# The New Southern Policy Plus: Progress and Way Forward

*Editors*
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KIEP Korea Institute for International Economic Policy

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# Missing Pillars of Strategic Autonomy? Security Cooperation Between Korea and ASEAN

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This paper seeks to examine the potential areas of security cooperation between the Republic of Korea (hereinafter, Korea) and ASEAN. It provides an assessment of whether and how Korea can work with ASEAN to strengthen regional security and peace. Specifically, we focus on two policy domains: maritime security and defense industrial collaboration. These two areas, we submit, are significant features of Southeast Asian countries' quest for strategic autonomy amidst the growing strategic flux in the Indo-Pacific. By strategic autonomy, we mean the ability to independently define and defend their own strategic interests and foreign policy goals free from the dictates of other external powers.

Maritime security represents an important set of daily operational challenges while defense industrial capacity is a significant long-term strategic challenge. By investing resources and energy in maritime security and defense industrial cooperation with ASEAN, Korea could support Southeast Asian states' efforts in this regard. Unfortunately, security cooperation in those two areas has been under-developed under the New Southern Policy (NSP) framework. We thus provide an analysis on how Seoul can reorient its NSP to focus more on maritime security and defense industrial cooperation with ASEAN.

The subsequent sections will elaborate these arguments. The first section will describe the NSP's significance for Korean-ASEAN relations. The second section will assess the opportunities and challenges of "traditional security"

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cooperation between Korea and ASEAN. The third and fourth sections will examine why and how maritime security and defense industrial collaboration, respectively, could become useful avenues of traditional security cooperation between Korea and ASEAN. The final section will provide the broader implications of our arguments and suggest policy recommendations to move the relationship forward in the future.

## 1. The New Southern Policy and Korea-ASEAN Relations

The introduction of Korea's New Southern Policy (NSP) opens a new chapter in Korea-ASEAN relations under President Moon Jae-in. The policy effectively translates long-held conceptions of Korea's "middle power" outlook by elevating the positions of ASEAN and India in Seoul's diplomatic landscape. By further emphasizing Korea's strategic edge—its economic development and technological competitiveness—NSP is seeking to diversify Seoul's foreign policy orientation beyond its traditional counterparts of China, Japan, Russia, and the United States. However, it remains to be seen whether an implicit "community building" approach towards regional stability through developmental and economic measures is sufficient to shape regional power and security dynamics as well as to set the rules and norms underpinning shared ASEAN-Korea interests.

The NSP projects Seoul's vision of the region becoming a "community of people, prosperity, and peace."[1] The policy's three pillars emphasize the "people" as the primary target of Korea's trade, investment, and people-to-people exchanges. The NSP describes the region as a "new economic map" on which future prosperity and peace are drawn into the Korean Peninsula. Korea's deteriorating strategic environment has driven the NSP's initial development. After Korea's deployment of the Terminal High Altitude Area Defense (THAAD) anti-missile system in 2017, China applied economic pressures costing the country S$ 7.5 billion economic loses.[2] The US-China trade war further worsened Korea's geoeconomics standing. Caught between the US-China strategic competition, Korea sought to diversify its geostrategic

[1] The Presidential Committee on New Southern Policy (2019), p. 5.

[2] Ha and Ong (2020).

links by turning to both ASEAN and India as part of "a young and dynamic region."[3]

Meanwhile, as President Moon Jae-in tried to re-start the North-South Korean peace process, his administration sought to widen the diplomatic stakeholders of its efforts beyond the region. Further, President Trump's strong-arm tactics in pressuring allies like Korea to increase their contribution have further brought into question the commitment of US security guarantees. While certainly not a replacement for the US, ASEAN members states were seen as potentially providing strategic value to Korea's efforts. For one thing, the formal diplomatic relations between all ASEAN Member States with the DPRK could provide support systems to boost President Moon's efforts.[4] Indeed, ASEAN remains the core of the ASEAN Regional Forum in which the DPRK remains a formal member. A series of diplomatic events, including when Trump met Kim in Singapore and when North and South Koreans rallied together in the opening ceremony of the Asian Games in Jakarta, illustrates ASEAN's potentially valuable support for the Korean Peninsula peace process.

The NSP is important for Korea-ASEAN relations in several ways. First, the NSP further substantiates Seoul's middle-power diplomacy by expanding its strategic horizons. Seoul has always considered its economic capacity and democratic credentials as the key fundamentals driving its broader regional identity projection.[5] But Korea's geostrategic position—caught between China, Japan, Russia, and the United States—has also hamstrung such efforts,[6] not to mention its imminent security risk: North Korea's nuclear development and the prospect of yet another war in the peninsula.[7] The alliance with the United States remains under-determined, especially with China's strategic rise, while its relationship with Japan remains acrimonious. Therefore, Korea's strategic choices are constrained by a complicated set of bilateral and regional tensions and domestic sentiments.[8] The need to expand Korea's strategic horizons by engaging and investing in multilateral groupings like ASEAN should be viewed in this context.

[3] The Presidential Committee on New Southern Policy (2019), pp. 6-7.

[4] Oh (2020).

[5] Teo (2017), p. 197.

[6] Rozman (2007), p. 199.

[7] Chang and Lee (2017).

[8] Rozman (2007), pp. 216-219.

Another important context is the lack of consistency in Korea's efforts to operationalize its middle power identity into concrete strategic policies. Seoul has oscillated, for example, between a regional and a global outlook for its middle power strategies.[9] President Roh Moo-hyun (2003 – 2007) pursued a more regional outlook, where Korea seeks to be a regional balancer among China, the US, Japan, and Russia. In contrast, President Lee Myung-bak (2008-2012) pursued a more global, pro-US outlook, which elicited China's strong response. We can observe this, for example, when Seoul tried to "internationalize" the Korean peninsula problem through the stagnating "Six-Party Talks".[10]

In any case, President Roh's regional outlook missed the wider region by overemphasizing Northeast Asia, while President Lee's global outlook sidelines regional concerns; there was no focus on ASEAN despite its position as the driver of regional architecture building. As much as ASEAN remains peripheral in Korea's strategic map, Seoul's presence in Southeast Asia also remains weak. As one scholar argues, "[t]his mismatch between Korea's growing capacity and inconsistent foreign policy scope is one of the backdrops of the Moon Jae-in government's New Southern Policy which puts ASEAN and India at the center of Korean foreign policy."[11]

Second, the NSP integrates and deepens the strategic match between Korea's middle power image—built around its political, economic, and technological strengths—and Southeast Asia's wider conception of security—tied to political stability, economic growth, and social harmony—as embodied in the ASEAN Charter and recently, ASEAN Outlook on the Indo-Pacific.[12] In other words, the wide acceptance of greater Korean engagement with and presence in Southeast Asia can be seen through such economic and developmental lenses.[13] There have hardly been any major contentions against Korean investment in ASEAN, especially when compared with China and Japan over the years. ASEAN states have also studied the Korean developmental state model. ASEAN states also do not see Korea's "hegemonic agenda" when pursuing infrastructure diplomacy in the

9 Shin (2015).

10 *Ibid*, p. 20.

11 Lee (2019).

12 Dewitt (1994), pp. 1-4.

13 Mantong (2020), p. 45.

Indo-Pacific.[14] Despite being an American ally, Korea is also not a member of the Quad, which some Southeast Asian states worry could undermine ASEAN centrality in regional architecture building.[15]

One should not underrate the importance of the NSP's economic narratives in the region. The NSP portrays ASEAN as the fastest growing economy and a big market for Korean companies in the future.[16] Major NSP projects for ASEAN include "light rail expansion and renewable energy projects in Indonesia; plant construction in Vietnam; a new harbor construction in the Philippines; an electrical station construction in Myanmar; smart city development in Singapore; and the implementation of an information and communication technology master plan in Cambodia."[17] The NSP Plus improved the NSP by adding new initiatives in the areas of (1) public health cooperation; (2) education and human resource development; (3) cultural exchanges; (4) trade and investment; (5) rural villages and urban infrastructure; (6) future industries; and (7) transnational safety and peace.[18] These policies accounted for the post-pandemic regional challenges, rising nationalism and protectionism, digital transformation, and the increasing importance of non-traditional security.

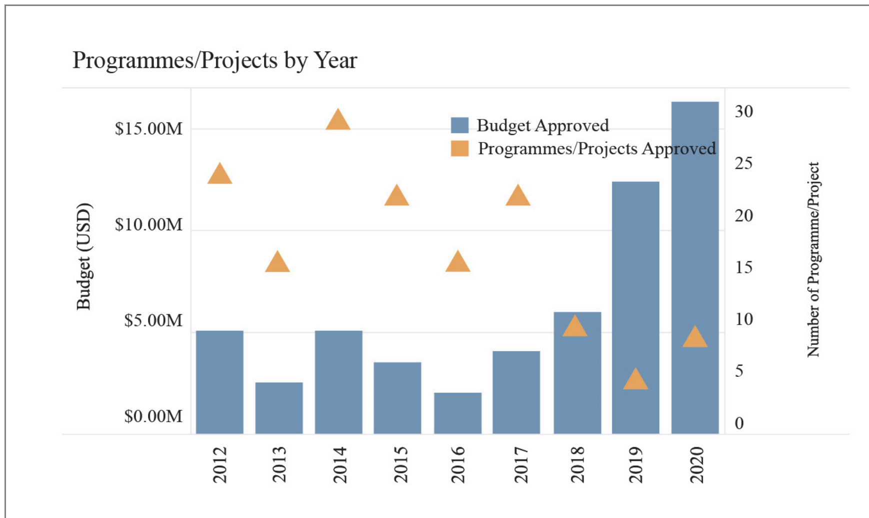
However, security cooperation within the NSP Plus framework is still preoccupied with non-traditional security issues, from disasters to trans-national crime, which are, of course, prevalent in the region. There is nothing fundamentally wrong with the emphasis on non-traditional security cooperation between ASEAN and Korea. However, as we argue in this paper, Southeast Asia's quest for strategic autonomy means that traditional security cooperation with regional powers like Korea remains an important part of their strategic equation. What role is there for an ASEAN- Korea "traditional security" cooperation then, especially within the NSP framework? We address this question in the next sections.

[14] Hoo (2019).
[15] Mantong (2020), p. 46.
[16] The Presidential Committee on New Southern Policy (2019), pp. 8-9.
[17] Diplomacy Korea (n.d.), as cited in Mantong 2020, p. 46.
[18] The Presidential Committee on New Southern Policy (2020a), p. 13.

## 2. Korea-ASEAN Security Cooperation

While the NSP's diplomatic elevation of ASEAN is certainly welcomed, an over-emphasis on economic projects skews the policy towards bilateral engagement with several Southeast Asian states. Critics argue that NSP has not delivered Korea's "coherent ASEAN strategy and implementation" for the multilateral group.[19] This is even though the NSP seems to have increased the ASEAN-Korea Cooperation Fund (AKCF), one of the premier Korea-ASEAN engagement tools. See Figure 1 below.

**Figure 1.** Budget and Programs Approved under the ASEAN-Korea Cooperation Fund, 2012-2020

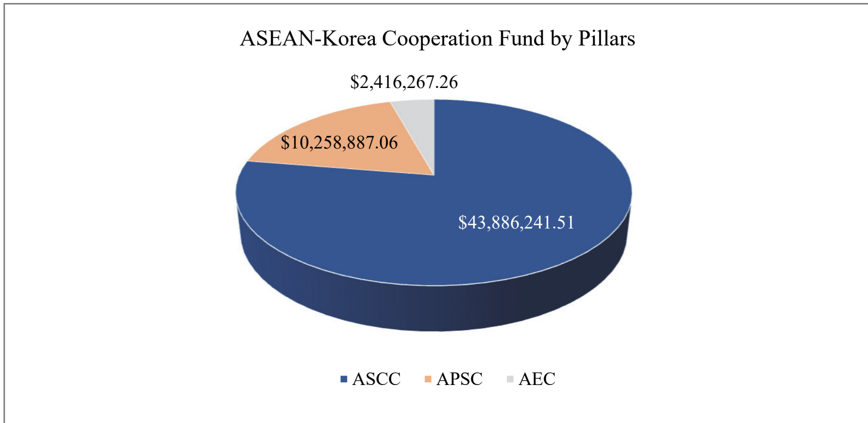



Source: ASEAN-Korea Cooperation Fund (2021).

However, the ACKF funding approved for security-related projects under the ASEAN Political and Security Community pillar is only allocated less than twenty percent of the total fund received by all three pillars; more than seventy percent went to socio-cultural-related projects. See Figure 2 below.

[19] Ho and Sa (2017).

**Figure 2.** ASEAN-Korea Cooperation Fund by Pillars of ASEAN Community

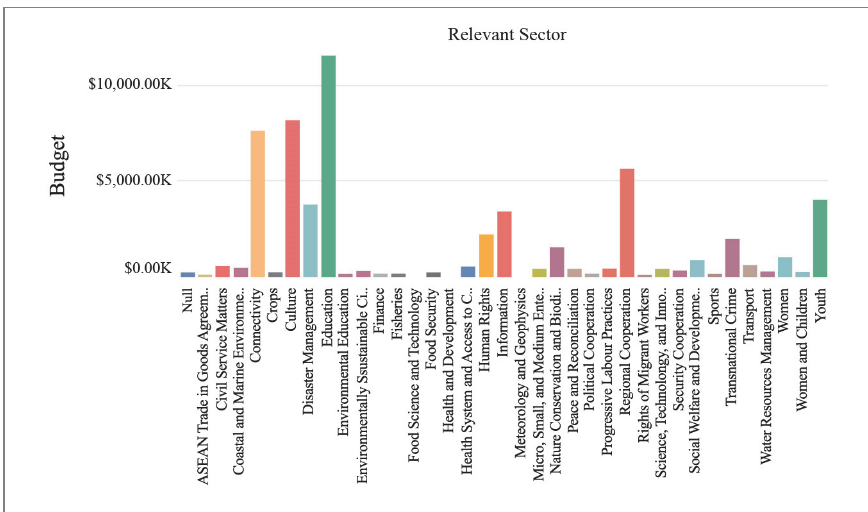



Note: ASCC: ASEAN Socio-Cultural Community; APSC: ASEAN Political Security Community; AEC: ASEAN Economic Community.

Source: ASEAN-Korea Cooperation Fund (2021).

Furthermore, many of these projects have been implemented with individual Southeast Asian states rather than the ASEAN-wide group level. Indeed, the top three ACKF-funded projects are on education, culture, and connectivity, in line with the current NSP Plus initiative. See Figure 3 below.

**Figure 3.** Sectors of ASEAN-Korea Cooperation Fund by Sectors




Source: ASEAN-Korea Cooperation Fund (2021).

These figures tell us that security cooperation has not been the main priority in Korea-ASEAN cooperation under the NSP. There are, however, several limited and vaguely defined initiatives related to security engagement including efforts to support peace and prosperity in the Korean Peninsula, boost ties in national defense and defense industry, combat terrorism as well as cyber and maritime security threats, and improve emergency response capabilities. President Moon Jae-in also sought ASEAN's support for his peace process with DPRK on the basis of making East Asia into "one community."[20] Seoul has also agreed with ASEAN to hold the annual ASEAN-ROK Defense Ministerial Meeting and to establish the ASEAN-Korea Center for Transnational Crime Investigation Capacity Building.[21] In short, there are bits and pieces of potential "traditional security" cooperation between Korea and ASEAN, but they remain under-developed, under-specified, and certainly under-resourced.

The NSP Plus also added a few non-traditional security cooperation areas, including climate change and satellite data sharing; disaster response and early warning system, including establishing an Indonesia Forest Fire Disaster Management Center; marine environmental protection; transnational crime and law enforcement police partnership; unexploded ordinance and minesweeping; and expanding environmental projects in the Mekong region.[22] But these initiatives skirt around traditional security cooperation—which Southeast Asian states continue to prize in their quest for strategic autonomy. As one scholar puts it, "Seoul has strategically left sensitive security and defense issues out of the scope of the NSP in order to minimize the risks of being drawn into the quagmire of the US-China strategic rivalry."[23] While this argument resonates when it comes to the broader geopolitical contests, traditional security cooperation with ASEAN as a multilateral grouping is an important strategic hedge Seoul has yet to develop.

Seoul's elevation of ASEAN in its strategic map will remain incomplete without stronger defense cooperation with the grouping and its members. Granted, traditional security policy challenges like military modernization or maritime disputes may not be as pressing today for many governments trying

[20] KBS World (2019).

[21] The Presidential Committee on New Southern Policy (2019), p. 21.

[22] The Presidential Committee on New Southern Policy (2020b), p. 29.

[23] Choe (2021).

to contain the pandemic and manage their economic recovery. However, as great power politics worsen, Southeast Asian states will increasingly focus on their strategic autonomy: the ability to independently define and defend their own strategic interests and foreign policy goals free from the dictates of other external powers. Strategic autonomy, more broadly, is about safeguarding the independence in the foreign policy decision-making process and its implementation as well as the independence in the use of strategic military assets.[24] In other words, strategic autonomy is the necessary strategic space to maintain autonomous rooms to maneuver in national decisions. Korea could potentially offer another middle power layer of support to Southeast Asia's quest for strategic autonomy.

As far as strategic autonomy is concerned, we argue there are two areas of potential "traditional security" cooperation between ASEAN and Korea within the NSP framework. First is maritime security, where key ASEAN members like Indonesia, Malaysia, Singapore, Thailand, Vietnam, and the Philippines must deal with daily. The wide range of maritime security challenges, from IUU fishing, piracy to illegal trafficking and territorial disputes, suggests the need to have a stronger regional collaboration through ASEAN and its dialogue partners like Korea. Second, Southeast Asian states are largely concerned with improving their *military capabilities* in the long run as a strategic hedge against regional uncertainties. Defense industrial capabilities are one of the central features of long-term force development. Therefore, a regional defense industrial collaboration between ASEAN and Korea is a potentially important long-term cooperation to boost Southeast Asia's strategic autonomy. We elaborate on these two areas of cooperation in the next two sections.

## 3. Korea-ASEAN Maritime Security Cooperation

ASEAN faces a myriad of maritime security challenges, even if in different degrees and scope for different member states. Naval competition may become regional flashpoints for great power competition even as each state faces numerous transnational challenges in managing the maritime

[24] See Monsonis (2010), p. 612.

domain. Nearly all ASEAN member states, therefore, share similar maritime security outlooks. They struggle to balance maritime law enforcement with naval development, effectively exploit their sovereign rights over their waters, and all have unfinished disputed maritime boundaries with their neighbors. Therefore, many of them also prefer to avoid being dragged into great power conflicts and prefer instead to engage multiple great powers through ASEAN-led mechanisms and regional norms.[25]

ASEAN-led institutions, therefore, are an important part of Southeast Asian states' efforts to deal with their maritime security challenges while simultaneously ensuring that they could do so free from external interference. The effectiveness of ASEAN-led maritime security mechanisms are therefore important institutional indicators of Southeast Asia's strategic autonomy, even if, by and large, they prefer to keep their hedging strategies.[26] The prevalence of daily operational maritime challenges, from IUU fishing to naval encounters at sea, also suggests how Korea could bring added strategic value by emphasizing and putting resources into Korea-ASEAN maritime security cooperation. Korea, after all, seeks to consolidate its "maritime middle-power status" by developing broader and deeper regional cooperation.[27]

Korea brings several important advantages to a closer Korea-ASEAN maritime security cooperation.[28] For one thing, it has no maritime territorial disputes with China, which might complicate closer engagement with ASEAN's own problems in the South China Sea. For another, Korea has high-quality maritime science and state-of-the-art shipbuilding technology. Indeed, its own economic growth and development are being driven by FLNG facilities and sophisticated ships such as ice-class LNG carriers and newly built icebreakers exploring the Arctic sea routes. Furthermore, Korea has a wealth of experience convening international forums concerned with global maritime governance. At the track-2 level, Korea has a wide variety of high-quality maritime-related institutions, including privately funded non-profit independent bodies like the Korea Institute for Maritime Strategy (KIMS) and the SLOC Study Group-Korea. Such combination in Korea of track-1 and track-2 engagements fits with ASEAN's similar track record in maritime security

[25] Goh (2007/08).
[26] Kuik (2020).
[27] Yoon (2015), p. 102.
[28] Details in this paragraph are from *Ibid.*, p. 103.

policy development.

More broadly, Korea not only has the capacity to contribute to a productive ASEAN-Korea maritime security cooperation, but it also wants to do so. Korea's own strategic documents, such as *A New Era of Hope: National Security Strategy* and the new national maritime policy *Ocean Korea-21*, suggest that Seoul is seeking a greater maritime role in the region.[29] After all, Korea's growth depends on maritime trade and shipping; its "mega ports" handle hundreds of millions of tons of international cargo and tens of millions of containers every year. The question is how to leverage and bring Korea's "maritime edge" to bear on Korea-ASEAN maritime security cooperation. There are several challenges in this regard within the NSP framework.

The first issue is how to build on existing NSP initiatives to address the broader maritime security challenges ASEAN member states face. Korea has developed strategic engagement with the Mekong region, for example, and even held a dedicated Mekong-ROK Summit in 2019. But no similar initiatives exist for maritime ASEAN states, despite ongoing conversations among various policy thinkers, academic forums, and track-2 networks on this issue. One idea being discussed is to apply Mekong-like initiatives to the Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA).[30] But this framework remains underdeveloped. On the one hand, a "minilateral" (or sub-regional) engagement between Korea and several ASEAN member states may seem like it undermines ASEAN centrality as a multilateral whole. But on the other hand, ASEAN member states would appreciate strategic efforts by trusted middle powers like Korea to address their daily security challenges in the maritime domain. Both Korea and ASEAN need to find a more balanced, calibrated engagement formula in this regard.

There are encouraging signs for Korea-ASEAN maritime cooperation within existing ASEAN-led mechanisms. Korea has expressed interest, for example, in participating in multinational naval exercises within the framework of ReCAAP, ARF Inter-Sessional Meeting on Maritime Security, East Asia Summit, and contributing to other initiatives to promote Southeast Asian regional maritime security.[31] Within the ADMM-Plus mechanism,

29 See Yoon (2015), p. 102.
30 Rabena (2021).
31 See Suh (2015).

Singapore and Korea co-chaired the Experts' Working Group on Maritime Security (2017-2020).[32] Both jointly organized a maritime security field training exercise in April 2019 involving 16 ships, six aircraft, and about 700 personnel from 18 countries. Under their co-chairmanship, the ADMM-Plus navies agreed in November 2017 to adopt and practice the Code for Unplanned Encounters at Sea, a confidence-building measure that seeks to reduce misunderstandings and prevent miscalculations at sea. Singapore and Korea also conducted the Future Leaders' Program in June 2018 to encourage collaboration within the ADMM-Plus community on maritime security.

Korea's preliminary record on maritime security engagement with ASEAN is therefore encouraging. However, we might also consider new areas of cooperation or initiatives to strengthen existing ones. A Korean-ASEAN Maritime Security and Safety forum or initiative can complement the ongoing efforts to institutionalize the ASEAN-Korea Defense Annual Meeting. Individual Southeast Asian states could also use some assistance on naval shipbuilding capabilities for their maritime law enforcement efforts. Greater frequency and quality of joint exercises and capacity-building programs between Korea and ASEAN maritime law enforcement agencies would also go a long way to strengthening the maritime partnership. Aside from law enforcement, Korea and ASEAN should consider a wide range of cooperation in the areas of maritime safety, search and rescue efforts, HADR, and marine environmental protection, as well as blue economy and trans-national crimes at sea.

## 4. Korea-ASEAN Defense Industrial Cooperation

Korea and ASEAN could seriously consider exploring a wider defense industrial collaboration beyond bilateral ties (e.g., between Indonesia and Korea). Korea has an increasingly encouraging track record in major military exports and defense technological cooperation with regional partners. Despite structural limitations such as Korea's over-reliance on US-made technology, Seoul has experienced the promises and challenges of a defense industrial collaboration with Indonesia, a key ASEAN member. As we will discuss

[32] Details on the role of Singapore and ROK in this paragaraph are from Goh (2019).

below, Indonesia's experience—the pluses and minuses—could provide useful lessons for a future Korea-ASEAN defense industrial collaboration.

Meanwhile, ASEAN has proposed its own defense industrial regional cooperation through the ASEAN Defense Industrial Coordination (ADIC) initiative. The initiative proposed in 2011 has since fizzled. But the potential for a Korea-ASEAN joint venture in mid-range platforms like patrol vessels or maritime patrol aircraft, or a wider defense industrial collaboration might jolt the ADIC back into life. For one thing, ASEAN's defense-industrial capabilities are expected to see a boost from centralized military procurement and expanded international cooperation on developing affordable weapons platforms and systems. Regional defense industries are seeking self-sufficiency, diversifying research and development investment, pursuing defense cooperation agreements, and jointly developing or acquiring next-generation assets. Achieving these objectives will require ASEAN to coordinate its defense policies and collaborate with other regional states like Korea.[33]

A regional collaboration would allow for an emphasis on capability-based defense-industrial cooperation and high-quality technology-based jobs, and potential spin-offs from military investment. Korea has sophisticated research and development capabilities, strong and supportive foreign policies like the NSP, and, in the areas of maritime security, are capable of large-scale production programs. Korea could, in theory, offer timely replacement of older naval assets, competitive pricing, reliable and transparent naval acquisition processes, and the prospect of future defense-industrial development and ensuing spin-offs from naval modernization.[34] ASEAN members have already benefited from coastal patrol vessels supplied by Korea to enhance their capabilities in the South China Sea.[35]

### *Korean defense industry and international collaboration.*

There is strong government support for Korea's growing defense industry. Their defense companies continue to carve their share of the global defense market as they climb existing international market rankings, especially in the areas of Command/Control & Communication, Mobility, Naval, Fire Power,

[33] See Yoon (2019).

[34] *Ibid*.

[35] *Ibid*.

and Airborne technologies.[36] The Korean defense budget continues to grow at about five percent per annum. The government also worked to guarantee the defense industry a steady flow of domestic contracts to promote growth and innovation by ensuring limited risks.[37] The government also provided tax breaks, low-interest loans, and direct financial support in the form of subsidies.[38] The government further predesignates specific family-run conglomerates to create defense subsidiaries and be the sole producer of specific arms for the Korean armed forces prior to the providing of support and contracts.[39] These include the platforms in Table 1 below. This model of state support, however, has led to significant excess capacity and under-utilized but pricey facilities; only 57% of the overall defense industry is actively operating, causing diseconomies of scale that have hampered efficiency and limited arms development.[40]

While strong government support means that Korean defense companies could theoretically better engage in international collaboration with foreign governments, including with ASEAN, one major problem remains: Korea's dependence on foreign-supplied core technologies for key components. These include, for example, heavy-duty vehicle engines, active protection systems, jet engines, airborne radar systems, other avionics, landing gear, early warning and tracking radar, fire control systems, thermal imagers, laser detection sensors, navigation systems, data links, sensor fusion technologies, and signal processing.[41] Many of these were largely sourced from American companies, rather than locally produced. Indeed, the Korean defense industry still has extensive licensing and offset agreements with the US and co-production agreements with EU states. Consequently, international collaboration programs are often hamstrung by the challenges surrounding "transfer of technology" policies.

[36] Korea ranked 11th in terms of defense exports, per SIPRI data. By 2018, the Statistical Yearbook of the Korean Defense Agency for Technology and Quality ranked Korea ninth alongside Italy on a list of the top sixteen defense industries worldwide. See Lee and Park (2020), p. 4.

[37] Bitzinger (2019), p. 378.

[38] *Ibid.*, p. 384.

[39] Korkmaz and Rydqvist (2012), p. 92.

[40] *Ibid.*, p. 390.

[41] Korkmaz and Rydqvist (2012), p. 91.

**Table 1.** Major Korea Defense Products and Designated Groups

| Products | Group |
|---|---|
| T-50 advanced trainer/light fighter jets, KT-1 turboprop trainer, Surion utility-lift helicopters, UAVs, KSLV-II space launch vehicles, and satellites | Korean Aerospace Industry (KAI) |
| KSS-II (Type-214) submarines, KDX destroyers, and Incheon-Class frigates | Daewoo Shipbuilding & Marine Engineering, DSME; Hyundai Heavy Industries; HHI; STX Offshore |
| Dokdo-class amphibious assault ship | Hanjin Heavy Industries |
| K1 and K2 MBTs | Hyundai Rotem |
| K21 IFV, Chunma SAM, and Chunmoo multiple rocket launchers | Hanwha Defense Systems |
| K2 assault rifles, machine guns, and 20mm cannon | S&T Dynamics |

Source: Author Summary from Bitzinger (2019), pp. 381-382.

Nevertheless, Korea has gradually diversified its international defense collaboration beyond the US and engage European companies, such as in the Surion helicopter deal, which was developed by KAI with Eurocopter. Korea even began to manufacture under license the German Type-209 and the Type-214 submarines[42] The merger between Thales and Samsung Electronics in 2001 created one of the largest producers of radars, electronic warfare equipment, and Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) systems in Korea.[43] But more importantly, for our purposes in this paper, Seoul has also gradually begun acting as a defense technological "supplier" through its offset, coproduction, and joint venture agreements with India, Saudi Arabia, Turkey, and Peru.

In 2013, Kangnam Corp signed a contract with India for the sale of eight countermeasure ships; six of which will be produced at the Goa Shipyard in India, and only two will be produced at the Kangnam Naval Shipyard. Defense industrial cooperation seems increasingly central to India-Korean relations, particularly in the areas of joint research, joint production, and joint exports.[44] Similar discussions were also being held among Korean and Saudi Arabian officials in 2019, particularly on the joint production and joint sales of

[42] Bitzinger (2019), p. 379.

[43] Korkmaz and Rydqvist (2012), p. 79.

[44] *The Economic Times* (2021).

ammunition before expanding into artillery systems, combat vehicles, and potentially C4ISR systems.[45] However, perhaps the more salient example of Korea's defense industrial collaboration potential can be gleaned from its experience of working with Indonesia, a key ASEAN member state.

*Korea-ASEAN defense industry collaboration: lessons from Indonesia.*

Two major collaboration efforts between Korean and Indonesian defense companies revolve around submarines and advanced fighter aircrafts. While the joint production of submarines went relatively smoothly, the joint development of the KFX fighter jets has stagnated in recent years. By 2011, Indonesia had placed a USD 1 billion-worth of order of three Chang Bogo-class submarines, with specific provisions for technology transfer and joint production to expand its naval shipbuilding capabilities, boost its submarine fleet and replace the aging Type 209 KRI Cakra and KRI Nanggala submarines.[46] The joint production was divided into three phases: (1) the production of the first submarine in Korea, (2) the exchange of engineers in the development of the second submarine, (3) Indonesia's PT PAL produce the last submarine. As part of the agreement, approximately 206 engineers from PT PAL were sent to the DSME Shipyard, including 120 submarine design engineers and 186 production engineers.[47]

The project was not entirely free from challenges. PT PAL, for example, reportedly failed to meet certain DSME quality control assessments (a precondition for technology transfer) throughout the production of the third submarine. Hence, DSME was reportedly hesitant to involve PT PAL engineers in the production process directly.[48] Nevertheless, this project was considered complete when the third submarine KRI Alugoro-405 was delivered in March 2021. The collaboration was deemed successful enough that in April 2019, Korea signed a USD 900 million deal to deliver another batch of three more submarines to Indonesia under similar schemes. This second deal has been deemed a central feature of the NSP. According to Korea's Defense Acquisition Program Administration (DAPA), "The second submarine project

[45] Middle East Monitor (2019).
[46] Gady (2020).
[47] Al-Fadhat and Effendi (2019), pp. 384-386.
[48] Supriyanto (2018), p. 73.

with Indonesia is a key project of the New Southern Policy, and it was the result of cooperation among the government and related agencies."[49] We should therefore acknowledge that the NSP has the potential to expand and deepen traditional security cooperation between Korea and ASEAN, even in an area as "sensitive" as defense industrial collaboration.

We should be aware of the challenges of such efforts, however. We can draw lessons from the KFX project between Indonesia and Korea. The KFX was initially Korea's attempt to develop a 4.5 generation fighter jet. Indonesia agreed to fund 20% of the program's development costs in November 2015, a month prior to DAPA officially awarding the $8 billion contract to KAI-Lockheed Martin. To balance the development cost, two-hundred-fifty jets with an expected 65% local components would have to be produced.[50] The critical design review was completed by September 2019. The Assembly of the prototype began in September 2020, and the roll-out ceremony was eventually held in April 2021. The fighter's first flight is scheduled for 2022, with the first 40 Block I fighters to be produced between 2026-2028.

However, Indonesia's involvement in the project was fraught with problems and disputes surrounding technology transfer, specifications, and payment, leading to three different project suspensions between 2007-2016.[51] As we noted above, the US as a core technology provider for Korean products, reared its ugly head on the technology transfer. In October 2015, the US refused to grant licenses for the use of the electronically scanned array (AESA) technology, infrared search and track (IRST) system, electronic optics targeting pod (EOTGP), and the Radio Frequency Jammer.[52] The US argued that, aside from the proprietary nature of the technology, the KF-X export with key US components would create additional competition for US defense companies operating on an already highly competitive fighter jet market.[53]

Indonesia was frustrated over these transfer restrictions. The US even requested Indonesia to sign on to the Defense Technology Security System to ensure that should Indonesia receive a core technology transfer from Korea, no information learned would be leaked to a third party. Moreover, having sent

[49] Yonhap News (2019).
[50] Kim (2021).
[51] Armandha, Sumari, and Rahmadi (2016), p. 76.
[52] Tuwo (2017).
[53] Ogura (2016).

approximately 300 engineers to Korea to receive fighter jet development and production training over four years, Indonesia was unsatisfied with the technology transfer rate, not to mention the specific age-oriented restrictions on the engineers sent by Indonesia.[54] On the other hand, Indonesia has only fulfilled 13% of its 20% contractual financial obligations.[55] Indonesia failed to deposit its 2017 funding obligations valued at $124.5 million, additionally failing to pay its 2017-2020 arrears which had ballooned to $420 million by 2020.[56]

Despite Indonesian and Korean officials' completed renegotiations and standing commitments to continue the project, Indonesia is seeking to acquire thirty-six Dassault Rafales and at least eight F-15EXs. In any case, unlike the submarine project where Korea was already capable to independently produce the Chang Bogo-class based on the German-developed Type-209, the KFX's core technology was US-dependent. For a future ASEAN-Korea defense industrial collaboration, therefore, both sides should focus on a small number of mid-range defense platforms that are not reliant on a third-party supplier like the US. If there is a genuine push for maritime security and defense industrial collaboration, then the production of a Korea-ASEAN patrol fleet for maritime law enforcement, for example, might be worth considering. Perhaps more importantly, Korea-ASEAN defense industrial collaboration should proceed along the lines or within existing ASEAN-led initiatives such as the ASEAN Defense Industry Collaboration (ADIC).

Signed at the Fifth ADMM in May 2011, the ADIC initiative has seen little progress. The ADIC has specifically sought to promote greater collaborative defense projects revolving around dual-use sectors, joint ventures, joint production, joint R&D, and joint promotion of indigenous arms sales.[57] One major structural challenge is the divergent defense industrial bases and their capabilities across different ASEAN members. Singapore, for example, has perhaps the most developed defense industrial base compared to Indonesia and Malaysia. Each of them also has different strengths that may not necessarily be complementary; many of them might even be in competition with one another. Divergent defense doctrines across ASEAN are also another structural

[54] Fitri (2018), pp. 26-27.
[55] Kim (2021).
[56] CNN Indonesia (2020).
[57] Balakrishnan and Bitzinger (2012), p. 1.

challenge for regional defense collaboration. According to one scholar, "Singapore's emphasis on 'forward defense' contrasts with Indonesia's emphasis on 'depth,' while Thailand's preoccupation with land-based threats from the north conflicts with Malaysia's concerns over maritime security."[58]

These hurdles notwithstanding, ASEAN members continue to prize strategic autonomy, and defense industrial building remains one of the preferred methods to achieve that goal. Even if defense self-sufficiency remains economically unviable, pronouncements seeking to boost domestic defense industries bring domestic political advantages for any ruling administration in the region. As discussed in the previous section, maritime security—and maritime-related defense industrial collaboration—could offer a significant opportunity for Korea and ASEAN. A significant boost by Korea might even revive the now-defunct ADIC discussions. Areas of maritime security technology could include subsurface capabilities (submarine and submarine rescue), patrol vessels, maritime surveillance, including unmanned vehicles, and long-range ISR capabilities.

## 5. Conclusions and Recommendation

Our preceding analysis highlights several arguments. First, there are significant opportunities for Korea and ASEAN to craft and implement new avenues of "traditional security" cooperation, both within the NSP framework as well as through ASEAN-led mechanisms. NSP has provided the initial foundation for a wider set of security cooperation, including in the areas of defense industry, as Indonesia's second submarine contract shows. Policymakers in Seoul would do well to acknowledge and even focus on the underlying need for Southeast Asian states to develop and defend their strategic autonomy. This avoids the complicated conversation about whether traditional security cooperation could drag Korea into the US-China strategic vortex. In short, if Korea presents its traditional security cooperation as a method to improve Southeast Asia's strategic autonomy, whether in the maritime domain or in others, there should be less resistance from the region, including from Japan and China.

[58] He (2014), p. 95.

Second, we analyze the promises and pitfalls of two areas of security cooperation: maritime security and defense industrial collaboration. ASEAN members must grapple with the daily complex maritime security challenges while Korea seeks to solidify its role as a middle maritime power in the region. As maritime security remains an immediate challenge, Korea-ASEAN cooperation should focus on maritime law enforcement capacity building (from joint exercises to education and training), operational proficiency in maritime safety, search and rescue efforts, HADR, and information sharing.

Defense industrial collaboration is all the more challenging given the hiatus of the ADIC and the structural divergence in defense industrial bases among Southeast Asian states. But Korea's track record in international defense collaboration, including with Indonesia, a key ASEAN member, should be a cause of optimism. The focus of a future Korea-ASEAN defense industrial collaboration should be on mid-range technological platforms that do not require strong third-party consent (e.g., from the US) for the transfer of technology. From patrol vessels to surveillance, maritime security capabilities should also provide an ideal focus for a future defense industrial collaboration. Key ASEAN member states like Indonesia, Singapore, Vietnam, Malaysia, and the Philippines require regional collaboration to meet their maritime technological needs.

Finally, we argue that Korea-ASEAN security cooperation should remain rooted in ASEAN-led mechanisms, where Korea is building its strategic capital as one of ASEAN's premier dialogue partners. The ASEAN-Korea Cooperation Fund should also include more security-related projects and initiatives. Building off Singapore and Korea's success in the ADMM-Plus mechanism, Korea and ASEAN should collaborate on other maritime-related ASEAN mechanisms, from the ARF to EAS and others. It might even be fitting for Korea to throw its weight to the soon-to-be-held ASEAN Coast Guard Forum in the future as the meeting's first dialogue partner. Overall, there are significant opportunities for ASEAN and Korea to develop the missing pillar of Southeast Asia's quest for strategic autonomy.

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