

Energy Korea

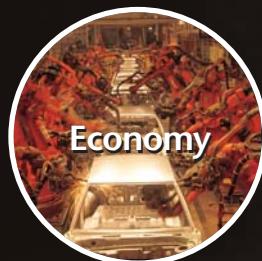
Special Issue on Rome WEC & Korean Mission

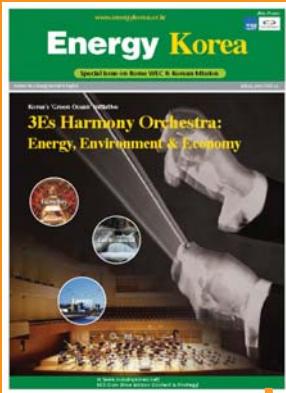
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Korea's 'Green Ocean' Initiative

Orchestrating the Harmony of Economy, Environment & Energy





- Senior Advisor:
Sunwoo Hyun-Bum
- Publisher:
Bae Chul-Soo
- Editor:
Lee Dong-Sook
- Copy Editor:
James J. Morris
- Quality Manager:
Choi Kwang-Seok
- Chief Researcher:
Kang Jeong-Kyu
Researcher:
Bae Re-Na
Kim Jin-Hee
- Creative Art Director:
Chung Jin-Hwan
- Layout & Graphic Director:
Choi Young-Ah
- Web Design Director:
Lim Han-Yong
- Web Layout Manager:
Lee So-Jin
- Editorial Consultants:
- Contact:
btsbj@chol.com

Published by Blue-Ribbon Content & Strategy (BCS), 2Fl., Sejung Bldg., 98-2, Yangjae-dong, Seocho-gu, Seoul, 137-891 Korea
Registration No. Ra-5285 (November 24, 1990).
Telephone: (82-2) 6258-7870
Facsimile: (82-2) 6258-7877
<http://www.energykorea.or.kr>
e-Mail: btsbj@chol.com

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CONTENTS

04 Messages from Korean Energy Leaders

- Commerce, Industry & Energy Minister Kim Young-Ju:
Korea: Global Attention, Future Inspiration for Energy Peace & Prosperity
- Daegu 2013 WEC Congress Bid Committee Chairman Lee Won-Gul:
Energizing the Common March Toward New Challenges and New Hope
- Daegu Metropolitan City Mayor Kim Bum-II:
Seizing the Opportunity to Catch Three Birds with One Stone

08 Korea Premium

- Korean Model as a Successful Economy Despite Energy-Resource Poverty
- Bridging Role Between Advanced and Developing Countries
- Responsible & Responsive Player in Global Climate Change Paradigm
- The Rapid Pulse of Daegu, Realizing Green Energy Dream
- Promoting Energy Welfare and Open Policies Together with the People

11 Daegu Advantage

- The Hub of a Clean, Green Energy Industry
- A City of Passion, Fashion & Vision Toward the World
- World-Class Infrastructure Coupled with "You-First" Spirit
- Metropolis of Ancient Fragrance & Modern Vitality

14 Daegu Realizing Green Energy Dream

- Mayor Kim Bum-II Highlights Solar City Daegu: From Challenge to Opportunity
- EXCO Daegu Representing World-Class Exhibition & Event Capacity
- City of Insight, City of Treasure, City of Pleasure

21 WEC & Korea

- The Foremost Multi-Energy Organization
- Members of 2013 Daegu WEC Congress Bid Committee

24 Korea Energy Vision 2030

- Energy Security, Efficiency & Environment
- Five Energy Visions
- Nine Implementation Tasks



38 Korean Energy Policy Initiative in 2007

- Expanding Energy-Resource Self-Development Capability
- Realize Environment, Efficiency and Technology-Friendly Energy Consumption Structure
- Implement Open Energy Policies Together with the People
- Strengthen Stable and Efficient Energy Supply Infrastructure
- Raise Efficiency of Korea Power Exchange and Enhance Stability of Power Supply

50 Korea's Green Ocean Strategy Against Change

- Green Ocean Strategy: Beyond Challenge, Toward Opportunities
 - Climate Change Problems and International Trends
 - Korea's Response to Climate Change
 - Future Policies

53 Issue & Focus

- Boost Oil, Gas Production Self-Sufficiency Rate to 28% by 2016
- Carbon Fund Launching
- Global Power Exchange with Korea (GLOPEX-K)
- Standardization Scheme for Nuclear Power Technology
- Korean-Style Win-Win Model

61 Int'l Cooperation

- Mission to Azerbaijan, 'Strategic Foothold in Central Asia'
- Korea's Strategic Energy Cooperation with ASEAN
- Resources Investigation Mission to 3 African Nations

65 MOCIE

- MOCIE's Energy & Resource Related Press Release List

68 Energy Koea

- Energy Korea Site Map

73 Publication

- Bae Chul-Soo's Illumination & Insight on Communication Content
 - Inside-out & Outside-in of the Korea-U.S. FTA -



Dream of Energy Sustainability to Be Realized

Since 1924, the World Energy Congress has been widely recognized as the premier global all-energy event on the calendar. Korea, a responsible and responsive player in the world energy arena, is bidding to host the 2013 Congress in Daegu. Energy Korea, based on the strength of news compilation, presents excerpts of messages from Korean energy leaders showing the nation's determination and dedication to realize the WEC mission "to promote the sustainable supply and use of energy for the greatest benefit of all people."

Commerce, Industry & Energy Minister Kim Young-Ju

Korea: Global Attention, Future Inspiration for Energy Peace & Prosperity

At a time when the world is confronting critical challenges for sustainable development, Korea has made a significant decision to host the 2013 World Energy Congress in Daegu.

I think that the choice of Korea as the venue for this important event will not only be an honor for the nation but also provide momentum for a breakthrough in realizing the triple WEC objectives - energy accessibility, availability and acceptability.

The fact that Korea represents an excellent model as a successful economy despite its energy-resource poverty could provide worldwide inspiration for energy prosperity. Korea's experience as a "late-starter but fast-track success" could be leveraged in a bridging role between advanced and developing countries.

Another important factor is Korea's position as a responsible & responsive player in the global climate change paradigm. As the 10th largest emitter of greenhouse gases in the world, Korea has committed to focusing on the twin issues of climate change and clean development.

Message From Korean Energy Leaders

The Korean government has unveiled a so-called ‘Green Ocean Strategy Against Climate Change,’ featuring Korea’s determination to rally behind the global efforts to combat global warming. Moreover, the Korean initiative exhibits Korean can-do spirit, converting hardships into opportunities via energy technology development and creative policy innovation, etc.

Honorable World Energy Council members throughout the world !

Let me highlight Daegu’s advantages as the venue for 2013 WEC. Daegu is the hub of the clean, green energy industry in Korea. Here you can truly feel the pulse of creative innovation of the energy sector, leading the way to insight and wisdom in solving the energy issues of today and tomorrow.

Already, Daegu residents are enjoying the fruition of an environmentally responsible energy system. The Geumho River, which flows near the city, used to be

called a dead river due to the high level of contamination, but now its teems with fish, and the birds and otters have returned to its banks.

Daegu has played host to numerous colorful, large-scale international events at its world-class facilities complemented by gracious Korean hospitality.

Finally, I would like to highlight the “Energy-Love Sunshine” policy of the Korean government. Rooted in the values of the people’s welfare and energy market democracy, Korea is implementing a unique energy program to assist the economically underprivileged.

I believe that the fusion of all these factors into a Korean premium will provide the basic fuel for a successful Congress for the sake of all the people around the world.

I sincerely hope that the members of WEC will support Korea’s bid to host the 2013 World Energy Congress and extend my best wishes for the prosperity of WEC ever onward.

Daegu 2013 WEC Congress Bid Committee Chairman Lee Won-Gul

Energizing the Common March Toward New Challenges and New Hope



Today the world is faced with phenomenal challenges associated with limited traditional energy resources and global warming. Rallying behind the WEC objectives to attain energy accessibility, energy availability and energy acceptability, Korea is ready to assume a more active global role in bidding to host the 2013 World Energy Congress in Daegu, which is striving mightily to strengthen its branding as “Solar City Daegu 2050.” In Daegu, the Congress representatives will feel the hot pulse of the clean, green energy revolution of the 21st century.

I am sure the sought-after Congress in Daegu would provide the right environment for insight and inspiration for orchestrating a stronger global energy system.

As the proverb says, “Seeing is believing,” I believe that the Congress participants will witness for themselves how Korea’s efficient energy system has made momentous contributions to the nation’s economic

Message From Korean Energy Leaders

legend, frequently referred to as the “Miracle on the Han River.” Based on the successful energy system, the Korean energy industry is increasingly looking into business opportunities abroad under the so-called Korean style win-win model. In the course of building power plants in developing countries, for instance, the industry has developed package programs that include

financing, construction, testing, operation and maintenance, resulting in common prosperity.

Soliciting your strong support in translating our bid into reality, I wish all the proponents of sustainable energy throughout the world good luck, good health and prosperity.

Daegu Metropolitan City Mayor Kim Bum-II

Seizing the Opportunity to Catch Three Birds with One Stone

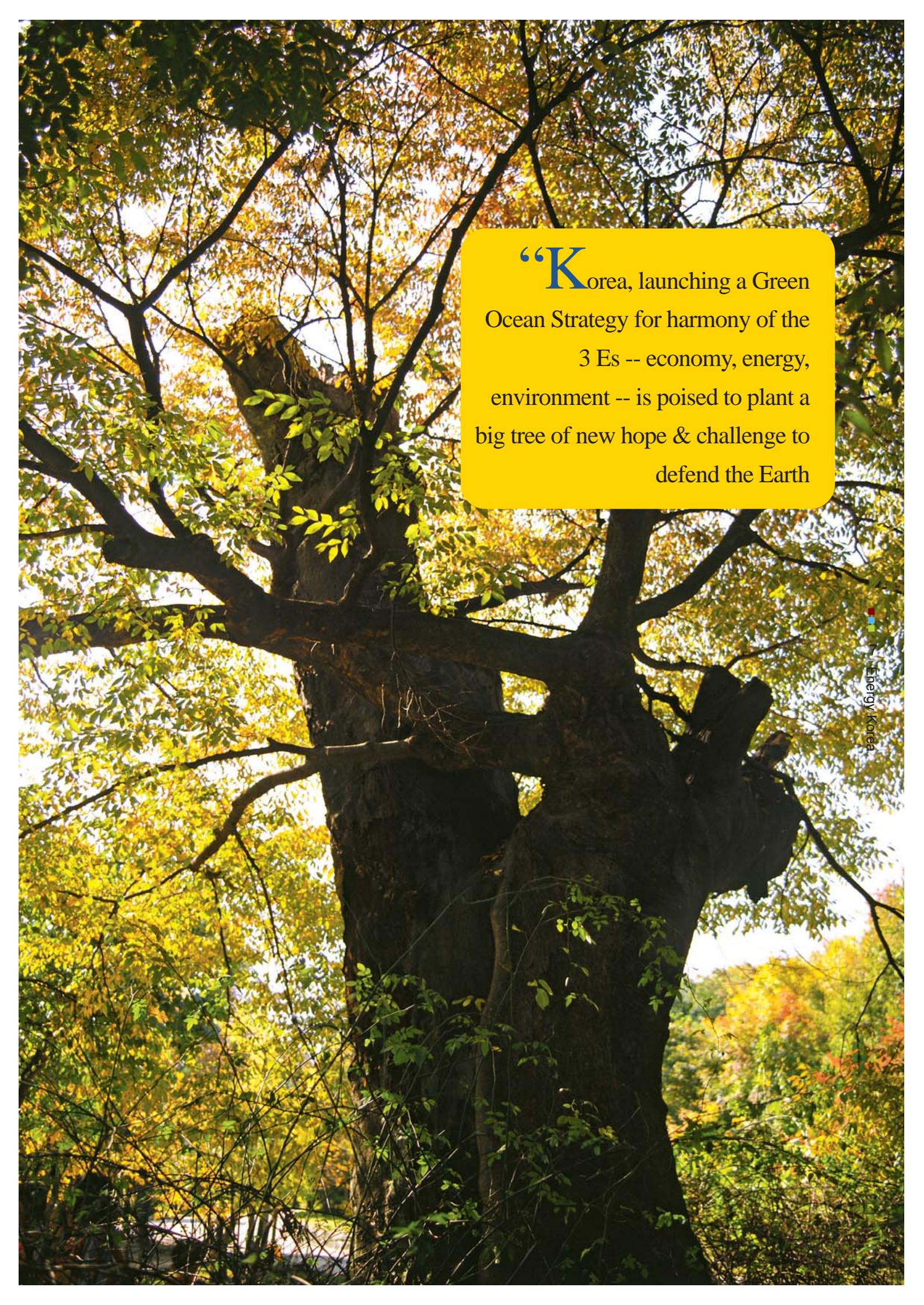
It is a privilege for me to have this opportunity to explain the advantages of Daegu as the host of the 2013 World Energy Congress. Located within an hour and a half of Seoul, the nation’s capital, by high-speed train and a 40-minute drive from Gimhae Airport near Busan, Korea’s second largest city, Daegu is the de facto capital of Korea’s new & renewable energy drive. The city and its vicinity harbor solar energy, wind power, hydrogen fuel cell, and nuclear power facilities alongside traditional industries like steelmakers and refineries and high-tech fields such as information-communication technology, biotech and nanotech.

Blessed with an ideal location and a related industry mix, Daegu offers a living lesson and inspiration to develop global initiatives for a sustainable energy system.

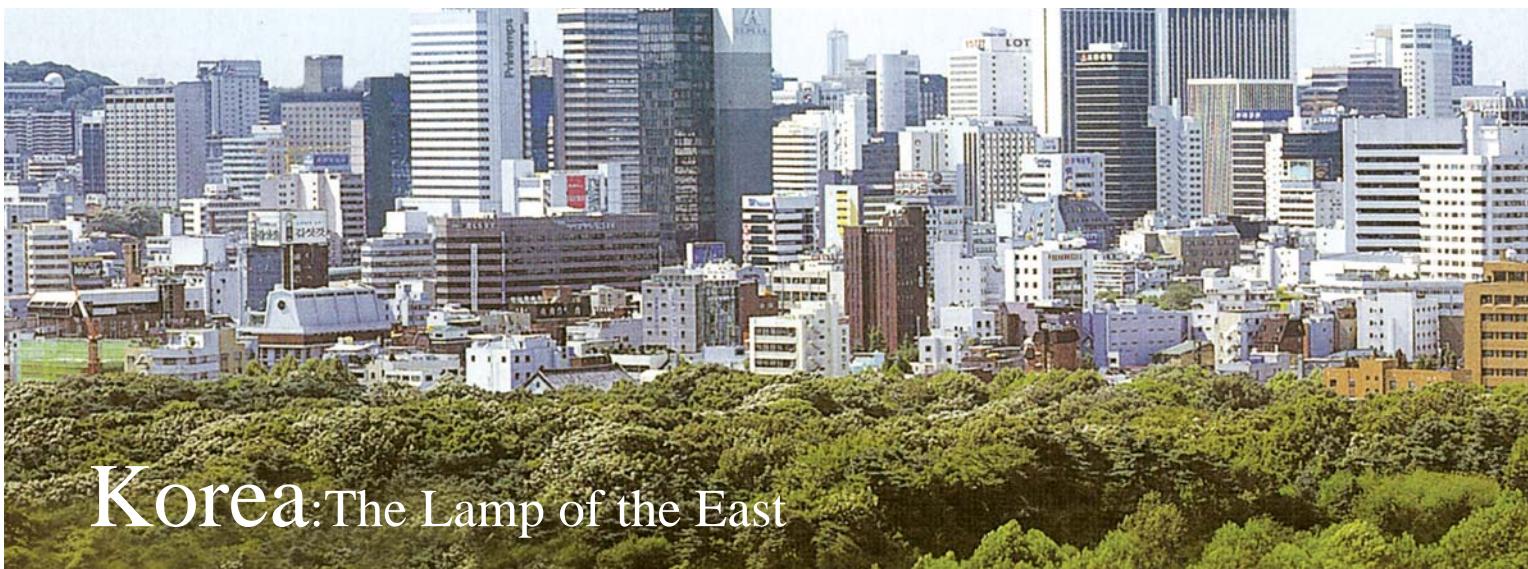
Daegu is a dynamic international business city equipped with an international airport, state-of-the-art convention and exhibition facilities as well as geographical proximity to Northeast Asian countries, notably China and Japan. Asia, where two thirds of the world’s population resides, is now experiencing rapid economic growth and a subsequent increase in energy demand.

Here, visitors can experience a metropolis featuring the fusion of ancient fragrance and modern vitality. We offer world heritage sites, various festivals and diverse scenery plus unique Korean cuisine and gracious hospitality. I believe that you can catch three birds with one stone during your visit to Daegu, a city of knowledge, a city of treasure and a city of pleasure.





“Korea, launching a Green
Ocean Strategy for harmony of the
3 Es -- economy, energy,
environment -- is poised to plant a
big tree of new hope & challenge to
defend the Earth

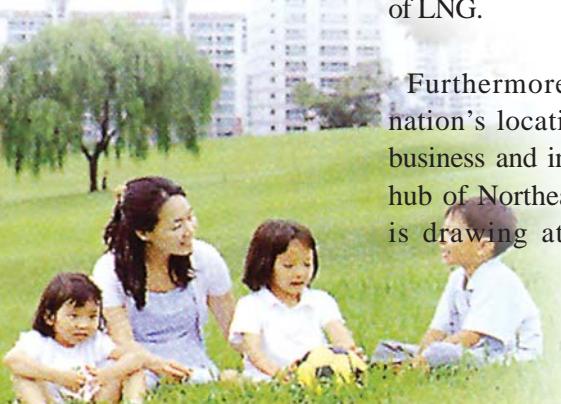
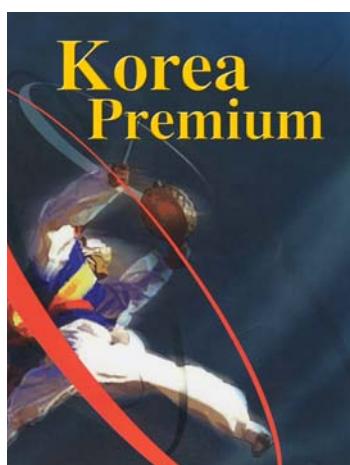


Korea: The Lamp of the East

Now Bidding to Host WEC 2013

Promote Sustainable Supply & Use of Energy for the Greatest Benefits of All People

Tagore, a famous poet of India, once described Korea in a 1929 poem as “The Lamp of the East,” extolling the Korean soul as energy, wisdom, depth of truth and action towards perfection. Reprising the poet’s insight and inspiration, Korea is now working to illuminate development of a common energy vision with its bid to host WEC 2013 in Daegu, the nation’s emerging hub for new & renewable energy.



Korean Model as a Successful Economy Despite Energy-Resource Poverty

Korea features a unique energy landscape. It is one of the world's poorest nations in terms of energy resources, depending on imports for 97% of total energy needs. Despite this severe limitation, the nation has built a successful energy system, laying the foundation for it to become the world's 11th largest economy. Korea is important to the global energy market as the fifth largest oil importer and second largest importer of LNG.

Furthermore, the nation's location as a business and industrial hub of Northeast Asia is drawing attention

Korean Scoreboard on the Global Energy Map

As of: Dec. 31, 2006

Energy Consumption	10th biggest in the world (7th largest oil consumer)
CO2 Emission	10th biggest in the world
Petroleum	4th largest crude oil importer in the world
LNG	2nd largest natural gas importer in the world
Nuclear Power	6th largest in the world
New & Renewable Energy	-Building the world's largest solar power plant by 2008 -Building the world's largest tidal power facility by 2009





from the rest of the world. In this role, Korea is working to establish a new regional framework for a trans-border energy supply system with the key economies in Northeast Asia, where primary energy demand is expected to account for one third of the global total in the near future.

Bridging Role Between Advanced and Developing Countries

Believing that the energy market should not be a jungle characterized by survival of the strongest, Korea seeks to maximize the benefits of energy to all people through its deep reservoir of development experience and expertise and its role as a bridge between the have and have-not nations. Korea has cultivated a so-called win-win model for energy-resource development projects in developing countries offering technology, expertise, financing, etc.

Furthermore, capable of employing and adapting state-of-the-art technology, Korea and advanced nations are forming mutually beneficial partnerships.

Responsible & Responsive Player in Global Climate Change Paradigm

Climate change is one of the most critical issues facing the world today. The great challenge, given aspirations for a better tomorrow for all peoples around the globe, is to chart new pathways for clean and sustainable development.

As the world's 10th largest emitter of greenhouse gases, Korea has implemented a comprehensive plan to reduce emissions, including establishment of a greenhouse gas emission management system and a voluntary reduction program for the industrial community.

On August 22, 2007, the government announced new comprehensive policy packages, actively responding to the climate change issue. Called the Green Ocean Strategy Against Climate Change,' the latest policies include establishment of national CO₂ reduction goals by stage, diversification of energy supply sources, steps to rationalize energy demand to invigorate the carbon market, development of greenhouse gas reduction technology and exploration of new markets.





The Rapid Pulse of Daegu, Realizing Green Energy Dream

Located about 100 minutes from Seoul via the high-speed KRX, Daegu is a hub of clean, green energy, featuring nuclear power, solar energy, wind power, fuel cell and other innovations in the energy field.

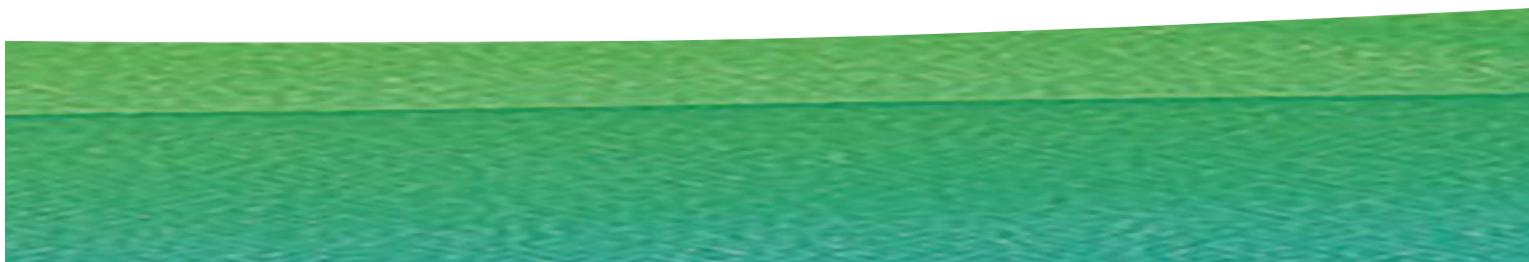
Already, Daegu's residents are enjoying the fruition of an environmentally responsible energy system. The Geumho River, which flows near the city, used to be called a dead river due to the high level of contamination, but now its teems with fish, and the birds and otters have returned to its banks.

Equipped with state-of-the-art international convention facilities, Daegu has been the charming host to numerous colorful large-scale events. The city is a blend of ancient fragrance and modern vitality. It offers a rich cultural heritage that welcomes visitors from all over the world, while boasting a variety of exhibitions, fairs and related events throughout the year, showcasing its cosmopolitan energy.

Promoting Energy Welfare and Open Policies Together with the People

We cannot speak of global sustainable development while there are still so many around the world cut off from adequate sources of energy. In response to this situation, Korea's energy enterprises are increasingly engaged in aiding the economically underprivileged. Cheering good corporate citizenship in line with the social responsibility system, the government has developed various energy welfare programs to assist the poor, including expansion of the supply of high-efficiency energy equipment and devices to low-income earners.

Based on values that incorporate the concept of energy democracy, i.e. public participation and open energy policies, Korea has set a successful example by enlisting public acceptance in the process of choosing a nuclear waste disposal site at Kyongju near Daegu, a venue candidate for the 2013 World Energy Congress.



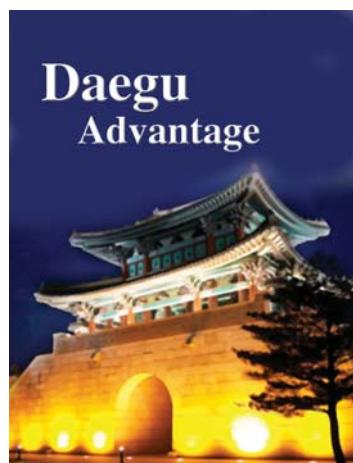


Daegu -- Realizing the Green Energy Dream

Bidding for WEC 2013

Inspiration for Orchestrating Better Global Energy Programs

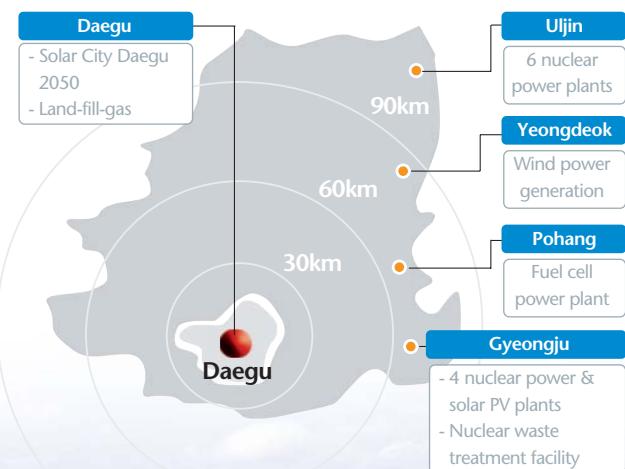
Daegu, looking to share its Green Energy Dream, is in full gear to fine-tune a global energy scenario hand-in-hand with nature in a bid to host WEC in 2013.



The Hub of a Clean, Green Energy Industry

Located around 100 minutes from Seoul via the high-speed KTX, Daegu is emerging as a hub for new & renewable energy in Korea. The world's largest urban solar power plant project is currently underway in the city, while 10 nuclear power plants in nearby Uljin and Gyeongju produce 50% of the nuclear energy used in Korea. Some 40 minutes drive from Daegu, Gyeongju, the capital of Korea's ancient Silla Kingdom, is preparing to host the nation's first nuclear waste disposal facilities. A wind power plant is operating at Yeongdeok and in Pohang, POSCO, the world's 4th-largest steel maker, is constructing a fuel cell power plant with an annual capacity of 100 megawatts.

Green & Clean Energy Facilities in Daegu & Vicinity





Already, Daegu's residents are enjoying the fruition of an environmentally responsible energy system. The Geumho River, which flows near the city, used to be called a dead river due to the high level of contamination, but now its teems with fish, and the birds and otters have returned to its banks.

Another eco-system restoration success story is the Daegu Arboretum, which was created from a landfill. About 10,000 visitors daily enjoy the arboretum and its more than 1,000 species of plants.

A City of Passion, Fashion & Vision Toward the World

Traditionally, Daegu has been the center of Korea's textile and fashion industry, the original root of Korean industrialization. At the heart of its national leadership role is the ceaseless passion and dedication of Daegu citizens to be the first and be the best.

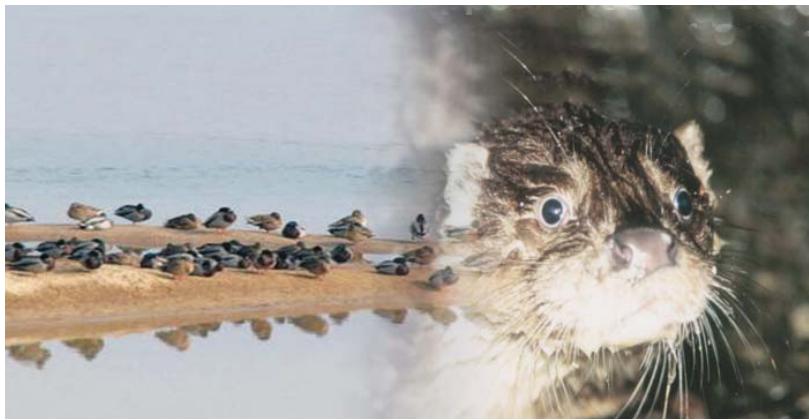
The passion to build a better future naturally led to Daegu's new vision - Solar City Daegu 2050, which aims to create a vibrant, green economy.

In order to realize its vision, the city has developed a three-pronged strategy: build an innovative energy infrastructure, promote the new & renewable energy industry and foster an eco-cultural environment. City leaders are now implementing an ambitious plan to increase the ratio of renewable energy sources to total energy demand to 6% by 2015 and 30% in 2050.

World-Class Infrastructure Coupled with "You-First" Spirit

As its slogan, "City of Culture, City of International Mind", indicates, Daegu is playing host to numerous colorful, large-scale international events. Its success in this arena is largely due to the city's world-class infrastructure, including international convention facilities, coupled with Korean hospitality that treats guests with a "you-first" spirit.





Continuing its progress, Daegu plans to construct a cutting-edge renewable energy convention center especially for WEC 2013. The international events held to date and to be held in the future in the city include:

- 2002 FIFA World Cup
- 2003 Summer Universiade
- 2004 International Solar Cities Congress
- 2005 APEC Ministerial Meeting
- 2007 Orient & Southeast Asia Lions Forum
- 2010 World Firefighters Games
- 2011 World Championships in Athletics



Metropolis of Ancient Fragrance & Modern Vitality

As a city steeped in Korean tradition, Daegu offers a rich cultural heritage to both domestic and international visitors. At the same time, promoting the information-communication technology, biotech, nanotech and energy industries, the city boasts a variety of exhibitions, fairs and related events throughout the year, showcasing its technological vitality.

City tour programs provide an opportunity for visitors to experience the essence of Daegu.

World Heritage Sites to Tour and Appreciate

Seokguram Grotto, Bulguksa Temple, Haeinsa Temple Janggyeong Panjeon (the Depositories for the Tripitaka Koreana Woodblocks), and Gyeongju Historic Areas

Annual Festivals

- ‘Daegu International Opera Festival’
- ‘Daegu International Music Festival’
- ‘Colorful Daegu Festival’
- ‘Bongsan Fine Art Festival’
- ‘Yangyeongsi Herbal Medicine Festival’



Mayor Kim Bum-II Highlights

Solar City Daegu: From Challenge to Opportunity

The following is an interview with Daegu Metropolitan City Mayor Kim Bum-II, the architect and field marshal of 'Solar City Daegu (SCD) 2050,' which is drawing considerable attention from a global energy community thirsting for solutions to energy sustainability for all peoples on the globe. - (Ed.)

Q: What is the progress of the Solar City project?

A: Initially we have supplied solar facilities with a generating capacity of 1.5MW to 25 sites including schools, social welfare centers and public organizations. We have also installed solar water heating systems totaling 4,412 m³ at 35 sites, not counting small-scale household usage. Furthermore, as of the end of 2006, we had 170kW solar power generation facilities in 75 general households. As a result, Daegu citizens are actively participating in the spread and utilization of new & renewable energies.

We are providing assistance from the city's budget to households that install solar energy systems. In addition, under the solar canopy project with a budget of US\$350 million, we will install solar energy facilities for 960 public buildings by 2011.

Meanwhile, we have built two potable water & sewage and small hydro power generation facilities, 130 m³/h of reclaimed gas-to-fuel source facilities and small co-generation facilities at 14 sites as well as geothermal heating and air-conditioning facilities, biomass power generation



Vision of Solar City Daegu 2050



facilities utilizing wood chips, solar street lights, etc.

Besides the new & renewable energy projects, in solar city initiatives to prevent global warming, our city is implementing a wide variety of green city programs, including the planting of 10 million trees and promotion of green building construction.

Q: What are the major elements of SCD 2050?

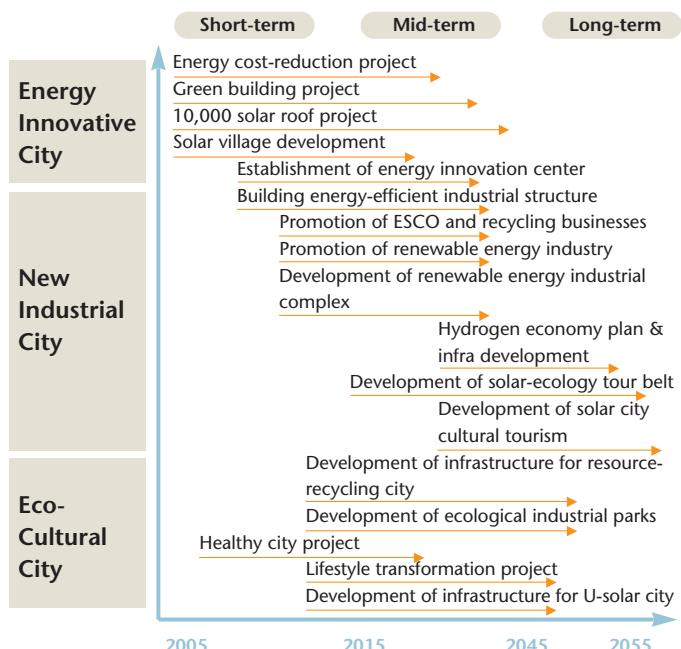
A: In the future, SCD 2050 will be promoted more systematically in response to the occurrence of important changes, such as an energy crisis caused by the drain on fossil energies, environmental problems due to global warming, and arrival of solar energy and hydrogen economies as well as economic globalization and the formation of economic blocs.

To cope with such challenges, our city plans to promote the 50-year SCD project systematically and continuously, encompassing three grand goals - an innovative energy city featuring a new economy utilizing advanced energy technologies; a new industrial city creating new industries and employment; and a pleasant and healthy ecological & cultural city.

The construction of an innovative energy city will feature economic revitalization through innovative utilization of new & renewable energies and systematic promotion of energy conservation and efficiency enhancement. The new industrial city will create and foster new industries and employment through cultivation of solar energy and hydrogen economy-related infrastructures and related industries and formation of renewable energy clusters. The ecological and cultural city will be a city where citizens live pleasant and healthy lives through pursuit of better quality of life and creation of a ubiquitous environment-



Daegu Solar Initiative 2050: Timeline



friendly solar city.

From now on, to introduce a wide range of new & renewable energy facilities, the number of new &



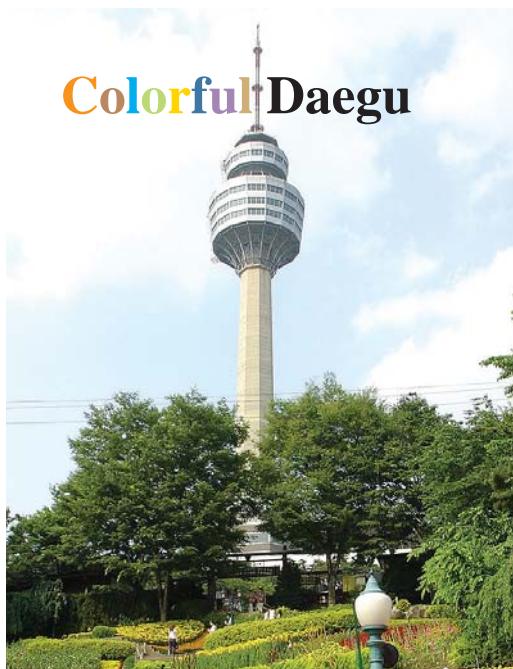
renewable energy companies has to be increased, building techniques utilizing energy efficient facilities and new & renewable energies must be applied to apartments as well as public buildings and many changes will be implemented in the transportation field and in the city's structure.

Following the first five-year projects implemented with a long-term vision, the so-called 50-year plan, we intend to intensively promote a second wave of five-year projects with investment of 130.6 billion won over the next five-year period starting this year.

Q: Your passion for new & renewable energies is really strong, to the extent of enacting regulations and holding Solar City general assembly meetings. Could you elaborate on this?

A: Last year, our city enacted Solar City regulations after revision of the previous basic energy regulations. The new regulations contain everything that should be done in respective fields, including guides to be implemented by the city government, regional societies and citizens' organizations, responsibilities in energy-related construction of the city, transportation and industries, creation of a model city and public organizations' mandatory use of new & renewable energies.

Various businesses, which have thus far been promoted under the Solar City project, have focused on public organizations, due to the initial characteristics of new & renewable energies. Accordingly, it is true that there have been many shortcoming in spreading the effects to citizens.



To achieve the ultimate goals of the Solar City project, participation by citizens is a prerequisite. In the future, therefore, we intend to enact and promote policies leading to direct participation of citizens jointly with citizens' organizations that are staging activities briskly in respective fields, including energy.

Maintenance of this kind of governance system enables the sharing of advanced information on the Solar City project, obtaining new ideas and also creating synergy effects so that promotion of the project can maintain momentum.

Since more than 80% of greenhouse gases are reportedly emitted from the use of fossil fuels, the fact is that global climate change lies, in a word, in the increased use of fossil energies. Climate change not only has an inseparable relationship to energy policy, i.e. the Solar City project, which is intended to reduce the use of fossil fuels through enhancement of energy efficiency and accelerated supply of new & renewable energies, but also understood as an unavoidable global

task. Therefore, I think that citizens' positive participation in and understanding of the Solar City project is the way to actively respond to climate change around the world.

Although we face various difficulties in putting our plans into practice, I can say that the prospect for new & renewable energies is very bright as the number of voluntarily participating citizens is increasing.

Q: There are many factories in Daegu City. So, introduction of natural gas or bio diesel and hydrogen vehicles may be urgently required. Do you have any plans for this through model businesses, etc.?

A: In addition to the several businesses under the Solar City project being carried out at present, including solar facilities, we plan to promote various new & renewable energy businesses. As bio diesel is expected to be more popular in the future, we plan to make efforts to expand its supply along with inducement of production facilities.

I think that technology development of hydrogen fuel cells will accelerate gradually, as well as expansion of supply. This year, we are building three facilities in our city following the pilot supply of small household fuel cells utilizing city gas as fuel.

With this as momentum, we are closely examining businesses, including establishment of a testbed, from the perspective of coping with the future supply of hydrogen vehicles.

Q: What is your plan for a 'Solar Fund' to supply financing for establishment of solar partnerships and promotion of solar businesses?

A: The Solar City project is presently proceeding



mainly with support from the national budget while our city is assuming part of the cost. There are limitations to a certain extent because the project has to be promoted with limited financial resources from the central government as well as from our city government.

Therefore, I believe that the key to continuous and expanded promotion of the Solar City project is to secure private project financing. Although we plan to secure direct and loan financing from the central government in advance with priority, I think that in the long term creating a fund as a form of long-term financing is also necessary.

As new & renewable energies emerge as an important investment market, we believe that creation and accumulation of the Solar Fund has sufficient viability and we plan to promote investment.

Q: What effects do you expect from promotion of the Solar City?

A: The effects from the promotion of the Solar City project are not so great at present and those from new & renewable energy businesses are still low at this stage. However, I believe that the effects will be quite apparent in the future.

Citizens' interest in energy conservation and new & renewable energies is increasing quite rapidly owing to the model businesses in our city. I think that starting this year, citizens will participate more actively in the solar energy and solar heating businesses. In fact, praise of natural energy, which reduces emission of greenhouse gases and electricity rates, is pouring in from households that have installed single household solar energy generation facilities.

EXCO Daegu

Representing World-Class Exhibition & Event Capacity

The City of Daegu opened a global business era after Daegu Exhibition & Convention Center (EXCO Daegu) launched in the city on April 19, 2001. Since then, EXCO Daegu has served as an attractive venue for many international conferences and other events on the basis of its state-of-the-art infrastructures.

EXCO offers more than 11,000 m² of highly flexible exhibition space arranged in a series of three levels on the 1st, 3rd, and 5th floors. The exhibition hall on each level can be divided into two small halls. The column-free 3,872 m² convention hall on the 5th floor is specially designed to support diverse large events like conventions, exhibitions, and music concerts.

In the exhibition halls, a wide variety of exhibits can be easily displayed, while large-scale meetings, events and expositions can also be held in a stylish atmosphere.

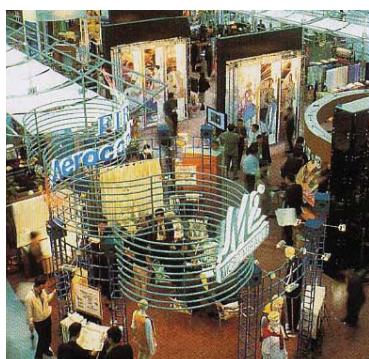
The total area of the exhibition halls on the 1st and 3rd floors and the convention hall on the 5th floor is 11,617 m². Each 3,872 m² large hall of can be partitioned into two separate small halls.



EXCO Expansion Plan

	Existing facilities	Expansion	Total
Exhibition Hall	1FL. & 3FL. (7,744 m ²)	13,000 m ²	20,744 m ²
Convention Hall	5FL. (3,872 m ²)	1,800 m ² (Auditorium, 2,000)	5,672 m ²
Conference Rooms	2,089 m ² (10 rooms)	1,800 m ² (14 rooms)	3,889 m ² (24 rooms)

The city of Daegu plans to expand EXCO, doubling its size by 2011. The Korean central government approved the expansion plan with a promise to share half of the US\$100 million cost.



Daegu: Ancient Fragrance & Modern Dynamo

City of Insight, City of Treasure, City of Pleasure

Daegu is a basin surrounded by mountains on all sides and has the Geumho River and Sincheon Stream running through the city. Judging from the plain and patternless earthenware excavated in this area, Daegu became a major settlement in about 1000 B.C.

Located 300 km from Seoul in the southeastern part of the Korean peninsula, Daegu is nation's third largest city with a population of 2.6 million people.

Daegu has grown into a competitive city by enhancing industrial structure and promoting the 2nd-stage Milano Project for re-establishing the structure of an advanced high value-added textile & fashion industry, concentrating on high value-added products in the region's traditionally focused businesses, such as machinery, metal and specialized industries, and fostering advanced knowledge industries.

Daegu is located at the center of Korea's four largest industrial complexes: Gumi for electronics; Changwon for machinery; Pohang for iron & steel; and Ulsan for automobiles & shipbuilding. These are all within one hour of Daegu.

As a city with a rich and long history, Daegu is surrounded by three UNESCO world cultural heritage sites. In addition, located nearby is the



Daegu at a Glance

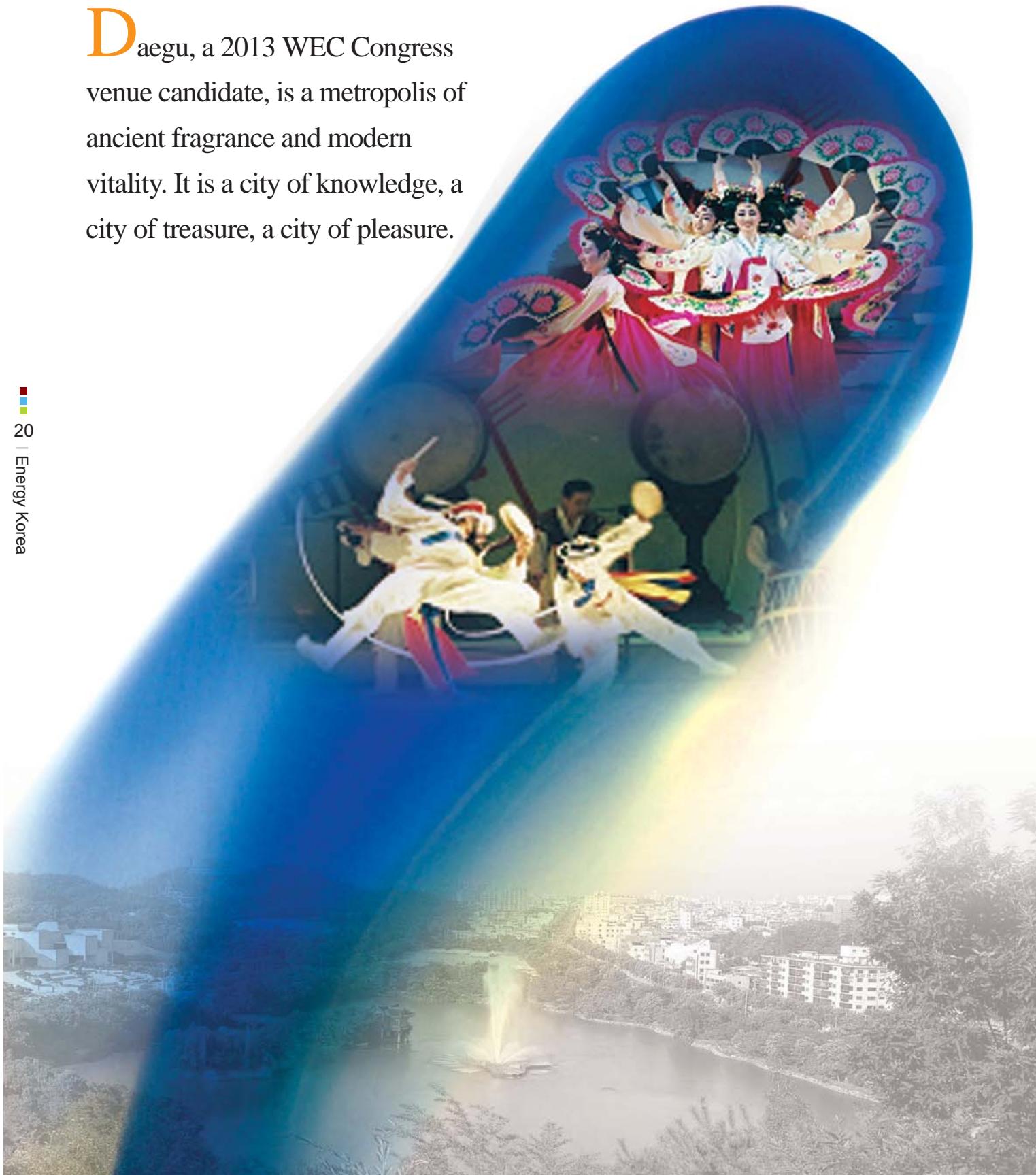
- Area: 885.60km²
- Population: 2,600,000

Andong Folk Village where Queen Elizabeth celebrated her 70th birthday.

Daegu successfully hosted four matches of the 2002 FIFA World Cup and the 2003 Summer Universiade. In 2004, the city hosted the first International Solar Cities Congress. In 2011 World Championships in Athletics, one of the three major international sports events along with Olympic and World Cup, will be held in Daegu.



Daegu, a 2013 WEC Congress venue candidate, is a metropolis of ancient fragrance and modern vitality. It is a city of knowledge, a city of treasure, a city of pleasure.



WEC & WEC Congress

The Foremost Multi-Energy Organization

- **What is WEC?**

The World Energy Council (WEC) is the foremost multi-energy organisation in the world today. WEC has Member Committees in 94 countries, including most of the largest energy-producing and energy consuming countries. Established in 1923, the organisation covers all types of energy, including coal, oil, natural gas, nuclear, hydro, and renewables, and is UN-accredited, non-governmental, non-commercial and non-aligned.

WEC is a UK-registered charity headquartered in London. WEC Services Limited was established in 2001 as the incorporated trading subsidiary of WEC. WEC's mission is 'To promote the sustainable supply and use of energy for the greatest benefit of all people'.

- **WEC Mission & Objectives**

WEC's Mission: "To promote the sustainable supply and use of energy for the greatest benefit of all people"

This mission is carried out through the Objects, which were approved at WEC's founding in 1924 and modified over the years to adapt to the changing energy industry and the changes within WEC.

WEC's objects (the "Objects") as they exist today are to promote the sustainable supply and use of energy for the greatest benefit of all people by:

- a. collating data about and undertaking and promoting research into the means of supplying and using energy having, short and long term, the greatest social benefit and the least harmful impact on the natural environment, and publishing or otherwise disseminating the useful results of such research;
- b. undertaking actions, including but not limited to the holding of Congresses, workshops and seminars, to facilitate such supply and use of energy; and

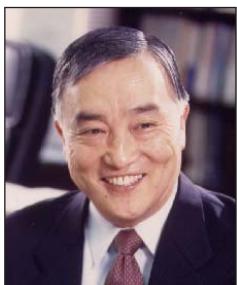
Event	Year	Venue
19th WEC Congress	2004	Sydney
18th WEC Congress	2001	Buenos Aires
17th WEC Congress	1998	Houston
16th WEC Congress	1995	Tokyo
15th WEC Congress	1992	Madrid
14th WEC Congress	1989	Montreal
13th WEC Congress	1986	Cannes
12th WEC Congress	1983	New Delhi
11th WEC Congress	1980	Munich
10th WEC Congress	1977	Istanbul
9th WEC Congress	1974	Detroit
8th WEC Congress	1971	Bucharest
7th WEC Congress	1968	Moscow
6th World Power Conference	1962	Melbourne
-Sectional Meeting	1964	Lausanne
-Sectional Meeting	1960	Madrid
5th World Power Conference	1956	Vienna
-Sectional Meeting	1957	Beograd
-Sectional Meeting	1958	Montreal
-Sectional Meeting	1960	Madrid
4th World Power Conference	1950	London
-Sectional Meeting	1951	New Delhi
-Sectional Meeting	1954	Rio de Janeiro
3rd World Power Conference	1936	Washington
-Sectional Meeting	1938	Vienna
-Fuel Economy Conference	1947	The Hague
2nd World Power Conference	1930	Berlin
-Sectional Meeting	1933	Scandinavia
-Chemical Engineering Congress	1936	London
1st World Power Conference	1924	London
-Sectional Meeting	1926	Basle
-Fuel Conference	1928	London
-Sectional Meeting Barcelona, 1929	1929	Barcelona
-Sectional Meeting	1926	Tokyo

- c. collaborating with other organisations in the energy sector with compatible goals.

- **WEC Congress**

The World Energy Congress is widely recognised as the premier global all-energy event on the calendar and has been running since 1924. The 20th Congress will be held in November 2007 in Rome.

Members of 2013 Daegu WEC Congress Bid Committee



Honorary Chairman
The Korean Academy of
Science and Technology
Chung, Geun-Mo
President



Chairman
Korea Electric Power
Corporation
Lee, Won-Gul
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Vice Chairman
Korea National Oil
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Hwang, Doo-Yul
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Vice Chairman
Korea Gas Corporation
Lee Soo-Ho
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Vice Chairman
Korea Hydro & Nuclear
Power Co., Ltd.
Kim Jong-Shin
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Vice Chairman
GS Caltex Corporation
Myeong Young-Sik
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Vice Chairman
Daesung Group
Younghoon David Kim
Chairman



Vice Chairman
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Yoon, Meng-Hyun
President and CEO



Vice Chairman
Korea District Heating Corp.
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Vice Chairman
SK Energy Co., Ltd.
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Member
Mine Reclamation Corp.
Choi Jong-Soo
CEO



Member
Korea Resources Corporation
Lee Han-Ho
President



Member
Hyosung Corp.
Kim Jae-Hak
President



Member
Korea Midland Power Co.,
Ltd.
Chung Jang-Sup
President and CEO



Member
Korea Western Power Co.,
Ltd.
Son Dong-Hee
President and CEO



Member
Korea South-East Power Co.,
Ltd.
Kwan Young-Wook
CEO



Member
Korea Southern Power Co., Ltd.
Kim Sang-Kab
President and CEO



Member
Korea Plant Service &
Engineering Co., Ltd.
Ham Yoon-Sang
CEO



Member
Korea Power Exchange
Park Soo-Hun
Chairman and CEO



Member
Korea Energy Economics
Institute
Bang Ki-Yual
President



Member
Korea Institute of Energy
Research
Choi Ik-Soo
President (Former)



Member
Daesung Group
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Member
Korea Tourism Organization
Kim Jong-Min
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Graduate School of Ajou
University , Department of
Energy Engineering
Choi Ki-Ryun
Professor



Member
Seoul National University of
Technology, Graduate School
of Energy & Environment
Kim Lae-Hyun
Professor



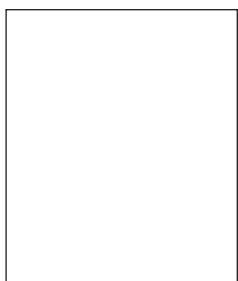
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Korea Atomic Energy
Research Institute
Park Chang-Kyu
President



Member
Korea Trade-Investment
Promotion Agency
Hong Ki-Hwa
President



Member
Ministry of Commerce,
Industry & Energy
Cho Seok
Director General for Energy
& Resource Policy



Member
Ministry of Foreign Affairs
Choi Jae-Chul
Director General for
International Economic
Affairs Bureau



Member
Daegu Metropolitan City
Park Bong-Kyu
Vice Mayor for Political Affairs



Member
Gyeongsangbuk-do
Lee Chul-Woo
Vice Governor for Political
Affairs



Secretary
Korea Energy Foundation
Koh Hee-Beom
General Secretary

Korea Energy Vision 2030

Energy Security, Efficiency & Environment

Korea Energy Vision 2030, which was unveiled on Nov. 28, 2006, at the National Energy Committee chaired by President Roh Moo-hyun, is a comprehensive government policy package aimed not only at providing energy for a more dynamic Korea but also at achieving a win-win model with other countries.

Korea Energy Vision 2030

Energy Security, Efficiency & Environment

Korea's energy policy is moving toward a new paradigm due to the sea change in external environments - the ongoing uncertainty regarding high oil prices, deepening competition to secure energy resources, progress in climate change conventions, and technological advances in alternative energy fields.

Korea Energy Vision 2030, which was unveiled on Nov. 28, 2006, at the National Energy Committee chaired by President Roh Moo-hyun, is a comprehensive government policy package aimed not only at providing energy for a more dynamic Korea but also at achieving a win-win model with other countries.

Authored by the Ministry of Commerce, Industry and Energy, the long-term program features three basic directions, five objectives and nine key tasks.

To underpin sustained economic growth and meet the energy demand of the next generation of Korean society, Vision 2030 sets out three basic directions - energy security, energy efficiency and environmental protection.

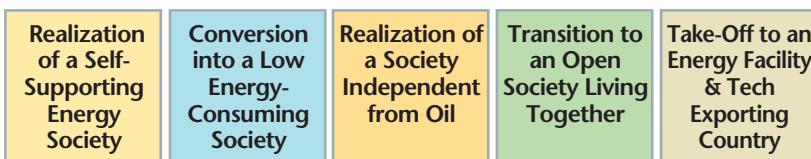
The five objectives of the policy package are the realization of an energy self-sufficient nation; conversion to a lower energy-consuming society; elimination of Korea's high level of dependence



Three Basic Directions



Five Visions



Nine Implementation Tasks

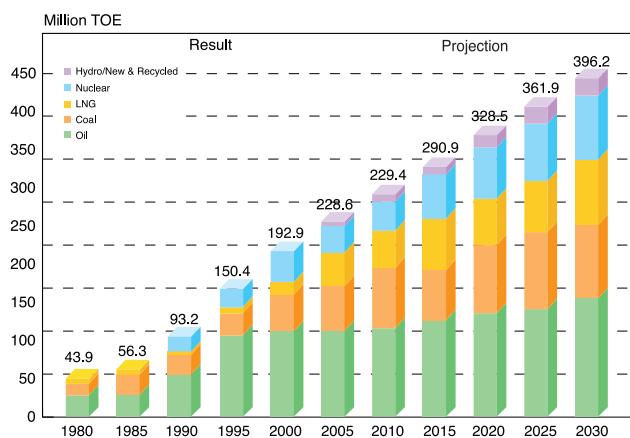
- Expand Overseas Resource Development Capacity
- Nurture Hydrogen Economy & Support N&R Energy Development
- Improve Energy Use Efficiency
- Expand Energy Industry's Overseas Advance
- Upgrade Energy Technology
- Establish Efficient Energy Market
- Expand Energy Supply Bases
- Develop Nuclear Energy Industry
- Expand Energy Welfare

on petroleum; realization of a mutually supporting, open society; and transition of Korea to a major exporter of energy-related equipment and technology.

To realize energy self-sufficiency, policymakers are targeting an increase in the nation's internal energy-development ratio to 35% by 2030 from the 4.1% level in 2005. Supporting this goal, the government plan calls for a supply ratio of new and renewable energy at the 9% level by the target year from 2.1% in 2005.

The nine key tasks laid out in Korea Energy Vision 2030 are expansion of overseas resource development capacity; establishment of a firm foundation for a hydrogen economy and acceleration of new and renewable energy development; significant improvement in energy efficiency and conservation; reinforcement of Korean energy industries' overseas activities; realization of advanced energy technology and its commercialization; establishment of an efficient domestic energy market; achievement of stable energy supply; adoption of a new nuclear power policy; and expansion of energy welfare.

Projections for Primary Energy Demand



I. Three Basic Policy Directions

The Korean government established energy security, energy efficiency and environmental protection as the nation's three basic energy policy directions to support sustainable economic growth, while also considering



the future demand, in line with recommendations from the International Energy Agency (IEA).

The three energy policy directions are:

1. Energy Security: Stable energy supply to support sustainable growth
 - As a country that depends on overseas supply for 97% of its energy needs, a stable energy supply, securing of overseas resources, etc. is fundamental to national development.
 - Establish a stable energy supply system to prepare for oil crises in the future.
2. Energy Efficiency: Efficient energy utilization and enhancement of the efficiency of the energy industries
 - Strengthen ability to respond to external shocks, including high oil prices, by enhancing utilization efficiency in the energy demand sector.
3. Energy Environment: Realization of environment-friendly energy system
 - In energy policy development, consider economic viability, environmental impact, and social equality comprehensively.

- Take into consideration the energy demand of future generations and that of present generations simultaneously.

II. Five Energy Visions for 2030

The Korean government also suggested five energy visions for 2030 to realize stable energy supply, assure usage, maximize energy efficiency and utilize environment-friendly energies.

The five 2030 energy visions are realization of a self-supporting energy society; conversion into a low energy-consuming society; realization of a society independent from oil; transition to an open energy society living together; and take-off to an energy facility and technology exporting country.

The government established the specific implementation guidelines for the five visions at the level of OECD countries, while planning to include energy mix direction, ways to secure overseas energies by source, etc. in its Basic National Energy Plan (2007~2030).

The five energy visions are:

1. Realization of a Self-Supporting Energy Society

Based on the competitiveness that the Participatory Government has secured through resources summit diplomacy, realize a self-supporting energy society by 2030 through self-development for 35% of the nation's total energy consumption.

- Stage a wide variety of international cooperation activities and accelerate development of overseas resources to transition from an energy-poor nation to an energy-rich country from an economic aspect. Oil and gas self-development ratios in 2004: USA 38%, Japan 9.8%, France 93%, Germany 11% and Korea 4.1% (2005).

Boost utilization of environment-friendly new and renewable energies, solar energy, wind power, hydrogen and fuel cells, etc. and raise the nation's

utilization ratio to the 9% level.

- Through technology development and innovation, widen the range of choice for future energies and develop new and renewable energies into new growth engine industries. New and renewable energy supply ratios in 2003: USA 4.5%, Japan 3.7%, France 6.4%, Germany 3.8% and Korea 2.1% (2005).

2. Conversion into a Low Energy-Consuming Society

Through total demand management, improve the nation's energy intensity (TOE/US\$1,000 GDP) to the level (9.20) of advanced countries.

- Increase the ratio of low energy-consuming industries and reduce energy consumption in the industrial sector with improvement of the energy efficiency of high energy-consuming industries
- Create a voluntary energy-saving culture through reasonable energy prices and innovation of energy utilization systems. Energy intensity levels in 2004: USA 0.217, Japan 0.108, France 0.195, U.K. 0.147 and Korea 0.358 (2005).

3. Realization of a Society Independent from Oil

Move away from an energy supply structure depending on fossil fuels and reduce the oil dependence rate to 35%. Oil dependence rates in 2004: USA 40.7%, Japan 47.8%, France 33.5%, Germany 36.0% and Korea 44.4% (2005)

- Pursue reasonable utilization of nuclear power to meet long-term electricity demand
- Promote technology development actively to secure the economic viability of new and renewable energies
- Develop new energy resources, such as gas hydrates and oil sands, and pursue independence from oil for transportation fuels by using hydrogen and fuel cell, etc.

4. Transition to an Open Society Living Together

Eliminate energy-poor classes by 2016

- Contribute to stable economic growth and social integration through diverse energy services

Implement energy welfare programs

- Guarantee the basic right of the people to a minimum energy supply

- Revamp and expand energy supply systems of the central government, local autonomous bodies and energy firms so that all people can receive minimum energy requirements.

5. Take-Off to an Energy Facility & Technology Exporting Country

Leap to the 90% level of the world's highest

technology nation by 2030.

- Convert from a technology development strategy by energy source to an integrated-type technology development strategy and accelerate high added-value industrialization. Technology levels (USA=100) in 2004: Japan 94.3, EU 92.1, China 57, Russia 63.9 and Korea 60.

Build the foundation for a takeoff toward an energy facility and technology exporting country based on world-class technologies.

- Establish and implement strategies appropriate to the characteristics by region and nation

- Strengthen efforts for advance into overseas markets with strategic support for export-promising nuclear power, electrical facilities, new and renewable energies, etc.



Nine Implementation Tasks

1. Expand Overseas Resource Development Capacity

- Major Achievements

- Overseas resources development, which started with the development of an oil field in West Madura, Indonesia, in 1981, advanced into a growth period after experiencing a 25-year quickening period.
- Successes in receiving large-scale projects through resources summit diplomacy provided momentum for the nation's self-confidence in its competitiveness.
- After staging resources summit diplomacy with 17 countries, Korea secured an additional 8.8 billion barrels of gas & crude oil, expanding overseas explorable oil reserves to about 14 billion barrels.
- By securing five large mines, established a foundation to increase self-development rate.

Mine/Nation	Major Achievements
West Kamchatka, Russia	Signed oil field development equity sales contract (Dec. '05: 1.5 billion barrels secured)
Zhambyl Oil Field, Kazakhstan	Signed joint protocol agreement (Sept. '06: 450 million barrels secured)
2 Offshore Blocks, Nigeria	Signed products sharing contract (Mar. '06: 1.2 billion barrel secured)
Aral Sea Gas Fields, Uzbekistan	Signed products sharing contract (Aug. '06: 300 million barrels secured)
Inam Block, Azerbijan	Obtained exclusive negotiation on equity participation (May '06: max. 400 million barrels secured)

Established take-off foundation for self-development rate through strengthened infrastructure for overseas resource development.

- Increased overseas resources development loan budget to 425.9 billion won in 2007 from 269 billion won in 2006 and expanded investment

resources with introduction of oil field development fund (No. 1 Fund launched on Nov. 29, '06 for 200 billion won).

- Prepared specialized manpower cultivation system through resource development academy (Sept. '06)
- Set up plans for innovation of Korea National Oil Corp. (KNOC) (Sept. '05, 3rd National Energy Advisory Council meeting)
- Prepared a turning point for development of overseas resources by establishing a Korean-style package-type resources development model (provision of infrastructure in return for energy resources).

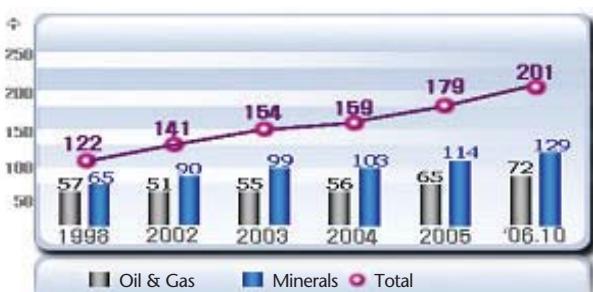
Success Practices of Korean Resource Development Model

Nation	Key Content	Remarks
Nigeria	Secured 2 billion barrel-scale offshore blocks with linkage to advance into power generation plant business (OPL 321/323 blocks: Mar. '06)	1st success practice of Korean-style resources development model
	Secured oil field equity in linkage to US\$10 billion-scale railway modernization project (Nov. '06)	A success practice of a large-scale Korean development model
Mongolia	Agreed to supply electric power required at Oyu Togoi Copper Mine and to secure an equity share of the mine (May '06)	1st success practice in general minerals field

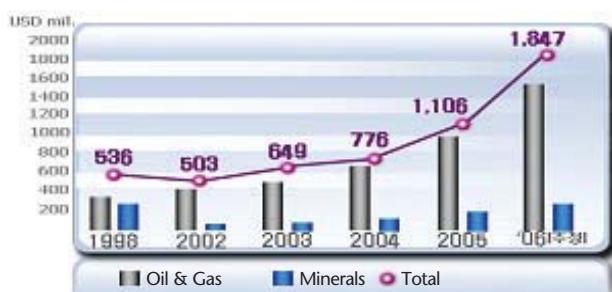
Activated overseas resources development significantly with quantitative expansion and qualitative deepening.

- The number of overseas resources development businesses surpassed 200 for the first time (204 as of Oct. '06) and invested amount also exceeded 1 trillion won (US\$1.11 billion in 2005).

No. of Overseas Resources Development Businesses



Investment Scale in Overseas Resources Development



- In particular, the number of businesses that acquired operating rights for oil field exploration rose significantly to 29 (Oct. '06) from 17 in 2002.

- ▶ With success in the development of Donghae (East Sea)-I gas field, became the world's 95th oil producing country and verified domestic technological power with successful development of Vietnam II-2 Block - the first success practice abroad in exploration, development and production with Korea's own technology and capital.
- ▶ Succeeded in participating in the development of Madagascar's Ambatobi Nickel Mine (one of the world's three largest nickel mines) (Oct. '06)
- Future Promotional Tasks

Six tasks were reported and summarized at the meeting of the National Advisory Council on Energy:

- ① Strengthen strategic cooperation with resources-rich countries

For this, prepare basic strategies for resources cooperation through '10-Year Basic Plan for Overseas Resources Development' (established in Dec. '06) and continue resources summit diplomacy

- ② Innovate supporting systems for development of overseas resources

Expand resources development investment funds, including introduction of resources development fund, establish a master plan for cultivation of manpower specializing in resources development and revamp resources development R&D system

- ③ Innovation of Korea National Oil Corp.

Innovate and nurture KNOC into a global enterprise by stage in accordance with the 3rd energy advisory council meeting in Sept. '05

- ④ Spread Korean-style overseas resources development model

Spread overseas advance of energy industries, including an increase in accompanied projects, to other fields like IT, etc. in addition to SOC construction

- ⑤ Expand development of non-traditional oil resources

Reinforce technology enhancement and exploitation activities for the development of gas hydrate reserves at domestic continental shelves and also continue to promote overseas oil sand development projects

- ⑥ Strengthen development of resources in North Korea

Create the foundation for resources cooperation between South and North Korea, including establishment of mutual confidence, and identify/promote common projects for development of abundant resources in North Korea

2. Nurture Hydrogen Economy & Support N & R Energy Development

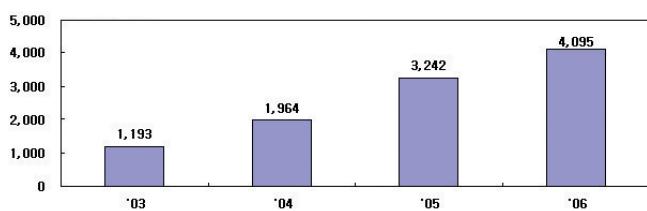
- Major Achievements

- Established the foundation for full-fledged supply of new & renewable energies together with expansion of technology development
- ▶ Built a comprehensive system for expanded supply of new & renewable energies
- Strategically developed and supplied new & renewable energies after classification into three groups in consideration of their economic ripple effects and technology development stages:
 - ▶ 1st Group (hydrogen, fuel cell): Integrate national capability and secure global competitiveness
 - ▶ 2nd Group (solar energy, wind power): Develop key strategic technology fields and support industrialization
 - ▶ 3rd Group (bio, tidal power/small hydro power, solar heat, geothermal): Revamp systems and reinforce economic viability
- For strategic technology development following choice and concentration, introduced business group system to engage exclusively in three key areas (hydrogen/fuel cell, solar energy, wind power) and prepared technology development roadmaps by group
- Promoted a wide variety of programs to create markets, including projects for supply of 100,000 solar energy houses and mandatory installation of new & renewable energy facilities at public organizations
- ▶ Created new & renewable energy markets, expanded private investment and export-industrialization of the energies
- Established and promoted investment plans for public and private enterprises; nine firms, Korea Electric Power Corp. (KEPCO), power generation companies, etc. decided to invest 1.1 trillion won ('06-'08)

- Enhanced the potential for export industrialization with investments by large enterprises; Hyundai Heavy Industries exported solar energy modules worth US\$15 million), KPE (formerly Photon Semiconductor) exported solar batteries worth US\$1.8 million, etc.

- Secured about 100 billion won in government budget annually for investment and established market creation foundation for new & renewable energies

Government Budget (100 million won)



▶ Increased the supply volume by new & renewable energy resource and strengthened external competitiveness

- Raised supply volume sharply and lowered cost with expanded government support for creation of initial markets.

Supply results of solar energy houses: 100 ('03) → 907 ('04) → 3,630 ('06) → 5,000 (scheduled) ('06); and solar energy facility installation cost/kW: 15 million won ('03) → 12 million won ('04) → 9.6 million won ('06) → 9.4 million won ('07)

Supply results by source ('03 → '06): wind power (17MW → 172MW), bio diesel (4,000 kl → 50,000 kl), geothermal (670RT → 8,050 RT)

- Succeeded in localization of key new & renewable energies, 750kw-class wind power generator and 1-3kW household-use fuel cell

- Developed commercialization of energies with already established basic technologies: 2MW-class wind power generator, hydrogen fuel cell vehicle, next-generation thin-wall solar cell, etc .

- Future Promotional Tasks

① Establish the foundation for implementation of hydrogen economy

- Build stable infrastructure for production, storage and supply of hydrogen and strengthen the supporting foundation, including enactment of Hydrogen Economy Promotion Act, etc.
- Promote diverse empirical projects, household and transportation-use fuel cell monitoring, etc. in parallel with systematic support for R&D

② Accelerate new & renewable energy technology development and identify and support new energy sources

- Centering on areas with great industrial ripple effects, hydrogen fuel cell, solar energy, wind power, etc., enhance technology level from the present 50-70% of advanced countries up to 70-90%.
- Build wood chip bio mass supply system for utilization of dead/cut wood

③ Develop and support supply programs by core field to create markets

- Construct administration-centric complex cities and innovative cities into high-tech new & renewable energy cities in connection with mandatory utilization by public organizations
- Develop new & renewable energy-friendly residential sites and induce creation of diverse demand, including green pricing, in linkage to CDM (Clean Development Mechanism) projects

④ Improve new & renewable energy-related systems and strengthen publicity

- Continue to improve related systems for expanded supply of new & renewable energies in the private sector

- Publish manuals for permit and approval of new & renewable energies and promote publicity projects to enhance public awareness

3. Improve Energy Use Efficiency

- Major Achievements

- The government established systems to promote strategic energy conservation and a foundation for public participation.

- ▶ Established and promoted pan-governmental medium and long-term rationalized energy utilization policy

- With participation of 12 ministries, established a three-year energy intensity improvement plan in December 2004 and promoted it since then. Among 97 tasks associated with the plan, 67 are presently under normal promotion, which will likely bring 5 trillion won in energy conservation effects by 2007. Meanwhile, 11 tasks will be promoted starting in 2008.

- ▶ Enhanced energy utilization efficiency in the industrial sector

- To stimulate investments in energy conservation facilities, continued to expand voluntary agreements (VA) with high energy-consuming worksites that use more than 2,000 TOE per year. As of November 2006, the number of concluded VAs was 1,288, and the 1,225 targeted for 2008 will be realized at an early date.

- In addition, established 'Mandatory Energy Diagnosis System' for high energy-consuming worksites in June 2006.

- For activation of ESCO businesses, furthermore, introduced 'Excellent ESCO Certification System and Private Fund-Utilized Investment Record Accreditation System'

- ▶ Built energy conservation system in the

transportation sector

- Implemented AFE (Average Fuel Efficiency) system to increase fuel mileage of vehicles. If failing to reach the specified criteria, issued administrative order for improvement and made public those firms that did not follow the order
- Promoted systems to expand supply of hybrid and small vehicles. For this, established a notice on the fuel mileage measurement criteria for hybrid vehicles
- ▶ Enhanced energy efficiency in the building & housing sector
- Expanded supply of collective energy systems, including high energy-efficiency district heating and co-generation plants. Supplied district heating systems (unit: 1,000 units): 1,337 ('04) -> 1,390 ('05) -> 1,463 (estimated '06) and installed small co-generation plants (unit: MW): 10.8 ('04) -> 138.7 ('05) -> 142.3 (estimated '06)
- Induced energy conservation by examining energy conservation plans submitted at the time of filing applications for construction permits of large-scale buildings
- ▶ Enhanced efficiency of energy-using equipment, including expanded supply of high efficiency devices
- Promoted maximization of energy efficiency of boilers and electric motors, which account for about 64% and 40% of energy use at industries, respectively. Concluded agreements with electric motor makers to increase motor efficiency 5% by 2008 (as of July '06, 1.37 trillion won reduced, about 2% of total electric power consumption)
- Raised the minimum consumption efficiency ceiling (March '06 for dishwashing machines, electric drum washing machines and fans) and strengthened electricity conservation criteria (April '06 for 11 items, monitors, printers, etc.)

- To spread awareness of high-efficiency products and support the low-income class, replaced lighting equipment, checked internal cabling facilities and implemented repair work at national and public social welfare facilities. After providing a total of 5.74 billion won for 518 facilities in 2006, reduced energy consumption 6.1 million kWh/year (680 million won)

• Future Promotion Tasks

Tasks reported at the National Energy Advisory Council meeting are summarized below:

- ① Revamp the promotion foundation for medium and long-term energy conservation policy
 - With references to practices in Canada, the EU, etc., promote development of 'Energy Utilization Record Appraisal and Analysis System'
- ② Reinforce enhancement of energy utilization efficiency in the industrial sector
 - Induce corporations' voluntary energy demand management through implementation of mandatory energy diagnosis system, establishment and support of integrated energy management system and activation of ESCO businesses
 - Assist SMEs in energy conservation with support for energy diagnosis expenses
- ③ Accelerate energy conservation in the transportation sector
 - Improve fuel mileage, and develop and expand supply of high efficiency vehicles (hybrid, hydrogen fuel)
- ④ Enhance energy utilization efficiency in the household, commercial and public sectors
 - Boost supply of high efficiency LED lighting, high efficiency home electronics, etc.
 - Expand supply of high energy efficiency collective

energies and small co-generation plants to houses, apartment complexes and large shopping centers

⑤ Reinforce publicity and education to create voluntary energy conservation culture

- Promote and support pan-national energy conservation campaigns led by citizens' organizations
- Strengthen early-stage energy conservation education through reflection of energy conservation content in the texts of elementary and middle schools

4. Expand Energy Industry's Overseas Advance

- Policy Environment

Korea possesses world-class technologies related to the construction of oil, gas and power generation facilities and to the operation of cheaper and more efficient systems in terms of management.

The nation needs to reduce domestic energy demand for oil, power, etc. and also to explore overseas markets for creation of demand for energy industries

- Future Promotional Tasks

① Create the foundation for advance of energy industries into overseas markets

- Build a comprehensive overseas energy market information system (oil, gas, electric power, new & renewable energy, etc.)
- Continue to increase technology investment in the promising areas for overseas advance, such as energy equipment & materials and parts
- Expand the Energy Industry's Overseas Advance Council and carry out roles, including business information sharing, accompanied advance and analysis of difficulties

- Expand and support investment for the export competitiveness of oil industries

② Strengthen support to activate overseas advance of energy industries

- Reinforce overseas advance of package-type energy industries by utilizing energy purchasing power and linking to overseas resources development
- Support plant export financing for SMEs for small and medium-size plants. Regarding equity investment-type projects, develop insurance products to eliminate emergency and credit risks and support plant order securing activities

③ Establish three kinds of advance strategies by country according to the status and development of natural resource reserves

- Group 1: For countries with undeveloped resources, promote construction of energy industry facilities and, if necessary, social infrastructure, roads, hospitals, etc. linked to development of resources
- Group 2: For countries with developed resources, advance into downstream energy fields, separately from resource development, and seek to increase market share
- Group 3: For other countries, advance first into such fields as pilot operation and technology transfer where cooperation is possible with less mutual burden and gradually expand cooperation fields

④ Support overseas advance of SMEs

- Strengthen accompanied overseas advance of large enterprises, Korea Electric Power Corp., EPC companies, etc. and SMEs
- Expand government support to accelerate overseas advance of SMEs

5. Upgrade Energy Technology

- Policy Environment

The importance of energy technologies in achieving energy policy goals is increasing, such as securing a stable supply of energies/resources, enhancing energy efficiency and achieving environment-friendly energy utilization.

There currently exists a considerable gap with advanced countries in terms of technology level and R&D investment scale.

- Technology Level (USA=100, Ministry of Science and Technology's '04 data): Japan 94.3, EU 92.1, China 57, Russia 63.9 and Korea 60
- Energy R&D Investment (US\$1 million, IEA 2005): Korea 291, USA 8,614 and Japan 6,984
- Energy R&D Investment/GDP (Korea=1, IEA 2005): Japan 3.7 and USA 1.7
- Future Promotional Tasks

① Boost high value-added industrialization through advancement of technology development system

- Strategically identify and systemize core technologies required as future growth engines in the energy industry: promote policy-centric large-scale fusion and integration systems and 'THE (Technology-based, Highly Efficient) 7 Runners Program'
- Transform energy technology development strategy into an integrated type, pursue expertise in energy technologies, enhance technology development results and their ripple effects, along with installation of an integrated exclusive organization and revision of related regulations
- Seek linkage programs, empirical model projects, etc. after R&D and accelerate industrialization, including operation of test beds to secure initial markets and technology reliability

② Establish technology innovation cooperation system between public enterprises and industries

- Pursue 'Accompanied Growth Strategy' through reinforcement of technology cooperation between public enterprises and related industries, including full-time operation of 'Public Enterprise Working-Level R&D Committee' and linkage, cooperation and win-win effort between public enterprises and front & rear industries.
- Strengthen win-win cooperation between large enterprises and SMEs through organization of an investment cooperative specializing in electric power & electrical fields (Nov. 21, 2007): a total of 53.5 billion won invested by 11 public electric power companies, three large heavy electrical equipment firms, financial institutions, etc.

- Induce activation of technology development investment through 'Public Enterprise Investment Encouragement System': encourage to invest 729.8 billion won in R&D, 4.45% of total sales of public energy enterprises estimated at 16.4 trillion won for 2007.

③ Nurture internationally competitive demand-oriented specialist manpower

- Prepare a system to grow demand-oriented integrated-type highly specialized manpower that can lead structural reform of future energy industries: establishment of a master plan to nurture energy-specialized manpower and the government's reorganization of manpower cultivation projects

④ Build infrastructure to increase technology development effects

- Strengthen linkage of energy R&D business and supply business (VA, ESCO, etc.)
- Participate in the global energy innovation system through reinforcement of international energy and resource cooperation, including technology

cooperation programs like IEA/CERT, APEC/EGCFE, DOE/CSLF, etc. and operation of advanced technology catch-up program.

6. Establish Efficient Energy Market

- Policy Environment

Since the later half of 1980s, 60 countries in the world have converted their electric power industry into a market competition system from a monopoly in order to enhance industrial efficiency.

In April 2001, the Korean government also introduced a power competition market system through separation of Korea Electric Power Corporation's generation sector and launch of Korea Power Exchange (KPX). At present, 69 companies are participating in the market.

Recently, meanwhile, the international LNG market is rapidly evolving into a seller's market due to oil price hikes and sharp demand increase from new importing countries like China and India.

- Future Promotional Tasks

- ① Establish direction to build an efficient energy supply market

- Revamp systems for consumers' stable and convenient use of energies by establishing a fair market economy system for energy industries

- ② Set new market order in the energy sector

- Prepare methods to resolve the energy industry's vertical conflicts between production and distribution

- Revamp energy systems to create a fair horizontal competition environment among oil, gas, electric power, collective energy, etc.

- ③ Expand competition base for the electric power industry

- Implement appraisal of the operating status of Korea Electric Power Corporation's independent business division system and address systematic deficiencies

- Create an environment to boost advance of regional electricity businesses and private power generation firms into the market

- Increase investments for technology development to create future growth engines for the power generation industry

- Improve the power transaction system of the CBP (Cost-Based Pool) market

- ④ Reasonable improvement of the electricity rate system

- Revamp the present usage-based rate system to a voltage-based system

- Supply electronic watt-hour meters for introduction of a differentiated household rate system by time

- ⑤ Revise laws and ordinances to create the foundation to introduce a competition system for the gas industry

- Revise the Enforcement Decree and Enforcement Regulations of the City Gas Business Act to introduce an 'Open Access System' for gas supply facilities

- ⑥ Continue introduction of efficient competition systems for the gas industry

- Introduce after comprehensively considering the stability of domestic gas supply, efficiency of the industry and enhancement of consumer sanitation, etc.

- Promote cautiously after collection of wide-ranging opinions from experts and interested parties and public hearings

7. Expand Energy Supply Bases

- Policy Environment

Despite being one of the largest energy-consuming countries, ranked 10th and 7th in the world, respectively, in energy and oil consumption, Korea has a vulnerable supply and demand structure with the nation's energy dependence on imports reaching 97%.

Korea is relying on the Middle East for 82% of crude oil and more than 50% of natural gas, and the importance of a stable energy supply is growing all the more due to unavoidable transportation routes running through the dangerous straits of Hormuz, Malacca, etc.

- Future Promotional Tasks

① Continue efforts to expand energy supply infrastructure

- Expand the infrastructures for supply of gas and electric power. For this, increase natural gas supply facilities, LNG storage, LNG distribution networks, etc. continuously as well as power generation and transmission/distribution facilities for stable supply of electricity, while supporting high value addition to the electric power industry

- Establish medium and long-term energy supply and demand plan

- ▶ Prepare a long-term LNG import plan by LNG business firm and by year and establish long-term natural gas supply and demand plan (every two years)

- ▶ Establish a basic plan for supply and demand of electricity for stabilization of medium and long-term electric power supply and demand based on projections of electricity demand, generation facility plan, etc. (every two years)

- ▶ Set up a long-term plan for the coal industry to

stabilize supply and demand of coal (every five years)

② Enhance emergency-response capability for energy crises

- To cope with emergencies, establish systems to analyze energy supply and demand and to establish response strategies

- Promote countermeasures to secure oil in the medium and long term, domestic stockpiling and international common stockpiling, etc.

- Create foundation for strategic energy cooperation in response to energy crises

③ Supply environment-friendly, future-oriented energies

- Expand supply of oil substitute fuels, such as bio oil, bituminous mineral oil, emulsion oil, etc. on a step-by-step basis for improvement of air quality and alleviation of oil dependency

- Systematically promote projects to prevent mine damage centering on the Mine Reclamation Corp., which was established in June 2006

④ Promote revision of energy price structure to stabilize supply and demand

- Revamp energy price structure in the medium and long-term after considering stabilization of supply and demand, tax revenue, quality criteria, improvement of environment, etc. comprehensively and also promote optimization of the energy portfolio through revision of comparative price structures among energy sources

- Prepare medium and long-term improvement methods for the energy price determination system through monitoring of oil, gas and coal briquette prices and also in consideration of electricity rate imposition structure.



MOCIE '07 Energy Policy Initiative



The Korean energy policy direction, announced by the Ministry of Commerce, Industry and Energy in February 2007 features five areas:

- Expanding energy-resource self-development capability;
- Realizing environment, efficiency and technology-friendly energy consumption structure;
- Improving open energy policies together with the people;
- Strengthening a stable and efficient energy supply infrastructure; and
- Raising the efficiency of Korea Power Exchange and enhancing stability of the power supply.

Five Directions & 17 Action Plans

■ Expanding Energy-Resource Self-Development Capability

- Reinforce Promotion System for Development of Overseas Resources
- Expand Resource Development Infrastructure
- Strengthen Self-Development Capability by Securing and Enriching New Projects
- Promote Package-Type Resource Development Strategy

■ Realize Environment, Efficiency and Technology-Friendly Energy Consumption Structure

- Improve energy intensity through innovation of the energy demand system
- Convert the energy industry into a future growth engine
- Build a system responding to the U.N. Framework Convention on Climate Change
- Diversify energy resources through development of new & renewable

■ Implement Open Energy Policies Together with the People

- Establish medium and long-term energy policy & vision centering on the National Energy Commission
- Promote energy welfare and safety policies for the socially vulnerable
- Expand the foundation for confidence and support for exports for stable promotion of nuclear power generation business

■ Strengthen Stable and Efficient Energy Supply Infrastructure

- Create foundation for stable supply of energies
- Supply energies efficiently through expansion of infrastructure and system improvement

■ Raise Efficiency of Korea Power Exchange and Enhance Power Supply Stability

- Improve system operation at Korea Power Exchange (KPX)
- Create an environment to accelerate competition for efficiency enhancement of the electric power industry
- Reasonable improvement of the electricity rate system
- Promote measures to prevent power failures

■ Expanding Energy-Resource Self-Development Capability

The Ministry of Commerce, Industry and Energy (MOCIE) has announced its 2007 business plan for enhancement of the nation's energy and resource self-development capability, which is summarized below.



- **Reinforce Promotion System for Development of Overseas Resources**

In April 2007, the ministry establish its '3rd Basic Plan for Development of Overseas Resources (2007~2016)' designed to realize medium and long-term self-development goals by key mineral and detailed specific promotion strategies.

The ministry intends to expand cooperation channels with key resource-rich countries, including establishment of new resources cooperation councils with the Republic of South Africa and other countries, and promote three-dimensional diplomacy through analysis of advance strategies by country, such as organization of a research team for Central Asia.

It also plans to expand the government's investment to nurture Korea National Oil Corp. and Korea Resources Corp. into enterprises specializing in the development of resources.

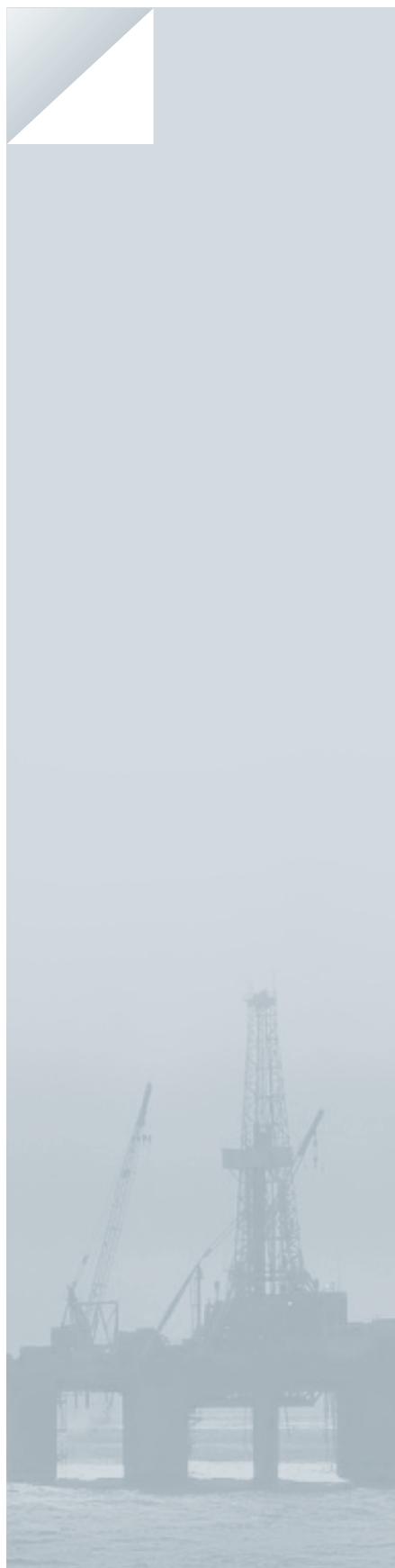
- **Expand Resource Development Infrastructure**

The ministry plans to increase the budget for sustained development of resources and diversify financial resources for investment through activation of a resource development fund utilizing funds in the market. In June 2007, it launched a 80~200 billion won fund for development of minerals, while creating an environment for follow-on funds.

In addition, the ministry will prepare and promote strategies for systematic cultivation of resource development manpower, including the master plan to foster resource development specialists prepared in April 2007 and launching second and third courses at its resource development academy from March to July 2007 and from September 2007 to February 2008 respectively.

Furthermore, it also established a technology roadmap for development of resources and promotion of resource development R&D on a full scale starting in July 2007.

- **Strengthen Self-Development Capability by Securing and**



Enriching New Projects

The ministry plans to expand self-development by starting production at projects currently underway, including BMC-8 Block in Brazil, Harley/Wabamun in Canada, etc., and increasing production at El Vinalar in Argentina.

It will also promote new projects to secure key minerals, crude oil & gas, uranium and others.

In the first half of 2007, the ministry established a comprehensive plan for development of domestic continental shelves, targeting commercial production of gas hydrates by 2015, which are emerging as a new oil and gas energy resource. To investigate reserves, it also planned to conduct exploratory deep-sea drilling at promising sites in October 2007, while preparing the foundation to develop resources in North Korea, including the Jeongchon graphite mine, through South-North resource cooperation.

• Promote Package-Type Resource Development Strategy

The ministry plans to promote a package-type resource development strategy that links securing resources required by Korea to provision of the nation's economic development experience and construction of energy infrastructure and SOC required by resource-rich countries in return.

To this effect, the ministry plans to dispatch joint private-government survey teams to promising regions in Central Asia and Africa, and implement diverse package-type resource development models, including promotion of full-scale negotiation with Nigeria to secure oil fields linked to construction of a railroad project for the country.

The ministry also plans to strengthen the Council for Overseas Advancement of the Energy Industry, while expanding the model linkages of energy infrastructure industries (power, gas and plants) to IT, construction and other sectors, such as shipbuilding, steel, culture and medical services.

■ Realize Environment, Efficiency and Technology-Friendly Energy Consumption Structure



- ◆ **Improve energy intensity through innovation of the energy demand system**

The government plans to complete its 'Three-Year Energy Intensity Improvement Plan (2005~2007)' on schedule by taking up the remaining 11 tasks in 2007 along with successful completion of 61 on-going tasks. In 2007, it also plans to establish the 'Fourth Basic Plan for Rationalization of Energy Use (2007~2011)'.

In efforts to enhance energy utilization efficiency in major sectors -- industry, transportation, and household --, the government plans to implement a mandatory diagnosis for about 400 high energy-consuming businesses that use more than 2,000 TOE in 2007. It also plans to replace traffic signals and signaling lights with high-efficiency LED lights, while increasing the number of items designated under its standby power reduction program.

- ◆ **Convert the energy industry into a future growth engine through technology innovation**

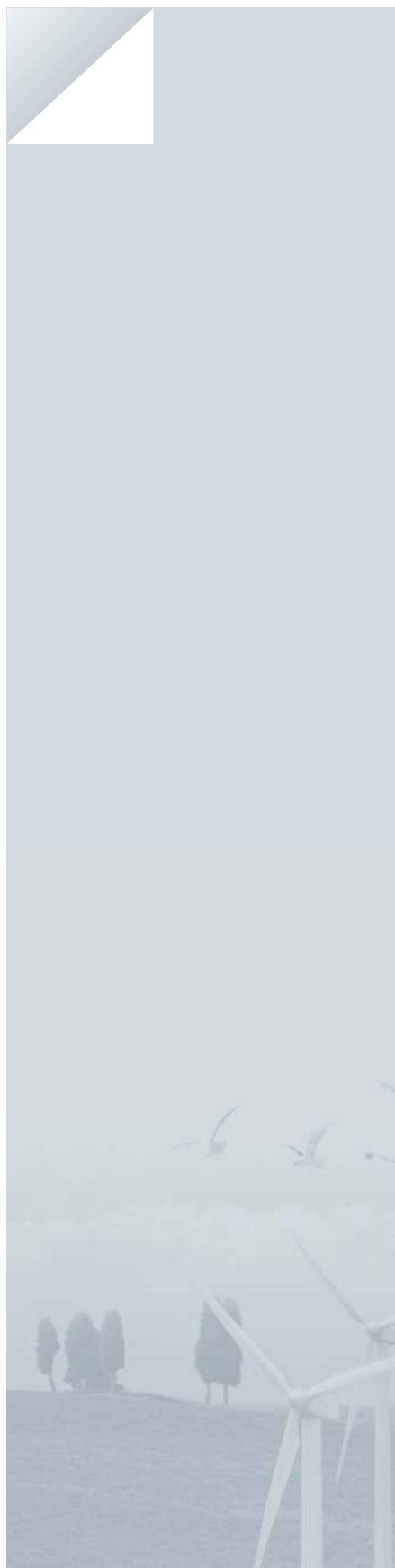
The government plans to identify and promote future strategic technologies for the energy industry. In addition, it plans to support technology development by fusing and integrating diverse energy technologies related to electric power, new & renewable energy, environment, architecture, etc.

Under this plan, the government intends to select and develop 'THE (Technology-based, Highly-Efficient) 7 Runners,' boilers, electric motors, industrial furnaces, dryers, lighting, HVAC equipment and electric & electronic home appliances, into high-efficiency devices.

Furthermore, it plans to encourage public energy corporations to invest 4.45% (729.8 billion won) of their expected revenue in 2007 (about 16.4 trillion won) in R&D to stimulate technology development.

- ◆ **Build a system responding to the U.N. Framework Convention on Climate Change (UNFCCC)**





While continuously pushing ahead with its 'Third Comprehensive Countermeasures for the Climate Change Convention,' the government plans to implement core promotional tasks, such as analysis of potential greenhouse gas reduction volume, expanded supply of bio-diesel oil, registration & management of greenhouse reduction records and establishment of a greenhouse gas control system.

The government also intends to set up a sustainable development strategy for industrial communities and accelerate voluntary reduction of greenhouse gases with establishment of achievable voluntary reduction goals for eight business types -- power generation, refining, automobiles, petrochemicals, cement, steel, paper-making and semiconductors.

By compiling greenhouse gas emission statistics, the government plans to support reduction plans by enterprise and provide financial incentives (payment of 5,000~6,000 won per CO₂ ton reduced based on CER price).

◆ **Diversify energy resources through development of new & renewable energies**

The government plans to promote detailed implementation projects for transition to a hydrogen economy, including model operation of nine fuel-cell cars and monitoring of 70 household fuel cell units.

The government also intends to launch a project to supply 100,000 solar energy houses (10,000 houses in 2007) and commercialization of a 300MW-class coal-gasification combined cycle power generation project.

In consideration of regional characteristics, the government plans to supply domestically-developed new and renewable energy facilities, including medium and large-size wind power generators to Gangwon and Jeju provinces, 30KW-class bio gas generators utilizing livestock waste to Jeonbuk province, etc.

■ Implement Open Energy Policies Together with the People



- ◆ Establish medium and long-term energy policy & vision centering on the National Energy Commission

With the Framework Energy Act put into effect in September 2006, the National Energy Commission, which is the nation's highest energy policy deliberation body, was launched in November 2006. Four experts committees to examine general energy policies, technology foundation, resources development and conflict management were inaugurated in February 2007.

The commission will prepare and confirm the basic national energy plan in the second half of 2007 by holding experts committee meetings, encompassing a medium and long-term energy mix through 2030 and a reasonable energy price system.

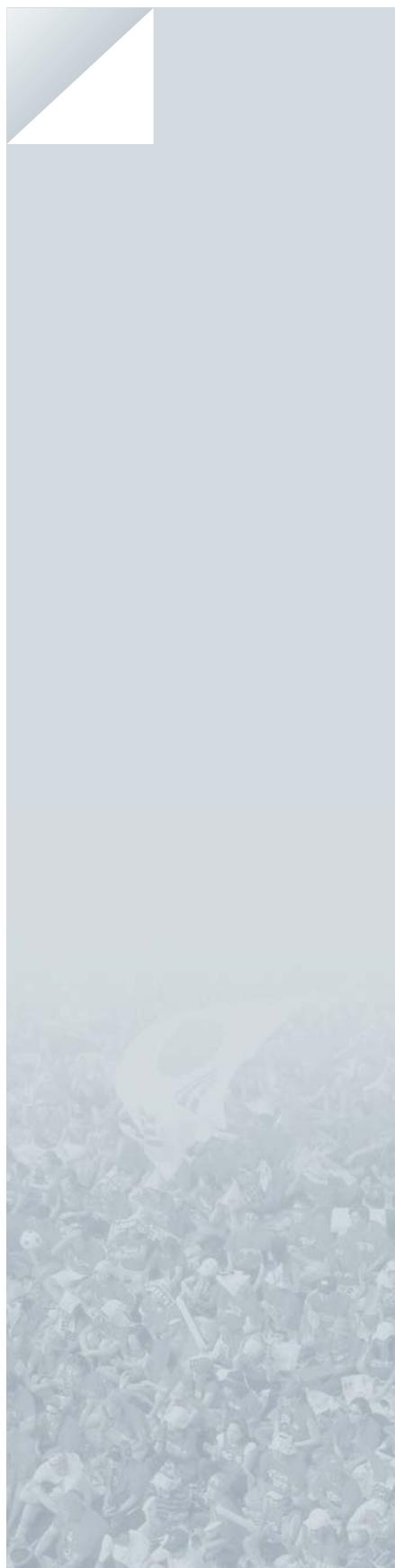
Based on in-depth discussions with the participation of all social interests, including civic and environmental organizations, the government plans to establish policy directions for the ratio of new & renewable energies, role of nuclear power, self-development rate, energy intensity improvement goals, etc.

In 2007, moreover, the government plans to build an energy information statistical center in order to strengthen the nation's capability to respond to external policy changes.

- ◆ Promote energy welfare and safety policies for the socially vulnerable

The government plans to push ahead with energy welfare programs to assist the poor by expanding supply of high-efficiency energy equipment and devices to low-income earners. Under this plan, it intends to supply heating facilities to a total of 100,000 households during the 2007~2011 period (10,000 households in 2007 with support of 10 million won) in addition to expanded support for supply of high-efficiency lighting equipment to 17 billion won in 2007 from 15 billion won in 2006.

Through activation of Korea Energy Foundation (KEF), established in December 2006, the government plans to make its energy welfare



system more effective. It plans to expand supply of comparatively cheaper natural gas to rural areas by providing pipeline construction funds (16 billion won in 2007).

Furthermore, the government intends to strengthen energy safety for vulnerable households, including basic livelihood recipients, while continuing its LP gas facility improvement project. Under this project, it intends to replace piping and safety devices at substandard LP gas facilities and supply fuse cocks to 500,000 households in 2007.

It also plans to improve unsuitable electrical facilities in vulnerable collective residential areas, farm and fishery villages and social welfare facilities. To prevent electrical accidents, the government also plans to implement a 'Speed Call System' designed for emergency teams to be available on call to solve inconveniences free of charge when residential electricity problems occur.

◆ **Expand the foundation for confidence and support for exports for stable promotion of nuclear power generation business**

For examination by experts of feasibility appraisals on controversial issues and collection of diverse opinions, the government plans to set up a committee specialized in conflict management under the National Energy Commission and promote discussions about the optimum ratio of nuclear power generation, disposal of used nuclear fuel, etc.

The government's nuclear management and support capability will be strengthened in order to implement the nuclear power business, including construction of a radioactive waste disposal plant as scheduled: commencement of construction work for the foundation in the first half of 2007 and completion of the plant at the end of 2009.

The government approved the implementation plan for Shin-Gori Nuclear Power Plant Unit 3 & 4 in the first half of 2007, while continuing operation of Gori Unit 1.

For promotion of regional support projects for nuclear power generation and radioactive waste disposal plants, the government will legislate 'Radioactive Waste Management Act' in 2007 to enhance public acceptability and to pursue systematic management.

■ Strengthen Stable and Efficient Energy Supply Infrastructure



◆ Create foundation for stable supply of energies

The government plans to expand the oil stockpiling volume and stockpiling facilities and prepare a stable oil supply foundation. To this effect, it intends to expand oil stockpiling facilities and increase oil stockpiling volume to 140 million barrels and 107 million barrels, respectively, in 2007 from 121 million barrels and 103 barrels in 2006.

To prepare for adjustment of supply & demand in winter season and an increase in demand, the government also plans to expand LNG storage facilities, including establishment of a basic plan for 2007 to build 14 storage tanks and a fourth LNG terminal capable of berthing two LNG carriers in 2007.

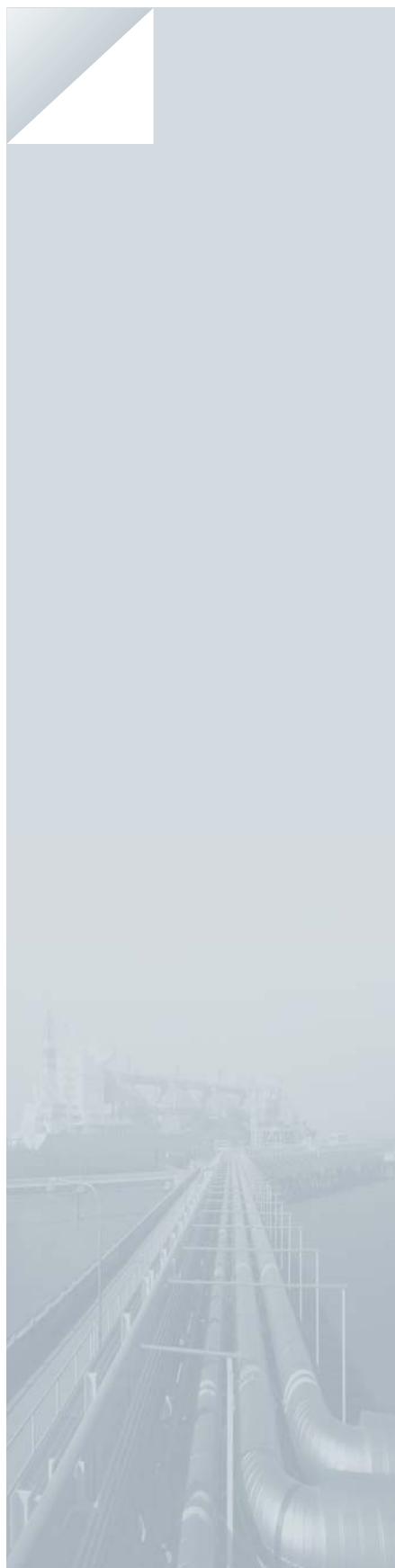
In accordance with its Third Basic Electric Power Supply Plan (2007~2020) and to cope with an expected increase in electricity demand, the government plans to expand power generation capacity to 6.8 million KW in 2007 from 6.5 million KW in 2006, while also increasing the reserve margin of power generation facilities to 11.8% in 2007 from 9.4% in 2006.

Furthermore, the government intends to strengthen support for the smooth supply of domestic coal, including an increase in its coal price stabilization budget to 339 billion won in 2007 from 256 billion won in 2006 and release of stockpiled coals (4.67 million tons as of the end 2006).

◆ Supply energies efficiently through expansion of infrastructure and system improvement

The government plans to improve the distribution system for oil products and promote measures to eliminate distribution of pseudo oils by revising the Enforcement Decree and Enforcement Regulations of the Oil & Oil-Substitute Fuel Business Act featuring a trademark labeling system, price labeling system, mobile sales, etc. in June 2007.

Through tax support and quality improvement, the government



also plans to expand supply of biofuels to replace fossil oils, targeting supply of bio-diesel oil of 90,000kl in 2007 from 45,000kl in 2006.

Moreover, the government intends to expand gas supply infrastructure, expand the city gas supply network to 29,013km (supply rate 71.5%) in 2007 from 27,441km (70.4%) in 2006, supply small-size LPG storage tanks nationwide, etc.

With establishment of 'Electricity Supply Vision 2030' in December 2007, the government intends to set up an efficient power supply system, including inducement of an optimum mix of electricity resources.

Composition of Electricity Resources by Energy Source

(Unit: MW, %)

Year	Nuclear Power	Bituminous Coal	LNG	Heavy Oil	Light Oil
'06	17.716	17.340	17.437	14.469	217
	27.0	26.5	26.6	6.8	0.3
'07	17.716	18.840	17.437	4.569	218
	26.0	27.7	25.6	6.7	0.3

Year	Anthracite Coal	Hydro-Power/ Pumped Water	New & Renewable Energies	Others	Total
'06	1.125	5.429	418	1.405	65.555
	1.7	8.3	0.6	2.1	100
'07	1.125	5.429	552	2.151	68.036
	1.7	8.0	0.8	3.2	100

The government intends to increase coal briquette prices on a step-by-step basis and adjust the demand to an optimum level for stabilization of medium and long-term supply and alleviation of financial burdens.

Starting in April 2007, it plans to increase the ex-factory price of briquettes to a maximum 221 won/each from 184 won/each. To help relieve the burden on low-income earners, it intends to provide briquettes equivalent to the price increase free of charge to basic livelihood recipient households.

■ Raise Efficiency of Korea Power Exchange and Enhance Stability of Power Supply



◆ Improve system operation at Korea Power Exchange (KPX)

The government plans to implement ways to improve the power transaction system, including payment of power prices linked to optimum facility rates and application of a base-load (nuclear and coal-fired) generator price cap.

After organization and operation of a task force team joined by industry-academia-research institute experts, the government plans to continuously identify improvement tasks for the power transaction system.

Through a survey of monitoring practices of overseas surveillance organizations for power markets, the government also plans to develop an integrated power market monitoring system, while establishing the foundation to automate market surveillance and analysis work.

◆ Create an environment to accelerate competition for efficiency enhancement of the electric power industry

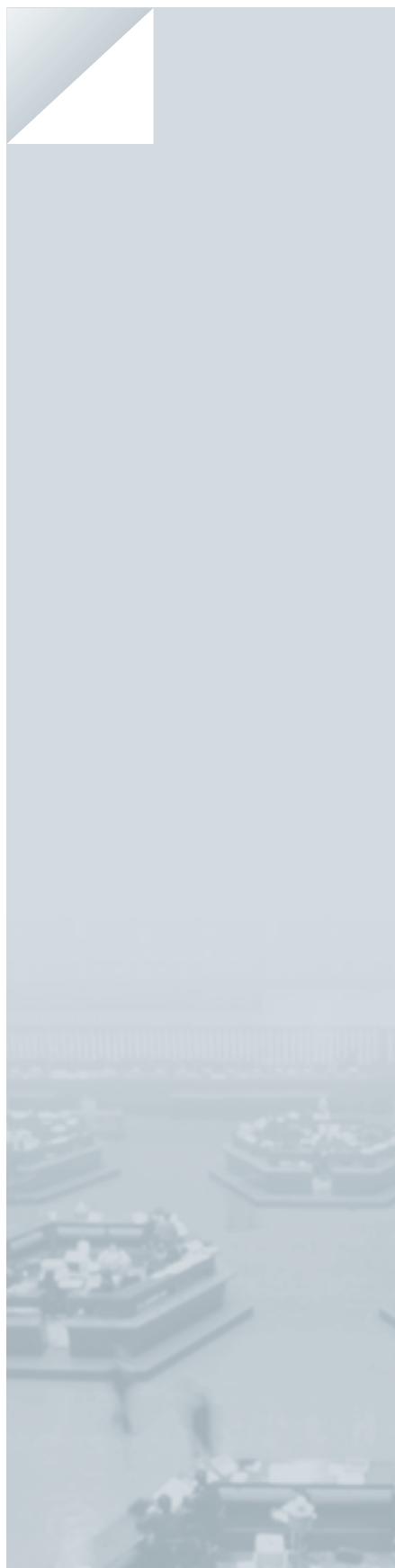
For early establishment and invigoration of an independent power distribution business system, the government plans to monitor and appraise the system operational status in the fourth quarter of 2007 and systematically address the shortcomings identified.

The government also intends to check the implementation status of the 'Activation & Improvement Methods for Regional Electricity Business (prepared in September 2006)' and continue to identify improvement tasks by holding explanatory sessions on the system.

Furthermore, the government plans to establish and operate 'Comprehensive Measures for Enhancement of Power Industry's Technological Power' to sharpen the industry's competitiveness.

◆ Reasonable improvement of the electricity rate system

The government plans to gradually resolve the gap in electricity rates by type of use through adjustment of the comparatively high



general-use and residential-use rates, which are higher than cost, and the comparatively low industrial-use rates.

To improve energy conservation in the electric power sector, the government intends to adjust the midnight electric power rate system reasonably, while lowering the rates for five or three-children households in preparation for the low-birth, aging era.

- ◆ Promote measures to prevent power failures for stable supply of electric power

To prevent power failures, the government plans to strengthen full-time monitoring and checks on the operating status of electric power transmission and distribution systems, including 80 transformer stations of over 50MW nationwide, and replace gas-insulated switches at 73 transformer stations, which have been in use for more than 20 years, by 2010.

The government intends to implement joint emergency training between Korea Electric Power Corp., power generating companies and KPX on a regular basis and review the power restoration procedure manual once a year.

To resolve the repeated occurrence of power failures at apartments, the government also plans to expand support for replacement of power reception facilities, including wornout transformers.

Responsible & Responsive Player in Global Climate Change Paradigm

Green Ocean Strategy: Beyond Challenge, Toward Opportunities

1. Climate Change Problems and International Trends

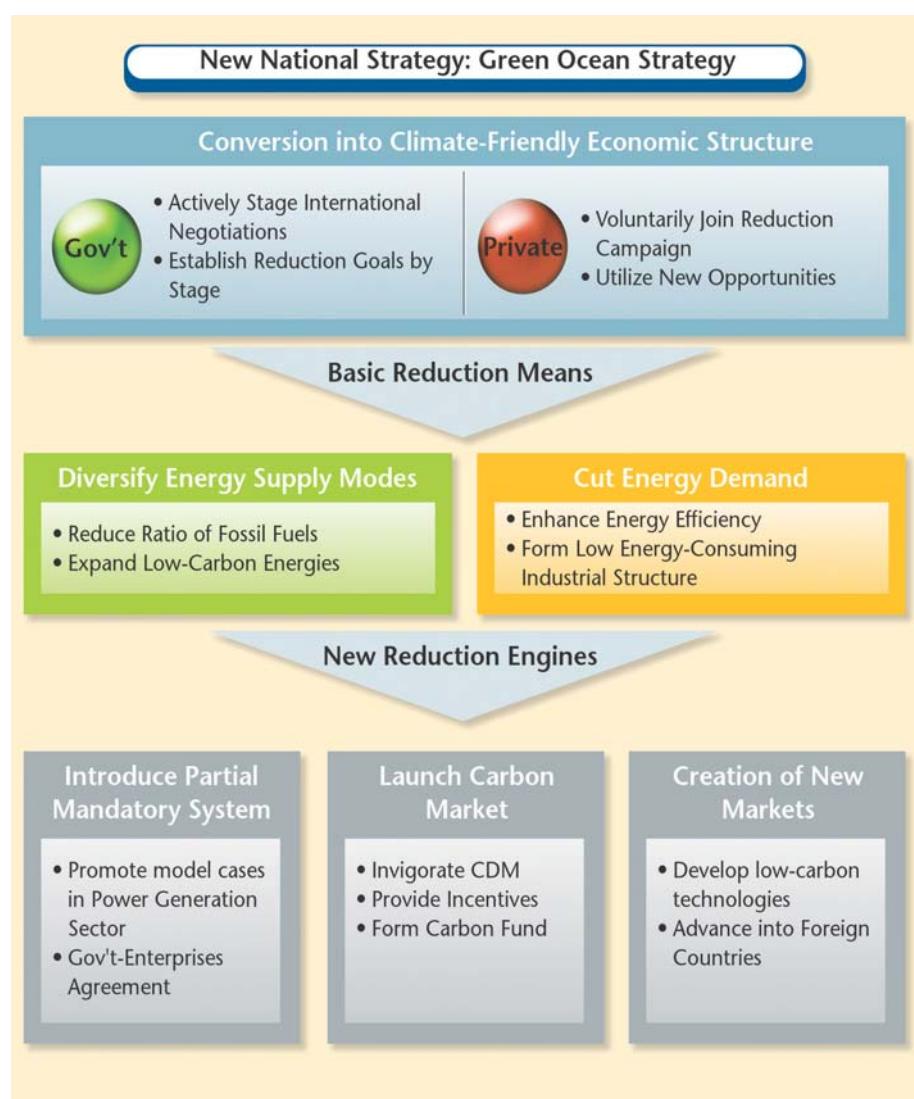
The increasing use of fossil fuels is causing a rise in greenhouse gas concentrations and global warming effects, which leads to climate change problems.

In efforts to prevent further worsening of climate change, the international community adopted the U.N. Framework Convention on Climate Change (UNFCCC) in 1992 and the Kyoto Protocol in 1997, started negotiations on the Post-Kyoto Pact in 2005 and launched Asia-Pacific Partnership (APP) on Clean Development and Climate in 2006.

In 2007, climate change emerged as a key agenda item in various political arenas, the United Nations, G-8 Summit, Davos Forum, etc. Currently, climate change discussions are underway in the EU-led 'Post Kyoto Negotiation' intended to expand on the previous Kyoto System and in the U.S.-led Climate Change Forum of 15 countries.

2. Korea's Response to Climate Change

Korea's greenhouse gas emission volume in 2004 was 590 million tons of CO₂, up 90.4% compared with 1990. With 490 million tons, the energy sector accounted for 83% of the nation's total emission volume.



After organization of a climate change countermeasure council chaired by the prime minister in 1998, the Korean government established and promoted a comprehensive plan. As the third plan ends this year, it is presently working on the fourth plan.

The comprehensive plans proved to be successful in forming environments to reduce greenhouse gases, including establishment of a greenhouse gas emission management system and a foundation for voluntary reduction by industrial communities. Nevertheless, the

plans were not sufficient in terms of strategies to achieve optimum greenhouse gas reduction and to participate in related new markets that have emerged in response to climate change.

3. Future Policies

The Korean government has put forward three basic directions in response to the climate change issue:

- Respond actively at international negotiations and establish greenhouse gas reduction goals by stage;
- Diversify energy supply modes and expand energy demand-reduction policies to reduce emissions; and
- Secure new greenhouse gas reduction engines utilizing the market mechanism.

The government's core promotion tasks include:

- Prepare international negotiation strategy
- Develop optimum negotiation strategies, considering domestic and overseas environments, including international negotiation trends.
- Simultaneously participate in the EU-led Post Kyoto Pact negotiations and in the meetings of the U.S.-led Climate Change Forum of 15 countries.
- With regard to mandatory burden-assuming participation, differentiate from advanced countries, while participating together with developing nations.
- Establish national reduction goals by stage
- Build a pan-ministerial promotion system for establishment of greenhouse gas reduction goals by the end of 2007, taking into account the specialization and responsibilities of respective ministries.
- Set goals by stage reflecting the domestic

environment. 1st stage ('07): Complete analysis of reduction potential; 2nd stage ('08 - before completion of negotiations): Establish reduction goals in response to negotiations; and 3rd stage (after completion of negotiations): Develop medium and long-term implementation strategies to reflect negotiation results.

- Diversify energy supply modes and reduce energy demand
- Build a low-carbon energy supply system through expanded supply of new & renewable energies. To achieve this, increase the new & renewable energy ratio: 2.27% ('06) -> 9.0% ('30), expand bio diesel mixture ratio: 0.5% ('06) -> 2.0% ('10) -> 5.0% (mid and long-term), and establish an optimum ratio for nuclear power through '30 after collection of public opinions in '07.
- Improve energy efficiency and cut demand. For this, promote improvement of energy intensity: 0.345 ('06) -> 0.20 ('30), develop global warming recognition index, enhance awareness of climate change through strengthened partnership with citizens' organizations, while monitoring the climate

- ◆ Increase New & Renewable Energy Ratio: 2.27% (present) => 9% (2030)
- ◆ Increase Bio Diesel Mixture Ratio: 0.2% (present) => 2% (2010) => 5% (mid & long-term)
- ◆ Decrease Oil Dependence: 43% (present) => 35% (2030)
- ◆ Optimum Ratio of Nuclear Power: To be discussed during the 3rd National Energy Council meeting to be held at the end of 2007

change-response of enterprises led by the organizations.

- Promote conversion to a low-carbon industrial structure. For this, suggest a climate-friendly economic structure and expand the ratio of service

- ◆ Improve Energy Intensity: 0.345 (present) => 0.2 (2030)
- ◆ Mfg. Business/Service Business Ratio: 27.8/57.2 (present) => 23/66.3 (2030)

businesses through cultivation of combined manufacturing-service industries.

- Reduce greenhouse gases through limited restrictions and utilization of carbon market
- Introduce limited restriction policy. As for those unable to meet the targets set out in the RPA (Renewable Portfolio Agreement), allow them to achieve the targets by buying greenhouse gas reduction credits issued by the government. In the mid and long-term, convert the voluntary agreement system of enterprises into an agreement system with the government.
- Prepare methods to boost the carbon market. For this, activate the CDM (Clean Development Mechanism) market by supporting a smooth financial supply through creation of a carbon fund,

Prospects of Carbon Market

(Unit: 100 million won)

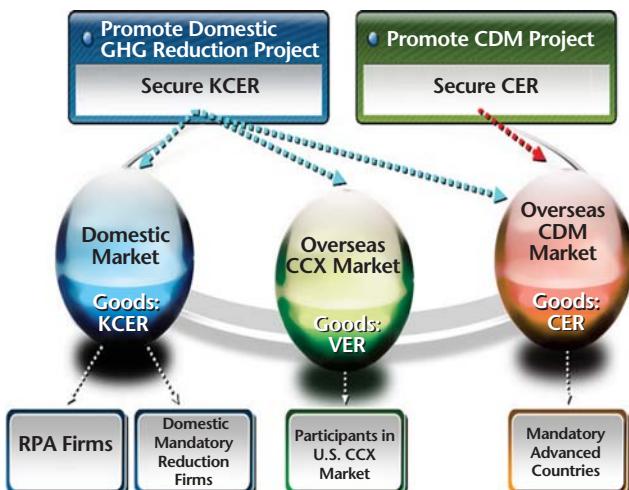
Category	Present	2012	Growth (%)
Domestic Market	26	144	15.8
Advance into Int'l Market	1,442	4,343	201
Total	1,498	4,487	200
Global Market	16,424	36,820	142

※ Note: The global market is limited only to the project-based market.

identify domestic business areas through energy diagnosis, etc., provide consulting and establish specialized enterprises for dealing in emission rights.

In addition, invigorate the domestic reduction registration business by providing incentives for certified reductions and prepare systems enabling utilization of reduction credits to reduce mandatory targets when buying or securing reduction credits at an early date.

Also, launch a carbon market where domestic emission rights, KCER (Korea Certified Emission Reduction), issued by the government through greenhouse gas reduction registration centers can be transacted. In accordance with the characteristics of



KCER, advance into overseas CER markets, including CCX (Chicago Climate Exchange).

- Develop greenhouse gas reduction technology and explore new markets
- Invest intensively in the development of core technologies with high potential in reducing greenhouse gases, including energy efficiency enhancement technology, greenhouse gas treatment technology and clean energies.
- Secure reduction technologies through active participation in international cooperation organizations for greenhouse gas reduction technology in response to climate change and prepare footholds for advance into new markets.



Through Increased Production Abroad Boost Oil, Gas Production Self-Sufficiency Rate to 28% by 2016

Korea aims to raise its self-sufficiency level in oil and gas to 28% by 2016 by promoting increased production by its companies abroad, according to the Ministry of Commerce, Industry and Energy (MOCIE).

The ministry's overseas resources development plan also calls for 20% of all gas and crude needed by the country to be produced in fields owned by local companies in 2013, up 2 percentage points compared to official estimates released in 2004.

As of 2006, the country's self-sufficiency rate stood at 3.2%, with 34 million barrels of oil and gas being produced by local companies around the world, compared to 1.09 billion barrels imported.

The ministry forecast that in 2016, 326 million barrels will be developed by Korean energy companies vis-a-vis expected import figures of 1.18 billion barrels.

To meet this goal, Korea will allocate 1 trillion won (US\$1.08 billion) annually for the next 10 years to assist development in the energy sector, and to help create a 500 billion won energy fund that can funnel private capital into the development of oil and gas fields.

The ministry said that offshore oil fields in west Kamchatka, Kazakhstan, Azerbaijan and the Aral Sea gas field in Uzbekistan are all expected to boost self-sufficiency in the coming years.

"The gains expected for 2013 are the result of these oil and gas fields that could start initial production in the medium term, while output will rise further when large scale production begins after 2014," said Vice Energy Minister Lee Jae-Hoon.

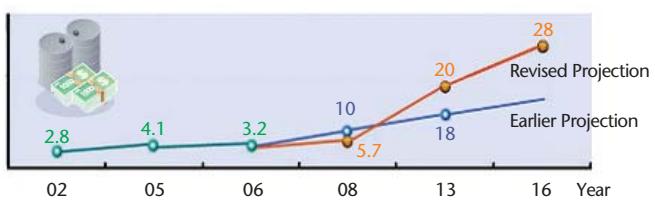
Lee said that budget will also be allocated to raise the technology level of the country's state-run Korea National Oil Corporation (KNOC).



"At present, KNOC's technical capabilities are rated as being 50-60% of major multinational oil companies," he said.

The state-run company is thought to be outside the global top 100 in terms of overall size and capability. Lee said research and development support to the company would reach 500 billion won in the coming decade to overcome this current shortcoming.

Oil & Gas Self-Development Target Rate (%)



In addition, efforts will be made to train more experts in energy exploration and development.

Korea has about 540 specialists, far fewer than the average 3,300 people that an oil company ranking 50th in the world has on staff, Lee said.

To Trade Greenhouse Gases Carbon Fund Launching

Korea plans to open a carbon exchange market by the end of the year that will allow the country to commercially trade greenhouse gases. In a meeting of the National Energy Commission chaired by President Roh Moo-hyun, policymakers concurred on the need for a new initiative to help cut back on carbon dioxide (CO₂) emissions that have been blamed for causing global warming.

The initiative calls for creating a venue that permits companies to buy and sell so-called CO₂ rights and opens the door for local businesses to participate in the global Clean Development Mechanism (CDM). It also outlines the issuance of official "CO₂ certificates" that would allow companies to receive cash for their reduction efforts.

54 | Energy Korea

Since 2005, the state-run Korea Energy Management Corp. (KEMCO) has recorded CO₂ emission reduction efforts, with the size of the local CDM market estimated at 13.92 million tons, equivalent to 149.8 billion won (US\$158.3 million).

Of that amount, the government said 144.2 billion won could be traded globally if measures are taken to enhance Certified Emission Reduction standards, which are used to determine the validity and quality of the greenhouse gas reduction claimed by companies. The 144.2 billion won worth of CO₂ cuts is roughly 8.8% of the global market.

"If the Korean carbon exchange becomes a viable market, it may handle 448.7 billion won worth of CO₂ trading in 2012, with 434.3 billion won worth capable of being traded on foreign climate exchanges," Vice Energy Minister Lee Jae-Hoon said. He noted this could account for 11.8% of the global CO₂ exchange volume that is expected to reach 3.68 trillion won in 2012.

In addition, Lee said Seoul plans to earmark 68.5 billion won in the 2007-2011 period to buy CO₂ saved by local companies to boost trading and provide



incentives.

"This year, 5 billion won will be spent once the market is opened, with the government paying 5,000 won per ton of CO₂ saved," said the vice minister.

He added that nine state-run energy companies, including Korea Electric Power Corp., Korea Hydro & Nuclear Power Co. and Korea District Heating Corp., would sign a renewable portfolio agreement designed to fuel greenhouse gas trading. These companies must meet set targets to expand the use of clean, reusable energy, and if they fail to do so, they must buy CO₂ rights from the local carbon exchange market.

The Clean Development Mechanism under the 1997 Kyoto Protocol allows companies in industrialized nations including Japan and most of Europe to buy carbon credits from developing countries to comply with requirements to cut emissions. The credits are derived from projects like wind farms that are approved by the United Nations.

Global energy demand is expected to increase 50% by 2030, resulting in an increase in carbon dioxide emissions of 35 to 55%, according to International Energy Agency forecasts.



From Domestic Use to Global Market

Global Power Exchange with Korea (GLOPEX-K)

Throughout the history of Korea's electric power industry, which helped fuel the "Miracle on the Han River" along with heavy industries like steel, momentum was built for electric power to develop world-class infrastructure for domestic use and to provide competitively priced electricity to export producers.

Today, the Korean electric power sector is increasingly looking into business opportunities abroad under the so-called Korean-style win-win model. In the course of building power plants in developing countries, the industry has developed package programs that include financing, construction, testing, operation and maintenance, resulting in common prosperity.

1. Environment & Vision

Due to sustainable growth in the world's electric power markets including China, the Middle East,

North Africa, etc., facility investment is expected to expand. From 2001 through 2030, industry analysts project a total of US\$10 trillion in investments in the electric power field worldwide.

Meanwhile, global electric power demand is forecast to rise 2.6% on annual average from 2002 until 2025. China's demand, in particular, is projected to grow sharply at an annual 10% level, requiring construction of power generation facilities with a combined capacity of over 50 million kW every year.

In line with the global trend and growth strategies following the limitation of demand in home countries, the world's advanced enterprises like EdF (Electricite de France), Tokyo Electric Power, etc. are promoting active overseas advances. The global plant market reflects a 64% dominance by six nations, including the U.S., Japan, and France. For example, EdF has set the target of realizing 50% of total corporate sales abroad.

Korea has world-class electric power facility construction and operating experience, but its advance into the global market is still short of its potential. Therefore, the nation needs to pursue market exploration more actively.

Keeping pace with the global trend, Korea has established a vision to strengthen the export capability of its electric power industry and secure a next-generation growth engine by overcoming the growth slowdown in the domestic electric power industry through active overseas advance of power generation and transmission /distribution industries. The nation's domestic electric power demand growth is projected at 1.4% between 2010 and 2019 and less than 1% for 2020 and afterwards.

2. Major Promotional Plans

Establish Overseas Advance Promotion System

Korea plans to globalize its state-run Korea Electric Power Corp. (KEPCO) through reorganization of the corporation's overseas business operations into a region-function integrated organization, diversification of its business areas from generation to power transmission/distribution, development of resources, etc.

Korea also plans to develop expanded opportunities for participation in overseas projects and for securing orders through

■ Korean Projects Abroad in Operation

(Unit: US\$1 million)

Project	Nation	Content of Project	Amount	Status Remarks
Malaya thermal power plant (rehabilitation & operation)	Philippines	650MW diesel oil-fired power plant Rehabilitation of functions and operation	260	Operate from Sept. '95 until Sept. 2010 1st Overseas power generation project
Illiyan gas turbine combined cycle power plant (construction & operation)	Philippines	1,200MW gas-fired power plant Build-Operate-Transfer (BOT) business	709	Operate for 23 years (Mar. '99 ~ 2022) 1st Overseas BOT
Wuzhi Bituminous coal-fired thermal power plant (construction & operation)	China	100MW combined cycle power plant Build-Own-Operate (BOO) business	71	Completed in Nov. '06 1st Project in China
Gansu wind-power plant	China	49MW wind-power plant BOO business	57	Completed in Nov. '06
Inner Mongolia wind-power plant	China	139.4MW BOO business 23.6 Completed in Nov. '06 (850kW generator x 111 units)	23.6	Completed in Nov. '06 Bridgehead for advance into China's wind-power plant market
Combined cycle power plant	Lebanon	870MW Deir-Amar/Zahrani Operation & Maintenance (O&M) business	86.5	Contract signed in Dec. '05 Foothold for advance into Middle East
Power distribution tech service	Libya	Established master plan and develop technologies related to construction and O&M	7.64	Sept. '05 ~ Jan. '08 Standardization of electric power industry
Power transmission consulting service	Cambodia	Established master plan for electric power network and Mekong area feasibility study	0.80	Sept. '05 ~ Aug. '06
Electric power industry consulting service	Myanmar	Operation/protection/functional improvement systems	1.30	July '06 ~ June '08 (KOICA)
Power distribution facility consulting service	Ukraine	Tech to reduce power loss from distribution facilities	0.78	Sept. '05 ~ Aug. '06 (KOICA)
Power distribution consulting service	Mongolia	Tech consulting service on improvement of distribution facilities in	0.34	Sept. '06 ~ Aug. '07
Coal-fired thermal power plant	Indonesia	Darkah-Selenge region Cirebon IPP (660MW) O&M business	-	Korea Midland Power Co. signed a power sales contract in Dec. '06

establishment of a horizontal cooperation system between KEPCO and its electric power group firms.

In addition, the nation intends to organize and operate a private-government council (chaired by the vice minister for energy) to accelerate the overseas advance of its power industry.

Develop Projects and Create Order-Receiving Environment

Korea plans to strengthen its resources diplomacy and expand opportunities for project awards through government support at the initial investigation stage, feasibility study, etc.

It also plans to support overseas model projects utilizing excellent electric power technologies, including automation of power distribution and denox facilities. To accomplish this, the government intends to increase investment from 1 billion won to 2.5 billion won for feasibility studies related to overseas advances and from 3.5 billion won to 10 billion won for overseas model projects with excellent electric power technologies between 2007 and 2010.

Reinforce Strategic Access for Expansion of Advance into Overseas Markets

Korea plans to actively utilize a 'Package Deal' strategy that links resources development with improvement of infrastructure. For example, KEPCO concluded a joint-venture contract (equity: 34%) in December 2006 to participate in power plant business linked to development of a coal mine in Shanxi Province, China, while also pursuing equity participation in development of a coal mine for power generation in Newpac, Australia.

Since Korea depends on foreign countries for core technologies (design code, some equipment and materials), the government plans to strengthen domestic technological power through strategic self-development tasks.

With strengthened surveys of overseas target markets by nation and item, furthermore, the nation intends to set up advance strategies according to regional characteristics and to diversify export regions and items.

Financial and Marketing Support to Enhance Competitiveness



Korea expects to expand the scale of its Official Development Assistance (ODA) from the present about 0.1% of GNI to the 2.5% level in the medium and long term.

While upscaling medium and long-term export and insurance support funds of Korea Eximbank and Korea Export Insurance Corp., Korea plans to promote five export industrialization support projects and continue to support the business by utilizing its electric power fund. To support export industrialization of the electric power industry, the nation intends to invest 6 billion won in 2007 and 15 billion won in 2010.

The Korean government is also consulting with related ministries on other ways to enhance project bidding competitiveness with expansion of tax incentives through revision of tax laws, the Corporate Tax Act, the Tax Exemption and Reduction Control Act, etc., and prevention of double taxation.

Furthermore, it plans to organize a network of Korea-friendly overseas influential VIPs (CEOs of project owners, buyers, high-ranking officials of international financing firms) and strengthen marketing activities.

Boost Accompanied Advance and Win-Win Cooperation Among Large Firms and SMEs

Korea plans to dispatch KEPCO-SME joint overseas market exploration missions and strengthen accompanied overseas advance through large-scale EPC firms' support for vendor registration of SMEs. To accomplish this, KEPCO intends to increase the dispatch of the joint missions to 10 a year by 2010 from 4 in 2006.

To Adopt 150 Int'l Standards to KS by Next Year

Standardization Scheme for Nuclear Power Technology

Amid a rapidly expanding global nuclear energy market, KATS plans to promote 'Nuclear Energy International Standardization Project' for the next five years until 2011 in order to prepare a foothold to advance as a strong nuclear energy nation.

Nuclear Energy, which emits nearly no greenhouse gas or pollutant, is recently receiving keen attention as the most suitable alternative energy source for the high oil price era. And plans for construction of additional nuclear power plants are being announced by respective countries throughout the world. Regarding this situation, nuclear energy industry is expecting a 'Second Nuclear Energy Renaissance.'

The world's nuclear energy development status shows that 35 units (29.4 million kW) are under construction and 47 units (52.17 million kW) have been planned. Accordingly, advanced nuclear energy countries like the U.S., Germany, France and Japan are intensively competing in order to occupy the global nuclear market.

Based on 30 years of nuclear energy know-how, Korea is also opening an overseas markets. The present 'Nuclear Energy International Standardization Project' aims to convert Korean nuclear energy industry into a major export industry like semiconductors and automobiles. For expansion of nuclear energy industries to overseas, it is very important to develop new technologies and make existing advanced technologies be adopted as international standards.

All nuclear energy-specialized organizations will participate in the project being organized by Korea Electric Association (KEA); Korea Atomic Energy Research Institute (KAERI) in the instrumentation & control field; Korea Institute of Nuclear Safety (KINS) in the safety field; and Korea Nuclear Fuel Co., Ltd. (KNFC) in the nuclear fuel field.

KATS plans to harmonize national standards with international standards and raise the present 30%



Promotional Tasks

No.	Task Name	Content & Goals
1	Expand national standards Establish group & national standards systems	<ul style="list-style-type: none"> Increase national standards by stage (Total: 210 KS, 2006-2012) Convert KS standards into international standards and group standards into de-facto standards, while nurturing PSDOs
2	Linkage of technical standards with KS and build cooperation system among standardization agencies	<ul style="list-style-type: none"> Introduce KS standards for technical standards of the Atomic Energy Act and promote application of KS Build a role-sharing system by agency for organic linkage of technical standards, national standards and group standards
3	Identify specialized manpower for international standardization of KS and standardization cooperation	<ul style="list-style-type: none"> Select and support 10 international standardization tasks Prepare standardization roadmap Identify international standardization-specialized manpower Hold standardization assembly meetings, Korea-U.S.-Japan international seminar, etc.

harmonization rate to the 95% level (210 standards) by 2012. Under this plan, KATS will adopt 150 international standards to KS by 2008. Until 2010, KATS intends to introduce about 50 revised international standards reflecting national circumstances.

In order for more Korean technologies to be adopted as international standards, KATS plans to suggest 10 international standards by 2011, focusing on export promising items, such as nuclear reactor technology, and major results of government supporting R&D projects. Using the advantage of a powerful country of the IT industry, in particular, KATS will lead IT standardization activities in the international nuclear standardization field.

Korea Premium Korean-Style Win-Win Model

Rediscovery of Korea

Over the last four decades, Korea has achieved what is widely acclaimed as the "Miracle on the Han River." Since Korea embarked on economic development in earnest in 1962, its economy has grown at one of the fastest rates in the world. As a result, Korea, long one of the world's poorest, agrarian-based societies, has quickly emerged as an upper middle-income, industrialized nation.

Korea is the quintessential example of the can-do spirit. A kingpin in the information technology era, a boost for Asian pride in World Cup football, the Hallyu Korean culture wave sweeping the Asia-Pacific and other significant achievements have heightened the awareness and image of Korea around the world.

It has been several years now since Hyundai Motor's slogan "Totally New Car" elicited a very positive response from U.S. consumers. Indeed, it's a totally new Korea today. Gone are the days of "Korea Discount," when its low-quality, mass-production image brought demands for lower prices. Instead, "Korea Premium" is now foremost in the minds of people around the globe.

"Korea Premium" - the New Growth Engine

Against this backdrop, the Ministry of Commerce, Industry and Energy (MOCIE) plans to launch the

"Korea Premium" campaign to be a new growth-engine for Korean trade and industry.

At the heart of "Korea Premium" is quality and the maximization of customer satisfaction. For example, one of the aspects of "Korea Premium" is the ministry's "World-Class Products" initiative, which integrates quality, technology, standards, management innovation and service.

Of course, the benefits of "Korea Premium" should not accrue just to Korea. As a key member of the global trading community, the "Korea Premium" strategy will succeed only if it provides added value to Korea's international partners.

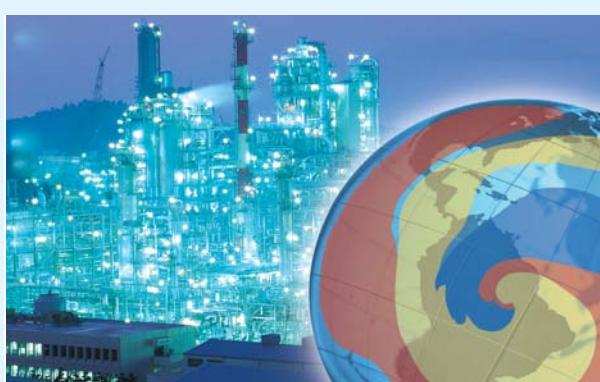
Early this year, the ministry announced its Korean-style win-win partnership model, a strategy that links resources development abroad for Korea with plant and construction projects undertaken by Korean contractors for host countries.

Premium Plants, Premium Partners

The plant sector is a prime example of win-win cooperation in international business transactions. Since plant industries build the key infrastructure that supports the economic and social progress of a nation, the success of Korean plant enterprises around the world benefits not only Korea but also its partners.

With this win-win synergy in mind, MOCIE designated plant exports, along with e-trade, world-class products and next-generation growth engines, as a strategic vehicle for "Korea Premium."

Korean plant contractors' dramatic rise to the ranks of world-class players is largely attributed to five major advantages.



Five Major Korean Advantages

Engineering Expertise and Experience: The country boasts of an impressive pool of skilled and experienced manpower in the plant industry. By successfully constructing plants for power generation, desalination, petroleum, and oil and gas facilities in Asia, Middle East, Latin America, and Africa backed by 30 years' accumulated experience and technology, Korean plant engineers have proven their excellent execution capability.

Incomparable Quality and Superior Price Competitiveness: With Korea's heavy industry sector developing remarkable competitiveness in terms of high-quality materials and products, the plant export sector has embarked on the production of worldclass plants, materials, and machinery and marketing based on attractive prices.



Key Natural Resource Buyer: Korea was one of the world's biggest importers of energy-related natural resources in 2003 with US\$38.9 billion. Likewise, the country actively pursues overseas natural resource development projects.

The government aggressively promotes policies linking the importation of energy resources such as oil and gas to securing plant orders by banking on Korea's status as a major energy importer.

Government-Private Sector Cooperation: The Ministry of Commerce, Industry, and Energy (MOCIE) is promoting various support policies to foster overseas plant exports as a strategic export field matching key export items such as IT, shipbuilding, and automobiles. Similarly, the Korea

Plant Industries Association funds studies in the form of grants to determine the environmental, technical, economic, and financial feasibilities of projects at the early stages of developing middle-income countries.

Various Financing Options: Recent overseas plant orders specify export-financing conditions such as buyback, BOT, and equity participation, with



project scales expanding to more than US\$100 million. As such, the financing capability of Korean enterprises is emerging as an important factor in securing plant projects. In keeping with such trend, the government plans to strengthen financing and insurance support including the expansion of the project financing support scale and medium- and long-term export insurance.

Ubiquitous Service Pioneer

Designed to create a "Blue Ocean" in the plant business, Korean innovation features a ubiquitous five "any" model: anytime, anyplace, any network, any device, any service.

The ubiquitous service system is powered by the fusion of high-tech IT and industry-specific knowledge and content, which provides an answer to any inquiry from a client at home or abroad within 24 hours.

Doing business with Korea is an invitation to sure and sustained success. Critical to the U-service spirit is the philosophy of management of the client, by the client and for the client anywhere in the world.

68-Member Gov't-Private Mission

Mission to Azerbaijan, 'Strategic Foothold in Central Asia'



By Lee Jae-Hoon
Vice Minister
Ministry of Commerce, Industry and Energy (MOCIE)

Amid the growing interest of advanced countries like the United States, China, Russia, etc. in Central Asia, I have been to Azerbaijan, the strategic foothold of the region, recently leading a 68-member private-government economic mission there.

With the purpose of materializing strategic economic cooperation between Korea and Azerbaijan, the direction of which was suggested directly by summits of the two countries last year, the visit was made July 26-29.

After a courtesy call on Azerbaijan President Ilham Aliyev, talks with ministers and vice ministers of six ministries, including the Ministry of Economic Development, Ministry of Emergency Situations, Ministry of Industry & Energy, Ministry of Environment & Natural Resources and assistant to the president for economic affairs, and through meetings of the second Korea-Azerbaijan Economic Council and subcommittees, we were able to confirm Azerbaijan's expectations and strong desire for economic cooperation.

Of particular note, President Aliyev, while conveying deep gratitude for President Roh Moo-hyun's personal letter, explained major projects in the country, oil field development, private-invested power generation, shipyard, new port, traffic control system, etc., in detail. President Aliyev even commented on plans for reflection of specific projects in Azerbaijan's 2008 budget.

During the visit, our mission made substantial and significant progress regarding key economic cooperation projects that have been under discussion between the two countries. We discussed main issues related to conclusion of contracts for a 700MW-scale gas-fired combined cycle power plant being promoted by Korea Electric Power Corp. (KEPCO) and STX Energy's 20MW-scale wind power plant site.

In addition, we discussed the integration and relocation of four ship repair yards on the Caspian sea coast, construction of Baku new port, redevelopment of Baku's city center, and construction of transportation and infrastructure, including traffic control system, roads and railroads, in detail. For some of the projects, we even talked about ways to conclude MOUs after their reflection in the budget.

With regard to the information-communication field, which is being nurtured as one of Azerbaijan's growth engines, we discussed its EDCF loan application for an e-government establishment project and introduced WiBro and DMB, for which Korea possesses the world's best technology, attracting keen Azerbaijan interest and thereby

"Through Korea-Azerbaijan economic cooperation, a representative case of summit economic diplomacy employed since the launch of the Participatory Government, the trade volume between the two countries increased more than six-fold to US\$310 million as of July this year from US\$50 million last year, and about 40 projects have materialized."



◀ This photo shows Vice Minister Lee Jae-Hoon (second from right). From left are Azerbaijan President Ilham Aliyev, President Lee Sang-Ok of STX Energy and Korean Ambassador to Azerbaijan Lyu Kwang-Chul. Vice Minister Lee paid a courtesy call on President Aliyev on July 27.

opening the possibility of advance for Korean enterprises into the country.

Stimulated by the concrete progress of economic cooperation with the support of the Korean and Azerbaijan presidents, the Azerbaijan side suggested that the two countries promote diverse cooperation projects through meetings of VIPs and subcommittee activities on a continued basis.

During the meeting with Vice Minister of Transportation, we received his proposal related to construction of roads through the country's northern mountainous area, bridges on the Caspian Sea and the Baku-Sumgait light railway and discussed ways that Korean firms could participate in these projects. With the Ministry of Environment & Natural Resources, we also agreed to sign Terms of Reference for joint exploration of metal mines in the Caucasus region and a research MOU for exchange of information on mineral resources.

As to the Environment & Natural Resources Ministry's inquiry about Korea's active cooperation in wastewater treatment and desalination facilities, we agreed to deliver the ministry's request directly to our Ministry of Environment for identification of related projects. Concerning Azerbaijan's requests for assistance in food processing, distribution & sanitation and quality management as well, we also agreed to participate in

the improvement of Azerbaijan's agricultural foundation after discussion of issues for conclusion of cooperation MOUs in the agricultural field.

At the request of the Azerbaijan Minister of Industry & Energy, who wants to expand SME investment in non-oil fields, we agreed to conclude an MOU between Korea Industrial Complex Corp. and Azerbaijan on ways to create industrial sites and study establishment of a KOTRA trade office in the country to facilitate investment and exchange.

Through Korea-Azerbaijan economic cooperation, a representative case of summit economic diplomacy employed since the launch of the Participatory Government, the trade volume between the two countries increased more than six-fold to US\$310 million as of July this year from US\$50 million last year, and about 40 projects have materialized. These are remarkable results that came just one year and four months after President Roh's visit to the country in May last year.

Cooperation between the two countries started in the resources & energy field, but is expanding to a wide variety of areas, ranging from construction of infrastructure, new ports, residential complex, railways and roads to agriculture, food processing, information and communication like WiBro and DMB, and environmental conservation.

Energy Efficiency, Mart Integration, etc.

Korea's Strategic Energy Cooperation with ASEAN

Korea's energy cooperation with ASEAN will be strengthened in order to facilitate mutual strategic assistance among nations in the Asian region where energy consumption is sharply increasing and also to expand opportunities for the overseas advance of domestic industries.



As part of such efforts, the Ministry of Commerce, Industry and Energy (MOCIE) dispatched a Korean delegation, led by Deputy Minister Koh Jung-Sik for Energy & Resources Policy Office, MOCIE, to the 4th ASEAN+3 (Korea, China, Japan) Energy Ministers' Meeting and the 1st EAS (ASEAN+Korea, China, Japan, Australia, New Zealand, India) Energy Ministers' Meeting held on August 23 in Singapore.

East Asia is a major energy-consuming market, which consumes about 30% of oil, about 15% of gas and about 56% of coal of the world's total consumption. The region has an energy consumption structure that emits a large volume of carbon dioxide, in particular, as the ratio of coal and gas accounts for more than 80% of the region's total energy consumption.

With such regional characteristics, the ASEAN+3 Ministers' Meeting emphasized the need to enhance energy efficiency, cooperation between gas producing and consuming nations and utilization of nuclear energy.

After energy conservation and efficiency enhancement was stressed at the meeting in 2006, this year's meeting, moving one step further, established energy efficiency enhancement goals for respective countries and decided to review the implementation status. Utilizing the regional advantage where major natural gas producers and

consumers are gathered together, the meeting also decided to strengthen government-to-government cooperation among producing and consuming countries in the region. For the first time, the participants agreed to discuss utilization of nuclear energy as well in order to meet sharply rising energy demand in the region and also to cope with global warming.

Meanwhile, the EAS Energy Ministers' Meeting reviewed major activities of the EAS Energy Cooperation TF, which was organized early this year, and decided to promote intensive cooperation in three areas -- energy efficiency enhancement & conservation, integration of energy markets and bio fuels.

For prevention of global warming in the Asian region, the EAS meeting resolved to strengthen responsibility to reduce carbon dioxide emissions and decided to examine nuclear energy utilization methods in the future for energy security, with some ASEAN member countries showing strong interest in nuclear energy.

Regarding the latest developments, Director Do Kyung-Hwan of Energy & Resources Policy Team appraised: "Now, the environment is ripening for domestic power plant construction and nuclear technology firms to possibly advance into the ASEAN market."

Reinforced government-level dialogues with Malaysia, Indonesia, etc., from which Korea imports natural gas, are also expected to contribute to the security of domestic gas supply. Assuming the secretariat position of 'ASEAN+3 New & Renewable Energy-Energy Efficiency Forum' at the request of member countries, Korea plans to take the lead in responding to climate change, examining ways to provide climate change-related manpower and technical assistance to developing countries, etc.

Korea's New Look at African Resources

Resources Investigation Mission to 3 African Nations

The Ministry of Commerce, Industry and Energy (MOCIE) dispatched a resources investigation mission for the first time to three African nations -- Gabonese Republic, Republic of Congo and Democratic Republic of Congo -- September 3-15 this year.

Led by Beck Du-Ock, Director of Resource Policy Division, MOCIE, the investigation mission consisted of 12 experts from the ministry and five energy and resources-related institutions, Korea National Oil Corp. (KNOC), Korea Resources Corp. (KORES), Korea Electric Power Corp. (KEPCO) and Korea Institute of Geoscience and Mineral Resources (KIGAM).

64
— Energy Korea

With abundant reserves of natural resources and significant development potential, the three African countries have high demand for industrial and social infrastructure facilities.

Therefore, the mission intends to investigate the investment environment for the development of resources and to sound out opportunities for Korea's accompanied advance into resources development and infrastructure construction, the ministry said.

The 12-member mission visited government agencies, state-run oil and resources firms of the respective countries and discussed ways for bilateral resource cooperation and for participation of Korean enterprises in key projects.

The mission's major activities included:

- Gabonese Republic: Discussed follow-on measures of the summit diplomacy, concluded an MOU on resources cooperation between the two governments;
- Republic of Congo: Discussed opportunities for Korean enterprises' accompanied advance into



▲ Bae Du-Ock, center left, is surrounded by Korean and Democratic Republic of Congo delegates to bilateral talks on energy resource cooperation.

projects in the country as well as conclusion of a resources cooperation MOU between the two governments; and

- Democratic Republic of Congo: Held the first Korea-Congo Resources Cooperation Council meeting (MOU signed in 2005) and discussed the participation of Korean enterprises' accompanied advance in projects in the country.

The government-led resources investigation mission aimed to prepare momentum for Korea to expand resources cooperation with the African countries, which are emerging as resources-rich nations, identify projects for accompanied advance and contribute to working out investment strategies for Korean enterprises.

Emerging as a region for diversification of oil supply sources following continued political unrest in the Middle East and C&S America's nationalization trends, Africa is in the global spotlight as a treasury of mineral resources for investment advance, especially in the wake of recent price hikes for mineral resources.

MOCIE's Energy & Resource Related Press Release List

(Jan. 1 - Oct. 31, 2007)

Date	Subjects
07/10/31	2nd Korea-Chile Resources Cooperation Council Meeting
07/10/31	4th Korea-Algeria Economic Cooperation T/F Meeting
07/10/30	Korea-Oman Additional LNG Supply Contract
07/10/26	Cement Industry Resolves to Reduce CO2 Emission
07/10/26	MOCIE Minister Visits Oman and UAE as Presidential Envoy
07/10/24	2nd Rally to Expel Distribution of Pseudo Oils
07/10/23	Explanatory Session on Investment in Sakha Republic
07/10/23	1st Korea-Middle East Forum Held at COEX
07/10/23	'2007 Plant Forum' with CEOs from Overseas Plant Clients
07/10/22	President of Sakha Republic Meets MOCIE Minister
07/10/22	'Energy Week 2007' Opens at COEX on Oct. 22
07/10/15	Asia-Pacific Partnership Ministerial Meeting in India
07/10/15	32nd IEA GHF R&D Programme EC Meeting in Daejeon
07/10/11	Korean Consortium's Exploration of Uranium in Canada
07/10/10	Farmout Agreement on Ajerbaijan's INAM Block
07/10/10	'Seoul Int'l Electric Fair 2007' Opens at KINTEX
07/10/09	Overseas Plant Orders in '07 Reach US\$28.3 Billion
07/10/08	'Seoul Int'l Electric Fair (SIEF) 2007' Opens
07/10/08	Self-Development Rate Rises to 3.8% in 1st Half '07
07/10/08	Nuclear Power Generation Technology Workshop
07/10/05	2007 Domestic Mining Industry Symposium
07/10/02	New & Renewable Energy Industry Awards Ceremony
07/10/01	'2007 Korea Energy Exhibition' at COEX
07/10/01	'2007 Electric Industry Recruitment Expo' Opens
07/09/27	Tax Support for O'seas Resources Development
07/09/20	Improving Electric & Gas Facilities at Traditional Marts.
07/09/20	Algerian Planning Corps for 'High-Tech Africa Center'
07/09/17	World's Bio Fuel Experts Gather in Seoul
07/09/17	76% of Pseudo Oil Shops Suspend or Close Business
07/09/17	Strengthening Safety Management of Gas Facilities
07/09/13	Hydrogen Station Downtown to Usher in Hydrogen Era
07/09/12	Korea to Build 1,400MW Nuclear Power Unit
07/09/12	Korea to Expand production of Domestic Mines
07/09/12	145th OPEC Meeting and Effect on Domestic Oil Prices
07/09/10	Drive to Convert Korea into a Global Bio-Tech Hub
07/09/10	First Korea-Iraq Resource Cooperation Committee Meeting
07/09/10	Increase Investment in Abu Dhabi
07/09/10	Energy Facility Safety Checks for Chusok (Korean Thanksgiving) Holidays
07/09/07	Plan to Expand Use of Bio-diesel
07/09/06	Next-Generation Fuel Cell as New Growth Engine
07/09/06	Energy-Saving Machinery Exhibition
07/09/05	Korea Opens Way for LNG Vehicle Production
07/09/05	Korea Energy Exhibition
07/09/05	Activation of ESCO for Greenhouse Gas Reduction
07/09/03	Responding to Environmental Restrictions in the Web 2.0 Era
07/08/30	Solar District Heating System Developed
07/08/29	Standardize Nuclear Power Technology
07/08/28	Mission to Azerbaijan, Strategic Foothold in Central Asia
07/08/28	Energy Cooperation with Japan
07/08/28	Mission to Eastern Europe
07/08/27	Government Outlines DME Plan
07/08/23	Korea's Strategic Energy Cooperation with ASEAN
07/08/23	Launch of Carbon Fund
07/08/23	Emergency Electricity Supply-Demand Review Meeting
07/08/22	Carbon Market to Battle Global Warming
07/08/20	Resource Information Portal
07/08/13	Responding to New Chemical Materials Management System
07/08/13	Energy Cooperation with Gabon
07/08/09	Taehan Thermal Power Units 7&8 Dedicated
07/08/08	Pseudo Oil Users Decrease
07/08/08	Increased Self-Sufficiency Rate for Oil & Gas
07/08/08	Free Trade Zone in Donghae City
07/08/07	Oil & Gas Self-Supply Rate to Increase to 28% by 2016
07/07/30	SK Begins Crude Production at Brazil BMC-8 Mine
07/07/27	Global Tech Manpower Cultivation in FTA Era
07/07/27	POSCO Dedicates Magnesium Plate Plant
07/07/24	Enterprise Location Restrictions to Be Eased
07/07/23	Developing 'Next-Gen Energy Safety Management System Tech'
07/07/23	More High-Efficiency Energy Material and Equipment Items to Receive Certification
07/07/20	Small-Scale Hydro Power Plant Completed at Hantan River
07/07/19	Users of Pseudo Oils to Be Fined
07/07/18	Earthquake Safety Checks on Uljin Nuclear Power Plant
07/07/18	4th Asia-Pacific Climate Change Partnership PIC Meeting
07/07/13	National Energy Efficiency Increases 6% over 4 Years
07/07/12	Korea-Cote d'Ivoire Energy & Resource Cooperation MOU
07/07/12	Analysis of IEA's Medium-Term Oil Market Report
07/07/11	Gov't Establishes Integrated Energy Innovation Policy
07/07/11	Precipitated Calcium Carbonate Developed

07/7/9	Real-Time Response to Summer Season's Electricity Problem
07/7/9	Overseas Plant Orders in 1st Half '07 Reach US\$18.7 Bil.
07/7/9	363.7 Bil. Won in Energy Conservation in 2006
07/7/5	Go to Laos, 'Future Repository of Natural Resources'
07/7/5	Advancing Electric Power-IT Fusion Era
07/7/3	Recycled Use of Coal Ashes for Thermal Power Plants
07/7/3	Promotion of Korea-Vietnam Economic Cooperation
07/7/3	MOCIE Vice Minister Checks Safety for Rainy Season
07/7/3	Public Energy Corporations' Resolve to Supply New & Renewable Energies
07/7/2	Korea Design Exhibition Held
07/7/2	Subscription of Energy & Resource Tech Development Tasks
07/7/2	Service Businesses to Receive Trade Remedy Support
07/6/29	2007 Environment Management Awards Ceremony Held
07/6/25	Exploitation of Gas Hydrate from East Sea Succeeds
07/6/18	Promoting Strategic Tech Development Model Project
07/6/15	Korea Introduces High-Tech Energy Management System
07/6/12	8th IPHE (Int'l Partnership for Hydrogen Economy) Meeting
07/6/11	Prospects for '07 Summer Season Electricity Supply & Demand and Countermeasures
07/6/11	Special Safety Checks on Gas and Electric Facilities for '07 Summer Season
07/6/7	Korea Is Optimum Partner for UAE Development
07/6/7	Korea Rises to 7th in Environmental Management System Certifications
07/6/5	Korea-China-Japan Tie-Ups in International Hydrogen Energy Standards
07/6/4	Int'l Resource Productivity Enhancement Workshop
07/6/1	Korea-Japan Energy Experts Get Together
07/5/31	Status of West Kamchatka Offshore Block Exploration Project
07/5/31	IEA's National Energy Report on Korea
07/5/31	Public Information Service on Overseas Resource Development Projects
07/5/31	Promotion of Korea-Algeria Strategic Economic Cooperation
07/5/31	4th Mineral Resource Investment Forum' Held
07/5/30	Domestic Oil Consumption in April '07 Falls 4.8% Month-on-Month
07/5/30	8th Energy Ministerial Meeting Held in Australia
07/5/30	South Jeju Thermal Power Plant (Unit 3 &4) Completed
07/5/29	Korea Secures 2 Blocks for Exploration and Development in Yemeni Oil Field
07/5/29	Korea-Mongolia MOU to Establish Bilateral Industry and Trade Cooperation Council
07/5/28	Prime Minister Moves to Prepare for Hydrogen Economy Era
07/5/28	MOCIE to Launch 'No. 1 Carbon Fund'
07/5/21	Overseas Plant Orders Record US\$10.8 Bil. in Jan.-Apr. '07
07/5/21	Private Fund to Stimulate Investment for New & Renewable Energies
07/5/16	Designation of MEPS (Minimum Energy Performance Standard) Products
07/5/16	IEA Ministerial Meeting Held in Paris
07/5/16	Green Light for Advance into African Electric Power Market
07/5/16	SBC Signs SME Cooperation MOU with India's Gujarat State
07/5/15	Results of Survey on Supply & Demand of Minerals
07/5/14	Korea Transfers Mine Safety Tech to Chinese Mine Workers
07/5/14	Resource Cooperation Mission to Turkmenistan
07/5/11	7th Korea-Mongolia Resource Cooperation Council Meeting
07/5/10	Utilizing High Oil Prices as Opportunity to Create '2nd Middle East Boom'
07/5/10	Resolving 1.2 Mil. Poor Energy-Class Households Within 10 Years
07/5/9	2007 Energy Tech Manpower Cultivation Plan' Announced
07/5/8	Private-Gov't Economic Mission to C&S America
07/5/7	Electric Power Market Exploration Mission to Rep. of South Africa
07/5/7	Korea Starts Full-Scale Overseas Uranium Exploration and Development
07/5/4	IPCCs' Climate Change Mitigation Report Released
07/5/4	2nd Asian Energy Ministerial Meeting Ends
07/5/3	Expansion of Korea-Indonesia Cooperation
07/4/30	Asian Oil-Producer and Consumer Countries' Energy Cooperation
07/4/30	Korea-Indonesia Strategic Economic Cooperation
07/4/27	IMW Solar Energy Power Plant Site Completed
07/4/26	Revised Law to Punish Users of Pseudo Oil Products
07/4/26	Preparing for Bioeconomy Era through Growth of White BT
07/4/25	Vice MOCIE Minister Lee Meets Norwegian Ambassador
07/4/24	MOCIE Vice Minister Meets Azerbaijan Ministers
07/4/24	Korea's Nuclear Power Plant Exports to China
07/4/20	2nd Korea-Azerbaijan Resource Cooperation Council Meeting

07/4/20	KORUS FTA to Remodel Korea's Petrochemical Industry
07/4/20	Electric Power IT Business Corps' Inaugurated
07/4/17	Electric/Power Korea 2007' Held in Seoul
07/4/17	Growing Plant Industry into New Export Engine
07/4/13	Resolving Conflicts in Development of Electric Power Sources
07/4/12	Establish Gov't Channel to Advance into Iraqi Oil Field Development
07/4/12	Sustainable Development! Create Nature-Cycling Economic Society
07/4/12	Medium & Long-Term ESCO Business Development Plan
07/4/11	Venue for Gas & Oil Process Industries Exchange Opens
07/4/9	Public Notice on Solicitation of New Electric Industry Manpower Cultivation Projects for '07
07/4/9	₩30 Billion Investment in '07 for Cultivation of Energy Manpower
07/4/9	Overseas Plant Orders in 1st Quarter '07 Reach US\$8.98 Billion
07/4/4	Roadmap for Core Resources Development Techs Established
07/3/29	Korean Elected as CCOP's Secretary-General
07/3/29	Korean Firms Developing Chinese Natural Resources
07/3/28	Survey of Gori Nuclear Power Plant's Safety Accident and Future Plan
07/3/27	Oil Consumption Declines for Second Consecutive Month
07/3/20	Promoting Reduction of Kerosene Oil and Propane Gas Prices
07/3/20	Field Survey Team Related to Safety Accident at Gori Nuclear Power Plant (Unit 1)
07/3/16	Vice MOCIE Minister Meets Bangladesh Ambassador to Korea
07/3/15	Mineral Development Fund No. 1 to Be Launched Around June '07
07/3/14	Livestock Wastes in Spotlight as New Energy Source
07/3/14	Interest Rate Cut for Facility Investment Loans to Replace Ozone Layer Destroying Materials
07/3/13	Participation in Energy Policy
07/3/12	Russian Bituminous Coal Development Expected in Full Swing
07/3/9	Korea's 1st Remotely-Operated Pumped Water Power Plant Completed in Cheongsong
07/3/8	06 Energy Consumption Increases by 1.7%, Lower Than Economic Growth Rate
07/3/7	Prize Award System for Reports on Pseudo-Oil Products
07/3/5	Korea Promotes Strategic, Comprehensive Economic Cooperation with Indonesia
07/3/5	Record High Investment for Overseas Resource Development in '06
07/3/5	Gov't Support for Overseas Advance of Power Industries
07/2/28	Mineral Resources Investment Forum' Sets Sail
07/2/27	Consumption of Major Oil Products Declines
07/2/26	Daewoo Int'l Secures AD-7 Mine Block in Myanmar
07/2/23	Korea's 'Energy Policy for 2007'
07/2/23	Energy Import/Export Trends in '06 and Prospects for '07
07/2/12	1st Advance into Africa for Mineral Resource Development + Power Generation Project
07/2/9	Foreign Oil Majors to Explore Domestic Continental Shelves
07/2/9	Nat'l Energy Council Organizes Experts Committee
07/2/8	2nd Climate Change Countermeasure Week Event' Opens
07/2/5	Energy Consuming Efficiency Rating System Revised
07/1/30	Public Energy Firms Lead Supply of Environment-Friendly Energies
07/1/30	District Heating Fares Lowered by 1.19%
07/1/25	Oil Consumption Expected to Rise 1.4% in 2007
07/1/24	Products without Energy Consuming Efficiency Labels
07/1/23	426 Bil. won Finance Support for Oceans Resources Development
07/1/22	Resources Cooperation Mission to Kurd region, Iraq
07/1/18	Keeping Optimum Heating Temperature in Winter
07/1/18	Domestic Oil Ventures' Small Dream in Argentina
07/1/8	Plant Industry Emerges as a New Export Growth Engine
07/1/8	Support for '07 Electric Power Industry Foundation Fund

Energy Korea Site Map

(www.energykorea.or.kr)

Companies	LG Powercomm	SK Gas
•Electric Power	LG파워콤	SK가스
Korea Electric Power Corporation (KEPCO)	Korea Gas Corporation (KOGAS) 한국가스공사	GS-Caltex Oil Corporation (GS-Caltex)
한국전력공사	Korea District Heating Corp. (KDHC)	GS 칼텍스
Korea Power Engineering Co., Ltd. (KOPEC)	한국지역난방공사	Hyundai Oilbank Corporation (Oilbank)
한국전력기술	Korea Power Exchange (KPX)	현대오일뱅크
Korea Power Plant Service Co., Ltd. (KPS)	한국전력거래소	S-Oil Corporation (S-Oil)
•Petroleum		에쓰오일
한전기공	Korea National Oil Corporation (KNOC)	•KRX-Listed
Korea Nuclear Fuel Co.,Ltd. (KNFC)	한국석유공사	GS-Caltex Oil Corporation (GS-Caltex)
한전원자력연료	SK Corporation (SK)	GS 칼텍스
Korea Electric Power Data Network (KDN)	SK	SK Energy
한전KDN	Inchon Oil Refinery Co., Ltd. (Inchon Oil)	SK에너지
Korea Hydro & Nuclear Power Co., Ltd. (KHNP)	인천정유	Hyundai Oilbank Corporation (Oilbank)
한국수력원자력	Hyundai Oilbank Corporation (Oilbank)	현대오일뱅크
Korea Electrical Safety Corp. (KESCO)	현대오일뱅크	S-Oil Corporation (S-Oil)
한국전기안전공사	GS-Caltex Oil Corporation (GS-Caltex)	Samchully
Korea South East Power Co., Ltd. (KOSEP)	GS 칼텍스 S-Oil Corporation (S-Oil)	Korea Gas Corporation (KOGAS) 한국가스공사
한국남동발전	에쓰오일	SK Gas
Korea Midland Power Co., Ltd. (KOMIPO) (한국중부발전)	Daehan Oil Pipeline Corporation (DOPCO)	SK가스 Yesco
Korea Western Power Co., Ltd. (WP)	대한송유관공사	예스코
한국서부발전	•Gas	Daesung Industrial Corporation (Daesung)
Korea Southern Power Co., Ltd. (KOSPO)	Korea Gas Corporation (KOGAS) 한국가스공사	Finance Supplier
한국남부발전	Korea Gas Technology Corporation (KOGAS-Tech) 한국가스기술공업	The Export-Import Bank of Korea (Eximbank)
Korea East-West Power Co., Ltd. (EWP)	Korea Gas Safety Corporation (KGS)	수출입은행
한국동서발전	한국가스안전공사	

Korea Export Insurance Corporation (KEIC) 한국수출보험공사	Korea National Oil Corporation (KNOC) 한국석유공사	Korea Midland Power Co., Ltd. (KOMIPO) (한국중부발전)
Korea Development Bank (KDB) 산업은행	Korea Coal Corporation (KOCOAL) 대한석탄공사	Korea South East Power Co., Ltd. (KOSEP) 한국남동발전
Government		
•Central Government		
Ministry of Commerce, Industry and Energy (MOIE) 산업자원부	Korea Energy Management Corporation (KEMCO) 에너지관리공단	Korea Western Power Co., Ltd. (WP) 한국서부발전
Ministry of Science and Technology (MOST) 과학기술부	Korea Electric Power Data Network (KDN) 한전KDN	• Fortune 500 Tapped Korean Energy Cos SK Corporation (SK) SK
Ministry of Environment (ME) 환경부	Korea Power Plant Service Co., Ltd. (KPS) 한전기공	Korea Electric Power Corporation (KEPCO)
Korea Electricity Commission (KOREC) 전기위원회	Korea Electrical Safety Corp. (KESCO) 한국전기안전공사	POSCO 포스코
Korean Agency for Technology and Standards (KATS) 기술표준원	Korea District Heating Corp. (KDHC) 한국지역난방공사	Hyundai Heavy Industries Co., Ltd. (HHI) 현대중공업
Korean Intellectual Property Office (KIPO) 특허청	Korea Hydro & Nuclear Power Co., Ltd. (KHNP) 한국수력원자력	Samsung Corporation 삼성물산 S-Oil Corporation (S-Oil)
Small and Medium Business Administration (SMBA) 중소기업청	Korea Power Engineering Co., Ltd. (KOPEC) 한국전력기술	R&D • Overall
Ministry of Finance and Economy (MOFE) 재정경제부	Korea Southern Power Co., Ltd. (KOSPO) 한국남부발전	Korea Institute of Energy Research (KIER) 한국에너지기술연구원
Ministry of Planning and Budget (MPB) 기획예산처	Daehan Oil Pipeline Corporation (DOPCO) 대한송유관공사	Korean Society for Geosystem Engineering (KSGE) 한국지구시스템공학회
•MOCIE Affiliated Companies	Korea Gas Corporation (KOGAS) 한국가스공사	Korean Society of Earth and Exploration Geophysicist (SEG) 한국지구물리탐사학회
Korea Electric Power Corporation (KEPCO) 한국전력공사	Korea Gas Safety Corporation (KGS) 한국가스안전공사	• Electric Power Korea Atomic Energy Research Institute (KAERI) 한국원자력연구소
Korea Resources Corporation (KORES) 대한광업진흥공사	Korea East-West Power Co., Ltd. (EWP) 한국동서발전	

Korea Electrotechnology Research Institute (KERI)	Association & Institute	Korea Oil Station Association (KOSA)
한국전기연구원	• Overall	(KOSA)
Korea Electrical Engineering & Science Research Institute (KESRI)	Korea Energy Economics Institute (KEEI)	한국주유소협회
기초전력연구원	에너지경제연구원	• Gas
Korea Institute of Nuclear Nonproliferation and Control (KINAC)	한국열관리시공협회	Korea Gas Union (KGU)
한국원자력통제기술원	한국에너지협의회	가스연맹
Korea Institute of Nuclear Safety (KINS)	• Electric Power	Korea City Gas Association (City Gas)
한국원자력안전기술원	Korea Electric Engineers Association (KEEA)	한국도시가스협회
• Petroleum	한국전력기술인협회	Korea Gas & Petroleum Appliances Association (KGPPA)
Korea Institute of Petroleum Quality (KIPEG)	Korea Electrical Contractors Association (KECA)	한국가스석유기기협회
한국석유품질관리원	한국전기공사협회	Korea LPG Industry Association (LPGAS)
• Gas	Electric Contractors' Financial Cooperative (ECFC)	한국LP가스공업협회
Korea Gas Corporation R&D Division	전기공사공제조합	• Others
한국가스공사 연구개발원	Korea Nuclear Energy Foundation (KNEF)	New & Renewable Energy Center
Korean Institute of Gas (KIGAS)	한국원자력문화재단	신재생에너지센터
한국가스학회	Korea Electric Association (KEA)	Related Firms & Orgs
KIMM LP Gas Engine Task Force team	대한전기협회	Korea Engineering & Consulting Association (KENCA)
한국기계연구원 LP 가스엔진 연구 사업단	• Petroleum	한국엔지니어링진흥협회
	Korea Petroleum Association (KPA)	Korea Plant Industries Association (KOPIA)
	대한석유협회	Korea Shipbuilders' Association (KOSHIWA)
		한국조선공업협회



Major Publication of BCS Activities

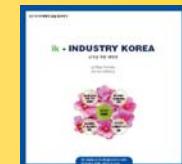
A Mother of Blue-Ocean Startegy

WIN(Website Including Newsmagazine)



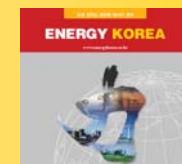
Google-Style Korean Industrial Portal

IK (www.industrykorea.net)



Your E3 Convergence Media

Energy, Economy, Environment



Fountain of Korean Gov't News

KGN (korean Gov't Newsformation)



Your Dynamic Business Communication Partner

BCS.com Past, Present, Future



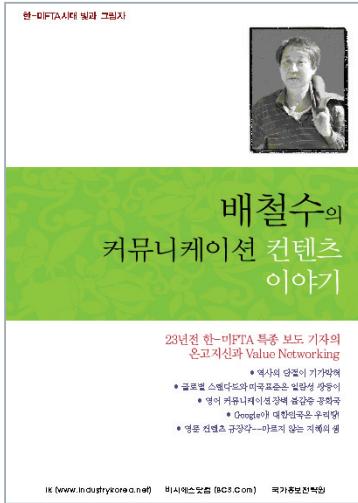
Ubiquitious Event Publicity/Management

Action Program Tailored to Client Needs



Inside-Out & Outside-In of the Korea-U.S. FTA Bae Chul-Soo's Illumination & Insight on Communication Content





배철수의 커뮤니케이션 컨텐츠 이야기: 한-MFTA시대 빛과 그림자

한-MFTA는 우리의 경제의 도약을 위한 핵심적인 수단은 있으나 충분한 조건은 아닙니다. 시대의 변화의 핵심을 읽어야 합니다. 그래서 한-MFTA는 제2의 Outward-Looking policy로 계승. 발전시킬 수 있다.

"Globalization & GoogleAh!" 이라는 새로운 인류문화 혁명의 속에서 우리를 자극 일제식 민족통치보다도 무서운 영문 컨텐츠 문화 속으로 전락하고 있는 현실을直시해야 한다.

세계의 규칙과 전략을 갖기 위해 글로벌 스탠다드 영문 커뮤니케이션 불감증에서 벗어나야 한다.

Contents

I 역사의 단절이 기가막혀

- 정조대왕의 “온고지신”
- 1985년초 주한미국대사관의 “문지마 세미나” 초청
- 쓰레기통에 빠졌던 나의 1985년 블랙 크리스마스
- “히말라야 토키” vs “권력의 애완견”
- 다이아몬드 원석 하나에 쿠콜렛 하나

II 글로벌 스탠다드와 미국표준은 일란성 쌍둥이

- “We Are the World”: 미국인들의 신앙
- 마누라 빼앗긴 한을 아십니까?
- 손자병법 울리는 미국의 정보력
- 미국 해계머니의 대부 (God Father): 다국적 기업

III 영어 커뮤니케이션 장벽 불감증 공화국

- 번역은 반역이다.
- TOEIC은 TOEIC이고 영어는 영어이다.
- IMF도 못 고친 일부 관료주의 3불
- 아버님 밥상 vs 청와대 영문사이트 컨텐츠

IV GoogleAh! 대한민국은 우리땅!

- 정치9단, 경제9단의 비결은 글로벌 커뮤니케이션 이었다.

- 한-미 통상협상 드림팀
- 인터넷 칭기스칸 GoogleAh! 대한민국은 우리땅!
- 마르지 않는 지식과 정보의 공동우물
- 21C 인터넷 시대의 손자병법 -- WIN

V 영문 컨텐츠 규장각--마르지 않는 지혜의 샘

- 영어 공용어 보다는 영문 표준화를
- 영어 교과서 내용, 우리 역사, 미래비전 컨텐츠로
- 영어와 지식 융합산업을 FTA시대 성장엔진으로
- 무한경쟁시대, 무한기회를 창출할 “글로벌 리더쉽”

VI 참고자료

- 배철수의 커뮤니케이션 컨텐츠 이야기 영문요약
- 국내 최초 한-MFTA 보도 내용 (1984년 11월 6일자 The Korea Times)
- 한-미 Newsletter “Bridging the Pacific” Content List(2002~2005)
- 한-MFTA 협상 개시 직전 홍보물 (2005. 1)
- 한-MFTA와의 연계를 주장하는 자동차산업 홍보물 (2003)



Inside-out & Outside-in of the Korea-U.S. FTA Bae Chul-Soo's Illumination & Insight on Communication Content

Background of the Korea-U.S. Free Trade Agreement

The Korea-U.S. Free Trade Agreement (KORUS FTA) has been actively negotiated for the past two years. However, it is in reality an extension of the long history of trade negotiations between the two countries. A good understanding of the history of the FTA is vital to the development of related steps toward creating economic benefits not just for Korea but also for the U.S. The FTA is not an end in itself but a tool for mutual benefit. Looking back, this reporter first wrote about an FTA between Korea and the United States on November 6, 1984, in an article entitled "U.S. Bids Free-Trade Accord with Korea." The U.S. proposal for an FTA at this point was part of its external trade strategies to maintain the dominion of "Great America," along with Section 301 of the U.S. Trade Act, promotion of the WTO system, etc.

Global Standard: A Twin to U.S. Rules

The present KORUS FTA is widely viewed as a practical tool to enhance trade relations via tariff reductions and the lowering of non-tariff barriers. Behind the pact is the fundamental concept that the world should travel the path of global standards. However, the de facto author of global standards is the United States. From this perspective, it is not surprising that American trade negotiators have consistently emphasized the adoption of global standards. Meanwhile, the real power behind the push for global standards are U.S.-based multinational companies, which have a network of connections and influence with U.S. legislators and administration officials.

Leverage Against China

In the 1970s and 80s, the United States struggled to defend its leadership of the global economy against a stiff Japanese challenge. Now China is emerging as the most formidable threat to U.S. economic dominance. The KORUS FTA is one of the basic U.S. strategies in dealing with competition from China, seeing in Korea a valuable partner in the booming East Asian economy. The bilateral trade agreement could provide for greater U.S. access to East Asian markets and create new opportunities for American businesses. At the same time, Korea can capitalize on its geographical position and other advantages as a hub of Northeast Asia. However, to do this, it has to be mindful of its triangular relationship with Japan, China and the United States.

Korean Content is One Thing, English is Another

Communication has been critical to the advance of human civilization throughout history. In attempting to write a new chapter in history with the Korea-U.S. FTA, Koreans face a decided communication barrier, more specifically an English language barrier. Going "all-out" to learn English means losing time in the study of other important and critical subjects. Furthermore, due to differences in practices and culture, the direct translation of Korean press materials into English many times results in a loss of meaning and misunderstandings.

For example, during the recent FTA negotiations, Korean government officials publicized the potential benefits of the trade deal for domestic purposes. Their published comments were literally translated into English as "only praise for the FTA." A Korean press release is one thing and an English press release is quite another.

Korea's Challenge in the Era of Googlization

The theme of the 2006 Davos Forum was that the era of globalization is evolving into the era of googlization. Google is recognized as one of the most influential phenomenons in the global economy today. Google's advance should be understood not only from its successful development of hardware-oriented computer technology but also from its sophisticated culture-related software approach. This has serious consequences for Korea because of the significant distortions of Korean-language content associated with Google's automated translation of search results. Lost in translation has taken on a whole new meaning, subjecting Korean content, and consequently its image, to sometimes misleading, nonsensical and inaccurate translations.

English Content Standardization Strategy

With the inevitability of globalization and the arrival of the FTA era, voices proposing that English be adopted as the nation's official language are growing louder. But this is not a practical solution. All Korean schoolchildren already receive English education from an early age. But even with this familiarity with the language, they remain woefully incapable of developing adequate English content. Communication content is the fusion of language capability, knowledge and experience. Therefore, Korea must emphasize the skill to develop communication content rather than just language capability. In this regard, it is desirable that the government establish a Board of English Content Standardization (BECs) to be responsible for devising solutions to English language barriers in the FTA era.

Beyond Knowledge: A Wisdom Kingdom

As urged in the foregoing discussion, change is necessary to overcome the English-language bottleneck to achieving full integration into the global village. The current language disadvantage can be used as momentum to realize Korea's potential to join the leading countries of the world

by turning the language barrier into a cultural movement with the goal of creating a wisdom kingdom.

Some 200 years ago, King Chongchong led the Korean version of a cultural renaissance, based on the spirit of "ongojisim" (옹기지심), learning from history and creating a new future, which is similar in concept to value networking in today's digital era. "Ongojisin" was facilitated by the establishment of Kyujang-gak, a history and policy research center, which today is the library of Seoul National University. We need to learn from the pages of history in establishing BECS as a data and research center along the lines of the Kyujang-gak. This body would be part of a comprehensive content-oriented policy to develop the communication content industry into a next-generation growth engine in the age of the Korea-U.S. FTA. The communication content industry would generate an enormous number of job opportunities as a knowledge industry that combines language capability, writing skills, related experience, knowledge, information, etc. This new industry would provide the means to overcome language barriers, build a patented Korean wisdom kingdom and surpass the U.S.-originated knowledge society.

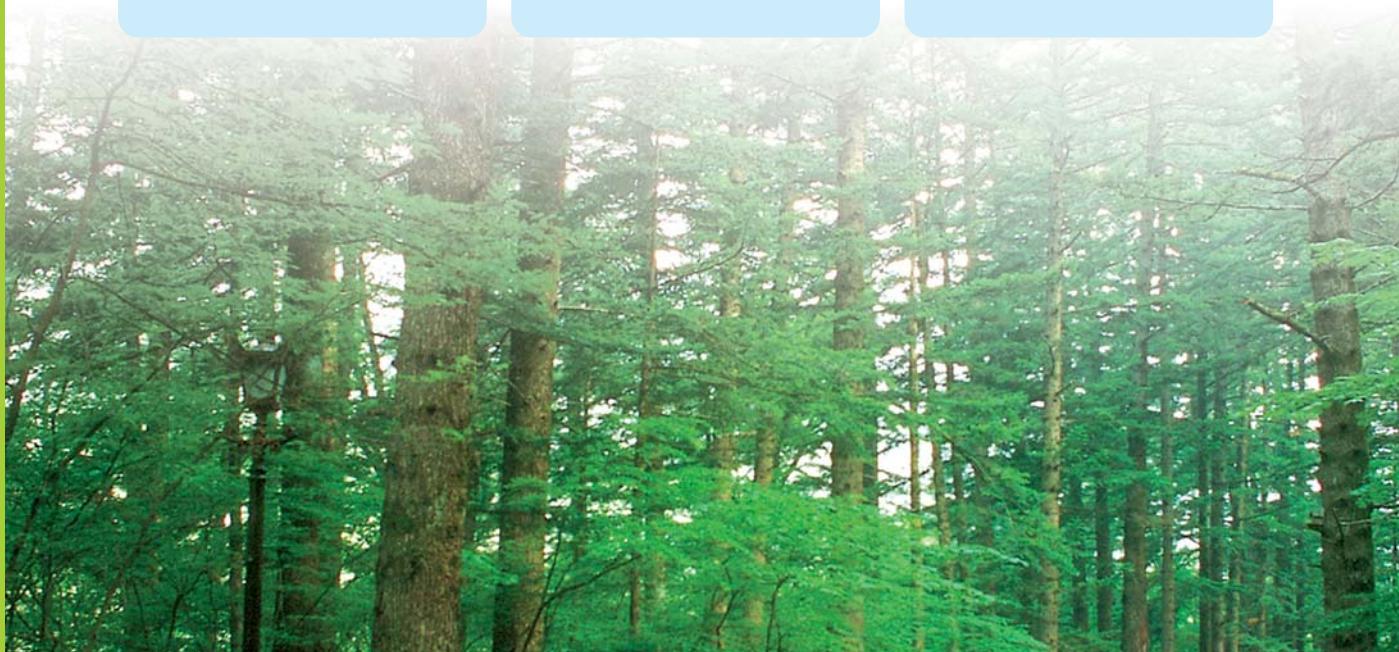
Leadership Tailored to Need in the FTA Era

In Korea's modern history, national leaders have been elected to address the dominant issue of the time - Korea's presidents in recent years have championed freedom fighters, democracy and the Internet. The next cause could very well be free trade agreements. The individual elected to be Korea's president in 2008 should be capable of utilizing FTAs to build Korea into a wisdom kingdom. He or she should take on the mission of reviving King Chongchong's ongojisim, maintaining the spirit of President Roh Moo-hyun's innovation spirit, updating Park Chung-Hee's outward-looking policy, reprising King Sejong's creativity and benchmarking King Kwagato, who oversaw the expansion of Korea's kingdom to an area larger than China today.

BCS.Com Business Tree

● Ubiquitous Communication Frontier

Media <ul style="list-style-type: none">- Industry Korea (www.industrykorea.net)- Energy Korea (www.energykorea.or.kr)- KGN (Korea Gov't Newsformation)	PR <ul style="list-style-type: none">- Content Strategy & Planning- Media Relations- Comprehensive Media Partner- Issue/Crisis Management- Media Education- Press Material Production & Arrangement	Ad <ul style="list-style-type: none">- Ad Strategy & Planning- Ad Content Production- Media Mix- Sponsorship Marketing- Media Representative- Media Convergence
On-&Off-Line <ul style="list-style-type: none">- WIN (Website Including Newsmagazine)- u-Service Solutions- Publicity/Marketing Package	IR/IPR <ul style="list-style-type: none">- Survey, Analysis, Planning- Annual Report- Sustainability Report	PHO (Professional Homepage Organizer) <ul style="list-style-type: none">- Website Planning, Design, Construction- Website Remodeling- Website Maintenance & Management
Sovereign Publicity <ul style="list-style-type: none">- Gov't Press Releases- Gov't Website- Gov't Publicity Strategy Institute- English Content Standardization Movement	Consulting <ul style="list-style-type: none">- BCS (Blue-Ribbon Content & Strategy)- Advising- Matchmaking- Organization Incubator	e-Marketplace <ul style="list-style-type: none">- Marketing Strategy & Activities- Services/Solutions Mall Set-Up- Access to Global Markets



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- English/Korean at the First Stage; Planning to Support All Languages on the Globe



- Newsformation (News + Information) Pool
- Over 100 Energy-Resources Industry Sections, Enhancing Accessibility & Availability
- 100-odd Korean Energy Firms & Organizations Sites at the Home of the Portal
- Leading the Media-Prosumer Era



- Best Content & Best Target Reach Policy
 - Linkage with Global Communication Networks such as Google, Global-Brand Media
- Striving to Realize Ubiquitous Communication System
 - U-5 Any: Anytime, Anywhere, Anydevice, Anynetwork & Anyservice