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ADVANCING THE U.S.-KOREA ECONOMIC AGENDA

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INTRODUCTION

For nearly 70 years, the United States-Republic of Korea (hereafter, Korea) alliance has remained strong, built mainly on shared strategic and national security interests. While the North Korean nuclear threat has long dominated political discussions and media headlines, today the economic pillar of the relationship is no less important. Economic engagement and cooperation have been strengthened since the U.S.-Korea Free Trade Agreement (KORUS) went into effect in 2012, which in turn helped solidify the overall bilateral relationship.

With amendments to KORUS now in place following ratification of the negotiated “improvements and modifications” by Korea’s National Assembly in December 2018, the path is clear for both countries to look beyond KORUS and expand their bilateral economic engagement to new and evolving areas. KORUS does not address, for instance, new issues around data privacy, autonomous vehicles, the emergence of the United States as an energy exporter to Korea, and the infrastructure gap in developing Asia, to name a few. Both countries stand to benefit from new avenues of collaboration in these areas.

Now is an opportune time to advance such economic cooperation. For the Moon Jae-in administration, greater cooperation can provide a needed boost to economic growth at a time when Korea’s economic growth rate has slowed significantly.¹ It can also

help advance several of the administration’s priorities, such as diversifying energy sources and suppliers, transitioning away from traditional manufacturing to innovation-driven and service industries, reducing youth unemployment and underemployment, and promoting women’s economic empowerment. For the Donald Trump administration, greater collaboration presents an opportunity to attract investment to the United States, expand exports to Korea, and work with a like-minded partner with similar regional interests. For both countries, such collaboration can be a vehicle to help write the rules and standards for the new technologies of the Fourth Industrial Revolution and address unfair trade practices that negatively impact American and Korean companies alike in regional and global markets.

The U.S. and Korean governments currently have several economic dialogues in place. They include the Senior Economic Dialogue, most recently held in December 2018 for the first time since Presidents Trump and Moon took office. Other ongoing dialogues include the Information and Communication Technology (ICT) Policy Forum, the Energy Policy Dialogue, and the Energy Security Dialogue. Our understanding, however, is that these dialogues are for the most part being underutilized.

This issue paper presents recommendations for how the United States and Korea, at both the public and private levels, can advance mutually beneficial cooperation



bilaterally, regionally, and within the multilateral system in the areas of (1) trade and investment, (2) energy, (3) digital economy and advanced technologies, (4) infrastructure, and (5) women's economic empowerment. The authors acknowledge that each of these areas is complex and poses unique challenges but hope that policymakers and business leaders will find in this paper not a wish list of ideas but practical recommendations that, if implemented, can advance a joint U.S.-Korea economic agenda.

The recommendations included in this report are partly based on two roundtables the Asia Society Policy Institute (ASPI) organized with Korean and American experts in Seoul in June 2018, with support from the Korea Institute for International Economic Policy (KIEP), and in Washington, D.C. in October 2018 (see appendix for a list of participants). The ideas are also based on discussions with government officials, business leaders, and think tank experts.

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1. TRADE AND INVESTMENT

KORUS solidified the economic pillar of the bilateral relationship. Total two-way trade has steadily increased between the two countries since KORUS went into effect.² In 2017, Korea was the seventh-largest market for U.S. good exports (\$48.3 billion), and the fifth-largest market for U.S. agricultural exports (\$6.9 billion).³ The United States, in turn, was Korea's second-largest goods export market (\$71.4 billion) over the same period.⁴ U.S. foreign direct investment in 2017 in Korea (stock) was \$42 billion, an 8.1 percent annual increase, while Korean foreign direct investment in the United States in 2017 (stock) was \$52 billion, up 21.8 percent from 2016.

The United States and Korea successfully concluded a modest revision of KORUS in 2018, putting aside earlier calls by the Trump administration to withdraw from the agreement. The amendment and modification process focused on improving existing KORUS provisions rather than updating and expanding them to reflect technological and other developments. President Trump called the

deal “a historic milestone” and noted, “our two countries have set an example of friendship and cooperation for trade that rarely you see in this age.”⁵ In parallel to the KORUS amendment agreement, the two governments also reached a deal on steel import quotas in response to a Section 232 investigation, a trade enforcement provision which allows the U.S. president to restrict imports on national security grounds.

At the time of writing, bilateral trade relations are the calmest they have been since President Trump took office. The pending decision on a separate Section 232 investigation on autos and auto parts imports, however, could quickly reignite economic tensions between Seoul and Washington, particularly if Korea becomes a target of import restrictions.

The ongoing trade tensions between Beijing and Washington have also affected Korea, which considers itself wedged between its first- and second-largest export markets. Like others in the region, Korea has sought to diversify its trading partners and is trying to avoid having to take sides in the U.S.-China trade dispute.

Recommendations

The U.S. government should exempt Korea from existing and future action under Section 232, including autos and auto parts.

Korea is a long-standing U.S. ally and taking trade action based on national security grounds is inappropriate. The United States should provide a blanket exemption to Korea on trade enforcement actions based on national security grounds. Any trade restrictions resulting from the pending 232 investigations on auto and auto parts could throw the bilateral relationship into turmoil. Korea should be exempted from such actions not only because it is a treaty ally but also because it has zero tariffs in the auto sector and has addressed the range of non-tariff measures the United States has raised, including through the most recent KORUS amendment process. Tariffs or other restrictions on autos would hit Korea especially hard during a time of economic slowdown and would be seen in Seoul as an act of bad faith, coming less than one year after the signing of the revised KORUS agreement.



Korea should join the United States and other like-minded countries in addressing China's unfair trade practices.

Korea's economy is heavily reliant on trade, which was 81 percent of GDP in 2017, and the country is a major beneficiary of the World Trade Organization (WTO) rules-based system.⁶ So far, however, Korea has remained mostly on the sidelines of the debate on trade-distorting subsidies, support for state-owned enterprises, and forced technology transfers even as many of its companies are global players in industries affected by those practices. In the meantime, trilateral work by the United States, the European Union (EU), and Japan on developing the rationale and proposals to curb such unfair trade practices is far along. Korea should join this effort and other plurilateral initiatives to update rules on state-run economies and to reform the WTO. It should cosponsor, for instance, the recent proposals put forward by the United States and other WTO members to enhance members' transparency and strengthen notification requirements. Korea should also raise these issues during its bilateral negotiations with China to update their existing free trade agreement to expand coverage of services and investment.

Korea should become more active in multilateral fora and international rulemaking.

Korea, once an active player at the WTO, the Asia-Pacific Economic Cooperation (APEC) forum, and the G20, has recently fallen into the background in these organizations. Given the challenges facing those regional and multilateral institutions, Korea has the potential to play an important bridging role between the United States and China, and between developed and developing Asian economies. Korea should also strengthen consultations with the United States in the G20 and the Organisation for Economic Co-operation and Development (OECD) for better policy coordination and rulemaking on emerging global challenges.

The Korean government should express its interest in joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and commence accession negotiations.

While the United States is not part of CPTPP, Korea's

joining the agreement would bring it closer to U.S. standards in areas such as digital trade and make it a part of the supply chains developed between CPTPP members. It would also contribute to the Moon administration's goal of diversifying its trading partners, achieving more balanced economic and trade ties with countries in the Asia-Pacific region, including Japan and Mexico—the CPTPP members with whom Korea does not have a free trade agreement (FTA). Accession negotiations could also serve as a vehicle for improving Korea's political and diplomatic ties with Japan.

2. ENERGY

Energy presents a significant opportunity for collaboration between Korea and the United States. Korea is one of the world's leading energy importers, relying on coal and petroleum for nearly 73 percent of its energy needs in 2017, a slight increase from 2016.⁷ Soon after taking office, President Moon announced an ambitious clean energy plan that called for a significant increase in imports of liquefied natural gas (LNG) and a quadrupling of energy generation from renewables.

In 2017, the United States became a net exporter of natural gas for the first time in 60 years and exports have since boomed, with Korea emerging as the largest importer of U.S. LNG in the first half of 2018.⁸ The United States is on track to supply nearly 11 percent of Korea's total LNG imports in 2018, more than double its market share in 2017.⁹ Increasing the U.S. market share of Korean LNG imports would help reduce the bilateral trade deficit, with the benefit to Korea of diversifying its suppliers.

As noted in the recommendations below, however, increasing U.S. exports of LNG would require the two countries to expand their import and export capacities, address transportation issues, and increase investment. There is a sense of urgency on this front. Korea is at a critical juncture for energy decisions. With long-term contracts between Korea and Qatar and Oman up for renegotiation in the next few years, those countries will likely offer Korea more flexible pricing and terms while Russia has proposed building a pipeline that would cut transportation costs. Korean companies have invested in some LNG projects in the



United States as a means of strengthening ties and securing supply, and various company-to-company relationships are either underway or under negotiation. Such industry ties are supportive of this broader cooperation, and should be encouraged by both governments.

The Moon administration's focus on renewables also creates an opportunity for collaboration. While clean energy is not a priority for the Trump administration, several U.S. states have substantial expertise in this area, creating an opportunity for partnerships at the subnational level.

Recommendations

Korean companies should consider increasing investment in the U.S. LNG sector.

While U.S. exports of LNG are expanding, production and export terminal capacity limit their growth. Furthermore, the United States also sells LNG to Mexico, China, Japan, and other countries and has a difficult time meeting demand for LNG. The Korean Gas Company (KOGAS) can secure supplies by investing in the U.S. market and acquiring shale gas companies and other assets as it has done in Australia, Canada, and Mexico. In addition to securing supplies, such projects would create opportunities for Korea's LNG transport industry and improve Korean exploration and production know-how for future projects.¹⁰ Importing more energy from the United States can also help diffuse trade tensions. For the United States, Korean investment would create jobs in the energy sector and provide much-needed financing for large-scale projects.

U.S. companies should finance the development of a West Coast LNG export terminal.

A long-standing complaint of U.S. trading partners is the lack of a West Coast LNG export terminal, despite Asia's accounting for 72 percent of the global market for LNG in 2017, a figure projected to rise.¹¹ U.S. exports of LNG must instead go through the Panama Canal in smaller ships. American exports have remained competitive in Korea and across the region because, unlike other suppliers, U.S. producers do not link LNG prices to petroleum prices, nor do they impose restrictions on resales of extra

capacity to third countries. That may change as Russia, Qatar, Oman, and others court Korea for future contracts. U.S. companies should finance the development of a West Coast export terminal for LNG to remain competitive in Asia. Korean companies have expressed interest in building storage and regasification units on Australia's East Coast to facilitate energy imports.¹² Those companies should also consider participating in the building and financing of a U.S. West Coast terminal.

The Korean government should establish partnerships on renewable energy with U.S. states.

Increasing energy production from renewables is central to the Moon administration's energy policy. California, Oregon, Washington, and other U.S. states have also prioritized renewable energy policies. The Korean government, or its provinces, should establish partnerships with those states to promote information sharing on best practices. The memorandum of understanding signed between the Korea Institute of Energy Technology Evaluation and Planning and the state of Hawaii in 2015 on clean energy should serve as a model for establishing more subnational partnerships.

The U.S. Department of Energy (DOE) and Korea's Ministry of Trade, Industry and Energy (MOTIE) should revamp the existing Energy Policy Dialogue.

The U.S.-Korea Energy Policy Dialogue, established in 2012, has primarily consisted of one-off meetings, often held as backdrops for ministerial visits, and ongoing, multiyear research projects conducted by U.S. and Korean institutions on areas such as battery storage, microgrids, and hydrogen. Frequent staff turnover has contributed to the limited impact of the forum. The DOE and MOTIE should rethink the structure of this dialogue by promoting ongoing career staff engagement, helping to ensure continuity across administrations. Another key issue has been aligning the interests and funding cycles of MOTIE and DOE. MOTIE and its research institutes are more closely aligned while DOE is more decentralized, with program offices and national labs driving research priorities. Better understanding of these differences and how they affect the funding of joint projects can improve such projects and contribute to meaningful research outcomes.



3. DIGITAL ECONOMY AND ADVANCED TECHNOLOGIES

The U.S. and Korean governments have divergent views on data utilization and privacy, regulatory issues that are critical to the future of the digital economy. Officials from both countries agree that getting data regulations right is crucial but disagree on what that would entail. Korea's rules on data privacy are more restrictive than those of the United States and in some cases stricter than those of the EU. Greater convergence and coordination on data privacy rules would benefit U.S. companies operating in Korea as well as Korean companies by allowing them to make full use of big data, cloud computing, and machine learning.

The original KORUS agreement had strong and unprecedented data flow and e-commerce provisions, but they have since become somewhat outdated. The recent revision of the KORUS agreement was a missed opportunity to update digital rules and address challenges presented by new technologies as both governments chose to keep the scope of amendments limited. U.S.-Korea cooperation on those issues, however, should continue. The United States and Korea are members of the APEC Cross-Border Privacy Rules System and hold an annual bilateral forum on information and communications technology (ICT) issues, but more could be done together in those venues.

The ICT sector is vital for both economies. Korea and the United States are, respectively, first and fourth among OECD countries in ICT value added relative to other industries.¹³ Companies such as Apple, Google, LG, and Samsung—global players in the sector—are increasingly focused on the development of advanced technologies such as artificial intelligence (AI), autonomous vehicles, energy storage, the internet of things (IoT), and robotics. Those companies would benefit if their governments worked together, and with ICT companies, to develop and advance global standards for those fields.

U.S. and Korean companies are often direct competitors in this sector, but they can also be partners. Samsung, for example, competes with Apple in the smartphone market but also supplies semiconductors for the iPhone. As outlined in the recommendations that follow, there are

opportunities for additional private sector partnerships and government collaboration, particularly around autonomous vehicles and energy storage.

Those and other advanced technologies will be crucial for Korea, as its economy undergoes structural changes and transitions away from traditional manufacturing and toward innovation-driven industries. The Moon administration recently established a Presidential Committee on Fourth Industrial Revolution technologies and announced in May 2018 that it would invest \$2 billion over the next five years in artificial intelligence research with the goal of becoming one of the world's powerhouses in the sector.¹⁴

Recommendations

The U.S. and Korean governments and the private sector should move beyond auto market access issues and cooperate on the development of standards for autonomous vehicles.

The absence of an international agreement on the rules and regulations for autonomous vehicles and the underlying ICT infrastructure to support them is a promising area for U.S.-Korea cooperation. U.S. and Korean companies like Waymo, GM Korea, and Hyundai-KIA are extensively developing autonomous vehicles. As companies move closer to putting autonomous cars on the road, the U.S. and Korean governments should move beyond auto market access challenges and contribute to the development of standards. They should work together in bodies such as the International Harmonized Research Activities Working Group on Intelligent Transport Systems, the International Organization for Standardization, and SAE International.

There are also opportunities for private sector cooperation around autonomous vehicles. U.S. and Korean companies are already partnering on energy storage for vehicles, with LG Chem and Samsung SDI supplying nearly 60 percent of all utility-scale batteries deployed in the United States in 2017.¹⁵ Similar partnerships around the testing of autonomous vehicles and the development of the necessary communications infrastructure could be developed given Korea's advanced communications infrastructure and early deployment of 5G, which is crucial to the implementation of autonomous vehicles.



Korean companies and American universities should establish more partnerships around advanced technologies.

Korea, which spends approximately 4.2 percent of its GDP on research and development, is behind only Israel in the OECD in investment as a share of GDP.¹⁶ At the same time, Korea has one of the lowest levels of international cooperation in science and innovation among OECD countries.¹⁷ Furthermore, the country's research infrastructure is mostly directed toward manufacturing competitiveness and other narrow applications. Advanced technology fields often require basic research with a longer time horizon. The Korean Academy of Science and Technology (KAST) has recently called for the government to shift away from its "result-oriented" research policy.¹⁸ Korean companies can remain competitive while benefiting the United States by establishing research ties with American universities. In the United States, such partnerships, which increase the research capabilities of companies while creating revenue streams for universities, are well established, but in Korea, there are few incentives for such models.¹⁹ At the same time, Korean companies and universities, in partnership with organizations such as KAST, should consider adopting U.S. best practices around university-industry collaboration.

The U.S. State Department and the Korean Ministry of Science and ICT should strengthen and broaden the scope of the existing ICT Policy Forum.

The U.S.-Korea ICT Policy Forum, first held in 2013, has become a venue for information exchange and coordination on issues such as 5G and cybersecurity. The forum is valuable not only for getting U.S. and Korean policymakers in the same room but also for bringing together officials from the same country who work at different agencies on related issues. Officials have noted, however, that the forum is an annual discussion with little ongoing work. Korea and the United States should revamp this forum and make it more action oriented, with greater emphasis on developing and implementing specific, practical recommendations. One way to accomplish this would be to establish a working group that meets throughout the year to follow-up on issues discussed, coordinate engagement between different agencies, and tee up deliverables

for the annual meeting. The working group could serve as a channel for dealing with emerging issues, such as rules and standards for AI as it develops across a range of areas.

The U.S. and Korean governments should work together and take a leading role around APEC digital economy initiatives and WTO-related work on e-commerce.

The United States and Korea are two of the six members of the APEC Cross-Border Privacy Rules system. The two countries are also part of a group of 70 WTO members working on new e-commerce rules. Considering the prominence of the ICT sectors in the two countries, the United States and Korea should take an active role in leading those two initiatives and helping drive them to early and substantive outcomes. The APEC rules provide a balance between data utilization and privacy that is more advantageous to U.S. and Korean companies that need data to innovate and offer better products than the General Data Protection Regulation (GDPR) model. A more balanced approach to data utilization would benefit U.S. and Korean companies, while stricter regulations around data localization, if adopted globally, would limit access and impede innovation.

A plurilateral agreement on e-commerce could be a driver for Korea to reform rules that make electronic transactions cumbersome and would also help small- and medium-sized enterprises in both countries export more. Seoul and Washington should enthusiastically support advancing the WTO e-commerce work and strengthening the APEC Cross-Border Privacy Rules system by updating it as necessary and welcoming new participants.

U.S. and Korean regulators should share best practices on how to promote innovation while protecting consumers.

Foreign companies operating in Korea have pointed out that well-meaning regulators, particularly in financial technology (fintech) and other tech-driven sectors, may stifle innovations that would benefit consumers. This restrictive regulatory environment also makes it more difficult for Korean startups to grow and to stay in business. According to a McKinsey Korea report, 70 of the 100 global startups that raised the most funding in 2016 would be illegal or



noncompliant in Korea.¹⁹ Regulations currently prohibit venture funds from investing in the financial, real estate, accommodation, and restaurant sectors. Korean and U.S. regulators should share best practices around regulations that balance innovation and consumer protections, including the creation or expansion of “regulatory sandboxes” that would allow companies to test new products more freely. Given the regulatory issues that affect both U.S. and Korean companies operating in the country, the two private sectors should consult, perhaps under the U.S.-Korea Business Council, and jointly develop suggestions for improving the business environment.

4. INFRASTRUCTURE

The United States and Korea have made infrastructure funding in Asia a priority, but the gap between needs and available funding in the region is daunting. The Asian Development Bank estimates infrastructure needs in developing Asia and the Pacific at \$26 trillion through 2030 or \$1.7 trillion per year.²⁰ That figure dwarfs even the most exaggerated estimates of the size of China’s Belt and Road Initiative (BRI) and the lending capacity of the Asian Infrastructure Investment Bank (AIIB).

The BUILD Act, recently signed into law in the United States, will consolidate the Overseas Private Investment Corporation (OPIC) and functions of the U.S. Agency for International Development (USAID) into the U.S. International Development Finance Corporation (USIDFC), which will have a doubled funding cap and new financing capabilities. Rather than funding projects outright, the new agency will attract private investment by providing loans, backing loan guarantees, and issuing obligations. Speaking at APEC in November 2018, Vice President Mike Pence discussed the new agency and said the United States is making “infrastructure in the Indo-Pacific a top priority—from roads to railways, ports to pipelines, airports to data-lines.”²¹ The U.S. vision for infrastructure in the region is articulated under the Free and Open Indo-Pacific Strategy, which stresses the importance of high-quality projects funded under sustainable models that do not subject countries to staggering debt. U.S. officials are in the early stages of working with Japan and Australia to promote alternatives to the Chinese

model of infrastructure funding. In November 2018, the three countries announced a partnership to mobilize investments for high-quality projects. Potential collaboration with Korea, however, is further behind.

Korea has long funded development projects and provided technical assistance, particularly in Southeast Asia. Construction and civil engineering companies such as Daewoo and Doosan have participated in numerous projects in the region and around the world. The Moon administration has sought to expand Korea’s presence in the region to diversify Korea’s economic relationships away from China and the United States. While visiting Indonesia in November 2017, President Moon announced a New Southern Policy that seeks to expand Korea’s footprint, including infrastructure funding, in Southeast Asia. At the occasion, nearly at the same time as the Trump administration’s announcement of its Indo-Pacific Strategy, Korea and Indonesia signed a memorandum of understanding for the construction of a light rail transit system in Jakarta and other deals reported to be worth \$1.9 billion.

Recommendations

U.S. and Korean development finance institutions should promote sustainable models for funding infrastructure in the Indo-Pacific region.

Officials from the U.S. State Department and the Korean Ministry of Foreign Affairs met twice in 2018 to discuss potential synergies between the Indo-Pacific Strategy and the New Southern Policy, but those meetings have remained high level, with each side laying out its respective priorities and objectives. The United States and Korea should continue to explore the coordination of the two strategies, particularly around development assistance and infrastructure investment. Models for investing and supporting small- and medium-sized enterprises in Southeast Asia, a priority of the USIDFC and an area of interest domestically for the Moon administration, could be one area of collaboration. Korea should also participate in the effort led by the United States, Japan, and Australia to finance high-quality infrastructure investment in the region. Korea could draw on its long engagement in Southeast Asia to identify potential projects and



bring to the table financing from the Korea International Cooperation Agency (KOICA) and the expertise of Korean companies.

The U.S. State Department and the Korean Ministry of Foreign Affairs should discuss how to design and fund infrastructure projects in North Korea if those projects ever become viable.

Infrastructure is central to the Moon administration's North Korea policy, which envisions a rail line, a gas pipeline, and a powerline that would eventually link Korea to the Eurasian continent through North Korea. Previous Korean administrations have long discussed such transportation and energy projects as a way to end Korea's "island" status, but recent improvement of relations with North Korea have led the Moon administration to start preliminary discussions with Russia. While those projects are contingent on a significant breakthrough with North Korea, Washington and Seoul should consider creating a public-private dialogue on how to design and fund such projects if they ever become viable.

Korea's sovereign wealth fund, pension funds, and other Korean institutional investors should consider increasing investment in U.S. infrastructure projects.

The United States also has significant, unmet infrastructure needs. The Global Infrastructure Hub, a G20 project, estimates that the difference between projected infrastructure funding and needs in the United States will add up to \$3.8 trillion through 2040, the most substantial gap among nearly 60 countries considered.²² In 2017, two Korean life insurers invested a combined \$129 million in the construction of a toll road in the U.S. Midwest.²³ Such infrastructure projects are becoming increasingly attractive to public and private Korean institutional investors facing a low-interest rate environment. Japan has also reportedly considered launching a \$100 billion sovereign wealth fund for U.S. infrastructure.²⁴ Korean institutional investors should consider expanding investments in U.S. infrastructure projects.

5. WOMEN'S ECONOMIC EMPOWERMENT

Korea's labor participation rate for women is low compared

to that of other OECD countries. Only 59 percent of working-age women were employed or looking for work in 2017, compared to 67.9 percent in the United States and 69.4 percent in Japan.²⁵ Korea's gender pay gap is the highest among OECD nations. Korean policymakers, however, have implemented strong social policies around maternity leave and early childhood education and care since 2004. Ninety-two percent of Korean children participate in pre-primary care today, and the country has some of the lowest out-of-pocket childcare costs in the OECD, which makes it easier for both fathers and mothers to work. The Moon administration has made women's empowerment a top priority by vowing to strengthen the Ministry of Gender Equality and Family and bridge the pay gap. In the public sector, where 50 percent of all civil servants are women but fewer than 5 percent hold senior posts, the Moon administration has attempted to lead by example by setting and following through on a promise to appoint a cabinet that is at least 30 percent female.²⁶

The United States has a higher labor participation rate for women and a lower pay gap than Korea, but it still has a long way to go. Labor participation for women peaked around 2000 at nearly 71 percent and has since fallen. It is now below that of Japan, which historically had a low labor participation rate but made women's empowerment a top economic priority under consecutive administrations.²⁷ U.S. policies on maternity leave and childhood education and care are generally less generous than Korea's. The Trump administration has expressed its intent to promote women's economic empowerment, both at home and abroad, and it will reportedly announce a major global initiative on the subject in 2019.²⁸

Recommendations

U.S. and Korean governments should follow through on plans to launch an initiative around women's empowerment.

During President Trump's visit to Korea in November 2017, the two countries agreed to launch an initiative to promote women's entrepreneurship and increase women's participation in science, technology, engineering, and mathematics at home and in developing countries. The



two countries should follow through on that agreement, possibly under the leadership of White House senior advisor Ivanka Trump. The World Bank's Women Entrepreneurs Finance Initiative (We-Fi) could serve as a venue for the United States and Korea to advance those issues. Korea should also consider participating in the global initiative on women's economic empowerment that the White House plans to announce this year.

The Korean government should consider creating an agency modeled after the U.S. Equal Employment Opportunity Commission (EEOC).

The EEOC is the U.S. federal agency responsible for administering laws against workplace discrimination, including discrimination based on gender. The Korean government should consider creating a similar agency to strengthen the government's ability to address discriminatory practices. The Korean Women's Development Institution has suggested that such a commission could be part of the existing National Human Rights Committee.²⁹ As a first step, EEOC officials should welcome a Korean delegation to Washington, D.C. to exchange views and information.

U.S. and Korean think tanks, academic centers, and the private sector should connect groups working on similar issues on women's empowerment.

U.S. and Korean civil society institutions should facilitate exchanges between groups working on similar issues in the two countries through symposia and other events. The non-partisan Women's Campaign Fund, which supports female candidates in the United States, could connect with like-minded groups in Korea. Another option would be to convene human resource executives working in both countries to share best practices on dealing with workplace challenges and discrimination, promoting policies friendlier to women such as telecommuting, and advancing women into managerial roles.

CONCLUSION

The recommendations presented in this issue paper are designed to identify areas where U.S. and Korean poli-

cymakers and other stakeholders can work together to strengthen economic ties and the economic pillar of the alliance. The authors of this paper have attempted to include practical recommendations but recognize that implementing some of these ideas may still seem like a daunting task.

The U.S. State Department and the Korean Ministry of Foreign Affairs took an important step toward advancing the overall state of the economic relationship by relaunching the U.S.-Korea Senior Economic Dialogue in December 2018. As a next step, the United States and Korea should establish a working group at the Deputy Assistant Secretary and Deputy Director General levels respectively to hold regular meetings and coordinate specific projects. The two countries should also consider hosting an event focused on women's empowerment when Korea hosts the dialogue next year.

The Senior Economic Dialogue can serve as a venue for implementing some of the recommendations included in this paper. Still, fully realizing the strong potential for economic cooperation between the two countries would involve going beyond this dialogue, coordinating across different agencies and eliciting the participation of the private sector.

The recent coordination between the Trump and Moon administrations on a strategy for dealing with North Korea offers a solid basis for moving the economic relationship forward. The two leaders had starkly different approaches but found common ground leading up to the Kim Jong-un and Donald Trump summit in June 2018. While progress on the North Korean situation remains uncertain, both the United States and Korea recognize the importance of strategic coordination.

Presidents Trump and Moon have strong incentives to improve economic cooperation: an alliance that can benefit from stronger economic ties, the potential to bolster a slowing economy in Korea, the U.S. desire to boost exports and attract jobs and investments, and shared interests on a range of regional issues. The authors hope this issue paper will contribute to that process.



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APPENDIX

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June 12, 2018

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ENDNOTES

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