National Territorial Policy in Korea
- Focusing on Balanced Growth Strategies -

January 2012

Dong-Ju Kim & Jeong Ho Moon
Korea Research Institute for Human Settlements
Contents

I. Overview

II. Economic & Territorial Development Strategies

III. Background of CNTP

IV. Strategies of the CNTPs

V. Policy Issues on Territorial Development
Overview
1. Overview

1) Geography of Korea
1. Overview

2) Economic Growth Trend of Korea (1960-2010)

Source: KDI 2005 Updated
### 1. Overview

3) Changes in Socio-Economic Structure of Korea (1960-2010)

<table>
<thead>
<tr>
<th></th>
<th>1960 (A)</th>
<th>1980</th>
<th>2010 (B)</th>
<th>Ratio (B/A)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Area (㎢)</strong></td>
<td>98,431</td>
<td>98,992</td>
<td>100,214</td>
<td>1.02</td>
</tr>
<tr>
<td><strong>Population (thousand persons)</strong></td>
<td>24,989</td>
<td>37,436</td>
<td>48,875</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Per Capita Income ($)</strong></td>
<td>79</td>
<td>1,598</td>
<td>20,759</td>
<td>262.8</td>
</tr>
<tr>
<td><strong>Export (100 million $)</strong></td>
<td>0.3</td>
<td>175</td>
<td>4,664</td>
<td>4220</td>
</tr>
<tr>
<td><strong>Urbanization Ratio (%)</strong></td>
<td>35.9</td>
<td>66.3</td>
<td>90.9</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Industrial Estates (㎢)</strong></td>
<td>0.0</td>
<td>205</td>
<td>1,336</td>
<td>1,336</td>
</tr>
<tr>
<td><strong>Housing Supply Ratio (%)</strong></td>
<td>79.5</td>
<td>71.2</td>
<td>101.9</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Road Length (thousand km)</strong></td>
<td>27.2</td>
<td>47.0</td>
<td>105.5</td>
<td>3.9</td>
</tr>
</tbody>
</table>

Source: Korea National Statistical Office
Economic & Territorial Development Strategies
1. Key Development Strategies (1960s-80s)

Main Strategies

(1) Adopt strategic policies for economic and territorial development

- Economic development
  Input-driven and export-led development strategy

- Territorial development
  Rearrange the spatial structure and provide infrastructure for the growth

(2) Coordinate economic growth and territorial policy

- Establish ‘the 5 year Economic Development Plan” and ‘the 10 year National Territorial Development Plan’
2. Economic Development Strategy

1) Input-driven & Export-led Development (1960s-1970s)

- Take-off from the Ashes (1960s)
  - overcome lack of resources and small domestic market

Source: KDI 2005 Updated
2. Economic Development Strategy

< Concept of Input-driven & Export-led Development Strategy >

- Foreign Capital Inducement (Economic Aids · External Debt)
- Capital Good Imports
- Raw Material Imports
- Foreign Technology Imports

Economic Growth

Reproduction

Manufacturing Processing

Financial Support

Tax Incentives

Government

Export Promotion by the President

Export Promotion by the President

Technology Development

Well-educated & Cheap Labor force

Source: KDI 2005 Updated
2. Economic Development Strategy

2) Promote strategic industries with economic growth

<table>
<thead>
<tr>
<th>Development Stage</th>
<th>Factor-Driven Stage</th>
<th>Investment-Driven Stage</th>
<th>Innovation-Driven Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960s</td>
<td>1970s</td>
<td>1980s</td>
<td>1990s</td>
</tr>
</tbody>
</table>

Export Commodity Profile

- **Light industry**
  - 1960: Wig
  - 1970: Textile
  - 1980: Automobile
  - 1990: Semiconductor
  - 2003: HCI Product
  - 79.8%

- **Heavy & Chemical industry**
  - 1960: Agricultural
  - 1970: Product
  - 1980: Light Industry Product
  - 1990: Mobile Phone, DTV, Display, Automobile, Ship-building, etc.
  - 2003: HCI Product
  - 79.8%

- **Agricultural Product**
  - 1960: 50%
  - 1970: 14.1%
  - 1980: 6.1%

Source: KDI 2005 revised
2. Economic Development Strategy

2) Promote strategic industries with economic growth

- Focus on strategic industries at region level
  - Develop 1~2 specialized industries at mega regions
  - Improve R&D, concentrating on high value added and s/w-led businesses

Leading Industries of Mega Regions

- **Capital ER**
  - Global Business Hub
  - Information Technology Industry

- **Chungcheong ER**
  - Silicon Valley of Korea
  - Center of Science, Technology and High-Tech Industry
  - Medical Bioindustry, New IT Industry

- **Honam ER**
  - Creative Region for Culture & Arts and Green Industry
  - New Renewable Energy, Photonics Industry

- **Gangwon ER**
  - Frontier of Tourism, Resort, Well-being Industry
  - Expansive Medical Industry, Healthcare Industry

- **Daegyeong ER**
  - New Growth region of Traditional Culture and High-Tech Industry
  - IT Convergency Industry, Green Energy Industry

- **Dongnam ER**
  - Center for Key Industries and Logistics
  - Automobile Industry, Components Industry

- **Jeju ER**
  - Leading Free International City of the Asian Region
  - Water Industry, Tourism and Leisure Industry
3. Regional Development Strategy

1) ‘Growth Pole Strategy’ for development efficiency (1960s-90s)

- Promote selected strategic regions with development potentials
  - Expect spill-over from the growth poles to other regions
    ※ growth poles: metropolitan cities and large industrial estates
  - Provide infrastructures for the growth poles (highways, ports)

< Spill-over/ trickling-down from core to periphery regions >
2) Decentralized and balanced national territorial development (1980s-2000s)

- **Area-Wide Development Program**
  - to develop major cities and surrounding areas, industrial complexes and hinterlands
  - 10 areas were designated except the capital region from 1994 to 2005

- **Drive for Balanced National Development**
  - A five-year balanced national development plan was implemented according to the Special Act for Balanced National development (2004)
  - to relocate national administrations and public agencies away from the capital
Background of CNTP
1. Hierarchy of the Territorial Plan in Korea

- The CNTP works as the basis of the Provincial Plan
- Regional and sector plans need to be consistent with CNTP

< Hierarchy of the Territorial Plan in Korea >

- **National Territorial Plan**
- **Provincial Territorial Plan**
- **City & County Territorial Plan**

**Regional Plan**
- Area-wide plan
- Capital region plan
- Special region plan
- Lagged area plan
- Other plans

**Sector Plan**
- Transportation
- Housing
- Water resource
- Culture & tourism
- Information
- Industrial location
2. Roles of the CNTP

- Legal Basis of the CNTP is the Framework Act on National Territory (2000)
  ※ formerly, the Act on the Comprehensive National Territory Construction & Planning

< Roles of CNTP >

- **Supreme territorial plan**
  Takes precedence over other plans regarding territorial development

- **Long term plan**
  Sets directions for the long term development of the national territory

- **Comprehensive plan**
  Presents policy directions on territorial issues: Infrastructure, housing, land, water, etc.
3. Main Contents of the CNTP

- **Main Contents of the CNTP**

  1. **Current status** of national land and the prospect of changes;
  2. **Basic ideas and future images** of the national land;
  3. **Rearrangement of the spatial structures** of the national land;
  4. **Policies for balanced development** of the national land and fostering of the regional industries;
  5. Utilization and management of **land resources such as water etc.**;
  6. Establishment and improvement of **qualities of life**;
  7. **Prevention of disasters** such as flood and wind damages;
4. Formulation Process of the CNTP

For the 4th National Territorial Plan formulation, 210 experts from 98 organizations (Central Governments, Local Governments, Research Institutes) participated.
Strategies of the CNTPs
1. The 1st CNTP (1972-1981)

- Maximize the growth potential with limited resources
  - Develop large industrial estates and metropolitan regions
    - Southeastern coastal industrial belts
    - Seoul Metropolitan Area
  - Invest in high priority infrastructure (expressways, ports) and link to major industrial estates
  - Revitalize the depressed regions
    - Saemaul Undong (New Community Movement)

- Per capita GNP in 1972: $319
1. The 1st CNTP (1972-1981)

1) Construct Kyungbu Expressway
   - Construction period: 1968-1970
   - Link Seoul (the capital) to Busan (the 2nd largest port city)
   - First national highway in Korea
   - Reduce logistics costs

2) Saemaul Undong (New Community Movement)
   - Start in 1972 (per capita GDP: 318 US$)
   - Goals: promoting a modern, comfortable, and convenient rural community
   - Strategies
     - Invest productive infrastructure (farming machinery, land, etc)
     - Increase incomes from agriculture, fisheries, and factories
     - Improve living environments (road, house, water, etc)
     - Reform peoples’ attitude through education and training
   - Government-initiated and voluntary participation

< Major Projects in 1970’s >
2. The 2\textsuperscript{nd} CNTP (1982-1991)

\section*{Main Strategies}

- Spread the growth effect across the nation

1. Suppress over-concentration in Seoul Metropolitan Area (Capital Region)

2. Develop multiple growth poles in the nation
   - Forster metropolitan regions as growth engines

3. Consider environmental aspects on territorial development

\begin{itemize}
\item Per capita GNP in 1982: $1,824
\end{itemize}

< Major Projects in 1980’s >

1) Apply special policies for reduction of over-concentration in the capital region
   - The Capital Region Readjustment Planning Act (1982) were implemented to lessen the concentration of population and industry into the capital region
   - the First Capital Region Readjustment Plan (1982-1996) was implemented

2) Establish the 7x9 national arterial highway Plan
   - 7 south-north and 9 east-west expressways corresponding to increasing transport demand and balanced development

- Per capita GNP in 1992: $7,007

- Establish multi-centered national territorial structure

1. Focus on decentralized national development
   - develop the west coast industrial sites and local cities

2. Develop a comprehensive transportation network (7x9 arterial road network)

3. Expand South-North Exchanges and prepare for the unified Korea
< Major Projects in 1990’s >

Newtown development in Seoul Metropolitan Area
- To meet housing shortages in Seoul Metropolitan Area, 2 million housing construction project were proceeded (’89-’93)

< 5 New Towns in Seoul Metropolitan Area>

- Ilsan New Town
- Bundang New Town
- Jungdong New Town
- Pyungchon New Town
- Sanbon New Town

Main Strategies

- Per capita GNI in 2000: $10,841

Balanced regional development and open & integrated national territory

1. Build π-shaped territorial axis to serve as “strategic gateway”

2. Promote regional competitiveness - industrial clusters, regional innovation system (RIS)

3. Build high-speed transport network

4. Provide territorial bases for cooperation
1) Develop a Multifunctional Administrative City
   - 9 ministries (of 15), 2 major government agencies, 2 administrations
   - 2012-2014 relocation; 2030 completion
   - Planned Population: 500 thousand

2) Relocate public agencies and construct 10 innovative Cities
   - Move 157 public agencies with 32,000 employees to non-capital regions
   - Create clusters linking public agencies, enterprises, and universities in each innovative city
5. The Revised 4th CNTP (2011-2020)

Main Strategies

- Per capita GNI in 2010: $20,759

- **Global-Green National Territory**
  1. Integrated Territory with competitiveness
  2. Sustainable Territory with eco-friendly development
  3. Attractive Territory with high quality of living
  4. Open Territory to the global market

- The Revised 4th CNTP (2011-2020)
  - **Main Strategies**
5. The Revised 4th CNTP (2011-2020)

< Major Policies in 2008~ >

- Establish ‘mega economic regions’ to enforce global competitiveness
  - Overcome the limitation of administrative boundaries
  - Inter-regional cooperation and collaborative development

- Regroup 7 metropolitan cities & 9 provinces into 7 mega economic regions

Source: Presidential Committee on Regional Development
Policy Issues on Territorial Development
<table>
<thead>
<tr>
<th>Decade</th>
<th>Policy Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960s-1970s</td>
<td>Growth pole development and industrialization</td>
</tr>
<tr>
<td>1980s-1990s</td>
<td>Control of over-concentration in the capital region and promotion of provincial regions</td>
</tr>
<tr>
<td>2000s</td>
<td>Balanced national development and decentralization of public agencies</td>
</tr>
<tr>
<td>2010s</td>
<td>Regional competitiveness and green territorial development</td>
</tr>
</tbody>
</table>
2. Growth Poles Strategies and Unbalanced Regional Development

- **Growth pole strategy** contributed to the national territorial development
- **Backwash effects** from periphery to core regions were found instead of spill-over
3. High-Speed Transportation System and Territory Restructuring

- The high speed train has reduced economic distance among regions, and affected regional development patterns and territorial structures
- Straw effects of regional development are in debate

Travel time from Seoul to Busan
- Year 2010: 2 hour (300km/h)
- Year 2020: 1 hour 40 min (430km/h)
4. From Quantity-based to Quality-based Regional Development

- With the industrialization, urban population of Korea increased to 90 percent of national population
- As people’s income is continuing to increased, the quality of Infrastructure and public services is becoming more important

<Early Stage of Urbanization>  <Mature Stage of Urbanization>

Quantity-based Urban Facilities Supply
- meet the needs of urban services (eg. 2 million housing project, 1988)
- transportation facilities
- water & sewerage supply

Quality-based Urban Growth
- human capitals
- quality of life, creative cities
- IT-based public services
- U-city, Smart city
5. Collaborative Regional Development

- To overcome administrative boundary of each region, effective cooperative system among regions are required.
- Metropolitan city and surrounding areas need to be a city-region with appropriate governance system.

<Individual city>  <Systems of Cities>
6. Changes in Socio-Economic Conditions and Regional Development

- Korea is now experiencing the population decrease and rapid aging society
- Compact and sustainable development become more important
  - new town development → urban regeneration
- Coordinate and integrate the overlapped and excessive regional development plans and projects

< Population Forecasts of Korea >
7. Green Growth in Regional Development

- Climate change and reduction of greenhouse gas become the global & national agenda
- Green growth can further enhance the sustainable growth and competitiveness of the cities and regions
Through the green growth, Korea hopes a different development path for the next growth cycle.
thank you very much

cpyok teşekkürler

고맙습니다

thank you very much