

Planning the Future of Korea's New Southern Policy

By Sungil Kwak

In November 2017, South Korea declared the New Southern Policy (NSP) centered on the 3P: People, Prosperity, and Peace. President Moon Jae-in has visited all 10 ASEAN Member States (AMS) and India in the two and a half years since his inauguration. It is the first time that the Korean President has visited all 10 AMS and India within his term. Last November, the ASEAN-ROK Special Summit and the 1st Mekong-ROK Summit were successfully completed, presenting a cooperation blueprint with ASEAN for the next 30 years. Thanks to government-wide efforts in ROK and ASEAN, a cooperative relationship, not only in economics, but also human exchange, cultural arts, and diplomacy and security, has been developed. It has been well-received by ASEAN. While China and Japan are known for pursuing 'hegemony power,' South Korea has put heavy emphasis on co-existence with ASEAN as a partner of mutual prosperity. In addition, every time President Moon visited ASEAN, he announced pragmatic cooperation ideas, utilizing the advantages of ASEAN and Korea in complementary ways. NSP has now become established as one of the signature foreign policies implemented by the Moon government.

There are several important achievements of NSP thus far. First, reflecting the opinions of private experts, public institutions, public enterprises, and ASEAN local needs, NSP has adjusted and expanded its number of core projects since 2017. In November 2018, the 'Presidential Committee of NSP' presented 16 strategic tasks and 32 core projects for the first time. In April 2019 the committee announced 50 projects by adding 18 projects. In September 2019, NSP was expanded to 16 strategic tasks and 57 core projects again. Recently the committee determined to expand 16 strategic tasks to 19 tasks and 57 core projects to 92 projects.

Second, human exchanges between two regions have expanded significantly since the announcement of NSP. The institutional barriers for expanding human exchange were alleviated by the introduction of multiple visas and electronic visas, the expansion of the Scholarship Program, the strengthening of economic cooperation, and the spread of the Korean Wave (the export of Korean popular culture). Mutual tourism increased by 11.4% per year, from 8.9 million in 2016 to 12.3 million in 2019.

Third, the goal of 'prosperity' includes reaching \$200 billion of trade with ASEAN by 2020. To this end, Seoul has focused on both strengthening the institutional basis for promoting trade and investment and participating in infrastructure development projects for ASEAN connectivity. Currently, ASEAN is Korea's second largest trade and investment destination. Exports to ASEAN accounted for more than 20% of total Korean exports for the first time last year. The expansion of bilateral and multilateral FTAs such as Korea-Indonesia CEPA and RCEP Agreement is laying foundation for the advancement of economic cooperation. In addition, funds for ASEAN related projects have been greatly expanded, including \$92 million for the Korea-ASEAN Global Infra Fund, \$1.3 billion in the Plant Infra Smart city fund, and expansion of Economic Development Cooperation Fund (EDCF). A smart city cooperation platform and an overseas construction investment support organization (Korea Overseas Infrastructure & Urban Development Corporation) have been established as well.

Sungil Kwak, Director General of New Southern Policy Department, Korea Institute for International Economic Policy, explains that "The goal of 'prosperity' includes reaching \$200 billion of trade with ASEAN by 2020."

Fourth, NSP is emphasizing security and defense industry cooperation to consolidate regional peace cooperation. For example, the initiative to develop the demilitarized zone (DMZ) as an international peace zone received support at the ASEAN-Korea special summit last year. Korea-Thailand GSOMIA was also signed in September 2019. Moreover, by 2022 Korea will increase the amount of official development assistance to ASEAN by 2.5 times compared to 2017. Thanks to these efforts, well-known regional initiatives such as the U.S. Indo-Pacific strategy and China's Belt and Road Initiative have expressed interest in working with NSP.

ASEAN opinion leaders, however, do not seem to be evaluating NSP positively yet, according to “The State of Southeast Asia: 2020 survey report” published by ISEAS. Only 0.9% of respondents believe that Korea is a country that provides leadership in maintaining the rules-based order and upholding international law. Despite Korea’s efforts to gain ASEAN’s heart through NSP over the past two years, only 3.0% of respondents pointed to Korea as the most preferred and trusted strategic partner for ASEAN under the US-China strategic rivalry. This ranking is lower than the numbers for New Zealand (4.7%), Russia (6.1%), India (7.5%), and Australia (8.8%). Moreover, only 0.8% of the total respondents chose South Korea as their top choice of tertiary education, which is also lower than the number for China (3.1%), Australia (13.8%), ASEAN Member States (3.7%), and Japan (8.9%). Interestingly, the results of the survey show that building a 5G Internet network was more favorable to Samsung, a Korean company than Huawei or ZTE. ASEAN seems to still regard Korea as only an economic partner in spite of the implementation of NSP.

NSP needs a new focus beyond commercial relations in the following dimensions. First, the identity of NSP should be clarified: is it a regional initiative or just a cooperative policy with neighboring countries? If NSP is aimed at a regional initiative, regional leadership should be exercised, contributing to building a new regional architecture to maintain free and open markets and a rules-based order through cooperation with other regional initiatives such as FOIP and BRI.

Second, NSP should have flexibility to respond quickly to changes in ASEAN. Thailand, Malaysia, and other member states are looking forward to the benefits of the Fourth Industrial Revolution in order to escape from a “middle income trap.” Even Vietnam with high growth rates is keen on developing future industries, fearing it could fall into the trap. As uncertainty is growing in the global economy, ASEAN will change far faster than we expect. If NSP does not respond to the changes in ASEAN, it will inevitably fall behind in competition with China and Japan.

Third, rather than continuously increasing the number of core projects, NSP should review the performance of existing projects. By analyzing and finding complementary relationships between the listed projects synergies can be leveraged. Moreover, ROK should select core projects in areas with sufficient capabilities. Given the fact that ROK has a successful experience in preventing the spread of COVID-19, practical projects strengthening ASEAN’s quarantine capabilities, training experts and sharing technologies related to prevention measures should be considered as core projects promoted with ASEAN and ROK together.

Fourth, while it is necessary for NSP to gradually expand the scope of target countries (10 ASEAN countries + India) to other neighboring countries, any decision to do so, should be in keeping with Korea's capabilities. The number of target countries should be increased through a 5-year planning and evaluation process rather than rapid expansion without evaluation, because the expansion of scope without outcomes weakens the driving forces of NSP.

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