South Korea's Policy Options in Asia

Summary of a Webinar Hosted by the RAND Center for Asia Pacific Policy

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About These Conference Proceedings

On October 4, 2022, the RAND Center for Asia Pacific Policy convened an online seminar titled "South Korea's Policy Options in Asia." Sponsored by the Consulate General of the Republic of Korea in Los Angeles, the event featured prepared remarks and discussions by Erik Mobrand, Korea Policy Chair at the RAND Corporation; Chong Jia Ian, professor of political science at the National University of Singapore; and Taekyoon Kim, professor of international development at Seoul National University.

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With a new president in Seoul, Yoon Suk-yeol, and quickly changing conditions in the region, South Korea faces uncertainty over the roles it might play in Asia. Although South Korea has become increasingly tied to South and Southeast Asia through economic and social interactions, there are multiple visions of the country's place in the region. The alliance with the United States—which is undergoing reimagination—informs some of these visions. Navigating this landscape is a challenge for Seoul. The RAND Center for Asia Pacific Policy's "South Korea's Policy Options in Asia" webinar in October 2022 examined the strategies and policies available to South Korea. What follows is a summary of the discussion, by participant. Participants' assertions are based on their expertise.

Comments by Erik Mobrand

Erik Mobrand is the Korea Policy Chair and a senior political scientist at the RAND Corporation. He researches political and social affairs in Korea. He is the author of the book Top-Down Democracy in South Korea *(University of Washington Press, 2019).*

The relationship between South Korea and the United States, two long-standing allies, has expanded in geographic scope. China is now a huge consideration in the relationship, as it is for U.S. relations with many countries in the region. In part because of the relationships China has in the region, South Asia and Southeast Asia have also become implicated in South Korea–U.S. ties. With a new government in Seoul as of May 2022, there is an opportunity to reflect on the directions South Korean foreign policy in Asia might take. We can identify opportunities and risks in South Korea's relationships with South and Southeast Asia before analyzing a few options Seoul might pursue in those parts of Asia. This analysis builds on a consideration of three main streams in South Korea's ties with South and Southeast Asia.

Three Streams in South Korea—South Asia and Southeast Asia Relations

A first stream in these ties lies in the integration of South Korea with South and Southeast Asia. Under the Moon Jae-in administration, South Korea launched its New Southern Policy in 2017 as a formal recognition of the significance of South and Southeast Asia to the East Asian country. That significance had grown over the previous two decades as South Korea became intertwined with other parts of Asia in myriad ways. Investment into India and Southeast Asia has reached high levels, with Korean firms setting up factories and engaging in resource extraction. Overseas development assistant efforts in mainland Southeast Asia have been intensive, sometimes through major infrastructure projects. Some Southeast Asians have moved to South Korea to start families and, in more-temporary arrangements, to be migrant workers. More than ever, South Korea is part of a wider Asia. The New Southern Policy brought with it an organizational shift in the Ministry of Foreign Affairs. Yet, beyond that, the direction of the New Southern Policy remains underspecified.

A second stream comes from the new administration in Seoul under President Yoon. This government seems to have returned to South Korea's traditional foreign policy emphasis on the United States, followed by Japan. The priority would seem to be overwhelmingly sticking close to Washington. For the sake of Washington, South Korea's focus includes attempting to restore its ties with Japan. There is no special place for South and Southeast Asia in this vision. Yoon has talked tough on China, especially while on the campaign trail. His language seems to send a signal to Washington that South Korea is a responsible and committed ally of the United States—and certainly not one pulled toward China. The implication would be that South and Southeast Asia would return to the back burner.

A twist on Yoon's American orientation is that Washington has directed Seoul back to Asia. Through the U.S. Indo-Pacific Strategy—which is the source of the third stream—the Joe Biden administration urges South Korea to orient itself to the region more broadly. This move is a significant departure from the past, since the alliance had been focused specifically on military affairs and defense against North Korea. Only at particular moments, such as the dispatching of South Korean troops to Iraq, has Seoul agreed to U.S. plans to integrate South Korea into a wider initiative. Calls for *strategic flexibility*—meaning that United States Forces Korea might be dispatched elsewhere in the region, primarily the Taiwan Strait—have been a point of sensitivity for South Korea. Both autonomy-conscious progressives and Pyongyang-wary conservatives have opposed suggestions that the alliance has to do with anything other than protection against North Korea.

South Korea and the United States seeming to agree on a role for South Korea in the wider Indo-Pacific Strategy is, therefore, a significant development. The details have yet to be worked out. Where China fits into South Korean and U.S. plans is unclear. The United States has accelerated toward an exclusive multilateralism—with China the excluded party. Whether South Korea agrees on this approach has not been determined.

The question is not only about which of these streams will be most influential. Each stream leaves open questions. Into what sort of program might the New Southern Policy develop? If South Korea were to give little foreign policy attention to South and Southeast Asia, how might existing relationships develop? And what role does South Korea have in the Indo-Pacific Strategy?

Opportunities and Risks

There are great risks and opportunities for South Korea in South and Southeast Asia. There can be a prominent place for South Korea in new forms of multilateralism in Asia. South Korea has a reputation in the region that could be mobilized to broker Washington's influence. The interests of all parties could dovetail in emerging forms of cooperation—forms that Seoul could shape. Risks, though, lurk beneath the surface.

A chief risk is that Seoul and Washington might talk past each other. The summit between Yoon and Biden in May 2022, building on the Moon-Biden summit from a year before, saw

agreement on high principles. In the summit's joint statement, South Korea accepted the language of *the Indo-Pacific* for the first time. The United States, in turn, accepted the Yoon administration's language of a *global partnership*. These are two allies and two democracies that have shared public values. The United States is keen on South Korea playing a large role in the region; Seoul, for its part, envisions its country as a global pivotal state.

What might this global partnership look like? Although Seoul and Washington can agree on high principles, they come to those principles from different positions. Washington's Indo-Pacific Strategy aims to check Chinese influence in the region. The White House wishes that South Korea saw the alliance in the context of containing China. The current administration in Seoul can criticize China, but South Korea is also more vulnerable because of geographic and economic linkages with China. As the Terminal High Altitude Area Defense (THAAD) episode of 2017 demonstrated, South Korea can pay a high price if it allows itself to be a base for U.S. containment of China. If the uneven costs associated with the Indo-Pacific Strategy are not discussed between Seoul and Washington, then it is unclear how the general commitments relate to reality. South Korea's economy, both through supply chains and markets, is also more deeply tied to China. Although a few semiconductor factories can be built in the United States, whether these can offer relief from supply chain dependence on China is another matter.

Indo-Pacific can mean different things to Seoul and Washington. The risk here would be for policymakers to fail to acknowledge that potential difference. For South Korea, the meaning would presumably build on the country's existing ties in Asia. The term might include China in some ways. For the United States, the Indo-Pacific—as it stands today—has little to do with actually existing relationships within Asia. Rather, the meaning has to do with attempting to build a maritime-oriented regionalism in Asia, broadly construed, to counter Chinese influence. The latter project, divorced from the reality of South Korea's ties with other parts of the region, risks attempting an implausible form of regionalism. In that case, U.S. strategy will not suggest useful or practical ways that South Korea could become involved. In other words, the leadership opportunities that Seoul has would not match with the structures that Washington hopes to foster. Furthermore, the U.S. vision of the Indo-Pacific does little to assuage Korean concerns about being stuck between China and the United States.

The opportunities are subtler. South Korea's leadership potential is based on doing activities that fit with what it does in the region. If that potential is to be realized, then Seoul might benefit both its country and the United States by guiding Washington's priorities in the region. Doing so could minimize risks for the United States.

There are also questions for South Korea that are focused specifically on the South Korea–Southeast Asia relationship. South and Southeast Asia have become outlets for surplus Korean capital. Construction firms have found places to go, with public financing in the name of overseas development assistance. The relationship has roots in the developmental state of the past, as the South Korean state provides discounted public financing for projects run by the largest of firms. However, these relationships are not *developmental* in the way that they could

be in the past: Instead of state agencies forcing firms to learn and move into activities that add higher value, the state allows them to remain as they are as they reap windfall revenues through projects abroad.

This approach to other parts of Asia builds hierarchies, not partners. When the aim is to make a quick buck in less wealthy areas, these projects carry risk to local societies and to South Korea's reputation. This point was demonstrated all too clearly with the 2018 dam tragedy in Laos. The risk is not limited to infrastructure projects. Deforestation in West Papua offers another example. Coupled with the status of regional workers in South Korea and marriage migrants from the region, these hierarchies can be felt both in South Korea and in South and Southeast Asia.

The reserves of goodwill can evaporate unless these relationships are supplemented with a push to build partnerships. Demonstrating respect for and interest in the people of the region can go a long way. The more that South Korea protects its reputation in the region, the better able Seoul will be to offer a meaningful place in an effective Indo-Pacific Strategy. In that case, Seoul would have a real, regionally meaningful reputation to broker.

Some Options

A first option is for South Korea to do little in South or Southeast Asia. After all, those regions are not immediate priorities the way that Northeast Asia or the United States might be for South Korean security. This option would largely be a continuation of the status quo and without further elaboration of the New Southern Policy. Such an orientation would be increasingly divergent from the reality of South Korea's incorporation into the region, a process that will continue nonetheless. Investment, trade, and development assistance to the region continue, as do labor and family immigration from the region. A passive approach would be to not build foreign policies that respond to those trends. This option is relatively easy but not especially realistic.

A second option is to follow the cue from the United States on the Indo-Pacific. Under this option, South Korea would fit into the Indo-Pacific Strategy. South Korea would participate in regional initiatives started by the United States. This role would, at least on the surface, confirm the alliance. Yet the option could also divide the region and would possibly do little to answer questions about South Korea's security vis-à-vis China. For example, South Korea has close investment and aid ties to Cambodia. The increasingly personalist regime in Phnom Penh follows Beijing closely. Polarization in the region would likely push Cambodia even more fully into China's orbit.

A third option is for South Korea to help inform the United States on what the Indo-Pacific might be. This option is the most difficult but also the most rewarding. It takes imagination and initiative. South Korea can build relationships of solidarity on the basis of existing cooperation—investment, development assistance, social exchange, and so on. Fostering a regionalism on the basis of these strong regional ties is a challenging but feasible step. That, in turn, could be the

basis for U.S. engagement in the region. For the United States, this option means having the patience and openness to allow its ally to help define the region and its architecture.

Within this third option, there is a question of whether China would be included in or excluded from emerging forms of multilateralism. The U.S. preference at the moment seems to be to keep China out. South Korea—and other U.S. friends in the region—would be more reluctant to embrace that position. South Korea might consider ways to include China in some forms of cooperation in the region.

Conclusion

South Korea's relationships with South and Southeast Asia are linked closely to both China–South Korea relations and South Korea–U.S. ties. The nature of the connections between these sets of relationships has shifted in recent years; the connections have also intensified. The orientation Seoul takes regarding Washington or Beijing has implications for its activities in other parts of Asia. By the same token, Seoul's actions in South and Southeast Asia have knock-on effects for its relationships with Beijing and Washington. Building strategies for relations with other parts of Asia is a complex task.

Opportunities exist for South Korea to play positive leadership roles in the region. These can be pursued in ways that build on the engagement the country already has in the region. The major risk is that U.S.–South Korea cooperation will not address the complexities of multiple visions of what the region is. If these complexities are addressed, and as long as Washington recognizes the position of its ally, then the opportunities might be seized.

Comments by Chong Jia Ian

Chong Jia Ian is an associate professor of political science at the National University of Singapore. He is a specialist in China's foreign policy, East Asian security affairs, the domestic politics of China, and Southeast Asia–China ties. Chong is the author of the book External Intervention and the Politics of State Formation: China, Indonesia, Thailand, 1893–1952 *(Cambridge University Press, 2012).*

Southeast Asia and the Squeeze Between the United States and China

In Southeast Asia, U.S. and Chinese interests are increasingly coming into tension. Countries in the region have long worked to remain on decent terms with both. That position is now difficult to maintain. If South Korea appears to be acting mostly on behalf of U.S. initiatives, even if they are ill-advised or lacking in moderation, Southeast Asian countries can worry that South Korea is a destabilizing force.

South Korea and Southeast Asia have interlinked fates, owing to geography and economic ties. Korea is a shipping power, and the country's shipping lanes run through Southeast Asian waters. Fossil shipments into Korea also pass through the region. Korea's communication cables

also lie under the sea in the region. Both shipping and communications are, therefore, areas of risk in Southeast Asia for Korea. A crucial question for the country is how, in light of possible complications from China, transport and communication lines in Southeast Asia can be secured.

The current administration in Seoul sent immediate signals that it recognized these risks and sought to respond to them. In July, Minister of Foreign Affairs Park Jin visited Singapore and discussed ways that a strategy might be formulated for South Korea to protect its interests in the region.

South Korea and Comparative Advantage in Regional Cooperation

South Korea might consider what its comparative advantage is relative to other partners. What can Korea do that other U.S. allies, such as Japan or Australia, cannot? Possible answers might lie in the fields of popular culture or environmental protection. Developing a comparative advantage could help give Korea a leading role in finding a competitive edge against China's Belt and Road Initiative.

Australia offers a helpful point of reference when considering forms of cooperation in Southeast Asia. That country has sought to make contributions to regional multilateralism.

Given the duration of the U.S.–South Korea alliance, South Korea has a reservoir of goodwill on which it can draw when sharing its challenges and vulnerabilities with Washington. Korea is not simply in a position of listening to the United States: South Korea can also actively help inform the United States about approaches to the region. Actively seeking to adjust and calibrate cooperation can bring about better and more politically sustainable policies. Working to set standards or rules could be areas in which Korea is most helpful.

South Korea would be advised to pay heed to the fluidity of politics within Southeast Asian countries. External actors can easily get tied into local political squabbles that might undermine productive long-term relationships. Advance knowledge of the key actors to engage and the political risks are of getting involved can be helpful. Partnerships and investments in the region can have consequences for good government and the environment.

Environmental Matters

Southeast Asian societies need help in both disaster mitigation and disaster relief. Low-lying parts of maritime Southeast Asia, such as Jakarta, face imminent environmental challenges.

There is room for South Korea to do more to promote sustainable energy use in the region. Promotion of renewable energy sources should, however, take a holistic viewpoint. Hydropower development, for instance, has consequences for fish stocks and soil quality, meaning that both the environment and livelihoods can be affected in negative ways.

Comments by Taekyoon Kim

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The new South Korean administration has signaled that it will move away from the Moon administration's New Southern Policy, by asserting with confidence that it will announce South Korea's Indo-Pacific strategy by the end of 2022. However, it is unclear what approach to the region would replace the New Southern Policy. Instead of continuing the previous administration's emphasis on growing relations with South and Southeast Asia, the new government is oriented more toward the United States. The focus, at the top, is on the United States, as well as on showing resistance to China.

The discussion of South Korea as a global pivotal state shows a positive direction in the country's external perspective away from an exclusive focus on North Korea. Official development assistance (ODA) is a way for South Korea to grow into this bigger role. Still, work needs to be done to identify what this expanded role would look like.

ODA and Shifting to a Better Model

Multiple obstacles stand in the way of South Korea becoming a major global player on the strengths of its ODA programs. First, Korea's ODA should be further modernized to meet the Organisation for Economic Co-operation and Development's Paris Declaration of 2005; accountability as a donor is lacking. Second, a high proportion of Korea's ODA is still tied aid: Development assistance comes with the condition that Korean firms gain contracts. Korea needs to undertake more untied aid to build its reputation. Third, Korea has done less than it might in terms of knowledge transfer in Southeast Asia related to democracy. Fourth, Korea faces the challenges of navigating between the United States and China. India might be a benchmark, since the South Asian country finds ways to remain close with the United States while cooperating pragmatically with China in specific areas.

South Korea's ODA is mired in the old political economy model of the developmental state geared toward assisting large Korean firms and expanding Korean GDP rather than placing priority on empowering and assisting overseas partners. Rather, shifting to a better model following the global norms of development cooperation would enable Korea to carve its position in South and Southeast Asia as an accountable provider of humanitarian assistance and ODA, unlike the other Asian donor countries, China and Japan.

Triangular Cooperation

Forms of triangular cooperation for development assistance can be imagined in South and Southeast Asia in the future. In this model, the beneficial partner would be a poorer society in the region. India or a larger Southeast Asian country would play the role of a pivotal partner to operate South-South cooperation with the other beneficial partner (*South-South* refers to cooperation between two countries in the Global South). South Korea, then, would become a *facilitating partner* as the third actor; in this role, the country would finance, design, and execute aid projects to support effective and accountable implementation of South-South cooperation.

South Korea and the Quad

A possible entry point for South Korea's soft landing into the Quad (Australia, India, Japan, and the United States) would be through a humanitarian assistance agenda and an infrastructure building project. If the grouping's remit includes not just security narrowly defined but also humanitarian and development agendas, then the member states would need partners that can contribute to those agendas. With its strong attention to human rights and its ODA activities based on global standards and development accountability, Korea could make contributions to a humanitarian agenda and development cooperation in the India-Pacific region. Korea's contribution to the humanitarian-development agenda, then, could facilitate positive spillover effects on its position related to the hard politics of security.

Themes from the Discussion

Taken together, remarks at the webinar pointed to multiple themes that merit focus when identifying South Korea's options in Asia:

- Korea faces multiple risks or vulnerabilities in Southeast Asia. Because many of these risks are not as great for the United States, Washington might place lower priority on mitigating them—even if these risks have implications for U.S. hopes for the region.
- Korea can identify its comparative advantages among partners in the region, and leverage goodwill built through its alliance with the United States, to showcase ways that Korea can provide regional leadership. Korea might look to Australia as an example.
- Korea has a strong set of ODA relationships in the region. These can set the basis for cooperation. However, the current structuring of these ODA ties—high loan-to-grant ratios, high proportions of tied aid—poses problems for building partnerships in the region. Playing a leadership role in the region would require an awareness of the risks posed by current ODA practices and adjustments in those practices so that goodwill could be fostered.
- A passive approach to cooperating with the United States on multilateralism in the Indo-Pacific could be less effective for all parties than an approach that draws on and expands Korea's particular strengths in the region.
- Shared purposes with the United States can be served by Korea carving out a set of comparative diplomatic advantages in South and Southeast Asia.

- Expanding knowledge in Korea about South and Southeast Asia could help in assessing risks and opportunities in the region, because knowledge about local political conditions and about the consequences of Korean activities in the region can inform decisions that minimize risks.