

Korea's New Southern Policy: Diversifying Economic and Strategic Portfolios

By Seonjou Kang

In recent years, Korea has found itself facing more foreign policy challenges than ever. These challenges include North Korea's nuclear provocations, US-China geopolitical competition in Asia, and rising protectionism and uncertainty in the world economy. Upon taking office in 2017, President Moon Jae-in chose to meet those challenges with new and bold foreign policy initiatives, including the formulation of the New Southern Policy (NSP) toward the Association of Southeast Asian Nations (ASEAN). Incorporating ASEAN into Korea's foreign policy agenda is not new, having been attempted by preceding administrations as well. Nevertheless, the NSP of the Moon administration is considered novel as it elevates Korea's relations with ASEAN to a level similar to that of major powers, and purports to pursue them in a consistent manner. The very fact that President Moon completed visits to all ASEAN nations within the first two years in office attests to the importance that Korea places on the NSP.

Seonjou Kang, Professor at Korea National Diplomatic Academy, explains that "The very fact that President Moon completed visits to all ASEAN nations within the first two years in office attests to the importance that Korea places on the NSP."

Goals of the New Southern Policy: Economic and Strategic Diversification

The NSP has two aims: one is to expand Korea's economic horizons in the rough seas of protectionism. In 2016, Korea learned the hard way the risks of concentrating trade relations with China amid rising geopolitical sensitivity in Asia and felt the need to diversify them. For economic diversification, ASEAN is an ideal partner. As of 2019 ASEAN as a combined economy was Korea's second-largest trading partner, and Korean investment into ASEAN has grown 20 times over two decades. This growth partly results from the Korea-ASEAN Free Trade Agreement signed in 2007. Furthermore, ASEAN has the potential to create new added value from investment in R&D that harnesses Korea's advanced information and communication technology (ICT).

The other aim of Korea's NSP is to form solidarity among the middle powers in Asia as an approach to cope with U.S.-China geopolitical competition. The US-China competition for hegemony has intensified in Asia, and the region's small and medium countries are uncomfortably situated that they might be made to choose between the two rivals. In this competitive environment, it is not only strategic but also prudent for Korea to engage in thoughtful diplomacy toward similarly situated countries, namely ASEAN states, to maintain peace and stability in Asia. A deepening of strategic ties is likely to be beneficial to both Korea and ASEAN.

Focus Areas of the New Southern Policy

Reflecting its two-fold goals, the NSP pivots on the "Three Ps" of People, Prosperity, and Peace. This broadens the focus of Korea-ASEAN relations from trade to a partnership in technology, culture, and humanity, and enables Korea to employ a comprehensive approach to integrating economic and socio-cultural connectivity into a peaceful community. Moving forward, the NSP will rely on institutional frameworks to ensure that Korea-ASEAN cooperation can sustain progress.

The NSP represents forward-looking cooperation with ASEAN and directs its functional focus toward areas including investment in the Fourth Industrial Revolution, sustainable development, and peace and security. Korea and ASEAN will first cooperate in riding the waves of the Fourth Industrial Revolution. Korea has been striving to

spur the growth of innovative industries, such as system semiconductors, future automotive technology, and biohealth. On the other hand, ASEAN is interested in building new industries that combine ICT with agriculture, manufacturing, and services. Korea and ASEAN have complementary interests in the era of the Fourth Industrial Revolution and thus can expect to gain synergy if they combine their innovative capacity. As a critical part of this cooperation, Korea will be involved in building human capital for the future industries in ASEAN and share technologies for the Fourth Industrial Revolution.

Second, Korea will cooperate with ASEAN in upholding a free and fair rules-based trading system to sustain economic development. Free trade and market liberalization have given Korea and other Asian countries opportunities to transform their agrarian economies into manufacturing powerhouses in the 20th century. Korea and ASEAN, as beneficiaries of rules-based free trade, stand together against protectionism. And on this continuum, Korea and ASEAN will take joint leadership in finalizing RCEP at the earliest possible time and give strong support for an open, transparent, and rules-based multilateral trade system at the global level as well.

Third, Korea pays special attention to ASEAN countries in the Mekong region. The Mekong region is known for its historical and ecological heritage, and its vast potential is yet to be tapped. Korea intends to be a partner for peace and prosperity of the Mekong region through economic, cultural, and human development. Korea's contribution to the Mekong region will have a positive effect on the wider ASEAN region.

In line with this, Korea joined the ACMECS (Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy) as a partner in May, 2019 and set up the Korea-Mekong Cooperation Fund to make a \$3 million investment per year in development projects. The Korea International Development Cooperation Agency (KOICA) is charged with helping the Mekong region countries build developmental momentum within the agricultural sector. Korea will also partake in infrastructure development in the region, as the Mekong countries aspire to strengthen connectivity among themselves.

Further, Korea supports sustainable development in the Mekong region, which should start with protecting the Mekong River from climate change and natural disasters as well as utilizing abundant bio resources for green growth. Korea is willing to and capable of collaborating with the Mekong countries for sustaining biodiversity, forestation, and hydromanagement in the region.

Last but not least, Korea intends to build a peace partnership with ASEAN. The superpower rivalry is undermining the regional order, which has been conducive to peace as well as prosperity in Asia. Korea's peace cooperation with ASEAN will be centered on re-establishing multilateralism in Asia to alleviate tensions and restore confidence in the regional order. Over the past two decades, ASEAN has played a bridging role of providing institutional mechanisms for managing regional issues, and it still remains the best multilateral platform. Korea can lend support for ASEAN to reconstitute its bridging role under the principle of ASEAN centrality, inclusiveness, and respect for international norms in redressing regional stability.

What's Next: New Southern Policy 2.0

Korea hosted the 3rd Commemorative Korea-ASEAN Summit and the 1st Mekong-Korea Summit at the end of 2019. The two Summits, in a sense, marked the end of the first stage of the NSP, which is to present the vision of the NSP and garner support from ASEAN. The year 2020 marks the beginning of the second stage of the NSP, NSP 2.0. The biggest task of NSP 2.0 is to translate the vision of the NSP into workable plans and carry them out. Cumulative and tangible outcomes under the NSP will not just improve Korea's engagement with ASEAN but help Korea's diversified economic and strategic portfolios take root. And it will be all the more imperative for Korea to move forward with the NSP in order to cope with the uncertain strategic and economic landscape in the post-COVID era.

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