

## Korean Shipbuilders Seeking Win-Win Cooperation



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There is a reason why the Korean shipbuilding industry deserves global attention today. It is not simply because the industry has become world-class, but the core reason can be found rather in that it is creating an entirely new source of competitive power, 'Blue Ocean,' through win-win cooperation among related business communities, such as marine equipment, steel and shipping industries.

The cooperation with small and medium marine equipment suppliers starts with the recognition that without high-quality equipment and machinery, ships which have competitive advantage cannot be built. Strengthening cooperation with marine equipment makers is directly linked to the reinforcement of shipyards' quality and performance.

Shipyards and marine equipment producers, therefore, have a complementary relationship, sharing both profit and loss. Based on the recognition that business success depends on each other's performance, the two business communities agreed in May to cooperate each other so as to maximize the synergy effect.



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The agreement encompasses matters related to the development of high value-added core equipment and materials like LNG carrier parts; financial support through creation of purchasing investment funds; establishment of B2B networks including exchange of e-drawings; broadening of technological cooperation; joint overseas marketing, etc. Also follow-up measures are underway to establish a common logistics center for ship equipment and machinery in the Noksan Industrial Complex in Busan in the form of joint investment.

At the end of May 2005, domestic shipbuilders and steel mills agreed to cooperate on steel issue. CEOs of the two business communities shared the view that reinforcement of bilateral cooperation is vital to cope actively with the ever-chang-

ing internal and external market environments in pursuit of common benefit and prosperity.

Based on this common understanding, they reached consensus to cooperate to 1) share common views on medium & long-term vision on shipbuilding and demand forecast for steel plates, 2) stabilize the supply and demand balance for steel plates, 3) reinforce capability to respond to the increasing demand for high-class steel plates, 4) carry out joint research and development activities and evaluate supply and demand situation.

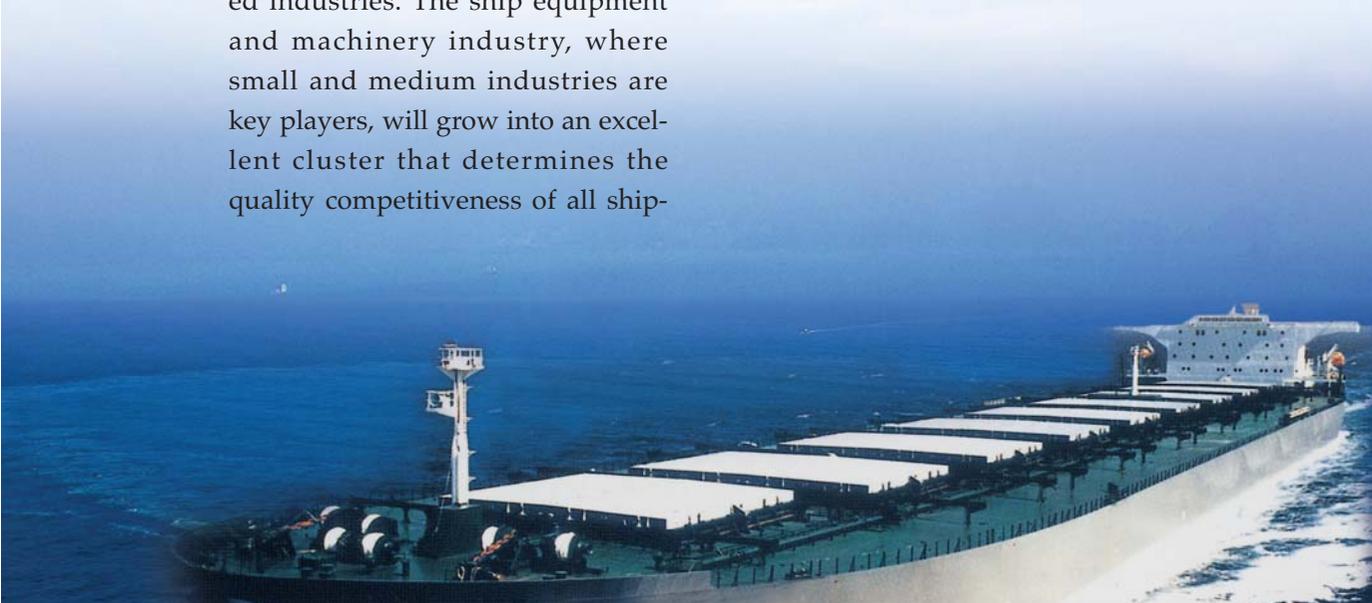
A significant synergy effect is expected from this agreement based on the fact that it was concluded between two domestic business communities at the pinnacle of global competitiveness in their respective industries.

Shipbuilders' active efforts for win-win cooperation are expected to have a strong impact on all related industries. The ship equipment and machinery industry, where small and medium industries are key players, will grow into an excellent cluster that determines the quality competitiveness of all ship-

yards around the world. Domestic steel industry will achieve momentum for another takeoff as global steel makers by securing long-term stable operation. Domestic shipping industry will be the largest beneficiary of the world best shipbuilding technology as well

Consequently, owing to the positive cooperation and complementary roles of the Korean shipbuilding industry, which has risen to the world's leading position, related industries will also be upgraded one level, resulting in success for all industries concerned.

Earlier, in a report to OECD, Rutgers University Professor John H. Dunning defined one of the characteristics of the new trend in today's capitalism as 'alliance capitalism' from the viewpoint of competitive strategy. To survive the era of unlimited competition, alliances and cooperation among related enterprises are continuously



expanding. What's more, even directly competing enterprises are not hesitating to conclude alliances and cooperation. The win-win cooperation strategy adopted by the Korean shipbuilding industry is a key element of a global competitive strategy -- the right direction as viewed from the megatrend of 'expansion of alliances and cooperation.'

Furthermore, Korean shipbuilders' initiatives for win-win cooperation include not only

domestic partners but also foreign counterparts as well. Worldwide cooperation is expected to generate considerable benefits to the whole global community with the supply of safer, efficient and environment-friendly ships at reasonable prices. The dream of well-being and prosperity for all can be realized through the promotion of cooperation and coordination of all the people and entities involved with shipbuilding around the world.



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#### **Educational Background**

- Albany Law School of Union University, Albany, N.Y. Juris Doctor, May 1992
- Columbia University, School of Law, New York
- Diploma, Korean Legal Studies Program, Dec. 1985
- Kon-kuk University, College of Law and Political Science, Seoul, BA, Public Administration

#### **Professional Experience**

- Currently, Vice Chairman of KSA and Adjunct professor of Law, Graduate School of Yonsei University
- Director General of Trade Policy Bureau of the Ministry of Commerce, Industry and Energy (MOCIE), Korea
- Director General of Investigation Office, Korean Trade Commission, MOCIE (Jan. 2000-May 2001)
- Director General dispatched to Korea National Defense Academy for the study of advanced national strategy (Feb. 1999-Dec. 1999)
- Spokesperson for MOCIE (Aug. 1998-Feb. 1999)
- Director, Division of Industrial Policy, Division of Industrial Complex Planning, Division of Textile & Clothing Industry, Division of Information and Statistics, and Division of Asia, MOCIE (Sept. 1992-Aug. 1998)
- Director, dispatched to Korean Institute of Industrial Economics and Trade (KIET), a think-tank for international trade and industry issues (May 1998-July 1989)
- Deputy Director, Bureau of International Trade Policy of the Ministry of Trade and Industry (MOCIE's predecessor), and Economic Research Bureau of President's Council of Economic & Scientific Advisors (Dec. 1976-May 1988)
- Military service in the Korean Army (Feb. 1974-Nov. 1976)