The global economy continues to change at an ever more rapid pace. Over the years, KIEP has continued to release advanced research findings and policy recommendations to swiftly respond to these changes and shine the light forward for the Korean economy. Here is a summary of KIEP’s achievements in 2020, as it opens the path to the post-COVID world through insightful research in economic policy.
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President's Message

Foreword to the 2020 KIEP Annual Report
The year 2020 was a highly exceptional year for us all. In response to worldwide spread of the novel coronavirus, the year began with a desperate struggle against a global pandemic of an unprecedented scale—a fight which continues today. The rise of protectionism, U.S.-China conflict and reorganization of global supply chains, and the COVID-19 pandemic led to non-traditional security crises and elevated uncertainty in the global economy. The situation called for urgent and preemptive response measures beyond the national level.

Tasked with the role of analyzing these rapid changes, the Korea Institute for International Economic Policy (KIEP) worked to formulate effective policies amid highly opaque conditions in the global economy. KIEP focused on identifying the significance of newly arising issues in global economy and trade, building on these analyses to formulate short- to long-term goals for the Korean economy and plans to cope with developments such as the worldwide spread of COVID-19 and its implications for the economy, international cooperation in the health sector, regime change in the U.S. and its competition for hegemony with China, the RCEP and multilateralism, the Korean New Deal policy, and various other issues in global regions and the finance sector. The Institute actively conducted policy advisory activities and hosted a wide range of forums despite the restrictions posed by the ongoing pandemic, also providing expert support for international negotiations by the government and international development cooperation projects.

The 2020 KIEP Annual Report outlines achievements made by KIEP to enable an active response by the Korean economy to these highly exceptional circumstances. Throughout the year the Institute communicated its insights on policies needed in the current environment and plans to further establish the Korean economy within the global situation, focusing on the national framework for an innovative and inclusive society, stronger safety measures against external risks, response to reorganization of the global trade order, further development of the New Southern and New Northern Policies and the New Economic Map Initiative for the Korean Peninsula, and promoting cooperation efforts with emerging regions.

The year 2020 also marked the thirtieth year of KIEP’s operations. Since its foundation, the Institute has dedicated itself to leading research on international economic issues and developing policy options for the Korean economy as it navigates shifting tides in the global economy. The Institute will continue to lead national research on international economic policy, supporting Korea to further establish itself as an advanced economy, and KIEP as an influential research institution of global standing. On behalf of all KIEP members, we sincerely thank you for your continued support and interest in our research efforts and development.

Dr. Heungchong Kim
President, Korea Institute for International Economic Policy
Major Issues in 2020

In the year 2020, momentous events such as the COVID-19 pandemic, U.S. presidential elections, and the rise of multilateralism had a major impact on the global economy. Throughout the year KIEP focused its capabilities on such key issues to present the Korean economy with effective response measures amid these changes in the global economy.

Major Events in 2020 for KIEP

In 2020, KIEP organized new task forces (TFs) on major issues such as COVID-19 emergency response measures for economic issues, multilateral cooperation, the Japanese export restrictions, and U.S.-China trade relations, enabling fluid collaboration between different departments and timely response capabilities.

Task Forces on Major Issues

In 2020, KIEP organized new task forces (TFs) on major issues such as COVID-19 emergency response measures for economic issues, multilateral cooperation, the Japanese export restrictions, and U.S.-China trade relations, enabling fluid collaboration between different departments and timely response capabilities.

1. **COVID-19 Emergency Economic TF**

   TF formed on March 18, 2020, and chaired by the Vice President, to effectively coordinate research on COVID-19 response measures. Global pandemic situations monitored and incorporated into ongoing studies.

2. **Multilateral Cooperation TF**

   TF formed on January 1, 2020, to promote response on issues in the area of multilateral cooperation, together with studies on global cooperation for COVID-19 response measures, the Korean New Deal, etc. Later reorganized into the Global Cooperation Strategy Team under the Center for International Development Cooperation at KIEP.
Over the year, KIEP hosted public forums on four major policies implemented by the government, utilizing these forums to review policy achievements together with the government, develop additional policy options, and contribute to a public consensus.

1. **KIEP New Economic Forum for the Korean Peninsula**
   - Held in joint with the National Unification Advisory Council, marking the 20th year since the June 15 Joint Declaration by the two Koreas and 70th year of the Korean War, to explore the political situation in Northeast Asia surrounding North Korea and approaches to resolve stalemate between the two Koreas.
   - [JUN 18, 2020]

2. **KIEP New Southern Policy Forum**
   - Following the announcement of the New Southern Policy Plus (NSP Plus) at the Korea-ASEAN summit in November 2020, officials serving on the presidential committee on the New Southern Policy or at the Ministry of Foreign Affairs, and various other experts, were invited to discuss the background leading up to the NSP Plus and related policy tasks.
   - [NOV 27, 2020]

3. **KIEP New Northern Policy Forum**
   - Anticipating changes in relations between the U.S., China and Russia following President Biden taking office in the U.S., having an impact on the strategic environment in Northeast Asia, experts in the field, from the Presidential Committee on Northern Economic Cooperation, etc., were invited to examine the current state of relations between the U.S., China and Russia and identify significant implications for Korea’s New Northern Policy.
   - [DEC 1, 2020]

4. **KIEP Trade Strategy Forum**
   - Grounded upon impact analyses of structural changes in international trade due to the rise of the Chinese and Vietnamese economies, and in particular how this has affected the Korean labor market, government officials from the Ministry of Trade, Industry and Energy and experts in related areas were invited to discuss improvement measures for Korea’s trade policy and labor security.
   - [DEC 17, 2020]
Contributions to National Policy Tasks

Research and Projects on 4 Major National Tasks and 7 Major Policy Areas

1. Implementation of the New Economic Map for the Korean Peninsula and Economic Unification

2. Forming a Northeast Asia+ Community of Responsibility

3. Stronger Economic Diplomacy and Development Cooperation to Promote National Interests

4. Response Measures to Trade Protectionism and Strategic Economic Cooperation

5. Concrete Achievements toward the New Northern Policy and New Economic Map for the Korean Peninsula

6. New Strategy Approaches to China

7. Promotion of Cooperation Base with Emerging Regions

1. Establishing Framework for an Innovative and Inclusive Nation

2. Stronger Safety Measures for International Risks

3. Response to Continued Unilateralism and Reorganization of Global Trade Order

4. Further Advancement of the New Southern Policy

5. Promotion of Cooperation Base with Emerging Regions

6. New Strategy Approaches to China

7. Concrete Achievements toward the New Northern Policy and New Economic Map for the Korean Peninsula
Beginning with "Spread of Pneumonia of Unknown Causes from China and Response Measures (Jan. 15),” the first official report in Korea on the COVID-19 pandemic, KIEP organized its own task force on COVID-19 emergency economic response on March 18, and over the year released 267 regional situation reports on its homepage, published 37 policy analyses and recommendations, provided the government with 12 analyses, and held multiple seminars on response measures for the global pandemic.

KIEP formed a Multilateral Cooperation TF on the first day of the year, and adjusted its organization to support the Korean New Deal and other government policies, newly forming the New Trade Strategy Team (Digital New Deal) and Global Cooperation Strategy Team (Green New Deal) on July 13. Over the year, KIEP participated at the MOTIE conference on digital industry and trade, produced promotion videos on the Green New Deal, and held a seminar on the Regional Balanced New Deal.

Released timely analyses on the U.S. presidential election and presented Office of the Prime Minister with reports on important developments, also attending government meetings to provide policy references
* Analysis on major candidates (Feb. 3)
* Determination of Democratic candidate (Sep. 11)
* Analysis of U.S. presidential elections (Oct. 19)
* Forecast on economic policies under Biden administration (Nov. 6)

With U.S.-China trade disputes developing into a struggle for tech supremacy (Huawei issue, etc.), KIEP released the report “Study on U.S.-China Competition for Technology Hegemony and Implications” and formulated response measures through its Task Force on U.S.-China Trade Relations and study group on global strategy.

Over the year KIEP closely cooperated with the government on various trade issues, such as the deputy minister for FTA negotiations running for secretary-general of the WTO, and the RCEP negotiations, releasing three issue papers, providing the government with expert analysis reports, and attending government meetings on related subjects.

Throughout the year of 2020, KIEP held 23 regular seminars on regional developments, delivering the 223 issues covered at the seminars to the Ministry of Economy and Finance, and presented updates on the KIEP World Economic Outlook for 2020 (May 12) and for 2021 (Nov. 12), reflecting the economic impact of COVID-19.
Summary of Major Achievements

Publishing and Dissemination of Research Findings

65 research titles
11,505 copies released

8 research titles
2,472 copies released

EAER (quarterly journal)

4 periodicals
1,044 copies released

Analyses of Current Issues (Korean)

70 papers
185,150 copies distributed (online)

Analyses of Current Issues (English)

64 papers
162,500 copies distributed (online)

Research Reports (Korean)

Research Reports (English)

KIEP Policy Analyses and Recommendations

Periodicals

Non-Periodic Reports

Issue Papers

World Economy Today 31
KIEP World Economy Focus 39
Policy Research Briefing 22
KIEP Basic References 12
KIEP Beijing Office Briefing 2
Korea-China Economic Focus 2
World Economy Brief 38
KIEP Opinions 26

unit: papers
Summary of Major Achievements

Dissemination of Research Findings

Operation of SNS Channels

- Facebook: 213 posts, 6,630 followers, up 646% over previous year
- YouTube: 90 posts, 2,242 followers, up 1,444% over previous year
- Blog: 168 posts, 170,577 visitors, up 62,177% over previous year
- Instagram: 51 posts, new channel

New Media Contents

- Current Issue Analyses, Card News Format: 15
- “Economic Terms” and “World Economy in Numbers”: 15
- “Global Economic Issues” Cartoons*: 45

*Provided to 45 middle and high schools in Sejong as learning materials, and distributed to major libraries for general public use.

Videos

- 12 Live Seminar Broadcasts (Webinars)
- 01 Contact-less Forum Live Studio
- 24 “Global Issue Briefing” Videos Produced
- 12 Policy Analyses Produced/Released in Video Format
- 03 Online Lecture Contents by KIEP President/Researchers

Customer Feedback

Promotion Events for SNS Subscribers, etc.: 9
Summary of Major Achievements

Stronger Media Relations

- In-House Media Training Sessions: 18 (7% from 2019)
- Press Conferences Held with MOSF Correspondents, etc.: 2 (1% from 2019)
- President Interviews and Media Contributions: 8 (8% from 2019)
- Press Invitational Online Seminars: 22 (14% from 2019)
- Reporters Added on Media Relations List through Networking: 14.7 (5% from 2019)

International Media Exposure

- KIEP President Featured in Foreign Documentaries, Media Interviews: 5 Cases
- Interviews with Foreign Media on Korea (VOA, RFA, etc.): 7 Cases
- International Seminars Hosted to Mark Relations with Foreign Nations: 3 Cases
- Daily Monitoring of Foreign Media Articles in English, Japanese, Chinese, etc.: Twice Daily
- Foreign Press Invited to International KIEP Events: 7 Cases
- TTCSP 2019 Global Go To Think Tank Index Report Ranked 1st in Asia for 5th Consecutive Year (“International Economic Policy” Category): 1st
- Continuous Basis
- English Leaflets Produced and Promotion Material Updated on Research Findings
Seminars & Conferences

[Year Total 46]

Human Resources

[Total 218]

Unit: Persons

- Ph.D Holders: 64
- Master’s Level: 88

Research Personnel: 152
Support Personnel: 65

29.9% Support Personnel
70.1% Research Personnel
2020

KIEP Achievements

• Research Projects Selected for Excellence
• Main Research Achievements
• Research-Oriented Projects
  • General Projects
• Major Research Projects in 2021
Research Projects Selected for Excellence
The Impact of Intellectual Property Protection through FTA on International Trade

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Minji KANG  Senior Researcher, Trade Agreement Team, International Trade Dept.

The WTO TRIPS Agreement, or Agreement on Trade-Related Aspects of Intellectual Property Rights, sets the standards for protecting intellectual property rights (IPRs) in global trade practices (a first of its kind). The agreement covers most of the matters regarding intellectual property rights and includes detailed provisions concerning the exercise of IPRs. However, many developed economies were unsatisfied with the level of protection the agreement could provide since it only included conditions agreed upon by all WTO members. As a result, many countries have added the so-called TRIPS-plus provisions within the IPR section of their free trade agreements: a trend that has been gaining popularity since the initial adoption of TRIPS.

This report aims to provide information that could be useful for the development of FTA-related policy directions. The report examines 1) the evolution of IPR protection instruments since the introduction of the WTO TRIPS Agreement and subsequent proliferation of FTAs, and 2) its impact on global trade.

After quantitative analysis of the level of intellectual property rights protection provided by various free trade agreements (inclusion of general provisions, implementation provisions, and TRIPS-plus provisions), the report finds that protection level and scope have improved. After evaluating the impact of those FTAs with high levels of IPR protection, the report considers that import and export volumes from countries that have concluded FTAs with stronger IPR protection provisions are growing more than those that did not.

Not many FTAs that the ROK has signed have provisions inducing trade partners to implement a more rigorous IPR protection. However, the level of IPR protection in most FTAs has steadily improved.

As Korea exports more intellectual property to a growing number of countries, there is a more robust demand for protecting and managing the country’s property rights in foreign markets. To this end, the report recommends the authority to set a goal to adopt a more robust IPR protection mechanism in free trade agreements that are being negotiated or planned for negotiation or revision.
Excellent Policy Analysis

U.S.-China Technological Rivalry and Its Implications for Korea

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Minsuk PARK  Senior Researcher, Chinese Economy and Trade Team, Chinese Economy Dept.
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The U.S.-China trade dispute has been going on since former president Trump’s decision to impose additional tariffs on Chinese imports in March 2018. At the core of the conflict lies a fierce race to gain the technological upper hand. Recent developments on the technological innovation front are changing the way we perceive security and global hegemony. Most of the significant technologies representative of the 4th Industrial Revolution - 5G, artificial intelligence, aerospace, quantum computing, have dual-use in civilian and military sectors. More investment in these technologies is expected to bring the country closer to economic and military power. This is why the U.S. is ever more cautious about the rise of China in those fields.

China has become the top-ranked country globally when it comes to international patents pending and research and development workforce. The Asian power surpassed the U.S. in 2014 in terms of innovation productivity measured by global patent statistics. Washington blames China for the illegal and unfair appropriation of American technologies used to undermine national security and interest. The US government introduced more substantial trade and investment regulations targeting Chinese tech firms. And as a response, China has taken a few measures on its part including maintenance of its legal system, correction of industrial policies, and strengthening its technology development capacity.

A global environment free of conflict between the U.S. and China would be ideal for Korea’s diplomacy and economic growth. However, the U.S.-China decoupling and their race for technological hegemony are likely to continue for quite some time due to several unfavorable factors: China’s unfair trade practices, the growing anti-Chinese sentiment among U.S. politicians in both parties since the outbreak of Covid-19 pandemic and subsequent institutionalization of the conflict, and Beijing’s hard-line stance. Given Korea’s situation, it would be better to closely monitor the negative impact that a more robust and more comprehensive U.S. sanction may have on its economy than just expect to benefit from the U.S. sanctions against China. The U.S. has recently stepped up its trade regulations on Chinese imports, even hinting at a possible financial penalty. Ironically the more Washington put pressure on China, the faster Beijing would localize technology development. Korea finds itself when it requires long-term and workable national strategies in science and technology, industry and economy since China is now capable of surpassing the ROK shortly in almost all technology sectors.

As the decoupling between the U.S. and China deepens, there may be more pressure on both countries to choose one next move over the other. Recent developments in U.S.-China relations suggest that we live in an era where only countries that could maintain their innovation competencies may gain respect in the global market and make the most of any cooperative business opportunities with other nations.
Korea’s trade with China and Vietnam rapidly gained pace coming into the 2000s, mainly due to the rapid development of these economies. This change in trade structure is likely to have had a significant impact on the labor market of Korea, which is highly dependent on international trade, but as of yet the issue has not been the subject of comprehensive study. Recognizing this gap in research, this study aims to analyze the impact that changes in trade structure caused by the rise of the Chinese and Vietnamese economies have had on employment in Korean industries and occupations, and how this has impacted workers’ income and employment security. Based on the results of these analyses, the study concludes with policy implications.

The major findings of the study show that the increase in imports from/exports to China and Vietnam from 2003 through 2018 has caused significant changes in Korea’s manufacturing employment by industry and occupation. Specifically, the employment declined in industries that are more exposed to import competition from China and Vietnam, while the employment increased in industries with large export growth to China and Vietnam. The fact that not only imports from but also exports to China and Vietnam rose sharply in Korea partly explains why Korean manufacturing employment rebounded from the mid-2000s, unlike other advanced countries.

In addition, we find a general tendency throughout the manufacturing industry where the share of management-related office jobs and low-tech production jobs increased, whereas the share of middle-skilled production jobs decreased. The fact that this tendency is found in import-competing industries as well as export-increasing ones suggests that the former not only reduces overall employment but changes the composition of workers’ occupations qualitatively in response to the increased import competition from China and Vietnam.

The changes in the employment structure caused by the trade shock from China and Vietnam further widened the gap of earnings and employment security among manufacturing workers in Korea. Specifically, the earnings of workers in industries that benefited from the increase in exports to China and Vietnam were found to rise significantly over 10 years, while the workers in import-competing industries experienced a lower growth rate in earnings and higher possibility of involuntary job displacement for the same period.

Based on the above findings, this study recommends for monitoring of trade structures from a mid- to long-term perspective, and the establishment of supplementary policies; customized trade adjustment policies from the workers’ level; monitoring of employment situations by profession, and stronger support measures in this area; and support policies tailored to promote exports in specific nations, with a focus on industries where SMEs are competitive.
Excellent Policy Reference

A Survey of Digital Tax

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The report identifies the latest trend in the international discussion on the introduction of digital services tax among the OCED/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), and the E.U. member countries, reviews the literature on the economic impact of multinational firms’ tax avoidance practices and makes proposals for future research directions.

The critical points of the “Two-pillar approach” discussed at the OCED/G20 include 1) the allocation of some profit from multinational corporations to consumers’ and users’ countries using a predetermined formula and 2) imposing taxes following local tax systems when multinationals tax burden is below a minimum level of effective taxation. As the discussions on corporate tax reform stalled, many European countries have been independently introducing digital services tax targeting digital enterprises with annual profits higher than a certain threshold.

Previous papers find that increased corporate tax rates differentials between home and a tax haven would raise subsidiaries’ profits. But the magnitudes become lower as the quality of data and methodology improve. They also report the evidence of manipulation of transfer price and relocation of intellectual property to a tax haven based on tax rates differentials between home and a tax haven. According to papers that analyzed the impact of tax avoidance on price, output, and consumer welfare, welfare increases with tax avoidance in countries with a high tax rate. Meanwhile, it tends to decrease in countries with a low tax rate. An increase in the corporate tax rate, however, generally harms firms’ productivity, investment, and innovation. Some studies have reviewed digital tax with a focus on online platform providers in two-sided markets. Among those, one study analyzed the impact after considering the changes in inducement factors for platform users (indirect network effect). The study looked into the changes as platform users fluctuated when taxes were imposed on the platform provider in two-sided markets. The platform company would respond to tax by reducing the price on one side when the market shows a significant indirect network effect. Recent studies show that the impact on the platform’s pricing and fiscal revenue of taxing a two-sided platform varies depending on the magnitude of the indirect network effect.

The paper concludes with suggestions for future research direction. It will be worthwhile to explore avenues like tax incidence, investment effects of digital tax, impact analysis at the industry level, trade conflicts arising from introducing digital services, and changes in international standards for the digital economy.
A Study of the Economic Impact of the International Spread of COVID-19

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Since the first case of COVID-19 was reported in China, the virus has been spreading across Asia, the E.U. and the U.S. In a media briefing held on the 11th of March 2020, the Secretary-General of the World Health Organization made it official as a pandemic outbreak, the highest risk class in its infectious disease warning system.

The report analyzes several aspects of the global spread of the COVID-19 pandemic has on the economy. Firstly, a macroeconomic impact analysis of possible COVID-19 scenarios shows an estimated range of 0.51-1.02 percent decrease in Korea’s real gross national product for different levels of seriousness (impact on the global economy, the U.S., and China shows increases of 0.57-1.13%, 0.36-0.72%, and 0.91-2.03%, respectively). Secondly, with the further spread of COVID-19, major global exporters including Korea, may not escape from weaker demand in intermediate and capital goods. At the early stage of the new swine flu outbreak in the U.S. (from April to August 2009), total import volume decreased 13.1% from the same period before the pandemic, while imports from Korea fell 11.4%, in which intermediate goods (including capital goods) accounted for most of the fall in imports. Slower demand for imports due to the COVID-19 pandemic is expected to continue before the vaccines are developed and supplied. Thirdly, the pandemic affects exports in tourism and transport services. Other factors include decreased foreign student enrollment, delayed entries, and a limited supply of specialized services, whose impact is expected to slow global service exports. Fourthly, despite some commodity and service trades has increased thanks to booming e-commerce, the adverse ripple effect that COVID-19 had on the domestic economy was extensive - affecting many sectors such as food, wholesale, retail, tourism, leisure, transportation, warehousing, and accommodations services.

International organizations and institutions, including the OECD, are pressing governments to take measures that may mitigate the economic impact of the pandemic. Firstly, in consideration of a prolonged period of week global demand and shortages in import of intermediate goods, countries are required to strengthen their social safety net including special support programs for SMEs, small business owners, the unemployed, workers on a temporary break, and low-income households, or financial assistance to businesses and households vulnerable to the impact. Secondly, close monitoring is recommended for vulnerable export items and industries that are expected to be directly affected by the COVID-19 crisis. Thirdly, international support and cooperation are required to minimize the economic impact of the pandemic.
Excellent Issue Analysis Report

The European Green Deal: Policy Implications for Korea’s Green New Deal

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This study compares the Green Deal proposals announced by the European Commission in December 2019 to the Green New Deal policy announced by the Republic of Korea in July 2020. The two approaches have differences in their details and long-term road-maps while being similar in that both are basically environment policy/new growth strategy. The report produces insights for a successful implementation of the Korean Green New Deal by focusing on the similarities and differences of the policies.

Building on previous environmental policies, the European Green Deal was announced as a more comprehensive policy plan that proposes carbon neutrality by 2050 by reducing carbon emissions in such sectors as energy, industry, construction and transport. It has clearly defined the E.U.’s role in international relations, trade and development cooperation to respond to the climate crisis on a global level and reiterated the need for support to regions or individuals that were alienated in the course of the green policy shift.

The Green New Deal program, Korea’s own New Deal policy, was proposed as a countering measure to the employment crisis and economic slowdown created by the COVID-19 pandemic. The government announced its plan to shift to green infrastructure, promote green energy, and nurture green industries with a dual goal of job creation and transition to an eco-friendly economy. To this end, it has proposed 7 national projects: green remodeling, green energy, eco-friendly future mobility, green & smart schools, digital twin, digitalization of SOC, smart and green industrial complexes.

This report suggests the following 4 policy Implications we could learn from the EU Green Deal’s experiences.

Firstly, the government needs to present more ambitious and clear policy goals including its ‘carbon neutrality target deadline’, and reach a social agreement with all the parties concerned. The administration has in fact, proposed a bill to the National Assembly after the related report was made public announcing its goal to meet the carbon neutrality target by 2050. Secondly, integrating environment policies that were implemented individually into the Green New Deal program is worth consideration. Among those, it may be especially beneficial to enforce policies such as reducing carbon footprint via energy transition and resource recycling with other Green New Deal programs. Thirdly, the government should engage all parties of interest and induce policy support by providing assistance to regions and members of society that are being alienated in the green transition process. The report also presents measures to include new goals of fair transition in social safety net strengthening part of the Green New Deal. And lastly, diplomacy, trade, and development cooperation policies must be linked to the government’s environmental initiative. The Green New Deal’s individual tasks should be expanded through international cooperation efforts to lead to technological joint ventures and exports to new foreign markets.
As a natural-resource-dependent economy where its mining industry accounts for 24 and 80 percent of its gross domestic product and export, respectively, Mongolia is prone to external shocks such as fluctuating commodity prices and slow demand from its trade partners. Ulaanbaatar has developed an industry portfolio diversification plan as a national initiative by nurturing the country’s manufacturing sector. Despite robust livestock resources, Mongolia’s value-adding capacity is limited mainly due to its underdeveloped livestock processing industry and domestic processing industry’s low market share. The government is trying to grow livestock product processing as a core industry in its light industry sector.

The government’s basic strategies regarding livestock product processing are to develop an industry of high added value, import-substitution, and export orientation by increasing the country’s livestock processing capacity. Vision 2050, the long-term plan announced last year, identifies heavy and light industries and food manufacturing among the 6 major sectors that would have development priority. Vision 2050 includes plans to advance the cashmere and other product processing capability within the livestock product sector and promote export.

Mongolia is looking forward to work with other nations that possess the capital, know-how, and technology required to help the country develop livestock product processing capacity with advanced infrastructure investment and technology transfer. Its trade partners, especially China, Italy, and Japan, are vying for stronger cooperation with Mongolia. Mongolia is working with China in safety control cooperation, the construction and management of processing plants required to open trade of meat and processed food products, Italy in cashmere processing technology support, and Japan in the training of business experts via private sector cooperation.

Although Korea’s presence in Mongolia as a direct investor is limited, the government has recently selected the Central Asian country as a hub partner for cooperation in its New Northern Policy to promote economic cooperation. Korea plans to support high-tech domestic SMEs’ entry into the Mongolian market in line with Mongolia’s desire to develop its manufacturing sector and advance import substitution.

Given the current state of bilateral demand for cooperation, the livestock processing sector seems to have the most potential for future collaboration. With the cooperation needs in Mongolia and Korea’s strong points in mind, the government needs to formulate a creative and workable cooperation strategy after reviewing examples of cooperation Mongolia had with its neighboring countries. Korea needs to consolidate the foundation of economic cooperation by establishing a platform (1.5 Track consultative group) that would help government-level cooperation result in private sector investments and building on various joint projects in infrastructure investment, technology transfer, and training assistance. Mongolia is benefiting from suspended tariffs from Japan and the E.U. on significant export items including livestock and processed products under Economic Partnership Agreement and as a GSP+ beneficiary. A strategic approach is needed since the U.S. is considering passing a bill that would exempt any duty on Mongolian cashmere products allowing the possibility of bypass export via a third country.
Excellent Issue Analysis Report

**Current Situation of Pneumonia Originating in China and Response Measures**

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Jinhee PAK  Senior Researcher, China Region and Strategy Team, Center for Area Studies

On January 9, 2020, the Chinese Government identified an unknown pneumonia pathogen spreading across Wuhan in Hubei province as a new coronavirus. The subsequent death of a pneumonia patient in Wuhan and a growing number of infected cases raised concerns that the new virus could spread as the SARS pandemic did in 2003.

As several cases where people returning home to Wuhan from Hong Kong and Thailand showed symptoms of pneumonia, neighboring countries introduced tighter control on the pandemic. The World Health Organization called for a cautious approach in dealing with new pneumonia that led to multiple and simultaneous outbreaks worldwide.

The discovered virus is a new pathogen that is likely to cause severe respiratory infections similar to SARS and MERS.

At the early stage of the outbreak in 2003, most of the SARS cases (91.9%) were reported in China, Hong Kong, Taiwan, and Macau. However, due to advanced transport systems and deepening global networking, the virus spread across the World faster than anticipated with fatality rates of 14.3-15.5% - first to neighboring countries of Singapore, the Philippines, and to countries relatively far away such as Canada where 250 patients were reported. Countries sharing borders with China were economically affected by the SARS - Hong Kong near Guangdong province where the SARS outbreak originated, a total of 1,755 patients were infected with a fatality rate of 16.9% resulting in 1.7 billion dollars of social damage, while Singapore is estimated to have its GDP growth in 2003 slashed by 1-1.5% points. Tourism also took a blow with the end of an upward trend that continued since 1999 - in 2003, the annual inbound traffic volume declined by 180,000 year-on-year.

Neighboring countries are making an all-out effort to prevent the further spread of the new coronavirus, primarily as the Chinese Spring Festival, the country's biggest holiday season, draws near. Korea needs to closely monitor the situation unfolding in China and check the inter-governmental cooperation channels. The ROK government has fought and won against a pandemic: to prevent SARS infections, it has taken strict quarantine measures and worked closely with researchers in private institutions. The government needs to build on these experiences, review the SARS prevention measures and quarantine practices of the past, establish a channel to share related information with Beijing, and consult with the Chinese counterpart.
International Macroeconomics

Close monitoring and insightful analysis of trends in the global economy and international financial markets to present a stable growth path for the Korean economy within the new international economic order.

International Macroeconomics Team

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* Organization structure as of Aug. 31, 2021.


Policy Analyses

**Structural Factors Behind Foreign Exchange Rate and Current Account Balances And Policy Directions**

Minsoo HAN, Sungbae AN, Hyosang KIM, Subin KIM, Jinhee LEE, Soyoung KIM, and Ju Hyun PYUN
2020-12-30

**Korea’s Macroprudential Policies for Cross-border Capital Flows: Accomplishments and Road to Improvement**

Sungbae AN, Tae Soo KANG, Kyunghun KIM, and Eunjung KANG | 2020-12-30

**A Study on Credit Supply, Economic Growth and Financial Crisis**

Hyosang KIM, Sangyup CHOI, Da Young YANG, and Yuri KIM | 2020-12-30

**Determinants of Foreign Security Investment: Focusing on Interest Rates and Exchange Rates**

Deok Ryong YOON, Wonho SONG, and Jinhee LEE | 2020-12-30

**East Asian Regional Financial Cooperation: Visions and Challenges**

Deok Ryong YOON, Sungbae AN, Hee-Yul CHAI, Yeongseop RHEE, and Woosik MOON | 2020-12-30

Policy Reference

**The Determinants of Return on External Assets**

Hyosang KIM, Da Young YANG, and Soyoung KIM | 2021-02-26

Working Paper

**Global Financial Imbalance: Firm-level Evidence from Korea**

Tae Soo KANG, Kyunghun KIM, and Yuri KIM | 2020-05-15
International Trade

Analyzes key issues in the areas of the WTO, multilateral trade, FTAs, services trade, and searches for creative trade strategies and research measures to effectively respond to changes in global trade, investment and commerce.

International Trade Dept.

# WTO
# Multilateral Trade
# FTA
# FDI
# Services_Trade
# Trade Agreements
# Labor

Chankwon BAE Director

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• Nakgyoon CHOI Visiting Research Fellow
• Jukwan LEE Associate Research Fellow
• Jun-Hyun EOM Senior Researcher
Policy Analyses

The Impact of Intellectual Property Protection through FTA on International Trade
Hyunsoo KIM, Sangjun YEA, Hyeyoon KEUM, and Minji KANG | 2020-12-30

The Effects of the Increase in Korea’s Trade with China and Vietnam on Korean Labor Market and Policy Implications
Kyong Hyun KOO and Hyuk-Hwang KIM | 2020-12-30

Structural paralysis of the WTO Multilateral Trading System and New Negotiation Strategies for Korea
Jin Kyo SUH, Cheon-Kee LEE, Jukwan LEE, Jihyeon KIM, and Myeonghwa JUNG | 2020-12-30

A Study on Unilateral Trade Policy and International Trade Structure
Moonhee CHO, Chankwon BAE, Kyu Yub LEE, Jungu KANG, and Ji Hyeon KIM | 2020-12-30

Cheon-Kee LEE, Jukwan LEE, Hyeri PARK, and Yoo-Duk KANG | 2020-12-30

Policy References

A Survey of Digital Tax
Kyu Yub LEE and Hyunsoo KIM | 2020-11-06

A Study on CJEU Cases on GDPR and Their Implications for Korea
Kyu Yub LEE and Jun Hyun EOM | 2020-11-20

Long-term Trade Strategies Study Series

The Reform of the WTO’s Appellate Body and Its Implications on Strategic Trade Policies
Sangjun YEA and Junhyun EOM | 2020-12-30
Tertiarization of the Economy and Its Trade Policy Implications
Siwook LEE and Yongseok CHOI | 2020-12-30

The Effects of Free Trade Agreements on SMEs' Employment and Innovation
Kyong Hyun KOO, Moonhee CHO, Hyuk-Hwang KIM, Hyeri PARK, and Joon-Ho LEE | 2021-09-02
Chinese Economy

The Chinese economy is analyzed from industrial, economic, financial perspectives of opening measures and development paradigms, also forecasting future directions between the U.S. and China to identify response measures and policy options for the Korean economy.

Chinese Economy and Trade Team

- Sang Baek HYUN  Head of Team
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- Jin Hee HONG  Senior Researcher
- Young Sun KIM  Senior Researcher
- Yun Mi OH  Senior Researcher
- Wonho YEON  Associate Research Fellow
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- Hyo Jin LEE  Senior Researcher
- Ko Un CHO  Senior Researcher

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- Won Seok CHOI  Associate Research Fellow
- Jinhee PAK  Senior Researcher
- Joo Hye KIM  Senior Researcher
- Sae Won HWANG  Researcher
<table>
<thead>
<tr>
<th>Title</th>
<th>Authors</th>
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<tbody>
<tr>
<td>Korea-China Competitiveness Changes and Our Strategies According to the Industrial Upgrading of China</td>
<td>Chuel CHO, EunMi JUNG, Jongki KIM, Jun LEE, Sanguk NAM, Jaeyoon LEE, Eunchang LEE, Yongwon CHO, Yangpaeng KIM, Woojung SHIM, Jayoung YOON, Goeun LEE, Jayun LEE, and Sugyeong JEON</td>
<td>2020-06-29</td>
</tr>
<tr>
<td>Changes in China’s National Strategy and Its Implication for ROK-China Relations</td>
<td>Nam Ju LEE, Ikjoon MOON, Chiyoung AHN, Dongwon YOO, and Youn Mi JANG</td>
<td>2020-06-29</td>
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<tr>
<td>Analysis of Korean SME’s Chinese Business Strategy</td>
<td>ChangKyu LEE, YoungRok CHEONG, JunYeob LEE, and BongKyo SEO</td>
<td>2020-07-29</td>
</tr>
<tr>
<td>U.S.-China Technological Rivalry and Its Implications for Korea</td>
<td>Wonho YEON, Su Yeob NA, Minsuk PARK, and Young Sun KIM</td>
<td>2020-08-31</td>
</tr>
<tr>
<td>Changing Environment for Opening of Chinese Financial Sector and Response Measures</td>
<td>Sang Baek HYUN, Suyeob NA, Youngsun KIM, Ko Un CHO, and Bongkyo SEO</td>
<td>2020-12-30</td>
</tr>
<tr>
<td>Changes in China’s Regional Economic Structure and Strategies to Enter the Domestic Market after the Global Financial Crisis</td>
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<td>2020-12-30</td>
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<tr>
<td>A Study on the Changes in China’s Industrial Policies and Industrial Structures in Manufacturing Sector after China’s Reform and Opening</td>
<td>Wonseok CHOI, Pyoung Seob YANG, Jinhee PAK, Joo Hye KIM, Jiwon CHOI, and Xingwang JIAO</td>
<td>2020-12-30</td>
</tr>
<tr>
<td>Changes by Field in China since COVID-19 and Implications for Korea</td>
<td>Jaichul HEO, Pyoungseob YANG, Jihyun JUNG, Sangbaek HYUN, Wonho YEON, Wonseok CHOI, Gapyong YANG, Dongryul LEE, Sanghoon LIM, Dongwon YOO, Jongseok YOON, and Jungjin KIM</td>
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<td>Multidimensional Substitutability Measurement and Analysis: with an Application to Trade between China and South Korea</td>
<td>Wonho YEON, Sangbaek HYUN, Minsuk PARK, Hyojin LEE, and Yunmi OH</td>
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Policy References

The Establishment of a Manufacturing Innovation Network in China: Review and Case Studies
Hongwon KIM and Joohye KIM | 2020-05-28

A Study on China’s Cybersecurity Policy
Minsuk PARK and Hyo Jin LEE | 2020-07-14

Studies in Comprehensive Regional Strategies

China’s FDI in Europe and Europe’s Policy Response
Pyoung Seob YANG, Cheolwon LEE, Suyeob NA, Taehyun OH, Youngsun KIM, Hyung Jun YOON, and Yoo-Duk KANG | 2020-12-30

Comprehensive Chinese Studies

China’s Consumption Market for Nursery Products and Response Strategy by Korean Angel Industry: Centered on Nursery Products
Hyomi CHOI et al. | 2020-12-30

Study on Gender Sensitivity and Female Promotion Efforts within Chinese Formal Education: Centered on Science & Technology Fields
Eun Jin OH et al. | 2020-12-30

Exploration of Education on Artificial Intelligence in China
Minjeong SOHN et al. | 2020-12-30

A Study of Human Resource Fostering Policies in China in the 4th Industrial Revolution: Focused on AI Education in Primary and Secondary Schools
Tong PARK et al. | 2020-12-30

KIM Yunkwon et al. | 2020-12-30
Use Analysis of China Railway Express and Promotion Measures for Korean Firms
GeunSub KIM et al. | 2020-12-30

Cooperation with Chinese Cross-Border Economic Cooperation Zones and Plans for Utilization
Hyun Ju LEE et al. | 2020-12-30

Study of China’s Agricultural Food Trade and Trade Disputes in the Sector
JEON Hyoungjin et al. | 2020-12-30

Implications of Chinese Energy Policies to Reduce Fine Dust Pollution
HEO Ye Jin et al. | 2020-12-30

Analysis of Air Pollution Emission Control Measures at Chinese Facilities in Hand with China’s Seasonal Management Scheme and Cooperation Measures between Korea and China
LEE Seung-min et al. | 2020-12-30

Twenty-Year Evaluation of China’s One Country Two Systems Policy and Future Developments
Jaechul HEO et al. | 2020-12-30

KIEP | 2020-12-30

Monograph

A Study on the US-China Strategic Competition in the Era of Biden Administration: Policy Recommendations for South Korea
Heungkyu KIM, Wang Hwi LEE, Seungjoo LEE, Yanghyeon JO, Chang-Ju LEE, Sang Hyun LEE, Jae-Hung CHUNG, Hyeong-Wook BOO, and Du Hyeogn CHA | 2021-07-20
Advanced Economies

Latest developments in economic policy and trade strategies in the U.S., EU, and Japanese economies are studied to analyze future growth strategies and produce effective response measures in policy.
Policy Analyses

Analysis of Competition Policies between U.S. and EU in the Era of Inter-Industry Convergence
Gusang KANG, Yungshin JANG, Taehyun OH, and Jeewoon RIM  |  2020-12-30

Japan’s 4th Industrial Revolution Efforts in Response to Social Challenges
Gyupan KIM, Hyong-Kun LEE, Boram LEE, JungEun LEE, and Wonju SON  |  2020-12-30

Impact of Migration on the Labor Market of the EU and Its Implications for Korea
Dong-Hee JOE, Cheolwon LEE, Hyun Jean LEE, Minji JEONG, and Seongman MOON  |  2020-12-30

Economic Integration of MERCOSUR and the Pacific Alliance and Its Implications for Korea
Yeo Joon YOON, Sungwoo HONG, Jino KIM, Jonghyuk KIM, and Jimin NAM  |  2020-12-30

A Study on GVC Linkage of Materials, Parts, and Equipment Industries in China, Japan and Korea
Hyung-Gon JEONG, Hong Bae LEE, Hyong-Kun LEE, and Minsuk PARK  |  2021-06-30

Policy Reference

Open Innovation in Japan: Focusing on Cooperation between Businesses and National Universities
Sung Chun JUNG  |  2020-07-22

Studies in Global and Regional Strategies

Effect of US-China Rivalry on Latin America and Implication
Sungwoo HONG, Yeo Joon YOON, Jino KIM, Jeewoon RIM, and Jimin NAM  |  2020-12-31
Main Research Achievements

Working Papers

Trump Tariff and Firm Relief: Winners and Losers from Steel Tariff Exclusion Request
Yeo Joon YOON and Wongi KIM | 2020-03-16

Sungwoo HONG | 2020-07-03

Monograph

30 Years of German Unification: Assessment of Economic Integration and its Implications for the Korean Unification
Hyung-Gon JEONG | 2020-12-30

Policy Analysis

The Income-led Growth in Korea: Status, Prospects and Lessons for Other Countries
Sangyong JOO, Kangkook LEE, Won Jun NAH, Su Min JEON, and Dong-Hee JOE | 2020-10-08
New Southern Policy

In response to economic and political changes in the emerging New Southern region, follow-up measures to the government’s New Southern Policy are established, tailored to the regional characteristics of the Indian and ASEAN economies, and contributions made toward efficient policy implementation.
Policy Analyses

Changes of Economic Policies of GCC Countries in the Era of Low Oil Prices and Their Policy Implications for Korea
Kwon Hyung LEE, Sung Hyun SON, Yunhee JANG, and Kwang Ho RYOU | 2020-12-30

Exploring Convergence between the New Southern Policy and U.S. Indo-Pacific Strategy: From Korea’s Perspective
Ina CHOI, Sungil KWAK, Jaewan CHEONG, Jung-Mi LEE, Nayoun PARK, Mi Lim KIM, Jaehyon LEE, and Won Deuk CHO | 2020-12-30

The Indian Startup Ecosystem and Policy Implication
Hyoungmin HAN, Jeong Gon KIM, Doyeon KIM, Sunghee LEE, and Jong Hun PEK | 2020-12-30

Analysis on the Online Platform Markets and Policies in India and ASEAN
Jeong Gon KIM, Seung Kwon NA, Jaeho LEE, ChiHyun YUN, and Eunmi KIM | 2020-12-30

Digitalization in Asia-Pacific Region and Policy Implications for Korea
Yungshin JANG, Sungil KWAK, Soyoung KWAK, Eunbin PARK, Seongman MOON, and Sang-yirl NAM | 2020-12-30

ASEAN Economic Integration on Services: An Analysis of Economic Impacts and Implications
Meeryung LA, Jaewan CHEONG, Mingeum SHIN, and Jegook KIM | 2020-12-30

Studies in Global and Regional Strategies

An Analysis of Hallyu in India and Policy Implication: Centered on Music and Visual Content
Jeong Gon KIM, Jung-Mi LEE, and ChiHyun YUN | 2020-12-30

Food Security Policies of GCC Countries and Their Implications for Korea in the Post-COVID-19 Era
Yunhee JANG, Sunghyun SON, and Kwangho RYOU | 2020-12-30
<table>
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<th>Title</th>
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<tr>
<td>A Study on Promoting New Southern Policy through Analysis of China’s Environmental Cooperation with ASEAN</td>
<td>Taekgoo KANG, Sangyun LEE, Changsub SHIM, Hoon CHANG, and Jeongseok LEE</td>
<td>2020-12-30</td>
</tr>
<tr>
<td>Trade and Investment Implications of Korea-Central America Free Trade Agreement</td>
<td>Chong-Sup KIM, Seungho LEE, Jun Hui LEE, Minjung KIM, Sewon KIM, and Heera KIM</td>
<td>2020-12-30</td>
</tr>
<tr>
<td>Recent Development of Fintech Industry of Five Major Countries of Southeast Asia and South Asia and Policy Recommendation for Korea to Enhance the Future Cooperation: India, Indonesia, Malaysia, Thailand and Vietnam</td>
<td>Choong Lyol LEE, Jong Ha LEE, Sun Ho LEE, and Sung Beom KANG</td>
<td>2020-12-30</td>
</tr>
<tr>
<td>The Study on Transport Strategy for the Small- and Medium-sized ASEAN Cities</td>
<td>Hun Ki LEE, Hee Kyung KIM, Hyun Jung LEE, and Seung Hwan CHUNG</td>
<td>2020-12-30</td>
</tr>
<tr>
<td>An Analysis of Success Factors for Agricultural Development Cooperation Projects in Southeast Asia: With a Focus on the Cases of International Cooperation for Community Development</td>
<td>Je Seong JEON, Yeonsik JEONG, Bubmo JUNG, Heesuk KIM, Yong Hun BEAK, Hee Cheol PARK, Dahye KIM, and Hyunkyung KIM</td>
<td>2020-12-31</td>
</tr>
<tr>
<td>Competition Policy and Law in the ASEAN Countries: Focusing on Digital Platform M&amp;A</td>
<td>Yungshin JANG, Gusang KANG, Saung Kwon NA, Jegook KIM, Jay Pil CHOI, and Suruyn KIM</td>
<td>2021-04-30</td>
</tr>
<tr>
<td>Korea’s Strategy on Trade Agreements with Developing Countries in Africa and the Pacific Regions</td>
<td>Meeryung LA, Nayoun PARK, Minji JEONG, Hyo Jin LEE, Soo Hyun MOON, and Jae Wook JUNG</td>
<td>2021-04-30</td>
</tr>
<tr>
<td>The Analysis of East African Startups Ecosystem and Korean Corporation’s Participation Plan</td>
<td>Yongkyu CHANG, Kyungha KIM, Yuh Jin BAE, Joon Hwa CHO, and Dooyoung CHOI</td>
<td>2021-06-21</td>
</tr>
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</table>
Main Research Achievements

Analyzing the Demands of ICT International Development Cooperation in Africa and Developing New Strategies for Africa ODA in the Post-Covid Era
Yeongchul CHOI, Taeseong KIM, and Yugyeong KWON  |  2021-06-21

Towards Enhanced Medical Cooperation between Korea and Latin America in the Post-Corona Era: Focusing on K-Quarantine and Digital Healthcare
Keumjoa CHOI, Samgyo OH, Gyosang SEOL, and Yoonkook CHOI  |  2021-06-21

Revitalization of Hallyu Content: ASEAN Region’s Perspective
Jinwoo CHOI, Saemee KIM, Jiyoung KIM, Chunheung MO, Jiwon SUH, Dal Yong JIN, and Junsung HAN  |  2021-06-23

Working Paper

Determinants of Korean Outward Foreign Direct Investment: How Do Korean Firms Respond to the Labor Costs of Host Countries?
Hanbyul RYU and Young Sik JEONG  |  2020-09-01
New Northern Policy

The New Northern Department closely monitors developments in Far East and Eurasian regions, North Korea and other New Northern regions, actively seeking opportunities for economic cooperation and the creation of new values and momentum in these areas.

Russia and Eurasia Team

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- Dae-Eun LEE Researcher
Policy Analyses

The Vision of Future Cooperation between Korea and Mongolia in the New Northern Era: Cooperation Tasks and Practical Methods by Sector
Hong-Jin KIM, Bora KIM, Jung-Hoo PARK, Wonsoo YU, and Pyungrae LEE  |  2020-11-30

Implications of the Transitional Outcomes of Southeast Asian Countries CLMV for North Korea
Jangho CHOI, Yoojeong CHOI, and Halin HAN  |  2020-12-30

Plans to Activate Investment between Korea and Russia during Putin’s Fourth Term-Focusing on High Value-Added Industries
Joungho PARK, Seok Hwan KIM, Minhyeon JEONG, Boogyun KANG, Cho Rong KIM, Sergei SUTYRIN, Olga Y. TROFIMENKO, and Irina A. KORGUN  |  2020-12-30

Studies in Comprehensive Regional Strategies

Development of the IT Industry and Structural Transformation: Focused on the Russian IT Industry and Korea-Russia IT Cooperation
Minhyeon JEONG, Jiyoung MIN, Dongyeon JEONG, and Sang Hwan KIM  |  2020-12-30

Putin’s Russia in the Context of Identity
Sang Nam PARK, Young Kwan JO, Young Ok KIM, Dong-Ho YEOM, Sang Hyun KIM, and Sang Jun PARK  |  2021-04-28

The Evaluation of the Integrating Process of the EAEU and the Economic Cooperation Strategy between Korea and EAEU
Chang Soo LEE, Jiwon PARK, Backhoon SONG, and Sung Hoon JEH  |  2021-05-26
International Development Cooperation

The Center for International Development Cooperation at KIEP conducts analyses of international development cooperation policies and strategies in major economies, together with policy research to promote and evaluate the effectiveness/efficiency of projects in progress, to advance Korea’s ODA policies.

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- Jeonghwan YUN Associate Research Fellow
- Jihei SONG Senior Researcher
- PARK Sojeong Researcher

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- Eunsuk LEE Associate Research Fellow
- Jisun JEONG Principal Researcher
- PARK Chami Researcher

Global Cooperation Strategy Team
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- Seung Kwon NA Senior Researcher
- Yerim LEE Researcher
- Youngseok PARK Associate Research Fellow
- Sunghee LEE Senior Researcher
- Eunmi KIM Senior Researcher
대외경제정책연구원은 세계경제환경의 변화에 따른 외부적 도전을 슬기롭게 극복하고 21세기를 향한 우리 경제의 국제적 역할과 위상을 정립하기 위해 1989년 정부 출연연구기관으로 발족하였습니다.

본 연구원은 국제거시금융, 무역통상, 세계지역연구, 국제개발협력 등과 관련된 문제를 조사·분석하고 정책수단을 개발하는 연구활동을 수행함으로써 국가의 대외경제정책 수립에 이바지하고 있습니다.

연구결과는 [연구보고서], [연구자료], [Working Paper] 등 각종 국·영문보고서, 웹진 [오늘의 세계경제], World Economy Brief, 학술지 East Asian Economic Review (ESCI, 한국연구재단 등재지) 등의 형태로 발간되고 있으며, 원문을 본 연구원 홈페이지 (www.kiep.go.kr)에 공개하고 있습니다.
APEC Studies

The National Center for APEC Studies at KIEP coordinates research activities on economic cooperation in the Asia-Pacific region and studies relating to the Asia-Pacific Economic Cooperation, maintaining a strong network of cooperation with APEC Study Centers around the world to collect and manage APEC-related information and support government activities in the region.
Main Research Achievements

APEC Study Series

The Value-added Creation Effect of Global Value Chain Participation: Industry-level Evidence from APEC Member Economies
Innwon PARK and Soonchan PARK | 2020-12-04

Measuring Convergences and Divergences in APEC RTAs/FTAs: A Text-mining Approach
Jeongmeen SUH | 2020-12-30

Financial Inclusion Through Fintech in the Digital Economy
SEO Eunsook and YOO Kyeongwon | 2020-12-30
East Asian Economic Review (EAER)

Research journal published quarterly in English (ESCI listed), covering diverse issues on East Asia’s economy

Volume 24 Number 1 (2020)

Global Value Chain in East Asia Under "New Normal": Ideology-Technology-Institution Nexus
Byung-il Choi

What Drives Growing Currency Co-movements with the Renminbi?
Bokyeong Park·Jiyoun An

Maximum Likelihood Estimation of Continuous-time Diffusion Models for Exchange Rates
Seungmoon Choi·Jaebum Lee

Cross-Border Asset Pledgeability for Enhanced Financial Stability
Gongpil Choi

Volume 24 Number 2 (2020)

The Health Impact of, and access to, New Drugs in Korea
Frank R. Lichtenberg

Foreign Exchange Rate Uncertainty in Korea
Seojin Lee

Connectedness among Northeast Asian Housing Markets and Business Cycles
Hahn Shik Lee·Woo Suk Lee
Main Research Achievements

Volume 24 Number 3 (2020)

**An Adverse Social Welfare Effect of Quadruply Gainful Trade**
Oded Stark·Grzegorz Kosiorowski

**The Optimal Degree of Reciprocity in Tariff Reduction**
Pao-Li Chang

**Minimum Wages and Wage Inequality in the OECD Countries**
Dong-Hee Joe·Seongman Moon

**Estimating State-Level Matching Efficiencies in the Indian Labor Market**
Woong Lee·Soon-Cheul Lee

Volume 24 Number 4 (2020)


Alan Deardorff·Soyoung Kim·Chul Chung

**Who Will Fill China’s Shoes? The Global Evolution of Labor-Intensive Manufacturing**
Gordon Hanson

**WTO Reform Priorities post-COVID-19**
Bernard Hoekman

**How the United States Marched the Semiconductor Industry into Its Trade War with China**
Chad P. Bown

**The Reorganization of Global Value Chains in East Asia before and after COVID-19**
Sébastien Miroudot

**Financing COVID-19 Deficits in Fiscally Dominant Economies: Is The Monetarist Arithmetic Unpleasant?**
Martín Uribe
On the Role of Projected FDI Inflows in Shaping Institutions: The Longer-Term Plan for Post-Pandemic Investment Reboot
Xiang Gao, Zhenhua Gu, Kees G. Koedijk

U.S. Macro Policies and Global Economic Challenges
Joshua Aizenman, Hiro Ito

First Prize Winner of 19th EAER Best Paper of the Year
High-Skilled Inventor Emigration as a Moderator for Increased Innovativeness and Growth in Sending Countries
Jisong Kim and Nah Youn Lee

Runner-Up Winners of 19th EAER Best Paper of the Year
The Effect of Quantitative Easing on Inflation in Korea
Min-Ho Nam

Trade in Developing East Asia: How It Has Changed and Why It Matters
Cristina Constantinescu, Aaditya Mattoo and Michele Ruta

Additional Research Projects

Assorted Analyses on Current Issues (Collection)
KIEP | 2020-12-31

2020 KIEP Policy Research Briefing (Collection)
KIEP | 2021-01-29
Research-Oriented Projects
East Asia Studies Network

Key Projects
- Management and promotion of networking between experts to share research information and identify tasks for cooperative research related to East Asian economic cooperation, mainly in the form of networking events, information exchanges, seminars, support for government policies, research cooperation

Expected Benefits
- Form a consensus on East Asian economic cooperation and propose relevant strategies
- Realize the potential of external research personnel
- Secure and utilize up-to-date data on each country

International Conferences

Key Projects
- Regular organization of seminars with the IMF, PRI, AMR, ERI, and other global research institutes or international organizations to gather expert opinions and offer timely policy proposals

Expected Benefits
- Access to a wide range of expert opinions on pending issues from domestic and overseas sources
- Identification of optimum strategic options available to Korea
- Presentation of Korea’s stance on major issues in the global economy and opportunities for international policy cooperation
Policy Development Meetings

Key Projects

- Policy debates, invitational talks from leading experts and public figures held to gather wide ranging opinions on major policy tasks at hand

Expected Benefits

- Expert opinions from government, academia, industry gathered and reflected within policy proposals

Research Exchanges with Overseas Affiliated Institutions

Key Projects

- As the only national research institution in Korea tasked with international economic policy research, KIEP continues to promote its international perception by deploying its research capabilities in strategically important regions, expanding research information and personal exchanges, and conducting various research exchanges and joint studies with other research institutions around the world.

Expected Benefits

- Promotion of research at the international level through continued research exchanges with world-leading institutes
- Preemptive and practical policy options identified and incorporated into research findings through the gathering of fresh reference material and local information
- Communication of information on the Korean economy to promote the national image to a global audience and provide support for Korean firms operating overseas
Operation of the KIEP Beijing Office

Key Projects

• Performed analyses of the latest issues in the Chinese economy, carried out research projects
• Operated the Forum on the Chinese Economy and the Korean Peninsula
• Operated pool of specialists on the Chinese economy, and carried out networking projects
• Operated projects on promoting the Korean economy and other areas of support

Expected Benefits

• Improve effectiveness of policies targeting China through collecting, producing and providing objective and timely information
• Stronger research networking with Chinese institutions to support Chinese studies within KIEP and establish basic infrastructure for economic cooperation between the two countries
• Communication of information on the Korean economy to promote the national image to a global audience and provide support for Korean firms operating overseas
• Promotion of KIEP studies on China and the Northeast Asian economy
• Effective analysis and research of current issues within the Chinese economy

Operation of the Asian Economic Panel and Publication of Academic Journal

Key Projects

• Joint policy research projects conducted with global research institutions on the Asian economy, strengthening networks with global researchers through international seminars (operation of panel)
• Publishing of the Asian Economic Papers (SSCI listed) at the MIT Press, on a tri-annual basis

Expected Benefits

• Make academic contributions by identifying timely policy topics, and sharing and discussing research outcomes
• Build a network linking international experts and researchers studying the Asian economy, and use this as infrastructure for collecting information and pursuing national interests
Comprehensive Research on Trade Liberalization

Key Projects
- Conduct research on trade policies of major economies and response measures by their trade partners, etc., to support the government’s formulation of comprehensive trade policy to effectively respond to changes in the global trade environment
- Closely monitor major trade negotiations and evaluate possible economic impacts
- Continue efforts to maintain domestic and international research networks trade liberalization
- Monitoring of talks on WTO reform and in the area of digital trade regulation to evaluate policy directions

Expected Benefits
- Contribute to trade liberalization and Korea’s economic development through anticipatory research on changes in the global trade order
- Provide a better understanding of major economies’ policy trends in trade (in particular, developments with unilateral import restrictions imposed by the Trump administration) to allow effective response actions
- Build a network among Korean and foreign trade and commerce experts

Operation of the KIEP Global Macroscopic Model

Key Projects
- Measured the economic impact of different policies and constructed KIEP’s own model suited to the domestic situation in Korea
- Participated in training programs to improve the utilization of the model, and to build their application models
- Answer to new policy demand by revising and further developing these application models

Expected Benefits
- Introduce and develop diverse macroscopic models to satisfy the demand for policy research
- Support government policy decisions by managing DB on basic macroscopic issues to provide basic analytical data
KIEP Trade Model and Commerce DB Establishment Project

Key Projects

- Development and application of various trade models to respond to new demand for policy research in the areas of the evolution of tariff/non-tariff barriers, changes in the global value chain, and legislation of new trade regulations, etc.
- Continuous updates to trade statistics used in global economic forecasts and trade policy research, together with detailed statistics on customs procedures by field that incorporates average tariffs, preferential tariffs, customs refunds, etc., implemented by major trade partners.

Expected Benefits

- Allow active and timely responses to diverse trade policy issues by applying dynamic CGE analysis techniques to various research
- Build a DB of fundamental trade issues to offer basic analysis data for various types of research

Operation of the APEC Research Consortium Secretariat

Key Projects

- Conducted APEC-related research and other projects
- Supported engagement with governments by participating in official APEC meetings and relevant meetings, while serving as a delegate for the government
- Oversaw the operations of the secretariat of KOPEC, which represents Korea at the Pacific Economic Cooperation Council (PECC)
- Hosted forums to promote APEC advancement and supported participation in APEC-related international academic conferences
- Provided APEC-related information and data, and established domestic and overseas networks

Expected Benefits

- Stronger networking between government, academia and private sector by conducting and coordinating APEC-related research projects and hosting seminars to promote research in the area
- Contribute to the formulation of Korea’s APEC related policies and seek measures to enhance Korea’s status by reviewing the outcomes of and tasks identified at key APEC meetings
Operation of Pool of International Economists

Key Projects

• Conducted discussions and joint research projects through network of international economists to analyze stance changes by major international organization regarding the international economic order and trade environment, going on to identify and propose proper response measures by Korea
• Pending issues in the economies of each nation, region or major international organization identified to produce response measures and strategies for the government
• In accordance with government requests, identified suitable experts for official international conferences to be included in government delegation and support government efforts

Expected Benefits

• Organize pools of international economists with KIEP as a focal point, and utilize this pool as an expert platform to research and analyze international economic policies and regional issues
• The information gained through the operation of KIEP’s pool made available to the government in international negotiations, expert opinions incorporated into trade policy
Operation of Mid- to Long-Term Trade Strategies

**Key Projects**
- Performed SWOT analyses on global issues that can potentially have a considerable impact on Korea’s mid- to-long-term trade environment, and examined the trade strategies that Korea can adopt.
- Evaluated trade policy effectiveness and developed trade strategies leading to solutions to domestic and international economic issues in the mid- to long-term.

**Expected Benefits**
- Contribute to the development of effective strategies required for stronger export and national economic competitiveness in the face of rising protectionism and reorganization of global trade order.
- Contribute to the development of policies that would help Korea overcome its structural weak points in export and bring more stability in the economy by suggesting necessary strategies for export market diversification.
- Forward-looking response measures against changes in trade environments prompted by the 4th industrial revolution, contributing to sustainable export and growth policies.
- Elevation of public perception in Korea regarding trade policy, while presenting innovative and inclusive mid- to long-term trade policies that earn social trust.

Analysis and Forecast of Trends in the World Economy

**Key Projects**
- Conducted in-depth analyses of major issues in the global economy and produced forecasts of macroeconomic situations by key region and country, allowing the government and firms to take effective response measures against changes in the external environment.

**Expected Benefits**
- Important contributions made to formulation of international policies by government and business sector by making available timely research information on changes in the international macroeconomic environment.
Operation of G20 Research Support Group

Key Projects

• Provided consultation and support for relevant international conferences, such as the G20 Summit and Sherpa Meetings
• Prepared material for meetings, business trips and information sharing for high-level meetings and business trips attended by Sherpas and ambassadors to Korea, for the promotion of G20-related international cooperation
• Shared information and promoted cooperation with G20-related outreach representatives including B20, T20, W20 to support summit meetings
• Supported the operation of high-level conferences, working-level conferences and private sector consultation meetings involving the relevant agencies to set the strategies and stance of the Korean government concerning key agendas of the G20 Summit
• Provided support for hosting international seminars aiming to underline the Korean government’s discussions of key G20 agendas or to promote international cooperation, as well as support for participation in and presentations at relevant seminars home and abroad

Expected Benefits

• Provide academic contributions to Korea’s presence in the G20 and secure momentum for the implementation of relevant domestic policies discussed at G20 meetings
Studies in Comprehensive Regional Strategies

Key Projects

- Promoted research efforts on the emerging regions of Russia, Ukraine, Belarus, Central Asia, Mongolia, Turkey, East Europe
- Conducted joint research with New Northern regions and established future personal networks
- Held 2020 KIEP and Associations of Area Studies Conference (KAAS 2020)
- Hosted seminars, workshops, leading scholar expert meetings on emerging economies in joint with affiliated organizations
- Expanded exchanges and networking with experts on emerging economies

Expected Benefits

- Contribute to the government’s capacity to develop international economic policies by presenting comprehensive and in-depth studies and policy implications on countries and regions in strategic relations with Korea, with a focus on promoting sustainable economic cooperation
- Contribute to national policy formulation process through timely research on strategic areas, expansion of human network domestically and abroad, information sharing on strategic regions, accumulation of basic reference material and research findings
General Projects
Operation of Korea Economic Institute of America (KEI)

Key Projects

• Expanded networking activities for a better understanding of Korea-U.S. economic issues and policies, and utilized communication channels between Korea and the U.S.
• Analyzed and assessed developments in the U.S. administration, Congress, businesses and industries, and conducted diverse projects to introduce and promote the Korean economy in the U.S., serving as a mediator in conducting bilateral negotiations and promoting mutual interests

Expected Benefits

• Collect information from the U.S. side on key issues and relay this to Korea; conduct briefings on issues within the Korean economy, or seminars for opinion leaders on both sides to strengthen Korea-U.S. connectivity and contribute to policies
• Promote the Korean economy within the U.S., to provide accurate and swift information on relevant developments in the Korean economy and political situations, thus contributing to raising the awareness of the U.S. public
• Reinforce networks with other institutions by hosting joint seminars and forums

Project Leader: June Dong Kim, Senior Research Fellow

Strengthening of Global Area Research Networks

Key Projects

• Operated the KIEP Emerging Economies Pathfinder (KEEP) project to support Korean SMEs entering overseas markets and foster young working-level regional specialists
• Invited promising scholars and experts from abroad to KIEP through the visiting scholar program, to share research outcomes and information and establish closer ties, produce policy implications in KIEP studies on emerging regions

Expected Benefits

• Promotion of global competitiveness through the fostering of regional experts
• Contribute to working experience and research capacities of promising researchers
• Provide SMEs with information on emerging regions, and raise competitiveness concerning entry into emerging markets by supporting talented human resources
• Diverse channels made available to receive new research findings through the network of overseas researchers from emerging regions or focus their research on these areas
• Establish KIEP’s status as a think tank, by strengthening the capacity of KIEP’s research on emerging regions through exchanges with foreign scholars and experts, and by promoting KIEP’s research on emerging regions home and abroad
• Increased opportunities for joint research with overseas researchers

Project Leader: Deputy President for Center for Area Studies
Promotion of KIEP Joint Graduate Program for Area Studies

Key Projects

• Leveraged KIEP’s rich talent pool of area studies and economics experts and networks with overseas research institutes and experts to conduct joint research with domestic graduate programs for international studies and joint lectures
• Provided support for scholarships, overseas internships and field surveys, regular lectures, special lectures, student seminars, with the aim of broadening the basis for area studies
• Strengthened links with KIEP projects related to area studies (visiting scholar program, KEEP project)

Expected Benefits

• Foster regional specialists with comprehensive expertise and a strong understanding of emerging regions who can contribute to the development and execution of the government's key economic policies, ultimately establishing Korea’s status on the global stage and contributing to economic development
• Expand support for research on emerging economies to expand personal infrastructure and broaden research base on emerging regions
• The GPAS program aims to stimulate interest in area studies among graduate students, thus producing high-quality research talent that can meet the demand for studies on global developments and area studies.

Deputy President for Center for Area Studies

Operation of China’s Regional and Provincial Research Team

Key Projects

• Analyzed regional development strategies, current issues, new industry development in each region and provided Korean companies and the government with information on these developments to enable customized strategies
• Performed analyses on the characteristics of China’s smart industries and related consumer markets to establish growth strategies and cooperation plans for Korea in the era of the fourth industrial revolution

Expected Benefits

• Provide information on China’s domestic market as well as strategies to Korean companies that reflect the changing conditions in Korea-China economic cooperation, and support the policy development of relevant government agencies
• Systematically organize data on China and provide the latest information to researchers, business people, government workers, students, etc.
• The KIEP China Specialist Forum (CSF) used to systematically collect and present information on China, promoting efficiency in Chinese studies and advancement into Chinese markets

Director of Chinese Economy Dept.

Project Leader
Feasibility Studies of International Events

Key Projects
- Tasked with exclusive responsibility for assessing feasibility of international events for the Committee on Reviewing International Events, established under the Ministry of Economy and Finance
- Promoted objective assessment of feasibility of international events hosted by Korean agencies

Expected Benefits
- Contribute to the objectivity of feasibility studies on international events and effectiveness of international events, in line with the government’s decision to assign exclusive responsibility to a specialized research institute affiliated with the government
- Ensure international events are held with due process, and contribute to the systematic management of international events and efficient use of state funds

Project Leader: Yeo Cheon JEONG, Senior Research Fellow

Operation of Knowledge Network on Emerging Economies

Key Projects
- Breaking news, expert analyses, research information, business contents, regional and national information provided through the information portal on emerging regions (EMERiCs)

Expected Benefits
- Establishment of an organized database of information on major emerging regions, which can serve as the basis for supporting efficient regional studies and strategies for entering emerging markets
- Continuously develop opportunities to engage with experts on emerging economies and further utilize the regional specialist network, to share the latest information and research outcomes on different regions and to provide content tailored to demand, thus supporting the operation of a portal site of a public nature

Project Leader: Deputy President for Center for Area Studies
Establishment of Eurasia Knowledge Network

Key Projects

• Examined goals of economic cooperation with the Eurasian region to formulate new plans for economic cooperation
• Provided basic research support and in-depth analyses on the Eurasian region to present policy implications for Korea’s strategic cooperation measures in the area

Expected Benefits

• Cooperation plans explored in the areas of trade, logistics, energy resources, tourism, construction, etc., with Russia, Central Asia, Caucasus, and Mongolia to guide the Korean government and firms when conducting aid programs, investment, or economic cooperation projects
• Based on evaluation of current and past economic cooperation between Korea and Eurasia, mid- to long-term plans formulated and policy implications identified to promote cooperative relations with the Eurasian region

Project Leader: Director of New Northern Policy Dept.

DMZ International Forum on the Peace Economy

Key Projects

• Global experts invited to discuss new framework for the Korean Peninsula, expand research network and collect research findings
• Special events organized for participants to personally experience the benefits of peace on the Korean Peninsula and improved inter-Korean relations, contributing to efforts to communicate New Economic Map Initiative

Expected Benefits

• Providing global public figures with first-hand experience of peace on the Korean Peninsula and the changing relationship between the two Koreas, promoting the government’s vision of a new “peace economy” established on the Korean Peninsula through overseas channels, and contributing to networking efforts
• Communication through domestic media to help Koreans appreciate the value of a peace economy on the Korean Peninsula and gain public support
• Boost local economy adjacent to the DMZ, central region to the peace economy

Project Leader: Deputy President for Center for Area Studies
Comprehensive Chinese Studies

Key Projects

- Research collaboration and convergence projects between industry, academia, and research institutes in the areas of science & technology, diplomacy, trade, security, economy, politics, and international relations in China
- Research collaboration through networks in Korea and overseas

Expected Benefits

- Establish a foundation for Korea-China cooperation by offering policy data to support the establishment of strategies for China
- Focus research capacities in Chinese studies by promoting exchanges between Korean and overseas researchers specializing in China
- Support Korean companies looking to expand into the Chinese market by offering them with the basic data needed
- Support the development of policies to foster strategic industries for the Chinese market

Project Leader: Pyeong Seob YANG, Senior Research Fellow

Studies in Global and Regional Strategies

Key Projects

- Joint research and convergence of research areas to respond to increased demand in research on major New Southern regions
- Strategic analyses of Africa, Middle East, Central and South America as the next New Southern regions
- International seminars, workshops, invitational talks by experts held in joint with major research institutions in the NSP regions to exchange research findings and information between experts and policy makers on all sides
- Building of cooperative research infrastructure and joint research projects conducted on both ASEAN and Southeast Asian economies
- Continuous exchanges between Korean experts on NSP regions to monitor local conditions and exchange information, etc.
- Joint seminars held with Africa, Middle East, Central and South America experts, or invitations for visiting scholar programs

Expected Benefits

- Networks maintained and fortified between Korea-ASEAN, Korea-Southeast Asia, expanding the data available on these regions and supporting the New Southern Policy
- Research networks forged between research institutes affiliated with the NRC or in the private sector, promoting research capacities for NSP studies
- Timely information collected, produced, and provided to promote policy effectiveness
- Forward-looking research on Africa, the Middle East, Central and South America, which could become the next NSP regions for Korea

Project Leader: Deputy President for Center for Area Studies
KIEP Digitalization Project

Key Projects

• Operation and maintenance of information systems and computing resources
• Fortification of infrastructure for data security and digital systems

Expected Benefits

• Construction of reliable operation system to maintain work process connectivity and maximize efficiency in work processes
• Protection of research assets through systematic management of computing resources and response measures against cyber infiltration

Project Leader: Head of Knowledge Information Team
Research Focus in 2021

Eight Main KIEP Policy Areas
### Study on Digital Trade Policy in the Digital Transformation Era
- Evaluation of Korea’s digital trade policies through survey of Korean firms in the digital sector and empirical analysis
- Forecast of future trade rules in the digital sector, together with recommendations to improve Korea’s digital trade policy

### An Analysis of Competition Policies in Major Economies and Policy Implications for Inclusive and Innovative Growth
- Analyses are performed on competition policy in major economies and structural changes in the global economy in response to globalization and the 4th industrial revolution, based on which policy recommendations are produced for Korea’s policies on competition, chaebols and subcontract relationships, based on considerations for R&D investment, consumer welfare, economies of scale, and competition environments in the domestic and global markets.

### The Effect of Digital Platforms on SME Advancement into Global Markets and Their Policy Implications
- Various empirical analyses are performed on the use of digital platforms by small- and mid-sized enterprises, and policies to promote their advance overseas, based on which effective policies to use digital platforms are explored.

### Study of the Effects of Digital Tax on Foreign Investment by Multinational Businesses
- Recent developments and international discourse regarding the introduction of digital tax are reviewed to construct theoretical and empirical models and conduct simulations on the impact of digital taxes on foreign investment by multinationals.
- Policy implications are drawn to promote multinational firms based in Korea to advance into major markets.

### A Study on Social Service Jobs in Major Countries and Policy Implications
- Comparison of social service jobs in major countries
- Policy examples pertinent to Korea’s situation identified and analyzed, presenting standards for an appropriate level of social service jobs.

### International Discussions on Real Estate Holding Tax and Analysis of Macroeconomic Impact
- The study reviews discussions in major economies regarding real estate holding tax, together with empirical analyses on the macroeconomic impact of real estate holding tax, going on to produce policy implications.
- Recent external factors and changes having an impact on global value chains are analyzed to gain comprehensive insight on GVC changes in the post-COVID-19 world.

The Effects of International Spread of Anti-Dumping Measures and Diversification of Investigation Techniques and Their Policy Implications
- The international spread of anti-dumping measures and relevant policy operations in major economies are examined to analyze the economic impact of these measures and produce effective policy responses on the part of Korea.

Study on the Impact of Servicification in Terms of Promoting Export Competitiveness
- A thorough analysis is conducted on servicification in Korea’s manufacturing sector and how this has affected the export competitiveness of firms, going on to produce policy implications for trade policies to respond.

- Following an evaluation of U.S economic policy under the Trump administration, future directions of U.S. economic policies under the new administration are analyzed to present implications for Korean international trade and diplomatic policy.

Japan’s Trade Strategies in Response to U.S.-China Conflict
- Changes are examined in the international trade climate surrounding Japan since the launch of the Trump administration, mostly centered on conflict between the U.S. and China, after which response strategies by the Japanese government and businesses are studied to provide policy implications for the Korean government and businesses.

Changes in China’s Trade Strategies amid U.S.-China Conflict and Implications for Korea
- Building on an analysis of changes in Chinese trade strategies amid U.S.-China conflict and other trade issues, policy implications are produced for Korea’s trade strategies with China.

Ten-Year Evaluation of the Korea-EU FTA and Policy Implications
- Comprehensive and objective assessment of economic impact of the Korea-EU FTA ten years after taking effect.
- Improvement measures for the Korea-EU FTA and trade between the two economies based on analysis of the economic impact of the FTA.
- Review of Korea-EU economic cooperation to identify promotion measures.
Green New Deal Policies in the Post-COVID Era and Implications

- Precedent cases in the use of green new deal initiatives in major economies to stimulate the economy are examined, followed by an analysis of financial inputs in the environment sector.
- A review is conducted of the conditions required for support measures in the environment sector to significantly stimulate economic recovery efforts.

International Expansion of the Circulation Economy and Tasks for Korea

- The major terms and types of circulation economies are analyzed, together with a review of the types of major waste materials and their trade, accompanied by further analyses of response measures in major economies and businesses, to present an effective response strategy for Korea.

Korea’s Development Cooperation Strategies by Region: Support Plans for Asian ODA

- This study aims to formulate specific plans to implement the third Strategic Plan for International Development Cooperation (2021-2025) with more considerations for regional characteristics in Asia.

An Analysis of Characteristics of African Public Health Sector and Cooperation Measures with Korea

- Comprehensive analyses of conditions and characteristics in the African public health sector
- Formulation of plans for cooperation with Korea in the areas of ODA, KSP and advancing into public procurement markets

Developments in Post-COVID-19 Currency and Financial Policy in Major Economies and Implications

- Changes in fiscal space seen in major economies as a result of response measures to COVID-19 are analyzed from a macroeconomic viewpoint, in search of an effective escape strategy to normalize the economy.

A Study on Decoupling between Exchange Rate and Fundamental Conditions: Centered on Market Confidence

- Analysis of exchange rate-determining factors using macroeconomic indices for fundamental conditions and market confidence indices, followed by tests to measure the accuracy of exchange rate predictions based on these indices.
<table>
<thead>
<tr>
<th>Study Title</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Post-COVID-19 Changes in the ASEAN Community and Future Tasks for the New Southern Policy</strong></td>
<td>Changes in the ASEAN community following the COVID-19 pandemic are reviewed, producing implications for three major areas of cooperation with the New Southern Policy.</td>
</tr>
<tr>
<td><strong>An Analysis of Indian Trade Policy and Plans for Korea-India Cooperation</strong></td>
<td>Changes in India’s trade policies for each period are reviewed to gauge the major elements of these policies and promising areas for bilateral cooperation with Korea.</td>
</tr>
<tr>
<td></td>
<td>Recent characteristics of India’s trade policies with major economies are analyzed, together with a review of trade policy in the areas of goods, investment, services, to gain policy implications for trade cooperation between Korea and India.</td>
</tr>
<tr>
<td><strong>Russia’s Northeast Asia Energy Strategy and Korea-Russia New Cooperation: Focusing on the Natural Gas Sector</strong></td>
<td>The major features and characteristics of Russia’s energy strategy in the fourth term of President Putin are analyzed, together with comprehensive evaluation of energy cooperation by Northeast Asian economies (China, Japan) with Russia.</td>
</tr>
<tr>
<td></td>
<td>The study aims to present a new plan for cooperation between Korea and Russia in the energy sector, with a focus on natural gas.</td>
</tr>
<tr>
<td><strong>Innovation in the Digital Sector and Structural Transition in Major New Northern Economies: Focus on Cooperation with Middle Powers to the North in IT</strong></td>
<td>The industrial strategies of Russia, Uzbekistan, and Kazakhstan are examined, as major middle powers targeted by Korea’s New Northern Policy.</td>
</tr>
<tr>
<td></td>
<td>A multi-sector growth model is employed to precisely measure the impact on traditional industrialization strategies at middle powers, by i) labor substitution through automation, and ii) productivity improvements in the service sector due to digitalization.</td>
</tr>
<tr>
<td><strong>A Study of Measures to Promote Participation of Foreign Firms in Inter-Korean Economic Cooperation</strong></td>
<td>The current status of participation by foreign firms in inter-Korean economic cooperation is analyzed—also examining major issues such as conflict between preferential measures for Korean firms and possible discrimination against foreign firms, fund support by the Inter-Korean Cooperation Fund to foreign entities,</td>
</tr>
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</table>
and possible depletion (or insufficient funds) of the Fund – to provide recommendations for measures to promote economic cooperation between the two Koreas.

**A Game Theory Approach to North Korean Sanctions and Their Impact on the North Korean Economy**

- An empirical analysis of the impact of North Korean sanctions is performed, using North Korea-China trade data and night-time satellite images, thus producing policy implications for future North Korea policy.

**Analysis of the Chinese People’s Quality of Life: an Objective Contemplation of the Moderately Prosperous Society**

- Microeconomic data on the Chinese economy is analyzed to gain better understanding of Chinese society, leading to implications for future cooperation between Korea and China in economic and diplomatic terms.

**China’s Digital Transition and Implications: with a Focus on 5G Networks and Fostering of the Data Economy**

- China’s strategy to construct 5G networks and foster data markets is examined to explore promising measures by Korea to respond to digital transition in China and promote Sino-Korean cooperation.

**Inequality of Income and Consumption in Central & South American Nations and Policy Implications**

- The economies of Brazil, Mexico and Chile are selected to study various inequalities, together with an analysis of income-consumption inequality using microdata for each country.

**Diversification Strategies at Middle East Oil Producers and Cooperation with Korea in the Low Oil Price Era: Focusing in Saudi Arabia and UAE**

- After performing an analysis of international/domestic conditions and risk factors in oil-related industries, we improve understanding of Middle East oil producers’ diversification strategies and identify cooperation demands to formulate plans to assist Korean firms entering the Middle East and cooperation between Korea and the Middle East.
Appendix

• History
• Organization
• Major Events and Seminars in 2020
• Settlement of Accounts for 2020
History

1986-1989

Aug. 1989
Dr. Chuk Kyo Kim appointed as first president

Dec. 1989
The Korea Institute for International Economic Policy established by Special Act (Foundation dissolved)

1990-1999

Jan. 1990
Supervisory responsibility for the Korea Economic Institute of America (KEI) transferred to KIEP

Dec. 1990
Secretariat of the Korea National Committee for Pacific Economic Cooperation (KOPEC) relocated to KIEP

Jan. 1992
Establishment of the Northern Regional Center

Mar. 1992
Dr. Jang-Hee Yoo appointed as 2nd president

Jan. 1994
Launching of Korea’s Official Pool of International Economists (International Economy Committee)

Dec. 1994
KIEP designated as Korea’s National Center for APEC Studies

Mar. 1995
Establishment of KIEP Beijing Office

Feb. 1997
Dr. Soo-gil Young appointed as 3rd President of KIEP

Jun. 1998
Dr. Kyung Tae Lee assumes office as 4th president

Sep. 1998
KIEP launches FTA studies for advancement into key regions

2000-2009

Oct. 2000
ASEM Summit Conference held in Seoul

Nov. 2001
Doha Development Agenda talks begin

Dec. 2001
China gains membership to the WTO

Apr. 2004
Korea-Chile FTA comes into effect as first Korean FTA

Nov. 2008
Korea’s FTA with 9 ASEAN nations comes into effect

Nov. 2009
Korea joins the OECD Development Assistance Committee (OECD-DAC)

Aug. 1992
Korea formally establishes diplomatic relations with China

Jan. 1995
WTO founded

Dec. 1996
Korea joins the OECD

Dec. 1997
Korea concludes MOU with the International Monetary Fund (IMF) for relief loan

Nov. 1998
Korea embarks on policy to promote free trade agreements (FTAs)

Sep. 1986
Declaration of the Uruguay Round

Nov. 1989
Establishment of APEC

Oct. 1992
Korea formally establishes diplomatic relations with China

Nov. 1999
Korea concludes MOU with the International Monetary Fund (IMF) for relief loan

Dec. 2000
KIEP designated as specialized research institution for international events

Jan. 2002
Dr. Choong Yong Ahn appointed as 5th KIEP President

Mar. 2002
Establishment of the DDA Research Center

Apr. 2003
Establishment of the Center for Northeastern Economic Cooperation

Dec. 2004
KIEP designated as specialized research institution for international events

Jan. 2005
Dr. Kyung Tae Lee takes helm as 6th president of KIEP

Dec. 2005
Establishment of the SNU-KIEP EU Center

Feb. 2006
KIEP launches Research Support Group for KORUS FTA

May 2008
Dr. Wook Chae appointed 7th President of KIEP

Jun. 2008
ODA Team established

Nov. 2008
Korea’s FTA with 9 ASEAN nations comes into effect

Nov. 2009
Korea joins the OECD Development Assistance Committee (OECD-DAC)
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2010</td>
<td>Establishment of the Regional and Provincial Research Team for China</td>
</tr>
<tr>
<td>2010</td>
<td>Korea-India Comprehensive Economic Partnership Agreement (CEPA) comes into effect</td>
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<tr>
<td>2011</td>
<td>G20 Summit held in Seoul</td>
</tr>
<tr>
<td>2012</td>
<td>Korea-EU FTA comes into effect</td>
</tr>
<tr>
<td>2012</td>
<td>Establishment of the Korea-China FTA Research Support Group</td>
</tr>
<tr>
<td>2014</td>
<td>Korea-China FTA concluded</td>
</tr>
<tr>
<td>2015</td>
<td>Negotiations for TPP Agreement concluded</td>
</tr>
<tr>
<td>2015</td>
<td>Korea-New Zealand FTA signed</td>
</tr>
<tr>
<td>2016</td>
<td>Korea-China FTA comes into effect</td>
</tr>
<tr>
<td>2016</td>
<td>Asian Infrastructure Investment Bank (AIIB) officially launched</td>
</tr>
<tr>
<td>2016</td>
<td>UK referendum results in decision for Brexit</td>
</tr>
<tr>
<td>2016</td>
<td>Korea-Colombia FTA comes into effect</td>
</tr>
<tr>
<td>2017</td>
<td>U.S. announces its withdrawal from the Trans-Pacific Partnership</td>
</tr>
<tr>
<td>2018</td>
<td>U.S. imposes heavy tariffs on Chinese imports (U.S.-China trade conflict)</td>
</tr>
<tr>
<td>2018</td>
<td>Inter-Korean summit meetings and first ever U.S.-North Korea summit</td>
</tr>
<tr>
<td>2019</td>
<td>Hanoi summit meeting between the U.S. and North Korea break down</td>
</tr>
<tr>
<td>2020</td>
<td>OECD announces basic agreement on taxation of the digital economy</td>
</tr>
<tr>
<td>2020</td>
<td>WHO declares COVID-19 pandemic</td>
</tr>
<tr>
<td>2020</td>
<td>RCEP negotiations concluded</td>
</tr>
<tr>
<td>2021</td>
<td>UK formally withdraws from the EU</td>
</tr>
<tr>
<td>2021</td>
<td>U.S. organizes Leaders Summit on Climate with 40 nations</td>
</tr>
<tr>
<td>2021</td>
<td>Korea hosts P4G Seoul Summit</td>
</tr>
<tr>
<td>2021</td>
<td>Korea officially invited to G7 summit</td>
</tr>
<tr>
<td>Feb. 2010</td>
<td>Establishment of the Regional and Provincial Research Team for China</td>
</tr>
<tr>
<td>Aug. 2011</td>
<td>Establishment of the Emerging Region Research Center</td>
</tr>
<tr>
<td>Mar. 2012</td>
<td>Establishment of the Korea-China FTA Research Support Group</td>
</tr>
<tr>
<td>Apr. 2013</td>
<td>Establishment of the East Asian Regional FTA Research Support Group</td>
</tr>
<tr>
<td>Aug. 2013</td>
<td>Dr. Il Houng Lee appointed as the 8th president</td>
</tr>
<tr>
<td>Jan. 2014</td>
<td>Establishment of the G20 Research Support Group</td>
</tr>
<tr>
<td>May 2014</td>
<td>Establishment of the KU-KIEP-SBS EU Center</td>
</tr>
<tr>
<td>Dec. 2014</td>
<td>KIEP relocates main operations to Sejong National Research Complex</td>
</tr>
<tr>
<td>Jun. 2015</td>
<td>Department of North East Asian Economies, Strategy Research Team newly formed</td>
</tr>
<tr>
<td>Jun. 2016</td>
<td>Dr. Jung Taik Hyun appointed as 9th KIEP President</td>
</tr>
<tr>
<td>Apr. 2018</td>
<td>Dr. Jae-Young Lee appointed as 10th President of KIEP</td>
</tr>
<tr>
<td>Aug. 2019</td>
<td>Re-organization of the Center for Area Studies</td>
</tr>
<tr>
<td>Aug. 2019</td>
<td>KIEP hosts 1st DMZ International Forum on the Peace Economy</td>
</tr>
<tr>
<td>Jun. 2020</td>
<td>Dr. Heungchong Kim begins term as 11th KIEP President</td>
</tr>
<tr>
<td>Jul. 2020</td>
<td>Center for International Development Cooperation, New Trade Strategy Team newly founded</td>
</tr>
<tr>
<td>Feb. 2021</td>
<td>Task Force on ESG Management launched</td>
</tr>
<tr>
<td>Mar. 2021</td>
<td>International Event Feasibility Research Group newly established</td>
</tr>
</tbody>
</table>
Organization

President

- Auditor
- Office of the Auditor

Vice President

- International Event Feasibility Research Group
- Strategic Committee
- External Affairs Team
- ESG Management TF
- G20 Research Support Group
## Major Events and Seminars in 2020

### International Meetings/Seminars

<table>
<thead>
<tr>
<th>Date(s)</th>
<th>Name of Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEB 03-04</td>
<td>Capacity-Building Workshop for Uzbek Working Party on WTO Membership Negotiations</td>
</tr>
<tr>
<td>MAY 27</td>
<td>KIEP-CCIEE Webinar</td>
</tr>
<tr>
<td>JUL 30</td>
<td>International Symposium: Korea-Japan Relations in Major Structural Transition Period</td>
</tr>
<tr>
<td>AUG 05</td>
<td>KIEP-KEI Webinar: Prospects for GVC Changes after COVID-19</td>
</tr>
<tr>
<td>AUG 06</td>
<td>KIEP-KEI Webinar: Future of KORUS Alliance from Economic and Security Standpoint</td>
</tr>
<tr>
<td>OCT 05</td>
<td>KIEP 30th Anniversary Conference: Global Economy and the Asian Century</td>
</tr>
<tr>
<td>OCT 14</td>
<td>Future of the New Southern Policy in the Post-COVID-19 Era</td>
</tr>
<tr>
<td>OCT 16</td>
<td>2020 KIEP and Associations of Area Studies Conference: Response to Global Pandemic Crisis in Emerging Economies and Post-Pandemic Measures</td>
</tr>
<tr>
<td>OCT 21</td>
<td>The 9th Korea-Brazil Business Forum</td>
</tr>
<tr>
<td>OCT 30</td>
<td>2020 EUSA-KIEP International Conference: Does the European Integration Wither after COVID-19?</td>
</tr>
<tr>
<td>NOV 04</td>
<td>Dialogue of Continents 2020: The Age of Imagination</td>
</tr>
<tr>
<td>NOV 17</td>
<td>24th Korea-Latin America Business Forum</td>
</tr>
<tr>
<td>NOV 25</td>
<td>Annual KIEP-IMF Joint Conference</td>
</tr>
<tr>
<td>DEC 03</td>
<td>Sharing Korea’s Development Experiences with Egypt</td>
</tr>
<tr>
<td>DEC 03-04</td>
<td>2020 DMZ International Forum on the Peace Economy</td>
</tr>
<tr>
<td>DEC 04-05</td>
<td>2020 Asia-EU Roundtable</td>
</tr>
<tr>
<td>DEC 08</td>
<td>30th Year of Korea-Mongolia Relations Commemoration Seminar: New Vision for Future Cooperation in the 2.0 Era of Korea-Mongolia Relations</td>
</tr>
<tr>
<td>DEC 09-11</td>
<td>2020 Global Korea Fair</td>
</tr>
<tr>
<td>DEC 10</td>
<td>The 8th Korea-Iran Cooperation Forum</td>
</tr>
<tr>
<td>DEC 10</td>
<td>The Next U.S. Administration: Future of the Global Economic Environment and South Korea’s Responses</td>
</tr>
<tr>
<td>DEC 11</td>
<td>ASEAN+3 FinTech Study Group Seminar</td>
</tr>
<tr>
<td>DEC 14</td>
<td>2020 Data Grand Conference</td>
</tr>
<tr>
<td>DEC 16</td>
<td>20th Greater Tumen Initiative Annual Policy Briefing</td>
</tr>
<tr>
<td>DEC 16-17</td>
<td>30th Anniversary Seminar of Korea-Russia Diplomatic Relations: Strategic Approaches and Tasks for Cooperation in Korea-Russia Relations 2.0 Era</td>
</tr>
</tbody>
</table>
## Domestic Meetings/Seminars

<table>
<thead>
<tr>
<th>Date(s)</th>
<th>Name of Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAY 07</td>
<td>3rd Year Evaluation of International Economic Policy in Moon Administration: Achievements and Tasks</td>
</tr>
<tr>
<td>MAY 27</td>
<td>KORCHAM-KIEP Joint Webinar</td>
</tr>
<tr>
<td>JUN 18</td>
<td>2020 New Economic Map on Korean Peninsula Forum</td>
</tr>
<tr>
<td>JUL 06</td>
<td>FKI-KIEP Joint Seminar: Global Economy Forecast after COVID-19 and Korea’s Response</td>
</tr>
<tr>
<td>JUL 24</td>
<td>JPI-KIEP Joint Symposium: U.S.-China Conflict and Korea’s Strategic Choices</td>
</tr>
<tr>
<td>AUG 20</td>
<td>Impact of COVID-19 on Chinese Politics, Economy, Society</td>
</tr>
<tr>
<td>SEP 04</td>
<td>2020 KEEP Project Workshop</td>
</tr>
<tr>
<td>NOV 03</td>
<td>Strategic Competition between U.S. and China and Implications for New Southern Policy</td>
</tr>
<tr>
<td>NOV 04</td>
<td>What Will Happen in the World of New Normal?</td>
</tr>
<tr>
<td>NOV 04</td>
<td>Seminar for Success of Korean New Deal: Directions and Tasks for Regionally Balanced New Deal</td>
</tr>
<tr>
<td>NOV 06</td>
<td>Korea’s Competition Policy in Age of Inter-Industrial Convergence</td>
</tr>
<tr>
<td>NOV 19</td>
<td>Structural Changes in Korea’s Current Account Balance and Policy Directions</td>
</tr>
<tr>
<td>NOV 20</td>
<td>Achievements toward Regime Transitions in Southeast Asian CLMV Countries: Implications for North Korea Transition</td>
</tr>
<tr>
<td>NOV 27</td>
<td>5th KIEP New Southern Policy Forum</td>
</tr>
<tr>
<td>NOV 30</td>
<td>Evaluating 10 Years of Macroprudential Policies: Achievements and Improvement Measures</td>
</tr>
<tr>
<td>DEC 01</td>
<td>2020 KIEP New Northern Economic Forum</td>
</tr>
<tr>
<td>DEC 15</td>
<td>Instability in International Financial Markets after the Pandemic and Korea’s Policy Response</td>
</tr>
<tr>
<td>DEC 17</td>
<td>Impact of Changes in Trade Structure on Domestic Employment Structure and Response Measures</td>
</tr>
<tr>
<td>DEC 22</td>
<td>Post-COVID-19 Trade Policy toward Latin America</td>
</tr>
<tr>
<td>DEC 23</td>
<td>2020 Korea International Economic Association Winter Symposium</td>
</tr>
</tbody>
</table>

## Expert Invitation Seminar

<table>
<thead>
<tr>
<th>Date(s)</th>
<th>Name of Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAY 21</td>
<td>European Green Deal and Sustainable Finance</td>
</tr>
</tbody>
</table>
## Settlement of Accounts for 2020

### Revenues

31st (current) term from Jan. 1, 2020 to Dec. 31, 2020  
[unit: 1,000 KRW]

<table>
<thead>
<tr>
<th>Source</th>
<th>Budget (A)</th>
<th>Closing (B)</th>
<th>△Chg. (B-A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>38,206,701</td>
<td>38,717,854</td>
<td>511,153</td>
</tr>
<tr>
<td>1. Government funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Government contribution allocation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>○ Salary</td>
<td>13,416,000</td>
<td>12,244,120</td>
<td>△,171,880</td>
</tr>
<tr>
<td>○ In-house research</td>
<td>5,269,000</td>
<td>5,269,000</td>
<td>-</td>
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<tr>
<td>○ General projects</td>
<td>8,789,000</td>
<td>8,789,000</td>
<td>-</td>
</tr>
<tr>
<td>○ Operating expenses</td>
<td>3,386,000</td>
<td>3,386,000</td>
<td>-</td>
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<tr>
<td>○ Equipment expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>B. Government contribution substitution (△)</td>
<td>△46,000</td>
<td>△46,000</td>
<td>-</td>
</tr>
<tr>
<td>2. Proprietary funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>○ Internal service funds</td>
<td>4,123,000</td>
<td>4,440,298</td>
<td>317,298</td>
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<tr>
<td>○ Enterprise funds</td>
<td>97,000</td>
<td>78,824</td>
<td>△18,176</td>
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<tr>
<td>○ Others</td>
<td>344,325</td>
<td>1,728,148</td>
<td>1,383,823</td>
</tr>
<tr>
<td>○ Substitution of government contribution for salary expenses</td>
<td>46,000</td>
<td>46,000</td>
<td>-</td>
</tr>
<tr>
<td>3. Carry-overs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>○ Government funds</td>
<td>2,050,261</td>
<td>2,050,261</td>
<td>-</td>
</tr>
<tr>
<td>○ Own income</td>
<td>52,338</td>
<td>52,338</td>
<td>-</td>
</tr>
<tr>
<td>4. Research and development reserves</td>
<td>679,777</td>
<td>679,865</td>
<td>88</td>
</tr>
</tbody>
</table>

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KIEP 2020 ANNUAL REPORT
Expenditure

31st (current) term from Jan. 1, 2020 to Dec. 31, 2020

(unit: 1,000 KRW)

<table>
<thead>
<tr>
<th>Source</th>
<th>Budget (A)</th>
<th>Closing (B)</th>
<th>△Chg. (B-A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>38,206,701</td>
<td>34,432,958</td>
<td>3,773,743</td>
</tr>
<tr>
<td>1. Salary</td>
<td>16,881,315</td>
<td>14,327,687</td>
<td>2,553,628</td>
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<tr>
<td>2. Research expenses</td>
<td>17,181,367</td>
<td>14,085,900</td>
<td>3,095,467</td>
</tr>
<tr>
<td>3. Operating expense</td>
<td>3,427,023</td>
<td>3,414,007</td>
<td>13,016</td>
</tr>
<tr>
<td>4. Equipments expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5. Others</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>6. Research and development reserves</td>
<td>716,996</td>
<td>676,813</td>
<td>40,183</td>
</tr>
<tr>
<td>7. Closing surplus appropriation</td>
<td>-</td>
<td>1,928,551</td>
<td>△1,928,551</td>
</tr>
</tbody>
</table>
2020 ANNUAL REPORT

KIEP, a Key to Inspired Thinking for Korea and the Global Economy

Korea Institute for International Economic Policy

Building C, Sejong National Research Complex, 370, Sicheong-daero, Sejong-si, Korea
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http://www.kiep.go.kr

Heungchong Kim, President

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