

New Prime Minister

On Dec 17, President Moon named National Assembly Member Chung Sye-kyun as the new Prime Minister.¹ Moon stated that Chung's experience and knowledge would help to bridge the partisan divide and improve the economy. Chung was the Minister of Trade, Industry and Energy during the Roh Moo-hyun administration and the Speaker of National Assembly during 2016~18. He has a reputation for being pragmatic and moderate. His predecessor, Lee Nak-Yeon, is expected to enter next year's general election or become a leader of the Together Democratic Party (TDP).

SMA

On Dec 17~18, South Korea and the US conducted the fifth round of negotiations for the 11th SMA.² The discussions continued for nine hours, but the two sides failed to reach an agreement. The two countries agreed to continue their discussions next month in the US. Local media outlets have reported that South Korea is also considering sending troops to the Strait of Hormuz or shoulder some of the clean-up costs related to the decontamination of the US bases in Korea.

Korea-Sweden Summit

On Dec 19, President Moon held a summit meeting with the Swedish Prime Minister Stefan Löfven.³ The two sides agreed to enhance cooperation in the fields of innovation and startups, biohealth, climate change, and response to the fourth industrial revolution. The two leaders also completed an MOU on gender equality and welfare.

National Assembly

On Dec 23, the so-called 4+1 consultative body (TDP, Barunmirae, Justice, Peace, and the New Alternatives) came to an agreement on the Public Official Election Act.⁴ The law was passed on Dec 27 amid fierce criticism from the leading opposition LKP.⁵ The new law seeks to offset three existing voting districts in exchange for new districts in Sejong, Chungcheon, and Suncheon. Existing districts in the Jeolla region will remain unchanged. The five parties agreed to maintain the current level of proportional representation seats in the National Assembly (47), but the number of proportional

representation seats allocated under the mixed-member proportional representation system will be capped at 30.

It is unclear whether the new budget and public bills will pass before the end of the year as a result of this move. But the National Assembly is expected to pass the bills related to the installation of the special investigative body for high ranking officials during the emergency session scheduled on Dec 30.

China

Chinese President Xi Jinping is expected to visit South Korea next year. On Dec 25, a senior South Korean official told reporters that "it is almost certain President Xi would visit the country in the first half of next year." If realized, it would be Xi's first trip to South Korea since President Moon took office in May 2017.⁶

Real Estate

On Dec 16, the government announced tough real estate regulations to curb the growing housing price. The regulation includes a ban on mortgage loans for properties over KRW 1.5 billion. Also, the government lowered the loan-to-value (LTV) ratio for buying a house priced between KRW 900 million and KRW 1.5 billion to 20 percent from the current 40 percent. The real estate tax for multiple homeowners has also been raised.⁷

Jeju Air

Jeju Air Co., South Korea's largest low-cost carrier controlled by the Aekyung Group, will take over Eastar Jet Co., owned by Eastar Holdings. On Dec 18, Jeju Air publicly announced that it had signed an MOU with Eastar Holdings and two other shareholders to acquire a 51.17 percent stake in Eastar Jet at approximately KRW 69.5 billion. Aekyung Group had previously failed to acquire the country's second-largest full-service carrier Asiana Airlines.⁸

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