

## Reinventing the Middle East? South Korea's engagements with the Gulf amid geopolitical conflicts

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South Korean industries take great pride in having constructed some of the most monumental infrastructures in the Gulf since the 1970s. The oil shock of 1973 prompted a spike in oil prices and allowed for petrostates in the Gulf to initiate an economic development agenda focusing on infrastructure, across Saudi Arabia, Kuwait, Iran and Iraq.<sup>1</sup> Following the Asian Financial Crisis of the 1990s, South Korean construction companies—notably Samsung C&T, Hyundai Engineering & Construction, GS Engineering & Construction—have constantly looked into opportunities in the region.<sup>2</sup> The expansion of South Korea's economic engagements with Gulf States is coupled with its cultural charm offensive of the Korean Wave (*hallyu*), and exports of 'Made in Korea' products ranging from halal-certified foods to electronics and autos.<sup>3</sup>

South Korea stands at a pivotal turning point for diversification of trading partners, as it continues to rely on an economic model heavily dependent on exports—with a huge concentration on China and the United States as export destinations. Along with Southeast Asia, the Middle East region is all the more important for the South Korean economy as an alternative export destination. But as the relationships between South Korea and the Gulf states deepen, despite the positive effects of increased level of engagements, South Korea's engagements in the region are not without potential risks as the Middle East is by far one of the world's most geopolitically complex regions.

Energy is the most crucial component in South Korea-Middle East transactions, and the main drive for South Korean outward investments in the region. As Asian demand for Middle Eastern energy continues to grow, South Korea is one of the biggest consumers of Gulf oil and natural gas.<sup>4</sup> South Korea's first overseas nuclear power plant building project in the UAE and installation of a nuclear reactor for a joint research project in Jordan brought about subsequent interests from Saudi Arabia. As the Gulf states look toward diversifying their energy sources, they look to Northeast Asia—China, Japan, and South Korea—for provision of nuclear and renewable energy sources.

Yet, South Korea manifested patterns of disorganization and corruption in its investments for energy resources in Iraq during the Lee Myung-bak presidency (2008 to 2013). As one of the major buyers of Iraqi oil, South Korea has made deliberate miscalculations in its investments in oil drilling and liquefaction projects in pre-ISIS Iraq. Its public investments in Akkas, Mansuria, Badra and Zubayr under the Lee Myung-bak presidency were considered catastrophic failures, incurring huge losses of the South Korean taxpayers' money, and investigations into the investments under the Moon administration have culminated in Lee's arrest in March 2018.

In the pre-ISIS era, South Korea also suffered from misreading local politics, as the Korea National Oil Corporation and SK Energy were excluded by the Iraqi Central Government in Baghdad in the 2008 bidding process for oil fields development, due to their previous involvement in oil liquefaction projects with the Kurdistan Regional Government (KRG) of Iraq. When the Iraq War ended in 2011, South Korean industries sought for a revival of economic engagements with the region, but the interwar period did not last long and investment projects would soon be stalled due to the Syrian war that broke out in 2011, and the subsequent rise of the Islamic State (ISIS) in 2014.



President Moon Jae-in and Suhail bin Mohammed Faraj Faris Al Mazrouei, UAE Minister of Energy and Industry, during the South Korean president's state visit to the UAE in March 2018. Image courtesy of The Republic of Korea Cheong Wa Dae (Blue House).

With the effects of the KRG referendum of 2017 becoming obsolete, South Korean firms are now vying for new opportunities in Iraq, notably in infrastructure and technology for democratic growth. South Korean conglomerate Hanhwa's construction of residential apartments in Bismiyah New City of the Baghdad Governorate<sup>5</sup> and South Korean IT firm Miru Systems' successful bid for sale of electronic voting machines for Iraqi local and parliamentary elections to the Baghdad Government signaled the beginning of South Korea-Iraq partnerships toward reconstruction in post-ISIS Iraq.<sup>6</sup>

While South Korea could indeed play the role of a facilitator in Iraqi democracy and governance through such partnerships—resembling Iraq as a former war-stricken country that went through democratic transitions and breakthroughs in the 1980s—South Korea's own controversies in the 2012 presidential elections, entailing manipulation of vote count methods via automated voting machines, let alone its previous experiences of vote count controversies in the presidential elections of Sungman Rhee, the first Korean president, and authoritarian leaders Park Chung-hee and Chun Doo-whan, attest to certain limits of the South Korean model of democracy and South Korean transfer of democratic governance toolkit to post-ISIS Iraq.<sup>7</sup> Whether South Korea as a US ally would be able to proactively engage with Iraq on projects other than oil, and whether its assistance could help shape Iraq's governance structure towards democracy, remains to be seen.

While it is widely understood that South Korea's main security concern is North Korea, South Korea has been involved in a series of broader security roles in the Middle East from the 2000s. Into the new millennium, South Korea's pursuits in the Middle East were centered around achieving economic interests, but with combined military engagements.

Post-9/11, with the U.S. declaration of war on Iraq in 2003, South Korea was obligated as a U.S. ally to deploy troops to Erbil of the Kurdistan autonomous region of Northern Iraq (now Kurdistan Regional Government: KRG) upon the U.S. request to send additional forces on 4 September 2003. The Zaitun Division, composed of 600 military medics and engineers, operated in Iraq as contingent of the Republic of Korea from 2004 to 2008. In 2018, nine years after its signing, a secret military pact between the Republic of Korea and the United Arab Emirates obligating South Korean deployment of special forces to the UAE on a regular basis, without South Korean national assembly approval, came to light.<sup>8</sup> The pact proved to be instrumental in finalizing the South Korean bid for the Barakah nuclear power plant in the UAE under Lee Myungbak. Nonetheless, the Moon administration's decision to embark on a more strategic partnership with the UAE reveals South Korea's vested economic interests on outward investments in the renewable and nuclear energy sectors in the coming years, despite its internal reluctance to delve into the region with military pursuits.<sup>9</sup>

The Middle East is a complicated region in many aspects, and a power vacuum gradually develops in uncertainty. Russia under Putin remains engaged in Syria, but the U.S. under Trump sways between engagement and withdrawal, while China seeks more active involvement economically and politically in the region. The Saudi Arabia-Iran rivalry is intensifying via proxy wars in Yemen and Syria. South Korea's engagements could thus be a double-edged sword due to the geopolitical complexities in the region, particularly owing to South Korea's own military engagements with the U.S. that have been deemed a priority for South Korea in the postwar period. Participation of a middle power such as South Korea in the management and reconstruction

of a post-conflict state of Iraq and strategic partnership with a Sunni state would entail certain levels of risks for South Korea going forward. Such risks may be compounded as decision making processes are convened by omnipotent presidencies in the South Korean political system. South Korea's maneuvers in the Middle East will require careful treading, as North Korea's ties with other Middle Eastern countries could also potentially jeopardize South Korea's position in the region.

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### Notes

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