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I mean, we probably will have a little difference in the view from Korea. Please.

Lee Hye Min

Thank you, Doug. The intensifying and expanding tension between the US and China is a very serious issue to all of the world, but much more serious to Korea, because of history and geography.

As you know, China is our immediate neighbor and the military alliance with the United States is the backbone of Korea's foreign policy – but more than 30% of Korea's total exports go to China and Hong Kong.

Korea is the largest source of China's imports. In addition, the United States and China are two indispensable partners for Korea to manage the threat from North Korea, maintaining peace and stability in the Korean peninsula.

The international political order that Korea wants to pursue is non-exclusive and we highly value cooperation with every country of the world, including China. Therefore, it would be difficult for Korea to join initiatives exclusively targeting China – though Korea shares the concerns of the United States of China's economic outreach, and its foreign policy.

I would like to add one more thing about the Korean companies. Korean companies are global players and we must note that Korean companies make their investment and business decisions rather independently from the policy of the Korean government. This means, even if the Korean government follows the US trend as an ally of the United States, business decisions may differ as long as they do not violate relevant laws and regulations.

Actually, Korean companies are actively pursuing supply chain diversification, recognizing the greater importance of political risk rather than efficiency or cost nowadays.

I would like to add one more thing about Korea's specific concern on expanding the China/US conflict. The consequence of China/US conflict leads to the increasing subsidy of the United States, European Union and Japan. It is a very serious concern to Korea. Those countries are increasing subsidies, especially in the field of electric vehicle batteries, and semiconductors.

The reason is to correspond to the State Capital of China. However, it is distorting international trade order, definitely. Therefore, currently, WTO dispute settlement mechanism



is totally paralyzed and we have no means of addressing those distorting international trade practices.

Therefore, it is a very serious concern and, for Korean companies, in order to respond to increasing subsidies provided by the United States through Inflation Reduction Act and Infrastructure and Jobs Act, they are increasing their investment in the United States. Korean businessmen are fully aware that US/China conflict has a long way to go and is a constant factor for their decision-making.

Thank you.

Douglas Paal

Thank you very much.