
Letter from the Editor

As we enter in the month of March, the weather remains a bit chilly, as does the nation's political and economic climate. While the controversy over the political slush fund scandal has died down somewhat, the political scene is chaotic, as the ruling and opposition parties scramble for position in the upcoming National Assembly elections in April. The parties have submitted their final line-ups, and accusations and attacks upon other parties and their candidates have begun to intensify. A great deal of second-guessing is going on among political pundits as to whether conventional wisdom will prevail or a new order will seize the day.

On the international level, things are also less than pleasant. Recently, Japan made a questionable and even presumptuous claim to the Tokto islets as part of its newly-drawn EEZ (Exclusive Economic Zone). Long known throughout the region as part of Korea's sovereign territory, these islets not only carry an economic significance but a spiritual significance to the Korean people as well, which has been amply demonstrated. It is hoped that the international community will recognize the facts of the matter and ensure that the issue is resolved in a satisfactory and proper manner.

Our neighbors to the north have also shown some signs of agitation and movement. The rising number of defectors, including Kim Jong-il's ex-wife, as of late more than hint at the extreme economic conditions being faced there. The predictable backlash has begun to alarm many North Korea watchers, who fear the regime's imminent collapse. On the other hand, North Korea has announced that Kim Jong-il will formally grasp the reign of power in the near future. Hopefully, this will help to stabilize the situation in Pyongyang and lead to the resumption of South-North interaction and cooperation.

The economy is in a mixed state. The economic indicators for the month of January show that the expected economic slowdown is proceeding somewhat faster than predicted. The trade deficit and inflation moved up compared to last year, while industrial production slowed down. However, many attribute this to the January effect and are not overly concerned. Government planners remain confident that Korea will still enjoy economic growth of at least 7 percent while keeping prices under control.

However, one possible bright spot on the economic horizons is the fast-approaching emergence of the stock-index futures market in Korea. This issue contains a feature article on this notable event, a sign of Korea's growing economic maturity which will provide investors with additional options. This month's industry analysis covers the petrochemical industry, a vital part of Korea's economic growth as of late, and an industry which will continue to play a vital role in Korea's economic future.

In addition, we have the edited text of President Kim's address during his visit to Singapore as a prelude to his trip to the first-ever ASEM (Asia-Europe Meeting) summit in Bangkok, Thailand, a momentous event which will be covered in greater detail in our next issue. Supplementing this is the follow-up part of the analysis of Russia, South and North Korean economic cooperation which first appeared in February's issue, as well as our usual sections on the Korean economy and stock market, and the world economy.

We have received some positive feedback on our current format and content, but we will continue our efforts to refine this publication and make it a useful tool for researchers, government officials, business leaders and others. 