

Direction of investment policy considering Korea's SOC characteristics

Lee Sangkeon, KRIHS Senior Research Fellow / Choi Jaesung, KRIHS Associate Research Fellow

- Domestic SOC investment has played a pivotal role in leading both Korea's past industrialization and today's economy, and must be continued for the sake of optimal buildup of infrastructure.
 - Timely SOC investment has been the momentum for Korea's economic growth, and compared to other industries, it has greatly contributed to stimulation of the civil economy and employment stability thanks to the strong effects of output and job creation.
 - But as Korea's scale of SOC stock approaches the level of advanced economies, the yearly average investment proportion is expected to decline to the seven-percent level by 2019.
 - For optimal scale of SOC stock, a plethora of coexisting views based on a standards index should be made on Korea's infrastructure characteristics, and afterwards, changes in conditions and trends of advanced economies should be closely analyzed for evaluation of feasibility.

- Korea has the world's highest land productivity, but in the process of maintaining daily life for the country's 50 million population, transport overload, which is two to three times higher than that of most advanced economies, has produced a host of side effects in congestion, safety and environment. Because of the expected abrupt deterioration of SOC facilities, support for stable investment policy to resolve these problems is needed.
 - An infrastructure performance index is needed to conduct quantitative and qualitative assessments to reduce the transport load to the level of advanced economies.
 - In addition, a new investment paradigm considering choices and focus based on changes in conditions and eco-friendliness must be devised.

| Policy Plan |

- ① Formation of qualitative infrastructure system and management infrastructure via development of national land infrastructure load index needed
- ② The development of a practical business performance index should be reflected in budget assessment, and a goal-driven direction for optimal SOC investment and constant monitoring system should be set up.
- ③ For selective and focused investment, the construction and management of strategic infrastructure networks is needed.
- ④ For achieving the transport load index levels of advanced economies, a strategy is needed to connect all forms of transportation through intermodal and cutting-edge information and build an integrated infrastructure system for each form of transportation.
- ⑤ For the era of autonomous navigation and electric-powered cars, preparation for the future through cutting-edge technological development and state-of-the-art infrastructure is needed, as well as a maintenance policy in phases toward the full-fledged deterioration of infrastructure.