



Quest for Energy Security: South Korea's Energy Diplomacy towards Africa and Central Asia

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South Korea has recently emerged as a new significant player in the international energy politics. Earlier, countries like China and Japan in East Asia got more importance in international energy politics, but in the recent past the rise of South Korea and its role can no longer be ignored or overlooked. South Korea's stake in the development of global energy politics is high due to a number of reasons. These reasons are related to limited domestic energy resources and high external dependency of energy resources due to its increased consumption over the years. South Korea at the domestic level has no access to oil, natural gas or to bituminous coals. This makes South Korea 96.7 percent dependant on external parties for acquiring energy resources. As a result, South Korea is compelled to spend USD 121 billion annually to meet its high energy demands. Moreover, South Korea ranks 9th in terms of the total energy consumption, 5th in oil imports, and 2nd in terms of coal and Liquefied Natural Gas (LNG) at the global stage. Thus, South Korea's high dependency on energy resources, together with instability at the international energy market with intensified competition for resource acquisition, the new millennium has made energy a crucial component of South Korean national security debate and a decisive factor in shaping of its foreign policy.

During 1970s and 1980s, South Korea's energy diplomacy and import of resources was entirely focused on the Middle East. However, with the coming of the 21th Century, it has led to an intensified energy security debate that South Korea is indeed too much dependant on energy resources import from the Middle East. Furthermore, there is a persistent fear within the South Korean society that due to the lack of certain measures which are required to curb over dependency of energy resources from the outside world, which can ultimately leave them behind in future and further jeopardize on-going and continuous growth of the industries. Moreover, with the growth of the Chinese energy sector, it has further prompted South Korea to give more attention to its own energy sector in the 21th Century.

Since the time of President Lee Myung Bak, the issue of energy security became a national goal in South Korea. More systematic and consistent plan was made in the energy sector, which will further be seen as more supporting rather than leading and will have an institutional coordination. South Korea took initiative to enhance the competitiveness of the South Korean industries by providing tax benefits to them for reduced energy consumption. Moreover, Ministry of Foreign Affairs decided to send bureaucrats to thirty-two missions across the globe, with the sole aim of promoting energy diplomacy, economic cooperation, and also in providing development assistance to developing

societies in terms of constructing energy infrastructure, and in exchange getting access to their energy resources and markets. As a result, with the coming millennium, South Korea has invested heavily in joint venture energy and other projects in Africa, in the sectors of mining, retails, manufacturing and in construction.

It is too early to come up with a conclusion whether energy diplomacy of South Korea can be classified as a success or a failure, but there is no denying of the fact that without South Korean assistance, many of the energy projects might not have come up in Africa. Moreover, there is a possibility that without the coming of such energy projects in Africa, South Korea might have still been over dependent on the energy resources of the Middle East only.

Some of the on-going joint venture energy projects between South Korea and other African countries like Nigeria, Angola, Libya, Ghana, and Mozambique are discussed in the presentation. For example,

1. A cooperation agreement between the Nigerian National Petroleum Company (NNPC) and Korean National Oil Corporation (KNOC) of sharing two oil blocks was signed in 2006. South Korea has invested USD 10 billion on rail road projects in Nigeria, in exchange for unspecified stake in Nigerian oil fields.

2. In 2006, a memorandum of understanding (MoU) was signed between Angola and South Korean Government that allowed South Korean companies to develop both offshore and onshore oil and gas fields within Angola. Korea Petroleum Development Association and automobile industry Daewoo also won the concessions for developing two oil fields in Angola.

3. South Korea is engaged in construction, transportation and infrastructure industries which primarily support Libya's oil and gas sectors.

4. South Korea has partially financed Ghana's largest oil pipeline, and has also further agreed to finance USD 20 billion on housing project on the promise of exchange for offshore oilfields in Ghana.

5. Area 4 of the Mozambique gas field is jointly owned by Korea Gas Corporation and ENI.

Together with Africa, South Korea has also tried to build energy relations with countries of Central Asia, most notably with Kazakhstan and Uzbekistan. After President's Roh Moo-Hyun visit to Central Asia in 2004, South Korea primarily focused on strengthening resource diplomacy and market seeking with its new energy partners of the Central Asia. As a result, South Korea has invested heavily in mining, manufacturing and construction activities in Kazakhstan and Uzbekistan, and in

exchange received concessions on many of the energy resources. Some of the energy projects in Uzbekistan are directly financed by South Korea. These are as follows:

□ Uzbek – South Korean (UzKor) joint venture was signed in 2008, which is a joint venture worth USD 4.16 billion in order to explore the chemical complex in Surgil field.

□ Daewoo international was given the permission to operate in the gas and oil regions of Ustyurt.

□ Korea Electric Power Organization (KEPCO) and the Uzbek Government signed an agreement which allowed the sharing of 2,600 tonnes of extracted uranium in 2008 from the Uzbekistan mines.

□ Korea Resource Corporation (KORES) is further assisting in the developing of the Uzbek uranium deposits at Zhantnar.

South Korea's energy diplomacy which started in the early 1990s can generally be seen to be focussed on three major themes or ideas – firstly, mitigating geopolitical vulnerabilities through cooperative framework; second, securing energy security supply through overseas resource development, and finally improving South Korea's position and image in the global energy system. By following these sets of themes, there is a belief that South Korea can transform itself from an energy dependant nation, to energy interdependency. It is too early make a judgement whether the idea of South Korea's energy diplomacy has been successful or not, however one thing is certain that both the different partners and South Korea have taken substantial strides in achieving the goal of

sharing energy resources, which in turn has benefited both societies. Moreover, the model of energy diplomacy of South Korea is very much different from its Southeast Asian neighbours or China, which further makes it a unique model to not only look at, but to further study.

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