

Korea Chair Monitor

May 7 - May 20, 2015

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

U.S.-ROK RELATIONS

U.S. Secretary of State Visits Seoul

Secretary of State John Kerry visited Seoul from May 17 to 18. On May 18, he met with President Park Geun-hye and Minister of Foreign Affairs Yun Byung-se to discuss the U.S.-ROK alliance, global and regional issues, as well as President Park's upcoming visit to the United States in June. During his meeting with Minister Yun, he reaffirmed that there is "no daylight of difference" in U.S. and ROK policies toward North Korea's provocations and nuclear program. He also reiterated that, while the U.S. offer of an improved bilateral relationship with North Korea stands, Pyongyang has so far failed to meet the necessary standards.

GLOBAL RELATIONS

UN Secretary-General Visits Korea

On May 18, Secretary-General Ban Ki-moon visited Korea on a five-day trip, his first visit in nearly two years. The primary purpose was to take part in the World Education Forum that was held in Songdo, Incheon, on May 20. On the same day, Ban held a meeting with President Park. He was also scheduled to meet Foreign Minister Yun Byung-se and National Assembly Speaker Chung Eui-hwa.

South Korea Approves \$279.5 Million Aid Loan

On May 19, the Ministry of Strategy and Finance announced that South Korea had approved \$279.5 million in soft loans from the Economic Development Cooperation Fund (EDCF) to support four infrastructure projects in the emerging economies of Laos, Mozambique, Vietnam, and Uzbekistan. The EDCF provides low-interest aid loans to poor and less-developed countries. The government earmarked 1.4 trillion won in EDCF loans for 2015.

ECONOMICS AND TRADE

Lone Star-Korea Dispute Arbitration Begins

On May 15, arbitration between the U.S.-based private equity firm Lone Star Funds and the South Korean government began in Washington, D.C., at the International Centre for Settlement of Investment Dispute (ICSID), an international tribunal under the World Bank. This is the first investor-state dispute (ISD) to be filed against the Korean government under the ISD clause in the Korea-U.S. Free Trade Agreement (KORUS FTA).

Bank of Korea Maintains Benchmark Interest Rate

On May 15, the Bank of Korea's Monetary Policy Committee announced it will maintain its key interest rate at 1.75 percent for the second consecutive month. This decision was in line with expectations and comes as the Korean economy shows signs of recovery despite the continued rise in household debt.



Secretary of State Visits USFK and Korea University

On May 18, Secretary John Kerry visited Yongsan Army Garrison and met with staff and families of U.S. Embassy Seoul and USFK. This was Kerry's first visit to Seoul since the attack on Ambassador Mark Lippert in March 2015, and he took this opportunity to express his thanks for the Korean people's care and concern for the ambassador. On the same day, the secretary also gave a speech on the future of the Internet and cyber policy at Korea University.

Photo credit: U.S. Department of State.



Google Opens Campus Seoul in Korea

On May 8, Google opened a new campus for start-ups and entrepreneurs in South Korea. At 2,000 square meters, Campus Seoul can accommodate eight firms. Start-ups will be able to receive consulting services from Google experts and have opportunities to exchange ideas with overseas firms based at other campuses. President Park Geun-hye took part in the opening ceremony and thanked Google for picking Seoul as the venue for its first Asian campus.

Photo credit: Cheong Wa Dae.

KOREA-JAPAN RELATIONS

ROK-Japan Joint Committee on Environmental Cooperation

From May 13 to 14, the 17th meeting of the Republic of Korea–Japan Joint Committee on Environmental Cooperation took place in Tokyo to discuss mutual regional and global concerns. The ROK delegation was headed by Deputy Director-General for Global Economic Affairs Lee Hyung-jong, and the Japanese delegation was led by Deputy Director-General for Global Issues Hideaki Mizukoshi.

NORTH KOREA

U.S. Senator Introduces Resolution on North Korea

Senator Cory Gardner (R-CO), chairman of the Subcommittee on East Asia, the Pacific, and International Cybersecurity Policy, announced on May 19 the introduction of a resolution in the Senate that recognizes North Korea as a serious threat to U.S. national security, urges additional targeted sanctions against the regime, and cautions against resuming any negotiations without strict pre-conditions, such as a complete halt to its nuclear and ballistic missile programs and a significant improvement of its human rights record.

Kim Yong-nam Discusses Bilateral Relations with Putin

On May 9, North Korea's nominal head of state Kim Yong-nam met with President Vladimir Putin of Russia in Moscow during the 70th anniversary celebration of the end of World War II. During the meeting, Kim delivered a personal letter from Kim Jong-un and reaffirmed their bilateral ties.

North Korea Claims Increased Nuclear and Missile Capabilities

On May 20, the Korea Central News Agency (KCNA) released a statement claiming that North Korea has long had the capability of miniaturizing nuclear warheads and that its missile technology is currently at the highest stage of precision.

INTER-KOREAN RELATIONS

South Korean Envoy Meets North Korea's Head of State

South Korea's presidential envoy Yoon Sang-hyun met with North Korea's de facto head of state Kim Yong-nam during Russia's Victory Day celebration (May 8–10). During the event, Kim and Yoon engaged in several informal sideline meetings.



Indian Prime Minister Visits Korea

From May 18 to 19, Prime Minister Narendra Modi of India visited Korea, as part of his six-day East Asia tour. Following talks with President Park Geun-hye on May 19, the two leaders vowed to bolster economic ties. At the first Korea-India CEO Forum on May 19, Modi encouraged the Korean business community to invest more in India as India seeks to transform into a global manufacturing hub by 2022 under the “Made in India” campaign. *Photo credit: Cheong Wa Dae.*



Korail to Launch Eurasia Route in Summer 2015

On May 19, the Ministry of Foreign Affairs and the Korea Railroad Corporation announced the launch of the Eurasia Friendship Express railway project. The railroad project, an example of President Park Geun-hye's Eurasia Initiative, is expected to launch a train route over the summer that will stop at major points on the envisioned Silk Road Express. The main route will run through the Russian cities to Warsaw, Poland, and Berlin, Germany, traversing a total of 11,900 kilometers.

Photo credit: Luke Ratzlaff's photo stream.

Looking Ahead

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

- **May 23** | The ROK-Japan Finance Ministers' Dialogue is scheduled to take place in Tokyo after talks stalled in November 2012.
- **May 29-31** | The first ROK-Japan Defense Ministers' Meeting in four years is set to resume at the Shangri-La Dialogue in Singapore.

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