

# South Korean Official Development Assistance to the Eurasian Customs Union on the Example of the Activities of KOICA in Kazakhstan

## Asistencia oficial para el desarrollo de Corea del Sur a la Unión Aduanera de Eurasia sobre el ejemplo de las actividades de KOICA en Kazajstán

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#### ABSTRACT:

South Korea as a member of the Organization for Economic Development should provide economic and humanitarian aid to developing countries. For the provision of official development assistance (ODA), South Korea can use its wide range of possibilities including direct investments, scientific technologies, and soft power. Of course, in providing assistance for the developing countries South Korea takes into considerations its own short-, medium-and long term interests. Rich in mineral resources Kazakhstan has attracted the attention of South Korean companies, therefore, South Korea is interested in the entry of South Korean companies into Kazakhstan's market. The Korea International Cooperation Agency (KOICA) is a tool for penetration of ODA to Kazakhstan. This article analyzes the policy of KOICA in Kazakhstan. The first part of the paper highlights ODA of KOICA to Kazakhstan since the opening its offices in 1995. Kazakhstani civil servants and scholars have studied at leading South Korean universities and participated in the Fellowship programs offered by KOICA. Financial assistance under the KOICA programs has

#### RESUMEN:

Corea del Sur como miembro de la Organización para el Desarrollo Económico debe proporcionar ayuda económica y humanitaria a los países en desarrollo. Para la prestación de asistencia oficial para el desarrollo (AOD), Corea del Sur puede utilizar su amplia gama de posibilidades, incluidas las inversiones directas, las tecnologías científicas y el poder blando. Por supuesto, al brindar asistencia a los países en desarrollo, Corea del Sur toma en consideración sus propios intereses a corto, mediano y largo plazo. Rico en recursos minerales, Kazajstán ha atraído la atención de compañías surcoreanas, por lo tanto, Corea del Sur está interesada en la entrada de compañías surcoreanas en el mercado de Kazajstán. La Agencia de Cooperación Internacional de Corea (KOICA) es una herramienta para la penetración de la AOD en Kazajstán. Este artículo analiza la política de KOICA en Kazajstán. La primera parte del documento destaca la AOD de KOICA a Kazajstán desde la apertura de sus oficinas en 1995. Los funcionarios públicos y académicos de Kazajstán han estudiado en las principales universidades de

been provided to Kazakhstani universities and government projects. The second part of the article describes the activities of KOICA in providing aid to ethnic Koreans of Kazakhstan.

**Keywords:** Kazakhstan, Eurasian Customs Union, Koreans, South Korea, KOICA, official development assistance.

Corea del Sur y han participado en los programas de becas ofrecidos por KOICA. Se ha proporcionado asistencia financiera en el marco de los programas KOICA a universidades de Kazajstán y proyectos gubernamentales. La segunda parte del artículo describe las actividades de KOICA para brindar ayuda a los coreanos étnicos de Kazajstán.

**Palabras clave:** Kazajstán, Unión Aduanera Euroasiática, Coreanos, Corea del Sur, KOICA, asistencia oficial para el desarrollo.

## 1. Introduction

After the collapse of the Soviet Union, the presidents of Kazakhstan, Belarus and Russia attempted to create a regional integration bloc in order to remove barriers to mutual trade and restore cooperative production links. On 20 January 1995, Presidents of the three post-soviet countries signed a package of documents on the Eurasian Customs Union (EACU). The above-mentioned countries needed to unite and maintain ties with each other; therefore, countries were planning to ensure the free movement of goods, services and capital, and labour. However, for a number of reasons presidents' initiative for a long time could not be realized. One of the main causes of slowing integration process was the domination of idea of regional cooperation with the European Union in Russian political and academic circles.

With President Vladimir Putin's assumption of the leadership of the Russian Federation a new attempt was made to integrate post-Soviet economic space. Presidents of Kazakhstan, Belarus, Russia and Tajikistan signed a treaty on the establishment of the Eurasian Economic Community on 10 October 2000 (Sultanov 2009; Sultanov 2012).

With the deterioration of Moscow's relationship with the western countries, Russia began to actively move the idea of establishing the EACU with Kazakhstan and Belarus. On 6 October 2007, leaders of the three countries signed a treaty of the establishment of a single Customs territory and Customs Union. Within a short period of time was established a Commission of Customs Union which is a body supporting the operation and development of the EACU (Kievich and Korol 2016).

Two years later, at the end of 2009, three post-Soviet states laid legal foundation for the operation of the EACU by adopting the Customs Code Customs Union Treaty. The official day of creation of EACU was 1 January 2010. EACU countries agreed about establishment a single Customs territory, and goods from third countries began imposing customs duties on the border of EACU. Nevertheless, while preparing integration project countries have expressed a reservation to the effect that each participant reserved the right to independently determine the amount of export duties on oil, gas and oil products that are levied on export to third countries and are not paid when trading between members of integration groupings (Knobel 2015).

The recent reforms and current situation in the regional bloc of Kazakhstan, Belarus and Russia attract close attention of South Korean scientists, economists and businessmen. South Korea seeks to find a market for its industrial products, invest in various sectors of the economy and secure permanent incomes. China and Japan, the main competitors of South Korea, set for themselves similar goals for the EACU. To penetrate and strengthen its positions in the markets of Kazakhstan and the countries of the Customs Union, South Korea uses ODA program.

## 2. Theoretical Approaches in the Study of Economic Assistance in International Relationship

There are two theoretical approaches in the study of economic assistance to developing countries: idealistic and realistic. From an idealistic point of view, developed countries when conducting foreign economic policies intend to help developing countries in the humanitarian spheres. According to this theory, donor countries can provide foreign support to improve economic development and human rights around the world. It is widely believed that the struggle against poverty is the main humanitarian activity of donor country (Tuman, Emmert

and Sterken 2001).

Students of political realism have an opposite point of view. Realists believe that developed countries pursue only their own economic interests. Countries providing their investments and technologies to poor countries are looking for ways to penetrate and consolidate their own multinational companies (MNC) in emerging markets (Gilpin 1987). The policy of providing economic assistance opens the opportunity for developed countries to receive assistance from the governments of recipient countries in the export of products, the entry of MNCs into the markets of these countries, and to ensure the supply of raw materials.

ODA to developing countries is carried out by the member countries of the Organization for Economic Cooperation. ODA can be implemented through government international agencies, such as the Japan International Cooperation Agency (ICA), the Korean International Cooperation Agency (KOICA) and others.

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### **3. Activities of KOICA in Kazakhstan**

In the South Korean academic press and the media about Kazakhstan for the period of bilateral cooperation has been accumulated a lot of different data. Generally, first of all, it is noted that the mineral wealth of Kazakhstan is rich in natural resources. Another point which attracts South Korean attention is a 100,000 Korean diaspora residing in the territory of Kazakhstan. In many ways, information about Kazakhstan is a positive character.

South Korea as a country with limited natural resources is attracted by the natural resources of Kazakhstan (Kim 2012). South Korea invests in oil and gas and petrochemical sector, uranium, transport, infrastructure development, and human resources (Yesirkigenova 2012).

The Kazakhstan and South Korean sides understand that expanding cooperation will bring mutual economic benefits to both countries. The economies of the two countries are mutually supportive: South Korea possesses significant financial resources and technologies that Kazakhstan needs for industrial diversification and development of infrastructure (Hwang 2012).

The abovementioned points fully explain opening of KOICA in Kazakhstan in 1995. KOICA was designed to strengthen and expand cooperation between the two countries. KOICA contributed computers, office and medical equipment to Kazakhstan's educational and health-care facilities. With the aid of the South Korean agency, a computer center was opened under the Academy of Sciences in Almaty, as well as the Kazakhstan-Korean Friendship Hospital (KOICA 2018)

Since 1992, more than 1,000 Kazakhstani specialists, researchers and civil servants participated in programs of Korea Fellowship offered by KOICA in the field of economics, public administration, education, agriculture, trade and finance, industrial infrastructure, medicine and information technology (KOICA 2018). This policy promoted a positive image among civil servants and became an agent for South Korean "soft power". It should be noted that after the collapse of the Soviet Union Kazakhstan had a lack of reliable information about South Korea (Kim 2012).

KOICA assisted the Kazakhstan government in implementing an independent assessment of the quality of professional training, confirmation and qualification in the occupations of technical and service labor. KOICA sent South Korean experts in this field in five phases to conduct research on the development and operation of institutions. Soon thereafter, the agency held in Kazakhstan consultations and seminars in order to promote greater awareness of research results. Moreover, with the aim of educating Kazakhstani staff members were invited to South Korea. In 2010, after the completion of the project the categories for examination were extended from 12 to 125. The results showed that the number of people applying to the new system of independent evaluation increased from 362 to 110,000 people. This is an indicator that the system operates effectively and has become widely used in Kazakhstan (Korea International Cooperation Agency 2011).

In 2008, KOICA provided medical equipment amounting to US\$ 2 million to the regional oncological dispensary of Semey city with a view to helping the population of the Semipalatinsk region. Following a visit of the Prime Minister of the Republic of Korea to

Kazakhstan in the same year, 20 medical specialists from the East Kazakhstan region participated in training at the leading medical centres of South Korea (Sizova 2013).

KOICA is actively cooperating with Kazakhstani universities. With the help of KOICA at the K. Satpayev Kazakh National Technical University (KazNTU) was established Korean-Kazakh educational center. KOICA allocated US\$ 3 million to create an educational center at KazNTU, and KazNTU gave \$ 1.5 (Kim 2012). Under the project, Kazakhstani specialists participated in training at South Korean universities (Interfax-Kazakhstan 2007).

KOICA is actively cooperating with the department of Al-Farabi Kazakh National University. Since the beginning of cooperation with the Korean department KOICA provided volunteers of Korean language. In 2009, South Korean agency provided funding of US\$ 17,000 to establish a multimedia class. It should be noted that KOICA cooperates with all universities where Korean language is taught (Al-Farabi Kazakh National University. 2009).

Another form of collaboration of KOICA is an activity of Korean volunteers. In 2006, between the two governments was reached an agreement on the activities of Korean volunteers in Kazakhstan. Kazakhstani researcher on Korean Studies German N. Kim notes that South Korean volunteers provide assistance as teachers of the Korean language, computer technology specialists, hairdressers, cosmetologists, cooks, laboratory assistants (Kim 2012).

Since 2010, KOICA has adopted a model of cooperation within the framework of public-private partnership (PPP). According to this model, PPP in its activities combines ODA with corporate social responsibility (CSR) of the company. The government and the company at the same time invest in joint business, whereby they concurrently plan to achieve the public goal of development and profit for private business. PPP policy is based on benefits can be gained by the country providing assistance to a third country, the private sector and the recipient country of foreign aid. As a result, the government benefits from such a model since private business becomes more active. The company seizes an opportunity to enter new markets and sales networks, and recipient country receives new technologies. Thus, KOICA can contribute to strengthening the competitiveness of Korean companies in the Kazakhstani market (Choi 2010).

Throughout its activity, KOICA contributed to the formation of positive perception of South Korea by the Kazakhstani population. In Kazakhstan South Korea is associated with high-quality goods, good education, advanced medicine and investments in the economy of Kazakhstan. A positive image of South Korea gives an advantage to South Korean companies in the Kazakhstani market over other foreign companies.

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## **4. Ethnic Koreans of Kazakhstan and KOICA**

Kazakhstan would be particularly interested in a study of South Korean diaspora policy experience regarding ethnic Korean groups residing apart from South Korea. As is known, outside of South Korea live more than seven million Koreans, of whom about one hundred thousand ethnic Koreans reside in Kazakhstan (Kim 2012). Kazakhstan also has a big diaspora outside of its territory, which is estimated from three to five million people. Consequently, the study of the experience of conducting diasporal policies by the developed countries is of interest to the Kazakhstani government. Therefore, studying the interaction of the government agency for international cooperation with the diaspora and its country of residence can lay the groundwork for creating a similar body in the government of Kazakhstan. KOICA may be used in the future as a case study.

KOICA offers support to ethnic Koreans of Kazakhstan through its volunteers and sponsors Korean cultural events in Kazakhstan. The main goal of South Korean volunteers is cultural and educational work among ethnic Koreans. Korean agency makes Korean diaspora aware of language, mentality and spiritual culture of South Korea.

The South Korean Embassy and KOICA have allocated funds for the equipment of a specialized class of the Korean language for the school named after Dzerzhinsky located in a small town Ushtobe where Korean language is included in the compulsory educational program for ethnic Korean children (Lim, n. d.).

South Korean volunteers helped Korean Cultural Center of Kapshagai town to organize a week of Korean culture. All visitors could get information about South Korea from the volunteers. In addition, South Korean volunteers helped to decorate air fans, paint masks, etc (Kim, n. d.).

On December 17, 2013, Korean activists held an event timed to coincide with Independence Day of the Republic of Kazakhstan. On Independence Day was noted the Korean diaspora's contribution to the economic and cultural development of Kazakhstan. South Korean volunteers also were involved in this event (Nam, n. d.).

It should be noted that in Kazakhstan is implemented multiculturalism policy and government supported establishment of ethnic centers around the country (The issues of National consolidation and establishment of multiculturalism in Kazakhstan, n. d.), so Kazakhstan does not prevent strengthening ties between the diasporas and its historical homelands.

However, ethnic Korean group is a part of a people of Kazakhstan. Accordingly, the implementation of the policy by a third party in relation to the national minorities of the country should draw keen government interest. South Korea is a densely populated country, and it does not have hegemonic ambitions in Central Asia, therefore an outflow of qualified Korean labor is not expected from the country. South Korean policy toward Kazakhstani ethnic Koreans has a cultural and educational character.

The cooperation of KOICA and other South Korean organizations with the Korean diaspora can stimulate the creation of a joint business. And joint business can impact the involvement of South Korean investments, technologies and creating jobs not only for ethnic Koreans, but for all other citizens of Kazakhstan.

Kazakhstan can use the experience of Korean organizations' policy towards ethnic Koreans in relation to Kazakh diasporas in neighboring countries. The embassies of Kazakhstan in China, Russia, Kyrgyzstan, Uzbekistan, Mongolia and Iran should support historical and cultural ties with Kazakh diaspora. A promising area in cooperation with these countries is trade, in which the Kazakh diaspora can become a bridge between Kazakhstan and the abovementioned countries.

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## 5. Conclusion

Thus, government international cooperation agencies having access to the scientific, humanitarian and industrial achievements of its countries and being aware of the needs of developing countries can be used as a tool to increase assistance and the penetration of large and medium-sized businesses into the markets of the recipient countries. Permanent cooperation of KOICA with the Kazakhstan authorities at different levels contributed to the increase of contacts between Kazakhstani students and officials of various ministries and departments, and it also influenced the formation a positive reputation and a sense of kinship among those Kazakhstani citizens who studied and trained in South Korea. It is obvious that if the Kazakhstani authorities will have option to choose with which foreign large companies and medium-sized businesses they want to cooperate they will prefer foreign companies that have proven themselves on the positive side. The long-term policy of South Korean ODA to Kazakhstan has led to the fact that South Korean companies occupy strong positions in sales of household appliances, construction, automotive, etc.

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