

ASAN KOREA PERSPECTIVE

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Response to the Latest ICBM Test

From Dec 2~8, South Korea and the US conducted a combined air force drill as a response to the latest North Korean ICBM test. The drill called Vigilant ACE has been conducted on a regular basis, but this one was by far the largest in scale. Approximately 230 aircrafts were deployed including F-22, F-35A, F-35B stealth fighter jets, B-1B Lancer, EA-18G Growler, F-15C, and F-16.¹ The South Korean government also announced imposing additional unilateral sanctions against North Korea on Dec 10. The new measure targets 20 North Korean institutions and 12 individuals involved in financing North Korea's WMD program.² It is worthwhile noting that these targets are already sanctioned by the US.

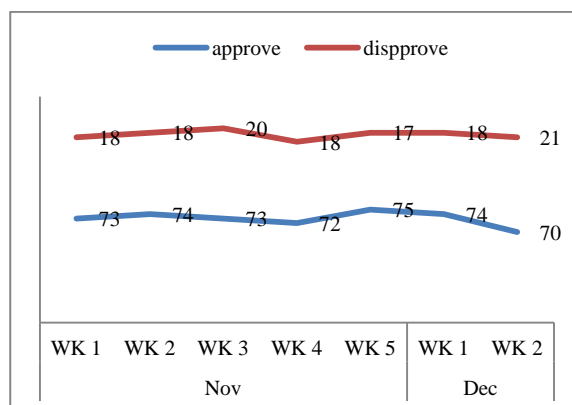
ROK-China Summit

South Korean President Moon Jae-in visited China from Dec 13-16. This is the first summit meeting held between the two leaders. The two leaders agreed on four principles; 1) no acceptance of war on the Korean Peninsula; 2) nuclear-free Korean Peninsula; 3) peaceful resolution through negotiations to resolve the North Korean nuclear issue; and 4) improvement of inter-Korean relations.³ The two leaders agreed to establish a hotline and expand ROK-China cooperation. The two countries also agreed to expand cooperation in seven areas including commerce, energy, and environment, among others.⁴

Generally, the Korean public appears to have a very negative impression of this meeting as the leaders failed to produce any joint statements. There were also numerous controversies regarding China's treatment of President Moon and the South Korean press pool during the four-day visit. For instance, several Korean media outlets pointed out that President Moon was invited to only two state dinners with Chinese officials. Some observers also criticized Minister Wang-Yi for tapping President Moon's shoulders during salutations.⁵ Two Korean reporters were assaulted by the Chinese security service during an event in Beijing.⁶ Finally, critics also pointed to lack of substance in this meeting as President Xi merely repeated his position on THAAD and the issue of sanctions was never raised.⁷ Progressive media outlets, however, painted a more positive picture and depicted the meeting as an important first

step in restoring bilateral ties.⁸

President Moon's Approval⁹



Bitcoin Regulation in Korea

Fears of a speculative bubble and the consequences of a monolithic shadow economy have pushed the government to announce the following regulatory measures:¹⁰ 1) requiring cryptocurrency investors to use their legal name; 2) requiring the use of commercial banks for cryptocurrency holdings; 3) requiring separate storage of cryptocurrency users; 4) prohibiting trade by under-aged individuals and foreigners residing outside of Korea.¹¹ Financial institutions were also barred from the acquisition and investment of cryptocurrencies, though individuals are permitted to continue trading.¹²

The value of Bitcoin peaked at KRW 19.2 million only 15 minutes after the government's official announcement was leaked.¹³ Its value doubled in 10 minutes after the release of the official announcement.¹⁴

National Parliament and 2018 Budget

The National Parliament finally reached a deal on next year's KRW 428.8 trillion budget during the early hours of Dec 6. The KRW 428.8 trillion budget was also coupled with an increase in corporate tax to 25% from the previous 22%.¹⁵ It is estimated that 129 companies will be impacted by this increase with 77 of those corporations looking at paying an additional KRW 2.3 trillion after the law comes into effect.¹⁶

Legislative Bills in South Korea

Name*	Motion	Status**	Purpose	Likelihood of Passage***
Special Act on Punishment of Dating Violence ¹⁷	2017 Dec 11	Proposed to the 355th National Assembly	Given the recent rise in dating violence in Korea (7,500 reported cases in 2015), this Act strengthens the legal mechanisms available for the investigation of such crimes as well as the social services and protection provided to victims.	Medium to High ¹⁸
Special Act on the Designation of the Sectors of Small Businesses ¹⁹	2017 Dec 8	Proposed to the 354th National Assembly, Submitted for Consultation	By expanding the fields that they operate in, large corporations make it difficult for SMEs to grow. While existing law helps to support SMEs, it has not been sustainable. To encourage more inclusive growth, designated SMEs subject to review (based on the extent to which those business owners depend on their business for their livelihood) shall be able to receive continued support to remain competitive.	Medium to Low ²⁰
National Science and Technology Policy Evaluation Act ²¹	2017 Dec 7	Proposed to the 354th National Assembly, Submitted for Consultation	In recognition of the need to build the capacities of the National Assembly to assess and diagnose the societal impacts and side effects of rapidly advancing science and technologies, this Act proposes the creation of a special support unit that can help guide the Parliament on these matters as well as increase international cooperation.	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 "한미, 역대 최대 연합공중훈련 시작...F-22 6대 투입", *연합뉴스*, 2017년 12월 4일.

2 "미국이 이미 제재중인 北단체·개인... 정부, 추가 독자제재 대상으로 발표", *조선일보*, 2017년 12월 11일.

3 "사드 또 꺼낸 시진핑 "적절 처리 희망"", *동아일보*, 2017년 12월 15일.

4 1) ROK-China follow-up negotiation on FTA on services and investment, 2) Mutual exchange and cooperation, 3) Environment cooperation plan 2018-2022, 4) Cooperation on health care, 5) Strategic cooperation on environmental friendly- ecological industry development, 6) Energy cooperation, 7) Animal safety and cooperation in the quarantine sector 청와대 홈페이지(<http://www1.president.go.kr/articles/1761>).

5 "왕이, 文대통령 팔 톱톡 치며 인사... 결례 논란", *동아일보*, 2017년 12월 15일.

6 "[한겨레 사설] 중국 경호원의 한국 기자 폭행, 엄중히 책임 물어야", *한겨레*, 2017년 12월 14일.

7 "[사설] 韓·中 정상회담, 정작 중요한 것이 빠졌다", *조선일보*, 2017년 12월 15일.

8 "[사설]한·중 정상은 사드를 넘어 협력 강화해야", *경향신문*, 2017년 12월 14일.

9 Gallup Korea, date: Dec 12-14; sample size 1000; margin of error: ± 3.1, 95% confidence level.

10 "가상화폐 거래용 계좌... 은행들 발급중단·폐쇄" *동아일보*, 2017년 12월 13일.

- 11 “미성년자·외국인, 가상통화 거리 금지” *한겨레*, 2017년 12월 13일.
- 12 “은행 등 금융회사는 가상화폐 매입도 투자도 금지” *조선일보*, 2017년 12월 14일.
- 13 “비트코인 값, 정부 대책회의 중 출렁 ... 보도자료 유출 파장” *중앙일보*, 2017년 12월 14일.
- 14 “가상화폐 대책발표 첫날 ‘거래소 서버 다운’ 또 집단소송 예고” *헤럴드경제*, 2017년 12월 14일.
- 15 “[속보] 2018년도 예산안 국회 가결...찬성 160, 반대 15” *한겨레*, 2017년 12월 6일.
- 16 “법인세 인상 국회 통과...77개 기업서 2조300억원 더 걷는다” *조선비즈*, 2017년 12월 5일.
- 17 “데이트폭력범죄의 처벌 등에 관한 특례법안” Korea Ministry of Government Legislation. Available at: [http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2010755/detailRP].
- 18 While there has yet to have been extensive coverage on this Act, the issue of dating violence has become a significant social issue widely reported by multiple outlets.
- 19 “소상공인 생계형 적합업종 지정에 관한 특별법안” Korea Ministry of Government Legislation. Available at: [http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2010704/detailRP].
- 20 “중소 적합업종 올해 3분의2 해제...”법제화 필요” vs “부작용” *연합뉴스*, 2017년 6월 28일.
- 21 “국회과학기술정책평가처법안” Korea Ministry of Government Legislation. Available at: [http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2010688/detailRP].

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