

South Korea

CONTEMPORARY HISTORY

Korea has suffered approximately 900 invasions during its 2,000 years of recorded history. Until the late 19th century, Korea, like Japan, had chosen self-isolation from the world and was known as the “Hermit Kingdom.” Korea was part of the Chinese “tribute” system. This meant it was independent politically, but acknowledged China's theoretical role as “big brother.” This isolation ended when Japan conquered and annexed Korea in 1910. Japan harshly put down all resistance. Koreans were forced to speak Japanese and to adopt Japanese names. At the end of WWII, Japanese domination ended, but the country was divided into a Soviet-dominated North (the Democratic People's Republic of Korea or DPRK) and US-controlled South (the Republic of Korea or ROK).



North Korea and South Korea engaged in a bitter and bloody civil war from 1950-53. The conflict involved the US on the side of the South and China on the side of the North. It resulted in the deaths of three million Koreans, one million Chinese, and 54,000 Americans. Since 1953, Korea has remained divided and formally at war, since no peace treaty between the North and South was ever signed. A change in leadership in North Korea in 1994 cracked open the door to better relations between the North and South.

In 1953, South Korea was a devastated country and one of the poorest places on earth. Starting out with a much weaker economy than North Korea, the Republic of South Korea has become one of the most remarkable economic success stories in the world. It grew to become a major industrialized country with living standards approaching those of Europe. South Korea was deeply affected by the Asian financial crisis of late 1997. Economic growth ground to a halt and unemployment rose to its highest levels in years. However, the economy has since made a strong comeback, thanks to an IMF-led bailout of \$58 billion and South Korea's own economic reforms.

On the political front, Korea has been transformed from a dictatorship for most of the period since WWII into a democratic society that is concerned about human rights. The transformation was completed in 1997, with the election of Kim Dae Jung. Kim was a former political prisoner under the military regimes of the recent past. He

Flag



The white background symbolizes peace. The central figure represents the Yin and Yang or the opposing forces of the spirit. The four groups of three lines represent the ancient Chinese philosophy of nature.

South Korea: Facts

Capital	Seoul
Government	Republic
Government Head (President)	Lee Myung-bak
Economy	Capitalist
Independence	1948
Area (sq. km)	98,000
Population (millions)	48
Adult Literacy	98%
Pop. Growth Rate	0.27%

Source: CIA World Fact book. Military data for year 2005 and Military % of GDP for year 2006. All others for year 2008. GDP figures are in Purchasing Power Parity. Tuberculosis data for year 2006 and Health Care % of GDP for year 2005 from WHO.

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won the Nobel Peace Prize for his “sunshine policy” emphasizing engagement and reconciliation with North Korea.

In February 2003, Roh (pronounced No) Moo Hyun succeeded Kim as president. Roh, a human rights lawyer, continued Kim's open policy toward North Korea. However, his tenure was hurt by some election scandals concerning his top officials and family members. Roh was impeached in 2004 over these issues, but his impeachment was overturned by the constitutional court. He also failed to address continued economic reforms and housing issues.

In the presidential election of December 2007, Lee Myung-bak was chosen to be the new leader of South Korea. The new president's agenda is “small government and big market”. A former Hyundai top executive, Lee was investigated in connection with a stock fraud scandal, but was cleared by a special prosecutor one week before he assumed office on February 25, 2008. Lee is a member of the conservative Grand National Party (GNP) and has criticized the “sunshine policy” of his recent predecessors. He has indicated that he will take a harder stance regarding North Korea on issues of nuclear proliferation and human rights, demanding more action on the part of North Korea in exchange for economic aid. The next presidential election is scheduled for December 2012.

SOUTH KOREA TODAY

South Korea is at the southern tip of the Korean Peninsula in East Asia, between mainland China and the islands of Japan. About 25% of the size of California, and with about 49 million people, the ROK has one of the world's highest population densities. The population is also among the world's most homogeneous in terms of culture and language. The only significant minority is Chinese, and they constitute just 20,000 people. Many Koreans have emigrated to other countries, especially China, the US, Japan, and Central Asian countries that were part of the former USSR.

East Asia is still recovering from the 20th century, which was a period of forced colonization and two global wars. With the exception of North Korea, trade has been the vehicle that has allowed the countries of East Asia to find a new and collaborative way of relating to each other. South Korea and China established full diplo-

matic relations in August 1992, and the two countries have increased greatly their economic and political ties since then. South Korea's relations with Japan continue to thaw. In a 1998 visit to Japan, then President Kim Dae Jung offered South Korea's forgiveness for 35 years of Japanese colonial rule and called for a closer partnership between the two countries.

South Korea is a model for countries recovering from war and/or economic devastation. Its ability to transform from one of the poorest places on earth 55 years ago to the 14th largest economy in the world, is just short of amazing. It did so by emphasizing exports, hard work, and educating all South Koreans, including women, equally. Up until recently considered a developing country, South Korea officially became a developed country in 2008.

The one legacy left over from a darker time is North Korea, a relic of the Cold War era. Other countries in East Asia, as well as the US, consider the North Korean regime unstable and unpredictable. South Korea's top priority is managing its relations with North Korea. More than 50 years of tension and distrust have made reconciliation between North Korea and South Korea very complicated. Beginning in the 1970s, there were several periods of cooperation on specific issues, such as reunions of families divided by the Korean War. High-level meetings during the 1990s addressed reunification, nonaggression, and nuclear proliferation, but fell apart mainly over the issue of inspections. A resumption in 1993 of joint ROK-US military exercises angered the DPRK. In 1994, North Korea's longtime leader, Kim II Sung, died. With the demise of its main benefactor, the Soviet Union, North Korea's economy collapsed in the 1990s. This forced its leaders to reach out to other countries for assistance. China became North Korea's main ally.

In 1998, former South Korean President Kim Dae Jung introduced his “sunshine policy” that encouraged warmer relations, particularly economic cooperation, between the two countries. After decades of suspicion, the two Koreas held their first summit in 2000. Since that time, economic ties between them have grown significantly. South Korea has become North Korea's second-largest trading partner, after China. They are cooperating on tourism and the development of an industrial park. They also have reconnected railroad lines and roads on their east and west coasts. Some railway freight service across their border began in December 2007. Howev-

er, current President Lee takes a much harder line towards North Korea.

International concerns about nuclear proliferation have also dampened initial optimism about North Korea. In 2002, North Korea revealed it had been pursuing nuclear weapons. In 2003, South Korea joined the US, Japan, China and Russia in negotiations with North Korea which have become known as the “Six-Party Talks.” These sporadic meetings have attempted to persuade North Korea to dismantle its nuclear weapons program in exchange for economic assistance. But just as the talks seem to reach a conclusion, North Korea breaks off discussions and launches one or two missiles to keep everyone off-balance about its threat potential.

Human Rights

South Korea is a democratic country where most individual rights are guaranteed. However, South Korea has been through periods of human rights abuses by the government. As late as 1986, a harsh military dictatorship ruled South Korea. The country went through bloody military coups in the early 1960s and in the late 1970s, during which many pro-democracy demonstrators were killed. Street demonstrations, particularly of students and labor groups, are still marked by considerable violence today.

South Korea's remarkable economic growth starting in the 1960s was accompanied and facilitated by an emphasis on education. The education system was built up in stages, first emphasizing elementary school, then middle school, then high school. Girls were equally encouraged to attend school along with boys.

South Korea's high level of economic development means the country does not have a significant child labor problem. The minimum age required for employment by law is 15 years old, and the government provides compulsory education through middle school. South Korea has signed the *ILO Convention #138 on Minimum Age* and the *Worst Forms of Child Labor Convention #182*.

A conservative tradition has left women subordinate to men socially and economically. Despite the passage of equal opportunity laws, there are still few women in the upper levels of government and business. On the positive side, social attitudes are changing. Women have

full access to education, and women's participation in the workforce is increasing. In March 2008, a female bioengineering student was named to become South Korea's first astronaut, joining a Russian space team. However, as in other parts of the world, domestic violence against women remains a problem.

Human trafficking is also a problem in South Korea, especially for women. According to a US State Department report, the Republic of Korea is a source, transit, and destination country for women who are trafficked for the purpose of sexual exploitation. Women from Russia, Uzbekistan, Kazakhstan, China, the Philippines, Thailand, and other Southeast Asian countries are trafficked for sexual exploitation to South Korea. Korean women are trafficked to Japan and to the US, for forced prostitution, sometimes through third countries like Mexico and Canada.

The government of South Korea fully complies with the minimum standards for the elimination of trafficking. During 2005, the government continued to provide substantial resources for victim care, and remains a pioneer and global leader on anti-trafficking education and reduction measures. The government uses an aggressive law enforcement campaign aimed at curbing trafficking and exploitation of women. The government also continues to make progress to strengthen victim support and improve the treatment of women in Korean society. The Ministry of Gender Equality and Family and the Ministry of Justice play leading roles in the effort to curb trafficking and exploitation.

In 2004, South Korea passed the Act on the Punishment of Intermediating in the Sex Trade and Associated Acts. It specifically prohibits trafficking in persons, including debt bondage, and related activities. The anti-trafficking law also carries stiff penalties, including up to 10 years of imprisonment, up to \$86,000 in fines, and seizure of assets and property acquired as a result of trafficking. There are also a number of related criminal laws that may be used to prosecute trafficking-related crime.

Regarding minority rights, South Korea is a racially homogeneous country with no ethnic minorities of significant size. However, there is a small ethnic Chinese population, many of whom face legal and social discrimination because of their foreign status. Immigrants coming to the country to work also face discrimination.

Environment

Over the past 46 years, economic development has been the main priority in South Korea, so all resources were devoted to industrialization. The environment therefore deteriorated, becoming one of the serious social problems of the 1970s. Air pollution and water pollution in the large cities were particularly major problems. Since the 1980s, the government has taken steps to improve the quality of the environment. These steps include stricter environmental laws on waste, water quality, air pollution, development of nuclear energy, and the growth of the environmental technology industry.

South Korea ratified the Kyoto Protocol on global warming in November 2002. Under the Protocol, it is considered a developing country and thus has no required GHG reductions. However, as international discussions begin on what will replace the Kyoto Protocol after 2012, it is expected that South Korea will be considered a developed country.

As a member of ASEAN and the East Asia Summit, South Korea has signed recent accords related to global warming and alternative fuel sources. However, there are no mandatory timetables or percentage decreases involved with these accords.

It is hard to ignore the effects of global warming, desertification and cross-border air pollution. The year 2006 was the third warmest year in South Korea for the last 100 years. In addition, every spring a yellow sandstorm begins in China and crosses over the Korean peninsula and Japan. The yellow dust blankets Korean cities, decreasing visibility,

causing respiratory troubles, and hampering the manufacturing of electronic and other fine products. A joint group of Korean and Chinese college students have been conducting a tree-planting campaign for several years in the Kubuchi Desert of China, in a limited effort to reduce this springtime blight.

Ironically, the demilitarized zone (DMZ) between the Koreas, untouched by human beings for over 50 years, has become a sanctuary for rare birds, animals, and plants. An international group, the DMZ Forum, is attempting to protect this “natural laboratory” from future development.

Like many other countries around the world, South Korea plans to expand its nuclear energy power plants to reduce its dependence on foreign oil and its GHG emissions. Currently the country has 20 nuclear plants supplying 40% of its electrical needs. In the government's development plan for 2007-11, South Korea will develop its nuclear industry into one of the top five in the world. Plans call for 60% of electricity to be generated by nuclear plants by 2035. After years of relying on other countries to build its plants, South Korea is moving to becoming self-sufficient in plant construction and to supply its own uranium to power the plants.

While it's true that nuclear energy is a “cleaner” source of energy, radioactive plant wastes must be stored away from humans for thousands of years. After many false starts, South Korea appears to be on track to build a long-term repository for spent fuel. In 2000, the government passed the Act for Promoting the Radioactive Waste Management Project and Financial Support for the Local Com-

munity. The Act provided \$290 million for the selected community. The aim is to compensate for the psychological burden on residents, to reward a community participating in an important national project, and to facilitate friendly implementation of radioactive waste management. South Korea is one of the few countries with nuclear power plants that is moving towards building a permanent repository, hopefully by 2015.

It is also becoming clearer that nuclear plants pollute the source of water used for cooling the plant. So there is a definite environmental trade-off for nuclear energy use.

As South Korea industrialized, the government committed itself to universal health care. It has come about in stages. The first people to be covered were those in large companies and the poor. Additional expansions of health insurance included people working in smaller companies, independent small business owners, and finally people in rural areas. A problematic and unresolved issue is the difference between premiums for the various groups.

The government sets health care policy and administers the system. Law prohibits private firms from providing health insurance. Funding comes from payroll taxes paid by both employers and employees. The government reimburses patients for about 80% of their expenses. This requires patients to pay for the remainder from private funds. Current expenditures for health care equal about 6% of GDP. Government medical policy concentrates on preventive medicine and containment. This is reflected in a very low incidence of AIDS and a low infant mortality rate. Life expectancy con-

South Korea: Health

Birth Rate	9/1,000
Death Rate	6/1,000
Life Expectancy - Male	75
Life Expectancy - Female	82
Infant Mortality	4/1,000
HIV/AIDS Cases	8,300
HIV/AIDS Prevalence Rate	>1/1,000
Tuberculosis Rate	88/100,000

tinues to rise in South Korea, currently 79 years of age.

South Korea has one of the highest rates of tuberculosis (TB) in the world. There were 35,269 new TB cases in South Korea in 2005. This is the highest figure among the 30 members of the Organization for Economic Cooperation and Development (OECD). The country also had the largest number of TB fatalities with 2,948 in 2005.

The Korea Center for Disease Control and Prevention announced a plan to gradually eradicate the disease by providing financial aid to the patients as well as increasing personnel and facilities treating infectious diseases. It aims to eliminate TB by the year 2030.

The avian flu epidemic in South Korea began near the capital of Seoul in December 2003. Millions of infected birds had to be killed. The outbreak had caused a large drop in the domestic consumption and export of birds, which worried small local producers. One controversial measure of the South Korean government was the order to kill cats and dogs, which were seen as a threat to transferring the virus. South Korea has not had any human deaths from bird flu.

Economy

South Korea is currently the 14th largest economy in the world. It has experienced remarkable success in its development over the past four decades. It is one of the four industrialized Asian “tigers,” along with Hong Kong, Singapore, and Taiwan. To fuel their rapid growth from the 1960s to the 1990s, all four economies relied on an export-driven economy, an emphasis on mandatory education, and infrastructure that provided easy access to world markets. Because of its success, South Korea is often considered a model for developing countries to follow.

On its road to industrialization, the country was able to combine authoritarian rule with free market processes and entrepreneurship. However, in the fall of 1997, South Korea was hit by a severe financial crisis along with many other countries in Asia. International investors lost confidence in South Korea's financial sector over questionable lending practices and withdrew foreign capital from the country in massive amounts. The effect of this capital flight was devastating, and many of the industrial conglomerates (chaebol) went bankrupt.

The South Korean government obtained a \$58 billion bailout package from the IMF to stabilize the financial situation. It began a series of reforms to regain investor confidence. The government put barriers between the banking system and the chaebol to discourage risky loans. Some of the banking system was opened to foreign capital. The reforms and the IMF loan allowed the country to recover from the crisis. South Korea finished repayment of its IMF loan in 2001.

South Korea's economy has been humming along at an average of 4% to 5% of GDP annually for a decade. However, the country is not immune to the global economic meltdown. Growth has slowed. It is projected to be between 2.5% - 3.5% for 2009.

In addition to the global recession, South Korea still has structural problems with its economy. A second round of reforms is overdue. The service sector still lacks competition and thus its productivity rates are low. Too few state enterprises have been privatized. There is a growing disparity between the haves and the have-nots in society. Urban areas are prosperous while the countryside is neglected. The chaebols remain wealthy and well-connected while small businesses struggle.

South Korea: Economics

GDP (trillion)	\$1,206
GDP Per Capita	\$25,000
GDP Growth Rate	5%
Unemployment	3.3%
Inflation Rate	2.5%
Exports (billions)	\$379
Imports (billions)	\$350
External Debt (billions)	\$220

And a move away from regular employment to part-time jobs has created a two-class business society.

President Lee has made tackling the lack of privatization his number one issue. He wants to reduce the number of state-owned companies from about 250 to 219. While his party holds a majority in the National Assembly, it is unclear if Mr. Lee will be able to pass the bills necessary for his privatization plan. The public is concerned that his plan favors the wealthy.

Trade is extremely important to South Korea because its economic growth is largely based on exports. It also depends on imports for almost all its energy needs. Up until the 1990s, South Korea followed a strategy of seeking export markets for its manufactured products abroad while trying to protect its industries at home from foreign competition. But in the 1990s, and especially after the financial crisis, South Korea opened and restructured its economy. The government reforms included the privatization of some state-owned companies and the further reduction of barriers to trade and investment.

South Korea was a charter member of the WTO and joined the predecessor, GATT, in 1967. While large corporations have welcomed trade with China, many smaller Korean companies are struggling to compete with cheaper Chinese imports.

South Korea funded much of its development by maintaining a high domestic savings rate during its industrialization period. The South Korean GDP includes extremely high levels of investment. Prior to the financial crisis this was mainly through bank financing. After 1997, South Korea opened its economy to foreign investment. Both foreign direct investment and foreign investment in South Korea's stock market have become sources of raising capital. As with other country's stock markets, South Korea's stock values are down significantly for the 2008 year.

In October 2008 the government announced a \$130 billion rescue package for its struggling banks. Some have wondered if the South Korean economy will suffer another economic meltdown like the one in 1997. But the economy is on a much sounder footing in 2009. Banks are better capitalized, big companies less indebted, and foreign currency reserves are much larger than they were in 1997.

When looking at South Korea's export success, it is somewhat surprising that its inflows of FDI are so modest. The 2005 average was a mere 3.1% of GDP. This contrasts sharply with an average for East Asia of 10.5% and an average for the world of 9.4%. A heavy burden of laws and regulations and a lack of transparency are often blamed for the low FDI rates. It is also known that South Korea favors its domestic businesses over foreign companies.

While South Korea still has much to reform in its economy, it has been looking beyond its own borders. The country has increasingly provided financial and technical aid to developing countries, especially in East Asia (China and Vietnam).

Security

Strategically placed between China and Japan and not far from Russia, the Korean peninsula has often been the battleground of foreign invaders. Although it is a leading international trading nation, South Korean security concerns focus on its own territory and relationships with the US and the surrounding great powers. Korea was a victim of Japanese militarism 100 years ago. It spent most of the first half of the 20th century as a Japanese colony, and the harshness of Japanese rule has contributed to a lingering mistrust of Japan. As time passes, South Korea has attempted to overcome this legacy and to seek closer ties to its neighbor.

After WWII, Korea immediately became the center of a Cold War dispute. Rival zones of influence (communist in the North, American in the South) led to a war on the Korean peninsula from 1950-1953 that ended in a stalemate. South Korea continued to support the US strongly during the Cold War. Relations with Russia improved in the 1990s, but trade and other connections between the two countries remain limited. A more significant development was the opening of official relations with China in the 1990s.

Also in the 1990s, former President Kim Dae Jung instituted a "sunshine policy" of more openness toward North Korea to reduce tensions on the Korean peninsula. Ties between North and South have grown. A trade zone between the two countries was initiated in 2003. South Korea is now North Korea's second-largest trading partner. However, the fond hope of an eventual

peaceful Korean reunification still appears distant. President Lee does not believe in the open policy towards North Korea that his predecessors established. He wants to take a much harder line with the unpredictable country.

South Korea has been strengthening its international visibility along with its economy. As a testament to this, a South Korean became the new UN General Secretary in January 2007. Ban Ki-moon was formerly South Korea's foreign minister. The country support for his nomination included both China and the US. Mr. Ban is known for his administrative abilities.

As for regional conflicts, North Korea continues to be South Korea's overriding security concern. Frequent famines and severe economic weakness make a potential collapse of North Korea a genuine threat to stability in Northeast Asia. South Korea is sometimes frustrated with US/North Korea nuclear weapon conflicts. The US claims a broader goal of protecting the world from North Korean nuclear missiles being sold to the highest bidder. Yet South Koreans, due to their close geographic proximity to potential nuclear weapons, feel that they have the most to lose if North Korea were to stop talks and resort to war. This accounts for their unease when the US takes a more confrontational approach to negotiations.

The diplomatic community has been engaged in ongoing discussions with North Korea about their actions. South Korea is one of the members of the Six-Party Talks, along with Russia, Japan, China, and the US. The Six-Party Talks have been ongoing for over six years. In February 2007, a new agreement was reached and the International Atomic Energy Agency inspectors were allowed back into the country. In return, the US, China, South Korea, and Russia agreed to provide about \$400 million in food and fuel aid, plus security guarantees. Late in 2008, North Korea's leader Kim Jong II refused to allow inspectors to take nuclear samples out of the country. This froze the agreement and started a domino effect. China reduced its food aid to the country and South Korea refused to provide it free fertilizer. North Korea is struggling with food shortages, so these moves will make its crop shortages worse. But the unpredictable Mr. Kim has extended an olive branch to

the new American president Barack Obama. In a New Year's message, he said he was willing to work with countries that are friendly towards North Korea and asked if a country representative could attend Mr. Obama's inauguration.

The possibility of nuclear proliferation becomes an issue with the planned expansion of South Korea's nuclear power plants over the next 30 years. The country plants to produce its own nuclear fuel for the plants. It is also responsible for its own storage of spent fuel rods. South Korea is a party to the Nuclear Non-Proliferation Treaty (NPT) as a non-nuclear weapons state. Its safeguards agreement under the NPT came into force in 1975 and it has signed the Additional Protocol in connect to the NPT. It is assumed that South Korea will have the proper safeguards in place. However, the more nuclear material that is produced, shipped, and stored in a country, the more opportunities there are for terrorists to obtain bomb-making material.

South Korea: Security (Armed Forces)	
Military expense as % of GDP (2006)	2.7%
Military expenditures (millions)	\$14,522
Military expense per capita	\$296.37

Since the Korean War, the South Korean government has been one of the US's strongest supporters abroad. It was one of only a small number of allies to actually send troops to fight alongside the US in the Vietnam War (1963-1975). Large numbers of US soldiers have been stationed continually in South Korea, although there has always been some domestic opposition to the presence of US forces there. This opposition was heightened in 2002 after two Korean schoolgirls were killed by US troops in a driving accident. Currently there are 28,500 US troops in South Korea, a reduction of about 9,000 over the last few years. (At least two brigades were shifted to Iraq or Afghanistan.) US bases are being moved out of Seoul to a facility farther south, so that the valuable land their bases occupied in Seoul can be economically developed by the government.

South Korean frustration with the heavy-handed approach of the US to North Korea sometimes raises the question of whether US troops should be withdrawn. Because so many South Koreans were born after the Korean War, they lack a historical motivation for maintaining US troops there. In addition, former President Kim Dae Jung, in order to win support for his policy of reconciliation with North Korea, downplayed the atroc-

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ities committed by the North's communist regime. As a result, many South Koreans think of their northern neighbors as long-lost relations. They cannot conceive of a scenario that would lead to the North's attacking them.

As a result of the historically tense situation on the Korean peninsula, South Korea has one of the world's largest standing armies. It has a joint military partnership with the US as outlined by the Mutual Defense Treaty signed after the Korean War.

In the international arena, South Korean troops have participated in various peacekeeping operations in Africa, East Timor and Lebanon. In Iraq, South Korea was

the third largest troop contributor after the US and the UK, originally with about 3,500 members. The last of 600 troops left Iraq in December 2008. The troops consisted mostly of engineers and medics. They performed humanitarian and reconstruction projects in the Kurdish-controlled northern city of Irbil. South Korea also contributed non-combat forces in Afghanistan. They were withdrawn in 2007 as part of a hostage negotiation with the Taliban.

There are few cases of domestic terrorism. However, on the Korean peninsula, it is estimated that as many as 600 South Koreans have been kidnapped over the years by North Korea.