



BRIDGING THE PACIFIC

Issue LI - September 2005

News From KOREA

2015 Industrial Development Strategy Targeting 1 Percentage Point Increase in Potential GDP

The Ministry of Commerce, Industry and Energy (MOCIE) has set a goal to raise the nation's potential GDP growth rate 1 percentage point, from 4% to 5%, to rank among the world's top 10 nations and to achieve a US\$35,000 per capita GDP by 2015.

In a report on its industrial innovation strategy, the ministry highlighted new policies focusing on four key areas - new technology fusion industries and high-tech manufacturing sectors like semiconductors, digital home devices and biotechnology; enhancement of traditional manufacturing such as automobiles and shipbuilding; upgrade of infrastructure services including the environment and logistics; and development of advances in soft services like education and medical services.

The MOCIE initiative presents Korea's role as a "Global Industry Integrator," pursuing a win-win strategy and complementary partnerships in an international division of labor. In particular, the MOCIE report highlights China's rapid economic growth, forecasting that it will generate considerable opportunities for the Korean economy as well as the global economy.

In the fusion of new-tech and high-tech manufacturing industries, the MOCIE report says that Korea should reinforce its position as a global test bed.

The report also adds that maintaining supremacy in the traditional manufacturing area, Korea should focus on product differentiation and branding in advanced markets while solidifying a mid-tech market share in developing countries. In the area of infrastructure services, Korea needs to showcase its development expertise while strengthening a global logistics network based on IT superiority.

In the soft services fields, the initiative aims to introduce and facilitate basic market principles in the integration of the nation's trade expertise with Korean cultural exports, which are being promoted under the *hallryu*, or Korean wave, phenomenon.

Development Vision for Cutting-Edge Industries

Sector	2010 Vision	2015 Vision
Semi-conductors	- World's 3rd-ranked country in general semiconductors - World market share: 15%	- World's 2nd-ranked country in general semiconductors - World market share: 20%
Digital electronics	- World's 4th-ranked country in digital electronics - World market share: 8.4%	- World's 3rd-ranked country in digital electronics - World market share: 10.7%
Bio	- Engine for new growth of bio-industry - Production: 25 trillion won	- Becomes a top 5 cutting-edge bio-country - Production: 60 trillion won
Electronic medical equipment	- Secures competitiveness in electronic medical equipment industry - World market share: 2.9%	- Becomes a strong country in cutting-edge medical equipment - World market share: 5.7%
Aerospace	- Secures competitiveness in international aerospace industry - Production: 5 trillion won	- Becomes a top 8 advanced aerospace country - Production: 9.5 trillion won

In terms of well-defined roles of the private sector and the government in implementing the broad plan, MOCIE calls for enterprises to lead innovation under the slogan "From fast follow-up to rule creation."

In the early stages of Korea's economic development, the primary strategy was to benchmark and copy the successes of advanced countries. Today, Korea is oriented toward leveraging the competitiveness of its own unique characteristics and technological advances.

Enterprises are also charged with the responsibility of developing the fusion of goods, services and processes, for example, mobile banking, which integrates IT products and banking services.

Meanwhile, the role of the government will be to support enterprise innovation and flexibility through the establishment, revision and scrapping of regulations and practices to create an environment that encourages entrepreneurship. It is also responsible for building the infrastructure, both hard

(Continued on p3)