

Korea

UPDATE

Issue 99 • 11 April-June 2009

BILATERAL
POLITICAL
AND
ECONOMIC
UPDATES

BILATERAL

VISIT BY MINISTER OF TRADE HON TIM GROSER TO KOREA



Hon Tim Groser met Korean Prime Minister Han Seung-soo in Seoul on 11 June.

Minister of Trade Hon Tim Groser visited Seoul from 9-12 June, the first ministerial visit by the new New Zealand Government. Mr Groser's visit coincided with the first round of FTA negotiations, and the Korea–New Zealand Business Roundtable. During his four-day stay, the Minister met with Prime Minister Han Seung-soo, Minister of Trade Kim Jong-hoon, Minister of Knowledge Economy Lee Youn-ho, Minister of Strategy and Finance Yoon Jeung-hyun and Chairman of the Korean Communications Commission, Choi See-Joong. Discussions with the Minister's counterparts ranged across the breadth of the bilateral relationship, including opportunities for enhanced cooperation in the ICT and green growth areas, and joint efforts for maximising trade and investment opportunities, including through the prompt conclusion of the Korea–New Zealand FTA.



NEW ZEALAND
Embassy SEOUL
TE AKA AORERE



Minister Groser delivered a keynote address at the first Korea–New Zealand Business Roundtable held in Seoul on 10 June.

Minister Groser and his counterpart Minister Kim Jong-hoon made keynote addresses to senior business representatives from both countries at the first Korea–New Zealand Business Roundtable, co-hosted by KITA (Korea International Trade Association) and NZIBF (New Zealand International Business Forum). The Minister also spoke at a well-attended breakfast hosted by the New Zealand Chamber of Commerce in Korea.



Minister Groser made a speech at a breakfast hosted by the New Zealand Chamber of Commerce in Korea on 11 June.

On 11 June Minister Groser met with former Prime Minister's Fellows and members of the Korea–New Zealand Parliamentary Friendship Group (KNZPFG) over lunch. Present were three of the six former PM's Fellows, Dr Huh Unna, Rep Won Hee-ryong (who is also Chairman of the KNZPFG), this year's Fellow, Rep Na Kyong-won, and also

Rep Suh Sang-kee, Vice Chairman of the KNZPFG. The lunch provided an opportunity for current and former National Assembly members to hear an update on the Korea–New Zealand FTA negotiations (the launch of which was announced during President Lee's visit to New Zealand earlier this year) and the mutual benefits that would flow from the successful conclusion of the FTA.

Mr Groser explained New Zealand's ultra high speed internet and climate change policies and discussed other issues of mutual interest. The Minister called for the support of friendly politicians in promoting greater cooperation with New Zealand. Mr Groser complimented Korea on its leadership in internet-related technologies and President Lee's Green Growth policies.

FIRST ROUND OF FTA NEGOTIATIONS BETWEEN NEW ZEALAND AND KOREA



New Zealand chief negotiator Alison Mann (left) and Korean counterpart Kim Hae-yong shake hands at the first round of the New Zealand – Korea FTA negotiations.

The first round of negotiations towards a Free Trade Agreement between New Zealand and Korea was held in Seoul from 8-12 June. The New Zealand delegation was led by Chief Negotiator Alison Mann, and the Korean delegation was led by Director-General Kim Hae-yong. The week of talks was constructive and productive, with each side setting out its initial positions across the negotiating agenda and making good progress on bridging the differences between them in a number of areas. Agreement was reached to exchange initial offers on market access for goods before the second round, which will be held in New Zealand in the week of 14 September.

When they met in New Zealand, President Lee Myung-bak and Prime Minister John Key

expressed their desire to use an ambitious FTA between New Zealand and Korea to send a strong message about their commitment to combat protectionism at this time of difficulty in the global economy, and to lay the right foundation and framework for commercial activity between our two countries in the future.

FIRST KOREA—NEW ZEALAND BUSINESS ROUNDTABLE



Senior business delegations from Korea and New Zealand attended the first Korea—New Zealand Business Roundtable held in Seoul on 10 June.

Coinciding with the first round of the FTA negotiations between the two countries, the first Korea—New Zealand Business Roundtable with the theme “Complementary economies, shared opportunities”, co-hosted by KITA and NZIBF was successfully held at Grand Hyatt Hotel in Seoul on 10 June. Attended by 70 senior business and government delegates from both countries, it enhanced high level business contacts and established a new vehicle to take the economic relationship forward.



KITA Chairman Dr Il SaKong

KITA Chairman Dr Il SaKong and NZIBF Chairman Graeme Harrison opened the roundtable, highlighting the importance of the event for the further enhanced economic relationship between the two countries. Trade Minister Tim Groser and Korean Trade Minister Kim Jong-hoon also spoke about the complementary economic relationship and its further opportunities. Business sessions focused on realising the FTA opportunity, creating value from green growth and leveraging strategic opportunities in ICT.



Korean Trade Minister Kim Jong-hoon

Ambassador Richard Mann hosted a welcome reception for the delegations from both countries at his residence on 9 June, and NZTE hosted a luncheon with the theme “Taste of New Zealand with a touch of Korea” for the attendees of the roundtable on 10 June.



The first Korea—New Zealand Roundtable enhanced high level business contacts and established a new vehicle to take the economic relationship forward.

DPRK CREDENTIALS VISIT BY AMBASSADOR MANN



Ambassador Mann presented his credentials to President Kim Yong Nam of the Supreme People's Assembly in DPRK.

Ambassador Mann visited Pyongyang from 4-8 May to present his letters of credence as Ambassador cross-accredited to the Democratic People's Republic of Korea (DPRK, North Korea). During the visit the Ambassador met with officials from the DPRK Ministry of Foreign Affairs and Ministry of Foreign Trade and discussed recent developments on the Korean Peninsula as well as the limited bilateral links that exist between New Zealand and DPRK. The delegation also took the opportunity to visit New Zealanders working in Pyongyang and resident foreign diplomatic and aid missions.



Ambassador Mann and officials from the New Zealand Ministry of Foreign Affairs and Trade, and the Embassy met with officials from the DPRK Ministry of Foreign Affairs and Ministry of Foreign Trade.

BILATERAL FORESTRY COOPERATION TALKS

The 5th Forestry Cooperative Committee Meeting was held between the Korea Forest Service (KFS) and the New Zealand Ministry of Agriculture and Forestry (MAF) in Korea on 15

June. The delegations were led by Mr Park Chong-ho, Deputy Director General of the International Cooperation Division of the KFS and Mr Alan Reid, Senior Policy Analyst, MAF. The two delegations agreed to exchange information on important developments on a regular basis and to enhance cooperation across a range of international forestry issues.

In addition to the 5th Korea–New Zealand Forestry Cooperative Committee Meeting, the members of the New Zealand Delegation visited forest-related industries (timber processors and importers) and a forest site – Kwangneung Arboretum on 16~17 June.

VISIT TO KOREA BY SECRETARY FOR EDUCATION SEWELL



New Zealand Secretary for Education Karen Sewell and Korean Vice-Minister for Education, Science and Technology Lee Ju-ho discussed various ways to enhance bilateral cooperation in education.

Secretary for Education Karen Sewell was in Korea from 16-17 April. This followed the signing of an Education Cooperation Arrangement between the New Zealand Ministry of Education (MOE) and Korean Ministry of Education, Science and Technology (MEST) during President Lee Myung-bak's visit to New Zealand in March.

As part of her visit, Secretary Sewell met with Korea's leading education policy-makers and education research organisations including the Senior Presidential Secretary for Education, MEST first Vice Minister, and Presidents of Korean Educational Development Institute (KEDI), Korea Education and Research Information Service

(KERIS), Korea Institute for Curriculum and Evaluation (KICE), and Korea Research Institute for Vocational Education and Training (KRIVET).

In particular, Secretary Sewell and Vice Minister Lee recognised mutual strengths and discussed options for enhancing on-going bilateral cooperation. Secretary Sewell also gave a special seminar to KICE senior staffs introducing aspects of the New Zealand's education system, and held discussions with KRIVET on possibilities for collaborative activities in vocational training.

SERIOUSLY ASIA ACADEMIC EXCHANGE PROGRAMME – VISIT BY DR DAVID CAPIE

In April the New Zealand Government invited Dr David Capie of Victoria University of Wellington to visit Korea under the Seriously Asia Academic Exchange Programme. The visit was timed to coincide with the Korean Political Science Association's (KPSA) Spring Conference at which Dr Capie presented a paper entitled, *From Community to Concert? Asia's Emerging Architecture*. During his visit Capie also attended meetings on his areas of academic expertise and research focus including regional architecture and relationships in the North East Asian region. The Ambassador hosted a dinner for Dr Capie at his residence and invited Korean academics and experts on regional security issues. In addition to the presentation at the KPSA, Capie spoke at Korea University's Graduate School of International Studies International Security Policy Forum and at Seoul National University's Graduate School of International Studies. This visit offered the opportunity for the Embassy to gain useful insights into Korean thinking on regional security issues and opportunities to reaffirm educational links between our two countries.

VISIT TO KOREA BY AUCKLAND UNIVERSITY

Deputy Vice-Chancellor (Research) Professor Jane Harding and Pro Vice-Chancellor (International) Dr Christopher Tremewan visited Korea during May. Professor Harding was invited by the Korea Foundation, and as part of her programme, visited Korea's leading universities, including Ewha Womans University's School of Medicine.

Auckland University also participated in the Universitas 21 (U21) symposium and annual

general meeting which took place in Seoul from 20-22 May, and hosted an informal networking event for its alumni in Korea. Auckland University has an active relationship with Korea's leading universities – Korea University, Seoul National University, and Yonsei University, and hosts regular functions for its alumni in Seoul.

KAPYONG COMMEMORATIONS

As part of the Korean Veteran's Association sponsored 'Revisit 09 Tour', a group of 22 New Zealanders comprising Korean War veterans and their families participated in the ANZAC, Canadian and Commonwealth commemorations at Kapyong on 17 April. During the 15 - 21 April Revisit 09 Tour the veterans attended a grand banquet hosted by the Ministry of Patriots and Veterans Affairs, and participated in commemorative ceremonies at the National War Cemetery, the Kapyong and Gloster Valley battle sites, and the United Nations Military Cemetery Korea in Busan. They visited the National War Memorial Museum and the De-Militarised Zone, and were hosted at receptions held in the Ambassador's and the Defence Attaché's Residences.

ANZAC DAY COMMEMORATIVE SERVICE



Representatives from Australia, New Zealand and Korea including at left New Zealand Korean War Veteran Rex Hewlett at the ANZAC Day dawn service.

The Australian and New Zealand Embassies co-hosted this year's ANZAC Day reception (held at the New Zealand Ambassador's Residence) and the Dawn Service conducted at the National War

Memorial Museum. Participants at the Dawn Service were then invited to a 'Gunfire Breakfast' held in the adjacent Hall. Both events were well attended by a mix of military and diplomatic staff, and representatives of the Australian and New Zealand expatriate and tourist communities.

EXERCISE ROKKIWI



Exercise ROKKIWI was carried out at Pohang, Korea from 13-26 April.

During the period 13-26 April a contingent from the Royal New Zealand Airforce (5 Squadron) participated in Exercise ROKKIWI at Pohang. The exercise involved a New Zealand P3K 'Orion' maritime patrol aircraft flying along side Korean Navy (Airwing 6) P3 'Orions' during simulated anti-submarine warfare training activities. The exercise logistics support and repatriation were assisted by the Royal New Zealand Airforce (40 Squadron) using a C130 Hercules aircraft to deploy the contingent to Korea and a Boeing 757 to return the support to New Zealand. Exercise ROKKIWI occurs every second year and is a major component of New Zealand's ongoing Defence relationship with Korea and the commitment to peace and security on the Korean Peninsula.



A contingent from the Royal New Zealand Airforce (5 Squadron) participated in Exercise ROKKIWI this year.

NEW ZEALAND UNLIMITED VOLUNTEER BBQ

In the last issue of Korea Update we reported on the highly successful cultural diplomacy festival, New Zealand Unlimited. One thing we did not focus on was the important role that volunteers played in keeping the event running smoothly, ensuring it was always clean and tidy, managing the food queues to ensure other patrons could move freely through the venue, supporting the performers and handing out fliers in areas close to the venue. Over 150 individuals with some knowledge of, or connection to, New Zealand gave up their time to assist.



A Kiwi BBQ for the volunteers who contributed to the highly successful cultural diplomacy festival, New Zealand Unlimited held in Seoul in early April, was hosted by Ambassador Mann at his residence on 2 May.

For their efforts the volunteers got to keep the t-shirt they wore while "working", and were guests at a Kiwi BBQ hosted by Ambassador Mann and his wife at their Residence. As well as enjoying traditional kiwi food (sausages, bread, tomato sauce and salads, followed by pavlova and muffins) the volunteers were each awarded certificates of achievement for their contribution to promoting New Zealand in Korea.

EMBASSY PARTICIPATES IN NZCCE'S CHILDREN'S GALA DAY

The New Zealand Centre for Culture and Education (NZCCE), a private educational establishment located in Gananam-gu, South Seoul, successfully held its third Children's Gala Day on 5 May, with over 600 children and parents. The Korean children experienced 17 kiwi activities including New Zealand symbol magnet fishing, making Maori masks and Kiwiana Quest led by New Zealand teachers who teach English at NZCCE.



New Zealand's Deputy Head of Mission Jane Mulryan told the story of *Down the Dragon's Tongue* written by Margaret Mahy to the Korean children.

The Mayor of the Gangnam-gu Maeng Jung-ju was present to support the event. Jane Mulryan, New Zealand's Deputy Head of Mission read the story: *Down the Dragon's Tongue* written by Margaret Mahy, a well-known New Zealand children's writer. A Korean translation was available on screen for the non-English speakers. In addition, New Zealand Trade Commissioner, Graeme Solloway and Education Counsellor, Dion Burns helped out with the sausage sizzle, serving the guests. The Embassy donated some New Zealand children's books to the centre for the event.



Korean children enjoyed learning about New Zealand at the New Zealand Centre for Culture and Education on Children's Day in Korea.

NEW ZEALAND BEEF PROMOTION BBQ



From left, Korean Market Manager John Hundleby from Meat & Wool New Zealand, Ambassador's wife Michelle Mann, Ambassador Richard Mann and Trade Development Executive Shin Young-gyun from NZTE Seoul.

A New Zealand beef promotion BBQ mainly targeting beef importers and Korean media was held at the New Zealand Residence on 24 June. A variety of New Zealand beef dishes along with barbecued beef and lamb were served, along with New Zealand wine. Addressing the guests, Ambassador Mann noted that the livestock industry is very important to the New Zealand's economy and beef is New Zealand's second largest export item to Korea. Regarding the quality of the New Zealand beef, Korean Market Manager John Hundleby, from Meat and Wool NZ, said that New Zealand cattle are raised in a clean and green environment and fed high quality grass. Hundleby emphasised that New Zealand beef has abundant major minerals such as omega 3, iron and zinc which should attract health-oriented Koreans.



Barbecued New Zealand beef and lamb served Korean meat importers and media.

POLITICAL

KOREA-US SUMMIT, 16 JUNE

Presidents Lee Myung-bak and Barack Obama had a summit meeting at the White House on 16 June and adopted “the joint vision for Korea-US alliance”, which calls for building a broader strategic partnership in the realms of politics, the economy, culture and other areas including security.

North Korea’s recent actions, especially its second nuclear test, played a major role in talks during the summit. According to the statement, the bilateral defence alliance, aimed at deterring North Korea, will be moved to a broader strategic arrangement to better address the changing security environment on the Korean Peninsula, in the region and around the world. President Obama reaffirmed that Washington would provide an extended nuclear umbrella to South Korea in response to increasing nuclear threats from North Korea, and agreed to President Lee’s offer to hold five-way denuclearisation talks excluding the North which has boycotted a return to the six-party negotiation table. The two leaders warned the North against further provocative actions and agreed on the need for tougher sanctions on the impoverished country. The leaders also recognised that the planned transfer to Seoul of the wartime operational control of Korean troops would be implemented smoothly.

In another major summit agenda item, the leaders pledged efforts to move forward the stalled free trade agreement between the two countries. The trade deal has yet to be approved by legislators in both Seoul and Washington after being signed in June 2007. The two leaders also agreed to further cooperation in industry, technology, climate change and the global financial crisis.

NORTH KOREA CONDUCTS 2ND NUCLEAR TEST, 25 MAY

North Korea announced that it conducted a successful second nuclear test – its first was in October 2006 – followed by test-firings of three short-range missiles on 25 May. In doing so it made good on threats made on 29 April to carry out a nuclear test unless the UN apologised for imposing sanctions following the North’s rocket launch on 5 April. The international community, including South Korea, the US and Japan strongly

condemned the North’s second nuclear test. President Lee Myung-bak chaired an emergency National Security Council meeting and the South Korean Government condemned the nuclear test as a serious threat to peace on the Korean Peninsula, Northeast Asia and the rest of the world, and a grave challenge to nuclear non-proliferation efforts. In response to the test the South announced the following day that it would fully participate in a US-led non-proliferation campaign, the Proliferation Security Initiative (PSI).

US President Barack Obama described the test as a blatant violation of international law and declared that the US and other world powers must take action in response. Japan pledged stern action and has banned all exports to the North. On 12 June the 15-member UN Security Council unanimously adopted Resolution 1874 condemning the North’s recent nuclear test and imposing tougher sanctions on the country, including a tighter arms embargo and new financial restrictions.

PRESIDENT LEE MYUNG-BAK VISITS UZBEKISTAN AND KAZAKHSTAN, 10-14 MAY

President Lee Myung-bak made a state visit to Uzbekistan and Kazakhstan from 10-14 May. During the five-day trip, President Lee signed a string of agreements to develop energy and mineral resources in Central Asia. In a summit between President Lee and Uzbekistan President Islam Karimov on 11 May, the two leaders signed 16 memoranda of understanding on the rights of Korean firms to develop oil and mineral resources and industrial infrastructure in Uzbekistan. On 13 May, President Lee and Kazakh President Nursultan Nazarbayev adopted a joint action plan that calls for closer bilateral cooperation in the development of energy, natural resources and infrastructure, as well as in the areas of labour, culture, disease control and health. The two countries agreed to begin projects to develop gas and oil fields, and build a broadband Internet network in Kazakhstan. President Lee’s visit to the two Central Asian countries was in line with his government’s energy diplomacy and New Asia Initiative, under which it aims to significantly improve its relations with other Asian nations and to promote their mutual interests in the international community.

ASEAN-KOREA SUMMIT, 1-2 JUNE

To commemorate the 20th anniversary of Korea-ASEAN (Association of Southeast Asian Nations) relations, an ASEAN-Korea Summit, under the slogan "Partnership for Real, Friendship for Good," was held on Jeju Island in Korea on 1-2 June. In a joint statement, President Lee Myung-bak and the leaders of the ten ASEAN nations agreed to cooperate in political and security, economic and development and socio-cultural areas as well as working together on global issues including climate change, the global economic crisis, energy and food security and communicable diseases. The leaders also condemned North Korea's second nuclear test and agreed to make continued efforts to ease tension on the Korean Peninsula.

Regarding the issue of regional financial security, Korea and ASEAN emphasised the importance of the Chiang Mai Initiative, a regional emergency fund to help Asian countries stabilise their currencies during economic crisis. Korea agreed to provide US\$19 billion, 16% of the total US\$120 billion fund for the Initiative at the Korea, China and Japan Finance Ministers meeting which took place on the sidelines of the Asian Development Bank's annual meeting on 3 May. In his opening remarks at the summit, President Lee said that Korea will double the annual volume of official development assistance for ASEAN to US\$400 million by 2015.

On the sidelines of the summit, Korean Trade Minister Kim Jong-hoon signed a free trade agreement on investment with 10 other such ministers from ASEAN countries, which is regarded as the final plank of a comprehensive agreement that also covers trade in goods and services. Korea-ASEAN free trade agreements on goods and services took effect in June 2007 and May 2008, respectively.

ASEAN became Korea's third largest trading partner, following China and the EU last year. Spurred by the FTA, bilateral trade is surging. Korea's exports and imports to ASEAN recorded US\$49.28 billion and US\$40.91 billion in 2008, respectively.

The ASEAN-Korea Summit represents Korea's efforts to strengthen the ties with ASEAN through President Lee's "New Asia Initiative".

THREE LAWMAKERS LOSE SEATS, 14 MAY

Three list lawmakers close to Rep. Park Geun-hye, former Chairwoman of the governing Grand National Party (GNP) lost their parliamentary seats on 14 May after the Supreme Court upheld guilty convictions for violating the Election Law. The court upheld appellate court sentences of 18 months imprisonment for Rep. Suh Chung-won and one year for Rep. Kim No-sik; and a 10 months sentence suspended for two years for Rep. Yang Jung-rye. The three won parliamentary seats on the ticket of the Pro-Park Geun-hye Alliance, after they had not been nominated by GNP.

A lawmaker fined one million won (NZ\$1,245) or any harsher punishment for violating the Election Law immediately loses his or her seat in the National Assembly. Rep. Suh was prosecuted on charges of taking three billion won (NZ\$3.73 million) in bribes from Rep. Kim and Rep. Yang ahead of the general election in April last year, in exchange for naming them as proportional representation candidates. The other two lawmakers were indicted for "donating" 1.5 billion won (NZ\$1.87 million) to Rep. Suh. Their seats in the current 299-seat Assembly will remain vacant for the remaining three years as the lawmakers did not resign before the court's final ruling.

RULING GNP DEFEATED IN BY-ELECTIONS, 29 APRIL

In the April 29 by-elections to fill five vacancies, the governing GNP failed to secure a single seat. GNP even lost in its stronghold Gyeongju race as independent Jeong Su-seong defeated GNP candidate Jung Jong-bok. The main opposition Democratic Party (DP) barely secured a seat in the Bupyeong race and New Progressive Party (NPP) candidate Cho Seung-soo won in the Ulsan campaign defeating GNP candidate Park Dae-dong. Two independents, former Unification Minister and presidential candidate Chung Dong-young and former spy agency chief Shin Kuhn won the Deokjin and Wansan races in Jeonju, DP's strongholds. Chung and Shin vowed to rejoin the DP and overhaul it. Following the GNP's crushing defeat, President Lee Myung-bak and GNP Chairman Park Hee-tae had talks at the Blue House on 6 May. At the meeting President Lee stressed that innovation and unity should be the backbone of the forthcoming reshuffle of GNP, and the two leaders agreed on the need to establish a

new ministerial position to facilitate communication between the Blue House and the governing party.

FORMER PRESIDENT ROH MOO-HYUN DEAD, 23 MAY

Former Korean President Roh Moo-hyun who was under investigation for corruption, died after jumping from a cliff near his residence in Gimhae, Korea on 23 May. His suicide stunned the nation and stirred up controversy over the causes of the grim tragedy. Roh led the country from 2003 to 2008, which was a prosperous period of strong economic and business growth. He extended his predecessor's efforts to reach out to North Korea.

He left a note on his personal computer describing the burden and agony of the situation facing him. He was not known to be physically ill, but aides said that he had become debilitated by depression at the time of his death.

Hundreds of thousands mourners participated in the funeral, which took place in Seoul on 29 May. Ambassador Richard Mann represented New Zealand. Prosecutors abruptly wrapped up the investigation shortly after his death without determining guilty or otherwise. The late President's supporters levelled criticisms against President Lee Myung-bak's administration, saying that his death was caused by a politically motivated investigation into the alleged corruption scandal. Right after the unexpected death of the former President, polls showed that support rates for the governing GNP dropped while those for the main opposition DP rose. Local media commented that it will be a major task for President Lee's Government to guide public emotion and avoid social division in the aftermath of Roh's death.

ECONOMIC

KOREAN ECONOMY GROWS 0.1% IN 1Q

Mainly thanks to increased public expenditure, the Korean economy expanded 0.1% in the first quarter from three months earlier, averting two straight quarters contraction. Korea achieved positive economic growth in the first three months, making it one of the top performers in the OECD. The slump in domestic demand has moderated and

production activities have improved. Consumer price inflation has been decelerating and financial market price variables such as the exchange rate and stock prices have shown a stable pattern of movement. Many say that the rapid downturn in the economy seems to have stopped, even though it may be premature to say it has bottomed out due to uncertainties including a rise in oil prices.

The state-run Korea Development Institute (KDI) forecast that the nation's economy would make a V-shaped recovery, rebounding from a 2.3% contraction in 2009 to a 3.7% expansion in 2010. The think tank projected that the economy will contract in the 4% range in the first half but start to recover in the second half with 0% growth. Both the Bank of Korea and Samsung Economic Research Institute forecast a 2.4% decline for this year. Global investment banks have recently modified their 2009 growth projections for the country after observing a faster-than-expected recovery. Morgan Stanley and six other major global investment banks recently projected that the country's GDP will drop by around 2.5%, up from a prediction of -4% in March. Morgan Stanley revised its projection for the economy upward for 1 percentage point to a 1.8% contraction, quoting stronger-than-expected exports and strengthened corporate competitiveness. Citigroup estimated a 2% decline, up from -4.8% and Goldman Sachs -3% from -4.5%.

FOUR-RIVER RESTORATION PLAN FINALISED

The Four-River Restoration plan, which is a key part of the Korean Government's Green News Deal project, has been recently finalised after a series of public hearings and consultations with related ministries and agencies. The plan to develop the Han, Nakdong, Geum and Yeongsan Rivers flowing through the country's major urban, industrial and farming areas, is aimed at securing a sufficient water supply, preventing floods, upgrading water quality and reviving ecosystems, as well as boosting regional economies. The Government announced that it will spend a total of 22.2 trillion won (US\$17.8 billion) by 2012 on the project. The master plan details that 16.9 trillion won is allocated for the main work on the four rivers and 5.3 trillion won for the improvement of water flow and sewage conditions in smaller-sized waterways. The participating ministries for the project are the Ministry of Land, Transport and

Maritime Affairs, the Ministry of Culture, Sports and Tourism, the Ministry of Food, Agriculture, Forestry and Fisheries as well as the Ministry of Environment. The Government says that most of the planned construction is expected to be completed by 2011 but the building of dams and reservoirs will be done one year later.

KOREANS' SPENDING ON STUDY OVERSEAS DROPS 35% IN 1Q

According to the Bank of Korea, Koreans' spending on overseas study and vocational training plunged at its steepest rate in the first quarter of the year since the currency crisis 11 years ago. This fall is attributed to people belt-tightening in general and the won's weakness against the dollar in particular, amid the global financial crisis. Koreans studying and training abroad spent US\$770 million during the first three months of 2009, down 35.3% from US\$1.2 billion in the same period last year. However, the weakened won brought more foreigners into the country for education. They spent US\$23 million for study and training in the first quarter, up 34.7% from a year earlier.

Meanwhile, fewer Koreans travelled overseas in the first three months of the year. Koreans' overseas travel expenditures totalled US\$1.62 billion during the January to March period, down 57.1% from US\$3.76 billion in the same period last year. In contrast, foreign travellers spent US\$2.88 billion in Korea, up 50.1%. However, the local currency has been strengthening since the first quarter which could change the above trends.

KOREA'S FIRST SPACE LAUNCH STATION OPENS

On 11 June, Korea's first space launch facility officially opened in Goheung, 485 kilometres south of Seoul. The Naro Space Centre was unveiled after nine years of construction which cost 312 billion won (US\$248.6 million). The centre has a mission director centre, launch and flight safety control facilities, launch pad, meteorological observatory and both radar and optical tracking systems. With the establishment, Korea has become the 13th member of the so-called "space club" comprising countries that operate space centres and can send satellites into orbit. In a speech at the opening ceremony on 11 June, President Lee Myung-bak said that Korea must step up efforts to develop its space technology and must become the world's seventh largest space

developer within a decade. The first domestic satellite launch from Korea's soil is scheduled on 30 July. The country has previously launched ten satellites all from outside the country, mainly Russia.

STAFF MOVES

June is a time of change for the New Zealand Embassy. We say goodbye to our Second Secretary Trade, **Tredene Dobson**, who is well known to business people with trade-related dealings with Korea, particularly where access has been an issue. When Tredene joined the Ministry of Foreign Affairs and Trade she was assigned to the Korea desk, and enjoyed a short-term assignment to Seoul, where she developed a real affinity with the country, its culture and its people. It was no surprise that she later committed to two years' language training in-country, and then two years in the Embassy. She has thrown herself into life in Korea – at work and at play – and has touched many people during her time here. We will miss her almost as much as she will miss kimchi-chigae.



Tredene Dobson

Reflecting the increased activity towards a Korea—New Zealand Free Trade Agreement, an additional trade position has been created in the Embassy to allow greater focus on FTA and related issues. **Roger Dungan** joined the team in April, coming direct from the Trade Negotiations division in Wellington. Roger is accompanied by his wife,

Sarah, and their two young children, Lucy and William. He will also be responsible for environmental issues, in particular climate change.



Roger Dungan

Having successfully completed two years' language training in Seoul, **Michael O'Shaughnessy** now joins the Embassy to focus on trade access and economic issues, science and technology, and relations with "New Zealand Inc". Prior to coming to Korea, Michael was based in Wellington where he looked after science and technology and cultural diplomacy activities in North Asia. He is accompanied by his wife, Eunmi, and son, Oscar. Their second child is due in late July.



Michael O'Shaughnessy

UPCOMING EVENTS

14 - 18 September

Second Round of FTA Negotiations between New Zealand and Korea

9 - 11 October

Busan International Film Commission and Industry Showcase

31 October - 1 November

New Zealand Education Fair

4 - 5 November

Korea, Australia and New Zealand Broadband Summit (KANZ)

9 November

New Zealand Wine Fair

12 - 13 November

Screen Production and Development Association of New Zealand (SPADA) Conference

December

Third Round of FTA Negotiations between New Zealand and Korea