

Hyundai, Samsung to Form Joint PCS Consortium

The two top two companies in the Korean electronics industry, Hyundai and Samsung, have agreed to form a joint Personal Communication Service (PCS) consortium. It is the first time in Korea that the nation's two largest conglomerates are forming a tie-up for the same business. Experts say that the chances of the Hyundai-Samsung joint consortium winning the single PCS license are higher than any other party's. Both Samsung and Hyundai have sufficient experience in the Code Division Multiple Access (CDMA) technology which was adopted as the nation's PCS standard technology.

Gov't Reveals Financial Liberalization Plan

The government will allow foreign credit-rating agencies to do business in the country earlier than scheduled, according to a long-term government development plan for the financial sector. A special tax on foreign exchange transactions will be introduced to prevent the inflow of hot money in the process of foreign exchange liberalization. Along with the plan, an international financial business center is to be built on Yongjong Island where a mammoth airport is now under construction. In addition, the plan calls for allowing banks, brokerage houses, and insurance firms to enter into peripheral business areas of each sector. Commercial banks will be allowed to underwrite the issue of corporate bonds, arrange merger and acquisitions, and provide consulting service regarding corporate takeovers. Insurance firms will be permitted to discount commercial paper, a business now undertaken by investment companies.

Foreign Securities Firms Reap \$32.6 Million in Profits Last Year

Foreign securities firms operating in Korea performed well last year, according to the Securities Supervisory Board (SSB). The pretax net profits of the 14 foreign brokerage houses in Korea was \$32.6 million between April 1 and December 31, 1995. During the same period, the nation's 32 domestic securities firms were estimated to have incurred a net loss of a record \$653.8 million. The good performance by foreign securities last year is mostly due to a hike in brokerage commissions resulting from a surge in foreign investors. Of the 14 foreign securities firms, only two suffered net losses during the period, Merrill Lynch International Inc. and Nikko Securities Co.

Korea Moves One Step to Becoming OECD Member

Korea passed the screening conducted by the committee on financial markets of the Organization for Economic Cooperation and Development (OECD). At a meeting held in Paris February, the committee on financial markets concluded that Korea has opened its financial markets sufficiently wide enough to qualify for OECD membership. The committee examined the government's financial policies, including those regulating the money supply, interest rates, foreign exchange rates, and banking and securities services. The conclusion will greatly influence the upcoming examinations by the committees on capital movement and invisible trade, and the international investment and multinational enterprises scheduled for April. **VIP**