

# **KOREA** **BusinessWorld**

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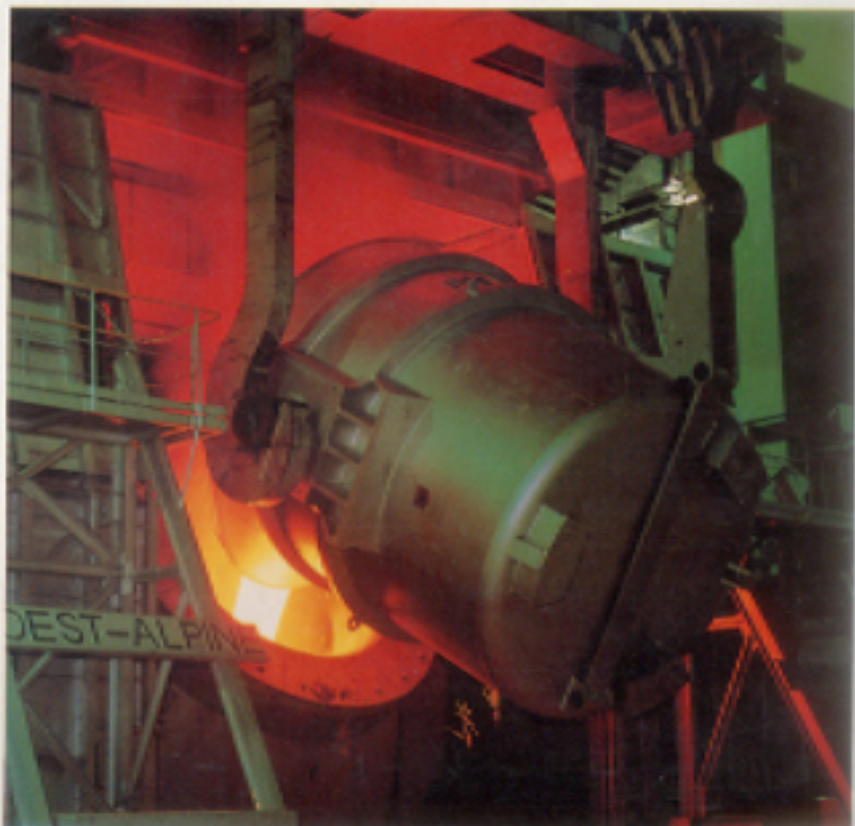
# **STEEL**

**The worst of times,  
The best of times**

**Inside:**

**Concern on  
Post-Olympic  
Economy**

**Boost for  
Small Businesses**



# KOREA BusinessWorld

MONTHLY ECONOMIC JOURNAL

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# Long Days on the Paper Trail

San Francisco, that are expected to enter Korea in the not-too-distant future. To smooth their entry into the Korean

ships are viewed as being contractually bound together through laws and legal-ese; whereas in the East, the contractual relationship has generally been seen as being personal and very fluid, thus allowing for continued change and compromise between the contracting parties. In order to be successful in finding a partner with whom to establish a long-term relationship, the Western business man must be willing to relinquish some of the Binding language contained in the contract that he is used to. The Eastern partner, on the other hand, has to accept more legal language than the world con-

international firm must work to achieve to ultimately be successful, not just in the days, normally 12 hours or more. Their day tends to be divided into three to four-hour blocks. Generally an attorney will spend two to three hours in conference with clients and an additional three hours or so busy with the paperwork associated with the intricacies of joint ventures, technical transfers, etc. Four hours of the typical day are normally set aside to answer correspondence. The rest of the day includes a lunch break of one and a half hours with the balance of the day spent on the phone with other clients helping answer questions involving everything from labor to partnership problems.

## Worlds apart

Domestic and international law firms are literally worlds apart in the type of work they perform. A domestic firm is primarily involved in an area of law that revolves around lawsuits and various other forms of litigation, while an international firm acts more as a mediator between its client and the client's proposed business partner. The international law firm is generally focused on aspects of transactional law. The essential difference between an international and a domestic law firm is one of facilitation versus confrontation.

Currently in Korea there are a number of firms that are involved in the practice of international law. These include: Kim, Chang & Lee; Kim, Shin & Yu; Shin & Kim; Lee & Ko and the largest Korean firm, Kim & Chang. There are also a few smaller firms that are attempting to break into this lucrative international market. These smaller firms are being led in this direction by the firm of Min, Sohn & Kim.

As pointed out above, the international firm needs to be able to mediate the process of putting a transaction together. In the West, business relation-

2101 ~ 2105

亞細亞合同法律特許事務所  
MIN, SOHN & KIM

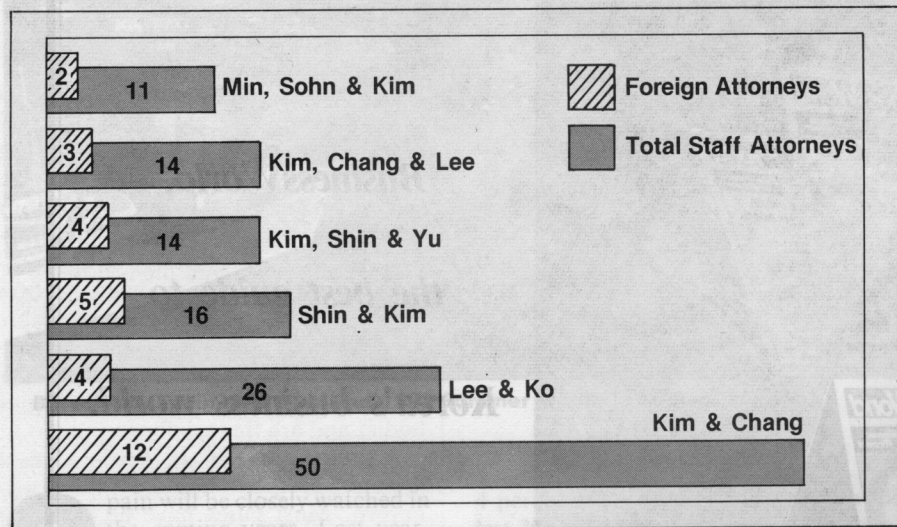
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LAW OFFICES LEE & KO  
事務局 法律部

KIM, CHANG & LEE

SHIN & KIM  
世宗合同法律事務所

KIM & CHANG

金·申·柳  
法律·特許事務所  
LAW OFFICES  
OF  
KIM, SHIN & YU



**9**:00 A.M. After arriving in the office it's time to sort through the facsimiles that came over the line during the night. Thus the paperwork begins anew in the high-powered world of international law. Once the agenda has been set for the day, it's time to move on to the morning,

lunch and afternoon conferences with local clients and those visiting from overseas. Then begins the task of faxing out the replies and answers to attorneys in London, New York and various other cities around the world.

Typically, attorneys who work in the international field put in extremely long

ships are viewed as being contractually bound together through laws and legal-ese; whereas in the East, the contractual relationship has generally been seen as being personal and very fluid, thus allowing for continued change and compromise between the contracting parties. In order to be successful in finding a partner with whom to establish a long-term relationship, the Western businessman must be willing to relinquish some of the Binding language contained in contracts that he is used to. The Eastern partner, on the other hand, has to accept more legal language than he would consider normal. It is this process of cultural compromise and mollification that the international firm must work to achieve to ultimately be successful, not just in the Pacific Basin but elsewhere as well.

In the past, international law firms were heavily involved in representing and protecting the interests of foreign banks in their loans to Korean companies. Now that the Korean economy is awash in excess liquidity and has no real need for continued foreign loans, this area of business has dried up.

In putting together agreements between companies, the international firm, by and large, would represent foreign concerns. Most Korean companies in the past have normally not sought assistance from outside legal counsel. The reason

for this has been that Koreans with law degrees (in Korea, law is an undergraduate degree program) who did not pass the bar exam and become either judges or prosecutors, would generally enter industry. The regular practice of western-style law has been looked down upon as a "money grubbing" profession providing no social service. In essence this would give their company an "in-house" legal staff. This is gradually changing as the process of doing business internationally becomes increasingly complex in Korea due to its rise from developing to developed status and could represent a new field of growth for some of the smaller firms in Korea.

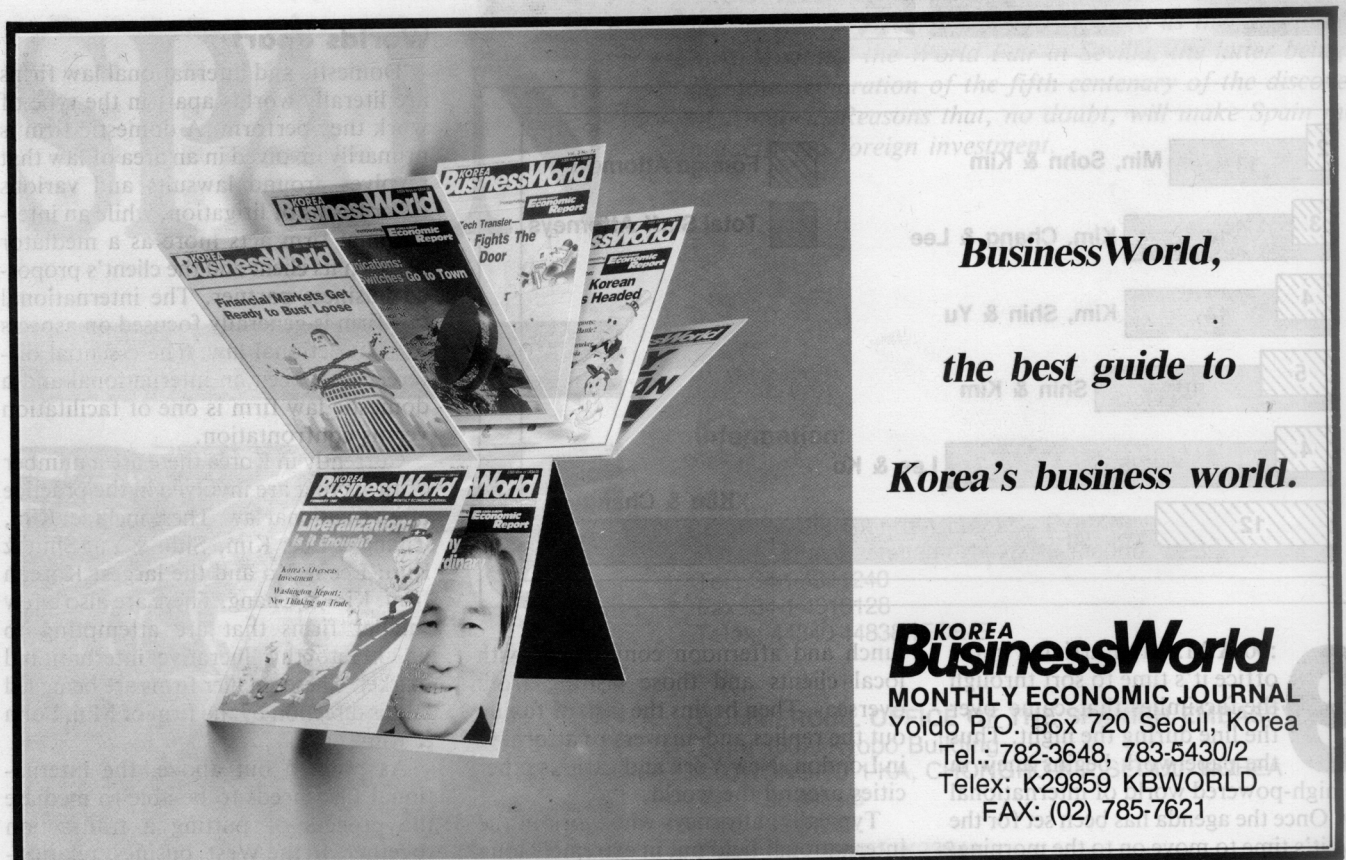
### Varied prospects

Prospects for the legal field in Korea are extremely varied. Like the rest of the country, law firms are hoping for an increase in business following the conclusion of the Olympic Games. Foreign companies that had not earnestly considered Korea before will be shown a rather remarkable picture of the country that could encourage them to expand their operations to the Republic. The downside of this would be foreign concerns staying away if there is heated student and labor unrest after the games.

As Korea continues to liberalize its markets the percentage of goods im-

ported will continue to rise. With this rise in imports, the legal firms will be busy helping map out avenues of distribution for the foreign importers trying to crack the Korean market.

The international business community can expect to see some significant changes in the international legal community. There will be a rise in the demand for trained local lawyers and with it increased local respect for the legal profession. The single largest and most readily apparent change will come with the influx of foreign firms, probably led by U.S. firms such as Baker & MacKenzie of Chicago and Graham & James of San Francisco, that are expected to enter Korea in the not-too-distant future. To smooth their entry into the Korean marketplace, these firms will likely display their shingles with smaller Korean firms. The importance that foreign firms place in Korea is evidenced by the fact that so many of them send delegations on a quarterly basis to market their name and make contacts for the future. This month, for instance, the U.S. firm of Paul, Weiss, Ritkind, Wharton & Garrison of New York is sending its managing partner, Lionel H. Olmer, to Seoul on a fact-finding and goodwill mission. **W**



**BusinessWorld,**  
*the best guide to*  
**Korea's business world.**

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# Korea, EC Look Ahead

**F**rom the 13th to the 16th of September, a high level consultation between the European Community (EC) and the Korean government was held in Seoul.

In a press conference at the Seoul Club, EC High Commissioner Willy De Clerq stressed that these talks were only consultations and not negotiations. Held periodically between the EC and Seoul, these talks are primarily as Commissioner De Clerq put it, "Forums for discussions" in which each side can convey messages.

Commissioner De Clerq also indicated the EC has recognized a need to establish a permanent mission in Korea in the near future. The reason for this will be to take advantage of the high profile the EC has gained now that it is being taken seriously. The mission's responsibility would be to coordinate with EC member country embassies.

Next year there will be more definitive discussions when the EC meets in Brussels for a high level conference at the ministerial level. Between now and then it will be necessary for sectorial discussions to be held that are more "item by item" in nature.

Commissioner De Clerq was full of praise for the economic progress Korea has made in the last 26 years. One area that he mentioned was the growth in per capita income, which has risen from \$80 to \$3,000, but he also had words of advice and warning for the Korean government. The first was to "Live up to the new situation, and realize the responsibility ... behave like a main trading partner."

Part of this responsibility involves liberalizing Korea's currency so that its value is real, convertible and subject to outside influence. Another area of responsibility lies in opening the Korean economy. Commissioner De Clerq stated



EC High Commissioner Willy De Clerq emphasizes a point.

*On the topic of Korea signing onto Article 8 of the IMF treaty, Commissioner De Clerq informed the press Korea had "confirmed the principle but not the date."*

that "liberalizing products is one thing, changing the system is another." One way in which the Korean government could implement this change would be allowing non-Korean companies to open businesses of their own in all sectors of the market.

Some of the recent complaints the EC has leveled at Korea are allegations of dumping and intellectual property rights infringement. The problem with dump-

ing is linked to the issue of the won being undervalued, thereby allowing Korean companies to underprice their products and gain marketshare. Some of the more visible signs of copyright infringement in Korea can be seen by anyone who walks through Itaewon, the main shopping center frequented by foreigners, and witnesses the plethora of counterfeit goods. This problem is not only to be found in the shopping stalls of Itaewon. It is also rampant in industries such as computers and computer software. In retaliation, the EC removed Korea from a group of developing countries that receive preferential customs treatment, the EC has warned that this situation could continue next year unless Korea recognizes EC patents and copyrights.

On the topic of Korea signing onto Article 8 of the IMF treaty, Commissioner De Clerq informed the press, Korea had "confirmed the principle but not the date." □

# Behind the Gold

*The Games Within The Games*  
 Vincent J. Ricquart; Hantong Books,  
 Seoul, 1988; 208 pages; 12,000 won

By David W. Riddle

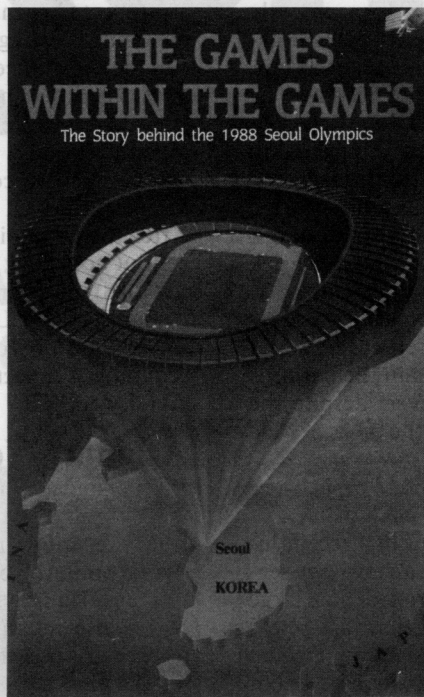
Vincent J. Ricquart has brought together a fascinating portrait of the uncertainties and joys associated with bringing the 1988 Summer Olympic Games to Seoul in his book "The Games Within The Games." For a book with only 186 pages of text, Mr. Ricquart does an outstanding job of sketching the complex political and economic problems and manipulations that make up the Olympic Games.

The reader is shown the process by which the awarding of the games progressed from an almost impossible dream, contested both domestically and internationally, to the reality that it is today.

"The Games Within The Games" offers an excellent insight into the negotiations involving the two Koreas and the heroic efforts put forth by IOC President Juan Samaranch's attempt to ensure a boycott-free games.

In putting this work together, Mr. Ricquart himself faced his own Olympic challenge. He traveled from Europe to Tokyo and interviewed over 200 people in an effort to present an accurate picture of the 24th Olympiad.

Mr. Ricquart's hardest job was not in finding people to interview but in finding people who would be willing to discuss the preparations for the upcoming games. According to him, when the book was started in 1986 and early 1987 overall management and preparations for the games were considered top secret since most of the decisions were handed down from the "Blue House." This being the case, no one would discuss issues that were not in the official communiqués. The author related two instances that bear this out. In the first example Mr. Ricquart went to the SLOOC offices to interview Mr. Kim Bum-Il who was in charge of the sponsorship negotiations.



*The interview lasted all of one minute, with Mr. Kim telling the author, "I am sorry, I can not talk."*

The interview lasted all of one minute, with Mr. Kim telling the author, "I am sorry, I can not talk." The second example involved an interview with the President of the Olympic Committee in Korea, Mr. Park Seh-Jik. That interview lasted for two minutes before Mr. Park was called out of the office.

Korea has lived under a military style of rule for so long it is hard to get people in positions of authority to speak out

on their personal feelings. Since Korea does not have a "Freedom of Information Act," the author was forced to piece together information from many different sources in an attempt to arrive at a clear picture of the preparations for the games.

Living in Korea has forced Mr. Ricquart, 26, to endure some constraints that a writer elsewhere would not have had to put up with, namely self and government censorship. This means having to submit a copy of the completed text before a censorship committee of the Korean government. Fortunately, the only part of the book the censors found objectionable was a picture of a clash between students and police. But this was not the last step in the long course of potential censorship that he and the book had to endure. Distribution of foreign books in Korea is accomplished through the hotels and the Kyobo Book Center. Each of these entities reserves the right of review to ensure that material is appropriate for distribution to foreigners.

The sections of the book devoted to corporate sponsorship and TV rights presents a good overview of the increasing importance commercialization plays in the modern Olympic Games. The text is remarkably candid in its praise and criticism of the people involved in the Seoul Olympics. "The Games Within The Games" presents the reader with a rewarding experience by providing a glimpse behind the curtain of the Olympic Movement.

Mr. Ricquart has lived and traveled extensively around the world. He was born in the South of France and has lived in the Middle East, America and for the last three years in Korea.

In 1985 Mr. Ricquart was an economic assistant to the French Embassy, and since then he has been a freelance journalist. ■