

**Global Korea and the Future of Korean-South Asian Relations
with particular reference to India**

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Excellencies
Distinguished Participants,
Ladies and Gentlemen,

It is my great pleasure to speak to you today. I would like to thank Ambassador Gopinath Pillai, Chairman of the Institute of South Asian Studies of Singapore National University, for his kind invitation.

One of the most remarkable transformations in global politics and economies during the last three decades has been the twin rises of China and India. Much has been written about the phenomenal economic growth of China and its impact, both regional and global.

Yet an equally important transition has been taking place in India. With the beginning of systematic economic reforms in the early 1990s, India's groundbreaking evolution has often been compared to China's, although the latter has received the lion's share of global attention.

That said, what is remarkable about India's rise is the fact that it has occurred under a democratic roadmap with all of the attendant bumps and hurdles that democracies have to endure, which are particularly pronounced in relatively nascent ones such as India, which is characterized by a vibrant - but at times divisive - mosaic of ethnicities, religions, cultures and languages. As the world's largest democracy, New Delhi's economic reforms are as significant as China's, with consequences reaching well beyond its shores, to the South Asian continent and across the Asia-Pacific landscape for four primary reasons.

First, while the structural impediments confronting India are equal in magnitude to China's, India has chosen to tackle them with a democratic twist. Although China also confronts minorities' issues and a slew of socio-cultural and even religious challenges, the

demographic landscape is much more complicated and multilayered in India.

Unlike the top down nature of China's rapid economic takeoff over the past two to three decades, India's march to economic modernization is more akin to a medley of both top down and bottom up approaches, with the added ingredient of a vibrant, and at times discordant, relationship between the powerful states and the central government.

Second, throughout much of the Cold War period, India's foreign policy guidelines were dominated by a confluence of ideologies, renewed self-identity attained from independence, colonial legacies and expressions of nationalism that were often at odds with the prevailing West-dominated international system. Yet India's economic reforms have also coincided with a significant transformation in its foreign policy as evinced by its nuclear agreement with the United States, its comprehensive "Look East Policy" initiated after the global financial crisis of 2008, which has enabled closer ties with Japan, Korea and China, and a deeper engagement with the international community over a range of global issues such as climate change.

Third, in order for India to maintain and enlarge its place in the global governance architecture, it is imperative for India to resolve four outstanding tasks including governance deficit, human resource development imperatives, infra-structure weaknesses and rising income disparities. In other word, the symbiotic relationship between domestic determinants and external linkages is arguably most pronounced in India's march towards accelerated development. Like China, India has to retain its high rate of growth in the foreseeable future for the simple reason that it has to add nearly 12 million new jobs per year for the next twenty years.

Indeed, if India is able to co-manage robust engagement with the world system, significantly improve living standards at home, adopt wide-ranging institutional reforms and ensure social cohesion while continuing to maintain its democratic system, it has to demonstrate its own version of the *Third Way*. India's success, therefore, carries lessons and repercussions far beyond its borders.

Fourth, India's successful rise will undoubtedly have key repercussions for greater Asia's cumulative development. Clearly, China's trajectories are going to have a large influence in shaping Asia's geopolitical and economic landscape, but India's own future is equally, if not more, significant. This is so because India's ability to manage its outstanding challenges will have far greater consequences to the less developed *Western Wing* of Asia or the vast area that stretches across both sides of the Indian subcontinent.

Indeed, this belt is intricately linked with the oil-producing Gulf region through key maritime chokepoints and open seas. Additionally, maritime security and unfettered sea lanes of communications in the Indian Ocean is central to the sustained development of the *Eastern Wing* of Asia that houses the region's major economic powers such as China, Japan and Korea, not to mention key emerging powers such as Indonesia and Vietnam.

Ladies and Gentlemen,

Reflecting these dynamics, the regional strategic balance within Asia is being tested like never before. For the first time in modern history, three of Greater Asia's major powers, -China, Japan and India- have to share the same stage. This has created new opportunities but also challenges for the world at large, but especially for Asia. China, Japan, India, Korea and ASEAN together account for over 40% of world GDP.

The Chinese and Indian markets, even with ongoing fluctuations in the global financial system, continue to attract FDI and buyers across the world. Leading Asian products, intensifying entrepreneurship and the accelerated globalization of Asia's most educated generation are changing the face of Asia, and in many respect, global commerce.

The struggle for dominance, which symbolized much of Asia's turbulent journey over the last century, has been replaced largely by growing intra-regional trade and an incipient Asian community. While not nearly as advanced as Europe's, Asia's growing multilateral institutions and cooperative regimes such as ASEAN Regional Forum, ASEAN plus Three, APEC, ASEM and the East Asia Summit, all attest to the building of new norms, principles and practices in Greater Asia.

Yet, the sense of optimism arising from such progress is attenuated by the fact that this very region is home to many of the world's most brittle traditional and non-traditional security threats. While prospects for direct, inter-state war in Asia are low, trans-boundary terrorism and inter-ethnic disputes represent two pressing security challenges of today.

Thus notwithstanding the significant progress made, jointly managing politics, security and the economy in a bifurcated Asia demand a deft hand and bold, new approaches. Crucially important is the fact that if the world can no longer divorce itself from Asia, neither can Asia afford to disengage itself from the world. The two are intertwined, and irreversibly so, by forces and interests that intersect, converge, multiply and also diversify at all levels of the international system.

As a result we cannot afford to be complacent in evaluating

the status quo. We have benefited tremendously, and continue to do so, from an open world economy. Yet maintaining a liberal trade regime, a healthy global economy, preventing cascading financial crises and addressing the plight of global hunger in the poorest economies substantially raises the bar. Equally relevant, preventing and mitigating spillover conflicts from border disputes and ethnic tensions, controlling and rolling back nuclear proliferation and addressing a range of urgent human security challenges cannot be ignored or wished away. Asia can only benefit from the international system if and only if, Asia gives back what is received from the international community.

Thus, ensuring a more stable strategic balance in Asia requires a New Look or paradigm shifts within and amongst nations. This New Look is also highly relevant in the context of the growing Korea-Indian relationship. As far as Korea is concerned, its New Look is captured by its central focus on a strategy referred to as Global Korea.

Ladies and Gentlemen,

The essence of Global Korea lies in creating a more responsible, open nation that positively shapes Asia and the global village to the extent possible within the confines of Korea's national capabilities. In this context, the cornerstone of the Lee Myung-bak government's foreign policy can be noted as follows.

First, it seeks to restore confidence and outline a new *raison d'etre* for the critical Korea-US alliance. Over the past three and a half years, the strength and depth of the Korean-American alliance has reached scales previously unparalleled. While Korea attaches immense importance to other key relationship such as its strategic partnership with China, robust ties with Japan, increasingly deepening ties with the European Union, the Seoul-Washington alliance lies at the heart of Korea's security policy.

Second, expanding Korea's Asia Diplomacy is a critical component of Korea's regional initiatives. Korea is an Asian power. Our destiny is inseparable from that of Asia's and Korea is uniquely positioned to serve as a role model for developing countries throughout the continent. A traditional society with deeply ingrained historical legacies, Korea is also one of Asia's most vibrant economies. The so-called the *Miracle on the Han River* demonstrates what a country can achieve with focused leadership, effective pooling of resources and appropriate linkages with the outside world.

Third, Korea remains fully committed to the peaceful resolution of the North Korean nuclear crisis through the Six Party Talks and towards uncovering new opportunities in South-North relations.

Fourth, a Global Korea cannot be truly global without assuming our fair share of the common burden. Korea is providing to this date 639 military and police personnel serving under the United Nations flag in 9 out of the current 15 UN peacekeeping missions, deployed in the Sudan, Liberia, Cote d'Ivoire, Lebanon and other parts of the world. Furthermore, in recognition of the important role that the substantial inflows of foreign assistance helped Korea grow fast through its formative years, Korea plans to provide \$3.3 billion or 0.25% of our GNI for ODA by 2015. Korea has already joined the OECD's DAC in 2009 as the first aid-recipient country that has transformed itself into a full-fledged donor nation.

Ladies and Gentlemen,

I believe that the expanded Korea-Indian partnership will serve as a vital component of the Global Korea endeavor. The attendant increase in economic cooperation, exchange of human resources and expertise, and political coordination on the regional and international stage derived from improved Korea-India relations will accrue mutual benefit for both nations.

The major turning point that resulted in a new relationship between Korea and India occurred in the early 1990s, owing to India's economic reforms, the growth of Korea's economic forays beyond its traditional markets in the United States and Europe and incrementally linked strategic interest such as the two states' mutual concern over the growing military relationship between Pakistan and North Korea. In order words, both Korea and India began to converge on the basis of their respective globalization strategies and new opportunities tendered by the end of the Cold War.

This convergence can be outlined in the four key intersecting interests of both nations; (1) an *economic Blue Ocean* of still untapped potential between Korea and India, (2) mutual lessons and strategies in coping with two nuclear-armed states in the form of Pakistan and North Korea, (3) greater attention to maritime security as evinced by the growing importance of the Indian Ocean to the long-term prosperity of East Asia and (4) the ability to forge winning coalition on selective global issues given their respective roles as Asia's third and fourth largest economies. The potential for a significantly upgraded bilateral relationship can be reinforced by the fact that there are no negative historical legacies between Korea and India.

Ladies and Gentlemen,

Given that Korea's economic relations with India only began to take off from the 1990s, it should not come as too big a surprise that compared to \$188 billion USD trade between Korea and China in 2010, the Korea-India trade was relatively modest at \$17 billion USD.

In March 2010, Korea and India signed the Comprehensive Economic Partnership Agreement (CEPA) which took effect in January this year. This was Seoul's first *de facto* FTA with a BRIC's nation and also India's first with an OECD economy. During his state visit to India in January 2010, President Lee Myung-bak and Prime Minister Mammohan Singh agreed to elevate the bilateral relationship into a strategic partnership and pledged to work closely for India's accelerated modernization and globalization plans.

Korea is India's 10th largest trading partner. The manufacturing sector accounts for over 80% of bilateral trade with major Korean conglomerates such as Hyundai, Samsung and LG investing millions of dollars into the Indian market. Korean electronic appliances and automobiles possess the largest and second largest market share in India respectively. Between 2006 and 2010, around 300 new Korean companies entered the Indian market, taking the total figure into upwards of 500.

Korean FDI into India throughout the 1990s and into 2005 registered a sharp increase, with an annual average of around 50 individual investment schemes per year, amounting to a total of \$2 USD by 2010, of which over 80 percent was invested in the manufacturing sector. In January this year, POSCO announced that it had resolved a key stumbling block in pushing through a \$12 billion USD investment scheme in the state of Orissa, which will represent India's single largest FDI project to date. .

Moving beyond the economy, direct security interests between India and Korea remains limited given the sharply contrasting security environment in South Asia and Northeast Asia. Even as India, like Korea continues to broaden its economic interactions with China, India's perceptions of China differs from Korea's, or for that matter other Asian states, since India has always perceived itself as a great power that both engages but also checks Chinese influence.

Ladies and Gentlemen,

Given that the two economies are able to provide mutually advantageous services, the major goal should be to ensure that the Korean-Indian economic partnership continues to tap into the *economic Blue Ocean*. But if the relationship is to really prosper, Seoul and New Delhi must begin to recognize each other more than just new markets. They must perceive each other as viable strategic partners in the cultivation and shaping of a more responsive, democratic and globalized Asia. I strongly believe that the burgeoning Korean partnership with India will result in win-win dividends for these two ancient, but also rapidly globalizing civilizations.

The changing Korea-India relationship will, in due course, impact on the future of Korea's relationship with other South Asian nations in a very positive way.

Thank you for your attention.