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# **South Korea Beyond Northeast Asia: How Seoul Is Deepening Ties With India and ASEAN**

Kathryn Botto



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## Summary

Under South Korean President Moon Jae-in and his administration, Seoul has undertaken its first unified diplomatic initiative aimed at advancing ties with India and the Association of Southeast Asian Nations (ASEAN). This initiative is known as the New Southern Policy (NSP). Though Moon's efforts toward securing inter-Korean peace have received the most publicity, the NSP has arguably sustained more momentum than any of the administration's other flagship foreign policy initiatives. Looking beyond South Korea's relationships in Northeast Asia, it is also important to assess the NSP's progress toward its goal to "elevate [South] Korea's relations with ASEAN member states and India in the political, economic, social and cultural spheres, among others, to the same level [South] Korea maintains with the four major powers (the United States, China, Japan and Russia)."<sup>1</sup>

The NSP is an extension of South Korea's need to diversify its economic and strategic relationships amid the uncertainty posed by competition between its closest ally, the United States, and largest trading partner, China. By elevating ties with India and Southeast Asia, particularly in the economic realm, Seoul hopes to insulate itself from the risks posed by trade and strategic friction between the two great powers. Moreover, it hopes to advance its middle power diplomacy and improve ties with India and Southeast Asia commensurate with their growing economic and strategic importance. Though India and ASEAN countries have strong ties to South Korea and share many of the same values and interests, they have not featured as prominently in Seoul's diplomacy as major powers around the peninsula in the past.

While it has clear logic behind it, the NSP's implementation and outcomes so far are mixed. Of the policy's three pillars—prosperity (economic cooperation), people (sociocultural cooperation), and peace (political and strategic cooperation)—the prosperity pillar has received the most emphasis. Under this pillar, South Korea has initiated new negotiations for free trade agreements and launched an official development assistance (ODA) strategy aimed at six NSP partner countries. However, cooperation with India has often lagged while cooperation with Vietnam has outpaced attention to most other ASEAN member states.

The peace pillar, by contrast, has been relatively underdeveloped and focused mainly on nontraditional security issues while avoiding sensitive strategic issues confronting the region. This pillar showcases how South Korea's concerns about Chinese influence both motivate and constrain the policy—though Seoul wants to diversify its economic portfolio and strategic partnerships to mitigate its reliance on China, it also must tread carefully to avoid retaliation from Beijing. Even so, while ASEAN, India, and South Korea share common interests on freedom of navigation in the South China Sea, stability in the Taiwan Strait, and denuclearization by North Korea, South Korea's main security concerns revolve around Northeast Asia, while those of India and ASEAN do not. Seoul's hierarchy of priorities in the security realm will continue to differ from that of its NSP partners, posing another obstacle to security cooperation.

That said, the policy has made progress in strengthening South Korea's diplomatic infrastructure and institutional apparatus to devote more attention to NSP partner countries, even in just four short years and after being disrupted by a global pandemic. Considering this short period, many of NSP's projects will take time to show results. Even so, the broad and far-reaching policy has sometimes struggled to define its goals or unify its wide range of elements under a clear strategy. It would benefit from a more well-branded approach to India and Southeast Asia that highlights core projects under each pillar.<sup>2</sup>

To that end, the Moon administration should strive to evaluate the outcomes of the NSP in its final year in office. Although it is typically difficult to maintain continuity in foreign policy due to South Korean presidents' limit to one five-year term, the geopolitical and economic imperatives driving the NSP will remain under a new administration in 2022. Given the staying power of these drivers and the continuously growing importance of India and Southeast Asia, South Korea's next president will have every reason to keep emphasizing these regional partnerships as well.

## Introduction

South Korea's foreign policy has traditionally focused on four countries: the United States, China, Japan, and Russia. Though Moscow plays a smaller role on the peninsula today, Seoul's focus on these four powers has been a necessity for much of the country's modern history. The division of the Korean peninsula and people, South Korea's alliance with the United States, China's proximity and ties to North Korea, and the legacy of Japanese colonization understandably consumed most of South Korean policymakers' bandwidth. Today, this focus remains a fixture of South Korean foreign policy due to the influence these countries continue to have over inter-Korean peace, regional stability, and South Korea's economy.

But despite all the successes of South Korea's economy, technology sector, soft power prowess, and military, its foreign policy remains disproportionately focused on the aforementioned major powers. Although these achievements have made South Korea an influential middle power, the presence of several major security, economic, and diplomatic players in its formidable neighborhood somewhat limits Seoul's strategic autonomy.

As U.S.-China competition intensifies, the predominance of major powers in South Korean foreign policy not only underserves the country's global interests and leadership potential but also puts South Korea in a difficult position between its closest ally and its largest trading partner.<sup>3</sup> South Korea needs to maintain a balance to secure cooperation from China on inter-Korean relations and economic pursuits, while maintaining a strong security alliance with its treaty ally, the United States. The coronavirus pandemic has only exacerbated the

geopolitical uncertainties stemming from its proximity to great power rivalry. Looking ahead, South Korea's most pressing policy challenge is finding a way to diversify its economic and strategic partnerships to hedge against these uncertainties.

South Korean leaders are acutely aware of this dilemma, but it has been historically hard to remedy. In South Korea's latest attempt, President Moon Jae-in pursued two policies intended to strengthen relations with South Korea's neighbors to the north and south. The New Northern Policy has focused on strengthening ties with Russia, Mongolia, the countries of Central Asia, and Eastern Europe, while the New Southern Policy (NSP) is directed at Southeast Asia and India. While the New Northern Policy has lacked momentum, the NSP has emerged as the Moon administration's signature foreign policy initiative.

When Moon unveiled the policy at the Korea-Indonesia Business Forum in Jakarta in November 2017, he said its goal was to elevate South Korea's relations with India and the Association of Southeast Asian Nations (ASEAN) "to the level of its relations with the four major powers around the Korean Peninsula."<sup>4</sup> Through initiatives organized under three pillars—people (sociocultural cooperation), prosperity (economic cooperation), and peace (political and security cooperation), the policy seeks to fulfill South Korea's potential as a middle power in the region and diversify its economic and strategic partnerships. The policy is not intended to be an alternative to any of the major powers' regional initiatives, like the Free and Open Indo-Pacific, the Quad, or the Belt and Road Initiative. Instead, its goal is to create additional layers of cooperation, often parallel to those regional initiatives, to minimize the risk of being caught between the major powers' competing priorities.

The NSP is South Korea's first unified diplomatic initiative directed specifically at advancing ties with South and Southeast Asia. While Moon's inter-Korean policy has ultimately fizzled, the NSP has been the administration's most consistent foreign policy initiative, sustaining momentum despite the pandemic. This massive undertaking spans eleven countries and is a nearly whole-of-government initiative, involving forty-four government ministries and organizations.<sup>5</sup> The Presidential Committee on New Southern Policy, which coordinates between organizations and ministries to steer the policy's strategy, claims "[ninety-four] major projects [in nineteen] categories" have been implemented since 2018, with many more proposed as part of its relaunch as the New Southern Policy Plus (NSP Plus) in November 2020.<sup>6</sup>

With such a breadth of projects across eleven countries, it would be impossible to cover every initiative the policy encompasses. Instead, this paper analyzes broad trends under each of the policy's three pillars to explain how and if the policy adds value to South Korea's diplomatic bottom line. To do so, it focuses on Vietnam, South Korea's largest trading partner among the NSP partners, and India, the largest economy among these partners.<sup>7</sup>

Ultimately, while the policy has enhanced the profile of some of South Korea's partnerships in the region and increased resources for deepening them, its ability to truly elevate South Korea's relationships with India and members of ASEAN to the same level as its relationships with major powers is constrained by Seoul's reluctance to address sensitive regional political and security issues. The policy can add meaningful value to South Korea's economic and sociocultural cooperation in the region and can leverage its middle power strengths to elevate South Korea's leadership potential as a global agenda setter in areas like climate change and global health. However, unless it does more to address larger geopolitical issues, the policy will continue to stop short of being a full-fledged regional strategy and instead keep focusing mostly on beneficial but piecemeal bilateral projects.

## The New Southern Policy in South Korea's Geopolitical Outlook

The depth of South Korea's existing regional relationships and converging geopolitical interests present many ways for Seoul to advance its three main motivations behind the NSP: to realign its diplomatic priorities commensurate with ASEAN's and India's importance, to build on South Korea's middle power strengths, and to diversify its economic and strategic partnerships to mitigate the risks posed by great power rivalry. This third goal is the most critical. As South Korea looks to the future, how to handle the competing interests of the United States and China in the region will be its greatest foreign policy challenge.

### Recalibrating Diplomatic Priorities

First, South Korea is seeking to realign its diplomatic priorities in light of ASEAN's and India's growing strategic and economic importance. Despite their increasing importance and South Korea's strong ties to many countries in the region, these countries have "remained secondary in Seoul's overall strategic landscape."<sup>8</sup> Thus, there is room for these relationships to grow and a strong existing foundation to build on.

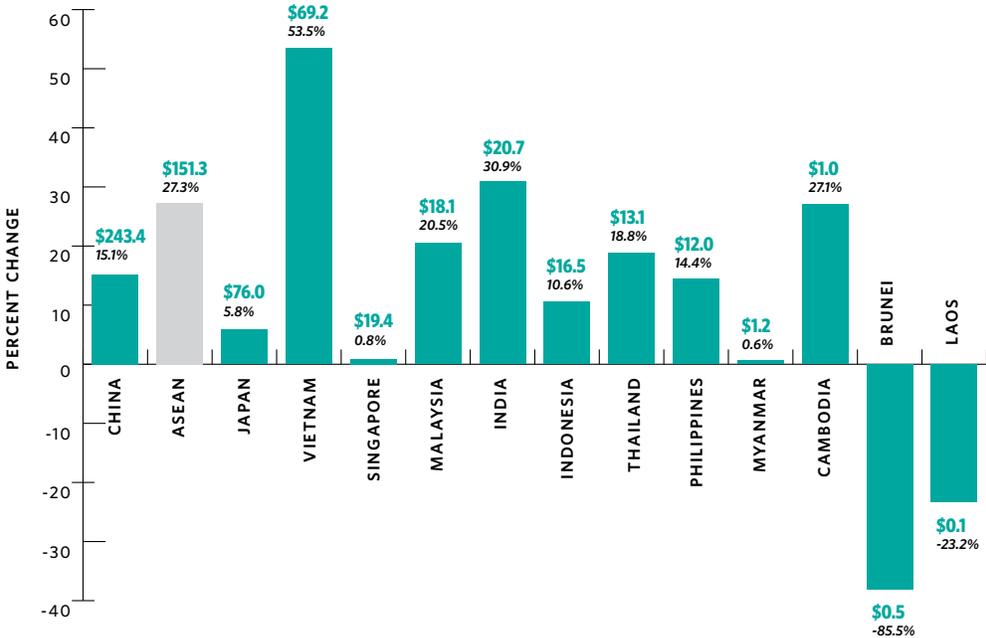
As Seoul looks for more robust regional partnerships, ASEAN countries and India are natural fits, both economically and strategically. For one thing, Seoul is not starting from scratch with the NSP—South Korea's existing ties to India and Southeast Asia provide a strong basis for increasing cooperation. ASEAN's ten members collectively have constituted South Korea's second-largest trading partner since 2017, and while South Korea and India's

relationship has moved in fits and starts, there is huge potential to expand their economic ties (see figure 1).<sup>9</sup> Additionally, both India and ASEAN share South Korea’s concerns about China’s influence in Asia and about being caught in the middle of great power competition.

The NSP also complements these countries’ own regional initiatives. The three policy areas ASEAN emphasizes in its charter for concerted cooperation among its members directly correspond to the NSP’s three pillars: political and security affairs (peace), economic engagement (prosperity), and sociocultural ties (people).<sup>10</sup> There is also a great deal of connectivity between the NSP’s priorities and those of India’s Act East Policy, which also seeks to “preserve a . . . balance of power in the Indo-Pacific” by strengthening regional ties, including with ASEAN and South Korea.<sup>11</sup> Indian Prime Minister Narendra Modi and Moon made this connection explicit during the latter’s visit to India in 2018. Their joint statement called South Korea an “indispensable partner in [India’s] ‘Act East’ Policy” and referred to India as a “central pillar” of the NSP.<sup>12</sup>

**Figure 1. South Korea’s Major Trade Relationships in Asia**

**Total Trade Value, 2019 (billions of U.S. dollars)**  
**Percent Change in Total Trade, 2016-2019**



SOURCE: Korea Customs Service “Trade Statistics by Country,” Korea Customs Service, 2019, [https://unipass.customs.go.kr/ets/index\\_eng.do](https://unipass.customs.go.kr/ets/index_eng.do).

## South Korea's Evolving Middle-Power Diplomacy

Another important goal under the NSP is to capitalize on South Korea's soft power strengths to achieve its middle power ambitions. South Korea has ample opportunity to do so with NSP partner countries, particularly in terms of shared interests such as development cooperation, digital innovation, climate change, and global health. These are areas where South Korea has established itself as a competent and responsible international stakeholder (especially during the pandemic), and they present many opportunities for knowledge sharing and collaboration with ASEAN countries and India.<sup>13</sup>

Though many South Korean administrations have tried, Seoul historically has found it difficult to sustain continuity and momentum behind a middle-power strategy. Former president Roh Moo-hyun (2003–2008), a progressive like Moon, tried to position Seoul as a balancer in the region to facilitate economic and security cooperation. However, South Korean conservatives and many in the United States viewed his approach as trying to hollow out the U.S.-South Korea alliance, a perception that had significant political repercussions for Roh.<sup>14</sup> His successor, the conservative former president Lee Myung-bak (2008–2013), was far more successful at shaping South Korea's identity as a middle power through the Global Korea initiative. Global Korea emphasized middle-power diplomacy in functional areas like international development, environmental policy, and economic cooperation to legitimize South Korea as a competent and responsible multilateral stakeholder.<sup>15</sup> Though Lee's policy was not grounded in a regional vision, its focus on nonsecurity issues made the strategy uncontroversial too.<sup>16</sup>

The Moon administration clearly took lessons from both Roh and Lee. Though the need for strategic autonomy is undoubtedly a driver behind the policy, the Moon administration has been careful to never express this sentiment directly. The policy is also focused on uncontroversial areas of cooperation; even its peace pillar, which covers political and security cooperation, only includes neutral efforts to increase high-level diplomatic exchanges and address nontraditional security issues like climate change. The policy has carried on Lee's tradition of focusing on niche functional areas, but the Moon administration has channeled South Korea's strengths in a more targeted manner by tying its proposals to a specific regional initiative. While the NSP has its flaws, it still represents a welcome evolution in South Korea's middle-power strategy.

The NSP has also evolved as global conditions have changed. In late 2020, in response to changes brought on by the pandemic and three years of experience on which aspects of the NSP have and have not worked, Seoul rebooted the initiative as NSP Plus. Under this new moniker, objectives under the three pillars have been rebranded into seven initiatives.<sup>17</sup> According to the presidential committee, the NSP Plus aims to “double down” in key areas under these seven initiatives.<sup>18</sup> Rather than departing from any of the policy's original priorities, the NSP Plus invests more attention in global health and pandemic cooperation, while further emphasizing existing priorities like infrastructure and digital innovation. The policy's

flexibility has allowed South Korea to adapt to changing priorities in the region. However, the sheer proliferation of its projects sometimes makes it difficult for partner countries to discern an overarching strategy or key priorities.<sup>19</sup>

The NSP's focus on development and nontraditional security issues, particularly with the addition of global health initiatives under the NSP Plus, is well suited to South Korea's middle power strengths. South Korea's development from being one of the world's most impoverished countries after the Korean War to becoming the tenth-largest economy worldwide in 2020 gives it an ability to approach development cooperation through the lens of its own experience.<sup>20</sup> This major part of South Korea's middle-power branding features strongly in the NSP. During the pandemic, South Korea has also managed to enhance its reputation as a responsible stakeholder on global priorities like public health and the responsible use and development of emerging technologies.<sup>21</sup> In these areas, South Korea and other middle powers in the region can help set standards for best practices, support one another, and influence global agendas.

## **Responding to the Autonomy Imperative**

Perhaps the strongest motivation behind the NSP is Seoul's growing need to diversify its external economic portfolio and strategic partnerships. Most of South Korea's high-priority foreign policy objectives—including inter-Korean relations, the transfer of wartime operational control of South Korea's military from the United States, and managing tensions with Japan—are highly dependent on the will of major powers. With more significant partnerships with other Asian countries, Seoul hopes it can gain more strategic autonomy in its decisionmaking. The goal as embodied in the NSP amid growing great power competition has been the strongest organizing principle in the Moon administration's foreign policy and diplomacy.<sup>22</sup>

The early challenges Moon faced help explain why this imperative has been the foundation for much of his administration's strategic thinking. When Moon came into office in May 2017, South Korea was in the middle of a crisis over the deployment of a U.S. missile defense system called Terminal High Altitude Area Defense (THAAD). The system was deployed to improve South Korea's defenses against the increasing North Korean missile threat, but China inaccurately claimed that THAAD's X-band radar would undermine China's nuclear deterrent by detecting warheads in eastern China in certain cases.<sup>23</sup>

In response to Seoul's deployment of this missile defense system, China began a campaign of economic coercion against South Korea. K-pop concerts in China were canceled, certain cosmetics and tech exports were banned due to unverified safety concerns, and travel agencies were ordered to stop selling tours to South Korea. The Lotte Group, South Korea's fifth-largest conglomerate, was especially heavily targeted because it had previously transferred a plot of land to the South Korean government for THAAD's deployment.<sup>24</sup> By

the spring of 2017, three of every four of Lotte's roughly 100 stores in China had been closed for supposedly violating Chinese safety codes. In total, South Korean companies recorded upward of \$7.5 billion in losses before the dispute began to be resolved in late 2017.<sup>25</sup>

This situation laid bare South Korea's vulnerability to Chinese economic coercion and its need for greater diversification. South Korea accomplished its miraculous economic development through a strategy of export-led growth and industrialization. In 2019, South Korea was the world's seventh-largest exporter of goods, with a trade-to-GDP ratio of 70 percent.<sup>26</sup> China, as its largest trading partner and most important export market, accounted for one-quarter of South Korean exports in 2020.<sup>27</sup> Its next largest single trading partner, the United States, accounted for 13.6 percent of exports and 12.3 percent of imports. While South Korea's dependence on China's economy was apparent before the THAAD crisis, this was the first time China had weaponized this economic relationship for political gain.<sup>28</sup>

China's response to THAAD was not the only problem. The United States did not take action against China's economic coercion, and U.S. media outlets often framed the dispute as a contest over which side South Korea would choose.<sup>29</sup> Former U.S. president Donald Trump even rattled South Korea by suggesting that Seoul foot the bill for the hardware despite prior agreements that South Korea would pay only for the land and maintenance.<sup>30</sup> Also in 2017, Trump began to raise tensions on the peninsula and stoke fears of armed confrontation with his intensifying rhetoric toward North Korea, especially after he claimed North Korean threats would "be met with fire and fury like the world has never seen."<sup>31</sup> These experiences underscored the vulnerabilities created by South Korea's economic reliance on China and reliance on the United States for security. Ultimately, South Korean public opinion on China has still not recovered from the THAAD crisis, though views of the United States remain positive.<sup>32</sup>

The NSP is a testament to Seoul's acute awareness of this vulnerability. But South Korea's need for strategic autonomy both motivates the policy and constrains it. Seoul has been extremely careful in its rhetoric about U.S.-China competition and highly cautious not to endorse any strategy that could be perceived as countering China. While official materials on the NSP often repeat ambitions to elevate relations with India and ASEAN countries, it never directly references strategic vulnerabilities created by the disproportionate influence held by Beijing and Washington. But Seoul's need to avoid antagonizing China, the United States, or both means that the policy is constrained to uncontroversial topics like economic cooperation, nontraditional security, and human security, while it cannot address the region's most pressing security issues, like tensions in the South China Sea or the Taiwan Strait.

The NSP cannot change certain fundamental geopolitical realities that constrain Seoul's room to maneuver. South Korea's utmost policy objective remains peace with North Korea, and the United States and China have enormous influence over that issue. As long as North Korea poses a grave threat, the U.S. military presence on the Korean Peninsula will remain

a vital element of South Korea's security. India and Southeast Asian countries' security cooperation with South Korea will never be on par with the sway United States and China wield. As such, the policy's peace pillar has remained underdeveloped.

Though it might not enhance South Korea's short-term autonomy, the NSP's niche functional areas could help deepen long-term security cooperation if they are sustained. This approach reflects the clear reality laid bare by challenges like the coronavirus pandemic and climate change: transnational, nontraditional security threats can be highly disruptive, have far-reaching effects, and even cause traditional definitions of security to be reappraised. The NSP's focus on capacity building in environmental security, natural disaster response, cybersecurity, public health, science, and technology is an important step in the right direction. Even so, while the rationale behind the NSP is clear, its outcomes are often difficult to pin down. With this in mind, it is worthwhile to explore each of the NSP Plus's three main dimensions in greater detail.

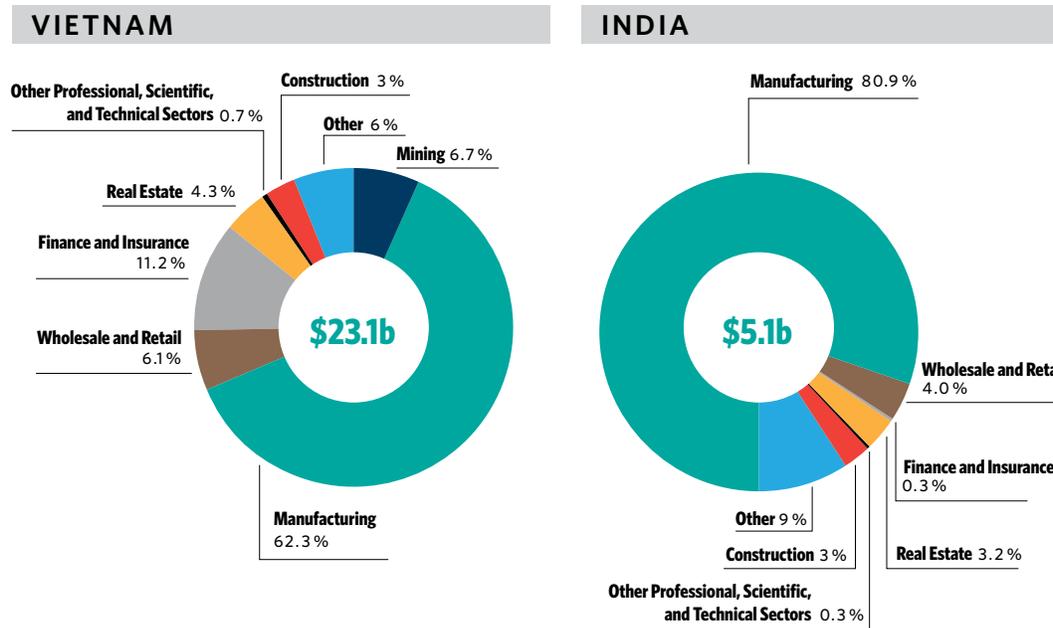
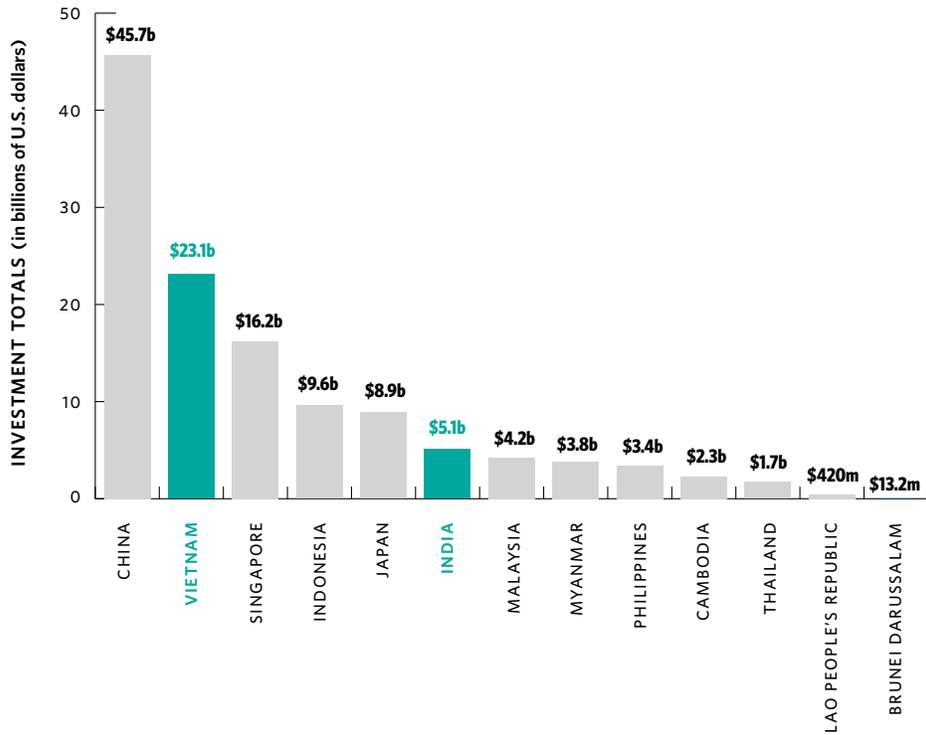
## The Prosperity Pillar: Economic Cooperation

It is no accident that Seoul launched the NSP at a business forum. Both in its development and implementation, the policy is most focused on its prosperity pillar and economic cooperation. This focus is even ingrained in the policy's institutional footprint—the chairmanship of the Presidential Committee on New Southern Policy is reserved for presidential economic advisers.<sup>33</sup>

The reason for this focus is twofold. First, South Korea's need for economic diversification is the strongest motivation behind the NSP, given the vulnerabilities that its economic dependence on China and the United States creates. Second, economic cooperation with the NSP countries already had significant momentum prior to the policy's rollout, especially as South Korean companies look for new manufacturing and production hubs to reduce their reliance on China (see figure 2). While the policy's architects have strived to expand its reach into new areas of political and security cooperation, the lower barriers to deepening already well-developed economic cooperation have naturally led to more success, particularly with ASEAN members.

Under NSP Plus, the prosperity pillar has three initiatives, each with multiple tasks and subtasks. The first initiative is to build a “foundation of mutually beneficial and sustainable trade and investment,” including by diversifying supply chains, establishing new trade agreements, supporting small- and medium-sized enterprises (SMEs), and enhancing corporate social responsibility.<sup>34</sup> The second initiative is “supporting rural villages and urban infrastructure development,” particularly through infrastructure projects, smart

**Figure 2. South Korean Foreign Direct Investment in Asia**



SOURCE: Export Import Bank of Korea, "Statistics of Foreign Direct Investment," March 2021, <https://stats.koreaexim.go.kr/en/enMain.do>.

NOTE: This figure depicts South Korean FDI to these countries from January 2010 to March 2021.

city development, and sustainable development in rural communities. The prosperity pillar's third task is "cooperation on future industries for common prosperity," which focuses on supporting tech start-ups and promoting cooperation in Fourth Industrial Revolution technologies.

## Trade and Investment

Delineating how responsible the South Korean government is for any given trade and investment developments under the NSP is often difficult. Some initiatives, like trade agreements and development assistance, are directly reliant on the government. Others, however, are driven by the private sector, and in these cases the NSP and the government can only play a supporting role. The direct impact of the policy versus that of independent private businesses is difficult to parse. This is true even on some of the policy's quantifiable goals, like the goal to increase total trade with ASEAN to \$200 billion by 2020 (a goal that was ultimately not met, largely due to adverse global economic conditions in 2019 and the pandemic in 2020) and the goal of boosting trade with India to \$50 billion by 2030.<sup>35</sup> The \$200 billion target with ASEAN would have represented an increase of about \$40 billion from 2018 levels.<sup>36</sup> Still, it is important to try to delineate where the policy has had a direct impact, though analysts must further explore how best to measure the policy's economic success.

Trade agreements have perhaps been the most visible positive outcome of the government's economic efforts. South Korea has signed a new Comprehensive Economic Partnership Agreement (CEPA) with Indonesia, concluded negotiations for a free trade agreement (FTA) with Cambodia, began negotiations for FTAs with the Philippines and Malaysia, and is negotiating upgrades to its CEPA with India (despite many obstacles) and its FTA with ASEAN.<sup>37</sup> While negotiations on the CEPA with Indonesia began in 2012 and negotiations with ASEAN have been ongoing since 2010, these other efforts began under the Moon administration.<sup>38</sup>

In addition to liberalizing tariffs under FTAs, the South Korean government has tried to build and support infrastructure projects to foster sectoral diversification in private sector-led partnerships and to assist South Korean SMEs looking to expand in Southeast Asia and India. To this end, the presidential committee has established two new business-related platforms: the Korea–South and Southeast Asia Business Coalition, a forum that convenes government officials and representatives from trade-related private associations and organizations working with NSP countries, and the ASEAN and India Business Desk at the Korea Trade-Investment Promotion Agency (KOTRA), an institution designed to help South Korean companies seek assistance in entering the markets of NSP partners.<sup>39</sup>

The South Korean government has established and increased support for several more organizations, including the new ASEAN–South Korea K-Startup Center in Singapore and the Korea Overseas Infrastructure and Urban Development Corporation (KIND).<sup>40</sup> At the 2019 ASEAN–South Korea Commemorative Summit, South Korea announced that it would double the budget of the ASEAN Korea Cooperation Fund to \$14 million.<sup>41</sup>

## Overseas Development Assistance

While the South Korean government’s ability to influence private investment and trade through the NSP is somewhat limited, the largest economic impact it can have is through ODA. The Ministry of Foreign Affairs and Ministry of Economy and Finance set policy priorities for development assistance, and the Korea International Cooperation Agency (KOICA) and Export-Import Bank of Korea (KEXIM) implement them. KOICA is responsible for implementing grants and projects, while KEXIM manages loans and financing through the Economic Development Cooperation Fund.

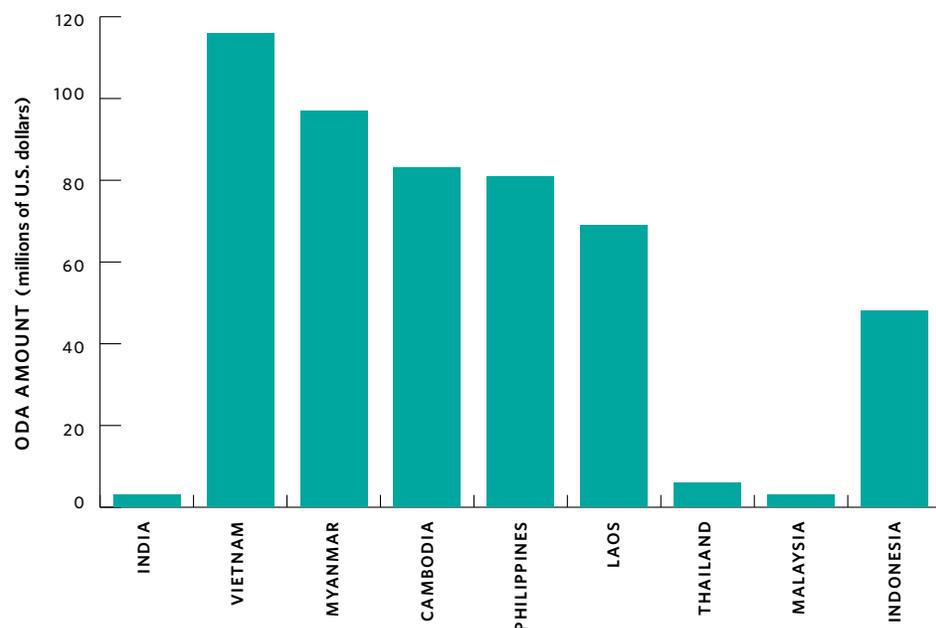
South Korea was an ODA recipient itself until 1995 and joined the Organisation for Economic Co-operation and Development’s (OECD) Development Assistance Committee (DAC) in 2009.<sup>42</sup> While top donors like Japan and Germany have been active in India and Southeast Asia for longer, South Korea sees its own recent experiences of development and rapid economic transformation as a unique asset for engaging with developing countries.<sup>43</sup> This legacy is apparent in South Korea’s development assistance and knowledge-sharing programs, many of which directly reference or emulate initiatives that were successful in South Korea’s own development, like the New Village Movement (*Saemaul Undong*) of community-driven development pushed by Seoul’s central government in the 1970s.<sup>44</sup>

Even before the NSP was launched, Southeast Asian nations were already among the largest recipients of South Korean ODA. While Vietnam looms large as the top destination for South Korea’s ODA globally, South Korea has diversified its ODA to other ASEAN members over the past decade (see figure 3).<sup>45</sup> Cambodia, Laos, Myanmar, and the Philippines also rank among South Korea’s top ten ODA partner countries, and ODA to ASEAN countries nearly doubled from \$234.7 million in 2010 to \$472.8 million in 2019.<sup>46</sup> Most of South Korea’s ODA supports infrastructure projects, sustainable rural development, education initiatives, and a growing amount of public health programming.

South Korea’s development cooperation with India is far more limited in scale and scope, mostly due to India’s ODA policies, which until recently prevented South Korea from investing much in bilateral development cooperation. According to the Korea Overseas Development Assistance portal, South Korea spent just \$3.2 million on development projects in India in 2019.<sup>47</sup> At Moon and Modi’s 2018 summit, the two countries also agreed to explore opportunities for development cooperation in third countries. However, Afghanistan was chosen as the first destination for those endeavors, and it is unclear if or how that will continue after the U.S. withdrawal and the Taliban takeover.<sup>48</sup>

Under the NSP, KOICA has formed a development strategy focused on six Southeast Asian countries: Cambodia, Indonesia, Laos, Myanmar, the Philippines, and Vietnam. In May 2019, the agency unveiled plans to “double its ODA” to those countries by 2023.<sup>49</sup> In conjunction with this announcement, South Korea signed a memorandum of understanding (MOU) on development cooperation with five of the Southeast Asian partner countries (all except for Indonesia) at the November 2019 summit with ASEAN in Busan. The countries agreed to expand development cooperation in five flagship areas: digital innovations,

**Figure 3. South Korean Overseas Development Assistance to India and Southeast Asia**



SOURCE: Organisation of Economic Co-operation and Development (OECD) iLibrary, “Development Cooperation Profiles: (South) Korea,” 2019, <https://www.oecd-ilibrary.org/sites/d919ff1a-en/index.html?itemId=/content/component/d919ff1a-en>.

NOTE: These figures are given in 2018 constant prices.

higher education, the Mekong region, smart cities, and transportation.<sup>50</sup> KOICA does not have an office in India or a parallel development strategy for the country under the NSP. Development cooperation with the country remains limited, though the Economic Development Cooperation Fund under KEXIM does have a \$1 billion fund set up for infrastructure development projects in India.<sup>51</sup>

Under the NSP, and even more so under NSP Plus, South Korea has emphasized infrastructure development as a key pillar of its ODA strategy.<sup>52</sup> To this end, the Moon government has increased funding and support for South Korean companies to engage in infrastructure projects in India and ASEAN countries. One key development is the establishment of a new government agency known as KIND, which the Moon administration established in 2018. KIND supports public-private partnerships for South Korean companies looking to expand overseas in transportation infrastructure, urban development, power and energy, hydro-carbon and industrial industries, and water resources and environmental infrastructure.<sup>53</sup> KIND first established offices in Indonesia and Vietnam, though it has since expanded in Uzbekistan and Kenya.<sup>54</sup> Additionally, in 2018, the South Korean government set a goal to raise \$200 million for the Global Infrastructure Fund in four years, half of which will go to infrastructure development in ASEAN countries and India.<sup>55</sup>

Because infrastructure development projects are usually implemented by public-private partnerships, this focus on infrastructure benefits South Korean businesses as well as ODA recipients. Françoise Nicolas writes that this emphasis could especially help small businesses, as “many of the Korean construction companies involved in infrastructure development are SMEs, which may be hesitating to go abroad for lack of funds.”<sup>56</sup> The funding for the Global Infrastructure Fund could help such South Korean SMEs that have not ventured abroad due to cost concerns.<sup>57</sup>

The pandemic may also present new opportunities for development assistance. South Korea was quick to offer such pandemic assistance, increasing its budget for global health projects in developing countries by \$400 million in April 2020.<sup>58</sup> However, the pandemic has also interfered with South Korea’s ODA strategy significantly. Its overall ODA allotment fell by 8.7 percent in 2020, and on average allocated funds for the six target NSP countries fell by 10.4 percent.<sup>59</sup> South Korea may no longer be on track to meet its goal of doubling ODA to those countries by 2023, given that KOICA’s NSP implementation strategy outlined a need for a 20 percent annual increase to meet that goal.<sup>60</sup>

Development cooperation is perhaps the most well-branded initiative clearly associated with the NSP. Seoul not only has set clear empirical goals and subject area targets under the policy, but also has featured development cooperation prominently in high-level summits with ASEAN and the Mekong region. This initiative has focused specifically on niche projects like smart cities and transportation, so its areas of emphasis have been clearer than those of other key NSP initiatives. The uncontroversial nature of South Korea’s development

assistance, combined with Seoul's ability to pivot into global health cooperation during the pandemic, have maintained the momentum behind development cooperation as a key component of the NSP.

Still, certain trends in South Korea's ODA policy reflect some broader weaknesses in the NSP. Although the Moon administration has succeeded in associating ODA with the NSP's brand and identifying key areas for cooperation, Vietnam continues to receive more attention than other ASEAN nations.<sup>61</sup> South Korea has especially missed an opportunity to prioritize development cooperation with India, an area of engagement that Seoul must exhibit a great deal of initiative to advance.

### **Cooperation on Future Industries**

In addition to development and trade, the NSP is focused on cooperation in future industries through support for startups, research and development in science and technology, and technologies of the Fourth Industrial Revolution.<sup>62</sup> This is very important to many ASEAN countries as they try to avoid being caught in the middle income trap, as well as to India as it looks to capitalize on emerging technologies.

Connecting its infrastructure and tech, the NSP has also prioritized smart city development in ASEAN countries and India. In 2019, South Korea established a \$425 million fund for smart city development in several countries, including ASEAN members and India.<sup>63</sup> South Korea has been closely involved in collaboration with the ASEAN Smart Cities Network through the ASEAN Plus Three mechanism, and the South Korean Ministry of Land and Infrastructure (in partnership with KIND and KOTRA) opened Smart City Cooperation Centers in Bangkok, Hanoi, and Jakarta in October 2020.<sup>64</sup>

Overall, the Moon administration has made significant strides in improving the government's institutional apparatus to support trade, investment, and development cooperation in the NSP target countries. The many organizations and funds listed here are only a handful of those that have been bolstered or established to support the prosperity pillar of this initiative. That said, many of these projects—including new FTAs, increased funding for infrastructure, and support for SMEs and startups—will take time to truly impact economic cooperation between South Korea and the NSP countries. At this time, most new projects under the prosperity pillar only have been established in the past two years. There has also been a proliferation of these projects, and South Korea will need to ensure that it is evaluating and taking stock of the efficacy of these initiatives going forward.

## The People Pillar: Sociocultural Cooperation

The NSP's people pillar is a valuable conduit for South Korea to build upon its soft power strengths to increase sociocultural and people-to-people engagement with India and ASEAN members. People-centered engagement is also critical to the prosperity and peace pillars of the NSP, which benefit from stronger networks of professionals and businesses. To this end, the NSP's people pillar prioritizes education, cultural exchanges, tourism, and public administrative capacity building.<sup>65</sup> With the launch of NSP Plus, this pillar has also become the home of new forms of pandemic-related and public health cooperation.<sup>66</sup> This addition demonstrates how South Korea has been able to adapt the NSP to fit changing international priorities. Given the nature of sociocultural cooperation, the NSP's direct impact on cooperation under this pillar is difficult to measure, especially as the pandemic has disrupted travel and in-person gatherings. At the time of writing, travel between South Korea, India, and ASEAN nations is still restricted.

That said, the South Korean government has increased financial support for research on ASEAN and India under the NSP and has established new programs at government-run research institutions, like the Korea National Diplomatic Academy's Center for ASEAN and Indian studies.<sup>67</sup> Under NSP Plus, much of the proposed public health coordination also centers around educational exchanges between medical schools and students studying relevant fields like infectious diseases.<sup>68</sup>

In some ways, even during a pandemic, South Korea's people-to-people ties with Southeast Asia and India are self-sustaining. South Korean popular culture and consumer products have been a boon for sociocultural engagement in India and Southeast Asia for many years. Though Hallyu—which refers to the wave of heightened demand abroad for South Korean pop culture—has only recently become mainstream in the United States, it first crested in China, Japan, and Southeast Asia. Many K-pop groups like BLACKPINK, NCT, GOT7, and others have included Southeast Asian members to make inroads in Southeast Asian markets. The appeal of South Korean culture is also a big driver of tourism, interest in learning the Korean language, and study abroad programs in South Korea. In 2019, nearly 2.7 million tourists came from ASEAN countries to South Korea, and Southeast Asian countries (especially Vietnam) have been popular destinations for South Korean tourists abroad.<sup>69</sup>

However, sociocultural ties based on pop culture are mostly driven by private businesses, celebrities, and fans, and the government's ability to use this to further ties with NSP partners is very limited. Of all the priorities under the people pillar (besides pandemic cooperation) the South Korean government has the most power to influence immigration policy and

protections for immigrants from NSP partner countries. South and Southeast Asians also make up a growing percentage of foreign residents in South Korea (see table 1). While the number of Indian citizens in South Korea is relatively low (and vice versa), Southeast Asians make up over 30 percent of the foreign residents in South Korea, and about 362,000 South Koreans resided in ASEAN countries as of 2019.<sup>70</sup> ASEAN students also made up the largest proportion of foreign students studying in South Korea in 2020, accounting for nearly 40 percent of the total.

**Table 1. People-to-People Ties Between South Korea and the Rest of Asia**

Nationality	Foreign Residents in South Korea (2019)	Overseas Koreans (2019)*
United States	156,982	2,546,982
China	405,684	2,462,386
Vietnam	224,518	172,684
Thailand	209,909	20,200
Japan	86,196	824,977
Philippines	62,398	85,125
Indonesia	48,854	22,774
Cambodia	47,565	11,969
Myanmar	29,294	-
Malaysia	14,790	20,861
India	12,929	11,27

Sources: South Korean Ministry of Foreign Affairs, “Overseas Koreans Definition and Current Status, South Korean Ministry of Foreign Affairs, 2019, [https://www.mofa.go.kr/www/wpge/m\\_21509/contents.do](https://www.mofa.go.kr/www/wpge/m_21509/contents.do); and South Korean Ministry of Justice Korea Immigration Service, “2019 Immigration Policy Statistical Yearbook,” South Korean Ministry of Justice Korea Immigration Service, July 13, 2020.

\*Note: These numbers are based on the South Korean government’s definition of overseas Koreans. For more information, see: <https://www.refworld.org/pdfid/3f48fe2b4.pdf>

In the original iteration of the NSP, “advancing the rights of immigrants and migrant workers through enhanced protection” was one of the six policy tasks under the people pillar.<sup>71</sup> However, there appears to have been little effort to advance this NSP goal. This is important on a humanitarian level, but also for South Korea’s soft power projection. The experience of residents from India and Southeast Asia is vital to South Korea’s efforts to brand itself as a multicultural state. As South Korea confronts the looming economic and social impacts of population aging, immigration is increasingly important, so the South Korean government has adopted a multicultural brand and narrative to support and attract immigrants to the country.<sup>72</sup> The results so far have been mixed, however, particularly for Southeast Asian immigrants, many of whom come to South Korea as migrant laborers or marriage migrants.<sup>73</sup> South Korea’s handling of the pandemic was at times detrimental to its multicultural narrative as well, as foreign residents were subjected to undue testing requirements and discrimination.<sup>74</sup>

Nevertheless, the pandemic also presents valuable opportunities for cooperation. South Korea and Southeast Asian nations like Singapore and Vietnam alike have been widely praised for their effective responses at the beginning of the pandemic, though they have since experienced subsequent outbreaks.<sup>75</sup> These countries can cooperate and take leadership roles to set standards and agendas for global pandemic preparedness. South Korea is also well-equipped to help in critical areas where India and Southeast Asia need capacity building, particularly on digital infrastructure.

## The Peace Pillar: Political and Security Cooperation

The peace pillar of the NSP, focused on political and security cooperation, is more constricted than other aspects of the policy by South Korea's avoidance of sensitive regional security issues.<sup>76</sup> The peace pillar originally focused on five main issues: diplomatic exchanges; inter-Korean cooperation; defense industry cooperation; emergency response capabilities; and joint responses to terrorism, cybersecurity challenges, and maritime security threats. Under NSP Plus, the peace pillar's goals have been streamlined under a single banner of "transnational cooperation for the fostering of safety and peace."<sup>77</sup> While South Korea is continuing engagement through diplomatic exchanges, attempts to garner support for the inter-Korean peace process, and defense industry cooperation, the NSP is now seeking to further emphasize the policy's initiatives on climate change, disaster response, maritime pollution, and transnational crime.

### Political Cooperation

Despite its limitations, South Korea has had some notable achievements under the peace pillar, most visibly in terms of diplomatic engagement and high-level exchanges. Moon visited all eleven NSP partner countries within his first two years in office, making him the only South Korean president to ever visit all ASEAN members.<sup>78</sup> Moon's early and visible engagement with the region signaled its elevated importance in South Korean foreign policy. Later on, major initiatives like the summits involving ASEAN and the Mekong region in 2019 maintained the policy's momentum.

The Moon administration also has enhanced South Korea's diplomatic ranks to support the initiative. In what may be one of the policy's most concrete achievements, the Ministry of Foreign Affairs added a Bureau of ASEAN and Southeast Asia Affairs, elevating this diplomatic portfolio to put it on equal footing with the China and Japan Bureaus.<sup>79</sup> The number of personnel at South Korea's mission to ASEAN also has tripled, and "the rank of

ambassador to the ASEAN mission was upgraded.”<sup>80</sup> These increased resources have enhanced South Korea’s diplomatic infrastructure to sustain increased engagement with the region.

While high-level engagements have proliferated, the Moon government has not solidified NSP’s connection to other regional strategies. Seoul has engaged with Washington on the NSP on a bilateral basis, and Moon and U.S. President Joe Biden reiterated that they would “work to align [the NSP] and the United States’ vision for a free and open Indo-Pacific” in their first meeting together in May.<sup>81</sup> But while South Korea acknowledges areas of convergence with India’s Act East policy, the Quad, the Free and Open Indo-Pacific, or ASEAN’s Outlook on the Indo-Pacific, it has not taken steps to deepen ties between NSP and these strategies. As Andrew Yeo puts it, the Moon government has shown “little interest . . . in coordinating its NSP with the Indo-Pacific strategies of other regional actors from a multi-lateral angle.”<sup>82</sup>

## Nontraditional Security

Cooperation and capacity building on nontraditional security issues is the priority under the NSP, and particularly the NSP Plus. The nontraditional security issues that the NSP Plus emphasizes are also some of the most important ones to ASEAN members. In a 2020 ISEAS–Yusof Ishak Institute survey, respondents in Southeast Asia ranked climate change as one of the biggest security threats facing the region.<sup>83</sup> Climate change in particular will be an important issue as countries recover from the pandemic, with countries formulating and implementing economic stimulus and recovery plans that could either set them on a path to a greener economy or dramatically increase emissions.<sup>84</sup> These are also areas where South Korea can add value without the risk of being caught between the United States and China and areas where ASEAN is more comfortable collaborating. Decisions in ASEAN are reached by consensus, which often constrains the group’s ability to respond to sensitive strategic issues involving China as well.<sup>85</sup> Nontraditional security cooperation, therefore, is both important to ASEAN and easier to navigate in that multilateral setting.

Not only does Seoul have more room to maneuver on these issues, but the fact that the military is not necessarily responsible for managing these threats gives developing nations and small states that may not be able to compete in terms of hard power more opportunities to collaborate with South Korea on security challenges. Moreover, the focus on nontraditional security links the peace pillar to the prosperity and people pillars. In focusing on capacity building in terms of disaster response, environmental security, and public health, the peace pillar acknowledges the deep connection between development and peace.

That said, the NSP’s stated goal is to elevate relations with India and Southeast Asia to the level of those with the United States, China, Japan, and Russia. South Korea’s relationships with those countries are predicated on their importance to one another’s security in a traditional sense. Over the long-term, nontraditional security issues, and especially climate change, will likely become a more important organizing principle in international affairs.

However, for the time being, this focus is not enough to truly elevate South Korea's ties with other Asian countries under the NSP to the same level as major powers around the peninsula.

## Constraints in Strategic and Traditional Security Cooperation

Without activism on regional security issues, South Korea has limited its ability to realize its full potential as an influential middle power. Even though India and many ASEAN countries are cautious about directly confronting China, their most trusted strategic partners in the region are countries that have taken a stronger stance. The same *ISEAS*–Yusof Ishak Institute survey painted a bleak picture of Southeast Asian nations' view of South Korea as a strategic partner. South Korea was the least “preferred and trusted strategic partner for ASEAN to hedge against the uncertainties of the U.S.–China strategic rivalry,” while 38.2 percent of survey participants preferred Japan (the highest tally for that question).<sup>86</sup> Respondents also said they had the most confidence in Japan, the EU, and the United States as leaders in maintaining the rules-based order and international law. The fewest respondents perceived Seoul as most reliable, as South Korea ranked behind even China and Russia. India, particularly in the aftermath of its conflict with China around the Line of Actual Control, has become further invested in the Quad and more willing to face Chinese criticism.<sup>87</sup> Seoul's trepidation makes it difficult for its NSP partners to see South Korea as a trustworthy strategic partner.

Another impediment to robust South Korean political and security cooperation with India and Southeast Asia is their differing hierarchies of priorities. South Korea's most critical challenges revolve around Northeast Asia. Engagement with ASEAN and India on Seoul's ultimate objective, inter-Korean peace, has been a stated NSP priority, but inter-Korean issues will simply never be a top priority for India or Southeast Asia. While there is a logic behind trying to involve them—India and all ten ASEAN members have diplomatic relations with North Korea and oppose North Korea's nuclear arsenal—neither India nor ASEAN has a strong interest in playing an active role on the issue. They could serve as mediators, like Singapore and Vietnam did as hosts of U.S.–North Korea summits in 2018 and 2019, but their ties to North Korea make it tricky to garner vocal support for South Korea's objectives. Though Seoul has continued to raise the issue of North Korea with India and ASEAN, the South Korean government has few means of helping these regional actors become key stakeholders on issues involving North Korea.<sup>88</sup>

The one notable exception in the traditional security realm where the NSP still can add value is in defense industry cooperation. Under the Moon administration, Seoul has prioritized arms exports, co-development, and co-production with several NSP countries. South Korea's efforts in recent years to reform its defense industry's competitiveness and investments in research and development have paid off, and South Korea is now the world's ninth-largest arms exporter.<sup>89</sup> Southeast Asian countries count among its top export destinations—chiefly Indonesia, the Philippines, and Thailand—and South Korea has inked numerous agreements for defense co-production and development with India and other Southeast Asian nations.<sup>90</sup>

## South Korea–Vietnam Relations

A useful exercise for examining South Korea’s relations with Southeast Asia is to take an in-depth look at Seoul’s ties to one of its strongest partners in the region, Vietnam. In the early days of the NSP, there was hope that the policy could help create the same momentum in economic ties with other ASEAN countries as South Korea has experienced with Vietnam. However, while several promising initiatives in Southeast Asia have been established under the NSP, that has not been the case. South Korea’s relationship with Vietnam is mostly driven by the private sector and a comparatively long history of economic and people-to-people ties, which national policy cannot replicate. But at the same time, South Korea has often focused on Vietnam over other Southeast Asian countries in its NSP projects, rather than investing more heavily in countries where cooperation historically has been more limited.

### Economic Cooperation

South Korea’s ties with Vietnam make it by far its most successful economic relationship in Southeast Asia. In 2017 and 2018, South Korea overtook the United States as Vietnam’s second-largest trading partner, though it fell to third in 2019.<sup>91</sup> Vietnam is also South Korea’s third-largest export market (totaling \$48.5 billion in South Korean exports in 2020).<sup>92</sup> The countries’ economies are highly complementary—Vietnam is a prime market for intermediate products from South Korea (such as electronic circuits), which are reimported to South Korea as final products (predominately mobile phones).<sup>93</sup> Vietnam’s share of South Korean electronic circuit exports—South Korea’s top export commodity—grew from around 5.0 percent in 2015 to 12.5 percent in 2020.<sup>94</sup>

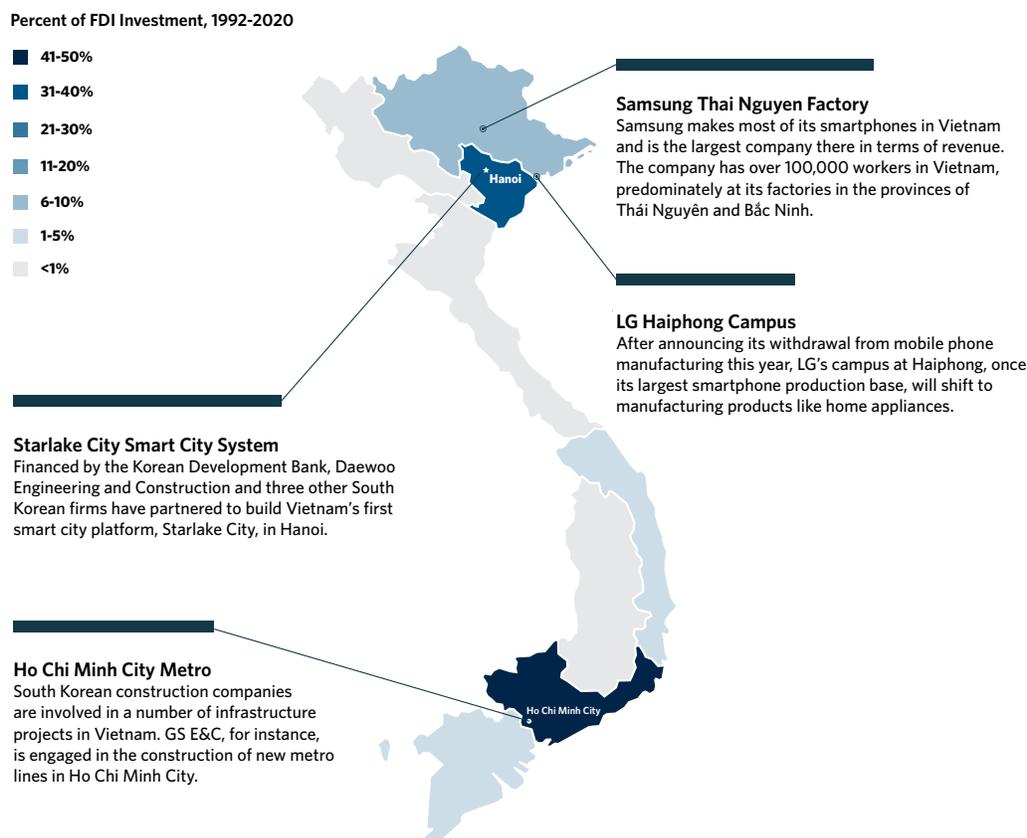
From 2014 to 2016, and again in 2019, South Korea was the largest foreign investor in Vietnam, though it fell to second place behind Singapore in 2020.<sup>95</sup> Though South Korea lags behind China, Japan, and the United States in both trade and investment in most ASEAN countries, it consistently punches above its weight in Vietnam. South Korea’s economic relationship with Vietnam is not just robust in absolute terms but also accounts for a disproportionate amount of South Korea’s engagement in Southeast Asia. In 2019, Vietnam accounted for 46.8 percent of South Korea’s total foreign direct investment (FDI) and nearly 46 percent of its total trade. Meanwhile, Hanoi attracted 35 percent of Seoul’s ODA to ASEAN partners in 2018 and 23 percent in 2019.<sup>96</sup>

But the South Korean government has also set goals and launched projects that favor Vietnam. Since the NSP was launched, South Korea’s economic engagement has remained skewed toward Vietnam. When Seoul set its \$200 billion trade goal for ASEAN collectively, for instance, South Korea and Vietnam simultaneously set a bilateral trade goal of \$100 billion by 2020 (a goal that was later pushed back to 2023 after the target was not met); this

\$100 billion figure would have been an additional \$33.4 billion above the two countries' bilateral trade volume at the time.<sup>97</sup> That means Vietnam alone would account for most of the proposed overall goal for a \$40 billion increase in trade with ASEAN.<sup>98</sup>

However, South Korea's lopsided economic engagement with Vietnam is mostly a product of how private sector considerations largely drive the movement of trade and capital in Southeast Asia. Prior to the NSP, there was already significant momentum in South Korea's regional economic engagement as a whole, especially with Vietnam (see figure 4).<sup>99</sup> A great deal of that economic engagement has been led by a single company—Samsung. The conglomerate is responsible for a staggering 20 percent of Vietnam's total exports.<sup>100</sup> In 2018, Samsung's sales accounted for 28 percent of Vietnam's GDP, and sales in Vietnam accounted for 30 percent of the company's revenue globally.<sup>101</sup> With over 100,000 employees in Vietnam, it is the largest company in Vietnam in terms of revenue and FDI.<sup>102</sup> Vietnam has outpaced China as the leading manufacturer of Samsung smartphones and tablets, with 50 percent of these products manufactured in Vietnam, according to the company.<sup>103</sup>

**Figure 4. South Korean Industrial Engagement in Vietnam**



SOURCE: VERAC Company figures based on Vietnamese government statistics (also see various media sources in endnote)

NOTE: These investment figures were calculated based on data acquired by the author from the VERAC Company; these figures are based on Vietnamese provincial government statistics.

Vietnam is a natural destination for South Korean corporations to relocate or establish regional offices and manufacturing hubs. China is an increasingly risky place to do business, and South Korean companies are seeking to better diversify their supply chains amid U.S.-China competition and the pandemic. Vietnam's proximity, comparatively cheaper labor, favorable FDI policies, and strong people-to-people ties make it an attractive place to do business. While the number of South Korean companies that have established operations in Vietnam continues to grow, the number of new South Korean firms entering China annually "peaked in 2006 and has fallen below 500 a year since 2018."<sup>104</sup> Samsung closed its last smartphone factory in China in 2019, while the firm has kept expanding its presence in Vietnam; the Hyundai Motor Company has followed a similar trend, increasing automobile production in Vietnam while suspending some manufacturing in China.<sup>105</sup> Many other companies have followed suit.

While top-down South Korean reforms would have little influence on the private sector's disproportionate focus on Vietnam, the South Korean government does have control over ODA projects in Southeast Asia. Interestingly, ODA projects through the NSP have proliferated in Vietnam more so than in other ASEAN countries too.

As in other economic areas, South Korea's development cooperation is focused far more on Vietnam than other countries in Southeast Asia. Vietnam has been South Korea's top aid recipient in the world, not just Southeast Asia, for over a decade. In 2019, South Korea's ODA expenditures to Vietnam totaled \$108.5 million (down from a peak of \$242.5 million in 2013), accounting for 23 percent of South Korea's ODA to ASEAN.<sup>106</sup> Though this represents a decrease from Vietnam's 35 percent share a year prior, it is still well above what other countries in ASEAN receive. Cambodia and the Philippines were the next largest recipients at 16 and 17 percent, respectively. KOICA has committed to scaling up its ODA budget by approximately \$80 million to the six designated ODA partners under the NSP by 2023.<sup>107</sup> Of the forty-one development projects listed in KOICA's NSP Implementation Plan in 2019, thirteen of them are in Vietnam—whereas the other five target countries each had four to seven projects.<sup>108</sup>

Seoul has little ability to recreate many of the key dynamics that have helped South Korea's relationship with Vietnam flourish. First, South Korea simply has a deeper history of economic cooperation with Vietnam than it does with most other Southeast Asian nations. South Korean conglomerates entered the Vietnamese market as early as 1991, soon after Vietnam's economy began to open up.<sup>109</sup> In countries like Cambodia, Laos, and Malaysia, it will take time to build up comparable history and market experience. Moreover, while other countries in Southeast Asia may be able to offer cheap labor and input costs, Vietnam's liberalized trade and investment policies and relatively stable governance reduce barriers to cooperation and make it a more attractive partner for economic engagement.<sup>110</sup> Without similar reforms and stability elsewhere in the region, it will be difficult for South Korea to strengthen economic cooperation with countries where its ties are more nascent.

## Sociocultural Cooperation

South Korea and Vietnam's strong people-to-people ties are a significant driver behind the success of their economic relationship. In 2019, Vietnamese people made up the second-largest group of foreign nationals in South Korea with nearly 225,000 residents, surpassed only by Chinese residents; Vietnam also is home to some 170,000 South Korean nationals.<sup>111</sup> According to the ASEAN-Korea Center, Vietnamese students also made up a staggering 91.5 percent of students from ASEAN nations studying in South Korea in 2020, with nearly 60,000 students in the country, up from under 8,000 just five years ago.<sup>112</sup> Early numbers indicate Vietnamese students may have surpassed Chinese students as the largest group of foreign nationals studying in South Korea this year.<sup>113</sup> Unsurprisingly, South Korea also hosted more tourists from Vietnam than any other ASEAN member state except Thailand, and Vietnam was South Korean tourists' preferred destination in Southeast Asia.<sup>114</sup> Needless to say, people-to-people ties between South Korea and Vietnam are stronger than Seoul's links with anywhere else in Southeast Asia.

Vietnamese and South Korean peoples' familiarity with one another is a chief driver behind their strong economic ties. Especially as the number of students going from one country to the other to study and learn each other's languages proliferates, the two countries will have an even firmer foundation to build on.

In some other ASEAN member states, however, the relative scarcity of individuals with experience living and working in South Korea, and vice versa, is an impediment to growth.

A lack of connections and cultural familiarity may contribute to this disparity. For example, there were only around 1,000 Malaysians residing in South Korea in 2019.<sup>115</sup> The short supply of Malaysians with experience in South Korea has been an impediment for Malaysia as it tries to strengthen its economic ties to South Korea.<sup>116</sup> This lack of familiarity seems to cut both ways—a fact displayed clearly in 2018 by Moon's mistaken use of an Indonesian rather than Malaysian greeting to the Malaysian prime minister during a visit to the country.<sup>117</sup>

As the number of Southeast Asians living in South Korea continues to grow, ensuring fair treatment and quality of life for immigrants in the country should be a top priority for Seoul. To South Korea's credit, it has taken major steps over the last decade to institute immigration reform.<sup>118</sup> However, two of the most vulnerable groups of immigrants in South Korea—migrant workers and marriage migrants—include many Southeast Asians, and there is still a long way to go to make sure they are protected. In fields like agriculture, manufacturing, and healthcare, which suffer from a shortage of domestic workers, immigrants from countries like Cambodia, Indonesia, Thailand, and Vietnam are extremely important.<sup>119</sup> However, these workers mostly come to South Korea as guest workers through the Employment Permit System, which often “makes it extremely difficult for workers to leave their employers, even when they are grossly overworked or abused,” much less stay in South Korea long-term.<sup>120</sup>

Vietnamese women also have made up the largest share of marriage migrants in South Korea in recent years, with more than 42,000 marriage migrants from Vietnam residing in South Korea in 2020.<sup>121</sup> Many of these women, many of whom also come from Cambodia, the Philippines, and Thailand, are brought to South Korea through arranged marriages with South Korean men living in rural areas. Spousal visas put marriage migrants in a vulnerable situation, as their “legal status and rights are entirely derivative of their spousal status” and therefore dependent on their husbands and in-laws, leaving them little recourse to seek help in abusive situations.<sup>122</sup> Reports of such abuse among marriage migrants are quite high. According to a 2017 report by the National Human Rights Commission of Korea, more than 40 percent of marriage migrants encountered domestic violence.<sup>123</sup>

Correcting these issues is important on a humanitarian level. These issues also could pose a problem for relations between South Korea and ASEAN partners, particularly Vietnam, given the high levels of migration from the country. While Vietnamese students are increasingly interested in studying in South Korea, many have reported difficulties with discrimination and the high cost of living in the country.<sup>124</sup> Immigration from Southeast Asia is highly desirable as South Korea seeks to expand its soft power through global education exchanges and hedge against population aging, but immigration reform has not featured prominently in the NSP.

## **Political-Security Cooperation**

While economic and people-to-people ties between South Korea and Vietnam have flourished in recent years, security cooperation has been slow to gain momentum. South Korea and Vietnam have a painful shared history—South Korea sent the largest number of foreign soldiers to augment U.S. forces during the Vietnam War, and many committed atrocities that were never fully addressed.<sup>125</sup> Nonetheless, the two countries have been able to advance some new forms of political and security cooperation in recent years. When South Korea and Vietnam upgraded their relationship from a “dialogue partnership” to a “strategic partnership” in 2009, they agreed to cooperate more through “military cooperation, high-level visits, and a strategic dialogue mechanism.”<sup>126</sup> However, other than an annual defense policy dialogue established in 2011, many of those agreed-upon activities have remained infrequent and inconsistent. As such, the limited defense cooperation between the two countries has not been institutionalized very well.<sup>127</sup>

However, there have been some developments in the bilateral security relationship under the Moon administration. At the Seoul Defense Dialogue in April 2018, South Korea hosted Vietnamese Minister of National Defense Ngô Xuân Lịch and agreed to a joint statement on defense cooperation.<sup>128</sup> In a follow-up visit by then South Korean defense minister Song Young-moo a few months later, the two countries inked an MOU on “logistics support for

peacekeeping forces, natural disasters, and humanitarian relief.<sup>129</sup> However, few additional details about either agreement have been made public, and it will take time to see whether those agreements can move beyond paper commitments to real action.

The new areas of emphasis in the NSP Plus complement areas of existing cooperation between Vietnam and South Korea quite well, particularly on climate change and disaster management. Moreover, by virtue of the significant presence of South Korean companies in Vietnam, South Korea has a responsibility to invest in Vietnam's climate change resilience. With its outsized share of Vietnamese exports, Samsung has committed to use 100 percent renewable energy in China, Europe, and the United States, but the company has not made a similar commitment in Vietnam, despite the sizable share of its mobile phone manufacturing operations in the country.<sup>130</sup>

The heightened emphasis on climate change, public health, and other nontraditional security issues under the NSP Plus might present opportunities for Vietnam and South Korea to cooperate more. The two countries already cooperate in these areas through ASEAN, but they could also consider doing so in other multilateral formats, including in conjunction with the Quad, depending on how the multilateral grouping develops. With the Quad's recent move away from sensitive regional security issues, both Vietnam and South Korea participated in the Quad Plus meetings last year, where the two countries shared their successes in managing the pandemic.<sup>131</sup> Though South Korea has no interest at the moment in joining the Quad if it were to expand its membership, the NSP's alignment with such Quad initiatives may foster greater cooperation with both Vietnam and India.

However, the Vietnam's and South Korea's differing hierarchies of priorities limit many opportunities for cooperation. South Korea's exclusion of sensitive regional issues from the NSP has second-order effects in areas where Seoul and Hanoi might otherwise have great chances for cooperation. Historically reliant on Russia for arms imports, Vietnam has recently become more open to arms negotiations with new partners like India, Japan, and the United States.<sup>132</sup> Although South Korea's defense industry and Vietnam's military modernization needs do arguably converge to some degree, the two countries have not pursued much cooperation in this area. South Korea's appetite for doing so is likely limited by its desire not to become embroiled in tense China-Vietnam relations.<sup>133</sup>

Across the three pillars, South Korea and Vietnam have undoubtedly had the most success in the economic realm. The two countries continue to be indispensable partners in trade and investment, and the NSP's further institutionalization of elevated attention to Southeast Asia will continue to benefit the bilateral relationship. While security cooperation has lagged, South Korea has ample opportunity to expand cooperation on nontraditional security issues. However, the partners' ability to cooperate further in traditional security is constrained by the differing importance each places on various regional security issues and China's influence on those issues.

## South Korea–India Relations

Apart from Southeast Asia, India is another fixture of South Korea’s NSP. Yet though India has been described as a “core pillar” of South Korea’s policy, Seoul has struggled to create momentum in the partnership in recent years.<sup>134</sup> One reason for this is the pandemic, which has had a devastating impact on India and naturally has impeded many NSP initiatives. However, the biggest impediments to deepening South Korea’s relationship with India are more structural, institutional, and historical. While there remains great potential in a stronger partnership, there have been limited gains under the NSP so far.

Though it has yet to reach its full potential, India and South Korea’s relationship is by no means small. India views South Korea as an “indispensable partner” in its Act East Policy, and bilateral ties have expanded across all domains since diplomatic relations were established in 1973.<sup>135</sup> Under the NSP, engagement with India has focused on improving bilateral economic ties, while significant untapped potential lies in development, security, and regional connectivity. Looking at India–South Korea ties in terms of economic engagement, security cooperation, and people-to-people ties can help discern where the NSP has added value, where the partnership has faced obstacles, and what potential areas for collaboration remain unexplored.

### Economic Cooperation

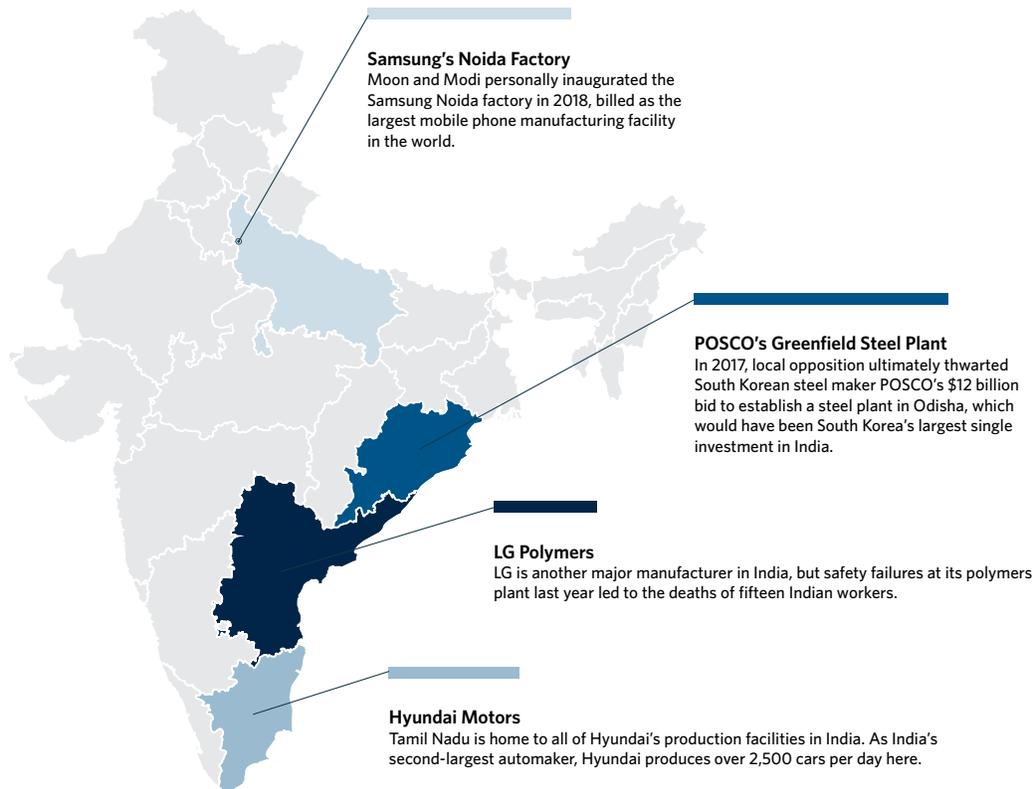
The NSP’s focus on economic engagement extends to South Korea–India ties as well. Moon set the tone during his first state visit to India in July 2018, as the trip was packed with business-related activities. Moon attended an India–South Korea business forum, went to a roundtable for Indian and South Korean CEOs, and signed eleven MOUs, most of which related to trade and business.<sup>136</sup> With much fanfare and media attention, Moon and Modi also jointly inaugurated Samsung’s new manufacturing facility in Noida, proclaiming it to be the world’s largest mobile phone factory in terms of production capacity.<sup>137</sup>

This focus is no surprise given the great potential in the two countries’ economic relationship.

India was South Korea’s seventh-largest export market globally in 2020, with \$16.8 billion in total trade volume.<sup>138</sup> South Korean companies and consumer products also have a sizable presence in the country, and in 2020, some 500 South Korean companies had operations in India.<sup>139</sup> In addition to Samsung’s major presence, other conglomerates like LG, Hyundai

Motors, and Kia Motors count India as one of their largest manufacturing hubs (see figure 5).<sup>140</sup> Indian firms have also made several sizable investments in South Korea's economy. Tata Motors has poured over \$400 million into the country after its 2004 acquisition of Daewoo Commercial Vehicle Company, and Mahindra and Mahindra has made cumulative investments of over \$1.5 billion since purchasing a majority stake in the SsangYong Motor Company in 2010.<sup>141</sup>

**Figure 5. South Korean Industrial Engagement in India**



SOURCE: Various media reports (see endnote)

NOTE: These investment figures were calculated based on data acquired by the author from the VERAC Company; these figures are based on Vietnamese provincial government statistics.

These large enterprises have already enjoyed a great deal of success, so the NSP's priority has been improving bilateral trade and market access for SMEs, where there remains untapped potential. The NSP's goal of increasing trade between South Korea and India to \$50 billion by 2030 would mark a 150 percent increase from their 2017–2018 trade volume.<sup>142</sup> But trends over the past decade indicate that this is an ambitious goal, especially considering the slow pace of trade growth over the past ten years. Concluding the CEPA in 2010 was a major milestone in India–South Korea relations, but trade and investment have not grown as much as many had hoped. In the first year after the CEPA came into effect, bilateral trade grew from \$12.1 billion in 2009 to \$17 billion in 2010. But since then, growth has been limited and inconsistent—the countries' trade volume has oscillated between \$16 billion and \$21 billion.<sup>143</sup> In 2020, the unprecedented effects of the pandemic brought total trade to \$16.8 billion, lower than it had been in the first full year (2010) after the CEPA came into effect.

These outcomes ran counter to business leaders and officials' expectations for the agreement. In addition to several nontariff barriers, “South Korea abolished tariffs on 93 percent of Indian imports and India has done the same on 75 percent of [South] Korean imports” under the agreement.<sup>144</sup> But despite a reduction in tariff barriers on both sides, gains in trade have disproportionately favored South Korea. Over the past decade, while South Korea's exports to India have increased somewhat, Indian exports to South Korea have remained stagnant. Since 2010, even as trade momentum between the two countries remains modest, India's trade deficit with South Korea has increased to around \$10 billion in 2019 from \$3.9 billion in 2009 before the agreement took effect.<sup>145</sup>

In 2016, the two countries agreed to revisit the agreement, but negotiations have been protracted and difficult. In one of the most notable achievements of the NSP in India–South Korea trade relations, Moon and Modi signed agreements on trade and commerce including an early harvest deal for the CEPA to reduce some tariffs before concluding full negotiations.<sup>146</sup> Even so, a major issue related to India's trade deficit with South Korea stems from the makeup of India's Korea-bound exports. These consist mainly of raw materials and intermediate goods, and just five products constitute approximately 40 percent of its export volume.<sup>147</sup> In contrast, South Korea's exports to India are more diversified and predominately consist of higher-value intermediate and finished goods, including highly sophisticated technological products.<sup>148</sup> This dynamic is not unique to India–South Korea relations, but it reflects larger structural issues in the trade relationship that the two countries have not fully addressed. As Abhijit Mukhopadhyay describes, this is partially because the “speed with which the integration with global market[s] has happened is much faster than the dynamism in Indian exporters, who were supposed to develop their export products at a faster pace but are lagging behind significantly in reality.”<sup>149</sup>

Consistent with South Korea's FDI globally, South Korean family-run conglomerates known as *chaebol* predominate in India, and the Make in India policy is turning the country into a more attractive destination for South Korean manufacturing centers looking to expand overseas. Most South Korean conglomerates entered the Indian market in the mid- to

late-1990s. South Korean manufacturers in India take advantage of the low-cost production inputs available in the country and access to domestic consumers. LG, for example, has two manufacturing facilities in India, and “around 10 percent of its sales from India are exported, with 95 percent of the components domestically sourced or produced.”<sup>150</sup> While Japanese tech products dominated in the Indian market for many years, they continue to lose ground to the wares of South Korean companies like Samsung.<sup>151</sup>

South Korean SMEs and startups, on the other hand, have had a difficult time establishing themselves in India, and changing that is a priority under the NSP. This is also a priority for India, which has increased resources and capital to improve the business environment for both foreign and domestic startups in recent years.<sup>152</sup> To this end, the South Korean and Indian governments have invested in organizational resources to support startups, particularly in emerging technologies. In 2019, in conjunction with Startup India, the Indian government’s initiative to help support startups in India, KOTRA and Invest India launched the India-Korea Startup Hub to serve as a “one-stop platform to bring the Indian and [South] Korean start-up ecosystems closer and to facilitate joint innovation between the two economies.”<sup>153</sup> The hub originated in an MOU during Moon’s visit to India in 2018.<sup>154</sup> A number of other startup-focused initiatives have proliferated since 2018 as well, including tech-oriented programs and a startup accelerator program.<sup>155</sup> Most of these initiatives focus on tech startups, in line with South Korea’s commitment to improve cooperation in technologies of the Fourth Industrial Revolution and digital connectivity under the NSP.<sup>156</sup>

As mentioned earlier, Nicolas pointed out that the many South Korean construction firms that are SMEs could benefit from the NSP’s infrastructure focus.<sup>157</sup> In 2018, the South Korean government set a goal to “raise \$200 million for the Global Infrastructure Fund by 2022,” which could be a boost for cost-conscious South Korean SMEs.<sup>158</sup>

The NSP’s and the NSP Plus’s focus on infrastructure and emerging technologies from the Fourth Industrial Revolution offers significant opportunities for India–South Korea cooperation in the medium to long term. South Korean companies, especially with support from the government, will be keen to cooperate in infrastructure projects such as improvements to waterways, shipbuilding, and transportation, where India has strong interests and need.<sup>159</sup> In addition, South Korea and India are already well established in the digital industry, and their complementary strengths—in digital services for India and in design and manufacturing for South Korea—present avenues to deepen collaboration in areas like 5G and artificial intelligence, as well as establishing and upgrading infrastructure in rural areas.<sup>160</sup> South Korea and India have launched many new initiatives to provide support for startups and SMEs in the tech and infrastructure sectors, though it remains to be seen how much these programs will impact the bilateral relationship.

However, even South Korean conglomerates have run into difficulties operating in India, and there is still much room to improve large and small South Korean companies’ familiarity with and access to the Indian market. In particular, several difficulties have arisen in terms of navigating interactions with local bureaucracies and communities in India.<sup>161</sup> One

high-profile example is an attempt by the South Korean steel producer POSCO to build an integrated steel plant in the Jagatsinghpur district of Odisha. In 2005, POSCO signed an MOU with the Odisha government for the \$12 billion project, which was billed as the “largest foreign direct investment” transaction in India at the time.<sup>162</sup> However, the project never got off the ground due to intense local opposition and conflict over land rights. In 2017, facing strong opposition from locals over land rights, housing reallocations, and natural resources, POSCO finally pulled out of the project and surrendered 1,880 acres of land.<sup>163</sup>

While there are social, cultural, and governance-related reasons for South Korean companies’ difficulties in navigating Indian bureaucracies, the structure of South Korean FDI also may have impacted their experience. South Korean companies typically enter the Indian market as wholly owned subsidiaries rather than joint ventures. In 2018, nearly 90 percent of South Korean companies operating in India were wholly owned.<sup>164</sup> Companies from Japan, which is one of the largest and most successful foreign investors in India, take the opposite approach, entering the market as joint ventures before expanding and establishing themselves as wholly owned subsidiaries. Some research indicates that partnerships and joint ventures with local companies in India have benefited Japanese companies since they can rely on their domestic partners to navigate Indian bureaucracies, particularly for land acquisition.<sup>165</sup>

ODA, another major part of the prosperity pillar, has not been much of a priority in the India-South Korea relationship. This is partially because South Korea and India have very little existing development cooperation, mostly due to India’s own policies and attitude toward ODA. In 2003, India chose to restrict its openness to bilateral aid to a handful of partners including the EU, Germany, Japan, Russia, the United Kingdom, and the United States.<sup>166</sup> All other countries providing ODA (around twenty-two countries at the time) were made to route their assistance through multilateral institutions like the United Nations and nongovernmental organizations.<sup>167</sup> South Korea’s ODA, however, is heavily structured around bilateral public sector aid. In 2018, 76 percent of its ODA was disbursed bilaterally, with 80 percent of it being disbursed through government agencies.<sup>168</sup> South Korea’s aid is also mostly allocated as grants through KOICA, but KOICA does not have an office or presence in India. The government allegedly has sought to open an office there, but the Indian government has not given clearance yet.<sup>169</sup>

Though India has somewhat relaxed its policy to allow more bilateral aid in recent years, there are still major obstacles to aid and development programs in the country, and South Korea and India have made little progress in establishing robust development cooperation. In 2015, Modi and then South Korean president Park Geun-hye signed an MOU for South Korea to create a \$1 billion fund through the Economic Development Cooperation Fund and provide \$9 billion in export credits through KEXIM, which would provide funding for infrastructure development and would constitute South Korea’s biggest contribution to Indian development.<sup>170</sup> Under the NSP, it is still a priority to use this funding, though there is little information on how or to what extent the funds have been disbursed. There

are, however, plans to allocate funds from the Economic Development Cooperation Fund for digital economy projects in India, including the Nagpur-Mumbai intelligent transport system, and for KEXIM funding for urban infrastructure development in India.<sup>171</sup> In 2019, South Korea spent just \$3.2 million on development projects in India, according to the Korea Overseas Development Assistance portal, though it also provided pandemic assistance to India in the summer of 2021 in the form of masks, oxygen concentrators, ventilators, and masks, as well as monetary donations through private companies.<sup>172</sup> Meanwhile, South Korea and India's plans to pursue development projects in tandem in Afghanistan have paused amid the resurgence of the Taliban and the fall of the previous government.<sup>173</sup>

Japan's experience with development in India is a testament to how effective development cooperation can be in deepening trust and cooperation. Japan has a long history of ODA in the country, beginning with technical cooperation programs in 1954, and today India is its top ODA destination.<sup>174</sup> As Darshana Baruah points out, by linking development cooperation to its security policy since 2014, Japan has aligned its ODA strategy with India's concerns over Chinese development initiatives in the region.<sup>175</sup> In 2020, Japan's ODA to India totaled \$2.7 billion, or 18 percent of Japan's total ODA.<sup>176</sup> Most of Japan's ODA in India goes to infrastructure projects, which is also South Korea's priority for development cooperation. Japan also provides most of its development assistance in loans—which India prefers—while South Korea prefers grants managed through KOICA.<sup>177</sup>

Overall, many economic agreements and projects with India have proliferated, but their impact on South Korea and India's economic ties remains to be seen. In terms of development cooperation, Japan is still India's preferred partner. Though there have been limited attempts to improve development cooperation, it does not appear that development cooperation with India has been a high priority under the NSP.

## Sociocultural Cooperation

Though strengthening people-to-people ties has not been the focus of South Korea's outreach to India under the NSP, it is nonetheless an important component. To deepen bilateral relations, the two countries need greater familiarity with one another culturally, linguistically, and professionally. South Korea has arranged some public and cultural diplomacy initiatives under the NSP, but ultimately people-to-people ties have remained somewhat limited with India, especially as the pandemic has impeded in-person contacts for over a year and a half. However, as the people pillar of the NSP pivots more toward post-pandemic public health cooperation, the two countries may find more opportunities for collaboration.

As in most Asian countries, South Korean pop culture, cosmetic products, and cuisine has enjoyed increasing popularity in India in recent years. Several South Korean films have been adapted by Bollywood, including *Bharat* (based on *Ode to My Father*) and *Radhe* (an adaptation of *The Outlaws*).<sup>178</sup> During the pandemic, Indian interest in K-pop and South Korean dramas has apparently increased as well. The *Economic Times* reported in November

2020 that Indian viewers had “climbed a few ranks to be among the top five or six countries contributing to YouTube music-video views of K-pop bands like BTS and BLACKPINK,” and Indian viewers are streaming South Korean dramas at much higher rates than they were before the pandemic.<sup>179</sup> Perhaps on a related note, Indians may also be becoming more interested in learning Korean; according to the *Economic Times*, Duolingo saw a 256 percent increase in Korean language learners in India from March to November 2020.<sup>180</sup> Though Indian pop culture has not necessarily experienced the same level of popularity in South Korea, increased attention to South Korean cultural exports in India is nonetheless a hopeful sign for people-to-people ties.

But the number of Indians and South Koreans living, working, and studying in one another’s countries has remained small. In 2019, there were around 13,000 Indians living in South Korea, and about 11,000 South Koreans in India.<sup>181</sup> That same year, there were only around 300 South Korean students studying in India, and about 1,100 Indian students studying in South Korea.<sup>182</sup> Though these numbers are small compared to many ASEAN countries, these figures are not unlike the level of Japanese immigrants in India (though there are around 40,000 Indian immigrants in Japan).<sup>183</sup> Nevertheless, supporting more educational and professional exchange programs between South Korea and India could help improve ties between the two countries.

## Political-Security Cooperation

Over the past ten years, South Korea and India have deepened their political and security cooperation. The two countries are both concerned about increasing Chinese assertiveness in the Indo-Pacific and throughout Asia, though they avoid explicitly anti-China rhetoric.<sup>184</sup> There are many opportunities to capitalize on the convergences between Modi’s Act East Policy and the NSP, and the two countries’ presidents’ joint statement during Moon’s 2018 visit to India outlined their joint vision in ways that complement the NSP’s three pillars. Under the peace pillar, the two countries agreed to enhance military exchanges, training, and knowledge sharing between their governments and defense industries; affirmed the importance of freedom of navigation and overflight; reiterated the importance of strengthening dialogue mechanisms; condemned terrorism; and pledged to cooperate on nonproliferation.<sup>185</sup>

For the most part, South Korea and India’s cooperation in the security realm has lived on paper, with few recent initiatives to tangibly strengthen ties. The relationship was upgraded to a “strategic partnership” in 2010 and later to a “special strategic partnership” in 2015.<sup>186</sup> At the same time, the two countries have made a series of pledges to enhance security ties through more frequent meetings with high-level defense and diplomatic officials, intelligence sharing, joint military exercises and port calls, and collaboration between defense manufacturers in the two countries.<sup>187</sup> From 2010 to 2015, under the Lee and Park administrations, these developments were signs of momentum in India-South Korea defense ties. But

currently, especially as Seoul avoids endorsing the Free and Open Indo-Pacific narrative and remains wary of the Quad, South Korean policymakers have not communicated clearly how New Delhi fits into their strategic vision.

Though Seoul has sought New Delhi's cooperation and support for its stance on North Korea's nuclear program and inter-Korean ties, India's ties to North Korea make such outreach complicated. India was North Korea's number-two trade partner for a time, and India still ranks among the North's top economic relationships today, though trade volume is quite small due to India's enforcement of international sanctions.<sup>188</sup> India has continued to engage in active diplomacy with North Korea, including some recent high-level visits, foreign assistance, and the inclusion of North Korean officials under its Indian Technical and Economic Cooperation Program.<sup>189</sup> Though India maintains these contacts with North Korea, it has explicitly and consistently condemned North Korea's nuclear activities. Some see India as a valuable third-party channel for communication with North Korean leaders, as India continues to advocate for dialogue and diplomacy with Pyongyang.<sup>190</sup> However, India's engagement with North Korea has received a great deal of criticism from the United States, which some experts say is both because Washington does not have confidence in India as a partner in negotiations with North Korea and because New Delhi does not have sufficient leverage to significantly influence Pyongyang.<sup>191</sup> Though the NSP marks securing support for its North Korea policy as a key goal, it is unlikely that India will have a major role.

On the security front, Seoul and New Delhi have seen the most sustained improvement in their defense industry cooperation. In 2010, an MOU on cooperation in "futuristic defence technology" established a foundation for stronger co-production and co-development between the two countries' defense industries.<sup>192</sup> The Moon administration has continued to emphasize cooperation in this area under the NSP. In 2019, the two countries formulated plans to work together to make certain "land and naval [military] systems," and they have continued to follow up on that in high-level visits.<sup>193</sup> During South Korean Defense Minister Suh Wook's visit to India in March 2021, technological defense industry cooperation was the focus of discussions, and the two countries agreed to ramp up cooperation in this area.<sup>194</sup>

South Korea's advanced technology remains attractive to India and will continue to be a driver of the two countries' defense cooperation going forward, though the two have faced some obstacles in this area from India's Make in India policy and its efforts to spur domestic manufacturing in key sectors.<sup>195</sup>

On nontraditional security cooperation, progress in the relationship has been less impressive, and both India and Seoul need to take more concerted action. It is especially important to do so as the two countries chart their respective economic recoveries from the coronavirus pandemic. As two of the world's largest carbon emitters, both countries can use this opportunity to imbue their economic recovery with more of a focus on green jobs and technology,

as Seoul is attempting to do through the Green New Deal.<sup>196</sup> This global imperative for a green economic recovery also lends more urgency toward initiatives for the two countries to connect on climate change, and they have particularly good opportunities to do so in multi-lateral forums, including in linking India's Act East policy and the NSP in interactions with ASEAN on climate change, or in New Delhi-led initiatives like the Coalition for Disaster Resilient Infrastructure.<sup>197</sup>

As more connections between the NSP Plus, the Quad, and India's Act East Policy emerge, South Korea may have more chances to deepen ties with India in light of New Delhi's importance to Seoul's regional strategic outlook. Thus far, while India has grown to embrace the Quad and Indo-Pacific, South Korea has remarked on areas of commonality between its foreign policy and other regional initiatives like the Quad and the Free and Open Indo-Pacific rather than embracing them. Depending on the direction the Quad continues to take, South Korea may show more willingness to connect multilaterally and bilaterally with India on high-priority security issues through that forum, but this will depend on how vocal the Quad is on China and to what extent military and traditional security are a part of its agenda.

Overall, South Korea's efforts to strengthen cooperation with India through the NSP are still nascent. While projects have proliferated, particularly in the economic realm, their results will take time to materialize, and it is unclear as of yet how transformative efforts to renegotiate the CEPA, establish more connectivity between startups, or double down on future industry collaboration can be. In the peace pillar, South Korea has ample opportunities to strengthen cooperation in nontraditional security areas, make connections with the Act East Policy, and deepen collaboration with multilateral institutions like ASEAN and the Quad. However, doing so will require more concerted activism on the part of the Moon administration and its successors.

## Conclusions and Recommendations

The South Korean government has undertaken an ambitious but necessary initiative in the NSP, deepening its commitment to ASEAN members and India in a variety of ways. These include upgrading key diplomatic partnerships, convening summits, elevating the status of the diplomatic corps tasked with managing relations with these partner countries, prioritizing high-level visits to these countries even at the presidential level, pursuing closer trade relations, and channeling ODA to these partner countries, among other steps.

Four years on, the policy has made progress by strengthening the government's diplomatic infrastructure to devote more attention and resources to NSP target countries as a strong foundation for further action. The policy is a natural extension and platform for South Korea to strengthen its global partnerships and leverage its middle power strengths, particularly at a time when Seoul is proving itself to be a credible leader on transnational issues like global health, climate change, and digital innovation.

Even so, the NSP is still a work in progress and faces obstacles. First, while the policy's motivations are clear, its implementation and outcomes can be difficult to discern. Some initiatives, like ODA, are well-branded under the NSP banner with clear goals, projects, and institutional partners. In many other areas (like future industry-oriented cooperation), new projects, organizations, and connections have proliferated, but the overarching strategy connected to these efforts is somewhat amorphous and ill-defined. Combined with the sheer scale of this policy, the lack of a clear narrative can give the impression that the NSP is more so a generalized increase in attention to India and ASEAN countries rather than a unified strategy to rebalance South Korean diplomacy and advance common goals.

On the one hand, the NSP's broadness has lent it flexibility to evolve and adjust to changing needs in South Korea's relationships with NSP target countries. During the pandemic, the South Korean government's policy apparatus and diplomatic corps quickly adjusted to allocate more resources to global health and pandemic relief efforts.<sup>198</sup> That shift in focus has also created more opportunities for cooperation with the United States under the policy.<sup>199</sup>

But at the same time, the NSP lacks landmark projects closely associated with its name that South Korea and its NSP partners can point to as clear accomplishments. At the Busan summit, there were an estimated eighty bilateral agreements and MOUs signed, and over ninety "major projects" have been associated with the policy.<sup>200</sup> The number of projects seems to be ever increasing. This is not to say that South Korea should do less under the policy—rather, Seoul needs to enhance the NSP's branding, clarify its strategy, and establish a few core, landmark projects under that brand to better communicate how the policy adds value.

Second, the policy has augmented aspects of South Korea's relationships with NSP target countries that already had momentum before the policy was enacted, but it has struggled to break ground on new areas of cooperation. This is true on both a country-by-country basis and an issue-by-issue basis. For example, while South Korea's relationship with Vietnam, which was already its largest economic partner in Southeast Asia, has received a great deal of attention under the policy, relatively little progress has been observed in relations with countries like India or Malaysia, where there is substantial potential for further cooperation.

On a functional level, the NSP has also been more successful at establishing new programs in areas where there was already significant attention and growth, particularly in the prosperity pillar. The obvious exception to this may be global health and post-pandemic recovery, though more analysis should be done in the coming years to determine the NSP's impact on that area. It is not possible for South Korea to pay equal attention or implement the same initiatives in each NSP target country, which have different needs and starting levels of engagement with Seoul. But South Korea's perceived bias toward Vietnam, as well as an overwhelming focus on the economic pillar of the policy, has given some in ASEAN an impression of favoritism and opportunism rather than a perception of South Korea as a committed regional partner.<sup>201</sup>

Third, and relatedly, the NSP's implementation has been somewhat piecemeal. Under the policy, there has been a focus on bilateral cooperation without integrating other NSP target countries into broader initiatives. This is particularly true for India. Given the major differences in strategic outlook, economic structure, and scale between India and ASEAN, there are fewer opportunities to include India in NSP initiatives that might also include ASEAN members more holistically and multilaterally. A continued emphasis on bilateral initiatives will keep contributing to the policy's piecemeal feel. South Korea could remedy this by focusing more on multilateral initiatives in the region, striving to connect India's Act East Policy and ASEAN's Outlook on the Indo-Pacific to the NSP, and collaborating with India in ASEAN's neighborhood and the broader Indo-Pacific.

Lastly, while initiatives under the NSP's people and prosperity pillars have proliferated, South Korea's strategic constraints and its differing security priorities (compared to those of its neighbors) have left the policy's peace pillar underdeveloped. Seoul has excluded sensitive security issues from the NSP. While NSP target countries and South Korea are similarly wary about China, South Korea's purposeful ambiguity on the China problem prevents it from being an active partner in key areas of interest for some ASEAN member states, like freedom of navigation in the South China Sea, despite the significant impact this issue has on South Korea's economy and security. In terms of India, the growing momentum behind the Quad, which South Korea perceives as too risky to collaborate with too openly given its focus on countering China, further keeps South Korea from formally endorsing or aligning the NSP with India's strategic initiatives. Moreover, South Korea's largest security concerns stem from Northeast Asia, particularly the inter-Korean peace process. While NSP target countries largely share concerns about North Korea's nuclear program, this simply will never be as high of a priority for India and ASEAN members as it is for South Korea. These strategic considerations constrain how far security cooperation through the NSP can go.

That said, policymakers should give further attention to whether or not South Korea's relations with the region need to be securitized, as criticism of the peace pillar's underdevelopment stems from the Moon administration's framing of the NSP. If South Korea truly

aims to elevate ties with South and Southeast Asia to the level of its ties with major powers, traditional security and sensitive strategic issues must be considered. But if that goal extends only to economic relations, South Korea may want to consider a different framing for future iterations of the policy that clarifies more directly where and how South and Southeast Asia fit into its strategic outlook.

Despite these challenges, the NSP has great potential. As South Korea prepares for presidential elections in 2022, its relations with Southeast Asia and India will not be a prominent policy priority. However, the importance of the major driving factors behind the policy will only increase. Though South Korea's single five-year presidency has often made continuity in the country's foreign policy difficult to achieve, the NSP's solid foundation, sustained momentum, and lack of controversy give it a good chance of continuing in some form (though almost certainly under a different name) in the next administration.



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