



Press Review South Korea – May 2016

1. Foreign Policy

“Korea-Iran summit paves way for \$45.6b business deals”

The Korea Herald

02.05.2016

South Korean President Park Geun-hye held landmark summit talks with her Iranian counterpart Hassan Rouhani on Monday and reached provisional deals in construction and energy worth \$45.6 billion, the highest ever at a single summit, Cheong Wa Dae said. Involving 66 memorandums of understanding, 30 nation-scale projects and a state-backed financial program worth \$25 billion, South Korea seeks to gain a foothold in the promising Iranian market hoping for a second Middle East boom. Both countries also echoed a need for denuclearizing the Korean Peninsula and eradicating terrorism from the Middle East. The two state leaders also pledged cooperation in improving Iran's stalled economy and offering business opportunities to South Korean companies. The most profitable sector by far is the energy reconstruction business, involving Iran's rich content in natural energy resources.

<http://www.koreaherald.com/view.php?ud=20160502001078>

“Chinese Manufacturers Threaten Korean Rivals”

The Chosun Ilbo

07.05.2016

The speed of growth in China's manufacturing industry has surpassed Korea's biggest fears, and Korea is no longer a technological benchmark. Lee Hyun-tai at the Korea Institute for International Economic Policy said, “China believes it has already caught up with Korean manufacturing, and once it arms itself with cutting-edge technology it will become a real threat.” At major international expos, China is pulling ahead. China adopted Korea's strategy of investing heavily in new facilities to bolster quality and price competitiveness, but it boasts a larger scale and is catching up quickly.

http://english.chosun.com/site/data/html_dir/2016/05/07/2016050700422.html

“Journalists barred from NK congress”

The Korea Times

08.05.2016

North Korea invited more than 100 foreign journalists to cover the seventh congress of its ruling Workers' Party, but is barring the media from entering the building in Pyongyang where the event is taking place. Instead of covering the event on the spot, foreign journalists were led by North Korean authorities to visit such places as a wire factory, a collective farm, a department store and the birth-place of Kim Il-sung.

http://www.koreatimes.co.kr/www/news/nation/2016/05/116_204242.html

“Russia imposes sanctions on N. Korea”

The Dong-A Ilbo

21.05.2016

With the deadline for the submission of implementations of the U.N. Security Council resolution in the North due June 2, many countries around the world have begun in earnest their sanctions on the communist state. Russia has followed Switzerland in joining international sanctions on North

Korea, freezing North Korean assets and halting financial transactions with the North. Some expect that Russia's latest sanctions will deal a blow to the North Korean economy.

<http://english.donga.com/Home/3/all/26/534535/1>

“Korea bets big on African development projects”

Korea Joongang Daily

26.05.2016

As China's Involvement in Africa garners ever more coverage, Africa's other great Asian ally, South Korea, is stepping back up to the plate. One of the key themes of President Park Geun-hye's tour to Africa is promoting Korea's role as an emerging development partner on the continent, assisting the countries' economic and social advancement while creating more business opportunities for Korean companies. Park will travel to Ethiopia, Uganda and Kenya. During her visit, the government will launch the "Korea Aid" project in the three countries on Park's arrival, the Blue House said. A new form of official development assistance (ODA), the program will offer medical, food and cultural services. The three elements of the Korea Aid project – K-Medic, K-Culture and K-Meal – will enable Korean volunteers including doctors, cooks and technicians to travel in 10 vehicles to offer their services, according to the Ministry of Foreign Affairs.

<http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=3019187>

“Vietnam beats China as top relocation site”

Korean Joongang Daily

27.05.2016

Vietnam is being favored over China as the new home for global companies' manufacturing facilities, thanks to recent trade agreements and a cheaper labor force, according to the Korea Trade-Investment Promotion Agency (Kotra). Vietnam has become the favored destination for global companies including Samsung Electronics, Hyosung and Japanese Toyota. Regarding labor costs, the average worker at a manufacturing plant in Vietnam earns annually what a worker in Korea earns monthly. It is about half the cost in China.

<http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3019239&cloc=joongangdaily%7Chome%7Cnewlist1>

2. Domestic Policy

“No smoking within 10 meters of subway exits”

The Korea Times

01.05.2016

Smokers will no longer be allowed to smoke near subway exits, which were designated as no-smoking areas Sunday. The Seoul city government has started enforcing the smoking ban within 10 meters from all subway exits in the city. Previously, smoking was prohibited only near subway stations in six districts including Gangnam, Seocho, Gwanak and Yeongdeungpo. The municipality will give smokers a three-month grace period until August 31, during which violators will not face punishment while the city authority carries out anti-smoking campaigns.

http://www.koreatimes.co.kr/www/news/nation/2016/05/116_203765.html

“Korean Air Chief Quits PyeongChang Olympic Committee”

The Chosun Ilbo

04.05.2016

Hanjin Group and Korean Air chairman Cho Yang-ho on Tuesday resigned as chairman of the 2018 PyeongChang Winter Olympic and Paralympic organizing committee. He will be replaced by

former commerce minister Lee Hee-beom. Cho resigned because his conglomerate is in a deepening crisis, but vowed to keep supporting the Olympics in other ways.

http://english.chosun.com/site/data/html_dir/2016/05/04/2016050401570.html

“Minjoo Party all-out to ‘re-take’ Jeolla region”

The Korea Times

12.05.2016

All 123 lawmakers-elect from the main opposition Minjoo Party of Korea (MPK) visited Gwangju, the heart of the Jeolla region, Thursday, in a symbolic effort to win back voter support there. They paid their respects at the May 18th National Cemetery, where the victims of a brutal crackdown on a 1980 democratic movement are buried. It is the first time in the party's history that the entire lawmakers-elect gather in the city following a general election. The move is viewed as the party seeking momentum for a turnaround after its crushing defeat in the region in the April 13 general election.

http://www.koreatimes.co.kr/www/news/nation/2016/05/116_204637.html

“Factional feud boils over at Saenuri Party”

The Korea Times

17.05.2016

The ruling Saenuri Party is in turmoil after loyalists to President Park Geun-hye refused to participate in a meeting, Tuesday, intended to endorse the newly elected floor leader Chung Jin-suk and party members for an emergency planning committee chosen by him. Chung, a critic of the pro-Park faction, claimed the loyalists were “ruining” the party to protect their own political interests without considering its future. He said the responsibility for the party's defeat in the general election lies with the President's loyalists. Chung appointed lawmakers from the non-Park faction to the emergency committee, Sunday, in an apparent move to renew the image of the party, currently perceived as being controlled by loyalists to the President. Park loyalists protested and threatened to boycott Tuesday's meeting.

http://www.koreatimes.co.kr/www/news/nation/2016/05/116_204931.html

“Exemptions from military service to be cut by 2023”

Korea Joongang Daily

18.05.2016

Individuals with special expertise in an industry or academia, including students of natural sciences and engineering, will no longer be exempt from mandatory service by 2023, the Ministry of National Defense said Tuesday. “Due to the decreasing population starting from 2020, there is expected to be a rapid decline in the military manpower, which is why we decided to abolish the military service exemption measure,” said a Defense Ministry official. Under the current exemption measure, individuals who are eligible to be drafted for two-year compulsory military service can instead serve out their term as a conscripted police officer, firefighter, in the coast guard or in another relevant agency, company or research institute.

<http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=3018826>

“Ban Ki-moon's return home parsed politically”

Korea Joongang Daily

26.05.2016

UN Secretary General Ban Ki-moon landed in Jeju Island Wednesday on a highly anticipated visit as his homeland ponders whether he will make a run for the presidency next year. Ban's visit, the first since last May, has generated plenty of media attention since he has emerged as a potential presidential candidate for the Saenuri Party, especially favored by figures loyal to incumbent

President Park Geun-hye. Ban joined Korea's Foreign Ministry in 1970 and served as foreign minister from 2004 to 2006 under the Roh Moo-hyun government. It remains to be seen whether the former foreign minister will decide to enter the race.

<http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3019194>

3. Economy/Finance

“Bank of Korea pledges active role in restructuring”

The Korea Times

02.05.2016

Bank of Korea (BOK) Governor Lee Ju-yeol said Monday that the central bank will supply more liquidity to the market to play an active role in the restructuring of ailing shipping and shipbuilding companies. Tension has exacerbated between the government and the BOK regarding how to fund the corporate restructuring of ailing shipbuilders and shipping companies.

http://www.koreatimes.co.kr/www/news/biz/2016/05/488_203879.html

“30 billion won fund set up to assist young bio, medical start-ups”

Korea Joongang Daily

09.05.2016

A 30 billion won (\$25.6 million) fund is to be set up by the government to help new bio and medical start-ups that are having trouble finding financing. The Ministry of Trade, Industry and Energy on Sunday said it will invest 10 billion won to aid these start-ups in a bid to attract the private sector to contribute 20 billion won or more. Once the fund is created, a certain portion will be invested in bio and medical start-ups that have only been in businesses for three years or less. The largest portion of investments in previous years went to companies with experience of more than seven years.

<http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3018440>

“S. Korea's govt to ease regulation on banks' foreign exchange positions”

Pulse, by Maeil Business News Korea

17.05.2016

The South Korean government is set to ease regulations on foreign exchange position on banks doing business in Korea. Banks are required to keep the balances of foreign exchange assets and liabilities at certain limit to hedge against currency fluctuation. The action will be part of new deregulation measures on the foreign exchange market to be finalized and announced in June. Moreover, Western banks have recently been withdrawing from the Korean market.

<http://pulsenews.co.kr/view.php?year=2016&no=354719>

“Hyundai Merchant Marine fails to lower charter fees”

Pulse, by Maeil Business News Korea

19.05.2016

Hyundai Merchant Marine Co. has failed to persuade foreign ship owners to cut charter fees, a condition the shipper has until next week to receive debt relief from creditors. Kim Chung-hyun, CFO of Hyundai Merchant Marine, confirmed little progress had been made in latest talks, but added there was still hope as the delegates said they would further confer with management at the headquarters before delivering final decision.

<http://pulsenews.co.kr/view.php?sc=30800020&year=2016&no=360772>

“Diesel price pits ministries against each other”

Korea JoongAng Daily

26.05.2016

Disagreement reigns between government departments over whether to raise the price of diesel to discourage Koreans from buying vehicles that use it, since cheating by Volkswagen and more recently Nissan on emission tests showed how dirty the fuel really is. Diesel-fueled vehicles now account for more than half the cars on the roads of South Korea. Korean vehicles have been highly popular in recent years because diesel fuel is cheaper than gasoline and, until the emissions scandals, was considered relatively clean. The Ministry of Environment is proposing to raise diesel prices, which are currently 85 percent the price of regular gasoline.

<http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3019195>

Diesels outstrip competition



Source: Korea Automobile Manufacturers Association

4. Switzerland in the local press

“Diplomats impressed with Korea’s open vision”

Korea JoongAng Daily

13.05.2016



First row, fourth from left: Joerg Al. Reding, Swiss ambassador

Yim Jong-yong, chairman of the Financial Services Commission (FSC), told an audience of about 120 dignitaries, including 14 ambassadors and 40 other diplomats, on Thursday that “FSC will have meeting with foreign companies regularly to hear about their hardships and discuss ways to overcome them.” Yim was addressing the 2016 Korea Economic Forum, hosted by the Korea JoongAng Daily, at the Westin Chosun Hotel in central Seoul. The 10th annual economic forum gave foreign diplomats, as well as officials from local and foreign banks, security funds and chambers of commerce, insight into the Korean government’s initiatives to reform the financial industry. The Swiss ambassador to Korea, Joerg Alois Reding, appreciated Yim’s acknowledgment of the importance to open communication. Reding said it was quite difficult for them to meet representatives at the FSC in the past, and he was glad to hear the chairman emphasizing the importance of more open communication.

<http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3018651>

“Reform not negotiable, says Yim”

Korea JoongAng Daily

13.05.2016

Financial Services Commission Chairman Yim Jong-yong emphasized consistency and improved communication in the agency’s push to reform the financial industry, which began a year ago and is

now entering its second phase. The FSC Chairman said that since last year, financial authorities have been trying to listen to the difficulties and inconveniences that actual companies and participants struggle through. Yim said the FSC created a special field inspection team last year that visited 668 financial institutions and collected 4'400 complaints and suggestions. Of the total, the FSC made changes to 46 percent.



Joerg Al. Reding, the Swiss Ambassador to Korea, asks Financial Services Commission Chairman Yim Jong-yong a question during a Q&A session at the Korea Economic Forum held at the Westin Chosun Hotel in central Seoul.

<http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3018650>

“Luxury watchmakers turn to S. Korea as test bed”

The Korea Herald

18.05.2016

Korea is becoming a new test bed of Asia for luxury watchmakers. Recently, two world-class watch manufacturers chose South Korea for the Asia debut of their new products. On Tuesday, Switzerland's Roger Dubuis showcased its Black Velvet watch. In March, another Swiss label, Panerai, opened its first store in South Korea. Company CEO Angelo Bonati came for the opening, reflecting his interest in the South Korean market. South Korea also became the only Asian host other than Hong Kong of the Grand Prix d'Horlogerie de Geneve in October last year. South Korea's marriage tradition, in which the groom receives a wristwatch as a gift from the bride's family, is seen as another factor keeping sales up here.

<http://www.koreaherald.com/view.php?ud=20160518000612>

“Swiss levy new North sanctions”

Korea Joongang Daily

20.05.2016

Switzerland imposed tighter sanctions on North Korea, ordering the freezing of assets held by North Koreans in the country and closure of their bank accounts as well as blocking funds owned by the North Korean government. The measure, which took into effect Wednesday, covers far-reaching areas including banking, maritime and air transport, education and trade, and specifically restricted exports of luxury items to the country's elite. The Swiss said the exception related to funds intended for North Korean diplomats in Switzerland. Under the new sanctions, North Koreans will be prohibited from studying in Switzerland “in subjects such as higher physics, advanced computer simulation or nuclear engineering.”

<http://koreajoongangdaily.joins.com/news/article/Article.aspx?aid=3018945>

“Muslims must obey teacher's handshake rule: Swiss canton”

The Korea Herald

27.05.2016

Religious belief is no excuse for refusing to shake a teacher's hand, authorities in a northern Swiss region ruled Wednesday, reversing one school's controversial decision to grant exemptions for Muslim pupils unwilling to touch the opposite sex. Parent of pupils who refuse to shake a teacher's hand at schools in the northern Swiss canton of Basel Country could now face fines of up to 5'000 Swiss francs. The decision comes after a national uproar arose over revelations last month that a middle school allowed two Syrian brothers, aged 14 and 15, not to shake their teachers' hands after they complained that doing so was counter to their religious beliefs if the teacher was a woman.