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Letter to
President-Elect (13)

Pro-Privatization

This is the 13th in a series of articles on suggestions to President-elect Lee Myung-bak. — ED.

By Mauro Guillen
Director of Lauder Institute

State-owned enterprises should have a minimal presence in the market economy if consumer interests are to be protected and overall competitiveness is to be enhanced.

Until recently, economists and policy-makers believed that certain infrastructure sectors were prone to becoming a "natural monopoly" because of the very large investments in fixed assets required in order to operate effectively.

Electricity, water, railways, postal services, and telecommunications, among others, were traditionally characterized as sectors in which one single firm would be able to offer the best service at the lowest cost.

Until the 1980s, most countries around the world organized infrastructure sectors as statutory monopolies, with the state and/or privileged private business interests as owners and managers. In most cases, this led to inefficiencies and underinvestment at best, and mismanagement and corruption at worst.

Recent changes in production and in regulatory technologies have made it possible, however, to depart from the idea that such a thing as a natural monopoly really exists. The early experiences in privatization and deregulation in the United States, Britain and Chile — the three key pioneers — demonstrated that privatization and competition can work in infrastructure industries, assuming the right regulatory framework is put in place to avoid monopolistic or oligopolistic abuse. Moreover, depend-

ing on the method used to transfer ownership, privatization may have some beneficial spillover effects in terms of providing the government with windfall income and helping develop the local stock market.

Although not a pioneer, South Korea pursued privatization during the 1990s in sectors such as banking, tobacco and steel as well as in telecommunications. Except for banking, the transfer of these companies to the private sector has generally resulted in enhanced performance. Reforms in other sectors such as electricity and water followed, but they were thwarted by steep opposition. President Roh Moo-hyun (2003-2008) halted the privatization process, thus preventing South Korea from realizing its full potential in the global economy.

President-elect Lee Myung-bak ran on a pro-privatization platform. His priority should be to privatize in the best possible way the engineering, shipbuilding and electronics units of Hyundai and Daewoo presently participated in by the state. He should then turn to the infrastructure sectors, whose lackluster performance is preventing South Korea from becoming the economic champion that it deserves to be.

Korean manufacturing firms have demonstrated that they can be among the very best, if not the best, in a variety of industries, ranging from steel and shipbuilding to electronics and appliances. The global economy, however, is a service economy, including both financial services and infrastructure activities.

No rich country can afford to be good at manufacturing but not at services. In fact, the service sector holds a lot of promise because it is a large employer of educated human capital and harbors a lot of potential in terms of improving productivity and enhancing technological development.

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Envoys Criticize Teaching-Visa Rule

By Yoon Won-sup, Kang Shin-who
Staff Reporters

Foreign envoys whose countries adopt English as an official language criticize what they call Korea's discriminative visa regulations against non-Western English teachers. Korea allows English teaching or E-2 visas to only native-English speakers from the United States, Canada, United Kingdom, Australia, New Zealand, South Africa and Ireland.

The envoys said the "narrow-minded" visa policy prevents Koreans from developing English proficiency in a more efficient and cheaper way. They also argue it is against the international norm of equal treatment for all.

Last week, Pakistani Ambassador Murad Ali sent a letter to Justice Minister Chung Soung-jin, urging the Seoul government to allow qualified Pakistanis the English teaching visa.

"The condition of being a 'native speaker' should be

removed so that a level playing field is offered to the competitors from Pakistan," he said in the letter.

He also said that the regulation violates the World Trade Organization (WTO) rules (Article II of GATS), which mandate most-favored-nation (MFN) treatment to all WTO members.

Philippine Ambassador Susan Castrance said it is bizarre that Korea does not allow Filipinos the visa even though an increasing number of Koreans go to the Philippines to study English.

She said that 1,312 Philippine teachers taught many subjects including English at various levels in schools in many other countries such as the United States in 2007.

"Even the native-English speaking United States gets teachers from the Philippines, and why not Korea," she said. "You will be solving the dearth of English teachers with Filipino teachers."

The envoys said in unison that Korea seems to be a rare country which gives English teaching visas based on nationality rather than qualification. For example, neighboring countries such as Japan and China issue the visa to qualified foreigners regardless of their nationality.

Singaporean Ambassador Chua Thai Keong, who witnessed Asian English teachers in Japan during his tenure there, said that Korea needs to be "racially blind" to get the best teachers. "You can't solve the problem by limiting choices," he added.

The ambassadors said the introduction of English teachers from their countries would save Korea a lot of money earmarked for English education and would not cause social problems because they share common Confucian values.

The Justice Ministry left open the possibility for change in the regulation though it has not responded to the envoys' request

yet. Kim Young-geun, an immigration official said, "The visa regulations can be revised, depending on public opinion and the minister's decision. But basically, we don't allow English teaching visas to foreigners who come from nations where, although English is used as an official language, it is not the native tongue."

According to visa regulations, only native English-speaking nationals with a bachelor's degree or above are eligible for the English teaching visa. The Justice Ministry issues the visa to non-native English-speakers only in exceptional cases.

Should the regulation be revised, schools both public and private will likely hire English teachers from the Asian countries because senior educators including Seoul's top educator are positive about the Asian English teachers.

See Visa on Page 7

E-2 Visa-Holding English Teachers

Countries Eligible		
	U.S.	7,022
	Canada	5,319
	U.K.	1,688
	Australia	683
	New Zealand	734
	South Africa	698
	Ireland	369

Countries Ineligible		
	Kenya	2
	Singapore	1
	The Philippines	0
	Malaysia	0
	Hong Kong	1
	Pakistan	0
	India	1

Source: Korea Immigration Service, November 2007

Civil Servant Jobs to Be Open to Foreigners

By Yoon Won-sup
Staff Reporter

President-elect Lee Myung-bak seeks to revise a law to make it possible to hire foreigners as civil servants.

"I would like to suggest changing the law governing civil servants so that we can employ foreigners in the government," Lee said during a meeting with senior officials of the Democratic Party, Saturday.

The suggestion came from personal experience. Lee couldn't hire William Ryback, a former deputy chief executive of the Hong Kong Monetary Authority, as a government official because of the law.

"I specially invited William Ryback as senior official at deputy chief level of the Financial Supervisory Service, but I could only appoint him as a special adviser," he said. "I will employ talented foreigners in my government."

Currently Ryback works with the foreign investment task force of Lee's presidential power transition team's as an adviser.

Lee also said he is willing to put foreigners on intelligence affairs as "foreigners in general tend to keep sensitive information to themselves when they finish their term."

The law on public servants stipulates that foreigners can be hired only in special areas of the government such as research, technology and education. They are not allowed work in the nation's policy-making and national security affairs.

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Victorious family: Democratic presidential hopeful Sen. Hillary Rodham Clinton, left, reacts with her husband, former President Clinton, and their daughter Chelsea to supporters after being declared winner of the Nevada Democratic caucus in Las Vegas, Saturday.

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'Japanese Wave' Taking Root Here

By Jane Han
Staff Reporter

Driving a Honda here isn't so farfetched anymore. So is enjoying an inexpensive night out at a Tokyo-style bar (Izakaya), and if you feel like grooving to some J-Pop, flip on the cable TV for the latest hits. Unlike 10 years ago, getting a little Japan in Korea is no sweat.

The "Japanese wave," dubbed "illyu" in Korean — a surge of Japanese culture and goods in South Korea, has rushed ashore and some say it has subtly, but deeply seeped into the local scene.

"Whether it be books, music, food and whatnot, Japanese culture has now been well-introduced to the Korean youth," Chang Yong-gul, a Kyungnam University professor, said at a Korea-China-Japan joint conference discussing regional identities at Kyushu University last year.

The scope of goods had been limited to music, movies and drama before, but observers point out that, nowadays, "Made in Japan" is more widespread in people's daily lives, even to those who aren't aware of the influence.

"Many of our customers don't know that Mister Donut is from Japan," said

spokesman Seo Il-ho of GS Retail, the domestic operator of the donut chain, which is the No. 3 player here, competing with Dunkin' Donuts and Krispy Kremes. "However, regardless of its origin, the maker has deliv-



A Mister Donut shop in Myeongdong, downtown Seoul

ered steady growth in Korea."

After opening its flagship shop in Myeongdong last spring, the chain, now running six joints, sees sales worth 5 million won in each of its shops, he said, adding that up to 30 outlets will open by year's end.

Another hit food item that crossed water is natto, a fermented soybean paste similar to the Korean "dwoenjang," but the traditional Japanese staple has enjoyed quick popularity here for its hyped diet and health benefits.

Retail giant Shinsegae Department Store says natto sales typically rise about 50 percent annually and that the soybean selection is just one of many Japanese varieties, including candy, ramen and soy sauce, that it offers.

"We do have Japanese shoppers, but the majority of returning customers buying these goods are Korean," said a company spokesman, adding that Japanese products take up about 40 percent of the retailer's total international grocery inventory.

As for the fashion business, UNIQLO, one of Japan's most popular clothing retail chains, is beginning to steal Korea's frugal shoppers with its competitive pricing and aggressive expansion.

"Compared to Gap, which is supposed to be a price-friendly U.S. brand, our shoppers say that UNIQLO is much cheaper with comparable quality," said Lee Young-hwa, a sales agent at a local branch, adding that many people seem to be breaking out of the stereotype that "Japanese goods are expensive."

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