

# DIPLOMATIC WHITE 2015 PAPER



**MOFA**  
Ministry of Foreign Affairs


## Minister's Message



In 2014, Korean diplomacy vigorously pursued "Trustpolitik" in the face of a triple wave of challenges from the Korean Peninsula, Northeast Asia and the wider world. Overall, it was a meaningful year where we turned challenges into opportunities and delivered a number of successful diplomatic outcomes.

On the Korean Peninsula, North Korea escalated tensions in the region by threatening to conduct a fourth nuclear test and by launching several short-range missiles, as it further deepened its isolation from the international community. It exhibited a two-sided attitude regarding inter-Korean relations, agreeing to hold the second high-level talks, while continuing military provocations, including its patrol boat intrusions across the Northern Limit Line.

Against that backdrop, to effectively deter North Korea's strategic provocations and respond firmly in case of provocation, the Republic of Korea (ROK) made multi-faceted diplomatic efforts, through the stalwart defense posture based on the robust ROK-US alliance, strategic cooperation with China and cooperation with the international community as a non-permanent member of the UN Security Council. Moreover, the ROK proposed an idea on the way to resume the Six-Party talks. After close consultations based on this idea among the ROK, US, China, Russia, and Japan, the five parties have reached a common understanding that North Korea's nuclear program cannot be tolerated and that the denuclearization talks process needs to be restarted. Meanwhile, in February 2014, the UN Commission of



Inquiry published its report on the human rights situation in North Korea. In December, the UN General Assembly adopted a resolution on North Korea's human rights, and for the first time ever, the UN Security Council officially discussed the issue. In the process, the ROK worked closely with its ally and friends, such as the US and the European Union.

In Northeast Asia, Japan's perception of history and escalating tensions between China and Japan over the East and South China Seas were among the factors that raised geopolitical tensions in the region.

Under such circumstances, the ROK continued to extend the strategic and diplomatic space, while maximizing the national interest with a sense of balance. In particular, both the ROK-US alliance and the ROK-China strategic cooperative partnership were elevated to their best state ever with the successful visits to Korea by President Barack Obama and President Xi Jinping. Between the ROK and the US, a number of outstanding alliance issues, such as the Special Measure Agreement and conditions-based transfer of wartime operational control, were successfully concluded. Between the ROK and China, the ten million annual visitors and the Free Trade Agreement advanced bilateral ties in both political and economic fields. Furthermore, with the European Union, the ROK signed the Crisis Management Operations Agreement as well as the Framework Agreement and the FTA, making Korea the only country to have signed major agreements for political, economic, and global security cooperation with the Union.


Globally, 2014 was a year of transition. Traditional and non-traditional challenges, intertwined with geopolitical tensions around the world, unfolded in a complex manner in multiple domains—including the Ukrainian

## Minister's Message

crisis, violent extremism represented by ISIL and foreign terrorist fighters, the unprecedented spread of trans-boundary epidemics such as the Ebola virus, and cyber security such as the hacking of Sony Pictures Entertainment.

Amid all this, we strengthened our standing on the international stage by taking on responsibilities in the UN's key bodies, such as the Security Council, Economic and Social Council and Human Rights Council. Furthermore, as a trustworthy middle power, the ROK made meaningful contributions for the world's common good by actively implementing the 'humanitarian diplomacy.' In particular, in the latter half of 2014, Korean rapid response teams were dispatched to West Africa to help deal with the Ebola outbreak. In August, the ROK also deployed its Navy destroyer *Munmu* the Great of the *Cheong-hae* Unit to evacuate not only Koreans but foreign citizens from war-stricken Libya. Through such activities, the ROK demonstrated its capacity and capability to address global concerns.

2014 was also the year of Korea's 'unification diplomacy.' Earlier in the year, President Park Geun-hye stated that Korean unification will be a "bonanza" to the international community, and through her subsequent speeches in Dresden and at the UN General Assembly, she continued to lay out her vision for unification. The ROK was able to secure stronger support from the US on our unification policy based on a deepened common perception on the future vision of the Korean Peninsula. The ROK also received China's reaffirmed support for the peaceful unification of Korea. The ROK laid the groundwork for the success of its unification policy through various creative efforts: the ROK-Germany Advisory Group on Foreign and Unification Policy; sharing the transition experience of the Visegrad Four; and the launch of the 'Peninsula Club,' comprised of ambassadors in Seoul who cover both the



ROK and North Korea, as well as the 'Peace Club' with ambassadors in Seoul whose countries have permanent missions in North Korea.

Furthermore, in order to provide multilateral support for "Trustpolitik," we stepped up our network diplomacy, through the Northeast Asia Peace and Cooperation Initiative (NAPCI), the Eurasia Initiative and the establishment of dialogue channels with existing regional multilateral cooperation mechanisms. The ROK held the first intergovernmental high-level meeting on NAPCI with regional countries who share the same vision. President Park's visit to three Central Asian countries provided significant impetus for the Eurasia Initiative. Meanwhile, Korea not only played a key role in the birth of MKTA, a cross-regional consultative body of five middle powers, but also worked to strengthen its foundations as the coordinator. The ROK broadened the horizon of its regional cooperative diplomacy by forging cooperative networks with the Arctic Council, the GCC, the Arab League, CELAC, the Pacific Alliance, the Nordic Council, and the Visegrad Group.

The 2015 Diplomatic White Paper chronicles the activities and achievements of Korea's diplomacy in the year 2014. It embodies Korea's vision to go higher and farther in East Asia and on the global stage through "Trustpolitik" with the people of Korea. In this historic year of 2015—the 70th anniversary of the end of the Second World War and Korea's Liberation as well as the 70th year since the division of the Korean Peninsula—I kindly ask for the warm support of Koreans for "Trustpolitik" as we venture to achieve our goals. Thank you.

December 2015

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

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# 1

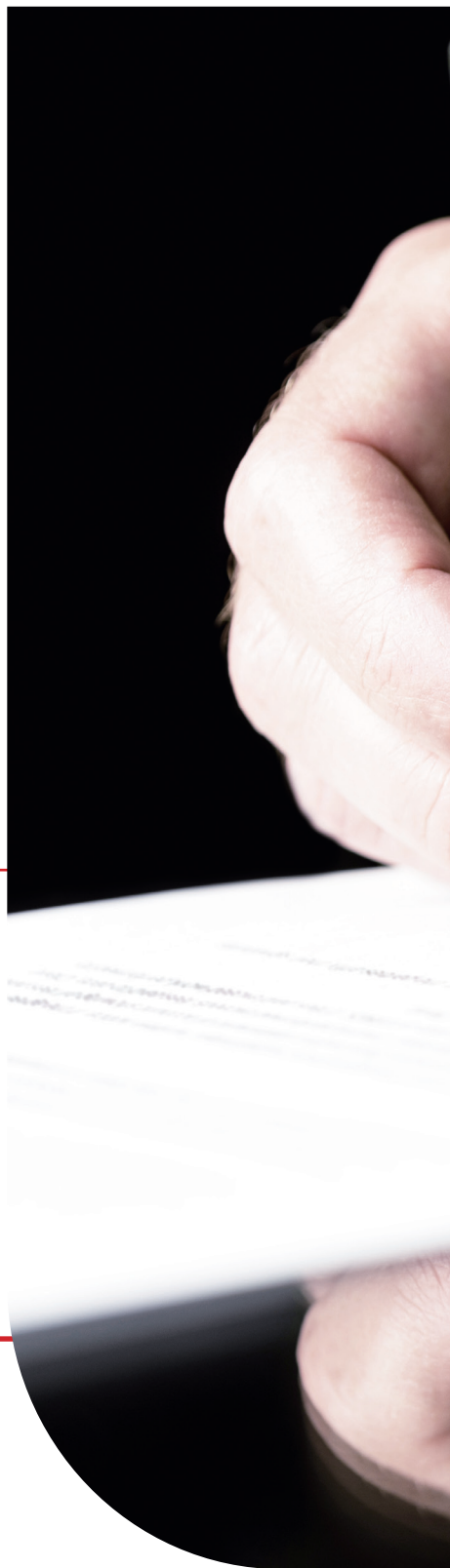
## World Trends in 2014

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**DIPLOMATIC WHITE PAPER**

## Chapter 1

# Overview of International Situation



## 1. Developments in International Politics

### 1) World Overview

In 2014, international politics underwent great instability due to the conflict between Western countries and Russia over the Ukrainian issue and the confusion in the Middle Eastern region deriving from the Syrian and Libyan crises and ISIL. The US and China cooperated on some issues and competed on others, but they both worked hard to control the factors that lead to conflicts. In the meantime, cyber space security, violent extremism and health security emerged as major global issues.

Amidst the cooperation and competition between the two great powers, major players of some regions made active efforts to reconstruct the regional order. In Northeast Asia, conflicts over territorial disputes such as the Senkaku-Diaoyu Islands dispute and the historical issues between China and Japan became intensified. In East Asia, tension between China and some Southeast Asian countries continued

over the South China Sea. In Europe, the conflict between the EU and Russia over the Ukrainian issue led to strengthened sanctions on each other, deteriorating their relations. The EU worked closely with the US to resolve this problem, making Russia strengthen its relations with China.

Amidst the prolonged global recession, some advanced economies including the US and European countries made moderate recovery, but the global financial market became more unstable due to the inconsistent monetary policies of major countries. Low oil prices and the weak euro continued, and the rise of Germany in Europe and that of India in Asia was prominent.

With regard to nuclear nonproliferation, even though a breakthrough was made through the agreement between the P5+1 and Iran in 2013, there were concerns about whether the Iranian nuclear issue could be resolved peacefully as the nuclear deal deadline got extended repeatedly. In addition, cyber space security emerged as a major global issue as malicious acts in cyberspace were further diversified and sophisticated. Moreover, terrorism threats posed by the rise of ISIL and foreign terrorist fighters and public health becoming a security issue due to the spread of the Ebola virus served as opportunities to forge new cooperation within the international community.

## **2) Regional Overview**

The US continued to pursue its policy of rebalancing towards the Asia Pacific, the goal of which is to maintain and strengthen the influence of the US in the region through active engagement. While strengthening its relations with allies such as the Republic of Korea, Japan, the Philippines and Australia, the US also increased its cooperation with emerging countries such as India. Seeking to forge

constructive relations with Beijing, Washington strived to conclude the Trans-Pacific Partnership agreement with 12 Asian-Pacific countries including Japan. The Obama administration chose to work together with the international community through various means instead of taking unilateral measures. At the same time, it exercised leadership in dealing with various global issues by taking the initiative in imposing sanctions against Russia over the Ukrainian crisis, taking decisive action to jointly strike on ISIL—a violent extremist group in the Middle East—and addressing the outbreak of the Ebola virus in West Africa.

China sought to establish a 'new type of great power relations' with major powers and made active diplomatic efforts towards its neighboring countries. It also put forward the One Belt, One Road initiative, which encompasses its Silk Road Economic Belt and 21st Century Maritime Silk Road initiatives. In 2013, China declared that it will pursue a 'new type of great power relations' with the US and forge cooperative China-US relations based on trust. Since then, China has been working closely with the US in addressing bilateral as well as global issues. However, with China's decision not to join the US-led sanctions against Russia over the Ukrainian crisis, the deepening of the Sino-Russian comprehensive strategic cooperative partnership after President Putin's visit to China and the signing of a framework agreement for gas supply, concerns were raised over the possibility of a confrontation between superpowers. Meanwhile, China put forward a 'new Asian security concept,' which calls on the Asian people to solve problems by themselves, and officially proposed that the Conference on Interaction and Confidence Building Measures in Asia (CICA) become a security dialogue and a cooperation platform for all of Asia. China also sought to play a bigger role in the global economy by leading the efforts to establish the New Development Bank (NDB) and the Asian Infrastructure Investment Bank (AIIB).

Japan made active diplomatic efforts under the banner of 'active pacifism.' However, some Japanese political leaders' revisionist moves led to uncomfortable relations with its neighboring countries. Moreover, in July, Prime Minister Abe made preparatory measures for amending Japan's national security laws by passing a Cabinet decision that allows Japan to exercise the right to collective self-defense. Japan also made efforts to enhance its security cooperation with India and Australia while strengthening the US-Japan alliance. In addition, Tokyo sought to restore its relations with Beijing, which had gone sour over territorial and historical issues, by holding a bilateral summit meeting on the occasion of the APEC Summit in November and also by issuing a four-point consensus on improving China-Japan ties.

Russia concentrated its diplomatic efforts on improving its relations with non-Western countries such as China and Central Asian countries because of the diplomatic repercussions and economic difficulties that it faced after the Ukrainian crisis. In response to the sanctions posed by the US and the EU such as travel bans, asset freezing and other measures affecting the Russian finance, arms industry and energy sector, Russia took a tit-for-tat approach to counter the sanctions and continued to strengthen its influence in the CIS region by expanding the scope of cooperation with its adjacent countries. In May, a treaty was signed to create the Eurasian Economic Union, and it was joined by Armenia and Kyrgyzstan at the end of 2014. Furthermore, Russia bolstered its diplomatic ties with non-Western countries by participating in the CICA Summit, the BRICS Summit and the Russia-China Summit.

Territorial conflicts in the South China Sea continued, with the seizure of Chinese fishing boats along with their crews in May by the Philippines, and the Chinese government moving an oil rig into waters near the Paracel Islands. By issuing a joint

statement on the territorial disputes over the Spratly Islands, ASEAN demonstrated its unity. In an effort to further develop and strengthen relations between its member countries, ASEAN accelerated the momentum toward the launch of ASEAN Community in 2015 by agreeing to draw up the Post-2015 Vision. Meanwhile, political unrest in Thailand triggered by anti-government protests subsided after the establishment of a military government in September. In Indonesia, a peaceful transfer of power took place with President Joko Widodo, a pro-reformist, taking office through direct elections held for the first time.

In Afghanistan, President Gahni and Chief Executive Abdullah agreed to establish National Unity Government in September. Moreover, the conclusion of the Bilateral Security Agreement between Afghanistan and United States and that of the Status of Forces Agreement between Afghanistan and NATO allowed the US and NATO forces to remain in Afghanistan after completing ISAF (International Security Assistance Forces)'s mission in 2014. These contributed to laying the groundwork for building a stable Afghanistan. Meanwhile, Narendra Modi, elected as Prime Minister of India in May, carried out pragmatic foreign policies. He visited Japan and the US, and heads of states from China and Russia made visits to India consecutively.

With the lingering effects of the Euro-zone crisis in the air, the European Union underwent a whole leadership change starting with the election for the European Parliament in May. The pro-Union middle-line group headed by the European People's Party and the Progressive Alliance of Socialists and Democrats won 70 percent of the total parliamentary seats just as it did in the 2009 election. But, anti-Union parties also acquired a significant number of votes in the United Kingdom, France, Austria, Spain, Hungary, and elsewhere. The new leadership of the European Union was expected to enhance its policy coordination on issues such as unemployment, migration and welfare so as to respond to the complaints of the

European citizens that had been expressed in the elections. In the same context, the new European Commission that officially came into power in November mainly worked on recovering the confidence and trust of its people for the Union and chose structural reform, financial confidence, increase of investment as the three pillars of its policy priority. Meanwhile, the European Union and the United States took restrictive measures against Russia over the crisis in Ukraine and the confrontation between both sides has intensified.

In the Middle East, political chaos was aggravated with violent extremists running rampant since the Arab Spring in 2011. Conflicts between Syrian government forces and rebels at the onset of the Syrian civil war escalated into sectarian conflicts. Also, the rise of terrorist groups led to a prolonged civil war in Syria. Consequently, the humanitarian situation of Syria continued to deteriorate with over half the population becoming refugees and more than 200,000 Syrians losing their lives. In June, the Islamic State of Iraq and the Levant (ISIL), which expanded its power during chaos, seized Iraq's second biggest city Mosul and declared the establishment of an Islamic State meaning that a caliph governs from Syria's northwest to Iraq's northeast. The US and Arab countries including Jordan, the United Arab Emirates, Saudi Arabia and Bahrain carried out joint air strikes against ISIL's violent extremism.

The Israel-Palestinian peace talks, which had been resumed in July 2013 after a three-year suspension, was brought to a halt once again with Israel opposing to Palestine's decision to form a unity government. And from July to August, armed conflicts triggered by the Hamas' firing of rockets into Israel resulted in the deaths of over 2,100 people in Gaza and 70 in Israel.

In Central and South America, presidential elections took place in major countries. Since ruling parties won the elections in Brazil, Uruguay and Bolivia, it was expected that the new governments will implement policies consistent with their

predecessors. However, the region was hit hard by falling oil and raw material prices, which resulted in a decrease in trade, and an unstable global financial environment. In some countries, instability was created with the increase in the middle class leading to stronger demands for better public services and, in turn, anti-government protests. In this region, there has been an increase of leftist governments coming to power, advocating resource nationalism and national development during the past ten years. However, most countries are still taking a pragmatic approach putting emphasis on seeking a balance between market economy and social welfare.

As a whole, Sub-Saharan Africa remained stable. Elections were held peacefully and fairly in countries such as South Africa, Botswana, Mozambique, Namibia, raising expectations for a blooming democracy in Africa. Meanwhile, terror attacks by Islamic radicals including Nigeria's Boko Haram and Somalia's Al-Shabaab and instability in South Sudan, Mali and Central African Republic continued. The rapid spread of the Ebola virus in West Africa caused great human casualties and economic damage in Guinea, Liberia and Sierra Leone. Trans-border agenda items such as infectious diseases and global health care issues were reevaluated as important global issues.

## 2. Overview of the Global Economy

### 1) World Overview

In 2014, global growth recorded 3.4 percent, which is the same growth rate of 2013 when the global economy was beginning to come out of the long recession and enter a recovery phase. Accordingly, the global economic recovery is projected to



continue. The major issues in the global economy in 2014 were i ) the ongoing downward trend of oil prices, ii ) the FED's tapering of its QE program and the strong dollar and iii ) the sluggish growth of emerging countries and instability in their financial markets.

When the financial crisis broke out in 2008, emerging countries led the recovery with their high growth rates. However, since the latter half of 2013, advanced economies have been showing strong recovery, and this was even more evident in 2014. It was advanced countries that led the global recovery in 2014 and, in particular, the US economy recovered remarkably thanks to the increase in its consumption and employment. The US secured a new growth engine by increasing its production of shale gas and, accordingly, became less dependent on oil from the Middle East region. In Europe, the growth rate recorded 0.9 percent thanks to its monetary easing, fiscal soundness measures and progress in structural reform. The European economy continued to recover following the year 2013.

On the other hand, growth in emerging countries such as BRICs has been sluggish except India because of the following factors: the economic contraction in oil producing countries caused by falling oil prices, the instability in the global financial market over the FED's ending of quantitative easing and China's sluggish growth rate. Russia also recorded a mere 0.6 percent growth in 2014 because of declining oil prices and sanctions posed by the EU over the Ukrainian issue. Russia recorded minus growth in the fourth quarter.

In the meantime, WTO members have been making continuous efforts to advance the DDA negotiations since the Protocol of Amendment for the Trade Facilitation Agreement (TFA) was adopted in November. They agreed to finalize the DDA negotiation plan by July 2015. In addition, the trend of building great economic blocs has become prominent as countries seek to forge various economic

partnerships such as the TPP, RCEP, TTP, etc. In the US, there was much controversy over the TPA, and the TPP negotiation was not finalized despite active efforts by the Obama administration. China also put in great effort into establishing a new financial and economic order, a case in point being the establishment of the AIIB. Countries either joined the competition between the US and China after taking into consideration their economic gains and losses as well as political and security factors or took a reserved position after taking into consideration their economic gains and losses as well as political and security factors.

## 2) Regional Overview

In 2014, despite external risks such as the feeble growth of the Eurozone and Japan and a continuing strong dollar, consumer spending in the US grew thanks to the stable employment and low oil prices, and the US recorded a growth rate of 2.4 percent. While recovery in its housing market was weak, the US witnessed a steady influx of capital in its stock market. The continued fall of oil prices throughout the year served to boost economic growth as its positive effect of increasing consumption overpowered its adverse effect of shrinking investment in energy. In October 2014, the US Board of Governors of the Federal Reserve System decided to end its asset purchase program, or QE3 (the third round of quantitative easing), based on the judgment that the labor market is improving and the economy has recovered enough to maximize employment within the range of maintaining price stability. However, the Fed also decided to maintain the record low interest rates of 0~0.25 percent for a certain period of time and to consider raising the interest rates when maximum employment and an inflation rate of 2 percent are accomplished.

China posted an economic growth rate of 7.4 percent in 2014, which was

slightly lower than its target of 7.5 percent. Based on the judgment that the Chinese economy is entering an 'era of new normal,' in which medium-to-high speed growth is a new equilibrium, the Chinese government is developing various economic policies to deal with new challenges. While putting an emphasis on seeking a balance between stable economic growth and structural reform, Beijing is now working to achieve quality growth, secure a new growth engine, accelerate transformation in the agricultural sector, reinforce regional development both internally and externally and improve public welfare.

In Japan, boosted by the quantitative easing and expansionary fiscal policy that had been carried out as a core part of 'Abenomics,' the corporate balance sheets were slightly improved in the wake of the depreciation of yen and the hike of stock prices. However, shrinking private consumption caused by consumption tax hikes in April and decreases in the profit of SMEs, which hire nearly 70 percent of workers, resulted in a sluggish economy in the first half of the year. From the third quarter, the Japanese economy showed signs of moderate recovery thanks to a weakening of the consumption tax hike effects and falling oil prices. However, in the end, the worsening of corporate balances due to increases in imported raw material prices caused by the weaker yen and the shrinking of domestic demand made Japan post a minus economic growth of -0.1 percent.

The Russian economy was sluggish as demonstrated in its outflow of capital, rising exchange rates and decreasing trade caused by the uncertainty from economic sanctions and falling oil prices. Russia's growth rate was at around 0.6 percent (1.3 percent in 2013), and due to a decrease in both exports and imports caused by the sanctions, the total trade volume fell to \$782.9 billion (USD), a 7 percent decrease compared with 2013. The fall in energy prices in late November hit the Russian economy hard since the export of oil and gas accounts for 20 percent

of the Russian GDP. In December, the exchange rate of the Russian ruble to the US dollar depreciated to 60 RUB/dollar, a 45 percent fall in value compared with the beginning of the year. The Central Bank of Russia intervened in the currency market and sharply raised the interest rate in response.

ASEAN countries continued to take part in the RCEP negotiations with Korea, China, Japan and India aiming to conclude the negotiations by 2015. The overall economic situation of the five leading countries of ASEAN—Indonesia, Malaysia, the Philippines, Thailand, Vietnam—were rather stable thanks to the strong economic recovery of advanced countries. However, the economic conditions in Indonesia and Malaysia worsened due to their poor performances in raw materials export. The Philippines also experienced a moderate decline in its growth rate due to its high inflation rate and the reduction of government spending. Meanwhile, the Vietnamese economy showed signs of recovery, and foreign direct investment in Vietnam increased greatly driving the growth of its economy and export. With the political unrest starting to calm down in the second half of 2014, the Thai economy slowly improved boosted by increases in private spending and investment and recovered from its minus growth rate in the first quarter.

Experiencing a stagnant growth rate of 5~6 percent for three consecutive years, India achieved a staggering growth rate of 7.4 percent in the second quarter of 2014. The new Modi administration carried out pro-market and pro-business policies such as promoting the manufacturing industry, increasing investment in infrastructure and also improving the business environment. The high hopes for 'Modinomics' helped to attract foreign investment. Furthermore, the decrease in oil prices greatly contributed to promoting consumption, stabilizing prices and improving the trade and fiscal balance.

The European economy showed signs of slow recovery, posting a 0.9 percent

growth rate with long-term macroeconomic uncertainty still hovering around. In the second quarter, the economy's growth rate was 0 percent compared with the same period of the previous year, and this caused concerns over a possible loss of the recovery momentum. In response, some member states expressed different opinions on the need to reduce the EU's fiscal deficit. Regarding monetary policy, the European Central Bank maintained its lowest base rate in history and adjusted its savings interest rate to a minus for the first time so that the liquidity supply will actually lead to an increase in loans. Still, there were potential risks such as an increase in uncertainty created by the Ukrainian crisis and the unresolved unemployment issue. The possibility of the European economy falling back to recession seemed quite low thanks to the ECB's active monetary policy and subsequent depreciation of the euro. Also, the launch of the Single Supervisory Mechanism in November served to stabilize Europe's financial system.

The Middle East recorded a growth rate of 2.6 percent due to political instability and falling oil prices. Plunging oil prices during the second half of the year caused the revenues of the oil-exporting countries to decline while Saudi Arabia and the United Arab Emirates maintained relatively stable growth. Non-oil producing nations faced poor economic growth as a result of regional political instability. In particular, the large-scale influx of Syrian refugees caused a huge economic burden on its neighbors such as Jordan and Lebanon.

In Central and South America, the growth rate has been on a downward trend for four consecutive years. In 2014, the region's growth rate was 1.3 percent, a 1.5 percent drop from last year. The main reason for the drastic decrease in the growth rate of this region was shrinking investment in the private sector. Companies began to cut down their assets due to the decrease in demand and trade deficit. Despite the positive effect of low oil prices on import, the trade balance of countries that

export raw materials worsened as the price of raw materials went down in the global market. Brazil's growth in 2014 was weak posting 0.1 percent despite the World Cup's positive economic impact. Venezuela, an oil producing country with a high dependency on oil export, recorded -4.0 percent growth due to the oil price fall and unstable exchange rates.

Despite the economic slowdown in Ebola-affected countries, Africa's growth rate recorded a staggering 5 percent thanks to the continued infrastructure investment, sound recovery in the agriculture sector and a buoyant service sector. Nigeria, the region's largest economy, maintained the high growth of last year and posted a 6.3 percent growth rate boosted by stable domestic consumer market. Low income countries such as Ethiopia, Côte d'Ivoire, DR Congo, Mozambique, Tanzania, Rwanda showed robust growth. On the other hand, South Africa's growth rate recorded 1.5 percent due to mine workers' strikes, electricity shortages and declining investor confidence.

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

In 2014, the North Korean regime continued its efforts to consolidate the unitary leadership of Kim Jong-un. Following the purging of Jang Seong-taek, Kim Jong-un's reign of terror continued. He encouraged loyalty battles among power elites through frequent reshuffling in the Workers' Party and the Army. In addition, he also stepped up internal crackdowns and the official control over personal thoughts to block the influx and spread of information about the outside world as this could pose a threat to the regime.

There were no significant changes in the economic situation of the North compared with the previous year. It seems that food production was at a similar level to that in 2013. However, due to the lack of fundamental reform measures, substantial economic growth was not seen. In addition, North Korea's simultaneous pursuit of nuclear weapons and economic development resulted in the continuation of sanctions by the international community and in a failure to attract foreign investment. Against this backdrop, and with the falling price of raw materials, North Korea experienced a lack of foreign currency. Moreover, due to the collapse of the public distribution system, North Korean people resorted to the market system.

North Korea, in the midst of a lessening dependence on China, sought to diversify its foreign relations. With the absence of meaningful high-level exchanges, the chilly relations between China and North Korea continued as China maintained its firm stance of opposing North Korea's nuclear weapons after North Korea conducted a third test in February 2013. Relations with the US kept deteriorating due to North Korea's nuclear and missile development. In October and November 2014, North Korea released US detainees, but this did not lead to improvements in the US-North Korea relations. The Sony hacking incident further hindered improvements in the relations. North Korea and Japan signed the Stockholm Agreement in May 2014, but the issue of Japanese abductees is yet to be resolved. There were advances in North Korea's relations with Russia. In November 2014, North Korea's Special Envoy Choi Ryong-hae visited Russia. The two countries also agreed to carry out a railroad modernization project. In general, North Korea engaged in diplomacy to avoid isolation from the international community. The Workers' Party Secretary for International Affairs Kang Seok-ju visited Europe in September 2014. Foreign Minister Ri Soo-yong visited countries including those in the Middle East and Southeast Asia on the occasion of the Ministerial Meeting of the Non-Aligned Movement in May,

the ASEAN Regional Forum in August and the UN General Assembly in September.

In 2014, the human rights situation in North Korea caused greater global concerns. The resolution on the human rights situation in the DPRK was adopted at the 25th session of UN Human Rights Council in March and at the 69th session of UN General Assembly in December. The resolutions reflected the recommendations of the COI Report. The UN Security Council even adopted the 'Situation in North Korea' as an agenda item in December 2014.

North Korea showed an ambivalent attitude towards inter-Korean relations, making conciliatory gestures and provocations and threats towards South Korea at the same time. In the New Year's Speech, North Korea referred to its efforts for improving inter-Korean relations. In February 2014, the ROK and North Korea had high-level talks and held reunions for separated families. However, provocations continued including the launch of about 270 missiles and artillery shells in 2014. In October 2014, high-ranking North Korean officials paid a surprise visit to South Korea on the occasion of the Closing Ceremony of the Incheon Asian Games. South and North Korea agreed to hold the Second High-level Talks, but it did not take place due to the provocations by the North, including the intrusion upon the Northern Limit Line (NLL) by a North Korean patrol boat, the shooting down of leaflet balloons in October and exchanges of shootings across the Military Demarcation Line. North Korea did not accept the proposal by the ROK to hold the Second High-level Talks and demanded the suspension of leaflet balloons by non-governmental activists as a precondition.

Nevertheless, the Korean government conducted the first trial coal shipment for the Rajin-Khasan project in November 2014 under the Trust-Building Process on the Korean Peninsula—the principle of which is to respond to any provocation from North Korea in a resolute manner while keeping the door to inter-Korean dialogue



open. At the same time, the Korean government continued providing humanitarian aid to vulnerable groups in North Korea including children and pregnant women. In 2014, Korea's humanitarian aid toward the North totaled \$18 million (USD), of which \$13 million (USD) was provided through international organizations and \$5 million (USD) through non-governmental channels.

## Chapter 2

# Korea's Foreign Policy



In 2014, the security situation of the Republic of Korea remained serious. The US, China, Japan, Russia, and North Korea each pursued their own regional strategies, and at the same time, various global crises such as the Ebola outbreak and terrorism emerged all at once. Against this backdrop, with "Trustpolitik pursued with the support of the people" as the overriding principle, the ROK government set the following five priority goals for its diplomacy: achieving peaceful unification and Trustpolitik; harmonizing and developing the ROK-US alliance and the ROK-China strategic cooperation partnership; becoming a responsible middle power that contributes to achieving global peace and development; ensuring the safety and protecting the interests of Koreans living abroad and expanding public diplomacy; and boosting the economy through economic diplomacy.

## 1. Peaceful Unification and Trustpolitik

Together with the international community, the ROK government sought to encourage North Korea to make voluntary changes, while firmly responding to its provocations. The ROK government upgraded the comprehensive ROK-US strategic cooperation on North Korea. Using the visit of President Xi Jinping and Foreign Minister Wang Yi to Korea as an opportunity, the ROK government strengthened the ROK-China strategic dialogue on Korea Peninsula matters so as to conduct preventive diplomacy for deterring provocations by North Korea. Under the shared understanding that they will not tolerate North Korea's nuclear program, the US, China, Japan, Russia, and Korea strengthened cooperation to pursue denuclearization talks with principles.

At the same time, Korea fostered a favorable environment, both internally and externally, for the unification of Korean Peninsula and garnered international consensus. To create an external environment that encourages North Korea to take the path of change, Korea pushed forward with the Northeast Asia Peace and Cooperation Initiative, the Eurasia Initiative, and the trilateral cooperation between the two Koreas and Russia. Meanwhile, Korea strived to strengthen the momentum for change within North Korea by inducing changes in the perception of North Korean people. To this end, Korea made efforts to improve the human rights situation in North Korea, provide humanitarian assistance, and transfer North Korean defectors safely.

In her speech in Dresden and her keynote speech at the United Nations General Assembly, President Park Geun-hye presented Korea's unification policy before the international community and advanced the discussions on unification through summit and high-level meetings. The ROK government generated greater interest

in the unification of the Korean Peninsula by explaining that the unification would be a bonanza to neighboring countries as it will bring huge economic benefits. Furthermore, the government launched the Peninsula Club with diplomatic missions that cover both South and North Korea and the Peace Club with diplomatic missions from countries that also have permanent missions in North Korea. In addition, the ROK government launched the Korean-German Advisory Group on the Foreign Policy towards Reunification, laying the foundation for the peaceful unification of the Korean Peninsula.

## 2. Harmonizing and Developing the ROK-US Alliance and the ROK-China Strategic Cooperation Partnership

The general assessment, both at home and abroad, was that the ROK-US relations were in the best ever shape in 2014. The two countries maintained close strategic communication through high-level talks such as summit meetings (twice) and foreign ministerial meetings (five times) and laid the groundwork for the advancement of the ROK-US alliance by reaching an agreement on various alliance issues such as the Special Measures Agreement and a conditions-based transfer of wartime operational control. Also, recognizing that the ROK-US alliance needs to go beyond being the "linchpin" of peace and stability in the Asia Pacific region and develop into a "global partnership," Korea and the US worked closely together in addressing global issues such as the Ebola virus and ISIL.

In addition to building a solid ROK-US alliance, Korea also forged strong ties with China, making the ROK-China relations reach the best ever state. Using the

ROK-China Joint Statement on Future Vision and the ROK-China Joint Statement—which were adopted when the two leaders visited each other’s country during the last two years—as a momentum, Korea put in a lot of effort into strengthening the ROK-China strategic cooperation partnership. As a result, Korea and China are not only working closely together in the areas of the economy and culture but also strategic communications on politics and security are taking place between the two countries.

### 3. Becoming a Responsible Middle Power that Contributes to Achieving Global Peace and Development

The ROK government led the discussions on global issues by actively conducting multilateral diplomacy. Korea chaired a number of major meetings and became a member of major UN councils such as the Security Council. Korea also hosted the MIKTA Foreign Ministers' Meeting twice, in September and in November. As health became a big international issue because of the spread of the Ebola virus, the government succeeded in bringing the Second Global Health Security Agenda (GHSA) High-Level Meeting to Seoul to be held in 2015 and played a leading role in adopting the joint agreement about the Ebola virus at the Third MIKTA Foreign Ministers' Meeting in September. The ROK government also joined the international efforts to address 27 humanitarian issues including the Iraq, Syria, and Palestine issue.

Furthermore, as part of its middle power diplomacy, the ROK government took an active part in the efforts for poverty eradication and inclusive growth. As a country

leading the Busan Global Partnership, Korea played the role of a facilitator in forming international standards for improving the quality of Official Development Assistance (ODA). In addition, by ▲increasing the opportunities for small and medium-sized enterprises and the youth to participate in ODA projects on the ground and ▲joining the International Aid Transparency Initiative, the ROK government enhanced the effectiveness and transparency of its ODA projects and increased people's participation in ODA projects.

The ROK government also broadened the scope of its diplomacy by expanding cooperation with European, Southeast Asian, Central and South American, and Middle Eastern countries. Korea became the first country in the world that has signed the three basic agreements (Framework Agreement, Free Trade Agreement (FTA), Crisis Management Operations) with the European Union. It also held 13 summit meetings and 17 ministerial meetings with European countries. The ROK government also held ministerial meetings with the Visegrad Group (the V4: the Czech Republic, Hungary, Poland, and Slovakia) and strengthened its partnership with the group. Also, the government held 11 summit meetings and 11 high-level meetings with Southeast and Southwest Asian countries. In December 2014, the ROK government held the ASEAN-ROK Commemorative Summit in Busan to celebrate the 25th anniversary of establishment of dialogue partnership between the ROK and ASEAN. The government also sent presidential envoys to six countries in Central and South America in which new administrations were inaugurated and secured a momentum for cooperation. The government strived to strengthen the relations with Central and South American countries by enhancing bilateral cooperation in various areas such as infrastructure, health and medical service, energy, defense, as well as trade and investment. In the Middle East and Africa, the government consolidated the trust-based relations by holding summit meetings

with the UAE, Qatar, Saudi Arabia, Uganda, Rwanda, and Cote d'Ivoire and high-level exchanges, such as meetings between foreign ministers, with Israel, Jordan, and Saudi Arabia.

#### 4. Ensuring the Safety and Protecting the Interests of Koreans Living Abroad, and Expanding Public Diplomacy

In 2014, there were a number of accidents that caused great national concern, such as the kidnapping of the head of the Libya unit of the Korea Trade-Investment Promotion Agency, the terrorist bomb attack on a Korean tourist bus in Taba area in Egypt, the sinking of *Oryong* fishing vessel in Russia, and the Air Asia plane crash in Indonesia. The ROK government actively sought to protect Koreans living overseas such as by operating its closely-knit diplomatic network and dispatching rapid deployment teams 12 times. In addition to making efforts to prevent and respond to accidents, the ROK government also carried out various projects to provide benefits for overseas Koreans, such as signing agreements on the mutual recognition of driving licenses and visa waivers and launching working holiday programs.

The ROK government set expanding public diplomacy as one of the two main tasks of the Ministry of Foreign Affairs and made active efforts. 178 Korean embassies served as base camps for conducting tailor-made and participatory public diplomacy projects. These projects provided opportunities to let the world know more about Korea and generate greater interest. Also, in President Park's speech at the Global Education First Initiative (on September 24) and the keynote speech of the Foreign Minister at the High-level Special Thematic Debate on Culture

and Sustainable Development (on May 5), they emphasized Korea as an education and cultural powerhouse. Through its unification public diplomacy conducted by 26 embassies, the ROK government garnered international support and consensus for the unification of the Korean Peninsula. In addition, the government carried out public diplomacy programs in which the general public can participate, such as the Every Citizen is a Public Diplomat, Dream Project, and Youth/Senior Public Diplomatic Corps, and these programs received a favorable response from the Korean people.

## 5. Boosting the Economy through Economic Diplomacy

The ROK government engaged in active economic diplomacy to boost growth and create decent jobs by promoting exports and providing support to Korean companies in conducting business overseas and exploring new markets abroad. Via summit diplomacy, the government helped a Korean company win a contract worth \$38.2 billion (USD). The government also helped Korean companies in the defense industry to export \$3.6 billion (USD) worth of products such as patrol frigates and light attack aircrafts and contributed to the signing of a one trillion won contract to build the Sheikh Khalifa Specialty Hospital. Also, the government assisted Korean companies when they became subject to trade remedy measures, such as anti-dumping, which resulted in saving \$360 million (USD) in cost. Moreover, The ROK government carried out various diplomatic activities to sign free trade agreements with five countries including China and economic agreements such as investment guarantee agreements with 30 countries.



