

Contents

- **KTNET News Focus**
- **Gov't Policy**
- **e-Business**
- **Digital Tech**
- **Inside Korea**

New KTNET President

Ryu Elected as PAA Chairman

Ryu Chang-Moo, the president of KTNET, was elected chairman of the Pan Asia e-commerce Alliance (PAA) during the organization's seventeenth conference in Taipei Nov. 15-19.

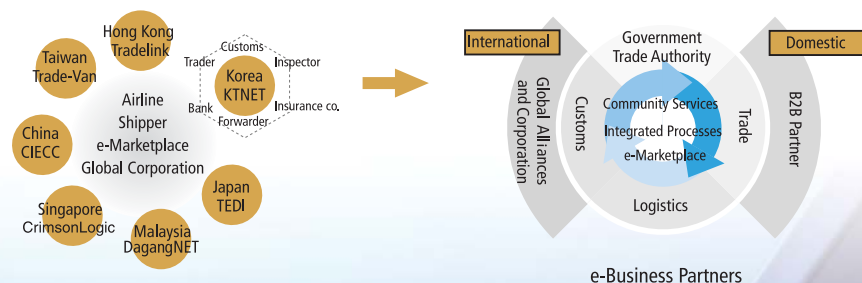


PAA's goal is to accelerate regional cooperation for e-trade. It was established in May 2000 with a commitment to take concrete and practical measures for standardization and nation-to-nation linkage. Its nine Asian members include China, Japan, Hong Kong, Singapore, Taiwan, Korea and others.

Ryu's selection was preceded by the choice of KTNET Executive Director Hahn Hak-Hee for PAA working group chairman.

In other business at the Taipei conference, e-trade-related business representatives deliberated opportunities to expand services and explored ideas on broadening support for e-trade among member countries. The business leaders also participated in in-depth discussion of paperless trade projects involving APEC and ASEM.

Making this topic more relevant, representatives of ASEM members including Germany, France and the United Kingdom attended the conference and discussed ways to accelerate the alliance between PAA and European organizations as part of global e-trade cooperation.



Under KTNET President Ryu New Vision & New Strategy

Participation in e-trade on a global basis is no longer a matter of choice but a matter of survival in the new global trade paradigm and rapidly developing digital era, said KTNET President Ryu Chang-Moo at a meeting with reporters on Nov. 15. Against this backdrop, KTNET has formed a task force to develop and pursue a new vision, new strategy, he said.

Ryu, who had a successful 30-year career as a government policymaker including serving as commissioner of the Small and Medium Business Administration, said that the basic blueprint would upgrade KTNET to a world-leading e-trade corporation.

In the winner-takes-all struggle for global prominence, full utilization of corporate resources and capacity is the most important factor in accommodating change and pursuing innovation in the face of global competition. KTNET's strategy is clear and the goal is to be the world's top enterprise in its field, Ryu proclaimed.

In this effort, the company is adopting considerable incentives to motivate manpower. It also is thoroughly analyzing the external and internal environments to build its roadmap to the future.

By sharply increasing critical core capacity, KTNET is linking its effort to the national agenda of becoming the hub of Northeast Asia as exports surpass US\$200 billion this year and proceed to Korea's goal of US\$400 billion by 2010. In this respect, the final destination of KTNET's e-trade vision is global.

Emphasizing global competitiveness through PAA, ASEM and bilateral cooperation in e-trade, KTNET's Ryu was selected as the fifth chairman of PAA at the organization's November meeting in Taipei.

On the domestic side, KTNET is going about developing new service areas, expanding from its original concentration on G2B into the B2B sphere. It also is aligning its efforts with the national policy direction of invigorating the small and medium enterprise sector, which is one of the top priorities of the Participatory Government's balanced development vision.

The company's emphasis will be on strengthening the capacity of small and medium enterprises to make best use of e-trade for management, marketing, external cooperation, etc. As many of these companies now have reached the level of development to accommodate e-trade initiatives to accelerate their growth and specialization, the time has come to spread e-trade to all small and medium enterprises.

"My work as commissioner of the Small and Medium Business Administration was devoted to small and medium enterprise competitiveness, but a policy based on simple support and protectionism is not the right direction any longer. Now, we must provide an environment and incentives for these enterprises to stand on their own feet. The e-trade initiative is one of the ways to help them do this," Ryu said.



Securing a Bridgehead in C&S America



By Chin Dae-Je

Minister of Information and Communication

Korea's IT industry has now grown into an important pillar of its economy. As areas where Korea, a strong IT nation equipped with world-class products, displays, semiconductors, mobile phones, etc. and related technological power, has to make concentrated efforts in preparing 'food to eat in the coming generation' many point

to securing original next-generation technologies and diversification of IT export markets.

From this viewpoint, the introduction of Korea's strong IT position and pursuit of mutual cooperation between the governments of Argentina, Brazil and Chile through a 10-day visit (November 12-21) is significant in that we have prepared a bridgehead to expand exports of our technologies and services to Central and South America.

What the Ministry of Information and Communication sought during the visit to the three major nations in the region was a 'show and tell' strategy under the motto - Korea's technology position can be felt directly and experienced. Based on this strategy, we held a wide variety of events in the countries, including Korea Business Forum, Korea-C&S America IT Conference, the opening ceremony of Korea-Chile IT Cooperation Center and IT ministers' meetings. As a result, we were able to impart Korea's image as a strong nation not only in broadband but also in ubiquitous, DMB, digital TV, RFID, etc. to key local government officials and businessmen.

In terms of formula, the IT market is different from the manufacturing and service industries in the 20th century. The market does not necessarily grow through certain specific stages, meaning that even late starters can realize 'compressed growth' through diverse technological innovations. For example, although C&S South American countries' average supply rate of wired and mobile phones and that of the Internet and PCs is at the level of 20% and 10%, respectively, these countries have many technological alternatives to prepare their informationization foundation, including activation of the spread of satellite/mobile Internet, digital TV, post-PC, etc., not simply broadband alone.

This was the reason that our ministry focused the 'show and tell' strategy on future-oriented technologies such as digital TV, DMB and RFID. The fact that our various events, including introduction of Korea's advanced experience and demonstration of technologies and products for informationization of various countries, were crowded with participants and wound up successfully also can be understood in the same framework.

"Through the visit, we could see that the growth potential of C&S American markets is considerable. Not only did the market of each nation appear attractive but the three countries are expected to form a US\$30 billion-scale single market in 2007." For exports of various software items as well as hardware products, we also face fewer challenges in covering diverse linguistic markets like in Europe as they are all Spanish-speaking countries.

So far, however, our IT-related trade scale with C&S America has not been significant with current exports of our IT enterprises to the market standing at the level of US\$1 billion a year.

"Through the visit, we found that the growth potential of the C&S American market is considerable. Not only did the market of each nation appear attractive but the three countries are expected to form a US\$30 billion-scale single market in 2007."

To prevent dysfunction arising from wide use of the Internet and to create a safe Internet climate, voices are growing among Internet businesses to initiate self-regulation and avoid government-led forced regulation.

Internet Self-Regulation to Gain Momentum

Beginning next year, the biggest topic in the Internet industry is likely to be 'self-regulation' by the industry itself to achieve a safe Internet environment, rather than it being subject to external regulation. To prevent dysfunction arising from wide use of the Internet and to create a safe Internet climate, voices are growing among Internet businesses to initiate self-regulation and avoid government-led forced regulation.



Kinternet (Korea Internet Corporations Association) plans to hold an international conference, for the first time led by an Internet business group, in Korea at COEX on Nov. 30 on the subject of a 'SAFE Internet' to invigorate Internet business.

Participating in the conference, to be held as a part of 'e-clean campaign - smiling Internet, reliable Internet' sponsored by Electronic Times since August this year, will be about 100 related specialists, including four invited self-regulation experts from abroad, Ministry of Information & Communication Vice Minister Kim Chang-Kon, member of parliament You Seung Hee (Uri Party), Commission on Youth Protection Chairperson Im Seon-Hee and other interested persons from Korea and abroad.

This international conference, designed to bring together Internet businesses, academia, civic groups, government, etc. in one place to study the domestic self-regulation initiative and to present alternatives, is expected to contribute to drawing attention to self-regulation in Korea, too. In particular, Kinternet plans to expand the self-regulation drive using the event as momentum.

World Community Grid (WCG) Launched with Volunteers Worldwide

The UN, IBM and scientific groups have undertaken the launch of a large network for humanitarian research by connecting computers around the world using the Internet.

Sam J. Palmisano, chairman and CEO of IBM, related UN officials, the Mayo Clinic of the U.S., British Oxford University and others kicked off World Community Grid (WCG) on Nov. 17 to advance research into medicine, environment, etc. by linking businesses worldwide via personal computers.

WCG will use, through linkage over the Internet, the computers of users who volunteer to participate in the project, which will process research data during periods when they are not being actively operated by the users.

WCG said that it will support, through the newly launched network, research work, including decoding of genetic codes to facilitate discovering a cure for AIDS, HIV, Alzheimer's disease, cancer, etc.; prediction of natural disasters; and protection of the world's food and water supplies.

Content Becomes New Focus



Expecting a 'gold rush' in the content market, large enterprises, including Samsung Electronics, KT, SK Telecom and CJ, are bolstering investments and capacities in the digital content sector.

These leading information technology companies are pushing content businesses such as games, music, movies and characters either directly or indirectly via their affiliates.

Samsung Electronics jumped into competition in the game and music distribution business via its affiliates Anycall Land (<http://www.anycall.com>) and Samsung Funclub (<http://www.samsungmobile.com>). In alliance with Wizmax, an online music service firm, the world's second largest mobile phone maker launched one-stop online music service 'YEPP Studio'. Samsung Electronics also signed a contract with Yahoo!Korea to join forces for developing games.

In conjunction with its subsidiary, SK Communications, and WiderThan.com, SK Telecom is making concerted efforts to acquire various content products, while building its own wire-wireless content platforms. Realizing the growth limitation of standard wireless communication services, SK Telecom has formed a 170-member portal business division, consisting of six teams, including portal planning, content business, music business, game business, and music.



IT Exports Hit Record in October

South Korea's exports of information and communication technology products reached a monthly record high of US\$6.83 billion in October, driven by strong sales of semiconductors and wireless telephony equipment. The previous high for monthly information-technology exports was US\$6.51 billion set in May this year.

The US\$61.7 billion in information-technology exports in the January-October period exceeds last year's total of US\$57.5 billion.

According to ministry figures, information-technology imports were US\$3.8 billion in October, up 7.3% year-on-year, resulting in a trade surplus of US\$3.03 billion. Semiconductors accounted for 35.8% of October's exports at US\$2.45 billion, the highest since US\$2.64 billion in September 2000.

Dynamic random access memory chips, or DRAM, reached US\$1.18 billion riding higher prices. Flash-memory exports were also up 41.3% year-on-year at US\$305 million due to greater demand for mobile handsets, digital cameras and digital music players among others.

Mobile-phone exports were up 33.4% year-on-year to US\$2.26 billion, accounting for 33.1% of the monthly exports. The United States was Korea's largest mobile-phone market, with shipments reaching US\$710 million. Exports to Europe rose 85.4% year-on-year to US\$610 million, thanks to the widespread diffusion of third-generation mobile services.

■ **Content Becomes
New Focus**

■ **IT Exports Hit
Record in October**

LGE Launches 71-inch HD-level PDP TV

LG Electronics unveiled a 71-inch HD-level PDP TV, the largest of its kind in the industry, on November 22 in Seoul.

Targeting the leading position in the world PDP TV market next year by grabbing 29% of the world PDP module market and 20% of PDP TV market, LG Electronics plans to launch marketing campaigns in North America, Europe and the Middle East in December. The company will begin commercial production of the new PDP TV soon.



With a screen ratio of 16:9, the new 71-inch PDP TV features a resolution of 1,920x1,080p and HD-level images. In September, the consumer electronics appliance maker rolled out a 55-inch LCD TV, the largest of its kind then.

LG Electronics plans to sell the new 71-inch PDP TV for some 80 million won (approximately US\$72,000), including a set-top-box and home theater system.

Korea, Japan Find Common Ground in RFID

The governments of Korea and Japan plan to organize a joint industry working group to promote wide adoption of radio frequency identification (RFID) systems.

The Ministry of Commerce, Industry and Energy of Korea said that the governments of the two countries would discuss forming a joint working group to foster development of RFID technology and the industry in the two countries at the 7th Korea-Japan Electronic Commerce Policy Council meeting on October 27 and 28 in Jeju Province.

The council meeting will be attended by members of the Korea CALS/EC and the Electronic Commerce Promotion Council (ECOM) of Japan as well as specialists from the two countries.

The joint industry working group will make efforts to build infrastructure for facilitating distribution of RFID applications in the two countries, and conduct field tests of RFID systems as a part of its strategy to secure interoperability.

Messenger Phone Service Set to Hit Korea

After the world's leading P2P VoIP service provider Skype said that it aimed to expand into Korea, homegrown tech firms also began to tap into partnerships with leading portal sites to provide trendy messenger phone service.

3Rsoft said on November 3 that it had launched 'intel' instant messenger phone service, allowing PC users to make calls to both fixed-line and mobile phones. When assigned the '030' number, users can also answer calls over landline and wireless networks. The messenger service is also capable of taking messages when users are not available.

DialK also launched P2P messenger phone service in early November after correcting bugs. The company aims to expand its customer base into overseas markets including China.

■ **LGE Launches 71-inch HD-level PDP TV**

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MRO e-Marketers Eye SME Sector

e-Marketplaces for maintenance, repair and operation (MRO) commodities, the country's most successful B2B e-commerce business model, have begun to move down to the small and medium enterprise (SME) sector from large enterprises.

MRO e-markets have long been reluctant to enter the SME market, where they saw smaller profits from small-volume purchasing of various kinds of products. They are now increasingly turning to SMEs, however, in a bid to expand the customer base and generate new markets.

i-Market Korea (<http://www.imarketkorea.com>) has teamed up with Woori Bank to open an e-marketplace for SME customers of the bank. N2B (<http://www.entob.com>) formed a deal with Korea Railway, which is linked to some 700 organizations nationwide, and now plans to open an e-market targeting SMEs late this year.

KeP (<http://www.koreab2b.com>) is also studying the expansion of the range of its eMK21 initiative launched late last year targeting SMEs in South Gyeongsang Province.

Korea to Use RFID Tag on Beef in 2005

South Korea will start a trial period of a new smart tag technology on imported beef in May 2005, the Ministry of Agriculture and Forestry said on Oct. 15.

The smart tag technology, which uses new radio-tagged product codes, will provide consumers with information on imported beef.



Based on technology called Radio Frequency Identification, or RFID, the program enables small radio tags to store and transmit information on the products consumers are buying.

Smart Card Pilot Project Readied for 2005

A pilot smart card service targeting tourists from four Asian countries, Korea, China, Japan and Singapore, will kick off in Jeju Province in June next year.

The 20 billion-won (approximately US\$17.13 million) test service comes as a part of the 'Asia Silk Road Card' project led by the Asia IC Card Forum (AICF). The forum was established in June this year to set up an IC card-based one-stop service system across Asia in the long term.

The test service is expected to expand into a larger number of Asian countries, leading the region's efforts to introduce a global smart card standard.

AICF outlined a service plan before beginning development of systems in November this year. The service will include cards, terminals and systems adopting an open-source standard platform, according to the forum, which is also working on legal and technological arrangements.

■ **MRO e-Marketers
Eye SME Sector**

■ **Korea to Use RFID
Tag on Beef in 2005**

■ **Smart Card Pilot
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June 2005**

Crosses Landmark US\$200 Billion in Annual Total Int'l Trade--Engine of Korea's Economy

Korean exports crossed the landmark US\$200 billion threshold in terms of annual total in late October this year. If they maintain the current momentum, the nation will likely post overseas shipments of US\$250 billion by year-end.

Korean exports crossed the landmark US\$200 billion threshold in terms of annual total in late October this year. If they maintain the current momentum, the nation will likely post overseas shipments of US\$250 billion by year-end. After yearly exports reached US\$100 million in November 1964, they continued to set records - US\$1 billion in 1971, US\$10 billion in 1977 and US\$100 billion in 1995.

The rally once again confirms that exports are the engine of Korean economic growth. As a matter of fact, overseas exports transformed Korea from a poverty-ridden agrarian economy to a model for newly industrializing countries since the late president Park Chung-Hee adopted an outward-looking policy in 1961.

With per capita income at US\$103 when exports were negligible back in 1964, many Koreans went hungry, with the food shortage becoming the severest before the spring harvest of barley started. Now, with exports booming, per capita GDP had grown 120-fold to US\$12,646 last year.

But the nation cannot afford to remain complacent about its outstanding performance. Instead, it needs to concentrate on how to keep the export industry humming in the face of such formidable barriers as high oil prices, rising interest rates and the Korean won gaining strength against the U.S. dollar.

One of the most urgent tasks is to foster the parts industry, given that large Korean companies heavily rely on those of Japanese origin in the manufacture of high-tech export items. To replace them with Korean-made parts would not only put a brake on the rapidly growing trade imbalance in favor of Japan but also generate greater value for the nation.

Home appliance producers, automakers, shipbuilders and other big businesses would do well to provide their suppliers with technical assistance in the development of parts and engage them in the initial stage of developing new products.

The government also needs to improve the export environment, for instance, by helping promote research and development in the nation and entering into free trade agreements with other countries.

After all, it is exports that will have to help pull the nation out of the US\$10,000 per capita income trap as they helped it climb out of poverty in the past. According to one report, exports will have to double to US\$400 billion if the nation is to attain its goal of increasing per capita income to US\$20,000.

