

**KOREA'S NEW PRESIDENT FACING
NEW CHALLENGES: "KOREA 747,"
"PRAGMATISM," "RECIPROCITY"
AND "NEW DIPLOMACY"**

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Executive Summary

On 25 February 2008, Lee Myong-bak of the Grand National Party (GNP) was sworn in as the 17th President of the Republic of Korea. Lee will lead the nation for the next five years (2008-2013).

The former CEO of Hyundai Corp. and former Mayor of Seoul, Lee is expected to bring hope to the distressed Korean people who have been devastated by the ten years of ideology struggle under the leadership of Kim Dae-jung (1998-2003) and Roh Moo-hyun (2003-2008).

Lee has promised to (1) solve the bread-and-butter issues for low- and middle-class citizens; (2) restructure the public sector and the government; (3) attract foreign investment and promote domestic investment; (4) reform education; (5) stabilize real estate prices; (6) fight corruption; (7) increase youth employment; and (8) improve welfare for senior citizens.

To achieve this, he will formalize his policies based on two key principles: pragmatism and reciprocity. His economic goal is to increase annual growth by 7 percent, double the per capita income to \$40,000, elevate the country to the world's seventh-largest economy and achieve an economic level equivalent to the world rank of G-7 through what is now dubbed as his "Korea 747" program.

In terms of foreign policy, pragmatism will rule. Korea's foreign policy will be national interest-oriented and will not be influenced by sentiments or nationalism. Korea's foreign policy under Lee's tenure will focus on multilateralism.

Lee aims to mend fences with the US and to forge a "future-oriented establishment". He believes that there is much to gain from a US-Korea alliance.

The Lee Myung-bak government will also seek to further strengthen bilateral ties with China. There is growing speculation that the bilateral relationship will be negatively affected as a result of prioritizing relations with the US.

Lee pledged to take a tougher but more pragmatic stance on North Korea, demanding more reciprocity from Pyongyang. This marks a major departure from the two previous administrations.

Lee has indicated his willingness to help North Korea in its “reforms, opening, 3000” plan on the provision that it freezes its nuclear development program. North Korea hopes to achieve per capita income of US\$3,000 within 10 years with this plan.

To realise these goals, Lee will need the strong support of the legislature, which is speculated to be dominated by his party in the coming general election on April 9, 2008. Recent polls show that the GNP will be able to secure the majority in the Assembly, thus forging a solid foundation for the new president’s vision and policies.