

# Territorial Development Policies in Korea

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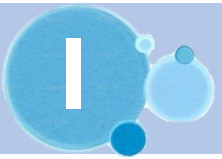
IV. Recent policies for Balanced Territorial Development

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# Korea's Territory and Regions

## Geography and Land Use

### ▶ Location and Area

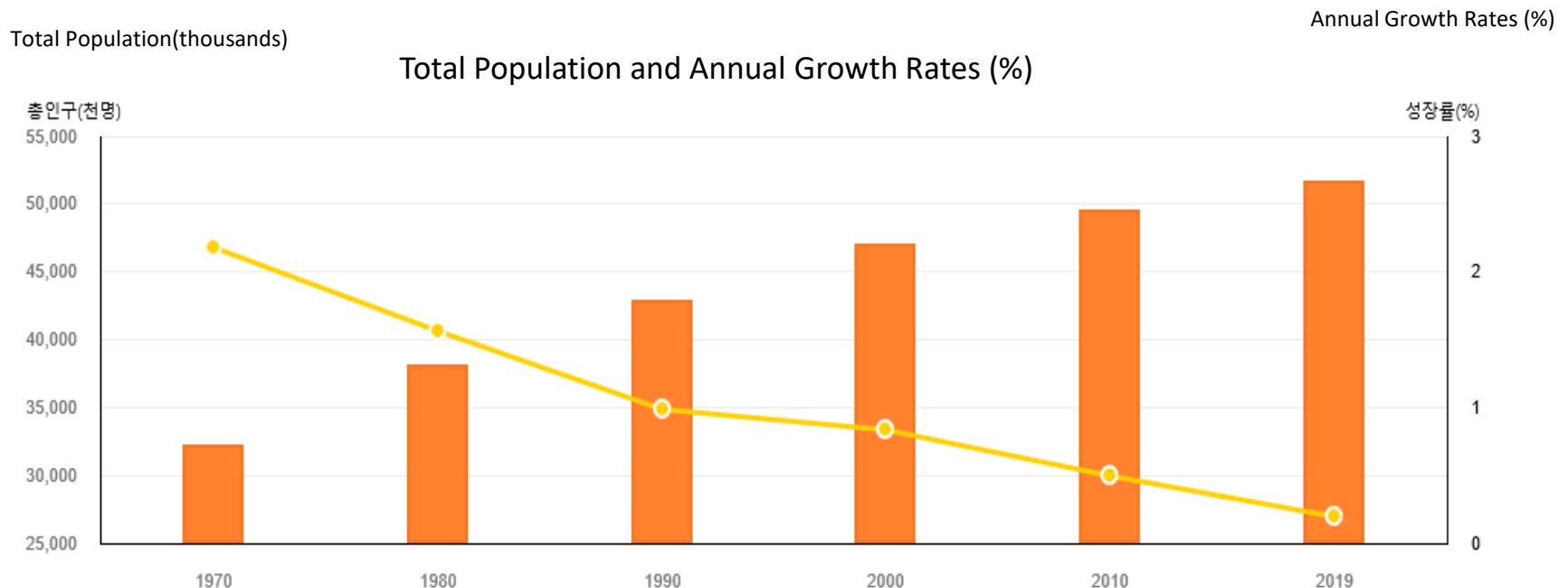
- ▶ The Korean Peninsula lies on the northeastern section of the Asian continent, sharing border with China, Russia and Japan
- ▶ South Korea encompasses a total of 100,210 square kilometers, including about 3,200 islands mostly in the southwest

### ▶ Land use and Natural Environment

- ▶ Land use is consisted of 64.5% of forests, 20.3% of arable land and 6.6% of urban land
- ▶ High mountains are located along the Grand Baekdu Mountains running along the east coast, north to south direction
- ▶ Climate is characterized by the Asian monsoon system with distinct four seasons and annual mean temperature of 6-16 degrees

## Population and Urbanization

- ▶ Total population of Korea is about 50 million in 2010, doubled from 25 million in 1960
- ▶ Annual population growth rates fell sharply over time, from 3% in the 1960s through 1.5% in the 1980s to below 1% after the 1990s



# Korea's Territory and Regions

## Population and Urbanization

- ▶ Population is heavily concentrated in a few regions, with the capital region accounts for 49.5% and 7 metropolitan cities account for 44.9%, while share of rural regions is less than 10%
- ▶ Urbanization rate is 91.8% with major cities including Seoul (10.2 mil), Busan (3.5 mil), Incheon (2.8 mil), Daegu (2.5 mil), Daejeon (1.5 mil), Gwangju (1.5 mil) and Ulsan (1.1 mil)

	1960	1970	1980	1990	2000	2015
Nation	24,989	31,435	37,449	43,390	47,964	51,530
.Urban	9,784	15,750	25,738	35,558	42,375	47,298
.Rural	15,205	15,685	11,711	7,832	5,579	4,232
Urbanization	39.1	50.1	68.7	81.9	88.3	91.8



## Concentration of Population

- **Seoul capital region is among the most dynamic and rapidly growing urban agglomerations in the world.**
- Its population has increased from less than 10 million in the 1960s to 24.5 million as of 2010

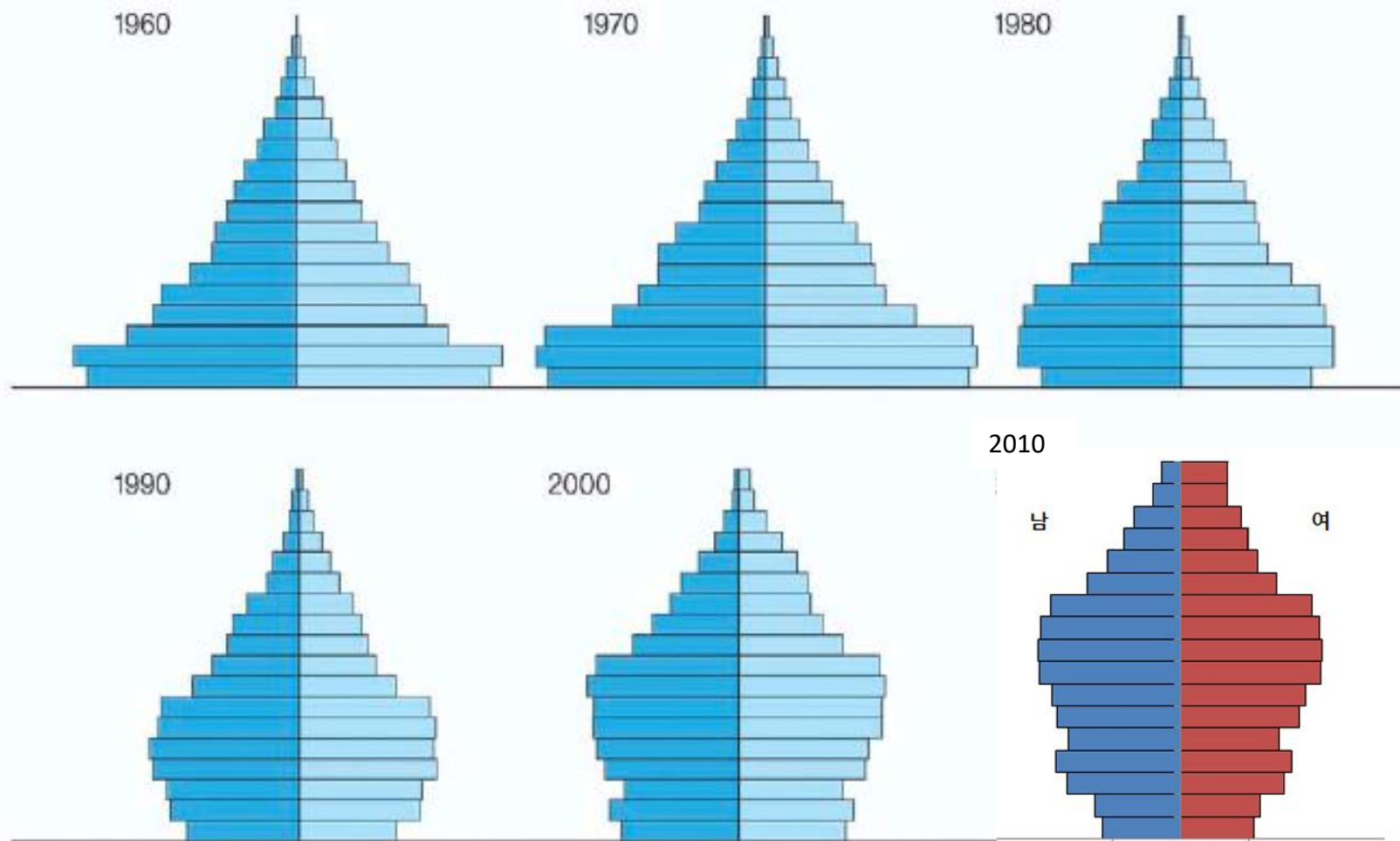


[ in 1960s ]

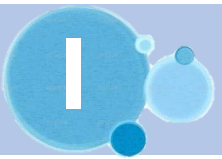


[ in 2000s ]

## Age Structure and Changes





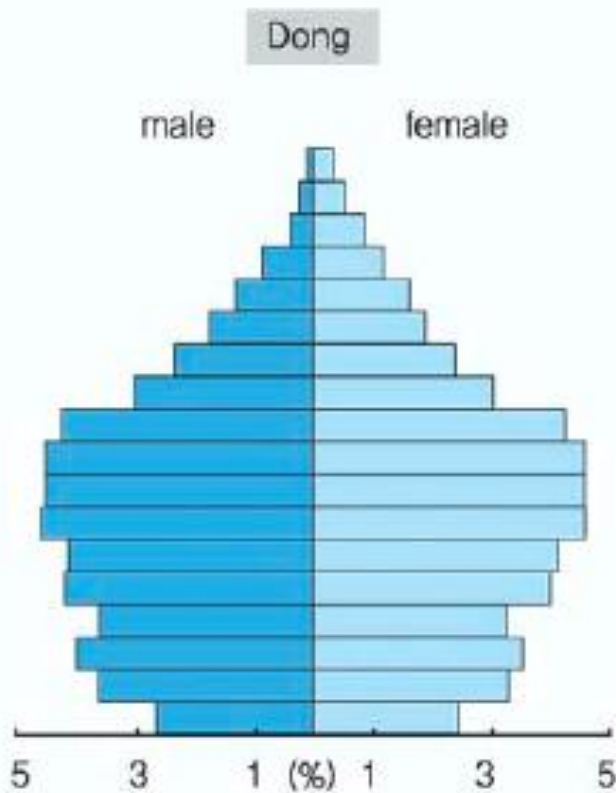


# Korea's Territory and Regions

Age Structure, Rural/Urban

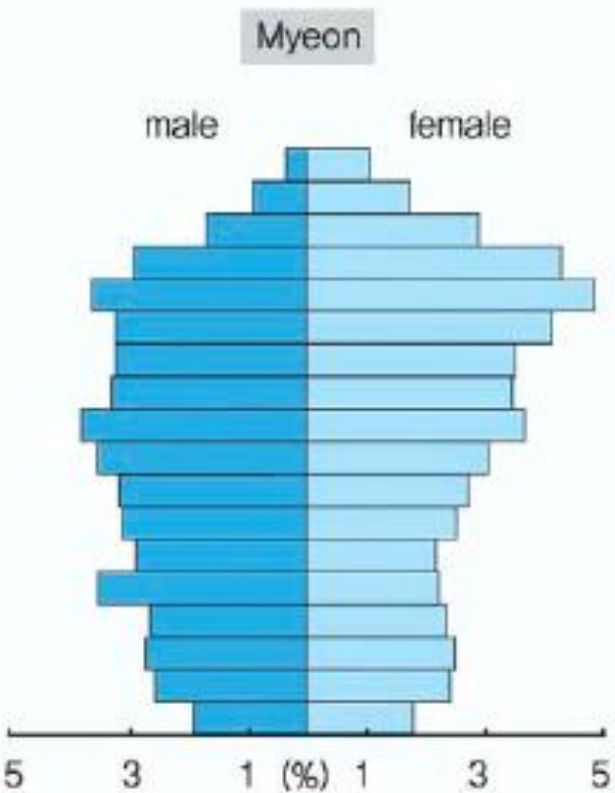
Urban Area

Rural Area



age group

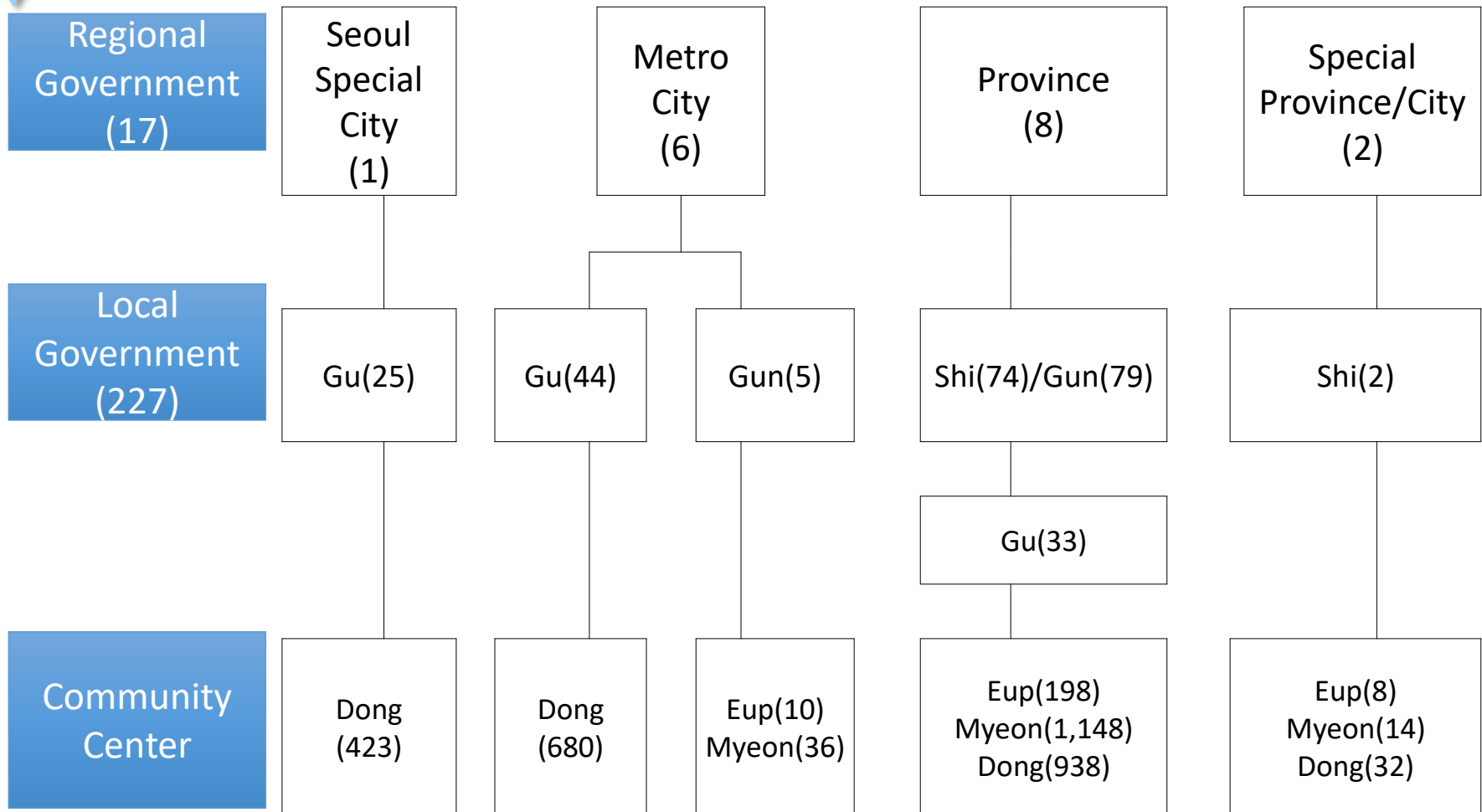
- 85+
- 80~84
- 75~79
- 70~74
- 65~69
- 60~64
- 55~59
- 50~54
- 45~49
- 40~44
- 35~39
- 30~34
- 25~29
- 20~24
- 15~19
- 10~14
- 5~9
- 0~4



## II. Policy Framework and Issues

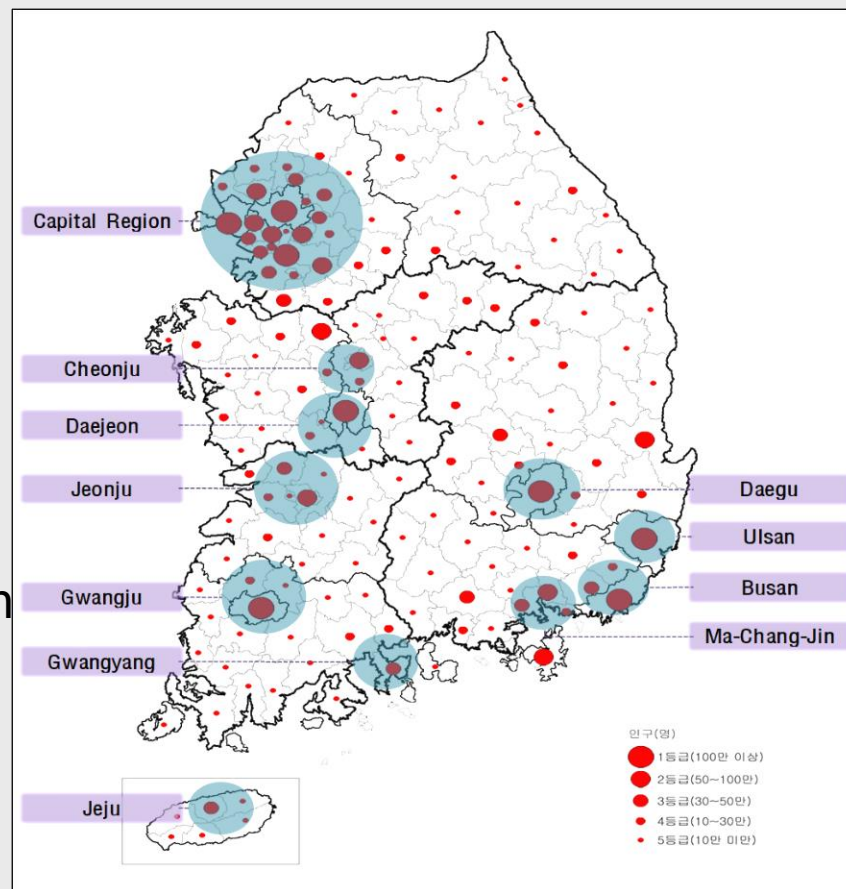
# Policy Frameworks and Issues

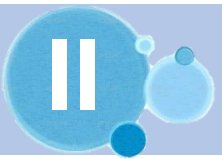
## Hierarchy of Regional Administration



## Hierarchy of Regional Administration

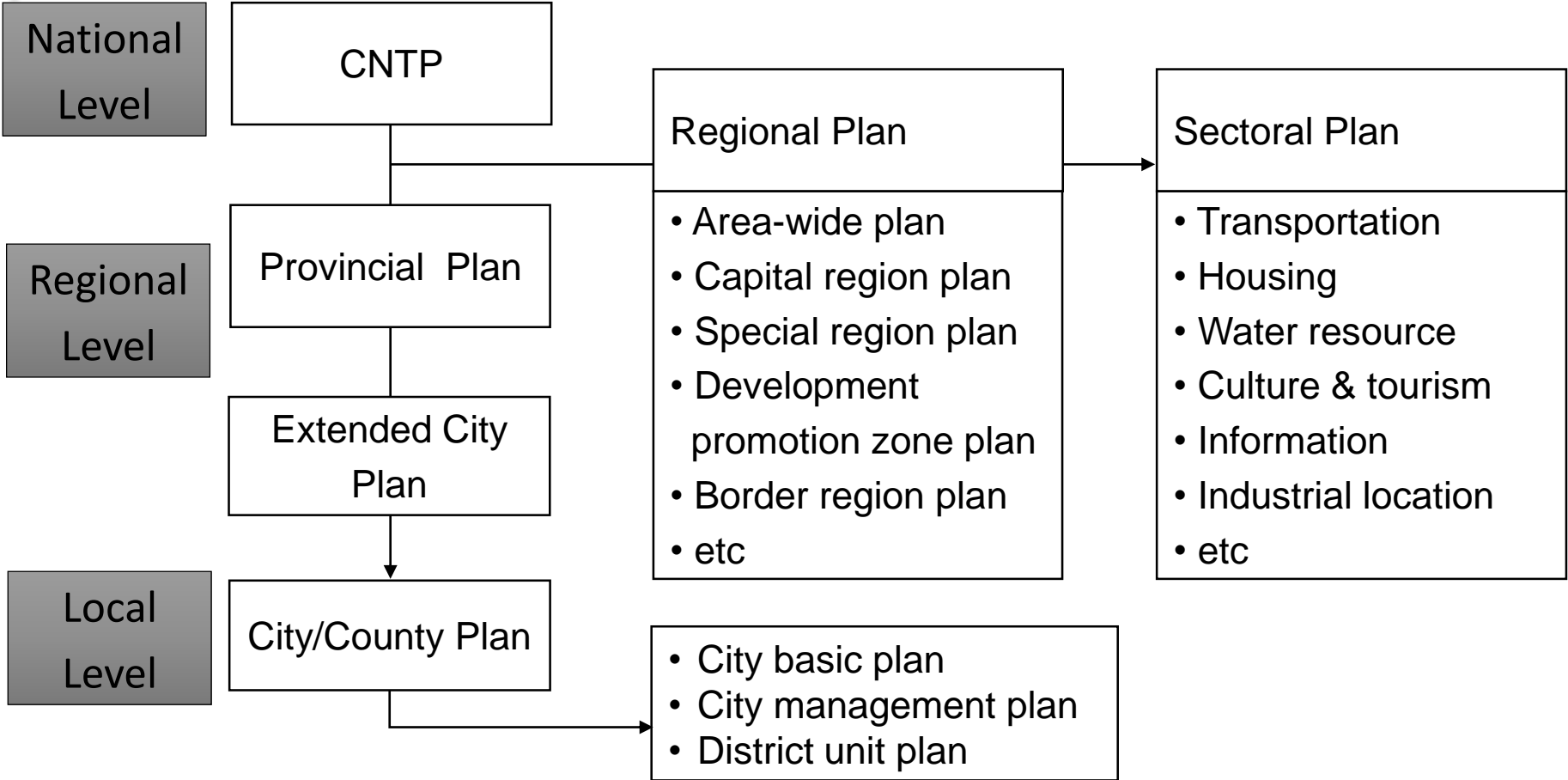
- 7 metro cities(Seoul), 8 province regions and 2 Special city/regions
- Capital Region includes **Seoul**, **Incheon** metropolis and **Gyeonggi** province
- Almost **half** of South Korea's population live in Capital region

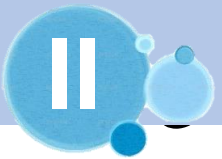




# Policy Frameworks and Issues

## System of Territorial Plans





# Policy Frameworks and Issues

## Significance of the CNTP

**Supreme  
territorial plan**

**Takes precedence over other plans  
regarding national territory**

**Long term plan**

**Sets directions for the long term  
development of national territory**

**Comprehensive  
plan**

**Presents basic policy directions on  
general territorial issues**



## Paradigm Shift in CNTP

### Main Emphasis

**The 1<sup>st</sup> plan (1972-1981)**

**Construction of growth poles and Industrialization**

**The 2<sup>nd</sup> plan (1982-1991)**

**Control of the Capital region and decentralization**

**The 3<sup>rd</sup> plan (1992-1999)**

**Promotion of provincial regions and localization**

**The 4<sup>th</sup> plan (2000-2020)**

**Open and integrated territorial development**

First CNTP(1972-1981)

## Goals

Effective management of land use

Building infrastructure for territorial development

Resource development and natural conservation

Improvement of living conditions

## Strategies

Growth pole development

- Developing large-scale industrial complexes
- Building facilities of transportation, telecommunication, water resource and energy supply
- Empowering lagging regions

Second CNTP(1982-1991)

## Goals

Guiding settlement of population in local regions

Expanding development probability to the whole nation

Improving national welfare

Conserving natural environment

## Strategies

- Forming multi-cores territorial structure and regional living space
- Growth control and management of Seoul and Busan
- Expanding social overhead capitals such as transportation and telecommunication
- Promoting development of lagging regions

# II Policy Frameworks and Issues

Third CNTP (1992-1999)

## Goals

Creating decentralized territorial structure

Establishing productive and resource saving land use system

Improving national welfare and environment conservation

Building bases for North-South reunification

## Strategies

- Promoting provincial regions and controlling capital region
- Creating new industrial spaces and upgrading industrial structure
- Building comprehensive and high-speed networks of interaction
- Increasing investment for living facilities and environment
- Enhancing implementation of plan and reorganizing regulations
- Developing and managing North-South exchange areas

# II Policy Frameworks and Issues

Fourth CNTP(2000-2020)

## Goals

Balanced territory

Green territory

Open territory

Unified territory

## Strategies

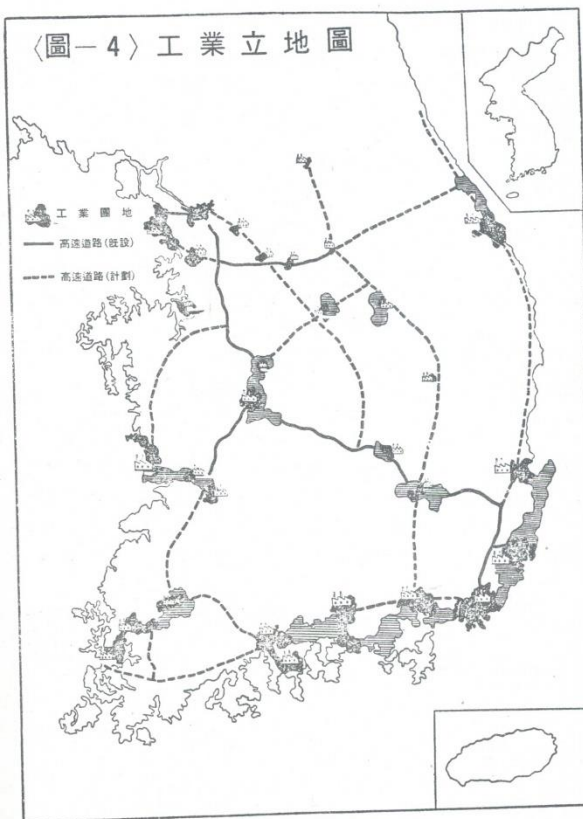
- Forming open and integrated territorial axes
- Enhancing regional competitiveness
- Creating healthy and pleasant environment
- Establishing high-speed transportation and information network
- Building bases for exchanges between North-South Korea

# Policy Frameworks and Issues

## Comparison of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>, plan (Industrial complexes)

部 門 別 計 劃 - 27 -

〈圖-4〉工業立地圖

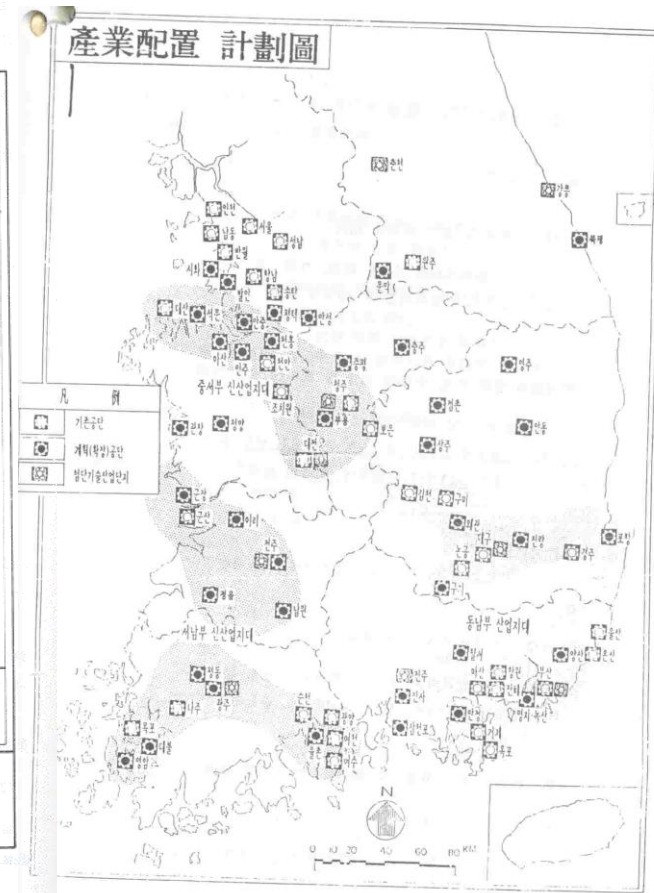


工業立地計劃

〈圖 5〉



産業配置 計劃圖

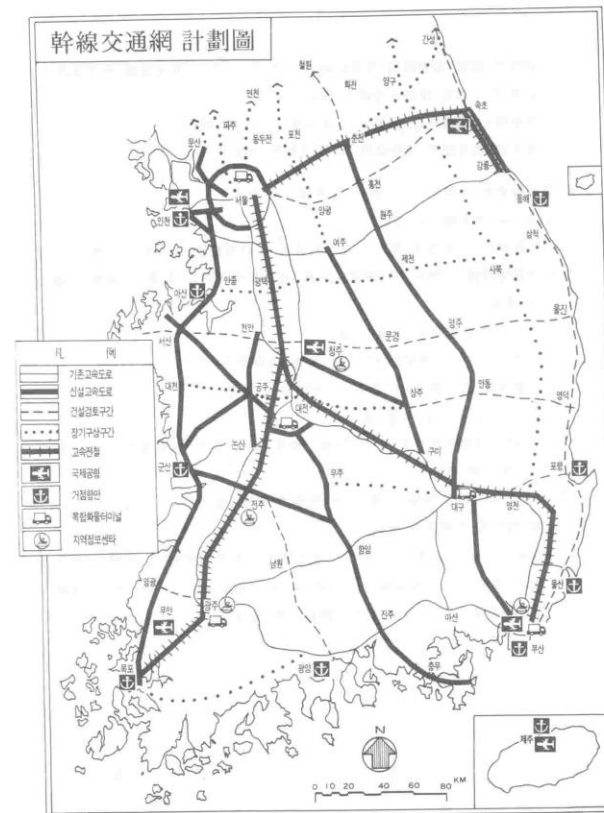
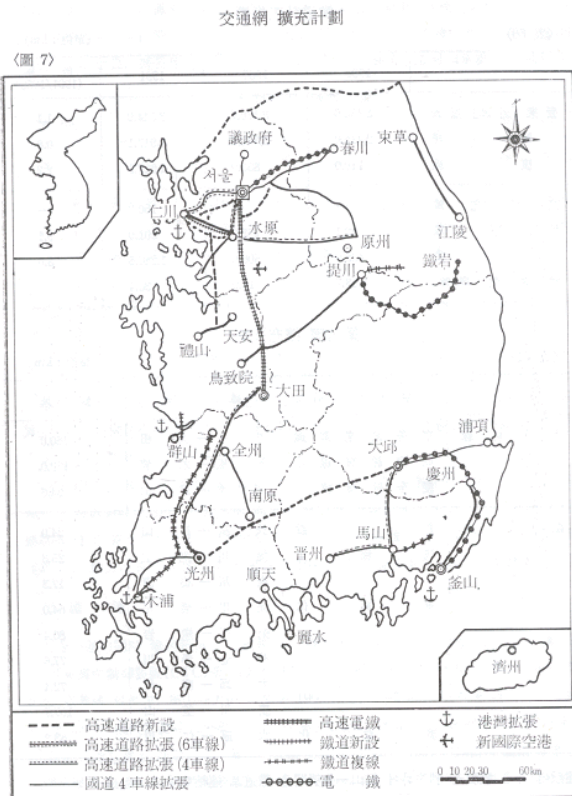
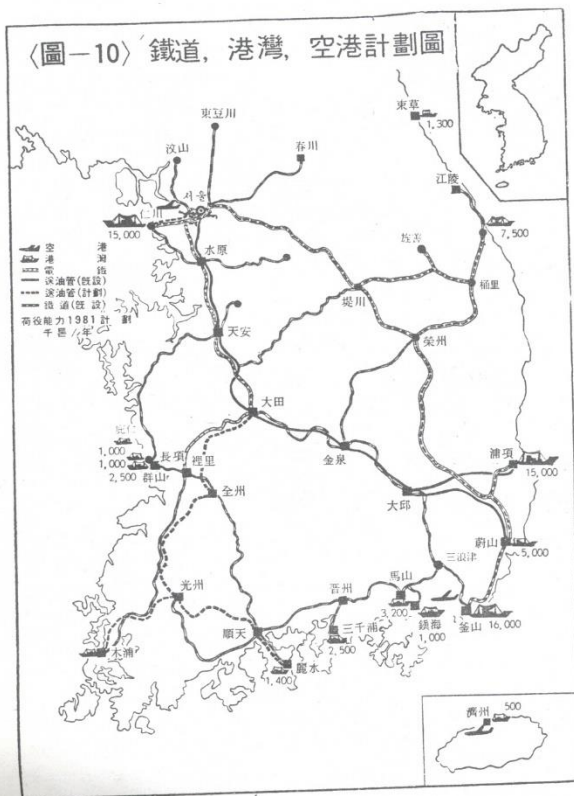




# Policy Frameworks and Issues

## Comparison of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>, plan (Transportation)

— 56 — 部門別計劃

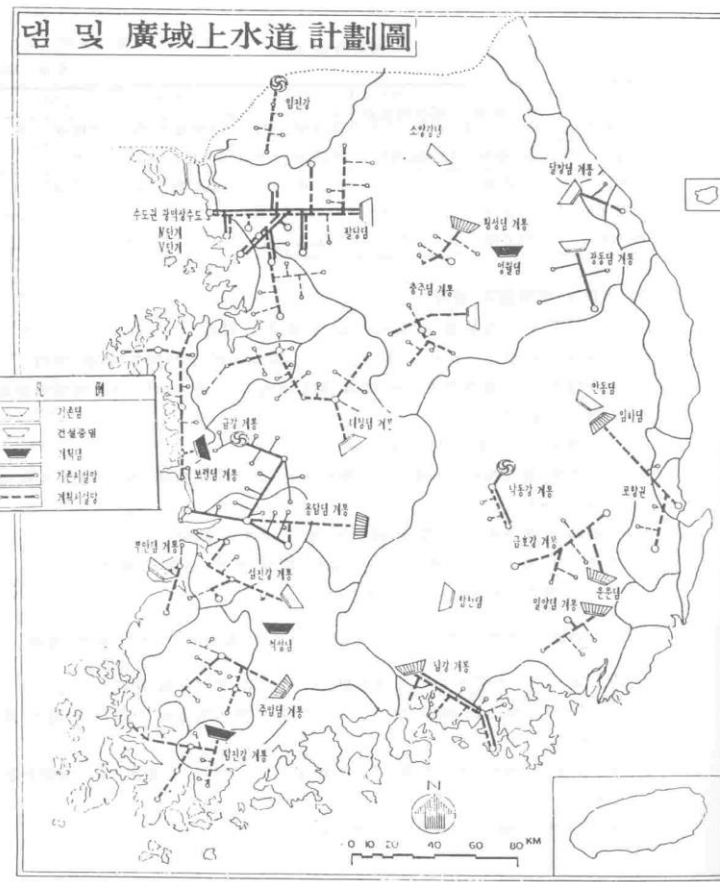
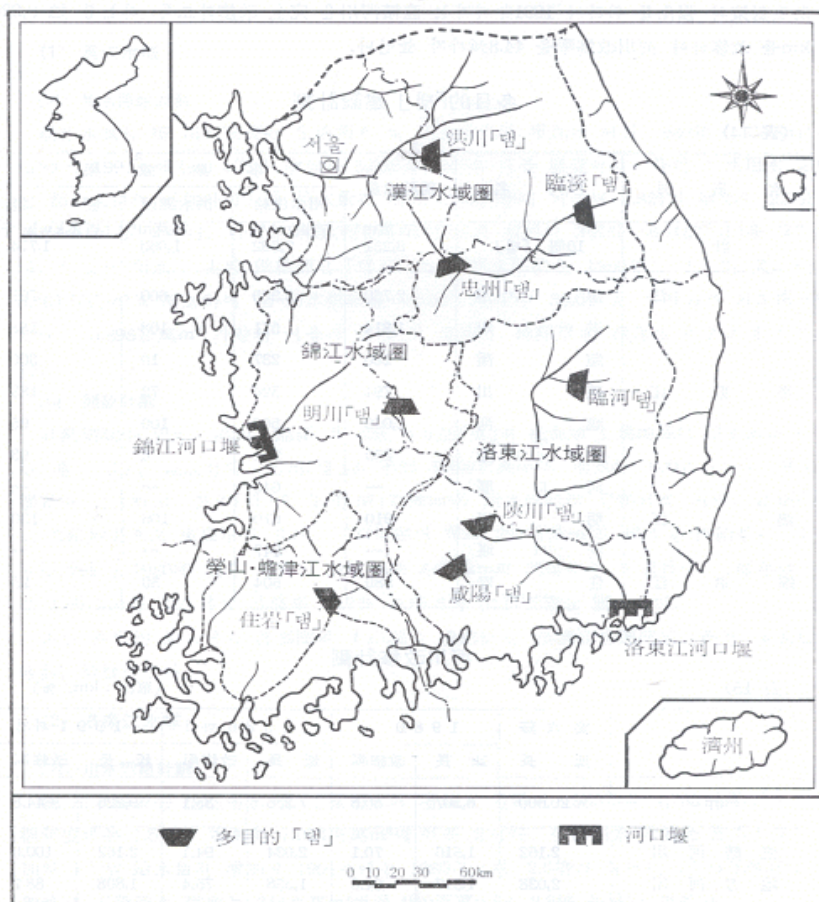


# Policy Frameworks and Issues

## Comparison of 2<sup>nd</sup> and 3<sup>rd</sup>, plan (Dams and Waterworks)

4대 水域圏과 多目的「댐」 建設計劃

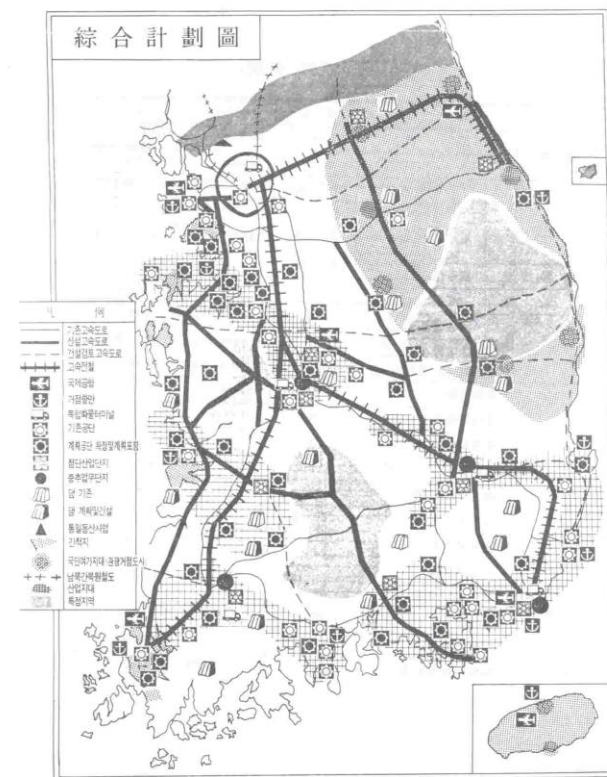
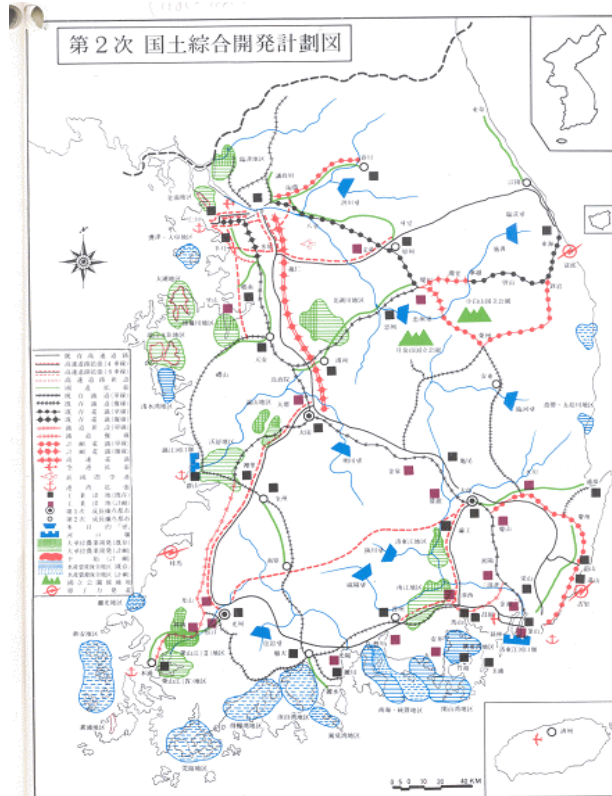
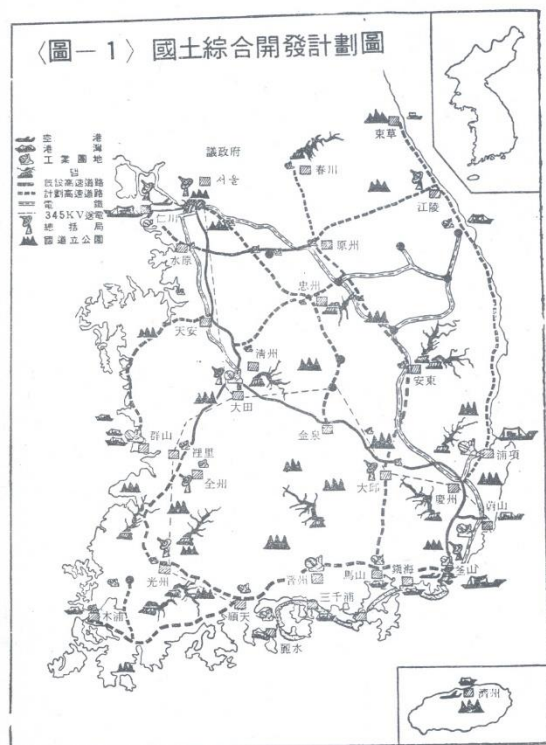
〈圖 4〉



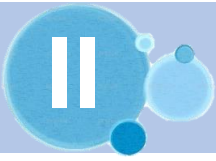
# Policy Frameworks and Issues

## Comparison of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup>, plan (Comprehensive Map)

基本計画 - 7 -



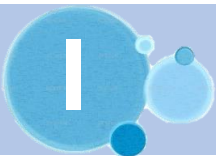




# Policy Frameworks and Issues

## Major Policy Agenda

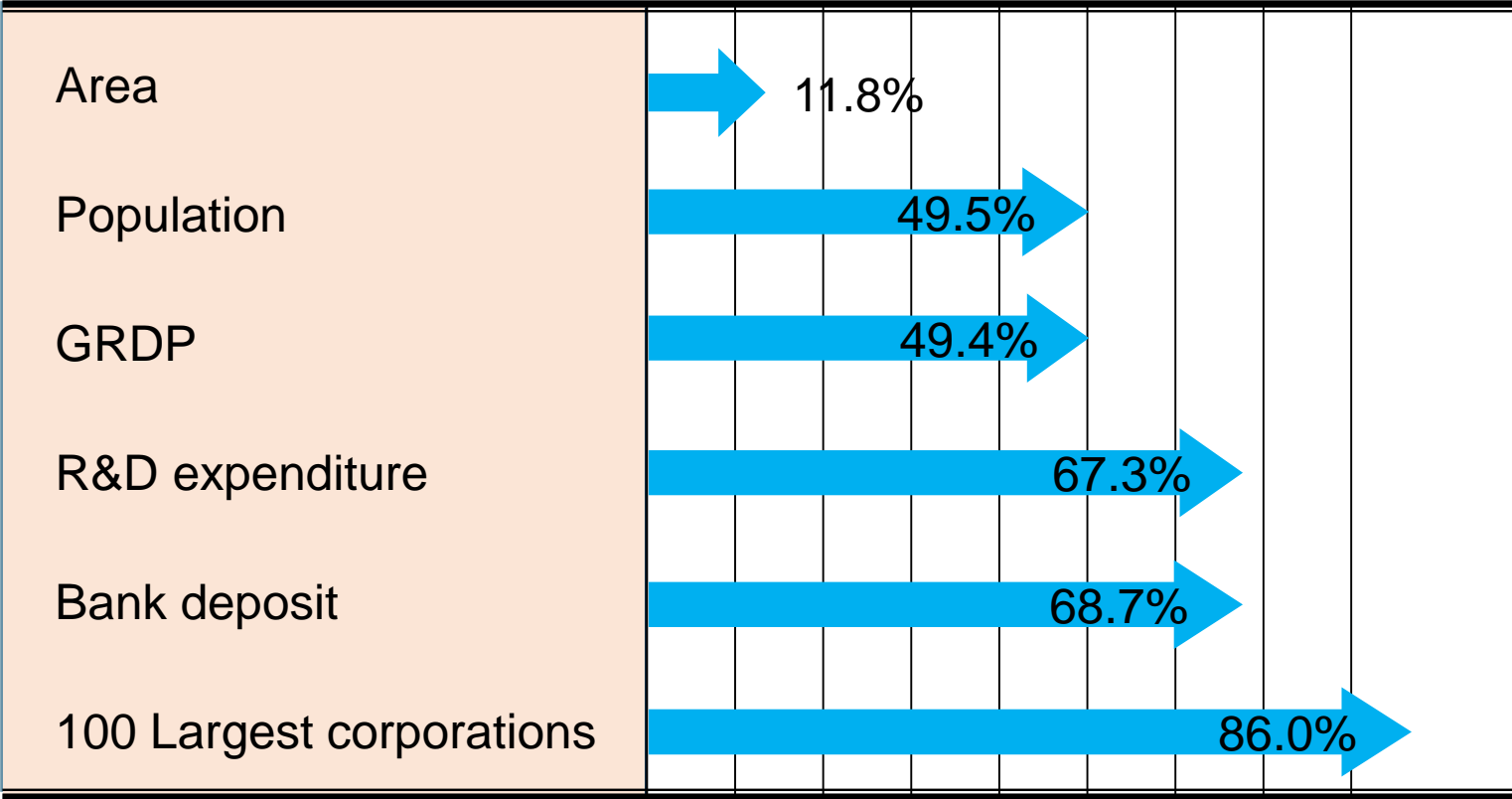
- ▶ Reducing Regional Disparities
  - ▶ The most important issue in regional policy is disparities between the capital region and other regions, urban and rural areas, and metropolitan and non-metropolitan regions
  - ▶ A distinct feature of regional policy is to counteract the over-concentration into the capital and assist depressed regions
  
- ▶ Addressing Problems of Less Developed Areas
  - ▶ Large portion of provincial regions suffer from problems such as population decrease, lacking socio-economic vitality, losing competitiveness potential and deteriorated living condition
  - ▶ Regional policy aims to reduce spatial disparities by fostering regional economic capacities and improving living conditions of less developed areas



# Policy Frameworks and Issues

## Major Policy Issues

- Concentration into the capital region



# Policy Frameworks and Issues

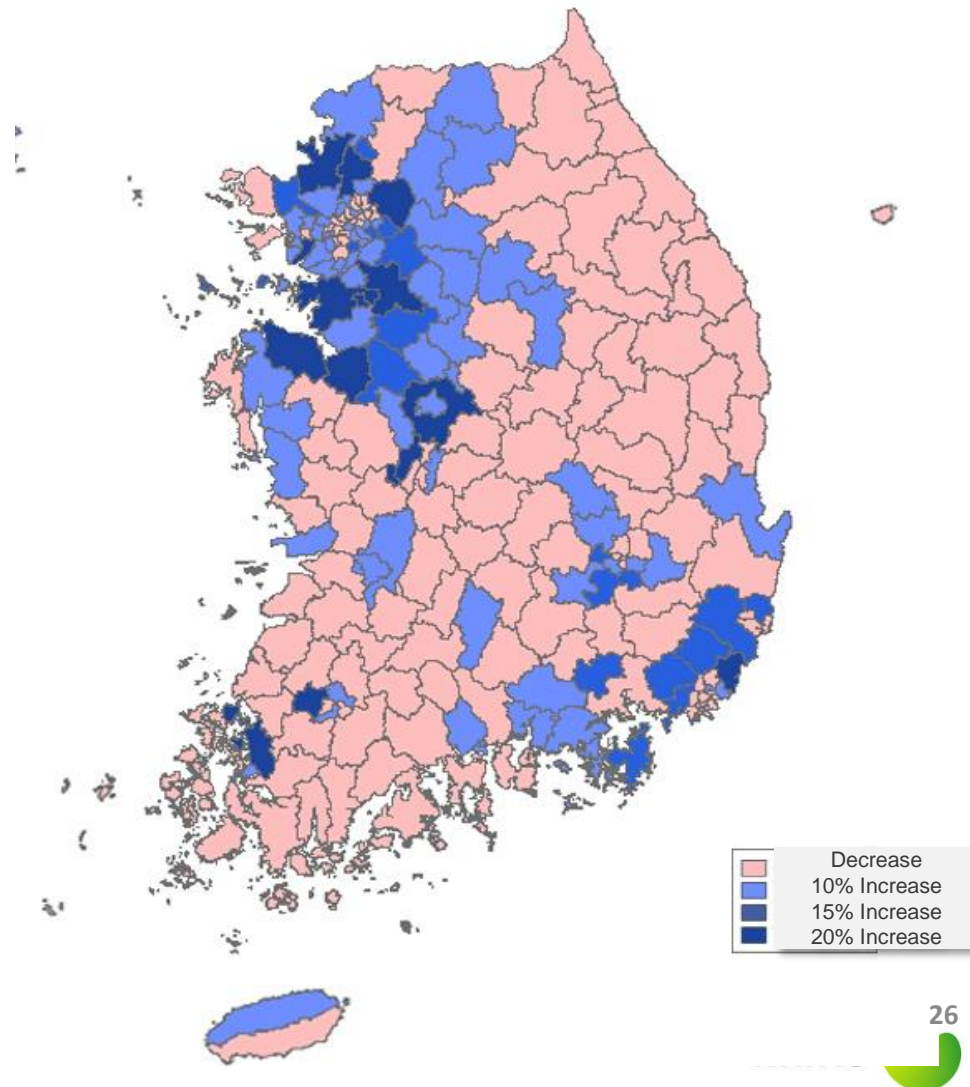
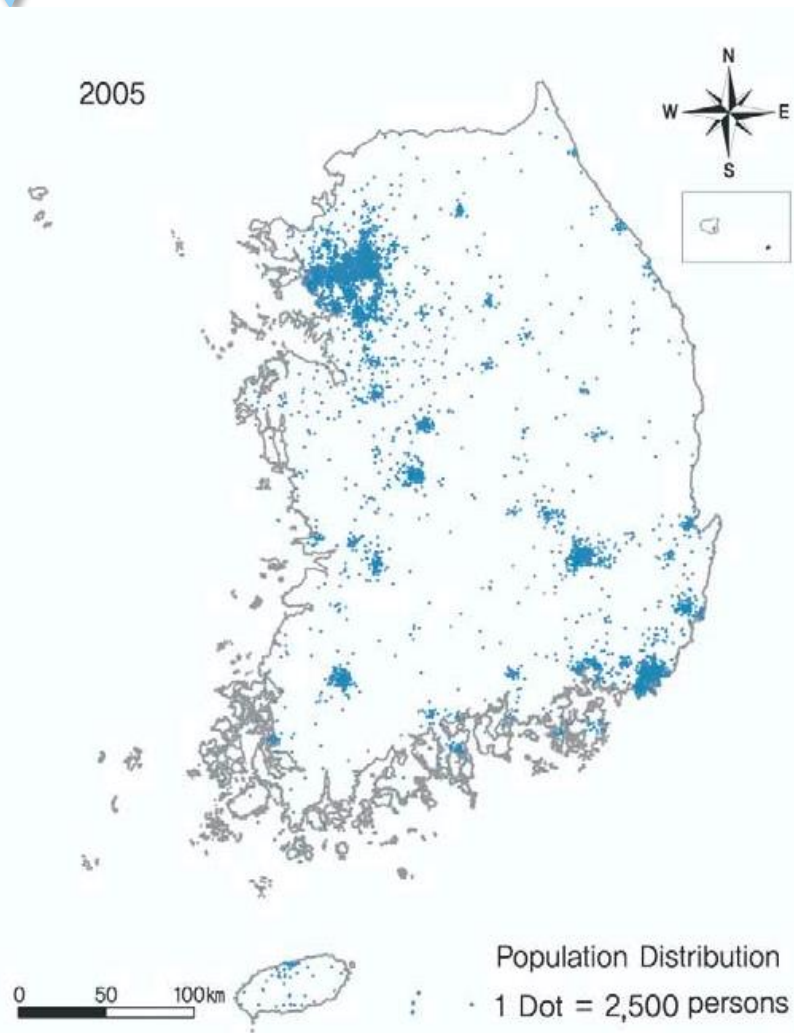
## Population Movement

Areal Units	Net Migrants			
	1980 - 1989	1990 - 1999	2000 - 2007	1980 - 2007
Seoul	1,126,863	- 1,578,473	- 523,922	- 975,532
Busan	212,211	- 460,672	- 317,553	- 566,014
Daegu	223,090	- 49,830	- 110,763	62,497
Incheon	351,406	413,543	40,310	805,259
Gwangju	75,294	113,456	- 22,821	165,929
Daejeon	26,179	226,686	36,890	289,755
Ulsan	-	- 3,630	11,670	8,040
Gyeonggi - do	1,792,698	2,394,572	1,580,257	5,767,527
Gangwon - do	- 381,129	- 166,619	- 85,012	- 632,760
Chungcheongbuk - do	- 367,000	- 12,152	- 30,298	- 409,450
Chungcheongnam - do	- 465,229	- 137,714	30,087	- 572,856
Jeollabuk - do	- 634,754	- 227,119	- 188,757	- 1,050,630
Jeollanam - do	- 835,182	- 466,062	- 245,734	- 1,546,978
Gyeongsangbuk - do	- 772,812	- 178,892	- 171,490	- 1,123,194
Gyeongsangnam - do	- 229,939	128,973	6,751	- 94,215
Jeju Special Self-Governing Province	- 23,853	3,933	- 9,615	- 29,535

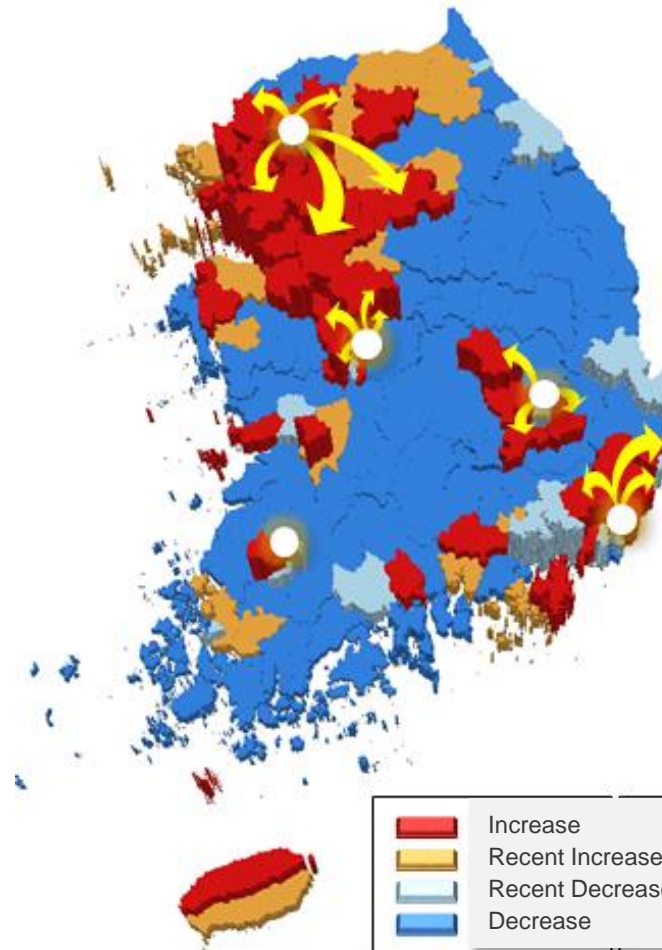
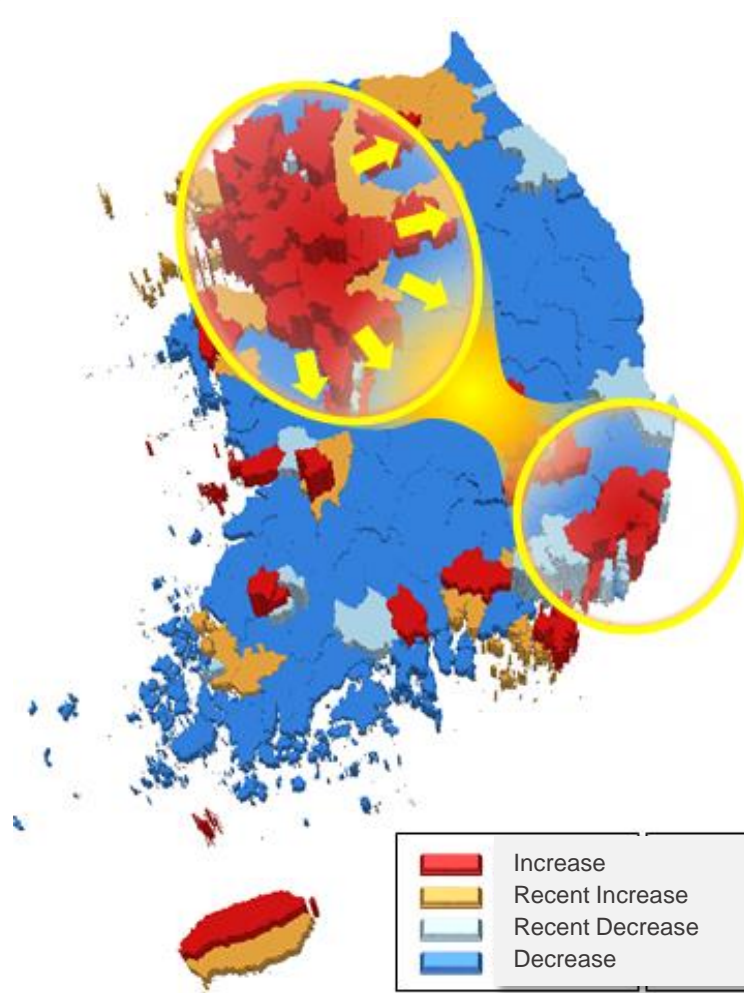




## Population Distribution by county



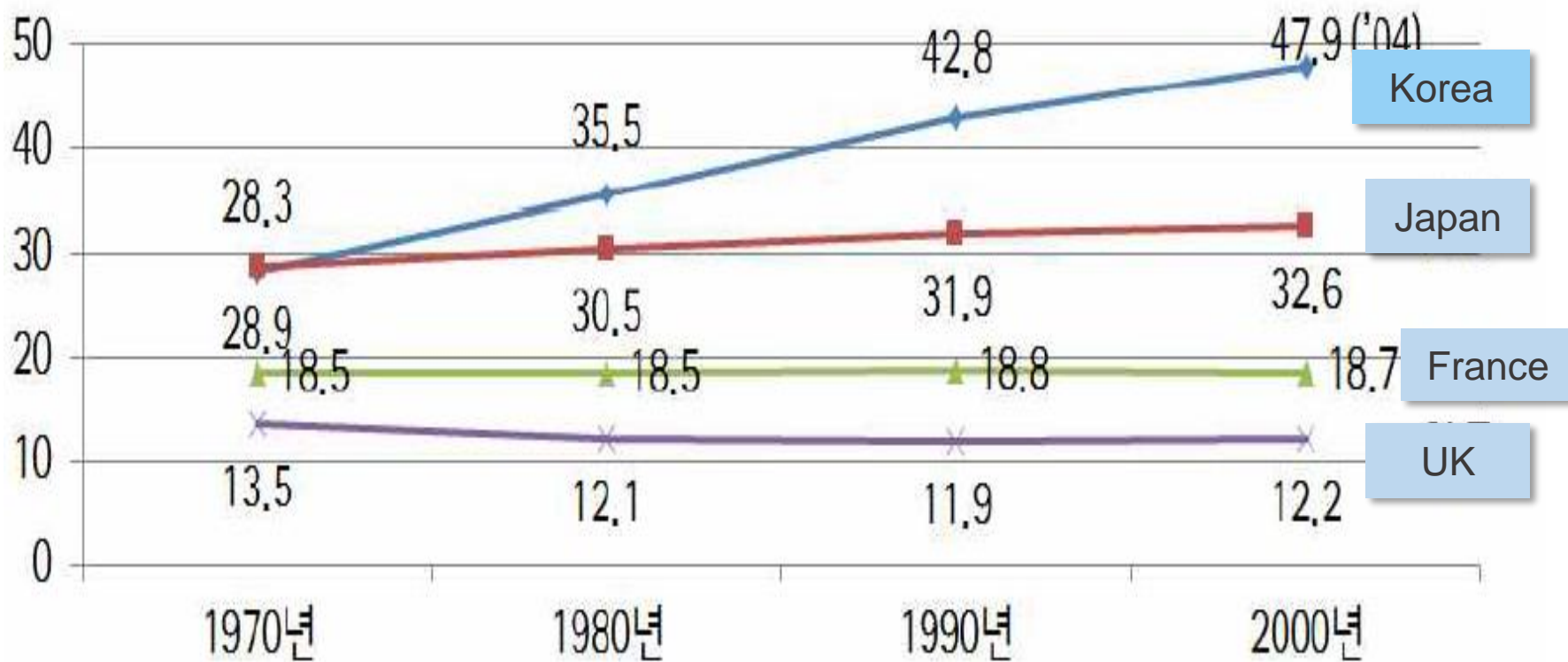
## Spatial Polarization



# Policy Frameworks and Issues

## Concentration of population, comparison

Population shares of capital regions in developed nations



## Population growth

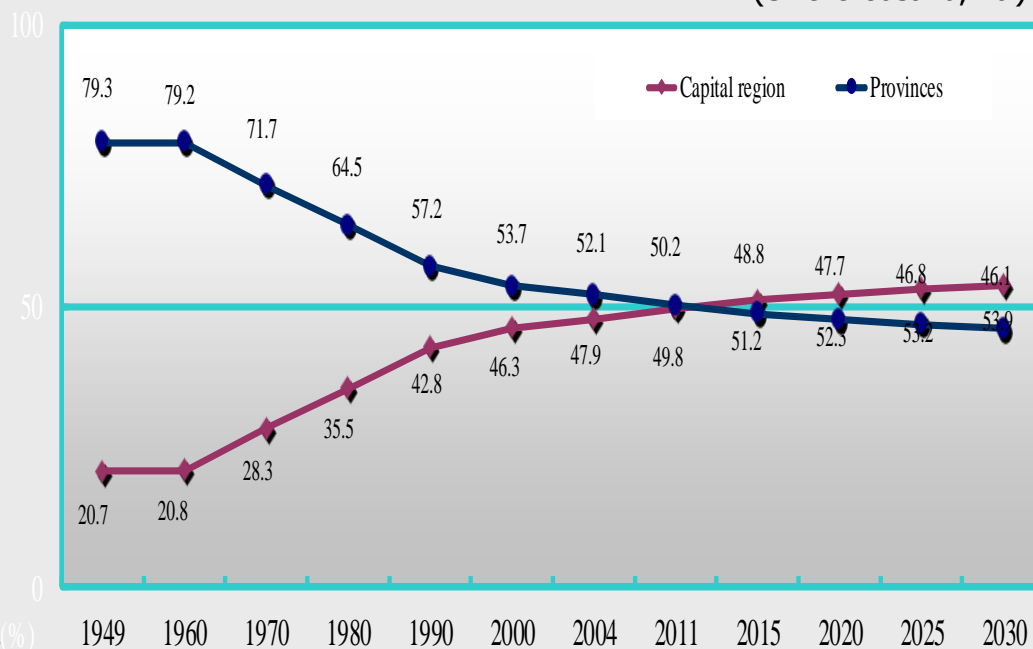
- The gap between the CR and the rest of the country has become widened

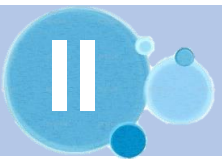
[ Population Forecast (2005 – 2030) ]

(Unit: thousand, %)

Year	CR		
	Population	Growth rate	SCR/ Country
2005	21,747	6.7	48.2
2010	23,202	4.9	49.8
2015	24,336	3.5	51.1
2020	25,191	2.4	52.3
2030	25,786	1.5	53.3

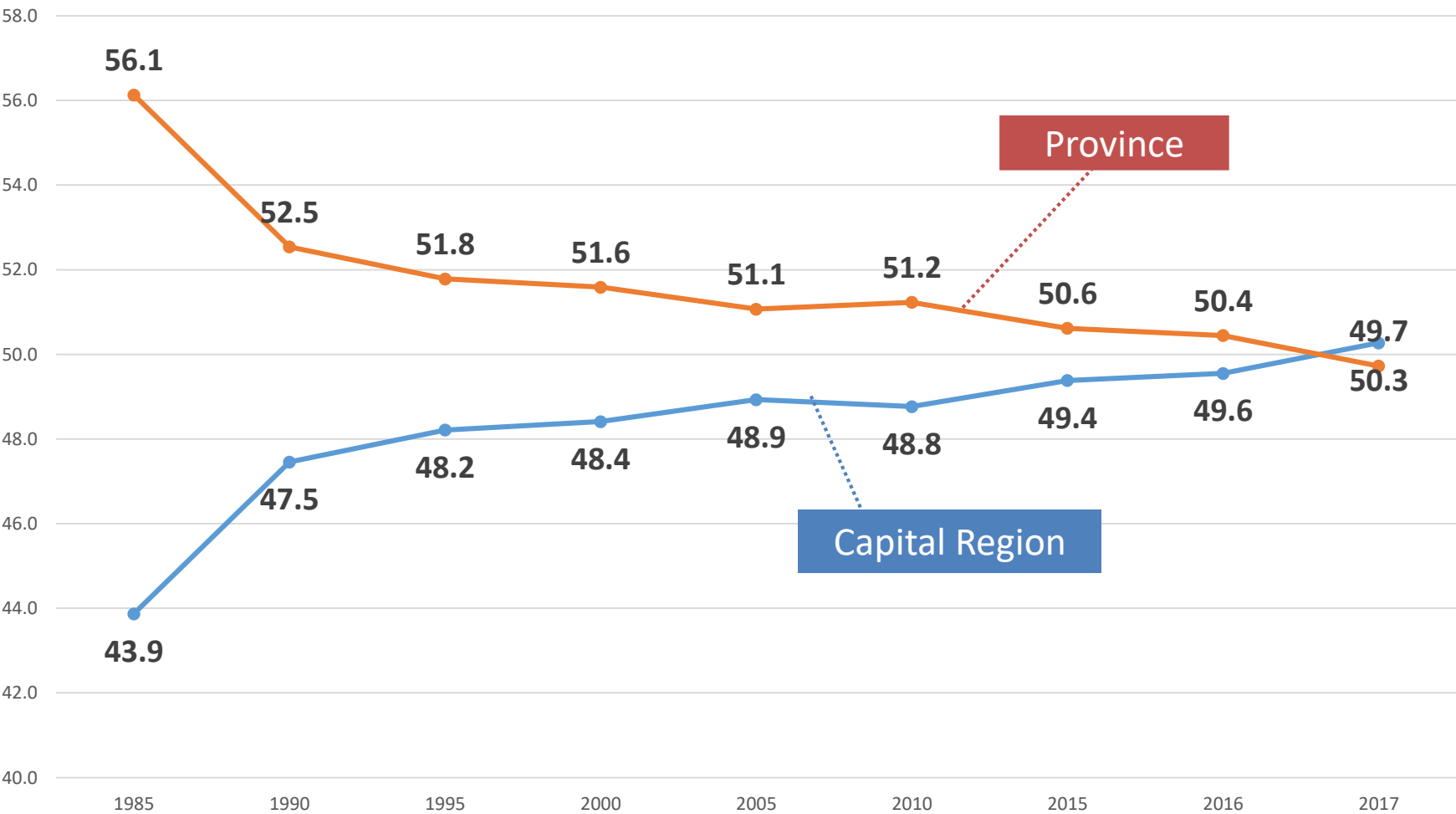
Source: Korea Statistical Information Service, 2008 (%)





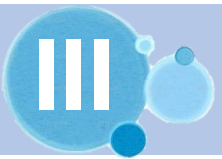
# Policy Frameworks and Issues

Growth of GRDP



### III. History of Territorial Policies

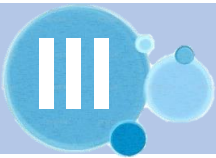




# History of Territorial Policies

## Paradigm shift in Spatial Policy

	Main Emphasis
1960-1970s	Growth pole development and industrialization
1980s	Control of the capital region and decentralization
1990s	Promotion of provincial regions and localization
2000s	Balanced development and regional competitiveness
2010s	Quality of life and happiness of people



# History of Territorial Policies

## Territorial Policies in the 1970s

- ▶ Growth Pole Development and Industrialization
  - ▶ Regional policy aimed to develop **selected growth poles** specialized in heavy and chemical industries such as steel, machinery, chemical, shipbuilding, non-metallic, and electronics industries
  - ▶ Large-scale growth poles based on export industries were developed in Ulsan, Pohang, Changwon, Gumi, Yeosu, and other cities mostly along the **southeast coastal regions**, leading rapid growth of the cities
  - ▶ Growth pole strategy resulted in the spatial concentration of manufacturing industries and population, creating disparities between the regions with the poles and without the poles

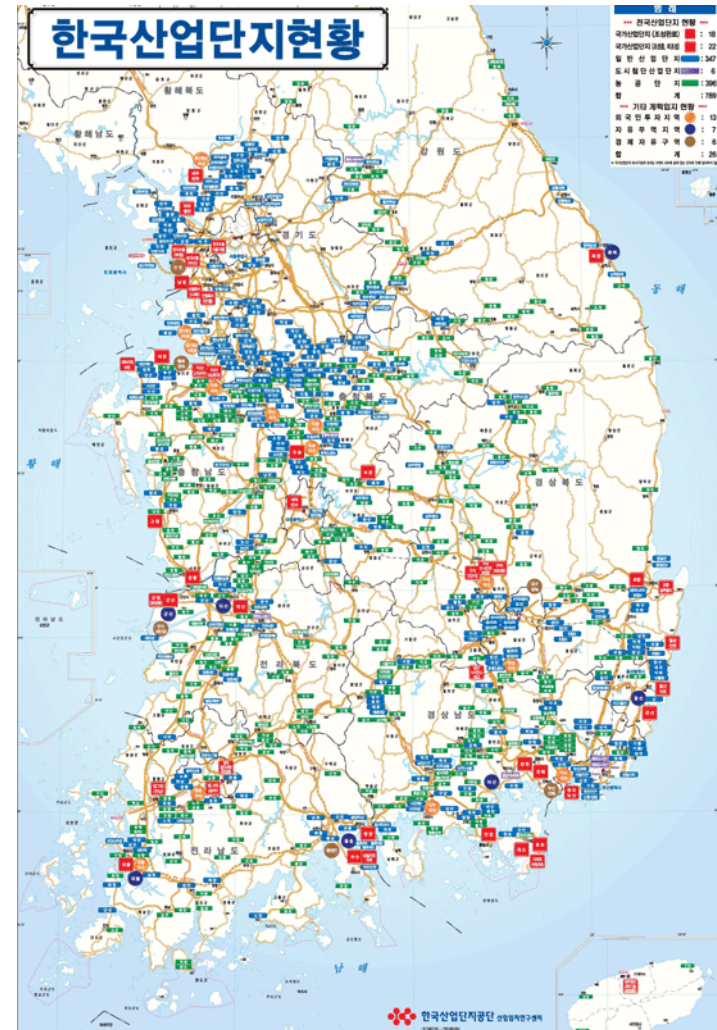
## Industrial complexes

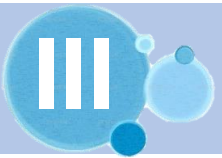




## Industrial Complexes, 2017

- ▶ Total 1,189 complexes
  - ▶ 44 National complexes
  - ▶ 650 General complexes
  - ▶ 27 Urban high-tech complexes
  - ▶ 468 Rural complexes
- ▶ Engine of Korean economy
  - ▶ 87,360 operating firms
  - ▶ 2,166,289 employed
  - ▶ 422 billion dollars export





# History of Territorial Policies

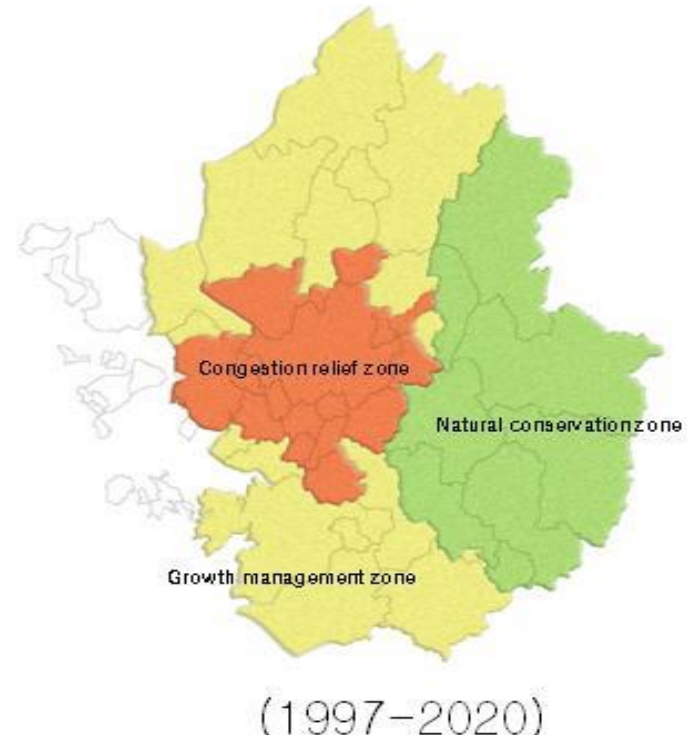
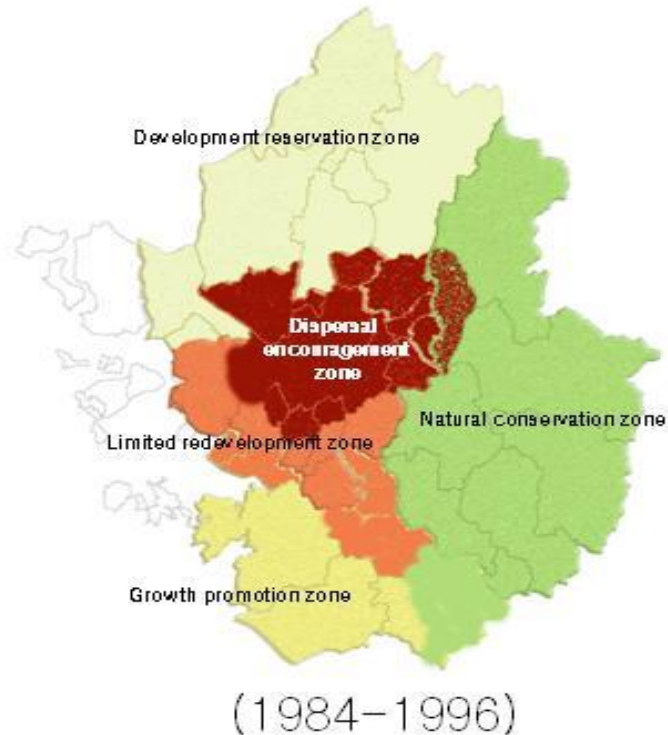
## Territorial Policies in the 1980s

- ▶ Addressing Spatial Concentration and Disparities
  - ▶ Major policy goals in the 1980s were to reduce widening gaps among regions and concentration in the capital region
  - ▶ Various measures including Capital Region Readjustment Planning Act (1982) and First Capital Region Readjustment Plan (1984-1996) were implemented to reduce the concentration of population and industry into the capital.
  - ▶ Development of Industrial complexes was focused on medium and small cities and also rural areas, with 20 complexes built in cities and 266 in rural areas until 1997
  - ▶ Large scale living environment improvement projects such as 2 million housing construction and 5 new towns development in the capital region began in the late 1980s

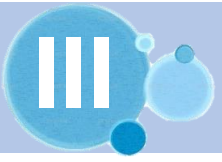
# History of Territorial Policies

## Restive tools for CR growth management

- The First Capital Region Readjustment Plan (1984-1996), the Second Plan (1997-2001) and Third Plan (2006-2020) thereafter, but not much success in curbing the expansion of the capital region
- The Capital Region Readjustment Plan sets 5 zones with varying degrees of control, Consolidated into 3 zones(in second plan): congestion relief, growth management and natural conservation zone.



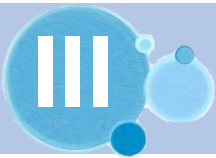




Restive tools for CR growth management

## ■ Policy Measures for the Growth Control of the SCR

- Restrictive measures for construction of large buildings and factories, expansion of higher education facilities
  - Large buildings are only permitted in the capital region on the condition of the payment of a congestion charge (10% of the building cost)
  - The construction and expansion of factories are allowed within a aggregate ceiling set by the government
  - Adopted the restrictive ceiling of college enrollment in the SCR



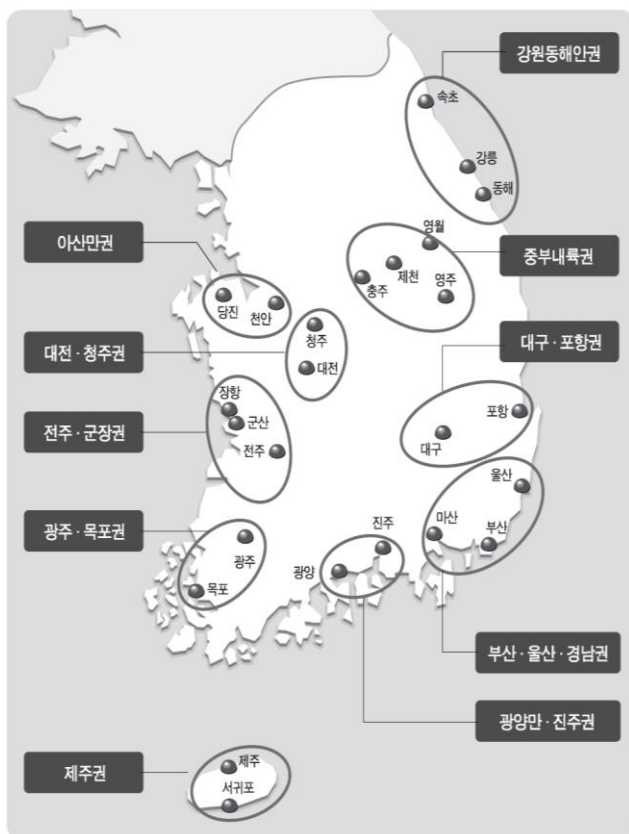
# History of Territorial Policies

## Territorial Policies in the 1990s

- ▶ Approaches to Regional Development
  - ▶ Implemented strategies to build economic bases of provincial regions using new industrial complexes and area-wide development plans
  - ▶ Major policy measures included high-technology industrial complex, multimedia complex and information industry complex
  - ▶ Focus of development was on the west coast region, Chungcheong and Honam provinces, with weak industrial bases and living conditions compared to the capital region and south east region
  - ▶ The concept of new industrial spaces was applied to the west coast development, building large scale industrial estates and the west coast expressway

# History of Territorial Policies

## Territorial Policies in the 1990s

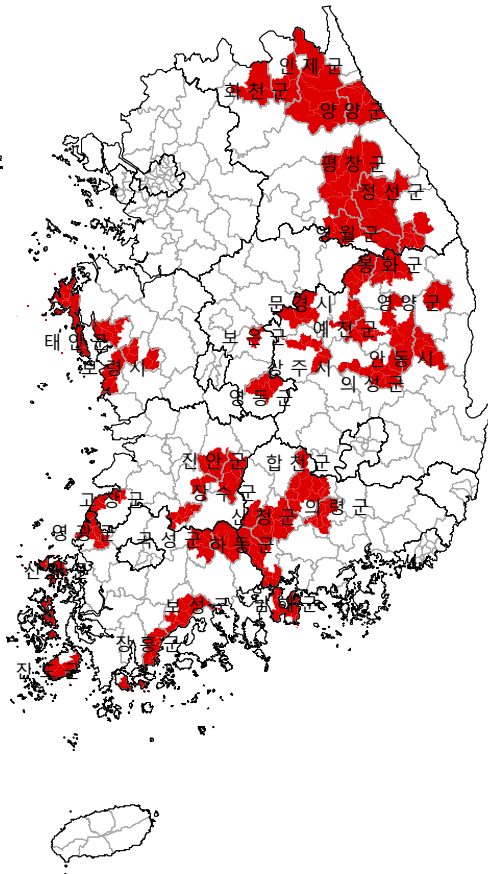


### ▶ Area-Wide Development

- ▶ The program aims to develop major regional centers and surrounding areas, industrial complexes and hinterlands, and contiguous urban areas together
- ▶ A total of 10 areas were designated except the capital region from 1994 to 2005
- ▶ Comprehensive development plans were established, covering projects of industrial location, higher control functions, international infrastructure and sustainable development

## Territorial Policies in the 1990s

## ▶ Development Promotion Zone Program

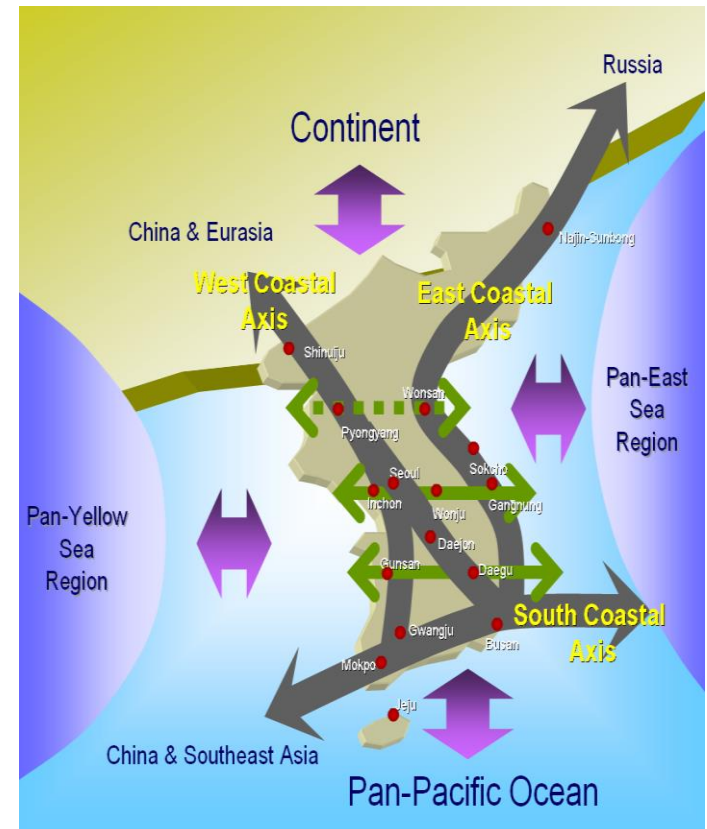


- ▶ Seven rounds of the program from 1996 to 2009 designated a total of 43 zones in depressed areas, except the capital and Jeju region
- ▶ Main policy tools include building new transportation infrastructure and deregulation of land use that are essential to attract private investment in local-based industries and tourism
- ▶ The program has not been very successful in inducing investment and resettlement into the zones

# History of Territorial Policies

## Territorial Policies in the 2000s, 4<sup>th</sup> CNTP

- ▶ Building an Open and Integrated Territory
  - ▶ The Asian financial crisis in the late 1990s affected territorial policies as the government aimed to make Korea the hub of Northeast Asia, serving as the gateway
  - ▶ Global open poles, instead of growth poles, were developed in selected areas in the capital region and coastal cities with ports and industrial hinterlands



## Progress in Development Indicators

Indicators	Unit	1970	1980	1990	2000	2010	2015
GNI per capita	US dollars	254	1,645	6,147	10,841	20,562	27,171
Urbanization	%	50.1	68.7	79.6	88.3	90.9	91.8
Express way	km	551	1,225	1,551	2,131	3,859	4,193
Pavement of road	%	9.6	33.2	71.5	76.0	79.8	92.1
Electric railroad	km	-	451	525	668	2,212	2,727
Power generation	Gwh	9,167	37,239	107,670	266,400	474,660	528,091
Number of automobile	000	127	528	3,395	12,059	17,941	20,990
Housing stock	000	4,360	5,319	7,357	11,472	17,672	19,559
Water supply	000 tons/day	2,166	6,756	16,274	26,980	28,908	26,824

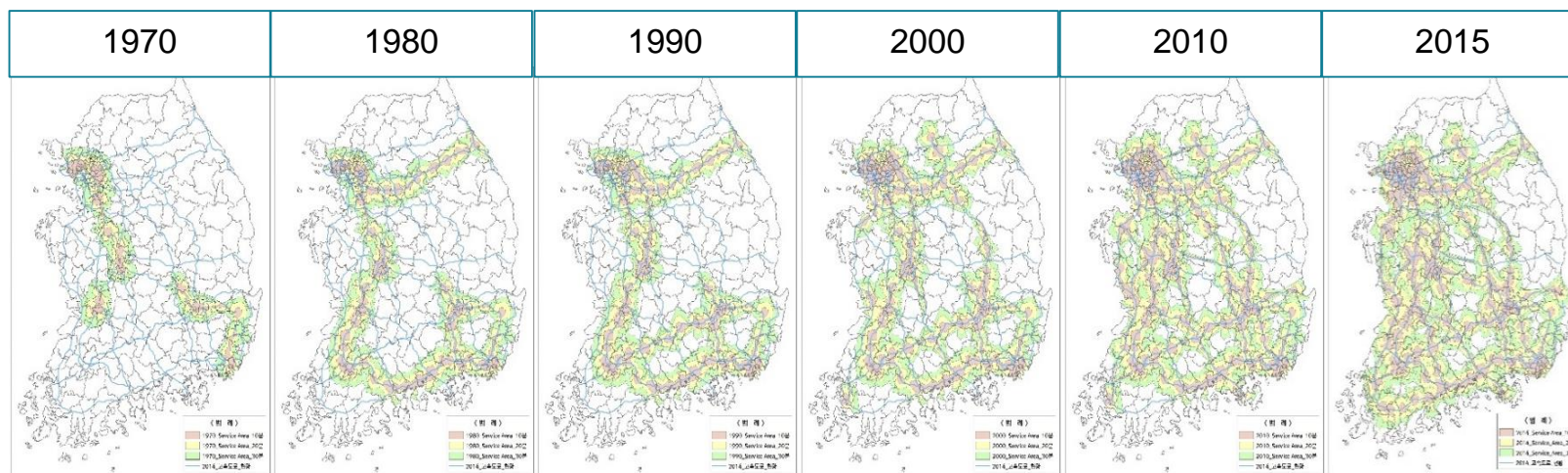


## Progress in Development

▶ Better Accessibility to Expressways

- ▶ In the early-2000s about 50% of areas could access to expressway within 30 minutes, and increased to more than 70% in 2015

Total Land Area (km <sup>2</sup> )	Served Area of Expressways (km <sup>2</sup> )					
	1970	1980	1990	2000	2010	2015
97,246	13,924 (14.0%)	30,681 (30.9%)	35,135 (35.4%)	44,302 (44.7%)	61,624 (63.4%)	68,753 (70.7%)
Expressways (km)	551	1,225	1,551	2,131	3,860	4,193



## IV. Recent Policies for Balanced Territorial Development

# IV

## Recent Policies for Balanced Territorial Development

### Paradigm Shift

2003-2008

Decentralization and regional innovation system  
(Capital vs. Non-capital Region)

2008-2013

Three dimensional development focusing on regional competitiveness  
(5+2 mega-economic regions)

2013-2017

Local area development centering on QOL  
(63 local happy living areas)

2017-2022

Balanced national development based on inclusive and innovative growth  
(national innovation clusters and urban renewal)

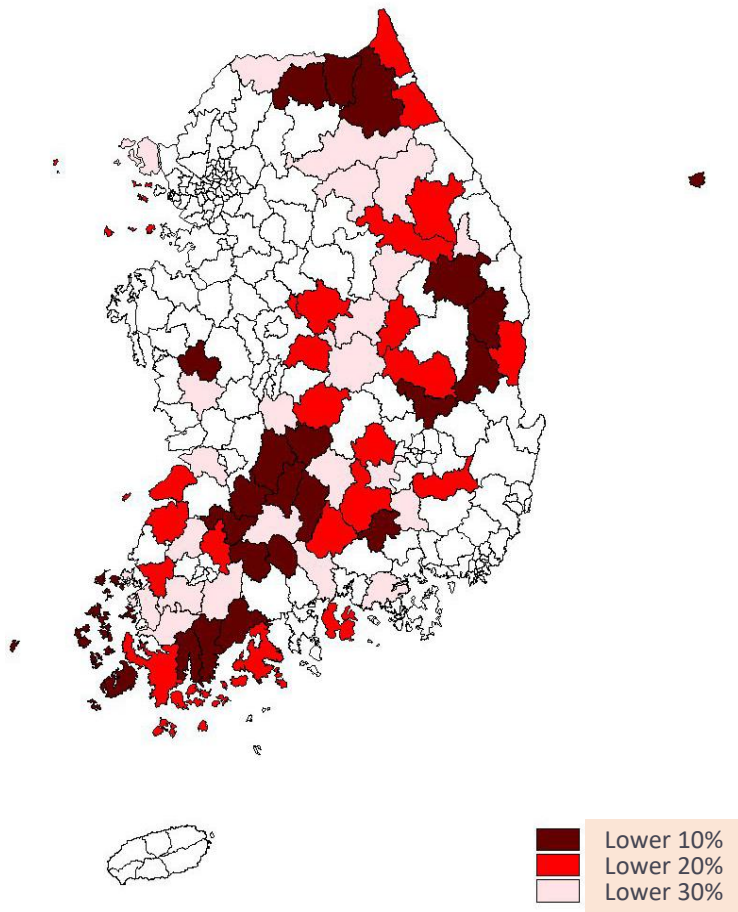
# IV

## Recent Policies for Balanced Territorial Development

### Participatory Government, 2003-2008

- ▶ Drive for Balanced National Development
  - ▶ Balanced territorial development was pushed strongly by the Participatory Government (2003-2008), attempting to relocate national administration and public organizations away from the capital to the provinces
  - ▶ Three types of new cities, **an administrative (Sejong) city, 6 enterprise cities, and 10 innovation cities** were planned to accommodate public institutions and private investment
  - ▶ Regional innovation system and industrial cluster replaced industrial complex as the new engine of regional growth
  - ▶ Depressed rural regions were designated as the revitalization areas, receiving support from the central government

## Revitalization Area Program



- ▶ The program targeted 70 counties and cities, the lower 30% class of the 234 county level areas in Korea
- ▶ Policy measures include establishing regional innovation system based on education and expert consulting, rural-urban interaction programs, and specialized resource development combined with tourism
- ▶ Government supported financial assistance depending on the degree of deprivation and performance

# IV

## Recent Policies for Balanced Territorial Development

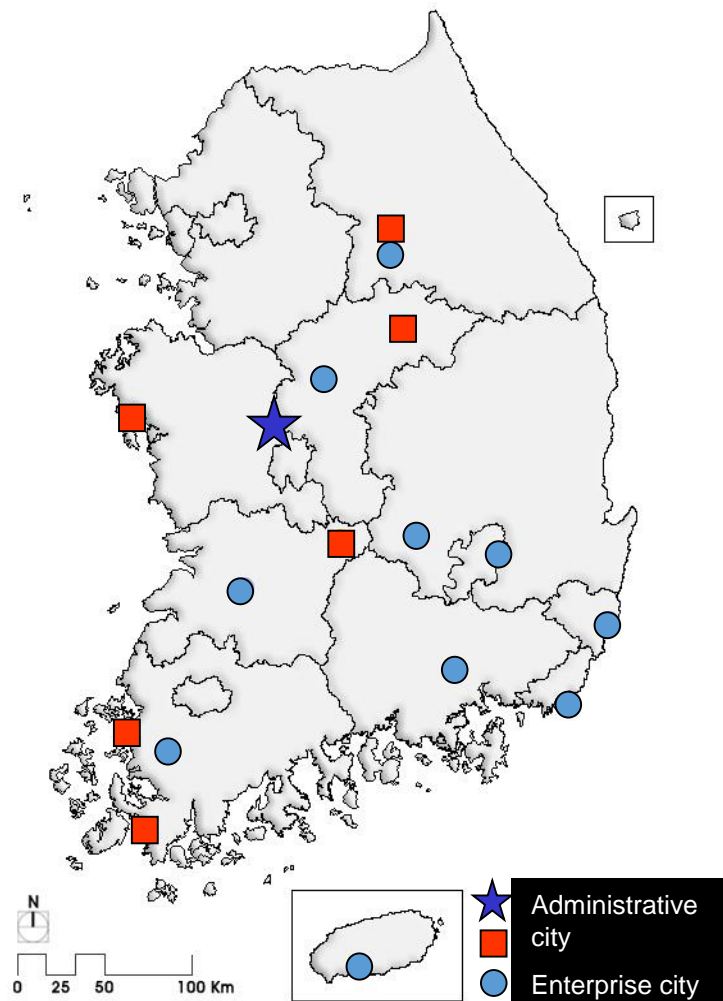
### Construction of New Administrative city

#### ▶ Sejong City



- Project area: 73 sq km
- Project cost: KRW 22.5 trillion
- Population target: 500,000
- Completion: 2030
- Developer: Korea Land and Housing Corporation

- ▶ Most of Central Government Bodies have moved to Sejong city from Capital Region





# IV

## Recent Policies for Balanced Territorial Development

### Innovation and enterprise cities

#### Innovation Cities

- Relocate public agencies from the capital region to the provinces

**Public agencies** 154

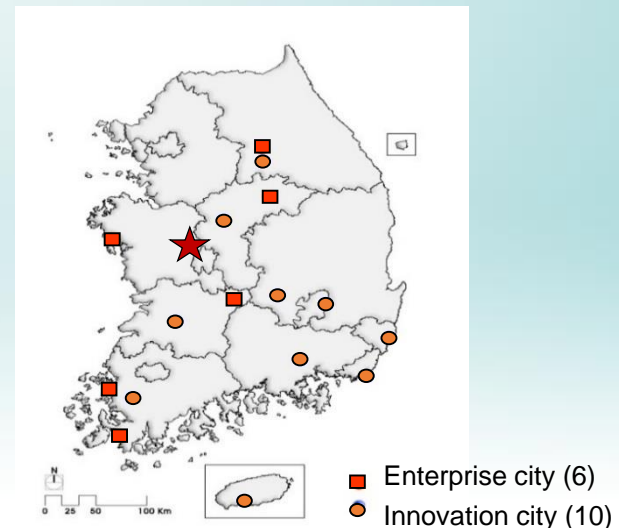
**Employees** 49,000

- Construct 10 innovation cities
  - Create clusters, linking public agencies, enterprises, universities, and research institutions



#### Enterprise Cities

- Revitalize regional economies through private investment
  - Incentives: right to expropriate land and tax reduction



# IV

## Recent Policies for Balanced Territorial Development

### Relocation of central functions

- Concentration of socio-economic power is closely related with uneven regional development

Category			Proportion of the capital area (%)
Population			48.0
Employees in the manufacturing industry			46.6
Main functions	Government	Central Administration	100.0
		Head office of the public enterprises	83.2
	Industry	Head office of the top 100 corporations	91.0
		Head office of the top 500 corporations	82.6
		Head office of the top 3000 corporations	71.9
	Academy	Top 20 universities	65.0

# IV

## Recent Policies for Balanced Territorial Development

### Relocation of central functions

- Concentration of public sector, even more severe

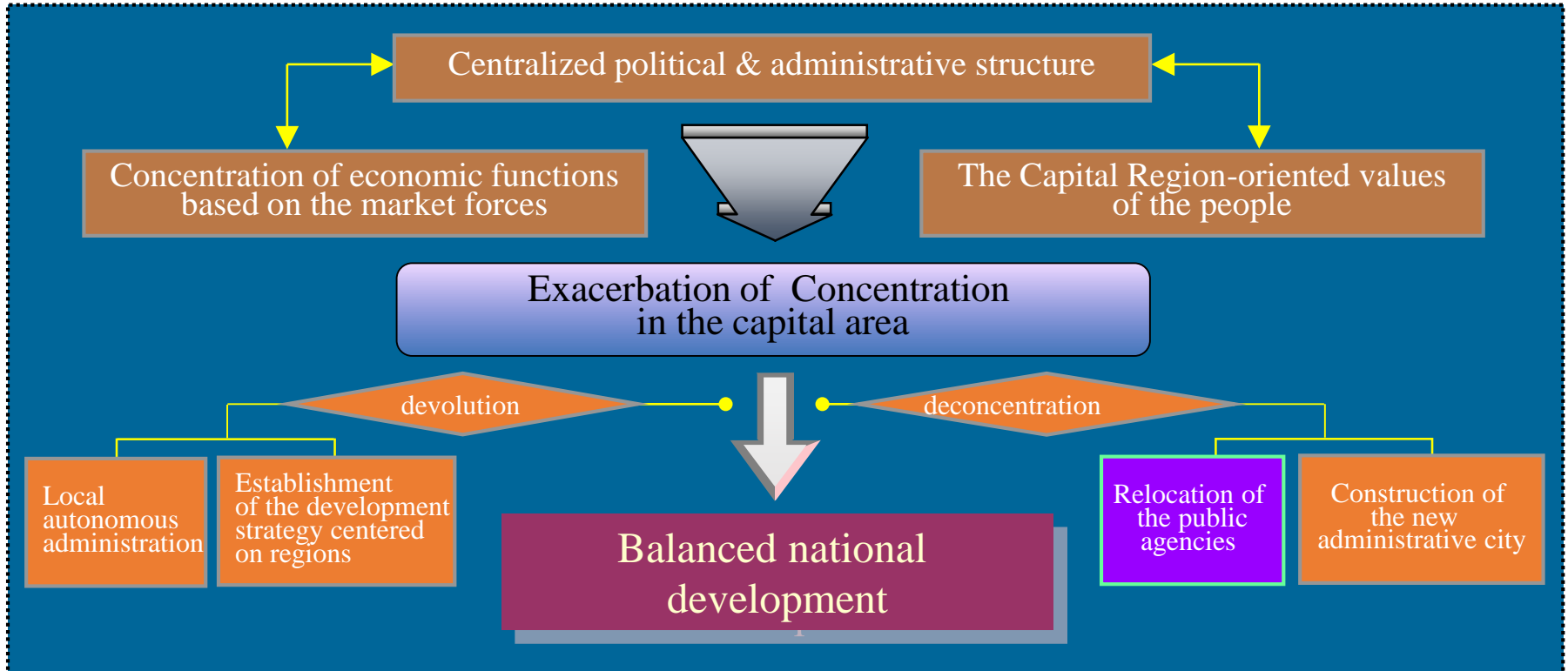
Category(2005)		Number of agencies in the Capital Region	Number of agencies in the provinces	National	Proportion of the Capital Region (%)
Central administrative agencies	Central administrative agencies	50	8	58	86.2
	Attached agencies	109	25	134	81.3
	Total	159	33	192	82.8
Public agencies	Gov't-invested agencies	23	3	26	88.5
	Gov't-financed agencies	14	1	15	93.3
	Gov't-contributed agencies	80	24	104	76.9
	Public corporations	70	3	73	95.9
	Total	187	31	218	85.8
Total		346	64	410	84.4

# IV

## Recent Policies for Balanced Territorial Development

### Relocation of central functions

- Importance of public agency relocation policy



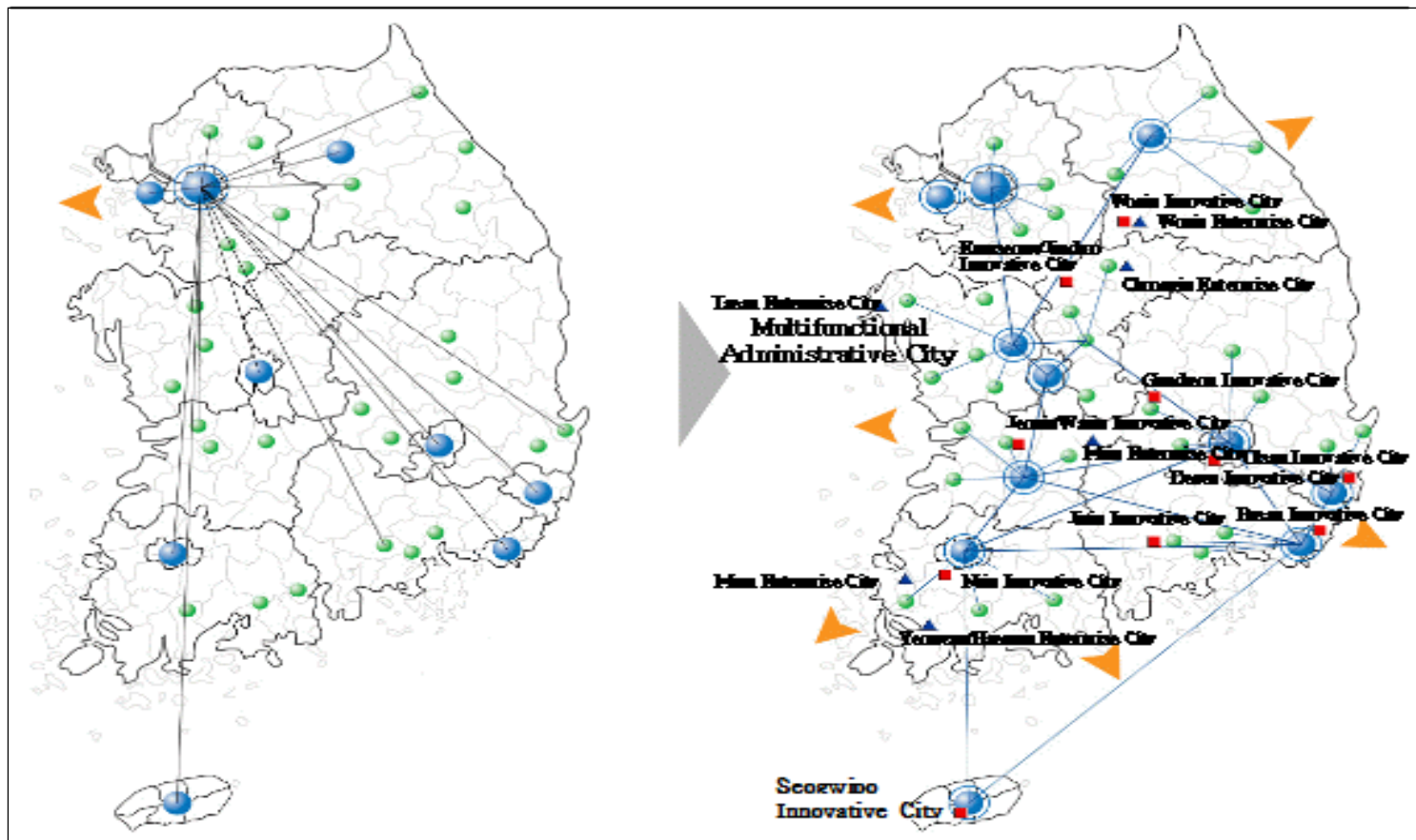
- Win-win strategy for both the Capital Region and provinces
- Leading role of public sector in regional development
- Establish a condition for global city by alleviating over-population and fostering the specialized functions in the Capital Region

# IV

## Recent Policies for Balanced Territorial Development

### New city development

- Reorganization into a multi-core national territorial structure



# IV

## Recent Policies for Balanced Territorial Development

Three Dimensional Regional Development, 2008-2013

Scale	Scope	Direction	Measures
Local Area	163 cities and counties	Basic needs and QOL enhancement	Programs for local education, health, culture and welfare
Mega Economic Region	7 economic regions	Regional competitiveness, inter-provincial cooperation	Projects for leading industries, infrastructure and human resource development of regions
Supra-Region	4 + $\alpha$ develop. axes	Globally open and competitive territorial belts	Projects for coastal, border and inland belts



# IV

## Recent Policies for Balanced Territorial Development

### Mega Economic Region

#### Leading Industries of Mega Regions

**Capital Region**  
Knowledge & Information

**Chungchung Region**  
Bio Medical  
New IT

**Honam Region**  
Renewable Energy  
Components & Material

**Gangwon Region**  
Medical Products  
Medical tour

**Daekyung Region**  
IT  
Green Energy

**Dongnam Region**  
Machinery  
Components & material

**Jeju Region**  
Tourism, Water industry

#### 30 Leading Infrastructure Projects



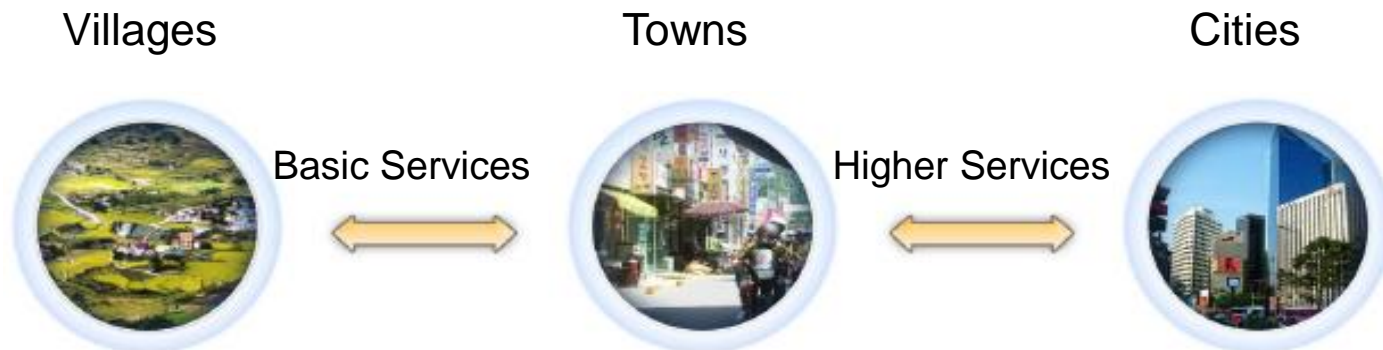
# IV

## Recent Policies for Balanced Territorial Development

Happy Living Areas, 2013-2017

### ► Concept and Strategies

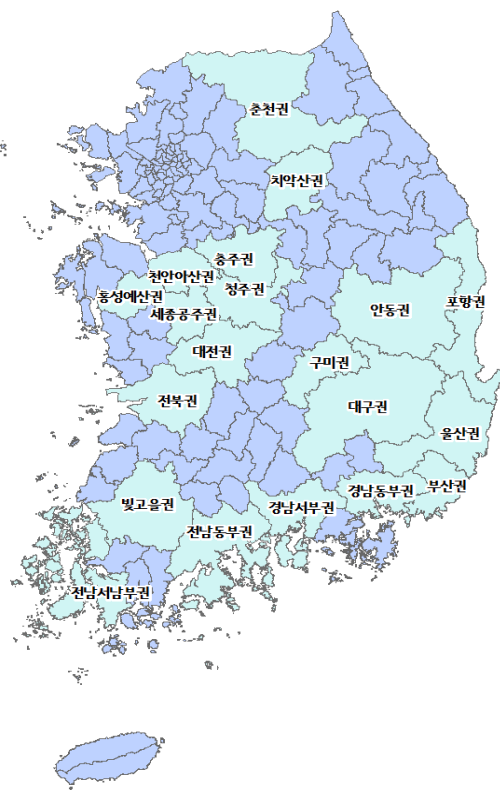
- Happy Living Area is a group of cities/counties voluntarily organized by local government for inter-local cooperation in public services and development activities
- Strategies include: building basic infrastructures; enhancing economic vitalities of local areas; improving local education and creative talent; enhancing local culture and ecosystem; and establishing customized local welfare and health system



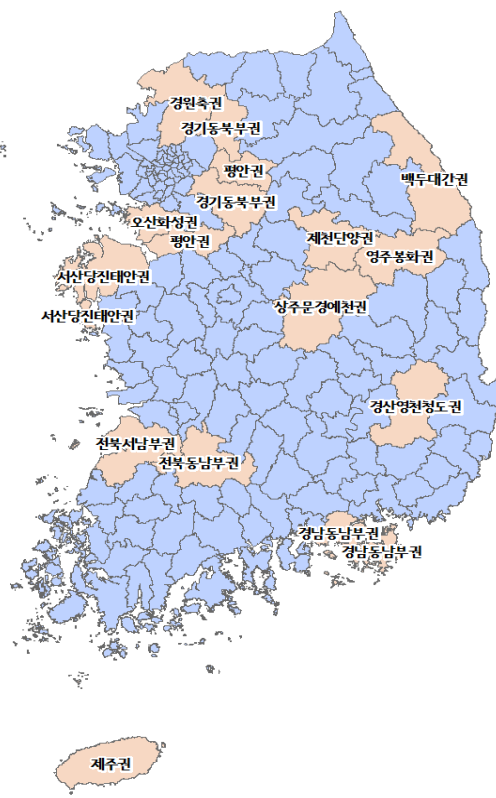
# IV Recent Policies for Balanced Territorial Development

Happy Living Areas, 2013-2017

20 Metropolitan Areas



14 Rurban Areas



21 Rural Areas



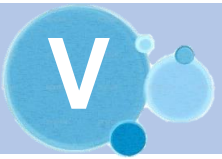
# IV

## Recent Policies for Balanced Territorial Development

Balanced National Development, 2017-2022

Vision	Strong Regions, Balanced Country
Goal	Self-Sustained Growth of Regions
Strategies and Tasks	<ul style="list-style-type: none"> <li>▶ <b>People: Stable and Quality Life</b> <ul style="list-style-type: none"> <li>▶ Education system circulating human capital and job of regions</li> <li>▶ Unique culture and tourism utilizing resources of regions</li> <li>▶ Health and welfare system guaranteeing basic QOL</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>▶ <b>Space: Vibrant Space throughout the Country</b> <ul style="list-style-type: none"> <li>▶ Revitalizing rural areas with attractiveness</li> <li>▶ New deal for urban renewal and revival of medium and small cities</li> <li>▶ Empowering population decreasing areas</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>▶ <b>Industries: Regional Innovation Creating Jobs</b> <ul style="list-style-type: none"> <li>▶ Innovation Cities, Season II</li> <li>▶ Innovation of regional industries</li> <li>▶ Economical reuse of vacant land</li> </ul> </li> </ul>

## V. Evaluations and implications



## Evaluations

- ▶ Systematic implementation of territorial policies centered on the CNTP since the 1970s played an important role in transforming Korea to a global economic power
- ▶ Territorial policies contributed to economic growth and quality of life through growth poles, new towns and infrastructure
- ▶ Unresolved issues include spatial disparities, weakening vitality of provincial regions and governance system
- ▶ Political differences between alternative goals such as equity vs. efficiency, balance vs. competitiveness and development vs. conservation made some good policies short lived
- ▶ Needs to overcome new challenges such as lower economic growth, population aging, stagnant urbanization and depopulation of rural areas that requires new approaches





## Implications

- ▶ Territorial policies must often manage side effects and trades-offs between urban & rural interests, large & small cities, and old city center & new town etc.
- ▶ Decentralization does not necessarily pre-determine successful regional policy : continued efforts, co-ordination of sectoral policies are required
- ▶ With the emerging issues of 'Disparities within regions(cities)', it is necessary to embrace the "Inclusive growth" approach in the territorial policy
- ▶ New direction of balanced territorial development is centered on the inclusive growth such as flexible and place-based measures, endogenous & sustainable development, and quality of life for local residents etc.

**Muchísimas gracias!**  
**(Kámsa Hápmida)**