

DIPLOMATIC WHITE 2016 PAPER



Ministry of
Foreign Affairs

Minister's Message



The year 2015 was a milestone year, marking the 70th anniversary of Korean independence and the 50th anniversary of the normalization of the ties between Korean and Japan, as well as the 70th anniversary of the end of the Second World War, the establishment of the United Nations (UN), and the 25th anniversary of German reunification. At the same time, the year 2015 was referred to as "a year of turbulence," in which many challenges—geopolitical tensions and disputes, violent extremism, terrorist attacks, refugee crises, pandemics, and large-scale national disasters—were seen concurrently around the world.

Against this backdrop, Korean diplomacy strived to overcome challenges amid the unfavorable security environment and exerted great efforts to turn challenges into opportunities. In 2015, President Park Geun-hye engaged in summit-level diplomacy, making a series of visits which amounted to two months in total, and I myself as well flew around the world to carry out multi-faceted diplomacy for over one third of the year, covering a distance that amounts to the equivalent of nine trips around the globe.

On the Korean Peninsula, the Kim Jong-un regime's conciliatory gesture in its New Year's Address—hinting at the possibility of a Summit between the two Koreas—was contradicted by subsequent provocations. Tensions were heightened on the Korean Peninsula with North Korea's Submarine-Launched Ballistic Missile (SLBM) ejection test in May, and land mine provocations in the demilitarized zones (DMZ) and firing of artillery shells in August. Against this backdrop, the Korean government maintained a firm stance against North Korean provocations. In the midst of our government's firm response, North Korea seemed to demonstrate a favorable attitude towards dialogue, and this was followed by the August 25 Agreement and the reunion of separated families in October. These signs of change, however, again proved shortlived with the fourth North Korean nuclear test at the beginning of 2016. Meanwhile, these forms of unpredictable and deceptive behavior from the North also placed a great strain on DPRK-China ties. From September to October, it was once observed that the two countries were gradually improving their bilateral ties by sending high-level delegations on the occasion of major anniversaries of the respective countries. Yet erratic behavior by North Korea continued such as with North Korea cancelling the performance of the *Moranbong Band*, a leading North Korean national band in December.

Against this backdrop, the ROK government achieved strongest-ever sanctions against North Korea's nuclear weapons and provocations through proactive multilateral diplomacy in close coordination with the US, China, Japan and Russia, and international bodies such as the UN, European Union (EU) and ASEAN. The strong foundation for international collaboration that Korea had built up through great efforts played a great part in the successful adoption of the most comprehensive and strongest UN Security Council resolution in UN history, and leading the major key partners (the US, EU, Japan, etc.) to impose bilateral sanctions against North Korea. Furthermore, there was meaningful progress on the North Korean human rights issue. A resolution was adopted with a landslide majority in the UN Human Rights Council and the UN General Assembly, and international awareness of the North Korean human rights was raised, with these issues discussed in the UN Security Council for two years in a row. With the international community's tireless efforts and ardent aspiration to further North Korean human rights, the North Korean Human Rights Office was established in June.

In Northeast Asia, the ROK government managed to deal with complex and sensitive issues through proactive diplomacy with neighboring countries: the United States, China, Japan, and Russia. Above all, in terms of the ROK-US bilateral ties—the backbone of Korean diplomacy—the two allies strengthened three major pillars supporting and reinforcing the Alliance: the revised "Republic of Korea-United States Agreement for Cooperation Concerning Peaceful Uses of Nuclear Energy (in effect in 2015)," "Mutual Defense Treaty (1954)" and "Free Trade Agreement (2012)." Furthermore, President Park and Obama held a ROK-US Summit in October and agreed to widen the scope of cooperation to encompass the fields of cyber security, space, climate change and health. The Summit also led to the adoption of the ROK-US Joint Statement on North Korea—the first-ever summit-level statement solely focused on North Korean issues. Likewise, the ROK-US comprehensive strategic alliance is playing a leading role in pressuring North Korea in the wake of North Korean nuclear tests and missile provocations.

In 2015, the Korea-China and the Korea-Japan bilateral ties, and the China-Japan-Korea trilateral relations made great achievements through our diplomatic efforts based on a strategic roadmap. In March, with leading efforts made by Korea, the China-Japan-Korea Trilateral Foreign Ministerial Meeting was held for the first time in three years. Moreover, a Ministerial Meeting between Korea and Japan was held in Tokyo in June, in celebration of the 50th anniversary of the normalization of diplomatic ties between the two countries. In the following

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month, Seoul and Tokyo resolved the issue of registering Japanese industrial sites as UNESCO world heritage sites by reflecting our legitimate concerns in the official documents; thereby resolving one of the biggest challenges in the history of ROK-Japan diplomatic negotiations. In addition, President Park attended China's Military Parade, marking a milestone in the ROK-China bilateral relations. This led to the holding of the China-Japan-Korea Trilateral Summit for the first time in three and a half years, which was followed by the Korea-Japan Summit Meeting. At the Korea-Japan Summit, the long-pending issue regarding the comfort women was finally resolved with a historic agreement, opening up a new chapter in the bilateral ties between Korea and Japan.

In the midst of the ever-changing security landscape with situations such as the Ukraine crisis, an ROK-Russia Summit Meeting was held on the sidelines of the 21st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21), maintaining constant high-level communication between the two countries. Moreover, commemorating the 25th anniversary of the establishment of the diplomatic ties, Seoul and Moscow further strengthened the bilateral ties with various projects for cooperation such as the "Eurasia Friendship Express."

At the international level, a new blueprint was set for the future global community with the adoption of the Paris Agreement and the announcement of the 2030 Agenda for Sustainable Development Goals (SDGs). However, the global community was not free from transnational challenges including violent extremism, terrorist attacks, refugee crises, pandemics, and large-scale natural disasters. Under these circumstances, the Korean government willingly took the lead on multilateral issues by hosting international conferences such as the Global Conference on Cyberspace (2013), International Telecommunication Union (ITU) Plenipotentiary Conference (2014), and World Water Forum (2015), World Education Forum (2015), and Development Cooperation Forum (2015). Furthermore, with its capability in addressing health issues such as the Ebola virus and MERS, Korea demonstrated strong leadership as an exemplary middle power country by holding the second Global Health Security Agenda (GHS) High-level meeting which was launched by the US in 2014.

President Park has attended the UN General Assembly since 2014 and highlighted our government's commitment to pursue development cooperation and humanitarian diplomacy as the signature brand of Korean diplomacy. Chairing as many as ten major international

organizations and bodies in three main fields of the UN—peace and security, development, and human rights—has been a valuable footing in enabling our proactive efforts and contribution in dealing with transnational challenges.

Amid the growing uncertainty and sluggish growth in the global economy, the Korean economy was noted for its structural reform at the 2015 G20 Antalya Summit and received the best-ever credit ranking. With the entry into force of the "ROK-China Free Trade Agreement," Korea became the only country among the ten biggest trade economies which has concluded FTAs with each of the main three economic blocs—the US, China and the EU—at the same time.

In the era of globalization, with 19 million overseas travelers and some 10 million Koreans living abroad, ensuring the safety of Korean nationals and consular services are of greater importance than ever. As part of the efforts to prepare against potential terrorist attacks and violent extremism, our Ministry is strengthening the crisis management capabilities of the Embassies as well as providing risk alert SMS services and interpretation services for emergency situations in six languages—English, Chinese, Japanese, French, Spanish and Russian.

The 2016 Diplomatic White Paper is being published in the midst of increased tensions as we seek to deter nuclear threats and imposing pressure on the DPRK in the wake of North Korean nuclear tests. Our government has been leading the international community's foreign policies toward North Korea to create a structure of the "entire international community vs. North Korea," and implementing firm and strong measures such as shutting down the *Kaesong Industrial Complex* and the US deployment of THAAD in order to secure the very survival of our own country and people against North Korean nuclear threats and missile provocations.

I sincerely hope that the 2016 Diplomatic White Paper serves to expand and deepen understanding of our foreign policies, and would once again like to ask for your full support and continued assistance.

Thank you.

December, 2016

Minister of Foreign Affairs **Yun Byung-se**

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01



01 World Trends in 2015

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Chapter 1

Overview of International Developments



1. International Political Developments

1) Global Overview

In 2015, the international community endeavored as hard as ever to tackle new security threats and global challenges. Non-traditional security issues such as violent extremism, the refugee crisis, climate change and cyber security emerged as cross-border sources of global instability. States and international organizations sought to develop responses through a wide range of platforms and agreements.

First, the Paris terror attacks in January and November gave rise to global apprehension and concerns, as they demonstrated that no place is immune to violent extremism. As the number of refugees from Syria and elsewhere to Europe increased sharply, addressing the refugee crisis became the European Union's top priority. Meanwhile, cyber security also drew attention as a major security issue

following the indictment of Chinese military officers by the US for cyber espionage, and North Korea's cyber attacks on Sony Pictures and Korea Hydro & Nuclear Power Co. in 2014. The US and China agreed to establish a high-level joint dialogue on fighting cyber crime and prohibit intellectual property theft.

The international community worked together to reach milestone agreements in the areas of nuclear non-proliferation, development cooperation and climate change. The Iran nuclear deal was reached between the P5+1 (China, France, Russia, UK, US, Germany) and Iran in July, bringing 13 years of negotiations to a close. The Sustainable Development Goals, which would serve as guidelines for international development cooperation for the next 15 years (2016-2030) and replace the Millennium Development Goals (2001-2015), were adopted in September after seven months of intergovernmental negotiations. In December, the adoption of the "Paris Agreement" laid the foundation for a new climate regime under which both developed and developing countries would have to fulfill their obligations to tackle climate change.

2) Regional Overview

The United States underscored the importance of sustaining its leadership in the National Security Strategy released at the beginning of the year, and continued to engage in far-reaching diplomacy. The US re-established diplomatic relations with Cuba after 54 years and re-opened its embassy in July. It played an integral role in striking a nuclear deal with Iran and finalizing the Paris Agreement through cooperation with Russia and China. In the Asia-Pacific region, the US continued to move forward with its rebalance policy, which is based on active engagement with allies and partners in the region. The conclusion of the Trans-Pacific Partnership

(TPP), a trade agreement among 12 Asia-Pacific countries, in October further consolidated the policy's economic foundation. With respect to US-China relations, elements of cooperation and competition have continued to coexist. On the occasion of Chinese President Xi Jinping's state visit to the US in September, the two presidents agreed to pursue cooperation in various areas such as climate change, development, military, Iran, as well as cyber security, which had been one of the most sensitive issues between the two countries at the time. On the other hand, the two states had differences on some issues including human rights and the South China Sea.

China continued to enlarge its role and responsibility in global economic governance as "the largest developing country," while pursuing a "new type of great power relations" with the United States. China sustained its close communications with the United States through a summit meeting on the occasion of President Xi's state visit in September and the Strategic and Economic Dialogue (S&ED) in June, among others. China also made constructive contributions to the conclusion of the Paris Agreement on Climate Change in December. Furthermore, China continued to push ahead with its efforts to build a Silk Road Economic Belt by agreeing to cooperate with Kazakhstan, Pakistan, and the Russia-led Eurasian Economic Union (EEU), on the "One Belt, One Road" initiative. Economic cooperation between China and Europe further deepened as the European Bank for Reconstruction and Development (EBRD) formally approved China's membership as one of its shareholders at the end of the year. At the same time, China continued to expand its profile in global economic and financial governance as underscored by the IMF's decision to include the Chinese renminbi in the Special Drawing Rights (SDR) basket, the entry into force of the Articles of Agreement of the Asian Infrastructure Investment Bank (AIIB) and China's assumption of the G20 Summit

presidency for 2016.

In 2015, Japan strengthened military and security cooperation with the US and made legislative changes that allow Japan to exercise the right of collective self-defense, thereby further consolidating the foundation for the "proactive contribution to peace" that Japan has been advocating. On the occasion of Prime Minister Shinzo Abe's visit to the US in April, Japan announced the new Guidelines for Japan-US Defense Cooperation, and enacted security laws in September, which are centered on expanding the mission, role and overseas deployment of Japan's Self-Defense Force. Japan sought gradual improvements in its bilateral relations with China through two summit meetings held respectively, on the occasion of the Bandung Conference in April and the ROK-Japan-China Trilateral Summit Meeting in November as well as through the resumption of the Security Dialogue with China in four years. As part of its approach to broadening strategic cooperation with India, Japan signed an agreement on the transfer of military equipment and technology and an agreement on the protection of military information, and agreed in principle on a civil nuclear cooperation accord with India.

Following the annexation of Crimea, the Russian Federation faced sanctions from Western countries including the United States. The February 2015 Minsk accord notwithstanding, problems relating to the implementation of the accord have led to a delay in the settlement of the Ukraine crisis. The US and Russia have not managed to form a united front to defeat the Islamic State of Iraq and the Levant (ISIL) due to differences regarding the Assad regime, but nonetheless sought cooperation to make progress on the Syrian peace negotiations.

Territorial and maritime disputes in the South China Sea between China and other countries in Southeast Asia, such as Vietnam and the Philippines, continued into 2015. In October, the Permanent Court of Arbitration (PCA) decided to hold

further arbitration hearings on maritime claims against China initiated by the Philippines, which was met with Chinese opposition and led to heightening tensions between the two countries. Meanwhile, ASEAN states laid the groundwork for an eventual single market by launching the ASEAN Economic Community (AEC) on December 31 and agreeing to complete the community by 2025. In November, the National League for Democracy (NLD) of Myanmar led by Aung San Suu Kyi won a landslide victory in the first openly-contested elections in 25 years, paving the way for a peaceful change of government. Marking the 70th anniversary of its independence, Vietnam further opened its economy by bringing the FTA with Korea into force and participating in the TPP. The Vietnamese government also stepped up its pragmatic diplomacy as highlighted by General Secretary Nguyen Phu Trong's visit to the United States.

Seeking to secure India's standing as a global power, the government of Prime Minister Modi actively pursued improved relations with Pakistan, along with stronger ties with Bangladesh and Indian Ocean states like Sri Lanka. At the same time, India pushed forward an omnidirectional and pragmatic diplomacy, which emphasized strengthened cooperation with the US and Japan, smooth relation with China and a reaffirmation of its longstanding friendship with Russia. In Afghanistan, following the withdrawal of the International Security Assistance Force (ISAF) at the end of 2014, the Taliban's offensive continued intermittently, while ISIL also enhanced its presence, leading to persistent instability in the region and a rescheduling of the withdrawal of US troops from the originally planned date of October 2015 to after 2017.

In Europe, the massive influx of migrants and refugees from the Syrian civil war caused huge social repercussions. In particular, the countries located along the migration corridor such as Hungary, Slovenia, Croatia, Austria and Greece saw anti-

migrant sentiment spreading against the backdrop of weak economic conditions. There were also growing concerns about the radicalization of young muslim migrants in some European countries. In the meantime, the United Kingdom's four demands for the reform of the European Union and its decision to hold an in-out referendum on the European Union, combined with an earlier debate on whether Greece should exit from the Eurozone, suggested weakening solidarity within the EU.

In the Middle East, Syria, Iraq, Libya, Yemen, Israel and Palestine, continued to witness conflicts and political instability in 2015. With Syria's civil war entering its sixth year and becoming protracted, disagreements over the future of the Assad regime among major countries and the large-scale influx of refugees into neighboring areas led to more intense international discussions on the Syrian conflict. There has been progress towards a political settlement on the Syrian crisis. For example, peace talks involving major countries relating to Syria's political transition including the P5, Saudi Arabia, and Iran, were held for the first time in Vienna, and the outcome of the third meeting in December was adopted as UN Security Council Resolution 2254. In the meantime, despite the slowdown of ISIL's spread in Syria and Iraq, the threat posed by ISIL spread across the world as ISIL committed terror attacks beyond the region such as in Paris. As the Israel-Palestine peace process remained at a standstill, clashes surrounding the Al-Aqsa mosque between the two sides continued. In Libya, political instability persisted due to the existence of two competing governments and the growing presence of ISIL, which took advantage of that split. The situation in Yemen remained unstable as Shia Houthi rebel forces in northern Yemen led military attacks against the legitimate government, and Saudi Arabia-led coalition forces responded with air strikes. Meanwhile, amidst the chaos and crisis in the Middle East, the "Joint

Comprehensive Plan of Action" was reached between Iran and the P5+1 after 13 years of negotiations.

In Latin America, a series of victories by center-right parties in presidential and general elections in Argentina, Venezuela, and Guatemala, have altered the political terrain in the region. This rightward shift could be attributed to a stronger preference for economic pragmatism over political ideology in the face of economic downturns caused by falling commodity prices and global demand as well as widespread corruption. The leftwing resurgence of the previous ten years that advocated resource nationalism and state-led development appears to be gradually diminishing. There were also a spate of social demands for better governance, quality of life and education as countries such as Brazil, Argentina, and Venezuela saw large-scale demonstrations criticizing government mishandling of the economy and corruption among their leaders.

On the whole, Sub-Saharan Africa remained largely stable as the international community and regional organizations including the African Union made efforts to settle conflict and secure peace and stability. Although some countries saw protests and armed clashes break out during electoral seasons, presidential and general elections were largely held peacefully. Nigeria's presidential election led to the first peaceful transition of power to the opposition since the introduction of multi-party democracy in 1999, while a peace agreement was reached between the government of South Sudan and the rebels in August. Contrary to these positive developments, the political situation in Burundi deteriorated around the time of its presidential elections in July, while Somalia and the Great Lakes Region continued to suffer from armed groups and political instability. Also, the growing terror threats and activities of extremist groups such as Boko Haram, Al-Shabab, and al-Qaeda in the Islamic Maghreb (AQIM), and a series of terrorist attacks targeting civilians at a

Kenyan university and a hotel in Mali, heightened insecurity in the region.

2. Overview of the Global Economy

1) World Overview

In 2015, the global economy grew by 3.1%, which was slightly lower than in 2014. This appears to have been the result of slower growth in emerging economies that underwent five consecutive years of weak economic performances. Major issues for the global economy in 2015 included i) a decline in global commodity prices such as crude oil, ii) slower economic growth in China and recession, in emerging economies, and iii) expectations about a rise in US interest rates.

The recovery of advanced economies, which began in the latter half of 2013, continued at a moderate pace in 2015. The US economy continued to recover, posting a growth rate of 2.4% against the backdrop of growing private consumption and sustained improvements in employment figures. In December, interest rates were raised for the first time in nine years. The Eurozone managed to grow by 1.6%, demonstrating a trend towards moderate recovery on the back of low oil prices, monetary easing and a boost to exports from the euro's depreciation.

On the other hand, growth in emerging economies such as BRICS was, with the exception of India, largely sluggish due to falling global commodity prices, weakening capital flows and global trade, as well as a slowdown of the Chinese economy. China's economic growth rate was 6.9%, falling below 7% for the first time in 25 years, mainly due to a decline in investment and exports as well as slower

growth of value-added in manufacturing. Russia recorded a growth rate of -3.7%, as sanctions following the Ukraine crisis, declining oil prices and the plummeting value of the ruble weighed the economy down. Brazil also posted an economic growth rate of -3.8% due to the crash in global commodity prices and political uncertainties.

Meanwhile, at the World Trade Organization (WTO) Ministerial Conference in December, progress was made in some areas including agricultural export competition and issues relating to least developed countries, but developed and developing countries failed to reach an agreement on the future of the Doha Development Agenda (DDA). Even as negotiations to liberalize trade at the multilateral level were making slow progress, mega FTAs were being actively pursued such as the Trans-Pacific Partnership (TPP), Regional Comprehensive Economic Partnership (RCEP) and Transatlantic Trade and Investment Partnership (TTIP). In October, the conclusion of the US-led TPP negotiations marked a major milestone toward the launch of a giant economic bloc accounting for 39% of global GDP and 25% of world trade. Meanwhile, the entry into force of the articles of agreement of the China-led Asian Infrastructure Investment Bank (AIIB) raised expectations about a boost in Asian infrastructure investment and accelerated internationalization of the renminbi.

2) Regional Overview

In 2015, the US economy grew by 2.4% on the back of a gradual recovery in consumer spending and the housing market. In particular, the unemployment rate fell to 5% in October, marking the lowest level since the global financial crisis. Against this backdrop, the Federal Open Market Committee (FOMC) raised the

target federal funds rate to 0.25-0.50% in December, basing its decision on the positive outlook for improvements in economic conditions.

In the midst of a global economic slowdown, China applied an aggressive fiscal policy together with a stable but flexible monetary policy, which resulted in growth rate of 6.9%. While growth in investment, exports and manufacturing was lower, the share of consumption and services as a percentage of GDP increased. As the Central Economic Work Conference, the Chinese government set out its determination to carry out supply-side structural reform that included curbing over-production, exhausting inventory and cutting down business costs, in order to adjust to the "New Normal."

The Japanese economy showed signs of recovery, growing by 0.5% on the back of expansionary monetary and fiscal policies. Prime Minister Abe declared that "Abenomics" entered its second phase and highlighted a strong economy, more support for raising children and social security as "the new three arrows" after he was successfully re-elected as the President of the Liberal Democratic Party. Along with the conclusion of the TPP negotiations in October, this new initiative was expected to be a significant factor in spurring the country's economic recovery.

Russia continued to face a decline in investment due to sanctions from Western countries, and the fall in oil prices to approximately US \$40 a barrel led to an ongoing depression. In 2015, Russia shrank by -3.7%.

The growth rate of ASEAN economies averaged 4.6%. ASEAN also put forward a long-term plan for promoting regional economic integration and competitiveness by adopting the "ASEAN Community Vision 2025" and launching the ASEAN Economic Community in December. Furthermore, ASEAN states participated in negotiations for the RCEP and TPP (Malaysia, Vietnam, Brunei and Singapore) in a bid to stay ahead of mega-FTA trends.

In the case of India, the expansion of private consumption, which accounts for 60% of GDP, was a leading factor enabling the Indian economy to grow by 7.3% in 2015. The strong growth of the service and manufacturing sectors also made a sizable contribution to the rapid growth of the Indian economy.

European countries have largely been recovering thanks to a weaker euro, expectations about further quantitative easing, and the rise in asset prices. However, the pace of recovery varied from country to country. Germany and Spain, with rising consumption and exports, maintained a recovery trend and the United Kingdom also showed notable signs of recovery. The fiscal crisis in southern European countries including Greece appeared to subside somewhat, even as France and Italy experienced stagnant consumption and investment despite the improved export climate of a weaker euro. Risk factors such as the refugee crisis and high unemployment rates were deemed to burden the growth of the Eurozone economies.

The Middle East saw the region's economies grow by 2.3% due to political instability and low-trending oil prices. Facing decreasing export revenues as a result of falling oil prices, oil-exporting countries sought to minimize the negative impact of the decline in government revenues by using various fiscal measures. Saudi Arabia pursued an expansionary fiscal policy by tapping into its foreign reserves and sought to offset a slowdown by raising oil production. In the United Arab Emirates, the construction and manufacturing sectors fueled economic growth through a range of government-led development projects. Oil-importing economies in the region could not reap the full benefits of low oil prices due to regional political instability. In particular, the large-scale influx of Syrian refugees placed huge financial pressure on Jordan and Lebanon.

Economic growth in Latin America was 0.1% in 2015, marking the lowest level

since the 2008 financial crisis. This resulted from a combination of external factors such as the slowdown in emerging economies including China, interest rate rise in the US and decline in global commodity prices, as well as internal factors such as high current account and fiscal deficits. Economic trends in the region as a whole could be characterized by stagnation in Mercosur countries, solid performance of the Pacific Alliance countries and resilience of the Central American and Caribbean countries. The Brazilian economy, which accounts for over 74% of Mercosur GDP, shrank by 3.8% in 2015 mainly due to deteriorating terms of trade and excessive public spending. On the other hand, Mexico and the other economies of the Pacific Alliance, grew by 2-3% and collectively accounted for 35% of total Latin American GDP.

Africa's growth moderated to 3.4%, reflecting the decline in commodity prices, a weak global economy, and weak overseas demand caused by China's economic slowdown. In particular, the sustained decline in oil prices took a heavy toll on the economies of commodity exporting countries such as Nigeria, Angola and South Africa. In addition, an El Nino-induced drought adversely affected the economies of Eastern and Southern Africa, by causing starvation and disease. Meanwhile, the Tripartite Free Trade Area agreement signed in June laid the foundation for economic integration across the continent. Countries like Cote d'Ivoire, Ethiopia, and Tanzania, maintained a 6-8% growth rate thanks to sustained investment in infrastructure, inflow of foreign investment and recovery of private consumption.

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

In 2015, North Korea continued to seek to consolidate Kim Jong-un's power base by frequently reshuffling its political elites, while attempting to leverage the 70th anniversary of the Workers' Party to strengthen unitary rule and internal solidarity. In this vein, a number of major party, government, military events and celebrations were held, and many construction projects were carried out such as the Sci-Tech Complex. Furthermore, North Korea instituted for itself a new standard time ("Pyeongyang Time") in August, setting its clock back by 30 minutes, and announced that the 7th Party Congress would be convened in early May 2016 following a 36-year hiatus.

The North Korean economy seems, on the surface, to have muddled through with fairly stable price and exchange rate level, but without having achieved any real growth to speak of. Persistent weaknesses in the economy were apparent, as it continued to suffer from chronic shortages of electricity and raw materials, and the expansion of Special Economic Zones failed to yield tangible outcomes in terms of attracting foreign capital and fostering tourism. Moreover, North Korea had difficulty in acquiring hard currency due to a decline in the export prices of minerals such as coal and a drop in exports to China following the latter's economic slowdown. Hard currency pressures led to a decrease in North Korea's imports from abroad. As a result, its total trade figure fell compared to the previous year.

In terms of its external relations, North Korea made wide-ranging efforts to break out of the diplomatic isolation that resulted from its nuclear and missile tests, human rights issues and cyber attacks, but to little avail. Amid strained relations with China since the third nuclear test in 2013, Liu Yunshan, a member of the Politburo Standing Committee of the Chinese Communist Party, visited North Korea in October to attend the 70th anniversary commemoration event for the Workers' Party, signaling a possible thaw in bilateral relations. However, the

sudden cancellation of the Moranbong Band's concert in China indicated that tangible progress was not within easy reach. North Korea-US relations continued to deteriorate due to North Korea's continued development of nuclear weapons and North Korea's cyber attacks on Sony Pictures which led the US government to impose additional sanctions on North Korea by issuing Executive Order 13687. Its relations with Japan made hardly any headway, as North Korea failed to provide the results of its investigation on Japanese abductees, in non-compliance with the deadline set out in the Stockholm Agreement of May 2014. On the other hand, North Korea strengthened its outreach to Russia so as to offset its diplomatic dependence on China. Celebrating the year of friendship in 2015, North Korea and Russia sought to expand cooperative ties including investment through high-level exchanges.

Meanwhile, the international community continued to put a spotlight on and called for the improvement of the human rights situation in North Korea. The UN Office of the High Commissioner for Human Rights (OHCHR) opened its Seoul Office in June to monitor, document, and maintain visibility of the North Korean human rights situation through outreach activities, among others. As in previous years, the UN General Assembly and the Human Rights Council adopted resolutions on the North Korean human rights situation, while the UN Security Council held debates on the human rights situation in North Korea for two consecutive years. As the international community confronted North Korea on its human rights record, North Korea responded more forcefully, and seeking to make its case through bilateral and multilateral diplomacy: North Korea's Foreign Minister Ri Su-yong attended the UN Human Rights Council in March for the first time, and Pyongyang invited the EU Special Representative for Human Rights and the UN High Commissioner for Human Rights.

As for inter-Korean relations, North Korea professed in a New Year's address, its desire to improve relations through dialogue and exchange including by holding meetings at the highest level. However, North Korea proceeded to take the provocative act of planting landmines in the Demilitarized Zone (DMZ), inflicting serious injuries on two South Korean soldiers on August 4. In response to such unlawful provocations, the Korean government took due measures including the resumption of loudspeaker broadcasts toward North Korea. On August 20, North Korea fired artillery shells across the DMZ and on August 21, declared a "quasi-state of war," heightening tensions on the Korean peninsula through its intense belligerence. It was against this backdrop that the two Koreas held the inter-Korean high-level meeting from August 22 to 24 and after three days of negotiations, reached the "August 25 agreement" which included the North's expression of regret and a promise to prevent a recurrence of such incident. At the 20th reunion of separated families held as a follow-up to the agreement, 186 families (972 individuals) from the South and the North were able to meet again. Following working-level meetings on November 26, the first Vice Minister-Level Talks were held from December 11 to 12, and the two sides exchanged views on pressing issues.

Chapter 2

Korea's Foreign Policy



The year 2015 was "a year of turbulence" in which many challenges such as disputes, terror, and refugee crises simultaneously arose in all parts of the world. Uncertainty in the global economy increased as well, following the sluggish growth of emerging economies including China, increased interest rates in the United States, the Eurozone crisis, lowered oil prices, etc. Against this backdrop, the ROK government pursued its foreign policies under the following keynotes: ▲Pursuing regional diplomacy based on a strategic roadmap, ▲Building momentum for progress in North Korean issues, ▲Conducting active multilateral diplomacy and weaving the global network, ▲Boosting the economy and creating jobs through economic diplomacy, ▲Building an advanced safety system for overseas nationals, and ▲Opening up a new prospect in public diplomacy.

1. Building Momentum for Progress in North Korean Issues

A wind of change was witnessed in 2015, with Iran having finalized a historical agreement on the nuclear deal, Cuba having normalized its relations with the US in 54 years, and with Myanmar having won the general election by a landslide after improving ties with the West. In line with the global trends, the ROK government endeavored to induce changes on the DPRK by closely cooperating with the international community on the one hand, and firmly responding to North Korean provocations on the other.

North Korea, however, made numerous threats to carry out strategic provocations including the launch of an alleged "satellite" (long range missile), and heightened tensions in the region with a Submarine-Launched Ballistic Missile ejection test. In fact, last October, there were grave concerns over strategic provocations from the North around their 70th Anniversary of the Labor Party Foundation. In response, Korea made efforts to strengthen its pressure on North Korea, in close cooperation with the UN Security Council Members, key regional partners including the US and China, multilateral bodies such as the EU and ASEAN, etc. Moreover, in collaboration with the US, China, Japan and Russia, the ROK government exerted efforts to engage North Korea into meaningful non-proliferation dialogues, applying a two-track approach of dialogue and pressure; however, these efforts ended up being refused as a whole by North Korea.

In the face of North Korea's land mine provocations and firing of artillery shells in the de-militarized zone last August, the ROK government managed to commence negotiations with the North by taking a firm and principled stance. After tireless efforts, the 8.25 Agreement was finally reached, in which North Korea expressed

regret over their land mine provocations and artillery shells. Meanwhile, the ROK government also continued to work on pending issues regarding North Korean human rights, humanitarian assistance, and the safe transfer of North Korean refugees. In particular, the ROK government took meaningful steps in improving the human rights situation in North Korea by establishing a UN Human Rights Office in Seoul.

The ROK government also made great efforts in creating an international environment favorable to unification as well as weaving a cooperative network on unification with Germany and other Eastern European countries, which had already experienced a systematic transformation in the past. In October, along with the German President's visit to Korea, the third seminar of the Korean-German Advisory Group on Foreign Policy towards unification was held in Seoul. In December, President Park convened with leaders of the Czech Republic, Hungary, Poland, and Slovakia at the occasion of the ROK-V4 Summit Meeting for the very first time.

2. Regional Diplomacy Based on a Strategic Road Map

The security landscape in Northeast Asia in 2015 was harsh and severe, leaving Korea's regional diplomacy confronted with multiple challenges. Against this backdrop, however, the ROK government further deepened the ROK-US Comprehensive Strategic Alliance, and at the same time, substantialized the ROK-China Strategic Cooperation Partnership. High-level officials in the US administration including President Obama and Secretary Kerry described the ROK-US relationship as stronger than ever on many occasions including President Park's visit to the US. In October 2015, President Park visited the US and held a fourth

Summit Meeting with President Obama, which led to the adoption of the ROK-US Joint Statement on North Korea—the first-ever summit-level statement solely focused on North Korean issues. In November, by signing the revised "Republic of Korea-United States Agreement for Cooperation Concerning Peaceful Uses of Nuclear Energy" for the first time in 42 years, the two allies strengthened the three pillars supporting and reinforcing the Alliance, along with the "Mutual Defense Treaty (1953)" and "Free Trade Agreement (2007)."

China and Korea widened the scope of substantial cooperation in terms of people-to-people exchanges and economic cooperation, owing to the "ROK-China Consular Agreement (Apr. 2015)" and "ROK-China Free Trade Agreement (Dec. 2015)." In particular, President Park's attendance to China's Military Parade in September had addressed concerns and helped gain momentum in pursuing Korea's strategic interests: fostering greater cooperation with China on North Korean issues, and facilitating preparations for the China-Japan-Korea Trilateral Summits.

In 2015, which marked the 50th anniversary of the normalization of diplomatic ties between Korea and Japan, the two countries developed bilateral relations in a stable manner. The leaders of both countries attended commemorative events in their respective countries in June, and held a Korea-Japan Summit—the first meeting held in three and a half years—in Seoul, in November. Following the Summit, the long-pending issue regarding the Comfort Women had been finally resolved with a historical agreement.

Commemorating 25 years since the establishment of diplomatic ties, Korea and Russia further strengthened their bilateral ties, indebted to the success of the Eurasia Friendly Express in July 2015. In November, the ROK-Russia Summit Meeting was held on the sidelines of the 21st Conference of the Parties to the United Nations

Framework Convention on Climate Change (COP 21), once again marking the year 2015 as a meaningful year in which President Park held Summit Meetings with all four neighboring countries—the US, China, Japan and Russia.

Furthermore, the China-Japan-Korea Trilateral Summit was restored through Korea's leading efforts, and the Northeast Asia Peace and Cooperation Initiative (NAPCI) initiated by the Korean government also greatly contributed to building a habit of dialogue and cooperation within the region.

3. Conducting Active Multilateral Diplomacy and Weaving the Global Network

With its increased role and diplomatic influence, the Korean government actively engaged in multilateral diplomacy and made great contributions to the global efforts in addressing important challenges. Consequently, the year 2015 was a remarkable year in terms of Korea's multilateral diplomacy. Korea was given the opportunity to chair ten international organizations and bodies in the fields of peace and security, development, and human rights, including the International Maritime Organization (IMO), Intergovernmental Panel on Climate Change (IPCC), and the UN Economic and Social Council (ECOSOC). Furthermore, Korea took a more active role in multilateral diplomacy by hosting the Global Conference on Cyberspace in 2013, International Telecommunication Union (ITU) Plenipotentiary Conference in 2014, World Water Forum, World Education Forum, and Development Cooperation Forum in 2015.

The Korean government engaged in a wide range of global agendas: climate change, development cooperation, health, humanitarian diplomacy, etc. On the

occasion of the 70th Session of the UN General Assembly, President Park was invited to various summit-level meetings concerning areas of health security, education, rural development, peacekeeping, and climate change, in which she introduced the Presidential Development Cooperation Initiatives— "Better Life for Girls," "Safe Life for all," etc.—to the international community and received high appreciation. Moreover, with both the Green Climate Fund (GCF) and Global Green Growth Institute (GGGI) headquartered in Korea, Korea contributed to the successful adoption of the Paris Agreement at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 21) in November by playing a bridging role on the greenhouse gas issue. The Global Health Security Agenda (GHSA) High-level meeting was also held in Seoul in September, demonstrating strong leadership of the Korean government in health security issues.

4. Boosting the Economy and Creating Jobs through Economic Diplomacy

The ROK government carried out active economic diplomacy despite the global-scale slowdown and increased instability in the global economy. Economic diplomacy, one of the core objectives of summit diplomacy, made substantial contributions in promoting exports and investments and creating jobs following President Park's visit to the Middle East (Mar. 2016) and to Latin American countries (Apr. 2016).

In December, after the ROK-China Free Trade Agreement went into effect, Korea became the only country among the ten biggest trade economies which concluded

FTAs with the US, China, and the EU altogether at the same time. Furthermore, Korea's robust economy was highly appreciated in terms of structural reform at the G20 Antalya Summit, and received the best-ever credit ranking from credit rating agencies including Moody's.

Moreover, Korean Embassies around the world served as base camps for expanding overseas markets; the gross value of overseas projects successfully backed by the Embassies amounted to no less than US \$6,570 million. In addition, Korean Embassies saved US \$470 million in unnecessary expenses in customs delays, extensive regulations, and account receivables issues by resolving difficulties faced by Korean corporations in consultation with foreign governments.

5. Adopting an Advanced Overseas Nationals Safety System

In the era of globalization with 19 million overseas travelers each year and 7.2 million Koreans living abroad, the Ministry of Foreign Affairs is seeking to be responsive to the calling for safe protection and consular services.

First, under the perception that "providing prompt, accurate information" is the key to preventing overseas incidents, the Ministry has continued to raise the public's awareness on safety. It has been providing travelers with necessary information for safe travel through various media outlets including TV, radio, internet and social media services. Moreover, the Ministry has been operating a Travel Advisory System to inform Korean nationals of the risk level in visiting countries. In September 2015, the Ministry devised a country-specific risk alert SMS service so that Korean nationals traveling abroad could automatically receive a text

message upon their arrival informing them of the risk-level, terrorist or accident-related information, and infectious diseases. The ROK government received high appreciation for the advanced safety systems and services at the Global Consular Forum Senior Level Meeting, and was asked to share its experiences and lessons from many developed countries including the United Kingdom and Japan.

Next, the Ministry of Foreign Affairs has designed a timely and fast response system to deal with various disasters and cases of terrorism in order to best secure the safety of the Korean people. During the Yemen air-bombing crisis, the Ministry had dispatched the *Wang Geon vessel* of the *Cheonghae Unit* of the ROK Navy to safely evacuate Korean nationals. Moreover, the Ministry operated a provisional embassy in the vessel and opened up a temporary working office in Dubai to proceed with the duty of protecting Korean nationals. At the time of the Nepal earthquake last April, the Ministry dispatched Rapid Deployment Teams to protect the Korean people. In 2015, the Ministry took special care with regard to the Philippines, where over 1.3 million Koreans visit each year. An annex was newly established in Cebu, Korean help desks were assumed in local police stations, and an increasing number of CCTVs were placed in highly populated areas, which all led to a more rapid, timely response system. Furthermore, the ROK government has been providing interpretation services for emergency situations in six languages—English, Chinese, Japanese, French, Spanish, and Russian—since July 2015.

6. Broadening the Horizon of Public Diplomacy

Given the growing importance of public diplomacy, the ROK government initiated and implemented a variety of public diplomacy programs, whose main objectives

were to introduce Korea and promote the attractiveness of Korean culture to the international community. All of these efforts were in line with President Park's visit to UNESCO, the very first visit in 65 years since Korea joined UNESCO as a member country. President Park highlighted Korea's global image and national brand power as a country devoted to education and common prosperity of the global community. Furthermore, more than 80 Korean Embassies from 67 countries and diplomatic missions held K-Pop World Festivals and promoted *hallyu* (Korean Wave) to the public.

As an institutional groundwork for integrated, systematic public diplomacy, the Public Diplomacy Act was enacted in close collaboration with the Ministries concerned and the National Assembly. In addition, the Korean government actively carried out public diplomacy on policy targeted on opinion leaders in foreign countries, in order to shape the strategic environment to be more favorable and conducive to Korea's foreign policies.