

# Designing New Asia

## **DESIGNING NEW ASIA**

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International Peace Foundation and East Asia Foundation

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**JEJU FORUM** 2014  
FOR PEACE & PROSPERITY

## **Designing New Asia**

**Jeju Peace Institute**

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## Foreword

From May 28<sup>th</sup> to May 30<sup>th</sup>, 2014, the 9<sup>th</sup> Jeju Forum for Peace and Prosperity was held on Jeju, the island of world peace, under the theme of “Designing New Asia.” At a time when tensions are increasing in Asia due to North Korea’s ongoing nuclear threats, territorial disputes, and arms race, political leaders from each country and leading scholars from around the world came together to seek new methods of order and cooperation for the peace and prosperity of Asia.

Since the close of the Cold War, Asia has become a dynamo for global growth. While the economic interdependence of the region has increased since the beginning of the 21<sup>st</sup> century, there is growing conflict regarding politics and security. Korean and international participants in the Jeju Forum emphasized that the countries of Asia must overcome the Asian Paradox through cooperation and partnerships on both bilateral and regional levels on the basis of peace and reconciliation, mutual understanding, and trust; that they must set up a new order of diversity for the region; and that they must work for the benefit and prosperity of all. This year’s Jeju Forum witnessed the participation of 3,734 people from 58 countries around the world, the largest number of participants in the history of the Forum. In terms of scale, the Forum has cemented its reputation as a major international forum. Meaningful discussion took place on a variety of topics, including diplomacy and security, economics and management, culture, women’s issues, regional development, and the environment in a total of 64 sessions. This year provided a particularly valuable opportunity for networking between figures in Northeast Asia,

with a meeting for business leaders in Korea, Japan, and China, and a separate session for the next generation of leaders in Korea, China, Japan, and the US.

Building on this year's success, we will prepare a variety of agenda items for the 10th Jeju Forum for Peace and Prosperity in 2015 that discuss the challenges currently facing Asia, as part of our efforts to make the Jeju Forum an even more significant venue for communication and discourse aimed at world peace and co-prosperity.

We hope that the publication of the report of the 9<sup>th</sup> Jeju Forum will contribute to the development of the Forum. We would like to express our appreciation to the organizations that participated in the Forum, the representatives from sponsoring organizations, and the participants from Korea and overseas. We look forward to your continued interest and support for next year's 10th Jeju Forum for Peace and Prosperity.

August 2014

**Won Heeryong**

*Chairman, Organizing Committee  
Governor, Jeju Special Self-Governing Province*

**Moon Tae-young**

*Chairman, Executive Committee  
President, Jeju Peace Institute*

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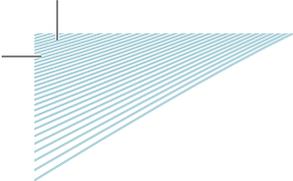
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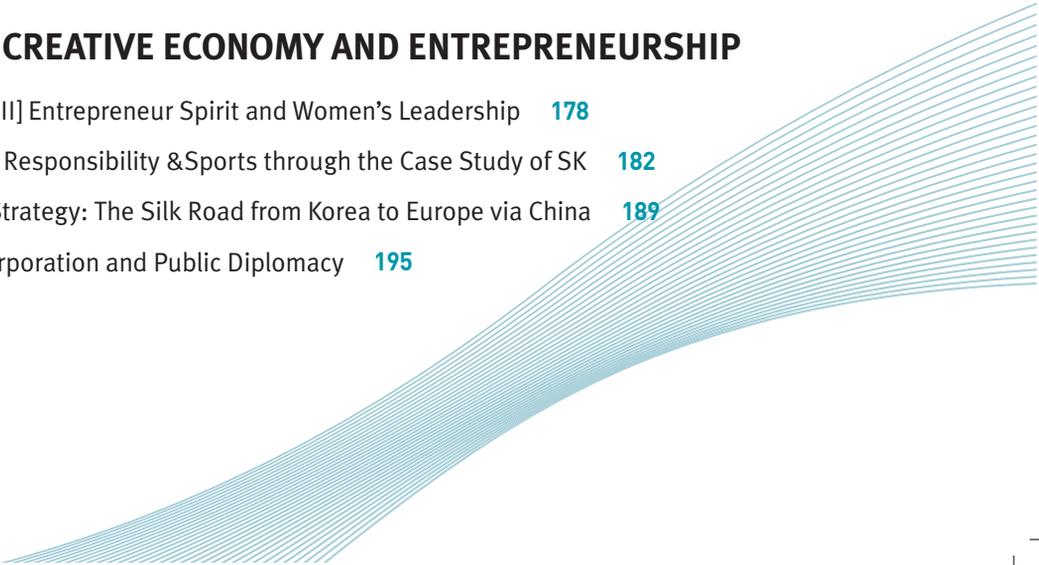
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# Chapter 1

## Designing New Asia



## Opening Remarks

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**Woo Keun-min**

Chairman, Organizing Committee

Governor, Jeju Special Self-Governing Province

My name is Woo Keun-min, and I'm the governor of Jeju and the chair of the organizing committee of the Jeju Forum. It's an honor to be able to bring together so many globally renowned leaders, scholars, and experts in the areas of politics and economics. I wish to offer a warm welcome to all of our distinguished guests from Korea as well as those who have made the long journey from 50 countries around the world to participate in the 9<sup>th</sup> Jeju Forum for Peace and Prosperity. In particular, I would like to mention Julia Gillard, former Prime Minister of Australia; Salam Fayyad, former Prime Minister of Palestine; and Li Zhaoxing, Chairman of the China Public Diplomacy Association. I would like to welcome all of the diplomats, including ambassadors from various countries in Korea, who are here with us today.

Distinguished guests from Korea and abroad, the Jeju Forum was first started in 2001 under the name of the Jeju Peace Forum. During its first year, the Forum was attended by 350 people from nine countries; this year, 14 years later, that number has increased to around 3,700 people from 50 countries. During that time, countless illustrious figures from overseas have visited the Forum, including William Perry, former US Secretary of Defense; Fidel Ramos, former President of the Philippines; Ban Ki-moon, UN Secretary-General; John Howard, former Prime Minister of Australia; Gloria Macapagal-Arroyo, former President of the Philippines; Gloria Steinem, activist for women's rights; Steve Wozniak, co-founder of Apple Computer; and Jim Rogers, expert on global investing.

Korea has also been well-represented at the Forum, with former Presidents Kim Dae-jung and Roh Moo-hyun making appearances, along with several former prime ministers. Under the lead of such a variety of distinguished figures from their respective fields, the Jeju Forum has come to play a central role in Asian cooperation and co-existence and global peace and prosperity.

Today, many countries find themselves facing trials and challenges at home and abroad. Although some degree of stability has been reached, the global financial crisis remains a troubling factor; the historical perspective of certain countries that is rooted in exclusive ethnic nationalism is causing conflict with their neighbors; and North Korea's nuclear tests are threatening world peace.

But in addition to such political and economic issues, calamities resulting from climate change have recently been occurring across the globe. Our distinguished guests are likely to agree that, considering these factors, there is an urgent need for the creation of a new, future-oriented system of bilateral and regional cooperation. I believe that this Jeju Forum will provide an opportunity to appreciate the severity of such problems and to pursue constructive solutions through open debate. After the unprecedented tragedy of the sinking of the Sewol, Koreans have been pondering the disdain for life and the disregard for safety brought about by capitalistic greed. I hope that this misfortune for Korea will be regarded as a valuable lesson that will prompt constructive proposals for respecting life, peace, and safety both in Asia and in the world at large.

In addition, the theme of the 9<sup>th</sup> Jeju Forum is "Designing New Asia." I believe that the key to designing a new Asia is having the wisdom to make a joint response to crises while partnering to take advantage of opportunities. I hope that the discussion of this issue will be more passionate and sincere than ever before.

Distinguished guests from overseas and abroad, allow me once again to express how delighted I am to have you here at the Forum and how much I hope that you will have a beautiful and enjoyable time during your visit to Jeju Island, a true global treasure.

## Welcoming Address

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**Gong Ro-myung**  
Chairman, East Asia Foundation

On behalf of the East Asia Foundation, a co-host of the Jeju Forum, it is my privilege to welcome our distinguished guests to the 9<sup>th</sup> Jeju Forum for Peace and Prosperity. I would like to express my particular gratitude to Julia Gillard, former Prime Minister of Australia; Salam Fayyad, former Prime Minister of Palestine; and Li Zhaoxing, and former Foreign Minister of China for graciously accepting our invitation to participate in the Jeju Forum.

The East Asia Foundation is a non-profit public foundation, established with the support of the Hyundai Motor Group in 2005, with the philosophy of “striving to promote peace and prosperity and enhance mutual understanding and trust through human and knowledge networking.” In keeping with its founding principles, the East Asia Foundation has participated in the Jeju Peace Forum since the Forum’s third year. The Foundation publishes a quarterly opinion magazine called *Global Asia* which deals with issues of international relations in Asia. It also makes available both in Korean and English online policy debates in which Korean experts analyze and discuss Korea’s domestic and foreign policy. In addition, the Foundation is dedicated to its mission of eliciting ideas for regional cooperation and unity by funding the EAF Seminar and the *Global Asia* Leadership Forum. The EAF Seminar is an opportunity for ordinary people to meet experts on regional issues in East Asia, while the *Global Asia* Leadership Forum is an academic organization for university students that organizes international exchange opportunities and voluntary discussions inspired by the topics covered in *Global Asia*.

The discourse implied by the theme of the 9<sup>th</sup> Jeju Forum for Peace and Prosperity—“Designing New Asia”—coincides with plans for regional unity and cooperation that are currently being proposed both inside and outside of Korea. Discussion about the Trust Process for the Korean Peninsula, the Eurasian Initiative, and economic

partnership agreements including the Trans-Pacific Strategic Economic Partnership Agreement (TPP) and the Regional Comprehensive Economic Partnership (RCEP) seek to resolve the tension and insecurity in the Asia-Pacific region, including East Asia, while pursuing the peace of the region and the co-existence and co-prosperity of neighboring and associated countries through mutual exchange and cooperation.

However, we must recognize that chronic issues, including the geopolitical conflict resulting from the separation of the Korean peninsula and the history of strife between the countries of East Asia, are major impediments to implementing the new vision for Asia. From this perspective, I hope that the 9th Jeju Forum for Peace and Prosperity will serve as a venue for communication and for drawing attention to shared values that can usher in a new future for Asia that will transcend historical conflicts through dialogue and that will expand the scope of our mutual understanding so that we may live together in harmony.

Finally, in place of a welcoming remark, I would like to express my sincere gratitude to all the leaders and intellectuals from various fields who have joined us for the Forum, to all the participants of the Forum, and especially to the representatives of the hosting, organizing, and sponsoring organizations who have worked hard to ensure the success of this year's event. Thank you.

## Welcoming Address

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**Hong Seok-hyun**

Chairman, JoonAang Media Network and JoonAang Ilbo

Greetings to Woo Keun-min, Governor of Jeju Special Self-Governing Province; Julia Gillard, former Prime Minister of Australia; Li Zhaoxing, former Foreign Minister of China; Salam Fayyad, former Prime Minister of Palestine; and the rest of our distinguished guests.

I offer my sincere congratulations on the occasion of the Jeju Forum for Peace and Prosperity, which is now in its ninth year.

Furthermore, I want to offer my condolences to the residents of Jeju, who are in shock and dismay about the Sewol.

Every year, the *JoongAng Ilbo* presents the Yumin awards to individuals and organizations in the three areas of science, society, and culture whose creative work has immense potential for the future. This year, the Jeju Olle Foundation received the award in the area of society. I believe that the success of Jeju Olle was made possible by the dedication of Jeju residents, who gladly sacrificed their own fields and yards for the development of the local community. This kind of sharing represents the spirit of Jeju, the island of peace.

The *JoongAng Ilbo* has been participating in the Jeju Forum for three years. It is our pride and pleasure to co-host the Jeju Forum along with the Jeju Special Self-Governing Province, the International Peace Foundation, and the East Asia Foundation.

Established 14 years ago, the Jeju Forum has grown into one of the foremost international forums in East Asia in a relatively short period of time. It is here that major world leaders and scholars such as John Howard, former Prime Minister of Australia; Yasuhiro Nakasone and Yukio Hatoyama, former Prime Ministers of Japan; Mahathir Mohamad, former Prime Minister of Malaysia; Fidel Ramos, former President of the Philippines; and Robert Scalapino, distinguished American political scientist have shared their wisdom and insight. This rapid rise is clearly the result of

unstinting support and careful preparation by the Jeju Special Self-Governing Province.

Ladies and gentlemen, we are currently standing at the intersection of various crises in Northeast Asia.

To the north, Kim Jong-un, now in his third year as leader of North Korea, is engaging in repeated acts of provocation. This year, North Korea has launched a series of ballistic missiles and rockets in the East Sea. In addition to naval gunnery drills on the Northern Limit Line near the five islands in the West Sea, the North is also threatening to carry out a fourth nuclear test. To the east, the administration of Japanese Prime Minister Shinzo Abe, backed by the conservatives and the right wing, is creating friction with Japan's neighbors by distorting history and revising laws to permit the exercise of collective self-defense.

To the west is China, which is using its rapid economic ascent to back demands for an adjustment of the global consensus on diplomacy and security. To the south, the maritime and territorial conflict occurring in the East China Sea and the South China Sea between China on the one side and Vietnam and the Philippines in the other resembles a proxy war between China and the US.

The theme of this year's Jeju Forum is "Designing New Asia." This is a timely theme in the sense that it implies providing a diagnosis for the crises that are currently unfolding in Northeast Asia, particularly in the Korean peninsula, as well as designing a new roadmap for security and a new framework for co-prosperity.

It is my sincere wish that constructive discussion will draw out your insights and wisdom about how we can bring peace and prosperity to Asia and to the world. Thank you.

## Congratulatory Remarks

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**Salam Fayyad**  
Former Prime Minister of Palestine

Distinguished guests, I greet you on behalf of Palestine. The people of Palestine are fiercely determined to achieve freedom, dignity, and equality. The Arabs have long lacked the determination to resolve their internal conflicts, but for the past three years, they have been making an effort to overcome these. The Arabs are divided between those who want to choose democracy and those who want to choose security. But in contrast to this, I think that it is possible, and indeed necessary, to achieve both stability and democracy.

Over dinner yesterday, Yun Byung-se, Foreign Minister of Korea, spoke to us about tension, and I believe that this also applies to the Arabs and other areas of the world. Multilateral dialogue also takes place through various forums, including the Jeju Forum. Multilateral dialogue is a mechanism for responding to elements of uncertainty. It is necessary to relieve tension in order to resolve the imbalance of the architecture built by the international community in the past. The world order is changing, but this order, that is, the new world order, does not adequately reflect this change as it ought to. Indeed, it needs to reflect the current relationship between power and architecture in the world. The longer it takes to reflect these things, the longer it will take to establish a global order. To accomplish this, political leaders must take action that unifies politics and civic society. This is what must be done to bring about a prosperous world of justice, tolerance, and inclusiveness.

## Keynote Speech

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**Julia Gillard**  
Former Prime Minister of Australia

I am honoured to be here today. I want to express my profound thanks and appreciation to Governor Woo and Ambassador Moon, who invited me last year to come to Jeju in May. It was the first such invitation I received after leaving office, and it was a most welcome one.

First and foremost, especially as we are gathered here in Jeju, my message to the people of Korea is one of heartfelt sympathy for the devastating loss of so many lives—so many young lives—in the waters that surround this beautiful island.

I extend my condolences to the families and friends of those who were so tragically lost. The grief is overwhelming. The entire world has been saddened by this tragedy, and deeply moved by the anguish that has consumed this community and indeed the entire nation.

The pain and anger will remain for as long as we remember those who perished. I join all in the hope that out of this terrible event there can be safety reforms. You have my heartfelt sympathies. Be assured that your friends around the world share your grief. And Australia and Korea are such good friends. We have deep and rich ties. As prime minister I visited Korea three times, including in 2011 to mark the 50th anniversary of diplomatic ties between the Republic of Korea and Australia and the 60th anniversary of the battle of Kapyong, a hard fight in a costly war. Eighteen thousand Australian troops served here, and 340 Australians died here. For many of the veterans with me on that special journey, it was the first time they had returned to Korea since they marched out of blood-soaked battlefields. I delighted in seeing their amazement as they discovered the prosperous nation that has been built since.

History binds, but actions today see bonds grow or wither. At every turn we have jointly chosen to strengthen the ties between.

We have nurtured our alliance with each other and the United States. We have a strong bilateral security architecture, with Australia and South Korea having annual 2+2 talks with the foreign and defence ministers.

We both believe in the importance of international diplomatic architecture. I am very pleased South Korea has joined Australia on the UN Security Council, where we are currently in our second year as a member of that elite group.

As robust trading partners—South Korea is our third largest export market and is our fourth largest trading partner, with two-way trade of approximately \$30 billion per year—we have just concluded a landmark Free Trade Agreement that slashes tariffs and is expected to stimulate trade by \$5 billion more in the next 15 years.

We have strong people-to-people ties, with over 16,000 Korean students in our universities.

As Prime Minister, I ensured our nation looked towards Asia. In August 2012, I launched our comprehensive strategic document, the White Paper on Australia in the Asian Century.

The White Paper, which was very well received throughout the region, said:

“We [Australia] seek security in the broadest sense, meaning the security of Australia from attack or coercion; the collective economic and political security of this rapidly growing region; security of supply for food and energy as the region grows; the human security of individuals in the region; and the security of the natural system as the globe enters a period of rising temperatures and new environmental challenges.”

Our White Paper also said that South Korea is, and I quote, “a growing security and environmental partner for Australia,” and the White Paper noted the importance of the UN, the G20, the East Asia Summit, and APEC.

My government’s White Paper also called for the development of a comprehensive country strategy for South Korea, in order to bring stronger cohesion and purpose to the relationship.

In my life beyond politics, I have continued to look to you, to Korea. Indeed this is my second visit here since leaving the prime ministership and I will visit again very soon.

In a world of too few women leaders, I am always gratified to be in a nation led by a woman.

I have had the pleasure of meeting President Park and admire her greatly. I look forward to dealing with her in my capacity as the chair of the Global Partnership for Education and trust we will be able to work together to address the tragic fact that in our world tens of millions of children continue to miss out on even a basic education.

But let me turn to our task today, which is to canvas, at this important conference, the key strategic issues in our region, and the policy settings that can help guide us to a better, more secure and more prosperous future.

In a world of so many geopolitical challenges, today I will focus on three: the threat posed by North Korea and the prospects for change, the consequences of China's rise, and the engagement of the United States in our region and what it means for us as allies.

First, to North Korea, which continues to oppress its own people and cause international concern because of its unpredictability and ambition for nuclear weapons.

The new leader, Kim Jong-un, comes across as both dangerous and erratic. We do not know the limits of what he is capable of doing, from brutalizing his own people, to murdering his opponents, to developing his nuclear weapons.

In facing such a regime, there is only one certain course: to stay vigilant and resolute. To be prepared to meet whatever emerges from Pyongyang. This means a continuation of the closest consultation, dialogue, and coordination between us and our ally the United States. We do not know what he will do—but we have to be prepared for every contingency, including the possibility of change within North Korea itself.

If the events of this century so far teach us anything, it is that even the most apparently entrenched of regimes can fall quickly and with little warning. The so-called Arab Spring has shown us that and also demonstrated how hard it can be to fill the power vacuum created with a robust liberal democracy.

I was heartened to see a recent piece in the Washington Post, authored by an escapee from North Korea, Yeon-mi Park. In it she describes her generation as the “Black Market Generation”: younger people who grew up understanding the power of the market because of North Korea's unofficial economic activity.

She also details her generation's increasing understanding of the world beyond North Korea because of increasing access to information through black-market and non-government organisations.

To move from this to seriously challenging the current regime is a big and dangerous journey. But the human impulse for freedom should never be underestimated.

Should change happen, whether its source is the collapse of the current regime or it embarking on a different and better course, then the Republic of Korea would need to make decisions on reunification. While the entire world has a stake in this issue—China, the United States, Japan and Australia—it is, at the end of the day, one for the Korean people to decide.

This is another contingency for which to prepare, and one that is the subject of so much dreaming and dialogue here in the Republic of Korea.

Every day, you and the world have to manage the difficult calibration of diplomacy and discipline for North Korea. We are all familiar with the cycle of better behaviour by North Korea to secure something it wants like food aid, which gives way to capricious acts of bad behaviour once that goal is attained.

There are no easy choices here. But every choice possible requires deep thinking about China's engagement and its ability to influence North Korea.

This is but one dimension of the multiple strategic calculations our world needs to make about China. Its rise is a powerful force shaping the times in which we live.

In my view, China's new and growing status and prosperity is both remarkable and to be welcomed. When Great Britain industrialised, it took seventy years – the whole period from 1830 to 1900—for its economy to quadruple. In contrast, China is doubling the size of its economy every eight years, already the world's largest manufacturer, the world's largest exporter, the world's largest consumer of energy, already the world's second largest economy, and on some projections, on track to be the world's largest in twenty years, set to surpass the US economy for size by mid-century in purchasing power terms—enormous economic changes and human changes too, creating enormous human opportunity. Millions of people leaving absolute poverty absolutely behind.

The creation of a large and rapidly growing Asian middle class, which within a few years will be bigger than that of the rest of the world combined, North America and Europe included.

In the Asian Century White Paper, our view of this transformation was stated clearly in the following terms:

‘We welcome China’s rise, not just because of the economic and social benefits it has brought China’s people and the region (including Australia), but because it deepens and strengthens the entire international system. We have consistently supported the reform of global institutions to make them more representative of the large emerging economies and the modern world.

We accept that China’s military growth is a natural, legitimate outcome of its growing economy and broadening interests. It is important that China and others in the region explain to their neighbours the pace and scope of their military modernisation, to build confidence and trust.

We want, therefore, to deepen our already close and cooperative relationship with China at every level, including enhancing our defence cooperation. We come to the relationship with China as a dependable economic partner, a constructive participant in regional affairs, one of the world’s oldest democracies, a good international citizen, and a close ally of the United States. None of these dimensions will change. Together they offer the strongest possible foundation for engagement with China and the region as a whole.’

China’s hunger for resources as it grows has brought great economic benefits, including to my own nation.

But it has also brought tension. The recent anti-China riots in Vietnam are evidence of that tension at the street level. The anxiety in the many diplomatic engagements about the South China Sea demonstrates that tension at another level.

But it is those diplomatic dialogues, bilaterally and through important multilateral forums like the East Asia Summit, that must be our focus.

We, Australia and Korea, along with our ally the United States, must be patient and perceptive investors in strengthening these exchanges and institutions so that they are robust enough to enable the resolution of the hardest of issues.

Of course, the difficult issues are not confined to the South China Sea. Japanese nationalism and China’s strength have collided in their territorial disputation over islands in the north.

At times, the language used around this dispute has been heated. I witnessed that myself at an Asia-Europe summit meeting. The dangers of miscalculation are ever present. Here, too, work is needed to reduce tension and find a path through.

In all of these issues, the deep engagement of the United States is vital. Fortunately, our shared ally is bringing a sophisticated approach to that engagement.

This was summarised in our Asian Century White Paper, in the following way:

The relationship between China and the United States, the two most powerful states influencing the region, will do more than any other to determine the temperature of regional affairs in coming decades.

Beijing and Washington both want to develop constructive relations and avoid conflict: their governments have consistently said so; the intensity, structure and sophistication of their engagement, often underestimated, has shown it; and they have deeply interlinked interests that will push them that way.

We are optimistic about the ability of China and the United States to manage strategic change in the region. But their relationship will inevitably have a competitive element, especially as China's global interests expand, it becomes more active on a broader range of international issues and its defence capabilities grow in areas dominated for more than half a century by the United States.

As our region sees both the benefits of cooperation between the United States and China and the outworkings of a natural competition, it is important that each of us is able to work collaboratively together, to the best of our ability, on our shared strategic outlook.

Australia and Korea can do that seamlessly and well.

But the continuing tensions between Korea and Japan are concerning to me. I understand the deep and painful historical roots. The enduring memories of Japan's occupation of Korea and the wrongs that were inflicted on the Korean people—particularly Korean women—are making that necessary collaboration more difficult.

World War II ended 69 years ago. One must always remember—one must never forget—the lessons of World War II—and the war crimes that were committed. The Korean people suffered. Korean women were treated terribly. From my country, Australian troops suffered grievously at the hands of the Japanese.

The past must be acknowledged with honesty. The victims still alive today should

have their suffering recognised. But one must live in the present, and embrace the opportunities at hand today—precisely for our security tomorrow.

The world would be grateful to see a movement forward for Korea and Japan. I expect as this conference unfolds the strategic issues I have canvassed—North Korea, China's rise and the relationship between Korea and Japan—will be the subject of deep discussion. Of course, the interplay of strategic and economic questions will be in our dialogue too.

The first G20 meeting I attended was in Korea and the next is in Australia. At the forum, much work must still be done to strengthen the global economy, deal with structural imbalances, and focus on jobs and growth.

Regionally, APEC continues to play a vital role on furthering economic integration.

The East Asia Summit and our relationships with ASEAN are also part of building the stronger architecture we need for cooperation and commerce.

In short, we need to be focused on developing an effective regionalism that will work to bring greater harmony on the geopolitical front, as well as embrace food security and foreign investment, immigration and education, stock market structures and financial regulation, energy policy, and environmental standards.

This is a vast landscape of change—a landscape that can help build both prosperity and peaceful engagement.

The strength of integrated financial ties and trade, as well as people-to-people links, can do much to overwhelm any tensions.

These are also themes that I hope are explored in Jeju over the next three days.

Finally, and more specifically, What can Australia and the Republic of Korea do together to advance these more positive dynamics?

Although a Western nation, Australia has deep and growing ties across Asia. Australia is seen as a dependable friend, possessed of immense goodwill and a desire to engage with and learn from its neighbours.

The Republic of Korea is well integrated economically with the whole region. Korea has FTAs with the United States and Australia, and is advancing free trade agendas with ASEAN, China, and Japan.

It is a vibrant democracy—sometimes, perhaps, a little too vibrant on the floor of your parliament. Your culture, which so respects education, is greatly admired. Your

technological prowess, with broadband deployed to virtually every house, is the envy of the world.

In short, Korea and Australia work together so well economically and politically: Let's keep building our capacity to do so in the interests of peace, stability and security, in the region.

I agree with President Obama, who was here just a few weeks ago, that all the tensions in this region that I have discussed this morning can be managed – they can be successfully navigated.

But they require constant attention and goodwill, and not just to avoid the dangers of mistake and miscalculation but to reduce the harm that will occur if they persist in the years ahead.

We can always do better, but there has to be a break—not with history, or with memory—but a break with paralysis over the legacy issues of the 20th century.

That is what we have to strive for. That is what holds the promise of a better tomorrow—for ourselves and for our children. Thank you.

## Keynote Speech

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**Li Zhaoxing**

Honorable President of the Chinese People's Institute of Foreign Affairs

Distinguished guests, ladies and gentlemen, good morning.

It is my honor to come to the beautiful Jeju Island to attend the ninth Jeju Forum. I would like to extend my heartfelt congratulations upon the successful convening of this forum. Meanwhile, I would like to take this opportunity to express my deep condolences for the victims of the sunken ferry *Sewol*, and my sincere sympathy with the bereaved families and those injured in the accident.

The *Sewol* tragedy has left ROK in a state of national mourning. For us who have just been through the ordeal of the missing Malaysia Airlines MH370, we cannot share more the grief of the people in ROK. As an important country in Asia, ROK has amazed the world by its speedy growth and development success. From the Hangang Miracle to the sweeping Korean Wave, ROK has always stayed ahead in Asia in economic and cultural development. Therefore, we have every reason to believe that our Korean friends can turn the misfortune into a blessing by further improving state governance capabilities and making greater contributions to Asia's development.

The theme of this forum is "Designing New Asia." I am afraid many friends present here are asking themselves, what is the state of affairs in Asia? And what should the New Asia as we anticipate look like?

Much as we have observed and felt, amidst drastic changes in international situation, Asia's status and role in the global political and economic landscape have been continuously growing. Asia's economy makes up one-third of the world's total economy. With one-third of the world total GDP and a population of over 4 billion, Asia has become one of the most dynamic regions in the world with immense potential.

"No benefit is bigger than stability, and no harm is greater than chaos." The marked progress that Asia has achieved would not be possible without peace and stability in the region in the post-Cold War era. The achievements, as a result of joint efforts

made by different countries, should be much cherished. Today, regional cooperation in Asia is burgeoning. New strides have been made in free trade zones, connectivity, and other important areas, while the process of economic integration has been accelerated. Countries in this region, with closer ties and greater interdependence, have formed a community of destiny sharing weal and woe, bound together by common interests. Peace and development are the mainstream of Asia today, and also represent the trend the region in the years to come.

Nevertheless, it should be noted that due to its unique geopolitical significance, Asia is faced with many challenges. With the residues of the Cold War, problems left over from history are intertwined with frictions and conflicts of today. Different appeals for interests and policy proposals clash with one another. Different forces have come under dazzling changes. Such non-traditional security issues as natural disasters, cyber security, energy, and food security crop up from time to time, propping up tensions among the parties in question. Worse, leaders in certain countries, in total disregard with history and facts, have openly defied the post-War international order, causing sustained tensions between nations in the region. Dear guests, dear friends, Asia is our shared home. To build a New Asia of peace, development, and cooperation is an aspiration shared by all of us. The Chinese Dream of building a strong and prosperous country and rejuvenating the Chinese nation is compatible and connected with the vision of a second Han Gang Miracle that culminates in the happiness of the Korean people and the wonderful dreams of people from other Asian countries. These dreams can be reasonably woven into a more colorful, splendid, and commonly desired Asian Dream. What we should do is join hands to chase the dream, rather than sleeping in the same bed with dreams going separate ways.

Not long ago, Premier Li Keqiang proposed at the Boao Forum for Asia that we should build an Asian community of shared interests, common destiny, and shared responsibilities. I believe this is what all Asian people have expected. For that to happen, we should follow the trend of the times, look beyond what divides us, and work hard to push forward regional cooperation in order to seek development, address challenges, and expand common interests.

I would hereby put forward three suggestions as follows:

First, we should intensify dialogue and consultations and deepen mutual trust, with a

view to jointly safeguarding Asia's security and stability. Countries in Asia differ from one another in social system, size, and strength. There still exist many destabilizing factors such as territorial disputes and historical issues among some countries. This is further compounded by grudges over the WWII and residuals of the Cold War, resulting in severe deficit of trust among themselves. Without mutual trust, how do we expect security? Without security, how can we achieve development? Therefore, we must strengthen dialogue and consultations, boost mutual trust and close cooperation, respect and accommodate each others' concerns, seek common ground while reserving differences, and manage and resolve conflicts and disagreements by peaceful means. If we succeed in doing so, we would lay the cornerstone of trust for a New Asia.

Secondly, we should push forward regional cooperation and deepen economic and trade ties, with a view to jointly promoting regional development and prosperity. Regional economic integration serves the interests of all countries in Asia. In this regard, Asia boasts relatively sound framework arrangements. Such cooperation mechanisms as ASEAN and Dialogue Partner (10+1), ASEAN and China, Japan and ROK (10+3) are flourishing. Progress is being made in negotiations over Regional Comprehensive Economic Partnership (RCEP), and the China-Japan-ROK Free Trade Agreement. The strategic vision of building the "Silk Road Economic Belt" and the "21st-Century Marine Silk Road" is unfolding. Concrete steps have been taken in finance and connectivity. We should continue to deepen regional cooperation, tighten our bonds of interest, and work tirelessly for the common development and prosperity in Asia. This is the material foundation that we should lay for a New Asia.

Third, we should expand cultural and people-to-people exchanges, and improve friendly sentiments among our people, with a view to deepening friendships and exchanges. The friendship of the two peoples determines the relations between the two countries. Without sincere exchanges between the two peoples, no cooperation between nations can sustain. We should bring into full play advantage of cultural affinity and emotional connection among Asian countries, foster multilayered and multi-field cultural exchanges, and introduce innovative mechanisms and platforms to engage local governments, enterprises, and the general public in Asian cooperation. In other words, the people, especially young people, should be able to see tangible benefits brought by Asian cooperation. This represents popular support for a New Asia.

Distinguished guests, dear friends, In recent years, China's development has become an important factor that affects regional dynamics and the focus of attention of all parties. At sessions of the National People's Congress and the Chinese Political Consultative Conference that were held several months ago, we put forward concrete measures for further deepening all-round reforms to give new impetus to China's development. You may ask, what role will China play in Asia?

This is what I would like to tell my friends here. China will continue to pursue a foreign policy of good-neighborliness and partnership, and put to action the new concept of "closeness, sincerity, sharing in prosperity, and inclusiveness" with its neighbors. We stand firm in our resolve to uphold China's territorial sovereignty. At the same time, we follow a clear-cut policy of seeking peaceful solutions to disputes. On the issue of Diaoyu Islands, China's activities in the area are entirely legitimate exercise of its sovereignty and jurisdiction on these islands and should not be seen as an attempt to change the status quo. It is our hope that relevant countries do not over-interpret and overreact to our legitimate actions. China stands ready to work with other countries in Asia to build a peaceful, prosperous, and open Asia, and uphold peace, stability, and tranquility in Asia by continuously enhancing political mutual trust.

Meanwhile, as a responsible country, we will continue to work for the solution of hot spot issues in Asia. We stand firm in pushing forward the denuclearization of the Korean Peninsula. We sincerely hope that the relevant parties will move in the same direction and endeavor to resume the Six Party Talks to bring the issue back to the track of negotiations.

Ladies and gentlemen, we are living in an era that is undergoing great changes and development. Asia has become the focus of global attention. A New Asia featuring peace, stability, and sustainable development is what we all aspire to. Meanwhile, we should also be keenly aware that dreams can only be fulfilled with actions. Asia is home to all Asians. Therefore, Asian countries should take the lead in handling Asian affairs. Of course, Asia is open. We welcome constructive roles in the region played by non-Asian countries. Moreover, Asia is independent. We reject any attempts to create military blocs or rig up military alliances in Asia.

I remember when I visited Jeju in 2007, deeply impressed by the miscanthus grown here, I wrote down an ode to the plant.

These lovely living things when being verdant, they add radiance to the sea and the sky, when growing pale, they embrace fire in smile, (in order to provide people with fuel), and then shoot again in the next spring, being as persevering and proud as ever.

As we work to build a new Asia, we will undoubtedly encounter numerous difficulties. However, as long as we are dedicated and indomitable like the miscanthus that emerge with the breeze of spring, the beautiful vision of a New Asia will come true.

Jeju Island is famously termed as the “Island of Three Abundances,” implying that the island abounds in women, rocks, and wind. I hope our Jeju Forum can also be a Forum of Three Abundances: in experience-sharing, in cooperation, and in win-win achievements. I believe that at this meeting, all of you will share your wisdom and efforts for the development of a New Asia. In conclusion, I wish the forum a great success. Thank you.

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## World Leaders' Session

# Designing New Asia

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In this session, a discussion was held about the vision and plan for a new Asia that was proposed in the keynote address during the opening ceremony. Leaders from the Asia-Pacific region participating in the session shared their opinions about the implications of this vision for a new Asia and about the specific methods and process required for designing a new Asia.

### Moderator

**Park Jin** (Executive President, Asia Future Institute; Former Chairman, Foreign Affairs, Trade, and Unification Committee)

### Speakers

**Han Seung-soo** (Former Prime Minister of Korea, Special Envoy to the Secretary-General of the United Nations)

**Julia Gillard** (Former Prime Minister of Australia)

**Li Zhaoxing** (Former Foreign Minister of China and Chairman of the China Public Diplomacy Association)

### Rapporteur

**Do Jong-yun** (Researcher at the Jeju Peace Institute)

**[QUESTION]** Park Jin: Welcome to the World Leaders' Session. After being told that our theme was designing a new Asia, I gave careful thought to this session. I thought that mutual respect, reconciliation and cooperation, and most importantly a communal spirit were necessary. Mrs. Gillard, I would like to address my first question to you. For the most part, your keynote address was about the security regime and the overall problems facing Asia. I would like to ask three questions about this. First of all, do you feel optimistic about the future of the Asia-Pacific region? What do you think we will see in the Asia-Pacific region in the future? Second, in your keynote address, you referred to the awkward relations between Korea and Japan. I believe that people need to be honest about the past. There's a Korean saying that the past is a mirror that reflects the future. How can Koreans and Japanese resolve the problems of the past and move forward into the future?

Third, when you look at the future of the Asia-Pacific region, when do you see the Korean peninsula being reunited? And what role do you think Australia will play?

**[ANSWER]** Julia Gillard: To respond to the first question, I am optimistic about the region. I believe that we will create an optimistic structure. I believe that, twenty or thirty years in the future, we will live in a world in which the economy is truly unified and there is free movement of goods and capital. I believe that human exchange will increase and that the young people of Korea and Australia will become true world citizens. For example, Australian citizens will come to Jeju and spend time here, and Jeju citizens will be free to visit Australia as well, promoting a greater sense of community. In regard to the second question, I don't have a specific answer for the tension between Korea and Japan. However, in the case of Australia, the country's leaders were able to establish diplomatic relations with Japan after the Second World War. Despite this, we still have a clear memory of and accurate records about the history of that time. People who were prisoners of war back then are writing fiction about their experiences today. We need to remember that history and show consideration to the victims. However, our negative experiences in the past are not a stumbling block for our relationship with Japan in the present. This is not merely the wishful thinking of political leaders; I believe it is the desire of the people of both countries. While being honest about history is important, I think that this should not become an obstacle to setting the course of the future. Third, I don't have any good answers to the question of the Korean peninsula either. Mr. Fayyad mentioned how the Arabs are changing, and in the same way I believe that change is something that can occur rapidly and unpredictably. The same is true of the reunification of the Korean peninsula. That's why I think we need to bear every scenario in mind.

**[QUESTION]** Park Jin: Mr. Li, you said that the dream of a rich and powerful China is becoming the Asian dream. You also said that China wants non-Asian countries to play a constructive role but rejects their intervention in the region. In that case, what do you think about the American pivot to Asia? How will the "new type of major-power relationship" affect the relationship between China and the US?

[ANSWER] Li Zhaoxing : People talk about the “rise” of China, but I think “progress” would be a more appropriate term. That is, I am talking about progress in the sense that the China of today is much different than the West of 100 years ago. For example, let’s take a look at the rise of countries like Portugal, Spain, and England. In many cases, the rise of Western countries came at the expense of other countries. China lost Macao to Portugal and didn’t get it back until 1999. England annexed Hong Kong from China as a result of the Opium Wars and didn’t give it back until 150 years later. This is what the rise of the West involved. In 1895, Japan seized Taiwan, the Nansha Islands Spratly Islands, and the Diaoyu Islands Senkaku Islands. In 1910, the Korean peninsula was colonized as well. This is how Japan went about increasing its size. Or in other words, these countries expanded by plundering and exploiting their colonies. During the Second World War, the Japanese even invaded Australia with the Italians. These countries grew through aggression and invasion of this sort, but China has been developing through peaceful methods. It has been developing slowly through wisdom and hard work. It has not developed at the expense of its neighbors. It has not stolen any other country’s territory. China loves peace. China’s development and progress have been peaceful. China’s development is helping the development of other countries. That’s why China is different from the West 100 years ago.

There is an impression that I got during the six years that I lived in the US. While I admired and respected my American friends, I thought that all the talk about the American pivot to Asia, about the US returning to Asia, was strange. The US has never left Asia. It has never left Japan or Korea, has it? That’s why I think the rebalance to Asia is an ambiguous concept. To respond to the question that Mr. Park asked me, first of all, I think that we should be able to develop in accordance with the principles in the UN Charter. China wants to develop through amicable cooperation with the US. According to the Charter, all countries are to respect each other. In particular, Article 2, Clause 7, of the Charter states that no country may intervene in the internal issues of another country. We don’t intervene in other countries. Second, we pursue friendly relations, equality, and reciprocity in keeping with the Five Principles for Peaceful Coexistence. China–US relations are handled according to the spirit of global communication; they are handled openly, in the sight of the global community. Since Taiwan is part of China, it is not acceptable to sell weapons to Taiwan. We cannot approve of the US

leader meeting a monk who is participating in the activity of separatists. I think we have to say what is right, what conforms to reality, on an international level. Palestine is abiding by the UN Charter, but the US expressed its opposition when Palestine became a member of the UN, which we thought was strange. The issue of the Nansha Islands can be resolved according to the UN Convention on the Law of the Sea. But strangely enough there are some who do not want to abide by these principles. They try to find a solution through illogical methods. We hope that the whole world will become democratic through the Jeju Forum.

**[QUESTION]** Park Jin: China has been taking a firm stance on the questions of territory and sovereignty. How are you trying to find a peaceful solution to territorial disputes with Japan and other countries? How are you trying to win over your Asian neighbors?

**[ANSWER]** Li Zhaoxing: There are 51 islands in South China, with most of the islands that are above water level being less than 500 m<sup>2</sup> in area. Rather than a single archipelago, it is a system of archipelagos and islands linked together. The sovereignty of these islands belongs to China and is exercised by China. China wants to resolve the conflicts with Vietnam and the Philippines through peaceful negotiations according to the UN Charter, and we want amicable negotiations with Vietnam.

Vietnam continues to be an ally of China, and the same is true of the Philippines. China has experienced imperial aggression just as these countries have, and the US has provided support to the Philippines. I understand the Philippines has good relations with the US. In regard to the territorial issue, China wants to solve this issue through dialogue as a long-standing friend of the Philippines. We led the ASEAN countries in releasing a joint statement about the South China Sea, and we hold the same principles today. Countries outside the region should not get involved here, no matter how large those countries may be. We find it hard to understand countries that have not signed the UN Convention on the Law of the Sea. Countries ought not to engage in unfair behavior, and they ought not to violate the UN Charter. The question of the South China Sea needs to be resolved through legal means, on an international level. Internationally, freedom of navigation should be guaranteed, and therefore, free

navigation is taking place in the South China Sea. However, it would be unfair for a country to interfere on the pretext of protecting the freedom of navigation. There are no grounds for this. The Asia-Pacific countries have to resolve these issues through peaceful diplomatic activities. Third parties must be prevented from intervening. I believe that the principles of a diplomat are the same as the principles of a person. It is impossible to eliminate every conflict between people, but the thing that people hate the most is when a third person gets involved. I think that this kind of forum should be used to help the people of Asia increase their understanding, build trust, resolve problems together, and make an effort to achieve peace. This is how stability is reached.

**[QUESTION]** Park Jin: This question is for Mr. Han. Asia is undergoing major changes. Regime changes and economic fluctuations are creating additional momentum, but the region is also facing difficulties such as a shortage of energy, environmental pollution, an aging society, and so on. In your opinion, what lessons are there to learn from Europe in regard to this? In addition, what way is there to increase cooperation and peace and to instill a spirit of community?

**[ANSWER]** Han Seung-soo: When this forum was first launched, it was called the Jeju Peace Forum. I believe that prosperity is impossible without peace, and that's why we really need the Jeju Forum. For the grand plan for a new Asia, we need something like the EU. This is the plan for long-term peace. While there has fortunately been a lot of change over the past few years, the kind of peace and reconciliation we see in the unification of Europe still feels so far away. I think we need an alternative approach. More specifically we need the "building block" approach. The goal is one Asia, since Asia represents one third of global GDP, with Korea, China, and Japan accounting for 21% of GDP as of 2012. Asia is the location of 18% of global trade. But there are also problems, such as the bad reputation China has gotten for its massive emissions of carbon dioxide. If countries like China and Korea were to use a partial approach to create a new Asia, I think there would be an interesting potential for community building. EU didn't work well at the beginning either. The European Coal and Steel Community was set up to manage raw materials, and the Treaty of Rome was signed later. I think that the grand design for Asia should be made using the building block

approach. For example, environmental and educational issues need to be dealt with through the building block approach. Free trade agreements have already been signed by more than half of the countries in Asia. A regional economic block is being built under these free trade regimes. Free trade is important since it is the foundation of an economic community. In addition, community problems such as an aging society and the energy issue are becoming more severe. Since Asia will be completely dependent on other regions for its energy needs by 2050, careful planning is needed to address this. In addition to peace and prosperity, the countries of Asia also need to learn responsibility. Achieving this will mean pooling our efforts.

**[QUESTION]** Park Jin: You mentioned free trade agreements. Korea, China, Australia, and other countries are already discussing participation in the Regional Comprehensive Economic Partnership (RCEP). I see this as confirming that these countries are cooperative regional partners. In addition, the Trans-Pacific Strategic Economic Partnership Agreement (TPP), in which the US, Australia, South America, and New Zealand are taking part, is drawing up multilateral rules. Korea and China are also preparing an additional FTA. What is Korea's strategy amid the creation of this diverse network of FTAs?

**[ANSWER]** Han Seung-soo: I think that the best option is a multilateral trade regime overseen by the World Trade Organization (WTO). However, that hasn't worked very well. Bilateral FTAs are a second-best option. But since those take a lot of time, I see agreements such as the TPP as an intermediate step. Three or four countries signing a multilateral agreement is better than a bilateral agreement. Multilateral is best, regional is second-best, and bilateral is third-best. The TPP and RCEP are important mechanisms for further liberalizing global trade, but I want to emphasize once again that multilateral trade negotiations are the best option. The current regional trade approach is only the second-best option, in my opinion.

**[QUESTION]** Park Jin: This question is for Ms. Gillard. I am told that Australia uses a lot of renewable energy, which is an important issue in the Asia-Pacific Region. It also exports fossil fuels. I would like to ask a question about the environmental issue in this

context. Australia is well-known for its seaweed, plains, and landscape. I understand Australia to be a country that takes the lead in protecting the environment. What is Australia's role in a clean environment?

**[ANSWER]** Julia Gillard: The environment is the foundation for humanity. It is doubtful whether the issue of climate change is being discussed enough. First, it is necessary to reach an agreement on a domestic level. In the case of Australia, we have had a discussion about carbon credits. That is, the issue of an environmental tax was discussed at the Asia-Pacific Economic Cooperation (APEC) meeting held in Vladivostok, where we talked about multilateral efforts on the issue. In Australia, Energy Minister Craig Emerson has worked really hard on this. In the future, I think that Australia's exports of mineral resources will switch from coal to gas. Gas is a clean fuel, and I think that natural gas is important as the step before moving to truly eco-friendly and renewable energy. Since we are able to make use of abundant solar, wind, and thermal energy, Australia will have a competitive advantage here.

**Han Seung-soo:** The environment is a problem that faces mankind. When the Kyoto Protocol expired in 2012, there was no protocol to replace it. UN Secretary-General Ban Ki-moon organized a summit meeting on climate change, and the leaders of a number of countries including China are aware of the problem, even though there is no official multilateral governance structure in place to deal with it. However, at the moment, since there is no system of governance, the meeting that will be held in Lima in September is important, just like the meeting that will be held in Paris next year. At this time, we need multilateral governance to slow climate change.

**[QUESTION]** Park Jin: Mr. Han, can you tell us a little bit about the management of water resources?

**[ANSWER]** Han Seung-soo: Water is life. We are doing a lot of work on the level of the United Nations. Jim Yong Kim, President of the World Bank, told the UN Secretary-General advisory board that there would be a war over water within 10 years. I think that it should be included in the goals for sustainable development. Water was not that

important when the Millennium Development Goals were framed, but it is now. More than a billion people are suffering from a shortage of water. This is being recognized at the advisory board and other levels of the UN as a problem confronting humankind.

**[QUESTION]** Park Jin: What is the situation like in Asia?

**[ANSWER]** Han Seung-soo: China has severe problems with water as well. China is also working very hard on this issue. In addition to the shortage of water, there are also typhoons and other disasters related to water. Vietnam, the Philippines, and Korea are in the path of big typhoons. Our view is that politicians aren't really interested in disasters of this sort until they have to respond to them after they occur. Governments need to do more to prevent disasters. I think that a lot of support is needed for disaster monitoring and prevention.

**[QUESTION]** Park Jin: What results do you think the Korea-China summit meeting will have? Also, what is China's position on North Korea's nuclear weapons? Earlier, you said that China is committed to denuclearization. What do you regard as China's role in the peaceful reunification of the Korean peninsula?

**[ANSWER]** Li Zhaoxing: Korean President Park Geun-hye's earlier visit to China was successful. The Chinese people welcomed her, as well. They respected her for her deep understanding of Chinese culture. Gong Ro-myung, Chair of the East Asia Foundation, is related to Confucius [whose family name was Gong], isn't he? Many Koreans know a lot about the Chinese writing system. On a personal level, I am happy about Xi Jinping's visit to Korea. I believe that his visit comes at the best possible time. As a diplomat, I took part in the talks to normalize diplomatic relations between Korea and China in 1992. August 24th is also the day when the two countries established normal diplomatic relations. Relations between the two countries have rapidly improved since then. I also respect Ms. Gillard.

Korea and China have experienced major economic developments both in Asia and in the world. Korea and China are excellent partners. More tourists in Korea are from China than any other country. Isn't that right, Mr. Woo? Last year, 1.8 million Chinese

visited Korea. There are 116 flights traveling between the two countries. Could this be said about any other countries? We are engaging in more exchange than any other pair of countries in the world. More people come to China to study from Korea than any other country. And this exchange has a long history. I think that having Chinese leaders visit Korea will lead to greater amity between the two countries and will be beneficial to the people of the two countries. To answer your question about the problems on the Korean peninsula, China needs to contribute to the peace of the Korean peninsula and the peace of the world. In order to do that, all of the countries involved need to exercise restraint. They must not provoke other countries with extreme behavior or threats. They must trust each other. I think that resuming the six-party talks will be important for this. We need to think about the denuclearization of the Korean peninsula and peace in Northeast Asia.

**Han Seung-soo:** This brings an episode to mind. A Chinese civilian aircraft landed in the Korean city of Chuncheon in 1983. I remember working to establish official relations between China and Korea at that time.

**Li Zhaoxing:** Right now we are dealing with non-governmental diplomacy. We need to do more work in the future. Chinese cities and counties have set up around 150 exchange programs with Korean cities and counties. The same is true of Chinese companies. All of these things are contributions for the future. Chinese are generally pretty modest, but let me set that aside for the moment. China and Korea's tradition of amity will develop, and I think that other countries should learn from this. I believe that the relationship between the two will become as beautiful as the Eulalia grass of Jeju Island.

**Park Jin:** Mr. Li, I understand that you were born in Shandong, which is where Confucius was from. Now we are going to hear some questions from the audience. We only have time for two.

**[QUESTION] A Participant from Vietnam:** I want to talk about the questions of peace and tragedy. I remember that the keynote speaker mentioned the sadness

about the missing Malaysian airliner. There was a recent incident in which unarmed Vietnamese fishermen died, but not a single person has mentioned that incident here. These fishermen were killed by people on an armed vessel from a bigger country. It seems to me that we should be thinking more realistically and show this through our words and actions.

**[QUESTION]** A Media Person from Ningbo, China: We have a good relationship with the Korea-China Regional Cooperation Council . There are 60,000 Korean companies in China, but their voices are not being heard inside China. We want to speak for these companies.

**[ANSWER]** Li Zhaoxing: I visited Vietnam not long ago. I went to Ho Chi Minh City and Hanoi. I saw that the tradition of friendship between the people of Vietnam and the people of China is still in place. All of the people were living together in peace. Old people in Hanoi appreciate China for stopping the invasion of a Western imperial power in the 1950s. I also witnessed their gratitude to China for helping Vietnam drive out an even bigger country in 1974. I believe the relationship between the two states is firm because it is based on the will of the people. There is the issue of the Nansha Islands, but I believe that we just need to respect the facts, the facts of the past and the present. If you look carefully at the Nansha Islands, you can see that nearly all of them belong to China. This is a very simple fact. However, if this is not acknowledged to be a simple fact, the problem cannot be solved. China discovered them first, it administered them, and the Chinese emperor named them. The issue needs to be resolved through international law, but larger powers from outside the region need to be stopped from interfering. In the past, developing countries were looked down on by the colonizing powers. We developing countries have to prevent our neighbors from being treated like this. We have to combine our forces to block the actions of countries from outside the region. We cannot just ignore their unconstructive behavior. Asia needs to be opened up, and the role of countries from outside the region should be respected, but I think that this is only possible when those countries are behaving in constructive ways.

Park Jin: I hope that our discussion today will turn the Asian paradox into Asian paradise.

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### Policy Implications

- Refraining from extreme threats and resuming the six-party talks is very important for denuclearizing the Korean peninsula and achieving peace in Northeast Asia
- Effort needs to be made to set up a multilateral governance system for climate change
- Since European style unification is not suitable for Asia as it is today, it is necessary to consider the building-block method of unification in various areas, including the economy, environment, and education
- Regional trade agreements (TPP, RCEP) need to be promoted as an intermediary step toward economic unification. However, the ultimate objective should be a worldwide free trade environment.
- Since the Jeju Forum plays an important role in the peace and prosperity not only of Asia but also of the world, an effort needs to be made to develop that role.

## Dinner Remarks

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**Yun Byung-se**  
Minister of Foreign Affairs  
the Republic of Korea

Prime Minister Julia Gillard, Prime Minister Salam Fayyad, Prime Minister Han Seung-soo, Minister Li Zhaoxing, Minister Gong Ro-myung, Chairman Hong Seok-hyun, Ambassador Moon Tae-young, and Distinguished Guests,

It is my great pleasure to have you all here in this beautiful island of Jeju on the occasion of Jeju Forum for Peace and Prosperity 2014. I would like to welcome all the participants from around the world, and to thank Ambassador Moon Tae-young for his hard work.

The theme of this year's Forum, "Designing New Asia" is especially timely and meaningful. In view of the multiple challenges and daunting problems that we are faced with, I imagine that the organizers of the conference consider today's Asia as something old to be replaced, or at least fixed with something new—a new kind of Asia.

If such is the case, their diagnosis is in line with the sense of the direction with which my government intends to proceed, under the foreign policy objectives of "New Korea, New Asia and New World."

Since the end of the Cold War, Asia has been dubbed as the world's "Engine of Growth." Over the past two decades, the future has been heralded as an "Asian Century" and a "Pacific Era." Today, however, what I call "Asia Paradox"—the situation where political and security tensions increase despite growing economic interdependence—is deepening, threatening to derail that hopeful future.

Some pundits are even talking about the "return of geopolitics" here in Asia as well. If current problems are left unaddressed, prospects for Asia's future will remain uncertain.

Let's take a snapshot at where we are, following the path Prime Minister Gillard has flown from down under to this Jeju Island. Just four days ago, a Chinese fighter jet and a Japanese reconnaissance plane nearly avoided mid-air collision over the East China

Sea, missing one another by a mere 30 meters. It was the first such incident in recent history.

For the past week or so, Vietnamese and Chinese vessels have been engaged in a rare physical confrontation in the South China Sea since their last military conflict ended in 1979. Last week, North Korea fired shells near a South Korean naval patrol ship below the NLL, in addition to the ongoing threat to conduct the fourth nuclear test “in a way nobody has ever imagined.”

More fundamentally, tensions arising from historical revisionism are adding fuel to territorial conflicts and arms race in Northeast Asia, while misguided nationalism is on the rise.

But this is not the whole picture. The ongoing move to reinterpret the Peace Constitution of Japan in a way to allow the exercise of collective self-defense is being watched closely with concern by not only its neighbors but also its own people. Confrontation over cyber security across the Pacific is only the latest addition. Competition over regional efforts for integration and cooperation is in some ways turning into a rivalry that could result in mutual exclusion. And the list goes on and on.

It looks like the ‘Pandora’s Box’ is being opened, with all sorts of problems—both old and new—popping up, complicating the already very complex situation in Asia. Any of these developments, if mishandled or left unchecked, could escalate into a much more serious situation with far reaching consequences for the region. I hope I am not alarming you too much before we enjoy our dinner tonight.

This doesn’t need to be our destiny. If we travel back in time through a time machine to twenty years ago, we would encounter an Asia that is very different from today. Its economy was dynamic, and expectations were running high for a new order, as the movements for regional integration, such as APEC, ARF and ASEAN+3 were being launched with great enthusiasm.

Today, Asia once again faces a historical challenge. It is standing at the crossroads between progress and retrogression. Why and how have we come this far? Partly, this is accounted for by the new and divergent outlook for the regional order—a rising China, a resurgent Japan, strong Russia, anachronistic North Korea obsessed with the pursuit of nuclear weapons, and the United States who is rebalancing to Asia.

If my diagnosis is correct, what should be the right prognosis? Which, by the way, is the task given to you for tomorrow. On my part, I wish to pick up two words from the conference theme, “Design” and “New.” These are the opposite of passive and old. The time has come for all regional stakeholders to make a commitment to design a “New Asia.” We need to dream a new dream for the future, albeit perhaps in different forms and shapes.

As the United States pursues the “Pacific Dream,” China is dreaming a “Chinese Dream.” ASEAN is dreaming its own dream for ASEAN Community. In Korea, we are dreaming a “Korean Dream” of the unified Korean Peninsula.

But all these dreams should better be incorporated into a greater Asian or Asian-Pacific dream. It is important that we share the same vision for the entire region. The European integration was possible because Europeans shared the vision of a united, peaceful, and prosperous Europe enshrined in the Schumann Declaration and the Treaty of Rome.

The Helsinki Process was also possible because the Eastern and Western blocs shared basic principles, such as the sovereign equality, refrain from the use of force and respect for human rights. Distinguished guests, to this end, I would like to share with you my three visions of a “New Asia.”

The first is a ‘peaceful Asia.’ We should build peace that is durable, instead of the fragile peace resulting from a balance of power; a peace that respects the common interests of all countries rather than the interest of a particular country; a peace that is based on justice and norms; a peace that promotes integration over division.

The second is a ‘prosperous Asia.’ We should build an Asia where regional economy is fully integrated, creativity is shared, and economic and social differences are addressed. The region should promote interconnectedness and facilitate free movement of people and trade across the border.

The third is a ‘progressive Asia.’ We should build Asia that is free, open, democratic, and contributes to the universal development of humanity.

Distinguished guests, in my recent conversation with Dr. Henry Kissinger in New York, he emphatically said that when pursuing foreign policy objectives, an attitude that seeks “a balanced dissatisfaction over absolute satisfaction” is critical. Though his

counsel is focused on states in the world of realpolitik, wisdom can be found for our discussion tomorrow.

In contrast, the Constitution of UNESCO is more focused on the importance of people. It provides “that since wars begin in the minds of men, it is in the minds of men that the defences of peace must be constructed.”

Whether the focus is on the states or on the people, we should complement the traditional order of bilateralism with a multi-faceted and multi-layered network to promote mutual understanding and communication, and to build trust among the countries and people in the region – both in the areas of high and low politics.

Under the current tense political and security situation, we need to manage the growing tension through regional and sub-regional CBMs or CSBMs. Perhaps, we can begin to think about establishing a crisis management mechanism to avoid accidental clashes in the sea, air and space. In particular, the freedom of navigation should be secured, as it is vital to the economy and the security of the countries in the region.

While we're on the subject of regional security, I would be amiss if I didn't address the biggest obstacle to the regional peace, which is the North Korean nuclear issue. I would say that we are now at the crossroads of whether we will see a nuclear armed or a denuclearized North Korea. We are nearing the tipping point. As such, intensive efforts should be made to resolve the North Korean nuclear issue once and for all, through the cooperation of the members of the Six Party Talks and the international community, including the United Nations Security Council.

As we have seen from the experiences in Europe, efforts for the regional peace gain momentum when coupled with regional integration. In Asia, we already have ongoing integration efforts at various levels, such as FTAAP, RCEP, TPP and the Korea-China-Japan FTA, in addition to ASEAN and EAS. Together with peace building efforts, we should intensify our regional integration efforts so that we may contribute to the common goal of attaining peace, prosperity, and human dignity for all of Asia.

Distinguished guests, in building peace and prosperity in Asia, easing tension and building trust on the Korean Peninsula and in Northeast Asia are quintessential objectives of my government under the leadership of President Park Geun-hye.

To overcome the seven decades of the division of the Korean Peninsula, President

Park proposed the trust building process on the Korean Peninsula and more recently, laid out three specific agendas for peaceful unification in her speech in Dresden, Germany, which includes agenda for humanity; agenda for co-prosperity; and agenda for integration.

President Park also proposed the Northeast Asia Peace and Cooperation Initiative that aims to transform the region's mistrust and confrontation into trust and cooperation.

Furthermore, to reach out to our partners across the Eurasian continent, President Park proposed the Eurasia Initiative that aspires to transform Eurasia into a continent of peace and prosperity.

Our hope is that such diverse efforts toward cooperation and integration beyond our region will not only ease tension in Northeast Asia and Eurasia, but also build trust between the two Koreas on the Peninsula.

As Steve Jobs described with the phrase "connecting the dots," even if individual efforts do not immediately result in tangible success, it does not mean that they are not worthwhile. In the long run, these efforts will serve as a valuable foundation for peace and prosperity in the region.

Distinguished guests, Asia is now undergoing a historical transformation. It is a great challenge presented to all of us. However, we have the will and the capacity to meet these challenges. For Korea, we are willing and ready to play a proactive role in designing a "New Asia."

With our collective wisdom and cooperation, we should send a very clear message to all those doomsayers who are predicting the "return of geopolitics" that the future of Asia is still bright, and the future of the world will rest on Asia. Thank you.

## Dinner Remarks

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**Ju Cheol-gi**

Senior Secretary to the President for Foreign Affairs and National Security

Greetings to Julia Gillard, Former Prime Minister of Australia; Salam Fayyad, Former Prime Minister of Palestine; Li Zhaoxing, Former Foreign Minister of China; as well as Woo Keun-min, Governor of Jeju Island, and all of our other distinguished guests from Korea and overseas who are working for the development of the Jeju Forum. I am very excited about the 9th Jeju Forum for Peace and Prosperity. I hope that the Jeju Forum, which continues to grow each year, will keep developing in the future to become one of the world's finest forums for regional and multilateral cooperation. In addition, I would like to express my gratitude for having this opportunity to make some remarks on the topic of designing a new Asia and peace and cooperation in Northeast Asia.

### **Asia: Changes and Challenges**

Asia today is undergoing dynamic change. In particular, the economy of the Asian countries continues to grow, becoming a source of momentum for the global economy.

The status of Asia is changing amid this period of transition in the world order, and there is a need for Asian countries to play a correspondingly active role in maintaining the peace and prosperity of the world. The changing status of the countries of Asia presents us with two fundamental questions.

First, what will the new order of Asia look like during the development of the order of the international community in the 21<sup>st</sup> century? (Through the present, the prosperity of the global economy, as well as the Asian economy, has been underpinned by 1) the maintenance of the postwar global system and the development of a multilateral system based on the UN and 2) the advancement of a free market economy and democracy. Another challenge is how these should be maintained and developed in the future.)

Second, what is to be done, and what leadership is to be shown, by each of the countries of Asia, and by regional leaders in each field, for this new Asian order?

I believe that finding the answers to these questions is the task that has been charged

to us as we participate in the Jeju Forum, which is being held on the theme of “Designing New Asia.”

### **A New Asia, Framework for Co-existence and Cooperation**

Today, Asia is gradually emerging as the global center of economic activity, but despite this potential, the political and security reality of Asia sometimes serves less as a springboard and more as an obstacle to regional cooperation and development. Bilateral relationships between countries in the region have functioned as mechanisms for maintaining the regional order in Asia. In addition to these, there are also multidimensional mechanisms for multilateral cooperation in various fields including security and economy including the Association of Southeast Asian Nations (ASEAN), ASEAN Regional Forum (ARF), East Asia Summit (EAS), Asia-Pacific Economic Cooperation (APEC), and Asia–Europe Meeting (ASEM). Recently, more development of regional cooperation has occurred on the countries of the Asian mainland through the Shanghai Cooperation Organisation (SCO) and Conference on Interaction and Confidence-Building Measures in Asia (CICA).

In a situation like the present where the interests of the countries in the region are sharply at odds, bilateral interaction and cooperation to resolve problems through dialogue and negotiations between major countries should be complemented by increasing the efficiency of the mechanisms for multilateral cooperation that enable harmonious cooperation between the countries of Asia, in particular Northeast Asia and by strengthening those mechanisms where necessary. This is essential for enabling Asia to realize its full potential and to play a role that is commensurate with its changing status.

In this way, we must create a new Asian order that will contribute to world peace and cooperation by overcoming the obstacles that Asia is facing and by creating a framework for effective co-existence and cooperation between the countries in the region.

### **Impediments and Challenges Facing Asia**

Distinguished guests, we face several important challenges today in regard to the security of Asia.

The first challenge is the confrontation between the US pivot to Asia and China's new type of major-power relationship. The fact is that there are some who regard this in geopolitical terms as the beginning of a struggle for hegemony between a maritime power and a continental power. However, I believe that the US and China have more reasons to move forward with constructive cooperation. The economic interdependence between the US and China will be the basis of such cooperation, and this will enable them to overcome the impediments of a confrontational, hegemonic struggle and to create more opportunities for cooperation.

When the US and China, which are playing a key role in maintaining the international order in the 21st century, work toward creating a framework for co-existence and co-prosperity, and when the countries of East Asia, including Korea, Japan, ASEAN, and Russia, work together on a foundation of trust, it will become possible to design a new Asia.

Second, territorial disputes and tensions regarding armed confrontations that could result from those disputes are intensifying in East Asia at the moment. The growth of conflict and disputes in the East China Sea and the South China Sea pose a barrier that the countries of Asia must surmount together.

Considering that territorial disputes are a zero-sum game in which both countries' natural interests are at stake, it will not be easy to find a solution to these disputes that will be satisfactory to all of the countries that are involved.

However, one thing that is for certain is that the solution to conflict can begin with dialogue. I believe that continuing the efforts to hold talks and negotiations is the key to finding a rational solution for this conflict in the future.

Third, another hurdle that must be overcome by Asian countries consists of other global and regional issues that urgently require regional cooperation.

As was also addressed during EAS last year, Asian countries are facing a variety of issues that require cooperation and exchange, including improving food security in the region, building their capacity for responding to climate change and natural disasters and for disaster management, and enhancing energy security and promoting the safety of nuclear energy.

### **Three Challenges for Northeast Asia**

If the obstacles currently confronting Asia are to be prevailed over, it is first necessary to seek specific solutions for the issues in the key region of Northeast Asia. We are well aware of the potential benefits that peaceful cooperation between the countries of Northeast Asia would bring, as well as how important such cooperation is for the world as a whole. If a definite framework for regional peace, stability, and cooperation were to be established in Northeast Asia, it would become a firm foundation for peace and stability throughout all of Asia.

The most critical challenge for the region is the issue of North Korean nuclear weapons. North Korea's development of nuclear weapons is not only blocking the reunification of the Korean peninsula but is also a serious international issue that poses a threat to world peace.

North Korea's "two-track" plan of simultaneous development of the economy and nuclear weapons is, simply put, unachievable. In order to resolve the issue of North Korean nuclear weapons, we will maintain close deliberations with our partners in the six-party talks, namely the US, China, Japan, and Russia, and we will also join the international community in faithfully implementing the sanctions imposed by the UN Security Council.

In the future, if the North Korean leadership makes the fundamental policy change of abandoning the development of nuclear weapons, we will move forward with the Trust Process for the Korean Peninsula and provide North Korea with aid along with the international community.

But even amid the international sanctions against North Korea, we will continue to pursue the plans outlined by President Park Geun-hye in the Dresden Declaration in March 2014, including working with the North to build infrastructure for public welfare and the joint prosperity of North and South Korea, making an effort to restore the cultural homogeneity of the Korean people, and resolving the humanitarian plight of the people of North and South Korea by instituting regular reunions for the divided families. The peaceful reunification of the Korean peninsula, which we must achieve in the future, is the definite way to resolve the issue of North Korean nuclear weapons and to end the struggle between North and South Korea.

In my view, the second thing that must be done to achieve peaceful cooperation in

Northeast Asia is for the countries in the region to reach a common understanding about the past and future of Northeast Asia. Just as a country's historical understanding is a compass that points to that country's course in the future, a shared understanding of Northeast Asia's future must begin with the countries involved having a proper understanding of the region's history.

A difference in historical understandings is the root of distrust and discord, and it works against a win-win cooperative relationship and a progressive future. The most important thing for sharing a proper understanding of history is giving the young generation a correct understanding of history. This must be the basis for fostering a culture of consideration and respect for our neighbors, and achieving this demands that our leaders have insight and courage.

Third, it is necessary to shut down the arms race in Northeast Asia, to interrupt the pattern of military confrontation, and to decrease tension about an armed clash. Toward this end, we must give thoughtful consideration to the necessity of not only bilateral security talks but also a multilateral security mechanism in the region. The bilateral approach is generally effective for resolving conflicts, but a multilateral security mechanism is very useful for building trust and preventing potential conflicts and armed clashes.

This is in line with the Northeast Asia Peace and Cooperation Initiative proposed by the administration of President Park Geun-hye. The plan is to first of all promote dialogue on soft issues, such as climate change, cyber terrorism, nuclear safety, disease management, and joint responses to natural and manmade disasters, gradually expanding this cooperation until it reaches the area of security.

Setting up a mechanism for multilateral talks and cooperation on security issues in Northeast Asia is by no means an easy task. However, I believe that such a mechanism is necessary for us today, and that it can be created through close dialogue and cooperation between countries in the region.

I think that it is necessary for us to share ideas through both inter-governmental talks and various forums and meetings, as well as to create a mood for cooperation, including the top-down process beginning with our leaders and the bottom-up process starting with working-level policy makers.

The journey of a thousand miles begins with a single step, and I hope that this forum will be an important starting point for our journey.

## Conclusion

Distinguished guests, understanding and cooperation between the countries of Asia—and in particular Northeast Asia—is more necessary than ever, just as it is even more necessary that these countries contribute to the establishment of the 21<sup>st</sup> century global order in a manner befitting their increased status. However, before we can truly inaugurate the new Asian age, we must overcome the previously mentioned obstacles and resolve the challenges that we face.

In order to resolve the challenges facing Northeast Asia, the Korean government is continuing to work to bring about dialogue and cooperation with North Korea through the Trust Process for the Korean Peninsula, to achieve multilateral security dialogue between the countries in the region through the Northeast Asia Peace and Cooperation Initiative, and to raise the curtain on a period of cooperation on the Eurasian continent, including North Korea, through the Eurasia Initiative.

We firmly believe that when these efforts are pursued in concert with efforts to resolve the issue of North Korean nuclear weapons, it will be possible to resolve the issue of North Korean nuclear weapons and to achieve major progress on the peace and security of Northeast Asia within a few years.

We believe that these efforts are the way for South Korea to contribute to designing a new Asia at this time.

I think that the reason we are all gathered together on the beautiful island of Jeju is that we share the goal of using passion and creative planning to overcome the crisis in Asia and design a new Asia.

I hope that we will be able to continue holding meetings related to today's theme on Jeju Island, the island of peace. And most importantly I hope that this forum will be brought to a successful conclusion, enabling the beauty of Jeju to become the foundation of peace and prosperity of Asia.

I would like to express my sincere appreciation to related organizations and their representatives for giving me the precious opportunity to deliver this speech. I hope that all of you enjoy your dinner.

Thank you.



## Chapter 2

# Trust Politics and Peace in East Asia



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## Building a New Security Architecture in Northeast Asia

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### East Asia Foundation

Northeast Asian states are together faced with transnational security issues such as arms proliferation, terrorism, organized crime, epidemics of disease, and environmental degradation. While European nations have long been practicing “cooperative security” through multinational security cooperation systems, Northeast Asia continues to discuss the concept without producing any results. In her speech to a joint session of the US Congress, South Korean President Park Geun-hye proposed the Seoul Process as a means of overcoming the “Asia paradox.” She envisions building a multilateral security cooperation network, similar to the Helsinki Process, for peace and cooperation in Northeast Asia, which will include the US, Northeast Asian countries, and even North Korea. In this session of the Jeju Forum, the current status of security in Northeast Asia was analyzed and evaluated, and the construction of a security cooperation system in the region was discussed in depth.

#### **Moderator**

**Choi Kang** (Vice President,  
the Asan Institute for Policy  
Studies)

#### **Presenters and Discussants**

**Lee Geun** (Professor, GSIS,  
Seoul National University)

**Peter Hayes** (Director,  
Nautilus Institute)

**Muthiah Alagappa**  
(Nonresident Senior  
Associate, Asia Program,  
Carnegie Endowment for

#### **Evaluation and Prospects of Security in Northeast Asia**

**Peter Hayes** counted North Korea as the most pressing security issue in Northeast Asia. He emphasized the urgency of reopening the Six Party Talks, calling them “the only solution.” A comprehensive process that includes Japan and China will help solve North Korean issues, he said. Hayes compared the Six Party Talks to wine, and likened the current situation to wine that has gradually turned into vinegar and has become undrinkable, suggesting that new wine is necessary. Hayes asserted that

International Peace)

**Edward Dong** (Minister-Counselor for Political Affairs, US Embassy Seoul)

**Rapporteur**

**Shin Yoonhee** (Program Officer, East Asia Foundation)

the parties must come together within the framework of a treaty, which must be more comprehensive than its previous form. In other words, consensus must first be reached through a comprehensive treaty, as it was in the process of solving nuclear issues in Iran (6+1), before resolving issues related to enforcement. The treaty should take its cue from the Helsinki Agreement, but rather than imitating the existing framework, it should be adapted to fit the situation in Northeast Asia. He added that South Korea's role in this process is important.

In evaluating the leadership of the US in Northeast Asia, **Edward Dong** said that although the region's historical alliances were limited, they have ensured the stability we enjoy today, and further, allowed the flow of goods, services, and human resources in Northeast Asia. In Dong's assessment, Northeast Asia is in a state of some confusion, with each nation facing different situations with incongruent strategies. Consequently, in order to construct a cooperative network for peace in Northeast Asia, it is more important than anything to understand the Asia paradox and accept the disparities within the region. Only then, he said, can each nation build a different link. Dong added that the existing economic cooperation system should be used actively. He stressed that the economy represents hard power, as opposed to soft power. According to Dong, money is as powerful as military strength and can serve as a kind of security system. Truly meaningful discussion can be had, according to Dong, using existing major forums such as the Asia Pacific Economic Cooperation (APEC) and the East Asia Summit (EAS).

Lee Geun attributed the issues confronting Northeast Asia to the lack of a liberal international order. He asserted that security dilemmas do not exist within liberal international orders, which is exemplified by the relationship between France, the US, and Mexico. Among these nations, one country does not worry if another possesses nuclear weapons. China, on the other hand, is making efforts to join the liberal international order, but its efforts have not yet been effective. Professor Lee showed concern that the free economic order Japan has maintained will be strained by growing support for conservatism, giving rise to an imperialist revival. According to Professor Lee, these situations continue to prevent Northeast Asia from overcoming the Asia paradox, despite the region's economic prosperity. He predicted that the current government's trust-based foreign policy, if implemented as planned, will be evaluated positively.

Muthiah Alagappa praised the security system in Northeast Asia for having prevented any major wars in the last 50 years, and maintaining peace and prosperity throughout the region. Alagappa argued that peace in Northeast Asia is based on allied and nuclear deterrence. While forces of deterrence may result in an "incomplete peace," he said, they are effective in resolving conflicts smaller than out-and-out war. In order to resolve security issues, South Korea and North Korea must be strictly defined as one nation or two, and China must establish a clear stance on the status of Uigur and Tibet as nations. According to Alagappa, all security issues are derived from how a nation is defined. Alagappa asserted that while economic cooperation is helpful in addressing security issues, it cannot itself serve as the solution to the fundamental problem, and a political solution is necessary in the end. Alagappa differed with Dong in his opinion that before attempting to resolve issues, they must first be examined to get to the root of the problem.

### **Evaluating Threats to Security Cooperation in Northeast Asia: The Rise of China and the Revival of Japan's Militarism**

Edward Dong predicted that Japan will not return to a pre-modern system. Dong mentioned that the Northeast Asian nations of South Korea, China, and Japan have all been keeping traditions alive for thousands of years, and that these nations take great

pride in their cultures. Dong dismissed concerns that the three nations could look to exercise power unilaterally, stressing that by focusing on common regional goals, and using appropriate leadership and cooperation, multilateral relationships can improve.

On a related note, Dong emphasized the value of travel. Unlike in the past, today's Koreans and Chinese have the ability to travel to various overseas destinations. Dong predicted that as more people from Northeast Asia experience more liberal cultures, while also looking to broaden their horizons through travel, their mindset is bound to change in the longer term.

Lee Geun expressed his concern that the current rise of China could push the country toward becoming a Chinese Empire again. He added that if China were to become an empire, two key issues would arise: First, how this "empire" would manage issues such as its national borders. Second, how China would cope with "neo-barbarians," an allusion to China's historical reference to foreign powers.

Muthiah Alagappa suggested a new approach to resolving security issues, claiming that people's perception of nation-building must change. He claimed that there are two methods of nation-building: civilized nation-building based on citizenry, and ethnic nation-building based on ethnic groups. Alagappa asserted that in order to solve current problems, the trend must turn away from ethnic nations and move toward building civilized nations. He said that although many Asian nations boast long histories, their modern histories are still short, and they can hardly be considered fully mature. In the case of China, even though its constitution clearly delineates the nation as being based on its citizens, the government's actions seem to portray an ethnic nation based on one ethnic group. Further, Alagappa asserted that solving security issues will become simpler if approached after desecuritization.

### **Approaches for Resolving Conflict with North Korea**

Peter Hayes stated that North Korea is not developing nuclear weapons as a deterrent for security reasons, but rather to use them as a means of psychological threat. Currently, North Korea's national identity is centered on nuclear weapons. If North Korea continues to pursue the same goal, it will possess 100–200 nuclear weapons

and medium-range missiles in the next 15–20 years. In other words, nuclear weapons are North Korea's only means of negotiation. Hayes forecast that North Korea will continue to exist in any number of possible scenarios for Northeast Asia. He added that it will consequently be of great interest to see how South Korea influences and changes the course of North Korea's future. His proposals included trust-based foreign policies, biodiversity projects connecting China, Mongolia, Russia, and Japan, and the construction of a DMZ World Peace Park that is symbolic of the rebuilding of trust. Hayes emphasized the importance of dealing with hard and soft issues simultaneously.

Edward Dong disagreed with Hayes's comment, stating that peace cannot coexist with North Korea's two-track policy. He also expressed the opinion that the Peace Park approach had already been derailed before it ever saw the light of day, and was not desirable. Dong adhered to an optimistic view, stating that while China has been operating an authoritarian system, its inherent diversity has worked on a national level. A significant liberalization and democratization of China could subsequently have a huge influence on North Korea.

### **Assessment of China–US Relations and Prospects**

Edward Dong pointed out that while the US does not recognize the concept of a "G2," China has recently been using the expression with increasing frequency, exemplifying the lack of consensus between the two nations. Dong explained that the US is friendly toward South Korea, Japan and Southeast Asia, as well as China, and intends to form a network of mutually beneficial relationships.

Muthiah Alagappa said that the US is still the world's most powerful nation, pointing out that despite China's growing economic influence, its per capita GDP remains relatively low. Alagappa stated that the perception of a bipolar system is exaggerated. His position is that while China might join the new world order as an active member, China's rise will not fundamentally reshape the world order. He also said that China considers national interest to be separate from global interest, giving more weight to the former. This, he pointed out, is different from the US, which strives to balance national interest and global interest. He concluded that while China might be the

leading nation in Northeast Asia, it cannot be considered a true leader as long as it places its national interest before regional issues, as demonstrated by its approach to China–Southeast Asia relations.

Peter Hayes said that China is showing a lackadaisical attitude toward resuming talks with North Korea, which has been a great cause of concern for the US. Hayes said that China’s hesitation to resume talks was unexpected, given that North Korea’s attitude appears to be changing. Hayes concluded that South Korea’s role is critical to the region’s security now that the baton has been passed. He stressed that South Korea must establish and actively implement strategic policies.

### **Nuclear Domino Potential**

Peter Hayes warned of the potential danger of “nuclear dominos,” as mentioned by President Park Geun-hye in recent comments. If North Korea is allowed to possess nuclear weapons, it will see no alternative to using them should it feel itself under threat from external enemies. Hayes asserted that the development of nuclear weapons in the region should be blocked at all costs to keep the two Koreas from facing mutual destruction.

Muthiah Alagappa predicted that North Korea’s possession of nuclear weapons will not lead to nuclear proliferation. According to Alagappa, each country has prescribed roles in the region it belongs to, and the US’s deterrence is more relevant to peace in Northeast Asia than is the threat of North Korea possessing nuclear weapons. He claimed that if the region witnessed a proliferation of nuclear weapons, it would not be as a result of North Korean having such weapons of its own; proliferation could still happen under certain conditions of regional security, he added.

Peter Hayes agreed with the Aliquippa’s general idea, but claimed that North Korea could be an exceptional case. He said that different scenarios could arise depending on how Japan and South Korea respond to North Korea, which uses nuclear weapons as a means of persuasion and negotiation. He concluded by saying that one cannot be too careful in predicting Northeast Asia’s nuclear situation over the next 15 to 20 years,

and it is important to examine North Korea's approach to nuclear weapons, and the reactions of South Korea and Japan.

### **Contemplating the Rise of China and Security in East Asia**

Edward Dong said that the US is satisfied with the current alliance and security infrastructure. He surmised that because people view the US as a hegemonic power, it is difficult for the country to strengthen its security systems without arousing suspicion. He expressed his hope that the region's security system will not be controlled by a few powerful nations.

Lee Geun mentioned Singapore as an example in the discussion on China's rise, stating that an authoritarian government can be positive, if it can adapt to liberalism and the international order. He asserted that North Korea should be guided, rather than forced, to accept multilateralism and a market economy through socialization and education.

On the other hand, Peter Hayes stated that the rise of China is not as important as strategic approaches to various processes all over the world. He claimed that forming a network of cities including Beijing, Shanghai, Seoul, and Tokyo is an important task, and that the risks of urbanization will continue to exist for future generations. Hayes asserted that the roles of civil society, and regional and federal governments are key to addressing these risks, and that the balance of power is shifting gradually from nations to civil societies. He stressed the importance of developing more creative and dynamic societies.

Muthiah Alagappa saw China's rise as positive, and stated that peaceful development is an ideal sought by China as well as by most nations. In terms of security structure, he foresaw that the current military alliance will continue to play an important role for decades to come. He claimed that regional cooperation, which most people believe to be important, will have relatively little impact. He asserted that cooperation in Northeast Asia alone will be inadequate to establish peace in the region, but ASEAN should be able to supplement the region's needs. Alagappa said that there must be

a fundamental shift in South Korea's attitude toward North Korea, and stressed that South Korea must embrace North Korea with patience and avoid further provocation.

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## DMZ International Peace Park and Peace and Prosperity in Korea and throughout Northeast Asia

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### The Korea DMZ Council

The significance and necessity of a DMZ International Peace Park were discussed, and practical measures presented on how to bring it about. Also discussed were goals such as increasing awareness of the project at home and abroad, appealing to public opinion, and forming a consensus. The session called on North Korea to take more initiative in this project. The session was planned in response to the DMZ International Peace Park being a focal point for the current administration. A video clip on the DMZ International Peace Park was screened at the official Jeju Forum Dinner, and time was dedicated to discussing the significance and future direction of the DMZ International Peace Park during an official press conference.

#### Moderators

**Lee Choon-Ho** (Chairman, the Korea DMZ Council)

**Jeong Hoi-Seong** (Chairman, the Korea DMZ Council)

#### Presenter

**Son Gi-Woong** (President, the Korean Association of DMZ studies)

#### Discussants

**Kim Ik-Soo** (Reporter, Environment Daily News)

**Lee Jae-Seung** (Professor, Korea University)

**Ahn Chan-il** (Director, World Institute for North Korea Studies)

**Son Gi-Woong:** I have just given a presentation on the peaceful use of a DMZ International Peace Park and the shared prosperity of international societies.

**Choi Duk-Man:** The park requires effort from both Koreas as well as international cooperation. In order to make the DMZ International Peace Park a reality, a national consensus is necessary. We will continue our efforts to achieve that goal.

**Alharbi Abdulrahman:** The plan for the DMZ International Peace Park that we just saw is magnificent.

**Kim Chang-Hwan** (Professor,  
Kangwon University DMZ  
Help Center)

**Lee Soo-Hyun** (Lawyer,  
Shin&Kim)

**Alharbi Abdulrahman**  
(Diplomat, Royal Embassy of  
Saudi Arabia in Seoul)

**Chae EunMi** (Artist)

**Choi Duk-Man** (Chairman,  
Int'l Peace Park People Union)

**Yang Dae-Jong** (Professor,  
Wonkwang University)

**Rapporteur**

**Oh Ji-Young** (Executive  
Director, the Korea DMZ  
Council)

I am thrilled to learn that such an amazing plan has been put together over the last several years. I will introduce it to my compatriots in my home country. I have heard that there are many political, economic, and military issues in the area. I am curious how stability and peace can be derived from a military zone.

**Kim Ik-Soo:** The complex ecological value of the DMZ should be considered. I suggest that you consider the big picture. I believe that the park's political, economic, and social benefits should be advertised abroad. I believe that the Global Green Growth Institute (GGGI), a UN-affiliated organization in South Korea, will be able to reduce the time needed and make things happen. I believe that the park can potentially act as a buffer zone and persuade North Korea to come onto the world stage. I agree with Choi that a national consensus must first be reached. The project must get agreement not only from displaced citizens and residents of border areas, but the entire nation. This project should not be a private party among South Koreans. We must look for ways to involve North Korea. President Park's comparison of unification to a bonanza should be reconsidered. Education and consensus building efforts are necessary for the project to be received positively.

**Lee Jae-Seung:** The DMZ International Peace Park is significant in two ways. First, it has symbolic significance: the project embodies the possibility of a small area solving big problems. Second, it is significant as a new project. Past projects, the Geumgang Mountain and Gaeseong Industrial Complex, for example, have been

discontinued for long periods. The International Peace Park is a project that will elicit new support. The project requires support and participation from abroad as well as at home. Strategies must consider both the symbolic and practical significance of the project. Ideas are more important than anything. We need to develop these ideas into an international project and draw up a comprehensive plan with business incentives. For these ideas to lead to action and participation, the project needs cooperation and support from interested nations.

**Ahn Chan-il:** The approach to construction in the DMZ will be a key issue. We need to decide whether it will be restricted to South Korea or if it will connect North and South. North Korea prefers division. The project will probably fail if it is based on a perspective of security and peace, but if the proposals are centered on business, North Korea is less likely to refuse. A large tourism district is being constructed on the east coast. The armistice regime cannot be restored. With a meticulous approach to resuming cooperation, which was halted due to the North Korean boycott, the International Peace Park will be possible.

**Kim Chang-Hwan:** The association of the DMZ with peace feels somehow familiar. I hope that the Park Geun-hye administration will discuss the DMZ International Peace Park in detail. The proposal is to transform the demilitarized zone, or DMZ, on the most heavily armed border in the world, into something closer to a Dance Music Zone.

**Lee Soo-Hyun:** Despite people's interest in North Korea, there are few places to get a real sense of the country. This is how I feel despite having to deal with North Korean issues at work. The bond of sympathy must be even weaker for ordinary citizens. This lack of sympathy seems to lead to people's indifference toward unification. I believe that the DMZ International Peace Park will be able to help us overcome the burden of taxation and the lack of national consensus on unification. We need a space where people can experience North Korea, which will help redress people's perception of a divided country. For both South Korean and North Korean citizens, a space where they can experience each other's ideologies and communicate will be meaningful. The space will function as capillaries that circulate the blood of unification. I hope to dedicate

myself to this project.

**Yang Dae-Jong:** I think that good ideas will make the DMZ International Peace Park feasible. At the time of the 2002 World Cup, I organized a football-related event in Germany. I will ruminate on my experiences and think about what I can personally contribute to DMZ International Peace Park. I think the next step of the project is to generate a workable plan for the DMZ International Peace Park.

**Chae EunMi:** Hearing Dr. Ahn's speech helped me realize how different the perspectives of the two Koreas can be. This has been a great opportunity for me to examine ways that I can contribute to the DMZ International Peace Park project as an artist and author. Many ordinary citizens might not know about the DMZ International Peace Park. I think that public relations efforts should be a priority.

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### Policy Implications

- International aid and support as well as the cooperation of North Korea will be required for the DMZ International Peace Park.
- Comprehensive planning is necessary to secure the agreement of North Korea and the international community.
- The project can promote the balanced development of South and North Korea, which will contribute to Northeast Asia's regional prosperity.
- The DMZ International Peace Park transcends Korea's division and separation and will provide opportunities for shared prosperity.
- From the outset, the sharing of ideas and cooperation among workers from the two Koreas will be crucial in creating an asset that symbolizes peace.
- In addition to the construction of the DMZ International Peace Park, policy measures must be implemented to increase people's understanding of unification, and to strengthen PR efforts aimed at generating national support.

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## Opportunities and Threats in East Asia

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### Jeju Peace Institute

For 30 years it's been widely predicted that the 21<sup>st</sup> century will be the Asian century, to the point where it's almost become conventional wisdom. The region's international order has gone through a dynamic transformation, as exemplified by the emergence of China and India, the reemergence of the US, and Japan's increased leverage. What will the future of Asia look like? Asia faces opportunities as well as threats: the region has been called the world's factory and the growth engine of the global economy, even against the persistent rumble of Cold War-related military confrontations and new territorial disputes. In this session, experts offered their opinions on the opportunities and threats facing Asia in the 21<sup>st</sup> century.

#### Moderator

**Kim Woosang** (Professor, Foreign & Security Policy, International Relations, Yonsei University)

#### Presenters

**Cai Jian** (Associate Professor, Center for Korean Studies of Fudan University)

**Chris Larsen** (Professor, Hankuk University of Foreign Studies)

**Nishino Junya** (Professor, Department of Political Science, Keio University)

**Sergei Sevastyanov** (Professor, Far Eastern Federal University)

**Kim Woosang:** It has been over two decades since discussion of the Asian century began. Has the Asian century arrived? If not, why hasn't it come, and when will it come? I hope to focus our discussion on these questions.

**Cai Jian:** The 21<sup>st</sup> century is referred to as the Asian century. Who is representing Asia, leading Asia? Northeast Asia is a key region in Asia. In order for the 21<sup>st</sup> century to become the Asian century, Asia must overcome internal and external challenges. The US's

**Woo Jung-Yeop** (Research Fellow, the Asan Institute for Policy Studies)

**Rapporteur**

**Park Sang-Hyun** (Associate Research Fellow, Korea Institute for Defense Analyses)

rebalancing Asia strategy is key to dealing with external threats. The US's strategy aims to hold China in check. There are problems that Asia must solve internally. In too many countries, a number of different languages are being used. Asia's internal problems include lacking a sense of cultural identity, insufficient communication, aging cultures, corruption, inadequate human resources management, and environmental issues. China will make the most significant contribution in creating an Asian century, using its enormous domestic market and diplomatic capacity.

**Chris Larsen:** The Asia paradox is the problem. With ongoing competition and discord, security continues to be a key issue in Asia. In addition, economic interdependence in the region is growing. However, doubts about the intentions of other nations and the lack of mutual understanding are causing various conflicts. Trouble in some countries becomes opportunity for other nations. North Korea's nuclear development threatened South Korea, but Japan used it as an opportunity for rearmament. The future of East Asia depends on normalization of the relations among the relevant nations. President Park Geun-hye's trust-based diplomacy is important for clearing up misunderstandings, mitigating conflicts, and facilitating communication, and will help open the Asian century.

**Sergei Sevastyanov:** The 2008 economic crisis has given way to a new international order. The US is declining, while China and Russia are rising. Russia is

keen to establish a new security structure. A new order is being established with the US at the center of the West and Eastern Europe, and China at the center of Asia. The US is implementing a dual deterrent policy, on land and at sea, in China and Russia. It is also creating a dual structure in Eurasia. As shown in recent international situations (Kosovo, Syria and Crimea), the current state of international cooperation is inadequate to address security issues.

The 21<sup>st</sup> century will take on a multicentric structure. The US, China, Russia and Japan will emerge as key players. This situation is advantageous to Asian nations, and will hasten the beginning of “the Asian century.” Interest in Asia alone will not bring the Asian century. A Eurasian perspective is necessary. A structure of cooperation within Eurasia is imperative.

**Nishino Junya:** Japan has been experiencing difficulties in dealing with its neighboring countries, Korea and China. Opinions about the rise of China have been divided: some emphasize that it will bring economic opportunities to Japan, while other focus more on the security threat. Nations in this region must work together to build systems to manage risk and mechanisms to solve various conflicts. Amid increasing threats from China, Japan has a growing interest in security cooperation with Korea. The Japanese public is expressing concern that South Korea is leaning toward China due to President Park Geun-hye’s pro-China policies. Taking sides is not helpful to anyone. It is important for China, Japan and South Korea to seek mutual benefit through trilateral cooperation. Japan is looking to achieve this by facilitating a summit conference that includes all three nations, and covers free-trade agreements and environmental cooperation. The Park Geun-hye administration’s Northeast Asia Peace and Cooperation Initiative must evolve in the direction of mutual cooperation among China, Japan and South Korea, rather than equidistant diplomacy between China and Japan.

**Woo Jung-Yeop:** It is difficult for me to agree with Professor Cai Jian’s opinion on the Asian century. It’s not clear which nations will become the most powerful, but it seems that Professor Cai is in fact saying that the Chinese century is coming. Economic prosperity must be sought within nations as well as among nations. Asia has been the

fastest growing region in recent years. Governance is key. The Asian century must be achieved through a new form of governance.

**[Question]** Gideon Rachman: In the competition between China and Russia, China seems to have the greater potential to become the leading nation in Asia. What are some challenges and opportunities presented by the rise of China?

**[Answer]** Cai Jian: China rejects the concept of “G2.” Since Deng Xiaoping, China has made it a national policy to avoid becoming a hegemonic power.

Nishino Junya: In Japan, some opinions suggest that the US is embracing China’s call for a “new type of major-power relationship.” This fear is driving Japan to increase its military power. While Japan values US-Japan relations, it must prepare for an era of China-USA relations. Japan would like the US-led world order to be maintained. Consequently, Japan supports the Trans-Pacific Partnership (TPP).

**[Question]** Lee Jong-Heon: Four years ago, the leaders of China, Japan and South Korea convened at a summit in Jeju, where they announced the Trilateral Cooperation Vision 2020. What progress has been made in the past four years, and what is the biggest obstacle to realizing that vision?

**[Answer]** Chris Larsen: In Northeast Asia, realistic arguments regarding disputes and conflicts have persuasive power. Pre-modern, modern and postmodern factors all contribute to the region’s issues. Trilateral cooperation among China, Japan and South Korea can offer realistic solutions. Cooperation with a vision for the future is necessary.

**[Question]** Gideon Rachman: What are the opportunities and challenges facing the US and China?

**[Answer]** Woo Jung-Yeop: South Korea is taking an even more deliberate and nuanced position regarding China-USA relations. South Korea depends on both China and the US in addressing issues around unification, security and economy. It is true

that South Korea feels threatened by the rise of China. In order to overcome the current threat, issues related to history must be addressed first. A history of mistrust continues today, and Japan's rearmament poses yet another problem. Japan is concentrating on remilitarization due to exaggerated fears of the US's abandonment of its alliance with Japan.

**[Question]** Jung Sung-Gong: The North Korea factor is the core of the threats facing East Asia. What do you make of recent provocations and the threat of nuclear experimentation?

**[Answer]** Woo Jung-Yeop: In the last four years, the approval ratings of leaders have changed in each country. This is because no one wants to concede.

Nishino Junya: China is rising, South Korea is elevating its status, but Japan has fallen. Such shifts in the power dynamic seem to be a big factor. I agree that North Korea's nuclear development is a serious issue.

Chris Larsen: The US is facing huge challenges. It is experiencing difficulties defending certain areas, such as Crimea and Afghanistan. On the other hand, China is rising rapidly. In particular, China's military power is growing at an annual rate of over 10%. Another problem is that the two countries' internal issues are fundamentally affecting their diplomatic policies.

Sergei Sevastyanov: The concept of G2+α seems the most fitting description of the current situation. It's not just the US and China; Russia and Japan can become leaders too. Russia has supported and will continue to support resolving the issue of North Korea's nuclear development through the six-party talks.

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## Policy Implications

- The concept of 'G2+α' is appropriate. Russia, as well as the US and China, is emerging as a leading nation.
- The US's rebalancing strategy must be implemented consistently if it is to support peace and prosperity in East Asia.
- Russia expects a reshuffling of the order in East Asia, possibly through cooperation with China, rather than the US maintaining its influence.
- While Japan prefers an East Asian order led by the US, it is showing concern that the US is answering China's call for a new model of major power relations. Japan is also preparing for the time when China challenges the US.
- Realist views are predominant in East Asia, so in promoting greater cooperation, it's crucial to adopt liberal or institutional viewpoints so as to remove obstacles to Asia's emergence.
- Considering the numerous obstacles at the national level, such as nationalism, and territorial and historical disputes, East Asia must prioritize cooperation and exchange.
- The bilateral cooperation frameworks in East Asia must be substituted with multilateral cooperation networks. Asian nations must improve their relations through greater trust.

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## The Park Geun-hye Government and Trust Politics on the Korean Peninsula: Recasting and Forecasting

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East Asia Foundation

President Park Geun-hye has proposed a “trust-building process” as her key policy in inter-Korean relations. She emphasized that her administration will stand firm against any North Korean provocations while keeping the door open for dialogue. Essentially, this is a twofold policy of simultaneously applying pressure and inducing dialogue. Although this policy has led to some successes, in the form of the reunion of separated families and the reopening of the Kaesong Industrial Complex, the North has been largely uncooperative, pressing ahead with successive missile tests. In this session, the presenters, including South Korea’s Secretary of Security Strategy, who is in charge of implementing the trust-building process, discussed the vision and methods of implementing “trust politics,” from the perspectives of the four nations in the region.

### Moderator

**Kim Young Hie** (Editor-at-Large, JoongAng Ilbo)

### Presenters

**Jin Canrong** (Professor, School of International Studies, Renmin University of China)

**Soeya Yoshihide** (Professor, Keio University/ Director, Institute of East Asian Studies)

**Gideon Rachman** (Senior Columnist, Financial Times)

The “trust-building process on the Korean peninsula,” initiated at the onset of the Park Geun-hye administration, was expected to create a turning point in inter-Korean relations, which had come to an impasse with the previous administration’s hardline approach toward North Korea. This pledge reflects the administration’s intention to maintain the previous administration’s hardline policy in responding to North Korean provocations, while inducing dialogue with Pyongyang through active government engagement. It is too early yet to assess the political effectiveness of the trust-building process. While agreeing

**Cheon Seong-whun**  
(Secretary of Security  
Strategy, Office of National  
Security, Cheong Wa Dae)

**Rapporteur**

**Kang Chankoo** (Program  
Officer, East Asia  
Foundation)

with the administration's intent, the leaders of neighboring and interested countries have pointed out the real barriers that South Korea must overcome.

### **What Are Trust Politics?**

Cheon Seong-whun explained the basic premise of trust politics, which includes a healthy national defense prepared to face down provocations and trust-based diplomacy that promotes a national philosophy from a diplomatic perspective. Cheon stated that, paradoxically, while there is cooperative economic, social, and cultural development among Northeast Asian nations, persistent factors such as territorial issues are heightening tensions. In order to relieve this situation, trust-building must necessarily begin from small things. Cheon stressed that progress cannot happen without trust, mentioning the concept of *musinbullip* (無信不立, "without belief, one cannot stand") from the Confucian Analects, as quoted by President Park in advocating trust-based diplomacy. His suggested "measure of proposing trust starting with an easy step" is incorporated in the Northeast Asia Peace and Cooperation Initiative. By adhering to a common vision and international regulations in order to solve problems tied to mutual interests, such as nuclear development and cyber security, a framework for cooperation can be established in the region, based on which nations can begin to address more sensitive issues. The Eurasia Initiative seeks to widen the scope of cooperation to connect Asia and Europe.

Cheon made sure to mention the trust-building process on the Korean peninsula, a characteristic element of trust politics. As a policy dealing with the issue of Korean reunification, the trust-building process on the Korean

peninsula places greatest emphasis on the trust between South and North Korea. Before trust-building can begin, promises must be kept. The trust-building process begins with mutual consent and the execution of relatively easy agenda items based on the fundamental spirit of mutual respect and peace, beginning with upholding previously reached agreements, such as those stipulated in the July 4 North-South Joint Statement. Balance is another important factor of the trust-building process on the Korean peninsula. Cheon explained that the trust-building process on the Korean peninsula embodies the current administration's dedication to learn from previous administrations, which were criticized for overemphasizing security and neglecting dialogue, or vice versa. As a result, Cheon said, the present government has implemented a balanced North Korea policy based on strong security and inter-Korean dialogue.

### **Relations with Neighboring Countries, a Key Variable for the Success of Trust Politics**

Jin Canrong said that China approves of the Park Geun-hye administration's trust politics: China's major media companies have been covering the policies in detail, with a generally favorable perspective. Jin deemed the trust-building approach to North Korea a highly appropriate and necessary measure by the South Korean government in preparing for the anticipated Korean reunification. Jin said that the predominant view in China about Korean reunification is that it is a long-term goal, though an inevitability. He said that there is still a long way to go before serious mistrust between the two Koreas can be overcome and trust can be established.

However, Jin added, US-China relations certainly have a major impact on inter-Korean relations, and those two nations must also acknowledge the problems between them. Trust-building isn't only an issue between the two Koreas, but also one that must be addressed as part of US-China relations. How much responsibility does China have when relations and competition between the US and China inevitably affect issues on the Korean peninsula?

Jin said there are numerous domestic factors in China impeding the country's relationship with the US, including domestic leadership issues, military modernization, China's ambition to recover its status as a maritime power, cyber espionage, and

tensions created by the rise of the yuan as an international currency. Unlike the past, when US-educated Chinese formed the elite mainstream and exercised major influence over China's US policy, populism is now a major factor behind the government's actions. The general public is gaining a stronger voice. Its weight has increased in domestic politics, which means that China will soon be unable to maintain a consistent US policy. Moreover, ill-advised comments and behavior will likely persist within political circles in both China and the US, which can be cause for concern in themselves.

Soeya Yoshihide said that South Korea's trust-building diplomacy can be applied to Japan as well as North Korea. He said that the existence of mistrust is the premise of trust-based diplomacy, because the entire policy is predicated on overcoming mistrust. Citing President Park Geun-hye's Dresden speech, Soeya said that the trust-based diplomacy policy is based on personal exchanges, and that in this respect, Japan could be South Korea's regional policy partner. He stated that personal exchange is one of the few measures that can improve a lack of trust, and that despite enduring doubts over the policy's practical impact and feasibility, there are no alternatives. Soeya cited the result of a recent public poll, which showed that South Korea's approval rating of Shinzo Abe fell to the same level as Kim Jong-un's rating after the Japanese prime minister visited the Yasukuni Shrine; indeed, Japan's national image was only slightly better than that of North Korea. He expressed regret that South Korean perceptions of Japan are scarcely better than those it holds about North Korea, especially considering that Japan maintains similar positions to South Korea regarding cooperation with China, denuclearization, North Korea issues, and the reunification process. On North Korea's negative reaction to President Park's Dresden speech, Soeya said that it is attributable to Kim Jong-un's current preoccupation with domestic politics. Soeya added that North Korea's agreement to begin abductee negotiations with Japan is another sign of Pyongyang's isolation.

### **Unrealistic Expectations of North Korea Suspending Its Nuclear Program**

Gideon Rachma said that the word "trust" in trust politics must be reconsidered. He

asserted that trust is not attained at the start of a relationship, but rather through hard work after establishing a relationship. He agreed, however, that issues arising from North Korea's nuclear program are undeniably hindering trust-building. Rachman said that North Korea is continually finding internal and external motives for possessing nuclear weapons, irrespective of the international atmosphere. The fall of the Kaddafi administration in Libya and the Ukraine crisis are two key reasons why owning nuclear weapons is so attractive to the North Korean regime. After gaining independence in the 1990s, Ukraine committed to abandoning its nuclear weapons by signing the Budapest Memorandum on Security Assurances in 1994. Ukraine's lack of nuclear weapons effectively means that Russia can't be stopped from encroaching on Ukraine territory. This is another reason, Rachman said, that North Korea sees itself as having little choice but to retain nuclear weapons.

Soeya Yoshihide predicted that North Korea will never abandon its nuclear weapons completely. He asserted that North Korea's resistance to suspending its nuclear program is based on precise calculations. Considering that regime preservation is the highest priority for a North Korean leader, Pyongyang's possession of nuclear weapons is more than a conventional deterrence measure. By this same logic, he said, one can assume that had Libya maintained its nuclear program, NATO would not have been able to take military action against its regime. For North Korea, nuclear weapons are the ultimate guarantee of the nation's survival.

### **Rapidly Changing National and International Situations**

When asked how China's shifting consensus on US policy might impact North Korean issues, Jin Canrong responded that China no longer has a dictatorship, and the world will have to get used to the new China. The magnitude of change within China is so great as to threaten the elite political class, and this has partially manifested in recent years in increasing hostility toward North Korea among the Chinese people.

Cheon Seong-whun stated that easing the May 24 sanctions against Pyongyang is part of the North Korea policy shift, and that the South Korean government's conditions for lifting the May 24 sanctions remain consistent: North Korea must

make an official apology for the sinking of the Cheonan, and those responsible must be severely punished. Cheon asserted that by maintaining consistent policy, the government is recognizing political dilemmas that hinder trust politics, and providing indirect support to North Korea through humanitarian assistance and international organizations, while allowing non-government organizations and civic groups to visit North Korea. Regarding the South Korean perspective on North Korea-Japan relations, Cheon cautioned that although dialogue between North Korea and Japan is an important issue among Japanese academic and political circles, it could be considered a distraction when the international community is building consensus on issues such as suspending North Korea's nuclear program.

When asked about Prime Minister Abe's perspective on current China-Japan-South Korea relations in terms of trust politics, **Soeya Yoshihide** interpreted the current situation by prioritizing Japan's domestic politics. First of all, Japan does not sense a crisis in the trilateral relationship. According to Soeya, Japan does not feel isolated from the international community, but rather sees China and South Korea to be in somewhat exceptional situations. Japan's attempt at abductee negotiations with North Korea was not motivated by Tokyo's isolation from the international community, but rather because Prime Minister Abe views the issue as a matter of urgency. Soeya said that the abductee negotiations between Japan and North Korea are not being carried out under a grand vision, nor will they bring momentous results, such as normalization of diplomatic relations. However, a partial easing of Japan's sanctions against North Korea can be expected, Soeya said. During Russian President Vladimir Putin's visit to China, China and Russia closed a natural gas deal and agreed to hold joint naval drills. On whether this measure can be interpreted as a response to the US's rebalancing policy in Asia and the western Pacific strategy between the US and Japan, Soeya brought the focus to the US's reaction to the Ukraine crisis. He said that US President Barack Obama's position on imposing sanctions on Russia is unclear after the Ukraine crisis, which is set against a geopolitical backdrop of relations between Russia and the European Union. Soeya surmised that China and Russia are poised to form close ties, based on their judgment that the US's role has been curtailed and its influence is waning. However, Soeya said that from China and Russia's recent moves, it is unclear whether they are considering a strategic alliance.

Gideon Rachman said that President Putin's visit to China shows Russia's intention to isolate the US. Rachman predicted that the US's position as the world's only superpower will be threatened in the long term, adding that it isn't at all clear what the US could do against China and Russia, other than partial financial sanctions, given the weakness it demonstrated during the Ukraine crisis.

### **What Is Next for Trust Politics on the Korean Peninsula?**

Jin Canrong urged South Korea to implement balanced diplomatic policies with confidence and patience, so as to forward trust politics. Soeya said that in order to build trust in East Asia, nations must first develop empathy, and overcome deep-rooted conflicts and differences over ethnicity, national identity and history. He said that there is a lack of such empathy between South Korea and Japan, and between China and Japan. Saying that empathy is especially limited in political circles and at the government level, he suggested that empathy must grow from the bottom up, starting with civic societies and student groups. Gideon Rachman, said that the key to improving inter-Korean relations is economic reform in North Korea through national transformation, and that South Korea must adopt reasonable policies to encourage the North to change. Cheon Seong-whun emphasized the importance of a unified voice from the international community, especially the other participants in the six-party talks—the US, China, Russia and Japan—on issues relating to North Korea's nuclear program and inter-Korean relations.

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# Approaches for Northeast Asian Economic Cooperation

## Korea-China Cooperation and the GTI Case

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Center for Chinese Studies / Korea National Diplomatic Academy

In recent years, Northeast Asia has been confronted with serious conflicts arising from issues including North Korea's nuclear ambitions, territorial disputes, and historical disputes among nations. On the other hand, economic cooperation has been expanding, helping ease these conflicts. One important example is the Greater Tumen Initiative (GTI), in the area where the North Korean, Chinese and Russian borders meet. It is a multilateral economic model that aims to promote regional cooperation in Northeast Asia and create an international logistics and industrial hub. The significance of this project lies in its potential to induce North Korea to reform and open its borders, to provide a new growth engine for the South Korean economy, and to form a basis for Korean reunification. The panel discussion in this session sought to identify lessons in the failure of the Tumen River Area Development Program (TRADP), which was proposed by the United Nations Development Program, and to find directions for improvement.

### Moderator

**Shin Jung-Seung** (Director, Center for Chinese Studies, Korea National Diplomatic Academy/ Former Ambassador to China )

### Discussants

**Zhang Dongming** (Director, Institute of Northeast Asia, Liaoning University )

**Zhu Xianping** (Dean, Institute of Northeast

### The issues and achievements of the GTI

**Zhu Xianping:** The project has fallen behind schedule despite its enormous potential for cooperation because it involves the most underdeveloped parts of the participating countries. The lack of strategic planning for economic development is another problem. Because cooperation in this region is led by the governments, market mechanisms cannot function properly. Regional differences in political opinions and economies also act as impediments to the

Asian Studies, Jilin University)

**Ahn Byung-Min** (Research Fellow, Division for Northeast Asia and North Korean Transport Research, Korea Transport Institute )

**Lee Suk** (Research Fellow, Department of North Korean Economy, Korea Development Institute )

**Rapporteur**

**Lim Sang-eun** (Researcher, Center for Chinese Studies, Korea National Diplomatic Academy)

project. That said, there have been achievements. The TGI has played a continuous role in fostering cooperation among Northeast Asian countries. Real progress is being made through cooperation, and each country is accelerating development. At the same time that bilateral cooperation is expanding, multilateral cooperating is burgeoning, too.

**Lee Suk:** There were significant economic and motivational gaps among the nations that participated in TRADP. At that time, North Korea, Russia and China had neither the will nor the economic capacity to invest USD 30 billion over twenty years. On the other hand, South Korea, which had the economic capacity, was motivated not by the financial investment opportunity, but by the potential for North Korea's opening up. However, after the mid-1990s, the worsening international situation surrounding North Korea incapacitated South Korea's investment potential. In the end, the plan lost momentum and was largely abandoned.

**China's Motive for Active Involvement in the GTI and the Current Status of the Project**

**Zhang Dongming:** China is focusing on the development of areas that failed to reap benefit from the country's reform and opening up. Ongoing projects in China's northeastern region, which had been an industrial center, are aimed at balanced regional development. After announcing in October 2003 a strategy to rejuvenate the old industrial bases in Northeastern China, China embarked on a project in 2009 to establish and develop a cross-border free-trade base in the Chang-Ji-Tu area of

the Tumen region, as part of broader plans to promote cross-border cooperation. This project is progressing smoothly, with the region undergoing economic and industrial restructuring amid the construction of transportation and logistics infrastructure.

### **South Korea's Participation in the GTI**

**Ahn Byung-min:** North Korea's withdrawal from the GTI shows the country's reluctance to work with international organizations, and its preference for taking advantage of China's development plans for the Tumen region. Two cases in point are the Rason Economic and Trade Zone and the Hwanggumpyong Economic Zone. However, the situation has changed since the execution of Jang Sung-taek. In order for the GTI to realize its full potential, it must be based on a multilateral platform that includes North Korea and Japan, and follow a detailed stage-by-stage action plan. Direct investment in the Tumen region of North Korea is impossible for South Korea, owing to the May 24 sanctions. South Korea cannot even provide assistance to North Korea under the pretext of the GTI, since North Korea is no longer participating in the initiative. South Korea is supporting the GTI in the form of trust funds and share of expenses. The initiative must elicit active participation from other countries. A venue must be prepared for detailed discussions of common interests among participating nations, such as the construction of transportation infrastructure, the promotion of tourism in each country, and the systematization of cooperation in the fields of trade and investment, energy and the environment, and agriculture.

### **Prospects of Cooperation between China and Russia**

**Zhu Xianping:** Some voices express concern over China's relationship with Russia. However, coexistence through cooperation is the ideal relationship with a neighboring country. Chinese Premier Xi Jinping has proposed a community of shared destiny over a community of shared profit. President Putin and President Park Geun-hye have set forth similar goals. China will actively seek mutual cooperation with neighboring countries in the Tumen region, which includes the Russian far east and the east coast of the Korean peninsula.

### **Prospects for the Rajin-Khasan Logistics Project and the Construction of Gas Pipelines and Railways across the Korean Peninsula**

Ahn Byung-min: In 2006, South Korean companies refused Russia's proposal to create a joint venture to construct a railway and begin a transportation and logistics project connecting Rajin and Khasan. In April of 2008, Russia began a program of bilateral cooperation with North Korea in order to modernize the Rajin-Khasan Railway and develop a third pier at Rajin Port. Subsequently, at a summit in November 2013, South Korea and Russia signed an agreement to cooperate on railway and harbor projects. Three South Korean companies are participating in these projects at present. Economic cooperation between North Korea and Russia is expected to increase following Moscow's recent cancellation of 90% of the USD 11 billion debt it is owed by the North. The Rajin-Khasan railway project is also expected to spark new discussion on connecting railways, gas pipelines and electricity networks through South Korea, North Korea and Russia.

### **Potential for Japan's Participation**

Lee Suk: The Japanese Empire controlled the region in the past, so Japan has a historical interest. However, Japan does not have great relations with the main participants in the GTI. Moreover, North Korea is not a likely destination for sizable Japanese investment, and Japan has already placed economic sanctions on Pyongyang. Therefore, I cannot see Japan participating in the initiative. That said, the GTI has the potential not only to influence the region's economy, but to change the overall order on the Korean peninsula and in the surrounding region of Northeast Asia. While keeping its options open, Japan is not likely to become actively involved.

### **Prospects for Economic Cooperation between North Korea and China after Jang Sung-Taek's Execution**

Zhang Dongming: Economic cooperation between North Korea and China has taken place because both countries recognize a strategic benefit for their own development and both benefit in terms of shared growth. Therefore, the absence of one figure will not cause a fundamental change in the relationship.

### **Prospects for Trilateral Cooperation among China, South Korea and North Korea**

**Zhu Xianping:** Currently, North Korea is continuing to cooperate with other countries in the Tumen region, and cooperation between China and North Korea in the Rason Special Economic Zone has been smooth. The Kaesong Industrial Complex continues to operate, thanks to cooperation between South Korea and North Korea. Continued cooperation will not only expedite North Korea's economic development, but also motivate North Korean officials at every level to cooperate with other countries, and transform North Korea's principles, perceptions, and models of business management and administration. This will help elicit more active participation from North Korea in multilateral cooperation in the Tumen region.

### **The Importance of Transportation Infrastructure in Trilateral Cooperation among China, South Korea and North Korea**

**Zhang Dongming:** Cooperation in the transportation and logistics sector is a win-win situation for all the key parties. Cooperating on logistics, with a focus on transportation infrastructure, will be an important catalyst in creating a breakthrough in economic cooperation and development in this region. Fostering close trade relations between China and the two Koreas will open up huge potential for future cooperation.

### **Prospects for Development in the Rason Region and Hwanggumpyong**

**Ahn Byung-min:** While Rason has been designated a trade zone, Hwanggumpyong is designated as an economic zone. The Rason region capitalizes on its geographical advantage of being connected to China and Russia by both land and sea. On the other hand, being rather smaller in area, Hwanggumpyong economic zone focuses on its geographical advantage of being close to Sinuiju and Dandong. While North Korea is demanding simultaneous development of the Hwanggumpyong and Rason regions, China is prioritizing the Rason region, treating Hwanggumpyong as a secondary project. China has invested heavily in transportation infrastructure in North Korea's Tumen region, constructing bridges, roads and ports. However, there is little cargo movement at present. This implies that transportation infrastructure projects through North Korea would benefit from South Korea's direct or indirect participation, and

that multilateral cooperation is a prerequisite to making such projects feasible. In her Dresden speech, President Park Geun-hye shared her vision of promoting collaborative projects centered on Sinuiju that involve both Koreas and China—this would help promote shared development on the Korean Peninsula and in Northeast Asia. A consortium among private and public enterprises is the ideal form of investment in North Korea, and interested nations must push hard to create a favorable investment climate. If North Korea and China continue to generate new models of economic cooperation, such as the Rajin-Khasan transportation and logistics project, it will be possible in the early stages for South Korea to invest in China's stake in such projects. While taking advantage of South Korea's experience in small-scale economic-zone projects, it will be possible for the projects in Hwanggumpyeong and Wiwha Islands to expand and evolve into trilateral projects involving both Koreas and China.

### **Requests to China**

**Lee Suk:** First, China should recognize exactly where South Korea's interests lie in the TGI. In other words, China should pay extra attention to the North Korea factor. Second, various cooperation projects between South Korea and China should be planned in greater detail, so that they can lead to the opening up, reformation and development of the North Korean economy. Third, the GTI must be a strategic consideration at central government level, rather than being handled by the regional governments of the Three Northeastern Provinces. To this end, China must open a channel for communication with South Korea. Fourth, China must make efforts to elicit active participation and cooperation from North Korea.

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## Policy Implications

- With China and Russia having grown wealthier and seemingly more interested in the project, the GTI has entered a new developmental phase. In order to effectively use the GTI to induce change in North Korea and establish a basis for a unified Korea through a Eurasian initiative, South Korea must become more proactive and assertive in its involvement. Having not yet eased the economic sanctions it applied against North Korea on May 24, South Korea must consider actively involving private corporations in the GTI through consortiums with China and Russia.
- In order to be successful, the GTI must involve North Korea and Japan, so as to take advantage of North Korea's geographical advantage and Japan's abundant capital. To maintain the multilateral cooperation framework, the GTI must become more economically feasible, thus making continuous development possible. Specifically, we must consider measures to increase agricultural cooperation, construction of international shipping corridors, knowledge-sharing programs, and systems and technical support.
- During President Xi Jinping's forthcoming visit to South Korea, the GTI could be discussed in tandem with the vision for shared development on the Korean peninsula and in Northeast Asia. It could be suggested that South Korea's participation in transportation infrastructure projects across North Korea would make those projects more economically feasible. In the long term, it could be possible to gain China's support for the Hwanggumpyong development project, which would benefit North Korea. Trilateral cooperation among both Koreas and China could be discussed. China's call for a "community of shared destiny" and President Park Geun-hye's Dresden speech share a common sentiment.

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## E-Government for the Future We Want: Trends of Development in Asia

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United Nations Project Office on Governance (UNPOG)

This session bases on the data from a biannual survey on UN E-Government evaluation reports (E-Government Development Index=Online Service Index+Info-communication Infrastructure Index+Human Resources Index), conducted among 193 member states of United Nations; this was utilized as indicator to analyze trends of development in Asia-Pacific countries. In addition, a direction for E-Government and public administration in designing new Asia was suggested through scholarly discussion among experts and government agencies.

### Moderator

**Kim Pan Suk** (Professor,  
Yonsei University)

### Presenter

**Yao Keping** (UNPOG,  
Governance and Public  
Administration Expert)

**Park Je-guk** (Director  
General, Ministry of  
Security and Public  
Administration  
E-Government Bureau)

### Discussant

**Kim Youngmi** (Professor,  
Sangmyung University)

**Liu Mixia** (Associate  
Professor, Chinese  
Academy of Governance  
E-Government Research  
Center)

### Presentation on UN E-Government Survey: Trends of Development in Asia and the Pacific

YAO Keping: The E-Government Survey presents a systematic assessment of the use of ICT to transform and reform the public sector by enhancing efficiency, effectiveness, transparency, accountability, access to public services and citizen participation in 193 countries. It is adopted by Member States as a useful tool to benchmark e-government development and to guide policies and strategies on how Member States can overall improve public service delivery and bridge the digital divide.

The survey report ranks the E-Government Development Index (EGDI) which is a composite indicator measuring

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Policy Implementation and  
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**Rapporteur**

**Kim Jin-ah** (Associate  
Communications &  
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the willingness and capacity of member states to use ICTs to deliver public services. The formula to calculate EGDI is 1/3 Online Service Index + 1/3 Telecommunication Infrastructure Index + 1/3 Human Capital Index.

In order to collect the data from the Member States, UN circulates the Assessment Questionnaire which consists of 4 sections corresponding to the 4 stages of e-government development (Emerging, Enhanced, Transactional, and Connected). The Questionnaire has been subject to bi-annual review by experts and practitioners—capturing new trends, new policy concerns, and changing environment.

The survey report also provides E-Government Self Assessment Toolkit. It is an interactive toolkit for countries to perform self-assessment based on the UN E-Government framework and methodology. The toolkit enables countries to collect and analyze data to gain deeper understanding on their e-government development and impact; and to identify areas of improvement.

Another toolkit presented in the survey is the Measurement and Evaluation Tool for E-Participation Readiness (METEP). It promotes and strengthens government capacities to engage citizens in public policy and decision-making processes by using e-participation technologies and good governance practices.

### **Global Trends in Online Service Delivery**

- (1) E-government of promoting sustainable development and e-environment were added as basic online services.
- (2) Emphasis on e-participation features such as social media increased and open government data initiatives on national websites were promoted to improve

transparency and participation in public affairs.

- (3) Mobile devices, wireless technology and cloud computing are increasing global connectivity and overcoming the digital divide in terms of geography and uneven infrastructure.

### **E-Government Development in Asia and the Pacific**

There are varying levels of online presence and development in Asia and the Pacific region.

- (1) Eastern Asian countries: generally performing better than world average for various reasons such as excellence in e-government leadership, inclusive e-participation policies, broad-ranging e-services and extensive open government data portals, e.g. Republic of Korea and Japan
- (2) Western Asian/Gulf Cooperation Council countries: notable improvements in 6 countries—Israel, Bahrain, UAE, Saudi Arabia, Qatar and Oman. And, GCC countries—extensive and in-depth cooperation and coordination in terms of e-government and online service delivery, i.e. GCC e-government committee and GCC e-Government Conference
- (3) Southern Asian countries: making efforts to develop e-government, heralded by Sri Lanka and Maldives. Governments committed to develop e-government and designing e-government master plan, e.g. Afghanistan, Nepal and Pakistan
- (4) South-Eastern Asian: uneven development, with Singapore leading and other countries starting to embrace e-government in its development agenda, e.g. Brunei, Indonesia, Timor-Leste, Philippines, Viet Nam
- (5) Central Asia: insufficient development of ICT infrastructure, online presence and e-services, with the exception of Kazakhstan.
- (6) Oceania: Australia and New Zealand leading the region with the rest of the islands at the bottom of the global ranking, except Fiji. Australian e-government portal provides an extensive A to Z list of e-services with a holistic approach, and New Zealand's one-stop-shop portal offers connected services, moving ahead with an “all-of-government” approach that includes cloud computing.

### **Measures to Promote the Usage of E-Government**

Social media have their own distinctive value in the current service channel mix with growing potential, and e-government policies aimed at increasing user uptake should be guided by the simple question: 'how to get people to use e-government.'

At the same time, governments need to improve capacity to effectively monitor and analyse usage trends, so as to prioritize service digitization and integrate relevant data into policy.

E-government promotion and awareness campaigns are also important and governments should embrace collaboration with partners such as NGOs to enhance value for citizens and increase uptake; orchestrating these partnerships and acting as catalyst and facilitator.

### **Issues for Further Discussion**

- (1) Developing and implementing an integrated e-government strategy
- (2) Cloud computing
- (3) Security and disaster risk management, business continuity or contingent plan
- (4) Open data vs. big data
- (5) Measuring citizen satisfaction
- (6) Developing mobile apps
- (7) Reaching out to citizens through social network

### **Presentation on E-Government of the Republic of Korea: Success Factors & Future Plan**

**PARK Je-guk:** E-government of Korea is being recognized as a significant means for administrative innovation as well as the key achievement obtained by such innovation and the concept of e-government has developed and expanded along with the ICT development. In the 1980s, the main focus was on computerizing administrative affairs such as document preparation and reporting. In the 1990s, affairs regarding resident registration, real-estate, customs, and statistics were computerized. By 2010, the focus was on making services online, which involve multiple ministries, by carrying out e-government projects. And now, it is all about opening up the government-owned data so that the citizens can use them for their economic activities, which is taking e-government to a whole new level.

The Ministry of Security and Public Administration is providing support with budget and technology required for promoting informatization projects of each ministry. In particular, it supports projects that interconnect many ministries to provide services or projects that require information sharing between ministries.

Korea's e-government has information resources that are efficiently and safely managed and operated, and it establishes new policies and systems as the platform, and ultimately pursues a service government that provides e-government services to citizens and within the government.

### **Best Cases of Korea's E-Government**

- (1) The first one is the establishment of Government Integrated Computing Center (GIDC) which carries out integrated management of servers, data, and systems of the entire government institutions. The development of GIDC initially started from gathering servers and other hardware into one spot to gradually integrating the hardware as well as software, and further to integrating services to provide customized services.
- (2) The second case is the Online Civil Service called Minwon24, which provides 68,736,000 online services per year, including tax payment and resident registration services.
- (3) The third case is the citizens' participation portal, which allows citizens to make policy suggestions, participate, and file civil complaints.
- (4) The fourth case is opening up of data, through which Korea plans to create more jobs and economic values. The rate of opening up of public data, which was 16% in 2013, will be increased up to 60% by 2016, and the government operates a portal for citizens where they can easily use the data disclosed by the government, and the number of users increased by as much as 763%.
- (5) The fifth case is the activities for closing the digital divide, including informatization education, PC distribution, and Information Village Project. We provide informatization education for the handicapped, elderly, marriage immigrants, and other citizens who need it. We also distribute PCs, support wireless phone charges, and operate the Information Village project, and through these activities, digital divide is being significantly closed.
- (6) The sixth case is the multi-channel service delivery. Other than the service centers,

citizens can access to services through various channels such as websites, call centers, mobile applications, and SNS.

Such development of e-government has also led to the evolution of government functions from 'Gov 1.0,' to 'Gov 2.0,' and now to 'Gov 3.0.' Gov 3.0 ultimately aims to make citizens happy through practicing the values of openness, sharing, communication, and collaboration. The key action plan for Gov 3.0 is to make a transparent, competent and service-oriented government. Through Gov 3.0, we plan to achieve citizen-focused services, not government-focused services, and transform the administration to one that respects happiness of individuals rather than the general public. As Gov 3.0 now provides more opportunities of using data as knowledge, the economic performance also increases.

Also for data sharing, cloud projects are being actively carried out. Based on the cloud computing, we get to use various data and provide one-stop services to citizens through various channels. That means, we can now provide services that are customized to each and every individual.

### **Success Factors of Korea's E-Government**

- (1) The first factor is the strong leadership of the President, mid- and long-term plans, and strategic approach based on selection and concentration.
- (2) The second one is the sustained and sufficient investment in e-government projects.
- (3) The third factor is the enactment of laws and activities of CIOs for promoting IT governance.
- (4) The fourth one is the activities that overcome public officials' resistance and train them.
- (5) The fifth factor is the establishment of specialized institutions or agencies for providing technical support for government projects.
- (6) The sixth one is the dynamism and creativity of the Korean people.

## Discussion

**Kim Youngmi:** Technological system for e-government in Korea is fairly established yet the knowledge sharing and cooperation between public and private should follow the suit. Platform for customized public service needs to be set to increase the service value, and in this process the transparency of government and public participation must be taken into consideration. Developing various platforms is crucial and synergy effect through international collaboration is also highly anticipated. Lastly, in order to utilise such public goods in its best interest, mature citizenship and civic education are required as well.

**Liu Mixia:** Chinese government is now developing a public service platform for innovative delivery of public administration services and there are difficulties arise in information sharing and cooperation between public and private and among the public agencies. Also, it is a crucial issue to avoid the overwrapping investment from different governmental organizations and I would like to know what kind of coordination measures could be applied. Lastly, it was very impressive that the consumer's perspective is considered as well when developing and evaluating e-government.

**Tumennast Erdenebold:** In Mongolia, public service delivery through social network service is very active. High rate of mobile penetration, strong and long term commitment from the government, and improved efficiency by integration of government agencies are the major success factors.

**Chun Su-Jin:** Online service delivery is closely related to the daily lives of people and it is necessary to prepare for the possible crisis caused by heavy dependence on ICT. Proper precaution, management and recovery system is vital.

## Q&A Session

**[Question]** There are a number of problems in Korea's e-government. First of all, it lacks compatibility for different operation systems and software. Another issue is the level expertise of decision makers. Due to its complicated and comprehensive nature, often times the technical aspects of e-government are handled by outsourced experts.

This situation causes the decision making process complex and incoherent.

**[Answer]** Korea government is making efforts for the development of cloud base service so the e-government services could be accessed from many different operating systems. About the decision making process, the decision making power is important as much as expertise of decision makers so we are trying to keep the balance.

**[Question]** E-government development falls under the domain of national management of public administration. Yet United Nations is closely involved with its direction and strategy and I wonder what kind of influence it has on each national government?

**[Answer]** First of all, UN E-Government Survey presents a benchmark for national governments and after the survey is published every other year, member states request advisory service for their technologies and policies. In addition, the ranking of the survey encourages governments to strengthen their commitments and design more detailed plans for e-government development.

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### Policy Implications

- For strategy planning and development of e-government, it is crucial to promote better public-private coordination, as well as participation from the public.
- It is required to establish countermeasures for possible risks caused as the society is getting more dependent to information, communication and technologies.
- In order to promote voluntary, active participation for the development and utilization of e-government, it is necessary to stress high public awareness and improved education for the public.
- By making the most of new technologies, it is feasible to establish a platform for customized public service provider, which would greatly contribute to improving the quality of services and commercializing the services.

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# Northeast Asia Peace and Cooperation Initiative

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## Ministry of Foreign Affairs

Northeast Asia's population, economic prowess and technological power have propelled today's rapid increase in international exchange and cooperation. On the other hand, the region is faced with the so-called Asia paradox, defined as excessive competition and wariness, and escalating tension and conflicts over historical issues. The Park Geun-hye administration's Trustpolitik was born of this "crisis of trust" in Northeast Asia, and the Northeast Asia Peace and Cooperation Initiative serves as a major axis in Trustpolitik. In order to unravel the dilemma of Northeast Asia's trust crisis, an "infrastructure of trust" must be built on the foundations of cooperation and conversation.

### Moderator

**Kim Sung-Han** (Professor, Korea University/Former Vice Foreign Minister, Republic of Korea)

### Presenters

**Lee Kyung-Soo** (Deputy Minister, Ministry of Foreign Affairs)

**Scott A. Snyder** (Senior Fellow, Council on Foreign Relations)

**Su Hao** (Professor, China Foreign Affairs University)

### Discussants

**Choi Kang** (Vice President, the Asan Institute for Policy Studies)

**Lee Kyung-soo:** The Northeast Asia Peace and Cooperation Initiative (NAPCI) is a multilateral conversation process that aims to establish a framework for multilateral cooperation in Northeast Asia. This initiative envisions the participation of stakeholders in the region, including the US, China, Japan, Russia, North Korea and Mongolia, but also parties outside the region. Multilateral and regional organizations that can share their trust-building experience, such as the UN, the OSCE, the EU and ASEAN, can also participate as observers. North Korea's participation would also be welcome: it would not only encourage the country's closer involvement with the

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**Park Ihn-Hwi** (Professor,  
Ewha Womans University)

**Rapporteur**

**Moon Jaepil** (Second  
Secretary, Ministry of  
Foreign Affairs )

international community, but also help to resolve the issue of North Korea's nuclear program.

This initiative is not a static, fixed concept, but rather an idea that will evolve as all participating nations cooperate through shared ownership. In three ways, this initiative differs from those previously set forth by the South Korean government for multilateral security cooperation in Northeast Asia. First, this initiative was launched at a time of increased urgency for multilateral cooperation. In Northeast Asia, historical disputes and conflicts over territorial and maritime security issues are intensifying; China's rise, Japan's revisionist views of history, Russia's goal of creating a "powerful Russia," North Korea's increasing instability and unpredictability, and the US's "rebalancing Asia" policy are combining to create a political climate where multilateral security cooperation is urgently needed. Second, this initiative embodies a concept that is practical. Most such initiatives proposed by previous South Korean administrations employed a top-down approach to cooperation. The NAPCI seeks to combine a bottom-up approach that focuses on specific measures for cooperation in each sector, with a political framework that can facilitate negotiations. Finally, the initiative embraces open participation. It is open to any nation or cooperative organization seeking to propose and discuss topics of interest. In this regard, the NAPCI corresponds to 21st-century multilateralism and its pursuit of multi-stakeholder partnerships.

The South Korean government has been making various efforts to build consensus for the initiative, presenting the initiative at bilateral and multilateral diplomatic events. Since the end of last year, the government has also held

briefing sessions on the initiative in Japan, the US and China. Meanwhile, the South Korean government is promoting various cooperative projects to address key security issues, including nuclear safety, energy security, environmental and climate change, disaster relief and cyber security. In the second half of this year, South Korea will host the EU, the Stockholm International Peace Research Institute (SIPRI) and the North Atlantic Treaty Organization (NATO) at various seminars. The Northeast Asia Peace and Cooperation Forum and the Northeast Asia Peace and Cooperation Meeting are scheduled for October.

**Scott A. Snyder:** The position of the US on the Northeast Asia Peace and Cooperation Initiative can be summarized in the following four points. First, the NAPCI must continue to be compatible with the South Korea-USA alliance. Conceptually, I do not see any reason that the NAPCI and the ROK-USA alliance cannot coexist. Second, firm international standards must be established in Northeast Asia. Third, The NAPCI must move toward improving South Korea-Japan relations. Fourth, nuclear safety is the most promising area for cooperation with the US. Energy security and terrorism response are other possible areas.

The NAPCI also faces three main challenges. The first is for the sub-regional mechanism of Northeast Asia to strike a balance with that of larger regions such as East Asia or Asia-Pacific. The second challenge is responding to contradictory approaches. For instance, the Northeast Asia Peace and Cooperation Initiative, which was built around the South Korea-USA alliance, must consider the anti-alliance approach that China advocated at the Conference on Interaction and Confidence-Building Measures in Asia (CICA). The third challenge is uniting political aims for multilateral cooperation.

**Su Hao:** The NAPCI is a progressive approach that reaches beyond power politics and ideology politics. It is committed to overcoming the Asia paradox, and to finding a new direction for peace and cooperation in Asia. During the CICA, President Xi Jinping proposed that security challenges in Asia be resolved “by the Asian people” in the “Asian way.” In fact, power politics and ideology politics, which are the root of the Asia paradox, are not founded on the Asian tradition. We must certainly look to our history

and traditions to find an Asian logic and an Asian way of resolving security issues in the region. I believe that the NAPCI embodies such Asian elements.

China places emphasis on building a regional community in Asia based on Asia's shared traditions, and it was with this goal in mind that President Xi Jinping proposed the Asia security regime at the CICA Summit. The NAPCI is comprehensive and cooperative, and it aims for sustainable joint security. At the Boao Forum for Asia, Premier Li Keqiang set out a vision for an Asian community with a shared destiny, shared interests, and shared responsibilities. To express it in my own words, it is building an organic community of one body. This is the nature of "civilization politics" founded on Asian traditions, which is in contrast to the power politics and ideology politics pursued in the Western world, especially in the United States.

**Choi Kang:** As President Park Geun-hye stated when addressing a joint session of the US Congress, the NAPCI is firmly rooted in the Korea-US alliance and liberal international order. If China's vision involves replacing the existing order, it will undoubtedly clash with the NAPCI. The successful trust-building model seen in Europe is not perfectly applicable to this region. While the multilateral trust-building process in Europe was based on maintaining the status quo, there are countries attempting to change the status quo in Northeast Asia today.

**Scott A. Snyder:** (In regard to Professor Su Hao's presentation, which viewed the US's alliance structure as a product of power politics and ideology politics) China's view that alliances are disadvantageous to multilateral cooperation is based on the view that alliances are formed to address Cold War-era threats. Since the Cold War, however, alliances have been evolving into comprehensive partnerships.

**Lee Sanghyun:** The success of the Northeast Asia Peace and Cooperation Forum in October will depend on how effectively the South Korean government promotes the NAPCI. Once consensus is reached among all regional powers on the suitability and necessity of the NAPCI, the initiative will contribute to solidifying Asia's response to the US's "rebalancing Asia" strategy. In this way, the initiative will help promote stability in the region, resolve North Korean issues, and develop a strategic understanding with China.

**Park Ihn-Hwi:** In the second year of the Park Geun-hye administration, reunification of Korea is a much-discussed topic. Against this backdrop, the NAPCI could serve as a stepping stone in building a foundation for unification. The NAPCI takes a functionalist approach of beginning cooperation in “soft” areas, such as economic and social issues, and expanding it to hard issues, such as politics and the military. While this is a logically sound approach, its effectiveness has not been proven. The NAPCI will have to be modified after we see how it works in real life.

**[Question] Moon Chung-In:** Between the two conflicting paradigms of multilateral security based on an alliance with the US and the shared security advocated by China, the content of the NAPCI seems to be closer to the shared-security paradigm, though it is ostensibly rooted in the alliance with the US. How can the NAPCI overcome the polarity between the two paradigms? The NAPCI lays the groundwork for cooperation on nontraditional soft security issues. However, these issues are not the key problem areas that have given rise to the Asia paradox, and trilateral cooperation between China, Japan and South Korea is already in progress on these issues.

**[Answer] Lee Kyung-Soo:** The NAPCI is a flexible concept. It is a process that will evolve with the cooperation of all countries interested in the region. Also, the key concerns of the NAPCI are areas where cooperation can begin with relative ease, thus getting the parties into the habit of working together. In this way, we will be able to gradually expand cooperation to encompass other more difficult issues. Moreover, in proposing cooperative projects for each security issue, the NAPCI is using existing cooperation systems, such as trilateral cooperation among China, Japan and South Korea. It is important to remember that the NAPCI has only been in existence for a little over a year.

**[Question] Professor Su Hao** stated that the security concept proposed at the CICA was a new paradigm based on Asian traditions. If so, does the new security concept support Sinocentrism and the tribunal order of the past? Also, Professor Su compared the new regional order to an organic body. Does this analogy open up possible interpretations of China as the heart and other countries as less important organs?

[Answer] Su Hao: The new security concept is closer to a vision than a definite policy, and the concept has yet to be clearly defined. The view of a regional order as an organic body is my own, and its intention is to overcome the ideology politics and power politics of the past and create a new paradigm.

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### Policy Implications

- In order for the NAPCI to be successful, it must set long term agendas for cooperation in traditional security issues by uniting political aims. It must also promote cooperation around non-traditional “soft” security issues.
- Considering the conflict between the US’s policy of pivoting to the Asia-Pacific region on the one hand, and China’s new security stance on the other, the NAPCI will benefit from forwarding multilateral security cooperation that is acceptable to both the US and China. While being rooted in the South Korea-USA alliance and the US-centered liberal order, it should also focus on issues that China considers important, such as maintaining order and stability in the region and resolving issues related to North Korea.

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# Historical Reconciliation and Challenges to Establishing Peace in Northeast Asia

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## Northeast Asian History Foundation

The three Northeast Asian countries of China, Japan and South Korea are attracting global attention both for their emergence as geopolitical powers and for their conflicts over historical issues. Through mutual understanding and cooperation, Northeast Asian nations must work together to enter an era of true peace and prosperity. Conflicts over long-standing historical disputes have recently come to a head again, posing a serious impediment to achieving peace and prosperity in Northeast Asia. The participants in this session sought to identify the true nature of Northeast Asian conflicts over historical issues, and discussed measures to resolve them. The discussions led to an overview of the measures necessary to increase mutual understanding and cooperation, with a view to reconciling historical issues, bringing peace to the region, and offering a positive outlook for the region's future.

### Moderator

**Choi Woon-Do** (Research Fellow, Northeast Asian History Foundation)

### Presenters and Discussants

**Werner Pfennig** (Research Fellow, Institute of Korean Studies at Free University of Berlin)

**Nagahara Yoko** (Professor, Kyoto University)

**Sun Ge** (Professor, Chinese Academy of Social Sciences)

**Werner Pfennig:** Without reconciliation between former adversaries, mutually beneficial cooperation is extremely unlikely. Political will is an essential component of reconciliation. With reconciliation between France and Germany and between Poland and Germany, the initiative came from members of the German elite, then gained momentum and expanded to all sectors of society. Internal reconciliation is another important step. The elites of South Korea and North Korea must address questions regarding reconciliation between the two Koreas. Next, South

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**Rapporteur**

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History Foundation)

Korea should take the initiative to reconcile with Japan. South Korea is slotted in between two powerful nations. Historically, the situation in the region was at its best when Korea served as a multicultural bridge. South Korea should focus on this role.

**Nagahara Yoko:** I would like to talk about the history of colonialism in East Asia in terms of world history. Disputes over differing views on the history of “comfort women” are growing. The issue must not be viewed as a conflict between Korea and Japan, or between China and Japan, but considered within the broader subject of world history. The war and colonialism did not coincide in the history of East Asia. Many crimes committed during the colonial era have not been addressed. For example, South Namibians sued the German government for the massacre of its people under German rule. The German government accepted a kind of moral responsibility and extended support to communities that suffered damages. The skulls of victims that had been taken by the German Army have recently been returned. Countries of the Caribbean community have recently made demands for compensation from European nations for enslaving their ancestors, though the victims are no longer living. Settling historical wrongs has become something of a global trend. Recent research by Japanese scholars has revealed truths about the massacre of the Donghak Army by Japanese soldiers and murders during the Boxer Rebellion. Colonialism, not war, should be the focus in examining these events.

**Sun Ge:** A scarcity of resources is at the core of today’s conflicts among Asian countries. Joint research on

resources could be one way to maintain peace in Asia. Japan's peace constitution can be maintained only with the support of all of East Asia. When discrimination and inequality are eliminated from ordinary daily life and people feel true cultural solidarity in their hearts, peace will prevail in the world.

**Yoon Byung Nam:** Why is history important in East Asia? East Asia endured colonization in its modern history. This history is reflected in East Asia's identity. Patience is required for the reconciliation of historical issues among China, Japan and Korea. Exchange among the three countries is necessary in all sectors and at all levels of society. Rather than expecting a big change through government efforts, we must trust that small efforts at the private level can bear a lot of fruit.

**Werner Pfennig:** I would like to briefly comment on each presentation. First, the term "comfort women" should be avoided, as this term is a gross insult. The so-called comfort women were actually sex slaves. The word "comfort" is not a euphemism, but an insult. Second, Professor Sun Ge mentioned that a faction of China's younger generation is unforgiving of Japan. Education is important. There must be a global emphasis on education that promotes reconciliation. Third, in the end, every territorial dispute boils down to a conflict over resources. Japan's claim of effective control over the Senkaku Islands and its denial of South Korea's claim to Dokdo are mere political rhetoric. I propose that the three nations work together to develop resources. Finally, I would like to urge Japan to take pride in Japan's peace constitution as an international mechanism for peace.

**Yoon Byung Nam:** I would like to add to Professor Pfennig's comments. Reconciliation is not a one-way action, but rather a mutual one. Preparation is necessary in the process of seeking and granting forgiveness. How can South Korea's case of having been forcibly occupied by neighboring Japan be compared to the cases of African and South American colonies controlled by faraway European nations? What are the strengths of African nations that have been colonized? Professor Sun Ge called for East Asian solidarity. One such concept that existed in Asia is Japan's imperial propaganda concept of the Greater East Asia Co-Prosperity Sphere. What are some

desirable goals and undesirable outcomes in building a new form of solidarity?

**Werner Pfennig:** It is difficult to compare European colonies to Korea under Japanese colonial rule. Europe colonized the entire globe. The relationship between Germany and Poland is different from that between Japan and Korea. Germany occupied a part of Poland for a century. In 1965, Polish bishops sent a letter to their West German counterparts, stating that they had forgiven and asking for forgiveness. The victimized must be prepared to forgive. The generations that went through war must mobilize and continue their movement toward reconciliation. Germany, as the legal successor of a colonial ruler, has claimed responsibility for old Germany. The German Federal Government, as the legal successor of Imperial Germany, must take responsibility for its actions in Namibia. Initiatives from the elite class are important. If political leaders show initiative, the people will follow. The Peaceful Revolution that led to German unification began in East Germany. Many people expected bloodshed, but instead candles were lit. East German leaders prepared for all contingencies, but not for candles. The power of peace cannot be ignored. East Asia has had popular leaders such as Deng Xiaoping and Kim Dae-jung. The media must be handled wisely. Exchanges such as the Jeju Forum are important. Opportunities for exchange must be expanded.

**Sun Ge:** I will answer the question in two parts. First, all international relations are a manifestation of domestic social and political situations. For international relations to be successful, domestic issues must be resolved. Second, effective, peaceful solidarity models have been sought only at the national level so far. However, there is potential in every sector of society. The fundamental framework of peace can be transformed with a focus on solidarity among the people. Reconciliation should begin with defining reconciliation at the public level.

**Nagahara Yoko:** I would like to express my opinion on Professor Werner Pfennig's response. The relationship between Germany and Poland is very influential. Japan has much to learn from Germany. The case of Germany and Poland has had a positive impact on many countries. To Germany, the settlement of history means compensation and restitution for the Holocaust. However, the country didn't implement measures

to atone for its colonial history. Namibia's request came as a surprise to Germany. Germany's settlement of history must include crimes committed during its colonial rule. Professor Pfennig asked why the Japanese people do not take pride in the peace constitution. Many young people do not accept the peace constitution because they received nationalistic education. Professor Sun Ge spoke of China's younger generations being unforgiving of Japan. All of this is related to the teaching of history. A broader scope of world history must be taught in schools.

**Yoon Byung Nam:** The prospects for international relations in Northeast Asia are neither optimistic nor pessimistic. Five years ago, many students went to Japan for exchange programs, but few students are going to Japan now. Many Korean shops are closing down in Tokyo. These are results of the worsening relations between South Korea and Japan. Political leaders must consider how these changes will impact the two countries.

**[Question] Member of the audience:** Historically, the three East Asian countries did not always exist in conflict. Political leaders can guide the countries toward positive relationships. The year 2015 is an important year, marking the 70<sup>th</sup> anniversary of Korean liberation, and the 50th anniversary of the Treaty on Basic Relations between Japan and the Republic of Korea. I sincerely hope that the government will demonstrate leadership to bring positive outcomes.

**[Question] Kobayashi Somei:** Can the perception of history be shared?

**[Answer] Werner Pfennig:** To speak from Germany's perspective, the experience of history ultimately cannot be shared. However, a mutual understanding of each other's position can be achieved. As we all know, Germany and France began their reconciliation process after World War II. The effects of reconciliation were positive, and the two countries largely forgot about their past enmity. Then Namibia, which was colonized by Germany, made noise, demanding an official apology from Germany. We should never give up making noise and hearing noise. Current issues that must be addressed collectively, such as those of the environment and natural resources, should

be resolved through cooperation. For this to happen, every country, and every political system, must contribute. Northeast Asian countries must focus on the common elements among Northeast Asian cultures, rather than the differences. For example, North Korea and South Korea can begin cooperation based on what they have in common, such as the Korean language.

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## Policy Implications

- The role of Korean elites in furthering historical reconciliation between Korea and Japan should be discussed during academic exchanges between the two Koreas.
- The role of Korean, Chinese and Japanese elites should be discussed at international conferences on reconciling historical differences in East Asia.
- Content specifically about reconciliation should be added to East Asian history and world history textbooks in South Korea. The expansion of such education should be proposed during summit meetings.
- Japan could follow Germany's lead in offering a formal apology for its colonial rule, assuming Germany does so. German and Japanese academics can examine this possibility and lead international public opinion.
- From the perspective of human history, for historical reconciliation to take place, civic organizations must join together in emphasizing heartfelt reconciliation among the people. East Asian countries must lead their people to find true reconciliation in their daily lives.
- The media should be encouraged to shift their coverage away from the economic costs of potentially losing territory, to the economic gain that would result from joint research into resources and the environment in disputed areas.
- As a means of furthering peace and reconciliation education, Japanese university students should be invited to Korea for short homestay programs.
- The inclusion of homestay programs in university exchanges should be discussed with the Trilateral Cooperation Secretariat and other cooperative networks within China, Japan and South Korea.
- For reconciliation in Northeast Asia to progress, the focus must be on similarities rather than differences. Cooperation between the two Koreas must also center on their similarities.
- Long-term systemic measures must be established so that South Korea can serve as a bridge of peace and reconciliation between powerful nations in the region.
- The year 2015 marks the 70<sup>th</sup> anniversary of Korea's liberation and the 50<sup>th</sup> anniversary of the Treaty on Basic Relations between Japan and the Republic of Korea. South Korea should bring the political leaders of East Asia together for a joint, forward-looking conference on building peace in East Asia.

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# Where Is Kim Jong-un's North Korea Headed?

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East Asia Foundation

After the controversial execution of Jang Sung-taek last December, the Kim Jong-un administration, now in its third year, appears to have entered a relatively stable phase. However, Kim's "two-track policy" of simultaneous nuclear development and economic growth raises serious questions about the nature and extent of North Korea's economic development and the impact on the country's foreign relations. Can North Korea simultaneously develop nuclear weapons and develop its economy through the introduction of foreign capital? Who are Pyongyang's new power elite, and what is their vision for inter-Korean relations and North Korea's future? In this session, experts from South Korea and around the world sought to answer these questions.

## Moderator

**John Delury** (Assistant Professor, Graduate School of International Studies, Yonsei University)

## Presenters

**Kim Yeon-chul** (Professor, Korean Unification Department at Inje University)

**Joel Wit** (Senior Fellow, US-Korea Institute at SAIS, Johns Hopkins University)

Ruediger Frank (Chair Professor, East Asian Economy and Society, Vienna University)

## The Reality of North Korea's Weapons of Mass Destruction

**Joel Wit:** It must be recognized that, like Pakistan, North Korea gained the status of a small nuclear-armed state 30 years ago. North Korea currently possesses medium-range missiles that can reach all areas of Northeast Asia; by 2020, experts predict that the country could possess anywhere from 35 to 80 nuclear warheads. It is highly probable that North Korea will demonstrate more advanced technology through a fourth nuclear test, and even if Chinese diplomatic pressure can lead to the suspension of such tests, it cannot prevent North Korea from increasing its

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International Politics,  
Department of Korean  
Studies, Peking University)

**Rapporteur**

**Kim Hyungjoon** (Fellow,  
East Asia Foundation)

technological capacity. The US's superior nuclear force offers no real comfort. The fact that North Korea is a nuclear-armed state is significant. Neighboring countries could prompt North Korea to strike preemptively, and North Korea could always sell its technology. The newest satellite image of the Sohae Satellite Launching Station in Pyeonganbuk-do suggests that North Korea is preparing to test a new type of missile.

### **The Kim Jong-un Administration's Foreign Policy**

Jin Jing Yi: Kim Jong-un's primary objective is to secure a system of unitary rule by the supreme leader, and North Korea's every move is gauged by its potential impact on the regime. North Korea's current goal is to build a powerful and prosperous nation through the simultaneous development of its economy and military. However, opening up and reformation, which are key to economic development, could threaten the unitary rule, thus North Korea's economic reforms do not look too hopeful. Kim Jong-un is implementing a strategy to strengthen North-South relations, judging that prioritizing relations with the US during the nearly two decades of Kim Jong-il's rule proved unfruitful. Consequently, at least until the end of President Obama's term, little development is expected in North Korea's relations with the US. Three key factors in Kim Jong-un's future foreign policy are the UN resolution on North Korea's human rights, joint military drills by South Korea and the US, and President Park Geun-hye's North Korea policy, all of which appear to be moving in a direction that is disadvantageous for North Korea. In particular, disappointed by President Park's Dresden speech, which practically expressed South Korea's policy of

unification through absorption, and the discussion of a “unification bonanza,” North Korea began to limit its cooperation with South Korea. So far, North Korea has failed to create an advantageous international environment for protecting its regime, and can be expected to maintain hardline policies in response to joint efforts by South Korea and the US to accelerate change in North Korea.

### **Kim Jong-un’s Leadership and Social Changes within North Korea**

Ruediger Frank: As a person who has experienced the sudden collapse of East Germany and German unification through absorption, I cannot rule out sudden changes in North Korea. Based on my recent visits, Pyongyang today has a completely different atmosphere from 20 years ago when I studied at Kim Il-sung University. Today Pyongyang has a new middle class who own cellphones and tablet computers, who enjoy dining out, and are prone to conspicuous consumption. Wealth is becoming increasingly polarized, and this will pose a new social problem for North Korea. Kim Jong-un has certainly demonstrated leadership that is starkly different from that of his father, and he is unafraid of change. However, deciding to open up and reform North Korea’s economy is a different issue altogether, and the future of North Korea remains unpredictable. If North Korea were to open up and reform its economy under Kim Jong-un, I think that its development model would be somewhere between that of Deng Xiaoping’s China or Park Chung-hee’s South Korea.

### **North Korea’s Economic Development and the Validity of the Two-Track Policy**

Kim Yeon-chul: The imbalance in the supply and demand of food, which has been North Korea’s most urgent economic problem, is currently at its least severe since the 1990s, thanks to the success of the family unit farming system (*pojeon damdang-je*), advocated by cabinet member Park Pong-ju, and improved productivity due to fertilizers. With stable prices and exchange rates, North Korea’s economy does not appear to be in particular trouble. However, the success of North Korea’s two-track policy will be determined by North Korea’s foreign relations, particularly with South Korea and China, which have a significant impact on the country’s economy. If military tension with other nations persists, it will be difficult for North Korea to reduce

military resource allocation within its two-track policy, and nuclear armament could end up having the adverse effect of triggering a conventional war.

**Ruediger Frank:** North Korea's two-track policy is not a new phenomenon. In fact, North Korea has always taken a fluid path of shifting emphasis between the economy and the military, when necessary. Since Kim Jong-un came to power, an increasing number of large-scale construction projects, including those for ski resorts, have incurred enormous expenses. Whether these projects can be sustained financially is questionable.

### **The Issue of North Korea's Nuclear Program and Relations among South Korea, North Korea, the US and China**

**Jin Jing Yi:** Although the nuclear issue has chilled North Korea-China relations, there has not been a fundamental change in China's historical support for North Korea. The North Korean nuclear issue springs from the old "nuclear game" between North Korea and the US. Therefore, in resolving this issue, I believe that the roles of the US and South Korea are more important than that of China. China has a big dilemma regarding the North Korean nuclear program. I wonder if China has fallen into a trap set up by the US. The origin of the North Korean nuclear program was conflict between North Korea and the US. The US chose to adopt a stance of strategic patience, expressing disinterest in resolving the issue, and leaving it up to China to put pressure on North Korea. This, in turn, created conflict between North Korea and China. The US and South Korea must not pass their responsibilities to China in North Korea relations. Particularly, if South Korea is not forthright in its relations with the US, the North Korean nuclear issue cannot be resolved. Some people suspect that China and the US are using North Korea's nuclear program in their own rivalry. Trust will only develop if North Korea is treated sincerely as an equal partner. They said that Kim Jong-il could not sleep when South Korea and the US launched joint military exercises. This shows the psychology of the weak and the poor. It is unreasonable to demand that North Korea abandon its nuclear program while its security concerns are exacerbated through joint military exercises.

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### Policy Implications

- Security threats must cease before North Korea can abandon its nuclear program.
- In solving the North Korean nuclear issue, active measures from the US and South Korea, rather than China, are necessary.
- Mention of unification through absorption by the South Korean government is not helpful to inter-Korean relations.
- Relations with North Korea must focus on fair and sincere measures, considering the country's position of weakness.

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## Regional Cooperation and Middle Power Diplomacy for Building a New Asia

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### Korea National Diplomatic Academy

The economic capacity of East Asia is growing steadily through trade and personal exchanges among nations. The region also has a deep reservoir of rich human resources, advanced technologies, and unique cultures. In order for East Asia to maximize its capacity, the region must overcome the Asia paradox and come together to discuss a shared vision for development. In this session, participants shared their visions for the region's future and discussed the anticipated roles of middle powers as facilitators and mediators of regional cooperation. Through the exchange of expert opinions, this session sought to establish a deeper understanding of issues and their political implications.

#### Moderator

**Lee Dong Hwi** (Professor, Institute of Foreign Affairs and National Security(The IFANS)of Korea National Diplomatic Academy)

#### Discussants

**Iwatani Shigeo** (Secretary-General, Trilateral Cooperation Secretariat)

**Jin Canrong** (Professor, School of International Studies, Renmin University of China)

**Shin Sung-Won** (Director-General, Institute of Foreign Affairs and National Security of Korea National Diplomatic Academy)

**Iwatani Shigeo:** China, Japan and South Korea have shown low levels of cooperation in politics and security, relative to their close trilateral economic cooperation. The three nations must strengthen their strategic positions in the face of the shifting balance of power between emerging nations, with increasing economic power and traditional powers. In addition, territorial issues, differing views of history, and the rise of nationalism continue to hinder cooperation.

In order for the three East Asian countries to overcome these challenges and create a vision for building a new Asia, they must develop confidence-building measures designed for Northeast Asia, similar to the Organization for Security

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Australian Embassy in  
Seoul)

**Kang Seonjou** (Professor,  
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**Rapporteur**

**Hwang Sun-hee**  
(Researcher, Institute  
of Foreign Affairs and  
National Security of Korea  
National Diplomatic  
Academy)

and Cooperation in Europe (OSCE) and the ASEAN Regional Forum (ARF). Increased personal exchanges, for example, between the young, journalists and history teachers from the three countries, will help narrow the gap between people's perceptions of history. It is important for people to form a sense of identity and community as East Asians, and share perceptions of sociocultural similarities through these exchanges. Political leadership also plays an important role in increasing cooperation. China and Japan's roles are limited, however, because their intentions could be subject to suspicion from other countries due to their geopolitical position. Under these circumstances, South Korea's leadership role could be heightened. The Park Geun-hye administration's Trust-building Process on the Korean Peninsula and the Northeast Asia Peace and Cooperation Initiative convey South Korea's determination to take a leading role in building a cooperative model on a par with the OSCE.

**Jin Canrong:** Current challenges to global governance seem to be caused by an imbalance in supply and demand. The traditional supplier nations of Japan, the EU nations and the US are prioritizing domestic issues after the global financial crisis. China is trying to take on a meaningful role in global governance, but the situation presents challenges. China's economic development is slowing, and the issue of income disparity has become a serious social problem. Russia also appears to be preoccupied with addressing domestic issues. Consequently, the imbalance in global governance is expected to persist for some time. As a result, middle powers are being called on to play more active roles in global governance.

It is true that, until now, China's diplomatic strategies paid little attention to middle powers. China's diplomacy is currently focused on multilateral cooperation with global powers, the EU and developing countries. For this reason, China can find little room to cooperate with countries such as Turkey, which are not actively participating in multilateral cooperation. China is forming strategic partnerships with various countries to change this situation. However, China must take an interest in middle powers in order to expand cooperation with such countries in the Asian region, including South Korea, Vietnam, Kazakhstan and Australia. Also, China must exhort middle powers to play key roles in regional cooperation so as to establish stability in the region.

There are a few conditions that must be met in order for middle powers to play constructive roles in Asia. The first condition is that the middle powers maintain friendly relations with all other countries. If a middle power enters into a conflict with a powerful nation, its mediatory role will be challenged. The second condition is that middle powers begin taking an interest not only in regional issues, but expand their fields of vision to concern themselves with global issues. Finally, efforts to increase cooperation among middle powers must continue through cooperative networks, such as the one among Mexico, Indonesia, South Korea, Turkey and Australia (MIKTA).

**Shin Sung-Won:** The current situation in Northeast Asia can be described by the term Asia paradox. The paradox refers to the region's active economic cooperation existing simultaneously with persistent political and security tensions. The Park Geun-hye administration intends to form a foundation from which this imbalance can be addressed, through peaceful cooperation and trust-based diplomacy in Northeast Asia. Through working together on soft issues, such as climate change, which have a higher chance of eliciting cooperation, nations can form bonds of sympathy, helping them resolve more sensitive issues. After two world wars, European nations realized the necessity of multilateral cooperation for peace. As a result of cooperation developed from the ground up, multilateral cooperative networks were established, including today's European Union (EU), the North Atlantic Treaty Organization (NATO) and the Organization for Security and Cooperation in Europe (OSCE). In order to overcome confrontation and conflict, East Asian nations, too, will have to develop deep mutual understanding through continuous communication within the framework of

multilateral cooperation.

In 1945, Einstein proposed the creation of a single, unified world government as a way to achieve world peace. I believe that in order to build a peaceful Asia, a large multilateral organization, such as the one in place in Europe, is necessary. I expect that South Korea, with its experience participating in a cooperative network such as MIKTA, will have a positive influence on building a multilateral cooperative network. I expect that in about 10 years, the Korean reunification process will be complete, and North Korean nuclear issues will be resolved. Korean reunification will make a significant contribution to the building of a new Asia.

**Peter Truswell:** To Australia, Asia is an important region for various reasons, including security, sea routes and economic trade. Australia has an especially close relationship with South Korea, illustrated by the scale of trade between the two nations, ROK-Australia Foreign and Defense Ministers' (2+2) Meetings and the FTA.

South Korea and Australia are cooperating in pursuing middle power diplomacy. "Middle powers" and "constructive powers" are only two of many terms that refer to medium-size states. It is generally agreed that even though their individual voices might be inaudible, they can exercise collective influence. MIKTA, formed after the General Assembly of the United Nations in September of 2013, has had two meetings, and the cooperative network has bright prospects. An informal cooperative network of nations with democracy and market economics in common, MIKTA is expected to be more effective than some other cooperative networks. Increased economic cooperation will naturally lead to greater political and security cooperation. I hope that MIKTA will deal with economic issues in depth. Such middle power diplomacy will have a positive impact on cooperation in East Asia.

**Kang Seonjou:** MIKTA can possibly contribute to East Asian relations by serving a mediatory role within the region, along with ASEAN. Traditionally, East Asia has had a heavy focus on bilateral relations, but the region is gradually moving toward multilateral relations to supplement them. Sharing each country's concerns during regular multilateral meetings is in itself meaningful, and can have the effect of enhancing mutual predictability. For this reason, a multilateral framework is ideal as

the basis of middle power diplomacy.

South Korea, Indonesia and Australia, the Asian MIKTA nations, are expected to make important contributions to establishing a practice of cooperation in transnational, nontraditional security areas, including commerce, finance, climate change, disaster relief and energy. Although such functionalistic cooperation cannot eliminate all traditional security threats, it will increase mutual understanding among nations and help increase the scope of tolerance.

By participating in both the US-led TPP and the China-led RCEP, MIKTA nations can act as a link between the two networks of economic cooperation. They can also play a mediatory role within the G20, between the G7 and BRICS countries. Their mediatory roles will contribute to establishing stability in Northeast Asia, with a positive impact of strengthening cooperation within the region. I believe that Asia can contribute to global prosperity through reflecting on its unique characteristics and potential, and using its strengths strategically, rather than by stressing geographical proximity. MIKTA, being a cooperative network of middle powers within and outside the region, will be able to contribute greatly to cooperation and stability not only in East Asia, but around the world.

**[Question]** Kim Yeon-jeong: In the event of the collapse of the North Korean regime, what roles could South Korea play as a middle power in the process of Korean reunification?

**[Answer]** Lee Dong Hwi: When signs of Korean reunification begin to show, South Korea, as a middle power, will be able to build trust with neighboring countries and convince them that Korean reunification will not lead to excessive nationalism.

**[Question]** Scott A. Snyder: I would like to hear opinions on whether the best environment for middle powers is when nations have cooperative relationships, when nations have hostile relationships, or when both cooperative and hostile relationships exist.

**[Answer]** Peter Truswell: Middle powers must first deal with issues that they share

with other nations, so forming the right environment to solve these issues is important. It is true that middle powers have made significant contributions where cooperative environments had been formed, for instance in Cambodia and in East Timor. However, these experiences are not conclusive.

**Kang Seonjou:** If the international atmosphere is very cooperative, the involvement of middle powers will be unnecessary. However, a hostile atmosphere is also less than ideal for middle powers. In the end, middle powers have to approach one issue at a time to find opportunities for mediation.

**[Question]** Employee, Embassy of the Democratic Republic of Timor-Leste: Where should middle powers place their emphasis in cooperation, regional unity or issues? And in instances where two middle powers collide, how can they resolve the issue?

**[Answer]** Kang Seonjou: MIKTA is neither a regional organization nor an exclusive block. It will take some time to increase the number of countries taking part. Middle powers do not always take identical positions on issues, but exchanging opinions and clarifying each other's positions on issues is in itself meaningful.

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## Policy Implications

- In order to overcome the Asia paradox, nations must make efforts to narrow gaps in perception, especially of history, by increasing exchange among private parties and opinion leaders. They must also make efforts to establish a multilateral cooperation network similar to Europe's OSCE, so as to nurture and maintain the practice of communication and cooperation.
- In order to realize a future vision for East Asia, it is important to develop a sense of identity and community as Asians. However, rather than promoting regional exclusivism, nations must cooperate with a mutual understanding that by discovering the strengths of East Asia and using them strategically, they can contribute to global prosperity.
- The trust-building process and the Northeast Asia Peace and Cooperation Initiative of the Park Geun-hye administration are praised by neighboring countries for helping create a foundation for multilateral cooperation in the region. Diplomatic efforts will be necessary to build on this foundation and develop a multilateral cooperative network.
- South Korea's middle power diplomacy, which centers on a multilateral cooperation framework, provides opportunities to develop practices of communication and cooperation to solve transnational issues. Through active involvement in MIKTA, South Korea will be able to play the roles of being a facilitator of cooperation and, along with Indonesia and Turkey, a constructive contributor in Asia.

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## Diplomats' Roundtable

# Trust Politics and The Korean Peninsula: Ideas and Views from Ambassadors

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Jeju Peace Institute

The trust politics of the Park Geun-hye administration, with its signature “trust-building process on the Korean peninsula,” is an important new attempt to improve inter-Korean relations and consolidate peace in Northeast Asia. Foreign ambassadors to Korea assessed the Park Geun-hye administration’s trust-based politics and discussed their prospects. This session provided an opportunity to solidify the international consensus on trust-based politics.

### Moderator

**Shin Hee-Suk** (Chairman,  
Asia-Pacific Policy Research  
Institute)

### Keynote Speaker

**Cho Tae-Yul** (Vice Minister,  
Ministry of Foreign Affairs,  
Republic of Korea)

### Discussants

**Rolf Mafael** (Ambassador,  
Embassy of Germany)

**Konstantin Vnukov**  
(Ambassador, Embassy of  
Russia)

**Togo Kazuhiko** (Advisor  
for External Relations,  
Shizuoka Prefectural  
Government )

### Rapporteur

**Kim Taehyun** (Global  
Asia Fellow, East Asia  
Foundation)

**Cho Tae-Yul:** South Korean diplomacy is currently in its most complicated position since the Cold War. During the Cold War, a country only had to follow the logic of its political camp. Today one must consider numerous solutions and sophisticated strategies for every issue. Issues facing South Korean diplomacy include, first, the rise of China; second, Japan’s revision of history; third, Russia’s transformation into a powerful nation; and finally, North Korea issues.

The first issue is the rise of China. China is the second-largest economy in the world. In terms of purchasing power, it has already surpassed the US. China is actively implementing diplomacy based on its economic status. China is keeping a low profile, while striving for something worthwhile (韜光養晦 有所作為) as suggested by Deng

Xiaoping. In response to the US's "pivot to Asia," China is calling for a "new type of major power relations." In the last Conference on Interaction and Confidence-building Measures in Asia (CICA), China sought to establish a new order in Asia, and to make CICA Asia's key security network. China is also aiming to enhance its relations with neighboring countries, including Russia. China's rise has had a huge impact on South Korea's diplomatic policy. Currently, South Korean diplomacy is rooted in the South Korea-USA alliance. This alliance is stronger now than ever, and plays a central role in maintaining peace on the Korean peninsula, in the Asia-Pacific region, and in Northeast Asia. Yet South Korea-China relations have also never been better. China is South Korea's second-largest export destination, an important trade partner and a partner in cooperation. Through summit meetings, President Park Geun-hye solidified her relationship with both President Obama and President Xi Jinping, reinforcing South Korean relations with the US and China. Strengthening South Korea-USA relations while strengthening a strategic relationship with China is certainly a difficult task. It requires a careful, long-term approach. This is the challenge South Korea is confronted with. Whether the strategic goals of China and the US are at odds or in harmony is the core consideration in determining South Korea's diplomatic policy.

The second issue is Japan's revision of history. Japan intends to rewrite history and rewrite the postwar order. This is a very serious issue. One German fellow asserted that Germany's normality is not a given, but a result of great efforts. Japan, too, can become a normal country, but only if it asks for forgiveness with sincerity. Before exercising the right of self-defense, Japan must first ask for forgiveness from its neighboring countries. Deterioration of South Korea-Japan relations weakens the US's strategic interest in the region. South Korea sought to improve its relations with Japan during the summit meeting of South Korea, Japan and the US at the Nuclear Security Summit in The Hague, and through President Park's diplomatic tour of Asia in April. However, relations show no sign of thawing. The US must become actively involved to prevent growing instability in the region due to Japan's historical revisionism. It would be highly desirable for South Korea and Japan to agree to hold director-level talks. South Korea expects a serious attitude from Japan and hopes that the two countries will enter the 50th year since the normalization of their diplomatic relations in good faith.

The third issue comes from Russia. With the simultaneous launch of new

governments, the two countries were able to build new momentum for their bilateral relations. The two summit meetings were part of this momentum. When President Park proposed the Eurasia initiative to President Putin, the Rajin-Khasan project became feasible. However, the issues of North Korea and Ukraine remain. The Ukraine crisis will have an impact on South Korea-Russia relations. We anticipate speedy resolution of the Ukraine crisis. To South Korea, Russia is a meaningful partner in implementing trust politics. We hope that Russia's foreign policy will become less hostile, and that the election in Ukraine will be successful.

Finally, South Korea faces the North Korean nuclear issue. The international community is united in calling for North Korea to abandon its nuclear program and open up and reform its economy. Despite that, North Korea pushed ahead with a third nuclear testing, and could conduct additional nuclear experiments or fire ballistic missiles. Foreign Minister Yun Byung-se has stated that South Korea will make sure that North Korea pays a corresponding price for its provocations. For further provocations, North Korea will face sanctions from the United Nations Security Council and individual countries. Two decades since the end of the Cold War, the Korean peninsula stands once again at a turning point. In her Dresden speech, President Park Geun-hye spoke of the "unification bonanza" and outlined South Korea's vision for the peaceful reunification of Korea. I hope that these new measures will bring about the peaceful reunification of Korea.

The order in East Asia is a complex one. Nationalism and power politics are rising to the surface. The conditions are similar to those of 19<sup>th</sup>-century Europe. The region is suffering a trust deficit. Trust is a key factor of prosperity, and a social asset that can bring about change. President Park's trust politics will facilitate construction of a "trust infrastructure," laying the foundations for cooperation among nations.

Trust politics have two goals: the first is laying the foundations for the peaceful reunification of Korea by establishing peace on the Korean peninsula; the second is unraveling the Asia paradox through the Northeast Asia Peace and Cooperation Initiative. Starting with soft issues, the scope of cooperation must be expanded. I hope that through these measures, South Korea will overcome the four challenges mentioned above and achieve Korean reunification. In her Dresden speech, President Park proposed measures to improve the lives of North Korean citizens. North Korea,

however, is insulting the South Korean president and criticizing the speech for mentioning unification through absorption. North Korea must abandon its nuclear weapons and join hands with us, and South Korea must continue to prepare for all contingencies.

**Rolf Mafael:** The German government and people welcome President Park Geun-hye's Trustpolitik. Trustpolitik is a plan that will help refresh inter-Korean relations and establish peace on the Korean peninsula. Trustpolitik is similar to Germany's Ostpolitik. I hope that the two Koreas will reconcile, as the two Germanys did as a result of Ostpolitik in the 1960s.

In the case of Germany, unification would not have been possible without multilateral cooperation. The multilateral process originated from a proposal from the USSR to create a new European security system. This system successfully enhanced cooperation between Eastern Europe and Western Europe. East Asia needs to identify a similar motivation. I hope that South Korea's Trustpolitik will contribute to the creation of a new security architecture.

Looking at bilateral relations between West Germany and East Germany, one finds that the administrations engaged in bilateral trade with relative ease. East Germany did not expect to collapse, because it was supported by the USSR. However, North Korea is concerned about collapse. This makes dialogue with North Korea difficult. East Germany's case is relevant to North Korea. A new kind of relationship between South Korea and North Korea is imperative. The philosophy behind the Dresden speech is quite appropriate. President Park asserted that the two Koreas must broaden their exchange and cooperation, and explained that rather than one-off events, they needed the kind of interaction that enables Koreans to recover a sense of common identity. I believe that this should be the core of inter-Korean cooperation, and I hope that this will be realized. Considering the current economic sanctions, close interaction is rather difficult for the two Korean nations. North Korea is also worried about systemic transformation. North Korea must be persuaded that Trustpolitik aims for the improvement of North-South relations, not systemic transformation or absorption. I believe that Germany could help with that persuasion.

**Konstantin Vnukov:** The situation in Northeast Asia and on the Korean peninsula is a matter of substantial importance to Russia. First, of all, North Korea's nuclear test site is less than 200 km from Vladivostok. Issues on the Korean peninsula affect development plans for Siberia. Russia supports improving inter-Korea relations to bring stability to the region.

Second, Russia has a clear principle on the Korean nuclear issue. Russia does not approve of nuclear weapons, and urges North Korea to observe the UN Security Council Resolutions and to rejoin the nonproliferation treaty. However, Russia is against the tension caused by the North Korean nuclear issue manifesting in the reinforcement or formation of military alliances.

Third, Russia agrees with and supports the Six Party Talks as the only way to resolve the North Korean nuclear issue. However, Russia is against forceful resolutions. Asia is in need of trust building. And it is for this reason that President Putin mentioned the necessity of a new security system in the region. Conflict can be resolved only through diplomatic and political measures. In order to reach a resolution, the interests of all nations must be respected. Trust-building is possible when dialogue is advanced without threats to security. The military sector is especially in need of trust building.

Fourth, Russia does not doubt that inter-Korean relations are at the core of peace and security in this region, and urges South Korea and North Korea to resume dialogue. Russia supports Korean reunification. A unified country of 75 million people living in peace and harmony is an ideal neighbor for Russia. Russia has no intention of intervening in Korea's internal affairs or trying to direct the course of unification. Nevertheless, Russia does not wish to remain a mere bystander. Russia will be able to contribute to peace on the Korean peninsula through trilateral economic projects, namely the trans-Siberian and trans-Korea railways, supply of natural gas, and supply of electricity from the Russian Far East. Both South Korea and North Korea have supported these projects. These projects can bring economic advantages to all three nations, and contribute to establishing stability on the Korean peninsula, improving inter-Korean relations, and opening up the North Korean economy. These projects also correspond to President Park's Eurasia Initiative and Northeast Peace and Cooperation Initiative.

**Togo Kazuhiko:** Prime Minister Abe asserts that Japan must abandon its postwar mentality. This can be interpreted from three angles. Abandoning our postwar mentality signifies moving away from passive pacifism, postwar democracy, and the humiliation of the past.

The most symbolic of issues related to postwar mentality are those of the comfort women and the Yasukuni Shrine. These are important issues over which domestic and international mentalities become tangled. In December of 2013, Prime Minister Abe's visit to the Yasukuni Shrine caused a diplomatic disaster. The incident became a weapon for Chinese hardliners attacking Japan, and enraged Koreans and Americans. When Abe expressed his intention to revise the Kono Statement, the US intervened and caused him to call off the revision. In my personal opinion, the Prime Minister of Japan should not visit the Yasukuni Shrine. Even the Japanese Emperor will not visit the Yasukuni Shrine. The Prime Minister should not visit where leaders of other nations will not go.

For bilateral issues, cooperation is important. Both sides must recognize the problems as their own. The general public of Japan have a favorable opinion of Koreans. They rate South Korea's democratization, economic growth, and cultural growth highly. With success comes the ability to understand others. I do not think that Japan is in a position to make requests, but I think that effort must be made on both sides for reconciliation to happen.

Finally, I will talk about North Korea. Yesterday, Japan and North Korea reached an agreement. This is a remarkable event. Before the investigation's results are even published, sanctions are being lifted just for starting the investigation. This shows trust. And this trust is central to President Park's North Korea policy. If trust remains at the heart of the overall approach, the North Korea policies of Japan and South Korea will be helpful to each other. I hope that this principle will apply to other policies as well.

**[Question] Su Hao:** A presenter emphasized the importance of the South Korea-USA alliance in Northeast Asia. I believe that when many relationships, including the South Korea-China relationship, can exist in harmony, a new Asia will be born. Aren't other relationships important? What is Russia's view on Korean reunification, for which South Korea is preparing through trust politics?

[Answer] Cho Tae-yul: The South Korea-USA alliance is very important. However, South Korea-China relations are also important. Economic relations between South Korea and China have grown significantly in recent years. I expect the relationship will mature in other areas as well. The South Korea-USA alliance will continue to be the root of South Korea's foreign relations for some time. I believe, however, that the South Korea-USA alliance and South Korea-China relations can coexist. Strong South Korea-China relations strengthen the South Korea-USA alliance.

Konstantin Vnukov: Russia welcomes all contributions to stability on the Korean peninsula. Peace and stability on the Korean peninsula and in Northeast Asia are high priorities of Russia's foreign policy. President Putin's eastward pivot is part of that policy. Specific proposals have been made to support this policy, including suggestions for trilateral economic cooperation.

[Question] Konstantin Vnukov: Measures such as the May 24 sanctions seem to have erected a wall between South Korea and North Korea. The Rajin-Khasan project is confronted with this obstacle. Without easing the sanctions, the project will not be able to move forward. I would like to ask for the panel's opinion on this.

[Answer] Cho Tae-Yul: I do not think that the Rajin-Khasan project will face difficulties. The project is unaffected by UN sanctions. It was cited in the Dresden speech as one of the major trilateral projects between the two Koreas and Russia. The project can be pushed forward quite separately from economic sanctions. All the project needs is sincere cooperation from North Korea.

[Question] Yoon Seol Young: Coexistence with neighboring countries is an important factor for trust politics on the Korean peninsula. How do you view Japan's unilateral lifting of sanctions against North Korea after the two countries came to a bilateral agreement? Is it a crack in the system of multilateral cooperation?

[Answer] Cho Tae-Yul: I have only seen media reports of the incident. I will get back to you with a response after reviewing the script of the agreement between North Korea and Japan.

**Togo Kazuhiko:** The agreement to dialogue between North Korea and Japan does not violate UN resolutions. The countries are only lifting bilateral sanctions. Chief Cabinet Secretary Suga Yoshihide confirmed that the lifting of Japan's North Korea sanctions is unrelated to UN resolutions.

**[Question]** Contrary to Ambassador Mafael's statement, I understand that the last two years before German unification were spent actively implementing measures to bring about a regime change. What is your take on this matter? Northeast Asia and Europe are different. Germany is a big country, and Korea is a small country. The USSR was declining at that time, but China is now rising. The circumstances are starkly different. Could the German experience be applied to Korea?

**[Answer]** **Rolf Mafael:** It was East Germany, not West Germany, that decided on unification. West German Chancellor Helmut Kohl presented his 10-point plan for "Overcoming the division of Germany and Europe," but unification was not part of the plan. Unification was decided through a resolution passed by the East German parliament. West Germany proposed not regime change, but close cooperation and reconciliation through personal exchanges.

**[Question]** **Researcher, Carnegie Endowment for International Peace:** I am curious about the impact of Ostpolitik on German reunification.

**[Answer]** **Rolf Mafael:** Ostpolitik was crucial to German reunification. It was led by the government of the Federal Republic of Germany. The ultimate toppling of the Berlin Wall was a result of this policy. Ostpolitik held that a new security initiative must be actively implemented. Even though West Germany had the backing of the United States and NATO, West Germany took initiatives to enhance relations with East Germany.

**Cho Tae-Yul:** I agree with the view that both countries must make efforts to enhance South Korea-Japan relations. I am optimistic that the tight political situation will not last. A woman who has defected from North Korea said that the self-reliance ideology

is dead, and that the marketplace is booming. She said that the marketplace generation will change North Korea from the bottom up. She was optimistic about the future of the Korean peninsula. As a member of the Ministry of Foreign Affairs, I will do my utmost to realize this historical mission.

**Rolf Mafael:** Trustpolitik must be realized over the long term. It took Germany two decades to see results. In promoting Trustpolitik, South Korea must consider the position of its counterparts.

**Konstantin Vnukov:** I think that everyone here agrees with the trust-building process on the Korean peninsula. The vestiges of the Cold War can be felt on the Korean peninsula and in Northeast Asia. Countries in this region must join forces to build trust and implement trust politics. They must unite to cooperate on shared tasks and realize shared goals. There is no time to waste. Time is not on our side when it comes to nuclear weapons. We must resolutely take one step forward.

**Togo Kazuhiko:** I would like to talk about Russia. The Crimean Peninsula is meaningful to Russia. I do not believe that Russia considered Crimea and Ukraine as one. I expect that an internal consensus will eventually form within Ukraine. From the perspective of Asia, the events in Ukraine and Crimea must be considered within a larger context, in particular the rise of China. We must focus on the agreements between the leaders of China and Russia. I also hope that Japan-Russia relations will improve in the years to come.

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## Policy Implications

- The four challenges facing the Korean peninsula must be overcome by trust building and diplomatic cooperation rather than through Cold War-era zero-sum logic. Through these efforts, peace will be established on the Korean peninsula, and Korean reunification will become feasible, which will in turn help establish peace and prosperity in Eurasia. To this end, South Korea must take the initiative in cooperating with other nations in the region to sustain the trust-building process on the Korean peninsula, and develop a Northeast Asian security architecture.
- For South Korea-Japan relations to improve, a sincere apology from Japan is necessary, but both sides must make efforts to reach mutual understanding.
- South Korea must work with trust-based diplomacy partners in the region, including Russia and China, in discussing and implementing measures to establish peace on the Korean peninsula, and to increase cooperation and bring prosperity to Eurasia.
- In order to reduce North Korea's mistrust of trust politics, the East German case should be persuasively presented. Regardless of the result, trust politics must be sustained.

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# Trilateral Cooperation and Korea's ODA Policy

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## The Korean Association of International Studies

Trilateral cooperation among China, Japan and South Korea is crucial for building peace and establishing order in East Asia. The three countries have made continuous efforts to strengthen trilateral cooperation. As part of these efforts, the Trilateral Cooperation Secretariat was established in 2008. In order to further enhance trilateral cooperation, the three nations must endeavor to expand the scope of their cooperation. In this context, this session sought to examine the current status of South Korea's official development assistance (ODA) policy, and to find measures to strengthen trilateral cooperation through ODA policies.

### Opening Remarks / Moderator

**Namkoong Young**  
(President, The  
Korean Association of  
International Studies)

### Keynote Speaker

**Du Jeong-Su** (Director,  
Korea International  
Cooperation Agency)

### Presenters

**Oh Yeong-Ju** (Director-  
General for Development  
Cooperation, Ministry of  
Foreign Affairs)

**Yu Ung-Jo** (Legislative  
Researcher, National  
Assembly Research  
Service)

**Oh Yeong-Ju:** Having ended its status as an ODA recipient from the year 2000, South Korea's ODA donations are now growing steadily. The total amount of ODA provided by South Korea was USD 731.01 million in 2007, rising to USD 1.8901 billion in 2013. Korea's institutional framework for ODA is overseen by the Committee for International Development Cooperation, chaired by the Prime Minister of Korea, and includes the Ministry of Foreign Affairs and Trade (grant aids, 40%), KOICA, the Ministry of Strategy and Finance (concessional loans, 60%), and the Inter-Agency EDCF Committee (18 departments). The legal framework to support South Korea's ODA is built around three key pieces of legislation: The Economic Development

#### Discussants

##### **Son Hyeok-Sang**

(Professor, Kyung Hee University)

**Kim Tae-Gyun** (Professor, Seoul National University)

**Kim Gyu-Ryun** (Senior Research Fellow, Korea Institute for National Unification)

**Lim Seok-Jun** (Professor, Dong-A University)

#### Rapporteur

##### **Park Young-Min**

(Professor, Hankuk University of Foreign Studies)

Cooperation Fund Act, the Korea International Cooperation Agency Act, and the Framework Act on International Development Cooperation.

Currently, bilateral assistance accounts for 70% of South Korea's ODA, and multilateral assistance accounts for 30%. This composition is scheduled to change to 30% and 70% with the 2nd Five-year Plan, starting in 2016. Multilateral assistance is aimed at fragile states, humanitarian assistance, public-private partnerships, multilateral cooperation and refugees. South Korea is responding actively to the global agenda in conjunction with the OECD Development Assistance Committee, the G20 Development Working Group and the United Nations Industrial Development Organization. In particular, South Korea has linked ODA to building a foundation for Korean reunification, and is making efforts to expand cooperation with major UN development organizations, including the UN Development Program, so as to create a basis for international cooperation on the development of North Korea. To increase trilateral ODA cooperation among China, Japan and South Korea, South Korea employs a "track 1.5" approach with ambitious goals, including cooperation with North Korea, addressing environmental issues, increasing prosperity in Asia, disaster countermeasures and establishing peace in Northeast Asia. Differing developmental goals and policies put constraints on ODA cooperation among China, Japan and South Korea. Therefore, a realistic measure for South Korea in cooperating with China and Japan is to place emphasis on the areas of natural disaster relief and the environment. Seeking mutual interests, non-political and gradual processes, and multi-level approaches (between government agencies, non-governmental organizations, etc.) is desirable.

**Yu Ung-Jo:** The three countries of China, Japan and South Korea hold important political, military and economic positions in the international order. Despite conflicts among them, due to historical and territorial disputes and issues of security and order, the three nations established the Trilateral Cooperation Secretariat (TCS) in 2011 to systemize trilateral cooperation. The TCS is expected to have a positive impact on increasing peace and welfare in the region. The three countries' contributions to international organizations are significant, accounting for 18% of the UN's total budget contributions (2013), and 19.5% of the total budget contributions of the United Nations Peacekeeping Force. In particular, China's overseas assistance grew incrementally, reaching USD 18.9 billion in 2013. Cooperation in the private sector is increasing between China, Japan and South Korea. In 2013, 58.6% of all foreign visitors to South Korea were Japanese or Chinese. The TCS oversees not only political and security cooperation, but also exchanges in 17 economic, social and cultural sectors, and 58 government sectors. Currently the TCS is focusing on trilateral communication and the exchange of information and opinions.

**Son Hyeok-Sang:** I agree with the presentation overall. However, the three countries of China, Japan and South Korea have many differences. Differing views of history and the discrepancy in national power seem significant enough to hinder cooperation. There are times when the strategic trilateral relationship is strong and times when it is not. Development cooperation allows subsidiarity in the relationship and is very useful. It is not desirable for the three nations to pursue distinct development models. South Korea will be able to play a prominent role in reconstruction and development, not only in disaster-stricken areas, but also in post-conflict areas. We will need to find cooperation models in private-level diplomacy as well.

**Lim Seok-Jun:** Among the 27 OECD countries, South Korea and Japan are ranked 27th and 26th, respectively, on the commitment to development index (CDI). China, Japan and South Korea have methods that are independent of one another. I think that increasing private-level cooperation among the three countries, and dispatching student volunteer groups to Africa, for example, would be effective.

Kim Gyu-Ryun: Trilateral cooperation lies somewhere between bilateral cooperation and multilateral cooperation. Bilateral cooperation between China and Japan may not be effective due to discrepancies in their respective levels of national power. In this instance, trilateral cooperation is proving more effective.

Kim Tae-Gyun: Recently, Northeast Asia's political dynamics have been developing along new lines, including changes in North Korea-Japan relations. In proposing the Asian Infrastructure Investment Bank (AIIB), China has excluded Japan. Under these circumstances, ODA cooperation must be planned carefully, and with strict calculation of diplomatic gains and losses for South Korea. Measures to increase China's role in that cooperation must be considered.

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### Policy Implications

- In order to improve its ODA, South Korea must increase the size and effectiveness of assistance. It should also secure greater transparency, form more partnerships, enhance its administrative and executive capacities, and strengthen localization.
- To enhance the trilateral development cooperation system of China, Japan and South Korea, the effectiveness of the Trilateral Cooperation Secretariat should be increased through the South Korea-Japan policy councils and policy dialogues between South Korea and China.
- China, Japan and South Korea should focus their ODA cooperation on disaster relief and the environment. The ODA of the three countries will contribute to the Northeast Asia Peace and Cooperation Initiative.
- The TCS's future tasks include: first, mitigating historical and territorial disputes and overcoming the conflict between the South Korea-USA-Japan alliance and China, while addressing China's "air defense identification zone"; second, increasing national understanding and strengthening the foundation of support; third, adding countries such as Mongolia and North Korea to the cooperation network; and fourth, forming connections with regional cooperation networks within East Asia and Northeast Asia.

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## Reconciliation and Integration in Northeast Asia

### Past, Present, and Future

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#### Trilateral Cooperation Secretariat

This session is aimed to view the past and present of the regional integration process among Northeast Asian countries in the eyes of scholars all over the globe; Korea, China, Japan, and US. At the same time, many key, important topics that surround the reconciliation and integration in Northeast Asia were intensively discussed.

#### Moderator

**SHIN Gi-Wook** (Director, Walter H. Shorenstein Asia-Pacific Research Center at Stanford University)

#### Discussants

**BU Ping** (Professor, Institute of Modern History, the Chinese Academy of Social Sciences)

**SHIN Kak-soo** (Director, Center for International Law, Korea National Diplomatic Academy)

**HATANO Sumio** (Professor Emeritus, University of Tsukuba)

#### Rapporteur

**KOYAMA Keiko** (TCS/Researcher)

**Bu Ping:** I'd like to start with introducing some positive efforts on the histories coming from the scholars in the three countries such as trilateral joint history textbooks. He stressed the importance of urging the scholars to observe the East Asian history from East Asian perspective during the joint history research. Also, the most principle when it comes to academic research is that we have to recognize the fact that it is very difficult to come to the common understanding at once, however we should make the effort to understand the different views on history issues. Despite controversial points, the scholars have reached consensus on a fundamental issue which is the nature of the war; Japan invaded China and colonized Korea. Furthermore, based on his experiences, I'd like to characterize historical issues as three different aspects: political diplomacy, people's emotions and academic research. Due to the turbulent political issues and people's emotions, he

pointed out that the results of academic research can be the guidelines for the political diplomacy, as well as the basis for the emotional and effective communication among different peoples. I want to conclude my statement by emphasizing that currently it is the best time for the East Asian countries to build a peaceful community which is contrary to the mid-19th century; the regional order in East Asia has undergone dramatic changes.

**Shin Kak-soo:** The causes of high tension among China, Japan and Korea can be categorized as four major fronts;

1) geopolitical warfare connected to the strategic transition, 2) historical warfare resulting from Tokyo's historical revisionism, 3) territorial and maritime warfare related to clashes in territorial and maritime claims, and 4) emotional warfare generated by the rising tide of nationalism.

Regarding the geopolitical confrontation, while it is the hardest challenge for the three countries to overcome because of strategic equilibrium between Beijing and Washington, the three countries create a better strategic environment conducive to facilitating regional integration. The second point is the historical revision's views of Japan. Ambassador Shin stated that the biggest revisionism is peace constitution of Japan and he asserted historical revisionism cannot compromise for Korea as well. In terms of territorial and maritime disputes represented by Senkaku/Diaoyu island between China and Japan, Dokdo/Takeshima island between Korea and Japan, to confront these maritime disputes and forge cooperative framework in the region, though there have been several efforts to give relevant parties with the win-win compromise such as joint development of continental shelf or provisional arrangement for fisheries. Lastly regarding the emotional confrontation, political leaders are encouraged not to succumb to the temptation of resorting to nationalism. In addition, I'd like to emphasize the importance of the role of media in preventing the generation of a vicious cycle of hatred and suspicion which can be created by exaggerated or distorted information.

**Hatano Sumio:** I have four suggestions on the reconciliation and integration in Northeast Asia. First of all, he indicated that deepening of the argument of an academic

level does not permeate the argument of the national level of each country, which is called “domestic historical issue.” In this case, I’d like to suggest that Japan need to release the historical comment based on examination as the government about modern Japan’s war and colonial rule. The second point is the relevance of historical study and education in history. The major difference in history study among the three countries is that Japan regards history as an academic subject, so history education is not tool of government opinion but a moral discipline for training people to become righteous. The third suggestion is to share and open the documents about the modern and contemporary history in Northeast Asian countries to the public. Lastly, as the fourth suggestion is the significance of impact from the outside of Northeast Asian area in order to urge history reconciliation of the region. I encourage continuous joint research projects in which the scholars of the third country including the US participation, and noted that exchange programs would serve as an intellectual base to which regional reconciliation is urged.

### **Q&A Session**

**[Question]** A student from Jeju National University: (For Bu Ping) Are there any consensus achieved among the three countries about how the scholars look at the cause of the pacific war?

(For Hatano) Regarding Senkaku/Dokutou island, it does not present simple territory issue, maritime rights, legal matter or ownership, but it also has much of historical value. How does Professor Hatano look at it?

**[Answer]** Bu Ping: Regarding the joint history research between China and Japan, we set up 16 subject ideas. If you compare the findings in China and Japan, it’s easy to see what kind of the differences there are. We will publish the books soon. Please refer to them if you are interested in.

Hatano Sumio: Regarding the cause of the pacific war, in the joint research we reached the consensus that Chinese issue was the most reason of the war between Japan and US Between Japan and China, the disputes in the 1930s which led to military conflicts were the main causes of the pacific war.

Regarding Senkaku islands, in 1945 when China and Japan were at war, Japan annexed island as the part of prefecture. According to the international law, it's legal for Japan to annex Senkaku islands. On the other hand, from the prospects of Korea and China, they probably connect to the past colonial rule that was subjected by Japan. For Korea and China, Senkaku issue is not just about the legal ownership of the territory, but underlining symbolic of historical value attached to this issue. Historical perspectives apparently vary between Japan and China and Korea on how we interpret the history. Considering the war responsibility and the big flow of history as important, the territory issue has to be seen as separated issue away from other historical issues. Japanese government values international law importantly and places priority on legal part of the issues. We look at the history as academic discipline, the position of the government separates the territory issue away from the historical issues.

**[Question]** A student from Yonsei University: Good history opens that's question. Good history is not primacy done consensus. Good history also tries to escape national mistakes and mindsets. These works are supposed that Korean historians see one way, Japanese historians see another way and Chinese historians see the third way. How to get them all to agree on one final form of historian consensus? I wonder you are struggled with that and dilemma I see the hard of what is incredibly important even normal work you are doing.

**[Answer]** Bu Ping: I just would like to emphasize one thing that I think all challenges there is no one perspective. We have to consider all of the different perspectives in parallel. One single perspective is not what we are working to achieve. The nature of the war, the nature of the colonial rule, whether the apology calls for or not, regarding these fundamental issues, we have to develop the joint understanding about the broad fundamental issue. Regarding the other details, we are just engaging the Joint research, we are not seeking a single view.

**[Question]** A participant from US Embassy: Unlike the three Northeast Asian countries, we do not have a Ministry of Education with textbook approval authority. So I think it's a mistake to think US is going to be actively engaged in it. Professor Hatano

pointed out a very important thing. I learned the East Asian history from American textbook. There is a role for American, European scholars to do that. I would hope that you will take that into the consideration. Using the work of consideration, I think one important statement made by Japan was Miyazawa statement. Because Miyazawa statement commit Japan to taking into the consideration, the view of neighboring countries in writing their own histories. Can we not have MIYAZAWA statement include the philosophy in which all three countries taking the consideration of the attitude of neighboring countries?

**[Answer]** Shin Kak-soo: There have been talking about good history and bad history. Bad facts make bad law. I think because history in the same vein. There happens unfortunate past in the 20th century among the three nations. Because of this unfortunate fact, we now have our understanding issues. There are different perspectives. It starts from different perception on the facts that lead to different understanding. On the active role of the US, I'm not calling US government to actively intervene joint history research of the three countries. What I want the US government to do is to promote and support history reconciliation and integration in northeast Asia. Do we only need to have one single view of history? It's better to have consensus view, because varying views and varying perspectives. Reconciliation has become very difficult among the three nations. If it's possible, we need to make the efforts to have common view. Germany and Poland, Germany and France, they have such a presence, likewise I believe the three East Asian countries could go that directions starting now.

**[Question]** A participant from Japan: It's the question on joint textbook. If you look at Germany and France, they have succeeded joint textbook, but What's the value of the joint textbook? Is it to come to the common understanding? Why do we have to have a single understanding of history? Why do we need to have joint history textbook?

**[Answer]** Hatano Sumio: What I acknowledge the importance of is the history research from 1945 which the war ended to the year that diplomatic relations were normalized. It means the period from 1945 to 1965 between Japan and Korea as well as the period from 1945 to 1972 between Japan and China. That in term period is quite

important. What I want to say is that we should enhance the studies on those periods since a large amount of relevant documents and archive materials have already been disclosed.

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### Policy Implications

- We should make the efforts to understand the different views on history issues throughout enhancing the trilateral joint history research.
- The results of academic research can be the guidelines for the political diplomacy, as well as the basis for the emotional and effective communication among different peoples.
- To confront the geopolitical disputes, it is necessary for the three countries to create a better strategic environment conducive to facilitating regional integration.
- To confront maritime conflicts, several efforts could be made to give relevant parties with the win-win compromise such as joint development of continental shelf or provisional arrangement for fisheries.
- Regarding the emotional confrontation, political leaders should not succumb to the temptation of resorting to nationalism. In addition, media can play a role to prevent the generation of a vicious cycle of hatred and suspicion which can be created by exaggerated or distorted information
- Japan needs to release the historical comment based on examination as the government about modern Japan's war and colonial rule.
- It is necessary to enhance sharing and opening the documents about the modern and contemporary history in Northeast Asian countries to the public.
- We should continue the joint research projects in which the scholars from the third countries including the US participation, and exchange programs as well.

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# ASEAN Community and the East Asia Cooperation

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The Korean Council on Foreign Relations / Jeju Peace Institute

East Asian countries are standing on the verge of both opportunities and challenges. Due to recent changes in Japan's foreign relations with Korea and China, the cooperation within Northeast Asia was seriously hindered and worsened. US and China are also hitting rough patch, which poses an inevitable influence on East Asia cooperation. ASEAN community is scheduled to be commenced in 2015, as to open a new era for better, enhanced regional cooperation. In East Asian region, the role of interdependence is getting more and more significant, while political dilemma in the region is deepened. During discussion, many great ideas and anticipations were made, in order to make a way for East Asia cooperation that is on the verge of opportunities and challenges.

## Moderator

**Lee Seon-Jin** (Former Korean Ambassador to Indonesia)

## Discussants

**Singhara Na Ayudhaya Kulkumut** (Ambassador, Embassy of Thailand in Republic of Korea)

**Togo Kazuhiko** (Advisor, External Relations, Shizuoka Prefectural Government)

**Kim Kyung-keun** (Vice President, Korea Council on Foreign Relations)

**Chung Hae Moon** (Secretary General, the ASEAN-KOREAN Center)

**Singhara Na Ayudhaya Kulkumut:** Ambassador Kulkumut highlighted the importance of the three pillars of the ASEAN Community: (1) ASEAN Economic Community, which leads the members states to cooperate towards prosperity; (2) ASEAN Political-Security Community, which promotes peace and stability by providing platforms for the member states and its dialogue partners to discuss traditional and non-traditional security challenges and improve trust and capacity-building measures; (3) Socio-cultural Community, which enrich people-to-people exchanges and understanding of the

**Lee Seo-Hang** (Professor,  
The Institute of Foreign  
Affairs & National Security)

**Rapporteur**

**Ysla, Mark** (Researcher/  
ASEAN-Korea Centre)

diverse cultures in ASEAN. He also mentioned that the ASEAN Community process is an evolving process. The target date does not indicate the failure or success of the community, the year 2015 is not an end but the beginning of a stronger ASEAN community.

Furthermore, the Ambassador discussed the importance of ASEAN dialogue partners in achieving the goals and aspirations of the ASEAN Community by highlighting the key aspects of ASEAN Connectivity. He also briefly explained the current situation in Thailand under the new military government and assured that the situation in Thailand is much better than the previous months after the order has been restored.

**Chung Hae Moon:** Chung Hae Moon expressed his optimism in the launching of the ASEAN Economic Community. He mentioned that ASEAN Economic Community creates more excitement not only within the region but also beyond. He believed that the economic community will be launched in 2015 as scheduled. Furthermore, he also highlighted the socio-cultural dimension of the ASEAN Community, which is as important as the ASEAN Economic Community. He stated that ASEAN could be a people-centered and a socially responsible community. Once realized, the socio-cultural community could be a powerful vehicle to achieve sustainable development, empowerment of women, and greater involvement of all sectors of the society. The socio-cultural community will contribute to forging ASEAN identity and consciousness. Moreover, he also discussed the benefits that the ASEAN Economic Community could bring to the business communities of ASEAN and Korea.

He also emphasized the need to take advantage of the opportunities that the launching of the community could bring. Chung also discussed the importance of the relations of ASEAN and Korea and how it can further facilitate the overall cooperation among the East Asian countries. Chung also mentioned that there is a great need to develop a sense of belongingness in the East Asian Community among the younger generation by further enhancing people-to-people connectivity.

**Lee Seo-Hang:** Lee provided an comprehensive and informative explanation on the current territorial and maritime dispute in East and Southeast Asia. He mentioned the types of conflict and the rationale behind maritime issues involving some of the countries in Asia. After providing a background on the current disputes, he highlighted the existing cooperation among the countries in the Asia-Pacific region, which could be further enhance to prevent the territorial dispute from escalating further into a full-blown war. He stated that countries should not take a seatback and must work together in building more confidence-building measures that would ensure cooperation and long-lasting peace in the region.

**Togo Kazuhiko:** Togo shared the three principles for handling the issue in East and South China Sea. He believed that the claiming power should claim territories peacefully. On the other hand, the status quo power should be ready to engage in a dialogue. He also added that confidence building measures must be in place to avoid physical conflict between the parties involved and to create stability in the region. He cited the examples of the Senkaku Island, which is the main territorial issue between China and Japan. He emphasized the need for a dialogue by explaining the issue between Russia and Japan in 1978, where Japan and Russia eventually launched a dialogue on the disputed territories after both parties recognize the issue.

**Kim Kyung-keun:** Kim shed light on the East Asian regional cooperation. He explained the East Asian Summit and its role in the overall regional architecture. He mentioned that there are overlapping issues in the East Asian Summit and ASEAN Plus Three, but cooperation in several areas had been made, such as in disaster management, financial crisis management, etc. Furthermore, he also discussed the

Free Trade Agreements between ASEAN member States and China, and the economic partnership that other countries in East Asia wanted to achieve through RCEP. He emphasized the need to have a synergy that must be initiated by the ASEAN Plus three countries in order to further advance regional cooperation.

### **Q&A Session**

**[Question]** A student from China Foreign Affairs University: How to understand the function of the ASEAN plus three and how to make China, Japan, Korea cooperate under the East Asian Summit?

**[Answer]** TOGO Kazuhiko: Economic interdependence could be a good tool in making East Asian countries cooperate with each other. Also, China should take the issue of Senkaku island seriously in order to further advance the cooperation of the Plus three countries under the East Asian Summit.

**[Question]** Ambassador of East Timor: Why the rise of nationalism and identity politics rises in the age of globalization and integration? How the new dynamics could affect the future cooperation in East Asia?

**[Answer]** LEE Seo-Hang: There are several factors to consider on why the rise of nationalism and identity politics happens in the age of globalization. One of the reasons for that is the economic reason i.e. open door policies, etc.

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## Policy Implications

- **Further increase the awareness about ASEAN Community and its pillars**

The peoples of ASEAN Member States, as well as the dialogue partners must be fully aware of the ASEAN Community and its three important pillars. This awareness raising program will further ensure that no one is being left behind. Everyone must learn more about the ASEAN Community and take advantage of the benefits that it could bring. The people-to-people exchanges and connectivity must also be given emphasis.

- **Create more platforms that would tackle the challenges and prospects of the ASEAN Connectivity**

As ASEAN aims to create a Community with shared prosperity and progress, the member states and their dialogue partners should further its efforts in making sure that the ASEAN Connectivity will be given due consideration. For example, the ASEAN Physical Connectivity has a lot of promising projects that could further uplift the economic performance of other member states.

- **Empowerment of Young Generations**

As leaders of the future, our youth will play a key role in ensuring development, sustainability and prosperity of the East Asian region. To achieve future solidarity, initiatives should be undertaken to encourage the youths to interact more, hence, have a better understanding of each other's culture and way of life. Once these differences are embraced, it can be turned into strength that will inculcate a sense of community, thus, enhancing solidarity in the region. (Applies to the 3 North East countries as well).

- **Creating synergy in the Cooperation between ASEAN and the Plus three Countries**

There are several similar issues that are being discussed at different forum / bodies which involve ASEAN and the plus three countries. In this regard, ASEAN, China, Japan and Korea should initiate synergies between these varieties of forum to ensure the efficient implementation of cooperative projects and not create a conflict of country positions on the same issue at different forum. Once this is achieved, a more effective mechanism will be created to further accelerate regional cooperation.

- **Provide more platforms for dialogue to ensure peace and stability**

Disputes in the Northeast region are brought by issues that are made vague by, among

others, historical background, nationalistic stance and outside interference. Initial steps should be taken to build confidence among the conflicting nations which will eventually led to a more open discourse and recognition of the actual problem. Once the real issues are identified, a clear and unclouded dialogue can then be launched with the aim of solving the dispute in a proper and friendly manner. ASEAN could utilize its role in further intensifying dialogue among parties involve in the maritime disputes in Southeast and East Asia.

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# Reexamining the Key Territorial Clauses of the 1952 San Francisco Peace Treaty

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## The Korean Society of International Law

Seventy years have passed since the end of the Second World War, but Northeast Asian nations are still debating different views on the legal issues that arose in the process of ending the war and establishing the post-war settlement. Against this backdrop, this session sought to examine the legal significance of the San Francisco Peace Treaty—which provided the basic framework under international law for the official end of the Second World War—by examining the treaty’s key provisions, especially those concerning territories occupied by Japan.

### Moderator

**Lee Jang-Hie** (Professor, Hankuk University of Foreign Studies Law School)

### Presenters

**John Yoo** (Professor, U.C. Berkeley School of Law, USA)

**Lee Chang-Wee** (Professor, University of Seoul Law School)

### Discussants

**Lee Seok-Woo** (Professor, Inha University Law School)

**Yu Ha-Young** (Research Fellow, Dokdo Research Institute, Northeast Asian History Foundation)

### Rapporteur

**Jeong Sejong** (Research Assistant, Korean Society of International Law)

**John Yoo:** International laws of possession recognize various ways by which a country can come to possess a territory. Historic title, contiguity, occupation and cessation are a few examples. There are many international precedents that are useful for South Korea, such as the Island of Palmas Case, and the Eastern Greenland case, in which it was decided that exclusion can demonstrate sovereignty.

Historical claims to Dokdo seem to favor Korea. Japan claims that when it occupied Dokdo, it was a *terra nullius*, but there are no grounds to this claim. Any post-war settlement must include examining the relevance of the Cairo Declaration, which stipulated that “Japan shall be stripped of all the islands in the Pacific,” and the Potsdam Declaration, which limited Japanese sovereignty to “the

islands of Honshu, Hokkaido, Shikoku, and such minor islands as we determine.”

Article 2 of the San Francisco Treaty, which lists the islands Japan had to renounce all rights to, does not include Dokdo. Opinion is divided as to whether this list is an enumeration or an illustration. In order to resolve this dispute, it is necessary to examine the treaty’s drafting history and to examine interpretations of treaties in other international disputes. A question arises as to whether South Korea and China are bound to the San Francisco Treaty, considering that they did not sign it. A letter by the US Assistant Secretary of State, Dean Rusk, to the South Korean Ambassador to the United States claimed that Dokdo was not part of Korea. However, more historical research is needed to determine whether this document represents the official position of the US. The San Francisco Treaty, which showed leniency toward Japan, seems to reflect the intentions of the US, which sought to form friendly relations with Tokyo.

Japan’s approach seems less aggressive in the dispute over Dokdo than in the dispute over the Senkaku Islands, which are strategically more important to Japan. Japan claims that the Senkaku Islands were also *terra nullius*. Thus, South Korea can consider a strategic response to Japan’s claim of *terra nullius*.

**Lee Chang-Wee:** With regard to Dokdo, Korea and Japan hold different views on three major points: historical grounds of territorial sovereignty, the validity of Japan’s 1905 occupation, and the interpretation of the San Francisco Peace Treaty. A territorial dispute is driven both by legal and political arguments, and this often causes confusion. International law and international relations are not necessarily in fundamental conflict with each other in terms of their positions on international affairs, and so the two disciplines overlap.

There are three reasons why the San Francisco Peace Treaty did not define the territorial limits of Japan precisely. First, the United States changed its policy from the “strict treatment of Japan” to “soft peace,” and the treaty was used to establish a bilateral military relationship between the US and Japan. Second, the area of the territories that Japan had taken by invasion was so large that it was difficult to quickly and accurately define the parts over which Japan would renounce sovereignty. Third, in the context of postwar politics, the sheer number of Allied states made it difficult to determine the “minor islands” over which Japanese sovereignty would be curtailed.

There are two ways to resolve international disputes: legal settlement and political settlement. The legal solution is to go through the International Court of Justice (ICJ), but submitting the issue to court is impossible without Korea's consent because the ICJ requires consent from both parties involved. A political and diplomatic settlement would also require political will from Japan. The realistic course is to keep the status quo in territorial issues for the time being. Pursuing a perfect solution to the territorial disputes in East Asia bears great risks.

**Lee Seok-Woo:** Territorial disputes in Northeast Asia are similar in appearance to one another. They are bilateral disputes in form, but have the characteristics of multilateral issues because of their connection to the San Francisco Treaty. The ICJ recently set a new precedent in interpreting the San Francisco Peace Treaty. The solution to the Dokdo dispute should be based on this treaty, but the history of colonial occupation must also be considered. The historical grounds for South Korea's claim to Dokdo, the process of Japan's colonization of Korea, and South Korea's effective control over Dokdo after 1952 can be summarized from a legal perspective.

**Yu Ha-Young:** My question is directed to Professor Lee Chang-Wee. I agree with your comments on the relationship between international law and international relations. Shouldn't the Korea-Japan Fisheries Agreement and the Japan-Taiwan Fisheries Agreement be mentioned in comparing the issues of Dokdo and the Diaoyudao Islands? Also, where did Korea stand at the end of the Second World War; was it a victor, a loser, or a victim in a way? I am skeptical of the role of the 1905 Treaty of Portsmouth and the 1951 San Francisco Treaty. I anticipate the US playing a greater role in the future.

**[Question] Lee Seok-Woo:** I have a question for Professor Lee Chang-Wee. What are the implications of the recent trend in international rulings on boundary delimitation in the Dokdo dispute?

**[Answer] Lee Chang-Wee:** Cases of maritime boundary delimitation have the same application for the governments of South Korea and Japan. Drawing a line through the

midpoint between Ulleung-do of Korea and the Oki Islands of Japan puts Dokdo on the Korean side. This is probably the only way to settle the dispute. If Korea is considered a victim, it means that Korea is the victim of colonization. To answer the question about Taiwan's role in the Japan-China fisheries agreement, although any agreement between Japan and China can technically be applied to Taiwan, Japan and Taiwan have signed a separate fisheries agreement.

**[Question]** Lee Keun-Gwan: The San Francisco Treaty is a remarkable document in that it fosters order in East Asia. The 1965 Korea-Japan Claims Settlement Agreement mentions the San Francisco Treaty. What does the San Francisco Treaty mean to Korea?

**[Answer]** Na Hong-ju: I understand that the Rusk letter has been denied as evidence. This must be interpreted in the context of the US's position of nonintervention. Also, as the Potsdam Declaration suggests, Korean sovereignty over Dokdo has been recognized for a long time.

**[Question]** Lee Seok-Woo: I have a question for Professor John Yoo. All Koreans believe that the Dokdo dispute arises from the colonial era. What grounds did the US have for deciding the territories listed in the San Francisco Treaty? Territorial disputes are growing, but relevant legal processes are underdeveloped. What does this imply for Korea?

**[Answer]** John Yoo: A treaty binds only those states that sign that particular treaty. Moreover, the US was rather hurried in composing the San Francisco Treaty. While intentionally ambiguous clauses caused issues to remain unresolved, they were inevitable due to the Korean War. Above all, the treaty provides the framework of security and order in East Asia. I think there is a possibility that it could apply to Korea.

**[Question]** Anonymous: The US's position has been consistently ambiguous. It is taking no official position on Senkaku and Dokdo, and this doesn't seem to have caused any major problems. Is the US's role necessary?

[Answer] John Yoo: The *terra nullius* theory is a logic applied fundamentally to the discovery of new continents. I doubt that the theory is meaningful in Asia, where sovereign nations existed near the disputed territories for a long time. This is the approach I would use to defend Korea. The ICJ will not deal directly with territorial disputes, and therefore cannot be expected to offer solutions. If the US played any role, it would be for the purpose of strengthening its alliances. This is the only position the US can take.

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### Policy Implications

- Article 2, Clause 1 of the San Francisco Peace Treaty, which lists Korean territories Japan renounced, does not include Dokdo, but neither does it clearly exclude Dokdo.
- Japan's political decision to abandon its claim to Dokdo is a prerequisite to resolving the Dokdo dispute and the issues inherent in delimiting maritime boundaries.

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# Commemorating the 150-Year History of Koryo-saram Migration and the Global Korean Network

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## Overseas Koreans Foundation

This year marks the 150th year since the first migration of Koryo-saram, or ethnic Koreans in the post-Soviet states use to refer to themselves. To shed new light on the trail of the Koryo-saram, who have been migrating since the early 1860s, and to find ways to work with the Koryo-saram to establish peace in the region and integrate the Korean people, the Overseas Koreans Foundation (OKF) prepared a venue for in-depth discussions among experts from Korea and abroad on the 150-year history of Koryo-saram migration and the global Korean network.

### Moderator

**Lee Kyu-Hyung** (Advisor,  
Samsung Economic  
Research Institute)

### Presenter

**Chun Kyung Soo**  
(Professor, Department  
of Anthropology, Seoul  
National University)

### Discussants

**Kim Jonghan** (Director,  
Department of Overseas  
Koreans, Ministry of  
Foreign Affairs)

**Bhang Hyong-Nam**  
(Editorial Writer, Dong-a  
Ilbo)

**Kim Seok Hwan** (Visiting  
Professor, Russian and CIS  
Studies, Graduate School  
of International and Area  
Studies, Hankuk University  
of Foreign Studies)

**Chun Kyung Soo:** Global Koreans are considered from two points of view. We must move away from the conventional point of view of diaspora when looking at the separation and dispersion of the Korean people, and move to a point of view of globalism. We must begin looking at the Korean network, our multicultural society, and other complex, diverse phenomena. With an eye to the anticipated integration and reunification of South Korea and North Korea in the coming years, issues related to overseas Koreans must be handled comprehensively, giving consideration to the challenges and living conditions facing new immigrants from North Korea. Entering the 150th year since the first migration of Koryo-saram, we must finally grow out of shallow research into overseas

**Lim Chae Wan** (Professor, Chonnam National University)

**Kim Seung Lyok** (Director, PEACEASIA)

**Jun Daewan** (Ambassador-at-large, Ministry of Foreign Affairs)

**Rapporteur**

**Kim Jin Kyu** (Professor, Korea University)

Koreans, and stop rehashing the same studies by a small number of experts. I hope that foundational support will be concentrated on detailed, in-depth, on-site research and investigation to foster a real understanding of facts on the ground.

**Kim Jonghan:** I would like to discuss government policy on support for Koryo-saram. The government has provided ample support for Koryo-saram since the enactment of the Special Act on Support for the Acquisition of Legitimate Residency Status and Settlement of Koreans in the Old Soviet Union, which formed a legal basis for delivering that support. However, the unique situation facing the communities of Koryo-saram gives rise to numerous issues, including stateless residents of Russia and poor living conditions in South Korea. To this end, the Korean government will implement policies for phased, customized support for Koryo-saram communities, with an emphasis on recovering their weakened sense of Korean identity. In this way, we can build a cooperative relationship between overseas Koreans and the motherland. Specifically, the Korean government plans to provide active support for events commemorating the 150-year history of Koryo-saram migration, to diversify aid projects, to increase support for historical and cultural education aimed at identity development, and to improve employment conditions for Koryo-saram residing in Korea.

**Bhang Hyong-Nam:** I would like to make a few suggestions from the point of view of an observer rather than an expert. The expression *jultak dongsi* (啐啄同時)

refers to a hen pecking inwards and her chick pecking outwards at the same time in order to hatch an egg. I would like to emphasize that reciprocal interest between Koreans in the motherland and Koreans in Russia and Central Asia must grow through this kind of simultaneous action. Next, discussions of Korea-Russia relations and social issues concerning Koryo-saram must not be limited to debates among experts and the gathering of expert opinions. It is imperative that we establish an improved mechanism to expand the scope of communication and include a wider range of people. South Korea is in urgent need of policies on overseas Koreans that can be sustained regardless of changes in the administration. For those policies to be implemented successfully, policymakers must establish and share a long-term vision.

**Kim Seok Hwan:** I would like to stress that to understand the Koryo-saram, we must avoid relying on stereotypes of escape from home, migration and forced deportation. Instead we must look at issues concerning overseas Koreans, including Koryo-saram, from the point of view of universal human issues of the 21<sup>st</sup> century. I feel very strongly that the term *Goryeo-in* should be replaced by a different term: Korean Russians, for example. 20<sup>th</sup>-century definitions cannot cover the various convoluted situations we see today, such as those surrounding the Olympic athlete Ahn Hyun-soo (Viktor Ahn); marriage immigrants from Central Asia and Russia, and their children; Yuliy Kim, the poet of Korean and Russian descent; Andrei Kim, a Koryo-saram anti-government youth activist from Belarus; and the difficulty of categorizing the author Yi Kwang-su as Korean and the author Gye Bong-U as a Koryo-saram. We must make an effort to reexamine these issues in light of 21<sup>st</sup>-century globalism and multiculturalism, and develop a more accurate understanding without stereotypes.

**Jun Daewan:** I would like to share what I have learned from working with Koryo-saram communities during my career. I have worked at diplomatic offices in Russia and the Commonwealth of Independent States (CIS), including Moscow, Vladivostok, Ukraine and Uzbekistan. The population of Koryo-saram in Uzbekistan has dropped rapidly in recent years, from 200,000 to 150,000. To prevent Koryo-saram communities from shrinking and collapsing, Koryo-saram, the descendants of first-generation Korean immigrants; the so-called New Koryo-saram, recent immigrants from Korea;

and the indigenous population must cooperate trilaterally to found international schools. An overall reform of the education system is imperative for the coming generations. I believe that Uzbekistan has the necessary conditions and the potential for such a project. Successful education at international schools will bring native students, ethnic Korean students and Korean students together to form a network for the future. Planning homeland visits for first-generation Koryo-saram, disseminating *hanbok* culture, and holding field days for new and old Koryo-saram are some measures that could help the different groups of Koreans overcome their “foreignness” and restore their shared sense of identity.

**Im Chae Wan:** I would like to first mention that the term “diaspora” is a broadly defined, universal term. In suggesting the direction of support for Koryo-saram communities, I would like to highlight the current issues they face and emphasize the necessity of institutional, legal support for Koryo-saram residing in South Korea. I’d also like to possibly offer solutions to the OKF and government liaisons in attendance. Looking back to when Gwangju Metropolitan City enacted Korea’s first ordinance specifically aimed at supporting Koryo-saram residents, the lack of more established laws caused numerous issues and challenges. With this in mind, we now have to put a great deal of effort into devising other measures that can provide practical support for communities of Koryo-saram residing in South Korea. Policies on support for Koreans in Russia and Central Asia must be distinct from those aimed at Koryo-saram living in South Korea, and the enactment of laws and systems must be customized for those two groups. The settlement of Koryo-saram in South Korea must be supported systematically through legislation supporting returnees. Koryo-saram communities require a system that guarantees returnees stable lives without institutional discrimination, and frees them from the current problems associated with visas issued to overseas Koreans and those issued for working visits.

**Kim Seung Lyok:** I would like to discuss the realities of Koryo-saram communities in South Korea and the difficult living conditions they face, from the perspective of Neomeo, a civic group supporting Koryo-saram. Most Koryo-saram in South Korea enter the country on H2 (working visit) or F4 (overseas Korean) visas and work under

poor conditions, doing so-called 3D jobs at industrial sites. Because of the restrictions and poisonous clauses of these visas, many Koryo-saram become illegal immigrants after their visas expire, and end up being unable to return. Free entry and exit permits, and a simplified process for attaining permanent residency, are key measures of the legal and institutional framework urgently needed to provide practical assistance to Koryo-saram, who are suffering from language, financial and identity issues. If this isn't done, Koryo-saram won't be able to escape the negative sense of their being immigrant laborers and illegal immigrants. Through the practical application of the Special Act on Support for the Acquisition of Legitimate Residency Status and Settlement of Koreans in the Old Soviet Union, and a not-yet-established act on Koreans returning from abroad, the government must guarantee Koryo-saram free entry and exit permits, and a meaningful right to work. Private-public Koryo-saram support centers should be established so as to provide specific and practical assistance for Koryo-saram looking to return to and settle in South Korea.

**Chun Kyung Soo:** It is necessary for the government or foundations to handle issues concerning overseas Koreans carefully, instead of just spearheading a movement. These are human issues, and must be approached with sensitivity and warmth.

**Cho Kyu-Hyung:** I am truly grateful for the valuable opinions on the roles of the government and the Foundation that you have given in this session, which was specially prepared in commemoration of 150 years of Koryo-saram migration. I agree wholeheartedly with the suggestion that the term Goryeo-in must be reconsidered and replaced with terms such as “compatriots in Russia” or “Korean Russians,” to reflect the realities we face in the 21<sup>st</sup> century. I would like to inform you that our foundation has already begun using new terms. I would like to close the session with the promise that the foundation will try to provide opportunities to hear questions and answers we did not have time for today, and to continue with in-depth discussions. I thank everyone who is in attendance today.

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## Policy Implications

- In commemoration of the 150<sup>th</sup> anniversary of Korean migration to Russia, the creation of an annual Koryo-saram Day and the construction of a Koryo-saram History Museum will be proposed. The unveiling ceremony for the monument in Vladivostok commemorating the 150-year history of Koryo-saram migration, scheduled for September 21, should be heavily publicized.
- The government must urgently address the various issues around the program allowing Sakhalin Koreans to return home permanently, and enact a special act on support for Sakhalin Koreans.
- To provide practical assistance to Koryo-saram residing in South Korea, visa issues should be resolved, allowing Koryo-saram to enter and exit their motherland freely. In addition, their right to work in their motherland should be guaranteed.
- A coexistence strategy should be established to help immigrants from other countries and Korean returnees from old Russia live and prosper together. The education of Korean citizens is necessary to reduce prejudice and increase the understanding of overseas Koreans.
- An annual meeting or forum should be organized with the aim of increasing communication and understanding among researchers of overseas Koreans, civic groups supporting overseas Koreans, and overseas Korean leaders. This will in turn help maximize the potential and efficacy of policies pertaining to overseas Koreans.

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# The Legal Significance of the 1965 Korea-Japan Claims Agreement and the Extent of Its Application

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## The Korean Society of International Law

Different perspectives have arisen around the legal significance of the 1965 Korea-Japan Claims Agreement and the extent of its application. In particular, various discussions focus on the legitimacy of the individual claim, as stipulated in the Claims Agreement, and its interpretation. This issue has come into the spotlight after a number of recent lawsuits filed in courts in both Korea and China, seeking compensation for victims of forced mobilization during the Second World War. This session sought the opinions of internationally renowned experts, who were asked to identify the various legal issues surrounding the 1965 Korea-Japan Claims Agreement.

### Moderator

**Kim Boo-Chan** (Professor,  
Jeju National University  
Law School)

### Presenter

**Charles H. Norchi**  
(Professor, University of  
Maine School of Law,  
USA)

**Lee Keun-Gwan** (Professor,  
School of Law, Seoul  
National University)

### Discussants

**Park Pae-Keun** (Professor,  
School of Law, Pusan  
National University)

**Park Hyun-Jin** (Adjunct  
Professor, Kyung Hee  
University Law School)

### Rapporteur

**Jeong Sejong** (Research  
Assistant, Korean Society  
of International Law)

**Charles H. Norchi:** After the Korea-Japan Claims Agreement, various claims issues remain, including those of compensation for forced labor, and compensation to comfort women. What use are measures based on international law that cannot resolve human rights issues? Article 2, Clause 1 of the agreement states that the claims between “the peoples” have been settled completely and finally. What claims does this clause refer to? The agreement terms, earlier drafts and other relevant documents must be reexamined. Meaning cannot be derived by looking only at the text, without considering the context of the agreement. We must aim to satisfy as many of the expectations of the concerned people as possible. The Supreme Court of Korea has overturned previous rulings, saying that the 1965 treaty should not invalidate individual claims. Meanwhile, the

return of cultural properties should also be handled as an issue of claims rights. Claims must be viewed as efforts to restore human dignity, rather than demands for monetary compensation. For this reason, the term “comfort women” should be replaced with “sex slaves,” which appears in various treaties, protocols and agreements, as well as lists of crimes against humanity. Minister of Foreign Affairs Yun Byung-se spoke of wartime sexual slavery at a session of the United Nations Human Rights Council. These issues concern not only bilateral relations between Korea and Japan. They are issues concerning universal human dignity. The Japanese government must educate the current and future generations responsibly. The issues of comfort women were raised for the first time before the UN Human Rights Council, and memorials in honor of the victims have been installed in the US. The US House of Representatives has passed a resolution urging Japan to apologize. Human dignity must become firmly rooted as the social norm. In order to design a new Asia, concerned nations must reach mutual understanding and address Northeast Asian issues that remain from the Second World War.

Lee Keun-Gwan: East Asia is carrying the burden of an unfortunate past. It is facing the issues of compensation to comfort women, reparations for the Nanjing massacre, demands for apologies, return of cultural properties, disputes over Dokdo and the Senkaku Islands, and controversies over history textbooks. The San Francisco Peace Treaty pursued “soft peace” and was lenient toward Japan. The inclusion of the phrase “between their peoples” in Article 2, Clause 1 of the 1965 Claims Agreement has bred controversy around its interpretation. In 2005, the official position of the South Korean government was that the 1965 Agreement confirmed the final settlement of all problems, except for those of the comfort women, Koreans who were left behind in Sakhalin, and victims of air raids. In 2011, the Constitutional Court of Korea claimed that the government is violating the constitution by not fulfilling its duty to settle disputes as stipulated in Article 3 of the Claims Agreement. In 2012, the Supreme Court of Korea ruled that the issue of forced mobilization has not been settled by the Claims Agreement. There are questions as to whether these rulings are the judicial branch exercising its right to impose pressure on the administration, or are a result of judicial populism aimed at manipulating international relations. It must also be asked

whether a legal approach is the only appropriate means. In order to resolve historical issues, East Asia must seek accurate information, refrain from using issues in domestic politics, and expand the roles of nongovernmental organizations and government bodies in settling disputes.

**Park Pae-Keun:** The claim that the San Francisco Peace Treaty is lenient is subjective. Opinions vary with interpretations of history. Koreans can hardly expect changes in the attitudes of Japan's central figures. The prospect of settling the issues with the Claims Agreement is not very promising, at least in the short term. While individuals have the right to make claims, they face procedural challenges. The two countries must pursue more friendly relations, and reach beyond legal settlements to approach the issues.

**Park Hyun-Jin:** This is a complicated issue, historically, politically and judicially. We must begin from the Murayama Statement of 1995, in which then Prime Minister of Japan Tomiichi Murayama apologized for Japan's colonial rule. This statement is bound to the Japanese government of 1995. Second, we must ask a fundamental question about the conflicting interpretations of Article 2 of the Claims Agreement. If we could return to a time before 1965, what choices would be acceptable to the two parties? Perhaps the lenient sentences in the Tokyo War Crimes Trial and the exoneration of war criminals were an economic approach.

**[Question] Togo Kazuhiko:** It seems that none of the presenters mentioned the Kono Statement or the Asian Women's Fund.

**[Answer] Lee Keun-Gwan:** The issue we are dealing with is rather complex. With more time, we will be able to consider those things in our discussions.

**[Question] Shin Sung-Won:** Is there a possibility for the international court to making a final ruling with the Japanese and Korean supreme courts in disagreement? Also, is it possible to submit the comfort women issue to the ICJ based on the argument of human dignity?

[Answer] Charles H. Norchi: Without the consent of both countries, the ICJ cannot be expected to play a role. However, as the McDougall Report was submitted to the UN Human Rights Council, the issue of comfort women can be submitted under the UN system as an official agenda item.

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### Policy Implications

- Various issues related to the Korea-Japan Claims Agreement should be approached as international issues of human rights.
- The limitations of a legal approach based on the Korea-Japan Claims Agreement should be recognized, and efforts must be made to seek different approaches to resolving issues.

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## The Revival of Geopolitics in East Asia

### Will the History of Clashes among Major Powers Repeat Itself?

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#### East Asia Foundation

While the US and EU states are curbing their military spending in the aftermath of the global financial crisis of 2008, military spending is growing among China and other Asian countries after decades of economic growth. This phenomenon contributes to uncertainty about the future distribution of power and a growing suspicion among nations over their neighbors' military intentions. North Korea's continued efforts to develop nuclear weapons and long-range missiles are prompting Japan and South Korea to increase their military power. These circumstances have revived geopolitics in the region, as illustrated by the US pivot to Asia, China's new model of major power relations, and Japan's normalization plan. Russia's recent annexation of the Crimean Self-Autonomous Republic also raised serious doubts about the liberal world order. In this session, four renowned experts in the international relations theories of liberalism and realism discussed the geopolitics of East Asia.

#### Moderator

**Moon Chung-In** (Professor, Political Science, Yonsei University)

#### Presenters

**Kent Calder** (Professor, Political Science/Director, Edwin O. Reischauer Center for East Asian Studies, Johns Hopkins University)

**Chung Jae-Ho** (Professor, International Relations, Seoul National University)

#### The Meaning of Geopolitics and Its Revival

**Moon Chung-In:** Geopolitics was a catchphrase used by Nazi Germany when it invaded the European continent. Due to its connection to Nazi Germany's expansionism, geopolitical discourse has largely disappeared since the Second World War, but recent signs have heralded the revival of geopolitics.

**Walter Russell Mead**  
(James Clarke Chace  
Professor, Foreign Affairs  
and the Humanities, Bard  
College/Editor-at-large &  
Director, The American  
Interest Online)

**Rapporteur**

**Kim Hyungjoon** (Global  
Asia Fellow, East Asia  
Foundation)

**Walter Russell Mead:** Geopolitics is being discussed with increasing frequency. Although geopolitics will not plunge the world into war as they did in the 20th century, they are clearly becoming increasingly important in international relations.

**Chung Jae-Ho:** During the Cold War, the bipolar system suppressed unilateral action by independent states. Since the end of the Cold War, however, geopolitical competition has resumed, and the recent rise of China and Russia's unilateral action is refueling the discourse on geopolitics.

**Are Geopolitics and Mutual Dependence Mutually Exclusive, or Can They Coexist?**

**Kent Calder:** Since China invaded Vietnam in 1979, there have been no military conflicts among East Asian countries. This piece of history shows that mutually dependent dynamics already existed to a degree at that time. International relations in East Asia have changed from the Cold War era, in that Russia's influence has diminished, and mutual dependence among major powers has increased. Nongovernmental organizations in different countries have contributed to this increase.

**Walter Russell Mead:** I believe that mutual dependence and cooperation are not naive or idealistic concepts, and that they exist in reality. The Chinese economy is sufficiently rooted in the current global economic system, and therefore has no reason to damage it. However, looking through best-selling literature from the time just before World War I broke out, the predominant opinion was that economic dependence among major European

powers precluded war. Simultaneously with economic integration, the rivalry among major powers is intensifying. Therefore, mutual dependence theory alone is not reason enough to expect peace.

### **Foreign Policy Aims and Strategies of Rising China**

**Walter Russell Mead:** Countries including China, Russia and Iran are using nontraditional measures such as cyber warfare to disrupt the current international order, rather than colliding head on with the US.

**Chung Jae Ho:** It is too early to say that China has a clear, grand strategy. It is not easy to judge the fundamental aim of China's foreign policies only by its territorial disputes, which entail complex, multilayered elements such as the economy and technology. There is much discussion of China's strategies, including the strategy suggested by Deng Xiaoping of keeping a low profile while striving for something worthwhile (韜光養晦 有所作為). China's strategy could change at any moment.

**Kent Calder:** The US currently operates 11 carrier battle groups, but China recently launched its first carrier battle group. Supporters of the China threat theory seem to be overlooking these gaps between the two countries.

### **Japan's Strategies and Prime Minister Abe's Intentions**

**Kent Calder:** Japan's situation has changed from the 1930s. Its political system has changed. Its economy is not going through a great depression. Its military is relatively weak, though it is growing. We must be aware of the fact that Japan's claim of sovereignty over the Senkaku (Diaoyu) Islands, which marked the beginning of Japan's normalization movement, began before the Abe administration. From the start of his term, Prime Minister Abe has demonstrated geopolitical intentions, seeking to strengthen cooperation with China's neighboring states, including countries in the Middle East, Russia and the ASEAN countries, as well as the US. However, nongovernmental organizations are playing an increased role in restricting Abe's movement. The more Abe politicizes historical and territorial disputes, the closer he will come to cornering himself.

### **The US's Response to Geopolitical Trends**

**Walter Russell Mead:** The US wants peaceful international relations. In other words, it would like to see the whole world resemble the European Union. While the US does not want geopolitical contests among nations to intensify, it has learned from 20th-century Germany and Japan that it must not wait indefinitely. Ultimately, the US must facilitate a liberal international order in Asia, while advancing policies that are especially considerate of a rising China, and seeking to benefit surrounding countries.

**Kent Calder:** The Obama administration might not have been sensitive enough to geopolitical issues, but it seems to be sufficiently aware of the importance of the market economy and public opinion in international relations, and it is using them strategically.

**Chung Jae-Ho:** The core of the US's "pivot to Asia" policy is rebalancing. In particular, the US has sought to increase its sphere of influence in Southeast Asia without decreasing its presence in Northeast Asia. Traditionally, the US and China have both believed themselves to be the center of international order, so I do not believe that US-China relations can be peaceful in the long term. Moreover, the US and China are locked in fierce competition at present in cyber warfare and the space race.

### **The Impact of Aging Societies on East Asian Geopolitics**

**Kent Calder:** Japan has one of the oldest populations in the world, and aging will soon begin in China. Aging societies are a variable that could suppress competition among nations.

**Walter Russell Mead:** Thanks to groundbreaking advances in weapons systems, modern warfare requires fewer youths who are willing to dive into battle carrying rifles. Prime Minister Abe has adopted the case of Silicon Valley, which was created through US support of the Defense Advanced Research Projects Agency (DARPA), as a model to spur modernization of Japan's munitions industry and facilitate deregulation. Considering the trends, one cannot rule out the possibility that the contest between China and Japan will intensify, despite their aging populations.

Chung Jae-Ho: Japan's aging population could be a positive factor in mitigating competition between China and Japan, because longer lifespans for the older generation, who have experienced war, means that they can teach the younger generation the truth about war. Bearing this in mind, we must be wary of the fact that the adoption of right-leaning textbooks is surging in Japan.

### **The Geopolitical Significance of Resolving the North Korean Nuclear Issue**

Walter Russell Mead: Resolving the North Korean nuclear issue is key to stopping the trend of geopolitical tensions. If China can lead North Korea's denuclearization, it can stop the vicious cycle of North Korea's nuclear program leading to Japan's rearmament, which then leads to response measures from China and South Korea.

Kent Calder: Japan's role could also be important in resolving the North Korean nuclear issue. Prime Minister Abe, being a pragmatist, will be able to form a constructive relationship with North Korea, and there are already signs of improvement.

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### Policy Implications

- Asia must be wary of the revival of geopolitical ideas and nationalist emotions.
- Civic societies must contribute to establishing circumspect and cooperative foreign policies.

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## Compensation for Victims of Atrocities and Other Outstanding Issues from the Second World War

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### The Korean Society of International Law

Acknowledgement of the legal responsibility for serious human rights violations during the Second World War, and compensation for the victims, are issues that remain largely unresolved. This session examined the legal hurdles and pending questions regarding these lingering issues from the Second World War. Based on a discussion of various aspects of international law and precedents in other countries, the panel sought possible ways to bring these outstanding issues in East Asia to resolution.

#### Moderator

**Choi Tae-Hyun** (Professor, School of Law, Hanyang University)

#### Presenters

**Ronald Bettauer** (Visiting Scholar, George Washington University Law School)

**Doh See-Hwan** (Research Fellow, Northeast Asian History Foundation)

#### Discussants

**Cho Jung-Hyun** (Assistant Professor, Korea National Diplomatic Academy)

**Oh Seung-Jin** (Professor, College of Law, Dankook University)

#### Rapporteur

**Jeong Sejong** (Research Assistant, Korean Society of International Law)

**Ronald Bettauer:** Under International law, a state can make a claim against another state on behalf of its citizens. Diplomatic protection is limited to the state to which the individual with the right of claim belongs. However, whether or not to take action is at the discretion of the state. The other state is not obliged to hear the claim, and can negotiate the claim's settlement. Multiple related claims can be settled by a package settlement. Claims can be transferred to a dispute settlement body through a special measures agreement.

U.S. law does not specify the individual's right to claim. However, there have been cases in which the US settled claims brought by its citizens through treaties or government influence. One notable case is the recent Holocaust Claims Resolution. Lawsuits were brought by

victims of wrongdoing, including forced labor during World War II (as US nationals), against German companies. For many reasons, these cases could not be settled through customary diplomatic protection. The German government and the German companies requested that the United States government arbitrate, and as a result government officials, private attorneys, corporate representatives and civic groups participated in the talks. Thus, a new method was introduced for claims settlement. Ultimately, if the involved parties are inclined to settle the dispute, claims can often be settled creatively outside the existing normative framework.

**Doh See-Hwan:** In 2010, 100 years after Japan's forced annexation of Korea, the intellectuals of Korea and Japan filed a joint petition demanding that "the 1910 Japan-Korea Annexation Treaty be retroactively nullified" based on "historical definition." This petition laid the foundation for bilateral discussions on issues of responsibility to former colonies and postwar reparations. In 2011, the Constitutional Court of South Korea ruled that it is unconstitutional for the government to make no tangible effort to settle disputes with Japan as stipulated in Article 3 of the 1965 Korea-Japan Claims Agreement. In 2012, the Supreme Court of Korea deemed previous rulings by the Japanese court ineffectual because they were based on the legitimacy of Japan's colonial rule, and therefore contradicted the spirit of the South Korean Constitution.

However, Japan continues to deny its post-colonial responsibilities. Japan maintains the position that the 1910 Japan-Korea Annexation Treaty is valid, and that all claims in connection to the colonial era have been settled through the 1965 Claims Agreement. Since the year 2000, rulings by Japanese courts have been politicized. Japan's post-colonial responsibilities to Korea are not stipulated in the 1965 Treaty on Basic Relations between Japan and the Republic of Korea.

As stated in the aforementioned joint petition, recounting history accurately will be a cornerstone in restoring truth to history. The joint petition filed by the intellectuals of Korea and Japan is reminiscent of the 2001 Durban Declaration. East Asia must overcome colonial violence and establish peace through respect for human dignity.

**[Question] Cho Jung-Hyun:** My question is for Mr. Bettauer. You have explained the meaning of diplomatic protection under international law, and how it is applied.

I would like to hear your opinion on the ruling by the Supreme Court of Korea. Also, is the Holocaust Claims Resolution a case of diplomatic protection? You have implied that disputes can be resolved through non-traditional methods, though they might result in ambiguous interpretations or be misused in politics. From the perspective of a Korean, these issues do not seem likely to be solved through an agreement. Japan is not likely to respond. Are there more practical solutions?

**[Answer]** Ronald Bettauer: I will talk about the ruling by the Korean Supreme Court. There is a conflict in municipal and international law. There is no future for diplomatic protection if the government prohibits it. There are cases in which municipal laws cannot keep up with good international laws. South Korea applied pressure to Japan through domestic litigation. Uniting people to apply pressure by other methods might be considered.

**[Question]** Oh Seung-Jin: Diplomatic protection can be a useful tool for the protection of individuals. However, the state is not obliged to exercise that right. The state uses broad discretion in deciding whether to exercise diplomatic protection. Issues of compensation were negotiated in 1965, but the former comfort women were not compensated. The 2012 ruling of the Korean Supreme Court that ordered compensation for forced mobilization is significant. On the other hand, the ICJ has ruled against state immunity in a case of serious human rights violations. Therefore, Japan will enjoy state immunity only in Japan. One thing I must point out is that it is realistically impossible for former comfort women to take their cases to court. A creative approach and political will is necessary to find a satisfactory resolution. How will the Supreme Court rule on the issue of comfort women?

**[Answer]** Doh See-Hwan: The Supreme Court will likely rule as it did in the case on forced mobilization.

**[Question]** Kim Boo Chan: Can the US Supreme Court provide legal relief in issues of forced mobilization and sexual slavery according to the Alien Tort Statute, as an exercise of universal civil jurisdiction?

[Answer] Ronald Bettauer: The trend of judicial precedents has shown narrow interpretation and application of the Alien Tort Statute. The US Supreme Court will not be able to resolve these issues.

[Question] Lee Jang-Hie: Isn't the context of the Holocaust different from the context of Japan's colonization of Korea?

[Answer] Ronald Bettauer: The two cases are completely different. My intention was not to say that the Holocaust Claims Resolution case can be applied directly to issues between Korea and Japan, but to provide a creative example for you to think about, considering the many aspects of colonization issues.

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### Policy Implications

- To settle the issues relating to compensation for victims of abuse during World War II, a new approach outside of customary diplomatic and judicial methods is necessary.
- Joint efforts by Korea and Japan to overcome conflicts caused by their differing perceptions of history will give renewed impetus to resolving the claims of war crimes victims.

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# Korea-Japan Relations and Peace in Asia

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## Korea-Japan Relations and Peace in Asia

Asia's diplomatic system, which centers on South Korea, China and Japan, is multifaceted and complex, and cannot be understood by looking at only politics, economics, society, culture or history in isolation. In particular, China, which has become the world's second largest economic power, is shaking up the existing, US-centered world economic order. Japan, which in 2015 celebrates the 50th anniversary of normalizing its relations with South Korea, is an economic model from which Seoul has much to learn. South Korea and Japan have maintained a close relationship in the area of economic and security cooperation. However, conflicts among Korea, China and Japan have been heating up, raising concerns in the international community and threatening the Asian order. With a focus on the crisis facing Korea-Japan relations, representatives from South Korea and Japan shared their insights on establishing peace in Asia.

### Moderator

**Chang Man Key** (Chairman, Korea Human Development Institute)

### Presenter

**Hakubun Shimomura** (Minister, Education, Culture, Sports, Science and Technology in Japan)

### Discussants

**Chung Duck Koo** (Chairman, Near Foundation)

**Gyoutoku Tetsuo** (CEO, Japan BE Institute)

**Kawai Ayumu** (CEO, ONE WORLD)

**Chang Man Key:** As the new world order is being established, the Asian wave is on the rise. If the US and Japan have led the world order until now, China and Russia are at the center of the new world order. With this trend in mind, we will discuss the trilateral relationship among China, Japan and South Korea, and the impact of Korea-Japan relations on establishing peace in Asia.

**Hakubun Shimomura:** South Korea is an important neighbor country that shares the values of liberal democracy with the US and Japan. Korea-Japan

**Rapporteur**

**Ryu Ha-jin** (Founder & CEO, Creon Creative Contents Group, Inc.)

relations are very important for maintaining security in East Asia. Regardless of the challenges to political relations between South Korea and Japan, exchanges and cooperation at the corporate and private levels, especially in areas of education, culture, sports and science, must be sustained. Korea-Japan relations are key to countering the concentration of power in China and establishing peace in East Asia, and they have a huge impact on peace in Northeast Asia and the world. In a broad sense, Korea-Japan relations must be forward-looking.

**Chung Duck Koo:** I would like to speak of several basic conditions for Korea-Japan relations that must be met before peace can be established in East Asia, from a slightly different perspective than Minister Shimomura's. First, the two countries must accumulate a basis of trust. After full reconciliation, regions and nations must focus on finding similarities and overcoming differences. Establishing a division of labor system is important. The two countries have a long history of bilateral relations. For Korea and Japan, accumulating a basis of trust is an urgent task, and the two countries must strive continuously to minimize the cost of conflict. If major powers clash and fail to maintain peace, conflict among small and middle powers grows. I agree wholly with the suggestion that the two countries should increase their exchanges and cooperation in the areas of education, culture, sports and science. More importantly, however, we must focus on emotional issues rather than economic issues, because healing of the mind is necessary for the two countries to truly be of one mind. Japan is a country with fundamentally strong economic power and soft power. Japan must remain patient and

focus on contributing to peace in Asia, embracing China with magnanimity. Securing free maritime routes in the West Pacific region, which is considered to be the lifeline of East Asia's prosperity, and establishing peace and stability on the Korean peninsula are also important tasks. In dialogues and negotiations with North Korea, Japan must aim to maintain peace and stability on the Korean peninsula.

**Gyoutoku Tetsuo:** There is no time difference between Korea and Japan, but the emotional distance between the two countries is becoming greater. The Asian century is sure to come, and South Korea-Japan relations are essential to bringing it about. Outside of political issues, the two countries must make continuous and broad efforts for practical exchange and cooperation at the corporate and private levels.

**Kawai Ayumu:** Long ago, before the nation unit existed, blood ties were most important. If we can think beyond simple national boundaries and try to resolve bilateral issues from a broader perspective, we will be able to approach each other with greater ease.

**Chang Man Key:** Japan's economic power and soft power are still strong. I believe that Japan should willingly offer its assets to establish peace and prosperity in Asia. Japan also needs to invest in future generations.

### **Comments from the Audience**

**Chang Tae Pyong:** We often use the term "corporate social responsibilities." I agree with the moderator that Japan must utilize its economic and technological prowess to benefit Korea and other Asian nations. Looking at recent politics in China, Japan and Korea, the three countries could be moving toward nationalism. I think that forming economic communities is necessary, if only to resolve political issues. I hope that the China-Japan-Korea FTA will be concluded as soon as possible.

**Lee Wa-tan:** In order to expedite trilateral cooperation among China, Japan and Korea, bilateral relations between China and Japan, and between Korea and Japan, must naturally be considered as connecting links. Korea-Japan relations have recently

been challenged, but not all relationships are deteriorating. Exchanges in areas such as education, environment, sports and science, with which Minister Shimomura is involved, are relatively active. I believe that more enthusiasm and participation at the corporate and private levels is necessary.

**Otake Yoshiki:** China, Japan and Korea can be likened to three brothers. Blood relations are significant. It has been scientifically proven that much of the genome of Japanese people is identical to that of Koreans and Chinese. Languages and customs might change from period to period, but if the three nations strive to overcome their differences from a long-term perspective the trilateral relationship will mature.

**Professor, Tama University:** Tama University has been operating a student exchange program with Sungkyunkwan University for three years. Most of the classes offered are in business management in China, Japan, and Korea. At first, the students felt impatient and challenged, but as they studied and learned, they found the wisdom to solve problems. I have become convinced that if there is an environment that allows young people to demonstrate their wisdom, many issues, including those of Korea-Japan relations, will be resolved naturally. In other words, I think it is important for the two countries to resolve political issues naturally by expanding educational, cultural and economic exchanges.

### **Closing Remarks**

**Hakubun Shimomura:** Many Asian countries are looking forward to seeing Japan's role in the Asian Economic Community, planned for launch in 2015. More accurately, however, there are high expectations around Korea and China as well. Many countries in Asia hope to learn from the experiences of Japan and Korea, which have accomplished remarkable economic growth. Many Southeast Asian nations might feel threatened by China's expansionist policies. Korea-Japan relations must evolve so as to counterbalance and contain China's growth. This is important for peace in Asia, and is directly related to world peace.

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### Policy Implications

- In order to accumulate a basis of trust, Korea and Japan must reconcile fully, implement measures to promote similarities, and create a division of labor system.
- In a broad sense, Japan should willingly offer its assets to establish peace and prosperity in Asia.
- Active bilateral exchanges in the areas of education, culture, sports and science through forums and conferences are important.
- Korea-Japan relations must evolve so as to counterbalance and contain China's excessive influence. We must recognize this as being directly connected to peace in Asia and the wider world.
- Efforts must be made to establish an economic community by concluding the China-Japan-Korea FTA.



## Chapter 3

# Creative Economy and Entrepreneurship



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## Special Session II

# Entrepreneur Spirit and Women's Leadership

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Korea Economic Magazine / Jeju Peace Institute

Carly Fiorina, former CEO of Hewlett-Packard, became the first woman who led a Fortune 20 company. She spearheaded the merger with Compaq Computer, making HP a leading player in the IT industry. She was named Fortune's Most Powerful Woman in business for six consecutive years. After resigning from HP, Carly Fiorina established Good360, the world's largest online product donation marketplace, and currently serves as chairman of the organization. As a Republican candidate, she ran for a Senate seat in 2009. Carly Fiorina is an active speaker on various topics such as fostering women talent, innovation, entrepreneur spirit and job creation. The conversation between Carly Fiorina, and female leaders in Korea would shed light on what Korean society needs—entrepreneur spirit and women's leadership.

#### Moderator

**Jang Hye-Won**  
(Simultaneous Interpreter)

#### Presenter

**Carly Fiorina** (Former  
Hewlett-Packard CEO)

#### Discussant

**Cho Yoonsun** (Minister  
of Gender Equality and  
Family of Korea)

#### Rapporteur

**Jang Seung-Kyu** (Senior  
Reporter, Korea Economic  
Magazine)

Carly Fiorina: Leaders are those who can change how things are done and induce positive changes. True leadership is an ability to identify and unlock other's potential. A leader should make a constant challenge to induce positive changes. People tend to pursue stability and resist changes. But a leader must make timely decisions to open a new window of changes. A good example is Kodak's failure to innovate itself. Despite its century-old history, Kodak failed to recognize a tremendous change – the emergence of next-generation digital technologies. It is too late when all can see the need for a change. A leader

must make a decision under ambiguity. HP's acquisition of Compaq Computer was controversial and debated, but the fast decision-making testified to the exercise of leadership. True leaders are those who see the potential in others and unleash it. When I started my business career as a secretary at a small real estate agency, my supervisor encouraged me to learn real job skills instead of typing and answering the phone. It showed me the way to the business world. Leaders are those who unlock the potential in others and help them realize it. Becoming a successful leader requires a balance between tradition and innovation, short- and long-term challenges and shareholders and customers. In addition, given that women are untapped resources, leadership makes it possible to engage more women in the business world.

**[Question]** H.E. Cho Yoon-Sun: The Korean government has made various efforts to support young people in starting their own businesses. Nevertheless, today's young generation seems to lack entrepreneur spirit. What is true entrepreneur spirit?

**[Answer]** Carly Fiorina: It is, in a word, risk-taking. Man should not be afraid of making a mistake. Although the established generation and the society want entrepreneur spirit, mistakes are not tolerated. Thomas Edison, the great inventor, said "There is no such thing as a failure. Just do not repeat the same mistake." We can develop ourselves and create new things by making mistakes and stumbling once in a while. The most important is not to make the same mistake again. So, I have advice for politicians and corporate leaders. I hope they can create an atmosphere where a failure is not fatal, and risk-taking is acceptable.

**[Question]** Cho Yoonsun: You started your career in male-dominant organizations, i.e. the communications and computer fields. When I worked for a law firm, a male-dominated environment, I was concerned about being sidelined from major decision-making processes. How do you think women should communicate with male coworkers and supervisors?

**[Answer]** Carly Fiorina: Regardless of their rank on the corporate ladder, being successful in an organization implies good relationship with coworkers. There is limit

to how much an individual can bring to the company. It is teamwork that delivers a good result. As such, if someone is the only female in the organization, she should learn how to get along with male coworkers. When I joined a telecom company, AT&T, most of my coworkers were male. I had my first client meeting at a strip club with dancers in skimpy outfits, which put me in an awkward position. By the way, I have a word to say to men. I want to advise them to be smarter. What I mean by being smart is to make full use of women's talent and potential. If you want your company and your country to succeed, you should use 100 percent of the potential in women, who account for the half of the world. Moreover, it is necessary to acknowledge the difference, rather than considering women a whole different race of humankind. On the other hand, women should have more confidence and strength in the business world.

**[Question]** Cho Yoonsun: What is the strength of women's leadership?

**[Answer]** Carly Fiorina: First of all, leaders are those who can identify possibilities, foster the potential and share visions with others. These leadership qualities are gender blind. However, there is a strength unique to women. Women appreciate cooperation. Women try to understand what others think before the conversation ends. I believe it is in women's nature. Today, problems facing society and businesses are so complicated and serious that it is difficult to address them alone. It takes teamwork and it is time for women's leadership to come forward.

**[Question]** Cho Yoon-Sun: You ran for a Senate seat a few years ago. What made you change your career to politics from the corporate world?

**[Answer]** Carly Fiorina: As you may well be aware, political decisions have a great influence on the economy. The US is a country where its citizens own the government. The US has a tradition where people in the private sector can switch to and from the public sector. However, career politicians started to gain ground over the past 50 years, and I don't believe they truly understand how their decisions affect the economy. As a citizen and a business person, I believe that I need to take part in the way the US is governed and current social issues. I tried to enter politics to become a leader who creates positive changes.

**[Question]** Cho Yoon-Sun: Many international organizations such as the Organization for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF) call for an increase in employment for women. If women become as economically active as men, do you expect that this can drive economic growth in all countries?

**[Answer]** Carly Fiorina: Yes, I believe so. It is a current issue around the world. Japan's Prime Minister Shinzo Abe emphasized that women's economic participation is critical to promote the Japanese economy. I believe women's economic participation will certainly make things better. Economic data and four decades of experience support this. Women's participation in anti-poverty campaigns will help ease food shortages, improve literacy rates and combat disease. When women roll up their sleeves and play an active role in society, it will bring out better results across sectors. Although women apparently are more socially active than before, they account for only 3 percent of CEOs in the US. There is a long way to go. When both men and women realize this, this marks the beginning of change.

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### Policy Implications

- It is necessary to establish a culture where mistakes are accepted and tolerated
- Policies should be developed to foster women's leadership
- Women's economic participation should increase

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## Corporate Social Responsibility & Sports through the Case Study of SK

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Seoul School of Integrated Sciences & Technologies (aSSIST)

Corporate social responsibility (CSR) means that businesses actively carry out social responsibilities in a wide-range of areas, not to mention economic and legal responsibilities. CSR is a key part of strategies for sustainable businesses. Some are skeptical about CSR, because some businesses actively use CSR activities to divert criticism against their human rights violations or unfair labor practices. In addition, some consumers perceive CSR activities as part of profit-driven marketing. As such, there is a call for businesses to take a new direction in the area of social responsibility, and there is growing need for CSR activities to expand their scope to include the environment, media and sports. During the session, SK's CSR case was presented to see how CSR is applied to sports, and discussions were held on the future direction of CSR.

### Moderator

**Hur Jeong Ok** (Professor, aSSIST)

### Presenter

**Kim Ki Tak** (Professor, Paichai University)

### Discussants

**Baik Ki Bok** (Professor, Kookmin University)

**Kang Young Soon** (Professor, Jeju National University)

**Cho Dong Sung** (Emeritus Professor, Seoul National University)

**Kim Ki Tak:** CSR activities can be defined as a normative system for business activities, which must meet demand and expectations of corporate stakeholders and the overall society by addressing social and economic problems caused by business activities.

Opinions are divided over CSR. Those who are for CSR argue that CSR is ① an indicator of a matured civilization and an act of future-oriented social value; ② an effective business vehicle that have positive impact on corporate sustainability and profit generation; ③ a necessity because social disasters would disturb normal business operation in

Lee Dong-nam (General  
Manager, Jeju United)

**Rapporteur**

Park Jeong Yul (Professor,  
aSSIST)

the future, if today's social problems are overlooked. Those who are against CSR argue that ① CSR is an obstacle to profit maximization; ② corporate profit-seeking itself is an act of social contribution; ③ excessive CSR poses existential threat to businesses; and if businesses gain stronger social control through social responsibility activities, it may cause the collapse of the pluralistic society.

Charity activities as part of CSR can be characterized by donation of corporate profits and strategic social contribution. Strategic social contribution activities include volunteering, donation and public projects. Volunteering includes support for children without parental care, health and medical aid programs, advisory services or other activities organized by companies or their employee clubs. Donation is financial or product contributions to non-profit organizations, such as cash gifts, education program sponsorships and support for the less-privileged. Public projects include social contributions, where businesses take initiative in supporting culture, art, sport, education and research, development of the local community and environment protection. Recently, sports related CSR is drawing attention. Today, SK's case will be presented as an example.

CSR is known to affect financial performance, employee engagement, corporate reputation among consumers, loyalty, consumer attitude toward brand and brand image. However, recent studies show that businesses' social contribution can have different impacts according to its objective and motive.

### **SK's Sports CSR**

SK has carried out sports CSR activities, which break down

to 1) SK sports clubs (club management and sponsorship), 2) SK subsidiaries, which use sports-related content and 3) SK sport organizations. It may sound like corporate marketing that SK operates sport clubs, organizes sports events, sponsors players and holds tournaments. However, these activities contribute to promoting sports, which in nature is a public good. In other words, with underlying idea that sport is a channel to share joy and enhance happiness with fans, SK sports clubs carry out social contribution activities. CSR activities by sport clubs and organizations can affect not only themselves but also related parent company and the entire group.

#### [Case 1] SK Telecom Open Golf Tournament

- Book donation to the Miracle Library in Seogwipo, Jeju: SK donated 852 books (worth KRW 80 million) to the Miracle Library, the same number of birdies and eagles recorded by top 60 players.

#### [Case 2] SK Wyverns

- A Home Run for Love: SK helped low-income patients with incurable disease to receive artificial joint replacement surgery according to the number of home runs hit by Wyverns' player Choi Jeong (28 beneficiaries in 2013).
- Baseball programs in Laos: SK supported baseball programs in Laos, through Coach Lee Man-soo, owner of a baseball club.
- Scholarship programs for aspiring baseball players.
- Happy Plus Baseball Team: an educational program, which sponsors baseball team activities for children with ethnic minority background.

#### [Case 3] Jeju United FC

- Happy Sharing and Happy Wings Campaign: When Jeju United wins its games at home, its players will visit those with underprivileged or minority ethnic backgrounds or the elderly living alone and hand-deliver donations (cash, gift certificates, goods or services) provided by sponsors (18 companies).
- Those who spent more than KRW 50,000 at SK LPG or oil stations in Jeju can get voucher to home game tickets.

- The voucher and the purchase receipts can be exchanged to home game tickets at the ticket box.
- Some 0.5 liters of heating oil will be set aside for every purchase receipt exchanged, which will go to the underprivileged at the end of the year.

### **Limitations of CSR**

However, CSR is facing its limits due to the following: ① as businesses go nationwide and worldwide, the beneficiaries of CSR have expanded to include an unknown number of people; ② it is increasingly difficult to maintain consistency in CSR policies in a fast-changing environment with political uncertainties; ③ there is a growing call for CSR; ④ CSR becomes a business objective and at the same time it constrains business activities; and ⑤ it is demanding to strike a balance between the economy of the business and CSR.

### **Emergence of Creating Shared Value (CSV)**

CSR's limits started to draw attention to creating shared value (CSV), a new business concept introduced by Harvard Professor Michael Porter. CSV departs from the conventional understanding of CSR, charities and sustainability and pursues economic success by simultaneously meeting social demand and challenges and generating both economic and social values.

### **SK's CSV Case**

[Case 1] Since its announcement of a social campaign, 'Shared Happiness' in 2013, SK Telecom (SKT) has taken a lead in CSV activities using its information and communication technologies (ICT). SKT has started to introduce ICT to traditional Korean markets, which face growing challenges. The Shingui market in Incheon has launched its own membership program using SKT's ICT solution and enjoyed sales increase through a joint marketing with Incheon-based professional baseball club, SK Wyverns.

[Case 2] 'Bravo! Restart,' a start-up support program, is another success case. The

program brings baby boom generation's expertise together with SKT's capability. The first group of applicants (nine teams) was selected in July, 2013 and they have materialized their business plan and started to generate sales. The second group of applicants (13 teams) selected in March 2014 are now working to realize their business ideas, while SKT provides systemic support throughout the start-up program.

**Baik Ki Bok:** Companies are making various activities as part of their social contribution. In particular, SK Group has carried out various CSR, such as an Academic Quiz and diverse activities in the sports arena.

### **History behind the emergence of CSR**

CSR has fundamental issues, which go beyond moral obligation: businesses should carry social responsibilities. CSR is a recent development in 6,000 years of human history as it was only 200 years ago that businesses emerged as a vehicle to create social wealth. However, the creation of social wealth is plagued by negative side-effects such as the wide gap between the rich and the poor, environmental destruction, corruption, commercialism and labor abuses. Such problems prompted new economic models such as Capitalism 4.0 and shared growth. Growing criticism against the wealth creation by businesses led to new alternatives such as cooperatives and social corporations. In response to anti-business sentiment, businesses have aggressively pursued CSR and CSV. Accordingly, such backgrounds should shed light on recent CSR and CSV activities in the sports arena.

### **Evaluation of CSR: Need for qualitative, not quantitative evaluation**

SK has made significant investments and carried out successful CSR through sports. Nevertheless, there is need to evaluate SK's CSR compared to that of other companies. In addition, SK investments should be more about how they are done, not how much the amount is. It is desirable to evaluate sports-based CSR in terms of how it brings beauty, hope and dreams to people.

Currently, there are few multinational or large corporations without CSR activities. Most companies are engaged in CSR. However, proper evaluation of CSR has yet to be done. It is necessary to develop an evaluation index for CSR. The index should evaluate

not just the quantity, or the input of money, but also the quality of investments.

**Kang Young Soon (Professor, Jeju National University):** CSR starts from consumer awareness. Since the global financial crisis, “ecosystemic capitalism” emerged, and CSR and CSV started to attract growing attention. However, consumer awareness is essential to keep businesses engaged in ethical activities such as CSR and CSV.

### **Need for Group-Wide Comprehensive CSR Activities**

SK Group and its group companies have carried out various CSR activities. However, it is necessary to coordinate CSR activities across the group in a way that can enhance SK Group’s brand value. In addition, it will be effective to target group-wide CSR, CSV activities to certain regions such as Jeju.

**Cho Dong Sung (Emeritus Professor, Seoul National University):** The evaluation of business performance should include social earnings as well as corporate earnings. In addition, I believe it is necessary to assign CSV to the planning and budgeting department, rather than the corporate social responsibility department.

**Lee Dong Nam:** Many sports clubs are engaged in various CSR activities. I agree with the presenter about the need for CSR with story-telling, rather than one-off events. In addition, the session enabled a new perspective of CSV. Jeju United has carried out CSV activities together with local businesses targeting soccer fans visiting the stadium. There is need for greater engagement from diverse stakeholders to promote social responsibility activities. Jeju United will look for various ways in this regard.

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## Policy Implications

- Many social issues can be addressed during the process of quantitative and qualitative growth in the sports industry: It is necessary to expand the sports market by making aggressive investments in the sports business such as professional sports clubs.
- Along with existing social responsibility activities, various projects should be developed to create shared values.
- The concept of created shared value does not negate or replace conventional charity or social responsibility activities. It is desirable to maintain or expand existing activities as much as businesses can, and at the same time use CSV as an additional tool to drive the sustainable and future-oriented growth and aggressively tackle social problems.

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## New Marketing Strategy

### The Silk Road from Korea to Europe via China

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Seoul School of Integrated Sciences & Technologies (aSSIST) /  
BLACKYAK Co., Ltd.

Established in 1973 as Dongjin, BLACKYAK marks its 41st anniversary in 2014. Under its vision of becoming a global leader in 2020, BLACKYAK extended its market reach worldwide, entering China in 1998 and materializing its entrance to Europe and the US in 2013. The session enabled in-depth discussions on BLACKYAK's global strategies to evolve from a leading Korean brand to a global brand in the outdoor market.

#### Moderator

**Hur Jeong-Ok** (Professor,  
aSSIST)

#### Chairperson

**Cho Dong Sung** (Professor,  
Seoul National University)

#### Presenter

**Kang Tae Sun** (Chairman &  
President, BLACKYAK Co.,  
Ltd.)

#### Discussants

**Kim Joo Nam** (Chair,  
Institute of Nation Brand  
Promotion)

**Ko Young-Hee** (Professor,  
aSSIST)

#### Rapporteur

**Gu Ja Won** (Professor,  
aSSIST)

**Kang Tae Sun:** I would like share my 40 years' experience in running a business. I hope it helps other companies, which plan overseas market expansion.

It is very rare that Korean fashion brands penetrate the global market. The prerequisite to global market expansion is winning over overseas consumers. It takes more than selling products. It is a tall order for an Asian brand to go global. There are many entry barriers for an Asian brand to enter the US or EU markets. To overcome this, BLACKYAK acquired a US company, NAU International Inc. BLACKYAK does business in the US, not through a strategic partnership but through an M&A of a company. The acquisition of NAU is a move to facilitate BLACKYAK's entry to the US market. The US market is too conservative to penetrate alone. The US market, especially clothing,

tend to reject Asian brands. Such high entry barriers prompted BLACKYAK to turn its eye to Europe. As Europe consists of countries with different dynamics, it is possible to move on to elsewhere in Europe, even if it does not work out in one European country. It has been three years since BLACKYAK's debut in Europe. Ever since, I consulted my acquaintances. Through two years of market research, BLACKYAK found NAU and prepared an M&A for a year.

The global outdoor gear market is worth KRW 60 trillion. The outdoor gear market grows especially fast in Korea. The US outdoor clothing market, excluding hiking shoes, is estimated at KRW 11–12 trillion. The European market is worth KRW 9 trillion, while China and Japan are valued at KRW 2.5 trillion and KRW 2 trillion, respectively. The Korean market stood at KRW 6.9 trillion in 2013. That is, Korea is the largest single market next to the US. The Korean market has matured with its growth rate slowing from a 5-year CAGR of 30 percent. The Korean market is expected to grow at the 10 percent level and reach KRW 8 trillion in 2014.

What drives BLACKYAK's growth? BLACKYAK's growth driver is a fast brand expansion across sport wear, golf wear, casual wear and kids wear. At the same time, BLACKYAK has strategically redefined core customer groups as women, youth and kids. Such strategies prevent BLACKYAK from slipping to the stagnant phase. BLACKYAK has put a strategic focus on outdoor gear's functionality and brand identity and looked beyond Korea with its eye on the global market.

Despite quality products, Korean sports brands could not find markets. BLACKYAK has developed global strategies to overcome such limitations. Nevertheless, the US and Europe were markets with daunting challenges and risks. In the end, China became the first overseas market for BLACKYAK. But China was not without challenges. BLACKYAK was the first to enter the Chinese market, but its Chinese business was unprofitable for 10 years. After 10 years of investments in China, BLACKYAK started to earn recognition in China for its efforts. BLACKYAK's survival in China is attributable to differentiation strategies with a focus on authentic outdoor wear, Korean design and materials and wider customer groups. In other words, BLACKYAK has strategies, which can lead the market and set the trend rather than succumbing to the existing market.

BLACKYAK made a preemptive move in China in 1998 and developed high-end

brand image and superb technologies. To penetrate the Chinese market, BLACKYAK researched China's history and culture. Understanding a country's history and culture is essential to develop customized market strategies. While technological matters are addressed in Korea, sales and management is handled by locally-employed Chinese staff. That is, BLACKYAK has adopted a thorough localization strategy. BLACKYAK marketed its products, launching a commercial campaign under "BLACKYAK is here to protect the Great Wall." However, it provoked a cynical reaction as Chinese customers questioned who gave BLACKYAK the right to become the Great Wall's guardian. In response to cold market reactions, the campaign phrase was revised to "BLACKYAK helps protect the Great Wall" in a way to emphasize partnership. As part of its environment protection campaign, BLACKYAK donated 500 trash bins on the roads leading to the Great Wall and held various events such as "Great Wall Race."

Then, BLACKYAK opened its first store in Nepal. Nepal attracts hikers from the world. It was a golden opportunity to test BLACKYAK's products with global customers. Although the initial purpose in Nepal was not sales, it brought out greater outcome than expected.

Next, BLACKYAK advanced onto Europe and became the first outdoor gear brand, which entered the Vision Hall, dedicated to top 60 premium brands. As a result, BLACKYAK fared well in Italy, Turkey and Switzerland.

Finally, BLACKYAK made its foray to the US through the acquisition of NAU. BLACKYAK hired locals, and there is only one Korean staff. The management is based on trust. BLACKYAK is looking forward an aggressive expansion in the US in 2015.

BLACKYAK pursues not only market expansion but also various activities to fulfill corporate social responsibilities (CSR) and create shared value (CSV). BLACKYAK has established a hospital in Nepal in belief that customer happiness is the center of BLACKYAK. In addition, BLACKYAK is committed to beautiful environment, clean earth and CSR. BLACKYAK's philosophy focuses on three areas – corporate responsibilities for consumer satisfaction, environment and society. The three areas suggest that those, who love outdoor activities, deserve the joy of owning BLACKYAK products and services.

Kim Joo Nam: The Silk Road is a path which China created to trade with Europe. The Silk Road has recently emerged as a strategic route to form an economic belt, which is fast under way.

What should Korea do in response to recent developments? Korea should take part in the Silk Road paved by China. Korea should join Middle East-Europe cooperation conference and build broad partnerships encompassing Iran, Iraq, Turkey and Syria. Korea must develop better content than China. For now, BLACKYAK does not have a store on the Silk Road. Now BLACKYAK must become the one, who pioneers the Silk Road. If it succeeds, BLACKYAK can secure an enormous market spanning mountainous countries in the Central Asia. BLACKYAK has done a good job in the CSR segment and needs to place a greater focus on CSV. That is, it will be better to go beyond charity activities and expand its role to creating value and public good.

Ko Young-Hee: I would like to discuss BLACKYAK's competitive advantage in its overseas expansion.

The first is BLACKYAK's distinctive design and brand. BLACKYAK has adopted non-linear cuts and unique color pallets compared to other brands, which use linear cuts and primary colors. In other words, the form of a yak is incorporated to design concept. BLACKYAK has successfully branded itself through a seamless combination between technology and design. The second is BLACKYAK's market expansion driven by market-specific strategies and approaches.

**[Question]** Mun Yeong-seop: I would like to ask about the current status of BLACKYAK's plan to build a training center in Jungmun. Does BLACKYAK plan other CSR activities on Jeju Island?

**[Answer]** The training center project is now underway albeit with a delay. The project delay is due to the approval process, which ensures no risks to the environment and cultural heritages. BLACKYAK is narrowing differences with local residents and related authorities. I believe the project will break ground within the year. BLACKYAK is committed to more CSR activities, if more opportunities arise.

[Question] CEO, Codi Land : BLACKYAK has successfully established environmental strategies and processes in China. Could you name the two biggest challenges in dealing with Chinese authorities?

[Answer] It is well known that relationship (*guanxi*) matters to do business in China. However, a blind focus on relation can ruin a business. I believe it is better to connect with customers, rather than building relationships. It does not belittle the importance of relationship. Relationship has a certain role to play in business, but it is wrong to fully depend on relationship.

[Question] Lee Sin Sun: I would like to ask a question to Kang Tae Sun (Chairman & President, BLACKYAK Co., Ltd.). The Sharing Foundation seems to focus on the value of education. Do you have a plan to expand the foundation as an educational association?

[Answer] Kang Tae Sun: Learning is a lifelong process. If I take a break from learning, I will be left behind. There is need for constant learning. BLACKYAK's Sharing Foundation is literally for sharing, while BLACKYAK Kang Tae Sun Foundation stands for education. It will take more research to decide whether the foundation should make an earnest push for the education business.

Cho Dong-Sung: It takes competitive advantage to be globally successful, according to the monopolistic advantage theory (competitive advantage theory). The theory was established by researchers in advanced countries. According to the theory, the global market is closed doors for companies, which lack global competitiveness or come from developing countries. However, BLACKYAK is an example that challenges these theories. BLACKYAK has gained competitiveness by going global to secure global competitiveness. I believe that BLACKYAK, which lacked global market experience, has sharpened its competitive edge through its overseas market expansion.

The second is a transition from CSR to CSV. CSV is a way that businesses can contribute to the society through its own products and services. CSV ensures that sales

can directly translate to social contribution. BLACKYAK hopes that it can generate sales revenue in a way that can benefit the society as well.

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### Policy Implications

- BLACKYAK needs to extend market reach through active participation in China's Silk Road.
- Businesses need to grow beyond CSR, charity activities, and focus on its role in expanding CSV.

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## Multinational Corporation and Public Diplomacy

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### Korea China Regional Economy Association

On the global economic scene, multinational business management is not just comprised of commercial activities, but also public diplomacy activities with a sociopolitical impact on national image and interests. The Korea China Regional Economy Association, which represents multinational companies, the Charhar Institute, which spearheads China's public diplomacy projects, together led discussions on multinational management strategies for companies doing business in Korea and China and effective ways for Korea and China to pursue public diplomacy.

#### Moderator

**Rhee Sang Gi** (Chairman,  
Korea China Regional  
Economy Association)

#### Presenter

**Ke Yin Bin** (Secretary  
General, Charhar Institute)

**Han Woo Duck** (Director,  
Jungang China Institute,  
JungAng Ilbo )

#### Discussant

**Song Ronghua** (Secretary  
General, China Public  
Diplomacy Association)

**Sun Hongmei** (Deputy  
General Manager, ANHRY  
Science and Technology  
Ltd.)

**Song Kwang Suc** (CEO,  
Kyeongin Ilbo)

**Song Ronghua:** I would like to briefly introduce the Charhar Institute because it will give an overview of the key aspects of public diplomacy. The Charhar Institute conducts research on China's diplomatic policies and works to promote China's image in the international community with a view to promoting China's international exchange. In addition, the institute studies ways to help Chinese businesses advance onto the global market. One of its key tasks is to conduct public diplomacy from a cultural perspective. The institute works together with foreign embassies in China, so that they can better introduce their cultures to China and in return the Chinese culture to their home countries, to support them in gaining insight into the Chinese culture.

**Shen Yang** (Researcher,  
Charhar Institute)

**Song Ki Chull** (Chairman,  
Korea International  
Culture Exchange Center)

**Rapporteur**

**Chae Ha Yeon** (Part-time  
Professor, Graduate School  
of Jungang University)

The institute hosted Korea-China Diplomacy Forum in July 2013, and the two countries agreed to hold it on an annual basis. The forum is intended to help both Korean and Chinese companies doing business abroad by sharing public diplomacy experiences of multinational corporations.

Ke Yin Bin: SK Group has presented its business concept called “China inside.” SK Group’s public diplomacy has three goals and types as follows.

The first is management objective. Multinational corporations by their nature have a public diplomacy role. If the management is well aware of this, its public diplomacy role can be fulfilled. The second is social responsibility. Businesses, which are a social organization, should carry out its social responsibilities in countries where they do business. As such, SK supports the Chinese academic community by sponsoring research trips to Korea, international forums, SK Scholarship Quiz and the establishment of Asia study centers in 11 Chinese colleges. The third is national image. SK Group has contributed to raising Korea’s profile by the “Happier China, Closer to Korea” event, celebrating the 15th Anniversary of Diplomatic Relationship between China and Korea.

### **Korean companies doing business in China: CSR activities and achievements**

Han Woo Duck: Corporate Social Responsibility (CSR) and public diplomacy share the same goals. The objective of CSR is to win over customers through non-profit activities. Given that public diplomacy provides a larger frame which includes CSR, public diplomacy and CSR can

generate mutual synergy effects. In short, CSR activities can promote national image, while a good national image can create a more favorable market reception for products.

According to the CSR Report 2013 published by the Corporate Social Responsibility Research Center at the Chinese Academy of Social Sciences, three Korean businesses—Samsung, POSCO and LG Chemical—are ranked among the top 20 largest foreign investors in China. Korean companies recorded an average of 40.3, followed by Taiwan (38.0), Japan (25.5) and the US (14.0). However, Japanese companies ranked higher globally in terms of CSR than Korean companies.

CSR activities have evolved in step with the host country's development. Along with China's economic growth, CSR activities have diversified beyond aid to the poor to include labor rights, environment protection, product safety and public services. As such, businesses need more creative and distinctive CSR programs to meet changing demands and needs in China. China's demand for CSR has gradually been increasing. At the same time, the government and businesses show greater interest in CSR amid growing awareness for CSR.

Among Korean companies doing active CSR programs in China are Samsung, SK Hynix, CJ, and Asiana Airlines. Samsung's CSR program is regarded as one of the best examples. Samsung declared that 2012 marked the beginning of its CSR activities and has launched various programs that appeal to Chinese people such as 'Hope School,' scholarships, college student volunteering at farms in western China, Smart School and Solve for Tomorrow. SK Hynix pursues CSR activities on a regional basis. CJ focuses its CSR activities on culture. Asiana Airlines stands for sustainable, creative and proactive CSR.

## **Discussion**

Sun Hongmei (Deputy General Manager, ANHRY Science and Technology Ltd.): State and businesses affect each other and work together in various areas of public diplomacy. Recently, the reliance on multinational companies has increased in the diplomacy arena. Multinational corporations have a pivotal role to play as their activities mirror the image of a nation.

**Song Kwang Suc:** Localization is essential strategies for multinational business to succeed. Localization requires businesses to understand, respect and get closer to the host country's culture. Public diplomacy seeks to enhance the nation's image and brand value through direct contact with people in foreign countries, which can build empathy for Korea's culture, art, history and trust for Korea's vision. That is, the success strategy of multinational corporations is to fully understand the counterpart, while the underlying strategy of public diplomacy is to introduce itself properly to others. Accordingly, significant synergy effects can emerge, when the government, public institutions, organizations and businesses can combine the success strategies of multinational corporations and the underlying strategy of public diplomacy.

**Shen Yang:** The scope of public diplomacy is enormous. Business schools at Harvard University and the University of Pennsylvania have conducted a lot of research and offer courses on public diplomacy conducted by corporations.

**Song Ki Chull:** The Charhar Institute was instrumental to SK Group's advance onto China. The Charhar Institute, a research organization, played an active role in public diplomacy – such as Korea's efforts to repatriate the historic Buddhist scriptures. Public diplomacy is a “soft” diplomacy, which is based on humanitarian, mutual exchange and friendship. Key elements to public diplomacy include empathy, peace and communication. The sense and sensibility of humans sometimes cause conflicts between individuals and countries, and therefore an emotional approach is more important than a rational approach. In addition, public diplomacy pursues peace, which is in human nature. Public diplomacy is based on empathy, a natural part of human. Communication is the basis for empathy. Youth cultural exchange programs should be enhanced to promote the world peace and to help character building among the youth. I believe it is important to promote international cultural exchange and strong mutual trust among the youth with a view to bringing Korea's 5,000-year-old history to a higher level.

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### Policy Implications

- Multinational corporations, which increase in number, have a growing role in public diplomacy.
- Raise business profiles through public diplomacy and fair trade and encourage more conscientious consumption.
- There should be a control tower, which enables businesses to avoid redundant efforts and excessive competition.
- Resource-strapped small and medium sized enterprises (SMEs) should take a more flexible approach and jointly pursue public diplomacy.
- It is necessary to bring attention to public diplomacy activities by Korean and Chinese businesses, so that Korea and China feel closer to each other.
- The Korean academic community should follow suit of global business schools and conduct in-depth research in business activities in the public diplomacy segment.
- Businesses should share their success and failure cases in the public diplomacy arena, so that latecomers can move up the learning curve.

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# Strategies for Establishing Stable Industrial Relations in Asia

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Seoul School of Integrated Sciences & Technologies(aSSIST) /  
Korea Employers Federation

Over the past few years, an increasing number of companies invest in Asia to take advantage of an abundant and cheap labor force. The session discusses ways to prevent large-scale labor strikes, as recently seen in Cambodia, and give an insight to labor management guidelines for companies doing business overseas.

## Moderator

**Hur Jeong Ok** (Professor, aSSIST)

## Presenter

**Lee Dong-Eung** (Senior Managing Director, Korea Employers Federation)

**Kim Il Sup** (President, aSSIST)

## Discussant

**Lee Won Jin** (President, Jeju Employer Federation)

**Nam Jae-Cheol** (Director General, National Institute of Meteorological Research)

**Gu Ja Won** (Professor, aSSIST)

## Rapporteur

**Park Jeong Yul** (Professor, aSSIST)

## Strategies for Establishing Stable Industrial Relations in Asia

**Lee Dong-Eung** (Senior Managing Director, KEF)

### Current Status: Companies Doing Business in Asia

Recently, companies doing business in Asia face significant challenges—a growing call for wage hikes and an increase in the minimum wage. For example, there were demonstrations for a minimum wage hike in Cambodia and a strike for wage increases in Jakarta, Indonesia. In the past, Korean companies advanced onto Southeast Asia primarily to take advantage of low wages. That is not the case anymore, as South Asia is plagued by labor disputes over wage hikes.

## **Labor Market Environment in Korea**

The labor-management relations in Korea have stabilized in recent years, as the Korean government takes a “textbook” stance to the management-labor relations. In addition, the ratio of unionized employees has declined amid public disapproval of militant labor movement. However, precautions should be taken about the risks of prolonged labor conflicts. Labor disputes may risk protracting due to an active intervention by an irrelevant third party or a pro-labor political force and the emergence of issues, which are too tough for individual companies to tackle such as layoff and in-house subcontracting.

Meanwhile, there are concerns about the spread of labor unrest due to the emergence of new labor issues such as ordinary wages, shorter working hours and later retirement.

## **Key Reasons for Labor Conflicts and Ways of Improvement**

There are three major causes of labor conflicts. The first is communication barriers, which arise from differences between countries—for example, language, culture, customs, laws and regulations. The answer to these challenges is to hire local staff, which can facilitate proactive management of labor relations, employee complaint and difficulties in daily operation. The second is lack of understanding about national characteristics. This calls for aggressive efforts to understand characteristics inherent to ethnicity and country such as *quanxi* and Sinocentrism in China. The third is lack of information about the host country’s labor laws, regulations and practices. It calls for consultation with the central government, the ministry of labor and the Korean embassy, so that companies can understand labor laws and labor management. It is also needed to constantly exchange information with other Korean companies doing business in the host country and benchmark the best practices.

When it comes to labor disputes, it is better to prevent than cure. If a labor disputes takes place, an early response is the key. Preventive measures include localized labor management based on an understanding of workers as individuals and as a group, the readiness to meet current and future changes in the labor market and the operation of a department dedicated to labor management. In the event of a labor conflict, it is important to make an early response through cooperation with related authorities and embassies and mediation efforts to prevent labor conflicts from escalating to full-blown disputes.

### **Ways to Obtain Desirable Labor Management**

The CEO's commitment is instrumental to obtain desirable labor management. Desirable labor management starts from recognizing the importance of labor management. Based on this awareness, it is necessary to build a reasonable labor management system, enhance the field manager's capability in labor management and rationalize workers.

A reasonable labor management system requires a more specialized labor management department and an organic delivery system. Field managers should be better equipped to tackle front-line issues, which enhance their labor-management capabilities. Last but not least, it is necessary to help workers better understand reasonable labor-management relations and increase the level of engagement in workplaces.

### **Compliance with the OECD Guidelines for Multinational Enterprises**

The OECD announced in 1976 the Guidelines for Multinational Enterprises to enhance the positive role of multinational enterprises through responsible management activities. The guidelines cover various subjects such as labor, environment and consumer protection and ensure that businesses can deliver sustainable development in compliance with internationally acknowledged standards. In particular, the Part IV "Employment and Industrial Relations" underlines workers' right by recommending compliance with the international labor standards such as the freedom of association and right to collective bargaining, the effective abolition of child labor, the elimination of all forms of forced or compulsory labor, and non-discrimination in employment and occupation. However, most Korean companies entering Southeast Asia are not well aware of the guidelines. Korean companies which plan to do business in Southeast Asia should study the guidelines in advance and make efforts to comply with it.

## **People-oriented Management Model for Companies in Southeast Asia: Expansion of the K-WAY Management Model**

Kim Il Sup (President, aSSIST)

### **Korean-way Management Model**

Korean companies secured survival capacity and global competitiveness through restructuring and management innovation since the 1997–1998 Asia foreign currency crises and have emerged as a major contributors to Korea's recovery from the financial crisis in 2008. While most companies around the world experienced setbacks, Korean companies such as Samsung and Hyundai delivered record-high earnings and led the global economy, driving Korea's GDP growth by 0.2 percent in 2009 and 6.1 percent in 2010. Corporate Korea's competitiveness lies in both entrepreneurial leadership among owner-managers, professional CEOs and top officials and strong followership. A Korean-way management model is set to define the key elements of Korean leadership and followership, which will enable Korean companies to overcome global economic downturns and deliver sustainable successes throughout the 21st century. The strengths of Koreans should be maximized to sharpen Korean companies' competitive edge. The Korean management model is characterized by factors such as engagement, speed and adaptability, which can maximize the potential of Koreans.

### **Need for the K-WAY Management Model**

The challenge facing Corporate Korea is how to sustain the competitiveness, it demonstrated during the financial crisis of 2008. The development of business portfolios, competition strategies and marketing strategies are no longer a challenge for Korean companies. Corporate Korea needs to develop its distinctive competitive edge by designing and establishing a management system, which can bring out the strengths of Koreans and offset the weaknesses in areas where human factors have a significant impact such as governance structure, organizational structure, HR management, field management and communication. Now is the time to make a strategic move to become a creative first mover rather than being a fast follower. The common denominator among global businesses is to establish a strong business model and apply it to other regions, after having developed a detailed manual based on their success at home.

However, the international market is not just globalized but also culturally more differentiated by business players and consumers. In a more complicated global market, a management model, which coordinates global common denominators and locally optimized elements, works better than a standard model.

### **People-oriented Management Model for Companies Doing Business in Southeast Asia**

The human management model for companies doing business in Southeast Asia can be summarized as follows. First, there should be an emotion-oriented strategy to share the organization's vision and values with the members of the organization. Second, the organization should be designed in a way that reflects the local perception of organizational structure, scale, hierarchy, sharing of authority and responsibilities. Third, it is necessary to keep employees loyal through the blending of performance-based and human-based elements, parental leadership, various measures to boost morale, information sharing and communication, consideration for employees' family needs. Fourth, the importance of goals should be shared throughout the process from setting goals and deadlines, announcing the outcome, verifying outcome and sharing the outcome in accordance with predetermined rules, celebration of goal achievement. Fifth, stress and conflict should be minimized by bringing the production and operational methods in line with the way local people understand it. Sixth, human resources should be managed in a way that can motivate individuals to learn and achieve more, recruit and foster core personnel and build loyalty. Seventh, the compensation system should have a balanced mixture of base salary, bonus, and performance-based incentive, to tie organizational performance with individual compensation and reward core employees. Last but not least, it is important to build a strong leadership, which can connect with core employees and locally hired workers.

**Lee Won Jin:** Companies doing business in Asia must take three factors into consideration to build productive labor-management relations. First, it is necessary to foster regional experts, who can help them address labor disputes. For this purpose, there should be a framework, which enables many universities to conduct regional studies and foster regional experts. Second, there is a lot of talk about communication

issues. One must understand that there is a fundamental perception gap between the management and workers. The management tends to focus more on the long-term vision and success, while workers are more interested in short-term achievements. Mutual understanding is the prerequisite to smooth communication. Third, there is a golden time to tackle labor disputes. If labor conflicts arise, the critical issue is how to address them in the early stage.

**Nam Jae-Cheol:** The following three points should be taken into consideration for companies doing business in Southeast Asia to better understand labor-management relations. First, companies should understand the people through the host country's geography, latitude and temperature and use this knowledge to tackle labor issues. For example, workers in the tropical region have little desire for saving money. Accordingly, financial incentives are not an effective way to motivate them. In contrast, workers in the temperate climate region save up ahead of winter. Overtime pay can motivate them. Second, it is necessary to take note of the host country's historical backgrounds and relations with Korea. For example, the Philippines participated in the Korean War and aided South Korea. As such, one can use the historical background to build rapport with the Philippines. Third, many Koreans worked overseas, especially in the Middle East during 1970s–80s, to bring in dollars. Companies, which plan to enter Southeast Asia, need to take experiences and know-how from those, who already ventured out to the global market.

**Gu Ja Won:** The target, method and timing are the key elements for all companies, not just companies doing business overseas, to develop healthy labor-management relations.

First, the dialogue about labor issues, conflicts and disputes mostly centers around two players, i.e. workers and CEO. But there is need to include the workers' families. Today, to which extent businesses show interest and care about workers as well as their families is among the key factors to resolve labor issues. Second, it takes not only traditional methods but also new and creative innovation to address labor issues. Third, most companies tend to tackle only imminent issues. However, it calls for longstanding and continuous efforts to address labor issues.

[Question] A salaried salesperson working for a company in Jeju: I would like to ask three questions. First, Toyota faces a lot of labor conflicts in Southeast Asia, unlike in Japan. What do you think is the reason? Second, could you introduce some examples, where Korean companies have developed successful labor-management relations in their overseas workplaces? Third, there are a lot of Southeast Asian workers in Jeju. What should employers of foreign workers be aware of?

[Answer] Lee Dong-Eung: Just like Southeast Asian countries, Korea used to have high expectations for foreign companies. There were high expectations that foreign companies would offer better fringe benefits and higher wages than domestic companies. Given this, I believe that the high expectations for Toyota have turned into greater disappointment among workers in Southeast Asia and thus there are more disputes.

Lee Dong-Eung: Companies that have good labor management in Korea tend to do well elsewhere. Success at home can be repeated abroad.

Kim Il Sup: It is difficult to address labor disputes as long as a person is treated just as a “worker.” It is important to care for employees as if they are family members.

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### Policy Implications

- Business performance depend more on the relations with the labor than the market.
- Productive labor management has the three following elements.
  - 1) CEO’s change in perception: CEO’s commitment and efforts, which reflects the importance of labor relations
  - 2) A reasonable labor management system
  - 3) Need for localization: Labor management should be based on in-depth understanding of countries in Southeast Asia.

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## Korea-China Economic Cooperation through Collaboration in Logistics Distribution

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### Korea China Regional Economy Association

Offering good products at competitive prices is a key strategy for Korean companies to penetrate the Chinese market. Given that competitive logistics is essential to secure price competitiveness, discussions were held on Korean companies' logistics strategy in China and cooperation between China and Korea to promote mutually beneficial relations and development. In addition, the session provided an overview of the Chinese logistics market, which fast expands to meet a fast-growing domestic demand in China.

#### Moderator

**Xu Yaxin** (Director,  
Marketing Dept., China  
Radio International Online)

#### Presenters

**Yang Xiao** (Secretary  
General, Chinese  
International Logistics Week)

**Yang Suc Joon** (Professor,  
Sangmyeong University)

#### Discussants

**Jung Seung Bong** (President,  
Gyeonggi Pyeongtaek Port  
Corporation)

**Yuan Kevin** (CEO, S&W  
International Chemical  
Logistics Ltd.)

**Park Jongsun** (Former Consul  
General, Qingdao)

**Yang Xiao:** Chinese President Xi Jinping proposed a new Silk Road, an economic belt encompassing land and marine routes, which received warm reception from Asian countries.

Development in the logistics landscape and related support is essential to sustain China's economic development. The Chinese logistics market is underdeveloped but fast improving amid industrialization in urban areas and China's income growth. In China, logistics is costly due to the decentralization of logistics resources and lack of the information networks. The Chinese government has worked to tackle these challenges and also improved urban logistics to make it more

**Li Jin Wen** (Director,  
Beijing Returned  
Overseas Chinese Culture  
Development Center)

**Geng Chenggong**  
(Chairman, Shenzhen  
Pattern Time Advertising  
Company)

**Rapporteur**

**Chae Ha Yeon** (Part-time  
Professor, Graduate School  
of Jungang University)

convenient and safer to live in China. China's logistics industry has emerged as a strong, vital player in the global market.

The China International Logistics Week is a major industry event hosted by the Chinese Traffic Logistics Association and related local organizations. It creates a platform for cities and companies across China to take part in. It features various events such as an industry fair, a prize award, an exhibition of quality products, new service launches and "China Logistics Miles" which contribute to promote a healthy development in the logistics sector. The 11<sup>th</sup> China International Logistics Week is scheduled to be held in Guiyang, China, in November 2014.

**Yang Suc Joon:** It is significant that China and Korea work together to meet the current and future developments in the logistics market for fresh goods. Korea's fresh goods distribution has a very complicated structure, as most suppliers are small farmers. The Korean government continues attempts to improve logistics and thus ensure a safe supply of fresh food.

Logistics organizations meet the needs of end-consumers, optimizes products in a way that can minimize shipment costs, and optimally structures the entire process from production to consumption. Modern logistics grows in size, becomes more structuralized and collective, while distribution is taking on a corporate-scale structure, departing from a small structure.

Along with the development of the IT industry and changes in the logistics management, Korea's fresh good logistics has shifted its focus from shipment to comprehensive aspects and to creation of added value. In

other words, it seeks to create new values through the value chain management and comprehensive cost reduction, departing from the existing paradigm. As the farming population is aging and shrinking, local distributors have a changing and growing role to play in the value chain.

In Korea, there are five logistics centers including Anseong Logistics Center for Agricultural Goods for the distribution of fresh goods.

Unlike in the past, the logistics system focuses more on creating added value. The logistics system can provide a new storage method, which prolongs the shelf life of agricultural goods, suggest new market possibilities, add more value to agricultural goods, and help stabilize consumer prices. For example, the introduction of box packaging makes it easier to ship water melons and give a presentable look as a gift. In addition, logistics has gradually expanded its role beyond a food supplier to restaurants to become a provider of cooking skill and service training.

**Jung Seung Bong:** Pyeongtaek Port serves as a land bridge connecting Korea and China. It enables fast, effective logistics thanks to its geographical proximity to China's coastal industry belt and the opening of a car ferry line.

Given the plans to expand port facilities and build a new passenger terminal, Pyeongtaek Port is an attractive investment target. Nine of the top 10 global ports are located in East Asia, and Pyeongtaek Port is centrally located among these ports. In addition, Pyeongtaek Port is close to the center of the Korean economy and population and is less vulnerable to climate changes thanks to its location deep in the gulf of Asan. It is also central to Korea's transportation networks encompassing highways, motorways, railways and airways. In the future, it will be connected to Trans-China Train (TCT) and Trans-Siberian Railway (TSR).

Besides, Pyeongtaek Port carries out a comprehensive range of logistic services for steel, cars, containers, passengers and others, and it has 10 routes dedicated to container ships and operates Korea-China car ferries to meet the convergence trend.

**Yuan Kevin:** Given China's high shipping demand for chemicals and hazardous materials, the future of the Chinese ISO tank container market looks very bright. ISO tank container is a must to prevent accidents common in the shipment of hazardous

materials. ISO tank containers are safe, economic, convenient and environmentally-friendly. S&W International Chemical Logistics is a comprehensive logistics company specialized in dangerous freight and closed electronic transshipment.

**Park Jongsun:** Given the recent downturn in the global economy and weakening growth momentum in China-Korea trade, it is imperative to devise a new economic growth model through innovation of the logistics and distribution industries. The logistics and other industries can converge and generate synergy effects, creating a new growth driver. As such, it is necessary to modernize the logistics industry by creating a more level field between logistics companies and freight owners and fostering experts in the field.

For the development of Northeast Asia, it is necessary to make a global logistics center and build an underwater tunnel between Korea and China. It should be mandatory for retail distributors such as department stores and large supermarkets to thoroughly conduct safety checks and trainings, so that a tragedy like Sewol ferry accident will not take place. China and Korea should enhance partnerships, by bringing Korea's can-do spirit with China's continental insight and traditional view of trade and build an advanced, global logistics center.

Meanwhile, the Chinese service industry has a high entry barrier for Korean companies. I hope the Korean government can provide policy support to promote the logistics industry.

**Li Jin Wen:** In the past, logistics depended on the flow and movement of people. Now it is time to create a logistics environment. I hope Korea and China can work together in the logistics segment for the development of the regional economy.

**Geng Chenggong:** China's logistics has fast developed over the past 10 years but lacked connectivity. Although Chinese products enjoy growing preference in Korea, it is difficult to enter the market due to regulatory barriers. I hope Korea will relax regulations.

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## Policy Implications

- The logistics industry and distribution network should conduct thorough safety checks and emergency response training.
- Efforts should be made to create a more level playing field between logistics companies and freight owners and to eliminate predatory contracting.
- An innovative logistics system can sharpen price competitiveness and contribute creation of added value.
- Government-level support and design should be made in the port logistics segment, which require connecting transportation and international cooperation.
- It is necessary to open a support channel and facilitate Korea's advanced logistics industry to enter the global logistics market such as China, which lack know-how in specialty logistics.
- An idea bank should be established to develop value-added logistics strategies.

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# Corporate Sustainability and Asia's Future

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## UN Global Compact

In a fast-changing global economy, sustainability is an increasingly important issue for companies and a key to business success. Sustainability is essential to the development of Asian businesses, which emerge as a driving force behind the global economy and is a topic of continuous importance to make Asia more prosperous in the future. Sustainable business is possible when businesses are more aware of management ethics and integrity and incorporate them in their business strategy for greater risk management. Under the theme of anti-corruption, the session discusses ways for businesses to pursue sustainability through ethical management and to make active contribution to Asia's future and prosperity.

### Keynote Speech

**Lee Sung-Bo** (Chairman, Anti-Corruption & Civil Rights Commission)

### Presenter

**Kim Jong-Kap** (Chairman and CEO, Siemens Ltd. Seoul)

### Chair

**Im Hong-Jae** (Secretary General, UN Global Compact Korea Network)

### Discussant

**Kim Geo-Sung** (Chairperson, Transparency International Korea)

**Park Gae-Ok** (Director General, Anti-Corruption & Civil Rights Commission)

**Moon Hyuong-Koo** (Professor, Korea University Business School)

### Rapporteur

**Kim Min-Kyung** (Manager, UN Global Compact Korea Network)

## Anti-Corruption Efforts at the Government Level

**Lee Sung-Bo:** Businesses are in fierce competition to survive in the global market, as economic and financial globalization has removed national borders. As the international society enhances its fight against corruption, it is inevitable for businesses to pursue ethical management with a view to achieving sustainable growth and development. This calls for participation and cooperation from all stakeholders—countries, businesses, civic organizations and international bodies.

In response to recent developments, the Korean

government recognized that the existing anti-corruption policies were too focused on the public sector to dramatically enhance the level of integrity in Korean society, and thus declared that corruption and unfair practices in the private sector is against the public good. As a preventive and control measure, the whistle blower protection system was introduced in 2011.

In addition, the bill on the Bribery, Graft and Conflict of Interest Act was submitted to the National Assembly in August, 2013 to ensure that public officials shall not use their public position for private gain such as bribery or favors. Anti-corruption policy efforts are under way, so transparency and integrity can take firm root and grow across Korean society, both in the public and private sectors.

Today's changes and developments calls for greater transparency and integrity. If Asian countries perceive each other as partners and work together to prevent corruption and enhance transparency and integrity, the international society will have greater confidence in Asian countries, which will bring the sustainable future closer to reality.

### **Anti-Corruption Efforts by Businesses**

**Kim Jong-Kap:** Long before sustainability became as big an agenda as now, Siemens' founder Werner von Siemens declared that I won't sell the future for short-term profit. For 167 years since the foundation, it has defined Siemens's value and code of ethics. Siemens has a three-stage compliance program—prevention, detection and response. Prevention efforts are made through education and communication as compliance offers in respective countries, where Siemens operates, establish policies and procedures in line with local laws and regulations. When violations come to light, professional and objective investigations into the violations are conducted. Strong commitment by management is instrumental to effectively implement the compliance program. Currently, Siemens has taken a step further and engages in constant communication with middle managers to ensure compliance and business integrity. In addition, Siemens Korea has invested various human and non-human resources in and outside the company to create a fair competition environment.

**Kim Geo-Sung:** Korean society must shift its priority from corporate profit to moral and ethics, which places people at the center. The fundamental solution requires not only the establishment of related regulations and procedures but also interest and participation by all social players. In this regard, I would like to make the following three suggestions. First, the Bribery, Graft and Conflict of Interest Act (the so-called Kim Yeong-ran Bill) should be enacted as soon as possible so that it can prompt high-ranking officials to lead the campaign against corruption, favoritism, bribery, graft and nepotism. Second, it is necessary to establish an independent and systematic anti-corruption organization, which can participate in the disciplinary action procedure upon detecting a corruption case. Third, citizens, the key player in the society, should feel obliged to take part in the anti-corruption campaign to actively continue and expand such efforts.

**Moon Hyuong-Koo:** Corruption, such as bribery, hinders fair competition, the stepping stone of capitalism, and undermines global anti-poverty campaign, making aid packages less effective. Accordingly, it is necessary to make systemic anti-corruption efforts in each country with a view to overcoming the crisis of the capitalist system and making a better world for all.

According to an analysis of unethical conduct reported by disciplinary committees at various companies, the primary cause was personal nature, followed by the characteristics of a group and a performance evaluation system. Other causes include the side-effect of performance-based systems, short-term sales and lack of communication. Personal characteristics, a major reason for corruption, are not only due to the moral deficiency of the person in question as well as low self-esteem and frustration resulted from unfair treatment within the organization. Accordingly, when it comes to discussions on anti-corruption measures, the state and businesses should not consider their members as a subject of reform, but encourage them to take pride in their job.

**Park Gae-Ok:** Anti-corruption policies target human nature, which experiences a conflict between faith in public good and personal gain. Such policies should constantly evolve in line with growing corruption risks with the emergence of various players such

as global politicians, public employees, business leaders and lobbyists.

Much like a virus, corruption is contagious and thus the entire organization, as well as individuals, should work together to prevent corruption. The US enjoyed success in its combat against corruption with the enactment of anti-bribery and conflict of interest laws in the 1960s. Likewise, Korea should make an active use of the current anti-corruption systems and guidelines and enact the Bribery, Graft and Conflict of Interest Act (“Kim Young-ran Bill”) in its fight against corruption.

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### Policy Implications

- Anti-corruption laws and systems such as the Bribery, Graft and Conflict of Interest Act (“Kim Yeong-ran Bill”) should be fast established and fully implemented.
- When corruption is detected, the punishments should be stricter. There should be an independent and systematic anti-corruption organization, which can take part in the disciplinary process.
- Citizens, the key players in society, should feel obliged to show an interest, and take part in, anti-corruption campaigns.

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# Globalization and Inequality

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## Friedrich Naumann Foundation for Freedom

Globalization is one of the key driving forces that helped establish new international order. In terms of finance, globalization is the most contributing factor that significantly increases today's international commerce of products, services, and capital. However, we often neglect the negative effect on the inequality and world poverty that globalization has brought to the world. In this session, we will discuss how each Asian country has been responded to globalization over time and how globalization has contributed to poverty and inequality problems in the region. Also, more discussion on preventive policies based on politically strategic decisions had taken place, as well as what strategies and policies are required to make Asia more prosperous.

### Opening Remarks

**Rainer Adam** (Regional Director, Friedrich Naumann Foundation for Freedom, Southeast and East Asia)

### Congratulatory Speech

**Rolf Mafael** (Ambassador, Federal Republic of Germany to Korea)

### Moderator

**Stella Quimbo** (Professor, University of the Philippines)

### Presenter

**Dang Huy Dong** (Deputy Minister, Ministry of Planning and Investment, Vietnam)

**Rainer Adam:** According to RA the fundamental value of liberalism is freedom. He criticizes Thomas Piketty whose suggestion of a global tax on wealth to solve the problems of inequality he calls a “Robin Hood Tax.”

**Rolf Mafael:** This session's topic has two dimensions: a domestic one and an international one. His suggestion in order to reduce inequality is to promote the integration of more countries in the global economy by completing the Doha Round.

#### Discussants

**Choi Byung-Il** (Professor,  
Ewha Womans University)

**Sethput Suthiwart-  
Narueput** (Executive  
Chairman, Thailand Future  
Foundation)

**Peter Wong** (Executive  
Director, The Lion Rock  
Institute, Hong Kong)

#### Rapporteur

**Lars-André Richter**  
(Resident Representative,  
Friedrich Naumann  
Foundation for Freedom)

**Dang Huy Dong:** Globalization is the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture. There are many reasons for economic inequality within societies: of bad schools, single motherhood, “de-industrialization,” bad behavior by poor young men etc. Globalization however can decrease inequality. Having joined the global labor force, hundreds of millions of people in developing countries have won the chance to escape squalor and poverty. Regarding this, Southeast and East-Asia as a region which has benefited tremendously from g. should play a much stronger advocacy role for freer market and more globalization.

**Choi Byung-il:** The absolute number of the world’s poor has stopped rising since 1950s and has fallen in recent decades thanks to the rapid growth in emerging economies, most notably China and India. People climbed their social ladders from the poor to the middle class, and to the rich. This process continued to work its way, and helped to diminish inequality in a national economy. CBI reminds not to mistake inequality for poverty. Moreover he emphasizes that the aim of a society can’t be equality. Politics however should design a financial system to ensure that an economy does not become hostage to the big financial institution. As witnessed in the 2008 crisis, ‘privatization of success, and socialization of failure’ is against market principle.

**Sethput Suthiwart-Narueput:** There is no better argument that globalization is beneficial than to compare South- with North-Korea. Inequality has often little or

nothing to do with globalization. Differences in income stem largely from things like access to quality education. An even bigger problem than the inequality of income is the one of justice. In Southeast Asia for example, wealth has tended to be concentrated in non-tradable or highly regulated sectors. By opening up these sectors to greater competition, globalization could help create a more level playing field. The best instruments to reduce inequality: the fight against corruption, the liberalization of the market and the strengthening of the rule of law.

**Peter Wong:** The claim that inequality is widening globally is a myth. An international perspective, that transcends the confines of nation states to view inequality between all individuals of the world over the past sixty years, finds that it has declined. Globalization however has caused developing countries, initially the Asian Tigers, subsequently the BRIC and ASEAN economies, to grow much rapidly compared to the relatively stagnant economies in countries such as the G7. PW gives three recommendations: 1) Never try to eliminate inequality, to avoid tragedies like in North Korea or China forty years ago, 2) to develop understanding of the causes of inequality before acting and 3) to maintain a true capitalistic system or economy, where both rewards and punishments are present to maintain the capitalistic spirit.

### **Q&A Session**

**[Question]** Stella Stella Quimbo: How could the respective countries of the speakers make the best use out of the globalization?

**[Answer]** Choi Byung-il: Korea has a very restricted labor market. Conflicts between management and trade unions are the normal case. Moreover the outgoing investment is bigger than the incoming. Globalization has been accepted as the engine of the economic success for a long time. That feeling is coming to an end.

**[Answer]** Dang Huy Dong: The government must ensure that people have access to opportunities. The keyword is inclusivity which for him is a precondition to avoid inequality. Other keywords are good governance and transparency.

[Answer] Sethput Suthiwart-Narueput: The crucial point is the access to education. Moreover he deplores that the financial situation of Thailand's Members of Parliament(MPs) is much better than the one of the people they represent.

[Answer] Peter Wong: My suggestion is that the number of market regulations by the state should be reduced.

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### Policy Implications

- The Doha Development Round should be completed in order to promote the integration of more countries in the global economy.
- Politics should design a financial system which ensures that an economy does not become hostage to the big financial institution.
- Highly regulated non-tradable sectors should be opened up to ensure greater competition.
- The best instruments to reduce inequality are the fight against corruption, the liberalization of the market and the strengthening of the rule of law.

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## Global Economic Exchange between Regions and Success Strategy of Start-ups

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### The Kanagawa Science Park / Korea Human Development Institute

The Kanagawa Science Park, the largest venture development agency in Japan, is counted as a successful case. The Kanagawa Science Park has accumulated R&D experience in Japan and is actively collaborating with institutes and companies abroad to meet developments in the global economy. We discuss how to apply Japan's experience to Korea, what to learn from exchanges in the Asian region and how the global economy will develop. Uchida Hirohisa, mentor of the Japanese start-up ecosystem, shares his opinion about the innovation of Japanese businesses and the philosophy of start-up success within the framework of Asia.

#### Moderator

**Cho Woojin** (Professor,  
Tama University)

#### Presenter

**Uchida Hirohisa**  
(President, The Kanagawa  
Science Park)

#### Discussants

**Chang Tae Pyong**  
(Chairman of the Board,  
TGFF /Former Minister,  
Ministry for Food,  
Agriculture, Forestry and  
Fisheries)

**Otake Yoshiki** (Executive  
Advisor, Aflac Japan)

#### Rapporteur

**Ho Kyounga** (Team  
Manager, Human  
Development Institute)

Uchida Hirohisa: Japan has achieved fast economic growth. It had to create a new industry with proprietary technologies, pursue knowledge-based R&D activities and innovate itself for survival. Kanagawa Prefecture, where the Kanagawa Science Park (KSP) is located, found a site for the new industry development and designated it as a special zone. KSP comprising of three blocks are home to various businesses including start-ups. KSP envisions a global platform, where start-ups can grow, and provides a coordination service, which brings start-ups together for new business opportunities. One of the KSP's characteristics is self-driven growth and fund management. The KSP also encourages young people and women to

make contributions to the society.

It is very difficult for start-ups to thrive in Japan. Accordingly, the Japanese government has offered various programs. The KSP has diverse experiences and seek to take its R&D result out of the laboratory to the business world. Currently, the Japanese population is dwindling. That is, there are few to support the Japanese industry. Japan has two-pronged policies in this regard, supporting women and attracting more foreign workers. Japan seeks to foster female entrepreneurs and attract more foreign workers. In addition, global diversification is instrumental to the future society. Global diversification has a critical issue in Asia as well.

**Cho Woojin:** In Japan, Science Park serves as a global center and realizes innovative globalization. Today, Otake Yoshiki, executive advisor of AFLAC Japan, who is also a mentor for a number of business leaders, will share his insight.

**Otake Yoshiki:** I would like to focus on two topics. Recycling is a way to reuse resources for the world. I grew up on a farm. Rural areas are filled with resources. Today, the Japanese agriculture industry is in a free-fall, because farmers have been complacent and the sector itself has been overprotected, which led to a failure in unlocking potential in people and using resources. Connecting urban and rural areas will brighten up the future. What is going to happen, if this business model is replicated across the region? Japan has rich soil, whose quality is hardly seen elsewhere in the world. I want to repeat that a country side with rich soil is a repository of natural resources and will contribute to countless people. Tens of thousands of people should work harder.

**Cho Woojin:** I believe it gives us an idea how to modernize agriculture. I would like to ask former Korean agriculture minister Chang Tae Pyong, about how to make such approaches.

**Chang Tae Pyong:** As Mr. Otake Yoshiki mentioned, agriculture is a repository of resources. Now agriculture is creating a tremendous change. In the past, agriculture was to produce food. That is no longer the case. Agriculture has grown beyond food

production to include materials manufacturing. The food industry has evolved towards high-functional and high added value. I believe it is under transition.

During my tenure as a minister, the act on Agricultural Food Investment Association was enacted. Under the act, the government established the Food, Agriculture, Forestry and Fisheries (MIFAFF) Fund of Funds, which finances 50 percent of agri-food investment unions. The MIFAFF Fund of Funds is set to introduce advanced technologies to the agriculture and food industry. Currently, a dozen investment unions are organized and under operation, but they are still in the budding stage. In the case of Korea, there was an IT investment boom from 2000 to 2002. I hope the biotech industry can experience such an investment boom. If so, the biotech industry can make dramatic progress. Uchida Hirohisa explained the KSP and I believe it is time that government efforts bear fruit. I would like to introduce such an example. Agricultural start-ups have expanded beyond Jinju to the rest of Gyeongsangnam-do region. Ten years ago, a few farmers joined hands and established Agricultural Venture Association. Jinju City created the Jinju Bio 21 Center to provide systematic support. The mayor served as the chair of BOD, and tenants to the Jinju Bio 21 Center include college professors, institutions and government organizations to provide consulting service for businesses. As part of the Jinju Bio 21 Center program, around 20 businesses can become tenants for a certain period and graduated.

The Jinju Bio Valley has been relocated to the Bio Industry Complex, so that it can serve as a business incubator. The project has been successful for 10 years. Take the Jangseong bellflower root as an example. The company processes bellflower roots to generate more saponin and healthy ingredients than ginseng. It has taken the business further to include alcohol and tea businesses. The business has evolved to produce processed high-functional food based on saponin concentrates. In addition, Jinju City has created a venture district, where agriculture companies are engaged in the food processing industry. Now there are 140 businesses in the venture district and joint club activities for young businesses. As such, it has paid off to create a center where government organizations and businesses work together. I believe if the central government shows interest and make organized efforts, it will bring good results.

As Uchida Hirohisa mentioned, global cooperation, especially cooperation between Korea and Japan, is essential. In particular, the Korea-Japan FTA in the agricultural and

food industry should be concluded as soon as possible. The currently strained Korea-Japan relations should fast improve with the conclusion of the Korea-Japan FTA. Korea, China and Japan should stand united as a single community. It will be instrumental for the three countries to develop and play a greater role in the international society.

**[Question]** Cho Woojin: I would like to ask Uchida Hirohisa a question. In regard to the creation of a global platform, Japan and Korea are working on joint venture projects. What do you think are challenges and problems which Japan may overlook in this regard?

**[Answer]** Uchida Hirohisa: Japan has not looked beyond the domestic market and its eyes are turned inward. Young Japanese want to do business in Japan, rather than going abroad. I believe it is important to go and bring something from outside. As professor Cho Woojin mentioned, it is a challenge for Japan to change its mindset. I teach at university and encourage my students to skip class and go out. One of the issues is how to change the Japanese mindset.

**[Question]** Cho Woojin: I would like to ask Otake Yoshiki to share your view on the Japanese mindset.

**[Answer]** Otake Yoshiki: As Uchida Hirohisa explained, Japanese tend to face criticism or be held back, when they want to start something new. When I started my company, I got an earful. Compliments are not part of the Japanese culture. In fact, praise and support are not common. Accordingly, failures set limitations. It is Japan's challenge to deal with this cultural aspect. Those who succeeded in Japan include many Koreans, who gained Japanese citizenship. Their success is attributable to willpower. I believe Japanese can learn from Koreans when it comes to ambition and drive for achievement. Japanese are strong in groups but weak as individuals. When I was young, I moved to the US because I was disenchanted with Japan. However, it was patriotism that brought me back to Japan, as I wanted to make Japan a better place to live. A certain degree of competition is needed. Without competition, development would not be possible.

[Question] Cho Woojin: Korea is brimming with entrepreneurship and good policies. It is an example one can refer to. Please share your opinions if there are pressing issues or problems.

[Answer] Chang Tae Pyong : Koreans are highly motivated. They want to take on a challenge and are not afraid of failure. On the other hand, they lack preparation, planning, patience, consistency and attention to detail. Agriculture is not just an industry which solely requires hard work, but also scientific and technological approaches. A start-up, no matter where it is located, requires a scientific approach and a concrete foundation for technology and knowledge. In addition, convergence across sectors has gained utmost importance. The Park administration expressed its support for cross-industry convergence, but more can be done. Today, the absence of convergence can create a setback. There should be more systems and efforts to promote cross-sector convergence.

[Question] Cho Woojin: What makes agricultural start-ups different from others?

[Answer] Chang Tae Pyong: When a person starts a new business, the procedure and steps are almost identical. Regardless if it is service, manufacturing or agriculture, a start-up needs good technologies and solid management. For example, management is an ability to understand the market and forecast future market developments. Such processes are almost the same. Of course, in terms of content, agriculture and food industries are different from other segments. Start-ups can become a great success in the agricultural sector. If the government, the academic circle and related organizations collaborate, I believe it will deliver significant results.

[Question] Cho Woojin: I think that global convergence is the antonym to global diversity, which Uchida Hirohisa (President, the Kanagawa Science Park) mentioned. Japan is strong as a group and Korea is goal-oriented and fearless. Given this, what would the key issues be in the convergence process?

**[Answer]** Uchida Hirohisa: I am from the baby boom generation. During my schooldays, my classmates had to sit according to their test results. I did not like the school evaluation and wanted to go to the US. Some said it would be difficult to get a job in Japan. But it did not matter. I hope you also go abroad. It is okay to fail. There is no single rule that defines the global platform. It depends on individual experiences. Thinking alone does not solve anything. Experience and feel it.

**Otake Yoshiki:** Although I am 75 years old, I appreciate diversity. Failure is the mother of success. In the US, those with a lot of failures become great. One's ability is not evaluated by academic records. Japanese people have significant potential, which remains unknown and buried. As a member of the Education and Rehabilitation Committee, I am thinking hard about how to change Japan's education.

**[Question]** Cho Woojin: Please share your opinion on the strength, weakness and areas of cooperation in Japan-Korea relations.

**[Answer]** Chang Tae Pyong: Even families cannot avoid arguments. It is regrettable that relations between Japan and South Korea have descended to another low. The leadership should think rationally and take a small step back, making efforts not to negatively affect the coming generation. Speaking of the Japan-Korea FTA, I believe it is important that the leadership push for a progress, even though the FTA is not equally favorable for all parties involved. Due to strained relations between Japan and Korea, there is a lack of diversity across industries such as agricultural imports, movie- and music industries. A gradual improvement should be made. Cross-border relations should develop in a way that lowers barriers and promotes coexistence. I hope Korea, China and Japan stand together and generate greater synergy effects than the EU. In particular, I suggest Japan show more interest in agricultural imports from Korea. One of the best ways is to promote regional cooperation and share advanced know-how with neighboring countries.

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### Policy Implications

- The future society requires global diversification, which will be a key issue in the world, not just in Asia.
- Regional economic exchange and cooperation in the region is of utmost importance. Korea, China and Japan should stand united as a single community. It will be instrumental for the three countries to develop and play a greater role in the international society.
- International relations should evolve towards lower barriers and coexistence. The region needs success strategies to work together and generate synergies.

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## Measures to Promote Local Economic Exchange Based on Central Business District (CBD) Exchange

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### Korea China Regional Economy Association

The key to Korea-China city diplomacy is exchanges between central business districts (CBDs). CBDs are the center of modern commercial activities and equipped with the functions and facilities of major businesses and their supporting businesses. The control of the market economy tends to rely on the function of large business districts. Today, CBDs serve not only as the backbone of the market economy system but also as key players in the city, especially in the areas of science, technology and culture. The session identifies measures that will promote exchanges by exchanging CBDs between Korea and China.

#### Moderator

**Sung Sang Mo** (President, Korea Youth Global Network Research Institute)

#### Presenters

**Guo Liang** (Vice-Director, Beijing Central Business District Administration Committee)

**Chun Jae Hong** (CEO, Incheon Robot Land Co., Ltd.)

**Li Han Hua** (Chairman, France-China Exchange and Development Association)

#### Discussants

**Choi Jong Chan** (Former Minister, Ministry of Construction and Transportation)

**Choi Jong Chan:** Korea experienced rapid urbanization along with robust economic development. The concentration of population in cities has raised various problems such as traffic congestion and lower quality of life. In particular, big cities have sprawled out of their serious housing crisis. For example, there are seven to eight satellite cities around Seoul, while the old cities faced a new problem—the growing dilapidation of town and city centers. To tackle these problems, the Korean government is focusing on rehabilitating old quarters in urban areas. When the urban renewal is underway, the central government will lay the legal ground by easing regulations and restrictions, and the regional authorities will address the more hands-on issues. Countries should share and

**Qiu Weiqing** (Director,  
Tianhe CBD Administrative  
Committee)

**Rhee Sang Gi** (Chairman,  
Korea China Regional  
Economy Association)

**Rapporteur**

**Chae Ha Yeon** (Part-time  
Professor, Graduate School  
of Jungang University)

exchange their experiences and information at the central and regional government levels, which enables others to learn and apply them at home.

### **International Advanced Business District**

**Qiu Weiqing:** The Beijing CBD (Central Business District) project started in 1993 and was 80 percent complete in 2000. Today, Beijing CBD has attracted Fortune 500 global multinational companies and international financial institutions, driving the economic development of Beijing. The Beijing CBD is conveniently located, close to Tiananmen Square, the Beijing Capital International Airport and the expressway. It is connected to a network of five expressways and three metro lines. In addition, the CBD, a driver behind the regional economic growth, is home to more than 50 percent of the hotels, trade centers and sophisticated office buildings such as the LG Twin Building in Beijing and about 80 percent of the municipality's international organizations and international chambers of commerce. It has emerged as an international business district, hosting more than 30 percent of exhibitions and 50 percent of international conferences in Beijing.

At end-2013, the Beijing CBD is home to around 30,000 companies. More than 750 Korean companies such as Samsung and LG made significant economic contributions, paying 42 billion yuan in tax in 2013. In addition, it has a flawless control system and offers various policy supports.

The center of the Beijing CBD is filled with luxurious hotels, commercial and cultural facilities, which provides modern services and enables the international cultural exchange. Beijing CBD is home to various infrastructure,

international trade and sophisticated businesses. Korea's Samsung is to use the Z2B zone. Beijing CBD's east zone measuring 7 million m<sup>2</sup> is expected to develop in a cross shape.

The Beijing CBD seeks to go global and move commercial retail higher up in the value chain. The Beijing CBD will reinvent itself as a business CBD by attracting commercial retail, entertainment and convention industries and creating public transportation networks. I hope a lot of investments and participation in the Beijing CBD, which envisions a low-carbon emission and green growth.

**Chun Jae Hong:** Incheon Robot Land is a comprehensive amusement park, spanning 387,505 m in Cheongna District, Incheon. The purpose of the business is to provide comprehensive cultural experiences. As a center of robot technologies, Incheon Robot Land seeks to make the Korean robot industry globally competitive and become a leader in the global robot market in 2020.

The third sector was named as a state-sponsored project in December 2008, driven by Incheon Municipality and the private sector. Robot Land is a tri-level investment from national and local governments, as well as private developers. The Robot Land is situated in Incheon due to its good location—15 minutes away from Incheon International Airport and 1 hour from the greater Seoul area. In addition, markets with 1 billion people are within one to two hours' flight from Incheon International Airport. Robot Land will be more accessible with the planned opening of an Airport Train station (scheduled for opening in June 2014), extension of the subway line 7 and Seoul Belt Way, the opening of Geomam IC.

The Cheongna district, Korea's first free economic zone, seeks to become a business center which brings together office, residential, culture and leisure activities. The district is largely made up of the robot industry promotion, robot theme park and amenities and plans to attract 2.8 million visitors.

**Qiu Weiqing:** Tianhe in Guangzhou is a global CBD which trades more than USD200 billion. Global businesses such as Samsung and LG plan to invest in Tianhe, making it Asia's largest manufacturing center. Tianhe has a sisterhood agreement with Gwangju in Korea. A large share of visitors to Jeju is from Guangzhou.

Given the shift from the vertical to horizontal specialization and closer relations across industries, CBD should take initiative to drive growth and evolve through exchanges with other CBDs. As Tianhe is realizing this vision through the international financial district, I hope for active participation from related companies.

**Li Han Hua:** The Chinese association of CBDs started from nothing. A CBD is needed to create a modern city. A good example is the world's first CBD, La Défense in France, which is a small city but serves as a global financial center. There is a lot to learn from France, which experienced the first success of this kind. This has raised the need for global association of CBDs. Through this association, countries around the world are sharing their ideas and information, reducing potential side-effects and learning from best practices.

The future direction of CBD should be studied in line with changes in the life style and working environments. It is necessary to introduce new construction concepts to CBD. With the rise of the IT industry and the creative culture industry, experiences should be exchanged and a new CBD form should be explored to meet rapid changes in the global environment. Although Korea is relatively small in terms of territory and economy, China has to learn from Korea, especially its role and influence in the international community. As such, I hope more active exchange with Korean businesses and city developers.

**Rhee Sang Gi:** Amid the globalization of financial capital and changes in corporate organizations, industrial cities are giving way to multi-purpose entrepreneurial innovation cities. It is necessary to create a growth base for the regional economy with a view to reviving withering cities in the region. CBD helps revitalize cities, serves as a new growth engine and enhances the infrastructure in daily lives.

While there are around 300 CBDs in China, there are only a few in Korea such as the Tourism Special Zone in Myeong-dong, Apgujeong Rodeo Street, and Songdo Complex. Korea, China, and Japan are in desperate need of the trilateral exchange in the CBD segment to revitalize the local economies. I expect the Korea-China exchange of CBD should make a great contribution to the bilateral economic exchange.

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## Policy Implications

- Systematic research system should be in place to collect and analyze global CBD successful cases.
- The design concept should be thought out at the CBD design stage to ensure the aesthetics of the city.
- Regional authorities should be engaged to ensure that an old city center can be redeveloped into a CBD with a regional flair.
- Measures should be taken to address problems related to CBD such as traffic jams and being deserted at night.
- Sister cities between Korea and China should work to promote CBDs by providing preferential treatments to each other.
- Buildings, installations and social facilities in the CBD should be subject to thorough safety check and disaster prevention measures.
- The development of a new CBD or urban renewal should actively incorporate the anti-crime design to its planning such as environmentally-friendly design, painted walls and flower beds

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## Eurasia Initiative for Multilateral Economic Collaboration

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### East Asia Foundation

President Park Geun-hye in October 2013 proposed a “Eurasia Initiative” that calls for linking energy and logistics infrastructure across Eurasia. The initiative is set to promote greater economic cooperation by connecting the South Korean railroad through North Korea to the Russian Trans-Siberian Rail. Given geopolitical developments in the Korean peninsula and Northeast Asia, it is difficult to realize Eurasia’s huge economic potential unless Korea can achieve cooperation and stable relations with North Korea, China and Russia. During the session, experts from four countries share their opinion on the vision and challenges of Eurasian economic integration.

#### Moderator

**Park Soo-Heon** (Professor,  
Kyung Hee University)

#### Presenters

**Alexey V. Kuznetsov**  
(Deputy Director/Head,  
the Center for European  
Studies at the Institute  
of World Economy and  
International Relations,  
IMEMO)

**Cheng Xiaohe** (Associate  
Professor, School of  
International Studies,  
Renmin University of  
China)

**Kim Taehwan** (Professor,  
Korea National Diplomatic  
Academy)

Since the collapse of the Soviet Union in 1991, Eurasia has undergone significant changes. Russia has sought to strengthen its control over its former Soviet Union and neighbors, while post-Soviet states sought to keep their sovereignty and achieve economic growth. These countries are in different geopolitical conditions. Ukraine is in a serious civil war, while Caucasus countries such as Moldova, Georgia and Azerbaijan are drifting away from Russia and towards Europe. Belarus and Armenia work closely with Russia, while Central Asian “STANS”—Uzbekistan, Turkmenistan, Kazakhstan, Kyrgyzstan and Tajikistan—are apparently making diplomatic efforts to safeguard their sovereignty. Super powers such as the EU,

**Kent Calder** (Professor, Political Science and Director, The Edwin O. Reischauer Center for East Asian Studies, Johns Hopkins University)

**Rapporteur**

**Kang Chankoo** (Program Officer, East Asia Foundation)

China and the US seek to increase their influence in the region. As such, the geopolitical multi-polarity, the concept introduced by Zbigniew Brzezinski, is unfolding. Against this backdrop, President Park Geun-hye in September 2013 proposed a “Eurasia Initiative.” The initiative envisions Eurasian integration, peace building, the cross-border railway spanning from South Korea to North Korea to the Russian Trans-Siberian Rail, the development of energy infrastructures. Geopolitical stability is essential to realize this vision.

### **Geopolitical Implications for Eurasia Initiative**

Eurasia undergoes changes in various areas. Dr. Kent Calder viewed China’s modernization as drivers behind the changes. China’s fast growth leads to an increase in energy demand, which increases energy dependence on certain countries and regions. In this regard, China and Russia are expected to seek changes through energy agreements and consider oil pipeline projects. The changing winds, which started from 1978, resulted in the fall of the Soviet Union. It is a geopolitically meaningful event in terms of history and the future. In the post Soviet Union world order, Central Asia and its neighbors are experiencing visible changes, especially in the energy cooperation area.

Dr. Kent Calder said that Eurasia has increasing importance in terms of geopolitical military, security strategies to meet growing energy dependence and terrorism. However, he expected that the US advance into Eurasia raises the need for coordination and joint response to tackle sensitive regional issues such as conflicting interest and differences with Afghanistan, Russia and China. Meanwhile, shale gas exploration in North America

is reshaping the global energy market and will prompt discussions on how to cooperate in the supply and demand of energy. He added that infrastructure building, the focus of Eurasia Initiative, will contribute to developing a broad cooperation system in the region. However, he added that an advanced order-driven market and the exchange of high-quality service are needed to generate more tangible effects.

### **Eurasia Integration—Russia’s Vision and Strategy**

Russia, a key player in the Eurasia cooperation, continues working for greater global economic cooperation. Russia plans to expand the domestic market and create a customs union as the first step towards the Eurasian Economic Union. Alexey V. Kuznetsov explained that despite efforts, Russia could not build true partnerships with EU and thus envisioned the Eurasian Economic Union based on open regionalism to enhance cooperation in various areas including energy, manufacturing, services and chemicals.

Alexey V. Kuznetsov said the Eurasia Initiative proposed by President Park has two interesting aspects. First, it is a regional cooperation project. Second, it focuses on infrastructure. He said that when all major countries take part in the project and share a common interest, it will be easier to reach an agreement. He added that its top priority is the infrastructure development, a key issue for developing and emerging countries. However, it is undeniable that there are variables such as conflicts with neighboring countries. Alexey V. Kuznetsov said as Russia has yet to secure its influence in Central Asia, it is necessary to create an open federation comprising Belarus, Russia and Kazakhstan. Although it is ideal to expand the organization to include regional partners such as China, Vietnam, Japan and Korea, he admitted there are restrictions because China, Japan and Korea are unlikely to have common interests with Russia.

Meanwhile, in response to criticism that Russia is using energy resources as a diplomatic leverage, Alexey V. Kuznetsov said it is Europe’s own fault. Although GazProm, Russia’s largest energy company, has inherent limitations such as its state ownership and lack of stability in the energy infrastructure, he pointed out that one of the largest problems are European countries, energy users, do not want to pay full price.

### **Eurasia Integration—China’s Vision**

China, another stakeholder, is not optimistic over the Eurasia Initiative. Geopolitically, Eurasia is a broad and ambiguous concept, and given the combination of political and economic factors and a possible inclusion of the US, China has to take a measured step, in terms of security relations. Professor Cheng Xiaohe said that Eurasia cooperation is unlikely to succeed because it is impossible to precisely define Eurasia, and there are difficulties in concluding even smaller deals such as the China-ASEAN FTA and the Northeast Asia FTA (NAFTA).

Apart from Eurasia cooperation, China is envisioning “One Road, One Belt” to take advantage of its status as the world’s largest economy. State-driven “One Road, One Belt” is an upgraded version of the Silk Road. China dreams of a revival of the trade route, stretching from Asia to Middle East, Iran and to Europe. China plans to take initiative in enhancing connectivity in the global networks of rail way and roads. However, the plan is still at an initial stage and will take long to be materialized. The envisioned New Maritime Silk Road requires enormous investments and cooperation with related countries, as it extends beyond the land-based Silk Road to include South China Sea and the Indian Sea.

Professor Cheng Xiaohe pointed out that three provinces in the northeastern region, a key contributor to China’s industry and economy, remain underdeveloped, and it is necessary to revive the region for greater regional cooperation. In addition, China envisions the creation of an economic special zone in Vladivostok by 2018, including Russia-China oil and gas pipe installations. Sino-Korea FTA efforts will create a catalyst for other economic cooperation.

### **Eurasia Integration—Korea’s Vision and Strategy**

Korea, an architect of the Eurasia Initiative, envisions three aspects. The first is a geo-economic aspect. That is, Eurasia will contribute to revive the Korean economy, which has staggered since 1997. Korea is a corridor to Eurasia and focuses on meeting geo-economic demand in areas such as energy, shipment and logistics. The second is security. It is of utmost importance to address regional security threats for the integration of Eurasia. North Korean issues, the most serious threat, can be resolved, only when North Korea is committed to fundamental changes. The third is geo-

strategy, which has a long way to go. Professor Kim Taehwan mentioned two challenges facing South Korea, which is sandwiched between the US and China. Korea is in a dilemma, where it has developed stronger alliance with the US but greater economic reliance on China. Korea is a typical exports-driven economy. Korea's exports account for 90 percent of GDP, the highest of G20. In addition, China has remained Korea's largest trading partner since 2003 and China's share in Korea's exports jumped to 20 percent. Against this backdrop, Korea's survival strategy is to enhance its role as a regional pillar. By doing so, Korea can become more independent in the security and economy areas and fend off influences of super powers. Another thorny issue is North Korea's nuclear threat. Inter-Korean relations have been virtually frozen since the May 24 Measure sanctions on inter-Korean economic cooperation, which were implemented by the previous administration following the 2010 attack on the South Korean corvette Cheonan. Inter-Korean relations barely existed except for the Kaesong Industrial Complex and humanitarian aids. Moreover, the North announced in March 2013 a dual track policy of pursuing economic and nuclear development. To avoid being held hostage for the nuclear conflict, the South Korean government devised the Eurasia Initiative, a strategic and diplomatic exit.

However, the Eurasia Initiative is not completely new to South Korea. Given that Dmitry Medvedev, Prime Minister of Russia, and Putin, President of Russia already support Korea's expansion to Eurasia, the focus should be on the possibility of realizing the vision. Professor Kim Taehwan agreed that although the Eurasia Initiative is not a new concept, it is a unique initiative. First of all, the Eurasia Initiative is focused on mutual interests and seeks to promote multilateral interests, international cooperation, joint security cooperation and the establishment of a comprehensive security cooperation system. From a macro perspective, South Korea should serve as a mediator, coordinating countries with different opinions through the establishment of a multilateral mechanism and regional economic integration. From a micro perspective, given that North Korea serves as a gateway to China and Europe, the Eurasia Initiative will mark South Korea's new role as a middle ground where North Korea and China's interests can converge.

However, the Eurasia Initiative is not without critics, as it has been long on talks and short on actions. Professor Kim Taehwan pointed out the slow progress and lack

of commitment to making progress. He also commented on business expansion to Eurasia lacks economic feasibility. There are a few private businesses, which entered the far-east regions in Russia but left without success due to weak economic outlook. In a market economy like Korea, companies cannot be forced to make investments in economically unviable projects. North Korean issues are also a big obstacle. North Korea is the bridge for South Korea to advance to Eurasia. However, given current inter-Korean relations, North Korea cannot serve such a role.

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## Creating New Business for Greater Growth

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Seoul School of Integrated Sciences & Technologies (aSSIST)

The 21<sup>st</sup> century calls for the society and businesses to continuously seek changes and innovation. Under the theme of Greater Growth, the session provided an opportunity to share CEOs' solution to business reinvention and to exchange opinions on how to make a creative model through business growth, what kinds of creativity is required from businesses in the 21<sup>st</sup> century and what the vision is for substantial growth.

### Moderator and Presenter

**Choi Eun Soo** (Editor,  
Maeil Broadcasting  
Network)

### Presenter

**Moon Kook-Hyun** (CEO,  
Hansoll Textile Ltd.)

**Yoon Sung Tae** (CEO,  
HUONS Co., Ltd.)

**Kim Cheol Woong** (CEO,  
Eco Marketing)

### Rapporteur

**Choi Eun Soo** (Editor,  
Maeil Broadcasting  
Network)

### Creative Economy

**Choi Eun Soo:** Creative economy means the Korean economy's paradigm shift toward qualitative growth. So far, quantitative growth has driven Korean society. It is creative capability that enables qualitative growth. Creative economy is in line with the paradigm shift, which has occurred in the history of mankind around the world, not just Korea. It took 90,000 years for the human society to transition from hunting-gathering (human) to agriculture (land, labor and capital). The human society then shifted to an industrial age (labor, capital) over the next 10,000 years and led to the innovation of knowledge and information (knowledge) with the birth of the Internet 30 years ago. The future is the age of creativity (sensibility, experience) and will present a new leadership challenge of

how to apply information and communication technologies to the analogue system. Creative economy requires three elements—uniqueness, excellence, and future change. Businesses that defy changes fall behind others. The global economy endures a lackluster growth since the financial crisis in 2008, while there are destabilizing factors such as high unemployment rates and a wide income gap. Such a dramatic change is called a metamorphosis and the world is at the end of the metamorphosis. It takes creativity to drive such changes. Great growth is possible only by creating a new business, through creative ideas, untried business models, new growth engines and the convergence of 20<sup>th</sup>–21<sup>st</sup> century industries.

Creative economy is driven by five paradigms. The first is a two-way (feedback) system or a two-way communication, which signals a shift from vertical society (vertical relationship) with the top-down method to a horizontal society. Horizontal society calls for a paradigm based on softness, flexibility, explanation and persuasion, bottom-up, creative capability, modesty, distribution of power and cooperation. The second paradigm is a demander-based system, which changes a push-type society to a pull-type society. The issue at hand is to shift towards a society pulled by customer needs, rather than pushing products at customers. A classic pull-type model is Nike, which offers on-site product customization. The 20<sup>th</sup> century was the age of reason, and economic outlook was based on the concept of rationality in economics. In contrast, in the post-rational 21<sup>st</sup> century, the third paradigm of Creative economy is “heart-storming” or leadership to move people’s minds. For example, the key criteria for purchasing a computer has changed from function in the 90s to “heart storming” elements such as brand, design and story-telling. The fourth paradigm is an age where avatars, not people, are working. “Avatar Working” means that partners, system, money and customers do the job for businesses. For example, businesses establish only the process, such as online banking, and customers check the account and transfer money by themselves. The fifth paradigm is a shift to a hyper-connected society. The impact of conventional media such as broadcasting and newspapers are limited to the home country and its neighbors, while SNS such as Google and Facebook are connecting people around the world. Now is the beginning of the hyper-connected society. During the session, companies, which are up to these tasks, will be presented.

## **Creating Shared Vision and Value**

**Moon Kook-Hyun:** In the past capitalist model, Korean businesses were not held responsible, even when they profited from dumping polluted water. It was a malfunctioning society, where the state invested a lot to tackle environmental problems, and environmental problems stroke back with diseases. Korea has failed to make a growth across the society. In contrast, Germany addressed conflicts by putting people at the center and reducing working hours by 30 percent. Thanks to its focus on people, customers and a closer relation between customers and businesses, Germany generates more trade surplus than China (USD240 billion). Germany is committed to prioritizing people and customers believing that it is better to reduce costs related to layoff and replacement and encourage life-time learning not to alienate employees. Germany focuses on organizational innovation and innovation of customer information because the key to competitiveness in the 21<sup>st</sup> century is R&D and marketing, which enables businesses to retain customers and fast understand customer needs.

Another example is Yuhan Kimberly, which was plagued by labor disputes from 1988 to 1995. But the company has become the world's safest workplace, reducing the employee turnover rate to 1 percent, expanding productivity by three times and achieving Six Sigma quality. The company has a solid business model called speed to market (based on the combination of information, communication and trust technologies) and derived creative capacity by making life-time learning a part of the corporate culture. Through corporate activities, it realized social values and won social recognition.

As all employees and all business partners take social responsibility and work for a creative system and creative destruction, businesses can not only create jobs and pay tax but also generate economic gains in a way that harmonizes with individual dreams, regional society, and global citizens. In addition, it is important to create a shared value creation economy where social value and environmental value can coexist.

## **Creative Economy of Huons**

**Yoon Sung Tae:** Huons seeks to provide health solutions to humans. Unlike other pharmaceuticals focused on specialty drugs, Huons has a wide product portfolio including obesity drugs (uncovered by the National Healthcare), exports and OEM

production. Huons has increased its total sales 30 times over the past 14 years.

Huons acquired loss-making companies and turned them into profitable subsidiaries such as Hubena, a manufacturer of ampoule vials, cartridges and glass containers, Huniz, a producer of antiseptics and disinfectants, Humedix, a pharmaceutical company specialized in Hyaluronic acid products. Its M&A generated synergy effects and delivered inorganic growth. With its high tech facilities, Huons manufactures on an OEM basis for major pharmaceutical companies such as Il Yang Pharm, Daewoong Pharmaceutical, Hanmi Pharmaceutical, Dongah Pharmaceutical, Green Cross Pharm, JW Pharmaceutical and Il Dong Pharmaceutical, which contributes to the top line growth. In addition, the company focuses on R&D and product differentiation. Huons is the first Korean company, which developed plastic cases, a safer and handy alternative to fragile glass, and preservative-free, single-dose plastic eyedroppers and occupied 50 percent of the local anesthesia market by replacing imports through in-house development.

Huons seeks to become Korea's only comprehensive health care provider and plans KRW 20 billion investments in China. Moreover, the company seeks to place a greater focus on the eye drops (artificial tears) market. It is investing in the development of future drugs and medical devices such as filler, Derma Shine (Multi-Mesotherapy Injector), centrifuge, Botox Similar and new drugs based on natural materials. Huons plans to invest 7 percent of its total revenue in R&D.

Huons strives to meet the creative economy's three conceptual elements—uniqueness, excellence, future change. Of the five paradigms for the creative economy, Huons has implemented two-way communication management, which includes respect for employees, open dialogue and solution-seeking, employee engagement through information sharing and talent management. Through a series of developments—local anesthesia in 1997, plastic syringes in 1998 and well-being supplements in 2003 and new natural supplements in 2013, Huons has reinvented itself with pull management to present greater consumer satisfaction.

**Kim Cheol Woong:** In the online ad market, most ad agencies focus on flamboyant and stylish creativity, entertaining ad owners and offering rebates to expand the top-line. In pursuit of short-term profit, many agencies go after subcontracting orders from

major ad agencies. The fundamental goal of the ad business is to maximize the client's sales. But, there is little interest in what the client wants.

Eco Marketing understands well the fundamentals of the business (revenue maximization) and takes full advantage of its uniqueness. When Eco Marketing started, more than 200 competitors were in the market, but now there are only few left. By meeting customer needs (revenue maximization), Eco Marketing has become a company, which customers contact first, without marketing, customer entertainment and advertising. In addition, Eco Marketing has introduced Autobahn HR policy, which enables all employees to bring out 200 percent of their capabilities and puts the entire organization on the fast track. Employees are not evaluated on seniority, but on performance, and the top performers are rewarded with attractive compensation packages (including high salary, designer bags, suits, fountain pens, business card holders, BMWs & Mercedes Benzs). Such an HR system ensures that the best talents can perform at their best.

To achieve sustainable growth, new companies should think big and focus on business fundamentals and create a system like Autobahn, which enables its employees to unleash their creative potential.

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## Policy Implications

- For a country to develop, it is essential that businesses actively develop creative products or services. The session gave an opportunity to identify what kind of creativity is needed for businesses to become market leaders. As such, the session highlighted the need for human talents and a creative ecosystem, which can unlock creative potential.
- It is imperative for the government to create a “creative ecosystem” where creativity can thrive.
- The 20<sup>th</sup> century’s policies and systems, which fit the industrial age paradigm, should be reshaped for the 21<sup>st</sup> century.
- It is of urgent need to remove silos in the government organization through convergence and merging across industries with a view to creating a new industry and new growth drivers.
- It is necessary to develop practical programs with a view to realizing a creative city and a creative country.

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# Trans Pacific Partnership Agreement, Regional Comprehensive Economic Partnership and the Idea of East Asian Economic Community

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East Asia Foundation

Asia has experienced solid economic growth, along with population growth, over the past three decades. Asia has increased regional economic integration through cooperation in trade, finance and investment. In recent years, however, countries in the Asia and Pacific region are being divided between the Regional Comprehensive Economic Partnership (RCEP) led by ASEAN and China and the Trans Pacific Partnership Agreement (TPP) driven by the US. During the session, discussions were made on the polarization of regional economic cooperation and its implications on the vision for the East Asian Economic Union.

## Moderator

**Ahn Se Young**  
(Chairperson, National  
Research Council for  
Economics, Humanities  
and Social Sciences)

## Presenters

**Ahn Dukgeun** (Professor,  
Seoul National University)

**Wang Yong** (Director,  
Center for International  
Political Economy  
Research, Peking  
University)

**Yamashita Kazuhito**  
(Research Director, The  
Canon Institute for Global  
Studies)

## Rapporteur

**Shin Yoonhee** (Program  
Officer, East Asia  
Foundation)

## Japan's View on Trans Pacific Partnership Agreement (TPP)

Yamashita Kazuhito explained that Japan has difficulties in negotiating the Trans Pacific Partnership Agreement (TPP) on agriculture. Japanese farmers have high expectations for government supports, while Japan's parliamentary committee on agriculture demands that rice, wheat, sugar, meat and dairy products should be exempted from TPP. Accordingly, sensitive issues such as agricultural tariffs present a significant hurdle for the Japanese government to proceed with TPP negotiations.

Meanwhile, during President Obama's visit to Japan, the two countries reached a broad agreement that Japan would impose lower or zero tariffs on imports from the

US within tariff quota in exchange for maintaining tariffs on rice, wheat and sugar at current levels. In particular, Japan agreed on significant tariff cuts on meat imports, which sparked strong opposition from pig farmers. The Japanese government virtually guarantees income for farmers through direct subsidies, and thus the opening of the agricultural market does not cause losses to individual farmers. The major opponent is the agricultural cooperative association, as a decline in agricultural products declines takes a toll on its income. However, given that the Japanese government works hard to reform the agricultural sector, Yamashita Kazuhito predicted fewer obstacles in the TPP negotiations.

In addition, Yamashita Kazuhito predicted the right timing for the conclusion of the TPP negotiations. In the US, the US Trade Representative should get ratification from Congress to conclude the bills. Currently, Democrats are opposed to the TPP, which makes the conclusion of the TPP unlikely for the time being. As such, given political situations in the two countries, Yamashita Kazuhito said that 2015 after the midterm election is the right time to conclude negotiations.

### **China's View on TPP**

Wang Yong said that China was skeptical over the TPP, when the idea was first introduced. The TPP was considered as part of the "Pivot to Asia" policy, or US move to rein in China's political and economic influence. However, after a series of active exchanges of information and dialogue with the US, China has developed a better understanding of the TPP. Wang Yong added that the leadership shakeup in 2013 also affected changes within China.

He summed up how China is split over the TPP. Some believes that participation in the TPP will create a push for a drastic reform in China and lift the domestic economy from the slump. In contrast, others are concerned that when the TPP is concluded, its high standards will weigh heavily on the entire Chinese industry, not to mention state-owned companies.

Last but not least, he predicted that chances are slim that the TPP is ratified under the Obama administration. Assuming that it is highly unlikely that President Obama can pass the TPP through TPA, he shared Yamashita Kazuhito's view that 2015, after the mid-term election, is a golden opportunity to get the TPP ratified.

### **Korea's Participation in the TPP: The Issue of Whether and When**

Ahn Dukgeun said that the Korean government cannot avoid participation in the TPP, and the issue at stake is not whether but when. He pointed to the economic concerns that Korea cannot afford to be left out from the global and Asian supply chain. Although Korea already signed an FTA with the US and Japan, ongoing progress in the US-Japan negotiations raises a question of whether Korea can maintain the first-mover's advantage with the FTAs entered respectively with the US and Japan. He added that the government seeks to participate in the TPP on expectations that it can make significant contributions to the non-economic segment as well. The participation in the TPP will enable strategic cooperation between Korea, the US and Japan and in the end help relations with the North and security and diplomatic relations in Asia.

### **Regional Comprehensive Economic Partnership (RCEP): Concept and Problem**

Wang Yong explained that the RCEP is an important development in East Asia. In response to the criticism that unlike US-driven TPP, the RCEP lacks a driving force or countries, he emphasized that RCEP is a body, where each country takes initiative in pursuit of regional cooperation. He added that China plans to conclude negotiations by end-2015.

However, Ahn Dukgeun raised challenges inherent to the RCEP. He pointed out that currently, participants in the RCEP are small countries such as Cambodia, Laos and Myanmar, which alone are not influential enough to serve as a stepping stone for greater regional cooperation.

### **Outlook for Sino-Korea FTA**

Ahn Se Young predicted that the Sino-Korea FTA, if concluded, will facilitate the conclusion of the RCEP. He explained that the Sino-Korea FTA will affect the timing in which Korea participates in the TPP and underlined the importance of balance between US and China in trade and commerce policies. In addition, he divided the FTAs into three groups: 1) economically-driven FTAs such as Korea-Chile, Singapore-US, China-Singapore and China-Chile; 2) politically-driven FTA such as US-Jordan and US-Israel and 3) a mixture of the two such as US-Korea FTA. In particular, he

forecast that China will seek to fast conclude an FTA with Korea because it serves both economic benefits and political interests amid Sino-US tension.

In regard to Sino-Korean FTA, **Ahn Dukgeun** noted there are significant changes among the Korean public compared to 10 years ago. He attributed the positive public sentiment to the following. First, Korea recorded the largest trade surplus with China. The conclusion of the FTA will enable Korean businesses to take a step further from using China as a production center to developing a new vast marketplace. In particular, there is also little resistance from the public, as the agricultural sector, a thorny issue, can secure de minimis 10 percent under the FTA. Second, the public learned from successful experiences with previous FTAs. Third, there is little backlash from the economic community and the political circle because government organizations and policies are in place to deal with PA resulted from market intervention. Accordingly, Professor Ahn Dukgeun expected there will be fewer obstacles to an early conclusion and implementation of the Sino-Korea FTA. In particular, he predicted that there will be visible progress in the Sino-Korea FTA after Chinese President Xi Jinping's visit to Korea in July 2014 and once the Sino-Korea FTA is concluded, TPP issues will naturally come to surface.

In addition, **Wang Yong**, explained that the Chinese government considers the Sino-Korea FTA a top priority and seeks to finalize it within the year. He shared Ahn Dukgeun's view that Chinese President Xi Jinping's visit to Korea will considerably accelerate Sino-Korea FTA negotiations. In particular, he put a focus on political factors related to the FTA. He argued that the Chinese economy is in a transition period and China needs to protect less-competitive industries such as foreign direct investment, petrochemical and automotive industries. Accordingly, he noted that it is important to create a balanced FTA through comprehensive discussions among stakeholders. In particular, he expected academics to play a key role in informing the public about the FTA to reduce anti-sentiment.

### **Sino–Japan–Korea FTA**

Yamashita Kazuhito said from his experience working in Europe that EU was driven by economical as well as political objectives, and politics should not be an impediment to the conclusion of the FTA. He predicted that if China, Japan and Korea enter an FTA, it will create a push for a RCEP, as all of them are RCEP members. Furthermore he expected that the TPP and the RCEP would be critical to the Southeast Free Trade Area, which will develop into an FTA and WTO and enable the region to lead the global economy and create new market rules.

In this regard, Ahn Se Young, moderator of the session, explained that France and Germany played a leading role in creating EU, leaving their tragic history behind. He underlined that China, Japan and Korea should learn from Europe and take initiative in the regional union based on self-reflection and mutual understanding.

In addition, Wang Yong, said that the conclusion of a Sino-Japan-Korea FTA will not only generate economic benefits but also politically bring them closer. He underlined despite many barriers such as unsettled historical grievances and territorial disputes, leaders in China, Japan and Korea should work hard to resolve differences for a big picture. He added that a positive, favorable environment should be created domestically and internationally for the negotiations to successfully end and pointed out the biggest obstacle is the lack of mutual trust. Sharing Yamashita Kazuhito's view about the need for a new set of rules, he said with confidence that the three countries will be able to creatively make comprehensive and thorough rules of economic cooperation.

Lastly, Ahn Dukgeun forecast that it is not easy for Korea, Japan and China to enter a free trade agreement under current political conditions. When assuming that a Sino–Korea FTA is concluded in the near future, followed by the conclusion of a TPP driven by the US and Japan, he cautioned that strategic relations between Sino–Korea and US–Japan experience a wider gap. However, he added it is possible for Korea, China and Japan to hold more concrete discussions on an FTA, in the case that the Korea–Japan FTA is entered on the side line of the TPP.

In addition, he pointed out that Korea, China and Japan have failed to make progress,

unlike Europe, which moved beyond the past and achieved an economic union, and emphasized the role of the academic circle to put an end to the stalemate. He argued that as politicians are held back by political interests at home, it is necessary for the academic community to enhance the international academic networks and create more opportunities to openly share ideas with each other.

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# Managing Strategies of Major Institutional Investors and Prospect for Asset Market

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## Korea Economic Magazine

Institutional investors have growing influence on Korean stock markets. In particular, there is increasing interest in the know-how of major institutional investors with the introduction of new investment vehicles such as hedge funds. During the session, leading asset management companies in Korea shared their know-how and outlook for the bond and stock markets.

### Moderator

**Jo Yun Nam** (Research Head, Daeshin Securities)

### Presenter

**Kim Dongil** (CIO, Franklin Templeton Investment )

**Ahn Hongjig** (Equity Investment Manager , Truston Asset Management)

**Sim Hyosup** (Head of Department, KB Asset Management)

**Kim Kwanghyun** (Head of Department, Korea Economic Daily)

### Discussant

**Chae Junkyu** (Head of Department, National Pension Service)

**Park Yongsung** (Managing Director, Trinity Investment)

### Rapporteur

**Lee Hong-Pyo** (Reporter, Korea Economic Magazine )

**Sim Hyosup:** KB Asset Management is an asset management company with solid mid to long-term performance. It is essential to uphold the asset management philosophy to deliver solid mid- and long-term performance. Many asset management companies emphasize asset management philosophy, but it is a tall order in a fast-changing market. Nevertheless, KB Asset Management works hard for this. I believe such efforts make KB Asset Management competitive. Of course, it is not without a shortcoming. From a short-term perspective, KB Asset Management's funds sometimes underperform the market. However, they tend to outperform the market over the time.

When KB Asset Management makes investments in company stocks, the key priority is the business model. Investment focus is also on industries, which undergo

a structural uptrend. In other words, investment points are an industry's growth potential, a company's market dominance and its new growth engines and cash flow stability. Taking these investment points into account, KB Asset Management was able to identify strengths of companies such as Coway, AmorePacific, Hangul & Computer, Hanjin Kal and GS Home Shopping, and made successful large investments in these stocks.

Our top pick is SK Hynix. There are many grounds that SK Hynix is a good company. First, SK Hynix has a dominant position in the semiconductor industry along with Samsung Electronics. Thanks to an uptrend in the semiconductor market, SK Hynix has cash flow strong enough to distribute dividends. Naver is also an interesting company, especially because it has a good business model. Naver's tidy business model makes it easier to project its earnings.

Fund managers receive a lot of help from analysts. The most memorable case was investments in AmorePacific's stocks. A cosmetics market analyst interviewed AmorePacific's door-to-door salespersons. The analyst tipped us that the door-to-door sales channel had growing inventories, which did not look promising. Shortly after, the analyst told us that the inventory levels in the door-to-door channel were fast declining thanks to sales growth in duty free shops and department stores. It was a good indicator to make investments in AmorePacific.

I hope Korean analysts can give voice to market developments. Fund managers increasingly seek value investments. Pension funds, insurance companies and institutional investors increasingly make long-term investments. Although there are many quarterly earnings analyses, such fragmentary information is meaningless. Fund managers are more interested in information which gives insight to the overall cycle of an industry and a company. In particular, fund managers make it a rule to check contrarian opinions because they are a good reference when fund managers to make investment decisions. I hope there are senior analysts, who have been through the cyclic movements in the industry. Fund managers appreciate in-depth analysis, which comes from long experience in the industry.

**Ahn Hongig:** Truston Asset Management, a stand-alone asset management company, makes it a priority to uphold the asset management philosophy. Truston

Asset Management buys value stocks with long-term growth potential, at below their intrinsic value. In addition, investment risks are considered as a change in fundamentals, not asset value. As such, unless there is a change in fundamentals, Truston Asset Management makes steady investments in selected stocks. It is essential to deliver investment performance that Truston Asset Management uphold its asset management philosophy. Truston Asset Management has an index, which shows an overall performance of all funds, not a few funds, under management. Since 2004, Truston Asset Management has never underperformed the broader market in terms of the average performance.

When Truston Asset Management invests in a company, the key consideration is the long-term direction of the industry. In fact, the sector weight of the Kospi has undergone surprising changes since 2000. In 2001, the telecommunication sector accounted for 18 percent of the Kospi's market cap, but its market weight declined to around 5 percent in 2013. The banking sector's market weight has steadily decreased. The steel sector's weight declined after a short upturn in 2007, while the semiconductor sector's weight declined sharply and recovered during the same period. That is, the overall trend will decide an individual stock's performance.

I closely follow the refinery sector due to its uncertain outlook. The refinery sector, which reached its height in the 1980s, showed signs of slowdown in the early 1990s. Korea's exports to China gave it a fresh lifeline in the 2000s. However, China's refinery industry, Korea's major market, has reached a saturation point. Now, China has started its own exports of refinery products. In addition, the oil refinery business seems to face a challenge due to a shale gas development in the US and a slowdown in the Korean economy.

It was a report which gave me such an insight. The report had a graph of China's refinery imports and exports trend, which was worth a thousand words and helped the investment decision. The same is true for other industries such as construction and shipbuilding. In the case of construction, it is good to know changes in plant orders issued by Middle Eastern countries. In the case of shipbuilding, we are interested in offshore plant orders by energy businesses and shipbuilding orders by ship owners. It is fund managers who make investment decisions. I do not think that fund managers are doing their job, if they fully depend on analysts for investment decisions. In other

words, analysts should focus on providing fund managers with the big picture.

I would like to introduce another example. A few years ago, Truston Asset Management made large-scale investments in a major PV company and recouped the investments before share prices topped out. The timely exit was possible thanks to an analyst report from a European investment bank. PV module sales grew seven times in 2010 from the previous year. Most analysts interpreted the fast growth as reflecting the PV industry's growth potential. However, there was an analyst, who attributed the market growth to Salva Alcoa Decree in Italy. The law states that PV subsidies will be increased during the period and phase it in over the following couple of years. As such, Italian businesses and consumers rushed to install PV panels and stopped doing so later. This subsidy program stimulated the global PV market and at the same made it was possible to expect its impact to peter out over time.

Fund managers refrain increasingly from generating profit through 'active management.' I hope analysts also focus more on providing the big picture, rather than corporate earnings or information.

**Kim Dongil:** Franklin Templeton Investment is a global asset management with KRW 900 trillion in assets under management (AUM). I would like to introduce Franklin Templeton Investment's global bond market strategy.

Since the financial crisis in 2007, central banks around the globe have a more important role than ever. In fact, assets held by central banks account for an increasing share of their respective countries' GDP every year. The key issue on the asset management market is the US Fed's quantitative easing. Given that the European Central Bank (ECB) and the Bank of Japan are likely to continue their monetary easing, I believe global liquidity is unlikely to decline for the time being.

As such, investors should turn to government bonds issued by emerging economies. Advanced countries remain heavily indebted relative to their GDP, which makes it difficult for them to debt-finance their economic growth. In contrast, emerging countries still have strong growth potential and their debt ratios are relatively low compared to that of advanced countries. Moreover, emerging countries have increased their foreign currency reserves since the recent financial crisis, which enables them to guard against a negative event. In particular, I believe Korean government bonds are

most attractive. Mexican government bonds merit attention, although the return on investment is rather low.

The biggest variable to the global economy is the Chinese economy's hard landing. Given the recent development, the Chinese economy is unlikely to fast deteriorate. Of course, China's exports have limited growth potential. However, China's domestic consumption and infrastructure investments should provide an economic buffer. In addition, despite recent talks, China's shadow banking practices are not as extensive as in advanced countries.

In the future, currency will become the key to global bond investments. Currently, global government bonds offer low yields. For example, the Philippines government bonds with 3 year maturity trade at the 2 percent levels. Advanced countries offer even lower yields. Accordingly, there is an opportunity to generate return on currency fluctuations caused by country-specific economic conditions. From a global market perspective, it is an attractive investment to buy government bonds issued by Korea, a relatively solid economy.

Franklin Templeton Investment, as a global asset management company, has a research team in countries around the world. It is important that the research team is locally staffed to the largest possible extent, because it gives better access to local networks. In addition, Franklin Templeton Investment seeks to promote a frequent exchange between research teams across countries because the closer relations analysts have, the higher quality information we can get.

Kim Kwanghyun: I would like to introduce recent trends in the IT segment. The most popular person in the news is Jack Ma, chairman of Alibaba. Jack Ma had his eye on Silicon Valley from the moment he founded Alibaba. In addition, he has a knack for showmanship. He openly tells his investors that Alibaba puts "customers first, employees second and shareholders third." Alibaba recently went public and raised KRW 172 trillion. Naver is worth KRW 25 trillion.

Google recently released a self-driving car. The driverless car is expected to hit the market in 2030. In particular, Google seems to be developing its driverless car as part of its "Internet of things" strategy.

Elon Musk, CEO of EV maker, Tesla Motors, is a newsmaker. Elon Reeve Musk,

a South Africa-born business man, is a genius by every definition. He sold PayPal for KRW 200 billion, which he entirely invested in PV, EV and space shuttle companies. His new businesses were on the verge of collapse but delivered profitability improvement, driving share prices. He dreams such big dreams that he says “I’d like to die on Mars.” I wish Korea would have someone like him. Let’s get back to China. China’s IT industry is big enough to match that of the US. Four out of the global top 10 IT companies are from China. In addition, the leading player in the PC market is a Chinese company, Lenovo. Lenovo is expected to become the No. 3 in the smartphone market. China’s fast rise raises tension with the US, as China has become a force to be reckoned with.

Yesterday, Edward Snowden said in his interview with NBC that all intelligence agencies can spy on smartphones. Cyber security is more important than ever.

**Chae Junkyu:** It is inevitable for National Pension Fund to focus on large-cap stocks. Small to mid-cap stocks are not the right targets. I would like to see more analysis on “leading indicators.” For example, the Chinese real estate market merits attention. The US LIBOR interest rate served as a precursor to the financial crisis. Likewise, the interbank lending rate also gave a pointer to the European debt crisis. If the Chinese real estate market risks a bubble collapse, I would like to know which leading indicators merit attention.

**Park Yongsung:** Investment advisory companies have no choice but to pursue both bottom-up and top-down approaches. Small to mid-cap stocks are key investment targets, and therefore social developments are carefully followed. In particular, governance is one of the noteworthy developments. No matter how successful businesses were over a long period, their intrinsic values tend to be overshadowed by the owner and governance structure. More analysis efforts will be made in this regard.

**[Question] Hong Sungguk:** The brokerage sector fast expanded in quantity. However, the pace of quantitative growth started to stagnate or even decline. Instead, the market is delivering qualitative growth, which needs to be promoted.

[Answer] Ahn Hongig: In my view, it is part of “normalization.” The financial investment industry has explosively expanded, creating a bubble. Recent market developments point to the collapse of the bubble.

[Question] Yang Kiln: Which financial products do you think will gain ground?

[Answer] Kim Dongil: I believe various alternatives to mutual funds will come forward. In advanced markets, there are few signs of growth for mutual funds.

Franklin Templeton Investment also is taking over various alternative investment companies.

[Question] Yoon Ji Ho: Trading fees at brokerages are too low. What should be done?

[Answer] Sim Hyosup: The same is true for both brokerages and asset management companies. In the end, content differentiation will be decisive to market players, and the market will return to normal, when some players are weeded out.

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### Policy Implications

- The financial investment sector, not to mention analysts, should pursue differentiation.
- The challenges in the financial investment market may create opportunities.
- When it comes to analysis and investments, long-term approaches outperform short-term approaches.

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Exchange Meeting of CEOs  
from Korea, China, and Japan

**Designing a New Asia and Cooperation of  
Korean, Chinese and Japanese Businesses**

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China, Japan and Korea are geographically close but diplomatically distant neighbors due to growing political tensions in the region. Amid leadership efforts to enhance economic partnership in Asia, many experts forecast that if the three countries stand together, it will create significant economic and cultural synergy effects. The 9<sup>th</sup> Jeju Forum enables the three countries to discuss ways to promote partnerships and helps business leaders exchange views with their global partners. Under the theme of Design of a New Asia and Cooperation of Korean, Chinese and Japanese Businesses, the Exchange Meeting of CEOs from Korea, China and Japan opened a forum where Seoul School of Integrated Sciences & Technologies (aSSIST), Korea-China Regional Economy Association, Korea Human Development Institute, delegations and participants share their ideas and opinions.

**Moderator**

**Chang Man-Key**  
(Chairman, Korea Human  
Development Institute)

**Presenter**

**Moon Kook-Hyun**  
(Head of New Paradigm  
Institute/CEO of Hansoll  
Textile)

**Yao Haitao** (Chairman,  
Beijing Go Out Network  
Technology Co., Ltd.)

**Otake Yoshiki** (Executive  
Advisor, Aflac Japan)

**Rapporteur**

**Ryu Ha-jin** (CEO, CREON  
Creativity Content Group)

**Chang Man-Key:** China is among the top 2 global superpowers in terms of population and economy. Currently, Korea, China and Japan face many political issues, not to mention territorial disputes. We are going to discuss ways to promote cooperation between businesses in the three countries for a new Asia.

**Moon Kook-Hyun:** The 21<sup>st</sup> century calls for cooperation between businesses and citizens. Globally, businesses are shifting their focus from capital to human talent. That is, businesses shift away from stockholders to stakeholders.

Businesses are a center of knowledge. Knowledge multiplies when shared. The Peter Drucker Society and the United Nations Global Compact are leading global knowledge-sharing organizations. In the era of Northeast Asia, the development of Asia calls for a pan-Asian cooperation organization, where business leaders from Korea, China and Japan and the civil society take initiative without relying on the governments. The virtue of businesses is to take action. Active participation by businesses is essential to create shared value. I believe active participation by businesses is essential to carry out various roles and create a people-centered economy

**Otake Yoshiki:** Despite a lot of challenges such as urban heat island effects and environmental problems, Japan has a problem-solving capacity as an advanced country. Thanks to its economic development, Japan is most experienced in addressing environment problems, which is common to Korea and China as well. Sharing Japan's experience will be a great help for China and Korea. I believe the cultural leadership switches between the West and the East every 800 years. 2001 marks the beginning of the Asia's era, and in particular, the role of Korea, China and Japan is critical to addressing global crisis. Japan has fundamental elements, which make it inseparable from Korea and China. Accordingly, trilateral partnership between Korea, Japan and China is important and possible. I hope Korea serves as a beachhead in this regard.

**Yao Haitao:** It has been 35 years since China started to open up and reform its economy. The economic opening and reform will continue. I believe it takes a different approach and creates a platform where cooperation can continue by businesses and the private sector. That is, chambers of commerce or non-government organizations driven by business leaders have a critical role to play. China is committed to a smaller government and a bigger society. I would like to take this opportunity to introduce the ICOC and encourage participation by Korean and Japanese businesses. I believe the ICOC can carry out a lot of roles, which the governments and the states cannot undertake – such as to hold regular meetings between Korean, Chinese and Japanese businesses, which seek concrete ways of cooperation, or to launch a cooperative alliance of business leaders, which host various activities such as conference and forums.

**Moon Kook-Hyun:** The government is an important player, especially in China. Nevertheless, businesses should do their best to carry out social responsibilities. There are areas which cannot be financed by tax, and therefore it is important for businesses to donate at least 1 percent of their revenue to create a social fund.

**Otake Yoshiki:** I will propose the Japanese Chamber of Commerce that Japan should actively participate in the ICOC. As Chang Man-Key, Chairman, Korea Human Development Institute, mentioned, I hope Korea can serve as a beachhead to promote cooperation between the three countries.

**Yao Haitao:** I appreciate that Otake Yoshiki shared his positive view that Korea, China and Japan need to create a joint chamber of commerce. The state has a tighter economic control in China than in Japan and Korea. I believe China's reform and opening-up will enable private businesses to develop. Chinese businesses are actively participating in the advancement of city development in Laos. Such effort is also part of China's role in Asia. I hope Japan and Korea will also actively participate in the development of Laos.

**Audience Chang Tae Pyong:** Korea, China and Japan have a lot in common in terms of culture, history, climate and race, and there are many compelling reasons for trilateral cooperation. Nationalism is increasing in the three countries. That trend will continue, if political reasoning takes precedence. The tripartite cooperation should not be left alone to the political community. It is time to leave behind political reasoning and to establish standards and rules for economic cooperation. The three countries should find ways to pursue economic cooperation, apart from politics. I believe it is a realistic alternative that China, Japan and Korea pursue economic cooperation through an FTA.

**Audience Gyoutoku Tetsuo:** It is no exaggeration that global peace and prosperity depends on Asia. In particular, Korea, China and Japan have a more important role than ever. I believe it is time for the business and private sector to lead exchanges and cooperation, free from political interests.

**Moon Kook-Hyun:** The established generation has its limitations. It is necessary to raise funds to educate teenagers and those in their 20s to achieve the vision for One Asia. I propose the creation of a scholarship fund to foster young leaders in Asia and call for active participation by business leaders in China, Japan and Korea.

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### Policy Implications

- Business leaders from Korea, China and Japan should participate in a social fund, which can contribute to the creation of shared value.
- It is necessary to create a network for the three countries to share experiences. Japan has a long history and know-how in addressing environment problems, which plague China and many Asian countries. If such experiences are shared with other Asian countries, it will contribute to peace and prosperity in Asia.
- There is need for a platform, where businesses and the private sector continue cooperation. The ICOC can carry out this role. It is important that businesses from China, Korea and Japan actively participate in the initiative.



## Chapter 4

# Cultural Exchange and the New Asian Identity



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Special Session I

## The Amazing Land: Korea's Role in Designing a New Asia

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Since the Second World War, Korea has achieved some of the most amazing progress the world has seen, both politically and economically. Though left in ruins by the Korean War, Korea has succeeded in building democracy and economic power that ranks among the world's strongest, making it a model of economic development. In this first special session, Daniel Tudor, a well-known writer who has shown great fondness for Korea, spoke about the potential inherent in Korea's phenomenal progress and the role that Korea should play for peace and prosperity in Asia.

**Moderator**

**Kang Jiyeong** (Announcer, JTBC)

**Presenter**

**Daniel Tudor** (Writer, Businessman, Former Korea correspondent for The Economist)

**Rapporteur**

**Kang Chankoo** (Program officer, East Asia Foundation)

### The "Developed Country Disease" Is Harming Korean Society

As a foreigner living in Korea, I'm often asked by Koreans my opinion of their country. Today, I think I should talk about the Sewol ferry tragedy. Since the Sewol ferry accident, I've heard many Koreans saying that Korea is still underdeveloped and not truly an advanced nation. A friend of mine who is a college professor had an opportunity to visit Europe, and he said that when talking with people there, as a Korean he was embarrassed about his homeland because it compares poorly with developed countries of the West in the light of the Sewol incident. I was sad to hear that. In a situation like this, one shouldn't express a sense of shame but a sense of horror, regret, and mourning.

I don't think there's anyone who would call Korea an underdeveloped country because of the Sewol ferry incident. I regard such an idea as not being very important. When we observe Korea, we can readily see the tremendous effort being put into meeting the requirements for joining the ranks of the advanced nations, but Korea has already achieved a great deal in that regard. However, impatience seems to have predominated in the development process. It's dangerous to let excessive desire to reach a goal cause you to constantly compare yourself with other countries.

Then what is the image of an advanced country that Korea should adhere to? Is it simply that of a rich country? A country with highly developed infrastructure? No. An advanced country should be one that treats every individual citizen equally and provides everyone with equal opportunities for success. On the basis of those criteria, there's probably not a single country that can with confidence call itself advanced. In other words, there is no absolute standard by which we can clearly distinguish between advanced countries and underdeveloped countries. Nevertheless, there is a widespread tendency in Korea to complain that the country is not yet fully developed and to think competitively about trying to catch up with the West, and because of this, only results are considered important and shortcuts that leave out the proper process are being followed. In the course of this rushed development, safety has been ignored. Therefore, Korea needs to stop coveting a status as an advanced country. Safety is something than no one can afford to leave by the wayside.

### **Apathy about Safety: You Have to Uproot the "It's Okay" Mentality**

The Sewol ferry disaster could have been prevented if the companies and government authorities involved had only paid a little more attention to safety issues. There's a structural problem at the bottom of this incident. Lack of leadership and corporate greed are part of the problem, but the most important issue is that the safety systems have holes in them. Once, I was talking with a friend about the Sewol ferry as we rode along in his car. Even as we talked about safety, my friend was actually speeding at over 90 kilometers per hour and using his KakaoTalk instant messenger at the same time. This is a perfect example of the lack of awareness about safety. Sites where construction work is being done on neglected roads without safety facilities, taxis in which you can't find the safety belts in the back seat, the drivers of buses or taxis who drive recklessly,

disregarding the speed limit, are further examples. If you bring up the issue of safety with these people, more often than not, they get angry, because their thinking is dominated by the “it’s okay—don’t worry about it” mentality. I sometimes feel that even I have become accustomed to the macho sentiment of Korea’s “it’s okay” way of thinking.

In comparison with this, the safety and health regulations of my home country, the United Kingdom, are excessively strict. Everything exists within a framework of regulations and laws. Emotions come into play as we try to comply with the annoyingly strict rules. Let’s take a look at driving under the influence of alcohol. It’s dangerous to drive after drinking, but if you mention that you’ve driven under the influence to someone in Korea, no one criticizes you for it. People think it would be hard to change this way of thinking because it is so deeply rooted in Korean culture, but that’s not actually true. Three or four decades ago, drunk driving was a headache for Britain too, yet with constant campaigns and public-service advertising, we were able to change people’s awareness of the problem.

The same is true of Korea. Things change faster in Korea than in any other country. Korea is open to change. But this “it’s okay” culture is a problem. Now what you need is an “it’s not okay” campaign. You need to recognize the importance of safety and apply strict rules. The public should get angry when they see behavior that ignores safety, and such neglect of safety should come to be seen as shameful and socially unacceptable. In the case of corporations, disregard for safety is closely related to the profit motive. Take the Sewol ferry, for instance. The owners bought an old, used vessel, then made unauthorized renovations, overloaded it, and hired inexperienced, unqualified crew members. We can witness such neglect of safety in order to save money in many quarters. Bus drivers who speed in order to stick to the dispatch schedule, delivery men driving their motorcycles in daredevil fashion, and other similar examples are all due to the employers’ greedy desire to save money.

### **We Must Break the Vicious Circle That Is Threatening Social Safety**

A recent investigation by the National Assembly revealed that the number of violations of safety regulations exceeds 7,000, and last year 1,929 people were killed in industrial accidents, the highest figure among OECD nations. By contrast, deaths from industrial

accidents in the UK were one-thirteenth of the Korean number. This is thanks to strict safety laws. Do you think the fire at the Goyang Bus Terminal or the collapse of a roof at the Mauna Resort was just random accidents? At the second Lotte World construction project more than a hundred safety problems were discovered. This is shameful. But if somebody speaks out, criticizing such situations, even if the criticism is factual, that person could be arrested and go to jail. It's difficult to raise this issue publicly, and all the more so when speaking to people in power.

The close relationship between the regulatory agencies and those who are subject to the regulations is a problem. When I was a journalist here and attended gatherings of bankers and the authorities in charge of regulating the financial sector, the atmosphere at those gatherings was very cozy. Is it all right for the forest rangers to be so friendly with the poachers? I can't help being suspicious of such a relationship. The financial sector's regulatory body is called the Financial Service Commission. Someone has jokingly said that the commission's name implies that it exists in order to service the financial organizations. Of course, that's not true. The commission exists to serve the citizenry rather than the financial institutions. The emergence of mega-banks after Korea recovered so quickly from the financial crisis of 2008 is drawing attention here. We need to think about who is going to oversee these huge banks and about how the close relationship between them and the authorities will play out.

The prime minister resigned over the Sewol ferry disaster, signifying that he was taking responsibility for the accident. We need to examine whether this is merely political responsibility or real responsibility, because eventually politicians who have stepped down in this manner reappear on the scene one by one. In Korea, a politician's viability seems to be based mostly on academic affiliations and wealth. There seems to be a kind of courtesy rendered to learned men and women of high status. I wonder if any of you here have ever telephoned your local assemblyman or visited his or her office. In many other countries it's actually quite common to visit or call one's local representative directly. In the composition of the National Assembly it's rare to find corporate businessmen or social activists. Most of the members are in jurisprudence, are college professors, or are professional politicians. They are great talkers, but they lack sincerity.

## Get Angry and Do Something

Let me get back to the story of the Sewol ferry. The requirements to qualify for the Coast Guard give 40 points for a college education but only 2.5 points for swimming ability. This shows how much emphasis Korea places on an elite education. It wouldn't be wise to dismantle the Coast Guard, but the qualifications for joining need to be broadly amended. Right now, the Korean people are in a state of despair, pessimism, and anger over the Sewol ferry disaster, but we don't know if this anger will lead to positive changes. Korea is good at changing. This is proved by the change in Koreans' preference for male children and in their attitudes towards foreigners.

Having revealed the problem of Korea's insufficient attention to safety and heightened the citizens' anger over the problem, the Sewol ferry disaster can serve as an opportunity to apply strict safety rules and severe punishments on those who ignore the regulations. All such violations should be made completely public, bringing shame on the perpetrators. Also, in order to sever the unethical connections between the authorities and industry, specialists should be brought in from overseas to inspect and completely overhaul safety standards and equipment. The results of this should be made public, and in the process, civil servants, politicians, and businessmen who have violated the law should be properly punished. In line with this, the current discussions taking place in the National Assembly on the so-called Kim Young-ran Law are good news, but more important than this is the necessity to use the people's anger to push forward with positive action. To do that, you have to integrate and organize that anger. What I'm suggesting here is to make use of what is called "crowd sourcing." Citizens who witness a dangerous situation could take pictures of it and post them publicly to bring shame on those involved. Another thing that you must do is reform the legal system so that those found guilty of ignoring safety regulations will not be able to recover their former status.

One of my friends from Manchester liked Korean food so much that he wanted to open a *samgyeopsal* restaurant. *Samgyeopsal* has to be cooked on an open grill, so I offered to help him acquire the equipment he'd need, but he declined, saying he didn't think he'd need anything. In the UK, the law doesn't allow such open grills. British laws on health and safety are excessively strict. Korea seems to be going in the opposite direction. To stop this trend, the public have to keep expressing their anger to heighten awareness of safety issues. Don't hold back your anger, but anger needs focus. I hope that the Sewol ferry disaster will prove to be a turning point for Korea.

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## Through the Prism of PISA: A Look into Korea's Education and Its Place in the World

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JoongAng Ilbo

Since the OECD first instituted the Program for International Student Assessment (PISA, a program that evaluates the academic performance of 15-year-old students in member and nonmember nations) in 2000, Korean students have consistently rated near or at the top. For example, among the 65 countries in the 2012 assessment, the results of which were announced last year, Korea ranked in the top five in all three categories (reading, mathematics, and science). This contrasts with the negative image of Korean education as depending too much on private tutoring and cramming for exams. The relatively high level of equality in education and world-class level of problem-solving are factors in this trend. In this session, Korean journalists and journalists from overseas who have experience as foreign correspondents take up the topic of the current status of Korean education on the basis of the PISA results and comparisons with the example of education in other countries. They also went beyond the PISA results as they delved into the question of whether there might not be some way of stimulating change in the education environment.

### Moderator

**Min Kyung Seok** (Professor, Sejong University)

### Discussants

**Martin Fackler** (Chief, Tokyo Bureau, New York Times)

**Park So-Young** (Global Affairs Team Director, JoongAng Ilbo)

**Chen Meng** (Chief, Seoul Bureau, China Radio International)

Martin Fackler pointed out that although Korean students are high performers, the level of satisfaction they reported is the lowest among the countries surveyed. He also expressed doubt that the low level of satisfaction is caused by the rigorous, tough examination system, because 85.4 percent of students surveyed in Japan, which has an education system similar to that of Korea, said they were satisfied. He added that school attendance seems to have

**Daniel Tudor** (Former  
Korea correspondent, The  
Economist)

**Rapporteur**

**Jeong Goeun Nare**  
(Assistant Manager,  
JoongAng Ilbo)

little to do with it, because the United States, with a high rate of students saying they are satisfied, has truancy rates that reach 28 percent in some places. As a similar example, he said that Korean students were given a minus grade for flexibility in problem-solving but nevertheless received the highest score in mathematics. Fackler cast doubt on the objectivity and accuracy of the PISA evaluations in view of the difference between its results and the typical image of the country as reflected in the media.

Fackler said that an education system doesn't exist in a vacuum and that in any country, it is part of a larger employment system, part of a broader social system. He added that if you want to change education, you have to change the way people are ranked and valued in society. This means we need to ask ourselves what are the goals of education and what role does it play in society. Fackler said that he sees the goals of education as varying depending on how a country is progressing. If a country is in the midst of industrialization, it will have try to catch up with other countries, but once that has been achieved, new goals need to be established. He suggested that Korea should not be so obsessed with rankings and that this is a time to pause and rethink the goals of education.

**Park So-young:** gave a positive evaluation of the Korean education environment. Reasons for her upbeat assessment include the fact that teachers are required to have at least a bachelor's degree and are trained in skills needed to teach a curriculum set by the government. She also pointed out that students take part in volunteer service activities and a variety of other special activities outside the school as well as carrying out tasks to completion on their own, as

is done in the performance assessment. She saw these factors as explaining Korean students' first-place performance in problem solving. When it was pointed out that the Korean education system is custom-made for PISA, Park reacted by stating that some northern European countries had dropped in the rankings and asserted that not just East Asia but also Europe and the United States are using PISA as a tool for reviewing their education policies.

Park said that people in other countries tend to view the Korean education system too negatively. In order to succeed in a country like Korea, with insufficient natural resources and population, giving priority to education is inevitable, so competition is fierce and parents have high expectations. Since we can't change Korea's situation, we have to establish education policy within the given limitations to create beneficial conditions, and to do that, we need to change to a more broad-minded approach.

**Chen Meng:** said that we cannot regard the high PISA evaluation of students from Shanghai, Hong Kong, and Beijing as a truly reflecting the educational level of the nation as a whole. He added that there is a connection between household income and academic achievement. He went on to explain that because educational resources are limited, aspirations for a good education naturally create an imbalance between motivations and resources, leading to great pressure in the education industry. The biggest problem with PISA, he said, is the question of where we can put our knowledge to work. He advised that such an evaluation should not be a source of pressure but a tool that brings about meaningful results.

**Daniel Tudor:** questioned whether PISA is not being used for political purposes. This stems from the fact that the UK government plays up the PISA results to justify changes in education policy or increases in the budget for education. He mentioned a letter he received from an elderly man who had worked as a miner since his adolescence. The style of the letter was better written than a letter that someone with a doctorate in literature might have composed, and this made him wonder whether PISA can be seen as truly representative of education in general. He surmised that Korea's high rankings in PISA are the result of Korean education having been geared for making students do well on tests of all kinds. He sees a lot of creativity in the corporate

sector and in Korean movies and music, but he said regarding that creativity as coming out of the education system is problematic. He said it was important to judge education qualitatively rather than quantitatively, in other words, on the basis of its content, and he stressed the importance of knowledge that builds character over test-passing skills.

**[Question]** A Jeju Island high school student: I think Korea's high rate of students who go on to college is due to our society's avid pursuit of higher education. Recently the government has been setting up vocational high schools to foster the creation of more professional experts who can jump into the work force right after graduation. Do you think this is a way students can advance directly into society without going to college?

**[Answer]** Min Kyung Seok: Last year, eight out of ten high school graduates went on to college, but that doesn't mean that eight out of ten occupations require a college degree. Everybody agrees that this rate is excessive. Dividing up high school education by building Meister schools is one effort to correct this. If graduates of Meister schools can join mainstream society as solid citizens, I believe that is the right way to carry out vocational curricula at the high school level.

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### Policy Implications and Suggestions

- We should develop education policies and social systems organically.
- Rather than being obsessed with getting high PISA scores, we need to think about what they suggest for our education system and how we can use them to change our education environment.

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# The Role of Higher Education in Resolving Conflicts between the Nations of East Asia

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## Jeju National University Peace Institute

Conflicts between East Asian countries are spreading and growing more serious. Nationalism rooted in history and based on chauvinistic national interests is a factor that continues to generate conflict. There are also conflicts over territorial rights to islands and marine resources in the East and South China Seas. China's recent declaration of an Air Defense Identification Zone (ADIZ) has made the situation worse. The possibility of a clash occurring on land or sea or in the air between Korea, China, or Japan and ASEAN member countries has even been raised. Such deepening of the situation is inhibiting the security of the region and the integration of these nations' efforts toward economic, social, and cultural cooperation. The elimination of conflict among East Asian countries is a challenge that has come to the fore as a priority for the sake of peace in the region.

In this session, we looked at the role higher education can play in resolving these conflicts peacefully from a variety of different viewpoints.

### Moderator

**Ko Seong-Joon** (Professor, Jeju National University)

### Keynote Speaker

**Huh Hyang Jin** (President, Jeju National University)

### Presenters

**Koide Minoru** (Professor, Soka University)

**Zhao Huji** (Professor of Political Science, Party School of the Central Committee of C.P.C)

Huh Hyang Jin: pointed out that the “Asia Paradox,” created by the triangle of Korea, China, and Japan, is still predominant in East Asia. These countries still face disputes over rights to the islands and marine resources of the East China Sea and the South China Sea, and China's recent declaration of what it calls an Air Defense Identification Zone (ADIZ) has added to the conflicts. Huh emphasized that the proper management of these conflicts is imperative for peace and prosperity in East Asia and for

**Grant McCall** (Professor,  
University of Sydney)

**Kang Kun-Hyung**  
(Director, Jeju National  
University Peace Institute )

**Rapporteur**

**Ko Kyung Min** (Research  
Professor, Jeju National  
University)

world peace as well.

President Huh said that because the conflicts among the nations of East Asia had been in a vicious circle for a long time, creating a delicate situation in which we cannot rule out the possibility of military confrontation, we must urgently seek out ways to resolve these conflicts. Jeju Island calls itself “Jeju Peace Island,” and as a long-term head of Jeju National University, Huh emphasized the importance of higher education and the roles it might play in the peace process. He offered three suggestions.

First, he said, we need to construct an academic discourse about conflict resolution. Asserting that today’s East Asian conflicts are a reflection of ultranationalism or chauvinistic nationalism based on ideology and emotionalism, Huh proposed that we need to reorient ourselves toward a more open or internationalized nationalism.

His second suggestion was that educational content should be directed toward peace. In other words, if rather than focusing on issues of historical conflicts and struggles, university education made historical reconciliations, mutually beneficial exchanges and cooperation a central theme, it would result in redirecting our attention away from conflict toward peace.

Huh’s third proposal was to create a vision of “One Asia,” asserting that such a vision is a must for Asia’s future, and in order to create it, institutions of higher education have to build a borderless international network to form a community that functions on the basis of a beautiful win-win model.

**Minoru Koide:** spoke about six potential functions that universities in Japan could carry out for resolving East Asian conflicts, basing his proposals on his on-site experience as an administrator and educator.

The first function would be a providing a system of student exchanges to foster a deeper understanding of both one's own homeland and other countries. Such an East Asian exchange program is particularly important for Japan, because it would not only provide opportunities for students to gain cross-cultural experience but also teach them what it's like to exist as part of a minority, in contrast to their situation in Japan, where they are in the vast majority.

The second function would be the adoption of English as a language of education. Communication and instruction in current East Asian college exchange programs tend to be conducted primarily in English. Speaking in English makes the exchange of ideas and opinions fairer for East Asian students than it would be if exchange students used their respective native languages. This would also make the educational network among East Asian universities accessible to students from all over the world.

The third function is teaching and learning other East Asian languages. English can serve as the primary medium of communication, but it is important to learn languages of other East Asian countries for greater mutual understanding. In Japan, as in most other East Asian countries, the university is usually the primary place where students have an opportunity to learn a second foreign language.

The fourth function concerns common social issues and problems. South Korea, China, and Japan increasingly face similar problems domestically and share the same international issues. In order to find ways to solve these problems, universities can serve as ideal places for collective, cooperative efforts.

The fifth function is related to the fact that education in the humanities is on the rise among the nations of East Asia. In the Faculty of International Liberal Arts at Soka University, all or most of the classes are conducted in English. To improve the quality of humanities programs shared by East Asian universities, we need to work harder and standardize the programs so that they can serve as a long-term resource for greater understanding between our countries.

Lastly, Koide strongly emphasized the importance of the ideal of peace in East Asia and beyond. Universities must direct themselves toward ideals that reach beyond

national borders and promote universal ideals in educating students. Soka University's exchange program, which is carried out in cooperation with other East Asian universities, is one specific example of the pursuit of such humanistic values.

**Zhao Huji:** spoke about his view that a reinterpretation of the political values of North and South Korea and of China and Japan could be a way to arrive at peaceful solutions in Northeast Asia, and he looked at the role that universities could play in this. He said that, as Karl Deutsch pointed out, values held in common, mutual recognition, and the behavior predictability were the three most important factors that made the European Union possible. He contrasted that with the fragmentation of values that exists in Northeast Asia. In China, four different factions exist side by side: the liberals, the New Left, the democratic socialists, and the New Confucianists. In South Korea, traditional Confucianistic and Western values coexist, sometimes in harmony and sometimes in conflict. In Japan, there is a mixture of Shinto, Confucianism, Buddhism, and liberalism. And in North Korea, a black-and-white, extremist dynastic politics prevails.

Zhao said he believes that in spite of this collision and confusion of political values, a revised interpretation of them is possible in Northeast Asia. He pointed out that in China there has recently been a redistribution of powers and rights between the nation and the people, the government and the corporate sector, the central region and the provinces, and this phenomenon is something that also shows up in the differences between the political philosophies of Mao Zedong and Deng Xiaoping. He said he sees this phenomenon as a developing trend, observing the rise in criticism of Westernization in South Korea and a regression toward tradition and philosophy among the public in Japan. North Korea differs from other Northeast Asian nations in this regard, however, despite a change in the political leadership, because Kim Jong-un lacks administrative skills and experience and therefore has insufficient power.

He went on to say that although North Korea is an unknown variable, the role of institutions of higher education in the shift in political values in Northeast Asia has gradually become more important. Especially when it comes to the possibility of sharing the values of liberalism, communitarianism, Confucianism, and so on, we can actively work to build networks and exchange research through our universities.

**Grant McCall:** spoke about ways that Jeju National University, as an important intellectual institution on “Jeju Peace Island,” can use its competencies and many other valuable characteristics to contribute to developments in the region. He made the following specific suggestions.

First, he proposed the establishment of a Jeju Peace Island Tribunal. This would be an independent organization that initializes discussion and reports on places where peace is lacking, and it would have a role finding ways of resolving world disputes. Though it would have no powers beyond making recommendations and persuading, its main goal would be to appeal to public opinion around the world.

Second, he suggested setting up an Environment and Island Institute, which would function as a research center focused on the environment and islands. This institution would bring expertise and relevant experience to bear on the special problems of islands as places of human habitation and culture. In particular, the institute could be given coherence through the concepts of green growth and travelism with a view to reducing carbon emissions and creating a beneficial link between the travel business and the ecology. A meeting on green growth and travelism was held in Belgium in 2013, and there will be another such meeting in Melbourne, Australia, in 2014, he explained, suggesting that such a meeting be held at Jeju National University in the future, connecting its theme with the “Jeju Peace Island” concept.

A third part of the global role that Prof. McCall said Jeju National University should consider taking on is to bring its status as a Peace Island to bear in turning the Six-Culture Exploration idea, involving China, Japan, North Korea, South Korea, Russia, and the US, into a Seven-Culture Exploration that includes Jeju.

Finally, McCall said that Jeju Peace Island should be nominated for the Nobel Peace Prize. This would require a campaign that combines the resources of the over half a million people of Jeju Island and the intellectual and mobilizing resources of Jeju National University. In the course of promoting this nomination, the stature of both Jeju Peace Island and its national university will grow, and there will be further recognition of the special qualities of this beautiful place and its institutions.

**Kang Kun-Hyung:** said that the most important factors that are raising tensions in Northeast Asia are the rise of China, especially its increasing defense budget and

the augmentation of right-wing nationalism in Japan, and because of these factors, territorial disputes have increased in East Asia, including the dispute between China and Japan over the Senkaku/Diaoyu Islands, the dispute between South Korea and Japan over Dokdo, the possibility of friction between South Korea and China over the Socotra Rock (called Ieodo by Koreans), China and Vietnam's dispute over the Parcel Islands, and the dispute over the Spratly Islands, which involves China, the Philippines, and some other partial claimants.

Kang proposed several things that could be done at the government level to relieve tensions in East Asia. Mutual economic involvement can lower tensions, so territorial issues and educational and cultural exchange and cooperation must be kept separate from those disputes. We have to find a reasonable way to answer the demands of the victims of the Japanese military's forced sexual labor program during the Second World War (the "Comfort Women"), which will require the Japanese government to properly acknowledge responsibility and tender a genuine apology. Based on the lessons they have learned during unfortunate events of their history, Korea, China, and Japan should conduct a trilateral project that can help them build a future of mutual prosperity. Some possible scenarios that could be carried out, with participation at the private level, are joint compilation and publication of textbooks, the establishment by government and business of foundations for victim compensation, the promotion of education and the establishment of memorial scholarships. We need to create a "dispute mediation center" on Jeju Peace Island to help resolve the conflicts in Northeast Asia. And by furthering cooperation and exchange among the citizenry of Korea, China, and Japan, we need to form overlapping civilian networks.

Lastly, Kang suggested a direction higher education might move in to relieve East Asian tensions. He sees a future in which, from the constructivist viewpoint of Alexander Wendt, through changes in personal or national sense of identity and in culture and systems, a new order is possible, and in the long term, through university education, so is the formation of a regional community based on shared culture and values and shared political and economic destiny.

To accomplish this, he made a few suggestions for the role of liberal arts education at the university level. It should nurture democratic citizens through teaching that emphasizes "good nationalism," that is, nationalism of coexistence. In dealing with

historical issues, it should nurture world citizens with an all-encompassing knowledge of those issues. It is important to spread a culture of peace that has internalized attitudes, habits, and norms that lead to peaceful resolution of conflict. And it should instill in students a sense of being not only citizens of their homeland but citizens of East Asia as well.

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### Policy Implications and Suggestions

- To resolve conflict in East Asia, universities should institute a discourse on the relieving of tensions, create peace-oriented curriculum content, and pursue a vision of “One Asia.”
- Universities should promote peace between Korea, China, and Japan by setting up student exchange programs for better understanding of other countries, adopt English as a language of instruction as well as teaching other languages of East Asia, and improve the quality of curricula.
- Through higher education and a new understanding of the political values of North and South Korea and of China and Japan, universities should build networks and programs to exchange research that leads toward shared East Asian values of liberalism, communitarianism, and Confucianism.
- As a key institution on Jeju Peace Island, Jeju National University should broaden the range of its research and activities, putting its capabilities to best use.
- Liberal arts education should teach coexistential nationalism, nurture citizens of the world who have a broad understanding of history, spread the culture of peace, and promote an inclusive East Asian sense of identity.

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## Global Education and Jeju

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### Jeju National University

As we enter the global age, it is becoming ever more important that people get the best training. With some global educators, we held an in-depth dialogue about what some of the most effective ways of conducting such training would be. Participating in the conversation were educators from the University of Canberra, Australia; Western Oregon University, US; the Jeju Provincial Office of Education; Global Education City, the Jeju Free International City Development Center; and Jeju National University. They revealed their respective viewpoints on global education and discussed a variety of ways of fostering outstanding human talent.

#### Moderator

**Ko Kyounghee** (Professor, Elementary Ed, Teachers' College, Jeju National University)

#### Presenters

**Kim Iksang** (Vice President, Jeju National University)

Geoff Riordan (Dean, College of Education, University of Canberra)

**Mark Girod** (Dean, College of Education, Western Oregon University)

**Lee Inhoi** (Assistant Professor, Jeju National University)

**Kim Iksang:** Since 2013, the Korean Ministry of Education has been carrying out its Global Teachers' University (GTU) project at four different national universities, and Jeju Global Education City, launched in 2008, has become an important center of education, reinforcing the GTU project. JNU has tried to create and nurture global and local educators, making strong partnerships with overseas schools and with the local community. The JNU GTU Center aims not only to develop students' global competence but also to educate students as global teachers. This session is an opportunity for us to discover together ways toward cooperation and understanding in the field of

#### Discussants

**Kim Wonchan** (Vice Superintendent, Jeju Provincial Office of Education)

**Son Bongsoo** (Director, Department of Global Education City, Jeju Free International City Development Center)

**Kim Seong Baeg** (Professor, Jeju National University)

#### Rapporteur

**Kwon Sangcheol** (Professor, Jeju National University)

education by sharing our diverse perspectives and visions on how best to do this.

**Geoff Riordan:** Australia, which has developed its education system along the lines of the British one, has designated a budget of 100 million Australian dollars for its New Colombo Plan, to internationalize Australian education by providing scholarships for Australian students to study at Asian Universities, giving them experience of living and studying abroad. At the same time, Australia is improving its programs of cooperation with overseas universities to bring in more Asian students to study in Australia. Since the latter half of the 1990s, the number of exchange students studying in Australia has increased greatly. Education is now Australia's fourth biggest export and is the biggest export among service industries. We government support, we are pursuing a number of programs of internationalization, including efforts to attract more exchange students, establish facilities on campuses overseas (in Vietnam, Malaysia, China, and South Africa), establish concurrent connections with overseas schools, carry out codesign and delivery of courses, conduct courses online, institute degrees in overseas research, and identify other opportunities for international collaboration.

About 20 percent of the student body at the University of Canberra are from overseas. We are running a TNE program with Singapore and China, and gradually more students are getting part of their study experience from schools abroad. We plan to set up a Northeast Asia Research Center and are instilling fresh ways of thinking and clarity of perception in our students. We're using

a variety of teaching methods and are very interested in the success that Britain, Shanghai, and Korea have had in TIMMS and PISA. All of these things appear in the “Asian Century White Paper.”

**Mark Girod:** Western Oregon University is a small state school with 6,000 students, 500 graduate students, 300 teachers, and a staff of 300. The College of Education is divided into the departments of Special Education, Health and Physical Education, and Teacher Education, and the Teacher Education Department receives very high ratings from the Rehabilitation Training Commission. We turn out about 300 education graduates a year whom we have taught to be world citizens with diversified academic backgrounds.

As part of our efforts to improve the quality of education, we assess teachers’ performance, observing how they do in actual classroom teaching over a two-week evaluation period and examining whether they use proper teaching methods and methods of correction, assessing the success of the teachers and the students. In other words, the scoring is based on performance during both teacher training and practice teaching. We take special care to examine in detail the communities, schools, and classroom environment in which the College of Education students will be teaching to determine if there are any factors that might hinder the effectiveness of their teaching. We raise their capabilities of comprehension and analysis through multicultural training, consideration of alternative education environments, and emphasis on dual-language education. Recently we have included global education in these efforts. The students at Western Oregon University are from middle-class Oregon homes and thus lack experience of other countries, so in addition to the their current opportunities to experience Vietnam we expect to develop further ideas for diversifying their training in cooperation with Jeju National University.

**Lee Inhoi:** This session was organized with the theme of “Global Education and Jeju” to discuss how to effectively train global teachers and how to establish productive cooperation with universities across the world as well as with international schools in Jeju Global Education City. As the world becomes more globalized, those who don’t develop the competence to work globally may be viewed negatively.

Global educators have to view the social, cultural, and political influences of globalization with a discerning eye. In line with this, Jeju National University's program of training global educators was appointed in 2013 by the Ministry of Education to make partnerships with overseas schools to encourage students to get more than one degree, so currently there are seven of our students studying at Boise State University, in Idaho, US. Some of these students will receive certification overseas, enabling them to teach here in Korea or abroad. Here in Jeju, at Branksome Hall Asia, they do three weeks of practice teaching to help prepare them for their global role while at the same time expanding their opportunities for employment.

In the case of teacher education overseas, there are a number of difficulties that come up, including choosing from among the various programs available, the course requirements, and financial issues such as tuition and living expenses. These are problems we need to overcome together as we face the new challenges of global education.

**Kim Seong Baeg:** The University of Canberra's admission policies for foreign students, its program to send students to study in Asian countries, and Western Oregon University's efforts to enhance the quality of education are impressive. Jeju National University's current Global Teachers University project is a big change as it encourages some future teachers with the greatest potential to get dual degrees and diversifies its programs into short-, mid-, and long-term processes. Even if they teach here in Korea, their global perspective in teaching will benefit their students. Training the minority cream of the crop involves considerable expense, so we're trying to diversify the program away from being centered on the United States and are including more schools in Asia.

**Son Bongsoo:** I have two things to say about the GTU project. As part of the development of Jeju Free International City, Jeju Global Education City and English Education City were begun over a two-year period in 2007 and 2008. With a goal of eventually having seven schools, the city will have an educational environment better than other regions. There are restrictions on admission to international schools in other regions of Korea, but Jeju is free of such restrictions, giving it a great advantage,

and Jeju National University's GTU project will enjoy the same advantage. However, graduates of the GTU course of study will need to have a competitive edge as teachers, and I'm skeptical about how much they'll be able to improve their English during such a short program. I'd like to suggest that Jeju National University invite faculty who can lecture in English to come and teach here so that students can do their entire four years in English. Of course, there may be problems with that, such as financing the program, but it's worth giving some serious consideration to. I see having the students study in English here in-country as preferable to sending them overseas.

**Kim Wonchan:** I feel the same as the others about the need to internationalize education. From the viewpoint of the Office of Education, Jeju National University's GTU is a very good project in which the role of teachers is really important, and it should be the basis of effective reform in the Ministry of Education.

The teacher-training institutions of the GTU project are very important, and the Jeju Provincial Office of Education regards the project as beneficial and values the choices and focus it offers in terms of such things as smart education and flexible terms. It could be more effective to proceed in conformance with the special characteristics of Jeju Free International City, and we need to give the schools self-governance, including autonomy in hiring faculty.

The GTU project, which cultivates the capabilities of international education for the 21st century, needs to expand its efforts to include reforms in teaching methodology in addition to having students get certification in two countries to help fill the demand for global teachers. It is also important that teachers have a proper understanding of such international issues as peace, human rights, and the environment as well as of universal human goals. In global education, obstacles caused by differences in teacher qualifications need to be gradually reduced if we want global education to succeed. For true, far-reaching success, we should not limit ourselves to Jeju Free International City but should bring the program to ordinary schools as well.

**Geoff Riordan (Dean, College of Education, University of Canberra):** First, Australia and Korea are similar, but in world assessments such as PISA, Korea is superior while Australia can contribute in language education. Second, as regards the

differences in qualifications for teacher certification previously mentioned, it would be possible to determine global qualifications based on differences in the content the teacher presents and the resulting grades as observed during the teaching process and in student evaluations.

**Mark Girod:** I've learned a lot here about the future role of education. In particular, I think other universities can learn from Jeju National University's GTU project. Students at Western Oregon University tend to avoid opportunities to study abroad. By using the Internet more to share learning with overseas students, especially in the field of social studies, our students will gain invaluable experience. I'm taking away from this a lot about the variety of ways global education can be carried out.

**Lee Inhoi:** Concerning the opinion that we should have students study here in Korea rather than sending them abroad, I'd like to say that experience that goes beyond merely learning in the classroom is important, so it's also important to send students to study abroad when such an opportunity is available. To strengthen the capabilities of education in Jeju, the efforts of Jeju National University alone are insufficient. They have to be supplemented by the interest and involvement of the Provincial Office of Education and the provincial government, which handles the budget. I think it's important for Jeju Free International City, the Provincial Office of Education, and everybody in Jeju to be interested in and participate in Jeju National University's GTU project.

**Kim Iksang:** There are four international schools in Jeju, and Jeju is a Special Self-Governing Province, but the Provincial Office of Education does not differ much from those of other provinces. For progress in education in Jeju, we need to set a different direction of reforms and collaborate as we advance. Also, our interest and cooperation must continue even after training teachers.

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### Policy Implications and Suggestions

- Global education has a variety of aspects. It is important to send students to study abroad as a basic strategy that will successfully improve their English and give them the ability to adapt to other environments.
- Conducting the curriculum in English here in Korea for students who aim to become global teachers can be more cost-effective than sending them to study abroad.
- Another way to strengthen Jeju National University's global capabilities would be to offer more courses in English for students from overseas.
- Jeju Island is a Special Self-Governing Province and befitting that status has Jeju Free International City, where foreign schools operate. As part of its efforts in global education, Jeju National University needs to collaborate with these autonomous institutions to come up with creative ideas.
- Australian and American universities are working to globalize, so we could test the possibilities of more substantial interaction with them through exchanges of students and professors.
- Gradually increasing the size and frequency of such programs can lead to progress that goes beyond mere cooperation and exchange.

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## The Jeju International Youth Forum

# Jeju Young People Meet the World

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### Jeju Special Self-Governing Province

The Jeju International Youth Forum is an annual gathering of young people from Jeju's overseas sister cities and cities with which Jeju conducts international exchanges. The forum cultivates human talent that can serve as a driving force for Jeju's growth while providing a setting where young people can learn to become leaders of international society. In this session, Jeju students who participated in the Youth Forum offered suggestions on what direction it might take in the future and discussed the variety of experiences they gain from exchanges with other students around the world. Also, in-depth discussions were held on how to further develop the Jeju International Youth Forum and make it a venue for exchanges and cooperation among youth that can turn them into global leaders.

#### Moderator

**Kang Seok-Chan** (Assistant Director, Jeju Special Self-Governing Province Peace & Cooperation Division's Exchange Programs )

#### Chair

**Oh Jineui** (Hanyang University)

#### Discussants

**Yang Ga-Yon** (Student, Branksome Hall Asia)

**Yang Yeon Soo** (Student,, Hankuk University of Foreign Studies)

**Kang Hyejin:** Every year, participation in the Jeju International Youth Forum has increased and it has been extended for a longer period of time. In 2011, 103 people took part; in 2012, 107; and in 2013, 125. But because the forum takes place when school is in session, we don't have enough time to prepare. Therefore, if the forum were scheduled during school vacation or during a part of the school term when we are less busy, we would be able to improve the quality of the events and run everything more smoothly. The forum has been extended from four days and three nights to five days and four nights, but this is still

**Kang Hee Eun** (Student, Sungshin Women's University)

**Kang Hyejin** (Student, Hanyang University)

**Hyun Zion** (Student, Jeju Jungang Girls High School)

**Kim Seong-Beom** (Student, Jeju Jeil High School)

**Kang Su In** (Student, Jeju Foreign Language High School)

**Rapporteur**

**Kim Yonghyun** (Student, Jeju National University)

not quite enough time for the participants and panelists to get to know each other. If the time were extended to about a week, the participants and panelists would not only be able to get better acquainted but would also be able to maintain those relationships after the forum is over.

I wish we could create more supporters among students not only for holding the forum itself but also for doing thorough follow-up. I'd like to see us communicate with more people in different countries and promote the Jeju International Youth Forum through social networking and Web sites. If the forum were longer, more students from different regions could take part, share a broad range of ideas, and help each other by giving and receiving mentoring. More than anything, we should place greatest importance on substance and hold many events outside the forum as well.

**Yang Yeon Soo:** As a Chinese-language Jeju Young Ambassador, I joined the Jeju International Youth Forum to get to know more about China. During the Jeju Forum I made new friends my age and was able to meet and exchange ideas with other young people from around the world. However, because the volunteer workers and the participants didn't stay in the same lodgings, we didn't have enough time to communicate, and during the forum events the young people and the panelists didn't communicate enough.

The Jeju International Youth Forum can be an effective public relations platform for promoting Jeju Island, and it could be expanded to include more Jeju young people. Also, presenting our ideas on the forum floor is a good opportunity to improve our logical thinking and

self-confidence, and because we give the presentations in English, it also improves our language skills. The Jeju International Youth Forum has made me realize how important it is to keep studying other languages and has made me even more determined to fulfill my dreams.

As more countries take part in the Jeju International Youth Forum, an increasing number of young people from different backgrounds will get to exchange ideas. I'd like to add that setting up and running the Jeju Island culture booth to promote Jeju Island, along with the Youth Forum, would have a positive effect not only for the forum itself but also for Jeju Island. Also, publishing the forum brochure not only in English but also in other languages would stimulate greater participation from around the world, making it a truly global event.

**Kang Hee Eun:** During the Jeju Forum, I was able to experience things that I wasn't able to at the World Conservation Congress. One of the best things about the Jeju International Youth Forum was getting to meet and talk with young people from overseas at the Hope Tree, the evening meals, and other smaller events. And thanks to the bright, open atmosphere, I was also able to express my ideas and freely discuss them with others.

The Jeju International Youth Forum was an occasion for young people of Jeju to lose their fear of English and communicate with people from a variety of other countries. Because of the diplomatic friction that we see occurring so much between countries these days, I was afraid there would be some emotional outbursts, but there were none at all and I was pleasantly surprised to see the calm, serious discussions about diplomacy that took place. I hope the Jeju International Youth Forum will create more opportunities for exchanges with a variety of young people through many different kinds of panel discussions and cultural experiences. Four days is too short a time for people who have come from far away; if the length of the forum were extended, more young people from more places would be able to take advantage of the opportunity to take part in it.

**Yang Ga-Yon:** As the number of participating countries increased from five in 2011 to nine in 2013, we have also had increased opportunities to communicate. Many of

the foreign participants had some trouble communicating because of the language barrier, but thanks to such events as Culture Night, we had a very good time dancing together and conversing. At the Shanghai Youth Camp, which lasted for 14 days and 13 nights, we were able to interrelate with many young people from different places in a more lasting way. Thus, I think it would be good to extend the Jeju International Youth Forum so that we can experience more. Because of the variety of languages in use, I had a lot of trouble communicating. Nevertheless, I do believe that with more events like the Ice Breaking event and Culture Night, we'll be able to interrelate more closely. Last year, most of the students from overseas were from China, and such an imbalance in the distribution of nationalities could cause problems in running the forum, so something should be done to make for an evener distribution of participating countries. The Youth Forum will become more internationalized if we keep up contacts with participants through social networking such as Facebook.

**Hyun Zion:** This was a deeply meaningful time for me as we wore our traditional national dress and learned about each other's culture. We also had cultural exchange through visits to museums and to Mt. Sanbang. I'm continuing to keep in touch through Facebook. We tell each other about our dreams for the future, and maintain our relationships through email. It was very disappointing that there wasn't more interaction between the foreign students and the staff. At the next forum, I hope that there will be more opportunities for the staff and students from overseas to interrelate.

**Kim Seong-Beom:** During the three days of the Jeju Forum, I was able to learn about the culture of different countries and got to hear thought-provoking lectures by some well-known people. I also liked getting to trade ideas and discuss them with the panelists. Even after the Jeju International Youth Forum, I've been able to stay in touch with people I met there through social media and have broadened my thinking by seeing social issues from different national viewpoints. On the other hand, cultural differences also created problems during the forum, so I think the panelists need to gain better understanding of each country's cultural differences. Also, there need to be stronger criteria for selecting panelists. The other countries recommend school principals or apply other criteria that are different from the Korean ones, and

insufficient language skills cause problems. I also think the forum would be better if members of the audience were given more chances to take part and communicate with everybody involved in the forum.

**Kang Su In:** I really liked this year's Jeju International Youth Forum because it was longer than last year's and we got to learn more about Jeju's culture through such activities as making pottery. As a staff member rather than a participant, I gained confidence by helping a lot of the foreign students out, but I thought it was too bad that we didn't share the same lodging with them. Things would run more smoothly if student ambassadors representing each language were assigned to panels, depending on the topic of discussion. The audience would enjoy the sessions more if the topics were related to youth and if time were set aside to express their ideas about the panel discussions. Also, more care should be shown in answering questions from the audience. Those who wish to participate don't get much of a chance to talk, so I hope that next time more such opportunities will be given. One thing I liked about the Jeju International Youth Forum was getting to hear lots of different opinions about each theme. If the forum is enjoyable for everyone—participants, staff, and panelists—the Jeju International Youth Forum will be all the better.

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## Policy Implications and Suggestions

- The Jeju International Youth Forum should extend its duration so that more young people from all around the world can take part.
- Increasing numbers of students want to have cultural exchanges with many other countries, so the Jeju International Youth Forum should not only extend its duration but also increase the number of participants accepted so that more Jeju youth can participate.
- The focus should not be solely on internationalization and globalization but on ensuring that the forum's content has real substance.
- Although the Jeju International Youth Forum provides greater opportunities every year, the substance of the forum must not be neglected.
- The volunteers and participants need to be trained in intercultural exchanges and understanding.

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# A Vision and Strategy for Building a Global Hub of Healing Tourism

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Jeju Special Self-Governing Province /  
Jeju Tourism Culture Industry Promotion Agency

The healing industry is a core trend of the 21<sup>st</sup> century that can meld together primary, secondary, and tertiary industries and has the potential for continuous growth through its connections to a variety of other fields. In this session, we heard experts in the field present their ideas on a vision and strategies for turning Jeju into a global healing tourism hub through the synergy of its pleasant, clean natural environment and materials, its world-class research and development to counteract the aging process, and its technology.

## Moderator

**Kang Gichoon** (Professor,  
Jeju National University)

## Presenters

**William H. Andrews**  
(Founder and President,  
Sierra Sciences)

**Nishimura Noriyoshi**  
(Professor, Kobe Shukugawa  
Gakuin University)

**Kim Hyounggil** (Professor,  
Jeju National University)

## Discussants

**Kim Jangeon** (President,  
The Korean Mannurses  
Association)

**Suh Yongkun** (Professor,  
Jeju National University)

## Rapporteur

**Kim Jusung** (Professor, Jeju  
National University)

**William Andrews:** Today I'd like to talk about telomeres\* and telomerase\*. We are concerned about aging and health. The cause of aging is the shortening of the telomeres. Then is it possible to block this shortening of telomeres? Through a variety of extensive research, we have discovered medicines that lengthen telomeres. We made TAM-818, which we tested on 100 women and got

- **Telomeres** are found at the ends of chromosomes and become shorter each time a cell divides. The shortening of telomeres is thought to be related to the process of aging.

- **Telomerase** is an enzyme that preserves and protects telomeres from shortening. Think of the telomeres as analogous to the aglets on a shoelace, which prevent it from fraying. Telomeres keep the chromosome from fraying and from fusing with other chromosomes.

excellent results with improvements in the eyes, wrinkles, and elasticity. I would like to conduct new business in Jeju with this outstanding substance. I think this would be a good opportunity for Jeju. Another opportunity would be to create a water product by putting TAM-818 in Jeju water. Everybody drinks water, but if it were water that functioned like what I just described, it would find a huge market. Another source of natural substances I'd like to bring up is *Dendropanax morbiferus*. Already, 37 different efficacious substances have been discovered in this plant that show promise of being effective. In addition, there are many other things Jeju possesses that it can turn to its advantage by creating products connected with skin treatment, Jeju water, natural foods, gene therapy, cancer diagnosis and treatment, telomere measurement, analysis and treatment of blood vessels using telomerase, pet products, pet cloning, and more. The shortening of telomeres is the cause of many human diseases. We are the world leader in telomere biology and would like to bring our technology to Jeju. For healthy telomeres, let's make a center that will attract people from around the world to Jeju.

**Nishimura Noriyoshi:** I'd like to tell you about health tourism in Japan. I'll explain the background of how it began with forest therapy, and I'll give some definitions, tell of its effectiveness, research groups, the curing woods, and health resorts in Germany and other parts of Europe.

I first became interested in forest therapy in Japan when recruiting monitors for the town of Shinano. Forest therapy is effective in reducing stress, providing physical rest, revitalizing cells, and so on. There are 57 groups researching forest therapy in 57 wooded areas nationwide. In the therapy forests of Shinshu and Shinano such treatments as abdominal breathing, fingernail massage, hydrotherapy, phytotherapy, and counseling are carried out.

Prof. Noriyoshi went on to tell about making a contract with a therapy woods corporation, producing promotional videos, and explained the German Kneipp therapy and its related effects, such as reduction of illness and of inability to work. He also explained the general requisites of a health resort, gave a variety of other details, and Japanese legal criteria concerning recognition of forest therapy.

He said that health resorts are changing and becoming more oriented toward

prevention and maintaining wellness, rather than focusing mainly on convalescence. However, low insurance coverage means that more people who use the therapy have to pay for it themselves. Therefore, those in charge need to entrust the overall management to information systems or tourism businesses or make use of private expertise.

**Kim Hyounggil:** I'd like to talk about the Jeju healing platform business in terms of what it has accomplished and what problems need to be solved. The healing business has been developed to address both physical and mental health issues, including excessive stress from financial difficulties and negative social influences. As a core trend that synergizes primary, secondary, and tertiary industries, the healing business has started with a view to heightening the competitiveness of small and medium-sized industries, stimulating the establishment of new health businesses and the cultivation of human resources in that field, and providing a basis for healing tourism. With a goal of creating a global healing brand centered on Northeast Asia, in the first year we built the basis for the platform and are activating it in the second year, and in the future we intend to expand and become self-reliant. Through this project, new corporate employment has increased by 771.4 percent, sales by 266.5 percent, and exports by 964.3 percent. Also, our broadcast PR was effective to the tune of KRW1.38 billion. Nevertheless, several problems have come to light: participating companies that are too small and lack marketing capabilities; unsatisfactory medical participation and scientific monitoring for healing products made from natural substances; insufficient choices for expansion and inadequate focus on those available; and inadequate use of healing service link centers to promote sales. Therefore, in the second year, we will solidify our base and improve our business environment by expanding the healing platform connected with MICE, raising its technical level through medical expertise, and increasing sales, exports, and employment by cultivating small and medium-sized businesses.

**Kim Jangeon:** Steve Jobs once said, "Creativity is just connecting things." One of the key concepts in today's business world is fusion, and this seems to have come about through creativity. Creativity is a basic requirement.

We are currently in an age of limitless competition. The Samsung Galaxy series of smartphones is catching up with Apple's iPhone. We know that to get out in front of others we have to add competitiveness to our creativity. When people talk about the conditions needed for competitiveness, they mention such things as specialization, segmentation and differentiation. I'd like to talk about differentiation, which I consider to be the most important of these. The leaders of Korea's biggest corporations know that differentiation is the driving force that enables corporations to survive in this competitive world. In order to find this differentiation, we are pouring capital into enhancing our capabilities and conducting R&D. In spite of a huge investment, it is not easy for us to achieve even the slightest advantage over competitors.

Jeju Special Self-Governing Province wants to become a global hub of healing. Futurists regard weather energy, medicinal foods, medical biology, and health and welfare as promising fields. Officials in government and industry talk a lot about Blue Ocean medical tourism and biological products. Capitalism has spread throughout the world, and with the resulting improvements in the standard of living and respect for human life, the number of people seeking better health care has increased exponentially. As long as there are human beings, the medical industry will continue to exist. In the Blue Ocean healing tourism business, where can Jeju find what it takes to differentiate itself from other places? The current difference is such that late starters can easily catch up with us. However, if we can secure a difference in recognition in the minds of users, it won't be easy to turn that around. In other words, since such differences are rarely great or even that clear, we need to figure out how to effectively plant the idea of our superiority into the minds of the medical tourists who come here. I think that the item that can give us a unique, incomparable advantage is the anti-aging substance that Dr. Bill Andrews has proposed. If we bring the astounding results of his research here to Jeju, we will give birth to a blockbuster business.

**[Question]** Suh Yongkun: Prof. Noriyoshi, you told us about Japan's forest therapy. I'd like to know how marketing for health tourism or to attract such tourists is being carried out.

**[Answer]** Nishimura Noriyoshi: We aim our nature tourism at inbound tourists. But

we have no data on tourists who come to Japan for forest therapy. Lots of tourists come to Japan to enjoy its natural beauty, and many come to tour Tokyo. I actually have a company I founded to promote tourism to Japan, but I've experienced difficulties because of the lack of people capable of communicating with others in the various languages of the world.

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### Policy Implications and Suggestions

- Developing businesses that incorporate TAM-818 as well as developing products made from Jeju's natural plant life would give Jeju a marketing edge in the anti-aging business.
- Benchmarking Germany's Kneipp therapy and Japan's forest therapy would help us make Jeju a "healing island."

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# Redesigning Jeju through a Synthesis of Creative Economy and Cultural Content

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## Jeju Special Self-Governing Province

In this session, the participants discussed the need to prepare for the upcoming time when Korea will be getting over 20 million tourists a year now that it has passed the 10 million mark. This will call for a synthesis of a creative economy of cultural content in many fields and the great variety of Jeju's natural content resources. They suggested ways that content professional in such fields as the Korea Wave, character products, multimedia, and current trends could make active use of Jeju's own cultural content. It was a discussion with deep significance for Jeju's future and reflected the policies of the Jeju Special Self-Governing Province Office for Cultural Enrichment.

### Moderator

**Kim Tack-Whan** (Professor, Department of Journalism and Media, Kyonggi University)

### Presenters and Discussants

**Kim Keun Hye** (Consultant and CEO, Jeju Office for Cultural Enrichment of HLC)

**Oh Seung Ik** (Director-General, Office for Cultural Enrichment, Jeju Special Self-Governing Province)

**Kim Tack-Whan:** This will be a discussion and an opportunity to offer suggestions about ways to make more active use of Jeju's cultural content from both our internal perspective and outside perspectives by bringing together professionals in such fields as the Korea Wave, character products, multimedia, current trends, and so on with the province's Office for Cultural Enrichment and academic professionals.

**Yang Jingun** (Professor, Graduate School of Education Department of Storytelling, Jeju National University/Chairman of the Culture Industry Subcommittee, Jeju Special Self-Governing Province)

**Choi Jong Il** (CEO and Producer, ICONIX Co., Ltd.)

**Brian Suh** (Head of YouTube Partnership, Google Korea)

**Rapporteur**

**Kim Soo Min** (CFO of HLC)

**Kim San** (Manager, HLC)

## **Proposals to Plan and Carry out Cultural Enrichment in Jeju (Internal Perspective)**

**Oh Seung Ik:** Here in Jeju we established an official organization to promote cultural enrichment before any of the country's metropolitan cities did. This was because we wanted to keep in step with the central government's basic programs in this regard and because we strongly felt the need to push ahead with cultural enrichment. The number of tourists coming here is growing and so is the economy, thanks to Jeju having won the UNESCO triple crown and having been selected as one of the New7Wonders of Nature, but there's a limit to this. Now we need to take advantage of our cultural heritage, nurturing it and developing it. The Jeju Office of Cultural Enrichment intends to turn Jeju into an "Island of Culture" through 25 core projects.

- Cultivating a convergent industry based on culture: displaying Jeju's history and culture through performances, films, and holographic exhibits.
- Promoting traditional culture: the Isle of the Exiled, village storytelling, etc.
- Enjoying a first-hand cultural experience (for both residents of Jeju and tourists): One Village, One Art Movement, etc.
- Expanding understanding and values through culture: registering and promoting Jeju's unique cultural heritage, its UNESCO World Heritage sites, etc.

We are making 2014 the starting year for the key projects outlined above and have set 2017 as the year for completely achieving the goals of our vision and strategies for making Jeju culture thrive.

### **Telling the Story of Jeju Culture (From the Internal Perspective)**

Yang Jingun: In Jeju, we are carrying out several storytelling projects. Through such projects as a course tracing the path of Chusa Kim Jeong-hui during his exile here, a musical about Gwanghaegun, a storybook about banishment based on the life of Crown Prince Sohyeon (son of King Injo), concerts and musicals, and camp sites, we are attracting tourists and school field trips. We are opening an exhibit featuring diving women's meals and their stories and developing a program of village storytelling for each region. Jeju Island has a wealth of stories, with 12,000 myths and traditional tales and more than 200 stories of exile. We are currently collaborating on projects involving Gwanghaegun royal meals, Eoseungsaeng Oreum, and the Society of Korean Ballet, and for our storytelling projects, I propose the development of more human resources through the Jeju After School program.

### **Telling the Story of Jeju Today (From the External Perspective)**

Brian Suh: Regarding culture as being the nourishment of life, we need to pay attention to the breadth of change in Jeju today. Jeju's past is important, but it's also important to consider the stories of people living in Jeju at the present time, as well as the process of change that Jeju is undergoing. For example, the scene at the Sehwa 5-Day Market has changed because of people who've moved there from the city. They sell products they've made themselves, and street performances are held in front of the marketplace.

Also, the way content is consumed is changing. At Warawara, in Namwon, they sell such local Jeju products as mandarin orange juice, and they say that even the same type of mandarins have a different taste depending on which village or which orchard they come from. People would have a new view of Jeju mandarins if their story were told like the story of the different tastes of Burgundy depending on the land. We need to pay attention to these new cultural features and consider carefully how to effectively present the changing culture of Jeju to the outside world. Nowadays consumers want to be interactive and have control of information. We live in an age when anyone can have access to content, so we have to figure out how to communicate our content effectively.

The point is that though it's important to tell the story of past traditions, we also need to work out stories of modern Jeju.

## Examples of ICONIX's Connections with Local Governments and Globally (From an External Perspective)

Choi Jong Il: We've developed characters for such big events as the Olympics and the Asian Games, but it didn't go well because of a lack of understanding of content. The key reason for *Pororo's* having succeeded is the story rather than the images. To get a story to attract interest, you need to develop content that appeals to your audience. Most local administration units have wonderful cultural resources upon which they base the development of character products, but they always seem to fail. In the case of Seoul's symbolic Haechi character, the problem is that the character is hard for the public to grasp and accept, rather than the lack of a story.

Another problem is that after a character is developed, little effort is made to get it into circulation and active use. No matter how great the content may be, it's pointless if it's not widely disseminated and put to use.

Last, it's not easy to make content part of the culture in the short term. You shouldn't give up on it if it doesn't succeed right away, but rather correct the problems and add supplementary content if needed. Even if character products have been made to suit the target audience's expectations, it's important to revise them and recirculate them in the mid- and long-term.

**[Question]** Kim Yeong-ho: In Jeju storytelling, there seems to be nothing about the people of Jeju except stories about history, the environment, or immigrants. Aren't there any stories about people that are part of modern Jeju? Isn't any research being done on Jeju's recent history other than the April 3rd protests?

**[Answer]** Yang Jingun: We are doing some research on Jeju's first martyr, Kim Gi-ryang, and on Choe Jeong-suk, Jeju's first female superintendent of schools. I think we'll have to try to align our research with more recent Jeju history.

**[Question]** Kim Byung Do: Many tourists who come to Korea only visit Jeju Island. Rather than emphasizing just Jeju, it's important to include content about Korea in general. Here are a few suggestions. 1) It appears that segmentation in the tourism market needs to be done to find out just who the people who come to visit Jeju are.

2) We seem to be missing something that could connect Jeju culture with the culture of Korea in general. 3) I'd like to suggest that the programs of cultural enhancement should include professional expertise that can bring together information technology and culture.

**[Question]** A Jeju student: Jeju is recognized as an island of nature, but if you highlight those stories of banishment, I'm afraid people will start thinking of Jeju as a place of exile. Should that really be a part of making Jeju's culture known?

**[Answer]** Yang Jingun: Just think of it as one story of Jeju Island. We dug up stories of exile that had previously not attracted much interest, but of course we need to look for stories in other directions too. As the names of roads are being changed nationwide there has been some public dissent about it, so at Jeju National University we're developing storytelling about the road names.

**[Question]** A former chairperson of the Jeju Culture Forum: Cultural enrichment strategies seem to be centered on adults, specialized cultural organizations and corporations. The people who should get the most out of culture are young people and children. Therefore, I think we need to consider elementary, middle, and high school students and college students in our long-term plans for cultural enhancement.

I'd suggest two things. To nurture cultural talent, we need to start when children are very young, so I hope the education authorities will consider budgeting and setting aside time in the curriculum of primary and secondary schools for storytelling and theater. I also think there's a need for culture and arts organizations and specialists, other than educators, to lend their support by offering such things as drawing, theater, and cartoon workshops when schools are not in session.

**[Answer]** Lee Kwanyoul: Announcers in the Korean media make only formulaic comments. On the other hand, journalists on CNN explain things very well. The reason for this difference is books. We need to get our children to read a lot from an early age.

Kim Tack-Whan: Europeans take as many as 10 books with them when they travel.

CEOs such as Warren Buffett say they'd rather vacation with someone who has a Nobel Prize in literature than with an entertainer.

**[Question]** Sethaput Suthiwart-Narueput: Thailand also has lots of history and attracts lots of tourists. Government support is inconsistent. Is there some sort of program that ordinary citizens could carry out without the help of the government?

**[Answer]** Choi Jong Il: It's important to know what tourists coming to Thailand want. I think the answer is for ordinary citizens to develop stories on the basis of knowing that.

Brian Suh: It would be good for citizens taking part in such a project to have a clear understanding of how it will profit them.

Kim Tack-Whan: The key word in the culture industry is *uniqueness*, so whether you're creating new characters or highlighting history or whatever, you have to feature what is uniquely Thai.

**[Question]** Arts and science researcher: Culture immigrants to Jeju operate by using the island's natural environment for production. I think there should be a way to add some traditional Jeju flavor to that.

**[Answer]** Brian Suh: Jeju's current immigration culture is only two or three old. It's of a different quality from previous immigration, and it's in the process of changing. The stories of exile here were culturally different from those of the original inhabitants, but at present their stories are part of Jeju storytelling.

**[Question]** Park Kyongsuk: What's your personal evaluation of the *Pororo* character?

**[Answer]** Choi Jong Il: There were several other animated characters before *Pororo*, but they didn't go over with kids. You have to know what children want. Foreigners' image of Korea and Koreans' image of Korea are different, and they keep getting more

different as time passes. Koreans think of Namdaemun, kimchi, and bibimbap as representative of Korea, while foreigners think of the electronics industry and Korea's dynamism. *Pororo* has succeeded because it was developed with an understanding of what the audience wants to see. I think the principle is no different in animation, tourism, or culture. The people who are going to use your product have to recognize its value to them and accept it.

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## Policy Implications and Suggestions

### IMPLICATIONS

**1. Convergence of three perspectives: in-province participation and finding stories, external perspective, global perspective.**

- The need for a way to blend the Jeju perspective with external and global perspectives.

**2. In particular, the need to analyze the users' perspective before proceeding.**

- Many other policies are important, too, but priority should be placed on getting a full grasp of the users' perspective.
- Develop should proceed on the basis of what tourists and provincial residents need and on an analysis of the target customers.
- Proper positioning and systematic strategies based on customers' needs are required for Jeju's cultural enrichment.

### SUGGESTIONS

**1. Find customer-centered content and develop convergent programs based on self-motivated initiative.**

**2. There needs to be a consolidated marketing plan that impresses the five senses. Systematic application for visuals and for detailed programs is required.**

- Rather than just posting slogans and PR images, we need to convey integrated content that is unique to Jeju from the time a visitor arrives at Jeju International Airport until the time the visitor leaves.

**3. Cultural platform, Jeju campaign**

- There is a need to make Jeju a platform for a variety of campaigns people can participate in regardless of age or nationality. For example, the Australian tourist authorities' campaign to attract "Australian desert island caretakers."

**4. There is a need to try out a variety of paradigms never attempted before.**

- Virtually infinite in-province human and cultural resources (history, culture, people, stories, etc.)
- Leading companies or other organizations with in-province, external, and global vision should promote new paradigms and secure funding (from the perspective that Jeju PR = Republic of Korea PR).

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## Cultural ODA (Official Development Assistance) Trends and Recommended Policy Direction

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Cheju Halla University

Korea became a member of the OECD Development Assistance Committee (DAC) in 2010 and held the G20 Seoul Summit that same year, raising its international status and drawing increased demands for the country to contribute to the international community. In this session, we looked at what form cultural ODA policies might take through discussions on typical examples of ODA in the field of culture, its value, current promotional activities, plans for the future, cultural ODA from the recipients' perspective, and the role universities can play.

### Moderator

**Han Hee Joo** (Professor,  
Cheju Halla University)

### Presenter

**Nho Myung Woo**  
(Professor, Aju University)

### Discussants

**Chung Jeong Sook**  
(Research Fellow, Korea  
Culture and Tourism  
Institute)

**Chang Hyun-Sik** (Vice  
President, Korea  
International Cooperation  
Agency)

**Shahbaz M. Malik** (Deputy  
Head of Mission, Pakistan  
Embassy)

**Kang Seonjou** (Professor,  
Cheju Halla University)

**Nho Myung Woo:** Quantitatively speaking, the scale of Korea's participation in ODA is not at a satisfactory level, but on a positive note, it is continuously expanding. However, qualitatively speaking, our participation in ODA looks different from that of other countries. In terms of ODA, the issue that Korea seriously has to examine is not its administrative aspect but the philosophy that underlies its policies.

The so-called Korean model of ODA includes two dangers. The first is the danger of regarding Korea's experience of development as absolute and falling into the error of seeing itself as "providing" that model to other countries. Korea's unusual success occurred in

**Rapporteur**

**Kim Shin Hyo** (Professor,  
Cheju Halla University/  
Director, Jeju Free  
International City  
Development Center)

an international economic context that was different from that of today. The second danger is that a nostalgic assessment of its own path of development will prevent Korea from overcoming the limiting belief that the goal of development is simply economic development, in other words, the danger of thinking that development always equals economic development. Pushing a Korean model of strategy based on generalizations about the successes of the past is inappropriate because a plan has to be effective not for the past but for the future, so in formulating a plan, we have to take into consideration what it will mean for that future. Korea's development has not been limited to economic advances, but has been a model of democratization of politics and society. The aspects of Korea's experience of development which it should share with other countries include political democratization, gender equality, universal education, extension of human rights, growth of civil society, and environmental improvements.

Also, Korea is excessively proud of its development, and needs to prevent itself from regarding its model as the one around which all the other contributing countries should revolve. In this regard, there is a dire need to come up with a proper combination of the Korean ODA model and the new view offered by UNESCO.

There are two reasons why, unlike sustainable development, the new cultural and developmental paradigm proposed by UNESCO has not been turned into policy. The ODA contributing countries show a lack of interest in following the UNESCO proposal to change from policies that emphasize quantitative goals to ones that emphasize both culture and development and recognize

cultural diversity. The second is that the recipient countries don't see such a change as an urgent part of the agenda. So far there have been only two UN documents issued on culture and development: the Universal Declaration on Cultural Diversity and the Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Of these, only the Convention on the Protection and Promotion of the Diversity of Cultural Expressions has gone through a formal process giving it binding force in Korea or elsewhere.

Under these circumstances, as an ODA contributing country, Korea is in a very unusual position. We have a single language and a single culture, but when we consider the size of Korea's population, Korea should be feeling very sensitive to the weakening of cultural diversity as a result of increasing globalization. Korea's exceptional position is not merely because of its miraculous transformation from a recipient country to a contributing country. Its position as a contributing country is also unusual because it is subject to issues of preserving cultural variety and cultural rights as human rights, which are central to cultural and intellectual progress. Korea shows limits in its response to these special circumstances. It will be able to complete its Korean ODA model when it also takes into account these special Korean circumstances in addition to its amazing transformation from a recipient to a provider.

**Chung Jeong Sook:** Recently the direction ODA is taking has gone beyond just expanding quantitatively to a level at which each county is concentrating on comparative advantage, and is turning toward providing qualitative assistance that answers the demands of the people of the recipient developing countries. This is happening because if we don't contribute to developing and continuously increasing the capabilities of the people of the recipient countries, it will be like pouring water into a bottomless pit, resulting in leaving those countries in the sloughs of economic and psychological despair even after more than five decades of assistance.

Considering this, we can readily see that culture is the field in which we could most effectively strengthen the motivation and capabilities and improve the quality of life of people in the recipient countries. Using an understanding of the spirit, sentiments, and sense of identity of the citizens of the developing countries, we have to gain a new appreciation of the value and importance of ODA in the field of culture and how, by

assisting with systems, administration, methodology, human resources, facilities, and equipment, it can help the recipient nations maintain their culture, express it, enjoy it and create new things, distribute them, and make good use of them.

On a foundation of “respect for and enhancement of sensibilities” and focusing on the 2010 concept of “spiritual, emotional, and physical expression and the utilization of cultural assistance,” we have redefined the business of culture-related ODA in specific terms, and by making people more aware of the many effects of poverty, such as a sense of powerlessness and despair, we intend to expand the economic view of ODA, the prime goal of which is to eradicate poverty. In particular, in the cultural ODA that we’ve already been doing, the UNESCO standards for categorizing cultural fields and such attributes of cultural ODA as respect, a sense of identity, creativity, inclusiveness, and variety will be brought to bear on the selection of typical programs as we make known the requisite developmental experience and performance, which can include the Korean ODA model.

Cultural ODA programs, which are absent from the 159 Korean ODA model programs in four fields that were laid out by the Office for Government Policy Coordination and the Committee for International Development Cooperation, give a feeling that something important is missing as we conduct our ODA projects. I hope that they will be included in the Korean ODA model. If they are, it will make that model a more complete one, resulting in a more genuine form of international aid and in more effective assistance and development, strengthening our status as a forerunner among contributing nations.

**Chang Hyun-Sik:** The key thing to discuss in our talks about the significance of cultural ODA is methods of reducing ineffectiveness resulting from the gap between the general policies of Korean ODA and the way those policies are implemented.

Nowadays, recognizing the power of culture for development, UNESCO is promoting the cultivation of cultural ODA as an important resource for ongoing social and economic progress in developing countries. Currently, the Korean government regards the expansion of cultural ODA to be a main item in its agenda. Greater interest is naturally being focused on a system for integrating the existing ODA platform and expanded cultural ODA.

In line with this, KOICA, Korea's main provider of grant aid, has formalized strategies not only for increasing financial support, but also for strengthening its cultural ODA by finding worthwhile projects to carry out locally in the recipient countries. KOICA is also working to create guidelines on approaches that can serve as a basis for good results in its cultural ODA work.

Many government agencies, including the Ministry of Foreign Affairs, the Ministry of Culture, Sports and Tourism, and KOICA, should join forces rather than scattering their efforts, and need to promote systematic ODA, creating content together under a vision held in common.

**Shahbaz M. Malik:** Pakistanis are grateful to the Korean government for providing ODA of about USD26 million. The projects being carried out are in such fields as energy, education, public health, agriculture, and forestry. These projects are proceeding successfully, helping our economy and making life better for ordinary people. Also, its effects are increasing. Pakistan would welcome cultural ODA from Korea. This would be a very positive step, both helping improve Pakistan's culture and promoting Korea among Pakistanis.

I want to mention the fact that restoring the culture of a recipient country leaves a deep impression on the minds of its citizenry. I would like to suggest Taxila, a town about 35 kilometers from Islamabad, as an appropriate site for Korean cultural ODA. It has some wonderful Buddhist remains and was a main center in Gandhara. Its history goes back more than three thousand years. The Gandhara civilization was a center of spiritual influence and was a cradle of literature, the arts, and education known across the world.

Most of Taxila's archaeological sites (dating from about 600 BCE to 500 CE) are in the environs of the Taxila Museum. Taxila was renowned as a place of study for more than a millennium. More than 50 archaeological sites are found here and there within a 30-kilometer radius of Taxila. Most of the items on display at the Taxila Museum are Gandhara works of art. More than four thousand works in stone, stucco, terracotta, silver, gold, iron, and other metals and precious substances are exhibited in the museum. The museum possesses one of the most important and inclusive collections of Pakistan's Buddhist sculpture from the first through the seventh centuries. Buddhist

stupas discovered in this region are preserved and reveal a different image of the Buddha and a different way of life.

In spite of all this rich culture and the historical stupas, Taxila has not found a suitable way to develop as a tourist attraction. Therefore, I propose that a cultural ODA project be carried out in this region, to tell the world about its rich cultural heritage. Such infrastructure as cafés, rest areas, paved roads and other facilities necessary for tourism could be built there. Since Korea has many well-developed tourist sites, it could use its expertise to develop the Taxila region.

I would like to see Taxila made into a city like Korea's Gyeongju. Taxila could be a most suitable place to apply cultural ODA to protecting and enhancing an ancient cultural heritage.

**Kang Seonjou:** With their human and material resources, universities could put their capabilities to good use in cultural ODA for education. They could also carry out a variety of cultural activities with partner organizations to help them develop the regions where they are located. Up until now, universities working with overseas partners have primarily been involved in spreading information about Korean culture, but it's important to plan various ODA activities and carry them out in cooperation with the partner organizations, showing respect for their culture, in order to raise the partners' sense of identity with their local culture and give them pride of ownership.

Cheju Halla University is carrying out two ODA public-private partnership programs. The first one, with the support of the Korea Foundation for International Healthcare (KOFIH), under the auspices of the Ministry of Health and Welfare, aims to enhance the capabilities of nurses working in maternal and child health and trauma treatment at six hospitals in central Vietnam and at improving public health care for the local people. This program makes use of Vietnamese medical personnel who have completed a Lee Jong-wook Fellowship to help the nurses further develop their skills. The program includes training for trainers, distance education, and training for the improvement of public health and is supported by nurses in charge of training at the various hospitals and by professors from Hue University and Cheju Halla University.

The second program is aimed at improving undergraduate students' understanding of international development cooperation. It is conducted with the support of

KOICA and includes two semester courses: one in the understanding of international development cooperation and the other in public health. We're also planning summer vacation activities to take place in Vietnam. In particular, students of Hue University will take part, giving our students opportunities to come in contact with the local culture and emotional life.

Also, as an ODA project in higher education, we are at present planning a program to improve the capabilities of the School of Nursing at Hue University. The program promises to serve as a bridge between Jeju and the city of Hue, contributing to cultural tourism in both places, the creation of jobs, and better mutual understanding.

In conclusion, the role of universities is to instill in students a cultural understanding of, and empathy for, less developed countries, which are characteristics demanded of them in this age of globalism and will help them appreciate ODA as a means of creating a win-win mutual relationship with other countries. Culture is a positive goal of development, and cultural considerations will be especially required in the UN's Post-2015 Development Agenda.

**[Question]** Koh Seung-hwan: How appropriate is it for local autonomous administrative divisions to get into ODA, and what would be some appropriate items for them? Involvement in ODA definitely requires the policy support of the Ministry of Foreign Affairs; the Ministry of Culture, Sports and Tourism; and the Ministry of Education. I mean, I think it would be good if there were a support program whereby post-graduates working on master's or doctorate degrees or even post-doctorates could gain a direct understanding of the situation on site in the recipient countries and ODA program content were developed on that basis.

**[Answer]** Chang Hyun-Sik: In 2012, KOICA and Jeju Self-Governing Province signed a memorandum of understanding and are building a cooperative system for ODA. I think an ODA program that suits both Jeju and the demands of the recipient region would work. Of course, such a program would have to conform to Korea's overall ODA policies. If you follow ODA guidelines, everything will work out.

Kang Seonjou: I think that cooperation may be possible in some parts of Cheju Halla

University's ODA projects run under the oversight of the Ministry of Education's program of support for universities leading the trend toward internationalization.

**[Question]** Jeju National University student: What's the difference between aid projects run by private entities such as big corporations and ODA projects overseen by such agencies as KOICA?

**[Answer]** Chang Hyun-Sik: KOICA's ODA projects should not be thought of as government-run. KOICA also runs its programs together with universities and private corporations. We welcome ODA programs run by corporations alone, but it's not advisable for corporations to run short-term projects in recipient countries just for the sake of PR or profit.

Chung Jeong Sook: The advantage private aid has over public aid is that the government or other organizations in the recipient country do not have to bother to file evaluative reports on the programs' performance, but unlike government-run projects, they have the disadvantage that they can quit at any time. Government projects may have some weaknesses, but they offer the advantage of continuity.

**[Question]** Han Hee Joo: What formalities would Pakistan have to go through to get the kind of ODA that Shahbaz M. Malik has proposed?

**[Answer]** Chang Hyun-Sik: The local authorities in Pakistan would have to apply to a local Korean government agency or KOICA office. The decision on whether to provide the aid or not is based on Korea's ODA budget for Pakistan.

Chung Jeong Sook: KOICA selects countries to cooperate with and ranks their potential ODA projects. Cultural programs are almost never highly ranked.

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## Policy Implications and Suggestions

- From the aspect of systematization, developing a Korean ODA model on the one hand is a positive thing, but it is limited because it places emphasis only on economic development.
- Korea is a model of across-the-board development that has gone beyond the economy to include democratization in the political and social spheres. These include the political system, gender equality, universal education, extension of human rights, growth in civil society, and environmental improvement.
- If cultural ODA programs were added to the Korean ODA model, it would be a more complete model, truly raising the standards of international aid and its effectiveness, making Korea a leader among contributing countries.
- To reduce the ineffectiveness of ODA, we must stop scattered efforts being made by different government agencies and unite forces, creating a common vision and systematized approach to ODA.
- If Korea could help Pakistan turn Taxila into a city like Gyeongju through ODA, it would not only improve Pakistan's culture but would also serve the important function of promoting Korea among Pakistanis.
- Universities could use their human and material resources to put knowledge-base support to use in ODA and conduct a variety of cultural activities for regional development in regions where their partners are located.
- For progress in ODA, programs are sorely needed that put the academic expertise of post-graduates and post-doctorates to use in understanding the needs of the recipient countries and develop appropriate content.

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## Korea, China, Japan: Finding Hope in the “Sampo” Generation

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### Trilateral Cooperation Secretariat

The “sampo” generation is the name given in Korea to today’s younger generation, among whom many, for the sake of their careers, have given up on romance, marriage, and having children. One of the main causes of this trend in East Asian society is the recent economic downturn. Even though this recession has been worldwide, other countries have not seen such an extreme abandonment of these three major stages of life that everybody has traditionally accepted as a matter of course. In Korea, China, and Japan, however, they are no longer seen as inevitable. In fact, romance, marriage, and having children are now being regarded as an index of competitive power along with wealth and intellectual ability. In this session, we talked about the reasons behind Korean, Chinese, and Japanese young people’s abandonment of close relations with the opposite sex and their use of their experience relating to others as a standard of comparison by which they judge themselves, and we compared the situation in the three countries and discussed possible solutions to the problem.

#### Moderator

**Kang Myungkoo** (Director,  
Seoul National University  
Asia Center)

#### Presenters

**Kim Hong Jung** (Professor,  
Seoul National University)

**Zhu Di** (Professor, Chinese  
Academy of Social Sciences)

**Natsuki Nagata** (Associate  
Professor, Hyogo University  
of Teacher Education)

**Kim Hong Jung:** The image of young people in Korean society has changed radically in the last 30 or 40 years. In the ’70s and ’80s, Korean youth were a major force in such aspects of nation-building and social change as industrialization and democratization. But since the IMF bailout during the 1997 financial crisis, Korean society has undergone structural changes brought about by new freedoms leading to fierce competitiveness. Because of

#### Discussants

**Lee Sangkyu** (Student Representative, Seoul National University)

**Feng Jingjing** (Student Representative, Korea University)

**Shohei Izuo** (Nomura Securities)

#### Rapporteur

**Yang Sooyoung** (Officer, Trilateral Cooperation Secretariat, Socio-Cultural Affairs)

this, Korean young people came to regard their personal survival as more important than social change, and this atmosphere of competitive struggle for survival set the stage for the “sampo” generation. Because of the financial burdens of marriage and raising children and the difficulty of maintaining both a career and family life, they have chosen the security of a career and given up on such traditionally important stages of life as courting, getting married, and raising a family. This has led me to label the younger generation the “survival generation,” for the most important issue in their lives is getting through the endless competition and coming out unscathed. Another problem is that today’s youth are pessimistic about the future. They reject close relations with others, thinking that no matter how great an effort they make, there is little hope for the future, and they choose to turn inward. Finding a sensible way out of this hopeless pessimism about the future is one of the biggest tasks that Korea’s younger generation is faced with.

**Zhu Di:** In China, we find a phenomenon similar to Korea’s “sampo” generation in our “balinghou” generation. “Balinghou” refers to young people born in the 1980s who have been greatly affected by the big gap between the wealthy and the poor due to rapid social change. One of the biggest problems that generation has faced is that of housing. Since the beginning of the 2000s, the cost of real estate in such big cities as Beijing and Shanghai has risen drastically, causing young people without enough money to buy a home to have to go into debt or rely on help from their parents. The results of a survey of graduates of some of the best Chinese universities revealed a number of

statistics about their ability to purchase housing: with financial assistance from their parents, they were 12 times more likely to be able to buy a home; if they were married, the possibility of buying a home was 13 times greater; and if they were born before 1980, that likelihood was 11 times greater. The reason marriage is such a big variable in the equation is that the purchase of housing for newlyweds is something that is not supposed to be left out of the preparations for marriage. This hugely burdensome expectation is one main reason so many Chinese young people give up on the idea of courting and getting married.

**Natsuki Nagata:** In Japan, the birthrate and the marriage rate have been falling sharply since the 1970s. In Japanese society, being married is a requisite for bearing children, so to raise the birthrate, the government is having local districts arrange matchmaking meetings, called *machikon* in Japanese, to encourage more young people to get married. This is based on the premise that meetings provide a chance to begin a romance that will lead to marriage, but that premise overlooks the real reason young people regard romance and marriage negatively nowadays. Since we entered the 2000s, the number of people in their 20s or 30s who are uninterested in sex or have no sexual experience at all has been increasing rapidly. The reason behind this attitude toward courting and marriage is that social changes such as a higher level of education have caused values to diverge from the traditional gender model. Young people no longer subscribe to the old-fashioned idea that the man should be the breadwinner and the woman should remain at home and take care of the children. Nevertheless, this younger view of courting, marriage, and gender roles has not spread completely throughout Japanese society. The disparity between the traditional view and the younger generation's view is closely connected to the emergence of youth who are ambivalent toward romance and marriage.

**Lee Sangkyu:** From the viewpoint of a young person, the basic reason for giving up on love and marriage is disappointment in society and a sense of powerlessness and disillusionment. In order to succeed in society I've followed my parents' advice to get into a good school and get a good job, but in today's society it's really difficult to start a career and get married. Parents criticize us, saying that it was just as hard for

their generation, but they didn't give up on romance and marriage. However, that's just evidence that they don't understand the kind of disillusionment and frustration we're going through. As fierce competition became widespread throughout society, a situation has developed where the younger generation has to compete with the older generation over limited resources, social solidarity has disappeared, and anyone who fails is blamed for personal ineptitude and mistakes. I think it's because of these factors that the "sampo" generation problem has worsened. In the past, the younger generation was better off than the older generation in terms of economics, politics, and culture, but today's young people do not have it better in any of those areas. Being dependent on the previous generation for everything makes their only recourse either to adapt themselves to that generation or live as parasites on it in order to survive. Seen in this light, the abandonment of love and marriage is nothing more than the expression of passive resistance under circumstances in which they have no way to change their reality. The way to solve the problem of the "sampo" generation is to repair the rift between the generations and strengthen social solidarity. To do this, we need to acknowledge the issue as a social problem rather than an individual one, and carry out a lively discussion about it in the political arena.

**Feng Jingjing:** They say that youth are the mainstay of a nation, but if you look around these days, you see lots of young people who are having a hard time and are living lives of alienation, caught between their dreams and their reality. The causes of the "sampo" generation seem obvious. Here are some of them: the cost of living keeps rising, but their income remains low; in order to get married, they have to have the means to provide housing, according to traditional customs; because of China's one-child policy, one couple has to take on the burden of supporting four parents; and because of stiff competition, it's hard to get a decent job. Of course, the most important part of solving the problem is efforts made by young people themselves, but I think they also need the help of those around them.

**Shohei Izuo:** In the background of Japan's "sampo" generation, the fact that society now offers many alternatives to love and marriage plays a partial role. During the Edo period, when arranged marriage was the norm, one had no choice but to marry

whomever the family had decided upon, but as society broke free from that pattern, some women began to choose to forego romance and marriage. Especially nowadays, when getting married has become a financial burden, one is quite free to make that choice. Also, many Japanese believe in destiny. I can't help wondering if many of them are so taken in by that belief that they don't bother to look for a mate. I think that rather than sitting by and waiting for fate to play out, they should take action and get on the Internet or participate in *machikon* events.

**[Question]** Lee Mun-jeong: Does Japan or China has anything like what we call a “gold miss” in Korea?

**[Answer]** Zhu Di: China's “baigujing” seems to correspond to that concept.

Natsuki Nagata: Japan has something similar. Women with a higher education and good income don't want their career cut short by having a child, so they are even more likely to reject courting and marriage.

**[Question]** Im Se-beom: It has been asserted that to solve the “sampo” generation problem, the older generation should yield to the younger generation. Specifically, just what is it that they should yield?

**[Answer]** Lee Sangkyu: They should sympathize with the younger generation, recognize the problem as being society-wide and work to solve it together. I didn't mean it as an instruction; it was a figure of speech calling for a change in attitude.

**[Question]** Lee Dae-jung: If you could go back 10 years, what would you do?

**[Answer]** Lee Sangkyu: If I had known I'd be going through so much hardship to get a decent job, I would have chosen to suffer the hardship doing something I love. I would have gone into the arts.

Feng Jingjing: I'm fairly satisfied with my life right now. I would have chosen the same path of academic studies.

Shohei Izuo: Ten years ago, I was dating my first girlfriend. Perhaps I might have made a greater effort to keep from breaking up with her. I also think I would have chosen a different career.

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### Policy Implications and Suggestions

- We need to initiate a discourse that will turn the “sampo” generation issue into one that garners social sympathy. We need more opportunities like this Jeju Forum session where the older generation and the younger generation can carry on discussions, communicating with each other in order come to a better understanding of each other's position and strengthen social solidarity.
- We need to have more opportunities to talk about, compare, and study such generational situations in different countries. Although the problems of the younger generation differ from country to country, they also share many characteristics, so such opportunities would help us better understand the problem and figure out better ways to solve it. To do this, we need to have lively exchanges among young people, researchers studying young people, and people who develop policies that concern them.
- The “sampo” generation need to take action themselves to create a variety of opportunities to find a suitable mate. These could include such things as Internet dating and Japanese-style *machikon* matchmaking events. Nevertheless, in view of the fact that meetings with the opposite sex are a matter of individual choice, rather than society pushing such meetings artificially, the younger generation should take interest and become motivated on their own to take part.

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## Designing a New Asia, Challenges for Young Global Leaders and Their Cooperative Efforts

### Exchange Meeting of Next-Generation Leaders

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#### Human Development Institute

The exchange meeting of next-generation leaders brought together students from Asia and other parts of the world at the Jeju Forum to conduct constructive discussions on the past and the future. Seeking to include not just the current generation of leaders but the younger generation as well and plant in them a way of thinking that embraces global challenges, the Jeju Forum invited the participation of students from our own Jeju National University, Japan's Tama University, and George Washington University in the United States. The gathering was an occasion to hear their ideas, discuss them, and develop new international friendships.

#### Moderator

**Chang Man-Key** (Chairman,  
Human Development  
Institute)

#### Presenter

**Kang Hye-hee** ( Jeju  
National University/  
Representing Korea)

**Ryu Ha-jin** (Wellesley  
College/Representing  
Korea)

**Zhao Kailin** (Dongguk  
University/Representing  
China)

**Masahiro Yonekura** (Tama  
University/Representing  
Japan)

**Francesca Lanata** (George  
Washington University/  
Representing the United  
States)

**Kang Hye-hee:** As someone who was very bashful and tense, spending a lot of time alone, I often wondered if I have what it takes to be a leader. A leader needs to be socially confident and actively relate to others, but I wasn't like that.

Then a good opportunity came along. I took part in a conference last year where people from several countries gathered. They needed some additional staff, and someone recommended me. I was surprised that anyone would recommend a person like me, someone who isn't very active and likes to remain in the background.

Leadership takes various forms. I've seen leaders who stand out in front and others follow, and I've seen those who remain in the background, supporting the other

members of the team. Each leader has his or her own particular characteristics. I realized that I was the type who was meant to support the team in the background. It turned out that I would be part of the staff handling the proceedings, and I learned a lot. I found out that I have a lot of inner potential. Each leader has special abilities. If we talk to each other about leadership and build strong networks, we will be able to turn out better leaders. This would result in a more peaceful society and enable us to put the goals of the Jeju Forum into practice.

**Ryu Ha-jin:** I recently established a company called Creon, and I work together with 15 employees. We develop functional games and educational content. There were a couple of things that brought this about. First, it was my ambition to become a teacher, but during my practice teaching, I had a shocking experience. A girl in the third grade came up to me and told me that I had upset her. She was hurt because I had corrected her mistakes in front of her friends. A Korean pupil would have thought I was a good teacher for kindly setting her right, but in the United States, the teacher was expected to apologize to the pupil. Thanks to that experience, I realized that there are lots of differences between the cultures of different countries.

Second was the classroom situation. Because elementary school students have a short attention span, I'd have them do other activities from time to time. They really enjoyed that, and I discovered that they were learning things that we hadn't covered in the regular lessons yet. Just sitting quietly solving practice problems or listening to the teacher were already things of the past. I had direct evidence that the kids can learn a lot through play. This was great food for thought for a person like me who wanted to be an elementary school teacher.

It's not advisable for someone who wants to do business only for profit to get into the education business. I set up my company because I took to heart the words of a professor I highly respected who said that everyone should be guaranteed an equal opportunity to get an education. In a business environment that's changing with the times in so many different ways, a special effort is called for. Future society will see some drastic changes. I've heard that by 2045, artificial intelligence will surpass that of humans. Science and technology is changing faster and will have a greater influence in more ways than ever before, life expectancy will increase, and our way of

life may change, too. Along with all this, education methodologies will change as well. Nevertheless, the importance of true education will not be diminished. Everything depends on us. In future society, international exchanges will become even more lively, and we will have to accept other cultures without prejudice. A lot of effort will be put into bringing more affirmative approaches to places of education.

I'd like to finish with a story. *Ubuntu* is an African word that I like. Some anthropologist once told the children of a certain tribe that whichever of them could run to a tree laden with fruit first would be allowed to eat the fruit, and the children all held hands and ran together. The anthropologists asked them why they had done that when if they had run separately, one person would have had more for himself. The children all shouted, "Ubuntu!" and answered that if one person got all the fruit, the others would be sad, so how could that one person be happy? *Ubuntu* means "I am what I am because of who we all are." This makes us think of nonhierarchical leadership rather than hierarchical leadership. Leadership should include fun, sharing, and praise, and we need caring leadership whereby we work together in the background. It should begin with an understanding of others. Let's work together with caring hearts to build a more promising future. I don't think we should be bound to the past any longer. Korea, China, and Japan should cooperate.

**Francesca Lanata:** I came to Korea to learn about social enterprises and to learn a new culture. I'm really happy to learn how to approach and interact with people in Asia. I've had a lot of exchanges with people here in Jeju. I've learned about the economy and culture. I've also gotten to visit some big Korean corporations. The Jeju Forum has also been an important event for me.

I've experienced a lot of different things during my visit to Korea. In Korea, 90 percent of people from 25 to 35 years of age have received a higher education. In the United States, the percentage of people 25 to 29 who have had a college education is not that high, but Korea's figure is very high indeed. Seeing the distribution of income caused me to think a lot. Korea has had amazing economic development, but it has had a lot of the same problems as the US in terms of job creation. Competition for jobs is getting tougher and tougher. It's not easy to get a job in America, either. Competition is fierce, retirement comes early, and it's a big burden to save for one's old age. We share

with Korea the same problem of people who graduated from college but are unable to find a job right after finishing school. Another problem is that the female work force is not being properly put to use. Lots of women go to college, but not many go on to become leaders. When I visited CJ, I got to thinking about contributions to society. Their flexible shift system makes it possible for women to keep working even after they get married and start a family. They're not thinking of profit alone, but rather also take social needs into account.

I was deeply impressed. Education, job creation, and fair opportunities for women are things that will make this country different. Countries can learn from each other and understand each other to solve their challenges. I hope nations will cooperate for the sake of peace and prosperity.

**Zhao Kailin:** In China we have a saying. "No matter how far apart you are, if you share affection for each other, you can become close friends." Korea, China, and Japan have come together on this occasion. It doesn't matter that our respective nations are geographically separated, and it's not important that there are broad cultural differences between us, because here we sit side by side at the same table, talking with one another. Look at the face of the person beside you. He or she has a warm smile and is thinking happy thoughts.

This Jeju Forum is not a place for dealing with the issues of each of our own countries alone. We are here to think about and deal with Asia-wide and global issues and figure out ways to create a new Asia. Interchanges between the leaders of the next generation are an occasion for all countries to join in the talks. I'm an exchange student. While staying in Seoul, I'm attending a school with connections to China. At Dongguk University, the professors and students freely exchange opinions. We talk about East Asia and have discussions and sometimes take roles in a debate. We sometimes also have meetings about how we can make East Asia peaceful and prosperous. And we can contemplate the future together. I'm really happy to have been able to come here and take part.

**Masahiro Yonekura:** As we head into the Asian era, what role should Japan play and what should it avoid? I think it's essential that our four countries cooperate. We

can see that Korea, China, and Japan form a central pillar of growth in view of the proportion of world GDP that they account for. However, relations between Korea and Japan, and Korea and China, are worse than ever because of disputes over territory. We have to overcome the problems that stem from our past history, and I believe Japan's view of history is very important in that. These days we're in a state of confrontation with Korea over Dokdo. Neither side can back off, because of the potential maritime resources involved. There aren't many students who advocate the claim that Dokdo originally belonged to Japan, and we think we need to avoid the possibility of military conflict. I think that one way to resolve this issue would be for Korea and Japan to declare Dokdo a shared territory and develop it together as a tourist destination and a natural resource.

Next I'd like to say something about North Korea, which is a problem that Korea, the United States, Japan, and China all have to deal with. I feel sorry for the people of North Korea and think Japan should help them. But with Japan's values, it would be almost impossible to accept their government, and I don't know how we'd solve our historical issues or the problem of their development of nuclear missiles. If we look at past cooperation between Korea, the US, and Japan, I think we could work together again, and we can change the way we handle the North Korean problem.

To deal with these Asian issues, we need to have more exchanges and work together, not only at the government level but at the civilian level as well. I think that by raising our mutual understanding of cultures, religions, and so on, we'll be able to find a variety of ways to approach these problems. In economic and cultural exchanges, a role for the private sector is much needed, and it's essential for big Japanese corporations to actively engage with other countries. Japanese businesses probably appear to be negative about the hiring of foreigners, giving them equal pay, or otherwise treating them fairly, but increasingly companies are coming around to a more global standard. Japanese companies have not been as quick as Korean or American firms to localize. Because of past successes, they don't seem to be up to speed on worldwide changes. This means that Japanese companies have to make a lot of changes in their conventional management style and learn from the strategies employed by Korea, the United States, and China.

Korean corporations have put the blue-ocean strategy to work for the success of

localization, adapting to the particular preferences of the local people, and began participating in local business projects before Japan firms did. American companies who have businesses overseas give the most capable local employees opportunities to work in management. On the other hand, Japanese companies tend not to have locals in management positions but only Japanese managers. However, if this trend continues, it will be hard for Japanese firms to hire the most outstanding local personnel. When it comes to human resources, multinationalism is an absolute requirement.

Korea, the United States, and Japan should increase their exchanges of information. We need innovation that brings together Korea's advanced information technology, Japanese manufacturers' strengths, and a joining of Korean and American efforts. Japan currently needs to look into finding new energy sources. Since the massive earthquake in eastern Japan in 2011, worries about the safety of nuclear power have been great. Natural gas is getting a lot of attention in this regard. There will be big changes in world energy markets, with natural gas at the center of the upheaval. Russia and the US account for a very big share of the world's supply of natural gas. A global power struggle is likely to develop over natural gas.

Japan, which is thought of a closed country, has to do something to allow other countries in so that it can raise itself up again. Last year, the number of tourists who came to Japan topped 10 million for the first time, and that number continues to rise. On the other hand, the number of Japanese young people who visit other countries has been dropping. The Japanese have to study other languages, especially English, learn to understand other religions, and get used to other customs. They have to deepen their understanding of other countries and develop a better view of the foreigners who visit Japan. They need to travel more freely, have more active international exchanges, and promote cooperation among our three East Asian countries. Though our respective views of Asian people, religions, and history differ, we have to find ways of coexisting on the basis of the objective fact that we all live together in the same global village.

**[Question]** Kim Hyuk-jun: Achieving workable cooperation is a big challenge for East Asia. For the sake of this cooperation, apart from the efforts of national governments, what kind of mind-set do we need to cultivate?

[Answer] Nicholas: There's something I think is important in cooperation. I think cooperation has to be backed by transparency and mutual trust. When cooperation is needed, if you can't approach it with an open mind, how can that be cooperation? You have to make the other side trust you. By cooperating, we share many values. When each side shares ideas, that sharing has to be based on transparency and trust. Without those things, cooperation is useless.



## Chapter 5

# Women's Role in the Future



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## Women's Role in the Future

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Seoul School of Integrated Sciences & Technologies (aSSIST) /  
World Women Inventors & Entrepreneurs Association

The world's economy is shifting toward a system that relies on intangible assets rather than tangible ones, and is ready to face an era where intellectual property is the driving force of the economic society. Korea is at a point where a creative economy is being emphasized, and in this session, we explored how the creativity of women, which remained relatively obscure up to this point, is leading the future of the new economy.

### Moderator

**Han Miyoung** (President,  
World Women Inventors &  
Entrepreneurs Association)

### Presenters

**An Kyoungmi** (CEO,  
Kosigongbang)

**Kim Eun** (CEO, Arumaru)

**Kim Myungsook** (CEO,  
Onelinesun)

**Ahn Oe Sun** (President,  
SpaceCharmI)

**Woo Gyehee** (CEO,  
Danafood)

**Yang Hyosook** (CEO,  
4DLAND)

### Rapporteur

**Ko Young-Hee** (Seoul  
School of Integrated  
Sciences & Technologies)

**An Kyoungmi:** I run a company that designs and manufactures instruments related to gugak (Korean traditional music), such as percussion instruments that can be used to perform the traditional *samulnori* dance. Our main product is the *sangmo*, which is the world's only hat instrument, and we are the owners of the original design needed to manufacture it.

We sell our products globally, but back in the day, sales were low and we needed to find a solution to the low demand and low profits. But after the 1988 Seoul Olympics, there was an increased demand for traditional instruments, and we started mass producing them, and have made a patent application relating to this. Due to sustainability issues regarding the wood we use in our products, we obtain our wood from China, but in order to produce

instruments consistently, we have made traditional percussion drums from recycled paper and have also made improvements to the design of traditional instruments. Our business is also expanding upon our main product line by coming up with a tourism package centered on the *sangmo*. Being the recipient of an award from the Korea Women Inventors Association has benefited our business, and being committed to corporate social responsibility, we are planning on running traditional *samulnori* classes through the Korean Traditional Music Research Institute.

**Kim Eun:** The company's name is comprised of two words, with *aru* referring to a low place and *maru* referring to a high place. Our company focuses on providing a means of learning about and appreciating Korea's cultural heritage. We publish educational texts and run educational programs that allow people to make art pieces that are based on Korean designs, which they can then take home and use. We also provide educational material, such as the curriculum for art class programs aimed at kindergartens, schools and community welfare centers, along with cultural programs and hands-on experience programs for children.

We run a display on *najeon chilgi* (lacquerware inlaid with mother of pearl) in Namyangju-si, Gyeonggi-do, where visitors can learn about traditional games. Those interested in *najeon chilgi* can also opt to enroll in our specialist course. We also run programs and professional art classes at the local volunteer center, as well as participating in "talent donation" by providing traditional Korean artifact classes in countries such as Thailand, India and Myanmar.

**Kim Myungsook:** We came up with our line of bath products for pets that don't contain artificial scents, based on the fact that pets are sensitive to smell. On top of this, we then branched out to make our Chun Ha Chu Dong (four seasons) shampoo and essence, along with other organic, all-natural products. We've won numerous awards at events such as the Seoul International Invention Fair, and are acting on our vision to produce environmentally friendly products through our new biotechnologies. I wish to play my part in the future as a female entrepreneur by designing and manufacturing environmentally friendly products that don't contain 10 key chemicals, and exporting them to the world.

**Ahn Oe Sun:** The 21st century welcomed the dawn of Space Age, and space sciences influenced all aspects of life, from politics, the economy, and the military to broader culture and everyday life. Even if it doesn't end up at the manufacturing level, various ideas related to space can be used as business items. To discover young talent who will lead the future of the space age, we must find and nurture those with exceptional creative ability, and such textbooks and curricula are being worked on and implemented in countries such as Russia. We live in an era of convergence where the life expectancy is 100, and in order to keep up with these sorts of changes and strengthen our capabilities, we must come up with an educational system that augments creativity and originality. To reach these goals, it is crucial that we implement educational programs that focus on vision, experience, communication, and empathy, or being able to relate with values across social and cultural boundaries.

**Woo Gyehee:** Our business has made a point of always maintaining our vision when it comes to planning out and implementing our future based on our goals and dreams. As such, we will continue to improve upon conventional natural processing and packaging methods and increase the competitiveness of packaged seafood products. Given that consumers have become more active in seeking out natural and environmentally friendly goods, the pursuit of more natural processing methods has become increasingly important. We have applied for a patent for our current process, and are striving to continually improve upon these methods. We have invested in the modernization of our current strategy, and research for new product development is underway. Although we are still working through the financial aspects of production, our company is working on growing gradually and continually over time.

**Yang Hyosook:** Our vision is "Free to Imagine: Endless Possibilities," and based on this message, we came up with innovative educational materials for both math and science. This work led to us receiving awards such as the Education Minister's Award, the Gold Award, and the Silver Award.

We invented and provided an educational system based on creative problem solving, and came up with an educational tool called a 4D Frame, which is rooted in traditional wooden architecture in Korea. We took on the role of providing educational workshops

to the teaching staff at various institutions, and thus contributed to the expansion of creative education. The effectiveness and ingenuity of our educational programs and material are being acknowledged, and we have been contributing materials and tools to the Math and Science Creativity Competition (in which winners receive the Minister of Education Award) since 2008.

Our business also focuses on promoting our products through a variety of channels, one of which being company-initiated contests. This approach opens up pathways that allow us to reach a wider audience with our knowledge and tools. We have succeeded in breaking into the international market by presenting our material to the National Science and Technology Center in Sweden and running research studies in Europe, China, and other parts of the world. Our efforts are being acknowledged by the international community, and we are actively promoting our products by both entering and winning international competitions. The eye for detail held by a female entrepreneur is playing a large role in our company's success in tapping into the global market, and I believe I must take pride in the fact that I have played a role in nurturing future talent as a female entrepreneur here in Korea.

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### Policy Implications

- Women's artistic, creative and empathetic abilities played a huge role in this era of creative economy, which will contribute toward the development of the future economy.
- Only 50 percent of women in Korea currently participate in economic activity, and this figure must be gradually improved upon for future economic growth.
- Korea has seen a positive outcome in relation to its active support of female inventors, and between 2001 and 2011, saw an increase of 122.4 percent of female inventors applying for patents, out of a total 28.2 percent increase in patented inventions.
- Increasing educational programs for women will affect the creative educational environment for children.

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## Female Leaders Roundtable

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### Federation of Business & Professional Women (BPW) Korea

Sponsored by BPW Korea and comprising professional women working in various fields, a forum was held to discuss the role of female leaders in the rapidly changing 21<sup>st</sup> century and ways to strengthen women's competitiveness in such an environment. Women's participation in economic activities and society is a key factor in international competitiveness, and thus there is an increasing demand for women to enter into the workforce. Female leaders from a wide range of countries, who play a vital role in their respective societies, shared their opinions, and offered their thoughts on the direction in which the world should be heading.

#### Moderator

**Lee Insil** (President, BPW Korea)

#### Presenters

**Freda Miriklis** (President, BPW International)

**Huguette Aurore Sena Dossa** (Vice President, BPW International)

**Yasmin Darwich** (Executive Secretary, BPW International)

**Fay Jahan Ara** (President, RACH Foundation)

**Nina Ahn** (Vice President, Cuningham Group Architecture, Inc.)

**Son Ji Ae** (Former CEO, Arirang TV)

**Yasmin Darwich:** I've been an active part of BPW (Business & Professional Women) for the past 30 years. BPW is an NGO that carries a long history, and BPW groups from 100 countries comprise the BPW federation. As the Secretary-General of BPW International, I will strive to assist BPW members so that they can have a positive influence in their various fields not only locally but internationally as well. One of my most memorable experiences while working as a member of BPW Mexico was through a project that provided education to young children and opportunities for them to participate in society. It was a project that provided these children with hope. BPW International works as a

**Rapporteur**

**Im Su Young** (Young BPW,  
BPW Korea)

whole, but the various BPW groups from around the world also work on projects that are specific their countries' needs. For example, BPW Germany receives €1.5 billion from the government annually to run their successful Equal Pay Day campaign. In the 21<sup>st</sup> century, there are still so many things that can be done to strengthen women's role in the workforce, as well as achieve gender equality. We will continue to work together with both the UN and various UN agencies located around the world so that women from all communities can bring about a positive change.

**Huguette Aurore Sena Dossa:** As the Vice President of BPW International, I would like to share through both vision and dedication. BPW works as a platform for women from around the world to come together and work as a team. It is also a place where women from various professional fields can share their knowledge, experience and skills. My particular interest is in assisting the grassroots activities of women in African communities. Through an NGO like BPW, I plan on assisting with and providing material support for women in such communities, who may not be aware of their opportunities and potential as women. We must help more women to develop their professional skills and enter into the business realm, as well as assist them to reach and actively participate in the decision-making process at an executive level.

**Nina Ahn:** I would like to share personal story. My family immigrated to the States when I was a little girl, and I have worked as an architect in America for over 40 years.

As the Vice President of Cunningham Architects and as an architectural designer, I have participated in projects such as Lotte World, Samsung Everland and Hong Kong Disneyland, and currently play an active role in a number of projects based in Korea. In this presentation, I would like to focus on two things: dreams and visions. I believe life is where you continually strive and work towards achieving your dreams. One of the reasons I left for America all those years ago is because there were so many restrictions and limitations here in Korea that didn't allow me to reach my potential, solely because I was a woman. I wanted to work in an environment that would allow me to freely express my opinions and discover my true worth. Women in this new generation must be able to bravely express their opinions. As a single professional woman, I am proud of the fact that I still have a dream and vision that I am working toward. Things such as marriage and a stable job are only minor factors in living a successful life. I believe that a successful life is where you overcome the various obstacles and challenges that come your way. On this note, I believe that women should not base their sense of self-worth on success itself but by finding their true potential, their dream, and being confident.

**Son Ji Ae:** I am simultaneously walking two paths: one as a mother and wife, and one as a professional woman. As a professional, and also as part of a family, most of my time is spent representing the lives of women. Back in the mid-1980s, when I first entered the workforce, conglomerates such as Samsung and Hyundai did not recruit female graduates. So, when these companies first started employing women, many women across the country thought that Korea had finally achieved gender equality. However, gender inequality and discrimination in various forms still exist today. One of the problems is that many women are forced to leave the workforce to take care of their families shortly after being employed. Women have no option but to leave the workforce, as they face discrimination, fierce competition among other female employees, and limitations when it comes to acquiring leadership roles. Over the past 20 to 30 years, many of these problems have been addressed. However, statistics show that, compared to men, more women are still pressured into taking care of the family and engaging in household duties. According to a study released by the Ministry of Gender Equality and Family, female employment rates are similar to their male counterparts, but the majority of females leave the workforce for family-

related reasons when they are in their 30s and 40s. It is also true that most of these women are unable to re-enter the workforce. Currently, women comprise 50 percent of the entire workforce in Korea, and a study has shown that the nation can increase its competitiveness if this figure is increased to 60–70%. Through this presentation, I would like to emphasize that men and women should be given an equal opportunity to choose whether they would like to remain in the workforce or stay at home should they wish to do so.

**Fay Jahan Ara:** As the Goodwill Ambassador of BPW International, I would like to take this opportunity to share my life experiences with you. After marrying a prince and entering the royal family in India, I was able to see the lives of women in India firsthand. Witnessing the dire circumstances and the hardships that these women faced, I felt a sense of duty towards them. Since then, I have strived to help Indian women and children and have endeavored to engage in acts of charity and kindness whenever I can. Participating in the 1995 Beijing Conference, I strived to improve women's rights by presenting an argument that claimed that a woman's right was a human right. In countries such as India, it is near impossible to expect active support and interest in such issues, so the support and success of NGOs such as BPW is all the more important. Under the leadership of the UN, we are currently actively participating in the promotion and strengthening of the UN-designated Women Empowerment Principles. In particular, the importance of women's roles in society is largely ignored in countries such as India, so efforts to educate and enlighten society on such issues is highly important.

**Freda Miriklis:** I hope that, through role models such as our speakers today, young women in Korea and around the world will be able to expand and take up more influential roles, be leaders, actively participate in making a difference in society, and thus help increase the competitiveness of their countries. I hope that more young women experience more things, dream more, and achieve their visions and goals. In order to become a leader, one must be able to ask difficult questions. In order to ask these difficult questions, one must be confident in oneself, trust oneself, and be passionate and brave. When will we ever achieve gender equality in all areas of

society? The answer is now. I would like to say that the 21st century is the time for women. Society needs a new type of leadership, one that can only be achieved when men and women stand on equal ground. If we are faced with inequality in our society, workplace, and in any decision-making process, we must be able to question why these inequalities and forms of discrimination exist and strive to change them. One must think and have the attitude of “If not, why not?” We can no longer sit here and expect policymakers to bring about a positive change in our businesses and governments, local communities, and even families. In order to strengthen women’s role, we must act now and lead the fight for change.

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### Policy Implications

- Through NGOs such as BPW, systematic solutions must be implemented to strengthen the ability of women in societies, from grassroots communities in Africa through to developing and developed countries. The active support and efforts of such NGOs must be tailored to suit the needs of various countries.
- In cooperation with the UN and the various UN agencies around the world, we must assist women so that they can actively participate in society and economic activities.
- In particular, in order for campaigns such as Equal Pay Day to be a success, the cooperation and support of advanced countries is necessary.
- We must emphasize the advantages of an increased female population in the workforce. We must understand the fact that the country’s economic competitiveness will increase if the percentage of women in the workforce is increased from the current 50 percent, and the government must provide wholehearted support so that more women can enter into business.

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## A New Asia and 'Glocal' Harmony

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### Jeju Special Self-Governing Province

The “glocal” era is one that seeks internationalization and globalization alongside localization. The distance between countries is no longer a problem, as economic factors such as trade and finances, along with cultural and environmental aspects, are being shared through the provision of material and human resources. This cooperation between countries is forcing us to look outside of national interests and instead focus on collective interests. On the other hand, however, this is forcing people to look for ways to regain local identity and regionality, and such movements are gaining momentum and bringing about competition and conflict between countries. In this session, we will discuss ways to create a new Asia and talk about glocal harmony, where internalization and localization can work in symbiosis and create a harmonious environment filled with respect.

#### Moderator

**Kim Jeong Sook** (Chairperson, Jeju Women’s Governance Forum)

#### Congratulatory Speech

**Hwang In Ja** (Member of the National Assembly Republic of Korea)

#### Presenter

**Ahn Myoung Ock** (Professor, Graduate School of Health and Welfare, Cha University )

#### Discussants

**Kim Dae Young** (Regional Program Specialist, US Embassy Seoul)

**Ahn Myoung Ock:** The first topic of discussion on Korean women and “glocalization” is female leadership. A prime example of female leadership is the appointment of a female president in South Korea. The female Chilean president is displaying a leadership where hatred is being overturned by love. Like these, many women are exhibiting their abilities and living fruitful lives. However, in South Korea, female members only make up 15.7 percent of the entire National Assembly. Through glocalization, we must increase the worth of women in society and allow

**Kim Hyo Seon** (Reporter,  
The Women's News)

**Kyun Suna** (Senior  
Researcher, Research  
Institute of Asian Women)

**Park Heung-soon**  
(Professor, Sun Moon  
University )

**Kwak Young Sook**  
(Professor, Department  
of Neuropsychiatry, Jeju  
University School of  
Medicine )

**Rapporteur**

**Jin Geum Ok** (Director ,  
Jeju Women's Governance  
Forum)

them to strengthen and display their abilities as leaders.

Second, we must focus on Korean women's experience in the world today. Korean women have displayed a culture of community throughout history: Using circular letters, women were able to establish the first school for women, and those who were educated through this system went on to volunteer their time and knowledge to educate others. Currently, the female population is higher than the male population here in Korea, and statistics show that the education level for women is higher than that of their male counterparts. The main obstacle faced by women is the issue of raising a family. In order for a woman to get more out of life, they must be flexible in adapting to the changes in their respective cultures in the new millennium, as well as becoming a global partner that seeks to bridge the gap between advanced and developing countries. They must also be attentive and listen to the voices of those who are less fortunate in society, and find ways to help them.

Third, women must become leaders suited to the 21st century. Acting with the attentiveness to equality, compassion, and transparency, they must be able to communicate effectively and establish a loving environment where people can relate to one another. They must also help create a harmonious workplace where people cooperate and come to agreement and where realism is key. This can only be achieved by coming up with and implementing programs that improve upon feminine qualities that lean towards communication, conversation and concord.

**Kim Dae Young:** Professor Ahn's presentation makes us realize once again that diplomacy and foreign relations

can also play an active role in bringing about a turning point, in the lives of women in other countries. We are currently moving towards a new Asia, and women in Korea are active doers who are at the forefront of bringing about change. This makes me believe that we are at the forefront of an era where gender consciousness is a built-in and natural concept. The Department of State, which oversees diplomatic policies in the States, has a department exclusively responsible for international women's issues, and the president appoints the head of the department. The department was created to provide outstanding diplomatic policies based on the belief that the participation of female leaders would allow such plans for world peace and democratic development to become a reality. The policy encouraged female leaders to participate in the decision-making process of various issues related to peace, security, the economy, politics, and female leadership. The department then worked together with the American embassies of host countries to outline women empowerment programs that made sure that such plans came to fruition and became a reality.

**Kim Hyo Seon:** In order to create a better world, I believe that we should create a value-oriented society, and the debate that women's value in society should be the center of all this is highly persuasive. Looking at the UN's Millennium Development goals for 2015 and beyond, along with the Committee for the Future of Children, we could see instances of the globalization of women. In order to bring about a positive change in the future, especially when it comes to Korea, I would like to stress that society needs to focus on the importance of peace, stability, and fairness.

**Kyun Suna:** In today's debate, we looked at 1) the unprecedented success of women and female leadership in society, here and around the world, along with the focus on the value of women's roles and related success stories, and 2) the UN Millennium Summit (September 2000 issue) and the more recent high-level UN panel talks that pointed toward the need for a solution to the worldwide issue of sustainable and continual growth. Overall, we can say that Korea's contribution to this discussion was made through the research and efforts of the advisory board of the Women's Committee for the Future of Children. Needless to say, I hope that such regional efforts can play an increasingly influential role in tackling global issues.

**Park Heung-soon:** Glocalization is a worldwide trend and phenomenon. Starting with the issues raised at today's discussion, we need to find ways to respond to this trend. The Jeju Women's Governance Forum needs to 1) provide an opportunity for youths to be educated on such issues, 2) come up with an index and evaluation method regarding gender equality in the workplace that can be implemented by companies and businesses, and 3) implement solidarity tactics in Asia that are in par with Korea's status as a developed country.

**Kwak Young Sook:** Regional globalization topics related to women include human rights, prevention of violence, work and family, health and multiculturalism—and female leadership in tackling such issues is crucial. We must be able to come up with an effective mentoring system, and various countries must cooperate in order to raise such leaders. On the back of globalization, we can see various instances of international collaboration in the fields of culture and learning. However, the majority of these issues exist within the influence of (and are easily influenced by) political situations and regional conflict. For example, the vast majority of victims of military unrest in a particular country or region are women and children. Despite this, women are unable to play a role and have their say in the decision-making process held between countries. In order to achieve institutionalization of politics and law, Asian regions, along with the rest of the world, must come together.

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### Policy Implications

- The need to develop empowerment programs for women
- Women need to play a vital role in developing businesses that increase equality, nurturance, and transparency
- The need to educate people and bring about awareness of self-value in life
- The need to improve upon current policies in order to bring about global cooperation



## Chapter 6

# Sustainable Growth and the Environment



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# The Attainment of Sustainable Growth

## The Connection between Water, Food, and Energy

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### Ministry of Foreign Affairs

Without the progress seen in economics, society, and environmental causes, it will be impossible for the generations of today and tomorrow to develop. In addition, people's thoughtless consumption of such limited resources as food, water, and energy has brought on shortages that cause great harm to the underprivileged groups in society while interrupting any meaningful advancements on the sustainability front. Not only are water, energy, and food resources in high demand on their own, but each resource is intrinsically linked to one another—a so-called nexus. These issues continue to be an ongoing component of the ministry's mandate, and can only be addressed through an interdisciplinary approach. The purpose of this section is to begin to recognize the first steps for carrying out an interdisciplinary approach and how to manage these solutions practically.

#### Moderator

**Yun Kanghyeon** (Director-General for Global Economic Affairs, Ministry of Foreign Affairs)

#### Presenters

**Alexander Muller** (Senior Fellow, Institute for Advanced Sustainability Studies, Potsdam)

**Yvo de Boer** (Director-General, Global Green Growth Institute)

#### Discussants

**Yoon Jong Soo** (Head of Office, United Nations Office for Sustainable Development)

**Yvo de Boer:** The idea behind the nexus, a research platform based on the inextricable linkages between water, energy, and food, was first introduced at the Bonn2011 Nexus Conference in Germany. The concept is aimed at recognizing how urbanization, globalization, climate change and the shortage of natural resources have resulted in a lack of equilibrium among the development of those three resources. The nexus takes an interdisciplinary approach that aims to integrate the governance and management of these resources while considering their interdependence.

**Amrita Goldar** (Fellow,  
Indian Council for  
Research in International  
Economic Relation, India)

**Young-hoon David Kim**  
(President of Daesung  
Group, Co-Chair of World  
Energy Council )

**Nam Sangmin** (Deputy  
Director, UN ESCAP East  
and North-East Asia  
Office)

**Rapporteur**

**Jeon Solji** (Hankuk  
University of Foreign  
Studies Graduate School  
of Interpretation and  
Translation)

The background report for the 2011 conference, created by the Stockholm Environment Institute, suggests that the number of people who identify as middle class around the world will increase to two times the present levels by the year of 2030. Accordingly, the level of resource consumption will also increase, especially in China and India. The same can be said about meat consumption, which experts indicate will likely increase by up to 40 percent, a situation exacerbated by the growing global population and subsequent food demands.

Another issue addressed by the nexus is the concern that increased energy consumption will further contribute to greenhouse gas emissions and jeopardize the world. For this reason, the research behind the water-energy-food nexus is directly related to sustainable development, especially on the environmental front.

A strategy that incorporates the water-energy-food nexus should be implemented by the state, as demonstrated by the experience of Jordan. Jordan has the fourth largest water shortage of any nation in the world and spends 20 percent of its GDP to import oil to sustain its economic development.

The Jordanian government has experienced significant challenges in terms of securing its energy supply because riots and political conflict in Egypt over the last 10 years have left its oil pipe lines 11 times more likely to be destroyed as a result of the unrest.

In order to resolve this issue, the government of Jordan has enacted plans to supply up to 31 percent of its fresh water through seawater, as well as pursuing an energy mixture of natural gas (29%), shale oil (14%), renewable energy (10%), and nuclear energy (6%).

Jordan still needs to be careful when considering the ecological damage caused by increased reliance on nuclear energy and the rapid demand for water to be used in nuclear plants. A country with an energy crisis of Jordan's scale would be a desirable place to implement a comprehensible plan that incorporated the water-energy-food nexus.

Green development should be included in the plan and organization of the nexus strategy. In addition, green development should also take the quality and the quantity of economic development into consideration and, foremost, it has to complete in cooperation with government and private organizations. The policy of green development emphasizes socioeconomic and ecological advances equally, and revises the development obstructions seen in inefficient markets and encourages references to the water-energy-food nexus.

The Global Green Growth Institute (GGGI) started as a Korea-based non-profit organization in 2010 and developed into a global organization in 2012. GGGI currently has 22 member countries, which range from the world's poorest nations and developing countries.

Korea has increased its investment in so called low-carbon growth and the energy industry in the interest of promoting energy efficiency. The country established GGGI in order to encourage sustainable development through its experience with the green growth initiative.

GGGI is currently working on 34 individual projects, with a special focus on reaching out to the governments of developing countries and helping them develop an understanding of sustainable development and offering support as they implement their policies.

The nexus strategy addresses not only environmental matters but comprehensive things such as economic development, growing, independence, creating jobs, social integration, and environmental problems. It involves pursuing whole connections and aims to effectively distribute achievement and contribute to global peace. This could explain the following five fields:

### Energy

At present, many countries experience difficulty with the cost of energy and the inconsistency of their energy supply.

In particular, there is the conflict surrounding the supply of gas to Europe from Russia: After Russia stopped the gas pipeline to Ukraine, EU countries started amending their policies regarding climate change and increasing the proportion of their energy portfolios dedicated to renewable energy. As a result, when individual countries are able to ensure the stability of their self-sustained energy supply with new energy while enlarging their resource allocation to renewable energy, the energy security that ensues eventually leads to greater political stability.

#### **Food security**

Second, there is a tendency for rich countries with high populations and shortage of agricultural land to try to secure their food supply from outside sources. This can potentially increase the level of inequality experienced in the developing economy and contribute civil conflicts, as was the case in some African countries lending land to foreign countries.

#### **Freshwater**

Third, there are also possible conflicts between countries that share freshwater resources from the top and bottom of the water. Therefore, possibly disputable regions such as the Mekong River, the area surrounding the Nile, and the drainage areas of the Middle East area should be globally managed.

#### **Water and food production**

Fourth, for some African countries, 80 percent of the water consumed is used for agricultural supply. This means that these countries absolutely need water for securing food and producing energy. The adoption of effective solutions for water, energy, and food could contribute greatly to global peace and security.

#### **Ecosystem**

Fifth, ecosystem management is essentially to sustainable development. Ideally, people should be conscious of their use of environmental resources. Regardless, it is imperative that forest restoration is carried out to ensure the variability of the ecosystem and its resistance to climate change. This recuperative power in the face of crisis is especially crucial because climate change is closely connected with water, food, and the ecosystem.

Alexander Muller: We are living in an Anthropocentric Era in which humans have invaded ecosystems and shaped global warming to such an extent that their influence would later impact the Earth's geological condition and change both the quality and quantity of all natural resources.

If we continue on this trajectory of environmental degradation, we will confront the great difficulty of using natural resources efficiently. In recognition of this crisis, the water-energy-food nexus is an attempt to stop the bad habits of the present and offer solutions.

Most issues surrounding the potential development of sustainable energy sources target three matters: climate, biodiversity, and food security. The nexus approach is the key to solving these problems, and is much more effective than previous separate approaches to resolving water, energy, and food issues. It would be impossible to deny the fact that human activities often result in the contamination of once viable natural and agricultural resources. What is perhaps less visible, however, is the long-term impact of such practices.

I would like to introduce the following representative cases that stem from human activities.

First and foremost, human activity has contaminated the Earth's natural resources. These situations are expected to worsen with global population expansion, rapid urbanization, and increased food production. We also need to pay special attention to Africa, which will hereafter expand its level of consumption. The environment as polluted by humans is directly linked to a variety of social problems, which then creates new environmental issues.

Second, human activity has enhanced the demands placed on the world's natural resources. Human agriculture requires 70 percent of the entire planet's fresh water supply, and has also caused significant degradation of agricultural lands.

The nexus approach can help negotiate between the different conflicts among countries with regards to natural resources. Natural resources such as water and land are used as a common utility globally.

If countries experiencing water shortage in Middle Eastern areas such as Egypt don't manage to share water, it could result in a serious water crisis.

A similar problem can be seen in global food shortages. China, for example, has

imported soybeans for the past 10 years—an enormous amount of 80 million tons—while Brazil has emerged as a global exporter of the soybean crop. If Brazil should experience an imbalance between water and food resources, the implications for their soybean export to places like China could cause instability for international peace and equilibrium. Therefore, the shortage of natural resources such as water and food should also be looked at from the perspective of global trade.

Fourth, put simply, the nexus approach is a global issue. Large quantities of leftover water and food are thrown away every year.

If we convert food waste into greenhouse gas emissions, the No. 1 country would be China, followed by the United States, with Korea ranked third. If we convert food waste into a blue water footprint, which is the environmental concept that summarizes your overall consumption habits as an amount of water consumed per year, Korea would come first. Thus, from a food production and agricultural standpoint, Korea is the biggest water consumer in the world. We need to closely analyze our systemic water usage and food waste.

When considering the previous Presenters today, one can make the following conclusion:

First, the nexus approach should be developed as a platform that prioritizes sustainable advance strategy beyond simply water, energy, and food.

Second, the nexus approach should examine a wide-ranging scope. Natural resources and the areas in which they are found—regions such as river basins, transboundary river, the areas surrounding the Nile the Mekong Rivers—should be treated as geometrical and geological matters, and food and energy should be examined within the global context.

Third, the nexus approach should extend beyond the boundaries of the individual, related disciplines and consider the interconnection between sectors. Therefore, the inside of the government also needs to be accessed from matters beyond the border of department. Finally, in the words of De Boer, Director General of GGGI, the nexus approach must contribute peace and abundance to the international world.

**Yoon Jong Soo:** As mentioned before, we need to change the way that we use our limited natural resources out of consideration for the growing population and the

increasing middle class. Today, we cannot stay silent regarding the issues that the nexus approach addresses, not only the categories of water, energy, and food but also climate change, nitrogen gases, and the extinction of animals. The nitrogen that is included in compost piles, for example, contaminates the land and results in the acidification of water blooms, which eventually make their way to the sea. To resolve these complex issues, all countries must participate in a conversation on how to develop. Politics are important, but all countries, including Korea, are behind on this issue. In the case of Korea, the Ministry of Land, Infrastructure, and Transport; the Ministry of Environment; the Ministry of Trade, Industry, and Energy; and the Ministry of Agriculture, Food, and Rural Affairs are all making efforts concerning this policy, but they have not yet given serious consideration to the approach proposed by the water-energy-food nexus; each ministry is responsible for their own department alone. Looking at it from this perspective, one can say that Korea's typical administration methods still have a lot of developing to do.

In the end, it is the integration of water, food and energy concerns into the realm of politics that would be the most effective way to resolve these problems. All departments must work together.

**Young-hoon David Kim:** Water, energy, food are three universal problems faced by humanity, issues rooted in both security and accessibility. We need to decrease the price of food and energy in order to make them more accessible, and yet the price and accessibility problems are closely tied into the scarcity and the limitations of natural resources. There are so many issues in the energy sphere, including security, fusibility and accessibility to energy, that we need to get ourselves organized.

Normally, we refer to energy problems as a trifecta of global issues: We can see similar problems among food and water issues, but we need to stop ourselves from only evaluating these issues in terms of their complexity or scale. Instead, we can see these times of crisis as an opportunity for change. Take Mongolia, for instance, which by using the solar energy and wind power efficiently 24 hours a day, every day, produces electricity and provides water via advanced irrigation systems. By creating renewable energy, they were able to help resolve their energy, food, and water problems with a single, complex initiative. These solutions have gone so far as to prevent the country's

desertification.

These methods can be also applied to Ethiopia, Bangladesh, and even Indonesia. Although water, energy, and food are massive problems, industry could use these problems as an opportunity to advance science and technology.

**Nam Sangmin:** I will talk about the connections between water, energy, and food and the plan for developing greater linkages between the three.

The first strategy is the security of accessible and clean water. Even today, in the 21st century, over 1 billion people cannot drink clean water. We should enhance the accessibility to clean water.

The second strategy is biodiversity. Biodiversity is essential for establishing a linkage between climate change and water shortage.

The third strategy is renewable energy. If we try to get answers on how to reduce our energy consumption and use energy effectively, this can result in renewable energy across multiple sectors.

I agree that an integrated policy is important, one that is not based on individual efforts but an amalgamated strategy. The final connection between these areas pertains to raising awareness: We should become more conscious of the connections between these individual issues so that we can reduce the difference between awareness and understanding. For example, there is no water shortage problem in Northeast Asia yet, but if China begins to struggle with a severe water shortage, it would affect not only China itself but nearby countries like Korea. In such a case, we could solve the water problem with cooperation between borders.

**Amrita Goldar:** I would like introduce the cases of India. India is a country that practices a nexus approach. Among them, I would like to examine irrigation, food security, and bio-fuel productivity more closely. Approximately 53 percent of India's population works in agriculture, but generates only 18 percent of the GDP. In order to shrink this gap, India has improved its irrigation system and introduced what is called a "food belt" and electric supply.

For example, when India experienced a groundwater shortage, the government supplied free water to farmers on the condition of it only being used for a couple of

hours each day.

The second issue is biofuel. Sugar cane is the main product of India, but production requires vast amounts of water. As a result, India uses sugar cane in its chemical industry, casting industry, and as a raw material in the production of biofuel. However, there have also been problems: the price of ethanol was not fixed, as well as the disparity between the distribution of earnings among companies.

In addition, India has seen conflict between its political interests and the nexus approach. Eventually, the authorities were forced to acknowledge that the problem needed to be examined globally, not just locally. Moreover, these factors had to be addressed from not only an economic point of view but a social one as well. Proper distribution of these incentives, such as subsidies, was also needed.

**Yvo de Boer:** Korea has proposed that its development into an international society has been presented based on its own economic development. On the other hand, we need to consider that how keeping sustainable development moving forward has lessened the climate crisis. We should also question how we work on the areas of sustainable development that are progressing more slowly, and do so by using creative economic methods.

**Alexander Muller:** Nexus needs leadership. Access to Nexus would be useless without a political leader. Korea has shown continued efforts in the development of green growth, and if Korea could continue developing its discourse on this topic, the country could benefit from greater change and experience.

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### Policy Implications

- To prepare for water-energy-food nexus policy that will encompass all of the necessary countermeasures, preparation, and security necessary to properly integrate these three fields
- To work towards being an international society that makes a persistent effort to eliminate poverty and reach toward development; to aggressively participate on the discussion of why such effort is needed
- To find methods that lead to economic development, as well as determining the blueprint for what it takes to change environmental problems, address the exhaustion of natural resources, and outline the causes for environmental problems and climate change; how to grow economically while protecting the environment and eliminating problems concerning green growth, as well as to create a platform upon which an international society can be established, one that is dedicated to the continued growth and progress in relation to this experience

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## Asia's Sustainable Development and the Environment

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Cheju Halla University

In recent times, due to rapid economic growth and industrialization, Asian countries are experiencing environmental pollution and their ecosystems are in danger of disturbance and subsequent destruction. An in-depth discussion was held in order to come up with answers to these problems. On the agenda were eco-friendly economic growth methods, cooperation between countries to come up with environmentally-friendly solutions to environmental and societal problems, the UN Sustainable Development Goals (SDGs), and the New Asia Initiative. All of the above were discussed in order to come up with ways to meet the needs of the future generation, to allow for the potential growth, and to satisfy Korea's present needs.

### Moderator

**Jun Yong Wook** (Vice  
President, Sejong  
University)

### Presenter

**Choe Jae Chun** (President,  
National Institute of  
Ecology)

### Discussants

**Moon Tae Hoon** (Professor,  
Chung-Ang University)

**Jeon Eui Chan** (Dean,  
Graduate School, Sejong  
University)

**Moon Sung Jong**  
(Professor, Cheju Halla  
University)

**Choe Jae Chun:** Many will remember back in 1988 when *TIME* magazine selected not their Person Of the Year but their Planet Of The Year: Mother Earth. The two major threats to the Earth's environment right now are climate change and the destruction of biodiversity. The 12<sup>th</sup> Meeting of the Conference of the Parties to the Convention on Biological Diversity (COP 12) will be held in Pyeongchang on Oct. 6 through 17, and attendees will be discussing such topics as "Biodiversity for Sustainable Development." Through this opportunity, we need to educate the public on the importance of preserving biodiversity and urge communities to come up with

**Rapporteur**

**Kim Shin Hyo** (Director,  
Cheju Halla University's  
Free International City  
Development Center)

solutions that promote global sustainable development. Dr. Gro Harlem Brundtland, the former prime minister of Norway, defined sustainable development as being something that satisfies the needs of the present day without compromising the needs of the future generation. How we preserve and protect Korea's DMZ, for example, is important in terms of maintaining biodiversity in the Asian region. Korean president Park Geun-hye has already announced plans to transform the DMZ into an ecological peace park. The DMZ is not only important when it comes to politics and history but is also important in the preservation of biodiversity in the region. For this reason, I argue turning the DMZ into an ecological peace park is important because, as one of the last surviving biodiverse areas in such a temperate region, I believe it will be possible to create an Eco-Tour City in Air that doesn't destroy the biodiversity of the local environment.

COP 12 will provide an excellent opportunity for us to present the ideas behind the project and promote our plans for the DMZ ecological peace park. In order to achieve our goal we must, first and foremost, place the DMZ project on the agenda of the Presidential Committee for Unification Preparation. Second, we must include the DMZ preservation issue in the agenda for high-level talks between the two Koreas. Third, I believe that there is a need to establish a Joint South and North Korean Ecology Peace Institute that would be tasked with carrying out ecological research, as well as conducting research in areas such as the economy, the DMZ, and unification policies. The new establishment must also be a place for cultural research, education, and displays, as well as housing the National Institute of Ecology, of which I have been

designated as the first director, which must play an important role in helping this come about.

**Moon Tae Hoon:** There are a variety of cooperation mechanisms in place in the Northeast Asian region. These include the Northeast Asian Conference on Environmental Cooperation (NEAC); the North-East Asian Subregional Programme for Environmental Cooperation (NEASPEC); the Tripartite Environment Ministers Meeting (TEMM) between Korea, China, and Japan; the Acid Deposition Monitoring Network in East Asia (EANET); and the Northwest Pacific Action Plan (NOWPAP), which aims to improve upon the preservation of the coastal and ocean areas of the Northwest Pacific region. In spite of the limitations these organizations have faced and their lack of effectiveness, we can still say that advancements have been made. For example, Korea, China, and Japan reached an agreement on 10 key environmental agendas at TEMM in June 2009. These primary areas of concern included education on the environment, climate change, biodiversity, yellow dust, pollution control, an eco-friendly society, resource circulation, movement of electronic waste between countries, effective monitoring of chemical substances, Northeast Asian environmental governance, and environmental industries and technologies. Those present at the TEMM in April 2014 witnessed the three countries agree to a joint response regarding the problem of yellow dust. At this meeting, Korea, China, and Japan drew up a five-year plan and outlined issues to be tackled, choosing air-quality improvement as the main problem that needed to be resolved.

The Northeast Asian region plays a key role in international trade and is a large consumer when it comes to energy use, so the cooperation between the countries in this region is vital to achieving SDGs and sustainable growth. The agreement reached between Korea, China, and Japan regarding 10 key environmental issues is a great starting point in developing a Northeast Asian Initiative that will work toward sustainable growth in the region. If this region succeeds, this will most likely expand to other Asian regions.

There are a few proposals that can help achieve sustainable growth and sustainable development goals.

First, a joint vision must be established regarding sustainable growth in the region.

Second, a framework must be drawn up so that the plan can be implemented. Third, an index or reference point that will allow the countries to monitor the current rate of sustainable growth must be put in place. Fourth, Korea, China, and Japan must engage in cooperative governance. The environmental organizations of the three countries are weak compared to those of other organizations, so authorities from a higher-level body must participate in order for these plans to be carried out effectively. The environmental cooperation initiative is a less sensitive issue, and is one to which all neighboring countries can relate. This can thus be part of the “Seoul Process,” an idea put forward by President Park, who has stressed the importance of developing trust between regions. Good examples of implementing such goals might include environmental protection, the management of natural disasters, and nuclear safety. And lastly, establishing an Asian green city network, much like the C40 City Climate Leadership Group (C40), can help the Northeast Asian region achieve sustainable growth with relative ease. A city can respond to an issue faster than the central government, and most environmental problems arise from within cities, so creating a three-way Korea–China–Japan green city network would provide vital information and opportunities for sustainable growth.

**Jeon Eui Chan:** Starting last year, many Koreans have been negatively affected by severe particle pollution (the rise of PM-particulate matter in the air). Experts say that about half of this particulate matter affecting the Korean peninsula originated from China. The PM levels in western regions of Japan, which is closest to China, far exceeds environmental standards. China’s coal consumption is a key factor in particle pollution, but the consumption rates continue to rise while waste disposal is becoming an increasingly difficult problem to solve. In order to find a solution to this problem faced by Korea, China, and Japan, partnerships between public and civil groups are being strengthened, as well as collaboration between experts. The problem is also the focus of various meetings such as the TEMM recently held in Korea.

Preservation of the environment can be achieved through the cooperation of regions, and also a sense of co-existence. Therefore, one country’s economic growth should not come at the price of another country’s environmental destruction. If such an instance arises, the related countries must make a concerted effort to resolve the problem. For

example, Korea can export their successful technologies regarding compressed natural gas (CNG) buses, diesel particulate filters (DPF) and telemetering systems (TMS) to help combat air pollution to China. A joint study by Korea, China, and Japan must also be carried out to monitor the amount of pollution being dispersed by each country, and to create an inventory report regarding the amount of air pollutants produced by China specifically. Such efforts will guarantee environmental preservation in the Northeast Asian region.

On this note, I would like to propose that a Northeast Asian Air Pollution Research Center be constructed on Jeju Island. Not only is Jeju conveniently located for the gathering of the three countries, but it also has an air pollution measuring net located in the mountains to the west. In addition, the island is home to the National Institute of Meteorological Research, which recently relocated to the Seogwipo area. It is a prime location for the establishment of a research center that will allow the sharing of information on studies regarding the environmental conditions in the three countries and, more specifically, on issues such as the climate, typhoons, air quality, and greenhouse gases.

**Moon Sung Jong:** The 2020 Jeju Global Environment Capital City Project roadmap shows that Jeju aims to be recognized as a leading environmental capital by the year 2020. In the years leading up to then, we can consider the various roles and responsibilities that universities on Jeju Island can take on.

Constructing a network among firms, universities, institutes, and the government, and then allowing this network to engage in joint research will allow for logical and applicable policies to be presented. Environmental programs initiated by the Ministry for Environment, along with the planning and implementation of educational programs that meet the demands of Jeju Island residents, will allow an active and environmentally-friendly culture to be established. In addition, programs that will foster environmental experts, such as researchers and educators, can also be implemented.

Also, projects such as the Green Life campaign for residents to achieve the 2020 Jeju Global Environment Capital City will help enhance the environmental awareness of residents on the island, and help create a change in the social paradigm.

The 2020 Jeju Global Environment Capital City Project will be both mentally and materially beneficial for residents on the island, and will allow for the creation of a specific solution for sustainable growth, one that will not compromise the needs of the future generation while addressing current needs and demands.

**[Question]** Ko Seok-yong: I believe that Jeju's problem regarding the pine wilt disease is contributing to climate change and the destruction of biodiversity. Last year, more than 600,000 pine trees were cut down, and there are plans to continue cutting down trees over the next five years. Do you think direct human intervention is enough to tackle problems brought about by the change in the environmental cycle?

**[Answer]** Choe Jae Chun: It is almost impossible for humans to eradicate the problems that now exist regarding the destruction of the ecological system if they are a result of changes in the natural world. If we are not careful, our efforts to eradicate one problem may result in the destruction of a different species. And even if human intervention succeeds in solving the problem, we cannot be sure that it will be a lasting and finite solution. We must find a natural solution to each problem at hand.

**[Question]** Kim Byung-Sun: Are plans for the creation of an Eco-Tour City in Air in the DMZ, which claims to promote tourism while preserving the environment and maintaining biodiversity, plausible? The permeability of factors such as rain, snow, and sunlight may become a problem, and if they negatively affect living things and organisms on the ground, maintaining the ecosystem would appear to be difficult.

**[Answer]** Choe Jae Chun: We believe that these problems can be addressed if the two Koreas agree to restrict the construction of high-rise buildings within a few kilometer radius of the DMZ, and to ensure that the eco-tour city within the DMZ is not concentrated in one area. Also, to tackle the problem regarding the permeability of rain and sunlight, we can consider installing transparent floors.

**Moon Tae Hoon:** A number of scholars claim that environmental preservation of the DMZ seems to be a lost cause since a large area of forest has already been felled and

incinerated for military reasons, while others claim that it is still important. I hope that we can create a city that will have minimal impact on the environment, and preserve the natural environment within the DMZ while providing a space for healing.

**[Question]** Director of the National Institute of Meteorological Research: They say that the rate of advancement and development within Jeju is fast compared to other regions. What is the purpose or meaning behind the proposal of creating a Northeast Asian Air Pollution Research Center on the island?

**[Answer]** Jeon Eui Chan: It is undesirable for Jeju, which is known primarily for its tourism industry, to focus solely on tourism and development. We must remember that Jeju's value and strength lies in the fact that it is a natural heritage site that has been recognized by UNESCO and the world. Jeju was proposed as a potential site because of its convenience, and the area provides an optimum environment for carrying out ongoing research regarding environmental factors (such as the climate, typhoons, the air, and greenhouse gases) related to Korea, China, and Japan.

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## Policy Implications

- The 12th Meeting of the Conference of the Parties to the Convention on Biological Diversity held in Pyeongchang in October is a great opportunity for Korea to promote its plans to construct a DMZ Ecological Peace Park.
- The DMZ Project must be placed on the agenda of the Presidential Committee for Unification Preparation headed by President Park Geun-hye, and the issue of preserving of the DMZ ecosystem must be addressed during talks between the two Koreas.
- A Joint South and North Korean DMZ Ecological Peace Research Institute must be established to conduct research on the ecosystem, the economy, the DMA, and unification policies.
- The construction of an eco-tour city along the DMZ is attainable, provided that it doesn't destroy the biodiversity of the DMZ.
- The three-way agreement reached between Korea, China, and Japan regarding 10 major environmental issues is a good starting point for the development of a Northeast Asian initiative that will aim to achieve sustainable development goals.
- Establishing an Asian green city network, much like the C40 Cities Climate Leadership Group, can help the Northeast Asian region achieve sustainable growth with relative ease.
- The environmental cooperation initiative is a less sensitive issue, and is one to which all neighboring countries can relate. This can thus be part of the "Seoul Process," an idea put forward by President Park, who has stressed the importance of developing trust between regions.
- Jeju provides the optimum environment for the construction of a Northeast Asian Air Pollution Research Center. Research can be carried out regarding the environment of Korea, China, and Japan, and information will be easily accessible.
- The 2020 Jeju Global Environment Capital City Project roadmap shows the creation of a network among firms, universities, institutes, and the government, which will allow local universities to play an important role.

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# Establishment of an Information Platform for Low-Carbon Development in Northeast Asia

## The 13<sup>th</sup> Environmental Policy Forum

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### Korea Environment Institute (KEI)

Formed back in 2012, the integrated KEI comprises members from the fields of academic study, the government, and NGOs that have come together for the Korea Environment Institute's 13<sup>th</sup> Environmental Policy Forum panel discussion session. The National Environmental Information Network System (NEINS) was established for the purpose of developing and launching low-carbon development policies through the context of environmental information, and today's session introduced NEINS' vision as Northeast Asia's Environment Information hub. With the heralding of the Government 3.0 initiative, we are living in a day and age where the use of open (public) data and big data is expanding to various fields in society during their decision making process, and the interest in environmental data, especially spatial research information, is quite high. To meet the growing demand and interest, members from KEI and the Korea Research Institute for Human Settlements (KRIHS), who are dedicated to researching not only information policies but also policymaking support systems based on them, came together for an in-depth discussion and debate regarding spatial information and policies.

#### Moderator

**Han Wha-jin** (Vice President,  
The Korea Environment  
Institute)

#### Presenters

**Jeon Seong Woo** (Director,  
Division of Environmental  
Information Research,  
The Korea Environment  
Institute)

### The Use of National Environmental Information and Low-Carbon Development Policies

Jeon Seong Woo: Korea started collecting location-based environmental information in the early 1990s. Since then, we've been pondering over the collaborative use of the information gathered within the measuring nets of various monitoring systems. With the aim of using environmental

**Kim Daejong** (Senior Research Fellow, Korea Research Institute for Human Settlements)

**Discussants**

**Lee Misuk** (Research Fellow, The Korea Environment Institute)

**Kim Kyungmin** (Researcher, National Assembly Research Service)

**Rapporteur**

**Lee Jiah** (Researcher, Korea Environment Institute)

information to support economic development, among other goals, research was conducted to find ways of locating, gathering, and using data, and then finally applying it to policy creation.

Continuous research efforts related to environmental information and, more specifically, ecological and environmental welfare along with disease therapeutics need to be made.

An ecological index was drawn up and there is currently a five-tier system in place related to ecological function, but we are unable to turn this information into something of economic value.

We must be able to go beyond just information gathering, and turn it into something of value, in order for more research paths and opportunities to arise.

The Korea Forest Service converted the public value of forests to around US\$100 million. The public value of Korea's total forested area was estimated to be around KRW 129 trillion last year. Both clarifying and quantifying the purpose of these areas has led to a steady increase in value, and Korea is also conducting research in certain areas related to this.

Korea commenced work at its National Environmental Information Center on April 1, this year. Initiatives to provide policymakers with information on their country's environmental changes are currently underway, as well as efforts to point out the trends and long-term views. There is also a push to establish early warning systems regarding environmental catastrophes and disasters, starting in the second year of the United Nations Environment Program. The latter will take the form of an open platform created in association with the UNEP's information sharing site, UNEPLive.

The Korea Environment Institute, in line with its mandate, will revise environmental impact assessment reports and submit them to the government, along with big data related to national environment assessments, information on policy related research, as well as information on added value.

We currently have the information needed to conduct a study on the value of ecological services. Research is also underway to determine the value of areas such as forests, grassland, and marshland so that we can provide a framework for the valuation of ecological services and related information between 2012 and 2015. We are working toward establishing a framework for the next 10 years, and have plans to commence policy-assisting research as well.

### **Case of Spatial Big Data Use for the Government 3.0 Initiative**

**Kim Daejong:** The Government 3.0 initiative came about with the advancement of informational technology. Government 3.0 is closely related to the development of the World Wide Web, and Web 3.0 refers to a flood of information. The Government 3.0 plan is based on Web 3.0, and was created with the goal of offering a public service that would provide tailored services and information suited to each individual's needs.

The technologies used in processing big data are referred to as a cooperative system, which involves large portions of data being broken down into smaller groups before being saved.

This system has now become an open source that anyone can access. Let's break the system down into small steps. First, data is divided and transferred to each computer. A user then calculates and enters their information. The master then calculates and brings up the required data.

The National Environmental Information Center was established with the aim of providing an early warning system, and big data can also be used this way. By analyzing the frequency of searches, you can obtain environmental prediction information in advance. In Singapore, there was a case of big data being used to improve the country's taxi operating system. When researchers analyzed data related to the location of taxis and the weather, they found that taxi drivers had a tendency to not work on rainy days, information that enabled companies to revise their regulations.

You will almost always find information on location and time in any big data set,

as these are the fundamentals of any big data group, so we can use the location data together with spatial information.

A spatial big data system was formed by using the combination of public big data from sources like the Ministry of Security and Public Administration and the Ministry of Land, Infrastructure, and Transport along with private big data.

Spatial big data allows for policies to be made based on understanding and effective communication, and one of its great advantages is that it allows for visualization. However, when using a computer collaborative system, one will receive the information in the form of images and will have to go through a statistical verification process, which is also called a space-time pattern analysis. Put simply, this analysis is derived from the human tendency to work, or produce work, in patterns. These patterns can be described as being random, concentrated, or dispersed. When these patterns are analyzed, problems can be solved more effectively. In the context of national environment policies, analyzing spatial big data enables us to have an increased awareness of the present by being able to gauge what is happening in real time, and subsequently produce effective and customized policies. Through spatial big data, a pre-emptive customized policy can be put forward for consideration.

**Lee Misuk:** We talked about valuing different types of information while also addressing research based on location, but I am not convinced that the function of forests can be completely and cleanly divided into groups for separate valuation. We can divide the function into 20 distinct purposes, but some of these may overlap during the valuation process, so I wonder how this is addressed? On what basis are these functions valued?

I believe that valued information regarding ecosystem services will differ depending on the region from which the information was gathered. The value of spatial information would be different depending on where the data was sourced, and I am wondering how we should interpret this, and how time information is applicable in this situation. Besides valued data, I would also like to question whether long-term plans regarding non-standardized data, such as the public's interest and view regarding the value of environmental service, is being considered. I think it's difficult to say that spatial information is reflected or applicable to non-standardized data, such as data

found within social media sites. Which keywords need to be installed for searches related to policies or technical terminology?

**Kim Kyungmin:** Government 1.0 was successfully implemented, but Government 3.0 came out at a time when we were still experiencing troubles with Government 2.0. We now face the task of finding a way to implement two-way communication between national environment policies, such as those regarding land and real estate, and environment data held by the government.

I would like to pose this question to the National Environment Information Center. How do you plan on using data that is exclusively owned and controlled by another government department, and how do you intend on communicating with the public? I gather that the center was created in order to fulfill its role as the middle company where data is designed and coordinated. But do you have the human resources and human network to be able to manage the data?

The flow and direction of data can be controlled or manipulated, but without proper knowledge or purpose regarding the use of government owned data for environment research purposes, it will be difficult to accumulate useful information.

Whether or not the center firmly establishes itself in the field will be a pivotal point in the efficient management of big data.

The center needs to remain neutral, but it also needs to become specialized and communicate with a large number of people, so I wonder how the center plans on carrying this out. I believe that continued efforts need to be made

For global cooperation, fresh budget proposals that reflect new changes must be made on a regular basis and implemented accordingly, and a connection between such data and policies must be made. Only then, will the data increase in value.

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### Policy Implication

- Through related research we must determine the economic value of environment information, and speed up the process of finding a way to use this to support economic growth
- We look forward to seeing the National Environment Information Center, in close cooperation with UNEP-Live, become an environment information hub for the Northeast Asian region
- Government 3.0 is closely related to the advancement of information technology. Amidst the flood of information, we hope that there will be a convergence of big data and spatial information that will lead to the design of pre-emptive, customized policies.

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## Discussing the Worth of Climate: Meteorology Big Data

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Seoul School of Integrated Sciences & Technologies (aSSIST) /  
National Institute of Meteorological Research

Data is the 21<sup>st</sup> century equivalent of crude oil and will control the future of competition. As such, it is important that organizations recognize that we have entered the era of the data-driven economy and thus increase their ability to share information to overcome data isolation, says international consulting firms including McKinsey & Company. In line with this trend, it is expected that big data will become the core source of national competition. For this reason, the Korea Meteorological Administration supports the creation of new values for citizens through the Government 3.0 initiative, which will soon be open to the public. The administration has also opened most of its self-produced data and sources such as the observation source, forecast data, weather index to the public, and is making an effort to enhance its commitment to data openness. We have established a space for sharing fusion technology and data from various fields—agriculture, forestry, environment, health, and tourism—based on meteorological and climate-centered big data.

### Moderator

**Choi Byoung-Cheol**  
(Director, National Institute  
of Meteorological Research)

### Discussants

**Nam Jae-Cheol** (Director  
General, National Institute  
of Meteorological Research)

**Kang Chang-Hee** (Professor,  
Jeju National University)

**Lee Ki-Kwang** (Professor,  
DanKook University)

Choi Byoung-Cheol: I would like to pose a few questions, such as, “What plan is in effect for big data that pertains to climate change?” and “How does big data benefit the interests of the average person? Overall, I think big data should be made available for people who need it for its social and economic purposes, which means that the data should be used as a customized service.

**Kim Seong-Kyoun**  
(Director, Meteorological  
Industry and Information  
Technology Bureau,  
Korea Meteorological  
Administration)

**Mun Yoon-Gi** (Director  
General, KT Hitel  
Corporation)

**Oh Taik-Jin** (Editorial  
Writer, The Jeju Daily  
News)

**Rapporteur**

**Kim Jung-Yun** (Senior  
Research Scientist,  
National Institute of  
Meteorological Research)

**Kang Chang-Hee:** We could say that the use of big data is most necessary in relation to atmospheric science to analyze QA (Quality Assurance) and QC (Quality Control). I am well aware that this meteorological data attain necessary information by cooperating with related departments, I wonder if maintaining cooperation with sharing data from each department, whether or not they could have been consistent remains questionable. I want to argue that an open platform in government would play a key factor in making the best use of big data.

One of the benefits of basing the facility on Jeju Island is that various aspects of its environment—its atmosphere, land, and water—are connected through a stereoscopic monitoring system structure. In addition, Jeju's research community appears to be giving serious thought to focusing its efforts on this type of big data. When it comes to taking advantage of existing data, the Gosan Observatory is important because it played major role in the ABC project organized by IPCC in 2007, which has since become internationally known. Currently, it is difficult to get useful data in the atmospheric chemistry sector when relying on the National Institute of Meteorological Research alone. Therefore, we need to diversify big data output by accumulating data regarding the atmospheric chemistry sector over the long term.

**Lee Ki-Kwang:** I think there are opportunities to make technology for climate study more user-friendly by incorporating smart machines into the meteorological service. It is desirable for attempting itself to try to give meteorological services to citizens and companies. I hope that giving meteorological information to the public

can also result in an economic boost. I think we can have good results by revisiting conventional concepts while also taking safety into concern.

In order to prevent accidents like the Mauna Resort building collapse in Gyeongju from earlier this year, we can create manuals or systems that shape responses to climate data by connecting meteorological data with building condition data from the Ministry of Land, Transport, and Maritime Affairs and the local government. Meteorological data can also promote safety by connecting many ideas across many different departments. But even though the meteorological data is important, interdepartmental cooperation is also necessary.

**Kim Seong-Kyoun:** The National institute of Meteorology Research has already considered in task force of meteorological and climate-centered big data. The members of the task force are senior executives from the Safety and Future department, and researchers, and professors. They have already started projects related to energy, transportation, logic, and tourism (involving nine departments and one infrastructure), and planned safety measures including disaster prevention.

Meteoclimatic data itself can be useful on its own, but only reaches its true utility when it is cross-referenced with other data from different departments. For this reason, further professional analysis is needed to ensure the data serves as a useful resource for users.

We hope that the Korea Meteorological Administration's efforts will trigger future action, although it is hard to estimate the result. The increasing number of applications for big data related to climate and weather will be hugely beneficial in this field.

**Mun Yoon-Gi:** In the field of climate research in Korea, one particularly important course of action is establishing a distinction between the current forecast system and the current big data system. In addition to the general value of developing the applications of big data, users would also greatly benefit from a system that is more streamlined and user-friendly. This can all be done through API software, which serves as a way to start the conversation, as well as exchange and save information. API is designed to aid those researchers who rely on meteorological big data to generate their results. Although the software was originally developed overseas, there is no indication

that there will be any problems with using it for Korean projects.

We are still discussing whether API should be considered by the Korea Meteorological Administration, and before we start the service, we are looking for feedback from private enterprises that have tested the service. If the feedback remains positive, we hope to launch the services come spring.

Oh Taik-Jin: When it comes to Jeju Island's climate, while a lack of rainfall is can be hazardous to agriculture, it is also quite beneficial to tourism. Jeju's Hallasan Mountain also presents its own unique regional climate conditions. As a result, there are many ways to use the big data with regards to analyzing Jeju Island's weather patterns and the specialties of its climate. What this data also needs to be used for is making an effort to generate information that will promote safety. The best use of big data is to use it to prevent disaster while leaving the door open for further research on the topic.

**[Question]** What is the Korea Meteorological Administration's plan for using big data related to weather to insure the safety of the region's people?

**[Answer]** We are trying to find a way so that not only the Korea Meteorological Administration can use this information but anyone else who needs it. Though we cannot go into detail due to our tight schedule, this is the simplest way that I can explain our goals.

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### Policy Implications

- To form an integrated policy and strategy when using big data pertaining to climate and weather from foreign countries
- To create new services to deal with the complex information behind climate, weather and meteorology
- To use big data pertaining to weather and climate in an effective way to advance the economy
- To create a service that will best meet the needs of our citizens (relating to such areas as medicine, traffic, architecture, energy, fisheries, and disaster prevention) while establishing confidence in the safety of our society

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## Actions against Climate Change and Its Economic Effects

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### Ministry of Foreign Affairs

Up until now, any action taken against climate change and other environmental issues has emphasized the time-sensitive nature of the problem. The expenses associated with these efforts are of little importance: Inaction will hinder the future sustainable development of humanity. Yet today, globally, actions against climate change and other environmental issues are shifting into a new economic developmental paradigm, serving as the engine of economic growth. In addition to cooperating with existing initiatives, Asia needs to take a leadership role in the new economic paradigm shift, which can be done by developing technology related to climate change and adapting national policies and global rules. For these reasons, we discussed Asia's ongoing efforts to combat against climate change and their economic effects.

#### Moderator

**Kang Sung Jin** (Professor, Korea University)

#### Presenter

**Libasse Ba** (Program Coordinator, Environment and Development Action in the Third World Energy)

#### Discussants

**Yvo de Boer** (Director-General, Global Green Growth Institute)

**Kim Chan-Woo** (Senior Foreign Service Officer, Korea National Diplomatic Academy, Ministry of Foreign Affairs/Former Korean Ambassador to Kenya)

**Kang Sung Jin:** We have set our 2020 Greenhouse Gas Reduction Target at 30 percent of the standard amount, but if we were to continue with current levels, there will be obviously limitations in achieving this reduction target. Moreover, the economic loss resulting from global warming, seen in issues such as typhoons, famine, rising food prices, and hurricanes, is growing each day. As a part of the solution, there has been an increased call for reducing coal consumption and expanding investments in clean energy, with part of the argument being that as the developmental costs of clean energy decrease, there are

**Asfaha Beyene**  
(Administration Senior  
Advisor, Green Climate  
Fund)

**Yun Kanghyeon** (Director-  
General for Global  
Economic Affairs, Ministry  
of Foreign Affairs)

**Rapporteur**

**Jeon Solji** (Hankuk  
University of Foreign  
Studies Graduate School  
of Interpretation and  
Translation)

fewer burdens for investors. Yet what we need today is to kill two birds with one stone: improving the quality of life through economic development while actively fighting against climate change.

The New Climate Economy (NCE) is working to find such solutions. The NCE is a project that was initiated by the governments of Norway, England, and Sweden in January 2013 to analyze the economic effects of action against climate change. The organization's key research focuses on energy systems; finance; macro-economic policies; usage of cities, farms and land; innovation; global cooperation; and national case studies of Ethiopia, China, and India. Currently, there are seven countries that have joined the NCE, including Korea, and 22 political and financial leaders including the former president of Mexico, Felipe Calderón, are working as the Global Commission. After the panel's final project report was completed in June 2014 and reviewed by experts in the NCE's member countries, it was then submitted to the UN Climate Summit in September 2014 for further consideration.

**Libasse Ba:** The economic value of climate change can be found in the case of Senegal, where the Nationally Appropriate Mitigation Actions (NAMAs) project has been implemented. NAMAs was started as an objective for the UN Framework Convention on Climate Change (UNFCCC), which set goals for economic development and low-carbon growth.

The population of Senegal is around 12 million, and 40 percent of its people reside in the city while the rest reside on farms. Many countries have implemented NAMAs, but it is hard to find cases where national reduction has been

achieved, especially in developing countries. This is because NAMAs involve two main factors: the national economic development goals of the relevant country, and being carried out in relation to the relevant country's amount of greenhouse gas emissions. In the face of these stipulations, developing countries are often unable to carry out this research effectively due to their lack of technology and budget.

In Senegal, the Climate Change Committee and its sub-committees are in operation, and NAMAs is run by a sub-committee. In analyzing the national development goals in terms of national, political, and societal impacts, Senegal scored very low, but in the analysis of the national development goal status, the need for economic and environmental businesses was outstanding. The businesses that Senegal has focused on for economic development and climate actions were building energy infrastructure and shipping and transportation-related infrastructure. (These were compared with farming, trash collection, and industrial processes.)

Before developing such infrastructure, Senegal reexamined its main industries to estimate their greenhouse gas emission rates and the possibility for reduction. As a result, Senegal selected the energy industry to be the most adequate sector in which to carry out the NAMAs project. If you take a look at Senegal's national development plan report, you can see the positive effects that actions against climate change have had on national development and sustainable development.

**Yvo de Boer:** The NCE report will benefit the global negotiations in creating a new climate regime to be applied after 2020, and I believe this is a topic worth researching further. Currently, seven countries have participated in the report, and Korea is one of them. The NCE report was submitted to the UN Global Summit hosted by UN Secretary-General Ban Ki Moon in September of this year, and it will be used as a tool to understand the core dilemmas brought on by climate change and its subsequent economic consequences. Furthermore, the report will also present the reasons why climate change is a serious issue in the long term.

The 15<sup>th</sup> session of the Conference of the Parties to the UNFCCC that was held in Copenhagen in 2009 was a meeting set to execute new climate agreements that will replace the Kyoto Protocol, but it was not as successful as expected. At that time, many countries were experiencing the climate dilemma, a quandary regarding short-

term sacrifices that need to be made to ensure the long-term progress against climate change, due to the global economic crisis. In fact, after the Copenhagen conference, China, along with other large countries, has reduced their actions against climate change. Yet at the 21st session of the Conference of the Parties to the UNFCCC that is set to be held in Paris in 2015, I believe we will be able to discuss issues that were not be dealt with in Copenhagen. For an effective Conference of the Parties, we must use the NCE report to remind each nation of the long-term economic benefits that short-time sacrifices will bring. This is why I see the NCE report to be important.

One thing needed for actual change is investment in mutual relations. There must be a relation built among the fields of business, politics, and the environment. At present, investors are more interested in their companies' short-term profits rather than their innovative and eco-friendly management. Realistically, even if investors make their investments based on long-term profits, there are no mutual benefits made to society. Even policy-wise, investors can only be conservative. The Pension Fund is an example of a policy that restricts innovative investments of investors. Rather than encouraging companies to "go green," the government enacts laws and tax policies that make it mandatory. Instead of regulating them, we must form a mutual relation among the fields of policy, investment, and business and encourage green growth in these sectors.

**Kim Chan-Woo:** If you take a look at the various studies that were mentioned in the UNFCCC agreement, action against climate change is valuable on its own, and there are many economic benefits that stem from it. Also, based on the economic index released by the World Economic Forum, there is a long-standing misconception that there is always some degree of conflict between being competitive and being sustainable. This was especially notable in the negotiation process, when many countries were passive in their commitment to combating climate change in fear of decreasing their level of competitiveness. In the end, however, these commitments were presented as the key to seeing a positive impact of actions against climate change. When I worked for the United Nations Environment Program, Korea's waste management program was introduced as a success in acting against climate change, and it was an example of high economic output resulting from actions against climate change.

In order to maximize the benefits of actions against climate change, the government

needs to expand its vision and provide policies that the public and private sectors, along with the rest of society, can follow. Korea's past administration presented low-carbon green growth, and since then, Korea's development paradigm has completely shifted into this field. The current administration is pushing creative economy, a strategy that is impossible without green growth. In another words, creative economy is the upgraded version of green growth—Green Growth 2.0.

In order to build a variety of routes for sustainable development, there need to be pan-regional efforts. Asian countries share similar cultural aspects and environmental factors, which is why we need to organize action against climate change on a regional level. Often times, the only thing that come into mind when we speak of climate change reduction is the desired output, but we need a softer approach. If we were to share knowledge, experience, and advice, the climate change reduction process will be carried out more smoothly. Currently, Korea is receiving advice on green growth from many countries. In order to maximize the benefits, this counsel needs to be accompanied by index analysis. The Global Green Growth Institute (GGGI) is carrying out such analysis, but if more countries were to follow suit, the effectiveness of these actions against climate change would increase.

In conclusion, though 90 percent world's GDP is created in cities, they account for 70 percent of greenhouse gas emissions. At the same time, 50 percent of the world's population resides in cities, and among the global population, 50 percent live in Asia. Given that cities are the main cause of climate change, between Asia's number of cities and its proportion of the global population, Asian cities must lead the way for greenhouse gas reduction.

**Asfaha Beyene:** The Green Climate Fund (GCF) is an international organization affiliated with the UN that provides assistance to developing countries to help them adjust to greenhouse gas reduction. Its purpose is to minimize the damage of climate change in developing countries and provide support for the needed adjustments in these regions. The GCF also provides assistance for implementing climate obligations and responsibilities in each of the country's developments. The GCF can only provide assistance to government-led projects, and the Senegal project presented today would be a project that the GCF could invest in.

If the NCE report offers research on the economic effects of actions against climate change, the role and purpose of the GCF would be to provide assistance to the actual research being implemented. Without plans for implementation, research often lacks utility on its own; for this reason, the projects that should be sought out and supported should be those that are actually realistic to implement.

For effective project implementation, the GCF runs the Private Sector Facility, which encourages private investments while analyzing the various struggles that the private sector experiences in its efforts against climate change. One of the biggest struggles the private sector often faces is the need for capital and technology, mostly because the investors that possess the capital and technology frequently encounter many restrictions in the process of investing in developing countries. Of course, the GCF cannot provide solutions to all problems, but as a facility that is specifically designed for the needs of the private sector, its assistance is very well received.

**Yun Kanghyeon:** Every time we have a meeting, the one thing that is emphasized is the fact that climate change issues cannot be approached passively. This is because action against climate change is what determines the future of the country. Action against climate change may not be easy, but it will be beneficial in the end. There may be no appeal in investing in climate change in the short term, but on the long term, investments in climate change are crucial.

The NCE report deals with 8 of the 10 issues presented by the UN Secretary-General. There are doubts about whether these core issues should be examined in relation to one another, as some of the issues are mutually dependent and complementary while others are fully independent. Also, questions have arisen about whether the Senegal project, which ranks the climate change effects by industry, is applicable to Korea. There are many adjustments that must be made in order to carry out interagency businesses, and we must ponder about how to smoothly set the industrial rankings.

With regards to the economic aspect of climate change, it is most important to strengthen our abilities. I suggest we do so in cooperation with both the government and private sectors.

**[Question] Kang Sung Jin:** I have a question for the Director General of the Global

Green Growth Institute, Yvo de Boer. GGGI was launched by the Korean government in 2010. Can you comment on its current status of Korea?

**[Answer]** Yvo de Boer: GGGI was initially established in order for other countries to learn about Korea's green growth. Currently, there are 20 member countries, and about 30 projects are in progress. We support the green growth strategies of developing countries such as South Africa and Senegal, and we try to improve people's understanding of how sustainable development can eradicate poverty and protect the environment once embraced by a region. GGGI will join the project currently underway in Senegal and elaborate on it, and we expect to support them financially. If we are able to coordinate projects that lead to investment from government agencies in developing countries like Senegal, this will be a more successful arrangement.

**[Question]** Yun Kanghyeon: This question is for Libasse Ba (Program Coordinator, Environment and Development Action in the Third World Energy). You mentioned that the energy sector in Senegal is responsible for the greatest amount of greenhouse gas emissions. Are you considering an energy mix policy for Senegal's energy sector? Or in which direction will you go?

**[Answer]** Libasse Ba: Along with coming up with national plans related to climate change, Senegal established a Climate Change Committee. This is a government-wide effort, and any civil society can become a part of it. This committee's meetings deal with climate change strategies that are being adopted around the world, and also review matters that can be addressed by Senegal as a nation.

For action against climate change, a project needs to be set forth, and a multitude of partnerships between the government, private sector, and civil society must be formed. In this regard, Senegal's project is still in its beginning stages, and we are committed to finding ways to encourage cooperation and strengthen the country's abilities on the climate change front. These minor issues will be dealt but the sub-committees, and after above process, we plan to execute three or four projects on average per year. Among the NAMAs projects, there are those that are executed under the consultation of UNFCCC in relation to climate change, but these projects are not yet ready for

implementation. This is because these projects do not yet include details about all the financial needs and interested parties at each of their stages.

In relation to the energy mix, all types of energy, including traditional energy sources such as coal and electricity as well as new energy sources such as solar energy, renewable energy, and bio fuels, are being used in this sector.

**[Question]** Kang Sung Jin: This question is for Yun Kanghyeon (Director-General for Global Economic Affairs, Ministry of Foreign Affairs).

What is the Korean government's position on green growth?

**[Answer]** Yun Kanghyeon: The government's efforts in favor of green growth have been moved incorporated into the under the bigger framework of its creative economy initiative, and it are is well under progress way.

Kim Chan-Woo: Adding on to Director Yoon's answer, I would like to mention the fixed effect model of analysis. As mentioned earlier, Asian countries are emitting tremendous amounts of greenhouse gases, and among them, Korea has shown the fastest rate of industrialization. Most of the buildings and facilities that are currently in use in Korea are between 10 and 20 years old, and these building are tied to the fixed effect as they emit large quantities of greenhouse gas. Therefore, we must consider a long-term greenhouse gas reduction strategy that starts from the ground up. This is an issue that the Korean government must consider as it moves forth with green growth.

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## Cooperation Model for Low-Carbon Growth

### Cooperation Possibilities among Cities of Korea, China, and Japan

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#### Trilateral Cooperation Secretariat

With rapid economic growth, environmental issues are on a sudden rise as dire problems for Korea, Japan, and China. At the May 2012 Korea–China–Japan Summit especially, the leaders of the three countries emphasized the need for low-carbon growth in order to balance economic growth with environmental protection. On the other hand, the local governments of the three countries have been in pursuit of practical international cooperation with exchanges between cities, and there is much interest being shown to strengthen such cooperation. This session has gathered experts and members of respective local governments from the three countries to develop such efforts into three-country cooperation. Through this discussion, we will share examples, seek out future cooperative businesses, and construct an effective cooperation model among the three countries for low-carbon growth in the future.

#### Moderator

**Nam Sangmin** (Deputy Director, UN ESCAP East and North-East Asia Office)

#### Presenters

**Kenko Ishida** (Executive Director, Kitakyushu Asian Center for Low Carbon Society)

**Cheng Yingjun** (Director, Department of Resource Conservation and Environmental Protection, Dalian Development and Reform Commission)

**Hong Myeong Pyo** (Director, Division of Eco Mobility, Balanced Development Bureau, Changwon City)

**Kenko Ishida:** Kitakyushu City has sought out for international cooperation on environmental issues using its experience of overcoming environmental pollution during high economic growth. Kitakyushu City has not only set its 2050 goal to reduce carbon dioxide emissions by 50 percent of its 2005 rate but we have also set an ambitious goal to help our Asian neighbors reduce their emissions by 150 percent.

In order to accomplish this goal, Kitakyushu

#### Discussants

**Zhao Huaiyong** (Director, Department of Resource Conservation of Environment Protection, National Development and Reform Commission of China)

**Kim Jiseok** (Senior Climate Change Officer, Climate Change Section of the British Embassy, Seoul)

**Michie Kishigami** (Director, ICLEI-Local Government for Sustainability, Japan Office)

#### Rapporteur

**Tatsuya Maisawa** (Economics Affairs Officer, Trilateral Cooperation Secretariat)

City has established the Asia Low-Carbon Center and created a package for environmental business, as well as focusing on exporting know-how in building green cities to our sister city of Surabaya, Indonesia. We have joined over 60 projects with other Asian cities, and have a win-win relationship with each of them by helping them reduce carbon dioxide emissions, mitigate pollution, improve quality of life, and provide overseas expansion of Kitakyushu City companies.

Kitakyushu City has started its work for the development of the Yellow Sea Regional Economic Bloc since 1991 in cooperation with Korea, China, and Japan, and in 2004, we established the Organization for the East Asia Economic Development (OEAED). Currently in 10 cities of the Yellow Sea regions of Korea, China, and Japan, the organization's meetings help administrative and industrial leaders gather and carry out cooperative businesses in fields such as environmental causes, international business, tourism, and distribution.

By exporting Kitakyushu City's Eco-Town Business, targeting the recycling industries in the Chinese cities of Dairen, Tsingtao and Tianjin, we have established a close cooperative tie with these cities and are moving forward with business plans. With Dairen City, our first plan of action is constructing a recycling industrial complex. Relying on the relationships built through OEAED, and cooperating with environmental policy among cities in Korea, China, and Japan, we plan to actively push forward Asia's low-carbon growth. We hope that the Trilateral Cooperation Secretariat will provide us with much support.

**Hong Myeong Pyo:** Among other cities in Korea,

Changwon-si is our nation's first planned city, as well as Korea's representative industrial city, experiencing significant growth in the past 30 years and reaching a population of 1.09 million. Yet environmental issues such as pollution have intensified, and in order to edify this, since 2006, we have executed the Environmental Capital of Changwon Project to meet our 2020 goal of reducing our greenhouse gas emissions by 300,000 tons.

In order to reduce 50,000 tons of greenhouse gas from the transportation sector, we have encouraged bicycle usage, enhanced pedestrian walkways, and paved the way for increased use of electric vehicles. As a result, Changwon-si was able to 1) successfully establish various bicycle-related policies (represented by "Nubija") and was acknowledge as Korea's first bicycle city, 2) form a new pedestrian environment by building the Greenway, which uses old train tracks within the city, and 3) initiate multiple electric vehicle policies after being selected as the Korean government's pioneer city for electric vehicles. Changwon-si is well acknowledged in pursuing such eco-friendly transportation methods and has been invited to prestigious international meetings to share our experiences. We also hope to establish a cooperation system between the urban centers of Korea, China, and Japan in the eco-transportation sector to support public relations with each of the respective governments. We also hope to expand the successful output of eco-transportation applied in each of the cities in Korea, China, and Japan.

**Cheng Yingjun:** Low-carbon growth is the moving force of economic growth, but it is also an absolute choice to resolve a number of global environmental problems. This is especially true since China, Korea, and Japan are geographically close and support each other's economic development, and it is important for us to cooperate in resolving issues related to resources and the environment.

Dairen City has many advantages when it comes encouraging cooperation among the three countries for low-carbon growth. Its first advantage is its close geographical location to Korea and Japan. It is also an industrial city representing China, and we have a great deal of experience with developing social infrastructure. In addition, we are also an advanced city with it comes to environmental issues.

In particular, Dairen City is pushing for the Circulation Economy Industrial

Complex that was mentioned in the Korea–China–Japan Summit. This industrial complex will focus its efforts on developing a circulating society, circulating industry, circulating service and circulating farming, with companies of Korea, China and Japan providing various services to develop these functions.

Also, the industrial complex will carry out many functions as a platform for continuous technological innovation. This industrial complex will be receiving ongoing support from the ongoing government support at the municipal, provincial, and federal levels, and we also have land resources and manpower. Geographically, the city has a harbor and plans on becoming a destination for conventions, becoming a well-known hub for foreign companies around the world.

Through the Circulation Economy Industrial Complex, Dairen City hopes to provide a place that Korea, China, and Japan can work together to achieve low-carbon growth.

**Kim Jiseok:** In order to successfully achieve low-carbon growth, we must 1) predict the damages of not acting against climate change in the future, 2) set absolute goals of low-carbon growth, 3) increase the usage of renewable energy to achieve our goals, 4) support energy-efficient buildings, and 5) supply eco-friendly transportation methods such as electric vehicles or trams.

As it is important for the cities of Korea, China, and Japan to encourage one another like relay partners and grant incentives to each other. We must also establish a joint website to present the goals, activities, and outcomes of each city. These actions will open doors to the possibility of cooperation in East-Asian low-carbon growth.

**Zhao Huaiyong:** Low-carbon growth is a problem about gaining time for human survival on Earth. This is especially true since 70 percent of the world's population resides in cities and consume 80 percent of the world's energy.

In order to establish sustainable development, cities must 1) adjust the energy consumption structure per city, 2) improve energy efficiency in transportation and buildings, 3) recycle city waste into usable resources and 4) carry out technological cooperation and policy sharing among cities.

Michie Kishigami: The important procedures in inter-city cooperation are 1) to encourage each city's participation after setting the theme and participating terms, 2) seek for activities that can be achieved in the gathered cities, 3) set goals, 4) set action plans, 5) share information while pooling resources to achieve the goal, and 6) publish a report that documents the findings.

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### Policy Implications

- It is important to share knowledge, experience, and policies among the cities of Korea, China, and Japan in the areas of eco-transportation, eco-building, recycling waste, and renewable energy.
- Also, in order for cities to carry out these activities, they must clearly determine the results of not reducing carbon dioxide emissions, while also setting a specific goal for low-carbon growth.
- In the interest of inter-city cooperation, periodic information sharing and technology cooperation among cities willing to cooperate are important, and it is also important to check in on one another's progress.
- It is the role of Korea–China–Japan Trilateral Cooperation Secretariat to provide the space and resources for inter-city cooperation.



## Chapter 7

# Constructing Regional Cooperative Network in East Asia



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# The Strategy for Constructing Carbon Free Island Jeju

## The Innovative Business Models of Community Wind Power

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### Jeju Energy Corporation

Great strides have been made in recent years in developing large-scale renewable energy projects to address the threat of global warming. However, local communities are often reluctant to embrace these initiatives, thus making their implementation difficult. Distributed generation, which is already popularized overseas, is a possible solution to overcome this challenge. In order to pursue its carbon-free vision, Jeju Energy Corporation will analyze overseas models of community wind power, and consider how to adapt and apply them to Jeju Special Self-Governing Province and other regions in Asia.

#### Chair

**Han Kyungseop** (Professor,  
Pohang University of Science  
and Technology)

#### Presenter

**Oh Sideok** (Vice President, Blu  
Economy Strategy Institute  
Co., Ltd)

#### Discussants

**Kim Jinseok** (Director, Jeju  
Special Self-Governing  
Province Industry & Economic  
Bureau)

**Park Seungok** (Chief Director,  
Seoul Citizen's Solar Power  
Coop)

**Lee Rimtaig** (Chairman,  
Korea Wind Energy Industry  
Association)

### Local Ownership and Community Wind Power Models

**Oh Sideok:** In our experience, the most important issue highlighted in research on the development and growth of wind power projects is typically that of local community acceptance and participation.

As Jeju Island continues to push its Carbon Free Island Jeju by 2030 plan to increase supply of renewable energy like wind power, we recognize that local acceptance is essential to realizing this plan and reaping its benefits. From the local perspective, key concerns are the costs and benefits of wind turbines, where they will be installed, and who will be managing them.

**Kim Homin** (Professor, Jeju National University)

**Rapporteur**

**Jo Soojung** (Research Engineer, Jeju Energy Corporation)

Professor Bell's social gap theory is relevant to the current situation, where social gap is defined as the contrast between positive public opinion for renewable energy and the negative reaction when these developments are planned to be built in the community's own backyard. You can witness this reaction being motivated by such things as Not in My Back Yard (NIMBY) factors, environmental values, and opportunism in other countries. Other elements usually tossed into the mix are the perceived fairness of distribution, the legitimacy of the process, and credibility or reliability.

Notwithstanding these listed factors, the actual reasons for weak local response typically depend on idiosyncratic variables, such as what country or region we are examining. The first step to enhance community acceptance of wind energy projects is to analyze these region-dependent variables and to evaluate the wants of the local community.

A wind energy cooperative promotes transparency and seeks to distribute social and economic benefits back to the community. There are four common business models in these projects: Commercial ownership (0 percent involvement of residents), cooperative (where resident involvement is under 50 percent), shared (joint ownership with resident involvement over 50 percent), and community (100 percent resident involvement). Higher levels of resident participation will see greater acceptance by the local community.

Denmark's Middelgrunden offshore wind farm is arguably the most representative and successful example of these projects. There were three public hearings during the planning and building process that served to address local concerns, for instance, over the locations and numbers of

wind turbines to be installed. Community voices were heard, taken into consideration, and the results speak for themselves: at present, over 90 percent of wind farm shares are owned by residents and local stakeholders.

The increase in large-scale wind power generation complexes in Denmark and Germany has seen a corresponding decline in the proportion of community cooperatives. Despite this, cooperatives owned over 80 percent of turbines in 2000. Furthermore, opinion surveys with local stakeholders revealed more positive attitudes about resident participation.

Similar examples in Scotland and Greece suggest that as local involvement goes up, local residents start to embrace the notion of cooperatives. At the same time, they become interested in the economic benefits for them, in who can participate in decision making, and also whether they can access transparent, detailed project information. Overall, understandably, different strokes work for different countries and regions, and we have to acknowledge community needs and wants in order to determine optimal compensation and a working system for that community.

We propose Jeju Special Self-Governing Province work toward increased community ownership so that public acceptance of wind power can be raised. The efficacy of the community wind power model has been demonstrated, and we can eventually integrate other renewable energy power sources into the model in the future. On the other hand, we acknowledge that there are drawbacks of this model, namely, having to raise initial capital as well as gaining and maintaining local stakeholder trust.

In conclusion, our proposal is to first survey community attitudes toward wind energy cooperatives in every region, every village in Jeju Island, and to next offer reasonable means to address these concerns. Jeju Energy Corporation is committed to ensuring a harmonious relationship with local stakeholders, and will not only provide professional education, expertise, and consulting services to enhance the working relationship with residents, but also assist with the start-up capital to support operations and management.

**Kim Jinseok:** Jeju Island is blessed with abundant natural resources. The island's water has blossomed into Samdasoo (a leading Korean bottled water brand) and, more recently, the commercialization of Jeju lava seawater has brought huge benefits to the

local community. In contrast, wind energy in Jeju is still in its infancy. It was with this in mind that Jeju Island embarked on wind power research 20 years ago. Research findings have since been organized into a systematic framework, the Carbon Free Island Jeju by 2030 plan that proposes installation of on- and offshore wind farms to provide 2,350MW capacity of wind power. Right now, we are keeping a close eye on Gapado, which is the pilot location for the carbon-free island project.

We are aware that community acceptance is at the core of the conflict in these projects. We have seen Jeju Energy Corporation's best efforts in the Gasiri wind farm project demonstrate negligible effect. I look forward to hearing this session's panelists discuss this matter, such that we can reference these opinions in future policy planning.

**Park Seungok:** As citizens of a democratic country, Koreans have the right to exercise sovereignty over energy resources. In spite of this, matters concerning energy have largely ended up exclusively in the hands of the government. Jeju Energy Corporation can be cited as a good example of some of these energy rights being released from the government's care, and I feel that Jeju Island is an excellent location to realize our vision of becoming self-sufficient in renewable energy.

I have heard of the conflicts between Jeju residents and authorities over wind power projects. It goes without saying that in the absence of local participation in these initiatives, it will get progressively harder to have wind farms rolled out in Jeju Island. In my opinion, citizen involvement should be cultivated right from the start by having local residents directly involved in setting up the wind farms. Jeju Energy Corporation should modify the work process to allow for this local participation and also act as the link between local stakeholders and government. With this in place, there will be greater levels of cooperation between these two parties.

**Lee Rimtaig:** The most important issue in establishing a community wind farm is business feasibility and profitability. Although management practices of renewable energy plants are improving by the day and the business value of wind energy is on the rise, the local community will still fail to enjoy the benefits if there is no social equity.

In addition, when planning for wind farm initiatives, deregulatory efforts are necessary to reduce possible obstacles, say matters over securing permits or absence of

appropriate regulations. Apart from playing a pivotal role in this process, Jeju Energy Corporation should also see that local stakeholders reap optimal benefits after the wind farms are up and running.

**Kim Homin:** The local community understands that wind farms can lead to a win-win situation for them and developers, but what exactly are the key considerations. My esteemed fellow panelist suggested that the needs of communities varies with location, while I wish to emphasize that ultimately, profit maximization and environmental preservation are important factors in energy self-sufficiency. While ensuing conflicts are inevitable, a cooperative business model can help ease and resolve tensions over local acceptance and profit distribution.

As such, I view trust and communication as top priorities. Jeju Island inhabitants are strongly emotional about the island's autonomy and may view external capital in a negative light. One way to build trust with them is to have simple and digestible information on wind energy projects for their ease of understanding. Additionally, when formulating policies to best meet local community needs, eliciting input from local knowledge experts, such as historians and economists, would help to refine policy content more relevantly. Last but not least, holding regular public hearings to communicate relevant matters to the local community will go a long way in creating and maintaining that trust with them.

**[Question] Han Kyungseop:** How can the Special Self-Governing Province provide support to help promote resident participation in wind energy initiatives?

**[Answer] Kim Jinseok:** Regulations for special wind energy project districts have been passed and authorities plan to analyze and review their status every five years. We acknowledge that there are inadequate skills and funds to go around, so we are unable to promote a wind farm model with 100 percent community participation. Nevertheless, we will work out the involvement of residents based on their land contributions. Being a major investor, Jeju Energy Corporation will take the lead in the project and profits will be shared with the residents. The island's government will actively support this. Finally, I would like to highlight that even with our strong

push for wind energy development on Jejudo Island, we strongly discourage residents from indiscriminately installing their own wind turbines. It is in the best interests of environmental protection to push this initiative through planned development.

**[Question]** Han Kyungseop: Can you offer some advice on community involvement based on your experience promoting solar power plants?

**[Answer]** Park Seungok: It's undeniable that there is expected revenue from wind energy. Nonetheless, the transition to renewable energy seems inevitable when we consider the rate of fossil fuel depletion. It may be meaningful for us to reframe Jejudo Island's inhabitants from being energy consumers to energy providers. For example, in the 1 Million Green Home Project, energy consumption increased after renewable energy installation in homes. What we did in our solar power projects will be applicable in this current situation, that is, we should reconceptualize Jeju residents as energy suppliers, be it through cooperatives, funds, or incorporated companies. Consequently, they end up having a larger stake in the pie and will be more motivated to pursue energy saving. Another learning point from our experience involves the complexity of administrative management, and I would suggest having a one-stop service to provide comprehensive assistance with relevant licensing and permits.

**[Question]** Han Kyungseop: What kind of requirements do you think the operators should have in order to be successful?

**[Answer]** Lee Rimtaig: Having provisions for long-term low interest loans for locals, like Jeju farmers and fishermen, will incentivize them to participate. On the one hand, Jeju Energy Corporation's central role in this project demonstrates their support for resident participation, while on a broader level, the availability of long-term low interest loans will spur economic revitalization. In fact, it would be easier for business operators to participate in this project if we have community wind farms, because this then suggests that there is local acceptance of wind energy and also a public perception of credibility as a result of Jeju Energy Corporation's involvement. The timing is perfect for this initiative given the current level of government support for renewable energy power plants, and we anticipate things to progress quickly.

[Question] Han Kyungseop: How can we maximize the benefits for residents?

[Answer] Kim Homin: Although feasibility is the most important factor, we also need to ensure that we do not forsake the bigger picture for a one-time economic gain. It is important to consider the added benefits from this venture, that is, it will create a sustainable wind energy industry for the island, enhance related skills and knowledge of the local community, and create employment opportunities for them. If local small-medium enterprises can collaborate on these projects and acquire relevant knowledge and techniques, they will have the capability to lead the way 20, 25 years from now when it is time to replace the turbines.

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## Policy Implications

- A crucial factor in success or failure of wind power projects is the level of local community acceptance for the initiative. This acceptance can be raised by increasing local stakeholder involvement such as through resolving the community's grievances and maximizing their economic benefits.
- Other than increasing local buy-in, reframing the local community to view themselves as energy suppliers will increase their positive perception of wind energy and grow their energy-saving consciousness.
- Reasons for accepting or rejecting wind farms vary according to region. Developers need to critically consider and evaluate the rights and needs of the residents of Jeju Special Self-Governing Province in order to identify and offer the most appropriate compensation and management/operating system.
- The first step toward wind energy farms is to cultivate local stakeholder involvement. With the support of Jeju Energy Corporation, local residents should be provided with simple and digestible information on wind farms, assistance for initial capital, and help on administrative matters to increase the ease of navigating through this process.
- Communication is critical to resident participation. This does not refer to unconditional acceptance of residents' opinions, but rather, a mutual communication between developers, the local community, and local authorities to have compromise, consensus, and common ground.
- Residents are likely to embrace wind power cooperatives where there is greater resident involvement. We can heighten the chances of a win-win situation for both developers and local stakeholders by planning for resident involvement even in the early stages of business development.

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# The Strategy for Horse-related Industry as Tourism, Culture, and Healing Industry

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## Jeju Special Self-Governing Province

This session will examine ways to improve the preservation and promotion of Jeju Island's deeply rooted equine culture and history. Areas of discussion include showcasing the island's diverse horse breeds and unique genetic traits (e.g., the cross-breed Halla horse) through conservation and the world's first horse museum, excavating and promoting the historical *jatseong* (a traditional Jeju stone wall built along hilly regions for horse ranch demarcation) built during Joseon period, promoting local horse ranches and native grasslands, and finally, engaging horse themes in the healing industry.

### Moderator and Presenter

**Chung Sung-Heon**  
(Professor, Konkuk University)

### Presenters

**Kim Dong-Jeon** (Professor, Jeju National University)

**Na Hang-Joo** (Professor, Digital Seoul Culture Arts University)

### Discussants

**Kang Min-Soo** (Professor, Jeju National University)

**Jang Deok-Jee** (Chief, Jeju Horse Culture Institute)

**Kang Man-Ik** (Researcher, Jeju National University)

**Ko Bok-Soo** (Director, Jeju Special Self-Governing Province)

**Chung Sung-Heon:** Leisure industries have met with rising demand as free trade agreements (FTAs) change agricultural sectors and as disposable income increases. Animal-related industries have flourished with people showing more interest in our companion animals, and it was with this consideration in mind that the Horse Industry Promotion Act was passed to advance this industry. Jeju Special Self-Governing Province has been designated as a horse industry special zone in accordance with the Act, and this designation serves as the foundation for us to establish a firm foothold in this area, to leverage our rich horse resources to lead business development and growth.

**Rapporteur**  
**Kwon Byung-Yeon**  
(Researcher, Konkuk  
University)

Two things are crucial when planning a sustainable horse industry on the island. Firstly, there needs to be an overall system to organize and coordinate the currently dispersed horse-related businesses. At the center of this should be a core training hub to provide expertise on operation and management of related processes, including but not limited to training programs, consulting for farmers, horseback riding certifications, and auction/distribution. Secondly, different parts of the value chain surrounding the deliverables, say horse breeding, training, and distribution, should be integrated with industries on the Korean peninsula to encourage accompanied growth. And overall, a “control tower” with a bird’s eye view to oversee all operations is crucial.

**Kim Dong-Jeon:** Jeju Island’s past is dotted with rich horse history, from the native Jeju horses (ponies) of the Tamna period, Goryeo Dynasty’s Tamna horse ranch, the relocation of all ranches to Hallasan Mountain during the Joseon Dynasty, the historical figure Kim Man-il (1550–1632; known for his meritorious service in the horse industry), up until the late Joseon period famed for its government-run 10 *sojang* (supervised ranch system) and hilly horse pastures. Surely this rich historical backdrop provides much inspiration for creative, innovative ideas that would blend culture and the arts with business and industry.

Many native horse cultures and traditions are still alive today, such as Jeju’s own shepherd tradition tewoori, the Mazu (Goddess of The Sea) Festival, the Baekjung Cattle Festival that features praying rites for livestock and cattle, and the historical site of the stone ranch demarcation walls

called *jatseong* (comprising the *ha-jatseong*, *jung-jatseong*, and *sang-jatseong*).

To apply culture to industry, I propose building the infrastructure up through education. We can foster future generations of leaders and talent by establishing a school to educate Jeju *tewoori* shepherdry, by setting up a centralized Northeast Asia horse culture research center, or by streaming students into specialized high schools and colleges that provide horse-specific skills and education. Next, we can promote related arts by holding a Jeju horse festival, a Jeju shepherd festival, horseback martial arts performances, and Jeju-style polo exhibition games. Thirdly, we can publicize and market horse meat delicacies and food products, and lastly, we can focus on tourist draws like a Jeju horse museum or tours to historic sites.

**Na Hang-Joo:** In my view, we can approach the horse industry through the primary sector or tertiary industries. Apart from the Horse Industry Promotion Act, other bills related to farming and agriculture have been passed, all of which will be beneficial for restructuring of the horse industry.

As a result, the areas of elite horse racing and horse-riding will see expansion and growth. To cope with the corresponding increase in demand and to stimulate continuous growth in the industry, we need strategic changes to follow in tourism, culture, and healing services. To provide an analogy, nowadays home appliance manufacturers don't just consider hardware development but also those of software and R&D. Similarly, when we take a good look at the horse industry, we need to consider the intangible, what is service. Service can be viewed as a value-added sixth industry, a brand value that we can strengthen by offering experiential programs for guests.

I propose the following strategies to promote horse-related cultural industries. First of all, Jeju Island should aim to become a mecca for traditional Eastern-style horse-riding. Secondly, the paradigm focus needs to be shifted away from elite horse-riding to leisure horse-riding. Third, there needs to be policy changes pertaining to culture and the horse industry. Fourth, the scope of cultural capital should be expanded, and fifth, special marketing efforts targeting certain groups like female visitors, tourists in their 30s, and single households, can be increased. Lastly, it would be good to establish an international Jeju horse festival.

**Kang Min-Soo:** There has been more specific and practical action plans following Director of Jejudo Island's Livestock Affairs Division Cho Duk-joon's presentation on convergent strategies to promote tourism and the horse industry last February. Many ideas shared in this session are worth a second thought, such as Professor Kim Dong-Jeon's proposal of a specialized Northeast Asia horse history and culture research facility, and the ideas calling for education institutes, like a *tewoori* school, as a succession planning effort. Indeed, opinions from my esteem fellow panelists, like Professor Na Hang-Joo, are not only restricted to academia, but can be shared with public servants and policy makers to stimulate practical change in industry restructuring, infrastructure expansion, and the development of tourism, cultural, and so called healing goods and services.

**Jang Deok-Jee:** When we bring up Jejudo Island's longstanding history with horses, you can't help but be reminded of the old reference for the island, which is "the place where Fángxīng, or Star of Room (one of the Twenty-eight mansions of the Asian star constellation) arrives." Old belief was that the spot where you can view this constellation is the place where livestock will flourish, hence Jejudo Island became not a land of beasts, but a home for horses. However, the modern Jejudo Island lacks a place synonymous with horses. Even though the island itself has been labeled a special horse zone, not many people are aware of the island's unique horse history. At most, people associate Jejudo Island with recreational horse activities. Jejudo Island's long affinity with horses should be reintroduced to support the development and promotion of upcoming horse-related industries, and only if this happens can Jejudo Island be worthy of the label special horse zone. I propose erecting a memorial for Kim Man-il in the Uigwi-ri district, and to rename Namjo-ro as Kim Man-il-ro to rebrand that area as a horse-riding trail. Elementary, middle, and high schools on Jejudo Island should have horse culture incorporated into their cultural studies syllabi. Other cultural aspects like the restoration of the horse transportation ship in the Joseon period, as well as legends and shamanic practices related to horses all deserve research efforts. Also, I suggest a review of proposals relevant to the different types of horses, that is, racehorses, horses specifically bred for meat, riding companions, and the wild horses of Hallasan Mountain.

**Kang Man-ik:** Interest in Jeju Island's horse industry and culture has increased following its designation as a horse industry special zone. The horse industry is already being viewed as the new growth area for the island, and while we may project many of these developments to be future events, the discussion of this content today is timely. I look forward to seeing the local community revitalized when these proposals take off.

I wish to raise two points after listening to the panel's sharing. First of all, I see it as pressing that we do a survey with the Jeju shepherds, the *tewoori*, to assist in efforts with excavation and restoration. The population of *tewoori* is aging rapidly and without them, the art of the *tewoori* and their pasturing methods will be lost forever. Secondly, we should step up efforts to preserve the historical artifacts and sites from the Joseon Dynasty. The *jatseong* on the mountainous regions have been left neglected and face real risk of vanishing to erosion. The *jatseong* is our evidence supporting the existence of the government's role in horse-rearing during the Joseon Dynasty, and is emblematic of Jeju Island's horse history, so I hope systematic conservation planning can be given priority before it becomes too late to save the *jatseong*.

**Ko Bok-Soo:** This year is the lunar year of the green horse, and befitting the occasion, Jeju Island was given its special horse industry zone title this year on January 2. There is great anticipation that the horse industry will drive development and growth in the six key industries on Jeju Island. While we are 42 percent of the land area of the entire Korea, Jeju Island's horse count numbers 65 percent of the country's livestock figures. As Korea's special horse industry zone, we look forward to growing our specialization in this field, such as through saving and raising heritage and rare breeds, fortifying the industry's infrastructure, specializing in expert areas, and creating more interest via marketing and promotional events. We hope to create more regional income and achieve a sustainable growth industry. On another note, the horse-fighting segment during the Jeju Fire Festival has always been a crowd favorite, but was stopped due to amendments in animal protection law. We will endeavor to revive this unique local experience by consulting with authorities on suitable changes to the event.

**[Question] Kang Yeong-jong:** Although Jeju Island has been designated as a special horse industry zone, official policies and plans from the production section

appear lacking. The zone should be tailor-made to accommodate not just the Korea Racing Authority but also farming and agricultural sectors in order to do justice to Jeju Island's reputation as an ideal natural environment for raising, training, and using horses.

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### Policy Implications

- Upcoming plans include structural reform of the horse industry and shift of focus from horse racing to horse-riding and related industries. In order to accommodate these plans, relevant development and growth is crucial in related tourism, cultural, and healing industries. Strategic planning to support long-term sustainable growth is essential.
- While developing Jeju Island's horse industry, creative and innovative ideas to blend historical and cultural elements of the island's horse history into related and supporting industries are required.
- Government and local authorities need to review the industry's infrastructure, selection of core areas of focus, and means of creating interest via promotions, in order to create regional income and achieve a sustainable growth industry.
- Specific development strategies proposed include, 1) establishing Jeju Island as a cultural mecca for traditional Eastern-style horse-riding, shifting the paradigm from elite horse-riding to leisure horse-riding, 2) introducing relevant cultural policies related to horse and horse-relevant cultural industries, 3) developing promotional and marketing strategies to target specific groups such as female visitors, those in their 30s, and single-households, and 4) establishing a global Jeju horse festival and other similar festivities.

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## Direction and Strategy of Jeju Free International City Development Center (JDC) Future Project

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### Jeju Free International City Development Center

Jeju Island has seen an historic record of 10 million visitors arrive on its shores, of which 2.3 million are foreign tourists. It is now time for Jeju Free International City to strategize its future direction. In this session, international and local scholars will discuss and share their opinions on Jeju's prospects for growth and propose concrete action plans. This session aims to bring together different areas of expertise to secure a competitive edge for Jeju Free International City in the future.

#### Moderator

**Im Seung-Bin** (Professor Emeritus, Seoul National University)

#### Presenters

**Han Bum-Su** (Professor, Kyonggi University)

**Jang Soocheong** (Professor, Purdue University)

#### Discussants

**Song Jae-Ho** (Professor, Jeju National University)

**Choi Seung-Dam** (Professor, Graduate School International Tourism, Hanyang University)

**Joo Hyun-sik** (President, Jeju Institute for Regional Program Evaluation)

**Choi Seung-Dam:** Jeju has become increasingly popular with tourists in recent years and the attempts by Jeju Free International City Development Center (JDC) to attract land investors have proven successful. China offers an immense source of funds and investors, and JDC is looking to strengthen its role in overseeing and managing these investments. The casino currently under construction at Yeongjongdo Island, a joint venture of the Chinese company Lippo and American company Caesars Entertainment, is an example where significant foreign investment is being poured into our country. From a consumer point of view, lowering the cost of holidaying in Jeju will make domestic travel to Jeju a more desirable alternative than going overseas. On the other hand, we can't guarantee that this outcome will be welcomed by locals. We

**Lee Seong-Yong** (Senior Research Fellow, Jeju Development Institute)

**Rapporteur**

**Park Jai-Mo** (Director, Jeju Free International City Development Center)

should reflect on whether our evaluation of the needs of Jeju Island has been overly superficial.

**Joo Hyun-sik:** Even though development came a bit later for Jeju Island than for other regions, it is good to see JDC pushing growth and expansion. The Ministry of Trade, Industry and Energy is trying not to duplicate other government efforts and wants to create niche industries for Jeju businesses. Right now, efforts are being concentrated specifically on the natural resources that Jeju is famed for, such as water, beer, and cosmetics. Thirty-three billion won has been pumped into specialized water-related industries like thalassotherapy, while KRW16 billion has been set aside to incentivize the MICE (Meetings, Incentives, Conferences, and Exhibitions) industry. There are several strategies to promote these possibilities, such as cultivating a skilled MICE workforce, product placement to advertise the island, leveraging Jeju's wind energy to attract energy conference organizers, and developing products for LOHAS (Lifestyles of Health and Sustainability) consumption needs and hosting LOHAS exhibitions. Other than maintaining Jeju's horse and Olle industries, and marketing to attract trail-related international collaborators, we can also invest in beauty and cosmetics. JDC will work with these industries in the coming future.

**Lee Seong-Yong:** Considering how we can promote both national and local community interests is of utmost importance. The airport project is being planned in five-year phases so other planning needs to work alongside this. JDC can play a key role here, as this is an essential infrastructure in order for other strategic projects to

succeed. When we look at housing sites, we have to consider landscape preservation. Jeju Island has an annual budget of KRW80 billion for restoration and it is difficult to secure additional funds. It is best if JDC acts as a central agency to execute restoration effects. Initially, JDC's second phase was to go into agriculture and local resident industries, but with the increased emphasis on education and health care, the initial aims gradually had to give way. I feel it is ideal to rectify and reverse this trend. As we modify our overall plans, we need to change the target population from 800,000 to 1 million people. JDC should increase their efforts to prevent foreign currency from moving out of Jeju Island. We can invest in international tertiary education institutes, study abroad programs and scholarship programs. Lastly, JDC should provide a shuttle for personnel moving between key projects districts and the airport. Improving the transportation system will also contribute to ease the islanders' lifestyle.

**[Question]** Editor-in-chief of *The Jeju Weekly*: The two professors' sharing in today's discussion on agricultural tourism, Jeju-style scenic villas, an overall branding for Jeju culture and others, has been extremely refreshing. My question is for President Joo Hyun-sik. Would you be able to share a little on the plans for developing Jeju's trails and related proposals?

**[Answer]** Joo Hyun-sik: Since 2012, Korea, China, and Japan have collaborated with Australia to establish a new group, Asian GTO, which has been working closely with Jeju export promotion authorities and Jeju Techno Park to host yearly fairs. We are actively looking to promote overseas versions of trail-tourism products. The Five-day market acts as Jeju Island's department store and we hope to support its growth and activity. There are over 40 companies supporting Jeju's homegrown cosmetics and we are promoting them in Gangwon and Hunan.

**[Question]** Lim Chun-bong: I personally applaud the efforts taken to see that Jeju Island's new growth industries are healthy and sustainable. JDC should, at the very least, take part in these efforts, and I wish to ask Professor Han Bum-Su his opinion on what we can do to effectively avoid reflecting a negative image during this process.

**[Answer] Han Bum-Su:** This is a natural concern in the case of Jejudo Island. Especially with a 1 million target island population, we should stop and evaluate whether this pattern of continued development is desirable. I feel that it is important to project 50 to 100 years ahead when mulling over development and landscaping plans. It is important to assess the pros and cons when we look at making changes that have possible impact on Jejudo Island's natural environment, and JDC should shift their focus to stress the importance of creative (not just simple) environmental preservation concepts as a crucial part of future development plans. Additionally, another effective strategy is for JDC to work cooperatively with and honor the needs and wants of the local community, in areas of income/profit distribution, desired investment on the island, and joint developments.

**Im Seung-Bin:** We are approaching a new age where the focus will be on culture. We need concrete action plans and JDC's wisdom to establish premium leisure resorts befitting Jejudo Island's national park image. I conclude this with the key points from my general understanding of all the aired opinions of our esteemed presenters here today. Firstly, in spite of the sharing of a considerable range of diverse proposals, it is most important to make a judicious choice and settle on a core focus for the deliverable, and to establish and execute a concrete action plan with that one key focus. Next, it is important for JDC to justify their position as it is not easy to decide on an industry that is both well-received by local residents and also, at the same time, the most profitable. In addition, shifting the engine that drives Jeju's development from the central government to Jeju residents and JDC is a momentous decision and move. Lastly, there is significant concern over the need for firm control and management of the investment companies involved in Jeju's development.

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### Policy Implications

- Rather than entertaining a wide range of ideas, JDC should have a core business focus and execution strategy.
- Most projects have always been central government-led. To shift focus to collaborate with the Jeju community to drive Jejudo Island's development in new enterprises is an extremely meaningful step.
- Besides the proposed projects, thorough management of investment companies is required.

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## Direction of Support Policy for Foreign Residents to Achieve a Joyful Jeju Community

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### Jeju Special Self-Governing Province

As of January 1, 2013, the number of foreign residents in Jejudo Island tallied 12,656. The last five years (2009-2013) saw an average increase of 20.5 percent (1,520 people) in the number of foreign residents, with 2013 having the largest influx (21.6 percent, 2,250 people). Today's session will explore policy direction and development on support measures for foreign residents to assist them in achieving a happy, joyful life as part of Jeju's local community.

#### Moderator

**Shin Wuikyung** (Professor,  
Department of Tourism  
Chinese, Cheju Halla  
University)

#### Presenter

**Cho Seongyong** (Former  
Ambassador of Republic  
of Korea to the Czech  
Republic)

#### Discussants

**Kim Younggeun** (Director  
of Visa & Residence Division,  
Korea Immigration Service,  
Ministry of Justice)

**Mary Summers** (Acting  
President, Jeju Furey)

**Kenneth McLeod** (Member,  
Jeju Special Self-Governing  
Province Foreign Advisory  
Committee)

**Cho Seongyong:** We have over 12,000 foreign residents in Jejudo Island and there is no better time than now for a discussion on how to step up plans to support their needs. Since 2014, various foreign resident support policies have been set up, and we strive for enhanced communication with foreign residents to reduce their discomfort in any areas of island living. It is encouraging to see Jejudo Island's own Foreigner Advisory Committee proactively support foreign residents by providing related information about living in Jeju. At this point of time, we propose two recommendations. Firstly, it would be to benchmark ourselves against the Japanese government-sponsored exchange program JET (The Japan Exchange and Teaching Program). We could similarly offer exchange openings in the areas of sports, languages, interpretation,

**Nyamsuren Davaador**  
(PhD, Department of  
Management Information  
System, Jeju National  
University)

**Rapporteur**

**Song Junghee** (President,  
The Jeju Weekly)

and translation. Through such exchanges, foreign residents will receive certain remuneration while local residents can widen their worldviews. All participants will have opportunities to increase their mutual cultural understanding. Certainly, this will be a turning point for foreign resident policy if such a program were to be established with the cooperation of the central government. My second proposal is to have a systematic Korean language program for foreigners. A deeper understanding of Korean culture and systems can only come with varied, multi-faceted approaches to language acquisition. This knowledge will also act to lessen cultural clashes between foreign and local communities.

**Kim Younggeun:** It becomes more important to push for new and improved open door, foreigner-friendly policies as globalization increases interactions between different countries and communities. First of all, we should loosen visa rules for students to enable them to see Jeju Island as an attractive education destination. By letting foreigners on student visas pursue part-time employment, we not only allow them have the opportunity to experience Korean culture, we ease their stay in Korea. Upon graduation from a Korean university, we can allow a maximum two-year job-seeking period in Korea while we actively seek to recruit those with specialist skills. Although we currently have limited online and electronic systems to handle sojourn applications and electronic visa issuance (introduced in 2013), we plan to establish an e-Government Service Center that will attend to a wider range of civil matters so that we can enhance our efficiency in coping with greater resident numbers. In particular,

one area where conditions will be reviewed, relaxed, and standardized will be those pertaining to foreign entrepreneurs wanting to start up a company in Korea. These applicants will be able to receive entrepreneurship training and support under the new Overall Assistance for Startup Immigration System (OASIS). In the coming future, we need to shift the focus of our labor immigration policies to attract highly skilled foreigners. (More details at [www.hikorea.go.kr](http://www.hikorea.go.kr)).

**Mary Summers:** The Furey Foundation charity organization started in 2009 to raise funds for Jeju expat Nathan Furey's sudden illness and passing. From the initial purpose of helping to support Nathan's considerable hospital bills, his Korean wife, and their two sons' post-secondary education expenses, the foundation has expanded to provide aid for local beneficiaries such as families in need and orphanages. We have achieved remarkable results and success in five years of fund raising efforts through a diverse range of activities like Frisbee tournaments, beach volleyball, volleyball competitions, night-time talent shows, and auctions. We act as a bridge to bring closer together the foreign and local communities. Our events are inclusive and we welcome all to join, regardless of age, background, and nationality. We hope to deliver to foreigners who come to Jeju Island the experience of being part of a community, the chance to live a meaningful life while here, as well as the opportunity to give back something to our host community. We are not just about restoring communities, but also about becoming one with the community through meaningful engagement and interaction.

### **Language Friends: Using your skills in the Jeju community**

**Kenneth McLeod:** The number of foreign residents in Jeju Island has surged over the last five years. These residents must surely have skills to offer, and it is worthwhile to think about how best to engage them with the locals in a way that allows for genuine relationships. Although such skills may be in the arts, technical, language, or social, what I am sharing here is that of being a language volunteer, a "language friend." Our Language Friend program involves teaching English or working with supporting welfare centers, where Korean students partner with foreign residents to practice English, and our foreign volunteers get to enjoy the volunteering experience and

learn more about Jejudo Island. The results from such volunteering events are rather remarkable, especially for our young children beneficiaries. We can help change their future as we expose them to another culture and foster their cultural understanding, leadership skills, and worldview. We allow their parents to feel the positive changes. All in all, through Language Friend, we provide the space for foreign residents to share their skills and time to build a beautiful Jeju community.

**Nyamsuren Davaador:** I am from Mongolia, and having completed both Master and PhD in Management Information Systems here in Jejudo Island, I have exceptional affection for this place. In my time here, I have come to realize that foreign students hold a lot of potential to influence important changes and innovations in this society. I wish to highlight two policy suggestions applicable for foreign students. First of all, there should be more opportunities to experience Jeju culture. It is a real pity that there is no local center here catered to the needs of foreigners who wish to learn more about Jeju, volunteer opportunities, or simply to become more familiar with Jeju culture and language. Secondly, it would be extremely useful to set up a recruitment information center for foreign students who wish to seek job prospects with Korean companies, especially if internship opportunities could be made available through these centers. Aside from this, I feel there is a need for foreign students here to proactively engage in local community activities.

**[Question] Darren Southcott, Editor-in-chief, The Jeju Weekly:** A lot of the suggestions today concentrate on the English-speaking foreign community. But in reality, the majority of foreign residents are not from English-speaking countries, but are marriage immigrants or foreign workers from China or Vietnam. Are there suggestions that would be relevant to these groups?

**[Answer] Kenneth McLeod:** Our advisory committee has representatives for different language groups and also respective support groups. We do acknowledge that in actual fact, it is not easy to dedicate ourselves especially to the identified groups.

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### Policy Implications

- Up until now, policies for foreign residents have aimed to reduce discomfort and increase convenience in aspects of island living.
- There needs to be a shift toward policies that allow for coexistence in order to optimize the potential and level of contribution of foreigners toward the local community.
- Future focus should look towards building a sense of community, mutual recognition and engagement, and communication for a win-win situation.
- In striving towards becoming a Free International City, there has been an upwards trend of influx of foreigners every year.
- An integrative, one-stop service center that meets the needs of foreigners should be established.
- At present, foreign residents in Jeju are active in local activity. Relevant governance is required such that a future for them can be constructed within the broader picture of Jeju as a Free International City.

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# International Marine Research Cooperation of the East China Seas

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## International Marine Research Cooperation of the East China Seas

The East China Sea is pivotal for the development and prosperity of its surrounding countries Korea, China, and Japan. It is the key channel through which these three countries perform transactions with the rest of the world, a center of high marine biodiversity, and an important climate regulator with the passage of Pacific Ocean currents and typhoon winds. In particular, with great impact from changes due to global warming and man-made effects such as dam construction, our dependency on this region has never been more acutely felt than now. The East China Sea maritime boundaries in relation to bordering countries are ambiguous and it is pressing to encourage international cooperation and research efforts. This session will present the ongoing international efforts on East China Sea marine research and identify areas of concern for future research and development.

### Moderator

**Yi Hi-II** (Principal Research Scientist, Korean Institute of Ocean Science and Technology)

### Presenters and Discussants

**Rokhmin Dahuri** (Former Minister, Marine Affairs and Fisheries of Indonesia/ Professor, Bogor Agricultural University)

**Lee Gwang Hoon** (Professor, Pukyong National University)

**Jun Min Jung** (Senior Manager, Korea National Oil Corporation)

**Rokhmin Dahuri:** There are 15 countries surrounding the seas of East Asia, and their economic and population growth is rapidly increasing. Technology developments, economic growth, and population increase have too often come at the expense of environmental pollution, maritime boundary disputes, and illegal fishing. In the process of seeking growth and development, general lack of understanding and awareness of environmental concerns has led to continual destructive actions and weak environmentally friendly initiatives. In the end, what happens is the tragedy of the commons, where

**Jung Sukgeun** (Professor,  
Jeju National University)

**Rapporteur**

**Kim Chang-seon**  
(Director, Jeju Special Self-  
Governing Province)

countries are ultimately causing harm to the ocean and leaving themselves economically underdeveloped. We need to reject a capitalistic, neoliberalism model to ensure sustainable coastal and ocean development. It is crucial to overcome attitudinal obstacles, shift toward low carbon emission activity, and implement measures to ensure biological sustainability, for example, using total allowable catches (TAC) to maintain resource renewable capacity. The East Asian countries need to collaborate on research to strengthen and develop sustainable development.

**Lee Gwang Hoon:** The East China Sea meets the coasts of three countries, Korea, China, and Japan, and is an area rich in natural marine life and subterranean mineral resources. More recently, this region's importance has been emphasized and international cooperative research activities, such as on oceanography and resource development, are ongoing. The most significant feature of this region is the Kuroshio Current that plays a major role in dispersing sediments and organics on the continental margin of China. As a result of this current, experts say it is very likely that this area has substantial oil and gas potential. Regardless, it is more urgent that the three neighboring countries temporarily set aside questions of sovereignty so that we can improve international collaboration on research. An international scientific forum with regular, scheduled meetings to discuss and overcome disputes and allow for information and facility sharing is essential. One example of this is the KIGAM-AIST (2009, 2010) collaboration between the Korea Institute of Geoscience and Mineral Resources (KIGAM) and National Institute of Advanced Industrial Science

and Technology of Japan (AIST) that is conducting cooperative research on Okinawa Trough.

**Jun Min Jung:** Several oil and gas fields have been discovered in Chinese waters in the East China Sea. The petroleum deposits are likely to extend to the Jeju Basin, and joint research on this and how it relates to the neighboring countries Korea, China, and Japan is crucial.

**Jung Sukgeun:** Dramatic shifts in the fish assemblage structure in the Straits of Korea and the East and South Seas have been detected, and are suggested to be a result of climate-driven oceanic changes and ecological impact. Filefish, a warm-water species, has seen a reduction in numbers, while catches of mackerel, cod, and herring have gone up. The Tsushima warm current and bottom cold water of the Korea Strait have deeply impacted the distribution of fishes in those waters.

**[Question] Kim Chang-son:** It would be good to continue the involvement of the 15 East Asian countries and set up an international management center that would actively oversee resource management, research, and conservation efforts.

**[Answer] Yi Hi-Il:** We need a specific action plan for this, and this forum is the right platform to increase awareness so that we can establish a center for international marine research cooperation.

**Rokhmin Dahuri:** I agree that it is pressing to establish an organization to oversee international cooperation in this area. Additionally, there is a need to determine a quota for sustainable fishing for each bordering country.

**[Question] Lee Jong-Heon:** Being the Trilateral Cooperation Secretariat, we have keen interest in ameliorating diplomatic relations, historical conflicts, and territorial disputes. It is refreshing to hear of cooperative research in terms of resource management. Can you offer any suggestions on multilateral cooperation and territorial disputes?

[Answer] Lee Gwang Hoon: We should first enhance collaboration between the three countries of Korea, China, and Japan, before considering cooperative efforts between the 15 cited countries.

Yi Hi-Il: On the research front, scientific collaboration has been comparatively positive. Through international studies and global projects, we can establish an objective platform to collaborate, and possibly open the door for diplomatic discussion on such issues.

[Question] Lee Kyoung-bae: East Asia has great biodiversity and we should guard against indiscriminately introducing fish and shellfish species into the ocean through specific policies. What are the plans for this?

[Answer] Rokhmin Dahuri: We need to conserve biodiversity at genetic, species, and ecosystem levels. Doing this through their natural habitats, rather than man-made ecosystems, is much more effective. Furthermore, research suggests that even a mere 10 percent conservation of species can manifest immense benefits.

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### Policy Implications

- International collaboration is required to set up an international maritime support management center to provide support for the development and conservation of coastal and ocean settlements in East Asia.
- A conservation center for international species is necessary to promote conservation of biodiversity of the East Asia marine region.

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## For Peace and Co-Existence of the South and East China Sea

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### Jeju Special Self-Governing Province

The East and South China Seas have and are still witnessing significant territorial disputes between the countries of Korea, China, Japan, Taiwan, and Vietnam. It has been 20 years since the United Nations Convention on the Law of the Sea came into force in 1994, but disputes over the continental shelf and respective exclusive economic zones have not eased, and often obstruct the development of subterranean resources and artificial islands in those seas. More recently, disputes over the archipelago have intensified between China and Japan, with China declaring an Air Defense Identification Zone in the East China Sea, leading to increased tensions in the volatile region. This session hopes to pave the way toward mutual understanding and compromise between neighboring countries pertaining to this issue. Overcoming these challenges is the first step in advancing the common prosperity of the marine environment and resources.

#### Moderator

**Kim Boo-Chan** (Professor,  
Jeju National University  
Law School)

#### Presenters

**Song Yann-Huei**  
(Professor, National Sun  
Yat-sen University)

**Le Quy Quynh** (Director  
General, Marine Affairs  
Department, National  
Boundary Commission,  
Ministry of Foreign Affairs  
of Vietnam)

**Song Yann-Huei:** Over the past few years, a number of various initiatives have been proposed to promote peace and ease tensions in the East China Sea. Multilateral peace initiatives to address territorial disputes have been put forth by East Asian leaders. This includes ROC President Ma Ying-jeou and his “East China Sea Peace Initiative,” and Korean President Park Geun-hye and the “Seoul Process” put forth by her during her run for presidential candidacy. China triggered intensified hostilities in the region by

**Kim Hyun Soo** (Professor, Inha University)

**Kang Byeong-Cheol** (Senior Researcher, Society of leodo Research)

**Gideon Rachman** (Senior Columnist, Financial Times, UK)

**Joo Kang-hyeon** (Chair Professor, Jeju National University)

**Rapporteur**

**Choe Mi-Gyeong** (Researcher, Society of leodo Research)

announcing a new air defense identification zone and, as a result, the East China Sea Peace Initiative was expanded to include a code of conduct for both sea and airspace. Against this backdrop, President Ma emphasized his initiative to help manage sovereignty and resolve maritime disputes through the following:

- 1) All involved parties to refrain from antagonistic actions
- 2) All involved parties to set aside their differences and engage in dialogue
- 3) All involved parties to the disputed areas to comply with international law and resolve disputes through peaceful means
- 4) To seek consensus on a code of conduct in the region
- 5) To establish a mechanism for cooperative resource exploration and development

Even though US President Obama supported the ratification of the UN Convention on the Law of the Sea 1982, the absence of this happening can be perceived as an obstacle in persuading China to adhere to maritime laws.

**Le Quy Quynh:** The South China Sea is an important world trade route and also a potential source of hydrocarbons, in particular, natural gas. This maritime route plays a strategic role in world trade, and no doubt these disputes over maritime and resource jurisdiction and sovereignty have great consequences on international economy. The freedom of navigation and maritime safety in those seas are deeply threatened due to conflicts pertaining to sovereignty over the disputed islands and

maritime delimitation, and it is foreseeable that any intensified effort to stake a claim on the territories will increase risk of confrontation and conflict. There are several security challenges in the waters, the first of which is increased piracy. According to a recent international annual report, there were 297 actual and/or attempted pirated-related incidents in 2012, of which 98 incidents occurred in Southeast Asia and the South China Sea. Another increasing concern is maritime terrorism. The International Maritime Organization (IMO) has made a statement on terrorist groups, such as Al-Qaeda, routinely making use of cargo containers on commercial ships to hold explosives to attack oil tankers and civilian (merchant) vessels, and that these type of attacks are also being similarly employed by modern pirates. The final area of concern pertains to noncompliance with IMO-regulations and recommendations on safety and freedom of navigation, which inevitably results in accidents at sea, damage to marine environment, as well as loss of human lives and properties.

Abiding by sea navigation safety regulations and recommendations as set by the UN Convention on the Law of the Sea (UNCLOS) and IMO is paramount. The peace and stability of the South China Sea does not only affect bordering countries, but is crucial for the prosperity of the entire world. For this reason, all concerned countries should consider it their responsibility to cooperate and contribute toward maintaining the safety of this region.

**Kim Hyun Soo:** The lack of delimitation of the maritime boundaries of Korea, China, and Japan has remained a difficult issue. Both Korea and China have submitted information to the Commission on the Limits of the Continental Shelf to extend the limits of their continental shelves, but this remains a tricky issue as both countries share overlapping zones in their territorial claims. Moreover, the claims are in accordance with UNCLOS Article 76, paragraphs 1 and 3, which provides for the natural prolongation of land territory to the outer edge of the continental margin in the East China Sea. We hope that a fair resolution regarding the continental shelf extension submissions can be made based on UNCLOS.

**Kim Boo-Chan:** In order to resolve maritime conflicts and to seek joint development in the area, ROC President Ma Ying-jeou proposed the “East China Sea Peace

Initiative.” However, the degree of support this initiative can receive hinges greatly on building trust between concerning parties, and I would like to hear if there are any measures discussing this. In my opinion, regional peace can be promoted if the Japanese government were to resell the Senkaku islands (known as the Diaoyu islands by China) back to private owners, and if China were to withdraw its proclaimed ADIZ. I would like to hear comments about these proposed ideas.

**Gideon Rachman:** China’s economy is now larger than that of Japan, and the clash between them is still intensifying. The pursuit of power and self-interest of the different countries rests on the balance of power. Despite talks of drawing up cooperative plans, it does not appear likely that such proposals can be executed. Having the United States back UNCLOS will be useful, but it is still crucial to have a legally binding mechanism in place.

**Kang Byeong-Cheol:** It is ideal to settle the disputes via UNCLOS, but I feel there is also a possibility for suitable legal systems to build trust between the East Asian countries. I would also like to hear comments on such confidence-building measures.

**Joo Kang-hyeon:** The East China Sea is the portion of the waters that continue south of China. It looks as if the power balance of the region’s claimants is reverting to the time before the Opium Wars. Right now, a similar balance of power lies in China’s growing prosperity and the decline of the United States, and if we project 20 years into the future, it is most likely that both countries will continue in their respective growth trends, with China emerging as a distinct political leader in East Asia.

Historically, Vietnam and the US have held opposing positions on intervention, but now appear cooperatively joining forces to approach these issues of concern. International efforts toward peace should be made a priority in order to pursue global prosperity when we consider the long-term picture. Nevertheless, it is insufficient to only consider the region’s maritime security. We cannot afford to overlook historical aspects surrounding the neighboring countries.

Song Yann-huei: Notwithstanding the tensions in the East and South China Seas, surrounding countries are still exploring the region for resources. In the case of China, municipal governments have encroached into an area that the central government is unable to proceed on, and this is causing internal strife in the country. As for Taiwan, I feel that it is important to apply the East China Sea Peace Initiative to the East and South China Seas, and I look forward to this forum being able to play a big part in contributing toward this aim.

Le Quy Quynh: Speaking of China, there has been little progress seen by way of China's cooperation with other Asian countries. China has violated Vietnam's territorial waters, of which we have clear historical and legal proof of jurisdiction. We hope to continue to resolve this matter peacefully.

Kim Hyun Soo: So far, we have touched on various issues dealing with maritime matters. While I agree with the need to address these together with an examination of relevant historical and legal issues, this approach is likely to exacerbate the problem, as countries will claim different positions based on national interests. It is critical to search for a peaceful way for all countries to negotiate and resolve this problem.

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### Policy Implications

- The international community has incited many disputes in the pursuit of their own marine interests. An agreement over an international code of conduct is essential for peaceful conflict resolution and to ease tensions.
- To resolve conflicts and ease tensions, the Northeast Asian countries should establish a cooperative system, which emphasizes adherence to relevant maritime laws, and an international tribunal to oversee these laws.
- The international community needs to put in efforts in confidence-building.
- It is crucial to have an agreement that embraces the benefits of peace in the East China Sea.

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# Proposal of Business and Investment Attraction Strategies for the Success of Jeju Free International City

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## Jeju Free International City Development Center

Jeju, Asia's hidden gem of an island that is full of Mother Nature's beauty, is in the midst of actively constructing a future where it can compete with other countries in this rapidly changing world, and seeking to maximize its potential in the major areas of tourism, investment, education, and environment. In this session, we will offer suggestions on how to promote Jeju Island to the global market in order to make this island Jeju Free International City, discuss Jeju's investment potential and strengths as compared to other regions, and strategize new ideas to heighten its investment attractiveness for global corporations.

### Moderator

**Lee Kwanyoul** (Professor, Kangwon National University)

### Presenters

**André Nothomb** (Representative Director, Solvay Korea)

**Kim Joo Nam** (President, Institute of Nation Brand Promotion)

**Park Kyongsuk** (Professor, Department of Journalism and Public Relations, Jeju National University)

**Koh Choongsuk** (President, Society of Jeodo Research)

### Rapporteur

**Kim Gwano** (Manager, Jeju Free International City Development Center)

## Comparisons between Jeju and Luxembourg Province in Belgium, and Implications

André Nothomb: Jeju and Luxembourg Province have quite a few commonalities, such as both being popular vacation spots for visitors from neighboring countries and both boasting beautiful nature. Jeju has good infrastructure in its airport and harbors, and in the case of Luxembourg, we have railroads and expressways linking us to all of Europe. In order to compete with the rest of the world, Jeju Island needs to maximize its potential in the major areas of tourism, investment, education, and environment, and positively embrace this rapidly changing world.

## **Business and Investment Strategy for the Free International City**

Kim Joo Nam: My proposals for Jeju to achieve Free International City status include utilizing geopolitical leverage, opening the island to the world, boosting Jeju's credibility on the world stage, and enhancing our R&D facilities. Jeju comes up advantageous in terms of geopolitical factors. With a strategic location, there is great potential for Jeju to be a hub for the following: Asia-Europe distribution, the Northeast Asia economic sphere, Asian market gateway, and test bed for high-tech industries. To cite some successful examples of global hubs, we have Singapore as a leading global financial and distribution center, Dubai as a key Middle East business center with also an established reputation as an international trade, finance, and MICE hub, and last but not least, Las Vegas in the United States that is the heart of the casino and tourist industry.

There needs to be the right services to attract multinational companies to set up their Asia regional headquarters and R&D centers in Jeju, such as targeting multinational corporations (MNCs), independent investors, central government offering differentiated support policies, and personalized service and global value chains. To gain our footing as a world player for logistics and distribution, we have to first establish our position as a hub for Northeast Asia.

We need to help regional industries grow, and one way is to create a trilateral relationship between Korea, China, and Japan, grow the interconnectedness between these countries through global value chain maps, and entice investors to focus on local industries. We can assist Jeju Free International City to grow its financial services by inviting key Korean financial centers to establish joint venture companies or M&A centers.

Jeju Free International City lacks infrastructure and investment in MICE industries. It is important to adopt a global mindset and motto to attract local and foreign production companies, and also fine dining ventures to Jeju Island, such that they can become landmark attractions.

## **Creating Brand Value for Jeju Free International City**

Park Kyongsuk: It is crucial to first define the values that attract international investors and businesses. Next, we should determine the conditions necessary to attract

investment, facilitate long-term planning, and sustain capital inflow into the Free International City. We need an accurate evaluation and systematic approach to create brand values of Jeju to attract international investors and business.

We should put in more effort to consider cultural diversity. We need to strive to promote cultural relevance not only with tourists and students, but also for international investors and businesses. Out of the wide range of achievable goals that we can target, we need to focus efforts on a carefully selected few according to their ranking on a scale of importance.

In addition, there is a necessity for dual PR/ad campaigns to promote both the general as well as investment-related image to attract investors.

### **Globalization and Attracting Foreign Capital to Jeju**

**Koh Choongsuk:** There is no other model that can encompass Jeju Free International City's vision and orientation other than one that is truly Jeju-style. What this means is the local community will only be happy if the creation of the Free City takes into account the particular conditions of the island and the people's values and beliefs. We should take advantage of increasing capital influx from Chinese investors to embed capitalism into the heart of Jeju's industrial structure. There is much skepticism towards Chinese tourists and investors, and we should overcome this by having good political leadership and a controlled system to overlook foreign investment.

It is necessary to revise and improve immigrant investor schemes, property resale systems, and related fields to increase investment attractiveness. As the numbers of tourists from China increase, having more permits for duty-free shops is necessary, as would be increasing opportunities for outlet shopping on the island. An environmental scan and analysis to determine the carrying capacity of the island would allow us to have an idea of what population, facilities, and ground water content Jeju Island can accommodate in order to evaluate whether long-term land leasing would be more appropriate in the long run, rather than land sale.

It is also crucial to incorporate conservancy fees to protect Jeju's environmental and nature, and to give priority to enterprises that can ensure that Jeju's nature is given top significance.

[Question] Jung Chan Ki: Regarding the incentives that pertain to attracting investors, in addition to regulations, what are your suggestions on increasing the global awareness of Jeju inhabitants? Are there any suitable programs for this purpose?

[Answer] Koh Choongsuk: The locals on Jeju Island have strong separatist ideas, and envy the metropolitan area around Seoul. Strong leadership is required to manage reactions against special laws and objections toward a naval base.

[Question] Han Woo-seok: What do you think about the opposing opinions about China money as reflected in reports?

[Answer] Koh Choongsuk: We will need to be careful depending on the nature of the Chinese capital, say, whether they are virtuous or speculative capital. There may need to be some sacrifices made in the name of these investments.

Park Kyongsuk: Globally, the largest source of capital is China. It will be difficult to attach conditions when we are trying to attract investments, so it would be good to have a structured approach in this matter.

André Nothomb: It is not advisable to rely solely on Chinese capital. Similarly, we can't make simplistic comparisons with models that exist in other countries like Singapore and Dubai. What this means is that, instead of exclusively banking on China, Jeju Island should consider how to create a viable model that will work, based on its unique conditions. This includes evaluating whether proposals, be they in tourism or leisure, have international viability. You can't expect the Free International City to succeed if you only look at quantity and not quality.

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### Policy Implications

- Jeju Island will need an internationally competitive environment and comprehensive investment attraction strategies in order to promote Jeju Free International City.
- While there is a diverse range of targets set in order to establish Jeju Free International City, there needs to be a systematic approach in creating a brand value for Jeju Island that can entice foreign investments, a careful consideration of cultural diversity, and also a global marketing strategy.
- To win over the local community, there needs to be relevant policy development and leadership direction that concentrates on taking advantage of Jeju's industrial structure in the areas of foreign investor policies and institutional systems to increase Chinese capital inflow, while taking into account the carrying capacity of the island.

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## New Direction and Strategy toward Jeju's Global Hub Building

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### Jeju Development Institute

Since the launch of Jeju Free International City in 2002, the global Jeju brand has been flourishing. This includes being crowned as one of the new seven natural wonders of the world, receiving three separate UNESCO designations under Biosphere Reserves, World Natural Heritage sites, and Global Geoparks, as well as rounding off 2013 with a remarkable achievement of 10 million tourist visitors. The coming future will see the era of 20 million tourists landing on this island. With a vision of going beyond Asia and becoming an internationally known nature destination, there needs to be strategic development to expand environmental and ecological infrastructures in areas of industry, commerce, transport, culture, and welfare. For Jeju to achieve global development, support from the central government is pivotal.

#### Moderator

**Kong Young-Min** (President,  
Jeju Development Institute)

#### Discussants

**Park Kwang-Moo** (President,  
Korea Culture & Tourism  
Institute)

**Lee Byung-Wook** (President,  
The Korea Environment  
Institute)

**Lee Seung-Jong** (President,  
Korea Research Institute for  
Local Administration)

**Lee Chang-Woon** (Vice  
President, Korea Transport  
Institute)

#### Rapporteur

**Yun Won-Su** (Research  
Fellow, Jeju Development  
Institute)

**Kong Young-Min:** What is the greatest advantage Jeju holds, and how should this be maximized in order for Jeju to expand beyond Asia and become a globally recognized city?

**Park Kwang-Moo:** Jeju is a huge draw for the largest tourist population in the world, the Chinese, and has a wide array of international attractions, such as the ocean and clean environment, Hallasan Mountain and the volcanic cones, exotic destinations and native idiosyncratic culture and history, and eight casinos. My opinion is to concentrate on Jeju's three most famous elements: wind, women, and

stones. We can use these three elements as themes to cultivate cultural content through creating and developing stories, design, fashion, literature, arts, and photography. Secondly, we can foster a global consciousness that is willing to take on the challenge of global expansion. Jeju's maritime culture provides a good starting point. Next, we need to integrate thinking and policy in order to realize outcomes. There is great potential in Jeju Special Self-Governing Province and we should actively seek to optimize its people and geography to nurture tourism in areas like maritime, medicine, nature, and Hallasan Mountain ecotours. Fourth, we should note that the differences and relationships between our southern culture and other cultures on the main peninsular or continent serve as important tourism resources. For example, the difference between Jeju Island's winds and horse culture will offer an interesting contrast to the context and situation in Mongolia. We can compare and contrast Inner Mongolia, China's northern border autonomous region (population 24.7 million, approximate area 1,100,000 km<sup>2</sup>, historical figures like Genghis Khan and astronomer-mathematician Minggatu) and Mongolia (population 2.78 million, approximate area 1,560,000 km<sup>2</sup>) as a case study. It is necessary to explore these different cultural resources especially when we think of receiving 20 million tourists to Jeju Island in the future. I have 12 points to present relevant to my opinion.

Firstly, we need to focus on and promote quality, and not quantity. We can win over more tourists with premium travel products and services. We should focus on such development by thinking of China's high-income bracket consumers and business travellers as our target group, as well as liaising with international conference industries.

Secondly, we have to meet the criteria of luxury for our goods. A branded product is of good quality, is classic and lasting, and the purchase of which comes with good after-sales service. We should take this as a starting point and expand these ideas beyond branded items to branded souvenirs, branded services, and a branded Jeju Island.

Third, it is important to make full use of, and to continue to cultivate and promote the uniqueness and distinctiveness of Jeju's resources. Fourth, we need to respect cultural diversity. This is the age of cultural diversity, and we need to create an internationally appealing image for Jeju Island. Fifth, we need to continue to show kindness toward Chinese tourists and treat them with a level of trust.

Sixth, not only should there be improvements and updates with processes and procedures relating to safety assurance, safety measures, and incident response, there needs to be direct, hands-on training for these practices.

Seventh, there has to be continuous research and application to ensure that the industries are sustainable and are always relevant to the people. Eighth, an integrated resort development with casino and hotels will be effective in ensuring money influx.

The ninth point is community readiness to receive and meet the raised standards and service quality. Tenth, we have to keep ensuring that we follow and meet international standards and criteria. Eleventh, we need to ensure that administrators and leaders of Jeju Island are also demonstrating inner quality and substance. This includes them imbibing philosophy, history, culture, to foster insight and foresight.

And lastly, the community has to forsake its belief in preserving its racial purity, and this means developing an internationally-oriented, “Global Jeju Welcome Society” consciousness.

**Lee Byung-Wook:** The world’s recognition of Jeju’s nature as a valuable resource to mankind can be seen through Jeju Island’s recent achievements, first with its Biosphere Reserve designation in 2002, and then followed by becoming a World Natural Heritage Site in 2007, a Global Geopark in 2010, and in 2011, taking a spot as one of the seven natural wonders of the world. Nature’s gems like Hallasan Mountain and Gotjawal stand out amongst impressive mountainous regions and oceans in the Jeju landscape. In 2013, Jeju Island saw a historical record of 10 million visitors, of which 2.3 million were foreign tourists. With such credentials, exploring how to conserve and sustain Jeju’s natural heritage should be of paramount importance. Yet a look at the National Environmental Zoning Map informs us that the proportion of tier 1 areas for conservation in Jeju Island is the lowest in this country at 23.75 percent. For comparison, the figure for Seoul stands at 28 percent, and that for Gyeonggi-do is 36.75 percent. It is of real concern that this has occurred due to excessive development in the absence of a systematic plan or system to guide efforts. There is a need to conserve Gotjawal, as a tier two area, and I strongly feel we have to take a good look at how to activate intention and concrete measures to manage this.

## **Kong Young-Min, President of Jeju Development Institute: How Can We Make Jejudo Island the World's Environmental Capital?**

Lee Byung-Wook: You can think of our first effort in establishing this as our hosting of the World Conservation Congress (WCC) here in 2012.

Following the proclamations made when preparing to bid for this event, we look forward to support and budget for enactment of special laws to become a world Environmental Capital, for the conservation and continued management of the Gotjawal forest, and also for the restoration and conservation of Hanon Maar Crater.

However, it is necessary to first define what it means to be the world's Environmental Capital, before we can set relevant goals and targets. The dictionary defines capital as the one place in a country that acts as a center of government and political activity. In this sense, the United Nations Environment Programme (UNEP) headquarters in Nairobi, Kenya, suits this definition more appropriately. As such, we need to deliberate whether Jejudo Island can be the sole Environmental Capital of the world, or if two Environmental Capitals are suitable to coexist. Even though we would be proud to see Jejudo Island as the world's only Environmental Capital, we recognize that this is rather difficult to achieve. Therefore, it is necessary to consider that Jejudo Island can only be a secondary world Environmental Capital.

Having established this alternative, we need to suggest why Jejudo Island deserves this title, and to also achieve consensus with not just Jejudo Islanders but also other Koreans. What they expect out of this designation, the economic benefits, and political, societal, cultural, and educational impacts or influences need to be carefully analyzed. If we think of Jejudo Island's pristine environmental resources as hardware, then correspondingly we also need to consider what the software capabilities are. To be an environmental capital implies having the software of leadership abilities to pave the way for and to direct international environmental networks, research, education, and community acceptance.

To strengthen Jejudo Island's superior hardware, there needs to be an overall management concept and system to ensure active promotion and conservation of these natural assets. It is best if the central government could provide a budget to support this effort. We have to establish regulations and review boards that introduce relevant concepts and means, as well as promote efforts to counter the effects of climate change

and introduce renewable energy sources. As for the software, undeniably the most crucial component is active community participation in these conservation initiatives. Instead of having an ambitious, grandiose plan, it is more important, and strategic, to consider how these ecological proposals can benefit the life of the ordinary islander.

In order to ensure that we commit faithfully to the goal of global sustainability, a think tank should be established to foster internationalism and promote discussion, planning, research and education. We can attract agencies like the Global Green Growth Institute (GGGI) to set up local offices, or encourage existing local agencies to expand their operations to nurture their development in strategic planning, research, and education, such that they can enhance their standards and eventually become world hubs. Having an advisory board comprising influential people and influential thinkers can assist with expansion and developing relevant strategies.

Finally, setting up a subsidiary board of the Ministry of Environment to provide strong leadership and expertise will allow for clear administration to overhaul the system, enhance creative economy, and direct the agenda toward achieving Environmental Capital status. It is necessary to concentrate and gather such efforts in order to achieve the desired outcome.

**Lee Seung-Jong:** The Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of Free International City was enacted with the purpose of reviving the unique geographical and historical characteristics of Jeju Island, in addition to allowing for a higher degree of autonomy, responsibility, and creativity for governance. The aim was to create growth whereby the Free International City contributes to both the local community and also the nation. Developing Jeju Free International City involves more than simple deregulation of relevant rules and restrictions. There has to be development plans for specific areas of tourism, recreation, business, and industry to integrate and grow in a cooperative fashion. Notwithstanding this, the current environment may prove to be limiting for such multilateral development. As such, we should carefully consider how best to optimize Jeju Special Self-Governing Province's attributes in areas other than tourism industries. We can consider an offshore financial center, or consult the examples of the Korea South Sea belt or the cross-border economic block with Japan for new models of development

to find ways to increase our international competitiveness. Jeju Island lacks large-scale manufacturers. We should start thinking about how we can absorb some of the demand created by China's 1.355 billion population that financial services in Shanghai and Hong Kong can't cope with.

**Kong Young-Min:** What are some strategic directions and issues that exist in our challenge to become a Free International City?

**Lee Seung-Jong:** There were two key purposes in the formation of Jeju Special Self-Governing Province. One was the vision of attaining Jeju Free International City status, and the other, to demonstrate a system of self-governance. Current problems can be conceived as being derived from errors made in the process of achieving these two objectives. At this moment, we should put emphasis on adjusting our initiatives that have been put forth in relation to these aims, such that we can realign our efforts to effectively achieve the intended objectives. In other words, it is best to push for these proposals when taking into account the scope of authority and organization of a self-governing district. Doing this will make the vision and goals of Jeju Free International City much clearer, and the required and appropriate management and procedural systems are necessary. For instance, various models of International Free Cities in other areas can arise based on varying historical backgrounds, location conditions, economic circumstances, and objectives for wanting such a status. Considering Jeju Special Self-Governing Province's special characteristics, like its location conditions and aims and objectives, would then provide a clearer direction for its growth. Only after this can we trial and adjust our concept and approach. The initial intention had been to use Jeju Special Self-Governing Province as a pilot, and following evaluation and positive outcome, to apply this model of autonomy to other localities. However, this plan had overlooked the unique local characteristics of Jeju Special Self-Governing Province that are absent in other Korean regions. Consequently, rather than looking at specifics, we should understand the overall organizational system in self-government and push for decentralization and transfer of power.

**Lee Chang-Woon:** Jejudo Island is still a beautiful island, and with a population of 600,000, we can view this land as a clean slate from which we can plan development. Jeju Development Institute should proceed carefully and take an active role when considering the future of Jeju. Secondly, Jeju can be thought of as a peaceful island and we can work this image to promote Jeju as an East Asia center from which to seek and promote international peace. This peace business specialization can involve themed memorials and museums that speak of the history of war and peace in the world, and share the legacies of influential people who have contributed toward the cause of peace. Thirdly, Jejudo Island can be seen as a stepping stone and also gateway to the mainland and ocean. As a result, this is an excellent geographical location to host trilateral interactions between Korea, China, and Japan. Within two hours flight, you can reach five cities with populations of 10 million or more, and 13 cities with populations over 5 million. We should make Jeju an essential stopover city for international business travellers. Fourth, Jejudo Island should grab its chance in what may now be considered a time of crisis in global warming and climate change, and put its best face forth internationally as a “carbon free island.”

**Kong Young-Min:** What transportation-related policies should be given priority and what strategies for related infrastructure are relevant in order to become a Free International City?

**Lee Chang-Woon:** The right transportation system for Jejudo Island needs to align with the image of being a beautiful, world standard tourism site. And this needs to take into consideration Jejudo Island’s zero-carbon-emission ideal and ultimate goal of zero traffic accidents. The latter would serve as a huge tourist draw and also enhance our tourism competitiveness. Secondly, we need to cultivate a fitting road system, that is, streets that blend naturally into the beautiful landscape of Hallasan Mountain, the clear skies, and the blue ocean waters. We should work hard to keep all roads and streets as clean as the Olle routes in Jejudo Island. For Jejudo Island, it should not be about getting to your destination fast, but about getting there smoothly. Rather than the faster route of straight lines, curvy roads would be much more suited to enjoy Jejudo Island’s natural scenery. Thirdly, having environmentally-friendly and health-friendly transport

systems would enhance Jeju's brand value. Imagine wind-powered cars! Despite its challenges, implementing these transport means would add to Jeju Island's vision and direction. The world's attention would be on Jeju Island if we move away from fossil fuels and have electric cars powered by the island's very own wind power farms. The Olle walking paths are already one of the value-added lifestyle choices we have on the island that enhances the local residents' health and joy. It is as if we are returning to the days without modern transportation yet what we can aim to have now is a transport system that cares for the earth. Increasing the number of hiking trails, pathways, public bicycles, and also having horse-drawn carriages for tourists will contribute to this image and complete Jeju Island's vision. Fourth, it is necessary to build a new airport. The government is currently investigating air traffic demands at Jeju airport, and within this year, will announce its conclusions as part of the mid-term review of the fifth airport development long-term plan. One of the issues to be examined is the current location of Jeju airport and matters relating to high density development and expansion. Fifth, we need to examine the long-term safety and feasibility of alternative means of transportation between the island and the mainland, such as an underwater KTX connection. This proposal isn't just to benefit Jeju Island; the infrastructure will serve as a precondition to fuel dynamic growth in the region and provide economic gain for the nation. Overall, the project will promote growth in the country's southern regions of Jeolla-do and South Sea, and will reap considerable gains for the country.

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## Policy Implications

**Park Kwang-Moo**

### **Ways to maximize Jeju's advantages**

- It is essential to consider a cultural approach to Jeju's values.
- It is essential to cultivate a creative spirit to promote Jeju's global orientation.
- We need to integrate thinking and policy to achieve outcomes.
- We should diversify and explore overseas markets.

**Lee Byung-Wook**

### **Directions to become the world's Environment Capital**

- Jeju Island can work toward becoming the only Environment Capital in the world, or alternatively, pursue the option of being one of multiple Environmental Capitals.
- We should actively reflect an administration policy that manages all the natural assets on Jeju Island.
- We have to push for the conservation of ecological and landscapes such as Gotjawal and to expand the central government's budget and support for these initiatives.
- It is crucial to have active participation of local residents in order to be a world Environmental Capital.
- Instead of having ambitious and grandiose plans, it is more important to focus on the benefits of ecological services and how they would improve the lives of the local community.
- It is crucial to establish an advisory board comprising prominent local and international experts to provide expertise on expansion, funding, and related matters.

**Lee Seung-Jong**

### **Ways to maximize Jeju's advantages**

- We need to consider industrial developments that will optimize Jeju Island's inherent region characteristics in order to become a Free International City.
- It is important to consider having a China-based, offshore international financial center.

### **Institutional strategies to become a Free International City**

- We have to consider special characteristics and aims and objectives to adjust policy.
- A Free International City requires a system of authority and organization that would promote decentralization.

### **Lee Chang-Woon**

#### **Ways to maximize Jeju's advantages**

- It is essential to play a role as East Asia center in the pursuit of world peace.
- It is required to develop Jeju's geographical advantage and use its location as a base for trilateral interactions between Korea, China, and Japan, and to serve as an essential stopover for international business travellers.
- It is important to actively push for Jeju to be a carbon free island.

### **Transportation-related policy priorities to become a global hub**

- It is important to pursue the objectives of zero-carbon-emission and zero traffic accidents.
- It is important to create a transportation system that meets the needs of Jeju's environment.
- It is important to encourage use of wind-powered electric cars.
- Future growth and development of Jeju airport based on the current investigations and surveys is crucial.
- It is important to review the long-term feasibility of having a connecting underwater KTX system connecting the island with the mainland.

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## Future and Potential of Jeju Healthcare Town

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### Jeju Free International City Development Center

“Medical Tourism” is a value-added industry that is helping to promote dynamic growth. We surveyed tourists who had visited Jeju in order to establish the values they would like to see in Jeju Healthcare Town. This session will discuss the potential of Jeju Healthcare Town to meet the demands outlined relevant to patient treatment care and wellness programs for those seeking better health.

#### Moderator

**Boo Wonkyun**  
(General Director, Jeju  
Healthcare Town, Jeju  
Free International City  
Development Center)

#### Presenters and Discussants

**Albert Oh**, Manager, Jeju  
Free International City  
Development Center)

**Renee-Marie Stephano**  
(President, Medical  
Tourism Association)

**Jia Xiao Fang** (President,  
China International  
Health & Medical Tourism  
Association)

**Song Insoo** (CEO,  
Healience Zen Village)

#### Rapporteur

**Elly Yoo** (Manager, Jeju  
Healthcare Town Project  
Jeju Free International  
City Development Center)

**Albert Oh:** I wish to introduce the potential of both Jeju Healthcare Town and the healthcare infrastructure relevant to medical tourism.

It is natural to introduce medical facilities into the “treatment” process in Jeju Healthcare Town. However, we should consider what is a value-added option of “healing” services for a healthy person, where healing refers to preventive services. Jeju Island is blessed with unspoiled nature and also boasts a strong sports infrastructure, and these help to support a demand for healing services. At Jeju Healthcare Town, we want to provide a portal for medical tourism and realize this provision of services. There is already a wealth of health options in Jeju Island, such as leisure sports, health food, homeopathy, and experiential tourism, and Jeju Healthcare Town aims to leverage this

healthcare infrastructure to provide more health benefits to consumers.

To make this possible, we will set up the Jeju Healthcare Alliance to link the island's tourism industry with the Healthcare Town infrastructure. For example, if you feel that your health has improved after a visit to Jejudo Island, you can submit a travel review that will go in a raffle draw, where winners will receive Jeju Healthcare Town vouchers. This is our competitive edge where we connect service provider with the consumer in order to do preventive health and wellness healing. With our portal, we can awaken the potential of this service, and expand services to cater to a larger pool of consumers, and thus enhance value and grow the sustainability of this industry.

**Renee-Marie Stephano:** I will touch on the convergence of healthcare for Jeju Healthcare Town in relation to globalization and localization. Healthcare industries have expanded beyond the local environment and this flow of activity has been accompanied by growing medical tourism. Through differentiated strategies, medical tourism now reflects local characteristics and its influence is ever-expanding with constant efforts in this area. In order to develop the healthcare industry, sustainable practices relevant to the region, economy, culture, and society, in other words, localization is necessary. This means that there should be mutual cooperation to improve infrastructure, systems, and environment.

Jeju has a distinctive advantage as the local atmosphere is favorable toward the well-being industry and the managements of various medical tourism industries are well-acquainted and well-connected with each other. The target groups that the medical tourism industry should pay attention to are the millennials, those born between 1982 and 2002, as well as the retiring baby boomers. Other advantages that will help Jejudo Island's medical tourism industry are its outstanding natural beauty and its geographically well-situated location within the Asian network. We expect a healthy demand for medical tourism in the future. If Jeju Healthcare Town takes advantage to fully utilize Jeju's inherent strengths and works closely with various stakeholders to build a cooperative system, it will very likely see a sustainable medical tourism industry in the future.

Jia Xiao Fang: I will present points on achieving cross-border win-win collaboration in the areas of health and medical tourism. Healthcare is the fastest growing industry in China. The number of medical tourists going overseas is increasing rapidly, as are numbers of companies who wish to enter the huge Chinese market. Healthcare industry development is one of China's National Strategies, and the market is also expanding through M&A transactions. There are plans to develop a health silicon valley by joining together the healthcare and medical tourism industries.

Over 90 percent of demand is for outbound markets, while 10 percent is inbound. In relation to the former, partnerships with other countries thus become a keen area of interest. In these cases, of crucial importance would be sourcing a reliable partner in the country of note, developing effective marketing strategies, and maintaining continual communication with the project stakeholders. This is essential to create a win-win situation for all Asian countries, including Jeju Island. I feel that Jeju Healthcare Town will have an important role to play in the case of Korea's development in this area.

Song Insoo: Jeju Healthcare Town has to be built and operated as a healthcare body for wellness and healing. The key topics of today's session have been treatment, healing, prevention, and healthcare. While we should consider medical hospitals as part of the discussion, the issue here is what type of hospitals we should be exploring. Instead of discussing the hardware, what is the kind of hospital building, it is more important to elicit a conversation about the software, that is, the network of hospital services that can be activated.

The Healthcare 3.0 model focuses on disease prevention and management to increase health lifespan. Hospitals attend to patients, but in actual fact, there are a lot more healthy people than there are patients. Therefore, it is important to allow for some restructuring of business and the healthcare industry to target this group. Located in such a natural environment, Jeju Island easily becomes a center for healing, and Jeju Healthcare Town should actively build a natural wellness organization that can cater to individuals who wish to improve their lifestyle habits. This differentiated service will provide Jeju's medical tourism sector with a distinct competitive edge.

[Question] The Jeju Weekly reporter: What kind of policy and environment is necessary in order to cultivate a cooperative system in the medical tourism sector in Jeju Island?

[Answer] Albert Oh: The healthcare industry in Jeju Island is developing separately today. The mentality of the medical tourist is “I want to become healthier.” Based on this type of consumer demand, the same goals are being established with Healthcare Town .

In order to build cooperation such that we can improve the quality of the medical tourism sector, all stakeholders need to receive benefits. With cooperation, there will be more profits as the investment put into the value-added service will turn into returns. I feel that many relevant marketing and business ideas can be commercialized. The key thing is to consider what an appropriate business structure is.

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### Policy Implications

- Jeju’s medical tourism industry have to take advantage of the area’s natural environment and existing tourism infrastructure and to establish a network among medical facilities, tourism business and government agencies in the region in order to provide various benefits to those choosing to visit Healthcare Town and possess a competitive edge.
- Although it is important to introduce relevant medical facilities, it is necessary to recognize the widened scope of demand that includes that for healing, and to strengthen related content and industries in preventive services.
- We can build a medical personnel and social network by attracting local retired doctors, and through this, a wider range of services can be offered to customers of the Healthcare Town.
- A close analysis of the strengths and weaknesses of Healthcare Town suggests that prevention or aftercare should be prioritized over professional treatment. This point is useful when considering the sustainability of growth in this sector on Jeju Island.

