

Korea, Germany Agrees on Expansion of e-Trade Cooperation

Korea and Germany agreed to expand e-trade cooperation at a bilateral meeting of the Korea-German Private Industrial Cooperation Committee meeting in Berlin on Mar. 15.

The participants concurred on the expansion of the

ongoing e-trade pilot project as well as broadening the scope of the existing e-trade agreement.

Shin Dong-Ho, president of KTNET, chaired the subcommittee meeting on e-trade and participated in the general meeting with Kim Chang-Ryong, director of the e-Commerce Division at the Ministry of Commerce, Industry and Energy (MOCIE), and Kim Chul-Ho, president of Korea Design Promotion Corporation.

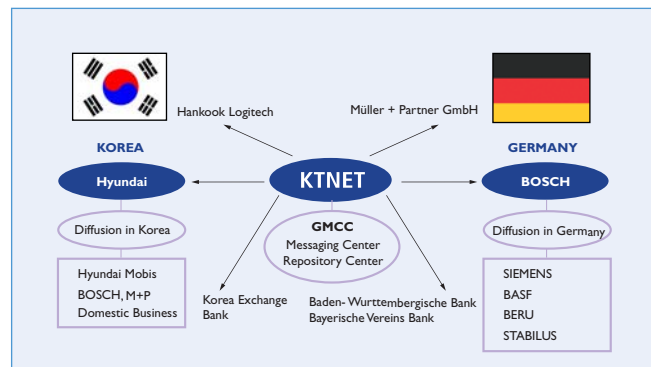
In the general session, MOCIE's division-director Kim Chang-Ryong presented Korea's three-year e-Trade Expedition Program, which received a positive response from the participants. In addition, Lee Tong-Hwan of KTNET presented a paper on the Korean-German e-trade cooperation project, through IST (Information Society Technology) which is being sponsored by ASEM and the EU Executive Committee.

Hyundai Motor and Bosch, the principals in the ongoing e-trade pilot project, also recommended broadening its scope.

In addition to e-trade, the participants agreed that a private-government channel should be established to further cooperation in the e-learning and e-health fields.

Officials said that the meeting not only improved Korea-German cooperation but also provided momentum for extending e-trade projects with other European countries like the United Kingdom and France.

For the early spread of paperless trade between Korea and European Countries, the Korean Government (Ministry of Commerce, Industry and Energy, MOCIE) is seeking bilateral cooperation with the individual European countries such as U.K., France, Germany and Finland under the framework of ASEM. With the Department of Trade and Industry (DTI) of U.K., MOCIE agreed to establish Public-Private Joint Committee to promote and facilitate paperless trade.



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Logistics Escrow Services to Begin This Month

Early April, a coalition of banks, e-payment and courier services plans to start a new concept logistics information escrow service (tentatively called 'logistics-based escrow'), which will greatly reduce various payment periods.

As this logistics information escrow is a real-time service,

unlike the existing escrow, payment to a shopping mall is made in three to four days, not the usual 15 days or so. This also eliminates the problem of notification of the receipt of goods by the client via the Internet.

According to a related industry source on Mar. 7, the main agents of MOCIE's logistics B2B pilot project: KTNET, Woori Bank and KCP (an e-payment firm), in cooperation with Korea Express, Hanjin Business, Hyundai Express, and KSNET (a VAN business firm) have completed building a system to start a reliable escrow service based on logistics information.

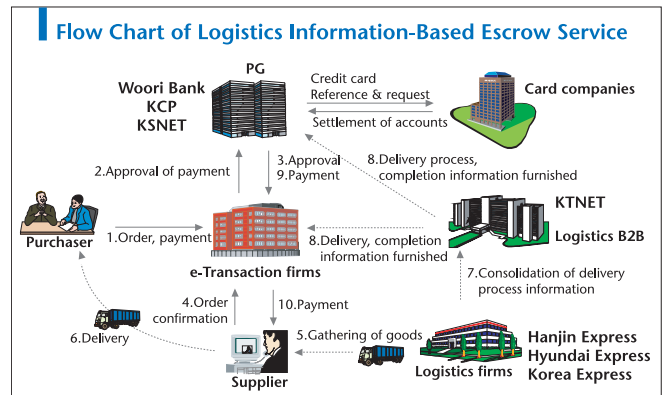
This service, in particular, provides safe and accurate services through a reduced payment period and in linkage with logistics information, as it is built to minimize burdens, including elimination of having to develop a separate system for shopping malls.

This system, according to KTNET, is highly reliable as it has undergone a thorough verification and test process by such major domestic logistics firms as Korea Express, Hanjin Business and Hyundai Express as well as KTNET in a two-year logistics B2B pilot project.

To ensure safety and security such as prevention of theft of personal information on the Internet, the system is based on the systems of KTNET and TradeSign, government-accredited public certification agents.

KCP said that the service will be expanded to 15,000 shopping malls that now use KCP's PG so as to provide rapid payment settlement at the same rate for shopping malls using this service, and at the same time it will be in the forefront of standardizing the e-transaction escrow service centered on the cooperative system.

Participating firms plan to hold briefing sessions on business related to this service on Mar. 18 at KTNET.



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KTNET Begins One-Stop cTradeWorld Service



With the start of One Stop-Single Window service, cTradeWorld, integrated with cTradeInfor, will begin operations on Mar. 23. This upgrade also will change the subscription process, requiring log-ins for certificates based on cTradeWorld.

Clients of the former eLogisFrame Email service are advised to obtain the TradeSign certificate during the conversion period (Mar. 23-Apr. 19), as at the end of this period certificate-based log-in will be required. The existing ID/PW method will be honored until the end of the conversion period.

Clients of the former cTradeInfo are advised that certificate-based log-in will be required as of the end of the conversion period (Mar. 23-Apr. 19) on April 19. The existing ID/PW method will be honored until April 19.

MOCIE to Invest 8.1 billion won in e-Trade

The Korean government will provide 8.1 billion won (USD \$7 million) to facilitate e-trade in 2004. As such, the government hopes to boost such initiatives as °paperless trade among countries.

Under the Plan for e-Trade Promotion which was established on 25 March 2004, the Ministry of Commerce, Industry and Energy (MOCIE) will support relevant projects aimed at making Korea a major e-trade player in the fast-changing global arena.

The Plan consists of 16 projects for five core tasks, which will be conducted throughout the government ministries in cooperation with trade-related agencies, including the Ministry of Information and Communication, Korea Customs Service, KOTRA (Korea Trade Investment Promotion Agency), and Korea International Trade Association.

High on the list, MOCIE plans to complete the project for 'Trade Process Innovation (BPR/ISP), which forms the foundation for e-trade, this year. In addition, the Three-year Plan for the Facilitation of e-Trade set up late last year will be fully activated.

Also, the infrastructure for e-Trade Platform will be further strengthened this year to provide comprehensive e-trade services, and Silk Road 21 will be revamped. In addition, the government will continue implementing the e-trading company project, cyber exhibitions/business talks, and e-trade forums. These measures are projected to give Korean companies more opportunities to utilize e-trade.

To realize paperless trade among countries, MOCIE will also expand cooperation projects with other regional neighbors, while strengthening dialogue with APEC and ASEM members.

16 Key Projects for 2004 e -Trade

1. Establish Internet-Based Seamless e-Trade Service System

- o Promote trade process innovation (BPR/ISP) projects
- o Start 1st phase project to build e-trade platforms
- o Proliferate export/import requirements-confirmation agencies' civil e-petition system via the Internet
- o Continue to expand trade automation services (EDI)

2. Develop Pan-national Plan to Boost e-Trade

- o Set up detailed roadmaps to implement three-year e-trade promotion plan (2002-2006)
- o Prepare a revision to the law on promotion of trade business automation

3. Reinforce SME Support Services, incl. Internet Export Marketing

- o Strengthen export support for SMEs through 'e-trade company'
- o Revamp and reorganize 'Silkroad 21' into a representative export marketing site
- o Firmly establish cyber exhibitions/business conferences as a new marketing tool
- o Operate commerce and trade law information system for the public

4. Promote Cooperative Projects to Realize Nation-to-Nation Paperless Trade

- o Accelerate paperless trade projects between Korea-Japan/East Asian nations
- o Actively participate in discussions at international organizations, APEC, ASEM, etc.
- o Reinforce bilateral paperless trade cooperation, utilizing FTA negotiations

5. Proliferate e-Trade Utilization Among Trading Firms

- o Expand supply of Internet-style integrated trade management solutions
- o Hold publicity events for proliferation of e-trade

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New EC Standardization Roadmap Due

The e-Commerce Integration Forum (eCIF) decided to expand the long-term e-commerce standardization program, revising the existing roadmap and extending overseas cooperation. In its general assembly meeting on Mar. 29, major projects were agreed including the standardization roadmap for 2004, establishing eCIF as the national standardization body, linkage with other organizations standardization projects and broader cooperation with international standardization organizations.

Noting the changes in the market compared with existing roadmap made at the time of ECIF inauguration in 2000 and projecting a new environment in the future, it noted the need for a new roadmap for standardization, involving Web services and wireless operating standards.

In the latest meeting, Park Yong-Sung, chairman of the Korea Chamber of Commerce and Industry (KCC), was reelected chairman of eCIF and Shin Dong-Ho, president of KTNET, was reelected chairman of the e-Trade Committee. Upon his reelection, Park said that the eCIF would pursue a sector-by-sector standardization program as well as further collaboration with KTNET and other related organizations.

In conjunction with the eCIF general assembly meeting, a symposium on the theme Economic Opportunity Expansion and the Importance of Standardization introduced the e-trade successes of Samsung Electronics, Hyundai Motor and POSCO. It also touched on the need to develop the applications to the financial sector and software development in overseas markets.

Finally, the symposium introduced Web services and eXtensible Markup Language (XML) models as the framework for future e-commerce advancement.

Linking Web Service and ASP in SMB Project

The government has decided to launch a small and medium business (SMB) digitalization project that combines Web service with application service.

According to the Ministry of Information and Communication (MIC) and industry sources, the ministry decided to link Web service with application service providers (ASP) as a part of its SMB support initiative, which includes small business networking and enterprise ASP.

MIC expects Web service technology to promote wide adoption of ASP by facilitating integration of enterprise applications and allowing ASP firms to offer customized service. It plans to provide support for a better Web service environment, including unit software and registration systems.

To spur adoption of Web service, in particular, the ministry plans to upgrade a search system by encouraging businesses to develop core component software and to register components. It has also decided to develop Web service/ASP-based standard enterprise solutions for SMB consulting and training.

It also aims to convert ASP solutions used for small businesses to Web service models via the established small business network.

Beginning in April, solution vendors bidding for Korea Computerization Agency projects will be required to include Web service in their business model proposals.

The ministry plans to promote development of Web service-linked components through the second half of this year to roll out Web service next year.

MIC expects adoption of ASP to help SMBs save more than 50% of system setup costs, while Web service would boost work efficiency and corporate competitiveness by successfully integrating systems and work processes within the organization.

Internet-Based EDI for Customs Clearance to Be Launched in First Half of 2004

As Internet-based EDI replaces the existing VAN system, export/import expenditures related to customs clearance are expected to decline by 10 billion won. The full-scale use of the EDI system is expected to begin in the first half of this year.

On Mar. 2, the government announced that through 'the national logistics system improvement measures' the Internet EDI system will be introduced as early as in the first half this year, meaning export/import expenditures related to customs clearance will be reduced by about 20%.

The government expects, in particular, about 10 billion won in savings annually when the conversion to the Internet-based EDI transmission system is completed. This is similar with estimates made by custom brokers and IT firms engaged in customs clearance.

In accordance with government policy, all export/import customs clearance can be handled via EDI. Among all of the trade EDI services, export/import customs clearance is the only area that has been fully automated by law.

Blogging Jumps into Marketing Arena

Blogging is expanding its reach into enterprise marketing from the Web portal area.

Industry sources said that multinational insurance company Prudential recently launched blog marketing by adding so-called mini homepages, Korean version of blogs, to its Web site. Samsung Life Insurance is also making a similar move, as adoption of blog marketing picks up steam in the insurance industry.

Online education, game and book service providers are also rushing to capitalize on the Web-based communication tool for marketing.

Prudential added 'mini homepage' features to its 'My Life Partner' public relations site (<http://www.mylp.com>) to allow life planners to create their own communities. The blog service has helped the company become closer to customers, according to Prudential, and the blog site has also been introduced to Prudential branches worldwide as a model case.

Chinaro (<http://www.chinaro.com>), a private institute specializing in Chinese language classes, recently opened blog communities to promote information sharing between teachers and students.

Online game providers, mGame (<http://www.lunentia.com>) and Intizen (<http://goonzu.intizen.com>), and online education service providers, Goldenbell Edu (<http://www.goldenbelledu.com>) and True Study (<http://www.truestudy.com>), have also adopted the Web-based communication tool.

EBS Starts Online Prep Courses for High Schoolers

Education TV channel EBS is poised to launch much-hyped lecture programs for high school seniors, who are preparing for the annual college entrance exam.

The programs will consist of a TV intermediate course entitled 'EBS Plus 1' and a basic and an advanced course, which will also be provided over the Internet. The new service is expected to attract some 1 million high school seniors nationwide plus graduated seniors who failed to pass the tests in previous years.

Teachers at schools and private institutes are also expected to rush to the service site, and heavy traffic could overload the Web site.

High school teachers will create content for 5,105 classes covering 51 subjects. Some 3,800 intermediate courses will be aired first through satellite broadcasting before they are rerun over the Internet. The rest will be aired directly over the Internet.

The Ministry of Education estimates that the number of simultaneous users will reach up to 150,000. EBS is now setting up a server to handle some 100,000 users before the launch of the service. Additional server systems will be prepared after the first-week test period.

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Still Not Hollywood Korea Movies Rewriting History

With the local blockbusters Silmido and Taegugki breaking the 10-million mark in box-office records recently, the Korean movie industry is displaying the potential to become a blue-chip culture industry.

In February, Korean-made movies enjoyed a market share of 82.5%, an all-time high that broke the previous record set just a month earlier.

On March 13, director Kang Je-Gyu, who was the mastermind behind Korea's first blockbuster "Shiri" in 1999, broke the 10-million ticket record set by "Silmido" this year with his US\$13 million Korean War epic "Taegugki." Silmido is based on the true story of what happened to 31 commandos following an aborted mission to kill North Korean leader Kim Il Sung; and Taegugki is a Korean War epic.

Among worldwide recognition of Korean films, director Kim Ki-Dok captured the top prize, Silver Bear, at the Berlin International Film Festival on Feb. 16 for Samaria, a story about the life of a high school girl as a prostitute that carried the message of compromise.

Affirming that Korean films are not just domestic successes, negotiations are underway to export Silmido to Japan in the second half of this year for a royalty of US\$3 million and 50% of the profits. At last month's American Film market in the United States, "Taegugki" also rang up US\$500,000 from overseas distribution deals.

The financial and popular success of Korean films shows that it is possible for the domestic culture industry to earn a profit from exports. In fact, 70% of Korean films are exported to Asia as part of the so-called Hanryu or Korean wave.



Samaria breaks new ground in social themes.



Silmido commandos suffer political fate.



Taegugki brothers fight war and personal battles.

Film subject matter is also entering a new paradigm as previous taboos on North Korean and sex themes are lifted, giving new momentum to creative freedom for filmmakers.

Moreover, Korea's leadership in computer graphics and digital craftsmanship is increasing the quality and cutting the time and cost involved in producing local films.

The domestic movies that draw audiences get an extra boost from the government's screen quota, which requires theaters to run Korean movies for a minimum 106 days a year. Hoping to gain better access, the U.S. film industry has pressed for a repeal of the quota system. The local entertainment industry, however, believes the market is not yet mature enough to be fully exposed. The industry currently generates an estimated 700 billion won (US\$620 million) per year, which is meager compared to Hollywood where a single project may cost more than US\$100 million.