

Korea and the Middle East Turmoil: A Reassessment of South Korea–Middle East Relations

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The turmoil in the Middle East (Arab uprisings), which began in Tunisia and swept through Egypt, Syria and other parts of the Middle East, continues to destabilize regimes in the region. What are the implications of these new revolutionizing changes for the Middle East and for South Korea–Middle East economic, political, and military relations? The Middle East turmoil might have implications not only for South Korea but other nations as well. For example, if an uprising erupts in Saudi Arabia and oil prices soar higher, it will influence the global oil market.

South Korea–Middle East relations have received less attention from the media and from researchers over the years than North Korea–Middle East relations, which focused mainly on the military trade and security cooperation between Pyongyang and the Middle Eastern states. This paper analyzes the changes in South Korea's Middle East policy since its establishment until the present. The paper sheds new light on the implications that the Middle East turmoil has on South Korea–Middle East relations.

Keywords: Korea, Middle East, oil, Iran, Arab uprisings

Introduction

The turmoil in the Middle East (Arab uprisings), which began in Tunisia and swept through Egypt, Libya, Syria and other countries in the Middle East, continues to destabilize regimes in the region. These new revolutionary changes raise questions regarding the potential implications of these political and social processes in the Middle East on the economic, political, and military relations with other countries both within and outside the region.

The Arab uprisings in the Middle East might even have global consequences if, for example, an uprising were to erupt in Saudi Arabia or in one of the other oil and gas producing countries in the region, which might lead to a global oil market crisis. More specifically, the Middle East turmoil raises questions about possible implications for South Korea–Middle East relations, which have received less attention from the media and researchers over the years compared to North Korea–Middle East relations—mainly focusing on the military trade and security cooperation between Pyongyang and the Middle Eastern states.¹ Even when the trade gap between North

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and South Korea and the Middle East was huge, such as in 2008 when the total trade between North Korea and the Middle Eastern states was \$5.6 billion, and trade between South Korea and Saudi Arabia alone was \$39 billion, North Korea was in the spotlight—while South Korea was barely mentioned in the news. This paper analyzes South Korea's Middle East policy through the years and sheds new light on the implications of the Middle East turmoil for South Korea-Middle East relations.

Until the 1970s, the Middle East was of low importance to South Korea, and the two Koreas had limited interests in the region during those years. The Cold War division and the economic status of the South Korean economy defined the lack of interest in the region until the beginning of the 1970s. The development of the Republic of Korea's economy increased the importance of the Middle East for South Korea. In the mid-1970s, South Korean companies began to trade and get involved in major construction projects in the Middle East and the volume of trade was heightened, accompanied by a significant rise in oil imports from the region. The importance of the Middle East for the South Korean economy influenced Seoul's political and military policies toward the region. Seoul avoided pursuing any policies that might jeopardize its assets in the region. For example, abstaining from any military intervention in the region and pursuing a very cautious policy toward Israel in order not to endanger its trade with the Arab states in the Middle East.

From the mid-1990s to the new millennium, Seoul increased its trade with the Middle East and its involvement in the region, which included sending military forces to Iraq and peacekeeping forces to Southern Lebanon. However, the new Arab uprisings threaten some of South Korea's interests in the region, an aspect which the second part of this paper will focus on.

The main argument of the paper is that South Korea's motive in the Middle East is purely economic, although over the past decade it has begun to be motivated by its global role as a political and diplomatic player in international organizations. However, politics interferes in three ways in the region: Firstly, the regional wars in the Middle East, which are costly for business; secondly, the fear of trading with Israel, which might have financial and diplomatic consequences with the Arab Middle Eastern states (until the 1990s); and thirdly, the Cold War era influenced Seoul's policy toward the region, mainly regarding its policy toward the pro-U.S. countries in the Middle East. In the post-Cold War era, the increasing political pressures from Washington forced Seoul to take a stand on issues in the Middle East, such as Iran. The recent upheavals in the Middle East highlight the economic problems of South Korea's relations with the region. However, the economic basis of South Korea-Middle East relations suggests that the downturn in economic relations is likely to be short-lived and in the long term, the Republic of Korea will increase its trade with the Middle East.

The Republic of Korea and the Middle East: The Passive Years, 1950s–1960s

Until the mid-1960s, Seoul's policy toward the Middle East could be defined as passive, if not irrelevant, due to Korea's lack of interests in the Middle East. The establishment of the Republic of Korea in 1948 and the subsequent Korean War (1950–1953) led Korea to centralize all its resources on rebuilding the nation and developing the

economy. During those years, the Middle East was out of range due to a lack of political and economic interests in the region. One indicator of the low importance of the Middle East to the Republic of Korea's economy is evident in the comparison of the total trade in the 1960s between South Korea and nine Middle Eastern states (United Arab Emirates (UAE), Israel, Iraq, Iran, Kuwait, Libya, Oman, Qatar, and Saudi Arabia), which amounted to just \$125 million. During the same years, the total trade between South Korea and Japan was \$2.696 billion, and \$86 million with France.² These figures demonstrate Korea's lack of interest in the Middle East during those years. However, just two decades later, trade between Korea and the Middle East has skyrocketed by more than 1,000 percent.

Seoul's political interests and its diplomatic relations with the Middle East were influenced by the Cold War division, between those pro-United States, pro-Soviet Union, the Non-Aligned camps, and by the competition between the Republic of Korea and the Democratic People's Republic of Korea over international legitimacy. The Cold War division existed in the Middle East as well and only the pro-U.S. states in the region (Jordan, Iran, Israel, Saudi Arabia, and Tunisia) established diplomatic relations with South Korea during those years. The pro-Soviet and the Non-aligned Middle Eastern states established diplomatic relations with North Korea (Yemen, Syria, Sudan, Iraq, and Egypt). Three decades later, South Korea established diplomatic relations with the remaining Middle Eastern nations, excluding Syria, with which South Korea still does not have diplomatic relations.³

The 1970s—“It's the Economy”

When Bill Clinton ran for the United States Presidency in 1992, one of his slogans was “It's the economy, stupid.” This slogan was relevant to South Korea in the 1970s as well. The economy played an important role in South Korea-Middle East relations and influenced the nations' political and defense policy toward the region. The rapid development of the South Korean economy from the mid-1960s, led Seoul to alter its foreign policy toward the Middle East by upgrading its economic relations with states in the region. The development of the South Korean economy and the rise of the South Korean business conglomerates (*Chaebol*) increased the need to find projects and markets outside of Korea. The *Chaebol* began reaching out to the Middle East and perceived the region as a potential market for their products and services. Even the South Korean government decided to support the *Chaebol* in their quest to advance into the Middle East by providing loans, tax reductions, and even diplomatic assistance to convince the Middle Eastern states that the Korean companies could do the job at a low cost and of high quality with the assurance of the government, if needed.⁴ The government assistance to the Korean companies increased their credibility in competing with other foreign companies on projects in the Middle East. The Korean companies' experienced and cheap labor, accompanied by the government's financial backing, their capabilities to build large-scale projects, and the lack of any political or ideological agenda, made the South Korean companies highly competitive in the Middle Eastern construction market.⁵

The oil boom in the Middle East opened new opportunities for South Korean companies, mainly in the construction industry. The oil-producing countries in the Middle East began investing millions of dollars in construction and the *Chaebol*

Table 1. South Korea's Total Trade with Middle Eastern Nations 1965–1979 (US\$ million)

State	1965–1969	1970–1974	1975–1979
United Arab Emirates	0	3.8	265
Iran	0	146	1,359
Iraq	0	1.2	154
Kuwait	99	558	4,666
Libya	0.1	18	103
Oman	0	0.09	29
Qatar	0	0.094	29
Saudi Arabia	26	1,053	7,728

Source: Korean Statistical Information Service, <http://kosis.kr/eng/>.

competed for these projects, winning some of them. These projects and the increasing need for oil from the Middle East boosted trade between the Middle East and South Korea compared to the previous decade. Table 1 demonstrates the increasing trade between South Korea and the Middle East from the 1960s to the 1970s.

The competitiveness of the Korean companies was evident in the number of contracts that they won in the region. These projects included Korean companies such as Hyundai, Dong Ah Industrial, Daewoo, and others,⁶ which won contracts in Saudi Arabia, Bahrain, and other countries in the region worth more than \$3 billion.⁷ These projects enabled South Korea to supply more than one million workers in the Middle East in the 1970s and 1980s.⁸

The development of the South Korean economy and the increasing need for oil amplified Seoul's dependence on the region. South Korea imports oil from Southeast Asia, Europe, America, and even Africa, but 85 percent of South Korea's oil comes from the Middle East and 73.4 percent of the natural gas is imported from the region.⁹ South Korea's increasing dependence on Middle Eastern oil and the increasing number of projects with which Korean companies are involved in the Middle East, played a vital role in Korea's foreign policy toward Israel. The oil embargo in the mid-1970s, the Arab boycott on any company that traded with Israel, increased Seoul's sensitivity toward trade with Israel. The South Korean government abstained from upgrading its diplomatic and economic relations with Israel, fearing that it might affect its trade with the Arab states in the Middle East.¹⁰ By keeping a low profile in its economic and diplomatic relations with Israel, South Korea minimized the consequences of the Arab boycott on Korean companies.¹¹ One expression of South Korea's low profile policy toward Israel was its decision not to open an embassy in Israel until the 1990s. One should remember that Israel opened an embassy in South Korea in the 1960s, but closed it in 1978 due to budget cuts and a change of interests.¹² The fear of the Middle East reaction to the upgrade of Israel-South Korea relations influenced Seoul's decision not to allow Israel to reopen its embassy in Seoul, until almost two decades later.

The 1980s–1990s the Cost of Wars and the Peace Process

The 1980s began with a setback in South Korea-Middle East relations due to war and the declining oil prices. The Middle East offers oil, gas, large-scale construction projects, high-tech and other products and services, which make this region an asset for South Korea and other countries as well. One example is the Great Man-Made River project in Libya, which aimed to bring water to Libya's desert areas. Dong Ah construction won contracts exceeding \$9 billion to build this project.¹³ However, while the region offers excellent opportunities, it is potentially unstable and volatile due to the numerous conflicts and wars that have erupted in the region throughout the years. These wars included the Iran-Iraq war in the 1980s and later the first and second Gulf Wars. These wars illustrate the Middle East's volatility, and instability for the South Korean companies and investments. The wars were not the only setback in the trade between South Korea and the Middle East. The drop in oil barrel prices from \$48 per barrel in 1980 to \$12 in 1985 led to a decrease in the number of projects that the oil-producing states in the Middle East offered to foreign countries, including the South Korean construction companies.

The Iran-Iraq war, which cost the lives of one million people, demonstrates the risk of doing business with the Middle East. Although Seoul abstained from being identified politically with either side of the conflict in the region, the war influenced the level of trade between South Korea vis-à-vis Iran and Iraq. The only time that Seoul took a political stand in the region was when it accepted United Nations resolution 242 in October 1970 and by doing so, stated its policy toward the Israel-Middle East conflict. In the case of the Iran-Iraq war, Seoul did not take a stand in this war, as it did with the other wars. Seoul was able to trade with both adversaries during the war. The trade between the two adversaries and South Korea was dependent upon the achievements and losses on the battlefield. The changes in trade throughout the war can be seen in the following figures of South Korea's imports from Iran: 1980–\$642 million, 1984–\$1,135 million and by the end of the war (1988), the imports declined to \$518 million. These changes can also be seen in Table 2. While South Korea continued its civilian trade with Iran and Iraq, North Korea saw the war as a potential for military cooperation with Iran, mainly the Scuds industry.¹⁴ Military cooperation between Iran and North Korea has increased since the Iran-Iraq war.

Table 2. South Korea's Total Trade with Middle Eastern Nations 1980–1989 (US\$ million)

State	1980–1984	1985–1989
United Arab Emirates (UAE)	1,753	4,560
Iran	6,572	4,483
Iraq	1,031	1,103
Kuwait	6,862	2,643
Libya	2,074	1,603
Oman	1,374	3,495
Qatar	239	363
Saudi Arabia	19,018	9,019

Source: Korean Statistical Information Service, <http://kosis.kr/eng/>.

The end of the Iran-Iraq war opened a window of opportunities for the construction industry in South Korea. Samsung and Hyundai competed and won construction projects in Iraq, but enthusiasm was short-lived due to Iraq's former leader Saddam Hussein's decision to invade Kuwait. As mentioned above, the Middle East offers immense potential for profit for foreign companies but bears the risk of losing money when a war erupts in the region. President Hussein's invasion of Kuwait serves as an additional example of the high risk and the financial consequences of the conflicts in the Middle East. Samsung and Hyundai won contracts in Iraq and began building motorways and housing in Iraq. The invasion of Kuwait halted these projects and almost \$1 billion was at stake.¹⁵

One of the main causes of concern in the Middle East is the unresolved conflicts between Israel and its neighbors, including the Israel-Palestinian conflict. The lack of peace agreements between Israel and its Arab neighbor states has led to some of the wars in the Middle East since 1948.¹⁶ The absence of a peaceful environment between Israel and its neighbors stood as a barrier between Israel and South Korea. Seoul was willing to continue trade with Iran and Iraq during the Iran-Iraq war, but trade and diplomatic relations with Israel were not improved due to Seoul's fear of the high cost that it might have to pay in the Arab markets. Seoul's pragmatic foreign policy toward Israel took into account the importance of the Arab Middle East trade vs. Israel's small economic market and minor economic contribution to Korea's economy. The 1990s brought a more peaceful environment to the Middle East with the beginning of the Oslo Peace Process between Israel and the Palestinians and later the peace process between Israel and Jordan, which led to the signing of a peace agreement between Israel and Jordan in 1994. These two changes began to undermine Seoul's perception that any improved relations with Israel might lead the Arab states to use the Arab boycott. The incremental change in South Korea's policy toward Israel was received by the Arab Middle East states without any objection or threat to employ the boycott. The early 1990s symbolized a change in Israel-South Korea relations. Israel reopened its embassy in Korea, which in turn opened a Korean embassy in Israel for the first time since the establishment of diplomatic relations in 1962. Israel's then Prime Minister, Mr. Yitzhak Rabin, visited Korea in 1994 and broke the ice between the two states, which led to improved economic relations between the countries, as Table 3 demonstrates. The positive atmosphere in the Middle East, in which trade with Israel became acceptable even for Arab states, led to Hyundai, Samsung Daewoo, LG and other Korean companies opening local branches in Israel.

The Middle East peace process between Israel and the Palestinian National Authority (PNA) led to another change in South Korea's policy toward the region. Seoul decided to initiate civilian projects in the PNA and to get more involved in the peace process between Israel and the PNA. This does not mean that Seoul will become an honest broker between Israel and the PNA, like the United States or the European Union. It does, however, demonstrate a more active political role by Seoul

Table 3. South Korea's Total Trade with Israel 1980–1999 (US\$ million)

State	1980–1984	1985–1989	1990–1994	1995–1999
Israel	131	32	674	4,147

Source: Korean Statistical Information Service, <http://kosis.kr/eng/>.

toward the Middle East, although Seoul does not currently intend to become more politically and diplomatically involved in the peace process. One of Seoul's biggest obstacles is its lack of leverage in the Middle East, unlike the United States and the European Union (EU), which limits the role that it can play in the Middle East peace process. Compared to Japan, South Korea's financial assistance to the PNA and its financial involvement in Middle Eastern regional cooperation projects as part of confidence-building measures of the peace process between Israel and its neighbors is more limited. Although both states are economic superpowers, they both lack the leverage in the Middle East that will allow them to play a more vital role in the peace process and both Seoul and Tokyo do not currently intend to upgrade their respective political and diplomatic roles in the Middle East peace process.

The New Millennium: Between Hopes and Turmoil

The new millennium began with improved economic relations between South Korea and the Middle East, as Table 4 illustrates. The increased oil barrel prices led to more projects that were open to Korean companies.¹⁷ South Korean companies won an increased number of contracts in Middle Eastern projects. For example, Hanwha won a \$1 billion contract in Saudi Arabia; Hyundai Engineering, GS Engineering and Hyundai Heavy Industries won contracts for \$3.9 billion in the United Arab Emirates, etc.¹⁸ But the greatest achievement, economically and some would state even globally, was the UAE nuclear power project that they won in December 2009. The \$40 billion UAE nuclear power contract had an important impact on Korean trade with the Middle East.¹⁹ This contract allowed South Korea to enter the nuclear power plant market that was dominated by the United States, Japan, Russia, China, and France. Convinced that it had secured the UAE project, France was astonished when Korea won the project. The UAE nuclear power project opened a new market for Seoul that will double itself in the upcoming decade, even in the wake of the Fukushima nuclear reactor crisis in 2011, which might lead to a slight setback, but the growing need for energy and the future potential of depleting oil and gas reserves will increase the need for nuclear energy. Seoul diversified its exports to the Middle East by offering to sell not only civilian products but also military equipment such as the unmanned aerial vehicles (UAV) and the South Korean T-50 Golden

Table 4. South Korea's Total Trade with Middle Eastern Nations 1990–2010 (US\$ million)

State	1990–1999	2000–2010
United Arab Emirates (UAE)	28,303	139,697
Iran	18,113	74,369
Iraq	497	21,252
Kuwait	11,654	74,339
Libya	2,177	6,160
Oman	11,301	41,279
Qatar	4,438	76,823
Saudi Arabia	56,020	214,154

Source: Korean Statistical Information Service, <http://kosis.kr/eng/>.

Eagle training jet to UAE, Iraq, and even Israel.²⁰

Seoul decided to improve its economic relations with the Middle East even further by evaluating the possibility of signing Free Trade Agreements (FTAs) with Middle Eastern nations such as Saudi Arabia, Kuwait, Qatar, Bahrain, the United Arab Emirates, Oman, and even with Israel.²¹ These FTA negotiations demonstrate a change in Seoul's policy toward the region. Seoul was no longer exclusively interested in FTAs with Washington and other Asian nations, viewing the Middle East as an important market as well.²²

The new millennium heralded a change not only in the economic relations between South Korea and the Middle East, but also in Seoul's military involvement in the region as well. Until the Gulf War, Seoul abstained from sending any military forces to the Middle East. Seoul was concerned that any military involvement in the region might have implications for its relations with the Middle Eastern nations. During the first Gulf War, under Washington's pressure, Seoul sent 314 people to work as medical and transportation support in a non-battle zone location. Washington increased the pressure on Seoul and its other allies to send forces to the second Gulf War as well due to lack of international support that the previous war had.²³ Washington insisted that Seoul (and even Tokyo) send significant military forces to assist the United States in the war and to place them in the battle zone. In 2004, Seoul agreed to dispatch 3,500 South Korean soldiers to Iraq.²⁴ Seoul sent the military units to Iraq, but these units were located in a low-intensity conflict zone and they participated in civilian tasks rather than combat. While Seoul was not enthusiastic about sending forces to Iraq, its decision to dispatch the Dongmyeong military unit to Southern Lebanon²⁵ as part of the United Nations peacekeeping forces after the 2006 Israel-Lebanon conflict demonstrated Seoul's confidence in its role as a global player in the region.²⁶ The decision to send forces to southern Lebanon was based on the assumption that none of the parties involved in the conflict (Israel, Lebanon, Hezbollah, Syria, and Iran) suspected that Seoul had a hidden political or ideological agenda, which made Seoul a perfect candidate for participating in a peace force in the Middle East. This change in Seoul's policy coincides with the incremental change in South Korea's broader foreign policy in the past decade, from a passive global player to a more active player, not just on the Korean peninsula, but in international organizations and other regions as well. South Korea's assumption that all the parties in southern Lebanon agree to its presence in the peacekeeping forces, minimized the chances of participating in combat or sustaining any casualties.

The Middle East Turmoil and South Korea's Security Relations

The Middle East turmoil, which began in Tunisia, threatens the assumption that the South Korean forces in southern Lebanon are safe. The Middle East turmoil might raise concerns in Seoul that the instability in the Middle East will spill over into Lebanon and endanger the South Korean forces. Currently, the probability of these scenarios is low, but Seoul should take them into account. The first scenario concerns the instability in Syria. If the current instability in Syria continues, Damascus might consider diverting the world's attention from Syria to Lebanon by initiating low-intensity conflict in Lebanon or between Lebanon and Israel, like the Nakba & Naksa days at the Israeli-Syrian border and the clashes on the Israeli-Lebanese borders

on the same dates.²⁷ The second scenario concerns Iran. If the international pressure on Iran or internal instability in Iran rises, Tehran might consider externalizing the internal problems by increasing the tension in Lebanon by supporting Hezbollah to provoke the Israeli–Lebanese border. The attack against the Italian peacekeeping forces in southern Lebanon, which led to calls in Italy to withdraw the Italian forces from Lebanon²⁸ is one indicator of the potential threat to the South Korean forces. Any conflict scenario in Lebanon as a result of intentional or unintended conflict that will endanger the South Korean forces, might lead Seoul to consider withdrawing its forces from Lebanon.

The South Korean peacekeeping forces in southern Lebanon are not Seoul's only security concern. Thousands of South Korean workers are located around the Middle East, where they are involved in projects for Korean companies. South Korea's President Lee Myung-bak, called an emergency meeting to deal with this potential threat to South Korean workers. President Lee said, "[The government] should use every possible means to protect our people and workers at companies operating there."²⁹ For example, in Libya, which is one of the Middle East turmoil hot spots, there are almost 1,400 South Korean workers and 24 South Korean construction companies operating there. According to the Korean Trade-Investment Promotion Agency, South Korean construction companies are completing projects in other countries in the Middle East, where the turmoil threatens the safety of the South Korean workers and the government should prepare a contingency plan if the crises in those countries escalate.³⁰

The Middle East Turmoil and South Korea's Economic Relations

The new millennium began, as Table 4 demonstrates, with improved trade volume between South Korea and the Middle Eastern states. A comparison of South Korea's trade with the Middle East between the 1990s and the first decade of the new millennium show a huge increase in the level of trade. For example, trade with Iran, Oman, Saudi Arabia, and UAE tripled, with Libya it doubled, and with Kuwait it increased five-fold to the 1990s. The importance of the Middle East for South Korea's economy, mainly to the South Korean construction companies, can be seen in the overseas construction projects that these companies are involved in. In the first half of 2011, South Korean construction companies won \$23 billion worth of construction projects, 73 percent of which will be built in the Middle East.³¹ However, the Middle East turmoil threatens South Korea's economic interests in the Middle East. Some of South Korea's trade partners in the Middle East are currently preoccupied with the survival of their regimes. The Arab uprisings in Egypt, Tunisia, Syria and Libya, where the regimes in some of these states are trying to stabilize the new political order while in others the battles between the opposition and the current regimes continue to destabilize the nation, limits their trade with the Republic of Korea.

In 2010, bilateral trade between South Korea and Egypt exceeded \$3 billion.³² The uprisings in Egypt led to the fall of Mubarak's government and the seizure of the state by a temporary military government that will run the state until the new elections and the vote on the new constitution. The need to stabilize the social and political unrest in Egypt limits government spending until the current political and social unrest stabilizes. This transition period between the temporary military government and the newly elected

government might take months until the newly elected government will be able to legitimize its governance and stabilize the current unrest in the country. This might lead to a decrease in the volume of trade between Egypt and South Korea, until Cairo strengthens the regime change. In Libya, the killing of Muammar Kaddafi on October 20, 2011 did not end the strife between political forces. The political unrest and the new calls by political forces in Libya for the redistribution of wealth and power in Libya threatens \$1.6 billion of bilateral trade.³³ Even if the battle is resolved, it will take some time until the rebels will be able to consolidate a new government and fully control Libya. South Korea's third largest trader is Syria with \$1.4 billion of trade. The continuing unrest in Syria and the uncertain survival of Bashar al-Assad's regime are another concern to Seoul's economic interests in the region. Bashar's regime is currently preoccupied with the survival of its government and sanctions that the United States and the European Union have imposed. The instability in Syria stands as another barrier to trade between South Korea and the Middle East. The unrest in Syria will influence trade not just with South Korea, but with North Korea as well. Pyongyang's decreasing military trade with Damascus will probably force North Korea to seek other customers for its missile and nuclear products. Seoul has abstained throughout the years from using its trade with Damascus as leverage versus North Korea's nuclear proliferation, even after the Israeli attack on the nuclear facilities in Syria that were built with the assistance of North Korea.³⁴ It maintained its policy of non-interference in Syrian politics during the last crisis, even when other countries publicly expressed their displeasure with the Syrian regime's actions.

Tunisia, where the Arab uprisings began, is South Korea's smallest trade partner in the region. It is in the same position as Egypt, with the need to stabilize the country and elect a new government. Seoul's \$380 million trade is at stake in this state as well.³⁵ In the case of Egypt, Syria, and Libya, Seoul is not in the position to intervene and it should remain impartial until these governments, which are currently preoccupied with stabilizing and surviving the crisis, overcome the uprising or a new government is elected.³⁶ The new governments will have to invest in projects to develop their economies, and the Korean companies will be able to compete and build projects as they previously did in Libya. Thus, the Middle East uprisings will diminish trade between South Korea and some Middle Eastern countries, in the short term. However, in the long term, due to the purely economic nature of Seoul's relations with the Middle East, the new regimes will have an interest in resuming high levels of trade with South Korea as soon as possible in order to revive their economies.

The biggest concern for South Korea and other nations is the stability of the oil and gas exporting countries such as Saudi Arabia, Oman, Kuwait, and Iran.³⁷ These four countries are the main oil and gas exporters to South Korea. Any threat to their stability will directly affect South Korea's economic interests. However, one should take into account that if the stability of these states, excluding Iran, is jeopardized, the United States and other nations will most probably intervene. The total trade of South Korea with these four nations in 2009 was \$46 billion.³⁸ The uprising in Bahrain, which led to the intervention of Saudi Arabia and Iran, demonstrates the potential danger to the region, but at the same time, shows the Saudi and U.S. commitment to stabilize the Gulf region and prevent Iran from destabilizing the region. To prepare itself for a scenario in which its oil source from the Middle East is endangered due to the unrest in the Middle East, Seoul began considering the option of diversifying its oil sources, by considering increasing oil imports from Russia.³⁹

Iran is an exceptional case in South Korea-Middle East relations. Bilateral trade between South Korea and the Islamic Republic of Iran in 2010 was \$11.5 billion and \$14.5 billion respectively in the first 10 months of 2011.⁴⁰ For the time being, other than the sporadic uprising of the opposition in Iran, the Arab uprisings did not succeed in Iran as they did in Egypt, Tunisia, and other Middle Eastern states. The short-lived uprising did not affect trade between Iran and other countries, including South Korea. However, the increasing pressure on Iran, mainly by Washington and its allies, and the sanctions that the United Nations, the United States, and the EU pursued to halt its nuclear program led to decreased trade between South Korea and Iran.⁴¹ The international sanctions on Iran limit the projects that South Korean companies can compete for. South Korean companies had to cancel their participation in Iranian project bids that were prohibited by the sanctions. Washington sent delegations to its allies, including Seoul, to increase the pressure on Tehran by limiting trade with Iran, mainly with nuclear-related industries. Robert J. Einhorn, the State Department's special adviser for nonproliferation and arms control visited Seoul in January 2012 and increased the pressure on Seoul to reduce its oil imports from Iran.⁴² Seoul previously tried to bypass some of these sanctions, but the increasing pressure by Washington and Seoul's decision to fully comply with the sanctions will further decrease trade between the two states.⁴³ As in the case with Syria, Seoul abstained from using its \$14 billion trade with Iran as leverage against the military trade between Iran and North Korea. North Korea's missile and nuclear cooperation has been continuing for almost three decades, including the presence of Iranian experts in the failed missile launch in April 2012.⁴⁴ It seems that the relative political stability in Iran, compared to other regional countries, further consolidates Iran's position as a major military client of North Korea.

Conclusion and Policy Options

Korean-Middle East relations have changed radically since their beginnings in the 1950s. From a passive player that was constrained by the Cold War division and the lack of economic interests in the region, Seoul became an active player, mainly economically, in the 1990s and even began to get politically and militarily involved in the new millennium. The Middle East wars and the Israel-Palestinian conflict influenced the relations and trade between South Korea and the Middle East, such as in the Iran-Iraq war and its cautious policy toward Israel.

Seoul faces three policy options in dealing with the current Arab uprising. Each policy will influence its relations with the states in the region and will bear costs and benefits for the short and long term: "Disengagement;" "Sitting on the political fence;" or "Opportunity exploitation."

"Disengagement"—The instability and lack of clear economic and political forecasts in the majority of Middle East regimes calls for a policy based on instinctive precautions and the avoidance of risk taking. The uncertainties pertaining to the shape and ideologies of future regimes in the Middle East makes it inadvisable for Seoul's decision-makers to take a current stand. Implementing this kind of policy even briefly can protect the South Korean government from making unexpected mistakes like choosing the wrong sides in different Middle East internal conflicts. This is especially important when other countries with better relations and historical understanding of the Middle

East than South Korea are still waiting to see what will happen in this region. It seems that in most of these countries, the new regimes are not in a position to begin with economic reconstruction for the time being. However, does South Korea have the privilege of disengaging itself from the Arab world? The cost of disengagement seems too high even when the economic interaction between South Korea and some of the Arab states already faces obstacles due to lack of political stability. By disengaging, Seoul will enable other countries to enter the markets that it worked so hard to penetrate. Disengagement from the region might jeopardize future construction projects for South Korean companies, including the prospect of using the UAE nuclear energy project as a springboard to other states in the region.

“Opportunity exploitation”—Should Seoul use this opportunity to increase its political and economic involvement in the Middle East? The fact that the new players in Middle East politics do not perceive South Korea as tainted by cooperation with the old regimes can work in its favor. South Korea’s fairly recent passage to full democracy and its image as an economic and political miracle can help its efforts in gaining an advantage from the changing times in the region. When considering this innovative idea, one should not forget that for many years, South Korea abstained from taking a stand in political processes in the region. When it sent forces to the Gulf War and in South Lebanon it attempted to avoid being perceived as supporting any military stand and it should also be remembered that the Middle East attracts the United States, Russia and the EU, which cast doubts on the possibilities of Seoul’s potential influence. For the time being, it seems that Seoul will not be identified with the falling regimes—but in the future, Seoul can see the changes happening now as an opportunity for larger political and social-cultural involvement.

The Iranian case places South Korea in a more complex and delicate situation. The EU decision to pursue sanctions on Iran and the increasing pressure by Washington limits the policy options for Seoul, which can no longer refuse and avoid participating in the sanctions against Iran when the United States increases the pressure. The South Korean interest is even clearer considering the fact that Seoul might need the solidarity of its allies to pursue sanctions on North Korea in the future. Therefore, Seoul will have to pursue sanctions and limit its trade with Iran, taking into account the necessary price tag on its trade with Iran.⁴⁵ Seoul will pursue the sanctions on Iran, but it will try to minimize the cost by continuing to trade with Iran in fields where the sanctions are more fluid and less binding. It should also use this opportunity to reinforce its relations with other oil exporters like Saudi Arabia and UAE.

For now, it seems that the third option—“Sitting on the political fence”—is perfectly suited to Seoul’s traditional interests and behavior in the Middle East. Continuing its economic interaction with the Arab states, even when some of the contracts and payments might be at stake, will prevent Seoul from being politically identified with any side, while maintaining its economic base in the region. By doing so, Seoul will gain regional benefits in the short and the long run. This policy allows South Korea to project to the region that it does not fear the instability and it is open for business with the rest of the Middle East and North Africa. By its continued presence in the region, Korea will be able to remain in the game when these regimes stabilize themselves and seek foreign companies to build projects that will help revive the economies that were badly shaken during the Arab Spring.

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