

## LETTER FROM THE EDITOR

May was a hectic month for the Korean economy. While the trade balance was the largest yet in 2000, stock prices plummeted, while a lower GDP growth rate reflected a deceleration of the economy's growth. In addition, rumors of a credit crunch for some big businesses brought about a near-panic situation in the entire financial sector, including the financial, equities, and the foreign exchange markets. Facing this development, the government quickly moved to announce a short term liquidity supply policy, which was especially aimed at troubled investment trust companies. Fortunately, the market responded in a favorable way. Anticipation of the South-North summit meeting also helped refuel the South Korean bourse. So far, apparently, the worries over another financial crisis for Korea have ceased. However, the economy is still not completely safe from risk. As always during the past two years, the point is restructuring and stabilizing the financial markets in order to facilitate the restructuring process.

Three articles in this month's Current Issues address this restructuring in detail and from a future-oriented point of view. The first article outlines the possibilities for the banking sector mergers which are forecast to occur during the remaining half of 2000. The debate on whether Korean employers should adopt a five day workweek is the topic of the second article. The fourth article provides a perspective on outsourcing, its advantages and how it is becoming a favored strategy in Korean business.

The next crucial condition for a stable financial market in the second half of 2000 is the introduction of the mark-to-market system for bond valuation. This new development is the subject of inquiry for the final article.

A topic which no sensible journal editor in this country these days can ignore is the June 13-15 summit meeting between the two Koreas. Since many experts everywhere, including in this Millenium VIP Report, have diagnosed and analysed its meaning and future implications. it does not make much sense for us to examine the summit meeting per se. Now is the time to delve further into practical issues for businesses, which is the purpose of the third article in this month's Current Issues.

As well as remedying the past and preparing for the future, we should look beyond the geographic boundaries of the South Korean economy and consider the possibilities for the entire Korean peninsula. Considering this multidimensional tasks, it seems like "Challenges and Opportunities" the motto of our monthly publication, is a fitting phrase. **VIP**