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JY Lee and Samsung

JY Lee was released from prison on Feb 5, ending a one-year long confinement. The appellate court sentenced him to probation overturning the previous ruling, which sentenced him to five years in prison. The appellate court dismissed the charge of bribery and concluded that JY Lee was pressured to provide funds to the ousted President Park.¹ There is much controversy surrounding the latest ruling, which many observers believe favored Lee. Some critics claim that we still live in ‘Samsung Republic.’ According to a public survey conducted by Realmeter, 58.9% of South Koreans disagreed with the Court’s decision;² only 35.7% supported the decision.

JY Lee is embroiled in another case related to the former President Lee Myung-bak. Samsung is accused of providing funds to the company linked to the former president.³

Army Foundation Day parade

On Feb 8, North Korea held a military parade to celebrate the Army Foundation Day. The parade lasted little under two hours. North Korea showcased several IRBMs (Hwasong-12) and ICBMs (Hwasong-14 and Hwasong-15).⁴ Kim Jong Un delivered a speech before the parade but he did not mention nuclear weapons.

Military Parade Comparison (2017, 2018)

Date	April. 15, 2017	Feb. 08, 2018
Duration	3 hours	1 hour 30-40 min
Broadcast	Live	Pre-recorded
Foreign Press	Present	No
Type of Missile Displayed	IRBM Hwasong-12	IRBM Hwasong - 12
	ICBM Hwasong-14	ICBM Hwasong - 14
	SLBM Pukkuksong-2	ICBM Hwasong-15

South Korean media outlets pointed out that the scale of the parade was smaller than last year. Experts believe that North Korea was trying to exercise restraint ahead of the Winter Games.⁵

Daylight in the Alliance?

On Feb 8, President Moon welcomed US Vice President (VP) Mike Pence to the Blue House.⁶ The meeting lasted 2 hours and 40 minutes. President Moon emphasized his determination to use the Winter Olympics as an opening to pave the way for talks and establish peace on the Korean peninsula while VP Pence remained firm on the need for the US and South Korea to maintain maximum pressure on North Korea.⁷

VP Pence was reported to have attended the opening reception for only 5 minutes. People suspect that VP Pence was openly expressing dissatisfaction with the presence of the North Korean delegation.⁸

President Moon Receives Invitation to Pyongyang

On Feb 10, President Moon held a luncheon meeting with Kim Yo-Jong and other members of the North Korean delegation. Kim Yong-nam (ceremonial head of DPRK), Choe hwi (Chairman of the National Sports Guidance Committee), and Ri Son-gwon (Chairman of the Committee for the Peaceful Reunification of DPRK) were also present.⁹ The meeting lasted 2 hours and 50 minutes. Kim Yo-Jong delivered a letter from Kim Jong Un and invited President Moon Jae-in to Pyongyang.¹⁰

Balance of Services

The Bank of Korea announced on Feb 5 that the balance of services deficit was estimated at \$34.47bn for 2017. This is the third consecutive year since 2015 that balance of services deficit has reached record lows. One of the main causes was outbound travel and tourism, which increased by 1.4% last year accounting for approximately \$17.17bn. Also, the number of inbound Chinese tourists fell by 48.3%. There was also an increase (\$75.54bn) in investment outflows in foreign securities.¹¹

Corporate Governance and Transparency

On Feb 5, the Korea Fair Trade Commission (KFTC) reported on the initiative to improve corporate ownership structure in Korea.¹²

Lotte, Hyundai Heavy Industries, and Daelim stated their intention to end circular shareholding and LG, SK, CJ, and LS stated their desire to improve corporate structure involving holding companies. Samsung has yet to make any submissions to the KFTC.¹³

Cryptocurrencies in Korea

With the South Korean government placing greater restrictions on cryptocurrency exchanges, the number of exchanges foregoing new transactions is increasing.¹⁴ The issue appears to be illicit transactions involving North Korean entities, which was raised by the US Under Secretary for Terrorism and Financial Intelligence Sigal Mandelker last month.¹⁵

Legislative Bills in South Korea

Name*	Motion	Status**	Purpose	Likelihood to Pass***
Act on Cryptocurrency Transactions ¹⁶	2018 Feb 6	Proposed to the 356th National Assembly (Extraordinary Session)	This Act seeks to establish a guideline for cryptocurrency trade (i.e. a system of registering relevant businesses) and increase transactional safeguards while not constraining technological innovation and market competitiveness.	Medium
Special Act on Virtual Currency Businesses ¹⁷	2018 Feb 2	Proposed to the 356th National Assembly (Extraordinary Session)	Investors in blockchain virtual currencies have been sustaining injury as a result of an overheating market, insufficient safeguards, and cybercrime. In the absence of laws, government authorities rely on unscheduled regulatory policies, which further exacerbate damages. This Special Act seeks to promote and/or establish, inter alia, the following for the virtual currency industry: <ol style="list-style-type: none"> 1. Technological innovation and investor protections 2. Official definitions 3. Regulatory authority to the Financial Supervisory Service (FSS) 4. Business registration through the Financial Services Commission (FSC) 5. Creation and maintenance of business records 6. Transactional restrictions on juveniles, informal businesses, and anonymity 7. Commission of registered businesses for the creation and implementation of self-regulation 	Medium
Act on the Establishment of a Foundation for the Jewelry Industry and the Management of its Distribution ¹⁸	2018 Jan 31	Proposed to the 356th National Assembly (Extraordinary Session)	The jewelry industry in Korea has been stagnant due administration barriers, such as imposing a high personal tax on jewelry products. This Act seeks to establish and implement policies to enhance domestic infrastructure in the jewelry industry that supports these enterprises through technology, human capacity development, a licensing system for retail, and the systematic management of jewelry distribution.	N/A

Act on the Protection of Youth Labor ¹⁹	2018 Jan 29	Proposed to the 355th National Assembly (Extraordinary Session)	This Act seeks to establish standards for working conditions suitable for the youth, protecting them from being exposed to unstable or harmful working conditions. Notable provisions include, inter alia, (1) restricting working hours to seven hours a day and 35 hours a week, (2) clarifying the responsibilities of the state and local governments for the protection and support of youth labor, (3) prohibiting the employment of juvenile workers that involve exposure to harmful working conditions.	High
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*Unofficial translations

**As of 2017 February 09

***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 "이재용, 집행유예가 가능했던 이유는?", *한겨레*, 2018년 2월 5일.
- 2 "이재용 집행유예 판결 "비공감 58.9% vs 공감 35.7%"," *한겨레*, 2018년 2월 8일.
- 3 "이재용 석방 3일만에...검찰 '다스 소송비 의혹'으로 삼성 재조준", *연합뉴스*, 2018년 2월 8일.
- 4 "김정은, 열병식 생중계 처음으로 안해... 시간도 70분 짧아져", *조선일보*, 2018년 2월 9일.
- 5 "[사설]평양에선 ICBM, 강릉에선 '평화'... 北의 두 얼굴", *동아일보*, 2018년 2월 9일.
- 6 "문 대통령 "대화 기조 살려야" 펜스 "북핵 영구 포기해야"," *중앙일보*, 2018년 2월 9일.
- 7 "펜스 만난 文대통령, 내일 김여정과 훗 오찬", *조선일보*, 2018년 2월 9일.
- 8 "펜스, 김영남만 빼고 악수후 5분만에 퇴장...북미대화 선긋기", *매일경제*, 2018년 2월 10일.
- 9 "[속보] 文대통령-김여정 2시간40분 회동...오후3시 결과 브리핑", *조선일보*, 2018년 2월 10일.
- 10 ""김정은, 문재인 대통령에게 방북 요청" (청와대 브리핑 전문)"" *YTN*, 2018년 2월 10일.
- 11 "사드 충격·해외여행 증가로 작년 서비스 수지 적자 사상 최대," *중앙일보*, 2018년 2월 5일.
- 12 "현대차·SK 등 10개그룹 재벌개혁 자구노력...공정위 "지켜본다"," *연합뉴스*, 2018년 2월 5일.
- 13 ""김상조 공정위' 재벌 소유지배구조 개선 점수는?" *한겨레*, 2018년 2월 5일.
- 14 "KRW입금중단에 따른 거래중단 안내, 향후 계획 및 문의에 대한 답변 등" Coinpia Official Blog, 2018 February 5. Available at: [<https://blog.naver.com/coinpia/221201204332>].
[출처] KRW입금중단에 따른 거래중단 안내, 향후 계획 및 문의에 대한 답변 등]작성자 COINPIA"
- 15 "[단독]美, 한국에 "北 가상통화 돈세탁 막아달라" *동아일보*, 2018년 2월 7일.
- 16 "암호통화 거래에 관한 법률안" Korea Ministry of Government Legislation. Available at: [<http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2011786/detailRP>].
- 17 "가상화폐폐업에 관한 특별법안" Korea Ministry of Government Legislation. Available at: [<http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2011752/detailRP>].
- 18 "주얼리산업의 기반조성 및 유통관리에 관한 법률안" Korea Ministry of Government Legislation. Available at: [<http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2011690/detailRP>].
- 19 "청소년 노동 보호법안" Korea Ministry of Government Legislation. Available at: [<http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2011606/detailRP>].