



Korea Economic Institute

Academic Paper Series



December 2008 • Volume 3 • Number 9

Korea, the United States, and Central Asia: Far-Flung Partners in a Globalizing World

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Globalization is a hallmark of the twenty-first-century world. As transportation and telecommunications grow in both efficiency and level of performance and as the ambit of the Internet expands, it becomes easier and easier for nations to both connect and coordinate with one another over long distances. And the declining relevance of boundaries in the post-Cold War world makes it more and more feasible politically for them to actually do so.

Korea, the United States, and Central Asia are, of course, located in distant parts of the world, with thousands of miles separating each of the partners to this disparate triangle. Yet all three corners of the triangle have significant and growing economic and geopolitical relevance for one another. All are deeply concerned with problems of global energy—Central Asia as a producer, Korea as a consumer, and the United States in a variety of roles: producer, consumer, and service provider. The three members of this strategic global triangle are all likewise deeply concerned with the future of Russia—that it be a constructive force in world affairs but that it also be constrained from returning to the expansionist, at times imperialist, policies that the Soviet Union once pursued. They all likewise share a deep concern that China's future be constructive and stable.

There are, of course, important differences of national orientation and approach—not only across the triangle, but also within Central Asia itself. Some are more market oriented, for example, while others are less so. Yet these three broad common concerns—energy, China, and the future of the post-Soviet space—are broadly shared. They provide important reference points for thinking about the prospects of the strategic U.S.-Korea-Central Asian triangle itself.

Special Korean Concerns

Energy is a special concern for Korea, in particular because it has one of the most serious problems of energy insecurity in the world.¹ Korea's pronounced energy dilemma has three dimensions:

- **Lack of domestic energy sources.** Approximately 84 percent of Korea's total energy supply is imported, compared with 82 percent in Japan, 60 percent in Germany, and only 27 percent in the United States.²
- **Heavy dependence on oil.** Korea is roughly 50 percent dependent on oil, compared with 47 percent in Japan, which is the most heavily oil-dependent nation in the Group of Seven, and compared with a global average of 38 percent.³
- **Heavy dependence on the Middle East.** Korea gets around 75 percent of its oil from the Middle East, compared with around 45 percent for China, 26 percent for France, and only 21 percent for the United States. Japan, with 88 percent dependence, is the only major nation with higher reliance on the Middle East than Korea for oil. Apart from this heavy oil dependence, Korea also depends on the Middle East for 55 percent of its natural gas, which is also extremely high in comparative perspective.

Precisely because Korea's dependence on the Middle East is so high, and that region's political future is so uncertain, the ROK sees considerable economic and strategic value in diversifying its sources of supply. Australia together with Southeast Asian nations like Indonesia and Cambodia have some potential as sources of future supply, especially with respect to natural gas. So does Africa, in both oil and gas. The most promising opportunities for diversification away from the Middle East, however,

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lie in what the administration of President Lee Myung-bak has recently called the “energy Silk Road”—a belt of promising energy producers stretching from Russia, across Central Asia, and on into the Middle East itself.⁴

Russia and Central Asia—the constituent elements of the former Soviet Union—also have a broader significance for Korea that transcends energy. The structure of their raw-material-based economies, at the middle level of economic development, is highly complementary to that of Korea, making them promising markets for cost-effective Korean manufactures ranging from automobiles and consumer electronics to heavy capital equipment. Korea’s industrial-group structure, centering on general trading companies that can operate on low margins and profit in multiple ways by generating trade flows, makes the ROK especially well adapted to trading and resource development in economies just beginning to make a transition to the market.

Korea also has political and strategic stakes in deepened relations with Russia and Central Asia. Indeed, collectively, the new nations of the former Soviet Union could well hold the key to the prospects and timing of Korean reunification. Russia, after all, is one of the few major powers with a relatively clear stake in a unified or at least confederalized Korea, given the diverse trade centering on resource and electric energy that could flow for Russia from relaxation of North-South tensions on the Korean peninsula. Intra-Korean détente could also enhance prospects for an “iron Silk Road” of transit trade between Korea and Europe, via Russia. The Central Asian states could also play a more significant intermediary role in inter-Korean relations than often realized.

These areas, after all, have large numbers of ethnic Korean residents—a total of approximately 700,000 in the former Soviet Union as a whole. Many have deep family ties to North Korea, as the bulk of the former Soviet Koreans (known as *koryo saram*) have ancestral homelands in the northern part of the peninsula. Partly for this reason, the DPRK (North Korea) continues to maintain diplomatic relations with Uzbekistan, making it among the few countries on earth whose diplomatic ties include both of the Koreas. The former Soviet Union is thus, for both Seoul and Pyongyang, an important arena for both intelligence gathering and possible reconciliation, in addition to its economic attractions.

Apart from the personal dimension, the former Soviet Union is also important to Seoul, politically and strategically, for the potential leverage it provides with North Korea itself. Pyongyang, after all, lacks both foreign exchange and energy resources. It is heavily dependent

on China for markets, manufactures, and even oil, and it fears the consequences of that dependence. Like Seoul in other respects, Pyongyang wants to diversify its ties beyond Beijing, and both the United States and South Korea, in different ways, aid it in that task.

Central Asia and American Interests

The United States, like Korea, does have some important economic stakes in Central Asia, albeit interests more concentrated in the oil exploration, development, and production sectors.⁵ U.S. firms have major stakes, first of all, in all of the three major producing fields of the region—Tengiz and Karachaganak in Kazakhstan and the Azeri-Chirag-Guneshli (ACG) offshore field in Azerbaijan.⁶ Chevron is the largest private oil producer in Kazakhstan, with major stakes in the country’s two largest-producing oil projects—Tengiz and Karachaganak.⁷ Exxon-Mobil is also a major partner in the Kashagan field—the largest new oil find in the world since Prudhoe Bay in 1968—which should be coming onstream between 2011 and 2013.⁸ U.S. companies are also important partners in the strategic Baku-Tbilisi-Ceyhan (BTC) pipeline and its Supsa natural-gas cohort, which together allow the export of Azeri and potentially trans-Caspian oil and gas to Western markets without transiting Russia, as *Figure 7*, presented later in the manuscript, makes clear.

Apart from economic interests in the energy sector, the United States also has important strategic concerns in Central Asia, which, after all, lies directly adjacent to Russia, China, India, and the Middle East. U.S. bases in Kyrgyzstan and, until 2006, in Uzbekistan have been important in the struggle against Islamic terrorism in Afghanistan. Given their distinctive central location in the heart of Eurasia, they could be important as staging or transit areas for operations across half the globe, and particularly should the struggle against terrorism in Afghanistan intensify. American engagement with Central Asia—like Korea’s engagement—likewise helps sustain the precarious autonomy of the Central Asian nations in the face of Russian and Chinese pressures, preventing the nations in the Commonwealth of Independent States or the Shanghai Cooperation Organization from attaining a perverse regional cohesion that might threaten Western geostrategic interests throughout the region and the world.

Why the U.S. and Korean Roles are Potentially Synergistic

Both Korea and the United States have a common interest in Central Asian self-determination and can reinforce the region’s autonomy of surrounding great powers

through their involvement in the region. The two countries have clearly parallel interests but highly complementary roles—a synergy that could intensify in coming years, as we shall see. The United States, of course, has immense political-military power-projection capabilities, which provide tacit leverage. Yet the United States is geographically far from the region and has few cultural or economic ties apart from energy investments. Korea, conversely, lacks America’s hard power yet arguably wields substantial soft power owing to cultural ties, the attractiveness of the Korean economic model, and Korea’s role as a cost-effective supplier of both consumer and capital goods.

Korea, whose bilateral relations with Russia are relatively good, is also better placed to operate in Russia’s Near Abroad than Moscow’s longtime Cold War antagonist, the United States. Yet both Korea and the United States have a common interest in Central Asia’s autonomy, prosperity, and stability, so should find it possible to tacitly cooperate in pursuit of this common goal. This sort of third-country collaboration has the added benefit of strengthening the U.S.-Korea bilateral alliance itself, by serving clear common interests.

Central Asia’s Strategic Location and Endowments

In advance of a detailed discussion of specific interests or relationships within the U.S.-Korea-Central Asia triangle, it is important to note Central Asia’s strategic location, deep geopolitical vulnerabilities, and unusual resources endowments, which give the region such global significance. As shown in *Figure 1*, the region, comprising five core and three additional loosely related former Soviet republics, lies between Russia, a once and possible future superpower with nearly one-third of the world’s proved natural-gas reserves, and the nations of the Persian Gulf, which hold nearly two-thirds of the world’s oil. Tbilisi, the capital of Georgia, at the heart of the Caucasus, is only 800 miles from Tehran and a mere 1,000 miles from the Persian Gulf. Tashkent, at the heart of Central Asia proper, is only 1,200 miles from the Gulf and 1,000 miles from the Russian frontier.

As is clear from *Figure 2*, there are five major nations in Central Asia proper—Uzbekistan, Kazakhstan, Kyrgyzstan, Turkmenistan, and Tajikistan. All are located east and north of the Caspian Sea, in the heart of Eurasia, but uniformly without access to any ocean. In addition, west of the Caspian lie Azerbaijan, Georgia, and Armenia, technically known as the Caucasus but with linkages to trans-Caspian neighbors that are sufficiently important in historical, political, and economic terms to merit in-

cluding them in a broader analysis such as that presented here.

Figure 1: Strategic Location of Central Asia



Figure 2: Overview of the Caucasus and Central Asia

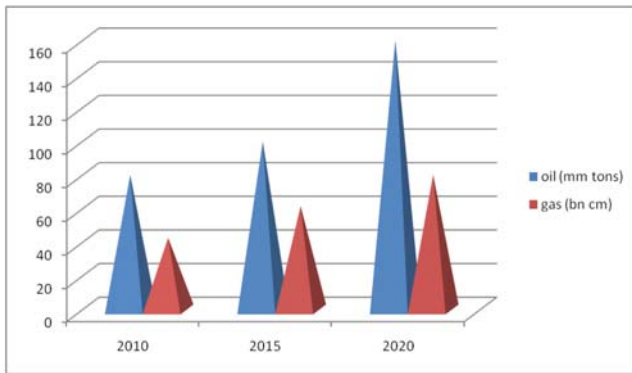


Within Central Asia, Uzbekistan is by far the most heavily populated, with 27 million people, and it holds particular geopolitical importance. It is the one major state in Central Asia that does not directly border Russia, as is clear from *Figure 2*. This fortunate geopolitical circumstance affords Tashkent special autonomy and potential leverage. Uzbekistan is also the transportation hub and cultural heart of the region, with the bulk of the ethnic Korean population, as well as a major natural-gas producer. Its relations with Korea are particularly well developed, and it will be accorded particular attention in our analysis.

Kazakhstan, however, is the largest nation in Central Asia geographically, and by a significant margin it is the largest oil producer. Its massive Tengiz field, at the northern end of the Caspian Sea, is potentially one of the richest energy-producing areas in the world to begin production

during the past 20 years. And the even larger Kashagan field, located only 70 miles to the northwest, is the largest discovered anywhere on earth over the last 30 years although it will probably not enter production until around 2011–13. With its massive, as yet largely untouched oil reserves, Kazakhstan can easily continue expanding production for at least 10 to 15 years into the future, as suggested in *Figure 3*; it is one of the few nations on earth with this capacity. It also has, as *Figure 3* also suggests, enormous future potential as a uranium supplier.

Figure 3: Prospective Oil and Natural Gas Production in Kazakhstan



Source: Ministry of Energy and Mineral Resources of the Republic of Kazakhstan

Kazakhstan will thus almost inevitably loom larger in the global energy future. And international energy firms, including prominently such U.S. majors as Chevron (Tengiz field), ExxonMobil (Kashagan field), and Nukem (uranium), have been able to retain substantial equity stakes in its resources, in contrast with the situation in Russia and most parts of the developing world, where natural resources usually lie under state control, managed by local public enterprises. This unusual scope for foreign private enterprise makes Kazakhstan important to the United States and Korea from a corporate as well as energy-security point of view. Several of the major projects now under way are presented in *Figure 4*.

Turkmenistan, although only sparsely populated and far from the center of the region, is highly consequential in the world of natural gas. It holds some of the most substantial proved gas reserves on earth, with much of the country remaining to be explored. As with respect to Kazakhstan’s oil, these huge reserves remain largely untapped, as the country was ruled until 2006 by an eccentric, Russia-oriented autocratic president, Saparmurat Niazov, whose eccentricities discouraged international transactions. Since 2007, however, following Niazov’s death in December 2006, Turkmenistan has become much more internationally oriented. It is now an object

of keen attention from nations to the north, south, east, and west, as we shall see.

Figure 4: Major Energy Projects in the Caspian Sea Regions



All of the new Central Asian nations, of course, were part of the Soviet Union less than two decades ago. To reinforce central control and national cohesion, for more than a half century the Soviets made a practice of constructing critical infrastructure, including pipelines, railways, and even electric-power grids, in an internally oriented fashion, as shown in *Figure 5*, with few cross-border networks, especially across traditional Cold War fault lines. As a consequence, even to this day almost all of the major strategic access routes from Central Asia to the rest of the world run through Russia proper. Due to this embedded geoeconomic situation, Russia thus naturally becomes the region’s window on the world, providing Moscow with powerful political-economic influence and lucrative potential monopolistic rents.

Although sandwiched between the two regions with the most substantial energy-producing potential on earth—Russia and the Persian Gulf—Central Asia has substantial energy resources in its own right. Most of the oil and gas is concentrated in the nations of Central Asia proper, east of the Caspian Sea, as indicated in *Table 1*. Kazakhstan,

Uzbekistan, and Turkmenistan have especially substantial reserves, making trans-Caspian infrastructure issues strategically important, especially for Europe and the United States, as we shall see. Azerbaijan, however, on the western shore of the Caspian, is also an important supplier to the West, despite relatively modest overall resources, and will continue to be so for the next decade at least.

Figure 5: Central Asia’s Russia-Centric Transit Pipeline Structure



Table 1: Oil and Natural Gas Reserves in Central Asia and the Caspian Sea Region, 2006, in billions of barrels (for oil) or trillion cubic feet (for gas)

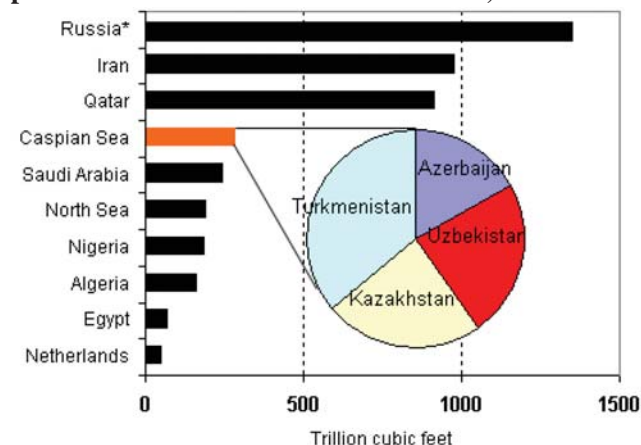
Country	Proven		Possible		Total	
	Oil	Gas	Oil	Gas	Oil	Gas
Azerbaijan	7	30	32	35	39	65
Iran	0.1	0	15	11	15.1	11
Kazakhstan	9–40	65	92	88	101–132	153
Turkmenistan	0.55–1.7	71	38	159	38.55–39.7	230
Uzbekistan	0.3–0.59	66	2	35	2.3–2.59	101

Source: U.S. Department of Energy, Energy Information Administration, July 2006

Caspian resource endowments with respect to natural gas are broadly parallel to those for oil. The three nations best endowed with oil reserves are also among the best equipped with respect to natural gas, although Turkmenistan, rather than Kazakhstan, has the largest reserves. Uzbekistan, with 66 trillion cubic feet of proved reserves, is the one important addition.

Caspian Sea natural-gas endowments are especially impressive when seen in global comparative context. As indicated in **Figure 6**, the combined gas reserves of the major Central Asian states appear to be larger than those of Saudi Arabia and also those of the North Sea. Importantly, Central Asia also has potential to steadily expand capacity during the coming decade if formidable financial and geopolitical obstacles can be overcome.

Figure 6: Caspian Sea Natural Gas Reserves Compared with Reserves of Other Countries, 2006



*Does not include Eastern Siberia, Sakhalin reserves
Source: Cedigaz (2006), World Gas Conference (Amsterdam, June 2006)

There are thus three important sets of energy issues relating to Central Asia: (1) production and exploration in Central Asia itself, including conditions for multinational firms engaged in such activities, (2) transit issues for exports from landlocked Central Asia to the broader world, and (3) the region’s geopolitically strategic location in relation to the nations with the largest energy reserves on earth (those of Russia and the Persian Gulf). Both Central Asia, on the one hand, and the U.S.-Korea alliance, on the other, have common interests with respect to these three questions, as we shall see. All of them desire the unimpeded flow of Central Asian energy to the rest of the world, at market-oriented prices, and want to see energy help to sustain the broader autonomy of the nations of the region in international affairs. Central Asia, Korea, and the United States would each prefer somewhat different outcomes, of course, but they do share important common interests, which should be noted.

Apart from oil and natural gas, Central Asia also has substantial uranium reserves. Kazakhstan alone has 15 percent of the global total and aspires to be the world’s largest producer by 2015, with 30 percent of the fuel fabrication market.⁹ Uzbekistan also has substantial reserves,¹⁰ and currently mines more uranium than the United States.¹¹ In a world of prospectively high, albeit volatile, global energy prices and the revival of nuclear power as a long-

term energy supply option, these uranium reserves are also of growing importance. They will likely grow even more so after 2013, when secondary supply from dismantled nuclear weapons, currently around 13 percent of total supply, is expected to be exhausted.¹² The relative ease of transporting refined uranium products, even by air, adds to their attraction, especially for distant countries like Korea and the United States.

The Access Issue and Its Geoeconomic Implications

As can be inferred from the preceding discussion, access for Central Asia's substantial resources to world markets is an important issue for the nations of the region and for the broader international community as well. It is important in two interrelated respects—because the uniformly landlocked nations of Central Asia intrinsically need access for their own resources, and because their independent access to world markets undercuts the monopolistic political-economic power that Russia would otherwise exert through its control over transit routes from the region.

The heart of the transit issue is pipeline infrastructure for oil and gas. This is a highly capital-intensive undertaking, intimately related to geopolitics and subject to a high degree of political risk owing to the huge amounts of money involved as well as the long lead times between project conception and financing on the one hand and actual construction on the other. Typical pipeline projects in the region, such as the BTC pipeline from the Caspian Sea to the Mediterranean, seen in Figure 7, cost upward of \$4 billion to build and take nearly a decade to construct. Due to the substantial time and cost involved, pipeline construction, while lucrative, involves substantial risk for any private firms involved, thus making consortia arrangements and home-country governmental support attractive.

Figure 7: Baku-Tbilisi-Ceyhan Pipeline, Central Asia's Independent Access Route to World Markets



Figures 1 and 2 show clearly the four broad potential access routes for Central Asian oil and gas to world markets—to the north, south, east, and west. The northern route is through Russia and is already established. The

western route runs from Azerbaijan through the volatile Caucasus to Turkey—the BTC oil pipeline has been completed from Baku to Ceyhan on the Mediterranean, and a gas pipeline to Supsa on the Black Sea. Yet the strategically important trans-Caspian issue—access for massive Kazakh and Turkmen reserves to Western markets without passing through Russia—remains unresolved.

Two other access routes for Central Asian resources are possible—to the south and to the east. The southern route leads through Iran and has not been developed owing to differences over the Iranian nuclear program and related issues. The eastern route runs generally toward China, with a southeastern option from Turkmenistan toward India. Given the explosive recent economic expansions in China and India, these eastern and southeastern routes hold special promise. Given political-economic complications surrounding the BTC pipeline and trans-Caspian access, these eastern options provide some of the most potent alternatives to abject reliance on Moscow that are available for Central Asia.

Central Asia's Special Place in Korean Thinking

Apart from oil and natural gas, Central Asia also has substantial uranium reserves—more than 17 percent of the global total.¹³ In a world of prospectively high, albeit volatile global energy prices and a revival of nuclear power as a long-term energy supply option, these uranium reserves are also of growing importance. The relative ease of transporting refined uranium products, even by air, adds to their attraction, especially for distant countries like Korea and the United States.

Korea's energy insecurities are well known.¹⁴ Its economy, with powerful steel, shipbuilding, and petrochemical sectors as well as a mobile, automobile-oriented society, is unusually energy intensive. Yet Korea has no domestic oil or gas to speak of.¹⁵ And for the energy that it must inevitably import in large amounts, Korea is heavily dependent on the volatile Middle East.

Central Asia represents, over the long term, one complex but potentially important means of reducing Korea's unattractively high Middle East energy dependence. Apart from its expanding oil and gas production capacity—unusual in global perspective—Central Asia can literally fuel Korea's diversification away from hydrocarbons by supplying uranium for Korea's numerous nuclear-power plants. As indicated in **Table 2**, there are already 20 such plants in operation, and 6 others are planned. Korea is currently nearly 40 percent reliant on nuclear power for

its electricity, one of the highest ratios in the world, and its uranium demand will inevitably continue to rise in coming years.

Table 2: Korea’s Nuclear Power Generation Capacity, 2006

South Korea’s Nuclear Power Plants, 2006			
Name	Unit No.	Capacity (MW)	Start-date
Kori	1	587	1978
	2	650	1983
	3	950	1985
	4	950	1986
Wolsong	1	679	1983
	2	700	1997
	3	700	1998
	4	700	1999
Yonggwang	1	950	1986
	2	950	1987
	3	1000	1995
	4	1000	1996
	5	1000	2002
	6	1000	2002
Ulchin	1	950	1988
	2	950	1989
	3	1000	1998
	4	1000	1999
	5	1000	2004
	6	1000	2005
Planned or Under Construction			
Shin-Wolsong	1	1000	2009
	2	1000	2010
Shin-Kori	1	1000	2008
	2	1000	2009
	3	1000	2010
	4	1000	2011

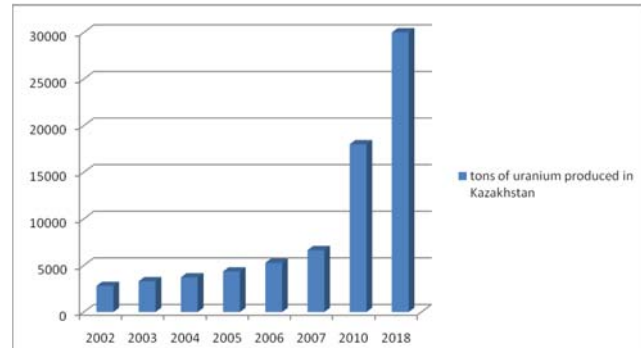
Source: Korea Hydro & Nuclear Power Co., Ltd.

Central Asia will be well equipped to supply Korea’s rising demand for uranium. Kazakhstan alone, as indicated in *Figure 8*, is expected by the World Nuclear Association to triple its 2007 production levels by 2010, and to nearly double them once again, from those substantially higher levels, by 2018. Korea has already recently concluded major long-term contracts with both Kazakhstan and Uzbekistan, which will assure deepening relationships with both of these key Central Asian producers for many years to come.¹⁶

Central Asia has other resources that are also of interest to Korea. Apart from oil, gas, and uranium, there are substantial stores of gold and other nonferrous metals as well as coal. About 1.5 percent of the world’s resource for antimony and mercury lies in the Kyrgyz Republic, southeastern Uzbekistan, and Tajikistan. In addition, large amounts of lead, silver, and zinc are found in Achisay and in the Altai Mountains of Kazakhstan. Gold is found in the Kyrgyz Republic, southeastern Uzbekistan, and Tajikistan. In addition to gold, copper reserves abound in Kounrad in Uzbekistan and Jezkagan in Kazakhstan. These two places, as well as Akchatau in Kazakhstan, have large deposits of molybdenum. Other minerals found in the region include asbestos in the Altai

Mountains, chromium in the Khromtau, and phosphate in Karatau (both in Kazakhstan). Coal is found on the Kazakh plateau, in the Muyunkum desert, east of Issyk Kul, and in the Naryn basin east of the Ferghana Valley in Uzbekistan. The Hissar Mountains, the nearby town of Nebit Dag (Turkmenistan), and the Surkhandarya region of Uzbekistan also have considerable coal reserves.¹⁷

Figure 8: Kazakhstan’s Uranium Production, 2002–2018 (est.)



Source: World Nuclear Association, www.world-nuclear.org/.

Note: In 2007, estimates of uranium production in Australia, Canada, and the United States were 8,611, 9,476, and 1,654 tons, respectively, compared with 6,637 tons of uranium produced in Kazakhstan.

Central Asia is geographically far from Korea, so direct Korean access to that region’s substantial natural resources is difficult. Unlike uranium, most of such resources cannot economically be transported by air. If and when the eastern and southern access routes from Central Asia are fully developed, some hydrocarbons could indirectly flow to Korea through China or Iran, under swap arrangements, which could be efficiently handled by general trading companies. Because energy markets are fungible, increments to global supply from Central Asia would certainly aid a vulnerable, energy-short nation like Korea in the long run.

The most substantial benefits to Korea in economic relations with Central Asia, however, could ultimately lie in helping generate third-country trade flows, many of them mediated by general trading companies that are only indirectly linked to Korea itself. Given the proximity to Central Asia of massive and explosively growing China and India—sandwiched between which Central Asia finds itself—those markets could be especially attractive. Such third-country trading activities could be commercially attractive—even lucrative—because of not only the proximity of China and India but also the distinctive structure of Korean industrial groups and complementary traits of the Central Asian political economies. The combination produces an unusual synergy—one that is augmented by the existence of distinctive and substantial

ethnic networks linking Korea and Central Asia, as we shall see.

Economic transactions in relatively isolated nonmarket economies like much of Central Asia can be quite attractive to Korean industrial groups (*chaebol*), as noted above. Those groups profit greatly from generating trade flows, even when margins are low, since they are equipped to handle multiple sides of a given transaction. They can export capital equipment—for mining, oil refining, or whatever—and they can finance the transaction through affiliated private banks or Korean government institutions. They can also find markets for the production—be it raw materials or semifinished products—that is generated by the initial transaction. The *chaebol* can similarly supply and finance infrastructure—be it pipelines, railways, or airports—to help move the potential trade flows to market. And *chaebol* can also provide the intellectual services—technology, market research, advertising, public relations—to support the transactions being undertaken.

The comprehensive, one-stop service that Korean groups can provide—paralleled only in Japan, among the major industrial powers—is particularly valuable in Central Asia due to the character of local political economies. These countries are rich in natural resources, many of them virtually unexploited, yet relatively underdeveloped and lacking in support infrastructure and services. The middle-range technology and high-quality, cost-effective consumer products that Korean firms can provide are also highly suited to Central Asian needs, as is also true in neighboring Russia, China, and eastern Europe. Central Asians also tend to have relatively limited information and expertise in global marketing despite the massive emerging opportunities on their doorstep in China and India, which enhances still further the attractiveness for them of dealing with the *chaebol*.

Catalysts for Deeper Ties

The basis is being laid for deeper relations between Korea and Central Asia—indeed, for a key Central Asian role in Korea’s broader Eurasia strategy—with a substantial recent deepening of the transportation network between Seoul-Incheon and the region. The Hanjin Group, parent of Korean Airlines, is taking the lead in this effort. In late August 2008, the chairman of Hanjin, Cho Yang-ho, signed a major deal with Uzbek officials for joint development of Navoi Airport near Tashkent, Uzbekistan. This arrangement will involve construction of cargo terminals, expansion of fueling facilities, and construction of a major new logistics center.¹⁸ Korean Airlines in August 2008 also began air cargo and passenger service

between Incheon and Tashkent, connecting onward also to Europe.

In February 2008, the president of Uzbekistan, Islam Karimov, visited the Republic of Korea and participated in the ceremony of inauguration of the newly elected president, Lee Myung-bak. Participation of the president of Uzbekistan in the inauguration ceremony was evidence of the deepening relationship between the two countries.¹⁹

During his visit to the Republic of Korea, the president of Uzbekistan held negotiations with the president of the Korea Gas Corporation (KOGAS), Su Ho Lee. Back in March 2006, KOGAS and Uzbekneftegaz (Uzbek Oil and Gas national holding company) signed a memorandum of understanding envisaging exploratory work, development of gas fields, and creation of a joint venture to explore the Surgil natural-gas deposit at the Ustyurt plateau in northwestern Uzbekistan. The total potential cost of the project is estimated at \$1.84 billion. Apart from KOGAS, South Korean companies like Lotte, LG International, SK Gaz, and STX Energy were also involved in the project.²⁰

At the 2008 talks, Korean and Uzbek representatives discussed cooperation between Uzbekneftegaz and KOGAS, as well as implementation of joint projects. Agreements to establish the new joint venture UzKorGasChemical were signed. Daewoo International, which is currently actively moving into the global oil and gas industry, and Uzbekneftegaz signed an agreement on exploration and development in two investment blocks (Kuskuduk and Ashibulok) on the Ustyurt plateau. Uzbekengilsanoat (Uzbek Light Industry) and Daewoo International also signed a major trade agreement.²¹

President Lee Myung-bak confirmed his country’s interest in implementing new projects with Uzbekistan in such fields as education, automobiles, textiles, information technology, infrastructure, and construction as well as oil and gas. The trade turnover between the two states reached \$850 million in 2007. In 2008, the figure is expected to increase further to \$1 billion. Kazakhstan and the Republic of Korea also actively worked on increasing mutual trade during discussions between prime ministers of the two countries in May 2008.²²

The Korean government is one important catalyst between Korea and Central Asia. In the framework of “energy Silk Road diplomacy” established by President Lee Myung-bak and, in particular, during the course of Prime Minister Han Seung-soo’s visit to Central Asia in May 2008, Korea signed a contract to purchase from Uz-

bekistan between 2010 and 2016 2,600 tons of uranium worth \$400 million, an amount representing 9 percent of Korea's projected annual uranium consumption. Korea subsequently concluded an even larger agreement with Kazakhstan and also agreed to provide \$120 million in economic aid to Uzbekistan in the coming years as well as additional aid for improvement of medical facilities and residential areas there.²³

In connection with Prime Minister Han's Central Asian tour, a South Korean consortium headed by the Korea National Oil Corporation concluded a deal worth \$85 million to obtain a 27 percent stake in Kazakhstan's Zhambyl Oil block, located offshore in the Caspian Sea. Exploration of that block will be conducted jointly by the Korean consortium and the Kazakhstan national energy company, KazMunaiGaz.²⁴ Clearly South Korea intends to become a serious player in global energy competition and has chosen Central Asia as a major theater in that struggle.

A second important catalyst for deeper ties between Korea and Central Asia is the substantial ethnic-Korean community of the region. The so-called *Koryo Saram* (literally, Korean people) of the former Soviet republics number half a million people and constitute the fourth-largest Korean diaspora in the world after the United States, Japan, and China.²⁵ Most of them are descended from exiles deported from the Soviet Far East to Central Asia during the Stalinist terrors of the late 1930s.

The Koreans were the first inhabitants of the Soviet Union to be deported. Top secret order number 1428-326cc of the Soviet government and the Communist Party, "On the Deportation of the Korean Population of the Far East," dated 21 August 1937 and signed by Molotov and Stalin was a logical continuation of earlier czarist and Soviet policies relating to national minority populations.²⁶ The uprooted Koreans, who went through many hardships, ultimately settled in Kazakhstan and Uzbekistan and contributed substantially to the development of agriculture in their new homes.²⁷

Around 70 percent of the Korean ethnic population of the former Soviet Union is still found in Central Asia, with a strong concentration of Koreans in the southern provinces of Kazakhstan and the Tashkent Province, including the city of Tashkent in Uzbekistan. The last Soviet census from 1989 counted 191,589 Koreans in Uzbekistan (including the autonomous republic of Karakalpakstan), and 103,216 in Kazakhstan.²⁸ In 1999, according to German Kim, the number of Korean inhabitants in Uzbekistan and Kazakhstan was 209,500 and 99,662, respectively.²⁹ As a consequence of the Tajik civil war, many of

the Koreans living there—by the time of independence some 15,000 people—left the country and settled in neighboring republics, primarily Uzbekistan.

South Korean cultural activities have been expanding in the region since the collapse of the Soviet Union and have added a new dimension to the Korean presence in Central Asia. Soon after the Soviet demise, the independent Central Asian countries established diplomatic relations with both Korean states.

At first, North Korea tried to compete with the South in establishing and developing ties with Central Asian and Russian Koreans. During the early 1990s several hundred Central Asian Koreans visited North Korea. The deepening economic crisis in North Korea during the mid-1990s, however, resulted in the diminution of contacts³⁰ and sharply reduced North Korean influence over the Korean diaspora.³¹

Relations with South Korea developed quickly and broadly from the very beginning of Central Asia's independent life. The image of the Republic of Korea as an economically developed country has contributed substantially to the high status of the Korean diaspora in Central Asia. Today, the visitors from the former Soviet Union to South Korea and vice versa number in the many thousands. Large South Korean companies such as LG, Samsung, and Daewoo have invested hundreds of millions of dollars in the economies of Kazakhstan and Uzbekistan. Dozens of Korean companies (as well as joint ventures involving Korean companies) operate in the former Soviet Union, hiring many local Koreans for their staffs. Teachers from South Korea teach in Central Asian and Russian universities. The Republic of Korea opened an educational center in Almaty and, later, Tashkent and Bishkek, providing Korean language courses for thousands of people. These centers also promote traditional Korean art, disseminate facts about Korean history and culture, and hold a variety of cultural events.³²

Kazakhstan is on its way to becoming South Korea's most important trading partner in Central Asia. Korean businesses have invested more than \$2 billion in Kazakhstan, and South Korean investors have assets in more than 300 companies there.³³ Kookmin Bank, one of South Korea's largest financial institutions, recently purchased a 30 percent stake in Kazakhstan's CenterCredit Bank for about \$634 million.³⁴

Since the early 1990s Korean Christian churches have operated in Central Asian countries, particularly in Kazakhstan and Uzbekistan.³⁵ The bulk of their parishioners are Koreans, but the doors are open to all. Many people

go to church not for the sake of religion itself but to be able to learn the Korean language and to communicate with their fellow Koreans in an informal manner. If originally it was mostly people of the older generation who went to church, now younger people are also significantly interested.³⁶

In Central Asian countries with Korean populations, recently there have been many concerts, exhibitions, theater performances, fashion shows, and other cultural events organized by South Korean nongovernmental organizations together with the Associations of Koreans in Kazakhstan and the Association of Korean Cultural Centers in Uzbekistan. These cultural associations organize and hold a variety of sociopolitical, cultural, and sport events, which are popular with both elites and the general public. ROK embassies play important parts in this kind of activity, and the embassies have consistently supported them.³⁷

Future Prospects

The United States and Korea, together with the European Union and Japan, have an enduring stake in the autonomy and stable political evolution of Central Asia. Neither local Islamic terrorism, nor violence between Russia and its Near Abroad, nor the remaking of the Soviet Union is in the national interest of any of these advanced industrial countries, which value stable economic ties with this energy-rich region. While national and corporate commercial rivalries naturally abound, the democratic industrialized nations of the Organization for Economic Cooperation and Development do share this common interest in a constructive, independent future for Kazakhstan, Uzbekistan, Turkmenistan, and their neighbors.

These stakes seem fated to deepen in coming years. Whatever volatility they may exhibit in the short run, global energy prices seem highly likely to rise in the long run, given finite supplies and the strong prospect that per capita consumption in poor yet populous nations like China and India will rise, making nearby Central Asia attractive as a supplier. As noted earlier, Kazakhstan, in particular, looms large as an increasingly important oil and uranium supplier, while Turkmenistan and Uzbekistan also loom large in natural gas.

The political-military importance of Central Asia as a partner in the struggle against terrorism also seems likely to rise. After initial quick successes in the fall of 2001, right after the October 2001 American intervention in Afghanistan, the antiterrorist struggle there languished, particularly after the heavy U.S. redeployment to Iraq. Most knowledgeable recent analyses suggest that NATO

forces there are seriously undermanned and that a major buildup is both necessary and likely to occur.³⁸

Central Asia will almost certainly be an important staging area for any allied buildup in Afghanistan—likely led by the United States—that may occur. The United States has had a major airbase at Manas, in Kyrgyzstan, since the fall of 2001, and had another airbase at Khanabad Karshi, near Termez, just north of the Afghan border from 2001 to 2006.³⁹ Given quietly improving relations between the United States and Uzbekistan, as well as the logistical requirements of the deepening Afghan conflict, expanded security ties between NATO and several of the Central Asian states cannot be excluded.

A third factor deepening the attractiveness of both U.S. and Korean cooperation with Central Asia is geopolitical. Russia appears increasingly intent on reasserting influence in its Near Abroad, as evidenced by recent developments in Georgia and Ukraine. Given that Central Asia lies on its current frontiers and is part of the Near Abroad, it is particularly sensitive about a unilateral American presence. Korean involvement helps to sustain Central Asian autonomy while minimizing backlash from a Russia notably sensitive to developments along its frontiers.

The U.S.-Korea partnership is, of course, firmly anchored in the bilateral mutual-security relationship, bolstered by bilateral economic interdependence. Yet, as this paper suggests, there is also a logic of broader global partnership in strategic parts of the world, beyond the North Pacific itself. Central Asia is among the most promising such areas. As in the Middle East, the partnership could potentially have a political-military dimension. Korea has, after all, been one of the most stalwart allies of the United States in Iraq as in so many past conflicts, and it could conceivably be supportive in South and Central Asia as well.

Even apart from the explicitly military dimension, Korean political-economic involvement in Central Asia—so natural, given cultural ties, Korea's energy requirements, and the converse Central Asian need for Korean industrial goods—serves broader American national-security goals, even without explicit U.S.-Korean coordination. Korean involvement reinforces Central Asian autonomy and promotes broader stability, prosperity, and ultimately democracy. All these things must certainly be in the interest of the U.S.-Korean alliance, in its broadest and most enlightened form.

In Conclusion

As globalization proceeds, the interests of major nations themselves grow more global. The United States, of course, has been a global power—indeed, a preeminent global power—since the Second World War and a major force in world affairs for more than a century. Korea during the past four decades has also developed broad concerns—of which energy supplies and foreign markets are among the most important—that increasingly transcend the East Asian region that it calls home. And Central Asia, too—across the two short decades of its independence—has also come to appreciate the economic, strategic, and cultural value that ties with distant powers like Korea and the United States can have in enhancing national autonomy and prosperity.

The U.S.-Korea-Central Asia triangular relationship is distinctive for having dual economic and security dimensions. It thus has potential utility in both good times and bad. When prosperity drives spiraling demand for energy and other commodity prices also rise sharply, importance clearly increases for the major players. In economic downturns, declining energy and other commodity prices put severe pressure on stability in developing countries, making Central Asia—a high-cost energy supplier facing severe infrastructural uncertainties—among the most vulnerable regions of all.

Storm clouds, no doubt, are gathering for the global political economy amid the deepening worldwide financial crisis. In the short run, this may bode ill for all three principals in the strategic triangle that we have examined here. Driven by Central and South Asian domestic turbulence, the crisis and related social disruption may well summon their collaborative impulses in security affairs. Further forward, however, the global economy will no doubt recover, and the nations of the triangle with it. When that day comes, relations within the U.S.-Korea-Central Asia triangle will be even deeper and more consequential, in this turbulent world, than ever before.

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Endnotes

- ¹ For details, see Kent E. Calder, *Korea's Energy Insecurities: Comparative and Regional Perspectives*, Special Study no. 3 (Washington, D.C.: Korea Economic Institute, 2005), 7–16.
- ² *Ibid.*, 8.
- ³ *Ibid.*
- ⁴ President-elect Lee Myung-bak (keynote speech, Seoul Foreign

Press Club, 6 February 2008); Jung Sung-ki, “Seoul Envisions Energy Silk Road of Asia,” *Korea Times*, 20 March 2008.

⁵ On U.S. interests in Central Asia generally, see Graham E. Fuller, “Central Asia and American National Interests,” in *Central Asia: Its Strategic Importance and Future Prospects*, ed. Hafeez Malik (New York: St. Martin's Press, 1994), 129–42.

⁶ In Tengiz, Chevron-Texaco holds 50 percent, and ExxonMobil holds 25 percent. In Karachaganak, Texaco holds 20 percent, while ExxonMobil, Delta Hess, and Unocal are represented in the Azerbaijan International Oil Company, which operates the ACG offshore fields; see “Country Analysis Briefs: Caspian Sea Region,” U.S. Department of Energy, Energy Information Administration, September 2005.

⁷ Tengiz is the world's deepest operating supergiant oil field, at over 12,000 feet; for Chevron's Kazakh activities, see www.chevron.com/countries/kazakhstan.

⁸ *Wall Street Journal*, 28 August 2007; Dow Jones Newswire, 29 October 2008.

⁹ “Uranium and Nuclear Power in Kazakhstan,” World Nuclear Association, September 2008, www.world-nuclear.org/info/inf89.html.

¹⁰ The International Atomic Energy Agency ranks Uzbekistan 11th worldwide in uranium reserves; see “Supply of Uranium,” World Nuclear Association, June 2008, www.world-nuclear.org/info/inf75.html.

¹¹ *Ibid.* Uzbekistan mined 2,320 tons of uranium in 2007 compared with 1,654 tons mined in the United States.

¹² *Ibid.* Since 1992, 1,300 Kazakh nuclear weapons have been destroyed; most of the enriched uranium contained therein has been reconverted to commercial purposes.

¹³ Kazakhstan alone has 15 percent of proved global reserves, and Uzbekistan more than 2 percent; see World Nuclear Association, www.world-nuclear.org.

¹⁴ For details, see, for example, Calder, *Korea's Energy Insecurities*.

¹⁵ See “South Korea,” U.S. Department of Energy, Energy Information Administration, www.eia.doe.gov/cabs/South_Korea/Background.html.

¹⁶ “Uzbekistan,” World Information Service on Energy, www.wise-uranium.org/upasi.html#UZGEN; “S. Korea to Import 3,140 Tons of Uranium from Kazakhstan,” *Korea Times*, May 14, 2008, www.koreatimes.co.kr/www/news/nation/2008/05/113_24203.html.

¹⁷ Richard M. Levine and Glenn J. Wallace, “The Mineral Industries of Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan,” *Minerals Yearbook* (Washington, D.C.: U.S. Geological Survey, 2000).

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¹⁹ “President of Uzbekistan Islam Karimov Visiting South Korea,” Republic of Uzbekistan, 26 February 2008, www.gov.uz/en/content.scm?contentId=33703.

²⁰ Lee Soo-ho, “Korea, Uzbekistan Seek Partnership in Resources,” *Korea Times*, 22 February 2008, www.koreatimes.co.kr/www/news/special/2008/11/211_19458.html.

²¹ *Ibid.*

²² Reported by the Kazakhstan Today news agency.

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²⁴ “S. Korea to Import 3,140 Tons of Uranium from Kazakhstan.”

²⁵ Melvin Ember, Carol R. Ember, and Ian Skoggard, eds., *Ency-*

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²⁶ German Kim, "Koreans in Kazakhstan, Uzbekistan, and Russia," http://world.lib.ru/k/kim_o_i/a.shtml.

²⁷ Ibid.

²⁸ All the existing modern data on the Koryo Saram population are mostly based on the statistics from *Natsional'nyi sostav nasele-niia, Chast II* [National composition of the population, Part II] (Moscow: Gosudarstvennyi komitet SSSR po statistike, 1989).

²⁹ Kim, "Koreans in Kazakhstan, Uzbekistan, and Russia"; for tables on number and geography of Koreans in Uzbekistan and Kazakhstan, see "Koryo Saram: The Koreans of Central Asia," <http://www.koryosaram.freenet.kz/>.

³⁰ The embassy of the Democratic People's Republic of Korea in Kazakhstan, for example, was closed in the mid-1990s, leaving the DPRK embassy in Tashkent, Uzbekistan, as North Korea's only remaining representative in the region.

³¹ For more details, see Kim, "Koreans in Kazakhstan, Uzbekistan, and Russia"; see also "Past Updates," www.sslee.freenet.kz/archive.htm

³² Ibid.

³³ "Kazakhstan, South Korea Vow to Boost Ties," Radio Free Europe–Radio Liberty, 22 September 2006, www.rferl.org/content/article/1071575.html.

³⁴ "Kookmin to Buy Kazakh Bank Stake for \$634 Mln," Reuters, 17 March 2008, www.reuters.com/article/rbssFinancialServicesAndRealEstateNews/idUSSEO27663720080317.

³⁵ Kim, "Koreans in Kazakhstan, Uzbekistan, and Russia."

³⁶ Ibid.

³⁷ Ibid.

³⁸ In early November 2008, there were only 200,000 police and military (domestic and foreign) active in Afghanistan, for example, compared with 700,000 in Iraq, a smaller country. Circumstances are different, of course, but there appears to be a clear need for defense-related expansion in Afghanistan. See Michael O'Hanlon, "How to Win in Afghanistan," *Wall Street Journal*, 14 November 2008.

³⁹ On the host-nation politics of U.S. and Russian bases in Central Asia, see Kent E. Calder, *Embattled Garrisons: Comparative Base Politics and American Globalism* (Princeton: Princeton University Press, 2007), 52–55.



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