At a glance

7 April 2016



South Korea ahead of legislative elections

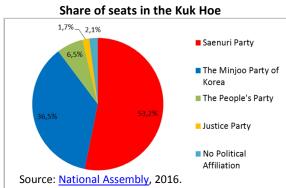
On 13 April 2016 the 300-member National Assembly will be renewed. Following January's nuclear test by North Korea, South Korea is experiencing high tension with its neighbour, which adds to political instability, a slowing economy, rising social inequality and concerns about freedoms.

Parliament and executive

On **13 April 2016**, 40 million South Korean registered voters will be called upon to renew the Kuk Hoe (National Assembly). The **four-year mandate** of its **300 members** has come to an end, and their replacements will be elected according to a brand <u>new</u> map of constituencies, adopted just in time to take account of a 2014 Constitutional Court <u>ruling</u>. The Court established that the disparity in representation between the most and the least populous constituencies had to be reduced from three to one to two to one and that the previous constituencies would cease to apply on 1 January 2016. Some 253 members will be directly elected in single-seat district constituencies, and 47 through a proportional representation system.

Since the late 1980s, when democratisation was completed, two political forces have dominated the unicameral parliament, although their names and composition have repeatedly changed. The conservative Saenuri Party (New Frontier Party) has a majority of 157 seats in the Kuk Hoe, and holds power in the country's government and presidency. It was created in February 2012 following the merger of two parties. The social-liberal Minjoo Party of Korea (MPK, Together Democratic Party) is the main opposition force. The MPK holds 107 seats in the Kuk Hoe. It was established on 28 December 2015, when the New Politics Alliance for Democracy (NPAD) changed its name, after only two years of existence, in order to distance itself from co-founder Ahn Cheol-soo. He had just left NPAD to found the People's Party and posed the risk of attracting earlier defectors.

South Korea has a presidential system. The **president** – the real leader of the executive – is <u>Park Geun-hye</u>, daughter of General Park Chung-hee, who ruled the country for almost two decades until he was assassinated in 1979. She was directly elected in December 2012 for a non-renewable five-year mandate, and is the **first woman** to hold the post. Female representation in the parliament is still lagging behind, with <u>only</u> 49 (16.3%) members being women. **Prime Minister** <u>Hwang Kyo-ahn</u> has been in office since June 2015.



A difficult political and economic climate

Although Saenuri has held both the presidency and the majority in the Kuk Hoe since 2008, instability has marked the country's politics in recent years. In addition to scandals involving senior administration officials, several of President Park's appointees, including three successive prime ministerial nominees, had to withdraw before or just after taking office, due to personal or political disgrace.

In April 2014, the **Sewol disaster** shocked the country: an overloaded ferry sank in the waters off South Korea's west coast, leaving 304 people dead. Taking responsibility for the disaster, Prime Minister Chung Hong-Won offered to resign, but the two candidates picked to replace him both attracted controversy and had to withdraw, enabling him to retain his post. In February 2015, President Park replaced him with Saenuri floor leader, Lee Wan-koo. Two months later, Lee resigned over a scandal following the suicide of a businessman who left a note accusing him of bribery. Hwang Kyo-ahn assumed office in June 2015.

In May 2015, South Korea experienced an outbreak of Middle East Respiratory Syndrome (MERS), which claimed 36 lives. The government was criticised for the way it managed the epidemic, and Park replaced the



Health Ministry administration. Because of MERS' economic impact, in June 2015 the Bank of Korea announced a 0.25% cut in the country's base interest rate, partly to offset the epidemic's consequences.

South Korea remains a world leader in electronics, telecommunications, automobile production and shipbuilding. Nevertheless, its economy, dominated by huge family-run conglomerates ('chaebols') is slowing down. As confirmed by the Bank of Korea, this is particularly related to export weakness. South Korea has registered its longest export drop in history, mostly due to the slowdown of China, which accounts for a quarter of Seoul's exports. Domestic consumption cannot provide much boost to growth, due to a high household debt level, which has risen to a record 160% of GDP. This is also closely related to Korea's low rates of social welfare spending, which contributes to growing social inequality in a country with one of the world's fastest-aging populations. On 3 February 2016, the government adopted a stimulus package including additional public spending, lending by policy banks and a reduction in the consumption tax on cars.

North-South relations

Since the division of Korea in 1945, the South (Republic of Korea: ROK) and the North (Democratic People's Republic of Korea: DPRK) have **never signed a peace treaty**. They did, however, sign a ceasefire which ended the 1950-1953 Korean War. The heavily militarised frontier between the two countries runs just 40 kilometres north of ROK's capital Seoul. DPRK's main support for its human-rights-violating regime comes from China. Beijing is its biggest trading partner and the main source of food, arms, and energy. ROK is supported by the United States, with which it signed a Mutual Defence Treaty at the end of the Korean War. The 2003 six-party talks between DPRK, ROK, the United States, China, Japan and Russia were unsuccessful.

Tension between the two countries has built up once again, after DPRK performed its fourth **nuclear test**, on 6 January 2016, following those of October 2006, May 2009 and February 2013. The regime's leader Kim Jong-un <u>claimed</u> that he had detonated a hydrogen bomb in self-defence against the United States; his claim was met with <u>scepticism</u> by some. The <u>reaction</u> of the international community brought the unanimous adoption of <u>Resolution</u> 2270(2016) by the United Nations Security Council, condemning the 6 January nuclear test and reinforcing existing sanctions on DPRK. ROK introduced its own sanctions, including <u>closure</u> of the Joint Industrial Park of Kaesong and <u>suspension</u> of the joint Rajin-Khasan logistics project, which also involved Russia. The Kuk Hoe <u>adopted</u> the <u>North Korea Rights Bill</u> on 3 March 2016. After <u>announcing</u> that it was preparing attacks on ROK, on 6 March 2016 DPRK <u>threatened</u> to carry out a 'pre-emptive and offensive nuclear strike' targeting the biggest-ever joint US-ROK exercises planned for the days around that date. Meanwhile South Korea and the USA started working-level discussions on deploying a <u>THAAD</u> battery in South Korea as a deterrent against North Korea's growing missile threat, a move that hurt <u>Beijing</u>. The heated relations with the North have <u>weakened</u> support for unification among South Koreans, especially the young, who have drifted away from the '<u>unification bonanza</u>' promoted by President Park.

Outlook

According to the <u>polls</u>, the above-mentioned troubles may not have a significant effect on Saenuri's expected victory (40.6% of voting intentions), not least with divisions among the liberal opposition. Ahn's new People's Party (13.1%) is having a decreasing impact on the electorate. Minjoo (26.9%) lost two by-elections in 2015 (under the NPAD name) and its leadership <u>changed</u> just a few months before the elections. The party attracted public attention at the end of February 2016, after it organised the longest-ever <u>filibuster</u>, in protest against the ruling party's push for the enactment of the anti-terrorism bill. That would give enhanced powers to the National Intelligence Service (NIS), which is widely mistrusted due to several <u>scandals</u> involving interference in party politics, including past presidential elections. Analysts have expressed <u>concern</u> over the health of democracy in South Korea. In November 2015, the police <u>harshly</u> blocked one of several <u>anti-government rallies</u> in <u>recent months</u>. The government plans to reintroduce state-authored history textbooks and is allegedly increasing <u>surveillance</u> of online communication.

EU-South Korea relations

The EU and South Korea have been strategic partners since 2010. South Korea is the EU's eighth-largest export destination, while the EU is South Korea's fourth export destination after China, the USA and Japan. An EU-South Korea Framework Agreement (FA) was signed in 2010, addressing a wide range of political dialogue issues. In 2011, the EU and South Korea signed a free trade agreement (FTA) that has allowed a substantial increase in EU goods exports to South Korea (55% in five years) and turned the EU's long-standing trade deficit with the country into a surplus.

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