CHAPTER 2.
South Korea’s New Southern Policy and the US FOIP: Convergence or Competition?
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Introduction

In November 2019, two high-level officials from the Republic of Korea Ministry of Foreign Affairs and the United States Department of State released a factsheet titled, *The Republic of Korea and the United States Working Together to Promote Cooperation between the New Southern Policy and the Indo-Pacific Strategy.* This was an announcement that the two countries had reached an agreement on how to coordinate their respective regional policies: South Korea’s New Southern Policy (NSP) and the United States’ Free and Open Indo-Pacific (FOIP) strategy. It remains unclear how the two initiatives will interact in the coming years, but it is nevertheless a meaningful start for cooperation given their overlapping geographical scope.

With the announcement, many follow-up questions arise regarding the future trajectory of South Korea’s NSP and the US FOIP, individually and jointly. These include practical considerations, such as in what areas and through what mechanisms the two initiatives can promote effective cooperation. But there are also broader strategic questions. Is South Korea now onboard with the US FOIP? What are the implications of closer cooperation between South Korea and the US for the region? And, most importantly, are the two initiatives ultimately converging or in competition?

Despite an earlier wary response to the US Indo-Pacific strategy, South Korea found a way to cooperate with the US Indo-Pacific strategy as South Korea’s NSP and the US FOIP make an agreement. The two initiatives are more likely to converge than compete, especially in the field of re-strengthening regional rule-based order. One caveat is that the two initiatives may converge or cooperate on a concrete agenda or specific projects, but more bilateral effort is needed for a fundamental convergence. The strategies must be flexible enough to accommodate each other’s imperatives.

**South Korea’s New Southern Policy: Expanding Strategic Partners**

Promoting a better partnership with ASEAN and India was one of Moon Jae-in’s foreign policy pledges during the May 2017 presidential election. The campaign pledge was developed into a policy by his presidential transition team following his election victory. After some reviews and preparation, President Moon Jae-in officially announced the New Southern Policy on his trip to Indonesia in November 2017. The goal was to elevate South Korea’s relations with ASEAN and India on par with its four traditional major partners (the United States, China, Japan and Russia). It was thus an attempt to break the old mould of South Korean diplomacy, which has been predominantly focused on two issues: managing the Korean Peninsula situation and relations with its great power neighbours.
The NSP, therefore, spearheaded the Moon administration’s effort to diversify South Korean diplomacy\textsuperscript{9}. First, it was an attempt to recognise the depth and breadth of South Korea-ASEAN and South Korea-India relations\textsuperscript{10}. There had been no specifically named policy towards ASEAN or Southeast Asian countries under past administrations. Nevertheless, economic and sociocultural relations had rapidly grown over the past two decades, especially after the 1997 Asian Financial Crisis and the establishment of the ASEAN+3. Today, ASEAN is South Korea’s second biggest trading partner and its second biggest investment destination. Vietnam alone was the fourth biggest trading partner of South Korea in 2018. The trade and investment nexus between South Korea and ASEAN dwarfs that with the US, Japan and other regional partners. There have therefore been good reasons for the Moon administration to give special attention to ASEAN.

Second, the NSP was motivated by a desire to enhance South Korea’s diplomatic leverage by building more intimate strategic networks in the region. President Moon Jae-in assumed office in the middle of Chinese economic retaliation for South Korea’s deployment of the THAAD (Terminal High Altitude Area Defense) missile defence system. In addition, the strategic competition between the US and China was growing, which posed a dilemma and difficult choices for South Korea between the two superpowers. If South Korea had more strategic partners and networks, it would enhance South Korea’s leverage not only against Chinese pressure, but also against any potential threats to
South Korea’s autonomy posed by superpowers including the US\textsuperscript{11}. In this regard, close neighbours like ASEAN and India are the Moon administration’s top priority in finding strategic partners.

Driven by these two underlying factors, the NSP set out a comprehensive framework of activities and goals organised around three core themes known as the ‘3Ps’: people, prosperity and peace. ‘People’ reflects President Moon’s overarching slogan during the election campaign: ‘People First’. It prioritises people’s interests as the ultimate goal of all cooperation and emphasises people-to-people exchange in sociocultural cooperation. ‘Prosperity’ denotes economic cooperation, but it further stresses mutual prosperity between South Korea and ASEAN and implies that South Korea is moving away from what we call a ‘sales diplomacy’ approach that it had towards ASEAN in the past\textsuperscript{12}. ‘Peace’ is not simply about security cooperation, but it promotes South Korea-ASEAN cooperation to bring about peace in the region through managing both traditional and non-traditional security issues, including the Korean Peninsula.

Table 2 - Cooperation under the NSP’s People, Prosperity and Peace Pillars

<table>
<thead>
<tr>
<th>Areas</th>
<th>PEOPLE</th>
<th>PROSPERITY</th>
<th>PEACE</th>
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<tbody>
<tr>
<td>Goal</td>
<td>Greater mutual understanding through an expansion of exchanges</td>
<td>Building a base for mutually beneficial, future-oriented economic cooperation</td>
<td>Constructing a peaceful and safe environment in the region</td>
</tr>
</tbody>
</table>
| Measures | • Increasing the number of mutual visitors  
• Expanding 2-way cultural exchanges  
• Supporting human resource capacity building  
• Helping improve governance by enhancing public administration competencies, etc.  
• Promoting rights of Indian and ASEAN people staying in South Korea  
• Offering support to improve quality of life | • Strengthening institutional framework for greater trade and investment  
• Actively participating in the development of infrastructure aimed at greater connectivity  
• MSME cooperation and improved market access  
• Improving innovative growth competencies through new industries and smart cooperation  
• Designing a cooperative model tailored to each nation | • Invigorating exchanges between Head-of-States and high-ranking officials  
• Greater cooperation for building a peaceful and prosperous Korean Peninsula  
• Expanding cooperation in national defense and the defense industry  
• Collective responses to anti-terrorism as well as cyber and maritime security  
• Better resilience to regional contingencies |

South Korea’s encounter with the ‘Indo-Pacific’ concept came quite late. By the early 2010s some regional countries including the US were starting to refer to an Indo-Pacific region. But South Korea only engaged seriously with the concept after November 2017 when President Trump visited Seoul and mentioned the US FOIP. The South Korean government, and South Korean society more broadly, was largely unaware of the US FOIP and of regional discussions of the new concept. In his trip to South Korea, President Trump requested South Korea support the US-led FOIP. The response from the South Korean side was mixed. The Blue House had reservations while the Ministry of Foreign Affairs, mindful of the ROK-US alliance, was more receptive towards the Indo-Pacific. Since then, the US has been demanding South Korea make its stance clear on the FOIP.

Two factors were working behind this reluctant and mixed response by South Korea. First, the emergence of the concept caught South Korea by surprise. The term Indo-Pacific first appeared not in the Trump administration, but in the Obama administration when then-Secretary of State Hillary Clinton used the term in a speech in 2010 and in an article in 2011. Japan also argued that the term was a Japanese invention and that Prime Minister Shinzo Abe had coined it in the late 2000s. Australian scholars and government officials extensively debated the term before officially adopting it in 2013 to replace the ‘Asia-Pacific’ as their primary geographic reference point. Of course, the concept was even further developed with the revival of the Quadrilateral Security Dialogue, or Quad, among the US, Japan, Australia and India in 2017.

During these years, the South Korean government was not able to properly respond to the rapid development and spread of the concept across the region. There were few South Korean government officials or security scholars who seriously pondered upon the rise of the new concept and the regional debates about the Indo-Pacific. Traditionally, the Korean Peninsula and ‘bilateral’ relations with the four major powers dominated the discourse and security debate in South Korea. Very little room was spared for wider regional strategic and security issues such as an emerging new regional order or the concept of a new region. Consequently, South Korea was quite slow in staying updated on what was discussed in the region. When the Indo-Pacific concept was introduced to South Korea suddenly by President Trump in 2017, the South Korean government and society alike was not prepared to make a response either supporting or rejecting the idea.
The second factor that added to this confusion and reluctance was the way and context in which the Indo-Pacific was introduced to South Korea. South Korea had been caught in the midst of a strategic dilemma between the US and China. Fundamentally, South Korea has been dependent on the US for security, especially protecting itself from North Korean threats. Meanwhile, China has been one of the biggest markets and investment destinations for South Korea since the early 1990s. More recently, this dilemma was crystallised in the issue of the THAAD deployment. With the decision to deploy THAAD, South Korea had to face pressure and economic retaliation from China. The timing of the Indo-Pacific introduction in the form of US demanding South Korea to support and join the initiative was inopportune. Newly elected President Moon Jae-in and his government had to juggle two tasks: accommodating the US demand while fixing relations with China. The South Korean government’s hands were to a certain degree tied by the dilemma.

The US government denies that the Indo-Pacific is a strategy to contain China, although official documents on the Indo-Pacific mention China as a revisionist power or threat to the existing international order. The strategy, the US argues, is about a regional rules-based order, fair trade, rule of law, democracy, good governance, regional prosperity and stability according to many official explanations. What really matters, nevertheless, are perceptions held by audiences of the policy. While the US rejects the claim that the Indo-Pacific is about containing China, President Trump’s frequent criticism of China and the US-China trade war have suggested otherwise. For many, it has ingrained and confirmed a deep suspicion that the strategy is in fact aimed at China in the long term. This perception has also affected responses by regional countries to the FOIP and shaped lukewarm or negative responses among some countries, including South Korea.

**Little Competition, Potential Convergence**

With South Korea and the US reaching an agreement on cooperation between the NSP and the FOIP in 2019, a clear mechanism has been established. President Moon announced that the two presidents “agreed to put forth harmonious cooperation between South Korea’s New Southern Policy and the United States’ Indo-Pacific Strategy” in opening remarks at a joint press conference following South Korea-US Summit in June 2019. In the end, the two sides made a concrete agreement on how the two initiatives can work together.
Table 3 - Agenda for Cooperation between the NSP and FOIP

<table>
<thead>
<tr>
<th>Area</th>
<th>Agenda of Cooperation</th>
</tr>
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| Prosperity | • ENERGY  
  † Coordination through existing bilateral mechanisms  
  † Cooperation between NSP and US’ Asia EDGE initiative  
• INFRASTRUCTURE AND FINANCE  
  † Infrastructure finance cooperation  
  † Promoting private sector investment in infrastructure development  
  † Working together in Smart City initiative  
• DIGITAL ECONOMY  
  † Joint effort for digital economy related capacity building in the region  
  † Jointly helping ASEAN countries to build 5G network  
  † Building cyber capacity including cybersecurity, cyber defence |
| People     | • MOFA-USAID MOU to collaborate in the field of development  
  • KOICA-USAID cooperation on democratic and responsive government  
  • Cooperation in resource management like plastic up-cycling alliance  
  • Working together for women empowerment |
| Peace      | • Cooperation in NTS issues: transnational crimes, natural disaster, environment etc.  
  • Water management in Mekong  
  • Jointly working on maritime affairs, resiliency, climate issues in the Pacific Island countries  
  • Working on maritime capacity building and aviation security of ASEAN countries  
  • Cooperation on health issues in ASEAN countries and Pacific Island countries |

Source: Author’s summary of ROK MOFA and US DOS factsheets.²⁰

It is interesting to note that the framework for cooperation is between the South Korean NSP and the US FOIP, not about South Korea supporting or participating in the US FOIP. The US requested South Korea’s support to join the US FOIP in 2017 as widely reported. The wording in the joint press conference in 2019, however, mentioned ‘cooperation’ between New Southern Policy and the Indo-Pacific. In the two-year period between President Trump’s first mention of the Indo-Pacific in South Korea and the agreement in 2019, the two sides’ different ideas reached a compromise; rather than South Korea supporting and joining the FOIP, there would be cooperation and coordination between the NSP and the FOIP, if necessary, in the areas of common interests.
A few factors enabled this compromise. The Trump administration may have recognised that it was difficult for South Korea to openly support the FOIP right away, given all the dilemmas mentioned above. It was a second-best option for the US to reach a consensus that the two governments would cooperate closely with their own strategies, which share the same geographical targets: Southeast Asia and India. In the meantime, South Korea’s NSP received wide acceptance among Southeast Asian audiences. They increasingly recognised the South Korean government’s sincerity in pursuing an initiative with ASEAN countries. For the South Korean government, the NSP was a way to reduce US pressure to join the FOIP along with Trump’s other demands such as a sharp increase in defence spending, South Korea-US trade issues etc. while simultaneously using it as a vehicle for cooperating with it.

Given the consensus between the NSP and the US FOIP, there are some points on which the two parties can collaborate. The proposed fields and items are also what South Korea is interested in implementing in Southeast Asia. Although the two countries managed to identify some areas where they could work together, it is not enough to say that the two strategies are converging. Convergence denotes more fundamental cooperation in which the two strategies can share common goals and visions. The two strategies both identify economic growth and regional prosperity, and thus regional peace and stability as their goal. They can thus find some areas of cooperation where they are both interested in and have expertise. However, this does not necessarily mean that
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the two strategies converge. Put simply, the two strategies have something in common and have the potential to converge, but it is still too early to say whether they actually will.

At the same time, it is safe to say that the two strategies are not in competition. South Korea’s NSP is fundamentally an initiative for enhancing bilateral relations with ASEAN and India. Meanwhile, the US FOIP is much more than a bilateral framework. It is fundamentally a US strategy to expand its ties in Asia. They are in different dimensions. In addition, South Korea is one of the biggest beneficiaries of the existing regional order that supposedly has been buttressed by the US since the end of World War II. The South Korean government’s NSP does not digress from the existing order, but rather the country, through its policy, tries to improve the order by being imaginative and proactive. The US FOIP – not the specific FOIP advocated by President Trump, but the broader strategy of the US toward this region, does not indicate a different direction from that of South Korea and the NSP as an initiative of South Korean government.

Conclusion: Bending Arcs of NSP and FOIP

Both the NSP and FOIP will have to bend their ‘arcs of ambition’ so that they can be meaningful initiatives in the region. The NSP needs to better harmonise with other proposals for regional architecture, including the US FOIP. Likewise, the FOIP has to bend its arc to find better common ground with the NSP and to become a more acceptable policy in the eyes of regional countries. As the Moon administration enters its fourth year and the second phase of the NSP, it will need to deepen and widen bilateral relations with ASEAN countries and India. During this next phase of NSP 2.0, peace cooperation needs to expand its scope. South Korea and ASEAN share few security issues in common. What peace cooperation really needs to deal with is regional security issues, which go beyond the scope of bilateral relations. The policy needs to look at the bigger picture and set out its own vision on which ASEAN countries and South Korea may work together.

South Korea has to engage in discussions about the Indo-Pacific concept with regional countries. As mentioned, South Korea did not have a chance to examine and analyse other Indo-Pacific concepts held by Japan, Australia, India, New Zealand, ASEAN and others. Without recognising the existence of different visions of the Indo-Pacific, South Korea was overwhelmed by the US FOIP introduced in 2017. South Korea does not need to be bound by the US FOIP when there are other options. If South Korea adjusts the NSP’s arc slightly to include arguments for a regional rules-based order, and if South Korea examines other Indo-Pacific arguments, it may find a better partner to work together with under the banner of NSP-Indo-Pacific cooperation or the Indo-Pacific more broadly.
One element missing in the NSP’s peace cooperation is an emphasis on the rules-based order. There are signs that the South Korean government is increasingly highlighting a regional free trade order. This was South Korea’s response to the Japanese export ban and delisting of South Korea from its export ‘white list’. The South Korean government stressed a regional free trade order at the 2019 ASEAN Regional Forum and the third ASEAN-Korea Commemorative Summit. South Korea does not frequently and openly champion regional free trade, although the country recognises the merits of free trade order and thus quietly supports it. Put simply, the South Korean government has been a follower, not a leader, when it comes to the regional order including free trade. By extension, the NSP should address issues like the promotion of regional multilateralism, a free trade order, democracy and good governance and so on; all elements of a rules-based order. With that, the policy would find more common ground with the FOIP and other regional countries supporting Indo-Pacific concepts.

The US FOIP needs to bend its arc as well. There is a big perception gap between the FOIP that the US ostensibly presents and the FOIP that is perceived by the region. While the US claims that the FOIP is neither about containing China nor strictly strategic and military aims, regional countries view it as an instrument for US-China competition and for eventually containing China. If this perception gap is left unaddressed, the US FOIP will not be able to extract genuine support from regional countries. Two factors will be crucial to watch. First, the low confidence in the Trump administration among regional countries makes them suspicious of how seriously the US FOIP takes the pillars of the rules-based order. Instead, it keeps countries wondering about a hidden agenda. Second, when the US presents its strategy and vision to the region, it needs a more sophisticated approach. What the US believes is right could be called into question in another context. Even a small move by the US, a superpower, could cause a big strategic shock for the rest of the region.
Endnotes

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2 Net primary income includes receipts and payments of employee compensation paid to nonresident workers too. The amount is relatively small for South Korea.

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5 For the factsheet, refer to a post on MOFA website at: http://www.mofa.go.kr/www/brd/m_4080/down.do?brd_id=235&seq=369707&dataTp=A&fileSeq=4
7 An unpublished report titled, “Northeast Asia Community of Responsibility” (originally in Korean) was prepared by Moon’s presidential transition team in 2017. The idea of a New Southern Policy was included in this report along with a New Northern Policy and a Northeast Asia Peace Platform which together comprise the Moon administration’s regional foreign policy vision: a Northeast Asian Community of Responsibility Plus.
8 Darren Whiteside. 2017. “South Korea’s Moon unveils new focus on Southeast Asia.” Reuters. 9 November. See also, Moon Jae-in. 2017. “Toward a People-Centred ASEAN Community.” Project Syndicate. 10 November.
10 Originally the NSP was a policy aimed at both ASEAN and India. But ASEAN has been given more attention in the policy given the breadth and depth of practical cooperation between ASEAN and Korea. For example, the trade volume between India and Korea is less than 50 billion USD a year while that between ASEAN and Korea is over 200 billion USD a year.
11 Some examples of threats to South Korea’s autonomy from the US include re-negotiation of KORUS FTA in 2017 and the pressure to increase South Korea’s contribution for the deployment of US troops. In recent months, the Trump administration demanded five-fold increase of South Korea’s contribution to US 5 billion dollars. For KORUS FTA re-negotiation and the defense cost contribution, see Kyle Ferrier. 2019. “The Double Standard for South Korea in the US Indo-Pacific Strategy” The Diplomat. Issue 51.
12 ‘Sales Diplomacy’ frequently used in the newspaper headlines reporting the purpose of Korean president’s visit to Southeast Asia countries. It conveys a message to South Korean public that the president tours Southeast Asia to promote Korea’s exports to the Southeast Asian countries and to increase Korea’s trade surplus in ASEAN market which is already substantial.

19 ROK Ministry of Foreign Affairs. 2019. “Opening Remarks by President Moon Jae-in at Joint Press Conference Following Korea-U.S. Summit June 30, 2019 [http://www.mofa.go.kr/eng/brd/m_5674/view.do?seq=319902&srchFr=&amp;srchTo=&amp;srchWord=&amp;srchTp=&amp;multi_itm_seq=0&amp;itm_seq_1=0&amp;itm_seq_2=0&amp;company_cd=&amp;company_nm=]. It is interesting to note that the same remarks by President Moon posted by Korean Ministry of Foreign Affairs and the White House are different. The remarks by President Moon are worded as follows on the White House Website: “I believe this creates New Southern Policy, and the U.S. Indo-Pacific strategy can find common ground,” carrying a somewhat different meaning [https://www.whitehouse.gov/briefings-statements/remarks-president-trump-president-moon-republic-korea-joint-press-conference/]. Both are based on simultaneous interpretation provided at the press conference. If we compare the two versions, the one by ROK MOFA is more committed to cooperation between the NSP and the Indo-Pacific strategy than the one by the White House, not the other way around.


24 The 3rd ASEAN-Korea Commemorative Summit held in November 2019 was a turning point for the NSP. The timing of the summit also marked two years since the announcement of the NSP while the Moon government also enters its second half.


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