

## Korea Chair Monitor

JUNE 13–JUNE 26, 2013

*The Korea Chair team takes a biweekly look back at events of interest in Washington, Seoul, and the region.*

### ROK-CHINA RELATIONS

#### *Park Geun-hye–Xi Jinping Summit*

In their meeting on June 27, President Park Geun-hye and President Xi Jinping agreed on a wide-ranging joint communiqué that highlights their mutual agreement of North Korea's nuclear program as unacceptable and their commitment to cooperate more closely to achieve denuclearization and maintain peace and stability on the Korean peninsula. To that end, both leaders agreed that international agreements such as UN Security Council resolutions and the September 2005 statement must be faithfully implemented.

President Xi welcomed President Park's "trustpolitik" and "Northeast Asia Peace and Cooperation Initiative," and hoped for an early resumption of the Six-Party Talks.

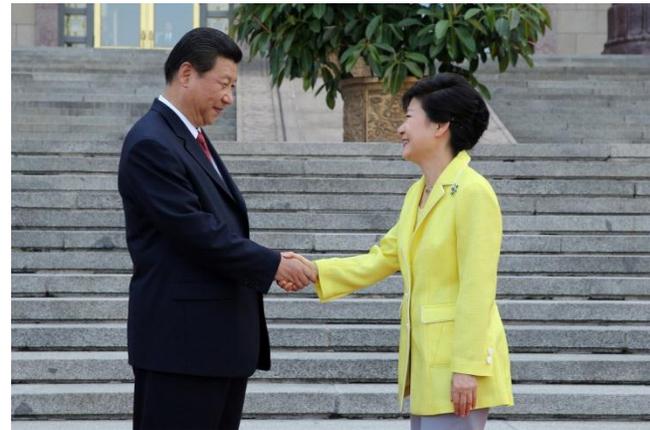
To deepen the ROK-China strategic cooperative partnership, Presidents Park and Xi also agreed on three major tasks for the next five years. The first task is to improve strategic communication in security and politics by setting up a high-level dialogue channel through a hotline between the ROK's chief of national security and the PRC's state councilor for foreign affairs. A strategic dialogue is also to be held twice a year between vice foreign ministers. The second task is to improve economic and social cooperation, namely by working for an early conclusion of the ROK-China FTA and aiming for \$300 billion in trade by 2015. The third task is to promote people and liberal arts exchanges.

The day wrapped up with a dinner hosted by Xi at the Great Hall of the People, attended by over 140 Korean and Chinese participants.

### ROK-U.S. RELATIONS

#### *Bidding Process for Advanced Jet Fighters Procurement*

Seoul started a bidding process on June 14 to procure 60 jet fighters to replace the ROK Air Force's aging F-4 and F-5 jets. The candidates are Lockheed Martin's F-35 Lightning II, Boeing's F-15 Silent Eagle, and the European Aerospace Defense and Space Company (EADS)'s Eurofighter Typhoon. While the bidding process is expected to be completed by June 28, all the proposals have exceeded South Korea's pre-planned budget of 8.3 trillion won (\$7.3 billion). Although the three companies have taken a "wait-and-see" approach, the final decision will be postponed until early next month if the proposals continue to exceed the budget.



President Park Geun-hye and President Xi Jinping reaffirmed their commitment to cooperate to achieve denuclearization and maintain peace and stability on the Korean Peninsula. Photo courtesy of the Blue House.



The ROK's current Air Force squadron that includes F-4 fighter jets (pictured above) will soon be replaced by the winner of the ongoing bidding process to procure 60 new jet fighters.

### **Obama Extends Economic Sanctions on North Korea**

On June 24, President Obama stated that he will extend the economic sanctions on North Korea for another year under the International Emergency Economic Power Act. He sent a statement to Congress that North Korea's proliferation of "weapons-usable fissile material" is a primary reason for sanctions and that he views the North as an "unusual and extraordinary threat to the national security, foreign policy and economy of the United States."

## **DOMESTIC POLITICS**

### **Northern Limit Line (NLL) Controversy**

The Saenuri Party and Democratic Party continue to clash over former president Roh Moo-hyun's controversial remarks during the 2007 inter-Korean summit about the Yellow Sea border, also known as the Northern Limit Line (NLL) that was drawn up after the Korean War. Saenuri Party lawmaker Suh Sang-kee said that he read an excerpt of the summit records provided by the National Intelligence Service (NIS) and argued that Roh undermined the validity of ROK sovereignty. However, the opposition party refuted the claim and strongly condemned the ruling party for using the summit transcripts as a political plot to cover up the scandal that the NIS interfered in the last presidential election.

### **Survey: The 60th Anniversary of the Armistice**

The survey conducted by the ROK Ministry of Security and Public Administration showed that 36.5 percent of adults and 52.7 percent of teenagers do not know when the Korean War (1950–1953) broke out, reflecting South Korean citizens' lack of interest about Korean history and inter-Korean relations. The year 2013 marks the 60th anniversary of the armistice between the two Koreas.

## **ECONOMIC POLICY**

### **Special Committee for President Park's "Creative Economy"**

The ruling Saenuri Party established the Special Committee for Creative Economy on June 11. The committee held its first meeting on June 14 to discuss and push President Park's main economic agenda.

## **NORTH KOREA**

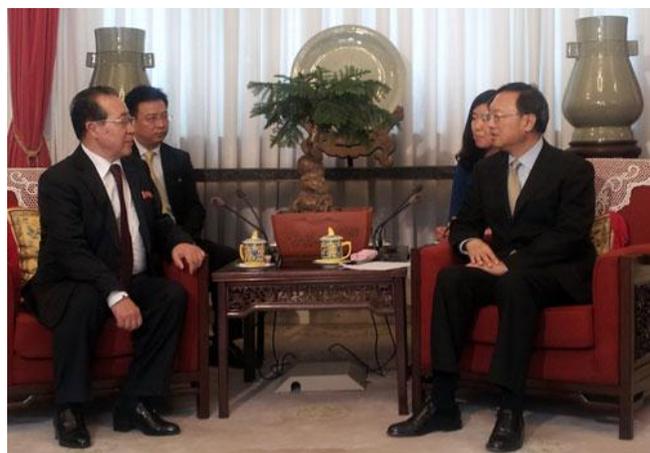
### **Nuclear Envoys Meet in Beijing**

First Vice Foreign Minister Kim Kye-gwan, North Korea's chief nuclear envoy, visited Beijing for the first time since last February. The highlight of his four-day trip was a "strategic dialogue" held with Vice Foreign Minister Zhang Yesui of China. The Chinese called for an early resumption of the Six-Party Talks during the meetings. Before leaving on Saturday (June 22), Kim also met with Wu Dawei, China's top nuclear envoy, and Foreign Minister Wang Yi separately.

The new ROK chief nuclear envoy, Cho Tae-yong, also paid a visit to Beijing on June 21 on his way back from the United States, where he met with his Chinese counterpart Wu Dawei. Both reaffirmed their commitment to the early resumption of the six-party talks.



The ruling and opposition parties clashed over former president Roh Moo-hyun's controversial remarks during the 2007 inter-Korean summit on the NLL. North Korea has constantly caused clashes by invading the NLL, insisting that the line should be redrawn further south. Pictured above is Yeonpyeong Island, located near the NLL, which North Korea attacked in 2010.



Kim Kye-gwan (left) and Yang Jiechi (right)  
Kim reiterated that denuclearization on the Korean peninsula was a dying wish of the late Kim Il Sung and Kim Jong Il. Photo courtesy of the Embassy of China.

### **Survey: Kaesong Industrial Complex**

A Unification Ministry survey showed that South Korean firms based in Kaesong and their affiliates have suffered a loss of \$910 million due to the suspension of the industrial complex. For example, 76 out of the 96 companies with insurance policies have now filed for losses. Furthermore, inter-Korean trade during the month of May was a mere \$320,000, 1 percent of the \$23.4 million that was recorded for April. South Korean business owners requested an increase of the inter-Korean economic cooperation insurance policy and more assistance from the South-North cooperation fund.

### **North Korean UN Press Conference**

In his first press conference in three years, North Korea's UN ambassador, Sin Son-ho, reiterated the DPRK's desire for a peace treaty to replace the current armistice on June 21. Although the UN representative stated that North Korea was ready to open dialogue with the United States, he dampened his rhetoric by adding that there will always be a threat of war as long as the United States continues its hostile policy of stationing American troops, imposing economic sanctions, and conducting joint military exercises.

### **Hacking Operations in North Korea**

On June 20, Anonymous Operation North Korea, an international hacking organization, announced plans to release "major missile documentation and residents, military documents" that it obtained by hacking into the DPRK IT network in commemoration of the Korean War. As of June 25, the websites of *Rodong Sinmun*, KCNA, and portal Naenara were offline.



A rare glimpse into the Kaesong Industrial Complex that still remains closed. South Korean companies are now reporting increasing losses after nuclear tensions caused joint operations to come to a standstill.

## **Looking Ahead**

*Our Friday morning look at events to watch in the weeks ahead*

- **July 2–4** | The sixth round of negotiations for the Korea-China FTA will be held in Busan.
- **July 2** | North Korean foreign minister Pak Ui-chun will attend the ASEAN Regional Forum in Brunei.
- **July 4** | South Korea and Australia will host the first two-plus-two security dialogue between the two countries.
- **Coming Soon** | On the first week of July, South Korea and the United States will hold a high-level talk in Washington to renew the cost-sharing agreement for U.S. troops stationed in South Korea.

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