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Coverage on North Korea and “Trustpolitik”

Asia Society has always been at the forefront of providing coverage on current affairs and this was never more important than in the first few months of 2013 when North Korea’s confrontational behavior reached fever pitch. We would like to give our warmest thanks to the individuals who graciously contributed their thoughts to Asia Society as we covered North Korea this year. **We always welcome our friends and colleagues to reach out to us and share their insights with us on these critical issues.**

2013 also marks the 60th anniversary of the Korean War and Asia Society Korea Center has actively taken part in commemorative activities. In April, the Korea Center interviewed Irish veterans of the Korean War, who returned to visit South Korea for the first time in six decades after helping to fight for the country’s freedom.

We are also in the middle of an exciting lecture series called “Perspectives on the Future of the Korean Peninsula” to provide insight

A glance at the fast-paced blog on Asia Society’s website.

on the ongoing North Korean threat. In Part 3 of this popular series, we will host General Han Min-Koo, the 36th Chairman of the Joint Chiefs of Staff of the Republic of Korea, who will give a lecture titled *In the Face of Provocation: What are Our Corresponding Measures?* on Tuesday, May 14, 2013.

“Trustpolitik”



Tom Nagorski President of Asia Society following a three-decade career in journalism — having served most recently as Managing Editor for International Coverage at ABC News. Before that, he was Foreign Editor for *World News Tonight*, and a reporter and producer based in Russia, Germany, and Thailand. Nagorski was the recipient of eight Emmy awards and the Dupont Award for excellence in international coverage, as well as a fellowship from the Henry Luce Foundation.

February 25, 2013 — **Tom Nagorski**, the Global Asia Society’s Executive Vice President, was invited to attend the inauguration of South Korean President Park Geun-hye in February. He shared his insights regarding President Park’s promise of an era of “trustpolitik,” an approach to restore aid and cultural contacts in return for changes in the North’s behavior. Nagorski became Executive Vice



President Park Geun-hye

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Ambassador Series

Building a Relationship of Trust between Japan and South Korea



H.E. Koro Bessho, the Japanese Ambassador to Korea

January 15, 2013 — The new Japanese Ambassador to Korea, **His Excellency Koro Bessho**, spoke about the future of bilateral relations between Japan and Korea at Asia Society Korea Center's first luncheon lecture of the year.

Ambassador Bessho introduced his ideas on the importance of the relationship between Japan and Korea and what role the respective governments can play to build trust. The Ambassador began his speech referring to Korea's President-elect Park Geun-hye's biography, which stressed the importance of understanding issues from other perspectives. In this respect, the Ambassador spoke about his desire to learn more about Korea's traditions and culture, such as *pansori* and calligraphy. The Ambassador in particular pointed to the heavy influence of Korean TV dramas on the Japanese audience, especially the impact they have had on changing the male perception of women in Japan's male dominant society.

Ambassador Bessho praised the bilateral economic relations between Japan and Korea as direct investment from Japan to Korea doubled last year in spite of various political issues. According to the Ambassador, Japan was reminded of its friendly neighbors around the world after the 2011 earthquake and realized that their economies were heavily reliant on each other. For example, when the earthquake shut down Japanese supplier factories, the assembly plants in the U.S. and other nations were also closed. The Ambassador stated that this was the reason behind the increase in Japan's direct foreign investment and also Japan's effort to seek

partnerships with other suppliers and factories worldwide. The Ambassador also pointed out that there are numerous, ongoing joint projects between Japan and Korea, especially on security and environmental issues that affect the future economic partnerships between the two countries.

Ambassador Bessho outlined two important tasks for the respective governments regarding Japan's recovery from the earthquake and the development of the joint projects: one, providing accurate information about each country, and two, building a legal framework for cooperation between Japanese and Korean firms in third party countries. The number of Korean visitors to Japan dropped due to ongoing worries about radioactive pollution from the earthquake. Meanwhile, fewer Japanese people traveled to Korea because they feared that violent attacks on Japanese people, such as the recent incidents in China, could also happen in Korea. The Ambassador claimed that these anxieties were unfounded and that correcting these misperceptions would be one of his primary goals. Furthermore, the Ambassador suggested that the two governments should strongly support joint business conferences and ensure that an FTA is signed in the near future.

Moving the discussion forward into the East Asia region, the Ambassador emphasized Japan's decision to contribute to world peace exclusively through economic means. Ambassador Bessho stressed that Japan was a strong advocate of disarmament and arms trade control, and that the country does not intend to become a military giant but is working to concentrate on establishing friendly relations with its neighbors. When asked to comment on the new Japanese Prime Minister's call for an increase in the defense budget, the Ambassador responded that Japan had consistently reduced its military expenditure in the last 10 years and although the budget may increase this year, it would still be lower than 1 percent of the GDP, which is indeed a remarkably low figure when compared to the military spending of Korea or the U.S. The Ambassador then added that Japan and Korea are both members of the G20 and the OECD, and that they share fundamental economic and political values. That is why the two countries can take the lead in promoting the region's economic integration and multilateral cooperation.

The Ambassador concluded that Japan and Korea should not allow political issues to override their bilateral relations and must try hard to maintain a robust and stable relationship. Responding to questions on the historical and territorial issues between the two countries, the Ambassador emphasized mutual understanding based on 'facts,' ending with the optimistic view that the new leaders of the two countries will find a way to resolve emotional difficulties without risking future relations.

Special Luncheon Lecture

Leading Regional Economist Gives Timely Insight into Aging & the Economy

April 26, 2013 – Asia Society Korea Center had the honor of hosting **Mr. Kosuke Motani**, the Chief Economist of the Japan Research Institute, during its April Monthly Luncheon. In his lecture titled *Aging and Its Impact on Economy: What is going on in Japan and what Korea faces to*, Mr. Motani explored the intricate relationship between an aging population and a nation's economy. By analyzing demographical patterns in Japan, he was able to present a comparison to Korea's situation as well as valuable insights for its future.

As the world's most aged society, Japan is an effective case study for other East Asian countries on a similar demographical trajectory of population aging. Japan's working age population experienced a peak 18 years ago at 87 million people, which then steadily declined as the birth rate dropped. Due to the decline in the working age population, the number of those who had work also decreased. In the period of time after World War II and before 1995, the total number of employed people increased every five years. In other words, every five years those who reached the age of 15 surpassed those who reached the age of 65. Mr. Motani explained that this was the true demographical factor that impacted the number of jobs created in the economy. He pointed to the statistics showing that after 1995, when the working age population dropped, the number of jobs also began falling.

The conclusion that Mr. Motani reached through his analysis was that fewer jobs was not the result of poor economic policy, but that it was a natural result of a smaller working age population. He proposed that there was a perfect correlation between the working age population and jobs. When there are more people at 15 years of age than 65 years of age, there are more jobs. The opposite is true when there are more people at 65 years of age in society.

Mr. Motani went on to examine what this meant for South Korea, another East Asian country that is the second most aged society in the world. Like Japan, Korea also experienced a peak in the working age population, which is now decreasing. However, the difference between the two countries is that Korea still has a large working age population and not as many seniors, indicating that the majority of the society is still below 50 years of age. Mr. Motani explained that the Korean government's own statistics show that its population numbers are equivalent to Japan's 20 years ago and are projected to catch up to or surpass Japan. In 50 years, Korea may be looking at the same demographical and social issues that Japan is currently facing.

Japan has been coping with its economic challenges by adopting new technology including automation and robots, which increased productivity and exports. Nonetheless, Mr. Motani explained that Japan's large elderly population has a tendency to save money instead of consuming. Coupled with the world's longest life expectancy, this has posed a unique challenge to improving the economy. Mr. Motani concluded his lecture with four major recommendations that he proposed for Japan, which may offer lessons to Korea and other East Asian countries facing a similar situation in the future. These recommendations included accelerating the passing on of inheritances to the younger generation through tax incentives; enabling more women to work while raising their wages; increasing the number of foreign travelers; and reforming the pension and medical systems for senior citizens.



Kosuke Motani, Chief Economist of the Japan Research Institute

GLOBAL ASIA SOCIETY NEWS

Distinguished Leaders on Asia



Dr. Henry A. Kissinger; Andrew H. Card, Jr.; James A. Baker III. (Jeff Fantich)

March 14, 2013 — Not one but two luminaries of American diplomacy graced the halls of the Asia Society Texas Center. The former Secretaries of State **Henry A. Kissinger** and **James A. Baker III** covered Chinese cyberwarfare and North Korea, among other issues, in a rare joint public appearance moderated by former White House Chief of Staff **Andrew H. Card, Jr.** It was a relaxed affair, mixing policy perspectives with personal anecdotes. Baker got off the best line of the night, on the subject of former NBA star Dennis Rodman's recent visit to North Korea: "Dennis Rodman doing foreign diplomacy is like Henry and me playing for the NBA." The program inaugurated the Texas Center's "Distinguished Leaders on Asia" series and drew a standing room only audience of nearly 300.

Ambassador Series

Italy's Political and Economic Strengths



H.E. Sergio Mercuri, the Italian
Ambassador to Korea

February 19, 2013 — The Italian Ambassador to Korea, **His Excellency Sergio Mercuri** gave a lecture titled *Italy on the Eve of the General Elections* at Asia Society Korea Center's Monthly Luncheon Series. This was the second lecture in the Korea Center's newly launched "2013 Ambassador Series," which provides an opportunity to discuss relations between Korea and countries that have undergone governmental changes or will undergo them in the near future.

Ambassador Mercuri said Italy is a parliamentary democracy, not a presidential system, since the first united Italian Parliament was formed in 1861. In Italy the European Union and Parliament function as the main political actors, with the Prime Minister taking responsibility for both the Italian government and EU bodies.

Ambassador Mercuri acknowledged that the past few years have been difficult for both Italy and Europe. The European financial crisis greatly affected employment, domestic consumption, and finance in Italy. The Italian government's measures were focused on reducing the fiscal deficit to consolidate finances. As a result, the primary surplus has increased since the balance turned positive in 2012 and is expected to account for 5 percent of the gross domestic product in 2015. While public debt is greater than the GDP, 66 percent of it is locally-owned, with the size of household and company debt being relatively small. He also pointed out that the new Italian government should expand the service and energy industries for further growth while downsizing the manufacturing sectors. The Ambassador summarized Italy's strengths as greater continuity and reduced volatility in the government's measures and a stable economy that is less subject to unexpected changes.

Changing the subject to Italian ties with Asia and Korea, Ambassador Mercuri emphasized that the series of visits last year to Northeast and Southeast Asian nations, including Japan, China, Singapore, Vietnam, Myanmar, Indonesia, and Brunei, signals a greater role these countries play in trade with and financial investment in Italy. Their signing of more free trade agreements and an increasing demand from their growing middle class for quality products from Italy, further encourage a rise in Italian exports to Asia. When asked about the foreign merger and acquisitions environment in Italy, the Ambassador listed several examples of acquisition, saying that there is a national will to promote overseas firms' brokerage activities. Finally, the Ambassador called attention to EXPO Milano 2015 where worldwide partners will be able to build strategic relationships with global institutions, policy makers, and businesses.

GLOBAL ASIA SOCIETY NEWS

Tom Donilon Tells Asia Society: The U.S. is "All In" on Asia



Tom Donilon, U.S. National Security
Advisor

March 11, 2013 — U.S. National Security Advisor **Tom Donilon** chose Asia Society for a major address that covered more than a dozen Asian nations, and said he hoped that "cascading crises" would not hamper longer-term American strategic aims in the region. Donilon reaffirmed the Obama administration's commitment to rebalancing U.S. foreign, defense, and economic policy priorities toward the Asia-Pacific. In particular, Mr. Donilon announced U.S. sanctions against the Foreign Trade Bank of North Korea. As the former U.S. Ambassador to China Stapleton Roy said later, "It's no accident – but a reflection of the stature of the Asia Society – that the National Security Advisor made the decision to speak here." Donilon also took a moment to remember the late Asia Society Board Chairman Richard Holbrooke, who he said "...dedicated himself to the idea that progress and peace were possible...I've come here today because that idea has never been more consequential, and the future of the United States has never been more closely linked to the economic, strategic, and political order emerging in the Asia-Pacific."

Call for Nominations

At Asia Society Korea Center's 5th Anniversary Celebration in November, we would like to give a special honor to an individual who has made a significant contribution to relations between the United States, Asia-Pacific, and Korea.

The fields of contribution may include the arts, culture, politics, and business, to name a few. Please send us your nomination for the 2013 honoree to koreacenter@asiasociety.org.

Ambassador Series

India's Ties with South Korea and East Asia

March 19, 2013 — Asia Society Korea Center featured **H.E. Vishnu Prakash**, the Indian Ambassador to Korea, as a guest speaker at the March luncheon lecture entitled *India's Ties with South Korea and East Asia: Present and Future*. Ambassador Prakash gave a talk on the historical, economic, and bilateral relations of India with Korea, Japan, and China with optimistic views on the future of multilateral cooperation among Asian countries.

According to Ambassador Prakash, bilateral relations between India and Korea have been mainly driven by economic cooperation in recent years. Since the governments of India and Korea negotiated CEPA (Comprehensive Economic Partnership Agreement) in January 2010, volumes of bilateral trade and investments are growing rapidly, reaching more than \$20 billion and \$4 billion respectively in 2011. The Ambassador explained that the markets for home appliances, vehicles, and mobile phones are most active with the involvement of major Korean companies such as Daewoo, Samsung, and Hyundai. Last week, KOTRA (Korea Trade-Investment Promotion Agency) signed an agreement to establish a 250-acre Korean Special Economic Zone in Rajasthan, India.

Former Korean President Lee Myung-bak's visit to India in 2010 and Indian Prime Minister Manmohan Singh's visit to Korea in 2012 contributed to the elevation of the level of relations to Strategic Partnership and deepened engagement in the Asia-Pacific region. Aside from the economic achievements mentioned above, the two countries succeeded in signing the Civil Nuclear Cooperation Agreement in 2011. Moreover, it is India that has four offices—the Indian Chamber of Commerce, Indian Cultural Center, New Defense Wing and Centers of Educational Excellence — covering economic, cultural, military, and educational affairs in Korea. Moreover, both India and Korea are active international actors; both are members of G20 and SAARC (South Asian Association for Regional Cooperation) agreed to grant Korea observer status.



H.E. Vishnu Prakash,
the Indian Ambassador to Korea

Referring to an article from the *New York Times*, Ambassador Prakash emphasized that India is a young nation with a hunger not for food but opportunity. The Ambassador pointed out that India has two economic advantages for its future growth: one, a growing population of the young generation, and two, a large market with huge demand. According to the Ambassador, by 2020, the average age in India, China, and Europe will be 29, 37, and 49 years old respectively and this demographic difference will lead to a large market with huge demand. The Ambassador added that a large amount of investments in building infrastructure—approximately \$150 to \$200 billion a year—will be a catalyst for India's future economic development.

Being asked questions about bilateral relations between India and North Korea, Ambassador Prakash said that India is providing only humanitarian aid through indirect channels and showing great concern about North Korea's recent missile launch. Answering another question on whether India stands for an alliance with the U.S. or China, or decides to be neutral, the Ambassador explained that India is only interested in making friends, not alliances, and will focus on expanding convergences and narrowing down divergences with other countries.

GLOBAL ASIA SOCIETY NEWS

Women Leaders of New Asia 2013



Jade Chung

April 12, 2013 — **Jade Chung**, the Executive Managing Director of Human Resources for GE Korea and a loyal member of the Asia Society Korea Center, was selected as the Korean delegate for Asia Society's 4th Annual Women Leaders of New Asia (WLNA) summit in New Delhi. This year's conference was held from April 12-14 and the theme was *Women in Asia: Building on Progress, Confronting Challenges*. Over 35 delegates from around the world gathered to discuss critical issues affecting women, and Ms. Chung offered valuable insights using her background and experience as one of the few female senior executives in Korea's private sector. The *Women Leaders of New Asia* is an Asia Society Initiative that seeks to develop and promote a community and network of women leaders from the Asia-Pacific region across all sectors. The core event of WLNA is the annual Summit, which has previously taken place in Hong Kong (2010), Singapore (2011), and Zhenjiang, China (2012).



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Thursday, November 7, 2013



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