

# CORPORATE AFFAIRS

The Korea Society fosters dialogue and cooperation between American and Korean business leaders by arranging opportunities for frank and interactive discussions of current issues affecting the economic and political partnership between the United States and Korea.

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## Political Risk:

### The Koreans and Asia

February 16 • New York, NY

Ian Bremmer, president of Eurasia Group, gave a synopsis of several potential geopolitical conflicts currently brewing in East Asia. The major story, according to Bremmer, is the collision course set between China and Japan as both countries vie to become regional powers. Despite the intense attention given to the North Korean nuclear program, he asserted that there is far less risk surrounding it, from a market perspective. Given the right inducements, he said, North Korea is likely to step back from its nuclear program. Bremmer also touched on other contentious issues in the region, such as China's relationships with Taiwan and India.



(l-r) Michael Petit, Jeffrey Shafer, Chester C. Dawson III and Hyun Jung Taik

## Economic Challenges Facing South Korea in 2006

February 28 • New York, NY

South Korea wears its post-war economic miracle on its sleeve, but often that past success can distract investors from the real economic obstacles in the country's near future. What those obstacles would be and how Korea could overcome them were the topics of this panel discussion.

Jeffrey Shafer, head of economic and political strategies at Citigroup, took stock of South Korea's 5.5-percent projected annual GDP growth for 2006. Major factors that determined this projection were high oil prices and a corresponding dampening of demand for Korea's exports. Hyun Jung Taik, president of the Korea Development Institute (KDI), examined South Korea's labor market and noted there are more high-income and low-income jobs

available, but few in the middle. Michael Petit, managing director of Asia Pacific and corporate ratings at Standard and Poor's, commented on the Roh administration's heavily promoted plan to turn South Korea into a financial services hub, which he worries doesn't constitute a real vision of how to make the entire Korean economy vibrant again. Chester C. Dawson III, author and global finance editor, wrapped up the discussion by noting that Korea is in a unique position to set an example for China if it liberalizes its economy. Korea needs to avoid the familiar temptation to protect its flagship industries at the expense of overall competitiveness, and become genuinely comfortable with foreign investment.



(l-r) Kim Byoung Il, Park Dae Won, Carl Seaholm, Michael Ranieri, Richard M. Smith, Moon Bong-Joo, James F. McCabe, Lee Myung

### Breakfast Briefing with Lee Myung Bak

March 15 • New York, NY

As one of the leading contenders for nomination as the presidential candidate of the Grand National Party, Seoul mayor Lee Myung Bak found a receptive audience when he addressed a breakfast meeting during a visit to New York. The meeting was held at the Barclay Hotel for a select group of experts and investors. Lee spent much of the meeting discussing his vision of Korea's foreign affairs. He praised the importance of the U.S.-Korea alliance, expressed concerns about China's rise and said that despite recent turbulence, he had not given up hope for better relations with Japan.

### Korean Multinationals and Northeast Asia

March 16 • New York, NY

**Jung Ku-Hyun**, president and CEO of the Samsung Economic Research Institute in Seoul, argues that Northeast Asia has become Korea's most important export and investment market, and that as the region's economy continues to grow, so will its importance to the ROK. Seoul's economic ties to the U.S. are vital, and will grow closer still with the prospective U.S.-Korea FTA. However, Northeast Asia's economies hold much more potential for Korean companies overall.

South Korea's exports to Northeast Asia have steadily increased at a rate far out-pacing their exports to the rest of the world. Korean direct investment in the region is currently at \$26 billion. With economists predicting that the region will make up 35% of the global economy in years to come, those already impressive numbers are set to grow rapidly.

South Korea's strong position in Northeast Asia dates back to the end of the Cold War, when Korean businesses opted to establish a presence in places like China and the Russian Far East. In the coming decades, Korean multinationals will draw upon their non-price advantages to expand their strong position in Northeast Asia. Ku predicted that, fueled by growth in Northeast Asia, the next 10 to 15 years will be a golden age for the Korean economy.



### Getting to a U.S.-Korea Free Trade Agreement

May 11 • New York, NY

Representatives from America's top businesses in Korea and their trade group, the American Chamber of Commerce in Korea (AMCHAM Korea), came together for a panel discussion on the current business conditions in South Korea and what both the U.S. and South Korean governments need to do to wrap up the Free Trade Agreement (FTA). The speakers were: **Wayne Chumley**, chairman of AMCHAM Korea; **Tami Overby**, president of AMCHAM Korea; **Tong-Soo Chung**, head of Invest Korea and senior vice president of KOTRA; **Michael Zink**, vice chairman of AMCHAM Korea and senior executive vice president of Citibank Korea; **David Ruch**, Korea country manager for United Airlines; **Henry I. An**, partner at Samil PricewaterhouseCoopers; **James Reinstein**, regional vice president for Boston Scientific; **Il-Young Maing**, president of United Technologies International and **Jeffery Jones**, attorney at Kim & Chang.



Kim Chulsu

### Domestic Challenges Facing the U.S.-Korea Free Trade Agreement

May 18 • New York, NY

A former head of South Korea's Ministry of Trade, Industry and Energy and deputy director-general of the World Trade Organization, **Kim Chulsu** clearly sees the benefits of a U.S.-ROK free trade agreement (FTA). But many of his countrymen do not, and for the Roh administration, time to convince them is running short.

In South Korea, though polls show the majority of voters supporting an FTA, many well-funded, well-organized industry groups are determined to scuttle any deal. Furthermore, many NGOs vehemently oppose the deal for anti-American ideological reasons. President Roh's ruling Uri party doesn't want to upset such powerful constituencies in an election year, so the firm leadership necessary to solidify public support has been lacking. Kim suggested that President Roh use his considerable influence to bring them back into the fold, while conducting a larger campaign to explain the FTA's benefits to voters.

Kim said American officials should avoid making inflammatory statements that could rouse anti-American sentiment. American trade officials should also craft their negotiating positions with South Korean sensitivities in mind—especially issues like rice and goods made at the Kaesong joint-industrial complex. Flexibility on these points in particular will be crucial to passing the U.S.-Korea FTA.





### Korea Investment Forum

*June 28 • New York, NY*

Korea is open for business and to let investors know just what opportunities the country has to offer, The Korea Society and KWR International, Inc. presented a special afternoon forum at the New York Palace Hotel. Dozens of attending analysts, investors and entrepreneurs were welcomed by **Donald P. Gregg**, president and chairman of The Korea Society. The Republic of Korea's minister of Commerce, Industry and Energy **Sye-Kyun Chung** delivered the keynote address on his government's FDI policy. His speech was followed by briefings from **Yong-Deuk Lee**, president of the Federation of Korean Trade Unions, and **Tami Overby**, president of the American Chamber of Commerce in Korea. A vigorous Q&A session followed and the forum was closed with an informal networking session.

The forum was supported by the Asia Society, the New York Biotechnology Association, The Manhattan Chamber of Commerce, the Business Council for International Understanding, the New York Society of Security Analysts and the U.S.-Korea Business Council.

### High-Level ROK Officials Discuss Investment Opportunities

*September 29 • New York, NY*

The Korea Society and Citigroup co-presented a business luncheon program at the New York Palace Hotel. The guests included analysts and representatives of major institutional investors. High-level officials from the Republic of Korea's Ministry of Finance and Economy, the Ministry of Foreign Affairs and Trade and the Blue House offered their perspectives on the climate for foreign investment in Korea. The presentations were followed by lunch and an informal networking session.

Development Stage  
Introductory Stage



Oh Jong Nam



## The Changing Role of Korea in the Global Community

November 2 • New York, NY

Oh Jong Nam completed his tenure as the first Korean executive director of the International Monetary Fund (IMF) just two days prior to this program and, he said, Korea is much better positioned in the global economy than when he began. Strong exports and a dynamic tech sector have propelled South Korea into a four-way tie as the world's tenth largest economy. Accordingly, the IMF recently reapportioned member-country voting rights to give Korea greater influence. Now, Oh believes, is the time for Korea to recognize its status and begin acting like a responsible global leader.

Since the end of the Korean War, economic policymakers in Seoul have labeled Korea a developing country. Decades ago it was an accurate description, when Korea received periodic infusions of economic aid from abroad, drew capital from foreign markets and sent students to the IMF's vocational training programs. This relationship continued even as the country boomed in the 1980s, with Korea claiming special developing country exemptions in international trade agreements, and culminated in 1997 when an IMF loan saved Korea from economic calamity.

Now that Korea has fully recovered from the 1997 crisis, Korea's relationship with the global economy and the IMF should change. Korea needs to start thinking and acting as a fully developed economy. Instead of receiving aid and technical training, it should be providing it to truly developing nations.

If Korea wants to be a major player, it has to start bearing the burdens of a major player, Oh said. If it does, the world will be better for it. If it leads, "Korea can be a bridge between advanced countries and developing countries," he added.