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SPECIAL CONTRIBUTOR

South Korea as a Partner for Democracy and Prosperity for the Western Hemisphere

Evan Ellis | June 8, 2022



Image: Former South Korean Trade Minister Yeo Han-woo and ambassadors from Costa Rica, Honduras, El Salvador, Panama, and Nicaragua hold hands before their meeting at Hotel Lotte in Seoul, August 2019. Source: Korean Ministry of Trade.

From May 25-30, I had the opportunity to travel to Seoul, South Korea, to meet with representatives of the nation's government to address the 2022 Korea-Latin America commemorative forum. The event was held by the South Korean Ministry of Foreign Affairs on the 60th anniversary of the event, marking the Korean Republic's establishment of relations with 15 Latin American and Caribbean states. My visit came just days after President Biden's trip to the Republic of Korea (ROK) and Japan, which included an important meeting with the ROK's new President, Yoon Suk Yeol.

President Yoon, a former prosecutor and a current representative of the center-right People Power Party (PPP), was elected in March 2022 and inaugurated on May 10. His administration changed the orientation of the ROK in potentially important ways. President Yoon succeeds Moon Jae In of the more left-of-center Democratic Party. Moon's administration sought to balance an alliance with the United States while accommodating the People's Republic of China (PRC), the ROK's largest trading partner. There were also unsuccessful attempts at dialogue with North Korea (DPRK), despite their nuclear and missile tests—alongside other acts of aggression. The new Yoon administration has signaled its intent to align more closely with the United States, diversify ROK's political and commercial relationships with other parts of the world, and face the PRC and DPRK from a position of strength.

During a meeting between Presidents Biden and Yoon, the two nations pledged to expand security and economic cooperation. President Yoon committed the ROK to participate in the Biden Administration's new Indo-Pacific Economic Framework, which seeks, in part, to increase supply chain

resilience. Specifically, for critical products such as semiconductors through shifting production in the PRC to more trustworthy democratic partners, a concept known as “friend shoring.” The U.S.-ROK joint pursuit of greater economic integration was also highlighted by Samsung’s commitment to building a USD \$17 billion computer chip plant in Texas and the possibility of Hyundai investing \$5.5 billion in an electric vehicle factory in Georgia.

During the Presidential visit, the U.S. and South Korea further agreed to expand the scope and scale of combined military exercises. Such commitments build on a range of other demonstrations of security cooperation. In recent months, the U.S. decided to include South Korea in the April 8 NATO conference in Brussels and has participated in discussions with South Korean officials regarding a greater presence of U.S. strategic assets in the region, including nuclear-capable long-range bombers, submarines, and aircraft carriers.

The path chosen by the new Yoon government is bold, given that South Korea is highly vulnerable to its powerful neighbor, including relying on the PRC for 28 percent of its trade. In 2014, the South Korean government accepted the deployment of the U.S.-based THAAD defense system to protect itself from the North Korean missile threat. In return, the PRC responded vindictively with a dramatic reduction in commercial interactions and tourist travel to the country. While the new Yoon government is likely to complete the existing THAAD systems, Korean officials (with whom I unofficially spoke) indicated

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that PRC intimidation on the issue could influence the government to be unwilling to deploy new THAAD systems.

The Korea-Latin America Commemorative Forum

With respect to Latin America and the Caribbean, the Korea-Latin America forum was a powerful demonstration of interest by the new government in strengthening its ties with the region. Korea's new Harvard and Oxford-educated Foreign Minister Park Jin delivered his opening remarks to the event in impressively well-accented Spanish and indicated the government's intentions to strengthen its ties with the region. Koreans, with whom I spoke informally at the event, noted hopes for a visit by President Yoon to Mexico or other parts of the region, perhaps in conjunction with his programmed September 2022 visit to the 77th session of the United Nations General Assembly in New York. The audience at the commemorative forum, which included ambassadors and other diplomatic representatives of virtually all Latin American countries, responded with heartfelt appreciation for both the government's expression of intention and its delivery in well-rehearsed Spanish.

As I was invited to offer a U.S perspective in an academic capacity on the significant longstanding relationships of the U.S with the Republic of Korea and Latin America and the Caribbean, I also reflected on what my inclusion implied and did not imply. I noted, for example, that the event was not about the United States but rather focused on the Korean relationship with Latin America. With my own years of professional engagement in Latin America, I felt like an uncle at a wedding, part of the bride's family, wishing the newlyweds well, as they happily advanced into the next stage of their lives together.

The commemorative forum itself contained a solid series of panels with perspectives from Korea and Latin America, examining both the promises and

challenges of a relationship. Both countries have diplomatic ties complimented by a substantial, if little-known, trade relationship and a longstanding presence of Korea's largest business groupings throughout the region. In the words of one of the panelists, the Korea-Latin America relationship is one of the world's "greatest untold stories."

Korea as a LAC Partner

Korea has an important role in Latin America as a partner that can further prosper the region. Both Korea and Latin America can benefit economically from a partnership that supports transparency, market orientation, and the commitment to rule of law and democratic institutions and practices.

Korean companies have played an important role as trade partners and investors in the region since the late 1990s.

The region is linked to Korea through the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), in which Chile, Peru, and Mexico also participate. Korea also has bilateral FTAs with Chile since 2003, Peru since 2011, and Colombia since 2016.

In February 2018, the ROC signed the Korea Central America Free Trade Agreement (KCAFTA). The treaty entered partially into effect for Nicaragua, Honduras, and Costa Rica late in 2019 and for El Salvador in January 2020. Although the KCAFTA became fully effective in March 2021, the ROK is still working to finalize the inclusion of Guatemala.

The ROK has also recently reinvigorated its pursuit of a trade deal with MERCOSUR. Since 2018, ROK has negotiated with MERCOSUR. From August to September 3, 2021, ROK and MERCOSUR negotiators held the 7th round of talks discussing trade in goods, remedies, rules of origin, and government procurement, among other issues.

In Mexico, in March 2022, the incoming Korean government resumed high-level free trade talks with Mexico, beginning with a conversation between the Korean Trade Minister Yeo Han-Koo and the Mexican Secretary of Economy.

The ROK is also pursuing an FTA with Ecuador. However, the ROK government has already achieved significant progress with Ecuador, specifically with the [Korea-Ecuador Strategic Economic Complementation Agreement \(SECA\)](#).

Korea's trade with Latin America has almost quintupled in the past two decades to \$48.1 billion, now representing more than either India or Japan's trade with the region. Although this progress has decreased [since 2013](#) as PRC commerce within the region has expanded. Nonetheless, in 2021, ROK exports to the region contributed to an impressive [32 percent increase from 2020 to 2021](#) as commercial activity rebounded from COVID-19. Additionally, ROK trade has been more balanced than PRC's trade with Latin America. In 2020, Latin America [imported \\$19.2 billion from Korea](#), while Korea [bought \\$20.1 billion](#) in products and services from the region.

Korean [Foreign Direct Investment in Latin America](#) expanded from a mere \$89 million in 2001 to \$4.76 billion in 2018. There are over 810 Korean companies that currently have a presence in the region. These companies include some of ROK's most important, such as Hyundai, Dongkuk Steel Mill, LG, Samsung, POSCO, KOGAS, KEPCO, and KIA. Not only has Hyundai invested almost \$8.9 billion in the region, but in 2018, it also [won a \\$2.81 billion contract](#) to work on the metro system in Panama.

Korean investment is also consistent with the development of various types of high value-added sectors that Latin America desires for its economic advancement and prosperity, such as digital technologies, health security, electric vehicles, and the new "hydrogen economy."

In competition with Chinese firms in Latin America, major Korean industry groups have had a reasonably good record as employers, including their corporate social responsibility. They also have offerings in areas such as clean energy technologies consistent with U.S. objectives and regional interests. In Lithium, in 2018, the Korean company POSCO held a presence. In Argentina, POSCO acquired a lithium operation in the Hombre Muerte salt flats for \$280 million. The company had plans to invest an additional \$450 million to develop the facility and possibly invest as much as \$2 billion towards Argentine lithium operations, including local production of cathode materials. Not only is POSCO's presence significant in Chinese firms, but they are also expanding their presence in Argentina's lithium sector.

In support of Latin American development, the Korea International Cooperation Agency (KOICA) has established offices in 7 LAC countries: Bolivia, Colombia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Paraguay, and Peru. Currently, the ROK "Knowledge Sharing Program" (KSP) has 85 projects in the region.

In the defense sector, Korean companies such as the Korean Aerospace Industries (KAI) have offered important alternatives to their PRC counterparts. In April 2022, the Colombian government chose the KAI TA-50 as its future jet trainer. In July 2020, Peru ordered 20 TA-50 block-two fighters from KAI.

The TA-50 version has also been marketed to Argentina, although its prospective sale in the country was blocked by the British. The British continue to be concerned about the Argentine threat to the Falklands/Malvinas islands and who is making the ejection seat for the aircraft. South Korea has donated two corvettes to Colombia—the Arc Nariño and the Arc Toño in 2021. The country has similarly donated two Pohang-class corvettes to Peru. The Korean design bureau STX has helped both Colombia COCTEMAR and Peru's SIMA build offshore patrol vessels and other watercraft. In 2020, the

ROK donated two Haeuri-class patrol vessels to Ecuador. In 2010, the ROK donated 8 A-37Bs to the Peruvian Air Force to combat narcotrafficking.

With respect to ground forces, the ROK has donated ground vehicles and artillery systems to Chile. In addition, the ROK also has attractive offerings of potential interest to Latin American militaries in the domain of wheeled tactical vehicles (Hanna and Kia), air defense systems, combat management systems, and cyber training systems, among other areas.

Concrete areas of cooperation

There are multiple areas where expanded Korean engagement with Latin America could advance both the well-being of the region and the ROK-U.S. partnership.

The U.S. and ROK could also broaden their recurrent bilateral Strategic Dialogue to discuss economic, technology, and other collaboration opportunities in Latin America and other regions. Particularly, regions oriented on providing alternatives to the PRC.

At the working level, Korea could host events here in Seoul, bringing together individuals from the U.S. and Latin American embassies in the ROK. Similarly, in Latin America, they could bring together Korean personnel, U.S. diplomats, and others interested in countries where Korea has an embassy.

The U.S. and Korea could also strengthen their cooperation in regional and subregional forums such as the Central American Integration System (SICA). For example, the ROK and the Korean Development Bank currently are observers in the Central American Integration System (SICA).

The U.S. could participate in the seventh Korea-Latin America business summit or the 2023 Forum for East Asia-Latin America Cooperation (FEALAC).

At the institutional level, the U.S. State Department and Korean Foreign Ministry can also strengthen language and technical cooperation on Western Hemisphere affairs matters. Although the Latin American and Caribbean Affairs Bureau of the ROK Ministry of Foreign Affairs was knowledgeable of the region and the Spanish language, the ROK's focus on engagement with Latin America and the Caribbean remains limited. More specifically, there are only two universities in Korea with Portuguese language programs.

There may be ways in which the U.S. State Department Bureau of Western Hemisphere Affairs and other relevant entities can help. Technical exchanges and support exchanges of Latin America topics between Korea's National Diplomatic Academy (KNDA) and the U.S. Foreign Service Institute are some potential ways the U.S. State Department Bureau of Western Hemisphere can further a change.

The U.S. could also work more closely with the Korea Export and Investment Promotion Agency (KOTRA) on joint opportunities focusing on Latin America. Through a recently proposed new fast-track trade promotion law, the Korean government is seeking to further facilitate the advancement of their companies in other parts of the world, including Latin America.

A particularly fruitful area for cooperation may be information technologies, including 5G, associated "Internet of Things," artificial intelligence, cloud computing, and smart and safe city technology for Latin American markets. Korean companies such as Samsung and SK, for example, may provide alternatives to untrusted PRC-based vendors such as Huawei and Hikvision for sensitive architectures in the region. The U.S. could support these companies' diplomacy where there is not a viable U.S.-based solution or incorporating partnerships with U.S.-based firms.

Korea's Ex-Im bank could continue exploring opportunities with the U.S. Development Finance Corporation and other appropriate U.S. entities to

expand participation in additional projects. Similarly, Korea recently became a member of the Central American Bank for Economic Integration (KABEI).

The U.S. and the ROK could strengthen coordination on loans and policy within the Interamerican Development Bank, of which Korea is an active member.

Expanded collaboration between the U.S. Agency for International Development (USAID) and KOICA could also be fruitful. In its support for the region's development, the ROK is already indirectly taking actions that support U.S. policy objectives of addressing the "root causes" of immigration in Central America. ROK is working on committing \$220 million in grants and loans to the region over the next four years. To date, however, there has been a minimal amount of direct collaboration between USAID and KOICA within the region, perhaps reflecting the bureaucratic and legal complications of doing so.

In the defense sphere, there are opportunities for the U.S. and the ROK to deepen collaboration in both defense technologies, providing integrated packages of systems, maintenance and training to Latin American partners. The U.S. could initiate a dialogue with the Korea Defense Industry Trade Support Center (KODITS) within KOTRA to identify opportunities in this area.

In some cases, there may be a friendly competition between U.S. and Korean products, such as Colombia's consideration of U.S. F-16 and Korean FA-50 fighter aircraft to meet its expanding air defense requirements. In other situations, however, U.S. support to ROK weapon systems is a practical alternative for partners buying Russian or Chinese weapons where a corresponding U.S.-built product or foreign military sales (FMS) case is not a viable option. In the context of the security relationships that Latin American states have with the U.S., an official statement from the U.S. government deal

could make a powerful difference. Making such options viable, however, may require the U.S to rethink some of the defense policies, such as U.S. concerns over Peru's airspace boundary control act that contributed to the non-viability of Peru's purchase of [KA-50s in 2015](#).

The identification of opportunities for U.S.-Korean defense collaboration in other regions, such as in Latin America, may be facilitated by including dialogue over U.S.-Korea strategies. Regular conversations between staff from both nations, including representatives from Latin America- oriented entities such as the U.S. Southern Command, the U.S. Northern Command, the Office of the Secretary of Defense for Policy (Western Hemisphere), and their ROK counterparts, may also benefit U.S.-Korean defense collaboration.

The ROK can particularly play a constructive role in Latin America and the Caribbean as a partner committed to democracy and rule of law in countries where relationships with the U.S. and other Western countries are strained. This role is consistent with the declared orientation of the new Yoon government to ground its global engagement in the [promotion of freedom, peace, and prosperity](#) based on the nation's liberal democratic values.

Conclusion

Korea and Latin American countries are sovereign states productively seeking to deepen relations in their own interest. The United States does not have a "claim over" either. Rather, it has longstanding ties to both. Both Korea and Latin American countries have stakes in their well-being which gives the United States tools to help Korea's deepened relationship with Latin America succeed. In return, it would benefit all parties involved. In the process, healthy and transparent relationships between democracies, commercial engagements in the framework of free markets, a level playing field, and the rule of law benefit us all.

Evan Ellis is a Latin America Research Professor with the U.S. Army War College Strategic Studies Institute. The views expressed herein are strictly his own.

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