

ASAN KOREA PERSPECTIVE

Vol 4 No 8

2019.04.08- 2019.04.21

The ROK-US Summit

On April 11, President Moon Jae-in met with US President Donald Trump in Washington. While there was no pre-meeting announcement of the official agenda, the two men discussed North Korea, burden sharing, and Iran sanctions. Both sides agreed on the need to resume dialogue with North Korea and to hold a fourth inter-Korean summit. However, the two leaders appeared to have considerable differences in their approach to North Korea's denuclearization process.¹ President Moon appears to have suggested a phased approach while President Trump maintained the importance of a comprehensive agreement. Prior to the meeting, South Korean media outlets reported that President Moon was hoping to convince President Trump to grant partial sanctions relief for North Korea. Following the summit, however, the North Korean leader denounced President Moon for meddling in Pyongyang's negotiation with Washington.

President Moon's Visit to Central Asia

President Moon kicked off his eight-day visit to Turkmenistan, Uzbekistan, and Kazakhstan starting April 16.² The first leg of this trip (April 16~18) was to Turkmenistan where President Moon discussed his New Northern Policy with President Berdimuhamedow.³ The two sides agreed to expand partnerships in the field of energy, transportation, infrastructure, medical system, and ICT. President Moon also agreed to encourage South Korean companies to invest more in Turkmenistan.

Nomination to the Constitutional Court

On April 19, President Moon approved the nomination of Lee Mi-sun and Moon Hyung-bae for open seats in the Constitutional Court.⁴ For weeks, Lee has been embroiled in a conflict of interest scandal. The opposition Liberty Korea Party strongly condemned Lee and vowed to hold a rally to protest President Moon's nomination. Observers are concerned that appointing a Constitutional Court Justice without public consent could undermine the legitimacy of the Constitutional Court. 6 out of 9 Constitutional Court Justices are progressive-leaning.⁵

North Korea

On April 15~16, Ministry of Unification approved a plan by Gyeonggi province to provide flour (1 billion

won) and tree sapling to North Korea as part of humanitarian aid.⁶ According to the plan, sapling and flour will be transported to North Korea via China through a private organization called Asia Peace Exchange Association. In addition, the government is looking into humanitarian aid that is more extensive. Meanwhile, the UN Security Council exempted sanctions on the transport of goods needed for a joint excavation of a cultural heritage site in Kaesong, North Korea.

On April 17, North Korean leader Kim Jong-un supervised a test launch of a new type of tactical guided weapon.⁷ Experts believe that the launch signaled a tougher stance against the US. Some pointed out that launching a new type of tactical guided weapon is a carefully planned-out strategy to warn the US without violating sanctions.⁸

Organizational reform plan in the Ministry of Foreign Affairs

The Ministry of Foreign Affairs announced its plan to reform the Northeast Asian Affairs Bureau. Initially, the Bureau included China and Japan. However, according to the reform plan, Japan will be moved to a newly formed Asia-Pacific Affairs Bureau along with India and Australia.⁹ The Northeast Asian Affairs Bureau will only deal with China and Mongolia. South Asian and Pacific Affairs Bureau will also be renamed as the ASEAN Bureau. The plan is currently being reviewed by the Ministry of Government Legislation.

WTO

On April 11, the World Trade Organization (WTO) upheld South Korea's import restrictions on Japanese seafood in the wake of the 2011 Fukushima nuclear disaster. The appellate body overturned the 2018 verdict, saying that Seoul's measures were not overly restrictive and discriminative against Japanese products.¹⁰

Submarine Contract with Indonesia

On April 12, Daewoo Shipbuilding and Maritime Engineering (DSME) signed a USD 1.02 billion contract with Indonesia's Ministry of Defense to export three 1,400-ton submarines to the Indonesian Navy. This is the first such deal that the DSME has been awarded since 2011 when the company provided

Indonesia with three other submarines.¹¹

Economic Outlook

In the World Economic Outlook report released by the International Monetary Fund (IMF) on April 9, the agency maintained its growth outlook for South Korea for 2019 at 2.6 percent. This is the highest projection of the country's growth outlook for this year among various international organizations. According to the Asian Development Bank (ADB), South Korea's economy is projected to grow at 2.5 percent for 2019. Moody's Investors Service and Standard & Poor's (S&P) forecasted the country's growth outlook for this year to be 2.3 percent and 2.1 percent, respectively.¹²

Asiana Airlines

The Kumho Asiana Group has decided to sell its flagship Asiana Airlines as part of its plan to tackle the company's liquidity crisis. During a board of directors meeting on April 15, Kumho Industrial, the largest shareholder of Asiana Airlines, decided to sell its 33.47 percent stake in Asiana Airlines, in return for financial support of KRW 500 billion from its creditors.¹³ Several companies are already being named as potential buyers for the country's second-largest airline, including SK, Hanwha, Aekyung, and CJ.¹⁴

Base Rate

On April 18, the Monetary Policy Board of the Bank of Korea (BoK) decided to maintain the Base Rate unchanged at 1.75 percent, amid increasing concerns over the continuing slowdown in the global economy.¹⁵

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Published by The Asan Institute for Policy Studies
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