

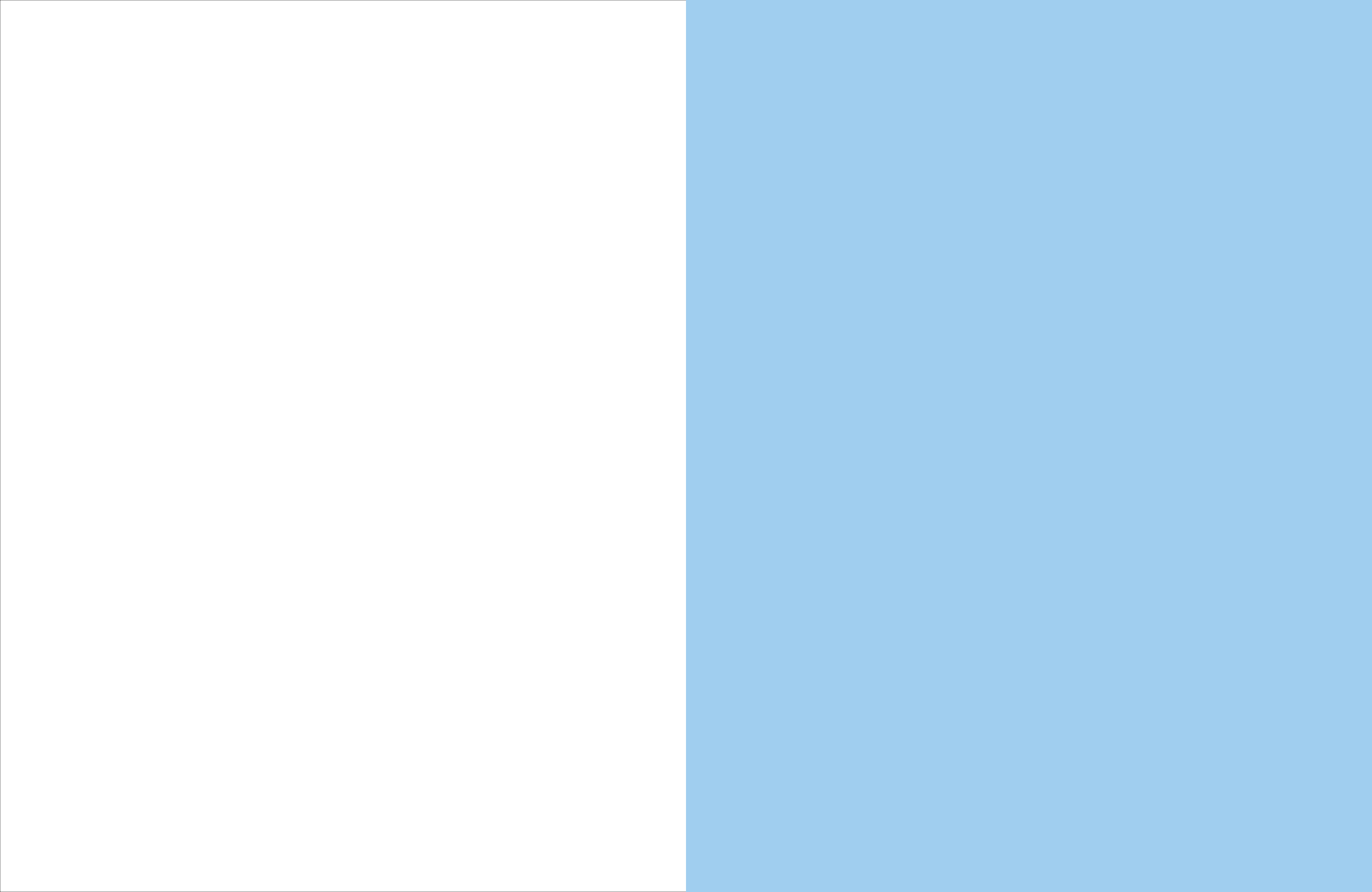
제14회 평화와 번영을 위한 제주포럼

JEJU FORUM 2019
FOR PEACE & PROSPERITY

May 29 - 31, ICC JEJU

Asia Towards Resilient Peace:
Cooperation and Integration

아시아 회복탄력적 평화를 향하여: 협력과 통합



May 29^{WED} ~ 31^{FRI} JEJU FORUM 2019

ICC JEJU FOR PEACE & PROSPERITY



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The Jeju Forum for Peace and Prosperity discusses how multilateral cooperation in the region can promote mutual peace and prosperity on the Korean Peninsula and in East Asia. After being launched in 2001 as the Jeju peace Forum, it was renamed the Jeju Forum for Peace and Prosperity in its sixth session in 2011. Since then, the Forum has been held each May to June. The objective of the event is to contribute to world peace and international cooperation by continuing to create an opportunity for discussing regional peace and cooperation. www.jejuforum.or.kr



The Jeju Peace Institute (JPI) is a nonprofit think tank established with funding from the Ministry of Foreign Affairs and Jeju Special Self-Governing Province. The institute's mission is to promote peace and facilitate cooperation on the Korean Peninsula and across East Asia through creative research, education programs and a broad range of exchange activities. JPI's ultimate vision is to contribute to peace and common prosperity throughout the world. In line with this mission, it conducts policy research on peace and cooperation on the peninsula and in East Asia; theoretical research (the Jeju Process) for multilateral cooperation, peace and security; and projects to encourage the growth of the research and academic network in Korea and overseas. www.jpi.or.kr

Jeju Forum Secretariat

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Chapter
ONE

PLENARY

14th Jeju Forum Opening Ceremony

[Opening Remarks]

WON Heeryong Governor of Jeju Special Self-Governing Province



Welcome to the JEJU FORUM FOR PEACE & PROSPERITY 2019!

First of all, I would like to acknowledge some of our most distinguished guests for their endeavors to advance world peace and human prosperity.

Former President of Austria Heinz Fischer,

Former Prime Minister of Australia Malcolm Turnbull,

Former Prime Minister of Japan Yukio Hatoyama,

Former People's Republic of China Foreign Minister Li Zhaoxing,

Thank you for being here, and I owe you my special thanks.

I am also highly delighted to welcome all the distinguished guests both local and abroad as well as Jeju citizens who would share ideas to promote prosperous and peaceful Asia. Thank you very much.

Distinguished guests from local and abroad!

Our world is now facing serious 'peacelessness' challenges. These include natural hazards triggered by climate change, ocean contamination caused by littering plastic wastes, and transnational air pollution due to elusive particulate matter. They have become 'global risks' because they pose a greater threat than

ever to human survival and peace.

In other words, our world is recognizing 'peace' to have become inclusive of areas other than just national security. This is why Jeju is striving to realize this 'new peace' by shifting to the widened concept. Accordingly, the range of peace discourse in the Jeju Forum is not limited merely to traditional security issues, but expanded to a variety of fields such as economy, culture, environment, etc.

By the way, I proposed at the Jeju Forum 2015, 'Peace from Healing' that is a gift from clean Jeju nature, 'Peace from Tolerance' that we gain by being inclusive of multiple values and interests, and 'Peace in Energy' that directs us to achieve peace in the entire energy process from generation to consumption.

Along those lines, we are advancing 'Carbon Free Island 2030' projects where all our power generation will shift to alternative energy, and all passenger vehicles will be replaced by electric ones. Recently, we commit ourselves in tackling the transnational issue of fine dust, and push forward a 'Dust-free Jeju' campaign.

Jeju is proud of its blue sky, fresh air and clean natural environment. It is an 'environmental treasure

island' endorsed by UNESCO. We have set 'Clean and Coexistence' as a future vision of Jeju to boost its resilience of the environment and ecosystem.

We will make our effort with confidence and commitment in both expanding and sharing the new values and experiences of our own, with the world, as well as the central government of South Korea.

Distinguished guests from local and abroad!

As you know, the Jeju Forum introduced as its theme for this year 'Asia Towards Resilient Peace: Cooperation and Integration.' Resilient peace is an effective way to turn insecure peace into a secured one and to find a balance point to realize sustainable coexistence even under security crises.

In their hearts, Jeju people have the deepest wounds that remain from the turmoil of the Cold War 71 years ago. Countless innocent lives were lost, and many communities were destroyed. But, the Jeju people have stuck together in order to resolve the division and conflict of the April 3rd Incident in a spirit of reconciliation and coexistence.

The government of South Korea acknowledged the

Jeju people as having been overcoming the painful history of the April 3rd Incident, and commemorated this by enlisting Jeju Island as an 'Island of World Peace' in 2005. This has served as a momentum for the Jeju government and citizens to share the belief that we are all victims of the painful history of the April 3rd Incident, and to make efforts to realize the resilient peace through which we feel tolerance for each other and heal together.

Since in it resolving the April 3rd Incident, Jeju made the case of advancing reconciliation and coexistence as well as peace and human rights through tolerance and healing, I anticipate the case of Jeju to exemplify modus operandi for Asia to establish resilient peace in Asia.

Distinguished guests from local and abroad!

North Korea's denuclearization issue is probably the biggest risk to global security. To make it happen, since last April, there have been five rounds of the summit between South Korea and North Korea, and between North Korea and the USA. I think it shows a meaningful development towards North Korean



denuclearization.

Unprecedented summits at such short interval have brought us to hope that North Korea will declare its denuclearization and the international community soon take part in initiating a denuclearization process. But, the second summit between North Korea and the USA held in Hanoi, Vietnam ended with the so-called, “Hanoi No Deal.” The core condition of determining a nuclear deal is truthfulness. It has been demonstrated that dialogue without truthfulness cannot solve a nuclear puzzle.

It is the denuclearization that will guarantee North Korea its regime security and help North Koreans to meet the basic necessities of life and live as human beings. On top of it all, the international community will provide North Korea with support and cooperation to boost its economy.

I cannot stress enough the importance of the North Korea’s denuclearization. It will determine the future of North Korea. It will also herald a peace process on the Korean Peninsula.

I call on North Korean leader Kim Jong-un to make a truthful resolution on denuclearization. We two Koreas and the international community will bravely and patiently support North Korea’s denuclearization and be committed to helping with its normalization. Jeju will actively take its part in this move, too.

Jeju Special Self-governing Provincial Government has been the first among Korean local governments to pioneer inter-Korean exchanges by means of ‘Vitamin C’ diplomacy. As Jeju has been playing a leading role in inter-Korean exchanges, next year we will again invite North Korea to join the Jeju Forum, so that it can provide an opportunity to start a grand new chapter of establishing a peace process in the Korean Peninsula.

Distinguished guests from local and abroad!

Jeju Forum began in 2001, so it has been almost 20 years since its birth. During this period, many influential global leaders of politics, academics and businesses in around 80 countries have taken part here. It has become a model public forum representing South Korea where the agenda of peace and prosperity

is discussed.

Jeju Forum will be a center stage in Asia on which collective responses based on extended peace concepts take place to deal with ‘new peace threats’ including climate change, ocean contamination, and fine dust as well as the ‘traditional security threats’ such as nuclear weapons and missiles.

In particular, with new peace concepts in mind, ‘Peace from Healing,’ ‘Peace from Tolerance’ and ‘Peace in Energy,’ we will preserve the environmental treasure island where environment and humans can coexist. Also, we will not forget to play our role as an ‘Island of World Peace.’

I hope you will enjoy the splendid spring of clean, blue Jeju during your stay in this ‘environmental treasure island.’

Thank you very much.

14th Jeju Forum Opening Ceremony

[Keynote Speaker]

Heinz FISCHER Former President of Austria



Governor Won, Excellencies, Distinguished guests, Ladies and Gentlemen.

It is a great honor and pleasure for me to be invited to the Jeju Peace Forum 2019 and – coming from Austria – to contribute to the topic of Asia towards Resilience Peace from a European perspective. What led to resilient peace in Europe in the last decades? What were some of the major lessons learned?

Distinguished participants! I want to focus on three main lessons here today:

First lesson, balanced cooperation of adversaries at eye-level is very important.

The second lesson, economic collaboration with a shared plan and goal has a big influence on peaceful relations.

The third lesson, upholding the generally accepted international treaty regime is necessary to build trust and we need trust.

Let me elaborate by quickly looking back on the historic developments that led to those lessons in Europe.

After the French Revolution, the turbulence of the Napoleonic wars had troubled Europe. However, in 1815 the Congress of Vienna developed a new system

of the European balance of power between Great Britain, France, Germany, the Austro-Hungarian monarchy and Russia. This balance lasted for almost 100 years and it is Professor Henry Kissinger who very often describes this balance of power in his books as an example of resilient and lasting peace. This lesson is still useful for today’s challenges because power needs balancing power at eye-level in the essence of Kissinger’s strategic thinking.

At the beginning of the 20th century, the destructive powers of selfish nationalism in central Europe became stronger and stronger. The consequence was the outbreak of World War I: Central European powers against the coalition of Great Britain, France, Russia and – in the last phase of the war – the United States. The central European powers lost the war.

And the Peace Treaties from 1919 was dictated rather than negotiated. Regimes acted on the premise of ‘winners and losers’, those that could dictate and those that had to obey. This was contributing to inflaming and initiating again strong nationalistic feelings, in particular through the Nazi movement in Germany and similar movements in other parts of Europe.



Only 20 years after World War I, the Second World War started.

But, after World War II, several lessons from history were learned by the participating nations. Roosevelt, Churchill, de Gaulle, and other leaders did not make the mistakes of 1918 and 1919 again.

Democracy, human rights and a new understanding of lasting peace became leading principles after World War II.

The dominating new idea was that cooperation between former enemies, in particular between Germany and France, should be strong, so that political cooperation becomes a necessary consequence and war becomes impossible. This was the basis for European integration.

The second element of post-war peace policy was the Marshall Plan, which built Europe up after the Second World War and evidently helped the United States to achieve its geostrategic and economic positioning – it was a win-win situation for former adversaries. Economic cooperation makes political

cooperation easier.

And the third lesson was to secure all of this by a generally accepted international treaty regime.

International treaties and institutions secured trust and displayed goodwill for political and economic cooperation. The most important institution was, and still is, the United Nations, which was created in 1945, followed by the Council of Europe, created in 1949. The treaty of Rome in 1957 was giving the European integration an institutional framework.

A big problem after 1945 was the contradiction and even antagonism between the so-called East and West from a European perspective, namely between the Soviet Union and its allies and the United States and its allies. One could also say, between NATO and the Warsaw Pact. It was a dangerous period, but both sides tried to limit the risk of war.

Willy Brandt, the German prime minister in the 1970's, decorated with the Nobel Peace Prize, whom I personally appreciated very much, once said: "Peace is not everything, but everything is nothing without

peace." In my opinion, he is right.

The collapse of the communist system in Europe and the disintegration of the Soviet Union 30 years ago, again changed the situation. European integration was successfully developing. Many countries under communist dictatorships changed to more democratic systems after the fall of the Berlin Wall and East and the West united again peacefully.

Unfortunately, the peak of these positive developments was reached at the turn to the 21st century – at least from a European point of view. A worldwide financial crisis was producing economic and political problems. The political climate and stability started to change and to deteriorate. The extension of NATO to the Russian border was, in my opinion, without negotiations was not a very wise decision. Egoistic and nationalistic tendencies in Europe were growing.

Nowadays in the United States, President Trump is relying on "my country first" policy, antagonistic to the lessons we had already learned in the past. The peaceful future, in my opinion, lies in cooperation – not in confrontation.

In addition, the elections of the European Parliament last Sunday (26th of May) have produced significant changes, and shifting seats and influence from the centre to a more nationalistic side.

Are these European lessons for resilient peace relevant to Asia? All of the lessons are, to a certain extent, global ones.

First, never give up on striving for balanced cooperation of adversaries at eye-level.

Only if one seeks cooperation instead of confrontation major challenges can be overcome. Europe unified when dying adversaries Germany and France intertwined their war-related sectors of the economy.

Second, aim for collaboration with a shared goal.

The United Nations has given the global community a solid plan for the future of our planet. It is the Sustainable Development Goals which can also be seen as a global plan for governing.

Third, everyone needs to do the utmost to uphold the generally accepted international treaty regime.

Only in an atmosphere of trust and mutual respect

for agreements, the global community will succeed to find the necessary balanced solutions to a different interest.

In my opinion, the decisions of President Trump to withdraw from the INF (Intermediate-Range Nuclear Forces Treaty), from the Paris Climate Agreement and from the Joint Comprehension Plan of Action with Iran were not that helpful and this has made very difficult negotiations with North Korea on nuclear disarmament even more difficult.

Distinguished participants!

In my opinion, we have learned a lot from the dramatic history of the 20th century.

Now it is our responsibility to make sure those lessons from history remain guiding principles for a peaceful future and new ideas must be implemented in order to master the problems of the next future generations.

Thank you.

14th Jeju Forum Opening Ceremony

[Keynote Speaker]

Malcolm TURNBULL Former Prime Minister of Australia



Governor Won Heeryong. Thank you so much for holding this forum and inviting us here today. Your vision for a resilient peace in our region is as inspiring as it is timely. I want to thank you for the extraordinary hospitality that you have shown and the way in which the forum is addressing so many of the threats to peace and the ways in which we can work together to meet them. Your invitation for Chairman Kim Jong-un to come to Jeju for the peace forum next year is very timely. It really is and if Kim Jong-un walks up Mt. Hallasan, like me and the US Ambassador Admiral Harris did yesterday, he will be doubly inspired to work harder towards peace.

Peace here on the Korean Peninsula has been hard won. Australians – 17,000 of them – served to defend South Korea’s freedom nearly seventy years ago, and 340 paid the supreme sacrifice. The battlefield was far from Australia, but the cause of freedom was close to our heart.

We stand side by side in supporting the rules-based order. The rule of law is the foundation for peace and prosperity in this vibrant region of much economic opportunity. Our nations understand that the key to maximising those opportunities is our support for free

and fair trade and open markets. As former President of Austria Heinz Fischer just reminded us – economic cooperation makes political cooperation easier.

Korea is Australia’s fourth-largest two-way trading partner. The Korea-Australia Free Trade Agreement (KAFTA) came into effect on December 2014, slashing tariffs and ensuring 99% of Australian exports into Korea enter either duty-free or with preferential access. Those deals make our economies stronger and they create more opportunities for our people. But perhaps, just as importantly, they create strategic partnerships that aid in upholding that rules-based order.

We are stronger when we work together. We understand that more than ever, as the world enters uncertain geopolitical times, that the Asian region is the centre of the global economy today. Japanese Prime Minister Abe Shinzo and I showed how influential our region could be when we revived the Trans-Pacific Partnership after President Trump withdrew in 2017. Many said the Trans-Pacific Partnership was dead. However, Shinzo and I found a way to keep it going and to convince the rest of the region, the rest of the parties to the TPP, it was not. So it had been the TPP-12, now it is the TPP-11, but it is

still one of the world’s largest trade deals, joining \$13 trillion worth of economies together. I hope that before too long the Republic of Korea will join the TPP and it will be a TPP-12 once more.

The region has seen the greatest economic growth and human advancement the world has ever known over the last 40 years. Just 40 years have seen this extraordinary growth. And these times in which we live, of change that is unprecedented both its scale and its pace are the most exciting times in human history and we should be optimistic about the future. But with all of those opportunities come risks. Strong economies create stronger militaries and military capability. Increased wealth creates a stronger strategic ambition among nations. Combine strategic ambition with military strength and you create potential regional flashpoints – flashpoints to which we must be alert. That is why more than ever before we have to share these challenges with trusted allies and friends in our region.

While the Cold War is long behind us – and again President Fischer spoke so magnificently about the history of Europe, of the Cold War and its legacy – there is a tendency still to focus on the superpowers – China and the United States – and certainly recent tensions encourage them to do that. But it is the wrong perspective. We should not think of the nations in our region connecting only via the capitals of the superpowers like spokes connecting to the hub of a wheel, but rather as an interconnected mesh supporting each other, defending the rule of law which ensures that might is not right.

Graham Allison is here at this conference and he wrote a superb work about the Thucydides Trap. He refers to the first chapter of the Athenian General Thucydides’ history of the war between Athens and Sparta in which Thucydides goes through all the various events that caused this great war. But summing it up he said the real reason was that the Spartans were anxious about the rising power of Athens. This Thucydides Trap President Xi Jinping has talked about being an important one for China to avoid as its power rises and the anxiety about rising power can cause conflict in and of itself. And that is a

very important insight and Professor Allison has done an enormous service in reacquainting everyone with that great history.

The real objective for us in this region however, for countries that are not one of the two great superpowers – not China or the United States – is to ensure that we do not fall into the situation described in another book of Thucydides history – book five – where the Athenian ambassadors go to the island of Melos and demand that it submit. The Melians said “we want to stay independent, we want to be free,” and the Athenians said “you know, as well as we do, that in the world justice is found only between equals in power because the strong do as they will and the weak suffer as they must.” And that is what we must not allow in our region. We must work together to defend the rule of law to ensure that might is not right. This was the objective of my Government’s foreign policy, explained in the Foreign Policy White Paper and evident in practical outcomes, not just the TPP-11, but also a free trade agreement and Comprehensive Strategic Partnership with our closest neighbour Indonesia. One of whose former Foreign Ministers Marty Natalegawa is here with us today.

You can see how important this reaching out has also been in Prime Minister Abe’s foreign policy. While Prime Minister Abe has been a very generous host to President Trump – especially in the last few days – note how he is also busy in every other capital, extending Japan’s global reach and influence.

Now, Australia has always been rock solid in its support for South Korea as it stands up to threats from the North Korean regime. As Prime Minister, I supported the imposition of tougher sanctions on North Korea and our military are working with our allies to support the enforcement of them.

China’s enforcement of sanctions has been particularly important and while China is absolutely not responsible for the reckless conduct of North Korea it does have the greatest economic leverage over the regime. So China’s cooperation in putting pressure on the North Korean regime has been absolutely critical.

Ultimately the deal that can be done would – as Governor Won described – be a security guarantee, from the United States and China, in return for complete denuclearisation. There has been talk about historical precedents and at one point Libya was mentioned, which was hardly an encouraging one from Kim Jong-un’s point of view.

The better precedent was Cuba, where more than fifty years ago the United States agreed with the Soviet Union that if the nuclear missiles were removed, it would not seek to overthrow the communist regime in Havana. That assurance has been complied with ever since, notwithstanding the fall decades ago of the Soviet Union. The mistake the United States made with Cuba however was for domestic political reasons within the United States to maintain an economic embargo on that island which simply served to entrench the Castro regime. That is a lesson that can be recalled in future discussions and negotiations with North Korea. So in my view President Trump has the right objectives for North Korea – in return for

denuclearisation, an end to sanctions and an assurance that the United States will not take advantage of that denuclearisation to overthrow the regime.

Our region is the most dynamic in the world and it is of unlimited economic opportunities and growth. We should continue to encourage free trade and open markets. We want to see the Trans-Pacific Partnership expand and in due course the United States return to the TPP. Greater strategic alliances enable us to welcome and work with China and its economic advancement.

The growth of China’s economy has been the most remarkable achievement – hundreds of millions of people lifted out of poverty. A country when Deng Xiaoping went south and evoked the memory of the great Chinese admiral Zheng He who ventured across the Indian Ocean. When Deng did that China’s trade was a tiny fraction of global trade. Now China is – depending on the measure – either the largest or the second-largest economy in the world. It has been a remarkable transformation and the region has



benefited from it. But what has enabled it has been the maintenance of peace and the rules-based order and that is what we must continue.

It is vital that like-minded nations like Korea, like Japan, like Australia, are part of a united coalition. We achieve so much more when we work together. President Fischer, again, reminds us of how important that shared democratic vision is to secure peace.

So I thank you again. Governor Won for inviting me here today. It is a great honour, it is inspiring to be here with you all committed to peace and the maintenance of the rules-based order in Asia which has seen the most remarkable transformation from poverty to prosperity in all of human history. Peace has made it possible; the maintenance of that peace must be our goal. In the words of the 34th Psalm “we should seek peace and pursue it,” pursue it relentlessly, tirelessly regardless of how many disappointments there are along the way because that goal is what will enable us to maintain our prosperity and our freedom in the years ahead.

Thank you.

14th Jeju Forum Opening Ceremony

[Keynote Speaker]

Yukio HATOYAMA Former Prime Minister of Japan



I would like to express my gratitude to you for inviting me to this Jeju Forum and giving me the chance to speak here. Jeju Island has been the scene of tremendous tragedies throughout the national division and the Korean War. The Korean Peninsula now seems to be seeing a new ray of light. The long history of national division on the peninsula is now seeing a chance for a great change. I believe that it is timely for us to discuss here on Jeju Island what we have to do to move toward peace in Asia.

Neo-liberal globalism has further widened the gap between a very few super-rich and the rest of the people, polarizing societies. Nationalism that cares for nothing but the national interest is spreading all over the world as a reaction to this bipolar society. I think that today's world lacks the political philosophy to pursue the 'common good.'

My grandfather, Ichirō Hatoyama, took office as prime minister in 1954 and resigned after rebuilding ties with the Soviet Union in 1956. He had a chance to become prime minister right after the end of the Second World War, but was barred from politics before the inauguration of the Japanese Cabinet. While leading the life of a recluse, he was deeply

impressed by Richard Coudenhove-Kalergi, after reading his "Totalitarian State Against Man." In ardent sympathy with Kalergi's concept of fraternity, he published the book in translation under the title of "Freedom and Life." After returning to politics, my grandfather expounded on fraternity as an idea upholding 'mutual respect,' 'mutual understanding' and 'mutual assistance' to realize a fraternal society. I think fraternity is the common good that politics should pursue.

Austrian Count Coudenhove-Kalergi, born to a Japanese mother, emphasized the importance of 'fraternity' as a bridge between freedom and equality. He advocated fraternity as an ideology to fight against the two kinds of totalitarianism represented by Hitler and Stalin that dominated Europe at the beginning of the 20th century. He advocated pan-Europeanism based on the philosophy of fraternity, and it became the basis for the birth of the European Coal and Steel Community after World War II. Germany and France, both hated by each other at that time, started to build cooperation, while jointly managing coal and steel. Furthermore, Germany, France and other European countries deepened cooperative relations with each

other, which culminated in the establishment of the European Union, after many ups and downs during the cooperation process. Now, nobody imagines that Germany and France will fight again. Europe has become a de facto war-free community.

What I would like to say is that fraternity is not the ideology of the past, but the most important ideology of world politics now. Fraternity means respect for the dignity of others as well as respect for one's own dignity. It is to respect the freedom of others as well as one's own freedom, to recognize the differences of others from us, and to help each other while acknowledging individuality. In other words, the fraternity can be factored into self-reliance and co-existence. In efforts to be self-reliant, one can keep one's own dignity. However, since we cannot live alone, we help each other, while gladly admitting that we are different from each other. It is to co-exist with others not to be thoughtlessly dependent on others. Self-reliance without co-existence is not desirable, nor is co-existence without self-reliance.

Fraternity is an idea that pertains to inter-state ties, as well. Modern countries cannot exist alone. They exist in various forms of cooperation with each other and under various influences from others. How to seek self-reliance and co-exist with other countries is one of the most important factors in state governance. In this respect, I think Japan should readjust its excessive reliance upon the US and come closer to Asian countries, including China and Korea. It would be a way for Japan to become a fraternal state. If we extend the meaning of the word, 'fraternity,' it may be applied to relations between humans and nature. How to co-exist with nature is one of the greatest issues of humanity.

What do we have to do now amid the rise of nationalism, while globalization fails to function properly in political terms? I think that we should establish a regional organization in accordance with the 'ideology of fraternity' in order to suppress narrow-minded nationalism, and share a venue of mutual understanding among member states. That is, to build a community based on so-called regionalism.

It is important never to use force within the region and to strive to resolve all disputes only through dialogue, because the exercise of power can never be an ultimate solution to a dispute.

I think we should have a dream of a war-free community based on this ideology of fraternity and create an East Asian Community. The 10 ASEAN countries have already formed an economically-integrated community. Chinese President Xi Jinping said that Asia is a community with a common fate and he wants to create an East Asian Community by 2020. Xi made public his views on the One Belt One Road initiative in 2013, saying that it was designed to support the economies of developing countries by improving their infrastructure. He argued in a forum on the One Belt, One Road initiative that its primary goal is to build peace, and a secondary purpose is the prosperity of the region. Although the tools to establish the One Belt, One Road and the East Asian Community are not the same, they have the same goal of leading the Eurasian continent to peace. The initiative might be said to form a concentric circle that includes the East Asian community in that it constitutes a community of common fate. Chinese Prime Minister Li Keqiang visited Japan last year and held talks with Prime Minister Abe. Japan pledged to cooperate with the initiative, and Prime Minister Li emphasized the need to form an East Asian economic community.

When Korea, Japan and China are added to the 10 ASEAN countries, it would be able to form the core of the East Asian community. Now that China has expressed such a will, Japan and Korea have to make their position clear. I think that Japan should have stood at the forefront of such an initiative. This is because Japan has inflicted tremendous damage and pain on many Asian countries, and it has yet to make a genuine reconciliation with them now, 74 years later. East Asia could have made great strides toward the community if Japan had squarely looked at history in the year, marking the seven decades after the end of the Second World War, and apologized to and compensated them for its aggression and colonial



rule. I emphasized the importance of the East Asian Community Initiative during my term as prime minister. And I saw the establishment of the Trilateral Cooperation Secretariat in Seoul, Korea. However, it is regrettable that the secretariat has not accomplished what was intended with it. I hope that the three countries' summit will be resumed to pursue trilateral cooperation in various fields.

Now, the Korean Peninsula has begun a great stride toward peace. There is an armistice agreement between the US and North Korea. That means that the US and North Korea are still technically at war. North Korea will be at a great disadvantage if the end of the war is declared when its military power remains overwhelmingly inferior. That is why North Korea has developed nuclear missiles over three generations. At the end of the year before last, when the North had succeeded in developing a missile capable of reaching the US, Kim Jong-un thought he was able to negotiate with the US on an equal footing. In other words, North Korea came to the negotiations armed with the option

of abandoning nuclear missiles.

Since April last year, several inter-Korean summit talks have been held, and the second US-North Korean summit was held in Hanoi. The second summit in Hanoi ended without agreement, with many observers saying it was a failure or a breakdown. But I do not agree with them. It would certainly take more than a few summits until North Korea completely halts its nuclear development, and the US completely lifts its economic sanctions and concludes a bilateral peace treaty. It was rather meaningful that the talks outlined how the two sides could come up with a compromise. An important point is that North Korea will not launch missiles, and the US will not resort to a military attack on the North as long as they patiently continue summit talks. The Korean Peninsula is now ending the crisis, thanks to the qualitative improvement of US-North Korean relations. It goes without saying that it is important for Japan and China to support the peace movement on the Korean Peninsula. Japan, in particular, is a country responsible for the division of

the Korean peninsula. Abe has insisted only on the resolution of the abduction issue, saying, "Dialogue for dialogue's sake is meaningless. It is no longer time for dialogue." But he ended up being driven out of the mosquito net (being ignored or excluded), as inter-Korean and US-North Korean dialogue made progress. Abe should be more cooperative with Korea, instead of blindly following President Trump. A hundred years later, the Korean Peninsula will see a single unified country of any type.

A few years ago, it was not easy to find ways to incorporate North Korea into the East Asian Community. But now, with the rapid progress of inter-Korean relations, we are able to think about North Korea in terms of the initiative. I think that we should set up an East Asian Community parliament and make it a venue where we can discuss not only economies and trade but also environment, energy, education, culture, and security issues. I think Okinawa, Japan, or Jeju Island would be a suitable venue for that kind of discussion, because we should transform Okinawa, now a 'strategic military point' with a large US military base, into a 'strategic point for peace,' as it used to be during the Kingdom of Ryukyu. I would also like to ask Jeju Island to realize the dream of the unification of South and North Korea. Japan and South Korea should play a pivotal role in helping China, which has emerged as a major power, to make political and economic developments in peace with East Asian countries and in assisting North Korea in developing its economy and politics to become a stabilized peace-loving country. I think that is a way Japan and Korea, as mature countries, should lead. Finally, I would like to end my speech with the adage of Count Coudenhove-Kalergi: "Every historical great happening began as a utopia, and ended as a reality."

Thank you.

14th Jeju Forum Opening Ceremony

[Keynote Speaker]

BAN Ki-moon 8th Secretary-General, the United Nations

Read by Mr. KIM Bong-hyun on behalf of Mr. BAN Ki-moon

Excellencies, Distinguished Guests, Ladies and Gentlemen,

It is my great honor and privilege to speak to you this morning at the Jeju Forum 2019.

I take this opportunity to congratulate the opening of this year's Forum, which comes at a critical time for both Asia and ongoing regional and global efforts to build resilient peace and expand prosperity.

I would also like to show my special appreciation to Governor Won Heeryong of the Jeju Self-Governing Province, as well as the incredible people of Jeju Island, for having me back at this world-class event.

Since its inception in 2001, The Jeju Forum has played a leading role in the promotion of cooperation and regional integration in Asia. This is particularly noteworthy today as expanding nationalism and isolationism are bringing rising threats to multilateralism around the world.

I thank you all for your continued efforts in this regard.

Today, I wish to share some insights with you—based on my experience as UN Secretary-General—on how to ensure that our multilateral future is peaceful, dynamic, and sustainable; as well as Asia's leading role to this end.

First, I will outline some of the current threats to our multilateral order. Second, I will highlight the universal benefits that the multilateral order brings. And third, I will underline the importance of emerging powers in the maintenance of multilateralism as well as the role Asia can play in leading its future successes.

Distinguished Guests, Ladies and Gentlemen,

Threats to the multilateral order are proliferating in tandem with the sweeping geopolitical and economic shifts we have witnessed over the last few years.

Human rights are under duress as populist nationalism spreads. Vulnerable populations, including refugees and immigrants, are scapegoated for electoral gain. Development and humanitarian funds are being slashed.

Multilateral treaties and bodies such as the Paris Climate Agreement, the Iran nuclear deal, the UN Human Rights Council, are at risk from major pledges to withdrawal.

Meanwhile, the global system of free trade that increases total economic growth and raises living standards is under attack from its greatest benefactors as US trade wars with China and the EU are dangerously expanding.

In our interconnected world, where longstanding

economic ties and integrated global supply chains have contributed to stability and cooperation, such tensions have the potential to spread beyond trade and negatively impact other areas including tech and maritime security.

Under this backdrop of threats to multilateralism, I firmly believe that we must continue to work together through expanded cooperation, partnership, and regional integration to cope with these pressing challenges.

During my ten-year tenure as UN Secretary-General, I strived to execute my global leadership duties in support of multilateralism as it brings notable benefits to all. This includes individuals, communities, and states.

Multilateralism is clearly in the interest of smaller states, which benefit from having agreed international rules and institutions where their voices can be heard.

At the same time, multilateralism is also in the interest of powerful states, as it enables them to shape the international order without resorting to unilateral demonstrations of economic or military might.

In this regard, I would like to briefly share my experience in stewarding climate change negotiations during my time leading the UN.

While climate change was not an explicitly political issue, negotiations were centered on the strategic considerations of big powers such as the US and China as well as the existential considerations of many small island states.

I am incredibly proud of the fact that we unanimously achieved the UN's landmark climate goal and the Paris Agreement was adopted in 2015 following a dramatic late night of negotiations. This was a resounding triumph not only for our earth, but for multilateralism as well.

The Paris Agreement is one of multilateralism's greatest recent successes, and clearly demonstrates that no one country can resolve pressing international challenges alone. But we must go further, as Paris is a starting point.

Climate change is hindering development and fueling conflict, displacement, and public health risks around the world. These dynamics will continue to worsen in the absence of strong multilateral cooperation and renewed political will. And these

threats do not discriminate; nations both large and small are endangered by them.

While the multilateral order and its benefits remain universal, it is also true that emerging powers should increase their contributions to maintain this order.

The multilateral order centered on the UN has, at times, struggled to properly reflect the changing global power distribution since World War II.

Many parts of the world, particularly here in Asia, have seen dramatic levels of economic growth precisely because of the opportunities presented by the multilateral order on trade and globalization.

These opportunities have resulted in an explosion of the global middle class. They also have drastically scaled-up prosperity for countries, businesses, and individuals.

In this connection, the emerging powers of today, such as China, India, Korea, Australia, and others, should step forward to contribute more in the maintenance of the same multilateral order that aided their development and increased their international stature over the past decades.

I hope to see more emerging powers step up in this regard in support of multilateralism. We all stand to gain from such efforts as we collectively strive to enhance peace, development, and prosperity across the globe.

Distinguished Guests, Ladies and Gentlemen,

As we move forward in the 21st century, we are likely to see a shift towards a multipolar world. And Asia's dynamism, innovation, and people's power leave it well-positioned to help steer our multilateral future.

We can lead the way in efforts to build resilient peace and solve longstanding conflicts through diplomacy, including right here on the Korean Peninsula.

We can lead the way in tackling climate change and achieving sustainable development by advancing partnership efforts that also enhance growth and equality.

Underpinned by multilateral cooperation; we can realize a peaceful and prosperous Asia, as well as a peaceful and prosperous world. I thank you for your attention.

[World Leaders Session]

Asia Towards Resilient Peace: Cooperation and Integration



Moderator HONG Seok-Hyun Chairman of JoongAng Holdings
Speakers Heinz FISCHER Former President of Austria
 Malcolm TURNBULL Former Prime Minister of Australia
 Yukio HATOYAMA Former Prime Minister of Japan

● **HONG Seok-Hyun** Thank you, Ladies and Gentlemen and Distinguished speakers.

It is my great pleasure to moderate this year's World Leader session with former President Fischer, former Prime Minister Turnbull and former Prime Minister Hatoyama. It is a great disappointment and regret that former UN Secretary General Ban Ki-moon could not join us this morning due to his family matter.

President Fischer shared with us the lessons learned from the process of Europe's integration, while Prime Minister Hatoyama stretched the need to establish an East Asian Community. Former UN Secretary General Ban, meanwhile, urged us to restore multilateralism and to cooperate with one another and Prime Minister Turnbull emphasized the importance of the rule-based order and free and fair trade with opening more markets. I think the common position here is that nationalism is not the way forward, rather we need to build an international system and order based on multilateralism and the rule of law. But unfortunately, as we witness, the world is going somewhat the opposite direction. The two super powers, the US and China, are engaged in tit-for-tat trade war, while the US has withdrawn

from the Iran nuclear deal and what seem like progress in North Korea's nuclear dismantlement negotiations has become stagnant. Not only that but the Paris Agreement and climate change have been seriously challenged with the US set to pullout. Last year Henry Kissinger learned that the trade dispute between the US and China will develop into a rivalry dominance, if left unchecked. And as we all know; Henry Kissinger's concerns are turning into reality. At this rate, the international order we have established such as the World Trade Organization (WTO) and the Climate Change agreement could face serious challenges. Despite these circumstances, there appears to be no clear-cut solutions to salvage multilateralism. So basically, we are trying to pave the way whether there is none at the moment. This is why we need your wisdom.

So, I would like to first pose a question common to all the panels. It is quite an exaggeration to say that the two pillars that brought peace and prosperity to the world were the UN, politically and the General Agreement on Tariffs and Trade (GATT), later the WTO, economically. Both have the principle of multilateralism and both were launched by the US

taking the lead. But as we all know, since the Trump presidency, the US has not been acting as a leader at the two bodies. Do you think that it is plausible to revitalize multilateralism without the US leadership and the commitment as in the past?

● **Malcolm TURNBULL** The US has been absolutely vital and I would not give up on the US leadership just yet, but the rest of the world needs to be prepared to work together and pursue goals, supporting the rules-based order, free fair trade and opening markets with or without US The example of the Trans-Pacific Partnership (TPP) is a very good one and that was genuine when I argued we should do the TPP without the US, I was openly criticized by Australia. But with consistency and Japan's support, we were able to get that done and that is a very big deal. And what is creative is that it has given the US a free option and this is an important part of the TPP-11. It is not just Korea that can join it, the UK has expressed interest of joining it, but also future American administration can rejoin it as well. So, I think we should just steam

ahead and recognize that the current political climate of Washington may not be an enduring one. The national interest of the US is in support of international rules-based order and we have to assume that some point that will reoccur. I think the description and characterization of President Trump as a threat to the rules-based order is overdone. I think the emphasis on fair trade as well as free trade is one that is well made.

● **Heinz FISCHER** I would have every reason to acknowledge the very important and positive role of the US after the World War II. When I was a school boy, food from the US was a crucial element of our existence. But history is not always developing in a straight way, you just go behind the situation where no mere cut solutions exist. That is true that the institution of the power in world has changed substantially. It is not the US on one side, it is rather a multipolar world that has been developed. We must accept that nations itself have also the mixture of positive and negative ideas and characters. If you look in the future, it is less logical. It will be much difficult to predict what will



happen in 20 years. Recently, we had a discussion in Vienna of how the world would be like in 100 years. The answer is that we have no idea what will happen in 20 years. Old Books with prognosis from 1980, predicting what will happen in 50 years, are more or less wrong. So, my conclusion is we have to reach an agreement on positive goals and things that should be defended like rule of law, the existence of the UN. We should do our best to reach these goals. We will have difficulties, but single human being has responsibility to do its best for a peaceful future.

● **Yukio HATOYAMA** I am not in a position to take issue with what President Trump does, but I would like to give him credit at least for the US-North Korea summit talks held earlier than expected. However, I can hardly agree with the withdrawal of the US from many pacts. In this respect, I do not think what President Trump does necessarily corresponds with the wishes of the American public.

There are calls in the US on the global community to support Trump over a number of thorny issues, but the future under the leadership of Trump might be different from the present situation. The trade war between the US and China now poses a serious risk. The President of the Asia Infrastructure Investment Bank, Jin Liqun once said, “The US-China conflict on trade issues would boomerang on the US citizens,” implying that such a conflict would have negative repercussions for the US I believe Liqun’s point to be accurate and that the trade war would end up inflicting losses on both sides. Instead of pursuing an America First policy, the US should think about how to comport itself within the international community. I also think it would be difficult to work out a resolution on the trade issue at the UN which is membered by so many countries. Hence, it is important to form a regional community, comprising China, Korea and Japan in East Asia, ASEAN countries, Australia, New Zealand and India. The Asian countries should form connections among their neighboring countries to create broader links with the global society. Regional communities should come to a resolution through comprehensive discussions on the trade issue

among themselves. The discussions within regional communities might lead to a consensus on the issues the UN has not addressed thus far.

● **HONG Seok-Hyun** Thank you all for the wisely answers. Let me pick up the point that Prime Minister Hatoyama just raised: the idea of establishing the Asian version of EU, expanding ASEAN+3 into a regional community. To form an EU like community either economic community or EU like, more or less, the comprehensive community, it is vital for three nations namely China, Japan and Korea work together in harmony. But we all know that promoting amicable relations amongst three countries is a very challenging matter. May I ask you about an alternative view that many experts have claimed that the US is a non-resident Asian state and it must be a party to such community to ensure China does not extend unilateral dominance in this region? The problem here is the prevailing view that the US and China cannot avoid the confrontation which is called the Thucydides Trap. Do you think the Asian version of the EU can turn into reality without the participation of the US?

● **Yukio HATOYAMA** I have suggested a vision of an East Asian community when I was in office as prime minister in 2009. There was a critical voice in the US at that time suggesting that this vision would exclude the US from Asia. I would like to say, however, that there was a misunderstanding. If we collaborate to create an anti-war community, any country, be it the US, Russia, or Mongolia, can join the said community.

It is a hard reality, I think, that China, Korea and Japan do not cooperate with one another. China and Japan failed to do so, and the Japan-Korea relations still remain stalemated. Hence, I think it is important for Japan to carefully reexamine its history and express apologies for its past wrongdoings during the war. I believe the country that lost the war is overwhelmingly responsible for the hardships of the country that it had colonized. It has to keep apologizing to the country until the latter declares it as enough. It is regrettable that the three East Asian countries continue to fail to cooperate with

one another on political issues despite the economic condition being favorable for cooperation based on a division of labor among Japan, China and Korea which specialize in capital goods, consumer products and intermediate goods, respectively. I think Japan should learn a historical lesson from Europe.

● **HONG Seok-Hyun** Thank you very much and we appreciate what you have just mentioned about the history too. I think if we had one more Hatoyama, then Asian issues will be resolved much more easily. Going back to this issue of having US as a potential member of the Asian Community, may I turn to Prime Minister Turnbull because you are an important member of the Asia Pacific nations. What do you think of it?

● **Malcolm TURNBULL** The US is a Pacific power and it is a part of the Asian Pacific region both militarily and economically. And the stability that has been provided to the region by the presence of the American military power, in support of the values of freedom, democracy and rule of law, the US has been a sheet anchor of that rule of law in our region. So, I think for all the ups and downs, the reality is that the impact of US has been overwhelmingly positive, particularly during the arduous 40 years since the end of the Vietnam War. It has provided that the stability has been the enabler of the economic growth that we had. In my opinion, US should be part of it. But realistically speaking, however, it is one thing to have a trade deal and I have discussed with China over joining the TPP. That would be a great aspiration, but in terms of EU, it is a political view and it is not just an economic or customs view. The difference in political values exist between Korea and Japan on the one hand, and China on the other and even the countries within ASEAN. So, you need a political union and shared political values that does not exist in East Asia and even in ASEAN. Greater movements toward free fair and open markets are also desirable and it has to be played as a level playing field. I would like to make one point about trade. When President Trump talks about the trade and China as well, they always talk about the deficit. That is not the right analysis. Whether you have a

deficit or surplus should be a function of comparative advantage. The critical thing is “Is it a level playing field? And Is it a fair trade?” That is what the TPP is designed to do. So, I think that is what the focus should be on because always got a moral platform saying “Trade should be fair and the rules that are applied by my side should be applied by your side.”

● **HONG Seok-Hyun** We learned three lessons from your observations of the process of European integration. As Prime Minister Hatoyama pointed out that Asian nations should learn more from European experiences. But in the Devil’s advocate point of view, I think Asia is very different from Europe. Given these preconditions, do you think it is still a good idea that we pursue some kind of community and is it realizable?

● **Heinz FISCHER** Some kind of community, I react positively. First, you need a strong will of all the participants to achieve it. We must have a united will and united goal. Secondly, you must know that it is a long way because the history of the European community is almost 70 years. They started with 6 countries and the goal was economic union. Then it expanded to 9 and expanded to 12. Then it became a more political union because economic cooperation, political cooperation has a lot in common. Then it was the goal to create united states of Europe, similar to the United States of America. Then the communist systems were collapsing and European Union was expanding of 15 members. Then it was the big jump forward with 12 new members from 15 to 27. And this changed the structure of the European Union, the united states of Europe are no longer a goal. This shows me that if you have a goal of the Asia Community, you have to start with the first step and then the second step and third step. And your crucial question whether the US could be in or out, I would say these are not the only two options. Such Asia Community is combined of countries which are ready to form close cooperation and they have close partners and shape its special relations with the US. The US is very important. But whether it will work if the US are in from the beginning, I do not want to make a

judgement. But as I said it can be step by step and it can be through special relationship with the US to make it as realistic as possible.

● **HONG Seok-Hyun** Thank you, Fischer. Now we are running out of time, so I would like to pose a question to Prime Minister Hatoyama on China because today's theme is Asia towards resilient peace, but if we only consider the rising China and perspective, then there is no point of discussing Asia towards resilient peace.

I recall that you expounded on the concept of fraternity while suggesting a vision of an East Asian community, when I visited Japan about 20 years ago. I was impressed at that time by the concept of fraternity, and I think the concept could be a great agenda in the 21st century in that it can be applied to the relation between mankind and nature as well as inter-state and inter-personal one. In your earlier speech about a potential East Asian community, Mr. Hatoyama, you have said that the One Belt, One Road initiative of China can be subsumed under the concept of fraternity, while pointing out that Japan relies too much upon the US. As Prof. Allison and Minister Li Zhaoxing have said in their dialogue in the earlier session, the question of how to evaluate the One Belt, One Road initiative is paramount, and it is undeniable that China's neighboring countries accept the Chinese initiative to recreate its glorious past as a bid to establish a new Sinocentric order in Asia. My first question is how China's neighboring countries can cooperate with China to make the initiative produce a positive effect for the Asian community and correspond with the concept of fraternity and coexistence as your grandfather has called for. You also mentioned what Japan has done to its neighbors in the past. My second question, then, is whether the Japanese society can alter its historical views now, or five or 10 years later. I would like to have your frank views.

● **Yukio HATOYAMA** When Mr. Hong visited my home, he mentioned the concept, and we had a chance to see together the writing of my grandfather, Ichirō Hatoyama. I would like to talk about the difference

between Oriental and Western thoughts in reference to the Analects of Confucius. The West has much in common, but East Asia has more diversity than commonality. There are many differences in culture, education, income, and religion, and there are also social and political differences in Asia. Prime Minister Turnbull has said that East Asia has difficulties in establishing a community due to the differences in values, but I would say that it is possible to do so through mutual understanding and cooperation. We have to have a spirit of harmony so that we can establish a political community, which is meaningful for politics as well as economy. When I had a meeting with Chinese President Xi Jinping last year, I emphasized the Asian value. President Xi mentioned the One Belt, One Road initiative two years ago, saying that he proposed it for peace. I think the initiative for regional prosperity should be pursued in accordance with the concept of fraternity. I hope that China would march forward in the cause of fraternity.

● **HONG Seok-Hyun** Thank you. I would like to give our final concluding remarks to Prime Minister Turnbull and President Fischer.

Malcolm TURNBULL I appreciate Prime Minister Hatoyama's description of the Chinese history. China suffered during its centuries of humiliation from a number of unequal treaties. In 2004, China settled boundaries with Russia which has seen back in the 1850's and the 1860's, large chunks of China were appropriated to Russia. Anyway, the borders were settled very practically and pragmatically and that was a very encouraging side. The approach of China side today, with respect to South China Sea was quite different. The approach and unilateral island building have caused considerable tensions. So, I would hope that the optimistic view that Prime Minister Hatoyama has described will be born out. But I would hope that China will go back to take the very pragmatic approach that was shown in 2004, rather than the high-pressure approach that is taken with regional disputes today.

● **Heinz FISCHER** I will remain supporting multilateralism. Multilateralism helps to organize different regions

and self-problems, not on a national level, but on a multilateral level. Secondly, there was an Austrian philosopher named Karl Popper. You may know from his book "Open Society" and one of the sentences reads "I may be right and you may be wrong. You may be right and I may be wrong. But together we may get nearer to the truth." This is spirit in which international organizations should talk to each other.

Finally, I would thank the Jeju Forum.

Policy Implications

- Nationalism is not the way forward, rather we need to build an international system and order based on multilateralism and the rule of law.
- Despite all the ups and downs of US 'nation-first' policy and US-China trade war, the impact of US has been overwhelmingly positive. So, US leadership is also necessary for both revitalizing multilateralism and forming an Asian version of the EU in the future.
- Shared goal with the mindset of 'Fraternity' is a prerequisite to form the Asian Community and revitalize multilateralism. East Asian countries should recognize that this is a long way and step-by-step approach is important.

[Plenary I]

Destined for War?: The Future of US-China Relations and its Implications for the Korean Peninsula



Moderator

MOON Chung-in Distinguished University Professor, Yonsei University/
Special Advisor to the ROK President for Unification and National Security Affairs

Congratulatory Remarks

WANG Guoqing Former Vice-Minister of the State Council Information Office, China

Speakers

Graham ALLISON Douglas Dillon Professor of Government, Harvard University

Li Zhaoxing Former Foreign Minister of China

Martin JACQUES Senior Fellow, Cambridge University / Visiting Professor, Tsinghua University

● **MOON Chung-in** The topic of today's session is the US-China relations. Especially, the panelist will talk about whether it will end in war or not.

● **Graham ALLISON** The topic of my speech is 'Avoiding a Second Korean War.' The hallmark of the US-Korea joint command is its readiness to 'fight tonight.' The scenario on which most focus is directed is one in which the North attacks the South. Because the US-South Korean forces are ready and able to defend and ultimately defeat North Korea, our deterrent posture has succeeded in preventing war for more than six decades. But beyond that, I believe we must now recognize another potential trigger to a second Korean war. It is the Thucydides's Trap. The current Thucydidean rivalry between a rising China and the ruling US creates a vulnerability to third-party actions or even accidents that could trigger a spiral of reactions that end in war. In my seven minutes, I will pose five questions and will offer a tweet-sized answer to each; and then say a bit more.

Question 1. "What is happening in relations between the US and China?" It is a Thucydidean Rivalry. Question 2. "In a Thucydidean rivalry in which neither the rising power nor the ruling power wants war, how

do wars happen?" An extraneous action by a third party or even an accident triggers a spiral of reactions between the two primary competitors that drags them to a war nobody wants. Question 3. "How did the assassination of the Archduke in June 1914 spark a conflagration that destroyed Europe?" "Ah, if only knew." Question 4. "How could events in the next 20 months of the Trump Administration's first term end in war?" Negotiations collapse; Kim Jong-un returns to ICBM tests; Trump attacks North Korean launch pads; North Korea responds against Seoul. And finally, Question 5. "What is to be done to prevent the possibility of the Korean war?" That is actually a target of the whole symposium, which I will learn about.

So, to the first question, "What is happening in relations between the US and China?" As I said, it is a Thucydidean rivalry. So, it is not hard to see that China is a rising power. The US is the astonished ruling power. It is not hard to see this rivalry between these two parties. And those who have studied history, we've seen this before. To help us get our minds around this challenge, I am going to introduce you to a Great Thinker and present a Big Idea. The great thinker is Thucydides. He was a father and founder of history.

Thucydides wrote the first-ever history book about the conflict between Sparta and Athens. He wrote: It was the rise of Athens and the fear that this instilled in Sparta that made war inevitable. Thucydides's trap is a dangerous dynamic that occurs when a rising power threatens to displace a ruling power.

Secondly, in a Thucydidean rivalry in which neither the rising power nor ruling power wants war, how do wars happen? One of my surprising discoveries in exploring the history of rivalries between rising and ruling powers was the fact that in most of the cases, neither the rising power nor the ruling power wanted war. In a few cases did either the rising or ruling power initiate war. So the puzzle is how did the wars occur? The answer is, an external shock caused by the action of a third party, or even an accident, is misunderstood by one or both of the principal protagonists. As a result, it triggers a spiral of reactions that drags both to a war that neither wants.

Third question, what happened in 1914? The German Chancellor Bethmann-Hollweg answered the question of how it could have happened. He said, "Ah, if we only knew." At the dawn of the 20th century, Britain had ruled the world for a hundred years. Germany was rising rapidly. Amidst this rivalry in 1914, a terrorist assassinated the Archduke.

The event appeared so inconsequential that it did not make the front page in London. Nonetheless, the Austro-Hungarian Emperor felt obliged to respond by punishing the Serbs. Russia came to the defense of its fellow Serbian Orthodox Christians. Germany stood by its only ally Austria-Hungary. France honored its military alliance with Russia. Britain had become so entangled with France that it could not extricate itself. Thus in six weeks, all the great nations in Europe found themselves caught up in a configuration that claimed more than 20 million victims.

Fourth, how could events in the next 20 months lead to war in the Korean peninsula or the war between the US and China? If the Singapore deal that many experts now dismiss as a delusion collapse, what will happen next? If Trump concludes that he was trumped, what should we expect? Will Kim return to ICBM tests that could give North Korea a reliable capability to conduct nuclear attacks on the American homeland? If he does, will Trump act on his threat to attack North Korea's launch sites? In response, will North Korea attack Seoul? If it does, will that lead to a second Korean war? And where would that war end? In the first Korean war, more than 1.3 million people died, most of them killed by American or Chinese combatants. A second Korea War would be much more deadly. Could this



lead to the second Korea war? Yes, it could.

Finally, what is to be done? What should be done is in Thucydidian. To prevent the war, to prevent accidents, a sequence of events dragging us into the war that nobody wants, what we need from everyone is imagination. So far I give applause to President Moon.

● **LI Zhaoxing** The most important thing is peace. Nothing can be done without peace. The purpose of the UN is to protect basic human rights and to promote peace. This is the basic value and we must take action for peace around the world. Based on the Chinese experience and my personal experience all around the world, I found that the one who does not love peace cannot make friends. When I visited Austria as Foreign Minister, I met a friend and he told me that Hitler who triggered the World War II was a German despite of the fact that he was born in Austria. However, when I met another friend in Germany, this friend told me that Hitler was born in Austria, and therefore an Austrian, not a German. One who loves peace is welcomed, but the other is not. In the case of the Austrian composer Mozart, Austrians say he is a great Austrian composer, while Germans emphasize that he was born near Germany. Where Mozart was born is only 30kilometers away from where Hitler was born. We all need to love peace and try to make the olive tree of peace bear fruit.

Longfellow, the American poet said that we must work together for better life and peace for everyone. He said then, and only then, tomorrow will be better than today. This is everyone's desire. Tolstoy, the Russian novelist, criticized Russian invasion to China in 1906. Russia attacked Beijing, the capital of China and attacked many people. He criticized this war harshly. Hugo Victor, the French novelist also passed strictures on France when the French army invaded China and plundered cultural heritage. On July 7th, 1940, when Japan attacked China, Tagore, the first Nobel peace laureate in Asia, made a very strong statement on the need to make peace.

China and the US are two important players in politics and the economy in the world. The US has been a superpower that emerged following the era of Great

Britain. The US and China have made many treaties including Shanghai communique in the 1970s. If the two countries can stick to their agreements and treaties, I believe that the two countries can contribute to maintain world peace. I also believe that the two countries should cooperate for the denuclearization of the Korean peninsula. President, Xi Zin Ping met President Trump in Argentina and made many agreements to normalize the relationship between China and the US. We need to spread peace, not war. We can make a better future together towards the global community.

● **Martin JACQUES** Forty years of relative stability in the US-China relationship are at an end. That stability had deepened on two things, First, a huge inequality in the relationship, with the US by far the dominant partner. Second, the long-enduring America illusion that the only future for China, if it was to be successful, is to become like the US. History has undermined both propositions. One of the most remarkable events in global economic history over the last 40 years was that China overtook the US economy and is now 20% larger. Furthermore, it is now patently clear to everyone that China is never going to be like America. America hugely miscalculated, a victim of its own hubris. Its response is a volte-face: a desperate search to find ways of reversing China's rise or at least slowing it down. America is right that the underlying reason for China's rise is economic. So it is logical to start with a trade war. But it will not stop at that. It will encompass all aspects of their relationship. We are watching the birth of a new cold war. And the most likely scenario is that it will last a long time, my guess is at least twenty years.

But this will not be a rerun of the last cold war. There are only two similarities; the US is one of the adversaries; and a Communist Party is the governing party in the other, though in truth the Chinese and Soviet Communist Parties have barely anything in common. Otherwise, the circumstances are now entirely different. During the cold war, the US was still a rising power. Now it is a declining power. The Soviet Union failed: China is the antithesis of failure. It has achieved the most remarkable economic rise in

human history. China is in the ascendant; America is an angry and divided country desperately to hold on to what it had and the world that it created.

So what is likely to happen in this new cold war? So far it is being fought overwhelmingly on economic terms. This is China's ground. Apart from its far superior growth rate, its standout economic achievement over the last decade has been its sharply rising capacity for innovation. Look at the speed with which Alibaba and Tencent have joined the Silicon Valley tech giants in the premier league of technology. Huawei is the global leader in telecommunications: The US does not even have a player in the field. Of course, most Chinese companies lag well behind their American equivalents in terms of productivity, but the direction and speed of travel are irresistible.

The US faces a great danger with the trade war. Tariffs and a growing willingness to cut itself off from the dynamism of the Chinese economy will make the US economy increasingly less competitive: as a result, it will emerge from the trade war and protectionism, whenever that might be, seriously weakened. Both economies, of course, will suffer, but in the long term, the US economy will be much the bigger loser.

One of the central characteristics of the last cold war, in which overt economic conflict was very much a secondary factor, was military competition between America and the USSR. This time it will be very different. While military strength remains between America's most coveted form of power, this is not the case for China. The two most important modes of Chinese power, both historically and in the contemporary context, are economic and cultural. For the West, in contrast, they have most typically been military and political. In Chinese thinking, one recalls Sun Tzu, war is something to be avoided rather than embraced. This does not mean that China will not develop a formidable military capacity, but it will not behave in anything like the same fashion as the US nor does it mean there will not be a war between the US and China, but it makes it rather less likely. The Chinese believe in the very long run, and in the long run, they are confident that their economic

and cultural power will be decisive. Such thinking engenders patience. All of this tells us that China will be a very different kind of great power to the US.

As the world once enters dangerous water, in my view our concern should not so much be China but the US. America is almost totally unprepared for its own decline. One must hope that it is not too a harrowing experience either for the US or for the rest of the world.

It now brings me finally to Korea. This has so far shown us, in chronological order. The worst; 'we will have no choice but to totally destroy North Korea', Trump said. The best, 'the US must pursue a change to avert nuclear war at all cost'. In a way, Korea is a test case. The longest lasting legacy of the cold war which has so far been impervious to all attempted solutions. After the Singapore summit, which was seemingly beyond almost everyone's expectation, the Hanoi summit was a great disappointment. Can the Korean peninsula provide a shaft of light? But the rational part of my brain tells me that pessimism is in order.

● **MOON Chung-in** Professor Graham Allison told us how to escape from the Thucydides's trap. Former foreign minister, LI Zhaoxing emphasized that it is important to cooperate while both of the US and China deterring ambitions. Martin Jacques advised that we need to understand China as a civilized country from the history of the last 5,000 years. For Korean people, we need to resolve inter-Korean issues and unification, if we do want to escape from the Thucydides's trap.

Policy Implications

- The US and China should work together to avoid falling into the so-called 'Thucydides's Trap' which leads to a war that nobody wants because of conflicts between the rising power and ruling power.
- Conflicts between the US and China are likely to be deepened by trade conflicts and economic conflicts rather than military conflicts. What we should pay attention to is the attitude of the US.
- The US-China relationship is likely to lead to a second war on the Korean peninsula due to accidental events like Thucydides's trap. Despite the pessimistic situation, South Korea should try to mobilize all possible imaginations in order to wisely resolve the inter-Korean relations similar to what President Moon Jae-in has demonstrated through good imagination.

[Plenary II]

Making Cities Resilient: The Role of Cooperation and Leadership



Dialogue **WON Heeryong** Governor, Jeju Special Self-Governing Province
Helen CLARK Former Prime Minister of New Zealand, Former Administrator of the United Nations Development Programme

● **WON Heeryong** Before we begin the session, I'd like to tell you that there occurred a tragic accident yesterday. A ferry boat sank in Budapest, causing the deaths and injuries of 33 Korean tourists. Let us pay a silent tribute for the victims shortly.

The first woman who succeeded in reaching the summit of Mt. Everest was from New Zealand. New Zealand is also the world's first country that granted women's suffrage. New Zealand has made strenuous efforts to improve social welfare services, taking a step toward human rights and welfare earlier than any other country. Recently, it has drawn attention for having introduced the Wellbeing Budget, a world's first for this type of progressive move. Helen Clark led the Labor Party until becoming Prime Minister of New Zealand. In 2006, Helen invited me and Fleur Pellerin to New Zealand as the 'Prime Minister's fellows' under the New Zealand government-led Prime Minister's Fellowship program. During my visit, I had a tour of Auckland and I still clearly remember it. Later, Helen became the secretary-general of the United Nations Development Programme (UNDP) and fostered international cooperation among the world's developing countries towards the UN's Sustainable

Development Goals. Recently, she has been mentioned as the next secretary-general of the United Nations. I will now invite Helen so we can listen to the story of New Zealand.

● **Helen CLARK** I have many official visits to Korea but this is my first time to visit the Island that I heard a lot about. I know two particular connections of New Zealand and Jeju. One is that the governor Won Heeryong himself came to New Zealand when I was Prime Minister. And second is that Korea is a major grower of Zespri brand under the supply brand of Jeju Zespri. Together, we maintain the global supply of Kiwi fruit.

This Forum is dedicated to the quest for peace and prosperity in Asia. Those goals matter to me as a global citizen, and also as a citizen of a country in the most southern corner of the Asia-Pacific region. New Zealand has benefited greatly from the economic growth and development of Asia; conversely, it was also caught up in major armed conflicts in the region in the twentieth century. These are turbulent times globally, not least in the Asia-Pacific region. Yet maintaining peace and stability is so vital for the ongoing development of the region that we must shift

our focus to sustainable development. The region's economic growth and development in recent years have been phenomenal, but that has occurred at an exceptionally heavy cost to the natural environment. Our air, land, forests, waterways, oceans, and wildlife are all under stress. With peace and stability, nations can focus their full attention on dealing with the challenge of achieving inclusive, resilient, and sustainable development as the United Nations' 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) urge all to do.

Our session this morning focuses on cities. In my remarks, I will comment on the role which they can play in building the future which the 2030 Agenda envisages. I will address: First, the challenges cities face globally in achieving sustainable development; Second, the state of play on SDG 11 which is dedicated to making "cities and human settlements inclusive, safe, resilient, and sustainable"; and then, lastly, what cities could do to speed up progress on meeting that goal, including by sharing experiences of what works, especially for Jeju.

First: the challenges. We must seek to achieve the SDGs in cities knowing that. Firstly, urban populations are rising very fast. More than half the world's people live in urban areas now. That will rise to over 60% by 2030. Urban populations are set almost to double in the next forty years. Such fast growth puts huge pressure on existing governance, planning capacities, and services that cities can offer. As well, extreme poverty remains pervasive in many cities; Secondly, we have the challenge of climate change bringing many more challenges – so many of our cities are located in areas vulnerable to major storms and their consequences, not least in the Asia-Pacific, the region of the world most exposed to disasters. Throughout history, we had placed our towns and cities by the coastlines and rivers which enabled human mobility before there were roads and railway lines. Now we are paying a heavy price for those locations during extreme weather events. When we add in the risk of earthquakes and tsunamis, overall, the disaster risk exposure of cities is great. Our cities host most of the

world's critical infrastructure, political institutions, and major socio-economic architecture, so making cities resilient extremely important.

Second: the state of play on key SDG 11 targets. The need to adopt sustainable pathways is urgent – before the challenges become overwhelming. And each year United Nations reports on SDG 11 targets deliver: air quality, urban sprawl, slum dwellings, and waste management issues. What are those targets telling us? 91% of the world's urban population in 2016 was breathing air whose quality is below the safety standard set by the World Health Organisation (WHO). Think about that, over 90% breathing air whose quality is below the safety standard set. Even worse, more than half of all urban dwellers were exposed to air pollution 2.5 times the WHO standard. Fossil fuel-based energy generation and use and the lack of enough clean public transport contribute greatly to that. Secondly, the expansion of urban land is outpacing the growth of urban populations. Many cities are becoming less dense, there is often uncontrolled sprawl putting a strain on access to transport systems and other services. Traffic gridlock and high road accident rates are among the consequences, with low and middle-income countries bearing the greatest burden of fatalities according to the WHO. Achieving greater density of habitation, including through redeveloping brown field and inner-city areas, building higher, and making major investments in public transport. These are all essential for creating sustainable cities of the future. Third, 23% of the global urban population lives in slums. While that proportion has been falling, the absolute numbers of slum dwellers continue to rise – up from an estimated 807 million in 2000 to 883 million in 2015. Concentrations of extreme poverty in crowded and unsanitary conditions pose a great risk to slum residents and have broader spillover effects – no slum is an island. The 2030 UN Global Agenda urges that we leave no one behind – yet not far short of a billion people living in the world's slums, who are left behind, are currently not enjoying the basic elements of a decent life.

And I must say, the lack of emphasis on the importance of decent housing in global development has often puzzled me as a former Housing Minister of New Zealand. A safe and healthy home is the foundation for building healthy societies in the broadest sense. The very best education and health systems cannot do their job if housing is damp, unsanitary, and does not have a stable modern energy supply. Cities have a major role to play in planning and also in providing for accommodation which is accessible, affordable, and secure for those of all incomes. So often I've seen the poorest life in very vulnerable conditions, on unstable hillsides vulnerable to landslides or at the bottom of ravines or on river plains susceptible to flooding. We can and must do better for the world's poorest. And the final point is solid waste management is a huge challenge too. If not properly disposed of, that waste is unsightly and unsanitary, and may also block drainage systems and contribute to flooding and the spread of disease. One study of arrangements in 101 countries from 2009-2013, cited by the UN progress report on SDG 11 last year, revealed that only 2/3 of the urban population had access to municipal waste services. As well, there is the imperative of adopting much more ambitious waste management goals like 'zero waste to landfill.'

So, what will cities need to do to speed up progress on sustainability and achieving the goals of SDG 11? Above all, the quality of urban leadership and governance matters enormously. City leaders need to bring vision and passion to their job; inspire others, including their public officials, to act; and I need to be inclusive in the way they govern. In support of that, city governments must actually be empowered to act. Too often, they are constrained by overly prescriptive national legislation which constrains their capacity to innovate and address issues comprehensively. That has to change if cities are to tackle 21st Century challenges effectively. They must be freed.

City governments must practice the inclusive and responsive governance called for in SDG 16. They can be models for collaboration between citizens

and the authorities, ensuring that all are heard on and can contribute to policy-making, planning, and implementation. And that means paying special attention to those who have not been heard in the past. Let us start with women, of youth, the disabled, ethnic minorities, LGBTI, and of marginalised communities in general. So this must reach out to those who dwell in slums and in the most disaster-prone and crime-scarred communities, and committing to work closely with them to address the specific challenges they face. Participatory planning can and must reach and engage all.

Thirdly, there must be zero tolerance for corruption in city governments. So often, citizens get services which should be theirs as of right only in return for a bribe. If city governments are not seen to uphold the rule of law, citizens again to be very cynical of whatever they claim to be their priorities. That is not a good climate in which to pursue sustainable development, when the engagement of every citizen and household is required.

In the global agenda, there is a goal that calls for "substantially reducing corruption and bribery in all their forms". This target should be given priority in our cities – achieving it is fundamental to getting good results from investment in infrastructure, the local economy, and public services. And obviously, it helps to have total transparency on procurement, contracts of all kinds, and audits, evaluations and accounts. There are many ways now proven to be encouraging citizens to report corrupt behaviour – and through smartphone apps this is being made easier than ever before. I think it is critical at the national level for Ethics and integrity must be accepted as basic values by politicians and officials. Basic values, which can contribute to SDG.

Achieving the SDGs requires a capacity for 'whole of government' planning and coordination across government. City governments can lead on this – after all, planning for communities' basic needs and delivering on those plans are at the core of what city governments do. At the national level, most developed countries have long since abandoned any



serious attempt at planning at the national level – but their local governments generally are expected to plan. Then, the old ways of development pursued at any price to the health and wellbeing of people and the environment must end – we need inclusive and sustainable development which takes human wellbeing and does not widen inequalities and trash the environment. Growing now and cleaning up later is not an option – that approach has got the world into the mess it is in today with a fast-warming climate and loss of biodiversity. We have only the finite resources of one planet on which to live, yet we live in a way that assumes that we have the resources of three, four, or more planets. That is not sustainable.

Cities' planning capacities will need to be enhanced for sustainable development. They need capable staff and good policy frameworks, and they must continually modernise and streamline their administration to ensure that it is serving current and emerging needs and not the needs of the past year.

Urban planning for sustainability must cover not only environmental management. Cities must also plan to be equitable, inclusive, peaceful, and tolerant.

They should aspire to be hubs of innovation and creativity. They must plan for public space – which is so often sacrificed under development pressures. Our cities of the future must be places where citizens are proud to live and where they can enjoy both opportunity and security.

Our resources, although money is not everything, but it does help. Local government in many countries is constrained by traditional financing options like rates on properties, fees for services, local sales taxes in some jurisdictions, central government grants, and issuing bonds. How to widen financing options is a discussion to be had with central governments country by country. Cities must share experiences about what works in financing. What may look like attractive options, at first sight, may have significant hidden costs. Public-private partnerships for transport infrastructure can be risky to city governments where contracts have been poorly designed on the public point of view.

Of course, productive investment locally is what every city government wants, and getting it should increase jobs and city revenue and thereby contribute

to a virtuous cycle of development. Global governance can play a role in creating a virtuous cycle. Local governments can make their luck in this respect – by ensuring that there is a transparent and honest enabling environment and well-designed policy and regulation. There is also the opportunity to steer investment towards sustainability – for example, in local energy, transport, and waste management infrastructure and provision.

In conclusion, the rapid pace of urbanization makes it more important than ever that the world's cities rise to the challenge of sustainable development. The good news is that there is global leadership being exercised by many cities – take the C40 Cities Climate Leadership Group which is in advance of many countries in its breadth of vision for sustainable, inclusive, and climate-resilient cities.

The history of the planning of many cities means that they have the capacity to coordinate policy and action across sectors. Now they must put those skills at the service of sustainable development – ensuring that they prioritize the health and wellbeing of people, the local economy, and the environment simultaneously. That is still business unusual for many people. Around the world we see cities really taking on and

excited by the challenge of sustainable development, and doing whatever is in their power to advance it. Amsterdam, for example, just announced that fossil fuel-fired cars would not be permitted in the city from 2030. We see many cities are investing in better urban design; in more public transport and dedicated lanes for cycling and walking; and in energy-efficient new buildings and retrofitting old ones. We see many set a tone from the top of the inclusion of the poorest and most marginalized, including refugees and migrants. So I think, in conclusion, it is important to share all such experiences across cities – how cities respond to 21st century challenges will have a huge impact on whether at the national and global level we can achieve the inclusive, just, and sustainable future to which the world aspires and which it badly needs.

● **WON Heeryong** In Korea, local governments have worked to resolve the issue of poverty in their cities, through adjustments and collaboration tailored to their respective conditions. To achieve the Sustainable Development Goals, the national government should provide financial support for the local governments in terms of their empowerment, governance, civil engagement and solidarity, transparency and innovative and creative ideas for cities. Efforts should



also be made for funding civil sectors. With the increasing number of visitors over the past ten years, Jeju Island has experienced diverse urban issues such as those concerning waste management. Most of the people support environmental conservation despite the delay in economic growth. There are also those who claim that the government should be able to address environmental issues caused by economic growth. With the clash of these different orientations, we have difficulties drawing civil engagement and consensus in the collective decision-making process. I think that this is not an issue limited to Jeju but an issue shared with the rest of the world.

● **Helen CLARK** As someone who travels a lot, I see mass tourism and this does require careful planning. We can choose volume or value. But I would go for value. What do people come for in Jeju and New Zealand? Environment and landscape inside the region. Looking after that beautiful beach and environment. Go for values over volume for your environment and economic growth and keep the balance.

● **WON Heeryong** Jeju Island was designated as a UNESCO World Natural Heritage site. It is also in the process of sublimating the tragic experience of internal conflict to mutually beneficial coexistence. In this context, it was dubbed as the Island of World Peace. Jeju is also a clean island that has promoted a Carbon Free Island initiative, in high hopes for replacing all its energy sources with renewable energy by 2030. However, we face challenges in trying to meet the high standards of the environment. To my knowledge, New Zealand has promoted a similar carbon-free project. How have you overcome the difficulties that you experience in responding to climate change to preserve your clean natural environment? I'd like to ask for your input and suggestions on the state-led Carbon Free Island project of Jeju.

● **Helen CLARK** Zero-carbon legislation was recently introduced at the legislative level aimed to have no net carbon emissions by 2030. This is entirely achievable for New Zealand. When I was prime minister, we also set for such goals but the government changed and set different policies for priorities but we are

back to saying, we may not be a major contribution to greenhouse gas emission, but that does not matter. We have responsibilities and wills. We have run about 80% renewable energy as we speak. We have wind energy, solar panels, but here we are right now looking at the 2030 goal. 20% is run by fossil fuel. What I see in filling the gap in New Zealand is green hydrogen. We have the capacity to maintain and install to cover the gap. In good rain year, we can reach most of all goals, but not always good rain year for hydrogen supply. So recently, a foundation under my name has seen potential to fill that gap and to take out fossil fuel supply, and also have potentials for export. We already have some Japanese investors now. For totally sustainable energy, not only cross electricity sector but also transport sector, then fossil-fueled car. And the rest of us should be planned for changes as well.

● **WON Heeryong** New Zealand is the world's first country to grant political rights to women. In Jeju, we believe that enhancing gender equality is one of the tasks that the Island of World Peace should accomplish. In this context, we have promoted a variety of gender equality policies. Jeju's efforts for gender equality encompass diverse indicators, including political participation of women, public posts held by women, economic participation of women and higher education for women. Could you share some of your experiences and advice on what we should do to improve our gender-related development index?

● **Helen CLARK** New Zealand is an early starter. Women won the right to vote after a big campaign in 1893. And last year we had the 105th anniversary of that. Now it is wrong to say we had progressed after that in the late 20th century and beyond. We have had three women prime ministers. This was expected to happen, that sends a very powerful message to young women. I think role modeling at the top was important. We had just exceeded 40% of parliament as female, contrast that of 17% of Korea, which is lower than the global average. We encourage women to stand and make space for women candidates. There is an old saying that if you are out of sight, you are out

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of mind. If women are not in the decision-making process, who is going to speak up for their needs and interests? I put a lot of emphasis on the decision making of gender equality. Secondly, the economy of Korea still lacks somewhat needs to develop in terms of economic aspect for the proportional representation of women and pay gap. In New Zealand, we had around 20% difference between men and women when I was Prime Minister. We wanted to reduce such pay gap and so we did three things: introduction of high parental leaves under law, half the time free in childcare, extended annual holidays. So these things kicked in and making considerable changes. From 20% to under 10% now. Likewise, there are practical things to do for gender equality.

● **WON Heeryong** Agricultural products from New Zealand are highly appreciated in the European and Chinese markets. Jeju also has high hopes of having a sustainable competitive edge with the products of its primary industries that are grown in a clean environment. What are the secrets behind New Zealand using agriculture and other primary industries as a sustainable and competitive growth engine?

● **Helen CLARK** New Zealand farmers are very quick to pick up advanced science and technology to drive productivity. Products you see from New Zealand are enormous science and technology behind there. Because of investment in science and technology now New Zealand could grow the agricultural industry. Now Issue for New Zealand is sustainable farming, greenhouse gas footprint as part of zero-carbon initiative.

● **WON Heeryong** New Zealand with a population of 4 million people may be small but it has a competitive edge. It has small- and medium-sized enterprises with the world's best technologies and development capacity in the fields of film production and information technologies. Through these companies, New Zealand has played a key role in the development of technologies around the world. Jeju has also shown a keen interest in creative, future-oriented industries. In this sense, New Zealand can be a role model for

Jeju. What are the strengths of the small but strong companies based in New Zealand that engage in the world's supply chain of advanced technologies? And what are their innovation capabilities in terms of research and development? What are the national strategies and efforts for this?

● **Helen CLARK** When I was Prime Minister in early 2000, we had 'growth through innovation framework.' One of the industries for innovative sectors in New Zealand is ICT, film, technology, and design. We don't have companies like Samsung but we have creative and innovative ICT sectors. The New Zealand government looks out to support young entrepreneurs and small companies in global value chains. In the modern economy, model of development of small business in this area is different from tradition. Industries like ICT, you might have no scale at all, but have values that can be snapped up globally. I think ICT technology is important not only for adding values in traditional sectors, but for enabling young entrepreneurs to capitalize quite early and keep investing in companies in scale.

Policy Implications

- New Zealand and Jeju both have a beautiful natural environment, which attracts many tourists. Therefore, they should prioritize the environment over development, and its value over the number of visitors.
- Agricultural development of New Zealand has been driven by advanced technologies and science. Primary products from New Zealand are considered premium in Europe and other parts around the world. Jeju also wants to foster its primary industry based on its clean natural environment as a future growth engine. To this end, it should concentrate its efforts on the advancement of science and technologies in the agricultural sector.
- The advanced information and communication technologies of New Zealand were possible due to its Growth through Innovation Framework. Although the ICT companies in New Zealand are small, they have continued to grow into creative and innovative enterprises. The advancement of ICT helps foster young entrepreneurs, and the growth of one company leads investment in other companies and their growth.

Chapter
TWO

CLUSTER

[Denuclearization I]

Denuclearization and Peace Regime of the Korean Peninsula and Northeast Asia



Moderator	SONG Min-soon Former Minister of Foreign Affairs & Trade of the ROK
Speakers/Discussants	Gareth EVANS Former Minister for Foreign Affairs of Australia/Chancellor of the Australian National University
	Peter HAYES Director, The Nautilus Institute for Security & Sustainability
	PAIK Haksoon President, The Sejong Institute
	Gi-Wook SHIN William J. Perry Professor of Contemporary Korea & Director of the Walter H. Shorenstein Asia-Pacific Research Center, Stanford University
Rapporteur	YAN Xuetong Dean of the Institute of International Relations, Tsinghua University
	CHOI Hyeunjung Researcher, Jeju Peace Institute

● **SONG Min-soon** We all know that denuclearization is a prerequisite for the establishment of a peace regime on the Korean Peninsula and Northeast Asia. Vice versa is also true. Two tracks are important and a shared vision of the future Korean Peninsula without nuclear weapons is needed. In September, in Beijing, six-party talks member South Korea, North Korea, China, US, Russia and Japan reached a joint speech on denuclearization and normalization, economic and peaceful cooperation. The security environment improved dramatically but we have witnessed the danger of nuclear proliferation.

Talks of new nuclear balance are finding the ways to move ahead with the two tracks: denuclearization and the establishment of a peace regime.

● **Gareth EVANS** I will leave it to others to say about the particular next steps in the denuclearization and negotiation process. What I want to concentrate on is the two basic general conditions which I think are necessary if we are ever to achieve, a final successful outcome to the denuclearization negotiations and also to have a more sustainable peace in the region

as a whole and those two preconditions are first of all, the fundamental change in the mindset of the key political players and second is the set of institutional arrangements which will reinforce and consolidate any peace deal that is formally agreed to on the Korean Peninsula. What I am talking about is the overwhelming, primary need is for every relevant political leader to bring to the geopolitics of East Asia a mindset focused not on confrontation and competition but cooperation. Not just to say it, but to believe it. What we are talking about the necessity of the 'cooperative security' approach. One component is the concept of common security, first articulated by the Palme Commission many years ago. The idea that the state's best-guaranteed security is achieved with each other than against each other. And the other crucial dimension of it is the comprehensive security which states that international security in the modern age is multidimensional, demanding attention not just to political and diplomatic disputes but underlying economic and social issues.

Mindsets need to be changed if the whole atmospheric

of Northeast Asia is going to change. Let us look at the point of view from different players, starting from the perspective of the United States. The US, right across the political leadership spectrum, is simply going to have to psychologically adjust to the reality that it is no longer the world's sole superpower. It should recognize that it is not one absolute primacy and dominance. That mindset is critical for the US to bring to all these negotiations, not just in the context of North Korea but larger geopolitics that are present around the world.

For China, similarly, it is perfectly understandable that the new assertiveness we are now seeing is a product of a century of wounded pride and humiliation and a country reasserting its greatness. Nonetheless, what we are crying out for the rest of the region is a demonstration that the Chinese leadership means what it says. For example, when Xi Jinping said in Australia a few years ago back in 2014, he acknowledged the dangers of China being seen as the 'big guy in the crowd' who wants to push others around, stand in their way and even take their place. We need more of that language of recognition from China that it cannot be seen and it cannot really play that role.

In the case of Japan and South Korea, they need some national mindset adjustments. To be on the right side of history means escaping once and for all being prisoners of history. I think you know here much better of how many history issues are still capable of souring the bilateral relationship between South Korea and Japan.

Of course, the biggest mindset change that we need is North Korea itself which has to overcome its paranoia about the external and internal enemies that have so long consumed its leadership. But encouraging the North Korean leadership to overcome that paranoia, we need to recognize that North Korea is never going to put its regime survival at risk and it is never going to be bludgeoned into submission by economic sanctions or military threats.

It is only through step-by-step trust-building negotiations, which President Moon is advocating.

It is the only way to give the DPRK real confidence that its national security and regime survival will be protected. I think present tensions will be defused but that is going to require not just a change in attitude from the North Koreans, but from others as well.

The other side of the coin that I want to emphasize as a necessary condition is the set of institutional changes that reinforce the kind of mindset we were talking about because these two reinforce each other. Simply having psychological changes without formal institutional underpinnings are likely to fail. So, the three particular institutional changes are absolutely critical if we are going to consolidate any kind of peace or denuclearization process in North Korea and translate that into wider Northeast Asian security.

The first institutional change is the New Korean Peace Treaty. The only way of bringing a formal end to the Korean War is to convert the 1953 Korean Armistice Agreement into a binding Peace Treaty. This would be for the Armistice to be supplanted by an agreement to end the war signed by the two Koreas, US, and China and endorsed by the UN Security Council under Chapter VII of the Charter as necessary for the restoration and maintenance of international peace and security in Northeast Asia.

A more ambitious approach to a peace treaty has been proposed by Morton Halperin, Peter Hayes, Chung-in Moon, and more others. This would be what they describe as a 'Comprehensive Security Settlement in Northeast Asia', which would include the following elements: a peace treaty ending the Armistice Agreement; a six-party security council; declarations of non-hostility from the critical players; an ending of sanctions over time; and Northeast Asia Nuclear Weapons Free Zone. Northeast Asia Nuclear Weapons Free Zone is the second institutional setting that I want to focus on. This is a critical component of long-term peace stability in the wider region. It would embrace both Koreas and Japan. All the NPT nuclear-weapon states, including the US, China and Russia, while not being required by this Treaty to relinquish their own nuclear weapons, would agree to abide by

it they would give negative security assurances not to use or threaten to use nuclear weapons against non-nuclear armed states. The non-nuclear weapons states would undertake not to research, develop, test, possess or deploy nuclear weapons or allow them to be deployed on their territory. And within this framework the DPRK would freeze expansion, start to reverse and ultimately dismantle its nuclear weapons, with a stringent monitoring regime. Protection would be given to South Korea and Japan by their having the right within a certain period to withdraw from the Treaty if its denuclearization provisions were not being effectively implemented. That combination of arrangements is conceivable and has to be delivered.

The final institutional element that I would like to mention is very important in the long run. That is to give real force and effect to the East Asia Summit as a regional dialogue vehicle for cooperation on security issues. Sub-regional security dialogue developments like China-Japan-Korea Trilateral Northeast Asia Summit which took place last year. But an even more important development would be the emergence of the East Asia Summit as the preeminent regional dialogue, policymaking and tension-defusing body. Although it has not even begun to realize its potential, the East Asia Summit has all the ingredients to become just that, with its eighteen members including all the major regional players (including now the United States and Russia), meeting at leader-level, and mandated to address both economic and political issues. So, East Asia Summit can be confidence builders and agenda setters and critical players that can guarantee longer-term peace.

The present generation of political leaders in this region needs to work very hard. They have the readjust their mindsets toward a more cooperative mindset to the task, and spend time and energy in building effective institutional reinforcements for them.

● **Peter HAYES** Broad elements of the Korean Peninsula denuclearization at this point have road maps which consist of 3 elements: the freeze of military activity and nuclear activity by the US and its allies and North Korea, dismantlement of facilities in North Korea and

disarmament of North Korea.

The Hanoi deadlocked over the nuclear trade for sanctions and I do not think it will change quickly as we move into a third summit, perhaps in the next six months.

Implementation of that deadlock is that the breakthrough that will lead to the fourth summit will come on the peace regime or security side of negotiation between the US and North Korea. In that regard, the implementation of operational arms control and confidence-building in the inter-Korean Panmunjom (DMZ) declaration is extraordinarily important.

In that regard, we can also see the only present steps, whereby UN Command and its relationship with South Korea and the other UN Command allies begin an incremental process of communication, cooperation, and collaboration with North Korea, and North Korea military in particular. UN Command is no longer solely partisan deterrent force in Korea to becoming a pivot deterrent, one that provides reassurance to both Koreas that neither will attack the other. UN command becomes a trilateral force engaged in reassuring that both Koreas will not attack each other. But need to be careful of not upsetting the strategic apple cut from Chinese and Russian perspective. But still critically important to advance because if you can start to resolve the underline conflict, the need for nuclear threat in either direction starts to reduce.

Even if North Korea were to completely disarm its nuclear weapons, the Korean peninsula is very close to a number of nuclear weapons states that also happen to be great powers. They are engaged in their own nuclear arms race and modernization in this region. Russia is reintroducing strategic ballistic missile submarine, conducting long-range missile testing from the west of Russia to the Kamchatka peninsula, deploying strategic bombers in the region, and modernizing its nuclear command, control, and communications (NC3) system.

The United States remains forward-deployed with submarines carrying nuclear-armed long-range

missiles, operating far outside US territorial waters; with US and allied anti-submarine forces operating in the air, on land (supported by signals intelligence, maritime and underwater intelligence systems and bases), and at sea across the entire region; with strategic bombers flying into and across the region from their homes based in the United States; with missile tests into the region; with ballistic missile defense tests and deployments in the region; and with modernizing NC3 systems in the region, and with its allies, especially with Australia and Japan.

China too is accelerating its nuclear force expansion and modernization, albeit from a relatively small base, introducing its own modernization of nuclear forces.

New very complex interactions between these nuclear arms that are much more dangerous than anything but North Korea poses. The nuclear weapon free zone is one way to manage the threat between the great powers.

Now it is passed to you students in the floor. You have a critically important role to learn from the survivors of the nuclear explosions in Hiroshima and Nagasaki and to pass that precious cultural heritage on your own society and you need to keep this global knowledge.

● **PAIK Haksoon** I am a North Korea specialist by training and my specialty includes inter-Korean relations, North Korean and US relations and nuclear and ballistic missile area. But I will focus more on the credibility of Kim Jong-un's promise to denuclearize. This is a give-and-take deal so if you do not trust the other side, then this is worthless to start the negotiation and settle peace on the Korean peninsula. What we are trying to achieve is 'great transformation.' This term means the unprecedented new development on the Korean peninsula since early last year. Let us see what happened in 2017, particularly, in the second half of that year. There was a heightened threat of the nuclear war and the leaders of the US and North Korea treated North Korea's nuclear weapon as a children's plaything and sent unbelievable remarks regarding North Korea's nuclear weapons. So, we decided to dismantle the Cold War's structure and establish a

peace regime of the Korean peninsula as a cure for root cause and the key symptoms of the inter-Korean problem. That is something that we can have as a background.

So how credible is Kim Jong-un's promise to denuclearization? Simply, he is committed to denuclearizing, but more correctly, he promised to negotiate the denuclearization in North Korea. Kim Jong-un made a promise to the head of state, not to the vise ministerial level people in the six-party talks. So, Kim Jong-un's promise is credible at that level.

In the early 1990s, North Korea offered a give-and-take deal toward the US. First, they wanted to bring the US into its strategic calculus to use as a counterforce to China and use for negotiation to normalize relationship and survive. In return, they promised not to develop nuclear weapons, and to 'informally' tolerate the continued stationing of the US forces in the South. However, the US refused because they thought that North Korea would soon die like the Soviet Union. For survival, North Korea has attempted five rounds to carry out the strategy which I coined as the "North Korea's strategy for survival development for the 21st century." What Kim Jong-un is trying to do from last year is the fifth attempt. So, he is quite serious with nuclear issues.

● **Gi-Wook SHIN** My main question is what will be long term prospects of peace in the Korean Peninsula. I am going to point out four possible scenarios and we can discuss more. First is the rise of China and second is the possible the US retreat from Asia. At least under the Trump administration, there are signs of retreats from Asia. The third is the North Korean nuclear threats that we talked about and also the rise of nationalism in the region. Among those, I would say that the two main factors (Possible Retreat from Asia and North Korea Nuclear Threat) are the most determinant factors for the peace on the Korean peninsula and the region.

In this two by two tables, we can think about two possible scenarios in each case. One is whether North Korea will give up a nuclear weapon or not. The second one is the US-ROK Alliance. If the not

complete withdrawal of US Forces from South Korea but at least a significant reduction in change in the alliance. So, the first scenario which is most likely is the status quo. In other words, North Korea will not give up its nuclear weapon and they are rather more skeptic than optimistic. And also, it is likely that the US-ROK Alliance will continue. So, this is basically presenting the status quo in the Korean Peninsula. Some people may say that we should more engage with North Korea to ease the tensions on the peninsula. Moreover, there may be more discussions about the strategic partnership between Japan and South Korea. I think this is a very important area because South Korea and Japan share many in common strategic interests. But nonetheless, the relationship has been bad over the years.

The second possible scenario is North Korea giving up its nuclear weapon and the US stationing its troops on the Korean peninsula. So, the chance of this scenario might not be high, but still it is not unthinkable. In that case, probably, US and DPRK will normalize its relationship and then China will be unhappy because they might lose North Korea's strategic value. China and other countries, including South Korea, might demand some modification in the alliance structure. Therefore, we might see a modified alliance in this scenario.

The third one is what most Korean conservatives worry about now and some concern in Washington as well. North Korea does not give up. So, it remains a de facto to nuclear states, but then the US significantly changes its position in South Korea. Among those possibilities, I expect South Korea may demand that it will go to nuclear as well. So, in 2017, when there was growing military tension between the US and DPRK, I think a lot of South Korean people, according to the public poles, they say that we have to go to nuclear as well. So, in that case we might see a nuclear South Korea that might trigger a nuclear arms race in the whole region.

Finally, North Korea removes its nuclear weapons and then the US troops leave South Korea. This might be an ideal situation, but also the least likely. But

still, in this case, North and South Korea may discuss a possible unification and then two Koreas, China and Japan can all think about creating a new Asian security structure which is possibly multilateral. This is the concept that I would like to think about and we should discuss it because it may not happen tomorrow, but within 5-10 years. Some of them might happen. Thank you.

● **YAN Xuetong** First, I think Northeast Asia has entered the threat of nuclear weapons since the end of World War II and this is not new to East Asia and we will have nuclear weapons used in this region. It means that the peace situation in the region is with nuclear weapons existing. So, we have enjoyed peace since 1991. We had nuclear weapons that time but the peace in this region has never been broken out.

Second is about the purpose of peace in East Asia. First is how to keep present, the existing peace as long as possible which is called as durable peaceful among the nations. I think physical peace means no war and there has been no war since 1991.

Second is the called the peaceful relations which are questioning how to improve peace and reduce hostility even more. So, when we are talking about denuclearization from my understanding is not about how to prevent the war from occurring, but how to improve the relationship.

The third is how to improve the relationship. We have to understand that the countries beyond this region have no concern about North Korea nuclear issues. If we consider how to improve the relationship among the East Asian countries, we have to rely on ourselves. Generally speaking, the countries related to this issue are North and South Korea, Russia, China, the US, and Japan. Among these six countries, who are crucial? The bilateral talk between South Korea and the US had made some progress. So, I think the negotiations between South Korea and the US are crucial and if there is no talk between the two, there will be no progress among the six countries as well. At this moment what we have to adopt is the bilateral approach. This is more efficient than the multilateral dialogue.

So, the fifth point is who should be encouraged to talk as early as possible and carry out the substantial discussion. They are North Korea and the US. Unfortunately, the dialogue stopped since the end of the Hanoi Summit. We must remember in this region, only South Korea has a substantial impact relatively equal to the US influence in the North Korea nuclear issues. So how to resume the dialogue between these countries is an important issue.

● **SONG Min-soon** Thank you very much. You are right that the South Korean government should take a position in the negotiations of Hanoi. You said that Korean people are less fearful of North Korea nuclear weapons and now nuclear weapons are showing an impact on their lives. Can South Korea and North Korea be peaceful under the possession of North Korea's nuclear weapon?

● **YAN Xuetong** Yes. It depends on how we define the term peaceful coexistence. There was no Inter Korean war since 1953. Physical peace is existing, but friendship is lacking. So, if both sides cannot maintain normal contact, there will be no desirable peace in the Korean Peninsula.

● **Gi-Wook SHIN** If North Korea maintains a nuclear weapon, any peace will be unstable. So, think about North Korea threatening with nuclear bombs and the US providing a nuclear umbrella, how long can we trust the US and how can we be stable with North Korea? In the Cold war, they maintained peace by keeping nuclear bombs, specifically mutual destruction. So, it is important to engage North Korea so that they can dismantle nuclear bombs.

● **SONG Min-soon** Thank you. So, professor Paik, there is a view among South Koreans, especially the people in the present government, that North Korea weapon is not directly targeting South Korea and they are not going to use the weapon to South Korea. This view is not prevailing but existing. How do you think? Will South Koreans just be complaisant with nuclear-armed North Korea and have some exchanges with North Korea. Is this two-track possible?

● **PAIK Haksoon** We are divided nation in a fierce competition for monopolizing the governing authority

of the whole Korean peninsula between the North and South Korea. So, regardless of the opinion, the Korean peninsula is somewhat unstable. Regarding the second question, the process of making efforts to denuclearize North Korea, in that sense, we can do it. But I think there should be a certain period of pause to think about the next direction. As an academic point of view, I have been advocating denuclearization in North Korea because I thought nuclear-armed North Korea could be an impediment to the reunification of the two Koreas.

● **Gareth EVANS** The reality is that the mutual position of nuclear weapons is not a guarantee. We learned from history that the number of times when we almost confronted the nuclear war. Balancing nuclear for peace is simply luck. We need to ensure North Korea that they do not need nuclear weapons for their survival. Get off the anxiety of using nuclear and move to trust-building.

● **SONG Min-soon** Regardless of North Korea's use of nuclear weapons to the South and others, the problem will be the threat perceptions. How do you think about the threat perception of North Korea nuclear weapons?

● **Peter HAYES** Threat Perception is not strictly a rational process and many factors affect it. We can say about the use of nuclear threats between the US and North Korea. First, the use of nuclear threats of North Korea has not been to deter South Korea and the US attack. Because there is less evidence from 1991 to today, we can say that the US and South Korea have less intention to attack North Korea.

North Korea has ten indicators of what would have to be done simultaneously when there is a mounting attack on North Korea. South Korea and the US are very careful to make sure that the ten indicators do not line up at the same time.

Second is the North Korean perception of the US nuclear threat is that they perceive this threat not as deterring them from attacking the US, but as compelling them to change their policies to change toward the US. They view them as coercion and compellence. In the other direction, we have been

using compellence threat against North Korea to force them to stop proliferating nuclear weapons. This is a mutual compellence game, not a deterrence game. That is why this is a dangerous game and the nuclear threat game is very dangerous in Korea. It is not making stable in this region at all, it is rather creating instability.

● **SONG Min-soon** Professor Shin do you have something to comment on?

● **Gi-Wook SHIN** I agree that it is a dangerous game. But it is not just a perception, it is the reality. We know that North Korea is continuing to develop its nuclear weapons even though they were negotiating with the US. So, there is no sign of stopping nuclear weapon development. We should engage with North Korea as much as possible and persuade them.

● **SONG Min-soon** South Korea and Japan are claiming for nuclear weapons for their security. Then this area will go into a nuclear arms race. China is a strong stakeholder in the security of Northeast Asia. If we fail, the nuclear proliferation move is materialized, how will China reflect or think about this?

● **YAN Xuetong** First of all, I have to say that I am just a scholar so I am not representing the Chinese government. The Chinese government, at the moment, wants to encourage South Korea and the US to resume their dialogue. Second, when we think about denuclearization on the Korean peninsula, the word denuclearization refers to the dismantlement of the North Korean nuclear weapons.

The rationality of South Korea's and Japan's nuclear weapon possession is never advantageous more than the US nuclear umbrella. I personally do not worry about the nuclear race because North Korea, South Korea, and Japan are rational according to their interest in their countries.

● **Gi-Wook SHIN** What about China providing the nuclear weapon umbrella in Northeast Asia?

● **YAN Xue tong** Providing nuclear umbrellas can generate another proliferation of nuclear weapons to any extent. So, China is not providing to any country. China's nuclear policy and principle is 'no first use.' So, unless there are no changes in principle, China

will not provide to any country.

● **Gareth EVANS** We know objectively that nuclear weapon is imperfect in deterrence, of compliance and dangerous with the possibility of the misuse and miscalculation. Knowing all these things as we do, it is crazy to add nuclear into the region. We need to use all the resources to find ways to get away from the crisis. So, bring a mindset to change to this.

● **SONG Min-soon** Before we open the discussion to the floor, let me touch upon the nuclear weapon free zone. I think the US is not that enthusiastic about this idea of nuclear weapon free zone. If other countries are positive about that idea, how do you think the US will react to that idea?

● **Gi-Wook SHIN** The concept itself is wonderful, but it is so difficult to persuade North Korea to give up its nuclear weapon. Then how can you talk about a nuclear free zone? I am not sure how this idea is realistic and feasible.

● **Peter HAYES** I always am amazed when I hear statements that nothing is more important than nuclear weapons to North Korea and Kim Jong-un when he has already declared other things as important as well in his New Year speech this year, saying that the welfare of the people are also as important as the nuclear weapons and the military first policy. There are different ways to create a nuclear weapon free zone. One is an inter-Korean zone which is a larger version of the 1992 Denuclearization Declaration and the fundamental problem with such a nuclear weapon free zone is the contestant of sovereignty from the two sides. What I think is fair is for South Korea to get the same reciprocal commitment from China and Russia. The only way we can do that is to have a regional nuclear weapon free zone which both nuclear weapon states and non-nuclear states can join. So, it is a political choice and if you want to get into a binding legal framework, we need a nuclear weapon free zone.

Q & A

Q. Several of you have touched upon the fact that the last two or three years that we have witnessed events

in South and North Korea that we would not have expected five years ago. I think this can be attributed to the people of power. So, is it fair to say that we are facing a closing window of opportunity for the progress industry in this regard?

A. **PAIK Haksoon** We have an experience that leadership changes will make things differently. But I think we are in a great transformation. There is nobody to want to go back to 2017 when there were heightened threats of the nuclear weapon.

A. **Gareth EVANS** You do need to grab the moment of international relations. President Moon is putting more efforts to bring up the right mindsets: step-by-step trust building and the confidence building. The US as well did the right step to initiate the dialogues. So, grab the moment and do not wait for the next to do it.

Q. North Korean leader Kim Jong-un cares about the people as much as nuclear weapons. If South Korea or any other nation refuse to aid North Korea because of its nuclear weapon, why is Kim Jong-un doing it? To my understanding, this shows that Kim is not really considering the people. Moreover, you said that Kim Jong-un is an irrational person. What are your thoughts on this matter?

A. **Peter HAYES** I think there is no evidence that Kim Jong-un is an irrational person. He is consistent with his policy. If your question is will he trade off the welfare of North Korea people for maintaining nuclear capacity until he forces the adversaries to adjust their positions and reduce the external constraints on the ability to grow the domestic economy, I will say yes.

A. **SONG Min-soon** The security equation on the Korean peninsula and East Asia has changed since 2017, when North Korea declared that it has a deployable nuclear weapon. With that in mind, when we were using the word denuclearization many times, we still did not get a clear definition of denuclearization means. When you do not agree on the definition of the concept, you can hardly reach the agreement. Our discussion shows that the denuclearization and the establishment of a peace regime on the Korean Peninsula and Northeast Asia

are difficult to achieve at once, however, I think this kind of intellectual discussions are needed to find the right solution for this issue. Thank you.

Policy Implications

- The denuclearization and the establishment of a peace regime on the Korean Peninsula and Northeast Asia are difficult to achieve at once, but should continue the discussions to find the right solution.
- Mindset change with institutional setting is important for both the establishment of a peace regime on the Korean Peninsula and Northeast Asia. We need cooperation not only between two Koreas, but also the great powers in the Northeast Asian region.
- North Korean leader Kim Jong-un is not irrational and he is credible in his promises to some extent, but multilateral efforts should be continued for them to ensure that possession of nuclear weapons is not a guarantee for security in their region.

[Denuclearization II]

Issues and Prospect for Denuclearization of North Korea



Moderator	KIM Sook Former Ambassador of the ROK to the UN/ Former Special Representative for Korean Peninsula Peace and Security Affairs
Keynote Speaker	LEE Do-hoon Special Representative for Korean Peninsula Peace and Security Affairs, Ministry of Foreign Affairs of the ROK
Speakers/Discussants	Robert GALLUCCI Former Chief US Negotiator for Geneva Agreed Framework/ Distinguished Professor of Diplomacy, Georgetown University NING Fukui Former Deputy Special Representative for Korean Peninsula Affairs of China Joel S. WIT Director, 38 North/Senior Fellow, Stimson Center Joseph Y. YUN Former US Special Representative for North Korea Policy/Senior Adviser, United States Institute of Peace CHUN Yung-woo Former Vice Minister of Foreign Affairs of the ROK
Rapporteur	Natalia SLAVNEY Research Assistant, The Henry L. Stimson Center

● **KIM Sook** The title of this panel seems stereotypical, but let us go over the last three to four months since the failure of Hanoi. People still spar over what went wrong in Korea and Washington. If there was an intercontinental ballistic missile launch, that would run counter to the UN security resolutions. The Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) made their joint assessment on the food shortage situation in North Korea. There is a possibility that North Korea could enter into an 'Arduous March 2.0.'

● **LEE Doo-hoon** I would like to speak about the current South Korean government's strategy formulated from past negotiations and the current situation on the Korean Peninsula.

Since 1991, there have been three watershed moments: 1) The Agreed Framework in 1994; 2) The Six-Party process that collapsed in 2008, and 3) The Leap Day Agreement in 2012. The Agreed Framework was based on an energy assistance deal. The Six-Party Talks had a step-by-step approach to denuclearization

consisting of a freeze, disablement and economic and energy assistance. The Leap Day Agreement was an attempt to create new momentum after the Six-Party process became defunct in 2008.

When the Moon Jae-in administration took office two years ago, tensions were at their peak. From the onset, the goal of complete denuclearization and an establishment of lasting peace was a top priority for the South Korean government. In the Moon administration, I noticed fundamental changes taking place. In the past, we were negotiating with North Korea who was developing its nuclear capabilities. Today, it claims to have completed its state nuclear force. The three directly involved parties, the US, ROK and the Democratic People's Republic of Korea (DPRK), are all interested in resolving the issue at the highest level of their respective governments. Under these unique circumstances, the ROK strategy is a result of careful analysis of the past and current situation.

First, a two-track approach of dialogue and pressure is effective. We firmly maintain the position that

sanctions will remain in place until we are sure that complete denuclearization has been achieved. Yet, one of the most meaningful lessons learned is that the North Korean nuclear issue cannot be resolved through sanctions and pressure alone. Sanctions are not a solution; they are merely a tool for inducing a solution through negotiations. Without dialogue, there is no progress in resolving the nuclear issue. Second, we will pursue a comprehensive agreement that reflects a diversification of interests. Past agreements such as the Agreed Framework were primarily focused on a nuclear freeze for corresponding economic measures. But now the US and North Korea are called upon to put all methods of interest on the table, such as security concerns, to strike a comprehensive agreement. Third, we want to make the most of the top-down approach. Negotiations take a lot of time at each level, and each experience has taught us that there are limits to traditional patterns of bottom-up approaches. This top-down approach is most suitable in the current situation. Fourth, the basic premise of efforts for denuclearization is a steadfast US-Korea alliance. We are more successful with close coordination between the two parties and are now working to normalize and regularize coordination through a working group. Lastly, close cooperation with relevant parties will continue to be a cornerstone of our North Korea policy. Now, we may focus efforts on the North Korea-US framework, but close cooperation with former Six-Party talk members, the EU and the international community is necessary to pursue completed denuclearization of the Korean Peninsula.

There is lingering suspicion regarding North Korea's commitment, but we should not surrender to blind skepticism that provides no alternatives. Kim Jong-un has signed written agreements with the ROK and the United States, and we will be able to verify those commitments in the negotiation process and translate them into actual progress. Therein lies the usefulness of dialogue. Since Hanoi, the dialogue has not gained much traction, and the window of opportunity will not remain open indefinitely. We need to build confidence

to rekindle the dialogue process. As such, all parties need to make amicable gestures to chip away at the trust deficit that has accumulated over the years. The return of the remains of US Prisoners of War (POW) was a pillar of the Singapore Joint Statement, and humanitarian issues can be very important in building trust and confidence.

Furthermore, we must work to ensure that dialogue breeds visible results at the earliest stage so that the parties involved may confirm that choosing this path was not a mistake. We will continue to strengthen the dialogue process among the ROK, DPRK and US. It is important to use lessons of the past and understand the current changing environment. We now seek a new path that has never been travelled before through a top-down and comprehensive approach.

● **KIM Sook** What is your assessment of the near future regarding the denuclearization process and inter-Korean relations, as well as the level of tension on the Korean Peninsula?

● **CHUN Young-woo** I am cautiously optimistic.

● **Robert GALLUCCI** One way to conceptualize the future is to think of three separate paths. The first path is uphill: a long, slow incline at the end of which we reach a peaceful peninsula free of nuclear weapons with the interests of all relevant actors captured in an organized structure. The second path is level, directly in front of us, and leads to a plateau in a relation of those with interests in Northeast Asia. Conflicts are possible but managed by China to restrain North Korea and the US cultivating the alliance with South Korea. The two Koreas will alternate between engagement and hostility towards reunification. The third path leads downhill, a slippery descent into armed conflict brought on by frustration, fear and miscalculation with no clear resolution of issues that divide the region. I favour the first path. If we go that way, the first step almost has to be the agreement of the US and DPRK to a process of sustained engagement conducted by experts and diplomats. This may occur under summitry, or capped by leaders who have agreed on the outcome ahead of time. We must make discrete, reciprocal and verifiable steps

over a long period of time to build trust. We need a common understanding of what ‘denuclearization’ means and to agree on whether the end game will include the elimination of ballistic missiles, biological and chemical weapons. That is a tall order.

In light of the recent meetings in Hanoi and Singapore, the first step should address major concerns of North Korea and the US involving sanctions relief and the dismantlement of significant nuclear facilities, all under international inspection. The DPRK Foreign Minister identified sanctions they had in mind, and the US has mentioned the Yongbyon nuclear facility as something they want. There will be many obstacles to success, such as agreeing to verification measures. We the US have experience with inspection regimes and implementation in Iraq, Iran and elsewhere, but have had past agreements with the North collapse. At the end of the day, we need to be realistic about what can be achieved in verification. Even with agreement on ‘denuclearization,’ our confidence in achieving zero nuclear capability should be bounded by what is physically possible to achieve, no matter what verification procedures are in place.

An exchange of liaison offices, a declaration to end the Korean War and a peace regime for the region are all reciprocal steps we can take. Some steps will be relatively easy, others much harder going into fundamental security concerns. The future of the US-ROK alliance is often discussed, but I do not think it ought to be. Progress towards security can continue and evolve without doing any damage to the alliance.

The path is long and uphill. To succeed, all principle parties must make the journey together and be committed to its success.

● **KIM Sook** I agree with your preference for an uphill path. Verification is a serious issue and a great obstacle to those who participated in the Six-Party Talks. It was the issue that made the process collapse in 2008. I have the view that denuclearization is like a car: it does not run by itself except downhill. We need an extraneous effort to make things go uphill.

● **NING Fukui** The future direction of denuclearization is attracting a lot of attention. Following various summits last year, we reached important agreements.

The international community had high hopes and expectations that tensions would ease over the past year. When the first US-DPRK summit was held, everyone was encouraged and expected to see follow-up measures. But the Hanoi Summit left many feeling regrets, as no agreement was reached. Now dialogue has led to an impasse and mutual trust between the US and DPRK has weakened. But I believe we can come up with three analyses of the failure of US-DPRK summits.

One, hostility continues, even if leaders are sitting face-to-face. Two, there was a lack of communication, coordination and preparation for the Hanoi Summit, and too many cumbersome external factors. Three, there was a gap between the DPRK and the US. Even if the leaders meet multiple times, we cannot assume that all issues will be resolved, especially with the current lack of mutual trust. No one wants to take risks or compromise. North Korea and the US have different priorities. The North believes it has taken sufficient actions on their part, but the US wants more actions from the DPRK.

The international community is anxious about the future of the Korean Peninsula and everyone has expressed concern over denuclearization. I personally believe that the situation on the peninsula is better than before, and we should see the virtue of the process. While the results of Hanoi are not satisfactory, I do not think the windows of opportunity for dialogue and negotiation will close. Pressure can be exercised, but both sides are leaving room for further negotiations and are holding back on strong remarks. The United States should restrain itself and maintain a political atmosphere for future negotiations and dialogue. They should also avoid actions that could cause misunderstandings. I think denuclearization depends on 1) Solving the mutual trust problem to facilitate discussions; 2) A more rational denuclearization process to eradicate a lack of confidence in one another; 3) I believe we need to build confidence to facilitate dialogue; and 4) It is important to build an organic linkage between denuclearization and a peace regime. Each country should link or facilitate the

two; China has emphasized that in order to achieve progress, we should work together. Concerned parties should maintain their position, continuously work through dialogue and stick to goodwill and sincerity to take practical measures.

● **CHUN Young-woo** I do not agree with the conventional wisdom that the DPRK will not denuclearize. If there is a 100% chance that they will not denuclearize, then diplomacy has no role. I think North Korea will denuclearize, but only when its arsenal becomes a curse that threatens its long-term survival. The US, together with its allies and partners possess the means to force Kim Jong-un and determine North Korea’s fate, but it depends on how President Trump makes the best use of the leverage he has. The North has no future without resolving its dire economic problems and delivering on Kim Jong-un’s promise of a better life for ordinary North Koreans. He knows that economic development is impossible without a US deal on the nuclear front.

For North Korea, its cost-benefit structure has changed. North Korea could reveal its nuclear arsenal very quickly and the cost of denuclearization has decreased; it is now easier than ever for them to denuclearize. And now the cost of maintaining its nuclear arsenal is at its highest. The North may still be posturing, and it is no surprise that Kim wants a deal on his own terms, as does Trump. Both sides are trying to front-load the most valued items held by the other side as part of a down payment. In my view, short-range ballistic missiles are the most dangerous for ROK security. I think the North wants to demonstrate that its opening position for now is not negotiable. It does not want to show flexibility or weakness, but it will not cross the line.

How can we distinguish between a ‘good deal’ and a ‘bad deal?’ I think this argument is irrelevant. A ‘small deal’ that can be implemented immediately with successive small deals leading to full denuclearization is better than a ‘big deal’ that takes too long to work out. A bad deal would allow the DPRK to build up its nuclear arsenal making denuclearization more difficult. If the Hanoi deal had been accepted, it would have been a disaster for denuclearization. What

is a ‘good enough’ deal? I think we could let them keep Yongbyon for the time being and promise total sanctions relief for all of the rest: enrichment plants, fissile material holdings and their arsenals. I think that is worth more than full sanctions relief to prevent an additional build-up of a nuclear arsenal. If Yongbyon can be irreversibly disabled, I think it would warrant serious consideration from the US

● **Joel S. WIT** I spent many years constructing roadmaps for agreements, but I will talk about the history of the issue and US-DPRK relations. In a meeting between President Trump and Obama during the transition of administrations, Obama warned Trump that North Korea was going to cross a technological threshold and be able to attack the US. I think President Trump was stunned and asked why the problem had not been dealt with before. In the 25 years of the US dealing with North Korea, there have been at least two critical historical hinge points where our actions determined what happened in the future. Are we in another historical hinge point right now?

The first hinge point was the 1994 Agreed Framework. The spring of 1994 looked like we may head into another Korean War, but we turned the corner and made an agreement to freeze the North’s nuclear program and denuclearize the country. Because of that agreement, the program was stopped dead in its tracks and was a big win for us, even though North Korea was cheating in the 1990s and the Clinton administration knew that.

The second hinge point was in 2002 and the collapse of the Agreed Framework. The DPRK was clearly cheating and the Bush administration confronted North Korea, but it backfired. The administration was not prepared to deal with the collapse of the agreement, which may have started the DPRK down its current path in terms of restarting its nuclear program.

Are we in a third hinge point today? I think we are. We have a North Korean leader who is looking for a new approach and modernize his economy. We also have an American president willing to take risks towards summitry, which is not an approach

previous presidents were willing to take. The Trump administration has been chaotic, but nevertheless, but it has moved the relationship forward. The American media has lost sight of the dangers and has forgotten the year-long ‘fire and fury’ episode.

What do we need to do? I have one suggestion: President Trump should keep playing the summit card and tell Kim Jong-un that he is willing to visit Pyongyang for the third summit as soon as possible. Secondly, as part of that offer, to avoid misunderstandings and problems that happened in Hanoi, working-level staffs need to work out the next deal. I agree that this window of opportunity can close, and some people think that is okay. I think we can live with it and protect ourselves, but if we look a few years ahead, administrations in the US and ROK change and their approaches will change. I think you may have a North Korea at that point that may not be developing new missiles and nuclear weapons, but it will churn out more weapons. I do not think we can turn a blind eye to that, especially if there is no active diplomacy. The closing of this window could put us in a difficult spot.

● **Joseph YUN** I want to follow up on NING Fukui’s remarks. What is it that North Korea wants? What is it that Americans want? How can that gap be closed? The clearest explanation of North Korea is through the Singapore Summit. They agreed on three things: to build new relations between the US and DPRK, to move to a peace regime discussion, and then consider steps towards denuclearization of the Korean Peninsula. For them, the first steps are very important. The US must remove its ‘hostile policy.’ North Koreans could never tell me exactly what that means, but the US must make sure the North Korean regime is secure and give confidence to security that the North can accept.

North Korea cannot be bought off by humanitarian or economic aid. A ‘security-for-security’ deal is what they want. The US has always insisted on denuclearization first and then help the North normalize relations; lift sanctions and provide economic assistance. That is a big gap to cross. The

DPRK is looking for regime survival, but we are asking them to give up their deterrence. I think we need faith in the process to narrow the gap.

On the military measure, they may ask to end joint exercises, which we have done. We could also remove strategic assets from the Korean Peninsula, such as nuclear-capable fighter planes, submarines and so on. Then, there has to be a discussion of the future of the United Nations Command (UNC) and Combined Forces Command (CFC). In the diplomatic basket, we need diplomatic normalization, an end of sanctions and non-interference. Is that enough? I believe North Korea is not as worried about national security as they are with regime security. But at the same time, without taking into account their security-for-security deal, ultimately, we have to open up the discussion on things like normalization and a peace regime, otherwise it will be futile.

Q & A

Q. You said that what North Korea wants is a ‘security-for-security’ deal. But to give that is not easy for the US; it would mean taking out troops and removing the nuclear umbrella on the Korean Peninsula. Can that gap really be closed through like that? Would the US allow it?

A. Joseph YUN It will be a long process. I do believe you have to discuss these items, and the process is very important. Without dealing with their fundamental issues, I do not think the North will give up nuclear weapons. But if there was a good enough deal on the table, I think the US would have to consider those options.

Q. You mentioned that the window of opportunity is closing. How long can the process carry on?

A. Joel S. WIT I cannot predict how long the process can carry on, but you can prolong the closing of the window by starting to move forward. You may need to move forward with deals that are not the best, but we need to start getting traction. Hanoi provided a basis by showing that we could move forward on the nuclear issue. Despite sanctions and pressure on the

DPRK, I do not think that will force them to make a deal. I think they will start to move in other directions.

A. CHUN Yung-woo On the previous question, I think it is about ‘security-for-security.’ Economic benefits are important, but the DPRK does not want to make it seem like they are selling out their nuclear arsenal for economic assistance. It would be wise for Trump not to talk about a bright economic future for the DPRK; instead he should talk about the security North Korea will enjoy if they work towards an agreement.

Policy Implications

- Dialogue is an important part of the negotiation process. Without it, there can be no progress in resolving the nuclear issue.
- An extraneous effort will be required to make progress towards denuclearization. Principle parties must be coordinated and realistic in their expectations.
- A lack of mutual trust is hindering diplomacy and must be eradicated in order to move forward with denuclearization.
- Because North Korea may not want to show weakness or compromise on its stances, we may have to consider smaller deals that could lead to denuclearization rather than a big deal that may take too long to implement.
- We are currently at a hinge point in US-DPRK relations. If we do not move forward with progress sooner rather than later, the current window of opportunity may close.
- There is a clear gap between the wants and asks of North Korea and the United States. It must be closed in order to reach both sides’ goals.

[Denuclearization III]

The Korean Nuclear Endgame: How to Get There?



Moderator **MOON Chung-in** Distinguished University Professor, Yonsei University/
Special Advisor to the ROK President for Unification and National Security Affairs

Speakers **Peter HAYES** Director, The Nautilus Institute for Security & Sustainability
Robert GALLUCCI Former Chief US Negotiator for Geneva Agreed Framework/
Distinguished Professor of Diplomacy, Georgetown University

KIM Sung-hwan Distinguished Professor, Hanyang University/Formal Minister of Foreign Affairs & Trade of the ROK

HWANG Yongsoo Senior Vice President, Korea Atomic Energy Research Institute

Rapporteur **KIM Se-Won** Global Asia Fellow, East Asia Foundation

● **MOON Chung-in** Today, we are going to talk about how we can put an end to North Korea's nuclear issue, by asking questions and listening to the answers. First, I would like to ask if you think Kim Jong-un is willing to denuclearize North Korea.

● **Robert GALLUCCI** Fifty percent of people in Washington say that North Korea will not give up its nuclear program, while the other half say maybe it will give it up. I am in the "maybe" group. In 1993 and 1994, I thought North Korea would not give up producing nuclear materials, but it actually did. In this essential moment, we (the United States and South Korea) should test the idea that Kim Jong-un will give up nuclear weapons. Here, we need to think about what the exact definition of denuclearization is. It will be meaningful if we try the idea out after that.

● **KIM Sung-hwan** Last year, when President Trump and Chairman Kim were to meet for the first time, I thought of a Korean film, "Steel Rain." In the movie, under the keynote of reconciliation between the South and the North, the North Korean leader announced in South Korea that he will give up his country's nuclear weapons, and that leader was attacked in South Korea

by a North Korean spy. The planned meeting between Trump and Kim also reminded me of President Gorbachev, who tried but failed to bring reform to the declining Soviet Union within the communist frame. Reflecting on this, I questioned myself if Kim could drive an innovative policy. Kim advocated complete denuclearization at the Singapore summit and during another summit talks with President Moon. However, the problem is that we do not share a common understanding of what complete denuclearization means. Therefore, the first thing we should do is to reach a common agreement on its definition.

● **Peter HAYES** Denuclearization does not simply mean freezing and disposing of North Korea's nuclear weapons, but also nuclear weapons all across the Korean Peninsula. Therefore, first, there should be disarmament and other threats posed on North Korea by South Korea and its allies should be eliminated. To think of it in terms of the entire Korean Peninsula, reciprocal nuclear threats – that is the will to completely annihilate an enemy country – would be the essential issue. However, unless the nuclear threat posed in North Korea by the United States is

suppressed and visually verified, North Korea will not give up its nuclear program. It is important to create a frame to enable this. Supposedly, along with the non-use guarantee of nuclear weapons, a frame in which North Korea can also give up its nuclear threat is important. Also, from the South Korean perspective, it would be an unfair calculation when North Korea is safely secured from the United States while the South cannot be guaranteed safety from China and Russia. For a more systematic, fair and symmetrical framework, we can think of creating a dual-sided nuclear deterrence and resolution, whether in the Korean Peninsula or in the Northeast Asian region.

● **MOON Chung-in** The denuclearization of the Korean Peninsula should start from the denuclearization of North Korea. In the 1992 Joint Declaration on the Denuclearization of the Korean Peninsula, both the South and the North accepted it. South Korea has abided by it while the North has not and this is why South Korea is demanding for denuclearization. However, if North Korea does make progress on denuclearization, the next thing we might have on the table is the nuclear umbrella on North Korea, provided by the United States.

● **Peter HAYES** I do not think we need to put the US nuclear umbrella on the negotiation table. The nuclear threat can be addressed without discussing the nuclear umbrella.

● **Robert GALLUCCI** Rather, North Korea is saying that it wants the denuclearization of the Korean Peninsula. However, while the United States possesses strategic nuclear weapons, North Korea does not care about it. In fact, this is a matter of politics, and the United States does not regard it as relevant in the negotiation with North Korea. However, there are some things that the United States can do in terms of politics, that is the military stationing in Northeast Asia.

● **MOON Chung-in** Is complete denuclearization possible in technical terms?

● **HWANG Yongsoo** Technically, it is difficult.

● **MOON Chung-in** Is it true that North Korea is in possession of five nuclear facilities?

● **HWANG Yongsoo** It depends on one's perspective.

To build a nuclear weapon, first, experiments should be conducted in labs. Then the test goes to the final stage, followed by a full-scale test in the field. Different things are required in different phases, so there are a series of facilities in varied locations. For example, there might be other facilities located in the Manchurian area and other northern parts of North Korea along the borders, and highly enriched uranium might be processed in the nearby area. Locating these facilities is difficult. We need to combine the technical approach and the political approach.

● **MOON Chung-in** If North Korea wants to be completely denuclearized, it needs to make an announcement as to the nuclear materials it possesses. If North Korea refuses to do so, would it still be possible to define what complete denuclearization is?

● **Peter HAYES** We will need a gradual approach. They might not have been able to track down all nuclear materials, or they might have been mistaken because of the information that they were unaware of. That is why they will not make an announcement on every matter. Therefore, we should provide information on every variable more systematically and with more accuracy. We need to take our time and build trust through step-by-step approaches including on-site inspections, sampling, ground analysis, file verification, scientific interviews and fuel cycle identification. Of course, there is a possibility that these steps can help us build trust or be suspended by other political agendas. However, in the early portion of this process, there would be no trust, and even if North Korea announces anything, we may still find its weak points and start an argument. Therefore, it would be difficult for North Korea to declare anything from the beginning.

● **MOON Chung-in** Then, do you think that North Korea's gradual approach, which was suggested as an opposition to the big deal proposed by the United States, is more desirable?

● **Peter HAYES** If something is gradual, it does not necessarily mean small or slow. What is important is how fast it can become.

● **MOON Chung-in** Professors Hwang and Hayes both claim that the big deal is not possible in technical

terms and we should take a gradual approach. What do you say about this?

● **KIM Sung-hwan** When you look at the Hanoi summit talk from a negotiator's perspective, there was no way they could reach an agreement. They adopted a top-down approach. Although North Korea had its strong point in that Kim Jong-un decides everything, a working-level negotiation was necessary if this approach was to succeed. However, in the case of North Korea, it appears that there were no working-level negotiations, which caused the problem.

● **Robert GALLUCCI** First, American society has accumulated some experience regarding denuclearization. A good model related to the question would be the experience in the disarmament of Iraq after the first Gulf War. At the time, the plutonium development track or the enrichment program track resembled the equivalent plans in North Korea. Many scientists took part in this and a final declaration was made. But this led to a lie, and North Korea would not accept this. We should consider how the special committee participated in Iraq regarding its nuclear weapons program. Second, we need to think about what type of verification procedures would not infringe upon the sovereign rights of North Korea. Verification is something that allows inspections to happen whenever and wherever they are needed, and they could spread and take personnel to anywhere immediately. There was not a time when the people of North Korea were fond of these inspections from outside inspectors. We should think about the intrusive characteristics of the inspection team. Third, we should consider the currently assumed small volume of plutonium or HEU (highly enriched uranium) compared to the size of the country. There are plenty of locations within North Korea where they can hide nuclear materials, which means while we want zero nuclear, we also need to consider reality. Therefore, we ought to give an ovation to the president of the United States if he succeeds, but at the same time, we should know that it is a very difficult task even if he fails.

● **MOON Chung-in** We should think about what we have for North Korea if North Korea supposedly

wants a gradual and simultaneous exchange regarding denuclearization. What are the compensations that North Korea wants from the United States and the international community in return?

● **KIM Sung-hwan** North Korea wants its national security and economy guaranteed. Even partial lift of sanctions on North Korea could affect the entire regime and we, therefore, should introduce a creative way of thinking as to the timing and ordering for lifting sanctions in the early stage. And for this part, North Korea should act first.

● **MOON Chung-in** There also have been discussions on passive and active security guarantees. After all, North Korea wants diplomatic normalization with the United States.

● **KIM Sung-hwan** Yes, this is correct. Both countries already agreed in the 1990s to do so. There are sanctions underway but negotiations about the normalization are still possible, even within a short period.

● **Peter HAYES** The normalization of diplomatic relations is most effective in the conclusion of a peace treaty for resolving hostility. What would happen next is a realistic question. What North Korea wants materially is not mentioned in today's session, but it is the economic support and energy that North Korea basically wants. And, without an agreement on these factors, true progress would be difficult. Therefore, these things should be progressed gradually and together. The United States does not have full comprehension as to what kind of realistic options they have against the insufficiency of energy in North Korea and as to how they can support the energy system in North Korea, and in which way. Especially, the lack of budget capacity in the Department of Energy makes it harder to conduct quantitative and technical analysis. Now, the department is moving fast to collect data about North Korea's energy system. North Korea has been operating 1,000 MW-equivalent power generators for the last three years, which are small-scale diesel generators, solar power and wind. A third of the current power capacity has been increased over the last three years. Before the sanctions on oil, North Korea imported one gasification unit from China, and

with this one unit, North Korea was able to produce diesel and gasoline fuels using the coal they used to export to China. This means that even under sanctions, the North Korean economy would not completely sink. However, while we press on with more sanctions, it is possible to come up with various creative ideas. According to calculations, US\$ 70 million can be remitted in six months, which amounts to 10 percent of the insulation of apartment complexes in Pyongyang. This is not creating a new system but reestablishing the existing one. Allies or international partners can provide energy service to actually help households and hospitals in North Korea, thereby improving welfare. And this is viable as a humanitarian project.

● **HWANG Yongsoo** We also need a long-term plan. Since North Korea has progressed in heavy industry, it requires a base-load power supply. The country needs to connect its micro-grid to the nationwide power network. And since this is difficult to perform in a short period of time, all the detailed plans should include a long-term energy supply plan. Discussions are required with international organizations as to how we can meet the demand in the private sector. First, the United States and South Korea should start off and then participation from North Korea and Japan should be encouraged. Second, the country should gather up North Korean workers who used to work in former weapons of mass destruction programs. They are the national heroes who fought for national security in North Korea. If we don't come up with a plan for these technicians, the actual trust-building would be difficult.

● **MOON Chung-in** Is the peaceful use of nuclear also banned in complete denuclearization?

● **HWANG Yongsoo** I do not think so, and this was mentioned in the 2005 Joint Declaration. Also, the participants of the six-party talks had additionally agreed on the peaceful use of nuclear energy in North Korea. Regarding global nuclear security, we have learned lessons from the Joint Comprehensive Plan of Action back in Iran.

● **MOON Chung-in** How will we be able to provide a military guarantee to North Korea?

● **Robert GALLUCCI** In general, passive security is not hard, and this is the basic thing that we are talking about. That is, North Korea's safety can be guaranteed if it joins the non-proliferation treaty again. But North Korea wants a more specific kind of security guarantee, which we did not propose. However, an active security guarantee is virtually an alliance. We have never heard of such a discourse before.

● **MOON Chung-in** North Korea says the withdrawal of the United States Forces Korea and the adjustment of the US-ROK Alliance are the preconditions of denuclearization.

● **Robert GALLUCCI** I have not heard of any of the North Korean people talking about such things. Rather, that's what was said by people who did not want to have conversations with North Korea. Besides, the alliance in Northeast Asia also applies to threats other than that of North Korea. So, about the US-ROK alliance, the number of USFK (United States Forces Korea) troops stationed, its mechanism and the matters related to the alliance, adjustments can be made to the extent that they do not harm the alliance, but I do not think the essential feature of the alliance should change. The US-ROK alliance is of huge value to both the United States and South Korea, and it is not something that should be decided in the negotiations with North Korea.

● **KIM Sung-hwan** North Korea has not mentioned what the guarantee of security means. While we simply thought that, since South Korea is under the nuclear umbrella of the United States, North Korea would also get one from China. However, the North did not want this to happen but has long wanted conversations with the United States. Regarding this security guarantee issue, we should approach multilaterally. If we are able to build a mechanism for security within the region, we will be able to deal with this issue through a multilateral approach, as stated in the Joint Declaration of September 2005.

● **GALLUCCI Robert** What I want to pinpoint is that, as we can see from the situation in Ukraine, the concept of this 'security guarantee' itself has been damaged to some extent. Therefore, North Korea will want to think about the true meaning of a security guarantee.

● **MOON Chung-in** On the denuclearization of North Korea and how we should put an end to it, I would like to ask for your last comments, please.

● **Robert GALLUCCI** Things are hopeful to an extent. While we failed in Hanoi, Trump and Kim have made a personal investment. Since we have something still left in that investment, there is still a possibility. Kim Jong-un seems sensitive to the election cycle in the United States, and said he wants an answer different from what he heard in Hanoi by the end of the year. The United States could boast next year of being an excellent negotiator, and that it was able to avoid war on the Korean Peninsula. So, it is negotiable. Also, the negotiation can speed up based on reciprocity and rationality. The North Korean Department of Diplomacy said they wanted sanctions lifted after the Hanoi summit talk, but actual progress can be made when sanctions are lifted in exchange for the denuclearization measures.

● **KIM Sung-hwan** There is still hope in the latter half of the year. Many have turned negative due to North Korea's recent provocation. Still, there is a positive view left, with discretion. This is because Kim Jong-un expressed his will to denuclearize through the two summit talks. And during his visit to China last year, one of the high-level Chinese officials said while there had been disunity over denuclearization within North Korea, Kim Jong-un was using it as a chance to consolidate his power. Therefore, I think there will be progress made in the latter half of the year, and it is important not to miss the opportunity to use this conversational mood. Since the conversational process has been kicked off by the South Korean government, consultation with the South Korean government would also help raise the possibility to move on to the next phase.

● **Peter HAYES** One of the biggest problems North Korea has is to successfully re-deploy a large scale of military manpower. With respect to this security issue, we should push on beyond the simple end-of-war situation, but also establish peace so that North Korea can become our partner. Since the North Korean military force is also an important part in the economy, the UN Command, the USFK Forces, Chinese Forces, Russian Forces and the military forces

of the UN Alliance should promote military-to-military conversations with North Korea and plan actual cooperation in various fields such as fishery stocks and joint search missions, thereby establishing peace.

● **HWANG Yongsoo** The big deal is easy but not peaceful. What we need is a step-by-step approach, with detailed action plans and varying small-scale projects. After numerous trust-building cases from US-ROK cooperation and inter-Korean cooperation, the neighboring countries should engage. Only in this way, all the stakeholders from political and technical fields can be brought to the negotiation table.

● **MOON Chung-in** Today's lessons are as follows: First, it is too soon to talk about the end of denuclearization. Second, the big deal might not be effective, but more could be expected from gradualism. Third, multilateral cooperation is required to resolve the North Korean nuclear issue. Finally, we should face North Korea with patience and caution.

Policy Implications

- An agreement on the concept of complete denuclearization is required.
- A framework is needed in which nuclear threats can be eliminated for not only North Korea but also South Korea.
- During negotiations with North Korea, a political agreement can be reached in terms of military stationing as long as it does not harm the US-ROK alliance.
- Regarding North Korea's declaration on nuclear materials, a gradual approach is required.
- Negotiations with North Korea require a prior negotiation between working-level staff.
- A method is required in which the inspection process would not harm the sovereign rights of North Korea.
- Since complete denuclearization is difficult in technical terms, it should be combined with a political approach.
- A humanitarian approach regarding the energy support for North Korea is required.
- Substantive plans for North Korean military personnel and WMD (Weapons of Mass Destruction) workers are required.
- Regarding North Korea's security guarantee, not only bilateral approaches but also multilateral ones should be considered.
- Proper political, economic and security-related rewards should be proposed gradually according to each step of denuclearization.

[New Southern Policy I]

New Southern Policy, Achievements and Challenges over the past two years: In the Aspect of Foreign and Security Policy



Moderator

Keynote Speaker

Speakers

Rapporteur

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KYAW Tint Swe Union Minister, Ministry of the office of the State Counsellor, Myanmar

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Shivshankar MENON Former National Security Advisor of India/
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Marty NATALEGAWA Former Minister of Foreign Affairs of Indonesia

PARK Jae-kyung Senior Coordinator, Presidential Committee on New Southern Policy

OK Chang Joon Doctoral Candidate, Seoul National University

● **KYAW Tint Swe** South Korea's New Southern Policy is similar in spirit to ASEAN in that it pursues prosperity and partnership. As a member of the Myanmar administration, I fully support South Korea's New Southern Policy. If the relations between ASEAN member countries and South Korea are improved, it will benefit the development of the entire Asian region. Building peace on the Korean Peninsula is a critical issue for ASEAN member countries. South Korea participates in the ARF and ASEAN+3, and ASEAN highly appreciates the diplomatic capacity of the South Korean government in addressing political and security issues in the region.

ASEAN stands with South Korea in resolving the Korean Peninsula issues, and it is significant that the US-DPRK summits were held in ASEAN member countries (i.e. Singapore and Vietnam). Despite diverse domestic and international challenges, ASEAN has maintained unwavering harmony within the region. It is well expressed in the ASEAN vision of "One Identity." Alongside China and India, ASEAN forms a consumer market of over 3.5 billion people and

its GDP of US\$ 15 trillion dollars takes up 20 percent of the world's gross GDP. This proves that the ASEAN region has infinite potential and opportunities.

This year marks the 30th anniversary of diplomatic relations between ASEAN and South Korea. We are looking forward to the Busan meeting that is slated to be held in November this year. The ASEAN-ROK talks showed big progress with the 2009 elevation of the partnership from a comprehensive partnership to a strategic partnership. Undoubtedly, South Korea is ASEAN's second largest trade partner. Today's economic relationship between the two was established on a firm basis and will continue to progress down the road. ASEAN-ROK cooperation goes beyond trade and the two sides are identical in that South Korea has a strong community orientation that features the value of humans, which is also a unique feature of ASEAN. Against this backdrop, I am delighted with the launch of the ASEAN-ROK Cooperation Fund. Through the fund, we will have expanded the exchanges of people. This year celebrates the 44th anniversary of diplomatic ties between Myanmar and South Korea. South Korea

is an important economic partner of not just ASEAN but also Myanmar. I hope that the New Southern Policy will provide a win-win opportunity for South Korea and Myanmar.

ASEAN member countries also have diplomatic relations with North Korea. The ARF is a multilateral platform for cooperation with North Korea is a member. At the same time, it is a forum where major stakeholders including the United States and China can get together to discuss Korean Peninsula issues. It has potential to provide a neutral environment for talks and gradually help North Korea be incorporated into the international community. The New Southern Policy will give momentum for ASEAN member countries to expand their relations with South Korea and other major powers. I hope that this will help settle peace and stability on the Korean Peninsula and benefit not just the peninsula but also the entire Asian region.

● **BilahariKAUSIKAN** Not all ASEAN member countries agree with every detail of South Korea's stance, and it is true that ASEAN and South Korea do not necessarily reach consensus on every issue. Still, ASEAN and South Korea tend to agree on major issues. ASEAN adopts different orientations and accepts diverse ways and methodologies in building middle and great powers in Southeast Asia. These efforts should also include South Korea. With autonomy and strategies, ASEAN should pursue a dynamic balance from different directions.

From the perspective of ASEAN member countries, a multipolar regime is more advantageous than a single polar regime. A bipolar regime also has the risk of increasing instability on both sides. Whichever country between the United States and China obtains hegemony in the future, ASEAN and South Korea should reject a single polar regime. This is the basic objective of ASEAN's initiatives, ASEAN+3 and EAS. ASEAN will welcome with open arms South Korea's New Southern Policy, India's Look East Policy, Australia's Facing North policy and the European Union's Eastern Partnership.

However, new aspects of the New Southern Policy remain unclear. South Korea and ASEAN have

maintained constructive relations over the past decades. To celebrate this, a summit will be held in Busan this year. South Korea has great cultural influence in Southeast Asia and has become a vital part of ASEAN. It has also maintained good diplomatic relations with individual ASEAN member countries. Then, what does the New Southern Policy mean under these circumstances? Is it a new feature? Of course, it is important to propose different statements and projects. Nonetheless, we need to consider whether the New Southern Policy is a combination of individual projects or a move to a new stage. ASEAN-ROK relations were elevated to a strategic partnership some nine years ago, but I think the term "strategic" has been overused. There is no doubt that a strategic partnership is important, but we need to ask what the true strategic partnership is. In order to encompass individual projects and move in a broader direction, we will need a consistent framework. We will have to connect in more than one area of policies. The essence of strategic thinking lies in shaping a shared goal in the long-term perspective by promoting pragmatic cooperation and systematic operation. We need to discuss what the long-term shared goal is. Ambition only cannot create strategies.

Peace and stability are crucial to South Korea and Southeast Asia. How can they be linked in terms of a shared goal? We need more concrete and practical actions, rather than the old-fashioned way of announcing statements on North Korea. We need further in-depth discussions to create a shared framework. Rather than making gestures such as inviting Kim Jong-un to the ASEAN-ROK summit, it would be a better idea to create an opportunity for the leaders to have discussions on concrete issues.

● **SUH Jeong-in** Thank you for your comment on the orientation of the New Southern Policy. PARK Jae-kyung will have answers to your comment, on behalf of South Korea. I think that practical, realistic and viable elements should be the backbone of the New Southern Policy.

● **Shivshankar MENON** I would like to brief you on India's perspective of the New Southern Policy. First, when the policy initiative was announced two years

ago, India greatly welcomed it. India, following Prime Minister Modi's policy, welcomes the engagement of China, Japan and South Korea. India also considers relations with East Asia very important. I think South Korea's engagement is an opportunity to elevate and diversify the relations of ASEAN members. Economic cooperation between South Korea and India has also been accelerated. There emerged in India the need for a more strategic partnership and we now dream a bigger dream because the two countries share common interests. Prime Minister Narendra Modi and President Moon Jae-in agreed to advance this relationship by sending a South Korean special envoy to India. Over the past two years, we laid the foundation for a long-term agreement and dialogue, and now we are ready for a strategic partnership.

Then, what are the common interests that South Korea and India share? They are found in the fact that both countries earn half of their GDP from trading. It is therefore important to oppose the currently prevailing global scale protectionism and move towards globalization. The future of all ASEAN countries and the future of India are interconnected. Energy security issues in the Middle East are also crucial to not just China and India but also to South Korea and ASEAN. We can have a united perspective when looking at the Middle East. We also have so many reasons to cooperate for energy security because India has skilled engineers and South Korea has technologies. We have enough potential to build a mutually preferential relationship. India and South Korea have the capacity to conduct joint research on energy, nuclear power generation and space. From a geopolitical perspective, the New Southern Policy was created because it was necessary. However, the New Southern Policy also brought new geopolitical challenges. It is India's perspective that the United States and China are now forming a bipolar architecture as a result of the US-China rivalry. Amidst the ongoing US-China rivalry, India is looking to diversification. Evidently, all of us pursue the shared goal of free trade, but I believe that it is better to have more players be engaged.

We need to diversify our stakeholders beyond just superpowers. With the worsening segmentation of the world's economy, consolidation is becoming more difficult and each group is being divided into smaller groups. India and South Korea, the countries that have benefited from globalization and gained profits from free trade, should take the lead in stopping the antiglobalization movement. South Korea's proposal for the New Southern Policy was timely because it was time to make policy suggestions. However, this policy initiative is still in progress. Still, it has great productivity and potential. It is important to create specific strategies and deepen our relations.

● **Marty NATALEGAWA** You cannot overemphasize the importance of the New Southern Policy. There are many reasons. First is its synergy effects. Currently, South Korea is turning its attention toward not just East Asia but also Southeast Asia. Likewise, it is showing interest in a broader region, beyond ASEAN and the ASEAN region. ASEAN+3 and the ARF are good examples. We can expect synergy effects from this move by South Korea, which conforms with the overall perspective of ASEAN. South Korea has actively engaged in diverse mechanisms of ASEAN and has played a pivotal role in them.

Aside from these obvious aspects, I would like to make a somewhat different point. The way I see it, more emphasis should be placed on the concept of 'shared security.' We cannot sustain security by choosing a side-- it is like a zero-sum game. In other words, shared security, shared peace and the inseparability of peace are becoming ever more crucial. This new reality is reflected in the New Southern Policy. To this end, of course, ASEAN should not be limited to its own region but it needs a lot of self-reflection. It should make efforts to develop methodologies to look beyond East Asia. By means of the three P's, the New Southern Policy highlights the economy, society and people-centered community as well as interactive resonance. As the policy can be linked to ASEAN's approaches, I expect it to create synergies.

Recently, ASEAN has been working towards policy diversification. In this context as well, the New Southern

Policy has similarities. There is growing demand for the diversification of diplomatic settings and options. Although we are seeing the deepening US-China rivalry, and such a rivalry will continue to exist, ASEAN will manage the situation relatively well. ASEAN is more interested in the dynamics of power rather than the balance of power. ASEAN can play an important role – the role of a safety valve for other countries.

My last opinion is that considering the influence of the New Southern Policy, the initiation of the policy is only the starting point. ASEAN and South Korea should have active and candid discussions on our shared tasks. I will not go on to mention the specific problematic factors and challenges at this forum, but certainly, I would like to point out the lack of trust. Compared with other regions, Northeast Asia has weak mutual trust. I think that Northeast Asia can learn something from Southeast Asian experiences. Southeast Asia also used to be internally divided, had confrontations between ASEAN and non-ASEAN members and, therefore, has worked to build trust for 50 years.

Before ASEAN+3, there was no such idea as ‘+3.’ Northeast Asia needs to have the mindset of ASEAN+3. Although South Korea, China and Japan still show a weak level of trilateral cooperation, it is important that they have already started to build towards it. When the six-party talks broke down, it was inspiring that only South Korea, China and Japan continued exchanges and official meetings.

Still, it is true that there is a question of whether the various consultation groups hold their meetings only as a formality. Currently, many consultation groups express concerns over the situation in Northeast Asia and announce related statements, and that is all. In the recent years, South Korea has been a key player in diplomacy, not just on Korean Peninsula issues but also on international political issues. It played a pivotal role in changing the dynamics of the region. I hope that ASEAN member countries should not just be bystanders but more actively engage North Korea to add it as a new player to the existing ASEAN+3. They should not just make comments as they do now but look to the future. Largely, South Korea’s New Southern

Policy and ASEAN’s diplomatic policies are identical in their orientation, based on which the consultation bodies should have fruitful outcomes. Diplomats, politicians and policymakers need to show their leadership.

● **PARK Jae-kyung** South Korea, ASEAN and India are good friends, and there have been many strategic turning points. First, I would like to discuss the role of ASEAN and that of South Korea in the era of the US-China rivalry. With the US-China rivalry deepening, it is now time that each ASEAN member country should have dialogue with the United States and China. In the bipolar architecture, ASEAN countries try to avoid the situation where they have no choice but to choose a side. Just as the saying goes, an innocent bystander can get hurt in a fight. In resolving the dilemma of the current situation, the ASEAN approach provides a very good reference for the relations between superpowers. In a sense, ASEAN diluted the competition between the United States and China. It is my wish that ASEAN will lead the opening of the region while preserving the existing values.

The New Southern Policy has an aspect that supports this move. In his speech commemorating the 100th anniversary of the March 1st Independence Movement, President Moon Jae-in suggested that North and South Korea build a community based on peace and cooperation. He mentioned the possibility that the continued denuclearization of the Korean Peninsula would lead to peace economics and economic growth both in the North and the South, expressing his will to build regional peace that extends to Northeast Asia and Eurasia. In line with this, the New Southern Policy will provide a mutual impetus for peace and stability on the Korean Peninsula and in Asia. The New Southern Policy should keep up with regional cooperation and China’s One Belt, One Road policy, and, at the same time, be combined with India’s Look East Policy.

Second, I will make a comment on peace. Looking back at the situation until 2017, ASEAN became alert of Korean Peninsula issues after witnessing North Korea’s nuclear tests, the range of its missile attacks, the murder of Kim Jong-nam and the detention of ASEAN citizens in Kuala Lumpur. In 2018, the

thawing inter-Korean relations coincided with improved ASEAN-DPRK. relations. ASEAN has the potential to resolve Korean Peninsula issues. The last two US-DPRK summits were held in ASEAN member countries. Likewise, North Korea can make contributions to building an East Asian community. ASEAN has collectively responded to the issues related to plastic waste, maritime security, extremism and terrorism as well as cyber security, and this approach can form the basis of building trust.

| Q & A |

Q. I agree that there exist shared interests between ASEAN and South Korea and between South Korea and India. My question goes to KAUSIKAN Bilahari. According to your presentation, ASEAN prioritizes a multipolar system. However, you may be confused about the meaning of a multipolar system and that of multilateralism. Rather, South Korea can be viewed as a beneficiary of multilateralism. I am wondering what you think about my question. If the New Southern Policy should pursue multilateralism rather than the multipolar system, I would like to hear what you think this means. Do you view South Korea’s New Southern Policy as a diversification policy? Do you think it is a strategy of diverting from US-led multilateralism? If so, what kind of diversification should South Korea pursue?

A Bilahari KAUSIKAN I believe that a multipolar system and multilateralism are in a complementary relationship. In fact, I view the US-dominant period as very exceptional in history. It is the period that started with the fall of the Soviet Union in the 1980s and continued to the early 2000s. Mostly, however, the world’s history was closer to the multipolar system even when a specific country had a dominant power. It could be regarded as a bipolar system within the entire world order, but the subsystem of region conspicuously showed multipolar features. In fact, the recent move shows that we are returning to normality. It is ASEAN’s policy orientation to adjust these circumstances and stabilize the changing environment.

Q. During my term as the Ambassador to ASEAN, I visited Jakarta and wondered why Jakarta has the mechanisms of ASEAN+3 and EAS but not ARF. ARF is very important, and I was curious why Jakarta does not have this mechanism. North Korea participates in ARF once a year, and I am often confused.

A. Marty NATALEGAWA It is because we need the ARF mechanism but do not have to create a new forum. We already have other mechanisms, so it is better to fully utilize the existing ones. We had the policy of hosting the ARF in Jakarta, but considering what we need for now, it is natural to utilize what has already been created. Personally, I think it is better to have discussions within the existing frame, rather than waiting for a new model every month and going through time-consuming procedures of pro and con debates. Currently, we do not see a high level of trust among many countries. We need not create another regular mechanism. That is, what matters is not the mechanism but the attitude.

Policy Implications

- The session confirmed that the New Southern Policy is generally welcomed by not just ASEAN member countries but also by India and other relevant countries. Participants from ASEAN countries particularly reminded that both US-DPRK summit talks took place in their territories and reiterated that ASEAN can play diverse roles in settling peace on the Korean Peninsula. This implies that the Korean Peninsula Peace Process can be related to the New Southern Policy and be addressed as a key agenda at the ASEAN-ROK summit, which will be held this year. There appears to be a need for policy arrangements with regards to this.
- From a political and diplomatic context, most of the presenters viewed the elevation of ASEAN-ROK relations as a multipolar-oriented policy. They regarded the New Southern Policy as a backlash to the bipolarization move led by the United States and China. The South Korean government needs more elaborate logics in terms of policies.
- In materializing the concept of shared security at the East Asian level, there appears to be a need for a consolidated idea of utilizing ASEAN approaches, with regards to South Korea’s policies toward North Korea and Japan/China.
- However, questions were raised over what is new about the New Southern Policy and how new it is. Some pointed out that the three P’s advocated in the New Southern Policy is a simple combination of the existing approaches, not a completely new one. This can provide reference for further materialization of the New Southern Policy down the road.

[New Southern Policy II]

Economic Aspects of New Southern Policy: Achievement and Challenges



Moderator	Julie YOO News Presenter, Channel NewsAsia
Keynote Speaker	LIM Jock Hoi Secretary General of ASEAN
Speakers/Discussants	Delia Domingo ALBERT Former Minister of Foreign Affairs of Philippines/Senior Adviser, Sycip Gorres Velayo & Co. SOK Touch President, Royal Academy, Cambodia Narit THERDSTEERASUKDI Deputy Secretary General, the Board of Investment, Thailand LEE Hyuk Secretary General, the ASEAN-Korea Centre CHOI Seong Jin CEO, Korea Startup Forum
Rapporteurs	HYEON Jisu Deputy Director, Presidential Committee on New Southern Policy PARK Soyeon Deputy Director, Presidential Committee on New Southern Policy

● **LIM Chok Hoi** Trade wars, reinforced protectionism, BREXIT and the expansion of populism are all indicators of increasing uncertainties worldwide. However, as economic dependency between nations is also increasing, failed management against uncertainty is expected to spread over to economic instability, political conflict and social unrest. In this perspective, ASEAN and Northeast Asia (+3) have walked together for the last 20 years with a shared goal, and we need to work on consolidating it further. We jointly responded to the financial crisis over 20 years ago while expanding cooperation and contributing to regional peace, security and prosperity through such events as the Manila Action Plan for APEC. Especially with the US-North summit being held in ASEAN, we are rising as important leverage in establishing peace on the Korean Peninsula. ASEAN-ROK cooperation has been reinforced in non-traditional security, including cybercrimes, smuggling and drugs. Meanwhile, we have established institutional mechanisms such as the ASEAN Regional Forum and summit talks. From an

economic perspective, the Chiang Mai Initiative has greatly contributed to the region's financial stability. Also, with the conclusion of numerous bilateral and multilateral Free Trade Agreements, internal investment within the region has been expanding and local production networks have been strengthened. On top of that, negotiation for a mega FTA called the Regional Comprehensive Economic Partnership is underway between ASEAN+3, which is expected to contribute to resolving the trade problems remaining in the region. From a social perspective, we have achieved remarkable cooperation in the fields of agriculture, food security, energy, public health, science and technology and disaster management.

South Korea's New Southern Policy can serve as a driving force to continue the expansion of regional cooperation, and ASEAN is ready to support it. Moreover, this year marks the 30th anniversary of ASEAN-ROK relations, and the ASEAN-ROK Commemorative Summit is slated to be held in Busan in November.

With various uncertainties rampant in the region,

South Korea and ASEAN should make concerted efforts to achieve: 1) economic integration of the region, 2) the establishment of the community through knowledge sharing and human resources development and 3) durable multilateralism.

● **Delia Domingo ALBERT** The coalition of ASEAN started out in the 1970s as country-by-country associations, which were ambitious and full of energy. In this session, I would like to narrow the scope down to the relationship between ASEAN and South Korea.

First, let us look at the relationship between South Korea and the Philippines. The Philippines is one of the first members of ASEAN and began to be closely and strongly involved with South Korea from the 1950s, immediately after the Korean War. The bilateral relation has continued for nearly 70 years. Economically, the 70-year-long tie has thickened so far. Now, South Korea is the fourth largest trading partner of the Philippines and its second largest exporter. In this aspect, we can say that the bilateral trading relationship has had some dynamic growth. Looking back at what happened between South Korea and ASEAN, many relations have been formed. However, it is about time we focused on the future direction of our relationship. Especially since South Korea has announced its New Southern Policy towards ASEAN, this would be a very meaningful point to examine the ASEAN-ROK relations. Interestingly, even when we go back to the period before the announcement, our relationship was, in fact, already very dynamic. For the last five years, South Korea has been a beneficiary of its relations with East Asia. The trade volume rose significantly as well as the investment and the number of tourists. For instance, there are many Korean restaurants opening in Manila. There are so many Korean restaurants in Manila that you might feel you are in Seoul. Nonetheless, as an ASEAN+3 partner, South Korea has a lot of problems to address. The policy of ASEAN+3 is an institution capable of integrating a lot of partners into it. ASEAN is a coalition of countries with open minds. It comprises multiethnic countries, and is a melting pot of diversity with the potential to overcome

differences. Towards the question asking what my assessment is about the New Southern Policy, I would like to say that it is too soon to give an assessment to the New Southern Policy and that we will have to wait for that a little. Though its intention is excellent, I believe that it is right to wait for the evaluation on the outcome of that excellent intention. That answer can be given when a more clarified ASEAN-related policy is made. As earlier mentioned, ASEAN is a coalition that features countries with diverse ethnic groups and differences in their development stages. Social and economic indicators alone represent huge differences. For example, some countries in ASEAN have highly sophisticated social, economic and security systems, while others even lack health insurance. Therefore, ASEAN is a regional coalition that is difficult to approach with just one single policy. Future approaches should keep this in mind. To my knowledge, when ASEAN-based think tanks discuss the New Southern Policy, they seriously consider what measures South Korea will take to appropriately address the diversity of ASEAN. Additionally, the ASEAN nations have different levels of fiscal capacity, financial services and human resources development, with more varying responses and countermeasures to the newly emerging 4th Industrial Revolution. Thus, we should keep an eye on whether they will succeed. A close examination is constantly required to check whether our policies meet the needs of the 4th Industrial Revolution and whether our goals are appropriate.

● **SOK Touch** With our traditional and solid bond with Russia and China, Cambodia has pursued diversification in cooperation for economic development and has formed and reinforced official diplomacy with South Korea since 1997. South Korea is the fifth-largest trading partner of ASEAN, and we are working together to achieve the goal of USD 20 billion trade volume by 2020, while strengthening cooperation in agriculture, food security, energy security, environment, public health and science and technology.

However, South Korea's New Southern Policy has

challenges as it has to compete with other regional and global institutions as well as with Japan. Besides, the awareness of the New Southern Policy within ASEAN is still limited, and investment from South Korea is concentrated in only a few countries like Vietnam and Indonesia, which makes it somewhat hard for the policy to receive a good response from other ASEAN countries. We also feature different levels of national development as well as cultural diversity (in terms of race, language, religion etc.) among ASEAN countries. It is, therefore, not easy to have a good understanding of ASEAN.

For South Korea's New Southern Policy to succeed, building trust between the people should be the first priority, followed by raising awareness of the New Southern Policy within ASEAN countries. South Korea should also expand cooperation with economically underdeveloped ASEAN countries such as Cambodia, Laos and Myanmar, and a more balanced investment plan should be developed for ASEAN countries.

● **Narit THERDSTEERASUKDI** Today, I would like to talk about the investment policy of Thailand. I think that South Korea's New Southern Policy is beneficial for the investment policy of Thailand, and I would like to brief you on our future plan. The way I see it, the New Southern Policy is a crucial policy for ASEAN, which clearly indicates that South Korea places increasing importance on Southeast Asia. South Korea is a major investor in Thailand. There has been large-scale investment led by South Korea in a variety of projects, including electricity, electronics, services, tourism, international trade, construction and many more. The amount of investment by South Korea is expected to grow further in the future. Enterprises such as POSCO, LG and Hanwha have continued their businesses for more than 30 years in Thailand, building mutual trust with us. South Korea and Thailand have formed a complementary relationship, and the following three indicators represent such a relationship in the perspective of investment.

First, Thailand is located in a geographically strategic position. It is located in the Mekong subregion,

with its economy growing fast as the gateway towards China and India, attracting many multinational companies. Small- and medium-sized enterprises, start-ups and conglomerates have made full use of this strategic position. South Korea, also, can expand into the ASEAN market using Thailand as a foothold.

Second, special investment zones. It has operated many special investment zone schemes. One of the most representative economic projects in Thailand is the Eastern Economic Corridor (EEC). The EEC is expected to promote investment from South Korean companies. This project did not emerge out of anywhere. Thailand has promoted preceding projects on the east coast for more than 30 years, which became the stepping stone for the EEC. Infrastructure building on the east coast has been very active, resulting in a new port, an international airport and 30 industrial complexes. For the last 30 years, Thailand has injected half of all its investment into this area. Thailand now plans to build up the bridgehead for its industrial and tourism development utilizing the EEC project. Alongside this, we will actively use our Pension-Public Partnership (PPP) model for the development of new infrastructure. Many projects including the construction of international airports, new harbors and high-speed railways are underway within the PPP. Other than the EEC, we also designate other various areas as different types of exclusive economic zones. The Special Economic Zones and science complexes are good examples. Investors in these zones receive additional tax benefits from the Thai government, which South Korean companies can benefit from.

Third, target industries and technologies. Thailand has selected five economy and industry fields for its economic growth and industrial innovation, including agriculture, tourism, automobiles, electronics and petrochemistry. We also selected seven new industries. Other than the target industries, there are four selected technologies (biotechnology, high-tech material, nanotechnology and digital technology). Since South Korea currently ranks first in the world in the development of innovative technology, I think there is

a high possibility for cooperation between South Korea and Thailand. This is the third year of South Korea's New Southern Policy, and I hope South Korea will consolidate cooperation with all the ASEAN members including Thailand based on the policy.

● **LEE Hyuk** South Korea plans to reduce its economic dependency upon specific countries and diversify economic partnerships through its New Southern Policy. All three axis of the policy – which are human, peace and mutual prosperity – are important, but mutual prosperity is the most substantive of all, gaining us astounding results over the past few years. Many South Korean companies like Samsung, LG, Hyundai and CJ are swiftly advancing to find new opportunities in ASEAN. In 2018 alone, an estimated 1,300 companies newly entered ASEAN markets, according to an analysis. So far, the cumulative investment in ASEAN is USD 61.9 billion, and trade volume in 2018 was USD 160 billion, indicating that ASEAN-ROK economic cooperation has greatly increased. In particular, among South Korea's USD 70 billion surplus, the trade surplus with ASEAN represents USD 40 billion. This implies that ASEAN is a critical area in South Korea's economic growth. Therefore, the South Korean government provides diverse platforms for companies to advance into ASEAN while expanding ODA and cooperation funds for ASEAN members. On top of that, a variety of projects have been promoted for cooperation, specifically in terms of energy, smart cities and science and technology. The ASEAN-ROK Center performs various support tasks to further expand economic cooperation between South Korea and ASEAN, including researching markets, dispatching delegations and supporting potential investors. Since 2013, it has held the annual ASEAN Connectivity Forum to introduce core ASEAN projects to South Korean companies. It holds the ASEAN Trade Fair in South Korea to introduce ASEAN products to its buyers, in hopes for resolving the trade imbalance. The ASEAN-ROK Commemorative Summit, which is slated to be held this year, is expected to give momentum to expanding ASEAN-ROK cooperation.

● **CHOI Seong Jin** Regarding the New Southern Policy, I would like to brief you on the importance of cooperation between South Korea and ASEAN in terms of the ecosystem for start-ups, and make suggestions that economic cooperation between the two sides could be further expanded with a focus on start-ups. A 'unicorn start-up' is a term that likens a start-up company with a value of more than USD 1 billion to a unicorn, a fabled animal. These unicorn start-ups have begun to emerge worldwide since 2011, with the best examples being Uber and Airbnb. Currently, there exist approximately 350 unicorn start-ups around the world. Although mostly established in the US and China, some in other countries such as the United Kingdom and India have also shown significant growth. This growth is distinctive in Asia as well. The number nine unicorn start-up in the world is Grab, a Singaporean company. Asian investment in the company in 2013 hit only 14 percent of the total, but that figure jumped to 37 percent in 2018. The status of start-ups in South Korea and ASEAN has also been elevated. Under the keynote policy to spur a second venture boom, South Korea has actively developed strategies to nurture start-ups. There are six unicorn start-ups in South Korea. The unicorn start-ups grew in a range of fields such as entertainment, cosmetics and e-commerce. Let us turn our eyes to ASEAN. When we look at the digital population in the six members of ASEAN, they are experiencing significant growth. In the case of Indonesia and Vietnam, those who use the internet on mobile devices outnumber those who use it on computers. Considering that most start-ups are based on mobile platforms, ASEAN has great potential to grow into a market where transgenerational innovation is possible. The World Bank named ASEAN as having a good environment to start a business. In ASEAN, there are six unicorn start-ups. There even emerged a start-up worth more than USD 10 billion. The growth of start-ups requires companies, investors and technologies, which, inevitably, leads diverse stakeholders to grow together. Conclusively, for start-up companies, we are in urgent need for strong partnership between South

Korea and ASEAN. First, I would like to emphasize that we share the same goal. In this step, where we are moving into the digital economy, the economic goal we want to reach is the same – making cooperation easier. Moreover, we can establish a partnership on equal footing. There are winners and losers in trade. Manufacturing and production can also bring about differentiated interests, since developed countries would want to build production facilities in underdeveloped countries. However, in the ecosystem of start-ups, all participants can cooperate equally under the same goal. I believe that this ecosystem makes cooperation very feasible. Investment is also reciprocal, and strong business partnerships can be made between participants who understand each other well.

Q & A

Q. Julie YOO What is your view on start-ups from the perspective of ASEAN?

A. Delia Domingo ALBERT The Master Plan on ASEAN Connectivity 2010 is actively used in ASEAN. Overall, it aims to connect ASEAN to the entire world. First is the physical connectivity like investments in infrastructure. Second is the institutional connectivity. This means that think tanks and other institutions will be drawn together to create connectivity in ASEAN as a whole. The third is the connectivity of human resources. In fact, this is a means to achieve the UN's Sustainable Development Goal. This is very useful in not alienating anyone. As a part of this, many projects have been developed for start-ups, small- and medium-sized enterprises and small businesses, helping them build partnerships with ASEAN. I am keenly interested in the New Southern Policy as it is expected to have a good influence on increasing our connectivity.

Q. Julie YOO You said that the EEC is very important and South Korea should keep an eye out for it. It is my understanding that China is also highly interested in the project. Wouldn't this create a rivalry between South Korea and China?

A. Narit THERDSTEERASUKDI In terms of the

infrastructure project of Thailand, the door of opportunity is open to everyone. Particularly in the case of the EEC, competition is going on internationally. Anyone can take part in international bidding. Also, for manufacturing, we are trying to lure as much investment from South Korean companies as possible. I hope that more investment can be made from South Korea in education as well.

Q. Julie YOO Given the current situation where the trade war, deglobalization and protectionism prevail, what do you think is the significance of the New Southern Policy?

A. LEE Hyuk I think that we should continue with the keynote of the New Southern Policy. It is all the more important because of protectionism. The US-China trade dispute will greatly affect and test the economies of ASEAN and South Korea. That is the reason why South Korea should form a more consolidated relationship with ASEAN and India. And through this, we need to relieve the ripples from the US-China trade war. I believe that the impact of protectionism can be alleviated through the New Southern Policy.

Policy Implications

- The uniqueness of ASEAN, which is based on diversification, should be considered to successfully drive the New Southern Policy.
- South Korea and ASEAN are in a complementary relationship, and are highly likely to cooperate in a range of fields including infrastructure, education and the digital economy.

[New Southern Policy III]

New Southern Policy and the Promotion of People-to-People Exchanges through Activated Tourism



Moderator **KOO Hong-seok** Director-General, South Asian & Pacific Affairs Bureau, Ministry of Foreign Affairs of the ROK

Speakers **KHAING Mee Mee Htun** Head, Culture and Tourism Unit, ASEAN-Korea Centre/Director, Ministry of Hotel and Tourism of Myanmar
PHAN The Thang Deputy Head of IDU, ASEAN-Korea Centre (Secondment Official of Ministry of Industry and Trade of VietNam)
Anak Agung Suryawan WIRANATHA Director, Centre of Excellence in Tourism, Udayana University, Indonesia

Discussants **KIM Manjin** Executive Director, International Tourism Department, Korea Tourism Organization

PAIK Woo Yeal Professor, Yonsei University

Rapporteur **MOK Heejin** Second Secretary, ASEAN Cooperation Division

Peace and Prosperity through tourism: A case of tourism in Indonesia and South Korea

● **Agung Suryawan WIRANATHA** Korean tourists are one of the main foreign visitors to Bali, after Australian, Chinese, Japanese, Malaysian and Taiwanese. The number of visitors from South Korea to Bali in the year 2012 was about 121,000 (the sixth rank of the total foreign visitors). The number of South Korean tourists to Bali increased to reach 174,800 in the year 2017, but the rank was down to the ninth of the total foreign visitors.

However, the number of South Korean who visited Bali decreased to 143,600 in the year 2018. (11th rank of the total foreign visitors). The Number of visitors from South Korea to Indonesia in the year 2017 was about 423,200, but then decreased to 358,500 in 2018.

South Korea visitors to Indonesia are, upon their arrival, permitted Visa for 30 days and the Visa is extendable with another 30 days at Immigration offices in Indonesia. However, in order to obtain more visitors from South Korea to Indonesia, a free visitor visa and more direct flights from South Korea to Indonesia tourist destinations can be considered.

The connectivity of Korean Cities to some attractive tourist destinations in Indonesia should be opened through direct or connecting flights; therefore, Korean visitors can access the destination faster and more efficiently.

Promotion of tourism industry including conservation of heritage and fostering local context

● **KHAING Mee Mee Htun** Building on the momentum of the ASEAN Tourism Strategic Plan (ATSP) (2011-2015), the ASEAN tourism sector aims at moving to an economic growth scenario that is more 'inclusive,' 'green' and 'knowledge-based.' There is a need to consolidate the gains already made and to take a more strategic approach.

Following the strategic directions of the Myanmar Tourism Master Plan (2013-2020), Myanmar has made efforts in tourism promotion activities to attract more tourists and implemented visa relaxation procedures. The major markets are China, Thailand, Japan and the Republic of Korea and ASEAN member states such as Singapore and Malaysia.

Myanmar has emphasized to attract more Korean tourists and accelerated its efforts in the tourism promotion and marketing activities and visa exemption program for 65,827 Korean. 72,852 Korean tourists visited Myanmar in 2018, making the progress of 10.67% year on year.

Myanmar has abundant tourism resources among which cultural and natural heritage are the most valuable assets to protect from destruction due to tourism. We are trying to reduce negative impacts while developing and promoting tourism. Myanmar tourism policymakers and planners have recognized that ‘high tourism intensity’ or ‘overcrowding’ undermines the inclusive economic growth, degrades the environment, and diminishes the quality of positive tourism experience. Thus, Myanmar adopted a series of important documents that guide the tourism sector of Myanmar to effectively and efficiently manage and conserve natural and cultural heritage. These documents include: Myanmar Responsible Tourism Policy (2012), Myanmar Tourism Master Plan (2013-2020), Myanmar Ecotourism Policy and Management Strategy (2015-2025), etc. The related Laws, Procedures and Regulations issued by the respective Ministries govern and promote the protection and preservation of Heritage Regions.

Myanmar has submitted Nomination Dossier for Bagan, a city with 1000-year-old history, to be included on the UNESCO World Heritage List and it would be decided at the Meeting of 2019 session of World Heritage Committee to be held in Azerbaijan.

Facilitating ASEAN-Korea tourism exchange among the youth, Social media promotion with a focus on multimedia

● **PHAN The Thang** ASEAN Korea relations have expanded and deepened exponentially since its establishment of Dialogue Relations in 1989. Celebrating the 30th anniversary of their partnership, the ASEAN-Korea relations have every reason to grow further in the future. A notable area in this partnership is the rising tourism exchanges among the youths. The number of ASEAN-Korea people-to-

people exchanges has risen dramatically over recent years. This suggests that promoting ASEAN-Korea tourism exchanges through social media is a very important and necessary approach to further facilitate the growing trend. In particular, the use of multimedia on social media platforms is key to promoting tourism for the youths of ASEAN and Korea.

Among the ASEAN-Korea tourism exchanges, the bilateral exchanges between Korea and Viet Nam are quite notable. Viet Nam ranked the first among the ASEAN member states with 3.5 million Korean tourists in 2018, followed by Thailand and the Philippines with about 1.8 and 1.6 million Korean visitors respectively. The development of economic ties, the similarities in culture and history have brought the two peoples of the two countries together, and many younger generations find each other’s country and its cultures more interesting.

Younger generations of ASEAN and Korea are also becoming more familiar with each other’s region through the media. Many ASEAN’s tourist sites have been aired in Korea’s popular variety shows, such as ‘Youth Over Flowers’ which was filmed in Lao PDR, and ‘Youn’s Kitchen’ filmed in Lombok, Indonesia. At the same time, digital technology has become an essential part of the lives of the youth. With a 93% Internet penetration rate of Korea along with 380 million ASEAN Internet users, digital platforms have become one of the most effective and widely-used tools for tourism promotion. Digital platforms such as social media (Facebook, YouTube, Instagram, Twitter, etc.) have developed dramatically and they are deeply integrated into most young people’s lives nowadays. With increasing multimedia use on social media, many ASEAN and Korean tourist destinations are promoted naturally along with the increasing exchanges between the two regions.

ASEAN-Korea Centre’s experiences with promoting tourism through social media

‘ASEAN Travel’ Mobile Application was launched for Korean smart-phone users to easily utilize the newly updated information on the ASEAN member

states. It provides information on ASEAN’s tourist destinations, basic conversational language, currency rate, etc.

ASEAN Korea Youth Network Workshop is an annual program held under a variety of themes to raise the awareness of ASEAN-Korea relations, provided network-building opportunities among the youth of ASEAN, Korea, China, and Japan. One of their tasks is to record videos to promote ASEAN and Korea, and they are uploaded on the Centre’s website and social media channels.

Recognizing the effectiveness of video content for promotion, the Centre produced and distributed viral videos about ASEAN and Korea with video creators, celebrities from the regions.

We should continue efforts to carry out various youth awareness and exchange programs to promote the understanding of ASEAN among the youth, as well as to create more effective, interactive multimedia materials to be promoted through social media where young people of the two regions can easily approach, share and foster their understanding. Accordingly, to ensure more success in the future, creating tourism promotion products with interesting, creative, diverse, trendy trends and attractive content to viewers should also be further promoted on the above platforms.

How to Expand ROK-ASEAN Human Exchanges and Promote Local Tourism in Korea

● **KIM Manjin** The main grouping among prospective tourists to Korea is presumed to be the women from ASEAN countries in their 20s-30s, keenly interested in Korean pop culture, popularly called Hallyu (the Korean wave). The Korea Tourism Organization (KTO) is seeking to improve the effectiveness of its Korea tour marketing activities by making the most of Korean cultural content and Hallyu stars at major tourism promotion events in ASEAN countries in a bid to encourage those who are interested to actually visit Korea.

In spite of their geographical proximity, each member of ASEAN has a much varied political, economic and cultural environment, and their own

consumerism, thus making uniform marketing unfeasible. In the case of Thailand, Vietnam and Indonesia, it is essential to localize marketing tools and cultural content, given the English barrier there.

To promote local tourism in Korea, the six KTO branches in these ASEAN countries (in their capitals of Bangkok, Singapore, Kuala Lumpur, Hanoi, Jakarta and Manila) have developed 29 premium tour programs jointly with local tour agencies with the view to attracting 3,000 tourists. All 29 of the programs promote certain areas for “mandatory” tour courses. The KTO branches have also prepared premium programs for the tour agencies, and projects to provide training for these for 64 staff members at eight KTO branches. This project is focused on low-cost carriers (LCC) servicing newly opened routes to local airports in Korea.

The KTO also consistently forwards policy proposals to the Korean government, liaising with related government agencies, to improve visa issuance for Vietnamese, Indonesian and Filipino tourists. The policy proposals are made based on the results of an inspection of the current visa issue system, tasks singled out to reform issuance and consultation with the Ministries of Culture, Sports and Tourism, Foreign Affairs, and Justice, and diplomatic missions overseas. The temporary visa-free entry for Southeast Asian tourists to the 2018 PyeongChang Winter Olympics has been extended until the end of this year, and keeps attracting Vietnamese tourists. Last year, 8,165 Vietnamese and Filipino package group tourists landed at Yangyang Airport, via charter flights.

Last December, multiple entry visas valid for 10 years were issued for professionals and bachelors-degree holders from 11 Southeast Asian countries who reside in Korea. Multiple entry visas for five years were also issued for residents of Hanoi, Ho Chi Min and Da Nang in Vietnam. The government is also making efforts to improve the visa issuance system by opening the Korea Visa Application Center. The KTO will continue consulting with related government agencies to introduce a full visa-free entry system, step by step, by abolishing visa fees and expanding

the current electronic visa issuance system.

The 2019 ASEAN-ROK Commemorative Summit and Importance of Tour Promotion with a View to the Korea-Mekong Summit

● PAIK Woo Yeal

The Politics of Tourism and ROK-ASEAN Human Exchanges

Most studies on the politics of tourism have found that the expansion of human exchanges through interstate tourism as well as direct and indirect economic exchanges between the inbound and outbound countries have served as a peace-building mechanism.

The two-way promotion of ROK-ASEAN tourism is a key element in expanding human exchanges that can positively elevate economic and political relations in bilateral and multilateral terms. The yearly trade volume between the ROK and ASEAN has already exceeded \$150 billion, with Vietnam and Indonesia being the first and third largest trade partners of Korea among the group. Trade with Myanmar is also sharply rising currently. ROK-ASEAN human exchanges amount to 10 million people, with outbound Koreans visiting ASEAN members totaling 8 million, and ASEAN people visiting Korea, 2 million. More than 8 percent of them are presumed to be tourists, testifying that tourism remains a key mechanism of human exchanges.

The New Southern Policy and the 2019 ASEAN-ROK Commemorative Summit

In this context, the New Southern Policy recognized Southeast Asia and South Asia as diplomatic partners as important to Korea as the four 'world powers' and North Korea, for the first time in Korean diplomacy. This is expected to serve as a catalyst in developing ROK-ASEAN relations.

The New Southern Policy is expected to be upgraded further on the occasion of the 2019 ASEAN-ROK Commemorative Summit in Busan on Nov. 25-26. The first summit was held after the first ASEAN+3 summit in 1997. The third summit, following up on one on Jeju Island in 2009 and Busan in 2014, is the largest international event hosted by the sitting government,

and will be participated in by the Korean president and the 10 ASEAN leaders.

Right after the 2019 ASEAN-ROK Commemorative Summit, the ROK-Mekong summit, which used to be a bilateral/multilateral conference of foreign minister-level officials, will be held in Busan on Nov. 27 at a higher level of summitry. The leaders of Korea and Vietnam, Thailand, Myanmar, Cambodia and Laos will explore ways to cooperate on diverse issues related to traditional economic cooperation, and discuss concrete measures to activate two-way human exchanges through tourism between Korea and the countries around the Mekong River.

This effort will enable mutual understanding with the Southeast Asian countries under the New Southern Policy, upgrade the national brand and image of Korea through tourism as public diplomacy, and strengthen international relations in a virtuous cycle.

Policy Implications

- Measures to promote ROK-Indonesia tourism. (simplification of visa issuance and emphasis on the need to increase the number of flights by low cost carriers)
- Measures to develop a localized tourism industry.
- Measures to promote tourism through multimedia content on social media.
- Measures to expand ROK-ASEAN human exchanges and promote local tourism.
- The importance of tourism promotion in connection with the 2019 ROK-ASEAN Commemorative Summit.

Chapter THREE

PEACE

The Roles of the ROK and Japan in the Promotion of Peace and Prosperity in Northeast Asia



Moderator **KIM Jae-shin** Senior Adviser, Center for Japanese Studies, IFANS, KNDA
Discussants **LEE Su-hoon** Former Korean Ambassador Extraordinary and Plenipotentiary to Japan
SONG Whasup Senior Research Fellow, Korea Institute for Defense Analyses
Haruko SATOH Specially Appointed Professor, Osaka School of International Public Policy, Osaka University
Rapporteur **CHOI Eunmi** Research Professor, Korea National Diplomatic Academy Center for Japanese Studies

● **KIM Jae-shin** This session will cover two topics: 1) the relationship between South Korea and Japan and 2) the situation in South Korea and Northeast Asia. For the first topic, we will diagnose and assess the current South Korea-Japan relations and discuss how to settle their conflicts and develop future-oriented strategies to improve the relations. As for the second topic, the panelists will address what role Japan should play for the peace process on the Korean Peninsula and how South Korea and Japan work together for peace and cooperation in Northeast Asia.

● **LEESu-hoon** The contemporary South Korea-Japan relations have constantly faced difficult situations due to a series of conflicting issues, including: President Lee Myung-bak's visit to Dokdo Island, the comfort women agreement concluded during the Park Geun-hye administration, the installation of a comfort woman statue in front of the Japanese Embassy in Seoul and last year's Supreme Court rulings against Japanese firms over wartime forced labor. One reason behind the conflict between the two countries is Japan's lack of understanding of the dynamic social transformation and political and social changes happening in South Korea, which resulted in the launch of the new administration.

For example, the Korean people find it hard to accept the comfort women agreement because the previous administration established, decided and implemented the related diplomatic policies without communicating with the public. The Moon Jae-in administration conducted a comprehensive review by setting up a task force team and discussed future countermeasures. However, resolving the issue is not easy because Japanese officials who were in charge of the agreement are still holding key positions in deciding Japan's foreign strategies. With respect to the rulings on wartime forced labor, it is hard to explain how to approach the issue. Key decision-makers in South Korea, such as the former chief justice of the Supreme Court and former bureaucrats including high-ranking foreign ministry officials, are on trial due to the latest judicial scandal. Japan has demanded the South Korean government correct the issue, claiming that South Korea's Supreme Court ruling violates international law and the wartime forced labor issue was finally and completely settled with the 1965 agreement. However, the ruling was announced in a completely different social context in South Korea. Moreover, the South Korean government is in a deadlock regarding this issue since the judiciary has

already made its decision. All these situations should be handled in the context of the dynamic changes happening in the South Korean society, but Japan is not ready for this at the moment. Besides, Japan constantly demands that South Korea execute the agreement on the comfort women issue and correct the unfavorable rulings over wartime forced labor because Japan or its elite group seemingly lacks the awareness of Japan as the perpetrator. Japan, the perpetrator, has continually strengthened its claims against South Korea, the victim, over the issues mentioned above. I think that when dealing with historical baggage, Japan should consider a different approach towards the sentiment of Koreans as victims. All things mentioned together are the main reasons causing the conflict between South Korea and Japan.

South Korea's foreign policy toward Japan began quietly during the Kim Dae-jung administration, which laid the foundation for the two-track approach, South Korea's diplomatic keynote of today. It is a move to look straight at the past while making a future-oriented relationship through practical cooperation. In other words, it is aimed at improving relations by carefully managing past issues and strengthening ties in certain areas, but the management part does not work properly. In an aspect, it becomes harder to manage the issues when claiming that the bilateral relations have worsened due to that undesirable management. For example, the latest radar irradiation problem could be resolved with the right approach and management. In this case, however, the worsening bilateral relations due to the history issues led to the improper management of the ordinary situation. Thus, it is time for us to decide whether to handle the relationship with Japan on a management basis or on a completely restructured forward-looking basis. In fact, we seem to be at the point of dealing with a very difficult diplomatic issue, including the possibility of a complete restructuring.

● **Haruko SATOH** South Korea-Japan relations and China-Japan relations are the biggest issues that show how Japan should confront matters involving

history. Little attention has been paid to history issues between the United States and Japan, such as the atomic bombings of Hiroshima and Nagasaki. It is because such issues are regarded to have been settled under the Treaty of San Francisco and the Cold War system, which resulted in Japan's stalled political system. Since the end of the Cold War, the global and political situation in East Asia has changed owing to the political and economic emergence and affluence of entire Asia, including China, South Korea and ASEAN. This made it virtually impossible to sustain the Treaty of San Francisco and the resulting system. In the meantime, no fundamental changes have been made to Japan's political system, which is led by the ruling Liberal Democratic Party, nor to its supporters. However, like South Korea, Japan underwent a lot of changes and has become more diverse due to the conditions of the time and the political factors within the nation, although its domestic politics and political parties have failed to catch up with such trends. Even though the Liberal Democratic Party continues to raise questions regarding history amidst the dramatic changes in Japan's domestic and foreign political environment, this does not mean that Japan as a whole recognizes history in the same context. In other words, the historical views of Japan are ideologically divided, and this is what was inherited from the era of the Cold War. I think the biggest problem is the rise of the historical views of conservatives, especially those of the right-wing and the ultra-conservative blocs, in the last seven to eight years. As Japan, during the Cold War, was more powerful politically and economically than South Korea and China, how to perceive its history did not emerge as a political issue; however, light has been cast on the issue recently because of social changes happening at home and abroad and a shift in generations. The issue is not easy to settle because the so-called 'closure' is hard to achieve in this case. Moreover, Japan also perceives that South Korea's policies toward Japan change whenever a new president takes office, which is what should be considered with other issues. Meanwhile, some South Koreans mention certain aspects of 'Japan' or 'the

Japanese people.’ But more accurately, they should talk about them in terms of the current Japanese administration and the currently prevailing idea. In this regard, changes within Japan will likely be made to many history issues once the Abe administration completes its term in office. The biggest political weakness of Japan’s historical view is not that people lack responsibility for their past wrongdoings, but that there exists no uniform historical view. Therefore, the extreme right creates the logic that an apology alone would resolve everything. Therefore, both nations need to make efforts to understand each other. To that end, creating opportunities to exchange views on history is very crucial.

● **SONG Whasup** Since the South Korea-Japan relationship is currently in a very difficult situation, it also has become difficult to identify the reasons and come up with solutions. With their claims being different from each other, it is important for both countries to reflect on why they have repeated the same conflicts for 70 years since the end of the Japanese colonial rule, while seeking the medium and long-term methods for reconciliation and cooperation.

South Korea-Japan relations exhibit two features: One is that both have only superficial knowledge of each other in many areas though they appear to know a lot. The other is that they are incapable of acknowledging the differences between each other. South Korea and Japan are similar in that they have achieved economic development and settled democracy, so both nations share universal values, such as freedom, democracy, the rule of law and human rights. They seem to believe that they have a lot in common, given such shared similarities and universality. However, this belief hardly leads to the similarity between the peoples of South Korea and Japan in terms of their ways of thinking and making decisions.

For example, when making a decision on a certain situation, South Korea and Japan make their respective assumptions regarding how their counterparts would react. If the assumptions each country makes are different from what really happens, they become

disappointed, and if this feeling grows, they develop negative images against each other, and further, become enraged. In other words, the reason South Korea and Japan cannot understand each other is that they judge each other by their own standards. In regard to anti-Japanese sentiment/hatred, South Koreans would think that the situations get worse because Japan does not have the right sense of history. However, deep inside their hearts, they seem to think that Japan should feel deeply sorry for its colonial rule over the Korean Peninsula and understand how they feel as victims, but instead, lack awareness and self-reflection in this aspect. This has resulted in anti-Japanese sentiment. Likewise, Japanese people seem to judge Korean people’s perceptions and actions according to their own standards and logic. Therefore, when Korean people show actions different from what they expected them to do, they blame Koreans, more likely showing anti-Korean hatred. In this regard, to restore the relationship between South Korea and Japan, both countries, keeping in mind that they may have differences, should make concerted efforts to calmly expand a bond of sympathy, rather than regarding those differences as negative factors. In addition, both countries should address a host of pending issues not from national sentiment but from diplomatic approaches. South Korea-Japan exchanges with their differences recognized are urgently needed. For the most sharply conflicting issues regarding how to perceive history, however, having a sense of sympathy is required to approach those issues. If the two countries fail to admit their differences, it will make it harder to share a sense of history and to come to an immediate solution.

Meanwhile, the public opinion in both countries is currently not favorable to each other, although there are some Koreans who try to understand the various historical awareness in Japan and some Japanese who try to understand the situation from the Koreans’ standpoint. On top of that, it would be extremely difficult to think that the Korean sentiment against Japan would change with a single event. Therefore, when a conflict or a problem arises between the

two countries, pending issues should be handled at the diplomatic level, while not expressing hatred toward or demonizing each other due to those issues. South Koreans believe that they know a lot about Japan; however, in reality, they have not had enough education of history regarding Japan. Therefore, the wide gap between South Korea and Japan would be filled when not just Japanese but also Koreans make efforts to have a better understanding of their counterparts.

● **KIM Jae-shin** The second topic is about the situation on the Korean Peninsula and Northeast Asia. Since the 2018 Winter Olympics in Pyeongchang, the situation on the Korean Peninsula has dramatically changed. Expectations were raised that North Korea’s nuclear issue would soon be resolved, a peace regime would be established in the Korean Peninsula and peace and prosperity would be achieved. Contrary to these expectations, however, the progress in the US-DPRK relationship and the US-ROK-DPRK relationship have so far remained unclear since the second US-DPRK Summit in Hanoi held in February this year. In Northeast Asia as well, the confrontation between the United States and China, including the trade dispute, continues to deepen. We will discuss not only the roles South Korea and Japan need to play but also the ways for both countries to work together under these circumstances in order to address North Korea’s nuclear problem and build lasting peace and mutual prosperity in Northeast Asia.

● **SONG Whasup** For South Korea-Japan cooperation regarding the Korean Peninsula and Northeast Asia issues, we can look at the situation in terms of ‘being the same’ and ‘being different.’ With respect to North Korea’s military threat, South Korea and Japan have the entirely same view. Despite the lingering historical issues, South Korea-Japan ties on security cooperation have smoothly progressed, and the two nations share a lot in common. However, Seoul and Tokyo take a different stand as to the denuclearization of North Korea. Of course, they both agree that North Korea’s denuclearization is directly linked to peace in the Korean Peninsula and Northeast Asia.

On how to resolve the North Korean issue, however, South Korea suggests addressing the issue with dialogue in order to reduce the threat of war on the Korean Peninsula, while Japan’s basic stance is to put strong pressure on North Korea so it will have no choice but to denuclearize itself. As such, we need to acknowledge that we share the same view over the nuclear armament of North Korea but the solutions each country pursues may vary.

In South Korea, some people voice their disappointment regarding Japan’s not taking part in the denuclearization effort through dialogue, but having negative attitudes toward Japan will not be of any help in enhancing South Korea-Japan cooperation. As Japanese Prime Minister Shinzo Abe has recently placed emphasis on talks with North Korea, it is expected that there could be some common ground that Seoul and Tokyo can share on this issue down the road. As for China’s military threat considered in a bigger framework of the Northeast Asian issue, South Korea and Japan share common perceptions in many parts: mainly China’s low military transparency and its entering South Korea’s Air Defense Identification Zone (KADIZ) without permission during their active operations in and over South Korea’s waters and airspace. However, South Korea and Japan take different approaches to tackling the problem. To deter China’s military rise, Tokyo hopes to reach a military agreement with South Korea targeting China. On the other hand, Seoul tries to ease China’s military threat through exchanges and cooperation rather than facing direct conflict with China. However, Japan cannot understand South Korea’s stance and has blamed it for being skewed toward China. The relations between China and Japan have improved substantially since last year. Japan is now putting a lot of effort to establish a maritime/aerial liaison mechanism between China and Japan in an attempt to check and prevent China’s military threat. As such, though South Korea and Japan have conflicting views with respect to countermeasures regarding China, room for the two countries to work together again has broadened because Japan’s current

policies toward China and its ways to respond to China's military threat have changed. South Korea has exerted a lot of effort to prevent China's military threat through South Korea-China exchanges and cooperation. Now that Japan has begun making such efforts, the foundation for peace in Northeast Asia in the future would be laid by taking basic military measures, such as launching a maritime/aerial liaison mechanism among South Korea, China and Japan.

● **Haruko SATOH** Currently, much light has been cast on the importance and vulnerability of South Korea-Japan relations in the international situation of Northeast Asia. But above all things, it is simply about a power relationship and the world of power balance. It means that even if Seoul and Tokyo try to exert influence on North Korea, the United States and China are the players that eventually have the biggest influence, and, in fact, this situation is to decide the stances of South Korea and Japan. Although there may be different ways that the situation affects and decides them, the South Korea-Japan relations are destined to be influenced by the US-China relations. The example that best shows this would be the North Korea issue.

In terms of negotiations on the North Korea issue, Japan has an insignificant role to play. Nonetheless, the Abe administration seems to be trying several measures in hopes of playing a role in the negotiations. I think the situation is the same for South Korea. Of course, it is an excellent setting for South Korea and the North Korea issue is very important to South Korea. However, Seoul and Tokyo seem to inaccurately grasp their capabilities and the power dynamic or the power relationship between the United States and China, between South Korea and Japan and with Russia. There is a gap between the matter that can be done diplomatically and negotiations that require the exercising of power in terms of international politics.

Meanwhile, Japan has no hidden cards to address the Korean Peninsula or North Korean nuclear issues in the event of the unification of the two Koreas or a turmoil erupting in the Korean Peninsula. Moreover,

there has been a view that Japan might serve as a stumbling block as it has tried to bring the abductions of Japanese citizens into talks, including the six-party talks. In that sense, in addressing the South Korea-Japan relations with regard to the Korean Peninsula and Northeast Asia, the bilateral relations will not improve between South Korea and Japan and their stances will weaken unless the two make it substantially clear that they stand with the United States. Although China-Japan relations and South Korea-China relations should not be considered insignificant, South Korea and Japan should express, explicitly to some extent, that they are allies of the United States. In the mid- and long-term context, there will be time to reconsider the role of the United States in Northeast Asia. However, from the short-term and strategic perspectives, it is necessary to emphasize that South Korea, the United States and Japan have a firm alliance.

● **LEE Su-hoon** For the peace process to denuclearize the Korean Peninsula, at least the US-North Korea relations, the inter-Korean relations and the North Korea-Japan relations have to be put into action simultaneously. It can be said that the axes of the inter-Korean relations and of the US-North Korea relations moved a little, while that of the North Korea-Japan relations has remained the same. Here, the keynote of the Abe administration set against North Korea played a certain role, but it appears that the Abe administration has paid insufficient attention to improving and normalizing the North Korea-Japan relations because of its domestic political situation. I think that for the peace process on the Korean Peninsula to proceed smoothly, the ties between Pyongyang and Tokyo also need to be placed on the track. In addition, although the peace process on the Korean Peninsula is at a standstill following the collapse of the Hanoi summit, we should understand that the process itself is very difficult. It would be naive to think that the process would develop rapidly like cars on the freeway. Rather, you can liken the process to the road with many twists and turns where you may encounter dead-end streets and large rocks.

Of course, a protracted standstill is by no means good. It is important to break out of a standstill as quickly as possible. However, what is important in this situation is not to make any unnecessary moves just because you feel frustrated with such a stalemate. Even at a time when relations between South Korea and Japan worsen, the media, the public and the political circles all together should tolerate the situation. By doing so, we can gain momentum for a framework tailored to the new management system and the new era. It is important to get out of a standstill, but we should remember that a variety of players are involved in this standstill and to stay firm even in such a diplomatic landscape. In addition, for peace and prosperity in Northeast Asia, decision-makers in South Korea should keep their balance and keep a firm grip on the steering wheel to achieve fruitful outcomes in the diplomacy of denuclearization and peace. Meanwhile, the public, the media and political blocs should support the decision-makers, asking themselves what they could do to help them.

Q & A

Q. If a lack of mutual understanding between South Korea and Japan has worsened the situation, what would be the things that we can do specifically and by what means?

A. SONG Whasup I think that in addressing various problems from an antipodal standpoint, mutual understanding will deepen if Seoul and Tokyo have a will to put themselves in each other's shoes. A new approach is needed, at least, for the people of both countries to not create unfavorable images against each other.

Q. As for the issue of historical awareness, South Korea and Japan have walked on parallel lines since 1951. Isn't it time for both countries to change their approaches unless they want to walk on the same path?

A. LEE Su-hoon When it comes to South Korea-Japan relations, there are many conflicting issues between the governments. But the civilian sectors have shown

a completely different move, visiting each other freely and engaging in various exchanges. The conflicts between the governments are mostly concerned with history issues. Regarding these issues, I think that the Japanese government should listen to the positions and voices of its counterpart more seriously.

Q. What do you think of resolving conflicts using an approach called 'reconciliation studies'?

A. Haruko SATOH Reconciliation should be seen as a political will or a public will to reconcile, rather than an academic subject. It is a move that has been unseen for the last two decades, which I think is very crucial in the relations between Seoul and Tokyo. To reconcile, as in the cases witnessed between Germany and France as well as between Germany and Poland, political will is needed. However, Japan has had no motivation for reconciliation. Based on the US-Japan relations under the San Francisco regime and in the liberal world order led by the United States, Japan decided to normalize diplomatic relations first even on the threshold of a possible reconciliation with South Korea, China and Russia (the Soviet Union). Over the past two to three decades, however, reconciliation studies has emerged amid changing global conditions in Asia and changes in Japan's stance. Reconciliation studies are based on whether South Korea and Japan have shared visions in Northeast Asia. I think that reconciliation studies depend on whether South Korea and China have a shared vision regarding Northeast Asia. It addresses how to build the political architecture of North Asia and what visions to present to the region, which involves not only the South Korea-Japan relations but also the relations between South Korea, China and Japan. In addition, for reconciliation, the parties concerned should be open to one another's history. When historical documents are made public, it may be impossible to reopen history without the mindset to accept the fact that there are multiple culprits. This applies to all of the parties concerned, including South Korea, China and Japan, and I believe that it should be the focus of reconciliation studies we are talking about.

Q. Currently, the Abe administration and his Liberal

Democratic Party are the invincible political power in Japan. I am doubtful about whether any other political party will take over the Liberal Democratic Party in the future. What are the grounds for your assumption that there will be changes in the historical flow after the end of the Abe administration?

A. Haruko SATOH What is distinctive about the historical view of Prime Minister Shinzo Abe, and more specifically of the right wing, is the description that the wars they staged in Asia were to liberate the Asian people. However, this is not the official historical view of Japan. Therefore, after the regime changes, the ultra-conservative historical view will disappear as it has been before. Likewise, we will be able to open the door to the solutions for many problems including worshipping at the Yasukuni Shrine. I think this would be the images of the post-Abe administration. I am not sure whether there will be a political party that can replace the Liberal Democratic Party, which is unlikely, given the current situation. However, solidarity within the Liberal Democratic Party is not that strong, either. In that sense, the current administration would not last forever, so we have high expectations of a post-Abe administration.

Q. I understand that Seoul and Tokyo have different approaches to the North Korean nuclear issue. However, I think that considering different solutions from different perspectives will not be a problem as long as both countries have shared visions and shared images about the future of Northeast Asia. Do South Korea and Japan share visions and images regarding the future of Northeast Asia?

A. LEE Su-hoon The Abe administration and the Korean government have different keynotes as to policies toward North Korea. Recently, it appears that Abe feels pressure to improve Japan's relations with North Korea in accordance with the trend in the US-North Korea relations and inter-Korean relations. After his state visit to Washington, he proposed talks with Kim Jong-un – a talk between North Korea and Japan – without any strings attached, and he reaffirmed his proposal when President Trump visited

Japan. Therefore, if there are roles Japan should play when it comes to North Korea or in the process to denuclearize the Korean Peninsula, it is my belief that Japan should begin to improve its relations with North Korea and have talks with North Korea as soon as possible. Of course, problems still remain regarding how North Korea will accept this offer, how it will respond to the talks and what prerequisites it will lay down. For South Korea, Japan's prompt, forward-looking move to start talks with North Korea will help the overall peace process on the Korean Peninsula.

Q. What is the desired direction of military cooperation between South Korea and Japan?

A. SONG Whasup In my opinion, it will cause a problem for Seoul and Tokyo to establish security cooperation targeting the rise and the threat of China. However, Japan has recently started its engagement with China and employed a policy to lift China's military transparency. South Korea should also take part in this move. If possible, South Korea, China and Japan should together establish a mechanism to prevent accidental collisions in the region. I think this is how the three nations can contribute to peace and security in Northeast Asia. In addition, South Korea and Japan have closely cooperated with respect to North Korea. Even if issues with North Korea's nuclear threats are resolved in the future, it does not mean that the two Koreas will become unified immediately. Therefore, South Korea should share its perception with Japan until unification can be achieved and prepare itself for it.

Q. During his visit to Japan, President Trump said that the missile launch conducted early May by North Korea is not in violation of UN Security Council sanctions, while Prime Minister Shinzo Abe said it was a breach of UN sanctions. Wouldn't this difference between their perceptions affect America's nuclear deterrence for both South Korea and Japan and even a nuclear umbrella, resulting in the claim for the nuclear armament of South Korea and Japan in the future?

A. Haruko SATOH Recently, the Trump administration revealed its opinion on installing the United States's strategic nuclear umbrella in South Korea and Japan,

and I think it is a big problem. Basically, a nuclear umbrella is expanded to deter nuclear weapons. So, the prerequisite for its operation is political stability between South Korea and Japan, between China and Japan and between South Korea and China. The strategic nuclear umbrella that the Trump administration talks about is highly likely to cause serious nuclear problems in East Asia, similar to those that emerged in Europe 40 years ago, and this is not what Japan can accept.

A. SONG Whasup The differences in how to interpret the current missile firing by North Korea tell us that mechanically speaking, the UN should impose sanctions because it was a short-range missile. However, in terms of international politics, we should think about whether it is appropriate to approach the issue mechanically. Now that we have created the mood for long-desired talks with North Korea, we need to consider whether applying UN sanctions in response to North Korea's short-range missile launch would help the regional sentiment. I think the decision President Trump made was right. In addition, when Japan is under attack, if the United States does not take any retaliatory action, the importance of American presence in East Asia will disappear. Therefore, as long as America values East Asia, the decoupling of the United States and Japan alliance is unimaginable.

Policy Implications

- In order to restore South Korea-Japan relations, both countries should acknowledge that they are different from each other and expand mutual sympathy through efforts to understand each other's perspectives, not by their own standards.
- Both South Korea and Japan need to calmly reflect on the reasons why they have repeated the same conflicts, while looking for medium- and long-term solutions for reconciliation and considering whether to deal with their relations on a management basis or seek a forward-looking restructuring.
- Both South Korea and Japan should be on the same page when it comes to China's military threat and North Korea's nuclear threat; however, they should approach these issues by admitting that there are also differences in countermeasures.
- As for China's military threat, a South Korea-China-Japan cooperation mechanism should be established to prevent accidental conflicts in the region. With respect to North Korea, there should be a shared awareness of North Korea's nuclear threat and uniform responses to it through trilateral cooperation between South Korea, Japan and the United States. For the peace process on the Korean Peninsula and peace and prosperity within the region, the relations between North Korea and Japan should be improved through talks, and the three axes – Washington and Pyongyang, Seoul and Pyongyang and Tokyo and Pyongyang – should work together simultaneously.

Denuclearization and the Establishment of a Peace Regime on the Korean Peninsula: Evaluation and Remaining Tasks



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● **HONG Min** Based on a series of events unfolded regarding denuclearization, we need to think about the key issues and their solutions. First, let us take a look at why the US-DPRK agreement foundered at the Hanoi summit. In this talk, the US demanded the shutdown of the Yongbyon nuclear complex and other highly enriched uranium facilities. Particularly, it was revealed that a difference in opinion existed between the US and North Korea regarding the level of denuclearization for the Yongbyon facility. Another reason for the no-deal is that the US wanted a comprehensive denuclearization roadmap, while North Korea frowned upon this plan. Moreover, the US demanded that North Korea 1) confirms its commitment to the reporting, disposal and verification of weapons of mass destruction, 2) provides a comprehensive roadmap for the disposal of WMD (Weapons of Mass Destruction) and 3) agrees on the disposal of the entire nuclear material production facilities as the first action plan of the roadmap, but Kim Jong-un stated in his administration address that this was difficult to accept.

After all, the difference in the US and North Korea in their positions is the main cause of the deadlock

between the two nations. While North Korea claims to enter a stepwise denuclearization process after building trust between the two sides, the US chooses to proceed with denuclearization in batches. In that, a conflict between the two exists in terms of their approaches to denuclearization. Another problem is that there is no consistent frame for negotiation to escape from the impasse and the top-down approach basically failed to be systemized. Finally, it is also a problem that a series of processes regarding denuclearization and the establishment of a peace regime between the US, South Korea and North Korea are not properly operational.

To tackle this situation, the US, South Korea and North Korea should reach an agreement on the following four issues: first, establish an early configuration of a fixed scope and roadmap for denuclearization; second, clarify the scale of the Yongbyon complex and of all the other nuclear weapon production facilities, while deciding on the scope of dismantling the facilities other than the Yongbyon facility; third, make an agreement on the starting point of the irreversible stage (i.e. the point where returning to the past becomes impossible in

the process of denuclearization); and fourth, confirm a frame of exchange between denuclearization and security guarantee, and reconsider the US's firm belief that sanctions on North Korea are the best solution, thereby coming up with other incentives for North Korea other than sanctions.

Should this deadlock between the US and North Korea be further extended, there is a possibility that North Korea will choose to go back to where it was. Otherwise, it may delay negotiations or maintain its current status in parallel with low-level provocations until the US changes its stance. Another possibility is that North Korea will choose its own pace and method of denuclearization with the cooperation of China and Russia to allow verification from the international community.

North Korea's current strategy of denuclearization is to avoid coercion, earn parity and equality in its position and accompany economic development.

For the peaceful denuclearization of North Korea, we need to pay attention to not only sanctions but also the strategies of North Korea so as to utilize them properly. Demanding sanctions only cannot lead to an agreement on denuclearization.

● **ZHENG JiYong** These days, Northeast Asia is making a great shift in its security structure. In the structure, what was once a binary opposition has now been pluralized, and the situation has become more complex as economics influence the geopolitical structure. In particular, since the issue of the Korean Peninsula is directly connected to the remedy of the Northeast Asian security issues, it is necessary to understand the changes in the atmosphere surrounding the Korean Peninsula. As North Korea chooses to turn to combining economic development with denuclearization, deviating from its radical measure to possess nuclear weapons, the situation on the Korean Peninsula has changed. It can be viewed that this change was largely influenced by the top-down style of policy-making. However, I think a bottom-up style of policy-making should be adopted in parallel as the top-down style has shown it limits in resolving issues at the working level.

Since the Hanoi summit between the US and North Korea, the relations between the US, South Korea and North Korea have been at a stalemate. We need countermeasures to resolve this. First, as the US has shown diminishing interest in the Korean Peninsula since the beginning of the Trump administration, we should now conceptualize the Korean Peninsula with less or no influence from the US, or without the US at all. In further conceptualizing the Korean Peninsula led by South and North Korea, not the US, we should come up with plans to reinforce the initiative of the two Koreas. Finally, we should conceive a plan of cooperation for resolving the current North Korea nuclear issue. Since North Korea has constantly produced nuclear weapons due to the threat against its regime's security, we should understand North Korea's perspective to deal with its security problem on the Korean Peninsula.

Conclusively, there are five issues we need to reconsider. First, we need to check how the US's role has changed over different time periods. Second, we should redefine the North-South relationship to settle lasting peace on the Korean Peninsula, with the perception that the two are not enemies but companions that can advance together. Third, the existing gap over the concept of denuclearization between the US, South Korea and North Korea should be narrowed. At the same time, details in the agreement should be addressed to realize denuclearization. Fourth, in order to focus on the Korean Peninsula issue, both the South and the North should first settle their domestic political issues. Fifth, South Korea should re-establish an initiative role in resolving the Korean Peninsula issue. South Korea today bears only the strong will to control the political situation on the Korea Peninsula and lacks the capacity and specific methods to do so, which makes it harder to persuade North Korea and the US. South Korea should reinforce its ability to have control over the Korean Peninsula issue by strengthening the benefits of the US-ROK alliance and the North-South relations.

● **LEE Jae Young** Although the US-DPRK negotiation takes up a vast portion in denuclearizing the

Korean Peninsula, we should also consider how to draw cooperation from China. The process of denuclearizing North Korea requires not just technical cooperation from China but also its aid and assistance. Two opposing views have existed regarding the role of China in the denuclearization of North Korea as either a ‘disruptor’ or a ‘facilitator.’ To move on from denuclearization to peace, it is important to ponder what role China can play and how we can convince China to cooperate with the process.

The deployment of THAAD in South Korea is the most troublesome issue in attempting to reinforce cooperation with China. Although South Korea has constantly and strongly asserted that THAAD does not harm China’s strategic interests, THAAD is still the biggest stumbling block in security cooperation and diplomacy between South Korea and China. To tackle this issue, it is important to continue strategic communication with China.

China suggested two plans to denuclearize North Korea: ‘Two Ceases’ and ‘Two Tracks.’ Two Ceases refers to the halt on North Korea’s nuclear missile development and provocation as well as a temporary halt to US-ROK joint military exercises. Two Tracks refers to the combined drive for the denuclearization process of the Korean Peninsula and the US-DPRK negotiations for the creation of a peace regime. While there have been some achievements with the Two Stops approach, no specific plans have been provided by China in terms of the Two Tracks method. Therefore, we should find a way to lead North Korea to denuclearization using the Two Tracks approach through various means of communication between South Korea and China, while inducing China to play its role in the process.

We should also affirm that the impact of peace on the Korean Peninsula is not limited to politics and security, but is extended to economic development, while emphasizing that it is necessary to create a virtuous cycle to induce North Korea to reform and open up to the rest of the world. We should persuade China that we can provide a vision and roadmap where South Korea’s New Northern Policy and New

Southern Policy is promoted in connection with China’s One Belt, One Road initiative and will evolve into a peace process, which will eventually induce North Korea’s reform and opening up to the world. In doing so, we should create a new policy to drive cooperation between South Korea, China and North Korea.

● **KIM Kyuryoon** Current North-South relations should be viewed not only from a short-term perspective but also from a mid- and long-term one. When North Korea bombed a Korean Air flight in 1987, it is said that it poses a threat to the 1988 Seoul Olympic Games, but the event turned out to be a success without incident. In 2017 when the North raised tensions across the Korean Peninsula, many expressed concerns over a possible disturbance to the Pyeongchang Winter Olympic Games. But the Pyeongchang event also ended as a success. Concerns were raised before and during the two international sporting events, but in fact, we can say that we established stable peace on the Korean Peninsula since South Korea has well maintained the state of peace after national division. Our job is to bring lasting peace to the Korean Peninsula. Under these circumstances, it isn’t anything new that North Korea commits provocations and poses threats to draw the international community’s attention by completing its nuclear program. We are now seeing the same situation recur as we saw after the 1991 Joint Declaration on the Denuclearization of the Korean Peninsula. Whether or not the US will accept this situation as a positive sign is related to short-term issues. We adopted the most inclusive agreement, the Inter-Korean Basic Agreement, in 1991. We also have the 2005 9.19 (September 19) Accord. But the problem here is that North Korea does not comply with the two agreements. To address this problem, we need to examine all the issues as a whole in a broader, international context. During the post-Cold War era, the Soviet Union collapsed as a result of the US-USSR rivalry for hegemony, which made it possible for the US and North Korea to cooperate. Today, although it seems as if China acquired priority over North Korea through the US-China rivalry for hegemony, it is

unlikely that the US will allow that to happen. After all, we need to examine the Korean Peninsula issue in the mid- and long-term perspectives to find solutions. Particularly, we should attempt to make economic exchanges with North Korea to help them move away from its passive idea that nuclear weapons will protect its national security from the US and to experience the actual fruit of the exchanges – that is, its economic growth.

● **KIM Hong Kyun** Lessons from the Hanoi summit can be summarized as the following: First, no negotiation is possible without a clear agreement on the concept of North Korea’s denuclearization. Before the Hanoi summit, many experts were suspicious about whether our side and North Korea share the concept of denuclearization. After the Hanoi summit, denuclearization as conceived and anticipated by the North turned out to be the dismantling of the Yongbyon complex and a full-scale lifting of sanctions by the international community in return. However, this approach would leave the rest of the issues other than the Yongbyon nuclear facility unresolved, including the HEU facility program, nuclear materials, nuclear weapons, missiles and biochemical weapons. The DPRK statement announced by its spokesperson in July 2016 well describes the North Korean idea of denuclearizing on the Joseon (Korean) Peninsula. It contains the disclosure and complete disposal of nuclear weapons within the US Forces Korea bases, the cessation of future deployment of the US nuclear strategy on the Korean Peninsula and the complete withdrawal of the USFK., which possesses the right to use nuclear weapons. The North listed the said conditions as its concept of denuclearizing the Joseon Peninsula and clarified its stance that the denuclearization of the North is possible only when it is preceded by that of the South. Therefore, unless there is an explicit concurrence in mutual recognition about this concept of denuclearization, denuclearization negotiations will be difficult to continue, even if another round of summit talks is held between the US and North Korea.

Second, sanctions on North Korea so far have

proven effective. There have been many discussions as to the measures corresponding to North Korea’s denuclearization, and it has been considered that North Korea places importance on the declaration ending the Korean War and the opening of a US-DPRK liaison office. After the Hanoi summit, however, it became evident that the only interest of Kim Jong-un lies on the lifting of sanctions. This proves that the sanctions are highly burdensome to North Korea and are posing adverse influence on its economy. When North Korea demanded the US to lift the UN sanctions, it virtually means the total lifting of the sanctions. In 2016 and 2017, maximum pressures were cast upon North Korea, which I think made North Korea come forth to the negotiation table. In the US’s perspective, this convinced them that sanctions do work and can be utilized as leverage in negotiations with North Korea. Therefore, there is a possibility that the US will take a very discreet stand in terms of sanctions on North Korea down the road.

Third, the top-down style approach revealed its limitations. In most diplomatic negotiations, working-level staff consult with each other and develop a complete agreement before the summit talk on the agreement. However, since Kim Jong-un is the sole decision-maker in North Korea, it was expected that the negotiation would proceed well with the top-down style approach. After the Hanoi summit, however, we learned that without arranging an agreement that is completed to a certain degree before the summit through adjustments between working-level staff, no actual agreement can be achieved even with trust and a good relationship built between the leaders of the US and North Korea. Therefore, the two sides now may have the same opinion that if they hold a third summit, it should be preceded by intense working-level negotiations over the written agreement that both leaders can agree upon. I think this resulted in the paradox that the third US-DPRK summit is now less likely to happen.

Based on these lessons, my prospect for the US-DPRK negotiation currently at a stalemate is that there will be no particular deal until the end of this

year, nor any exacerbation in the situation. However, North Korea may commit more intense provocations to draw President Trump's attention, through which it would attempt to change the circumstances.

Then, what is left for us to do? First, conversation. No matter what kind of negotiations are to take place in the future, the US and South Korea should share the common perception that there will be no progress in negotiations without a unanimous concept of denuclearization. Therefore, we need a prerequisite that our concept of denuclearization should be the one that North Korea can accept. We should also consider what could be the first step of denuclearization. The exchange of dismantling the Yongbyon facility for a total lifting of sanctions on North Korea, as discussed in Hanoi, is no longer a viable option. We need a first step where both sides yield further and move forward. Finally, both sides should negotiate and agree on a step-by-step roadmap leading to the final stage of denuclearization.

Second, deterrence. As North Korea is using every means to avoid sanctions, the more chance there is for North Korea to avoid them, the less motivation it has to engage in denuclearization negotiations. Thus, South Korea has to make concerted efforts to thoroughly implement sanctions on North Korea. In particular, the South Korean government should fully implement sanctions and cooperate with relevant countries to prevent South Korean banks, enterprises or ships from getting involved in the violation of those sanctions.

Third, defense. Since the US and North Korea began a negotiation, US-ROK joint military exercises have been suspended. The US and South Korea should consider whether they can still manage the joint defensive capacity at a sufficient level if the suspension is prolonged. They should also start negotiations on defense cost sharing immediately as a way of promoting a stable stationing of the USFK. In terms of the agreement between South Korea and the US, the military should be the focus, including the transition of wartime operational control, not politics.

Policy Implications

- To overcome the current situation, setting an early configuration of a fixed scope and roadmap for denuclearization is important.
- Defining the scope of the Yongbyon facility, among the nuclear weapons production facilities, as well as the scope of the shutdown of the facilities other than the Yongbyon complex is necessary.
- An agreement on the starting point of irreversible dismantlement (i.e. the point where returning to the past becomes impossible in the process of denuclearization) is required.

US-China Rivalry and Korea-ASEAN Strategic Cooperation: What Next?



Moderator

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● **CHOE Wongi** Our panelists prepared their own answers to the four questions that we previously asked concerning the strategic characteristics of the US-China rivalry and the impact of its structural elements on the ASEAN-Republic of Korea strategic partnership.

After his inauguration, President Moon Jae-in suggested a new foreign policy initiative titled the New Southern Policy. It is one of the signature foreign policies of his administration that sees South Korea prioritize its Southeast Asian neighbors in diplomacy for the first time in history. The New Southern Policy involves three key approaches. First, market diversification. Specifically, this approach refers to diversifying South Korea's foreign economic portfolio by reducing its excessive reliance on China while cooperating with ASEAN member countries that have shown rapid economic growth. Second, diplomatic rebalancing through pivoting to ASEAN member states as well as India. This approach was designed to diversify South Korea's current foreign policy that

is focused on the four great powers surrounding the Korean Peninsula. Third, a new regional architecture for cooperation. It aims to build a new regional order based on inclusiveness, openness and transparency, where South Korea shares the same interests with ASEAN in that both sides desire a multilateral order in the region. The New Southern Policy is hardly considered a South Korean version of America's Indo-Pacific strategy because it contains no hidden strategic ambition.

● **KIM Young-Sun** The US-China rivalry deteriorates the economies of not just the two countries involved but also those of the entire globe. Given that the US decided to stand with the Indo-Pacific strategy against China's One Belt, One Road policy initiative, the trade conflict between the two superpowers is based on their strategic rivalry over global hegemony. Hence, their rivalry will likely continue even after this trade dispute is resolved, and middle or small powers including South Korea are concerned that the aggravating US-China rivalry would eventually force

them to make unwanted choices. South Korea does not want to fall into the same strategic dilemma as what happened surrounding the THAAD (Terminal High Altitude Area Defense) deployment. That is the reason why the Moon Jae-in administration started promoting the New Southern Policy after the administration was launched – to strengthen relations with ASEAN. The New Southern Policy was established against the backdrop of Moon's will to decrease South Korea's reliance on China by means of diversification.

South Korea has a lot in common with the ASEAN member countries. There exists no territorial dispute between them while South Korea has no hegemonic ambition over ASEAN territories. Although the region may not yet be able to compete directly with the superpowers, South Korea and ASEAN evidently have more influence than before and have the potential to make their own strategic decisions. Therefore, I believe that they can now jointly counteract the US-China rivalry, and as middle powers, they should take more direct action. I'd like to make three points concerning how South Korea and ASEAN can join forces.

1. The US-China trade conflict will have adverse impacts, including a decrease in exports and investment, on both South Korea and ASEAN. For instance, South Korea's exports to China in the first quarter of this year fell 17.3% on year. A report released by the Korea International Trade Association predicted that due to America's new tariff policies on Chinese products, the decrease in South Korea's exports to China will hit US\$ 870 million, or 0.14% of the nation's total exports. However, South Korea and ASEAN need to consider the overall economic cooperation in the region. To put it differently, they should focus on the situation where the recent move by companies to find supply chains outside China has changed the global supply chain and the international trade system. I think South Korea and ASEAN should expand the Asian supply chain, and South Korea is ready to cooperate with ASEAN in its industry and technology sectors. Exports to the US and China take up 40% of all South Korea's exports, and

it is highly necessary to lower this dependency. The region should also strengthen the multilateral trade system, such as the Regional Comprehensive Economic Partnership, and South Korea needs to consider joining the Trans-Pacific Partnership.

2. Amidst the emerging new regional order led by the superpowers, including China's One Belt, One Road policy and the US's Indo-Pacific Strategy, South Korea and ASEAN should make efforts to build a multilateral order in the region. As part of making this effort within ASEAN, Indonesia met with experts of eighteen East Asian Summit (EAS) member countries in March to discuss building a new regional order. South Korea and ASEAN share strategic interests. Thus, South Korea and ASEAN should work together with like-minded middle powers to establish a new regional order based on openness, inclusiveness, transparency, respect for international law and ASEAN centrality. ASEAN has a lot of experience in institutionalizing regional cooperation as shown by ASEAN+1, ASEAN+3, EAS, ARF (ASEAN Regional Forum), ADMM+ (ASEAN Defense Ministers Meeting Plus) and others. It can also serve as the lead architect to build a regional order through the ASEAN platform because it has maintained good relations with both superpowers, the US and China.

3. It is mutual understanding that can shape a solid and trustworthy cooperation between South Korea and ASEAN. To this end, they need to have not just strategic dialogues but also close exchanges in diverse areas. In other words, more exchanges are required in different social sectors, including between not only government officials but also politicians, entrepreneurs, scholars and civil society. This year is a particularly good opportunity to improve the ASEAN-ROK relations because South Korea is hosting the third ASEAN-ROK Commemorative Summit and the first Mekong-ROK summit.

● **NGUYEN Hung Son** These days, it is difficult to discuss international relations without mentioning the US-China rivalry. In discussing the US-China rivalry, what matters is its purpose and results. Although the latest dispute involves mainly the trade sector, the

rivalry is also taking place in many other fields such as technology. Some say that it will possibly lead to a monetary war.

Another point is what the South China Sea means in the US-China rivalry. Currently, the rivalry in the South China Sea is not fierce, but it could worsen in the mid- to long-term perspective. In fact, the South China Sea may become the battlefield of the US-China rivalry, with the possibility of the war escalating beyond the ocean to cyberspace or outer space. The US-China rivalry is a structural one and will protract with both sides ready to continue competing. After all, it is about who will build international rule and order and in what manner and for whom it will be made. However, the two superpowers are at the stage of tuning in their respective strategies while paying keen attention to one another. Therefore, middle and small powers between them are in a very difficult position in predicting how the US-China rivalry will evolve and developing related policies.

The key impacts of the US-China rivalry on ASEAN and South Korea are as follows: First, the trade diversion effect. In the short term, ASEAN and South Korea may make profits by making up the trade losses between the US and China. In the mid and long term, however, it is possible that the US will preemptively levy tariffs to prevent Chinese capital from flowing into South Korea or ASEAN member countries. Another possibility is that ASEAN and South Korea may face the risk of being used as a dumping market for China's surplus goods. However, a more strategic and long-term threat of the US-China rivalry lies in the fact that it may weaken the rule-based order. This can threaten peace and stability and undermine the multilateral platforms in the region. Lack of confidence in multilateralism and international rule and order may cause regional instability, driving countries to take a defensive stance and raise their national defense budget. In theory, South Korea and ASEAN can take three countermeasures: 1) Keep a distance from the superpowers. Realistically, this would be difficult to achieve due to their intertwined interests with the US

and China; 2) Choose a side. However, whichever side is chosen may be the wrong one; 3) Accept the reality and actively engage in the situation. But this may lead to other dilemmas.

Therefore, the solution is to strengthen cooperation between middle powers including South Korea, ASEAN member countries, India, Japan, Australia, New Zealand and European Union member states. South Korea and ASEAN can build a strategic partnership because they share common interests including their willingness to protect strategic autonomy, multilateralism and rule-based order. Over the past 30 years, South Korea and ASEAN have maintained a pragmatic cooperation with a focus on the economy, trade, culture and human exchanges. There have been outstanding results, and cooperation in the said fields should continue and be further strengthened. With the escalating US-China rivalry, however, South Korea and China need to pay more attention to their strategic partnership going forward. They should take a clearer stance over strategic issues such as rule-based order, maritime disputes and cyber security. So far, they have not discussed their respective key strategic issues, including the issues of North Korea and the South China Sea. However, I believe that ASEAN can play a more active role in the peace process on the Korean Peninsula because the past two US-DPRK summits were held in ASEAN territories and ASEAN is the only mechanism that can lead North Korea to regional multilateralism. South Korea should also take a more active stance toward the South China Sea-related maritime issue and the Mekong subregion issue. The South China Sea issue is related to the delimitation of maritime boundaries in the East China Sea such as those between South Korea and China. Therefore, the United Nations Convention on the Law of the Sea (UNCLOS) will continue to be considered important, and South Korea and ASEAN share common interests in strengthening the UNCLOS.

● **Kavi CHONGKITTAVORN** It might be too early to say there exists an international order led by China but, ultimately, the US-China rivalry can be considered a

rivalry between the survival of the US-led international order and the emergence of the China-led international order. I think China already has a dominant position in the South China Sea and the Mekong subregion, which could possibly become battlefields of the US-China rivalry in the future.

Concerning whether ASEAN member countries are middle powers, I think they might be called so, but I would say that they have 'benign power.' Unlike NATO, ASEAN was not designed to conduct military operations but to be utilized as a platform. Therefore, ASEAN does not attempt to unnecessarily expand its influence.

South Korea and ASEAN have a lot of potential for cooperation. First, South Korea is the only Northeast Asian country that has no historical baggage against ASEAN and the two have achieved many accomplishments through economic cooperation. For the first time ever, South Korea is actively cooperating with ASEAN through its New Southern Policy initiative. It has built substantial soft power using the Korean Wave in ASEAN member countries but does not attempt to transform it into hard power. Since South Korea needs strategic support from ASEAN in the peace process on the Korean Peninsula, it should now attempt a shift toward hard power. I think President Moon Jae-in is the first South Korean president to recognize that ASEAN has a role to play in settling peace and security in East Asia and on the Korean Peninsula. Personally, I think South Korea's New Southern Policy is a South Korean version of the Indo-Pacific Strategy. I see that South Korea has changed. When meeting with ASEAN, it used to be only to discuss North Korean issues, but now many other subjects are addressed in these talks. However, the South Korean public has a low level of awareness of ASEAN and the role of media is critical in raising public awareness.

The Mekong subregion is a new controversial area because China has the greatest influence there. At least 14 countries, including the US, have participated in Mekong subregion development projects, but China has achieved greater accomplishments in the

past 1,300 days than all the past accomplishments by other countries combined. There are many individual development projects in the Mekong subregion, but there has been no attempt to create synergy effects through cooperation between projects. It is an emerging region and several countries including South Korea, Japan, Israel and Russia have shown a willingness to engage in its development because they presume that there is still room for influence. However, as they will be in competition with China to develop the Mekong subregion, they will need investment capital to spare. On top of that, the development projects should address diverse fields including water resource management, agricultural education and training, poverty reduction and environmental protection. China considers the Mekong subregion its front yard – not its back yard – and has made extensive investments. Should China's Mekong subregion development project fail, its other foreign policies based on development projects will likely fail as well. As ASEAN respects international laws and regulations, it presented the ASEAN Indo-Pacific Outlook. This is the first case where ASEAN responded with its own framework to the pressure from external forces.

● **TANG Siew Mun** The US-China rivalry will be a marathon. Even if the trade dispute is resolved, the rivalry will continue in other sectors such as technology. This is because it is a strategic rivalry over the respective status of the US and China in the international arena. The US-China rivalry can be defined as an open, political, diplomatic strategic war. We need to think about what this situation in the region means to South Korea and ASEAN. South Korea and ASEAN will face a similar situation where they will have to make a choice between the US and China. I think that the debate over the past few weeks of whether or not to use Huawei products took place in the same context. ASEAN is very sensitive in responding to such issues and is not willing to take a side. It is because ASEAN exists only for itself. However, not taking a side does not mean that it has no opinion on the issue. ASEAN just decides on the

diplomacy of silence when there occurs a controversy and tends not to clarify its stance. Nonetheless, it will take a clear stand based on law and order that the international community agreed upon when the US or China or any other ASEAN member countries overstep the line.

In fact, the challenge in the future will be the US. We have so far used too much time analyzing China. The rise of China will continue and China will make consistent attempts to take a leadership role in the region. What concerns us is the type of influence and power China intends to exert in the region. Another concern involves the question of what role the US intends to play in the region.

There is also the question of whether the US is an ASEAN strategic partner. Last year, the ASEAN Research Centre, which is affiliated with the East Asia Institute in Singapore, conducted a survey for some 1,000 experts, politicians, entrepreneurs and journalists within ASEAN member countries. According to the result, most of them responded that it is difficult to consider the US a reliable strategic partner. ASEAN wants the US to exist in the region and is aware that its shrinking influence is not beneficial. However, we must not take the continuous influence of the US in the region for granted, and if we wish the US to continue to engage in the region, we will have to pay the corresponding price in return. We also need to prepare for the possible discontinued influence of the US in the region. Therefore, we should utilize the ARF, ADMM+ and other regional multilateral consultation groups to influence the US to continue to pay strategic attention to the region. It is correct that ASEAN countries are middle-income countries, but it might be an exaggeration to call them middle powers. ASEAN plays a critical role as a link between middle powers in the region, providing agendas to discuss and helping the countries build confidence. Without ASEAN, middle powers such as South Korea, India, Japan and Australia will have no reason to meet on a regular basis.

The East Asia Vision Group, which supported the launch of the EAS, was suggested by President Kim

Dae-jung. As such, South Korea has always been a key player in promoting development in the region and building a regional order, but recently it appears to have taken a sabbath year. I hope that South Korea will end its sabbath year with its New Southern Policy and revitalize its role within ASEAN.

The ASEAN-ROK relations are free of historical baggage, and they have pursued mutual benefits in terms of the economy and human exchanges. However, they are both required to resolve the imbalance of trade, while South Korea should make efforts to disperse its overseas investment concentrated in a few specific ASEAN member countries so as to cooperate with ASEAN as a whole. Plus, South Korea is currently focusing only on economic and human exchanges with ASEAN. I hope political and strategic cooperation will also be expanded through the three P's of its New Southern Policy initiative.

● **Muhammad Riefqi MUNA** In Indonesia, there is a saying that if two elephants fight, then the grass will suffer. As such, the rivalry between the two superpowers – the US and China – will bring a new regional order, which will affect not only the relations between the ASEAN member countries and other countries in the region but also ASEAN-ROK relations. Though not great powers, ASEAN member countries have played a critical role in building a regional order including establishing an international security consultation body. Besides, it has played the same role in East Asia beyond Southeast Asia through such security consultation groups as the ARF and the EAS. Although ASEAN has its own limits, it has made positive contributions to peace and stability in the region. And South Korea has continuously played a constructive role in the entire process.

South Korea and ASEAN prepared the grounds for strategic partnership in diverse fields through the ASEAN-ROK Plan of Action (POA) 2016-2020. What is noticeable in ASEAN-ROK relations is that South Korea receives a high level of confidence from ASEAN thanks to the advantage of having no historical baggage from dealings with ASEAN. On top of that, ASEAN

countries may find South Korea friendly because cultural diplomacy and active human exchanges have already laid the groundwork for strengthened relations. These conditions can contribute to the development of the ASEAN-ROK partnership down the road. Southeast Asian countries can learn a lot from the successful post-war restoration of the South Korean economy and from how it elevated its status from a developing to a developed country as a model for their future in the context of the economy and technology.

The US-China rivalry is forcing countries in the region to choose either one of the two sides, which is a matter of stance rather than a matter of choice. Due to the US-ROK alliance, South Korea sometimes faces a strategic dilemma concerning China or finds it difficult to make an independent decision on North Korean issues. The US-China dispute can also threaten ASEAN centrality and overall regional security. Therefore, ASEAN and South Korea should work together to strengthen regional security through the existing security consultation bodies, and South Korea should take a more independent stand and contribute to strengthening regional security. An example is to strengthen the Treaty of Amity and Cooperation in Southeast Asia (TAC), ASEAN's only treaty for the peaceful resolution of disputes. Amidst the current architecture of the US-China rivalry, ASEAN and South Korea should remain alert not to engage in the project of enemization, which is designed to damage peace and order in the region.

Last but not least, they should make efforts for sustainable cooperation, taking into consideration what will happen after the termination of the ASEAN-ROK POA 2016-2020. Strengthening regional connectivity through building infrastructure and capacity is another area of potential cooperation between ASEAN and South Korea. As Indonesia and other Southeast Asian countries have conflict with China in the regional connectivity project, South Korea can take this opportunity to create new areas of cooperation.

● **Steve WONG** I will talk in a quite different direction from the previous speakers. I would like to call the US-China rivalry 'playground politics' because the

other countries have no choice but to choose a side and it ends up dividing the parties into winners and losers. Therefore, the US-China rivalry drives countries in the region to face a difficult situation.

The previous speakers assumed the prerequisite that the same today will continue tomorrow, but in my opinion, it is not necessarily true. We call it the US-China trade war, but trade is a very low-level issue while this is fundamentally the strategic rivalry between the US and China. As to the consequences of the US-China rivalry, there can be three predictions. First, we can anticipate that the US and China will ease their rivalry by making rational decisions. Second, they may enter a new Cold War just as Vice President Mike Pence had said. This Cold War should be seen as warfare in all areas except that there will be no real armed hostilities. Besides, de facto warfare occurs in the form of 'grey area conflict.' Third, it is possible that a shooting war will take place as a result of strategic calculations just as President Xi Jinping admitted. Therefore, the conflict will not necessarily reach an amicable settlement through diverse policies to respond to the US-China rivalry. Moreover, given the frequent navigations in the Taiwan Strait and the development of hypersonic airliners, it is doubtful whether a resolution through diplomacy or talks is possible.

Therefore, I agree that the US-China rivalry is a strategic one and is becoming structuralized, but I disagree that the rivalry will simply continue as it is. Rather, I think it is highly likely to worsen. The US-China rivalry occurs not just in the Asia-Pacific region, Indo-Pacific region or the South China Sea, but also in the Middle East. Therefore, we need to think about whether our assumption about the US-China rivalry is realistic and whether we are ready to accept that the risk is closer than we estimated.

The ongoing dissolution of the rule-based order did not occur by accident but is a phenomenon that many countries intended to cause. That is why we should think about whether ASEAN will still exist after the US-China rivalry ends and whether South Korea can still balance its relations between the US and China. Under these circumstances, there is room

for cooperation between South Korea and ASEAN because they share a lot of common interests. One of the accomplishments of President Moon Jae-in is that compared with his predecessors, his policies are less identical to those of the US. By showing that South Korea can keep a distance from the US and take a different stand, he enables ASEAN to move in a new direction. For South Korea to deepen cooperation with ASEAN, it is necessary to raise awareness of ASEAN in South Korea. Conclusively, there can be other aspects than the general assumption of the US-China rivalry and we need to think about them.

Policy Implications

- The US-China rivalry is of strategic characteristics and will likely protract, which requires strategic cooperation between South Korea and ASEAN.
- Amidst the worsening US-China rivalry, South Korea and ASEAN should cooperate to create a multilateral regional order.

Setbacks to Nuclear Arms Control and the Asia-Pacific: INF and JCPOA



ASIA-PACIFIC LEADERSHIP NETWORK
FOR NUCLEAR NON-PROLIFERATION AND DISARMAMENT

Moderator Gareth EVANS Chancellor, Australian National University / Honorary Chairman, APLN

Speakers Des BROWNE Vice-Chairman, Nuclear Threat Initiative(NTI)

MOON Chung-in Distinguished University Professor, Yonsei University / Co-Convenor, APLN

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Rapporteur CHO Soo-kyung Former Program Officer, APLN

● **Gareth EVANS** The outlook at the moment for nuclear arms control is about as bleak as it could possibly be. The situation has been very far removed from the environment of optimism from ten years ago when President Obama came into the role in the US. The only positive piece of news is negotiations in the Nuclear Weapons Prohibition Treaty, which has been adopted by two-thirds of UN membership. But it is regarded by nuclear powers and allies as a project incapable of generating results. The Treaty on the Non-Proliferation of Nuclear Weapons (NPT) review conference is pessimistic as well. There is a deeply troubling environment between the US and Russia regarding the continued reduction of strategic nuclear weapons. The US has walked away from the Joint Comprehensive Plan of Action (JCPOA); the US and Russia have both walked away from the Intermediate-Range Nuclear Forces Treaty (INF). The aim of this session is to discuss how we could achieve a world we all want, in which nuclear weapons and other weapons of mass destruction are diminished and eliminated. Against such a current environment, let us determine the existing any optimistic signs, what are

implications for the Asia-pacific region.

What can be done to rescue these agreements? With the softening of President Trump's rhetoric, would there be some light in the JCPOA? European effort to soften US sanctions has not been successful much as Europe fears the US's power of the dollar.

● **Des BROWNE** The specific serious problems around these treaties are an indication that the state of the global nuclear non-proliferation regime is worsening. Irresponsible rhetoric is challenging and ignoring rules-based international order. Even multilateral agreements such as JCPOA can be destroyed by a country with the power of the dollar, even if all other parties want to continue it. When we lose the new START treaty, there will be few, if any, agreements on low-level weapons between the two countries. These weapons are minutes from use at any time. While Iran has overwhelmingly observed the treaty and US presidential advisors have told the president as such, the US still walked away. Europe set out with China, Russia and Iran to preserve the JCPOA. EU has tried to convince Iran the benefits of lessened sanctions in trade, but if this continues, at one point in the future,

Iran will judge the situation as not worth the trouble. The problem is, nobody who wants to trade with the US is going to trade with Iran. I cannot guarantee that the softer rhetoric will continue either.

● **Gareth EVANS** What are the implications of the Ban Treaty, INF Treaty and JCPOA on the peace process here on the Korean peninsula? How is the trustworthiness of the US?

● **MOON Chung-in** The treaties share three commonalities. First, the US has been the primary driving force of derailment. Second, it has created a danger of demolition in international rule-based order. Third, as a result, a serious credibility issue of US commitment has been raised. Look at the Ban Treaty – two-thirds of UN members supported, it but the remaining one thirds, composed of the US and its allies, opposed. South Korea, Japan, Australia and NATO members were against the Ban Treaty. While the US has been a benign hegemonic leader so far, it now has become a rule-breaking country, which undermines the very credibility of the international regime. This is relevant to the peace process in the Korean peninsula. While Chairman Kim has said that the breakdown of JCPOA would not affect North Korea's policy, I believe he will worry about the consequences of the Iran deal, US-led international sanctions and regime stability due to increased sanctions against North Korea and Bolton's strong statement against Iran. INF is concerned about South Korea. The US scrapped the deal not just because of Russia's unruly behaviour, but because of China's increasing ballistic missile capability. This was a way for the US to counter China. If there is a proliferation of mid- and long-range ballistic missiles, there would be an ungovernable arms race.

● **Gareth EVANS** What is China's position on the current situation? Trump suggested that China join the nuclear arms control negotiations with Russia, if it ever restarts – what is China's reaction?

● **ZHAO Tong** It is very pessimistic. China has a clear interest in preserving the JCPOA, but due to trade war and bilateral problems, China does not want to stand up on behalf of Iran against US pressure or continue Iranian trade and relations with China. More

importantly, there is a growing thought that since the US is focusing on China, it would be beneficial for the former's attention to be diverted to other regions of the world. The mainstream perception in China is that the US withdrew from the INF treaty for political reasons and strategic interest, which are China's nuclear capabilities. The US would have to stir up regional tensions to exaggerate China's threat to persuade allies to have medium-range missiles on their territory. China is not against nuclear arms control, but for China to be treated fairly and equally in the treaty, China has to gain similar military capabilities as others on the table. While China is not going for a proactive role, belief in power politics is strong.

● **Gareth EVANS** What has been Japan's reaction to this situation? Has it been serious, or do people think it has a marginal impact on an already messed up situation?

● **Tatsujiro SUZUKI** The Ban Treaty does have some impact on the umbrella states in that the government is called to explain the necessity of nuclear umbrellas. The Japanese public overwhelmingly supports the treaty, but the government does not. This gap of support is increasing pressure on the government. On the JCPOA and INF Treaty, the Japanese government has so far expressed modest concern.

● **Gareth EVANS** Where does the United Nations come into this picture? Do treaties provide only empty exercise and virtual signaling, or is there some impact? Do the failures of JCPOA and INF validate arguments that arms control is impossible?

● **Ramesh THAKUR** From the UN perspective, the sense of responsibility is decreasing. The INF treaty was great in that both sides were acting, but then it declined as both walked away. Unilateral and bilateral efforts were effective before, but further expansion is needed in a multilateral context now. Multilateral negotiations and agreements are needed to achieve universal and verifiable agendas. The UN is the core order of multilateralism. JCPOA was independently made to reduce and prevent regional nuclear weapons development. It was verified by the UN and agreed upon by international society. However, ever since the US walked away, it has become underestimated. A

new question has risen: how can the P5 themselves be held in the oversight of the UN when they walk away? The Ban Treaty, the INF Treaty and the JCPOA have good implications and prospects in a world where nuclear risks are spreading and intensifying. A step-by-step process by nuclear powers has not created any visible pathway. The international community, with the UN acting as a stakeholder, is big as any other power. The UN should revive the nuclear non-proliferation and disarmament agenda.

● **Gareth EVANS** What are the implications of setbacks for moves towards more nuclearization in the region? Let us ask the allies of the US about the diminishing confidence of nuclear arms control. What is the public sentiment on how the US is visibly treating allies not as assets but encumbrances?

● **MOON Chung-in** South Koreans have expressed their opinions regarding the US nuclear umbrella whenever North Korea conducted its nuclear tests. Some Koreans said that as the US has a broken umbrella, we should develop our own. Others have said that as we cannot develop our own nuclear weapons, we should ask the US to re-deploy nuclear missiles in South Korea. Conservatives, in particular, are supportive of nuclear armament. When North Korea had its 6th nuclear testing, 60% of South Koreans supported the independent acquisition of nuclear weapons. Regardless of nationalistic sentiments, there are internal and external barriers to nuclear weapons such as sanctions. Washington may threaten to sever its alliance with Seoul. Our economy may degenerate. Peaceful use of atomic energy will also be destroyed. If South Korea creates a nuclear deterrent against North Korea, the Japanese also argue for its own. This will create a nuclear domino in Asia.

● **Tatsujiro SUZUKI** The credibility of the US nuclear umbrella is declining. Some do not believe in the US while some do not believe in the nuclear option itself. I think the alternative policy is what we need to move forward. Conservatives think it is time for Japan to rethink the nuclear option but bringing back nuclear weapons is not an option either. The majority do not want that because such pressure might lead to war.

● **Ramesh THAKUR** The tensions coming geographically closer have increased public unease. US-China tensions have raised doubt about whether the US could or even would support Australia. However, while there is more talk about self-reliance, there is zero interest in having domestic nuclear weapons.

● **Des BROWNE** Europe enjoys extended deterrence from the US. What is different now is that deterrence itself is in doubt, not the extended part. The US can be counted upon to do its extended part of deterrence – for one, it has recommitted itself in Europe in its Nuclear Posture Review. No matter what Trump says, that is what will happen. However, deterrence itself is being constantly challenged as the 20th century weapon system meets 21st century environment. The modernization of US weapon systems has made its new weapon system deployment very effective.

Why is there arms race, or development of new weapons systems capable of using nuclear weapons to fight wars? All nuclear weapon states justify this by the behaviour of other nuclear weapon states and other P5 members. The US's motivation for such an upgrade was the mirror image of China's view given earlier by Dr. Zhao Tong. Weapons dictate policy. If a country has weapons, there are things it has to do. However, the whole of Latin America and Africa live without extended nuclear deterrence. We should show the nuclear weapon states that they cannot guarantee the security of the weapons they themselves are building. In fact, the US is quite open about how they have lost command over some of its weapons systems. Search for the US Defence Science Board. Nuclear weapons do not coexist with modern technology. Some of these weapon systems will proliferate significantly. We need to talk about this.

● **Gareth EVANS** What can China do to defuse nuclear sentiments of non-nuclear weapon states? China has always supported the no first use principle, but can China take a leadership role in minimizing concerns?

● **ZHAO Tong** China would not be able to contribute much concerning the North Korea nuclear weapons issue. While China and other countries want denuclearization of DPRK, Chinese and US interests over the Korean peninsula are becoming increasingly

competitive. These countries look at regional issues through a narrow geopolitical perspective to advance self-interest rather than to eliminate the nuclear program of North Korea. Deep cooperation will be difficult.

Regarding the re-emergence of China as a military power, there is a big perception gap. China genuinely thinks it is already making a big contribution by sticking to moderate nuclear capability. However, even if China is focused on a purely second-strike capability, the practical security implication for that will be bigger. For instance, for further guarantees in second-strike capability, China needs sea-based nuclear weapons. Since submarines are very quiet and not survivable, bastions near China's coast are developed, and the massive coastal military is used to protect them. The naïve goal for nuclear defence translates into an aggressive military posture. China already pushed back against nuclear advancement in the region. Talks amongst us Chinese are necessary, but the regional tension is not making it happen easily. The liberal voice is easily overtaken by conservative and nationalistic voices. There should be one Chinese conversation and one international conversation to open up to each other.

● **Gareth EVANS** How should nuclear risk reduction be done in the present environment? Even if there have been no results so far, is a step-by-step process still realistic? It could entail first adopting no first use principle, then reducing deployments, followed by de-alerting to reduce trigger response danger and finally decreasing nuclear weapons.

● **MOON Chung-in** A three-step approach is essential. First, a new security architecture in the area should be discussed. If the US really wants to stick to the alliance under a macro security structure, rivalry with Russia and China will be inevitable. Second, Asia-Pacific should be desegregated into different regions. For instance, in Northeast Asia, nuclear weapons states and non-nuclear weapons states could talk about nuclear weapons-free zone and negative and positive security assurance. Third, civil society engagement should raise public awareness about nuclear risk and danger. Even in China, the Chinese talk about negative concerns about nuclear proliferation. In Korea, we do

not have any public discourse on the danger of nuclear weapons. We need to mobilize civil society.

● **Des BROWNE** I agree with the step-by-step approach. With my experience in public policy, I would advise that you do it in however way you can do it. The Ban Treaty's problem is that it narrowed the focus of debate. The NPT review conference is between supporters and opposers. We need to find a new dialogue. The seriousness of the consequences of using nuclear weapons should be quantified and brought to attention to the people.

● **Ramesh THAKUR** I want the UN General Assembly to affirm Gorbachev's statement that nuclear war cannot be fought. There is a little alternative option besides the step-by-step approach, but very few results can be found for that option. There should be concrete evidence of intent to disarm based on the four Ds.

● **Tatsujiro SUZUKI** In the NPT prep conference, the nuclear weapons states continue to say the nuclear weapon is necessary for security. That concept itself must be challenged to eliminate nuclear weapons. Japan needs to emphasize nuclear weapons results in a humanitarian context. Nuclear deterrence theory must be challenged.

● **ZHAO Tong** We should not be too ambitious in setting goals. We need damage control first. There is a real risk of intensifying the P5 arms race due to disagreements about the impact of non-nuclear technology, or conventional weapons. Existing nuclear security relations should be stabilized. Additionally, North Korea's nuclear arsenal should be decreased.

Policy Implications

- The US's walking away from the JCPOA is destroying US commitment to security, which is, in turn, creating unease among umbrella states and influencing talks about self-reliance.
- While current events have not yet seen an increase in sentiments for nuclear weapon development, US should be more responsible for keeping such opinions under control.
- For nuclear risk reduction, the rationality of the step-by-step approach and the four Ds need to be heard. For practical movements towards that, policymakers need to become frightened about how danger and new science and new technology could make things go wrong.

League of Peace Cities: Building a Network of Peace Landmarks Among Cities



Moderator	KOH Choong-Suk Chairman, International Peace Foundation
Keynote Speaker	WON Heeryong Governor of Jeju Special Self-Governing Province
Speakers	Philippe HANSCH Director, The World Center for Peace, Liberties and Human Rights, France Akihiko KIMIJIMA Professor, Kyoto Museum for World Peace, Ritsumeikan University, Japan Thomas F. SCHNEIDER Director, Erich Maria Remarque Peace Center, Germany HAN Junghee Curator, International Peace Center Jeju
Rapporteur	OK Chang Joon Doctoral Candidate, Seoul National University

● **WON Heeryong** The overall subject discussed throughout this year's Jeju Forum is 'resilient peace.' Jeju Island experienced the Jeju April 3rd Uprising and Massacre at the onset of the Cold War, prior to national division. Seventy years have since passed, and even now, Jeju is making efforts to transform the wounds inflicted in the past into harmony in the present and energy for development in the future. This means that Jeju is trying to turn rage and anger into reconciliation and development. Jeju is also the region that began to seek reconciliation on the basis of the spirit that 'everyone is a victim' in resolving ideological confrontation originating from the Jeju April 3rd Uprising and Massacre. In 1991, Jeju held the summit between South Korea and the Soviet Union amidst the then ongoing dissolution of the Cold War between the United States and the Soviet Union. On top of that, Jeju initiated the inter-Korean reconciliation and exchange project, sending tangerines to North Korea in 1999. Recognizing Jeju's efforts, the South Korean government designated Jeju as "The Island of World Peace" in 2005. Accordingly, Jeju established the Jeju Peace Institute and has hosted the annual Jeju Peace

Forum for Peace and Prosperity. Jeju is the region that has high hopes for lasting peace and takes the lead in realizing and disseminating the value of peace. In that sense, Jeju has paid attention to hazards that threaten peace in other parts of the world and is eager to find partners to work together towards peace.

We postulate many cities around the world as our partners for the aforementioned cooperation. I think that in the 21st century, cooperation on a regional scale rather than a national scale can play a pivotal role in promoting mutual growth and coexistence. I hope that the Jeju Forum can help boost cooperation in the 'league of peace cities' where different cities and regions around the world work hand in hand to resolve common issues. First, we need to define the extended concept of peace, based on empirical wisdom we gained from years of discussions at the Jeju Forum. By classical definition, 'Peace' refers to the absence of war, but for lasting peace, it is also important to improve the structural conditions in our daily lives.

There are four types of peace that the Jeju Forum pursues: Peace from Healing, Peace from Tolerance, Peace in Energy and Peace in the Ecosystem. I hope

that we can extend the scope of our topic today to the methodologies regarding the four types of peace and their practices and eventually the 'league of peace cities.' Peace from Healing and Peace in the Ecosystem collectively refers to peace between humans and nature. Jeju has a clean natural environment whose value was recognized by UNESCO. Jeju's development model of preserving the environment and harmonizing the ecosystem with development should be based on its peace model. At the same time, Jeju pursues to be a free international city. People with different cultural backgrounds now live in harmony in Jeju. Another pillar of Jeju's peace model is the coexistence of humans who respect diversity and seek tolerance. Peace in Energy refers to an eco-friendly way of obtaining and consuming energy as well as developing industry peacefully. Jeju hopes to take the lead in creating a peaceful platform for energy circulation where energy can be recycled and reused. Jeju has promoted its renewable energy initiative to be a carbon-free island by reducing its fossil fuel use to zero by 2030. It is my wish that the extended concept of peace that Jeju pursues can be linked to the subjects of the Jeju Forum down the road.

The Jeju Forum has previously discussed concrete measures and orientations regarding building a system of collaboration between 'peace cities.' I hope that our discussion today will help give shape to that collaborative system. In particular, this session will address the peace museums around the world. A peace museum is a space that helps the nation and its citizens to reflect on conflicts and disputes while healing the wounds of the victims and honoring their sacrifices. We build peace museums for the purpose of spreading the spirit of peace to as many people as possible, beyond space and time. We invited several peace museum directors from different countries so as to listen to their stories. I hope that this session will discuss what goal their museums seek to achieve, what programs they provide and what we can share for peace in the museums. I expect the speakers to address the details of the 'league of peace cities,' which will feature the individuality and strengths

of their respective cities. I also hope that we can share the peace-related experience of the Jeju people with the rest of the world and vice versa. Hopefully, this opportunity to share the meaning of peace museums and their experiences as well as their plan for collaboration will help the 'peace cities' where they are established make progress as key sites of preservation and dissemination of a broader meaning of peace, which encompasses healing and tolerance. I promise that Jeju will actively engage in this discussion and provide full support.

● **KOH Choong-Suk** Jeju was designated as the Island of World Peace in 2005. With the designation, Jeju proposed 17 agendas related to the Island of Peace initiative, including launching the Jeju Forum. Peace is one of the most important topics of the 21st century. Peace is not an exclusive feature of a nation. Already, we see the era in which cities serve as the backbone of peace. Last year, the Jeju Forum proposed the 'league of peace cities.' Each peace city promotes different projects, and the peace museum project is critical as the museum serves as the landmark of peace. Today, our presenters will discuss what projects peace museums in different peace cities can promote together and how to upscale those projects.

● **Philippe HANSCH** First, let me be brief at the Verdun World Peace Center where I work as the director. The history of the center dates back to 1984 when French President François Mitterrand and German Chancellor Helmut Kohl met in Verdun, France. In the meeting, the two leaders declared reconciliation in Europe. As part of follow-up measures, the center was founded in 1994. During World War I, Verdun was an appalling battleground that resulted in 300,000 deaths. This is the reason why Verdun is a repository of important memories of the French people about World War I. The spirit of Verdun implies that what happened there should never be repeated. To this end, the Verdun World Peace Center features not a museum but a forum of different themes that change on a yearly basis. From my experience, the success of a peace museum requires many conditions.

To keep up with the changes in society, peace

museums should perform activities in response to them. Rather than preaching to society, they should consider what would be the most effective measures to convey the value that the respective museums pursue. Every year, the Verdun World Peace Center changes its theme and holds exhibitions under the new theme. In the planning process, we try to decide what commemorative events we can host each year. For instance, in discussing how to remember 2019, we identified the historical significance of the year and what to specifically commemorate. As a result, the theme of this year was determined to be ‘a funny peace,’ a unique approach to remembering history from 1945 to 2019.

Since my inauguration in 2013, the theme of the exhibition has not been limited to remembering and honoring the past but extended to highlighting how world leaders of today planned and established peace. In this context, we collected souvenirs and presents of 29 leaders and successfully hosted the exhibition titled “Peacemakers.” Particularly, former French presidents donated their personal souvenirs and present from other world leaders to my center for the exhibition.

We hold new exhibitions every year and make profits by receiving admission fees. Our past events include the round-table meeting of Nobel Peace laureates, where collaboration between France and Germany was discussed. In the meeting, the world’s leading cities agreed to continue this type of round-table meeting. It is not easy to build partnerships with international leaders. We hire teachers for youth visitors, recruit one to two volunteers from European countries, develop joint programs and make full use of youth exchange programs.

● **Akihiko KIMIJIMA** I was deeply impressed with Governor Won Heeryong’s speech that addressed peace between nature and humans. In my opinion, a museum has largely three functions: 1) Record history, 2) portray social memories and 3) catalyze reconciliation and peacebuilding. There is a renowned dissertation paper that raised the question of whether a museum is a temple or a forum. From my experience,

a peace museum holds both attributes. In other words, it remembers peace and, at the same time, creates vision.

The Kyoto Museum for World Peace is significant in that it remembers and honors not only the victims of war within Japan but also the victims of Japan’s invasions and the citizens who made efforts to promote peace with peaceful means. I firmly believe that cities play an important role in building peace. There are many meetings organized and operated among cities in Japan, such as the Mayors’ Meeting for Peace led by Hiroshima (established in 1982) and the Nuclear-Free Cities Meeting, which 300 cities throughout the country joined. Instead of leaving the efforts for peace to the politicians and diplomats, it is more crucial to design a peace model led by civil societies such as the Jeju Forum.

● **Thomas F. SCHNEIDER** The Remarque Peace Center is located in Osnabrueck, the city where the Peace of Westfalen was signed in 1648. Osnabrueck has followed the tradition of peace, and the Remarque Peace Museum was dedicated to the writer Erich Maria Remarque who was born in Osnabrueck. To Mark the 100th anniversary of Remarque’s birth, the museum was built in 1998. Erich Maria Remarque is well-known for his novels, such as “All Quiet on the Western Front” and “A Time to Love and a Time to Die.” Remarque continued to raise questions about what individuals could do in wars. His books were translated into many languages worldwide.

The Remarque Peace Center has actively collaborated with various agencies and NGOs, striving to spread and educate Remarque’s work and ideas among schools and universities. Though not a large-scale museum, the center has performed many different activities. It even addresses the relationship between history and culture as well as challenges to civil societies. In doing so, we make efforts to spread Remarque’s thoughts. We have continued to integrate the concept of peace with the mindset of citizens, reduce their xenophobia and support studies on Remarque’s ideas. And we consider how to reenact wars based on Remarque’s works.

Our projects also include research on how media

reenacts wars during wartime. Recognizing the importance of modern intelligence wars, we pay keen attention to the role of journalism. We are also interested in how to build the role and capacity of the press with regard to those of the civil community. In the global context, we endeavor to form a network for peace agencies and researchers who study war and journalism, and create a forum for teachers, artists, civilians and soldiers. We try to listen to the voices of people from all walks of life just as the Jeju Forum does. I give lectures at the German Military Academy in an effort to have a better understanding of how the war represents soldiers and what they think about it. Through these activities, my institute promotes dialogue between peace museums and related agencies, while encouraging communication on peace among researchers. To this end, it is important to share the value of peace with the public, promote tolerance and multiculturalism and stand against nationalism, racism and xenophobia.

● **HAN Junghee** The International Peace Center Jeju is a landmark that stands for peace on Jeju. In April 1991, the summit between South Korean President Roh Tae-woo and the Soviet Union President Gorbachev was held in Jeju, followed by a US-Japan-China trilateral summit. Later, Jeju Island was designated as the Island of World Peace by the South Korean government on Jan. 27, 2005.

The Jeju Peace Declaration introduces Jeju’s tradition of peace. Overcoming the sorrow from experienced the Jeju April 3rd Uprising and Massacre is a representative example. After being designated as the Island of World Peace in 2005, the International Peace Center Jeju, which features a variety of artistic properties to symbolize peace, was established in the following year. The IPC building also houses the Jeju Peace Institute and the Jeju International Training Center (affiliated with UNITAR). The Island of World Peace is the symbol designed for the purpose of spreading world peace as well as understanding peace for humanity. Now, the IPC welcomes an estimated 100,000 visitors every year, and hosts various permanent and temporary exhibitions. We

are planning to promote exhibitions and education projects with a focus on artworks containing the meaning of peace. In doing so, we expect our center to guide our visitors to peace through art. This meeting between the landmark institutes including the Remarque, Verdun, Ritsumeikan and Jeju peace centers has a chance to secure a bridgehead towards world peace. I believe that we can build a network for diverse practices for peace and peace museums and further promote in-depth projects.

Q & A

Q. I was born in Jeju and studied in Strasbourg, Alsace, a region at the border between Germany and France. Living there, I could experience the European process of communicating and healing the wounds through mass media by means of culture or art. Europe and Jeju may not be in the same situation, but I believe that the Jeju people can share the pain that the Alsace locals experienced. Returning to Jeju, I could feel that people choose to remain silent despite their painful memories. Agencies, elites and institutions seem to be moving forward, but unlike Strasbourg where the European Union is established, Jeju has not yet reached that level in the public context. The sorrow of experienced the Jeju April 3rd Uprising and Massacre remains in the legacy of Jeju. What would be the wisdom that Jeju can learn from the European process? I hope that Director Hansch will provide insight for us.

A. Philippe HANSCH The youth in Europe is in decent condition. Traveling is easy and the threat of war is not so great. Some young people are instigated by populist speeches, but that is why we all agree on the importance of history education. I think that youth exchange programs can better apply to the case of South and North Korea. Through this program, North Korea could learn more about the atmosphere around the world and we could understand the type of peace North Korea pursues. Displaying wars is easy, but displaying peace is not. I believe that youth exchange programs can give us new ideas to express peace.

Alsace, and Strasbourg as a whole, is a very special region. Four major wars took place centering on this region and it experienced fierce conflicts between Germany and France. The peacebuilding process is very important in the region. That is why Mitterrand and Kohl held hands to discuss peace and reconciliation.

Q. Are there any reasons the museum for peace was established in Ritsumeikan University?

Q. You mentioned that it would be great to have youth exchange programs with the Jeju International Training Center. What programs do you have in mind? What are the contents of Japanese museums on women? Structurally, museums generally record a deficit. I wonder how the Remarque peace center raises funds. As to the appointment of the directors, I would like to learn if your museums invite specialists or generalists.

A. Akihiko KIMIJIMA Most museums for peace are operated by city governments, but Ritsumeikan University is a special case. There was a civil movement in the 1980s to display artifacts related to wars. It aimed to actively remember the wars and spread peace and democracy through exhibitions on peace. We also wanted to continue displaying exhibitions on our civil movements. There are definite advantages of having a peace museum for educational purposes within the university. Despite the criticism from far-rightists against the exhibitions of war artifacts found in Okinawa and Nagasaki, the museum on the university campus has an advantage of protecting its own value thanks to liberty given to the scholars. In terms of peace, women play an important role. Exhibitions on ‘comfort women’ can deliver a significant lesson. In many cases, people turn their eyes away from painful scenes. Through the exhibitions on ‘comfort women,’ we strive to teach the lesson that we need to identify the problem and face reality.

A. Thomas F. SCHNEIDER Regarding our financial independence, the Remarque peace center is not a highly profitable model. We do not even receive admission fees. It is run by Osnabrueck University. To some extent, my center is related to the community in terms of financial support. We receive support for our

projects from different foundations. We are actively looking for partners that can provide us with financial support. We also need to build management capacity, secure financial resources and seek professionalism in running the center and mediating different stakeholders.

Policy Implications

- To spread resilient peace in society, peace museums should play a significant role as the platform to commemorate and remember peace.
- In particular, peace collaborations, not just on a national scale but among cities and beyond regional units, are crucial instruments to spread peace in a concrete way.
- The speakers with experience in running a museum for peace on a city level focused mainly on the function of museums as a forum, where not only the past but current challenges are actively discussed, rather than a temple that simply remembers the past. This serves as an important reference for the International Peace Center Jeju, regarding the orientation of its future exhibitions.
- In the cases of regional museums for peace operated with the support of their communities, cooperation with the local community is important but they also need to work to expand their international networks for collaboration.

The Bridging Role of CJK toward Regional Peace in East Asia – Commemorating the 20th Anniversary of CJK Trilateral Cooperation



Opening Remarks	HAN Mei Deputy Secretary-General, Trilateral Cooperation Secretariat
Closing remarks	Yasushi YAMAMOTO Deputy Secretary-General, Trilateral Cooperation Secretariat
Moderator	WOO Sukeun Visiting Professor, Shandong University
Speakers	SU Xiaohui Deputy Director, Department of International and Strategic Studies, China Institute of International Studies CHOO Jaewoo Professor in the Department of Chinese Studies, Kyunghee University Yoshiyuki OSHITA Independent Scholar Specializing in Cultural Policy / Executive Director, National
Discussants	YOU Ji Professor, International Relations and Head of Department of Government, University of Macau Kazuo MATSUSHITA Senior Fellow, the Institute for Global Environmental Strategies / Professor Emeritus, Kyoto University
Rapporteurs	HWANG Ye-Eun Political Affairs Officer, Trilateral Cooperation Secretariat CHUN Jaepyo Economic Affairs Officer, Trilateral Cooperation Secretariat

● **HAN Mei** The year 2019 marks the 20th anniversary since trilateral cooperation officially started at the breakfast meeting among the Leaders of China, Japan and Korea (CJK) on the sidelines of the ASEAN+3 Summit in 1999. Since then, trilateral cooperation gradually proved itself as an inevitable process until it gained its new momentum for growth by holding the first independent Summit in 2008.

Commemorating the 20th anniversary of CJK trilateral cooperation, the Trilateral Cooperation Secretariat (TCS) organized a Session in the occasion of the Jeju Forum under the main theme of “The Bridging Role of CJK toward Regional Peace in East Asia.”

China, Japan, and Korea are significant countries and major economic blocs in the world composing 23% of the GDP, 21% of the population, 19% of trade volume, and 8% of world visitors, and the significance of trilateral cooperation is growing at a faster pace.

The Trilateral Cooperation Secretariat(TCS) has continued to expand its contribution to foster trilateral

cooperation in various ways and is always ready to support and implement projects with a view to promoting peace and prosperity in the Northeast Asian region.

● **SU Xiaohui** Several positive elements can be found in regard to the dynamics behind trilateral cooperation. First, the collective economic power of China, Japan, and the ROK (hereafter referred to as ‘CJK’) and their status in the global economy work as the basis for trilateral cooperation to play a role in the regional economy. At the same time, the three economies are commonly facing downward pressure on economic growth, and are in need of a new driving force for which trilateral cooperation can create opportunities. Second, CJK has been attaching more importance to the trilateral framework (CJK FTA) and the Regional Comprehensive Economic Partnership (RCEP), especially since the US’s withdrawal from the Trans-Pacific Partnership (TPP), and trilateral cooperation sends out a strong signal to the international community about CJK’s commitment to multilateralization and globalization. Third, keeping in mind that one country’s security should not be built at

the expense of other's security, CJK can take advantage of last year's positive developments surrounding the Korean Peninsula, and start security cooperation from non-traditional security areas.

On the other hand, there are also some serious obstacles to cooperation. First, the mutual trust among the countries in the region is fragile, and China is concerned with the US strategy toward the Indo-Pacific region. The level of interdependency among CJK also needs to be improved, as seen from the trade volume. In addition, it is time for CJK to discuss how to construct the regional structure, addressing the intertwining cooperation frameworks – such as ASEAN+3, ASEAN Regional Forum (ARF), East Asia Summit (EAS), and APEC – found in the region.

Going forward, CJK should put first priority on the institutionalization of trilateral cooperation, with the Trilateral Summit not only being a symbolic occasion, but also playing a unique role in bringing the relevant parties together. In the same light, the three countries have been setting up principles as well as the details over the past 15 rounds of negotiations for the CJK FTA. In the socio-cultural aspect, promoting cultural exchanges through tourism would contribute to enhancing mutual understanding while reducing the risk of miscalculation.

In regard to the potential for trilateral cooperation, there is much expectation on the 'CJK+ α ' modality, which will offer opportunities for CJK to expand cooperation in other countries, and the three countries should put more focus on global governance and security cooperation, with a view to reaching common understanding on regional matters like the DPRK issue through multilateral frameworks.

● **CHOO Jaewoo** It has been 20 years that the three countries came to the terms to hold a dialogue at the summit level. The meeting was initially held within the confine of ASEAN+3 summit until the three nations decided to hold an independent framework in 2008.

However, cooperation has been hindered for several reasons such as geo-political and geo-economic challenges, lack of trust, and nationalism. Asian

paradox still lingers in the context, where economic cooperation has deepened while the political trust has not been enhanced. In order to overcome the Asian paradox, a materializing cooperative initiative in the third country or region besides Northeast Asia could be beneficial and provide a positive impact on the cooperation.

Also, non-political and non-traditional security areas are possible cooperative areas for the three countries to build more practices for common achievements. It is also important for the three countries to build a cooperative platform outside the region of Northeast Asia, where the three might have common interests and have fewer conflicts for cooperation.

● **Yoshiyuki OSHITA** The Culture City of East Asia' program, created based on the agreement among the CJK Ministers of Culture, provides opportunities for the CJK cities to continue developing distinguishing cultural characteristics and tourism industries, and encourages deeper mutual understanding and solidarity in East Asia. The three countries respectively select one city each year and they host a variety of cultural and art-related events to introduce both modern and traditional culture to the partner countries.

The East Asia Cultural City (EACC) program should not be considered as just a series of cultural events, but rather a long-term development strategy for CJK cities. Furthermore, its effects are not only limited to the cultural field, but spill over into other policy areas including education, tourism, economic stimulation, and urban development.

In times of strained international relations such as this, engaging more proactively in cultural interactions of all types will contribute to fostering peace among CJK, which may be even worthy of the Nobel Peace Prize for the hopes and expectations it holds for the future. The first participating students in the EACC were 15 years old when it was launched in 2014, and will go into their 30s in 2030. Imagine how the three countries will face less conflict and more understanding as those young people, who

participated in the EACC come to hold the leadership positions, and it will be easy to see that cultural exchanges do contribute to regional peace.

● **YOU Ji** The trilateral cooperation is facing both positive and negative sides of cooperation. The negative side includes worsening Sino-US confrontation, unilateral US trade war against China as well as other countries in the region, and denuclearization process after the second US-North Korea Summit.

Despite the uncertainties, opportunities also exist. The Sino-ROK relations have visibly returned to normalcy, as the two countries have put the THAAD (Terminal High Altitude Area Defense) dispute behind. Sino-Japanese ties have also begun to unfreeze with the plan of President Xi Jinping's first state visit to Japan. The three countries are neighbours and the only way to live together is through peaceful co-existence.

Another positive sign of cooperation is Kim Jong-un's acceptance of President Xi Jinping's advice on two of the following issues. First, the nuclear weapon might not be a good option for cooperation and second, North Korea's economic development by opening up the country to the outside world will bring positive effects.

Regarding the issues on the US-China trade war, the conflict will hurt the interests of the three countries. The three countries should strengthen the trilateral economic relationship, enhancing the complementarity particularly in the areas of IT industries, 5-G and AI.

● **Kazuo MATSUSHITA** Under the framework of trilateral cooperation, the Tripartite Environment Ministers' Meeting (TEMM) and its related activities have been the most successful and longest-standing mechanism since its launch in 1999. The fruitful outcomes of the TEMM include air pollution control, dust and sandstorm (DSS) control, environmental education, chemical management, transboundary movement of e-waste and transition to the green economy.

On the global level, the importance of co-benefits of approach for air pollution control based on cost-

effective measures should also be highlighted, which contribute to the Paris Agreement and SDGs simultaneously. Cost-effective measures – such as energy efficiency standards, renewable portfolio standards, and public transport upgrades – deliver co-benefits like mitigating climate changes and development needs, and thus, provide climate security social resilience.

While CJK has contributed to improving the air quality in the region, they can still make further efforts together in implementing regional and international initiatives for air pollution prevention and control in line with the Paris Agreement and Sustainable Development Goals (SDGs).

● **Yasushi YAMAMOTO** Three conditions are required for trilateral cooperation as follows. First, a balance of national powers among CJK laid the basis for trilateral cooperation. Second, a sense of crisis or emergency provides a driving force for trilateral cooperation, as the Asian Financial Crisis in 1999 and the Global Financial Crisis in 2008 brought about upgrades of trilateral cooperation. Third and most importantly, CJK can and need to share the national strategies toward the region with each other in order to identify the commonalities among them which can provide a pathway to peace and stability in the region. Bearing these points in mind, the TCS will continue to make efforts to enhance trilateral cooperation as a bridge between the public and private sectors.

Policy Implications

- China, Japan, and the ROK should continue to make joint efforts for institutionalization of trilateral cooperation, particularly delivering on the agreement to hold the Trilateral Summit meeting on a regular basis.
- The three countries need to enhance further communication on non-traditional, trans-border issues that require collective efforts to handle effectively, and facilitate more social and cultural exchanges to promote mutual understanding.
- The US-China trade might hurt the interests of the three countries and the three countries should furthermore strengthen trilateral economic cooperation in response to the situation.

Creative Roadmap for Denuclearization and Peace on the Korean Peninsula



Moderator **YOON Young-kwan** Professor Emeritus, Seoul National University/Former Minister of Foreign Affairs & Trade of the ROK
Speakers **Robert GALLUCCI** Former Chief US Negotiator for Geneva Agreed Framework/
 Distinguished Professor of Diplomacy, Georgetown University
Kim Byung-Yeon Professor, Seoul National University
Kim Keun-sik Professor, Kyungnam University
Park Myung-Lim Director, Kim Dae-Jung Presidential Library, Yonsei University
Rapporteur **CHOI Jeeyoung** Staff, JoongAng Ilbo

● **YOON Young-Kwan** As we all know, inter-Korean tension in 2017 was so high that Richard Haass, president of the Council on Foreign Relations, assessed in November, 2017 that the likelihood of a war on the Korean peninsula amounted to 50 percent. However, in early 2018, the peninsula entered a peaceful phase with diplomatic maneuvering involving the PyeongChang Winter Olympic Games, and the Korean government is now seeking a way to establish a peace regime on the peninsula through negotiations on denuclearization through diplomacy. Last year, there were three inter-Korean summits and two US-North Korean summits. President Trump made a big change in 2017 to his earlier posture of applying military and economic pressure on North Korea by meeting with Chairman Kim Jong-un, but this produced few results. The four agreements in Singapore were of great significance, but the negotiations in Hanoi ended without agreement, and there is a war of nerves going on between the US and North Korea. The US is sticking to its roadmap of the so-called big-deal to lift economic sanctions only after the complete denuclearization of North Korea, but the latter refuses to accept this. In the tug of war,

Kim Jong-un made public that if the US does not change its position by the end of the year, it will take a new path next year. In this situation, I would like to hear from the four panelists here about what kind of roadmap we can choose, and how we can draw it up as an intermediary process to reach complete, verifiable irreversible denuclearization of the peninsula and the goal of building a peace regime.

● **Robert GALLUCCI** I think this suggestion of a roadmap is a very good one. What I would like to point out is that we have developed roadmaps before. We had negotiations in the 1990s, and there were the Six Party Talks in the 2000s and a roadmap in Singapore in 2018. If we can denuclearize the North with these roadmaps, we want to remove the capacity of the North to recover its nuclear weapons, as well. I hope that the political and economic system of North Korea will develop by any means to help it become a normal state befitting the international system. I also hope the inter-Korean and US-North Korean relations will be gradually improved through economic, diplomatic, political and cultural exchanges. We want North Korea to stop provocations and all other

countries to lift sanctions against North Korea. We hope to have active support from China, Japan and Russia for all of these. A peace treaty should be structurally well organized to reflect the interests of all parties concerned. The roadmap to reach that level requires continued diplomatic and political participation by the US, North and South Korea, and China. This can be pursued by normal diplomacy. But the content of any anticipated agreement will be drawn up by experts and diplomats over a very long period of time. Perhaps, it will take some months to years. Mutual measures may be included in it before we proceed with additional steps for these measures. Confidence will be built up in this process. We cannot expect trust to be built in the near future. In order for us to follow any roadmap, all the major parties must commit themselves to that process. We need to make efforts to gain support from the public. The ROK-US alliance may react sensitively to the evolution of the interests of the parties concerned. While this process progresses, we cannot expect dramatic changes in our alliance. The redeployment of military troops, or operational coordination, is possible without affecting the alliance. I do not know if the US can change North Korea by investing political resources and capital in it. If we want a genuine normalization of ties, North Korea has to make a fundamental political change, first. The authoritarian regime of North Korea should become something other than a totalitarian system, at least. In usual summit diplomacy, public officials used to work out preliminary measures, but the summit in Hanoi was different. As an assistant secretary 25 years ago, I did lead the US delegation, and the summit was held after a formal agreement at the working level. Kang Suk-joo, then first vice foreign minister of North Korea, and I signed the agreement. In the case of summit diplomacy, North Korea would not talk with anyone other than the top official. As the moderator noted, the suggestion of President Trump was not what the North Koreans expected. I doubt that North Korea would answer even the phone calls of Secretary of State Pompeo or United States Special Representative for North Korea, Stephen Biegun. North Korea had

expected President Trump to come to the negotiations, but someone under the US presidential level must have made it difficult for North Korea to come to the talks. North Korea is now in a position that makes it hard to accept whatever it may be. Starting diplomacy at the top level is not a good idea for negotiations.

● **YOON Young-Kwan** There is a matter that they should have thoroughly studied, but did not. That is the changes inside the North Korean regime. It appears that they have neglected the changes in the economic, political and social systems of North Korea, while focusing only on military and strategic affairs in connection with the nuclear issue. In this context, I think the economic changes in North Korea are significant. So, I would like to ask what Prof. Kim Byung-yeon thinks about this.

● **KIM Byung-Yeon** I will start with what Kim Jong-un must be thinking now. If anyone takes the helm of North Korea, he will have to think hard first about military concerns and secondly, economic issues. In other words, if Kim Jong-un wants to have a permanent grip on power, he would think that he will have to complete the development of nuclear weapons plus intercontinental ballistic missiles (ICBM), and achieve economic development at the same time. We need to have a comprehensive roadmap as regards the North's economic development as well as the military and security issues. In the short term, I think sanctions are the best way to bring changes in North Korea. The sanctions can have an impact on the market and industries, as well as the foreign currency, called the Achilles' heel of North Korea. Last year, North Korea's exports fell by 90% and its imports by about 40%. In 2017 and 2018, North Korea's GDP seems to have declined by 10 percentage points. In addition, as seen in various reports, North Koreans' income and consumption, apartment prices, the number of sales stands in the market, and visitors to the market are declining significantly. The exact amount of foreign reserves is not available, but we estimate that it could have been between 3-5 billion dollars by the end of 2018. If such a trade deficit continues, many economists expect North Korea's foreign currency

reserves will be completely depleted by 2021. Hence, I think North Korea will come to negotiations before it is driven to dire straits in which it cannot import oil and food, the staple items supporting its people and the economy. Some people think that sanctions alone will make a complete, verifiable and irreversible denuclearization (CVID) possible, but I do not think so.

In the end, the negotiations will be focused on the definition of complete denuclearization, the agreement to give up existing nuclear weapons and ICBMs, and the gradual implementation of the agreement. Then, they will discuss, first of all, how to lift the sanctions on North Korea. What sanction should be lifted in exchange for the agreement in the initial stages? For example, reopening the Kaesong Industrial Complex might be a good option for negotiations on the Yongbyon plus alpha issue. As the industrial project is hard to expand and to make it snap back, I think the project should be put on the initial roadmap in exchange for the total destruction of the Yongbyon nuclear facilities, which is seen as a measure of irreversible denuclearization. When lifting the sanctions, we should make a comprehensive deal on the measures to develop the North Korean economy through economic projects at each stage of denuclearization and discuss how to facilitate discussions among various interest groups in North Korea. I think it is necessary to consider a measure to open the Wonsan Tourism Complex to foreign tourists and help North Korean miners join international organizations when some of the sanctions are eased, as well as a framework to promote changes and economic growth in the North.

● **YOON Young-Kwan** Currently, Chairman Kim Jong-un emphasizes self-reliance, vowing to safeguard national sovereignty at the risk of people's lives. It is a declaration that he would endure till the end. What do you think about that? I wonder how the liberalization of the economy would have political effects. As regards the remarks of Kim Jong-un that the second crisis is likely to come in 2-3 years if the North refuses to yield to foreign pressure, I am curious

whether the North Korean people would be ready to starve themselves to death for the sake of national sovereignty, as they did during the 1994-1996 famine. In fact, for sanctions to work, China would have to fully cooperate with the US in applying a great deal of pressure upon the North. I also wonder if you can expect China to sustain this cooperation long enough.

● **KIM Byung-Yeon** First, the question about the possible reaction of North Koreans to economic difficulties is hard to answer; but it is an important question. First of all, we can say that North Koreans are actually different from those who lived in the time of the North Korean Famine. I think Kim Jong-un came to the negotiations in 2018 under pressure for change in North Korea. North Korea's marketization has changed the value system North Korean people share. There are positive proofs that it is not an exaggeration to say they have now become businessmen and homo economicus. Kim Jong-un is now in a situation where he has to respond to such internal pressure. I am not sure if he can withstand such pressure and think it is reasonable and desirable for him to come to negotiations before the second famine crisis. North Korea upholds self-reliance, but it is a dream-like story that the North Korean economy whose dependence on trade surpassed 50% will again make a recovery. I think Kim Jong-un will recognize this as time goes by. I think it is most desirable for him to come up with options for negotiations that the US or the international community can accept.

Second, it is hard to predict how the Chinese factor will affect the North Korea issue, but it will certainly not change for the next two years at least. I think China will continue to comply with the sanctions, which is a sort of byproduct of the US-China relationship. As China will not provoke the US by easing up on the sanctions amid their bilateral conflict, they will continue to be in effect for two years, at least.

● **YOON Young-Kwan** Prof. Kim Keun-sik is a seasoned expert on North Korean politics. I would like to ask him how we can find a way to make a road map in the context of political changes within North Korea.

● **KIM Keun-Sik** At this moment when the 2019 negotiation for denuclearization is stalling, we are in need of creative ideas to make a breakthrough. I think it is important to look into the possible political dynamics inside North Korea. Also I believe that internal political dynamics already exist there. The biggest factor is the spread and formalization of the market. The market policy in the past era of Kim Jong-il was something unofficial, tolerating it for most of the time, and intermittently suppressing or cracking down on it. In the era of Kim Jong-un, the market has been formalized. It is already irreversible because the market and the planned economy coexist, and the government and the private sector are helping each other. The market is already an important factor of the political dynamics of North Korea. The second difference from the past is the increasing cracks and fissures in the ruling class. In order to maintain the dictatorship of the supreme leader, it is necessary for a small power group to have solidarity, but they suffer from intensifying conflicts of interest amid the growing interest associated with markets. The purge of Jang Sung-taek is cited as a representative example. One of many reasons for his execution was his monopoly of wealth through power abuse during the power transitional period. Jang is said to have invited a backlash due to his monopoly of power that used to be divided among politburo, party leadership, military and government officials. As the market grew, the interests grew, and the conflicts of interest intensified, leading to clashes among the power groups and their collaborators. Given this, the crack in the power bloc may not be catastrophic, but it is certainly widening. I think the expansion of the market, the growing respect for human rights, and the conflicts of interests within the power group forebode certain political changes in the North.

I think we might need negotiations or a roadmap for the process to encourage or press North Korea to denuclearize itself, but I think this may not be successful in the long run. It is necessary to continue negotiations but it is important to pursue resolution of the nuclear issue and changes in North Korean society

in parallel. In the process of solving the nuclear issue, it is important how to define the object, scope and duration of denuclearization, and how to draw up the roadmap. At the same time, we should consider a long-term strategy to deal with the other issues such as how to change the political and economic system of the North. Hence, I think that it is about time to prepare a consistent strategy, along with the denuclearization roadmap, and set goals to promote fundamental political and economic changes in North Korea over the longer term.

● **YOON Young-Kwan** The remark of Prof. Kim that the market was bringing a fundamental change to North Korea was notable. In particular, I noted the significant implication of his observation that marketization on a wider scale is creating more cracks within the North Korean ruling class. Along this line, do you think Kim Jong-un is different from Kim Jong-il or Kim Il-sung? Whereas Kim Jong-il used to emphasize the existence of threats outside the country and stick to a military-first policy, Kim Jong-un seems to be focusing more efforts on economic development than on external threats. There has been a considerable change in the way to legitimize the political regime of North Korea. May we assume that the North Korean leader now bases his legitimacy on economic development, unlike his father?

● **KIM Keun-Sik** Personally, I expect Kim Jong-un is likely to take a path, not dissimilar to that of Park Chung-hee over the longer term. Park Chung-hee rose to power through a coup, and thus had to legitimize his power with economic development. Such an attempt and efforts led to the modernization and industrialization of the South, which paradoxically helped people to overcome poverty and create a civil society, awareness of human rights and democracy that eventually eroded the dictatorial regime. I think most authoritarian and dictatorship regimes go through that process. Kim Jong-un's grandfather Kim Il-sung could exercise the dictatorship with his historical legitimacy as an anti-Japanese independence fighter and founder of the socialist state. His father Kim Jong-il, who was of less political stature than his father, remained as

the second in command for 18 years from 1980 when he was officially elected at a party assembly as heir to his father until he rose to power in 1998. Kim Jong-un has none of the political legitimacy that his father and grandfather had. Though he took hereditary power thanks to his bloodline, he has only undergone a political apprenticeship for less than two years and lacks charisma, which makes it inevitable for him to pay more heed to people's livelihood needs to justify and maintain his power. The people's economy-first policy that Kim Jong-un advocated in his New Year's address is now focused on agriculture and light industry for the production of daily necessities. I cannot vouchsafe it, but it is likely that the younger leader of the North will have to legitimize his irregular rise to power by developing the economy and satisfying these livelihood needs, which is expected to ultimately cultivate a civic society and stimulate political changes within it.

● **YOON Young-Kwan** I would like to ask Professor Park Myung-lim, who has analyzed domestic and international political issues from a macroscopic perspective, about this matter in connection with the roadmap on the North Korea issue.

● **PARK Myung-Lim** I think the current phase of inter-Korean relations is in a double-faced deadlock. If the goal is to prevent war or defuse tension, we may call it a relatively successful phase. If we have to seek denuclearization of the North as the ultimate goal, we still have a long way to go. Therefore, I think we have various roadmaps ahead of us. If we adopt the most desirable one, we are most likely to resolve the issue. I have been thinking about a more creative solution and believe there might be a decisive deal or solution that could find a compromise between the partial exchange, partial agreement and small deal of the North with the complete exchange, comprehensive agreement and big deal the US insists on. I think such a decisive deal is possible if the two sides suggest and accept at the same time their own chips for negotiations after making mutual efforts to equally share the burden and benefits in a critical deal. The inter-Korean confrontation has now turned into

one between international society and North Korea. As the nuclear issue has become a concern not only for the US, but for the world, a decisive exchange of bargaining chips may resolve the issue. If the UN replaces the sanction regime with a security guarantee for the North, this might make a breakthrough. First of all, I think that it is about time to abolish inter-Korean ties formulated by the Inter-Korean Basic Agreement of 1991. The first phase of these inter-Korean ties was based on the armistice system, and the second based on the Basic Agreement to pursue national unification in a special relationship. Now, it is high time to transform the ties of the two Koreas into international relations and discuss the issue of how to agree on an inter-Korean treaty. It is necessary to pursue peaceful coexistence between the two Koreas by overcoming the anxiety and abnormality produced while pursuing national unification. Secondly, as the keeper of the world order, the US has strived to incorporate many countries into the world system, and the US-China relationship was maintained for 26 years, the longest ties under the current world system. Two decades after the establishment of US-China ties, North Korea still remains outside the world order. I think it is very important for the US to draw North Korea into the US-led world system. Another important player is the UN. I believe it would create decisive momentum if South Korea, the US and Japan opened their embassies in North Korea at the same time, when the North accepts nuclear inspections and returns to the Nuclear Nonproliferation Treaty regime. The most critical moment of critical moments would come when the North accepts nuclear inspectors, returns to the NPT (Non-Proliferation Treaty) and agrees on the establishment of the embassies of South Korea, Japan and the US in the North. I would like to say that this is the most feasible roadmap because the North would stop its nuclear development under the NPT regime if the US and South Korea open liaison offices in the North, send resident representatives there, and open embassies.

● **YOON Young-Kwan** Lastly, I would like to say as a moderator that we all talked about the progressive

change in North Korea and in the nature of the regime, and how to promote it. One thing is clear: Chairman Kim has shifted his focus to economic development. I think he is willing to sacrifice considerable nuclear and missile capabilities to achieve economic development, and such a determination is likely to provide a very special opportunity. However, it is doubtful that we are ready to take advantage of this opportunity to resolve the nuclear issue. The proposal to dismantle the nuclear facilities in Yongbyon was an expression of the will to abandon nuclear capability to a great extent. In this situation, we should take a more political approach toward the North, while squarely looking at it from a wider perspective, instead of the narrow terms of security issues. In particular, I think that the US has a lot of political actions to take on a separate track from the denuclearization negotiations. For example, it is necessary for the US to take such action as the declaration of the end of the war, regardless of whether there is progress in denuclearization. President Trump has said that if North Korea denuclearizes itself, the US will guarantee a bright future for the North, but he has to demonstrate his will to do more than merely talk. The US had better operate a standing economic consultative body and invite North Korean officials to an education program on the market economy. It is regretful that there has been no change in this way of thinking, yet. I think the Korean government should make more efforts to engage in diplomacy in this direction.

Policy Implications

- The Trump administration should facilitate negotiations on the nuclear issue with proactive political actions such as the declaration of the end of the war with North Korea.
- The Korean government is advised to properly take advantage of the option of reopening the Kaesong Industrial Complex in response to the request of Chairman Kim Jong-un for the easing or lifting of sanctions during the Hanoi summit.
- A measure to open liaison offices by South Korea, Japan and the US in Pyongyang at the same time should be considered when negotiations on denuclearization make progress.
- It is necessary to address both the nuclear issue and how to bring about a change to the North, while continuing negotiations on nuclear weapons.

Pacific Rim Park City Members Conference



Moderator	KO Seong Joon Director, Jeju Institute for Korean Unification
Speaker	MOON Chung-in Distinguished University Professor, Yonsei University/ Special Advisor to the ROK President for Unification and National Security Affairs
Discussants	Kyle BERGMAN Co-Chair, PRP Organization
	Jovenie SAGUN Coordinator, Puerto Princesa City
	Cristobal GONZALEZ Director, PRP Member of Board
	KIM Tae-II Professor, Jeju National University
Rapporteur	Valerii A. SAVOSTENKO Associate Professor, Far Eastern Federal University
	KIM So-yeon Ph. MA student, The Department of Political Science&Diplomacy, Jeju National University

● **KO Seong Joon** Pacific Rim Park Conference members are promoting the Pacific Rim Park (PRP) project, which started in Vladivostok, Russia, to establish peace parks in Pacific Rim cities, jointly with university students, architects, artists and government/nongovernmental figures from these cities. The conference contributes to world peace by creating small parks under the theme, “A New Era Without War.” In today’s session, we will discuss the current state of the Pacific Rim Parks and share ideas on how to develop them.

● **MOON Chung-in** After the end of the Cold War, we expected to see permanent peace, but we see now we are unlikely to do so, given current affairs. Upon the increasingly uncertain prospects of peace since the inauguration of the Trump administration, we realize that peace must be achieved through more varied approaches.

The PRP project is a sort of grassroots movement and an idea started from below to contribute to peace in Asia. Young people from various countries gather to uphold the spirit of self-reliance through collaborative activities and contribute to peace by

means of sculpture and architecture. The collaboration of young people of various nationalities to create artistic and architectural works is one of the most beautiful challenges. I want to take this opportunity to ask each participant at the Jeju Forum for Peace and Prosperity to help the project expand further. Lastly, I would like to ask the Pacific Rim Park Conference members to make more efforts to maintain peace in the Asia-Pacific region.

● **Valerii A. SAVOSTENKO** The first Pacific Rim Park opened in Vladivostok in Russia in 1994. It has a historically significant implication for peace. In spite of the official end of the Cold War in 1989 and the door-opening of Russia in its transition to a capitalist system in 1994, the rockets of Vladivostok were still targeting San Diego in the US. It is also true that US rockets were aimed at Russia. At such a time, the US and Russia established the park for friendship.

The Friendship Park in Vladivostok is the first model for the Pacific Rim parks. At that time, I joined the project as an architecture major at the Far Eastern State Technical University (FESTU)

in Russia. Leading the American architects, James Hubbell visited Russia and built the Friendship Park in collaboration with Russian architects and students.

Generally, it takes a long time to change people’s mindset, but by creating parks, young people from both countries could soon become friends. Young people in the two countries, ideologically confronted with each other until then, had the opportunity to access new information and culture through the park project, and they were able to become friendly enough to call each other family.

After the establishment of the Friendship Park, a group of other architects from Russia visited Vladivostok to share ideas about the construction of parks; and they started to participate in the creation of new parks in other regions. When it was hard to create a new park, they reconstructed existing parks, gradually expanding the peace parks. But recently, the parks have begun to gradually disappear. Because climate conditions are becoming worse than the problems posed by real estate development, endless maintenance is needed for them. Recently, there has been a two-month discussion about how to preserve the damaged amphitheater in the park. In the hopes of preserving the parks, we are sharing information about their status quo and discussing how to maintain them with various stakeholders all over the world. However, if the existing parks are destroyed due to urban development projects, we will continue to maintain a balance and peace by creating new parks.

Lastly, it is truly meaningful for me to be in charge of the PRP project, as a professor. I hope that more people will be able to have this opportunity to contribute to peace.

● **Kyle BERGMAN** When they were establishing the Vladivostok Friendship Park, the first PRP project, I joined it as an architect. President Reagan was at the helm of the US at that time. When Hubbell said he would create a park symbolizing peace in Russia, the US government was concerned, as it was not on good terms with Russia even after the Cold War. As an architect, I participated in the project in the hopes that if young people from both countries built the parks

together, it would help them form solidarity and get closer to peace.

In recent years, a growing need for peace parks has surfaced amid worsening international relations under the presidency of Trump. The PRP project, for apolitical purposes, offers a public venue that provides the people in the Pacific Rim region with the opportunity to communicate and understand each other. Once the project starts operation, collegians, architects and artists from various countries gather in a friendly atmosphere and make plans for a month to form an international network for peace.

With the PRP project, we can accomplish the following three. The first is connectivity. In this project, young multinational people with diverse cultures and values exchange ideas to pursue the common value of peace. Second, we can create organizational power on the governmental and non-government levels. We are operating a series of talks and public discussions to create and maintain the park. Discussions are held on the value of peace and the need for the park not only on the governmental level but on the NGO level. Third, we learn how to realize peace through cooperation and collaboration. This project is participated in by various Asia-Pacific countries, so there are a lot of different viewpoints. But we can find the value of peace here. Problems always exist anywhere. The important thing is to learn how to solve these problems together. As family members make concessions and coordinate their opinions in amicable atmosphere in the case of a disagreement, so do the PRP conference members. We cannot agree on everything, but coordinate different opinions and solve common problems. I think this is the first step toward peace. I hope the Jeju Island of Peace will attend the conference to be held in San Diego next year. Let us make a voice for peace to create a world without war by piecing together the Pacific Rim parks like a necklace of pearls.

● **Cristobal GONZALEZ** Like Prof. Valerii, who made a speech earlier, I learned about the PRP project as a university student. In 1998, I participated in the second PRP project in San Diego, along with students, engineers, artists and architects of various

nationalities. Luckily, in 2001, I participated in the project to establish another peace park in Yantai, China. In 2004, I joined the work to create a peace park with Russian artists in Tijuana, Mexico, and I met my better half there and married her. Earlier, Co-chair of the PRP Foundation Kyle Bergman said that he was able to have a family by participating in the PRP project, and that makes two of us. I would like to take this opportunity to thank the PRP project and the PRP Conference members again.

Returning to the subject, the PRP project has an important meaning, in that students from various countries within the Pacific Rim region can exchange cultures, admit differences and understand each other. It is an opportunity to connect people and understand different cultures.

In 2004, the Tijuana Peace Park was built within 30 days. It is great that more than 30 students, artists, government officials, and Rotary Clubs completed the project to build the park in the short period of one month. Creating a park is hard work, starting in the early hours of the morning. After the daily work, participants have a pleasant time to exchange cultures together. The peace that the participants learn after the short or long journey of 30 days has truly significant meaning.

A workshop is scheduled for this summer, and we are inviting college delegations from each country to participate. Architecture and architectural engineering students will be invited to discuss the implications of peace parks and create new designs for them. Construction will begin in the last week of July or the first week of August after substantiating ideas from the brainstorming session at the end of June. In the upcoming September, new results of the project will be reported to the board of directors of the PRP Conference, including Hubbell. I expect that the students will have an opportunity to learn about not only the theory of peace but also about peace building through practice. Participants in the park building project will become new members of the Tijuana family.

Of course, in the early days of the park construction, the students will make minor mistakes due to their lack of experience. But the important thing is that they

can learn not only theory and knowledge, but also how they should cooperate with other members to achieve their goals. With the opportunity to witness and practice the work of Hubbell and his group of architects, students will be able to demonstrate their capabilities and grow in a short period of time. My past experience in Pacific Rim Park projects has changed my life. I was able to meet my wife, an artist, and made lifelong friends and family. In the precious time we have with them, we have the personal experience of peace. I hope that many students will have access to these valuable opportunities.

● **Jovenie SAGUN** I am a coordinator based in Puerto Princesa City and am also engaged in a biodiversity conservation project on Palapan Island. The island, which might be unfamiliar to you, is a small island belonging to Puerto Princesa City in the Philippines and located on the way to Palawan Island, a famous tourist destination. The island might be compared to Jeju Island in that it has a beautiful natural environment and specialized tourism industry. I started working with the PRP Conference members for the first time in 2008, when the fifth peace park was being prepared. The PRP project in Puerto Princesa in 2009 was participated in by 29 students, artists and architects from various countries. The name of the completed park is Salinlahi Park, famous for its beautiful maritime scenery spread out behind the island. It is regretful that the park can be reached only by boat, with no public transit available.

The area where Salinlahi Park is located is about 25km away from the city center and covers 1,200 hectares of land. It takes about 10 to 20 minutes by boat from the city center. The natural beauty and ecological diversity are well preserved thanks to the limited human access, and it is also a habitat for various wild animals. In fact, since 2008 when the PRP project began to be discussed, the Philippine authorities have repeatedly expressed a will to develop the island in other ways. Therefore, the PRP Conference members had to constantly appeal to the Philippine government about the value of the project and its importance. The park, which has been built after such hard persuasion,

is currently in a bad condition. Amid the changes of government, the park became an off-limits area due to a real estate development project. The government has fenced the park off, claiming ownership of the area around it. The PRP Conference members should consider how to break through these difficulties.

As the PRP Conference members have maintained cooperation with the private sector, the NGOs have come forward to appeal to the government to recognize the importance of the park. Concretely, they have made efforts to safeguard the park against the real estate development plan of the municipal government by suggesting preconditions for the development. Fortunately, the park remains intact thanks to such efforts. However, more attention is required to preserve the park. I would like to ask the university students who participated in the project, in particular, to raise their voices. The park has significant meaning as the identity of the area and a symbol of peace in Pacific Rim region.

The Pacific Rim Parks are the architecture symbolizing the association of each member city with peace. However, the growing importance of real estate development makes it hard to preserve the parks. Hence, the PRP Conference has to recognize such adverse conditions facing the peace parks. It is necessary to constantly share information about the status quo in face-to-face meetings.

We can solve the problems the Pacific Rim Parks face by giving inspirational ideas to each other. I think the peace cities should take responsibility for preserving them after completion of the PRP projects and stick to the principle of maintaining their upkeep. Physical symbols of peace-building and unity, like the parks, are important, but the process of working together is all the more valuable. The act of different people working together for a common goal will help them form a solidarity. I expect that they come to understand the value of peace through the collaborative process of solving problems. The task Salinlahi Park faces is not its own alone, but a common one for all PRP Conference members. I hope that they can realize the value of peace and its sustainability in

the course of solving common problems.

● **KIM Tae-II** I joined the project to build the sixth Pacific Rim Park on Jeju Island in July, 2017. The panelists have given impressive speeches about the value of peace and the contribution of the PRP. Now, I would like to say what I feel about the project and mention a few obstacles that have not been addressed yet, as well as alternatives to overcome them.

In fact, I was not quite sure of the function of the PRP project in terms of professionalism and its expected role of contributing to peace. However, I came to recognize the value of the project anew, after listening in this session to the personal histories of those who joined it as a student and are now in charge of it as professors. I hope that we can find new values of this project while sharing personal experiences of the project through diverse opportunities for dialogue in the future.

First of all, what is a park? A park is a garden with a public purpose. It is a garden that everyone can use and share together. The existence of parks in modern society is ascribed to urban development. As we developed the city center, the greenery disappeared, and a park was built so that the public may satisfy their desire to enjoy nature together. The park is a place for healing for many and gives us environmental benefits and scenic pleasure. The distinctive feature of the Pacific Rim Parks is found in the theme of peace that characterizes a mere park, and in the practice of people joining together in the building project.

If you look closely at the PRP project, you will find that the functions of the park site before and after its establishment were completely different. Before embarking on construction, the PRP Foundation made a proposal to invite students to the project through an arrangement with the local administration. The completed park is visited mostly by adults for various purposes, not by the 'students,' who built it. The history of the park and users of the space have changed with the passage of time. These two different functions will be a key topic of the discussions on new values and prospects for the Pacific Rim Park in the future.

In a similar context, I would like to discuss measures to prioritize the value of peace, when we select the venues of

PRP. Currently, the PRP Foundation selects the park area and entrusts the project to the PRP Conference members in a top-down decision-making process. It would benefit the values of peace and democracy more, if more people participate in the discussion to select the park venues in a bottom-up process.

Today, I heard of the unfortunate situation of Pacific Rim Parks in some areas. This may be the result of insufficient communication with the central and local governments, or a change of the government. In the case of Jeju Island, it was easy to proceed with the project, thanks to the donation of the land by the Peace-Cooperation Bureau of the local government, but not all of the other parks are in such a favorable condition. This indicates the limitations of the current PRP project. There is little activity by the local residents to promote the value of the project after the parks are built by the hard efforts of multinational students and young people.

For this reason, I propose that Peace Parks should be located near city centers. It is necessary to consider not only its construction but also the function of the park after its opening, lest the efforts of those who participated in the PRP project go down the drain. I hope that ordinary citizens will be able to see and share the value of peace through the park. To do this, we need to think about accessibility to the park and the importance of the democratic process of discussion on the site selection.

Next, I would like to discuss the activities of students who are the core players in the PRP project. After the creation of the Pacific Rim Park on Jeju Island in 2010, exchanges among local students who participated in the project continued, but it was difficult to form a solidarity with students from abroad. This is because there is no opportunity to do so. Therefore, we should actively explore direct and indirect means to improve and sustain alliances with them. Given the case of those who became managers of the project after joining it as students, it is time to make new, diverse efforts to help them become messengers of the concept of peace. The role of the administrative body is also very important. As regard such affairs as site

selection, young people's participation and budgetary support, local administrative agencies and the PRP Conference members should discuss how to support the construction of the parks and how to preserve them with follow-up measures.

If we proceed with the PRP project, based on the opinions presented in the PRP Conference today, we might start a new level of discussion about peace at a Jeju Forum 10 years from now. Considering the case in the Philippines in which the pursuit and aspiration of peace are at risk in the face of hard reality, it is high time that we make a new start for the PRP project. I have called attention to the crisis faced by the PRP project and presented alternatives to overcome these daunting challenges and new value for the project. I hope that the PRP Conference members, local governments and more young people will meet and work for peace in a democratic process.

● **Kyle BERGMAN** An important thing is to learn how to collaborate with each other. That is what peace is. It is about the will to cooperate even if you do not agree. If people cooperate, there will be a peace. The PRP Conference and project are deemed meaningful in that they realize the possibility of peace by promoting multilateral cooperation.

The PRP project might be called an activity to unite a municipality, because it functions both on the governmental and non-governmental level. Of course, cooperation with the federal government is important, but I think it is also important to continue to create mutually dynamic relationships at the local level. In recent years, there have been some difficulties due to urban development, but I hope that even in these adverse conditions, we will think all the more about the ultimate goal of the Pacific Rim Parks.

In the Pacific Rim Parks are sculptures designed after pearls. As each pearl is connected to form a necklace, the project was designed to make Pacific Rim cities take the shape of a necklace for peace. The Pacific Rim area originally has the image of an orogenic zone, called 'a ring of fire.' However, the PRP project can transform it into a positive image of peace. It is hard to imagine it now, but if the last, 41st pearl is

added to the rim, then we may see a new era of peace. Architecture is finite, but our peace-building process is eternal. I believe that the process of contributing to peace and its result, peace itself, will last forever.

● **KO Seong Joon** The PRP Conference started as a movement to establish peace parks in 41 cities in the Pacific Rim for the ultimate purpose of disseminating the value of peace amid the conflicts and confrontation around the world. Therefore, we plan to open more parks in 33 other places, including Southeast Asia, in addition to the existing eight. I look forward to seeing a gradual increase in the number and the peace movement spreading to other areas. I would like to thank everyone who participated in this small but great peace movement today.

● **Kyle BERGMAN** It is an honor for me to have discussions with the members of the PRP Conference on peace and prosperity at the 14th Jeju Forum today. James Hubbell, who is not with us here, has always been our true associate and a key figure of the PRP Foundation and its park building project. I would like to take this opportunity to thank all who joined the PRP project today, including those who are not with us.

The PRP Conference has a common belief. We work together and tie the Pacific Rim people together to make the world more peaceful and harmonious. Our activities are not limited to political affairs. As humans, we have more in common than in differences. The idea that we can transform the world, along with young people, into a strong community of peace has never changed since the first project. As long as our endeavors continue, we will be able to tie each region of the Pacific Rim like a necklace of pearls.

We started to build peace parks, with a simple gesture, and have overcome obstacles to communication and differences of culture, while solidifying cooperation. However, we realize that a mere handshake cannot sustain the park. Hence, it is necessary to keep holding discussions like this, share information about the current state of each municipality and continue discussions on new prospects for the Pacific Rim Park.

Our goal is to expand mutual understanding and goodwill so that we can maintain peace through

international cooperation now and in the future. As Prof. Kim Tae Il pointed out earlier, I think we can find new values of peace in the process of expanding the opportunities for cooperation and joining hands with more cities and organizations. We want to tie up the Pacific Rim into a single group and achieve the goal of world peace through the medium of parks. This is an important reason for holding the annual meeting. It is important to meet in person and discuss things, but I look forward to the day when we will be able to communicate online.

For a stronger unity, I hope the world will become one entity upholding peace as its value. The PRP Foundation plans to introduce one more conference. I am also planning to organize an international advisory board comprising Pacific Rim cities, and will officially request the municipality of Jeju to join it. We will create a dialogue between the cities via conference calls twice a year, and this process of expanding such a conference is expected to consolidate bonding of its members. San Diego has a strong influence. If Jeju joins us with enthusiasm, the central and local governments will pay more attention to our movement. I would like to extend our gratitude to everyone who attended this session and express my hope that our cooperation keeps expanding.

Policy Implications

- The PRP project is aimed at uniting the Pacific Rim region by the means of peace parks and through the process of building them, and at informing the world of the value and potential of peace.
- In the current circumstances in which the Pacific Rim Parks are threatened by urban development, 1) the PRP Foundation and various other entities should participate in discussions on preserving the parks, 2) the PRP Conference members and local governments should maintain communication from the initial stages of construction through the maintenance period, and 3) they should discuss current conditions and maintenance measures by holding on-line conference calls, in addition to annual meetings.
- To prevent the networking among participants in the PRP project ending up as a one-off event, it will be necessary to continue expanding the opportunities of exchanges by expanding conferences, instituting an advisory board, holding conference calls and opening workshops for college students.

[Ambassador's Roundtable]

Asia Towards Resilient Peace: The Role and Challenges of Diplomacy



Moderator	CHOI Young-Jin Former Ambassador of the ROK to the US / Former Special Representative of the UN Secretary-General
Keynote Speaker	LEE Taeho Vice Minister of Foreign Affairs of the ROK
Speakers/Discussants	Yasumasa NAGAMINE Ambassador of Japan to the ROK James CHOI Ambassador of Australia to the ROK Michael REITERER Ambassador of the European Union to the ROK Harry HARRIS Ambassador of the US to the ROK
Rapporteur	Natalia SLAVNEY Research Assistant, The Henry L. Stimson Center

● **CHOI Young-Jin** The title of this panel is somewhat confusing because ‘resilient peace’ is rather unfamiliar to us. This type of diplomacy was tried in Western African countries who wanted to lay down possible frameworks to increase peace in the region. I think somebody saw those changes happening in Asia and thought we could mobilize our wisdom and find the best way to promote peace.

● **LEE Taeho** Let me start with one study about the history of war and peace. According to this study, it is estimated that the recorded history of mankind dates back to 3,520 years ago, and during that time, mankind lived free of war for only 280 years. In other words, people have waged wars for a total of 3,235 years, representing more than 90% of the entire span of recorded history.

War was natural and peace was something you had to earn. Moreover, as history unfolded, maintaining peace is as difficult as making peace.

Peace exists as, in a terminology of physics, an unstable equilibrium. Once we deviate from peace, we tend to move further away from it. We need to add a specific vector power in order to go back to

the equilibrium. Peace is as fragile as glass. It can be easily broken if we are not vigilant enough.

In fact, what has happened in Korea is a case in point. As all of us gathered here know, there has been a repeated pattern of tension and hope on the Korean Peninsula in the last several decades. Permanent peace is yet to come.

Given the current international political landscape surrounding the Korean Peninsula, I believe it is very timely and relevant to talk about ‘resilient peace’ in Asia. Resilience is a vector power I referred to a moment ago that can bring us back to peace when we are not placed at the handle, or vertex of the bell-shaped parabola of international politics. Resilient peace is not something that comes naturally. We need to work for it. In this regard, I would like to suggest, as your food for thought for today’s discussion, four elements that may play a role of ingredient for ‘resilient peace in Asia.’

First, in order to realize resilient peace in Asia, it is of utmost importance to achieve ‘sustainable peace’ on the Korean Peninsula. Peace on the Korean Peninsula may not be a sufficient condition

for resilient peace in Asia as a whole but it is surely a necessary condition. The sporadically heightened tensions and conflicts on the Korean Peninsula have posed major threats not only to Asia but to the entire world as well. Fortunately, last year, the Pyeongchang Winter Olympics made a warm spring breeze blow across the Korean Peninsula. And the ensuing peace process has made progress. Three Inter-Korean Summits and two US-North Korea Summits have been historic breakthroughs. After the Hanoi Summit in February, the dialogue between the United States and North Korea has yet to be resumed. And early this month, North Korea launched short-range missiles. These recent developments generated concerns among people regarding the future course of the ongoing peace process. Nevertheless, I would like to emphasize the fact that, despite the recurrent crises on the Korean Peninsula in the past, Koreans have kept on moving forward. In close coordination with the United States, building on our iron-clad alliance, the Korean government will continue to work toward a peaceful, nuclear-free Korean Peninsula.

The second element for the realization of resilient peace in Asia will be facilitating people-to-people exchanges and boosting economic interactions among Asian countries. Enhanced people-to-people and cultural exchanges and increased economic interactions among countries may not by themselves prevent conflicts but can serve to strengthen mutual understanding among peoples. And mutual understanding is conducive to the building of mutual confidence. Cooperation and confidence-building may generate a momentum that can enable us to bounce back to peace and overcome any unanticipated tension or discord. It is, therefore, imperative to promote cooperation among Asian countries. As far as Korea is concerned, this idea is embodied in its New Southern Policy and New Northern Policy. With these policies, Korea hopes to contribute to building a community of peace and co-prosperity beyond the Korean Peninsula, where all people in Asia live together and thrive in harmony. With ASEAN and Eurasian countries, we want to work together to expand the scope of cooperation that will lead to a peaceful and

prosperous future that starts from the Korean Peninsula. The New Southern Policy pursues ‘3Ps,’ namely, People, Prosperity and Peace. It seeks to build a community of peace and prosperity with a people-centered perspective, where all members are better off together. Various cooperation programs are being implemented. Such projects are meaningful not only in terms of yielding economic benefits but also in terms of nurturing a culture of mutual respect and peaceful coexistence. The same is the case for the New Northern Policy that encourages our cooperation with Russia and Central Asian countries.

Third, I consider it imperative to institutionalize practices of cooperation among nations if we want to make resilient peace. For cooperation among nations, rules are needed and enhanced cooperation creates rules among nations. The multilateral rules thus created become a basis for institutionalized practices of cooperation. In this regard, Europe is an exemplary case. We can draw valuable lessons from the European experience. Even though Europe experienced two great wars in the 20th century, they were persistent in the post-war years in fostering and institutionalizing cooperation within the region. I believe that likewise, practicing and institutionalizing cooperation will pave the way to resilient peace in Asia.

Last year, President Moon Jae-in proposed building an ‘East Asian Railway Community.’ As the European Union started from the European Coal and Steel Community, the East Asian Railway Community will also evolve into an East Asian Energy Community and an East Asian Economic Community, putting in place eventually a multilateral peace and security system in Northeast Asia. The proposed Northeast Asia Platform for Peace and Cooperation is also intended to consolidate and institutionalize cooperation by accumulation practices of dialogue and cooperative endeavors among countries concerned within and without Northeast Asia.

Lastly, I should not forget to mention another important element of peace and shared prosperity. That is the spirit of ‘embracing others.’ You may call it ‘sharing the value of inclusiveness,’ if you will. This is

acknowledging that others may be different from me but they can work with me. This spirit could serve as a basic value upon which multilateral rules get based and resilient peace is built. When states and people embrace the spirit of inclusiveness, they will be able to engage in mutually beneficial cooperation. When the outcomes of cooperation turn out to be mutually beneficial, the cooperation will continue and lead to building a system of cooperation, in other words, institutionalizing cooperation. This will be the basis for sustainable peace and shared prosperity in which all live well and in harmony.

Today, I've talked about four elements that could be helpful in realizing 'resilient peace in Asia' in an attempt to provoke your discussion. All these things cannot be done in a day. Nor will the work of just one country be sufficient.

It is possible only when all the countries concerned, including the countries the ambassadors are representing here today, fully participate, in concert and with patience, in the common efforts toward:

- building sustainable peace on the Korean Peninsula;
- expanding cooperation in the Asian region;
- institutionalizing cooperation; and
- sharing the value of inclusiveness.

I look forward to hearing valuable ideas and insightful thoughts from you while we walk through towards our common vision of resilient peace in Asia.

● **James CHOI** From my own personal experience, I worked in the Australian government to stop the collapse of the Soviet Union, I thought that through the liberal international order, we would all become universal citizens with universal values. We are far from that truth now. The international system is going through a major shift defined by a lack of certainty, and uncertainty is becoming the norm. The international system is described in terms of a 'zero-sum game' with major power rivalries, but few people are talking about multilateral principles and cooperation.

In the context of US-China tensions, many feel pressure to pick a side, which hones in on the Indo-

Pacific region. As such, diplomacy has never been more important. For Australia, its entire foreign policy focused on national interests and values that make Australia a prosperous democracy and trading country. We want to preserve a range of choices for diplomacy so there is no need to choose sides. We have a strong alliance with the US, a strong economic partnership with China, and a deep and longstanding relationship with ASEAN partners, Japan and South Korea. We are also looking at India's role in the region. Want to re-cast focus on the Indo-Pacific region, not just the Asia-Pacific.

We are committed to promoting respect of rules, international law and continuing to work through international institutions to develop a common good. We want a world where all states-regardless of size-have equal treatment and focus on cooperation rather than unilateral action. China should feel a leadership role to strengthen the international order, and we will continue to encourage the US to play a role in engaging the international order.

Diplomacy is more important than ever, but history is not deterministic; we are not fated to conflict. But diplomacy needs to play its part or else we will be divided by power. As Thucydides stated: "the strong do what they will, the weak will suffer what they must." We want to avoid this outcome.

● **Harry HARRIS** I truly believe that diplomacy plays an indispensable role in advancing national interests and maintaining peace for all. Over the past year and a half, there has been an astounding flurry of diplomatic activities by governments and by all parties in the region. These summit meetings and engagements were unimaginable a short time ago. After building trust in Singapore, we made progress in Hanoi. While the US did not reach an agreement with the DPRK, we narrowed the gap on a number of issues regarding denuclearization and complete, verifiable, and irreversible denuclearization (CVID) before sanctions relief. While the DPRK fell short of that understanding, the US remains ready to proceed in parallel with denuclearization with concrete steps to establish a lasting peace regime on the peninsula.

Over the last 66 years, the US and ROK have laid a foundation upon which we constructed an alliance and a myriad of connections that continue to deepen and evolve through cooperation and shared values, and are dependent on diplomacy. Diplomacy remains a key part in efforts to maintain peace and security in the region.

● **Yasumasa NAGAMINE** This past year has been very significant in regards to North Korea. Japan has evaluated diplomatic efforts by the US and South Korea in trying to realize denuclearization and build peace. As a key player in the region, Japan has closely cooperated and coordinated with regional stakeholders and the international community to realize the complete denuclearization of the peninsula. Prime Minister Abe has repeatedly expressed his determination to meet with Chairman Kim without conditions, and is open to doing his utmost to resolve nuclear and abduction issues. We are prepared to directly face North Korea and expand coordination with South Korea and the US so that the DPRK will reach its commitments.

Since 2012, Prime Minister Abe announced the policy of "Diplomacy that Takes a Panoramic Perspective of the World Map." When it comes to bilateral relations, the US-Japan alliance has never been stronger. Abe and President Trump have discussed North Korea and China, and we appreciate President Trump's commitment to Asia and share multiple concerns.

We are also cooperating closely with Australia and India. We want to combine policies regarding Asia, the Indo-Pacific and Africa to have a bright future and connect the Pacific and Indian oceans with the notion of free and open space. There are three dimensions to this: 1) We need a rules-based order with freedom of navigation and free trade. 2) Economic prosperity through partnership and connectivity; and 3) Peace-building through capacity-building.

As of May 1st, Japan introduced a new value of 'labor.' 'Labor' means 'beautiful harmony' or 'peace' in Japanese, so the people are trying to seek resilient peace and prosperity.

● **Michael REITERER** This year's theme of resilience fits well with the European Union. Integration, multilateralism, and the rule of law are all important ingredients. I would like to underline that we see the security of Asia and the European Union (EU) as closely intertwined. I see Hanoi as a wake-up call rather than a failure, due to a lack of communication. We now see what the challenges are for peace on the Korean Peninsula and Asia at large. With sanctions, we thought it would demonstrate the price for violating laws, but there is no alternative to dialogue. If we want to reach a fundamental solution and CVID, we must also work through the door of dialogue. The role and challenge of diplomacy are to make that happen. The negotiation process is inevitably a series of crises. When promises are broken, we need to take risks and build domestic support.

While bilateral summits and relationships can present a unique opportunity to take substantive steps towards a peaceful and denuclearized peninsula, it is not enough. A multilateral dimension is needed to add resilience to a negotiation process. Bilateral talks are always good; they can create change and positive dynamics. But they can expose negotiation processes to the mood of the day on both sides. Multilateral negotiations provide a safety net to prevent that. As seen with nuclear agreements with Iran and talks between Serbia and Kosovo, if bilateral coordination is framed in a multilateral context, it can be more successful.

Multilateral processes require multilateral frameworks based on institutions and a rules-based order. That is needed more than ever as we enter an unpredictable context where major powers are questioning and undermining the very pillars upon which they rest. In the context of the European Union, it can present itself as a reliable and stable partner as a microcosm of the multilateral order in which both large and small countries have the confidence that comes from the rules-based order to engage in resilient and sustainable processes of negotiations to overcome obstacles and preserve peace. We have made people-to-people connectivity as a pillar of

the EU's foreign policy to increase trust. If we are to ensure the resilience and sustainability of peace on the Korean Peninsula, the leadership will need support from multilateral processes.

● **CHOI Young-Jin** In 1978, South Korea was presented with a choice of developing nuclear weapons or pursuing economic development. For us, the choice was very simple: we had to choose economic development and prosperity instead of isolation. The same question has been proposed to North Korea. To survive, you have to develop your economy, open up and reform your country. My question is, what are our options to give to North Korea?

Regarding China, we agree to promote human rights and a free-market economy in the region to ensure peace and prosperity in the future. But what can we do with the rise of China and its relationship with the US? China has integrated itself into the region. How can we deal with that?

● **James CHOI** Some say North Korea will never change, some say we have to give them a choice. But in terms of my own experience, it is not about North Korea that is unable to make a choice. What we can do through different tools such as sanctions, bilateral, and multilateral operations is to try and change its calculations to see that it is unproductive to produce and keep nuclear weapons.

In China, we should make it clear that we will not accept coercion, bullying and unilateral actions where we must choose between the US and China. We should encourage diplomacy and peace to prevent that and respect the rights of all countries, big or small, to encourage resilience.

● **Harry HARRIS** We have to be patient. I think President Trump has been very calm despite North Korea's recent missile launches, and has left the door open for negotiations and diplomacy to work and move on with discussions.

For China, I think the question of sovereignty is important. Their activities in the South China Sea go against many multilateral rules and concepts, and I think that their actions against ethnic minorities are shameful. We should be concerned. While criticism

of their actions is right, we should also thank them for upholding sanctions against North Korea.

● **Yasumasa NAGAMINE** There is no sustainable peace and security for North Korea by taking both economic prosperity and nuclear capability together; they have to make a clear decision. If they choose economic prosperity, they have a future where Japan can contribute.

We need a commitment to freedom of navigation and a rules-based order when dealing with China. For Japan, bilateral relations with China are good and we have ample room for cooperation. But we would like to encourage them to abide by rules-based cooperation.

● **Michael REITERER** North Korea will probably not make concessions on security in exchange for economic advantages. We should factor that into policymaking that providing security guarantees will be a stepping stone to come to an agreement.

China, on the one hand, is a systemic competitor. But there are other areas where they are a good partner. They fight climate change due to international pressure and understand the value of it. We need to balance our principles, foreign policy, serving our interests, and maintaining the liberal international order. We should also set standards to get others on board as well.

Q & A

Q. Ambassador Harry Harris, can you help us understand the Trump administration's view on the recent launch of short-range missiles?

A. **Harry HARRIS** The US fully understands the weapons that were fired. We understand what North Korea did, and President Trump is still keeping the door open for negotiations.

Q. Ambassador Harry Harris, what are the expectations on the recovery of US soldiers remains? Should North Korea continue with negotiations regardless of the progress on denuclearization?

A. **Harry HARRIS** The right thing to do is to return US soldiers remains when they are found and continue

to search for them in order to give closure to the families. The Singapore Summit was important in that it established those four pillars in the US-DPRK relationship: transform the relationship, work for a peace regime, denuclearization, and remains recovery. Stephen Biegun has introduced a simultaneous and parallel process where we can continue to have dialogue in parallel with denuclearization as well as the other pillars.

Q. Michael REITERER, the conversation post-Hanoi is too focused on 'sanctions-for-nukes.' Do you have more thoughts on security guarantees to the DPRK and how to convince them?

A. **Michael REITERER** It is necessary to find common issues where the DPRK can talk. The approach probably has to go through creating a security environment to allow talks that go further. We need a clear perspective, such as one from a member of the European Union. North Korea needs to understand that they have to go under a mental adaptation in order to reach its goal of joining the international community, and we need to give them an incentive to do so. Multilateralism is a safety net that gives security for that.

Policy Implications

- Sustainable and resilient peace can be built by expanding cooperation in Asia, implementing people-to-people and economic exchanges, institutionalizing cooperation, and sharing the value of inclusivity.
- Diplomacy is necessary for laying the foundations of an international relations framework.
- A rules-based order, economic prosperity and partnership, and peace-building through capacity-building are necessary to create resilient peace and prosperity in the region.
- While bilateral relationships can create unique opportunities, multilateral dimensions help make resilient peace and prosperity more successful.

Prospects and Challenges of Developing International Cybersecurity Norms in the UN



Moderator **PARK Nohyoung** Professor, Korea University
Speaker **Daniel STAUFFACHER** President, ICT4Peace Foundation/Former Ambassador of Switzerland
Discussants **Jon BATEMAN** Fellow of the Cyber Policy Initiative, Carnegie Endowment for International Peace
Hiroyuki BANZAI Professor, Waseda University Law School
YOO Joonkoo Professor, Korea National Diplomatic Academy
CHUNG Myung-Hyun Research Professor, Korea University
Rapporteur **PARK Joheee** Research Professor, Cyber Law Centre

● **PARK Nohyoung** Cyberspace has been recognized as a new space created by information and communication technology (ICT) in addition to existing physical spaces such as land, sea, airspace and the universe; but today it has become our own life, itself. The issues raised by cyberspace affect almost every field, ranging from politics (the alleged Russian intervention in the US presidential election in 2016), the economy (cross-border transfer and utilization of data, i.e. the digital economy) and human rights (protection of privacy) to the military (cyber weapons). In the meantime, discussions on international order in cyberspace have been underway, mainly involving the UN Group of Governmental Experts (UNGGE). The 2nd, 3rd, and 4th UNGGE adopted reports in the form of a consensus, but the 5th UNGGE failed to do so due to disagreements among experts from 25 countries on the application of international laws to cyberspace. Last December, Russia and the US had their own resolutions adopted at the UN General Assembly. From this year, the existing UNGGE will be operated once more while the Open-Ended Working Group (OEWG) goes into operation, too. Confusions seem to persist as there are two tracks in the

UN on the single issue of cyber security. I look forward to productive discussions among the distinguished experts from Switzerland, the US, Japan and Korea on the theme of “Prospects and Challenges of Developing International Cybersecurity Norms in the UN.”

● **Daniel STAUFFACHER** The cyberspace issue is very important. The UNGGE was an initiative initiated by Russia in 1998. It is important that UNGGE’s decisions are determined by consensus. The 1st UNGGE in 2004 failed to adopt a report. In particular, it has been difficult to reach a consensus on whether content protection should be addressed from the perspective of cybersecurity. However, a series of UNGGE meetings were successful in that countries agreed on the establishment of peace in cyberspace, and several UNGGE reports have been adopted to establish a common understanding among those countries. In particular, the 4th UNGGE report adopted in 2015 stated, based on previous reports, that international laws could be applied to cyberspace. With the UNGGE, countries have contributed fundamentally to peace by agreeing to apply international laws in the use of ICT. The UNGGE has made progress in developing

the norms on responsible state behavior in cyberspace, and providing confidence-building measures and capacity building measures.

The fifth UNGGE was very important. It expanded its membership from the existing 15 countries to 25. This shows that many countries wanted to participate in the UNGGE. The 5th UNGGE meeting has made meaningful results such as the sharing of information about trust building measures, but there were some problems.

The first problem is that the UNGGE is a unilateral forum. It was the only forum that could address cyber security issues on a universal level. But there were some elements disturbing the discussions. Decisions were made by the UN based on the opinions presented by experts. These UNGGE discussion and decision-making methods are not appropriate. The second is the matter of difference in terms of geopolitics. Since 2011, Russia and China have formulated a draft of the International Code of Conduct for Information Security (the International Code of Conduct). The two countries emphasized information security, saying that information contents themselves could be a threat to national security. However, the West was promoting the free movement of information. The third is a difference in concept. There is a confrontation between Western and non-Western countries as to “how” international laws are applied to cyberspace. In particular, Russia and China argue that it is important to regulate cyber-space disputes by laws. This difference will be gradually diminished, but there is little effort to reduce the gap. For this reason, the 5th UNGGE meeting is judged to have failed.

At the 2018 UN General Assembly, two different resolutions were adopted, one from the UNGGE and the other from the OEWG, which is open to all UN member countries and civic organizations. The adoption of two separate resolutions was due to the lack of efforts at the UNGGE to reduce differences between countries on cyber security. It is hard to predict how the two platforms will produce positive results, but there might be an option to confine the role of the UNGGE to discussions on the application of

international laws.

The OEWG can make a positive contribution as it might be geographically expanded and expand the participation of the civic sector. If the two have positive synergy, this can produce very good results. Meanwhile, many countries are responsible for creating a stable and peaceful ICT environment. Academia and civic society will also contribute to creating such an environment.

● **CHUNG Myung-Hyun** Comparing the two processes at the UN level, the OEWG initiated by Russia is open to all countries and can be joined by industry, NGOs and academia. In contrast, only a limited number of countries can participate in the UNGGE, with the 6th UNGGE attended by 25 countries.

Russia and China are unlikely to agree on the application of the right to self-defense, countermeasures and International Humanitarian Law to cyberspace. On the surface, they express concerns about the possibility of the militarization of cyberspace, but they are more concerned about their technologies lagging behind the US and other Western countries. On the other hand, the Western states, led by the US, are unlikely to agree with the application of international laws as *lex specialis* to cyberspace. They seem to be concerned that state control of cyberspace might impede the protection of human rights and international cooperation; and their technological development might be restricted by new rules in the form of a new treaty.

The UNGGE and OEWG need to be operated in a mutually collaborative way. However, countries are likely to go on so-called “forum shopping,” depending on the issue, which may make negotiations on cyberspace security more difficult. Moreover, given the fact that the 5th UNGGE, comprising 25 countries, failed to reach a consensus, it will be all the more difficult to reach consensus in the OEWG discussions joined by all 193 UN member countries.

The UNGGE, with a limited participating countries, can specialize in issues that it has been hard to find a compromise on in the past, such as the issue of building a legal framework to respond to low-level cyber accidents in the ICT infrastructure. On the other hand,

the OEWG, which is open to all countries, can consider a framework ensuring the protection of human rights in cyberspace and permitting state control of ICT at the same time.

● **Jon BATEMAN** I would like to talk about cyberspace norms related to military affairs. For the last 20 years, countries have tried to discuss cyber security, but such efforts have failed. I want to talk about the reasons for this failure. Establishing norms for cyber security is extremely difficult. Why is it difficult to establish norms in cyberspace, while the Nuclear Nonproliferation Treaty (NPT) was effective in curbing nuclear weapons?

First, we lack time to establish norms for cyberspace. Let us go back to 1945 when the US used nuclear weapons. During the Korean War, the US also toyed with the option of using nuclear weapons. The NPT took several decades to establish. Despite this treaty, several countries have continued to develop nuclear weapons. It suggests that it is very difficult to establish norms for international security. We need to compare this with the norms for conventional weapons. As regards conventional weapons, there was enough time to accumulate understanding for decades and to create norms for each value, but there is less time to do so about cyberspace.

Second, there has been no such incident in cyberspace that has caused as much damage as nuclear weapons have. This makes it hard for countries to think seriously about the malicious use of cyberspace.

Third, there is a confrontation between major powers; and technological competition accompanies that rivalry. It will be more difficult to establish the norm amid such confrontation.

Fourth, a multilateral system remains unstable and less available in international society. In spite of the expectation of deeper international cooperation on the use of cyberspace, the credibility of a multilateral cooperation system is declining.

Fifth, most countries recognize themselves as victims of cyberattacks, but this perception is gradually changing. Countries like Mexico are emerging as major actors in cyberspace with strengthened cyber

capabilities. Taken overall, it is now difficult to establish cyber security norms and standards.

● **Hiroyuki BANZAI** Cyberspace can produce a new lifestyle, but it is also likely to cause problems. Clause 4, Article 2 of the UN Charter always drew attention with regards to the use of force, but recent cases show that the use of force is limited to cybercrimes or threats to core infrastructures (gas lines or electricity systems) and threats to the decision-making process (manipulating public opinion through interventions in elections or voting procedures). The talk about cyber security has just begun. The importance of the application of international laws to cyberspace is emphasized in the course of discussions at the UNGGE. It is granted that the UN Charter should be applied to sovereignty and human rights issues in cyberspace. The principle of considerable caution in cyberspace obligates states to ensure that critical infrastructure is not exposed to malicious actors. In this respect, a principle of considerable caution helps them prevent threats from cyberspace.

However, the consequences of violations of international obligations in cyberspace are not being addressed properly. It is difficult to confirm and verify the degree of moral and physical damage in cyberspace. The anonymity of cyberspace also suggests the importance of preventing threats in advance. Countries are advised to continue to make efforts to communicate with each other and build cyber capabilities. Japan strives to exchange information with other countries through the Organization for Security and Cooperation in Europe and the Organization of American States. Japan will be available to work with Korea to contribute to the promotion of cyber security in Asia.

● **YOO Joonkoo** I would like to talk about governance in cyberspace, and the application of international laws and measures in cyberspace.

First, I want to discuss governance. When the UN adopted cyber security on its agenda, only eight percent of the world population had access to the Internet, but now 60 percent is using it. In the near future, it is expected to increase to 90 percent. I would like to say that both the OEWG and UNGGE

platforms should be somewhat accommodative to all countries. When the 5th UNGGE was launched, there were four formats (continuity of the UNGGE, establishment of working groups, utilization of agencies, and formation of organizations within the UN system). I want to point out that the two tracks of the UNGGE and OEWG on cyber security were formulated against this background.

Second, I would like to go over international laws. We witness two approaches, one being a multilateral one and the other a unilateral one. I want to talk about a unilateral approach, first. Sovereignty over cyberspace is on the rise. Sovereignty seems to be especially important for Asian countries. Sovereignty has two sides, and like a coin, seems to have two aspects. The first implies an independent legal standing. The second can be seen as a general principle of international laws. That is, it relates to the principle of non-intervention and the prohibition of the use of force. I would also like to stress that the application of International Humanitarian Law to cyberspace does not presuppose the militarization of cyberspace. Countries already have cyber warfare manuals. International laws on human rights are applied equally both offline and online.

Third, lawful measures under international laws are countermeasures, rights of necessity and self-defense. It is necessary to find out in which circumstances each of these constitutes lawful action.

● **Daniel STAUFFACHER** Some people point out that we are accumulating challenging tasks layer by layer. The way we grapple with the cyberspace issue raises concerns not only among states but also among citizenry. For example, the issue of surveillance was addressed at the Third Committee of the UN General Assembly. The UNGGE is not the right place to discuss this. Also, the attribution issue is a very sensitive one. It is suggested that civic society and academia should make a reliable attribution map. Certain cyberspace issues can be solved by civic society without the intervention of international organizations such as the UN. We need to let civic society take care of the problems in cyberspace.

Policy Implications

- Though we cannot predict if the proceedings at the UNGGE and OEWG on cyber security will produce positive results, it could be an option for the UNGGE to be limited to discussions on the application of international laws. The OEWG can make a positive contribution in terms of geographical expansion and participation of the private sector. If synergy occurs between the two, it could produce very good results.
- Many countries are responsible for creating a stable and peaceful ICT environment. However, the participation of academia and civic society will also contribute to creating it. Academic and civic society participation are advised to contribute to a stable and peaceful ICT environment.
- The application of International Humanitarian Law to cyberspace does not presuppose the militarization of cyberspace. It should be taken into account that many countries already have cyber warfare manuals.

Understanding Regime Dynamics in North Korea



Moderator **YOO Jay-kun** President, Korean National Federation of UNESCO Clubs and Associations/
Former Chairman of the National Defense Committee, the ROK National Assembly

Speakers **Masao OKONOGI** Professor Emeritus, Keio University
JIN Jingyi Professor, Peking University
KOH Yuhwan Professor of North Korean Studies, Dongguk University
KIM Hyun-kyung Managing Director, MBC Unification Broadcast Centre

Rapporteur **KIM Se-Won** Global Asia Fellow, East Asia Foundation

● **YOO Jay-kun** Many had expected the North Korean regime to collapse following Kim Il-sung's death in 1994. But it survived and was led by his son Kim Jong-il. Likewise, there were doubts about Kim Jong-un's inheritance of power under the harsh economic conditions after Kim Jong-il died in 2011. Once again, Kim Jong-un quickly held onto the reins of power, and has since consolidated his authority. In this session, prominent experts will discuss why and how the North Korean regime is so resilient, where its strategies come from, and how effective its internal security and surveillance systems are. First, I would like to ask Prof. Okonogi from Japan to present his views on the dynamics of the North Korean regime.

● **Masao OKONOGI** First of all, I would like to mention the characteristics of Kim Jong-un's leadership. Looking back on the Kim Jong-il era, it was the most difficult period for the North as the Cold War had ended, socialist economies were dismantled, and China adopted capitalism. In this situation, Kim Jong-il had to prioritize his regime's security and nuclear weapons program. In contrast, Kim Jong-un was somewhat lucky in that he rose to power after the end

of such a difficult time. After he became a leader, he demonstrated dynamic decision-making on policies. In March 2016, he declared the two-track course of building the country's economy and nuclear force simultaneously, and focused on these two goals. Then after inter-Korean summits and the US-North Korea summit following the success of nuclear tests, he pushed ahead with a strategy to focus all efforts on the development of the socialist economy. Kim Jong-un is considered a competent leader, given his juggling with various strategies. And he distinguishes himself from past leaders by emphasizing the stability of organization, due procedure and transparency.

● **YOO Jay-kun** If so, how does the North Korean military evaluate Kim Jong-un's leadership qualities?

● **Masao OKONOGI** Another characteristic of the Kim Jong-un era is the fact that it stays away from the military-first (Songun) politics. The military used to have a very high social status in North Korea. When he was inheriting power, he seemed to follow the military-first path, but nowadays this is not even mentioned. The National Defense Commission, which was in charge of the military-first politics, was

abolished pursuant to the revision of the Constitution in June 2016, and replaced by the State Affairs Commission. It is a political shift toward a civilian system. Even during the military provocations from 2016 to 2017, civilian rule rather made progress in North Korea. A recent photograph of the attendants of Kim Jong-un who visited Kumsusan Memorial Palace to honor Kim Jong-il's birthday shows that they were in plain clothes, with no one wearing a military uniform. Obviously, there might be some dissatisfaction with the withdrawal of the military from politics, but it is a noteworthy that the military has been well controlled up to this day. I do not expect any political confusion in North Korea.

● **YOO Jay-kun** What does Prof. Jin Jingyi think about the Kim Jong-un regime?

● **JIN Jingyi** I would like to point out the remarkable differences of the Kim Jong-un regime from the Kim Jong-il era. The Kim Jong-il regime was operating the party, government and military system in an abnormal fashion in the mid-1990s as it went through the "March of Hardship" (North Korean famine). At that time, the National Defense Commission rose as the supreme apparatus of power as military-first politics overrode everything, while the government authorities were malfunctioning and in disorder. But, Kim Jong-un normalized the disorderly relations of the state authorities.

The General Political Bureau and Central Committee of the Party were normalized at the same time as the National Defense Commission was dismantled. And the State Affairs Commission was established as the highest policy advisory body for national sovereignty. Kim Jong-un adjusted the Ten Principles for the Establishment of a Monolithic Ideological System of the Kim Jong-il era to the Ten Principles of Unitary Leadership System. He also removed expressions such as "proletarian dictatorship" or "communism" and put an emphasis on the absolute authority of the party.

I think that North Korea initiated reform and door-opening on a substantial level when Kim Jong-un came to power. The prearranged delegation of

absolute power is of particular significance. The decentralization of power as a result of the power transfer is a distinct feature. I think China's reform and door-opening started with the delegation of power to lower levels. This kind of thing is happening in North Korea, too. It has studied and practiced its own way of economic management as a North Korean way of reform, emphasizing the role of a cabinet government and a cabinet-centered system. Along this line, the North operates the Farmland Responsibility System in rural areas and the Socialist Responsible Management System of Enterprises for the industrial sector. All factories, corporations, companies and stores were given the right of autonomous management. The rights to production and distribution, and even the right of trading, which was originally exerted by the state, were assigned to factories and enterprises, thus establishing a self-management mode. When I personally visited North Korea in 2017, following a visit in 2014, I found a complete change in the overall social atmosphere, including the way people were dressed and how they behaved. I think that North Korea has much potential enough to achieve explosive economic growth if international sanctions are eased.

● **YOO Jay-kun** What are the possibilities and scenarios of the current North Korean regime losing its grip on the people?

● **JIN Jingyi** North Korea is a nation controlled by highly centralized state power under the regime of monolithic rule by the Supreme Leader. A planned economy and collectivization are the appropriate frameworks for the country. But in the seventh year of Kim Jong-un's reign, North Korea is gradually introducing an autonomous competition system, implementing reform measures and expanding the market economy in its own way. As a result, many social problems are brought about amid the growing demands of reform in a balloon effect that sees one side inflated when the other side is pressed. China also suffered from this type of balloon effect in the early days of reform and door-opening. North Korea has already become a country that cannot be contained in the vessel of a planned economy. In other words,

the more the market economy is expanded and strengthened, the weaker the control of the regime will be. Then North Korea will take various steps to lower the risk level with lessons from the precedents of China and Vietnam. On the other hand, if the North is subject to stronger sanctions and pressure, the regime will further tighten its grip on power and strengthen the internal cohesion of the country.

● **YOO Jay-kun** Do you think that the Kim Jong-un regime shows certain aspects of a collective leadership system? And what are the limitations of Kim Jong-un's reign of terror?

● **JIN Jingyi** A collective leadership system means a political system in which those in power rule out a dictatorship, and determine main guidelines or policies through a collective agreement. However, owing to the peculiarities of the North Korean regime, North Korea's collective leadership system is different in nature from that of other socialist countries. The North Korean regime is a monolithic leadership system solely led by the Supreme Leader whose authority and status to rule the country are absolute and guaranteed. Under this type of system, a collective leadership mechanism cannot function without the dictatorship of the Supreme Leader.

But the Ten Principles of Unitary Leadership in the Kim Jong-un era emphasize the absolute authority of both the Supreme Leader and the Communist Party, marking a difference from the Ten Principles for the Establishment of a Monolithic Ideological System of the Kim Jong-il era, which used to mention the absolute authority of the Supreme Leader only. So, I think that Kim Jong-un's monolithic leadership system and the collective leadership system of the party can complement each other.

In the last century, most socialist countries upheld proletarian dictatorship. China experienced a lot of purging. Since the 1950s, North Korea has also incessantly purged political opponents who could pose a threat to the Kim Il-sung regime such as the South Korean Workers' Party faction, the Soviet Union faction, the Yanan faction and the Kapsan faction. These purges, meant to establish and maintain

the monolithic leadership system solely led by the Supreme Leader, also helped North Korea remain unscathed when many other socialist countries collapsed after the end of the Cold War. This explains why many were purged immediately following the inauguration of the Kim Jong-un regime. Purges are mainly carried out at the beginning of the regime. Now that Kim Jong-un has been in power for seven years, the overall social atmosphere has been fairly reformed. If a purge is prolonged, without being limited to the early days of a regime, it runs more risks, which can cause security problems. In the end, the political act of purging in the North is said to be in direct proportion to the degree of security of the regime. China has replaced its proletarian dictatorship with a people's democratic dictatorship in a Constitutional amendment. North Korea has also removed the proletarian dictatorship from the Ten Principles of Unitary Leadership. I would say that a big change is likely to happen at a slow pace.

● **YOO Jay-kun** I would like to ask Dr. Kim Hyun-kyung how she evaluates the leadership of the Kim Jong-un?

● **KIM Hyun-kyung** The Supreme Leader of North Korea can be likened to the brain. When the brain is dead or ill, then the regime suffers the biggest crisis. North Korea faced this kind of crisis twice during the past hereditary power successions. After the death of Kim Il-sung, North Korea's economic system failed, partly because the country was not prepared for the collapse of the socialist bloc, which comprised North Korea's economic partners in the late 1980s. In the early days of the Kim Jong-il regime, North Korea adopted the military-first policy as a strategy to overcome the crisis because the military was the only resource to be mobilized to uphold the state system amid the party's loosened control, following the collapse of the economy. At that time, North Korea argued that the military could protect the party, as seen in the Chinese Tiananmen Square protests, and, even if the party and the state collapsed, only the military, as long as it stayed strong, could initiate a recovery. However, the military-first politics had limitations

in that the party had less power in controlling the military. The military-first politics helped avert the immediate crisis for minimum survival, but failed to present any national development strategy. In other words, the post-Kim Jong-il regime was given the challenging tasks of normalizing the party-state system and economic development.

The successor, Kim Jong-un, was younger and the succession period shorter than that of Kim Jong-il. However, North Korea had been preparing for the power succession for a long time. In preparation for the power transfer, the North Korean leadership mobilized all instruments of propaganda and all party organizations to support Kim Jong-un's succession; legitimize his succession and his supreme leadership; prevent the recurrence of the uncontrollable crisis of the mid-1990s during the leadership change; overcome security and economic crises; and present development strategies. To emphasize the legitimacy of Kim Jong-un, in particular, the North released a photo indicating that the military-first politics began on Aug. 25, 1960 when Kim Jong-il was 18-years-old., a fabrication of a whole new history that the military had already honored as its supreme commander, a young Kim Jong-il who has had no title until 2005. After Kim Jong-un was appointed as the new heir apparent, North Korea presented the vision of material abundance to the public through commentaries and editorials in the state-run daily, the Rodong Shinmun. After Kim Jong-il's death, the Kim Jong-un regime assumed a new posture, minimizing political vacancies and appealing to the public with generous measures even during the funeral period.

At the beginning of the Kim Jong-un regime, a series of purges were carried out, including the execution of Jang Sung-taek and other party officials and military officers on top level. In addition, generals were given the same level of training as soldiers, which was made public. On the other hand, the regime held the upper class in check by winning support from the lower classes through Kim Jong-un's direct contact with the public and junior officers. In other words, the Kim Jong-un regime recognized that the

key to winning support from the public had nothing to do with the military or diplomatic prowess, but with economic condition. The regime also sensitively detected anti-government sentiment and ingeniously juggled it with propaganda discourses, organizational events and coercive means.

What we should note is that the ultimate problem of the North Korean regime lies with the economy. The degree of dissatisfaction and resistance may vary with the North Korean residents' judgment about the cause of the economic difficulty – whether it is due to mistakes by the Kim Jong-un regime or external sanctions and pressure. In addition, strong control over the power group could be a double-edged sword for the Kim Jong-un regime. Meanwhile, there might be communication problems in the regime, which result in the failure to get valuable advice in the process of tackling complicated issues such as the nuclear negotiations with the US.

● **YOO Jay-kun** Dr. Koh Yuhwan, what do think about the North Korean regime?

● **KOH Yuhwan** When it comes to its uniqueness, North Korea is the only country among professed socialist countries that has maintained its regime through a third hereditary succession of power. It is also the only country among existing socialist countries that holds on to the self-reliance and self-regeneration strategy, refusing reform and door-opening. It is also the only country that sticks to old socialism without a regime transition, and the only one that has hostile relations without diplomatic ties with major Western countries such as the US and Japan. North Korea is unique in that almost all of its agreements made with the West have ended up as dead letters, right after the signing; and also it made all the processes of its nuclear program public, and then declared the completion of its nuclear-armed forces.

Looking into the traits and dynamics of the North Korean regime, we can see that the Cold War structure, such as national division and hostile relations between North Korea and the US, has lasted on the Korean peninsula. Also, the colonial legacy, that is, an over-developed state and immaturity of

civic society has provided a background against which the North could maintain its supreme leadership system. Other dynamics for maintaining the regime include collectivism, which is the operating principle of socialism, and democratic centralism, which is the guiding principle of socialist organizations.

● **YOO Jay-kun** What is North Korea's governance principle and operational mechanism?

● **KOH Yuhwan** After the partisan faction led by Kim Il-sung won the power struggle in the August Incident of 1956, it formed a unitary governance system and concentrated power on Kim Il-sung. The partisan faction established the monolithic ideology and leadership system in 1967. As Kim Jong-il was appointed as the new heir at the party assembly in 1974, the Ten Principles for the Establishment of a Monolithic Ideological System was enacted, which created an ideological, theoretical basis for the monolithic leadership system led by the Great Leader. In July 1986, when the reform and door-opening movement began to prevail in the socialist bloc, Kim Jong-il upheld the revolutionary subject as the unity of the Great Leader, the party, and the masses in accordance with the socio-political life theory. He established the monolithic leadership system led by the Great Leader, based on the tenet that the people should be rightly guided by the Great Leader in order to be autonomous subjects of history. Hence, the reason why the new heir Kim Jong-un could take a firm grip on power at a young age is that the authority of the Great Leader was absolutized in an unwavering monolithic ruling system throughout the reigns of Kim Il-sung and Kim Jong-il. He could also make a soft landing without disorder after Kim Jong-il's death, thanks to the three to four revolution generations ready to uphold the his regime.

The process of consolidating the Kim Jong-un regime overlaps with the process of accelerating the completion of the country's nuclear-armed forces. In the Kim Jong-il era, the development of nuclear weapons and long-range missiles had the dual purposes of regime survival and negotiations with the US Focusing on nuclear and missile development,

Kim Jong-il used the weapons of mass destruction as bargaining leverage in negotiations on freeze versus compensation. However, Kim Jong-un rushed to reach the goal of a nuclear force, and immediately conducted tests at each stage of successful technological development to demonstrate the country's nuclear capability. Whereas the Kim Jong-il regime emphasized inter-Korean cooperation with the nationalistic "our people-first" discourse, the Kim Jong-un regime has pushed forward the "our state-first" principle and concentrated efforts on building a civilized economic power, commensurate with the status of a strategic nuclear state. Kim Jong-un's North Korea, which is now sanctioned by the international community for developing nuclear missiles, is seeking to become a normal state by reviving the self-reliance and self-regeneration strategies maintained over the three generations.

The completion of power transfer to Kim Jong-un resulted in a 'routinization' and ritualization of the nation's Great Leader system. In terms of legitimacy, most North Koreans naturally accepted Kim Jong-un as their Great Leader, but for the long-term holding onto power, he should take credit for economic efficiency, as well. His proposal of conditional denuclearization with the reasoning that there was no reason to keep nuclear weapons should military threats be resolved and the regime's security be guaranteed, indicates the urgent need to improve economic efficiency and the lives of the people for the long-term sustainability of the Great Leader system. He also seems to have a timely recognition of the reality that if he fails to develop the economy in the age of the Fourth Industrial Revolution, his country will remain backward forever.

Q & A

Q. In the morning session, Harvard University professor Graham Allison said that the US had thought that China would democratize and modernize if the US supported a poor China, but China did not abandon socialism, rather it is threatening the US now.

If we apply this fact to inter-Korean relations, doesn't the assumption of the Sunshine Policy that North Korea will democratize if we support it economically turn out to be groundless? Isn't the Sunshine Policy making the error of strengthening the Kim Jong-un regime?

A. **JIN Jingyi** First of all, from the Chinese perspective, I believe that China has gone through tremendous changes, and the people enjoy enough freedom compared with the past, even though it is not comparable yet to American standards. It is not right to apply the Chinese case to North Korea. North Korea is the only nation that has maintained its regime through a third hereditary succession, and is run by the supreme leadership system based on absolute loyalty and obedience to the Great Leader. But the real shape of North Korea shows a change not only in the national system, but also in the value of people, given their loyalty to the market and money. A while ago, a foreign professor staying in North Korea conducted a survey during a lecture at Kim Il-sung University, and most North Korean students responded that making a lot of money was their hope for the future. People have changed a lot, compared to the days of Kim Il-sung and Kim Jong-il. Then, what are the impacts of the Sunshine Policy on North Korea? Due to the Sunshine Policy, North Koreans came to be acquainted with South Korea, which they had never known much about before. Personally, I think this is a huge achievement. Of course, it will be difficult for the North Korean regime to change quickly, but I think it will eventually change from bottom to top in accordance with reality.

Q. **YOO Jay-kun** Many criticize the Sunshine Policy as a failure which ended up helping North Korea complete its nuclear technology. As a Japanese scholar, what are your views on the Sunshine Policy?

A. **Masao OKONOGI** It is not easy to judge whether the Sunshine Policy was a success or a failure. In the long run, it might at least function as a means to monitor the North Korean government, but I do not think this will lead to the collapse of the regime.

Q. During the session, someone mentioned the existence of more than five hundred market places in

North Korea. I personally think that a market place itself is part of the free market economy. What effect does this kind of change have on the opening of the North Korean economy?

A. **KIM Hyun-kyung** Contrary to the general assumption, the relationship between the market and the North Korean authorities is not confrontational, but mutually complementary. Of course, the market place has problems such as the disruption of the distribution network and weakening state control over residents. However, it is already difficult for North Korea to live with the pre-market socialism. While farmers' markets in the past were to exchange and barter for food except rice, there exist specialized departments in the market place now supervising the sales of agricultural and industrial products, and charging different fees by location just as they do in South Korea's Namdaemun Market. In North Korea, there is a distinctive social atmosphere where the desire for material wealth and wellbeing is no longer sinful.

Q. I would like to ask Prof. Jin about young Chinese people's thinking about North Korea. What can you predict about the situation in Northeast Asia twenty to thirty years from now when young people become adults?

A. **JIN Jingyi** After Kim Jong-un's four visits to China last year, the negative perception among young Chinese people about North Korea changed considerably. Especially, they are very interested in Mrs. Ri Sol-ju., the wife of Chairman Kim. Every year, Prof. Okonogi, Prof. Moon Chung-in of Yonsei University and I attend a next-generation specialist seminar where students from Korea, China and Japan gather together here on Jeju. On these occasions, young people from the three countries communicate with each other without any prejudice, creating a synergy effect. Likewise, the trends and thoughts of young people in Seoul, Beijing, Tokyo, and even in Pyongyang now seem to flow in almost the same direction. I hope that when these people become the older generation, they will see an era of peace in Northeast Asia.

Q. According to a recent Japanese media report,

conflict and riots are spreading in North Korea, but they try to cover these up. The reporter said that North Korea can change if there is an external stimulus. What do you think about that?

A. KIM Hyun-kyung As Prof. Okonogi said, I also think there is little chance of a democratic movement occurring inside the North. Of course, there might be small fights on the street, but the authorities are constantly monitoring and controlling people's dissatisfaction. There will be complaints about the party, which are always controlled so as not to reach the top leadership. Riots to overthrow the regime are unlikely to happen as North Korea's system of control is very harsh.

Policy Implications

- North Korea is the only country that has maintained its regime through a third hereditary succession based on absolute loyalty to the supreme leadership. In terms of legitimacy, most North Koreans have naturally accepted Kim Jong-un as the successor. But it is necessary to enhance economic efficiency and radically improve people's lives for the long-term sustainability of the Great Leader system.
- The degree of dissatisfaction and resistance may vary with the North Korean residents' judgment about the causes of their economic difficulties – whether it is due to mistakes by the Kim Jong-un regime or because of external sanctions and pressure. Hence it is necessary to understand this North Korean situation before holding denuclearization negotiations with the North.

North Korea's Economic Status and Cooperation in Inter-Korean Exchanges



Moderator/Opening Remarks

Congratulatory Remarks

Speaker

Discussants

MC

Rapporteur

KIM Dong-Jeon President, Jeju Research Institute

KIM Dae-Hyeong Chairman, Jeju Chamber of Commerce & Industry

LEE Chanwoo Associate Professor, Teikyo University

DONG Yong-Sueng Director, Institute of Good Farmers (NGO)

MOON Sung-Jong Professor, Cheju Halla University

JUNG Chang-Hyun Director, Korean Peace and Economy Institute

KANG Chang-Min Head of Research Planning Department, Jeju Research Institute

HAN Eun-mi Professional Researcher, Jeju Research Institute

● **LEE Chanwoo** North Korea has a 'socialist' economy, but its market is activated and recognized as legal at the same time. The state controls the supply of most industrial goods and provides major services. It is also true that private activities in commerce and manufacturing exist in the market. It seems that the so-called 'our own way' of North Korea is not modifying socialist ownership and collectivist operation. The Socialist Responsible Management System of Enterprises was introduced as a concrete measure to enhance the autonomy of management at the production unit and improve the living standard of workers, who are called the masters of production and management. This is the way the North expands and uniformly manages the autonomous economy of individual production units such as factories, enterprises, cooperative organizations and cooperative farms.

I think the agricultural sector of the North has managed to acquire some degree of self-sufficiency, though its productivity remains low. Now, the North has to drastically improve its self-sufficiency by expanding inter-Korean and international cooperation. The North

is in need of a wide range of inter-Korean cooperation in such fields as agricultural technology, farming equipment supplies, plant breeding, the exchange of crops of comparative advantage, contract cultivation, direct trade among cooperatives, and sales market. The North may also exchange cash crops such as corn and potatoes for South Korean rice and other cash crops, and promote international cooperation to procure agricultural technologies and farming equipment.

The industrial sector of the North also seems to be more self-reliant than before. The traditional chemical and metal sectors are now seeing a normalization of production, coupled with scientific and technological development. In this age of the knowledge economy, North Korea calls its economic system the 'unity of science-technology and the economy.' New enterprises such as CI Chemical Industry are emerging in this new industrial sector. In a desirable move, North Korean society provides better treatment to scientists, engineers and experts. The North needs to prioritize industrial development, modernize business management and make more efforts to produce better human resources

for technological innovation and international cooperation.

North Korean society is suffering from the lack of a stable power supply due to outdated electrical facilities. As the authorities have done their best to stabilize the power supply, it is improved a lot since the 1990s. If the South and North can cooperate in the electricity sector, in the short term, the South should hold technological exchanges with the North, cooperate on facilities improvement, encourage the North to set up more overhead power lines and supply cables.

In the mid- to long-term, it will be necessary to promote exchanges of and cooperation in eco-friendly technologies such as power generation with coal and underground gasification, and photovoltaic power. If this sector proves to be competitive in terms of power generation cost and eco-friendliness, it will lead to giant strides in the electrical power industry.

It will take a lot of money to improve the infrastructure of North Korea. The South Korean government should invest more in infrastructure construction than in any other inter-Korean projects, and cooperate with the North Korean government and the international community on investment projects to develop the vertical and transverse axes of the Korean peninsula in a balanced way.

Inter-Korean cooperation to raise the standard of living is also important. The South Korean government is advised to approach this from the perspective of social economy. The two Koreas should find a way to assist North Korean cooperative organizations and collective farms to improve their living standards for themselves. For example, the South should seek to cooperate with the North in the distribution sector so that a variety of goods produced by North Korean cooperatives can be sold in South Korean food stores, run by cooperatives, or at sales outlets of consumer cooperatives, and vice versa.

To resume inter-Korean economic cooperation, government, businesses and society must work together in triangular cooperation. The role of society is as important as those of government and businesses. The role of society is to promote cooperation to achieve sustainable development on the Korean peninsula

by paying more attention, from a social perspective, to the economic gaps and environmental problems hidden in the shadow of the enterprise-oriented market economy. In this respect, the role of social enterprises and civic organizations pursuing civic autonomy is important. If South Korean society experiences democratic autonomy by reviving the tradition of cooperative ownership in the North through inter-Korean cooperation, it will be an important step for the South to become an advanced society, I think.

● **DONG Yong-Sueng** The presentation by Prof. Yi Chang-u under the title, “North Korea’s Economic Status and Cooperation in Inter-Korean Exchanges,” has shown us the real picture of an uncertain North Korean economy, using objective data and statistics. The North Korean economy is basically a socialist one, and this market function officially accounts for a certain part of it. The presentation is also remarkable in that it has given a clear explanation about North Korean economic features little known at home and abroad such as the Farmland Responsibility System and the Socialist Responsible Management System of Enterprises.

As regards inter-Korean exchange-cooperation measures, it suggested a phased approach based on a long-term strategy, and I agree with this. I would like to ask three questions in an attempt to complement and substantiate Prof. Lee’s points.

First, I think that North Korea’s economic development should be pushed by North Korea itself, not by initiatives from the South based on its own economic model. What do you think about this?

Secondly, although I fully agreed on the measure to offer loans to North Korea in the name of official development assistance (ODA), I think ODA, which is an inter-state deal, might not be appropriate to inter-Korean relations. What is your opinion?

Third, what are your views about the argument that inter-Korean dialogue should precede any other efforts to lift the May 24 Measures, and that inter-Korean exchanges should not be subject to sanctions by the international community as it is intra-national trade?

● **MOON Sung-Jong** In the name of inter-Korean peace and prosperity, the Jeju Special Self-governing

Province now promotes inter-Korean exchanges such as the donation of Chinese tangerines to the North; support for black hog farming; the opening of a peace cruise line; joint preservation of the ecology of the Halla and Paektu mountains; an invitation for the North Korean delegation to attend the Jeju Forum; and inter-Korean energy cooperation projects.

In the tourism sector, North Korea seeks to attract foreign investment in its two tourism zones – Mubong International Tourism Zone and Wonsan-Mount Kumgang Special Zones for Tourism – and four tourism development districts. Therefore, Jeju Special Self-governing Province, for which the tourism industry serves as a mainstay, should add tourism programs to its inter-Korean exchange projects. As there is a limitation in the direct exchange of tourists, it is necessary to explore indirect ways of promoting inter-Korean tourism.

In consideration of the peculiar circumstances of North Korea, the South may exchange knowhow on ecological tourism with the North to protect the pristine nature of the North. For example, the South can help the North open the Olle trail of Jeju in Pyongyang or its other special tourism zones. We may also consider a cruise line to reach Russian and Chinese destinations after stopovers on Jeju Island and in North Korea.

When permanent peace is guaranteed on the peninsula, Jeju Province will be able to vitalize exchanges with the North in various fields as well as tourism.

● **JUNG Chang-Hyun** The presenter provided us with the status quo of the North Korean economy focusing on its agriculture, industry, and economic management systems. I agree that the North Korean economy is shifting toward ‘relative independence’ (autonomous management), and it might withstand the economic sanctions of the international community in the short term. However, we need more detailed explanations about two controversial issues.

The first is about the weight ‘marketization’ carries on the North Korean economy and its implications.

The second is how to develop Economic Development Zones (Special Economic Zones). It is unclear whether changes in policy indicate a diversification of channels to

attract foreign capital for investment, or a reinforcement of control on foreign investment.

I believe what the presenter suggested is the most desirable way for inter-Korean economic cooperation. However, it would take considerable time to completely denuclearize the Korean Peninsula, and it is unclear when the sanctions on the North will be lifted. Hence, I think we need a phased approach toward economic cooperation. At the current stage, the South has very limited options for inter-Korean economic cooperation in the short run. Given this, it is important to have a pilot project to create a model case for success. I would like to ask if the inter-Korean railway connection project, which all the interested parties – South and North Koreans, and Russia – are interested in, stands a good chance to be accomplished in the short term, or what other inter-Korean projects might be successfully pursued under the present conditions.

Policy Implications

- The purpose of inter-Korean economic exchange-cooperation is to expand mutually complementary ties among industries, to promote balanced economic development, to jointly improve the standard of living, and to secure international industrial competitiveness.
- It will take a lot of money to improve the infrastructure in North Korea. The South Korean government should invest more in infrastructure than in any other inter-Korean projects, and cooperate with the North Korean government and the international community on investment projects to balance development of the vertical and transverse axes of the Korean peninsula.
- In order to promote inter-Korean economic cooperation, the government, enterprises and society should maintain triangular cooperation. In particular, societal cooperation can lead to sustainable development on the Korean peninsula by addressing economic gaps and environmental problems in the shadow of an enterprise-centred market economy.
- Given the current economic sanctions on North Korea, it is wise to take a stepwise approach toward inter-Korean economic cooperation.
- Jeju Special Self-governing Province, which has bridged inter-Korean exchange projects, should pursue mutual prosperity through inter-Korean tourism in the future. It should share with the North its knowhow, gained from the Free International City project, and exchange tourism professionals.

Nationalism and Resilient ROK-PRC-Japan Relations



Moderator JEON Jaeman Senior Adviser, Center for Chinese Studies, IFANS, KNDA
Speakers YUN HaeDong Professor, Hanyang University
 SHEN Zhihua Professor, East China Normal University
 Somei KOBAYASHI Associate Professor, Nihon University
Discussants KIM Hankwon Head, Center for Chinese Studies, IFANS, KNDA
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Rapporteur KWON Mina Researcher, Center for Chinese Studies, IFANS, KNDA

● **JEON Jaeman** The three East Asian countries, Korea, China, and Japan, are neighbors that cannot move out of their places even if they do not like each other. In this sense, they are destined to passively accept their fate. In a positive point of view, however, they could cooperate to open a new future for Northeast Asia together. Against this background, I would like to have an in-depth discussion on what kind of influence nationalism has in this region and what measures should be taken to overcome the problems caused by it.

● **YUN HaeDong** In recent years, Korean society has faced controversy over the official nationalism initiated by the government in top-down fashion. Official nationalism is a concept elaborated on in Benedict Anderson's "Imagined Communities." It was due to the deteriorating Korea-Japan ties that the concept has become a center of controversy in the last two to three years. In Korean society, nationalism takes the primitivistic and perpetual position more often than a modern, instrumentalist position.

Korean nationalism can be divided largely into two levels. The first nationalism is the earlier one created

in the period of transition of Korea to a modern society, and the second refers to a more mature nationalism than the first. Korean nationalism was strengthened under colonialism, and it settled into its current manifestation following the national division of Korea into two nation states or national states. Nationalism of South and North Korea, very similar to each other, have ethnic, ancestral, linguistic and cultural commonalities formed over a long time and share the primitivistic and perpetual position that it should last long into the future.

If we study the characteristics of Korea-China and Korea-Japan relations in connection with the genealogical traits of Korean nationalism, we find that the two ties are different from each other from a historical perspective. Korea-Japan relations are closely related to the past, mainly to colonial rule, while Korea-China ties have more to do with the role of China, which emerged as G2, in East Asia and the world in the future. In other words, Korea-Japan and Korea-China relationships are different, as the former is based on the past and the latter on the future. But now, we have to shift the focus. In the case of the

relationship between Korea and Japan, we should look toward the future without being fettered by the past, and with China, we should concentrate our efforts on how to open a new future based on past experiences.

After liberation from Japanese colonial rule, nationalism of the first kind emerged, and this can be called romantic nationalism, characterized by the 'one nation-one state' ideology. This nationalism for unification, holding that Korea has to be unified because they are one nation, has a strong influence on society, but is also feared for its potential dysfunction, as it might dismantle the equalization mechanism of nationalism. Then, where should Korean nationalism be headed? We need to move past the relatively immature nationalism and pivot toward the second nationalism, which is more open-minded and promotes communication within the East Asian region.

● **SHEN Zhihua** Nationalism is a kind of double-edged sword. Nationalism may play a positive role in fostering patriotism and shaping the national identity, but it may also degenerate into chauvinism, grand nationalism, and separatism. Nationalism is clearly different from patriotism, populism, and racism, but has some aspects that might be associated with them. Also, there is a tendency for the three countries to put the label of bigoted nationalism on one another, but this is the least desirable thing to do, a practice that should be altogether abandoned.

The nationalism of the three countries has a commonality of dualism. The East traditionally had double aspects: a nationalistic resistance to the aggression from the West and the aspiration to learn about the advanced aspects of the West and to transplant it to its own people. This is the contradictory feature of East Asian nationalism that opposes but also wants to learn from the enemy. This is a typical motif found throughout Chinese history, and perhaps Korea might be no different. This nationalism in East Asia has continued to grow and develop since the 1980s until now. I think there must be a certain period of transition between the age of nationalism and the age of integrated world. Currently, a regional integration

is underway ahead of global integration, which I think is a good way to overcome the bigoted nationalism. In other words, such an approach is to form an East Asian community in East Asia. Rational and tolerant nationalism is needed here.

Chinese nationalism can be divided into three developmental stages. The first stage coincided with the period before and after the Opium Wars. In the post-Opium War period, China had the traditional nationalism of Sino-centrism. This is an idea of the Han Chinese. The next came around the Xinhai Revolution of 1911. There was a great change in China when the Republic of China was founded. China changed from a feudal empire to a democracy. This is the period when they tried to identify what China and Chinese people should be. The slogan of the Xinhai Revolution of 1911 was 'to rejuvenate China,' but the China here meant only the Han Chinese. This concept of the Chinese nation served as a legitimate narrative in the national integration of China. The final stage is the rule of the Communist Party of China after the founding of the People's Republic of China. The Communist Party has the Marxist statements, "The proletariat has no country," "Proletarians of all countries, unite!" which tend to obscure the notion of nationalism in the countries led by the Communist Party. The Chinese Communist Party, too, sought to make the internationalism of the party override the concept of nationalism and nation state. Under the rule of Deng Xiaoping, however, China started to prioritize the interests of the nation and state over ideology in a pragmatic move.

China is upholding the 'Chinese Dream,' which aims to revitalize the Chinese people, in a move to identify the state's goal as a national goal. Also, judging from the perspective of a Chinese citizen, the internal cohesion of the Chinese people is upheld by the leadership of the Communist Party. So, the key is how the Communist Party will recognize and transform itself. China must guard itself against nationalism when managing diplomatic relations with other countries, including the US and Asian countries. China is under US pressure, especially in the recent

US-China trade negotiations, but we have to think carefully about it. At this point, what China needs is cool-headedness and patience rather than nationalistic anger.

● **Somei KOBAYASHI** If nationalism is the cause of the problems we face in East Asia, what is that nationalism? Does it mean ideology, or a movement to practice it, or a national sentiment? Nationalism is hard to define because it is equivocal, but it needs to be precisely defined before discussing it. Personally, I think nationalism is both a cohesive force to create a nation state and a variety of mechanisms to create said force, and this concept is characterized by strong exclusiveness and extreme violence within and without the country.

If we look at the characteristics of Japanese nationalism, first, we, the Japanese, tend to regard the other as a friend or enemy in a simple dichotomy. Of the two, we are more likely to judge other people as enemies, taking an unfriendly attitude toward them. Second, a sense of crisis, based on 'nation,' is being expressed through the channel of public sentiment. The Japanese have a sense of loss about the nation of Japan, a feeling that they are losing something to others. They do show a posture of resistance, thinking they are being attacked by other countries which in turn would lead to violence against them.

We had expected that if globalization progressed, the nation-state would be meaningless, and the era of a world village would arrive. With this expectation, we dreamed of a world without tragedies occurring because of national borders and of a peaceful world, but the reality turned out to be otherwise. On the contrary, the nation-state was more vigorously pursued even in East Asia, inviting strong antagonism against it. Particularly, the relationship between Korea and Japan is very serious now. It is regarded as the worst it has been since the end of World War II because of their history, territory and security issues. In the case of Sino-Japanese relations, the situation is better at present, but it precludes any prediction of its future course. The Sino-Japanese relationship has recovered to the level of strategic reciprocity,

established in 2008, which means a return to zero from minus status. I think it is hard to say that the bilateral relations have improved with this change, as the two countries still face territorial and security problems.

If so, what do the three countries have to do to overcome this kind of nationalism? First, we have to break the circuit through which nationalism develops out of national sentiment in a destructive way. Nationalism requires an imaginary enemy. But the hypothetical enemy should not be a nation or a state. It is the global and regional issues such as polluted air and water and diseases that we have to fight against together. The three countries should strengthen cooperation to solve common issues in the fields of environment and medical care, or poverty. Second, mass media in each country should be more discreet as not to provoke national sentiment. Amid the rapid development of media in recent years, the public tends to see what they want to see only and strengthen their conviction by constantly exchanging opinions with like-minded people. This is likely to arouse people's emotions and fears, which may impel them to express their opinions in a radical manner. The role of mass media is critical in helping people contemplate without being swayed by their sentiment.

● **KIM Hankwon** I agree with the observation that when we move away from the first nationalism to the open nationalism, the second in its kind, we can reduce the harms done by the nationalism faced by the three countries in East Asia. I also agree with the proposal of the East Asian Community for solving the problems of nationalism in East Asia. If the diplomatic relations between Korea, China, and Japan are influenced by closed nationalism, it will harm all three countries in the long run, an assessment on which many experts agree. In the short term, however, we should think hard about realistic alternatives in regard to the practices of some political leaders resorting to closed nationalism for their own political gains.

If I was to summarize the speakers' remarks about this nationalism issue, it would be like this. If politicians use nationalism as a diplomatic tool, they

may make some political gains temporarily at home, but in the long run, it is more important to create a public consensus that such a political maneuvering would eventually cause harm to national interests. Based on this consensus, we can create an open and tolerant nationalism in the 21st century. In this respect, I agree with the opinion that the three countries should rely on nationalism as a means to encourage cooperation among them to cope with the common new issues of pollution, poverty and disease, instead of using it as political tools to cope with domestic political issues, or to stimulate antagonism against other national communities.

● **CHOI Jinbaek** Recently, there have been renewed discussions on nationalism. I think that it is our task to find out the reason why nationalism does not remain a bygone issue and instead emerges as a real, present issue again. I think the nationalism issue turned worse when the three countries stuck to bilateral relations. The reason for this is that the wound from the incidents during the transition to the modern era are so deep that nationalism keeps the bilateral relations in trouble. Of course, we have come to realize many problems of nationalism through many discussions on this issue over a long time. Nevertheless, this problem still remains a troublesome factor in the relations among Korea, China and Japan, so I think it is time to explore ways to overcome it. In the meantime, despite reflections on nationalism and the efforts to overcome it in Korea, it still creates this difficult situation. I wonder if this signifies a retreat of the discourse on nationalism, or futility of the discussions so far to reflect on and reconsider Korean nationalism.

I think China's official nationalism is more serious now. There have been many controversies in China as well as demonstrations about the mistaken US bombing of the Chinese Embassy in Yugoslavia in 1998. At the time, China was trying to subdue the anti-US sentiment, but recently China has been trying to promote nationalism with the discourse on 'revival of the great Chinese nation.' I thought that when a country becomes more powerful and prosperous, it would be free from the past. I wonder why it is that

China is trying to return to the past.

Most complaints of the Japanese people about Koreans is centered on the latter's constant harassment of the former by reviving the past. Personally, I somewhat agree with such complaints, but I think their relations decisively worsened when then Prime Minister Koizumi visited the Yasukuni Shrine. In fact, the relationship between Korea and Japan has not been always bad. As the Yasukuni Shrine issue involves Class-A war criminals, which might be the real problem, I think the tombs of the war criminals had better be moved to another place in consideration of the trilateral ties among China, Korea and Japan.

The reason why nationalism weighs so heavy on the three countries is connected to the rise of China. China seems to address its domestic political issues by the means of promoting nationalism. It is also suspected that Japan is volunteering to lead the international checks on the rise of China, while excluding Korea, for its own political advantage. In the long run, this will keep the relationship between Korea and Japan troubled.

● **Somei KOBAYASHI** Starting with the Meiji Restoration, Japan strived to become a nation-state and has now achieved the ideal to some extent. I think that Korea and China have yet to become a nation-state, but if they make uphill efforts to do so, I think their pursuit of nationalism would be inevitable. On the other hand, I wonder about the contradiction of China refusing the international order created by the West, while aspiring to achieve the western model of nation-state.

As for Japanese nationalism, I think Japan has failed to inherit the war memories. In other words, the national culture has not embraced the spirit of reconciliation yet. It might be due to the change of generations. Japanese society lacks the will to reconcile with other countries because the generation that has not experienced the war accounts for a majority of the society, with the war memories absent. In the case of Korea-Japan relations, the colonial period has continued to be the cause of the troubled ties since the normalization of their diplomatic ties in 1965. There was no compromise between them on

the Japanese colonial rule, and I think the currently troubled relations would continue without any sort of efforts to make a compromise on the issue.

● **SHENZhihua** The government may use nationalism as a political tool whenever it is necessary, but I think the more important issue is when it does so. For example, during the Korean War, China needed to unite the country through nationalism. In other words, when the Chinese people do not have cohesiveness, the spirit of nationalism can achieve unity, but I do not think this is necessary now. In the face of the trade friction, China is also trying to solve this issue with nationalism. I doubt whether it is a right thing to do. I think the Terminal High Altitude Area Defense (THAAD) issue is the case similar to it. The THAAD was a diplomatic issue that could be resolved through bilateral talks, but the Chinese people took to streets, breaking stores and staging nationalist rallies. The issue ended up worsening their anti-Chinese and anti-Korean sentiments. I think it is most important not to involve nationalism in diplomatic affairs.

● **YUNHaeDong** As to the question of whether Korea can now be called a nation-state, I would say both yes and no. Proponents of the “one nation and one state” theory see Korea as a ‘broken state’ that cannot be considered a nation-state without unification, but there are many others who do not agree with this point of view. In fact, there are quite a number of researchers who regard South and North Korea as two separate countries. From this point of view, there already exist two nation-states on the peninsula. Personally, I agree with the latter. Since the modern era, nation-states have existed in many other forms than the one nation-one state or in a certain degree of sophisticated form of state. In that respect, South Korea is a nation-state.

Scientific Innovation and Geopolitical Risks in Northeast Asia

Chey Institute for Advanced Studies

최 종 현 학 술 원

Moderator	PARK In-kook President, Chey Institute for Advanced Studies/Former Ambassador to the United Nations
Speakers/Discussants	Graham ALLISON Douglas Dillon Professor of Government, Harvard University
	Gary SAMORE Professor, Brandeis University/ Former White House Coordinator for Arms Control and Weapons of Mass Destruction
	GONG Ke Chairman, Academic Committee of Nankai University/ Executive President, Chinese Institute of New General AI Development Strategies/ President, World Federation of Engineering Organizations
	JUNG Ku-hyun Invited Professor, KAIST
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● **Graham ALLISON** Since Belfer Center has been asking where science technology and public policy intersect, obviously the advancement of science technology is shaping the future. At the same time, public policies can shape the ways in which scientific advances occur, trying to nudge them towards the more positive, and to guard the risks of negative sides. In attempting to address the challenges posed by advances in science technology, again, advances in science and technology define the instrument and space.

On the opinion that the recent tech-based US-China trade war will have exacerbated the situation in terms of a probability for us to avoid the Thucydides trap:

I am very pessimistic about the way in which the developments are going and I think it is very natural in Thucydides rivalry that what initially starts at a trade conflict will pretty soon spread to every dimension of the relationship. I think the first step in searching for a way to escape this Thucydides trap is to recognize that

China is and will be a rising power trying to achieve its own greatness. The US has been the ruling power for a century, and the order, of which the US has been a principal architect, has been great for the world including China. How can these two great countries find a way to relate to each other?

In 1962 J.F. Kennedy thought there was one in three chances that there would be a nuclear war. He gave a speech four months before he was assassinated, saying that we are now going to have to settle for a world safe for diversity – both for the communist, totalitarian, Evil Soviet empire, and American democratic system-while we compete in other areas.

One Shanghai scholar said that in the Song dynasty about 1,000 years ago, the Song was unable to defeat the northern tribe, so they eventually settled in the peace treaty in 1005, something that they called rivalry partnership. That is diplomacy sounds like a contradiction. But interestingly, if you go to

the world of business, for example, how Samsung relate to Apple? Samsung would say they are Apple's most ruthless rivals in selling smartphones, but also Apple's largest supplier. I think in between these two ideas you might find a way in which the US and China can be ruthless rivals in some arenas and serious partners in others.

● **Gary SAMORE** China has been a nuclear weapon state since the 1960s. But it has only been the last decade that China has moved to modernize its strategic nuclear forces by deploying land mobile solid fuel ICBMs as well as more advanced submarine-launched missiles. The main purpose of that is to ensure its nuclear deterrent can survive a first strike from the US and still have sufficient forces left over to inflict unacceptable damage on the US to destroy some significant portion of the US population and economic infrastructure.

In the nuclear business, it is called 'stable nuclear balance' when both sides are capable of inflicting unacceptable damage on the other side even in the aftermath of a first strike. The Cold War was one in which there was a 'stable nuclear balance' between the US and the Soviet Union at very high levels.

I think China is content to have a relatively limited retaliatory force which is aimed primarily at US population and economic targets as opposed to US military targets. Both China and the US are working on a set of more exotic technologies that could impact the stability of the nuclear balance between Beijing and Washington. Neither side would have an advantage in launching the first attack because it would be fairly clear that it would receive and return an unacceptable retaliatory attack. It is important to keep looking at how these more advanced systems can impact the nuclear balance between the US and China.

In my view, the most stabilizing factor is that nuclear balance makes a war very costly, risky, and unappealing for both Beijing and Washington because of the potential consequences.

North Korea obviously does not have the same resources, industries, and scientific infrastructure

as China. Nonetheless, we have seen a very stable process and pattern of North Korea's accomplishment in terms of its nuclear and missile capabilities. More recently, North Korea has tested what appears to be a thermonuclear device hydrogen bomb as well as two liquid-fueled ICBMs. The objective of North Korea is to have a credible nuclear deterrent that is capable of retaliating against the US or its allies.

The North Korean program to develop long-range missile capability has been delayed since the Singapore Summit. North Korea has accepted the moratorium on nuclear and long-range missile testing, while the US and South Korea have announced to end their large-scale joint military exercises, which is an important achievement.

The question we now face is whether we could build on that achievement to negotiate additional constraints on North Korea's nuclear missile program. With further testing, North Korea can develop that capability and pose a direct threat to the US This raises huge geopolitical risks. If the US has to accept that North Korea's long-range nuclear force clearly exists and the US has to rely on deterrence and missiles to protect itself, I expect to see North Korea pursue a path to take other nuclear powers to make their long-range strategic forces more credible. That will include the efforts to develop Multiple Independently-Reentry Vehicles (MIRVs) and submarine launch technology. The risk for Northeast Asia is whether South Korea and Japan are willing to rely on the US assurances of protection against the North Korean attack. This reminds us of the old dilemma that the US faced during the Cold War about the issues with Berlin and Paris.

If the alliance and assurance the US is providing are not sufficient for the security needs of Japan and ROK, there is no technical barrier to prevent them from developing their own, very modern, robust, and long-range nuclear weapons such as advanced space launch programs. Both countries are capable of having robust modern nuclear forces, which would change the geopolitical character of Northeast Asia.

It is difficult to predict when exactly North Korea

would have the capacity to actually attack the US because Hwasong-15 has only been tested once in November of 2017, and it was not tested in a normal trajectory. Most experts think that at a minimum, North Korea will test the Hwasong in a full range, in the South Pacific. If the reentry vehicle survives its inner nuclear warhead it would actually remain intact when it is delivered against the target.

I think that North Korea is very close to having a credible threat against the US, and Kim's decision to stop the testing program was in part designed to give him a good bargaining position with the US, so that he could have a future activity to threaten the US without having to demonstrate that. What I worry about is, either with Trump or the next President, if the diplomatic action falls apart, North Korea is likely to resume nuclear and missile tests to prove its capability to make a credible threat to the US.

● **GONGKe** With its capabilities of overcoming blowing diseases, providing affordable medical care, delivering high-quality teaching, improving energy efficiency and so forth, AI could be an accelerator for sustainable development. Also, AI is an accelerator or catalyst for scientific and technological innovation. Therefore, a lot of developed countries such as the US, Japan, Korea, and countries in the European Union have developed national plans for developing AI, and China developed a plan in July 2017.

With this plan, China aims to build an open collaborative AI R&D (Research and Development) system, grasp both technical and social attributes of AI, integrate research, application, and commercialization as a trinity, and strengthen AI supports to the following four areas – scientific and technical innovation, economic development, people's welfare, and national security.

Specifically, there are two unchanged points and one changed point in these national strategies. Deng Xiaoping's idea to make a new technology adhere to the economic development and promote the deep integration with the real economy has not been changed, but the national strategy is now giving more attention to social effects. Also,

under the theme of "a new era of intelligence: progress, strategies, and opportunities", China will hopefully deepen exchanges, enhance consensus, and strengthen cooperation to promote the healthy development of AI. In the meantime, China hopes to strengthen the original innovation ability and consolidate the foundation of AI development by making more efforts on basic research.

As a new productive force, AI will change the way of economic growth and the global geo-eco map. Furthermore, AI will also change the geopolitical map, by affecting the deeply the international balance based on nuclear forces. The military application of AI may threaten humans as a whole but it is hard to establish the relevant international arms control and non-proliferation mechanisms to constrain its use as a deadly weapon. As AI is challenging the global governance, international cooperation is more important in the AI era for the human being with a shared future.

In short, I believe that the rise of powerful AI will be either the best or the worst thing, ever to happen to humanity, which we do not know yet. However, we should do all we can, to ensure that the future development of AI benefits us and our environment. We should join together to call for the support of international treaties, or signing letters presented to individual governmental powers, while technology leaders and scientists are doing what they can to obviate the rise of uncontrollable AI.

● **JUNG Ku-hyun** We are witnessing the intersection of these two key concepts at the moment. On the one hand, the rise of China is a very significant geopolitical phenomenon. As you know, China's GDP increased more than 10 times over the last 18 years. On the other hand, we are now witnessing the phenomenon called '4th Industrial Revolution (4IR)'. The interplay between these two phenomena has led to the current US-China rivalry to have hegemony in the coming era.

It is not easy to measure the level of technology in general terms. Technology is one area we measure the size or competitiveness based on input rather than

output. Inputs in technological development include how much resources have been put into R&D. In terms of output, the number of patents, articles, publications, and so forth is used to measure competitiveness.

In 2014, China began to spend more than 2% of its GDP on R&D for the first time. China is now spending about 2.2-2.3% of its GDP on R&D, which is still smaller than that of the US – 2.8%. Also, the size of the Chinese economy is about 2/3 of the US when the GDP is measured using the market exchange rate, but some people argue that China has already passed the US in terms of GDP when it is measured using purchasing power parity (PPP). Regardless, China is putting comparable amounts of resources and has a comparable number of researchers now. In terms of the intermediate output, China is also doing very well in the number of patents and papers, although the impact is not as big as the US. When thinking about how good they are in commercialization, China may not be comparable to the US in all industrial areas, but China is competitive enough in the internet-based industry and AI because of the huge population and database.

How could Chinese technology develop so fast in the last 15 years? Sometimes technological leapfrogging is possible because of the lack of legacy. For example, if you do not have telephones, mobile phones can be distributed much more quickly. In addition, the other key to China's success is the competitive domestic market. China's domestic market is more competitive than the US's market, except for the sectors where State-Owned Enterprises (SOEs) have dominated. They are also very creative imitators. This kind of creativity has the potential to transform into a real innovation, and the US began to take some measures to control it. One of the effective measures is to keep Chinese semiconductor companies from purchasing American equipment. This is working because 70% of the global memory chip equipment is supplied by five companies in the world, and three of them are American. Recently, the US began to block Chinese companies' acquirement of the US software as well. With these measures, what

the US wants from China is not only about paying the fair price for technology, but also about keeping China from using American technology. That is almost like declaring an economic war, and it will significantly frustrate China's ambition to become a world technology leader. However, since the Chinese economy and the American economy are very dependent on each other, I do not think the US can block or slow down China's technological rise without damaging itself. We don't know how the situation will develop further but complete blocking against China would be too costly not only for China but also for the US.

● **John DELURY** Focusing on the two main topics that we've been discussing, it is pretty obvious that the US-China strategic competition is the number one structural risk everyone is worried about. And the North Korean nuclear issue and its potential to go kinetic is another big risk. What is the role of science and technological innovation in these two?

One observation I would have by way of closing the panel here is, in terms of the US-China relationship, I think we see a fundamental shift from decades of cooperation, especially in the science and technological realm. But five years ago, we could have this conversation and talk about all the great things that US companies were doing together with Chinese companies and imagine a relatively rosy future. This means that not just the conversation but also the reality has changed very swiftly and decisively. Science and technology were one of the main issues at the beginning of the new era for China when Deng Xiaoping took power after Mao Zedong. Also, it has been very consistent throughout the Deng era and now into the Xi era. What is changed is the US's position. It now sees it very much as a threat, and sees science and technology as a component of this overall threat that China presents in competitive mode.

But one interesting possibility regarding the North Korea issue is that, if you look at the current diplomacy between Trump and Kim, what these leaders are toying with is the same kind of fundamental shift from 'competition and adversarial, hostile relationship

with North Korea' to a 'cooperative relationship' with it. And there are even ideas out there to develop a model for moving diplomacy forward to where the US scientists and experts like Gary Samore cooperating with North Korean counterparts and experts in the process of denuclearization – first seeing what North Koreans have, halting it, starting to dismantle it, and removing it. If diplomacy is going to work with North Korea, it is likely that it is going to show a level of cooperation that was unimaginable five years ago.

Policy Implications

- Searching for a way to escape the Thucydides trap is by recognizing China is and will be a rising power trying to achieve its own greatness. In this way, we could find a way to build a 'rivalry partnership'.
- The rivalry between the US and China over technology and economic superpower is unavoidable because of the 4th industrial revolution, so it is important to have an open attitude towards transformation in order to adapt to the new era.
- The 'Economic Cold War' between the US and China is damaging to both sides due to high economic interdependency.
- North Korean denuclearization negotiation is faced with a deadlock with no clear path ahead in sight. If the diplomatic action falls apart, North Korea is likely to resume nuclear and missile tests to prove its capability to make a credible threat to the US and the US may go back to 'fire and fury' days.
- We should do what we can to ensure a diplomatic resolution between the US and North Korea before the North Korean regime can prove that it is a credible nuclear threat to the US.
- The development of AI will have geopolitical and economic, as well as even military effects that are currently unimaginable. Therefore, we need to put into place international cooperative structures to ensure that the development is conducted in a constructive manner.

Perspectives from Pyongyang



Moderator **Jean H. LEE** Director, Hyundai Motor-Korea Foundation Center for History and Public Policy, Wilson Center

Speakers **Sebastien BERGER** Seoul Bureau Chief, AFP

Ed JONES Chief Photographer for North and South Korea, AFP

KIM Byung-yeon Professor, Department of Economics, Seoul National University, Author of 'Unveiling the North Korean Economy'

Katie STALLARD-BLANCHETTE Fellow, Asia Program / History and Public Policy Program, Wilson Center

Katharina ZELLWEGER Visiting Fellow, Center for International Security and Cooperation, Stanford University

Rapporteur **Darcie DRAUDT** PhD Candidate, Johns Hopkins University

● **Katharina ZELLWEGER** I went on my first trip to Korea in the spring of 1995. Since then, I have been on 70 visits, and I lived there from 2006 through 2011, when I headed an office for the Swiss government. In 1995, international emergency relief started at the Great Famine. Now, international bulk deliveries are not made. But with bad harvests last fall and a bad spring crop they will probably need it again. Though there is no longer famine, there is chronic food instability, which is especially a problem for child malnutrition. There is a lack of sufficient diverse foods, inadequate health care, and a lack of transportation.

On my last trip in March 2019, I made some observations about food and agriculture. There are more locally produced foods, and the Public Distribution Systems sometimes are not working. In March people were preparing crops but there were all done by hand tools—there were hardly any tractors. Many more greenhouses are built across the country.

The health care system throughout the country has hospitals and clinics at different levels; they operate under difficult circumstances with outdated equipment

and sporadic electricity sporadic. Providing adequate health care is impossible. The TB problem has affected up to 100,000 people. Drinking water is an issue, as is wastewater disposal and basic sanitation. Energy is still the biggest problem confronting North Koreans, whether it comes to fuel to run machinery or even to transport goods including food.

At present, aid agencies work in nutrition, health, water, and sanitation. Because of the political situation, there is no development cooperation with North Korea. We need to look at long-term interventional prevention is better than cure.

Nowadays, people are more curious about foreigners. When I first when to Korea they looked right through me. Now North Koreans are interested in talking with foreigners and get news from abroad, which affects their views. There are also indications for more trust and openness and access for planning and monitoring is less difficult. North Korean officials are more receptive to new ideas; partnership is necessary so the materials we provide are used effectively and correctly. Aid has saved lives, many lives, but it is not just because of aid—it is also because of the strong determination and

resourcefulness of the people.

There are indications of entrepreneurship and market activities, and experimenting within the authorized changes to the economy. Citizens today have a much better coping strategy than during famine. The markets are better, and people make money from them. The country's economy has changed from ration-based to a de facto market economy, but the state control of people remains strong.

North Korea is under extremely tough sanctions because of its missile and nuclear program; regime survival is most likely. On several occasions, North Korea has asked for the conclusion of peace treaties or a security guarantee, which has not been responded to. What North Korea wants and needs are economic assistance and sanctions relief; not being met with a 'maximum pressure' campaign aiming to bring about change on the Korean peninsula. Sanctions are having an impact, but rather than hurting the regime, it is hurting ordinary North Koreans. Officials drive around in fancy cars; public transport for common people will become too expensive. Fees and charges imposed on all kinds of services; and a downward chain puts the burden on the poor. Gains and progress made in recent years could fade; moving backward is a very high price to pay.

Sanctions imposed on North Korea exclude humanitarian assistance and should not affect our projects. But, the reality is different: donors are reluctant to provide funds to projects in North Korea, banking channels no longer exist, and it is impossible to pay suppliers. Cash operations are risky and tend to facilitate corruption, but necessary. Sanctions prohibit importing anything with metal. A UNSC or Sanctions Committee letter is needed for exemption, but it is a complicated process that is almost not worth it.

Has North Korea changed the many years you have been going there? Yes, and no. Certainly, it is no longer the same country I experienced in 1995. I have always talked about the '5Ms': markets and money playing a bigger role in ordinary life, mobile phones increase

access to each other and information, motorcars have increased, and the middle class has developed in Pyongyang. Youngsters show off the latest mobile phones, people take taxis to go out, couples eat out in fancy restaurants and pay with Euros, women wear jewelry and men smoke expensive cigarettes. Younger women even have double eyelid surgery. Now, there is a sixth M: mindsets--particularly in the younger generation in Pyongyang, but also in other locations. These young adults came up in a time when adults stopped providing for everything. They are not used to government handouts and are finding their own ways to make ends meet. They have developed a certain amount of entrepreneurial spirit.

Aid programs in North Korea include 6 UN agencies, five resident NGOs (all European), three bilateral offices, and NGOs that go in and out but are not resident there. My organization, KorAid, works with people with disabilities. They tend to be on the lower end of the socioeconomic scale. In 2014, 6.2% of pop or 1.6M people have some disability. Despite the difficulties, it is critical to continue to work with North Korea, in North Korea,

North Korea is still impoverished; ordinary citizens are poor. I argue that sanctions will not bring peace and prosperity. North Korea will never give up nuclear weapons. A security agreement is not just a piece of paper; it also requires a variety of confidence-building measures and a sustained period of peaceful coexistence. Pragmatism, patience, perseverance will be needed.

● **KIM Byung-yeon** I research North Korea indirectly using refugees in South Korea and I go to China to investigate economic transactions between China and North Korea. More than 70% of North Korea households work in markets. Marketization has transformed North Korea. 50% of North Koreans work in the formal sector. For more than 70% of North Koreans, sometimes 90-100% of their income comes from market activities. Virtually everyone wants to work in the markets.

We started a recent project of effects of marketization on the system; we ran regressions controlling many

variables controlling social norms. What we found is that the most crucial variable in income was not about one's being a member of the Party or whether the one is educated—it is about the experience of market activities. It has been a quite gradual but revolutionary transformation in North Korea. While they are living in North Korea, mentally the value system has changed toward a South Korean market economy. Trading increases trust in strangers because it should be based on some level of trust. Perhaps there will be a possibility of having a consensus against formal ideology.

To what extent are they able to sustain jobs in South Korea or highly-paid jobs? Marketization experience increases human capital. Our research shows that if you had worked in North Korean markets for 10 years, the effect of that experience on having a job in South Korea is equal to living in South Korea for ten years.

North Koreans and South Koreans are one people but may have two mindsets. We conducted an experiment in which we distributed USD100 to participants, asking how much money they would share with other people. South Koreans gave about 20%, which is comparable to people in other countries in Europe and the US, North Koreans gave about 50%, which is unique. Economists believe that 50/50 is not a healthy situation, because it means you demand half from other people or the state.

Marketization is the right path for North Korea's future. How we can move from sanctions to marketization is important for policy questions in the future.

● **Sebastien BERGER** We go every two months to North Korea, and are the only journalists based in South Korea that has access to the North. Usually once a year they organize mass trips for large numbers of journalists. But when we go there, we have appointments with people, places we go, we can sit down, have a factory tour; we can talk about the factory management system.

● **Ed JONES** When I take these pictures I do it with the view that they will be interpreted by the people who regularly analyze North Korea. Sometimes I do not know if what I am shooting is important to

tell the story of the country, but I tend to focus on infrastructure, technology, and transport.

● **Sebastien BERGER** This photo shows a voting booth from the last March; the election that has all the trappings of elections elsewhere: polls, ballot paper, showing and ID and you are presented with ballot paper; there is a locked ballot box; there is a pencil inside the voting booth; and plinth with a pencil if you want to cross out the name—But according to the Korean Central News Agency (KCNA) nobody did. And you see Kim Il-sung and Kim Jong-il looking down on ballot box.

● **Ed JONES** We have taken a photo of a woman using a Samsung camera and another woman carrying a flatscreen TV. I photograph apartment balconies as private spaces enjoyed by citizens. I did a photo series of bus stops, and it used to be people would be talking with each other, but now they are looking at their phones. There are paintings at the bus stops, not commercial advertising.

● **Katie STALLARD-BLANCHETTE** Going as part of a large group of foreign journalists, we are very controlled. You always are accompanied by handlers. You cannot bring in mobile transmission units and at the airport they go through a computer to make sure there are no files to transmit. We always had two handlers with us: they stay in a hotel with you, they go everywhere with you. The hotel is on an island, so you have limited mobility anyway.

Wherever we go, it was a part of organized excursions. We have moved around on buses and have press armbands. Some journalists feel tempted when you go on one of these trips to present it as a 'scoop' or a 'rare glimpse'; but I wanted to show the monitoring and the staged aspects as part of our reporting on North Korea. They are not exclusive access—it is part of an organized tour—but the visit is still instructive. Any comment you are getting from people is through that lens. It is not representative of the opinions people might hold. It is not that there is no capacity to do journalism there, just that it needs to be framed as such. For example, we would ask a man if he could talk us through what he is working on, and he said he has just been told to stand there—

to perform like he is doing work. There is valuable journalism on these trips, but it is important to show the choreography and show how limited our perspective is.

Policy Implications

- Marketization is gradually revolutionizing the North Korean economy; these changes affect social attitudes and income prospects.
- Sanctions have most threatened the poor in the country, and there is evidence that people in Pyongyang, especially the elites and the new middle class, are not affected and continue to enjoy high levels of consumption.
- Despite restrictions and monitoring, thoughtful journalists who have the opportunity to go inside North Korea can share stories about the economic and social lives of everyday North Koreans.
- When reporting on North Korea or discussing anecdotes about daily life there, it is important to interrogate the boundaries of performance involved in staged or organized meetings.

Revisiting Sanctions on North Korea



JEJU PEACE INSTITUTE
제주평화연구원

Global Future Council on the Korean Peninsula
of the World Economic Forum

Moderator

Angela KANE Senior Fellow, Vienna Center for Disarmament and Non-Proliferation

Speakers/Discussants

Thomas J. BIERSTEKER Professor & Director of Policy Research, Graduate Institute of International and Development Studies

CHOI Young-Jin Former Ambassador of the ROK to the US/Former Special Representative of the UN Secretary-General

Jean-Marie GUÉHENNO Member of the UN SG's High-Level Advisory Board on Mediation

Rapporteur

Max NURNUS Lecturer, Seoul National University

● **Thomas J. BIERSTEKER** Sanctions interact with other policy options. And in the context of negotiating with North Korea, the prospect of sanctions relief, in particular, can be of use. The sanctions imposed on North Korea are of an exceptional nature. There are currently fifteen sanctions sets by the UN in place. Those on North Korea are the most extensive of those and get close to what can be labeled as ‘comprehensive.’ They include restrictions on financial transactions, on the import of goods such as petroleum, and affect various other sectors. Many of these sanctions are not targeted, in a sense, but non-discriminatory. They affect the whole population of the country. On the scale we use to measure and evaluate the discrimination of sanctions, those on North Korea, therefore, rank on level five (out of six).

Yet, North Korea is unlikely to be a place where sanctions are effective. It is difficult to change behavior through sanctions, even in the best of times. Increasing the cost of behavior does not necessarily lead to a cessation of this behavior. In North Korea, this is especially true as the country has a history of self-reliance and is one of the last remaining command economies. North Korea, therefore, is an example of

the ‘sanctions paradox’: sanctions are more effective in countries that are well-integrated with other countries.

Sanctions have multiple purposes. Commonly, they are considered a means of changing behavior. Beyond this basic idea, sanctions can be tools for coercion, constraint, and signaling. The sanctions on North Korea are supposed to coerce (towards denuclearization), to constrain (further nuclear development), and to signal (that nuclear non-proliferation is enforced). Measured against these three purposes, the sanctions on North Korea are ineffective in regard to coercion and constraint, and effective in regard to signaling.

How do sanctions and mediation efforts relate? In ninety percent of cases, these two go together. Usually, both happen simultaneously. At the same time, mediators often distance themselves from sanctions. They do this to avoid the impression of partiality, and to avoid association with coercive instruments. Therefore, sanctions can complicate mediation efforts, as illustrated by the case of Yemen since 2015. Yet, sanctions and mediation can also go together and complement each other.

In this context, the prospect of sanctions relief

can be a tool. This does not equal doing away with sanctions, but merely refers to their temporary lifting or even the prospect of lifting them temporarily. This can be helpful to break deadlocks, as the cases of Libya and Yugoslavia in the 1990s, and more recently the case of Afghanistan, illustrate. Sanctions can, therefore, be a tool for conflict resolution, not just an impediment to conflict resolution.

Sanctions are, in fact, more effective as a bargaining tool than as a tool of pressure. The prospect of sanctions relief can be more effective than their initial imposition. The suspension carries powerful symbolic value, too. This, therefore, can be used for a tit-for-tat strategy: calibrated sanctions relief in exchange for measures such as denuclearization. This logic is especially applicable in the case of North Korea as the critical sanctions are imposed through the UN, not by specific countries, as is the case for Iran.

The sanctions on North Korea fit into three categories. First, prohibitions, for example on exports of coal and imports on luxury goods and proliferation-related materials. Second, conditional measures, such as seizures and inspections of maritime vessels. And, third, optional measures, for example, on individuals and corporate entities. In dealing with North Korea, there is, therefore, a large menu of sanctions to work with, and from which sanctions for measures such as suspensions can be chosen.

There are multiple ways in which the utilization of sanctions for this purpose could be approached. First, slight changes could be made. Examples would be a relaxation of existing measures, for example, limitations on diplomatic staff or banking channels. Second, existing caps could be adjusted, for example, regarding petroleum imports, or general bans could be turned into caps. And, third, sanctions could be temporarily suspended.

These measures are feasible with the technical and diplomatic tools we have at hand. They do not require new technical vocabulary or complex ‘snap back’ provisions. The political feasibility of these approaches is more problematic. At the same time, we currently see extensive cooperation between the

United States and China on sanctions, as the latest round of sanctions by the Security Council from 2017 shows.

Various strategies could be adapted to combine sanctions with negotiations and mediation. It should be figured out which sanctions are most valuable in order to make effective offers, possibly through sequencing plans. Confidence could be built, for example, through a pre-negotiated roadmap. And additional incentives could be provided, such as prospects for investment and infrastructure cooperation.

All of this will require movement on both sides and a focus on developing a coordinated tit-for-tat approach. But this might be the time to do so like the idea of applying maximum pressure might have reached its limit.

● **Angela KANE** To add to this, some more context. North Korea has been under sanctions for thirteen years, since 2006. The UN Security Council recently extended them once again, thereby making the circumstances of the country even more difficult. It is therefore good to emphasize the various options that are on the table and the various approaches that can be taken at this point.

● **CHOI Young-Jin** These latest and most strict sanctions have been imposed in response to the three nuclear tests and more than 85 rockets tests that took place since Kim Jong-un came to power in 2011. The United States, since then, came to consider North Korea a threat and wanted to implement the strongest possible sanctions, and in particular so in late 2017. China, in the past, tried to constrain these efforts but gave up much of its resistance after the various nuclear and missile tests of the past years.

Three elements of this sanctions regime deserve emphasis. First, they prohibit North Korea from exporting any coal. This cuts the country off from a major source of income since half its exports were made up of coal. Second, they ask North Korea to recall its nationals working abroad – for example, in China or the Middle East – within twenty-four months, so by the end of this year. And, third, the sanctions regime caps North Korea’s imports of

crude oil at 500,000 tons a year. Since the country is dependent on these imports, this imposes severe limitations, for example, on the military.

In combination, these sanctions have the potential to bring North Korea to its knees within months. China has no interest in destabilizing the country. It worries about potential aggression from North Korea should it give the impression that it is turning against the country. It worries about refugee flows in case of a collapse. And it worries about an expanding influence of the United States on the Korean peninsula should North Korea collapse or reunify with South Korea.

Right now, it looks like these sanctions work. North Korea is highly reliant on China and is cut off from its sources of income. Kim Jong-un, therefore, strives to obtain relief of sanctions. On the other hand, the United States refuses that without promises of comprehensive denuclearization. Sanctions relief without this promise would de-facto legitimize North Korea as a nuclear state. The North Korean approach at the summit in Hanoi was therefore unrealistic and unworkable. It offered to abandon a share of its nuclear facilities in exchange for sanctions relief, but this was unacceptable for the United States. Sanctions relief has become vital for Kim Jong-un, denuclearization has become vital for Donald Trump.

In contrast to that, denuclearization and sanctions relief were not even discussed at the Singapore summit earlier in 2018. North Korea merely promised not to conduct missile or nuclear tests. In exchange, the United States suspended its joint military exercises with South Korea. This relaxed tensions in the region and was seen as the first step towards denuclearization. But the actual issue was brought to the table only in Hanoi – and resulted in a failed summit and deadlock.

It seems like the United States miscalculated the Chinese influence on North Korea. Behind that stand different approaches of both superpowers towards dealing with its allies. In 1978, when President Carter was about to withdraw American troops from South Korea, the government in Seoul began to develop nuclear weapons to compensate for that. The United

States pressured South Korea and threatened the withdrawal of economic support. The American approach, as visible in this episode, is to control allies strictly. In contrast, China did not deal with its allies like this throughout its history. Therefore, it tries to lure North Korea with promises of economic progress, not through pressure. The United States has to see that China does not follow the American approach – and North Korea has to see that the United States does not take China's approach.

● **Angela KANE** To add to that picture, the sanctions imposed in 2017 re-started diplomacy between North Korea and China and Russia. The situation in North Korea has become increasingly dire since then. These sanctions might go against humanitarian standards and seem to cut off even financial channels through which humanitarian aid might flow.

● **Jean-Marie GUÉHENNO** With an eye on the European position and role in this context, I want to ask and address three questions. First, in general terms, what can be expected from sanctions? Too often, they are applied for the sake of doing something, instead of nothing, but without a clear plan. This is a dangerous use of sanctions. Oftentimes, they, therefore, do not work. The sanctions imposed on North Korea in late 2017 were the result of a climate of concern about diplomatic clashes, worries about impending catastrophe, and worries about escalation, for example in Beijing. Against this backdrop, the harsh sanctions we have today could be agreed upon. They impose an existential threat on North Korea – but it is doubtful whether this is actually effective.

The second question: what are the European interests in this context? Although geographically distant, the EU has direct interests in the situation surrounding North Korea. For one, France and the United Kingdom are members of the UN Security Council and have a direct responsibility in sanctions negotiations. Beyond that, European powers have shown real interest in the issue as such, for example, Sweden.

On the strategic level, there is furthermore an interest in Europe in non-proliferation. If the non-

proliferation regime falls apart, this has global consequences and is therefore of interest to Europe. For this reason, Europe played a leading role in negotiating the nuclear agreement with Iran. Beyond that, there is a humanitarian interest. The European perspective is that it is not acceptable to punish innocent people for political goals. Hence, there is an interest in North Korea and the country's humanitarian situation. Third, there is an interest in relations with the US, especially in the context of NATO. This has two aspects: Europe doesn't want to clash with the US over an issue that is important to the US. And Europe is worried about the potential for American over-reach, like we currently see it in the relations with Iran. There, as well as elsewhere, US sanctions go beyond the UN sanctions, imposing US policies, not UN policies, embodying unilateral pressure, not a cooperative and multilateral approach.

The third question to ask here is: what can be the European contribution in this situation? First, Europe can stress the fact that sanctions shouldn't punish people for the behavior of their leaders. At the same time, this is hard to reconcile with the interest in signaling disapproval towards North Korea. This year, this concern will become especially relevant due North Korea's bad harvest in 2018, the declining remittances and the squeeze on exports and imports. The prospects for North Korea are therefore catastrophically bleak. But the collapse of North Korea is not in the interest of any European country. And there are few instruments to protect the North Korean people from the effects of sanctions. In other words, it has become difficult to further harden sanctions without risking regime collapse.

Progress on the political level, therefore, has to be resumed to overcome the current deadlock since the summit in Hanoi. The explanation of the summit's failure is complex, though. The American side seems to be opening up towards gradualism in negotiations with North Korea. This can be read as a response to the failure in Hanoi where both sides brought absolutist and unrealistic positions to the table, for example, regarding the revelation of information

about nuclear facilities. This approach by the US was widely criticized.

A more subtle approach might, therefore, be better suited to produce results. This involves questions of saving face, and of moving away from missteps by North Korea and the US. European countries cannot shape this process, but they can emphasize pathways to move forward and can help by developing ideas for the future. This might produce renewed momentum. Reconciliation and peace do not come through an event, but through a process. The reconciliation between Germany and France since the 1950s illustrates this. Unthinkable changes can become a reality through methodical, target-driven efforts.

● **Angela KANE** The decades it took for Germany and France to reconcile are probably not available here, for example, because of the dire situation of North Korea as a result of sanctions. We might, in fact, face a perfect storm regarding North Korea sooner than later.

Q & A

Q. One issue that received little attention so far is whether sanctions are implemented effectively. Evasion is a common response to sanctions due to economic incentives, as the sanctions regime against Iraq and Saddam Hussein illustrated. Is there any indication of how well and effective the sanctions on North Korea are implemented?

Q. What role China actually plays remains confusing. On the one hand, China and the US cooperated on designing the current sanctions regime. At the same time, China probably does not want to lose North Korea as a partner. Therefore, China has interests in aligning with the US – while, at the same time, it has interests in leaving open a backdoor for North Korea. What is the role of China in the current sanctions regime?

Q. Is the current sanctions regime in violation of human rights standards? And Russia and China do not seem eager to implement sanctions. Are there mechanisms for holding these members of the UN

Security Council accountable for not implementing their own sanctions?

A. Thomas J. BIERSTEKER Regarding the effective implementation of sanctions: there are always incentives to evade implementation as this is profitable. Evasion, therefore, always happens. We know from the work of monitoring groups that the implementation of the sanctions on Korea has been very ineffective, that there has been a lot of evasions, and especially so on sea-lanes and regarding imports that go beyond caps. North Korean diplomats even assist in the evasion of financial sanctions, it seems. At the same time, there is a clear interest in North Korea to end these sanctions.

And regarding the humanitarian dimension of sanctions: there is a global agreement that sanctions should not harm innocent people. For this reason, targeted sanctions were developed since the early 2000s after the humanitarian crisis in Iraq that was a result of comprehensive sanctions. Right now, the challenge is to keep targeted sanctions targeted. Even if there are humanitarian exceptions, banks are so worried about compliance that payments are not happening, even for humanitarian purposes, as the cases of North Korea, Yemen, Syria and other countries show. There is, therefore, the need to improve targeted sanctions, for example, by creating safe banking channels.

A. CHOI Young-Jin It is reasonable to question the effectiveness of sanctions, especially with an eye on China. In general, China does implement the sanctions imposed on North Korea. The North Korean desire to obtain sanction relief since the Singapore summit is proof of that. For this reason, North Korea now focuses on talking to China and the US, not to South Korea. The survival of the regime, economic progress and the influx of money are all connected in North Korea. Kim Jong-un, therefore, sees economic growth as the future, not nuclear weapons. The economy has been growing at three to four percent annually for several years. And the North Korean people will continue to demand progress – thus, regime survival depends on the economy and sanctions relief.

Against this backdrop, it is questionable whether the sunshine policy produces results. We still see no trade between South Korea and North Korea, no direct flights, no mutual visits. Rather, North Korea has to be brought to a point where it has to decide between nuclear weapons and economic development. Yet, as has to be said, we cannot be sure whether it can actually make this decision.

A. Jean-Marie GUÉHENNO Overall, China seems to respect sanctions at the moment. But China would probably step away from them if the collapse of North Korea would be imminent. China also has no interest in a unification of the two Korean states as this might result in a strong Americans' presence at the Chinese border. China prefers a manageable status quo, without collapse, with economic growth, with a frozen nuclear program. China, therefore, desires to avoid instability.

And with regard to human rights: If sanctions lead to hardship for innocent people, they represent a form of collective punishment, and therefore violate human rights. This is illegitimate.

Policy Implications

- Utilization of sanctions relief as a prospect in tit-for-tat negotiations
- Combinations of sanctions with other measures, such as stronger incentives
- Stronger consideration of the humanitarian and destabilizing effects of sanctions

Multilateralization of the Korean Peninsula Peace Process: An Initiative for Revitalization of 'Jeju Peace Process'



Moderator	HONG Ki-Joon Professor, Graduate Institute of Peace Studies, Kyung Hee University/ President, the Korean Society of Contemporary European Studies
Keynote Speaker	John J. MARESCA Former Ambassador of the US to the CSCE and OSCE/Former Rector, the United Nations University for Peace
Speakers	Landon HANCOCK Professor, Kent State University KIM Si Hong Professor, Director of Jean Monnet Centre of Excellence, Hankuk University of Foreign Studies LEE Jae-Seung Jean Monnet Professor, Division of International Studies of Korea University
Rapporteur	HAN Junseung Research Fellow, The Hanyang Peace Institute

● **HONG Ki-Joon** Since the PyeongChang Olympic Games last year, the Korean Peninsula has witnessed unprecedented challenges and opportunities for peace. Despite the upheaval in the negotiations between the US and North Korea on the latter's nuclear weapons, we still believe there is hope for a successful deal. The peace process on the Korean Peninsula will advance the movement toward peace and prosperity in Northeast Asia. In this regard, I believe the Helsinki Process will be a model for the Korean Peninsula and Northeast Asia. The Helsinki Process, particularly the Helsinki Final Act adopted in 1975 by 35 European countries, the US and Canada, had a profound impact on the end of the Cold War in Europe in 1989. I think it is time to discuss this process again and draw lessons for the peace process on the Korean Peninsula and in Northeast Asia.

● **John J. MARESCA** I have been thinking about how the Helsinki Process can be applied to the peninsula. I thought on how the thinking, practice and approach of the Commission on Security and Cooperation in Europe (CSCE) could work here as well. I was intrigued by the similarity between the situation in

Europe half a century ago and that on the Korean Peninsula.

The Helsinki Process had already begun long before it was announced. In fact, NATO had already prepared this process for many years. At that time, we wanted a change in our relations with the Soviet Union. To this end, we appointed negotiators. The Allies asked Manlio Brosio, who was from Italy and served as secretary general of NATO, to play the role of 'explorer' to figure out how to negotiate with the Soviet Union. At his request, I undertook the task with him. But it was not successful in the beginning. At that time, the Soviet Union said it would not negotiate with representatives of the military alliance. This, however, has meaning in that it was the first attempt at negotiation between the NATO military alliance and the Soviet Union.

It was not successful in the beginning, but we continued to exert efforts, and finally negotiators from the Soviet Union made contact with the Finnish. At the time, Finland held a tea party and invited interested parties, and representatives of the Soviet Union and a number of other countries attended it. We held talks,

drinking tea at the informal meeting. This meeting was the beginning of full-scale negotiations. Such a dialogue environment was very helpful in the face of many serious issues, including military ones between the US and the Soviet Union. When we talked to each other over a tea, a 'polite' attitude was created. This politeness provided a good starting point for serious discussions. The politeness toward each other during the Cold War was a big step forward.

Meanwhile, the German issue was more directly related to the current Korean Peninsula, among others. At that time, Germany was divided, with the Soviet Army stationed in East Germany. Many issues were involved in the negotiations, but the German problem was a central one. Looking back, the negotiations were a catalyst for German unification. This fact haunts me every time I come to Korea. The present situation on the peninsula is more serious due to the nuclear weapons; but in the past Germany was in a state of division, and so is the peninsula at the present.

At that time, we did not directly address the Germany issue while negotiating with the Soviet Union. The issue was not the subject of heated discussion. At some point in the negotiations over the years, Germany secretly contacted senior US officials, including Henry Kissinger. Germany manifested its position that it needed to resolve the unification issue and would not sign off on the results of negotiations that did not address the possibility of unification.

No one could imagine a unified Germany at that time. The division seemed permanent. At the time, East Germany and West Germany attended the talks, hoping to sit side by side at the negotiating table. But Austria did not want to sit next to them, and they asked the US to sit in the middle. Eventually, the US sat down in the middle. Anyway, German unification was not dealt with at those negotiations. However, West Germany thought that there should be the principle of addressing the possibility of German unification.

Henry Kissinger negotiated very secretly with the Soviet Union. A statement was made as a result of the negotiations. This was anonymously tabled as an agenda item at the CSCE. The Canadian delegate,

who saw the statement on the paper circulated at the conference venue, gave congratulations though he did not know who the negotiator was. The statement, "Frontiers can be changed in accordance with international law, by peaceful means and by agreement," reflected in the final protocol was a way of keeping the possibility of German unification alive.

Later, this phrase became a reality, and it was German popular demand that drove the process. Following the signing of the Final Act, there were many exchanges and communications between the two Germanys over time, and East Germany started to open its doors wider. Also the richness of West Germany and the misery of East Germany made a sharp contrast. In such a situation, the Germans' desire for reunification grew. All of this was made possible by the statement in the Final Act of the Helsinki Accords.

At the time, Europe had the capacity to become an 'honest broker.' The initial stages of negotiations proved that they had made preparations for a long time. The NATO committee gave a document to a Belgian minister, which contained confidential information. The document noted that it is about time to open the door to the Soviet Union, and detente should be promoted in whatever way was possible.

Finland, meanwhile, exerted its influence. Being a neutral country, Finland had friendly relations with the Soviet Union and was willing to do what the latter asked. The Soviet Union was also ready to accept Finnish involvement. In Finnish tradition, there is a saying that "security solutions are made not by establishing barriers, but by opening closed doors." That is, "Security can be achieved through openness."

As seen by this, neutral mediators played many active roles. At the time, the two sides sought to find a solution by using neutral states. They used various means in dealing with the Soviet Union, especially cultural exchanges. The contents of the final agreement were unique in many ways. Among other things, cultural exchanges were a shocking proposal, like an earthquake, during the Cold War.

Meanwhile, developments in the process at the time

were controversial in the eyes of the US. The Wall Street Journal ran an article under the heading, "Gerry, Don't Go." Later, the Journal apologized for this in a very rare statement. At any rate, the process was not welcomed in the US. At that time, the US refrained from being too active, keeping a discreet posture. However, as time passed, this attitude turned out to be crucial to the success, and contributed to the end of the Cold War.

When we reflect on this historical experience, I think we should try to do something similar on the peninsula. The agenda and the situation are different, but it is a matter of 'people.' It is a problem between the same people using the same language. We should look at both the lessons and follies of the Helsinki case.

● **HONG Ki-Joon** I think the European situation at that time and the present one in Northeast Asia are similar in terms of international relations. First, as multilateral negotiations started in Europe in 1972 with a detente policy, since last year a similar situation has been created in Northeast Asia with such things as the summits between North and South Korea. Tension in the region has been dramatically relaxed. Another similarity is that the multilateral negotiations on security and cooperation in Europe were possible, thanks to the Germany issue. In Northeast Asia, the Korean Peninsula is a case similar to the one regarding Germany.

● **Landon HANCOCK** I have heard from my colleagues that the top down instructions from the US president make it hard to reach a solution. In this regard, it is important to broaden the scope of multilateral approaches and the role of working level officials, which is also crucial in resolving disputes. Also, we should come to the negotiations with a long-term perspective. To do this, preliminary negotiations are also required. An agreement on a peace process is not an end but a beginning. It means its implementation is important.

The starting point is for all parties to gather together to share their goals and have an extensive understanding of these. Their positions may be

polarized and fail to maintain consistency. In such a situation, we should also consider the parties' willingness to negotiate. Judging by what North Korean experts are saying, it seems that many things regretfully remain unclarified. Therefore, it is all the more important to establish the basis for a full-scale process through discussions in advance. As John Maresca's tea party experience shows, the concerned parties should step back and have more effective discussions through a comprehensive multilateral mechanism.

● **KIM Si Hong** How can we restart the "Jeju Peace Process"? This is an important task. The situation on the Korean Peninsula has seen ups and downs repeatedly. Despite the atmosphere for dialogue, the situation is turning icy after the breakdown of the Hanoi summit. From an ideal point of view, I imagine the establishment of an East Asian Community centered on Korea, China and Japan. There are some results in the economic sector. As a result of small-scale multilateral agreements, economic cooperation among the three countries was achieved. But bilateral relations are not in good shape. Hence, it is not easy to get out of this stalemate.

The role of the Korean government for peace on the Korean Peninsula and in Northeast Asia has been described as follows. First of all, I think the Kim Dae-jung government was inspired by many ideas and initiatives that originated in Asia after the financial crisis (such as the idea of self-reliance, a multilateral swap system, Asian values advocated by Mahathir, and the ASEAN +3 Summit). President Kim seemed to be impressed by these ideas. During the Roh Moo-hyun administration, there was a discussion about the launch of the Northeast Asian Community, but experts expressed skepticism saying that it was beyond South Korea's capacity.

Meanwhile, unlike the two governments that tried to help North Korea open up, inter-Korean cooperation was limited to trade during the Lee Myung-bak administration, though it did come up with the ASEAN strategy. The Park Geun-hye government presented the idea of the "Seoul Process"

based on a new three-stage diplomatic initiative involving the Korean peninsula, Northeast Asia and Eurasia. However, that initiative was ditched by the impeachment of Park.

The Moon Jae-in government has tried to upgrade its foreign policy as an extension of those of the two previous governments. A representative example is the “Northeast Asia plus Responsible Community.” However, the incumbent government is different from the former conservative governments, which used to be focused on soft issues only, in that it tries to address hard issues involving the military. In addition, its New Southern Policy is a more evolved initiative, compared to those of previous administrations.

Meanwhile, Europe can contribute to peace on the Korean peninsula in many ways. However, it will be difficult to participate in negotiations without an invitation. If you look at the Iranian nuclear negotiations, you can see that Europe made a great contribution. The EU is known by many names, such as trustworthy brokers, intermediaries, trustworthy protectors, coordinators, performance monitors, and *primus inter pares*. Regarding peace on the Korean Peninsula, the EU will be willing to participate if it is invited. In this respect, we can consider sending an EU ambassador to North Korea. Stationing an EU ambassador in North Korea will make relations even better.

The EU is currently applying separate sanctions on North Korea. If we could ease these sanctions, I would want to start with academic exchanges, first. This will enable the North to learn about European negotiating skills. There are many nuclear experts in Europe. European integration was the result of successful negotiations. The technical capability of negotiators will be useful in bettering inter-Korean relations.

● **LEE Jae-Seung** The Helsinki Process has been extensively discussed as an intra-regional cooperation model. But there are also criticisms of it. There were some who proposed an Asian version of NATO in Northeast Asia while calling for a multilateral dialogue system, and some others who suggested the Northeast Asian Community. However, these ideas

were criticized as being too idealistic. Obviously, the importance of multilateralism and regional dialogue/cooperation is greater than ever.

The Cold War was a zero sum game. Asia is running toward a new Cold War, and there are US-China and China-Japan rivalries, with the two Koreas suffering from these. Relations between Korea and Japan have also deteriorated. In this difficult situation, we need to find a way to produce benefits without heading toward a zero-sum game. In this respect, discussions on the Helsinki Process are meaningful.

However, multilateral discussions cannot preclude bilateralism. In academia, the two are treated as conflicting concepts; but the peace process requires both. We have to get out of black and white logic. The multilateral approach is effective in seeking concrete solutions. However, bilateralism can be effective in ex post facto management and control. Thus, in the short term, more bilateral processes may be needed, and in the long run, multilateralism may be preferred.

In Northeast Asia, the Six-Party Talks attempted multilateralism but failed to achieve its ultimate goal. Above all, this was mainly due to the failure to establish a transition system. What we should learn here is that official mechanisms cannot solve all problems. It is important to get small but concrete results.

Meanwhile, there are some pitfalls to be avoided in Northeast Asia. First, we must guard ourselves against the ‘founder trap’ that makes one state or leader take care of everything. The second is the ‘formalism trap.’ We should not be engrossed in the establishment of a formal system, only. If we are content with something official and the rhetoric of grand discourse, this will not produce any outcome. We should focus on concrete and substantive issues. The comprehensive approach starts out grandiosely but tends to evaporate eventually. So, we have to delve into fundamental problems rather than making comprehensive and grand plans. The third is the ‘language trap.’ It is true that the leaders’ words need to be carefully selected because they are interpreted politically and accepted sensitively. However, it is also necessary to have

open-minded conversations in an informal manner sometimes to avoid being overly serious.

The Korean Peninsula is at critical crossroads. Timing and luck play a big role. However, the window of opportunity is not always open. Looking forward to an opportunity, we should get down to preparation for multilateral cooperation. In addition, some practical scenarios need to be considered.

● **John J. MARESCA** If there are multilateral talks, I would like to ask you to invite as many countries as possible, so that each country may come up with its own issues to discuss. As many countries have different interests in such a situation, there is no reason to focus too much on North Korea. Talks would proceed with North Korea being freed from intensive interest. Topics of secondary interests should also be discussed at the venue. In other words, we have to walk patiently for a long time. With patience, we can get through anything.

The issue of human rights in North Korea can be an agenda item that can also touch off a controversy. Before starting negotiations, we should be aware of this. We must also prepare for a post-negotiations situation. There might be actions by human rights groups in North Korea. A wise response to this is needed if we want to continue the negotiations.

● **Landon HANCOCK** An attempt to take advantage of the famine in North Korea is not useful for negotiations. Trust building is important in promoting bilateral and multilateral negotiations. Food should be unconditionally provided and not used as a tool for negotiations. Humanitarian food aid without any conditions can build trust before the start of negotiations.

● **KIM Si Hong** Jeju Gov. Won Hee-ryong said that he wants to invite people from Pyongyang to the next Jeju Forum. I think this has many implications. The 0.5 and 1.5 tracks seem to be appropriate at this point. In this regard, the Jeju Forum will be useful as a 0.5 track. I think we can start a discussion at least, here, before negotiations. We can also discuss other issues regarding the Korean Peninsula and East Asia on the platform of “Axis of Peace.” In addition to six direct

stakeholders, the Organization for Security and Cooperation in Europe (OSCE), the UN and Australia will also be able to participate in the Forum. I hope the Jeju Forum will make good use of this idea.

● **Lee Jae-Seung** Jeju Island has tremendous symbolic value. The Jeju Forum has been growing as a forum for peace talks. But rhetoric is just rhetoric. The Forum has many good points, such as inviting eminent people to discussions. However, it is also good to have a smaller venue to discuss cooperation. For example, they can organize conversation sessions on the topic of tourism or environmental issues. And I wish the Forum will set up a concrete agenda from a longer term perspective. If you have a good template for this, you can fill it with a lot of content.

Policy Implications

- Multilateralism and bilateralism should be utilized in recognition of their role to complement, instead of exclude, each other.
- The Jeju Forum should be utilized as a 0.5 track for peace on the Korean Peninsula.

US Strategy Toward the Indo-Pacific and South Korea's New Southern Policy



Moderator

Jean H. LEE Director, Hyundai Motor-Korea Foundation Center for History and Public Policy, Wilson Center

Speakers/Discussants

Harry HARRIS Ambassador of the US to the ROK

Joseph Y. YUN Former US Special Representative for North Korea Policy/Senior Adviser, United States Institute of Peace

Abraham DENMARK Director, Asia Program, Wilson Center

CHOE Wongi Head, ASEAN-Indian Studies, KNDA

Patrick BUCHAN Director, US Alliances Project, CSIS

Rapporteur

Darcie DRAUDT PhD Candidate, Johns Hopkins University

● **Jean H. LEE** We had hinted that the US government might be changing approach to region one year ago when Pres Trump mentioned a new strategy toward the Indo-Pacific. In the interim, we have had a few factsheets come up from the admin, at the same time just a few days we had Moon Jae-in set up the New Southern Policy (NSP) that suggested a new approach to South East Asia. On this panel, we want to explore, investigate and analyze what these two new policies mean for not only these two countries and the broader region, but also for US-ROK relations. Are there areas where these two governments can create policies for new cooperation and separate and shared values in the Indo-Pacific region? How can we develop and message them to their publics, their friends and their foes?

● **Harry HARRIS** We are here to talk about the US Indo-Pacific strategy and the ROK's New Southern Policy. These two strategies have natural synergies that provide all of us with new great opportunities. When I was the Pacific Command (PACOM) commander, I used to say that the Pacific Command strategy stretched from Hollywood to Bollywood,

penguins to polar bears—over 50% of the globe and most of the world's population. PACOM should talk about the Pacific, but you also need to talk about the importance of the Indian Ocean, Australia, and India; I made that recommendation, the secretary of defense, and he agreed, and so now PACOM is US Indo-Pacific Command.

We are committed to a free and open Indo-Pacific; ensuring freedom of seas and skies, promoting open markets, promoting investment environments, good governance, and respect for individual rights. ASEAN is at the center of America's Indo-Pacific policy. Our approach excludes no nation—we seek to work with anyone to ensure a free and open Indo-Pacific. There are three vital areas: economics, governance, and security. The regions' needs are far too great for any nation to tackle alone.

ROK is a model for other nations in these areas. Moon Jae-in's NSP for engagement with Southeast Asia creates several areas of cooperation: infrastructure, cybersecurity, maritime capacity building, and energy, among others. Korea's international development agency seeks to expand

its commitment to \$150M each year by 2023, in areas including higher education, agricultural development, ITC, urban development, and transportation. We are hoping our own United States Agency for International Development (USAID) can support these. Fortunately, our two countries have a track record of cooperation on a range of global and regional issues.

● **CHOE Wongi** I have been working on the NSP since early last year, trying to find common ground between the US Indo-Pacific and the NSP. My presentation is purely based on my personal observations and is centered around three questions.

What is the NSP? We have three pillars as guiding principles. The first is an external economic diversification strategy toward ASEAN and India, the most dynamic economic engines of economic growth. This means realigning our economic portfolios away from China; we have put too many eggs in China's basket. The second is a diplomatic rebalancing policy toward ASEAN and India. In Korean diplomatic practices we have biases toward the four major powers—the US, China, Japan, and to some extent Russia. President Moon wants to try to change that; we want to strengthen our bilateral ties to India and elevate them toward on par with that of major powers. In the NSP framework, ASEAN and India are no longer secondary powers; they are priority diplomatic partners. Third, Korea has newly reinvigorated regional cooperation that tends to contribute to community building and architecture building efforts in the Asia Pacific. The NSP as the new regional cooperation policy is particularly relevant and important in the sense that Korea can sense different diplomatic dilemmas in US-China strategy cooperation. It is a kind of hedging effort. We aspire and prefer to have an inclusive regional architecture in the region that promotes norms and institutions instead of an order in which the voices of great powers prevail. We are cognizant of the need to make a choice regarding China and the US. We want to create the diplomatic space to hedge the pitfalls of China and US strategic competition.

Why is Korea not so enthusiastic about the Free and Open Indo-Pacific (FOIP) initiative? The official policy is not so clear, but the basic stance is that Korea is open to various regional initiatives, such as China's Belt and Road Initiative (BRI) and US FOIP. On the other side, we have been taking a kind of neutral, lukewarm, neutral stance to US participation in the Indo-Pacific; our response is different from other US allies like Japan or Australia, which have been more enthusiastic. There are two factors in our response: China and Japan. President Moon's stance between the US and China is based on what he calls balanced diplomacy. The goal is to achieve an eventual outcome to be balanced between the US and China. This is why he does not want to give a wrong signal to China; he does not want to seem like South Korea has picked the US side when he is supporting the Indo-Pacific concept. The logic is that we need to solicit China's cooperation with the Democratic People's Republic of Korea (DPRK/NK).

To my knowledge, it is Japan that first proposed and initiated this, and the US operationalized this Japanese concept. Any kind of political or security cooperation with Japan is a politically risky business domestically. Moon is taking a firm stance in not crossing the risky red line with Japan. According to a 2017 Korean media report, Moon stated that security cooperation with Japan in the form of trilateral cooperation should be confined to the NK military threat. In terms of any joint naval exercise with Japan's Self-Defense Forces, Moon feels very uncomfortable with trilateral cooperation.

How can Korea and the US cooperate? With all these constraints, there is a lot of potentials to cooperate in FOIP and NSP based on many commonalities. Korea has many vital interests in the values and principles that the US is trying to uphold; they do not conflict with our national interest, especially as a maritime trading nation. There is no prohibitive reason why we should not support the values and principles of the FOIP concept, but we need to be a little more proactive in taking a positive stance toward the values and principles. It is not about taking

sides; rather, it is about taking positions about the fundamental values and principles in the international order. The NSP is not a policy that intends to alter US-ROK alliance relations; it is not a security policy; it is an economic and diplomatic policy. We can actively seek common ground between these two regional initiatives and expand the horizon of bilateral lines. One thing to caution: the collaboration between these two should be based on a bilateral basis in order to not give wrong messages to neighboring countries.

● **Abraham DENMARK** The NSP that Moon announced is very welcome for many reasons. For a long time now, there have been lingering questions about the role of ROK in Asia. Besides the NK issue, what role is ROK playing in the region? Especially if we look beyond the commercial role, it seems that there could be a more compelling role in Asia. It addresses some of the broader geopolitical questions in the region, beyond what is happening on the Korean Peninsula. There is a trend of deepening competition between the US and China, which can be met with the importance of minilaterals like quadrilaterals. My concern is that Korea, unfortunately, has not been playing a role in any of these trends. I do not think they need to play along with all of them, but it would be disconcerting if they were to play a role in none of them, especially when it comes to economic integration, including minilaterals.

The key overlap between the Indo-Pacific Strategy and the NSP is that we agree on shared principles. Both ROK and the US believe in the liberal order, the rule of law, and political and economic liberalism. This, for me, is the foundation of our cooperation. Another area is that we are both focused on the same rough geographical area: we both want to do more with India, and both want to do more with Southeast Asia. ASEAN countries are the #2 trading partner for Korea and #2 investment partner for Korea.

But there are other differences and uncertainties. Should Korea's engagement with the region be primarily bilateral or multilateral? Is Korea going to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)? That is a

very tricky strategic and political issue. They actually should be driving the US into the same—embracing economic multilateralism. Additionally, we can talk about strategies and values and priorities, but we need to put money behind it. There has been talks from ROK to invest in Southeast Asia, but I would be interested to see actual investment meetings.

This is not an effort by the US to force Korea to somehow choose between the US and China. It is not part of a broad geopolitical game, but it is based on shared principles and interests. Moreover, there is a view in Korea that the Indo-Pacific strategy is that it is a Japanese strategy, but that is not an accurate reading of how American policy made, and it does Korea a disservice because it tinges conversations of Korea-Japan relations. These are individual strategies where countries have their own interests, and then each country can go around and find areas of overlap. We need to do a lot more work on identifying areas of cooperation, including infrastructure development, improving governance, and even in security cooperation—the soft security cooperation that Dr. Choe mentioned would be beneficial to both our interests. The next step is for us to get past concerns generated by labels and get to practical policy cooperation.

● **Patrick BUCHAN** After coming from working in Australia—a Middle Power—and then serving in the Pentagon, I had to shift my thinking: how does a great power think? To understand what makes the US unique in developing a strategy and implementing you have to understand history. At the very heart of its policy development is the clash between values and interests; sometimes that equilibrium gets tilted the wrong way: if you go far the values track you get Somalia; if you go too far interests you get Rwanda.

I think the Indo-Pacific Strategy hits the sweet spot. There are three great trends that have long run through US strategy in the last 70 years of the Indo-Pacific: open trade, freedom of navigation, and the right to self-determination. In terms of values in the Indo-Pacific Strategy, the concept of free trade remains central, it underscores the value of allies,

and the engagement is not just between the US and its allies, but it is also encouraging its allies and friends in the region. In terms of interests, this strategy gets right the right of all nations to seek its own path—not forcing any country to choose.

Competition with China is the elephant in the room and we have to address it; it does not define it but it has to mention it exists. The US alliance system is not fracturing as some would suggest; Washington maintains the hub and spokes system along with minilateralism in supporting US values.

The New Southern Policy also complements this. These are not parallel policies. South Korea, in my view, was the great economic miracle in the 20th Century, and this is not understood around the world. ROK has a role in the region. Other countries have baggage, particularly in Southeast Asia. So that is an opportunity, and also a way to say to the world that ROK is more than the Korean Peninsula.

The FOIP strategy is a strategy for the region but the US has not yet devised a strategy for China, nor should they rush to do so. The problem is yet to be understood. The worst thing for the US to do is to overreact, and not to add people into columns as they did in the Cold War. A defining feature of the region at the moment is the greater regional integration and what he referred to as enmeshment. Korea, working with ASEAN, is on the US side with security matter and on the China side with the trade. There is no reason anyone should have to choose.

● **Joseph Y. YUN** I start by asking three very simple questions and hopefully we can answer some of them. What is the Indo-Pacific strategy? It is mostly about China. Is this what the region wants? Unfortunately, no. If you continue this path, where is it going to lead the US? It will weaken our strategic position in Southeast Asia and it will damage us.

Of course, we are in competition with China. But I do believe we had gone way beyond the way we would think a decade ago when, we used to think of China as a stakeholder. We thought that if we brought them in, it would work out. On the other hand, it would not work if we tried to compete with China. As Prof. Choe

said, this is not going to work for Korea either.

Many people say that the region wants more multilateralism, and some of them are building up of their own institutions. I must say that I am very regretful that the Trump administration's approach is so bilateral-centric that we are neglecting the institutions that we helped build up over the past decade. In ASEAN—such as through East Asia Summit (EAS)—we accepted ASEAN centrality, but now nobody talks about it. It has lessened our presence in the region. In trade, we have retreated from TPP, the most significant trade agreement there was to be in the region.

We have also retreated from the values area. We are seeing countries moving away from our values: Cambodia, Myanmar, and Thailand. We are essentially losing the strategic gains that we have made in the past decade at the cost of putting everything on China. What is likely to emerge is a much more fragmented US position in the ASEAN region as well as outside North East Asia (NEA). This is a shame because there are things that ASEAN can do for us that in fact provides much more secure equities for us. One example is Vietnam, which can and is willing to play a bigger role in NK nuclear issues. Vietnam can help not just us, but also regionally. We are missing an opportunity to build ASEAN into a bigger partner. If this continues, it is not a good trend line.

● **Harry HARRIS** In responding Dr. Choe and saying where the US is, you cannot rigidly separate economics and diplomacy on the one hand and security on the other. I am glad that the US has made some choices over the years. We chose in 2019 to support the legitimately acting president of Venezuela, we chose to support Ukraine, we chose to support the right parties in the Balkans in the 1990s, we chose to support Kuwait in 1991, we chose to support Vietnam. We made a choice in 1950 to support ROK, and I am glad we have stuck by that choice—us and the other over 20 sending states. North Korea chose to ally itself with China. ROK chose to ally itself in a formal agreement with the US I want to acknowledge and agree with Prof. Choe on his commentary on

the NSP seeking positions on fundamental values to democracies in like-minded nations across the world. I look forward to underscoring the fundamental values of freedom of navigation and overflight in the South China Sea. I look forward to Korea's supporting the US and joining us in criticizing Chinese ethnic persecution of Uighurs, the weaponization of debt, and China's national intelligence law. We should ask any one of the million Chinese in concentration camps if we have gone too far. We had gone beyond 2012 when China built military bases in the South China Sea.

We are not asking Korea to make a choice. We all act in enlightened self-interest. The concern that we have is when economic interests and other national interests cross into security interests. That is the area then we need to have that discussion with those countries and our allies. We have had disagreements with our allies and friends, and those alliances survive. We have not faced a question of fundamental values. Hopefully, we would be able to work through those issues. That is what friends do.

● **CHOE Wongi** On the issue of trilateral initiatives that includes Japan, there should be some sort of hesitation on the part of Korea. What sort of response do you feel from other regional countries, like ASEAN? ASEAN is the center of the region to pursue this strategy. I traveled to Japan to talk about the Free and Open Indo-Pacific. It is not a strategy but a vision. The US is trying to confront China, but Japan is trying to encompass China.

● **Abraham DENMARK** The fact that Japan and the US are not talking about the same strategy means they have not been taking the same strategy. I did not intend to say the US has gone too far; I did intend to make a point that every issue between the US and China need not be an alliance issue. Our relationships are not coercive. Historically, our allies have been free to disagree with us, and our alliances have survived. Throughout the Cold War, there was a wide variety of instances: the Suez Crisis, for example. The fact that we may not agree with our allies on certain specific issues as it relates to China is okay. It is not a statement

about the health of our alliance, it is based on the sovereign ability of our allies to make decisions of their own.

There are sometimes occasions where we do need to make a choice. Sometimes there are issues that come through that are also important that we need to take a serious choice that could be difficult for us. Terminal High Altitude Area Defense (THAAD) is an example of that. That is an issue that the US and ROK governments each decided essential to our national interests. Even though ROK paid a significant price, we could not put Chinese sensitivities above our own interests. The question is—and it is case by case—whether the issue is so important that we need to make a hard choice or this is a case where we need to agree to disagree?

Policy Implications

- The Indo-Pacific Strategy may unintentionally put pressure on allies such as Korea to feel like they need to 'take a side' in the US-China strategic competition.
- More consultations on specific cooperation plans based on overlaps between the NSP and Indo-Pacific Strategy—such as in areas of economics, diplomacy, energy, and non-traditional security—can help both allies better understand their roles in the Indo-Pacific region.
- Korea can serve as a good example and leader for interest- and values-based initiatives in multilaterals in the Indo-Pacific outside of US activities or bilateral initiatives.
- Korea-Japan relations may prevent further deepening of the types of regional cooperation that the US seeks in its allies.

Creating a Peace Regime on the Korean Peninsula: Dialogue between the US and the ROK



Moderator **MOON Chung-in** Distinguished University Professor, Yonsei University/
Special Advisor to the ROK President for Unification and National Security Affairs

Discussants **Joseph DETRANI** Former Special Envoy of the US for Six-Party Talks
Morton H. HALPERIN Senior Advisor, Open Society Foundations
John J. MARESCA Former Ambassador of the US to the CSCE and OSCE / Former Rector, the United Nations University for Peace

Moderator **Duncan ELDER**

● **MOON Chung-in** Many panels talk about nuclear issues, but not many talks are about peace. We have never defined what is meant by a peace regime. Today we will discuss the question, what is meant by a peace regime?

● **Joseph DETRANI** Making a peace regime relates to resolving issues with North Korea. It is about ensuring amicable relations on a solid footing. We have to end the Korean War and we are moving towards that.

A peace regime is resolving issues in North Korea, the nuclear issue. We have been doing it for 25 years.

Yes, we have been doing this and we have made some progress. However, we still have issues unsolved although we have never been this close to a peace agreement than we are now.

We are now in the mode where you have President Moon Jae-in having summits with the North Korean leader who says he wants to normalise relations. If we miss out on this opportunity, it is a shame. We are on the cusp of solving this issue.

● **Morton H. HALPERIN** Germany and France fought many wars with each other. Then, after the Second World War, they were intent on starting a peace

regime in Western Europe. They did not actually have a peace treaty.

A more contemporary example is the US and Vietnam. When I started my career we were bombing North Vietnam. That is a good example of a non-peace regime. But now we have a peace regime. There are open trade relationships.

In the final form of a peace regime, the Demilitarized Zone (DMZ) will be open. People will walk through and there will be free commerce between the two countries. In my version of the peace regime, the US military is in the country but as a neutral force.

● **John J. MARESCA** In Europe, we faced the same problem. How can you have a peace regime with Germany split into two? The two answers were the Helsinki document and a joint declaration of the two Germanies that was signed by all parties. It was a substitution for a peace treaty. It is not well known but it looks exactly like a peace treaty. Maybe we can come up with something similar here.

I have been comparing the situation here. Many things are very similar to the situation that we faced in Europe. I think it is time we looked at that as a model.

● **MOON Chung-in** A peace regime can start with an

end of war agreement and then move on to a peace treaty. What are the prerequisites for a peace regime?

● **Joseph DETRANI** I think the prerequisites are resolving issues with North Korea and we are in the midst of doing that. However, there should be more than just meetings. There needs to be a declaration of ending the Korean War, establishing a set of protocols for Korean relationships, families, tourism, etc. with the ultimate goal of unification or coming together.

The overarching issue is the resolution of the nuclear issue. That is what the other points rest on. It means movements towards a peace treaty and complete denuclearization of the Korean peninsula.

We are on the path to do that. That is why a road map is necessary. Once you are on the path, you are moving towards a peace regime. Inherent in that there are no more missile launches, nuclear tests, confrontations, or fabrication of nuclear weapons.

It is a number of steps. The first step is the one that will lead to an ultimate peace regime on the Korean peninsula. But all the steps are necessary. As you are on the path, you are literally on a peace regime. But you want one that is irreversible.

It is a long process, but we have 25 years and now we have the momentum. We have the pieces and the commitment of a leader talking about coming together and becoming one nation and normalizing relations with the US. You have to keep that momentum going. We have moved away from agreements because of the hiccups before. We all walked away from the table before and it would be tragic if we did it again.

● **MOON Chung-in** But if you read North Korean newspapers, the reason they are building nuclear weapons is hostility from the US.

● **Morton H. HALPERIN** Their fear is genuine. They believe there is a chance of attack. But I believe there has been a realization from the US that war is not an option on the Korean peninsula. No one who knows what a war would look like on the peninsula has, in my view, been seriously considering military confrontation.

As we move to a peace regime, we need to do things

that will reduce anxiety on their side. I think we do not have a good idea about what they are worried about. We believe that we need to do the military exercises, but I have come to believe that there is room for dialogue. This would let us know what the North's anxieties are.

I feel we are at the point of joint military exercises. We have committed to stop. It is now a plan being developed by both militaries. But the North is starting to say it has concerns about our exercises. I think we ought to know more about it and make it clear to them about what we will stop and what we will continue to do.

The other area I think is important to peace is to begin confidence-building measures, for example, moving troops back from the DMZ.

● **John J. MARESCA** In this situation, it is not an unreasonable way to go. Experience shows that moving in that direction is a good way to build up confidence that brings a bigger commitment.

It is a low-cost item applied in many places in the world. There is no reason why you would not have two stages. The first is to build some confidence. But both sides have doubts. I do not think you can build confidence in one big move. The situation is similar to Europe and the Soviet Union. We had to include many small measures that were not the heart of the matter. You cannot just expect an adversary to agree to everything. You need building blocks. You have to build it carefully.

● **MOON Chung-in** The US argues the joint economic agreements are breaking the UN Security Council agreements.

● **Joseph DETRANI** There are many confidence-building measures. Even North Korea's participation in the Olympics. In the US we had scientists from North Korea coming to the US but it all fell through after the joint statement of 2005. I think we could resolve many issues by working on core issues. If we cannot get the core issues right, we will always have problems with the periphery issues.

North Korea needs security assurances. For Kim Jong-un, the cost is to get rid of all his nuclear

weapons. But he needs security assurances and normal relations. When you get an agreement, the other parts come into play.

I think it is great if we can get confidence-building measures. But I think we are getting closer to the core issues and we should keep our focus on that.

On the sanctions issue, it needs to be discussed with the security council, US president, the Republic of Korea president. We also need progress on what was agreed in the Singapore agreement.

● **MOON Chung-in** For North Korea, establishing new relations starts with lifting sanctions. But the US thinks it involves North Korea taking steps first.

● **Joseph DETRANI** The sanctions are very powerful. That could be addressed. There are other workarounds, such as humanitarian assistance. There are also workarounds on other issues that do not touch the UN-imposed sanctions.

Once we get into negotiations, I think we could get sanctions relief. However, if we get agreement on the core issues, those other pieces will come into play. Sanctions can snap back. You can lift sanction and if you are not happy you can snap them on again.

The problem now is we do not have our negotiators negotiating anything. In that case, how can you respond to those issues?

● **Morton H. HALPERIN** I think the key now is to find a face-saving solution. The issue is that both sides are worrying if their leaders may just storm out of the negotiation table no matter how well prepared the negotiators are.

I think once we get started on the process and something is being dismantled and the sanctions begin to get lifted, other things will follow.

● **MOON Chung-in** When you talk about peace regime, how many countries should be involved in the Korean peninsula?

● **John J. MARESCA** My own feeling is the more countries involved the better. Adjacent countries are concerned and should be concerned with a peace regime. Stakeholders extend to all countries on the shore of the North Pacific. Once you reach an agreement, you will want support from all the

concerned. The broader loop concerned parties create, the better for them to put pressure on the North.

● **Joseph DETRANI** I think the US, Korea, North Korea and China should be in the loop at least. Then when it comes to the security assurances, it is not just normalization of relations with the US and Korea and this is where other countries can come into play. Allies with North Korea can confirm there are security assurances.

If countries want to say that they are supportive of the direction to which North Korea is going and that they want to interact with North Korea, I think those multilateral agreements would confirm the security guarantees North Korea needs.

● **Morton H. HALPERIN** The model of the final act will be drafted in such a manner. We may be able to have the Singapore final act. Then, lots of documents will be drafted over time for different purposes, be it bilateral or multilateral. One of them may be a broad declaration of peace and friendship and security open to almost anybody.

● **John J. MARESCA** There is a document in a safe in Paris called the joint declaration of 22 states. It is the document that ended World War II. That is the kind of peace agreement that could come at the end of this kind of negotiation. It just says the countries that signed it have no reason to be at war.

When the time comes, such an agreement can be made with North Korea. Other countries will sign it too.

● **MOON Chung-in** What are your views on the journey?

● **Joseph DETRANI** I do not believe we want to spend a lot of time. I remember what happened last time when we have come this far and came up against an obstacle. We stopped. Now, we have another chance and we should learn a lesson from past. We should resume negotiations at a working level to keep up the momentum. What do we mean by complete verifiable nuclear disarmament?

Sometimes critics make up stories that inflame things. If we do not move quickly, naysayers will say it is not working. So, it has to move. I think before

2020 we should have another summit. The negotiators should look at the progress and what is the way to get back on track.

● **Morton H. HALPERIN** What is the alternative to negotiations? We do not have one. I think most of the things the North Koreans want are things that do not have a high cost to us. We can trade, give security guarantees. If we now press forward with the embargo to the detriment of starting a negotiation, we will have accomplished nothing.

Q & A

Q. You said because of UN sanctions we cannot make progress. But I think the opposite is true. It is not a choice between sanctions and negotiations but how incremental sanctions can be used to advance negotiations.

A. MOON Chung-in If the sanctions continue, we cannot cross the DMZ and nothing can be done. At the summit in September, we agreed to have a reunion of separated families. It took six months to get permission from the sanction committee.

The US fell into the trap of sanctions for the sake of sanctions. They can be wisely used to compel North Korea to change its behavior. But the US is not thinking on that level. There is an obsession with sanctions.

A. Joseph DETRANI These are strategic sanctions and that could be the reason why Kim Jong-un thought “we need to get the pressure off.” The sanctions are biting.

I think the overarching issue is getting the leaders to come together and lift the sanctions. That is leadership decisions and I think we are close to that.

A. MOON Chung-in In Washington there are two paradigms, one is crime and punishment, the other is positive reinforcement. In dealing with North Korea if you stick to crime and punishment, they will never change. With positive reinforcement, things could be different. Praise can make a change.

Policy Implications

- Confidence building measures could be used.
- Take steps that reduce anxiety on both sides.
- The sanctions must be used effectively.

A New Paradigm for Inter-Korean Exchanges and the Civil Society-Government Cooperation



Moderator **LIM Kangtaeg** Distinguished Research Fellow, Korea Institute for National Unification
Speakers **LEE Seung Hwan** Chairman, South-North Korean Exchanges and Cooperation Support Association
Mitsuhiro MIMURA Research Division, Economic Research Institute for Northeast Asia
Discussants **CHO Han Bum** Senior Research Fellow, Korea Institute for National Unification
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PARK Ji Yong Director of Development Cooperation Division, Seoul Metropolitan Government Inter-Korean Cooperation Bureau
LEE Hyunhee **LEE Hyunhee** Policy Assistant, NUAC

● **LEE Seung Hwan** Let me first talk about rice aid to North Korea. Most of the rice aid was not extended to the North for free, in spite of its humanitarian purpose. By far, the South Korean government has used the rice aid program as part of efforts to normalize its relations with the North. However, it is about time to stop using aid as a political tool. To do so, the private sector, not the government, should take the lead. If a domestic consensus on aid is unlikely, we could proceed with barter deals with the North. Also, we should move more quickly to shift inter-Korean cooperation-exchanges into a higher gear. In the past, rice aid used to be extended in the form of a loan to avert criticism that Seoul was giving away too much to Pyongyang, but we should put an end to this practice. We need to have more of a consensus among the citizenry about the need for exchange between the two Koreas, which will help minimize social conflict over the issue.

Discussions about governance on inter-Korean exchanges center around the following questions: First, how to readjust principles on inter-Korean exchange under the sanctions on North Korea; second, how to reduce social conflict over inter-Korean

exchanges; and third, how to replace state-controlled governance on exchanges with a government-civic cooperative system. To that end, we should, with sanctions in mind, adopt a more proactive approach that prioritizes the commonality of the humanitarian spirit, allowing the civic sector to take to the lead in exchanges and helping local governments and the private sector to engage in humanitarian cooperation and social-cultural exchanges with the North.

To forge a broader consensus on exchanges, the citizenry is advised to take the initiative in expanding social dialogue and create an autonomous inter-Korean exchange system. Social dialogue should be institutionalized and expanded region by region, and sector by sector to the extent of reaching out to Korean communities abroad and North Korean residents, so that it may lead to the adoption of a ‘social contract’ on inter-Korean exchange. If this social dialogue develops into a social contract, it will be of crucial help in making inter-Korean exchanges sustainable, stable and irreversible. This could lessen internal conflicts in the South, and more significantly, restructure the basic exchange system into a government-citizenry

cooperative regime.

The shift from government-led policymaking on exchanges to a citizenry-led one can help solidify the foundation of inter-Korean cooperation while facilitating civic participation in the process, which will ultimately help assimilating North Korea into a civil society. German reunification took place all of a sudden. But it was possible because of 20 years of exchanges between the citizens of West and East Germany which assisted East Germans in making the decision for unification. Except for the use of force, there is no alternative but exchange-cooperation for national unification. We have to reach a social consensus that we can achieve unification only through exchange-cooperation.

The 'Korean Confederation' can materialize in the process of citizens' participation in the exchange. But the problem is that there exists no social system to help citizens better understand the exchange programs and guide them to participate. We need a new government mechanism that can promote citizens' participation in them, which is why we should overhaul the administrative system and activate civic networks. It is necessary to foster cooperative networks by organizing cooperatives in each industry, social sector and organization, instead of allowing civic groups of a similar kind or individuals to vie against each other for exchange projects.

The government should restructure its system for exchanges and operate a government-civic cooperation system by establishing a network comprising the government, a specialized agency for exchange and civic society. To do this, the government should take a bold measure to delegate its authority to set the agenda for exchanges, except inter-governmental ones, to a government-civic cooperation organization.

Some point out the absence of a civic sector in the North, casting doubts on the possibility of exchange-cooperation on the civic level. North Korea rarely sends civilian delegation to business talks with the South. Also, there are few cases of specialized agencies coming to the talks. This is the reality of North Korea, but it might give an advantage to the

South, because it can have the opportunity to talk directly to high-level officials without wasting time with functionaries. Negotiations and discussions with those in upper levels of government will facilitate changes in North Korean society. No meeting with the North brings no change to it. We have to meet more often and have more exchanges with the North to help it change.

● **Mitsuhiro MIMURA** The North Korean economy has undergone radical changes since its currency reform failed in 2009. The Kim Jong-un regime acknowledged the power of the market economy. Since 2010, Kim has repeatedly accentuated in his New Year addresses the need to improve his people's quality of life as a major task for the country and the party. Since 2013, North Korea has taken a series of reformist measures, guaranteeing the right to autonomous business management by introducing the Farmland Responsibility System in the agricultural sector and approving the right of the industrial sector to plan and organize production units, set prices and trade products. These measures, formalized in the name of the Socialist Responsible Management System of Enterprises, are currently being implemented.

The North Korean economy appears to have improved after Kim Jong-un took office. It is true that it has retreated to some extent because of the sanctions by the international community since 2016. Still, the economy seems to be much better than in the era of Kim Jong-il, although it has declined when compared with two to three years ago. The nouveau riche in North Korea now suffer from declining exports, but the living standards of the North Korean people seem to have notably improved over the last 10 years. I attended the 8th Rason International Trade Exhibition last year. I have taken part in the exhibition every year since its inception and found that North Korean people dress better, and the quality of food has improved. I saw solar panels installed on apartment buildings. Hamhung looks like what Pyongyang used to five years ago. Judging by their appearance, in particular, I could see that people in Haeju, where the private economy prevails, look better than those in Hamhung

which is a major city with a state-run economy. In fact, North Korea should have changed with the end of the Cold War, but failed to do so. So now it is belatedly starting to change.

Also, I think North Korea has already started to reform itself, but it is not opening up enough because of the sanctions, and is therefore seeking economic reform from within. Seoul is advised to bear in mind that North Korea has already started this reform and an opening-up process, and has shifted to a market economy, when implementing inter-Korean exchange projects. The South should initiate businesses that will pay both South and North Korea. Then, North Korea would have the chance to make money.

Northeast Asian countries are advised to cooperate with North Korea in a way to assist the latter in building a 'quality market,' which might produce new momentum for a new Northeast Asian order. In addition, South Korea needs to be patient until North Korea changes by itself. As change in the Northeast Asian order is connected with the international order, the South should encourage North Korea to change through international cooperation, and explore ways to make South-North exchange programs compatible with this.

● **KIM Kwanggil** Current negotiations on the nuclear issue are basically designed to pursue denuclearization of North Korea in return for a guarantee of its security. In the absence of mutual trust, negotiations only in terms of the security issue cannot succeed. Confidence building measures should be accompanied by changes in perception about each other through exchange-cooperation. Inter-Korean exchange programs remain suspended as a result of the sanctions on North Korea, and speculation is widespread that the Mount Kumgang tour program will unlikely resume because of the sanctions banning the transfer of bulk cash to the North. But, judging by the actual provisions of the UN sanctions, such speculation seems to be an exaggeration. Though the sanctions on the North are admittedly more of a political issue than a legal one, we should also be cautious against the interpretation of resolutions by the UN Security Council as banning

everything.

The strong UN sanctions allow exemptions, when it comes to humanitarian measures and others contributing to peace on the peninsula and a peaceful resolution of nuclear issues. Sanctions relief is possible in the case of progress in denuclearization, and inter-Korean economic cooperation may be resumed, if it is exempted from the sanctions. Inter-Korean economic exchange is not a hurdle to progress in the denuclearization of North Korea. Rather, it can help the military-first country achieve the transition to a market-based economy, respecting human rights. This change will contribute to peace and stability on the Korean Peninsula as well as to a peaceful resolution of the North Korea nuclear crisis in accordance with the original purpose of the UN sanctions. This is a reason why we have to make more efforts to have inter-Korean exchanges exempted from sanctions.

● **CHO Han Bum** We need to develop creative models to facilitate exchange-cooperation between the two Koreas that can simultaneously provide a growth engine for the South and help the North resolve its economic crisis. We should couple national development strategies and new development plans in the South with inter-Korean ties, and make a linkage between inter-Korean exchange programs and the all-out efforts of the North for economic development. The civic sector should be given more autonomy in its cooperation with the government. Citizen groups have a lot of potential to contribute to improving inter-Korean relations because, unlike the authorities, they have flexibility without political motivation. Free exchange and cooperation with the North at the civic level might have the effect of reducing the social distance between the two peoples as well as substantially improving the living standards of North Koreans.

The private sector should take a responsible part in inter-Korean exchange. West Germany sent about \$2.3 billion in aid to East Germany annually since 1975. No conditions were attached to it. No monitoring was conducted, either. As a result, trust was built. It is about time the private sector and government divided

their roles. To institutionalize these exchanges, it is necessary to create hardware or software that might be called the “Korean Peninsula Peace Center.”

● **PARK Ji Yong** Local governments in the South are not doing so well now. The central government treats local governments as an object for management and control, and North Korea regards them as something like civic organizations. Many local governments use what Jeju has experienced as a reference, but exchange and dialogue with the North remains suspended, thereby giving no chance to build trust or experience.

Local governments conduct exchanges with the North mostly via civic organizations, as they have few other means to do so. We need to stop the practice of local governments doing nothing but providing civic groups with budget support for inter-Korean exchange. We should establish a governance system based on cooperative ties among the government, local governments and the private sector through open-ended solidarity. The heads of local governments of the North are dismissed every four years, so the North Korean people have less trust in them than in civic groups. Given this, the South needs to pursue a short-term project that can be completed in two to three years, or specific locality projects. Also, local governments should refrain from going out of their way in competing with each other for exchange projects. Full-fledged inter-Korean exchange-cooperation led by local governments with more financial resources will contribute to peace on the Korean Peninsula.

Policy Implications

- For the sake of stability and sustainability of inter-Korean exchanges, the state-led cooperation system should be replaced by government-civic cooperation.
- To forge a social agreement and broaden consensus on inter-Korean exchange and cooperation, the government should introduce a civic participation system, and the civic circle is advised to take the initiative in starting a social dialogue about it.
- The private sector should be given more leeway in government-citizen cooperation for inter-Korean exchanges, so that the private sector can lead the exchange.
- North Korea is already seen to have opted for reform and door-opening, but it is focused on internal reform without opening up to the outside world due to sanctions. For inter-Korean economic cooperation, we should recognize this change in North Korea and actively seek to establish a business model for a ‘marketized’ North Korea. The South should promote exchange-cooperation in a way to encourage the North to change itself and establish a new peace order in Northeast Asia.
- Inter-Korean economic cooperation programs are being adversely affected by UN sanctions, but the programs can be recognized as an exception to sanctions on North Korea, because they can help solve the nuclear issue and build peace on the Korean Peninsula. More active measures should be sought to resume inter-Korean economic cooperation.
- We should establish cooperative governance among the government, municipalities and the private sector through open-ended solidarity. If the municipalities secure more financial resources and are fully engaged in exchange and cooperation, they can contribute to peace building on the Korean Peninsula.

Chapter FOUR

PROSPERITY

Future Technology Innovation in the Age of Artificial Intelligence and Production Network: The Case of Automobile Sector



Moderator RHYU Sang-young Professor, Yonsei University

Speakers CHOI Jong-chan National Standard Coordinator, Korean Agency for Technology and Standards

KIM Tae-nyen Senior Executive Director, Korea Automobile Manufacturers Association

AN Junseong Attorney-at-Law, First Attorneys at Law

Rapporteur KIM Se-Won Global Asia Fellow, East Asia Foundation

● **RHYU Sang-young** Before starting this session, we can narrow down the environmental challenges that the Korean economy and the automotive industry are facing to three things. First, the technology, economic and industry sectors are all affected by the combination of AI technology and protectionism. Second, the US-China trade war, whether temporary or long-term, has been caused by technological factors. It can be seen that trade disputes have arisen due to China chasing the US in the field of technology. Disputes that have been triggered by technological competition have to be resolved by technological competition. It is expected that the Korean economy and the automotive industry will undergo hardship for the foreseeable future. The combination of economic-industrial and political-security conditions leads to greater uncertainty. Third is the domestic factor. Corporations cannot be separated from society. The task now is to find out how to deal with the situation where companies are exposed to social regulations and issues. Chung Eui-sun, the vice chairman of Hyundai Motor Company, has said that the concept of the future car will be transformed from possession to sharing. The whole industry is being forced to adapt to this new

environment, and we would like to examine what measures can address such challenging tasks at the automotive industry level.

● **CHOI Jong-chan** I want to take a closer look at future cars, especially autonomous car-related issues in detail. First of all, looking at the concept of world standards, it is aimed at maintaining compatibility between devices as well as avoiding monopoly of technologies. This does not only exist to serve the public but also to govern international competition. The technology exists to help market entry. Standard is to lead the market. It originates in the confidence to increase one's share in the growing pie of the global market since the domestic market is small. Leading companies in the standards sector are mostly in developed countries such as the United States, Japan and those in Europe. The standards in autonomous vehicles cover AI-based sensing, recognition, judgment and control, and so on inside the car. In addition to ergonomics such as network cloud services and cooperative driving, functional safety and cybersecurity are all included in autonomous driving standards. It is not an automotive-specific problem but related to the overall industrial ecosystem. Efforts at the national and corporate levels have become

widespread. 5G technology is not only useful in the telecommunications sector but also a key element in the future car sector. Germany, the US, Japan and France are leading countries. They have potential patents which can act as an obstacle for latecomers to enter the market. Standards also make companies that have even useful technologies to hesitate to follow suit. Automotive grades are presented by the Society of Automotive Engineers and used as international standards. It is a fundamental part of national policy to determine car specifications; and functional safety is very important. When latecomers produce cars and put them on the market, they have to catch up with the leaders, not only in quality but also in the production process. It is a difficult process for newcomers to follow the methodology of the leaders. Cybersecurity is also determined by global regulations so that automotive companies must continue to monitor it. Ergonomics deals with the overall interactions between a vehicle and people on the road. It is a part that must be satisfied for commercialization through social acceptance. If we look at the Korean situation, as regards the hydrogen vehicle sector, the technology is highly advanced. Korea can act as a technology leader, but not in the standardizations sector. In terms of the number of patents, Korea is ahead of many countries, with Samsung ranked 2nd and Hyundai Motor Company 7th, but it is far behind in the standardizations sector. To be recognized as ISO standards, a patent must be declared by a company or country. The standard seems to have been proposed for public services, but the patent is behind it, and may require payment for its use. Standards are also directly linked to culture. Discussions on this should be further encouraged. The shortage of standards compared to the number of patents is serious. In the case of future cars, standards are ahead of technology, not the other way around. Drawing an analogy from the battle of a wise David and a big Goliath, it is like the Goliaths are becoming wiser so that David has way more trouble and homework on his plate.

● **KIM Tae-nyen** The 'future car' can be viewed as a policy as well as social and global trend rather than

merely a matter of new technology – in other words, a technological competition. The future car can be seen as a common noun and a proper noun, and it can be divided into three categories: electric vehicles, fuel cell electric vehicles, and autonomous vehicles; and vehicles running on renewable energy can be added. These eco-friendly vehicles can serve as trendsetting factors in the autonomous vehicle sector. Policies designed to cope with climate change, El Niño and greenhouse gases, and to seek 'decarbonization' and prohibit internal combustion engines are being put forward, but these are more or less still declarative. These policies and prohibitions are impractical in the industrial sphere and usually presented in countries where there is no vehicle production capability, such as Northern Europe. Gas emission, air pollution and fine dust issues have led to the creation of environmental-friendly vehicle production; and the Fourth Industrial Revolution and IT convergence are emerging as major factors. The United States, China and India emit the most carbon dioxide in the world and environmental regulations are focusing on the automotive industry. China produces electric cars, but it still relies heavily on coal for electric power generation. Therefore, it is also necessary to pay attention to raw materials for electricity production. Electric cars account only for 1.3% of the global eco-friendly car market at the moment but this is expected to increase up to 21% and reach a tipping point around 2027. Hydrogen fuel cell vehicles also use electricity, but due to technical difficulties and a lack of infrastructure, their penetration rate is still minimal. The development of autonomous vehicles is currently in the stage 2. It is expected to take a considerable amount of time to reach stage 4 or 5. Looking at the trends of automobile development in Korea, electric cars that can travel 400 kilometers on one full charge are being sold. To increase battery capacity, the battery must become bigger and heavier, and this inevitably reduces energy consumption efficiency. The reduction of battery weight is, therefore, the key factor in the future of electric vehicles. In 2013, Hyundai Motor Company released the Tucson, the first commercialized

hydrogen fuel cell vehicle in the world, and added the Nexa to its product line. However, national technological competence, including technologies for key components, remains weak; and investment is needed to overcome the sluggishness in core technology. Samsung and LG are also trying to enter the automotive industry. Korea is a late starter in autonomous vehicle technology. The development of new technologies based on cooperation between the government and industry is required. As infrastructure issues are important, it is desirable that the government builds this for public purposes. It is expected that companies will have to face losses for the time being in order to pre-occupy and invest in the future car industry, so it is necessary to examine government subsidies. Regulations are other hurdles. Government support is needed because the amount of tax deductions for R&D investments in autonomous vehicle development is very low. The same is true of subsidies for purchasing a fuel cell electric car. Support provided by the Chinese government for electric buses accounts for a large portion of its subsidies and it is expected that these buses will make inroads into the domestic market in the future through these subsidies. The compulsory sales system for pollution-free cars that the government is introducing is also advantageous for Chinese electric vehicles. While environmental improvements are effective, they could be a threat to the industry. It is necessary to collaborate with companies with advanced technologies more openly in the R&D field. It is also vital to localize core parts and build a related industrial ecosystem. The way government and industry cooperate can have a significant impact on the economy and employment situation.

● **AN Junseong** I will cover the Expansion of Trade Act and strategies for potential trade disputes over future technology. It has been 57 years since the Act was enacted in 1962 as US Federal Law. It is an Act that we have almost never heard of because it has hardly been enforced due to its peculiar legislative process. Given that the commerce-related legislations were usually led by Congress, the Act

might be viewed violating the Constitution because it grants the discretion to impose customs duties to the president. There is room for legal controversy if the protectionism of Trump is held accountable for the damages to the US economy. However, there may be a change to this Act when the new administration takes office, because the president determines threats to US security. Since the trade liberalization after the creation of the World Trade Organization (WTO) in 1995, the Act has been almost obsolete. After Trump's inauguration, however, an election pledge that sounded like a joke during the presidential campaign is now being implemented as actual policy and is even attracting some domestic support. Taken overall, the Trump government seems to deny the WTO. It seems to go against the existing free trade order and the world is watching for how long this trend will continue. Article 232 of the Act provides additional measures when a threat to national security is identified. After Trump's inauguration, heavy tariffs were imposed on aluminum, steel, and so on. The Trump administration also began an investigation into imported cars, while placing a focus on R&D. This is interpreted as a bid to take the initiative as regards the future car. The trade negotiation with a grace period of 180 days is due to end by the end of this year. The US-China trade dispute adds more pressure on the US, which is involved in conflicts with other countries. The scope of application of tariffs on automobiles is quite specific, and the scope is determined by the positive list system. The administration also continues to pursue negotiations with other countries in addition to the EU and Japan. South Korea is explicitly excluded from the tariff, but should consider the possibility of being subject to it, and further measures will be determined by an updated policy after the 180-day period. Further measures will be taken as an administrative order when the president makes up his mind. The steel and aluminum industry is associated with automobiles. The convergence of technologies makes it unclear whether electric and autonomous vehicles are cars or IT products. The consent of all

member states is required, but it is difficult to reach a consensus because of different standpoints. IT is expected to remain a controversial sector because it is subject to a non-tariff principle under the information technology agreements. Autonomous vehicles are also involved in artificial intelligence issues.

● **RHYU Sang-young** It is said that South Korea leads the technology sector but falls behind in standardizations capacity. The number of patents in Korea is almost close to the world's top-level, but they lack in commercialization. What is the reason and how can we solve this problem? To make a virtuous circle, it is necessary to establish the relationship in which artificial intelligence and the future car complement each other. How can we do this? This is the phenomenon that occurs under the Trade Expansion Act. Will the WTO's role as a mediator soon be over? Tariffs and other trade pressure can cause fundamental changes. Is it possible for the United States to exert pressure on our government subsidies for R&D? How can we cope with this?

● **CHOI Jong-chan** The question of standardization is a matter of culture. Experts should be involved in every aspect of standardization from technology, language and discourse to persuasion, etc. They should attend regular meetings to build a network that reflects their own opinions. There is a lack of participation by domestic companies in the international standardization process. Professional training is insufficient as well. Developed countries reflect their interests in the process of standardizations, and we should learn from them. In the case of Japan, it provides a manual that helps to understand the standards, enabling the national policy for technological development to follow global trends. For example, ISO standards are not enforced compulsorily, but serve as references only. But when it comes to a new market, they serve as a very useful framework of reference. In the case of Korea, I think that ISO standards are a crucial framework to secure a share in the new market.

● **KIM Tae-nyen** An industrial ecosystem is the framework of industry. A win-win structure must

be established. If automotive production does not help in the development of parts, it would be of no use. Automotive parts companies concentrating on internal combustion engines are experiencing confusion about their future direction. Most core technologies and materials depend on imports and how to foster domestic companies producing them is a key factor. The cooperation between industry and academia is important as is seen in Israel, and focus should be placed on the spontaneous development of domestic industrial ecosystems. Future strategies should be focused on profitability rather than volume. To answer an earlier opinion that the classification criteria for electric vehicles are ambiguous, I can say that the criterion is the powertrain, and all cars are this powertrain, therefore, regardless of AI or automation, it can be considered a vehicle if it is based on a powertrain.

● **AN Junseong** The WTO system may collapse only when there is an alternative system to it. So I expect the emergence of an upgraded framework is more likely than its collapse. Multilateral trade is based on an agreement by all member states. There are cases that only a few countries participate in an organization, and sometimes teams are created depending on their position. With regard to US pressure related to R&D, there may be pressure on China when it succeeds in commercializing electric vehicles, given the existing US policies. If subsidies for future cars become an issue, it may be perceived by the US as a threat to its market, and it could take additional measures against it.

Q & A

Q. It seems that autonomous vehicles are yet to obtain wide popularity. But, I think the change is going to be faster. On what ground do they say its universalization is being delayed? There are a variety of technologies related to its industrial ecosystem, and I think it is possible to promote development through technological convergence. How can we make this happen?

A. KIM Tae-nyen The reason autonomous cars have yet to gain popularity lies with technological issues. After stage 1 and 2, we are currently waiting for its approval at the Assembly, which is Stage 3. There are stricter regulations on stage 4 and 5. Accidents and ethical considerations remain as serious issues. However, low-speed autonomous cars will be commercialized soon, I think, and autonomous vehicles of ordinary type will spread only after 2040. Cars will become a boundless platform that is not only for driving but also connected to various leisure and hobby activities.

Policy Implications

- The advent of the AI era requires government-industry cooperation to survive the technological competition in the future.
- Acquisition of technologies is important for the auto companies in the age of autonomous cars, but it is more urgently needed to develop the ability to set relevant standards and create the appropriate environment.
- It is necessary to prepare for the possibility that US protectionism will also put pressure on the governments of other countries that support technology development.

Changes in International Economic Order and Tasks for Asian Regional Economic Integration



Moderator **LEE Hye Min** Senior Advisor, Kim & Chang
Speakers **Pasha HSIEH** Associate Professor of Law, Singapore Management University
Akihiko TAMURA Professor, National Graduate Institute for Policy Studies, Japan
Discussants **AHN Dukgeun** Professor, Seoul National University
SOHN Yul Professor, Yonsei University
JE Hyun-jung Director, Center for Trade Studies & Cooperation, Korea International Trade Association
Rapporteur **LEE Hyo-young** Professor, Korea National Diplomatic Academy

● **LEE Hye Min** There are three reasons why the theme of this session is timely. First, the world trade system was established by the United States and has been strongly promoted and maintained thus far. However, the US commitment to the world trade system has become uncertain, and we are facing the biggest crisis due to the rise of global trade protectionism. Second, the resolution of the current US-China trade dispute will be difficult because the United States wants a fundamental change in the Chinese economic model. In addition, the current conflict can temporarily avoid a hard landing, but it can still have a big impact on the global economy and global supply chains. Third, the Doha Round has lost its way, which leads to doubts about the future of the liberalization of multilateral trade. I would like to discuss how Asia's economic integration, one of the key factors for sustainable regional development, will impact on the norms-based international trade system.

● **Akihiko TAMURA** I would like to talk about three policy briefs from Japan's T20 TASK FORCE 8 covering issues related to trade, investment, and globalization. The first brief is about the 'World Trade

Crisis,' which covers overall policy. It addresses such issues as revitalization of the multilateral system; efforts to conclude bilateral and regional trade agreements; and the need for domestic reform to improve competitiveness for the integration of global value chains.

The second brief is about the first of three core functions of the WTO: the establishment of norms and the role of forums for negotiations. As regards market access, it discussed the importance of utilizing the critical mass approach, and presented ongoing negotiations on the EGA (Environmental Goods Agreement) and TiSA (Trade in Services Agreement) as model case of using the same approach. As for the norms, it preferred multi-speed multilateral agreements, such as the Bali Agreement, and prioritized the measures to apply the WTO's existing norms against behavior distorting trade in a more austere and broader way.

The third brief is about reform of the WTO's second function, the dispute settlement system. It is impossible to find an easy solution, but we can find apt approaches in both institutional and procedural

reforms. It suggested short- and medium-term reforms for procedural issues such as how to readjust the terms of members of the Appellate Body and the 90-day deadline. However, as there is no simple solution to more ambitious, long-term tasks related to such issues as precedent cases or ‘judicial activism,’ it recommended that the Appellate Body and WTO member countries hold an annual meeting to find a proper approach to these issues.

As regards the economic integration of the Asian region, countries that share and maintain the same position on multilateralism may join the regional integration process, as seen in structural cooperation such as the CPTPP (Comprehensive and Progressive Trans-Pacific Partnership) and the RCEP (Regional Comprehensive Economic Partnership), and infrastructure building projects such as the One Belt, One Road Initiative now underway. I believe that CPTPP and RCEP initiatives which are legally connected, and the Belt and Road Initiative and Indo-Pacific Initiative focusing on infrastructure have to be operated on the basis of norms and maintained not only for regional development but also for multilateralism.

● **Pasha HSIEH** The RCEP is important because it accounts for 28% of the world’s GDP and 50% of the world population. The regional treaty agreed by the main traders in Asia such as China, India and ASEAN consolidates the regional supply chain as well as encourages conclusion of an FTA (Free Trade Agreement) in the form of ASEAN+ 1. ASEAN has currently signed six bilateral agreements, but the problem is that these agreements are less utilized. Therefore, the RCEP agreement may need to be based on other trade agreements such as the CPTPP rather than bilateral relations.

As regards the question whether the RCEP will be a comprehensive and high-quality FTA, the RCEP is expected to be slightly different from the US-EU FTA and the CPTPP. It does not have criteria for state-run enterprises, the environment and labor rights. Negotiations on 7 of the 18 chapters have been finalized now, but those on the e-commerce sector,

including key products, services and investment, and data migration and localization, seem to be a major issue down the road. The RCEP is interlinked with trade policies of major countries such as China and India, and has mutually beneficial effects, but it conflicts with the domestic laws of some countries, posing challenges to them.

With regard to the legal system, tariff elimination and Rules of Origin can be a sensitive challenge. The RCEP can address problems incurred by different Rules of Origin. There are also systematic problems such as trade fragmentation as seen in the WTO versus FTA issue and lawsuits between countries with multiple FTAs, which entail difficulties in determining which FTA should be the guideline for solving the disputes. Friction between a bilateral investment agreement and an FTA may pose more complex issues. On the other hand, FTAs can lead to trade multilateralism, which ultimately can result in an FTAAP (Free Trade Area of the Asia-Pacific) that Asian countries hope to reach an agreement on. If the FTAPP, CPTPP and RCEP are finalized, they will serve as the basis for an Asian regionalism that contributes to a norms-based international order.

● **AHN Dukgeun** There is a need to proceed with economic integration in the Asian region. The CPTPP might have the most promising momentum, and seems to have the power to drive regional economic integration. However, there are doubts whether the CPTPP can actually be a stepping stone in promoting global trade systems around the world. The United States has withdrawn from the TPP (Trans-Pacific Partnership Agreement), but sought to improve the USMCA (United States–Mexico–Canada Agreement), and as a result, the USMCA, instead of the TPP-11, is now attracting the attention of Canada, Mexico and other countries. That is to say, the TPP-11 could become the TPP-9. And we have to see whether the CPTPP will be meaningful now that the US and Japan are talking about a bilateral trade agreement.

The RCEP negotiation is even more important for South Korea, since it is almost the only way for Korea to have economic relations with Japan. The RCEP is

a diplomatically important forum and will be able to tie the CJK FTA between Korea, Japan and China into a unified economic framework. However, it is of concern that Japan, which is currently negotiating a bilateral FTA with the US, could take issue not only with China’s non-market economy, but also its diplomatic positions.

When the CPTPP actually takes effect, the RCEP would be deemed inferior to it in terms of liberalization of the market and trade norms. There is a discussion in Korea on whether it is necessary to join and ratify the RCEP by consuming huge political capital, despite the existence of the CPTPP as an alternative option for Korea. In addition, it has become important to protect the value chain in Asia because of the economic conflict between the US and China. This requires considerable political will and the commitment of the countries involved to make the RCEP and CPTPP initiatives, now being promoted, an appropriate answer.

● **SOHN Yul** I would like to talk about economic integration in Asia from a political and strategic point of view. Political scientists call the practice of states achieving their objectives through economic instruments such as trade policies, geopolitics. Many FTAs in Asia can be seen not as trade agreements based on economics but as a result of China’s “charm offensive” to bring ASEAN countries into its own sphere of influence. The centrality of ASEAN was achieved not only thanks to the marketability of ASEAN per se and its business opportunities, but through the competitive dynamics within the area that promotes trade agreements with ASEAN. And in this respect, ASEAN is seen to have geographical advantages. On the other hand, as it is a trade agreement based on strategic and political needs, trade liberalization remains at a lower level. Therefore, most FTAs in the region, except for the US-Korea FTA, Korea-EU FTA, and CPTPP, are of less use.

As the strategic competition between Japan and China in the 2000s has led to regionalism in East Asia without yielding positive results, the RCEP is seen as evolving in the opposite direction of the TPP in the 2010s. China actively supported the RCEP,

and ASEAN led the negotiations. In a similar vein of political dynamics, the RCEP is unlikely to see a bright future, if the current US-China competition gets more intense. In other words, there may be some room for the RCEP before the strategic conflict between the US and China is maximized, but if the RCEP negotiations fail to be concluded, there will be no positive outcome in the trade field amid the rivalry between the Indo-Pacific and Belt and Road Initiatives.

From a political and strategic point of view, I do not think Asian regionalism has bright prospects. When it comes to strategic cooperation, it is necessary to establish and support a norms-based order to make powerful nations trying to exert their influence upon the Asian region behave within that order, and act in accordance with multilateral rules and norms. However, this is not an easy task. Through cooperation and alliances between middle power states, strategic cooperation is also possible. In particular, Korea misses out on economic cooperation with Japan, but it is important to go beyond historical issues and nationalistic sentiment and develop a cooperative relationship.

● **JE Hyun-jung** From a business perspective, Asian regional integration is economically necessary, meaningful and desirable. Asian and multinational companies operating in Asia rely heavily on China and are interested in intra-regional integration. Companies might want the institutionalization of Asian economic integration, but they may have conflicting answers as to whether to welcome the CPTPP and RCEP, since the CPTPP is not an agreement to achieve full scale Asian integration, as testified by the absence of major Asian suppliers, such as Korea and Thailand, in the partnership. Therefore, it seems that the RCEP is of more importance in moving Asian economic integration forward. Judging by the 16 countries within the RCEP, it can work more effectively for corporate enterprises on the condition that it accomplish a high level of market liberalization. If the RCEP is completed at a lower level than other bilateral FTAs, it is doubtful that many companies

will utilize the RCEP. In order for the RCEP to become a meaningful agreement on Asian economic integration, it would have to achieve a higher level of liberalization than bilateral FTAs.

Q & A

Q. Japan is pursuing a bilateral FTA with the US, and President Trump has highlighted the importance of bilateral FTAs. Accordingly, Japan may not be motivated to pursue the RCEP, so I would like to ask about the direction of the RCEP. Also, considering the impact of security on regional economic integration, I wonder what implications the Indo-Pacific Initiative would have for emerging East Asian economic regionalism. With regard to the current American trade conflict, the regional supply chain can be divided into two kinds. I want to ask how we should keep an eye on and think about this situation.

A. Akihiko TAMURA Personally, I believe that experts and entrepreneurs are confident that they can pursue both healthy bilateral relations between the US and China, and regional integration. Hence, we are already committed to settling RCEP negotiations within this year and did not give up the pursuit of the RCEP even after Trump's visit to Japan. As the economic element of the Indo-Pacific concept is still in its offing stage, it is too early to predict its future effects, but it is obvious that experts involved believe that the economic elements of the Indo-Pacific strategy are compatible with other regional economic organizations such as the RCEP. I do not agree with the assumption that the regional supply chain will be divided into two kinds due to the impact of US-China competition on Asian regional integration. As the US and China are looking for an exit from the ongoing conflict, I am trying to refrain from making any early judgment or predicting the impact of US-China competition on the Asian region in the future.

A. SOHN Yul With regard to the implications of the Indo-Pacific initiative and Asian regionalism, I would say that the Indo-Pacific initiative is essentially a geopolitical concept. In particular, the India-Pacific

region where the two oceans meet also has implications for maritime security. In other words, the Indo-Pacific concept has evolved on the basis of geopolitical factors and now performs the function of balancing against the rise of China. It is fundamentally a concept related to China, and it requires wider cooperation on maritime security in order for the India-Pacific initiative to become a regional concept in connection with US-China competition, but it is unlikely to do so. I am not positive about the prospect of the India-Pacific initiative becoming genuine regionalism.

Q. I would like to ask you what Korea can do in relation to the CPTTP and whether Korea can participate in it.

A. AHN Dukgeun The CPTPP, which originated from the TPP, has emerged as the US policy towards China since the presidency of Obama. With the US withdrawn from it, it currently seems that a restraining force on China is missing, but there is still a fundamental diplomatic issue as well as an issue of whether joining the CPTTT is an act against China. In addition, Korea now has to negotiate its membership with the CPTTT when its bilateral relations with Japan are deteriorating. Since Korea is now waiting for approval of its membership by the original signatories, the Korean government cannot afford to carry it through, unless there is a political breakthrough.

A. JE Hyun-jung The problem with the CPTTT from a business perspective is the lack of power to actively support accession or opposition to it. Unless there are strong voices for CPTPP membership, it will be difficult to push for it, due to dominant voices in the automobile and agricultural sectors against it.

A. LEE Hye Min The reason that countries actively participated in the Uruguay Round was to prevent the United States from leading unilateral action through Section 301 of the US Trade Act. The biggest achievement of the Uruguay round was the establishment of a dispute settlement mechanism, which banned unilateral measures and made sanctions undergo the WTO dispute settlement procedures. However, such a mechanism is now broken. On the other hand, the Bogor Declaration created the concept

of open regionalism, which should never be forgotten. I believe that Asia should actively participate in the formation of 'voluntary partnerships' and create an alliance between countries that are willing to follow international norms by concluding the RCEP at a high level and actively expanding the CPTPP.

Policy Implications

- After the launch of the Trump Administration in the United States, the existing multilateral trade system has been threatened by the 'America First' policy, which has resulted in a slowdown of the pace of global trade liberalization. In the meantime, since the collapse of the axis of multilateralism that expanded trade liberalization, the principle of intra-regional trade that has complemented it has become the only axis that leads trade liberalization. In this situation, it is important to maintain the tenet of trade liberalization through the principle of intra-regional trade, which is the most realistic alternative. In particular, it is the mega FTAs such as the RCEP and CPTPP that harmonize a high level of trade liberalization, which facilitate multilateralization, and the norms. The RCEP and CPTPP, which are currently being promoted for ratification and a conclusion, are all mega-FTAs in Asia. However, of the two, the CPTPP has both a wide membership and the qualifications of deep integration, which make multilateralization easier. It is necessary to maintain the trend of trade liberalization through the expansion of the CPTPP. It is meaningful in that Asian countries will lead the formation of the world trade order in the future through the establishment of multilateral trade norms in Asia.
- It is not desirable that Korea would have to choose between the RCEP that Korea and China, major supply chain countries in Asia, are participating in, but remains on a lower level of trade liberalization, and the CPTTP that is not joined by Korea and China, but maintains a high level of trade liberalization. For Korea, which is highly dependent on trade, participation in all economic integration treaties in Asia is inevitable and not a matter of choice. Particularly for middle powers such as Korea, it is advisable to participate in the CPTPP, which will lead in trade norms in Asia, to participate in the establishment and implementation of a norms-based trade order. Based on this, it is recommended to establish a national strategy to focus on maximizing economic profits by strengthening national competitiveness.
- Even though Korea already joined the RCEP negotiations, it is expected to be very difficult to have a high level of liberalization because of India, which has been traditionally very skeptical about market opening and trade liberalization. Nonetheless, Korea's membership in the RCEP is very meaningful in that it can take the shape of regional economic integration with the participation of Korea, China and Japan. And it is necessary to make it function as a negotiation framework in which those three countries can continue conversations on the trade agenda.

Smart Cities and Startups – Opportunities for Business Innovation



Moderator	Waltraut RITTER Founder, Knowledge Dialogues, Hong Kong
Opening Remarks	Christian TAAKS Head, Friedrich Naumann Foundation for Freedom(FNF) Korea Office
Speakers/Discussants	Marc BOVENSCHULTE Director, Institute for Innovation and Technology, Germany WHANG Jie-Eun Professor, University of Seoul
Rapporteur	Pimrapaat DUSADEEISARIYAKUL Programme Manager, Friedrich Naumann Foundation

● **Christian TAAKS** The Friedrich Naumann Foundation for Freedom (FNF) is a political foundation affiliated with a liberal political party in Germany. FNF Korea, which is located in Hanyang University, has activities in South Korea as well as in North Korea. The session, which has been categorized under the theme of prosperity and resilient peace, is connected with economic development. For one, Smart Cities offer many new opportunities and require adaptation from the individual. Smart cities need smart citizens. Technology, in turn, is used to empower citizens.

In this session, examples from Germany and Korea would be presented. Since one speaker Sofia Ramirez has canceled, the session moderator Waltraut Ritter would assume as a dual role as moderator and speaker.

● **Waltraut RITTER** When we talk about Smart Cities, we often talk about it from different perspectives. Many usually refer to the concept from a top-down perspective. However, in this session, smart cities are about cities: especially the use of technology as a platform to empower the citizen to become a ‘citypreneur.’ Citizens and local government closely interact in the process: unlike before where the mayor knows everything and has control of everything in a city. Seoul is a good example of being a Smart City

in this regard, as it has a citizen dashboard project to get feedback from citizens what went wrong in the city. I would like to introduce the first speaker, Marc Bovenschulte, Director, Institute for Innovation and Technology, which is a think tank focusing on innovation capability in the context of demographic change, and also foresight and trend scouting.

● **Marc BOVENSCHULTE** Today, 55% of the global population lives in cities. In the next 20 years, it would be 70% and by the end of the century, it would be 80 or 90%. There are countries such as Mexico, Brazil and Argentina, where more than 80% of the population lives in cities. “What does this mean for the topic of urbanization?” An article by John Vidal in The Guardian ‘The 100 Million City: is 21st Century Urbanization Out of Control?’ indicated that cities would grow at an astonishing pace. Within the next 50 years, from 100 mega-cities, only 14 would be in Europe or America. The big shift will be in Asia and Africa. At the end of the century, more than half of the global population would live in Africa. Which country will make the first 100 million cities?

A research of the University of Ontario Institute of Technology predicted the 100 million could be the city of Lagos, Nigeria. There are some cities in other

countries which could grow exponentially. These cities produce million tons of wastes. How do we manage this? If each one owns a car, how do we deal with the traffic? Many of the households do not have access to clean water and to a sanitary system. How do we deal with it? Are these cities who cannot cope with the challenges considered ‘bad’ cities? How about the people who live there? How do we run cities under these conditions? How could Smart Cities be a solution? The focus is not on technology but it is on how the cities are built in generous proportions.

The concept of Smart cities is about citizens; hence, it is an inclusive concept. In theory, Smart Cities is an umbrella term for holistic development – making cities more efficient, greener and more socially inclusive. These concepts include technical, economic and social innovations. However, in reality, Smart Cities have largely become a playground for big companies to implement new technologies dealing with traffic control, energy efficiency and camera surveillance security. What is the role of the local government? The government has a role in guaranteeing the existence of the city and at the same time, it should create public space.

Who owns public spaces in cities? Is it the right way to define a business model for every domain of urban life? What do we do if everything is commercialized and we do not have financial resources? Cities are already built, infrastructure is already there and the city government has to work with any existing city. There needs to be a space for business creation and development. Business development can contribute to problem-solving if it includes local knowledge and interlinks small manufacturing networks. This can serve as a playground for local start-ups. However, platforms for delivery services are mostly in the hand of big players. But possibly better services can be offered by local networks. There is an opportunity for a city as a place for manufacturing, economies of scope where there is a mixture of collaboration, creativity and intense process and products of high values in urban living.

The city of Berlin ranks in the top ten of start-ups city global ranking. After reunification, the Eastern and Western parts of Berlin were underdeveloped.

The Eastern part offered an affordable, stylish off culture that attracted young international talents who are related to art, culture and late digital bohemian lifestyle. Part of this wave created start-ups. Although the city government of Berlin initially had no plan to attract and promote start-ups, it offered cheap spaces which allowed the growth of a creative mix of arts, culture, entrepreneurs and international exchange. The challenge these start-ups face is they cannot access to venture capital.

What are the favourable conditions for start-ups? Favourable conditions include incubators, accelerators, co-working space, venture capital programmes, among others. Secondly, there should be open access, including scientific knowledge and public sector information. There should also be an extensive knowledge exchange. Thirdly, the 3 Ts of Richard Florida: Talent, Technology and Tolerance. Fourthly, there should be affordable living costs and facilities for quality life that need to be available.

In terms of economic complexity, like other big cities, Korea has technological potential. Technological know-how can be recombined and brought up as input for start-ups. Korea has such a strong complexity and could easily grow start-ups. It could link start-ups with Small and Medium Enterprise and access the international market.

While big companies have a lot of connectivity and are easy to internationalize, internationalization is rather a challenge for start-ups. Since there is emerging infrastructure, start-ups need to have more international exchange for learning from one another.

● **WHANG Jie-Eun** With urban manufacturing, cities become a space for new production and new ideas. Such is the case of ‘The Sewoon Campus: Towards a Smart Factory City’ which shows how citizen uses their urban space for a technologically innovative project. Sewoon Sanga is a 1.2 km megastructure in the heart of Seoul designed in 1967 as part of the Sewoon Sanga Project. It is located in the centre of Seoul which consists of seven shopping centres. The land on which the complex was built as an empty lot during the Japanese colonial era to prevent fires by

bombings from spreading into the city. When the Korean War began, refugees started squatting in the area – creating a substandard living district.

The current Sewoon Sanga complex was designed in the late 1960s under Korean's first downtown redevelopment programme. Now, Sewoon Sangga is poised as an adaptive –reuse success story in the city's post-2008 recession efforts to improve walkability, connect communities, and nurture creative growth. Sewoon houses a sizeable slice of central Seoul's industry. Seoul Mayor signed the Anti-Gentrification Cooperation Agreement in 2016 with the majority of Sewoon Sangga's businesses, putting community-led measures in place to empower tenants against rising rents.

Sewoon campus was reconstructed by the Seoul Metropolitan Government(SMG). Under the redevelopment programme, the traditional small and medium-sized factories are kept. Local knowledge and skills are well-preserved and this serves as connecting points to enable an ecosystem for start-ups. The process is a bottom-up approach. Seoul City vision is not about small –scale business, after all. Spaces are available for construction and the city government exerted efforts to convince people to utilize the space.

The University of Seoul has a start-up support centre supported by SMG which provides an enabling ecosystem. There is a collaboration between the younger generation and the city craftsmen. On the same street, new people make new products while traditional factories are kept. It is important for Smart Cities to have a digital twin to connect smart citizens with cities. It is a digital version of an urban district. Local residents can witness the progress of their city development, learn about technology and talk about what they want in the city. Smart Factory's concept is about connecting everything.

● **Waltraut RITTER** Smart cities rely on public data. It is easy to make a digital twin in Seoul as spatial data are accessible unlike, Berlin.

● **Marc BOVENSCHULTE** It took a long time for public data to be made accessible in Berlin. There is a flood

control system, prediction system, but these are mostly limited to issues related to traffic.

● **WHANG Jie-Eun** In Korea, spatial data needs to be approved by the government. To overcome such challenges, the team developed several levels of data inquiries. While many cities have policies in place, but often in practice data is treated as assets, and data owners tend to monetized.

● **Marc BOVENSCHULTE** To make a productive city, we should ask how to guarantee social coherence when we have 80 million people living in a city. Strong regulation needs to be in place. We need a balance of freedom and common progress, a rough direction. The city government can have a rough direction and be open for public participation, and for social start-ups to make a role-model of the city.

● **Christian TAAKS** Smart City is an idea in the future. Is it possible to make out of an ordinary citizen? Smart Cities of today, what do they offer? Young people are open to new technology but what has to be done to get everybody, including vulnerable groups, into the boat.

● **WHANG Jie-Eun** A smart city is a platform. It is an evolution model, and one cannot expect a drastic change as it takes time.

● **Marc BOVENSCHULTE** The city of Copenhagen, Denmark, is an example of a functioning smart city. The city has 1.3 million populations and 65% labour market for the bicycle. The city aims to be a carbon-free by 2025, and it has invested in bike lanes. This is a promising approach and shows growth in quality, not quantity. They use advanced technology as a tool to solve problems too. What is needed to improve the lives of all citizens is to offer everybody a chance to be part of the solution.

Policy Implications

- A city government should have a rough direction and open for public participation.
- Provide an opportunity for startups to have more international exchange for learning from one another.
- Encourage more participation of other sectors across ages and professions, especially disadvantaged groups.

US-China Trade War: Where to Go and How to Respond?



Moderator	AHN Choong-yong Distinguished Professor, Chung-Ang University GIS / Former Chairman, Korea Commission for Corporate partnership
Speakers	Jeffrey J. SCHOTT Senior Fellow, Peterson Institute for International Economics CHOI Byung-il Professor, Ewha Womans University Yorizumi WATANABE Dean, School of International Communication of Kansai University of International Studies/ Emeritus Professor, Keio University, Japan CHEN Wenling Chief Economist, China Center for International Economic Exchanges
Rapporteur	CHO Soo-kyung Former Program Officer, APLN

● **AHN Choong-yong** The US-China trade dispute is not simply a tit-for-tat tariff conflict, but more of a hegemonic collision in politics between Trump and Xi Jinping. There have been hopes for a dramatic deal even before G20 in Osaka next month, in which both sides can take advantage of constructive ambiguity to claim a win to please their domestic audience. However, the United States has recently banned US companies from trading with Huawei. In return, China may control the export of rare earth to the US and have filed a legal suit against the US, calling Washington to halt 'illegal action.' Are Trump and Xi likely to reach a compromise at G20 in June, or will this escalation drag on without any deal? In the process, what would be the most difficult sticking point?

● **Jeffrey J. SCHOTT** There is a real lack of information to analyze as both sides have kept it close to the chest. When President Trump first imposed a penalty tariff on Chinese exports to the US and China retaliated in kind, the business community thought tariff would be temporary, and initially responded by managing difficulties in increased cost of goods raised by higher tariffs. However, increased tariff rates and an

expansion of goods subject to tariffs raised the stakes higher. The situation has not been resolved by April, as some have hoped – in fact, we are further away from an agreement today than we were at four weeks ago. The gap is growing wider. Negotiators usually try to get some more concessions at the end, which may cause problems with a trading partner. Simultaneously, the negotiators need to ensure the deal would pass domestic political approval. Trump has already twice torn up a deal that his negotiators have brought back.

Domestic opposition to any type of deal has given little evidence that both sides are working to build a bridge for the two presidents to reach an agreement in Osaka in the G20 summit. Any deal would be a compromise and would be attacked by both Republicans and Democrats on the grounds of insufficiency on key issues such as intellectual property and state company property or on the grounds of human rights. Trump is in a difficult position. He would almost favor not having a deal, so he can say he is opposing China's tariffs. Tomorrow, the US will raise the tariff on 25% on 200 million dollars of Chinese exports, causing pain to US companies buying Chinese

intermediate goods and US consumers buying final goods. China will add tariffs on US exports. While Chinese tariffs were calibrated a little more cleverly to feel less pain, Trump does not understand that China knows they are causing pain to their own.

● **CHEN Wenling** Based on President Trump's personality, a miracle is not likely to happen. A tariff rate of 10% was increased to 25% during this month. Trump is strongly pressuring Chinese high-tech companies by summoning many kinds of resources, violating international law. The Chinese find it hard to understand that in light of the US's defining of China as not a free market economy, the US, which is one, restricts market trade of companies.

On the other hand, the pain caused by the US to its own companies is causing Trump much pressure. China has a huge market that buys US products. I admit that the US has the strongest technology regarding high-tech components such as semiconductors and its products occupy an important part of the high-tech supply chain for the world. The US also has important technology for Huawei, on which it has imposed extended restrictions for another 90 days. In return, however, Huawei is looking into countermeasures themselves. Chinese companies are also continuously developing high-tech on their own to help replace US technology. They can be supplied to foreign companies in China. In the end, everyone will become losers. When China develops its own technology, what will happen to US companies who want to do business in the Chinese market? Additionally, imposing tariffs on Chinese exports have caused the American stock market value to plummet. Though Trump wants to be re-elected, heading down such a negative road will only cause pain for China and the US.

● **Yorizumi WATANABE** While Trump is unpredictable, he is the one looking for positive results before the presidential re-election. He is not necessarily doing well in domestic politics such as immigration issues or in pet projects regarding North Korea's denuclearization. He would try for trade issues. G20 would provide an opportunity in which two leaders could meet with the intermediary as Prime Minister

Abe in a feasible and probable stage and make compromise or ceasefire agreement.

The trade war issue can be defined in two categories. The first is tit-for-tat tariff escalation. The second is a long-term structural challenge for the US and China. Before the World Trade Organization regime in 1995, Japan and the US had many trade disputes. The US public was in a state of emotional outrage. China seems to have studied Japan's reaction to this very well. In 1985, Japan and the US started Structural Impediments Initiative talks not just to deal with trade imbalance, but also the Japanese economic structure that encumbered foreign companies from getting in the Japanese market. There should be a ceasefire in the short-term, and in the long-term, structural talks between the US and China.

● **CHOI Byung-il** Economic analysis is not going to provide any deep insight. This is political. The US trying to check China before China becomes too high-tech or militarily powerful. In the first summit between President Xi and President Obama, Xi said that the Pacific Ocean is wide enough to accommodate two great powers. Now, however, the US is alarmed by China's naked ambitions. The competition between the two will last into the next century – unless the two come to an agreement to tolerate each other. Trade conflict is a mere part of this competition. Any agreement on trade conflict will only be temporary.

Trump is not actually waging a trade war against China. China represents three problems to Trump: uneven playing field, unfair referee and inadequate rule. If Trump tries to make a hasty compromise, he will be under strong criticism in the US business community. A bad deal is making an agreement with China on trade issues, especially regarding technological issues. As illustrated by Huawei, the thought is that China should not have access to US technology. I am reluctant to state there will be any deal coming in G20 due to problems in structure, implementation and tariffs.

● **AHN Choong-yong** Do you think China can survive without high-tech in the US? President Trump is skeptical about the free trade regime – who is going

to feel the gap?

● **Jeffrey J. SCHOTT** Problems in a high-tech competition can be divided into two. First, there are short-term costs, which people are focused on, but the second long-term cost is the real costs that the US and China and others have to pay: disruptions to current supply chains. As companies recognize this is not a short-term problem, they are already starting to rejigger supply chains – developing access and redundant capacity to account for policy changes to trade. Over time, this will become a drag on growth. For instance, China is going to look into deepening and developing ties with Korea and Taiwan, which will incur the long-term cost for the US. Once there is a wedge in supply relationships, it is hard to go back to a prior state. Mistrust is hard to overcome in the short-term. The political blowback to Trump could be significant if costs showed up in the stock market, undercutting which has been a very strong economy during Trump's term, as it will threaten his prospects with re-election. US farmers have already suffered big hits due to discrimination to the Japanese market as the US pulled out of the Trans-Pacific Partnership (TPP). Beef and wheat exporters have had difficulty selling in the Japanese market compared to Europeans. What is more important for his constituency is hard to say. The actual problem for both the US and China is that trade is not that important for either country. Both are doing well off. Chinese domestic market has been growing significantly, so growth rates are kept at sufficient levels.

● **AHN Choong-yong** If the US and China lead divided supply chains in the region, how severely will this separation emerge? How should Korea readjust to changing supply dynamics?

● **CHOI Byung-il** The US allowed China to come into the World Trade Organization (WTO) regime as more demand would help market growth. Even if China did not change to liberal democracy, the US was confident that China would turn into a relaxed political regime through intensified capitalism. US companies were willing to wait for convergence since China was moving steadily in that trajectory. However, there is a growing consensus in the US that its engagement policy to China, or the pivot to Asia policy, has failed.

Since President Xi came into power, he has spoken of great power competition instead of a peaceful rise. The US is now determined to decouple financial exchanges, the market, human resource exchanges and others on political logic. While the market is constantly looking for stability and win-win, politics is about winning at the expense of others – a zero-sum game. Alternative policies by other US presidents would have still taken a similar track of logic.

This entering into a new world of winter will determine politics and companies' policies of Korea. Korea should not choose between the two different local value chains of the US and China. If it does, it will become the biggest loser. Koreans should recognize that in this new normal, instead of choosing a non-existent best solution, we should avoid the worst solution. We should not give an impression to either country that we are choosing one value chain, but rather act in principle in accords with the market economy and the rule of law. This will provide some guidance to the companies, entrepreneurs and consumers in Korea.

● **AHN Choong-yong** Does Japan want to invigorate the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), or a bilateral trade deal with the US? How will a potential fallout, resulting from the US-China trade war, affect Japan's CPTPP and trade deal with the US?

● **Yorizumi WATANABE** In 2016, there were some arguments from Chinese think tanks that Chinese participation in TPP might be beneficial in the long-run as China needed external pressure to change state-owned enterprises. However, such a golden opportunity has become completely lost by the withdrawal of the US. The US, too, lost a good location by walking out of CPTPP.

Japan is still motivated to carry on with the CPTPP 11 which came into force in December last year. We are looking into ratifying the Regional Comprehensive Economic Partnership (RCEP) towards the end of this year. We have a clear mindset on rule-based, multilateral international trade. In the meetings between Abe and Trump, Japan constantly mentioned going back to that approach. Sticking to principles is important. Japan is sticking to WTO principles, open trade policy, which is

the baseline to deal with this development.

● **Jeffrey J. SCHOTT** The US's withdrawal from TPP is actually an opportunity for China. There have been studies in China about how well China could fit in TPP – what the gap is between the Chinese regime and the TPP regime.

● **AHN Choong-yong** Is there room for the Chinese to be more aggressive in following global standard rules such as Intellectual Property Rights? I believe it would be beneficial for the Chinese as well, as comprehensive domestic reform of the Chinese domestic economy would be helpful in sustaining Chinese growth.

● **CHEN Wenling** The Chinese domestic market has contributed more than 70% of economic growth. The One Belt One Road initiative seeks to connect the different segments of the domestic market in the eastern and western parts of China. We want to develop China as an international hub of trade. The Chinese government puts importance into protecting IPR to protect both foreign investors and Chinese IPR. China has the second-largest number of patents in the world. Chinese companies have made great strides in innovation – in fact, 2.8% of China's GDP was invested in innovation. Sixteen IPR courts have been created in cities such as in Shanghai and Guangzhou. Chinese companies cannot violate this law, as seen in rulings in court. As South Korea steadily changed to respecting IPR in the past, China will do so as well in time.

● **AHN Choong-yong** What is the ultimate solution?

● **Jeffrey J. SCHOTT** There is a bright side to this depressing story you hear from American and Chinese leaders. The pressure on the Chinese economy is requiring that greater focus be made on increasing productivity, reforming the financial services sector and opening foreign investment. It has become more crucial for Chinese leadership just to maintain stability in the context of economic reforms for their political future. But for the US, increasing costs of self-inflicted policy will hurt the very supporters of politicians who are promoting them. It should lead to a political backlash, which will then see a return to the American leadership role in the economy. That should

be the end result for constructive leadership in both Democrats and Republicans.

● **CHEN Wenling** I agree that Trump's direction is hurting America's authority and reputation as a great superpower. It is damaging long-term interests. The US should stop imposing high tariffs around the world that are based on its domestic law, not international law. It should change strategy towards China. The US currently sees China as an enemy, but it must build a constructive partnership together.

● **Yorizumi WATANABE** We should not take for granted that the WTO will always be there. In the last decade, WTO did not fully function. The failure of the Doha Development Agenda left behind a failed legacy. We have to replenish and reform the WTO. China, the EU and other countries are interested in WTO reform. Let us move on with the same spirit of the multilateral system. For more short-term measures, Abe has advised Trump that G20 will be a good opportunity for confidence-building measures.

● **CHOI Byung-il** Disruptions led to a tariff trade war due to domestic politics and strategic reasons. Additionally, China's misjudgment of American determination is propelling trade war to this point. The US is not willing to lead the world anymore. We are entering globalization without the US – a system based on power. In that absence, the Chinese need to think about how they will use their economic power. The global community is looking to China to exercise leadership, as commenced by its size and power. So far, the Chinese government has been mainly reactive.

Policy Implications

- While both sides are hurting economically, the US and Chinese leadership are not looking to resolve the trade war soon due to domestic political and strategic reasons.
- The ongoing trade war is an implication of a changing world marked by the unwillingness of the US to provide hegemonic leadership and China's growing presence.
- Structural reforms of multilateral trade regimes and domestic economies should be the key.
- If the US and China come to lead separate supply chains, South Korea should pick neither and instead stick to principles of market economy and the rule of law.

[World Economic Forum-Jeju Forum Special Session II]

Multilateral Lending Institutions and the North Korean Economy and How to Attract Private Capital to North Korea



Global Future Council on the Korean Peninsula
of the World Economic Forum

Moderator	JUNG Ku-hyun Invited Professor, KAIST
Speakers/Discussants	Bradley BABSON Distinguished Lecturer in Government, Bowdoin College LEE Yoonsok Senior Research Fellow, Korea Institute of Finance Geoffrey K. SEE Chairman, Choson Exchange
Rapporteur	Max NURNUS Lecturer, Seoul National University

● **JUNG Ku-hyun** The key question about the utilization of multilateral lending opportunities is how to reconcile them with the sanctions currently imposed on North Korea. The sanctions regime in place is the most extensive and comprehensive ones in the world. And under these circumstances, the possibilities of multilateral lending institutions are severely limited. Discussions about the role of multilateral lending institutions are therefore to a large extent, hypothetical. Yet there is a point in talking about what can be done to help North Korea move further towards economic development and prosperity.

● **Bradley BABSON** Twenty-one years ago, I visited North Korea to talk to the government about what it would mean for the country to join the international institutions we talk about here. Since then, there have been a lot of discussions about what these institutions can do, both in supporting North Korea and in managing its relations with foreign economies and businesses. I want to make a provocative argument: lending institutions should be active now, even before sanctions are lifted. They can make a positive contribution to the economic and political climate by creating a climate of trust, and by helping to

create the preconditions for economic progress, even though lending – at this point – may not be possible. Of course, this must happen in the context of the existing sanctions, and without a meaningful transfer of resources. But we can assume that any resolution of the nuclear dispute would create a climate for economic progress, and we should prepare for that.

North Korea has given priority to economic development. Yet, no meaningful high-level diplomatic relations with North Korean economists have existed since at least 2006 when the last talks with American financial officials took place. In this context, economic security has to be recognized as part of North Korea's national security calculation. North Korea needs to believe that its future is not compromised by making concessions regarding its nuclear program. And North Korea does not want to feel exploited by outside powers pursuing their own economic interests. The outside engagement has suffered from giving this impression, as well as from a lack of coherence. North Korea, inevitably, will want to remain in the driver's seat. With all this in mind, multilateral lending institutions can play a critical role to prepare North Korea for the removal of sanctions

and a climate in which economic progress is possible. These institutions are well-situated to help with that through expertise, training, and without giving the impression of bias.

Furthermore, beyond these preparations for the future, the current changes going on in North Korea lead to challenges where multilateral lending institutions can be helpful. North Korea's economy is marketizing, yet this mixed economy has been largely neglected by state policy. In many areas, policies lag behind economic realities. These new economic realities even change the social contract between the government and citizens. Legitimacy is now tied to economic development. Sustained economic growth and changing economic relations with other countries are therefore necessary. Multilateral lending institutions can help to encourage, advise and support the reforms that have become necessary in this environment.

The human rights issue has evaded in the ongoing debates surrounding North Korea. Economic progress and human rights improvements should and can go hand in hand. Human rights should, therefore, feature in any path forward for North Korea. Economic progress can benefit the wider population, for example by making forced labour less necessary. And international lending institutions can help to seek that outcome.

North Korea does not have the capacity to plan this on its own. Assistance is, therefore necessary and beneficial to reduce mistrust and lay the foundations. In the late 1980s, Vietnam underwent a similar process involving outreach, advice and training by the International Monetary Fund(IMF). This, initially, did not involve loans. But it laid a formation for a successful transition. In particular, the engagement of private actors and investment has to be planned in this context.

North Korea is, currently, not a member of the institutions we are talking about. Therefore, some may question the legitimacy of engagement. Yet this has been done with former member countries of the Soviet Union countries before. And institutions

are free to engage with non-member states if this engagement is in the interest of member countries.

● **LEE Yoonsok** In line with what was said before: engagement before sanctions are relieved is important. One of the main roles that international institutions can play in this process is that of actors that provide certainty – and alleviate uncertainty – around investment in and engagement with North Korea. In the past, little of this has taken place, with the Kaesong Industrial Complex and the sightseeing businesses on Geumgangsan being noteworthy exceptions. But, as we know, these projects have since been stopped.

North Korea seemingly intends to send a strong signal to the international community that there is a willingness to provide certainty for private investment. There is a desire to re-open these projects. Guarantees that the investments there are secure, and doing so in a professional manner, would send a signal of certainty. Thus, projects like these can be barometers for North Korea's seriousness and ambitions regarding the attraction of private capital in a situation in which sanctions are lifted.

From an investor's point of view, confidence in the safety of investments is paramount. One way to achieve this might be the issuing of virtual currency – in other words, an initial coin offering. This idea has been criticized, but it also has potential. Most importantly, it limits the use of the investment that is involved. If the international community would agree on an instrument like this, it would effectively limit the utilization of investment for purposes forbidden by sanctions, such as military spending. This would provide one channel for engagement to develop the North Korean economy.

One source of investment could be foreign reserves. South Korea, for example, has almost 400 Billion USD. These reserves are maintained, among other things, as preparation for geopolitical upheavals. If we imagine the situation with North Korea as improved, there would be less of a purpose for foreign reserves of such magnitude. Instead, this money could be used for investment and financing purposes – although, admittedly, this is an idea that becomes relevant only

in the long-term.

● **JUNG Ku-hyun** North Korea is already trying to attract foreign capital, for example, through the establishment of industrial parks. Chinese money has already been flowing in.

● **Geoffrey K. SEE** Against this backdrop, I would like to introduce Choson Exchange. It is a non-profit organization based in Singapore and Vietnam. It organizes meetings and workshops for North Koreans to help provide training for entrepreneurship and business management. It has been doing this for eleven years and trained more than 2,600 North Koreans, both in North Korea and abroad. This has involved engagement with state-owned enterprises, policymakers, researchers, and individuals who have their own business ideas. And in a changing economy like North Korea, it is especially important to provide lessons from other countries.

The goal of the Choson Exchange is to help North Korea develop its economy and engage with other countries. It is important to focus on the micro-level management beyond the top-down approach, such as developing new business ideas and examining the value of the ideas. The experiences made this way can provide feedback to the North Korean policy makers and help them to form better policies.

Choson Exchange introduced the entrepreneurship program in the Unjong Special Economic Zone in North Korea to help researchers take their work out of the lab and turn it into businesses. We brought them to Singapore, hosted them for three months, taught them about business incubator models and economic zones. North Koreans then created their own business incubator featuring six-month programs. Since 2016, some 27 start-ups have been developed through this program. This has since then incorporated feedback into the policymaking process, one of which is emphasizing the need for protecting property rights.

Beyond these specific cases, four points should be kept in mind when it comes to economic engagement with North Korea. First, we see many ideas from research papers written outside North Korea but few, if not none, from the inside. We absolutely need

internal perspectives. Second, a consistent dialogue such as the World Economic Forum is necessary to enable a feedback process that drives progress. Third, we should not only focus on what could be done in the future, but also on what can be done today. And, fourth, there has so far been little consistency among policymakers in North Korea. An intergenerational dialogue is therefore necessary.

● **JUNG Ku-hyun** [Towards BABSEN] Does Kim Jong-un have a clear vision of what economic system he wants to develop? The mixed economy seems to have largely developed by accident, not by design. Also, what does Kim Jong-un think about attracting foreign capital?

● **Bradley BABSON** Kim Jong-un, from the start, has committed himself to economic development that benefits ordinary people. This distinguishes him from his father. Throughout the past years, more power has been given to his cabinet, for example over determining the direction of economic policy. Since 2016, this has been further consolidated. There is a desire for a more technocratic approach toward economic development. Yet markets are usually not mentioned in this context. This points to a dilemma: how to reform the economy in a proactive way while there are market-driven changes going on at the ground. This dilemma is a remnant of traditional values, of Korean history and Soviet influences, and the failed state-driven economic system. And the recent changes mark a radical change in economic policy and in the relation between state and people, especially compared to the foundations put in place by Kim Il-sung.

Today, North Korea is a society with large wage differences between those employed by the state and those active in the market economy. Corruption bridges these two sectors, with the state getting some money from the marketized sector. This presents an enormous policy challenge, especially because Kim Jong-un has not committed to any transition to a market-based economy, as was the case in Vietnam. The market is stepping in for some of this, for example by complementing a dysfunctional finance system

through market-based finance. So far, Kim Jong-un does not seem to have found a way to manage this in a target-driven manner.

● **JUNG Ku-hyun** Isn't China a model to follow where the party stays in power, but the economy is market-driven?

● **Bradley BABSON** Kim Jong-un has made political changes, for example in terms of how party and military align. From a Chinese perspective, these changes point in the direct direction. And it is true: North Korea has moved in the Chinese direction since Kim came to power.

● **JUNG Ku-hyun** The South Korean government wants to promote economic exchange, for example by re-opening the Kaesong Industrial Complex and by establishing railway links. But what can the current South Korean government practically do in the context of the existing sanctions?

● **LEE Yoonsok** There is little the South Korean government can do in the face of the current sanctions regime. Should President Trump decide to exempt some of the engagement processes proposed in South Korea, progress may be possible – but this remains hypothetical.

Without being able to provide financial assistance, the only practical way to engage is to prepare for a situation in which sanctions may be lifted. We know North Korea is willing to develop the economy, both in the public and private sectors. There is confidence in North Korea that this is possible, first and foremost because the country has gotten where it is now even under strict sanctions. With that kind of sentiment in mind, North Korea is willing to engage with the outside world about how to prepare financial markets, how to operate a foreign exchange system, improve the banking system, attract capital, and so on. It, therefore, seems to be in the interest of North Korea to engage.

● **JUNG Ku-hyun** North Korea already welcomes foreign investment. Are there examples of this?

● **LEE Yoonsok** I cannot point towards detailed information, but Chinese money has been put into the development of natural resources and tourism.

There has been a case of investment by the Egyptian telecommunications company Orascom. However, this example only illustrated how North Korea was not trustworthy in the past.

● **Geoffrey K. SEE** Regarding the experience of foreign investors: there is a gap between how North Koreans understand outside investment, and how the rest of the world does. The example of a North Korean woman who built an online payment platform illustrates this. From her side, investment was understood as something that builds a business – and, once the business has grown, ownership is taken back. This represents a very different idea of investment, one that is incompatible with outside ideas. The North Korean institutions, therefore, are not set up to encourage foreign investment. And these gaps must be bridged through engagement and dialogue.

And regarding the level of technology in North Korea: there are large differences, with some areas being relatively developed, and others lagging behind. North Korea believes in technology and sees a knowledge-based economy as a path forward. However, this scientific knowledge can hardly grow without integration and interaction with the rest of the world. Tech-businesses require an eco-system – and North Korea does not have that. This represents a huge hindrance against developing a knowledge-based economy.

● **Bradley BABSON** Let me return to the issue of sanctions once again. They generally receive attention for their negative effects. Yet, they also change the incentive environment for state and non-state actors towards the efficient management of resources. Some of the economic growth we have seen is, therefore, a result of improved efficiency. In that sense, sanctions also help North Korea to improve the efficiency of its economy.

● **LEE Yoonsok** I feel sad and embarrassed that Koreans are not doing something like what Choson Exchange have been doing. Koreans have ample resource and are in a better position than people from the outside. South Koreans also have a humanitarian obligation for the North Korean. South Korea,

therefore, should do a better job of engaging in this context. Right now, the current legal situation in South Korea, for example with the national security law, is an impediment to that. It is time for us to engage in a public discourse about a change in law.

Q & A

Q. What can private investors do to foster and further promote the role of women in North Korea's economy? In addition, what can be done to address forced laborers in North Korea, for example, not to make their situation worse?

A. Bradley BABSON Women remain the dominant force behind the marketization in North Korea. A lot of entrepreneurship comes from them. And regarding forced labor: the country has, historically, achieved productivity improvements through forced labor. Forced labor is a deeply embedded part of North Korea's economy. Persuading North Korea to give up on the system is a critical challenge. There has been some progress regarding labor conditions – and these are, generally, driven by an economic motivation. This message should be reinforced, both for the economic benefits as well as the human rights benefits, and for how they can complement each other.

Policy Implications

- Prepare for a situation in which sanctions on North Korea are lifted and economic engagement and cooperation become possible.
- Keep in mind the North Korean perspective on incentives and investments and how it might differ from outside perspectives on these issues.

[World Economic Forum-Jeju Forum Special Session III]

The 4th Industrial Revolution and South-North Korean Cooperation



JEJU PEACE INSTITUTE
제주평화연구원

Global Future Council on the Korean Peninsula
of the World Economic Forum

Moderator

LEE Wonjae CEO, LAB2050

Speakers/Discussants

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So-Young KANG Founder and Chief Executive Officer, Gnowbe, Singapore

Max NURNUS Lecturer, International Studies, Seoul National University

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Rapporteur

KIM Jung Hyun Community Lead, World Economic Forum

● **LEE Wonjae** The session will mainly discuss the Fourth Industrial Revolution (4IR) and cooperation between South and North Korea.

Images that the term 4IR brings to mind include some things that are fast, convenient, at the forefront, require less human labor, and bring a better life for humankind among others. However, this does not seem to add up when you put 4IR together with the development of North Korea. This is probably because the typical image and perception of North Korea are represented by hunger, food shortages, a lack of job opportunities, insufficient infrastructure and so on. The main objective of this session is to explore how to bridge the gap between 4IR and North Korea's development.

Historically, social development has been made through gradual changes from agriculture to industrialization, from small businesses to large industries and from primitive crafts to high-end technologies. We are today looking into the concept of 'leap-frogging' development which North Korea is trying to achieve. 'Leap-frogging' development pursues a quantum jump to the highest level of growth without facing the challenges in the course of the

conventional development process, a break from the traditional concept.

Mr. Cho Jung-hun will be talking about how 4IR can help North Korea develop in the context of international development. Mr. Kim Yon-ho will examine the opportunities and challenges North Korea may face when introducing innovative mobile technology including cell phones. Ms. Kang So-young will give us some thoughts about how North Korea can adopt and utilize new mobile technology with ample human resources. Lastly, Mr. Max Nurnus will address any potential risks and concerns.

● **CHO Junghun** I personally believe that the Jeju Forum has evolved while addressing various social and technological issues, including 4IR, which reflect changes in society. Implementing 4IR technology is an opportunity on the one hand and a challenge on the other. It can be a huge opportunity if we utilize it timely and effectively. However, we may lose momentum and fall behind if we miss out on the opportunity. 4IR is already being mainstreamed into society and it is just a matter of time before it is accelerated. I will talk about leap-frogging and the pros and cons of 4IR if it spreads in North Korea.

The first concept of international development that appeared after World War II and lasted until the end of 1970 was based on 'modernization theory,' which was in full swing with the 'nation-driven' approach. Later from the 1980s to 1990s, 'new-liberalism theory' appeared in global society when the world realized that modernization while disregarding imbalances was no longer sustainable. Korea has been the perfect example of achieving great success in a short period of time, while having to face various social challenges at the same time.

Accordingly, the concept of modernization has been replaced by the concept of sustainability with the advent of the Sustainable Development Goals (SDGs) that succeeded to the Millennium Development Goals (MDGs). The SDGs have been adopted by the United Nations member states, emphasizing the equal development and co-existence. The SDGs address comprehensive social development issues such as human rights, gender balance, education, women's empowerment, the environment and resilience. Thus, compared to the first and second development, the third generation of development has a similar concept to leap-frogging which aims to be faster, future-oriented and more efficient.

Despite this development, there is a question as to why the SDGs are not implemented and why this does not get more attention from global society than initially expected. I guess this is because key members are not contributing to it enough and the SDGs have lost the 'momentum of transformation.' Thus, just like the first and second generation of development, key members are only requesting others to maintain their status quo and are not interested in sharing their methods of leap-frogging.

In light of the development theory, 4IR and North Korea development, dialogue on the Korean Peninsula was very dynamic over the last two years as new leaders came to lead both Koreas. One notable North Korean national development policy is Dan-beon-doyak (one-off leap-frogging), which was initiated by Kim Jong-il. When one ROK official visited North Korea as an aide to President Moon Jae-in last April,

he said he was surprised to see how passionate North Korean officials were about science and technology including blockchain and virtual money.

Overall, the previous first and second generations of development have shown their limits and I personally believe that third-generation development and one-off leap-frogging should become the mainstream in North Korea in order to maximize the benefits of 4IR development.

I hope that a new roadmap for the Korean Peninsula has the concept of SDGs and one-off leap-frogging which represent balanced, comprehensive and sustainable development. The initiative of South Korea has met an obstacle due to the legacy of its past, but North Korea now has to start over because of the lack of available resources. To solve this problem, North Korea should attempt a leap forward while maintaining cooperation with the South and international society.

● **Yonho KIM** I would like to talk about the mobile telecommunication industry in North Korea. According to recent research, there are 5 million subscribers in North Korea (every 2 out of 10 people) using a cell phone, which is remarkable, considering the nature of its society. Since 2008, North Korea has demonstrated its strong will to use telecommunications as a powerful tool for economic leap-frogging called 'Gang-seong-dae-kuk' (Strong and great power country). Furthermore, from the 21st century, North Korea set a national development strategy of combining ICT from 2012, although the government heavily controls the use of mobile phones.

The advance of mobile technology brought about logistics revolutions, aided by cell phones. For example, the country faced a challenge when delivering goods over long distances to Pyongyang because it lacked a communication infrastructure; but now because of advances in connectivity of the capital to rural areas through mobile technology, a new type of business called 'stay-at-home,' has been created whereby some North Koreans can do logistics business from their home using mobile phones.

How can North Korea move forward using this new

digital environment? One of the interesting findings from the research was that North Koreans were using ‘air-time-transactions’ which fully utilize technology to sell products to somebody else.

Kenya is one of the examples of introducing mobile businesses in Africa. The country has a huge potential for mobile money transactions with over 50 percent of GDP transactions being currently made through mobile devices, which is highly appreciated by the World Bank. It is the so-called ‘African-style-leap-frogging.’ Introducing mobile money in Kenya was reliable and convenient for the people; and if this is converted in a very constructive way, it can also be replicated in North Korea. Currently, the North Korea government is trying to introduce an electronic banking system because it failed with currency reform in 2012. And it also believes that this can contribute to shifting from the black market to a market-oriented economy.

Even with a centralized market like North Korea, introducing and utilizing mobile money can be convenient and reliable for North Koreans, while the government can also build a reliable mechanism to control the domestic market which can also bring about changes in a very constructive way.

● **So-Young KANG** What are the major trends in technological change? Of course, one is competition. The second will be AI. And third, this will actually be mobile. Mobile devices will be the key element for leap-frogging worldwide. Mobile internet access has hugely increased and this trend has been continuing in developing nations, including North Korea. I believe this major change is all about the “mindset” of using new technology.

As “gaps” in the world are widening extremely, technological development in North Korea should be taken into account. North Korea is in need of massive development of technologies and their balance as well as knowledge. Technology has not only advanced by itself, but has evolved and changed in accordance with human intentions and attitudes. The power of technology is all about attitude. When sanctions are eased, Pyongyang will have a huge opportunity to

make a great leap forward, if it has the right attitude.

There was a flagship project in South Africa developed by the World Bank. The project was about how to improve employment not only by providing job training but also by changing the mindset of the people and instilling confidence in them. This project showed the power of technology is not the main issue anymore. The main issue is how to change the mindset of the people. If the South and North Korea collaborate and exchange technology with a new mindset, it will create huge benefits.

● **LEE Wonjae** The national education budget of the ROK for this year is about 7 billion dollars. If we have to extend an educational budget to North Korea with 20 million people, a significant amount of money will be needed. For instance, we need to construct new buildings, recruit and train teachers, and buy new equipment. However, if we provide mobile training, the budget will be much lower, while its impact and efficiency will be doubled when it is closely aligned with Dan-beon-do-yak and leap-frogging.

● **Max NURNUS** Despite the dominant optimism, it is also important to consider the negative aspects to make a balanced leap. Given that all mobile technology is mainly based on data collection, data storage and data connectivity, North Korea is likely to have less accessibility to data. It is important to consider what consequence mobile technology will bring to North Korea because the North has a unique social environment with surveillance and control by the authorities. Thus, human rights are another important element that should be considered in connection with 4IR.

In the context of 4IR, North Korea has great potential, but on the other hand, it can also have grave negative effects on North Koreans because it will provide advanced surveillance. I want to raise questions about what kind of negative consequences and what kind of human rights issues it would bring.

● **CHO Junghun** In North Korea, 4IR and ICT development are actively underway without any external influence. However, given the possibility that technological development may introduce a

surveillance society that may pose a threat to human rights, it is necessary to cross-check the technology to minimize its negative impacts.

Q & A

Q. In general, advanced technology will ensure a leap forward for North Korea, however, the development of social aspects should also be considered in parallel in order to promote sustainable social development. A detailed action plan for North Korea should be put in place. The question of whether mobile advancement in North Korea could also converge with the development of other aspects of society must be addressed.

A. CHO Junghun In order to promote common values in North Korea, leap-frogging has to cover all socio-economic development elements which should not only focus on technological development but also on achieving social value at the same time. For sustainable development of North Korea, it is necessary to consider a measure to integrate North Korea’s development in the context of 4IR and its socio-economic development.

A. So-Young KANG Sometimes, a humble start, instead of an overwhelming approach, could create a bigger impact. What is most important are human connections and relationship building.

A. LEE Wonjae Dan-beon-do-yak is not always a big thing. It can be small and humble. Having this in mind, North Korea can be the best place for a testbed for 4IR and Dan-beon-do-yak.

Policy Implications

- It is worth examining if 4IR technology in North Korea is actually being implemented.
- Testing of and experimenting with 4IR technology (eg. fin-tech, blockchain) in North Korea on a small scale will be useful to identify opportunities and challenges.
- Providing start-up-related business training for North Koreans can also be worthwhile in boosting its economy.

East Asia's Economic Cooperation and Integration for Peace and Common Prosperity



제주한라대학교
CHEJU HALLA UNIVERSITY

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Speaker KIM Bo Kyung Director, Global Academy-Industry Cooperation Center, Cheju Halla University
Discussants YUAN Tao Professor, Nakai University, China
 Yorizumi WATANABE Dean, School of International Communication of Kansai University of International Studies/
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 HA Tae Hyung Senior Advisor, Attorneys at Law, Yulchon
Rapporteur LEE Boyeon Professor, Cheju Halla University

● **JUN Yong-wook** We are entering a very uncertain market in the global economic environment with the confusing signal. Asia remains a growth engine for the world economy if you look at the 10 years from now on. China, Japan and Korea will make a significant contribution and take an important role. China will remain a manufacturing center, Japan will be a leader of parts and components, and Korea will remain an innovative country for new industry. Cooperation among the three countries will make a significant impact on the global economy so each of us will represent and discuss the position and situation of each country.

● **KIM Bo Kyung** The year 2018 saw dramatic shifts in military, political, and economic landscape in the world. There was meaningful progress in talks on denuclearization on the Korean peninsula, a step toward global peace. In contrast, the trade war triggered by US tariffs on China generated severe tensions for the global economy.

Over the past three decades, China's rapid growth led the regional economic growth in Northeast Asia. The division of labor among neighboring

countries was relatively well established; in the manufacturing sector, Japan produced the core parts requiring the most advanced technology, South Korea manufactured the relatively advanced components, and China assembled such parts. Such relatively clear roles of Northeast Asian countries in the global value chain stimulated the trades in the region, and contributed to economic growth and stability in East Asia.

Recent changes in the world, however, may affect negatively the economic performance of Northeast Asia. First, China faces a severe trade war with the United States, which is expected to reduce the GDP growth for both countries. Besides, China now suffers its slow growth, the signs of soaring unemployment, overinvestment and excessive supply, and deteriorating current account balance with massive debt pile.

Currently, China pursues two approaches to respond to the signs of its economic slowdown. On the one hand, China initiated in 2013 the so-called 'One Belt, One Road,' which is the modern version of Silk Road. When successful, this international infrastructure project is expected to facilitate the

trades and economic cooperation between China and the involved countries. On the other hand, China announced its grand vision of high technology leadership, an ambitious roadmap of 'Made in China 2025,' aiming at developing ten high-tech sectors.

Aiming at resilient peace in Northeast Asia, this presentation attempts to review the current economic landscape in Northeast Asia with an emphasis on China's recent policy direction and to address potential challenges that should be resolved for economic stability and prosperity in the region. To search for such a promotion of peace and harmony, this session further invites discussion upon how Northeast Asian countries can pursue mutually beneficial cooperation to rebalance an economic order and to achieve stability and common prosperity in East Asia.

China is ahead of the US in 2011 in trade growth rate and technology and the gap is getting bigger, which means that China became a big leader.

● **Yorizumi WATANABE** I will talk about trade agreements from a Japanese Perspective. Japan's FTA/EPA (Economic Partnership Agreement) Strategy is a pivotal center between TPP (Trans-Pacific Partnership) and RCEP (Regional Comprehensive Economic Partnership).

TPP became a template for 21st Century-type trade agreements to keep the momentum for freer trade and to bring the US back, in force since December 2018. RCEP/CJK FTA was updating the production network in East Asia. Furthermore, Japan-EU EPA came into force in February 2019 and became a breakwater against the US protectionism/bilateralism. Japan tries to further enhance trade multilateralism embodied in the World Trade Organization (WTO) and to maintain predictability in international business.

● **YUAN Tao** First, the current situation of development in China was presented. China is more confident and opens more actively, and its policy signals are clearer. In 2001, China joined the WTO. Under the influence of the global economic crisis caused by the US mortgage crisis, Trade volume fell in 2008 but the international economy began to recover by 2010. Trade between

China and South Korea continued to grow until THAAD (Terminal High Altitude Area Defense) Missile Defense influenced trade between China and South Korea in 2015. After 2017, trade between China and South Korea continues to grow again. China's financial industry has entered a highly open period, especially the full opening up of the banking industry since 2009. Korea's FDI (Foreign Direct Investment) in China surpassed Japan's after 2014 and maintained steady growth. The decrease in the amount of foreign investment used universally in 2017 is mainly due to the measures taken by the Chinese government to regulate overseas investment in 2017. After 2014, the entry of Korean securities companies and investment companies has made the financial cooperation between China and Korea more potential for development.

For China's investment in Korea, large state-owned banks in China have established branches in Korea one after another since the 1990s. By the end of June 2018, China's investment in foreign securities totaled 518.3 billion USD, of which the largest was in the United States, Hong Kong and China. The investment in Korean securities is 5.97 billion USD.

China-South Korea FTA will become China's FTA with the broadest coverage and the largest volume of trade involving countries so far. The Fifth China-Japan-Korea Free Trade Area Seminar was held in Beijing on September 2018 and focused on expanding the region from China, Japan and Korea to the Asia Pacific region and the world.

Second, opportunities for financial cooperation between China and Korea were presented. Overall, China's foreign direct investment is lately in the active range. China-Korea Free Trade agreement, 'One belt and one road,' and internationalization of RMB will bring to new power.

Third, the challenges of financial cooperation between China and Korea were presented. Under the pressure of a sharp tightening in the financial environment, leverage and financial vulnerability in Asia are likely to rise further. As trade frictions also escalate, the multilateral trading system is in danger of collapse. There are also geopolitical risks, trade

disputes and trade protectionism. There are great differences between China and Korea in the economic system, per capita income, industrial

structure and capital market openness. On the other hand, there are differences in political positions and interests between the two countries.

Finally, we can improve the openness of capital markets and promoting capital flows and make full use of the Shandong experimental area giving full play to Shandong's geographical Advantage and developing cooperation with Korean Finance in local cities.

● **HA Tae Hyung** There are three structural risks of China economy. First, as intellectual property balance deficit increases, Total Factor Productivity (TFP) declines. China's intellectual property balance maintains a chronic deficit. Intellectual property export to import ratio is lower than 0.2%. Also, TFP continues negative growth for seven consecutive years since 2012.

Second, Reaching the limit of quantitative growth by Capital injection. After the global financial crisis, the saving-investment gap declined, but it has increased since 2014. The recent rise in the S-I gap is probably due to the faster pace of investment decline than savings. With a decrease of investment, Incremental Capital Output Ratio (ICOR) is on an upward trend since 2010.

Third, as the working-age population shrinks, labor productivity grows slowly. The working-age population to total population ratio has fallen since 2010 and the labor force participation rate has declined since 2000. The working-age population growth rate(average): 1995~1999 (1.5%) → 2000~2009 (1.5%) → 2010~2017 (0.2%). China's labor productivity is improving, but it is still 21.6% of the US.

Q & A

Q. What do you think of the influences of external economies that other economists pay attention to? The domestic regulation system, production market, liberalized market, market-driven economy and

political influence are important, but I think economic conditions themselves are important, as well. Is it possible to make changes and developments without any efforts to reform regulations in areas such as how to distribute capital and apply the market system?

A. **HA Tae Hyung** Regulation is indeed an important factor. The Japanese economy is in sound shape, but Abenomics has given us a lesson about easing regulations, or deregulation, for the last 20 years. I think Korea has no time or capital to do this, and is unlikely to make business-friendly decisions. Labor-management relations are also an important economic factor.

A. **YUAN Tao** The financial market is always influenced by politics. The world economy often faces crises due to many variables such as political influence, economic strategies and benefits from the investment. All international organizations are intimidated by political influence. The influence of the US, in particular, is great. The US market economy is quite different from that of Europe, pursues different policies and is headed in a different direction, while remaining free from economic crises. However, I think China is less vulnerable to economic crises than the US. The world economy operating amid the interactions with national economies may not guarantee benefits from the investment, but investment in China does not have a dismal outlook.

A. **YUAN Tao** I think that bilateral economic organizations can achieve the goal of free trade through negotiations when states sometimes make concessions.

Policy Implications

- Chinese growth in trade and its overtaking of the US in technological development by a wide gap indicate that China is becoming a leader of the world economy.
- US tariffs on foreign products weigh more heavily on Korea than China, because China exports more finished products to the US than Korea, while Korea's exports of intermediary goods to the US account for two-thirds of its total shipments. Electronic goods subject to a half of the US tariffs are the items under the heaviest influence of the tariffs, followed by clothing. In the case of electronic goods that, in particular, have greater added value, US tariff exerts significant negative effects on Korea and Japan.
- US-China trade saw US tariffs raised by 18% in 2017, and they are expected to go up more in 2019. Chinese and Korean exports to the US decreased by 13% and 27%, respectively, in the first quarter of this year, proving that Korea is sustaining greater damage from the increase in US tariffs that are keeping world trade from growing.
- The cause of uncertainty in the world economy is the trade policy of the US toward China, and Brexit, which also affect Japan. Japan is making efforts to minimize the impact of Brexit in this era of economic uncertainty.
- It is desired that multilateral organizations such as the World Trade Organization and others in Europe, Asia and North America exert their influence on the trade war.
- Japan thinks that it has lost many chances for economic growth due to its subservience to the US, while China wants to acquire advanced technologies amid the shift from a US-Japan trade conflict to the US-China trade war.
- China thinks that it can deal with US tariffs on its products, because it has a big enough domestic market.
- Chinese productivity remains low in comparison with the US. The ban on sales of Huawei phones might be one example of the trade war with China. The US-China trade war is linked with the value chain, hence, if one value chain breaks, it might dismantle the entire world trade system. The global value chain is built by China, Korea and Japan. Hence, close technological cooperation among them is very important. Even amid the trade war, China can maintain cooperation with other countries, including Korea and Japan.
- The economic growth rate of Korea, projected earlier at more than 3%, has now been readjusted to 2.4%. The slowdown in economic growth is ascribed to the worsening political situation, raising of the minimum wage, and limiting working hours, but the most substantial cause might be the sluggish Chinese economy, thus proving the great influence this has upon Korea.
- Intellectual property rights issues will emerge as the main bone of contention in the trade dispute.

Blockchain Technology and Our Future



Moderator KIM Keun Hyung Professor, Jeju National University
Speaker RHO Hesub Director-General, Future Strategy Bureau, Jeju Special Self-Governing Province
Discussants JIN Seung-Hun Assistant Vice President, ETRI
 CHEN Wanxin Deputy Director-General, Department of Industry and Information Technology, Hainan Province
 PARK Namje Professor, Jeju National University
Rapporteur LEE Seong-Cheol Team Member, Jeju Special Self-Governing Province Future Strategy Division

● **RHO Hesub** The most prominent characteristic of blockchain is the concept of decentralization. Most of the services created on the internet are structured to connect users and suppliers around a platform which acts as a middleman, but blockchain is a new type of technology that eliminates such intermediaries and enables the exchange and transaction of data between individuals directly. The reason blockchain is in the limelight is that it can create a whole new form of transaction. Digital assets are data that have a value which is used in blockchain. It is a technology that transparently manages the exchange and distribution of these data, and guarantees the security of the transactions. It is widely believed in the industry and academia that blockchain and digital assets are closely related, and that the most powerful killer-applications among services that use the various properties of blockchain are digital assets. As blockchain and digital assets coexist, blockchain supports the management and distribution of these and in turn, they play a role in expanding the growth of the blockchain industry. This creates an opportunity for the technology to play a complementary role, and create innovative business and future value. It is difficult to define digital assets

in a singular way because they are a new concept and have a new type of distribution structure. Every country is now in the process of making their own regulations. The US is actively embracing digital assets and blockchain into its establishment. The Securities and Exchange Commission applies the Securities Act to Initial Coin Offerings (ICO) and provides criteria for token classification. In addition, the Commodity Trade Commission has certified cryptocurrency as a commodity and has recently started to create a trading service for digital assets. There is some movement in the US to classify digital assets as securities so that they may be governed by the Securities Act. As a cash-oriented society, Japan has a national policy to create a market for credit cards or digital payments. This shows the growing attention to digital transactions or payments through cryptocurrency institutions. They are focused on spreading cryptocurrency transactions by introducing the licensing system for the exchange market, or enacting laws to designate virtual currencies as settlement funds. Germany views digital assets as digital items, applying regulations on online items to them. Germany introduced legislation on

cryptocurrency transactions just recently, started issuing securities-type tokens and approved the circulation of cryptocurrency-based bonds in the stock market. Traditional tax havens such as Zook in Switzerland, Singapore, and Malta are approving the entry of companies and their development of financial products there. Switzerland provides guidelines for issuing digital assets through the Swiss Financial Market Supervisory Authority, while the majority of digital assets are being issued in Singapore, which has guidelines similar to Switzerland. Malta is pushing for the world's first legislation to permit digital assets. If we look at national regulations on digital assets, most countries permit the issuance and transactions of them, and there are some countries that also provide licenses and guidelines for exchanges, but Korea and China are approaching digital assets more cautiously. Today, most countries limit the issuance of digital assets, without banning their trade. The problem with issuing digital assets is the information asymmetry between issuers and investors. Hence, investors should be prudent; and it is extremely important to enact proper regulations to ensure market stability. Overseas, blockchain applications are being developed using digital assets. Britain is utilizing digital assets for securities trading, liquidation and shareholder voting, based on a proof-of-concept. Japan and Australia are using blockchain in securities trading, and the NASDAQ is planning to issue unlisted stocks in the form of digital assets. Digital assets can contain intangible assets such as patents and copyrights. Japan allows Kodak to use digital assets in recognizing copyrights and making payments in the transaction of photos, and the US is also using digital assets for music streaming and trademark management. The use of blockchain directly links copyrighted suppliers and consumers and allows payments with digital assets. In addition, there are examples of the use of blockchain technology such as the direct energy transaction among residents in the US, Electric Vehicle (EV) charging and car-sharing services in Germany, energy history management in Austria, and carbon asset trading in China. Jeju is

now pushing, along with the central government, for a policy to activate the reuse of waste EV batteries. It is promoting a business that re-uses the batteries of discarded EVs to make and distribute Energy Storage System (ESS) and Un-interrupted Power System (UPS), and it is important to collect the use and charging data of these batteries in order to re-use them. Jeju is working with the central government to carry forward a pilot project to track down the usage of waste batteries by using blockchain. Eventually, the data on waste batteries will be managed through a blockchain network throughout the country, and Jeju will take the initiative on the data. It has also signed an MOU on cooperation with Hainan Province, which was designated as an international free trade port and a blockchain test zone. Furthermore, Jeju is aiming and preparing to become a blockchain special zone, where companies are carrying forward the blockchain project. Currently, regulations on blockchain differ from country to country causing conflict with each other. However, since blockchain is a platform where the distribution and trade of data take place regardless of borders, it is necessary to seek ways to make entry into each other's markets beyond the limits of these regulations and to develop the industry by attracting investment. I hope today's debate will provide an opportunity to come up with measures for international cooperation.

● **KIM Keun Hyung** In this session, we will discuss four topics. First, why blockchain is such a topic of interest, second, what problems arise from blockchain and how they can be solved, third, what would be the optimal service model in relation to Jeju's designation as a blockchain special zone, and fourth, what are cited as examples of Chinese blockchain technology?

● **PARK Namje** I hope that the principles and mechanisms of blockchain will be popularized to the extent that anyone can explain what blockchain is and how it works. What Blockchain aims at is to become an IT that is well-known to the public, like the Internet. Blockchain is in the spotlight not as technology itself, but as a cultural and social environment. The coming future generation will sit on the evolving orientation

and philosophy of blockchain technology.

● **KIM Keun Hyung** The World Economic Forum selected blockchain as one of the top 10 technologies, and various sectors have high expectations of it. Blockchain has efficiency as it has no intermediary system and has an advantage over conventional systems in terms of security. As regards to the concerns over the overindulgence in virtual currencies, it is necessary to examine both the advantages and disadvantages of blockchain.

● **JIN Seung-Hun** One of the concerns regarding blockchain is that it might be misunderstood as an objective, instead of as a means. I believe that the use of blockchain itself should not be the purpose. It can grow properly only when it is used with the knowledge that a certain feature of blockchain can solve problems. Bitcoin and blockchain were at the center of attention when the global financial crisis occurred with the Lehman Brothers incident in 2008. I believe that the collapse of the existing trust system began at that time. The credibility of the existing financial system and its key currency, the dollar, suffered damage. Decentralization was a big trend at that time, when blockchain technology was introduced. Blockchain will be used to manage, link, and disclose information transparently, and a variety of services will emerge from it, as it precludes fabrication and falsification of public information. Security-wise, decentralization means that it creates new reliability. But the application of blockchain technology is a double-edged sword. Once the blockchain is disclosed, no one can change the information while everyone can see it. However, if the wrong information is shared and personal information is infringed on, big problems can arise. According to the Personal Information Protection Act, personal information must be discarded right after being used, but the information on blockchain cannot be destroyed. It is difficult to correct the wrong information even if it is uploaded by mistake. This problem must be addressed with utmost care in the service.

● **RHO Hesub** Currently, due to regulation, it is impossible to provide blockchain services in Korea

when it is connected with digital assets. So they have had to create a model which uses blockchain only, but there is skepticism about it. Blockchain is a technology that scatters nodes throughout the network, and verifies and processes data through node-to-node calculations, which, in the end, leads to a technical issue that the more nodes there are, the slower the blockchain gets. The model needs to be constructed with a sense of balance from technological aspects, but such models are rare at the moment. In Jeju's case, it is focusing on cases in which it can take the initiative in using data in ways such as managing data from EV batteries through blockchain. Foreign tourists visiting Jeju normally purchase duty-free goods then collect tax refunds at the airport before departing, but in order to encourage them to use the refunds within Jeju, on-site refunds must be available. To achieve this, Jeju is creating a service that automatically processes receipts and documents between consumers, buyers, duty-free shops and refund service operators by using the smart contract technology of blockchain that mechanically processes their receipts and documents to provide refund services at duty-free stores. In the second half of the year, Jeju Province aims to experiment with this service at ten duty-free shops and gradually expand it, depending on the results.

Since Jeju is an island, it is essential to efficiently manage weather data, because the local weather constantly changes. Jeju is preparing a blockchain system for collecting and managing data from weather sensors that will be installed across the island.

In addition, the province is also pushing ahead with a project to transform resident certificates into blockchain-based ones. The honorary resident system gives Jeju residents and honorary ones benefits such as a discount on entrance fees at tourist spots. However, it is quite inconvenient to pull up personal information every time to check whether a person is such a resident. If resident IDs can be created by blockchain, it would lead to a blockchain-based voting system. This paves the way for the blockchain system to conduct voting or opinion polls on controversial issues on the island.

Eying the China's carbon sales system, Jeju is now studying ways to introduce a blockchain-based refund system that manages data with blockchain to give benefits to tourists who use EV instead of combustion-engine vehicles, and a reusable container instead of a disposable paper cup at a cafe, which means that they reduced waste or emission of pollutants.

● **JIN Seung-Hun** Regarding the refund system, a smart contract is one of the most important functions of blockchain, bitcoin and Ethereum. It has the advantage of being able to program money itself. After the money is paid in cash, it is impossible to find out whether the money is used for the intended purpose or not. For example, even though the government intended to boost the market economy by giving out Onnuri Gift Cards, they were used elsewhere, such as being exchanged for cash somewhere, and its intended effect did not take place. This can be solved using a smart contract. The original purpose or intended use can be coated on the currency itself so that it cannot be used for anything other than its original purpose. This will largely help in implementing policies. It would be of great convenience if only the blockchain features are used without additional ones. In the case of resident certificates, self-sovereign identity is widely used with blockchain. The decentralization effect of blockchain results in the exchange of information in horizontal relationships. The way the ownership of the information is given to individuals is changing, and there are opinions that blockchain should be used for it. The Internet was designed with the intention to be structured horizontally, but today, institutions and organizations commercially benefiting from the use of internet are much more centralized. Corporations such as Google, Facebook, and Amazon generate revenue by intensively collecting and managing information. From the eyes of users, this is an ironic situation where one's information is used to make profits, while they are actually alienated from their own information. It is the owner of the personal information who should be managing it on the internet and profiting from it. The idea is to allow the actual owner to control the information scattered on the internet according to

one's own wishes. There is a discussion to provide the individual with full control and to allow them to use the information when they want, along with the benefits that follow it. The value of blockchain services that is greater than that of domains comes from their ability to create other services by bringing the information scattered on the Internet together. Also, the application of digital assets seems like an achievement today, but in the future, information-driven services will create much more. In order to provide proper services, not only the technology, but also laws, regulations and policies should accompany it. There have been cases where regulations did not even allow experimentation with services, which is not actually in operation. If various services can be tested on Jeju through the regulatory sandbox system, and if we can identify their problems and measures to improve them, we may be able to achieve more through blockchain.

● **PARK Namje** The most well-known form of blockchain is cryptocurrency. With the value of money now traded as a digital asset and the centralized currency transactions shifting to a decentralized digital sphere, the age of blockchain has begun. Blockchain is directed and oriented toward daily exchanges and trust-building. In the case of Jeju, we should consider expansion of the role of blockchain, now remaining as tangible assets, as intangible ones. To promote blockchain on Jeju, a top-down approach would be appropriate to attracting capital and laying down the groundwork. Furthermore, beta-testing in a negative regulatory sandbox will have the positive effects of displaying and realizing future-oriented features of blockchain.

● **KIM Keun Hyung** China's Hainan Province has a similar environment to Jeju's and has been designated as a blockchain experimental zone. I think Hainan Province is a very important example. I would like to ask a few questions: first, whether Hainan's vision of a free trade port is related to blockchain; second, in which areas is Hainan Province using blockchain; and third, what policies have helped China in becoming the leading country in blockchain?

● **CHEN Wanxin** Hainan Province is a city that is undergoing tourism-based development and paying attention to blockchain in the digital economy sector. To stay ahead of other cities in this island environment, we are trying to boost the economy by utilizing blockchain. We have been attracting and supporting blockchain companies since last year and seek to form a blockchain cluster. We are also working with the Statistics Department to prevent the forging of statistics by applying blockchain technology. Our tourism and silver-generation industries are also benefitting from the use of blockchain. We are trying to create a start-up capital fund for blockchain and start-up companies, and ultimately build a second Alibaba based on start-up funds. For the silver-generation industry, we are planning to organize a single platform for health-related information by partnering with nursing homes and the government. The central government is providing active support in modifying regulations on this technology. I believe that the government should envision the future of industrial development and build an industrial ecology from a strategic viewpoint. Unnecessary regulations must also be removed. There are many cases of innovation with blockchain technology in China with the support of its central government. China values technological innovation, and the market, local governments, and the central government have also put forth policies to promote the development of blockchain technology. The central government takes an inclusive and open-minded posture, embracing the use of internet technology. It also fosters a start-up friendly environment for young people, expecting a major leap in blockchain technology.

Policy Implications

- It is necessary to find a sound and balanced business model utilizing the technical benefits of blockchain.
- The blockchain industry should be promoted through international cooperation with China and other countries, and the regulatory sandbox system.
- International collaborative research is required to help advance the blockchain and digital assets industries.

Future Direction and Strategy of Sustainable Jeju



Moderator	KANG Hyun-Soo President, Korea Research Institute for Human Settlements
MC	KANG Chang-Min Head of Research Planning Department, Jeju Research Institute
Opening Remarks	KIM Dong-Jeon President, Jeju Research Institute
Speaker	YUN Sun-Jin Professor, Seoul National University
Discussants	KIM Hyang-ja Acting President, Korea Culture and Tourism Institute XU Yongbin Dean of College of Foreign Languages, University of International Business and Economics LEE Yong-Jae Invited Research Fellow, Jeju Research Institute LEE Chan-Hee Professor, Seoul National University
Rapporteur	HAN Eunmi Professional Researcher, Jeju Research Institute

● **YUN Sun-Jin** Jeju Island is different from other areas not only in terms of its natural conditions but also it has a special administrative status. It is the largest island of our country in which its clear limit of ecological capacity and isolation are the basic characteristics and at the same time also a unique area for its biodiversity thanks to its distinctive climate system, which has contributed in forming the island's special culture. Administratively, it is designated as a special self-governing province. How should the future of this one-of-a-kind island, Jeju, be shaped in a sustainable manner?

At the Jeju Special Self-Governing Province, the main themes that were advocated as Jeju's future value for 2016 were 'cleanness' and 'coexistence.' These future values have been found by the residents of Jeju through the process of: stage one, pre-survey of experts, stage two, deriving top and related planning keywords, stage three, gathering opinions from the civic planning group on the future vision of Jeju, and stage four, extracting comprehensive

step-by-step key future values for Jeju. As a result, Jeju Island has chosen 'A clean Jeju where nature and people coexist' as its vision slogan based on the perception of the people of Jeju that the 'cleanness' and 'coexistence' of Jeju's nature are the factors that will enhance its future value through its uniqueness and differentiation, clear reflection of the culture of Jeju, and the representability of Jeju. Furthermore, as the driving strategy to realize these core values and visions, it has selected the conservation of the total amount of environmental resources, utilization and systematic management of middle mountainous areas, utilization and comprehensive management of waterfront oceans, establishment of a clean social system infrastructure with minimal environmental load, enhancement of the value of underground water and enhanced utilization management of water resources, establishment of a sustainable clean agricultural infrastructure, expansion of clean energy supply, and the enhancement of consumption demand management.

In addition, in 2012, Jeju engaged in the ‘Carbon Free Island Jeju’ to tackle the energy and climate change issues early on and has maintained this vision today. As for the driving strategy to take this vision into action, the realization of a clean energy self-reliance island powered by renewable energy, creation of a mecca for the global electric vehicle industry by leading the distribution of electric vehicles, adaption to climate change for a safe Jeju, protection of the beautiful ecosystem, development towards a global eco-friendly carbon-zero brand, and the development of a low-carbon life movement in the entire process with the participation of all Jeju residents were proposed. It is our goal to achieve a 100% rate of electronic vehicle adoption and to install an offshore wind farm of 2GW, an onshore wind farm of 300MW, and solar energy farm of 100MW by 2030, which is the last year planned for stage three.

Jeju is an island of common-pool resources. Common-pool resources refer to resources that can be used by the village people, or more largely Jeju residents, by setting a social regulation to limit open access, which would, in turn, benefit the locals. The main quality of this type of resource is that although the benefit that can be collected by each individual decreases as the number of people using the resource increases, socially excluding certain people from accessing it is very difficult. Though there are differences depending on the degree of openness to access or physical fluidity of the resource, there are a variety of resources in Jeju that can be generally be categorized as common-pool resources such as spring water, underground water, shared sea ranches, sea fields, Olle, Oreum, Gotjawal, village forests, and wind. Unlike the mainland, the underground water of Jeju is protected as a public water. Because of its geographical condition as an island and its basaltic geological feature, underground water is limited and it is Jeju’s main source of drinking water. In order to prohibit privatization and monopolistic usage and to allow all Jeju residents to use underground water efficiently, in 2006, Jeju introduced the concept of public water to conserve and manage it. The use

of underground water as public water is stipulated in the Underground Water Act, the Special Act on the Establishment of Jeju Special Self-Governing Province and International Free City, and the Management Regulations for Underground Water in Jeju Special Self-Governing Province. It is also well-known that Jeju is an island of wind. The abundance of wind power has the potential to drive the domestic wind power industry. As of today, October 2018, there are 119 wind turbines of 269MW across 20 wind farms in Jeju. Apart from other areas, Jeju Island perceives wind energy as a resource that all Jeju residents should enjoy together, and so operates a wind power development profit-sharing system that returns parts of the development profits to the Jeju people. Gotjawal, which is located in the middle mountainous areas, serves as the kidney for the cultivation of Jeju’s underground water and is of high value in terms of biodiversity, but due to its status as private land it is not yet designated as a common-pool resource.

This island of unique qualities is currently facing various challenges. The most prominent issues are population, traffic, and environmental challenges. Although the recent growth rate has somewhat slowed down, the population is steadily increasing, and the continuing increase in the number of cars is causing traffic jams and increasing the emission of pollutants from the transportation sector as well as bringing about various environmental problems. The Gotjawal is being destructed from non-environmentally friendly developments in the middle mountainous areas, the underground water is being salinized and polluted, and it has been identified that the amount of clean extant underground water and spring water is decreasing. There is also the problem of the continuously increasing amount of waste coming from the increasing number of residents and tourists. Temperatures in Jeju Island are gradually rising, with precipitation somewhat decreasing while sea levels are steadily rising. As a result, Jeju’s ecosystem is experiencing change.

Looking at Jeju’s energy consumption, the growing population and the influx of tourists have led to an

increase in oil use, including gasoline and diesel, in the transportation sector, while the use of electricity in the commercial, home and public sectors is continually rising. As a consequence, the emission of greenhouse gases from the energy sector has also been increasing nonstop. Unlike other metropolitan and provincial governments, energy consumption in the transportation sector of Jeju is overwhelmingly high at 48.4%, while the electricity consumption in the commercial sector is also very high at 41.5%, unlike in other regions. The number of registered cars in Jeju has exceeded 500,000 since 2017, with privately-owned cars accounting for 80% of them. The self-sufficiency rate of electricity exceeded 100% by 1997 but started to fall down to 91.7% in 1998 and to the 60% range at 69.2% in 1999, then gradually climbing up to 80.1% in 2009, but it has been decreasing again ever since. In 2007, the self-sufficiency rate of electricity stood at 62.5%.

However, various changes have been taking place recently under the vision of a ‘Carbon Free Island Jeju.’ The new renewable energy power generation rate has been steadily increasing, and it has been increasing at the fastest rate than any other area in South Korea. The national rate of new renewable energy generation in 2017 was 8.08% while that of Jeju was 13.61%. The number of electric vehicles in Jeju is also increasing at a rapid pace. As of 2018, there were 6,508 electric vehicles in Jeju which occupied 22.3% of the total number of electric vehicles in the country. Jeju is swiftly expanding the infrastructures needed to adopt electric vehicles with 1,546 charging stations and 456 high-speed chargers across the island. In addition, the public transportation system has recently been improved to provide an infrastructure to replace rental or private cars. In particular, the Jeju Olle trail is an important resource for Jeju’s eco-culture tourism, and chances are high that the Olle and public transportation can converge to create synergy.

How can sustainable Jeju be achieved? In 2015, the UN announced 17 goals for sustainable development, and efforts are being made to achieve them on both global and domestic fronts. Sustainable development

is often said to be a development method that balances the three dimensions of economic development, environmental preservation and social equity, while meeting the basic needs of the current generation, but does not jeopardize the ability to meet the basic needs of future generations. However, there is a hierarchy in the three dimensions. Most fundamentally, development methods that are beyond the ecological capacity have limitations and cause various problems in society as well. Thus, sustainability can be ensured when various activities are conducted on the basis of environmental preservation.

In this regard, cleanliness and coexistence, which are the core values of the future vision pursued by Jeju Island, seem reasonable, and the vision slogan ‘Clean Jeju where people and nature coexist’ is also appropriate. To realize this vision, however, the principle of coexistence should be added to the principle of preserving the total amount of environmental resources and minimizing the environmental load, and the strengthening of social equity is also needed for the harmonious coexistence between people, not only for the coexistence of nature and humans. The introduction and implementation of stronger policy measures for the management of total environmental volume as well as the maintenance of the concept of public water and sharing wind power, the development of public management measures of Gotjawal and ways to set it as public property are required. Moreover, the sharing of benefits must be achieved through the establishment of a powerful pollutant-pays principle and the public use of Jeju’s common-pool resources with the active participation of the residents. Recognizing the increasing risk of climate change, the impact of climate change on health, as well as its impact on nature, socio-economic activities and cultural assets should be deeply researched and the related policies must be prioritized according to a vulnerability assessment. An evaluation is needed to determine whether the current fiscal execution plan and implementation of it to adapt to climate change correspond to the degree of vulnerability.

In addition, improvements in governance systems

are also needed. In order to manage the total volume of Jeju's common-pool resources and to solve the environmental energy problem, it is also important who will participate in the decision-making and implementation process and how these tasks will be handled. A review and social consensus on the size of the total environmental amount to be preserved and the extent to which environmental concerns are to be minimized is needed, and in support, more opportunities for civic leaders and residents to participate should be given. While it is important to lead the provincial government by formulating policies with leadership, it is no less important to improve civic awareness and practice.

● **KIM Hyang-ja** The direction of Jeju's sustainable future depends on what it will focus on, such as whether the main agent of the 'sustainable Jeju' will be the people living in Jeju or Jeju as an area (environment). However, it must be guaranteed that Jeju's natural environment will always be conserved and protected no matter what. From this perspective, I would like to ask three questions that will help us find the strategy for a sustainable Jeju.

First, does the direction of the 'sustainable Jeju' bear the approval of the people of Jeju? Since the approach to 'sustainable Jeju' varies by stakeholder, I think that an implementation program should be introduced in accordance with the detailed sustainable Jeju guidelines.

Second, to what extent should Jeju be developed? There should be guidelines to follow in expanding development to accommodate the population, for example, preventing the unplanned spread of urban planning zones or stopping the development of coastal and middle mountainous areas. Therefore, it will be necessary to take actions such as to accurately predict and manage Jeju's capacity to accommodate population, to deal with waste from population growth in the city, to be able to handle pollutants, to institutionalize the distinction between areas that need preservation and areas that can be developed, and to operate a thorough deliberation committee.

Third, what is needed to realize a sustainable Jeju?

Even if an agreement is reached on a 'sustainable Jeju,' implementing it will require gradual action strategies and incentives for implementation, as it will be supported by the sacrifice and efforts of the residents.

● **XU Yongbin** What comes to mind in relation to this topic is Hainan Island, an island in China that has sisterhood ties with Jeju. Of course, simple comparisons of the two islands may be farfetched, as they differ greatly from size or population, but there are certain areas where the two regions certainly show similar characteristics. Hainan is China's only special fast economic zone and the largest free trade zone in China. Therefore, I think that the experience or lessons of Hainan may have implications for Jeju.

Hainan celebrated the 30th anniversary of its independent province last year. Taking this opportunity, the Chinese government has newly presented Hainan's vision, summing up the merits and demerits of the Hainan economic development process over the past 30 years. Four general strategic goals were presented: first, to become an experimental area to deepen reform and openness nationwide; second, to become an experimental area for building a national ecological civilization; third, to become the center of international tourism consumption; and fourth, to become a service assurance area for the country's significant strategy. Looking at these four goals, you can see that almost everything is related to the policies of inland regions and the central government and the international environment. Behind the central government's presentation of these goals is the significance of the sum up of Hainan's economic development over the past three decades, but more importantly, they are the results of the reflection on the lessons learned. For the past 30 years, Hainan has been the most heavily populated area in China with real estate bubbles, the only region where banks have been bankrupt and where development zones have not been successful. It is said to have received the most policy favors from the central government but has only succeeded in meeting half the expectation, which experts believe Hainan's relations with the inland region was the main

cause. They believe that it had failed to maintain a proper 'fall' in policy by going too far ahead of or even lagging behind inland areas. In China, experts argue that maintaining the optimum line of this 'fall' is a way to maximize the island's natural superiority and policy benefits while maintaining the tension between Hainan and the mainland.

The relationship between the mainland and Jeju Island is also considered inseparable. Of course, unlike China, where the central government collectively decides all policies, as a special self-governing province, the voting and suffrage of the local government and local residents in Jeju will be much stronger, but one cannot deny that Jeju's pending issues may be difficult to solve only with the resources, technology and power within the island. Jeju should think about how the correlation between the mainland and itself should be shaped and 'how' to get 'what' from the mainland and to provide "what" to land in return.

● **LEE Yong-Jae** Today, the term 'sustainable development' is by no means new. From 2000 to 2015, the Millennium Development Goals (MDGs) were set up as the goal of international activities to solve the global poverty problem with the UN at the center, and in 2015, the 70th UN General Assembly adopted the Sustainable Development Goals (SDGs) with 17 integrated goals and 169 detailed goals for sustainable development in linkage to the Millennium Development Goals under the 2030 Development Agenda.

Originally, in the process of solving complex and difficult global challenges regarding resources and the environment, the term 'sustainability' was highlighted in a completely different approach from today's development paradigm. In the 1970s, the concept of 'environment protection' was switched from the passive concept to a more aggressive concept of 'sustainable development' during the 1980s and 1990s, and in the 2000s, the concept was expanded to encompass social integration, environmental protection and economic growth.

From the standpoint of Jeju residents, it is necessary to take a close look at the already-announced charter of residents before thinking about the sustainable development of Jeju. This is because the charter

contains everything for the sustainable development of the island. Most importantly, it states that "Our residents are the heir to the long history and tradition of Tamna and the owner of the beautiful land gifted by nature, Jeju. We have a mission to create a new era of Jeju and become a major player in globalization while cherishing the precious assets we inherited from our ancestors."

For the long-term economic, social, and environmental wellbeing of the people and the villages in which they live, I would like to emphasize a guideline simple and clear as possible which all the residents can follow. First, for example, realizing equality of opportunity and social justice strengthens the value of people. Second, conserving the environment and succeeding historical traditions strengthens the value of nature and culture. To put this into practice, we need to identify factors that improve or worsen the quality of life. We need to create a system that can provide objective and scientific aid in how to use our resources and allocate them in order to enhance the quality of life. Also, ways to thoroughly distinguish and handle what resources are renewable and nonrenewable must be devised. Jeju should especially be concerned about policies to curb waste generation, energy use and transportation demand, in achieving these goals. We have to evaluate how the wisdom we have learned from our ancestors and the future technologies of the 4th industrial revolution can be used to solve the problems raised so far and must put the necessary measures into action preemptively.

● **LEE Chan-Hee** Jeju has excellent tourism resources with its unique natural environment and ecosystems that are different from those of the mainland, such as the volcanic island, characteristics of an ocean climate, distribution of subtropical plants, the existence of various climatic zones like warm, temperate, and cold climates. In addition, the Jeju Special Self-Governing Provincial Act guarantees greater freedom than other local governments, but it does not reach the point where higher autonomous right is guaranteed. Furthermore, conflicts regarding ecological environment conservation and resource conservation have occurred against development

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projects. It is not only true that the environmental quality has been reduced due to the increase in the emission of pollutants from the increased population and tourists, the illegal discharge of pollutants and dumping of waste, but also that Jeju is struggling to secure an energy self-reliance base through the promotion of wind energy and solar energy projects and has not been able to produce sufficient results.

Therefore, to make a sustainable Jeju, detailed goals that are to be pursued intensively on Jeju in consideration of its vision and characteristics must be set up and implemented in order to achieve this. Also, the participation of stakeholders, including civic groups, industry-related people, ordinary citizens as well as experts, is essential to earn the legitimacy of the goals and the driving force in the implementation process.

Based on this, I would like to make four proposals.

First, the government should actively pursue the revitalization of wind power and solar power projects and create a cooperative union for profit sharing.

Second, it should institutionalize the policies that prohibit the sale and consumption of disposable products such as plastics.

Third, it should use the bottles of Samdasu, which is Jeju's representative brand, or reusable plastic.

Fourth, the government should push for the greenization of tourism, which contributes to the development of Jeju and the conservation of natural ecosystems by shifting the form of tourism from a quantitative to a qualitative perspective.

Policy Implications

- The core values of the future vision pursued by Jeju Island 'cleanliness' and 'coexistence' are reasonable, but in order to realize the vision, the principle of coexistence needs to be added to the principle of preserving the total amount of environmental resources and minimizing the environmental load, and strengthening social equity not only for the coexistence of nature and humans but for the harmonious coexistence between people.
- The sharing of benefits must be achieved through the establishment of a powerful pollutant-pays principle and the public use of Jeju's common-pool resources with the active participation of the residents. Recognizing the increasing risk of climate change, the impact of climate change on health, as well as its impact on nature, socio-economic activities and cultural assets should be deeply researched and the related policies must be prioritized according to a vulnerability assessment. An evaluation is needed to determine whether the current fiscal execution plan and implementation of it to adapt to climate change correspond to the degree of vulnerability.
- In order to manage the total volume of Jeju's common-pool resources and to solve the environmental energy problem, it is important who will participate in the decision-making and implementation process and how these tasks will be handled. A review and social consensus on the size of the total environmental amount to be preserved and the extent to which environmental concerns are to be minimized is needed, and in support, more opportunities for civic leaders and residents to participate should be given.

Possibility of Building a Tourism Cooperation Platform of the Korean Peninsula



Moderator **SUL Kyung Hoon** Director, UNITAR CIFAL Jeju / JITC

Speakers **SUH Myung-sook** Chairman, Jeju Olle Foundation
William Cannon HUNTER Professor, Kyung Hee University

Discussants **Randy DURBAND** CEO, Global Sustainable Tourism Council

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● **SUL Kyung Hoon** In 2017, it was reported that the number of international tourists who visited the Asia-Pacific region was near 300 million, which is one-fourth of the total number of international tourists. The Pacific Asia Travel Association (PATA) forecasts that international tourists coming to the Asia-Pacific region will increase by 5.5% each year until 2023. This figure shows the huge potential growth in the tourism industry. There exists a variety of stakeholders such as the government, tourism companies, local residents, and tourists in tourism. In order to achieve cooperation, communication, and active sharing of information and best practices amongst the stakeholders, a tourism platform is essential. In this session, with the focus fixed on the tourism platform, the discussion will unfold covering the next two examples; the first example is Jeju Olle, which is currently under operation, and the second example is the North-South Korea tourism platform, on the grounds of preparing for the future.

● **SUH Myung-sook** Olle is becoming a trail which people desire to walk on. My father was born near Baekdusan, located in the northernmost end of the Korean peninsula, and came to the south due to the

Korean War. My mother was born in Jeju Island which is the southernmost end of the peninsula. I was born and grew up in Seogwipo, the southernmost end of Jeju Island. Jeju Island has been already a popular tourist spot in Korea for a long time. Despite this fact, while living there, I never thought that the island was beautiful and so it was unimaginable for me to think of creating trails. My goal was to leave Jeju Island and move to a large city. I graduated from a college in Seoul and became a political reporter but working under the turbulent political situations of Korea led me to extreme exhaustion of both my body and mind. After 25 years of working as a political reporter, I resigned before I would collapse and traveled to Santiago. Because I had absolutely no energy left in me, I was unable to make any plans for the trip, especially plans related to touring. Walking down the paths of Santiago, I met many different people, and by the end of the road, I had the idea of going back to my hometown of Jeju Island to create trails for it. Because Jeju was losing its reputation as a tourist destination at the time, plans being discussed to revitalize tourism were typical development-oriented approaches such as cable cars and casinos. I thought I could communicate

the experiences of Santiago better, either through Jeju Island or on Jeju Island because it has a natural scenery as beautiful as, or more beautiful than, that of Santiago, and also has richer culture. Finally, finishing my trip to Santiago and returning to Jeju Island, I started my mission to create trails.

Olle building began purely with civilian power. Since then, with many tourists visiting Olle, it also received government support. People who walk the Olle get a chance to heal their tired bodies and minds from the city and look into Jeju Island's pure inner side, which was the attraction that led people to visit the Jeju Olle.

It became known to foreign countries that we have made Olle purely by using human hands to preserve nature without using artificial materials or machine power, and eight years ago, Japan came to learn this method of making roads, which resulted in the creation of the Kyushu Olle and later the Mongol Olle. We have also signed a memorandum of understanding with Vietnam this March and you will soon be able to meet an Olle in Vietnam too. If there is an Olle that I really want to make, it is the Peace Olle that is connected to the northernmost part of the Korean Peninsula, the land of my father.

● **William Cannon HUNTER** Listening to the story of Jeju Olle, I was able to empathize with it and also have respect for starting on a small scale and its subsequent success. Establishing a tourism platform that seeks cooperation between the two Koreas could be a very complicated and emotional issue. It may start on a smaller scale but let us consider a larger start.

The Tourism Cooperation Platform is an important component of the sharing economy, with two basic types of platforms. One is a digitalized tourism platform which uses mobile or Internet technology or augmented reality and virtual reality. The other is a physical or economic platform based on the premise of people's movement. There could be several obstacles in terms of tourism cooperation between the two Koreas. Fundamental issues, such as conflicts between stakeholders, especially the cognitive or operational gap between virtual or digital platforms

and the phenomenon of traditional human tourism activities, are involved in the unification and tourism cooperation. The expression 'cultural trust' is also available, but the platform can be operated only when trust between the different cultures is established.

Though small tourism projects starting at a small scale like Olle can succeed, we can also consider approaches in large and top-down methods, such as the UN's Sustainable Development Goals. Both approaches have advantages and disadvantages, and the question of how to harmonize and apply a bottom-up or top-down approach also needs to be reviewed. There can be two major problems in operating the virtual tourism platform, especially in situations where it is a number of or different tourist destinations. The first relates to tourist destinations and the second to stakeholder interests. Two issues can be considered in terms of tourist destinations; that a smart city, which results from the success or potential of a virtual tourism platform is based on transparency and full access to information. Applications/service and augmented reality/virtual reality technologies require comprehensive access to the resources and assets of the tourist site, airline schedules database accommodations, tourist agencies, transportation and information systems. Smart cities cannot be built unless information access is guaranteed. The second issue related to the smart city is that tourism is often used as a means of strengthening borders. This is the case when traveling to see geopolitical structures that tell historic stories, and the DMZ and Dokdo are classic examples. These borders serve as areas that raise nationalism or patriotism. The use of border areas works against cooperation between border areas or international integration. In order to operate a virtual platform such as a smart city, both Koreas must disclose information transparently, which we should think about whether this will be possible.

The emotional aspect, which is the matter of trust, of the reunification the two Koreas must be taken into account. For example, in the case of ethnic Koreans in Japan, there are two organizations - the Mindan, which is the pro-Seoul Federation of Korean Residents

in Japan and the Jochongnyeon, which is the pro-Pyeongyang Federation of Korean Residents in Japan - each partial to the South and to the North. Recently, there has been a mood of reconciliation between the two Koreas, but it is vital for trust to be established. We must reflect on events such as the 1983 Burma Mt. Aung Cemetery bombing, the failure of Kim Dae-Jung administration's 'sunlight' engagement policy towards North Korea, the meeting of the two leaders of the two Koreas Kim Dae-Jung and Kim Jong-Il in 2000, the suspension of tourism in Mt. Geumgang from 1998 to 2008, and the failure of the Gaesung Industrial Complex which has been operated since 2002 to 2016. Recently, both positive and negative views exist, with some jokingly saying that the two leaders of the two Koreas sharing a warm hug which created a good atmosphere was to check whether the other was carrying a weapon. Therefore, the ideation of a strategy moving forward based on many past examples is required.

● **Randy DURBAND** Olle is an excellent example of not only increasing the tourists' stay time but also bringing about a variety of positive results, which I often introduce when giving lectures overseas. I think the contents of the memorandum of understanding with Vietnam will also serve as an example for other countries and participants to benchmark. In an increasingly urbanized age, what modern humans need is nature and it is very important to have the opportunity to enjoy it. But the opportunities for this experience are very scarce. Rather than truly feeling nature whilst being in it, people are often focused on taking photos of symbolic attractions and of themselves and try to post them on social networks as fast as possible. Traveling slowly with more composure is of tremendous value. It is highly necessary to give tourists more time to communicate with nature when developing tour packages. What we need is an Olle. We need a way to let tourists appreciate and feel the nature deeply instead of taking a self-stick and stepping into nature for a brief moment.

I want to address some challenges in peace and tourism. It is clear that tourism offers an opportunity

to understand and experience culture, and it is also true that tourism contributes to peace through these opportunities. However, there are many cases where the mutual relationship of peace and tourism is misunderstood or viewed too optimistically. The typical type of tourism, especially mass tourism, is not a structure that gives you time to fully understand culture. Most tourism requires interaction between people, but the absolute time of interaction is short and therefore the probability of tourism contributing to peace is low.

● **Denis TOLKACH** Tourism is often referred to as an inducement to peace, but it is more so a result of peace. When discussing the unification of the Korean peninsula, Germany is frequently brought up, a country which was once separated. Although Germany had been divided into East and West Germany for 41 years, traveling between the two countries was allowed on a limited basis even before unification. For example, after submitting a full schedule, including visits, travel routes, and daily expenses, and completing a reservation in advance, traveling was permitted. During the Cold War, traveling from the Soviet Union and Eastern European communist countries to Western European countries or vice versa was also possible if the purpose was a cultural exchange. There were many restrictions but there were no cases like the situation in the Korean peninsula in Europe.

Another example is traveling between China and Taiwan. Similar to the Korean War, there was no exchange between the two countries after the war up to the 1980s. The first trip from Taiwan to China was first made in 1987, but only because its purpose was to visit relatives. Traveling from China to Taiwan was also possible with a daily limit of 3,000 people. The two Koreas will also be able to allow traveling back and forth, starting off with those for visiting relatives or friends.

Exchanges between China and Hong Kong could also be an example. In the days when Hong Kong still existed as a British colony, little travel was made from China to Hong Kong. In 1983, for the first time, travel from China to Hong Kong was allowed only for group tours. Individual tourism permits did not take place

until 2003, after Hong Kong became a self-governing province of China. Applying Hong Kong's case to the Korean peninsula, South Koreans' group tours to Mt. Geumgang, Mt. Won, and Masignyeong Ski Resort could be offered as an option for inter-Korean tourism cooperation.

Inter-Korean joint protection zones or nature-based tourism can also be suggested as an alternative. The separation of more than 60 years has been a factor that made the DMZ's ecosystem richer, and the joint conservation activities centered on these two regions may also serve as a good opportunity for exchange, which is also an issue of interest internationally.

● **SUH Myung-sook** A lot of visitors to Jeju say that walking on Olle in Jeju was very refreshing and relaxing experience to their body and mind. In the past, Jeju was the place people go for a couple of days. However, it is now a new trend to experience and learn Jeju by living a month in it. One of the dramatic result of the Olle-walking or the one-month-life-in-Jeju is people moving and settling down in Jeju Island. About 10,000 to 15,000 people have moved to Jeju Island annually over the past eight years.

I think that the usual tourism and walking tourism are different. As an example, I would like to take the Olle exchange between Japan and Korea. Political conflicts between Korea and Japan have been tense in recent years. Nevertheless, both Korean tourists walking the Kyushu Olle and Japanese tourists walking the Jeju Olle enhance their understanding of each other and strengthen mutual understanding and solidarity.

I quit my job at the age of 50 and went to Santiago de Compostela. On the day I arrived, I was very surprised by the experience of stepping on Spain after walking 26kilometers starting from France. My father used to tell me about his experience of crossing the Tumen River into China, so as I crossed the border between France and Spain through Santiago de Compostela, I got the idea of Olle the peace trail. I hope that peaceful exchanges between the two Koreas, China and other neighbouring countries will take place through the Peace Olle.

● **Randy DURBAND** Let us think about the benefits of creating a peace tourism platform between North and South Korea. Korea is on a global level in the MICE industry (Meetings, Incentives, Conferences and Exhibitions). It is a type of tourism in which large groups, usually planned well in advance, are brought together), but its inbound tourism is not much of a scale. Inbound tourism is directly related to export and contributes to the national economy through the influx of foreign tourists. Both Koreas will be able to benefit from developing tour programs extending over territories. Nevertheless, tours from North Korea to the South will come with a variety of challenges. In particular, the economic gap could be the biggest obstacle as we could witness in East and West Germany case. The tours from West Germany to East Germany did not have particular issues, but the East Germans visiting West Germany experienced some difficulties from the economic gap.

Still, the creation of a tourism platform between the two Koreas is very attractive for international tourists and the demand is expected to be high. Tourism from North Korea to South Korea needs to be viewed in a more different light in the future.

● **SUL Kyung Hoon** As Professor Tolkach mentioned, inter-Korean tourism cooperation in a controlled form may be an alternative. I would like to hear opinions on the participants' questions, such as how to resolve conflicts arising from cultural and economic gaps between North and South Koreans, the negative consequences of Olle's safety problems and rising real estate prices, and the implications of the India pilgrimage.

● **William Cannon HUNTER** We have a long way to go to reach full free tourism, but as Professor Tolkach explained, I do think that starting with inter-Korean exchanges with some controlled forms of tourism is a good method.

● **SUH Myung-sook** Walking should help clear each other's prejudices and increase their understanding. Olle began in terms of exchange. In the process of creating the trail, some routes were arbitrarily designed to pass through places where tourism had

not taken place before.

Jeju Olle's popularity has brought about some negative consequences, including the rise of real estate prices which makes it difficult for young people to afford homes for themselves and reckless development of pensions entering the beach. However, I believe that the positive effects of Olle outweigh those downsides.

There has been concern over safety of the Olle trail. However, many popular tourists spots abroad are often way more dangerous than Olle and we seem to be too safety-conscious. To appease those concerns, we have introduced a program to walk the Olle together with other tourists for those who are afraid to walk alone.

● **William Cannon HUNTER** Every road has a certain level of safety problems, but I think that the purely natural parts of the Olle being damaged due to safety issues is also a threat.

I think the pilgrimage route in India is a good example. Pilgrimage paths and pilgrimage sites where religious conflicts exist can also bring about peace through those routes.

● **Randy DURBAND** Different religions also have somewhat different forms of pilgrimage routes. Whether it is a pilgrimage route or just a road, storytelling that defined the characteristic of that road, the target market as well as a clear goal must be set. Jeju Olle seems to have a story for every trail and it specifies the physical condition required by tourists and its capacity.

● **SUL Kyung Hoon** I would like to hear opinions on the participants' questions on how the private sector played a leading role in creating the Olle, how the government provided support, how the Olle was promoted to foreigners, and how to exchange tourism through the MICE industry between the two Koreas.

● **William Cannon HUNTER** MICE is tourism, and it is also a good means of tourism. Inter-Korean tourism exchanges in a controlled form in conjunction with the MICE industry such as events and conferences could provide opportunities to understand and cooperate with each other.

● **SUH Myung-sook** Olle is created through voluntary

participation by citizens such as donations and volunteer work. Over 600 active volunteers have been coming aboard whenever we do repair work on Olle trails or hold festivals. The government and other public organizations are also contributing to creating or improving infrastructures, such as toilets and information centers.

Olle started with the visit of Korean tourists and the majority of the visitors are still Koreans rather than foreigners. In fact, Olle has a very short history compared to the famous old roads in foreign countries. However, after establishing 12 friend-road relationships with those foreign roads, foreigners began to visit, especially those from Japan, Hong Kong and Singapore. Tourists from Northern Europe have also started to visit the Olle.

● **Denis TOLKACH** It may be difficult to allow inter-Korean visiting and cooperation through tourism with just the North and South Korean people. Perhaps taking regional tours, including the neighbouring countries, would be easier to solve this problem. In other words, it will provide cross-border tourism routes that include Russia, Japan, China, and South and North Korea. There are some countries that already have Olle, but it is also possible to consider traveling to neighbouring countries and the two Koreas through Olle through more expansion.

Policy Implications

- Various approaches are available to establish the inter-Korean tourism platform, but cooperation which is based on transparency and reliability is necessary, and the sharing of information is essential especially when building a virtual platform such as smart cities.
- It is desirable to start inter-Korean tourism cooperation with allowing cross-border traveling under restrictions such as relative visiting purposes and limited areas, then gradually expand tourism cooperation.
- The designation and management of the DMZ joint protection zone and the exchange tourism to experience DMZ resources are good opportunities to draw the international attention and participation beyond the two Koreas.
- The world will be able to share tourism and peace through the Peace Olle that links the two Koreas as well as the neighbouring countries such as China.

Chapter SIX

DIVERSITY

Finding Ways to Cooperate and Integrate in East Asian Women's Peace Movement



MC	KOH Chi-Young Head of Policy Research Division, Jeju Women and Family Research Institute
Congratulatory Remarks	KANG Yun Hyong Pediatric psychiatrist
Moderator	KIM Eun-Shil Professor, Department of Women's Studies at Ewha Womans University/ President, the Asian Association of Women's Studies
Speakers	CHUNG Hyunback Former Minister of Gender Equality and Family/ Professor Emeritus of SungKyunkwan University Margo OKAZAWA-REY Professor, Mills College LEE Keumsoon President, Center for North Korea Human Rights Records, Ministry of Unification
Discussants	GWON Gwisook Research Associate, Tamla Culture Research Institute, Jeju National University YOON Meehyang Representative, The Korean Council for Justice and Remembrance for the Issues of Military Sexual Slavery by Japan
Rapporteur	SHIN Seung Bae Research Fellow, Jeju Women & Family Research institute

● **KIM Eun-Shil** I think it is a monumental start to have a session titled “Finding a Way of Cooperation and Integration in the Peace Movement of East Asian Women” here in Jeju. I hope that the Institute of Gender Equality Policy and Jeju Women & Family Research Institute continue such joint efforts at the Jeju Forum in the future. This session is a place for networking and ideas we gather today can be explored further in the future. Today we are having three speakers and two discussants. The first presentation topic is “Peace made by East Asian Women”. The second topic is “No Peace without Justice”, and the third one is “The Role of Women for Peace Settlement”. For the debate, the first topic to be presented and discussed is “The Butterfly Movement, the Way of Hope to the Wartime Sexual Violence Victims”, and the second one is “Women's Rights and Peace in Jeju”.

● **CHUNG Hyunback** War is gendered in a gender perspective. It is said that men make war and die in it. However, as wars progressed into total wars, more and

more civilians are being sacrificed. 90% of war victims since the 1990s are civilians, and most of them are women and children. Women, as refugees, need to feed their families, and they also experience wartime sexual violence and domestic violence. War destroys the environment, and the military expense reduces social welfare costs for women. Then do men make war and women make peace? It is not that women love peace more, but that they are environmentally more friendly to taking care of and bringing up children. Women who participated in the massacre under the Nazi rule, and Japanese feminists who stayed silent about the use of military women also acted as perpetrators. Therefore, we cannot always define women as war victims, but in modern war, many women are suffering huge damage from the war. The unification of Germany demonstrates the necessity of women's involvement in peace and unification issues. East German women before the unification earned 40% of household income, but after the unification, women's jobs in

East Germany decreased by about 40%~45%, and women's unemployment increased by 13 times. As the influence of capitalism, women became the number one priority for layoffs, and many women gave up their jobs since the childcare cost increased significantly due to the privatization of public daycare facilities. Women's weakened political representation due to the decrease in the number of women lawmakers, and the loss of autonomy for women's own bodies due to abortion prohibition increased women's suicide rate. Women's active participation in the movement for peaceful unification is necessary. They should have active participation in the policy-making process. They shall also promote exchanges among South and North Korean women, support North Korean women, children, and women escapers from North Korea, and practice and spread education for peaceful unification. If inter-Korean relations move forward and a social and cultural committee is set up, a women's committee should be set up and gender-divided statistics for government projects should be carried out. Gender-divided statistics can reduce the possibility of women being excluded. The Ministry of Unification should create a department dedicated to gender issues, and deploy related experts.

Women insist on peace in our daily lives, which is positive peace. Negative peace refers to a state without war and violence, while positive peace points out issues that are permeated to our daily lives as capillary vessels. Could real peace come only in the passive state, without discussing issues such as poverty, environment, sex discrimination, and racial discrimination? Women have been raising an issue of daily peace ahead of time. Women exist not only as victims, but also as assailants and active subjects. For instance, a woman who is running a model village that Hutus and Tutsis of Rwanda reside together, a woman from the Independent State of Papua New Guinea who made peace treaty possible among segregationists, etc. acted as active subjects that serve roles as mediators that seek reconciliation. Women's Peace Movement in Korea held many cultural events and led peaceful assemblies, such as the declaration of International

Women's Day, movement to decrease shared defense expenses, monitoring National Defense Committee, the movement against the dispatch of armed forces to Iraq, creation of human rights articles in SOFA regulations, etc. These activities have been promoting peaceful protest culture and spreading peace education to overcome militarism in daily lives. Conflict-resolving education is already being implemented in various fields, and methods of peace education are being developed. Article 1325 of the United Nations Security Council resolves women's important role and active participation in the process of prevention and resolution of conflicts, peacekeeping and deployment. About 70 countries have prepared national action plans related to Article 1325. After many struggles, South Korea came up with the first action plans between 2014 and 2017, and the second between 2018 and 2021. Efforts to strengthen gender education for people engaged in fields such as national defense and security, peace, unification, foreign affairs, and disaster, to conduct gender impact analysis, to increase gender sensitivity budget and strengthen operation, to integrate gender perspectives, to enhance women's representation, and to support Japanese military sexual slavery victims, foreign prostitute women, women escapers from North Korea, and sexual violence victims in military increased proportion of women in each committee. Also, five committees designated Gender Equality Policy Officer. However, there is still a lack of information on women's involvement and self-reliance. The government committee's female participation rate has exceeded 40 percent, but a continuous evaluation of whether the Gender perspective has actually been reflected is needed.

International solidarity and women's self-leading participation is highly important for South and North Korean peace. Northeast Asian Women's Peace Conference, which was formed to share peace issues on the Korean peninsula and Northeast Asia, and acts for peace, held a total of five rounds of women six-party talks between 2008 and 2012. Women from the US, China, Russia, and Japan participated in the conference although North Korea did not attend every time. At

the Women Cross DMZ, about 30 foreign women, including US female activist Gloria Steinem and Nobel Peace Prize laureate Mairead Maguire, hosted an international peace debate and international women's march in Pyongyang and South Korea to publicize the importance of inter-Korean peace implementation and Korean women's aspiration for peace. The impediments to solidarity activities are financial problems and a lack of professionals. It is urgent to secure finances and nurture professional personnel, and it is also important to form a stable network through regular meetings. I think Jeju can play a leading role in creating the East Asian Women's Network. I call for the Jeju Forum, which marks its 14th anniversary this year, to be a venue for continued debates.

● **Margo OKAZAWA-REY** I will change the topic of the presentation to "There is No Peace without Justice." Today I would like to begin by quoting Dr. Kamra Basin, a South Asian peace and justice activist and co-chairman of the World Organization for Women's Peace. "I realized how big the small peace efforts spread around the world can be when they are brought together and when we cooperate. Now we can prove what we know intuitively. It is the effort for peace of women that has ensured our fragile world's survival." For the prosperity of all living things beyond our purpose of survival, we shall consider the following: Koreans, especially women in Jeju, fought hard to defeat Japanese colonization in the March 1st Movement 100 years ago, but their efforts were ultimately frustrated by the Cold War-induced division of the Koreas and separated families. The current stage of the inter-Korean peace-building process should be regarded as a continuation and extension of efforts for Korean independence, which is not affected by external factors. This is because success in this regard is essential for the well-being of Koreans and can be a signal that peace is possible everywhere in the rest of the world.

Here are some questions about the framework of the explanation. First, what kind of world are we living in now? Second, who are we and what are we going to be? Third, what is our vision for peace, prosperity and true security in East Asia and the world? Fourth,

what structures and social organizations will make them possible, and how can women contribute to the composition and development? Finally, what kind of being should we be that live in it? Women's lives are persecuted in some of the hottest conflict zones in the world, namely in areas where there is neoliberalism, militarism and religious fundamentalism. We see that power is crossed and converging. In the history of religious fundamentalism movements, multinational corporations, corrupt governments, and imperialism and colonialism, the elite has enjoyed continued privileges. One question is that we talk about conflict and peace-building at the same time. Looking at many elections around the world, some leaders are not interested in people's livelihoods.

The world in which we are living now has development paradigms in conflict with each other. We should move toward neo-liberalism development with extractivism, militarism, masculism, individualism, consumerism, material accumulation, and ethics of avarice, to sustainable development based on nature and human-centered, feminism, groupism, naturalism, and ethics of care and love. What is the root of a dispute? It is not because people hate each other. I have researched and worked, and figured out that the root of conflicts is in resources. There are many different kinds of resources, materially or otherwise, and now there is capitalist extractivism. It extracts natural resources and takes away land, etc. The human body also becomes a resource and is subject to extraction. In other words, the source of the conflict is the neoliberal economic strategy. The main contents of extractivism are extracting natural resources, land, and the human body in restructuring, militarism, authoritarianism, public-private partnerships, special economic zones, regional trade agreements, etc.

At the root of oppression and resistance are gender, race, nation, class, etc. Gender not only refers to women, but also how women become women. A variety of factors should be discussed. Many women in the military camp town were poor. Women who were killed by the Japanese army were also poor. However, women are making changes. Looking at the cycles of the feminist peace movement, it starts mainly

from protection and resistance. Then a rebuttal arises and moves on to the embracement process. Again, there is refutation, equality, refutation, embracement, equity, refutation, and a change coming in the end. I think the women's peace movement is undergoing a change as well. The success of women's movement is based on meaningful participation. Conflicts around the world involve many women. Only when women participate can they build a lasting peace well, and can international mechanisms be utilized. In order to strengthen efforts for peace of Korean women and create the true security of humans and the environment, activists and existing local networks must be able to be recognized and supported. For example, since a 12-year-old middle school student was raped by a soldier 25 years ago, Okinawa women, led by Takazato Zuoyo, have continued their activities against US military bases in the territory, and they have so far collaborated with Korean women to protect women and girls from military violence. Akibayashi Kozue, an activist in Kyoto, Japan, is both working against the Okinawa US military base and supporting a peace treaty on the Korean Peninsula and unification. Lau Kinchi of Hong Kong serves as the leader of the Asian mutual solidarity movement on environmental justice and sustainable development. The East Asian Solidarity should have a cool, straightforward but at the same time sympathetic understanding of the history of the globalized economic process that has created colonies, military intervention and regional inequality. Women's peace efforts are very interesting and provide opportunities for solidarity and learning. This is an opportunity beyond East Asia. Women peace advocates also exist in the Philippines, Colombia, Afghanistan and Palestine. We can learn a lot from them. One of the most important lessons we should learn is that those who oppose peace on the Korean Peninsula and the integration of Koreans are the same people that can be found on the other side. In other words, it is a handful of force engrossed in accumulating resources and power, and a force that seeks to dominate women and the socially vulnerable in the so-called "development"

society, which ignores environmental and human destruction.

At the <International Conference on Women's Network in East Asia-USA.-Puerto Rico Against Militarism> that was held in San Francisco, the US, people sat down together and talked about the process of learning. Instead of demonstrating in the streets, they built relationships to learn from each other's experiences. We are now seeing an example of an active peace movement. I call for a vision of genuine security for peace. We must consider scale-up, which deepens all our relationships, including ①the environment that can support humans and natural life, ②guarantee of living and basic desires, ③respect of human dignity and cultural identity, ④protection of the human and natural environment from harm that can be avoided, ⑤humans and the natural world, etc. Finally, I want to talk about love in an era of conflict. Colonial, war and militarism have made us inhumane in fundamental ways, so we must learn to love and that we have to love. Love refers to a transition to humanity. It is the healing of the broken world and the willingness to join with others in the broken life. Love is a choice to experience life as a member and a partner of a family of humans. German feminist Thompson said, "Love for the world is to love another world." This word encourages us constantly and faithfully to pursue the changes we desire for, for everyone on the planet that is increasingly fragile, and for a just and sustainable life. We must love to build a Northeast Asia of peace prosperity.

● **KIM Eun-Shil** Through Professor Margo's life and experience accumulated for a long time as a peace activist, we can learn wisdom. We can have a creative thinking in a large structure that seeks peace and in various conflicting values, and we can transform our thoughts through specific communication and learning. Peace is difficult to come to the world without completely turning ourselves around. It was a time to learn not a small change, but the vision, message and wisdom of an entirely new world.

● **LEE Keumsoon** Regarding the recognition of peace, I would like to share the results of a survey conducted

by the Institute for National Unification in 2018. In other countries (US, Denmark) peace is recognized as a public right of freedom, happiness, harmony, love and prosperity, while Koreans perceive it as abstract as a dove. It is interpreted that the reason is conflict in the Korean peninsula has a characteristic of a chronic conflict that lasted for more than a generation. These chronic disputes involve physical violence and affect the overall life of the community and individuals. A chronic dispute plays a central role in the lives of individuals and groups, and it is easy to have a two-way perception of victory or defeat rather than compromise.

It prefers solutions through the submission of opponents rather than peaceful resolutions, and constant dispute management and preparation strategies lead to changes in the social structure. A chronic dispute with large social resources is biased according to the group's purpose, rather than objective facts, and is selectively distorted. It justifies our group's position while denying the legitimacy of the hostile group, reminds of the violence and suffering experienced for a long time, and strengthens the perception that they are victims of the conflict and violence. Emotions such as fear, hatred, anxiety and anger of conflict groups serve to promote aggressive actions against hostile groups and to promote internal response mechanisms. For the continuation of the conflict, we justify our group's goals and emphasize community security, while demonizing the humanity of the other group and emphasizing loyalty to the state. It is a denial of diversity with the recognition that conflicts within a group will benefit the other group, and is an establishment of an abstract level of peace as the ultimate goal of the group.

We should take a look at the Japanese occupation for the social trauma of the Korean peninsula. Issues with Japanese military sexual slavery and forced labor, and confusion in left and right-wing ideology after emancipation increased social trauma. According to the testimony of a 103-year-old painter Kim Byung-ki, post-liberation joy was just one day! After that, he stated that there has been continued

confusion and harsh conflicts. Women were always exposed to the danger of violence during the war, and the Jeju April 3rd Uprising and Massacre, the Yeosu-Suncheon Rebellion, and the Korean War added to the social trauma. While social efforts to heal the division of the two Koreas and the damage of the war due to the confrontation of the inter-Korean system after the war are insufficient, social conflicts caused by the issue of separated families and abduction to North Korea have increased. After the war, the families of the abductees suffered from the pain of a sit-in system. Since then, compensation-related laws have been enacted, but only individual compensation has been made, and social reflection and healing have not been achieved. In the absence of social healing efforts, Korean society maintains an overactive state with negative perceptions such as "My family is all I need" and "Money is all I need."

Therefore, Korean society desperately needs to heal its social trauma. Eleven key values in the Northern Ireland Peace Treaty are helpful: not forgetting, not making new wounds, being careful in language and terminology, taking a structural and overall approach, and so on. To create peace for women, I am introducing global indicators, GIWPS, for sustainable peace, namely, inclusion, justice and security. And they should continue to live up to the leading experiences of international cooperation already taking place. Through the leading participation of women's circles, we should move toward an active peace, where many women can participate on a daily basis, not a symbolic and abstract peace.

In this regard, the women's community, in particular, should organize their voices within the women's circle through discussion, and they should plan and implement inter-Korean exchange and cooperation projects. Recently, North Korea agreed to cooperate with the United Nations, and the agreement includes gender equality. We should work together on projects related to North Korea that can actually improve the rights of North Korean women, violence and discrimination. In fact, North Korea is actively participating in projects related to children,

the elderly and people with disabilities. It would be good to make efforts to spread the values of social values, namely engagement, justice, and love, in the process of jointly executing these projects. I ask that the Korean female community and the Jeju women's community can take a leading role in embracing all who suffered the pain and damage of division on the Korean Peninsula.

● **YOON Meehyang** Butterflies(Nabi) are women, Japanese military sexual slavery victims, and wartime sexual violence victims as well. In history, butterflies have never stopped their wings. Even now, they are still singing of peace in history and refers to the human rights of victims. The most frequently seen words in Jeju are reconciliation, forgiveness and unity. What is reconciliation from the victim's point of view? What is peace? For wartime victims, the word 'liberation' was painful and sad. From whose position have reconciliation, forgiveness and unity been made? Who wrote the word reconciliation on numerous epitaphs and historical sites? How would the victim have agreed with the word reconciliation?

Today's address in 2019 is the 100th anniversary of the March 1st Independence Movement, the 100th anniversary of the establishment of the Provisional Government of the Republic of Korea, the 74th anniversary of liberation, as well as 74 years of division, and 66 years since the end of the Korean War. Jeju is where the decision to resolve Japanese military sexual slavery issue with women's voice was made for the first time. In April 27th, 1988, the Japanese military sexual slavery problem was addressed in the voice of oppressing prostitution tours. The Japanese women and international women who were present in the site were surprised. Still, women's bodies have been codified and their human rights have been violated under the guise of economic growth and national interests. Over the past three decades, Japanese military sexual slavery and wartime sexual violence issues have been tried to be resolved, and the international society has put continuous efforts, but still victims are standing in the street.

In the area of armed conflict, victims cannot even

properly recognize that "I am the victim." Rohingya women are suffering from sexual violence that goes beyond racism. Moreover, although the victims of civilian killings by South Korean troops in the Vietnam War are discussed in both countries, the victims of sexual violence are still considered taboo. The Korean Council for the Women Drafted for Military Sexual Slavery by Japan has created a butterfly(Nabi) fund to support victims of sexual violence in Vietnam, which has been asked by Vietnamese society not to meet Vietnamese victims since four years ago. It has been 74 years since the war is over, but the issue of Japanese military sexual slavery victims is still ongoing. Violence against women has not stopped until now. Violence against women would not be resolved unless the system that produces that violence – our society – is structurally changed.

In August 1991, the voice of Hak-soon Kim, who revealed that she was a victim, becomes a 'with you' as many of the victims who were forced to remain silent in our society start to speak of themselves. Victims' 'me too' go out to the world and victims start to speak of themselves, and their voice begins to take over beyond generations. Butterfly solidarity, butterfly movement is hope of change. Korea must also break away from the patriarchal structure, and the structure of producing war in the world must be changed as well. If not, war cannot end, and the Japanese military sexual slavery problem and distress of Wartime sexual violence victims cannot be stopped. In order to prevent the recurrence of sexual and wartime sexual violence on this land, acknowledgment of the responsibility and remorse of only the perpetrators is not enough. It is possible when our society does not become a society that promotes sexual violence. It should be done at the same time to change the international situation surrounding the Korean peninsula and violence within us. To be 'with all the victims' peaceful, solidarity is the greatest power.

● **GWON Gwisook** The Jeju April 3rd Uprising and Massacre and the Gangjeong naval base opposition movement are different in size and nature, but both cases involve the nation's public power and the US

military policy, and both cases have something in common that directly leads to peace. In case of the Jeju April 3rd Uprising and Massacre, the issue of women's human rights was first raised in 1998, but subsequent research has been extremely insufficient.

The 5.18 democratization movement called for a fact-finding probe by women's groups across the country after testimonies by victims of sexual violence were made in May last year. As a result, a joint investigation team of sexual violence, including the 5.18 martial law army, which was co-organized by the National Human Rights Commission, the Ministry of Gender Equality and Family and the Ministry of National Defense, was launched in June. On the other hand, the Jeju April 3rd Uprising and Massacre has more serious sexual violence issues such as a longer period of sexual violence, forced marriage, physical damage of women, and sexual torture. And since the US military entered the country, there have been brothels for sex trafficking, but it is still below the surface due to the characteristics of the relative-centered Jeju society. We need to think about how to carry out the investigation while keeping the dignity of the victims during the fact-finding.

After the Jeju April 3rd Uprising and Massacre, when the refugee resettlement and restoration project was completed (from 1954 to the early 1960s), women say they have lived a life that is worse than death. There were human rights abuses of female divers(haenyeo) that left the island for living and prostitution due to poverty. Mixed-race child problems resulted from this, and there was a clear preference for baby boys because of the influence of Confucianism that women's position was unstable. In the midst of this situation, women played an important role in protecting their families and rebuilding their villages. I think we should also pay attention to women's strong survival power. In addition, women and men suffer from different trauma. Women are suffering from far more serious trauma, because they have wounds on their own bodies. According to a study, families of the deceased in the Jeju April 3rd Uprising and Massacre have the highest trauma in Korea. We should also pay

attention to their mental health problems as the trauma is being succeeded in their children's generation.

The campaign against Kangjeong naval base began in 2007 and has continued for 12 years. Many people participated, including villagers, peace activists, civic groups and religious groups, and women also participated. Even after the establishment of the naval base, people are continuing their peace campaign. During the campaign against the naval base, there were human rights abuses of women in the process of being taken into custody. According to the 2017 Kangjeong Village press conference, actions such as swearing and threatening, filming cameras, and checking social networking service accounts are still going on in the peace movement, but they are still not well known. There are still some female activists left, and religious women are giving 108 bows in the morning and giving a Mass during lunchtime. However, 100 representative photos of the anti-navy base movement do not show women. There is no interest in women and relative studies this much. There should be studies on the ongoing human rights and peace activities. There should be continued interest and studies on fact-finding of ongoing problems such as post-traumatic stress disorder that 30% of Gangjeon village residents suffer from as well as the Jeju April 3rd Uprising and Massacre, and on how to deal with trauma-healing and solidarity issues.

Policy Implications

- In the issue of peace of North-South Korea, international solidarity and women's self-leading participation are important.
- Jeju should play a leading role in creating the East Asian Women's Network.
- In order to strengthen efforts for peace of Korean women and create the true security of humans and the environment, activists and existing local networks must be able to be recognized and supported.
- The women's community, particularly the women's community in Jeju should take a leading role in embracing all who suffered the pain and damage of division on the Korean Peninsula.

The Role of Art and Culture to Promote Peace and Reconciliation



Moderator	PARK Heung Shin Former Ambassador of the ROK to the French Republic
Video Message	Jack LANG Former Minister of Culture and Education of France/President, Arab World Institute
Speakers/Discussants	DO Jonghwan Former Minister of Culture, Sports and Tourism of the ROK/Member of the National Assembly YOO Dong-Geun Actor/Chairman, Korea Federation of Broadcasting Artists' Organizations CHOI Byung Kwan Photographer/Poet
Rapporteur	KIM Nayung PhD candidate, Center for Commerce and Strategy, GSIS, Seoul National University

● **Jack LANG** The contribution of culture to peace and prosperity is a very important issue. The initiative of joint orchestra between North Korea and South Korea is an excellent example that culture can promote mutual understanding. The fact that the outstanding growth and explosive power of Korean movies have been recognized as seen in the recent Cannes Film Festival shows that the exchanges between culture & art institutions and research labs in each country will be expanded. Korea, which was once the poorest country, has now become one of the most prosperous and creative nations in the world, and the popularity of Korean movies and dramas around the world is very impressive. All of this shows that intellectual creation, education, and research are the driving force of peaceful influence. I would like to thank Korea for contributing to advancing the value of peace.

● **DO Jonghwan** The Ancient Olympic Games began with an aim to stop the war and go towards peace. Sport can be seen as peace in an active form that needs collective efforts. The PyeongChang Olympic Games, which was successfully held tiding over the

risk of cancellation during the threat of North Korea missile, promoted the value of peace that would make everyone a winner. Through the case of a single South-North women's ice hockey team, North and South Korea showed creating synergy together in tune. The journey of peace between North and South Korea through sports can history and even the destiny of the country. Music as well confirms the homogeneity of a single ethnicity, one people. As such, sports and cultural exchanges play an important role in breaking down barriers and laying bridges between each other. However, it is also true that we shed tears of the sad reality of the divided country while singing together. The tragedy of the Korean War is still unhealed assignment. There is no other road to peace. Peace per se is the road.

● **YOO Dong-Geun** As a person who has been in the entertainment industry, I have deeply thought about how pop culture can contribute to peace on the Korean Peninsula. In the first North-South exchange project before the PyeongChang Olympic Games, the number of applicants for the performance of the North Korean Samjeon arts group exceeded 150,000,

attracting the attention of the whole nation. The special thing was that the South Korean melody was presented. Through this, many people would have recalled the phrase ‘Hanminjok’ (the single Korean race.) As the Korean wave got wide popularity in recent years, I could see a lot of people learning Korean and following Korean songs. I was surprised by how powerful influence pop culture can have on people.

The fact that the Korean wave even spread over North Korea makes us recognize that South Korean culture can exert influence on how the North Korean people think, and contribute to the peace in the Peninsula. It would be possible to stir up public sympathy when we put effort not only through public projects at the government level but also by promoting the exchange of businesses at the private level and pop culture. I am more than certain that we can make harmony if the cultural exchange can continue. I would like to ask the government that we exempt private cultural exchanges between South and North Korea from the sanctions. We can also build concert halls and theaters overseas so South and North Korean artists can organize joint performance and continue exchanges. By doing so, North and South Korea could create sense as the Korean race. Inviting a North Korean performance group to Jeju Forum will be a good opportunity to show our will towards peace in Korea. The most effective way to unity lies in pop culture, and I sincerely hope that true peace can be brought to the Korean peninsula. Regardless of political situation, the inter-Korean cultural exchange should continue.

● **CHOI Byung Kwan** North and South Korea must seek a way to live together through reconciliation. DMZ, a forbidden land that separates North and South Korea, remains as a scar of the Korean War. The DMZ is a painful proof of war, but now it has a world-class landscape and has become a home for rare flora and fauna. I have taken photos of the DMZ being escorted by several soldiers and escaping from the throes of death several times. With reunification in the future, we have to prevent people who will rush

to develop here.

Seemingly not many people have seen the DMZ photo exhibition. Such precious materials have not received much attention, but based on the fact that Jeju is a province of peace, I decided to hold the DMZ photo exhibition here. Over 6 years, I have traveled back and forth between the east and west and took photos eating and sleeping together with soldiers in the DMZ. I would like to ask for your interest in the large-scale DMZ photo exhibition held in Indonesia starting from June 24th.

● **PARK Heung Shin** Based on the presentation, I would like to ask a few questions. What is the significance of the first Palm d’Or in the 100 years’ history of the Korean movie industry?

● **DO Jonghwan** Winning Palm d’Or of Bong Joon-ho’s film was an event to confirm the potential of Korean movies. I strongly agree what Jack Lang said that this is the power of culture and Korea is developing as a creative nation. Korean dramas are gaining wide popularity as well. I was impressed when I read what Bong Joon-ho said in an interview that he strictly kept meal times by all means even when going through difficult times due to the condition of production. In a situation where fairness issues are becoming a concern, I hope that the example of the film production that he made by keeping proper meal times and writing standard form contracts would be spread to the production of other dramas and films going forward.

● **YOO Dong-Geun** The level of the Korean film production process is so genius. The passion and ability of writers, directors, actors, and staff have been the basis of the Korean Wave today and I believe that it will continue in the future. I would like to thank the Minister for commenting on the importance of standard form contracts in the drama and film production process, where spending all night long is frequent. In such a production process, the awareness and consideration of poor circumstances and weak people are necessary.

● **PARK Heung Shin** In light of my personal experience in France, the first K-Pop concert with 7,000 seats

in Europe, which was planned with the support of the French embassy, was sold out within an hour of the pre-order with a flood of the requests for the next performance gave me a big pride in the power of our culture. I would like to ask you why this phenomenon is happening in relation to the tremendous global popularity of BTS. I would like to ask you how we can use it for peace in the future.

● **DO Jonghwan** Regarding the global popularity of BTS, it is necessary to go beyond the economic approach to see this. There are a lot of expectations that they can become musicians with cultural influences comparable to the Beatles. As seen in one of their songs ‘Boy with Luv’, it is very understandable by seeing the fans can understand and share their words and behaviors by heard with the lyrics that touch directly the heart of young people in their 20s.

There are few contributions to this popularity by the nation. I am very grateful to the young musicians centered around Mr. Bang Si-hyuk for their hard work and great performance. Our musicians are contributing to increase the favorable feelings towards Korea up to the level that the albums with the signature of BTS presented to the foreign officials by the government officials even change the conversation topic. According to a recent survey on the recognition of Korea, the rate of favorable responses for Korea is 80.3%. I think that cultural elements such as BTS are playing a big role in this.

We will have to endeavor not only to inject our culture overseas but to promote a mutual understanding of cultures with other countries.

● **YOO Dong-Geun** The Korean Wave is not the result of support from the state. Artists just sang and acted. It is our content that made splendid achievements. The 80.3% favorability rate does not end in favor. The duty to keep developing this favor is in the hands of our artists. BTS’s epic structure containing sadness, consolation, and hope has demonstrated its power as a compelling content beyond age groups.

I hope that the government will now have a management system that will take responsibility for

their humanistic education with a multidisciplinary approach towards the issues of stars and trainees who lead the Korean wave. Instead of leaving this to the individual ability and issues. This will allow us to prepare for the Korean wave to bloom even more.

We are a culture. We need to share together and enjoy the culture. Rather than using the word Korean Wave, which gives the feeling of floating on top of other cultures, it is necessary to look at this issue on the basis of recognizing and learning each other’s cultures. It is time for the preparation of culture & art organizations as well as support from the government on this.

● **PARK Heung Shin** Today, I have excerpted an article from the newspaper “Korean wave that does not cool down.” Based on the Korean wave phenomenon which is being performed excellently at the private level, such as the craze of Yon-sama in Japan thanks to the Winter Sonata and the popularity of many Korean songs, it is now necessary for political circles and diplomatic circles to make necessary efforts. Such efforts are required at the government level with regards to the strained South-North relationship, and in order to mitigate political crunch between the North and South, it is necessary to promote a forum for peaceful use of the DMZ, open it to the public, and designate it as an International Peace Park and an ecosystem cultural heritage.

● **CHOI Byung Kwan** In short, we can become a rich nation by the reconciliation between North and South Korea and managing DMZ well. The DMZ is a tragic land left by war, but now it is a land of great comfort to the whole world. I would like to ask you for more interest in the DMZ. The DMZ is the largest historical and cultural museum in the world. I learned a lot about the confrontation between North and South Korea and the natural environment. The most desirable place to visit for foreigners is the DMZ, and the most desirable country to visit for Indonesians is known as Korea.

● **YOO Dong-Geun** I see DMZ as a very important resource for promoting another aspect of Korea to the

world. Working as a jury member, what foreigners mention mostly as the last greeting is the DMZ. I look forward to a number of works developed with a cultural approach.

Policy Implications

- It is necessary to exclude private exchanges for national reconciliation and unity from the sanctions against North Korea, and create auditoriums and theaters for the interaction of North-South Korean artists, and support performances across the world through a continuous exchange.
- Governmental support for building a humanities education system with multidisciplinary approaches on individual artists is needed.
- Shedding new light on the values and more attention of DMZ is required. It is necessary to promote a forum for the peaceful use of DMZ, open to the private sector, designate as International Peace Park and ecosystem cultural heritage to alleviate political crunch between North and South Korea.
- We will have to strive to promote mutual understanding of cultures with other countries rather than the attitude of injecting our culture abroad.

Coexistence: Culture, City, and People



MC	Lee Hyera Announcer
Congratulatory Remarks	LEE Kyung-yong Chief of Culture, Tourism and Sports Committee, Jeju Special Self-Governing Provincial Council
Speakers	SEOL Jae Woo Local Contents Creator
	JO Kwangho Associated Researcher, Korea Culture & Tourism Institute
	SEO Hyun Professor, Seoul National University
	Paloma STRELITZ Co-Founder, Assemble
	CHO Sangbum Director-General, Culture, Sports and International Affairs Bureau, Jeju Special Self-Governing Provincial Office
Rapporteur	KIM Nayung PhD candidate, Center for Commerce and Strategy, GSIS, Seoul National University

● **LEE Kyung-yong** In this session, we will be discussing underdeveloped cities from the view of urban regeneration under the themes of coexistence, culture and cities, and people. Various examples will be shared based on practical experience including important factors that tend to elude people's attention but should not be overlooked in the course of urban regeneration. Most urban regeneration is considered when a city once prospered has now lost its function and become a forgotten space. Recently, we are paying attention to these spaces and thinking about people and values in those space. In this context, urban regeneration is not just a physical regeneration, but also means a way to increase the satisfaction of the people living in it and to find confidence in their daily lives. The core value of urban regeneration is culture. I hope that Jeju Island will be a place where culture blooms.

● **Video Footage** A city has been formed where individuals had gathered and formed communities. It may shine bright sometimes, then it may stay dark at other times. A city, as a societal living organism, gets on in years with its inherent culture engraved on

it. As much as we come into existence and grow up finding our true colors from personal experience, a city comes into being and grows defining new culture from memories of yesterday. Urban regeneration is about giving ear to citizens about who they are and reminding them of who the owners of their cities. Urban regeneration revitalizes a city through participation and suggestion from citizens. Urban regeneration helps citizens to develop new community values that can promote autonomy and cultivate new culture that will be engraved in the city for the next generation. Today we are in the right place at the right time. We will hear about stories of people and organization that have endeavored to make urban regeneration happen.

● **SEOL Jae Woo** Through the kindness and recognition of the residents, small talents achieve small growth, and such small growth saves the region. 'Regeneration' in urban regeneration means growth as a necessity, and the discussion of urban regeneration sheds new light on the aspects of small growth of individuals that have been lost in the region, as well as the interest

and consideration of residents. I will tell you about my brother who inherited a laundry from my father. In the early days, he went through hard times because people did not acknowledge and respect the business of laundry. However, as he recently began his Youtube channel under the name of “CelebLaundry”, and many people started to pay attention to the same laundry that they had considered petty before. By doing so, the level of satisfaction that my brother gets from running the same laundry has increased significantly compared to the past.

The region should be a space where everyone is able to try and grow a lot of things even with small talents. Therefore, I have been working to help local residents feel confident in their daily lives so far. For example, I looked for some neighborhood and organised an event to give rolling papers as a gift, which is made of fond memories and laudable stories that occurred in a specific place. Also, I have been running the Seochon guide program, which is an exploration program that introduces the village. I also am running a video arcade that was at the brink of disappearing in the region, by saving it with funds from people. It is a case where it was almost gone but then continued to carry on.

Small kindness saves the area. A small number of dedicated and thoughtful people can change the world. Restoring self-confidence in everyday life begins with recognizing kindness, small talents.

● **JO Kwang-ho** The social paradigm of Korea, which has accelerated to meet people’s desire for urban development, is changing. From the idea that urban development is not sufficient, urban regeneration has emerged. Now, with the establishment of an urban infrastructure environment, unique culture and regional identity are being emphasized.

Cultural Urban Regeneration Policy refers to a policy that creates new values and effects for the future of the city by revitalizing it with culture and connecting each and every area of culture and society in the area that has lost functionalities currently and stagnated. So the social paradigm will be shifted into the center of cultural life to make the city sustainable. The agenda for promoting cultural urban regeneration

policy can be summarized in seven ways. 1) there must be cultural people, 2) cultural thoughts and actions of citizens must be realized from everyday life to culture, 3) A sense of cultural place must be rebuilt in the city, 4) cultural time must be recognized, 5) the process of regeneration to rebuild and restore the city must be culturally reconstructed, 6) attention to the social impact of culture must be paid; 7) formation of a comprehensive policy system to promote cultural urban regeneration is critical.

The most important thing in regional cultural regeneration is the conversation method. It is not just important that people gather together, but how to gather those opinions to create a single agenda and philosophy. In this way, we discover new values for the future of the region, create not only the values of local places, but also ways to live together.

When talking about urban regeneration in Korea, four concepts, which are considered the most important, are a social environment, physical environment, cultural environment, and economic regeneration. Out of these, the share of the cultural environment is way too small. At least culture is the source and basic system of organically connecting all societies, and this culture provides the basis for creating cities. However, cultural power alone is not sufficient and the cultural organic regeneration that can be combined economically, socially, and physically matters.

● **SEO Hyun** I would like to share my experience of designing Seoul Bookbogo in the reality that secondhand bookshops have been losing ground. The used bookstores are not just a commercial facility, but an important place that serves as an integral part of the knowledge industry in this era. It was four years of design work for Seoul Book Bogo that began to save old bookstores, where books that had disappeared from bookstores in the world were distributed through informal channels, just before entering the library.

Confronted the problem of absolute lack of space, the process began to transform the space where the cafe, which my neighborhood used to frequent, demolished into a used bookstore. This design work, which received the support of local residents, has been

carried out with the belief that this space will be where only books and people can be seen at the moment entering the place.

Currently, Seoul Book Bogo has become a holy place for Instagram. It is not only used as a space for fashion shows, but it has become a market with price markings tailored to the eyes of young people. By all means, we need to recreate the space in a way that meets the taste of the current generation, knowing that gathering people always should come first.

● **Paloma STRELITZ** We, Assemble, as a London-based architectural design studio, have successfully led the Liverpool’s urban regeneration that had been pulling back. In particular, we focus on closely linking the creation and operation of the architectural and architectural environment in a modern, lethargic urban life with the residents. That is to say since we consider the connection between people, construction and construction environment, we have been working on revealing the construction process and making the abandoned space a meaningful space. London is a city with great respect for culture but based on that the respect of space and residents necessary to create such culture, we strive to connect the social and physical elements of architectural design.

For instance, we have re-examined the cultural values of the space that was alienated and have been paying attention to embracing the people who were already living there, while conducting the work on the regeneration of the collapsed alleys, and on transforming the gas station into a movie theater where the residents can use it together. Together with the residents, by reflecting what the residents wanted, we were able to create more successful examples.

● **CHO Sang-beom** What the presentations had in common today was that we should listen to the residents as much as possible to draw their participation, and we need a policy that actually makes sure that the fruits are returned to the residents.

I could not agree more with the comments by Mr. Jaewoo Seol that urban regeneration starts from recognizing the small talents of people in the neighborhood. Such as the case of the bathhouse

becoming a gallery, or the fallen housing turning into the central space of the area, it is not always the solution to demolish existing space and make something new, but rather the urban regeneration business that reflects the opinions residents and proves their own space should be applied to Jeju Island as well. Mr. Kwang-ho Jo pointed out that the importance of cultural regeneration in city regeneration and that it should be started out with the pride that the place we live in is a cultural place. Seoul Book Bogo by Mr. Hyeon Seo has become as successful as it is now because it has introduced a flexible operating method to respond to the codes of young people in accordance with the characteristics of new generations, such as installing price tags.

It is time for Jeju-do to regenerate the city through the culture based on the residents’ participation centered around their trust and confidence. We should consider administrative measures to overcome the time and costs that may arise during this process.

Policy Implications

- Urban regeneration should be done in the direction of shifting the social paradigm toward the value of cultural life so that it can move into a sustainable city. In other words, the unique culture and regional identity must be emphasized along with the establishment of an urban infrastructure environment.
- Space must be regenerated in a way that meets the tastes of the current generation.
- Urban regeneration should be pursued to reflect the opinions of residents so that the local area could be of their own space.

Chapter
SEVEN

GLOBAL JEJU

The Future-oriented Strategy of Developing Jeju Free International City



Moderator **MOON Chung-in** Distinguished University Professor, Yonsei University/Special Advisor to the ROK President for Unification and National Security Affairs

Discussants **MOON Dae-lim** Chairman, JDC
WON Heeryong Governor of Jeju Special Self-Governing Province
SONG Jae-ho Chairman, Presidential Committee for Balanced National Development
Benjamin YAU Director, Hongkong Trade Development Council in Korea

Rapporteur **KO Taejin** Manager, JDC

1) Jeju Free International City: Achievements

● **WON Heeryong** It has been 17 years since we started developing a policy to make Jeju a free international city. Jeju has accomplished many changes through the Jeju Free International City Project. Policies for free international city development have helped us stimulate economic growth and enhance our brand value, among many other positive outcomes. However, I regret, in the process of our growth, not putting much thought into how we can make our residents happier, improve their living standards, embrace sustainable development and prepare for the future.

● **MOON Dae-lim** Jeju has made both quantitative and qualitative improvements over the last 17 years by pushing ahead the free international city project. Some of those achievements would not have been possible without JDC getting involved and acting as a catalyst. JDC has been working on infrastructure-building projects worth about 6.3 trillion won and others, I believe, to validate the driving force behind the growth of Jeju. But the environment has gone through many changes as well with people growing weary of development. I think it is important for us to

identify what lies ahead for JDC. We will make sure we continue to cooperate with the provincial and central governments to follow up on pending projects while exploring more projects intended to reflect the value of Jeju and thereby regain the support of the Jeju people.

● **SONG Jae-ho** In terms of balanced national development, much remains to be improved about the way the free international city project is being developed and implemented. The principles of balanced national development call for development intended specifically for regional needs, development led by local communities, and regionally balanced development. President Kim Dae-jung's government unveiled the plan to make Jeju a free international city as a pilot model for region-specific development while the succeeding Roh Moo-hyun government, as part of its commitment to advancing development led by local communities, granted 'special self-governing status' to the island of Jeju to promote it as a model for decentralization as well as to facilitate the process of becoming a free international city. But I suspect there was a lack of consensus among experts and residents on what they should achieve in the end with their free

international city. I do not think Jeju Province should wait until the central government tells Jeju where they should be headed for.

● **WON Heeryong** I agree that President Kim Dae-jung did all he could within his rights to plan a free international city here. He made the plan to allow Jeju to play a more active role as a key gateway to Korea's education, medicare, tourism and technology sectors as well as to make the country a more appealing destination to invest in order to overcome the country's economic plunge triggered by the financial crisis in 1997. I think our economic and industrial structures have changed amid the changes of the world, and the citizenship of Jeju residents has matured enough over time.

● **Benjamin YAU** Hong Kong and Jeju have much in common. Both are located down in the south. Hong Kong is a special administrative region, and Jeju is a special self-governing province. Both are alike in that they advocate the free movement of people, goods and capital. Over the years, Jeju has demonstrated a strong commitment to the free international city initiative. More foreigners are visiting Jeju thanks to the government's tourism promotion schemes and others. Jeju Province, on its part, is striving to attract more foreign investment by offering investor incentives and other investor-friendly benefits. Overall, I think Jeju Free International City is heading in the right direction.

● **SONG Jae-ho** The central government has chosen to develop Jeju Island as 'Jeju Free International City' for two reasons. One is so that trade can be promoted in Jeju, which is too small to be a stand-alone economy, and the second is so that Jeju's geographical advantage can be used to build another hub in Korea. The central government started out very ambitious, but it turns out that Jeju is lagging pretty much behind Hong Kong in many aspects, including international trade and English communication.

● **WON Heeryong** The way I understand the difference between Hong Kong, Singapore and Jeju is like this. Hong Kong and Singapore have historically served as shipping ports connecting East and West as well

as gateways between the two civilizations. Thanks to their location, they have always been seen as sitting at the heart of the world, which naturally paved the way for their industrial growth. These circumstances are different from those of Jeju, which is why I doubt it is possible for Jeju to get ahead of Hong Kong and Singapore in this respect. The idea of Jeju Free International City is not about promoting it as another industrial powerhouse like Hong Kong and Singapore, but about giving Jeju a powerful mandate to capitalize on what is unique about Jeju by designating it as a special self-governing province. There was nothing more Jeju could do as long as it remained just another Korean province. That said, I think much remains to be done to get it done right.

2) Jeju Free International City: Lessons to learn and challenges to overcome

● **MOON Dae-lim** It remains and will remain to be answered what kind of model a Jeju-style free international city should be built on. Jeju Province has advocated the free movement of labor, goods and capital with a view toward promoting itself as a free international city. It seems to me that the issue of the free movement of people has been addressed to a certain degree, although I doubt we have taken a practical approach to the issues of logistics and trade. That is why I believe the central government should be concerned and support actions taken in this regard, while JDC and Jeju Province should cooperate with it. If I were to look back on what JDC has achieved so far with their key projects, I would say Jeju Global Education City is on the path to success. Also, Jeju Science Park has succeeded in attracting more than 120 businesses, sales of which have totaled approximately three trillion won. I think the latter is beefing up its presence in the island's economy. Although the second-phase construction of Jeju Myths and History Theme Park is slightly delayed and the park does have an issue with water supply and sewerage, I believe the issues will be resolved as long as Jeju continues to be focused while JDC remains committed. We do worry, however, about the projects

to construct the so-called “Recreational Housing Complex” and “Healthcare Town.” JDC will actively get involved to expedite matters, but we also need Jeju Self-governing Province and the relevant authorities of the central administration (the Ministry of Justice) to continue to listen to us and support us. We have to admit that we are partly responsible for the problems raised while the Jeju Free International City Project was undertaken. Every member of our organization will ensure that they do everything possible to redress issues with the help of the wisdom and capability of Jeju residents. I believe that JDC has done much to help Jeju’s economy thrive in quantitative terms; however, we have failed to properly address issues associated with a shift in environment. Assuming responsibility for causing development fatigue among the citizens of Jeju, we will endeavor to maintain better discipline and find wise solutions. Still, I find it regrettable that JDC is being criticized more than it deserves.

- **WON Heeryong** Expertise matters when it comes to handling international business, such as planning, implementing and managing foreign investment projects. It is not something local government employees can deal with on their own, which is why we need a professional organization like JDC to make sure that they accomplish tasks with expertise and consistency while taking responsibility for what has been done. The reason why JDC has come to be criticized now is mostly that troubles emerge in the process of investing and JDC is responsible for luring investment, although investors, not JDC, are responsible for doing the developmental work. We need to reconsider why JDC exists and what purpose it serves if it is just there to buy development sites and sell them to investors.

- **MOON Dae-lim** Gov. Won’s remarks appear to demonstrate the negative perception of JDC that was widespread in the process of attracting investment, particularly in purchasing and selling development sites. This is a subject we can hardly agree on. JDC was created under a special law, which was passed with the approval of Jeju Provincial Council after collecting public opinion through surveys and other

means, with the objective of luring investment to develop Jeju into a free international city. According to the provisions of the special law, JDC has stockpiled and sold development sites for the sum of the land purchase price, developmental cost plus appraisal price, which seems to have caused us to be seen as just another “greedy land broker.” From now on, we are going to refrain ourselves from undertaking large-scale development projects. We have, by far, been “playing the bad guy,” I would argue.

- **SONG Jae-ho** It is a sort of privilege for a state-funded corporation like JDC to be allowed to develop a certain portion of the country. Such a position is envied by many mayors and governors. It is important that Jeju clarifies its direction and analyzes how much added value it has brought to Jeju. Just because Jeju residents are not happy, it does not mean that they shouldn’t pursue growth opportunities. The two are different issues that merit different approaches. Also, it is worth considering ways to change JDC into a development agency so that it can serve as a bridge between the central and local governments. Apart from evaluating how good an idea it was to get JDC involved and what JDC is capable of doing now, it is important to think carefully about how to utilize JDC better moving forward. JDC is an organization of great potential. It is important to work together in many ways with different government ministries to make Jeju Free International City a reality, and that should be the job of JDC.

- **Benjamin YAU** I do not think it is appropriate to compare Jeju to Hong Kong or Singapore in terms of investment climate. On its part, Hong Kong regards the strengths of Jeju, including the pristine natural environment, business-friendly environment, proper housing, smart agriculture, in a very envious way. You need to make Jeju more appealing so as to lure international talents. You need to think a lot about how to do that. I don’t think young Jeju people are afraid of change because they take pride in themselves as global citizens. Once you decide where Jeju Free International City should be going, Hong Kong investors will, I think, react very favorably to it. Jeju will be able to

attract enough investors because Korea’s image has changed for the better among Asian people.

- **WON Heeryong** Jeju’s strength and competitiveness center on its wonderful nature – and this has to be protected. We have the first industry and the future industry businesses as well here, nurtured by its natural environment, and I think they are a competitive edge that Hong Kong or Singapore cannot possibly have. Besides, I believe if we create an environment where people of talent from different walks of life can freely research and develop while seeking innovation without worrying about regulations, we will be able to thrive with many skilled workers coming in and out of here as Mr. Benjamin said. Different healthcare and education programs related to the Jeju Free International City Project are in place to attract global talents here, but we’re expecting a tough road ahead because of the variables involved. I think we should completely redesign the way we govern the island to attract many talented people from around the world.

- **SONG Jae-ho** Local governments have an average of about 600 competences, a far cry from more than 2,500 competencies granted to Jeju Self-governing Province. It is not up to the central government to decide where the region should be going under the delegated competences. Where to go is something that should be decided after the local government exercises leadership to forge an agreement with the residents. But I have heard on numerous accounts that Jeju is not doing at all what it is supposed to do – that is, ask the Ministry of Economy and Finance and other government ministries for what it needs. Jeju still has to exert itself to secure more budget from the central government to develop Jeju. That said, we need to keep asking ourselves whether it is the right way to make the Jeju people happy by allowing development to raise land prices at the expense of lowering their living standards. But that never means we should turn isolationist.

3) Jeju Free International City: Future

- **MOON Dae-lim** We should bring global talents

together as well as successfully complete what we have been working on to make Jeju Free International City a reality. We are currently devising detailed plans to nurture international talents, which we will confer upon with Jeju Province before they are finalized. As part of efforts to complete pending projects, we applied for a business license to establish Greenland International Medical Center and Anglo-Chinese School, which were rejected later. For one thing, these projects were delegated to Jeju Province by the central government, which means the central government’s decision made in favor of Jeju was rejected by none other than the local government of Jeju. We are worried about difficulties in seeking cooperation from the central government over collaborative projects from now on, after being informed that Jeju Province made such a decision unilaterally without consulting either the Prime Minister’s Office or JDC. With this in mind, we need to plan new initiatives in the near future in a new direction or else think about exit plans. We are giving a lot of thought to setting the future course of Jeju Free International City while preparing to outsource a research project. We are considering a peace business, inspired by the literati and historical values of Jeju, the spirit of the April 3 Uprising, and peace and justice and so forth, as well as a logistics business capitalizing on Jeju’s geographical advantage. As far as the human resource development project is concerned, we are looking into what JDC can do to help young citizens better embrace the Fourth Industrial Revolution. That is why we’re actively involved in creativity-centered human resource development programs initiated by the central government and we’re readying ourselves for them.

- **WON Heeryong** Now that Mr. Moon is chairman, it is time JDC comprehensively review what it has done so far and make a choice about whether or not to continue with troubled projects. And then the four of us – Jeju Province, JDC, the central government and Jeju residents – should build a consensus among ourselves and extensively discuss how to find and push for new projects. We need to discuss in more detail, not superficially, based on our trials and errors

for the past two decades. Jeju Province will fully cooperate with that.

● **SONG Jae-ho** From what I see, JDC and Jeju Province are working to create a new type of cooperative ties. A proposal has been made for Jeju Province, JDC and Ministry of Oceans and Fisheries to work closely together on the development of a port, which remains to be seen yet. The new port development, which we expect will create about 100,000 jobs, is seen as fresh momentum for the province's growth. Jeju Province is considering promoting agricultural products as Jeju's future food industry. If the state-of-the-art agricultural and food complex project becomes a reality, I expect it will contribute to Jeju's growth. The two organizations should, however, work together to deal with those issues mentioned earlier.

● **Benjamin YAU** We are living in the era of the internet. The internet makes 'new industries' a possibility. In this era, it is possible to develop new industries as well as to modify existing industries with the help of different technologies. These are some of my ideas about the future industry of Jeju. First, it seems possible that you could develop a biotech industry that capitalizes on its natural resources. Second, another option could be culture-themed tourism, which will help attract not only local tourists but visitors from around the world. Korea and Hong Kong could be better off by cooperating with each other. There was a case where a Hong Kong investor and a Korean cosmetics company launched a joint venture. The tiny venture would not have been possible if the Korean firm had not stopped looking for only local investors to reach out to the Hong Kong investor. The Hong Kong investor did not know either about the advanced technology of Korea's cosmetics makers before they found the business of their jointly invested company expanding. This example reminds us that there could be many different ways of bettering the living standards of not only international investors but also Koreans themselves.

4) Conclusion

● **MOON Chung-in** Ultimately, Jeju Free International City must pursue the Jeju people's happiness. You

can say people here are happy when they are rich both spiritually and materially and that is why you have to make sure you maintain a balance between the environment and development. I once got involved in a consulting project for development of a free international city with a company called Jones Lang LaSalle and that is already as far back as 20 years ago. I think it is about time Jeju Province and JDC start working together to study and come up with Jeju's future vision. Also, the central government and Jeju Province have to work together in order for Jeju to thrive sustainably while deserving support and concern. The same goes for the relationship between JDC and Jeju Province. As YAU Benjamin pointed out, there seems to be a lot of room for cooperation between Jeju and Hong Kong. I hope Jeju will successfully develop into a free international city loved by the world with the central government, Jeju Province and JDC cooperating and collaborating with one another and with the world.

Policy Implications

- Jeju's economy expanded both quantitatively and qualitatively through free international city initiatives, but it also had to undergo various troubles while pushing ahead with the initiative.
- Now that the Jeju Free International City project has been in place for 17 years, it is about time that the project is re-designed to better fit its future vision and reflect changes of circumstances, in accordance with the consensus of Jeju Province, the central government and Jeju residents.
- The ultimate goal of the Jeju Free International City project is to make the lives of the Jeju people better and make them happier, which makes it important for the central government, Jeju Province and JDC to cooperate and collaborate with one another and with the world.

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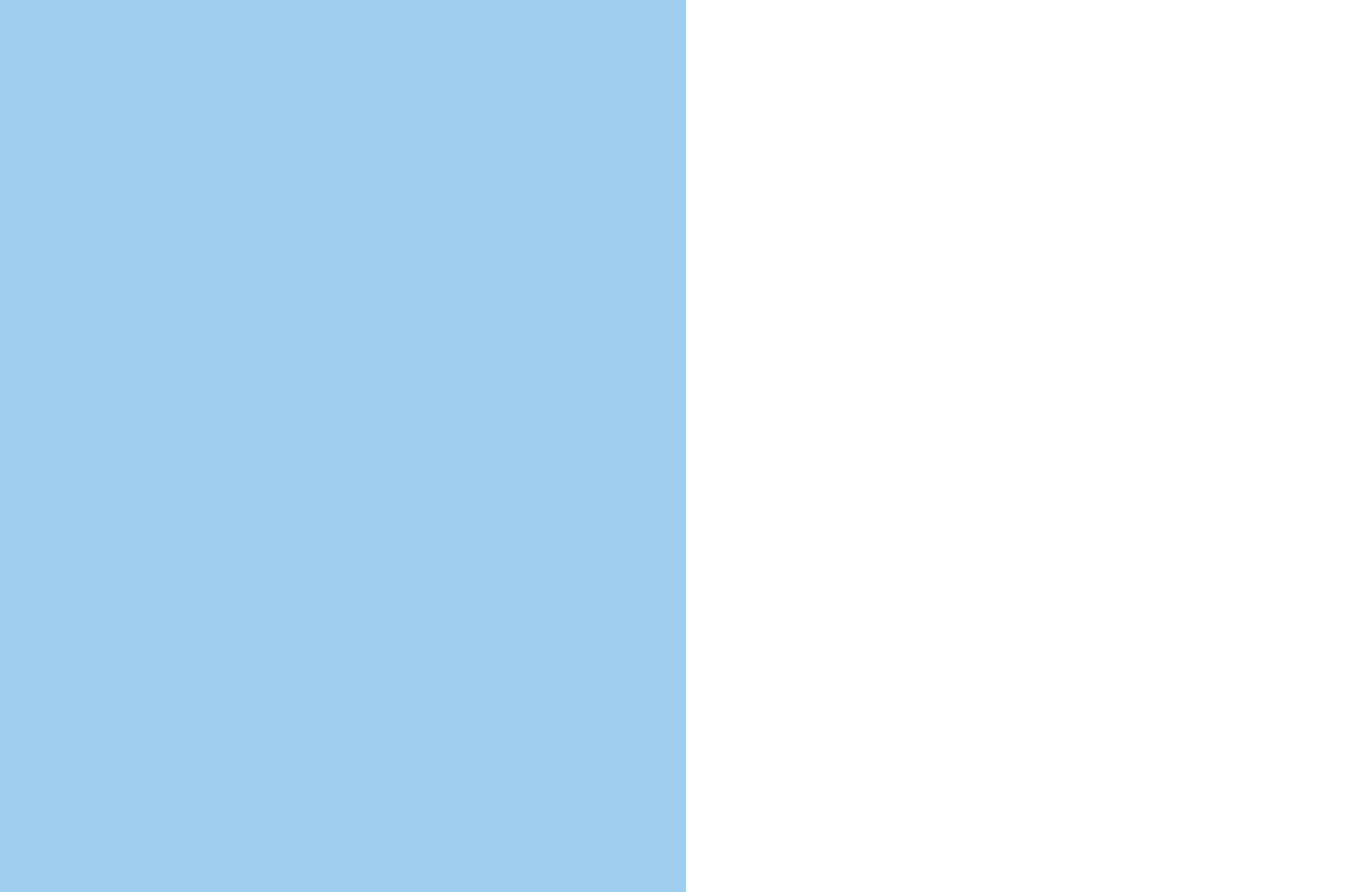
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