

atmosphere that will spark both innovation in services and reduced costs to subscribers, the MOC has opened up the VAN/VAS and line subleasing markets to domestic firms who were formerly only permitted to offer limited services within their own organizations.

Trade negotiations with the U.S. and other major trading partners have also progressed somewhat better than in recent years. At telecommunications talks with the U.S. in Hawaii in February, Korea promised to allow foreign telecommunications companies to offer international VAN services, including data base and data processing services, from July of 1991 under the provision that they launch joint ventures with local companies and hold no more than 50% control.

The Korean government still intends to delay full service market opening until 1994 as a means of allowing domestic companies a period for building up their competitive strength. Another round of talks is expected in April of this year.

#### END USERS

Korea Telecom, since its inception, has been and will continue to be overwhelmingly the largest user of telecommunications equipment in Korea. Their expenditures for principal equipment averaged roughly US\$ 1.5 billion in 1989 and 1990 and their 1991 budget plan involves some US\$ 1.2 billion in additional purchases. Although this is a marked decrease from the prior two years, the purchase of a satellite body and other major items in 1992 will likely push expenditures up once again.

Purchases of both imported and locally produced switching systems equipment accounted for about half of these amounts in 1989 and 1990. Although they are still planned to be the major item in 1991's purchase plan as well, they will decline 36% from 1990 and account for an estimated 36% of the value of major purchases.

The share of equipment from foreign firms, including Ericsson, AT&T and ITT, comprised over 60% of the total value of all switching equipment purchases in 1989 and 1990. Of 2,680,000 lines to be installed in 1991, 38% will be imported.

Cable purchases range from 27% to 32% of the value of major equipment purchases in these three years. However, the portion allotted to F/S cable purchases has increased sharply