

Analysis of ‘New Southern Policy’: South Korea's Political Economic Strategy in Indonesia

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Abstract

Since 1973, South Korea and Indonesia established diplomatic relations and gradually build their economic relations. These two states recently began closing their economic relationship as influential trade partners. Indonesia has long been an important place for South Korean foreign direct investment (FDI). South Korea also helped the development of the Indonesian economy by strengthening cooperation with the governmental level and providing a substantial amount of official development assistance to Indonesia. South Korea has helped to enhance the quality of Indonesian institutions through technical assistance and knowledge sharing programs. After the inauguration of South Korea President Moon Jae-in, he unveiled New Southern Policy, a far-reaching vision to treat Southeast Asia as a key diplomatic and economic partner, aimed to better link South Korea to the ASEAN grouping and expanded the economic impact of Asia's fourth-largest economy in the region. President Moon has pledged to further enhance already vibrant trade ties and expanding cooperation in defense, culture, technology, and other areas. South Korea was the 4th largest investor in Indonesia and both countries stepped up to a Special Strategic Partnership which places greater emphasis on concrete cooperation for the benefit of the two countries and peoples in various fields. Current findings indicated that Indonesia's GDP growth rose 4.21 percent in Q2-2018 compared to the Q1-2018 due to through South Korea's investment and signed MOUs. Through the New Southern Policy, both countries would enhance their partnership and mutually beneficial.

Keywords: economic policy, bilateral relations, ASEAN, South Korea, Indonesia