

**Mridul Chowdhury**, *Harvard University*  
with **Sunshik Min**, *YBM/SI-sa*  
**Sang Hyun Lee**, *KCC Information and Communication*

“ Thanks to the well-developed broadband infrastructure, the online game business has been extremely successful in Korea.”

—Executive of IT company, Korea

“ The use of the Internet is more in the area of entertainment and personal communications rather than company work. Employers are concerned about how to keep employees from using office time and network for private businesses such as online stock trading.”

—President of Korean IT company

Korea's information technology and telecommunications sectors have contributed greatly to the country's recovery from the Asian financial crisis. With booming demand for telecommunications equipment and services, a growing domestic software market, and policies promoting intense competition, Korea has recovered more quickly than many other Asian countries. To continue this path of national growth, the government has formulated the Cyber Korea Initiative, a comprehensive plan to promote Korea as the “information hub” of Asia, with a high-quality information infrastructure, a skilled ICT labor force, and an ICT-savvy society, business, and government. Korea ranks twentieth overall in Readiness for the Networked World.

Korea has one of the most developed telecommunications infrastructures in Asia (Ranking in Information Infrastructure micro-index: 18). In early 2001, the government completed construction of a high-speed fiber-optic backbone linking 144 major cities nationwide. The existence of an independent telecommunications regulator paved the way for intense competition, leading to low telecommunications costs, high tele-density, and high mobile penetration.

Even more dramatic is Korea's growth in sophisticated Internet access. Korea has one of the highest rates of broadband penetration in the world (Ranking in Availability of Broadband: 3). Factors that have contributed to the growth of broadband include fierce competition between DSL and cable Internet providers, relatively low service charges, and a thriving demand for broadband. Wireless Internet access via hand-held mobile devices has also attracted a significant number of subscribers, and more than 200 wireless Internet content providers operate in Korea.

The Korean advantage in high-speed Internet access has yet to translate into correspondingly extensive use of ICT in business (Ranking in e-Commerce micro-index: 15). B2B e-commerce marketplaces have developed in a few industries, and e-commerce is only beginning to become popular in Korean companies. The government is trying to create change, establishing The Korean Institute for Electronic Commerce to support the growth of e-commerce through private-public cooperation and formulating Digital Government, an e-government strategy to be implemented by 2003 (Ranking in e-Government micro-index: 18).

The Internet is finding enthusiastic acceptance among the Korean people. A majority of stock trading takes place online, and Internet banking has become a part of everyday life. The government plans to network 3,622 postal offices as Internet outposts for commercial and financial transactions.<sup>1</sup> Deployment of PCs and Internet to schools has also taken place at an impressive rate (Ranking in Internet Access in Schools: 8)

Korea has developed a sizeable software industry in response to the growing domestic demand for software. The nation is one of the major targets in Asia for multinational ICT companies to locate subsidiaries. The industry is taking active steps to reach beyond its borders and become a global software player. While it has many factors in its favor, such as high-quality ICT infrastructure, relatively low piracy rate, and heavy presence of ICT multinationals, Korea faces formidable challenges, such as a lack of an ICT-skilled workforce and insufficient competence in English.

## Key Facts

Population	47,300,000
Rural population (% of total population) 1999	18.84 %
GDP per capita (PPP)	US\$17,311
Global Competitiveness Index Ranking, 2001–2002	23
UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample)	25
Main telephone lines per 100 inhabitants	46.36
Telephone faults per 100 main telephone lines	1.05
Internet hosts per 10,000 inhabitants	84.10
Personal computers per 100 inhabitants	19.03
Piracy rate	56.00 %
Percent of PCs connected to Internet	4.42 %
Internet users per host	47.86
Internet users per 100 inhabitants	40.25
Cell phone subscribers per 100 inhabitants	56.69
Average monthly cost for 20 hours of Internet access	US\$12.12

**RANK**

## Networked Readiness Index **20**

### Network Use component index **15**

### Enabling Factors component index **25**

#### ■ Network Access **26**

Information Infrastructure 18

Hardware, Software, and Support 33

#### ■ Network Policy **27**

Business and Economic Environment 35

ICT Policy 18

#### ■ Networked Society **30**

Networked Learning 25

ICT Opportunities 36

Social Capital 29

#### ■ Networked Economy **21**

e-Commerce 15

e-Government 18

General Infrastructure 31