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## World Trends in 2012

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## Chapter 1

# Overview of the International Situation

## 1. Overview of International Politics

### 1) World Overview

With the aftermath of the global financial crisis in 2008, uncertainty of the world economy remained in 2012. As a result, western countries such as the U.S. and Europe, the center of international politics, focused their efforts on resolving domestic economic issues, including unemployment and the budget deficit. In particular, the discussion on defense spending cuts within the U.S. increased uncertainty with regard to global security cooperation. And nationalism intensified around the world, including emerging countries such as China and India.

In 2012, presidential and general elections were held in countries such as the U.S., China, Japan, Russia and France, completing transitions in political leadership. In Russia, Vladimir Putin's third presidential term was officially launched in May 2012. As Francois Hollande, the leader of the French Socialist Party, won the presidential

election in France, political leadership transferred to the leftist party for the first time in 17 years. Regarding the U.S. and China, U.S. President Barack Obama succeeded in his presidential re-election in November 2012, while Xi Jinping was inaugurated as the Secretary-General of the Chinese Communist Party as well as the Chairman of the Military Commission through the 18th National Congress of the Chinese Communist Party. The possibility of a China-U.S. G2 condominium also took shape in the international arena.

Overall, while major countries in the world focused on domestic economic growth to protect domestic industries and to secure energy and natural resources, their cooperation and conflicts concerning international affairs including 'counter-terrorism', 'climate change' and 'non-proliferation' remained the same.

As regard to the situation in the Middle East, the main conflicts of the region such as Iran's pursuit of nuclear weapons and the Syrian crisis were too far from being resolved due to differences among major countries including the U.S., EU and Russia.

During the Seoul Nuclear Security Summit held on March 26-27, 2012, participating nations adopted action-oriented measures to prevent nuclear and radiological terrorism. Furthermore, they broadened discussions on nuclear security, including the interrelation between nuclear security and nuclear safety for peaceful uses of nuclear power and strengthening the protection of nuclear materials.

Meanwhile, at the 18th Conference of the Parties(COP18) of the United Nations Framework Convention on Climate Change, held in December 2012 in Doha, Qatar, the Parties agreed to extend the Kyoto Protocol until 2020, which stipulates internationally binding reduction targets of greenhouse gas emission from developed countries, and to set the timetable to adopt a universal climate agreement by 2015, which will come to effect in 2020.

## 2) Regional Overview

The United States pursued a 'Rebalancing' strategy toward the Asia Pacific region with its rise as a global growth engine. While engaging with China for stable U.S.-China relations, the U.S. further enhanced existing bilateral alliance relationships

with Korea and Japan. Furthermore, the U.S. actively participated in various regional cooperative mechanisms including the East Asia Summit(EAS) in its efforts to build a comprehensive and multi-layered cooperation network in the region.

China carried out active diplomacy as it had built confidence from its continuous economic growth. Despite its competition with the U.S. over regional leadership, China sought a cooperative relationship, presenting a 'New Type of Great Power Relations' concept, which stipulates that the relationship between the two countries should be based on mutual respect for respective core interests and enhanced cooperation on regional and international matters. Meanwhile, its relations with Japan were strained due to the Senkaku(Diaoyu) Islands issue. The relationship further deteriorated as shown in China's declaration of territorial baselines including the Islands in a response to the nationalization of the Islands by the Japanese Government.

Japan's Noda cabinet made continuous efforts to recover from the Great East Japan Earthquake. In addition, Prime Minister Noda and U.S. President Obama agreed to strengthen the U.S.-Japan alliance based on the principle of free navigation and cooperation between the two countries in developing high-standard rules, order of trade and investment in the region. The two countries issued the U.S.-Japan joint statement, the first of its kind in six years, on May 1 following the U.S.-Japan summit. Meanwhile, in domestic politics, the House of Representatives was dissolved as public opinion grew worse over the stagnated economy. The Liberal Democratic Party won the subsequent general elections, and the new Abe cabinet was launched following his first administration in 2006.

Trilateral relations among Korea, China and Japan experienced a difficult period due to territorial and historical issues. However, the three countries continued to make concerted efforts to strengthen political and economic cooperation in various platforms as a result of enhanced institutionalization including the annual Trilateral Summit and the establishment of Trilateral Cooperation Secretariat in November 2011. The three countries also signed the Agreement for the Promotion, Facilitation and Protection of Investment and launched negotiations for the Korea-Japan-China Free Trade Agreement in 2012, so as to accelerate regional economic cooperation.

In Russia, the third term of the Putin administration carried out diplomacy based on

pragmatism with an aim to reestablish its international status and to achieve economic development. Russia's accession to the WTO took place in August 2012, demonstrating its willingness to accept a global free trade regime. In addition, Russia hosted the Asia-Pacific Economic Cooperation (APEC) in September in Vladivostok as a gesture towards more active engagement in the Asia-Pacific region.

In Southeast Asia, conflicts over jurisdiction of the South China Sea escalated among relevant countries including China, Vietnam and the Philippines. In the 45th ASEAN Foreign Ministers' Meeting held in Cambodia on July 2012, member countries failed to reach a consensus on a draft concerning the issue, which was the first time that a joint statement had not been adopted, revealing a split within the ASEAN. Meanwhile, the results of Myanmar's by-elections held in April brought the opposition party led by Aung San Suu Kyi to Congress for the first time, which was well appreciated as meaningful progress towards democratization.

In Southwest Asia, security concerns such as various terrorist and secessionist movements persisted. However, despite concerns over a security vacuum caused by NATO and the U.S. exit strategy from Afghanistan, the security situation improved through continuous engagement of the ISAF (the International Security Assistance Force) and reinforcements by the Afghan military and police. On the other hand, while India and Pakistan tried to improve their relationship with regard to economy and trade, obstacles such as the Kashmir issue and arms race continued to prevent such progress.

As the 2011 financial crisis which began in Greece spread to neighboring countries, European nations primarily devoted themselves to reviving their domestic economies throughout the year 2012. One notable example was Germany which, along with countries like France, took the lead with its strong economic might in dialogues on various pending issues in the EU, thereby strengthening its influence within the region. Although the member states endeavored to extend the scope of their roles and responsibilities as an 'unified EU' on the international stage, regaining trust within the EU's political economy became a major task amid mounting tensions among member states, industries, and social classes.

Russia demonstrated its intent to solidify economic integration and security

cooperation with the countries of the Commonwealth of Independent States (CIS) with the goal of establishing the Eurasian Economic Union with Belarus and Kazakhstan by 2015.

In Latin America, the Sixth Americas Summit of the Organization of American States(OAS), which was held in April 2012, demonstrated the limits of its effectiveness as a result of differences among parties concerning Cuba's participation in the organization and sovereignty over the Falkland Islands (Malvinas). In the meantime, the Community of Latin American and Caribbean States(CELAC) Summit held in Santiago in December 2012, in which Cuba was elected the next presidency of the Community, aimed at resolving internal issues led by regional countries and away from the excessive political and economic influences of the United States.

In Paraguay, due to the bloody clash between the police and farmers in June 2012, the then President Fernando Lugo was impeached in the Senate, resulting in Paraguay's suspension from the MERCOSUR until the inauguration of a new Government. Furthermore, in Venezuela, President Hugo Chavez won the Presidential election in October 2012, serving his fourth term as President.

In 2012, the countries of the Middle East and North Africa continued to dismantle the authoritarian regimes and build democracies following the Arab Spring. However, this reconstruction process allowed many opinion differences and conflicts that were repressed to resurface, bringing about much instability. Libya held its first-ever elections in July 2012 to build a constitutional assembly, the General National Congress(GNC), but there were many stalemates between the Prime Minister and the GNC over the formation of the cabinet. In Egypt, protests and mistrust against President Morsy, the first elected president of Egypt through elections in June 2012, increased greatly with President Morsy proclaiming a constitutional declaration that expanded presidential powers.

With continued differences among major countries to resolve the Syrian situation, Syrian rebels against the Assad regime spread their influence, taking over the northern region and major facilities in Syria. Accordingly, the Syrian National Coalition(SNC) was recognized as the legitimate representative of the Syrian people in the Conference of the Friends of the Syrian People held in Marrakech, Morocco, in December 2012.

Furthermore, several talks between the E3+3 (United Kingdom, France, Germany, the United States, China and Russia) were held to resolve the Iranian nuclear program issue, reaching a deadlock due to significant differences among them.

Following the military deadlock in November 2012 concerning the Israeli and Palestinian peace process, a new breakthrough was made after Israel and Hamas agreed to a truce on November 21, 2012. In addition, Palestine attained status as a non-member observer state in the United Nations on November 29, 2012, establishing the base to claim its statehood in the international arena.

Sub-Saharan Africa not only experienced religious, racial and ideological conflicts domestically, but also faced regional insecurity due to supranational terrorism. In particular, with military coups taking place in Mali and Guinea Bissau, the civil war in Northern Mali held great influence over the Sahel of Africa. Moreover, with the absence of governance to manage internal conflicts, security situations in the Central African Republic and the east side of the DR Congo grew worse, escalating to civil wars.

## 2. Overview of the Global Economy

### 1) World Overview

Amid the aftermath of the global financial crisis in 2008, global economic growth in 2012 recorded a growth rate of 3.2%, lower than 3.9% in 2011, as a negative result of the Eurozone financial crisis. Developed economies including the U.S., Europe and Japan reached lower growth, recording 2.3%, -0.4% and 2% respectively. While emerging and developing economies such as Asia (6.6%), Latin America (3.0%) and Russia (3.6%) recorded lower growth rate in comparison to 2011, the Middle East and North Africa (5.2%) enjoyed a higher growth rate than the previous year (3.5%).

China, a leading economy together with the U.S., grew at 7.8%, which is relatively lower than 2011, but still an impressive rate. As for the U.S., it demonstrated a growth rate of 2% in 2012, higher than the 1.8% in 2011.



In particular, western economies experienced difficulties in resolving unemployment issues in Southern Europe. Unemployment has become a major social problem with the unemployment rate recording an all-time high in the U.S. (7.8%) and EU (10.7%) respectively, while exceeding 26% in Spain and Greece.

On the other hand, each country around the world made efforts to resolve the 'Global Imbalance', which has been regarded as the structural cause of the global financial crisis. While developed countries led by the U.S. took measures to reduce their budget deficit, the emerging economies led by China boosted their domestic consumption.

Member countries in the EU endeavored to address financial issues within the region with the launch of the ESM (European Stability Mechanism) and Outright Monetary Transaction through the intervention of the ECB (European Central Bank), however, they were unable to resolve the policy dilemma between sound fiscal management and the decline of economic growth by fiscal austerity in Southern Europe. In the U.S., despite the dramatic compromise on the Fiscal Cliff between the Government and Congress, it remains to be seen whether potential risks such as the 'sequester', automatic Government spending cuts, will be resolved.

Despite multilateral efforts including the G20 Summit for global economic growth, the tendency towards protectionism was widely witnessed in each country, from domestic industry protection to trade barriers. As developed countries such as the U.S. and Japan pursued additional quantitative easing as a way of expanding money, the currencies of emerging countries became relatively stronger against developed countries' currencies. In response, developing economies protected their domestic industries by restricting imports. All these measures made global economic recovery unlikely.

## 2) Regional Overview

The U.S. economy grew at a modest rate of 2.2% in 2012. Although it made a strong recovery of 3.1% during its third quarter, it was counterbalanced by a sharp reduction in Government expenditures during the fourth quarter due to concerns over the

Fiscal Cliff. As the risk of an economic downturn caused by sequester and financial crisis in Europe loomed, the U.S. implemented a low interest rate policy as well as additional quantitative easing. In its external relations, the U.S. continued to call for the appreciation of the Yuan while promoting a Trans-Pacific Partnership agreement as a way to boost economic growth through export expansion.

China achieved a stable economic growth of 7.8% in 2012 despite sluggish exports caused by the prolonged Euro Zone crisis. However, with the diminishing growth in investments and net-exports, the main drivers of China's economic development, its economic growth rate was recorded at a rate below 8% for the first time in 15 years, which caused concerns for a potential economic downturn. In response to the declining domestic demand from income disparity and an investment-centered economic structure, the Chinese Government implemented policies to encourage consumption and to secure a future engine of growth.

In Japan, the domestic demand rose during the first half of 2012 through recovery efforts from the Great East Japan Earthquake. However, deteriorating external factors led to a sluggish economy with an annual GDP of 2%. In particular, the economic slowdown in China and Europe reduced Japanese exportation to these regions, and the current account balance further deteriorated due to the suspension of nuclear plant operations, which led to a drastic increase in fossil fuel imports.

Russia's economy recorded a growth rate of 3.6% in 2012. Although its production and domestic demand have been on the rise, Russia was unable to achieve 4% growth due to the global economic downturn as well as a rise in the prices of agricultural goods caused by a summer drought season. Russia joined the WTO in August 2012 and continued to promote the establishment of the Skolkovo industrial complex in an effort to achieve industrial diversification and other substantial changes in its economic structure.

With the aim to launch the ASEAN Economic Community by 2015, ASEAN countries commenced negotiations for a Regional Comprehensive Economic Partnership(RCEP), which was approved at the ASEAN summit in November 2012.

Meanwhile, India's economic growth decreased to 6% due to structural problems of its domestic economy and deterioration of the external environment including

the global economic recession. However, key economic indicators improved since September 2012 through a series of economic reforms, allowing foreign direct investment of multi-brand retail trade, reducing Government subsidies, and privatizing public enterprises.

The economic crisis, which began in October 2009, led to the debt crisis in Greece and eventually spread throughout Europe. The Euro Zone faced a complex economic crisis heavily burdened with a fiscal deficit, a high unemployment rate caused by the economic recession, and a trade imbalance among member states. Euro Zone countries actively pursued initiatives, including agreements to resume relief loans for Greece, to solve problems currently facing Europe, and to intensify mid- and long-term economic integration. Efforts were made to establish an integrated financial crisis management system, and the EU finance ministers, for example, agreed in December 2012 to establish the Single Supervisory Mechanism, which awards the EU authority to oversee banks within the Euro Zone.

In Latin America, economic growth somewhat declined with a growth rate of 3% in 2012, resulting from a lower demand of primary commodities in emerging economies such as China and the aftermath of the European financial crisis. In particular, the decline in demands and prices of primary commodities, which account for approximately three-fourths of the gross regional production, resulted in the deterioration of the terms of trade, aggravating difficulties among Latin American countries.

While protectionist tendencies of nations within the region seem to be reinforced in light of strengthened protectionist measures on the domestic industry in Brazil and Argentina and the accession of Venezuela to the Southern Common Market(MERCOSUR), 4 countries including Chile, Mexico, Colombia and Peru signed a basic agreement to serve as a legal basis for a 'Pacific Alliance' in June 2012, seeking openness and cooperation with Asian countries. Since the establishment of the Pacific Alliance, it has received much attention from other continents and countries, experiencing an increase in the number of observer countries as well.

In spite of political, economic and social instability caused by 'the Arab Spring' including the Syrian Crisis, the Middle East recorded a high growth rate of 5% in 2012,

benefiting from the increase of oil production from oil-exporting countries (such as the Gulf Cooperation Council (GCC) countries), Libya's recovery of oil production, and the rise in international oil prices.

Despite the uncertainty of the global economy, the African economy maintained its strong growth, recording a growth rate of 5% in 2012. This was achieved by expanding investment in improving economic infra-structure for low-income countries as well as resource development. In particular, although economic indicators of Angola and Chad, in which new oil-fields had been developed, were on the rise, the Republic of South Africa, with its close economic relationship with Europe, was relatively challenged by the financial crisis of the Euro Zone.

### 3. Overview of the Situation in and around the Korean Peninsula

Since the death of North Korean Leader Kim Jong-il in December 2011, Kim Jong-un, his successive heir and son, was inaugurated as First Secretary during the representative meeting of the Workers' Party of Korea on April 11, 2012, First Chairman of the National Defence Commission during the Supreme People's Assembly on April 13th, and the head of the DPRK on July 18th. It has been generally stated that Kim Jong-un has proceeded in consolidating his power, seizing both the Party and military.

In February 2012, the U.S. and North Korea finalized the so-called Leap Day agreement on the pre-steps aimed at testing North Korea's commitment to denuclearization. According to the agreement, North Korea should reestablish the moratorium on long-range missile launches and nuclear tests, stop its uranium enrichment activities, and accept IAEA inspectors at Yongbyon in return for corresponding measures by the U.S., including nutritional assistance. However, the deal broke down due to North Korea's long-range missile launch on April 13, carried out under the name of a satellite launch. The launch constituted a violation of relevant UN Security Council resolutions and once again let down the international community

which had expected to see a meaningful progress on the denuclearization of North Korea.

Furthermore, North Korea has yet to show signs of change with regard to its nuclear policy. It, instead, proclaimed itself a nuclear state in the preamble of its constitution in April and declared its intention to expand the nuclear deterrent capability through the DPRK Foreign Ministry spokesperson's statement and memorandum. On December 12, North Korea launched another long-range missile in order to make up for its failed launch in April. The international community strongly condemned the provocative action, which violates a number of existing UN Security Council resolutions and threatens peace and stability on the Korean Peninsula and in Northeast Asia. The UN Security Council adopted Resolution 2087, reaffirming its opposition to North Korea's nuclear and missile programs and strengthening sanctions against North Korea.

Meanwhile, the U.S. tightened its sanctions on North Korea in response to the North's repeated provocations, while leaving the door open for dialogue and urging North Korea to show sincerity toward denuclearization. However, the momentum for restarting negotiations with North Korea has been considerably undermined within the U.S. since the Leap Day deal fell apart in April due to North Korea's long-range missile launch.

China strengthened its cooperative ties with regional actors on the Korean peninsula issue by agreeing to adopt UN Security Council resolution 2087 in December 2012, under the broad principle of 'maintenance of peace and security in Korean peninsula,' a goal which both China and the U.S. agreed to in 2011. For Japan, issues of abduction of its Japanese nationals and the long-range missile served as major topics that dominated its hard-line policy towards North Korea. The country did resume its dialogue with North Korea in November 2012 in Ulan Bator, Mongolia, for the first time since they had been stalled in 2008. Yet, the talks were once again cancelled after the North's notification of a long-range missile launch in December.

Economically, since Kim Jong-un first gave his public address in which he proclaimed he would 'ensure that people [would] never have to tighten their belts again' on April 15, 2012, North Korea emphasized the improvement of the well-being of its people and economic development on a few occasions. However, although there

was widespread speculation that North Korean authorities had placed '6.28 economic management improvement measures' on the table, details on whether there were any implementations of such measures have been unclear thus far. At the same time, North Korea placed particular importance on past-oriented phrases such as the "untrodden snow-covered path," "spirit of the 1970s," and "self-reliance," and invested resources in projects mainly for display purposes such as the beautification of Pyongyang and redesign of amusement parks, without any particularly noticeable institutional reforms.

In the meantime, North Korea attempted to take measures to strengthen economic cooperation with the outside world in order to resolve the issue of a lack of foreign currency. In particular, after Jang Seong Taek, Chief of the Central Administrative Department of the Workers' Party of North Korea, visited China in August 2012, talks on North Korean-Chinese economic cooperation accelerated. Economic cooperation between the two countries was enhanced through a series of events including the development of the Hwang-geum-pyong and Najin-Sonbong special district and business information session on investment in special economic districts.

Although the core of the Republic of Korea's North Korean policy was represented as the 'May 24th measures,' a series of policies taken to induce a responsible answer from the North after its torpedo attack on Cheonan and shelling of Yeonpyeong island, inter-Korean trade recorded USD \$1.97 billion in 2012. This figure marks a 15% increase from the previous year of USD \$1.71 billion, which can be attributed to an increase in productivity at the Gaesong industrial complex.

## Chapter 2

# Korea's Foreign Policy

The Republic of Korea carried out great diplomatic efforts to realize its vision of 'Global Korea' in the last year of the Lee Myung-bak administration, while managing various challenges at the levels of the Korean Peninsula, Northeast Asia and the global community in the rapidly changing diplomatic and security environment of 2012. In particular, as part of these efforts, the ROK Government concentrated on resolving major diplomatic issues and pursuing tasks in line with its four key foreign policies: △security diplomacy that gains public trust, △diplomacy that contributes to global co-prosperity, △diplomacy that secures future growth power, △diplomacy that serves the public.

## 1. Security Diplomacy that Gains Public Trust

The ROK set the secure management of the situation on the Korean Peninsula as a top policy priority and, through close cooperation with major neighboring countries and

the international community, actively executed efforts to secure actual advancement in the denuclearization of North Korea, to deter any provocation from North Korea and to encourage the North Korean regime to embrace a sincere change of attitude.

Through these efforts, we were able to secure the meaningful result of the U.S. and North Korea reaching an agreement in February 2012 on a moratorium on nuclear and missile-related activities by North Korea. However, denuclearization talks came to a standstill because of North Korea's lack of sincerity with respect to denuclearization as it unilaterally annulled the agreement, launched a long-range missile and revealed its intention to possess nuclear weapons. The ROK Government made efforts to manage the situation on the Korean Peninsula in a stable manner by staving off further provocation from North Korea in close cooperation with neighboring countries.

Meanwhile, the ROK further strengthened peace and security on the Korean Peninsula by deepening strategic cooperative partnerships with neighboring countries. The ROK and the U.S., which maintained the strongest alliance than ever before, further deepened the Korea-U.S. alliance to a comprehensive strategic alliance by strengthening multilayered consultation channels including summit meetings. Hence, the two countries achieved practical results through the smooth implementation of the Korea-U.S. FTA and expanded cooperation in regional and global issues. Regarding China, with the 20th anniversary of the establishment of Korea-China diplomatic ties, the two nations continuously expanded substantial cooperation in various fields including economic, cultural, human exchanges as well as political and diplomatic exchanges. With Japan, the ROK made efforts to stabilize the bilateral relationship based on the correct perception of history by firmly and strictly responding to Japan's unjustifiable insistence with regard to Dokdo, along with efforts to resolve historical issues. With Russia, while focusing on the early establishment of the cooperative relationship with the new leadership of Russia as President Putin took office in May 2012, the ROK Government continuously deepened the practical cooperative relationship by expanding and strengthening cooperative networks on the private and public level of the two countries with regard to the development of Far East Siberia.

In addition, the ROK continued to strengthen the cooperative relationship with the major countries in each region. In May 2012, President Lee visited Myanmar for the



first time in 29 years for a Korean President, and the ROK established the ROK mission to ASEAN in Indonesia in September, strengthening the 'New Asia Diplomacy.' With Europe, we advanced the 'Korea-EU strategic partnership' by carrying out an active summit diplomacy as well as exchanges of high-level people. Moreover, with Central and South America, the ROK expanded substantial cooperation through summit visits on the occasion of the G20 Summit Meeting in Los Cabos in June as well as a high-level cooperation forum between the ROK and Central and South America. Meanwhile, we strengthened concrete cooperative relationships through exchanges of high-level people including summits with many countries in Africa and the Middle East on the occasion of the 50th anniversary of the establishment of diplomatic ties.

## 2. Diplomacy that Contributes to Global Co-prosperity

Following the successful hosting of the Seoul G20 Summit in 2010 and the Fourth High Level Forum on Aid Effectiveness in Busan in 2010, the ROK Government contributed to world peace and development and further enhanced Korea's position and role in the international community by actively participating in the process of managing and resolving global issues in 2012.

In particular, the ROK played a leading role in adopting the 'Seoul Communiqué' that comprises practical visions and action plans for the prevention of nuclear terrorism, and in drawing commitment in nuclear security from participating countries through the successful hosting of the Seoul Nuclear Security Summit in March 2012. In addition, elected as a non-permanent member of the UN Security Council for the 2013-2014 term, we acquired an opportunity to expand our diplomatic influence over major issues such as regional conflict, terrorism, and the spread of WMD. Furthermore, the ROK actively contributed to enhancing world peace through PKO, reconstruction activities in Afghanistan, cyber security activities, and participation in international efforts to eradicate terrorism and piracy.

Meanwhile, in an effort to practice sharing and contributing to the global

community through development cooperation, Korea made efforts to smoothly implement the development agenda of G20 adopted by Korea's lead and also actively carried out the 'Busan Global Partnership', which launched in June in order to promote and monitor the agreement of the Fourth High Level Forum on Aid Effectiveness in Busan. Furthermore, the ROK actively participated in international discussions concerning development through Foreign Minister's activities such as the UN High-Level Panel on the post-MDG, and made efforts to expand Korea's ODA and advance international development cooperation in order to make contributions suitable to Korea's international position and economic power.

### 3. Diplomacy that Secures Future Growth Power

In order to secure future growth power and actively respond to the global economic slowdown due to the world financial crisis and Euro zone crisis, the ROK Government made a full range of efforts to create jobs through FTAs, laying the groundwork for promoting green growth diplomacy, expanding support for Korean firms' advancement into emerging markets, and strengthening cooperation on energy and resources with resource-rich countries.

To this end, the ROK focused on expanding Korea's economic territory and producing continuous economic growth power by expanding the global FTA network, while actively utilizing FTAs. The Government actively implemented FTAs with advanced economies like the U.S. and EU, and concluded FTAs with Turkey and Colombia in March and August, respectively. In addition, while actively promoting negotiation for bilateral FTAs with emerging economies like China, Vietnam and Indonesia, the ROK participated in the discussion over East Asian economic integration such as the RCEP (Regional Comprehensive Economic Partnership). Consequently, Korea's economic territory expanded greatly through the enforcement of FTAs with 45 countries including Chile, Singapore, EFTA, ASEAN, India, EU, Peru and the U.S. as of late 2012.

Along with these achievements, the Government laid the foundation for spreading and globally diffusing the ‘low-carbon green growth’ policy as a new source of growth power. The ROK strengthened its leadership in green growth on the international stage by converting the GGGI (Global Green Growth Institute) into an international organization and hosting the GCF (Green Climate Fund) Secretariat in October. With the establishment of the GTC (Global Technology Center) in March, the ROK completed the Green Triangle of strategy (GGGI), technology (GTC), and finance (GCF).

In addition, the Government actively supported Korean companies in extending their business overseas by increasing support for activities abroad for energy and resource companies and by providing a customized supporting service. Furthermore, while constantly strengthening cooperation on oil, gas and infrastructure development with resources-rich countries in Central Asia, Africa, and Central and South America, the ROK made efforts to open a new prospect in the field of opening a new route into the High North and cooperating on resource development through President Lee’s visit to Greenland and Norway in September.

## 4. Diplomacy that Serves the Public

While making efforts to support the Korean people’s activities abroad and promote the rights of overseas Korean nationals, the Government strengthened communication with the public using new media.

First of all, the ROK expanded opportunities for the youths to go abroad by expanding Working Holiday Agreements with more countries around the world while devoting efforts to support people’s activities abroad and protect personal security and the rights of Koreans abroad by strengthening overseas Koreans protection response system including the 24-hour consular call center and an increased dispatch of the Rapid Deployment Team. In addition, the Government executed efforts to promote the rights of overseas Koreans by implementing the Overseas Voting System.

Furthermore, the ROK made efforts to set up and implement diplomatic

policies based on understanding of and support from the public through active communication. The ROK strengthened real time and two-way communication by utilizing new media such as SNS, including Twitter, Facebook, me2day, and YouTube and employed new media as the channel for the public's participation in the diplomatic policy process.