

## Korea Chair Monitor

June 26 - July 9, 2014

*The Korea Chair team takes a biweekly look at events of interest in Washington, Seoul, and the region.*

### PRC-ROK RELATIONS

#### ***Park Geun-hye – Xi Jinping Summit and Joint Statement***

South Korean president Park Geun-hye held a state summit with Chinese president Xi Jinping on July 3 at the Blue House in Seoul. In their second summit since both took office last year, the two leaders adopted a joint statement that expressed their desire to deepen bilateral relations, strengthen cooperation to maintain peace and stability on the Korean peninsula and North Asia, and expand economic cooperation and trade. The two leaders pledged to conclude a bilateral free trade agreement by the end of 2014 and also agreed to launch a Korea-China young leaders forum, sign a consular agreement between the two countries, and reopen negotiations on maritime boundaries by next year.

#### ***Korea-China Economic and Trade Cooperation Forum***

President Park and President Xi co-hosted the Korea-China Economic and Trade Cooperation Forum on July 4, which was the first time both presidents have attended this forum together. The forum was attended by 500 businessmen and government officials from both countries. Four major memorandums of understanding worth a total of U.S.\$7.05 billion were signed during the forum, which included the following: POSCO and Chongqing Iron & Steel Co. to build a steel mill to use FINEX technology in China; LG Chem Ltd. and two Chinese state-owned companies to build a new factory in Nanjing; SK Telecom and Zhengwe Group to cooperate on information, communication, and telecommunication; and SKC and TCL Group to cooperate on LCD TVs and smartphones.

### U.S.-ROK RELATIONS

#### ***Bilateral Public Diplomacy Discussions in Seoul***

On July 8, U.S. under secretary of state for public diplomacy and public affairs Richard Stengel met with the ROK second vice minister of foreign affairs Cho Tae-yul in Seoul in order to initiate the first high-level talks on issues of public diplomacy, such as culture and people-to-people exchanges. Mr. Stengel was in Seoul for a two-day visit (July 7-8), where he was scheduled to meet Fulbright English teaching assistants and Korean students and youth leaders to strengthen the bilateral relationship and promote cooperation.

### ECONOMICS AND TRADE

#### ***ROK-Turkey Services and Investment Free Trade Agreement***

A ROK delegation, led by director of services and investment of the Ministry of Trade, Industry and Energy Kim Myung-joon, and a Turkish delegation, led by director general for EU affairs Murat Yapici, conducted the seventh round of the Korea-Turkey investment and services free trade negotiations in Seoul June 30 to July 4. The negotiations are expected to conclude in the first half of 2015.



#### ***ROK-China FTA and Agreement to Direct Currency Trade***

During the summit, President Park and President Xi agreed to open a new market for the direct trading of the Korean won and the Chinese yuan in South Korea, and committed to finalize the Korea-China FTA by the end of the year.

*Photo credit: Cheong Wa Dae.*



#### ***Trilateral CJCS Meeting in Hawaii***

On July 1, the U.S. Chairman of Joint Chiefs of Staff (CJCS), General Martin Dempsey, held the first trilateral talks in Hawaii, at the sidelines of the biannual Rim of Pacific (RIMPAC) exercise. General Dempsey met with his South Korean and Japanese counterparts, Admiral Choi Yoon-hee and General Shigeru Iwasaki. After the meeting, the three chairmen issued a joint statement to seek productive solutions to deter North Korea's emerging threats.

*Photo credit: U.S. Navy Photo Stream by Petty Officer 3rd Class Dustin Knight.*

## DOMESTIC POLITICS

### *Cabinet Reshuffle Progress*

A number of key positions in President Park's administration have been undergoing transition in recent weeks and National Assembly hearings for the new cabinet nominees were carried out throughout the week of July 7. On July 9, the National Assembly endorsed Lee Byung-kee as the Director of the National Intelligence Service after a two-day hearing. The hearing for the nominee for minister of strategy and finance, Choi Kyung-hwan, occurred on July 8 but a decision is yet to be announced. After putting forth two nominees for prime minister, President Park decided on June 26 to allow Prime Minister Chung Hong-won to retain his position.

## NORTH KOREA

### *North Korea Fires Two Missiles - Fourth Test in Two Weeks*

North Korea launched two short-range ballistic missiles, presumed to be Scuds, off its eastern coast on July 8 in the fourth such test in two weeks, according to the South Korean Joint Chiefs of Staff. Since June 26, North Korea has conducted four launches, firing a total of nine short-range projectiles including four Scud-missiles and five 300mm rocket shells all landing in the East Sea.

### *Japan to Lift Sanctions on North Korea*

Japanese prime minister Shinzo Abe announced in July 3 that after reviewing North Korea's commitment to reinvestigating the abduction issue, the Japanese government will lift three sanctions against North Korea: restrictions on the flow of people between the two nations, including the ban on North Korean officials; restrictions on the amount of cash that can be taken out of Japan and the amount of money transferable; and the embargo on North Korean registered ships for humanitarian activities. The North Korean Special Investigation Committee, led by vice minister of state security and National Defense Commission councilor So Tae Ha, consists of 30 members from the State Security Ministry, the Ministry of People's Security, and the Ministry of People's Armed Forces.



### *ROK-EU Tariff Removal*

On July 1, tariffs on goods traded between Republic of Korea and the European Union were removed, lowering the price of covered goods such as cars and whiskey imported into the ROK from the EU. The tariff removal was scheduled in the ROK-EU free trade agreement that went into effect in July 2011.

*Photo credit: Glampaolo Squarcina Flickr Photostream.*

## Looking Ahead

### *Our Friday morning preview of events to watch in the weeks ahead.*

- **July 10** | President Park will hold a bipartisan meeting with the floor leaders of the Saenuri Party and New Politics Alliance for Democracy to discuss a bill to reorganize the government and a proposal to abolish the Coast Guard in response to the *Sewol* ferry disaster in April.
- **July 14** | The Saenuri Party will have its party convention and elect a new chairman. Representatives Suh Chung-won and Kim Moo-sung are the main contenders for the position.
- **July 21-22** | South Korea, the United States, and Japan will hold the trilateral Search and Rescue Exercise (SAREX) in international waters south of Jeju Island.
- **August 14-18** | His Holiness Pope Francis will visit the Republic of Korea on a four-day tour, marking the first time the Catholic Pope has visited Asia since 1995. The trip will include visits to *Sewol* Ferry victims and a meeting with President Park.

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