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The South Korean energy diplomacy in Central Asia in the post-soviet period: historical heritage and development trends

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Abstract

The article is devoted to the problems of energy diplomacy in South Korea for Central Asia in the post-Soviet period. The relevance of the research topic is due to the fact that in the history of South Korea's diplomacy this period is the starting point for the main modern trends in the development of the country's energy diplomacy in the context of ensuring energy security. The purpose of the article is to examine the key historical background and trends in the development of energy diplomacy in South Korea in the post-Soviet period. The objectives of the article are consistent with the purpose of the research and include study of scientific literature on the research topic; consideration of key factors and stages of development of South Korea's energy diplomacy in the Central Asian region, as well as generalization of research results. The research methodology is based on a systematic approach and includes a group of general scientific methods (analysis, synthesis, deduction, induction), as well as a group of special methods: content analysis of scientific literature on the research topic; the method of historical retrospective analysis, as well as the method of extrapolation (method of short-term forecasting). The authors come to the conclusion that the country's Eurasian diplomacy is largely subordinate to the energy strategy, therefore, the creation of a multilateral mechanism for regional cooperation and the choice of a diversified platform for strategic cooperation becomes the main task of South Korea's diplomacy in Central Asia.

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Keywords

South Korea, energy diplomacy, energy strategy, regional cooperation, Central Asia region.

Introduction

The relevance of the research topic is due to the fact that the study of the historical preconditions for the development of energy diplomacy in South Korea reveals the main trends of the country's modern diplomacy in Central Asia. In the 1960s and 1970s, South Korea began to implement an export-oriented economy and vigorously developed heavy chemical industry. The economic situation has been greatly improved compared with that after the Korean War. After two oil crises in 1973 and 1979, South Korea's energy demand and structure have undergone qualitative changes. The country's growing energy consumption has prompted government to seek multiple energy import channels to cope with the oil crisis. Reduce energy dependence on the Middle East.

In 2006, the Roh Moo-hyun government launched the "Integrated Measures to Open up the Central Asian Market", transforming the energy strategy from "stable energy introduction" to "active overseas energy development", and had extensive cooperation with Central Asian countries in the energy field. However, due to factors such as economic and social development level, diplomatic negotiation capacity, transportation conditions and geographical location, South Korea's development of oil and natural gas resources in Central Asia are still at a low level in general, mainly concentrated in Kazakhstan, Uzbekistan and Turkmenistan.

The impact of the energy cooperation between South Korea and Central Asia is not superior to that of China and Russia. From the development of the President Roh Moo-hyun's Eurasian diplomacy, to President Lee Myung-bak's "New Asian Concept", to the "Eurasian Initiative" of the Park Geun-hye government, and finally to the "New North Policy" of the Moon Jae-in government, South Korea gradually built its blueprint of the region's unique development, but its Eurasian diplomacy is largely subordinate to its energy strategy, so the establishment of multilateral regional cooperation mechanisms and the choice of a diversified strategic cooperation platform has become the main task of South Korea's Central Asian diplomacy.

The historiography of the topic is very extensive and includes the works of such authors as L.L. Adams [Adams, 2010] and M.R. Beissinger [Beissinger, 2009]. At the same time, the works of such authors as M. Fumagalli [Fumagalli, 2012], V. Kim, K. Calder [Kim, Calder, 2008] devoted to the problems of South Korea's Engagement in Central Asia from the End of the Cold War to the "New Asia Initiative". The theses by these authors are shared by J.B. Miller [Miller, 2012]. For particular interest are studies by South Korean experts in energy diplomacy: Qian Xuming [Qian Xuming, 2013], Ren Na, Sun Nuan [Ren Na, Sun Nuan, 2007], Wang Yizhou [Wang Yizhou, 2007], Yu Jianhua [Yu Jianhua, 2011] and Zhang Xianzhun [Zhang Xianzhun, 2000].

At the same time, in most of the studies, the authors do not conduct a historical-retrospective analysis of the prerequisites for the development of South Korea's energy diplomacy. In this article, the authors try to fill this gap in the historiography of the problem.

Main part

After the collapse of the Soviet Union in 1991, the participating republics gradually became independent, and the five Central Asian countries completed their independence at the end of 1991. Since then, Central Asia, with a territory of 4.01 million square kilometers and a population of more than 60 million, has become an independent unit of geopolitics in the world. Central Asia is located in the hinterland of Eurasia. It is close to Russia in the northeast, Iran and Afghanistan in the south, the

Caucasus in the west, and China in the east. It is a central area where Eastern and Western civilizations, traditions and modern civilizations meet.

Due to the special nature of the geological structure, Central Asia is rich in oil and natural gas resources, and a large part of it has not yet been developed, especially the oil and gas resources around the Caspian Sea, which is one of the most promising regions in the world. According to estimates by the US energy department, the oil reserves in the Caspian Sea region are about 200 billion barrels [Yu Jianhua, 2011, 6].

In the 2005 annual report of BP in the United Kingdom, it is believed that the recoverable reserves of the Caspian Sea are between 20 billion and 35 billion barrels.

If calculated by 200 billion barrels, it will account for about 18% of the world's oil reserves. In addition to oil resources, the natural gas resources of the Caspian Sea are about 14 trillion cubic meters, accounting for 4% to 5% of the world's natural gas reserves. With the deepening of geological exploration and the ever-expanding reserves, the world-class new oil fields in the Caspian Sea region have been discovered and are gradually becoming the third largest oil reservoir area in the world after the Middle East and West Siberia, as well as one of the world's major energy supply bases.

Table 1. Data Sheet of Oil and Gas Resources Reserves in the Caspian Sea Region

States	Confirmed oil reserves (million tons)	Possible oil reserves (million tons)	Total oil reserves (million tons)	Confirmed natural gas reserves (100 million cubic meters)	Possible natural gas reserves (100 million cubic meters)	Total natural gas reserves (100 million cubic meters)
Azerbaijan	163.68	4364.80	4528.48	1245.95	9910.95	11156.9
Iran	1.364	2046.00	2059.64	–	3114.87	3114.87
Kazakhstan	736.56	12548.80	13285.36	18406.05	24918.96	43325.01
Russia	368.28	1909.60	2277.88	–	–	–
Turkmenistan	8.184	10912.00	10993.84	28600.17	45024.03	73624.2
Total	1364.00	31781.20	33145.30	48252.17	82968.81	131221

Note: Russian and Iranian data refers only to the parts of the Caspian Sea region, which belong to them [Ren Na, Sun Nuan, 2007].

From the above table we can see that the oil and gas resources around the Caspian Sea are mainly stored in Azerbaijan, Kazakhstan and Turkmenistan, while the reserves of Uzbekistan's oil and gas resources in Central Asia, which is close to the Caspian Sea are also considerable, especially its natural gas resources. With the advent of the Caspian Sea energy development boom, Kazakhstan, Turkmenistan and Uzbekistan in Central Asia have formulated and implemented the “oil and gas rejuvenation” strategy, which takes the development and export of oil and natural gas resources as the growth point for the national economy.

South Korea is one of the important countries in Northeast Asia. It is located in the southern part of the Korean Peninsula in the northeastern part of the Asian continent. It is surrounded by the sea on three sides, borders with the Democratic People's Republic of Korea in the north, and faces the sea in the west and the southeast. It is a typical peninsula country with Japan next to the sea. South Korea's energy resources are scarce, oil fields are not found in the territory, and energy and minerals are only coal, which is far from meeting the energy demand of the country's economic development. All of South Korea's oil and gas consumption is totally dependent on imports. It is the fourth largest oil importer in the world, and its energy import dependence is as high as 90% or more. Since the 1960s and 1970s, South Korea has been facing a shortage of domestic energy supplies and relies heavily on

imports. Therefore, South Korea has to spend a lot of money to import more than 800 million barrels of oil a year, nearly 80% of which comes from the Middle East. Since most of the world's primary energy is concentrated in the Middle East, and the oil in the Middle East has a monopolistic character, in order to improve its passive status, the Korean government has adopted a series of positive response policies, for example, use liquefied petroleum gas, nuclear energy and coal to replace oil and reduce dependence on it. At the same time, the diversification of oil and natural gas supply channels is achieved as much as possible, so that price and quantity changes are suppressed.

In the 1960s, South Korea gradually transformed itself from a self-sufficient backward economy, began to implement an export-oriented economy, and vigorously developed heavy chemical industry. The economy has developed at a high speed, and the demand for coal and oil has also risen sharply.

Since oil supply in the international market was sufficient at the time and oil prices continued to fall, the South Korean government focused its energy needs on oil, and its energy structure gradually shifted from coal-dependent to oil-dependent. In October 1973, due to the outbreak of the fourth Middle East war, the Organization of Petroleum Exporting Countries (OPEC) announced an oil embargo and suspended exports in order to crack down on rival Israel and countries that support Israel, causing oil prices to rise. At that time, crude oil prices rose from less than \$3 per barrel in 1973 to more than \$13, forming the first serious oil crisis on a global scale. After the crisis, South Korea's oil consumption increased sharply. From the first economic development plan in 1962 to the first oil crisis in 1973, the consumption of Korean coal and anthracite decreased from 88.5% to 44.9%. And the dependence on oil rose from 9.8% to 53.8% [Zhang Xianzhun, 2000, 25].

In 1973, in response to the shortage of domestic oil supply, the South Korean government formulated the "Crude Oil Reduction Supply Policy" and established the "Energy Consumption Promotion Committee" to start vigorously promoting the energy conservation movement. In 1979, the second oil crisis broke out, and international crude oil prices rose from \$15/barrel in 1979 to \$39/barrel in February 1981. South Korea's economy continues to grow at a high rate, energy demand continues to increase, and oil dependence has increased from 53.8% in 1973 to 73.4% in 1979 [Qian Xuming, 2013, 13].

Continued rising energy demand has led to a slowdown in South Korea's economic growth and an increase in energy burden. In response to this situation, in 1980 the Korean government enacted the "Energy Rationalization Utilization Act" and established the "Energy Management Corporation" to continue to vigorously promote energy conservation measures. As a result, the amount of oil imports has been decreasing. After 1982, oil prices have stabilized and the energy consumption burden has gradually declined. After two oil crises, South Korea introduced nuclear energy and liquefied natural gas in order to reduce its dependence on oil. With the steady increase in per capita income, the consumption of electricity and city gas has increased substantially, and the proportion of nuclear energy and liquefied natural gas has also increased rapidly.

In the 1980s, South Korea began to attach importance to the development of new energy sources. In 1987, the Korean National Assembly enacted the Law on the Promotion of New Energy and Renewable Energy Development. The Korean government then formulated the Basic Outline for the Development of New Energy and Renewable Energy Technologies in accordance with the Law, and proposed the focus and goals of the development of energy technology in the next decade.

After the world financial crisis in 1997, South Korea's economic development momentum has gradually shifted from heavy chemical industry to information and communication industry, that is, the industrial structure has shifted from high-energy-consuming industries to low-energy-consuming industries, and the energy consumption structure has also changed. The growth momentum of energy

consumption has slowed sharply and the economic growth rate has slowed down. In February 1997, South Korea established the National Energy Conservation Promotion Committee, chaired by the Prime Minister, and re-adjusted the energy sector. Since the beginning of the 21st century, South Korea's economic growth has stabilized at around 4%, continuing the trend that energy consumption growth rate is lower than economic growth rate, showing a slow growth momentum. In recent years, in the face of the new challenges brought about by the soaring international oil prices and global climate change, the Korean government has made major adjustments to its energy development strategy, emphasizing sustainable development and considering energy, economy and environment synthetically.

In order to weaken cooperation with Middle Eastern countries, South Korea needs to actively seek new partners. In this context, South Korea has turned its eyes from the Middle East to another energy-rich region in the world - Central Asia. In 1992, South Korea and Central Asia began to establish diplomatic relations. However, in the long period after the establishment of diplomatic relations, the relations between South Korea and Central Asian countries have been developing very slowly.

Apart from the exchange of visits by several leaders and the signing of several cooperation agreements, no effective cooperation mechanism has been established.

The reason for this phenomenon is that, on the one hand, due to the independence of the Central Asian countries, the internal political situation of them is unstable, their political system has undergone tremendous changes, a power vacuum has emerged, the economy has also experienced a serious recession, so they have no time to develop bilateral diplomacy with other countries. On the other hand, South Korea and Central Asia are geographically far apart, domestic political circles and ordinary people lack understanding of Central Asia, so their enthusiasm for cooperation with Central Asian countries is not high. Besides, the continued decline in international oil prices in the 1990s has weakened the strategic value of Central Asian countries for South Korea. In addition, due to the serious financial crisis in South Korea in 1997, it had to reduce its investment in Central Asian countries and withdraw a large part of the cooperation projects from them, which has greatly reduced the influence of South Korea in Central Asia.

In 2001, due to the outbreak of the "9.11" incident, the Central Asian region, which is the rear of the Afghan war on terrorism, once again entered the public's field of vision and became the center of public opinion against terrorism. The United States, China, Russia and other big countries have tried to increase the scope of their influence and voice in Central Asia. Due to the strategic interests of energy resources in Central Asia, the development of the Central Asian market, and the cooperation in counter-terrorism with the United States, the South Korean government has begun to increase its diplomatic investment in Central Asia. After the Iraq war in 2003, world oil prices rebounded strongly and entered the historical bull market. On March 5, 2008, the light crude oil futures price of the New York Mercantile Exchange closed at \$104.52 per barrel, breaking through the historical peak of international oil prices. In July of the same year, the international oil price rushed to an astonishing high of \$147 per barrel. After the high diving in 2008, the international oil price returned to the average price of \$62 / barrel and \$80 / barrel in 2009 and 2010 respectively, and in 2011, the international oil price has risen again by more than \$100 / barrel because of the depreciation of the US dollar and the change of situation in Middle East [Yu Jianhua, 2011, 15].

Since the new century, the international oil price has climbed and remained high, providing a strong market impetus for the development of oil and gas resources in Central Asia into a new round of international competition. With the rise of international oil prices, South Korea's energy interests in Central Asia have gradually increased. It has then launched large-scale cooperation in the energy sector

with Central Asian countries and strengthened economic assistance to Central Asia. In 2007, the successful convening of the first "Korea-Central Asia Cooperation Forum" marked the formal formation of a multilateral cooperation mechanism between South Korea and Central Asian countries.

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Due to the particularity of Korea's energy structure and its dependence on oil and gas resources, Central Asia has become a key diplomatic target for South Korea beyond the Middle East. Looking at the energy cooperation and diplomatic history between South Korea and Central Asia after the Cold War, it is not difficult to see that bilateral and multilateral diplomacy between the two sides is developing towards institutionalization and normalization. The South Korean government is actively seeking to expand cooperation with Central Asian countries and seeking opportunities for common development. Its established goals have gradually surpassed the single economic interests such as "energy diplomacy" and "trade diplomacy" and have achieved fruitful results in political mutual trust, cultural exchanges, security guarantees and environmental protection.

In the context of "The Big Game" of major powers, there is inevitably a shadow of major powers' interference in the diplomacy between South Korea and Central Asia. However, due to the complexity of geopolitics in Northeast Asia, the big powers have not yet focused on diplomatic cooperation between South Korea and Central Asia, which enabled South Korea gradually expands its influence in Central Asia, opens up new energy markets, and injects new vitality into domestic economy. The consolidation of diplomatic relations between South Korea and Central Asian countries has made the two sides consistent on many international issues, which will provide substantial assistance for South Korea to increase its influence in Central Asia and even the international community in the future, such as the oil pipeline laying route in Central Asia, denuclearization of the Korean Peninsula, etc.

Conclusion

In general, however, the development of oil and gas resources in Central Asia for South Korea is still at a lower level. At present, energy cooperation and diplomacy between South Korea and Central Asian countries are mainly concentrated in Kazakhstan, Uzbekistan and Turkmenistan. Cooperation and summit visit with Kyrgyzstan and Tajikistan are rarely carried out. Moreover, due to these factors such as economic and social development level, diplomatic negotiation capacity, transportation conditions and geographical location, the energy cooperation between South Korea and Central Asia is not superior to that of China and Russia. So, it can be said that the process of diplomacy and cooperation between South Korea and Central Asia coexists with challenges and opportunities. It is expected that with the joint efforts of both sides, their diplomatic and cooperative relations will further develop in an active, healthy and stable manner.

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Южнокорейская энергетическая дипломатия в Центральной Азии в постсоветский период: историческое наследие и тенденции развития

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Аннотация

Статья посвящена проблемам энергетической дипломатии Южной Кореи в Центральной Азии в постсоветский период. Актуальность темы исследования обусловлена тем, что в истории дипломатии Южной Кореи именно этот период является отправной точкой основных современных тенденций развития энергетической дипломатии страны в контексте обеспечения энергетической безопасности. Цель статьи – исследовать ключевые исторические предпосылки и тенденции развития энергетической дипломатии в Южной Кореи в постсоветский период. Задачи статьи соответствуют цели исследования и включают изучение научной литературы по теме исследования; рассмотрение ключевых факторов и этапов развития энергетической дипломатии Южной Кореи в Центрально-Азиатском

регионе, а также обобщение результатов исследований. Методология исследования основана на системном подходе и включает группу общенаучных методов (анализ, синтез, дедукция, индукция), а также группу специальных методов: контент-анализ научной литературы по теме исследования; метод исторического ретроспективного анализа, а также метод экстраполяции (метод краткосрочного прогнозирования). Авторы приходят к выводу, что евразийская дипломатия страны во многом подчинена энергетической стратегии, поэтому создание многостороннего механизма регионального сотрудничества и выбор диверсифицированной платформы для стратегического сотрудничества становится дипломатии Южной Кореи в Центральной Азии.

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Ключевые слова

Южная Корея, энергетическая дипломатия, энергетическая стратегия, региональное сотрудничество, регион Центральной Азии.

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