



Source: Kim, Hojung & Chung, Ilho (2008).

equipped with seven berths at that time was falling behind its rival ports from Hong Kong, Singapore and Taiwan in terms of facilities, causing major large shipping companies to avoid the port, and consequently lowering the competitiveness of the import and export freights of the nation. In response to this, the nation made a decision to promote the Busan-Gwangyang two-port system in 1991 and made heavy investment. As of the end of 2007, a total of seven berths are operating in the New Busan Port and 16 in the Gwangyang Port.

Reflecting on the development of the transportation infrastructure of the nation over the past 60 years, it seems as if we were separated by an age. The transportation infrastructure, which began to be built to prop up the economic reconstruction of the nation amid the ruins after Korean War, during which even the transportation infrastructure established under the Japanese colonial rule for exploitation was destroyed, has now developed so much so that now people can feel the benefits in their daily life. This can be assessed as a noteworthy accomplishment attained with national efforts and surmounting numerous hardships. Now, the task that lies ahead of us is to construct transportation infrastructure to brace for future circumstantial changes.

economy of Korea, was experiencing serious delays in shipping and freight transportation. On top of that, the container terminal of the Busan Port

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60 Years of Construction Industry of Korea: from Drastic Change towards Partnership and Amalgamation

Birth of Construction Industry of Korea

The passage of the 「Draft Act on Construction Business」 with 8 Chapters and 48 Articles at the plenary session of the National Assembly on February 12, 1958, provided an institutional tool to promote the construction industry at the governmental level. The number of construction companies scattered across the nation at that time

was approximately 1,500¹⁾. Later, design and engineering-related license, registration and reporting systems were introduced, and various business sectors of the construction industry were formulated. Ever since, the 「Act on Construction Business」 has played a crucial role in the growth and development of Korea's construction industry, leading and observing the drastic change Korea has experienced over the past 60 years.

1) Construction Association of Korea (1997). *Fifty-year history of Construction Association of Korea*.

Construction Industry-related Laws and Regulations of Korea

- Framework Act on the Construction Industry (Act on Construction Business): Mar. 11, 1958 (Total revision on Apr. 15, 1999)
- Building Act: Jan. 20, 1962
- Certified Architects Act: Dec. 16, 1963
- Electrical Construction Business Act: Feb. 23, 1963
- Act on Information and Telecommunication Construction Business Control (Telegram and Telephone Equipments Work Business Act): Jan. 22, 1971 (Total revision on Feb. 5, 1999)
- Engineering Technology Promotion Act (Act on Promotion of Technological Services): Feb. 5, 1973
- Construction Technology Management Act: Oct. 24, 1987 (Total revision on Jan. 13, 1997, Jan. 16, 2001)
- Special Act on the Safety Control of Public Structures: Jan. 5, 1995 (Total revision on Jan. 29, 1999, Mar. 21, 2008)
- Framework Act on the Architect: Dec. 21, 2007

Tumultuous 60 Years: Growth and Development of Korea's Construction

Until 1958 when the construction industry began to be formulated following the enactment of the 「Act on Construction Business」, construction businesses had suffered a poor reputation due to wrong practices of the past. Among people, the construction industry was known as a hotbed of irregularities and corruption. Accordingly, it is no exaggeration to say that for Korea's construction industry, the past six decades were characterized by a war against irregularities and corruption. Ironically, the response to this was the introduction of the American-type construction system, or the so-called general contract, under which the contractor is given a contract in bulk. In addition, it is notable that competition has been introduced for construction project bidding, along with bidding procedures. Needless to say, there were limitations

in rooting out irregularities and corruption; however, through these efforts, the nation could establish a modernized delivering system for construction projects over the years. Additionally, it is not too much to say that the policy and system change for the construction industry over the past 60 years has been a process of improving and restructuring this delivering system.

In the 1960's and 1970's, as these institutional tools took root, a modernized construction system was formulated. In the meantime, large-scale construction accidents frequently occurred due to fraudulent work, which will happen in the process of industrialization. In other words, this period had both dark and bright sides of rapid growth of the construction industry of Korea. In this period, the fever of economic development just began to engulf the nation. The biggest beneficiary was the construction industry, which fully served as an engine for economic growth of the country.

Expansion of Gyeongbuk Railway Line (1966)



Source: Construction Association of Korea (1997).

Banweol Industrial Complex Groundbreaking (1977)



Great Man-made River Project of Libya in 1980's



Source: Construction Association of Korea (1997).

Seohae Bridge Built with Korea's Technology (2000)



During this period, the Seoul-Incheon and the Seoul-Busan Expressway were successfully completed with construction companies of Korea playing the leading role. However, rapid growth entailed construction blunders, as well. On April 8, 1970, the Wawoo Apartment Building in Mapo, Seoul collapsed. This large accident dealt a massive blow to the construction industry, as well as the people, and provided an occasion to reflect on the construction industry of Korea. The government began to change its policy directions towards protection and nurturing of the industry by directly and indirectly intervening. For example, the government strengthened the licensing system for the construction industry, so that the Public Procurement Service may solely assume the task of bidding and contracting of government facility construction, which had been under the control of individual government ministries and offices.

The crucial turning points for Korea's construction industry are the inroads into the Middle East market in the 1970's through the 1980's, and the opening of the local construction market prior to the financial crisis in the late 1990's. On the occasion of the entering into the Middle East construction market, the local construction industry began to fully make inroads into global construction markets. Most importantly, it provided the chance to promote the development of new construction technologies, and introduce advanced techniques for construction management. Also, it greatly helped the nation to respond to the construction market opening following the Uruguay Round agreement. Entering the 21st century, it significantly contributed to the

commencement of another boom of overseas construction and to the export of local construction industry to overseas construction markets.

The financial crisis by which Korea was hit hard in the late 1990's delivered the knockout blow to the local construction industry. Responding to this, the government endeavored to surmount the crisis by strengthening the fundamentals through deregulation and globalization, instead of assistance with relief funds. Also, the government took strong actions to correct the chronic sector-oriented philosophy, regional nepotism and wrong practices including bid rigging among construction companies, and improve unfair practices.

A great change after the financial crisis was that the government took the initiative and tried to strategically improve the construction system in consideration of the environment and conditions of the local construction industry. The government established and pushed ahead the first 'Master Plan for Promotion of the Construction Industry' in 1998, and the second plan in 2002. In 2007, it set up the third 'Master Plan for Promotion of the Construction Industry,' which is currently under promotion. The consistent promotion of the plans is intended to restructure the local construction system according to global standards, secure effectiveness, fairness and transparency, and raise the industry to become a global brand. All of this is aimed to improve the contribution of the industry to the national economy.

The rapid change over the past 60 years illustrates that, in order for the construction industry to continue to grow and develop, it should break from

convention and prepare strategies to grow and develop on its own. In other words, the past six decades of drastic changes in the construction industry show that, in order to grow to become a global brand, the industry should try not to stay under government protection but strive to take off on its own.

Preconditions of Construction Industry Prosperity: Partnership and Amalgamation

The construction industry of Korea will continue to play a key role in creating symbolic structures of the time and leading a sea change in the national territory. It will continue to provide engineering services and play the role of the designer for diverse national plans, as well as the role of the contractor upon ordering construction projects under the plans. Therefore, it is expected that people and the government will remain interested in the construction industry as it was in the past and as it is now. In this regard, it is time to reflect on the 60-year path of the construction industry of Korea, and prepare for another take-off. That is, we need to keep the progressive and creative aspect of the industry, as shown in the industry's attempt to make inroads into overseas markets in the past. On the other hand, we need a policy decision to drastically scrap the regressive and negative practices of trying to secure orders from the local construction market only.

To this end, first of all, the construction industry should make contributions to maximizing the user value. In other words, the construction industry should go beyond better productivity and better competitiveness, and try to identify and provide what customers want. To achieve this, it is necessary to create a new culture of construction, or partnership and amalgamation. Furthermore, it is crucial to turn the construction industry into a cultural industry of the 21st century, and further, into a luxury brand.

Second, the future construction industry should come up with measures for green growth to face and respond to changes in external environment in a more efficient and more effective, trans-national and international manner. That is, in order for the industry to continue to grow and develop in the future, it is important to provide measures of strengthening its role as an engine for 'green



Source: Construction Association of Korea (1997).

growth' of the national economy.

Third, in order to transform the construction industry into a high-quality high value-added industry, it is necessary to streamline the structure of the construction industry and improve productivity. Employment should be also directed towards increasing the use of high value-added services of the technicians from marginal labor of the past. Accordingly, future policies for the construction industry should be directed towards strengthening the social and cultural role rather than the economic role of the industry.

And lastly, it is important to utilize the expertise and technologies the industry has accumulated to date, so as to support for economic growth and prosperity of global developing countries. In brief, a major task of the future policies for the construction industry is to combine the valuable experiences and expertise Korea has obtained in the process of territorial development to date, and develop the industry into a luxury brand, one that the global community tries to seek in the era of global economy. Already, our construction industry has become a global industry, and the influence the local construction industry exerts on overseas construction markets is growing. Considering this, what the construction industry of Korea needs to do now is to create a construction culture of green growth, and partnership and amalgamation geared towards the welfare of the entire global community.