Distinguished guests, colleagues and friends, and ladies and gentlemen,

Good morning and welcome to the International Conference on the Future of National Urban Policy.

It is my great pleasure and honor to address the opening session of the conference for two reasons. First of all, I am delighted to confirm Korean government’s commitment to Habitat III as we are gearing up preparations on the way to Quito in 2016. Secondly, I feel excited about revisiting many urban issues addressed at Habitat II held in Istanbul Turkey in 1996, as I was involved in it as urban finance advisor at UN Habitat, then called UNCHS.

So I will start my address with some reflections on Habitat II and the progress made over the past 20 years, and the expectations about Habitat III. I will then discuss the Korean experience of urbanization and urban policies. I will close with some thoughts about the role of national urban policy going forward.

Reflections on Habitat II and Expectations about Habitat III

Habitat II or the City Summit, brought together about 13,000 participants from 168 countries representing various sectors to respond, with a sense of urgency, to challenges imposed by rapid urbanization and deteriorating conditions of human settlements. In 1996, 2.6 billion out of the 5.7 billion world population was living in cities, and it was predicted that more than half of the world population would live in urban areas during the first decade of the new millennium for the first time in human history. Furthermore, over one billion people around the world did not have adequate housing and the number of the urban poor living in “informal” slum and squatter settlements without access to water, sanitation and electricity was increasing in many developing countries at that time.
The conference adopted the Habitat Agenda after a long and heated debate. The Habitat Agenda includes commitments and the global plan of action in the areas of adequate shelter for all, sustainable human settlements, enablement and participation, gender equality, financing shelter and human settlements, international cooperation, and assessing progress.

Some progress has been made since Istanbul. Many countries achieved economic growth and development in tandem with urbanization, which drastically reduced the number of people living in poverty and increased access to decent housing and adequate urban services. By 2010, the incidence of poverty fell to 20.6% from the 1990 level of 43.1%, while 89% of global population had access to safe water.

However, much work remains to be done. Many developing countries still come short of ensuring adequate housing for all. Infrastructure such as roads and parks were poorly designed and developed without proper consideration of demand, and resulted in increasing costs of construction and operations as well as causing traffic congestion and inconvenience to the elderly and the disabled. Increasing motorization in cities with insufficient road infrastructure and ineffective traffic management leads to traffic accidents which cost many human lives. Inefficient utilization of urban space and inadequate supply of developable land result in rising land prices. Excessive consumption of energy impairs the quality of the urban environment. Some cities suffer from water contamination, depletion of natural resources, and impaired ecosystems. Local governments now assume more responsibilities in the provision of urban services and managing the urban environment, but they lack solid revenue base and competent personnel. Cost recovery from urban services is not widely practiced and private sector participation is limited.

New challenges emerge as well. Extreme weather increases the frequency and scale of natural disasters, and the damages from natural disasters are getting larger. According to the UN, about 600,000 people around the world lost their lives from natural disasters, and 4.1 billion people were
wounded, lost their homes or received emergency relief over the last 20 years. Most of the natural disasters are attributable to climate change. Some cities in developed countries are losing populations due to demographic shifts and changes in industrial structure of the economy. And the combined working age population of the world’s advanced economies is expected to decline in 2016 for the first time. Worsening income and wealth distribution in many countries may operate as a new constraint to achieving equity in the provision of housing and urban services.

With all this as background, we are heading toward Habitat III next year. Habitat III is the first major and large scale international conference on human settlements and urban development since the new Sustainable Development Goals were adopted by the UN General Assembly. It will offer the first global platform for representatives of member countries, international organizations, NGOs and experts groups to discuss and make commitments to new urban agenda. And it will have a great impact on urban programs and priorities of various international agencies as well as cities themselves.

Expecting that sustainable urbanization will be the goal for urban policy to be endorsed by Habitat III for the next 20 years, I hope that the conference will come up with appropriate plans and strategies to achieve the goal. Specifically, we need to explore a new model of the city resilient to climate change, to find ways to expand local revenue base to empower cities and municipalities, and to seek the modalities to strengthen diverse types of cooperation among urban regions and nations.

Different countries would come to Habitat III with different expectations depending on their own interests and priority issues. Most developed countries are at a mature stage of urbanization and some are losing urban population. Their focus in urban management might be on how best to deal with shrinking cities. On the other hand, many developing countries are now going through rapid urbanization in parallel with fast economic
growth. UN projects that China, India and Nigeria together will account for 908 million people or 37% of addition to global urban population between 2014 and 2050, which is projected to be 2.5 billion people.

Despite different priorities or focus facing individual cities and nations, I believe that the main theme of sustainable urbanization will serve as a common basis for seeking collective wisdom and forging international cooperation for the next 20 years from Quito. The most important thing is to reconfirm the invaluable contribution our cities make to sustainable human development.

**Urbanization and Urban Policies: The Case of Korea**

Let me now give you a brief overview of urbanization and urban policies in Korea. It would be fair to say that Korea has successfully managed rapid urbanization during the period of remarkable economic development over the past 50 years. The country’s urbanization rate jumped from 39% in 1960 to 50% in 1970, and spiked to 81% by 1990. Urbanization slowed down subsequently but continued to proceed until it reached a plateau at 90%. The current level is 91%. The quality of urban life has improved enormously over the years in terms of the quantity and quality of housing services, the quality of air and water, the access to and the quality of infrastructure, public services and various amenities. This was possible because Korea was able to tap financial wealth and human resources that the country accumulated in its cities, and because it had the policy framework and effective institutions to execute policies.

Korea has adopted a state-led growth policy through a series of five-year economic development plans. The first five-year plan was launched in 1962, which was followed by six more plans until 1996. The consistent thrust of these plans was to promote economic development through industrialization and exports, promotion of science and technology, and the expansion of infrastructure. In conjunction with the economic development plans, the government implemented three ten-year
comprehensive national territorial plans since 1972. The spatial plans were designed to support economic development by guiding the location of urban population and industries as well as expanding both social infrastructure such as housing and education, and hard infrastructure such as roads, railways, airports and water supply system.

A distinctive feature of urbanization in Korea was the concentration of population and economic activities in and around Seoul, the largest city. Seoul’s population increased from 2.4 million to 10 million between 1960 and 1990, before it stabilized. The Seoul Capital Region had 5 million population in 1960 and now accommodates 25 million inhabitants, representing about one half of the country’s total population. The government has tried to contain the growth of the capital region for many years since the early 1970s by regulating the location of industrial premises, colleges and universities, and government offices. Green belts, or Development Restriction Zones were designated around Seoul in 1971 (and other cities somewhat later), to prevent urban sprawl and preserve the environment. Green belt land was protected very strictly although the 1999 reform and subsequent deregulation took place to facilitate some acceptable land uses.

Interregional disparity has been a major concern of the nation which is highly egalitarian. Various incentive schemes were offered to encourage the dispersal of population from the Seoul Capital Region. The government has strengthened policies to promote balanced territorial development since the 2000s. Ten Innovation Cities were created to accommodate the relocating state enterprises and other public sector institutions, and a new multi-functional administrative city called Sejong City was developed to house half the central ministries relocating from the Seoul Capital Region.

Another important aspect of spatial policies in Korea is the inter-ministry and inter-agency coordination within the government. The central government made the key allocation decisions regarding the
implementation of economic development plans and spatial plans. All the relevant ministries and agencies were mobilized and important policies were coordinated by the office of the president. A good example is the construction of five new towns in the suburbs of Seoul as a component of an ambitious drive to build two million new houses between 1988 and 1992. The government drive was a milestone in housing policy featuring large scale new development whereby public sector developers acquire raw land, service it with infrastructure, and sell serviced plots to private sector developers to build new housing. The steady flow of new construction throughout the 1990s was crucial in resolving the problem of absolute housing shortage of the nation.

Korea had a highly centralized system of government for a long time. Local autonomy was reinstated in 1995 after it had been suspended since 1961. Urban planning authority was transferred from central government to local self-government in phases since 2000. Local governments are also responsible for managing green belts according to the rules and regulations set by the central government.

Promoting urban regeneration and smart cities are two important agendas in national urban policy. Korea is experiencing slowdown of population growth and rapid population aging as well as transformation of industrial structure in favor of the service sector. As a result, many cities with a traditional industry as economic base are losing jobs and population. Urban regeneration is an attempt to revitalize the declining cities. A special act was legislated in 2013 to support urban regeneration and 13 pilot projects are under way now. Packages of incentives are arranged through inter-ministerial coordination including seed money to attract capital from the private sector.

Korea embraced the concept of U-City (Ubiquitous City), the Korean version of smart city, in 2004 and enacted a special law in 2008 to promote smart city construction as a national priority project. Within a short period of time, U-City development project was implemented by 36 local municipalities in 45 districts across the country. The government built U-City infrastructure in a systematic and a cost-effective manner by avoiding
overlapping investments. Korea is now exploring diverse smart services by connecting and sharing the information systems of local municipalities and other organizations. We plan to expand the services to existing cities and develop new smart technologies that reflect the current consumption patterns. In addition, by better harnessing smart technology in green building systems (BIM, BEMS) and new transport systems, we aim at tackling traffic congestion and environmental degradation.

Going forward, Korea needs to improve urban policy by enhancing diversity, reforming the zoning system, and strengthening inclusiveness. First, diversity is especially relevant in promoting the creative economy which aims to combine innovative ideas with existing industrial, historic, cultural and touristic resources. Creativity building on each region’s unique identity and assets holds a key to regenerating once thriving city centers, by providing diverse social and cultural services, improving settlements environment, creating new jobs, and reviving the local economy.

Secondly, the current zoning system should be reformed to control unplanned development, to encourage small-scale and customized urban redevelopment, and to facilitate the private sector-led projects. Thirdly, we need to establish a more effective system to coordinate policies among cities and to identify and settle various conflicts among neighboring cities.

Concluding Remarks

Let me close with some thoughts on the role for national urban policy.

As we prepare for Habitat III, we all aspire to make our cities safer, cleaner, greener, smarter, more livable, economically more vibrant, and socially more inclusive. We want better and more affordable housing, and more accessible and convenient transport services.

National urban policy has much to contribute to realizing the city we want.
Especially important is the proper division of work between central and local governments. The national government needs to provide a common vision and strategies to achieve sustainable urban development, guidance on the future course of spatial development, and priorities in urban infrastructure investments. It should also serve as a catalyst for public-private partnerships and coordination among cities. Well-functioning institutions and coordination among various agencies matter a lot in implementing policies. Engaging the various stakeholders is becoming increasingly important as conflict resolution may be a pre-requisite to policy decision-making and implementation.

In addressing urban challenges, we need to be reminded that they evolve over time. The nature and the dimension of urban problems as well as policy options available to tackle the problems change with the level of development and income, demographics, emergence of markets, institutions, financing mechanisms and technologies as well as governance structure, the decision making process, and public perceptions. Therefore, we have a moving target in addressing the problems, and need a system and an approach that are flexible enough to allow us to adapt to the changing environment. Urban policy makers need to be humble, vigilant, and resourceful.

As we all know, the world is becoming ever more complex, uncertain and more intertwined. Over the past 20 years, economic volatility resulted in at least two major economic crises, the Asian Financial Crisis of 1997 and the Global Financial Crisis of 2008. Security threats are present in some parts of the world. The advancement of technology, such as 3-D printing, Internet of Things, autonomous vehicles, and drones, provides new opportunities but it also ushers in new risks that deserve special attention.

Finding solutions to some of the problems facing us today requires collective wisdom and concerted action by the international community. And we have a lot to learn from each other, from both successes and mistakes. I hope and believe that this conference will serve as an excellent platform for sharing experiences and expertise in urban policies, and I am confident that it will enlighten our joint endeavor to achieve sustainable
urban development.

With this, I would like to thank the organizers and all the people who have worked tirelessly to prepare this conference. I wish you all the best on the deliberations of the conference.

Thank you very much.