



Second Korea-OECD Conference
KOREA'S FIVE YEARS IN THE OECD: FINDING A NEW PATH

13-14 December 2001, Seoul Korea

KOREA IN THE OECD: REALISING THE PROMISE

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Introduction

It is indeed an honour for me to speak at this conference marking the fifth year of Korea's membership in the OECD. It is also with great satisfaction that I greet this anniversary for, as some in this room will remember, I was one of the early supporters of Korea joining the OECD. It was evident to me in the early 1990's that membership promised great benefits to both Korea and the Organisation. Today and tomorrow we will be considering the extent to which this promise has been realised and the path forward.

The OECD brings together 30 member countries sharing a common commitment to democratic government, the market economy and the protection of human rights. It is this commitment and the willingness to engage in policy dialogue and in peer review processes and to work towards achieving consensus that are at the very heart of the OECD. As I will be discussing later, these are areas in which Korea has excelled in its first five years of membership.

It is important to understand a critical distinguishing characteristic of the OECD – its committee structure. The organisation operates largely through standing intergovernmental committees and working groups that cover most areas of public policy. The delegates to the major committees are senior officials from capitals who, along with their experts, form global policy networks that constitute a fundamental strength of the OECD. Membership in the OECD means a seat at the table in these groups where experiences are exchanged and analysed, best practices are identified and, in some cases, international standards and rules of the game are developed and implemented.

I wish to emphasise that the OECD is not a closed club. With active relationships with some 70 other countries, international organisations and civil society, it has a global reach. These relationships are invaluable, first, for providing a broader perspective for OECD's analysis and the development of policy recommendations, second, for sharing knowledge and experience with developing and transition economies about how to make market economies function better, and, third, for achieving a wider acceptance or "buy in" of principles and policies recommended by our Member countries. Participation in these "outreach" activities has proven to be an important benefit of OECD membership.

Korea in the Global Economy

While some refer to the OECD as a club of the rich or most developed nations, these commentators ignore the fact that the membership includes countries like Turkey, Hungary and the Slovak Republic, our newest member. There can be no doubt that the characteristics of the Korean economy fall well within the range of those of our other members. Indeed, Korea's GDP ranks 10th among the OECD economies, and seven of the members have a smaller GDP per capita.

But more impressive than the sheer size of the Korean economy is the remarkable history of the resurgence of the economy from the ashes of war in the 1950s and the "policy courage", hard work and tenacity that has been demonstrated again by the Korean people and your government more recently in facing the Asian financial crisis.

(If you will allow me a personal aside, I must commend also Korea's rapid commitment to assist in a meaningful way in the war against terrorism. This is clear evidence that Korea's partners can be confident of this nation's support when a serious need arises.)

The Asian financial crisis struck Korea less than a year after it joined the OECD. While many of the structural weaknesses that were laid bare by the crisis were already known, the extent of some of the financial imbalances were not, and the occurrence of the crisis in 1997 was largely unexpected. In the first seven years of the decade of the 90's the earlier Korean development model in which government made the big resource allocation decisions was becoming less relevant and increasingly unworkable. Growth was slowing despite a rising investment share in national income. Export competitiveness and corporate profitability were lagging while current account deficits increased and, of particular importance, corporate leveraging soared to what proved to be unsustainable levels. Due to the subordination of finance to industrial objectives, prudential supervision was neglected.

In contrast, this was a period when the OECD countries plus a growing number of non-members were converging on an economic model in which markets were assigned a much larger role in resource allocation while the state was assigned the task of building a strong institutional, regulatory and legal framework. Within the OECD, consensus was building on issues such as corporate governance standards, privatisation, and liberalisation of capital movements and market access. In parallel exercises, international standards were agreed in banking supervision, securities and insurance.

In response to the 1997 crisis, the Kim Dae-jung Administration opted for the emerging international consensus on economic policy, that is, the model to which other OECD members had converged. The Korean approach involved both the incorporation of best international practice into Korea as well as the development of new techniques to address crises. The OECD has been a major channel of communication between Korea and major players in the world economy as the reforms were developed and implemented. Membership in the OECD provided both access to expertise in other countries and a valuable means of communicating Korea's achievements

A number of the reforms have involved important policy areas for the OECD and provide good examples of Korea's participation in OECD activities and of how the OECD has benefited from Korea's membership. I would like to comment on several of these areas, beginning with those you will be discussing in more detail later today.

1. Financial Reform

The Korean financial reform has reflected 1) the immediate need to overcome the crisis that erupted in 1997 and 2) the longer run goal to recast the financial system from a function of

passively supporting industrial policy to one of disciplining the corporate sector and contributing actively to resource allocation

A fully independent supervisory institution -- the Financial Supervisory Commission -- was established, supported by its executive arm the Financial Supervisory Service. The Commission imposed progressively rigorous supervisory standards based on international norms. The establishment of an independent agency for financial supervision was consistent with the OECD consensus. However, the decision to concentrate all financial supervision in a single agency was Korea's own choice from among several institutional models currently in use in OECD countries. As the experience with institutional arrangements for financial supervision among Members is currently being evaluated, the Korean experience will be closely watched by other countries.

Yet despite the expenditure thus far of very large amounts on financial rehabilitation, the task is still only partly completed. On the positive side, the Supervisors have demonstrated their commitment to upholding high supervisory standards and have kept their independence while the Financial Supervisory Service has developed strong skills in implementing prudential oversight. The Korean Asset Management Company (KAMCO) has emerged as a highly effective loan resolution agency. A number of strong Korean banks have also emerged, that are well capitalised, well managed and capable of adapting to new challenges. These banks have credibility with international investors. Since many Asian countries do not have such a core of strong banks, this is a noteworthy achievement.

At the same time, more than half the banking system is still not capable of meeting balance sheet tests using rigorous standards. These banks, which are mainly government owned, are saddled with high levels of loans to corporate entities that are themselves marginally solvent. There are also serious problems outside the banking sector, including a number of insurance companies have difficulties meeting standards of solvency and persistent difficulties in the collective investment industry, which is a growing repository of savings in most OECD countries. Finally there is a serious problem of solvency in the corporate bond market, which has already required a major government rescue. Further structural reforms are needed before the bond market can perform an effective role in financial intermediation.

One important lesson that can be drawn from Korea is the close connection between financial reform and corporate reform. The problems that are now visible in the banking system and the corporate bond market stem from the problems of excessive leverage and declining profitability that arose in the early 1990s. As the creditworthiness of the industrial conglomerates deteriorated, the banks and the bond market both were adversely impacted. The ambiguities concerning final responsibility for failing companies that existed under the old system undoubtedly deterred the banks and bond investors from exercising discipline over the corporate sector as the situation worsened.

The OECD has been actively involved in the Korean financial reform. During the period when Korean membership in the OECD was under discussion, OECD Committees and working parties urged Korea to modernise its financial market, to liberalise the capital account and to upgrade its arrangements for supervision. Following accession and particularly following the 1997 crisis, various OECD groups have encouraged Korea to persevere in the path of reform it chose in late 1997 while monitoring its performance. In many cases, the practice of other OECD countries was helpful in the context of Korea. Meanwhile, as Korean practice showed good results in areas such as bank rehabilitation and the resolution of non-performing loans, that Korean practice became incorporated into OECD standards of practice.

2. Liberalisation of Capital Movements

The OECD has 40-years of experience with external financial liberalisation within its membership constituency. Overall, this experience has been positive, in view of the benefits of capital account liberalisation in stimulating economic growth and efficiency. The many concrete advantages of external financial openness in terms of allowing diversification of portfolios and financing sources, raising competition and fostering improved transparency and disclosure standards for domestic entities have been seen as outweighing any transitional costs and dislocations.

For Korea, the process of capital account liberalisation has also proved to be a catalyst for further economic reform, but unfortunately it was initiated just before one of the most severe financial crises ever experienced among OECD members. A build-up of large short-term debt and excessive foreign currency exposure in financial institutions as well as enterprises was facilitated by the timing and what proved to be unwise sequencing with which restrictions were removed. (The OECD advice to liberalise first long-term capital movements, particularly foreign direct investment, was not followed.) When the crisis struck, weaknesses in the financial sector and a lack of creditworthiness and competitiveness in the corporate sector were starkly exposed and compounded by this particular sequencing of the easing of restrictions on capital movements.

This experience has brought added recognition in Korea as well as among other OECD member countries of the need to integrate many dimensions of domestic and international financial policies when undertaking liberalisation. Potential balance sheet vulnerabilities in the financial and corporate sectors deriving from unrestricted capital flows, such as experienced by Korea, were in the case of older OECD members nearly always mitigated by the progressive pace of liberalisation, sequenced with deregulation and reform of the domestic economy. With its rapid, export-oriented economic development, Korea did not have such a long history of orientation towards the market paradigm and consequently less time to build up the appropriate underpinning of institutional-governance structures for a market economy. Learning from Korea's experience, the OECD has been able to provide non-members with policy advice for their liberalisation efforts, aiming to ensure that they are adequately supported by governance and institutional reforms, especially as regards prudential supervision. Even so, vulnerability to crises can of course never be fully eliminated.

3. Foreign Direct Investment

The potential benefits of foreign direct investment have come to be recognised by countries all around the world. Governments take active measures to attract FDI, in order to capture its direct growth impetus and job creation as well as the transfer of technology and skills which often come with FDI. When Korea acceded to the OECD in 1996, it was strongly encouraged by OECD Members to relax its existing restrictions on FDI. Openness to FDI in the most general sense was urged, meaning not only the absence of direct restrictions, but also that the overall regulatory and administrative framework for foreign entrepreneurial activity should be simple and user-friendly. Many measures aiming in this direction were undertaken as part of Korea's accession process to the OECD and were accelerated further in response to the financial crisis. That event demonstrated the additional role of FDI as a vital source of stable and long-term financing. The stated policy of the current Government is to have in place a transparent, non-discriminatory regulatory framework for investment, whether foreign or domestic. The OECD applauds the example that Korea now is setting in the investment field for the rest of the world, in particular, for the other economies of the Asian-Pacific region.

4. Corporate Governance and Reorganisation

Corporate governance and corporate affairs policies provide another good example of how both Korea and the OECD have benefited from Korean accession. After the financial crisis, Korea initiated an unprecedented shift of the basic paradigm for corporate development--of how corporations are organised, controlled, financed and regulated. While implementation of these reforms is far from over, Korean policy-makers have made a strong commitment to change--and have put a considerable amount of political capital behind it.

OECD membership played a key role in this paradigm shift. Contrary to some of its Asian peers, the Korean political leadership--especially President Kim Dae-jung -- realised immediately after the outbreak of the crisis that Korea's answer to the crisis could only be convergence towards best OECD standards. Senior Korean officials looked at OECD countries for precedents and welcomed OECD advice on change. The majority of the recommendations on corporate sector reform contained in the OECD Economic Surveys of 1998 and 1999 were taken up by the government. In 1999, a government appointed commission recommended sweeping revisions of relevant laws and practices, largely based upon the practices of OECD countries and the OECD Principles of Corporate Governance. As a result, Korea:

- Modernised its company law, including important minority shareholder rights and director duties
- Changed its accounting system, and thus increased transparency and the possibility for investors to understand the labyrinthine control structure of the chaebols
- Took steps to improve the design and implementation of bankruptcy laws, by adopting a special out-of-court procedure for large debtors and by establishing a special chamber to deal with insolvency cases in the Seoul district court.

On the policy side, the government also looked at OECD recommendations. It pushed hard to lower the leverage of corporations towards what it deemed to be internationally acceptable debt to equity ratios of 200 and to improve the financial discipline exerted by banks. The result was the justified demise of some very big and very sick companies. Under the old paradigm, these companies would have been bailed out ad infinitum; now they are being sold to investors, including foreign investors, who can make the most out of their assets and put a lot of Korean people back to work. Of course, progress has not always been rapid, nor even, nor unopposed (Randy Jones will discuss some of the remaining problems). But these problems should not hide the fact that the Korean leadership made convergence with the OECD mainstream a central task. This direction has paid off well: amidst investor concerns for the region as a whole, Korea has received relatively high marks for its reform efforts.

But the Korean accession has also considerably helped the OECD develop its own understanding of corporate affairs issues. Up until 1996, these areas had not yet come to the forefront of policy. While different parts of the OECD house were analysing their economic impact, their public policy aspects were still being defined. There were no OECD bodies or policy fora specifically devoted to these issues. The Korean administration, realising the importance of getting it right in the corporate sector, became a force for deeper OECD policy reflection and action in the area. More specifically:

- Korea was one of the first and firmer supporters of the drive to draft a set of OECD Principles of Corporate Governance which then provided a framework for Korea's reform. As you know, these Principles were not only finalised successfully and in record time in 1999, but have gone on to become the global benchmark, used by governments, international organisations, stock exchanges, investors and corporations. As mentioned above, the Principles were directly used in proposing the framework for the reform of corporate governance.

- Korea was a firm supporter of the establishment of an OECD Steering Group on Corporate Governance to ensure a regular exchange of experience on corporate governance reform and to help implement the Principles around the world, in both member and non-member countries.
- Korea hosted a key conference on Asian Corporate Governance, in 1999. The Seoul conference turned out to be the inaugural meeting of the Asian Corporate Governance Roundtable, the most important regular dialogue event in Asia, supported by the OECD, the World Bank and the ADB. The main task of the Roundtable is to set the agenda for corporate governance reform in the region. Korea participates actively in this forum. Korean experience serves as an important input to other Asian governments and market players.
- Korea was a founding member of the Forum for Asian Insolvency Reform (FAIR). Insolvency has been an area where important progress has been achieved, even more than in the corporate governance area. Thus, Korea's successful experience with insolvency reform has greatly benefited the other members of FAIR.

5. Competition Policy and Regulatory Reform

Yet another area in which the Korea/OECD relationship has had particularly great mutual benefits is competition policy. In 1997, Korea was quick to recognise that inattention to competition policy issues had been a major factor in turning what began as a financial crisis into an economic crisis. Korea's decisive response – guided by its own competition policy experts at the Korean Fair Trade Commission (KFTC) and the Korean Development Institute (KDI), as well as by OECD – brought quick benefits to its citizens. Moreover, Korea's generosity in sharing its experiences with other countries has been a major reason for the success of the OECD competition policy outreach programme, in Asia and globally.

The response to the crisis illustrates well the virtuous circle created by Korea/OECD co-operation. There is a long list of steps Korea has taken to make its own economy more competitive: I will emphasise just a few. In 1999, less than a year after the OECD issued its Recommendation on Effective Action against Hard Core Cartels, Korea enacted its Omnibus Cartel Repeal Act. This Act enhances consumer welfare and encourages competition in markets by abolishing or diminishing concerted activities which had been granted exemptions from sectoral legislation. Also, during the process of the privatisation of state-owned enterprises, the KFTC acted to increase competition and ensure that privatisation did not end up merely changing public monopolies into private monopolies.

The KFTC also played a key role in a comprehensive OECD review of Korea's regulatory policies. Competition policy has been made a cornerstone of Korea's regulatory system because competition policy can be used as a tool for evaluating the least costly and most effective way to reach other regulatory goals. The OECD Report on Regulatory Reform in Korea was released in Seoul in June 2000. It assesses the Korean government's reform efforts, and recognises what remains to be done, for example, the continuing need to solve the "chaebol problem", which should be pursued through market principles rather than direct intervention. More generally, the Report praises recent initiatives and indicates that Korea is a front-runner among Asian countries in the area of regulatory reform. However, it also stressed the importance of maintaining and re-energising the momentum behind the reform efforts in the coming years, particularly now that leaner days are setting in.

I have been impressed by Korea's willingness to share its experiences in the competition policy area both within the OECD and in public forums around the world. The continuous and valuable Korean participation in the OECD Competition Committee was reflected in the election this year of the KFTC's Delegate, Mr. Seon Hur, to the Bureau of the Committee.

More broadly, Korea has been sharing its experiences while acting as a “bridge” between the OECD and developing countries. Even before the 1997 crisis, Korea had joined with the OECD in co-sponsoring an annual competition policy workshop in Seoul. The workshop began as an event for APEC countries, but it has increasingly attracted a broader geographical range of participants. This year an equal number of Asian and European economies took part. Moreover, at these workshops, Korea has been very candid in acknowledging the problems created by its past policies. This candour has been very helpful in demonstrating to other economies the importance of competition law and policy. Finally, I would be remiss if I did not mention the important intellectual, moral, and financial support Korea has provided to the newly created OECD Global Forum on Competition. We particularly appreciated KFTC's chairman, Lee Nam-kee, coming to that important OECD event, despite grievous personal circumstances. Let me convey again to him my deep condolences.

6. Tax Policy

It became clear during the accession process that that the tax policy area would be an important field for Korea-OECD co-operation. Since accession, Korea has renegotiated its main tax treaties with a number of other OECD trade partners, such as UK, Japan, Germany, US and Australia. The negotiations were based on the OECD Model Tax Convention. Further, Korea has also used the Model Tax Convention as a basis for treaty negotiations with other Non-OECD countries. Since the OECD Model Tax Convention focuses on more fluent movement of cross-border trade and investment, Korea's new treaty network will contribute to accelerate foreign investment and technological development in Korea by reinforcing international economic ties with other treaty partners.

Korea also has aligned its international tax regime with tax principles and guidance developed and recommended by the OECD. The highlight of such efforts is the adoption and implementation of the Law for Coordination of International Tax Affairs in 1996. This law covers a number of international tax issues such as transfer pricing, thin capitalization, controlled foreign companies, mutual agreement procedures and international cooperation. The law can be seen as a good example of OECD's contribution to Korea in the tax policy area. Tax experts from other OECD Member countries and the OECD Secretariat provided technical assistance to the Korean tax authorities in order to assist them overcoming any technical pitfalls with regard to the legislation.

The OECD Secretariat has recently carried out a comprehensive survey of Korea's domestic tax policy and administration as part of the annual country reviews. In September of last year the country report on the Korean economy was issued, providing in-depth analyses on the current status of the Korean tax policy and administration and future policy options. The recommendations in the report may be helpful in the national policy considerations.

I wish to applaud the important role Korea has played in bridging the gap between OECD Member countries and Non-Member economies in the Asian region through the Korea-OECD Multilateral Tax Centre. This Centre was established in Korea in September 1997 under the initiation of Korea. So far, the Centre has held 22 tax seminars on important topics in the international tax field and hosted over 400 participants and experts from 30 different Asian countries. This Centre has taken a strong initiative in developing and maintaining a network of tax administrators in Asia through publishing periodical newsletters and directories with detailed contact information of the participants. These are circulated not only to the participants of the past Korean seminars but also to all tax authorities in Asia. This valuable initiative is very unique.

7. Anti-corruption

In 1998, Korea's President, Mr Kim Dae-Jung, publicly committed his government to combating and eradicating corruption in the public and private sector via the announcement of a comprehensive national anti-corruption program. Subsequent to his entry into office, a

comprehensive national anti-corruption program was developed and numerous anti-corruption efforts have been undertaken to implement it including:

- Administrative reforms;
- Setting-up of an independent anti-corruption office reporting directly to the Prime Minister;
- Promoting of public awareness and increasing civil participation against corruption;
- Adopting anti-corruption laws;
- Strengthening international co-operation to combat corruption.

Korea's commitment to combating international corruption is reflected in its adoption of legislation implementing the 1997 OECD Bribery Convention as well as in its active participation in the OECD activities to fight corruption in international business transactions. Whereas Korea is one of the most recent OECD Members, it was among the first to pass legislation implementing the OECD Convention in national law. The *Foreign Bribery Prevention Act* (FBPA) was passed on December 28, 1998, and the government deposited its instrument of ratification of the Convention with the Secretary-General on 4 January 1999. Korea also volunteered to be one of the first lead examiners under the implementation process of the Convention and has carried out this task effectively.

Korea has assumed a leading role in developing the dialogue with non-members in the battle against corruption. The Office of the Korean Prime Minister was instrumental in the organization and support of the regional conference on "Combating Corruption in the Asian-Pacific Region", which was held in Seoul in December 2000. The main outcome of the Seoul Conference was to call for some concrete action by countries of the region to fight corruption under three pillars: 1) governmental accountability and transparency, 2) anti-corruption and anti-bribery actions in business transactions, and 3) civil society involvement. This action plan has now been endorsed by 17 countries of the region at the latest annual meeting of the Initiative that concluded several weeks ago in Tokyo.

Korea has been chosen as host country for two major global anti-corruption events in 2003: the Third Global Anti-corruption Forum and the International Anti-Corruption Conference (Transparency International). This confirms Korea's desire to be actively associated with the international fight against corruption and to highlight the accomplishments of its national anti-corruption program.

8. Environment

With respect to the OECD's work on environment policies, I would like to mention the challenging issue of climate change. Korea was not a member of the OECD at the time the Framework Convention on Climate Change was agreed (1992). As a result, Korea was not included in the lists of "developed country Parties" or "other Parties" in Annexes I or II of the Convention (Annex I Parties have emission commitments under the Kyoto Protocol, and Annex II Parties have financial commitments under the Convention). After it became a member of OECD, its status became ambiguous. The result is that Korea today has different commitments under both the Convention and the Kyoto Protocol than most other OECD countries.

This represents both a problem and an opportunity for Korea. On the problem side, Korea is effectively "between two posts" in the climate negotiations. This difficulty has been partly resolved by joining up with two other "orphans" in that process (Mexico and Switzerland), to form the Environmental Integrity Group. Korea also has observer status in the Annex 1 Expert Group. On the opportunity side, Korea has the capacity to serve as a bridge between the older OECD countries and the developing countries. In apparent recognition of this possibility, Korea organized a seminar in Seoul in September on the links between climate change and development, and is planning a follow-up meeting on the same subject next year.

In the field of climate change my message would therefore be that the sooner Korea feels able to undertake the same type of commitments other OECD countries already make under the Convention/Protocol, the better. In the meantime, however, I would encourage Korea to contribute as much as it can to the opportunities offered by its unique position in the negotiations.

9. Trade

Korea is the 13th largest trading country in the world, with exports and imports accounting for nearly 40% of its GDP. Thus is not surprising that Korea has a strong interest in trade liberalisation. It achieved the status of observer in OECD's Trade Committee almost 10 years ago, in 1992, and has been very active in the negotiations paving the way for the new round of global trade negotiations approved recently in Doha. As the negotiations get underway and intensity of domestic challenges to the pursuit of trade liberalisation increases, the OECD through studies such as Open Markets Matter can help Korea make the case for the benefits of trade liberalisation.

Trade is another area in which Korea has been supportive of OECD's outreach activities. A good example of this was Korea's support in September of a Roundtable held in Vladwastok to discuss Russia's trade policy and regional co-operation in the Far East.

10. Labour, Social Affairs, Education and Health

Korea participates actively in the work on employment and labour, social affairs, education and health. Last year the OECD produced the report "Pushing Ahead with Reform in Korea" which analysed major features of the labour market and social safety net policies. Korea will be one of the first case studies in the cross-country review of "Barriers to Work for Older Workers". On the education side, the OECD conducted a review of Korean education policy in 1996, with a meeting of OECD's Education Committee held in Korea at the end of that process. Korea is strongly involved in the Indicators of Education Systems Project (INES) and the Programme for International Student Assessment (PISA). The just published PISA results show the Korean education system is among the best OECD performers. Korea is one of the small number of countries that shows that it is possible to achieve high levels of performance with all students, not only the elite. (Barry McGaw will have more to say about this tomorrow morning.) Another illustration of Korean interest in education as well as in the OECD process of policy dialogue is the joint OECD-Korean International Conference on Adult Learning Policies held in Seoul just last week.

The OECD Secretariat is now carrying out a review of the Korean health system at the request of the Korean Ministry for Health and Welfare. It will cover the determinants of the financial crisis in the National Health Insurance system, the adequacy of measures recently taken to restore the financial soundness of the system and the options for the medium- and long-term future. The high value to Korea of such a project is evident.

11. Science, Technology and Industry

In view of the leading role Korea plays in some technology areas (for example, Korea leads the world in the deployment of broadband telecommunications infrastructure), it is not surprising that Korea participates vigorously in the committees of the Science, Technology and Industry Directorate. It posed a conference on the Globalisation of Research and Development and International Technology in 1997 and another on Science and Technology Co-operation for Sustainable Development last year. I should refer again, also, to the Regulatory Reform Review which allowed Korean regulators to perceive the importance of accelerating telecommunications market liberalisation. It led to relaxing foreign ownership constraints for telecommunications

operators such as Korea Telecom well ahead of the predetermined schedule and extended the scope of liberalisation in the telecommunications sector.

12. Nuclear Energy

Finally, a word about a sister organization, the Nuclear Energy Agency.

The rapid economic growth of Korea in the past decades owes much to the ambitious nuclear power programme that this country developed to meet its rapidly growing electricity demand. Today sixteen nuclear power units contribute over 40% of total electricity production. A further eight units will be commissioned until 2015. Korea has developed its own nuclear energy industry to meet its needs, but it is also exporting nuclear technology to China. The Korean electricity utility recently signed a co-operation agreement with the Chinese Qinshan nuclear power plant.

At an early stage, Korea realised the benefits which it could draw from international co-operation in the field of nuclear energy. As a matter of fact, Korea joined the OECD Nuclear Energy Agency (NEA) in 1993, three years prior to becoming a member of the Organisation. Today Korea is among the most active members of the NEA in a whole range of activities, from science to safety, economics, technology, waste management, or nuclear law, and an important participant in NEA international nuclear R-D projects. The organisation by Korea of the International Youth Nuclear Congress next year testifies to the role the country plays in caring for the development of future competencies in the field of nuclear energy.

Conclusions

I have shared with you just a few of the many positive examples offered to me by OECD's senior management of the mutual benefits Korea and the OECD have gained through this first five years of Korea's membership in the organisation. Speaking as a senior member of the Secretariat I should also acknowledge the very high quality of the Ambassadors Korea has sent to the OECD and express our gratitude for the understanding and support they have always provided to us. Korea's support has also been demonstrated through its assignment of government officials to work in the OECD as "project managers". We are fortunate to have some 20 of these officials with us at present, four in my Directorate (DAFFE). They help us deepen our understanding of Korea and, in turn, they obtain valuable international experience. Indeed, it is this growing two-way flow of benefits that underlies the overall relationship of Korea with the OECD over the past five years. Already I think I can safely say that the promise that membership held for Korea and for the Organisation is clearly being fulfilled. We will continue to work with Korea as it pursues its reform agenda, a process that should provide a sound basis for long-term growth; and the other Members will continue to learn from Korea and make use of that knowledge as they meet the challenges of the future.

Thank you.