

S.Korea announces multi-billion dollar plan for new city (Update)

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South Korea Monday announced a 14.6 billion dollar blueprint to develop a new city as a science and education hub, scrapping controversial plans to relocate much of the government there.

The country's biggest business group Samsung has signed a deal to move some operations to Sejong City, along with the Hanwha, Woongjin and Lotte groups, said Prime Minister Chung Un-Chan.

Monday's announcement officially axes a plan announced in 2005 by then-President Roh Moo-Hyun to relocate nine ministries and four subsidiary agencies to the proposed city 150 kilometres (94 miles) south of Seoul.

Roh's liberal government had said the aim was to promote balanced regional development in a country where almost half the population lives in Seoul or surrounding cities.

The plan was also attractive to the Chungcheong region, whose traditionally uncommitted voters have often swung elections.

But Chung's office said in a statement it "would have resulted in inefficiency and waste" of national resources.

However, the current conservative government will face an uphill battle securing parliamentary approval to change the plan, against objections from the opposition and from a sizeable faction of the ruling Grand

National Party.

"The Sejong City plan... is a task of correcting past errors and paving the ground for a new future," the prime minister said in a statement.

"If the promise of the past was politically driven it would be courageous for a leader to correct it, albeit belatedly."

The government has decided to create an economic hub centred on education and science in Sejong with total investments of 16.5 trillion won (14.6 billion dollars) including 4.5 trillion won from the private sector, Chung said.

"We expect Sejong will grow into a self-sufficient city with a population of 500,000 with 246,000 new jobs by 2020."

The city is named after the revered 15th-century monarch who invented the country's written alphabet.

The government has since 2005 built roads and other basic infrastructure as a prelude to transforming the country town into a sprawling modern city.

Chung's office said the government would build new highways, parks and cultural facilities in Sejong.

The government will provide such incentives as cheaper land, tax cuts and government subsidies to lure firms, college campuses, research institutes and hospitals there.

Some 1.9 million square metres of land will be open for foreign investors.

An international science and business belt will be centred on Sejong, the ministry of education, science and technology said, adding this could create new growth opportunities and allow the new city to become self-sufficient.

President Lee Myung-Bak called for national unity and reconciliation as opposition parties vowed to block the revised plan in parliament.

Business groups welcomed the change. "We believe it will spur balanced development and enhance the competitiveness of our nation," the Korea Employers' Federation said in a statement.

Samsung, the country's largest conglomerate, promised to invest 2.05 trillion won in the city. It will build plants to produce solar cells, light-emitting diode backlight units, batteries and bio-healthcare devices.

Government officials said Hanwha would launch an energy-related business in the city with an investment of 1.33 trillion won.

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