
Letter from the Editor

It has finally been confirmed: Korea has been accepted for admittance into the Organization for Economic Cooperation and Development (OECD). While a few formalities and some persistent opposition still remain, it appears that the Kim Young Sam Administration has succeeded in its relentless pursuit of having Korea, one of the poorest nations in the world just three decades ago, finally join what is called by many as the "club of rich nations." However, while this may be a laudable achievement in itself, it also means that Korea must push forward with the next stage of its national economic development and become an advanced economy in every aspect. It must be remembered that along with this enhanced status comes enhanced responsibilities.

Already, cracks have begun to show in Korea's economic structure, as it now seems that the Korean economy may be falling short of the soft-landing which still seemed possible earlier in the year. Korea's lackluster trade performance, the record-breaking current account deficit and the foundering stock market are all indicative of the economy's unenviable state. Based on the latest economic data, government and private economic institutions alike have revised downward their economic forecasts for both the second half of the year and next year as well.

In light of the current economic woes, the government has been promoting a new campaign to raise productivity by 10% and cut costs by 10%. Of course, everyone agrees that this is an ideal goal, but whether this will actually materialize is a far different story. Concerted efforts will be needed by all sectors of society if this is to be anything more than just another mere slogan.

In this issue of the VIP Economic Report, we

take an in-depth look at this latest national drive to improve Korea's overall competitiveness. As is pointed out in the article, it is significant that the government has recognized that long-term therapy, not temporary bandages, is needed if the Korean economy is to regain and maintain its former vibrancy. Our Let's Talk section features remarks by Deputy Prime Minister/Minister of Finance and Economy Han Seung-soo to foreign reporters at a recent press conference, which provides the Government's perspective on the current economic conditions and future policy directions.

In a related area, the Korean banking industry is examined in our industry analysis section. The banking area is of particular concern these days, since financial liberalization was a key issue in the debate surrounding Korea's entry into the OECD. Now that Korea has gained admission, the financial industry will undoubtedly go through fundamental changes, which will be a painful, but necessary process as an advanced nation.

Another area of concern is the current status of South-North relations. In the wake of the recent N.K. infiltration incident and the subsequent provocations, bilateral relations have been chilly and strained. The VIP Forum takes a look on how the current situation has affected the future of South-North economic cooperation, which appears bleak at best.

Generally speaking, the ultimate goal for the Korean Government and the Korean people is to make Korea into a unified and advanced nation in which all people live in harmony and in comfort. However, we still have a long way to go before this can be realized. While everyone seems to have similar intentions, only time will tell if we have the requisite patience, courage and foresight. 