

# “New Southern Policy”

## Korea’s Newfound Ambition in Search of Strategic Autonomy



**CHOE Wongi**

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# Executive Summary

The New Southern Policy (NSP), the signature foreign policy initiative by President Moon Jae-in of the Republic of Korea (ROK) that was officially launched in November 2017, has opened a new chapter in Seoul's relations with ASEAN as well as India. Since then, Seoul has adopted a whole-of-government approach that involved most of the ministries and government agencies in implementing the presidential agenda. The NSP as Seoul's new regional strategy has been quite well-received by Southeast Asia and India, and successful in producing substantial deliverables over the last three years. To date, NSP remains the most successful and active foreign policy program under the Moon administration.

The NSP represents Seoul's middle power ambition in search of greater strategic autonomy by taking on greater international responsibilities and roles that are deemed commensurate with its status and capabilities in global society. In this respect, Seoul has been endeavoring to diversify its external economic relations, reorient its diplomatic overtures toward Southeast Asia and beyond, and to promote active regional cooperation. However, Seoul's middle power ambition has been significantly hampered by external geopolitical constraints as well as internal limitations of the NSP itself.

In an effort to minimize the risks of being drawn into the quagmire of US-China strategic rivalry, Seoul had to design the initiative as a purely functional cooperation agenda by setting aside sensitive strategic issues from the NSP's "peace pillar". By contrast, Seoul chose deliberately to prioritize development cooperation as the central domain of its NSP engagement in order to capitalize on its developmental experiences. As a consequence, this imbalance in the design of the NSP is crippling in that issues of regional security and strategic cooperation are largely absent from Seoul's NSP drive. Also, Seoul's cooperation with Washington's Indo-Pacific strategy has been confined to a bilateral basis, and Seoul has engaged US only in those areas that are not politically sensitive such as development cooperation and non-traditional security.

For this reason, contrary to its self-imposed sense of responsibility to take greater regional roles as a robust middle power in the region, the space of Seoul's expected activism under its ambitious NSP initiative has been effectively limited. Seoul needs to expand the "peace pillar" of its NSP beyond non-traditional security issues, and take a more balanced and proactive stance in its engagement in regional strategic and security issues.

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# Introduction

More than three years have passed since President Moon Jae-in of the Republic of Korea (RoK) unveiled his signature foreign policy initiative, the New Southern Policy (NSP), on the occasion of his official state visit to Jakarta, Indonesia in November 2017. Since then, Seoul has adopted a whole-of-government approach involving most ministries and government agencies in operationalizing the presidential agenda. President Moon created a special committee, the Presidential Committee on New Southern Policy, and appointed his confidant, the economic secretary to the President, as its head. He has been in charge of designing key elements of the NSP programs and coordinating the inter-agency implementation process.<sup>1</sup> The Korean government has invested substantial policy efforts as well as resources in pushing forward with the agenda.<sup>2</sup>

While Seoul does not delimit the geographical scope of engagement under the NSP, the countries that are prioritized as the first tier of “NSP target countries” are those in Southeast Asia and India.<sup>3</sup> The rationale is that, in spite of the reality of the growing economic and strategic importance of ASEAN and India, they have largely remained secondary in Seoul’s overall strategic landscape. It is imperative to fill in this anachronistic gap in Korea’s strategic approach to ASEAN and India by elevating them as priority partners on all policy fronts. Therefore, in Seoul’s NSP initiative they are regarded as forces to be reckoned with. The NSP remains to date as the most successful and active policy program by the Moon administration. In fact, the administration has pursued many other initiatives, but they have not delivered as much as the NSP.<sup>4</sup>

This paper argues that the NSP, as Seoul’s new regional strategy to diversify its economic and diplomatic alignments in search of greater strategic autonomy, has been well received by Southeast Asia and India, and quite successful in producing substantial deliverables over the last

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1. Presidential Committee on New Southern Policy, “Role of the Committee”, available at: [www.nsp.go.kr](http://www.nsp.go.kr).

2. Wongi Choe, “New Southern Policy: Achievements and Future Directions” (in Korean), *IFANS Report*, 2019-12, Korea National Diplomatic Academy, May 23, 2019.

3. Presidential Committee on New Southern Policy, *A People-Centered Community of Peace and Prosperity*, publication year unspecified, p. 2, available at: [www.nsp.go.kr](http://www.nsp.go.kr). The idea is that if the NSP is successful with the first tier of NSP target countries, then Seoul will expand the scope of engagement to other countries in South Asia and beyond.

4. Wongi Choe, “New Southern Policy: Achievements and Future Directions”, *op. cit.*

three years. However, Seoul's desire to pursue its middle-power ambition has been limited by external geopolitical constraints as well as internal limitations inherent in the design of the NSP itself. Seoul has strategically left sensitive political and security issues out of the scope of the NSP in order to minimize the geopolitical risks. On the contrary, Seoul chose deliberately to prioritize development cooperation as the central domain in its NSP engagement in order to maximize its comparative advantages in the area of development cooperation. Also, Seoul's cooperation with Washington's Indo-Pacific strategy has been confined to a bilateral basis, and Seoul has engaged the US only in those areas that are not politically sensitive such as development cooperation and non-traditional security. For this reason, contrary to its self-imposed sense of responsibility to take greater regional roles as a robust middle power in the region, the space of Seoul's expected activism under its ambitious NSP initiative has been effectively limited.

# Development Cooperation as Central Domain of Engagement

An important motivation behind the NSP is Seoul's desire to diversify its economic and diplomatic alignments in search of greater strategic autonomy. For this reason, diversification, realignment, and rebalancing are the key elements in Seoul's NSP drive, transcending the narrow boundaries of Seoul's economic and diplomatic relations, which have been heavily dependent on only 'major countries' such as the United States, Japan, China, etc. The NSP also reflects Korea's sense of heightened self-confidence and desire to project its middle-power leadership and influence in the region. Korea has successfully climbed the ladder of economic development, from absolute poverty and vulnerability, over the last several decades. In 2008, Korea was even invited to join the Group of 20 (G20), which gave many Koreans a sense that Korea had finally joined the rank of the most powerful and richest nations in the world.

Upon inauguration in May 2017, President Moon was seeking out a way for Seoul to take on greater international responsibilities and roles deemed commensurate with its status and capabilities in global society. The NSP, in this respect, represents Seoul's middle-power ambition to enhance its international stature and identity, expand its regional leadership and influence, and gain economic benefits from greater investment and trade activities in the course of engaging with other countries under the banner of the NSP. To achieve these goals, Seoul has sought to diversify its external economic relations, reorient its diplomatic overtures toward Southeast Asia and beyond, and promote active regional cooperation.<sup>5</sup>

Korea is well placed to reach out to developing countries because of its experience of successful economic development, which took place only in the last several decades, and is thus considered more relevant for

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5. Some analysts in Southeast Asia denounce the nature of the NSP by arguing that Seoul is only interested in expanding economic gains in trade and investment, promoting its arms sales to some ASEAN countries, and securing ASEAN's support for its North Korean policy. See Hoang Thi Ha and Glenn Ong, "Assessing the ROK's New Southern Policy toward ASEAN", *ISEAS Perspective*, 2020-7, January 30, 2020.



developing countries. In fact, many developing countries look on Korea as a role model for development, and Seoul is revered as a valuable and attractive partner for development cooperation in the developing world. For this reason, development cooperation is an area where Korea has emerged as a leader. It was under the Lee Myung-bak administration (2008–2013) that Seoul began to focus on developmental cooperation as a main vehicle of engagement with developing countries.<sup>6</sup> Because Seoul sees its developmental experience and know-how as its unique leadership assets and comparative advantages, its preferred way of engaging with developing countries has been to provide development assistance, share know-how in economic development, and engage in need-based development cooperation.<sup>7</sup> In fact, Seoul has been investing substantial resources in designing and implementing diverse projects, programs and policies in the area of development cooperation as a primary toolkit of engagement with developing countries.<sup>8</sup>

Seoul is relying on development cooperation as a means to engage and cement ties with ASEAN countries under its NSP drive. Seoul emphasizes development cooperation as “one of the major pillars underpinning the NSP... (that) would contribute to realizing the core values of the policy”.<sup>9</sup> For this reason, the nature of the NSP as Korea’s new regional initiative is quite different from those of major countries. Seoul’s NSP initiative is hardly a security-oriented initiative, because there are not any substantive hard security elements.<sup>10</sup> Rather, compared to regional initiatives by major countries, the NSP as Seoul’s new regional strategy is predominantly a development cooperation-oriented approach.<sup>11</sup> For example, the “free and open Indo-Pacific” (FOIP) strategy of the Trump administration in the

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6. See G. John Ikenberry and Jongryn Mo, *The Rise of Korean Leadership: Emerging Powers and Liberal International Order*, New York: Palgrave Macmillan, 2013.

7. Korea began to increase the portion of ODA (official development assistance) in its overall government budget to a significant level and engage in development cooperation as a new area of foreign policy activities when it acquired the status of a donor nation by joining the Development Assistance Committee (DAC) of the OECD in January 2010. See OECD, *OECD Development Cooperation Peer Reviews: Korea 2018*, Paris: OECD Publishing, 2018, available at: <https://doi.org>.

8. National Committee on International Development Cooperation, *Comprehensive Implementation Plan of International Development Cooperation in 2020* (in Korean), available at: [www.odakorea.go.kr](http://www.odakorea.go.kr).

9. Ministry of Foreign Affairs, “Korea and Key Southeast Asian Partners to Implement New Southern ODA”, MOFA News, November 25, 2019, available at: [www.mofa.go.kr](http://www.mofa.go.kr).

10. Jaehyon Lee, “New Emphasis Needed: South Korea’s New Southern Policy and ASEAN”, *ISEAS Perspective*, 2020-110, October 5, 2020.

11. Of course, Seoul does pay attention to promoting regional peace and security since “peace” is included as one of the three key pillars of the NSP, along with the two other pillars, “people and prosperity”. However, the main elements of the peace pillar in the NSP are confined to the area of non-traditional security cooperation such as capacity-building supports in environmental issues, anti-narcotics and counter-terrorism, and natural disasters, etc. See Presidential Committee on New Southern Policy, *A People-Centered Community of Peace and Prosperity*, op. cit.

United States was predominantly a security-oriented regional strategy that squarely focused on containing China.<sup>12</sup> Japan, in its own FOIP strategy toward the Indo-Pacific, puts an emphasis on the importance of keeping the rules-based order in the Indo-Pacific. Active engagement in security cooperation with the US and other like-minded countries in the quadrilateral security dialogue (Quad) is an essential component of Japan's regional initiative. By contrast, Seoul feels that its national strengths do not lie in hard power, but in its successful development experiences with high-technology industries and in its soft power with increasingly influential cultural influences. Therefore, the new ways that Seoul found to project its middle-power leadership and influence are not in the military and security areas but in areas where it feels most comfortable and competitive. For this reason, development cooperation takes center stage in the implementation of the NSP – as the main domain of engagement with developing countries in Southeast and South Asia.

According to the Korean government's official documents, priorities in the economic pillar of the NSP are given to "building a base for mutually beneficial, future-oriented economic cooperation" with NSP partners.<sup>13</sup> In 2018, 47.7 percent of Korea's overall ODA, which includes grants as well as concessionary loans, was provided to recipient countries in Asia.<sup>14</sup> Seoul is expected to dramatically increase the volume of ODA to be provided to ASEAN countries in the near future. For example, the Korea International Cooperation Agency (KOICA), which is Korea's overseas aid agency, announced in May 2019 that it would "double its ODA for six Southeast Asian recipients by 2023 in line with Seoul's diplomatic outreach toward the region".<sup>15</sup> According to this plan, KOICA will increase the combined ODA for Laos, Myanmar, Vietnam, Cambodia, Indonesia and the Philippines to 180.4 billion won by 2023, from 87 billion won in 2019. In fact, Seoul signed a "MOU on Development Cooperation" with five Southeast Asian countries on the sidelines of the Commemorative Summit in November 2019.<sup>16</sup> The areas in which Seoul would engage in

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12. In this vein, Moon Seoung-hyun, deputy chief of South Korea's mission to the United States, recently pointed out that NSP's focus is more on geo-economic aspects while the US "Indo-Pacific strategy's emphasis is strategic aspect". See Yonhap News Agency, "S. Korea, U.S. Need to Work together in Asia but First Set Objectives: Officials", December 4, 2020, available at <https://en.yna.co.kr>.

13. Presidential Committee on New Southern Policy, "Directions for Promoting the New Southern Policy", available at: [www.nsp.go.kr](http://www.nsp.go.kr).

14. ODA Korea, Record of ODA provided (in Korean), available at: [www.odakorea.go.kr](http://www.odakorea.go.kr).

15. Yonhap News Agency, "S. Korea's Aid Agency to Double ODA to ASEAN Countries by 2023", May 17, 2019, available at: <https://en.yna.co.kr>.

16. Ministry of Foreign Affairs, "Korea and Key Southeast Asian Partners to Implement New Southern ODA", MOFA News, November 25, 2019. The countries that signed a MOU with Korea were Cambodia, Laos, Myanmar, the Philippines, and Vietnam.

development cooperation under the MOU include the digital economy, higher education, Mekong cooperation, smart cities, and transportation infrastructure development, etc. This strongly suggests that, in its NSP initiative, Seoul unitizes development cooperation as a main avenue of economic engagement with developing countries.

# Core Policy Elements

Because Seoul established “people, prosperity and peace” as the three pillars of the NSP, it gives special emphasis to “promoting people-to-people exchanges (socio-cultural cooperation), seeking mutually beneficial economic cooperation, and building a community that supports regional peace and security (political-security cooperation)” as core areas of implementation.<sup>17</sup> However, in terms of the substantive nature of policy programs, three core policy elements – economic diversification, diplomatic rebalancing and regional cooperation – stand out.<sup>18</sup>

## Economic diversification

The first and foremost core element of the NSP is economic diversification. The task is to realign and expand Seoul’s external economic portfolios and links with fast-growing economies in Southeast Asia and India. The underlying motivation behind the economic diversification is twofold. The first is the economic imperative to secure new markets and new sources of growth for the Korean economy that has been mired in low growth since the aftermath of the 2008 financial crisis. The GDP growth rate of the Korean economy since 2010 has been hovering just over 2 to 3 per cent per annum. The domestic economy has lacked economic dynamism and growth potential and been burdened with a fast-growing aging population and high unemployment rates, especially among the young generation. By contrast, ASEAN and India retain huge potential as the growth engine in the world economy: their economies have consistently been growing by more than 6 percent per annum over the last decade, and they are expected to continue to do so in the decades to come, with a majority of their population aged under 30. Therefore, the idea is that economic diversification and realignment toward these fast-growing emerging economies would inject new sources of economic dynamism and growth in Korean economy.<sup>19</sup> In this respect, Seoul sees ample opportunities in

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17. Presidential Committee on New Southern Policy, *A People-Centered Community of Peace and Prosperity*, *op. cit.*

18. Wongi Choe, “Why South Korea Wants to Tie in With ASEAN,” in *ASEAN Focus Issue 6/2019*, ISEAS Yusof Ishak Institute, Singapore, pp.12-13.

19. Hyun-chul Kim, “The Goals and Significance of the New Southern Policy: Why the NSP Now?” In Wongi Choe, Jung-in Suh, Young-chae Kim, and Jae-kyung Park (eds.), *Thirty Years of ASEAN-Korea Relations* (in Korean), Seoul: Korea National Diplomatic Academy, 2019, pp. 196-207.

expanding trade and investments with these dynamic economies; they have many economic complementarities with Korea and bright future potentials. In fact, the two-way bilateral trade with Southeast Asia has been growing so fast in recent years that the 10 ASEAN member states as a group stand as Korea's second largest trading partner after China (in 2019).<sup>20</sup>

Another motivation for greater economic diversification is closely associated with Seoul's strategic need to reduce its external vulnerabilities, stemming from heavy economic reliance on China. China currently accounts for more than 27 percent of Korea's overall trade volume, and this excessive trade dependency has provided the very source of China's economic coercion, which began in 2016. After the Korean government decided to approve the deployment of the Terminal High-Altitude Area Defense (THAAD) missile battery operated by American forces stationed in Korea, China began to impose targeted measures of informal retaliation on Korean companies.<sup>21</sup> A costly lesson was learned: heavy economic dependence on China turned out to be a source of vulnerability. This incident served as a wake-up call for Seoul's renewed drive toward greater economic diversification. Actually, even before the introduction of the NSP, economic diversification had been already occurring among Korean companies operating in China.<sup>22</sup>

## Diplomatic rebalancing

The NSP also stands for Seoul's new efforts for diplomatic rebalancing toward Southeast Asia and beyond. Reflecting Seoul's newfound strategic recognition that ASEAN and India are most underappreciated in its foreign policy priorities, Korea sees it as imperative to build an active middle-power partnership with them on all policy fronts. It aspires to elevate them as Korea's priority diplomatic partners, on a par with major countries such as the United States, China and Japan. The aspirations for greater engagement with NSP partners, and ASEAN in particular, have manifested in Seoul's unprecedented diplomatic activism over the last three years.

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20. ASEAN-Korea Centre, *2019 ASEAN & Korea in Figures*, May 2020, p. 60, available at: [www.aseankorea.org](http://www.aseankorea.org).

21. US-China Economic and Security Review Commission, *China's Response to U.S.-South Korean Missile Defense System Deployment and its Implications*, Staff Research Report, July 26, 2017, available at: [www.uscc.gov](http://www.uscc.gov).

22. According to a Korean government source, at one time in the past, more than 45,000 Korean firms were operating their production facilities in China. However, this number has been cut almost in half. The number of Korean companies operating in China was 27,799 at the end of 2019. Many Korean small and medium-sized enterprises (SMEs), which used to make their finished products in China and export them to overseas markets, either closed their business or relocated to somewhere else. See Korean Embassy in China, "Trends in the Economy and Trade" (in Korean), available at: <http://overseas.mofa.go.kr>.

For example, as early as September 2019 President Moon had completed his earlier pledge to pay official visits to all 10 ASEAN member states (AMS) within his five-year tenure. In addition to this proactive summit diplomacy, the Korean government upgraded and expanded its ASEAN mission in Jakarta in 2018. The rank of ambassador to the ASEAN mission was upgraded to a higher level, from that of director-general. A former vice-foreign minister was appointed as new head of Seoul's ASEAN mission, and the number of professional diplomatic staff posted to the mission has been tripled.<sup>23</sup> What is more, the Korean foreign ministry created a whole new bureau at its headquarters in Seoul in May 2019, the Bureau of ASEAN and Southeast Asian Affairs, which is dedicated to solely dealing with ASEAN and Southeast Asian affairs. On top of these institutional reinforcements of the diplomatic infrastructure, Seoul's aspirations towards ASEAN were further materialized by the hosting of the third special Commemorative Summit in November 2019. The Korean government invited the heads of all 10 AMS to the city of Busan in Korea to celebrate the 30<sup>th</sup> anniversary of the ASEAN-RoK dialogue partnership. The words in the official documents from the Commemorative Summit,<sup>24</sup> along with some 80 bilateral agreements and memoranda of understanding (MOUs) signed with individual AMS on the sidelines,<sup>25</sup> clearly attest Seoul's commitment to solidify relations with ASEAN on all policy fronts, and set new milestones for the future.

Relations with India have also much improved since the launch of the NSP in 2017. Seoul's NSP initiative corresponds directly to the goals of the Act East Policy of Indian Prime Minister, Narendra Modi. While diplomatic exchanges and interactions between Seoul and New Delhi have not yet reach full throttle, since the launch of the NSP bilateral ties and strategic trust have developed to a much higher level thanks to frequent summit meetings between the two leaders. New channels of policy consultation and strategic dialogues were created at, the level of track 1 as well as track 2, to enhance strategic communications and economic cooperation between the two nations.<sup>26</sup>

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23. Jae-kyung Park, "The Establishment of ROK's Permanent Mission to the ASEAN", in Wongi Choe *et al.* (eds.), *Thirty Years of ASEAN-Korea Relations* (in Korean), *op. cit.*, pp. 130-145.

24. ASEAN Secretariat, "Co-Chairs' Statement of the 2019 ASEAN-Republic of Korea Commemorative Summit", November 26, 2019, available at: <https://asean.org>.

25. Hoang Thi Ha and Glenn Ong, "Assessing the ROK's New Southern Policy toward ASEAN", *ISEAS Perspective*, 2020-7, January 30, 2020, pp. 7-9.

26. Wongi Choe, "Recent Developments in Indian Foreign Policy and Implications for Korea" (in Korean), *IFANS Focus*, 2019-13K, Korea National Diplomatic Academy, August 9, 2019.

## Regional cooperation

Another core policy element of the NSP is the promotion of regional cooperation efforts by joining forces with like-minded countries in contributing to a multilateral and inclusive regional architecture. Seoul has taken a series of proactive actions toward greater regional cooperation as a part of implementing NSP. For example, at the Commemorative Summit with ASEAN in 2019, Seoul openly reiterated its robust support for ASEAN centrality and ASEAN-led regional mechanisms. In particular, it extended strong support for ASEAN's regional initiative, the ASEAN Outlook on the Indo-Pacific (AOIP), and explicitly expressed its willingness to collaborate with ASEAN in order to maximize synergies between the NSP and the AOIP.<sup>27</sup> Seoul has even aligned its regional cooperation approach closely with that of ASEAN by adopting ASEAN principles as its own. At the ASEAN+3 Summit in Bangkok in November 2019, President Moon stated that, "based on the principles of openness, inclusiveness, transparency and respect for international norms, we are also working to coordinate our [New Southern] Policy with various other regional initiatives."<sup>28</sup> In fact, these principles that President Moon mentioned are the key elements of regional cooperation principles that ASEAN already laid out in its AOIP.<sup>29</sup> This strongly illustrates Seoul's aspiration and commitment to tie closely with ASEAN in its regional cooperation efforts. Korea also upgraded its Mekong cooperation mechanism, held the inaugural Mekong-ROK Summit with heads of all five Mekong countries in November 2019, and announced its plan to expand scope of the Mekong cooperation projects and its financial contributions over the next several years.<sup>30</sup> Furthermore, Korea has demonstrated its willingness to expand the geographical horizon of its regional cooperation toward the South Asia and Indian Ocean region by joining the Indian Ocean Rim Association (IORA) as a new dialogue partner in December 2018.<sup>31</sup>

The NSP also signifies Seoul's hedging effort in a regional environment of increasing geopolitical instabilities. In particular, the strategic dilemma that Seoul wishes to avoid or minimize is a situation in which it is pressured or forced to take a side in the ongoing US-China

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27. ASEAN Secretariat, "Co-Chairs' Statement of the 2019 ASEAN-Republic of Korea Commemorative Summit", November 26, 2019.

28. Moon Jae-in, "Concluding Remarks by President Moon Jae-in at ASEAN Plus Three Summit", November 4, 2019, available at: <http://english1.president.go.kr>. Parenthesis added by the author.

29. ASEAN Secretariat, "ASEAN Outlook on the Indo-Pacific", available at: <https://asean.org>.

30. Yonhap News Agency, "Full text of a joint declaration adopted at Mekong-S. Korea summit", November 27, 2019, available at: <https://en.yna.co.kr>.

31. Ministry of Foreign Affairs, "ROK Joins Indian Ocean Rim Association as Dialogue Partner", Press Releases, December 6, 2018, available at: [www.mofa.go.kr](http://www.mofa.go.kr).

rivalry. This explains why Seoul's reaction was not entirely positive and clear, if not negative, toward the Trump administration's Indo-Pacific strategy, first announced in November 2017.<sup>32</sup> Korea has remained ambivalent with regards to the US Indo-Pacific strategy by neither expressing reservations nor lending active support. It seems that Seoul does not feel entirely comfortable with the strategic nature of this strategy, which squarely focuses on countering China's rising power and influence.<sup>33</sup> For this reason, Seoul's stance on the US's Indo-Pacific discourse has been deliberately ambiguous as it does not want to give an impression that it takes a side with one against the other. Seoul feels that many ASEAN member states as well as India are like-minded in this respect.<sup>34</sup> Most Southeast Asian people do not want to be entangled in great-power rivalry or forced to make a choice.<sup>35</sup> In fact, an important point that ASEAN has made clear in its regional initiative of the AOIP is that the emerging regional architecture in the Indo-Pacific should be inclusive.<sup>36</sup> Korea also has genuine interests in supporting inclusive regional architectures such as the East Asian Summit (EAS), because, as one of the key ASEAN-led regional institutional arrangements, it is 'inclusive' in that both the US and China are participating members. For this reason, based on the strong convergence of strategic interests, Seoul wishes to align itself with the like-minded ASEAN, forge an active middle-power partnership, and secure strategic space to hedge against the potential geopolitical risks and uncertainties.

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32. Wongi Choe, "US Indo-Pacific Strategy and Directions for ROK-US Cooperation" (in Korean), *Diplomacy*, No. 132, pp. 64-76, Korean Council of Foreign Relations, January 2020.

33. Andrew Yeo, "South Korea and the Free and Open Indo-Pacific Strategy", Center for Strategic and International Studies, July 20, 2020, available at: [www.csis.org](http://www.csis.org).

34. Jonathan Stromseth, *Don't Make Us Choose: Southeast Asia in the Throes of US-China rivalry*, New York: The Brookings Institution, October 2019.

35. Tang Siew Moon *et al.*, *The State of Southeast Asia: 2020 Survey Report*, Singapore: ISEAS-Yusof Ishak Institute 2020, p. 28.

36. ASEAN Secretariat, "ASEAN Outlook on the Indo-Pacific", *op. cit.*



# Limits of Korea's Middle Power Ambition

Seoul's new initiative has been enthusiastically received by ASEAN and India alike, and the general performance and outcomes of the NSP for the last three years have been positive overall. In particular, both the diplomatic interactions and economic cooperation with NSP target countries, and ASEAN in particular, became activated to an unprecedented level compared to the pre-NSP period.<sup>37</sup> For example, the group of 10 ASEAN member states rose to the rank of Korea's second largest trade partner in 2019; the two-way trade volume reached 153.7 billion US dollars, a 29 percent increase from 119.3 billion US dollars in 2016.<sup>38</sup> While a tiny fraction compared to Korea's trade volume with ASEAN, bilateral trade with India reached an all-time high in 2019, making India Korea's eighth biggest trading partner. On the diplomatic front, in just a matter of three years since 2017, President Moon accomplished a total of 27 official summit meetings with leaders of NSP target countries, indicating highly invigorated diplomatic activism under the NSP.<sup>39</sup>

In spite of all the positive outcomes and deliverables, however, in the course of implementing the NSP, Seoul's desire and ability to enhance its strategic autonomy and to pursue its middle-power ambition has been limited by external geopolitical constraints as well as by internal limitations inherent in the design of the NSP itself. In order for Seoul to be able to go forward with its middle-power activism under its NSP initiative, it needs to make further efforts to overcome these constraints and limitations.

## Sensitive security issues left aside

First, by design, the NSP is devoid of any strategic and security elements in its operational programs. From its inception, Seoul designed and implemented the NSP as a functional cooperation agenda engaging with ASEAN and India, not as a strategic cooperation agenda dealing with

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37. Hoang Thi Ha and Glenn Ong, "Assessing the ROK's New Southern Policy toward ASEAN", *op. cit.*, pp. 3-5.

38. ASEAN-Korea Centre, *2019 ASEAN & Korea in Figures*, May 2020, p. 93.

39. Presidential Committee on New Southern Policy, *New Southern Policy Plus: 7 Priorities* (in Korean), November 2019. Unpublished internal policy report.

regional security matters. It is clear that Seoul has strategically left sensitive security and defense issues out of the scope of the NSP in order to minimize the risks of being drawn into the quagmire of US-China strategic rivalry. On the contrary, Seoul chose deliberately to prioritize development cooperation as the central venue of the NSP engagement because Korea enjoys comparative advantages vis-à-vis other major countries as a most attractive partner in the area of development cooperation.

Therefore, contrary to its self-imposed sense of responsibility to take greater regional roles as a robust middle power in the region, from the beginning the scope of Seoul's expected activism under its ambitious NSP initiative has been effectively confined mostly to the economic realm. While Korea is undeniably one of the important players shaping regional security environment in East Asia, Seoul deliberately chose to put regional security issues out of the purview of its NSP engagements. As a result, regional security and defense issues are absent from the range of strategic considerations in Seoul's new regional initiative. To the extent that the NSP represents Seoul's new ambition and activism to take on greater regional responsibility and roles in the three pillars of "people, prosperity and peace," this imbalance in the design of the NSP is crippling. This point is evident from the results of a recent survey by *ISEAS Singapore*. While most of the ASEAN countries welcome Korea as a preferred development cooperation partner, the survey shows that few in Southeast Asia perceive Korea as a reliable strategic partner.<sup>40</sup> Furthermore, the survey results tell a story that is in stark contrast to Seoul's desire to forge a strategic partnership with ASEAN. Korea, among ASEAN's seven external partners, turned out to be the least "preferred and trusted strategic partner for ASEAN to hedge against the uncertainties of the US-China strategic rivalry."<sup>41</sup> As long as Seoul turns a blind eye to and distances itself from the discourses and multilateral actions on the issues of regional strategic concerns, such as China's incursion in the South China Sea, it seems hardly possible for Seoul to be recognized as a reliable strategic partner in Southeast Asia – no matter how far Seoul's engagement in the area of development cooperation brings economic success. Seoul needs to take a more balanced and proactive stance in its engagement in regional strategic and security issues by expanding the "peace pillar" of its NSP beyond non-traditional security issues.

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40. Tang Siew Moon *et al.*, *The State of Southeast Asia: 2020 Survey Report*, *op. cit.*, p. 42.

41. According to the survey, Southeast Asians recognize Japan as the most preferred and trusted strategic partner among seven external countries, excluding the US. See Tang Siew Moon *et al.*, *The State of Southeast Asia: 2020 Survey Report*, *op. cit.*, p. 30.

## Limitations of a "balanced diplomacy"

Second, Seoul's NSP ambition to play a greater regional role and to expand its diplomatic horizons is further compromised by the self-imposed constraints resulting from its "balanced diplomacy" approach. Seoul's stance regarding the ongoing strategic competition between Washington and Beijing is clear: Korea does not want to take sides between its closest security ally and its geographically most proximate neighbor. The strategic choice that the Moon administration has made in this respect is "balanced diplomacy".<sup>42</sup> This basically refers to "maintaining a solid alliance with the US at the same time as keeping a strategic partnership with China". The balanced-diplomacy approach is based on the recognition that, given China's dominant influence over North Korea as well as its economic importance to Korea, it is essential for Korea to secure China's trust and cooperation. The central goal of this balanced-diplomacy approach lies in securing cooperation from China on North Korea issues and bilateral economic relations while maintaining a solid alliance and ties with the US.<sup>43</sup> Therefore, the behavioral consequence of balanced diplomacy for Korea is to take a stance of neutrality by giving due consideration to what China is concerned about.<sup>44</sup> For this reason, lest it should antagonize China, the Moon administration has been taking a position of either technical neutrality or strategic ambiguity over contentious issues between Washington and Beijing. This propensity toward strategic neutrality or ambiguity based on balanced diplomacy has greatly constrained Seoul's autonomy in its foreign policy choices. It also has the effect of shaping the political parameters as well as expectations of what is plausible in Seoul's NSP endeavors. As a consequence, Seoul has ended up with the operational scope of the NSP being confined within the comfort zone defined by its balanced diplomacy. That explains why Seoul chose to prioritize development cooperation, which belongs to the safe margin under balanced diplomacy, whereas it gives scant attention to strategic and security matters, which are obviously out of the comfort zone.

The advantage of balanced diplomacy, if it works properly, is to maximize strategic trust as well as material gains from maintaining cooperative relations with both Washington and Beijing. However, Seoul's balanced diplomacy can only work when Seoul is trusted by both the US

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42. The Hankyoreh, "Balanced Diplomacy' Becomes Fundamental to President Moon's Foreign Policy", November 6, 2017, available at: <http://english.hani.co.kr>.

43. The Korea Herald, "Moon's Balanced Diplomacy: South Korea Must Seek Cooperation with China on Basis of US Alliance", November 6, 2017, available at: [www.koreaherald.com](http://www.koreaherald.com).

44. The Hankyoreh, "Balanced Diplomacy' Becomes Fundamental to President Moon's Foreign Policy", *op. cit.*

and China. If relations between the two powers become strained or confrontational, it gets increasingly difficult for Seoul to stay diplomatically balanced and at the same time strategically trustworthy for both of them. In this respect, despite Seoul's wish to keep its stance of benign neutrality or strategic ambiguity, the strategic space to keep balanced is increasingly narrowed as the US-China disputes intensify. For this reason, Seoul is becoming increasingly hesitant about taking positions not only on sensitive security issues but also on the critical issues related to maintaining international laws and multilateral norms in the region. In fact, Seoul is facing increasing instances of strategic dilemma, from "being stuck in the middle," and, as a result, becoming all the more hesitant about thorny issues such as the Huawei and 5G technologies, the South China Sea, and Quad Plus, etc.<sup>45</sup> It seems that Seoul's stance of balanced diplomacy and its balancing acts are increasingly unsustainable, and turning rather into "opportunistic fence-straddling" behaviors in the intensifying US-China strategic competition. For this reason, the strategic autonomy that Seoul intends to enhance by pursuing the NSP becomes further compromised and constrained.<sup>46</sup> Rather than straddling the fence in the ongoing US-China rivalry, Seoul needs to make greater efforts to improve its strategic options and capabilities by taking a more determined stance firmly based on its national interests, universal values, and principles of international law. In this respect, it needs to incorporate security elements in its NSP engagements, especially with ASEAN, and explore ways to enhance strategic dialogues and cooperation.

## External constraints

Finally, the ways in which Seoul's ability to seek synergies between the NSP and regional initiatives by countries such as the US and Japan are further complicated by its deteriorated relations with Tokyo. While the US prefers to maximize synergies by pursuing trilateral cooperation with two of its East Asian allies, Korea and Japan, the recent diplomatic wrangling with Japan over differences in history issues makes it politically costly for Korea to engage Japan on a bilateral or trilateral basis. Given the shared values and convergence of interests among the three countries, the outcomes would be much better and effective if they could coordinate their regional cooperation programs and collaborate in their engagement with regional countries in Southeast Asia. In fact, the US has been engaging in successful trilateral

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45. Jun Bong-geun, "Stuck in the Middle", *Korea JoongAng Daily*, July 14, 2019, available at: <https://koreajoongangdaily>.

46. Sujan R Chinoy, "Seoul Cannot Continue to Sit on the Fence for Long in the Ongoing US-China Tug-of-War", *The Indian Express*, August 19, 2020, available at: <https://indianexpress.com>.

cooperation with another pair of its allies, Japan and Australia. The Trilateral Strategic Dialogue of the foreign ministers of the three allies has played a crucial role in coordinating their respective regional strategies in the Indo-Pacific, covering such diverse issues as maritime security, freedom of navigation in the South China Sea, capacity-building supports, infrastructure development, energy, cyber security, etc.<sup>47</sup>

In consideration of the political difficulties remaining between Seoul and Tokyo, Washington has been approaching Seoul and seeking common ground between the NSP and its Indo-Pacific strategy on a bilateral basis, rather than including Japan. As a result, Seoul has become more proactive and forthcoming toward the US Indo-Pacific initiative and begun to engage with the Indo-Pacific cooperation with Washington on a bilateral basis. Nevertheless, Seoul has been consistent in confining its engagement in Indo-Pacific cooperation with the US in areas where it feels comfortable; that is, development cooperation and capacity-building supports in some non-traditional security areas. Seoul's nuanced change of attitude toward the US Indo-Pacific strategy was officially observed for the first time on June 30, 2019 when President Trump visited Seoul. In a press conference after the summit, President Moon stated officially for the first time that the RoK supported the US Indo-Pacific strategy and was ready to seek further cooperation with US.<sup>48</sup> Also, active consultation and coordination has been maintained between the Korean foreign ministry and the US State Department, at the level of vice-minister, since 2018. The RoK-US Senior Economic Dialogue (SED) at the level of vice-minister has been working as a main channel of policy coordination regarding RoK's cooperation with the US Indo-Pacific strategy. Another working-level channel was operating at deputy-minister level between RoK's deputy foreign minister and US Assistant Secretary of State David Stilwell.<sup>49</sup> Since November 2019, they have annually produced "the US Indo-Pacific Strategy-Republic of Korea New Southern Policy Joint Fact Sheet," which compiles all the ongoing collaboration projects and programs between the RoK and the US. The latest joint fact sheet came out on

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47. There are many outcome documents from multiple meetings of the trilateral strategic dialogue between the US, Japan and Australia available at the website of the US Department of State. For example, see "Trilateral Strategic Dialogue Joint Ministerial Statement", August 1, 2019, available at: [www.state.gov](http://www.state.gov).

48. In a press conference after the meeting, President Moon stated that "we have agreed to put forth harmonious cooperation between Korea's New Southern Policy and the United States' Indo-Pacific Strategy". See Korea JoongAng Daily, "Moon Signs onto Trump Indo-Pacific Strategy", July 1, 2019, available at: <https://koreajoongangdaily>.

49. Ministry of Foreign Affairs, press release, "Outcome of Video Conference between Deputy Minister for Political Affairs Kim Gunn and U.S. Assistant Secretary of State for East Asian and Pacific Affairs David Stilwell", August 13, 2020.

November 13, 2020, detailing the ongoing RoK-US cooperation projects.<sup>50</sup> A careful reading of the document suggests that Seoul has been actively engaging in Indo-Pacific cooperation with Washington on a bilateral basis in areas where it feels comfortable, such as development cooperation in energy, infrastructure, digital economy, etc. Korea is also exploring deeper collaboration with the US in capacity-building supports in non-traditional security areas such as coastguard law enforcement, marine pollution, natural disaster, and transnational crimes, etc.

Seoul seems willing to continue in the future to cooperate with the US Indo-Pacific Strategy on a bilateral basis in areas that are not politically sensitive, such as development cooperation and non-traditional security. However, it is not clear how much further Seoul can go in its cooperation with the US Indo-Pacific Strategy. Contrary to American wishes, Seoul continues to hold strong reservations about engaging Japan in trilateral cooperation. Now, the US seems interested in expanding the Quad (quadrilateral security dialogue by the US, Japan, India, and Australia) to "Quad Plus" by including additional like-minded countries such as South Korea, Vietnam and New Zealand. Of course, the US is not likely to invite Korea to join the Quad any time soon, since Washington's priority for now is the formalization of the current Quad.<sup>51</sup> Nevertheless, it seems that Seoul is the most likely candidate to be invited if the Quad is going to be enlarged. As the strategic goal of the Quad is to keep China in check, Seoul retains strong reservations about the idea of joining the Quad, given its balanced-diplomacy approach.<sup>52</sup> It remains to be seen how Seoul and Washington will settle their differences and coordinate their respective regional strategies in the future. The prospects of the NSP in the coming future will be greatly influenced by how the two allies cooperate in the Indo-Pacific.

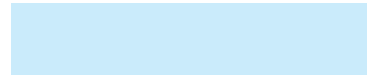
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50. US Department of State, "Release of the U.S. Indo-Pacific Strategy-Republic of Korea New Southern Policy Joint Fact Sheet", November 13, 2020, available at: [www.state.gov](http://www.state.gov).

51. "US Continues Pressure on Korea to Stand against China", *The Korea Times*, October 21, 2020, available at: [www.koreatimes.co.kr](http://www.koreatimes.co.kr).

52. Yonhap News Agency, "FM Reacts Negatively about Joining U.S.-led 'Quad' Alliance", September 25, 2020, available at: <https://en.yna.co.kr>.





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