

THE
INVESTOR

DECODED X

July 13, 2017

THE HORRIBLE DEAL

Washington wants to sit down with Seoul to make “amendments” to the KORUS FTA.

Or maybe “modifications.” Or maybe both.

We’ll keep calling them amendments or modifications, but in the end, they do mean a sort of renegotiation.

OK, for starters, nobody is saying that the FTA between Korea and the US isn’t a tricky issue. Nobody is insisting that the deal is hunky dory for everyone.

And yes, this is all legal.

But it does leave a bad taste in your mouth, even though President Donald Trump has made it clear from the beginning that he could possibly “terminate” the “horrible deal.”

This is not supposed to be something emotional. It should be far, far from it because it concerns so many people and companies. So if those “amendments” or “modifications” do happen, it will have to be because it makes sense for everyone involved.

However, communication is everything these days, and the way Trump has expressed himself about all this sure doesn’t make it feel like Washington wants to sit down for rational talks.

It feels like it’s all just a part of a bigger plan to make “America First.”

Read on for this week’s DECODED X.



JUMPING SHIP

GM Korea has been losing a lot of sales, and this time, it lost its CEO.

[James Kim](#), who is also head of AMCHAM, [is soon to be out of the picture](#), and no replacement is in sight. GM is reportedly having a tough time finding one, given the tight situation it's in; low sales with no good prospects in sight.

In June, GM sales fell 21 percent on-year.

Kim's aides say he is leaving to focus on his AMCHAM activities, but our sources say he really didn't want to go down with a sinking ship.

GM apparently was not good for a career portfolio that includes political ambitions.

THE KNIFE

It's definitely not a good time to be a part of Corporate Korea.

The [latest raid by the police into Korean Air](#) and investigation into Dong-A Pharmaceutical has left Korean companies all in a terror.

The charge against Korean Air is embezzlement, while for Dong-A, it's about illegal kickbacks.

Either way, firms are bracing for more headwinds as the government is attempting to pare down prosecutorial authority, while at the same time empowering the police.

So there could be more companies used as "guinea pigs" for how things will change when the police gets stronger.

CHINA'S KOREAN DREAM

Shinhan Bank may be the next Korean bank to find a Chinese partner.

The Investor sources say [Fosun International](#), one of China's leading conglomerates that started off with five college graduates, is in [talks with Shinhan Bank](#) to forge a partnership.

We don't know exactly what the format will be – it could be a joint venture or a stock purchase – but this would make Shinhan yet another Korean bank in such talks.

Previously, we reported that [CEFC](#) of China is [trying to buy](#)



a stake in Hana Bank China.

Our sources say the main goal of these Chinese firms is to gain a banking license.

ROCK AND A HARD PLACE

With a “liberal” president in power, Korea’s so-called left-leaning publications are enjoying another heyday.

But contrary to the high spirits, their finances are not so great. This means they need to lean on the chaebol they so vehemently dislike.

In the case of [The Hankyoreh](#), the reporters still hold Samsung in disdain, but for the top brass, it’s also about the bottom line.

The CEO, however, is chosen by a vote, so he’s literally stuck between a rock and a hard place: by day, he has to stand at the vanguard of fighting the Samsung Empire, but by night, ask for ads.

Samsung, which had at times cut off Hankyoreh altogether, is also in a dilemma of having to cater to a media that keeps finding new ways or rehashing the past to bash it.

PAGE ONE FIASCO

[President Moon Jae-in’s inauguration](#) called for some serious congratulatory remarks from Korean companies, especially as they are trying to stay on the good side of a leader who [has promised to “reform” the conglomerates](#).

On the day, several prominent firms wanted to run page one ads in major publications, but there was only so many page ones. Samsung ended up forfeiting some of the space to none other than LG.

But at the last minute, Samsung decided it wanted more page one ads. The media, which unfortunately depends heavily on Samsung for revenue, had to say yes. They ended up apologizing to LG, which was none too happy for once again being pushed to the back burner.

EXCELLENCE IN FLIGHT

When you work for an appliance company, chances are, you’ll get discounts for the dishwashers and refrigerators your firm makes. Cosmetics firm employees get discounts on makeup, food companies on food and so on.

When you work for [Korean Air](#), you get free flight tickets for anywhere of your choice. In fact, you can get 36 free



tickets a year. Senior managers get to fly business, along with their spouses, but not other members of their families who have to fly coach.

By the way, you don't get free newspapers if you work for the media.

AN AFFAIR TO REMEMBER

Samsung Electronics' recent event celebrating the completion of its [newest semiconductor fabrication plant](#) in Pyeongtaek was apparently toned down from original plans.

Plant completions are a big thing here, and in the past, they came with much fanfare, complete with high-profile guests.

But this time, with [Vice Chairman Lee Jae-yong behind bars](#), the mood was far from festive. The affair was kept to a minimum with just about 100 Samsung people attending.

DECODED X

Thanks for reading. Below are 7 things you should know about DECODED X.

1. We do our best to make sure only the hard facts get into this report. Rumors are specifically identified as such.
2. Decoded X is delivered to you once a week.
3. There is no fixed number of briefs per report, but we will ensure you get a minimum 5 every week.
4. We want to hear from you. You can email directly to the editor-in-chief at jemmie@heraldcorp.com.
5. DECODED X is created by the reporters of The Investor (www.theinvestor.co.kr), where we try to give you up to 100 stories a day, including regulatory filings.
6. To subscribe to DECODED X, email Monica Lee at jylee@heraldcorp.com, or call us at 82-02-727-0616.
7. **DISCLAIMER:** All the information in DECODED X is for the eyes of our clients only. The Investor does



not take responsibility for actions taken based on this report. DECODED X comes only in pdf form. The Investor holds the copyright to all content and will take legal action against unauthorized copies, both offline and online.

Thank you.



The Investor | The Korea Herald
Huam-ro 4 gil 10, Yongsan-gu, Seoul, Korea
Copyright © Herald Corp. All rights reserved.