

ASAN KOREA PERSPECTIVE

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Sentencing for the Park Scandal

Over the course of the past two weeks, the South Korean courts convicted the central figures involved in the Park Geun-hye scandal. Among those sentenced included Choi Soon-sil, who received 20 years in prison along with a fine amounting to approximately KRW 25 billion.¹ Woo Byung-woo, the former Senior Presidential Secretary for Civil Affairs, was sentenced to 2.5 years of imprisonment.²

Sentences

Name	Charges	Ruling
Choi Soon-sil	Bribery, abuse of authority, extortion and influence peddling	20 years in prison, fine - KRW 18 bn, fee - KRW 7.2 bn
Ahn Jong-beom	Bribery, abuse of official authority, extortion, attempt to destroy evidence	6 years in prison, fine - KRW 100 mil, fee KRW 4.29 mil
Shin Dong bin	Bribery	2.5 years in prison, fine - KRW 7 bn
Woo Byung-woo	Abuse of official authority, dereliction of duty	2.5 years in prison

US Tariffs on South Korean Imports

In response to the recent decision in the US to impose (up to) 53% tariff on South Korean steel and aluminum imports, President Moon is considering all available options including the possibility of filing a petition with the WTO.³ The response in South Korea has been mixed. Some suspect that the US pressure on trade will have wider implications for cooperation on the North Korean issue. Others claim that trade issue should be treated as separate from security matters.⁴ Some claim that the US is imposing unfair protectionist measures against South Korean exports.

US Trade Barriers

Date	Target	Tariffs
Jan 22	Washing machines and solar panels	20% tariff on the first 1.2 mil units of washing machines; up to 50% tariffs on washing machine imports after 1.2 mil units; up to 30% tariffs on solar cells and modules above 2.5 GWs
Feb 16	Steel products	53% tariff

US-ROK Joint Military Exercise

The Minister of National Defense Song Yong Moo stated that an announcement regarding the US-ROK military exercise will be made after Mar 18. The Minister of Unification Cho Myung-kyun also stated that there is an ongoing discussion about the joint exercise. Neither ministers, however, confirmed nor denied whether the postponed US-ROK military exercise will resume after the Winter Olympics. Some media outlets in South Korea are openly contemplating the possibility of an indefinite suspension of joint exercise and reduction of US strategic assets.⁵

Prospects for US and North Korea Engagement

Ivanka Trump is visiting South Korea during Feb 23~26 to attend the Pyeongchang Winter Olympics. President Moon welcomed Ivanka to the Blue House on Feb 23, where the two met for 40 minutes. President Moon emphasized the need for inter-Korean talks and US-ROK cooperation while Ivanka emphasized maximum pressure.⁶

The North Korean delegation led by the Vice Chairman of the Workers' Party Central Committee Kim Yong Chol is also visiting South Korea during Feb 25~27. There is much interest in Kim's presence given that he is believed to be the mastermind behind the sinking of the Korean naval vessel (i.e. Cheonan) and the shelling of the Yeonpyeong Island in 2010. The Liberty Korea Party openly criticized the visit while the family members of those killed in the Cheonan incidence released a joint statement.⁷

Many local media outlets are raising the possibility of a meeting between the North Korean and US delegation.⁸ The Blue House released a statement on Feb 25 that the North Korean delegation raised the possibility of talks with the US. But there is yet to be any official report of a meeting between the US and North Korean delegation.

General Motors vs. South Korea

In addition to closing the assembly plant in Gunsan, GM stated that it may withdraw from South Korea entirely. The decision, praised by the US President Donald Trump, is partly contingent on whether South Korea can contribute to the US automaker's efforts to shore up its Korean operations. GM is demanding a capital injection equal to the size of the Korea Development Bank (KDB)'s stake in GM Korea, 17% (KRW 500bn). GM Korea has numerous loans from GM, which have accrued considerable interest. GM Korea indicated that it would put up its assembly plant in Bupyeong as collateral, but the government was able to negotiate against this proposal. Instead, GM Korea now has a longer repayment schedule.⁹

The government and KDB also informed GM on Feb 22 that such an injection would be difficult as it would entail using public funds. This was on the basis that the conditionality of an investment made in the past had to be viewed in strict distinction to conditionality attached to an investment in the present.¹⁰ These concerns were highlighted in part due to the corporate veil that GM maintained concerning its operations. As such, the Korean government identified three principles of corporate governance that it expected GM to adhere to before it could consider any form of intervention: (1) observing responsibilities to shareholders; (2) proportionate consideration to relevant stakeholder,

(i.e. shareholders, creditors, and labor unions); and (3) sustainable management.¹¹

The labor union is pressuring the government to find a solution to this crisis¹² and the government is considering several alternatives. The Ministry of Labor began preparing measures to insulate against any secondary impact in the Gunsan region. This entitles the government to intervene and install various social safety nets.¹³ When Hyundai Heavy Industries closed its Gunsan plant in 2010, 19,700 were unemployed and the economy deteriorated rapidly thereafter.¹⁴

Cryptocurrency

On Feb 20, Choe Heungsik, the Governor of the FSS, stated at a press conference that the world needed to normalize the role of cryptocurrency. Doing this would require normalizing transactions involving cryptocurrencies as a financial instrument. He announced that the FSS would examine how to allow commercial banks like Hana or Kookmin to take sandbox approaches to cryptocurrency exchanges without being concerned about administrative obstruction. This would depend on whether these banks are able to construct institutional systems that can support such transactions while addressing concerns like illicit activities.¹⁵

Financial institutions have responded by assembling teams of experts to examine the way forward in building such governance structures. Governor Choe encouraged these efforts by meeting with organizations like the Korea Blockchain Industry Promotion Association (KBIPA). He also added that should self-governing mechanisms for cryptocurrencies be realized, the FSS would actively support such developments.¹⁶

Legislative Bills in South Korea

Name*	Motion	Status**	Purpose	Likelihood to Pass***
Basic Act on Youth ¹⁷	2018 Feb 19	Proposed to the 356th National Assembly (Extraordinary Session)	This Act seeks to strengthen uniform and systematic approach to policies targeting the youth (defined as a person between 18 and 34 years of age). The Ministry of Strategy and Finance shall formulate and implement a plan for youths every three years, which will then be implemented by the government. Surveys and research on issues related to youth are to be conducted and reflected in the basic plan. Additionally, local governments shall maintain a Local Youth Policy Committee to deliberate possible amendments to this policy. This Act also establishes a support fund to provide financial resources necessary for successful implementation.	N/A
Special Act on the Exclusion of Public Prosecution for Crimes against Human Rights ¹⁸	2018 Feb 19	Proposed to the 356th National Assembly (Extraordinary Session)	This Act seeks to establish the institutional apparatus needed for reconciliation and the prevention of crimes against humanity. According to the existing Criminal Procedure Act, it is not possible to initiate public prosecution for a crime where a statute of limitations applies. This Act seeks to exclude or prescribe the statute of limitations for crimes against humanity, such as homicide committed through the use of national power and crimes involving manipulation, concealment, and document forgery.	N/A
Act on National Information Infrastructure ¹⁹	2018 Feb 14	Proposed to the 356th National Assembly (Extraordinary Session)	This complete revision to the National Information Act seeks to establish a national system and regulatory framework for technological innovation in order to preemptively respond to socioeconomic changes associated with the Fourth Industrial Revolution. Through public and private cooperation, this revision seeks to build Korea's competitiveness in technology while constructing a rule-based system. In this context, these revisions strengthen the core technology base such as data and artificial intelligence as well as the industrial ecosystem of Korea as a whole by establishing nationwide support systems.	Medium to High

Act on the Regulation of Hate Speech ²⁰	2018 Feb 13	Proposed to the 356th National Assembly (Extraordinary Session)	There a rising trend of hate speech on gender, occupation or region on the Internet. The existing National Human Rights Commission Act does not have effective disciplinary measures against such actions and thus effective regulation has not been achieved. This Act provides the basis for the creation of one such regulatory system. Hate speech constitutes publicly humiliating, insulting or threatening a person or a group of people on the basis of their personal characteristics. Those found guilty of hate speech can be fined up to KRW 30mn (or face three years of imprisonment) if the perpetrator does not cease and desist. When necessary, the court may also use interim measures to halt such acts immediately. This Act also creates a basis for victims of hate speech to file for damages.	Medium
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*Unofficial translations

**As of 2018 February 23

***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 “최순실 징역 20년...정유라 말도 ‘삼성 뇌물’ 인정”, *한겨레*, 2018년 2월 13일.
- 2 “여야, 우병우 선고에 미묘한 입장차”, *중앙일보*, 2018년 2월 22일.
- 3 “똑같은 무역보복에... 중국엔 ‘소통 강화’ 미국엔 ‘결연 대응’”, *조선일보*, 2018년 2월 20일.
- 4 “전문가들 ‘美통상압박·안보공조 영향’ 엇갈린 반응”, *연합뉴스*, 2018년 2월 20일.
- 5 “[사설]韓美 연합훈련 ‘NCND’, 北에 그릇된 신호 줘선 안 된다”, *동아일보*, 2018년 2월 21일
- 6 “이방카 맞은 문 대통령 “귀한 손님 오니 상스러운 눈 온다””, *한겨레*, 2018년 2월 24일
- 7 “김영철 방남에 ‘뜨거운 정치권’”, *한겨레*, 2018년 2월 22일; “천안함 유족들 “김영철 방한 절대 수용 불가” 공동성명 발표”, *조선일보*, 2018년 2월 23일.
- 8 “문 대통령, 내일 이방카와 만찬...북미대화 직접중재 ‘2라운드’”, *연합뉴스*, 2018년 2월 22일.
- 9 “GM, 7천억원 채권 회수 보류·부평공장 담보 요구 포기(종합)”, *연합뉴스*, 2018년 2월 23일.
- 10 “정부·산은 “한국GM에 신규투자하되 출자전환 참여 불가,” *연합뉴스*, 2018년 2월 22일.
- 11 “한발 물러선 GM “본사대출 연장-금리인하”... 관건은 진정성”, *동아일보*, 2018년 2월 23일.
- 12 “수읽기 싸움 시작... 정부, GM 신규투자 보고 판단할 듯”, *조선일보*, 2018년 2월 23일.
- 13 “군산 ‘산업위기 대응 특별지역’으로 첫 지정”, *중앙일보*, 2018년 2월 21일.
- 14 “[지역이슈] 현대중공업 군산조선소 폐쇄...재앙이 된 기업 유치”, *연합뉴스*, 2017년 9월 18일.
- 15 “최흥식 ‘가상화폐, 규제강화 아닌 정상거래 되도록 만들어야’”, *한국경제*, 2018년 2월 20일.
- 16 “최흥식 금감원장 “가상통화 정상적 거래 지원”, *연합뉴스*, 2018년 2월 20일.
- 17 “청년기본법안”, 정부이법지원센터. Available at: [\[http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2011990/detailRP\]](http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2011990/detailRP).
- 18 “반인권적 국가범죄의 공소시효 배제 등에 관한 특례법안”, 정부이법지원센터. Available at: [\[http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2011989/detailRP\]](http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2011989/detailRP).
- 19 “국가정보화 기본법 전부개정법률안”, 정부이법지원센터. Available at:

[<http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2011978/detailRP>].
20 “혐오표현규제법안”, 정부이법지원센터. Available at:
[<http://www.lawmaking.go.kr/lmSts/nsmLmSts/out/2011936/detailRP>].

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Address 11, Gyeonghuigung 1ga-gil, Jongno-gu, Seoul 110-062, Republic of Korea
Website <http://www.asaninst.org>
Email info@asaninst.org
President/Chairman: Hahm Chaibong
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Contributing Staff (in alphabetical order by last name):
Kim Seonkyung
Lee Soo-hyun
Editor:
J. James Kim