

ASAN KOREA PERSPECTIVE

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Minister of Justice

Beleaguered South Korean Minister of Justice Cho Kuk resigned from his position on Oct 14. Cho and his family are facing numerous charges related to fraud and corruption.¹ Cho's resignation comes 35 days after his appointment.

Both President Moon and the ruling party appears to be suffering from the political fallout as a result of the Cho Kuk incidence. Support for President Moon fell below 40% for the first time since he assumed office.²

Nuclear Negotiations

The US and North Korea held working-level talks in Stockholm on Oct 15.³ The US State Department insists that "the US brought creative ideas and had good discussions," but the North Korean negotiators claim that the talks failed. The response in South Korea was mixed. The ruling Together Democratic Party (TDP) expressed regret but said it hopes that the two countries will narrow down differences in the ensuing talks. The opposition Liberty Korea Party (LKP) described President Moon's North Korean policy as a failure.⁴

Trespassing on the US Ambassador's Residence

On Oct 18, 17 members of the Progressive Student Coalition were arrested for illegally entering the US Ambassador's residence in Seoul.⁵ They were protesting US-demands to increase South Korea's share of burden-sharing. This the second trespassing incidence in 13 months. The US State Department expressed regret and concerns about the latest incidence.

Economy

On Oct 15, the International Monetary Fund (IMF) lowered its growth outlook for South Korea in 2019 to 2.0 percent, which is 0.6 percentage points lower than its earlier projection.⁶ Experts cited sluggishness in exports and investment as the main factors impacting the latest estimate. On Oct 16, the Monetary Policy Board of the Bank of Korea (BoK) decided to lower its benchmark interest rate to 1.25 percent from 1.50 percent.⁷ This is the lowest rate in two years. According to the Finance Ministry Greenbook released on Oct 18, the South Korean economy has been "stagnant" for seven consecutive months.⁸

Projected Growth Rates

Institution	Estimation
Ministry of Economy and Finance	2.4~2.5%
Bank of Korea	2.2%
OECD	2.1%
Hyundai Research Institute	2.1%
IMF	2.0%
Moody's	2.0%
LG Economic Research Institute	2.0%
Korea Economic Research Institute	1.9%
S&P	1.8%
BoA-Merrill Lynch	1.8%

Samsung Electronics

Samsung Electronics was ranked 6th on Interbrand's "Best Global Brands 2019" list (brand valued at USD 61.1 billion). The other two Korean firms Hyundai Motor and Kia Motor ranked 36th and 78th, respectively. Apple topped the list (USD 234.2 billion), followed by Google (USD 167.7), Amazon (USD 125.3), Microsoft (USD 108.8), and Coca-Cola (63.4).⁹

Asiana Airlines

On Oct 17, the Supreme Court upheld the government's decision to suspend Asiana Airline's Incheon-San Francisco route for 45 days for the next six months. The Ministry of Land, Infrastructure and Transport previously ordered a 45-day suspension as a penalty for its crash landing in 2013. The punishment is expected to result in about KRW 11 billion in losses.¹⁰

ROK-Australia Economic Cooperation

On Oct 18, Finance Minister Hong Nam-ki met with his Australian counterpart Josh Frydenberg to discuss cooperation on currency swaps. The two sides agreed to a bilateral currency swap deal amounting to KRW 9 trillion, which set to expire in February 2020. The two sides took note of the common interest in Seoul's New Southern Policy and the Canberra's Indo-Pacific Strategy. Frydenberg suggested cooperation in supporting Papua New Guinea through the Asian Development Bank (ADB). Minister Hong expressed support for this idea.¹¹

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