

# WORLD CUP 2002



## KOREA AND JAPAN PARTNERING FOR THE 21ST CENTURY

BY YUN-TAEK LEE

In 1996, when FIFA made its decision that the 2002 FIFA World Cup would be co-hosted by South Korea and Japan, both countries were stunned. Over the centuries, the two countries have not exactly been the best of friends, and understandably so. Not only was Korea invaded by Japan, but the country also suffered under Japanese colonial rule. Given such experiences, it is only natural for many South Koreans to hold grudges against Japan.

Sometimes, Korea's resentment against Japan comes so close to the surface that issues which seem relatively trivial to outsiders, like a dispute over an uninhabited islet in the East Sea flare out of proportion. And other issues, such as the failure to compensate Korean comfort women and the whitewashing of modern history in Japanese school textbooks, can quickly become diplomatic rows.

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Yet, as neighboring democracies, we have developed into close allies and the numerous personal, business and education ties of our citizens have strengthened. For that reason, despite some outside concerns that excessive competition between our countries could develop, we view the co-hosting of 2002 FIFA World Cup as a golden opportunity to go beyond our strained history. Certainly, there will always be a vocal minority that revels in dredging up old issues that will probably never be resolved to complete satisfaction on either side. But there is also a quiet but growing majority that accepts the way Korea and Japan are inextricably bound, and place more value in cooperation than in conflict.

The international celebration that is the World Cup is larger than the issues that lie between the two host nations. This is not only about Korea and Japan; it is about Asia and about showing our love of the game—and our ability to host a major event of this nature—is at least the equal of any other region. After all, the World Cup is a global festival that celebrates our humanity and



*The alternative battlefield.*

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harmony. In this spirit, we find ourselves more willing to resolve other issues. The World Cup is bringing Korea and Japan ever closer together and helping to build relationships that help transcend the painful memories of the past.

The challenge of co-hosting the World Cup carries with it a historical depth that underscores our need to succeed in jointly creating a great tournament. To that end, we are working very closely with Japan's organizing committee and we are determined to be successful.

The co-hosting model has great significance not only to the 2002 FIFA World Cup, but to all future tournaments as well. As has been well documented, this is the first time the FIFA World Cup has been held in Asia and the first time it has ever been co-hosted. It is worth reflecting for a moment on why the event has never come to Asia before. Af-

ter all, Asian teams have been competing in the tournament for decades. However, the fact is that the FIFA World Cup is an expensive event to host. Although there are economic benefits to be gained from the tournament, the substantial investment in resources required to prepare for the FIFA World Cup is considerable.

When Seoul hosted the 1988 Summer Olympics, we built a modern sports complex supplemented by additional facilities. For the FIFA World Cup we have built ten brand new stadiums at a cost of some US \$2 billion. The total costs entailed for Korea including construction, organizing committee budget, and other expenditures will amount to approximately US \$2.67 billion. How many countries today can afford to host the event? As time goes by, and the cost of the event goes up, the list of potential candidates will become increasingly limited. In this regard, the co-hosting model could prove to be a way of making the World Cup a truly global tournament by opening up the possibility that more than one nation can share the responsibility of hosting the games. This is a significant development, as it allows more countries to be in the running for a bid—countries that in the past might have been automatically overlooked.

Of course, co-hosting carries its own challenges, not the least of which is dividing the roles between the various organizations involved. To that extent, the FIFA World Cup is a particularly complex event to arrange. FIFA is responsible for much of the marketing and scheduling of the event, while the local committees in each country are responsible for the logistics and organization of the event on the ground. Naturally the committees and FIFA work closely together and extensively coordinate planning where their roles overlap.

Add to the complications of different committees the fact that two separate nations must coordinate together, and this already intricate event becomes increasingly complex. A plethora of responsibilities have to be divided between the nations: arrangements have to be made in both host countries to ensure easy access to all venues, and systems need to be coordinated to

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ensure that operations conducted in one country are not duplicated or adversely affected by arrangements in the other.

In many of these areas, the two organizing committees work with relative independence, sometimes giving rise to the false perception that there are in fact two World Cups. In other areas, we work very closely together to ensure that our different roles complement each other and contribute to the success of the event as a whole.

The preparations themselves have been formidable. Korea and Japan have each built ten new stadiums for the event at a combined cost of about US \$5.5 billion. In Korea, seven of these new stadiums are track-less, soccer-only stadiums. All have the newest telecommunication and IT infrastructures, acoustic sound and lighting systems, as well as various public food facilities. They will be perfect venues for holding large-scale concerts and performances as well as fairs and exhibits to attract commercial and tourist visitors. For example, the main Seoul Stadium features additional entertainment facilities, including ten multi-media cinemas, swimming pools, and restaurants.

Other preparations include the arranging of twenty-seven training camp venues around the country that will be available for international teams. Many have their own accommodation facilities and others are conveniently located within minutes of deluxe hotel accommodation.

Transportation and accommodation facilities have also been arranged on a larger scale—from ensuring that there are enough hotel rooms in Korea to serve the fans expected to visit the country, to setting up international help desks and information centers in public transport facilities, shopping areas and the stadiums.

Obviously, the events of September 11<sup>th</sup> have affected our preparations for the FIFA World Cup, as we have been reminded of the necessity of the most rigorous security standards. This year's World Cup will be the world's biggest sporting event, and an enormous temptation to those who prefer to wage their wars in secret against unarmed civilians who do

not know they are in a combat zone until it is too late. However, while systems and procedures must be put into place to ensure the safety of the players and spectators, these procedures must be as close to invisible as possible. The FIFA World Cup is a celebration of the human spirit, and it is difficult to celebrate when you are surrounded by SWAT teams.

Aside from terrorism concerns, we are working closely with international partners and with our counterparts in Ja-

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pan to monitor and take action against incidents of hooliganism and violence related to soccer. This includes a compilation of a database of potential terrorists and rabble rousers who will be denied access to the country.

In the wake of the September 11<sup>th</sup> attacks, Americans had cut back on travel. They did not go to the movies as much, they did not eat out as much, but statistics showed that sporting events remained popular. This is a curious fact, when you consider the climate of concern about security. Deep

down, people want to pull together. They want to get on with their lives. They want to celebrate life, and they want to be entertained. They want to demonstrate that they are not afraid, and they want to show the resilience of their nature. And they want to do it together. Sports events allow us to do this.

Two billion people—one third of mankind—are estimated to tune in to the

Opening Ceremony and Match on May 31<sup>st</sup> in Seoul. Given the size of this audience, the event lends itself to the kind of demonstration of resolve and harmony that people everywhere at this time wish to make. This year's World Cup will provide a platform for us to say that, for all our differences, "we are one human family."

Practically speaking, all of this also translates into additional visibility for Korea, for which the World Cup is an expensive marketing exercise. Given the extent of the investment Korea has already made, there are obviously some expectations of returns. The far-reaching economic effects of hosting the FIFA World Cup can be largely divided into two effects: a direct effect and an indirect effect.

The direct effect is created by the infrastructure building, primarily the expenditure of the organizing committee to run the event and the spending by visitors. The Korea Development Institute has estimated that the 2002 FIFA World Cup will create industrial output worth US \$9.2 billion in Korea, including an estimated US \$525 million spent by some four-hundred thousand overseas visitors. This represents over one percent of GDP. Set against the costs, the Institute reckons that Korea will enjoy a surplus of US \$1.44 billion in terms of direct benefits.

The indirect effects of successful hosting are associated with improvements in the national image and the image of Korean companies. These benefits can be measured through increases in exports and an increase in the volume of inward foreign investment. It is no secret that the main attraction for a government in hosting the FIFA World Cup is to maximize this kind of intangible publicity effect. Consider the publicity from



*Too much competition can be exhausting.*

the tournament. Statistics show that the total number of TV spectators watching the 2002 FIFA World Cup is often more than that of the Olympics. A cumulative total of thirty-seven billion people tuned in for the 1998 France World Cup. During the 2002 FIFA World Cup, it is expected that forty-two billion people will watch the matches on television. This means that four billion households with TV access will on average watch the games ten times each.

It was through such exposure that Spain, who hosted the World Cup in 1982, was able to shift its association with the Franco dictatorship and create a new image as a democratic and industrialized country as well as a superb tourist destination. Spain followed this by achieving a steady economic growth rate of two percent annually.

In the case of France in 1998, the French stock market index doubled in two years. Likewise, in the case of the 1988 Seoul Olympics, the Korean stock market doubled in less than sixteen months. While other factors were also at play, this clearly illustrates a connection between huge sporting events and the important economic benefits that result from a boost to national image and confidence.

Korea has suffered from its association with the Korean War, with national division, and with military dictatorship. The Seoul Olympics in 1988 gave us a chance to present a new face to the world, but at that time democracy was only a few months old. The FIFA World Cup now allows us to convey a new image of Korea as a dynamic, progressive, democratic and economically vital nation. At the same time, the event will give Korean corporations an opportunity to promote their brands. Hyundai Motors and Korea Telecom are among the "Official Partners of 2002 FIFA World Cup Tournament," with other globally-known companies such as Adidas, Budweiser, Coca-Cola, MasterCard and McDonald's, among others.



*Celebrating the human spirit.*

According to a study by the Harvard Business School, MasterCard, as an 'Official Partner' of the US World Cup in 1994, enjoyed sales to the value of US \$500 million from the exposure of an advertisement on a signboard for a total of about twelve minutes during the final match. The advertising effect on Hyundai Motors and others, will their status as 'Official Partners,' will probably be equally as impressive. In terms of communication, Korea Telecom will supply the fixed and wireless telecommunication

needs for the operation of the tournament, and plans to use the event to demonstrate its advanced telecom technology to the world, hoping to highlight Korea's leadership position in the telecommunications field. Also, with both the FIFA World Cup and Pusan Asian Games scheduled in 2002, the Korean sportswear and product market is expected to grow by ten percent this year. The 2002 FIFA World Cup tournament is also expected to boost the Korean sports marketing business to foreign countries. Such benefits are widespread and apply equally to Korea and Japan.

There is no avoiding the fact that there are still issues between Korea and Japan, mostly dealing with their long and often turbulent history. Some issues have been resolved, others have not. However, the strength of a relationship is not measured by a lack of issues. The true test of a relationship lies in the way that countries address and resolve the issues that separate them. The 2002 FIFA World Cup Korea/Japan will be a great success, and it will be one that our two nations will have forged together. After the experience of a successful co-hosting, cooperation and partnership will further develop. We will then be on a stronger and sounder footing to resolve issues after the 2002 FIFA World Cup and to further consolidate our ties.

Better relations between Korea and Japan will also contribute to peace and prosperity not only in Asia but also throughout the world. It is Korea's hope that the 2002 FIFA World Cup will see the beginning of a new partnership for Korea and Japan that will go far beyond the playing field. ■