**Abstract of Prof. Seung Jin Kim’s paper (i.e., Changes in Korea’s Trade Intensity With Her Major Trading Countries in the Manufacturing Sector for the Period of 2003-2008)**

This paper aims to analyze how Korea’s trade intensity with her major trading countries (i.e., the USA, Japan, and Korea) changed over time for the last five years (i.e., from 2003 to 2008). For this purpose, we measured a trade intensity index, a trade complementarity index, and a special country bias index between Korea and her major trading countries through a trade intensity index model which was developed by Yamazawa (1970). The OECD trade matrix was used as data.

According to a trade intensity index model, a trade intensity index can be decomposed into a trade complementarity index and a special country bias index. Here, the trade intensity index measures the degree of trade intensity which actually exists between two countries. The trade complementarity index is an expected intensity of trade given that the trade structures are principally determined by a comparative advantage theory under the conditions that there are no trade barriers, no transportation costs and no mutually favorable trade agreement like FTA. On the other hand, the divergence between the actual and the expected value of trade intensity defines the degree of special country bias.

Korea's trade intensity with the USA was found to decrease for the period of 2003-2008 due to the decrease in Korea's special country bias with the USA. Therefore Korea's special country bias with the USA should be enhanced by (a) increasing capital movements and economic cooperation and (b) reducing discriminatory tariffs and other import restrictions between Korea and the USA. In this respect, FTA (i.e., Free Trade Arrangement) agreement signed by the previous governments of both the USA and Korea should be passed soonest as possible by the legislative bodies of both countries.

Korea's trade intensity with Japan was found to increase for the period of 2003-2008 due to the sharp increase in Korea's special country bias with Japan. Therefore Korea's special country bias with Japan should be enhanced further by (a) reducing discriminatory tariffs and other import restrictions and (b) increasing capital movements and economic cooperation between Korea and Japan. In this regard, FTA negotiation between Japan and Korea, which was processed a few years ago but suspended later due to sharp conflicts of national interests and sentiments, should be continued.

Korea's trade intensity with China was found to increase for the period of 2003-2008 due to the considerable increase in Korea's special country bias with China. Therefore Korea's special country bias with China should be enhanced further by (a) increasing capital movements and economic cooperation and (b) reducing discriminatory tariffs and other import restrictions between Korea and China. In this respect, FTA discussion between China and Korea, in which the Chinese government is quite interested, should be started soonest as possible.