

## LETTER FROM THE EDITOR

Currently, several external and internal factors are clouding the prospects of the Korean economy. External factors include the faltering US economy, increasing trade frictions, and continued stagnation in Japan. Internal factors include sagging exports and investment. Although a gradual recovery is expected after the third quarter this year, the challenge is to continue restructuring in the corporate and financial sectors and focus on sharpening competitiveness.

The Korean Macroeconomy section of this month's VIP Millennium Report examines the likelihood for an economic recovery. The state of real indicators such as exports, consumption and production are considered in addition to business sentiment, which has shown a recovery since February. The effects of the US business cycle on Korea are also discussed.

This month's Korean Financial Market section studies the progress of the continuous restructuring system, a key aspect of Korea's second-phase corporate and financial sector restructuring effort. The article analyzes the economic and financial environment of the restructuring, speculates on the likely effects, and suggests several measures to ensure the success of the new system.

The first article in the Current Issues section looks at the real and market performance of venture businesses in Korea. After reviewing the fate of venture firms in the stock market, the article looks at the performance of venture firms in 2000 and 2001 to determine whether the Kosdaq market's recent plunge was rational or based on anxiety. Venture firm performance was also compared by industry and size.

Development of North-Korea's Kaesong Area is the focus of the second article. The article outlines the three stage, 8-year plan for development in terms of participants, time frame, and industries. The political and economic benefits to both North and South Korea are extensively analyzed, and potential obstacles to development and ways to overcome them are also described.

The last article of this month's Current Issues section looks at telecommuting in Korea. After reviewing the new work patterns that have emerged with advances in the Internet and telecommunications, the article looks at the various forms of telecommuting, including home, remote, and mobile offices. The extent and future of telecommuting in Korea are described, and suggestions are given so that everyone can get the most out of this new work pattern. **VIP**