



EVOLUTION OF SOUTH KOREAN DEFENCE INDUSTRY AND ITS IMPACT ON SOUTH KOREAN FOREIGN RELATIONS

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ABSTRACT

No sooner did Korea get independent than it got divided into two and was pushed into a devastating Korean War which ruined the entire peninsula. Security and defence became one of the major concerns of both the Koreas. North Korea had military support from United Soviet Socialist Republic (USSR) and People's Republic of China (China), while South Korea's defence was in the hands of the United States (the US) as per the Mutual Defence Treaty of 1953 and its defence industry was in shambles. However, today South Korea's defence industry has experienced exponential growth. The military expenditure of South Korea has reached \$50.2 million, which makes up 2.8 % of South Korea's GDP. It also accounts for 2.8 % of global arms export, making it the eighth largest arms exporter in the world. A country that is considered to be focused on Soft Power diplomacy and economic development has silently and gradually built up one of the most robust defence industries in the world.

The research will trace the background and evolution of the Korean defence industry and South Korean Foreign Relations. Subsequently, it will make an attempt to assess the impact of South Korean Defence Industry on its foreign relations.

Keywords: South Korea, Defence Industry, Security, Economy, Foreign Policy.

INTRODUCTION

South Korea is known for its technical advancement across the industries and its defence industry is no exception to it. Today, South Korean defence industry accounts for 2.8 % of global arms export and its overall military expenditure is ranked 10th in the world. However, this didn't happen in a day, South Korean defence industry was not that well equipped even to meet its domestic demand. The South Korean defence in early didn't lack only personnel and training but also technically advanced weapon. This proved disastrous the start of the Korean War when North Korean military pushed the South Korean military to the verge of



defeat until US-led troops intervened. Nonetheless, South Korea's reliance on the United States for security and economic underdevelopment precluded it from developing a viable defence sector at the time. It was changing security dynamics of Northeast Asia that triggered the need for South Korea to advance its defence industry in late 1960s. The Gaum Doctrine proposed by the US president Richard Nixon called for gradual withdrawal and disengagement from Asia and for 'an Asian defence system by Asians'. This led to major reduction in the US troops on Korean Peninsula and distrust about the US amongst Koreans. Worryingly, the deterioration of US security commitment coincided with North Korea's rising military aggression, with North Korean commandos attacking the presidential house in Seoul on 21 January 1968, followed by the capture of the US naval intelligence ship Pueblo in the East China Sea. (Moon & Lee, 2008) In this light, South Korea focused develop a self-reliant defence industry which has been developing rapidly for past decades. This has attracted the attention of world towards South Korean defence industry. South Korea has already emerged as an aggressive competitor of Europe in producing high-end civil products and military equipment. (Park, 2014)

This paper will trace the evolution of Korean Defence Industry and its impact on South Korea's economy and foreign relations.

Research Methodology

Primary sources like government documents and secondary resources like books, journals, magazines, and newspapers are used to support this research. The research will undertake policy analysis and majority of the study will be descriptive and qualitative in nature.

Evolution of South Korean Defence Industry

President Park confronted two threats in the 1960s: the growing nuclear threat from North Korea and the waning American security commitments to the Korean peninsula (based on the Nixon Doctrine). In response, he declared that ROK'S defence budget will almost double from \$461 million in 1973 to \$697 million in 1974 as part of his self-reliant defence paradigm. (Mayper, 2013). Early efforts in South Korea, with the help of US technical data packages and manufacturing licence agreements, were concentrated on the production of ammunition and small weapons (such as rifles and light machine guns) because the country



lacked the industrial structure necessary for defence industrialization. Starting in 1974, South Korea undertook a massive defence industrialization effort. It established a heavy-chemical industry specifically for military purposes.(Lee & Moon, 2008)

The government's support for defence industries in the 1970s was a reflection of the overall government policy of promoting investments in heavy machinery, shipbuilding, steel, and electronic technology at the time. These industries helped to create links between the development of defence production and other sectors. Weapons manufacturing became part of the broader production of heavy machinery and ships. (Princeton University). Since the early 1970s, the South Korean government has been pursuing an ambitious defence industrialization policy aimed at enhancing its military self-reliance. Additionally, the South Korean government has worked to increase the proportion of military hardware and weaponry made in Korea. In particular, the previous South Korean administration saw the defence sector as a "new economic growth engine," and one of its 100 goals was "fostering the defence sector as a new economic growth engine." (PARK, 2014)The South Korean government has been instrumental in the development of the defence industry over the past few decades. The government enacted three policies in 1973: a Special Law on the Defence Industry, a Force Improvement Plan for the build-up of the Republic of Korea, and the Basic Law of the Republic of Korea. The military and a defence Tax Law were created in 1975 to help finance the development of the defence industry. (Princeton University) The concerted push by South Korea allowed it to satisfy most of its conventional weapons requirements by the mid-1980s. Beginning in the late 1980s, South Korea experienced new internal and external changes. (Lee & Moon, 2008)The South Korean military industry created a wide range of combat equipment in the 1980s, such as the 500MD helicopters, the Hyunmu surface-to-surface missile, destroyers, 155mm self-propelled howitzers, quick attack patrol boats, and K2 rifles. Since the U.S. government was offering Korean defence companies licencing and co-production agreements, the growth of South Korea's defence sector was mostly dependent on the strategic alliance between South Korea and the United States.(Mayper, 2013) Besides, an improvement of South Korea's ties with the USSR in the 1980s also provided South Korea with soviet technology. Mikhail Gorbachev realized in the 1980s that the Soviet Union was in a bad place and needed money for reforms, which was lent by South Korea. However, despite the fact that the Soviet Union did not have enough



currency to cover its loans to South Korea, the two countries eventually came to an agreement in 1994 that allowed South Korea to borrow advanced military technologies in return for the loans ("Operation Siberian Brown Bear"). This agreement between Russia and South Korea led to the foundation of South Korea's ballistic missile development, which continues even today and promises to only improve South Korea's defence capabilities further. (Jeong, 2021)

A new discourse on military strategy and power-building, force structure, and weapon systems emerged as a result of the end of the Cold War, the realignment of American security posture in East Asia, and the democratic transition in South Korea. This discourse primarily focused on military modernization rather than Revolution in Military Affairs (RMA). Since the late 1990s, South Korea has been a major player in the RMA space, and this has had a significant impact on the defence industry and the defence sector as a whole. (Lee & Moon, 2008) Exports of military aircraft made up the greatest portion of all military exports between 2001 and 2008 (32.1%), with ammunition coming in second with 22.3 %, off-set-based exports with 18.3%, and artillery and manoeuvring equipment with 18%. By 2020, President Lee Myung-bak aimed to transform Korea's defence sector into a development engine that would generate \$4 billion in yearly exports and 50,000 jobs. (Mayper, 2013) The Daewoo Shipbuilding & Marine Engineering Co. received a 452 million pound contract from the British Royal Navy in 2012 for the support tankers (DSME). Opponents of the country said the decision was a blow to Britain's faltering shipbuilding sector and to the robust naval tradition of what was once the world's foremost nautical nation. Korea Aerospace Industries (KAI) has signed contracts for US\$ 1.18 billion to supply 52 FA-50s, a light attack variant of the T-50 Golden Eagle supersonic trainer aircraft, to Indonesia, Iraq, and the Philippines, respectively. Yonhap News reports that on January 4, the state-run arms procurement agency stated that South Korea's weapon exports reached a record high of USD 3.4 billion in 2013 thanks to robust sales of aircraft and naval ships built locally. (Park 2014)

In addition to domestic production, South Korea is also working with like-minded partners abroad to develop weapons as well. On March 21, 2021, the United Kingdom and South Korea began discussions on cooperation on "carrier technologies". with reports outlining that "the aircraft carrier". The South Korean Navy's next-generation light (RoKN) will officially start in 2022 and be completed by 2033. Furthermore, South Korea, a nation with a



high level of technological development, is attempting to add cutting-edge technology to its toolkit. The "Mobile Rail Robot Surveillance System, [which] runs along a rail at a pace of five miles per hour," is a piece of technology that will now guard South Korea's borders. In addition to the AI-based surveillance systems, DAPA also bought three different kinds of unmanned aerial vehicles (UAVs) from regional defence contractors, including "suicide drones, an attack drone armed with a rifle, and a small-sized drone for reconnaissance and offensive operations. (Jeong, 2021)

South Korea's defence budget climbed by an average of 7% annually under the Moon administration, reaching \$44 billion in 2022. Saudi Arabia decided in March 2022 to acquire an anti-aircraft defence system from Hanwha for almost \$1 billion due to its involvement in the civil war in Yemen. Following the K9 sales to Egypt and the UAE's acquisition of a variety of Korean surface-to-air missile interceptors valued at over \$4 billion, this is the third significant agreement South Korea has made in the Middle East this year. (Lee E. , 2022)

Evolution of South Korean Foreign Policy

The geographical location of the Korean peninsula has made it a point of contestation between great powers. It has always been vulnerable to external circumstances, and thus managing external affairs have been one of the top priorities of both the Koreas. (Koo & Han, 1985)

However, North Korea, since the beginning, had been aligned to one side, whereas South Korea, after the end of the Cold War, is trying to balance between the US and China. (Chung, 2007)

South Korea's foreign policies have been traditionally focused on the quest for legitimacy, security, and economic development. The quest for legitimacy to be recognised as the only recognised authority on the Korean peninsula. As Korean War resulted in a stalemate, both the Koreas took a diplomatic approach to get legitimised. South Korea adopted Hallstein Principle that rejected recognition for both the countries from the same state. (Koh, 2001) Besides, South Korea also had the support of the United Nations because this part has a government elected as per the directives of the United Nations.



Nonetheless, North Korea was admitted to WHO in 1973 and NAM in 1975. North Korea's inclusion into WHO triggered the need for South Korea to diversify its diplomatic approach as it can no longer rely on UNGA for one-sided support. (Koh, 2001) Therefore, it dropped the Hallstein principle and adopted the 6.23 declaration in 1973 to engage with communist countries. (Heo&Roehrig, 2014) Now, both the countries were open for dual recognition. South Korea attempted to normalise relations with Russia (then USSR) & PRC. (Heo&Roehrig, 2014) Subsequently, in 1991 Korea became a full member of the United Nations. This resulted in the end of absolute legitimacy and triggered the need for relative legitimacy to gain more support on global platforms. (Koh, 2001)

Alongside legitimacy, security is the other most crucial theme that shapes South Korea's foreign policy because of the threat posed by North Korea and its traditional allies, China and the US. To ensure the security of South Korea, it has taken a two-fold approach; first, maintain the Security Treaty with the United States and second, modernise its own Military Capability. However, since the late 1980s, South Korea also took an approach to neutralise the threat by establishing friendly relations with North Korean allies and initiating North Korea. (Koh, 2001) But this doesn't mean that security concern no longer plays a significant role in shaping South Korea's foreign policy; the recent deployment of THAAD was one such example. Moreover, the non-traditional security issues have also become one of the significant determinants of South Korea's foreign policy.

The final and third continuing theme of South Korean foreign policy is the quest for development. (Koh, 2001) Initially, South Korea used the US and Japan to bolster its economic growth. Subsequently, one of the primary reasons behind its normalisation of relation with PRC was initially triggered by its quest to use the Chinese market, cheap labour and raw material. (Heo&Roehrig, 2014)

In these quests, South Korea's foreign policy has evolved throughout the years. Until the 1970s, South Korea mainly engaged with the US, Japan, and other American allies. However, after the 1970s, it started to take a pragmatic approach in foreign policymaking. It replaced the Hallstein doctrine with the 6.23 declaration in 1973 organised Asian Games and Olympics in the 1980s. President Roh Tae-woo introduced Nordpolitik in 1988 to engage with traditional allies of North Korea. Subsequently, President Kim Young-sam introduced the Segyehwa policy in 1994, and the Kim Dae-Jung administration also followed that &



further embraced it to move out of the 1997 financial crisis. In 1998, South Korea sought to sign FTA to battle against the financial crisis. However, the foreign policy approach was still much centred on East Asia. After this, Lee Myung-bak introduced the 'New Asia Initiative' in 2009 focused on expanding South Korea's reach with ASEAN and Beyond. Moon Jae-in introduced another remarkable policy in 2017; the Northeast Asia Plus Community of Responsibility is focused on developing South Korea's reach beyond Northeast Asia. New Southern Policy is a part of it focused on strengthening South Korea's ties with ASEAN and South Asian countries. (Saxer 2013)

Impact of South Korean Defence Industry on its foreign Relations

Longer-term effects on Seoul's foreign relations may result from the country's defence exports' sustained rise. Defence exports from South Korea have started to bind the nations of Northeast and Southeast Asia together along with Japan's intensified diplomatic efforts. The nations of each region are increasingly turning to one another for security assistance, as opposed to the past when they virtually solely relied upon the superpowers for assistance. The new defence ties South Korea is developing with nations like Indonesia will give rise to new incentives and interests. These will unavoidably compel South Korea to broaden the focus of its foreign policy and may even involve it in security challenges that extend well beyond the Korean Peninsula. (Chang, 2019)

China is undoubtedly the worry that has prompted some Asian nations to look for those fighting systems. While most initially saw China's ascent as positive, as China's behaviour has grown more aggressive, many have started to be cautious of the nation. When he said, "China is a huge country and other countries are small countries and that is just a reality," China's then-foreign minister in 2010 added to this uneasiness by implying that China would get its way regardless of the interests of other countries. However, Seoul disregarded Beijing's concerns in 2017 and allowed the United States to install the Terminal High Altitude Area Defense (THAAD) anti-missile system in South Korea. China wasn't happy because it thought THAAD might be used to track and target both its own and North Korean ballistic missiles. China responded by taking a number of severe measures against South Korea. Future submarine and combat aircraft shipments from South Korea to Southeast Asia may make it more challenging for China to pursue its "core interests" in the region.



Southeast Asian nations would be better able to dissuade China if they were equipped with cutting-edge Western-compatible combat systems, but they would also have the option of working more closely with American and Japanese forces to restrain China. That might potentially enrage China more than the THAAD deployment did. (Chang, 2019) The KF-X multirole fighter and the SejongDaewang-class destroyer are two of the next-generation combat systems being developed by South Korea's military sector. These new combat technologies could help the sector grow if properly managed. However, if they were widely transferred to areas like Southeast Asia, they might also undermine the present military advantages some of those nations have. South Korea simply needs to go back on its most recent encounter with China to get an idea of how those nations could respond to the possibility of losing their military advantage. Seoul will undoubtedly need to take precautions against or make plans for such consequences in the future. (Chang, 2019)

Due to the U.S. government's reluctance to disclose specific military technology to foreign entities, South Korea's flexibility to transmit military technology to its purchasers has actually allowed ROK defence firms to become more viable suppliers than American defence corporations. In 2008, a \$300 million export agreement between South Korea and Turkey was made primarily on the basis of the sharing of technological know-how about the construction of tanks. (Mayper, 2013)

The nation's exports would surpass its previous high of \$3.5 billion if South Korea's ambitious objectives for its defence industry are realised. As a result, South Korea would rank among the top ten global suppliers of defence goods. In order to assist its export drive, Seoul modified its defence offset policy in January 2019. The new approach aims to increase local production and facilitate exports through global supply chains rather than concentrating on technology transfers from foreign enterprises. (Chang, 2019) Government policies in South Korea regarding the defence industry have encouraged that sector to export more of its goods. (Princeton University)



CONCLUSION

In conclusion, we can argue that the South Korean Defence industry has developed exponentially since the 1970s. It not only helped South Korea meet its domestic demands but it also boosted their export. The quinquennial value of South Korea's military exports has more than quadrupled from \$1.2 billion (2011-2015) to \$3.8 billion, according to the Stockholm International Peace Research Institute (2016-2020; Moon took office in May 2017). Based on the most recent data available for the single year of 2020, South Korea's defence export volume was sixth in the world. Moreover, Besides, South Korea's soft power to improve its foreign relations, the country has used its vast economic resources to support a military that is becoming more sophisticated and capable. As East Asia's power structure continues to shift, South Korea's increased capabilities will allow it to defend its own interests and be a more effective partner for the United States. These military capabilities may become vital in the future due to great power competition and North Korea's ongoing instability. Moreover, the evolving South Korean defence industry has also provided South Korea opportunity to diversify its foreign relations. South Korea now has the capabilities to engage in defence relations with any emerging country. Besides, it also opens door for larger cooperation with countries like India and Bangladesh, that has a robust military strength and growing economy but lacks the technological capabilities. This leads to the convergence of interest and South Korean can exploit this situation by providing technological assistance to these countries in and in exchange can seek military support from them.

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