

South Korea's Engagement in Central Asia from the End of the Cold War to the "New Asia Initiative"

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This paper examines South Korea's engagement in Central Asia as a case study of the country's broader efforts to establish itself as a more assertive regional and global economic and political player. Embedding the analysis in the account of the evolving nature of Korean-Central Asian relations over the past two decades, the paper locates Korea's policy towards the region within its attempts to tackle energy vulnerability. Without the "political baggage" that accompanies the presence of other major players, Korea's economically-driven country-specific strategy is yielding significant results.

Keywords: Central Asia, Korea's foreign policy, diaspora, identity, trade, energy, investment

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Introduction

In the early 1990s South Korea quickly dislodged the ties that North Korea had with the Soviet successor states, which were a legacy of earlier Soviet-North Korean relations. Those ties, of course, included relations with the Central Asian republics of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. Diplomatic ties between the Central Asian states and North Korea were retained, but relations with South Korea were upgraded and expanded. The presence and influence of South Korea in Central Asia have, since then, steadily expanded and deepened. During the 1990s and until the mid- to late 2000s Central Asia was not a top priority region for Seoul, which kept its focus primarily on educational exchanges and offered some support to the local ethnic

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Korean communities, descendants of those deported by Stalin from the Soviet Far East in 1937. The Asian financial crisis that struck South Korea in 1997 slowed down Seoul's engagement in the region, with many projects suspended or abandoned. By the mid-2000s, however, South Korea's position had recovered, and investment and trade turnover have increased dramatically, making the country one of Central Asia's main commercial partners and sources of foreign investment, as well as a noticeable recipient of South Korea's overseas aid. Seoul has complemented this focus on business with an upgrading of political ties, bilaterally and multilaterally.

Seoul's involvement in the region may be divided into two main phases. In the first decade following the independence of the Central Asian republics, South Korea maintained a low profile, with the exception of Uzbekistan where it clearly emerged as one of the country's main economic partners. In the 2000s, after a brief hiatus, attention broadened to encompass the other republics. The Roh Moo-hyun administration (2003-2008) began to pay some attention to the Central Asian markets. The Lee Myung-bak administration (2009-2013) later built on this interest and deepened cooperation. The "New Asia Initiative," launched in 2009, was both aimed at expanding its role in the Central Asian region specifically as well as part of a broader effort to establish South Korea as a global political and economic player (CWD, 2009).¹ President Lee has emphasized the importance of Central Asia in his efforts to diversify energy supplies and reduce energy dependence on the Middle East.

It is the main contention here that the gradual, low profile approach taken by Seoul has begun to pay off. Without the "political baggage" that accompanies the presence of the United States, Russia, and China, South Korea's focused and country-specific strategy is yielding results as

¹ On South Korea's role in regional and global politics see Shim & Flamm (2012).

economic cooperation makes Seoul one of the main partners of the two largest economies in the region, namely Kazakhstan and Uzbekistan. The paper proceeds by examining the strategic and economic importance of post-Soviet Central Asia in the late twentieth and twenty-first centuries. Next, it traces the significance of this region to South Korea. The next section discusses the ranges of interests and approaches taken by Seoul to establish and consolidate its presence in the region, paying special importance to the “New Asia Cooperation Diplomacy,” most notably the “New Asia Initiative” introduced during the Lee Myung-bak administration. Therein Central Asia figures prominently. The paper concludes with an assessment of the prospects of Korean-Central Asian relations.

Central Asia’s Rising Strategic and Economic Importance in the Late Twentieth and Early Twenty-First Centuries

This section provides a brief historical overview of the Central Asian region, focusing on the similarities of the five republics, mostly resulting from shared Soviet legacies, and their differences. Contrary to what happened in the Baltics, Ukraine, and Georgia, the Central Asian republics (Kazakh, Uzbek, Kirgiz, Turkmen, and Tajik Union Republics, or SSRs) did not actively seek independence from the Soviet center (Beissinger, 2002). Rather, to use a commonly used expression to capture Central Asia’s experience in this regard, they were “catapulted to independence” (Olcott, 1992). Revisiting the last two decades of Central Asian history goes well beyond the scope of this paper²; as one word it is important to recall that the newly independent states were confronted

² For a comprehensive review of the main challenges and political, economic, and social changes see Cummings (2012).

with significant and simultaneous challenges in four key areas: state-building, nation-building, economic transformation, and foreign policy-making (Cummings, 2012, p. 4). Legacies, opportunities, and challenges in each of these areas will be reviewed below in order to provide some context for understanding the rationale behind South Korea's quest for greater ties with the region. To anticipate the thrust of the main argument put forward in this section, all these highlight the region's "diversity in uniformity," that is a simultaneous presence of 'evident commonalities as well as stark differences' in the various processes undertaken by the five republics (*ibid.*).

Common legacies included – among others – shared cultural threads, namely a combination of sedentary and nomadic civilizations, the role of Islam as the dominant faith, cultural Russification, and the emergence of strong-weak states (McMann, 2004; Jones Luong, 2004), skewed development built around the exploitation and export of natural resources (Pomfret, 2006), environmental degradation, and international isolation (Cummings, 2012). The challenges were also many-fold, but they affected the five republics somewhat unevenly. First, unlike other post-Soviet states (for example Ukraine, Georgia, Armenia, and the Baltic states) where a prior history of independent statehood existed, the post-Soviet era marks the first experience of independent statehood. Local contemporary (post-Soviet) historiography tends to bracket the Soviet period as a parenthesis (and a negative one) in the otherwise centuries-long, seemingly natural (whereas in fact reconstructed as teleological) process of building statehood and common national identity. Some countries managed to stage a relatively stable and orderly transition to independence (Kazakhstan, Uzbekistan, and Turkmenistan), whereas others quickly descended into a civil war (Tajikistan, 1992-1997). Kyrgyzstan alternated phases of bloody inter-communal conflict (1990, 2010) with sudden regime changes (2005 and 2010), unexpected openings, and hopeful moments of pluralism (early 1990s, post-2010 period). Either way, recent scholarship, drawing on both local and

Russian archival sources, has demonstrated how the link between the pre-Russian polities (before the southward and eastward expansion of the Tsarist Empire in the eighteenth and nineteenth centuries) like the Kazakh tribal confederation in the northern part of the Central Asian region and the Khanates of Khiva and Kokand as well as the Emirate of Bukhara (stretching across large parts of the southern part of the region) and the modern states is tenuous at best, and actually rather questionable (Schoeberlein, 1994; Hirsch, 2005; Adams, 2010). Although the Samanid dynasty (eighth to tenth centuries) in the Tajik case and the Timurid and Shaybanid dynasties (fourteenth-sixteenth centuries and fifteenth-sixteenth centuries respectively) came to be referred to as the predecessors of today's Tajik and Uzbek states, for example, evidence in support of such claims appears feeble. The formal of national consciousness in the modern sense of the term began with and accelerated under Soviet rule (Hirsch, 2000).

Despite some noticeable variety in terms of sub-types, the Central Asian republics converged towards authoritarian rule.³ While the United

Table 1. Size and Population

	Korea	Kazakhstan	Kyrgyzstan	Turkmenistan	Tajikistan	Uzbekistan
Sq. km	99,720	2,724,900	199,951	488,100	143,100	447,400
Population (1,000)	48,860	17,522	5,495	5,054	7,768	28,394
Ethnic groups	Korean 99%	Kazakh 63.1% Russian 23.7% Uzbek 2.8% Korean 0.6% (100,385)	Kyrgyz 64.7% Uzbek 13.6% Russian 12.5% Korean 0.3% (19,000)	Turkmen 85% Uzbek 5 % Korean 0.05% (3,000)	Tajik 79.9% Uzbek 15.3% Russian 1.1% Korean 0.07% (6,000)	Uzbek 80% Russian 5.5% Tajik 5% Koreans 0.69% (198,000)

Source: CIA Factbook 2012 (South Korea, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan.)⁴

³ Tajikistan rapidly descended into a civil war (1992-1997) whereas Kyrgyzstan experimented with democracy on various occasions (early 1990s, 2010-present). Tajikistan's rather turbulent post-Soviet life was marked by sudden uprisings (2005, 2010) which overthrew the regime, descent into chaos (inter-communal conflict in June 2010).

States and the European Union occasionally pressed for political reforms, criticizing the local rulers for violations of human rights and harassment of opposition and civil society, there was no shortage of partners willing to be silent on those issues, including China, Russia, Malaysia, and indeed, South Korea, too (Cooley, 2012; Graubner, 2012).

Second, all the new states – to different extents (Table 1) – were home to ethnically plural societies (Smith et al., 1998). In search for legitimacy not gained by means of an anti-colonial/anti-Soviet struggle the Central Asia rulers embarked on a process of distancing themselves from the Soviet past, emphasizing instead a rather primordialist, if not outright essentialist, approach to national identity formation. Three distinct but intertwined issues characterized the process of post-Soviet nation-building in Central Asia.⁵ These were, first, the state-led emphasis on the development of national cultures and the (elevation of the) role that titular (majority) national groups would and should play in the new states, second, the resulting position of minority groups, and third, given the nature of the Central Asian borders crisscrossing communities, the relationship between kin states and the co-ethnics left on the “other” side of the border by the Soviet collapse and the elevation of previously administrative borders to state boundaries (Fumagalli, 2007a). The question of identity transformation was especially relevant to the local ethnic Korean population. Settled in the Russian Far East and deported to Central Asia in 1937, Soviet Koreans (or *Koryo saram*, as they are more commonly known now⁶) total approximately 700,000 across the entire former Soviet Union, of whom about 500,000 are settled in Central Asia (Kim, G., 1995 and 2000; Khan, 1998; Kim & King, 2002). As briefly examined below, the sudden (re)discovery of a local Korean diaspora –

⁴ Another approximately 125,000 Koreans live in the territory of the Russian Federation.

⁵ Or in the entire post-Soviet space, for that matter.

⁶ These ethnic Koreans are also known as *Koryoin*.

Table 2. Natural Resource Endowments in Central Asia

	Oil		Natural Gas	
	Production	Reserves	Production	Reserves
Kazakhstan	1.635m BBL/day	30bn BBL	20.2bcm	2.407tcm
Turkmenistan	220,200 BBL/day	600m BBL	45.3bn	7.504tcm
Uzbekistan	104,400 BBL/day	594m BBL	60.11bcm	1.841tcm

Source: CIA Factbook 2012 (Kazakhstan, Turkmenistan, Uzbekistan).

perhaps not forgotten, but certainly inaccessible in Soviet times – was among the drivers of a South Korean interest in the region in the early 1990s.

Third, moving away from a Soviet-style command economy raised the obvious question of the role that the state would play in the economy (Pomfret, 2006). East and Southeast Asian states, where the source of rapid economic growth is also attributed to state-led development, were often referred to as models. Endowments in natural resources varied considerably, with hydrocarbons concentrated primarily in Kazakhstan (oil and gas), Uzbekistan (gas), and Turkmenistan (gas).

The smaller mountainous republics of Tajikistan and Kyrgyzstan were home to minerals and, crucially, water, which they have sought to turn into electricity and thus ensure energy self-sufficiency. Instead, because of the way in which the Soviet economy was structured, the region’s national economies were all tied to each other. Following industrial collapse and a “re-ruralization” of the population, the conditions of the population have either failed to improve or have done so extremely unevenly. The high prices of global commodities (oil, but also cotton and gold of which the region has plenty) have fueled an energy boom in the region starting from the early 2000s. That said, the Central Asian economies have been, as a result, largely skewed in favor of natural resource development, exploitation, and export. Being landlocked, the region needs to access markets as well as transport routes to export its resources. Infrastructure used to be inward-looking in the

Soviet period, with the pipeline networks oriented north-westwards, towards Russia and the western part of the Soviet state. Connecting the region to the rest of the world via other access routes has sparked interest by state and non-state actors alike, fueling references to a renewed “Great Game” over Central Asian natural resources (Nguyen, 2006; Cooley, 2012).

Last, but not least, was the development of independent foreign policies. Here the most evident commonality and legacy was the international isolation that the Central Asian republics inherited at independence (Cummings, 2012). This was inevitable since all relations with the rest of the world (communist, Muslim, and other) had been mediated from Moscow. As a result, the new states were plagued with a lack of expertise, experience, and even personnel (very few Central Asians occupied senior positions in the Soviet Foreign Ministry). The five states showed considerable heterogeneity in their patterns of behavior/conduct and orientations. Tajikistan soon emerged as Moscow’s closest ally in the region, to the point that some referred to it as a client state or even a new colony. Turkmenistan, by contrast, opted for a policy of neutrality, avoiding membership in organizations and alliances and tying itself to any partner. Kazakhstan adopted a multi-vector policy, seeking to maintain good relations with all partners (the United States, China, and Russia). Similarly, Kyrgyzstan managed to develop good ties with many countries, though for reasons opposite to Kazakhstan’s. Astana, the capital of Kazakhstan, could rely on its vast natural resource endowments to entice foreign interest, whereas deeply-impooverished and resource-poor Kyrgyzstan needed aid and other sources of foreign income (also in the form of rents) to maintain political support and domestic patronage networks to maintain some form of stability. Uzbekistan strove to preserve sovereignty and autonomy in the international arena, and alternated phases of close relations with Moscow with warm relations with Washington (Fumagalli, 2007b). Despite evident state weakness (again, in varying degrees), the region’s

interaction with the outside world was shaped as much by great powers and external players in general as by local rulers (Cooley, 2012; Fumagalli, 2007b and 2010).

Next to be explained are the paper examines the drivers of South Korea's push into Central Asia. To be clear, this did not happen in a vacuum. Although relations between South Korea and the Soviet Union – especially at an official level – are a recent development, one issue brought together Koreans (but not South Korea) and the Soviet experience, namely the fate of the *Koryo saram*. Although a primarily domestic (Soviet) issue, the question of the adaptation of ethnic Koreans to Soviet and later post-Soviet life, their political loyalty, and cultural adaptation, as well as the discovery of ethnic bonds with Koreans from South Korea prompted interest in this diasporic community of over half a million people (Kwon, 1996; Lee, 2003; Oh, 1996; Diener, 2006; Oka, 2001).

Korean-Central Asian Relations in the Post-Soviet Period

The collapse of the Soviet state opened an unexpected window of opportunity for the Central Asian republics. These could develop new contacts with the outside world. In turn, the South Korean state could enter into new political, cultural, and economic relations with a previously isolated region. Diplomatic relations between South Korea and the newly independent republics in the region were established in 1992. New opportunities for traveling and the process of cultural adaptation raised the possibility that local Koreans might opt for out-migration, with South Korea as a possible destination.⁷ In the wake of the

⁷ Needless to say, this should not be conceived as a “return,” since the *Koryo saram* did not come from the southern part of the peninsula. Rather, their ancestors were Koreans settled in the Maritime Province of the Tsarist Empire.

Soviet collapse many speculated that these communities could operate as bridges between the post-Soviet space and East Asia. This failed to materialize, however, for three main reasons: first and foremost, “Soviet Koreans” had never actually lived in South Korea (established in 1948) or even in the Korean peninsula as a whole as they were descendants of Koreans who had settled in the areas of Vladivostok, Khabarovsk, and Manchuria. Moreover, Koreans became model Soviet citizens, also showing high levels of linguistic and cultural Russification. Finally, South Korea’s interest in its post-Soviet diaspora is a very recent development. While some people left for South Korea, many others remained, a sign of a deeply-rooted territorialization of identity among the *Koryo saram* (Diener, 2006).

The Making of Soviet Koreans: Russian, Central Asian, and Korean Relations before and during the Soviet Period

A Korean presence in Russia and Central Asia dates to the middle of the nineteenth century (roughly from 1863 onwards), when the Russian acquisition of the territories of Preamur and Primor’e established a Korean presence in the Russian Empire’s Far East (Chey, 1987; Huttenbach, 1993; Lee, 2003; Suh, 1987). Koreans were then fleeing the exploitation by the Korean monarchy and the abuse by landowners and money-lenders (Diener, 2006, p. 204). At the turn of the century Russia’s fear of Japan raised the question of the allegiance of the Korean population, and the government began relocating those Koreans who had settled in the Far East after 1884 outside the border regions, only allowing those that were living there by that date to remain. The empire preferred to have allegedly more loyal ethnic Russians at its utmost periphery. In a similar “preventative” move, in 1937 Stalin gave orders to deport the Korean population from the border regions of the Soviet Far East to the deserts and steppes of Central Asia (Gelb, 1995). Kazakhstan and Uzbekistan were the recipients of the deported Koreans, with a

smaller number reaching Kyrgyzstan and Tajikistan. Koreans, settled in rural areas, devoted themselves to rice farming.

During the Soviet period, and particularly in the post-Stalin era, Koreans moved from the countryside – where they were originally relocated from the Far East – to urban centers. In fact, the *Koryo saram* increasingly became a predominantly urban population. They also turned out to be one of the most culturally Russified communities⁸ and integrated in Soviet society. Following Stalin's death in 1953 the Soviet regime redressed some of the earlier policies and therefore Koreans were allowed to re-establish their ethnic identity, culture and language' (Kim, G., 1999 and 2000).

In the Soviet period, however, the existence of an ethnic Korean community in Soviet territory and the official ties to North Korea were the pillars of the Soviet-Korean relationship. The situation changed virtually overnight as the Soviet state unraveled and fifteen new republics suddenly came to independence. Seoul's involvement in Central Asia began no sooner than 1991-1992 (Fumagalli, 2006). Ties with Pyongyang were swiftly replaced with an upgrading of relations with Seoul.⁹ The next section traces the main rationales and aims of Korean policy towards the region.

Seoul's Quest for Energy Assets

As noted above, the Central Asian republics inherited diplomatic ties with North Korea. Despite some initial efforts, Pyongyang's role was limited to the occasional visits by ethnic Koreans to the DPRK. North Korean influence was quickly dislodged by South Korea's greater

⁸ This integration by Koreans into Russian society happened to the detriment of national language, culture, and traditions (Yoon, 2000).

⁹ The only Central Asian republic hosting a DPRK Embassy at present is Uzbekistan. All others republic have ties with Pyongyang, however.

attractiveness as an economic model and its potential as an investor. Domestic policy and foreign policy have traditionally been closely intertwined in South Korea, with the former looming large in domestic politics (Kim, S., 2006; Kim, Y., 2008a; Kim, Y., 2008b; Kim, Y., 2011). The paramount concerns have, for decades, been hard security issues, namely its relationship with North Korea, its ties with the United States and Washington's role in the broader East Asian region and on the Korean Peninsula specifically (Kim, 2006; Cha, 2012). Next, in order of importance have been the relationships with China and Japan (Snyder, 2009). Anything else, especially "non-traditional security issues" (such as energy security and Seoul's energy security dilemma), has only reached the top of policy agenda over the past ten to fifteen years. The deepening of ties with Central Asia represents a marked change in Seoul's foreign policy and positioning in the global arena.

Even at a superficial glance, the Central Asian and Korean economies appear complementary. The former as exporter and the latter as consumer and importer constitute the "glue" of the partnership. Seoul's push to cooperate with and invest in Central Asia owes to three distinct but related strategic predicaments in which South Korea finds itself (Calder & Kim, 2008, p. 1): "the lack of local sources of energy (South Korea imports about 84 percent of its energy); heavy reliance on oil (50 percent); and heavy dependence on the Middle East as the main supplier of hydrocarbons (75 percent)" (ibid.).

In the aftermath of the Soviet collapse, South Korea positioned itself as one of Uzbekistan's key investors and commercial partners. Apart from seeking to open the country up (and the region more broadly) in terms of transport, the other chief aim consisted of investing in strategic fields such as uranium, textiles, and the automobile sector. Initial acceleration slowed down considerably because of exogenous shocks. The financial crisis which gripped Asia (including South Korea) in 1997 was not inconsequential in terms of affecting Asian investment in Central Asia. Projects were suspended¹⁰ and investment decreased for a

few years (Rabelland, 2000).

Despite being a late-comer in the energy field and the delay because of the Asian crisis, the new century was marked by a more assertive economic drive. Initially focused on Uzbekistan, over time South Korea has expanded its range of interests to Kazakhstan. Despite losing shares in the Uz-Daewoo car plant in the Ferghana Valley and the Babool Textiles factory, South Korea has remained Uzbekistan's main investor, with over \$1 billion worth of investment in areas as different as gold, tungsten, coal, electronics, the local banking market and, most importantly, the energy domain (Peyrouse, 2010). In 2006 Uzbekneftegaz and Korea National Oil Corporation and Korea Gas Corporation signed a Memorandum giving the two Korean companies exclusive rights of exploration and exploitation of two oil and gas deposits in Chust-Pap and Namangan-Terachi (ibid.) A few years later South Korea's KOGAS and Uzbekneftegaz signed an agreement for the joint exploration of the Surgil gas site on the Ustyurt Plateau in Uzbekistan (ibid.). Alongside interest in Uzbekistan's hydrocarbons, Seoul has also sought to reduce its dependence on uranium imports. In this respect Korea Resources Corporation is developing the deposit of Zhantuar. In 2008 Korea Electric Power (KEPCO) signed an agreement for the purchase of 2,600 tons of uranium (approximately 9 percent of South Korea's total consumption) by 2015. Logistics and transport have also featured prominently in Uzbek-South Korean relations. The flagship project has been that of Navoi, in central Uzbekistan, where Tashkent has established a Free Industrial Economic Zone (FIEZ). Hanjin Group, the large South Korean conglomerate specialized in cargo freight (and parent company of Korean Air), has established its base there, determined to make the town an important transport hub in Asia. The location of this project is

¹⁰ Daewoo suspended its projects in the automobile sector in Andijan, Uzbekistan, and in the Kazakh telecom sector in 1998 (Rabelland, 2000).

especially important since the Navoi Free Economic Zone sits on large amounts of gold and uranium.

The country has been similarly active in Kazakhstan. A Memorandum of Understanding was signed between Seoul and Astana to allow for the exploration of oil fields in the Caspian Sea by the Korean Consortium of the Caspian Oil Project. The Korea National Oil Corporation, including SK, LG International, Daesung Industrial, and Samsung, acquired 27% of the shares of the Zhambyl offshore oil field for about \$85 million. Exploration would be conducted jointly with KazMunayGaz, Kazakhstan's state-owned energy giant (ibid.). In the 2008s Korea and Kazakhstan reached an agreement over the import of 3,000 tons of uranium during the period 2011-2017 (ibid.).

In sum, by the time President Lee Myung-bak took office in 2009, Seoul had gradually managed to establish a significant and growing commercial presence in the region, built around specific needs of the regional economies, and tailored to specific countries. Uzbekistan was the priority for South Korean investment until very recently. The new administration sought to capitalize on earlier efforts, as well as deepen and expand cooperation.

South Korea's Global Posture and Lee Myung-bak's "New Asia Initiative"

Since taking office in 2009 President Lee Myung-bak has adopted a more decisive and assertive stance towards the Central Asian region. South Korea's strategy has been carefully tailored, involving a combination of high level diplomacy, including visits by and summits at presidential level (South Korea-Central Asia Cooperation Forum); strategies tailored to the needs and characteristics of the individual states; and close cooperation between South Korean companies. This is not an isolated move, but rather should be read as part of a broader attempt by the Lee administration to redefine South Korea's role in global and regional

politics in a more encompassing and ambitious manner (Shim & Flamm, 2012, p. 10). As noted above, Korea's foreign policy has been traditionally anchored to the East Asian region, northeast Asia most notably. Its ties to the United States, the DPRK question, and relations with China and Japan have dominated Seoul's foreign policy. Northeast Asia is also of paramount importance for the Lee administration, too. In this respect, there is an obvious continuity running through all administrations, including Lee's immediate predecessors President Roh Moo-hyun (2003-2008) and President Kim Dae-jung (1997-2002).¹¹ Where the Lee presidency differs from them, however, is two-fold. First, new initiatives are embedded in an ambitious strategy to redefine Seoul's international role regionally and even globally ("Global Korea" CWD, 2009). Seoul no longer seems content with a policy largely defined by its Northeast Asian location, where much bigger players overshadow it. "Broadening Global Partnerships," as the document notes, is a means to that end (*ibid.*, p. 24). Second, through its New Asia Initiative (Zhu, 2009) Seoul has sought to deepen ties especially with other Asian neighbors to the south and the west. Relations with ASEAN countries have expanded, and the engagement of the Central Asian republics should also be seen in this light. In other terms Seoul has attempted to reposition itself as a "bridge between developed and developing countries" (Shim & Flamm, 2012, p. 10), so as to expand its international role and raise its leverage (Zhu, 2007 and 2009).

In the New Asia Initiative, launched in Indonesia in March 2009, Central Asia occupies an important place (Zhu, 2009; Korea Herald, 2009 and 2010). At a general level the Initiative aims to broaden the horizon of South Korea's diplomacy, long-focused on the Pacific and specifically on its relationships with the United States, North Korea, China, and Japan.

¹¹ As even a quick glance at official policy documents would confirm (NSC, 2004; MND, 2006; Cheongwadae, 2009; MND, 2010).

Partnership with the ASEAN countries figures more prominently, as well cooperation with Australia, New Zealand, and the Central Asian countries. In a break with the past, the initiative lays out a vision for a more assertive South Korean leadership in the political, security, and economic sphere. Here non-traditional security challenges are likely to be of crucial importance for the foreseeable future, including the question of energy security. The strategy refrains from bundling all countries in an undistinguished regional mass, but rather tailors the approach to specific regions and countries. Building on its experience in the post-independence period South Korea has focused on a few key countries (especially Uzbekistan, and Kazakhstan more recently) and a number of strategic sectors (most notably gas, uranium, and petrochemicals, and more recently infrastructure). What follows details the scope and breadth of South Korea's presence in the region.

Direct investment and the quest for assets have characterized Seoul's engagement of Uzbekistan and Kazakhstan.¹² In recent years deals have increased in number and size. South Korea is currently Uzbekistan's fourth-largest commercial partner: over the past two decades trade turnover between the two countries has surpassed \$5 billion, of which \$3 billion is represented by South Korean investment, with about 400 South Korean firms operating in the country (Central Asia Newswire, 2012a; Voloshin, 2012). Cooperation ranges from loans to support for Tashkent's media and medical sectors (Central Asia Newswire, 2012b), and focuses on strategic partnerships in a number of key sectors, with a special focus on hydrocarbons¹³, minerals, and

¹² These two countries have also been recipient of South Korea's overseas aid program through KOICA (Korea International Cooperation Agency) and have been singled out as being among the twenty-eight top priority countries.

¹³ Here the focus is on the acquisition of assets, as shown by the agreements to jointly explore and exploit oil and gas fields in the country signed in 2006 (Chust-Pap and Namangan-Terachi) and 2012 (Surgil).

uranium, key to South Korea's nuclear power plants.¹⁴ Korea is also Kazakhstan's fourteen-largest trading partner, with trade turnover exceeding \$ 600 million in the first half of 2012, and \$1 billion overall in 2011, a noticeable increase from \$760 million in 2010 (Voloshin, 2012). On the whole South Korea has invested \$3 billion in several projects, with plans to invest much more in a thermal power plant in southeastern Kazakhstan, the exploration of the Zhambyl oil field (in cooperation with KazMunayGaz), and the production of rare earths elements (ibid.).

Central Asia Calling

Although the intensification of South Korean-Central Asian relations have been by and large driven by Seoul's attention and interest in the region's natural resources and local economies, one should not downplay the importance of local agency and interests in pushing for closer ties (Fumagalli, 2006 and 2011). Economic cooperation between South Korea and its Asian partners was not driven by Seoul's own priorities only: a quest for closer ties was also locally-driven. Local governments made constant and very public references to Asian countries (such as Singapore, Malaysia, and South Korea) as models of economic development. Their reluctance to meddle in the countries' domestic affairs (and entrenched authoritarian practices) was much appreciated locally. At a more substantive level the particular and peculiar structure of the South Korean (and Japanese, incidentally) economy, where large industrial conglomerates offer a number of needed services (a one-stop approach) was especially appealing to landlocked economies (Calder & Kim, 2008). Unlike China, mostly interested in importing raw materials and exporting finished goods, South Korea can rely on its specific

¹⁴ These include the construction of silicon plants by the Uz-Shindong joint venture in Navoi (launched in August 2012) and Jizzakh (to be developed in the future) (Central Asia Newswire 2012b).

industrial structure whereby its large industrial conglomerates (the chaebols) provide a whole range of services (including exporting capital equipment, finding markets, and supplying and financing infrastructure) that can lift the local economies from their isolation (Calder & Kim, 2008, p. 8). By contrast, the chaebols could ensure trading flows, handling multiple (most, in fact) sides of transactions, including exporting capital equipment, financing transaction themselves, supplying and financing infrastructure, and even finding export markets (ibid.). All this for isolated and non-market economies was especially attractive.¹⁵

Conclusion

The paper has examined South Korea's engagement in Central Asia as a case study of the country's broader efforts to establish itself as a more assertive regional and global economic and political player. For decades, Seoul's foreign policy was decisively tilted towards the Pacific. Rebalancing its Asian policy towards smaller and less geographically proximate neighbors was made more complicated by the fact that at the very same time Central Asia was attracting the interest – and the resources – of major global players, such as the United States, Russia, China, and more recently the European Union.

It is evident that South Korea cannot compete with any of the big players (Russia, China, the United States) in Central Asia.¹⁶ Seoul does not possess the financial resources to sustain larger-scale investment and projects. Moreover, the size of South Korea's local economic demand is

¹⁵ The role of the chaebols in South Korean society and the economy has been the subject of increasingly critical scrutiny, and it is not my intention to portray them in an idyllic manner. However, a thorough investigation of their role goes well beyond the scope of this paper. On this see Kim (1998); Haggard, Lim, and Kim (2010); Lee (2008); and Chang (2006).

¹⁶ Due to space constraints it is not possible to assess South Korea's strategy towards the region in relation to the policy of other major players. For a discussion along those lines see Laruelle & Peyrouse (2012).

insufficient to sustain such a strategy (Calder & Kim, 2008). Instead, South Korea has sought to develop a different strategy to turn some structural weaknesses into added value. It does not appear to have political ambitions in the region, and therefore carries no political baggage in its economic relationships, despite the fact that in recent years it has also sought to enhance its political visibility and relations.

The growth of South Korea's role in Central Asia is not an isolated case of East-Central Asian cooperation (Oxford Analytica, 2011b). So far, South Korean, Chinese, and Japanese strategies in Central Asia and Mongolia have managed to develop along cooperative lines, contributing to increasingly integrative dynamics between the two regions. India's role is noticeable in Afghanistan, and only to a lesser extent in Tajikistan and Kazakhstan, but less so in the other Central Asian republics. Needless to say, it is not New Delhi's role in the region that has prompted vigor in Seoul's attitude towards the region. It is obviously China's multi-dimensional strategy towards Central Asia that is impacting on South Korea's too. However, it is important to note that unlike China (or Russia, for that matter), South Korea does not come with either colonial or neo-colonial "baggage" (Fumagalli, 2011). South Korean-Central Asian relations are not characterized by the concern, even the mistrust that often marks the ties between China and its Central Asian neighbors, which occasionally bursts into Sinophobia, despite the pretense of closeness and partnership by the Central Asian elites (Oxford Analytica, 2011a).

Economically South Korean-Central Asian relations operate at a different level compared to those between Central Asia and China. While both South Korea and China are driven by a quest for Central Asia's natural resources, South Korea has something different (not more) to offer: not the size of the deals and the investments, but the diversity of the areas in which South Korean investment occurs as well as the comprehensiveness of the services that South Korean companies can provide connecting Central Asia to other markets.

While a gradual and tailored strategy has allowed Seoul to carve itself an important economic niche in the region, three challenges stand clear in the way of further expansion in the near future. First and foremost, one of the aspects of South Korea's presence in Central Asia that the local authoritarian rulers have undoubtedly appreciated has been Seoul's silence on issues such as the lack of democracy, the rule of law, the frequent violations of human rights, the crackdowns on the opposition, and the opacity of the Central Asian states and economies (Graubner, 2012). On the whole South Korea does not appear to have political ambitions in the region. Seoul does not meddle in the republics' domestic affairs, something which is very much appreciated regionally. In fact the country does not really appear to have any political clout in the local republics. The problem is that South Korea's uncritical engagement of Central Asian authoritarianism not only makes it vulnerable to the volatile political environment in the region, but also tarnishes the image of a would-be global player. Next, although Central Asia currently lends itself as a friendly environment to South Korean investment, should this expand further, Russia may at some point set limits to how far its prior hegemony can be challenged in its immediate neighborhood, especially when tangible economic interests are touched. Finally, greater integration between Central and East Asia, and South Korea in particular, inevitably raises the question of the unreliability of North Korea as a potential economic partner. Building pipelines through or even just contemplating ways of integrating Pyongyang in larger intra-Asian economic consortia may be too big a gamble for the time being.

To conclude, the driver behind Seoul's push into the region has been primarily economic. With investment and deals in sectors as diverse as hydrocarbons and uranium, infrastructure and culture, textile and information technology, South Korea has quietly established itself as a significant economic player in Central Asia. South Korea's expansion in Central Asia is both noteworthy in itself (since Seoul was a latecomer to the region) and also because it is an important component of Seoul's

broader attempt to establish the country as a global economic player. In this respect Seoul's engagement of neighbors proximate and not in Central Asia well complements – though does not balance of course – South Korea's longstanding priorities in East Asia: ties to the United States, relationship with China and Japan, and North Korea. Driven primarily by domestic economic concerns, South Korea's global profile is changing.

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