The IOC opened up a new Olympic paradigm with its ‘Olympic Agenda 2020’ last December that practically discarded the ‘1 host country 1 host city’ principle. Even the IOC couldn’t ignore the chronic problem of the hosting of the Olympic Games being environmentally and financially unsustainable. In this respect, the Organizing Committees of 2010 Tokyo and 2022 Almati Olympics have decided to split the Games.

Most of the hard infrastructure that are built for international mega-sports events such as the Olympics become useless after the show. For instance, one of the stadiums that were built for the 2014 Brazil World Cup and cost 600 billion has turned into a parking lot after the games, foreign press say. The hosting cities of the 2014 Sochi and the 1998 Nagano Winter Olympics are also being plagued by the problems of debt and damaged environment.

In case of the 2018 Pyeongchang Winter Olympics, Korean government and the hosting Gangwon provincial government are pushing forward with constructing new sports complexes in the area by force although it is very positively expected by many that the 2018 Pyeongchang would become just another case of environmental and financial disaster looming ahead. Nobody knows why they had to completely ignore the urgent recommendations that have been repeatedly raised by Korean civil society members and circles of experts that the Games should be split.

The POCOG and the South Korean government partially lifted the Protected Area designation in Mount Gariwang to enable ski slope construction. They plan to pour 178.2 billion won into the construction and after a three-day Alpine Ski competition, 108.2 billion won into tearing down the slope and ‘restore’ the area. This ‘area’ is part of the 500-year-old virgin forests in Mount Gariwang, an ecological and cultural treasure for the entire nation, which is ‘unrestorable’ since the forests are so delicately interconnected and belong mostly to a ‘wind-hole’ zone. If the governments decide to split the Games and use the existing slopes, the damage both to the nature and to the budget can be minimized.

In this regard, the ‘Citizens to Split the 2018 Pyeongchang Winter Olympics (CSPO)’ comprised of various local and national, sports and environment-related civil society organizations and experts is hosting a press conference to thoroughly explicate major problems lying in hosting of the 2018 Pyeongchang Winter Olympics and the Korean civil society’s recommendation concerning them. The CSPO particularly invites Korea-based foreign correspondents and press workers for a wider diffusion of the issue. We’d like your interest and participation very much.

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**<The problems of environmental and financial damages involved in the 2018 Pyeongchang Winter Olympics and the alternatives>**

○ Content:

- The IOC’s “Olympic Agenda 2020” and the organizing process of the 2018 Pyeongchang Olympics
- Negative effects involved in hosting mega-sports events in Korea and the 2018 Pyeongchang Olympics
- The problem of environmental destruction involved in constructing a new ski slope in Mount Gariwang
- The problem of disproportional budget spending for the 2018 Pyeongchang Olympics
- The problem of irresponsible government and POCOG

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28 May 2015
Citizens for Sharing of the 2018 Pyeongchang

Contact: Mr. Chung, Yongchul Co-representative, the ‘Citizens for Sharing of the 2018 Pyeongchang’ +82-10-9946-1642, yongchulchung@gmail.com
1) Background of the Environmental Destruction of the PyeongChang Olympics

- In December of 2014, The International Olympic Committee (IOC) officially revealed the possibility of shared hosting of the PyeongChang Winter Olympics in its ‘Agenda 2020’ announcement.
  - After the announcement of the reform proposal, organizers consulted with the IOC to carry out shared hosting in the 2022 Almaty Winter Olympics and the 2020 Tokyo Olympics.
  - Only in PyeongChang, despite the controversies of environmental destruction and financial instability, was shared hosting denied.

- On March 19th, during the IOC Coordination Commission meeting at the Sandpine Resort in Gangneung, the Citizens’ Association for Co-Hosting at the PyeongChang Winter Olympics (Citizens’ Association for Co-Hosting) met unofficially with a representative from the IOC, Robert Roxburgh (Head of Olympic Games Communications), to discuss co-hosting at the PyeongChang Winter Olympics in accordance with Agenda 2020.
  - It was confirmed through this discussion that a serious debate had begun over Agenda 2020 in the IOC since the election of Thomas Bach as IOC president in September of 2013.
  - However, former Organizing Committee head Jin-seon Kim stated in March of 2014 that, “on advice of the IOC, co-hosting at the PyeongChang Winter Olympics would be difficult.” Governor Mun-sun Choi stated in June of 2014 at the National Assembly Special Committee on PyeongChang that "project costs will be raised due to demands by the IOC.” In October of 2014 congressman Dong-yeoel Yeom said that "the IOC charter specifies that the hosting of the opening and closing ceremonies must be done in the host city, and it is impossible to change." These statements are completely different from the IOC’s discussion about co-hosting, and are call for an excessive amount of investment in infrastructure.

- Related to this, former IOC Vice-chairman Wun-yong Kim revealed in an interview on March 25th -
  - "It’s perfectly possible to have co-hosting of the PyeongChang Winter Olympics domestically if the government decided to. It’s still not too late.”

- In an interview in March of 2015, Congressman Dae-seong Mun stated -
  - "The IOC reviewed and accepted the proposal for co-hosting at the PyeongChang Winter Olympics as far back as 2012, but those in the organizing committee didn't even carry out a review.”

- The construction of the downhill ski slopes in Gariwang mountain, Jeongseon, Gangwon province cost 172.3 billion won, and after constructing the stadium they plan to use another 108.2 billion won for restoration efforts.
  - The region where the Mount Gariwon downhill ski slopes are being constructed is designated as a Forest Genetic Resource Protection Area, and accordingly, the development of any national projects including civic works is forbidden. However, this protective status was cancelled and development was approved with the “Special Act for the 2018 PyeongChang Winter Olympics and Special Winter Olympics”.
  - The “Plan to Preserve, Restore, and Cancel the Designation of Mount Gariwang Forest Genetic Resource Protection Area” specifies that after the Olympic events, the slope shall be reforested and reverted back to a Forest Genetic Resource Protection Area. However, in a document reviewing the Gangwon province government’s plan for post-Olympic use of the area, plans for restoration appear alongside plans for private use, casting doubt on the intentions of the government to restore Mount Gariwang.
Manchurian ash trees (*Fraxinus mandshurica*) in the future construction site of Mount Gariwang downhill ski slope.

- A unique cool environment, Mount Gariwang is the habitat for species that live in specialized ecosystems and are vulnerable to climate change. Experts believe that, as construction of the ski slope has yet not fully begun, if construction is halted even at this stage, the forests of Mount Gariwang can be restored.

- If the downhill ski competition is held at pre-existing ski slopes through co-hosting, in accordance with the IOC's Olympic reform bill 'Agenda 2020', not only would it minimize environmental damage to Mount Gariwang, it would also result in cutting expenses.

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2) Increasing Mega-sports events, an increasing burden to the people

- When the application file was submitted to the IOC chairmembers for PyeongChang's Winter Olympic bid in 2011, the project cost was slated for around 8.8 trillion won, which by 2014 had increased to 11.5 trillion won.
- From 2000 to 2020, Korea has hosted a large-scale sports event nearly every year.
- The problem is, despite hosting the large-scale sports event, the costs always exceed the initial plans, which leads to repeatedly laying the burden on the public.

- In the case of the 2014 Incheon Asian Games, the costs increased by 600 billion won to 2.2 trillion won from the initial goal of 1.6 trillion won, while the 2015 Gwangju Universiade ended up being 3 times more expensive than originally planned.

Logging at the site of the ski slope.
<PyeongChange Winter Olympics Expenses>

(unit: 100 million won)

<table>
<thead>
<tr>
<th>Total</th>
<th>Stadium</th>
<th>Access roads</th>
<th>Main traffic network (railway, highway)</th>
<th>Additional facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>114,955</td>
<td>7,637</td>
<td>5,607</td>
<td>94,079</td>
<td>13,239</td>
</tr>
</tbody>
</table>

source: Gangwon province notification (2015.04) "Plan for installation and use of event related facilities", Notice of Approval for Modification

- Provincial government spending, including national government spending, is being invested in the construction of all kinds of facilities, including the construction of the main traffic network and construction of the PyeongChang Winter Olympic stadium
  - The reality is that hosting the PyeongChang Winter Olympics is more a national project than a project of Gangwon province, prompting the need for a review by the National Assembly as to the appropriateness of investing public money this way.
  - In addition, even when excluding the costs of the stadium and transportation infrastructure, since provincial and national spending is being invested in the construction of various facilities, development of special investment zones and organizing all kinds of cultural events, which will be explained below, there is a need for a review of the feasibility of the project and size of the budget.

- plan to build accommodations with 5,850 rooms for 1.2 trillion won and a media village for 315 billion won using private capital inducement
  - The Gangwon provincial government only sold 20% of Alpensia resort, built in 2009 with the aim of winning the bid for the Winter Olympics. Keeping in mind that this left the government with a debt of 980 billion won, it is clear that the burden for providing additional accomodations at the Olympics will fall on Gangwon province.
  - Taking into account that the population and housing distribution rate for Gangneung city was 103.6% (2010 statistics), higher than the national rate (101.9%), the Bank of Korea (2012) realized that creation of 5,850 additional rooms could lead to unsold real estate in the future, and called for measures to reduce the scale of the project.


- The financial state of Gangwon provincial government and the facility operating budget being pushed for the Olympics forecast a grave situation to come.
  - Due to the special law on PyeongChang, construction of highways and the Olympic stadium are being pushed without regard for the results of the preliminary feasibility study.
  - In the case of the Wonju-Gangneung railway project, the benefit-cost ratio for the section of downtown Gangneung came to 0.11, which means that even if there was suddenly special procurement for the Olympics, the railway would suffer great losses after the games have finished.

- Unlike the construction costs, the burden for the operation and maintenance costs of the stadium will fall completely on the provincial government.
  - The Korean Development Institute (KDI) has predicted that the annual operating cost of the four indoor ice rinks being built in Gangneung will be around 3 billion won each, for a total of 12.3 billion won.
  - The two stadiums for snow sports are estimated to cost 6 billion won each with operating costs reaching a total of 18.3 billion won.
  - With forecasted earnings of 10 billion won, annual losses will amount to around 8.3 billion won.
  - However, even these prospects can be said to be optimistic as the KDI used nationwide demand to calculate user demand for the indoor ice rinks and ski parks.
<Operating Costs>

(Unit: 1 million won)

<table>
<thead>
<tr>
<th>Category</th>
<th>Indoor Ice rink</th>
<th>2 Snow sports stadiums</th>
<th>Total Operating Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Costs</td>
<td>12,304</td>
<td>6,076</td>
<td>18,380</td>
</tr>
</tbody>
</table>


<Construction Plan and Future Use of PyeongChang Winter Olympics Facilities>

(unit: 100 million won)

<table>
<thead>
<tr>
<th>category</th>
<th>arena facilities</th>
<th>location</th>
<th>seating</th>
<th>Total</th>
<th>National Expenditure</th>
<th>Plans for future use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>7,637</td>
<td>5,728</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| pre-existing (2) | Alpine (downhill, super G) | Jeongseon Jungsan Resort | 6,000 | - | - | - |
| cross-country ski jump | Alpensia | 11,000 | - | - | - |
| bobsled, skeleton, luge | Alpensia | 5,000 | - | - | - |
| Alpine (downhill, super G) | Jeongseon Jungsan Resort | 6,000 | 1,723 | 1292 | Plans for a 108.2 billion won restoration |
| speed skating | Gangneung Sports Complex | 8,000 | 1,435 | 1079 | It was planned to be demolished, but there is now discussion of using it as a public sports facility |
| figure/short track ice hockey 1 | Gangneung Sports Complex | 12,000 | 1,305 | 979 | No post-Olympic plans |
| ice hockey 2 | Gwandong University | 10,000 | 1,075 | 806 | No post-Olympic plans |
| freestyle 4 events | Biwondae Fitness Park | 4,000 | 203 | 152 | - |
| snowboarding 5 events | Biwondae Fitness Park | 4,000 | - | - | - |
| curling | Gangneung Ice Rink | 3,500 | 94 | 71 | Supplement to Gangneung ice arena, to be run by Gangneung city |

Source: Gangwon province notice (2014.4) “Plans for the installment and usage of event related facilities” Notice of modification approval, reconfigured

- After the construction of 5 ice arenas in Gangneung, it was decided that only 2 of them will be used for the Olympics. **Post-Olympics, Gangneung city will manage the operations of 4 ice arenas.**

- Seoul, with a population of nearly 10 million, has 6 ice arenas, and realizing that each arena there gets around 11,605 visitors annually, having 4 arenas in a city of 220,000 appears quite an oversupply.

- It is estimated that the yearly operating budget alone of the Sliding Center, the venue for the luge, bobsled and skeleton events, will amount to 3 to 5 billion
won, while there are only 137 registered Korean athletes in these sports.  
- The truth is, it will degenerate into a single-use stadium.

- This example proves how the post-Olympic plans for the PyeongChang Winter Olympic stadiums far exceed the scope of usage needed for public athletics facilities.
- Winter Olympic events like alpine skiing and speed skating are not sports that the average person engages in, whereas skiing and snowboarding are seen by the public as leisure activities that are temporarily enjoyed in the winter, as opposed to a regular athletic activity.

- The Bank of Korea reported in February of 2015, in its “Regional Economy Report” -
  - “The number of visitors to major winter festivals (over 100,000 visitors) for the 2014-15 season totalled at 3,410,000, an 11.7% reduction from the last season.”
  - “In the case of the seven ski resorts in the Gangwon region, where 2/3rds of ski tourists nationwide go to in the winter, there was a 5.9% reduction in visitors in the 2014-15 season compared with the previous season, and there has been a reduction every year since the 2012-13 season.”

- The logic that the construction of Olympic facilities such as stadiums will increase the number of visitors is out of touch with reality.
- The financial difficulties of O2 Resort, located in Taebaek city, have gotten so severe that it is undertaking business recovery measures.

- With the construction of a 40,000 seat opening ceremony hall in Hwaenggaye-ri, a town of four thousand people, we expect that it will follow in the footsteps of Alpensia and O2 Resort.
- In the case of the opening ceremony hall, the claim by the Gangwon provincial government and certain politicians, as though it had already been reported in the media, that the IOC requested a 40,000 seat facility, is a lie.

- The fiscal deficit of Gangwon province is already quite serious.
  - With a fiscal self-reliance ratio at a mere 18%, it is quite reasonable to worry that the fiscal difficulties will worsen after the PyeongChang Winter Olympics.

<table>
<thead>
<tr>
<th>Fiscal self-reliance ratio and financial independence ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>category</td>
</tr>
<tr>
<td>-----------</td>
</tr>
<tr>
<td>Fiscal self-reliance ratio</td>
</tr>
<tr>
<td>Fiscal independence ratio</td>
</tr>
</tbody>
</table>

source: reconfiguration of 2015 Gangwon province budget bill notice. Final budgets were used except for 2015, where the initial budget was used.

<table>
<thead>
<tr>
<th>Financial Debt</th>
<th>(unit: 100 millionwon)</th>
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</thead>
<tbody>
<tr>
<td>category</td>
<td>2010</td>
</tr>
<tr>
<td>Gangwon provincial government liabilities</td>
<td>878,858</td>
</tr>
<tr>
<td>Gangwon Development Corporation debt</td>
<td>916,078</td>
</tr>
<tr>
<td>Gangwon Development Corporation debt</td>
<td>1,298,541</td>
</tr>
</tbody>
</table>

** Gangwon Development Corp., fiscal report. reconfigured.

- It is anticipated that lower levels of local government will also go into debt from the PyeongChang Winter Olympics.
  - It was reported that Gangneung will take out 60 billion won in debt for the
PyeongChang Winter Olympics. The plan is to pay it off in ten years with a five year grace period, in yearly payments of 6 billion from 2022 to 2032.

- The debt occurred from the Olympics will burden Gangwon province citizens for at least ten or more years.

○ From the perspective of Gangwon province local governments, there is no institutional process by which they can reexamine the financial burden caused by PyeongChang Olympic facilities.

- A review is needed to enable Gangwon province and local governments to make the appropriate level of investment in facilities.