

Korea

ICT Industry Profile and Statistics

ICT Industry Structure and Production

Korea's ICT industry can basically be divided into the ICT equipment, telecommunications services and software industries. As seen in table 1, the ICT equipment sector is the most significant in terms of production, accounting for more than two-thirds of the industry. Based in production in Korean Won, Korea's ICT production accounted for 181.6 billion USD in 2003. The ICT equipment accounted for 69% (126.8 billion USD), telecommunications service 20.7% (37.6 billion USD) and software 9.5% (17.2 billion USD).

(Table 1) Korean ICT industry Production, 2002-2007

(Billion USD)

	2002	2003	2004	2005	2006	2007	'02~'07 Average Growth Rate
Telecommuni cations Service	36.3	37.6	38.7	40.9	42.9	44.6	4.2%
ICT Equipment	110.0	126.8	150.0	165.2	182.7	202.9	13.1%
Software	17.1	17.2	21.4	25.1	29.1	33.4	14.6%
Total	163.4	181.6	210.1	231.2	254.7	280.9	11.5%
Growth Rate	25.7%	11.1%	15.7%	10.0%	10.2%	10.3%	

Source: Korea Information Strategy Development Institute (2002)

Korea Association of Information and Telecommunication (2003)

Due to continued modest growth of both the national and global economy as well as the introduction of IMT-2000 service, maturity of the post-PC market, and the expansion of digital broadcasting service, ICT industry production is projected to rise at

an average annual rate of 11.3% from 2002 to 2007, reaching 280.9 billion USD by 2007.

Others

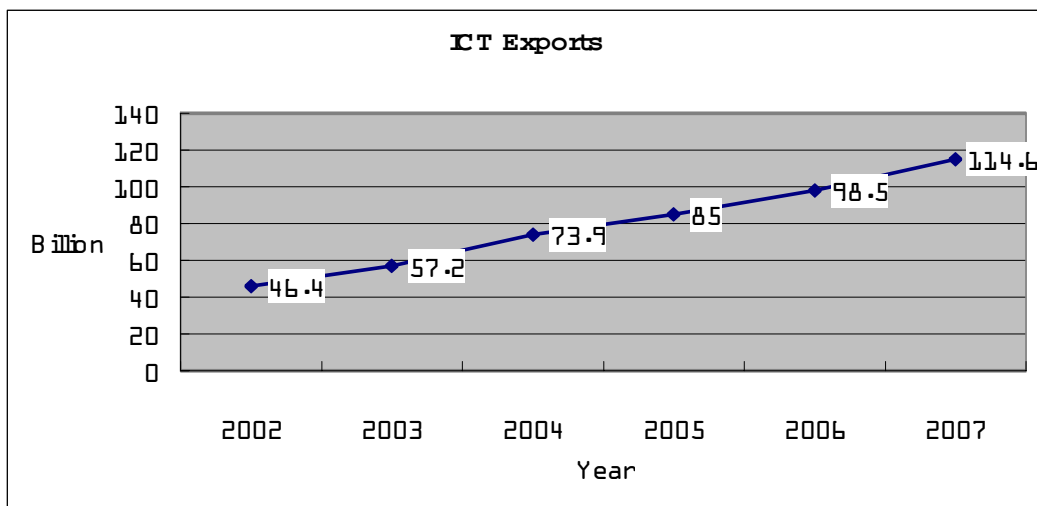
As of 2003, the number of workers of ICT industry reaches to 670,000 and the number of ICT companies 210,000. As of August 2004, the number of Internet usage accounts for 36 million with 74.9% of population. Also the number of high-speed Internet subscriber accounts for 11.6 million with 24.2% of population and the number of mobile telecommunication subscriber 36.1 million with 74.9% of population as of July 2004.

ICT Trade

Korea's ICT export in 2003 was 57.2 billion USD and its portion of total export, 194.3 billion USD was 29.5%. ICT export is expected to grow 73.9 billion USD in 2004 considering he ICT export accumulation as of July 2004 is 42.6 billion USD.

(Table 2) Korean ICT Exports, 2002~2007

(Billion USD)



Source: International Cooperation Agency for Korea IT (2004)

Contribution of ICT industry to GDP

ICT industry is clearly an important growth engine for the Korean economy. The Korean ICT industry accounted for 15.6% of all value-added production in GDP in 2003 and it is expected to rise to 16.3% in 2004. In the future, the industry's growth will be spurred by introduction of IMT-2000 service, wireless Internet service, and expanded digital broadcasting service coupled with increases domestic demand for peripherals and components. It will also benefit from rising sales of software for wireless communications, security, and web service solutions. At the same time, introduction of new ICT services around the world, increased demand for related equipment and appliances, and continued market opening in developing countries will result in more export opportunities for Korea. The ICT industry will account for more than 17% of Korea's GDP by 2007, taking up increasingly important role in the Korean economy.

(Table 3) Value added of ICT Industry to GDP, 2002-2007

(Billion USD)

	2002	2003	2004	2005	2006	2007
ICT Production	163.4	181.6	210.1	231.2	254.7	280.9
Value added Amount from ICT Industry (A)	76.3	84.9	98.2	107.9	118.9	131.0
Current GDP (B)	518.6	544.5	603.7	652.5	705.4	762.5
Contribution (A/B)	14.7%	15.6%	16.3%	16.5%	16.8%	17.2%

Source: Korea Information Strategy Development Institute (2002)

Korea Association of Information and Telecommunication (2003)

IT 839 Strategy

The Korean ICT industry developed into a global industry from scratch in just two decades. Korea now has world-class ICT infrastructure such as broadband Internet and mobile communications. The achievement was made possible thanks to the new services that create demand, establishment of infrastructure that enables the provision of new services and enhanced manufacturing capabilities. With a goal to develop a new virtuous cycle, the Ministry of Information and Communication (MIC) drew up the "IT 839 Strategy". The ICT industry has been ready for the second momentum for growth as the recent broadband and convergence trend blurred the border between

industries as well as products and created new businesses. The MIC and Korean ICT industry are committed to the implementation of the strategy to achieve \$20,000 GDP per capita earlier than the original schedule.

(Table 4) Plan for 2004 & Mid-to-Long Term Goal

	Name of Project	Plan for 2004	Mid-to-Long Term Goal
Services	WiBro Service	Standardization, Establish Licensing Framework	Service Launch ('06)
	DMB Service	License Broadcasting Station, Service Launch	Interactive Service ('06)
	Home Network Service	Provide the Service to 500,000 Homes (VOD/Electronic Control)	10 Million Service Users ('07)
	Telematics Service	Establish Information Center, Pilot Project Launch	10 Million Service Users ('07)
	RFID based Service	Allocate Frequencies, Develop Core Technologies	Tiniest and Cheapest RFID('07)
	W-CDMA Service	Allow Subsidies, Support Technology Development	Nationwide Networks across Cities ('06)
	Terrestrial D-TV	End Standard Dispute, Expand Coverage	Nationwide Networks ('05)
	Internet Telephony (VoIP)	Establish Service Framework, Allocate Numbers	4 Million Service Users ('06)
Infra-structure	BcN	Develop Technology, Establish Network for R&D Use	20 Million Users ('10)
	U-Sensor Network	Establish Framework, Pilot Project Launch	Realize u-Life ('10)
	IPv6	Support Pilot Project, Develop Equipment	Switch over to all IPv6 ('10)
New Growth Engines	Next-generation Mobile Communication	Develop Portable Internet Prototype	Develop 4G Mobile Communication Prototype ('07)

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	Digital TV	Develop Terrestrial DMB Transmitter-receiver	Telecom & Broadcasting Convergent Service Server/Devices ('07)
	Home Network	Develop Wired and Wireless Convergent Home Server	Telecom & Broadcasting & Games Convergent Home Server ('07)
	IT SoC	Develop Multimedia Chipset for Mobile Phones	Develop into one of the Three Major Countries in IT SoC ('07)
	Next-generation PC	Introduce Watch-type PC	Wearable PC ('07)
	Embedded SW	Build Embedded SW in 100 Kinds of Products	Develop into the Second Largest Producer in Embedded SW ('07)
	Digital Contents	Develop Multi-Platform Game Engines	One of the Three Major Open Source SW Producers ('07)
	Telematics	Establish Test-bed for Technology Verification	In-Vehicle Mobile Office ('07)
	Intelligent Service Robot	Develop Humanoid that Recognize its Master	Global Presence ('07)

Source: Ministry of Information and Communication, Republic of Korea (2004)