

South Korea's "New Southern Policy"

*Economic Diversification with Strategic and Social Dimensions**

Leif-Eric Easley

Associate Professor
International Studies, Ewha Womans University, Korea

What is Seoul's "New Southern Policy"?

President Moon Jae-in declared the Republic of Korea (ROK or South Korea)'s "New Southern Policy" (신남방정책) at the Indonesia-Korea Business Forum in Jakarta in November 2017:

"The Korean government will strongly push forward its New Southern Policy to dramatically improve cooperative ties with ASEAN...[achieving] a community for the people that connects people to people and minds to minds; a community of peace that can contribute to peace across Asia; and, lastly, a community of co-existence and co-prosperity where ASEAN countries thrive together with reciprocal economic cooperation."¹

The policy's significance is demonstrated by the attention the Moon administration has shown to strengthening ties with Indo-Pacific neighbors. According to the ROK Ministry of Foreign Affairs, the "New Southern Policy"

* This article benefited from feedback during a presentation at the Institute of International Relations (IIR), National Chengchi University (NCCU) on November 19, 2018. The author also thanks Jasmine Sumin Cho for excellent research assistance.

¹ JiAe Sohn, "President Moon Unveils New Southern Policy for ASEAN," Korea.net, November 10, 2017, <http://www.korea.net/NewsFocus/policies/view?articleId=151092>.

aims to reinforce relations across economic, strategic and social dimensions.² At the 19th Korea-ASEAN Summit, Moon announced that one of South Korea's core diplomatic policies will be to deepen cooperation with Southeast Asia and India.³ Even at a joint press conference with U.S. President Donald Trump, Moon emphasized that South Korea aims for a more "balanced diplomacy," not by downgrading relations with major powers, but by upgrading relations with Indo-Pacific regional partners.⁴

Moon began to implement the "New Southern Policy" by visiting Southeast Asia while his government formulated specific plans with each country to expand upon existing interactions and institutions. During his first visit to Indonesia in November 2017, his administration promised to boost bilateral trade to \$30 billion by 2022 and eventually to more than \$50 billion.⁵ South Korea's trade with ASEAN countries was already up 6 percent to \$120 billion in the first nine months of 2018 compared to same period the previous year.⁶ At the 20th Korea-ASEAN summit, Moon pledged to increase trade volume with ASEAN to \$200 billion by 2020 and increase the number of people traveling between South Korea and ASEAN to 15 million by 2020.⁷

During his state visit to India in July 2018, Moon suggested expanding trade with India to \$50 billion within the next 10 years. He also reaffirmed Seoul's support for Delhi's bid for membership in the Nuclear Suppliers Group (NSG), and capacity building in third countries such as Afghanistan.⁸ The South Korean government is setting up the Korea-India Future Strategy Group and the India-Korea Centre for Research and Innovation Cooperation (IKCRI) via which it aims to build the institutional foundations for greater cooperation on research,

² "ROK-ASEAN Relations," Ministry of Foreign Affairs of the Republic of Korea, accessed December 28, 2018, http://www.mofa.go.kr/eng/wpge/m_5466/contents.do and http://www.mofa.go.kr/eng/wpge/m_4903/contents.do.

³ Chi-dong Lee, "S. Korea seeks synergy between New Southern Policy, Indo-Pacific strategy," *Yonhap*, September 13, 2018, <https://en.yna.co.kr/view/AEN20180912006051315>.

⁴ Darren Whiteside "South Korea's Moon unveils new focus on Southeast Asia," *Reuters*, November 8, 2017, <https://www.reuters.com/article/us-indonesia-southkorea/south-koreas-moon-unveils-new-focus-on-southeast-asia-idUSKBN1D90OC>.

⁵ *Ibid.*

⁶ Seow Bei Yi, "New Southern Policy A Commitment for South Korea to Prosper with ASEAN: Moon Jae-in," *The Straits Times*, November 14, 2018, <https://www.straitstimes.com/singapore/new-southern-policy-a-commitment-for-south-korea-to-prosper-with-asean-moon-jae-in>.

⁷ Jae-in Moon, "Opening Remarks at the 20th Korea-ASEAN Summit," (Speech, Singapore, November 14, 2018), Cheong Wa Dae (ROK Presidential Office), <http://english1.president.go.kr/BriefingSpeeches/Speeches/93>.

⁸ "India and Republic of Korea: A Vision for People, Prosperity, Peace and our Future," India Ministry of External Affairs, July 10, 2018, <https://mea.gov.in/bilateral-documents.htm?dtl/30041/India+and+Republic+of+Korea+A+Vision+for+People+Prosperity+Peace+and+our+Future>.

innovation and entrepreneurship.⁹ Such efforts with India are meant to dovetail with Seoul's strengthening ties with Australia, New Zealand, and especially ASEAN countries, toward achieving a "3P Community" in Asia based on people, peace, and prosperity.¹⁰

What Motivates the Policy?

The primary motivation of the "New Southern policy" is to reduce reliance on major powers in Asia.¹¹ The policy is thus an economic and diplomatic diversification strategy, deepening networks with countries in the region in service of South Korea's international position and strategic autonomy.¹² After the diplomatic row with China over the deployment of the Terminal High Altitude Area Defense (THAAD) missile defense system, South Korean strategists concluded they had too many eggs in the Beijing basket.¹³ Officials in Seoul hope ASEAN and India will be the "next China" by providing engines for Korean economic growth. China still has significant infrastructural, industrial, and connectivity advantages, with extensive supply chains and huge market size. But India and Southeast Asia have more attractive growth potential. According to Kim Hyun-chong, ROK Minister for Trade, Industry, and Energy, "India has no sensitive issues with Korea historically or geopolitically," therefore, there is little risk of having it as a close partner. Also, he emphasized that "India will continue to grow...with its population expected to reach over 1.5 billion in 2030, becoming the world's single largest market."¹⁴

⁹ Rajiv Kumar, "South Korea's New Approach to India," *Observer Research Foundation Issue Brief*, 2018, <https://www.orfonline.org/research/south-koreas-new-approach-to-india-45135>.

¹⁰ Jaehyon Lee, "Korea's New Southern Policy towards ASEAN: Context and Direction," Jeju Peace Institute, 2017, <http://jpi.or.kr/skyboard/download.sky?fid=4975&gid=7073&code=jpiworld>; "Korea, NZ to Boost Cooperation in Sci-tech, Defense, Antarctic Research," Korea.net, December 4, 2018, <http://www.korea.net/NewsFocus/policies/view?articleId=166090>.

¹¹ Scott Snyder, "The Strategy behind South Korea's Outreach to Southeast Asia," *World Politics Review*, November 14, 2017, <https://www.worldpoliticsreview.com/trend-lines/23612/the-strategy-behind-south-korea-s-outreach-to-southeast-asia>.

¹² "Sin Nambang Jeongchaeg" ["New Southern Policy," in Korean], ASEAN-Korea Centre, December 14, 2018, <https://blog.naver.com/akcsns/221419147397>.

¹³ Leif-Eric Easley, "Kaesong and THAAD: South Korea's Decisions to Counter the North," *World Affairs*, Vol. 179, No. 2 (Summer 2016): 21-27, <https://doi.org/10.1177/0043820016673778>; "China's Charm Offensive on South Korea is Starting to Work," *Foreign Policy*, November 13, 2017, <https://foreignpolicy.com/2017/11/13/chinas-charm-offensive-on-south-korea-is-starting-to-work>.

¹⁴ Duk-kun Byun, "Moon's Trip Seeks to Turn India into 'Next China' for S. Korea: Official," *Yonhap*, July 9, 2018, <https://en.yna.co.kr/view/AEN20180709000300315>.

In addition to economic diversification opportunities, the “New Southern policy” is motivated by regional security and economic concerns. The Moon administration claims the policy will promote peace and prosperity in Asia by working with Southeast Asian countries and India to mitigate nationalist disputes and trade tensions.¹⁵ During his visit to India in July 2018, Moon recognized the importance of security cooperation, committing that “India and Korea will effectively manage regional crises and challenges together” by “reaffirming the importance of freedom of navigation, overflight and unimpeded lawful commerce” and “strongly condemn[ing] terrorism in all its forms and manifestations.”¹⁶ He stressed that further coordination of security policies “will greatly contribute to peaceful coexistence and mutual prosperity in the region.”¹⁷

More than previous governments, the Moon administration looks to integrate its southward and northern facing foreign policies. In a major speech, Moon argued that Singapore and ASEAN are models for inter-Korean relations as “peace and unity within diversity” should be achieved between the two Koreas and in all of Asia.¹⁸ He maintained that the “New Southern Policy” invites ASEAN countries to help improve the conditions for inter-Korean engagement and reconciliation, and contribute to overcoming the legacies of the Cold War in Asia. At the 20th Korea-ASEAN Summit, Moon stated that he will “seriously consider” inviting North Korean leader Kim Jong-un to the next Korea-ASEAN summit after coordinating with all parties involved.¹⁹

¹⁵ Sungil Kwak, “Korea’s New Southern Policy: Vision and Challenges,” Korea Institute for International Economic Policy, November 12, 2018, <http://www.kiep.go.kr/m/sub/view.do?bbsId=kiepOpi&nttId=202152>.

¹⁶ “India and Republic of Korea: A Vision for People, Prosperity, Peace and Our Future,” Ministry of External Affairs (MEA, India), July 10, 2018, <https://mea.gov.in/bilateral-documents.htm?dtl/30041/India+and+Republic+of+Korea+A+Vision+for+People+Prosperity+Peace+and+our+Future>

¹⁷ Sarah Kim, “Moon tries to boost relations with India: New Southern Policy looks for markets in South, Southeast Asia,” *JoongAng Daily*, July 10, 2018, <http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3050389>.

¹⁸ “The 42nd Singapore Lecture by His Excellency Moon Jae-in, President of The Republic of Korea, ‘ROK and ASEAN: Partners for Achieving Peace and Co-prosperity in East Asia,’” ISEAS, July 13, 2018, <https://www.iseas.edu.sg/medias/event-highlights/item/7942-the-42nd-singapore-lecture-by-his-excellency-moon-jae-in-president-of-the-republic-of-korea-rok-and-asean-partners-for-achieving-peace-and-co-prosperity-in-east-asia>.

¹⁹ Jin-kyu Kang “Moon Discusses North with ASEAN,” *JoongAng Daily*, November 15, 2018, <http://koreajoongangdaily.joins.com/news/article/article.aspx?aid=3055625>.

What's Different this Time, and is the Policy Sustainable?

The “New Southern Policy” is not the first time Seoul has looked to expand relations with Southeast Asia and India. But rather than being a “China+1” strategy hedging hypothetical risks concerning Beijing, the new policy seeks to mitigate real manifestations of Chinese economic coercion. Seoul looks to make up for lost market share in China and missing Chinese tourists, while reducing political risk factors for its stock markets, trade, investment, and currency. The “New Southern Policy” also seeks to manage perceived uncertainty in U.S. Asia policy under the Trump administration by building upon South Korea’s middle power role of contributing to international public goods and regional peace.²⁰

The previous administration, led by Park Geun-hye, had a regional policy called the Northeast Asia Peace and Cooperation Initiative (NAPCI). Moon renamed the initiative as Northeast Asia Plus Community of Responsibility (NAPCOR) and elevated South Korea’s focus on ASEAN countries. NAPCI also pursued multi-directional diplomacy, but focused on “taking lessons” from ASEAN and EU institutional and confidence building to engage North Korea via non-traditional security cooperation.²¹ While the “New Southern Policy” aims to provide South Korea more options, it also supports the main policy goals articulated by ASEAN: accelerating economic growth, promoting regional peace and stability, and maintaining close and beneficial cooperation.²² As South Korea’s strategy promises to assist other states in their efforts at economic diversification and overcoming regional security dilemmas, it is likely to enjoy strong support from partners in the Indo-Pacific.

The Moon administration is developing the institutional infrastructure to make the policy sustainable, including by establishing the Presidential Committee on New Southern Policy. During his visit to Singapore in November 2018, Moon emphasized that the committee will “realize the country’s vision, creating a

²⁰ On middle power cooperation, see Leif-Eric Easley and Kyuri Park, “South Korea’s Mismatched Diplomacy in Asia: Middle Power Identity, Interests, and Foreign Policy,” *International Politics*, Vol. 55, No. 2 (March 2018): 242-263, <http://rdcu.be/w3xC>

²¹ Chiew-Ping Hoo, “Pivot to Southeast Asia? Republic of Korea’s New Southern Policy,” paper presented at the Institute of China Studies, University of Malaya, Kuala Lumpur, January 18, 2018, https://www.researchgate.net/profile/Chiew_Ping_Hoo/publication/323836315_Pivot_to_Southeast_Asia_Republic_of_Korea%27s_New_Southern_Policy/links/5aae68650f7e9b4897c030d3/Pivot-to-Southeast-Asia-Republic-of-Korea-New-Southern-Policy.pdf.

²² “About ASEAN: Overview,” ASEAN, <https://ASEAN.org/ASEAN/about-ASEAN/overview>.

comprehensive blueprint underlying its strategies.”²³ The new special committee is directed by the president, and includes secretaries of the presidential secretariat and some 30 officials from 14 ministries.²⁴ The government thus plans to implement the “New Southern Policy” through close intra-agency coordination.

In addition, the government is backing the policy with increased funding and investment. South Korea is a member of the ASEAN Cooperation Fund, Mekong Cooperation Fund, and ASEAN Infrastructure Fund. Moon plans to raise the level of investment in these funds to support regional connectivity. During his visit to the Philippines in November 2017, Moon promised to double the Korea-ASEAN Cooperation Fund to \$14 million by 2019 and increase the cooperation fund for a Korea-ASEAN FTA so that South Korea’s volume of trade with ASEAN can grow further.²⁵ The Korea-Mekong Cooperation Fund has seen its funding triple after the introduction of the “New Southern Policy” so that South Korea can offer support to less developed ASEAN member states and enhance ties with the Mekong riparian region.²⁶ South Korea plans to host the next ROK-ASEAN summit in 2019 as well as the inaugural Korea-Mekong summit to further engage Cambodia, Laos, Myanmar, Vietnam, and Thailand.²⁷

Another factor in favor of the policy’s sustainability is that it is being built upon bottom-up processes and international interactions. A core principle of the “New Southern Policy” is people-centered diplomacy, in contrast to traditional state-centric peace and prosperity. The policy puts heavy emphasis on socio-cultural initiatives and Moon has said it will be “developed in a way that respects public opinion among all of the peoples of [the] association, gains their support, and invites their hands-on participation.”²⁸ Toward this end, the ASEAN-Korea Centre aims to “promote activities that connect hearts and minds of peoples of

²³ Seow Bei Yi, “New Southern Policy a commitment for South Korea to prosper with ASEAN: Moon Jae-in,” *The Straits Times*, November 14, 2018. <https://www.straitstimes.com/singapore/new-southern-policy-a-commitment-for-south-korea-to-prosper-with-ASEAN-moon-jae-in>.

²⁴ “Special Committee on New Southern Policy Launched,” *KBS World Radio*, August 28, 2018, http://world.kbs.co.kr/service/news_view.htm?lang=e&Seq_Code=138905.

²⁵ JiAe Sohn and Young-shin Kim, “President Moon Unveils New Vision to Boost ASEAN Ties,” *Korea.net*, November 14, 2017, <http://www.korea.net/NewsFocus/policies/view?articleId=151217>.

²⁶ “ASEAN-South Korea Ties: Cooperation Peace, Prosperity,” *New Straits Times* (Malaysia), November 20, 2018. <https://www.nst.com.my/opinion/columnists/2018/11/432886/ASEAN-south-korea-ties-cooperation-peace-prosperity>.

²⁷ Harris Zainul, “The President Attends 20th ASEAN-Korea Summit,” ROK Ministry of Foreign Affairs, November 16, 2018, http://www.mofa.go.kr/eng/brd/m_5674/view.do?seq=319790.

²⁸ Jae-in Moon, “Toward a People-Centered ASEAN Community,” *Asia Times*, November 12, 2017, <https://www.asiatimes.com/2017/11/opinion/toward-people-centered-asean-community/>

ASEAN and Korea” by “[designing] culture and tourism programs to foster greater cultural exchanges and strategic tourism development.”²⁹ The ASEAN Future Community Initiative plans to strengthen the people-to-people ties among Korea and ASEAN member states. In this vein, the Moon administration has increased investment in tourism projects and established the ASEAN Culture House as a platform for cultural exchange.³⁰

South Korea’s people-centered approach is meant not only to enhance the country’s soft power but also to deal with long-term demographic challenges. Northeast Asia faces rapidly aging societies and extremely low birth rates.³¹ The large youth population in India and Southeast Asia can help alleviate this problem by providing more students, tourists, and consumers. Greater north-south interaction also promises to help overcome negative stereotypes held by South Koreans about foreign workers, international marriage, poverty, and the safety of tourism to certain regions.³²

Conclusion

Future research on South Korea’s “New Southern Policy” may address similarities and differences with the southbound policies of Japan and Taiwan, with an eye toward potential coordination and regional implications. Since 2016, Taiwan has made efforts to strengthen ties with South and Southeast Asia via its “New Southbound Policy.” The policy aims to reduce reliance on (and vulnerability to coercion from) a single larger economy. It also stresses people-centered regional initiatives by looking to increase the number of visitors to Taiwan and boost cultural and educational exchanges.³³ The “New Southbound Policy” is one way of hedging against China’s increasing assertiveness in the Indo-Pacific region, and has received support from many like-minded countries. Cooperation

²⁹ Hyuk Lee, “Secretary General’s Greeting,” ASEAN-Korea Centre, 2019, <https://www.ASEANKorea.org/eng/AKC/greetings.asp>.

³⁰ Kyoung-mi Lee and Young-shin Kim, “ASEAN Culture House Opens in Busan,” Korea.net, September 6, 2017, <http://www.korea.net/NewsFocus/policies/view?articleId=148983>.

³¹ “Population Ageing in East and North-East Asia,” United Nations Economic and Social Commission for Asia and the Pacific, <https://www.unescap.org/ageing-asia/countries>.

³² Ji-hyeon Won, “Koreans’ Perception of ASEAN: Focusing on Analysis of Social Big Data and Survey Results,” *ASEAN Talks*, Vol. 4, 2018, <https://www.ASEANKorea.org/uploads/2018/06/★2018 - 04 ASEAN Talks Full.pdf>.

³³ Hsin-Huang Michael Hsiao, Jeremy Huai-Che Chiang, and Alan Hao Yang, “Taipei Recalibrates to Asia,” *East Asia Forum*, December 8, 2018, <http://www.eastasiaforum.org/2018/12/08/taipei-recalibrates-to-asia>.

among such intra-regional policy initiatives has the potential to benefit economic diversification and regional stability. Given the productive overlap with other national initiatives, and in light of bottom-up social support, South Korea’s “New Southern Policy” is likely to outlive the current administration and contribute to regional integration in the Indo-Pacific.

Editor's Note: the views expressed in *Asia Insights* are those of the authors and do not necessarily reflect the policy or the position of their institutions.

Asia Insights is an online magazine and newsletter dedicated to the analysis of international relations and regional dynamics in Asia. It is published jointly by the Institute of International Relations and the Center for Southeast Asian Studies at National Chengchi University in Taiwan and the Center for South and Southeast Asian Studies at FLAME University, India.

Editor-in-Chief: Chien-wen Kou (IIR)

Senior Editors: Roger Liu (FLAME University) and Alan H. Yang (IIR/CSEAS)

Managing Editor: Chia-chien Chang (UCSB)

Editorial Team: Kevin Y.K. Huang (IIR/CSEAS), Nina Yen (IIR/CSEAS), Yuwei Hu (IIR)

Institute of International Relations @ National Chengchi University

No.64, Wanshou Rd., Wenshan District
Taipei City, 116, Republic of China (Taiwan)
<http://iir.nccu.edu.tw>

Center for Southeast Asian Studies @ National Chengchi University

No.64, Wanshou Rd., Wenshan District
Taipei City, 116, Republic of China (Taiwan)
<http://cseas.nccu.edu.tw>

Center for South and Southeast Asia Studies @ FLAME University

Gat No. 1270, Lavale, Off. Pune Bangalore Highway,
Vadzai, Dist. Pune - 412115, India
<http://www.flame.edu.in/research/centres/centre-for-south-and-southeast-asia-studies>