

South Korea's New Southern Policy as an Open Regime: A View from Southeast Asia

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I. Introduction

If China has the “Belt and Road Initiative” (BRI), India the “Act East Policy,” Taiwan the “New Southbound Policy,” and Japan along with the United States and Australia the “Indo-Pacific” Vision, South Korea – under the Moon Jae-in Administration – has the “New Southern Policy” (NSP). The NSP, which was announced in Indonesia in November 2017, is the twin foreign policy project of President Moon together with the New Northern Policy that is geared toward deepening diplomatic and economic engagements with North Korea, Russia, Mongolia and Central Asia. The Policy Information document issued by the Presidential Committee on New Southern Policy specifically cites the Association of Southeast Asian Nations (ASEAN) and India as the geographic scope of the NSP. The same policy document outlines the three pillars of the NSP, that is,

“People,” “Prosperity,” and “Peace” which are subdivided into 16 policy tasks.¹

The People aspect include two-way travel, people-to-people (cultural) exchanges, advancement of the rights of migrant workers and immigrants in South Korea, human capacity-building, poverty alleviation, and healthcare cooperation. Prosperity encompasses trade (free trade), investment, infrastructure connectivity, Fourth Industrial Revolution cooperation and government support for Korean Small and Medium Enterprises (SMEs). Peace covers peace-building efforts in the Korean Peninsula, maritime security, defense industry cooperation, high-level exchanges, terrorism, cyber security, natural disasters and climate change. It has been widely argued by many Korean scholars that the strategic rationale for the NSP is to hedge against South Korea's so-called “Big Four” traditional neighbors and powers, namely, China, Japan, Russia

1. See Policy Information. Presidential Committee on New Southern Policy. https://apcss.org/wp-content/uploads/2020/02/Republic_of_Korea-New_Southern_Policy_Information_Booklet.pdf.

and the United States. In fact, President Moon himself had said that South Korea needs to “diversify” its foreign relations.² This is not exclusive to South Korea as other major powers have seen ASEAN as a “strategic buffer” amidst great power politics and regional rivalries.

II. From NSP to NSP Plus

Three years into the NSP, notable gains can be observed. These include President Moon’s visit to all NSP countries, the creation of a Business Federation for the NSP and ASEAN and India Business Desk, the substantial increase in the number of diplomats working at the Korean diplomatic mission to ASEAN, and the empowerment of the ASEAN Cooperation Division of South Korea’s Ministry of Foreign Affairs (MOFA). Apart from these are the creation of the ROK Task Force on ASEAN Connectivity, and the holding of the first ASEAN-Republic of Korea (ROK) Startup Summit, ASEAN-ROK Infrastructures Ministers’ Meeting (2018), ASEAN-ROK Innovation Showcase, and the ASEAN-ROK Culture Innovation Summit. Economically, there was marked expansion in terms of trade, investments, tourism and official

development assistance (ODA) to NSP countries. Two years after the NSP was announced, ASEAN-ROK trade volume registered a 37 percent increase in 2019 (\$160 billion). The NSP targets the bilateral trade to reach \$200 billion by the end of 2020.

In terms of investment, Korean foreign direct investment (FDI) to ASEAN recorded a 90 percent increase in 2019 from only \$5 billion in 2017.³ This makes ASEAN consistently South Korea’s third largest overseas investment destination after the United States and the European Union. In relation, newly registered Korean enterprises in ASEAN increased by 21.6 percent (1,393) in 2019.⁴ Last year, it was announced that South Korea’s ODA to six ASEAN countries (Laos, Myanmar, Vietnam, Cambodia, Indonesia, Philippines) will be doubled by 2023 (which was \$457.88 million in 2018). As for tourism, Korean tourists to ASEAN increased by 33 percent in 2019 from 7.8 million in 2017.⁵ ASEAN also continues to be the most popular tourist destination for Koreans as of 2019. Conversely, ASEAN tourists to South Korea grew by 28 percent between 2017 and 2019.⁶ With respect to India and South Korea, mutual trade expanded to \$21.491 billion in 2018 from \$20 billion in 2017.⁷ It is aimed for bilateral trade to

² Cited in Do Je-hae, “Moon’s New Northern Policy gaining spotlight,” *The Korea Times*, December 4, 2020, https://www.koreatimes.co.kr/www/nation/2020/02/356_283818.html.

³ Figures cited in Kim Hyung Jong, “Economic Outcome of the New Southern Policy and the Future of Korea-Philippines Economic Cooperation,” Presentation at the Korea-Philippines Business Forum 2020.

⁴ For the figures, see ASEAN-Korea Center. 30th Anniversary of ASEAN-ROK Dialogue Relations and 10th Anniversary of the ASEAN-Korea Center; Kim Hyung Jong, “Economic Outcome of the New Southern Policy and

the Future of Korea-Philippines Economic Cooperation,” Presentation at the Korea-Philippines Business Forum 2020.

⁵ ASEANStatsDataPortal. Visitor Arrival to ASEAN Member States by Origin Countries (in person). <https://data.aseanstats.org/visitors>.

⁶ “Tourism dollars flow between S Korean and ASEAN,” *The Nation Thailand*, June 7, 2018, <https://www.nationthailand.com/noname/30347236>.

⁷ Embassy of India in the Republic of Korea. India - ROK Trade and Economic Relations. <https://www.indembas-yseoul.gov.in/page/india-rok-trade-and-economic-relations/>.

reach \$50 billion by 2030. South Korean FDI investments to India likewise surged to \$6 billion in 2019 from only \$1.05 billion in 2017.⁸ Significantly, in 2019, the India-Korea Startup Hub was launched.

Given these comprehensive engagements, it can be said that ASEAN and India are gradually becoming the additional “Big Two” in South Korea’s foreign relations calculus. Against this backdrop, President Moon Jae-in announced an improved version of the NSP in the form of the NSP-Plus last November. The NSP being an open regime is a usual behavioral pattern as international institutions naturally transform in line with rapidly changing realities and challenges. For instance, China continuously upgrades the BRI policy narratives by attaching a Space, Polar, Digital, Health and Green Silkroad to the initial BRI concept. China has also gone to great lengths to formalize the BRI by conducting a biannual Belt and Road Forum. Like the BRI, the General Agreement on Tariffs and Trade (GATT) turned into the World Trade Organization (WTO), the ASEAN Defense Ministers Meeting (ADMM) became the ADMM-Plus, and there are talks of the Quadrilateral Security Dialogue or Quad (i.e., Australia, India, Japan, United States) evolving into a Quad Plus.

Under the NSP Plus, key areas of cooperation have been broken down into seven: (1) public

health; (2) education/human capital development; (3) cultural exchanges; (4) trade and investment (e.g., managerial experience, technological know-how, industrial competitiveness, provision of financial, insurance, consulting assistance); (5) rural and urban infrastructure (technology, production, logistics, marketing of agricultural and fisheries products, smart farms, environmental problems); (6) future industries (5G, IOT, AI, startups, e-commerce, fintech, etc.); and (7) non-traditional security issues (environmental disasters, climate change, sustainable development of marine resources, marine environmental protection).

These could not have come at a more opportune time given the post-pandemic recovery and economic reconstruction. As South Korea has no great power ambitions, it can be said that the NSP Plus is consistent with South Korea’s “middle power strategy.”⁹ This, in particular, refers to the active operationalization of multilateralism, the creation of a network of like-minded states, and a major player in shaping regional security architecture.¹⁰ Some have also attributed South Korea’s middle power status as an “enabler of regional cooperation.”¹¹ As stated in the NSP policy document, South Korea “seek[s] to play a pivotal role in the world and in shaping the future.”¹² South Korea has a wealth of experience to share – especially to less developed nations – given its own transition from being a “recipient” to a “donor” country.¹³

⁸ “Perspectives on Korean investment in India,” *India Business Law Journal*, February 13, 2020, <https://law.asia/perspectives-korean-investment-india/>.

⁹ South Korea has also been classified as a Middle Power by the Lowy Institute’s Asia Power Index.

¹⁰ Chaesong Chun, “East Asian Security and South Korea’s Middle Power Diplomacy,” *East Asia Institute*, December 2014, <https://www.files.ethz.ch/isn/187160/03.12.2014.pdf>, p. 2.

¹¹ Andrew Yeo, “South Korea’s Role in China-Japan-Korea

Trilateral Relations,” in eds., Dr. Victor D. Cha and Marie Dumond, *The Korean Pivot: The Study of South Korea as a Global Power*, CSIS, July 2017, https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/170718_Cha_KoreanPivot_Web.pdf, p. 40.

¹² Policy Information. Presidential Committee on New Southern Policy, p. 11.

¹³ Kim Young-mok, “Korea-US on International Development Cooperation,” in eds., Dr. Victor D. Cha and Marie

III. Optimizing the NSP 2.0

There are four ways on how the NSP Plus could be further improved. First, to avoid policy limitations and maximize the room for supply chain resiliency and functional cooperation, the coverage of the NSP countries can be expanded apart from ASEAN and India. This can be seen in the case of China's BRI where membership is cross-regional (i.e., Asia, Europe and Africa), in Japan and India's Asia-Africa Growth Corridor (AAGC), and in the United States' Indo-Pacific vision which has been linked with the Quad. Relatedly, Taiwan's New Southbound Policy not only includes ASEAN and India, but also Australia and New Zealand and the entire South Asia. Some lessons could also be drawn from the policies of former South Korean presidents such as Lee Myung-bak's Global Korea and Park Geun-hye's staunch support for the regional grouping MIKTA [Malaysia, Indonesia, South Korea, Turkey, Australia] in terms of how issue-based cooperation transcends geographic boundaries.

Second, South Korea can employ the concept of Third-Party Market Cooperation (TPMC) or the pursuit of joint ventures or partnerships with other countries in maximizing capacity-building in third countries (NSP countries). Korea International Cooperation Agency (KOICA) has already worked with the United States Agency for International Development (USAID) and the Peace Corps in joint action programs. This could be followed through by KOICA

working with Australia's Export Finance Insurance Corporation (EFIC) and the US' Overseas Private Investment Corporation (OPIC), among others, in NSP countries.

Third, South Korea can help strengthen ASEAN institution-building, regionalism and internal balancing by applying a similar policy framework to the Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) just as it does to the Mekong Region. In the Mekong, South Korea has helped setup the Mekong-ROK Biodiversity Center, Mekong-ROK Water Resources Joint Research Center, Mekong-ROK Cooperation Fund, and a Mekong-ROK Summit. Accordingly, Japan, China, and Australia have actively engaged BIMP-EAGA given the existence of the BIMP-EAGA-Japan Senior Officials' Consultation, BIMP-EAGA - China Ministerial Meeting, Plan of Action for BIMP-EAGA - China Cooperation 2020–2025, BIMP-EAGA and Australia's Northern Territory (NT) Senior Officials Meeting, and the Plan of Action of the BIMP-EAGA and NT Cooperation 2016–2020. South Korea can also connect with the BIMP-EAGA Business Council (BEBC) for the establishment of a joint business association.

The NSP Plus' seven priority areas are highly convergent with BIMP-EAGA's 2025 Vision which centers on higher-level manufacturing, food basket, human resource development in ICT, e-commerce. The Asian Development Bank had already funded various projects of

Dumond, *The Korean Pivot: The Study of South Korea as a Global Power*, CSIS, July 2017, <https://csis-web->

[site-prod.s3.amazonaws.com/s3fs-public/publication/170718_Cha_KoreanPivot_Web.pdf](https://www.s3.amazonaws.com/s3fs-public/publication/170718_Cha_KoreanPivot_Web.pdf), p. 47.

BIMP-EAGA such as transport links, power interconnection projects, Green City Action Plans, technical assistance, and priority infrastructure projects. South Korea has an edge in pursuing functional cooperation with the maritime states of BIMP-EAGA given its leading role in maritime technology and innovation, research and development, and advanced shipyards.¹⁴ This is more so that the BIMP-EAGA also straddles the Coral Triangle which is deemed as the “global center of tropical marine diversity.”

Fourth, there needs to be more reciprocity or two-way interaction in the NSP so as to not make it seem that ASEAN is only on the receiving end of South Korean generosity. For example, the NSP reports can also give equal emphasis on the inflow of ASEAN FDI into and the number of registered ASEAN enterprises in South Korea. Finally, it is important to note that a change in the South Korean administration does not necessarily spell the end of the NSP just as the US’ Pivot or Rebalance to Asia of the Obama Administration was remodeled to the Indo-Pacific under the Trump administration. **KISP**

¹⁴ On South Korean comparative advantage, see Lee YingHui, “Strengthening ASEAN-ROK Maritime Connectivity: Gaps and Way Forward” in ed. Hoo Chiew Ping, *The New Southern Policy: Catalyst for Deepening ASEAN-ROK Cooperation* (Institute of Strategic and International Studies Malaysia: 2020), pp. 99-100.