

**REPORT OF THE FIRST  
AUSTRALIAN POLITICAL EXCHANGE COUNCIL  
DELEGATION TO THE REPUBLIC OF KOREA**

18 – 27 OCTOBER 2005

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## Introduction

Following the conclusion of an agreement between the Australian Political Exchange Council (APEC) and the National Strategy Institute (NSI) of the Republic of Korea (South Korea), an inaugural visit by a delegation from South Korea to Australia occurred in August 2005. Following the success of that visit, a return visit was arranged for October 2005. The delegation, which travelled to South Korea between 18 and 27 October, consisted of:

- Senator **Gary Humphries** (Liberal, ACT) (Delegation Leader)
- Mr **Jason Aldworth** (Liberal, Victoria)
- Ms **Angela D'Amore** MP (ALP, NSW)
- Mr **Brendan Darcy** (Liberal, Victoria)
- Ms **Mia Davies** (The Nationals, Western Australia)
- Mr **Milton Dick** (ALP, Queensland)
- Mr **James Merlino** MP (ALP, Victoria)
- Ms **Wendy Summers** (Liberal, Tasmania)
- Ms **Kim Baker** (Secretary, APEC)

The delegation's visit was considered a success by its members, for all of whom this was the first visit to South Korea. The delegation was warmly received; achieved significant levels of access to decision-makers in South Korean politics, industry and society; and obtained a wide experience of life in this important East Asian nation in the time available to it.

The delegation's itinerary encompassed a wide range of encounters and included travelling the length of the country. Members were grateful for the opportunity to observe South Korean society and geography outside Seoul.

This report deals with certain aspects only of the issues and information with which the delegation was presented during its visit. The issues reported on reflect to some degree the interests and background of the delegation's members.

The delegation reports that its members have each gained an enormous insight into the political, economic and social dimensions of South Korean life and have emerged from this experience with a vastly greater appreciation of the importance of Australia's relationship with this nation.

The delegation expresses its gratitude to both APEC and the NSI for the opportunity to participate in this inaugural visit.

## **South Korea: Political System**

### ***Introduction***

The South Korean political system and its participants can be described as highly robust, energetic and in a constant state of change.

It is a presidential system, where the president and members of the National Assembly are elected by direct vote. The National Assembly has 299 seats, 236 of which are elected by a 'first-past-the-post' system, the remaining 63 through proportional representative voting. There is non-compulsory voting with voters casting two ballots; one for a local candidate and one for the voter's choice of party.

The two major parties are less than ten years old, and the system is characterised by vigorous and forceful debate in the National Assembly. It is a young democracy undergoing change at a remarkable pace, driven by a large young voting bloc (48 per cent of voters are in their 20s and 30s) who wish to move on from traditional politics marred by corruption and authoritarianism. Delegates were surprised to learn that since 1980 there have been over 25 different parties in mainstream politics.

The 2004 national election saw a major shift in South Korean politics. Over one third of the National Assembly members were elected for the first time. A record number of women were elected - some 39 out of 299.

A highlight of our visit to the National Assembly was a meeting with the Speaker of the National Assembly, Mr Won-Ki Kim.

### ***Regionalisation***

Regionalisation is a key characteristic of the South Korean political system – traditionally most South Koreans have voted for politicians or parties that originate from their region, rather than for a certain ideological viewpoint. It was noted that the emergence of the Democratic Labor Party, so far the only purely ideological party, may indicate that this pattern is beginning to weaken.

### ***Political Parties...***

At present, the political system is dominated by two major parties; the Uri Party (the present party of government) and the Grand National Party (GNP, in opposition). Other minor parties include the Millennium Democratic Party (MDP), Democratic Labor Party (DLP) and the United Liberal Democratic Party.

The delegation met with representatives from the Uri Party, the Grand National Party and the Democratic Labor Party.

### ***...Uri Party***

As the ruling party, the Uri Party policy platform appears to place greater emphasis on welfare, education, gender issues, North-South dialogue and democratic evolution than does the GNP.

The Uri Party under President Roh's de facto leadership appeared to have a strong focus on the political reform of the party system, recruitment of new politicians and a concerted effort to reduce regionalisation. The delegation met with a number of young Assemblymen – Assemblyman Song Young-Gil, Assemblyman Kim Sun-Mi and Assemblyman Park Young-Sun – who represent Uri.

Assemblyman Park is in her first term and was an extremely popular television anchorwoman prior to her election as an Assemblyman. This popularity meant that she was in high demand for candidates during the by-election campaign being run during the delegation's visit.

Assemblyman Song had been active in the student movements of the 1980s and had been imprisoned for his actions under previous regimes. We observed that the popularity of individual candidates is a key factor in South Korean politics.

The delegation met with the Uri Party Chairman, Mr Hee-Sang Moon, and other senior Party officials. National Assemblyman Mr Young-Gil Song also assisted with the briefing.

The Uri Party was established in November 2003 and contested the 2004 general election and obtained 152 seats in the National Assembly. This relatively new party is essentially a centre-left political party formed from the remnants of the Millennium Democratic Party (MDP). The Uri Party is seen as progressive and receives strong support from younger voters.

South Korea's President, Mr Roh Moo-Hyun, is a member of the Uri Party - although elected in 2002 as a member of the MDP with 48.91 per cent of the total votes cast.

A downturn in the economy and apparent internal party dissent has seen the popularity of the Uri Party slump. It has subsequently lost its majority within the National Assembly.

### **...Grand National Party**

The GNP is the major opposition party. Representatives from the Party acknowledged that the party system in South Korea was very fluid and the nature of politics is changing with younger voters looking to break with tradition. The GNP viewed its greatest challenge as overcoming the negative image of the GNP fostered by a history of human rights violations and oppression of workers, however maintained that under GNP rule the economic growth of South Korea had been unprecedented. The GNP was established in 1997 through the merger of the New Korea Party and the Democratic Party.

The GNP is the largest opposition party having 40 per cent of the seats in the National Assembly. This number increased while the APEC delegation was in South Korea due to a number of by-elections successfully fought by the GNP.

The representatives from the GNP were generous with their time and provided the group with a comprehensive briefing. The briefing included a report from Mr Hee-Ryong Won, a member of the GNP's supreme council.

The GNP is a right leaning political party strongly supporting South Korea's free market economy. The GNP is the only major political party with a female party chairperson, Ms Park Geun-Hye - the daughter of former President Park Chung-Hee.

### **...Democratic Labor Party**

The delegation met with two representatives from the DLP. The party, as described by Assemblyman Soon Young Choi, is a "progressive party that represents workers, women and the poor". With nine representatives in the National Assembly it is the only party based on an ideology, with no reliance on regional loyalty. Launched in 2000, its major policy focus is on tax reform through wealth redistribution, free medical benefits for the elderly and the infirm and the provision of free education. The labour movement has clearly paved the way for the DLP as evidenced by the Director of the Party (a founding member), who worked for the trade unions and was involved in the student union movement, and Assemblyman Choi, who spearheaded the women workers' movement against the Park dictatorship in the 1970s.

It is the only party to charge a membership fee or impose an affirmative action policy (30 per cent female representation) and has a close relationship with the trade union movement. It was interesting to note that the DLP claimed to be the party of choice for a majority of the farming community through its association with the *Korean Peasants League*.

The 2004 general election saw the DLP increase its representation considerably. For the first time a new left leaning political party obtained seats.

### **A Paradigm shift?**

Under President Roh's government there has been a push toward a new direction, bringing with it a distinct departure from old customs, styles of thinking and traditional methods of state management. It remains to be seen whether the Uri Party and President Roh will deliver what the South Korean public desire in terms of transparent and progressive government. It is interesting to note there were four seats being contested in by-elections while the delegation was in South Korea and all four seats were won by the Grand National Party.

## **Regionalism in South Korea's political system**

### ***The North-West vs the Rest***

For many citizens of South Korea, the logical consequence of democratisation following the demise of military dictatorship is devolution to the provinces. Although South Koreans are an ethnically homogenous people, provincial identification is a strong feature of both its economy and its politics.

South Korea has nine provinces and three large municipalities with provincial status (Seoul, Incheon and Busan). However, out of a nation of 49 million, almost 20 million reside in the north western provinces and the cities of Seoul, Incheon and Gyeonggi-do.

Heavily industrialised with impressive infrastructure, this well-developed part of South Korea is a magnet for investment and talent. Because of its proximity to the volatile De-Militarised Zone, the military presence contributes to the concentration of resources in this part of South Korea. Seoul, itself a megapolis of 10 million, is also the political and administrative heart of the country.

For many outside this zone of opportunity, this pre-eminence has become resented. As a response, the Uri Party has moved to address these concerns. The most notable step has been the decision to devolve the administrative capital to Daejeon, the capital of Chungcheongnam-do. Daejeon, 200 kilometres south of Seoul, was a capital of the ancient Baekje Kingdom.

Chungcheongnam-do (approx population: 2 million) remains tightly connected to its agricultural roots. Indeed, as local officials demonstrated during the delegation's visit, the province is the ginseng (*'insam'* in Korean) capital of the world.

For this reason, many South Koreans – including South Korean media outlets that interviewed the delegation – were interested in the shift of Australia's national capital from Melbourne to Canberra eighty years ago.

In south eastern South Korea, the province of Gyeongsangnam-do will benefit from the relocation of the economic development department. Gyeongsangnam-do is a wealthy province known for its joint venture investment projects around shipbuilding and steel mills. Nearby Busan, South Korea's second largest city, is an international logistics hub. These combined industrial strengths ensure south eastern South Korea remains commercially and politically powerful, especially for the Grand National Party.

Not surprisingly, more national infrastructure, such as the new bullet train planned between Seoul and Busan, is targeted away from the north-west. The momentum towards decentralisation will not, however, mean Seoul will lose its status as South Korea's political capital: the President is to continue to reside in the Blue House and the National Assembly to remain on the banks of the Han River within Seoul.

One of the driving factors towards devolution is the 'anti-incumbent' nature of South Korea's political system. To avoid this, those seeking a long career in public office will often move from local councillor, mayor or provincial representative to governor or to the National Assembly. This typical career path ensures that politicians and parties appeal to constituencies through local and provincial issues, rather than national policies based on party political identification.

The protection of rice farming – a barrier to freer trade with Australia – is partially an expression of this regionalism. This is especially evident in the agrarian Jeollabuk-do - a stronghold for the Democratic Party (DP). By way of background, the Uri Party split from the DP in 2003 after President Roh won the presidential election on the DP's ticket. The Uri Party holds 144 seats in the 299-member National Assembly while the DP controls 11.

### ***Regionalism vs ideology***

Regionalism is a heavier anchor in the South Korean political system than its volatile political parties. Allegiances can quickly form around newly founded parties, and just as quickly dissolve; while provincial issues and reputations linger. One recent illustration of this was the Governor of Chungcheongnam-do's attempt to launch the new 'People First' Party (the delegation was apparently among the first to be advised of the new party's name over dinner with Governor Dae Pyung Sim).

The strategic thinking is to capitalise on the apparent waning of the Uri Party's popularity at the next round of local elections. Recent reports indicate that all six Assemblymen of another minor party from the same province - the United Liberal Democrats – will merge under the Governor's new banner.

For the Uri Party leadership, developments of this kind must feel like 'a slap in the face'. In heeding the call for decentralisation, the ruling party has risked unpopularity in the populous north western corner of South Korea where National Assembly and Presidential elections are largely determined. Until the party political system evolves, South Korea's constant political realignment will continue to be shaped by the powerful identification of regional interests and the ambitious politicians who seek to represent them.

### **Trade and Commerce**

As liberal democracies in the Asia-Pacific region, South Korea and the Commonwealth of Australia cooperate closely. Trade and investment between the two countries had been growing strongly. The delegation was very aware that South Korea is Australia's third largest trading partner, while Australia is South Korea's eighth largest trading partner. This clearly added an ongoing basis for a very strong relationship between the two countries. Australia's exports to have been dominated by minerals and energy products (predominantly coal and iron ore and petroleum) followed by agricultural and food products. However, innovative new players – such as Macquarie Bank – are seeking to create greater depth to the trading relationship.

One issue of significant interest across the delegation was the possibility of a Free Trade Agreement (FTA) between South Korea and Australia. This was raised at the Australian Embassy, with the South Korean Foreign Affairs Minister and other South Korean officials. South Korea is currently in feasibility studies and discussions with some twenty countries, including Australia. However, we were advised that South Korea had found its recent FTA with Chile to be a difficult process and that while there is strong in-principle support for an FTA that there are significant political barriers, particularly in relation to the agricultural sector. It was also agreed that a major joint project between South Korea and Australia is continuing to work together in APEC to support the successful integration of China into the WTO system.

Of great interest was the meeting with the Pohang Iron and Steel Company – POSCO – the largest single purchaser of Australian iron ore. POSCO is also one of the world's leading steel producers with an annual production capacity of 28 million tons.

POSCO manufactures steel products in South Korea - such as hot rolled and cold rolled products, plates, wire rods, silicon steel sheets and stainless steel products. They were particularly interested to explain to us their exemplary industrial relations and environmental records.

The Gwangyang POSCO works which we visited were unique – not just for their size, but due to their integrated design, directly connecting iron making, steelmaking, and rolling with components and exports through an integrated deep-sea port. POSCO was privatised in 2000, however this company has built a strong reputation based on corporate transparency and a sound financial structure.

The delegation also met with STX Shipbuilding in Wanpo-dong, Gyoensangnam. STX specialises in building ships in the 30,000-80,000 ton class, particularly product carriers, such as container ships and LPG Carriers. STX listed on the stock market only three years ago, but is a model South Korean company and now the third largest shipbuilder in the world.

The delegation also met with many of tomorrow's leaders of South Korea's trade and commerce at Seoul National University's Graduate School of International Studies, an exceptional program building leadership and commercial know-how across the region.

## **International Relations**

### ***A History of Conflict***

Two great highlights for the delegation were the visit to the Demilitarised Zone (DMZ) and our meeting with Ki-Moon Ban, Minister for Foreign Affairs and Trade.

The unique experience of the DMZ and the high level access to the ministry provided the delegation with great insight into the foreign policy of South Korea.

As with any nation, history plays a major role in determining South Korea's contemporary foreign policy. South Korea's history is one very much of war and invasion, the latest of course being the Korean War of 1950-1953. There is one fact that goes a long way to understanding South Korea – it has been invaded 990 times throughout its existence! South Korean people are very proud of the fact that despite this tragic and bloody past, it has never lost its sense of national identity, even through periods of lengthy and brutal occupation such as Japanese colonial rule between 1910 and 1945.

This history of conflict also manifests itself in South Korean society. We were struck by the disciplined nature of the people. Police and military forces are highly visible in the community. It was not uncommon to see, outside police and other government buildings, scores of police officers standing at attention and spaced 5-10 metres apart around the perimeters of the buildings. There is no graffiti, driving behaviour is extremely polite and workplaces are highly regimented.

On more than one occasion, South Koreans would describe themselves as 'the Italians of Asia' – passionate and expressive, saying exactly what is on their mind.

They told us if you ask a question you will get a straight answer, even if the response is harsh and uncompromising. They compared this national characteristic to other peoples, such as the more reserved Japanese.

This passionate and expressive quality of the national psyche is displayed in strike action and community protest, an activity for which South Korea has been quite famous over the years. The delegation was informed that on most days, a protest was being held somewhere in the capital. Yet even in displays of rebellious protest, the South Korean people are disciplined and robust. This is the case also with the authority's often forceful response.

In a short period of time, you get a sense that this is a people hardened to the reality of conflict and the discipline that is required of the community to survive it.

### ***Foreign Policy – Prism of North Korea***

It is a curious relationship that exists between North Korea and South Korea. One Grand National Party official described North Korea as the 'enemy' but at the same time as 'one nation' with South Korea. He went on to suggest that it is important to 'help our poor brothers', but also to be absolutely strong on the issue of nuclear arms.

The delegation was informed by the Minister for Foreign Affairs and Trade that South Korea's foreign policy is very much determined through the prism of North Korea. Resolving the issue of nuclear activity in North Korea, specifically its highly enriched uranium (HEU) program, has been the focus of South Korea's foreign policy attention for the last several years. This has primarily occurred through the 'six-party talks' comprising South Korea, the United States, China, Japan, Russia and North Korea.

Whilst acknowledging that this issue is the most serious challenge facing South Korea, the Minister was optimistic it will be positively resolved. He cited the Joint Statement following the fourth round of six-party talks in September 2005 as confirmation that North Korea was committed to abandoning its nuclear program and abiding by the safeguards of the International Atomic Energy Agency (IAEA). He stated that we "can reasonably believe that North Korea has made its choice".

According to the Minister, the key issue for North Korea is certainty about energy and security - if it gives up its nuclear program it needs assurances about access to energy. He informed the delegation that South Korea is looking to Australia to provide assistance in achieving this outcome.

The relationship between North Korea and South Korea has been moving at a fast pace over the last five years. The Minister referred to:

- the high number of government to government meetings;
- the establishment and expansion of the Kaison Industrial Complex – a joint economic project in the DMZ. By 2011, 300 factories will be operational, employing North Korean workers and producing goods for export; and

- the one million South Korean tourists who travel to North Korea to visit the Diamond Mountain Range;

as examples of the improving relationship.

North Korea and South Korea are still technically at war. The armistice agreement signed at the end of the Korean War was an agreement to cease combat operations. It was not a peace treaty or a political settlement for the two Koreas. Even if it were, South Korea is not a signatory to the armistice agreement.

Our visit to the DMZ was an extraordinary experience, a rare opportunity to step right into a vestige of the Cold War. On the one hand, we witnessed the continuing military stand-off – the mine fields, look-outs, and soldiers within the DMZ – and on the other hand we saw the future: economic co-operation.

The Minister concluded his comments on North Korea by stating that if we can resolve the nuclear issue “we can then further expand co-operation and reconciliation”.

This changing relationship has impacted on South Korea’s most important strategic ally, the United States.

### ***South Korea / United States Relationship***

The Minister informed the Delegation that bi-lateral relations with the United States are currently experiencing historic change. During the last five decades, the relationship has been “one-sided” with South Korea receiving extensive military and economic support. Today South Korea is the 10<sup>th</sup> largest economic power in the world and is politically mature. The people of South Korea are now seeking to “develop a relationship that is mutually beneficial”. The Minister outlined the relocation of US forces to two large hubs outside of Seoul.

These two nations have been sharing the military burden over the last 15 years. Currently US\$700 million is provided by South Korea and US\$2.6 billion by the United States. The Minister expects South Korea’s share to continue to increase. The number of US troops is also declining with a withdrawal of 1/3 of their 37,000 troops projected by 2008.

Our general impression of South Korean attitudes to their relationship with the United States is that it is a positive one. Unlike other nations with a large US armed forces presence such as Japan or formerly the Philippines, there does not seem to be a groundswell of community opposition. Rather there is a view that there should be a gradual handing over of responsibility and control from the United States to South Korea. It is important to South Korea that this happens gradually and as the Minister stated, “without affecting the psychology of the nation”. The United States presence clearly remains a significant and welcome security blanket for South Korea.

### ***China – the Emerging Power***

In terms of relations with China, South Korea's view is similar to Australia's position. The Minister informed the delegation that China is "sometimes introvert in their positions" and that South Korea has been trying to "open up" China. He said provincial Chinese leaders are particularly keen to develop relations and expand economic opportunities.

There is a point of difference between South Korea and the United States in relation to China. Minister Ban referred to comments by United States Defence Secretary Rumsfeld in which he expressed concern at China's rapid arms development. The position of South Korea is rather than raise concerns and heighten tensions, it would be more beneficial to have China constantly engaged – on globalisation issues and in regional co-operation.

### ***Japan – a Painful Past***

The relationship with Japan has been, is currently, and will probably continue to be, strained and difficult. With such a history of imperialism and conflict between these two nations this is not a surprise.

It is a relationship that can quickly dissolve into dispute. Shortly before our visit, relations between Japan and South Korea soured following another visit by Japanese Prime Minister Koizumi to the Yasakune Shrine, a war memorial where a number of Japanese war criminals are honoured.

When asked about this matter, South Korean politicians confirmed that the relationship with Japan is currently not convivial at all. After this particular visit, all diplomatic relations were suspended. The South Koreans say this is because of domestic Japanese politics imperatives – the influence of the Association of War Dead and Prime Minister Koizumi's election pledge to visit the Shrine. Apparently, South Korea suggested the building of another shrine that does not include war criminals as a solution to this matter.

Japan's imperial history continues to be a highly sensitive and emotive issue not only in South Korea but the entire region.

### ***South Korea and Australia – Regional Partners***

Relations between South Korea and Australia are strong and long standing. The involvement of some 17,000 Australian soldiers (339 of whom died) during the Korean War was often acknowledged and honoured at official functions.

The South Korean Minister for Foreign Affairs and Trade stated that South Korea and Australia have been staunch allies and "important players in fighting for peace". We have fought together in the Korean War, in Vietnam and more recently in Afghanistan and Iraq. It is a "continuous partnership". The Minister also recognised the contribution of Australia to resolving the nuclear issue with North Korea.

In terms of regional partnerships and economic co-operation, Australia and South Korea were key players in the establishment of the Asia-Pacific Economic Co-operation (APEC) and in December 2005 both nations will participate in the East Asia Summit.

In relation to Free Trade Agreements (FTA), South Korea has recently completed an FTA with Chile. The South Korean Foreign Minister described this as a “tough, turbulent political process” that required a significant financial package for South Korean farmers (US\$100 million) to enable the FTA to gain approval through the National Assembly. As in Japan, the farming lobby is quite influential despite being relatively small.

The South Korean Foreign Minister stated he was “careful and sensitive” to an FTA with Australia and New Zealand. However, in acknowledging the strong competitive edge in agriculture in both Australia and New Zealand compared to South Korea, we were left with the distinct impression that an FTA with South Korea will be many years in the making, if at all.

### **Reunification**

The restoration of Korea as a single state is proclaimed by the administrations of both North Korea and South Korea as their ultimate goal. South Korean President Kim Dae-jung announced three major strategies in 1997 to develop and improve diplomatic relations with North Korea. They were: zero tolerance of armed aggression; that unification would be a joint effort and not follow the German-style absorption method; and the active promotion of inter-Korean reconciliation and co-operation. These principles were to become known as the Sunshine Policy.

Since that time there have been a number of positive initiatives towards reunification. The two Presidents met in Pyongyang in June 2000 and discussed a range of steps towards improved relations between the two countries. These included visas for families that had been separated by the war to be able to visit one another and the provision of humanitarian aid to North Korea by the South. Economic assistance has also been forthcoming. South Korea has established several hundred factories in North Korea that provide employment for thousands of North Koreans. The factories are managed by South Koreans who bring their experience and expertise to the roles. By the year 2011, it is anticipated that over 2000 factories will have been built.

Some Koreans believe that the length of the division makes successful reunification difficult as the lifestyle and culture of both states has evolved differently following the war. The traditional Korean culture however remains a vital part of both the northern and southern lifestyles.

The vast differences between the economies of North Korea and South Korea are also seen as a major hurdle in the reunification process. South Korea has experienced major development and progress since the end of the war, while economic growth in North Korea has been slow. This has caused significant differences between the standard and cost of living between the two countries. North Korea relies heavily on foreign aid to feed many of its people.

North Korea’s development of nuclear weapons has also been a hurdle in the reunification process. The South Korean government has been supported by the United States in its opposition to the program and this support has not been welcomed by the North.

It was during the delegation's visit to the DMZ that the reality hit home - the people of Korea are still at war. During our visit to the DMZ we were briefed by United States and Australian representatives of the United Nations Peace-keeping Mission, as well as the Swiss and Swedish representatives of the Neutral Nations Supervisory Commission. They are all playing a major part in the slow process of reunification.

South Koreans are a proud people. They have endured many attacks on their nation, and experienced occupation by different countries throughout the nation's long history. There is therefore, a sense of pride that South Korea has managed to regain and maintain its independence and strength – albeit as two polities rather than one – throughout this strife.

The reunification process continues at a snail's pace. The gradual development of mutually beneficial outcomes in the areas of tourism, economic, business and humanitarian aide will hopefully see the eventual rebirth of a unified and proud Korean nation.

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