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Will President-elect Park's 'Geun-hyonomics' Turn Around Sagging Economy?_8P

President-elect Park Geun-hye and her Transition Committee members clap as they attend a board-hanging ceremony to inaugurate the committee at the Korea Banking Institute in Seoul on Jan. 6.

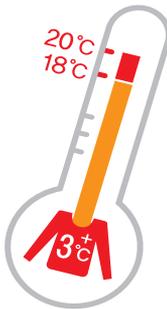


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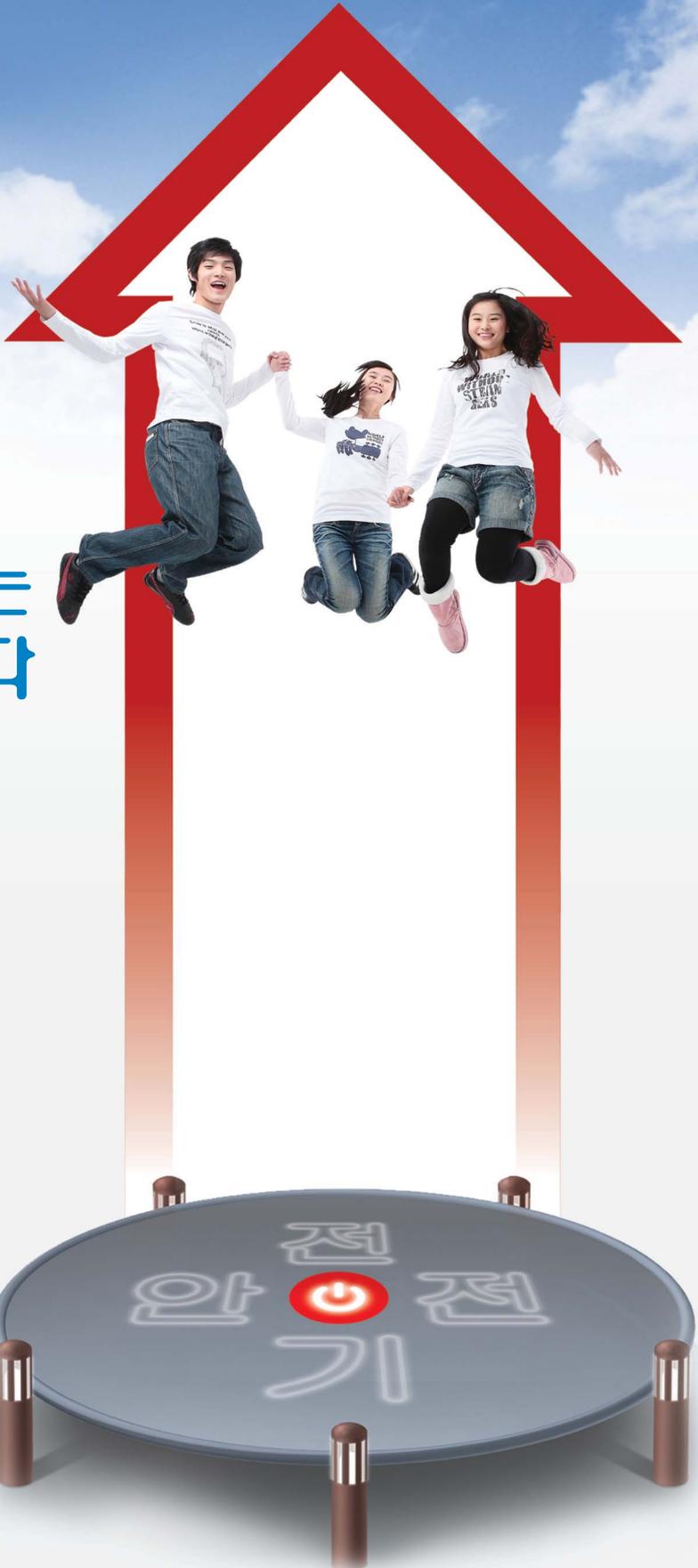
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A Glimpse into 'Geun-hyonomics'

President-elect Park unveils a government reorganization plan calling for the creation of a ministry of science, technology & ICT



President-elect Park Geun-hye and her Transition Committee members, including Committee Chairman Kim Yong-joon, clap as they attend a board-hanging ceremony to inaugurate the committee at the Korea Banking Institute in Seoul on Jan. 6.

President-elect Park Geun-hye's government reorganization scheme gives a glimpse into what so-called Geun-hyonomics will be like.

President-elect Park will take office on Feb. 25 with the daunting task of turning around the sagging economy amidst the global recession. The tenets of Geun-hyonomics is summarized as putting capitalism on the right track, ensuring a fair market economy, caring for the underprivileged of society through welfare programs tailored to meet their needs, and a more creative economy, spearheaded by policies focusing on science, technology and IT, as well as job creation.

True to President-elect Park's campaign pledges, the reorganization plan of the soon-to-be government features the creation of a super-ministry in charge of science, technology, information, and communications technology (ICT). The ministry will create the post of vice minister exclusively charged with ICT affairs.

The plan also features the reviving of the post of deputy prime

minister for economic affairs, which will serve as the new government's control tower for economic policies. The transition committee said the minister of strategy and finance would assume the post of deputy prime minister for economic affairs.

President-elect Park told her transition committee at their first meeting at the Korea Banking Institute in Seoul on Jan. 7, "Our learned lessons are that whatever better policies there are, each government agency's partitioning would waste taxpayers' money and lower efficiency." She indicated her willingness to create a control tower for policies among ministries to ensure seamless communication and prevent overlapping policies.

The post of deputy prime minister for economic affairs dates back to the government of former president Park Chung Hee, President-elect Park's father, who appointed an economic planning minister who was also deputy prime minister to serve as the control tower for economic policies to push ahead with the five-year economic devel-



President-elect Park Geun-hye (center) presides over her Transition Committee's first staff meeting at the Korea Banking Institute in Seoul on Jan. 7 as Committee Chairman Kim Yong-joon (left) and Vice Chairman Jin Young of the Saenuri Party looks on. President-elect Park tapped Kim to be the prime minister of the new government.



Rep. Ryu Sung-gul, chief of the 1st economic subcommittee of the Transition Committee, talks with reporters following his nomination.

opment plan that drove the nation from the ashes of the Korean War to the "Miracle of the Han River."

The revival of the post of economic deputy prime minister, which was abolished by the outgoing Lee Myung-bak government, might be a brainchild of former government officials who once held posts related to economic planning and played roles during Park's campaign team, political analysts said. Rep. Ryu Sung-gul, chief of the first economic subcommittee of the transition committee, and Rep. Choi Kyung-hwan, former MKE minister and one of Park's close confidants, served as posts under the now-defunct Ministry of Economic Planning. Among the new power elite group are those who graduated from University of Winsconsin, or served for state-run research institutes, the former Daewoo Business Group and studied at Sogang University as well as ex-government officials with the now-defunct Finance Ministry.

The new government has chosen a course to go big: the central government with a structure of 17 ministries, three agencies, and 17 administrator's offices, a departure from the outgoing Lee Myung-

bak's government's structure of 15 ministries, two agencies, and 18 administrator's offices. President Lee's government has been criticized for putting the science sector in the back seat, as it abolished the former science and technology ministry and turned its duties over to the education ministry.

Other changes include the transfer of supervision of the Korea Food and Drug Administration, which is now under control of the Ministry of Health and Welfare, to the Prime Minister's Office, but its status will be subsequently promoted to a lower ministry-level one.

The Office of Minister of Special Affairs will be scrapped while the Ministry of Knowledge Economy will be changed to the Ministry of Industry, Trade and Energy, which will take over trade affairs from the current Ministry of Foreign Affairs and Trade.

The Ministry of Public Administration and Safety will be renamed the Ministry of Safety and Public Administration to attach priority on safety, and the Coast Guard will be placed under the new Ministry of Maritime and Fisheries Affairs.



Rep. Lee Hun-jae, chief of the 2nd economic subcommittee of the Transition Committee, poses with President-elect Park following his nomination.



Kang Suk-hoon, chief of the state affairs planning & coordination subcommittee of the Transition Committee, chats with reporters on the operation of the subcommittee.

"The government reorganization plan is President-elect Park's policy philosophy and willingness for public safety and economic turnaround to usher in an era of people's happiness," said Kim Yong-joon, chairman of the transition committee, at a news conference on Jan. 15.

The revamping of the government is based on three principles: minimizing changes by only reinventing what absolutely needs to be changed; realizing the people's safety and economic prosperity; and stressing professionalism and integration, said Yoo Min-bong, chief in charge of planning and coordination of state affairs of the transition committee.

The government reorganization plan requires approval from the National Assembly. The new structure is the first step for the soon-to-be Park Geun-hye government.

President-elect Park tapped Chairman Kim Yong-joon of the Transition Committee to be the first prime minister for the new government.

The prime minister-designate took the helm at the Constitutional Court in 1994, served as a co-chairperson of Park's campaign team for the Dec. 19 presidential election before being appointed to be the chairman of the Transition Committee last month. A confirmation hearing for Kim's nomination is to be held soon for parliamentary



KAIST Prof. Jang Soon-hong (right), chief in charge of education, science and technology at the Transition Committee, chats with Kang Suk-hoon (left, standing), chief of the state affairs planning & coordination subcommittee.

approval.

Besides the broad layout, the transition committee is also considering a major shake-up of the presidential office, Cheong Wa Dae, and other smaller offices under the ministries, which could lead to a cut in the number of government officials.

In return, President-elect Park is more likely to give more leeway to the prime minister as well as ministers of the new government than have previous governments, political analysts and pundits said.

They agreed that President-elect Park's reorganization scheme is much different from the outgoing President Lee government as it turns in the direction of economic policies, core projects, and the roles of government bodies, including Cheong Wa Dae and ministries.

A case in point is President-elect Park's attaching priority to nurturing SMEs, which account for 99 percent of the nation's total companies and 88 percent of the nation's total employees.

According to the reorganization plan of the new government, the Small and Medium Business Administration (SMBA) will be expanded to take over policies on SMEs and the development of special regional zones from the Ministry of Knowledge Economy. As a result, the revamped SMBA will provide systematic support to nurture



Seoul Arts Center President Mo Chul-min (front row, second from left), chief in charge of women, and culture, smiles while attending a Transition Committee meeting.

strong small and medium-sized enterprises into strong medium and large-sized companies.

President-elect Park's transition committee chose the SMBA as the first of the government ministries and other offices to give policy briefings.

The transition committee has been inaugurated as a slimmer organization from the outgoing government, but members and mostly comprised of experts specializing in their field of focus. They include Rep. Lee Jung-hyun of the Saenuri Party, chief in charge of state affairs; former defense minister Kim Jang-soo, chief in charge of diplomatic and commerce affairs; Rep. Lee Hun-jae, chief of the 2nd economic subcommittee; and Seoul Arts Center President Mo Chul-min, chief in charge of women, education, and culture.

But the abrupt resignation of Choi Dae-seok, one of the three key players in the transition team's diplomacy-security division, has left the transition committee under fire for its secretive operation. Neither Park nor her spokespersons would comment on that matter, so speculation has been rampant on the reason for his resignation. One report says that Choi, one of Park's advisors favoring the thawing



President-elect Park Geun-hye talks with her campaign leader and former Saenuri lawmaker Kim Moo-sung after she appointed him to head a team of special envoys to China.

of the outgoing government's strict North Korean policies, had a recent clandestine meeting with North Korean officials while staying in China.

President-elect Park's transition committee also has had skirmishes over the implementation of her campaign pledges with even senior ruling Saenuri Party lawmakers, including Rep. Chung Mong-joon, who have proposed reconsideration of parts of President-elect Park's

public pledges on welfare made during her campaign. In particular, the proposed introduction of a basic pension for senior citizens has come to a head. Rep. Chung later backed down from his initial remarks and recapped them as his intent on attaching priority.

Some conservatives and experts claim that one of the changes facing the new government is how to carry out over 200 campaign promises she made that would cost 130 trillion won without raising taxes or relying on increased growth.

In return, Kim, chairman of the transition committee, lambasted the ruling party lawmakers' remarks surrounding the implementation of President-elect Park's campaign promises, saying that it is outrageous to utter absurd remarks such as the abolishing of public pledges even before the new government is sworn in. The reality is how President-elect Park, recognized as the incarnation of making good on promises, will cope with mounting demands on welfare, given conditions of a propensity for low economic growth, as she pledged during her campaign. [www](#)

Sec.-Gen. Chung of National Assembly Checks Key Issues

At meeting with senior staff of 16 National Assembly Committees and 2 Special Committees

Sec.-Gen. Chung Jin-sok of the National Assembly Secretariat held a breakfast meeting with senior staff of the 16 National Assembly Standing Committees and two special committees on Jan. 23 to check major issues facing those committees as the new government led by President-elect Park Geun-hye is set to be inaugurated on Feb. 25.

The secretary-general called on senior staff to take care of various issues that will arise in as timely a manner as possible with the projected new government reform plan announced by the Presidential Transition Committee put to parliamentary approval, especially the changes that might arise in the responsibilities of the committees in line with the restructuring of the cabinet makeup of the government.

Chung said the role of senior staff of the National Assembly Committees becomes very important in boosting the effective-

ness of legislative activities and make the parliament fresh in the process, as recently demanded by the people. "You have to be creative to actively support the operations of the committees," he stressed.

In order to have legislators fully reflect what the people want from their legislative activities, the senior staff should lead various events such as seminars and gatherings of professionals to collect opinions of what the people want from the parliament and what should be the major issues for the nation when the National Assembly is not in session. They should broaden their information collection activities to get information from each ministry of the government, civil organizations, experts in various areas and the general public, Chung told the senior staff.

He continued on to say that each senior staff member should never cease watching that all the issues, especially those pro-

posed laws related to the public's livelihood, are handled by the parliament as soon as possible. He also urged them to come up with a reform plan for budget execution in support of balanced parliamentary diplomacy this year in connection with the legislator diplomatic activity assistance. The breakfast meeting hosted by the secretary-general is held every second Wednesday of each month. [www](#)



Sec.-Gen. Chung Jin-sok of the National Assembly Secretariat.

Rep. Lee Strongest Candidate for Deputy Prime Minister

The floor leader is known for sticking to principles and has an outstanding knowledge of economic matters



Rep. Lee Hahn-koo, the floor leader of the ruling Saenuri Party is shown next to President-elect Park Geun-hye at a meeting.

Rep. Lee Hahn-koo, the floor leader of the ruling Saenuri Party, is being touted as one of the candidates most likely selected to be the deputy prime minister as well as the minister of Strategy and Finance in the new Park Geun-hye government to be installed on Feb. 25.

He is being counted on as one of the most likely candidates for the newly created position with vast power over the economic related ministries such as the Trade and Commerce, Labor, and others. It is seen as a crucially important position for the incoming administration facing the need to refuel the economy and create jobs, and most importantly squeeze out the funds needed to meet the campaign pledges that the president-elect made in the area of welfare during the hard-fought presidential election campaign.

The four-term legislator from Daegu is known for his unyielding insistence on the issues that he believes to be right that come from his insights on wide-ranging issues, which won trust of many of his colleagues and even president-elect Park Geun-hye herself

when she was a legislator.

For instance, the floor leader argued that with the state of the economy where it has been, it is nearly impossible to democratize the economy nor create jobs unless the global slowdown recovers, uplifting the Korean economy in the process. In the end, the legislator's assertion was proven to be right, which is why he is being touted as one of the most possible candidates for the key ministerial position at the moment, regarded as having a profound knowledge of not only the real economy, but also on macro-economic issues.

Most importantly, President-elect Park has great trust in the legislator. Rep Lee was a public accountant following his graduation from the prestigious Seoul National University as an economics major before entering the public service after passing the 7th high-level public servant examination in 1969.

The legislator then entered the Ministry of Finance and rose to the position of the director of the Finance Division.

Lee was forced to quit the ministry after working there for around 10 years when



Rep. Lee Hahn-woo.

President Chun Doo-hwan took over the government in 1980. His departure from the government was not entirely unrelated with Kim Jong-in, who often got into tit-for-tat battles with Lee over important issues during the presidential election. Kim was a member of the Financial Subcommittee of the National Security Emergency Measure Committee under President Chun and put Lee on the list of public servants to be axed by the new government. One of the reasons for his ouster was that he rose too fast through the ranks in the Finance Ministry, disturbing the ministry's personnel discipline, which shows the reason for the animosity between Lee and Kim during the presidential election over many issues, most notably economic democratization.

Because those kicked out of the government could not get jobs with even private firms for two years, Lee left for the United States and enrolled in the University of Kansas to pursue his doctorate degree in economics. While in the U.S., he met Chairman Kim Woo-joong of the then Daewoo Group. When he returned to Korea he was hired as director in the chairman's office of the conglomerate and later promoted to head the Daewoo Research Institute as president.

He became a proportional representative legislator in the ruling Grand National Party led by the then chairman Lee Hoi-chang in 2000. The chairman wanted a fresh, professional economist for the party and saw Lee as the right person.

The four-term legislator has executed his due responsibility as a parliamentarian, focusing mainly on economic issues as the chief pol-

icymaker for the party and vice chairman of the National Assembly's Economic Committee. In recognition of his outstanding service as a legislator, he was named the floor leader for the ruling party in May last year.

Among the many hats he has worn in parliament, he was chairman of the Committee for Creation of Jobs in the 17th National Assembly and the chairman of the Budget Settlement Committee during the 19th National Assembly.

While on the Strategy and Finance Committee, his hard work in government auditing won him the honor of being named as the most outstanding legislator by all civil organizations including conservative, progressive, and middle-of-the-roaders.

Lee's sharp questions on government policies earned him the complaints of government officials claiming Lee was too harsh on them, even though he was a member of their party. He won various nicknames such as "Mr. Right Voice" and "The Sharp Shooter" on economic matters during parliamentary government auditing.

Lee became closer to President-elect Park during the 17th National Assembly when the President-elect was named chairman of the now defunct Grand National Party in 2004, which was in disarray following the party's failure to oust the then President Roh Moo-hyun through an impeachment.

The then-chairman Park named Lee as the chief policymaker of the party as she heard from others about Lee's hard work as a legislator and was impressed by his credentials as an economist and on financial matters.

The two got along very well, especially during the party's struggle to fight against the then-ruling Democratic Party's moves to sus-

pend the National Security Law and three other key laws they designated as "bad" laws. The Grand National Party won its campaign against the ruling party's efforts to change them.

Lee won Park's respect during the 60-day long fight against the ruling party's campaign and the fact that they are both from districts in Daegu played a key role in bringing the two closer.

The relationship between the two was further solidified in 2010 when they were members of the Strategy and Finance Committee. Park sought advice from Lee on economic and financial matters often. Lee won the nickname of "Mr. Tutor" for Chairman Park.

When Park set up the National Future Research Institute in 2010, Lee joined it as a founding member in charge of treasury and welfare areas.

Lee is also credited to have played a key role in picking pledges that President-elect Park made during the election campaign in such important areas as welfare policies. Park, in the early part of the campaign, called for strong welfare and democratization of the economy, but later steered toward stressing policies for strong economic growth to back up welfare programs and economic democratization, taking advice from Lee. Park stressed that the underground economy should be made part of the national economy to provide resources for welfare programs, taking a page or two from what Lee had been calling for in the past.

The floor leader told reporters following Park's election victory that he will see that the new government will turn most of the underground economy into part of the national economy, as it is an election pledge of the President-elect. **NW**



Rep. Lee is shown talking to a patient during his visit to a hospital, along with other legislators.

KCCI Opens New Year for Biz Community

President Lee attends annual event for last time as president and thanks biz leaders for their support and cooperation



A slew of dignitaries led by President Lee Myung-bak, 5th R, Speaker Kang Chang-hee of the National Assembly, Chairman Hwang Woo-yea of the ruling Saenuri Party, Minister Hong Suk-woo of the Ministry of Knowledge Economy, Minister Bahk Jaewan and Chairman Sohn Kyung-shik of the Korea Chamber of Commerce and Industry, the host of the New Year event hold a toast to wish for a happy New Year at Coex, in southern Seoul on Jan. 4.

The Korea Chamber of Commerce and Industry (KCCI) held its New Year's reception on Jan. 4 at COEX in southern Seoul, where some 1,400 participating members of the business organization and related institutions swore to do their best to overcome low-economic growth trends both at home and abroad through the display of a strong entrepreneurial spirit. They also appreciated the outgoing President Lee Myung-bak's efforts to boost the nation's status in the world and overcome the economic crises during his five-year tenure.

Among those on hand were legislators led by Speaker Kang Chang-hee, Chairman Hwang Woo-yea of the ruling Saenuri Party, and Reps. Lee Hyun-jae and Ryu Sung-gul, cabinet members and other government officials including Minister Hong Suk-woo of the Ministry of Knowledge Economy, Minister Bahk Jae-wan of the Ministry of Strategy and Finance, and Gov. Kim Joong-soo of the Bank of Korea. Also in attendance were heads of economic organizations including Chairman Huh Chang-soo of the Federation of Korean Industries, Chairman Han Duck-soo of the Korea International Trade Association, Chairman Park Byung-won of the Federation of Banks, Chairman

Park Jong-soo of the Korea Financial Investment Corp. and Chairman Sohn Kyung-shik of the KCCI. Among the heads of large conglomerates were Chairman Chung Mong-koo of Hyundai Motor Group, Chairman Chung Joon-yeon of POSCO, Chairman Hur Dong-soo of GS Caltex, Chairman Park Yong-man of Doosan Group, Chairman Cho Yang-ho of Hanjin Group, Chairman Shin Dong-bin of Lotte Group, and Chairman Kang Duk-soo of STX Group.

Also present were Chmn. Lee Pal-seung of Woori Financial Group, Chmn. Euh Yoon-dae of the KB Financial Group, Chmn. Kim Jung-tae of Hana Financial Group, Chmn. Han Dong-woo of Shinhan Financial Group, Chmn. Park Sam-koo of Kumho-Asiana Group, Chmn. Choi Tae-won of SK Group, Chmn. Kim Yoon of Samyang Group, Chmn. Kang Shin-ho of Donga pharmaceutical Co., Chmn. Lee Woon-hyung of SeAh Steel Group, Chmn. Moon Kyu-young of Aju Group, Chmn. Lee seung-han of Homeplus and others.

President Lee in his speech said he and the country appreciate the hard work of the business community, noting that the economy is still holding its own, despite the global economic slowdown affecting top economies

like the United States and Europe.

Chairman Sohn, in his speech, said, "We would like to give thanks to President Lee for his achievements in many areas, the economy in particular, despite the global slowdown. This year, too, will have many problems including excess household debts and a sluggish real estate market, but our resilient people will wash away the concerns for the low growth of our economy and be a huge force in boosting our per capita earnings to over \$30,000 per annum."

The KCCI chairman said he hoped that this year would be the year for communication and harmony among the people, overcoming division and confrontation, achieving development and maturity in various areas in the country such as the economy, politics, and social and cultural areas.

He also hoped that the event would be a meaningful occasion for renewing the business community's determination to share hope and upgrade the country's development progress.

President Lee shook hands with many participants at the function, urging them to do more for the nation's development in every area of society and in all sectors and seek greater harmony among the people. [www](#)

KOTRA Gives Helping Hand to SMEs Trying to Export Abroad

Operates the Mobile KOTRA team to provide consulting services on the exploration of overseas markets



KOTRA President Oh Young-ho and other KOTRA officials celebrate the inauguration of the Center for Strengthening Support for global Capacity at the Daejeon Trade Center on Jan. 10.

Korea Trade-Investment Promotion Agency (KOTRA) announced a plan to operate Mobile KOTRA, designed to provide free overseas market exploration consulting services to provincial SMEs.

The key to Mobile KOTRA is its fleet of three buses with 15 experts which will make the rounds of provincial small and medium enterprises (SMEs) to provide consulting services on their exploration of overseas markets. The experts, versed in foreign languages including English and French, will be divided into four fields —machinery/plant, parts & materials, IT/electric home appliances, and household items.

Starting this year, the Mobile KOTRA team will visit SMEs in such provincial clusters as industrial complexes, agricultural industrial estates, and techno parks, which have insufficient traffic access. The team will make the first rounds of SMEs in the Gyeongsangbuk-do sphere, including Daegu and Gumi, the Gyeongsangnam-do sphere, including Gimhae and Haman, and the Jeolla sphere, including Gwangju, Mokpo and Iksan.

The Mobile KOTRA team plans to provide

consulting services ranging from trade and investments to job creation for manpower from provincial areas. The team plans to offer consulting services tailored to meet exporting capacities of provincial companies with Korean clientele and export beginners. The team's members will accompany foreign buyers who visit provincial SMEs.

The operation of Mobile KOTRA is designed to exceed the limit of areas without KOTRA branches. Yoon Hyo-chun, chief of the Global SME Support Center at KOTRA, said the Mobile KOTRA team is designed to provide help to provincial SMEs that cannot afford to visit the KOTRA head office in Seoul to receive consulting services. The team will also offer services to the SMEs in the smallest administrative units.

RAMPING UP GLOBAL CAPACITY

KOTRA said on Jan. 10 it has established the Center for Strengthening Support for Global Capacity at the Daejeon Trade Center as part of efforts to step up SME's global capacity.

A KOTRA official said the establishment of the Center for Strengthening Support for

Global Capacity is designed to ease the difficulties SME entrepreneurs experience while attending lecture courses in the Seoul metropolitan area.

The center will offer educational courses on such issues as KOTRA's state information, success stories on overseas market exploration, and overseas marketing activities for start-up companies. The center will be rented free of charge to SMEs seeking to take courses on global marketing activities.

KOTRA President Oh Young-ho said, "We've achieved the feat of surpassing \$1 trillion in trade for the second straight year, but SMEs account for around 30 percent of the total, and it will be difficult for the nation to jump to \$2 trillion in trade unless SMEs' portion increases."

The center has been established to expand educational programs on overseas market entries, now being converged in the Seoul and Gyeonggi-do area, to provincial districts, Oh said.

KOTRA said the center will offer additional specialized programs on starting a business, the understanding of international economies, and expertise on attracting foreign investments. **INW**

KEPCO President Calls for Warding Off Formalism, Ramping Up Communication

Cho, inaugurated in mid-December, attempts to break the mold in operating and managing the nation's biggest utility company



KEPCO President Cho Hwan-eik

“Change” and “communication” were Korea Electric Power Corp. (KEPCO) President Cho Hwan-eik’s business buzzwords in his New Year’s message delivered at the KEPCO head office on Jan. 2.

Cho said, “I’ll strive to reinvent KEPCO’s corporate culture by transforming what is a propensity for formalism and authoritarianism that have pervaded for a long time.” He continued, “While in office about three weeks, I’ve found a deep-rooted presence of formalism and authoritarianism, and I expect executives and staff to work toward a shift in our corporate culture and working atmosphere.” He urged his executives and staff to make their working atmosphere a flexible and freer one, unless working disciplines and guidelines are undermined.

He also stressed the need for strengthening communication with the outside to present the true picture of KEPCO.

Cho enumerated the tasks his executives and staff have to carry out during this year: stabilizing supply and demand, ensuring a stable supply of electricity, and improving of financial conditions such as electricity charge hikes.

When it comes to breaking the mold of operation and management, KEPCO President Cho has shown a tendency to do unlike his predecessors — Kim Joong-kyum and Kim Ssang-su, who had once taken the helm at such large-sized companies as Hyundai E&C and LG Electronics, respectively. The former presidents had a face-to-face confrontation with the government, particularly the Ministry of Knowledge Economy (MKE), over the scope of electricity charge hikes.

Cho, a former KOTRA president, took office as the 19th president of KEPCO on Dec. 17. He was a seasoned government official versed in the trade and industry fields, holding such government positions as the vice minister of the Ministry of Commerce, Industry and Energy, the predecessor of the MKE.

Cho is apparently favoring a more flexible working environment in which his executives and staff are encouraged to make commuting times more flexible and instead focus on enhancing performances. He also took a step to open the elevator currently for the exclusive use of management and VIPs to all staff members.

In an effort to put an end to the vertical communication between KEPCO and its subsidiary power companies, Cho himself asked power company CEOs to not partake in his inauguration ceremony. He also held a meeting with power company CEOs at the Korea East-West Power Co., one of the power companies, departing from the conventional precedent of a call-up at the KEPCO headquarters.

He seems to be soft in appearance, but strong-minded, as the saying “An Iron Hand in a Velvet Glove” goes. Cho persuaded the MKE to give a green light for raising electricity charges by an average of 4.0 percent, effective Jan. 14. It was, in effect, a gift from the ministry, who was strongly opposed to a raise, 23 days after he took the helm at KEPCO.

Meanwhile, Cho said in his inaugural speech, “KEPCO will be committed to preserving its core value of ensuring a stable supply of electricity, and KEPCO will do its utmost to do as much as possible.”

Cho said he believes that more weight should be given to electricity being a public good, but stressed the public interests of public goods would dent the operation of businesses, so there is a need for a balanced management by targeting its public value and also reflecting its corporate aspects.

He said that reform can be made only when an organization accepts it and reinvents itself on its own. Cho said KEPCO is not the target of liquidation, and he will perform his duties with a loving heart toward KEPCO as its CEO. The new president said he will knock down the pending issues one by one after repositioning manpower in proper positions and taking an in-depth look at the reality and the current situation.

Cho stressed the importance of communication, adding that building confidence with the inside and outside of his company is badly needed. He emphasized not only two-way internal communication, but also active communication with the outside — customers, the government, shareholders, and the news media.

He appealed for his executives and staff to regain the pride and luster of KEPCO in the electricity industry after setting “Again KEPCO” as the future course, which he said means going “back to the future” in a sense. **www**

'KPX to Come Out of Crisis Stronger'

Chairman Nam makes a call to his executives and staff in his New Year's message



Korea Power Exchange Chairman Nam Ho-ki gives a speech in a ceremony to mark the start of the 2013 business year on Jan. 2.

Korea Power Exchange Chairman Nam Ho-ki said in his New Year's message, "A respected organization will come out of a crisis stronger. Stressing the importance of integrity once again, any organization who makes efforts and preparations will never sink. Let's overcome the upcoming crisis over electricity supply and raise KPX's standing and identity."

KPX has been overhauling the nation's power grid system as part of its efforts to regain public confidence in the wake of the Sept. 15, 2011 rolling blackout and fortified its preparedness to cope with stringent situations, said the chairman, adding that crises and difficulties make KPX stronger in the end.

Last December saw the lowest temperatures in 56 years, and a frigid winter continues, the chairman said. He added that as it comes to the operation of the power grid, by the end of this year, when power reserves have been secured, KPX will have the capability and expertise to weather any crisis.

KPX set last year's vision as "The Electricity Business Platform, Trusted by People," and the 2013 goal is a focus on electricity businesses.

KPX has more expertise in the operation of the power grid and market perspectives than any others, said Nam, adding that KPX will build a foundation to provide national support to emerging countries in Africa and Asia, which earnestly want KPX's assistance.

Nam said KPX will strive to make the nation a powerhouse with expertise in carbon credits in connection with Korea's hosting of the Global Climate Fund Secretariat, and that the employment of IT in the power prediction field would lead to excellent business models contributing to reducing energy costs.

ELECTRICITY EMERGENCY DRILL

"An advisory from the National Emergency Management Agency Central Civil Defense Warning Command: We're issuing a warning against a possible power cut as power reserve levels have dropped below 2 million kW as of 10 a.m."

The nation conducted a 20 minute-long drill against an electricity emergency situation on Jan. 10, the second time since June when a similar drill was carried out.

The drill was performed under a simulation supposing electricity reserve levels dropped below 2 million kW, one stage shy of the worst level. As a warning siren sounded at just 10 a.m., people in houses, commercial buildings, offices, and factories participated in a power conservation drive on a voluntary basis without being evacuated to shelters.

The drill did not involve residents' evacuation or traffic controls so as not to cause inconveniences to people. KTX, subways, flights, and ships operated as usual, and hospitals also offered regular treatment.

In particular, the drill focused on reviewing public organizations' emergency response system, introduced under measures to ensure a stable supply of electricity during winter.

Earlier, the nation entered another round of its electricity conservation drive during the period between September and November. The public energy conservation campaign had paid off, tiding over a power shortage crisis during the summer season, but the nation is still



KPX Chairman Nam examines the movement of electricity reserves as the nation is put on an emergency footing in a simulated electricity emergency drill.

on an emergency footing against a power outage as base load power facilities are now undergoing preventive maintenance, causing uneasiness about power supply.

The Ministry of Knowledge Economy declared the September-November period as the "4th Public Power Plant Construction Week," a concept under which electricity conservation has the effect of constructing power plants, on the occasion of the first anniversary of the Sept. 15, 2011 rolling blackout incident, and announced a four-point action plan, dubbed "Goodness! Let's go for it!" for autumn.

The "4th Public Power Plant Construction Week" is designed to not only take a look at the occurrence of the rolling blackout incident, but also to make the public energy conservation campaign part of the general public's daily life. In this regard, the four action tasks, considered to make it easy for the general public to engage in conserving energy, will be carried out until the end of November. **nw**

MKE Attaches Top Priority on Ensuring Nuclear Power Safety

Ministry plans to launch public discussion on the thorny issue of spent nuclear fuel depository

“Korea aims to develop safety-oriented nuclear power plants proved to be the safest in the world by 2030,” said Choi Tae-hyun, director general for the Nuclear Power Industry at the Ministry of Knowledge Economy (MKE). The Nu-Tech 2030 Project calls for enhancing safety technologies of nuclear plants that can endure any nuclear disasters beyond expectations, reflecting on the lessons learned from the Fukushima nuclear accident.

In an interview with NewsWorld, he said, “We’re also seeking to develop technologies related to the industrializing of the decommission of worn-out nuclear power units to brace for ways of handling aged nuclear power plants.” The following are excerpts of the interview with Dir. Gen. Choi in which he spoke of policies to nurture the nuclear power industry into an export industry and pending issues such as the construction of a spent nuclear fuel depository.

Question: Will you tell our readers about the ripple effects of the Nu-Tech 2012 Project?

Answer: The Nu-Tech 2012 Project is the revised version of the Nu-Tech 2015 Project, which was shortened by three years in 2009 to the period between 2009 and 2012 to advance the development of core and original technologies of nuclear power plants in order to explore overseas markets.

The project calls for the homegrown development of the Man Machine Interface System (MMIS), Reactor Coolant Pumps (RCP), and Core Cord for the Design of Nuclear Power Plants, which had been supplanted with imports from foreign countries, as well as Advanced power Reactor+

(APR+), the upgraded version of the homegrown nuclear power plant APR1400, which is the same kind of nuclear power unit being built in the United Arab Emirates. APR+ is a 1,500MW-class nuclear reactor, outfitted with the Passive Auxiliary Feedwater System (PAFS), which is designed to ensure safety for at least three days in the case of power loss, which is what happened at the Fukushima nuclear power plant.

The government and the Korean nuclear power industry shouldered a combined 320 billion won for the project, and Korea Hydro & Nuclear Power Co., Korea Atomic Energy Research Institute (KAERI), KEPCO E&C, and other public enterprises as well as Doosan Heavy Industries & Construction and various SMEs were involved in the project.

With the successful completion of the project, Korea now stands as a self-sufficient nuclear power country, and it takes on significance as the nation can now export nuclear power plant technology on its own without the help of foreign firms.

The homegrown technologies are to be applied to new nuclear power units to be built in Korea on a gradual basis after going through a stage of commercialization. They will have an effect of substituting more than 500 billion won worth of foreign technology imports, equal to the cost of constructing two new nuclear power units. In a word, it means that the money, which was given to foreign companies before the localization of the core technologies, has now changed into Korean companies’ profits.

Q: Will you introduce us to the Nu-Tech 2030 Project?

A: Nu-Tech 2030 is a follow-up to Nu-Tech 2012, which is a roadmap for the devel-

opment of challenging nuclear technology that can compete with advanced countries by raising the nation’s technology to world-class levels by 2030.

In particular, as public misgivings over the safety of nuclear power units have mounted in the wake of the Fukushima nuclear accident, steps need to be taken to dramatically improve safety. Safety of nuclear power units is predicted to loom large in term of competitiveness rather than their economical features.

In order to obtain the goals of the Nu-Tech 2030 Project, Korea aims to develop safety-oriented nuclear power plants proved to be the safest in the world by 2030. The project calls for enhancing safety technologies of nuclear plants that can endure any nuclear disasters beyond our expectations, reflecting on the lessons learned from the Fukushima nuclear accident.

We’re also seeking to develop technologies related to the decommissioning of worn out nuclear power units to brace for ways of handling aged nuclear power plants.

Q: Will you elaborate on the significance of the safety of nuclear power units in operation in Korea and the direction of future nuclear power policies?

A: The Korean and global nuclear power industries are undergoing upheavals as concerns are mounting over the safety of nuclear power in the wake of the Fukushima nuclear accident. Countries are scurrying to ensure the safety of their nuclear power plants, so the reality is that each country is taking a different attitude depending on its energy, resources, and industrial infrastructure conditions.

For Korea, atomic power is the realistically inevitable alternative, given the nation’s



Choi Tae-hyun, director general for the Nuclear Power Industry at the Ministry of Knowledge Economy

energy/resources supply conditions, coping with crude oil price hikes and climate change and the stabilizing of electricity supply amidst a rising demand. But in consideration of the recent internal and external environment changes, the 2nd National Energy Master Plan, to be announced during this year, will likely determine the optimal portion of nuclear power generation corresponding to the nation's energy environment and the degree of public acceptance.

Top policy priority will be attached to ensuring the safety of nuclear power in the wake of the Fukushima nuclear accident, however. Currently, we have implemented additional measures to improve equipment enough to ensure safety despite unexpected natural disasters to follow up on the latest nuclear accident. We'll devote ourselves to living up to the measures to innovate the Korean nuclear power industry, which was announced of late, to minimize the disruption of operation of nuclear units and prevent wrongdoings and document forgeries involving subcontractors similar to the latest revelations.

The foremost thing in implementing nuclear power policies is to gain confidence. I consider that we should make a back-to-basics approach, albeit difficult, to solve

these issues. We'll redouble efforts to ease public misgivings over nuclear power and enhance confidence by ramping up communications and holding frequent meetings with people.

Q: Will you touch on the current status and plans of the nuclear power units being built in the UAE, the first exportation of Korea's homegrown nuclear power technology?

A: The UAE nuclear power project calls for the construction of four 1,400MW-class nuclear power units by 2020, Korea's biggest overseas plant export to date. The overall rate of the project's progress stood at about 15 percent as of the end of last year, going seamlessly ahead of schedule.

The project obtained a green light on the construction of the nuclear power units from the Federal Agency for Nuclear Regulation in the UAE and a ground-breaking ceremony took place at the construction site last November with Korean President Lee Myung-bak and Crown Prince of Abu Dhabi Mohammed bin Zayed bin Sultan Al Nahyan on hand. A reactor is to be installed in Unit 1 next July, with dedication scheduled for 2017.

Following the completion of the project, Korean companies will likely partake in the operation of the units and maintenance, creating quality jobs for about 1,000 people.

Q: Will you specify strategies to nurture the nuclear power industry into an export industry?

A: Nuclear power is a state-of-the-art technology field currently limited to six exporting countries — the United States, France, Canada, Russia, Japan, and Korea. It has enormous spill-over effects, so major nuclear powerhouses rally behind their bid to export nuclear power technology through political, economic, and diplomatic channels.

In this vein, the Korean government is making concerted efforts to export Korea's own nuclear power technology to such countries as Finland, Vietnam, and Turkey. Korea is ramping up its negotiating power by holding ranking officials' meetings and dispatching sales diplomacy teams while offering support for building nuclear power infrastructure such as safety regulatory regime and manpower development to Saudi

Arabia, Egypt, and others seeking to introduce nuclear power plants in a run up to international biddings.

The nation continues to localize core nuclear power technologies to cope with demand for technology transfer and push ahead with a project to develop manpower specializing in the construction and operation of nuclear power units.

Q: Will you speak about the current status and steps to treat and manage radwaste?

A: Radwaste is divided into low- and intermediate-level radioactive waste and spent nuclear fuel.

The long-standing task of securing the site of a facility designed to dispose of low- and intermediate-level radwaste in Gyeongju has already been done. Construction of an underground facility capable of storing 100,000 drums of radwaste is underway. The work is 94 percent done and the facility is to be completed by June 2014.

There is the pending issue of securing a permanent depository for treating spent nuclear fuel, which has become a globally thorny issue of social conflicts, however. We'll concentrate on gaining public acceptance over the issue through collecting people's opinions.

In Korea, Ulchin, Wolsung, Kori, and Yongkwang nuclear power complexes have temporarily stored a combined 373,000 bundles of spent nuclear fuel at their sites as of last September. The disruption of nuclear power units is feared as the temporary storage facilities are expected to reach a stage of saturation starting in 2016. Steps to manage spent nuclear fuel, including the arrangement of interim storage facilities, need to be taken urgently.

The government plans to establish a civic advisory committee designed to study and discuss ways of managing spent nuclear fuel from various perspectives in the first half of this year, in order to collect views from several walks of life and explore short- and mid-term alternative options, including steps to secure interim storage facilities. The government plans to establish a master plan for managing radwaste, reflecting on recommendations to be made by the civic advisory committee and to flesh out ideas on securing a site for a spent nuclear fuel depository in accordance with the master plan. **nw**

Soul Searching in Nuclear Power Industry

MKE Minister Hong calls for “reinvention” at the Nuclear Power Safety and Promotion Day anniversary event



Notables, including Minister of Knowledge Economy Hong Suk-woo and Vice Minister of Education, Science and Technology Cho Yul-nae, attend a ceremony to mark the 3rd Nuclear Power Safety and Promotion Day in Seoul on Dec. 27.

About 400 people from the government, nuclear industry, research, and other circles were on hand at a ceremony to celebrate the 3rd Nuclear Power Safety and Promotion Day at the Korea Electric Power Corp. (KEPCO) headquarters in Seoul on Dec. 27. The anniversary event, supposed to be a festive occasion, became a time of soul-searching on the part of those in the nuclear industry.

Minister of Knowledge Economy (MKE) Hong Suk-woo delivered a speech in which he urged those in the nuclear industry to reinvent themselves to the extent that the general public feels at home with nuclear power in terms of safety. Hong said, “The nuclear power industry should connect with people beyond simply winning the sympathy of the public.” The minister said this occasion should be a time for those in the nuclear industry to reflect on past mistakes and faults and pledge to innovate.

Representatives from industry, academia, and research circles read a document of determination to conduct soul-searching over mistakes and faults and make a new start with a mindset of innovation. Of late, the nuclear power industry has been rocked by frequent stoppages at nuclear power plants and the forging of quality guarantee certificates.

Nuclear Power Safety and Promotion Day was observed as an offi-

cial commemoration day on Dec. 27, 2010 in celebration of the nation's landing a deal to export nuclear power units to the United Arab Emirates on Dec. 27, 2009.

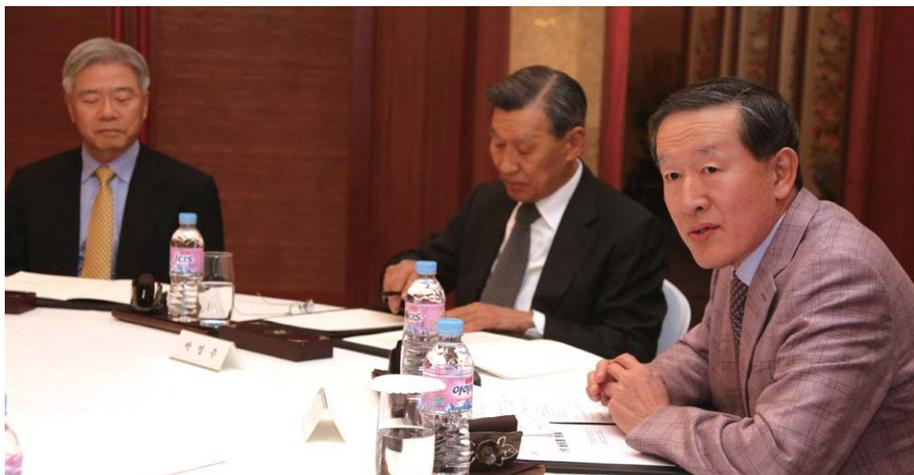
Among those on hand at the ceremony were MKE Minister Hong, Vice Minister of Education, Science and Technology Cho Yul-nae and the CEOs of power companies, including KEPCO, as well as related firms including Doosan Heavy Industries and Construction Co.

The anniversary event also coincided with a session for presenting Nu-Tech 2012 and the draft of Nu-Tech 2030. The successful implementation of Nu-Tech 2012 has led to the development of homegrown nuclear technologies, including the Maintenance Management Information System (MMIS), Reactor Coolant Pumps (RCP), and Core Cord for the Design of Nuclear Power Plants, which have been supplanted by imports from foreign countries, as well as the APR+, the upgraded version of the homegrown standard nuclear power plant, achieving technological self-sufficiency in the nuclear power industry.

Nu-Tech 2030 calls for upgrading the safety of nuclear power plants and strengthening the Korean nuclear power industry's competitive edge, designed to follow up on the demands mounting in the post-Nu-Tech 2012 era. [nww](#)

FKI to Hike Investments to Get Economy Moving

The business organization will invest more to help get the economy back on track and create jobs by aiding industries in distress



Chairman Huh Chang-soo of the Federation of Korean Industries (FKI) presides over the economic organization's first meeting in the new year at Lotte Hotel in Seoul, on Jan. 10.

Chairman Huh Chang-soo of the Federation of Korean Industries (FKI), at the business organization's first regular meeting of the year held at the Lotte Hotel in downtown Seoul on Jan. 10, said shipbuilding, steel and construction have been struggling with a downturn and need the help of the business community to maintain their current employment levels.

The powerful business organization's chairman said investments are needed as business trends grow worse, which will also spur the resurgence of the economy and create jobs while new growth engines may be discovered in the process.

Huh added that investments should be made in the industries whose potential to create jobs is high and a study will follow to determine the priority industries for investments in cooperation with the government.

He also said it is pertinent to assess the measures needed to help the industries hit hardest by the economic downturn, such as shipbuilding, steel and construction, to keep their workers intact with the support of the

government.

FKI officials said the government can help those industries in distress by providing policy loans and tax breaks and other means so the companies can do their best to fight off the downturn and keep their employees.

They recalled that President-elect Park Geun-hye, at a meeting with top executives of FKI member firms, said the incoming government will also extend its hand to large firms in economic distress, not just SMEs.

The Chairman's Group of the FKI has agreed to create a business management charter for self-regulation of cooperative firms, consumers, and workers in jointly promoting economic democratization. Sources close to the FKI cited the Japanese example of Keidanren's business management charter for the self-regulation of ethical business management in principle and the FKI is engaged in drawing up an outline of a similar charter.

The FKI has also decided to reform and expand the Ethics Management Committee and operate an ethics management academy

for officials of cooperative firms of FKI members.

The FKI has also decided to increase the support funds to SMEs above last year's 1.8 trillion won by expanding support in such areas as the stabilization of SMEs' operations, R&D activities for the development of technology to enhance their competitiveness, the purchase of raw material, the issuance of credit guarantees, and support for them to take out loans. The FKI will also seek realistic measures to boost the economy of poor people, including alley stores.

"Enterprises will make all-out efforts to meet the people's expectations. If there were somewhat wrong practices, we will bravely and drastically improve them," the FKI chairman said in his New Year's message. "And we will pay more attention to fulfilling corporate social responsibility for the alienated social stratum, shared growth with subcontractors, and transparent management coinciding with global standards. Ultimately, we will try to win back the love and confidence of the people.

"There are no signs of a quick recovery this year. Protectionism in major export markets is getting much stronger than ever before. The conflicts with neighboring countries triggered by North Korea's nuclear program are escalating into a serious problem, putting Northeast Asia on shaky ground. It is high time we were armed with a resolute will to survive the crisis and turn it into a great opportunity," the chairman urged.

"The business community will take the initiative in tiding over the economic crisis and do its level best. Based on entrepreneurship, we will go all-out to expand investment and create jobs. We will also strive to secure a new global market by aggressively investing in the next-generation growth engines," Huh said. www.nv7

Samsung Group Making a Fresh Start, Not Resting on Its Laurels

Chairman Lee calls for exploration of new growth engines



Samsung Group Chairman Lee Kun-hee, Samsung Electronics Vice Chairman Lee Jae-yong, and Samsung Group Vice Chairman Choi Ji-sung in charge of future strategy join other group executives at the business group's New Year's meeting at the Shilla Hotel in Seoul on Jan. 2.

Samsung Group Chairman Lee Kun-hee, in his New Year's message, stressed ways of exploring new growth engines by renewing a challenging spirit to overcome the uncertainties that loom large in the years to come.

Lee attended the business group's New Year's meeting at Hotel Shilla in Seoul on Jan. 2 for the third straight year. Among those on hand at the ceremony were Chairman Lee's offspring, including Samsung Electronics Vice Chairman Lee Jae-yong, Shilla Hotel President Lee Bu-jin, and Jeil Industries Vice President Lee Suh-yun.

"We should make a new start without resting on our laurels. We're entrusted with a mission of exploring paths for new growth by challenging repeatedly." In his video message aired during the ceremony, Chairman Lee called for exploring new businesses to be responsible for the future of the business group.

"In difficult times, differences in competitiveness loom large," said Lee, stressing the fact that they will result in the survival of the strongest.

In particular, he said, companies around the world are engaging in a cut-throat fight on all fronts, from securing manpower and technology development to patent disputes, going beyond a competition on the basis of quality. And last year, he said, saw Samsung reap the biggest achievements, which led to a patent dispute with Apple as the iPhone maker attempted to constrain the Korean electronics maker.

The chairman reconfirmed the group's management tenet of pursuing the best, saying that the future of the business group hinges on how many global No. 1 products and services Samsung has in the years to come.

Responding to the public pledges of the President-elect Park Geun-hye government, Lee revealed his determination to join the public call for making aggressive investments and creating jobs. This move may be construed as the Samsung Group's proactive response to President-elect Park's policy on economic democratization. Lee said the more the national economy suffers, the more companies should shoulder social responsibility in order to buttress the economy.

The year 2013 marks the 20th anniversary of Lee's declaring the group's new management tenets, which have become a driving force behind what the business group now stands for under the global spotlight.

SAMSUNG ELECTRONICS' SALES RECORD - Samsung Electronics announced it chalked up more than 200 trillion won in annual sales during last year.

Amidst the global recession, Samsung Electronics became the first Korean company to break the 200 trillion won mark (\$188 billion) in annual sales.

A regulatory filing of 2012 preliminary estimates made on Jan. 8 showed that Samsung Electronics posted 201.05 trillion won in sales and 29 trillion won in operating profits. The sales represented a surge of 21.8 percent from 2011's 165 trillion won, while operating profits also jumped 78.4 percent from 2011's 16.25 trillion won, which was a record at that time.

Samsung Electronics' continued setting of new records was owed to brisk sales of Galaxy S3 and Note 2 mobile devices in the global market, company officials said. [nvw](#)

Samsung Recognized for Sustainability Leadership at 2013 Int'l CES

The first to achieve Gold Level UL Environment certification for TVs and winning four 2013 Eco-Design Awards demonstrate Samsung's commitment to advancing technology that promote sustainability



Samsung Electronics Co. Ltd., a global leader in consumer electronics, highlighted its leadership in creating innovative, eco-conscious technology at the 2013 International Consumer Electronics Show (CES) in Las Vegas on Jan. 10. In addition to being the Exclusive Green Sponsor of this year's CES, the company demonstrated its wide variety of beautiful products with eco-conscious features at the Eco Zone of the Samsung booth (#12004) in Central Hall of the Las Vegas Convention Center.

Three of the four Samsung 2013 Eco-Design Award-winners the Series 9 Premium Ultrabook, the CLP-365W Laser Color Printer, and the Green DDR3 were on display at the Eco Zone.

► Samsung's Series 9 Premium Ultrabook is designed to meet strict performance and environmental criteria with extremely low energy consumption both in idle and standby modes, which leads to a reduction in environmental impact. The Series 9 is also free of polyvinyl chloride (PVC) and brominated flame retardants (BFR). Samsung also developed a longer-lasting battery specifically for the Series 9 which delivers up to 10 hours of power on a single charge and an optimized Smart Step Charging Algorithm that improves the multi-way charger by control

charging conditions depending on voltage and current. Samsung's unique suite of software allows people to choose between Power-saving and Eco-modes. The Series 9 has been certified worldwide with energy certifications such as ENERGY STAR v5.2, EPEAT Gold rating, and TCO notebooks 3.1.

► Samsung's CLP-365W Laser Color Printer offers a number of environmentally friendly features such as the "One-Touch Eco Button" and the "Easy Eco Driver" which are designed to save power, paper and toner. As part of Samsung's commitment to the environment, all of the latest color models have earned the ENERGY STAR-certification and all toner is eligible for Samsung's S.T.A.R. Program, a free service that recycles empty cartridges into usable component materials.

► Samsung's Green DDR3 is a highly advanced memory module designed for server systems used to support the infrastructure of a wide variety of server applications. It delivers the highest memory performance available today for servers (1333 Mbps) and at its highest density enables extremely high capacity (3TB max) memory configurations for four-way server systems. Operating with a voltage of 1.35V, according to Samsung tests it provides an average 70% power savings (per unit density) over a 50nm class equivalent, 1.5V DDR3-based RDIMM.

"Samsung's Eco Zone Display at CES exemplified our continued commitment to the environment and the long-term life expectancy and durability of our products that make our technology truly sustainable,"



Curved OLED TV, unveiled by Samsung Electronics at 2013 Int'l CES.

said David Steel, Executive Vice President of Strategy for Samsung Electronics North America. "We look forward to creating new technology that will provide people with the next generation of eco-friendly features they never dreamed was possible."

The other 2013 Eco-Design Award-winner, Samsung's new LED Smart Bulb, was unveiled at the Official Press Event of the International CES on Jan. 6 and will be featured at the Innovations Design and Engineering Awards Showcase in The Venetian.

► Samsung's LED Smart Bulb uses less energy and lasts longer than incandescent bulbs. The 13.6W bulb casts a pleasant warm white glow that matches the brightness of a 50W incandescent bulb which is sufficient for the most common areas of the home. It is also flicker-free, and unlike CFLs, reaches full illumination immediately. This state-of-the-art product is also integrated with a wireless communication protocol, which allows people to easily control the lighting by using their smartphone to change the ambience of a space - even from the comfort of their sofa. www.samsung.com

Hyundai Motor Group Aims at Selling 7.41 Mln Units in 2013, Up 4%

Chairman Chung unveils this year's four major tasks



Hyundai Motor Group Chairman Chung Mong-koo attends a ceremony to celebrate the start of the 2013 business year at the group headquarters in Seoul on Jan. 2.

Hyundai Motor Group Chairman & CEO Chung Mong-koo unveiled the group's 2013 sales target of 7.41 million units, a 4.07 percent rise over the previous year.

Delivering his New Year's message at a ceremony to celebrate the start of the 2013 business year at the group headquarters in Yangjae-dong, southeastern Seoul, on Jan. 2, Chairman Chung said, "In 2013, market situations are expected to be very tough due to the ongoing European financial crisis and global economic downturn, and we need to strengthen fundamentals through qualitative growth and focus on securing competitiveness for the future to overcome such difficulties."

"To achieve this year's goal," he said, "we will strive for brand innovation based on quality. Quality has been our first priority for

our customers and we will continuously aim for the best quality and deliver customer satisfaction at every touch point."

Chung announced a plan to complete a third blast furnace for building an integrated steel mill with a combined annual production capacity of 12 million metric tons.

Hyundai Motor Group set four major tasks: implementing an innovative quality management system for imbuing a sense of pride with the brand; expanding investments and jobs for securing future growth potential; achieving a sales target of 7.41 million car units; and translating exemplary corporate practices into contributions to national economic and social development.

He praised the group's staff's efforts to sustain growth and development despite the uncertainties in the external and internal business environment.

Hyundai Motor and Kia Motors have established a more solid global production network with 30 plants in nine countries by completing a third plant in Beijing and a plant in Brazil during 2012. The automaker group has solidified its standing as a global automaker by producing and selling 7.12 million units in 2012, an 8 percent increase from the previous year.

Hyundai Steel has contributed to enhancing the quality of vehicles by developing and providing high quality steel for cars. With the completion of a third furnace, which is now under construction, Hyundai Steel can provide up to 12 million tons annually from this year, he said.

Hyundai E&C achieved cumulative overseas sales of \$90 billion for the first time among Korean construction companies.

Chung said, "The effects of the euro zone debt crisis and the global economic recession will likely adversely affect overseas and domestic business conditions during this year, and we have to strengthen our foundation through qualitative growth and secure

future competitiveness to overcome hardships." He also announced a plan to make more investments to secure future growth momentum and create jobs.

The automaker group plans to increase R&D investments in the eco-friendly cars and electronic control systems segments and to accelerate its bid to secure technological competitiveness by nurturing gifted manpower.

The chairman said his motor group should more proactively respond to changes in the market through close cooperation within its global network. "We should reinforce not only cooperation between production and sales parts, but also communication and cooperation with our partners including parts makers and dealers," he said.

HYUNDAI MOTOR GROUP'S RESHUFFLE

Hyundai Motor Group's recent reshuffle has been summed up as coping with a crisis, compensating for outcomes, quality management, and maximizing sales capability.

Kia Motors design chief Peter Schreyer and Hyundai Glovis Vice President Kim Kyung-bae have both been promoted to president, a move indicative of promotion based on performance. Schreyer, the chief designer for Kia Motor who previously worked for Audi and Volkswagen, has been credited with building a solid design management foundation. The first non-Korean president of a Hyundai Motor Group company, he is reputed for reinventing Kia's design style in a successful fashion. He is also in charge of Hyundai Motor's design.

Hyundai Glovis' Kim has been recognized for his contribution to achieving a feat of going beyond goals. Hyundai Glovis posted 11 trillion won in sales in 2012, a sharp rise over the 9.5 trillion won in 2011. The two are among 379 who were promoted in the recent annual personnel change. [nwt](#)

LG Group to Invest Record High 20 Tln Won in 2013

Chairman Koo calls for making LG a global market leader by translating plans into action



LG Group Chairman Koo Bon-moo speaks at a ceremony to mark the start of the new business year at the Twin Towers in Yeouido, Seoul, on Jan. 2.

LG Business Group announced a plan on Jan. 6 to invest 20 trillion won in 2013, its highest one-year investment ever, a 19.1 percent surge or 3.2 trillion won higher than the 16.8 trillion won in 2012.

By segment, the total breaks down to 13.4 trillion won in the electronics sector, 3.5 trillion won in the chemical sector, and 3.1 trillion won in the telecommunication service field.

LG said it will set aside 2 trillion won for building organic light-emitting diode (OLED) panel and mobile high-definition liquid crystal display (LCD) panel production lines. The plan is designed to reflect Group Chairman Koo Bon-moo's call for the group to take

the lead in the global OLED and other next-generation panel markets.

In the chemical field for LG Chem and LG Life Sciences, the focus will be on investing in the production of multi-functional petrochemical products and expanding LCD glass plate, biosimilar, and EV battery plants.

Facility investments in 2013 amount to 14 trillion won, up 18.6 percent or 2.2 trillion won over 2012. R&D outlays will top 6 trillion won, up 20 percent or 1 trillion won over the previous year. The business group decided to hire 15,000 new employees in 2013, a similar level to 2012.

Earlier, LG Group Chairman Koo urged his group executives and staff members to spearhead the global market and put plans into action at a ceremony to mark the start of the new business year at the Twin Towers in Yeouido, Seoul, on Jan. 2. Koo said at the gathering of about 400 group officials, "The stark reality is that companies that are not leaders cannot expect to sustain growth or make profits, so let's make a fresh start in the new year

with a sense of firm determination to make LG a market leader."

LG Electronics Vice Chairman Koo Bon-joon, in his strong-worded speech, urged his company officials to spearhead the global market by offering products and services differentiating itself from others in a way that customers' hearts and minds can be moved. "Let's make the year 2013 a year for taking the lead in the market and creating achievements," he said. Specifically speaking, Koo proposed four strategies: securing leadership with products differentiating itself from others; moving toward the optimal environment for creating value for customers; settling down the so-called LG Business Way; and faithfully sticking to the basics.

THE WORLD'S FIRST 55-INCH OLED TV

LG Electronics announced the release of the world's first 55-inch OLED TV at daybreak on Jan. 2 shortly after the New Year holiday, stunning the world. The announcement came the way the hero of the movie "007" series did — a blitzkrieg operation in a clandestine manner. The launch of the next-generation OLED TV, originally scheduled for last year, had been delayed due to a technology glitch, but it came earlier than expected. Only a group of officials in a few related business lines knew the process of the new technology so as not to lose its hegemony in the race for the production of the new TV sets to others.

LG Vice Chairman Koo, in a meeting with reporters following his group's New Year meeting, confirmed his company's confidence in the success of the new TV, saying, "How could we dare release it on the market unless we have confidence in succeeding in the market?"

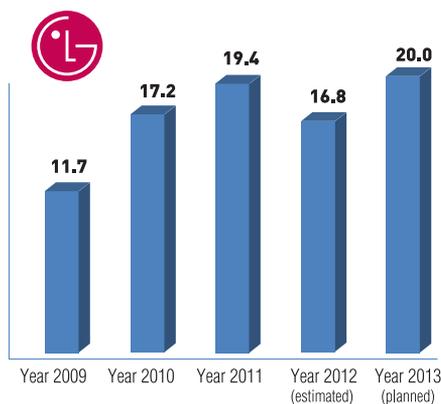
LG's release of the OLED TV may be construed as LG Group's move to launch a more aggressive offensive to take a commanding lead in the newly emerging global markets, industry analysts agree.

Model 55EM9700, which is 4 millimeters thick — thinner than a smartphone — and weighs about 10 kg, is priced at 11 million won. With anti-reflection technology, the contrast stays consistent regardless of the viewing angle or lighting. In contrast to traditional RGB TVs that use red, green and blue in the pixels, LG's new TV additionally includes white in its sub-pixels for better expression of colors, which it calls WRGB.

With the release of the OLED TV, LG Electronics is outpacing Samsung Electronics in the race in the emerging global OLED TV market. **nw**

LG Group's Investment Plan in 2013

(unit:tln won)



Sources: LG Group

SK Sets Its Sights on 300 Tln Won Market Cap, Global Reach

Each of the Group's subsidiary's management makes its own decision and takes responsibility for outcomes



SK SUPEX Committee Chairman Kim Chang-geun gives a speech at a New Year's gathering at the Walker Hill Hotel in Seoul on Jan. 2 at which executives and staff from SK Group subsidiaries were on hand.

SK SUPEX Committee Chairman Kim Chang-geun said in his New Year's message on Jan. 2, "The Year 2013 marks the 60th anniversary and the first year of implementing the new operating system, Independent Yet United 3.0." The new regime calls for realizing a target of 300 trillion won in corporate value and the group's determination to continuously create greater happiness for all its stakeholders, Kim added.

Late last year, Kim, then vice chairman of SK Chemical, took office as the chairman of

the SK SUPEX Committee, the group's highest decision-making body, replacing Group Chairman Chey Tae-won. His promotion to chairman of the committee is significant since SK Networks, the successor of Sunkyung Textile Co., marks the 60th anniversary of its founding this year.

SK Group set a mid- and long-term target of attaining 300 trillion won in capitalization, a far cry from the current 68.5 trillion won.

SUPEX Committee Chairman Kim said, "Autonomous, responsible, innovative management, based on the Independent Yet United 3.0 regime, is designed to create greater happiness despite the difficult management environment." He added, "The premise is that we have to explore new growth engines in the global market and we must carry out the task of maximizing corporate value through the creation of sustainable management outcomes."

In particular, he stressed independent management on the part of each subsidiary to make the new operating system successful. Each company should improve management outcomes, such as sales and profits, and evolve such things as human development that will ultimately lead to the development of management capabilities and of cor-

porate value, he said.

Emphasizing the importance of group staff members' unity, he said they will be able to translate many more tasks into solutions toward development paths if they join forces in inheriting SK Group's corporate culture — SKMS and SUPEX — and put them into action.

Unlike in previous years, Group Chairman Chey did not attend the New Year's gathering, which attracted some 500 SK Group CEOs and staff, but instead he sent his New Year's video message from Beijing, stressing the significance of global growth through innovation under the new operating system. The New Year's meeting was televised live via a companywide broadcasting system to all 70,000 SK executives and staff members.

TRANSMITTING HOLDING CO.'S GROUP MANAGEMENT TO COMMITTEES AND BOARD OF DIRECTORS

SK Group held the second CEO seminar at the Acadia Training Center in Gwangjang-dong, Seoul, attended by CEOs of major affiliates and outside directors on Nov. 18, 2012. At the seminar, they decided to enforce the new operation system, Independent Yet United 3.0, after confirming internal implementation measures. **nw**



CEOs and other executives of SK Group subsidiaries pose for a group photo session at a New Year's gathering at the Walker Hill Hotel in Seoul on Jan. 2.

Chmn. Hur of GS Caltex Transfers CEO duty to Vice Chmn. Huh

In a huge personnel shake-up at GS Group, Hur named board chairman of both GS Caltex and GS Energy



Vice Chairman Huh Jin-soo of GS Caltex who was made the CEO of the oil refinery in Yeosu, South Jeolla Province on Dec. 4, last year.

GS Group, in a huge personnel shake-up on Dec. 4 involving 37 top executives, named Chairman Hur Dong-soo, chairman and CEO of GS Caltex, chairman of the board, relegating the CEO job to his cousin Huh Jin-soo, vice chairman of GS Caltex currently in charge of the marketing headquarters of the oil refinery. Chairman Hur will also oversee GS Energy as board chairman.

The personnel move has been focused on seeking growth under a stable organization, unlike other conglomerates that went through large personnel changes promoting the younger generations of leaders and reorganizing their business structures to be ready for an unfriendly business environment in the new year.

GS Group officials said the group sought stability in its organization while strengthening its management to cope with tough busi-

ness conditions.

Vice Chairman Huh, 60, is considered a seasoned top executive as he has been involved with the oil refinery in a number of key positions since joining the company in 1986, in areas such as the marketing headquarters, the production headquarters, the petrochemical headquarters, and the management support headquarters, one of the very rare CEOs who has had such wide-ranging experiences in charge of GS Caltex's various operations. The new CEO is expected to unfurl a dynamic management plan considering his vast experience with running an oil refinery.

Huh considers communication very important and shares opinions even with the front line staff members to find out what's happening in all corners of the oil refinery. He would sometimes invite staff to a soju dinner for down-to-earth conversations with

them. He is a younger brother of Chairman Huh Chang-soo of the GS Group and a younger cousin of Chairman Hur.

Hur will take care of long-term strategies for oil refining and oil exploration for both GS Caltex and GS Energy. Officials of the group said the group has for the first time separated the chairman of the board and the CEO in an effort at boosting the organization's effectiveness and professionalism.

GS Construction, in the meantime, named President Im Byung-yong, a financial expert, as Chief Financial Officer (CFO), to take charge of tough financial matters in such a difficult time. In light of the importance of the company's finance in the days to come, the CFO's rank has been upgraded to president.

Rumors say that he will be in charge of restructuring if such a need arises, especially since he had worked for LG Restructuring Headquarters before coming to GS Construction.

An outstanding feature of the current personnel move has been that a number of the owner family's third and fourth generation members were promoted to important positions. Huh Yoon-hong, a son of Chairman Huh, has been promoted to standing director of GS Construction, while Chairman Huh's younger cousin, Yon-soo, was promoted to president of GS Retail. Another younger cousin, Yong-soo, was made vice president at GS Energy, while a nephew, Joon-hong, was promoted to director at GS Caltex.

Others involved in the personnel moves were Director Kim Ki-hwan of GS Holding Co., a career M&A expert and the youngest director in the group, and Vice President Hong Soon-ki, in charge of the financial team at GS Holdings; while Yeo Eun-joo, a woman, has been promoted to managing director at GS Holdings in charge of personnel and public relations. [n.w](#)

New LS Group Chmn. Koo Stresses 'Sustainable Growth for a New Leap'

Takes helm at LS Group, replacing John Koo



LS Group Chairman Koo Ja-yeol

Koo Ja-yeol, chairman of the nation's top wire and cable maker, LS Cable, took office as the chairman of LS Group, replacing his cousin John Koo at an inauguration ceremony, which coincided with a New Year's gathering at the LS Tower in Anyang, south of Seoul, on Jan. 2.

Koo said in his inaugural speech, "We've seen world-class juggernauts fall behind suddenly after failing to cope with changes in the business environment, so we'll devote ourselves to making this year the first year for embarking on a leap forward by securing solid capabilities to weather any changes."

He extended thanks to Chairman John Koo for spearheading growth since the group's inauguration and setting a beautiful precedent of rotational chairmanship. He added that now is the time for the group to pursue sustainable growth by building a management and corporate culture commensurate with its stature.

"Let's embark on LS's new era under the catchphrase 'With a Challenging Spirit afresh, Let's Unfold the Future Together.'"

First, Koo called for revamping the group's management in a way to overcome the effects of slow growth. LS Group will pursue sustainable growth so that the foremost competitiveness can be secured in business areas selected through a choice & focus strategy. The group will have to build a sound management foundation based on a low-

cost, high-efficiency production process, while ramping up financial sustainability, the chairman said.

Second, he urged his group's staff to continuously explore new growth engines. The group needs to secure growth momentum that will dominate the future market in all categories, including market, product and service in order to maintain sustainable growth based on a strong competitive edge. Koo said the group has got to make preparations for dominating future markets by exploring new growth engines such as green & solution businesses in the energy field.

Third, he called for strengthening its presence in the global market. It is urgent for each group subsidiary to secure global top-level competitiveness in its core and mainstay businesses. The group should ramp up the conventional businesses' standing while continuously exploring new markets to take the lead in the global market.

Third, he said, LS Group will do its utmost to promote corporate social responsibility (CSR). The bigger companies grow, the more they should shoulder corporate social responsibility. The business group, he said, will carry social, economic and environmental responsibility based on transparent, fair management tenets it has declared as one of the nation's representative companies. CSR is a concept of translating what is dubbed the LS partnership into action with the goal of realizing continuous growth based on LS's management tenet "Together for Greater Value."

An LS Group official said, "Chairman John Koo has built up a foundation for stellar growth for the past 10 years, and Chairman Koo Ja-yeol is expected to spearhead a second take-off for sustainable growth."

The business group will likely maintain stable growth amidst the continuing support in manpower development, corporate culture, and brand value, the official said. [nwi](#)



LS Group Chairman Koo Ja-yeol waves the group's flag at the head office as he took the helm as chairman of the business group, replacing his cousin John Koo.

Lotte Steps on the Gas to Expand Overseas Business

Lotte Chairman-in-Chief Shin calls for bracing for uncertainties with renewed determination



Lotte Group Chairman Shin Dong-bin

Lotte Chairman-in-Chief and CEO Shin Kyuk-ho said in his New Year's message, "Last year was a difficult year with the domestic downturn and global economic uncertainties, and this year we will likely be faced with fiercer competition due to global low-growth trends and prolonged economic recession."

"Lotte Group has so far wisely coped with several crises, but worry is mounting that the coming situation before us will be unprecedented," Shin said. He urged his staff to take a cautious attitude and to have renewed determination to go through the latent risk factors that lurk in every nook and corner.

"Now is the time when we should do soul-searching and reflect on if we are too insensitive and casehardened with repeated crises," Shin said.

First of all, he said, his business group should strengthen their core businesses' competitive edge through solid management. He noted that Lotte should ramp up its strengths and core capability through reorganization and thorough risk and investment management when the reality is that no company's future is guaranteed amidst market uncertainties.

Second, he said, Lotte Group should be committed to successfully joining the ranks of Asia's top 10 companies through continu-

ous expansion and growth of overseas businesses. The group has seen its overseas business, launched six years ago, show a solid growth with sales now amounting to close to 10 trillion won. It is more important to select the proper time to enter markets than to take a caution attitude based on clear-cut survey and analyses to make an overseas business a success, he said.

Third, he said, strengthening Lotte Group's brand power is essential to grow into a world-class company.

Lastly, Shin said, the group will have to spare no efforts in upholding their corporate social responsibility. He called for his group subsidiaries to ramp up their social contribution activities and to meet the mounting public and social call for shared growth with SMEs and district shop proprietors. "When we dispense to local communities the knowhow of what we can do best and pursue shared growth with cooperative partners, Lotte group will likely see its competitiveness and brand value soar as a company trusted by customers," he said.

Chairman-in-Chief Shin started his career in the food industry while studying in Japan during the Japanese occupation period. From then on, he promoted businesses in both Korea and Japan throughout the industries of food, distribution, tourism, service, petrochemicals, construction, production, and finance.

Currently, Lotte Group has grown as a global enterprise that covers China, Vietnam, Russia, Indonesia, and India. Shin is recognized as a businessman who became the foundation for the reconstruction and industrial renaissance of Korea, which was regarded as an industrial wasteland, before and after the Korean War.

LOTTE CHEMICAL, A MERGER OF HONAM PETROCHEMICAL AND KP CHEMICAL

Lotte Group Chairman Shin Dong-bin announced a plan to nurture heavy and petrochemical businesses as the group's growth engines. Group Chairman Shin made the remarks at a ceremony to declare the corporate identity of Lotte Chemical, established by merging Honam Petrochemical and KP Chemical Corp., at the Lotte Hotel in Seoul on Dec. 27.

Shin said, "Lotte Group plans to attach priority to nurturing distribution/service industries and petrochemical sectors as its core businesses with the latter, led by Lotte Chemical." He said Lotte Chemical will be committed to realizing the group's vision of becoming a top 10 company in Asia and one of Asia's most exemplary petrochemical firms.

Honam Petrochemical has changed its name to Lotte Chemical, 34 years after it was acquired as a petrochemical unit of the business group in 1979.

Lotte Chemical President Huh Soo-young said the company will redouble its efforts to go abroad, beyond the saturated domestic market. **INW**



Lotte Chemical President Huh Soo-young waves the flag of Lotte Chemical, established by merging Honam Petrochemical and KP Chemical Corp., as Lotte Group Chairman Shin Dong-bin claps in the background.

POSCO Concludes Deal with ArcelorMittal

Korean steel giant takes over 15 percent stake of iron ore mine in Canada from ArcelorMittal in partnership with China Steel of Taiwan

POSCO opened 2013 by pledging to secure a higher level of competitiveness through value management and innovation management. On Jan. 2, the first working day of this year, POSCO held the POSCO Family year opening ceremony at the Pohang headquarters main auditorium, and shared the 2013 POSCO Family management goals.

Approximately 300 people, including employees of POSCO, investing companies, and external partners, attended the ceremony, which was carried out simultaneously with the Gwangyang Innovation Center via video. This year, overseas subsidiaries including China's Zhangjiagang Pohang Stainless Steel and Indonesia's Krakatau POSCO were connected as well to deliver New Year's greetings from abroad. The opening ceremony was also broadcast live via TV and PCs in the office.

The opening ceremony started with New Year's greetings and messages of encouragement from employees in China and Indonesia, followed by a silent prayer for those who passed away in the line of duty.

In the New Year's speech that followed, CEO Chung Joon-yang emphasized that amidst the world's economic stagnation and difficult steel market conditions, the company needs to focus on client success rather than cost competition, secure market leadership and profitability in a 'value competition,' and overcome the crisis through a higher level of 'innovation management.' Also, to overcome the double crisis of oversupply and a slowdown in demand, the company must capture the hearts of customers and develop unique products that can raise customer value.

CEO Chung also said, "We cannot achieve the '100 year POSCO' vision with defensive and passive crisis management. We must



Chairman Chung Joon-yang of POSCO.

focus on risk management by maintaining organic relations with overseas subsidiaries." CEO Chung requested that all employees propose ways to solve issues and take responsibility, and always have a mind of gratitude and think with the 'heart of an owner,' and through this become a POSCO Family that 'creates answers.'

In the meantime, POSCO in partnership with China Steel of Taiwan bought a 15 percent stake in ArcelorMittal's iron ore mine located in Canada for \$1.1 billion, it was reported on Dec. 31, last year.

Investment banking sources in London said the POSCO consortium signed a SPA in London with officials of the largest steel company in the world. China Steel participated in the deal as a strategic investor in the consortium. POSCO and China Steel intend to invest \$270 million each, totaling \$540 million, and borrow the balance of the \$1.1 billion needed to take over the stake in the Canadian iron ore mine. The National Pension Service and other domestic investors are willing to lend the consortium the \$560 million needed.

The Canadian mine produces 15 million

tons of iron ore a year, roughly 40 percent of the total iron ore produced in Canada, making it the largest iron ore mine in North America with its own wharf and railroad, thus requiring the lowest production cost.

ArcelorMittal, the largest steel maker in the world, has had to sell its assets to cut its \$23.2 billion in debts with the steel market remaining sluggish as the global economy sags. The price of iron ore showed signs of a rebound with POSCO buying the stake in the Canadian iron ore mine, sources said.

The price of iron ore fell to \$90 to \$100 per ton in September 2012 when POSCO began its move to consider the Canadian mine deal, but in recent months the price has risen to around \$140 per ton, up 40 percent.

The National Pension Service will participate in the deal as a financial investor due to its connection with POSCO as a partner in the formation of a private equity fund totaling 500 billion won to finance M&As overseas.

POSCO and China Steel began their close cooperation in overseas operations when POSCO sold 2.5 percent of its 15 percent stake in the Roy Hill Iron Ore Mine in Australia last year. [nww](#)

KT's Call for Strong Entrepreneurship

Increase sales through distribution of virtual goods and solutions in the global markets



KT Chairman Lee Suk-chae delivers a speech at a ceremony to kick off the 2013 business year on Jan. 2.

“**E**ven though its core business, wire/wireless businesses collapsed KT overcame the challenge with passion and sweat of employees without structural adjustment and any change of ownership.”

KT's chairman, Lee, Suk-Chae, stressed KT be armed with strong entrepreneurship in 2013 announcing KT's working principles for the year of 2013 during a kick-off meeting with employees on Jan 2.

“KT has been taking the lead in ICT convergence for the past four years showing the vision for the distribution of solutions in order to prepare for the broadband business on the basis of its wire/wireless networks” said Lee “2013 will the first year for making huge growth making profits on the basis of our broadband infrastructure.”

To achieve these goals, new working principles set for 2013 are as follow -

First, KT will prepare for the future opportunities by generating new values of broadband networks and enhancing its competency in virtual goods and solutions.

Particularly, the company plans to provide more than IT operating services and provide solutions, planning and supervising services, optimization and consulting services which can enrich its service value.

Second, KT plans to extend to non-telecom services including convergence, content, and cloud computing service to increase sales and strengthen its identity as an ICT convergence enterprise. To make synergy effects with non-telecom business sectors making huge growth of 500% in the last four years KT also plans to find quality content through KT Media Hub, which was established at the end of the last year to enrich its expertise, and utilize its global platforms such as Genie, Soompi, and Ustream to take the lead in distributing virtual goods in the global market.

Third, KT plans to build its global competency stronger by changing the way that the employees work based on a BIT (Business & Information System Transformation) project. The company kicked off the BIT project in Nov 2011 to innovate its IT platforms

including those of management information, sales, facilities, and service. This year IT systems of all of the business areas will be innovated and an infrastructure to systematically reduce costs to maintenance separated systems for each area will be also built.

Forth, KT will reform the systems in all directions to reduce VOC (customer complaints) to half. It will enhance customer satisfaction by removing after-service problems causing degradation in profit and customer loyalty.

Fifth, KT will make tangible results from the global market.

The company plans not only endeavor to ensure the competence of KT in the overseas markets but also to promote the export of devices and content.

It also expects to focus on commercialization of know-how of Smart Home and content, and export them overseas. To promote the export of Kibot as an edutainment robot and to promote package products of content catching up with Kpop trends are good examples.

Leading the convergence era along with the growth of itself, KT group also promotes the re-growth of IT industry in Korea. The company plans to create jobs for young people by sustaining its Econovation policy and raising funds of 100 billion won from the content business field, giving opportunities to enter the global market with its global platforms. As a result, KT is expected to continue generating CSV (Creating Shared Value).

“KT Group has done lots of work to change the industrial paradigm by promoting accompanied growth, the software industry, Smart Working systems and by raising content funds” said Lee “In 2013 ensuring to become a role mole in our society we will endeavor to be the tip-topmost company armed with strong entrepreneurship to lead the ICT convergence globally.” [nww](#)

"Doosan Way" to Take Deep Root This Year

Chmn. Park urges every affiliate of the Doosan Group to set up and aggressively push Star Projects this year



Chairman Park Yong-man of Doosan Group.

“We have to be ready for the period following the low-growth period this year, starting now,” said Chairman Park Yong-man of the Doosan Group in his New Year’s address. He pointed out that strengthening basic competitive power and advanced business operations in a scientific way was the answer for the period of challenge that

lies ahead for the group this year and beyond.

He went on to say that they are at the point where they should prepare to jump ahead of others as a top tier conglomerate. Because the group has caught up to the leaders, it should replace old processes and methods that lag behind the times.

In order to do that, the chairman said each affiliate of the group should create “Star Projects” to enhance its competitive power drastically and make maximum efforts to achieve them.

Park also said the best way to hold down expenses and eliminate ineffectiveness is to work in an advanced and scientific way, which is more preferable to being defensive.

“I will try to have our Doosan Way, declared last year, take deep root in the group this year,” the chairman said. “We are becoming a business group made up of strong people with warmth,” he said, adding that everyone should grow as a person through his daily work and in turn let the group grow at the same time.

Doosan is on track to further globalize its operations this year with its high-tech commodities and technologies. Doosan Heavy Industries & Construction, for one, aims at boosting its competitive edge in the areas of technology development, and it plans to hold down costs particularly in the sectors of water treatment, thermal and nuclear power plants, and wind power to secure top-class products in those sectors with strategies to make each of them global leaders ahead of the market recovery.

Last November, the group took over a British water refining company, N-Pure, in a bid to strengthen the competitive power of the group’s water refining facilities operations. Park said he sees the growth trend for the power generation sector to continue this

year and plans to expand the operations particularly in Southeast Asia and emerging nations.

Doosan Infracore, too, will go all-in to generate profits where it can and improve its physical structure to enhance its capacity to make profits particularly in the area of construction machinery aimed at Southeast Asia, Central and South America, and emerging nations.

The company opened product display and logistics centers in Singapore and Brazil at the end of last year, directed at countries in Southeast Asia to cut the expenses for the delivery of its products and services for customers in those regions. The company will set up the display and logistics centers in China and the United Arab Emirates this year to handle its machinery and products.

Doosan Infracore, based on its premier technologies, aims to maximize customer value, deliver excellent quality to the world, and become a global leader.

The company’s goal of reaching the rank of the world’s top three machinery companies means being a company that posts the industry’s top revenues and profits, faithfully performs its corporate social responsibilities, and continues to provide the best value to all those involved, including shareholders.

To achieve this vision, the company is endeavoring to practice the Doosan Way, to establish a powerful corporate culture unifying its multinational employees, and to foster global talent.

Further, in order to supply excellent products that maximize customer value, Doosan Infracore is pushing to further enhance its capabilities to analyze market and customer needs, to develop innovative technologies, to secure fundamental quality competitiveness, and to innovate productivity. [www](#)

Bukpyeong Base-Load Power Plant Construction Kicks Off

Dignitaries including STX Chmn. Kang push buttons to signal start of the construction of the power plant



Chairman Kang Duk-soo of STX Group gives a speech at the groundbreaking ceremony on Dec. 26, last year for the North Bukpyeong Thermal Power Plant in Donghae City, Gangwon Province, the first privately invested power plant in Korea.

STX Group kicked off the construction of the first base-load thermal power plant, the North Bukpyeong Thermal Power Plant in Donghae City in Gangwon Province, on Dec. 26 at a ceremony held at the project site with a number of dignitaries in attendance led by Gov. Choi Moon-soon of Gangwon Province, Rep. Lee Ei-jae, and STX Group Chairman Kang Duk-soo.

The base-load power plant, which uses coal as fuel, is operated 24 hours per day without stopping to supply basic power needs and is being built in a partnership between STX Power and Korea East-West Power Co., with a 51 percent stake and a 49 percent stake, respectively.

Around 70 percent of the cost will be met with project financing. The project involves the construction of two 595 Kw power generators on a 400,000 square meter site in Donghae City.

The first generator is scheduled for completion in February 2016 and the second one in June the same year to supply power to 1.5 million homes along the east coast of Gangwon Province.

Both STX Power and the KEPCO affiliate will take charge of construction, management, operation, and maintenance of the new power plant.

The government has allowed private firms to participate in the construction of power plants since 2010 under the 5th Electricity Supply and Demand Plan, which included the North Bukpyeong Thermal Power Plant.

The projected power plant was designed based on environment-friendly and high fuel efficiency power plant design technology and it will drastically lower the emissions of pollutants such as sulfur and carbon dioxide, officials of the partner companies said. Ash from the burnt coal will be used as raw material for cement, as part of the new power plants efforts to reduce the generation of waste material as well. **INW**



PM Kim Tours Hyundai Steel Dangjin Complex

The prime minister encourages Chmn. Chung to continue to steer the steel complex to help the national economy



Prime Minister Kim Hwang-sik, 3rd R, talks with Chairman Chung Mong-ko of Hyundai Motor Group, 2nd R, during his tour of Hyundai Steel Dangjin Complex in South Chungcheong Province on Jan. 7.

Prime Minister Kim Hwang-sik visited Hyundai Steel's steel complex in Dangjin, South Chungcheong Province, on Jan. 7, the first private business he has visited in the new year, in a move to congratulate the steelmaker's excellent export record last year in excess of 4 million tons for a second consecutive year.

The prime minister was met by Hyundai Motor Group Chairman Chung Mong-ko and Vice Chairman Park Seung-ha, Hyundai Steel President Woo You-chul, and Kia Motors President Lee Sam-woong and toured the steel complex, the first privately owned steel plant in Korea. He was accompanied on his tour by First Vice Minister Yoon Sang-shik of the Ministry of Knowledge Economy and Mayor Lee Chul-hwan of Dangjin City.

Kim looked around a number of major facilities at the complex including an environmentally friendly covered iron ore storage facility and blast furnaces and shook hands with workers at the plant to congratulate them on their hard work.

The prime minister urged them to focus on continuously maintaining the steel plant's

competitive edge in the world.

He also talked about the Korean steel products' viability in the world steel market and strategies to keep chugging ahead of its global rivals, as it has been doing for the past couple of years. Last year, the steelmaker exported 4 million tons of its steel products for a second year in a row, which comes to around one-fourth of the steelmaker's 16.32 million tons sold last year.

Hyundai Steel's sales increased from around 9 million tons in 2009 to 16 million tons last year, up 64 percent, due to the Dangjin Steel Complex going online with two blast furnaces.

The sale of steel board products, with a high value-added portion, rose to over 54 percent of total sales, up from 25 percent in recent years.

Officials of the steelmaker said the prime minister's visit is very significant as it came during a time when exports should be increased to lead the economy out of its current slump, which Hyundai Steel will be able to do when its third blast furnace goes online in September.

The Dangjin Steel Complex occupies 7.4

million square meters of land, 2.5 times the size of Yeouido, Seoul, and was built at a cost of 9.5 trillion won

Hyundai Motor Group Chairman Chung and his son Chung Eui-sun have been expanding their presence in the group's subsidiaries. Chairman Chung is to take on the role of a standing director at Hyundai Engineering & Construction (E&C), which was acquired by the automotive group in March 2011, Hyundai Motor announced Wednesday. Recently, Chung Eui-sun, Hyundai Motor vice chairman and Kia Motors president, was named a standing director of Hyundai Steel.

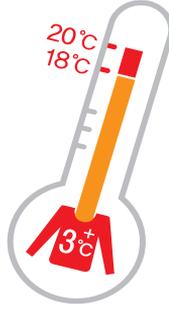


According to Hyundai spokespeople, their direct involvement in the subsidiaries is aimed at enhancing responsible management.

"Construction is one of the three core sectors of our group, along with automobiles and steel," a spokesman said. "Chairman Chung's taking on the standing director's role is designed to carry out responsible management."

The Hyundai chief has already been the standing director of five other units — Hyundai Motor, Hyundai Mobis, Hyundai Steel, Hyundai Powertech, and Hyundai NGV. [www](#)

사랑해 건강온도



건강온도(18~20°C) 지키고, 에너지사랑 나눠요!



국민발전소 건설을 위한 ^{겨울} 아싸! 가자!

절전포털(www.powersave.or.kr)에서 “에너지사랑나누기”에 참여하세요.

- 아**껴서 ‘♥나누자’ 내가 전기를 아끼면 이웃이 따뜻해집니다.
- 사**랑한다 ‘★건강온도’ 실내건강온도 18~20°C로 건강을 지킵시다.
- 가**뿐하다 ‘✳내복스타일’ 내복스타일은 나의 건강온도 지킴이!
- 자**~뺏자 ‘🌀전열기’ 전열기 플러그는 뽑고 무릎담요를 사용합시다.

동절기 절전캠페인 시민단체 협의회



Hanwha L&C President & CEO Kim Chang-bum and his staff show a gesture of love as they participated in a volunteering activity program.

Hanwha L&C Exploring Growth Engines as Global Advanced Materials Supplier

Manufacturer pursues value for humanity and eco-friendliness

Hanwha L&C is one of Hanwha Group's major manufacturing units along with Hanwha Chemical and Hanwha Corp., which focuses on exploring the group's growth engines through continuous innovation and investments.

Breaking the mold with seamless challenging and innovation and shifting its focus from the conventional construction materials businesses, Hanwha L&C is turning to such viable future core businesses as composite materials for making automobiles, electronics materials and photovoltaic power materials lighter under the catchphrase "To Be Reborn as a Company of Advanced Materials Technology for Human and Environmental Values."

Hanwha L&C is devoting itself to aggressively exploring foreign markets via its eight overseas operations in the Americas, Europe, China and other regions to increase its overseas revenues. The company, headquartered in Seoul, has its own exhibition hall in Yeoksam-dong, the Central Research Institute in Daedeok Special Research

Development Zone in Daejeon, three manufacturing plants in Sejong City and Eumseong, Chungcheongbuk-do, and six branches and outlets across the nation.

Hanwha L&C, which entered the light automotive materials market in 1986, takes the lead in the segments of high-intensity, superlight products with a focus on car interior and exterior materials. The company has a variety of lighter automotive materials portfolios, including glass mat reinforced thermoplastics (GMT), low weight reinforced thermoplastics (LWRT) and expanded polypropylene (EPP).

Hanwha L&C, which has built production infrastructure with overseas operations in Alabama, Beijing, Shanghai, and the Czech Republic, is establishing itself as a global light automotive materials supplier to Hyundai Motor and Kia Motors as well as General Motors, Ford, Toyota, and Volkswagen. The company, which has a 70 percent share in the global GMT market, is recognized for its technology and quality. High-intensity bumpers and set back frames

are made with GMT products, greatly contributing to lightening cars.

Furthermore, continuous fiber reinforced thermoplastic is among the newly developed superlight automotive materials, 20 percent lighter than the conventional ones, whose development has been just completed by Hanwha L&C. The company is expanding its high-intensity, superlight automotive materials lines in accordance with an MOU on joint development of carbon fiber composite materials with Toray Industries, signed last March.

Hanwha L&C, which entered the flexible copper clad laminate (FCCL) segment in 2003, has succeeded in localizing FCCL technologies and replacing Japanese imports. The company has now not only secured price competitiveness in the segment, but also has contributed to improving the competitive edge of the Korean electronics industry through joint technology development. FCCL is in wide use as a key material for producing such precision products as smartphones, tablet PCs, automotive appli-



Hanwha L&C President Kim Chang-bum

cation components, and aerospace materials.

Hanwha L&C, which has a hand in the touch screen panel segment, a key component of smart systems in global use, has succeeded in the development of indium tin oxide (ITO) glass and ITO film, and the company is completing the expansion of production lines.

The development of optically clear adhesive (OCA) for insulating cover glass, module, and other display components is also being done, and an OCA production line is scheduled to be dedicated in the second half of this year.

As the demand for wider touch screen panels is forecast to shoot up thanks to continuous growth of the smartphone market and the release of Windows 8, Hanwha L&C plans to establish itself as the nation's sole TSP material total solution provider based on its differentiating technology power in basic materials ranging from FCCL to ITO glass and ITO film the company has accumulated for the last several years.

Hanwha L&C, which experienced in sheet production technology for more than 30 years, has successfully localized ethylene vinyl acetate (EVA) sheet and back sheet for



An aerial view of the G-Tech plant in Emseong, Chungcheongbuk-do.



Hanwha L&C President Kim Chang-bum and CEOs of the company's cooperative companies pose together after signing MOUs on co-existence and shared growth

photovoltaic cells. The company is playing a pivotal role in Hanwha Chemical's photovoltaic power business segment. Hanwha L&C, which localized EVA sheet in 2010, has attracted attention afresh from the global EVA market, 90 percent of which is controlled by five companies. Based on the industry's top-rated reliability, quality, and safety, the company now supplies EVA



A view of Hanwha L&C's FCCL production line.

sheets to photovoltaic module makers in China, Europe, and Japan. Hanwha L&C, with a current production capacity of 18,000 tons of EVA sheets, aims at raising the capacity to 50,000 tons by 2015 and 100,000 tons by 2020 with the goal of rising to the ranks of the global top three companies.

In particular, Hanwha L&C, which signed an MOU on shared growth of the photovoltaic power industry with related institutions, companies, and schools, is striving to develop the Chungcheong area as the nation's best photovoltaic power cluster with a global competitive edge.

SHARED GROWTH

SMEs cooperating with conglomerates face the greatest hindrance in the development of new products -- the problem being that they cannot secure pieces of testing and

analyzing equipment with their high-flying price tags.

In an effort to solve this woe facing its cooperative SMEs, Hanwha L&C has signed MOUs on co-existence and shared growth since 2009. The number of SMEs with which Hanwha L&C signed MOUs has risen to 130 this year.

Hanwha L&C operates systematic and effective programs of shared growth under the catchphrase "We Should Join Forces to Become Long-lived Companies." It is owed to Hanwha L&C's recognizing a win-win strategy in which its cooperative partners should be considered as family members and business partners of co-existence, not just subcontractors.

VOLUNTEERING ACTIVITIES --

Through its unparalleled leadership in social contribution activities, Hanwha L&C is striving to become an equally respected company in the area. All executives and staff members at Hanwha L&C are encouraged to participate in volunteering activities more than twice yearly. The company's head office in Seoul and production sites in Sejong City and Eumseong each operate a Hanwha L&C Volunteering Team.

Under the catchphrase "Sharing the Energy of Life," the team conducts various volunteering activities, including ones supporting children, the elderly, the physically handicapped, and flood victims.

The volunteering team at the Hanwha L&C head office carries out social contribution activities tailored to meet the needs of beneficiaries in cooperation with six organizations, including the Korean Business Council for the Arts and World Vision. **www**

Biz Leaders Expect New Govt. to Pursue Growth, Fiscal Sustainability, Conciliation

KCCI Chairman says "There will be a great conciliation by reinventing in a society studded with divisions surrounding classes, generations, and ideologies"

Business leaders and economic experts call for the new government, to be inaugurated on Feb. 25, to come up with policies to give more opportunities through growth and ensure conciliation beyond class, generation, and ideology.

Chairman Sohn Kyung-shik, of the Korea Chamber of Commerce and Industry (KCCI), said, "My hope is that there will be a great conciliation by reinventing in a society studded with divisions surrounding classes, generations, and ideologies that loomed large during the latest presidential election."

"Sohn said he expects President-elect Park to be a successful president who will gain public confidence by presenting a profound future vision and policies and by guiding the nation through further national development."

As to President-elect Park's public pledge on economic democratization that appeared during the presidential campaign period, the KCCI chairman said he shared the view with Park on its necessity in the process of heading for a fair society. But Sohn noted the need for taking a cautious approach, saying, "The issue of economic democratization should be taken into account together with economic growth." He called for the new government to take a cautious attitude, lest it should undermine corporate competitiveness and hinder investments and economic growth.

"The national economy is in a downturn. There should be policies to turn around the economy. There are mounting fears that the nation might enter a long-term, low-growth era, as Japan has done. We have to focus on securing potential growth not only right now, but also in the long-term perspective," he said. To do so, he said, the new government should provide support so that companies can boost investments and create jobs.

In a recent interview, Sohn said public pledges on welfare were spouted out during the latest presidential election campaign. The problem lies in how to secure funds, but taxes should neither be raised nor should fiscal sustainability be undermined, said the chairman, adding that growth and welfare should be balanced so that boosting growth and creating jobs can lead to the improvement of welfare.

Korea has seen national competitiveness rise in the rankings in the past few years, and the market economy and the creativity of the private sector should be respected to further raise the rankings. R&D activities should be invigorated on top of nurturing new growth engines.

The next government should attach top priority on boosting domestic demand and front-load government spending. The moribund housing economy should be rekindled to maintain liquidity flow, he said.

"There may be a way of nurturing tourism and service industries, and the introduction of for-profit hospitals should be allowed to capitalize on Korea's rich and excellent medical resources," Sohn said. Korea attracts just 110,000 patients annually, compared to 700,000 visitors to Singapore and 1 million visitors to Thailand.

Kang Bong-kyun, former minister of finance, believes that the national economy is in a crisis. The new government should come up with a supplementary budget to boost domestic demand and issues related to economic democratization should be handled in the context of creating jobs. Fiscal sustainability should be ensured, however.



(from left) Chairman Sohn Kyung-shik, of the Korea Chamber of Commerce and Industry; Kang Bong-kyun, former minister of finance; and Park Jong-soo, chairman of the Korea Financial Investment Association.

Promoting welfare without raising taxes is not realistic, so the soon-to-be president should draw up a big picture to ensure fiscal sustainability during her five-year term as the low-growth rate era facing the nation makes it difficult to see tax revenues rise. Korea should take stakes on the growth of China and should build infrastructure to attract the rich Chinese.

Chairman Han Dong-woo of the Shinhan Financial Group said given the unfavorable business conditions, the government should recognize the significance of the financial sector, which carries more weight under conditions of gloomy global and domestic economies, and come up with financial policies in that context.

Park Jong-soo, chairman of the Korea Financial Investment Association, said Korea is in a watershed of whether the nation can continue growth or decline. If Korea enters an era of \$30,000 or \$40,000 per capital income beyond the \$20,000, the nation should proactively nurture such service industries as the financing industry, he said. To do so, Park said, the National Assembly will have to approve a revision of Act on the Capital Market in order to foster investment banks. Reinvigorating the capital market is the precondition for nurturing SMEs and start-up companies. [NWI](#)

newpower newstandard



2011

The first EPC contract award

2009

A/E and NSSS contract award for Braka Nuclear Power Plant, UAE

2001

Received the "Project of the year award" from Power Engineering Magazine (US)

1996

Received the "the world's top power plant award" from EPI Magazine (US)

1987

Selected as Korea's first prime contractor for a nuclear plant project and designed a standardized coal-fired power plant

1975

Established to secure self-sufficiency in the design of nuclear and thermal power plants

KEPCO E&C's top competitor is KEPCO E&C.

Surpassing Korea No.1, we are marching towards being the number one Global Power EPC.

A simple but big question brought us to where we are today.

"Can Korea construct a plant with its own technology?"

Our continued efforts paid off. We are proud of our self-reliance in design technology.

We at KEPCO E&C export our technology around the world!

Our track record is not all we have. Our goal is to become a global standard setter in the power EPC market. Challenges are nothing new to us as a company.

newpower, newstandard

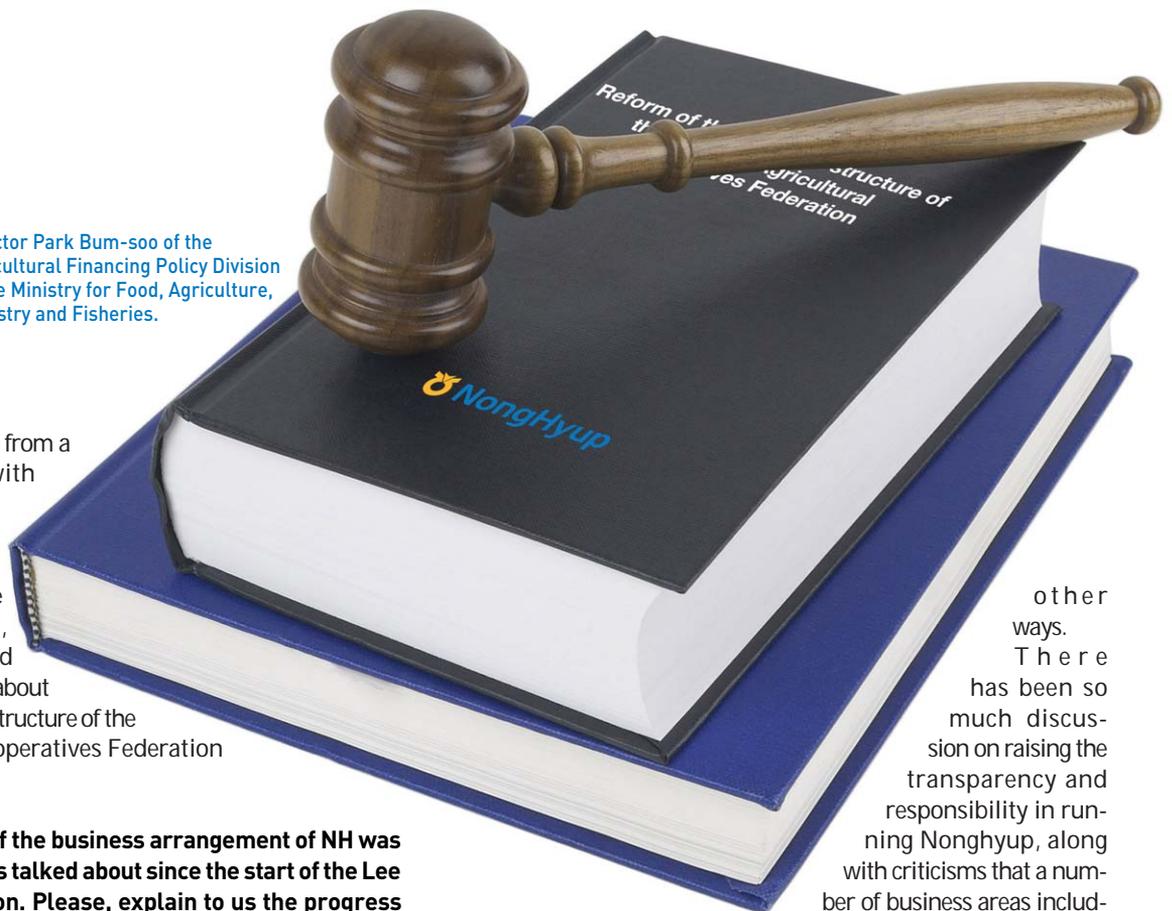


Benefitting Farmers and Consumers

National Agricultural Cooperatives Federation (NH) sets up two holding companies to invigorate its operations



Director Park Bum-soo of the Agricultural Financing Policy Division at the Ministry for Food, Agriculture, Forestry and Fisheries.



Following are excerpts from a written interview with Director Park Bum-su, Ph.D, of the Agricultural Financial Policy Division of the Ministry for Food, Agriculture, Forestry and Fisheries in which he talks about the reform of the business structure of the National Agricultural Cooperatives Federation (NH).

Question: The reform of the business arrangement of NH was one of the largest subjects talked about since the start of the Lee Myung-bak administration. Please, explain to us the progress that has been made on the subject so far.

Answer: Since its establishment in 1961, NH has grown enormously in size with employees totaling 23,000 as of 2011. The farmer's organization was born out of the merger of the old Nonghyup and Nonghyup Bank in 1961 with the aim of playing the role of a locomotive for the development of Korea's farm community, especially to boost the quality of life for the people engaged in farming by upgrading their positions economically, socially, culturally and in

other ways. There has been so much discussion on raising the transparency and responsibility in running Nonghyup, along with criticisms that a number of business areas including retailing and animal hus-

bandry have been neglected. There also are complaints that the management system of the farmers' organization should be reformed, since it has remained unchanged for a half century.

Reform of the organization has been continuously pushed in order to revitalize its businesses related to economic benefits and revive its given role as the voice of the people in the farming sector.

In 2008, an agricultural reform committee made up of 11 people from farm organizations and academia was launched to reform



The National Agricultural Cooperative Federation Headquarters in downtown Seoul.

Nonghyup's structure. It completed its work on March 31, 2011 and it was implemented on March 2, 2012.

The reform called for the creation of a central cooperative federation and two holding companies, one for finance and the other for economy. The central cooperative federation will work for the education of farmers, and provide guidance, leadership, and supervision of the two holding companies as an investor should.

The economics-focused holding company will take charge of the sale of farm produce, retailing, and production of farm products, along with other areas related to economic matters. The financial businesses have been transferred to the financial holding company.

Q: What was the significance of setting up two holding companies under the NH Central Cooperatives?

A: The division of the operations of NH Central Cooperatives was the task that took a long time to realize since the measures for the development of farm and fishing industries were put forth in 1994. NH Central Cooperatives wanted to take the lead in solving various tough problems faced by the agri-

cultural and fisheries sectors by dividing up its operations into the two divisions, finance and economics.

Q: What support has the government provided for the success of Nonghyup's reform?

A: The government decided to provide 5 trillion won to NH over the next five years to shore up its capital funds, four trillion won to help payment of loan interest, and 1 trillion won in cash. NH issued NH bonds worth 4 trillion won on Feb. 24 and 80.4 billion won to help the payment of interest on NH loans. The government will give 500 billion won worth of the KDB shares it holds and 500 billion won worth of its stakes in Korea Expressway Corp. to NH as part of that 1 trillion won.

Q: What are details of the measures to invigorate the economic businesses of NH?

A: By 2020, NH will sell more than 50 percent of the farm produce and products supplied by farm cooperatives and provide farm equipment so that farmers can concentrate on only farming and leave the sale of their produce and products to NH. Under the reform, all farm households will be organized and the organization will sell farm produce to cooperatives, which will sell them to the NH Central Cooperatives Federation, which will take charge of the retailing of the farm produce. Farmers will see all of their produce sold through the NH sale network all across the country. Already 45 percent of their produce was sold through the network in 2011, 46 percent in 2012, and an estimated 62 percent in 2020.

The NH Central Cooperative (economic holding company) will invest 4.96 trillion won over the next several years to expand the logistics centers and sales facilities all across the country with the economic holding company slated to be an independent business entity managing its own personnel, budget, and other management rights eventually.

Q: Can you please explain in specific terms how the nationwide sales network will work by major areas of its marketing operations?

A: Rice, for example, will be distributed

through the rice sales company set up and run by the NH economic holding company, securing a dominant position in the sale of rice in the country. It is projected to handle the sale of 9.2 percent of rice provided by farmers' cooperatives in 2011, 10.1 percent in 2012, and an estimated 58.7 percent in 2020. The rice sales company will be set up with the investment by the NH Central Cooperative and members of the RPC, totaling around 50 across the country.

Livestock sales will be handled by large cooperative-type packers. They sold 12.8 percent of total livestock provided by the farmers cooperatives in 2011, 12.9 percent in 2012, and an estimated 63.8 percent in 2020, according to the plan. The livestock packers will include those for Korean cows, hogs, and chicken eggs. There will be an integrated livestock logistics center in the Seoul area, and regional eggs marketing centers in key locations across the country. The economics holding company will set up diverse specialized marketing units to handle the sale of Korean beefs, pork, and chicken.

In the area of horticulture, a nationwide sales network centered around wholesale organizations will be set up to lead the nation's horticultural business. Under the network, sales of horticultural products climbed to 9.1 percent in 2011, a projected 11.6 percent in 2012, and 39.1 percent in 2020. Five new logistics centers will be set up around the country and marketing campaigns will be strengthened to create increased added value from the business.

Under the long-term perspective, the logistics centers and the joint sales units will be merged to create synergy.

Q: What would be the benefits for farmer and consumers if the economic business is invigorated?

A: When the plan is successfully implemented, there will be 3 trillion won worth of benefits to both farmers and consumers by 2020. The farmers will see their earnings increased by 2.15 trillion won as the prices of farm equipment and others will be reduced, with stable marketing routes secured and prices of farm produce increased through the power of negotiations strengthened. The benefits to consumers will be worth about 0.72 trillion won owing to stable supply and demand and fixed prices of farm produce and livestock. www.nwh.com

Priority On Financial Support to SMEs and the People

FSC Chairman Kim unveils 2013's official financial policy guidelines at New Year's Reception



Minister of Strategy and Finance Bahk Jaewan, Chairman Kim Seok-dong and leading officers of the Financial Services Commission and financial institutions including banks and insurance firms are shown here during the New Year gathering hosted by FSC at Lotte Hotel in Seoul Jan. 3.

The Financial Services Commission (FSC) hosted a New Year's reception for the financial industry at Lotte Hotel on Jan. 3 with hundreds of leaders of financial institutions in attendance led by FSC Chairman Kim Seok-dong.

The chairman said in his New Year's address at the gathering, "The year 1953 was the Year of Snake, the year the Korean War ended, and Korea has made enormous progress over the past 60 years. Korea's economy has expanded 35 times, while the world economy expanded only seven times, bringing Korea into the ranks of the top 10 countries in the world in terms of economic scale.

"It is a miraculous growth that is not easily found in the history of the world, even surpassing those of Spain and the Netherlands in the 16th and 17th centuries, the 18th century in England and the 19th and 20th centuries for the United States and Japan."

"I think a number of key factors worked in our favor in creating this miraculous economic growth. As every one of you knows quite well, it was the diligent and excellent labor force, first, the steady accumulation of

technologies, and the effective mobilization of capital."

"In addition to these factors, the choice for external growth and concentrated strategies to back it up and the DNA of the Korean people with their strong desire to achieve their objectives have also played key roles in the astounding economic development."

"All of you financial people who are here this evening have done your given assignments by leading the financial industry to help the Korean economy get to where it is today."

"I would like to thank every one of you here for playing a part in making the financial market and the financial industry what they are today."

"In the new year, we are expected to face many uncertainties both at home and abroad with the global economic slowdown and tough financial conditions expected to persist."

"The problems our economy will face are excessive household debts, the easing of the extreme gap between the rich and the poor, the creation of jobs, and the construction of a social safety net, all of them structural.

"What should be noted is that we are in a period during which the paradigm of a capitalist economy is being transformed. The reservation on market principles and quantitative easing is being led to a new paradigm of capitalism."

"Accordingly, we are to cope with uncertainties effectively and, at the same time, create a new paradigm as tasks we are to face this year. I would like to suggest a number of ideas, as much as the new government will adopt new financial policies in coping with both internal and external conditions that are projected to occur this year."

"First, the government must preserve the health of the financial industry no matter what. The global financial crisis and the European debt crisis threatened the soundness of the Korean financial market, but the market overcame them with its sound bases it had solidified over the years."

"But the government will continue to maintain its readiness to deal with any other kinds of threats to the financial market so that its achievements will not become useless."

"Financial development can only come when both the financial market and the financial industry are sound. Second, the government will back up the financial industry to do its given role in the economy as faithfully as it can and take deep root as a new growth engine for Korea through various policies."

"Third, the government will be intensive in its efforts to change the economic paradigm by taking even preemptive measures if has to. Our activities will focus on resolving the financial problems for SMEs and the people by protecting financial consumers in a bid to improve the quality of economic growth. Protecting financial consumers and extending support to the financially weak will be a great help in boosting the health of and trust in the financial industry, as they will in the long run make the industry strong." **nw**

Making Korea Financial Hub and Biz Center of N.E. Asia

FOB Chmn. Park calls on next government to continue to push strategies to create jobs and expand exports



Chairman Park Byung-won of the Korea Federation of Banks.

Chairman Park Byung-won of the Korea Federation of Banks (KFB) said in his New Year's message that the past five years have been a period of huge achievements by banks across the country with the major achievement being overcoming the financial crisis of 2008, which led to the treasury crises of each EU member country. Because of preemptive measures taken, Korea was the first member of the OECD to recover, leading to the nation's international trade surpassing the \$1 trillion level for a second year in a row last year, making it the

eighth largest trading nation in the world.

Korea's credit ratings hit the highest level in its history last year and the nation played host to various large international events since the financial crisis began, including the G-20 Summit in Seoul and the Nuclear Security Summit, as well as winning the hosting rights for the 2018 Winter Olympics in PyeongChang and being named the home country for the Global Climate Fund head office.

This year will be one of the most critical years for Korea, as the government will be turned over to the first female President-elect in the nation's history, Park Geun-hye, who will be inaugurated on Feb. 25. She received more than 50 percent of the popular votes cast, a first in a Korean Presidential election since direct voting was restored.

The incoming government decided to make the improvements of the living standards of the general populace its first priority by restructuring the economic policies focused on the resurgence of SMEs to create jobs and spur the economy in an effort to close the wealth gap between the rich and poor.

KFB Chairman Park said, "I, personally feel that the creation of jobs should be the top priority of the new government in order to achieve its various policy targets." Many people without jobs start their own small businesses including shops and restaurants, but end up with failure due to excess supply and severe competition and close their businesses with so much debt that it leads to household debt problems as a social issue with more people becoming house poor.

He said he has been calling for strengthening the service industry to be a growth engine as a sure way to increase jobs because the domestic economy would be revitalized.

In order to do that the financial industry

should be able to earn profits to grow continuously and attract investments and create jobs, which requires understanding from society.

The financial industry so far has been looked upon as a mere support industry for the export industry centered on manufacturing. But the financial industry should have its own capacity and growth strengthened to provide support for the sustained growth of the national economy, with Korea's GDP ranked the 15th largest in the world.

Lately, financial firms have not been able to provide adequate financial support to Korean exporters operating around the world, losing opportunities to make profits.

The financial firms should be like Hyundai Motor and Samsung Electronics — truly global operators in both form and substance — with the government understanding that they have the potential to be like those globe-trotting Korean companies and providing them with the same policies that went to the manufacturing companies and for the growth of the service industry in general.

Such policies were reflected in the strategies to make Korea a financial hub of Northeast Asia since 2003, such as the Free Economic Zones that were created to attract high value-added service industries focused on financial firms, but the move has lost its steam since the financial crises.

"We ought to continue to make efforts to strengthen the competitive power of the financial industry, attract Asia head offices of global financial companies to Korea, and support the overseas advancement of Korean financial firms to make Korea not only a financial hub of Northeast Asia, but also a business center of the region. And the new government should make this the nucleus of its strategy in the days ahead," Park said. **nw**

KDB to Look Overseas for Expanded Operations

State-run bank to seek project financing deals in Asia and emerging nations



KDB Financial Group Chairman Kang Man-soo gives a speech at a New Year's meeting to celebrate the start of the 2013 business year.

The Korea Development Bank (KDB) projects 2013 will be another slow year for its operations due to the continuing economic slumps both globally and domestically and the continuing of the low interest rate era coupled with restrictions on loan growth.

KDB, despite such a tough management environment, has decided to expand its market share through positive business strategies designed to turn crises into opportunities, the bank said.

The bank will focus on these three major operational targets: growth in operational assets, expansion of its retail banking operation base, and expansion of overseas operations this year.

KDB will create special financial support programs for SMEs with tailor-made financial support for each growth stage of their operations so that they can grow to be future growth engines of the economy. KDB will also change its financial support to large companies by shaking up its loan portfolios

that currently favor the large conglomerates. KDB also plans to expand its investment banking roles, including project financing and private equity funds, to strengthen its competitiveness and expand its market share in those areas of finance.

KDB will also strengthen the retail banking sector, as the bank has already shown its capacity for growth in that area through its reformative retail banking system, KDBDirect Service, under which bank staff will call on customers to help set up their personal accounts to broaden KDB's deposit base.

This year, too, will see KDB expand its KDBDirect operation territory and the number of personal deposit accounts by setting up an exclusive internet homepage for the service. KDB will also expand its retail credit loan operation this year through cooperation with the Korea Credit Guarantee Fund, the Korea Technology Guarantee Fund, and Korea Land and Housing Corp. to minimize risks associated with retail loans.

KDB also plans to step up its overseas operations, as the domestic financial market has been too saturated, especially to Asian countries and other emerging market countries in an effort to sweep the project financing markets in those countries.

The bank will look into the financing of ships and airplanes, areas that European banks have ignored due to the European debt crisis, along with financing in developing countries and the provision of know-how on restructuring as a means to secure a future growth engine.

In the meantime, KDB Financial Group may make its affiliate KDB Asset Management a top hedge fund manager by offering a string of hedge fund products for domestic investors and for investors in Asia, with the goal of eventually going global.

Chairman Kang Man-soo said the KDB Financial Group will try to make KDB Asset Management a top hedge fund manager in the world under the group's strategy to strengthen replacement investments, the area of investing with great potential for growth through consultations with global replacement investment management firms.

David Jun, co-representative of KDB Asset Management said at a forum held on Sept. 6 at the DLI 63 Building in Yeouido, Seoul, that the world's growth rate hovers around 2 percent now and it is hard to expect more growth backed up by plenty of liquidity leverage like it was before 2008.

"Global economic trends as they are, we need hedge fund products that can do well even in the age of economic uncertainty, overcoming various variable factors," Kang said, noting that there still are many factors that can change the global economy.

Under these conditions, KDB Asset Management has begun offering the KDB Korea Best and KDB Korea Best Hybrid, tailor-made to withstand all kinds of adversities in the current global financial conditions, regardless of what the KOSPI Index shows. **www**

KAMCO Continues To Play the Role of Safety Pin

Company plans to expand its territory to collecting delinquent taxes, while continuing to manage and recover bad assets



Chairman Chang Young-chul of Korea Asset Management Corp.

The Korea Asset Management Corp. (KAMCO) completed its 15-year program to recover defaulted assets at a rate of 119 percent, the top level in the world, leaving an enviable mark on the nation's economic history.

The company also built an excellent image as a financial institution for the poor with its low-interest loan product, "Exchange Loan," that can be exchanged with higher interest loans.

Encouraged by these results, the company has set out to strengthen its role as a financial safety pin for the country this year. The major objectives the company will pursue this year include the expansion of loans for the poor for the soft-landing of household debts, helping to make government financial assets healthier by expanding the value of public assets, the effective takeover of defaulted assets and their recovery, and boosting the soundness of the assets of financial firms and businesses through an integrated management of defaulted assets of the public sector.

KAMCO's main strategy is to come up with an integrated solution for financial problems related to the economic crisis including the shortage of houses and household debts, relying on its accumulated experiences of having a big hand in overcoming economic problems throughout its history.

In detail, KAMCO plans to beef up its role as a safety pin to safeguard the livelihood of the poor by coming up with financial products that they can afford, extending its operations to solving household debts, the recovery of credit for the poor, and building a system to help poor people take out loans.

The company also eyes boosting the value of state-owned assets by finding ways to develop publicly-owned real estate as well as the integral management of delinquent taxes. The company plans to help develop 130,000 pieces of land owned by the government in the first half of this year.

In order to do its job collecting delinquent taxes well, the company will install IT systems on all of its infrastructure in the first half, along with its plan to complete the construction of its annex in Sejong City and dormitories for public servants in the new capital.

Through the effective takeover of defaulted assets and their recovery and an integrated management of those assets, KAMCO aims to make the assets of financial firms and businesses healthier this year.

By Feb. 22, the company plans to return to the government and financial firms the recovered bad assets equal to the ratio of their investments.

The company plans to publish a book on its experiences on recovering bad assets.

President Chang Young-chul said an organization should be reformed steadily and ceaselessly so that it is ready to overcome any kind of crisis it may face and act as a safety pin for the national economy. **NW**

IBK Cuts Upper Limit on Interest Rates

Move is aimed at refueling economic growth by easing financial burden on SME and individual borrowers



President Cho Joon-hee of the Industrial Bank of Korea.

The Industrial Bank of Korea (IBK) has cut the upper limit on its housing and SME loan interest rate by one percentage point to 9.5 percent per year from this year and has suspended the penalty interest rate system this year for the first time in the domestic banking industry, the bank said on Dec. 28.

The IBK said its maximum interest rate on SME loans will be reduced to 9.5 percent from 10.5 percent per year from Jan. 1 and the maximum housing loan interest rate will also be cut from 13 percent per year to 9.5 percent per year from Jan. 1.

President Cho Joon-hee promised to cut interest rates on both

SME and housing loans when he took office two years ago and his promises have now been realized, the bank said.

Penalty interest rates on delayed interest payments will also be cut to 11 percent per year from 12 percent to 13 percent per year from Jan. 1.

The move will benefit those who have been paying higher interest rates due to their poor credit standings, especially the poor, who account for some 37,000 SMEs and 42,600 individual loans.

The cuts in the interest rates will reduce the IBK's earnings by 100 billion won annually.

President Cho said the bank will be faithful to its initial role of helping SMEs, but the bank will manage to cut expenses and increase non-banking income to cover the loss in interest earnings this year.

The IBK is set to introduce the reduced interest rate system to favor borrowers with excellent credit standing. The new credit rating system for its customers will charge interest rates based on credit grades of borrowers based on analyses of each borrower's credit history, policy support, and other benefits they have received from the bank. The final interest rates for them will range from 4 percent to 9.5 percent per year.

Due to the IBK's favorable moves for SME borrowers, their burden for financing needs will be lightened. The IBK's initial move will also influence other banks to take similar actions to lower their interest rates since the IBK accounts for around 20 percent of all loans to SMEs in the country. Around 24,000 SME borrowers will get a reduction of 0.85 percent in their loan interest rates and some 42,600 individual borrowers will also benefit from cuts of 1.36 percent per year on their loans.

All so called "city banks" with head offices in Seoul and a nationwide branch network in Korea followed the IBK's lead in cutting loan interest rates last year. The upper limit for bank loans in 2010 stood at from 17 percent to 18 percent per year, but now they are down to around the 14 percent level.

Woori Bank cut its loan interest rate 0.7 percent per year last November and further cut 0.27 percent on Dec. 24 on loans up for extensions. The IBK's loan reduction system will also affect such a system being considered by other banks. When the IBK suspended the penalty interest rates on delayed payments of interest, voices in the financial circles were raised that other banks should follow suit.

There also are concerns, too. A commercial bank official in Seoul said a bank charges interest rates on its loans based on the credit worthiness of a borrower and if the penalty interest rate system is suspended, the loan approval rates would be lowered to counter the projected results when the suspension of the system was put into effect. [nww](#)

Exim Bank to Expand its Support for Korean Firms Overseas

The bank opens office in Saudi Arabia to increase support to SMEs to expand overseas operations



Export-Import Bank of Korea
Chairman Kim Yong-hwan

The Export and Import Bank of Korea projects the global economic slow down will continue this year, despite the intensive strategies by every major country to ward off its further development this year, and it will also slow Korea's economic growth to just over 3 percent with exports facing a lot of problems including the appreciation of the Korean won, making Korean goods more expensive, as well as protectionist measures by many importing countries.

Thus, the Exim Bank is prepared, as its duty as an official policy financial organization, to provide financial support to firms with problems so that they can rebound fast.

Chairman Kim Yong-hwan in his New Year's address, said this year is the year in which an official policy financial organization should play its required role fuller in crises than in usual years. In order to secure growth engines through exports and help create jobs, the bank has decided to supply 74 trillion won to the related areas of businesses including 50 trillion won in loans and 24 trillion won in guarantees.

Expecting that the global economy will gradually recover, the Exim Bank will provide support to Korean firms to secure big projects in the world infrastructure markets. In line with the leading trends in the issuance of orders for large infrastructure projects in which the owner will secure financing first for the project, the Exim Bank will also provide loans from the start of the project in what is called tailor-made financing packages including the



(from left) Executive Director Nam Ki-sup,; Managing Director Sul Young-hwan,; and Vice President Minh Heung-shik are among those who got promotions in the latest reshuffle.

issuance of guarantees and local financing.

The bank will open offices in major regions in the world starting with an office in Riyadh, Saudi Arabia, jointly with the Korea Trade Insurance Corp., the Korea Finance Corp., and the Korea Development Bank.

The bank will reorganize its systems in response to rising demand for expanded financial support for SMEs and set up the Business Growth Support Team to work as a control tower for all financial support provided by the bank including the ongoing "Hidden Champion" and other financial support programs for SMEs.

The bank also plans to expand its financial support to the three major industries including shipbuilding, construction, and shipping to help them overcome the cash shortage problems they are faced with. **nw**



Woori Bank to Focus on Average People and SMEs

The bank will seek to dominate niche markets by extending finances to senior citizens and one-person households



Woori Bank President Lee Soon-woo and his staff pay homage at the Hongnyu Royal Tomb, which is on the list of UNESCO World Heritage sites, in Namyangju, Gyeonggi-do, in which Emperor Gojong and his son and King Yeongchin, who served as the founder and the first president of the predecessor of Woori Bank, were buried. On Jan. 2, they held the ritual in which they pledged to offer banking services in the interests of low-income people, a departure from the conventional New Year's gathering in the bank's auditorium.

President Lee Soon-woo of Woori Bank said the bank will try to expand its non-interest income and cut loss provisions and marketing expenses to cope with a low-growth and low-income financial environment projected for this year.

The bank sees the banking environment worsening further this year due mainly to a slow recovery of the global financial market and European and U.S. national debt problems, slowing down the growth of emerging nations' economies, which impacted the domestic economy with rising household debts, a fall in real estate prices, a slump in domestic business trends and exports, all causing economic growth to fall.

The situation caused a narrowing of net interest margins and intensive operations have been stalled for banks due to rising calls for help to average people and protection for consumers.

The banks may have to expand their loan loss provisions with the rate of financial defaults expected to rise if the economic slowdown continues to drag on and further heats up the competition among banks to keep their profits rising.

The competition among commercial banks have now become a four-way competition with Hana Bank taking over the Korea Exchange Bank and the Industrial Bank of Korea and Nonghyup Bank now big enough to challenge the commercial banks.

Woori Bank now has set up its strategies to cope with the situation along three major points — strengthening of its competitive power, making its management effective, and expanding its growth engines — continuously taking on healthy assets and good customers.

The bank, at the same time, will double its efforts to secure senior customers, and one-person households to boost its shares of niche financial markets. The bank will reclassify its existing customers and reform its team operations to reform the evaluation system for the operational results by each team. Officials of the bank said they will go for maximization of their marketing operations through reform using the on- and offline smartphone channels.

The bank also will push its overseas expansion plans to increase its earnings now that the domestic financial market is near a saturation point. Countries in Southeast Asia and emerging market countries are on the priority list of overseas regions in which the bank will set up or expand its operations, with Indonesia and China being the most urgent countries where the bank will try to increase its domination by expanding operations.

Woori Bank has set its growth target at 3 percent to 4 percent in assets, the same as the expected economic growth level of Korea this year.

The bank will also intensify its risk management as more than the projected growth in assets means more risks for the bank to manage and, therefore, the bank intends to secure a proper level of growth this year.

But the bank will strengthen its efforts to provide more support to SMEs and poor families, moves that the bank needs to make to uphold its image as a caring bank. President Lee said the bank's immediate aim is to win the public trust as a bank that "turns hope into love" and that the bank plans to continue to make efforts to realize "true finance," meaning that the bank's operations will grow together with average people and SMEs. [nww](#)

HFG Turns to Cohesive Chemistry Following Merger

Hana Bank and KEB mark the first anniversary of their merger this month



Hana Financial Group Chairman Kim Jung-tae delivers a speech at the "Start 2013 Event" at the Olympic Gymnastics Stadium in Seoul on Jan. 5. The gathering attracted about 10,000 employees from all subsidiaries of the financial group including Korea Exchange Bank, with which the financial group merged one year ago.

This month, the Hana Financial Group (HFG) marks the first anniversary of its acquiring Korea Exchange Bank (KEB). Hana Bank and KEB are devoting themselves to exploring win-win strategies to maximize the synergetic effects of their merger, one of Korea's biggest M&A deals ever, becoming a much talked about topic in the banking industry. The Hana Financial Group, which has already announced its goal to become one of the top 50 global banking leaders, has been focusing on communication to ensure cohesive chemistry to ensure co-prosperity.

A case in point was the Hana-KEB VIP Invitation Concert that took place at the Olympic Hall at Olympic Park in Bangi-dong, southeastern Seoul, on Dec. 12. The event included the so-called "7080 superstars," including singers Lee Mun-sae, Haebaragi, Min Hae-gyeong, and Namgung Ok-bun, who performed to an audience of about 2,000.

All executives from the financial group, Hana Bank and KEB were present at the

concert including Hana Financial Group Chairman Kim Jung-tae, Hana Bank President Kim Jong-joon, and KEB President Yun Yong-ro. This marks the first time the two banks have jointly sponsored a customers' event under their joint marketing strategy.

With the background of the joint sponsorship in mind, Hana Financial Group Chairman Kim said, "We'll do our utmost to go beyond being just the nation's top bank and join to the ranks of the global top 50 banks, as Hana Bank, selected as the best bank in Korea by the magazine *The Bank*, becomes one with KEB." A group official said the two banks try to offer optimal services tailored to meet customers' needs by making the most of the two banks' own strengths as they continue to join forces in marketing.

The financial group is focusing on settling its management style to enhance teamwork and a sound corporate culture, group officials said. True to its management catchphrase "Healthy Hana, Happy Together," they said the financial group is stepping on

the gas to strengthen communication through various channels. One example of these efforts is the "Red Mailbox" through which the staff at KEB's Chungcheong Business Division launched a drive to exchange messages of thanks and praise among themselves on a voluntary basis as part of efforts to make the work environment exciting and communicable. The financial group is encouraging other divisions to follow suit in joining the drive, spreading it to all corners of the group. Each division chief offers prizes and words of encouragement after regularly opening the Red Mailbox, building an amicable corporate culture.

The financial group's top echelon is accelerating its bid to ensure management based on smooth communication and sensibility. The group held a festival in which some 100 officials from the group's 10 affiliate companies participated under the slogan "Sound Communication, the Hana Financial Group Way" in front of the group headquarters building in Uljiro, downtown Seoul, on Sept. 20.

Strengthening the financial group's capabilities depends on organization traditions, manpower & their expertise, and clientele & their satisfaction. Industry pundits agree that such big financial institutions as the Hana Financial Group will likely have synergetic effects when they succeed in offering quality services through enhanced communications.

In a related development, Hana Bank President Kim has been taking considerable time out to have "talk concerts" so far as part of his efforts to ramp up communications with staff. Since his inauguration in late March 2012, he has held "Hana Talk Talk" sessions in Seoul on May 18, in Busan on Aug. 17, in Daejeon on Sept. 21, and in Gwangju on Nov. 23.

KEB President Yun has made good on a promise he made while taking helm at the bank that he would meet all 8,000 staff members. He believes in worksite-oriented management tenets. **NEWS**

Kookmin Bank to Focus on Advanced and Emerging Markets

Aims at expanding profit bases and smartphone banking for bigger share of new financial markets



President Min Byung-deok of Kookmin Bank gives his New Year speech at a ceremony to kick off the New Year at the bank's head office in Yeouido, Seoul, Jan. 4.

Kookmin Bank plans to step up its overseas operations this year, centering on advanced countries and emerging markets at the same time. Its strategy is to expand in Asia and advanced nations with strengthened operations.

What the bank has planned is an immediate kick off to its operations in Myanmar and Indonesia, with their huge natural resources reserves and large populations, as global financial institutions are now focusing on Asia and emerging markets because European and U.S. financial markets are not what they used to be due to huge debts igniting economic crises.

The bank had to redraw its key strategy for this year to cope with changes in a number of key areas in the global financial environment including social, cultural, customer, and technology.

The strategy is to cope with new banking trends such as smartphone banking and a rising elderly population, so that the bank will be able to sustain its management in the changing business environment.

The strategy will call for the bank to strengthen its customer service, the "Golden Life Service," especially to the baby boomers born between 1955 and 1963 who are on the verge of retiring—the "silver customers." The bank will also expand its smartphone banking service with the number of customers using the service for banking transactions rising to around 5 million already across the country and

other new financial trends developing rapidly in order to secure new growth engines.

The bank will also step up its moves to secure new profit bases, since interest earnings have been declining every year as the number of new loans continues to fall.

The bank projects low GDP growth and low

interest rates on loans to continue this year, showing that it should secure new profit bases as early as possible. The bank has decided to return to basics and principles and enhance its management, which will clamp down on starting new businesses to seek risky profits.

The bank sees net interest margin as a major earnings source, but sound management is also a key factor in maintaining its earnings level, so the bank will focus on both factors in its operations this year.

For firmer risk management, the bank will reassess the credit situations of borrowers who take out mortgages to finance their house purchases to strengthen the management of those borrowers and also strengthen conditions for the extension of loans to reduce loans risks. In order to make repayment of housing loans easier for borrowers, the bank will transform them into long-term installment loans and repay them in installments with flexibility in their monthly repayment amount.

The bank will also expand its loans to SMEs and poor families this year. The loans to SMEs will be expanded under the "KB Hidden Star" program launched in 2011, which has so far provided loans to over 215 small businesses. That number will be doubled this year as the bank will continue to seek out SMEs with very good growth prospects. The program seeks out SMEs with sound financials, excellent technologies, and good outlooks to help them grow to be world-class enterprises. [www](#)

Shinhan to Seek New Growth Engines in Smartphone and Retiree Markets

The bank projects the financial environment will stay rough this year, so it will tighten risk management and cut expenses



President Suh Jin-won of Shinhan Bank.

Shinhan Bank projects a banking environment with low interest rates and low growth in assets for this year and that profit levels may vary depending on how much effort each bank has put in this year. The bank described the tough banking environment as the “new normal” and said it would likely continue this way all year.

Chairman Han Dong-woo of the Shinhan Financial Group went as far as to say that the bank would have to redesign its strategies from the bottom up this year. The group has decided to reassess all of its strategies including risk management, cuts in expenses, and increasing profits to arrive at detailed plans for each of its operational areas.

The bank made the “Re-creation of Shinhan in 2013” its catchphrase for the new strategies to see its operations throughout this year with a heavy focus on risk management, cutting expenses, and expanding its profit base.

President Suh Jin-won said the bank will explore new growth engines since the traditional banking markets are saturated and will remain sluggish. He said they will introduce new financial products and services for new retirees, especially services to help them prepare for their post-retirement lives, along with the exploration of the smartphone financial market in which the bank could be competitive with the new banking products it will offer.

The bank also will go after synergy between wealth management and commercial investment banking. The bank will change the existing private banking that provided banking products and services to also include securities at the newly created private wealth management centers made to offer quick services.

The bank will also take seriously holding down its expenses. Among the measures to cut expenses are the creation of systems and processes, not just cuts in budgets.

The bank will take a look at all of its asset portfolios to screen any risky points in them and take preemptive measures to weed them out, they said. They said the bank has been excellent in weeding out risky assets better than any of its rivals and it will continue to seek out and eliminate risks, but will always provide good services to its customers to assure them that the bank will always have their interests in its policies.

In this regard, the bank will continue to uphold its “Compassionate Finance” policy for its customers through various manners to the extent that they can feel it physically.

They said the bank will try to form trust in its relations with customers and related parties and entities to maintain sound and healthy operations. **nw**

KHFC to Focus on Poor Families

“Nesting Place Loan,” bearing lower-interest rates, and other housing loans for low-income people will be expanded

Korea Housing Finance Corp. (KHFC), headed by President Seo Jong-dae, recorded a top year last year in terms of its operation since its start in 2004, despite the difficult management environment, the company reported in outlining its operational plans for this year.

The KHFC unleashed a total of 11 trillion won last year to salvage the housing loan market and ensure the soft-landing of the household debt crisis in cooperation with commercial banks, with most of the funds going to low-income families to finance the purchases of their own homes with low-interest rate housing loans called, “Nesting Place Loan.”

The company has decided to make this year the initial year for securing its position as an expert on housing loans for low-income families. To achieve this goal, the company will continue to improve its Nesting Place Loan product so that the poor families will be able to buy their own homes with low-interest housing loans.

The financial company also plans to touch up its guarantee money for long-term rental guarantees to make them more suitable for the end users as well as easing the terms for participation in the housing purchase installment savings down to 60 years of age for both husbands and wives if they already own a house or houses. The company also plans to introduce short-term small new financial products.

The company also plans to boost long-term fixed interest loans to ease the pressure on household debts totaling 1,000 trillion won by improving their quality and make the domestic housing financial market an advanced one.

Officials of the company said they have been able to build a network of cooperation with commercial banks to the extent that those who really need a home can borrow money easily. This year they will work on the improvement of the early repayment charge fee system and expand the weight of non-marginal type housing mortgage loan.



President Seo Jong-dae of Korea Housing Finance Corp.

The company will issue non-covered bonds overseas to secure more funds for its financial products, especially those aimed at low-income families.

The company also plans to upgrade its risk management by strengthening its early warning system including the remodeling of its credit analysis system for individuals and the introduction of a fraud prevention system for long-term rental guarantee money to cope with changes in the business environment.

The company will also strengthen its social service system to do its duty in full as a public company by reforming its management system to a level satisfactory to the public.

The company will also work on its plan to expand its support to the “HF House of Love,” a social service project to help youths and senior citizens living alone to repair their homes with every officer and staff of the company lending their hands to the project. **www.khfc.co.kr**



Samsung Life to Push Overseas Operations

V. Chmn. Park to take direct charge of international operations in Southeast Asia and emerging market countries



Vice Chmn. Park Keun-hee of Samsung Life Insurance Co.

Vice Chairman Park Keun-hee of Samsung Life Insurance Co. will take charge of the company's overseas operations personally from this year, as the overseas sector lags behind more than expected in his judgment since he took over the company's management in 2010.

The company's overseas strategy is to launch its operation in a foreign country in which it has a great chance for success, as there are great risks in overseas operations. The company will make up a list of countries in which it will operate based on strategies drawn up for these countries including direct investments and M&As.

Recently, the company named Vice President Stephan Lashorte, in charge of the overseas operations headquarters, a special assistant to the vice chairman in a measure to allow the vice chairman and CEO to take charge of the overseas operations himself. With the appointment, the company set up sections for India, Vietnam, and Indonesia in the overseas operations headquarters.

The company also appointed two officers at each of its overseas operation units to be fully responsible for their respective units.

Director Han Ick-jae has been named to take full charge of the Indonesian Group, while Director Han Su-han has been named to take full responsibility of managing the India Group, with the idea to strengthen the exploration of markets in those countries.

Vice Chairman Park intends to move fast to set up more operation groups in countries in Southeast Asia and in the emerging market countries around the world.

Samsung Life has also been providing more investment funds to its wholly-owned local subsidiaries in China and Thailand to

expand their market shares and strengthen their operations in those countries. The company already injected 4 billion won into Siam Samsung in Thailand and plans to add 17.3 billion won more in the first half of this year. Samsung Life's stake in the Thai joint-venture firm would rise to 66.4 percent from 49 percent when capital replenishment is completed this year.

The company also increased its investment in Chunghang Samsung, a joint-venture subsidiary with China Air in China, in the amount of 27.5 billion won last year with the Chinese partner putting up the same amount of funds to keep the partnership at 50:50. The joint-venture life insurance firm now has four branches in China and plans to add two more this year as the company's annual growth averaged from 70 to 80 percent since its launching in 2007.

The vice chairman has been focusing on the expansion of the company's overseas operations as he believes that the company has been somewhat negligent of its overseas businesses while relying too much on the domestic operation.

The company is tops in the country with assets totaling 172 trillion won, but its overseas earnings amounted to only 100 billion won or 0.3 percent its total annual income.

Insurance sources said the top management of the Samsung Group are said to have told the vice chairman to expand Samsung Life's operations overseas, as its future growth depends on the global life insurance market.

But what has been holding back the company from a bold push overseas has been expenses to train financial consultants and other seed money to get the operation going. www.newsworld.co.kr

KOSPI Index Celebrates 30 Years

The index rose 15 fold since its launch on Jan. 4, 1983, finishes 2012 at 1997.05, up from 122.5 at its launch



The Korea Exchange's KOSPI Index celebrated the 30th anniversary launched on Jan. 4, 1983. The photo is a scene from a ceremony for the launching of the derivative market at the stock exchange early in January with a number of dignitaries including Chairman Kim Seok-dong of the Financial Services Commission, and Chairman Kim Bong-soo of KRX, among others.

The Korea Exchange's KOSPI index celebrates 30 years since its launch on Jan. 4, 1983 as a barometer of the Korean stock market. Chairman Kim Bong-soo of KRX said the KOSPI index has correctly reflected not only the growth of the economy, but also transformation of the Korean industry in the past 30 years.

We at KRX will do our best to make contribution to further growth of the Korean economy, especially the financial industry like the Dow Jones index in the United States with a century long history, the KRX chairman said.

The KOSPI index has followed the growth of the national economy ever since as the main stock market index as well as an economic index, growing 15 fold over the last three decades, while profits from shares have expanded 28 times, much higher than other business areas.

The Korea Exchange said the KOSPI index started at a level of 122.52 at the beginning of 1983 and has expanded to 1,997.06 as of the end of 2012, up 1,530 percent, the third highest rise in the world after Hong Kong (2,858 percent) and Taiwan (1,637 percent).

Total market value of the listed companies grew to 1,154.3 trillion won, up 394 fold (the

rate increase between the index and market value due to the newly listed firms' market value not calculated in the index).

The daily share transaction value amounted to 4.8232 trillion won on average, up 722 times, and the number of stock investors expanded from 1.7 percent to 10.6 percent of the population of Korea, or 4.6 million, and the number of listed companies grew 1.3 times.

GDP expanded from \$77.5 billion in 1983 to \$1.1636 trillion as of the end of 2012, up 1,401.3 percent according to IMF calculations.

The profits from the stock market based on the index from 1983 expanded 27.9 times as of the end of 2012. One million won invested in the stock market in 1983 would have grown to 28.93 million won at the end of 2012.

Official figures showed that bond issuance value grew by 16.1 percent, deposits at securities firms related to stock investments expanded 7.8 times, the price of real estate based on the selling price of apartments in the Gangnam Ward in Seoul and gold prices have risen 420 percent, while the price of crude oil expanded 2.9 times.

The profits from gold transactions topped all other commodities with a 3.3-fold growth in the past 10 years.

The most profitable shares changed from banks to electronics and autos. By company, Samsung Electronics and other electronics companies' shares rose 85 fold in the past 30 years. Share prices of steel rose 48 times, chemicals 34 fold, and foods 34 fold, leading share price rises during the period.

As of the end of 2012, the market value of Samsung Electronics increased to 243.637 trillion won in 2012 from 63.7 billion won in 1983, up 2,825 fold, followed by the market value of Hyundai Motor at 52.849 trillion won, up 613 times. The market value of the top 10 listed firms rose from 27 percent of total market value of the listed firms to 41 percent.

The lowest growth was marked by construction company shares rising only 6.6 percent during the period, followed by those of textile, clothing, paper, and timber, and financial firms, which fell during the financial crises.

It has not been fair weather for the KOSPI index in the past three decades of its growth. It had many ups and downs including such devastating events as the Sept. 11, 2001 terrorist attack on the World Trade Center in New York and the 2000 Black Friday crash causing the index to skydive following a huge fall on the New York Stock Exchange.

Stock prices rose sharply during the foreign exchange crisis. Share prices also rebounded quickly the day after the 9-11 attack in New York. The highest one-day rise for the KOSPI index occurred the day following the signing of the currency swap agreement between the United States and Korea on Oct. 30, 2008, when the index rose 11.95 percent. During the year following the foreign exchange crisis of 1987, stock prices rebounded 8.5 percent, or 23.81 points, the second highest daily rise for the index due to high expectations for corporate restructuring. **www**

Wishing for Revitalizing Construction Industry

CAK Chmn. Choi pledges to support new government to create jobs and recharge the economy by luring investments to various SOC projects



The Construction Association of Korea opens New Year with a ceremony with Prime Minister Kim Hwang-sik, 2nd R, Minister Kwon Do-youup of the Ministry of Land, Transport and Maritime Affairs, 1st R, and Chairman Choi Sam-kyu of CAK, 3rd R, pushing the buttons to open the Year of the Snake at the event at Lotte Hotel in Seoul on Jan. 4.

“This is the year of snake, an animal that is a symbol of eternal life, defying death, while at the same time a symbol of affluence and valuable assets, and like the snake, we hope for rising national fortune and a bright year for the construction industry with the resolution of all kinds of difficulties facing the industry,” said Chairman Choi Sam-kyu of the Construction Association of Korea (CAK) in his New Year’s message.

“Looking back at last year, it was the year in which Korea’s position was uplifted amid sluggish economic conditions facing many countries around the world impacted by the global economic crisis.

“For two consecutive years, Korea recorded \$1 trillion in foreign trade, emerging as the 8th largest trading nation in the world and its credit ratings the highest in its history thanks to upgraded international positions of its various sectors such as diplomacy and culture.

“The construction industry, too, has done well in the midst of trying times, clinching over \$60 billion worth of construction projects overseas, putting the accumulated overseas projects won by Korean builders beyond the \$500 billion mark, displaying the stronger reputation of the Korean construction industry in the eyes of the world.

“This year will not be an easy one for the construction industry with tough times looming for the foreseeable future. The Euro zone crisis and the U.S. fiscal cliff will cast a long shadow over the world, keeping

global economic growth down. Domestically, the low growth tone will be exacerbated by household debt default fears and worsening conditions for government investment, along with changes in government policies impacted by the stresses on the expansion of welfare policies and the democratization of the economy, geared toward possible reductions in investments and new regulations,” the chairman said.

“But,” he said, “as there are opportunities in crises and despite the difficult conditions, we should not forget that new hopes are looming with the government leadership changing hands. We expect the new government under President-elect Park to map out new stimulus measures to refuel the economy, since she claimed that they would be the topmost priority of her government as they will create new jobs and help rebuild the middle class. When those commitments are realized, new opportunities will come to the construction industry, with a lot of potential to create jobs and ignite a high productivity effect.”

Chairman Choi continued on to say that the association will try to mix robot, IT, and other scientific technologies to reform its construction technologies in order to boost its industrial competitiveness.

And at the same time, there must be an end to the cut-throat competition among domestic builders over overseas projects so that the image of Korean builders might be improved through high-level technology competition overseas, thus boosting the international reputation of Korea as a country strong in overseas construction projects.

Choi said he will try to lead the CAK with high ethical management principles to satisfy what the people expect from the construction industry.

He said the CAK will try to explain to the new government the tough problems that the construction industry will face this year and to secure rational government policies helpful to the industry in taking care of its problems. It will try to faithfully play the role of a helmsman to steer the industry through the various social and economic problems in its way this year.

The association will also support the government’s major policies to create more jobs and recharge the economy’s growth, to attract investments in projects to improve residential environment and SOC projects including the ones to prevent floods in city centers and other livelihood friendly SOC projects, the chairman said. [nwi](#)

'Bracing for Downbeat Business Environment'

KOSA Chairman Chung calls for spearheading a drive to use certified steel products and promoting a country of origin labeling system



Minister of Knowledge Economy Hong Suk-woo, POSCO Chairman & KISA Chairman Chung Joon-yang, and other KISA member company CEOs attend a New Year's meeting of those in the Korean steel industry.



Minister of Knowledge Economy Hong Suk-woo speaks at a New Year's gathering of those in the Korean steel industry.

Korea Iron & Steel Association (KOSA) hosted a New Year's gathering at POSCO Center in Seoul on Jan. 9 to announce resolutions to overcome the current crisis through collaboration.

Among the 200 people on hand at the meeting were Minister of Knowledge Economy Hong Suk-woo; POSCO Chairman Chung Joon-yang, who is concurrently the KOSA chairman; Hyundai Steel Vice Chairman Park Seung-ha; Dongkuk Steel President Nam Yun-young; Dongbu Steel Vice Chairman Lee Jong-geun; SeAh Steel Chairman Lee woon-young; KISWIRE Chairman Hong Young-chul; TCC Steel Chairman Sohn Bong-rak; KOSA Vice Chairman Oh Il-hwan; and other representatives from the steel industry, academia, and research circles.

KISA Chairman Chung said in his speech, "The supply of substan-

dard, faulty steel products within industrial sites many endanger public lives and distort market order. The steel industry community will spearhead and join on a voluntary basis a campaign to use certified steel products in order to secure public safety and restore market order by ramping up public relations through a country of origin labeling system."

Chung said global management conditions are feared to be riddled with a propensity for low growth in 2013, and in an effort to parry this trend, steps need to be taken to brace for trade conflicts looming large in the Northeast Asian region. The chairman added that the steel industry should pursue shared growth among SMEs and large-sized companies so that the steel industry as well as automobile, shipbuilding, machinery, and other related industries within the ecosystem can ensure convergence and expansion.

MKE Minister Hong said in his speech that he praised the steel industry's unabated efforts to tide over the hard times facing the industry, and he called for long-term steps to improve its foundation such as dealing with an oversupply of certain products, the developing of value-added steel products, and the exploration of overseas markets to help the Korean steel industry take a step forward.

Hong urged the steel industry community to step up strategies to go local to cope with mounting importing countries' moves to take protectionist measures and prevent trade conflicts with them as well as to spearhead a bid to build a sound, viable steel industry ecosystem by pursuing co-existence among SMEs and large-sized companies and by building transparent price mechanisms. **INW**

Petrochemical Industry Vows to Up Exports in 2013

At New Year's gathering, KPIA members swear to push exports of petrochemical products to \$46.6 bln level



The Korea Petrochemical Industrial Association hosted a New Year dinner at Hotel Lotte in Seoul on the evening of Jan. 18 with a host of dignitaries including Minister Hong Suk-woo of the Ministry of Knowledge Economy, and Chairman Chong Bum-shik, among others, attending.

The Korea Petrochemical Industry Association (KPIA) hosted a New Year's event on the evening of Jan. 18 for the members of the association at the Hotel Lotte with over 200 dignitaries from the government and related industries in attendance led by Minister Hong Suk-woo of the Ministry of Knowledge Economy, President Cha Hwa-youp of SK Global Chemical, Chairman Chong Bum-shik of the KPIA, President Hur Soo-young of Lotte Chemical, and President Shin Woo-sung of BASF Korea, among others.

Minister Hong, in his congratulatory speech, gave high praise to the people in the petrochemical industry for their contributions to Korea's posting of over \$1 trillion in international trade for a second consecutive year last year, making Korea the eighth largest trading nation in the world.

The minister said both the government and the industry should get their heads together to gather ideas for drawing up measures to cope with the prolonged slowdown

in the industry around the world due to reduced demand, pushes by China and countries of the Middle East to market their petrochemical products on the global market, and increases in shale oil production in North America.

Hong went on to say that the ministry will try to share the warmth of the resurgent economy with people by perking up the economy with the spirit of mutual survival and reform, asking for positive support from the petrochemical industry this year.

Chairman Chung, in his New Year's address, said the petrochemical industry has done a lot toward Korea's achieving \$1 trillion in international trade for a second year in a row last year and climbed a step up the global ladder through successful achievements in the areas of new recycled materials, new and recycled energy, and environmentally friendly materials.

The new year will also be a challenging year for the industry as it is called upon to expand investments in the development of

technology for its future growth, increase exports, continually push for shared growth with SMEs, make social contributions, as well as nurture its future manpower.

Participating members of the association resolved to make 6.5 trillion won in investments in the new year and export \$46.6 billion worth of their products. The industry's investments totaled 7.4 trillion won in 2011 and 6.3 trillion won in 2012, while exports reached \$45.6 billion worth of its products in 2011 and \$45.9 billion in 2012.

The Korean petrochemical industry has accomplished tremendous development and has supported the high economic growth of the country. Korea has become one of the prominent producers in the world petrochemical industry with overall annual ethylene capacity of 5.7 million tons and various accompanying downstream plants.

The annual production capacity of the petrochemical facilities in Korea in the late 1970s was 1.5 million tons of ethylene from the naphtha cracker and downstream facilities in Ulsan. At the end of 1979, the second petrochemical complex with an annual production capacity of 3.5 billion tons was constructed in Yeochon. Between the late 1980s and the early 1990s, the third petrochemical complex was completed alongside massive new and expansion projects. Further new and expansion projects were implemented continuously and currently 5.7 million tons of ethylene are produced annually, which is 3 to 4 times the production capacity of the late 1970s.

From the 5.7 million tons, an annual 10,290 thousand tons of general purpose resins such as LDPE, HDPE, PP, PVC, PS/ABS for use in synthetic resins, and an annual 6,885 thousand tons of Caprolactam, AN, TPA/DMT, EG for making synthetic fiber raw material are now produced. [NW](#)

Korean Fashion & Textile Industries Aim to Export \$16.3 Bln in 2013

KOFOTI holds a New Year's greeting event on Jan. 8



[Right] Korea Federation of Textile Industries (KOFOTI) Chairman Ro Hee-chan speaks at a New Year's gathering at the KOFOTI Building in Daechi-dong, Seoul, on Jan. 8. A view of the meeting.

The Korea Federation of Textile Industries (KOFOTI) held a New Year's gathering at the KOFOTI Building in Daechi-dong, southeastern Seoul, on Jan. 8, with roughly 300 people in the fashion and textile industries participating.

Among those on hand at the event were Prime Minister Kim Hwang-sik; Vice Minister of Knowledge Economy Yoon Sang-jik; Rep. Lee Wan-young of the Saenuri Party; KOFOTI Chairman Ro Hee-chan; and KOFOTI Vice Chairman Kim Dong-soo. The participants pledged to take a step forward in the fashion and textile industries.

KOFOTI Chairman Ro said in his speech, "The Korean fashion and textiles industries will do their utmost to achieve a target of \$16.3 billion in exports this year by developing value-added new textiles, upgrading design and brand, and strengthening convergence with other industries and marketing activities in foreign countries."

Prime Minister Kim said, "The government will spare no efforts in providing support in order to help the Korean textile industries, which have higher production induction and job creation effects and make the nation the global No. 4 powerhouse by 2020."

In his New Year's message earlier, Ro said, "Last year was a tough year in which the global economy continued to suffer higher variability and was faced with slow growth, while we saw our economy slow down somewhat.

"The business environment changes in the years to come could be opportunities or a crisis for us, and our textile and fashion industries should make another leap forward by translating a crisis into opportunities, upgrading productivity based on a creative mindset," he said.

To this end, Ro said, the industries should explore ways of resurging by producing differentiating products and nurturing global brands by making the most of the Free Trade Agreements with the United States, EU, and ASEAN that are in place.

Second, he said, the Korean textile and fashion industries should develop state-of-the-art new textiles and explore new value-added textile markets by accelerating their convergence with the automobile, aerospace, construction, medical, and shipbuilding industries.

Third, he said, the industries should seek ways to promote shared growth and cooperation and collaboration among yarn, fabric, dyeing, garment, fashion, and other sectors. [nww](#)



On The Move



Two Parliamentary Committee Senior Staff Tapped as Deputy Secy. Gen. of National Assembly Secretariat

The National Assembly Secretariat has appointed Lee Byung-gil, senior staff for the National Assembly Special Committee on Budget & Accounts, to be deputy secretary general for administrative affairs of the secretariat. Lim Byung-kyu, senior staff for the National Assembly Land, Transport and Maritime Affairs Committee, has been tapped as deputy secretary general for legislative affairs of the secretariat.

Deputy Secy. Gen. Lee passed the 7th higher legislative examination and worked for the National Assembly's various committees, including the House Steering Committee and the Public Administration and Security Committee, before serving as chief of the secretariat's Office of Planning and Coordination. Deputy Secy. Gen. Lim's career included stints at the National Assembly Land, Transport and Maritime Affairs Committee, and the National Assembly Agriculture, Forestry, Maritime Affairs and Fisheries Committee.

In the meantime, Chi Sung-bae, the senior staff member of the National Assembly Agriculture, Food, and Fisheries Committee has been named to return to the Knowledge Economy Committee where he served once before.

Korean Air Chmn. Cho's Offspring Get Promotions

The three children of Hanjin Group Chairman Cho Yang-ho were among the list of the 53 executives and senior officers who have been promoted or reshuffled recently. Their promotions, as third generation offspring of the group's owning family, are considered to give more say to management at Korean Air, business analysts said.

Cho Won-tae, senior vice president in charge of Korean Air's management strategies, and Cho Hyun-ah, senior vice president

in charge of Korean Air's in-flight meals, hotels, and customer services, have been promoted to executive vice president. Cho Hyun-min, assistant senior vice



Exec.. Vice Pres. Cho Won-tae



Exec.. Vice Pres. Cho Hyun-ah



Senior Vice Pres. Cho Hyun-min

president in charge of the airline's public relations and also senior vice president of Jin Air, was promoted to senior vice president at Korean Air.

AMOREPACIFIC CEO Suh Promoted to Group Chairman

AMOREPACIFIC Corp. President & CEO Suh Kyung-bae has been promoted to chair-



(left)AMOREPACIFIC Group Chmn. Suh Kyung-bae and President Sohn Young-chul



man of AMOREPACIFIC Group, the holding company of AMOREPACIFIC. He has also retained AMOREPACIFIC Corp. president & CEO status.

A graduate of Yonsei University Business Administration Department and Cornell University, Suh is the second son of the late group founder Suh Sung-hwan. The junior Suh, who entered AMOREPACIFIC in 1987, has been credited with raising AMOREPACIFIC's corporate value by embracing a choice and concentration strategy. The group has the structure of a holding compa-

ny, AMOREPACIFIC Group, and its subsidiary AMOREPACIFIC Corp.

The group appointed Sohn Young-chul, AMOREPACIFIC advisor, to be the president of AMOREPACIFIC Group.

The group carried out its reorganization calling for consolidating sales and marketing into a kind of business division and restructuring Korea's head office and overseas operations, centering around each brand in order to achieve its vision of rising to the ranks of the world's top seven cosmetics firms by 2020.

Ex-Daelim Industrial Exec.. Yoon Tapped as Hanyang Corp. President

Hanyang Corp. appointed Yoon Young-gu, head of Daelim Industrial's Civil Engineering Division, to be its president.



Hanyang Corp. Pres. Yoon Young-gu

The new Hanyang Corp. president has been in the civil engineering field since 1980 when he entered Daelim Industrial as a freshman employee. His career included stints at the nation's major construction sites, including the Seohae Grand Bridge, the nation's longest cable-stayed bridge built over the sea.

Dongkuk Steel Exec. Vice Pres. Nam Promoted to President.

Dongkuk Steel Group conducted a reshuffle promoting Dongkuk Steel Executive Vice President Nam Yoon-young to president.

A graduate of Seoul National University Metal Engineering Department, the new Dongkuk Steel was a freshman employee of the Dongkuk Steel's Busan Steelworks in 1978. He has held such positions as stints at



Dongkuk Steel President Nam Yoon-young

Incheon and Pohang Steelworks, overseas operations in Japan and the United States. He served as chief in charge of planning, and executive vice president in charge of planning, management and resources & equipment. **nw**

Dokdo, Korean Territory Historically, Geologically, and Under Int'l Law

Dir. Yuh: 'The Dokdo issue has a historical aspect in which it is derived from Imperial Japan's invasion of Korea, so it takes on a significance as a symbol of Korea's sovereignty and independence'



Yuh Pok-keun, director for the Territory and Oceans Division at the Ministry of Foreign Affairs and Trade, reconfirmed the government's position on Dokdo during an interview with NewsWorld. Yuh said, "Dokdo is not a matter of dispute since Korea's easternmost island in the East Sea is an integral part of Korean territory historically, geographically, and under international law."

The Japanese are shifting toward a nationalism tinted with a military inclination as their politicians take the initiative in an apparent attempt to take advantage of territorial disputes in the East Sea, including its alleged territorial claims over the islets of Dokdo, many observers in Korea and abroad agree. Japan has glossed over its past atrocities, denying that Korean comfort women were imperial Japan's forced sex slaves, and even some Japanese conservatives and politicians have paid homage to the Yasukuni shrine of former World War II war

criminals and proposed a revision of the pacifist Japanese constitution, rekindling the specter of resurgence of Japanese militarism.

In particular, the Japanese government has intensified an offensive over its territorial claims since early August when President Lee Myung-bak became the first Korean incumbent Chief Executive to tour the islets. The following are excerpts of an interview with Dir. Yuh in which he had spoke of Korea's rebuttal of Japan's territorial claims over Dokdo and its proposal of taking the Dokdo issue to the International Court of Justice (ICJ).

Question: Would you explain to our readers the developments concerning Japan's territorial claims over Dokdo and Korea's efforts to raise the international community's awareness that the islets are an undisputed Korean territory?

Answer: Dokdo is not a matter of dispute since Korea's easternmost island in the East Sea is an integral part of Korean territory historically, geographically, and under international law.

The Japanese government has intensified its offensive over its alleged territorial claims over the island since this past August when President Lee made his historic visit.

After the Korean government returned Japanese Prime Minister Yoshihiko Noda's protest letter, the Japanese government responded by proposing to take the sovereignty issue to the ICJ. Prime Minister Noda, who once called President Lee's trip to Dokdo illegal, is putting on hold a plan to submit the issue to the ICJ until the upcoming general election is over.

Japan has ratcheted up its provocations following President Lee's visit. The Japanese augmented its budget for publicizing its stand by 84 billion won, and it is seeking to install a separate government body in charge

of Dokdo, or what the Japanese call "Takeshima." The House of Councilors has adopted a resolution calling for a return to Japan's effective control over the islet.

Flatly denying Japan's proposal of taking the issue to the ICJ, the Korean government has stressed through Korea's overseas missions that the Dokdo issue has a historical aspect in which it is derived from the Imperial Japanese invasion of Korea, so it takes on a significance as a symbol of Korea's sovereignty and independence.

Japan tried to incorporate Dokdo into its own territory in 1905 through Shimane Prefecture Public Notice No. 40. At the time, Japan was at war with Russia over its interests in Manchuria and the Korean Peninsula. Japan had forced the Empire of Korea to sign the Korea-Japan Protocol in 1904 to secure unlimited access to Korean territory in the execution of the Russo-Japanese War. Japan's attempt at turning Dokdo into Japanese territory was also aimed at meeting its military needs in the face of possible maritime clashes with Russia.

Japan had also coerced the Korean government to appoint Japanese and other non-Korean nationals as advisors through the First Korea-Japan Agreement in August 1904. In effect, Japan had been systematically implementing its plan to take over Korea even before the forced annexation in 1910. Dokdo was the first Korean territory to fall victim to the Japanese aggression against Korea. Japan's attempt at incorporating Dokdo in 1905 through Shimane Prefecture Public No. 40 was not only an illegal act that infringed upon Korea's ancient and undeniable sovereignty over the island, but also null and void under international law.

DOKDO, KOREAN TERRITORY HISTORICALLY, GEOGRAPHICALLY

On a clear day, Dokdo is visible to the naked eye from Korea's Ulleungdo (Ulleung Island), the island which lies in the closest proximity (87.4 km) to Dokdo. Given its geographical location, Dokdo has historically been considered to be a part of Ulleungdo. Dokdo is 157.5 km away from Japan's Oki Islands. This is well evidenced in early Korean documents. For instance, the Joseon (Korean) government publication *Sejong Silrok Jiriji* (Geography Section of the Annals of King Sejong's Reign), 1454, which provides a geographical record of Korean territory, states, "Usan (Dokdo), Mureung

(Ulleungdo) "The two islands are not far apart from each other and thus visible on a clear day." While there are numerous adjacent islands around Ulleungdo, Dokdo is the only one visible to the naked eye from Ulleungdo on a clear day.

In the *Sejong Silrok Jiriji*, it is recorded that Ulleungdo (Mureung) and Dokdo (Usan) are two islands that are part of Joseon's Uljin-hyon (Uljin prefecture). It is also recorded that the two islands had been territories of Usan-guk (Usan State), which was conquered by Silla (former kingdom of Korea) in the early 6th century (AD 512), indicating that Korea's effective control over Dokdo extends back to the Silla period.

Consistent records pertaining to Dokdo are also found in other government publications, including *Sinjeung Dongguk Yeoji Seungnam* (Revised and Augmented Survey of the Geography of Korea), 1531; *Dongguk Munheon Biggo* (Reference Compilation of Documents of Korea), 1770; *Man-gi Yoram* (Manual of State Affairs for the Monarch), 1808; and *Jeungbo Munheon Biggo* (Revised and Enlarged Edition of the Reference Compilation of Documents on Korea), 1808.

Particularly noteworthy is the record in the volume "Yeojigo" in *Dongguk Munheon Biggo*, which states, "Ulleung and Usan (Dokdo) are both territories of Usan-guk, and Usan is what Japan refers to as Matsushima (the old Japanese name for Dokdo). This passage makes it evident that Usan is present-day Dokdo and that it is Korean territory.

Up until the Meiji period (1868-1912), the Japanese government had consistently acknowledged that Dokdo was non-Japanese territory ever since the Ulleungdo Dispute, through which it was confirmed that Dokdo was Korean territory. This is corroborated by the absence of Japanese government documents citing Dokdo as being Japanese territory prior to Japan's attempt to incorporate Dokdo in 1905 through Shimane Prefecture Public Notice No. 40.

In fact, there are even official Japanese government publications that plainly state that Dokdo is not Japanese territory. The Ulleungdo Dispute is referred to as an incident in which while illegally fishing in Ulleungdo, the Ohya and Murakawa families of Totori-han (feudal clan of Tottori) of Japan had a run-in with Korean fishermen, including An Yong-bok, in 1693. The two

Japanese families proposed to the Japanese government (Edo shogunate) to prohibit Koreans' passage to Ulleungdo. The Edo shogunate sent an inquiry to Tottori-han on Dec. 25, 1695. Upon receiving Tottori-han's response that neither Ulleungdo (known then in Japan as Takeshima) nor Dokdo (known then in Japan as Matsushima) belonged to Tottori-han, the Edo shogunate issued a directive on Jan. 28, 1696, prohibiting all Japanese from making passage toward Ulleungdo. The dispute between Korea and Japan thus came to a close, confirming Ulleungdo and Dokdo as being Korean territory.

The Japanese side has spread ill-natured propaganda that Japan wants a peaceful solution by taking the issue to the ICJ, but Korea opposes.

In this regard, we make it clear that any country should not make unjust allegations by distorting historical facts and abusing international law.

It is a self-contradiction and a double standard that Japan would not take its territorial disputes over the Senkaku Islands and Kuril Islands to the ICJ, but only the Dokdo issue.

Recognizing Korea's position that the Dokdo issue is not just a matter of properties and territory, but a historical question stemming from imperial Japan's invasion of Korea, many news organizations across the globe have made headlines.

Japanese Nobel laureate Kenzaburo Oe and other prominent figures issued the Citizens' Appeal on Sept. 28, 2012, calling for Japan's repenting of the past history, saying that Japan's annexation of Dokdo was part of the colonization of the Korean Peninsula.

Ex-Korean prime minister Han Seung-soo contributed an article, titled "Heeding History in East Asia" to Project Syndicate, in which the Dajokan, Japan's highest decision-making body in 1868-1885, denied any claims over Dokdo through its Order of 1877. Yet, it said, in 1905, Japan took measures to incorporate Dokdo in order to use it as a strategic military site for its war with Russia.

It said the final text of the 1951 San Francisco Peace Treaty, which ended World War II in the Pacific, makes no mention of Dokdo. But earlier versions identified the island as Korean territory. The reference in the final version, drafted by the United States, was removed in light of U.S. interests in building strategic partnerships with both South Korea and Japan. [nww](#)

2013 First Brand Awards Winners

Samsung Electronics wins a special prize of 2013 First Brand Awards



Samsung Electronics Managing Director Chung Kwang-ryul received a special award of the 2013 First Brand Awards on behalf of Samsung Electronics.

The Customers Council on Brand Evaluation (CCBE) held the 2013 First Brand Awards ceremony at the Seoul Hyatt Hotel grand ballroom on Jan. 22. The event attracted approximately 400 people, including award winners and representatives of consumer organizations. Among those on hand at the ceremony were CCBE Chairman Yoon Eun-ki and Lee Jang-woo, chairman of Jay Brand Marketing Group.

During the event, emceed by former KBS-TV announcer Kim Hyun-wook, 49 brands won the 2013 First Brand Awards. The award winners were selected through on-line and off-line vote outcomes. The award-winning brands include Paris Baguette, which got the honor for the 10th consecutive year, as well as KT Kumbo Rent-a-car, Shinhan Bank, the two which won the award for the ninth consecutive year. On the awards list for eight years in a row are Mirae Asset Management,; Zi, the brand for GS E&C.; and Commax, an electronics maker. The red ginseng brand, Junggwanjang won the 2013 First Brand Award for the seventh consecutive year while Shinhan Card got the honor for the sixth consecutive time.

The First Brand Awards went to Chatelaine and Yonsei Milk of Yonsei University. Ulsan Metropolitan City Installment Management Corp., Cafe Tospia and Care Sense each won the First Brand Awards for the second straight year. ING Life Insurance, SKIN 79 and Inavi Black became the First Brand Awards winners this year for the first time.

Special awards went to YG Entertainment, Kakao Talk, Samsung Electronics, Uniqlo Heat-teck and superstar entertainer Song Jung-ki. Samsung Electronics Managing Director Chung Kwang-ryul received the special award on behalf of Samsung Electronics.

The awards ceremony coincided with a ceremony to induct superstar singer Sohyang as a PR ambassador for the Korea Consumers' Forum (KCF). The singer performed at the event. The singer said "I'm very happy for me to be inducted as a PR ambassador for the KCF." She went on saying that she will extend her utmost in not only publicizing First Brand Awards but also providing support as one of consumers.

The 2013 First Brand Awards, marking the 11th anniversary featured a concept "Jumping Together" among company and consumer. True to the concept, a select group of 100 consumer representatives who evaluated the First Brand Awards participated in the event. [n.w](#)



Winners of the 2013 First Brand Awards pose for a group photo session after receiving their prizes at an awards ceremony.

Everland Makes Huge Contribution to Leisure Industry

The resort complex boasts 37 attractions including Safari World with all kinds of rare animals as the only wild animal complex in the world



A view of Everland Resort near Seoul with 37 attractions including Safari World, the only wild animal complex in the world and Aesop Village with Aesop Fables for children.

Everland Resort, which opened in 1976, has been given credit for boosting Korea's culture of leisure and service to a world-class level, creating new infrastructure for relaxation and leisure since its opening.

Everland, the main theme park for the resort complex, has 37 attractions for visitors to including Safari World, the only wild animal complex in the world, theme zoo Monkey Valley, Animal Wonder World, and Aesop Village with Aesop's Fables as its theme. It also boasts the largest water park in the world, Caribbean Bay, leading the world water park trend and domestic game culture at the same time.

The resort has been known to have made a great contribution to improving the quality of life for its customers by providing diverse services in such areas as leisure, dining, and lifestyle under its vision, "Life Infra Inventor

2020," to further make its customers' lives more valuable through its refined services.

The resort has been leading service reform under the CEO's strong managerial imperative that everyone in the resort — from officials to staff, from top to bottom — should work hard to improve customer services with happy minds so that customers will feel satisfied and moved by the services provided.

The resort has been taking all kinds of measures to boost the morale of its employees including the prize presenting system and a tailor-made welfare system enabling employees to work in an amiable environment and provide excellent services to customers voluntarily and move the customers emotionally.

The resort has been operating a service academy to train its employees so that they can provide tailor-made and professional



services to the customers. The resort has been collecting customers' opinions on improvement of its facilities and services and has created a database to analyze the comments in order to provide better services to customers. **NW**

Black Yak Chmn. Kang Wins Peony Medal

In honor of his contributions to mountain climbing and social causes including support to patriot Ahn Chung-kun's legacy in China



Models show hiking and outdoor wears being marketed by Black Yak.

Chairman Kang Tae-sun of Black Yak, a maker of professional climbers and casual hikers' outdoor wear, won the Order of Civil Merit, Peony Medal from the government on Dec. 27 for his contributions to the creation of bases for national unification and natural resources conservation, especially for planting trees around the tomb of Dankun, the founder of the ancient Korean nation, located in North Korea.

Kang started a campaign to plant trees around the Dankun tomb in North Korea when the Halla-Baekdu Tourism Exchange Agreement was signed to enable tourists to visit both South and North Korea, which boosted the popularity of the domestic mountain climbing and outdoor clothing and gear company.

Last October, Kang initiated a ceremony for uniting waters and earth from the two divided Koreas at the Nuri Peace Park on the Imjin River near the DMZ and mixed water and sands from both Halla Mountain on Jeju Island and Mt. Baekdu in North Korea to wish for national unification.

Kang's passionate patriotism extended to Korea's sovereign rights over Dokdo Island under the slogan, "I go anywhere I want to go in Korea," and started an education program for college students to



Chairman Kang Tae-sun of Black Yak who won the Order of Civil Service Peony Medal for his contribution to the creation of bases for national unification and natural resources preservation for planting trees around the tomb of Dankun, the founder of the ancient Korean nation in North Korea and his other deeds.

form an international alliance to protect those rights.

Kang's patriotic activities did not stop there. He also supports a program to visit the historic locations in Northeast China where late patriot Ahn Chung-kun prepared for his assassination of high-ranking Japanese diplomat Hirobumi Ito at a railroad station in Harbin Manchuria, China, riding on the wave of the anti-colonial movements against the Japanese by Korean patriots in China.

Kang was also credited for producing high-quality Korean-style hiking clothing and equipment to make mountain climbing a safe sport. Also, while running the Seoul City Mountain Climbing Association as its chairman, Kang played a key role in supporting such famous mountain climbers as Yeom Hong-gil and Oh Eun-son, making a big contribution to the growth of domestic mountain climbing cul-

ture. Kang's contribution was recognized when he got the Order of Civil Merit, White Horse Medal from the government. The two mountain climbers climbed Mt. Himalaya to show the world what Korean mountain climbers can do.

The Black Yak chairman's social services don't end with mountain climbing-related events. He also did a lot for the collection of used handphones and the protection of the environment, for which he received two citations from the Ministry of Environment.

Kang also donated 2 billion won to various social causes such as poor households, the physically handicapped, social organizations, mountain climbing clubs, and the Boy Scouts, among others, in the past decade. Contact 02-2027-0853 or (www.blackyak.co.kr) if you wish to enquire about the outdoor wear made by Black Yak. **www**

Lunar New Year Gift Sets on Sale

Winemaker's Dinner at Seasons



In anticipation of the Lunar New Year gift giving season, Millennium Seoul Hilton is offering several luxury gift sets for sale. Ideal gifts for work colleagues, clients and treasured family members, these gift sets are a wonderful way to wish others a very happy new year.

There are a variety of gift sets being offered. They include:

Top-grade Galbi and Wagyu Galbi Gift Sets (KW374,000-KW1,200,000)

These gift sets offer prime-grade (1++) Hanwoo beef and Australian Wagyu beef with a marbling score of 8 or higher. The gift sets come with Millennium Seoul Hilton's own marinade.

Yellow Croaker with Roe Gift Sets (KW360,000-KW680,000)

These yellow croaker are filled with roe, and are similar to the ones served at the Emperor's own dinner table. Available in various sizes, these premium gift sets make a marvelous gift.

Premium Food Gift Sets (KW187,000-KW450,000)

Premium sets include Preserved Abalone from Wando, Soy Sauce Marinated Crabs, and LA Gabli. Korean crabs have been preserved and marinated in a soy sauce mixture. These sets are succulent to eat and will be appreciated by the gourmet diner.

Grand Cru Wine Gift Sets (KW1,298,000-KW1,980,000)

Choose from a variety of Grand Cru wines from France, including 2007 Chateau Mouton Rothschild, 1998 Grand Vin de Chateau Latour, 2004 Chateau Margaux, and more.

Wine Gift Sets (KW165,000-KW308,000)

A variety of sommelier sets have been prepared that will delight any wine lover. Some of the wine sets include an assortment of cheeses.

Champagne Gift Sets (KW209,000/KW539,000)

A choice of Moët & Chandon Brut Imperial Rose, Dom Perignon and Veuve Clicquot are available to help make someone's new year that much more of a celebration.

Nationwide delivery is available and included in the cost of the gift sets. Orders made by February 4th, 2013 will be guaranteed delivery anywhere on the peninsula (excluding Jeju-do). Orders made from February 5th through February 8th, 2013 can only be guaranteed delivery in the Seoul area. All prices are inclusive of 10% VAT.

For Lunar New Year Hamper enquiries, please call (02) 317-3066. [nw](#)

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