EU-Korea convergence and partnerships 10 years after the EU-ROK FTA, in the post Covid era and within the US-China trade war

Asia Centre is delighted to host a distinguished panel to discuss the current status of EU and Republic of Korea partnerships, relations and cooperation on multilateral issues and focused sectors of mutual interest.

Please find some of the papers of the authors-speakers on the following pages.

CHIRS:

- Lukas MANDL (chairman of the European Parliament’s Delegation for Relations with the Korean Peninsula)
- Jean-François DI MEGLIO (President of Asia Centre)

SPEAKERS:

Panel 1: The points of convergence within the analysis of post Covid international relations

- Maximilian MAYER (University of Bonn): introduction
- Antoine BONDAZ (FRS, SciencesPo): “The Covid-19 pandemic as a great opportunity for greater EU-Korea coordination and cooperation”
- Nicola CASARINI (Istituto Affari Internazionali): « EU-Korea strategic partnership ten years after. Opportunities, and challenges, in the age of Covid and mounting US-China tensions »
- Paul ANDRE (SciencesPo): « Is Korea on the threshold of the G7? Strategic opportunities and challenges ahead in the perspective of an enlarged G7 »
- René CONSOLO (French diplomat who worked in Pyongyang): « The European Union’s Restrictive Measures against North Korea: a medium term view, beyond the current difficulties. Looking at solutions beyond the deadlock ».

Transition: Elisabeth Suh (SWP): « Certain uncertainty – the cyber challenge posed by Pyongyang »

Panel 2: Future opportunities of EU-ROK cooperation in specific areas of competence and excellence

- Ramon PACHECO-PARDO (King’s College): « Reassessment of the goals intended and achieved through the EU-ROK FTA »
- Tereza NOVOTNA (Marie Sklodowska-Curie Fellow): « What EU-ROK Partnership within the US-China Conflict? »
- Brigitte DEKKER (Clingendael Institute): « EU-ROK digital connectivity: United, we must stand. The implications of China’s techno-nationalism for the European Union and the Republic of Korea ». (paper co-written with Maaike OKANO-HEIJMANS)
- Rafal SMOCZYNSKI (Polish Academy of Sciences): « The status of Korean soft power in Europe » (paper co-written with Eriks VARPAHOVSKIS)
The Covid-19 pandemic as a great opportunity for greater EU-Korea coordination and cooperation

Dr. Antoine BONDAZ
Foundation for Strategic Research / Sciences Po

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Abstract: This article aims at studying the challenges posed by China within the pandemic, in both political, diplomatic and economic fields and the strategic opportunities for South Korea and the EU resulting from China’s assertive foreign policy. This paper firstly analyses in what measure the promotion of Chinese model fighting the covid-19 crisis contributed to increase Sino-European tensions and how the pandemic made the EU realize its need for more strategic autonomy towards China in terms of supply chains. Secondly this paper insists on the relevance of an enhanced EU-ROK cooperation in various fields to address these new challenges posed by China but not only.

Introduction

"Crises and deadlocks when they occur have at least this advantage, that they force us to think."

An eye-opener and a catalyst for pre-existing trends in China’s foreign policy and international concerns, the Covid-19 pandemic, which occurs in a context of growing Sino-American and Sino-European tensions, represents a unique opportunity to increase coordination and cooperation between the European Union (EU) and Korea, between its member states (EUMS) and Korea. This cooperation can take place in many fields, not only in the health sector, which is obviously directly linked to the pandemic, but also more broadly in the economic, scientific and even diplomatic sectors. It is essential European and Korean officials seize this opportunity and translate it into a concrete evolution of European policy towards Korea and of Korean policy towards the EU and EUMS. Civil society, including universities and think-tanks, have a role to play in accompanying and supporting this evolution.

1. Wolf warriors and the promotion of the Chinese model ........................................ 2
2. Health Silk Roads and China’s health diplomacy ..................................................... 3
3. China’s deteriorating image and rising international concerns ............................... 6
4. A favorable context for increased cooperation between Europe and Korea ............ 8
1. Wolf warriors and the promotion of the Chinese model

Media coverage on China in Europe is unprecedented. Not only because the Covid-19 pandemic started in Wuhan, but also because China has been very proactive in trying to impose its own narrative, a so-called “global battle of narratives” as labeled by Josep Borrell\(^1\). With this communication campaign, China clearly confirmed some of European concerns and validated the decision of the European Commission to label China as a “systemic rival” back in early 2019\(^2\).

China implemented a clear strategy whose objective was not simply media-related – to restore China's image internationally – but political – to highlight the superiority of the Chinese model of governance, and therefore of the Communist Party, over Western models of governance\(^3\). As an article in the People's Daily stated on March 10, it was necessary to "reflect the significant advantages of the socialist system with Chinese characteristics". The political threat that initially weighed on the Chinese leadership, wrongly presented by some as a Chinese Chernobyl, turned into a political opportunity.

This unprecedented communication campaign perfectly fit into what Xi Jinping called for in August 2013, during the national conference on propaganda and ideological work, "we must methodically conduct external propaganda work (...) to better tell China’s story and make China’s voice heard"\(^4\). China extolled the merits of their governance model to convince people in China and abroad that it is more effective than Western governance models. While China had used the financial and economic crisis ten years ago to influence international public opinion on the decline of Western countries, it is using the pandemic to stage the superiority of its system.

Early in March, State editorialists multiplied criticism on Twitter, as did the editor-in-chief of the Global Times, Hu Xijin, who, on March 11, referred to Washington's incompetence and Donald Trump's inability to control the epidemic, going so far as to doubt that the US government, unlike the Chinese government, was making the protection of its population its top priority. Diplomats flooded social networks, such as the Chinese ambassador to South Africa, who stressed on Twitter that, given the pandemic, "the safest, cheapest, wisest and most sensible choice for foreigners is to stay in China". Unfortunately, the real difficulties in the United States and Europe to limit new contaminations as much as possible, the objective

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3 This argument was the main one we used as early as mid-March 2020 in Le Monde : BONDAZ Antoine, « Coronavirus : Le modèle de gouvernance chinois n’est pas un modèle à suivre », Le Monde, March 16, 2020.
4 BONDAZ Antoine, « Faire entendre la voix de la Chine : les recommandations des experts chinois pour atténuer la perception d’une menace chinoise », Revue internationale et stratégique, No.115, October 2019
being different from that in China and South Korea to avoid any new contamination, may have fueled this Chinese rhetoric.

Chinese diplomats are now labeled as “wolf-warriors”, a concept derived from the very nationalistic Wolf Warrior 2 movie, to date the all-time highest grossing film in China. They are being not only way more vocal but also more aggressive, and openly using disinformation. In France, there have been countless insults and baseless accusations against journalists and disinformation to the public, to the point the Ambassador was summoned by the French government mid-April. Yet, this more assertive diplomacy and the use of social media is not new. It mostly started a year ago, when China tried to impose its narrative during the Hong Kong pro-democracy demonstration. As you can see on the following map, Chinese diplomats now use Twitter in numerous countries.

![China's Twitter diplomacy](image)

Yet, not only can our democratic shield be strengthened to better cope with disinformation but the loss of credibility of our governance models is not inevitable. It is fundamental to remember that democratic countries sharing our values, such as South Korea and Taiwan, have proven their effectiveness in preventing and controlling the pandemic by combining strong health measures, transparency and respect of individual freedoms. The opposition between models must not be reduced to the alternative between democracy and authoritarianism. In this context, South Korea is not only a counter-model to what China is proposing, but also a source of inspiration for Europeans.

### 2. Health Silk Roads and China’s health diplomacy

The photos and videos of Chinese masks and diplomats on the tarmacs of European airports undeniably left their mark at the beginning of the pandemic, at a time when the lack of protective equipment was notable. The Chinese authorities have sought to use the
opportunity presented by the pandemic to promote the country's health diplomacy to achieve political, diplomatic and economic objectives. China's health diplomacy is not only a tool of influence but also a means of promoting Chinese companies abroad.

China's health diplomacy began in the 1960s with the dispatch of doctors to Algeria in 1963, and since then more than 20,000 Chinese health workers have reportedly been sent to Africa. However, it is the Ebola crisis in West Africa in 2014-2015 that gave China an opportunity to acquire greater visibility as a player in global governance in the field of public health. The country mobilized more than 1,200 military and civilian health workers and built a 100-bed treatment center in Sierra Leone.

Meanwhile, China’s National Health and Family Planning Commission, the equivalent of the Ministry of Health, linked the One Belt One Road initiatives and public health. The country announced that it wanted to establish a health cooperation network with the countries participating in its project, to increase its influence in health governance at regional or global level, or to help traditional Chinese medicine become global. Longer-term ambitions in terms of health diplomacy were defined in the plan "Healthy China 2030".

While this plan primarily aimed at reforming the health system, it also included an economic and international dimension. China intended to become an important country in terms of the production of medical equipment for diagnosis and medical treatment, and to conquer a substantial share of the world pharmaceutical market by facilitating the creation of national giants capable of being competitive, in the long term, in the middle and upper end of the range.

This dual dimension was also notable when China organized a high-level meeting on health cooperation in August 2017 with the participation of 30 health ministers and heads of international organizations. The "Beijing Communiqué on the Silk Road to Health" announced the formation of an Alliance to support trade in health-related services such as medical tourism, but also to promote mutual recognition of standards for access to medicines and devices.

In addition, China placed a strong emphasis on the link between new technologies and health, with Ningxia province designated in 2018 as a demonstration province for the "Internet + Health" link and a conference "One Belt and One Road: Internet + Health" was held in the autonomous region in August 2019. More broadly, China's ambition for the pharmaceutical industry was massive. Biotechnology is one of the ten priority technologies of the "Made in China 2025" plan, and the 13th Five-Year Plan (2016-2020) made it one of the five priority industries in China, with emphasis on vaccines, oncology, drugs for the central nervous system, and personalized medicine.
The link between health diplomacy and Chinese companies was also evident in the management of the Covid-19 pandemic. Firstly, Chinese companies have considerably increased their production of protective equipment, including masks, with production rising from 20 million masks/day in 2019, i.e. 50% of world production, to nearly 120 million masks/day at the end of February. While the government’s mobilization to facilitate the production, purchase and delivery of masks must be highlighted, companies have played a key role. More than 3,000 companies joined the 4,000 existing in the sector and thus converted part of their production capacity.

Secondly, many companies and corporate foundations have multiplied their donations abroad. The most visible actor since the beginning of the epidemic has been the Jack Ma Foundation and the foundations associated with its Alibaba group, which has provided assistance to more than 150 countries. The Foundation is committed to providing each of the 54 African countries with 1,000 protective suits, 20,000 testing kits and 100,000 masks, as well as 100 million masks, 1 million FFP2 masks and 1 million WHO testing kits.

Thirdly, the companies in the new technologies mentioned also offered innovative solutions to European countries to manage the health crisis, thus seeking to establish themselves in the medical sector. For example, the Alibaba group try to sell to European healthcare systems in difficulty a cloud-based diagnosis tool for Sars CoV-2 said to have been successfully tested in Chinese hospitals on 5000 patients, as well as an online information sharing platform for doctors. The Internet search engine Baidu offers an algorithm to analyze the biological structure of the virus.

Fourth, Chinese pharmaceutical companies benefited from the unprecedented promotion of traditional Chinese medicine (TCM) by the authorities. In 2015, TCM accounted for nearly 30% of the country's pharmaceutical industry revenues and has strong export potential, especially to Chinese communities. The State Council, the Chinese government, also recently stated that TCM should contribute to the "Chinese-style health development model" and that the authorities should facilitate the development of international trade in TCM-related services.

In this context, South Korea has obviously been much less visible. And yet, Seoul, for example, offered hundreds of thousands of masks, including 20,000 in France, to veterans of the Korean War. Korea is also a country with considerable ambitions in the field of health, and the use of new technologies has played a key role in the management of the pandemic in the country. As Minister Park Neunghoo told us, “Korea is employing advanced information and communication technologies (ICT) throughout the infectious disease prevention and control process, including tracing and the operation of quarantine and isolation, and that it is of value
“in overcoming the relative lack of administrative staff in the process”\textsuperscript{5}. It is essential that Europeans realize that our Korean partners have been very effective in dealing with the pandemic and that much more cooperation and coordination is needed today.

\textbf{3. China’s deteriorating image and rising concerns in Europe}

Despite its diplomatic and media offensive, China’s image abroad has deteriorated considerably. Once again, just like China’s public diplomacy and health diplomacy, this is not a new trend but one that has existed for several years now, and is also accompanied by an awareness of the challenges that China now poses. This combined deterioration and awakening is making relations between Europe and China increasingly complicated, as evidenced by the latest de facto China-Europe summit in September 2020 where Brussels and Beijing exposed their disagreements and differences even more clearly than before.

The deterioration of China’s image is not recent. If we take the Pew Research Center as a reference, then the deterioration starts in the United States around 2016, following the election of Donald J. Trump. Unfavorable opinions towards China increased rapidly from 47\% to 73\% between 2016 and 2020, and this trend is expected to continue. The same is true in other countries, although the trend is less pronounced. The same is true in other countries even if the trend is less strong, which does not prevent the United States from also having an image that is deteriorating massively and rapidly, particularly in Western Europe\textsuperscript{6}.

Despite or because the efforts of Chinese diplomacy, China’s image in Europe has also been deteriorating since 2018 and the pandemic is accelerating this trend as can be seen in the graph below. While only 12\% of Europeans have an improved perception of China during the pandemic, almost 50\% have a deteriorating perception. The number of press articles that are now openly skeptical about Chinese statements are countless, so as the constitution of a counter-discourse to the “elements of language” that China is seeking to impose in Europe.

\textsuperscript{5} BONDAZ Antoine, “In Korea, information and communication technologies play a valuable part in the swift and accurate implementation of infectious disease prevention and control policies”, Conversation with Minister Park & Director Jeong, FRS, June 2020

\textsuperscript{6} “U.S. Image Plummet Internationally as Most Say Country Has Handled Coronavirus Badly”, Pew Research Center, September 15, 2020
While China’s image is deteriorating and concerns about China are diversifying, there is a wake-up call in the United States and more recently in Europe which is reflected in particular in a call for greater strategic autonomy after the trauma of the lack of protective equipment or reagents for testing, all this partly because of our dependence on China.

The United States’ awakening to China, whether people like or dislike the current US President’s communication, is nothing new. In early 2001, the year China joined the WTO and embarked on an unprecedented growth round when it was then only the 6th largest economy in terms of GDP, China was described by the US as a "peer competitor". The terrorist attacks on September 11, the war on terror in Afghanistan and Iraq, the financial crisis of 2008 and then the economic crisis partly diverted the US's attention from China. This ended politically with the announcement of the American strategy of rebalancing towards Asia-Pacific in a diplomatic, military but also economic dimension (with the project to create a vast free trade area in the Pacific, the TPP).

The election of Donald J. Trump marked an acceleration of this trend. In 2017, the White House described China as a major strategic rival alongside Russia. In 2018, the White House presented China’s "economic aggression" as a global threat. And this trend has obviously accelerated in recent months, with the multiplication of sanctions on Huawei, Tiktok, but also on Hong Kong, Xinjiang, etc. China is now a major stake in the American elections. In 2016, it was one of the stakes in terms of foreign policy, in 2020 it is the main foreign policy issue, and this at a time when there is paradoxically a growing bipartisan consensus. The American president does indeed intend to use China as a strong argument against the Democratic candidate. A simple example is the Republican candidate's speech at the Republican Convention: "Joe Biden’s agenda is made in China. My agenda is made in the United States," adding "we will go right after China. We will not rely on them one bit".

To a lesser extent, this is also the case in Europe. It is no coincidence if the President of the EU Council, Charles Michel, twitted at the opening the Brussels Economic Forum last September: “European strategic autonomy is goal #1 for our generation. For Europe, this is the real start
of the 21st century”. It could be said that the beginning of the European awakening dates from 2016, notably when the German high-tech robotics company Kuka was bought by the Chinese company Midea. The shock in Germany prompted Paris, Rome, London and Berlin to call for a Europe-wide investment review mechanism, which did not exist in more than half of the EU member states.

Since the beginning of the Covid-19 crisis, there has been a new convergence of EU Member States’ assessment of the challenges that China poses to Europe. China is now the second largest economy, the largest manufacturer, the largest trader in goods, the second largest destination for foreign investment and the largest country in terms of foreign exchange reserves. Europeans are no longer patient with empty promises after decades of calls for more reciprocity. Lack of market access, heavy subsidies to state-owned enterprises have changed the perception of China into a “negotiating partner, economic competitor and systemic rival”.

This political awareness in Europe is translated into policies to increase resilience through industrial policy. The EU’s recovery plan, as well as national initiatives, are partly aimed at it. However, this is very partial. President Macron was explicit in mentioning, last April, that "of course, this ordeal has also revealed flaws, weaknesses: our dependence on other continents for certain products. (…) We must create new jobs by investing in our technological, digital, industrial and agricultural independence". However, to reduce our dependence on China and de facto "de-sinicized global supply chains" will take time and will need not only to find new partners and to learn from the experiences of others, Korea being one of them.

4. A favorable context for increased cooperation between Europe and Korea

If the Covid-19 pandemic is an eye-opener and a catalyst for pre-existing trends in China’s foreign policy and international concerns on China, it also created opportunity for Europe and Korea to better cooperation and coordinate. Moreover, this cooperation is not necessarily directly related to health issues but rather to the broader needs for cooperation that the pandemic has revealed.

The concept of “human security” should be promoted jointly in international organizations. In his May 10 special address, President Moon Jae-in insisted Korea “will lead international cooperation in the post-COVID-19 era while placing “human security” at the center”. As noted in General Assembly resolution 66/290, “human security is an approach to assist Member States in identifying and addressing widespread and cross-cutting challenges to the survival, livelihood and dignity of their people.” It calls for “people-centered, comprehensive, context-specific and prevention-oriented responses that strengthen the protection and empowerment of all people.” Making the fight against pandemics, but more broadly the fight to achieve sustainable development goals at a time when these are endangered by the economic downturn caused by the pandemic, should be a priority for Europe and Korea.
In this sense, it is fundamental to strengthen multilateral initiatives, especially between like-minded countries, and to focus on concrete achievements. In terms of format, the Alliance for Multilateralism initiated by France and Germany, of which Korea is a member, seems perfectly appropriate to meet these challenges. In this context, it also seems essential to increase mutual understanding and it would be desirable to initiate a platform for exchange between Europe and Korea, in track 1.5 format, on these issues. This is even more possible since the EU-South Korea Framework Agreement signed in 2010 addresses a wide range of international concerns, including non-proliferation of weapons of mass destruction, human rights, cooperation in the fight against terrorism, energy security, climate change and development assistance. As the confrontation between the United States and China continues to grow, it is essential for "the rest of the world", which nevertheless represents 80% of the population and 65% of the world economy, to strengthen their cooperation to offer an alternative to this binary choice.

In this respect, it is essential to share our respective experiences, particularly regarding China's geo-economic strategy, i.e. the use of economic tools to pursue political objectives. South Korea has faced for a long time not only with the consequences of the Sino-American confrontation but unofficial Chinese sanctions. An obvious example is the consequence of the deployment of the US anti-missile defense system THAAD in the Peninsula, and the sanctions imposed by China on the South Korean economy. This deployment is an illustration of the dilemma facing South Korea: guaranteeing the security of its territory and its population through the alliance with the United States while maintaining good relations with its first trading partner and key actor on the North Korean issue, China. Europe is increasingly facing the same challenges. Learning from Korea is therefore essential for Europe.

Finally, while the Sino-American tensions are no longer reflected only in a "trade war" but more and more clearly in a "tech war", and that the stake of technological sovereignty is increasingly important, it is crucial for Europe and Korea to further increase their scientific cooperation and the common promotion of the norms and standards of tomorrow. Cooperation with Korea is already a priority for the EU as the potential to work for mutual benefit in a wide range of areas is especially strong. Areas have already been designated such as 5G, IoT, Cloud and AI; nanoelectronics; nanosafety; clean energy innovation; infectious diseases; epigenome research; satellite navigation etc., and new areas of mutual benefit are identified such as antimicrobial resistance; automated driving systems, disaster-resilient and security, polar research etc., as well as cooperation under schemes for researchers' mobility (ERC, MSCA). It is essential to go further and expand the Agreement on the Scientific and Technological Cooperation in force since 2007.
EU-Korea strategic partnership ten years after

Opportunities, and challenges, in the age of covid and mounting US-China tensions

Dr. Nicola Casarini
Senior Fellow, Istituto Affari Internazionali, Rome

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Abstract: The article aims at studying the common and different challenges faced by the EU and South Korea in a world disrupted by the pandemic and the ongoing US-China tensions. Firstly, this paper analyses the state of play of EU-ROK relations to better understand, in a second time, in which fields European countries and South Korea can build or strengthen partnerships. For instance, the covid-19 crisis is providing new areas of cooperation within the medical field between the EU and the ROK. Moreover, gripped between the US and China, the like-minded partners are adopting a similar approach regarding the two big powers, combining the desire for economic autonomy and the need for cooperation.

Introduction

In 2020, the European Union (EU) and the Republic of Korea (ROK – or South Korea) celebrate the 10th anniversary of the establishment of their strategic partnership. Relations between the two sides have increased in both quantity and quality, following the signature of the EU-ROK Free Trade Agreement (FTA) on 15 October 2009 - applied since 1 July 2011 – and the Framework Agreement - which entered into force in 2014.

The outbreak of the coronavirus pandemic at the beginning of 2020 and growing US-China tensions present the EU and South Korea with new challenges - but also opportunities - to further their cooperation in the areas of health security as well as in reconfiguring supply chains and decrease dependencies on single suppliers, in particular over-reliance on China.

This study examines the potential, and the limits, of Brussels-Seoul strategic partnership ten years after, with particular attention to Europe’s and South Korea’s perspectives on the post-covid world amid growing US-China tensions. It builds on the existing literature on Europe-Korea relations.¹

Moreover, the research has benefited from personal exchanges with European and South Korean experts and policy makers conducted in August and September 2020.

The study begins by assessing the state of play of EU-ROK relations. The subsequent section examines how the EU and the ROK are coping with the post-covid world and its economic, social and political implications. The last section focuses on how the EU and ROK are dealing with growing US-China tensions and the disruption of global supply chains – a trend accelerated by the outbreak of the coronavirus pandemic. In the conclusion, the paper outlines possible avenues for EU-ROK cooperation in the years ahead.

1. Overview of Europe-Korea relations

Relations between Europe and Korea have developed at a dramatic pace since 24 July 1963, when the Republic of Korea (ROK or South Korea) forged official diplomatic relations with the European Community. The establishment of the European Union – following the signing of the Treaty of Maastricht in 1992 – and the democratisation process occurred in South Korea with the election of Kim Young-sam, the country’s first civilian president in 30 years since 1962 - opened up new possibilities for Brussels-Seoul cooperation. On 28 October 1996, the two sides adopted the ‘EU-Korea Framework Agreement’ and the ‘Joint Declaration on the Political Dialogue’, transforming their relationship into a comprehensive cooperation system encompassing policy areas as various as trade, economics, culture, science and technology.

During the 2000s, important developments occurred in Europe and South Korea. The entry into force of the Treaty of Lisbon on 1 December 2009 gave the EU new foreign policy instruments and established the European External Action Service – Europe’s diplomatic service. In South Korea, democracy became firmly established with progressive presidents – Kim Dae jung and Roh Moo-hyun - replaced by Lee Myung-bak, a conservative president committed to increasing South Korea’s visibility and influence in the global scene. These developments led the EU and South Korea to upgrade their ties to a Strategic Partnership in 2010.

The two sides signed a Free Trade Agreement (FTA) - applied since 2011 and formally entering into force in 2015 -, a Framework Agreement (FA) - that entered into force in 2014 -, and a Crisis Management Participation Agreement that entered into force in 2016. These agreements cover the key areas of politics, trade, investment, and security. South Korea is the only country in the world with which the above mentioned three agreements have entered into force, highlighting the importance that the EU and its member states accord to their relationship with Seoul.

The EU-ROK Free Trade Agreement is the first trade deal with an Asian country and the most ambitious and comprehensive trade agreement implemented by the EU to date. According to the European Commission (DG Trade), South Korea is the EU’s eighth largest export destination for goods, while the EU is South Korea’s third largest export market after China and the United States. EU exports of goods to South Korea increased by 77% from 2010 to 2018, turning a EU trade in goods deficit of €10.5bn in 2010 into a fairly balanced trade in 2018. EU exports of services to South Korea increased by 82%, compared to 66% for EU imports from the country, from 2010 to 2017.2

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2 Data from European Commission (DG Trade) – https://ec.europa.eu/trade/policy/countries-and-regions/countries/south
South Korea’s foreign direct investment (FDI) stocks in the EU increased by 112%, while EU investments in Korea increased by 39%. The EU is today South Korea’s biggest foreign direct investor.

The EU-ROK FTA has clearly served to boost trade and foreign direct investment in both directions, though there continues to be disparities across EU member states. Those with greater synergies with South Korea in areas such as goods and services produced or lower labour costs, for example, have benefited the most from the agreement.

The EU-ROK Strategic Partnership has boosted the role of EU institutions, providing them – in particular the European External Action Service and the Cabinet of the High Representative of the Union for Foreign Affairs and Security Policy - with the opportunity to deploy their new capabilities and instruments on the Korean peninsula. By the end of 2020, there were more than 30 bilateral dialogues between the EU and the ROK. The Strategic Partnership has also served as a catalyst for EU member states to engage in concrete, material cooperation in areas such as cyber security or arms manufacturing. This is especially the case for member states with their own strategic dialogue or partnership.

The Framework Agreement and the Crisis Management Participation Agreement have offered the two sides with the opportunity to further collaboration in security issues, including in the area of North Korea issue management. With regard to the Crisis Management Participation Agreement, South Korea participates in the EU’s Atalanta counter-piracy mission off the Horn of Africa. But there are ongoing deliberations about participation in a larger number and more varied range of missions.3

Regarding the question of North Korea, the EU has taken the lead in international efforts to promote human rights in the Hermit Kingdom and remains one of the only outside parties to maintain a continuous presence on the ground in implementing humanitarian assistance. The EU’s position of ‘critical engagement’ - mixing carrots and sticks – has been superseded in the last years by harsher sanctions against the North Korean regime, though there continues to be division inside the EU on whether – and how – resume political dialogue with Pyongyang. Some member states – such as France - clearly prioritise North Korea’s nuclear programme and take a tougher line on Pyongyang, whereas others – such as Sweden - take a more comprehensive view of the situation and are in favour of deeper engagement, without however removing all the sanctions.

EU-ROK relations have been boosted not only at the institutional level. People-to-people ties are becoming stronger. Public diplomacy, research, academic and educational exchanges, cultural exchanges: they are all growing across Europe, facilitated by various agreements signed by Brussels - and individual member states - with Seoul.

Notwithstanding this success, the relationship has potential for improvement. The EU and South Korea are currently revising their Free Trade Agreement, which signals that both partners feel that there is room to strengthen trade and investment links further also in light to the disruption of global supply chains brought about by the coronavirus pandemic and growing US-China tensions.

The European External Action Service and South Korea’s Ministry of Foreign Affairs are currently re-examining the Framework Agreement and the Crisis Management Participation Agreement to find more synergies which would strengthen and improve their implementation. The outbreak of the coronavirus pandemic at the beginning of 2020 led the EU and the ROK to strengthen dialogue and

korea/#:~:text=Trade%20picture,77%25%20from%202010%20to%202018.&text=The%20EU%20had%20a%20%E2%82%AC,with%20South%20Korea%20in%202017.

3 For more details see: Ramon Pacheco Pardo (2020).
cooperation. As ROK President Moon Jae-in declared during the last EU-Korea Summit: “Based on the achievement of the last 10 years, Korea will strengthen cooperation (with the EU), and work together to prepare for the post-covid era”.4

2. EU-ROK perspectives, and responses, to covid-19

On 30 June 2020, South Korea and the EU held a video conference meeting involving ROK president Moon Jae-in, European Council president Charles Michel and European Commission president Ursula von der Leyen to highlight the importance of the bilateral relationship in the face of the Covid-19 pandemic.5 The two sides pledged to strengthened response capacities and enhanced information sharing through the coordination between the respective health authorities and centres for disease control; as well as mutual support to ensure access to medical products and cooperation in research and development of vaccines and medicines. They also stressed the importance of improvement of the international response including through relevant international organisations while reaffirming the role of the World Health Organization (WHO) in coordinating the fight against the COVID-19 pandemic.

EU and ROK perspectives on the coronavirus pandemic show some similarities, but also differences. In this context, information sharing has become an important aspect of EU-ROK bilateral cooperation, as it allows researchers and policy makers to assess the two sides’ respective responses to the pandemic as well as learn from their best practices.

South Korea’s experience

According to researchers at the Ariadne Labs - a joint centre for health systems innovation at Brigham and Women’s Hospital and Harvard T.H. Chan School of Public Health - South Korea’s response to covid-19 stands out because it flattened the epidemic curve quickly without closing businesses, issuing stay-at-home orders, or implementing many of the stricter measures adopted by other high-income countries. The country has shown early success across three phases of the epidemic preparedness and response framework: detection, containment, and treatment. From the outset, decision making in South Korea has been a collaboration between the government and the scientific community.

Experts tend to explain South Korea’s success story by highlighting the country’s strong enabling environment which has allowed the government to act quickly and effectively. After its flawed response to an outbreak of Middle East respiratory syndrome (MERS) in 2015, the government made several reforms to the health system to boost preparedness. In addition, a well-functioning national health insurance system, ample human resources and infrastructure, and constructive relationships with key institutions such as the president’s office, the Ministry of Health, and the Korean Centers for Disease Control and Prevention, allowed for an extraordinarily decisive response to the pandemic.6

South Korea’s public health-based response to covid-19 has been rightly lauded as a successful model for other democracies. Schools were indeed closed, large gatherings prohibited, tele-working

encouraged, masks ubiquitous and social distancing implemented. Yet, South Korea has avoided the harsh lockdowns adopted in some European countries. Its economy is disrupted, but not so dramatically as in Southern Europe.

However, the long-term success of South Korea’s strategy is not assured, since there is no guarantee that Seoul’s model will function during a second wave. In August 2020, the South Korean government-imposed restrictions again in the face of new cluster outbreaks which had emerged right as newly confirmed cases were consistently reaching zero. Furthermore, some criticism has been levied against compulsory testing and quarantines for overseas arrivals, as well as privacy issues with contact-tracing, though these remain small issues within a larger positive story.7

*Europe’s experience*

In Europe, the strategy has been varied, showing a glaring lack of coordination at the EU level. Each country adopted in fact its own distinctive strategy to deal with the pandemic. Some EU member states – such as France, Italy and Spain – imposed strict lockdowns, while other nations – such as Germany, the Netherlands and the Nordic countries – adopted a more relaxed approach, while a country – Sweden – decided not to enforce any kind of lockdown, allowing the population to largely continue living as before. Of all the different approaches, possibly the most successful model has been the one implemented by Germany.

The German government did not prevent the covid-19 outbreak, but the prevention protocols in place facilitated the country’s response to the outbreak. These protocols included early establishment of testing capacities, high levels of testing (in the European Union, Germany is a leader in tests per confirmed case), an effective containment strategy among older people (which may explain why Germany has a much lower case fatality rate than comparable countries), and efficient use of the country’s ample hospital capacity.8 Thus, the country’s strong enabling environment, including a good local public and health care system and expert scientific institutions, has largely contributed to Germany’s success story.

*Medical supplies*

At the end of the EU-ROK video conference meeting on 30 June 2020 the two sides agreed on the importance of exploring a possible initiative by World Trade Organisation (WTO) members to facilitate trade in medical supplies so as to reinforce global preparedness for health emergencies, following the shortage experienced in the last months.9

At the apex of the crisis in Europe and South Korea, supply of life-saving medical equipment could not be guaranteed. Governments around the globe rushed to restrict medical exports for fears of national shortages, threatening the ability of other governments in the global economy to effectively tend to their immediate health security needs.10 The pandemic evidenced that the availability of medical

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9 Republic of Korea-EU leaders’ video conference meeting, 30 June 2020.
supplies cannot be fully dependent on the efficiency rules of the global economy. The EU has responded to this new challenge by creating a strategic stockpile for medical equipment and a new EU pharmaceutical strategy to directly address this supply issue. At the same time, the European Commission has announced its support for negotiations on a plurilateral agreement, with the objective of ‘permanent liberalisation of tariffs on medical equipment’.\(^{11}\)

South Korea too has responded to the shortage of medical supplies by creating a strategic stockpile for medical equipment and by addressing the question of global supply chains which have become vulnerable to infectious diseases and natural disasters.

The EU and ROK are currently discussing ways to further cooperation in health security on three levels:\(^{12}\)

**Bilateral:** A proposal which has been aired by South Korean policy makers and experts is that of ‘medical equipment swap lines’. Similar to the swap agreements by Central Banks, this form of cooperation would allow the two sides – once they agree on the technicalities – to swap essential medical supplies (including life-saving medical equipment) with each other.

**Regional:** The Seoul-based Trilateral Cooperation Secretariat (TCS) – which brings together China, Japan and South Korea – could become the platform for health security cooperation among the three North East Asia’s nations. The EU has traditionally supported the Trilateral Cooperation process. There is thus potential for increasing cooperation between the European Commission and the Trilateral Cooperation Secretariat on health and pandemic-related matters. A proposal being discussed would have the EU linking up with ROK President Moon Jae-in’s plan of promoting a ‘Northeast Asia Plus Community for Responsibility-sharing’ with the aim to strengthen South Korea, China, Japan trilateral cooperation in human and health security, including the possibility of ‘medical equipment swap lines’ among the interested countries.

**Multilateral:** The EU and the ROK have pledged to strengthen cooperation inside the World Health Organization (WHO) on health-related issues, and foster coordination of their economic and trade policies inside the World Trade Organization (WTO) and the Organisation for Economic Co-operation and Development (OECD).

### 3. Prospect for EU-ROK cooperation in the age of covid and US-China tensions

Besides the health emergency, a matter of growing concern for the EU and ROK is the socio-economic situation which has been severely hit not only by the global pandemic-induced recession, but also by mounting tensions between the US and China. During their last EU-ROK Summit, the two partners reiterated their goal to keep markets and the trading system open, saying that: ‘Emergency measures aimed at protecting health should be targeted, proportionate, transparent and temporary in order to avoid unnecessary interference with international traffic and trade’.\(^{13}\)

The EU-ROK commitment issued on 30 June was reinforced by the statement released at the end of the 53rd Asia-Europe Meeting (ASEM) held via videoconference on 7 September 2020. The final

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\(^{12}\) Information in this section is based on personal consultations with EU and ROK experts and policy makers conducted in August and September 2020.

\(^{13}\) Republic of Korea-EU leaders’ video conference meeting, 30 June 2020.
declaration committed the parties to ‘continue working together to accelerate post-covid-19 sustainable socio-economic recovery, stimulate economic development and financial resilience, and minimise the potential of global economic recession.’

In the face of the coronavirus pandemic and growing US-China tensions, governments in Europe and East Asia have intervened in recent months to reconfigure supply chains and decrease dependencies on single suppliers. For instance, the Japanese government recently issued a $2 billion subsidy for its manufacturing companies to shift production out of China back to Japan or into Southeast Asia, amid growing concern over the geopolitical risks to its supply chains. China has been working hard to scale back its dependence on foreign supplies. The Made in China 2025 plan is explicitly designed to reduce Beijing’s dependence on foreign technology and make critical commercial supply lines self-sufficient. The United States too has unleashed a heavy-handed retooling of policy by attempting with sticks and carrots to keep manufacturing onshore, limiting technology supplies to adversaries, and by introducing restrictions on foreign investments.

South Korean and European governments and companies face the same challenge, as they seek to reduce their reliance on China as a manufacturing base and export market. This push has gathered pace during US President Trump’s tenure as US-China trade tensions have exacerbated geopolitical risks surrounding Beijing’s aggressive foreign policy. The White House is targeting China with wide-ranging measures aimed at breaking China-based supply chains on which also the European and South Korean industry relies. For instance, at the end of August Washington broadened restrictions on semiconductor supplies to Huawei imposed earlier this year to cut off virtually all chip shipments to the Chinese technology group, dealing a further blow to global supply chains.

Europe and South Korea have responded to the challenge of reshoring and reducing dependency from China in ways that have many similarities. For instance, the Korean government is boosting tax breaks, subsidies and financial support for research and development for companies that intend to move operations back to Korea. These efforts at reshoring are part of President Moon Jae-in’s plan to combat the fastest rate of job losses which is hitting South Korea since the Asian financial crisis. However, according to the Export-Import Bank of Korea despite earlier government efforts at reshoring, South Korean companies have been increasing their offshore investments. Since 2014, 80 companies – mostly auto and electronic parts makers – have moved operations back to South Korea while more than 21,000 have set up foreign subsidiaries and branches.

Overseas investments by South Korea companies reached a record of 61.9 billion US$ in 2019 – nearly five times higher than foreign direct investments into the country. It appears that many South Korean manufacturers are still attracted to China’s manufacturing base, despite US-led efforts to decouple technology supply chains from China – a country with a big domestic market and still relatively cheap wages (compared to those in advanced economies). Reshoring is thus still perceived as an expensive strategy.

According to the Korea Federation of SMEs (KBIZ), most Korean-owned companies remain reluctant to relocate their operations, given the wide wage gap, access to big export markets and labour market

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15 The Export-Import Bank of Korea is an official export credit agency providing comprehensive export loan and guarantee programs to support Korean enterprises conducting business overseas. For more details see: https://www.koreaexim.go.kr/site/main/index002
protections in South Korea.\textsuperscript{16} Despite the changed environment amid the coronavirus pandemic and US-China tensions, it appears a certain reluctance from companies to reshoring, unless there are stronger incentives for relocation to offset the sunk cost from offshoring.

European governments face a similar challenge. In the wake of the disruption caused by the coronavirus pandemic, European companies were looking to diversify supply chains geographically. Companies that make technology hardware, one of the industries where manufacturing has been most concentrated in China, have moved production of some products out of China over the past three years as customers in the West began raising concerns over security and as some components were hit by US tariffs and sanctions under the China trade dispute. However, as in the case of South Korean companies, many European high-tech companies still find it difficult to reduce their dependency on China and shift production to neighbouring countries.

The European Commission fears that global technology supply chains could eventually split into two camps: one the one hand, there will be China and those countries associated with it; on the other hand, there will be the US and most of its allies and friends. European countries and companies would prefer to stay neutral in the emerging Cold War between the two superpowers. Europe does not want to antagonise China as its companies are vulnerable to boycott by a nationalistic Chinese public.

The ROK and European countries are being asked to choose sides by the US, to in effect put pressure on China. As a result, both the ROK and Europe are having to rethink their foreign policy strategies. In the case of the ROK, ‘strategic ambiguity’ is the strategy of choice for the Moon Jae-in administration for the time being.\textsuperscript{17} It builds on the policy of previous administrations that also sought to strike a balance between the US alliance and better relations with China. However, the ROK’s defence posture or statements on issues such as the Hong Kong National Security Law suggest wariness about recent Chinese behaviour.

In the case of the EU, there have been increased efforts in recent times towards ‘strategic autonomy’ from the US in the areas of foreign, security and defence policy. With regard to Beijing, the EU’s strategy involves a balance between treating China as ‘a systemic rival’ while keeping open channels of communication and cooperation.\textsuperscript{18} In a sense, the ROK and the EU are following a similar path: Increasing their strategic autonomy vis-à-vis the American ally and at the same time avoid breaking links with China – but without pandering to Chinese authoritarianism and assertiveness.

Conclusion

There is scope for further cooperation between the EU and ROK on limiting the damage from the disruption of global supply chains brought about by the coronavirus pandemic and worsening US-China tensions. For instance, the ROK and EU could better coordinate their foreign policies and refuse to antagonise China or to make their policy towards Beijing defined by pressure coming from

\textsuperscript{16} Established in 1962, the Korea Federation of SMEs (KBIZ) aims to protect the rights and interest and improve the economic status of 3.55 million Korean SMEs. For more details see: \url{https://www.kbiz.or.kr/en/contents/contents/contents.do?mnSeq=582


Washington. In other words, Brussels and Seoul should not participate in a ‘new Cold War’ which is not in their interests.

Moreover, like-minded partners such as the ROK and the EU have much to gain from upholding multilateral institutions as venues for dialogue, cooperation, and mutual understanding, including taking a more prominent role in managing global governance and upholding the multilateral trading system.

In this sense, it should be welcomed the decision by the EU’s 27 member states on 11 September 2020 to back three candidates for the top post at the WTO, including South Korean trade minister Yoo Myung-hee to succeed Brazilian Roberto Azevedo as WTO director-general. On 8 October, the South Korean trade minister passed the second round of the process, with the EU fully supporting her candidature.¹⁹ The winner is due to be announced in early November, after another round of voting. Should Yoo Myung-hee become the new director-general, also thanks to the backing of the Europeans, it will undoubtedly be a sign that the EU and South Korea are committed to promoting the multilateral trading system – currently under pressure by mounting US-China tensions and the disruption of global supply chains following the outbreak of the coronavirus pandemic.

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Is Korea on the threshold of the G7?

A Public Choice approach.

Strategic opportunities and challenges ahead in the perspective of an enlarged G7

Paul ANDRE

Adjunct faculty, Collège universitaire, Sciences Po

Associate research fellow, EU-Asia Institute, ESSCA

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Abstract:
The article aims at studying the strategic opportunities and challenges ahead for South Korea resulting from this invitation to the G7 summit. This paper uses the public choice theory. It states that G7 countries and South Korea decide their diplomatic steps according a cost-benefits equilibrium. This equilibrium is evolutive. The papers states that the G7 can be seen as a club. Any new membership induces a decrease of marginal benefits members can expect from the club. As a result, countries like France are not enthusiastic about seeing a new member joining the G7 because it would jeopardize their interest. However, because of the evolutionary nature of the situation, cooperation is not to be excluded. South Korea has thus cards to play.

Key words:
G7, South Korea, France, Public choice, Economics of international relations

1 The author would like to extend his deepest gratitude to H.E. Minister Kim Jongpil of the Ministry of Foreign Affairs of the Republic of Korea for the stimulating comments at the origin of this article. However, the information, opinions, or any mistake contained herein are the sole responsibility of the author.
1. Introduction

On May 31st, 2020 U.S. president Donald J. Trump unexpectedly announced his willingness to invite South Korea as well as Australia, India, and Russia to the next G7 summit to be held. Renewing the G7 is not a new idea. This semi-formal club has raised several criticisms over years. This issue generated an important literature in the field of International Political Economy: Bergsten [1996], Garavoglia & Padoan [1994], Kirton [1989], Kudrle & Bobrow [1991], Porter [2000], Putnam & Bayne [1987], Von Furstenberg & Daniels [1992]. Inviting new members and furthermore emerging economies or ‘newly industrialized economies raises however some issues about the G7’s governance of the global economy. Without exhaustiveness, let us mention some of them. Are European economies overrepresented in the G7? Germany, the U.K., France, and Italy are full members of the group. But the European Union is also invited which gives a voice to smaller European nations. Moreover, the EU is represented by the Council president and the Commission president (which gives two additional voices in terms of face to face talks). If the G7 wants to efficiently handle new economic challenges, should not leading economies in IT and 4th industrial revolution pioneering economies be considered? In this respect, does it still make sense to exclude South Korea of talks about the future of the economy when it is one of the most innovative economy? Lastly, Korea’s GDP is close to Canada or Italy. So why excluding one and not the other? In a way, Trump’s invitation made sense, but the abrupt and unexpected way it was formulated resulted the proposal was not welcomed by remaining six powers.

The article aims at studying the strategic opportunities and challenges ahead for South Korea resulting from this invitation to the G7 summit. It proposes to answer the following questions: what can South Korea expect from this U.S. initiative? Does this proposal have any chance to lead to a South Korean membership in the G7? Which stance could European governments vis-à-vis this invitation? And how should the South Korean government react after this unexpected and dividing invitation?

This paper uses the public choice theory to tackle this issue. I first present the context into which the announcement of the invitation was made. This will allow to determine the strategic issues and opportunity effects for the main involved agents. Secondly, I assume that the current situation falls under the economics club theory. I thus consider the public choice framework is the more convenient to analyse the current diplomatic environment. The public choice analysis of the enlargement of the G7 will simultaneously present strategic opportunities and constraint for European countries and South Korea. The last paragraph will discuss results of the theoretical analysis and present policy opportunities for the stakeholders.

This article states that G7 countries and South Korea decide their diplomatic steps according a cost-benefits equilibrium. This equilibrium is evolutive. The papers states that the G7 can be seen as a club (understood in the economics meaning). Any new membership induces a decrease of marginal benefits members can expect from the club. As a result, countries like France are not enthusiastic about seeing a new member joining the G7 because it would jeopardize their interest. However, because of the evolutionary nature of the situation, cooperation is not to be excluded. South Korea has thus cards to play.

2. The context

- An unexpected invitation

As he is familiar with, President Donald J. Trump disrupted the diplomatic agenda when he announced his willingness to invite Russia, Australia, India, along with South Korea to the next G7 summit to be held
in 2020. Even if the summit was postponed due the Covid19 pandemic, such an invitation is a turning point in the G7 agenda. Indeed, even in case the republican billionaire would not be re-elected in fall 2020, future U.S. administrations could not pretend to ignore this invitation was never made. In other words, as often in international relations, this announcement acts as a ratchet effect\(^2\). As a consequence, it is worth considering how South Korea should react to this invitation as well as the reaction of other G7 members. To avoid over complexification because of numerous stakeholders, this paper focuses on South Korea. Specific opportunities for other invitees (Russia, Australia, Brazil, and India) will not be discussed. Also, the analysis is state centred for a purpose of clarity.

- **A powerful symbol**

The fact that Korea was listed among the invitees is already a powerful symbol. It can be considered that Russia was invited for different reasons than the four other invitees. President Trump justified this invitation stating that the G7 is a “very outdated group of countries”. Being presented as the modernity of the global economy constitutes a form of symbolic victory. South Korea would be the “smallest” nation to join the G7. Unlike India, it is not a demographic giant. Unlike Australia, it is a “recently” decolonized country. Unlike India, South Korea has already reached a high level of economic development. Its standard of living is already similar to Western powers for years. Unlike India and Australia, South Korea is a leading economy in the fourth industrial revolution.

- **Geopolitical tensions**

But this invitation is innocuous considering the geopolitical tensions surrounding the G7 summit. First, President Trump has always been very sceptical about multilateral institutions like the G7. “I don’t feel that as a G7 it properly represents what’s going on in the world,” Trump told reporters on Air Force One during his return to Washington from Cape Canaveral in Florida. He repeatedly complained about the free riding like sort of behaviour of other G7 members on several issues. It could be reminded he refused to sign the joint statement at the 2018 Toronto summit. Second, this announcement was made in the Covid19 pandemic context. The pandemic revealed the high dependence of Western economies on China. Within a context of trade war and rising tensions with Beijing, Trump’s project to bring new members in the G7 could be understood to isolate China. In this respect, the invitation would have little to do with South Korea.

Trump’s project of an enlarged G7 does not achieve unanimity because it includes Russia. Canada and Germany already rejected the proposal. France Emmanuel Macron stated that if “there is no unanimity among G7 members, the invitation couldn’t be effective”. G7 members reluctance to invite Russia could be explained by geopolitical and economic reasons. From a geopolitical point of view, tensions with Russia are rising. Putin’s Russia has been involved in electoral destabilization operations. From the economic point of view, Russia cannot be seen as a rising power. Its economy mainly relies on commodities – natural gas and crude oil. These two markets seem not to be on the agenda to overcome the post-covid recession.

On the contrary, most of G7 members have no diplomatic clash with South Korea. Instead, the ROK is an ally and an important economic partner of other members. Japan was the only G7 member to openly convey to the United States its objection to President Donald Trump’s idea of adding South Korea to the Group of Seven summit [Kyodo, 2020 (1)]. No matter good relations South Korea has with most G7 members, Trump’s initiative received little support from other members. This is due to Russia’s specific

\(^2\) Actually, the only person who could possibly ignore this invitation and what it implies is President Trump himself. Considering the volatility of some of his statements and the upside turns he is familiar with in his diplomacy, it is a reasonable possibility he will not be supportive of an extended G7.
situation, but also because the G7 convey some advantages in the membership of a restricted to seven powers club. Also, other group members are not willing to share these advantages.

- **The G7 as a club.**

International cooperation fundamentally aims at fulfilling governments’ interests. The aim of a group such as G7 is to capture an international public good into a private one (club theory). Being a G7 member is therefore a privilege under two conditions. One, the G7 provides something (a good) to its members. Second, the club is restricted enough to give a power to its members (exclusion aspect). In other words, a country is relatively more “powerful” in the global economy when it is part of the G7 than what its economic weight would allow. This dimension is specifically important for medium size powers like European countries or South Korea.

Using methodological concepts like club theory or public choice first imply to identify a “market”. That sort of market analysis of international politics raises the first question: which kind of “product” does the G7 provide to its members? Fratianni and Pattison consider that “the market for international cooperation is much like that for the service sector in general where production and consumption take place simultaneously.” [Fratianni & Pattison; 1982, p245]. The G7, as any form of international cooperation, is potentially able to provide some services. Three main services are provided. Firstly, it provides “goods”. It could refer to the ability to impact future trends of the global economy, or influence. One question is to wonder if influence is a good. In economics, it can be argued it is because influence – as any form of asset – can follow the characteristics of a club good. It can be classified as a subtype of public goods that are excludable but non-rivalrous, at least until reaching a point where congestion occurs. Club goods have high excludability, but at the same time low rivalry in consumption. Such a definition matches well with influence in economic matters. Second, the market performs a coordination function. Thirdly, International Economic Organizations (IEOs) serve as a means to develop alliances and strategies. For all these reasons, many political economy theoreticians view acceptance within an IEO as an application of club theory. As Frey reminded it: “The formation of international agreements can be usefully analysed with the help of club theory which stresses the voluntary nature of membership and the exclusion of non-members who may not benefit from the goods jointly provided”. [Frey; 1997, p109]

It thus can be understood how interesting it would be for South Korea to join such a club. But South Korea’s strategy will depend on other G7 members interest in accepting new countries. Fratianni and Pattison established a causal relation between club size and benefits retrieved from cooperation [Fratianni & Pattison; 1982]. The larger an IEO is (i.e. the more it accepts new members), the less it relatively provides benefits to its members. In other words, as it was greatly beneficial for France be part of the G5, it is a little less when the group is composed of 7, it will be even less if it turns to 11. In sum, as stated by Fratianni and Pattison, “A number of the activities of IEO’s fall between pure public goods and pure private goods. In this situation, the theory of clubs may be the relevant literature. The club-like nature of IEO’s has often been mentioned with respect to the number of countries involved and the benefits derived from membership.” [Fratianni & Pattison; 1982, p245] It is thus important to have a framework for the analysis of the share of benefits or the cost of a public good. In their pioneering article, Fratianni and Pattison propose a public choice model of collective action issues in international relations [Fratianni & Pattison; 1982]. This framework is suitable to the analysis of South Korea ‘s strategic choices and challenges ahead in perspective of joining the G7.

3. **Analytical framework: the public choice of G7 enlargement**
The economics of diplomacy

I propose to analyze South Korea’s strategic opportunity to join the G7 in the framework of public choice theory. As defined by Lionel Robbins, “Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.” It thus can be viewed that political economy is the political nature of decisions on the use of scarce resources. [Cheikbossian; 2008] As consequence, if being part of the G7 means the possibility to influence the global economy, this should be seen as a scarce resource. Acceptance within the G7 follows a logic of political economy. If politics is a “competition for authority” [Lindblom; 1977], then joining the G7 is precisely this aspect. Is South Korea able to enter a club of nations which can influence the global economy? Has South Korea enough authority to claim joining such a group?

The use of public choice theory can also be justified by a second argument. While “mainstream economics” usually sets economic policies aim at being optimal (i.e. they aim at maximizing collective well-being), public choice postulates it is not the case. Governments also have interests, and these interests can differ from collective well-being. As any rational agent, the government is looking to maximize its personal interests. In the current present, adding South Korea to the G7 could be beneficial for the global economy, but it could undermine some G7 nations’ interest. Cheikbossian identifies three intellectual roots of the new political economy [Cheikbossian; 2008]. First is Lucas’ rational expectations [Lucas; 1972]. The second intellectual root is public choice theory [Buchanan & Tullock; 1962], [Olson; 1965]. The last intellectual orientation is Arrow’s theorem of social choice [Arrow; 1951]. The key element in this paper is the heterogeneity of preferences. As mentioned above, if the G7 is seen as proposing an international public good, then it can be considered talks about joining the G7 is matter of market barrier. Following Drazen’s typology [Drazen; 2000], the current situation is rather an ex post rationality i.e. As noted by Cheikbossian, “agents may well value a good or a resource the same way, but they may not agree on the distribution of the benefits. They can also value a public good in the same way but may not agree on the sharing of the cost of this public”. [Cheikbossian; 2008, p8].

Public choice theory therefore allows a first model of the economics of international agreements. As Frey stated:

“The international community presents an ideal case (in the sense of Max Weber) for a constitutional or social contract: the underlying units are sovereign (there is no preexisting world government) but their behavior results in a clearly Pareto-inferior situation. Although the constitutional contract is normally applied to individuals, it can also be applied to nations as actors. Indeed, the Hobbesian jungle of helium omnium contra omnes seems to be even more relevant for the interaction among nations. Military and trade wars (protectionism) with their destructive outcomes for all participants are all too common events; international public goods (e.g., those relating to the global environment) are underproduced and international common property resources (e.g., the fish in the seas) are overexploited. There is no world government in sight that would be able to control effectively the behavior of nations pursuing their own selfish interests. A Pareto-superior outcome can only come about by voluntary consent among the nations. Countries that do not find the expected cost-benefit ratio of common action to be worthwhile for themselves do not join. Only a consensus among participants constitutes a social contract of practical consequence. Hence, the question is not whether the set of all actors reaches a consensus but rather over what set of issues some actors are able to agree.”

Consequently, the question is not if member states will be able to reach a consensus. The question is rather on which topic will member states be able to reach a consensus? This is precisely the point in Europe-South Korea relations. To what extend are G7 members willing to agree on South Korea adhesion?

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3 Public Choice works were pioneering in emphasizing the role of lobbies in the making of policies. However, for a purpose of clarity, this study will keep a state-centred approach of the problem.
As Fratianni and Pattison put it “The theory of clubs provides a starting point but has limitations when applied to international cooperation. The most serious is the assumption that non-members can be excluded”. In the case of the G7, albeit China is not part of the G7, it does not prevent the PRC to influence the global economy. “A second difficulty is that costs are treated simply in these models and are assumed to be shared equally by members. In reality, costs have fallen on a few countries.” [Fratianni & Pattison; 1982, p246] This problem of cost-sharing was already pointed out in 1982. In the current situation, it can be an opportunity or an obstacle to South Korea adhesion to G7. President Trump numerously complained about European countries so-called free-riding strategy in international organization. He wants European governments to increase their financial contribution to multilateral organizations. In a sense, the invitation made to Korea can be understood as a way to “punish” European governments. Adding South Korea to the G7 would mean a relative decrease of European benefits in taking part to the organization. Conversely, it can be argued that adding South Korea means adding free-riding member to the G7 i.e. a country which relative contribution’s is inferior the relative benefits it gets from the IEO’s. The only way to overcome this logical dead-end is to apply a market-like model of international cooperation. This situation is summed up in table 1. It clearly shows the decreased weight G7 members have on the global economy (especially European ones). And it illustrates the rising share of China and South Korea as well. It also shows that the marginal power of ROK remains however limited.

Table 1: Relative power of G7 countries (% of world GDP)

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<tbody>
<tr>
<td>USA</td>
<td>21,2</td>
<td>21,2</td>
<td>21,7</td>
<td>20,3</td>
<td>17,0</td>
<td>15,8</td>
<td>15,8</td>
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<tr>
<td>Japan</td>
<td>8,4</td>
<td>8,0</td>
<td>6,9</td>
<td>6,0</td>
<td>4,9</td>
<td>4,2</td>
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</tr>
<tr>
<td>Germany</td>
<td>5,2</td>
<td>5,1</td>
<td>4,5</td>
<td>4,0</td>
<td>3,7</td>
<td>3,4</td>
<td>3,4</td>
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<tr>
<td>UK</td>
<td>3,3</td>
<td>3,2</td>
<td>3,3</td>
<td>3,1</td>
<td>2,6</td>
<td>2,4</td>
<td>2,4</td>
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<tr>
<td>France</td>
<td>3,5</td>
<td>3,3</td>
<td>2,5</td>
<td>2,9</td>
<td>2,7</td>
<td>2,3</td>
<td>2,4</td>
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<tr>
<td>Italy</td>
<td>3,5</td>
<td>3,3</td>
<td>3,1</td>
<td>1,9</td>
<td>2,3</td>
<td>1,6</td>
<td>2,0</td>
</tr>
<tr>
<td>Canada</td>
<td>2,1</td>
<td>1,7</td>
<td>1,6</td>
<td>1,8</td>
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<td>1,4</td>
<td>1,4</td>
</tr>
<tr>
<td>China</td>
<td>4,0</td>
<td>6,0</td>
<td>7,6</td>
<td>10,0</td>
<td>13,8</td>
<td>17,2</td>
<td>17,3</td>
</tr>
<tr>
<td>South Korea</td>
<td>1,0</td>
<td>1,5</td>
<td>1,2</td>
<td>1,4</td>
<td>1,2</td>
<td>1,2</td>
<td>1,6</td>
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<tr>
<td>Rest of the world</td>
<td>47,7</td>
<td>46,6</td>
<td>47,6</td>
<td>48,5</td>
<td>49,9</td>
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<td>49,6</td>
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Source: World Bank, calculation by the author.

Following Fratianni and Pattison methodology, the analysis begins with a model similar to the Olson model [Olson; 1965 ref in Fratianni] of voluntary group action. The model assumes that the costs of club formation are small relative to the benefits. This idea can be intuitively validated in the G5 situation. Originally an informal group of similar and highly economically interdependent countries, the costs of setting up the G5 were low. Since it was an informal group, there were very limited costs to manage the organization itself. The high level of economic interdependence created common interests. Since all countries enjoyed a similar level of economic development and all but one were of Western culture, transaction costs during negotiations could also be assumed to be limited.

G7 countries want to create a club to maximize the net benefits, Gi. There is a function, Qi, of the extend of the cooperative action of the club. Basically, Gi is the difference between individual benefits for a country, bi, and costs, c.

\[ G_i = b_i - c \]
It is important to note the relationship of the benefits accruing to an individual country to those accruing to the whole club $b_t$, where the share of the benefits going to the individual country is $B = b_t / b_i$.

The relation can thus be formalized as follow:

$$G_i = b_i (Q) - c(Q)$$

Each G7 country will try to maximize its participation to the club i.e. gaining relatively more benefits than what it costs to take part to the club (which is another definition of the national interest in a realist perspective). To maximize $G_i$, it implies:

$$\frac{dG}{dQ} = \frac{db_i}{dQ} - \frac{dc}{dQ} = 0$$

The model assumes that policies will not alter the share going to the individual country, that is $b_i = B b_t$. Therefore, $\frac{db_i}{dQ} = B \frac{db_t}{dQ}$

So, $B \frac{db_t}{dQ} = \frac{dc}{dQ}$

This means that the optimal “quantity” of cooperation for a country will be reached where the share of the gain going to the country times the marginal improvement in benefits for the group as a whole equal the marginal costs. This relation is summarized in diagram 1.

Diagram 1: the rationale of “optimal cooperation” in a club-like international interaction

The relation in chart 1 is only true for an individual country. The situation is different for the club (i.e. all G7 member states): maximal cooperation will be reached where marginal cost equals marginal benefits.

$$\frac{db_t}{dQ} = \frac{dc}{dQ}$$

From this relation it can be seen therefore than countries with higher benefits will be those with the higher incentive to cooperate. About the costs each nation will have to bear: costs will depend on the output of the club, $Q$; the number of club members, $N$; and the decision rule, $DR$, chosen.
As the Fratianni and Pattison described:

“Define \( G_i = b_i - c_i \), where \( c_i = Cc_t \) and \( c_t = (N, DR, Q) \). The equilibrium condition for a country maximizing the net gain from joining a club would be

\[
\frac{B}{C} \frac{db_t}{dQ} = \frac{dc_t}{dQ}
\]

In this case, the optimum amount of cooperation for an individual country is reached where the share of the benefits going to the country divided by the share of the costs times marginal benefits for the group as a whole equals the club’s marginal costs. This theory, showing that big countries have a major role to play, implies that the larger the country, the greater amount of club activities will be demanded as long as the ration \( B/C \) increases with country size.

Graphically, the optimal size of the club is given by the intersection of the marginal policy contribution (MPC) curve with the marginal cost (MC) curve as shown in Figure 1. Notice that the MC curves are drawn for a given number of participants and a constant decision rule.”

[Fratianni & Pattison; 1982, p249]
4. The political economy of South Korea’s adhesion to G7

I propose to use Fratianni and Pattison model and to use it to analyse South Korea’s perspectives in view of joining the G7. The authors explain “the aim of this paper is to develop a model of the decision to join international organizations”. [Fratianni & Pattison; 1982, p244] Considering the model relies on interests and benefits, it could suit to the current situation. In other words, do member states allow a new state to become a member? Following the basic logic explained in diagram 1, the strategic choice for G7 members could be summed up as follow:
Diagram 2: the logic of new membership for G7 members

G7 members loose influence on the global economy

Being part of the G7 is getting more important (because their relative individual influence is not enough alone).

Adding new members would decrease their individual marginal benefits.

No to South Korea because decrease in individual marginal benefits.

Yes to South Korea because decline in influence over the global economy is too high vis-à-vis China. There is a need for G7.
The two options are rational. The only way to determine which solution is to be chosen is to attempt to evaluate G7 individual marginal benefits and individual marginal costs. From this, it would be possible to assert G7 members’ individual strategic opportunities.

Chart 1: Graphic representation of table 1
‘Relative power of G7 countries (% of world GDP)’

As summarized in chart 1, the additional power brought by South Korea to the G7 would be limited. At this stage, it is impossible to conclude if it would be an obstacle or an advantage. Following the same model, the equilibrium of the G7 can be set as in figure 1a.

Figure 1. a: equilibrium club size of a 7 members club of G7

THE ECONOMICS OF INTERNATIONAL ORGANIZATIONS

Figure 1
Equilibrium Club Size
In the hypothesis of Trump’s proposal, the G7 would provide more influence on the global economy. That means its output, $Q$, is more important. But the individual relative share of it for the initial members would decrease. Considering a shift from a G7 to a G10 (a group which would include Australia, India, and Korea. For the above-mentioned reasons, the likeliness to have Russia in the G7 club seems highly unlikely.), it means the “output” of the IEO would increase, and the cost would relatively decrease for each member state. This would mean a right-way translation of the MPC curve (on red in figure 1.b). On the other hand, individual benefits for each G7 member would be smaller. In figure 1b, it would be a left-hand move of MC curve. Figure 1. A (G7 equilibrium today) then becomes:

Figure 1.b: G7 equilibrium with Australia, India, and South Korea added

In the hypothesis South Korea would be the only country to join the G7, consequences would differ. First, the cost of an agreement (rule of unanimity in the club) would be less important for eight members than eleven. Second, it would be less heavy considering South Korea’s level of development is close to other members\(^4\), and common geopolitical and economic interests. There would still have a leftward shift of MC curve (MC\(^\prime\)). But the move would be less important than in the previous hypothesis. On the other hand, Korea’s contribution to the G7 will be smaller than a group of four economies. MPC curve move would be to the right. But, like MC curve, the translation would be more limited. This situation can be graphically represented in figure 1c.

Figure 1.c: G7 equilibrium with South Korea only added

\(^4\) A very different situation in the hypothesis India would have to join the club.
Eventually, considering the difficulties to quantify MPC and MC in the present situation, it is hard to provide definitive statement. It can be considered that Korea’s adhesion to G7 (in case it is the only putative candidate to join) could little increase G7 output (but not significantly), and it would be little costly to add Korea. With reference to the evolution of Korea’s relative impact on world economy see table 1 and chart 1, it can be assumed the result would be a slightly advantageous equilibrium for the IEO but not significant.

• European strategies

As mentioned earlier, none of the European countries has particular quarrel with South Korea. Fundamentally, South Korea would join the G7, it would not arm any of the European member states. But from the point of view of European countries, the question at stake is: what could encourage G7 members to share the benefits they have from their club membership? As noted by Fratianni and Pattison, Brooks [1977] demonstrated that the larger is a country, the more desirable is its presence within the club. But the less this country needs information from other countries. Since Korea would be the smaller nation to join the G7, it would mean Korea would need the G7 more than the G7 would need Korea.

About Korea specifically, European perspectives could be summed up as: South Korea is an ally and an important and reliable economic partner. So Korea’s adhesion to the G7 is not the problem. The problem lies in the loss of benefits due to the adhesion of a new member i.e. a decrease in the individual marginal benefits for Germany, the UK, France, and Italy. South Korea is a “small” country. So if South Korea is accepted in the G7, in the future other country will apply for membership. In the end, the G7 will have no more impact on the global economy. European countries face a more tensed situation. There are rising threats like China (e.g. Covid, economic dependence, silk roads) or Russia (e.g. Syria, intelligence operation to destabilize electoral processes, Ukraine, Belarus, etc.). One priority of European countries would be to talk “block to block”. The USA is a giant, so are China and Russia. In a post-Brexit context, one priority would be to have a more important Europe. A hypothesis would be
that France, Germany, and Italy drop their seats for a single EU seat. But this solution presents two difficulties:

1. National leaders like Merkel, Macron, and Conte would lose a resource in terms of prestige.
2. EU decisions can differ from G7 European countries (e.g. Brussels backs a European stimulus package, while Merkel is not incredibly supportive of it).

The rationale here would suggest that European leaders back the entry of another European country instead of South Korea. After Brexit, the group of European countries (i.e. countries members of the European institutions) has been reduced from four to three. Moreover, it seems the priority of European leaders (especially Macron) is to keep afloat the European construction thus included within the G7.

5. Discussion and implications

The public choice model presented in paragraph 4 allows to discuss foreign policy options occurred to the Republic of Korea. Trump’s invitation opened a period of strategic opportunity for South Korea during which the ROK will be led to consider its relations and the diplomatic actions vis-à-vis European countries and European institutions.

- A period of strategic opportunities for South Korea

Donald J. Trump’s invitation creates an opportunity for South Korea. It brings South Korea as a putative club member of the G7. This invitation can act as a ratchet effect. As soon as the possibility of having South Korea in the G7 was on the agenda, the ROK has not to justify in the future the reasons of talks about its adhesion to the club. This situation will only last for a given time for several reasons. First, if Trump’s willingness to see South Korea in the G7 is not renewed for coming summits, then the ‘legitimacy’ of Korea’s membership will fade away then disappear. Second, the versatile aspect of Trump diplomacy leads to a cautious approach. For these reasons, it is reasonable to consider that South Korea benefits a window of diplomatic opportunity on the short run for sure, and also maybe on the medium run. At last, it gives Seoul a window of few months until next summits in 2021 in the United Kingdom and 2022 in Germany. Both London and Berlin will set on the agenda other topics and Korea’s membership to the G7 may not be a priority. The diplomatic activity of Korea should thus seize the opportunities before they vanish. But Korea has to be cautious on several matters.

From Seoul’s perspective, an important aspect will be that Trump’s initiative does not backfire on Korea. Trump hastily and unilaterally proposed a G7 enlargement. If the project fails, the idea of South Korea as a member of the club of world economic leaders must not disappear. It is Korea’s interest to play the card of very good relations with the leaders of the G7 other than the United States so that this idea ends up establishing itself as obvious for Macron (and for the other leaders as well). In this regard, declining middle powers (such as France, Italy, and to a lesser extend Germany) could be presented all the interest in strengthening Korea’s role in world governance. May 25th video conference between Charles Michel and Abe Shinzo reveals Europe’s willingness to tighten its links with Japan in a context of exacerbated supply chain dependence and diplomatic tensions with China. Such a scenario could be renewed with South Korea. Even if Korea is less populated than Japan, and its GDP represents a smaller share of the global economy, Korea has numerous strengths. Talks have been proved to be easier than with Japan. It shares with the EU democratic values. More fundamental, Korea is a leading actor in the fourth industrial revolution.
A game theoretical development

Since the quantification of the G7 output reveals to be difficult, one possibility to assess strategic interest of European countries to accept South Korea in the club could be to initiate a game theoretical reasoning. In this perspective, the G7 would be an oligopoly because only some states in the world are able to have an impact on the organization and the direction of the world economy. Not only it is a matter a state can influence the global economy, but it is also a matter this state is accepted as an influential actor by insiders (G7 members). In game theory, the oligopoly situation can be seen in two ways. One firm is a leader and other firms are followers. Or no firm is in position to be a long lasting leader. If this logic is transferred to world politics, states adopt firm behaviour and the leader could be identified as the United States. In the present situation, the strategic interactions among states constitute a sequential game. It can be assumed that other governments do not know the choices made by other G7 members (although they may assume it, they have no certitude). Each government anticipate others’ decisions when they set their decisions. The strategic interaction between the leading country (1) and the follower (2) is a simultaneous game. Albeit imperfect because there is no way to set a value to each decision, game theory is useful because it allows a model of strategic behaviour of governments. Each agent understands its behaviour depends on its actions and also on other agents’ actions. This aspect is important in the present situation because Korea knows it cannot afford to be too enthusiastic about Trump’s invitation. Because the success of the process (i.e. having South Korea in the club of great powers) is conditional to a collective support. Symmetrically, G7 members but the US can be reluctant to any new member in the club because it would decrease their influence in the club. But they are aware that an open refusal is conditioned by a collective answer. In other words, one country may have no interest in having South Korea in the club. If this country is the only one to voice out (as Japan did so far), this country will be the only one to see its relations with Korea worsened. But if the refusal comes from a collective answer, Korea is not in position to cool down its relations with several powerful and close partners at the same time.

Game theory definition of the game is a set of players, each of them has several strategies, and each strategy is correlated with potential gains. This conceptual definition matches pretty well with the diplomatic challenge South Korea is facing in this period of opportunity. If strategies can be identified for each player, what seems to be an insuperable obstacle so far is the quantification of gains and losses in the game. The strategic interaction can thus only be described in a theoretical way.

Let us set A as the leader (the United States) and B the follower (France for instance). I is the choice to invite South Korea in the G7 summit, R is the refusal of the invitation at the summit. The strategic interaction can thus be summed up as follows:
The outcome of this game will be the situation that maximizes A profits (USA) because A is the leader of the game. This is true if and only if A has consistency in its preferences (a condition which is not given for granted with the current US administration).

- **Club size**

It emerges from this theoretical model that the more the number of member countries increases, the smaller the marginal contribution will be. Conversely, the more the number of member countries increases, the more than proportionally the cost of reaching an agreement increases. This may therefore work against an agreement by other countries to integrate Korea into the G7 club. An additional cost to consider is that the new member will bring a new point of view. However, it should not be concluded too quickly that cooperation at the international level is impossible. Two factors are to be considered: leadership incentives; and size of membership, cooperative and decision-making costs.

For Korea, the challenge is not to come across as overly opportunistic about Trump’s invitation while seizing the opportunity in the most efficient way. Korea has thus to consider if the opportunity is worth taking the bet. Is fundamental at this precise moment to enter _ even for one summit _ the G7 club? Or can Korea promote its interest outside the G7? Answering these questions requires to weight up the benefits in G7 membership and its costs. The cost-benefits analysis should be at t+0 (now) and t+1 (at a more distant time horizon). Short run calculations may mislead the strategic choice. For instance, on the short run China’s anger about a G+10 that looks like a containment strategy may lead to sanction against the ROK. But on the long run, China’s intimidation measures will remain, and it will set Korea in an influential position. Although there are good chances Trump’s invitation leads to nowhere, it is important for South Korea that the idea of a ROK as a legitimate member of the most influential economic powers remains. In this respect, the G7 would provide an institutional basis to Korean influence. The cost for South Korea could be to back the wrong horse. An open and enthusiastic support to Trump’s position about the G7 implicitly means a criticism of the presence of European countries in the G7. This could undermine European-Korean relations. It could also undermine relations with the next US administration in case Donald Trump is not re-elected.
6. Conclusions

“Far from being a completely worked out theory, the above analysis outlines the important issues and suggests both theoretical and empirical avenues for research”. [Fratianni & Pattison; 1982 p257] However, at stake, albeit the above-mentioned limitations, this model allows to establish some conclusions about the future of European-Korean relations about the governance of the global economy.

Notwithstanding with the geopolitical alliance and the important economic interdependence between European countries and South Korea, some countries may be reluctant not to say hostile to South Korea’s integration in the G7. This adhesion would jeopardize their interests understood here as their individual marginal benefits. Korea’s choices, as well as other G7 countries’ choices, will be driven by a costs-benefits ratio according to the evolution of the international situation which could be assimilated to a sequential game.

At this stage, it is too earlier to have definitive conclusions. It may be assumed that:

- Donald J. Trump’s initiative is an opportunity for South Korea. It brings South Korea as a putative club member. There is a ratchet effect. South Korea in the future will not have to justify the reason of talks about its adhesion to G7. Trump’s invitation legitimizes an agenda setting of South Korea campaign to join the G7.
- A public choice view of the situation shows it is not the short run interest of European countries to have South Korea in the G7.
- The same public choice approach reveals conversely South Korea would maximize its relative position if it could join the G7.
- South Korea has thus an incentive to value this specific moment to “naturalize” its membership in the G7. The current situation opens room for strategic operations to reinforce South Korea’s position in the international scene.
Bibliographical References

The European Union’s Restrictive Measures against North Korea: a medium term view, beyond the current difficulties. Looking at solutions beyond the deadlock

Jean-François Di Meglio, President of Asia Centre.

Draft – please do not quote without the permission of the author

Abstract: Fourteen years after the vote of its first resolution by the United Nations Security Council, this paper aims to define the goals and evolution of the European sanctions aligned with those from the United Nations and examine the efficiency of these sanctions against the North Korean regime and its nuclear program. This article posits that the sanctions against North Korea (1) demonstrate the autonomy of the European Union as a responsible actor and controlling force, (2) maintain the pressure during negotiations and act as a revealing indicator about the state of tension between actors, and, eventually, (3) signal to the Democratic People’s Republic of Korea that it remains under surveillance and that each attempt to evade the sanctions results in a suitable restrictive measure against it. This article also advances that the European position is symmetrical to that of the United Nations Security Council. Meaning, the European Union complements the Security Council sanctions, as European countries wish to obstruct the barter economy that North Korea has set up to break bank controls. As a result, and within the actual context of the enduring pandemic, it appears that the European Union sanctions are more efficient than ever considering that they hamper North Korea’s development and aggravate its dependence on Beijing.

Introduction

The European Union (EU) and North Korea (DPRK) have maintained a political dialogue since 1998. They established diplomatic relations in 2001. However, political and economic exchanges are presently in a state of lethargy.

This situation results primarily from the erratic behaviour from North Korea, the serious human rights violations committed by the Pyongyang regime, and the terrorist acts and kidnappings it inspired.

North Korea has chosen to marginalize itself from the community of nations for nearly half a century. The development of a nuclear program in contravention of the Non-Proliferation of Nuclear Weapons Treaty (NPT) and the provocative use of ballistic missiles capabilities have led the international community to impose sanctions against the North Korean regime. These provocations

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1 It is the North Korean Ambassador in London who is accredited by the European Union. Note: With the exception of France and Estonia, all EU member states have established diplomatic relations with North Korea. Six member states have opened an embassy in Pyongyang (Germany, Bulgaria, Poland, Czech Republic, Romania, Sweden).

2 Korean Air flight 858 was destroyed by explosives in November 1987; Rangoon bombing attack in October 1983; kidnappings of Japanese citizens and illegal abduction/detention of foreign nationals (latest individual case M. Otto Warmbier 2017); Korean Air Lines flight hijacked in December 1969.
have ruined the efforts of the international community to welcome therein North Korea in the aftermath of the Cold War.³

In 2006, the United Nations Security Council (UNSC) passed its first resolution⁴ targeting the North Korean ballistics delivery system program. It was reacting then to the underground nuclear test carried out by North Korea in July 2006.

The North Korean nuclear test on October 9 led the Security Council to unanimously pass a new resolution (1718). This resolution notably established a sanctions committee chaired today by Germany.

These two resolutions set the tone for what now constitutes the relationship between North Korea and those nations concerned with respect for international order. It therefore follows that the EU has embarked upon a policy of transposing these resolutions into Union law.

Thus, on November 20, 2006, echoing UN Resolution 1718,⁵ the Council of the European Union adopted two legal acts⁶ that mark the start of fourteen years of restrictive measures against North Korea.

The Union has also taken autonomous measures to prevent Pyongyang from developing weapons of mass destruction and a ballistic arsenal.

All of these legal acts (transposition of the UNSC resolutions and autonomous measures) are referred to as restrictive measures targeting North Korea and its relays in Europe.

The restrictive measures against North Korea constitute a tool that:

- Demonstrate the autonomy of the Union as a responsible actor and controlling force;
- Maintain the pressure during negotiations / revealing indicator of the state of tensions (calm period = press release / tense period = decisions by the Council); and,
- Signal to the DPRK that it remains under surveillance and that each attempt by Pyongyang to evade sanctions results in a suitable restriction measure against those efforts.

These measures are adapted to the political context of the moment and to the desired effect:

In a period of detente, the Council’s press release is the preferred instrument to remind people that the Union remains vigilant; it announces, as necessary, the extension of certain restrictive measures.

Faced with tensions in the Peninsula or with North Korea’s flagrant violation of international obligations, the Union has recourse to Council decisions, to community regulations and to autonomous measures as a means of coercion: the autonomous inscriptions made by the Union in

³ September 17, 1991: On a recommendation from the UNSC, the UNGA passes a resolution accepting the two Koreas as members of the organization. March 15, 1995: To respond to the energy crisis in North Korea, the Korean Energy Development Organization (KEDO) is created by the United States, Japan and the Republic of Korea. The European Union joined the organization in 1997.
⁴ Resolution 1695 on July 15, 2006.
⁵ October 14, 2006.
December 2010 are concomitant with North Korea’s violation of the ceasefire on the Northern Limit Line (NLL 23/11/2010).

The North Korean question provides the EU an opportunity to demonstrate its sense of international responsibilities and cohesion of these member states. This international issue is also an opportunity to demonstrate the Union’s loyalty towards its allies exposed to threats from Pyongyang: The Republic of Korea, Japan and the United States.

In the aftermath of Security Council resolution 1718 that established sanctions against North Korea,7 the Council of the European Union transposed the provisions of this resolution into European law, putting in place a scheme that has not been refuted since.

1 / A position that espouses that of the United Nations Security Council

The comparative examination of the decisions of the Security Council against North Korea and that of the restrictive measures decided by the Council of the European Union demonstrates that the two bodies act simultaneously without it being possible to affirm whether these respective actions are coordinated.

It should be noted that the actions of North Korea contrary to international law8 are always followed by a resolution of the Security Council,9 and that this resolution is quickly transposed into European law.10

Three elements explain this symmetry:

- The decisions of the Security Council taken against North Korea since 2006 fall under the issues covered by Chapter VII of the United Nations Charter (art. 41). They apply to all member states.

- Since 2006, the coercive decisions of the UNSC taken against North Korea have always been the subject of a unanimous vote of the fifteen members of the Council.11 Under these conditions, it would be unfortunate to see the EU ignore the scope of a unanimous vote by the highest international security body.

- The North Korean authorities closely monitor the decisions by international bodies. They do not fail to exploit to their advantage the differences that they think they have identified. A swift European Union decision that echoes that of the UN sends a clear message to Pyongyang.12

2 / The European Union aligns its sanctions with Security Council resolutions. Yet it supplements them as needed with her own tools.

7 October 14, 2006.
8 Announcement by Pyongyang of an underground nuclear charge explosion (January 6, 2016) and launch of a space vector believed to hold a satellite (February 7, 2016).
9 In this case at hand, it is resolution 2270 on March 02, 2016.
11 In the case of Resolution 2270, the non-permanent members were Angola, Egypt, Japan, Malaysia, New Zealand, Senegal, Spain, Ukraine, Uruguay, and Venezuela.
12 For nine UNSC resolutions (1718, 1874, 2087, 2270, 2321, 2356, 2371, 2375, 2397) the average time between their adoption in New York and their transposition in Brussels was fifteen days. But it must be noted that this delay has contracted significantly in recent years dropping to seven days on average since 2013. In the case of resolution 2270, the decision of the Council of the Union came 48 hours after that of the Security Council.
A) In the dogfight that North Korea is waging on the international community, the tools at the disposal of the European Union allow it to keep pace with the adversary’s developments over time.

An examination of thirty-three decisions taken by the EU against North Korea reveals a homogeneous set of press releases from the Council of the Union (7), decisions from the Council of the Union (17), and European regulations (13).

The legal scope of Council decisions and Community regulations is well-known and therefore no need to explain them further here. The allies of the EU exposed directly to the bellicose behaviour of North Korea – the United States, Japan and the Republic of Korea – find in the normative action of the Union an additional reason to trust the European states.

We note that the decisions of the Council are more numerous in tense periods. Nonetheless, they still leave room for press releases during calmer periods. Without it being possible to guarantee that this is a strategy wanted by the authorities in Brussels, it is very likely that the North Korean authorities keep diligent accounts of each of these acts.

Thus, in application of resolution 2397, the Council, by its decision of February 26, 2017, prohibits member states the importation of food or agricultural products, machinery, electrical equipment, earth and rock coming from North Korea. It equally bans supplying the DPRK with any industrial equipment, transport vehicles and an extension of that ban includes iron, steel or other metals. The Council also obliges member states to repatriate all workers from the DPRK within twenty-four months.

The EU holds the capabilities to closely monitor Pyongyang’s manoeuvres that seek to break free from sanctions. The restrictive measures from Union therefore demonstrate a substantial efficacy in obstructing the barter economy that North Korea has put in place to free itself from banking controls.

Through intermediaries, North Korean economic units offer products from quarries, timber, scrap metal, textiles, and even fish, seaweed and shellfish.

North Korea has long supplied European distributors in the garment industry with textile and sub-assembly parts that were then disseminated without any mention of their origins. This source of income has been interrupted since the Union’s decision (10/16/17) to comply with the UNSC resolution, the latter prohibiting this kind of importation (2375).

B) Autonomous measures reinforce the restrictions decided by the United Nations.

These measures meet the obligations made by the Security Council to members of the United Nations to reduce or even put an end to their trade with North Korea. The Security Council leaves thus a certain autonomy to the States, on condition that they show their support for the objectives of the United Nations by scrupulously applying the resolutions of the Council.

Oftentimes, this refers to individuals and entities subject to restrictions on trans-boundary movement or access to international trade.

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13 In 2017, after North Korea performed a nuclear test (September 3) and three intercontinental missile launches (July 28, September 3 and November 28), the European Union took nine restrictive measures. In comparison, in 2019 when Kim Jong-un had accepted the Hanoi (February) and Panmunjom (June) meetings, the Union took only one restrictive measure during the year against the North Korea (extension of measures taken against individuals and entities).

For instance, the Council of the Union on July 30, 2020, established a list\textsuperscript{15} of fifty-seven individuals and nine entities subject to sanctions for one year for having provided support to North Korea’s illicit programs in armament. This decision was made public via a press release from the Council.

Associated with declarations from European leaders (President of the Council, President of the Commission, High Representative), these autonomous decisions strengthen the image of a responsible and vigilant European Union in the face of threats to world peace.

\section{Can these measures really prevent North Korea from building up a weapons of mass destruction arsenal?}

Fourteen years after the first Security Council measure was transposed into European law, North Korea has still not abandoned its nuclear program and continues to develop ballistic missiles with a certain success.

Are we to conclude that the measures taken by the international community are ineffective?

If they were ineffective, the North Korean regime would not make such a concerted effort to have the sanctions lifted. Yet, it goes to great lengths to obtain their abolition through NGOs, the latter believing that the impact of the sanctions is too robust.

Another way to get sanctions removed is to demonstrate the innocuousness of these coercive provisions. Nuclear and ballistic tests are part of this strategy: North Korea is invulnerable to sanctions; these legal instruments are therefore obsolete in the face of a force that itself relies on the existence of clandestine (and illegal) channels for the acquisition of equipment and scientific cooperation.

In doing so, Pyongyang shows above all that it has little knowledge of the capacity of the international community to pursue the goals it has set for itself.

\textbf{North Korea had bet on the weariness that would arise among its adversaries over a stubborn policy of arming the People’s Army. It obtained the opposite of the desired effect with a balance of power that has turned imperceptibly to the detriment of Pyongyang.}

Obviously, North Korea has succeeded in detonating several nuclear charges.\textsuperscript{16} It has executed ballistic tests on land launch pads and submerged platforms. But these demonstrations are made at the expense of the modernization of economic tools and the agricultural apparatus that remains hit with a serious delay in its development.

Kim Jong-un accordingly finds himself with a long-range ballistic missile delivery system that holds no guarantees it can be used reliably in a hostile environment. The difficulty that North Korea has in obtaining technology and capital is forcing it to find primarily indigenous solutions. This constraint results directly from international sanctions and, in part, from their transposition into European Union law.

North Korea has a respectable arsenal of weapons of mass destruction, but this is at the expense of other critical areas of its defense (C\textsuperscript{6}ISR: SIGINT and EWSP). The conventional North Korean arsenal is

\textsuperscript{15} These fifty-seven people are added to the eighty individuals already on the list established by the United Nations Security Council. It is the same for the seven entities that come to supplement the \textit{ad hoc} list of the Security Council that totals seventy-five.

now totally obsolete with old artillery, outdated aircraft and naval combat assets that hold no operational value in the context that a high intensity confrontation took place.

In addition, Japan and South Korea are considering self-sufficient ways to counter North Korean threats. As for the United States, they have adapted their regional system according to a possible North Korean ballistic missile program. Time does not necessarily work in Pyongyang’s favour and this is one of the results of the effectiveness of international sanctions.

The EU’s restrictive measures are not intended to meet all of the challenges that North Korea poses to the international community. Their main objective was to prevent Pyongyang from acquiring weapons of mass destruction. Having said that, they make it possible to achieve three collateral objectives:

- They demonstrate the efficiency of the intelligence services of the various member states of the Union: An efficiency that allows the sanctions to be adapted according to the evolution of the North Korean supply networks;

- They complicate the North Korean barter economy that otherwise would have cleared Pyongyang from sanctions; and

- By maintaining and constantly adapting, they have the merit of denying propaganda that claims that in a standoff between Pyongyang and the international community, it is Pyongyang that would be the most obstinate player.

4 / What are the future stances of EU countries and EU institutions vis-à-vis DPRK beyond the sanctions?

While the renewal of sanctions for one year starting on July 30, 2020, confirms EU stance as stated above, it is also worthwhile noting that they also show continuity between the previous EU commission and its chairman as well as European Extra Action Service (EEAS) and the new commission chaired by Ms. Von der Leyden.

Moreover, upon the occasion of the sanitary crisis, new rifts have appeared between some EU countries and DPRK. As Germany and France share the same premises in Pyongyang, and as the UK government had been pondering which stance to take with regards to the DPRK’s new direction, it is now clear that, if not necessarily at the EU level, at least at the level of key countries, patience and relative “tolerance” or “benign neglect” are no longer the motto.

While the Covid pandemic was starting to rage in North East Asia, DPRK authorities had submitted diplomats, from Germany and France in particular, to an apparently unjustified quarantined and restricted even further the conditions of operating and living in Pyongyang for them and family. It has to be noted that France only maintains a shallow (albeit qualified) staff in Pyongyang, under the helm of the German Embassy, as France has no official relations with the DPRK. Both countries have then pondered whether to have their diplomats stay on or leave, at least momentarily. French staff had momentarily been relocated to Seoul, though this could only be a temporary measure. The common position now from Germany and France, implicitly shadowing the UK stance, is that explicit guarantees need be given in order for the previous situation (e.g. re-opening of a German embassy, hosting the French bureau) to be reinstated.

There is thus strong display of cohesion and solidarity among the main European parties involved be they part of the EU 27 or not.
That being said, German history of the twentieth century also seems to open a slightly diverging, albeit implicit and undisclosed feeling, not yet triggering action but possibly explaining future moves by German parties. The former partition of Germany and family/human problems it had created for years make some German parties more understanding, if not complacent, vis-a-vis the need to keep an open mind and catch every possible opening in the DPRK context. Although, as said above, a kind of “negative status quo” has prevailed, in view of the recent military show in North Korea, with the display of new, supposedly long range missiles, efforts made by the German party cannot be totally excluded. At this juncture, they remain pure conjectures construed from informal conversations with several well-informed observers, though they may take a more tangible shape subsequently.

Based on such observations, there are a few recommendations which could be made in view of further progresses and they are listed downbelow as a word of conclusion.

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The North Korean regime is facing three major challenges that could ultimately cause its transformation:

- The failure of the negotiations initiated with the United States in Singapore in 2018;
- The coronavirus, which ruined the barter economy that the Regime had built to circumvent the sanctions; and,
- A growing and undoubtedly irreversible dependence on Beijing.

If the current situation continues unabated, North Korea will face severe food and building materials shortages.

Salvation can now only come from Beijing, albeit with an unknown variable attached: The China of 2020 no longer resembles the one in the aftermath of Tian’anmen, when in the mid-1990s Zhongnanhai was ready to make concessions in Pyongyang to guarantee stability on its eastern border.

Henceforth, Beijing can make it easier or more difficult to supply its neighbour in distress. There will always be irritants in Sino-North Korean relations – Chinese traders and fishermen wrongfully detained, smugglers victim of the zeal of North Korean border guards, but Pyongyang is no longer in a position to offend Beijing as it may have been the case in the late 1990s.17

In a way, the international sanctions that Beijing has always rallied around will have contributed to making North Korea hostage to China. The EU’s restrictive measures are thusly having an impact even greater than Pyongyang could fear.

Combined with the international coercive arsenal that sanctions the North Korean regime, the EU’s measures hamper North Korea’s development. Beyond that, those same measures aggravate North Korea’s dependence on Beijing. They thereby help to confront the Regime with a choice of survival: to comply with the expectations of the international community and save its independence or become a vassal state of China.

Chinese suzerainty does not mean the end of North Korea; Beijing will always need a buffer state on its eastern border. On the other hand, there is no guarantee that Beijing will always need the Kim family.

17 It was then a question of forced repatriations of fugitives to North Korea, the former having previously found temporary refuge in China. There were also attacks on preachers who proselytized North Korean workers sent to China under mutual assistance agreements.
Under such circumstance, what should Europe do and what is achievable? It is indeed very important to keep a solid and united line in terms of sanctions and make sure that such approach is very well understood among the various European stakeholders. However, it has to be understood that in spite of the difficulty to overcome this “negative status quo”, the objective should be for Europe to play a constructive role both in terms of influential power and also a “benevolent” one as regards the possibility that a peaceful situation comes back to the Korean peninsula, independently from the involvement of third parties which might be interested more in protecting their own interests than targetting a positive outcome for the Korean people. In that respect, Europe is well positioned, and the strong messages delivered so far are not in contradiction with a more “long-term” approach.

It remains to be seen in the first place how the situation for European representation could improve as a consequence of the sanctions, which hopefully should not be counterproductive and, all the contrary, could make Europe a more visible player in the debates surrounding the Korean peninsula.
Abstract: The article aims at studying the security threats and challenges posed by Pyongyang’s cyber activities and the resulting opportunities for South Korea and the EU to collaborate together. The paper firstly analyses the main cyber-attacks allegedly related to the DPRK that occurred in the previous years. Secondly this paper elaborates on the strategic benefits and interests Pyongyang is trying to get when using cyberspace as an unconventional weapon of which targets are numerous and varied. Thirdly, different promising avenues for further EU-ROK cooperation are discussed. Taken together, the paper insists on the state of play, the need, and future potential for EU-ROK coordination and cooperation in cyberspace.

The Democratic People’s Republic of Korea (DPRK, North Korea) poses a major challenge to the Republic of Korea (ROK, South Korea) and its European partners on several different fronts. While media and policy attention dominantly focuses on Pyongyang’s nuclear weapons program, the regime’s activities in cyberspace pose direct threats to the ROK and Europe. The DPRK’s digital operations have increased in range, scope and proficiency.

The following paper analyzes the strategic calculus behind Pyongyang’s cyber operations and outlines conceivable tools for response: How and why does the DPRK operate in cyberspace? How can the ROK and the European Union (EU) prevent and defend against the regime’s actions in the digital realm?

Attributed activities

Attribution is a major difficulty in the digital sphere. Nevertheless, the DPRK is suspected to be behind a number of different activities that have increased in sophistication over the years. First operations were relatively simple “denial of service” attacks such as the paralysis of government websites in the ROK and the US as in 2009. The regime then applied more technically complex techniques to intrude into and manipulate data systems leading to broader and substantial disruption; such as in 2013, the “DarkSeoul” malware deleted over 32,000 hard disks of television stations and banks in South Korea. Pyongyang has

1 For an overview of “Cyber operations attributed to North Korea”, please see the interactive timeline compiled by Matthias Schulze: https://www.swp-berlin.org/en/dossiers/north-korea-a-web-of-conflicts/further-reading/cyber-table/.
applied its competences in developing and infiltrating malware increasingly for digital bank robbery and revenue. In 2016, the “Lazarus” group (or “APT38”) utilized counterfeit SWIFT wire transfer requests to steal millions of US dollars at the Central Bank of Bangladesh. The “Bluenoroff” group applied “watering hole” attacks to phish user data from bank customers by thieving their pins from self-set up, fake websites. Both groups are said to have direct connections to the DPRK; the used malware has targeted 104 different organizations, mostly banks, located in 31 different countries with Poland, the US and Mexico at the top.²

The DPRK’s criminal activities in cyber space have benefited from the development and rise of crypto currencies as these provide pathways to circumvent international financial sanctions and complicate tracking. During the “WannaCry” incident in 2017, ransomware encryption trojans targeted computers running Microsoft Windows operating systems; they encrypted data and demanded ransom payments in the Bitcoin cryptocurrency for de-encryption. More than 200,000 computers across 150 countries were infected, resulting in damages ranging in the hundreds of million US dollars. This ransomware was also used in 2018 to target Taiwan Semiconductor Manufacturing Company, causing production halt and intense financial losses.³ Cryptocurrencies not only provide tools to channel financial gains, but also additional targets for criminal cyber activities. Since 2017, there have been growing reports of hacker incidents at Bitcoin Exchanges in Japan and the ROK, theft of Bitcoin wallets from users via malware or mining of crypto currencies via botnets.⁴

In addition to these activities of disruption, sabotage and financial theft, the DPRK has also engaged in information theft and espionage in cyberspace. As an example, the “APT37” group exploited Adobe Flash vulnerabilities for a diverse suite of malware, aiming to steal information directly from victims or automatically draw data of interest. This group is said to act on behalf of the DPRK regime, having targeted primarily government, military, defense industrial and media sectors in the ROK between 2014 and 2017.⁵

The DPRK also conducted cyber operations with ideological, propaganda purposes. The hacking of Britain’s Channel 4 and Sony Pictures – both in 2014 in response to regime-critical film contents – as well as frequent targeting of defector and human right-related targets serve as example for such activities.

Reliably identifying individual actors behind activities in cyberspace is nearly impossible. The General Staff Department of the Armed Forces and the Reconnaissance General Bureau with Bureau 121 that operates the regime’s Cyberwarfare Guidance Bureau are presumably the key authorities behind the DPRK’s cyber operations. It can be assumed that execution of digital operations is de-centralized, however, that Pyongyang operates hacker groups in other states or delegates tasks to existing groups abroad – the U.S. Army Techniques Publication manual recently reported that more than 6,000 hackers reside outside the country operating on behalf of the regime in Pyongyang.⁶ The number of IP-address within the DPRK is highly limited; only selective groups of individuals such as foreign diplomats, government, party and state

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⁶ Min Chao Choy, “More than 6,000 hackers are working for North Korea worldwide, report says,” 17 August 2020,
media officials have access to the global internet. The regime has stated its ambition to train more digital and IT infrastructure experts; whether these will have access to the world wide web or rather work on the DPRK’s own intranet is unknown.

**Strategic benefits and interests**

Analysts typically distinguish between two broad categories of cyber operations, those implemented in peacetime and those in wartime. Activities in cyberspace during peacetime remain below a certain threshold of escalation; they primarily include criminal activities for revenue and espionage. Cyber operations during wartime serve as a tool to support military operations; disrupting, jamming, manipulating command, control and communication structures are beneficial in limiting the adversary’s ability to act. With regard to the DPRK, however, this distinction between peacetime and wartime cyber operations is not clear-cut. In line with the formal state of war, the regime’s rhetoric and general security policy narrative, the threshold of escalation is ambiguous.

Frankly, difficulties of attribution and blurry traditional lines between defense and offense render cyber operations as strategically beneficial asymmetric means. The high level of deniability carries low operational risks, allowing actors to sidestep conventional (military) deadlock. Activities in cyberspace require relatively low levels of material and human resources; only the initial set-up and development of knowhow and trained personnel is time-intensive. Access to information and guidance on malware and software development is not exclusive, but often open-source or available at illegal markets such as the darknet. The regime’s hackers are thus able to learn from other groups’ activities, replicating and modifying malware and procedures.\(^7\) Cyber operations thus have a favorable cost-benefit ratio, enabling a strategy of exploiting weaknesses while minimizing risks and losses.\(^8\) Global interconnectivity, its adversaries’ dependence on IT infrastructure and the internet widens the regime’s room for maneuvering and effects of its actions.

More immediate purposes of the DPRK’s cyber operations include financial gain, political and economic disruption, intelligence gathering, provocation and disinformation. The dual-use potential of digital technologies carries significant synergy effects, that allow the regime to acquire information and revenue while destabilizing operationally and politically. Considering the broader, hostile bargaining context, cyber operations provide the DPRK with asymmetric capabilities that have coercive effects and allow for power projection. While remaining below the threshold of escalation and actual conflict, cyber operations contribute to the DPRK’s level of information about its adversaries which is also beneficial for contingency planning. Furthermore, the DPRK’s activities in cyber space add another bargaining subject that the regime has under control and that is of utmost relevance to its adversaries.

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Threats and strategic targets

Activities in the digital sphere are often termed as hybrid means, as electronic and information warfare. Yet, cyber activities have direct implications for “classical” understandings of security, for the ROK’s and Europe’s national security, the stability and integrity of their political systems.

Criminal activities utilizing digital technologies foster transnational organized crime and challenge conventional ways of criminal prosecution. Such activities do not only include monetary or data theft, but also the dissemination of critical information. Target of such information theft can be government and military facilities as well as critical facilities such as nuclear power plants, laboratories. Criminal cyber activities can furthermore foster illicit market networks that contribute to the transfer of critical knowhow, materials and technologies, potentially the proliferation of dual-use technologies, of WMD-related or missile-related items.

Cyber operations can also target critical infrastructure, government and military facilities in order to destabilize, disrupt or manipulate. Command and control structures are not only essential in actual wartime, but also for military readiness and continuous contingency planning. Military assets, such as missile defense systems, rely on radars, sensors and the Global Positioning System (GPS) to function. Digital technologies provide more pathways to jamming or sabotaging such information and coordination systems than previous technologies.

Venues of cooperation

Cyberspace is an intricate operational domain; conventional conceptions of deterrence, proportional or reciprocal response, of defense and offense are not directly applicable. Nevertheless, the EU and ROK can join forces and pursue different approaches to facilitate preventive and defensive means.

First and foremost, strengthening cyber security is at the top of the agenda. In order to improve prevention of intrusion and consequent damage from cyber activities, stakeholders in the public and private sector in the EU and ROK both need to identify potential entry points and software vulnerabilities. Improving cyber security requires technical software solutions as well as education and training of personnel about lure and phishing tactics. Contingency planning and damage mitigation are also essential to prevent further exploitation of vulnerabilities. While theoretical planning and training are partly already the norm, conducting practical stress tests would help to actually examine emergency measures and to identify continuing or potential weak points. Relevant government or intelligence institutions in the EU and ROK could conduct such stress tests as operational exercises in the cyber realm. Additionally, theoretical exercises such as scenario building or simulations could facilitate strategic foresight, outlining potential (high-value) targets and effective strategies of prevention.

Secondly, techniques to improve attribution and intelligence are key. The EU and ROK both have striving communities of IT experts; strategic partnerships between government institutions with private actors can help to innovate technological means to tracing, tracking and gathering information on actors and
their techniques operating on behalf of the DPRK. Sharing intelligence with other key partner states and stakeholders – such as in Australia, Israel, the United Kingdom and the US – will facilitate comprehensive knowledge of the regime’s activities and strategy in the digital realm. This also includes information regarding the authoritative, operational and supportive actors behind the DPRK’s activities in cyberspace as well as their potential location, access to the internet and support from third parties or states. It remains unclear to what extent the DPRK’s embassies abroad – such as in Europe, China and Southeast Asia – serve as access points to the internet. Such comprehensive knowledge in turn helps to improve cyber security and strategic foresight.

The EU has issued its first cyber sanctions with Decision (CFSP) 2020/1127 of 30 July 2020, punishing – among Chinese and Russian entities – also the Chosun Expo for providing financial, technical or material support to the “Lazarus” group and cyber operations including “WannaCry”. After issuing the Framework for a Joint EU Diplomatic Response to Malicious Cyber Activities (the “cyber diplomacy toolbox”) in 2017 and adopting its cyber sanctions framework in 2019, the Council of the EU is finally able to respond to offensive cyber operations. The EU’s cyber sanctions can target entities suspected of supporting – not necessarily conducting – such actions, including when EU entities have not been directly targeted.

Sanctions are diplomatic means and economic statecraft; their purpose is to punish and deter malicious cyber activity. Yet, deterrence can only be effective when targeted entities are credibly threatened or actually affected. The EU’s cyber sanctions in the forms of a travel ban and asset freeze on Chosun Expo – which is likely a defunct front company – will probably not deter the DPRK from conducting cyber operations. Nevertheless, the EU’s cyber toolbox and issuance of sanctions lay the legal basis for response. The EU and ROK could use aforementioned cooperation on sharing intelligence and improving attribution to design sanctions that effectively target those entities or individuals authorizing, conducting and supporting the DPRK’s criminal and malicious cyber activities. It is important for EU states and South Korea to appeal to the G20 as well as the United Nations Security Council, outlining the transnational threat to economic and political stability stemming from Pyongyang’s criminal activities in cyberspace. Offensive cyber activities will certainly continue to increase, sparking further uncertainty of attribution and range of targeting as recent hacking incidents, such as of Chinese government institutions or Russian defense industries, illustrate.

At first sight, such measures of improving prevention, defense and investigation do not appear sufficient. The regime in Pyongyang continues to have an asymmetric strategic advantage since the DPRK’s level of digitalization and connection to the internet is vastly limited and presents a smaller vulnerability than that

of its adversaries – and other potential targets. Additional responsive measures include the identification of weak points in the DPRK’s IT infrastructure, such as the regime’s sensitivity of information flow into its intranet and internal communication systems, as potential targets for disruptive cyber operations. Offensive operations as such hack-backs, however, also carry significant risks of crisis and escalation. It is uncertain whether such escalation trajectories would remain in the cyber realm or spill into other operational domains since cyber operations can support or prepare for conventional military operations. The US Department of Defense and its Cyber Command conduct so called “defend forward” or “hunt forward” missions that aim to gather intelligence and disrupt adversaries’ cyber operations by uploading malware to information-sharing repositories or by interrupting internet access. Applying such offensive means for declared defensive purposes, however, risks escalation trajectories that entail more costs than benefits.

Instead of opting for offensive or semi-offensive means, cooperating to improve cyber security, attribution and strategic foresight of the DPRK’s cyber operations is a better strategy for the EU and ROK. Sharing information, seeking to identify actors and collaborators, appealing to countries that support or tolerate groups acting on behalf of the regime are essential in increasing the effectiveness of cyber sanctions.
Reassessment of the goals intended and achieved through the EU-ROK FTA

Dr Ramon Pacheco Pardo
KF-VUB Korea Chair, Institute for European Studies, Vrije Universiteit Brussel
Reader in International Relations, King’s College London

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Abstract:

Ten years after the signature of the bilateral free trade agreement (FTA) between the European Union (EU) and the Republic of Korea (ROK), this paper aims at drawing a clearer picture of the overall outcomes in the light of the deal’s initial expected benefits. Embedded in both stakeholders’ contemporary international trade strategy - the “Global Europe” strategy for the EU (2006), and the “FTA Roadmap” for South Korea (2003) – this new generation FTA, first of its kind, was intended to serve common economic as well as separate political and geostrategic purposes. This article states that the EU-ROK FTA partially or perhaps fully fulfilled the objectives set in the first place. Even though there are still minor issues to resolve, the FTA substantially enhanced EU-South Korea bilateral relations and strengthened both players’ positions in multilateral fora.

1. Introduction

The EU and South Korea signed their bilateral free trade agreement (FTA) in September 2010. The FTA was provisionally applied from July 2011 and was fully ratified in December 2015. The EU-ROK FTA is one of three key agreements covering the economic, political, and security relationship between the EU and South Korea. The two other documents are the Framework Agreement focusing on political relations, signed in May 2010, and the Crisis Management Participation Agreement covering security, signed in May 2014. As of August 2020, no other country has these three agreements with the EU signed and in effect. In other words, the EU-South Korea relationship is a truly strategic partnership.

1 The full text of the FTA is available at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22011A0514(01)>

Arguably, the bilateral FTA is the best-known and better-developed agreement between the EU and South Korea. The FTA served the EU as a template for other new-generation FTAs signed afterwards, including – also in Asia – with Japan, Singapore and Vietnam. The EU-ROK FTA fulfilled the main goal of the ‘Global Europe’ trade strategy launched by the EU in October 2006. The strategy was to sign bilateral FTAs with countries with great market potential, a certain degree of protectionism against EU exports, and (potentially) engaged in negotiations with the EU’s competitors. South Korea fulfilled these three criteria. The rapid increase in bilateral trade between the EU and South Korea since the FTA entered into force suggests that the EU’s trade strategy got it right in this case.

In the case of South Korea, the FTA with the EU followed from the FTA Roadmap announced by the Roh Moo-hyun administration in September 2003. The roadmap pointed out that South Korea risked its economic prosperity as bilateral and regional FTAs proliferated elsewhere. Therefore, the roadmap established, South Korea ought to sign FTAs based on two principles: Seoul should sign as many FTAs as possible in the shortest time possible to regain its competitiveness, and the country should follow multiple FTA negotiations in parallel. Furthermore, the roadmap established that South Korea should prioritize FTAs with big trading countries. The roadmap has served as a template for South Korean governments ever since, including the Lee Myung-bak administration that signed the FTA with the EU.

As can be seen, not only economic but also political considerations informed the decision by the EU and South Korea to sign a bilateral FTA. On the tenth anniversary of the signing of the FTA, it is the right time to reassess the goals intended and achieved through the EU-ROK FTA – as well as its effects on related areas such as bilateral economic cooperation and multilateral trade fora.

This paper is thus divided into three sections. The first section analyses the intended goals of the EU-ROK FTA when it was signed in 2010 – both explicit and implicit. The second section looks into whether these goals have been achieved. The third and final section examines what other goals of the EU-South Korea relationship the FTA has supported. This way, the paper provides a holistic analysis of the EU-ROK FTA.

2. Intended goals of the EU-ROK FTA

The FTA between the EU and South Korea had several goals. Two of them were common to both parties: to boost bilateral trade and to diversify trade partners. For the EU, there were four other key objectives: to put into practice the ‘Global Europe’ trade strategy, to create a template for other new-generation FTAs, to create a template for other FTAs in Asia, and to boost its overall presence in Asia. As for South Korea, the EU-ROK FTA fulfilled two other important objectives: to help make South Korea an FTA hub and to counterbalance the US-South Korea FTA (KORUS).

Common goals for the EU and South Korea

The first and foremost objective of any FTA is economic in nature: to boost trade. FTAs lower tariffs and, increasingly, non-tariff barriers to trade. This way, firms in the countries party to the FTA can export more cheaply, increasing the appeal and, ultimately, demand for their products. Consumers benefit from these lower costs, thus being able to afford more goods and services – potentially coming from the same counterpart that has signed the FTA. From an FTA negotiator perspective, therefore, FTAs make sense even if only this economic consideration is taken into account. During the EU-ROK

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4 Institute for International Trade, ‘한국 FTA 추진 10년의 발자취’ (‘Ten Years of South Korea’s FTA Promotion’), *Trade Focus*, 13:18 (March 2014).
FTA negotiations, both Brussels and Seoul logically made clear that they wanted to boost their bilateral trade.

The diversification of trade partners is another key economic goal for any FTA. Policy-makers and economists fret about dependency on a single or a small number of export markets or import suppliers. With regards to overreliance on a small number of export markets, it can create a situation of economic dependence that puts the exporter at the mercy of the importer(s). As for overreliance on one or a small number of import suppliers, it can lead to product shortages – as the COVID-19 pandemic has starkly shown. FTAs help to address this situation. Both for the EU and South Korea, diversification of trade partners by boosting trade with each other was a key consideration when deciding to discuss a bilateral FTA. They were already important trade partners for each other before the agreement was signed; the FTA was meant to keep it this way.

**Other key EU goals**

For the EU, there were other important political, economic, and politico-economic considerations behind its FTA with South Korea. To begin with, the bilateral FTA with South Korea was the first expression of how the 2006 ‘Global Europe’ trade strategy would look like in practice. This strategy was a response to the failure of the Doha Round of trade negotiations. It was becoming clear that the round, launched in 2001, was nowhere close to an agreement. With the United States embracing bilateral and regional FTAs instead, it made sense for the EU to do the same. Furthermore, the 2000 ‘Lisbon Strategy’ to make the EU the most competitive and dynamic knowledge-based economy by 2010 was already seen as a failure by the time EU-ROK FTA negotiations were launched. ‘Global Europe’ was meant to address these issues.

In addition, the EU-ROK FTA was the first of several new-generation FTAs that would follow. New generation FTAs go well beyond traditional FTAs in that they include provisions on environmental, labour, and other standards, competition policy, public procurement, investment measures, regulations, intellectual property rights, etc. In other words, new generation FTAs cover non-tariff barriers to trade that, increasingly, are considered to be bigger impediments to free trade than tariffs. These so-called ‘deep’ FTAs therefore bring greater convergence between the signatories and prevent other forms of competition that some consider illegal or at least unethical. For Brussels, the EU-ROK FTA served as a template to internationalize its rules and standards in later FTA negotiations.

The EU-ROK FTA was the EU’s first in Asia. European firms were certainly not new to the continent. But the EU’s FTA strategy had for the most part focused on its near abroad and developing regions hitherto. The EU-ROK FTA was seen by Brussels as an entry point into the Asian continent along with FTAs with ASEAN and India. Yet, even though negotiations for the three were launched almost in parallel, those with ASEAN and India stalled fairly soon and the EU is yet to sign an FTA with any of them. Therefore, the EU-ROK FTA should serve as the template for subsequent agreements across Asia. For EU negotiators, negotiations with a fellow developed, trade-oriented country served as a good training ground for subsequent discussions with other Asian countries.

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6 Institute for International Trade, op. cit.
8 Ibid.
9 See the example of the EU-ROK FTA itself.
Finally, the EU-ROK FTA served Brussels to boost its presence in Asia. The EU had launched its first Asia strategy in 1994 – ‘Towards a New Asia Strategy’. It had then followed up with the 2001 ‘Europe and Asia: A Strategic Framework for Enhanced Partnerships’. EU policy-makers understood the growing importance of Asia, and where paying increasing attention to the continent. But for the EU, the best means to exercise its power in the region was trade, considering its limited military and diplomatic capabilities. The FTA with South Korea served to show how the EU could use its ‘trade power’; i.e., its ability to shape global politics in and through trade. The FTA also served as a stepping stone for the EU to subsequently enhance its diplomatic and even security cooperation with the Asian continent.

**Other key South Korean goals**

For South Korea, the FTA with the EU was part of a goal implicit in the 2003 FTA Roadmap: to make South Korea an FTA hub. Similarly to the EU, Seoul had realized that the Doha Round of trade negotiations was moving very slowly and could potentially stall – as it eventually did. Also, South Korean policy-makers feared that China’s entry into the WTO in 2001 would hollow out investment and manufacturing from their country. Therefore, South Korea wanted to pursue bilateral FTAs to address these issues. For South Korea, this was a matter of high politics – which explains why the Ministry of Foreign Affairs had been in charge of trade since 1998. With a relatively small domestic market and high trade dependency, South Korean policy-makers saw bilateral FTAs as the best means to continue to guarantee growth. Transforming South Korea into an FTA hub was the strategy. This included FTAs with the ‘big three’ of the EU, the United States, and China.

In addition, South Korea saw the EU-ROK FTA as a way to counterbalance KORUS. The United States and South Korea had launched FTA negotiations in 2006, and quickly concluded an agreement by April 2007 – that is, before EU-ROK FTA discussions were even launched. However, US Congress was indicating that it would drag its feet in approving KORUS. The main reason was that many in the United States thought that the deal was detrimental to the country’s automobile industry. Washington also had concerns about South Korean alleged protectionism over US beef imports. While the US and South Korea renegotiated their FTA, Seoul quickly negotiated its FTA with the EU. The EU-ROK FTA ultimately entered into force before KORUS.

**3. Achieved goals of the EU-ROK FTA**

Ten years after the EU and South Korea signed their bilateral FTA, Brussels and Seoul have partially or fully fulfilled the intended goals that they set out to achieve. This includes both their common (economic) goals and their separate economic and political goals. Certainly, the FTA has not eliminated all bilateral problems between the two of them. There are differences about issues such as labour rights or market access for some foodstuff, as well as regarding the need to modernize the FTA. But

16 Institute for International Trade, op. cit.
18 Ramon Pacheco Pardo, Linde Desmaele and Maximilian Ernst, *EU-ROK Relations: Putting the Strategic Partnership to Work* (Brussels: KF-VUB Korea Chair, 2018).
they are minor differences that are being addressed through dialogue and negotiations. And the broader goals that have been partially or fully achieved far outweigh these differences.

**Common goals**

The EU-ROK FTA has served to boost trade between the two partners. Bilateral trade in goods between the EU-28 and South Korea increased by 48 percent between 2010 and 2019 – from €61,240 million in 2010, the year before the FTA entered into force, to €90,700 million in 2019. EU goods exports to South Korea grew by 70 percent during this period, while imports went up by 32 percent.\(^\text{19}\) Throughout this period, the overall trade of the EU-28 increased by 40 percent and the overall trade of South Korea grew by 39 percent.\(^\text{20}\) In other words, bilateral EU-South Korean trade grew faster than the EU’s and South Korea’s respective overall trade totals – to a large extent due to a dip during the Eurozone Sovereign Debt Crisis. While more than one factor may have been at play, surely the bilateral FTA was a key reason behind this positive differential. Plus, the FTA allowed South Korea to boost exports rapidly once the Eurozone Sovereign Debt Crisis was over. As of 2019, South Korea is the EU’s ninth largest trading partner – above bigger economies, including India also in Asia. Meanwhile, the EU-27/28 is South Korea’s third largest trading partner – above more geographically proximate Asian economies, including Japan.\(^\text{21}\) It is very likely that without the EU-ROK FTA trade links would be smaller than they are.

Closely related, the FTA has helped the EU and South Korea to keep their diversification in trade partners by maintaining strong commercial links with each other. The EU and South Korea already were among each other’s largest trading partners in 2010, when the FTA was signed. Regarding the EU, South Korea was a top-10 trading partner in 2010, a position that it maintained in 2019. However, the EU trade volume differential between Japan and South Korea narrowed down during this period of time – especially in terms of EU exports to the two Asian countries.\(^\text{23}\) Since Japan did not have an FTA with the EU until 2019, this suggests that the FTA served the EU to maintain its diversification by benefiting from the South Korean consumer market. In the case of South Korea, the EU was the third largest trading partner,\(^\text{24}\) the same position as in 2019. But Japan, which lacks an FTA with South Korea, was the second largest partner in 2010 and slipped to fourth in 2019. This suggest that the lack of an FTA could have been detrimental to South Korea.

**Other key EU goals**

As the first expression of the ‘Global Europe’ trade strategy and more holistic new-generation FTAs, the EU-ROK FTA was a powerful signal from Brussels. The FTA was signed and provisionally entered into force very quickly.\(^\text{25}\) In sharp contrast to the stalled Doha Round of trade negotiations, the ‘Global Europe’ approach served the EU to reach deals with a major economy after a short negotiation period. And crucially, the EU-ROK FTA was far deeper than existing WTO agreements. It covered greater access for agricultural goods, competition rules, regulatory transparency, government procurement,
intellectual property rights, environmental and labour standards, and a host of other issues, which the WTO is yet to tackle as of 2020. In short, Brussels signed an FTA addressing the non-tariff barriers that, in its view, hamper free trade and market access for European firms.

The EU-ROK FTA also opened the gates for further EU FTA negotiations across Asia. To date, Japan and Singapore have signed FTAs that closely follow the EU template. Indeed, the EU-ROK FTA has become a model for subsequent EU FTAs in the region. The EU has also signed an FTA with Vietnam, which borrows heavily from the EU-ROK FTA even if several provisions are different to account for the fact that South Korea is a developed country whereas Vietnam is a developing economy. The EU has also launched other FTA negotiations with several Asian countries – particularly across Southeast Asia – even if they have not resulted in an agreement yet. But the successful EU-ROK FTA negotiations have certainly increased the appetite among countries in the region to explore the possibility of reaching an FTA with Brussels.

Lastly, the EU-ROK FTA was part and helped underpin the EU’s own ‘pivot to Asia’. Coming shortly after Washington’s pivot to the region under Barack Obama, Brussels’ was based on stronger economic and diplomatic links – together with greater attention to security issues in the region. The EU’s ‘trade power’ has allowed Brussels to shape the economies of the region, both through the FTAs already mentioned and by forcing Asian countries to adapt to the EU’s regulations. GDPR is a case in point. Countries across Asia have introduced similar data protection policies influenced by the EU’s GDPR. With regards to diplomacy, the Lisbon Treaty and subsequent launch of the European External Action Service (EEAS) has allowed the EU to open its own diplomatic delegations across Asia. Finally, in 2018 the Council adopted the EU’s first Asia-specific security policy: ‘Enhanced EU Security Cooperation in and with Asia’. This covers traditional and non-traditional security issues, and stresses cooperation with like-minded partners including South Korea.

Other key South Korean goals

Similarly to the case of Brussels, the EU-ROK FTA allowed Seoul to showcase the benefits of having a strategic approach to trade in the form of its FTA Roadmap. South Korea wanted to ensure deeper market access for its firms. The deal with the EU fulfilled this objective. While South Korea’s FTAs are different depending on the partner, the EU-ROK FTA served as a template for other deals with developed economies. These include the FTAs with Australia, Canada, and New Zealand, all signed in the years after the EU deal. These agreements provide South Korean firms with a comparative advantage vis-à-vis competitors in other countries yet to sign their own deals with them, and which therefore have to trade under WTO rules.

Importantly for South Korea, the EU-ROK FTA also served the purpose of putting pressure on the US Congress to approve KORUS. Washington and Seoul re-entered FTA negotiations after the US Congress showed its dissatisfaction with the original text of KORUS. These negotiations concluded in December

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26 Ibid.
28 Ibid.
29 Xuechen Chen, ‘The EU’s “Pivot to Asia” Will Increase Competition with Beijing’, ISPI Commentary (27 September 2019).
30 Tim Yu, ‘As Asia Tightens Up on Data Regulation, the EU GDPR Leaves its Footprint’, ECIPe Blog (October 2018).
2010.⁴⁴ This was only three months after the EU and South Korea signed their FTA. For South Korean negotiators, having the EU-ROK FTA in hand helped to press the US side to reach a deal. Otherwise, US firms would have been significantly disadvantaged compared to their European competitors. Ultimately, the EU-ROK FTA helped Seoul not to have to make significant concessions to Washington in the renegotiated KORUS. It was a case of the weaker partner – South Korea – playing its cards in the right way to strengthen its bargaining position.

4. Other goals supported by the EU-ROK FTA

The EU-ROK FTA has underpinned growing cooperation between the EU and South Korea. As of 2020, the two of them hold over 35 regular or semi-regular dialogues. Well over half of them cover issue-areas directly or indirectly related to the EU-ROK FTA, including topics such as the environment, energy and climate change, intellectual property, competition policy or trade and sustainable development. These dialogues are important drivers of practical cooperation and improved better understanding between the EU and South Korea. They supplement the high-level dialogues between both of them, including their regular head of government summit.³⁵ Thus, the EU has a framework in place to strengthen cooperation with South Korea at the leadership and expert levels.

This framework underpins bilateral cooperation, joint work in multilateral fora, and potential cooperation in areas directly or indirectly related to the FTA. With regards to bilateral cooperation, the increasing number of bilateral dialogues between experts and policy-makers enhance the application of the FTA but also subsequent coordination in other fora. These bilateral meetings allow for frank discussions and serve to find points of agreement as well as to address differences.³⁶ The EU-ROK cyber dialogue is a case in point. It serves both of them to discuss their respective cyber policies to learn from each other, and also to discuss international cyberspace issues.³⁷ The dialogues underpin trust-building between the EU and South Korea.

With regards to cooperation in multilateral fora, the EU-ROK FTA is an expression of the importance that Brussels and Seoul give to free trade. It explains why together they have shown their support for trade multilateralism and the WTO as its ultimate guarantor.³⁸ It is no coincidence that both of them joined the alternative WTO appeals mechanism launched earlier in 2020, set up to circumnavigate the efforts by the Donald Trump administration to scupper the organisation’s dispute-settlement function.³⁹ The EU-ROK FTA will continue to underpin the support that Brussels and Seoul afford to the WTO.

Finally, the COVID-19 pandemic has severely damaged the world economy. In order to escape the economic effects of the pandemic, countries across the world are looking at new growth engines. Both the EU and South Korea have identified green growth as the best way to resume economic activity. Brussels has announced a ‘European Green Deal’.⁴⁰ Seoul will pursue a ‘Green New Deal’.⁴¹ Their principles, policies, and goals are similar. Thus, the EU and South Korea have already announced that

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³⁴ Koo and Jho, op. cit.
³⁵ Pacheco Pardo, Desmaele and Ernst, op. cit.
³⁶ Ibid.
⁴¹ Moon Jae-in, Keynote Address by President Moon Jae-in at Presentation of Korean New Deal Initiative, Seoul, 14 July 2020.
they will look at ways to cooperate in this area. The EU-ROK FTA included commitments to sustainable development and green growth. As just explained, the EU and South Korea have a working group on trade and sustainable development. Hence, it can be said that the EU-ROK FTA underpins understanding, trust, and cooperation in the area of green growth. That is, the trade deal will serve to support post-COVID-19 cooperation between the EU and South Korea to boost recovery from the pandemic.

42 ‘Joint Press Release’.
43 See the full text of the FTA.
What EU-ROK Partnership within the US-China Conflict?

Dr. Tereza Novotná, Marie Skłodowska-Curie Fellow, Free University Berlin & Senior Associate Research Fellow, EUROPEUM Prague

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Abstract

The chapter examines the ways in which the EU and South Korea can cope with the conflict between the US and China both as the result of a shorter-term Corona crisis and of previous underlying long-term trends. The chapter suggests that the EU should intensify cooperation with the Republic of Korea (ROK) as the key country in North East Asia which is in a similar situation of “being caught between the US and China”. The chapter argues that the EU and ROK should: firstly, strengthen their Strategic Partnership, especially in the areas of common interest such as health, trade, digitalization, climate change and multilateralism; secondly, identify areas where the EU and ROK can pre-empt the Sino-American rivalry from escalating by coming up with joint proposals that would be acceptable both to the US and China (e.g. North Korea); and, thirdly, create a network of like-minded partners in South/South East Asia (e.g. ASEAN countries) and Asia-Pacific (e.g. New Zealand, Australia), particularly since most of these countries have also been successful in combatting Covid19.

Introduction

“...perhaps the best way is to see COVID-19 as the great accelerator of history. It strengthens trends that were already present before... everywhere we look we see increasing rivalries, especially between the US and China. The pressure to choose sides is growing. As EU, we should follow our own interests and values and avoid being instrumentalised by one or the other. We need a more robust strategy for China, which also requires better relations with the rest of democratic Asia. That’s why we must invest more in working with India, Japan, South Korea et cetera.”

Josep Borrell, 25 May 2020

With these words, the High Representative of the Union for Foreign Affairs (HRVP) Josep Borrell outlined how he sees the long-term geopolitical challenges for the European Union (EU) that have not been brought about, but were reinforced by the Corona crisis when he greeted German ambassadors during their annual gathering in May 2020. HRVP Borrell, who is also Vice-President of what its President Ursula von der Leyen termed the “geopolitical” Commission, to some extent echoes his predecessor, Federica Mogherini. HRVP Mogherini included a chapter on a “Connected Asia” into her signature EU Global Strategy in 2016. The EU’s “strategic autonomy” has become one of the buzzwords in her policy template, while the section on Asia emphasizes expansion of the EU’s partnership across Asia, including with South Korea. Yet the Covid19 pandemics caught the world unprepared, revealed the disappointing shape of global leadership and has thrown the EU Global Strategy and, in one way or the other, the entire EU’s relationship both with China and the United States (US), but also with partners such as the ROK, into disarray.
This chapter examines the ways in which the EU and South Korea can cope with the world emerging after the pandemics in the light of the conflict between the US and China which is seen both as the result of a shorter-term Corona crisis but also a consequence of previous underlying long-term trends. Since both the EU and South Korea face a similar challenge of “being caught between the US and China”, and because South Korea (next to Japan) is the key counterpart for the EU in North East (NE) Asia, the chapter suggests that Brussels and Seoul should prioritize strengthening of their Strategic Partnership, which celebrated ten years in October 2020, and solidify their work on matters of mutual concern.

The chapter therefore argues that the EU and ROK should: firstly, intensify their mutual cooperation, especially in the areas of common interest such as health, trade, digitalization, climate change and multilateralism. Secondly, the two counterparts should identify areas where the EU and ROK can preempt the Sino-American rivalry from escalating by coming up with joint proposals that would be acceptable to both the US and China. In this regard, the chapter argues that, for instance, a joint position on North Korea would be a good starting point. Thirdly, Brussels and Seoul should create a network of like-minded partners in South/South East Asia (e.g. ASEAN countries) and Asia-Pacific (e.g. New Zealand, Australia) that have also been thrown into an unenviable situation of being asked to choose sides between the two superpowers, particularly since most of these countries have also been successful in combatting Covid19.

After introductory remarks, the chapter first outlines the broader geopolitical context of the US-China tensions and places the EU (and South Korea) within it. Then, the chapter proceeds with mapping out of several areas that are most suitable for an intensified collaboration between Brussels and Seoul, but also provides a few warnings where the two capitals may disagree. At the same time, the chapter takes the issue of North Korea as an example of an area where even though the US-China disagreements have so far been muted, the two superpowers are increasingly more likely to face off one another. The chapter concludes with suggesting that like-minded partners might want to jump on the board and create a network of states that do not want to choose either the US, or China, but may want to collaborate more closely with the EU and the ROK instead.

Geopolitics vs Pandemics: Europe and South Korea Caught between China and the US

The European view on how the Trump Administration has approached the Covid19 pandemics has been, to put it mildly, ambivalent at best. On the one hand, Brussels has shared Washington’s concerns about uncertain origins of the Coronavirus and handling of the illness by Beijing, including the lack of transparency by the Chinese authorities at the beginning of the epidemic. Even though the Europeans may have disliked President Trump’s rhetoric about “China virus”, Beijing didn’t endear itself to them by a rather clumsy “mask diplomacy” towards various EU Member States and aggressive statements and steps against any critics condemning the Chinese intransigent approach.

On the other hand, the delayed and ineffectual response to the dangers of Covid19 by the Trump Administration which was compounded by uncoordinated actions, such as the US travel ban on European countries whose leaders did not receive any advance notice and the American attempt to buy off and monopolize a German company that has been one of the frontrunners for a Covid-19 vaccine, has made the US a dubious leader and ally in the fight against the common enemy – Coronavirus – in the eyes of many Europeans. In fact, according to a Pew poll from late September 2020, a staggering 84% of the Europeans (and 93% of the South Koreans) think that the US has done a
bad job dealing with the Coronavirus outbreak, whilst China received an average of 40.3% for handling Covid-19 well among the surveyed Europeans (but only 20% among the South Koreans).

These developments induced by the worldwide Coronavirus emergency have nonetheless been accompanied by tendencies that could have been observed for some time. In the spirit of his “withdrawal doctrine”, President Trump took the US out of the World Health Organization (WHO) in the midst of a pandemic – as much as he pulled the rug under the Iran nuclear deal, the Paris Climate Accord, UNESCO, INF Treaty and others, which are all international agreements and organizations that have been the pillars of multilateral world order. Yet despite the departure of their founder, EU leaders have been trying to salvage these institutions and been drumming up support among other partners who are in favor of rescuing multilateral institutions, including Seoul, to keep these international entities in place despite the US’s withdrawal.

Similarly, with the rise of China throughout the preceding decades and its clear demands to have a seat at the table while suggesting that Beijing is ready to take on greater responsibilities commensurate with its increased weight, tensions over who will set the standards of global trade have already surfaced under previous US administrations. After all, it was President Barack Obama who proposed the Trans-Pacific (TPP) and Transatlantic (TTIP) partnerships in order to reduce the growing Chinese economic clout and to foster open trading rules in tandem with Washington’s close partners, such as the EU.2

Yet since the start of the Trump Presidency, the US-China trade frictions have increased in spite of a temporary truce due to the “phase one” trade deal in early 2020. Given the economic repercussions of the Corona crisis, and the prospects of a protracted economic recovery, the US-China trade war is not likely to end anytime soon. Despite the efforts to negotiate an investment treaty with China by the end of 2020 and a “mini-TTIP” removing tariffs on lobsters, crystal glass and lighters across the Atlantic, the EU risks being caught in the middle, partly owing to its dependence on the Chinese market and partly because of the its own strained trade relationship with the US.

It is however not only the US which has become more antagonistic towards the EU. The Chinese Communist Party leaders have clearly become more assertive and not shied away from using belligerent language particularly on social media, including trolls, propaganda and statements by “wolf warrior” diplomats posted to European capitals, as well as violence to deliver the same message of strength on the ground. Beijing’s attempts to suppress the protests against the extradition and national security laws in Hong Kong, and harsh words against anyone who stands up for the Hong Kongers, including the UK and other governments, are the cases in point.

Moreover, Beijing has also been willing to employ other ruthless tactics against foreign countries and nationals, including “hostage diplomacy” (e.g. the cases of two Canadians who were arbitrarily detained in China in retaliation for the arrest of Huawei’s CFO Meng Wanzhou on the behest of the US), an old-fashioned espionage (e.g. the case of a former EU Ambassador to Korea who has been accused of spying and, together with his Chinese partner, has allegedly been intimidating the Chinese dissident community in Berlin) and weaponization of trade (e.g. trade tariffs against Australia after

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Prime Minister Morrison had been vocal in calling for investigating the genesis of Covid-19 disease and China’s responsibility for it.

Worries that a similar tool of coercion could be aimed at EU citizens and countries as a retribution for political actions that go against China’s wishes emerged after the speaker of Czech Senate visited Taiwan with a large business delegation in the late August 2020. Although China’s Foreign Minister Wang Yi warned that the Senate speaker would “pay a heavy price” for “crossing the line” of One China policy, this incident has so far resulted only in mutual summons of ambassadors in Prague and Beijing and in retraction of an order of several pianos produced by a Czech family firm that were no longer desired to be delivered to China. Czechia meanwhile received a solid backing from other European governments, including Germany and France, whose foreign ministers expressed their strong displeasure over Beijing’s reaction, a gesture which was not only greatly appreciated by Prague but one which may potentially contribute to generating a more unified European stance on China (and Taiwan).

Yet it is not only politicians who can get caught up in a quandary which was not originally meant to have any worldwide implications. A member of BTS enraged Chinese netizens after receiving an award for promoting US-Korea relations on behalf of the most popular Korean boys group. In his acceptance speech, RM referred to 2020 as an especially meaningful year to be awarded because of the 70th anniversary of the Korean War and remembered those Americans and South Koreans who sacrificed their lives in the struggle. Despite inspirational appeal of his address, the K-Pop singer did not recall the thousands of killed Chinese who however fought on the other – North Korean – side in the War to Resist the US Aggression and Aid Korea, angering his Chinese fanbase and prompting Samsung, Fila and other companies to remove BTS merchandise from Chinese online platforms. To calm down the backlash, a senior official from Beijing’s ministry of foreign affairs had to intervene.

Although at this point it seems that neither of the two episodes will have any further repercussions, they nonetheless illustrate how difficult it might be for European and South Korean governments and individuals to position themselves between China and the US. While timing of Minister Wang’s confrontational words was particularly unfortunate given that he uttered them during his own tour around Europe which was aimed at mending ties with the Europeans (and that to an extent failed), Washington has also been sending its top diplomat to lobby for the US side. In fact, US Secretary of State Pompeo paid an unexpected homage to Prague less than three weeks before the Czech-China clash over the Taiwan visit, while cancellation of Mike Pompeo’s journey to Seoul in October 2020 has probably motivated the Chinese foreign minister to put his own travel to Seoul on hold. As the saying about a “shrimp among whales” goes, it no longer refers only to (South) Korea, but the EU is increasingly squeezed between China and the US in a very similar way.

Even though some of the shorter-term animosities between Washington and Beijing (plus Washington and Brussels) might dissipate should Joe Biden, a Democratic candidate and foreign-policy wonk, be elected to the White House in November 2020, there is equally the danger that the current hostility between the two big powers turns into a systemic long-term competition and a new version of Cold War. Given the bipartisan consensus over the threat of a rising China among US policy-makers, even with a Democratic majority across the US government, the Sino-American rivalry may remain the defining feature of the years to come. This leaves the EU – as well as other “middle powers” such as South Korea – in an unappealing predicament of having to chart a course between the two superpowers – China and the US.

Making the Most Out of The Pandemics: The EU and South Korea Partnership
The EU, and the German EU rotating presidency in particular, have been trying find a way between two superpowers and been pushing China to move on especially trade issues in order to conclude the comprehensive investment agreement before the year’s-end – and before the US elections. Even though Chancellor Merkel’s brainchild, the summit between President Xi and 27 EU heads of states and governments, had to be postponed from September in Leipzig to spring 2021 in Brussels, the EU held, in an unprecedented way, two virtual summits with Chinese leadership (one of them with participation of Merkel as the substitute for the September get-together) within the time-span of three months. Moreover, the German Presidency slated a special informal gathering focusing on EU-China relations for mid-November 2020.

The EU’s “now or never” spirit on an agreement with China, compounded by the lack of US leadership, has partly overshadowed, but also partly stimulated a no less important virtual summit: a videoconference between South Korean President Moon Jae-in and EU Presidents von der Leyen and Michel at the end of June 2020. On the European side, the objective was to solicit South Korea’s deeper cooperation on fighting the Coronavirus pandemic and its economic and global fallouts, whereas President Moon wanted to recruit the EU’s support for his inter-Korean cause. Health, trade and Korean peninsula affairs were therefore the key takeaways from the summit aiming at deepening of the EU-ROK strategic partnership, particularly in the light of the Covid19 and the US-China competition. Should the scheduled in-person EU-South Korea reunion actually happen in Seoul in November 2020, the agenda will likely reflect a similar set of items.

*The Top Priority: Fighting Covid19 Together*

On the Coronavirus front, South Korea and China represent two poles on a continuum on how public institutions can cope with the pandemics. On one side of the spectrum, Beijing has since early on used “mass lockdowns” and other drastic measures as the key instrument to combat the spread of Covid19, whereas Seoul focused on “mass testing”, creativity and transparency via its “test, trace and treat” programme. The EU member states have been fluctuating between these two approaches – with, for instance, Madrid and Paris opting more often for the Chinese way, while Berlin and Helsinki going in the South Korean direction.

The European Commission has been impressed by South Korea’s Covid19 performance in three areas: sheer numbers (in spite of several serious flare ups, the ROK has had 450 deaths per 25,424 cases for population of around 52 million as of 21 October), democracy (holding national elections with a record turnout while maintaining public trust in the state-mandated measures) and openness (South Korea has never closed its external borders even though a “K-quarantine” rules represent a natural barrier for short-term tourism). In contrast to Europe where most countries focus on “forward tracing” of those who could have been in contact with a Covid19-positive person to avert future infections, South Korea’s center for disease control has also been employing a strategy of “backward tracing” where the key is to pinpoint the “patient zero” in order to detect the past infection chains stemming from this first ill individual – a method that has helped Seoul (but also Tokyo and many South East Asian capitals) to bust large clusters of contaminations.

The chaotic (mis)management of Covid19 in Washington did not inspire any Europeans for emulation although those who may have underestimated the “second wave” of the Coronavirus – such as Prague – might end up in a similar situation as in the US, at least until their governments get their infection rates back under control. Contracting the disease clearly did not sway the “Superspreader-in-Chief” to take epidemiological precautions seriously either and, therefore, the US under President Trump is more of an outlier than a third model for tackling the illness.
As a token of appreciation for Seoul’s good job, South Korean citizens have been allowed to enter the EU, mostly without obligation to self-isolate upon arrival. Chinese nationals have been accorded the same privilege of free EU admission but subject to reciprocity by Beijing – the key rationale why the Americans have been barred from entering the EU (notwithstanding the extent of the pandemics in the US).

Brussels has also been thrilled when Seoul pledged over 45 million euro to the European Commission’s Coronavirus Global Response fund, thus matching China’s contribution, whereas the US has never contemplated to accede to the fund. Similarly, the “Team Europe” has been very pleased when South Korea committed to join Gavi’s COVAX facility which supports equitable access to Covid19 vaccine. China declared a similar intention – but yet again, it has been the current US administration which has shown no interest in participating in this WHO-led but EU-sustained vaccination scheme. In addition to the PPE production and supply chains, Brussels and Seoul have therefore proved to be fitting partners in fighting Covid19 both in terms of shared teamwork and solidarity with third parties. As horrendous as it may be, the pandemics might bring Brussels and Seoul closer together in a previously under-explored health sector, while simultaneously helping the EU and ROK maintain a healthy distance from the US and China.

Moreover, Covid19 could also enhance engagement with North Korea on a humanitarian level, including through the COVAX facility where the DPRK is classified as a low-income economy eligible for participation via the mechanism’s contributions market. Contrary to various speculations, an early shutdown of the DPRK borders3 (as much as a possible early warning by Chinese authorities about the deadly virus), coupled with extremely strict anti-epidemic measures, may have prevented the Coronavirus from spreading around North Korea. The DPRK government has been accepting only a limited Coronavirus-related humanitarian aid, and would have been more enthusiastic about easing of sanctions to mitigate the economic effects of the country’s complete isolation. Nonetheless, Pyongyang may welcome a free supply of shots against Covid19 via an international instrument such as COVAX rather than being dependent on its neighbours, China and Russia, for its vaccination stocks. If successful, Coronavirus assistance to the DPRK via COVAX could also advance the inter-Korean relations and amplify the EU’s weight on the Korean peninsula.

Long-Term Concerns: Trade, Digitalization, Climate Change… and North Korea

Although the EU and ROK have tremendously benefitted from their free trade agreement (FTA) and the FTA has become a template for future trade deals with Japan, Canada, Singapore, etc. (see chapter by Pacheco Pardo), Brussels and Seoul still wrestle with outstanding bilateral issues. These difficulties primarily relate to Seoul’s reluctance to ratify four ILO conventions, forcing the EU to invoke a dispute settlement mechanism under the FTA’s sustainable development chapter with the latest hearing by a Panel of Experts in October 2020. Even though Brussels’ prime motivation for this rare move was to make an example out of Seoul by holding it accountable to its legal promises because of contentious trade talks with MERCOSUR, solving the ILO matter would reinforce the otherwise excellent EU-ROK trade relationship, particularly in the face of accusations by US President Trump that Brussels and Seoul have both been “ripping off” the Americans.

By being exposed to the Sino-American trade conflict, Brussels’ Berlaymont and Seoul’s Blue House

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3 The DPRK announced its first ban on foreigners entering the country two days before Wuhan, China went into lockdown, on 23 January 2020.
have elevated preservation of the multilateral trading regime to one of their long-term priorities. The EU has fought the US attempt to block the functioning of the World Trade Organisation’s (WTO’s) appellate body by setting up an alternative “multi-party interim appeal arbitration arrangement” (MPIA). Even though South Korea has initially indicated its willingness to become a member, it hasn’t so far joined MPIA – in contrast to China. At the same time, the Blue House has been putting a lot of effort in campaigning for its trade minister Yoo Myung-hee to get her elected into the post of the WTO’s director general. Even though Ms Yoo’s chances might be narrow due to Japan’s likely unwillingness to support her, Seoul surely needs the EU’s vote. Backing of the EU’s invention for upholding the WTO’s appeal system could be a potential tradeoff with Brussels to drop its support for Nigeria’s counter-candidate, Ms Ngozi Okonjo-Iweala, for the WTO’s top job. A nearly fully operational WTO with a new Korean boss at helm could bolster the multilateral trading system in fighting protectionism as well as the EU-ROK partnership.

Given the conflict over Huawei and its safety is one of the hottest points of contention between the US and China, building reliable 5G networks without annoying one or the other power is another long-term priority encompassing both digitalization and national security – for Brussels as well as Seoul. Because of dangers posed by North Korea, the South cannot afford to lose trust and information sharing with Washington as Secretary Pompeo once muted could happen to allies such as Berlin should they use Huawei in their telecoms infrastructure. Equally, Seoul does not want to provoke the Chinese into another trade and tourism boycott as it had happened when the Blue House under President Park Geun-hye allowed deployment of the US-made THAAD anti-ballistic missile system.

In a similar vein, the Europeans have been for some time grappling with the question of whether or not (and where) to allow Huawei into their next generation digital equipment. Even though the EU has agreed on a general toolbox to measure cybersecurity risks, the final decision is up to each EU Member State and the largest one – Germany – still has to make up its mind. Yet if the EU and South Korea were to agree on an enhanced cooperation in this field, it would put them in a good stead vis-à-vis the American and Chinese pressures, particularly if Samsung and Nokia/Ericsson were to team up rather than compete.

There is even a greater complementarity between Brussels and Seoul when it comes to their views on climate change. Seoul’s Green new deal matches well with the European green deal. Despite concerns about implementation, Beijing has also moved towards the “greener” side with President Xi’s promise of China becoming carbon-neutral by 2060. In contrast to Donald Trump’s aversion to any climate talks and the Paris Accord, should Joe Biden win the US Presidency, his revamped clean energy and environmental justice plan may also overlap with the others and Biden has already promised to bring the US back under the Paris treaty. There is therefore a good prospect for a more extensive trilateral or, if the Democrats win the White House, quadrilateral cooperation that could bring closer together Brussels and Seoul one side and Beijing (and Washington) on the other in at least one policy area.

Confronting the climate change might also be an efficient way of bringing North Korea into the international fold. Involving the DPRK officials in “green deal” negotiations might be a good way of having discussions on a less controversial subject than, say, denuclearization. Sitting around the same negotiating table and debating an issue of concern for all the parties can create mutual trust and learning from one another. It would also surely be beneficial for the North Koreans to get more information on, and actual assistance in, building a tidal and wind power instead of developing the nuclear one. Such a climate dialogue could also improve the inter-Korean relations: after all, it was Pyongyang which ratified and entered into force of the Paris Accord a few months earlier than Seoul did.
Even denuclearization could be tackled through the prism of preserving the nature. Instead of dismantling the Yongbyon nuclear reactor and other similar facilities, the deliberations could refocus on how to keep them safe in order to avoid disasters such as in Fukushima or Chernobyl which, should such a catastrophe happen, could affect all the neighbouring countries from South Korea through Japan up to China and beyond. Nuclear safety should be in everyone’s interest, including the staunchest critics of Pyongyang: capitals equipped with the necessary knowledge and manpower, like Paris, Tokyo and Washington, could provide the necessary know share lessons on how to prevent – and how (not) to cope with – a nuclear plant accident. As with procuring a Covid19 vaccine through an international mechanism, discussing nuclear safety within a global forum where the DPRK is viewed as an equal player might be a good training ground for other, more difficult, negotiations whereas Pyongyang might be willing to make more concessions.

Such a rosy scenario may however not materialize. Natural disasters like floods and typhoons may keep striking the DPRK countryside, while North Korea may indeed decide to procure, officially or surreptitiously, some amount of the Covid19 vaccines for the elites as well as the basic necessities from its closest neighbor – China – while leaving the remaining population vulnerable. Insulated from the outside world by a Corona-related shutdown more so than by any sanctions, and without any substantive contacts with South Korea, Pyongyang may be tempted to not just show off, but to actually try out its latest massive ICBM weapon. However, in the era of the heightened Sino-American competition, instead of the international community rallying behind a US-led “maximum pressure 2.0”, Beijing (and Moscow) will not want to give up on North Korea as its political buffer zone while doing its utmost to keep it economically afloat. Moreover, with the human rights situation deteriorating within China itself, a new Sino-Korean kinship might be developing. As an ordinary Chinese put it: “We used to think North Korea was out past – now we realize it’s our future.”

To avoid an uneasy choice which of the two policies – American, or Chinese one – towards the DPRK to pursue, Seoul and Brussels may now have the last chance to prevent North Korea from becoming yet another theater for disagreements between Beijing and Washington – and to stop it from slipping completely into the Chinese orbit. The EU has always claimed that it needs to be asked by the relevant parties to get engaged on the Korean peninsula affairs. President Moon’s call for the EU to “play a big role” did just that. It is now up to the EU to respond appropriately, revamp its policy towards the DPRK and work closely with its South Korean partner to draft proposals that could help resolve the North Korean conundrum without alienating either Washington, or Beijing – or, indeed, Pyongyang. Another EU-ROK summit, potentially still in the autumn 2020, might be the best opportunity to do so.

What EU-ROK Future within the US-China Conflict? Strengthen the Partnership, Create Network of Like-Minded Allies

2020 should have been the year when the two Koreas would, ideally together rather than separately, commemorate the beginning of the Korean War 70 years ago, and, if things went extremely well, would perhaps even declare the end to that war. The Coronavirus pandemics eclipsed any such efforts. Yet it wasn’t just the Koreans who remembered the armed conflict – and used it for current political purposes. When visiting an exhibition in the honor of the Chinese People’s Volunteers forces entering the war, President Xi Jinping portrayed this action as the “historic and resolute decision” of the Chinese communist party to resist the American aggression. Instead making the most out of the anniversary by rooting for peace, China’s top leader deftly used the opportunity to call for yet another – albeit so far cold – war with the US.
Although any similar situation is hardly imaginable in Europe when commemorating, say, the beginning of the Second World War, President Xi’s remarks clearly indicate where things are headed in the near future: the Sino-American rivalry will encroach on other areas that will become subjugated to it. Europe should take this Korean experience as a serious warning. But what can the EU and South Korea do about it? How can Brussels and Seoul navigate the contest between the US and China that has started under the Obama Presidency, if not earlier, has been clearly visible as of the inauguration of Trump Presidency, and has accelerated since the Corona crisis?

The chapter argued that the EU and South Korea should, first and foremost, strengthen their mutual Strategic Partnership in a number of areas: health, trade, 5G networks, climate change and multilateralism. Secondly, Brussels and Seoul should try to identify areas where they can pre-empt, or at least manage, the rivalry between Beijing and Washington from escalating (such as in the case of North Korea). Last but not least, however, the EU and ROK should explore whether there are any other like-minded partners, especially around Asia-Pacific, who would be reluctant siding with either he US or with China but would prefer teaming up and building alliances with the EU and South Korea.

The ASEAN countries come quickly to mind: the EU has become a “networked” power through its numerous (negotiations on concluding) FTAs with ASEAN members across Asia and has been a large contributor for the (post)-pandemics aid and recovery in the region. Similarly, President Moon’s New Southern Policy serves an analogous purpose of joining up with ASEAN to create a network of friends supporting the reconciliation on the Korean peninsula. A good case could also be made for an enhanced collaboration with Australia and New Zealand. Should such a strategy work, the EU could upgrade and expand its standing in Asia and beyond, while South Korea might get a better shot at solving the inter-Korean issues. Brussels and Seoul may soon discover that finding together like-minded allies happy to join up forces can prove to be the most effective counterweight against any forced choice between Beijing or Washington. Most of all, such an enhanced cooperation can help reviving multilateralism and rules-based order across the globe. Such a policy will benefit us all.
EU-ROK digital connectivity: United, we must stand
The implications of China’s techno-nationalism for the European Union and the Republic of Korea

Maaike Okano-Heijmans and Brigitte Dekker | Clingendael Institute, The Hague
contact: mokano-heijmans@clingendael.org

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Abstract: This article aims at studying the EU-ROK digital connectivity and future potential for EU-ROK cooperation in the digital field, in which China is trying to become a leader. This paper will first analyse China’s international efforts in the digital field and their impact on EU and ROK foreign policy and objectives. Secondly, a key subfield where cooperation between the EU and ROK is already going strong will be discussed: data transfers. Thirdly, two promising avenues for further EU-ROK cooperation will be presented: the commercialisation of innovation and digital Official Development Assistance (ODA).

Introduction

In their June 2020 videoconference, leaders of the European Union (EU) and the Republic of Korea (ROK) emphasised the need for a human-centered 1 digitalisation. The Fourth Industrial Revolution 2 and the global digitalisation have been accelerated by the COVID-19 pandemic. As governments started to (co)create and introduce digital tools to contain the virus, they were forced to take a stance on their prioritization of national interests – be it privacy/individual freedom, public health, business/competitiveness or security. By reiterating the need for a transparent, open and democratic approach to mitigate the potential risks of the accelerated digitalisation, the EU and ROK displayed a like-minded attitude and a strong commitment to addressing global challenges in the digital domain, such as the use of personal data and ethical questions concerning Artificial Intelligence.

As the pandemic continues, Beijing’s aim to become more technologically independent through its Made in China 2025 (MiC2025) policy has been more relevant and visible than ever. Today, Beijing is preparing to complement its MiC2025 with a new ‘China Standards 2035 plan’,3 a blueprint to write global standards for the next generation of technology. In doing so, Beijing is well on its way to establish itself as a leader

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1 In the video conference, the EU and ROK referred to human-centric – rather than human-centered – digitalization. While both concepts prioritize the interests of human beings (rather than of the state or business), we prefer to go with human-centered, focuses on the collective – including humanistic values and devotion to human welfare. By contrast, human-centric generally focuses on the individual, from a particular country or region. This difference might seem insignificant but is actually a sign of divergent approaches and preferred solutions, as we have seen in the relationship between the EU and Japan.
2 The Fourth Industrial Revolution entails the introduction of new, smart technologies such as Artificial Intelligence, 3D printing and the Internet of Things into traditional manufacturing processes and citizen’s lives.
3 The full report has not yet been released to the public.
in the digital age, with Chinese characteristics. This paper discusses the impact of MiC2025 and China Standards 2035 for the EU and ROK, as well as digital cooperation between the two partners, and offers avenues for enhancing EU-ROK cooperation in this burgeoning field.

The ROK can be considered one of the EU’s closest international partners, as it is the only country to have economic, political and security agreements with the EU in effect. While the partnership has yet to reach its full potential, it is strongly underpinned by the EU-ROK Strategic Partnership and Framework Agreement of 2010, the 2011 Free Trade Agreement and the 2014 Framework Participation Agreement for EU crisis management operation. Furthermore, the EU and ROK have shared values on major political and global issues such as human rights, climate change and upholding the international multilateral rule-based system. This is important, as the two partners today wish to push back on China’s technonationalism, as well as on US’ pressure on its allies to side with it in order to curb China’s power. Set against this bigger context and considering this convergence in approaches, objectives and priorities, the EU and ROK stand to benefit from a united approach to digital challenges.

This paper will first elaborate on China’s international efforts in the digital field, and the impact of its key initiatives China’s MiC2025, China Standards 2035 and the Digital Silk Road (DSR) on the foreign policy interests and objectives of the EU and ROK. Secondly, a key subfield where cooperation between the EU and ROK is already going strong will be discussed: data transfers. Both the EU and the ROK struggle to gather and build the data needed to nurture new tech start-ups and advance existing tech- and e-commerce companies, while upholding a human-centred approach. The adequacy talks between the EU and ROK show the willingness to join forces in this area. Thirdly, two promising avenues for further EU-ROK cooperation will be presented: the commercialisation of innovation and digital Official Development Assistance (ODA). Taken together, the paper shows the urgent need, the state of play, and future potential for EU-ROK cooperation and coordination in the digital field.

**China Standards 2035: a logical yet ambitious consequence of MiC2025**

Since 2015, Beijing’s MiC2025 state-led industrial policy nurtured China’s manufacturing industry, intending to achieve self-sufficiency in high-tech industries by 2025 and overtaking the dominant Western prowess in global high-tech manufacturing by 2049. Inspired by the German government’s Industry 4.0 development plan, Beijing’s focus is on rapid development in technological sectors central to the fourth industrial revolution, such as Artificial Intelligence (AI), advanced robotics, and semiconductors. MiC2025 has become symbolic of China’s aim to become a global leader – both economically and politically. Concerned by the international criticism the plan drew, Chinese officials have minimized reference to MiC2025 since 2018.

While MiC2025 is still being implemented, the Chinese government in 2020 is about to adopt a new plan that synergizes with but extends beyond the aims of MiC2025: China Standards 2035. The official report has not yet been released to the public, but its draft versions reveal an ambitious plan to write global standards for the next generation of technologies. China Standards 2035 builds upon MiC2025, as global standard-setting requires that domestically nurtured tech companies transfer Chinese preferences to
other countries and institutions. The Digital Silk Road (DSR), the digital equivalent of the Belt and Road Initiative (BRI), is instrumental to this end. Essentially, the DSR combines the domestic push to export Chinese technologies developed with assertive industrial policies, with a broader agenda to augment interoperability and compatibility between Chinese and overseas technological networks, on Chinese terms. Increased participation in multilateral organisations, especially the World Trade Organisation (WTO) and the International Telecommunication Union (ITU) is also a crucial element of China’s aspirations to dominate in the digital field. While responding to a significant and growing need for digital solutions in developing economies, the export of Chinese technology also means export of Chinese standards underpinning these new technologies.

The advancement of MiC2025, the introduction of China Standards 2035 and the spread of Chinese digital standards through the DSR are a matter of concern among developed economies. These concerns can be linked to a new trend of techno-nationalism – the idea that innovation and technological development are directly linked to a nation’s security, economic prosperity and social stability. This trend is poised to fundamentally alter geopolitics and global commerce, as already visible in the politicization of global technical standards and the fear for global decoupling. In order to withstand and mitigate the effects of a rising China – and the withdrawal of the US from multilateral institutions – the EU and the ROK need to find new avenues for cooperation, including in the digital field. Cooperation in the fields of data transfer, the commercialisation of innovation and digital ODA is particularly promising.

Digital standards with Chinese characteristics are exported to third countries through the DSR, raising concerns among supporters of a free, open and inclusive internet, especially in developed economies. Set against this context strengthened and comprehensive cooperation between the EU and the ROK on digital regulation and commercialization of technologies is required to uphold shared values and to offer emerging economies an alternative to Chinese norms and standards.

**Data: the oil of the digital economy**

Data is considered as the oil of the digital economy, fuelling the growth of existing and new tech companies globally. The COVID-19 pandemic and the use of digital tools to contain the virus by gathering, sharing and transferring (personal and anonymised) data has focused attention also on the potential (mis)use of data collections by private organizations and governments. The digital instruments used may have far-reaching consequences for individuals’ privacy not only during the pandemic – when most see a necessity to implement the instruments – but also in the long run. To secure citizens’ privacy, citizens and civil society organisations have to be careful that digital tools to combat the virus, such as mass surveillance, are not normalized during the extraordinary times of a lockdown. In the debate around processing personal data, the EU, the US and China represent three dominant focus areas: privacy, business interests and national security respectively.

The US focuses on minimizing data regulation, arguing regulation would hurt business potential. US regulation is scattered in many laws with narrow scopes. For its part, China initially followed the US by introducing sector-specific laws, but in 2016 introduced the Cybersecurity Law (CL). This law, and the non-
binding guidelines accompanying it, displays a stricter and more comprehensive approach similar to the EU. The Chinese characteristics and focus on national security in the CL are primarily found in the much broader definition of sensitive data compared to the EU’s definition, the inclusion of data localization provisions and the establishment of the principle of cyber-sovereignty.

The EU centralized individuals’ data protection in a comprehensive data privacy law framework, originally in its Data Protection Directive of 1995, which in 2016 was carried over with minor changes into the General Data Protection Regulation (GDPR). The GDPR allows EU-citizens to request the contents of their digital trail and have the right to demand that their trail be deleted. This process is overseen by an independent non-governmental organisation. Besides the strict privacy focus, rather than a business or national security focus, the GDPR differs from the US and Chinese approaches in that it requires that not only companies based in the EU, but also foreign companies processing data from EU citizens adhere to the GDPR’s strict provisions. This extraterritorial dimension puts a higher burden also on foreign (e-commerce) companies, as additional security measures have to be implemented if EU data are being processed and stored.

To overcome the lack of data regulation interoperability between the EU and foreign markets, the EU introduced a mechanism to assign countries as ‘adequate’. Adequacy implies that the country in question upholds similar levels of data protection as the EU and therefore, its data can be handled as intra-EU data and thus no further safeguard is necessary.

While only a few countries have obtained full adequacy status from the EU, currently, only the ROK is involved in adequacy talks with the EU. Showing its willingness to obtain the adequacy status, the Korean government amended its three major data privacy laws in 2020. In the light of EU-ROK partnership, and considering the fact that the ROK is the only country that has political, economic and security agreements with the EU in effect, the free flow of data is a piece of the puzzle that is still missing.

Withal the more since e-commerce and e-services have skyrocketed due to the COVID-19 crisis, an adequacy decision will be welcomed by Korean companies doing business in the European Single Market and vice versa. Once the adequacy decision is made, companies only have to deal with one unified regime, instead of 28 different regimes having purview over data protection. This will save additional compliance costs and time-consuming authorizations when entering an EU member states’ digital market. In addition, European citizens will enjoy an enhanced level of protection when their data are transferred to the ROK. Set against the context of MiC2025, China Standards 2035 and the DSR, increased digital cooperation through an adequacy decision for South Korea is also opportune in the competition with Chinese companies.

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4 Cyber sovereignty entails the application of state sovereignty to the cyberspace of a country, including exerting control over the architecture of the internet and the content on the internet to limit national security threats.

5 Only Andorra, Argentina, Faroe Islands, Guernsey, Israel, Isle of Man, Japan, Jersey, New Zealand, Switzerland, and Uruguay have obtained a full adequacy status Canada and the US obtained adequacy under the EU-US privacy shield, which has been withdrawn in July 2020. The Court of Justice declared the Privacy Shield invalid, but confirmed that standard contractual clauses remain valid until further notice.
At the **EU-Korea leaders’ summit** that marked the 10th anniversary of the strategic partnership, digital matters were at the forefront. European Council President Charles Michel, European Commission President Ursula von der Leyen and Korean President Moon Jae-in emphasized the need for enhanced digital cooperation, including a High-Level Dialogue on the digital economy.

Clearly, an adequacy decision would confirm the shared human-centred approach of the EU and ROK, illustrating also the importance both partners attach to furthering individual privacy and online transparency and freedom as digital values. Furthermore, the shared understanding of data protection eases the launch of a dialogue on the digital economy. The convergence on data protection thus paves the way for practical cooperation in the field of research and development, innovation and the e-economy – domains that heavily depend on data. Also, the increased data transfer possibilities will provide European and South Korean tech companies with the necessary data to grow and gain commercial leverage against Chinese and US Big Tech companies.

**Broadening digital cooperation: commercialization and digital ODA**

Beyond the adequacy talks and data protection, two promising paths for broader and deeper EU-ROK cooperation in the digital field stand out – namely, commercialization of innovation and digital ODA.

**The commercialization of innovation**

The first avenue for increased cooperation concerns the shared challenge of commercializing innovation. The EU and ROK have a strong tradition in academic research but are presently lacking in the start-up and scale-up of digital business ventures, especially when compared to the US and China. In the business development phase, when companies take the leap from innovation to commercialization, vast financial resources are required. In the EU and ROK, however, a lack of risk capital in new research ideas forces companies to search financial backing abroad. Oftentimes this includes relocating to either the US or China. Secondly, in the growth stage companies need additional financial resources to scale-up their companies to serve a global market. In contrast to the US- and China-based start-ups – which serve huge markets with – scaling up within the EU or outside of the ROK also creates language and market focus challenges. National champions have difficulties entering foreign markets and are prone to take-overs from large companies that are willing to invest financially.

The ROK and EU member states are now creating awareness at home about the need to become an innovation leader rather than a fast follower once a technology has been commercialized. In the ROK, the Korea Advanced Institute for Science and Technology (KAIST) plays an important role herein, as it manages funds to financial support start-ups and commercialization purposes deriving from research at KAIST. Next to this, an increasing number of universities are offering entrepreneur classes in addition to existing research-focused education.

Facing the same challenge ahead, the EU and the ROK governments would do well to further best practice sharing among universities as well as closer cooperation between universities, business representatives
and successful start-ups to discuss the commercialization of innovation. By tackling this challenge together, they can not only address the difficulties in the start-up phase but also the scale-up phase. Moreover, creating a network of start-ups in the EU and ROK, is likely to encourage EU-based start-ups to scale-up towards ROK more quickly and vice versa. Such networks can also help overcome language and bureaucratic barriers that may otherwise keep start-ups from entering the EU or ROK market.

**Digital ODA**

The ROK and the EU and its member states stand to benefit also from joining forces in the field of digital ODA. In short, digital ODA entails technical assistance by strategic and practical objectives in digital connectivity’s three strands: telecommunications infrastructure, regulation and business. Europe’s global pillar in its February 2020 digital strategy, and its new Neighbourhood, development and international cooperation Instrument (NDICI) focus on promoting an inclusive, transparent and human-centred digital environment in Europe’s backyard and beyond. For its part, South Korea’s ODA has since 2009 – when it joined the OECD Development Assistance Committee – primarily focused on reducing the digital divide. This mainly involves technical assistance, transfer of economic development experience and aiding the development of Information and Communication Technology industries of recipient countries, primarily in Asia. An excellent example of this assistance is South Korea’s Overseas Infrastructure Development Support Corporation (KIND) that aims, among other things, to improve 5G networks in ASEAN countries and India through the 2019 5G+ ‘Strategy for the Realisation of Innovation and Growth’ initiative. Also, the Korean government initiated the Cybersecurity Alliance for Mutual Progress (CAMP). This network serves as a platform to actively offer technical assistance and share best practices in the area of cybersecurity especially in Africa, Central Asia and Latin America.

In April 2019, during the 7th ROK-EU Policy Consultation on Development Cooperation (7th PCDC), both parties emphasized the need to continuously strengthen the EU-ROK partnership in the field of international development cooperation in Asia and Africa. Even though a variety of items and avenues for cooperation were discussed, digital ODA cooperation was not mentioned. Now, the forced global acceleration of digitalisation as a consequence COVID-19 pandemic, the deepening Sino-American trade-tech war, and China’s assertiveness in the digital domain through its DSR add urgency to EU-ROK coordination on digital ODA.

Commitments made during the 7th PCDC concerning increased bilateral cooperation in Asia, the Pacific and Africa, including by way of joint cooperation projects, could well focus on digital ODA. The EU and ROK may complement each other in their own backyard – the ROK focusing on Southeast Asia, and the EU on its own neighbourhood – and can improve their own action through best practice learning. The two partners can undertake projects that include regional business and civil society organisations to increase digital inclusion and access to free and open internet.

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6 The digital divide refers to economic and social inequalities among populations because of differences in access to, use of, or knowledge of ICT; see ASPI International Cyber Policy Centre (ICPC) (2017), Cyber Maturity in the Asia-Pacific Region, 2017, Australian Strategic Policy Institute
Conclusion

The ambition and intentions of the MiC2025, the DSR and China Standards 2035 prompted developed countries to reconsider their own industrial policies – both defensive and offensive – and regulatory policies, with an eye to maintaining the technological advantage they still hold over Chinese companies. The COVID-19 outbreak only confirmed the dependence of citizens on technological solutions and prompted a global discussion on data, privacy and the dependence of countries in supply chains.

The EU and the ROK adopted a human-centered approach that puts privacy central in their policies. If the EU adopts an adequacy decision in respect of the ROK, this will enable their companies to transfer and process data on equal terms. That in turn will not only enhance business between the partners, but also strengthen the ability of both sides to nurture tech companies and increase research and development cooperation between companies creating economic leverage to withstand the Chinese (and the US) prowess. In addition to this ongoing cooperation, the EU and ROK can enhance their cooperation on the commercialization of innovation and digital ODA. Both efforts will help to strengthen the EU’s and ROK’s global digital position, reduce the digital divide and offer countries an alternative to the DSR.

Overwhelmed by the technical opportunities and challenges that the Fourth Industrial Revolution and the digital era present, like-minded countries need to bind forces, aligning their policies to (co)create international leverage towards China and the US. Amid the US–China tech rivalry, the EU and the ROK need to be more assertive in defending their own economic and strategic interests and promoting shared norms. The two sides are already connected through strong economic, political and diplomatic ties. Now, a broader agenda for cooperation in the digital field must be devised, and institutionalized in the agreed High-Level Dialogue on the digital economy. The commercialization of innovation and digital ODA are two subfields that offer great opportunities to further cooperation. Only united, can the EU and ROK, together with like-minded partners, help to deliver inclusive and sustainable growth in third countries, while also serving their own economic and strategic interests.
The status of Korean soft power in Europe

Rafał Smoczyński & Eriks Varpahovskis
Polish Academy of Science (PAS)

Abstract: The article aims to study the European perception of the South Korean PD and the resulting opportunities of further cooperation between the European Union (EU) and South Korea within the PD field. The paper aims to offer an overall view about the different EU members states perceptions as most part of the literature in that field oftentimes only uses a country-specific lens and not the EU as a whole. First, the article depicts the theoretical background to the public diplomacy. Second, it elaborates on the development of EU-South Korean relations. Third, it enters into the details of South Korea’s official PD policy. Fourth, it analyzes joint EU and South Korea public diplomacy. Ultimately, the paper gathers different findings on the perception of different aspects of Korea’s image in the EU and concludes on the potentials for further joint public diplomacy between the EU and South Korea.

Defining the problem

While there is a significant amount of information about a role of Korean public diplomacy in various settings, there is little known how Korean public diplomacy is being perceived in the EU, that is, how the image of Korea finds or creates “points of resonance” with sensibilities and lived experiences of the EU public. This paper aims at partly filling in this gap by gathering and discussing available data in this field. Obviously, our contribution should be understood as a preliminary effort that maps dispersed interventions since there is no a single systematic account covering the problem of the EU’s perception of Korea. The latter task still awaits to be confronted with a comprehensive empirical material. This article consists of five sections: firstly, we depict the theoretical background to the public diplomacy; secondly, we explain the development of the EU-Korean relations; thirdly, we detail Korea’s official PD policy; fourthly we present our findings detailing joint EU and Korea public diplomacy; fifthly we describe existing findings on the perception of selected aspects of Korea’s image in the UE.

Theoretical background

Public diplomacy

Initially, public diplomacy term referred to unconventional means of diplomacy, which governments had to arm themselves because traditional diplomatic means became less efficient. Further terminology shift introduced “new public diplomacy” that was more inclusive and elaborative regarding actors and
objectives of public diplomacy (Melissen, 2005). We witness how state actors are unable to control all political and governance aspects due to increasing globalization (Fitzpatrick, 2011), so they have to either share control or delegate its duties to non-governmental actors. In other words, non-state actors and sub-state actors are now considered as subjects of public diplomacy. Public diplomacy includes new objectives such as understanding of attitudes, behaviors, and cultures of each other, relationship-building and relationship-maintenance, and mobilization for interests and values advancement. (Gregory, 2011)

Cultural diplomacy

Cultural diplomacy which was coined even earlier than public diplomacy at the initial stages was executed by the government and as a result of this started being closely associated with propaganda (Kim, 2017). Interestingly, cultural diplomacy from the very beginning was dependent on the active participation of private actors who “took initiatives for cultural exchanges between countries” (Kim, 2017, p.316), and these initiatives, often were appropriated by the states, thus they led to dissemination of propaganda. This type of cultural diplomacy could be labeled as “old cultural diplomacy” (Kim, 2017). As noted by Hwajung Kim, unlike public diplomacy, cultural diplomacy received less attention from the scholars so there were certain conceptual gaps in the definition of cultural diplomacy in the modern context where the impact of globalization cannot be denied. Addressing this gap she came up with an updated concept of cultural diplomacy that is defined as:

“cultural actor’s attempts to cultivate cultural understandings through international cultural relations in line with a government’s concerted efforts to achieve credibility, trust, and mutuality with normative values and shared goals beyond national interests. Here the international cultural relations include such cultural exchange programs and activities as multicultural events, art exhibitions, performing arts concerts, popular cultural arts, international festivals, and others. In this conception, this study also classifies cultural actors into two groups: (1) cultural actors associated with new public diplomacy, such as governments, governmental agencies, and quasi-governmental institutions; and (2) cultural actors in conjunction with international cultural relations, particularly facilitated by private initiatives such as individual artists and personnel, commercial companies in art and culture, non-profit organizations, and non-governmental organizations.” (Kim, 2017, p. 317).

Co-operative public diplomacy

Once discussed by Leonard and colleagues co-operative public diplomacy between states (Leonard et al, 2002) is rarely mentioned even though is practiced (Varpahovskis, 2018). Following Leonard et al. co-operative public diplomacy’s distinctive features are the prevalence of communal needs over the national interests of each party and multilateralism. Among communal needs are, for instance, issues that are related to regional security promotion, good governance, human rights protection, and others (Leonard et al, 2002). This approach sounds familiar to the EU. The EU even was characterized as a ‘co-operative public diplomacy superpower’ for its makings (Noya, 2006). Co-operative public diplomacy as an approach does not sound foreign to ROK as well, especially if we consider its efforts in contributing to global governance and climate change as a middle power (e.g., Lee, 2012; Blækskjæer, 2016). Even though in this format the leading positions are taken by the governing bodies it would not be possible to conduct it without active involvement and collaboration from the public and non-state actors.

EU-ROK relations

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1 further referred as Korea, ROK, South Korea
The EU and the ROK have enjoyed a special strategic partnership for a decade. They put relationships to a new level in 2010. ROK became one of ten EU’s strategic partners. The Free Trade Agreement between the EU and the ROK came into force in 2015. The Crisis Management Participation Agreement (FPA), enacted in 2016, has opened a door for the ROK to participate in EU’s security operations. The framework of these two agreements covers three pillars of strategic relations: politics, economics, and security.

In the political arena, the ROK and the EU have carried out extensive political dialogue through more than 30 channels of cooperation. The political consultations include such topics as human rights, disarmament and non-proliferation, and development assistance at the regional and global levels. The dialogues and cooperation channels address climate change, technology, culture, and education (Reiterer, 2020). All these rich activities indirectly emphasize the fact that ROK has been perceived among the EU political elites as a reliable and trustworthy partner.

The security pillar mainly touches upon the situation on the Korean peninsula: both partners share an opinion about the non-proliferation of weapons of mass destruction (WMD) and peaceful resolution of crises (Chung and Lee, 2019). The security pillar expands to joint peacekeeping operations. Namely, in March 2017, a South Korean warship participated in an EU counter-piracy operation (EUNAVFOR Atalanta) in the Gulf of Aden, nearby the coast of Somalia.

The economic dimension concentrates on advancing trading relations between partners. From an economic point of view, “the EU is the ROK’s third largest trading partner, while the ROK is the EU’s eighth largest.” (Reiterer 2020). The FTA virtually removed almost all tariffs between the ROK and the EU with several exceptions, mainly in agriculture (Delegation of the European Union to the Republic of Korea, 2020).

Even though both partners are actively using public diplomacy as an instrument to approach each other, it was not widely discussed by scholars. Public diplomacy between partners allows expanding of the dialogue and cooperation channels. Below are discussed partners’ public diplomacy mechanisms.

**Korea’s official PD**

Korea is a relative latecomer into PD even though there is certain evidence of activities undertaken from 1960s onwards which today could be labeled as public diplomacy (Choi, 2009). The systemic and consistent approach towards public diplomacy started to crystalize in the 1980s-1990s when the government began to realize the necessity of improvement of Korea’s country image abroad, both in developed and developing countries. At that time the Korea Foundation was founded, which currently is one of the main PD implementing bodies. The culture spread was one of the key instruments of this policy, and this fact was reflected in the establishment of the culture-focused division of the Ministry of Foreign Affairs in 1987 (Choi, 2009). Until recently PD has been interpreted within the cultural diplomacy framework (Choi, 2009; Ayhan, 2020). Thus the spreading awareness of Korea abroad with the help of culture has been expected as one of the major goals in the upcoming 5 years. The plan also states that Korea aims to expand its cultural power and presence. Furthermore, within this period Korea aims to intensively improve communication between countries through cultural exchange and knowledge diplomacy. The knowledge diplomacy implies an enhancement of understanding about Korean history traditions, and development, as well as the expansion of Korean language spread (MOFA, 2017, p.11).

*The Public Diplomacy Act*
In 2016, the new era of public diplomacy implementation was marked with the introduction of the Public Diplomacy Act (MOFA, 2016) by South Korea, where for the first time the term “Public Diplomacy” was legally added. The first legal document discusses formal PD definition, outlines the overall strategy of public diplomacy application, enhances cooperation and coordination between Ministries, local governmental bodies, and private PD actors.

Mechanisms and documents

Following the PD Act, through a variety of tools (eg. education, culture, policies) the public diplomacy should not only improve the image of Korea in the eyes of the foreign public but also foster relationships of the foreign public with Korean nationals.

The PD Committee assembled by the Foreign Minister functions as “a control tower for public diplomacy” (Choi, 2019). The Committee decides on issues related to development, fulfillment, alteration of the official PD plans. Furthermore, the Committee oversees cooperation between ministries and other governmental bodies that exercise their PD tasks. The Public Diplomacy Master Plan is assembled by the Ministry of Foreign Affairs and finalized by the Committee. The Ministry of Foreign Affairs assigns PD tasks to professional institutions like the Korea Foundation. The current Master Plan has been designed for the period from 2017 to 2021.

The Master Plan talks about the EU on two occasions: both of them are under the section that elaborates the plan of creating the friendly conditions for Korea’s policies. The first mentioned aspect emphasizes the need of enhancing the understanding of the ROK’s policies in “major countries” (MOFA, 2017, p.37). Here, the plan states that ROK aims to secure the support of its Korean Peninsula peace and unification policies. The EU is mentioned as the region where further promotion is required.

The second mentioned aspect relevant for the EU highlights the necessity to continue social exchange between partners to expand the audience for Korea’s PD (MOFA, 2017 p.38). Some other EU member states are also mentioned in the Master-plan due to some particular occasions like expanding PD infrastructure including the conduction of the joint cultural committees (e.g. with Greece, Spain), and activities that would commemorate bilateral relations (e.g., the Netherlands, Portugal, and Latvia).

According to the plan, the improvement of the country's image via cultural assets almost does not have specifically targeted countries or continents. The exceptions are Africa and the Commonwealth of the Independent States\(^2\) where Korea planned to popularize dramas by providing free subtitles. Other cultural diplomacy means are not specified geographically.

EU’s approach toward PD

Even though the EU member states have extensive knowledge and experience in conducting public diplomacy, for the EU running public diplomacy activities and labeling them as “public diplomacy” is a relatively new phenomenon. The first formal mentioning of ‘public diplomacy’ occurred when the EU dispatched the first Delegation to the US (Pagovski, 2015). Before that, the EU tried to refrain from the use of the “public diplomacy” term because of negative connotations with propaganda and reluctance of member-states to have a joint position on the foreign affairs agenda (Pagovski, 2015).

Currently, PD runs within a legal framework of the Partnership Instrument for cooperation with third countries (Regulation (EU) No 234/2014). The Partnership Instrument funds activities that carry EU

\(^2\) CIS includes Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan
agendas with partner countries and “is of worldwide application thus serves to promote cooperation and alliance-building on EU relevant issues or mutual interest and challenges of global concern” (European Commission, 2020).

In 2015 the EU conducted “Analysis of the perception of the EU and EU’s policies abroad”. Korea was one of the selected countries where the study was carried out. The study revealed that “in South Korea, the EU is much less visible than the US or China, with a predominant perception of the EU as an economic power, much less as a power in global politics, which is also mirrored in media coverage.” (Brožaitis et al., 2015)

Consequently, these results urged the EU to address insufficient awareness issues among Koreans. The EU tried to intensify cultural and academic discussions to improve awareness and understanding. In the “Action Document for Public and Cultural Diplomacy,” Korea among other priority countries is mentioned in relation to the Jean Monnet Action Program that is supposed to reinforce “the study, research, teaching and debate on EU-related issues among students and academics.” (European Commission, 2019)

The EU’s PD declares the need to improve European’s image in the eyes of the Korean population, however, none of the EU’s bodies is concerned with understanding how Korea’s PD has been perceived in the EU, especially by the EU public and formal bodies. The Korean government also has not produced any official documents that would describe the country’s firm strategy towards the EU (Reiterer, 2020).

The 2020 report by KF-VUB mainly outlines individual positions of the EU key member states about the relationship with Korea (Pardo, 2020). The report outlines the overall trend of greater bilateral cooperation with South Korea irrespective of who is in power. The joint agreements between the ROK and the EU in economics, security, and politics catalyzed greater engagement on the bilateral level. However, the depth of engagement varies between countries: for instance, France together with South Korea produced a light helicopter and already won several Airbus contracts (Hémez, 2020); South Korea made multiple purchases of German arms and technology (Ernst, 2020). There is extensive and active cooperation in the field of higher education between South Korea and Belgium: for instance, there is a University of Ghent’s campus in South Korea (Hellendorff, 2020). Since 2016 Poland and South Korea witnessed a rapid growth of tourist visits after the opening of direct flight by the LOT airline (Pietrewicz, 2020). And even though bilateral ties between South Korea and EU member states are extensive, they include PD activities, there is a growing people-to-people exchange driven by EU-ROK cooperation and bilateral agreements, there is no explicit assessment of Korea’s PD by the EU.

The circumstances drive us to a thought that the EU’s perception of Korea’s PD can not be done through analysis of formal statements, but by examining other implicit and dispersed activities.

**Joint PD of the ROK and the EU**

As mentioned earlier both parties are relative latecomers in PD, nonetheless, both ROK and the EU have been already implementing joint mutually beneficial activities in the realm of co-operative public diplomacy. These activities (examples of activities can be found in table 1) cover education, science, culture, climate, economics, technology sectors. In the academic field, both parties exchange students via several programs (e.g., ASEMDOU, Erasmus+); furthermore, both parties initiated several platforms and programs to encourage academic and research cooperation between the EU and Korea, especially in hi-tech fields (e.g., EU-Korea Climate Action, ECCP, EU Gateway). Business cooperation is also bolstered through the European Cluster Collaboration Platform for SMEs (ECCP) and EU Gateway that is used for
entrepreneurial matchmaking with businesspeople outside of the EU. The cultural exchange is activated and inspired through Asia-Europe Museum Network (ASEMUS) and Creative Europe initiative.

Interesting to notice that mutual contribution to the PD cooperation is commemorated at special activities like the Public Diplomacy Week in Seoul and Korea JoongAng Daily’s Public Diplomacy Night.

These activities require joint-approach and collaboration, so the execution of these projects demonstrates like-mindedness between the ROK and the EU. These people-to-people exchanges are facilitated by the work of official bodies at the EU-ROK level, and the bilateral level.

Even though the EU does not have a common attitude towards the ROK’s PD it is fair to state that since the cooperation in the listed projects is present and both parties are pro-active the EU’s perception of Korea’s PD should be considered positive.

Table 1. Examples of joint public diplomacy activities between the EU and South Korea

<table>
<thead>
<tr>
<th>Activity</th>
<th>Field</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Exchange</td>
<td>Education, Science</td>
<td>EURAXESS Korea is an office of EURAXESS in Seoul, that provides information on mobility and research cooperation between Korea and the EU, as well as fosters networking between researchers and institutions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ASEM-DUO Korea. This Fellowship Programme promotes students exchanges between Korea and 30 European countries ³. Formally this exchange program under Asia–Europe Meeting, the political dialogue between representatives of Europe and Asia</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ERASMUS+ is an EU-funded programme that allows student mobility between European and non-European countries (including Korea)⁴</td>
</tr>
<tr>
<td>Cultural exchange</td>
<td>Culture</td>
<td>Asia-Europe Museum Network (ASEMUS) is a cross-national network of museums that supports museum exchange</td>
</tr>
</tbody>
</table>

³ http://www.asemduo.org/01_about/about_03.php
| **R&D collaboration** | **Climate** | In 2018 the EU and ROK launched EU-Korea Climate Action. This project gathers “climate partnerships between Korean and European non-state entities who commit to implementing climate actions in priority areas such as renewable energy, energy efficiency in buildings, sustainable mobility, circular economy, and best low-carbon business practices.”

5. [https://www.museum.go.kr/site/eng/content/io_aemus](https://www.museum.go.kr/site/eng/content/io_aemus)

| **Cluster Collaboration** | **Economics, Trade, Technology, Environment** | The European Cluster Collaboration Platform (ECCP) is an action of the Cluster Internationalization Program for SMEs that started in 2016. The Platform provides “networking and information support for clusters and their members aiming to improve their performance and increase their competitiveness through transnational and international cooperation.”

Through the platform are organized multiple joint events for entrepreneurs and government servicepeople.

EU Gateway | Business Avenues on the regular basis dispatches EU-funded missions for European companies looking to expand onto Asian markets, focusing on specific sectors with strong potential for European


companies.” 8 Also through EU Gateway are organized business matchmaking events for EU and ROK businesspeople and other actors.

Eureka is an international network that has 45 countries (including South Korea) that provides access to expertise and funding in R&D projects. 9

| Participation of the EU delegation in the Public Diplomacy Week in Seoul | Commemorative activities | Delegation of the EU to the ROK took part in the 1st Public Diplomacy Week organized by the Korea Foundation. EU Ambassador Michael Reiterer presented exemplary cases of public diplomacy. 10 |
| Korea JoongAng Daily’s Public Diplomacy Night | Commemorative activities | The Korea JoongAng Daily awarded the Public Diplomacy Ambassador of 2018 to Michael Reiterer, Ambassador of the European Union to Korea. 11 |

**Korea’s country image, Hallyu, and economic interest**

While there are mutually agreed EU-ROK PD activities there are also PD activities that are less controlled by the official bodies. The core component for Korea’s PD for ages has been cultural diplomacy, and Hallyu (Korean Wave) which has taken a special place in it (Jang and Paik, 2012).

The government’s support of the Korean culture promotion pays back with the growth of revenues of Korean companies in a variety of industries. In electronics, Samsung and LG are among phone- and TV-selling leaders in Western Europe. Moreover, Korean companies owe several plants across Europe. In the beauty sector, Korean beauty holding Amorepacific is among global leaders in the industry (Euromonitor, 2020). Among other revenue-bringing sources deriving from K-Wave are the export of TV programs, games, fashion items, food, and others (KOFICE, 2018).

By improving the country's image through K-Wave South Korea is promoting its products around the world. Through official diplomatic channels, the ROK government builds advantageous export conditions, like for example FTA, for Korean products. By supporting country image-promoting initiatives and the Korean Wave the Korean government contributes to the spread of awareness and interest in Korea and K-

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9 [https://www.eurekanetwork.org/](https://www.eurekanetwork.org/)
products. Several studies indicate that there is a dependency between Korean Wave and purchase behavior for example with cosmetics (Tjoe and Kim 2016), and food (Shin et al., 2014). However, Kang’s (2020) study in Nordic countries showed the opposite result saying that awareness about K-pop music does not impact the decision to buy Korean products.

The spread of Korean pop culture spilled over with several serious global achievements. The flagship achievements of the Korean Wave in the entertainment industry are the multiple Oscar-winning “Parasite” movie and ongoing domination of the BTS K-pop band over global musical rankings including Billboard Artist 100.

Korean image and Korean Wave in Europe

In 2019 Ministry of Culture, Sports, and Tourism conducted an annual global online survey with 8000 respondents in 16 countries on Korea’s image perception. The research showed that primary drivers of the positive image of Korea abroad are K-pop (38.2%), economic development level (14.6%), Korean cultural heritage (14%), and Korean brands and products (11.6%). Totally over 76% of foreigners positively view Korean image. Only three EU countries were surveyed (500 respondents each). According to the survey results France views the Korean image more positively (79.8%) than the UK (69%) and Germany (67.6%). For the whole sample, the main source of information is broadcasting media (TV and radio) (66.6%) followed by online media (63.9%).

A previous study on Europe which also concentrated on England and France revealed the influence of the Korean Wave contents on loyalty and Korean products purchase behavior through satisfaction with the content. Additionally, they found Korea’s country image influence on the behavior, and marginal dependency between the country image and Korean Wave content (Kim and Park, 2016).

In another study Korean scholars studied the perception of Korean image in European media (based on France, Britain, and Germany) and found quite a critical tone of German media in comparison to friendlier French and British press, thus recommended launching a “media diplomacy” campaign to improve the situation with Korean image in Germany (Hwang, Choi and Cho, 2012).

There are several studies on the perception of Korea and Korean Wave in selected European settings. Marinescu and Balica highlighted that spread of Korean Wave in Romania started in 2009 with the broadcasting of Korean drama and now the fandom of Korean popular culture is growing even though unlike in France the fans do not have a chance to meet their idols in person during the concert (Marinescu and Balica, 2013).

In the Czech Republic as Mazaná notes the community of Korean Wave fans is relatively marginal but growing. Unlike in Romania Korean dramas were not broadcasted on the national TV so the fans started to learn about Korea via Internet sources around 2007. In general awareness about Korea in both mentioned countries is quite low. The majority of the population have no interest in Korea, as of 2014 (Mazaná, 2014). On the other hand, the Czech republic witnessed the creation of Czech K-pop bands which successfully performed at international K-pop festivals (Mazaná, 2015).

In Poland, universities were among the first providers of knowledge about Korean culture and language. In 1983 it became possible to study the Korean language at Warsaw University. The K-Wave gains its

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popularity in Poland with a variety of events including Korean cinema festivals and activities organized by the Korean Culture Centers like cultural and language classes. The PSY’s triumph with Gangnam Style raised awareness about Korea in Poland (Kida, 2014). Nevertheless, the recent research on Polish-Korean relations indicates that Korea in 1990s had been mainly perceived as a significant partner in the realm of economic relations, however starting from the accession to the EU in 2004 the interest of Poles in Korea significantly dropped. (Marczuk, forthcoming).

Based on the results from ethnographic research and a survey Colette Balmain concluded that the Hallyu reached UK shores before the 2000s (Hallyu 1.0), nevertheless the growth of Korean culture popularity was very much related to the development of the Internet sources (Hallyu 2.0). A peculiar finding in her research demonstrates that one of the reasons for the active spread of the Hallyu in the UK was a significant amount of British of Asian descent (‘British Asians’ as she put in the survey) (Balmain, 2014). This finding can hint why among the EU countries, the spread of Hallyu is more advanced in France and the UK, where the presence of population of Asian kinship (citizens and incoming students) is greater than in such countries like Romania or Poland. This finding also somewhat corresponds to the relatively active spread of Hallyu in the Czech Republic which took place in the 2010s also due to the active participation of the Vietnamese community (the third biggest ethnic group in the Czech Republic after Czechs and Slovaks) (Mazaná, 2014).

The study by Hübinette explains the perceptions and development of Korean Wave in Sweden by underlying the initial role of movies and also highlights the fact that one of the main features of consumers of K-pop at early stages (Hallyu 1.0) was related to people of the immigrant background (2012).

Balmain’s survey also reported a very positive (“fan”) attitude towards Hallyu among the respondents with an Asian background. Among other ethnographic notes provided by Balmain are emphasises of the strong growth of interest in Korean movies from 2008 and 2013 that resulted in sold-out during Korean movie festivals, as well as the great demand for Korean language courses in the UK (Balmain, 2014).

Based on the above-discussed literature it is relevant to outline three major trends:

First, Korea’s interest in Europe is still primarily built around the biggest Western European countries like France, the UK, Germany;

Second, even though Korea is actively conducting public diplomacy, especially cultural diplomacy with a special concentration on the Korean Wave, the studies do not yet analyze the attitude of local governments and people regarding public diplomacy. The studies typically focus on the country image or historical development of the Korean Wave in a particular country;

Third, Europe with exception of several EU member-states remains a quite large and unstudied region of limited interest in Korean Wave impact in comparison for example to Southeast Asia14.

Counteraction to Korean Public Diplomacy

The rapid growth of the popularity of Korean culture and the dominant position of Korean media products in the television in some countries have caused certain anti-Korean and anti-Hallyu sentiment in several places (Kim, Song and Jang, 2014). Thus, to protect their own media industry as well as for political reasons, some countries began to impose restrictive measures against Korean products. For example, China has restricted the broadcasting of foreign content (for example, since 2004, Korean dramas could not be

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shown during prime time), as well as, reduced the number of import permits for Korean dramas (Chen, 2017), during the THAAD\(^{15}\) crisis China banned Korea’s pop culture products\(^{16}\). Additionally, it should be made clear that one of the main concerns of anti-Hallyu supporters in Asia was allegation that overconsumption of Korean popular culture erodes local culture and creates hybrid identities (Kim, Song and Jang, 2014).

Since Europe has not acted as a key-target region of Hallyu and Korean PD overall, the European public has not been that much exposed to made-in-Korea shows. Furthermore, most restrictive measures take place in countries where Korean programs were dominating local TV channels what started in the Hallyu 1.0 epoch. The Korean Wave mostly reached Europe with the development of the extensive Internet communication and knowledge distribution. Currently, with the intensive development of the Internet streaming and on-demand television platforms like Netflix, conventional TV does not act as the main channel of disseminating the made-in-Korea content. Furthermore, the presence of Korean programs on EU’s TV channels is extremely modest. According to the White Paper of the Broadcasting Industry in 2018 Europe made only 0,5% of all Korean media exports, over 65% were made to Asia and over 20% to the Americas. Sales to European countries barely reached USD 1.5 million, where USD one million is sales to the UK (KOCCA, 2020).

Hence, it is fair to assume that EU member states do not feel competition with Korean products and are not afraid to consume them. The level of import of Korean broadcasting products is tiny.

The opposite case in the EU can be illustrated by the broadcast of Russian TV shows and programs in Latvia. The Latvian government considers Russian programs harmful and causing political disintegration, so they try to limit broadcast of the made-in-Russia content at the level of national legislation\(^{17}\).

Hence it is fair to assume that EU’s and EU’s individual members’ attitude towards the Korean Wave is either positive or indifferent because it is not massive and does not cause any threat to local identity or industry.

**Summing up the EU’s perception of Korean PD**

There are no explicitly made statements regarding the attitude of the EU toward Korean PD and we could distinguish two major attitudes towards Korean PD in the EU.

First, the EU actively cooperates with the ROK in a list of PD activities where they mutually benefit. Hence, by participating in these activities and being initiator, the EU, on the one hand, recognizes the dissemination of various Korean PD strategies towards the EU, on the other hand, it gives strong support to this cooperation and both partners are seeking expansion of the PD cooperation in other spheres.

Second, the EU does not mind ongoing Korean Wave trends and directly and indirectly supports this spread by having FTA with the ROK and having cultural events that feature Korean cultural products. This attitude is somewhat synonymous to the all-EU level and member-state-level. Perhaps, such a relaxed attitude towards Korean media products from the EU member states and European Commision can be explained by the fact that the amount of Korea-made media products is quite modest and does not threaten local producers. The EU does not employ nationalist rhetoric in its arsenal *per se* while at the

\(^{15}\) Terminal High Altitude Area Defense deployed by South Korean and the US armies


national level the consumption of Korean cultural products is very limited so it has not been perceived as a threat by local governments.

Recommendations

So far, the analysed cooperation between the EU and ROK in the realm of PD is an excellent example of how PD can be jointly beneficial. Nonetheless, the depth of cooperation is small and the results from cooperative PD activities are yet to be seen, thus further research on the results of EU-ROK PD activities is strongly recommended.

Both the EU and ROK should not overdo in regulating mutual public diplomacy activities because there is a possibility that excessive involvement and control from the state might intimidate non-state actors from participation in the collaboration (Lee and Ayhan, 2015).

Korea pays great attention to the Korean Wave as an instrument of public diplomacy and is using cultural diplomacy to improve the country’s global image. Korean government should be careful with capitalizing on South Korean artists success because some of them accidentally may be involved in political scandals (like Tzuyu from TWICE band who waved a Taiwanese flag at the Korean TV (Ahn and Lin, 2019), drug abuse, sexual and corruption scandals (like Seungri from Big Bang, he publicly runs a night club where criminal acts were reported) (Saeji, 2019), or commit suicide like Kim Jong-hyun of SHINee and Sulli from f(x)18. All these occurrences might cause disappointment and mistrust affecting the previously established positive country image. Taking into account the unprecedented success of some South Korean artists (e.g., BTS) once they get into a scandalous situation the overall damage to the country image might correlate with the popularity of an artist.

Korea and the EU at multilateral and bilateral levels have established significant business relations. Nevertheless, the public in Korea and in the EU remains largely unaware of the detailed progress in economic and especially security and political relationship between parties (Brožaitis et al., 2015). Hence, greater scrutiny and representation of the EU-ROK relationship can bring better mutual understanding and mutual perception as allies since there is a strong cooperation in the security sector.

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