

AUSTRALIAN POLITICAL EXCHANGE COUNCIL

FOURTH AUSTRALIAN DELEGATION TO THE REPUBLIC OF KOREA

11 to 17 October 2014



DELEGATION

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Executive Summary

The delegation travelled through the regions of Seoul, Busan and Geoje during our time in South Korea as part of the fourth Australian Delegation to the Republic of Korea. The delegation toured landmarks including the Gyeongbokgung Palace, the National Folk Museum, National Museum of Contemporary History, Seoul National University, Samsung D'Lite and Seoul tower. The delegates visited the National Assembly and viewed the Plenary Chamber, the main ballroom and the committee rooms. Meetings were also held with members of the National Assembly.

The delegation travelled to the Demilitarized Zone where we experienced first-hand the ongoing struggle between North Korea and South Korea over territory and border-lines. The delegation also travelled to Geoje to tour the expansive ship-building complex of Samsung Heavy Industries, a \$16 billion (AUD) corporation.

The focus of the tour was a political exchange and the delegation gained a thorough understanding of the South Korean political system and the policy agenda in the National Assembly. The meetings held with members of the National Assembly provided an opportunity to gain an appreciation of the issues affecting the South Korean economy, their desire for unification with the North, concern for the youth of South Korea and trade and investment issues which had arisen from the Korea-Australia Free Trade Agreement (KAFTA). The itinerary also gave the delegation the opportunity to experience Korean culture and understand how average Korean families view current issues and deal with daily life.

It became apparent quickly that South Korea is a nation focused on prolonging their economic growth and development through the engagement of youth in politics as well as in their highly-developed industries. Despite the ongoing struggles the nation faces as a result of the divide with the North, the South Korean people and the National Assembly remain optimistic and value the relation with their close friend and long-term partner Australia. The delegation expressed the reciprocal importance of the bilateral relationship.

Leaders Forward



Mr Scott Buchholz MP

Federal Member for Wright

The Republic of Korea, a developed nation advanced in its industrialisation, welcomed this year's Australian Political Exchange Council Delegation with open arms. I thank the Korea Foundation for hosting our delegation; a highly talented group of Australian delegates comprising future leaders from both the major political parties, who conducted themselves with a professional, courteous and collegial manner and I praise them for this. Additionally, I acknowledge each member's contribution to the creation of this report.

Our hosts the Korea Foundation, was established in 1991. The Board of the Korea Foundation is composed of a number of prominent Koreans from government, academia and business. The objectives of the Foundation are to increase public awareness of Korea throughout the global community. To fulfil this mission, the Korea Foundation advocates promoting Korean studies education worldwide, in addition to bringing the richness and vibrancy of Korean culture to global audiences.

The Republic of Korea is our third largest export market. We reached an important milestone in April with the signing of a high-quality free trade agreement. This will allow our countries' trade and economic relations to expand into new areas and drive economic growth. Our delegation raised the issue of the Korea-Australia Free Trade Agreement (KAFTA) and the agreement awaiting ratification by the Korean parliament with several parties during the visit.

Australia and the Republic of Korea's close relationship is based on common values, goals and interests. We share similar views on regional and international matters, including peace and security in our region.

Our close ties, first forged in the Korean War, now extend to a strategic and global partnership. This has been illustrated by our close collaboration in the G20, East Asia Summit and the UN Security Council.

We have much to look forward over the next twelve months, starting with President Park's visit for the G20 in Brisbane, followed soon after by entry-into-force of our free trade agreement and then the joint-meeting of our Defence and Foreign Ministers in Australia in mid-2015.

Meeting with Ms Keum-jin Yoon, Executive Vice-President of the Korea Foundation

The Korea Foundation is a public diplomacy agency which was established to promote a better understanding of Korea in the global community and strengthen beneficial relationships between Korea and other countries. The agency aims to enhance Korea's global stature by extending support to promote Korean studies education worldwide and bring the richness and vibrancy of Korean culture to global audiences.

Ms Keum-jin Yoon detailed the work of the Korea Foundation and gave an interesting overview of Korean domestic politics. Ms Yoon outlined the current National Assembly structure and the current standing of the relationship with North Korea, specifically, the political, diplomatic and military interactions between the two nations.

South Korea's relationship with China was also a topic of discussion and their closeness was outlined. Ms Yoon outlined details of a recent visit by the Chinese Premier that was a productive and fruitful visit by all accounts.

Meeting with Ms Min Hyunjoo, Member of the National Assembly

Delegates met with Ms Min Hyunjoo who was accompanied by members of her staff. The meeting was an opportunity to discuss a variety of domestic and foreign policy issues, with a high priority being placed on the recently signed Free Trade Agreement between Korea and Australia.

The Australian Political Exchange Council delegates were enthusiastic to encourage Ms Hyunjoo to ratify the Free Trade Agreement to which Ms Hyunjoo responded by giving insight into how the agreement was being received in the Assembly. She indicated that there did not appear to be strong opposition to ratification domestically, however she did mention that some parts of the South Korean agricultural sector had voiced concern about the potential competition of beef and rice imports outlined within the agreement.

Discussion quickly moved to the recent ferry disaster which has been a dominant topic in domestic politics. Ms Hyunjoo was genuine in her expressed regrets about the tragedy and described her role as the national spokesperson on the issue over the duration of the investigation. She also indicated there had been an approach from the opposition in recent days that showed promise that the issue would be resolved soon.

Also on the agenda was the higher education sector in regards to the rising fees for students studying at university. Ms Hyunjoo enquired about the Australian HECS system with keen interest as a solution for solving the problem in South Korea; as it stands there is a limited level of Government assistance offered to university students in South Korea. The matter of safety for Korean students studying in Australia was broached. Ms Hyunjoo voiced her concerns which echoed that of the public following the 2013 murder of Brisbane-based Korean student, Eunji Ban. The delegates assured Ms Hyunjoo that such an incident, while tragic, was an isolated incident. We also felt it important to highlight that Australia recognises the economic and cultural importance of foreign students, particularly those from Korea, to the Australian economy and the Australian tertiary education system. These discussions led to a dialogue on the ongoing problem of youth unemployment, an issue prevalent in both nations. Ms Hyunjoo described youth unemployment as a key challenge facing her nation and a key priority of its Government.

North Korea was an unavoidable topic of conversation and Ms Hyunjoo indicated strong support for an open relationship with the neighbouring nation, listing meeting and communicating at the diplomatic level, and providing aid and financial support to families as potential methods for building this relationship. Ms Hyunjoo indicated that there has been a significant shift in attitudes following the recent meeting of the North Korean and South Korean Defence Ministers.

The final item on the meeting agenda was climate change. Delegates asked Ms Hyunjoo for details on the South Korean response to climate change. She indicated that climate change and its effects was a fundamental economic and environment challenge for the country and more preparedness for extreme weather events were needed.

Meeting with the Korean Youth Committee

The Korean Youth Committee is a policy action group with a focus on advocating youth issues and supporting the next generation of political leaders. The group often advise the National Assembly on youth related topics such as youth unemployment, education and housing.

High university fees and youth unemployment was raised again and the committee members offered first-hand insight into the key challenges facing young people in South Korea. Of particular interest was their plan to bolster youth employment which centralised around youth development and target job placement. The committee members were inquisitive on the techniques used in Australia as means of reaching out to young people and engaging them in the political process.

It became apparent that a key focus for the young members of the committee was the relationship with North Korea. As future leaders, they were clear in stating that it will be them who needed to deal with the issue of reunification and the re-engagement of North Korea economically.

Additional matters discussed with the Committee included:

- the role of provincial and municipal governments;
- the challenges facing women entering politics; and
- the importance of fostering philanthropy as a means of driving economic development.

Visit to Seoul National University

The delegation visited Seoul National University (SNU), the most preeminent university of South Korea. SNU ranks amongst the top fifty universities in the world according to the major international ranking schemes. SNU comprises sixteen colleges (spread across a full range of disciplinary fields) and six professional schools. It has a student body of about 28,000 and two campuses in Seoul - the main campus in Gwanak and the medical campus in Jongno. Much like our own Australian National University, SNU has a beautiful leafy main campus, which is nestled into the side of a mountain.

Admission to SNU is extremely competitive amongst South Korean school leavers. Currently, its freshmen belong to the top 2.5 per cent of all Korean students who take the National University Entrance Examination. We were advised that an undergraduate education from SNU will set a student up for life in terms of their employment prospects in the South Korean economy. Their undergraduate programs cover eighty-three different disciplinary areas, and feature a high degree of flexibility to enable students to study courses outside of their major, enabling them to enjoy a more rounded education. Graduates of SNU include Ban Ki-moon, current UN Secretary-General, Lee Jong-wook, former Director-General of the World Health Organization, and Song Sang-Hyun, President of International Criminal Court (ICC).

While touring the main campus we inspected the site of the new library. The library demonstrated that philanthropic support of Korean universities is alive and well, with the construction being funded by a \$60 million donation to SNU. The campus tour also enabled us to inspect the student union area of campus, which is a highly vibrant area of student activity.

Interestingly, the delegation was advised that the student union operates under what we refer to in Australia as voluntary student union, that is, students are not compelled to make compulsory financial contribution to fund these student activities.

Tour of the Joint Security Area and Demilitarized Zone

The delegation was unable to visit the Joint Security Area due to minor military actions which had occurred on the day prior to our arrival, however the Demilitarized Zone was still able to be visited.

To access the Demilitarized Zone we first crossed the Civilian Control Line and the Custom Interrogation Quarantine which marks the start of South Korea's demilitarized territory. Once inside the Demilitarized Zone there is a "unification village" which is estimated to be home to fifty-two South Korean residents and 53,000 workers in Kaesong, North Korea.

Further within the Demilitarized Zone is the Dora Observatory which has a view of Kaesong City -the second largest city in North Korea. From the Dora Observatory delegates were permitted to take photographs, a fairly recent ruling which demonstrates the relaxing of tensions within the Demilitarized Zone.

Our guide went into detail on the network of tunnels which had been illegally built from North Korea to South Korea. To date only four tunnels have been discovered, however the authorities believe there to be many more used for trafficking goods, immigration and stealth military operations. The delegation had the opportunity to visit the third tunnel which was discovered in 1978, 435 meters south of the Military Demarcation Line.

Next, we were taken to Dorasan station, the closest station to North Korea on the Gyeonggi railroad line. At the station there is a large "Unification Wall" which was built entirely by donations from the public. Tens of thousands of people donated to the construction of the wall; those who made significant donations have their names on the wall. This landmark symbolises the keen focus and goal of the South Korean people on unification with North Korea.

We were also taken to "Freedom Bridge" which crosses the Imjingang River. This bridge was used in 1953 to return 12,773 prisoners of war following the signing of the Armistice Agreement.

Visit to the Korea Labour Institute

On the agenda for discussion was the history of the labour markets in Korea, the relationship between employees and employers and Korean Labour policies. At the Institute we met with Dr Hoon Kim, who is a Senior Researcher, Dr Seong Jae Cho, a Senior Research Fellow and Dr Myung Joon Park, also a Research Fellow.

It was explained that due to Korea's rapid growth throughout the 1960's and 1970's, currently the market is at a stage of cooling down and focusing on long-term stability and steady growth. Korea has managed to stabilise its growth rate in line with developed country standards and wage rates have also normalised following their period of rapid growth.

Our guides expressed concern about balancing Korea's goals for economic growth with social interaction and outlined this as the key current issue facing the Korean labour market. Around thirty-one per cent of Korean workers work more than forty-eight hours per week.

The Institute is pursuing two main solutions to address this:

- supervisors are conducting workplace visits to investigate violations of working hour policy; and
- technology system upgrades are being pursued.

While hours worked per week have decreased over time, Korean people continue to work in excess of average hours as they maintain a high personal drive to achieve greater wealth for their families and their country.

The long-term goals of the Korean workforce centralise around the concept of political democratisation which has been important for the development of industrialisation in the country. Further to this, collective bargaining for fair-work concepts has been institutionalised in the Korean economy. This has involved the state setting the framework and allowing more flexible workplace relations to become normality throughout the economy. Union membership in Korea has spiked since 2007. This was related to two factors:

- legalisation of the teachers and public service sector union was not legalised until 2007; and
- union membership has further increased since 2010 as they have allowed competition in unions.

However, unions have failed to integrate with political process and do not have a political party influence, which the Institute believe results in more confrontations. Whether or not this is true in practice would need to be compared with economies where unions are more entrenched in political parties and processes.

The Institute believes that while the large corporations in Korea are doing very well, a number of small businesses are struggling. It was noted that this is a parallel between Korea and Australia at the moment, as this is sometimes raised by economists with regards to the Australian economy.

The Institute also expressed concern at the level of unemployment in Korea, however, the official unemployment rate in Korea is only 3.5 per cent (seasonally adjusted) which is considered to be quite low by developed world standards. This was a topic which had been raised previously and additional insight was offered on the issue. The proportion of casual workers and the treatment of casual workers was raised – and not just at the Institute but also in our discussions with National Assembly members, political activists, and members of the general public. It is clear that this is a concern for the Korean public. Government is actively trying to increase the amount of people employed on a casual basis to increase the full time employment rate, mainly through a policy whereby employees must be upgraded to permanent roles if they have occupied a casual role for an extended period of time. This policy will also increase women's participation in the workforce as they occupy the majority of casual jobs.

Site visit to Samsung Heavy Industries, Geoje

The delegation travelled from Seoul to Busan by South Korea's high speed rail system on which trains are capable of speeds up to 305 km per hour. The trip was over 387 km, however we reached Busan in two and half hours. Once in Busan, the delegation travelled to Geoje to inspect the ship-building complex of Samsung Heavy Industries.

Samsung Heavy Industries employs 35,000 staff, has an annual turnover of \$16 billion (AUD), and has customers from across the globe with a concentration of clientele from Arab nations. All development, design and construction work of a variety of sea vessels including ferry ships, drilling ships, offshore platforms, LNG carriers, crude oil tankers and container ships is undertaken on the ship-building complex in Geoje. The vessels under construction are all built in a dry dock, which is then flooded upon completion to launch the vessel into the sea. It takes approximately four hours to fill the dry dock with sufficient water to float the vessels.

Throughout the bus tour of the complex, we were astounded by the immense size of the complex which is capable of holding eight different vessels under construction at a time. As part of the tour, the delegation was shown an LNG carrier under construction for an Australian customer worth \$300 million (AUD) to construct.

Conclusion

This exchange was a unique opportunity to experience the South Korean culture and learn more about their political system and policy agenda. The delegation also had the opportunity to visit the Demilitarized Zone and experience the relationship between North and South first-hand.

The South Korean aim for unification in the future was a topic of discussion which was visited throughout the tour and foresight of future leaders on this issue is a promising sign for the future.

Australia and Korea are long-term partners. This was demonstrated with the recent Free-Trade Agreement between the two nations. This exchange was an opportunity to reinforce our friendship and we thank the Korea Foundation for putting together the programme and for their generous hospitality during the visit.