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China's Belt and Road Initiative: a 'threat' or a 'miracle'? Examining the responses of South Korea to China's rise and its establishment of the Belt and Road Initiative in Asia

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China's Belt and Road Initiative: a 'threat' or a 'miracle'?

Examining the responses of South Korea to China's rise and its establishment of the Belt and Road Initiative in Asia

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Introduction

When Xi Jinping took office in China in 2012, there was a turning point in China's foreign policy, as China became more and more active on the global stage (Gong, 2019). China has become the world's second largest economy in just a few decades of great economic growth (Beeson, 2018). It was also in this period that China released its grand ambition, the Belt and Road Initiative (BRI). This initiative, established by Xi Jinping in 2013, is made to re-establish the 'Silk Road' and old trade routes by making maritime and overland connections. These old trade routes were an important expression of China's longstanding economic greatness in the Asian region (Beeson, 2018). The BRI is an important initiative to regain this goal of having direct and indirect sources of influence in the region (Beeson, 2018). Since its establishment, the initiative has attracted the attention of people from all over the world, including political leaders, businesses, the media and scholars (Gong, 2019). The impact of the BRI has been felt by major powers like Japan and other countries, including criticism and praise, but there is little known about South Korea (hereafter Korea), which is a middle power and one of China's most important neighbors. While there is much written about Japan's response to the BRI, this is not the case for Korea.

Many scholars have been analyzing the responses to and consequences of the BRI for the region. Some people compare the BRI with America's Marshall Plan after the Second World War, while others view it as economic cooperation instead of aid (Huang, 2016). Other governments see China's rise and the BRI as a replacement for the America-led international economic architecture (Huang, 2016). Many ASEAN countries welcome the BRI, while some of them are wary of the negative domestic consequences if China will export their excess capacity such as steel, coal and building materials (Huang, 2016). Therefore, this thesis will be focusing on the extent of Korea's responses to the Belt and Road Initiative and the rise of China. This would add to the existing literature of regional sentiments on the BRI. Japan's case will be of comparison as it is interesting to see how a significant power is reacting to China's rise, while Korea is a middle power. The middle power theory indicates that both countries hold different views on responding to China's rise. Furthermore, Japan and Korea have political, economic and cultural similarities, and are thus interesting comparisons in the region and for the study of China's BRI and its regional responses.

Historically, Japan was the largest economy in Asia and the second largest economy in the world after the United States. From the 1970s onwards, Japan implemented large-scale investment in Southeast Asia through the Asian Development Bank (ADB) led by Japan and

bilateral cooperation. Due to decreased domestic demand, Japan invested in infrastructure projects abroad to maintain its economic growth (Kikuchi, Unzaki, 2019). China's rise has reshaped the geopolitical and economic sphere in Asia, and therefore Japan needs to be alert as it is Southeast Asia's largest investor. To maintain its dominant position, Japan has called for quality infrastructure development in Southeast Asia to compete with China's BRI. This quality infrastructure is Japan's policy direction which differs from China's quantitative infrastructure investment (Yoshimatsu, 2021). Japan also established the Free and Open Indo-Pacific strategy, which aims to expand its strategic assets in the region to imbed regional order-building in the Indo-Pacific, to counter China's growing presence in the region (Koga, 2020).

The main subject of discussion in this thesis will be Korea. It is interesting to understand Korea's role in Southeast Asia, as it is the 4th largest economy in Asia (Sigdel, 2020). Furthermore, Korea has known significant economic growth since the end of the Second World War. However, after the democratization in 1987 onwards, Korea started to grow even faster. Korea is a middle power that has adopted this theory through diplomatic ties and foreign policy statecraft (Lee, 2012). Therefore, Korea is focusing on economic and security ties with the Asian region, next to relying on the US security umbrella (Kalinowski, Cho, 2012). Because of Korea's geographic position between China and Japan, it is hard to stand out as a regional power that represents a region or rally of countries (Kalinowski, Cho, 2012). While Japan is becoming alert to China's rise and is competing with high-tech products for export, it is crucial for Korea to match up with Japan and China, to hold their position in the world's economy (Sigdel, 2020). Many international infrastructure initiatives in the region are being created. China's BRI and Japan's Quality Infrastructure Investment and Free and Open Indo-Pacific were established through the lens of connectivity, infrastructure development and geopolitical diplomacy in the Asian region. The speed and frequency of new policy objectives have increased, which means for Korea to keep up with the strategies posed by major powers in the region. In November 2017, Korean president Moon Jae-in declared the 'New Southern Policy' (NSP), which aimed to improve Korea's relationship with ASEAN economies to the level of its relations with China, Japan, the US, and Russia. The NSP attempts to position Korea as a major economic player in Southeast Asia. By strengthening ties with ASEAN, Korea wants to reduce its dependence on traditional trade allies like China. Furthermore, Korea is focusing on connectivity on the Northern side with the New Northern Policy (NNP). This initiative is a follow-up to President Park's Eurasia Initiative, which is focused on connecting Eurasia with Korea. Another reason for creating partnerships and economic relations in the North is South Korea's wish for Korean unification and peace on the peninsula.

Problem statement

As the literature in the introduction shows, China's rise in the region has consequences for great, established powers like Japan, and middle powers such as Korea. While Japan is an influential country in Asia by enhancing infrastructure development through the ADB and bilateral agreements, Korea's influence and geopolitical power are still not highly examined. Furthermore, China's BRI in Asia has consequences for Korea's focus on FDI in the region and its search for resources in developing countries. This competition for resources and power in the region has consequences for China, Japan and Korea. This research will therefore delve into the consequences of and responses to China's BRI projects in the Asian region for Korea. The main research question will therefore be as follows: *“What are the consequences for and responses of South Korea to the rise of China and its Belt and Road Initiative in Asia?”*

There has been much written about China's rise and its implications for Japan. However, there is not much known about Korean responses and consequences of the BRI. Japan and Korea have many similarities compared to other countries in the region. Korea and Japan are one of the most developed countries in the region, are geopolitically close to each other, have the same political economy and their interconnectedness are reasons to include Japan as a case study in this analysis. Furthermore, Japan is a country that faces competition from China in (Southeast) Asia, and being historically the biggest regional power, this will cause friction. By comparing Korea's and Japan's foreign policy in Southeast Asia, this research will find out if there are differences or similarities in policy objectives. Are Korea's foreign policy objectives mainly geopolitical/geostrategic? Or do we see a cross-over between a geopolitical strategy and economic objectives? This research will further enhance the literature on Korea's economic rise in (Southeast) Asia as a middle power, and the responses it has on China's infrastructure projects through extensive literature research, government reports and keeping in mind the middle power theory.

The first chapter will explain the background of the rise of China, the establishment of the Belt and Road Initiative and the perceived threat by the international community. The next chapter will focus on the background of Japan in Asia and its responses to the BRI. Thereafter it will be explained what Korea's role in the region is and how it has responded to the BRI. This chapter will be analyzed afterward, to see what the consequences of these responses are. This research will end with a discussion on the topic and a concluding chapter. Historically, Japan has been the major power in the region, and therefore this thesis will present the chapters on Japan and Korea in chronological order in time.

A deeper understanding of China's rise and the BRI

Where it all started

After China's 'reform and opening up' policies at the end of the 1970s established by Deng Xiaoping, China's exports and incoming Foreign Direct Investment (FDI) became known as the Chinese miracle (Ohashi, 2018). Through this process, many workers transferred from rural work to more industrial and urban roles (Johnston, 2019). Due to current account surpluses, hundreds of millions of Chinese people were elevated in their level of prosperity (Johnston, 2019). Due to over-investment and production and external trade friction, it needed to shift its development model from investment and export-led to domestic demand growth (Ohashi, 2018). The new stage of this development model was more focused on acquiring foreign currency and technology bilaterally in the region (Ohashi, 2018). This came with the establishment of industries abroad in the region. The idea was that China needed to deepen its commitment to global governance (Ohashi, 2018). The rise of China in Chinese eyes is granted by its nature. Chinese citizens are proud of its achievements in history. In the last 2000 years, China enjoyed a superpower status for several periods of time, for example during the Han Dynasty, the Tang Dynasty and the early Qing. Even before the Opium War in 1820, China's GDP accounted for 30% of the world GDP (Xuetong, 2001). The Chinese are proud of these achievements but were also sad about the developments after the Opium War when China's wealth declined. China believes this is a historical mistake that needs to be corrected (Xuetong, 2001). The rise of China these days is mainly due to the high demand for Chinese exports, FDI in the industrial sector and their competitiveness in terms of low-cost labor (Paul, 2016).

Launching the BRI

During a visit to Kazakhstan and Indonesia in 2013, President Xi Jinping revealed the idea of a 'Silk Road Economic Belt' and the sea-based 21st century 'Maritime Silk Road' (Yu, 2017). All of this was formulated as the 'One Belt & One Road' (OBOR), which later became the BRI (Huang, 2016). This grand ambition is intended to connect China with South and Southeast Asia, Europe, Central Asia, Oceania and Africa (Yu, 2017). Furthermore, the BRI is an attempt by China to maintain its economic growth, by exploring new international economic cooperation and partnerships abroad. Next to this, China is interested in gaining more influence in the international economic sphere by incorporating its own experience and knowledge. China wants to do so by taking responsibility in international economic governance. It wants to

emphasize that infrastructure development is the way to go for developing countries. The BRI is focused on both soft and hard infrastructure connectivity, where China sees itself as the main hub (Yu, 2017).

The BRI is a strategy to promote trade and investment connectivity between China and the rest of the world (Tekdal, 2018). Next to infrastructure development, the BRI is also focused on policy dialogue, connectivity, financial support and people-to-people exchange (Tekdal, 2018). According to Ohashi (2018), the root of the BRI must be the aim of forming an economic area led by China where other major economies could hardly compete. Some examples of infrastructure projects are railroads, oil and gas pipelines and telecommunication links. Next to funding from the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund, banks such as the China Development Bank (CDB), the China Export-Import Bank (CEXIM) and private companies are participating in funding projects of the BRI (Ohashi, 2018). These banks are expected to generate profits out of funding BRI projects (Ohashi, 2018). The AIIB and the Silk Road Fund are more focused on concessional lending and aid-type businesses. With the AIIB, China wants to create a new international environment, which will ultimately limit strategic pressures from the United States and make a greater impact in the region (Beeson, 2018). This shows China's willingness to challenge the existing international economic sphere (Ohashi, 2018).

Examples of Chinese investments are infrastructure projects such as the Jakarta-Bandung Highspeed Rail and acquiring service providers like Tuas Power, an electricity generating company and the Singapore Petroleum Company (Goh, Liu, 2021). On the other hand, Chinese investments in Vietnam have been declining since 2010, due to political tensions about the conflict in the South China Sea. Vietnamese foreign investments come from South Korea, Japan, the EU and other countries. Also, the Philippines, Thailand and Brunei attract just a small portion of Chinese FDI. Their incoming FDI is mostly coming from Japan, the US, South Korea and the EU. The two most dependent countries on Chinese investments in Southeast Asia are Laos and Cambodia, where Laos is most dependent on China with 78% of its share in FDI (Goh, Liu, 2021). China's BRI projects tend to attract problems concerning partner countries, which are fearing huge debts for these borrowing countries. For example, the handover of the Sri Lankan Hambantota Port to China, as Sri Lanka could not pay its debts (Pascha, 2020).

The 'China threat'

Since 1992, several scholars outside China have been arguing about the 'China threat'. This has led to an increased suspicion between China and the United States, but also between China and some of its neighbors (Xuetong, 2001). Chinese citizens do not understand why people outside of China are intimidated by the rise of China, as they perceive that China is not interested in expanding its territory (Xuetong, 2001). It is believed around the world that China will revise the power realm in Southeast Asia by altering the regional order (Gong, 2019). It is a question, however, if the BRI is threatening the status quo in the regional order. There are three schools of thought on the impact of the BRI (Gong, 2019). The first school focuses only on the economic aspect. They think the BRI is China's way of enhancing economic influence, and the political and security order is irrelevant (Gong, 2019). The second school of thought thinks that the BRI will not challenge the regional order and is skeptical about the concrete outcomes of BRI projects due to questionable financing, the lack of clarity and transparency (Gong, 2019). The third school of thought argues that the BRI is China's way of reshaping the regional order in favor of China's interests, values and ideas, which will affect the geopolitical order in Asia (Gong, 2019). These different schools of thought show the diverse and different views on what people think about the BRI and China's rise in the region. Therefore, it is interesting to see how other major powers in the region are responding to this supposed 'China threat', or just the Belt and Road Initiative as an economic construct.

Japan's role in Asia

Japan has been historically the largest economy in Asia. This has resulted in great power influence in the region and a hegemony on trade with other countries in Asia. Therefore, Japan has been determined to maintain its power in the region against rising powers like China. This has resulted in several approaches in which Japan tries to counterbalance China's BRI.

Until 2010, Japan was the second largest economy in the world, after the United States. Japan accounted for roughly two-thirds of the total of Asia's regional output, where one-third was divided by China, ASEAN and other parts of Asia (Blechinger, Legewie, 2000). Japan began with large-scale investment in Southeast Asia from 1970 onwards with multinational companies transferring manufacturing to Southeast Asian countries (Zhao, 2019). Additionally, The Asian Development Bank (ADB) led by Japan had implemented many infrastructure and development projects in the region. The Japanese government had formulated in 1990 that it wanted to invest in infrastructure connectivity in Southeast Asia. Due to Japan's decreased investments in domestic construction and the declining population, these construction projects needed to go international remain profitable (Kikuchi, Unzaki, 2019).

China's BRI is a key tool for China's foreign policy agenda to be more proactive in making grand infrastructure connections (Yu, 2017). By reshaping the geopolitical and economic order in the Asian region, Japan needs to be alert as it is the largest investor in Southeast Asia. Japan is determined to maintain its dominant position in infrastructure development, especially in Southeast Asia (Zhao, 2019). Economically, Japan has called for FDI and infrastructure development in Southeast Asia to compete with China's regional influence, through building (transparent) institutions and selective partnerships (Katagiri, 2020).

Japan's response to China's BRI

In 2015, Japan reformed its foreign aid approach, by emphasizing the significance of official aid and partnership in the region (Zhao, 2019). Therefore, Japan engages in a combination of private investment and Official Development Assistance (ODA). Furthermore, the Chinese led AIIB, and the ADB are competing against each other regarding aid conditions and certain criteria for investments (Zhao, 2019). Furthermore, Japan's foreign policy objective in the last decades was to maintain the rules-based order in the Asian region. China's rise in the region has led to a series of responses by Japan, such as the partnership for quality infrastructure

and the Free and Open Indo-Pacific strategy. This will be highlighted in the upcoming paragraphs.

Partnership for Quality Infrastructure

The Japanese government has presented the idea of ‘quality infrastructure’ in the region, as a principal component of their external infrastructure development. This Partnership for Quality Infrastructure (PQI) is established in 2015, just two years after the establishment of the BRI (Pascha, 2020). It is taking advantage of multilateral institutions like the G7 and G20. This quality infrastructure should have policy objectives to compete in the region through geopolitical strategies against China’s BRI (Yoshimatsu, 2021). There are five components of quality infrastructure investment. The first one is the ‘effective mobilization of financial resources through public-private partnerships’. The second one is ‘ensuring alignment with socioeconomic development and development strategies of developing countries’. The third one is the ‘application of high-quality standards such as guidelines for environmental and social considerations’. The fourth one is ‘ensuring the quality of infrastructure’, and the last one is ‘contribution to the local society and economy’ (Yoshimatsu, 2021). To ensure the quality of infrastructure, Japan focuses on efficiency through low life-cycle costs, sustainability, safety and inclusiveness. These principles form a strategic tool to pursue diplomatic objectives and accommodate China’s projects. There is much public support in Japan for this way of investment because China and South Korea both had a significant increase in their infrastructure investments in the region between 2005 and 2013 (Yoshimatsu, 2021). China’s BRI became a challenge for Japan, as China’s capital mobilization capacity was becoming bigger through the establishment of three financing initiatives: the Silk Road Fund, the New Development Bank (NDB) and the AIIB. Next to this, two Chinese policy banks provided loans for Chinese infrastructure projects abroad, which were bigger than the loans of the World Bank and the ADB combined (Yoshimatsu, 2021). Furthermore, Chinese projects tend to have low standards for signing contracts and locking in deals quickly. Therefore, Chinese banks lacked observation of international norms about environmental and social impact. The symbol for Japan’s decreased power in Southeast Asia was the Jakarta-Bandung high-speed railway, which China eventually built in 2015 (Yoshimatsu, 2021).

While Chinese leaders did not react explicitly to the four standards, Chinese business groups started to incorporate the four standards in their projects with the Japanese, and they confirmed that the four standards are a prerequisite for collaboration. At the first meeting of the Dialogue in 2015, a non-governmental organization, both countries concluded that Japan and

China should explore third-country markets together while incorporating Asian infrastructure development and the BRI. Japanese President Abe changed his policy two years later to join several BRI projects (Yoshimatsu, 2021). With the new ideational guidelines and principles for infrastructure investment, Japan positioned itself as a norm-setting power. At first, this quality infrastructure development was aimed at competing with China's quantitative infrastructure development, but later it sought to collaborate with Chinese firms to encourage them to undertake qualitative frameworks. This shows that Japan's foreign policy toward China is complex, as it is not only competing and confronting, but also collaborating with China's projects (Yoshimatsu, 2021).

The 'Free and Open Indo-Pacific' Strategy

Since Japan has been surpassed by China in economic power leadership in 2010, it has launched a new strategy, called the Free and Open Indo-Pacific strategy (FOIP) in 2016. Its goal was to maintain the Indian and Pacific Ocean as free and open oceans, enhancing connectivity between Asia and Africa and promoting the rule of law, market economy and a prosperous region (Koga, 2020). Japan tries to expand its strategic assets in the region to imbed regional order-building in the Indo-Pacific, to counter China's growing presence in the region (Koga, 2020). Another key event in 2016 that made Japan announce the FOIP, is the South China Sea arbitration tribunal award. However, the problem was the inability of the regional community to protect the international laws, which made it clear that the rules-based order in Asia is fragile (Koga, 2020). Japan wanted to make sure that they are the right country to promote and maintain the existing rules-based order. President Abe has also played a key role among politicians of liberal democracies in maintaining and promoting the rules-based international order (Hosoya, 2019). On the other hand, there has also been criticism on Japan's FOIP. Michael Swaine, China expert at the Carnegie Endowment for International Peace argued that in reality 'the FOIP is likely to have the opposite effect, provoking Beijing, alarming other Asian nations, and driving the region toward a highly tense, zero-sum competition' (Hosoya, 2019).

Thus, this initiative by Japan can be seen as a response to the rise of China. Japan wanted to shape the regional order before China takes the lead. This FOIP strategy believed that the cooperation with the US, India and Australia are the main players in maintaining the regional order, because they also shared the same values like democracy and the rule of law (Hosoya, 2019). The two important values in the FOIP were the 'Confluence of the Two Seas' and 'Asia's Democratic Security Diamond' (Hosoya, 2019). This competitive strategy toward China invited

criticism from Beijing and other Asian countries because it would create more division and confrontation in the region (Hosoya, 2019). Furthermore, if Japan attempted to isolate China in the region, other Asian countries would hesitate if they wanted to join the FOIP because China is their largest trading partner (Hosoya, 2019). This is when Japan understood that it was better to be less confrontational towards China and the region. Therefore, President Abe announced in 2017 that he would coordinate both the FOIP and the Belt and Road Initiative as diplomatic initiatives. Since this moment, both governments refrained from criticizing their diplomatic endeavors (Hosoya, 2019). This new approach is called the FOIP 2.0, which is different from FOIP 1.0 because it was a less competitive strategy (Hosoya, 2019). There were also critics on how the media perceived FOIP 1.0, which explained that it was a way to counter China's activities. Former President of the Japan International Cooperation Agency said that it is short-sighted to think this strategy was only made to counter China (Hosoya, 2019).

Thus, Japan's more cooperative approach during FOIP 2.0 was not only welcomed by China, but also by other ASEAN countries, which are less confrontational towards China because it is their largest trading partner. For this, one can say that Japan has made a turn to a less competitive, confrontational foreign policy to make sure the regional balance will stay as it is.

To sum up, China and Japan have built significant initiatives for infrastructure development in Asia and beyond (Pascha 2020). These concrete projects have a meaning on the multilateral level by shaping the international order, rules and governance (Pascha, 2020). It is therefore obvious that other players should react to these developments to keep up and be part of it. China and Japan's initiatives are still evolving and changing, which means that other players should take this opportunity to step into the game (Pascha, 2020). Therefore, the next chapter will give a deeper insight into Korea's response to China's rise and the BRI, next to the geopolitical changes this will bring to the region.

Korea's role in Asia

Another major player in Asia which will be examined is Korea. Korea is the 4th largest economy in the region and it will grow even further in the future (Sigdel, 2020). Korea has known a fast economic development in the last 40 years. After the second world war, it was still an underdeveloped, agricultural country. During the past decades, Korea has achieved huge economic growth, especially in heavy industries. This is due to the fact of exports in IT equipment, electronics automobiles etcetera (Ryu, Kim, Choi, 2013). Before this export boom, Korea's intermediate goods were imported from Japan. But since the 21st century, Korea became less dependent on Japan's technology, and that resulted in corporation between Korean and Japanese companies, in the form of joint ventures and businesses (Kim, 2017). This change in economic relations between Korea and Japan can have several reasons, such as the rise of China, Japan's economic decline and Korea's need for economic globalization after the Asian crisis in 1997 (Kim, 2017). Korea's imports from Japan have been shrinking, and since 2010, China became Korea's largest importing country. This is a reason for Korea to diversify its economic relations in the region (Botto, 2021). Therefore, this chapter will shed a light on the theory of Korea's middle power status and its responses to the rise of China and the BRI.

Middle power status

Korea is known for its middle power status which it has adopted by middle power diplomacy and foreign policy statecraft (Lee, 2012). Seoul has wanted to diversify itself from other countries through middle power foreign policy objectives (Shin, 2016). Because Korea lies in the middle between major players like China and Japan, it is hard to stand out as a regional power. This insecurity and a sense of vulnerability are at the core of Korea's perspective of the international world. Korea has been invaded many times in the past, and therefore it is anxious about its long-term security issues (O'neil, 2015). Since 2007, when Korean national Ban Ki Moon got elected as the secretary-general of the United Nations, Korea began to play a bigger role in the development and economic cooperation (Kalinowski, Cho, 2012). Therefore, Korea's search for middle power status has been achieved by playing the regional balancer, being a bridge-builder and advocating developmentalism (Karim, 2018). Under President Roh Tae-woo in 1991, Korea began to use the term 'middle power' for the first time, to justify its greater involvement globally and its international status (Shin, 2016). Korea's willingness for using this term comes from feeling humiliated for half a century by great power rivalry. Korea's collective ambition is to achieve a prominent status in the international sphere,

which goes even beyond the middle power status (Karim, 2018). Under President Roh, Korea's middle power status was focused on a greater North-East Asian regional role (Shin, 2016). This was driven by the uncertainty of a rising China, North Korea's nuclearization and Japan's remilitarization (Karim, 2018; Shin, 2016). By enhancing its middle power role, Korea needed to strengthen its relations with China and be more autonomous from the US. Furthermore, Korea's middle power diplomacy can also be seen in its development cooperation (Karim 2018). It has transformed from a donor recipient country to a major donor country. Since 1977, the Ministry of Foreign Affairs and Trade of Korea did provide development assistance to countries that needed it in the region (Karim 2018). Korea's development assistance, which focused mainly on Asian countries, has been of significant value for its pursuit of a middle power status (Karim, 2018). Korea's transition from a recipient of ODA to an ODA donor country made Korea a bridge between developing countries and the developed world, which is a central characteristic of Korea's middle power identity (O'neil, 2015). Studying middle powers in Asia has been emerging, especially because of the rise of China in the region and its shifting power status. Furthermore, the destabilizing power of North Korea's nuclearization and Japan's determination to be more assertive may add to Korea's need for middle power diplomacy and security (O'Neil, 2015).

Middle powers have distinctive characteristics, for example, a preference for multipolarity, rules-based order and ideational traits which makes them a good international citizen or country (O'neil, 2015). Middle power diplomacy is about contributing to a peaceful world order and does not relate to a country's national interest. Policymakers in countries that are not seen as great powers, but their conception is also not being a small or secondary state, embrace the middle power status as their identity to the world (O'neil, 2015). However, there has been contention about whether the term middle power is descriptive enough to characterize some countries as middle powers and other countries as not (Shin, 2016). The definition is not clear for some critical scholars. Especially realists think that all secondary powers are to some extent submissive to great powers. Also, non-realists are skeptical about the amount of agency possessed by secondary countries (O'neil, 2015).

Korea's middle power status is seen as a bridging role between major players and developing countries in the region. This has acquired traction outside Korea's domestic politics. In 2009, Korea presented the Global Korea initiative which tried to contribute to the realm of their middle power status internationally (Shin, 2016). This initiative would provide Seoul with a more influential role outside the region, through a growing US-Korea alliance (Shin, 2016). The timing of this initiative was interesting. In 2010, Korea became the first non G8-country

hosted the G20 leaders' summit in Seoul, Korea (O'neil, 2015; Shin, 2016). The G20 summit and the hosting of the 2012 Nuclear Summit provided Korea promotion for its image as a middle power (Shin, 2016). Korea's idea for the summit was to spread the word about alternative forms of development to western values. It focused therefore less on aid-based development and more on structural important things like infrastructure, education, skills, social inclusion, food security and so on. At the same time, Korea announced the New Asian Initiative which was meant to make Korea a greater leader in the region. President Lee at the time said "Korea is capable enough to become a leader in Asia and represent the continent on the global stage" (O'neil, 2015). This resulted in greater ties with Southeast Asia and ASEAN in the form of formal dialogues and bilateral relations.

It is not easy for Korea to sustain its middle power identity, as the challenge for Korea is balancing its influence on great powers like China and the US. Korea has more autonomy over both countries than ever, but this autonomy is not unlimited. Their middle power ambitions are challenging for the making of alliances with great powers. The US has been Korea's security ally and China its trade ally. When relations between China and the US deteriorate, this could be damaging for Korea, as it will feel to have to choose sides (O'neil, 2015). Korea understands the importance of China's influence on the Korean peninsula and is therefore cautious about making undesirable policy objectives that will go against the Chinese interests.

Korea's response to China's BRI

Korea's foreign policy is traditionally focused on the United States, China, Japan and Russia (Botto, 2021). These powers have been of great necessity for Korea's modern history (Botto, 2021). The Korean peninsula has been divided. Its (military) alliance with the United States, China's proximity which also has ties to North Korea and the Japanese legacy of long-term colonialization have been Korea's most important features of its foreign policy (Botto, 2021). Nowadays there is much more focus on Korea's international economy, inter-Korean peace and important: regional stability. Due to several major players in the region like China, Japan and the influence of the United States, Korea's strategic autonomy is still somewhat limited (Botto, 2021). Korea needs to maintain a balance in cooperating with China and building a strategic partnership with Japan (Botto, 2021). Korea needs to alter these geopolitical uncertainties by diversifying its economic and strategic partnerships in the region. Thus, after the establishment of the BRI, Seoul announced the Eurasia Initiative with its own vision for East-West cooperation (Hwang, 2019). In 2017, announced President Moon the New Southern Policy (NSP), which is focusing more on Southeast Asian cooperation. According to Ekman

(2016), Korea has responded mainly positive to China's Belt and Road Initiative, as it hopes that the BRI will overcome disputes between North and South Korea. However, this study will show that the relationship between China and Korea is also a difficult one, as Korea is dependent on China as it is their largest trading partner. From a broader regional perspective, China's rise is perceived less as a threat in Seoul than in Tokyo (Ekman, 2016). Furthermore, at the Belt and Road Forum for International Cooperation in Beijing, Korea and China agreed to work together to promote prosperity in the region, including Korea's participation in the BRI (Ministry of Foreign Affairs, 2017, May 12). The challenge to regional stability according to Korea is not the rise of China, but the increased rivalry between the United States and China in the region (Ekman, 2016).

Eurasia Initiative

In October 2013, Seoul hosted the "Global Cooperation in the Era of Eurasia" conference, which was the starting point for President Park's economic vision for the region (Fumagalli, 2016). The Eurasia Initiative is established to create a unified system of transport, energy, trade networks, economic cooperation and technological cooperation within the Eurasian continent (Day, 2017). The far east of Russia, Central Asia and Mongolia are perceived as the key hubs of networks to connect Eurasia (Day, 2017). This initiative contained elements for regional cooperation regarding reviving the ancient "Silk Road". Through infrastructure projects such as the trans-Korean railway, Korea hopes to promote peace on the Korean peninsula as well. Korea was confident that it would play a bridging role between the developing and developed world, and Europe with Asia. Furthermore, the underlying goal of the Eurasia Initiative is to promote cooperation on the Korean peninsula to make sure the region will be stable regarding security by creating economic cooperation with the Eurasian market, Korea hoped to be less dependent on China as a trading partner and the United States (Barannikova, 2021; Römer, 2018). The Eurasian Initiative is also established in the same year as China's BRI, to make its own vision for East-West connectivity (Hwang, 2019). This will create a conflict of interest as both initiatives overlap (Day, 2017). The Eurasia Initiative wants to change dynamics on the peninsula and work towards peace, but the initiative also reflects Korea's vulnerability to great power competition like China's BRI and Japan's FOIP. Therefore, Korea seeks to cooperate with smaller powers to increase its leverage as a middle power in between great power competition (Hwang, 2019).

The Eurasia Initiative was a grand ambition by former President Park Geun-Hye, to build new connections with Eurasia. Even though the initiative is established on its own, Korea

has been developing close relations both politically and economically with China. They also sought to cooperate by linking the Eurasia Initiative and the BRI together in a complementary manner (Ministry of Foreign Affairs, 2015, July 14). The seminar helped both countries understand their priority initiatives, to work together on stability and prosperity (Ministry of Foreign Affairs, 2015, July 14). The Eurasia Initiative has paved the way for more Korean initiatives like this in the future, as this study will explain hereafter.

New Southern Policy

There have been two major policies established to strengthen relations with Korea's neighbors in the north and south (Botto, 2021). The first one is the New Northern Policy (NNP), which focuses on strengthening ties with Russia, Mongolia, other central Asian countries and Eastern Europe. The second one is the New Southern Policy (NSP). This policy aims to strengthen ties with Southeast Asia and India. This has been the signature policy initiative of the Moon administration. Moon declared in a speech that Korea's diplomacy has been mostly focusing on the North, like Japan, China and Russia, but that it should expand its horizons to the South (Hwang, 2019). The goal of this initiative was to elevate Korea's relations with ASEAN to the level of Korea's relations with the major powers around its country (Hwang, 2019; Botto, 2021). The NSP is Moon's own policy direction, but it is argued that the NSP has the same features as the Eurasia Initiative, which is focused on the dynamics on the peninsula and working toward peace (Hwang, 2019). The NSP was revealed at the Korea-Indonesia Business Forum in Jakarta in 2017. The policy is organized through three pillars: people (sociocultural cooperation), prosperity (economic cooperation) and peace (political and security cooperation) (Botto, 2021). It will help with Korea's potential as a middle power in the region but also with diversifying its economic and strategic cooperation (Botto, 2021). According to Botto, this policy cannot be seen as an alternative for the BRI or the Free and Open Indo-Pacific. It wants to create more cooperation and minimize the risk of losing itself to the competition of major powers in the region (Botto, 2021). Furthermore, China's BRI has expressed its interest to work together with the NSP (Kwak, 2020). During a joint public-private consultation in Beijing in 2015, China and Korea discussed ways to work together through the NSP and the BRI. They argued that both initiatives have much in common in terms of vision and goals (Ministry of Foreign Affairs, 2018, November 16). On the other hand, it will be more difficult for Korea to strengthen ties with ASEAN to the same level as China or Japan, as Korea will not address bigger geopolitical issues (Botto, 2021).

The three important motivations behind the NSP are to realign diplomatic ties with ASEAN, to grow in its middle power status and to diversify its economic and strategic cooperation which will eventually try to mitigate the risks of great power rivalry (Botto, 2021). Furthermore, ASEAN has several members which have Korea as its second-largest trading partner and it also shares Korea's concern about China's rise in the region and the great power competition that it will provoke (Botto, 2021). A point of discussion will be however that ASEAN opinion leaders do not see the NSP as an initiative that will provide Korea leadership in maintaining the rules-based order in the region and in international law (Kwak, 2020). They also do not think Korea is a strategic partner for ASEAN under the US-China rivalry umbrella. ASEAN still sees Korea mostly as an economic partner even though the NSP has been implemented (Kwak, 2020). It was expected by critics that the Moon administration would repeat the mistakes made by past governments in its ASEAN policy, such as the inconsistency and poor follow-up, but the NSP turned the skepticism around and found itself in consistent policy implementation and the determination of President Moon by visiting all ten ASEAN countries (Lee, 2020).

One of the most critical goals of Korea is to handle the competing interests of the United States and China in the Asian region (Botto, 2021). This foreign policy challenge is for Korea the reason to implement the NSP in Southeast Asia, to overcome certain difficulties. Another important goal of the NSP is to enhance Korea's soft power diplomacy, which will help in its middle power ambition (Botto, 2021). Former administrations in Korea have tried to emphasize its middle power diplomacy through international development, environmental policies and economic cooperation such as the Global Korea Initiative. This one had been shaped by former president Lee Myung-bak between 2008 and 2013. Another former president Roh Moo-hyun (2003-2008), tried to position Seoul as a regional balancer and wanted to facilitate economic and security cooperation (Botto, 2021). These former administrations have been criticized for missing a great regional vision (Botto, 2021). The Moon administration took lessons from past foreign policy initiatives by focusing more on strategic autonomy in the region, but it is careful to directly express this wish (Botto, 2021). China has articulated that the BRI would not only offer opportunities and benefits for recipient countries, but also for Korean companies, citizens and the NSP (Ministry of Foreign Affairs, 2018, November 16).

The NSP has changed in 2020 into the NSP Plus, in response to changes by the pandemic and a couple of years of experience (Botto, 2021). This has resulted in seven points in the initiative which will also focus on global health and pandemic cooperation, next to the existing infrastructure and digital innovation (Botto, 2021). These additions in the NSP suit Korea's

middle power status very well. During the COVID-19 pandemic, Korea managed to enhance its reputation in public health and emerging technologies. In these areas, Korea is trying to set standards for handling these practices best and to influence global agendas (Botto, 2021).

New Northern Policy

Korea's New Northern Policy (NNP) contains the northern and western neighbors of the Korean peninsula, which is the Eurasian continent. This initiative developed the concept of the "Nine Bridges" which include railways, infrastructure, ports, navigation, energy, healthcare, agriculture, culture, tourism and innovation (Pascha, 2021). The NNP can be seen as a typical vision for its connectivity on the Eurasian continent. Even though the NNP (and the NSP as well) do not explicitly mention connectivity, that is what the initiative is implying, for example with the Nine Bridges (Pascha, 2021). This is in line with Moon's strategy, the "Responsible Northeast Asia Plus Community". This entails not only ROK-North Korea-Russia trilateral cooperation on infrastructure, but it tries to expand connectivity for more cooperation on the northern side, which is historically bound to each other (Pascha, 2021). The idea of creating connections in the northern region is the basis for Korea's diplomatic strategy as well. The NNP is seen as the anchor for Korea's security, whereas the NSP is seen as Korea's economic ambition because its own economy also needs the economic resources gained by the NSP (Pascha, 2021). Korea has not traditionally regarded Russia as a security partner in the Korean security issue, but economically the NNP is quite compatible with economic collaboration with Russia (Rinna, 2019). However, both South Korea and Russia have the mutual view that the Korean peninsula security issue is not satisfactory. This is posing a threat to both Russian and Korean interests (Rinna, 2019). Therefore, Korea sees Russia as an important player in the field of keeping the balance and peace on the peninsula. Finding its way to Russia through the NNP, Korea tries to promote relations with Russia for regional integration, but also because of Korea's middle power diplomacy. As Korea is finding itself in the middle of great power rivalry, it tries to seek allies in the North (Rinna, 2019). The NNP has been established as a Korean initiative focused on cooperation and economic partnerships in the Northern region. During the joint public-private consultation with China and Korea in 2018, both countries discussed ways to link the NNP and the BRI as both initiatives have many things in common in terms of vision and goals (Ministry of Foreign Affairs, 2018, November 16).

Analysis of Korea's responses

As this study explained in the previous chapter, there are several policy objectives implemented by Korea to grow its potential as a middle power in the region and to diversify its economic and strategic cooperation (Botto, 2021). Furthermore, Korea wants to mitigate the risk of great power rivalry in the region through diplomatic ties with ASEAN countries and using its middle power diplomacy. Therefore, the Eurasia Initiative, the New Southern Policy and the New Northern Policy were established. These policies serve different goals, as the NSP is focused on another region, but all aspire infrastructure connectivity and Korea's diplomatic and strategic needs. To make sense of these three initiatives, this analysis will examine the several consequences and the reasons for why such initiatives were established in their own way. Despite Korea's middle power ambition, it sometimes finds itself in an 'inferiority complex' which hinders proactive cooperation in infrastructure projects in Southeast Asia (Hoo, 2021).

Eurasia Initiative

The first one is the Eurasia Initiative. This initiative established by former President Park Geun-Hye involved the reinforcement of economic cooperation with Eurasian states in which the reunified South and North Korea would engage in the future as well (Lee, 2017). The Korean Ministry of Foreign Affairs published at the conference in 2013 the idea that the Eurasia Initiative should be a trust-building process on the Korean peninsula as well, to move inter-Korean relations forward with strong security as a basis and a possible reunification. Furthermore, in geopolitical terms this initiative would reach out to Russia, Central Asia and Europe from a western perspective of South Korea (Fumagalli, 2016). What Fumagalli also highlights, is the unbalanced geopolitical environment in which Korea is operating, which is between China and the United States. Korea needed to fill in this gap and meet its economic needs, which is easier for Korea because it does not have grand geopolitical ambitions, and therefore have less "baggage" in its economic partnerships than countries like China and Japan (Fumagalli, 2016). While both the BRI and the Eurasia Initiative are compatible in terms of their integration and cooperation measures, the visions of China and Korea are not the same. The BRI does not consider any development on the Korean peninsula, because it may be content with the status quo of a divided Korea (Römer, 2018). This is different from South Korea, which wants to create a stable security environment on the peninsula through this initiative (Römer, 2018). A challenge for Korea would be its own geographical location, as there is a distance between Korea and Central Asia. The underdevelopment of physical infrastructure, bad border

controls and regional disputes are several barriers that Korea had to face by implementing its initiative (Fumagalli, 2016). However, the most speculative challenge for South Korea concerns North Korea, as it will be an unreliable political and economic partner. This means that South Korea must rely on sea lanes connecting Chinese ports to Eurasia, and this will add to the vulnerability of Korea even more (Fumagalli, 2016). Korea's approach to Central Asia resembles that of China, as both countries developed a pragmatic path to engage with the Central Asian region. With its 'no strings attached' policy, where there are no political conditionalities, Korea and China are sort of competing for energy as their own domestic economies are in great need (Fumagalli, 2016). Japan's approach to Central Asia has been different, as it did not have a clear conceptualization of its approach, which has resulted in a mixed method between pragmatic means and human security (Fumagalli, 2016).

By analyzing Korea's Eurasia initiative from 2013 as a response to China's BRI (Hwang, 2019), it will show the various ways in which Korea is establishing its foreign policy in the whole Asian and Eurasian region. President Park's initiative was driven by political and security motives, which had also something to do with the Korean peninsula (Hwang, 2019). The pragmatic approach to Eurasia from the Korean side could have been concerned with China's role in the relationship between North and South Korea. As South Korea wants to have better ties with the North, it needs China for this to happen, as China is an important player economically and geographically, thinking about connections over the sea to Chinese ports to Eurasia. To make sure there will be a peaceful balance on the peninsula, Korea needs to be subtle about its geopolitical stances in Eurasia. Furthermore, there has been much overlap between the Eurasia Initiative and the Belt and Road Initiative, for example with the regional focus and their infrastructure projects focusing on energy resources. Therefore, a round table meeting has been held in 2015 to connect both initiatives and to work together in the sense of 'common modernization' (Day, 2017). This shows a willingness from both sides to cooperate and bundle their powers, instead of competing against each other for geopolitical and economic power. For Korea this makes sense, as it is a middle power in the region and because of its geographical location. To sum up, Korea sees China's BRI as economically beneficial, but at the same time, it is interested in maintaining its independence and status in the region (Barannikova, 2021). Therefore, the Eurasia Initiative has been brought to life, as a response to the Belt and Road Initiative. While it has the same goals as the BRI, focusing on the new Silk Roads, Korea's initiative was far more divergent. This is due to Korea's middle power status and the region's failure to address the greatest security threat which is North Korea (Hwang, 2019).

The New Southern Policy

The second one which will be analyzed is the New Southern Policy. The NSP has three pillars, prosperity (economic cooperation), people (sociocultural cooperation) and peace (political and strategic cooperation) (Botto, 2021). The most critical goal of the NSP is the diversification of its economic and strategic partnerships and to alleviate the risks of being caught between great power competition by China, Japan and the United States (Botto, 2021). With the growing geopolitical and economic competition in the region the NSP fits right in, because it provides an alternative for smaller states in Southeast Asia to cope with their economic developmental needs (Hoo, 2021). Even before the initiative was rolled out, Korea was looking at ASEAN countries for production and manufacturing hubs, to make sure it will be less reliant on China in the future (Botto, 2021). Furthermore, the NSP is proposed as Moon's new initiative, while continuing relations with Northeast Asia. While this may suggest a new policy direction, the Eurasia Initiative and the NSP both sought to change dynamics on the Korean peninsula (Hwang, 2019). As the Eurasia Initiative was a response to the BRI in 2013, the NSP is therefore a continued strategy by President Moon. If one gives closer look at previous foreign policy strategies, one will find similarities in the goal of achieving peace on the peninsula (Hwang, 2019). The NSP tries to give Korea more focus on its strategic autonomy in the region, but the Moon administration does not want to express this wish directly, as it wants to keep the balance in the region (Botto, 2021). This is part of their 'peace pillar', which focuses on five main issues: diplomatic exchanges, inter-Korean cooperation, defense industry cooperation, emergency response capabilities and joint responses to terrorism, cybersecurity and maritime disputes (Botto, 2021). However, this pillar is more constricted than the other pillars of the NSP. This is due to the fact of Korea's avoidance of regional security imbalances. President Moon may be driven by a more balanced and necessary way of finding economic cooperation, instead of focusing too much on the geopolitical goals (Hwang, 2019).

However, if Korea wants to focus more on regional cooperation and stability and not only on economic ends, Korea needs to define its focus for the NSP even more. ASEAN is always changing, so Korea needs to respond to that quickly before China and Japan are taking the initiative to fill in this gap (Botto, 2021). Thus, the initiative can be of great value for Korea's economic and socio-cultural cooperation in the region and its middle power status, but larger geopolitical issues are still not addressed. This results in only bilateral projects instead of a full-fledged regional strategy (Botto, 2021).

The most important motivation behind the New Southern Policy is Korea's need for diversification of economic and strategic cooperation. Although, Korea's high-priority foreign policy objectives are dependent on what other major powers want, such as the relation on the Korean peninsula, managing tensions with Japan and the operational control of Korea's military by the United States (Botto, 2021). Through the NSP, Seoul hopes to create more significant partnerships to gain more geostrategic autonomy in its own decision-making. This goal has been one of the most important principles of the Moon administration's foreign policy (Botto, 2021).

One of the most concrete achievements by the NSP is that the Ministry of Foreign Affairs created a Bureau of ASEAN and Southeast Asia Affairs (Botto, 2021). This has resulted that this diplomatic initiative is being on equal foot as the bureaus of China and Japan (Botto, 2021). Even though Korea acknowledges the fact that there are similarities between the NSP and other regional strategies like the Japanese Free and Open Indo-Pacific, the India Act East Policy and the Quad, the Korean government is not showing much interest in cooperating with these strategies together in a multilateral sense (Botto, 2021). As Korea is dependent on the security umbrella of the United States, it also must cope with North Korea. Moreover, Korea knows that working against Chinese practices has consequences, which is described by commentators as Korea's 'dilemma'. This means that Korea needs to be cautious about embracing both the BRI and the alternative Japanese FOIP or the Quad, and create a way in the middle (Wong, 2020). Moreover, during the joint public-private consultation in Beijing in 2015, China and Korea agreed on terms to work together through the NSP and the BRI. Both initiatives have many common goals, and it is important for both countries to work together in a range of economic cooperation channels (Ministry of Foreign Affairs, 2018, November 16).

The NSP and NSP Plus in particular highlight the importance of nontraditional security issues in the region. For example, the threat of climate change is seen as the biggest nontraditional security threat that the region is facing nowadays. Korea wants to add value to eliminate these threats, without the risk of getting caught between the power of the United States and China (Botto, 2021). ASEAN states are more willing to cooperate with Korea on these nontraditional security issues, as the military is not directly involved. However, when it comes to traditional and strategic hard power, many ASEAN states view Korea as the least 'preferred and trusted strategic partner for ASEAN to compete against U.S.-China rivalry in the region' (Botto, 2021). On the other hand, most countries view Japan as the most compatible partner for this issue. This makes it hard for Korea to stand out as a strategic partner in the region. Furthermore, South Korea's most important and critical challenge involves inter-Korean peace,

which has also been stated by the NSP. Yet, all ASEAN members do not have a strong interest in playing an active role in this challenge, because of their ties with North Korea (Botto, 2021). This makes it harder for Seoul to achieve its traditional strategic objectives of the NSP. However, the NSP hopes to serve as a bridge that connects the economic achievements of the Southern region to the Northern region, and therefore a peace regime must be established on the peninsula (Kwak, 2018).

At the beginning of the Moon administration, Korea faced the challenge of being in the middle of a crisis over the deployment of a U.S. missile defense system which is called Terminal High Altitude Area Defense (THAAD) (Botto, 2021). This system was established to improve South Korea's defenses against an increasing North Korean missile threat (Botto, 2021; Kwak, 2018). Yet, China claimed that THAAD would detect warheads in Eastern China in some cases (Botto, 2021). In response to this phenomenon, China began a campaign of economic coercion against Korea (Botto, 2021). For example, Korean concerts were canceled, exports were banned and travel agencies had to stop selling tours. When the dispute was solved at the end of 2017, Korean companies faced \$7.5 billion in losses (Botto, 2021). This affair showed that Korea is vulnerable to Chinese economic constraints, and it therefore needed to diversify its economic trade relations through the NSP with ASEAN and beyond. While Korea's dependence on China was evident before this, it was the first time that China used economic coercion for its own political gain to Korea (Botto, 2021). Furthermore, the THAAD issue showed that China's perception of security is different from that of South Korea, as North Korea is still able to assert its own independent nuclear actions despite the regional initiatives taken by China or Korea (Hwang, 2019).

According to Yang et al. (2019), there is a need to bring together Korea's and China's national strategies, like the NSP and the BRI. China is supporting public finances for the BRI through several financial institutions like the AIIB, Silk Road Fund, Export-Import Banks etcetera. Therefore, it is necessary for Korea to also expand its public funding through financial institutions. Furthermore, while China is cooperating with Japan and Singapore through joint ventures, Korea also needs to participate in the flow of seeking joint ventures in third countries (Yang et al., 2019). When President Trump of the US canceled the Trans-Pacific Partnership, it added the urgency for Korea to expand its horizons in Southeast Asia. As Korea is a middle power with many historical experiences like some ASEAN countries, like being dominated culturally, politically, economically and sometimes military by the Japanese, Chinese and Western powers, Korea is positioned to be the 'honest broker' in Southeast Asia (Hwang, 2019). Korea has no historical 'baggage', whereas Japan has historical bitter legacies from the early

20th century and WWII (Hwang, 2019). Closer economic cooperation between ‘middle powers’ or ‘potential victims’ of superpower rivalries, adds a dimension of stability that the region needs (Wong, 2020)

The New Northern Policy

The New Northern Policy (NNP) and the NSP are two major policies of Korea, which can be interpreted as Korea’s main infrastructure initiatives (Pascha, 2021). The NNP is seen as a follow-up to Park’s Eurasia Initiative which was established in 2013. Since 2017 there have been double-digit increases in exports to countries related to the NNP, just like that the NSP accounts for twenty percent of Korea’s exports. This shows the diversification of Korea’s exports in the last couple of years (Pascha, 2021). Since 2020, South Korea seeks to expand human and cultural exchanges in Eurasia for cooperation, as called the ‘Responsible Northeast Asia Plus Community’. With this, Korea is emphasizing the historical and cultural bonds which are accumulated over centuries in the region (Pascha, 2021). Even though intensifying connectivity in the North is a meaningful way to secure Korea’s diplomatic strategy, the limited results of the NNP may show the next governments to reconsider the policy at hand. The post-Moon administration may want to seek different objectives to carry out the NNP in the future.

One of the underlying reasons behind the diplomatic strategy of the NNP is the idea that South Korea wants to have a more stable security environment on the Korean peninsula, next to the integration of North Korea into the economic spheres of the initiatives. Therefore, the vision of the NNP provided implementation of trans-Korean projects of economic cooperation, with the participation of Russia, North Korea and South Korea (Barannikova, 2021). It also seems that Moon’s New Northern Policy is less assertive than the pressure the Eurasia Initiative gave on the North Korea issue. The NNP is rather more focused on engagement (Barannikova, 2021). Moon Jae-in declared in 2017 that economic cooperation with Russia could be part of a bigger strategy focusing on achieving peace on the Korean peninsula (Rinna, 2019). The focus of NNP on inter-Korean relations in connection with the BRI is where Korea wants that China puts pressure on the nuclear issues. This is where China is less interested in. It has economic and diplomatic relations with both countries, and thus it would only push North Korea on certain issues if it were favorable to China self (Barannikova, 2021). Furthermore, China’s BRI is not only focused on economic cooperation and connectivity, but it also seeks to find cultural and political influence in Asia. These characteristics can be an extra challenge for Korea because it has allied commitments with the United States, which is the geopolitical rival of China (Barannikova, 2021). However, Russia has different economic goals in Asia. Reducing the risk of violent conflict on the Korean peninsula is in Russia’s interest, as it needs peace in Northeast

Asia to economically develop its plans (Rinna, 2019). This makes Russia a partner for Korea to look out for in their search of fostering peace on the peninsula. Even though Russia has been a great power and a permanent member of the United Nations Security Council, Korea has been downplaying the role of Russia in fostering regional security (Rinna, 2019). Seoul was more interested in a multilateral mechanism for the peninsula only envisioned by the two Korea's, China and the United States at the negotiations (Rinna, 2019). This is quite interesting as China wants to preserve stability on its own peripheries instead of denuclearization (Rinna, 2019).

Because the U.S. is an ally of Korea, it needs to be cautious in its geopolitical strategy in the region, trying to be the regional balancer in between great power rivalry between China and Japan, instead of challenging China in a geopolitical and economic way. This is also why Korea and China both see the advantages of working together in their regional initiatives, like the BRI and the NNP and NSP. Therefore, both countries agreed on working together on both initiatives to achieve the same visions and goals (Ministry of Foreign Affairs, 2018, November 16). With Korea being a middle power, it knows how it works best to find diplomatic relations with neighboring countries instead of provoking them, and it would be beneficial with its economic and geopolitical strategy to maintain its position in the region.

Discussion

What the analysis has shown, is that Korea has established regional initiatives on infrastructure development and connectivity in just a short amount of time, after China announced its Belt and Road Initiative. With the Eurasia Initiative being the first one shortly after the announcement of the BRI in 2013, Korea has shown willingness to leverage its middle power status in the region by taking initiatives on connectivity, economic cooperation and geopolitical strategy. Especially the geopolitical side of the Eurasia Initiative was inherently present, as President Park was a pragmatic president, who handled a bit differently than President Moon. Moon was more subtle when talking about the North Korea issue.

When President Moon took office in 2017, he established both the New Northern Policy and the New Southern Policy. These initiatives were a ‘hedging’ strategy between the rivalry between China and the United States, where China is vital for Korea’s economic development and the United States for its economic and strategic assets (Pascha, 2021). Hedging is ‘an attempt to maintain strategic ambiguity to reduce or avoid the risks and uncertainties of negative consequences produced by balancing or band wagoning alone’ (Pascha, 2021). Korea avoids leaning too much on one side because it uses this hedging strategy (Pascha, 2021). Therefore, Moon’s initiatives came to life for the quest for regional autonomy, hedging and diversification of relationships. Even though Korea strives for more economic and security autonomy in the region, it cooperates with China’s BRI because it has the same goals and visions as Korea’s foreign policy initiatives. This was already the case during the Park administration when Korea and China decided to work together in the Northern regions through the BRI and the Eurasia Initiative. It must be noted here that Moon’s New Northern Policy is very similar to Park’s Eurasia Initiative, or even the approaches in the administrations before, like the Nordpolitik from Roh Tae Woo. Under a new Korean presidency, the name of these initiatives may be changed, but the actual substance of the policies could still be the same. The differences lay in the approach Moon was taking. The problem for the New Northern Policy is still the handicap that North Korea acts as a barrier between South Korea and Eurasia (Pascha, 2021). Furthermore, the amount of policy autonomy in the New Southern Policy remains limited, as the US-China rivalry has concerned ASEAN countries. This means for Korea that ASEAN countries are willing to cooperate economically. However, on a strategic and political level, the Southeast Asian countries are reserved in their approach to Korea.

In May 2022, the new Korean President Yoon Suk Yeol was inaugurated. After Moon’s five years in office, who was focused on a liberal, conciliatory strategy in its foreign policy, the

new President may take another stance on its foreign policy objectives. Yoon Suk Yeol is known as a conservative politician from the conservative People Power Party (PPP), who is interested in forming an alliance with the United States to make a foundation for Korea's larger role in the region. He wants to do this to resist the growing Chinese presence in the Asian region (Klingner, Smith, 2022). Former President Moon was reluctant to criticize China's actions in the region and the South China Sea, as it could end up in economic sanctions against Korea and it would fear the inter-Korea relations (Klingner, Smith, 2022). The new President is more likely to align with the United States instead of balancing between China as their largest trading partner and the United States as their biggest security alliance. President Yoon wants to establish an international cooperation framework that involves ASEAN and other countries, which involves digital infrastructure building (Chang, 2022). To diversify its supply chain alliances with the Indo-Pacific, he wants to reduce the reliance on China as a trading partner (Chang, 2022). The recently established Cambodia-Korea Free Trade Agreement (FTA) is an example of this diversification.

The future will tell what Yoon will do with its foreign policy on issues like infrastructure development such as past initiatives like the NSP and the Eurasia Initiative. However, he already suggested that Korea would be positive against proposing to join the Quad, which is a summit between Australia, India, Japan and the United States. The Quad has been brought to life to focus on security issues, infrastructure development, maritime issues and emerging technologies. Furthermore, the leaders of the Quad all share the same concerns about the rise of China in the region and are willing and capable to resist China's rise (Klingner, Smith, 2022). This will be a challenge for Korea if it would join, due to the 'dilemma' it is in because of China as its largest trading partner, and historical and sovereignty disputes with Japan (Klingner, Smith, 2022).

Japan responded to China's BRI with the partnership for Quality Infrastructure and the Free and Open Indo-Pacific strategy. These initiatives were established by Japan to compete with a rising China in the region. However, China started to incorporate the standards which were established by the Partnership for Quality Infrastructure into their projects and therefore President Abe changed its policy to collaborate with BRI projects to encourage qualitative frameworks, instead of competing against China (Yoshimatsu, 2021). This shows Japan's willingness to be the norm-setting power in the region. Furthermore, the FOIP was established to expand Japan's strategic assets in the region to counter China's growing presence (Koga, 2020), but also to be the norm-setting power according to international law. When countries in the region were hesitant to join the FOIP because China is their largest trading partner, Japan

changed its stance towards China and created the FOIP 2.0. This approach was more cooperative towards China but also towards other ASEAN countries, which are less confrontational towards China. It is interesting to see the changes in Japan's approaches to its initiatives towards China, from a confrontational to a more cooperative stance. Even though, the Quad, where Japan is a member, is quite confrontational in terms of security issues in the region.

As this thesis has shown, there are some differences in the approaches of Korea and Japan towards China's rise. This is due to historical experiences but also economic and geopolitical issues. Where Korea is more cautious to provoke China in any way, Japan is more confrontational in its initiatives and alliances with countries like the United States. Korea is a middle power which also means that it balances between great power rivalry and it rather uses soft diplomacy to support its needs. Because of Korea's new conservative president Yoon, he could go on a more conservative path against the North Korean issue and be more cooperative towards the United States. This would have other geopolitical outcomes than the last five years.

Moreover, in February 2022 Russia invaded Ukraine. This has led to lower bilateral ties between Korea and Russia, as Korea imposed new sanctions over Russia's invasion (Alexandrova, 2022). Russia was involved in the NNP and the Korean peace process, as a mediator and to improve relations with the Northeast Asian region. However, the war with Ukraine has decreased the prospects of improving Moscow's relations with Korea and Japan (Alexandrova, 2022). Both Korea and Japan strongly condemned the Russian invasion and are cautious about expanding cooperation with Russia as a great power neighbor (Alexandrova, 2022). Now Korea elected the new President Yoon, he faces opportunities but also risks in expanding its foreign policy agenda (Yeo, 2022). He may diversify its global partnerships with U.S. allies in Asia and Europe, shifting Korea's policy towards the Indo-Pacific (Yeo, 2022). Moreover, the war provides the Korean government more justification to step up its defense and deterrence, also with North Korean nuclear issues in mind. Therefore, Yoon will face more political backup to strengthen its domestic defense. This will carry out risks too. It means that Korea will face economic and diplomatic costs and this will condemn its New Northern Policy as well (Yeo, 2022). Aligning too much with Washington may also discomfort China in a way, which could provoke a reaction by the Chinese government in terms of some sort of economic coercion. Therefore, it is interesting to see what will happen with Korea's newly elected president and the change of foreign policy strategy in the future.

Conclusion

This research has analyzed the responses to and consequences of China's Belt and Road Initiative, by looking at various foreign policy initiatives made by Korea. Japan was a comparable factor in this study because many scholars have researched Japan's responses to the BRI in the past. This was helpful to better understand and give more insights into the responses of the Korean government. Furthermore, the consequences of the BRI on the Korean economy, foreign policy and geopolitical strategy were examined during this study. The research question *“What are the consequences for and responses of South Korea to the rise of China and its Belt and Road Initiative in Southeast Asia?”* was clarified in the problem statement. Based on extensive literature research and government reports, several responses by the Korean government during the years have been interpreted. The interpretation of Korea's responses to the BRI is done with the theory of middle power status in mind. Korea considers itself as a middle power, because of its bridge-building and balancing assets in the region. Korea lies in the middle of a great power rivalry between China, Japan but also the United States as its security umbrella. This made Korea an interesting topic to do more research about.

China's Belt and Road Initiative has been perceived by some scholars in the international community as an economic and geopolitical threat, while others do not think China and its BRI will threaten the regional order in Asia (Gong, 2019). It is therefore interesting to see how other powers in the region respond to this new challenge, like Japan and Korea. The BRI is mostly focused on infrastructure development, financial support and people-to-people exchange (Tekdal, 2018). Other countries saw this happening and stepped into this new way of developmentalism. Especially Japan, which was historically the second largest economy in the world and accounted for two thirds of Asia's total regional output (Blechinger, Legewie, 2000). Japan established the Partnership for Quality Infrastructure and the Free and Open Indo-Pacific strategy to complement to infrastructure development. However, it focused more on quality infrastructure and transparency, whereas China lacked these features in its own infrastructure strategy up until then. The FOIP strategy was established for more geopolitical reasons, to promote the rule of law, connectivity and to shape the regional order in the Indo-Pacific (Hosoya, 2019). However, after some time Japan and China started to cooperate on several issues in terms of the quality infrastructure initiative, to make sure the receiving countries get the best and most transparent economic development.

Korea's responses to the BRI are slightly less obvious than the responses made by Japan. Where Japan was clear about its intentions to compete in the rivalry to secure its position and

to fight for qualitative infrastructure development, Korea was less clear about its responses and stance in the region. This is because of Korea's middle power status, but also of Korea's 'dilemma' where it finds itself in between China as its largest trading partner and the United States as its security alliance. If Korea would be clear and direct in its stance against China, it would cause economic coercion and repression from China. This happened in 2017 when Korea deployed the THAAD system with the US against the North Korean missile threat, and China saw this as a threat to its own warheads. This resulted in a campaign of economic coercion against Korea (Botto, 2021).

The analysis has shown that Korea has established several foreign policy initiatives. The Eurasia Initiative, initiated by President Park, was a direct reaction to China's BRI (Hwang, 2019). Korea wanted to leverage its middle power status by creating infrastructure, connectivity and economic cooperation in the Eurasian region. Driven by geopolitical and security motives, Park was trying to connect the Korean peninsula together through this initiative. This concerned China, as it is in China's best interest to keep the balance in the region. In 2017, when President Moon was in power, he established two new initiatives called the New Southern Policy and the New Northern Policy. Where the NNP can be seen as the more cautious follow-up on the Eurasia Initiative, the NSP is focused on Southeast Asia. As the BRI also focused on this region, Korea sees this as a reason to collaborate with China on infrastructure projects instead of trying to finance its own projects too much (Yang et al., 2019). This can be translated to the so-called 'hedging strategy' which Korea is applying, which means that Korea is balancing between the economic benefits of China's initiatives and the security umbrella from the United States. This can also be seen in press releases by the Korean Ministry of Foreign Affairs, where during a joint public-private consultation in Beijing, Korea and China agreed to work together through the BRI and Korea's foreign policy initiatives to foster economic prosperity. They saw that both sides had the same visions and goals for infrastructure development.

The infrastructure development issue in Asia is still growing. New developments such as the new conservative Korean President or the Russian invasion of Ukraine may have different effects on how Korea perceives its foreign policy against China's rise and the geopolitical strategy in the region. It is still uncertain how these new phenomena are going to unfold, and therefore the study on Korea's responses to and consequences of China's rise and its BRI needs to have a closer look in the future as well. It would be interesting to see if new developments are indeed changing Korea's foreign policy on infrastructure toward China, but that is something we cannot know yet.

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