



Press Review South Korea – June 2015

1. Foreign Policy¹

'South Korea test fires its first 500km ballistic missile'

Korea Herald, 03.06.2015

South Korea conducted its first-ever test launch of a ballistic missile Wednesday as part of its efforts to better counter North Korea's growing nuclear and missile threats.

President Park Geun-hye attended the event hosted by the state-run Agency for Defense Development in Taean, South Chungcheong Province. The newly developed missile has a range of more than 500 kilometers and thus is capable of striking nearly all parts of the communist neighbor.



[Picture: <http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3004972>]

<http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=3004012>

'S. Korea fails to join railway cooperation body due to N. Korea'

Yonhap News Agency, 04.06.2015

South Korea again failed to join an international organization for railroad cooperation, a prerequisite for building a trans-Asian railway, due to opposition from North Korea, the Seoul government said Thursday.

It was the second time Seoul sought to join the Organization for Cooperation between Railways (OSJD) since 2003 when the country's first attempt was again thwarted by Pyongyang's opposition, according to the Ministry of Land, Infrastructure and Transport.

New membership with the OSJD requires a unanimous vote from the organization's 28 members, including the communist North.

"We were able to secure explicit support of all other members except North Korea, and the organization is now moving to change its membership procedure from a unanimous vote to two-thirds approval from its members, so we are now looking forward to joining the organization at the next chance," Vice Transportation Minister Yeo Hyung-koo was quoted as saying.

Yeo has been attending the 43rd ministerial talks of the OSJD in Mongolia's Ulaanbaatar. OSJD currently has 28 members, including China and Russia.

For South Korea, joining the OSJD is a necessary step to link the country's own railway system to the trans-Siberian and trans-China railways as part of its long-term goal to reach Europe by land, the ministry said.

<http://english.yonhapnews.co.kr/search1/2603000000.html?cid=AEN20150604007351320>

'Park postpones U.S. trip over MERS crisis'

Korea Herald, 10.06.2015

President Park Geun-hye has decided to delay her trip to the United States scheduled for later this week as part of efforts to assuage the public's deepening fears over the Middle East respiratory syndrome, Cheong Wa Dae said Wednesday.

"To assure the public from growing MERS fears, the president has decided to postpone her trip to the U.S. to look after the people and bring an end to the MERS outbreak," said senior press secretary Kim Sung-woo.

¹ The visit of the Federal Councilor Mr. Didier Burkhalter in Seoul the 1st of June has been reported in the previous Press Review of May 2015.

"Because the people's safety is her top priority, she will delay the trip to the U.S. and will stay to dispel the public fear," Kim added.

The South Korean foreign minister has sought the understanding of his U.S. counterpart and agreed to reschedule the trip at the earliest and most convenient time in the future for both.

The White House responded that Obama is willing to host the summit with her and will try to cooperate with South Korea to stop MERS.

Her trip was seen as crucial in seeking to reaffirm the alliance with the U.S. as inter-Korean tension remains high. The Seoul government has also received increasing calls to bolster its diplomatic stance in light of the tightening alliance between the U.S. and Japan.

<http://www.koreaherald.com/view.php?ud=20150610001126>

'S. Korea, EU to discuss Park's regional security initiative'

Yonhap News Agency, 17.06.2015

Officials and experts from South Korea, Europe and the Asia-Pacific region will gather in Brussels this week to discuss President Park Geun-hye's foreign policy for regional security, the Foreign Ministry said Wednesday.

The two-day session, co-hosted by the Korea National Diplomatic Academy and the European Union Institute for Security Studies, will open Thursday in Brussels under the theme, "Northeast Asia Peace and Cooperation Initiative and EU-ROK (Republic of Korea) Cooperation."

It is the second such conference since the first one was held in Seoul last September.

"It is the first time that regional organizations with experience in multilateral cooperation and countries relevant to the NAPCI are gathering in one place to discuss the future direction of development for regional multilateral cooperation," the ministry said in a press release.

"We expect it to be a forum to reaffirm the active support of the EU and the cooperation will of relevant nations for NAPCI as well as an opportunity to hold the next level of talks on cooperation in the soft-security areas NAPCI aims for."

NAPCI, one of Park's signature diplomatic policies, is designed to improve security in the region by first building trust through cooperation on soft issues, such as the environment and nuclear safety.

South Korea will be represented at the conference by Deputy Foreign Minister Kim Hong-kyun. Other participants will include Robert King, U.S. special envoy for North Korean human rights issues, and Ugo Astuto, acting managing director of the department of Asia and the Pacific at the European External Action Service.

<http://english.yonhapnews.co.kr/national/2015/06/17/31/0301000000AEN20150617008700315F.html>

'Ministers of Korea, Japan meet to mend ties'

Korea Herald, 21.06.2015



South Korean Foreign Minister Yun Byung-se (left) shakes hands with his Japanese counterpart Fumio Kishida before their talks at the Japanese Foreign Ministry's Ikura guesthouse in Tokyo on Sunday. (Yonhap)

The foreign ministers of South Korea and Japan held talks in Tokyo on Sunday to forge much-needed momentum to mend bilateral relations that have been strained amid escalating historical and territorial feuds.

Their meeting was arranged as the two countries are to mark the 50th anniversary on Monday of the normalization of bilateral diplomatic ties. It was the first visit by Seoul's top diplomat since the Park Geun-hye administration was inaugurated in February 2013.

During their talks, Seoul's Foreign Minister Yun Byung-se and his Japanese counterpart Fumio Kishida exchanged views on a wide range of bilateral,

regional and global issues including North Korea's escalating nuclear and missile threats, Seoul officials said.

High on the agenda was a set of pending history issues including Japan's sexual enslavement of Korean women, euphemistically called "comfort women, and Japan's bid to gain UNESCO World Heritage status for 23 sites from the Meiji-era industrialization.

Attention was being drawn to whether the ministers could move forward the two sides' ongoing negotiations on the comfort women issue. Since April 2014, the two sides have held eight rounds of director-general-level talks on the issue, which were seen to have made some progress.

<http://www.koreaherald.com/view.php?ud=20150621000341>

'U.N.'s Seoul office on N.K. human rights to open this week'*Yonhap News Agency, 21.06.2015*

The United Nations will open its field office in Seoul this week to deal with the human rights situation in North Korea, foreign ministry officials said Sunday.

The Office of the U.N. High Commissioner for Human Rights (OHCHR) is scheduled to open the envisioned rights office in downtown Seoul on Tuesday, they said, adding that it will work on monitoring and documenting human rights in North Korea.

The role is based on a report released in February by the Commission of Inquiry, a U.N. panel tasked with probing human rights in the North, wrapping up its one-year-old inquiry on the issue.

In the report, the panel recommended a series of actions, including the establishment of such a field-based structure, to address the problem in the communist nation.

In March, the Human Rights Council adopted a resolution calling for the OHCHR to submit a report on the field office to the council early next year.

The office is also expected to serve a bridge role between domestic civic groups working to address human rights in the North and the international community as an organization under the wing of the U.N.

<http://english.yonhapnews.co.kr/national/2015/06/21/56/0301000000AEN20150621001200315F.html>

2. Domestic Policy**'Korea suffers worsening drought'***Korea Herald, 16.06.2015*

Farmers and residents in northern parts of the country Tuesday repeated requests for help to survive an escalating drought here that has left riverbanks dry and crops withering.

Precipitation in South Korea this year is 80 percent of annual averages according to the Korea Meteorological Association. Seoul and Gyeonggi and Gangwon provinces have been among the worst-hit regions, with about 51 percent of average annual rainfall.

The drought comes after summers filled with extreme cycles involving devastating droughts and deadly floods during Korea's increasingly hot summers. A combination of climate change and mixtures of high and low levels of air pressure are the likely causes, experts have said.

But experts were puzzled as to the reasons for the extreme shifts in Korea's recent summers. Some speculate that the recent droughts are part of a cycle that brings the worst droughts every 124 years, based on weather records dating back to the 12th century.

<http://www.koreaherald.com/view.php?ud=20150616001127>

'Hwang endorsed as prime minister'*Korea Times, 18.06.2015*

Hwang Kyo-ahn was confirmed as prime minister, Thursday, 28 days after being nominated by President Park Geun-hye.



Prime Minister Hwang Kyo-ahn has his temperature checked at the National Medical Center in Seoul, Thursday. Hwang met with MERS patients and medical staff at the center. / Yonhap

The National Assembly endorsed his nomination in a 156-120 vote.

Without an inauguration ceremony, the former justice minister went straight to the National Medical Center in Seoul to console patients and encourage medical staff fighting the Middle East Respiratory Syndrome (MERS) epidemic.

"I feel a heavy sense of duty as the people's anxiety over MERS is growing," Hwang said "I will do my best as a control tower for government efforts to end the outbreak."

Hwang took the second-highest government position, vacated by former Prime Minister Lee Wan-koo in late April due to bribery

allegations.

The plenary session took place after days of negotiations between the ruling Saenuri Party and the main opposition New Politics Alliance for Democracy (NPAD). The latter had objected to Hwang's nomination citing his allegedly flawed history as a prosecutor and lawyer, in addition to draft-dodging allegations.

http://www.koreatimes.co.kr/www/news/nation/2015/06/116_181137.html

'Park vetoes controversial parliamentary law revision'*Yonhap News Agency, 26.06.2015*

President Park Geun-hye on Thursday vetoed a parliamentary bill designed to empower the National Assembly to challenge government enactment, denouncing it as the assembly's encroachment on administrative rights. The revision bill, passed through the assembly in late May, had been a major irritation to Park, who has been seeking to contain the spread of Middle East Respiratory Syndrome, as well as the economic fallout from its outbreak. The bill, intended to allow more power to lawmakers to review and change government-enacted rules, had been brought up for Park's approval earlier this month in spite of her pledge to veto it.

"The exercise of veto power was inevitable because (the bill) is something that paralyzes the administrative service and risks national crisis," she noted.

She also reasserted the unconstitutionality of the bill, saying it encroaches on the government's legislative power and the judiciary rights, as well as the constitutionally assured separation of legal, administrative and judicial powers.

It's Park's first use of veto power since she took office in 2013, although there have been 72 presidential vetoes since the launch of the Rhee Syng-man administration in 1948.

<http://english.yonhapnews.co.kr/national/2015/06/25/93/030100000AEN20150625006152315F.html>

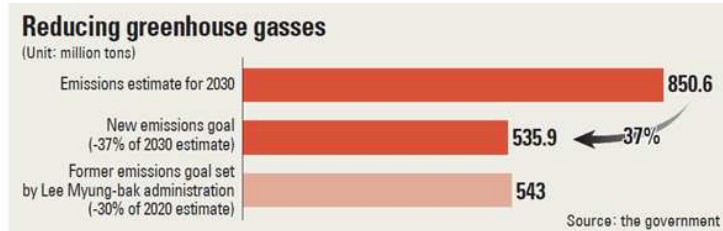


[Picture: <http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=3006672>]

'Korea's carbon-cutting goal is big'*Korea Joongang Daily, 01.07.2015*

The government decided to set a higher carbon reduction goal than previously proposed.

The government said it will reduce 37 percent of estimated greenhouse gas emissions by 2030, which is about 314.7 million tons.



The new goal was confirmed Tuesday at a cabinet meeting presided over by Prime Minister Hwang Kyo-ahn, and was submitted to the United Nations Framework Convention on Climate Change (UNFCCC) on the same day.

Once all UNFCCC members submit reduction goal proposals, they will

evaluate and adjust the goals to finalize them in November, making them legally binding.

Korea, which forecast that it would emit 850.6 million tons of greenhouse gases in 2030, has to cut its emissions to 535.9 million tons in that year.

The target is higher than four reduction proposals introduced on June 11, which ranged from 15 percent to 31 percent of estimated emissions in 2030.

The government's new reduction plan includes eased regulations for local manufacturers and the granting of special exceptions. Manufacturers' reductions don't need to exceed 12 percent of their industries' 2030 emissions estimations. It also allows them to meet the reduction goal with carbon credits purchased overseas.

The power generation industry will be able to meet the goals thanks to the government's recent plan to reduce coal power, open two additional nuclear reactors by 2029 and expand renewable energy, said Vice Minister of Trade, Industry and Energy Chung Yang-ho at a press conference.

The 37 percent reduction goal will be carried out in two ways: 25.7 percent will be reduced domestically as declared in the third proposal made early this month, and the remaining 11.3 percent will be reduced by purchasing carbon credits from the international carbon credit trading market.

The International Market Mechanism hasn't yet been officially implemented globally, but has recently emerged as an alternative reduction method for many countries. Environment Minister Yoon Seong-kyu referred to Switzerland as an example. It recently announced 30 percent of its reduction goal will be met with carbon credits purchased overseas.

<http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3006067&cloc=joongangdaily/home/newslist1>

3. Economy / Finance

'MERS begins to affect Korean economy'

MK Business News, 04.06.2015

According to Korea Tourism Organization, foreign tourists who canceled their visits to Korea went up by three times to 7,000 persons as of June 2 from 2,500 persons in the previous day.

Of them, 6,900 persons are those of greater China, including Taiwan and Hong Kong, and about 100 are other Asian tourists. In 2003, when South Korea was immune to the outbreak of SARS in China, inbound tourists to Korea fell by 11 percent, and given this data, MERS is expected to affect the country's economy even more badly.

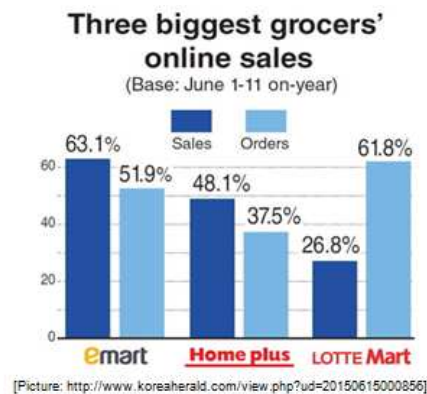
The economic damage due to a reduction in foreign tourists this time is estimated to reach up to 20 trillion won a year, according to calculation using the Bank of Korea's inter-industry table.

The Bank of Korea said a 30 percent reduction in the number of foreign tourists would lower tourism income by 5.94 trillion won (\$5.36 billion) as of last year, and a 50 percent reduction would cause a drop of 9.90 trillion won.

<http://news.mk.co.kr/english/newsRead.php?sc=30800003&cm=Economy&year=2015&no=538505&selFlag=sc&relatedcode=&wonNo=&sID=308>

'Consumers shift to online shopping amid MERS fears'

Korea Herald, 15.06.2015



South Korea's major retailers have received an upsurge in their online sales amid the outbreak of Middle East respiratory syndrome, industry data showed Monday.

Data from the country's supermarket chains showed that their online orders and sales surged by 50-60 percent on-year since Jun 1, when the country reported its first death from an outbreak of MERS.

"Because of the impact of the MERS crisis, the online grocery shopping trend is spreading much faster than expected," a Lotte Mart official said.

With the shift reverberating across the industry, supermarket chains are reinforcing their delivery services to handle the surge in volume.

"We will continuously increase manpower and equipment to meet growing demand from customers," he said.

Lotte Mart added 150 employees for packaging and delivery service since the first week of June while adding 100 more delivery vehicles per day to its fleet.

E-Mart gave notice to its online customers about a possible delivery delay on its website, saying its cut-off time for next-day delivery might be made earlier due to the unprecedented surge in online demand.

<http://www.koreaherald.com/view.php?ud=20150615000856>

'KT to offer fastest GiGA LTE service'

Korea Times, 15.06.2015

KT said Monday that it has succeeded in commercializing the world's fastest GiGA long term evolution (LTE) mobile network, providing gigabyte (GB) speed to its customers. It said the new mobile network will fasten the era of the fifth generation (5G) network.

"The GiGA-LTE service can achieve a peak speed of 1.17 gigabytes per second (Gbps), which is 15 times faster than existing LTE and 4 times faster than the tri-band carrier aggregation (CA)," it said in a statement.

The new service will be offered to Samsung Electronics' new flagships, the Galaxy S6 and S6 Edge users from this week. It will gradually be offered to other smartphones.

KT said it plans to open a 5G Test-bed at its research and development center in Seoul in July, to develop new technology, which will be offered to PyeongChang winter Olympic in 2018.

It will provide the technology to Tokyo Olympic in 2020 and Beijing Olympic in 2022, by collaboration of the three countries.

http://www.koreatimes.co.kr/www/news/tech/2015/06/133_180921.html

'Household savings at 17-year high'

Korea Joongang Daily, 24.06.2015

Korean households are not spending but simply saving the money at banks, due to unstable economy, rising spending on housing and expediting aging society.

According to Bank of Korea data on national circulation of funds of the first-quarter this year, released on Tuesday, households saw a surplus shot up to 29.6 trillion won in first-quarter this year, compared to 14.5 trillion won in the fourth-quarter last year.

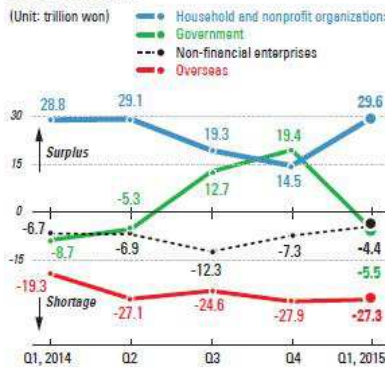
This was the highest level in the past three years, higher than 31.5 trillion won in the first quarter of 2012.

The national funds circulation data shows the capital status of each economic units, including households, corporations and governments, whether they are short of money or have surplus.

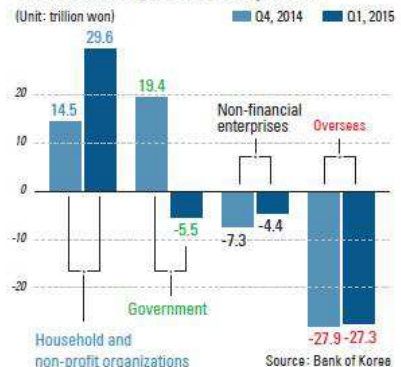
Korean households created new debts worth 14.1 trillion won in the first three months of this year, but earned 43.7 trillion won during the same period. This means the households actually have extra funds of almost 30 trillion won.

<http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3005775>

Asset trends



Cash shortages and surpluses



4. Switzerland in the local press

'Korean monochrome art shines in Basel'

Korea Herald, 21.06.2015

At Art Basel, the world's biggest high-end art fair, top artworks were sold in the first hours of its VIP preview.



Exhibition view of Kukje Gallery's Basel display / Tina Kim Gallery (Galleries in Basel 2015/© Art Basel)

This year, 284 leading galleries from 33 countries brought some of their best artworks for the six-day event last week, including the two-day exclusive VIP showing before the official kickoff on Thursday.

Some of the most expensive, top-quality works are sold quickly to major collectors from all parts of the world.

Popular choices of international art collectors include Korean monochrome paintings, commonly referred to as "dansaekhwa."

"Most of the important dansaekhwa paintings were reserved even before the preview for VIP collectors, or sold in the first few hours of the preview," said Lee

Hyun-sook, president of Kukje Gallery, based in Seoul, which presented some 30 dansaekhwa paintings at Art Basel, held from June 18-21 in Switzerland.

The gallery, which has been at the forefront of promoting Korean abstract paintings in the international art market since last year, has seen heightened interest in Korean dansaekhwa paintings this year.

Dansaekhwa refers to Korean monochrome paintings that emerged among early modern Korean artists after the Korean War in the 1950s. The country's first-generation modern artists led the avant-garde art movement in Korea while displaying distinctive abstract painting styles that were later categorized as dansaekhwa.

In Basel, the yearlong effort seemed to pay off. They sold 24 dansaekhwa paintings during the exclusive opening for high-level buyers on June 16. Lee Ufan's medium size "From Line" painting was sold at about \$700,000. Park Seo-bo's "Ecriture" painting was sold at around \$500,000.

<http://www.koreaherald.com/view.php?ud=20150621000044>

5. Overview regarding MERS

The economic impact and government action	
<ul style="list-style-type: none"> • Short term impact <ul style="list-style-type: none"> – Loss of consumption – Culture, leisure, hospitality and local tourism centred – Daily consumption through no visits to big stores – Partly compensated by more on line sales – International tourism and related industries, international travel 	<ul style="list-style-type: none"> • Long term impact <ul style="list-style-type: none"> – Korean scientific prestige dented – Bio-medical research choosing Korea – Some long term tourism damage – Possible damage to long term business with Middle East as Koreans less eager to travel there, and vice versa – Samsung may also be damaged
<ul style="list-style-type: none"> • Mid term impact <ul style="list-style-type: none"> – International tourism and related industries – Medical tourism – Tax revenue down – Exports (reduced travel) 	<ul style="list-style-type: none"> • Government action <ul style="list-style-type: none"> – Immediate promise of loans to SMEs. Supplementary budget – Support to the medical establishment and sanitation – Some new regulations

[Source : Korea Business Forum / 18 June 2015]