Seoul, South Korea: big city or global city?
OECD Territorial Reviews: Seoul, Korea

Seoul, the national mega-capital of South Korea, is attempting to become a world-class city and a leading business hub for Northeast Asia, but it’s facing stiff competition from cities in China and Japan. A new OECD study says the Korean government and the Seoul region must work together to make the city more inviting to foreign investors and tourists if it hopes to take advantage of globalisation.

The report, OECD Territorial Reviews: Seoul, Korea, looks at the many factors which combine to make a city competitive, analysing both the pluses and the minuses of Seoul’s performance, and making recommendations to improve it. Among these recommendations, it suggests that the Korean authorities should:

- **Build on Seoul’s existing strengths and remove obstacles to growth.** The five major industry clusters in Seoul -- fashion and clothing, printing and publishing, financial industry, business services and IT, and digital content -- are promising. A large, well-educated workforce supports research and development. However, the city needs to improve the diffusion of innovation by facilitating knowledge flows.

- **Be more open to foreign investors.** Foreign direct investment in Seoul has dropped by about 20%, or more than one billion US dollars, since 2000. From 2001 – 2003, the share of total foreign investment in Seoul coming from other Asian countries dropped from 32% to 13%, the U.S. share dropped from 30.1% to 19.2%, while the European Union doubled its share to 51.8%. Factors cited include restrictive regulations for foreign investors and problems with licenses, government monopolies and corporate governance.

- **Encourage ethnic diversity.** Though Korea needs foreign firms and workers to help develop its economy, its strict immigration rules result in extremely low numbers of foreign residents (0.5% of total population).

- **Improve transportation, business facilities and hotel infrastructure.** Almost half of Korea’s population - more than 22 million people - live in the national capital region and 6.5 million commute, creating unacceptable levels of transport congestion and air pollution.

- **Strengthen collaboration between Seoul and other major Korean cities.** Due to the dominance of Seoul, which with the region around it accounts for almost half of Korea’s GDP, the Korean government is planning to decentralize the federal administration and boost the economies of other regions. The OECD report encourages Korea to acknowledge that Seoul’s strength can have positive spill-over effects in other regions, reinforcing the nation’s international competitiveness.

- **‘Brand’ Seoul’s assets, with visible international campaigns to alert investors and tourists to the advantages of the city.**
The review was approved by the OECD Territorial Development Policy Committee in June 2005. The publication will be presented during the Seoul World Mayors Forum 2005, taking place in Seoul, South Korea 30 September - 1 October 2005 (www.swmf2005.org).

To obtain a copy of the report, journalists should contact the Media Relations Division (tel. 33 1 45 24 97 00 or news.contact@oecd.org). For further information, please contact Soo-Jin Kim (mailto:Soo-Jin.Kim@oecd.org; tel: + 00 33 1 45 24 13 13) at the OECD Regional Competitiveness and Governance Division.