SOUTH KOREAN PRESIDENTIAL ELECTIONS: AN ANALYSIS
PRESIDENTIAL ELECTIONS

Moon Jae-in was elected the President of South Korea on May 9, 2017. His election followed a period of political turmoil pertaining to the impeachment and arrest of former President Park Geun-hye in relation to a series of corruption scandals involving her confidante Choi Soon-sil and multiple South Korean international conglomerates. Moon Jae-in’s Democratic Party of Korea (DPK) locally known as the Minjoo Party won 120 of the 300 National Assembly seats, managing around 41 percent of the vote. Moon Jae-in’s unblemished image and his pre-poll promises, based on experience in government and in the opposition, regarding changes in domestic and foreign policies seem to have worked in the DPK’s favor.

Just weeks before the election, former President Geun-hye was indicted under charges of corruption, extortion, misuse of power amongst others. Her ties to the Chaebol and bribes paid by these family-run business houses to her government and associate were instrumental in Geun-hye’s downfall. The ousted President is accused of receiving 6.61 million USD from Lotte Group for special favors as well as 266 million USD from Samsung scion Jay. Y. Lee who was arrested over similar charges of bribery. Riding on this deep resentment in the general populace, Jae-In and the DPK managed to achieve the single largest party status. South Korean voters can be generally bifurcated as follows, 40% conservative, 40% liberal and 20% unaffiliated. While frustration with the conservative government helped Moon win the presidency, he only got 13.42 million votes or approximately 41%. That was significantly reduced compared to the previous election, when he placed second to Park with 14.69 million, or 48%, of the votes.

Further, Geun-hye’s foreign policy seemed to be failing as well, with respect to repeated sanctions on Pyongyang that seemingly proved unsuccessful in reigning in Kim Jong-un and his nuclear and ballistic missile programs. Having said that, a divided conservative opposition in the Liberty Korea Party (LKP) and the Bareun Party, garnered a sizable number of seats denying the DPK a concrete position in the National Assembly. Ahn Cheol-soo’s People’s Party achieved 40 seats, with each party fighting the election on its own accord. A divided conservative electorate aided in ensuring a DPK triumph. Coalition politics might be at the forefront in the coming days to maintain a majority in the assembly and to remain in the seat of power. Furthermore, indications of substantial changes in policy formulation under a DPK government have been predicted.
MOON JAE-in SWOT ANALYSIS

MOON JAE-IN
PRESIDENT OF SOUTH KOREA

**STRENGTHS**

- **Political Experience/Peace Initiatives**

**WEAKNESS**

- **Lack of Numbers in National Assembly/Strong Conservative Representation**

**OPPORTUNITY**

- **Reformation of North Korea/China Policy**

**THREAT**

- **Stagnant Economy/Chinese Sanctions**
CHALLENGES

ECONOMIC

The fourth largest economy in Asia, housing international conglomerates such as, Samsung, Hyundai and Lotte is currently under severe pressure due to multiple factors. May it be skyrocketing household debt, high youth unemployment, static wages, each of these essential economic elements have contributed to the faltering of the South Korean economy. Jae-in’s primary focus during his election campaign were the economic woes of the nation. Emphasizing on delivering a boost to the economic growth, the President had promised 810,000 public sector jobs, subsidized living expenses for students in an attempt to negate rising unemployment which stood at a record 10 percent by the end of 2016.

Moreover, the clandestine ties between the previous conservative government with the local Chaebols, a major cause of disaffection in the public, were targeted by Jae-in in his pre-poll promises. A complete reformation of the economic system, through which Chaebols controlled the country was assured by the DPK. That said, while several Chaebol leaders have been arrested for malpractices and bribery, the conglomerates continue to exert a stranglehold on the South Korean economy and control the job market in the country. Given this inter-relation, the South Korean youth is attracted to working for a local giant rather than increasing their career spectrum or setting up start-ups which have inadvertently led to a decline in new companies and innovation outside the Chaebol system. Further, the issue of wages also corresponds to the Chaebol control over the country, taking into account that most qualified individuals work for them and wages are decided by the multinational companies.

South Korea has always remained a hub for technological innovation with the country investing heavily in Research and Development (R & D). However, in recent times, Seoul’s neighbor China has developed its own set of technological trend setters such as TCL, Xiaomi, and Huawei that offer products with similar features but with an incomparable pricing. The intense competition provided by Chinese companies to these conglomerates has resulted in huge losses for South Korean businesses with many having to slash prices, rejig their top management and bring in new products to retain their market share against Chinese competition. Thus, the newly-elected President faces a number of hurdles with regards to the revival of the South Korean economy and countering its neighbor’s aggressive push to dominate the technology-driven global market.
South Korea's political developments & challenges

PARK GEUN-HYE SAGA

- Sworn in as President
  - February 25, 2013
- Impeached by Parliament
  - December 9, 2016
- Court upholds impeachment
  - March 10, 2017
- Court orders arrest
  - March 31, 2017
- Formally indicted
  - April 17, 2017

NATIONAL ASSEMBLY

SEATS

- Democratic Party of Korea (DPK)
- Liberty Korea Party (LKP)
- People's Party
- Bareun Party
- Justice Party
- Saenuri
- Independents

Moon Jae-in and the DPK was successful in garnering only 40 percent votes and 120 seats in the 300-member assembly. 3/5ths consent (180 seats) of National Assembly required before a bill can be put to vote.

2020

- National Assembly to remain divided until next Legislative Elections in 2020
- Moon Jae-in will need to forge alliances within the assembly for passage of crucial bills
- Conservative Parties divided between Park Geun-hye loyalists and detractors
POLITICAL

To have considerable legislative powers in the all important 300 member National Assembly, the ruling party is required to attain a seat number near or over the halfway mark. Giving credence to this argument is the fact that a three-fifth consent from lawmakers of the assembly is required before a bill can be put to a vote during a plenary session, in the case there is a disagreement within political parties. Moreover, important political appointees such as the Prime Minister and other ministers will have to stand the test of conservative voices in the legislative body. Given that the liberal DPK garnered only 120 seats in the assembly without any pre-poll coalition and conservative Liberty Korea Party (LKP) and Bareun Party were able to achieve 107 and 20 seats respectively, the conservative strength in the assembly is liable to feel confident with regards to any bills introduced by the Moon Jae-in government that it opposes. The People’s Party led by former entrepreneur Ahn Cheol-soo might provide some respite to the DPK with regards to liberal votes in the National Assembly. Significantly, the DPK will have to wait until the next legislative elections in 2020 to better its tally in the assembly.

NORTH KOREA

Relations with North Korea and the approach likely to be adhered to by candidates remains pivotal and a deciding factor for the population while voting for the presidential elections. In recent times, North Korea has indulged in repetitive military provocations by launching a series of ballistic missiles of multiple varieties. Furthermore, Pyongyang’s nuclear program and corresponding tests at the Punggye-ri test site on North Korea’s east coast have raised concerns internationally. In 2016, the United Nations Security Council (UNSC) imposed more rigid economic sanctions on the already impoverished nation, in an attempt to stifle Kim Jong-un into abandoning his nuclear ambitions, which have caused considerable geopolitical tensions on the Korean Peninsula since the last decade. Further Seoul pulled out from investing in the Kaesong Industrial Complex, one of the most crucial mutual cooperation projects between the two Koreas near the Demilitarized Zone (DMZ) along the armistice line. The US also imposed a series of unilateral sanctions on Pyongyang while China, North Korea’s biggest ally internationally, supported sanctions imposed by the UNSC while warning the Kim Jong-un administration to avoid confrontations in the region. Park Geun-hye’s rigid approach with respect to North Korea’s provocations helped her gain the support of a section of the conservative population.

NORTH KOREA’S BALLISTIC MISSILE AND NUCLEAR SITES

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<tr>
<th>Nuclear Timeline</th>
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<tr>
<td>1</td>
<td>October 9, 2006</td>
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<td>2</td>
<td>May 25, 2009</td>
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<td>3</td>
<td>February 12, 2013</td>
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<td>4</td>
<td>January 6, 2016</td>
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<td>5</td>
<td>September 9, 2016</td>
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Moon Jae-in, during his election campaign had indicated a shift from the Geun-hye doctrine. The DPK has shown its willingness to engage the North Korean establishment, in the case that Pyongyang ceases to militarily provoke South Korea. Initiation of bilateral talks, review of a recently acquired US-made anti-missile system and renewal of ties with China are steps that have been viewed internationally as conciliatory to the cause of denuclearization of the Korean Peninsula. Jae-in’s image as a proponent of the ‘Sunshine Policy’ (policy engaging the North Korean dictatorship) is liable to challenge the decade-long conservative rule’s approach. Having said that, given that the first version of the Sunshine Policy did not succeed in curtailing North Korea’s nuclear and Weapons of Mass Destruction (WMD) programs, the geopolitical conditions in East Asia are likely to remain unpredictable and provide fresh challenges for the Jae-in led DPK government. Further, reaching a consensus on the North Korean issue will also require Jae-in to lobby for certain measures to be implemented with the consent of the conservatives in LKP and Bareun.
Range of North Korea's ballistic missiles

- KN-11
  (Range: 900 km)
- No-Dong
  (Range: 1,500 km)
- Musudan BM-25
  (Range: 4,000 km)
- KN-08/14
  (Range: 8,000 km)
- Taepodong-2
  (Range: 10,000 km)
CHINA POLICY

As mentioned above, China has remained North Korea’s foremost ally since the 1950’s. North Korea’s economic relations with China and cross-border trade with the Asian giant is said to have helped sustain the isolated East Asian nation and aid in funding its nuclear and ballistic missile programs. In recent times, while China-South Korea relations have been cordial with growing trade and economic engagement between the two, currently the situation remains tense in the region, specifically due to the deployment of the US-made Terminal High Altitude Area Defense (THAAD) anti-missile system meant to neutralize missile threats emanating from the North. The deployment is seen by China as a threat to its sovereignty and the overall stability of the region.

Following the deployment of the THAAD system, China has discreetly imposed multiple sanctions on South Korean companies, particularly targeting the emerging travel industry and installations of Lotte Group in China, which incidentally provided the land for the deployment of the missile defense system. 50 percent of tourist inflow into South Korea originates in China. China has stopped local travel agencies from selling South Korean travel packages while requesting its civilians to not visit South Korea for leisure. This might have a direct impact on the already stumbling economy of the country.

Moon Jae-in has been perpetually skeptical about the THAAD system and has been viewed by the Chinese administration and state media as the most favorable candidate, given his left-liberal credentials. Keeping this in mind, Jae-in’s primary challenge would be the conversion of his public image of a reconciliatory leader into actions that resonate with the general South Korean populace and polity. Further, Jae-in would have to define a role for China in North Korean engagement, given the leverage the country possesses over its recalcitrant communist neighbor.

The inclusion of China in the East Asian axis of South Korea, Japan, and the US would provide roadblocks, taking into account that the Chinese have never been welcomed by Japan and the US in previous engagements with the North Korean regime. Tightening of economic sanctions by the Chinese on Pyongyang and reduction in financial aid will also be of utmost importance to the Jae-in government. Balancing the South Korea-China-US relationship is likely to prove challenging for the newly elected President, given that the superpowers have contrasting priorities with regards to East Asia and North Korea, even after Donald Trump’s ascendancy to the presidency.
US POLICY

During his presidential campaign, current US President Donald Trump had demanded a review (indicating a possible termination) of the US-South Korea Free Trade Agreement (KORUS), while describing the agreement as a “terrible deal”. Trump had also demanded that South Korea pay for the 1 billion USD THAAD system while criticizing Seoul for not paying enough for the US’ permanent military presence on the Korean Peninsula. As witnessed during Moon Jae-in's election drives, the left-leaning leader has maintained his soft opposition to many pillars of the US-South Korea relationship. However, following his inauguration, the DPK has been cautious and has emphasized the importance of the aforementioned relationship. The primary challenge for Moon Jae-in and his government would be dealing with Trump’s unpredictable approach towards foreign policy issues. Moving away from dependence on the US for military aid and economic benefits through KORUS and the TPP (devoid of the US) will test Jae-in geopolitical capabilities. While attempting to forge renewed alliances with countries such as China, Japan, and Russia, Jae-in is liable to find it increasingly difficult to move away from the strategic partnership between the traditional allies.
FORECASTS

SOUTH KOREAN ECONOMY

- While the South Korean economy has currently not been at its apex due to several factors that have led to slower fiscal growth, in recent times it has shown some optimistic signs. Renewed exports and novel investments have seemed to have infused new life into the trade-dependent economy as outbound shipments have displayed a seven-year-high of 24.2 percent in April 2017. This has been attributed to the recovery of the global economy. Further local agencies have increased the exports growth forecast for 2017 to seven percent from its earlier target of approximately three percent. Microprocessor chips were instrumental in bolstering facility investment raising the equipment index to 22.8 percent compared to last year in March.

- While the South Korean economy seems to be recovering, flexibility is likely to be a major component in rejuvenating the economic conditions in the country while mitigating internal as well as external risks. The political instability in South Korea in relation to repeated military provocations from North Korea and the Park Geun-hye saga have acted to slow-down private consumption, which will require robust economic plans for its revival. Growth in crucial retail and services industries remained poor even though consumer sentiment seems to be on a positive rise. Retail sales figures rose by a decent 1.1 percent between February-March from 0.5 percent to 1.6 percent. Thus, while economic uncertainty has continued to prevail in the East Asian country due to several factors, the new leadership is likely to face a number of challenges while infusing confidence in the population about a possible recovery. Further, given that South Korea’s faces a number of external threats, ranging from sanctions imposed by China to North Korean aggression, Moon Jae-in’s government will have to simultaneously manage foreign policy, internal politics and military actions in the near term to get the economy back on track. Equivalent relations with China and the US will help the South Korean economy immensely.

- While the Chaebols have been the center of attention in the recent corruption scandal involving former President Geun-hye, any abrupt changes to the structural existence of the conglomerates might prove disastrous for the economy, given the dominance of Chaebols. For sustained economic development, the continuation of Chaebol control remains necessary. Moreover, products of Chaebols such as Hyundai, Samsung, and Lotte are synonymous with good quality and South Korea's economic development. The resilience of these products to market vulnerability and variability is likely to help Chaebols in the long-run. However, regulating Chaebols and their functions should be a top preference for the Jae-in government. Furthermore, to negate opposition from Chinese and other Asian products, regulated Chaebols will prove beneficial. That said, a task that is likely to remain supremely important for the new government will be dismantling of the politician-businessman nexus which came to light during the Geun-hye corruption scandal. Reducing the influence of politics on business and wage levels might result in reducing the rampant youth unemployment in the country and reduce the reliance of the South Korean economy on Chaebols.
POLITICAL

- Given the predicament in the National Assembly of South Korea where the DPK enjoys the status of the single largest party but does not have numbers required to effectively pass legislation, the ruling party, and its leader Moon Jae-in might begin a drive to seek out more allies in the coming days. The DPK is liable to target the other liberal-centrist party with a sizable number of seats (40), the People’s Party to gain adequate numbers to pass legislation. However, the support of the People’s Party will be issue-based and will deviate from time to time based on the stance taken by the Moon Jae-in government.

- The split in the conservative Saenuri into the Liberal Korea Party (LPK) and the Bareun Party might provide a window of opportunity to Moon Jae-in and the DPK as their search for support in the National Assembly continues. The LPK constitutes of lawmakers who were against Geun-hye’s impeachment while those in the Bareun were for it. This bifurcation of the conservatives in the country has led to a sense of confusion in the conservative camp and might, in turn, help Jae-in in garnering support from certain conservatives elements and develop a consensus on issues of national importance, such as North Korea, China, and the economy.

Image of a fist fight in the South Korean National Assembly
CHINA-SOUTH KOREA RELATIONS

- Taking into account that the souring of relations between Beijing and Seoul revolves around the deployment of the THAAD system in South Korea to counter the North Korean missile threat, any improvement in bilateral ties might only be possible in the case that the skepticism of Moon Jae-in and his party with regards to the anti-missile system takes the form of a complete termination of the program. While China has made the right noises with regards to Pyongyang in the recent past, specifically with its opposition to the North’s nuclear program, the alleged continued assistance provided by the Chinese government to the Kim Jong-un regime remains a matter of contention internationally. Having said that, under Jae-in’s leadership South Korea is likely to engage China more and might even lead to an eventual review of the deployment of THAAD.

- Further, China might also play a vital role in association with the new government in diffusing tensions on the Korean Peninsula as a prospective addition to the trilateral mutual cooperation agreement between South Korea, Japan and the US. China proposed permutations such as a termination of joint South Korea-US annual military drills in return for a denuclearized Korean Peninsula might be back on the table in the near term.

- Economic sanctions covertly imposed by China on the South Korean travel industry and conglomerates such as the Lotte Group might be lifted only if demands of the Chinese administration with regards to Seoul are met. If this continues, it will cut back the GDP of the South Korean economy growing at the speed of 2.5 percent by 20 percent. China has currently not imposed severe sanctions on South Korea and is not likely to do so in the near term. However, taking precedent from China-Taiwan relations, growing trade deficits and sanctions do not seem to affect the Chinese economic agencies. The perception that China might be heading towards leading the founding of an Asian Forum to counter mega and bilateral treaties various nations have, seems to have taken the notice of world. An anti-NATO alliance might be what the Chinese might be attempting to develop. Multiple countries on the Pacific Rim, such as the Philippines and several other southeast and south Asian nations have expressed their willingness to join Chinese initiatives such as One Belt One Road (OBOR) project. China has thus by targeted economic strikes, ensured that the South Korean economy suffers and this scenario might aid Jae-in in engaging China more on multiple issues of contention in the region.

- Lastly, threats issued by North Korea’s state-run Korea Central News Agency (KCNA) to China in relation to repeated public denunciations by Beijing of Pyongyang’s nuclear tests might indicate Kim Jong-un’s frustration with the economic pressure exerted by Xi Jinping’s administration on North Korea. This might prove to be the perfect opportunity for President Jae-in to better relations with China to counter Pyongyang’s military provocations in the region.
US-SOUTH KOREA RELATIONS

- Moon Jae-in’s supposed opposition to certain policies such as the deployment of THAAD and a placatory approach towards Pyongyang might prove to be a matter of variance from the traditional conservative approach witnessed in South Korea (conservatives have predominantly remained in power since the Korean War). The THAAD deployment which has snowballed into a major dispute amongst liberal and conservative sections of the society and a subject of safeguarding national security should provide impediments in ties to be developed between the newly elected leaders of South Korea and the US. An immediate termination of the THAAD program seems unlikely, but protests against the deployment are likely to continue in South Korea.

- The recent saber-rattling by the US with regards to an alleged increased naval presence in the East Sea in an attempt to indicate its support of the South Korea-US alliance highlights that the American policy towards North Korea is liable to remain more or less the same. However, given President Trump’s impulsive decisions with respect to foreign policy, a policy shift might be round the corner in the case Pyongyang proceeds with its sixth nuclear test in the near term. Giving acceptance to this argument is the proclamation by Trump that every option (including military strikes) was open with regards to North Korea’s provocations. Trilateral talks between South Korea, Japan, and the US will continue in the near term with respect to economic sanctions. Further, given that the Trump administration has expressed its willingness to work with Russia on several fronts, the two countries might collaborate to resolve the issue, despite the fact that China exerts maximum influence over Pyongyang. The growing proximity between China and Russia might prove useful in the case that the US and China fail to reach an agreement on the approach to be adopted with regards to Pyongyang.

Thus President Moon Jae-in faces a series of challenges that require political experience, diplomatic flexibility, conciliatory prowess and policy-making vigilance. The geopolitical ramifications of Jae-in actions as President might prove to be extremely important, specifically for East Asia in the coming days as the US and China attempt to bolster their influence over the region.
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