Welcoming Remarks:

John J. Hamre  
*President and CEO, and Langone Chair in American Leadership, CSIS*

Lee Geun  
President,  
The Korea Foundation

Keynote Address (Video Remarks):

Wang Yunjong  
Secretary to the President for Economic Security

Location: CSIS Headquarters, Washington, D.C.
Dr. John J. Hamre:

(In progress) – have everybody here. And I just – my name is John Hamre, the president here at CSIS. And it is so good to be able to be back and doing things with real people, you know? And I was just talking with President Lee. You know, it’s been, you know, two empty years where we were doing these things virtually. It’s just not the same, you know? We just can’t get the same interaction and the creativity with each other as we want to think through problems together. And I’m so grateful that we can have this opportunity again.

And I want to say a very sincere thanks to President Lee. This is the seventh time we’ve had the ROK-U.S. Strategic Forum. And it’s a very important venue for conversations, important topics. And we are now, of course, at a new phase. There’s a new government in Seoul. The Yoon government is actively getting settled and establishing an agenda. We had an opportunity, oh, several months back when Park Jin was here to – it was after the election, but he was kind of showcasing the new agenda for Korea. And it’s an exciting time. It’s an exciting time for Korea.

I’ve said in so many different venues, Korea’s a bigger country than it thinks it is. Korea’s a more powerful country than it thinks it is. So many Koreans tend to think of themselves as a small, vulnerable country, middle power, you know, on the edge of a continent and worried about its own future. My goodness, there’s no country that’s been more successful over the last 70 years than Korea. None! It’s a powerful country. It has world-class corporations. It’s got world-class entertainment. I mean, everybody is following Korean entertainment. I mean, it’s a remarkable success.

But I think because of the division of Korea, it’s made everybody in political channels have near-sighted vision, short vision. There isn’t a long vision. And I think we’re at that point when we can start developing long-range vision for Korea’s leadership in the world. Korea should be a much larger global actor than it is. But it’s understandable why it’s been constrained.

But it’s now part of our partnership, I believe, to take us to a larger consciousness so that Korea can really flower and blossom. And the way it has in the entertainment industry, we should be bringing that now in a much wider range of Korea’s skills that it can offer to the world. So it’s an exciting time. And I’m really grateful that we can have this opportunity, this conference today. We’ll explore some dimensions of it. And I’m really grateful that we have the opportunity.

Now, I really do want to say how pleased I am that President Lee is here. He has been gracious to come. He’s been rather courageous to come here. You know, it was back when it was harder to get into this country – you know, testing and all that kind of jazz. He persevered, but he’s with us today and
I’m very grateful. So at this – and I think he’s done a tremendous job of shaping the agenda of the Korea Foundation over the last five years. So would you please, with your very warm and sincere applause, welcome President Lee Geun to the chair? (Applause.)

Dr. Lee Geun:

Thank you very much, President Hamre. It’s really nice to be back. I can now finally feel the normalcy here without masks. President Hamre has been always very supportive of Korea Foundation and CSIS partnership. We really appreciate what you have done for us, for the many, many years that you were – that you have been in that position. And Dr. Victor Cha, he’s a celebrity in Korea. Nobody – (laughs) – you know, everywhere he goes, you know, he’s always recognized. And he had a busy time signing his book. So Victor Cha – Dr. Cha has been also very supportive of this partnership. I really admire all the efforts that you have put into this conference.

I prepared a paper – no, not paper – digital welcoming remarks. So I will be somewhat more formal than President Hamre. President John Hamre and the honorable Yoon Youngkwan, the former minister of foreign affairs, distinguished scholars and guests, as president of the Korea Foundation it is my privilege to welcome you all to the ROK-U.S. Strategic Forum 2022, the seventh iteration of the annual forum, co-hosted by CSIS and the Korea Foundation. I would like to express my sincere gratitude to all of you for joining this forum, despite your busy schedules. My special thanks go to President John Hamre, again, Dr. Victor Cha, and the staff of the Korea Chair at CSIS for their exceptional preparation of this event.

Distinguished delegates, dear colleagues and friends, today’s forum could not have come at a more opportune time. Just two weeks have passed since the first summit meeting between President Yoon and President Biden on the May 21st. Now I would like to take this opportunity to speak a little bit about my take on the summit. I hope this may provide some food for thought for the ensuing sessions. First and foremost, the two presidents have agreed to upgrade the bilateral alliance to a global comprehensive strategic alliance. The concept of the global comprehensive strategic alliance is yet to be clarified and enriched by the practitioners and scholars of the two countries in the coming months and perhaps years. But I suspect that the concept is not entirely new to Americans, because the U.S. has been a global power at least since the beginning of the 20th century.

On the other hand, Korea’s foreign and security policies have rarely escaped the Asia space, if not the Korean Peninsula. And except President Roh Tae-woo’s era, when he had a grand strategy in the name of nordpolitik or northern policy – pukpang chongch’aeak – in the late 1980s and early 1990s, Korea never had a substantive global vision or strategy that transcended beyond the Korean Peninsula. Therefore, upgrading of the alliance to global comprehensive strategic alliance poses huge challenges to the Korean
government as, for the first time in its history, Korea has to come up with a genuine and sophisticated global planning strategy of its own that, at the same time, complements the global vision and strategy of the U.S.

As the 10th richest country in the world, with a world-class military power, Korea cannot remain as a local or a regional power, but ought to contribute to the peace and wellbeing of the global village and the planet Earth. Korea could not have achieved what it has achieved so far without open global market and stable rule-based international order. Therefore, as a global stakeholder, now is the time for Korea to suggest to the world what and how Korea can do to strengthen and enhance the global public goods together with the likeminded countries. I hope Korea's best strategic thinkers, who are gathered here, will address essential elements of Korea’s new global vision and strategy as Korea is transforming itself into a genuine global pivot state.

Second, our two leaders reaffirmed their common goal of complete denuclearization of North Korea and agreed to bolster the airtight bilateral alliance to that end. They also warned that North Korea’s nuclear program posed a grave threat to peace and prosperity, not just on the peninsula but also in the rest of Asia and the world. There may be a threshold over which denuclearization of North Korea may be beyond the range of possibility. We need to know if we have already crossed the threshold point, and if so what we can do to push North Korea back to the pre-threshold point. Perhaps we may never know if the threshold point is crossed or even exists, but we should not give up our honest efforts to peacefully solve the nuclear question on the Korean Peninsula.

And third, both sides also discussed boosting cooperation in science and technology and emerging industries including microchips, batteries, nuclear energy, quantum technology, five gen, 6G technologies, artificial intelligence, space development, and cybersecurity. As a first step, both agreed to launch an economic security dialogue for close communication and cooperation on matters relating to economic security. Supply chain resilience is one of the top priorities. And governance of cyberspace and global platform companies will also be at the center of discussion. Competition between techno-democratic models and techno-authoritarian models will also be a key issue to be addressed by policymakers and specialists. These economic security issues – these economic security issues will be a huge challenge for both the U.S. and Korea, as they require interdisciplinary analysis and solutions.

Fourth, Korea has also decided to participate in the U.S.-led Indo-Pacific Economic Framework. President Yoon mentioned that both countries will contribute to jointly building order in the Indo-Pacific region, backed by norm-based international values such as openness, transparency, and inclusiveness. IPEF is an evolving framework and, if backed by wisdom and
creativity, the IPEF can harness the rule-based international order so that the order cannot be easily torn down by any revisionist countries in the world.

Last but not least, Japan is an essential partner of Korea and the USA to defend the rules-based international order, and free and open international market. Between Korea and Japan, there are more similarities than differences, if we compare ourselves with any other nations in the world. Politicians are the ones who can cooperate with anybody who shares only one similarity together. I hope both Korean and Japanese politicians will become genuine political entrepreneurs who can take advantage of similarities of both countries to enhance peace and prosperity of the Indo-Pacific.

Before closing, I would like to introduce Dr. Wang, the keynote speaker for today’s event. He’s a globally renowned economist who has both academic and private sector experiences and spent a large portion of his private sector experiences in China. He will be the one to develop and design Korea’s economic security concept and policies, and therefore his views on economic security is indispensable in understanding Korea’s policy nexus among trade, technology, traditional security, supply chain resilience, and whatnot. This is why we invited – the Korea Foundation invited Dr. Wang, Korean presidential secretary for economic security, as our keynote speaker this year. He will be sharing his insights on this issue through video remarks following this opening session.

Dear friends, now I would like to close my remarks by expressing my sincere gratitude, again, to CSIS for co-organizing this forum, and for all our invited experts and guests for coming together here and now. Thank you very much. (Applause.)

(A video presentation begins.)

Dr. Wang Yunjong:

Greetings Dr. Geun Lee, the president of the Korea Foundation, Dr. John Hamre, the president of CSIS, and all the distinguished guests who are attending this event both online and offline today. I would like to begin by congratulating the hosting of the seventh KF-CSIS Korea-U.S. Strategic Forum at a critical time in which the U.S. and Republic of Korea are developing into global comprehensive strategic alliance. And personally, it is a great pleasure and honor to deliver the keynote speech today.

The world is now undergoing a paradigm shift in the global economic order in a way that has never been experienced before. While we are still tending to our wounds from the COVID-19 pandemic and unprecedented inflationary pressure due to Russia’s unprovoked invasion of Ukraine and disruptions of global supply chains are mounting, deepening the concerns of consumers,
the workers, businesses, and policymakers. Supply side shocks are surrounding semiconductors, various parts and components for manufacturing, critical minerals, energy, and food are becoming more common and complex. While demand-side shocks are usually more easily manageable because the central bank and governments can mobilize monetary and fiscal policy measures.

Furthermore, the structured factors, such as climate change and digital transformation, present both challenges and opportunities for the global economy. The common topic underlying all these issues is economic security. It is difficult to clearly define the concept of economic security. Generally speaking, economic security is a broad concept that includes the security of energy, food, health, and supply chain. For instance, the shortage of energy and food increases energy and food prices, affecting the economic livelihood of people. Yes, there are many, many factors to supply and demand shocks.

Recently, many nontraditional types of shocks emerged. Geopolitical, geoeconomic shocks, along with pandemic and natural disasters. We live in an era where we need to manage the economic vulnerabilities more properly and in a timely manner in order to ensure the security of nations and the livelihood of the people from an economic point of view. The principle of economic efficiency under free trade and international division of labor, which has prevailed in the global economy since the end of the Cold War, is being transformed into an economic security perspective based on stability and sustainability.

Disruptions caused by the pandemic were a wake-up call that remind us of the importance of economic security. In terms of production, manufactures found it difficult to secure workers and many necessary inputs for production. In terms of transportation and logistics, bottlenecks have caused further strain in the global economy. In short, supply chain disruptions have slowed economic activity, consequentially threatening our economic security. In response to such disruptions, private companies are struggling, focusing on strengthening the stability and resilience of their supply chains, shifting from a just-in-time strategy for maximizing efficiency to a just-in-case strategy to reduce risks from unexpected disruptions.

Another important dimension in the economic security is the technology, the protection of advanced and critical technologies is being highlighted in the race for technological hegemony. Within this race, the power game is changing as well. Now it's about which country has technological leadership, with growing importance of preemptory securing and protecting strategic technology and meeting international standards. Thus, securing technological leadership is a key element to maintain the traditional hard power, such as military and economic power and, at the same time, to play a
leading role in the newly emerging industrial revolution, namely digital transformation and energy tradition.

The stability and resilience of the supply chain cannot be achieved by a single country alone. In addition to reshoring, which relocates the overseas production facilities to homeland, friend-shoring, which strengthens cooperation in supply and demand over strategic materials and technologies among like-minded countries, is becoming more and more important. The key is trust. We can enhance supply chain security by promoting mutual trust. The Korea-U.S. summit meeting on May 21st is recognized as an important milestone to further develop the alliance between the two countries from the economic and security perspective.

During the last 10 years, the Korea-U.S. alliance expanded from a traditional military alliance to an economic alliance to the Korea KORUS FTA. In particular, economic security and high-tech cooperation have been elevated to the main pillars of the ROK-U.S. alliance, as it demonstrated by the fact that the two leaders started their meeting at the Samsung Electronics semiconductor plant. Through the summit, the two countries agreed to establish an economic security dialogue between the national security councils to strengthen the ROK-U.S. economic security and technology alliance.

In the future, through such economic security dialogue, we will strengthen strategic communications on economic security matters between the two presidential offices and strengthen cooperation in supply chain in core technology fields. Sector by sector, the U.S. and Korea agreed to work together to build resilient and reliable supply chains by promoting cooperation in respect to the early warning systems and critical mineral sector and foreign exchange office to secure emerging and future technologies. Partnership for nuclear energy, quantum, and space technology will be greatly strengthened. In addition, two countries decide to expand and strengthen cooperation on global economic agendas, such as climate change, health, and internet, as a global comprehensive strategic alliance.

The Indo-Pacific Economic Framework, namely IPEF, for prosperity summit meeting that took place two days after the summit meeting between the two countries, Korea expressed its willingness to actively participate and provide fully support as one of the 13 founding members. At the meeting, President Yoon Seok-youl remarked that Korea has achieved rapid economic growth and development based on liberal democracy and market economy. Through the IPEF, Korea will share its experience and cooperate with the countries in the region. In particular, Korea's core competence and our advanced technologies in the areas of supply chain, digital transformation, and clean
energy, can contribute to ushering in an era of shared prosperity in the Indo-Pacific region.

As the IPEF is now in its infancy, Korea as a global pivotal state will continue to actively contribute to the development of the IPEF as a key platform for stressing regional economic security. Immediately after taking office, President Yoon Seok-youl emphasized that the economy is security, and security is the economy, establishing economic security as a key pillar of the new administration’s national policy objective. Accordingly, Korea is strengthening international cooperation at various levels, while reorganizing domestic systems to strengthen economic security.

First of all, the Office of Economic Security in charge of the economic security matters was established in the presidential office to coordinate the economic security related agendas and establish the strategies through collaboration with many ministries. This office will also be responsible for above mentioned economic security dialogue between the NSCs of the ROK and the United States. Under the prime minister’s office, the Cabinet plans to establish a public-private joint emerging security committee in charge of the emerging security issues, such as infectious diseases, supply chains, and climate change.

This emerging committee will be in charge of coordinating and reviewing the policies established and implemented by each ministry. To respond to the supply chain crisis, the basic act on supply chain management for economic security is also being prepared this year. This act plans to focus on institutionalizing the entire supply chain process, including supply chain risk, risk of detection, risk of prevention, and risk management. To this end, the legislation will include the establishment of a national basic plan for supply chain management, establishment and advancement of an integrated early warning system, expansion of the support for enhancing supply chain resilience, and the establishment of supply chain fund, and the response system in case of a crisis.

In parallel with domestic response, Korea will strengthen international cooperation to build a complementary system by participating in an economic consultative body among countries that share the universal values. I expect that IPEF will be the most important platform for such regional cooperation. We also expand our natural bilateral and multilateral economic agreements, and actively participated in discussions on digital economic norms and standards.

In Korea’s relations with China, our close neighbor and largest trading partner, we are strengthening substantive cooperation based on the principle of mutual respect and mutual benefit and equality. In particular, given the highly interconnected nature of the supply chain between Korea
and China, it is necessary for Korea to work together with China to stabilize the supply chain, including by using the economic cooperation chapter of the Korea-China FTA. Having said that, supply chain disruptions, which is a major threat to economic security, cannot be solved by a single country alone. This is because the global supply chain is intertwined in multiple dimensions and is also linked to some sectors such as logistics and finance.

Therefore, solidarity and cooperation among countries with a complementary supply chain structure is more important than ever. Within their respective roles in the international division of labor, each country cooperates with other countries while taking advantage of their competitive advantages. In promoting cooperation, I think mutual trust is very important in order to remove factors that cause the fragmentation of the supply chain. The Korean companies, such as Samsung Electronics and Hyundai Motors are rapidly expanding their investment in the U.S. Those investment decisions are basically motivated by their own global business strategies for securing the U.S. customers. However, without mutual trust and strong commitment for further prosperity between the two countries, private sector’s big ambitions cannot be materialized.

I hope that today’s forum will serve as an opportunity to enhance the mutual trust and understanding between the two countries. Once again, I would like to thank the Korea-U.S. Strategic Forum for inviting me today. Thank you.

(Video presentation ends.)