



Submission No 44

Inquiry into Australia's Relations with the Republic of Korea; and Developments on the Korean Peninsula

Organisation: Embassy of the Republic of Korea

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Dear Dr. Carter,

29-9-2005

Further to the submission by the Embassy to the Inquiry into Australia's Relationship with the Republic of Korea, I enclose the Embassy's response to the additional questions submitted by the Foreign Affairs Sub-Committee. The Embassy has also added comments on issues raised by the Queensland Government and DIMIA in the public hearing on 31 August 2005 that the Sub-Committee may find of interest.

The Embassy is hopeful that, through this Inquiry, the ties between our two countries are deepened and mutual understanding is increased.

Thank you, once again, for your assistance throughout the Inquiry.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Hyung-won Suh'.

Hyung-won Suh
Counsellor

Inquiry into Australia's Relationship with the Republic of Korea ; and developments on the Korean peninsula

Supplementary Submission by the Embassy of the Republic of Korea

1. The Embassy's response to the follow-up questions by the Foreign Affairs Sub-committee

Question 1) Your submission calls for increased political exchanges. In what areas would you like to see greater exchange?

The exchange of visits by heads of government is the most effective method in elevating across-the-board bilateral relations and will provide opportunities to increase awareness of each other's strategic, economic and cultural importance. We are looking forward to the Prime Minister's visit to Korea this November on the occasion of the APEC Leaders Meeting in Busan and President Roh Moo-hyun's possible visit to Australia in the next year or so.

We also think that increased parliamentary contacts are important, as our first submission points out. We would like to see the exchange visits of the Speakers of two Parliaments realised at an early date. We would also like to see Australian MPs and Senators increase their visits to Korea. Korean MPs comparatively often visit Australia on various occasions.

Since we presented our submission last May, there have been several important ministerial exchanges, including Korean Defense Minister Mr. Yoon Kwang-ung's visit to Australia, the visits to Korea of Trade Minister Mark Vaile, Minister for Communications, IT and the Arts Senator Helen Coonan and Treasurer Peter Costello. And young Korean political leaders visited Australia in August at the invitation of the Australian Political Exchange Council and this visit will be reciprocated by an Australian delegation in October. In the lead-up to the APEC Leaders Meeting in November we expect some more ministerial visits to Korea by the Minister for Industry, Tourism and Resources Ian Macfarlane and the Minister for Foreign Affairs Alexander Downer. We strongly hope these important exchanges of political leaders will be expanded.

Question 2) Would you outline the work the Korean government does promoting Korea in Australia? (DFAT On page 23 of the Hansard, DFAT comments on Korean government promotion in Australia)

We understand that the DFAT comments contextually came about when it attempted to explain the Australian government's efforts to address the imbalance between Korea's engagement in Australia and the engagement of Australians in Korea. The DFAT description is unfortunate in the sense that it unintentionally runs the risk of failing to reflect what both governments endeavour to achieve in bilateral relations.

We believe that both governments have a strong commitment to the enhancement of mutual understanding between the two peoples and to working proactively for that purpose. It is the perception of this Embassy that joint efforts by both governments have been contributing remarkably to the current excellent ties between the two countries. If we analyse carefully some public speeches or presentations by government representatives, it is unfailingly noticeable how identical the language is in describing the state of mutual ties and their commitment. And we believe that both governments are admirably performing their promotional missions in each other's country.

Of course both governments may have different priorities in their respective interests and divergent approaches to the strengthening of the relationship. We understand Australia's keen interests in supplying more LNG into the Korean market, facilitating Australia's agricultural exports into Korea by negotiating a FTA at an early date and providing more educational services to Korean students, and will continue to lend our support for such objectives being attained as soon as possible. On the part of the ROK, more focus might be placed on smooth facilitation of Korean manufacturing imports into the Australian market with less barriers, the promotion of the intertwining of some strategic industries including IT and BT, and assistance for Korean study programs and Korean community projects. For all these we enjoy a considerable understanding and cooperation from the Australian government.

With regard to the mutual cultural awareness, a great many Koreans have a basic knowledge and a good image of Australia through their school education and a variety of experiences. In a recent poll commissioned by one Korean daily, Australia ranked second as the most favoured country following the US. In contrast Korea is fairly alien to Australians or often carries a negative image originating from the past eras of

Japanese rule, the Korean War and dictatorial regimes. Koreans are very eager to take the opportunities of traveling to other countries and studying abroad, especially in countries of excellence such as Australia, while Australians seem to feel modest interest in traveling to Korea, much less in learning the Korean language.

Under these circumstances, the Korean government's promotional activities in Australia place emphasis on providing Australians with as many opportunities as possible to access Korea and its people, economy and culture, and helping them to pursue engagement with Korea in economic, social and cultural fields.

For this task, the Korean government maintains a strong representation in Australia by the Embassy in Canberra and the Consulate-General in Sydney, where many central government Ministries are represented. Other government-affiliated organisations include Korea Trade and Investment Promotion Agency (KOTRA) in Sydney and Melbourne, and the Sydney Office of the Korea Local Authorities Foundation for International Relations(KLAFIR). The Korean government also promotes a close cooperation with the Australian Federal and State governments by sending out about 50 delegations a year.

Some instances of our activities to promote Korea in Australia are as follows:

A. Organising opportunities to experience Korean traditional arts and culture in Australia

- Since 2000, more than 20 cultural performances by visiting Korean cultural teams with government sponsorship have been successfully held in Australia. In particular, National Dance Performance and Korean Film Festival were highly acclaimed in Sydney, Melbourne and Canberra during Korea Week 2004. Some cultural events including chamber music, Korean opera, traditional Korean music are also planned for 2005.

B. Disseminating information on Korea

- To enhance the awareness of Korea among the Australian young generation, we distributed books that introduced Korean culture, history and economic development to 62 primary schools and 181 secondary schools in 2004, and this project will continue this year.

- We engaged the Asia Education Foundation in Melbourne to develop a website on Korea, which will be launched early 2006 and this will help secondary school students understand Korea's history, culture and economy.
- Through lectures and speeches in universities and research institutions, we have helped Australian academics and the public understand developments in Korea.
- We organised a conference on Korean politics and economy in Canberra in September 2004

C. Supporting Korean language and studies programs

- The Korean government has co-funded the position of a Korean language consultant in the NSW Department of Education and Training, and made financial contributions to developing Korean language material and a Korean language teachers' in-service program in 2004.
- We have also provided financial support for Korean studies in the University of Sydney, the Australian National University, the University of Queensland and so forth.

D. Inviting eminent Australians to Korea

- The Korean government invites opinion leaders in various fields to visit and experience Korea every year.

E. Promoting trade, investment and tourism between the two countries

- We regularly organise the Korea Investment Road Show to attract Australian investment into Korea, the Korean Products Exhibition and Trade Mission to promote bilateral trade, and the Korea Tourism Show in major cities in Australia.
- Sydney and Melbourne Offices of KOTRA conduct a variety of activities including hosting about 20 Korean trade and investment missions into Australia annually.

Question 3) Oceanis Holding Limited owns and operates an aquarium in Busan. In their submission to the Committee, Oceanis notes the challenges of overcoming the “cultural divide” in the ROK in order to be successful. (p 2 Oceanis submission) What advice would you give to an Australian company setting up in Korea in relation to overcoming this “cultural divide”?

It is natural that every country has its own history and a unique cultural background and it is generally accepted that there are cultural differences rather than cultural divides between nations. Therefore, we consider the 'glocalisation strategy' is essential for multinational enterprises to be successful in a diverse world market. Named by British Professor John Dunning, this strategy requires simultaneous globalisation and localisation to achieve results.

For example, Macquarie Bank's business in Korea is a model case which has achieved a successful 'glocalisation'. The bank adopted a strategy to localise in the area of human resources and business cultures. The bank now sources about 250 staff locally and enjoys successful partnership relations with many of the Korean large banks, including Shinhan Bank. This gives Macquarie decisive advantages over other foreign investment banks. Macquarie Bank has also been quite successful in taking advantage of the dynamic nature of the Korean market, and capturing the niche market without interfering with the existing business interests of Korean local banks. The strategy has led the bank to become one of the largest foreign investment banks in Korea within the short period since it entered the Korean market in 1996.

We understand that Oceanis Holding Limited has also been quite efficient in managing the issue of cultural differences in its business in Korea, as evidenced by the company's commendable achievement since its investment.

Question 4-1) Would you elaborate on the following issue that was mentioned in your submission: Complaints of "troublesome" and "strict" immigration procedures upon arrival in Australia.

The statement that 'immigration procedures upon arrival in Australia are troublesome and often too strict' is based on the complaints filed by some Korean travelers on their arrival in Australian airports. Such complaints have been mainly against the intrusive nature of interviews and inspections by immigration officers in the process of immigration clearance. In some cases the interviews have lasted 2-3 hours. Others have complained of the authoritative attitudes of interviewers. Some disturbing interview sessions involving a Korean woman have also been aired through a recent T.V. program called Border Control.

126 Koreans were refused entry at Australian airports in 2003-4, and the Korean government considers this quite a big number, even though the ratio is fairly low out of the total number of Koreans who arrived in Australia (about 240,000) in the same period. Many who were refused entry argue that their purpose of entry was consistent with the visa they held, but the immigration officers misunderstood it.

It is likely that in the process of immigration clearance, many of the complaints and misunderstandings took place partly as the result of the language barrier or cultural differences between Korean nationals and the immigration officers.

In most Australian airports, only telephone translation services are currently available. If any officer, who has a high proficiency in the Korean language and has an in-depth understanding of the Korean people and Korean culture as well, would be involved in these inspections, then such complaints and misunderstandings could be reduced.

Question 4-2) Would you elaborate on the following issue that was mentioned in your submission: The length of the Australian anti-dumping review process.

In its submission (No 19) Australian Customs Service(ACS) argues that the impact of anti-dumping (AD) activity is very low because anti-dumping duties collected on Korean imports in 2003-2004 were \$2.4 million, compared with a total value of Korean imports for 2003 of \$4.7 billion.

This argument was also quoted during the public hearing on 31 August 2005 by Mr. Peter Baxter, First Assistant Secretary, Department of Foreign Affairs and Trade.

The ACS's argument appears to be somewhat disappointing since we believe it lacks in-depth analysis of the anti-dumping measures.

First, it is not a comparison of like with like. The total value of Korean imports covers many goods not produced in Australia, which cannot be subject to AD measures including many of Korea's major export items - mobile phones, televisions, plasma and LCD screens, microwave ovens, just to name a few.

Secondly, needless to say, it is quite natural that the amount of anti-dumping duties collected on Korean imports should be relatively small because Australia's anti-dumping measures cause a decrease of Korean imports subjected to the measures.

Further, the professionals from ACS neglect the *trade chilling effects* of anti-dumping investigations as well. The anti-dumping investigation itself, regardless of whether its final outcome is a finding of dumping or not, causes considerable adverse impact on Korean exports because Australian importers who pay anti-dumping duties delay their decision until the investigation is completed.

For example, Korean refrigerator exports to Australia that were found not to have been dumped in June 2005, decreased by 8.1% during the first seven months of 2005 since the anti-dumping investigation was initiated on 31 December 2004, while its export before the initiation enjoyed a growth of 34.2% in 2003 and 19.5% in 2004 respectively.

The *trade chilling effects* on exporters become more serious if the AD investigation procedures are delayed arbitrarily. One of the most serious problems in Australian AD legislation is that there is no time limit for the Australian Minister to make a final decision, which causes uncertainty and delays. The Minister is at liberty to make his decision at any time after the ACS's recommendation is submitted to the Minister.

This is particularly evident when we compare the lapse of time after which the Minister decides not to impose dumping duties with the lapse of time after which the Minister decides to impose dumping duties.

For example, in the Korean washing machine case, from the time the Minister received the report and recommendations from ACS on 31 January 2003 not to impose anti-dumping measures on a major Korean exporter of washing machines, it took over eight months before the Minister published his decision on 17 September 2003 not to impose anti-dumping duties. This is almost three months longer than the ACS's normal investigation period of 155 days.

However, when the ACS's recommendation following its re-investigation was to impose anti-dumping measures on the Korean exporter, it took the Minister only eight days to impose measures. Again, when the ACS reported to the Minister that its review of the anti-dumping measures found that no Korean exporter was exporting washing

machines at dumped prices, it took the Minister another five months to reduce the anti-dumping duties to zero.

The total AD investigation period on Korean washing machines took almost 3 years.

In order to prevent a *trade chilling effect*, Article 5.10 of the WTO Anti-Dumping Agreement stipulates that AD investigations shall, except in special circumstances, be concluded within one year, and in no case more than 18 months, after their initiation.

The impact of anti-dumping activity is very high, not very low as suggested by the ACS. Indeed the ACS comparison is meaningless. It is not a reliable measure of anything.

In addition, despite ACS's claim that Australian legislation provides a sunset provision allowing anti-dumping measures to lapse after 5 years, the Korean government is concerned that some anti-dumping measures are possibly being used as a protectionist device.

For example, the AD measure on Korean EPS (Expandable Polystyrene) has been imposed since 1992 and will continue until 2007 and the AD measure on Korean PVC (Polyvinyl chloride homopolymer resin) has been imposed since 2000 and will continue until 2010. This shows that Australian domestic industries producing these products cannot recover their competitiveness in spite of protection by such AD measures for 15 and 10 years respectively.

It is our firm view that the AD measures should be implemented fairly and transparently and it should not be used as a protectionist device. We therefore expect the Australian government to make more efforts to secure fairness and transparency of AD investigations

Related to this, the introduction of a national interest test as suggested by the Australian Korean Business Council's (AKBC) submission (No17), (i.e. it must be in the national interest to impose anti-dumping measures) would be a good thing as it would provide greater transparency and fairness in the imposition of dumping duties. It would require taking into account all parties affected by the imposition of dumping duties (e.g. end-users, consumers, etc.) and not just the Australian industry.

2. Response to the comments by the QLD government and DIMIA

Labeling of Organic Beef Issue raised by the Queensland Government (regarding the comments by the Queensland Department of Primary Industries and Fisheries on pages 75-76 of the Public Hearing transcript on 31st August 2005)

The issue on the labeling of 'organic beef' in Korean for the beef products from Queensland raised by the Queensland Government is under consultation between the National Agricultural Products Quality Management Service (NAQS) in Korea and the Australian Embassy in Korea.

The Korean Government allows the foreign agencies in charge of the certification system for organic products to apply for accreditation by the NAQS and the organic products from overseas can be accredited by the NAQS if they satisfy the requirements set by the NAQS. In this sense, it is not reasonable to say that there exists a non-tariff barrier on this issue. The Australian Embassy in Korea requested the Ministry of Agriculture and Forestry to recognise seven certifying organisations in Australia, which are accredited to issue certificates of exported organic products in July last year.

Since this is the first case that the Korean Government have received from a foreign agency on recognising certified organic products from overseas, the NAQS is closely looking at making a detailed standard operating procedure on the recognition.

The visa assessment levels for Korean students (Regarding the comment by DIMIA on pages 61-62 of the Public Hearing transcript on 31st August 2005)

In regard to Mrs. Louise Smith's comment, "Similarly, students are accorded a very low assessment level in the student visa assessment level framework. It is at assessment level 1 and assessment level 2, which are the two low-risk categories," the Korean government and Korean students differ from her position.

The current assessment levels for visa processing of Korean students are quite high, such as 3 for Vocational Education and Training (VET), 2 for ELICOS (English

Language Intensive Courses for Overseas Students), Schools, Higher Education and Non-Award, and 1 only for Postgraduate Research. They are also considerably high compared with those for students from other countries. For the students of Japan, Malaysia, Singapore, Poland, and Portugal they are all 1s, while for Taiwanese students they are all 1s, except for two 2s in Schools and VET. (Cf the table of Student Visa Processing-Assessment Levels, the DIMIA website as of 12th July 2005).

If DIMIA would downgrade each assessment level by one step, it would encourage a lot more Korean students to apply for Australian student visas, thus leading to a substantive increase in Korean students in Australia.

The End

STUDENT VISA PROCESSING – ASSESSMENT LEVELS

NOTE: All passports not listed below are Assessment Level 3 (except in subclass 576).

Passport held	Visa Subclass							576 AusAID/ Defence
	570 ELICOS	571 Schools	572 VET	573 Higher Education	574 Postgraduate Research	575 Non Award	576 AusAID/ Defence	
Andorra	1	1	1	1	1	1		
Argentina	2	2	2	2	2	2		
Austria	1	1	1	1	1	1		
Bahamas	2	2	2	1	1	2		
Bahrain	2	2	2	2	2	2		
Bangladesh	3	3	3	3	3	3		
Barbados	2	2	2	1	1	2		
Belgium	1	1	1	1	1	1		
Bhutan	3	3	3	3	3	3		
Botswana	2	2	2	2	2	2		
Brazil	2	2	2	2	2	2		
Brunei	1	1	1	1	1	1		
Burma (Myanmar)	3	3	3	3	3	3		
Cambodia	4	4	4	4	4	4		
Canada	1	1	1	1	1	1	all	
Chile	2	2	2	2	2	2		
China (excl. SARs and Taiwan)	4	4	4	4	4	4	576	
Colombia	2	2	2	2	2	2		
Cuba	2	3	3	3	3	3	travel	
Cyprus	2	2	2	2	2	2		
Czech Republic	2	2	2	2	2	2	documents	
Denmark	1	1	1	1	1	1		
East Timor	2	2	2	2	2	2	are	
Ecuador	3	3	3	2	3	3		
Egypt	2	2	2	2	2	2	Assessment	
Estonia	2	1	1	1	1	1		
Fiji	3	3	4	3	3	3	Level 2	
Finland	1	1	1	1	1	1		
France	1	1	1	1	1	1		
Germany	1	1	1	1	1	1		
Ghana	3	3	3	3	3	3		
Greece	1	1	1	1	1	1		
Grenada	2	2	2	2	2	2		
Guam	2	2	2	2	2	2		
Hong Kong SAR	2	2	1	1	1	2		
Hungary	2	1	2	2	2	1		
Iceland	1	1	1	1	1	1		
India	3	3	4	3	3	3		
Indonesia	3	2	3	2	2	3		
Iran	3	3	3	3	3	3		
Ireland	1	1	1	1	1	1		

15th July 2005

Passport held	Visa Subclass						
	570 ELICOS	571 Schools	572 VET	573 Higher Education	574 Postgraduate Research	575 Non Award	576 AusAID/ Defence
Israel	2	3	2	2	2	2	
Italy	1	1	1	1	1	1	
Japan	1	1	1	1	1	1	
Jordan	3	3	3	3	3	3	
Kenya	3	3	3	3	3	3	
Kiribati	3	3	3	3	3	3	
Korea, Republic of	2	2	3	2	1	2	
Kuwait	2	2	2	2	2	2	
Laos	4	3	3	3	3	4	
Latvia	2	2	2	2	2	2	
Lebanon	4	4	4	4	4	4	
Liechtenstein	1	1	1	1	1	1	
Lithuania	2	2	2	2	2	2	
Luxembourg	1	1	1	1	1	1	
Macau (SAR)	2	2	2	2	2	2	
Malaysia	1	1	1	1	1	1	all
Maldives	3	3	3	3	3	3	576
Malta	1	1	1	1	1	1	travel
Mauritius	3	3	2	2	2	3	documents
Mexico	2	2	2	2	2	2	are
Monaco	1	1	1	1	1	1	Assessment
Mongolia	3	3	3	3	3	3	Level 2
Nauru	3	3	3	3	3	3	
Nepal	3	3	4	3	3	3	
Netherlands	1	1	1	1	1	1	
New Caledonia	2	2	2	2	2	2	
New Zealand	2	2	2	2	2	2	
Nigeria	3	3	3	3	3	3	
Northern Mariana Islands	2	2	2	2	2	2	
Norway	1	1	1	1	1	1	
Oman	2	2	2	2	2	2	
Pakistan	4	4	4	4	3	4	
Papua New Guinea	2	2	2	2	2	2	
Paraguay	2	2	2	2	2	2	
Peru	2	2	2	2	2	2	
Philippines	3	3	3	3	3	3	
Poland	1	1	1	1	1	1	
Portugal	1	1	1	1	1	1	
Puerto Rico	2	2	2	2	2	2	
Qatar	2	2	2	2	2	2	
Romania	2	2	2	2	2	2	

Passport held	Visa Subclass						576 AusAID/ Defence
	570 ELICOS	571 Schools	572 VET	573 Higher Education	574 Postgraduate Research	575 Non Award	
Russian Federation	3	3	3	3	3	3	all 576 travel documents are Assessment Level 2
Samoa, Western	3	3	3	3	3	3	
San Marino	1	1	1	1	1	1	
Saudi Arabia	2	2	2	2	2	2	
Singapore	1	1	2	1	1	1	
Slovak Republic	2	2	2	2	2	2	
Slovenia	2	2	2	2	2	2	
Solomon Islands	3	3	3	3	3	3	
South Africa	2	2	2	2	2	2	
Spain	1	1	1	1	1	1	
Sri Lanka	3	3	4	3	3	3	
St Kitts-Nevis	2	2	2	2	2	2	
St Lucia	2	2	2	2	2	2	
St Vincent & Grenadines	2	2	2	2	2	2	
Sweden	1	1	1	1	1	1	
Switzerland	1	1	1	1	1	1	
Taiwan	1	2	2	1	1	1	
Tanzania	3	3	3	3	3	3	
Thailand	2	2	2	2	1	2	
Tonga	3	3	3	3	3	3	
Turkey	3	3	3	3	3	3	
Tuvalu	3	3	3	3	3	3	
United Arab Emirates	2	2	2	2	2	2	
United Kingdom							
- British Citizen	1	3	2	2	2	1	
- British National Overseas	2	2	1	1	1	2	
United States of America	1	1	1	1	2	1	
Uruguay	2	3	2	2	2	3	
Vatican City State	1	1	1	1	1	1	
Venezuela	2	2	2	2	2	2	
Vietnam	4	3	3	3	2	4	
Zambia	3	3	3	3	3	3	
Zimbabwe	3	3	3	2	2	3	