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KOREA: RIDING A WAVE OF SUCCESS

– *Your Excellency, I should like to begin, if I may, with delineating the global security conditions as viewed from Seoul. It can hardly be disputed that both Ukraine and the Republic of Korea are facing a precarious security environment. Still, it is obvious that different countries adopt differing approaches to deal with such challenges. Unless I miss my guess, your country's current strategy is referred to as 'Northeast Asia Plus Community of Responsibility' and was introduced by President Moon Jae-in after he took office in 2017. It is built on two pillars, the pillar for peace and the pillar for prosperity, with the first one including the Northeast Asia Peace and Cooperation Platform and the second one divided into the New Southern Policy Initiative and the New Northern Policy Initiative. Thus, it is a comprehensive regional strategy also coupled with the 2013 Eurasian Initiative. Could you please elaborate on its essence, aims, and instruments? What lessons can Ukraine draw from it in terms of building relations with its neighbours, if any?*

– With the coming of the era of accelerated exchange and cooperation among Eurasian countries, the Republic of Korea has utilised its identity of a 'bridge country' connecting oceans and continents to pursue a national strategy of expanding exchange and cooperation with countries of Southeast Asia such as ASEAN and countries of Northern Eurasia, such as Russia, Ukraine, and Central Asia. With this strategy, the Republic of Korea, divided into North and South, expects to contribute to the peace of not only the Korean Peninsula but also to the peace and prosperity of Northeast Asia and Eurasia. In order to implement this strategy in Eurasia, the Republic of Korea is carrying out and continuing to search for projects that meet the following criteria:

– sustainable cooperation with the abovementioned countries through building trust

– alignment with development policies of the abovementioned countries

– cooperation through partnership with governments and private companies.

Posco International's \$65 million investment into grain terminal business in Ukraine's Mykolaiv port is a good example of a sustainable cooperation between the Republic of Korea and Ukraine through building trust. The lessons that Ukraine can draw from this Korean initiative would be that Ukraine can also pursue some projects with its neighbours as long as common interests exist with those neighbours.

– Moving on to other no less essential matters, South Korea is considered a late-comer in the field of cultural diplomacy as compared to some other countries. Nonetheless, in the 1990s, the global popularity of South Korean culture skyrocketed, even earning the term of its own, Hallyu, or the ‘Korean Wave’ and its renewed version, Hallyu 2.0, going hand-in-hand with Web 2.0. Is there any secret to uncover concerning such a tremendous success of Korean cultural diplomacy? How can Ukraine improve its ‘soft power’ practices in the way South Korea did?

– Cultural diplomacy of South Korea did not create Hallyu’s worldwide success. Quite the opposite, Hallyu is fundamentally a creation of Koreans who love style and fun. Creative contents such as K-Pop, K-Movie, and K-drama were actively developed within Korea’s cultural industry and in particular by the talent and passion of players in that industry. Now Korean cultural contents are getting world-wide attention. And that is how the ‘Korean Wave’ came about. Hallyu was well-received by various countries, and the Korean government promotes Hallyu within many countries through various events. For example, our Embassy organises an annual K-POP Festival as part of our public diplomacy activities.

As regards the question of improving Ukraine’s soft power, cooperation between private sector and the government is important. Ukraine possesses abundant cultural assets and valuable human resources in areas such as cultural art, media, linguistics, PR, etc. The role of the Ukrainian government should be to support these people so that they can live up to their full potential and creativity and develop a solid platform through which the government will be able to communicate with the world about Ukraine’s attractive aspects.

– Approximately a year ago, in an interview to an online outlet *Na chasi*, Mr Lee Yang-goo, your predecessor on the ambassadorial post, said that he would rate Korea–Ukraine relations as a ‘solid C’. Has there been any progress since then? What are the achievements and drawbacks in our bilateral cooperation, in your opinion?

– Since my predecessor had an interview last year, the grain terminal project of Posco International (formerly known as Daewoo International) has been completed. GS Construction has completed the construction of two solar power plants. As the Ukrainian economy has been recovering steadily in recent years, bilateral trade is also increasing accordingly. Among other things, in the fight against COVID-19, Ukraine and South Korea are cooperating very closely. President Zelenskyy had a telephone conversation with our President Moon Jae-in on 10 April on how to cooperate in this area. If you ask me, I would rate Ukraine-Korea relations as a B. If we can strengthen our bilateral economic, trade, and investment relationship further, then I will rate our relations as an A.

– South Korea is a country relying on its export-driven economy, currently ranking 5th globally, trailing only China, the US, Germany, and Japan. In this regard, it is noteworthy that your country is the world’s 2nd largest provider of export credits

to its companies aimed at spurring exports. In Ukraine, similar activities are still in their infancy and face a number of problems, which, in turn, prevents the development of trade relations between our countries and the conclusion of a free trade agreement. What advice would you give to Ukraine to address this issue?

– In fact, I have given advice in more or less the same light to my Ukrainian interlocutors. From the onset of its economic development, Korea combined industrial and export promotion measures into a single mix, namely export-oriented industrial policy. Given its small and impoverished domestic market, the government set its sights on the global market and strategically selected and focused its support on certain key industries and players that have subsequently grown to rank as global leaders such as Samsung, LG, Hyundai, and KIA. A quite common reaction among my Ukrainian friends keen on the topic, however, is associated with a concern that, when applied to Ukraine, such policy will be reduced to favouritism or collusion between bureaucrats and the so-called oligarchs. Therefore, the first step should be to restore trust among the public in the role of the government. Secondly, export-oriented industrial policy can only be implemented when the government has proper tools, in particular enough fiscal capacity to support selected players in target industries. That is why Ukraine's tax system needs an overhaul so that enough capital can be channeled to the government to fuel the economy where it matters.

– *Many countries are interested in Ukrainian aerospace sector, and the Republic of Korea is no exception. What is important here is that in October 2019, the Verkhovna Rada of Ukraine in a long-awaited move adopted a draft law No. 1071, which provides for the right of private entrepreneurs to be engaged in space activities. Has it sparked any new interest in South Korea in cooperating with Ukraine in this field?*

– In light of Ukraine's capability of designing and manufacturing space launch vehicles on its own, the Republic of Korea values Ukraine as an important partner in the field of space technology. For this reason, Korean government has signed the Space Technology Cooperation Agreement with Ukraine in 2006. Furthermore, the Korean Arirang satellite was successfully launched by a space launch vehicle manufactured by Kosmotras, a Ukraine-Russia-Kazakhstan joint company, in March 2015. Likewise, the Korea Aerospace Research Institute and Korean companies such as Hanhwa and Doosan have been carrying out many joint projects, such as launch vehicle development, with Ukrainian counterparts in space industry such as Pivdenmash. The Ukrainian Law no. 1071, which allows private companies to participate in the Ukrainian space industry, has come into effect. It is expected that the new law may attract more Korean companies. It will also contribute to the expansion of cooperation between Korea and Ukraine in the area of space technology.

– *There has been much discussion, both in the past and in the present, about the so-called ‘Miracle on the Han River’, thanks to which South Korea was listed among the ‘Four Asian Tigers’ and showed remarkable rates of economic growth. Its by-product was the emergence of chaebols, large family-run industrial conglomerates. In our country, some analysts compare them to Ukrainian oligarchs, albeit aware of the chaebols’ far greater propensity to invest in entrepreneurship training, business coaching, startups, R&D, contests, and hackathons. The example of South Korea proves that big business can be beneficial for a country, which is so far not true in Ukraine. Do you have any suggestions of how we could make large business more friendly and helpful to small and medium-sized companies and young entrepreneurs?*

– The South Korean chaebols emerged partly due to the Korean government’s industrial policy. However, those conglomerates have contributed a lot to the overall Korean economy since they became more internationally competitive than other companies in global markets. They use a lot of money in R&D to make innovative products. However, in the market capitalism, if the government does not intervene, the market may become an economic jungle where small-and-medium sized companies cannot survive. Therefore, the South Korean government put in place various regulations to impose restrictions to the activities of conglomerates to protect those small-and-medium sized companies. For example, a conglomerate should not engage in certain businesses, and its shopping centers cannot be established close to small convenient stores. I believe that those regulations are essential for the co-prosperity of conglomerates and small-and-medium sized companies. If Ukraine looks into the experience of South Korea, it will find useful insights.

– *It is known that last year, Korean Posco Daewoo purchased a 75 percent share in an export grain terminal in Mykolaiv, which was followed by its ambitious extension. Is this the only recent contract of such a scale or is Korean business growing more interested in investing in Ukraine?*

– Certainly not the one and only. A good example would be the \$24 million investment made by GS Construction last year, which culminated in the commencement of its solar plant operation in Transcarpathia earlier this year. Albeit an ongoing effort, let me remind you of Samsung Electronics Research Centre in Kyiv as another example of mutually beneficial investment where the Korean cellphone developer benefits from an ample pool of excellent Ukrainian IT experts at competitive labor costs and the Ukrainian labor market can prevent its skilled workers from brain-draining.

– *The concept of ‘smart city’ has recently become popular in Ukraine. As far as we know, South Korean companies were interested in participating in relevant infrastructure projects, like building an innovative ecotechnopark on Trukhaniv Island. Have we been able to start implementing this idea?*

– With rich experience in developing smart cities using state-of-the-art ICT technology, the Republic of Korea is interested in carrying out related joint projects in Ukraine. The Seoul City Administration has been discussing plans about the development of a smart city in Kyiv since 2016. In December 2018, Seoul City held the Seoul-Ukraine Smart City Forum in Kyiv, where it presented some detailed business proposals to the Kyiv City Administration. To my knowledge, Seoul and the Kyiv City Administration had varying opinions regarding the method and conditions of financing as to carrying out the project. Hopefully, Seoul and the Kyiv City Administration will reach an agreement on the method and conditions of financing in the near future, and the smart city project will be successfully launched in Kyiv and other cities in Ukraine.