
Letter from the Editor

As we enter into the second month of 1996, it still remains unclear as to how the Korean economy will fare this year. Just as we and many others expected, the Korean economy remains in a less than desirable state. The fallout from the Roh/Chun slush fund scandal continues to linger and dampen the economic climate.

The Korean stock market is still in the doldrums, hovering around the mid-800s range, and few are optimistic that it will rebound back over the 1000 mark anytime in the near future despite rumors of active government measures. Furthermore, exports, investment and consumption are not showing the same vigorous growth as they did last year.

Uncertainty also looms in the air on the political scene. Judging from the daily headlines, the controversy over the 1979 coup d'état and the Kwangju incident will continue for a while. At the same time, we are witnessing frantic political maneuvering as the ruling and opposition parties gear up for battle in the upcoming National Assembly general elections in April.

The next few months will be critical in determining Korea's future, and there will undoubtedly be significant political and economic activity. Accordingly, in this issue we have tried to address topics and areas of interest which are particularly relevant to Korea's future and the overall economic environment at this juncture.

Featured in this month's VIP report are articles on the formation of the European Monetary Union (EMU), the opening of Korea's telecom market, and the present status of the Korean construction industry. Europe's ongoing monetary integration, which will obviously have a major

impact on the global economy, is currently experiencing some difficulties, and in his article, the author offers a brief history of the integration process and reasons why it is not making smooth progress. Korea's telecom market opening is an extremely hot issue, particularly within the context of Korea's overall market liberalization and, perhaps more importantly, the advent of the information age.

The article on Korean construction takes a look at the current circumstances and problems facing an industry which has been one of the mainstays of Korea's remarkable economic growth. In addition, we have the rare treat of a critical analysis of possible trilateral economic cooperation between the Russian Federation, South Korea and North, written by a Russian economic scholar. Balancing these out are our usual sections on news in brief and the outlooks on the Korean economy, stock market, and the world economy, plus statistics.

As you may have noticed, the look of the VIP Report was changed somewhat in the last issue, and this month, we have incorporated even more changes into the format to make it more visually appealing. We have also shifted the focus of our content and articles so as to cover a wider and more pertinent range of topics. All of this has been done in line with our institute's motto of "Striving to be 'Better than the Best.'"

Of course, the pursuit of excellence is a never-ending journey, and we realize that there is always room for improvement. We will continue our efforts to refine the VIP Economic Report and perhaps with your suggestions and help, we will be able to make the Report a first-class publication respected throughout government, business and academia for its timely research and analysis. 