

**North Korea and Hwasong-15**

On Nov 29, North Korea launched Hwasong-15 breaking 75 days of silence. The missile flew 960 km, with an altitude of 4,500km before falling into the East Sea. Experts say that with adjusted trajectory, the missile could reach the east coast of the US.

During a meeting with the National Security Council, President Moon stressed the importance of avoiding miscalculation and forestalling any preemptive actions from the US.<sup>1</sup> It is the first time that President Moon mentioned the possibility of a preemptive strike against North Korea.<sup>2</sup>

**South Korea-China Foreign Minister Meeting**

On Nov 22, South Korean Foreign Minister Kang Kyung Wha met with the Chinese Foreign Minister Wang Yi in Beijing. The two sides discussed the ROK-China relations and President Moon’s upcoming visit to China in December.

The meeting also revealed a clear difference in perception about the interpretation of the October ROK-PRC agreement.<sup>3</sup> South Korea views the agreement as the beginning of improved ROK-China relations while China sees the “Three No” principle as a precondition for improved relations between the two countries.<sup>4</sup> Some observers suggest that the South Korean government caved into the Chinese demands because it was desperate to implement its ‘Pyeong Chang Initiative.’

**NIS**

During a meeting with the Intelligence Committee of the National Assembly, South Korea’s National Intelligence Service (NIS) ceded all its investigative rights amid an ongoing investigation into its practices. In addition, the NIS also changed its official name to Foreign Security Intelligence Service (FSIS) and cut 19% of its budget for next year.<sup>5</sup>

It remains to be seen which agency will take over the investigation. There is a growing concern in South Korea that these changes could severely curtail the government’s intelligence gathering ability during a time of great uncertainty.<sup>6</sup>

**National Assembly Budget**

The National Assembly failed to pass the 2018 budget by the Dec 2 deadline. The Democratic Party stated that they are prepared to move forward, but the opposing Liberty Korea Party (LKP) and People’s Party have been adamant about not compromising on their positions.<sup>7</sup>

**Major Disagreements in the Budget Debate**

<p><b>Motion:</b> Increase number of civil servants</p>
<p><b>Contention:</b> Debate on the number of civil servants to increase. Opposition parties demand a smaller increase on the grounds of long-term fiscal burden.</p>
<p><b>Motion:</b> Increase minimum wage and public support for job security</p>
<p><b>Contention:</b> Debate on the nature of the government’s involvement in the minimum wage increase. Opposition parties argue that this is in the domain of private companies.</p>
<p><b>Motion:</b> Re-enact public support program for households with children and raise basic pension</p>
<p><b>Contention:</b> Debate on the timing to implement these public support programs by August (for child support) and April (for pension). Opposition parties argue that the original implementation schedule is expected to have too much influence on provincial elections and thus should be moved to October.<sup>8</sup></p>

There are at least three reasons why this delay is important 1) it threatens the public support for the government; 2) it threatens the legitimacy of the Dec 2 deadline;<sup>9</sup> 3) the disagreement is over central campaign issues of the Moon government.<sup>10</sup>

**USITC on Samsung and LG washers**

On Dec 1, the United States International Trade Commission (USITC) issued recommended that the Trump administration impose safeguard tariff on Samsung and LG washers. The quantitative threshold is 1.2 million units per quarter at an outside tariff rate of up to 50% with a decline rate of 5% per year over three years. Whether the Trump administration will accept these recommendations is yet to be confirmed.<sup>11</sup> But the South Korean government is examining a way to build a case against the USITC determination.<sup>12</sup>

**Qualcomm and KFTC**

On November 28, the Supreme Court of Korea dismissed Qualcomm’s appeal of the enforcement of US\$927 million penalties imposed by the Korea Fair Trade Commission (KFTC). The penalty was on the grounds that the company was using its dominant market position and patent rights to force mobile phone and mobile phone chip manufacturers into unfair contract terms.<sup>13</sup>

Qualcomm sought injunctive action on the grounds of irrecoverable damages that it would suffer should

the corrective actions be enforced immediately.<sup>14</sup> The corrective action includes mandatory renegotiation of existing contracts upon request and reporting those amendments to the KFTC. The KFTC

commented that it will be monitoring Qualcomm to ensure that the company follows through on these orders.<sup>15</sup>

### Legislative Bills in South Korea

Name*	Motion	Status**	Purpose	Likelihood to Pass***
Class Action Act <sup>16</sup>	2017 Nov 30	Proposed to the 354th National Assembly	Expanding the option for class action lawsuits from the Securities-Related Class Action Act (2013) to other areas such as consumer/environmental disputes and damages arising from air pollution. This Act allows individuals to pursue class action litigation on a wider range of topics following a trend to seek compensation as groups rather than individually.	N/A
National Prosecution Act for Fiscal Democratization <sup>17</sup>	2017 Nov 28	Proposed to the 354th National Assembly	Provide means for the public to prosecute illicit financial activities taken by the state and public institutions. Prevent waste of national finances, secure the democratic legitimacy of public finance, and recover losses.	Medium to High <sup>18</sup>
Act on the National Assembly Research Institute for the Future <sup>19</sup>	2017 Nov 23	Deliberation and Resolution of National Assembly	Creation of public research body to assist the National Assembly. Focus on topics of future interest to Korea (e.g. global warming, aging, and the 4th Industrial Revolution).	Medium to Low <sup>20</sup>
Act on the Issue and Circulation of Gift Certificates <sup>21</sup>	2017 Nov 22	Proposed to the 354th National Assembly	This Act proposes stronger regulation on the issuance and terms of use of gift certificates. This Act has also been cited in connection to the Improper Solicitation and Graft Act (2016).	N/A

\*Unofficial translations

\*\*As of 2017 December 1

\*\*\*Likelihood to pass based on news and analytical coverage by major outlets

N/A	LOW	MEDIUM	HIGH
Insufficient coverage to make an assessment	Coverage generally tends to be negative	Coverage generally tends to be split between negative, affirmative, or neutral	Coverage generally tends to be in the affirmative

1 “文 대통령 “北 상황 오판해 미국이 선제타격 염두에 두는 상황 막아야”, *조선일보*, 2017년 11월 29일.

2 Ibid.

3 “[뉴스분석] “사드 봉인? 이제 시작” 중국의 전방위 압박 행태 왜?”, *중앙일보*, 2017년 11월 24일.

4 “韓은 봉합됐다지만...美·中, 사드 놓고 장외서 물고 뜯어”, *매일경제*, 2017년 11월 26일.

5 “국정원, 특활비 680억원 삭감...명칭 ‘대외안보정보원’으로”, *동아일보*, 2017년 11월 29일.

6 “[사설] 국정원 정보·수사 분리 ... 대선 공약이라고 무리수 두나”, *중앙일보*, 2017년 12월 2일.

7 “[뉴스분석] 새해 예산안 4일은 처리한다는데... 남은 4대 쟁점 살펴보니” *중앙일보*, 2017년 12월 3일.

8 “소득상위 10%, 25만명 아동수당 못 받을 듯” *중앙일보*, 2017년 12월 3일.

9 “예산안 여소야대 ‘부결 트라우마’” *한겨레*, 2017년 12월 3일.

10 “[한겨레 사설] 또 ‘법정시한’ 넘긴 예산안, 여야 정치력 발휘하라” *한겨레*, 2017년 12월 3일.

- 11 “미국 속내는?...“세탁기 절반 이상, 미국서 만들어라” *한겨레*, 2017년 11월 23일
- 12 “삼성·LG 수출 세탁기에 미국 ‘관세 50%’ 물린다“ *경향신문*, 2017년 11월 22일
- 13 “대법원, 웰컴의 공정위 시정명령 집행정지 재항고도 기각” *한겨레*, 2017년 11월 28일
- 14 “대법원, 웰컴 ‘공정위 시정명령 집행정지’ 신청 최종 기각“ *연합뉴스*, 2017년 11월 28일
- 15 ““웰컴 ‘특허 남용’ 시정 명령은 정당” *한국경제*, 2017년 11월 29일
- 16 “집단소송법안” Korea Ministry of Government Legislation, 2017년 11월 30일.
- 17 “재정민주화를 위한 국민소송법안” Korea Ministry of Government Legislation, 2017년 11월 28일.
- 18 ““제2의 최순실 예산 막자” 재정민주화 국민소송법 발의” *한국경제*, 2017년 11월 28일; “박주민, 위법한 국가재정 막는 국민소송법안 발의” *한겨레*, 2017년 11월 28일.
- 19 “국회미래연구원법안” Korea Ministry of Government Legislation, 2017년 11월 23일.
- 20 “예산투입 신중’ 정부 조언 귀막은 국회... 국회연구원법 논란” *연합뉴스*, 2017년 11월 27일
- 21 “상품권법안” Korea Ministry of Government Legislation, 2017년 11월 22일.

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