

MAPPING OUT EU-SOUTH KOREA RELATIONS: KEY MEMBER STATES' PERSPECTIVES

VOLUME II

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EXECUTIVE SUMMARY

What is the perspective of key EU member states towards South Korea? While EU-South Korea relations have attracted growing attention in recent years, the relationship between key EU member states and the Asian country remain underexplored. This report addresses this omission by describing and analysing the recent evolution of the relationship between Austria, Bulgaria, the Czech Republic, Finland, the Netherlands, Romania and Slovakia, on the one hand, and South Korea on the other. The report covers the areas of economic relations, security relations, bilateral relations and North Korea, and cultural relations. It complements an earlier report covering seven other EU member states published by the KF-VUB Korea Chair in March 2020.

The report shows that the seven key EU member states and South Korea have been strengthening bilateral links and cooperation in recent years. The Lee Myung-bak, Park Geun-hye and Moon Jae-in governments have all presided over stronger relations with key EU member states. Likewise, relations between the EU member states covered in this report and South Korea have also strengthened regardless of the government in power in them. In other words, there is a clear trend that holds regardless of domestic political dynamics.

This suggests that EU-South Korea relations have benefited from the Strategic Partnership agreement signed in 2010 and the FTA applied since 2011. It should be noted that some member states also have their own bilateral strategic partnership or dialogue with South Korea, which shows the extra importance that they afford to relations with the Asian country. Furthermore, it seems that the election of President Donald Trump in 2016 served as a catalyst to further strengthen the relationship between some EU member states and South Korea. This suggests that the unpredictability of US policy under President Trump has provided extra support to EU-South Korea relations. The COVID-19 pandemic has also strengthened the relationship between South Korea and most EU member states covered in this report – or at the very least has laid the groundwork for potentially launching cooperation in new areas.

With regards to *economic relations*, for the most part, trade and investment flows have been growing since the EU-South Korea FTA started to operate. In particular,

there are several EU member states with strong economic synergies with South Korea that have benefited from lower labour costs and good infrastructure to attract South Korean investment. Indeed, South Korea is the largest or second largest Asian investor and job creator in several of the member states covered in this report. Meanwhile, there are other member states that have benefited from the South Korean market's appetite for high-tech goods and machinery.

In the area of *security relations*, the Strategic Partnership has supported a boost in cooperation in the case of some EU member states. But, overall and across the board, there is scope for further development of security relations. There have been some arms sales and some joint work in areas such as cybersecurity, but the relationship between EU member states and South Korea is far from reaching its full potential. Also, NATO could serve as a platform for closer security relations.

Focusing on *bilateral relations and North Korea*, there is support for a common EU position towards Pyongyang based on the existing 'critical engagement approach'. This means that there is support for the use of multilateral and EU sanctions on the North Korean regime. But, crucially, there is also general support for inter-Korean engagement among EU member states. This is seen as beneficial for peace and stability in the Korean Peninsula. On the issue of North Korea, there are also differences between EU member states with a diplomatic presence in Pyongyang and those without one. For the former, this presence reflects long-standing relations with North Korea and a deeper commitment to Korean Peninsula politics.

In terms of *cultural relations*, people-to-people links have become stronger in recent years. Korean studies are fairly underdeveloped across EU member states, but they are becoming more popular. In some cases, the popularity of K-pop is serving to boost cultural links. In this respect, the role of young people on both sides is important, since they are driving cultural and educational exchanges. Another important factor are South Korean tourism flows into Europe. For several member states, South Koreans are the largest or second largest group of tourists coming from Asia.

Overall, EU member states seek stronger coordination and links with South Korea. This applies at the bilateral, EU and multilateral levels. In the case of the Visegrad Group or V4, this is also the case through this platform. However, at present, links seem to be stronger at the bilateral level than at any of the other levels. Since South

Korea is considered a 'like-minded partner' with which there are no political or economic problems, there is potential to develop mutually beneficial deeper links.

There seems to be a lack of extensive mutual knowledge that explains why relations are yet to fulfil their potential. In areas of mutual interest, cooperation is strong. Economic relations are a clear case in point. For some EU member states, addressing the COVID-19 pandemic also is. But in areas where mutual interest is not as obvious and clear-cut, cooperation can be strengthened. Security relations is an example. On both sides, understanding better the other side could help to understand in which areas cooperation is a low-hanging fruit ready to be taken.

This report suggests that stronger cooperation in recent years therefore flows from mutual interests rather than values. The latter matter insofar they smooth relations, prevent conflict and do not interfere in the existing willingness to work together. There is a question as to whether the EU member states covered in this report and South Korea want to have a value-driven approach to their relations, or whether they are content with an interest-only driven relationship. Either way, cooperation is likely to continue to grow for years to come.

RECOMMENDATIONS FOR SOUTH KOREA

- Ensure a smooth transition across administrations when it comes to Europe policy, considering that Europe is increasingly important for Seoul and non-divisive.
- Appoint a MOFA special envoy for coordination with Europe sitting in Office of the President strategic meetings, with a remit including the EU, EU member states, NATO, the UN and other international organisations.
- Address the expertise deficit among policy-makers, especially, and civil society to enhance knowledge about EU member states, based on key indicators coming out of the Strategic Partnership.
- Proactively identify areas for cooperation with specific EU member states or groups of member states, without feeling constrained by the existing EU

dialogue and cooperation (or 'EU straightjacket').

- Proactively work together and liaise with the EU and its member states to come up with common positions in multilateral organisations.
- Enhance cooperation on social policy issues affecting both South Korea and EU member states, such as ageing, migration or healthcare.
- Discuss, learn from each other and coordinate post-COVID-19 pandemic economic growth based on green growth and the environment, as well as innovation and technology.
- Promote cooperation at the multilateral level to address and mitigate the effects of US-China rivalry, and to prevent Europe and South Korea potentially becoming theatres of competition.

INTRODUCTION

MAPPING OUT EU-SOUTH KOREA RELATIONS

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What is the perspective of key EU member states towards South Korea? While EU- South Korea relations have attracted growing attention in recent years, the relationship between key EU member states and the Asian country remains underexplored. This report addresses this omission by describing and analysing the recent evolution of the relationship between Austria, Bulgaria, the Czech Republic, Finland, the Netherlands, Romania and Slovakia, on the one hand, and South Korea on the other. The report covers the areas of economic relations, security relations, bilateral relations and North Korea, and cultural relations.

South Korea and the EU have significantly strengthened their relationship over the past decade. Since the upgrade of relations to a Strategic Partnership in 2010, South Korea and the EU have signed an FTA applied since 2011 and formally entering into force in 2015, a Framework Agreement that entered into force in 2014, and a Crisis Management Participation Agreement that entered into force in 2016. These agreements cover the key areas of peace and security; and trade and investment. They also help to cover the South Korea-EU relationship in the issue-area of North Korea issue management. All of them are central to South Korea's foreign policy, since they underpin some of the country's core foreign policy objectives: to strengthen the country's security, to increase trade and economic relations with third countries, and to manage the North Korean issue. They are also central to the South Korea-EU partnership, as indicated by the EU's External Action Service and Delegation to the Republic of Korea.

South Korea was the first country in the world with which these three agreements entered into force. This highlights and proves the importance that the EU accords to its relationship with South Korea. Indeed, these agreements have served to establish or reinforce a host of bilateral dialogues on a wide range of issues. They include traditional security threats such as nuclear proliferation, as well as non-traditional security threats such as cybercrimes or climate change. The agreements have also served South Korea to join EU counter-piracy missions;

potentially, this could also be the case for peacekeeping and peacebuilding. Furthermore, the Free Trade Agreement (FTA) has served to boost trade and investment. In other words, the three agreements signed between South Korea and the EU have had a positive effect on the bilateral relationship between both. They have led to tangible and material benefits.

Notwithstanding this success, the relationship could be improved. South Korea and the EU are currently re-negotiating their FTA, which signals that partners feel that there is room to strengthen trade and investment links further. Also, the departure of the United Kingdom from the EU will have an impact on this agreement, for it is South Korea's second largest trading partner in the EU. Meanwhile, both MOFA and the European External Action Service are re-examining the Framework Agreement and Crisis Management Participation Agreement to find more synergies and to strengthen and improve their implementation. In the case of the Framework Agreement, it covers a wide range of issues but the number of bilateral dialogues (over 30) and implementation activities suggests that there is scope to deepen the relationship. As for the Crisis Management Participation Agreement, South Korea participates in the EU's Atalanta counter-piracy mission off the Horn of Africa. But there are ongoing discussions about participation in a larger number and more varied range of missions. In other words, both South Korea and the EU are aware that their bilateral relationship could improve – and they are actively looking at ways of doing so.

Having said that, ultimately an improvement in South Korea-EU relations will to a large extent be contingent on the perspectives and views the key member states have of this relationship and the benefits they can extract from it. Most EU policies have a degree of inter-governmentalism. In other words, member states are actively involved in shaping the policy, whether at the national level, through their representatives in EU institutions and in Brussels or a combination of both. Furthermore, in many cases such as EU counter-piracy and peacekeeping missions, the resources ultimately come from EU member states rather than from pre-existing EU units. Member states thus also shape policy through their decisions to allocate resources or not. And in some cases, there is not even a proper, wide-ranging EU policy such as in the cases of cyber security or counter-

terrorism. Member states still hold most power over these and other policies. Even trade, usually considered to be the most supranational or devolved of EU foreign policies, has a degree of member state involvement because the ratification process involves national and, sometimes, regional parliaments. This means that there needs to be a better understanding of the views that EU member states hold of their own relationship with South Korea.

Austria, Bulgaria, the Czech Republic, Finland, the Netherlands, Romania and Slovakia are key member states in the relationship between the EU and South Korea. These seven countries are crucial to understand the foreign policy of the EU as well as EU-South Korea relations. They are amongst the largest EU economies and amongst the biggest in terms of defence spending as a percentage of GDP. Geographically they are located across the EU, representing a wide range of views and perceptions about the foreign policy priorities of the EU. In terms of relations with South Korea, these seven countries are amongst the largest trading and investment partners within the EU, second only to the seven countries covered in a first report published by the KF-VUB Korea Chair in March 2020. In the case of Austria, Finland and the Netherlands, they are among the leading countries in areas such as technology and innovation or the development of the welfare state – which are of interest to South Korea as well. Meanwhile, Bulgaria, the Czech Republic, Romania and Slovakia transitioned from communism to market economies – they could thus serve as examples for North Korea. In addition, Finland is located in the Arctic and Bulgaria and Romania next to the Balkans – these are areas in which South Korea has shown growing interest in recent years. Also, Bulgaria, the Czech Republic and Romania have embassies in Pyongyang. Meanwhile, Austria, Bulgaria, the Czech Republic and Romania host North Korean embassies. In summary, it is necessary to understand the relationship between Seoul and these member states from their perspective to better understand Seoul's relations with Brussels.

Yet, this is a neglected area. The literature on South Korea-EU relations, whether policy-oriented or academic, almost exclusively treats the EU as a compact in which all member states agree on their policy towards South Korea. Since this is not the case, this project will map out the relationship between these EU member states and South Korea in order to answer two questions to better

inform South Korean policy towards the EU: 1) *What has been the evolution of these key member states' relationship with South Korea in the issue-areas of peace and security, trade and investment, and North Korea since the Partnership Agreement, Free Trade Agreement and Crisis Management Participation Agreement entered into force or started to be implemented?* 2) *How do these member states see their current relationship with South Korea and what are the potential areas for stronger cooperation?*

AUSTRIA-SOUTH KOREA RELATIONS: A RELATIONSHIP LIKE NO OTHER

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1 INTRODUCTION

Austria and South Korea share strong ties based on history, diplomacy, close economic, cultural, and technical ties. The relationship between the two sides has its origins in the late 19th century when the Austro-Hungarian Empire concluded a treaty establishing relations with the Kingdom of Joseon. Austria established diplomatic relations with South Korea in 1963, and has since signed a range of important treaties in areas such as investment (UNCTAD 2020), taxation (BMEIA 2020), and more recently in science and technology (Advantage Austria 2015; KDI 2019).

Trade ties between the two countries were important and had been growing until COVID-19 hit (ITC 2020a). By trade volume, South Korea is Austria's third largest trading partner in Asia (BMDV 2020). The two also share considerable interest in Research and Development, both investing a considerable amount of GDP in R&D (BMDW 2019).

Diplomatic ties are also close between the two countries. In February 2019, the Austrian Prime Minister Sebastian Kurz made an official visit to South Korea. This was the first time in 19 years that the head of the Austrian government visited Seoul, and marked a significant step in bilateral relations between the two. Prime Minister Kurz affirmed his support for the Korean Peninsula peace process (Yonhap 2019), and his visit was also marked by the signing of a new agreement on science and technology-related exchanges (Salzburger Nachrichten 2019; OEADa 2020).

Some aspects of the relationship are less well-developed than they are for other member states. Austria has, however, since it was reunified in the 1950s, been committed to remaining a non-nuclear weapons state, and is highly supportive of continued efforts to denuclearize the Korean Peninsula. Further, especially in the area of trade and investment, there is much room

for additional development given both sides strong interest in boosting trade volumes, and in the Fourth Industrial Revolution.

Austrian social policies, especially its housing policies, and its experience in integration of migrants may also be an area for fruitful dialogue, given South Korea's continued concerns about housing prices, and the growing problem of population aging and population decline. In seeking new sources of sustainable and socially beneficial growth, both sides could benefit from an exchange of ideas and experiences in social policy.

2 ECONOMIC RELATIONS

The two countries are some of the world's richest and this is reflected in the structure of their trade account, bilaterally and with the rest of the world. South Korea is the 24th largest destination for Austrian merchandise exports in value, and the 29th largest source of merchandise imports by value as of 2019 (UN Comtrade Database 2020). Both countries are highly reliant on trade, with data indicating that for much of the past two decades, both countries total trade per year exceeded 80 percent of GDP (World Bank 2020).

Over five years (2014-18) merchandise trade between the two countries has been dominated by high-end manufactures like cars, vehicle parts, broadcasting equipment, integrated circuitry *inter alia*. Hence, it is unsurprising and welcome that the two governments are seeking to boost cooperation in research and development. Given the fact that more than 20 percent of merchandise trade has been composed of automobile-related items (ITC 2020), closer collaboration in the field of electronic electric? vehicles and other new technologies that contribute toward decarbonization of transport could potentially be highly lucrative and mutually beneficial for bilateral economic relations.

Another area that has seen growth – albeit from rather modest beginnings – is the trade in services. Austria has seen service exports to South Korea rise by 25 percent between 2014 and 2018 (though the trade has proved quite volatile), while service imports from South Korea also risen by about 20 percent. Austria is a major provider of travel services to South Korea, third in East Asia after

China and Japan – and the gap with Japan in 2018 was very small. Tourism numbers from South Korea have risen from 190,000 in 2014 to over 287,000 in 2018, making South Korea second in North-East Asia in 2018 by Austria-bound tourist numbers (UNWTO 2020). While the bulk of South Korea's service exports to Austria are travel and transport-related (ITC 2020b; ITC 2020c). Last year three Korean securities firms purchased the Hilton View in Vienna for €370 million was also notable (Maeil Business Newspaper 2019). Clearly, tourism and travel will have been heavily impacted this year by COVID-19, going forward, these are areas for the two countries to explore as they seek to deepen both economic and also cultural ties. Austria's tourism and travel industry are considerably larger than South Korea's, with 31.9 million non-residents staying in Austrian accommodation establishments in 2019 (Statistics Austria 2019: 2). By comparison, South Korea reported 17.5 million visitor arrivals in 2019 (Korea Tourism Organization 2020). The number of tourists has almost trebled in the space of 15 years, but there is room for growth going forward. Austria has more than three non-residents per capita staying in tourism accommodation as of 2015, whereas South Korean visitor numbers equate to less than 0.3 per capita.

Sub-national linkages between SMEs and regional governments in South Korea looking to develop new and distinctive tourism products in places not traditionally associated with tourism and Austrian regional governments and companies could prove to be highly fruitful. International tourism capacity outside Seoul, Busan, Jeju, and Gangneung may be an area to focus, with South Korean regional governments and local tourism service providers developing products in collaboration with Austrian partners. In a post-COVID world, this could help support further growth in the number of European tourists coming to South Korea, as well as tourists from the Asian market looking for a more diverse range of potential tourist options. What's more, Austria's tourist market has proven highly attractive to South Korean tourists, and learning from the Austrian success may also further boost domestic tourism in South Korea.

More generally, bilateral investment demonstrates the benefits of economic ties between the two sides. There is evidence of important and growing ties between the two states. A number of major South Korean companies, including Samsung Electronics, Korean Aerospace Industries, and KIA Motors systems

maintain offices in the country (KOTRA 2019). Since 2010, four Korean firms have set up subsidiaries in Austria, including Samsung SDI Battery Systems and Woojin Plaimm. Further, the Austrian government lists five companies that maintain a permanent presence in South Korea (Advantage Austria 2020b). This is evidence of a dynamic bilateral investment relationship, but there is certainly room for further growth.

The similar sectoral structure of the two countries' economies, leading corporations in the same industries their comparable levels of affluence, similar levels of R&D spending (3.19 percent of GDP in Austria, and 4.55 percent in South Korea), and educational excellence make joint research projects a potential boom area. The two governments have already recently signed an agreement at strengthening ties in R&D (Industrie Magazine 2019). Austria's proximity to other industrial hubs in Germany and Central Europe, and South Korea's location at the centre of the world's most economically dynamic region also could make strategic alliances between firms an area that the two governments may wish to consider supporting. Further, Austria's strength in the Pharmaceutical industry may also offer another potential conduit for R&D-related partnerships between the two countries.

While South Korean companies has already made substantial investments in the automotive sector in other states of Central Europe, there is considerable room for potential partnerships between South Korean and Austrian start-ups working on green technologies, and the future of transport in both Europe and Asia. A SME-led approach would probably prove most beneficial, and the two governments may consider creating a framework for cooperation that facilitates industry-led partnerships.

Table 1. Austria's trade relations with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Exports</i>	1015	1330	1262	1380	1343	1175	1092	1614	1810
<i>Imports</i>	952	838	838	607	938	882	840	959	1077

Source: WITS

Table 2. Austria's FDI stocks with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Inward</i>	55	80	116	216	198	209	217	322	294
<i>Outward</i>	622	776	1063	1058	819	465	534	650	194

Source: IMF

3 SECURITY RELATIONS

The security relationship can be disaggregated into several connected, distinct components. First, let's examine the potential for growth in defence cooperation, before considering the relations in the promotion of peace.

Austria has not imported any arms from South Korea in the last 10 years (2010-19), nor has it exported any arms to South Korea over that period (SIPRI 2020). Nonetheless, Austria has a comparatively large defence and security sector, with annual revenues estimated at around €2.5 billion, with 90 percent of its output exported (Austrian Federal Economic Chamber 2019). South Korea also has a large munitions sector, with revenues of 12.8 trillion won in 2017, which is also increasingly geared toward export (KIDA 2020). There is clearly room for greater collaboration between the two sides, which could be of interest to SMEs in both South Korea and Austria. Both sides have an interest in expanding science and technology partnerships, and here is clearly one area where ties could benefit greatly from deeper relations. A particularly lucrative area of potential growth in the could be that of cyberwarfare and defence. South Korea has a large IT sector, and there is a growing interest in cyberwar-related technology and exports (Korea IT Times 2020). As an area of both common security concern, and potential collaboration, the two sides may consider looking for potential synergies and partnerships that both enhance their respective defence capabilities and also foster new sources of growth for important sectors.

Aside from the business of security, Austria is an important base for South Korean diplomacy, being one of the major centres of the UN – known as the 'UN's Third Capital'. There are a number of UN organizations whose remit South Korea is no doubt particularly interested in, not least the International Atomic

Energy Agency (IAEA) due to its role with the North Korean nuclear issue. The IAEA has previously inspected North Korean nuclear facilities (IAEA 2020), and may again be invited to be involved in a process of nuclear arms reduction on the Korean Peninsula as part of a deal facilitating North Korean sanctions relief.

But also the United Nations Commission on International Trade Law (UNCITRAL), as one of the world's largest trading nations. UNCITRAL is an integral part of the global trading system, helping to foster convergence in national regulatory standards with respect to trade. While the world has witnessed a rise in tariffs and protectionism over the past decade, non-tariff trade barriers remain a major stumbling block to the expansion of global trade. UNCITRAL's model laws are particularly important in harmonizing trade and investment standards worldwide, and such work is of course of great potential importance to South Korea's export-oriented firms. Further, work with the European Commission on establishing a Multilateral Investment Court could be of considerable interest to South Korea, given its extensive interaction with the EU market.

Not to mention as a major industrial powerhouse and growing foreign aid donor the United Nations Industrial Development Organization (UNIDO), and in seeking to build peace on the Korean Peninsula in the United Nations Department of Political and Peacebuilding Affairs (DPPA). The is primarily focused on support for developing countries, and given South Korea's growing interest in Overseas Development Aid (ODA) and in the North Korean market, the UNIDO is no doubt a valuable partner to work with. Further, the DPPA with its conflict resolution remit may have an important role to play in supporting the inter-Korean peace process.

There is also the matter of Austria's unification and the lessons that the Austrian model potentially holds for Korean peninsula as Seoul continues to pursue a solution to the North Korean nuclear issue and forge a lasting peace. Austria was divided in 1945 following the end of the Second World War in Europe. Unification was achieved some 10 years later with the conclusion of the Austrian State Treaty in 1955. As part of the agreement between Austria's occupiers and the Austrian government, unification involved a commitment to neutrality and remain free of nuclear arms. No doubt the Austrian experience of managing relations with larger neighbours and superpower rivalries could potentially be useful to consider.

4 NORTH KOREA

Relations between North Korea and Austria were established quite early compared to much of the rest of Europe outside the Socialist Bloc in 1974 (Wertz et al. 2016: 4). A little over ten years after Austria established formal diplomatic ties with Seoul, Austria has hosted North Korean students since at least the 1980s, when famous North Korean musician Yun Beom-ju studied at Vienna's University of Music and Performing Arts. As of the early 2000s, there were 30 North Korean students studying in Vienna (Tongil News 2001). While in 2013, 11 North Korean students participated in the World Harmonica Festival 2013 alongside their Austrian Professor Isabella Krapf.

Sadly, relations between the two countries have largely frozen as a result of North Korea's continued nuclear and missile development. UN and EU sanctions now preclude all economic interactions between the two countries. Economic relations have been further marred by allegations of money laundering and illegal financing by North Korea's Golden Star bank, which was closed in 2004, and further allegations of money laundering in 2013 (Die Presse 2013).

UN sanctions now ban North Korean citizens from working overseas, and Austria has moved quickly to comply with sanctions by recently cancelling the work permit of a North Korean football player due to play for Austrian club SKN St. Pölten (UN Panel of Experts 2020). Clearly, the Austrian government is serious about upholding the UN sanctions regime, and this means that North Korea and Austria have minimal interaction culturally or economically at present.

At present, Austria does not maintain a separate embassy in North Korea. Its ambassador to South Korea also serves as the country's representative for North Korea, while back in the 1980s there was a commercial counsellor in Pyongyang from the Federal Economic Chamber of Austria. Given the rather limited nature of current interactions between the two countries, this is understandable, and there are already seven EU member states with a presence in Pyongyang. However, it is to be hoped that if the North Korean situation improves, Austria could potentially expand its relations to Pyongyang. Given its status as a relatively neutral actor with comparatively good relations with both China and the United States (Urosevic 2020), Austria could be a very helpful partner for Pyongyang as it seeks to develop its economy and improve ties with its neighbours.

5 CULTURAL RELATIONS

Austria is one of the world centres for classical music and culture generally. It continues to attract students from the Korean Peninsula. As of 2019, there were a little over 3,400 Koreans living in Austria including over 700 international students mainly living in the capital Vienna (Ministry of Foreign Affairs of the Republic of Korea 2019). Further, reflecting the growing interest in the Korean Peninsula in Austria, the number of Austrians living in South Korea has risen from around 250 in 2011 to around 450 in 2019 (KOSIS 2020).

While Austria has an established cultural brand on the Korean Peninsula, South Korean culture is making in-roads into Austrian cultural life. Taekwondo is already well established in the country, with 139 clubs in the country (Korea Foundation 2019: 251). K-pop is also continuing to grow in popularity, albeit modestly, and an established Korean restaurant scene in Vienna. Clearly, there is awareness amongst a subset of the Austrian public about South Korea and its culture. However, there is significant room for improvement. Korean studies are relatively small in size relative to Austria's population compared to other countries in the region – the OEAD (2020b) lists only one university, the University of Vienna as having a Koreans program. This can be seen in the relatively small number of Austrians who study in South Korea – between 2010-2018, the number did not exceed 68 except in 2014 (see graph below). Given the affluence of the Austrian market, building on this may prove to be a wise investment.

Beyond non-governmental cultural exchanges, there is scope for building deeper ties between the two governments in the area of social policy. As South Korea grapples with managing a diverse range of social issues including access to affordable housing, population aging, and growing migration flows, there is scope for expanding dialogue with the EU in general, and Austria in particular about issues like migrant integration and housing. One should also mention Austria's strengths with vocational education, and the potential that South Korea may be able to unlock in its labour market if it were to strength its capacity to provide workers with occupational skills mid-career.

6 CONCLUSION

Overall, the two countries have a productive, friendly relationship that shows signs of dynamism and expansion. Trade between the two countries reflects their affluence and significant industrial strength, while South Korean investment in Austria shows signs of expansion. Further, there are signs of growing interest in areas of mutual interest economically, with R&D being an area with particular import for both sides that has received bilateral interest at the highest level of late. Furthermore, there is much room for partnerships and collaboration in particular sectors, including R&D-intensive industries like transport, green technologies, and the future of transport, and other sectors where Austria has considerable expertise like tourism.

Security ties have considerable room for growth and deepening. With both sides having substantial defence sectors and technological capabilities in this area, partnerships at the governmental and corporate level could prove very fruitful. While South Korea has benefited from sustained interaction with UN organizations headquartered in Austria, these are relationships that one should hope will continue.

At the same time, the area of culture and social policy shows both the limits and potential of the relationship going forward. While the two exist in very different regions and have different histories, they potentially could assist one another in a number of new and exciting ways, as well as enrich their own cultures by enhancing cultural and social exchanges. Austrian vocational education may prove to be of interest to South Korean policymakers, while further investment in Korean studies in Austria may help to deepen ties in other areas going forward, as well as provide greater opportunities to South Korean firms looking to expand into the Austrian market.

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BULGARIA-SOUTH KOREA RELATIONS:

A SHORT HISTORY WITH PROSPECTIVE POTENTIAL FOR STRATEGIC PARTNERSHIP

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1 INTRODUCTION

The first ever contacts between Bulgarian and South Korean officials date back to the beginning of the 1980s, but they referred exclusively to commercial and not to political matters. According to archival sources, the initial contacts between Bulgarian Trade Industrial Chamber (BTTP) and Korean Trade Promotion Corporation (KOTRA) representatives date back to 1981 and intensified toward the end of the decade. An KOTRA office opened in Sofia in June 1989 (it was temporarily closed in 1995, but reopened again in 2002). In March 1990 a large Bulgarian economic delegation visited South Korea. As a result of intensive talks with South Korean partners, there was a decision to launch a bilateral Bulgarian-South Korean trade and economic committee with the participation of more than fifty South Korean firms and banks. In his report to the minister of foreign economic relations, the head of the Bulgarian delegation underlined: 'The South Korean model of industrialization, combined with rational connection between the domestic economy and foreign capital, and the strategy of relatively strong central leadership to a gradual and smooth liberalization, can be beneficial in our transition to a market economy' (Baev. 2016).

In March 2020, thirty years after the establishment of diplomatic relations between Bulgaria and South Korea, the presidents of the two countries Rumen Radev and Moon Jae-in exchanged letters of congratulations on the occasion of the anniversary. In President Radev's words, proof of the excellent contacts between Bulgaria and South Korea are the active top-level dialogue, the broad and stable legal framework of the relationship, the strong trade relations and the cooperation in different areas, including IT, energy, tourism, education and science. (President of Bulgaria 2020).

With Bulgaria as an EU member state, Bulgaria-South Korea relations also build on the EU framework. The legal and normative base of Bulgaria-South Korea relations developed before the three framework partnership agreements between South Korea and the EU. Of all 23 joint bilateral documents (Agreements, Declarations, Protocols, Memorandums of understanding) between Bulgaria and South Korea, three were signed in the mid-1990s, sixteen between 2002-2010, and only four after 2010. Starting from 2015 bilateral cooperation in the political, economic and security fields has been influenced and developed within the general framework agreements between the EU and South Korea.

2 ECONOMIC RELATIONS

There are small differences in the nominal values between national (Bulgarian Ministry of economics, National Customs Agency and National Statistics Institute) and international (WITS-World Bank and IMF) data on the Bulgarian-South Korean export/import and trade balance for the decade starting in 2010; however, the tendencies are similar. While up to 2011 the trade balance increased each year, in the next six years it decreased mainly due to the repercussions of the 2008/2009 financial crisis, which affected Bulgaria with some delay. However, in 2018 the trade balance increased by 47.6 percent compared to the previous year and in 2019 by 8.2 percent compared to 2018, with a slight increase in South Korean imports to Bulgaria (Ministry of Economics of the Republic of Bulgaria 2020).

The leading export commodities from Bulgaria since 2010 have been food products, microelectronics, and raw materials. A comparison between the leading commodity groups for 2018 and 2019 indicates a similarity in their percentage and relative number. In 2018 the export of maize to South Korea was 21.9 percent of total exports, while in 2019 it fell to 13.4 percent; but the export of wheat and rye increased to 29.2 percent in the same period. The export of copper sheets and strips remained similar (13.8 percent in 2018 and 13.4 percent in 2019). While in 2018 the relative number of exports of boards, panels, consoles, converters and casting machines was significant, for 2019 the export of ore and ore concentrates was higher. The export of integrated circuits and electronic micro-kits remained the same in 2018 and 2019 (3-5 percent). Import

from South Korea to Bulgaria in 2018 and 2019 were similar in terms of percentage: polyacetals, other polyesters and epoxy resins (19.9 to 16.3 percent), parts and accessories for machines and apparatus (14.4 to 13.5 percent), unprocessed lead (6.4 to 4.4 percent), synthetic staple fibres (4.9 to 4.1 percent), electric batteries (4.5 to 5.03 percent), rubber pneumatic tires (3.9 to 3.1 percent).

According to official data from the Bulgarian National Bank (BNB), for 1996-2018 the net flow of direct investments from South Korea to Bulgaria amounted of US\$213.2 million, which places the country in the top thirty with highest FDI into Bulgaria. It is also interesting to compare the macroeconomic effect of South Korea-EU member states trade exchanges as a contribution to the national GDP after the FTA came into force. According to a detailed European Commission expert evaluation, for Bulgaria it was 0.02 percent of national income (European Commission 2018). There are 249 companies with South Korean participation in Bulgaria as well. In September 2019, the two countries signed a memorandum of understanding in the energy sector, which is supposed to support and encourage the advancement of cooperation in the area of nuclear energy for peaceful purposes, renewable energy and energy efficiency. Both countries exchanged information on their green energy strategies for the next decade. With the Agreement for Economic Cooperation between Republic of Bulgaria and the Republic of Korea of October 2008, a joint inter-government economic commission was established. Its first session was held in October 2015 in Sofia, while the second session was held in September 2019 in Seoul (Banker Daily 2019).

The COVID-19 pandemic has had an impact on economic relations. It has become obvious that in the short-term economic cooperation between Bulgaria and South Korea will be affected by the extraordinary measures to prevent the spread of COVID-19. According to preliminary data, for January-June 2020 Bulgarian exports to South Korea have decreased by 41.7 percent compared with the same period in the previous year, while South Korean exports to Bulgaria decreased by 13.2 percent. In comparison, Bulgarian exports to third countries (outside of the EU) decreased by 10.5 percent compared to the first six months of 2019, while foreign imports to Bulgaria decreased by 11 percent (National Statistics Institute 2020).

Specific forces behind the development of the economic cooperation include business forums such as the Business meeting between the Bulgarian small and medium enterprises (SME) promotion agency and South Korea's COIMA in April 2017, the Bulgarian-South Korean investments perspectives discussion of March 2018 or the Bulgarian-Korean energy forum in November 2018 (24 Hours Daily 2020). As part of the South Korean government's official initiative Knowledge Sharing Program (KSP), two business seminars were organized at Sofia Tech Park in 2017-2018 (KSP Seminar 2018). Following the lead of Hyundai Motor company and Hyundai Heavy Industries, contracts for economic cooperation between Ulsan Industrial District and Burgas Free Zone were signed. Similar contracts for cooperation have also been signed between the Daegu-Gyeongbuk Free Economic Zone in South Korea and the Plovdiv Free Economic Zone (since 2013, Trakia Economic Zone – TEZ) in Bulgaria.

Table 1. Bulgaria's trade relations with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Exports</i>	117	140.4	184.5	171.9	190.1	101.7	102.1	154.2	179.4
<i>Imports</i>	131.3	176.8	104.8	120.4	117.8	107.7	134.6	137.4	174.3

Source: INCOMTRADE

Table 2. Bulgaria's FDI stocks with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Inward</i>	94	108	162	179	140	220	235	142	142
<i>Outward</i>	0	0	1	2	2	1	1	1	1

Source: IIMF

3 POLITICAL AND SECURITY RELATIONS

The establishment of diplomatic relations between Bulgaria and South Korea in March 1990 was a strong stimulus for the fast development of political, economic, cultural, and societal relations between the two countries over the

next few years. Just in a relatively short period of time between 1991 and 1995 several high-level Bulgarian delegations visited South Korea: Foreign Minister Victor Valkov in May 1991, Minister of Industry and Commerce Ivan Pushkarov in September 1991, Minister of Industry Rumen Bikov in September 1993, Foreign Minister Stanislav Dimitrov in June 1994, and Bulgarian President Zheliu Zhelev in April 1995.

During 2010-2018 official high-level Bulgarian state and government delegations visited South Korea ten times, while seven South Korean high-level state and government delegations visited Bulgaria. These visits are proof of a regular and almost reciprocal political dialogue between Seoul and Sofia. The most important were the visits to Seoul of Bulgarian President Rosen Plevneliev in May 2015 and Bulgarian Prime Minister Boyko Borisov in September 2019. In October 2017, South Korean Prime Minister Lee Nak-yeon visited Sofia too. During the visit of the Bulgarian prime minister in September 2019 he was accompanied by more than thirty representatives of leading Bulgarian companies and business associations, who held talks with their South Korean counterparts including the chair persons of leading economic associations such as the Federation of the Korean Industries, KOTRA, KITA or KBIZ.

The legal basis for mutual cooperation in the defence and security sectors is a bilateral agreement for the exchange and protection of classified military information. It was signed in Seoul in October 2009. A memorandum of understanding between the defence ministries of South Korea and Bulgaria was signed in May 2015, also in Seoul. Both countries agreed to have regular consultations on regional security issues and to cooperate in the fields of defence industry and military education.

4 NORTH KOREA

Like most other Soviet bloc countries, Bulgaria established diplomatic relations with North Korea in 1948, sent medical teams to North Korea as humanitarian aid during the Korean War, and supported the economic recovery of that country in the post-war years. However, bilateral contacts were broken for about five

years when four North Korean students in Bulgaria asked and received political asylum in 1962. This was an unprecedented step for a Soviet bloc country. One of the most imperative pre-conditions for the normalization of relations between Sofia and Pyongyang in 1968 was that Bulgarian authorities agreed not allow any incidental contacts with South Korean citizens (Baev 2016). The intensive and partly contradictory political and economic cooperation with North Korea, which lasted almost half a century, terminated soon after the establishment of normal diplomatic relations with South Korea.

The development of economic and commercial relations with North Korea after 1989 marked a constant 'decline and stagnation', as it noted in several reports by Bulgarian experts and officials. Following from a governmental decision by Sofia, in June 1991 the Bulgarian military representation at the embassy in Pyongyang was closed. The then-new Bulgarian government also closed its embassy in North Korea in March 1997. However, in 2005 a new coalition government approved a resolution to reopen the Bulgarian embassy in Pyongyang. During the second half of 2014 the Bulgarian diplomatic mission in Pyongyang was authorized to represent the EU to the government of North Korea, following a rotational principle among EU embassies in the country.

Bulgaria has categorically condemned North Korea's nuclear tests. In 2016, the Bulgarian foreign ministry issued five statements in regard to the fourth and fifth nuclear tests and missile test by Pyongyang. Following from UN Security Council Resolution 2270 of March 2016, the Bulgarian government strictly implements UN and EU sanctions against North Korea.

In July 2019 the governments of Bulgaria and North Korea signed a cooperation programme in the fields of education and culture for the years 2019–2022. The program renews the existing legal framework for cooperation with North Korea, including the exchange of academic scholarships, the organization of cultural performances and exhibitions and sport events. In a governmental declaration issued by Sofia it was clarified that the joint programme corresponds with the EU policy toward North Korea and does not contradict the international sanctions against that country (Council of Ministers of RB 2020).

5 CULTURAL RELATIONS

Looking at cultural relations, people-to-people ties between Bulgaria and South Korea are becoming stronger. The intensive development of the EU's external relations in the fields of science, technology, culture, and education has followed the 'soft power' paradigm over the past two decades. Its foundations are public, cultural, and science diplomacy, based on the High Level People-to-People Agenda. It is indicative, however, that only one South Korean university offers undergraduate language programmes on Central-East European languages - Hankuk University of Foreign Studies. It has offered bilingual Bulgarian and Greek languages education since 2005.

In Bulgaria three universities offer Korean language programmes. The oldest and only Korean Studies chair is based at the Center for Eastern Languages and Cultures of Sofia University (established as a major in 1995 and transformed into a separate department in 2010). It offers BA and MA programs in Korean Studies. As a leading Bulgarian academic institution, Sofia University has signed bilateral academic cooperation agreements with nine South Korean universities, but in reality it currently has mutual cooperation with only two of them. In 2013 the Applied Linguistics undergraduate programme at Veliko Tarnovo University started to offer Korean Language as a second foreign language, while in 2014 Plovdiv University started its own undergraduate programme on Applied Linguistics with both English and Korean languages. In September 2019 the New Bulgarian University in Sofia also announced its intention to offer a Korean language course for its university students.

In addition, some Bulgarian elementary and secondary schools also have courses in Korean language. The 18th high school William Gladstone in Sofia became the first secondary school in Europe to teach Korean language for its first-four and eight-twelve grades students, in 2011. In the last few years, the 18th high school in Sofia has had a regular student exchange with Sangil high school in Seoul. In 2018 the Professional college of computer programming and innovations in Burgas started to teach Korean language, while in 2019 three more high schools in Burgas did the same. Among the reasons why Burgas is so active in teaching Korean language and organizing annual programs on Korean

culture is the intensification of contacts and cooperation with large South Korean companies attracted by the facilities of the Burgas free zone, bordering the Burgas Black Sea port.

University student exchanges have become another important academic instrument for advancing Korean studies among EU students and European Studies among South Korean students. Existing data shows that in 2010-2018 more than 450 Bulgarian university students made use of available academic exchanges, while their South Korean counterparts making use of them were three times less. In the last five years, between 40-45 Bulgarian students have visited South Korea on exchange programs annually, while the number of their South Korean counterparts in Bulgaria for 2019 was only 15 students (Korea Immigration Service).

In the period 2011-2019 various cultural events (music festivals, weeks of South Korean cinema, etc.) have been organized in the biggest Bulgarian cities (Sofia, Plovdiv, Varna, Burgas, Veliko Tarnovo and Stara Zagora). Leading Bulgarian universities also hosted discussions with academic and cultural experts – for instance, in December 2011 the phenomenon of new South Korean cinema was discussed at the National Academy for Theatre and Cinema in Sofia, while in June 2019 Sofia University hosted a two-day discussion on the modern South Korean culture. The K-pop wave has increased interest towards South Korean culture among high school and university students in Bulgaria. It has led to the establishment of various K-pop fan clubs such as the Eastern Spirit internet social group in 2008 or the Panda Squad social group in 2012. This new phenomenon also led to the first Bulgarian 24-hour K-pop radio station, launched in 2018 and named *K.sound* (Borisova 2020). The expanded fandom for South Korean popular subcultures has led to greater desire to learn the Korean language, which has been offered at the Sofia branch of the King Sejong Institute, established in July 2013. For the period 2015-2019, more than 700 Bulgarians completed studies in four different levels of Korean language at the institute.

A recent initiative is the Next Generation Korea Fellows Incubator, launched in February 2020 with the support of the Bulgarian Diplomatic Institute at the Ministry of Foreign Affairs, the independent Economic Policy Institute, and the

Embassy of South Korea in Sofia. It aims to promote new young policy experts and researchers on Korea-related issues. Three research papers receiving awards were presented at a bilateral BG-ROK Policy Forum in October 2020 in Sofia (BG-ROK Policy Forum 2020).

Finally, there exists a relative balance in terms of incoming and outgoing tourists to/from South Korea. According to official South Korean data from the Korea Tourism Organization, while in 2010 the number of Bulgarian tourists in South Korea was about 7,500, the amount increased in 2016 to more than 10,000, but then decreased in 2018 to 6,000. Official Bulgarian data from Ministry of Tourism annual reports, based on Border Directorate and National Statistics Institute summarized data shows that for 2010-2019 the number of South Korean tourists going to Bulgaria gradually increased, which corresponds with the growth in the number of the international tourists in the country – from six million in 2010 to 9.3 million in 2019. For 2010-2015, the number of South Korean tourists in Bulgaria increased each year by 5 to 20 percent, reaching its peak in 2014 with 15,057 South Korean visitors (34th place among the top fifty nations), but fell down by five to ten percent since then to 10,699 South Korean visitors in 2019 (Ministry of Tourism of the Republic of Bulgaria 2019).

6 CONCLUSION

Bilateral cooperation between the Bulgaria and South Korea could be labelled – despite of its relatively short history – as stable with gradual intensification especially in the last ten years after Bulgaria's joined the EU. There are many similarities in the positions of the two countries both on regional and international issues. South Korea continues to be an important and attractive partner in Asia in comparison with the two other leading economic and cultural partners for Bulgaria – Japan in the 1960s-1990s and China in the last decade (with its strategic BRI and 17+ initiatives).

The evaluation of bilateral relations shows that some prospective opportunities, in particular in the fields of joint ventures and common initiatives, R&D and Innovation projects, IT and energy sectors, are only mentioned or discussed but

still not fulfilled. The lessons learned when overcoming the 2008/2009 financial and economic crisis can prove that the new global challenge posed by the COVID-19 crisis should be over in the near future. The principles and priority goal of the two countries, as agreed between their leaders, are to raise Bulgarian-South Korean relations to the next level of strategic partnership.

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CZECH REPUBLIC-SOUTH KOREA RELATIONS: AN EVOLVING STRATEGIC PARTNERSHIP

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1 INTRODUCTION

In 2020, the Czech Republic and South Korea celebrated the 30th anniversary of their diplomatic relations, which have been cooperative and more proactive in recent years. The mutual interest in them has been apparent on both sides. The Czech foreign policy toward South Korea derives from *the Concept of the Foreign Policy of the Czech Republic*, which perceives the Asia-Pacific region as significant due to the economic opportunities there, and South Korea is listed as one of the priority countries since it is perceived as an advanced democracy, a global leader in innovation and a major investor in the Czech Republic (Ministry of Foreign Affairs of the Czech Republic 2015a). Both countries would like to see a complete denuclearisation of North Korea and they support democratic values, effective multilateralism, the rule of law and an open and rules-based international order (Ministry of Foreign Affairs of the Czech Republic 2020, European Commission 2020).

Since the publishing of the Concept, Seoul and Prague have managed to enhance the political dialogue on the highest level by signing the Joint Declaration on the Establishment of the Strategic Partnership in February 2015. Apart from the bilateral ties, which take place in all major branches of government, including the interparliamentary exchanges, the relationship encompasses regional levels through meetings and cooperation in the V4+Korea format¹ and the South Korea-EU Framework Agreement. On the global level, the two countries exchange views in the United Nations, the Asia-Europe Meeting and the Organisation for Economic Co-operation and Development (OECD) (Government of the Czech Republic 2015).

The framework for the current Czech-South Korean relations has been outlined in the Action Plan for the Implementation of the Strategic Partnership for 2019-

¹The V4 includes the Czech Republic, Hungary, Poland and Slovakia.

2021 (the previous Action Plan in this regard was for 2016-2018). In these documents, Seoul and Prague agreed to undertake specific tasks in political and security cooperation, economy, industry, technology, and science, including promoting cultural, educational and people-to-people exchanges and tourism (Ministry of Foreign Affairs of the Czech Republic 2015b). The current Action Plan has reaffirmed the commitment to strengthening ties but also provided more concrete information on selected areas of collaboration. One area of joint interest is working together in public administration, especially in modernisation, e-Government, personnel management, and public services (Ministry of Foreign Affairs of the Czech Republic 2019a).

During his visit to the Czech Republic in November 2018, President Moon Jae-in and the current Czech Prime Minister Andrej Babiš vowed to join forces and prepare their respective countries for the fourth industrial revolution by investing in information and communication technology, as well as in artificial intelligence (Yonhap 2018). One key area of interest for the South Korean side is the two countries' cooperation in nuclear energy, in which South Korea will help the Czechs build a new nuclear power plant, whose estimated worth is US\$6.74 billion (Kang 2020).

On a practical level, the ongoing coronavirus outbreak has provided the countries with an opportunity to help each other by facilitating a timely cargo transport with the help of Korean companies, and the repatriation of South Koreans and Czech citizens who had been stranded abroad during the pandemic. Korean Air was the only foreign airline that was given a contract for a charter flight by the Czech Government. Further collaboration between the countries has been envisaged in the area of sharing expertise, know-how and experiences among health professionals and public health experts (Embassy of the Czech Republic in the Republic of Korea 2020a).

2 ECONOMIC RELATIONS

The Czech-South Korean economic exchange has been built on the principle of mutual benefit. The Czechs consider South Korea as one of their most important trading partners in Asia. Equally, the South Korean view of the Czech Republic

as a meaningful partner in Europe has been on the increase, as proven by the enhanced investments from South Korean companies with a long-term presence in the Czech Republic: Hyundai, Kiswire, Hyundai Mobis and Nexen. In March 2020, the Czech government accepted a financial donation of 10 million Czech Crowns (US\$446,116) from the Hyundai Company, which was to contribute to the fight against the COVID-19 pandemic (Embassy of the Czech Republic in the Republic of Korea 2020b).

There are no unresolved outstanding issues in the trade exchange; however, the trade balance from the Czech side has been passive in the long term. This is not controversial; the Czechs see the economic cooperation as satisfactory; however, they hope for more access for the Czech products on the South Korean market.² The large volume of imports from South Korea has been used in the production in Czech pro-export-oriented factories funded by Korean investors. As such a sizable proportion of the final Czech production has been exported to third countries, South Korean investors have invested approximately US\$3,8 billion in the Czech Republic (BusinessInfo.cz 2020).

In accordance with the plan to further support these exchanges, the Czech Republic opened a CzechInvest agency in Seoul in 2015. It is envisaged that with time, the Czech and Korean companies will find more synergies between them that will lead them to collaborate in third countries. South Korea could facilitate the inclusion of Czech companies in big projects in Asia. For example, Doosan Heavy Industries has expressed an interest in collaborating with Czech sub-distributors in building power plants and other bigger investment projects (CzechTrade 2019). There is no direct Czech investor in South Korea. The company Gold of Prague, which built a microbrewery in Busan and subsequently sold it, was the only direct investor in the region.

In the Czech Republic, Korean enterprises operate on the Czech market in fields such as the automotive industry, electronics, and engineering. More than seventy Korean businesses operate in the country, bringing more than US\$3.8 billion in FDI to it since 2005. In comparison, South Korea has an 8 percent share in the total value of investments in the country, and it is in the 4th position in this regard, after Germany (23 percent), Japan (13 percent) and the USA (9 percent)

²Interview with the Ministry of Foreign Affairs of the Czech Republic, Prague, 6 October 2020.

(BusinessInfo.cz 2020). It should be noted that these figures often remain under the radar in the Czech public space, as they are overshadowed by media coverage of Chinese investments and China's Belt and Road Initiative (BRI). Interestingly, the majority of the received Chinese investments and acquisitions so far have had hardly anything to do with the BRI directly, since there were no infrastructure and logistics projects available in the Czech Republic.

Ultimately, South Korean investments are distributed across various regions in the Czech Republic. Historically, the largest investment by one company in the Czech Republic was in the amount of US\$1.4 billion and was by Hyundai Nošovice, which launched the production of its Kona electric cars at its only Hyundai plant in the European Union, namely at its Nošovice plant in the Czech Republic, in March 2020. This is the first electric car produced in the Czech Republic. The estimated production is 30,000 Konas a year, with exports to Germany, France, the Netherlands, Norway, Slovakia, Poland and the Czech Republic (Malcolm, William 2020).

The Czechs offer expertise in various sectors: electronics, ICT, industry, health, energy and food production. They would like to increase the ratio of Czech food products on the South Korean market. The matter requires speeding up the licensing processes. Apart from the export of beer, there is an interest in exporting Czech mineral waters, although the South Korean market is to a greater extent controlled by imports from other countries. The entry into the market is further challenging due to the larger expenses for advertisements and the special packaging that is required by Korean customers (Ministry of Foreign Affairs of the Czech Republic 2019b).

As was already stated, the Czech Republic and South Korea have similar stances towards nuclear energy, and this field represents opportunities for co-operation and investment. There are a few Memorandums of Understanding in place that encourage bilateral co-operation in the field of energy. The Czech Republic relies and will continue to rely on nuclear energy. This principle is enshrined in the State Energy Policy of the Czech Republic (Ministry of Industry and Trade of the Czech Republic 2015). Korea Hydro & Nuclear Power (KHNP) has become a serious contender for a planned tender for an expansion of the Dukovany nuclear power

plant. There is also an interest in this tender from the Russian company Rosatom, the American company Westinghouse, the French company EDF and the Chinese company General Nuclear Power. The Czech representatives stated on numerous occasions that the Czech side's interest was in collaborating with a partner who would also engage in research, storage, prolonging the life and maintaining the security of existing nuclear reactors. The selected supplier would also be required to invite Czech firms to join similar projects in third countries.³

Table 1. Czech Republic's trade relations with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Exports	269	446	556	579	601	507	440	456	489
Imports	2119	2705	3098	3003	3091	3365	3496	4259	4295

Source: Czech Statistical Bureau, Ministry of Industry and Trade of the Czech Republic

Table 2. Czech Republic's FDI stocks with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Inward	933	988	1458	1852	2021	1974	1989	3046	3284
Outward	-2	-12	0	-2	-3	-2	-3	1	-33

Source: IMF

3 SECURITY RELATIONS

The Czech Republic and South Korea have advanced their defence cooperation under the memorandum of understanding between the Ministry of Defence of the Czech Republic and the Ministry of National Defence of the Republic of Korea since August 2015. The aim of the agreement is to hold exchanges among various high-level officials but also other relevant personnel from the ranks of scientists and experts, exchange technical data and cooperate in research and development of defence products. There is also an agreement on joint or coordinated export of defence products to third countries. The two countries set

³Interview with the Ministry of Foreign Affairs of the Czech Republic, Prague, 6 October 2020.

up the Czech-Korea Joint Defence Industry and Logistics Committee, as well as regular contacts and cooperation in international cyberspace issues, such as cyber security and combating cybercrime.

The Czech National Cyber Security Center (NCSC) has been in contact with the South Korea Internet & Security Agency (KISA). The countries also agreed to share their knowledge, best practices, and expertise from international, legal, social, strategic, and technological perspectives. Their cyber security exercises simulate different types of crisis for decision-makers and technical staff. The National Cyber and Security Information Agency (NUKIP) thanked South Korea for its demand to conduct specific exercises and its responses in this regard in the 2018 Report on the State of Cyber Security in the Czech Republic (NUKIB 2019).

The Czechs view South Korea as a vital NATO partner country in the Asia-Pacific. They recognise how important the stability of the Korean Peninsula is globally. There is always an effort to get the latest reports on the latest developments in North Korea from the Czech Embassy in Pyongyang, but also to seek some insight into the Peninsula from the South Korean partners. There have been negotiations between the Czech Ministry of Defence and the Korean Agency Defence Acquisition Program Administration (DAPA) to join tenders, specifically for the acquisition of army helicopters; however, since there was no security agreement on sharing sensitive information and the South Korean company Surion did not finalise the weapons system for the given helicopter, there was no major progress in this regard.⁴

Ultimately, even with the reduction of tensions on the Korean Peninsula, South Korea is concerned about a possible military conflict with North Korea and so the country continues to modernise its army. Its defence budget is increasing yearly. The Czech Republic can contribute to this process by providing advanced technology and specialised systems to help counter weapons of mass destruction. The South Korean side has also been interested in training their specialists in this sphere in the Czech Republic.

³Interview with the Ministry of Foreign Affairs of the Czech Republic, Prague, 6 October 2020.

4 BILATERAL RELATIONS AND NORTH KOREA

The former Czechoslovakia established diplomatic relations with North Korea in 1948. Nowadays, the Czech Republic and North Korea have relations at the embassy level. Between 2001 and 2009, a few official visits were exchanged between the Czech Republic and North Korea, which mainly took place at the Czech Republic's MFA, Ministry of Industry and Trade, Parliament and Ministry of Transportation. The North Korean side sent delegations from the European Department of the MFA, some vice foreign ministers and a chairman from the Supreme People's Assembly. Out of all the North Korean politicians who visited the Czech Republic, the former Ambassador Kim Pyong Il, the half-brother of the country's late leader Kim Jong Il, received the most press coverage in the Czech Republic. He returned to North Korea in 2019 and was replaced by Ambassador Ju Won Chol, who used to be Director General of the foreign ministry's Second European Department. Ambassador Ju is known as a fluent Czech speaker since he previously served as a deputy at the embassy in Prague (Hotham 2019, 2020).

The Czech Republic supports the complete denuclearisation of North Korea and the establishing of a permanent peace on the Korean Peninsula. The Czech Ministry of Foreign Affairs has supported the Panmunjom Declaration and the Pyongyang Joint Declaration as the groundwork for the lasting development of inter-Korean relations in the Action Plan for the Implementation of the Strategic Partnership between South Korea and the Czech Republic for the years 2019-2021 (Ministry of Foreign Affairs of the Czech Republic 2019a).

5 CULTURAL RELATIONS

The Czech Republic has been perceived as an important cultural destination in South Korea. It is envisaged that the focus on cultural and people-to-people engagements will increase by the two countries exchanging cultural events but also encouraging more tourism between them. In South Korea, Czech classical music, Czech musicals, and translations of Czech literature but also Czech cinema and animation are popular. The Czech Centre Seoul, established in February 2013, has been an umbrella institution for the two countries' closer cooperation in cultural and educational events.

In the Czech Republic, Prague-set films shot by filmmakers from South Korea, such as *Lovers in Prague* (2005), have contributed to an increase of the Czech Republic's popularity among tourists from South Korea, which has taken up the top positions in the Czech tourism rankings. In the past three years, 385 000 to 416 000 South Korean tourists have visited the Czech Republic on average per year, and close to 11 000 Czech tourists travelled to South Korea. In 2019 China ranked fifth in the Czech tourism rankings with 612 000 tourists in 2019 (while in 2018 it ranked third with 620,000 tourists). South Korea ranked ninth in the same ranking in 2018 and 2019 (Czech Statistical Office 2019, 2020). Japan was not in the top ten non-resident countries. These figures will be lower in 2020, considering the travel restrictions caused by the COVID-19 pandemic.

Korean studies have a long history of 70 years of engagement at Charles University in Prague, which makes the Korean Studies department there one of the oldest university departments in the world. Yet, the Korean practical language has been taught at Charles already in the 1940s by Han Hŭng-su, a Korean archaeologist who studied in Vienna. With financial help from the South Korean government, the Philosophical Faculty of Charles University set up the 'Prague Centre for Korean Studies' portal, which should further deepen the studies and exchanges between the countries. In comparison, the Bohemian Studies department at Hankuk University of Foreign Affairs, is one of the youngest university departments in the world. It was reported that there were 60 Czech students studying in South Korea in 2018 and 102 South Korean students in the Czech Republic in 2019. The self-funded students from South Korea primarily aim for art studies. It is vital to improve the mutual understanding between the countries through more educational exchanges involving young people. Youth mobility can happen through the Working Holiday Programme and the Erasmus+ programme. As such, these initiatives are beyond the bilateral relations but include mechanisms set up under the EU-South Korea cooperation.

The South Korean music genre K-pop is popular in Central Europe with over 160 000 fans in the V4 countries. The first K-pop concert in the Czech Republic took place in Prague during the official visit of the former President Park Geun-hye in December 2015 (Korea Times 2015, Yun-sup, Jung 2015). As previously mentioned, the Czech Republic has also become a popular place to shoot South

Korean films (Novak 2013). The second South Korean film shot in the Czech city Karlovy Vary was two episodes of the TV series *Are You Human Too?* in 2017 (Strbova 2017). However, the most popular South Korean movie among Czech viewers, so far, has been the award-winning film *Parasite*, which was screened during the 54th Film Festival in Karlovy Vary and in cinemas across the country. It contributed to a wider promotion of Korean cinema in the Czech media (Stejskal 2020).

6 CONCLUSION

The Czech Republic and South Korea maintain a friendly and stable relationship and they cooperate in various fields; however, the economic cooperation is at the core of their relations. The trade exchange is currently more beneficial for South Korea. There is an ongoing effort to balance the imports and exports to increase the Czech sales in South Korea, as well as to lead the two countries to participate in more joint ventures in third countries. Going forward, both sides need to maintain the frequency of exchanges on a high level, but also to facilitate interactions between both countries' businesses. There is an interest on the part of South Korean tourists in visiting the Czech Republic, but Czech people's travels to South Korea are less prominent.

These exchanges do not automatically lead to a deepening mutual understanding of the respective countries. For that to happen, more promotion and media coverage are necessary. Often, the Czech news reports focus on the dynamics in the Czech Republic's relations with North Korea, rather than reporting on the progress in its ties with South Korea. Youth mobility, and educational and research exchanges are vital in this regard. Considering the evolving cyber strategy in North Korea, the Czech and South Korean experts and defence departments should increase their practical collaboration in the sphere of cybersecurity. Globally, both sides are interested in effective solutions to problems of international aid, the environment, and water management, which can lead to more coordinated actions in multilateral fora. Increasingly more attention will be paid to preserving the rules-based order among democratic countries, where the Czech-South Korean collaboration, underpinned by shared ideals, can contribute to finding more lasting solutions and countering the activities of revisionist or threatening state actors.

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FINLAND-SOUTH KOREA RELATIONS: START-UPS, INNOVATION AND EDUCATION

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1 INTRODUCTION

Finland's foreign policy in East Asia, including South Korea, has focused on economic issues. Finland and South Korea established diplomatic relations in August 1973, and soon after, visits by Finnish business delegations in South Korea became more regular and trade between the countries increased significantly. Relations between Finland and South Korea are good and have recently become closer, and foreign trade is an important part of the bilateral relations. South Korean cars, mobile phones and electronics are visible in the consumer market in Finland, whereas Finland's exports are mainly business-to-business products and services in heavy industries, telecom and ICT. Economic exchange between the two countries has invigorated during the last two decades, spurred by Finland's education and innovation systems that are raising interest in South Korea.

In addition to promotion of commercial ties, Finland and South Korea have multiple shared interests ranging from tackling the corona virus pandemic, jointly working towards slowing down climate change to safeguarding the rule-based international order and the work of international organizations. In the cultural realm, Finns have learned to appreciate K-pop and Korean cinema and Korean language is taught also outside the biggest universities. With a focus on the Finnish perspective, this chapter aims to provide a brief overview of some aspects of the current Finland-South Korea relationship, covering economic exchange, political relations, multilateral cooperation, security relations, and social and cultural relations.

2 ECONOMIC RELATIONS

South Korea is Finland's third biggest trade partner in Asia, and trade is an important part of the bilateral economic relations. South Korea's imports from

Finland remain on a higher level at around US\$1 billion a year compared to its exports that have been decreasing after 2012, indicating a trade deficit for South Korea (see table 1).

Also the structure of trade has changed since 2010 when capital goods, such as machinery, took the major share (66 percent) in both directions. Thereafter consumer goods grew to dominate South Korea's exports to Finland, consisting of transportation equipment (one third of total), as well as machinery and electrical equipment.

In comparison, South Korea still imports capital goods and intermediate goods from Finland, mostly machinery and equipment that account for about half of total. Other main Finnish exports to South Korea include electric engines and chemical industry and paper industry products. The share of consumer goods is minor, but food and fur exports are increasing. In services trade, Finnish exports to Korea include IT services and tourism. The EU-Korea FTA has benefited Finnish exports of services as well as certain manufacturing such as dentistry equipment for which the South Korean import duty of eight percent was removed and is now zero percent. This resulted in doubling of exports in this sector (Ministry for Foreign Affairs of Finland 2018). Exports are growing fastest in foodstuffs (over 50 percent increase in early 2020), especially pork, dairy and fish. Finnish food industry is interested in the South Korean market and looking for possibilities to export also poultry and eggs.⁵

The value of FDI stocks between South Korea and Finland is relatively low (see table 2). South Korea's FDI stock in Finland is very small, although it has grown from the mere US\$2 million in 2010 to around US\$50 million in 2018. In comparison, the stock of Finnish FDI in South Korea is notably larger but has decreased during the past decade to US\$125 million. Finland and South Korea have a bilateral investment protection agreement in force since 1996.

Relatively few Finnish firms are established in South Korea; 14 Finnish parent companies and 21 subsidiaries are located in the country in 2020 (Uniworld Online 2020). However, almost 200 Finnish firms have a representation e.g. through an agent, many of them with long-standing operations (Ministry for Foreign Affairs of Finland 2018, 9). Finnish companies established in South

⁵Interviews with Finnish diplomats and trade policy officials, Helsinki, 2019 and 2020.

Korea operate in engineering and telecom, in particular, with the aim to serve the local market. Recent investments have been made e.g. by UPM Raflatac, manufacturer of self-adhesive label materials, that opened a slitting and distribution terminal in Seoul in 2018, and by Metso Neles in an industrial valves' technology centre in Chungju in 2014. Metso Neles also received the prize of Best Foreign Entrepreneur in Korea in 2016. In 2020, operations by Finnish firms include Nokia's technology cooperation with LG Uplus for Korea's 5G network and the orders received by Wärtsilä to supply LNG cargo handling system for Korea Line ship being built at Hyundai Mipo Dockyard and by Valmet to provide technology to Asia Paper Manufacturing at Sihwa Mill, a local paper mill.⁶

The visibility of Finnish consumer goods is still low in South Korea but growing in design, fashion, food and drinks. However, market access is quite restricted due to numerous regulations that often lead to undue bureaucratic burden for foreign firms. The food industry is particularly tightly regulated. Also testing of many technologies such as health technology is difficult (Ministry for Foreign Affairs of Finland 2018) which imposes a trade barrier for importing firms. In consumer industries, Korea could be a pivotal country for marketing to China or Japan. Echoing the views of European businesses in Korea (ECCK 2019), Finnish company managers and diplomats, however, point to many challenges in the South Korean business environment that have led to the surprisingly low number of Finnish firms in the country. Problems include the 'huge informal barriers' such as lack of transparency and nationalistic sentiment of local authorities, troublesome labour unions, and hard-to-enter local business networks. However, Finnish managers also note the drop in tariffs and the easing of trade and some technical regulations after the FTA. Technical regulations concerning machinery and equipment are still strict, often changing, and hard to get information on and understand. Based on European business confidence surveys in Korea, the competitive situation and the attitude towards foreign firms in South Korea have not improved after the FTA entered into force.⁷

The small South Korean FDI stock in Finland reflects the small number of firms: five Korean parent companies and five subsidiaries are located in Finland in 2020 (Uniworld Online 2020). According to Invest in Finland data, the companies represent transportation and electronics industries, including Hyundai Merchant

⁶Companies' press releases and annual reports.

⁷Interviews with five company managers and seven trade policy officials, Finland and South Korea, 2016-2020.

Marine, LG Electronics, Samsung Electro mechanics and MK Electronics. Further, some companies, such as Hyundai Motors, Kia Motors, and Green Integrated Logistics, operate through local agents (Ministry of Foreign Affairs of Korea).

Finland has certain business competences that are of interest in South Korea. These include ICT know-how, health technology, food, tourism and energy. South Korean media has recently noted the Finnish ICT competence with a high visibility on companies such as Nokia and Supercell (Ministry for Foreign Affairs of Finland 2018; Korea Herald 2018-2020). During the state visit of President Moon Jae-in in Finland in 2019, several Memorandums of Understanding were signed to strengthen bilateral cooperation in energy, SMEs, start-ups, innovations and talent exchange (Ministry of Economic Affairs and Employment of Finland 2019).

Start-up cooperation started in July 2020, when the Korea Institute of Startup & Entrepreneurship Development (KISED) Start-up Center opened in Finland. The same year, KISED opened similar centres in Singapore and Sweden (Jung 2020). Korean Start-up Center in Finland is based at the Aalto University and it aims to help Korean HealthTech and Wellbeing technology companies to enter Nordic and European markets. Start-up cooperation is the first tangible action in the initiative of strengthening innovative collaboration between Finland and South Korea (Aalto University 2020).

Table 1. Finland's trade with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Exports</i>	1004	935	1053	1283	1356	1083	920	975	1349
<i>Imports</i>	571	766	745	352	340	309	330	297	331

Source: WITS

Table 2. Finland's FDI stock with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Inward</i>	2	2	2	1	3	10	11	53	47
<i>Outward</i>	393	143	170	213	248	117	178	128	125

Source: IMF CDIS

3 SECURITY RELATIONS

In 2017 Finland and South Korea signed an agreement according to which Finnish Defense Forces buy 48 self-propelled howitzers (K9 Thunder) from South Korea. The price of the howitzers was €146 million. The first howitzers arrived in Finland in 2018 and the last batch will arrive in 2024. Finland uses the howitzers to replace artillery, which will gradually be decommissioned in the 2020s and 2030s (Finnish Defence Forces 2020). During the past ten years, Finland has not made any significant arms exports to South Korea (SIPRI 2020).

In August 2020, the Ministry of Foreign Affairs of Finland informed that the ministry will set up a Centre for Mediation under the administration of the Ministry's Political Department. 'The Centre for Mediation will promote the integration of mediation expertise and know-how into the Ministry for Foreign Affairs'. The new centre started its operations in October 2020 (Ministry of Foreign Affairs of Finland 2020). Although at the time of writing the concrete operations of the centre are still unclear, the centre could potentially assist in the efforts to build peace on the Korean Peninsula.

4 BILATERAL RELATIONS AND NORTH KOREA

Finland and South Korea organize high level consultations regularly: in 2015, the consultations concentrated on political and economic issues and science and technology, in 2016 the topic was economic cooperation and in 2017 the Arctic. The most recent bilateral consultations focused on economic issues in 2019. High level state visits have been made in both directions. President Tarja Halonen paid a state visit to South Korea in 2002, and President Sauli Niinistö visited Seoul for the Nuclear Security Summit in 2012. Other high-level visits were made by the Finnish Speaker of the Parliament and Defense minister in South Korea in 2017, by the Prime minister, Foreign minister and Sports minister in the Winter Olympics in 2018, and by Employment minister in 2018 (Embassy of Finland in Seoul N.d.). South Korea's President Roh Moo-hyun paid a state visit to Finland in 2006, and President Moon Jae-in in 2019.

President Moon's state visit opened doors for cooperation in education, and a wide range of cooperation activities were agreed during South Korea's Education

minister's visit to Finland in late 2019 (Ministry for Foreign Affairs of Finland 2019). The Finnish school system and gender equality issues have interested Koreans in the recent years. Finland and Korea used to rank very high in the Programme for International Students Assessment (PISA) ratings, although both have gone down in recent years. For Finland, good results combined with a relaxed atmosphere at schools created a brand of being a leader in education. Koreans remain interested in the Finnish model as the relatively good results have been achieved with shorter school days in comparison to most countries. In a study comparing the quality of school life in Finland and South Korea, researchers found out that the Finnish pupils were generally more satisfied with school life than their Korean counterparts, but pupils in both countries rated their satisfaction lower than the OECD average. In a closer analysis Finns expressed a higher level of general satisfaction to school life than Koreans, but Koreans were slightly happier with teacher-student relations than Finns (Yoon and Järvinen 2016).

Improving gender equality along with promoting rights of sexual minorities and the disabled have been high on the agenda of the Finnish embassy in Seoul. Human rights and equality issues more broadly are also among the long-term strategic priorities of the Finnish foreign affairs administration.⁸ Gender equality in Finland interests the South Koreans who are struggling with extremely low birth rates. This theme shows in bilateral meetings. According to OECD statistics from 2019, Koreans had on average 0.9 children per woman. Finns had 1.35 children per woman in 2018. Both figures are well below replacement level of 2.1. While Finland is also struggling with ever decreasing number of babies, the Finnish work-life balance and family benefits make it easier for women to have children without having to give up working life. In Finland, men's employment rate (80.1) was slightly higher than women's (76.6) in 2019 but in South Korea women's employment rate (60.0) was notably lower than men's (78.8) and the country had also the highest gender difference in average wages among the OECD countries (OECD. Stat. 2020).

Finland's relations with North Korea currently focus on humanitarian assistance. Finland used to have a representative office in Pyongyang, which functioned under the Finnish embassy in Beijing. This office ceased to operate in 1996. North Korea had an ambassador in Helsinki between 1978 and 1998 after which North Korea has stretched its representation in Stockholm to cover Finland as well.

⁸Interview with Venla Voutilainen, Korea Desk, Ministry of Foreign Affairs of Finland, August 2020.

The value of Finland's trade with North Korea is minimal, smaller than its annual humanitarian aid to the country. Humanitarian organizations assisting North Korea during the past 10 years include Fida, which had a project on potato farming, but had to end their operation in June 2019 after having worked in the country for 20 years. The cause of ceasing operations was increased US-led sanctions, which made international monetary transfers to North Korea extremely difficult for Finnish organizations (Fida 2019). The Finnish Red Cross has supported the health programme of the North Korean Red Cross since 2003 by supplying medications and hospital equipment. More recent forms of aid have included among other things preparing for crisis situations such as floods (Finnish Red Cross 2020). The Finn Church Aid has plans to start a project in three North Korean provinces to help malnourished primary school children. The project has received approval from the UN sanctions committee but is now on stand-by mode waiting for the coronavirus situation to improve and for the North Korean borders to open. Preparing for the Finn Church Aid's operation has required a lot of international cooperation not only with the UN bodies but also with the Swedish Foreign Ministry and the embassy in North Korea, US State Department and Treasury, US Embassy in Helsinki, South Korean authorities and Finnish Foreign Ministry. Financial support has been received from the Canadian church related aid organizations and Canadian Food Grains Bank.⁹

5 CULTURAL RELATIONS

Finland is increasingly well-known, and its country image is excellent in South Korea. Finnish education, design, and the Nordic relaxed lifestyle are admired by Koreans (Ministry for Foreign Affairs of Finland 2018, 9). The increased awareness is visible in tourism between the two countries. In 2010, there were around 10,000 visitors in both directions, but the number of Finnish tourists in South Korea has steadily increased to around 14,000 in 2018 (Korea Tourism Organization 2020). At the same time, the number of Koreans visiting Finland has grown more rapidly to almost 33,000. This is however much less compared to many other EU countries, such as Czech Republic, Austria, or the Netherlands (UNWTO). The overnight stays by South Koreans in Finland increased by over 20 percent in 2017 alone

⁹Interview with Jouni Hemberg, Executive Director of Finnish Church Aid, September 2020.

which is partly due to the daily direct flight Seoul-Helsinki, the fastest route from South Korea to Northern Europe (Ministry for Foreign Affairs of Finland 2018). In 2019, Finnair announced the opening of a new route Busan-Helsinki, the first direct route from Busan to Europe, but had to cancel the route in 2020 due to covid-19 (Finnair 2020).

Cultural relations are supported by language teaching, culture exchange, and friendship associations. One key figure in Finland's relations with Korea is Gustaf John Ramstedt who worked in East Asia as an ambassador to Japan, China and Siam between 1919 and 1929. While working in Tokyo, he compiled the first scientific grammar of Korean language. After returning to Finland he continued his career as professor of Altaic languages (Halén 1997; Ramstedt 1937).

Currently Korean language is taught at the University of Helsinki, and elementary level courses can be accessed widely in folk high schools and through open university education. Finnish language has been taught at the Seoul National University since 2016. Student exchange is growing, and the number of Korean students in Finland has increased steadily from around 140 students in 2011 to almost 300 in 2019 (Ministry of Foreign Affairs of the Republic of Korea 2020). The number of Finnish students in Korea has remained somewhat smaller at around 100 students a year except for 2015 when it reached over 400. There are two Korean studies programmes in Finland, one at the University of Turku and one at the University of Helsinki (Korea Foundation 2020).

Helsinki Asia Cine film festival organized yearly in Helsinki since 2013 has regularly shown Korean films (Helsinki Cine Asia 2020) and Bong Joon-ho's *Parasite* made it to nationwide distribution in 2019. Korean musicians have taken actively part in various classical music competitions in Finland, such as the Mirjam Helin singing competition.

There are two non-governmental organizations aiming to advance bilateral relations between Finland and South Korea: Finland-Republic of Korea Association, which was founded in 1981 and Finland-Republic of Korea Business Association, founded in 1986 to promote trade, investments and economic cooperation between the two countries.

6 CONCLUSION

Relations between Finland and South Korea are excellent. In the security realm, main drivers for the long-term cooperation relate to joint interests of both countries to uphold key norms in multilateral governance. Finland supports the efforts to build peace on the Korean Peninsula. Sanctions and covid-19 have made it more difficult to provide humanitarian assistance to North Korea, but the Finn Church Aid has plans for the future despite the currently dire situation.

Further bilateral cooperation between Finland and South Korea has recently been active in start-ups, innovation, and education. Trade is an important element in economic relations, whereas FDI remains somewhat lower than expected. In bilateral trade, South Korea exports consumer goods to Finland and imports Finnish industrial goods and ICT services. Also Finnish food, drinks and fashion are raising interest in the South Korean market. Finland's country image is very good and the Nordic relaxed lifestyle and equality are admired in Korea. This is visible in the increased Korean tourism in Finland as well.

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NETHERLANDS-SOUTH KOREA RELATIONS: A COMPLEMENTARY RELATIONSHIP BASED ON COMMON POLITICO-ECONOMIC CHARACTERISTICS

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1 INTRODUCTION

When it comes to the relationship between the Netherlands and South Korea, it is impossible to miss the anecdote of Hendrick Hamel who accidentally landed in South Korea in 1653 while he was sailing to Japan as an employee of VOC (the Dutch East India Company, one of the world's most influential international trading companies at the time). He was writing the journal of the ship *De Sperwer* and survived the deadly shipwreck on Jeju Island together with thirty-five other crewmates. When he finally returned to his homeland, the Netherlands, he was one of the first Europeans to provide a first-hand insight about Korea (Sohn 2015). It took a long time for both countries to connect again. The Netherlands dispatched its soldiers to South Korea as a part of the UN forces fighting against the communist army of North Korea during the Korean War. In total, about 5,000 Dutch soldiers participated in the war, and the war veterans remain highly appreciated by the South Korean government and people for their effort to protect the country (MPVA 2020).

Official relations between the Netherlands and South Korea were established in 1961 and have been maintained for the last 60 years without any critical tensions or diplomatic issues (Ministry of Foreign Affairs of the Republic of Korea 2020b). Both countries are successful small-medium sized economies and share many commonalities. One of the important traits is international trade, which both heavily rely on for their economic growth. Since 2010 they have increased their bilateral trade volume and investment as well and enhanced their diplomatic relationship, as indicated by frequent mutual state visits between the two countries. Dutch prime minister Mark Rutte visited South Korea in 2016 and 2018 together with an economic delegation. In 2016, the visit was also

related to the 55th anniversary of diplomatic relations between the countries and addressed the necessity of further collaboration in many fields related to the economy and business. A few years before this visit (in 2014), King Willem-Alexander and Queen Maxima of the Netherlands made a state visit to South Korea to reciprocate a visit by President Park Geun-Hye, who was the first South Korean president to visit the Netherlands in 2014.

2 ECONOMIC RELATIONS

As mentioned earlier, both the Netherlands and South Korea are among the largest trading countries in the world. As they have a relatively small domestic market, international trade is an important tool for economic growth for both countries. The Netherlands was ranked as the fifth largest trading country in the world while South Korea was ranked sixth as of 2017 (WTO 2018). In respect to each other, South Korea is the Netherlands' second largest export market in Asia after China and the Netherlands is also the second largest EU trading country for South Korea after Germany (GOTN 2020). Recently, exports of electric vehicles from South Korea to the Netherlands have increased remarkably while the export of heavy oil (fuel oil) from the Netherlands to South Korea has also increased. In 2005, Rotterdam port and Busan port signed a memorandum of understanding for mutual cooperation. Currently, the Busan Port Authority is investing in Rotterdam port to build a warehouse which will facilitate South Korean logistics arriving to and departing from Europe. The warehouse will be available from 2021 and will be operated by Samsung SDS. Economic engagement between the two countries is well presented with this investment. Table 1 below shows the trade volume between the two countries. Table 2, also below, presents FDI trends between the Netherlands and Korea. As table 2 indicates, FDI between both countries is increasing, indicating a growing economic cooperation.

What makes the Netherlands a favourable investment destination? Among many things, the Netherlands is famous for its business-friendly environment. It is easy to communicate in English in the Netherlands, which makes convenient for foreigners to access the market for investment, business and employment. The Eurobarometer report (2011) says that 90 percent of the population in the Netherlands speaks

English. Also, the Netherlands offers fast and reliable government services for entrepreneurs doing business in the country. After Brexit, many companies from London are moving to continental European cities and Amsterdam is a competitive destination due to these infrastructures. This favourable business environment appeals to South Korean companies as well. Thus, many South Korean companies have been investing in the Netherlands in recent years.

When Dutch prime minister Mark Rutte visited South Korea in 2018, he mentioned that he would like to learn about the start-up fostering system in the country, indicating that the level of entrepreneurship among young adults in South Korea is similar to that of the Netherlands. However, the Netherlands is also famous for offering one of the best eco-systems for start-ups globally. The Dutch government believes that the start-up sector will bring more jobs to the Dutch economy in the future. Indeed, according to the available statistics, more than 20,000 jobs have been created by start-ups and related investment. For example, companies such as WeTransfer, Booking.com and Takeaway.com are successful unicorns that benefit from Dutch investment in this sector and now contribute to the Dutch economy while thriving in world markets (Iamsterdam.com 2020). The Netherlands ranks fourth on the 2019 global Innovation index (WIPO 2019). In this regard, there are some sectors in which South Korea and the Netherlands can collaborate together. Even though South Korea already has a good education system for start-ups, it may wish to adopt the start-up fostering ecosystem from the Netherlands, which offers good mentoring and acceleration programmes. Meanwhile, the Netherlands lacks companies in the game industry, while the sales of the South Korean game industry reached US\$12.25 billion in 2018. As the game industry itself generates economic value but also supports up-to-date IT technologies, it is worth to invest and foster it for the future. As start-ups are a driving force towards a new economy that promotes innovation, the two countries may find it beneficial to collaborate in this area.

Due to its persistent shift from fossil fuels to eco-friendly transportation solutions, the Netherlands is an important market for electric cars produced by South Korean car companies such as Hyundai and Kia. According to recent statistics, Kia Niro was the best-selling electric care in the Netherlands between January and July in 2020, followed by Tesla and Volkswagen (EAFO

2020). Hyundai Kona ranked fourth. As the Netherlands is concerned about sustainable development and climate change, related industries and products are easily accepted by the market as this example of electric car sales proves. Similarly, the Netherlands is very advance with circular economy solutions, and in the renewable energy sector both in practice and technologically. This is another area where South Korea and the Netherlands can collaborate.

Agriculture is another sector for cooperation between the two countries. Even though the Netherlands is known for its small territory, its cultivating land is 20 times bigger than South Korea's. Also, the Netherlands ranks second in the export of agricultural products by monetary volume, after the US. This comes from specialization and quality products: the Netherlands exports value-added agricultural products and technologies to other countries. The world's best research institute in the agricultural sector, Wageningen University¹⁰ is also located in the Netherlands. Researchers from all over the world, including South Korea, visit the town of Wageningen for research collaboration and knowledge acquisition. Recent Dutch government policies in the agricultural sector focus on 'circular agriculture', aiming at minimizing waste in agricultural processes and therefore minimizing the harm to nature. The policy does not target having as many harvests as possible but to develop innovative agricultural technology that helps future generations. South Korean agriculture is moving in the same direction as the Netherlands. The South Korean government has established a new department, the Rural Development Administration, that is focusing on agricultural technology development and promoting innovative and sustainable agriculture, and therefore further cooperation in agriculture could result in synergies in this area.

It is well-known that South Korea is a leading economy in semi-conductor development and manufacturing, but not many people know that the Netherlands plays an important role in this sector too, with companies such as ASM, ASML and NXP. ASML offers photolithographic machines which use light to etch integrated circuits onto silicon wafers and its world market share is 62 percent. The major chipmakers in the world including Samsung and Hynics in South Korea rely, therefore, heavily on ASML. Since 1996, ASML has been investing in South Korea as the country started to promote the semi-conductor industry. Currently the company employs more than 14,000 people in South Korea directly and operates in four

¹⁰Ranked first in the Agriculture and Forestry category in the QS ranking of 2019 and during the three previous years as well.

different locations. Further collaboration in this sector will contribute to economic relations between the two countries (ASML 2012; The Economist 2020).

Table 1. The Netherlands' trade relations with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Exports</i>	4774	5306	4627	5058	5512	5303	4024	3821	4649
<i>Imports</i>	6896	4189	4425	3994	4213	4580	4349	4229	6141

Source: WITS

Table 2. The Netherlands' FDI stocks with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Inward</i>	2707	3755	5540	7394	8143	12476	11695	8034	8034
<i>Outward</i>	16044	14895	18403	16617	16174	15428	17581	28446	21655

Source: IMF

3 SECURITY RELATIONS

In 2017 and 2018, the Netherlands and Italy shared a seat at the UN Security Council. During that time, the Netherlands put its efforts on conflict prevention, peacekeeping, the protection of civilians during conflicts, the rule of law and the effects of climate change on peace and security. Those efforts obviously influenced the Korean Peninsula as well (Government of the Netherlands 2018).

After the Cold War, in common with other European countries, the Netherlands reduced its defence budget and the expenditure in 2019 was 1.3 percent of its GDP. The Netherlands belongs to NATO and the security and defence policy is in accordance with other NATO member countries and the EU. According to a security policy paper from the Ministry of Foreign affairs of the Netherlands, nuclear ambition of North Korea and its capacity of operating ballistic missiles are clearly stated as a potential threat (Ministry of Foreign Affairs of the Netherlands 2018).

When it comes to areas of collaboration between the Netherlands and South Korea in the defence industry, South Korea can learn a lesson from the Netherlands regarding how to sustain a defence industry even though the size of the military is getting smaller. The Netherlands actively exports components or parts from its defence industry so that it can thrive. There are 350 small-sized companies in the defence industry in the Netherlands and they employ 25,000 employees directly. Among them, 8,000 employees are working in R&D (Ministry of Defence 2018). One can conclude that the core of the defence industry in the Netherlands is exporting (Wezeman 2018). SIPRI reports that the Netherlands is the tenth biggest defence industry exporter while South Korea is ranked 12th. Considering that South Korea has a bigger military and defence budget, the export value from the defence industry in the Netherlands is impressive. A major difference in defence industry exports between the two countries is that, while South Korea focuses on exporting finished products (Choi 2019), the Netherlands exports components and parts to other countries which face lower trade barriers and easier access to markets.

Lastly, South Korea may also expect that the Netherlands will play a role in negotiations between the two Koreas. As the Netherlands has diplomatic relations with both South and North Korea without any visible conflicts it could play a role as a facilitator.

4 NORTH KOREA

North Korea's nuclear activities froze the atmosphere on the Korean Peninsula but after South Korea started to improve inter-Korea relations in the early 2000s, North Korea also started to establish diplomatic relations with many European countries. The Netherlands also established diplomatic relations with North Korea in 2001 (Wertz et al. 2016). After this, they exchanged diplomatic delegations with each other. Besides the fact that Dutch soldiers were engaged in the Korean War on South Korea's side (as part of the UN mission), there was no particular conflict between the Netherlands and North Korea. North Korea even allowed KLM to use its air space so that it can shorten flight distances.

The Netherlands also provides official development aid (ODA) to North Korea. The amount of ODA towards North Korea is not significant when it compared to the total expenditure of the country in ODA, but still the Netherlands has constantly supported the development of North Korea.

Recently the Netherlands, like other countries, has been implementing sanctions towards North Korea, and the relationship between the two countries is not in good terms. Prime minister Mark Rutte has criticized human right violations in North Korea (also in Syria and Eritrea) during a speech at the Lowy Institute in Sydney in 2019 (Government of The Netherlands 2019). The Minister of Foreign Affairs of the Netherlands, Stef Blok, also criticized North Korea when it blew up the Inter-Korea Liaison Office earlier this year. North Korea also criticized the Netherlands when it figured out that it was behind the exile of Kim Han-sol, the nephew of Kim Jung-un. As the cold relationship between North Korea and the Netherlands suggests, the trade volume between the two countries has dropped dramatically.

5 CULTURAL RELATIONS

This year, the Netherlands government released the newest version of its International Cultural Policy, which contains their strategy for 2021-24 (Ministry of Foreign Affairs and Ministry of Education, Culture and Science of the Netherlands 2020). In this report, South Korea is highlighted as one of the strategic focuses together with 22 other countries. Cultural exchanges and mutual understanding are a good catalyser for further cooperation between the two countries.

In recent years, the Netherlands-South Korea cultural relationship has gotten stronger as both countries have also increased their economic and business relations (Government of the Netherlands 2011). As a natural result of increased economic and business relations, more people are traveling between the countries and more information flows between them. Currently, Korean Air and KLM have direct regular flights between the two countries and transport passengers and cargo. Cultural relations between the countries can be explained in many ways. Firstly, the number of South Korean students in the Netherlands is increasing. Due to COVID19, there are less exchange students travelling between the two

countries at the moment, but the Netherlands hosts about 1,000 South Korean students per year for the degree programs (NUFFIC 2020), and the number reach 2,000 when the exchange students and PhD students are included in the statistics (Ministry of Foreign Affairs of the Republic of Korea 2020a). As the Netherlands offers most university education in English, the country is gaining popularity among South Korean students who used to choose their study destination only among English speaking countries. These student exchanges increase mutual understanding and facilitate further collaboration between the two countries. In addition, the University of Leiden runs a Korean language program and a degree program in Korean Studies. The University of Groningen offers Korea-related courses in the Faculty of Economics and Business and in the postgraduate degree programme in East Asian Studies, and also hosts a 'Korea Corner' at the main library introducing Korea-related literature and cultural materials (University of Groningen 2020).

Sports is another area in which the Netherlands and South Korea have potential for collaboration. Guus Hiddink, former chief coach of the South Korean national football team during the World Cup 2002, is one of the most famous Dutch in Korea. Through his leadership, the South Korean soccer team made it to the semi-final of the World Cup and people started to have interest in the Netherlands. During the PyeongChang 2018 Winter Olympics, which took place in South Korea, the Netherlands won eight gold medals and competed with South Korean athletes in many sports.

The Embassy of the Netherlands in the Republic of Korea runs a blog on Dutch culture and promotes its culture in South Korea. Among others, Dutch architecture and their work in South Korea have also gained attention (Woo-young Lee 2013). As Dutch modern architecture is known for its innovative and environment friendly character, it is also widely appreciated in South Korea and many Dutch architects are working in the country. The blog promotes arts exhibitions in South Korea as well. As Vincent van Gogh is one of the favourite painters in South Korea, the Netherlands has supported several exhibitions related to it. South Korean tourists to Amsterdam also include the van Gogh Museum among their visits.

South Korean K-pop and movies are another cultural factor that influences the relationship between the two countries. After *Parasite* won the Academy Award in early 2020, movie theatres in the Netherlands released the movie and other South Korean movies also started to gain attention. K-pop stars, such as BTS and Blackpink, had concerts in Amsterdam attracting local fans, which proves the recent popularity of K-pop in the Netherlands.

6 CONCLUSION

As stated throughout this chapter, the Netherlands and South Korea have strong economic and business relations, and the relationship will continue to grow over the next years as well. It is very natural to have increasing cultural exchanges when the business and the economy strengthen mutual ties. Eventually, increasing cultural exchanges will enhance further cooperation in economic and business relations, making a virtuous circle.

Both the Netherlands and South Korea are under circumstances in which they should rely on the global economy and trade for their economic growth. Having similar economic profiles and size, but located far apart, one in Europe and the other one in East Asia, they have good terms of collaborations and complementarities. The fact that they do not have any historical conflicts or political issues also makes it easy for them to collaborate and cooperate. Learning from each other and supplementing each other, the Netherlands and South Korea can grow together toward the future.

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ROMANIA – SOUTH KOREA RELATIONS: A STRATEGIC PARTNERSHIP IN PROGRESS

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1 INTRODUCTION

Romania and South Korea share a relatively short history of 30 years of diplomatic ties, a strategic partnership in development, economic and investment relations that continue to grow and close people-to-people contacts. While diplomatic ties were established only in March 1990, the idea of building connections between the two sides dates back to the early 1970s, when all South Korean attempts coming from authorities or private individuals however stumbled over the ideological wall of socialism (Urian 2019). It was the collapse of communism and the establishment of a democratic regime in Bucharest that created the foundations for diplomatic relations between Romania and South Korea.

Multiple official and state visits paid by both sides, especially after 2000, have helped cement the bilateral dialogue. The evolution of bilateral relations led to the signing in September 2008, in Seoul, of the Joint Declaration on the Establishment of the Bilateral Strategic Partnership between Romania and the Republic of Korea, complemented in 2010 by the Joint Plan of Action for the Implementation of the Partnership. Promoting liberal democracy and the market economy, the document establishes the framework for medium and long term cooperation in political and security areas (including energy security), in trade and investment, and in cultural and educational areas (Ministry of Foreign Affairs of Romania 2020).

Thus, Romania became the first EU country to sign a strategic partnership with South Korea, even before the EU-South Korea bilateral relations were upgraded to the same level. South Korea was also Romania's first strategic partner in Asia and is still its only such partner on the continent, making it one of the top priorities in the region for Romania, together with China and Japan.

The participation of the incumbent South Korean Minister of Foreign Affairs at the Annual Reunion of Romanian Diplomacy in September 2020, as the first Asian foreign minister to participate at this meeting in the last ten years, stands as proof of the increased level of political and diplomatic cooperation between the two sides (Yonhap 2020).

2 ECONOMIC RELATIONS

Three decades after the establishment of diplomatic relations between the two partners, the level of cooperation attained at the political level could come together with increased economic cooperation. This could be done by maximizing Romania's status as an emerging market, with large absorption capacity of foreign investment, in connection with South Korea's position as an expanding economy searching for new markets.

While there was no direct trade between the two countries before March 1990, the establishment of the bilateral Strategic Partnership in 2008, followed by the signing of the EU-South Korea FTA in 2009 and the provisional application of the agreement in 2011, led to a record value of Romanian exports to the South Korean market in 2012-13. In fact, 2013 was the first year in which Romania recorded a favourable trade balance with South Korea. A significant contribution was made by exports from the main South Korean investments in Romania to the South Korean market: Samsung (at Oțelinox Târgoviște) and Doosan (at IMGB – Kvarner) (Republic of Korea – Business guidebook 2019).

While it ranks second among the top Asian countries Romania imports goods from, South Korea is Romania's third largest Asian export market, after China and Japan. According to the Romanian National Institute of Statistics, the total trade volume between Romania and South Korea increased by 16 percent in 2019, reaching €724.28 million, with higher values for both imports and exports. While Romanian figures point to a trade surplus of €201,5 million in South Korea's favour, the Korea International Trade Association (KITA) registered a trade surplus of only US\$106.6 million (Romania – International trade, Monthly Newsletter 2019). The difference shows that much more Romanian products

reach the South Korean market through companies located in third countries, recorded by the Romanian authorities as exports in third countries, whereas at import, the South Korean customs lists them by the country of origin.

As regards to the structure of the bilateral trade, Romania's main exports to South Korea include: machinery and mechanical appliances, electrical machinery and equipment, steel sheets and aluminium blocks, machine tool, cereals, wood and articles of wood. Some of top South Korean imports include TVs, electronic and audio-video equipment, chemical products, car batteries, motor vehicles and fiber-optic cables (Ministry of Economy, Energy and Business Environment 2020).

In terms of investments, 267 companies with South Korean capital were active in Romania as of early 2020, representing only 0.11 percent of all foreign-owned companies registered in the country, whereas total South Korean investment in Romania reached US\$291.44 million (Ministry of Economy, Energy and Business Environment 2020). On a bigger scale, since 1990 South Korean investments in Romania reached almost US\$1 billion, with the total amount of investments increasing three-fold between 2008-19, compared to the period prior to the signing of the Strategic Partnership (Korea Eximbank 2020). However, as in the case of trade in goods, the real value of South Korean investments in Romania is greater than the one Romanian statistics indicate because some investments were conducted through European subsidiaries of South Korean companies, such as Samsung at Oțelinox Târgoviște and at Giurgiu (a photovoltaic park in 2013), which are listed as German investments (Republic of Korea – Business Guidebook 2019).

Machine manufacturing, chemical industry, wholesale and retail trade, business facilities management and telecommunications are among the main areas of economic cooperation. The most important investments come from Hanjin Shipping Co. Ltd. (agriculture), Dongyang E&P Inc. (production of engines, electrical generators and transformers), Hanil Electronics Co. Ltd. (computers and office equipment) and Samsung (production of steel and LCD screens). It is worth mentioning here the investment by the Doosan Group (metallurgical industry) that took over Kvaerner/IMGB (a heavy machinery enterprise with a long history), Samsung that took over Oțelinox Târgoviște (the only producer

of stainless steel products in the former communist countries in Europe) and Hyosung Group that took over the airbags plant GST Automotive Safety Ro in Sighişoara. Other notable projects developed with South Korean investment include the modernisation of telecommunication systems and the construction of an electric power station (Republic of Korea – Business Guidebook 2019).

More recently, South Korean companies have expressed interest in participating in nuclear energy projects in Romania and in other energy sectors, such as solar energy, and electric car batteries. In fact, South Korea is one of the biggest investors in Romania in the solar energy sector – the solar energy generated by South Korean companies accounts for approximately 14 percent of the total generated in Romania (Embassy of the Republic of Korea in Romania 2020).

It is not only through funds that South Korean partners help Romania develop, but also through knowledge sharing. Based on a memorandum of understanding signed in November 2017 with the South Korean Ministry of Economy and Finance, the Romanian Ministry for Business Environment, Trade and Entrepreneurship launched in February 2019 the implementation process of the KSP (Knowledge Sharing Program) 2018/2019 programme Establishing and managing business incubators, building synergies between SMEs, developing innovation capacity for SMEs. As a knowledge-intensive development cooperation project, KSP aims to share know-how and targeted consultancy. Following the KSP policy recommendations, Romania opened in May 2019 the Research Centre for Productivity within the Academy of Business Studies. Next steps include the establishment of the Romanian Productivity Centre along the lines of the Korean Productivity Centre (Ministry for Business Environment, Trade and Entrepreneurship 2019).

In the COVID-19 pandemic context, Romania and South Korea have been seen stepping up bilateral cooperation as part of the efforts to combat the coronavirus. Less than a week after the declaration of a state of emergency in Romania in March 2020, a South Korean company agreed to ship 20,000 SARS-CoV-2 testing kits (two million individual tests) to Romania in a government-arranged deal (Yonhap 2020). Thus, Romania was one of the first countries helped to purchase diagnostic kits by the South Korean government, out of 47 that asked about or made requests for importing test kits from South Korea (Yonhap 2020). A first

tranche of 2,000 kits arrived in Bucharest in just three days and it was followed the next day by the arrival of 45 tons of medical equipment sent from Seoul. Another 45 tons of South Korean virus protective gear were brought to Romania beginning of April (Ministry of National Defence of Romania 2020).

Table 1. Romania's trade relations with South Korea, million EUR

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Exports	215	246	376	458	308	414	295	243	1954	261
Imports	440	470	394	381	466	483	509	415	4119	462

Source: Ministry of Economy, Energy and Business Environment of Romania

Table 2. Romania FDI's stocks with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Inward	158	158	211	164	85	71	197	611	610
Outward	0	0	0	0	1	0	-1	3	-1

Source: IMF

3 SECURITY RELATIONS

Sharing common values, like democracy, multilateralism, peace and stability, Romania and South Korea have worked jointly over the years on multiple dossiers at the international level. Their security relations are multilateral rather than bilateral. While Romania expressed its full support for the active implementation of UN Security Council sanctions and for the resolution of the North Korean nuclear file, South Korea, as an OECD member, actively supports Romania's candidacy for OECD membership.

They also collaborate in different multilateral initiatives, for instance the Warsaw Process and the Community of Democracies. Just recently, in November 2019, Romania hosted a meeting of the Warsaw Process Working Group on

Missile Proliferation, leading to a summary statement, to which South Korea subscribed together with other countries. The same applied on the occasion of the Working Group on Cybersecurity, co-chaired by South Korea in October 2019, where Romania participated and contributed to the working group's statement (US Department of State 2019b).

What certainly brings Romania and South Korea together is their close ties to the US in terms of defence, both countries hosting US forces, US military bases and missile defence systems (both countries have hosted the THAAD system). For Romania, the Trans-Atlantic partnership is taken seriously to the point where it was the first country to officially stand next to the US opposing the involvement of untrustworthy companies in developing its national 5G network, signing a memorandum of understanding indirectly referring to Huawei (Brînză 2019). In August 2019, the Romanian Ambassador to the US signed with his American counterpart a memorandum of understanding regarding 5G technology, endorsing the Prague Proposals, a document agreed and supported by 32 countries, including South Korea, the EU and NATO.

Furthermore, it is with the US and NATO's help that the Romanian government managed to bring medical supplies from South Korea. Romania was the first ally to access the Strategic Airlift Capability mechanism (Ministry of Foreign Affairs of Romania 2020), developed by NATO, to transport medical protection equipment from Seoul to Bucharest, with transport costs being covered by the US, in March and April 2020.

4 NORTH KOREA

Romania's diplomatic relations with North Korea date back to October 1948, right after the communist regime came to power in Bucharest. Romania and North Korea began having a closer relationship in the 1970s, when Nicolae Ceaușescu and Kim Il Sung paid visits to each other, trying to boost bilateral relations and bring their countries closer. It was their interpretation of the Marxist-Leninist ideology and the wish to emancipate from Soviet influence that brought them together and led to stronger bilateral cooperation (Rinna 2018). It is said that,

after his visit to North Korea, Ceaușescu was very impressed by his experience and wanted to emulate Kim's personality cult, thus leading to the creation of Ceaușescu's personality cult in Romania (Behr 1991).

After 1990, once Romania established diplomatic relations with South Korea, bilateral political relations with North Korea have declined visibly, with no high-level political visits or contacts since then. Currently, both countries have their embassies still operating, with the Romanian embassy in Pyongyang led by a charge d'affaires, while North Korea is represented in Romania by an ambassador.

Between January and June 2015, Romania held the local representation of the EU in Pyongyang for the third time, through its diplomatic mission. In coordination with the European External Action Service, Romania sought to promote the EU's guidelines on relations with North Korea, in order to support communication between Brussels and Pyongyang in an open and transparent manner. The dialogue focused on the non-proliferation of nuclear weapons and the protection of human rights, as well as on the normalization of inter-Korean relations, reconciliation, security and stability in the Korean Peninsula and in Northeast Asia (Ministry of Foreign Affairs of Romania 2015).

At the bilateral level, several political and diplomatic consultations were held between 2010-2015. However, in terms of trade, currently there is almost no bilateral exchange between Romania and North Korea because of the sanctions regime imposed by the UN.

On the nuclear file, Romania actively supports international efforts to build a nuclear-free and secure Korean Peninsula through peaceful means, by calling the government in Pyongyang to implement all resolutions of the UN Security Council and the International Atomic Energy Agency, to abandon all existing nuclear program in a comprehensive, verifiable and irreversible manner, and to refrain from any action that affects regional and global stability (Ministry of Foreign Affairs of Romania 2017). Romanian authorities have also showed on multiple occasions their support for the implementation in a consistent manner of the international sanctions against North Korea.

Furthermore, as an expression of where it stands on the Korean Peninsula security crisis, Romania, along with Bulgaria and the Czech Republic, decided to cease issuing work permits to North Korean workers in May 2017, approximately seven months before the UN Security Council passed Resolution 2397 (which aims to phase out the employment of North Korean citizens abroad) (Yonhap2017).

5 CULTURAL RELATIONS

In terms of cultural exchanges and people-to-people contacts, the two countries offer mutual scholarships on an annual basis, through an expanding number of universities that establish sister-ship relations, such as Hankuk University of Foreign Studies in Seoul, which hosts a Department of Romanian Language and Literature since 1987, and the University of Bucharest, Iași University, Babeș – Bolyai University of Cluj (Embassy of Romania in the Republic of Korea). Romanian universities do not only provide undergraduate programmes in Korean language and culture, economy and contemporary history, but also a postgraduate degree in Asian Studies, dedicated to Korean, Chinese or Japanese language students, and the opportunity for students to participate at international summer schools in Seoul.

Several exchange programmes – art exhibitions, book donations, artistic performances or movie weeks – are put into practice through the cultural agreement between the governments of Romania and South Korea on cooperation in fields such as culture, arts, education and sports, signed in Seoul in 1991. Passion and interest for Korean culture also come from multiple Romanian-Korean associations that aim to strengthen intercultural relations between the two sides through annual events and activities: K-pop music and dance contests, Korean traditional food and art workshops, Korean language and culture & civilization classes, exhibitions, classical and traditional music concerts. Moreover, the South Korean government opened recently the King Sejong Institute in Romania, at the Dimitrie Cantemir University (Economistul 2020).

In 2011, Alexandru Tomescu, a well-known Romanian violinist, was appointed Goodwill Ambassador by the South Korean Government. Two years later, he

held a number of events, including concerts, recitals and master classes, and meetings with diplomats in Seoul, as well as radio and television interviews in South Korea. The events were part of a project started at the initiative of South Korea's Ambassador in Bucharest and was coordinated by the South Korean Ministry of Foreign Affairs (Embassy of the Republic of Korea in Romania 2013).

At the academic level, there is also collaboration between the National Institute for Research and Development in Informatics Bucharest and the Korean National Information Society Agency, based on an agreement signed in 2014, establishing the Centre for Cooperation Romanian-Korean IT (ITCC) (National Institute for Research and Development in Informatics). The pilot project developed by the ITCC – the 'Digital Library of System in Cloud Computing' - was designed and tested in South Korea and is the first step towards implementing a single digital national system library and archive in Romania.

6 CONCLUSION

While the Romanian-South Korean partnership is praised by both sides at the political level, it is commonly recognized that there is still room for improvement at the economic level. The potential seen by the authorities in Bucharest and Seoul regarding trade and investment relations is far from being attained, considering Romania's location on the Black Sea coast and at the border of EU, the latest being the largest single market in the world. Romania's potential to attract investors is underpinned by its diversified industry, good conditions for a productive agriculture, raw materials and natural resources, as well as a pool of skilled labour combined with low labour costs.

Furthermore, it is remarkable that many official visits have been paid by both partners over the 30 years of relations, but there are two elements to be considered down the road. One is related to the lack of state visits between Romania and South Korea in the ten years after the signing of the strategic partnership and secondly, there has been no major concrete project implemented by the authorities to help strengthen bilateral ties following these contacts. What is certain is that Romania could take better advantage of the knowledge and

know-how that South Korean companies are ready to share in multiple sectors, if only it could see farther from the EU and the US, on which its foreign and trade policies are mainly focused.

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SLOVAKIA-SOUTH KOREA RELATIONS: AN IMPOTRANT PARTNERSHIP OPEN FOR NEW OPPORTUNITIES

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1 INTRODUCTION

Official bilateral relations between Slovakia and South Korea were established in 1993. In this rather short period of bilateral relations, South Korea has become one of the most important partners for Slovakia. The importance lays above all in economic relations, specifically South Korean FDI into Slovakia. Nowadays, around 100 South Korean companies operate in Slovak territory, making South Korea the most important economic partner from outside of Europe, and the fifth most important investor overall. The most significant South Korean companies are Samsung and Hyundai Kia (Kia Motors).

Notwithstanding the importance of this area of relations, there is a strong interest on both sides to broaden the scope and quality of relations into other areas, mainly education, R&D and innovation, but also culture and people-to-people relations. Especially, the Slovak government emphasizes an interest in R&D and the innovation activities of those South Korean companies already present in Slovakia.

The importance of the relationship is expressed in the rather stable number of visits of political representatives from both countries, at the level of different ministers and highest representatives of both parliaments. In the occasion of the 25th anniversary of diplomatic relations in 2018 a first ever summit between the presidents of both countries took place.

Bilateral relations are stable and friendly, but there is a space for further development, especially on the side of Slovakia. Even if the government acknowledges the importance of relations with South Korea, the foreign policy is still mainly focused on Europe and the immediate neighbourhood. Additionally,

trade relations are obviously in favour of South Korea, with no investment of Slovak companies in South Korea and rather low exports of Slovak products. Nevertheless, there is a growing activity among business-supporting state agencies to provide help, support and opportunities to Slovak companies not only in the South Korean but also in other Asian markets.

Besides bilateral relations, South Korea and Slovakia are engaged in cooperation, consultation and relations at the multilateral level via the OECD, EU-South Korea relations, and Visegrad Group (V4)-South Korea relations. Especially, the V4-South Korea platform is gaining importance in recent years in the area of security cooperation and also in area of science, technology and innovation. As the Visegrad Group is not a unified platform and the countries differ especially in terms of legislation, cooperation is complex and focuses on several issues. One of them is competition among the four Central European countries over FDI coming from South Korea.

2 ECONOMIC RELATIONS

South Korea belongs to the group of the most important trading partners of Slovakia. The economic aspect of relations is the most significant and most discussed during bilateral meetings. Nevertheless, a decision to hold regular meetings of representatives below ministerial level was only adopted in 2015, and the first meeting of the Joint Economic Commission took place in 2018 in Seoul. Many Slovak ministries were represented – Ministry of Economy, Ministry of Finance, Ministry of Transport and Construction, Ministry of Health – as well as the Slovak Academy of Science and the Slovak Innovation and Energy Agency. The issues discussed were how to increase trade and investment, setting up collaboration in areas such as industrial cooperation, science and technology, R&D, and also infrastructure, transportation and tourism. South Korean representatives suggested possible investments in infrastructure projects (Ministry of Foreign Affairs of the Republic of Korea 2018). The Committee was expected to meet in Slovakia in 2020, but due to the corona pandemic it has not been possible at the time of writing. In addition, a Joint Committee on Science and Technology was launched in 2016 in Bratislava, with a second meeting in Seoul in the autumn of 2018.

When looking at bilateral trade, South Korea is the second most important trading partner from Asia, behind China and ahead of Japan. However, the difference in trade volume between China and South Korea has been small in recent years. The overall annual trade between both countries regularly exceeds 4 billion euro, occasionally jumping above 5 billion euro. From a Slovak perspective, the trade balance is negative as exports from Slovakia to South Korea remain rather low, even though it was worth €354.8 million in 2019, which was a significant jump compared to €99.8 million the previous year (Ministry of Economy of the Slovak Republic 2019).

A document on investment possibilities, country profile, mutual relations and other information about South Korea produced annually by the Ministry of Foreign and European Affairs of the Slovak Republic mentions the items exported from Slovakia. These are machines and mechanical equipment (36.1 percent), products made of plastic and rubber (23.6 percent), automobiles and spare parts (6.1 percent) and electronics (10.9 percent). The same document provides the following information about imported items and categories: electronics and mechanical equipment (55.9 percent), automobiles and spare parts (23.1 percent) and optical and medical machines and their parts (5.4 percent) (Ministry of Foreign and European Affairs 2019a: 19).

The direct impact of the FTA between EU and South Korea on bilateral relations between the Asian country and Slovakia is rather difficult to assess, as most FDI flows were already reaching Slovakia before the agreement was signed. From the available statistics it is obvious that the trade volume has been steadily increasing since South Korean companies started their operation in Slovakia, especially after Kia Slovakia launched production. When looking at the value of imports to Slovakia from South Korea since 2010, we can see a slight increase to over €5 billion in 2012 and 2013, but then drop to around 4 billion euro. This initial increase could be related to the EU-South Korea FTA as a significant number of tariffs have been cancelled.

The core feature of economic relations lays in South Korean FDI in Slovakia. Currently there are around 100 South Korean companies operating, with investments worth €2.9 billion which counts for 82 percent of non-European investments in the country (Ministry of Foreign and European Affairs 2019a: 11).

Most South Korean companies are linked to three major South Korean investors: Kia Motors, part of Hyundai Motor Group, operating since 2004 in Zilina, Samsung Electronics Slovakia, operating since 2002 in Galanta, and Samsung SDS Global SCL Slovakia, operating since 2013 in Voderady. The remaining companies are scattered in the surrounding areas, and mainly provide parts and components to Kia Motors and Samsung. Some of them include Mobis, Yura Corporation, Hannon Systems, Sungwoon Hitech or Donghee.

South Korean companies are perceived as important employers in Slovakia, with three of them employing more than 1,000 employees. Kia Motors is the biggest employer from among the South Korean companies, with around 3,800 employees. Mobis falls in the category of 2,000-2,900 employees, and Yura Corporation falls in the category of 1,000-1,900 employees (CEIAS 2020a). Recently Kia Motor announced a plan to invest another €70 million, which would allow the company to produce new generation engines (Hospodárske noviny 2020).

South Korean companies are the greatest taxpayers in Slovakia, when compared to other Asian countries, with €103.21 million paid in 2018. More than a half was paid by Kia Motors, with €16.7 million paid by Samsung in second place and €12.4 million paid by Mobis in third (CEIAS 2020b).

The growing size of South Korean investments and companies operating in Slovakia was reflected also in the banking sector, when in 2013 KDB Bank Europe opened a branch in Bratislava as part of its expansion plan in Europe. Recently, a new area of South Korean investment has opened in Slovakia. In the summer of 2019 AIP Asset Management entered the Slovak real estate market, together with London-based Valesco Group, by buying an office building in a new economic and business centre currently under construction in Bratislava (Europaproperty 2019). This area of cooperation has been already discussed by governmental representatives in several occasions.

In terms of the future development and evolution of mutual economic relations, Slovakia is interested in several areas. Firstly, the most important priority would be to secure the presence of existing South Korean companies in Slovakia. The Slovak government provided new companies with incentives in the form of income tax relief for a set period of time. One recent incentive came with

a new type of tax relief for those companies that are engaging in research and development activities. It takes the form of research and development cost deduction (super deduction) (Ministry of Education, Science and Sport of the Slovak Republic 2020). Secondly, the new types of subsidies strongly suggest the areas in of greatest interest for the Slovak government. Government representatives do realize the strong dependency of the economy on the automotive industry. There is already a discussion underway, involving South Korean partners, to start to focus on green technology in the automotive industry and the production of zero-waste cars or hydrogen fuelled cars (Finweb 2019; Ministry of Economy of the Slovak Republic 2019). Especially, hydrogen technology possibilities are strongly favoured by the new Minister of Economy. Thirdly, the Slovak government is still interested in attracting new possible investors from South Korea. Based on the Slovak National R&D Specialization Strategy, there are several priorities in relation to South Korea. Potential new cooperation areas emphasized include material research and nanotechnology, biomedicine and biochemistry, and ICT (Kim, Kim and Kang 2018).

Table 1. Slovakia's trade relations with South Korea, million EUR

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Exports</i>	92	98	91	83	108	109	134	91	99
<i>Imports</i>	3788	4183	5600	5150	4379	4262	3946	4063	4438

Source: Ministry of Economy of the Slovak Republic

Table 2. Slovakia's FDI stock with South Korea, million USD

	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Inward</i>	1446	1683	2271	2721	2640	2490	2438	2614	2640
<i>Outward</i>	-1	-2	-1	0	-1	0	-1	-1	-19

Source: IMF CDIS

3 SECURITY RELATIONS

Since Slovak foreign and security policy is concentrated mainly on the EU, NATO, neighbouring countries and the Western Balkans, security situation with East Asia are side-lined. Slovakia, as a member of international institutions, including the UN, supports the stability of the Korean Peninsula in relation to the North Korean nuclear programme and inter-Korean relations.

Security relations are currently being developed through the V4-South Korea platform. There are consultations on cooperation taking place at the level of deputy ministers of defence. South Korean representatives are interested in projects related to cooperation in cyber security. However, cyber security legislation is different among the Visegrad countries, and the consultations have been moved to the bilateral relationship between some of the V4 countries and South Korea.

4 NORTH KOREA AND BILATERAL RELATIONS

In terms of the situation in North Korea, Slovakia declared its support for the policy of President Moon Jae-In during the visit of Slovak president Andrej Kiska. He emphasized the need to denuclearize the Korean Peninsula and expressed support to all the initiatives and policies aimed at the de-escalation of tensions (Prezident 2018).

Regarding relations with North Korea, Slovakia does not have a residential embassy in Pyongyang. The embassy in Seoul deals with bilateral relations. At the same time, North Korea does not have an embassy in Slovakia. The embassy in Prague, the Czech Republic, covers relations with Slovakia. In terms of bilateral relations, there is an issue over the debt that North Korea has towards Slovakia, originating from relations during Cold War (Ministry of Foreign and European Affairs 2019b). As this issue comes from the time when Czechoslovakia existed, there should be coordination between both countries in handling it.

In the past when relations between Czechoslovakia and North Korea were friendly, Czechoslovakia was selected by North Korea as one of the nations to be represented in the Neutral Nations Supervisory Commission. In addition, Czechoslovakia as an allied nation was a destination for students and scientists from North Korea during the Cold War.

An Association of Slovak-Korean friendship operates in Slovakia, focusing on North Korean relations. It is a civil society group, established in 2008, with the aim to spread information about North Korea. However, it is not very known in Slovakia.

5 CULTURAL RELATIONS

The basis for bilateral relations other than economic links, is the Agreement in the area of culture, education and tourism signed in Seoul in October 2007. The agreement has led to cooperation in multiple areas between different cultural institutions such as folk-dance troupes' performances, seminars organized by embassies on each other's culture or cooperation between radio stations, TV stations and theatres. In the area of education, the two parties agreed to support cooperation and the exchange of information, students and academics. Tourism is mentioned just briefly to express that the parties support cooperation in this area also (Ministry of Culture of the Slovak Republic 2007).

When looking at how the agreement translated into reality, we can conclude that there is a frequent exchange of different folk-groups, artist exhibitions, and different art performances. In addition, a steady development in terms of tourism exchange could be seen, especially in the numbers of South Korean tourists coming to Slovakia. Tourists from South Korea are in second place among all Asian countries, behind China and well ahead of Japan. The number of tourists oscillates around 15 000 per year (Ministry of Transport and Construction of the Slovak Republic 2019). Slovakia has in recent years focused on the promotion of tourist opportunities, as well as its own culture through the campaign 'Good Idea Slovakia'.

The other important area is cooperation in education. In 2018, a memorandum of understanding was signed between the ministries of Education of both countries, with the aim to strengthen cooperation in the area of student, academic and research exchange (Ministry of foreign and European Affairs 2018). In addition, scholarships by the South Korean government as well as the Slovak government are available to Slovak students, thanks to the bilateral agreement. In general, the exchange of students is steady, however numbers remain rather low. Slovak students are focusing mainly on Europe

when choosing universities, naming the geographical distance as the main reason why not to travel to South Korea for study.

When it comes to opportunities to study Korean Studies, in Slovakia there is a study programme at the Department of East Asian Studies of the Faculty of Arts at Comenius University in Bratislava. The programme focuses on modern Korean language, but it also provides courses on Korean culture and society, and to an extent on politics. Through cooperation with the Korean Foundation, Korean language is taught, currently online. Students of Korean Studies have a chance to take a semester in South Korea. Some of the graduates of this program work for South Korean companies operating in Slovakia.¹¹

Recently, a King Sejong Institute was established in Bratislava in July 2020, based on cooperation between the Embassy of the Republic of Korea and the Faculty of Arts of Comenius University. The institute's role is educational, as it focuses on language courses but also on representation of Korean culture (King Sejong Institute Bratislava Facebook Page 2020).

There is a Slovak language programme at Hankuk University of Foreign Studies, which representatives from both countries support and have agreed to expand on several occasions (Korea JoongAng Daily 2013). The program employs Slovak teachers for its conversation courses. In cooperation with Samsung, the university offers introduction to the Slovak language to its employees before their posting to Slovakia. The classes are taught by Hankuk University of Foreign Studies' teachers but also by Slovaks living in South Korea.

When President Kiska visited South Korea in 2018, he took a group of young civil activists who started the initiative #somtu (#Iamhere) in Slovakia as a part of his delegation. These young people met with representatives of two institutions, one of which was Sunfull Foundation – which focuses on decency in political discussions. Discussions at this meeting inspired an online campaign that took place in Slovakia before the election of February 2020, #klamatsanema (roughly translated as 'one should not lie') focusing on bringing to the forefront cases when politicians openly lied. The other institution was the BCW which is focusing on online hate speech, supporting the rights of minority groups. Possible cooperation was discussed in terms of experience sharing, but unfortunately no

¹¹Interview with a lecturer at the Department of East Asia Studies at the Comenius University, Bratislava, 2020.

real activities have followed.¹² Nevertheless, this showed, that there are other areas for possible cooperation at the people-to-people level.

Another interesting area which has been of some interest to representatives of South Korea in Slovakia, but also in the Czech Republic concerns the economic, political, and social transformation that both countries underwent after 1989. The main reason is to learn from them so as to know what to expect if North Korea goes through a transition.

6 CONCLUSION

In general, every Slovak government has considered South Korea an important and valuable investment and trading partner, a good friend and an ally. Currently, there is a growing interest among newly elected members of parliament in mutual relations and possible areas for cooperation. Moreover, the Ministry of Foreign and European Affairs has agreed to finance a research project mapping the evolution and possibilities for further cooperation with South Korea and Japan within its grant scheme.

The interest to further the development of relations is emphasized by representatives of both countries at every meeting. The area under discussion is an increase in investments of existing South Korean companies into R&D and green technologies. Additionally, new areas of cooperation are opening in cyber space, modern technologies and telecommunication.

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