7	-2,095.5	-716.2	
III	2,523.7	7,553.3	71,118.1	66,054.4	-4,458.6	35.8	-606.8	
2003								
1	-467.8	760.1	14,319.9	14,495.0	-1,185.3	270.8	-313.4	
2	32.2	473.0	13,337.1	13,858.3	-687.8	448.3	-201.3	
3	-1,120.8	-33.8	15,378.9	15,870.2	-305.8	-564.4	-216.8	
4	-209.4	1,346.4	15,720.6	14,758.7	-269.3	-1,190.6	-95.9	
5	1,184.1	1,626.6	14,676.1	13,523.6	-456.9	219.3	-204.9	
6	1,598.2	2,712.6	15,656.3	13,428.1	-760.1	-58.4	-295.9	
7	345.7	1,447.3	15,431.7	14,898.0	-1,010.1	186.0	-277.5	
8	1,231.6	2,285.0	15,375.3	13,541.4	-967.4	202.6	-288.6	
9	2,092.4	3,060.7	17,021.1	14,531.4	-655.5	50.1	-362.9	
10	2,518.9	2,985.0	18,929.7	16,536.6	-246.8	15.7	-235.0	
11	2,858.3	2,846.3	18,242.1	15,760.8	-248.3	441.8	-181.5	
12	1,886.1	2,442.8	19,728.7	17,624.5	-630.9	305.1	-230.9	
2004								
1	2,328.1	2,914.9	18,987.1	16,208.9	-699.7	326.4	-213.5	
2	2,714.9	2,955.7	19,137.0	17,468.6	-562.3	559.7	-238.2	
3	1,375.4	2,714.8	21,174.9	19,120.1	-608.9	-388.5	-342.0	
4	959.4	3,216.5	21,483.4	18,830.0	-497.5	-1,492.1	-267.5	
5	3,622.8	3,688.7	20,834.3	17,895.4	-200.2	276.3	-142.0	
6	2,274.4	3,155.5	21,657.1	18,544.4	-600.4	47.4	-268.1	
7	3,425.1	4,297.3	21,003.8	18,390.1	-715.1	6.3	-163.4	
8	1,141.5	1,773.1	19,799.0	18,124.4	-910.9	273.7	5.6	
9	2,998.8	3,682.5	20,831.1	18,193.3	-679.2	181.4	-185.9	
10	2,295.4	2,747.0	22,663.3	20,408.2	-535.3	116.3	-32.6	
11	2,824.7	3,483.5	23,076.6	20,312.0	-712.5	295.7	-242.0	
12	2,213.0	2,939.3	23,197.2	20,967.5	-1,264.1	880.2	-342.4	
2005 ^a								
1	3,866.2	4,493.9	22,455.5	19,418.2	-874.7	496.5	-249.5	
2	969.3	1,686.7	20,403.3	18,372.0	-1,048.3	463.4	-132.5	
3	1,114.6	3,110.2	23,954.9	22,753.5	-1,129.5	-723.6	-142.5	
4	-975.7	2,333.4	22,873.9	21,223.1	-912.5	-2,136.2	-260.4	
5	1,437.5	2,612.5	23,125.3	21,142.0	-1,097.2	160.0	-237.8	
6	2,295.0	3,702.3	23,715.1	21,257.6	-1,070.0	-119.3	-218.0	
7	1,382.2	3,131.2	23,237.8	21,465.6	-1,495.2	-62.7	-191.1	
8	-500.7	1,607.9	23,347.0	21,938.3	-1,856.3	-44.0	-208.3	
9	1,642.2	2,814.2	24,533.2	22,650.5	-1,107.1	142.5	-207.4	
10	2,987.1	3,437.8	25,504.1	22,711.3	-597.3	299.2	-152.6	

p: preliminary
Source: The Bank of Korea

10. Balance of payments (II)

See graph 10-3

(Million US\$)

Period	Capital & financial account	Financial account			Other capital account	Changes in reserve assets	Errors and omissions
		Financial account	Direct investment	Portfolio investment			
2001	-3,390.8	-2,659.8	1,107.6	6,583.4	-10,350.8	-731.0	2,934.0
2002	6,251.5	7,338.3	-224.2	708.7	6,853.8	-1,086.8	154.0
2003	13,909.4	15,307.8	100.0	17,906.5	-2,698.7	-1,398.4	-9.5
2004	7,598.8	9,351.6	4,588.3	8,619.3	-3,856.0	-1,752.8	2,938.2
2003							
I	1,367.9	1,678.7	-417.8	-1,054.2	3,150.7	-310.8	1,114.7
II	2,705.2	3,091.8	-141.9	3,642.5	-408.8	-386.6	441.9
III	3,639.5	4,022.5	-404.5	7,731.2	-3,304.2	-383.0	1,207.5
IV	6,196.8	6,514.8	1,064.2	7,587.0	-2,136.4	-318.0	-2,773.6
2004							
I	3,980.6	4,353.4	-680.6	10,260.3	-5,226.3	-372.8	-1,652.1
II	-6,066.6	-5,596.1	3,163.8	-757.0	-8,002.9	-470.5	3,215.5
III	-1,137.1	-749.3	144.4	1,621.2	-2,514.9	-387.8	377.4
IV	10,821.9	11,343.6	960.7	-2,505.2	11,888.1	-521.7	997.4
2005 ^p							
I	3,208.1	3,715.7	-680.8	-1,329.3	5,725.8	-507.6	355.6
II	1,480.4	2,146.6	1,184.3	-2,379.4	3,341.7	-666.2	-1,419.8
III	-906.7	-257.2	-405.8	184.4	-35.8	-649.5	683.3
2003							
1	594.4	692.9	132.1	816.0	-255.2	-98.5	80.1
2	452.5	548.8	-334.6	1,508.0	2,391.4	-96.3	501.2
3	321.0	437.0	-215.3	-362.2	1,014.5	-116.0	533.4
4	-1,032.7	-895.7	-63.5	-1,684.3	852.1	-137.0	102.7
5	1,269.3	1,383.6	-79.1	937.0	525.7	-114.3	215.3
6	2,468.6	2,603.9	0.7	4,389.8	-1,786.6	-135.3	123.9
7	-878.3	-736.6	-198.4	2,474.5	-3,012.7	-141.7	1,866.0
8	3,956.8	4,079.3	156.8	2,353.4	1,569.1	-122.5	-1,133.9
9	561.0	679.8	-362.9	2,903.3	-1,860.6	-118.8	475.4
10	533.9	637.6	1,081.8	4,120.8	-4,565.0	-103.7	-1,782.9
11	4,383.6	4,480.1	134.0	2,819.4	1,526.7	-96.5	-869.5
12	1,279.3	1,397.1	-151.6	646.8	901.9	-117.3	-121.2
2004							
1	1,483.2	1,580.3	-212.2	4,039.1	-2,246.6	-97.1	-1,654.5
2	3,007.0	3,113.1	-289.8	3,266.4	136.5	-106.1	26.7
3	-509.6	-340.0	-178.6	2,954.8	-3,116.2	-169.6	-24.3
4	434.8	593.5	624.6	2,755.9	-2,787.0	-158.7	-46.2
5	3,200.6	-3,066.5	2,417.4	-3,465.0	-2,018.9	-134.1	1,560.0
6	-3,300.8	-3,123.1	121.8	-47.9	-3,197.0	-177.7	1,701.7
7	-432.4	-291.9	-583.4	1,587.7	-1,341.2	-140.5	-1,452.0
8	869.5	1,003.5	79.0	416.4	508.1	-134.0	166.6
9	-1,574.2	-1,460.9	603.8	-382.9	-1,681.8	-113.3	662.8
10	710.2	895.4	359.7	-2,384.5	2,920.2	-185.2	-968.8
11	7,666.8	7,825.5	745.8	733.3	6,346.4	-158.7	1,435.5
12	2,444.9	2,622.7	855.2	-2,384.5	2,621.5	-177.8	530.7
2005 ^p							
1	-822.5	-636.0	-23.1	-1,548.8	935.9	-186.5	-169.4
2	487.5	631.0	-475.2	1,704.4	-598.2	-143.5	391.7
3	3,543.1	3,720.7	-182.5	-1,484.9	5,388.1	-177.6	133.3
4	1,959.8	2,196.7	1,390.3	-1,035.0	1,841.4	-236.9	-358.7
5	797.9	1,039.9	-266.9	-574.7	1,881.5	-242.0	-598.5
6	-1,277.3	-1,090.0	60.9	-769.7	-381.2	-187.3	-462.6
7	-773.6	-565.6	-502.0	2,766.2	-2,829.8	-208.0	264.7
8	509.4	723.7	325.0	-977.1	1,375.8	-214.3	441.7
9	-642.5	-415.3	-228.8	-1,604.7	1,418.2	-227.2	-23.1
10	-2,279.2	-2,114.4	-136.7	-3,411.0	1,433.3	-164.8	8.0

p: preliminary

Source: The Bank of Korea, Korea Customs Service

11. Prices

See graphs 11-1, 11-2 & 11-3

(2000 = 100)

Period	Consumer prices				Producer prices		Export & import prices	
	All Items	Commodity	Service	Core	All items	Commodity	Export	Import
2002	106.9	106.4	107.5	106.7	99.2	97.7	89.5	97.1
2003	110.7	109.8	111.4	110.0	101.4	99.7	87.5	98.9
2004	114.7	114.5	114.8	113.2	107.6	107.2	92.9	108.9
2004 1	112.7	112.3	112.9	111.4	104.3	102.8	91.8	105.3
2	113.2	113.1	113.2	111.5	105.6	104.6	91.2	105.1
3	114.3	114.2	114.5	112.7	106.6	106.0	91.2	106.6
4	114.3	114.0	114.5	112.8	107.1	106.7	91.0	106.6
5	114.2	113.7	114.6	113.0	107.4	107.1	93.9	110.5
6	114.2	113.6	114.7	113.2	107.3	107.0	92.4	108.6
7	114.9	114.3	115.3	113.5	107.7	107.3	93.7	110.4
8	115.9	116.5	115.4	113.8	108.7	108.6	95.9	113.4
9	115.9	116.5	115.4	114.0	109.1	109.3	95.9	111.8
10	115.9	116.3	115.6	114.1	109.2	109.3	97.4	115.0
11	115.2	114.6	115.8	113.9	109.2	109.3	92.9	109.4
12	115.4	114.5	116.1	114.2	108.4	108.2	87.7	104.1
2005 1	116.2	115.9	116.4	114.9	108.6	108.2	68.9	104.4
2	116.9	117.3	116.5	115.1	109.0	108.8	86.8	104.8
3	117.8	118.0	117.5	115.8	109.5	109.5	87.1	108.2
4	117.9	118.6	117.3	115.8	110.2	110.5	87.0	110.5
5	117.7	118.0	117.4	115.8	109.6	109.7	84.2	107.5
6	117.3	117.0	117.4	115.8	109.0	108.7	85.1	110.6
7	117.8	117.9	117.7	115.9	109.9	109.8	87.5	114.3
8	118.2	118.6	117.8	116.0	110.2	110.3	87.0	116.5
9	119.0	120.4	117.9	116.2	110.8	111.0	88.8	118.8
10	118.8	119.8	117.9	116.2	111.0	111.2	89.1	118.6
11	118.0	117.8	118.2	116.1	110.4	110.3	86.4	115.5
Y-o-Y change (%)								
2002	2.7	2.8	2.8	3.0	-0.3	-1.2	-7.0	-6.2
2003	3.6	3.2	3.6	3.1	2.2	2.0	-2.2	1.8
2004	3.6	4.3	3.1	2.9	6.1	7.5	6.2	10.2
2004 1	3.4	3.2	3.4	2.8	3.8	4.0	5.7	7.4
2	3.3	2.9	3.6	2.7	4.5	5.1	2.4	3.7
3	3.1	3.0	3.2	2.7	4.4	5.1	-0.2	3.3
4	3.3	3.8	2.8	2.7	5.5	6.6	3.0	8.2
5	3.3	4.1	2.7	2.7	6.3	7.9	8.9	14.6
6	3.6	4.9	2.7	2.7	6.8	8.6	7.3	12.4
7	4.4	5.8	3.0	3.1	7.0	8.7	9.2	14.3
8	4.8	6.9	3.0	3.2	7.5	9.5	11.2	16.7
9	3.9	5.0	2.9	3.2	7.5	9.6	12.6	17.0
10	3.8	4.6	3.1	3.4	7.3	9.3	13.0	16.8
11	3.3	3.7	3.1	3.1	6.8	8.8	5.1	8.2
12	3.0	2.9	3.1	2.9	5.3	6.9	-2.8	0.7
2005 1	3.1	3.2	3.1	3.1	4.1	5.3	-5.4	-0.8
2	3.3	3.7	2.9	3.2	3.2	4.0	-4.9	-0.3
3	3.1	3.3	2.6	2.8	2.7	3.3	-4.5	1.4
4	3.1	4.0	2.4	2.7	2.9	3.6	-4.4	3.6
5	3.1	3.8	2.4	2.5	2.0	2.4	-10.3	-2.7
6	2.7	3.0	2.4	2.3	1.6	1.6	-7.9	1.8
7	2.5	3.1	2.1	2.1	2.0	2.3	-6.6	3.6
8	2.0	1.8	2.1	1.9	1.4	1.6	-9.3	2.7
9	2.7	3.3	2.2	1.9	1.6	1.6	-7.4	6.3
10	2.5	3.0	2.0	1.8	1.6	1.7	-8.5	3.1
11	2.4	2.8	2.1	1.9	1.1	0.9	-7.0	5.6

Source: Korea National Statistical Office, The Bank of Korea

12. Employment and earnings

See graphs 8-1, 8-2 & 8-3

Period	Economically active persons (thous.)	Employed persons (thous.)			Unemployment (%)	All industry earnings (won) (base year = 2000)	Manufacturing
		All industry	Manufacturing	S.O.C & service			
2001	22,471	21,572	4,267	15,139	4.0	1,824,826	1,702,350
2002	22,921	22,169	4,241	15,841	3.3	2,036,207	1,907,117
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
2004							
1	22,844	21,936	4,254	16,173	4.0	2,507,996	2,372,647
2	22,959	22,006	4,272	16,158	4.2	2,196,532	2,106,600
3	23,303	22,371	4,309	16,263	4.0	2,177,895	2,027,800
4	23,535	22,673	4,323	16,401	3.7	2,214,623	2,096,647
5	23,571	22,738	4,286	16,455	3.5	2,073,898	1,903,048
6	23,621	22,822	4,316	16,503	3.4	2,365,186	2,246,496
7	23,616	22,750	4,311	16,502	3.7	2,362,503	2,304,100
8	23,229	22,382	4,226	16,209	3.6	2,342,387	2,194,540
9	23,601	22,809	4,297	16,556	3.4	2,625,841	2,514,334
10	23,711	22,901	4,323	16,573	3.4	2,257,751	2,155,096
11	23,621	22,802	4,304	16,655	3.5	2,142,152	1,965,456
12	23,394	22,495	4,261	16,670	3.8	3,215,092	3,481,702
2005							
1	23,058	22,078	4,252	16,403	4.2	2,381,738	2,259,398
2	23,074	22,086	4,255	16,352	4.3	2,656,764	2,694,615
3	23,531	22,576	4,274	16,575	4.1	2,352,840	2,197,945
4	23,839	22,934	4,271	16,707	3.8	2,378,458	2,329,572
5	24,051	23,199	4,249	16,868	3.5	2,184,497	2,037,326
6	24,123	23,246	4,251	16,921	3.6	2,580,189	2,494,606
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	-	-
10	24,056	23,186	4,241	16,966	3.6	-	-
11	23,976	23,191	4,197	17,137	3.3	-	-
Y-o-Y change (%)							
2001	1.5	2.0	-0.6	3.7	-	5.6	6.3
2002	2.0	2.8	-0.6	4.6	-	11.6	12.0
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
2004							
1	2.0	1.7	2.7	2.3	-	-0.1	-0.6
2	2.7	2.4	2.9	3.0	-	7.0	12.2
3	2.7	2.4	2.4	3.2	-	6.3	9.6
4	2.6	2.3	2.0	3.6	-	4.9	8.5
5	1.8	1.6	0.8	3.2	-	7.2	9.3
6	1.9	2.0	2.2	3.2	-	4.0	7.4
7	1.4	1.3	2.2	2.4	-	9.5	14.6
8	1.3	1.2	2.7	1.8	-	4.2	3.8
9	2.3	2.3	3.2	3.3	-	10.0	14.4
10	2.0	2.0	2.0	3.0	-	6.2	6.8
11	1.6	1.7	1.4	2.8	-	6.2	8.0
12	1.9	1.8	0.1	2.6	-	12.0	22.7
2005							
1	0.9	0.6	-0.1	1.4	-	-5.0	-4.8
2	0.5	0.4	-0.4	1.2	-	21.0	27.9
3	1.0	0.9	-0.8	1.9	-	8.0	8.4
4	1.3	1.2	-1.2	1.9	-	7.4	11.1
5	2.0	2.0	-0.9	2.5	-	5.3	7.1
6	2.1	1.9	-1.5	2.5	-	9.1	11.0
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	-	-	-
10	1.5	1.2	-1.9	2.4	-	-	-
11	1.5	1.7	-2.5	2.9	-	-	-

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)	KOSPI (end-period)	
2001	1	5.3	6.4	7.8	6.0	617.91
	2	5.1	5.7	6.8	5.4	578.10
	3	5.0	5.7	7.2	5.8	523.22
	4	5.0	5.8	7.9	6.6	577.36
	5	5.0	5.9	7.7	6.5	612.16
	6	5.0	5.7	7.2	6.0	595.10
	7	4.8	5.3	7.0	5.8	541.60
	8	4.6	4.9	6.5	5.2	545.10
	9	4.3	4.7	6.3	4.9	479.70
	10	4.0	4.4	6.3	4.7	537.80
	11	4.0	4.5	6.8	5.3	643.90
	12	4.0	4.8	7.1	5.9	693.70
2002	1	4.0	4.8	7.1	6.1	748.10
	2	4.0	4.5	6.9	5.9	820.00
	3	4.0	4.6	7.1	6.3	895.60
	4	4.0	4.8	7.2	6.5	842.30
	5	4.2	4.8	7.1	6.3	796.40
	6	4.3	4.9	6.8	5.9	742.70
	7	4.3	4.9	6.6	5.7	718.00
	8	4.3	4.8	6.2	5.4	736.40
	9	4.3	4.8	6.1	5.4	646.40
	10	4.3	4.9	6.0	5.4	658.90
	11	4.3	4.9	5.9	5.3	724.80
	12	4.3	4.9	5.9	5.1	627.60
2003	1	4.3	4.7	5.5	5.0	591.90
	2	4.3	4.5	5.3	4.7	575.40
	3	4.3	4.8	5.4	4.8	535.70
	4	4.2	4.6	5.4	4.6	599.40
	5	4.1	4.4	5.3	4.3	633.40
	6	4.0	4.3	5.3	4.1	669.90
	7	3.8	4.2	5.7	4.4	713.50
	8	3.7	3.9	5.9	4.6	759.50
	9	3.7	3.8	5.2	4.1	697.50
	10	3.7	3.9	5.2	4.3	782.40
	11	3.8	4.2	5.5	4.8	796.20
	12	3.8	4.3	5.6	4.8	810.70
2004	1	3.8	4.3	5.7	4.9	848.50
	2	3.8	4.1	5.6	4.8	883.40
	3	3.8	3.9	5.4	4.6	880.50
	4	3.8	3.9	5.3	4.5	862.80
	5	3.8	3.9	5.1	4.4	803.80
	6	3.8	3.9	4.9	4.3	785.80
	7	3.8	3.9	4.8	4.2	735.30
	8	3.6	3.7	4.4	3.8	803.60
	9	3.5	3.5	4.1	3.6	835.10
	10	3.5	3.5	4.0	3.5	834.80
	11	3.3	3.4	3.9	3.4	878.10
	12	3.3	3.4	3.7	3.3	895.90
2005	1	3.3	3.5	4.1	3.7	932.70
	2	3.3	3.6	4.6	4.2	1,011.40
	3	3.3	3.6	4.5	4.0	965.70
	4	3.3	3.5	4.3	3.9	911.30
	5	3.3	3.5	4.1	3.7	970.20
	6	3.3	3.5	4.2	3.8	1,008.20
	7	3.3	3.5	4.5	4.1	1,111.30
	8	3.3	3.5	4.8	4.3	1,083.30
	9	3.3	3.7	4.9	4.5	1,221.00
	10	3.4	3.9	5.2	4.8	1,158.10
	11	3.5	4.0	5.5	5.1	1,297.40

Source: The Bank of Korea

14. Monetary indicators

See graph 9-5

(Period average)

(Billion won)

Period	Reserve money	M1	M2	M3
2000	26,357.0	183,349.9	691,393.5	882,764.3
2001	29,375.9	216,442.4	739,337.0	967,324.9
2002	33,579.3	265,042.4	824,227.8	1,092,168.8
2003	35,754.7	283,397.4	888,988.6	1,187,839.8
2004	37,272.4	306,423.5	925,904.0	1,257,150.1
2004 1	38,875.0	302,742.1	901,048.5	1,219,452.7
2	37,664.2	303,377.3	906,803.8	1,227,580.6
3	37,380.6	306,044.0	916,675.5	1,240,792.7
4	36,990.4	305,387.2	918,104.4	1,241,191.1
5	36,980.0	302,199.8	921,047.9	1,246,816.4
6	36,922.6	304,267.2	925,909.9	1,255,118.7
7	36,086.0	305,847.1	927,447.0	1,261,956.8
8	36,525.5	303,270.1	930,254.5	1,265,835.3
9	37,292.9	307,386.4	938,988.9	1,277,735.9
10	37,783.5	309,055.2	937,308.7	1,277,608.6
11	37,347.3	309,111.4	940,819.9	1,281,810.9
12	37,421.0	318,393.9	946,438.9	1,289,901.1
2005 1	39,910.0	319,641.8	948,511.9	1,293,677.9
2	39,675.3	326,808.0	955,165.0	1,299,294.0
3	38,039.2	332,776.6	965,699.6	1,306,902.0
4	37,932.3	331,756.2	968,730.0	1,308,378.1
5	37,911.3	328,875.1	971,942.6	1,316,437.6
6	37,842.3	334,444.0	981,382.2	1,330,813.8
7	38,103.3	345,017.5	991,985.6	1,343,659.2
8	38,630.0	345,405.6	996,066.5	1,348,138.3
9	39,864.5	344,141.4	994,137.0	1,357,047.0
10	39,732.8	339,261.0	996,394.6	-
	Y-o-Y change (%)			
2000	20.0	24.5	2.2	5.6
2001	11.5	18.0	6.9	9.6
2002	14.3	22.5	11.5	12.9
2003	6.5	6.9	7.9	8.8
2004	4.2	8.1	4.2	5.8
2004 1	9.6	6.0	2.4	4.9
2	4.0	7.5	2.6	5.1
3	7.2	8.3	2.7	5.3
4	3.8	9.9	3.1	5.4
5	5.2	9.2	3.9	5.9
6	4.3	9.2	4.4	6.0
7	3.2	10.2	4.6	5.9
8	2.8	8.4	4.9	6.3
9	1.2	7.3	5.4	6.3
10	6.4	7.9	5.9	6.6
11	2.7	6.2	4.9	5.9
12	0.9	7.5	4.9	6.3
2005 1	-2.5	5.6	5.3	6.1
2	5.3	7.7	5.3	5.8
3	1.8	8.7	5.3	5.3
4	2.5	8.6	5.5	5.4
5	2.5	8.8	5.5	5.6
6	2.5	9.9	6.0	6.0
7	5.6	12.8	7.0	6.5
8	5.8	13.9	7.1	6.5
9	6.9	12.0	5.9	6.2
10	5.2	9.8	6.3	-

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
2002	1,200.4	1,251.2	1,012.9	999.6	1,257.4	1,180.6
2003	1,197.8	1,191.9	1,119.6	1,030.0	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
2004 1	1,173.6	1,184.3	1,107.9	1,112.7	1,461.7	1,472.9
2	1,174.5	1,166.7	1,072.5	1,095.7	1,461.0	1,473.9
3	1,153.6	1,166.3	1,090.0	1,073.1	1,404.8	1,430.0
4	1,167.7	1,150.9	1,062.1	1,071.2	1,396.2	1,381.3
5	1,165.7	1,177.4	1,056.2	1,048.9	1,426.7	1,412.2
6	1,152.5	1,158.6	1,064.0	1,059.0	1,393.7	1,407.3
7	1,168.3	1,157.7	1,041.6	1,059.1	1,405.8	1,420.8
8	1,153.8	1,159.0	1,048.5	1,050.3	1,389.8	1,412.1
9	1,147.9	1,148.0	1,033.5	1,044.9	1,416.3	1,401.0
10	1,126.0	1,144.0	1,059.2	1,049.5	1,434.8	1,428.7
11	1,047.9	1,091.2	1,018.3	1,041.0	1,390.8	1,416.3
12	1,043.8	1,050.9	1,012.1	1,012.5	1,423.0	1,408.6
2005 1	1,026.4	1,038.2	990.1	1,005.7	1,336.2	1,363.7
2	1,008.1	1,022.4	957.6	974.8	1,334.4	1,333.9
3	1,024.3	1,007.5	952.5	957.1	1,323.5	1,328.6
4	1,002.5	1,010.9	944.7	942.6	1,293.7	1,308.8
5	1,002.5	1,002.2	928.4	939.4	1,251.3	1,271.8
6	1,024.4	1,010.9	927.3	930.1	1,237.7	1,229.1
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
Y-o-Y change (%)						
2002	-9.5	-3.1	0.3	-5.9	7.2	2.1
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
2004 1	0.3	-0.4	12.2	12.0	15.1	19.3
2	-1.0	2.1	6.3	9.9	14.5	14.9
3	-7.9	-5.4	4.3	3.3	4.0	7.4
4	-3.7	-6.6	4.7	4.1	3.6	3.2
5	-3.4	-1.9	3.5	2.5	-0.6	1.4
6	-3.4	-3.0	6.8	5.0	2.3	1.0
7	-1.0	-2.0	6.2	6.4	5.0	5.6
8	-2.2	-1.6	4.3	5.9	8.2	7.4
9	-0.2	-1.6	0.4	2.9	6.4	7.0
10	-4.4	-1.9	-2.2	-1.5	4.8	4.6
11	-12.9	-7.9	-7.5	-4.1	-2.9	2.2
12	-12.9	-11.9	-9.6	-8.5	-5.3	-3.8
2005 1	-12.5	-12.3	-10.6	-9.6	-8.3	-8.7
2	-14.2	-12.4	-10.7	-11.0	-8.7	-9.5
3	-11.2	-13.6	-12.6	-10.8	-5.8	-7.1
4	-14.1	-12.2	-11.0	-12.0	-7.3	-5.3
5	-14.0	-14.9	-12.1	-10.4	-12.3	-9.9
6	-11.1	-12.8	-12.9	-12.2	-11.2	-12.7
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	-8.5	-15.0	-13.2	-12.4	-11.9
11	-1.1	-4.6	-15.0	-15.5	-12.3	-13.2

Source: The Bank of Korea

Editor-in-Chief

Yook, Dong-Han (MOFE)

Editorial Board

Song, Kyung-Jin (MOFE)

Kim, In-Chul (KDI)

Kang, Young-Mok (KDI)

Coordinator

Kwon, Oh-Jung (MOFE)

Assistant Editors

Lee, Eun-Joo (MOFE)

Kang, Ji-Eun (KDI)

Useful Internet Websites

Recommended Economy-related Government Internet Websites

Ministry of Finance and Economy

<http://www.mofe.go.kr>

Ministry of Commerce, Industry and Energy

<http://www.mocie.go.kr>

Ministry of Planning and Budget

<http://www.mpb.go.kr>

Financial Supervisory Commission

<http://www.fsc.go.kr>

Fair Trade Commission

<http://www.ftc.go.kr>

Ministry of Labor

<http://www.molab.go.kr>

For free subscriptions and enquiries, please contact:

Foreign Press Spokesperson's Office
Ministry of Finance and Economy
Government Complex II, 88 Gwanmoonro
Gwacheon City, Gyeonggi Province, 427-725
Republic of Korea

Tel: 82-2-2110-2348
Fax: 82-2-504-1335
E-mail: fpr@mofe.go.kr
Website: <http://english.mofe.go.kr>

Economic Information and Education Center
Korea Development Institute
207-41, Chongnyangni-dong, Dondaemun-gu
Seoul, 130-012
Republic of Korea

Tel: 82-2-958-4644
Fax: 82-2-3295-0744
E-mail: kjieun@kdi.re.kr
Website: <http://epic.kdi.re.kr>