

DIALOGUE SUMMARY: JAPAN AND SOUTH KOREA IN CENTRAL ASIA

For the past decade, the post-Cold War order has been eroding as economic and political power has shifted to the east. In this time of fluctuation, Central Asian leaders have strengthened their diplomatic toolkits, balancing this new cast of regional actors by pursuing multi-vector foreign policies to buttress their sovereignty. With the launch of China's Belt and Road Initiative (BRI) in 2013, Central Asia's eastern linkages have begun to be taken more seriously by policymakers and academics alike. As Asia continues to rise and establish itself as the new center of gravity for international development, it is unsurprising that scholarship would turn to these linkages. But the story is still viewed through a narrow lens overly fixated on China, and to a lesser extent India, the 21st century's emerging giants, obscuring the unique roles played by actors such as the Republic of Korea and Japan, which both established themselves as early movers and policy innovators in Eurasia.

In Spring 2021, the Oxus Society for Central Asian Affairs and the Davis Center of Russian and Eurasian Studies at Harvard University held

two seminars on the themes “Central Asia Plus Japan: The Evolving Role of Tokyo in Central Asia” and “Understanding Korea-Central Asia Connections” designed to further discussion on the region’s rapidly changing foreign policy and deepening engagement with Asia. The series was closed-door, with a group of assembled experts and policy stakeholders gathering to discuss the state of infrastructure development, economic investment, human capital development, international security, and people-to-people diplomacy between Central and East Asia. The event featured four speakers, Nikolay Murashkin, Naoki Nihei, Sung Jin Kang and Matteo Fumagalli. Below is a summary of major themes and points of discussion over the course of both seminars. As the discussion was off the record, we have not attributed any points listed in this summary to the speakers. ¹

Participants in the series addressed the following questions:

- How does Central Asia fit within Japan and South Korea’s respective grand strategies and global objectives?
- How have Japan’s and South Korea’s policies towards Central Asia evolved over time?
- What role can Japan and South Korea play in Uzbekistan’s post-2016 economic transition?
- How might the European Union and the U.S. work with Japan and South Korea to bolster regional sovereignty?
- Can Japan and South Korea play an effective role in enhancing regional stability in the wake of U.S. and NATO withdrawal from Afghanistan?

Although both countries have pursued divergent foreign policies, the discussions focused on the following:

- **Development cooperation and human capital development:** Although understudied relative to other donors and investors, Japan and Korea have been deeply embedded in this sector since the 1990s.
- **Infrastructure development:** Korea and Japan have vast exvalry: There are numerous opportunities for Japan and Korea to develop closer cooperation with the US and EU in the region.
- **Multi-vectorism:** Japan and Korea are welcomed partners for Central Asian governments as they seek to pursue multi-vector foreign policies,

avoiding dependence on any single external power by pursuing relations with multiple powers.

□ **Areas for cooperation and navigating Sino-U.S. rivalry:** There are numerous opportunities for Japan and Korea to develop closer cooperation with the US and EU in the region.

Emerging Forms of Korean and Japanese Engagement in Central Asia

Since the emergence of the post-Soviet republics in 1992, both Japan and South Korea turned to the region to become key partners and sources of infrastructure development and various development cooperation in the framework of Official Development Cooperation. In Central Asia, these East Asian actors have proven to be important sources of:

□ Technology;

□ Technical expertise (particularly in terms of political and financial reform);

□ Capital (infrastructure, public services, social dimensions such as education, and healthcare);

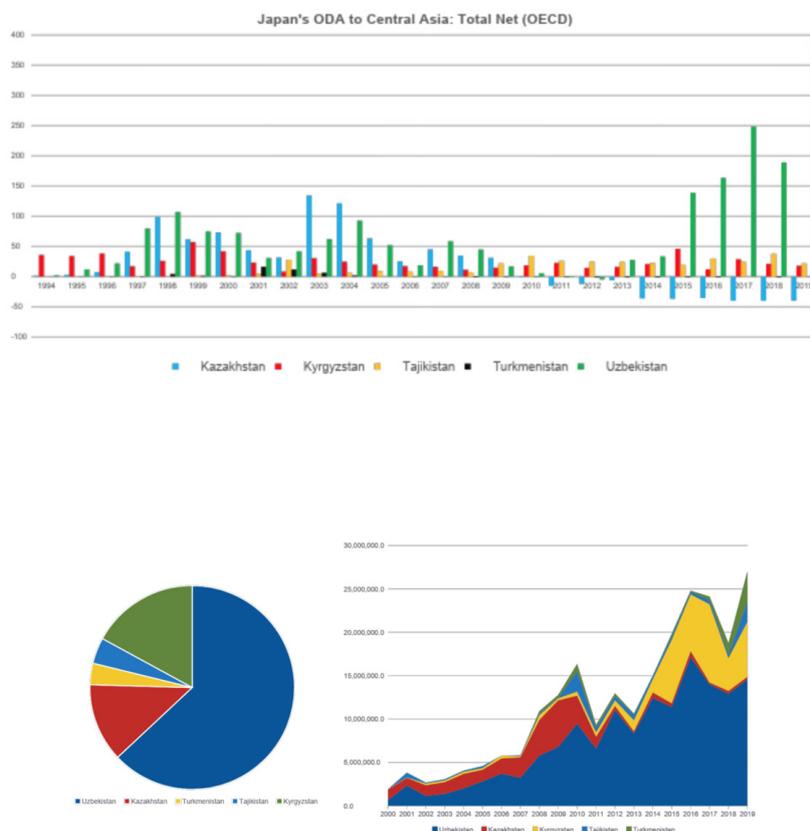
□ Diplomatic support

□ Cultural influence/diplomacy (manga, K-Pop etc)

These four areas have proven to be effective spaces in which Japan and South Korea have established themselves as major players. In terms of expertise, both Japan and South Korea have provided invaluable advice and technical assistance in the form of “intellectual aid,” which has helped spur Central Asia on a more efficient developmental path. The Asian Development Bank, in which Japan is the largest shareholder and appoints the president, has been invaluable in this regard, providing \$22 billion in loans, grants and technical assistance since independence.² South Korea has also institutionalized the transfer of expertise through its 2004 Knowledge Sharing Program (KSP) which, to date, has worked with over 87 partner countries including Uzbekistan (2004), Kazakhstan (2009) and both Tajikistan and Kyrgyzstan (2014). In the case of Uzbekistan, the KSP has been invaluable in aiding Tashkent in founding its free industrial zone outside Navoi, which now has some 24 companies - including 4 Uzbek-Korean joint ventures - operating within it.

In terms of capital accumulation, development assistance from South Korea expanded some ten times between 2006 and 2019, with social infrastructure and public services taking up the bulk of funding. Japan's official development assistance (ODA) has, for its part, prioritized infrastructure development and human resource development since the 1990s, with some 10,000 Central Asians being invited to Japan. In recent years, the ODA budget has remained stable, with emphasis on quality investment as opposed to the quantity undertaken amid the euphoria of early 1990s engagement with the region. Nevertheless, Japan's ODA to Central Asia has never been that significant for Tokyo, with Southeast Asia taking precedence, peaking at 6% in 1996 and falling to 2.8% in 2018. Nonetheless, Japan has been a top donor to Central Asia at varying points in the late 1990s and early 2000s, temporarily becoming Uzbekistan's top donor in 2014.

Figure 1: Japanese and Korean ODA in Central Asia³



Equally as important as aid, trade and foreign direct investment (FDI) from Japan and South Korea have allowed this once-isolated part of the world to balance against powerful actors such as Russia and China.

Room for improvement remains however. According to the speakers, in 2020 Korean exports to the region stood at \$3.9 billion USD, but the bulk of this went to Kazakhstan (51%) with Uzbekistan following close behind at 48%. Nevertheless, these exchanges allowed both countries access to high-technology in the form of auto components and chemical machinery. Trade remains somewhat one-sided however, with imports standing at just \$1.1 billion USD - 98% of which comes from Kazakhstan in the form of crude oil and raw materials. Despite modest trade, Korea is playing a more active business role in the region with some 76 newly established Korean companies in Uzbekistan in 2019 and a further 20 in 2020. Growth of business development may offset declining FDI from Korea, which has fallen from \$182 billion USD in 2010 to just \$34 billion.

Figure 2: Trade and Investment Between South Korea and Central Asia⁴

	Uzbekistan	Turkmenistan	Kazakhstan	Kyrgyzstan	Tajikistan
Bilateral trade (KITA 2019)	\$2.36bn	\$13.2m	\$4.22bn	\$107m	\$29m
ROK exports	\$2.34bn	\$13.2m	\$2.66bn	\$106m	\$29m
ROK imports	\$0.02	\$0.01m	\$1.56bn	\$0.6m	\$5k
ROK	\$1.5bn	\$2m	\$4bn	n.a.	\$63m

Migration figures are limited but growing, with 20,449 citizens of Central Asia entering Korea for work and 7,722 for study between 2016 and 2019. Japan's figures are more modest, with 2,693 entering for work and 11,725 for study during the same period.⁵

Timeline of Japanese Engagement⁶

Japan's relations with Central Asia have "oscillated" between different governments, gradually shifting towards more pragmatic engagement.

□ 1992: Recognition and the establishment of diplomatic relations.

□ 1993-1994: Japan's Ministry of Finance supports aid mechanisms for the region through existing frameworks such as the OECD DAC, EBRD, and ADB to facilitate Central Asia's access to capital. Japanese officials oversaw multiple EBRD development projects in the region under the bank's existing division of labor.

□ 1997: Japanese Prime Minister Hashimoto announces his Eurasian Diplomacy From the Pacific, a framework that includes closer cooperation with Russia and its neighbors.

□ 1998: Japanese Prime Minister Obuchi announces the Silk Road Action Plan, aimed to support democracy and economic reform through transport infrastructure and mineral resources exploration.

□ 2004: Japanese Foreign Minister Kawaguchi introduced the Central Asia Plus Japan framework (a prototype for the future C5+1 formats with CA's other counterparts), inspired by his country's multilateral engagement with the countries of Southeast Asia.

□ 2006: Japanese Foreign Minister Aso and several other ministry officials construct the Arc of Freedom and Prosperity concept, and its emphasis on turning Central Asia into a "Corridor of Peace and Stability."

□ 2009: Prime Minister Aso proposes the concept of Eurasian Crossroads to develop North-South and East-West corridors in Eurasia, with a focus on ports, rail and road infrastructure and using Japan's technologies.

□ 2013-2020: Prime Minister Abe focused on a predominantly pragmatic approach to the region built on free and open regionalism, while also utilising the rhetoric of value-oriented diplomacy .

Timeline of Korean Engagement⁷

□ 1993-1998: South Korean President Kim Young-sam emphasizes the importance of globalization for Korean engagement with Central Asia.

□ 2003-2008: South Korean President Roh Moo-hyun launches the Comprehensive Central Asia Initiative in 2004, Korea's first strategy for the region. The strategy focused on developing industries, strengthening businesses and diplomatic relations, and providing energy security.

□ 2008-2013: South Korean President Lee Myung-bak folds Central Asia within his broader New Asia Initiative, launched in 2009, which prioritized relations with Korea's Asian neighbors and signalled an expansion of priorities from the country's traditional focus on relations with the U.S, China, Russia and Japan.

□ 2013-2017: South Korean President Park Geun-hye launched her Eurasia Initiative. Launched just one month after China's announcement

of BRI in 2013, the initiative adopted the slogan “one continent, creative continent, and peaceful continent,” focusing on developing transport, energy, and trade networks across the Eurasian continent.

□ 2017-Present: South Korean President Moon Jae-in launches the New Northern Policy. The policy, announced in 2017, envisions the creation of nine transport, logistics and energy bridges to connect the Korean Peninsula to the rest of the Eurasian landmass.

Values and Grand Strategy

According to participants, early Japanese engagement in the 1990s was enthusiastic and wide-ranging but gave way to fatigue and stagnation in the early 2000s before rebounding in more recent years. Relations have primarily focused on Uzbekistan and Kazakhstan, but the nature of given aid has also oscillated over time toward a more conservative, quality over quantity framework. While previous narratives of East Asian engagement with the region emphasized the importance of competition for Central Asia’s abundant natural resources, these analyses tended to downplay cooperation and altruism. Japan’s aid was a key to building the relations between Japan and Central Asia. Japan has promoted a value-oriented approach, stressing the need for “free and open regionalism” and “free and open development,” while also pragmatically capitalising on the absence of political conditionalities in its assistance. Japanese stakeholders at several instances sought to cooperate with both South Korea and China in the 1990s and early 2000s. Although relations between China and Japan have subsequently soured in general. Participants also cautioned against viewing Japanese infrastructure development assistance as a reactionary response to China’s BRI - many Japanese projects predate their Chinese counterparts. Indeed, Silk Road diplomacy has long been a framework through which Tokyo has cooperated with regional partners.

For Japan, security, resources, and humanitarianism have been at the forefront of its regional engagement strategies. Japanese Eurasian diplomacy has sometimes tended toward being value-oriented, with a rhetorical emphasis on openness, the creation of social responsibility, freedom, and democracy with a deeply-rooted sense of a distinct path toward development in Asia and the Eurasian Continent. While early Eurasian diplomacy under Prime Minister Ryutaro Hashimoto was mainly geared toward dealing with Russia, China and the Silk Road Countries, Japan’s policy has taken a more ideational turn by 2006 with the announcement of the “Arc of Freedom and Prosperity” framework, which emphasized the need to ensure regional stability, and had the unstated goals of containing China’s rising influence and trying to encourage Russia to settle the disputed Southern Kuril Islands/ Northern Territories. To this end in 2006, Japan brought Afghanistan within its Central Asia and Japan framework, showing a favourability

toward integration as a road to peace. In recent years, Japanese policy has been more pragmatic as national grand strategy has shifted toward ensuring freedom and openness in the Indo-Pacific region. This has led to a decline in the relative value of the Central Asian region for Japan as policymakers have struggled to incorporate this interior region within its wider Pacific engagements.

Like Japan, South Korea's early engagements with Central Asia largely used the region as a means of expanding ties with Russia. As Korea has developed economically and transitioned from being an aid recipient to a donor, it has expanded its appetite for global influence. From the Central Asian perspective, like Japan, Korea offered a useful partner as they pursued economic diversification and multivector foreign policies. From Korea's perspective, Central Asia offered a promising new market and significant natural resources. Over the course of the 1990s, Korean foreign policy began to emphasize the importance of its Koryo-saram Korean diaspora, around half a million of whom reside in Russia and Central Asia.

Korea's role in the region has grown considerably over the past decade with aid, trade, and investment growing across the board and buttressed by high-level diplomacy enhancing the country's profile. South Korea does not treat the region as a monolith. South Korea has prioritized the country's most populous country Uzbekistan and its most prosperous state, Kazakhstan. With some variation across sectors, Uzbekistan has received roughly twice the amount of development assistance over the past twenty years than all four other Central Asian countries combined. Driven by pragmatism, Korea has presented a "(selective) master narrative" that presents Korea as a partner for the region with less historical and ideological baggage than China, Russia and the U.S.

Actors

Foreign policy is shaped not just at the government level, but through policy entrepreneurs and influencers, in addition to individual government ministries. Japanese officials in the Ministry of Finance, and Japanese officials in organizations such as the Asian Development Bank have long taken a major role, influencing the country's Eurasian policy. Indeed, technocratic policy entrepreneurs such as Chino Tadao, former vice minister of finance were highlighted as being particularly instrumental players. While president of the Asian Development Bank (1999-2005), Chino advocated a "special approach" to development in Asia, noting its cultural distinctiveness. Large-scale projects such as CAREC (Central Asian Regional Economic Cooperation Program) and the TAPI (Turkmenistan-Afghanistan-Pakistan-India) gas pipelines were supported and developed within the ADB during his presidency. Chino was also a major cog in the informal stakeholder networks that would shape regional development policy in the region for the next

decade.

South Korea has a different set of actors to Japan, benefiting from its unique Korean diaspora (Koryo-saram) community of over 300,000 in Central Asia - the majority of whom reside in Uzbekistan and Kazakhstan.

Figure 3: Ethnic Korean Population in Central Asia⁸

	Uzbekistan	Kazakhstan	Tajikistan	Kyrgyzstan	Turkmenistan
Ethnic Koreans	176,900 (0.55%)	100,385 (0.6%)	600 (0)	17,105 (0.2%)	396 (0)

This minority population have acted as key traders and intermediaries, with some 40,000 currently living and working in Korea. Korea has utilized this diaspora for regional diplomacy through a number of fora:

- Overseas Koreans Foundation;
- Academy of Korean Studies (MoE);
- Korean Foundation (MOFA);
- Global E-School in Eurasia⁹

In addition, South Korea has emphasized the importance of multilateralism within the region, creating the following structures for engagement:

- Korea-Central Asia Cooperation Forum (13 meetings since 2007);
- Korea-Central Asia Cooperation Forum Secretariat (since 2017);
- Korea-Central Asia Business Council (since 2020).

Individuals have also shaped each country’s foreign policy trajectory. For example, Chino Tadao, former president of the ADB, had significant influence on the country’s foreign policy course by virtue of holding a decision-making role in the development bank. Chino Tadao encouraged ADB-backed projects in the region, including his own “brainchild” (according to some sources) Central Asia Regional Economic Cooperation program (CAREC), which has worked since 1997 (two years before Chino became ADB president) to enhance regional cooperation among its 11 member states.

Scope for Cooperation

There is much room for deeper engagement from Japan and South Korea in the region but a number of challenges remain for more effective cooperation. For example, trade relations between East and Central Asia remain hampered by the region's difficult investment climate and long-standing logistical challenges.

Coordinated policy between South Korea and Japan could make for greater leverage in the region and enhance receptivity to reform. The souring of bilateral relations in recent years have made the prospects for such cooperation more difficult. But this deterioration does not seem to have affected practical economic cooperation in the region, according to some of those interviewed by Murashkin.

Finally, participants noted that Japan and South Korea can aid Western actors in their project to promote regional cooperation and connectivity as a means of enhancing its collective bargaining power vis-a-vis neighboring powers such as China and Pakistan. Indeed the EU and U.S. both share common interests with Japan and Korea, with both interested in promoting stability, diversification of energy supplies, and tourism and opportunities for small and medium enterprises (SMEs). Furthermore, Japanese security activities on the Tajik-Afghan border share a commonality with Western objectives to stabilize the region to limit the activities of organized criminals and Islamist militants.

Conclusion

Central Asia remains peripheral to the interests of both Korea and Japan, with demand for engagement from the Central Asian side outweighing the willingness of Korea and Japan to invest in the region. Nonetheless both are developing a more subtle, and potentially more effective, long-term strategy in the region. In the face of larger and more accessible concessional loans from Beijing, as middle powers Japan and Korea have opted to emphasize the quality of their investments, focus on infrastructure and technology and not make support contingent on political conditions being met. Both actors could benefit from greater coordination with one another and with outside actors such as the European Union and the U.S. if they are to more effectively promote peace and prosperity through socio-economic development in the region.

Endnotes

1 Important exceptions in this regard are: Timur Dadabaev, *Japan in Central Asia: Strategies, Initiatives, and Neighboring Powers*. Springer, 2016; Timur Dadabaev, *Transcontinental Silk Road Strategies: Comparing China, Japan and South Korea in Uzbekistan*. Routledge, 2019; Nikolay Murashkin, *Japan and the New Silk Road: Diplomacy, Development and Connectivity*. Routledge, 2020; Nikolay Murashkin (2018) Not-so-new silk roads: Japan's foreign policies on Asian connectivity infrastructure under the radar, *Australian Journal of International Affairs*, 72:5, 455-472, Matteo Fumagalli, "Identity through Difference": Liminal Diasporism and Generational Change among the Koryo Saram in Bishkek, Kyrgyzstan, *European Journal of Korean Studies*, 20, (2), (2021): 37-72; Matteo Fumagalli, "Growing Inter-Asian Connections: Links, Rivalries, and Challenges in South Korean-Central Asian Relations," *Journal of Eurasian Studies*, 7, (1), (2016): 39-48; Sabina Insebayeva, «Japan's Central Asia Policy Revisited: National Identity, Interests, and Foreign Policy Discourses,» *Nationalities Papers*, 47, (5), (2019): 853-867; Timur Dadabaev, "Silk Road" as Foreign Policy Discourse: The Construction of Chinese, Japanese and Korean Engagement Strategies in Central Asia," *Journal of Eurasian Studies*, 9 (2018): 30-41

2 This is based on ADB information sheets.

3 The statistics come from the Korea International Cooperation Agency (KOICA), <https://stat.koica.go.kr/ipm/os/acms/smrizeAreaList.do?lang=en> and from the OECD website.

4 Trade: Korea International Trade Association (KITA), http://www.kita.org/kStat/byCount_AllCount.do

5 Oxus Society, Central Asia Migration Tracker, <https://oxussociety.org/viz/migration-patterns/>

6 See Nikolay Murashkin, *Japan and the New Silk Road: Diplomacy, Development and Connectivity*. Routledge, 2020.

7 Based on Matteo Fumagalli, *New Silk Roads and Growing inter-Asian Connections. South Korea's Quest for Energy and New Markets in Central Asia* (Palgrave, forthcoming 2022)

8 Matteo Fumagalli, "Identity through Difference": Liminal Diasporism and Generational Change among the Koryo Saram in Bishkek, Kyrgyzstan, *European Journal of Korean Studies*, 20, (2), (2021): 38.

9 The school was established with funding from the Korea Foundation, a non-governmental organization, with the goal of developing Korean Studies abroad. It was supported, but not funded, by the Korean government.