

# ASAN KOREA PERSPECTIVE

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## North Korea

Kim Jong Un has yet to respond to US overtures for working-level talks in the aftermath of the Hanoi Summit. While there are signs that North Korea may resort to another round of provocation, most analysts think that Pyongyang may be reassessing its position. The North Korean government recently summoned its ambassadors from China, Russia, and the UN to Pyongyang.<sup>1</sup> Observers argue that Kim is interested in weighing his options before formulating a new diplomatic strategy. The South Korean government speculates that North Korea will make a major foreign policy announcement during the 14<sup>th</sup> session of the Supreme People's Assembly in mid-April. Several North Korean officials have visited Russia over the past few weeks suggesting that Moscow may play into Pyongyang's calculus.<sup>2</sup>

In the meantime, South Korean Foreign Minister Kang Kyung-wha issued a statement in the National Assembly plenary session that the US was willing to accept a freeze-for-freeze arrangement with North Korea.<sup>3</sup> The Ministry of Foreign Affairs later explained that Minister Kang's statement was in reference to the process of denuclearization.

## Proposed Electoral Reforms

On March 17, four major political parties (i.e. Together Democratic Party, Justice Party, Bareunmirae Party and Party for Democracy and Peace) tentatively agreed on a draft proposal to reform South Korea's electoral system.<sup>4</sup> The proposed reform lays out plans to increase the number of proportional representatives in the National Assembly from 47 to 75 and lower the voting age to 18.<sup>5</sup> The proposal also includes a plan to create a special investigative body for handling complaints levied against high-ranking public officials. It is not clear how the four parties will move ahead with these measures given that the Liberty Korea Party is opposed to these reforms.<sup>6</sup> The lawmakers need a supermajority (3/5) to institute these reforms.

## President Moon in Southeast Asia

From March 10~16, President Moon visited Brunei, Malaysia, and Cambodia.<sup>7</sup> President Moon met with the Brunei King Bolkiah, Malaysian Prime Minister Mahathir, and Cambodian Prime Minister Hun Sen.

He also visited the Temburong bridge construction site in Brunei and attended the South Korea-Cambodia Business Forum. As part of his New Southern Policy, President Moon seeks to enhance cooperation in energy, infrastructure, economy, and technology with Southeast Asia.<sup>8</sup>

## Forced Labor

Japanese Finance Minister Taro Aso warned South Korea that Japan will respond to South Korean district court's recent decision to freeze the local assets of Japanese company for refusing to follow the Supreme Court ruling in compensating the victims of forced labor. Minister Aso told lawmakers at the Diet on Mar 12 that his country is considering various retaliatory measures, including tariff, cessation of money transfers, and visa suspension.<sup>9</sup>

Meanwhile, DG Kenji Kanasugi (J-MOFA) and DG Kim Yong-kil (ROK-MOFA) met in Seoul on Mar 14 to find common ground. The two sides agreed to exercise caution by addressing the issue in a diplomatic forum.<sup>10</sup>

## Boeing 737 Max 8

On Mar 14, South Korea's flagship carrier Korean Air announced that it will suspend its operation of the Boeing 737 Max 8 jets amid growing concern over the plane's safety. Budget airlines Easter Jet and T'way Air also suspended operation until the plane's outstanding safety issues are addressed.<sup>11</sup>

## Stock Trading Tax

On Mar 21, the government announced a plan to revitalize the local stock market by lowering transaction taxes by 0.05 percentage points for listed (KOSPI and KOSDAQ) and non-listed stocks. Taxes for stock transaction listed in the KONEX market will be lowered by 0.2 percentage points. Traders have long demanded the reduction or complete elimination of all transaction tax.<sup>12</sup>

## Minimum Wage

In a meeting with the Minister of Finance Hong Nam-ki on Mar 11, the IMF mission team gave high marks to South Korea's "strong fundamentals," citing a robust manufacturing base, low public debt, and ample foreign exchange reserve. The delegation,

however, urged the South Korean government to adopt more expansionary fiscal and monetary policies to tackle various internal and external risks. The delegation also expressed concerns over the pace of the minimum wage increase and stressed the need to strengthen the “flexicurity” in the labor market.<sup>13</sup>

1 “美해안경비대·B52 vs 北 대사소환...김정은 ‘입장 발표’ 임박신호?” *동아일보*, 2019년 3월 21일.

2 “北의전 책임자 김창선, 모스크바 방문...김정은 방러’ 논의 관측(종합)”, *연합뉴스*, 2019년 3월 21일.

3 “어젠 정경두 오늘은 강경화 실언 ‘美, 핵 폐기 아닌 동결 요구’”, *중앙일보*, 2019년 3월 21일.

4 “여야 4당 ‘선거제 합의’ 하루만에... 뼈격대는 ‘패스트트랙 연대’”, *동아일보*, 2019년 3월 19일.

5 “여야 4당, ‘50% 연동형·18살 선거권’ 합의”, *한겨레*, 2019년 3월 17일.

6 “긴급 의총 연 바른미래당, 선거제 패스트트랙 내 흥만 깊어져”, *조선일보*, 2019년 3월 21일.

7 The Blue House official website, [available at: <https://www1.president.go.kr/articles/5659>]

8 “문 대통령, 브루나이로 출발...동남아 3개국 순방 나서”, *한겨레*, 2019년 3월 10일.

9 “‘한국에 송·금비자발급 정지 검토’ 日 부총리, 보복조치 공개 발언”, *조선일보*, 2019년 3월 13일.

10 “한일, 강제징용 판결 갈등에 국장급 협의... ‘보복 조치 바람직하지 않아’”, *조선일보*, 2019년 3월 14일.

11 “국내 항공사들 ‘보잉 737맥스-8 운항 보류’”, *한겨레*, 2019년 3월 14일.

12 “증권거래세, 폐지 안하고 절끔 인하...시장 ‘영향 미미’”, *한국경제*, 2019년 3월 21일.

13 “IMF ‘韓 빠른 최저임금 인상 속도 우려스러워’”, *조선일보*, 2019년 3월 11일.

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