

Exploring convergence between the New Southern Policy and U.S. Indo-Pacific Strategy: From Korea's Perspective¹

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I. Introduction

The growing economic power and geostrategic significance of the Indo-Pacific have generated active engagement of major powers with the region. Under the New Southern Policy (NSP) unveiled in 2017, Korea has also sought to upgrade its relations with ASEAN and India by boosting economic ties, socio-cultural exchanges and cooperation in the area of peace and security. While an earlier version of the NSP focused on bilateral cooperation with targeted countries, it now looks to collaborate with other players in addressing the needs of ASEAN and India. In particular, as the United States seeks partnerships with its key allies in advancing the Free and Open Indo-Pacific Strategy (FOIP), there has been growing interest in cooperation between the

FOIP and the NSP. Initially, the Korean government took an ambiguous stance toward the FOIP, but agreed to work together with the U.S. by building synergies between the NSP and the FOIP.² However, given the strategic nature of the FOIP as a counterbalance to China's Belt and Road Initiative (BRI) and attendant concerns about the FOIP in the region, particularly in ASEAN – the key partner of the NSP –, close collaboration with the FOIP poses some challenges for the NSP in terms of addressing regional sensitivity to it. Against this backdrop, by exploring how the FOIP is perceived by NSP-targeted countries and clarifying their cooperation needs, this study provides policy recommendations on how the ROK-U.S. partnership should be advanced in the region.

¹ This Brief is built upon the research project conducted by Choi *et al.* (2020).

² U.S. Embassy & Consulate in the Republic of Korea (2019. 11. 3).

II. Regional Response to the FOIP and Cooperation Needs of ASEAN and India

In general, most Southeast Asian nations welcome the active presence of the U.S. in the region. However, ASEAN's long-standing tradition of preserving its neutrality leads its members to take a cautious approach to the FOIP. While most ASEAN member states are reluctant to clarify their position to the FOIP, they are likely to participate in FOIP-related initiatives that suit their national interests. On the security side, maritime states, particularly Vietnam, are eager to seek U.S. support for enhancing their maritime capacity to better respond to Chinese aggression in the South China Sea and other maritime challenges. However, although ASEAN states will step up security cooperation with the U.S. where their interests converge, no Southeast Asian nations – including two treaty allies and a close security partner, namely Thailand, the Philippines and Singapore – are likely to endorse the FOIP that promotes anti-China narratives.

On the economic front, most ASEAN member states appear to accept economic initiatives under the FOIP. For Southeast Asia, accelerating trade and investment linkages with the U.S. is strongly required not only to sustain economic growth in the region, but also to ease its economic dependence on China. Since the mid- and late-2010s, the volume of China's exports to and imports from ASEAN has overtaken that of the U.S. (Figure 1 and 2). While

ASEAN countries see China as the most influential economic power, China's growing influence over the Southeast Asian economy is not well-received by the region.³ In a bid to diversify their trade/investment partners, even China-leaning countries such as Cambodia, Laos and Myanmar find themselves in no position to refuse new sources of finance to develop their economies. One major drawback of the FOIP, though, is that ASEAN is unsure about the U.S.'s commitment to play a more active role in the regional economy, given the small scale of FOIP-related programs compared to those associated with China's BRI project. Good governance principles advocated by the FOIP also create burdens for the majority of Southeast Asian countries that are unlikely to meet the high standards required by the U.S.

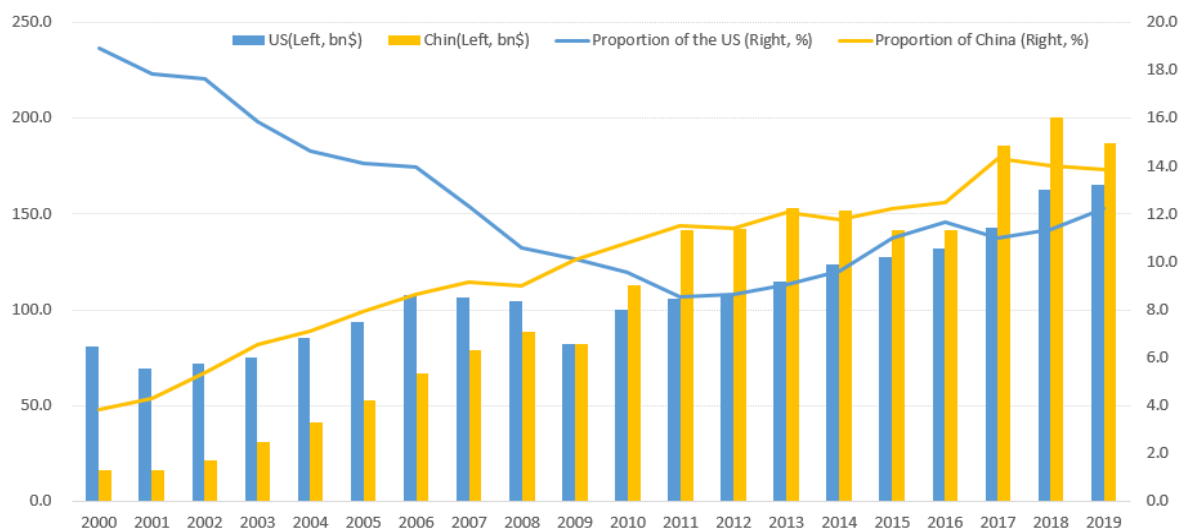
Meanwhile, India, sharing strategic interests to counter the rise of China, has accelerated defense and economic cooperation with the U.S. although it is yet to fully commit itself to the U.S.'s FOIP. Aside from participating in the Quadrilateral Security Dialogue (Quad), India has signed military agreements with the U.S. including the Logistics Exchange Memorandum of Agreement (LEMOA), Communication Comparability and Security Arrangement (COMCASA) and Basic Exchange and Cooperation Agreement for Geo-spatial Cooperation (BECA). Being keen to reduce its trade deficit with China and counteract Chinese economic clout over South Asia, India strives to sustain strong bilateral economic relations

³ Tang *et al.* (2020), pp. 15-16.

with the U.S., already the largest trading partner of the country, and enhance cooperation for digital, energy and infrastructure development in the region. India does not agree with the China containment policy embedded in the

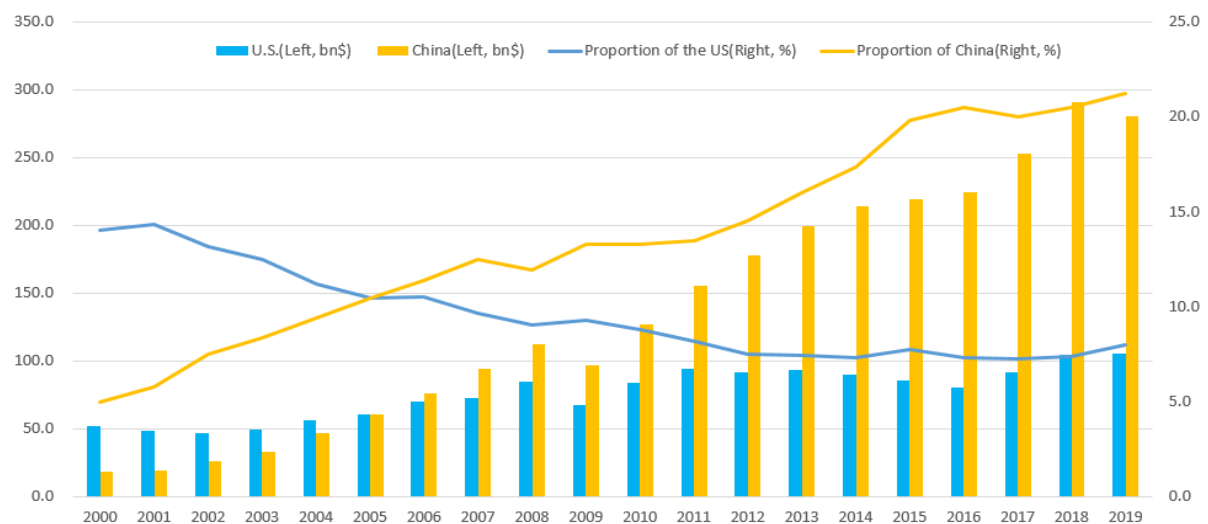
FOIP, but the escalated tension with China after the border row in 2020 could drive India to collaborate more with the U.S. to counterbalance China.

Figure 1. The Trend of ASEAN's exports to the U.S. and China (2000-2019)



Source: IMF DOTS.

Figure 2. The Trend of ASEAN's imports from the U.S. and China (2000-2019)



Source: IMF DOTS.

What is notable is that both ASEAN and India promote an inclusive vision of Indo-Pacific cooperation. By adopting the ASEAN Outlook on the Indo-Pacific (AOIP) at the 34th ASEAN Summit in 2019, ASEAN showed its determination to play a key role in making the Indo-Pacific a region of cooperation and prosperity for all.⁴ India's vision of the Indo-Pacific also envisions a free, open and inclusive region where all players enjoy shared security and prosperity.⁵ More importantly, ASEAN endeavors to alleviate tensions caused by great power rivalry in the region by calling for development-driven cooperation with particular emphasis on economic cooperation, connectivity, SDGs and non-traditional security issues.⁶ This suggests that Korea's collaboration with the U.S. is better to be focused upon inclusive economic cooperation and people-centered non-traditional security areas. In addition, to maximize the effectiveness of cooperation, the demands of targeted nations should be prioritized in advancing ROK-U.S. partnership.

Taking that into consideration, this study analyzed the needs of targeted countries in selected areas where synergy of ROK-U.S. cooperation is expected: digital, energy and infrastructure development in the field of economic cooperation and several non-traditional security (NTS) issues such as environmental protection, disaster relief, health and maritime cooperation. To clarify the needs of

economic cooperation, the study reviewed the policies of major cooperation partners – Indonesia, Malaysia, Myanmar, the Philippines, Thailand, Vietnam and India – in the sector of digital, energy and infrastructure development. In addition, by building upon Porter (1998)'s Competitiveness Framework and utilizing WEF's Global Competitiveness Index (GCI), the cooperation demand by sector of these countries was calculated, followed by an evaluation of the competitiveness of Korea and the U.S. in promoting development in each sector of the countries.⁷ The analysis suggests, overall, that there is a high demand of ROK-U.S. cooperation for ICT infrastructure, the development of human resources/skills in digital, the regulatory framework for digital economy, energy efficiency, renewable energy, power infrastructure, road connectivity and water management facilities. When it comes to demands in NTS, major issues surrounding the ASEAN region and ASEAN-led regional cooperation to tackle these challenges were analyzed. According to our analysis, the primary areas for NTS cooperation in ASEAN are climate change adaptation, ecosystem preservation, sustainable forest management, disaster prevention and management, health infrastructure/capacity building, the control and prevention of disease including the recent covid-19 outbreak and maritime cooperation.

⁴ ASEAN (2019).

⁵ Ministry of External Affairs, Government of India (2018).

⁶ ASEAN (2019).

⁷ For the details of methodology and result of analysis, refer to Chapter 4 of the full report.

III. Forging the ROK-U.S. Cooperation in the region

While Korea's NSP and the U.S.'s FOIP have different objectives and approaches, particularly in the "security" pillar, there are sufficient opportunities for cooperation between the two for the prosperity in the region. The joint fact sheet on "Working Together to Promote Cooperation between the Indo-Pacific Strategy and the New Southern Policy and the Indo-Pacific Strategy" released by Seoul and Washington was the first step towards searching for convergence between the two policies.⁸ What remains to be done is to identify appropriate targets and seek joint initiatives in the areas where strengths on both sides overlap and high demands of partner countries exist.

Overall, given their relatively lower economic dependence on China and highest potential and cooperation demands across all three major sectors (digital, energy and infrastructure),

Indonesia, Vietnam and India are considered the most promising partners for future ROK-U.S. cooperation. The Philippines and Myanmar, despite their economic overreliance on China, have also high potential and cooperation demands, particularly in the sector of energy and infrastructure development. As relatively advanced countries in ASEAN, Malaysia and Thailand have strong capacity for policy implementation, along with sufficient cooperation demands in all sectors. In the case of Laos and Cambodia, which have modest cooperation needs and weaker capacity for policy implementation, it is better to cooperate with these nations under the Mekong River-related initiatives. Singapore, the only developed nation in ASEAN, is not likely to be a targeted country where the ROK-U.S. bilateral programs take place, but its advanced technology and primary role in driving investments in the region makes it a promising partner to promote trilateral joint projects targeted at other ASEAN member states.

Table 1. Cooperation Environment of NSP-targeted Countries by Sector*

Country	Population (mn, 2019)	GDP (bn, 2019)	Policy drive by sector (policy + gov's capacity)*			Demands/potentials for cooperation by sector		
			Digital	Energy	Infra	Digital	Energy	Infra
Brunei	0.5	13.5	Strong	Strong	Middle	Low	Low	Low
Cambodia	16.0	27.1	Weak	Weak	Middle	Some	Some	Some
Indonesia	268.1	1,119.2	Middle	Middle	Middle	Very High	Very High	Very High
Laos	6.9	18.1**	Weak	Middle	Weak	Some	Some	Some
Malaysia	32.6	364.7	Strong	Malaysia	Strong	High	High	High
Myanmar	54.3	69.3	Middle	Weak	Middle	High	High	Very High
Philippines	107.3	376.8	Middle	Middle	Middle	High	Very High	Very High

⁸ U.S. Embassy & Consulate in the Republic of Korea (2019.11.3)

Country	Population (mn, 2019)	GDP (bn, 2019)	Policy drive by sector (policy + gov's capacity)*			Demands/potentials for cooperation by sector		
			Digital	Energy	Infra	Digital	Energy	Infra
Singapore	5.7	372.1	Strong	Strong	Strong	High	Some	Some
Thailand	69.3	543.7	Strong	Strong	Strong	High	High	High
Vietnam	96.5	261.9	Middle	Strong	Middle	Very High	Very High	Very High
India	1,342.6	2,888.3	Strong	Middle	Strong	Very High	Very High	Very High

Note: * Relative evaluation of policies of each sector and the government's capacity to implement policies

** 2018 data

Source: ADB (2020), p. 78, 101 for the data on population and GDP; Authors' own analysis derived from Chapter 4 of the full report (Choi et al. 2020)

As for cooperation by sector, one major high-profile area in the digital sector is ICT infrastructure development, where both Korea and the U.S. have a competitive edge. Seoul and Washington should focus on upgrading ICT infrastructure particularly in Indonesia, Malaysia, the Philippines, Thailand and India, where demands are high. Given the growing digital economy in the region, another promising area for ROK-U.S. partnership is to improve ASEAN's digital standards and capacity building for digital transformation. The two countries may regularly hold workshops for knowledge exchange and provide training programs designed to enhance the digital and cybersecurity capacity of ASEAN member states. For example, in collaboration with the ASEAN-Singapore Cybersecurity Centre of Excellence (ASCCE), they can support technical trainings and share best practices of cyber threat detection and response. In the energy sector, one salient area for ROK-U.S. partnership is the promotion of energy efficiency in the region. Korea and the U.S. can jointly launch an energy efficiency initiative and set up a working group to initiate programs for reforming energy regulation in potential partners. Ac-

ording to our analysis, the demands for upgrading energy efficiency are particularly high in Malaysia, Indonesia, Myanmar, Thailand and India. Renewable energy is another promising area for the future partnership, given the growing interest in "Green New Deal" initiatives both in Korea and the U.S. They can embark on renewable energy-related initiatives in Malaysia, Thailand and India where considerable demands exist for improving renewable energy regulation and growth of the renewable energy industry. In the infrastructure sector, Seoul and Washington have vast opportunities of cooperation in road connectivity, electricity infrastructure and water systems, all of which both countries are competitive in the regional market. According to our analysis, the demands for better roads connectivity are particularly high in Indonesia, Malaysia, the Philippines and Vietnam. A joint research on analyzing demands for road infrastructure by using satellite data would help Korea and the U.S. identify target areas where connectivity projects are to take place. Korea has long contributed to upgrading water supply systems in ASEAN countries and the U.S. has accumulated immense water-related data gained under the Lower Mekong In-

initiative. The combination of Korea's technology of building water facilities and the U.S.'s water resources information can therefore create synergy in supporting water resource management in the Mekong River basin. In particular, Smart Water Grid systems, a key component of smart city development, can be a good start for the ROK-U.S. partnership for smart city development in the ASEAN region. The two countries also need to seek ways to jointly improve electricity infrastructure in the region, including institutional support to attract private investment. Given the high demands for electricity facilities in Myanmar and India, a bilateral working group can be formed to address the need of these countries and provide consultation for their governments and private sector. Most importantly, to address the potentials of this ROK-U.S. economic cooperation, a working-level commission should be established where relevant authorities of the two countries can discuss overlapping interests and identify feasible joint projects.

For NTS cooperation, it will be better to start by exploring overlapping agendas between existing programs carried out by Korea and the U.S. in the ASEAN region. To this end, Seoul and Washington need to create a regular dialogue channel between working-level authorities of competent agencies on both sides, for instance the Korea International Cooperation Agency (KOICA) and U.S. Agency for International Development (USAID). In the areas where their interests converge, they can

launch ROK-U.S. cooperation funds designed to support specific projects in need. As for cooperation by sector, in the area of environmental protection, priority should be given to climate change adaptation in ASEAN member states and biodiversity conservation in the lower Mekong wetlands. As suggested by some survey results, climate change is of great concern to ASEAN member states.⁹ For the sustainable management of forests and the alleviation of climate change, Korea has long implemented a variety of forestry cooperation programs in the ASEAN nations. Tackling climate change is also one of the priority areas for ROK-ASEAN cooperation under the NSP-Plus, an advanced version of the NSP. Since the Biden administration is expected to seek global cooperation for climate change, combating against climate change in ASEAN can be a propitious area for the two countries to work together. In addition, by capitalizing on the recent establishment of the Mekong-Korea Biodiversity Center and the U.S.'s longstanding research in the lower Mekong basin, Korea and the U.S. can create synergies in biodiversity conservation in the Mekong River. They can jointly support biodiversity research in the region and launch ecosystem restoration programs. Regarding disaster prevention and relief, Seoul and Washington can collaborate to improve flood forecasting/warning systems in vulnerable countries by sharing information gained by satellite observations. For flood-stricken areas, they can collaboratively support embankment construction to protect

⁹ Tang *et al.* (2020), p. 9; Green *et al.* (2020), p. 15.

against floods and landslides. Seoul and Washington can also cooperate in capacity-building for disaster response and management in ASEAN member states, including support for emergency rescue operations. In the health sector, the utmost priority should be given to fighting against covid-19 in ASEAN member states, and in the long term joint assistance should be extended to capacity building of ASEAN nations in preventing and responding to new infectious disease outbreaks. Lastly, Korea and the U.S. should promote partnership in maritime capacity-building of ASEAN states. Maritime cooperation not only meets the high demand of ASEAN maritime states, but also has a great potential to further upgrade ASEAN-Korea peace cooperation. The coordination with the U.S. will expand the role and scope of Korea's maritime cooperation in the region. The two countries can cooperate in enhancing maritime domain awareness of the region and strengthen ASEAN's capability in Search and Rescue (SAR), Humanitarian Assistance and Disaster Response (HA/DR) and law enforcement against various transnational crimes at sea. **KIEP**

IV. Conclusion

Despite possessing different objectives in their own right, Korea's NSP and the U.S.'s FOIP share good areas of convergence. Collaboration with the U.S. will provide a good opportunity for the NSP to widen its scope and diversity of regional cooperation. However, the cautious approach to the FOIP in NSP-tar-

geted countries suggests that Korea's cooperation with the U.S. needs to reflect the inclusive vision of Indo-Pacific cooperation. More importantly, the needs of targeted countries should be foregrounded when promoting ROK-U.S. partnership. Since both countries have agreed to work together for the prosperity and peace of the region, the next step is to narrow down its focus and concentrate on where synergy can be generated. To this end, the establishment of a working-level committee in respective sectors is required to coordinate ongoing programs and develop potential projects. Hopefully, the policy recommendations presented here will contribute to the future ROK-U.S. partnership in the region.

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