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## **Korea is Looking South**

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**Abstract:** *South Korea has traditionally been focused on the United States and Western Europe for its economic and military alliances, but since the end of the Cold War, South Korea has seen an increase in the frequency and level of cooperation with Latin American countries. The authors of this essay believe that these cooperative relationships will continue to grow and expand in the areas economic cooperation, natural resource development, and the agricultural sector. The authors also contend that South Korea's Soft Power will play an important role in the strengthening of these relationships.*

### **1. Introduction**

Potential is a word that is often bandied about in political studies. It is used in relation to a great many things including international peace accords, technological developments, and emerging bilateral relationships. The word is powerful because it conjures in the mind of the reader possibilities that yet may be, of bright futures to be realized, and relationships that may grow and become lasting partnerships. Indeed, the word potential may be overused in international relations, but there are times when no other word will suffice.

Discussion of the emerging relationship between South Korea and Latin America is one of those times when the word potential can be used to its full effect, for this relationship while relatively young has the *potential* to be one of the most important in international relations.

In the past South Korea and Latin America faced economic crises and political struggles and endeavored to improve their ties and strengthen their economic relationships, but the timing was never right and the circumstances never

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ideal, that is until recently. Today, there is a desire on both sides of the Pacific to create real and lasting progress in their relationship in all sectors, to strengthen bi-lateral cooperation, and to build the types of economies and societies that can emerge from the shadows of regional (China )and global (United States) hegemons. Now is the time for the relationship to reach its full potential.

In part one of this essay, the authors will briefly review the historical background of the South Korea – Latin America relationship. Following the historical discussion the essay will shift its focus to areas of growing cooperation between South Korea and Latin America including economic cooperation. Next a discussion of natural resource and agricultural development will be covered, and the final section will deal with Soft Power and the new ways both South Korea and Latin America are embracing each other culturally, helping the bilateral relationship mature and reach its full potential.

## **2. Historical Background**

The Cold War figured prominently in the political, social, and economic relationship of South Korea and Latin America. Korea was divided between the communist North and capitalist South, while Latin America held both Soviet-backed communist and US-backed capitalist regimes. This provided a unique milieu for the relationship between South Korea and Latin America.

From the onset, both were bound by shared interests but hampered by Cold War politics that prevented a full realization of their relationship. As the Cold War began to lose importance in the 1980s and early 1990s, a redistribution of interests took place in both regions, and both South Korea and Latin America began to relax authoritarian restrictions on political freedom, protectionist economic policies, and find new political and economic ground on which to build their relationship.

One of the first boons was the creation of the Southern Common Market and the implementation of the North

American Free Trade Agreement which boosted purchasing power in Mexico and Central America, as well as other Latin American countries such as Brazil to a level that attracted considerable attention from outside investors including South Korea. By the early 1990s, hundreds of South Korean investors with billions of dollars to spend traveled with then-President Kim Young Sam to several Latin American countries and poured more than \$2 billion of investment into the region (Kim, 2008).

By 1997, everything appeared to be on track for dynamic partnership the flower. But the financial crisis of 1997 – 98, caused the collapse of the banking sectors around East and Southeast Asia and resulted in an almost universal stoppage of foreign investment outside of South Korea. As Kim Won Ho (2008) reported in the Korean Herald, then-President Kim Dae-Jung was forced to deal with the financial mess in Korea and as a result, "powerful business groups no longer enjoy(ed) political support... Many promises to invest in Latin America were canceled or indefinitely postpone(ed)."

The crisis could have been the death knell for the relationship between South Korea and Latin America, but global events conspired to keep it afloat. Just a few years later when new financial and security concerns began to hamper growth in the United States and the European Union, and events in Iraq and Afghanistan distracted America's traditional hegemonic shoulder-peeking into Latin American bi-lateral relationships, investment and trade between Latin America and South Korea was back on track.<sup>1</sup>

### **3. Economic Cooperation**

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<sup>1</sup> The specter of China also loomed large from both sides. Latin America welcomed Chinese investments but was under no illusions as to the potential political and strategic costs of embracing China in America's backyard. South Korea offered the best of both worlds – a safe trading partner, steady inflows of investment, and a security pedigree that was vetted by its close relationship with the United States. So while America was preoccupied with its own difficulties, South Korea and Latin America were able and more than ready to resume a relationship built on trade, development, and resource security.

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With a Cold War and Financial Crisis now in the rear-view mirror, South Korea and Latin America could turn their attention on building economic cooperation, first through small bilateral steps and ultimately through Free Trade Agreements. Latin America was certainly no stranger to FTA's, for it is a region where numerous examples of successful FTA's exist, including the massive North American Free Trade Agreement, and smaller-scale free trade agreements between Chile, Peru, and the United States. FTA's also exist between Costa Rica and Mexico, Chile and Mexico, Bolivia and Mexico, Costa Rica and Panama, and as well as many others that overlap in the region.

By 2004, South Korea had finalized its first Free Trade Agreement in Latin America by inking a deal with Chile. The agreement sent Korean investment and technical expertise to Chile and agricultural produce to Korean supermarkets (Hwang, 2009). Building on this success in November 2010, South Korea and Peru inked a new FTA agreement which will see a boon for South Korean automobiles and high-technology products exported to Peru and the South Korean agricultural market opened to Peruvian farmers ("South Korea and Peru Ink Free Trade Deal," 2010).

Agreements do not stop there. Since 2007, South Korea and Mexico have been in heavy negotiations on an FTA. This particular agreement is overdue, for by 2009, Mexico had become South Korea's largest trading partner in Latin America with over \$8.1 billion in bilateral trade, and over 1,400 South Korean firms operating in Mexico. Mexico's attractiveness is multifaceted, with South Korea previously involved in billion-dollar oil, natural gas, and refinement activities in the country ("Korea's Sunkyong Signs US \$2.5 Bld Deal," 1997). This level of trade almost demands an FTA, and President Lee Myung-bak and his Mexican counterpart Felipe Calderon, are vigorously pushing both of their countries to conclude a deal by next year. Experts believe a deal will soon be announced.

Other economic initiatives between South Korea and Latin American countries are also on track, as Argentina and South Korea are inching closer. As the eighth-largest

country in the world, Argentina also has a sizable Korean immigrant population and trade with South Korea tops over \$1.24 billion per year. An FTA between Argentina and South Korea would open up huge markets, allowing South Korean technology, automobiles, and heavy machinery to be available for Argentina's growing consumer market, and South Koreans being able to satisfy their increasing hunger for agricultural imports from Argentina, as well as raw materials such as much-needed copper ore (Kim, 2008).

In 2010, South Korea also warmed its relationship with Costa Rica. A future FTA between the two countries may be coming soon. Costa Rica feels its agricultural sector, particularly its chicken and pork exports, could feed the high demand in South Korea. Costa Rica has also benchmarked South Korea as its model for *e-learning*, with a deal signed in 2009 to expand South Korean investment in the country's e-learning market worth over US\$1 billion ("South Korea to Expand E-Learning," 2009). Costa Rica, already one of the most highly educated societies in Latin America, realizes the importance of South Korean assistance in boosting the marketability of its population.<sup>1</sup>

#### **4. Natural Resource Cooperation**

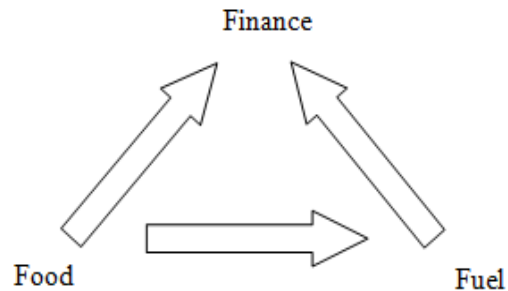
The relationship between South Korea and Latin America can also be seen as triangular. The three points of the

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<sup>1</sup> Technology is also playing an integral role in the South Korea and Latin American economic relationship. The most active organization in this realm is the Korea International Cooperation Agency (KOICA). This organization is part of the Ministry of Foreign Affairs and Trade of South Korea and as part of its mandate; KOICA built the Korea-Honduras Technical Training Center in 2002, sending Korean technicians to teach information technology and automobile technology to Honduran students. In Guatemala, KOICA established the Apparel and High Technical Workshop in 2005, at a cost of nearly US\$1 million. These actions by KOICA are not isolated and in 2010 the organization sponsored the South Korea – Brazil Policy Council. In this meeting, South Korea saw agreements for technology sharing and cooperation between the Korean National Oil Corporation and Brazil's Petrobras. Conversely, Brazil looked to gain from South Korea's IT sector, nanotechnology, and semi conductor technology. What is more, in March of 2010, KOICA sponsored teams from Honduras, Columbia, and nine other Latin American countries to come to Korea to train in the latest disaster prevention technology and information systems.

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triangle are finance, fuel, and food. Latin America enjoys the latter two but desires the first.



South Korea has the first but is in need of adequate supplies of the latter two. The potential gains of a closer relationship between South Korea and Latin America may be seen in the area of natural resources more than anywhere else. It is a natural fit with Latin America being resource rich but lacking the infrastructure and technological know-how to extract these resources in an environmentally friendly way, and South Korea having the expertise to make this a reality.

Since 2008, the Ministry of Foreign Affairs and Trade (MOFAT) has encouraged Korean businesses to invest in numerous energy projects throughout Latin America, and the government has signed several memorandums of understanding (MOU) with Latin American countries to develop natural resource production. The most recent MOU was signed on August 2010, by Korean President Lee and Bolivian President Evo Morales Ayma. This particular MOU will enable Korean businesses to exploit the Bolivian lithium sector, one vital to South Korea's high-technology economy. Lithium is one of the main components used in the production of cell phones, computers, and electronic cars all areas where South Korea is dominant. Mining of lithium will be a joint operation between the Bolivian Mining Corporation and South Korea.

Costa Rica, Latin America's icon of green energy and natural preservation, has also not gone unnoticed by South Korea. Both countries are particularly sensitive to the issue of climate change, with South Korea desirous of natural resources that are also considered environmentally friendly ("South Korea, Costa Rica Agree to Deepen," 2010). Since 2005, when then-South Korean President Roh visited Costa Rica, the two nation-states have built a relationship based upon science and technology, alternative energy research, and sustainable development. What is more, Costa Rica's Foreign Minister, Bruno Stagno, visited Seoul in January 2010, and signed an agreement creating the South Korea-Costa Rica Biological Resources Center. This multimillion dollar center will build upon the strong resource diplomacy that already exists between Latin America and South Korea.

## **5. Agricultural Cooperation**

As mentioned previously the potential cooperation between South Korea and Latin America is centered around FTA's and MOU's that seek to strengthen their economies, and nowhere in the bilateral relationship of South Korea and Latin American countries is the level of trade as robust and as fundamental as in the area of agricultural cooperation. Food is the key area where Latin America is resource rich, and South Korea struggles. Over the past 30 years South Korea's economy has grown considerably while its agricultural sector has shrunk. According to the Korea Rural Economic Institute (KREI) Korea's food self-sufficiency has decreased gradually from 43.1% in 1990 to 29.7% in 2000. This number further declined in 2009, with Korea producing only 26.7% of its necessary agricultural intake.

Latin America may very well be a future breadbasket for South Korea with Brazil, Argentina, Uruguay, and Paraguay just a few of the biggest agricultural powerhouses in the world. This was a fact that was highlighted at the most recent G 20 business Summit by Eduarad Elsztain, the chairman of the Cresud SA, Argentina's large agricultural company, when he presciently pointed out that the increased demand combined with scarcity of resources in

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areas like South Korea would necessitate the importation of food produced in Latin America (Segyu Ilbo, 2010). Taking advantage of the agricultural bounty of Latin America is increasingly attractive to governments, including South Korea's.

Other than direct imports, South Korea may also be interested in leasing large swaths of farmland in Latin America, just as it does already in Cambodia, Indonesia, and Madagascar. These leased lands provide considerable agricultural produce for the Korean market and with \$26 million already committed to buying land in Paraguay and Uruguay, it is completely in the realm of possibility that land buying in Latin America will continue, and be put into production for the Korean consumer. Indeed, the Hyundai Corporation has already expressed interest in purchasing sizable farmland in Brazil in order to grow and export soya to South Korea (Circle of Blue, 2009). It stands to reason other Korean businesses will soon find the agriculture sector an attractive investment.

## **6. Soft Power**

Free trade agreements and agricultural cooperation represents traditional avenues of cooperation between nation-states. Yet in recent years traditional power concerns have been joined by Soft Power, the idea that one country can make itself more appealing and attractive and thereby win allies to its causes and concerns through use of its culture and other nontraditional avenues of influence (Nye, 2004). For example, in 2008, plans were announced to build a "Korea Park" in Costa Rica where children and adults could go to learn the cultural aspects of South Korea (Kim, 2008). A Latin American Cultural Center already exists in Seoul, and such parks serve many purposes, but its main goal is to foster warm relations between the two peoples.

Costa Rican cities are also eager to develop "sister city relationships" with their Korean counterparts. There is considerable affection for each other's country and culture both in practical terms as well as in their rhetoric. Recently,



the Costa Rican Ambassador even proclaimed that "Korea is Costa Rica's role model" (Kim, 2008). Certainly he meant in terms of *e-learning* and technology but also for the cultural achievements of South Korea.

Other Soft Power elements have an economic aspect, including activities funded by the South Korean government such as the "Knowledge Partnership Fund" (KPF). The KPF is part of the Inter-American Development Bank which seeks to promote various projects from the preparation stage to implementation in the areas of technology, scientific innovation, and the strengthening of institutions ("South Korea vows to provide more support," 2006). The KPF was created by South Korea with an initial investment of \$140 million and serves as one of the primary sources of funding innovation in areas of the government, *e-learning*, energy efficiency, and agribusiness in Latin America. Each of these areas serves to strengthen the positive profile and image of South Korea in the region, true Soft Power.

Along with its financial support, South Korea is also enjoying Soft Power from the *Korean Wave*, a term used to describe the popularity of Korean dramas and popular music that have swept East and South East Asia over the past decade and produced a number of international television and pop music stars from South Korea (Kang, 2006).<sup>1</sup>

Latin America has not been immune to the Korean Wave. In Peru, the youth are becoming fanatic over Korean pop groups like *Big Bang*, and over the numerous Korean TV Dramas. On popular file sharing sites like YouTube, Peruvian teenagers can be seen speaking Korean language

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<sup>1</sup> In 1999, the popular paper *Beijing Youth Daily* began to describe the trend as '寒流(*Hanliu*), which means "cold current" (Joo et al. 2007: p. 15). At that time, *Hanliu* had a negative connotation for the Chinese adult population who viewed the attraction to South Korean pop-culture among Chinese youth as negative trend (Korean Foundation for International Cultural Exchange, 2008: p. 24). Later, the character of "寒" was changed to "韓" which signified South Korea (Joo et al. 2007: p. 16). The 寒流 then spread to Taiwan, where the popularity of the South Korean drama, *Dae Jang*, swept the island and its people causing Taiwan and South Korea to open new air routes between the two countries. In both cases, real tangible benefits were seen from the Soft Power of 寒流 (Koh et al, p.382, 2008).

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and pleading with pop stars like Rain and others to visit their country. This phenomenon cannot easily be dismissed and frivolous teen-idol worship, but instead part of a larger Soft Power initiative that South Korea sees as having great potential in Latin America.

Recently, South Korea's largest broadcaster SBS signed an agreement with *Telemundo Internacional* of Mexico, the dominant Latin television production company in the region ("Korea's SBS partnering with Telemundo," 2007). This deal will allow SBS to distribute wildly popular South Korean dramas to the relatively unsaturated market in Latin America. If history is any teacher, the Korean tele-novellas will capture the imagination, the money, and an entire new generation of fans in Latin America who will develop a positive feeling for the people of South Korea. The results will not be as easy to measure as economic and agricultural factors but they are real and in the end may be longer lasting.

Even today the impact of these activities appears to be paying dividends for the relationship on both sides of the Pacific. South Korean universities have seen an increase in Latin American students enrolled in Korean language programs and Spanish language centers have increased in popularity throughout South Korea. With pledges coming from both sides of the Pacific to increase cultural cooperation and exchanges it appears that the growing bond between South Korea and Latin America is just beginning to reach its full potential.

## **7. Conclusion**

Whether in the area of economic cooperation, natural resources, agriculture, or Soft Power the relationship between South Korea and Latin America continues to grow and respond to the changing realities of international relations. In all likelihood over the next few years we will see increased activity in the economic realm with FTA's being signed by South Korea and an increasing number of Latin American countries. Moreover the amount of agricultural

produce sent to South Korea from Latin America as measured in real dollars will continue to increase in 2011.

The growing popularity of South Korean pop music, television drama, and cinema is likely to continue its uptick for the foreseeable future particularly in markets have not been saturated by these Korean exports such as Latin America. This will ensure that a new generation of Latin American youths will grow up with more familiarity with Korea and its culture than any generation before, a familiarity that will not breed contempt but will build a stronger bond between the two peoples.

While no one can predict a certain future it seems that the economies and cultures on both sides of the Pacific have much to learn and gain from each other. South Korea's continuing need for natural resources and markets or its products is matched by Latin America's desire for high-technology and developmental assistance from the developed world. Though distant on a map, South Korea and Latin America are growing closer as a result of shared need, shared expectations, and shared potential.

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