



THE EURASIA INITIATIVE

A CORRIDOR NETWORK FOR ENHANCING RELATIONS

BETWEEN THE REPUBLIC OF KOREA AND ITALY



CENTRO STUDI
INTERNAZIONALI

By Francesca Manenti

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Methodological Note

The following report has been made possible in November 2016, as joint project between Ce.S.I. – Centro Studi Internazionali and the Embassy of the Republic of Korea in Italy. The data and information used in the paper have been collected through in-depth interviews with representatives of the Italian Ministry of Foreign Affairs and Cooperation (MAECI) and stakeholders from the business and academic community as well as internal research based on openly available sources.

The suggestions included in the second chapter of this report, in particular, are the result of the interaction with MAECI and, specifically, with the General Direction for the Promotion of the Country System, and have resulted also from the seminar “Il progetto Eurasia Initiative e le opportunità di cooperazione strategica tra Italia e Corea del Sud”, which took place in Trieste on 29th November 2016.

Specifically, Ce.S.I. – Centro Studi Internazionali would like to thank the following people and institutions for the support in the realization of this report: Counselor Veronica Ferrucci (MAECI); the University of Trieste and the Department of Political Science, in particular Prof. Renato Gennaro and Prof. Sara Tonolo, for their organizational support to the event in Trieste and their participation to the seminar. For their contributions at the seminar and for their precious hints and suggestions: Prof. Roberto Vitale (Professor of Communications Science at the University of Trieste); Dr. Mario Sommariva (Secretary General of the Trieste Port Authority); Eng. Stefano Casaleggi (Director General, Consortium for Scientific and Technological Research Area - Trieste); Dr. Fabio Caliandro (Internationalization and Local Marketing Division, PROMOS – Milano).



In recent years, the dialogues between Asian and European countries through such channels as the Asia-Europe Meeting (ASEM) and various bilateral meetings have placed increasing importance on enhancing interconnectivity among the two continents and improving inter-regional networks with a view to realizing all the potentials that could result from much higher level of exchanges and cooperation.

Covering over 60 countries, 60% of the world's population, 75% of energy resources and 30% of GDP, countries in Asia and Europe are showing greater interest in bringing the two continents ever more closely so that a single market, unparalleled in size and diversity in the world if it could be created, may serve as one of the main engines for regional and global growth. By recalling the ancient Silk Road, this vision aims to overcome the geographical distances among the two continents through ever-closer economic cooperation and people-to-people exchanges as well as renovating multi-modal transportation infrastructure and cyber highways. Such endeavors would not only allow more efficient flow of assets and goods but also help achieve higher economic growth and facilitate closer ties among countries.

In 2013, South Korea launched the “Eurasia Initiative”, a policy proposal for enhancing and expanding trans-regional corridor of transportation, logistics, energy, and the so-called “Creative Economy” in order to encourage diverse regional actors to work together for securing peace and common prosperity. The “One Belt One Road” initiative is another related policy proposal from China with the similar goals. This report focuses on Seoul's vision, its feasibility and the possible effects that this initiative could have on bilateral relations between the Republic of Korea (South Korea) and Italy.

Specifically, the first section will introduce the Eurasia Initiative and will analyze how the concepts of One continent, Creative continent and Peaceful continent provide opportunities for common growth for both continents. It will also examine possible political challenges that may arise in the process. The second part will look into how the project can strengthen



bilateral relations between Korea and Italy and review where Korea and Italy could cooperate with the most outcomes, namely the Creative Economy applied to the SME's system, innovative start-up cooperation, and cyber connectivity. Finally, the third section will briefly explore the opportunities for Europe, and in particular for Southern Europe, stemming from closer relations between Korea and Italy through the Eurasia Initiative project.





1

What is the Eurasia Initiative?

The “Eurasia Initiative” is a policy proposal which was launched in October 2013 by the Republic of Korea in order to foster a closer collaboration between Asia and Europe. Inspired by the idea of reviving a single geographic continent, the proposal of the South Korean government aims to re-create a new dynamic, multicultural and deeply interconnected Eurasia, where the increase of exchanges between different countries would create an environment of trust and shared commitment to stability, peace and prosperity. Through this grand national plan, Korea intends to enhance economic and strategic links between the two continents with a view to encouraging public and private sectors to overcome divisions, tensions, conflict and to working together for peaceful dialogue and shared prosperity.

Far from being a utopian revival of nineteenth-century geopolitical theories¹, the Eurasia Initiative sets forth the realization of a trans-Eurasian corridor comprising energy, transportation and distribution networks, forming the backbone of the “One” continent and becoming the keystone for regional connectivity. In fact, by linking transportation and logistic networks, the initiative aims to facilitate closer and more integrated ties among countries along the corridors, stimulating the exchanges of both material resources and people-to-people interactions. In order to achieve these goals, the Eurasia Initiative projects three pivotal pillars: reconnecting the logistic networks for faster trans-regional transportation routes; upgrading the energy infrastructures across the whole area; and fostering investments under the concept of Creative Economy.

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1 The first scholar who theorized the concept of “Eurasia” was Halford Mackinder, regarded as one of the founding fathers of geopolitics and geo-strategy. In his “The Geographical Pivot of History” (1904) he identifies Eurasia as the “World-Island” formed by Asia and Europe. The central part of Eurasia was the Heartland, the land mass stretching from the Volga to the Yangtze and from the Himalaya to the Arctic. Analyzing the impact of the Trans-Siberian railways on international transports, he theorized that whoever controlled the Heartland would have been the ruler of the international order, insisting that “Who rules East Europe commands the Heartland: who rules the Heartland commands the World-Island: who rules the World-Island commands the World”. German geographer Karl Haushofer, who identified Eurasia as the continent linking such countries as Japan, Russia and Germany, resumed the Eurasia concept in the 20’s.



First, regarding the transportation routes, the project envisages launching the so-called Silk Road Express (SRX), a railroad system stretching from South Korea's southern port city of Busan to Western Europe. It envisages connecting together the railroads of the two Koreas, Russia, China, Mongolia, Central-Asian countries and Europe. The SRX aims to be an economical, safe and fast multimodal logistic network of transcontinental railways. In detail, the new line would seek to join several related railway projects, such as the Trans-Siberian Railway (TSR), the Trans-China Railway (TCR) and the Trans-Mongolian Railway (TMGR). The first step in this direction was made in 2015 with the Eurasia Friendship Express project as the first demonstration of passenger transportation through the SRX. Co-sponsored by the ROK Ministry of Foreign Affairs and the national railroad operator Korea Railroad (KORAIL), the expedition involved around 300 people who travelled from Seoul to Vladivostok and Beijing for two different itineraries covering a total of 14,400 kilometers. The main line (carrying 200 passengers) ran from Vladivostok to Berlin, stopping in five other Russian cities as well as in Warsaw, while a second train carried 50 other people from the Chinese capital to join the main line in the Russian city of Irkutsk (via Ulan Bator).



Figure 1. The Eurasia Friendship Express lines. Source Korea.net (elaborated by Ce.S.I.)

In addition to the passenger service, the project aims to create a trans-regional freight service across China, Russia and Central Asia, which would ideally speed up the transportation of goods and raw materials. Furthermore, it would cut shipping costs as well as promote the elimination of trade barriers and foster regional economic integration. However, the realization of such an ambitious project is now facing some difficulties due to current tensions inside the Korean Peninsula. The original plan² was to restore the Trans-Korean railways (TKR) in order to link the Korean Peninsula with the TSR and TCR. In 2015, the South Korean government announced a long-term plan to restore the Gyeongwon railway line between Seoul and Wonsan, in North Korea. The intention was to update the line between Baengmagoji and the Woljeong Village (near the Southern Limit Line), by connecting the Woljeong Village to the Military Demarcation Line and then to Pyonggang (in North Korea), until Wonsan, from where it would continue to Rajin before linking with the Trans-Siberian Railroad³. A Keumgangsang branch line between Baengmagoji and the Woljeong Village would also have connected with Naegumgang⁴. Due to North Korea's repeated nuclear tests and ballistic missile launches which violates the UN Security Council resolutions, the ROK government has decided to suspend the restoration of the said line and is considering other viable options for revitalizing the corridor between Northeast Asia and Europe. One such option, for example, would be the development of ferry lines between South Korean ports and the Chinese coast and from there to the trans-regional railways and roads to Europe.

In addition to land corridors, the Eurasia Initiative also focuses on expanding maritime corridors, namely development of the Northern Sea Route. Compared with the traditional Far East-Europe sea routes via the Suez

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2 As agreed by the historical South-North Joint Declaration, signed by former South Korean President Kim Dae-jung and Kim Jong-il on 15th June 2000.

3 The Rajin-Khasan Logistics Project, which had jointly been developed by Russia and North Korea, was aiming to connect the 54-kilometer long railroad between North Korea's Rajin port and Russia's Khasan train station to open a new trilateral trade route among the two Koreas and Russia. However, the project was also suspended after North Korea's nuclear test in January, 2016.

4 http://english.hani.co.kr/arti/english_edition/e_northkorea/697968.html



Canal, the North Sea Route would allow cargos from Northeast Asia to reach the port of Rotterdam in 18 days, instead of the current 26, creating a great new potential to boost trade between the two regions.

If transportation is one of the cornerstones of the Eurasia Initiative, strengthening of the connection between energy infrastructures is another one. According to the vision for integrated energy network⁵ proposed by Korea in 2013, electric power networks along with oil and gas pipelines across the region would be connected in a smart grid so that electricity and energy reserves could be more efficiently consumed and explored. Such an integrated energy network would also foster closer cooperation among neighboring countries to jointly develop wide arrange of energy resources including shale gas in China, oil and gas in East Siberia, and the offshore energy resources in the arctic region.

Since Korea relies on imports for 97% of its total energy consumption, multilateral cooperation has been one of the strategic priorities for Korea. In 2005, Seoul and the United Nation Economic and Social Commission for Asia and the Pacific (UNESCAP) jointly proposed the Intergovernmental Collaborative Mechanism on Energy Cooperation in Northeast Asia (ECNEA), which called for closer cooperation among the two Koreas, Japan, China, Mongolia and Russia. Through Intergovernmental initiatives such as the Energy Ministers Meeting in the framework of Asia Pacific Economic Cooperation – APEC; Association of Southeast Asian Nations +3 – ASEAN +3; and East Asia Summit – EAS) and academic forums, Seoul has also tried to advance more in-depth dialogues among the countries in the region. However, with the Eurasia Initiative, Korea is taking a more practical step forward that goes beyond political or technical discussions of the past and aims for bringing together energy-related interests of each country and facilitating the creation of a single trans-regional energy market. The third key element of the Eurasia Initiative is building a foundation

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5 Remarks by President Park Geun-hye at the 2013 International Conference on Global Cooperation in the Era of Eurasia <http://www.korea.net/Government/Briefing-Room/Presidential-Speeches/view?articleId=114334>



for fostering a “Creative Continent”, where neighboring governments and private entities seamlessly combine their respective creativity in science, technology and ICT, in order to develop new products, demands and industries, thus not only overcoming geographical distances, but also building a new growth engine for Eurasia.

Although different governments have defined the a “so-called creative industry” in various ways⁶, general idea behind it is to establish an environment where the creativity of the people are harnessed together with latest technology to create new markets and job opportunities. The Eurasia Initiative stresses the importance of raising the level of interaction between countries from the usual “business to business” approach to a “national system to national system” approach. An innovative ecosystem promotes dynamic growths in such fields as intellectual property (IP), organizational management, human capital, workforce training, marketing design, research and development (R&D) and education, which in turn brings the ecosystem to a higher level in a virtuous cycle of innovation and growth.

In order to develop such environment, the Eurasia Initiative emphasizes putting together political and economic frameworks that encourages active participations of public and private companies including start-ups, professionals, academics, artists as well as consumers. Consumers, in particular, are one of the key elements since they ultimately determine which new products, services and business models succeed.

Providing a new impulse to the economic growth of the broader region through innovation and more secure and peaceful environment, the Eurasia Initiative endeavors to build a single market via transportation, energy, joint investment and trade. However, fulfilling such vision is definitely subject to solving security challenges from North Korea. Determined to advance its nuclear capability, North Korea continues to threaten regional and

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⁶ According to UNESCO, the notion of creative economy is broad and “embraces not only cultural goods and services, but also toys and games and the entire domain of “research and development” (R&D)”. Creative Economy Report 2013.

international peace and security, conducting two nuclear tests and launching close to 30 ballistic missiles this year alone. Such acts of provocation have resulted in two unprecedentedly comprehensive and strong UN Security Council Resolutions, namely 2270 and 2321 issued in March and November this year. In line with the sanctions by the UN Security Council, South Korea along with the United States, the EU, Japan, Australia have taken separate sanction measures of their own to thwart North Korea's nuclear threats. Subsequently, various efforts to link the Eurasia together under the Eurasia Initiative have been affected. Aforementioned suspension of the Gyeongwon railway project is a clear example.

The Eurasia Initiative has intended to bring North Korea to multilateral economic cooperation so that Pyongyang would contribute to stability in Northeast Asia. Indeed, the Initiative has been an integral part of the trust-building processes that South Korea inaugurated three years ago⁷. The three Trust-Building Processes, in general, aim to utilize soft power, public diplomacy and economic diplomacy to turn North Korea from militarism to dialogue and cooperation.

One of the signature projects under these efforts was the Rajin-Khasan Logistics Project which tried to involve North Korea in multilateral projects among the two Koreas and Russia in order to establish a new Eurasian transportation corridor as well as build more stable relation with North Korea. By including the whole Korean Peninsula in the new Eurasian corridor, the project attempted to have North Korea see the tangible benefits of being integrated in the Eurasia network.

Such attempts by the current South Korean government seem to share

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7 The other leg of this policy is the Northeast Asia Peace and Cooperation Initiative, that aims at a new multilateral cooperative framework built upon gradually developed habits of cooperation among regional countries, especially South Korea, Japan and China. The goal is to build consensus among the participant countries, starting with cooperation on "soft" security issues and then gradually expanding the scope of cooperation in order to include also "hard" security issues, such as drug and public health, environment, disaster management, energy security, nuclear safety and cyberspace security.

certain elements of the Nordpolitik (or Northern Policy) that previous South Korean governments had carried out since the end of the cold war⁸. South Korea's economic boom and the Soviet and Chinese governments' pragmatic attitude⁹ have facilitated a favorable environment for reducing tensions between the two Koreas. With the famous "July 7th Declaration", the then-President Roh Tae-woo first postulated the idea of the "one nation community" between South and North Korea, where dialogue and cooperation were the tools for unification of the two sides. However, although the intentions remained during the following administrations, North Korea's nuclear and ballistic threats again and again stalled the Northern Policy.

Following in the footsteps of its predecessors, the Eurasia Initiative has been the most visible effort of the current South Korean administration to set up the necessary social, political, cultural and economic conditions that could pave the way for dialogue and reconciliation on the Korean Peninsula. Due to North Korea's young leader Kim Jong-un's unpredictable and aggressive attitude, neutralization of North Korea's nuclear threat has become the most crucial step in guaranteeing the stability in the region. The international community has in response become united in implementing the UN sanctions aimed at putting unprecedented level of strong pressure on North Korea.

Once North Korea completely gives up its nuclear ambition, the Eurasia Initiative could serve as an important channel to relink North Korea to the Eurasian continent. If North Korea continues on its current path, the Initiative may no longer be tied to the consent of North Korea and seek other various means to link Asia and Europe. The economic potential of enhancing connectivity between the two continents (a single continent generating more than half of the global GDP, representing about 70% of

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8 Anticipated by the "Special Foreign Policy Statement Regarding Peace and Unification, of former President Park Chung Hee, the Nordpolitik was then boosted by the Roh Tae-woo administration, opening up the relations with the Soviet Union, China and partially with North Korea.

9 The perestroika (restructuring) and glasnost (openness) pursued by Mikhail Gorbaciev and kaibang (openness) pursued by Deng Xiaoping.



world population and including roughly 75% of known energy reserves) is an important opportunity to pursue. This is especially the case for Russia and China, which are respectively looking eastward and westward through their own policy initiatives that are compatible to South Korea's Eurasia Initiative. Russia is a geopolitical bridge that spans almost two edges of the Eurasia continent. The Russian government has, thus, a natural interest in facilitating a closer integration between Asia and Europe since such interconnection could increase the importance of its geo-economic and geo-political standing.

Since his first presidential election win in 2000, Russian President Putin has placed top priority in enhancing Russia's ties with Asia. With a view to rapidly develop the Russian Far East through upgrading transportation networks and exploring new energy resources and related pipelines, Kremlin has thus actively engaged the countries in Northeast Asia to join efforts in this regard.

Increased connectivity with Asian countries could also help increase trade between Russia and those countries, namely China, Japan and Korea that have become leading economies in the world. Moreover, Russia, whose economy is based mainly on raw materials, could gain greatly from the synergy of combining Russia's vast natural resources with latest technology from Japan and Korea as well as investments and human capitals from China. This was attested, for instance, by launching the Eastern Economic Forum in Vladivostok for the last two years which aims to attract investments in Russian Far East from China, South Korea and Japan in multilateral project on infrastructural, industrial and high-tech projects¹⁰. Because relations between Russia and the European Union are at their lowest point in recent years due to the Ukraine Crisis, the eastward approach by Moscow reflects the need to diversify its alliances and to strengthen its own strategic position. Enhanced connectivity in Eurasia is also key agenda of the Chinese government, which in 2013 launched the One Belt One Road initiative

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10 <https://www.rt.com/business/357954-eastern-economic-forum-vladivostok/>



(OBOR). This initiative is the overall vision of how China plans to boost regional integration mainly through two trajectories: the Silk Road Economic Belt, an overland trading route across East Asia, Central Asia and Europe; and the Maritime Silk Road connecting China to Europe via Southeast Asia, the Indian Ocean and the Mediterranean Sea. According to the “Vision and Action Plan” document published jointly by the China’s National Development and Reform Commission (NDRC), the Ministry of Foreign Affairs and the Ministry of Commerce in March 2015¹¹ the OBOR sets forth five fields of cooperation among concerned countries: policy coordination, facilities connectivity, trade facilitation, financial integration and people-to-people exchanges. China is actively promoting the OBOR both by utilizing existing regional cooperation forums (such as the SCO - Shanghai Cooperation Organization; the ASEAN - Association of Southeast Asia Nations; the CASCFC - China-Arab States Cooperation Forum; the CACFC - China-Africa Cooperation Forum) and by establishing a strong financial framework to carry out various construction projects. In this regard, in addition to various funding instruments such as the New Silk Road Fund, the China-ASEAN Investment Cooperation Fund and the Investment Cooperation Fund between China and CEE countries¹² the Chinese government has created in 2015 the Asian Infrastructure Investment Bank (AIIB). Beijing’s vision seems quite compatible with the Eurasia Initiative of South Korea. The two governments, in fact, have already discussed ways of linking their initiatives in order to speed up two way trade flows between Asia and Europe and upgrade various transportation networks.

Besides Russian and Chinese policies towards Eurasia, a general inclination

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11 Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, http://en.ndrc.gov.cn/newsrelease/201503/t20150330_669367.html

12 China has injected considerable capitals into the OBOR: USD 40 billion to the New Silk Road Fund, USD 20 billion to the China-ASEAN Investment Cooperation Fund and USD 3 billion to the Investment Cooperation Fund between China and CEE countries. China’s sovereign wealth fund (USD 746 billion) and its foreign exchange reserves (USD 3.19 trillion as of May 2016), which seek to invest in higher-yielding assets than US Treasury Bonds, could be used as well. (European Parliamentary Research Service, Gisela Grieger, July 2016.) [http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586608/EPRS_BRI\(2016\)586608_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/586608/EPRS_BRI(2016)586608_EN.pdf)



for stronger connectivity and exchanges between Asia and Europe has emerged over the last couple of years among all concerned countries in the two continents. Such interest is demonstrated by higher references of topics like interconnection, communications, exchanges of goods, ideas and people within the Asian European Meeting (ASEM), the forum for dialogue and cooperation between the two continents established in 1996. In 2014, during the ASEM Summit in Milan, leaders of Member States recognized the importance of strengthening ties to boost a sustainable economic development, movement of people, investments and ideas, trade, information and knowledge.

ASEM has promoted connectivity through improving infrastructures, which are aimed at upgrading sea-routes, high-speed railways and cyber information “highways”, and through increasing people-to-people connections¹³. ASEM is taking steps to involve all stakeholders such as industry, think-tanks and academia in specific working groups and engage them in on-going dialogues on this topic¹⁴. On the 20th Anniversary of ASEM in June 2016, the leaders chose connectivity in all its dimensions as one of the main topic of the ASEM Summit, held in Ulaanbaatar¹⁵. In order to develop such interconnections the ASEM is planning to involve stakeholders such as industry, think-tanks and academia by creating working groups aimed at stimulating the dialogue on a topic that is becoming one of the main focus point of the Forum. Indeed, on the the 20th Anniversary of the Dialogue, connectivity, in all its dimensions was the topic of the last ASEM meeting, held in Ulaanbaatar in June 2016.

The trend towards a closer interaction and integration between Asia and Europe could be reinforced by the upcoming US administration. After

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13 Mr. Jean ASSELBORN, Minister of Foreign and European Affairs, Luxembourg, Connectivity as the Key Feature of ASEM’s Third Decade, <http://asef.org/press/corporate/news-3798-connectivity-as-the-key-feature-of-asems-third-decade>

14 Responsible Partnership for Sustainable Growth and Security, 10th ASEM Summit, Final Chair Statement.

15 11th ASEM Summit “20 Years of ASEM: Partnership for the Future through Connectivity” CHAIR’S STATEMENT <http://asem11.mn/wp-content/uploads/2016/07/Chairs-Statement-A-SEM11-adopted.pdf>

winning the Presidential election in November 2016, President-elect Donald Trump indicated that his administration may rethink its economic engagement with both Europe and Asia. In fact, with the slogan “America first”, the President-elect seems to be leaning towards a more protectionist approach to protect US workers and companies from so-called unfair foreign competition. This would likely mean reviewing the two major international agreements that Washington is currently discussing with its international partners: the Transatlantic Trade and Investment Partnership (TTIP) with the European Union and the Trans-Pacific Partnership (TPP) with 12 Asian countries (signed in February, but still not ratified). A re-negotiation of the two agreements might hamper trading with the US and push Asia and Europe to work more closely together, thus compensating the US’ possible diminished role in internal trade.



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*Creative economy and
connectivity: a strong bridge
between South Korea and Italy*

In 2014 Italy and South Korea celebrated the 130th anniversary of the Italian-Korean diplomatic relationship. In October of the same year, after the ASEM summit in Milan¹, South Korean President Park Geun hye held two official summits with then Italian President Giorgio Napolitano and Prime Minister Matteo Renzi and discussed various ways to enhance mutually beneficial bilateral cooperation both in political and economic fields. The 17 agreements signed on that occasion were clear affirmation of the mutual commitment in strengthening and expanding the Korea-Italy collaboration in wide range of areas, like culture and art, fashion, IT, science, and defense industry. The two leaders recognized that there is untapped potential in bilateral trade and direct investment and set forth the intention to promote a more favorable economic, fiscal and administrative environment to attract respective investments. Specifically, they agreed to focus their efforts in achieving two vital goals: to establish a “Creative Economy partnership” in such sectors as culture, fashion, design, IT, bio-technologies and healthcare; to strengthen the collaboration in joint research and development, technology transfer, cyber platforms and commerce, textile industry, green energy, and smart transportation².

These goals have been explored during the large-scale Italian trade mission sent to Seoul in March, 2016. It was organized by Italian Ministry of Foreign Affairs and International Cooperation, Ministry of Economic Development, Confindustria, ICE (Agency for business promotion abroad and internationalization) and ABI (Italian Bank Association) and gathered more than 100 participants from 44 enterprises, 8 business associations and 8 bank groups. The two-day visit headed by the Vice Foreign Minister Della Vedova has been viewed as a remarkable success by both Italian-Korean sides and facilitated new collaboration on the following fields: automotive, fashion, machine tool, biomedical and bio-technologies, EPC-engineering, procurement and construction. Important bilateral agreements were signed to improve interconnections between Italian and Korean entities. In particular,

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1 <http://www.consilium.europa.eu/en/meetings/international-summit/2014/10/16-17/>

2 <http://www.governo.it/sites/governo.it/files/76930-9817.pdf>



the SIMEST (Italian society of the enterprises abroad) and Invest Korea signed an information sharing deal to find out new investment opportunities and support Korean and Italian businesses in identifying possible foreign partners, starting technical collaborations as well as expanding cooperation in investments, exchanges of innovation technology and human resources³.

The initiatives between Korean and Italian business communities show the common interest in utilizing benefits of their complementarity between their respective entrepreneurial systems. Until now, Korean-Italian business partnerships have usually taken place in oil and gas sector⁴. There are also increasing efforts from both sides to establish more stable platforms of cooperation by signing agreements between confederations and trade associations, namely Italian Confindustria, Confartigianato and their Korean counterparts, the Federation of Korean Industry and SEMAS (Small Enterprise and Market Service) in order to create new synergies for sharing best practices and bringing the respective companies closer. In the last two years, for example, there have been significant increases in cooperation among small and medium enterprises in the two countries. After Confartigianato and KOTRA (the Korea Trade-Investment Promotion Agency) signed a Protocol Agreement in 2014, the Italian Association for artisans and small businesses concluded also a Memorandum of Understanding with the Korean SEMAS to open up new commercial opportunities for Italian SMEs in Korea and for more exchanges and collaborations among artisans in both countries in 2015⁵. These deals were meant to be a general framework for the two States in order to set forth a series of practical measures sustaining development of SME communities. They include trade missions and other promotion activities, training courses on Italian SME system and innovation, identification of both sides' productive districts and associations. Also efforts

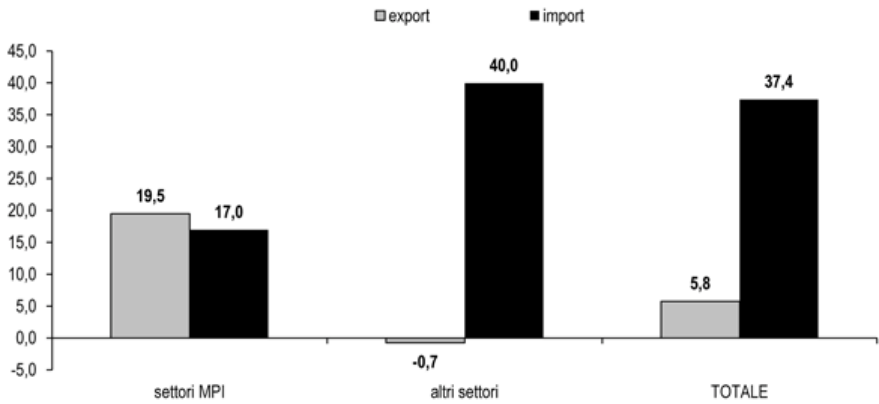
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3 <http://www.simest.it/Media/Comunicati-Stampa/Siglato-LAccordo-Tra-SIMEST-E-IN-VEST-KOREA-Per-Promuovere-Gli-Investimenti-Italiani-In-Corea-Del-Sud.kl>

4 It is the case of a joint venture between ENI Versalis and Lotte Chemical that will build with Italian technologies a plant for elastomers by 2017. http://www.infomercatiesteri.it/paese.php?id_paese=123#slider-2

5 <http://www.confartigianato.it/2015/10/confartigianato-e-la-coreana-semas-per-lo-sviluppo-delle-piccole-imprese/>

were made to inform and educate Korean students and professors as well as identify promising new sectors for bilateral cooperation⁶. The link between respective SMEs sectors is already strong: in 2014 South Korea accounted for EUR 4.306 million for the Made in Italy. Micro and small enterprises (MSEs) exports grew at the rate of 19.5% for a total value of EUR 1.380 millions.



(% variation in the period January-July in 2015 and 2014)

Figurec2. Comparison of trade exchanges with South Korea between SMEs and other business sectors. Source Ufficio Studi Confartigianato, elaboration by Ce.S.I.

Italy is one of South Korea’s major trading partners among the EU countries both in the SME’s sector and general trade and ranks third after Germany, Great Britain and France, for a total of EUR 9.73 billions⁷.

For many years, huge multinational conglomerates like Samsung, LG, Hyundai have built world-class manufacturing bases. In order to complement these leading global companies with strong SMEs, South Korean government has strived to nurture SMEs and the necessary business environment over

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6 <http://www.confartigianato.it/2014/10/confartigianato-apre-alle-piccole-imprese-il-mercato-della-corea-del-sud/>

7 Data from South Korea Overview, Infomercatiesteri: http://www.infomercatiesteri.it/overview.php?id_paesi=123

the years. Due to its strong tradition in SMEs, Italy could be one of the best international partners for South Korea. This sector in Italy counts for 99.9% of all firms, 80.4% of total employment in business and 67% of the added value of the business sector⁸, and it's a crucial driver in manufacturing and services as well in Italy. Regarding employment and added value⁹, micro and small enterprises account for 47% (employment) and 30% (added value) and 21% and 20% respectively, whereas the medium firms accounts for 12% and 18%. The medium-size enterprises, instead, have a strong role in Italian export performance, covering 27% of total export, to which small firms contribute for a further 18% and micro-size firms for 6.5%.

Moreover, they are very active in innovation, as evidenced by the fact that almost 1/4 of total business R&D is made by SMEs, but also because small and medium size enterprises are generally nimbler to invest or to introduce innovation than the large corporations.

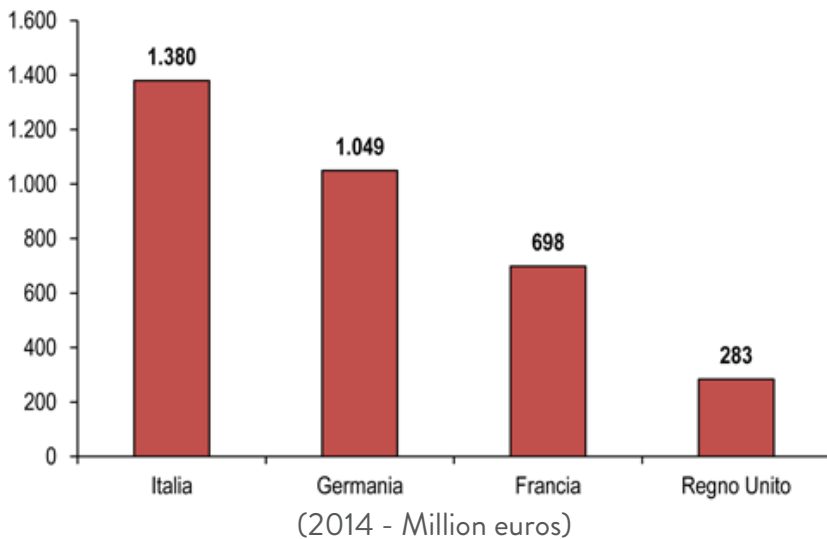


Figure 3. MSE's export to South Korea in Europe's big four. Source: Ufficio Studi Confartigianato (elaboration by Ce.S.I.)

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8 OECD Studies on SMEs and Entrepreneurship “Italy: key Issues and Policies”, 2014.

9 The value added represents the increasing of value that the industry's activity produce compared to the original value of goods and services received by other enterprises.

In order to best utilize their relatively small size and advanced skills, Italian SMEs have specialized in a certain part of production phases. Often located in an industrial cluster together, they maintain close cooperation in procurement, marketing as well as new innovations. These industrial clusters or industrial districts are local hubs for small and medium enterprises. According to ISTAT¹⁰ there are 141 industrial clusters in Italy, and they are located mainly in northeastern and central part of the country. They are mostly in manufacturing, and around 92% of them contribute to Made in Italy .

Specifically, 27% of them are in the mechanic sector, 23% in textile and clothing, 17% in furnishing and 12% in shoes and leather¹¹. In the past, firms in clusters usually outperformed those that are not thanks to easier access to knowledge, skilled labor, technology and specialized suppliers under the so-called “cluster effect”. In recent years, due to the globalization and accelerated pace of innovation, industrial districts have lost some of their competitive edge and are trying to find different solutions and approaches to remain competitive in an increasingly globalized market.

Many districts have opened themselves to work with external partners, national or foreign to discover new opportunities in the world market. Italy and South Korea companies may discover new synergies from this new development. This could turn the bilateral economic relation, which until now has been mostly trade-driven, into a more systemic partnership as envisioned by the Eurasia Initiative.

The concept of Creative Economy encompasses four major pillars: first, cultivating new entrepreneurial and proactive talents; second, creating an ideal environment for creativity through online and offline; third, encouraging more start-ups to be launched and creating new quality jobs; finally, integrating science, technology and ICT to boost economic growth for the future¹². In order to implement these visions into reality, South

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10 Report “I Distretti Industriali”, 2011.

11 Ibidem.

12 http://english.msip.go.kr/cms/english/news/pr/_icsFiles/afieldfile/2016/03/07/creative%20economy%20brochure.pdf



Korea drew up the Three-Year Plan for Economic Innovation for the period of 2013-2017 three years ago. The plan emphasizes the need to implement a fair and efficient economy; to promote growth through innovation; and to balance exports and domestic consumption¹³.

In this regard, Seoul has actively promoted reform both of public and private sectors. Driven by the principle of efficiency and productivity, South Korea has endeavored to eliminate discriminatory business practices between large enterprises and SMEs, to solve conflicts in the labor market by promoting a culture of mutual understanding between capital and labor, and to increase consumer protection within the financial industry. Seoul has made it much easier to set up new start-ups by lifting burdensome regulations and supporting each stage of the business cycle of a start-up with specifically designed programs. Seoul has increased investments in R&D to converge ICT with other industries.

The South Korean government has established innovations centers around the country to support the Creative Economy and promote start-up entrepreneurship. So far there are 17 innovation centers mostly in metropolitan cities and major provinces to help development of regional enterprises and encourage regional talents to commercialize ideas. As a regional innovation base, the center is expected to be the main engine for the local creative economy and to foster cooperation among key regional innovation players. The center also supports small and medium-sized businesses including exploring their export potentials and investments.

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13 Three Year Plan For Economic Innovation, Policy Issue, Korea Development Institute.



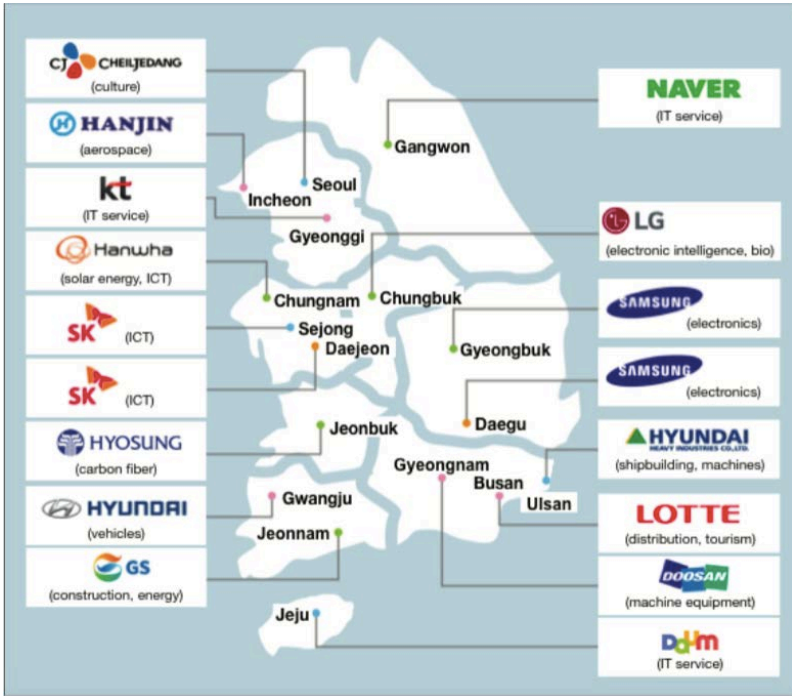


Figure 4: Link of Creative Economy Innovation Center by Local Governments and Large Business, Source: Korea's Economy Volume 30. Elaboration by Ce.S.I

The South Korean government has made it much easier for SMEs to utilize latest technologies through a technology pool. Start-ups and technology providers are encouraged to work closely, and the Start-ups may request assistance from public funds to obtain necessary technology.

Korea has also emphasized the role R&D to foster new innovations by encouraging interactions among universities, research centers and industries. Korea is the world's second most R&D-intensive country, investing 4.15% of GDP in R&D¹⁴. In order to have Government Research Institutes (GRI), universities and industries work much more closely for innovation. In this regard, the South Korean government has implemented exchange programs for researchers among universities and GRIs and facilitated a plan to establish several new joint industry-university-GRI R&D centers that help

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15 Korea Policy Priority for a dynamic inclusive and creative economy, OECD.

technology transfer and commercialization.

A significant part of this new focus would be directed to boosting SMEs. The government has taken such specific steps as increasing share of its investments in R&D going to SMEs from 12.4% in 2011 to 18.0% in 2017; requiring GRIs to devote 15% of their total budget to supporting SMEs by 2017 up from 7% in 2012; and strengthening technological assistance for SMEs¹⁵.

In order to further boost R&D and expand Korean industries' technological knowledge, the government is actively seeking ways to contribute to global science and innovation networks and has developed a Comprehensive Plan for Global Co-operation. The plan emphasizes the importance of forming a global network of overseas STI (Science, Technology and Industry) outposts, expanding Science & Technology official development assistance, reinforcing science diplomacy, promoting international joint R&D, and sharing large R&D facilities¹⁶.

On another front, the Korean government has contributed to creating a large and expanding venture capital market through tax incentives and direct investments. In particular, angel funding/investments have expanded thanks to such policy initiatives as increase in tax deductibility, creation of an “Angel Investment Support Center”, facilitation of matchmaking between angel investors and young start-ups, and establishment of a co-investment scheme (the Angel Investment Matching Fund)¹⁷. The South Korean government has also introduced a framework for crowd-funding, launched the Korea New Exchange (KONEX), which is a dedicated platform for public listings for SMEs, and reduced regulations for mergers and acquisitions involving start-ups or venture businesses.

Moreover, the government budgeted more than 4 trillion won in 2017 to promote venture start-up's. A start-up support fund worth 760 billion won was launched in early 2013. In addition, the government set up a 100 billion

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16 Ibidem, chapter2.

17 Ibidem, chapter2.

18 Ibidem, chapter2.



won fund for projects merging ICT and other industries. It is also notable that Seoul established a joint venture capital fund of 200 billion won, composed of government funds (40%) and foreign investments (60%). The management of the fund is shared with foreign venture capital management agencies. Offering favorable terms to foreign investors both in share prices and loss management, South Korea has become an attractive investment market. Indeed, according to the UNCTAD 2015 World Investment Report, South Korea currently ranks seventh among the most attractive countries in South and East Asia for transnational companies.

Korea's effort in enhancing new innovative business realities perfectly match with the Italian government's attempt at boosting creative start-ups in the country. In 2014, the Italian Minister of Economic Development formulated the "Growth 2.0 Bill"¹⁸, introducing into the Italian legislation that support new innovative high-technology enterprise, the so-called innovative start-ups¹⁹. The law covers companies that have been on the market for less than 5 years which have a yearly turnover below 5 million Euros, does not distribute profits and develop, manufacture and commercialize innovative goods or services of high technological value. In order to be considered an innovative enterprise, the company must devote at least 15% of its expenses to R&D; or at least 1/3 of the total workforce must be composed of PhD candidates, PhD's and researchers, or alternatively, 2/3 of the total workforce must hold a Master's degree. The company should also be the holder, depositary or licensee of a registered patent (industrial property) or the owner of a program for original registered computers. One of the main pillars of the legislative framework is represented by the "certified incubators", which provide services for the setting up and the development of innovative startups. Specifically, incubators host, support and assist the development of start-ups from their conception to their early development by offering training, operational support and management training, providing tools and

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19 Legislative Decree 179/2012 turned to Law by Italian Parliament on 18th December 2012:

<http://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legge:2012-10-18;179!vig>

20 Innovative startups are companies with shared capital (i.e. limited companies), including cooperatives, not listed on a regulated market nor on a multilateral negotiation system.



workplaces and facilitating contact between investors and business-oriented ideas with high potential for financial return but not yet attractive for capital markets. Among the measures included in the law are: incorporation and following statutory modifications by means of a standard model with digital signature; exempting from red tape and fees; flexible corporate management; extension of terms for covering losses; exemption from regulations on paper companies; exemption from the duty to affix the compliance visa for compensation of VAT credit (exemption up to 50,000 Euros); tailor-made labor law; flexible remuneration system; remuneration through stock options and work for equity scheme; tax credit for the employment of highly qualified staff (tax credit of 35% of the company's total cost for permanent employment even with an apprenticeship contract during the first year of the new working relationship); tax incentives for corporate and private investments in start-ups; possibility to collect capital through authorized equity crowd-funding portals; fast-track, simplified and free-of-charge access for innovative start-ups and certified incubators; targeted support to the process of internationalization (assistance in legal, corporate and fiscal activities, real estate and credit matters as well as free-of-charge participation to selected international fairs, events and to international initiatives aimed at favoring the matching with potential investors; "fail fast" procedure (start-ups are exempted from the standard bankruptcy procedure, preliminary closure agreements and forced liquidation in the event of an over-indebtedness crisis).

In order to fully explore potentials of the Creative Economy, Italy is trying to foster a nation-wide economic growth by promoting excellence in state-of-the-art technologies, ICT and cyber sectors. Regarding the cyber sector, the Italian experience is two-folds. Cyber security has become well-developed and strong sector where Italian companies are making real difference in the world. In 2014, for example, Leonardo, the main Italian Defense industry company, inaugurated in Chieti a new excellence center for Cyber Security, comprising the Security Operation Centre (SOC) and the Open Source Intelligence Centre (OSIC) and installed so-called "Supercalculator", a high performance computer. Through these centers, Leonardo provides security and cyber intelligence services for protection

against cyber-attacks²⁰. The expertise of Leonardo is not limited to military industry but also available in the civil market for protection of critical infrastructures (energy, transport and telecommunications) as well as those of companies and individual citizens. This center is part of the national effort made by the Italian government and is known as the “Agenda Digitale”, a policy framework (which the aforementioned Growth 2.0 Bill is part of) to define a strategic model for a systemic digitalization and efficient use of IT technologies for national development.

In recent years, South Korea and Italy have found new common grounds in terms of development goals and economic growth. As these priorities are included in the Eurasia Initiative economic agenda, they have important implications for Korea’s economic relations with Italy. They open new areas for the two countries to increase cooperation and foster innovation. Policy-makers, businesses and researchers in both countries should explore these opportunities. The common interest on innovation and creative start-ups, in fact, can bring the two countries closer and, in doing so, push them to discover new ways to utilize their compatibilities. It means that the two countries can easily find ways to optimize their respective needs within mutually beneficial partnerships.

Therefore, the interaction between Korea and Italy could express all its potential in some of the following sectors²¹:

- The “Creative Economy”. Korea and Italy are both interested in reinforcing SMEs sector and in turning it into an engine of growth and innovation. In order to achieve that, Italian craftsmanship tradition and ‘made in Italy’ policy can be combined with South Korea’s cutting-edge technology in order to stimulate the creation of innovative start-ups. Indeed, some of South Korea’s investments

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21 <http://www.leonardocompany.com/-/chieti>

22 The formulation of these suggestions are the results of two meetings: the first one with representatives of Italian Minister of Foreign Affairs and, specifically, with the General Direction for the Promotion of Country System. The second meeting was the seminar “Il progetto Eurasia Initiative e le opportunità di cooperazione strategica tra Italia e Corea del Sud” held in Trieste on 29th November.



in R&D are directed towards sectors in which Italian SMEs excel in the world market. In this regard, there is definitely room for cooperation between the two economic systems. As South Korean small and medium-sized enterprises are often suppliers or sub-suppliers of the big industrial groups, the compatibility with Italian firms could allow them to integrate their production with Italian SMEs in order to broaden and upgrade their products. Moreover, the two industrial systems could collaborate in developing new joint patents, especially in those sectors in which South Korean R&D capabilities could match with Italian creativity and engineering. It would lead to the creation of new trends and markets where South Korea and Italy would be partners, not competitors for producing new goods that are well positioned to satisfy new market needs. Nowadays the bilateral collaboration in these fields is just started. The technological experience of South Korean firms can be a resource for improving Italian efforts in digitalization of its artistic and cultural heritage as well as in finding innovative new ways to market Made in Italy products. For example, Italian Confartigianato has already joined the project Maestro's Academy, launched by Samsung to emphasize the value of Italian craftsmanship production and tradition²²;

- The enhancement of efficiency in transportation and multi-modal hubs. Since one of the focal points of the Eurasia Initiative is the implementation of an intermodal transport network linking South Korea and the rest of Eurasia, Italy could share its experience in this field and propose some success models like the port of Trieste which has become one of the European major transportation hub through innovation. In the last two years, maritime and train traffic has increased by 40% in Trieste and has become one of the most convenient hub that links with Central Europe (Austria, Germany, Hungary, Luxemburg, Slovakia and Czech Republic). Moreover, the Port is attracting more private investments in the Free Zone as it

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23 <https://maestrosacademy.samsung.it/>



strives to become a smart and green inter-modal hub with the help from the research-related partners, both local and international;

- The renewable energy industry. Korea is planning to make significant investments in the coming years with a view to gradually increasing energy production from clean sources (currently about 1% from renewable sources). A particular area of interest is photovoltaic where Italian and Korean companies have great technologies and may collaborate with battery production;
- Biotechnologies. In April 2017, in the framework of the BioKorea fair, a bilateral Forum focused on the field of medical biotechnology and Biomedicine will be held in Seoul;
- The cyber industry. The cooperation between Italian and Korean private firms and public services could benefit both countries by developing successful cyber infrastructures models;
- “Industry 4.0” (or “Smart factories”). The Korean leadership in ICT and the recognized Italian excellence in precision mechanics and in components can be combined. The Korean Government has identified “Industry4.0” as a new engine for the growth of the country, establishing a national policy and mobilizing substantial resources. Specifically, Korea and Italy could cooperate for incentivizing the formulation of common standard, for a more effective innovation of industrial process. These new standards could create an environment suitable for the creation of start-ups: in fact, standards allow firms to be built around common rules at lower costs and under fewer market barriers. Specifically, South Korea and Italy could push for the creation of such standards in the so-called “Internet of Things”, as interoperability standards would allow firms all over the world to have a common set of references, therefore creating new jobs and new activities.
- Exchanges of students, academics and researchers in areas of common



interest in order to improve the sharing of information and best practices. Some of these fields could be science and technology, R&D, design, communication and ICT. Both countries, in fact, have raised the need to train communication experts in using digital networks and social media to overcome the physical distances between Asia and Europe and create a more common culture.





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*The interest of Europe in the
Eurasia Initiative*

Strengthening of bilateral relations between Italy and South Korea under the framework of the Eurasia Initiative could become a successful model for other European countries. The ideas set forth by South Korea are also priority issues for the European Union which aims for improved connectivity, both within its borders and with Asia and investment on innovation as the new engines of growth.

As already mentioned in chapter 1, the European interest in connectivity is well represented by the activities carried out by ASEM over the last two years, like the meeting in Milan and the summit in Ulaanbaatar, held respectively in October 2014 and July 2016, when “Leaders underscored the significance of connectivity between the two regions to economic prosperity and sustainable development and to promoting free and seamless movement of people, trade, investment, energy, information, knowledge and ideas, and greater institutional linkage”¹. Such interconnection moves in multiple directions: first of all, building transport and infrastructure connectivity in order to implement multimodal corridors, made of sea, rail and road trans-regional networks. As pointed out at the 3rd ASEM Transport Ministers’ Meeting - TMM (held in Riga last March)², booming trade between Asia and Europe are removing physical barriers and bottlenecks in transportations as harmonization and interoperability of intermodal system continue to improve with more efficient integrated transport solutions in place. In order to come up with pragmatic policy recommendations in this field, ASEM member states launched the Eurasia Expert Group³, which consists of three working groups composed of high-level officials and specialists: working group on Transport Modes and Logistics; working group on Transport Facilitation and Cross Border Cooperation; and working group on Finance. In addition to upgrading trade and cargo routes, ASEM is looking also at advancing digital connectivity between two regions, in order to strengthen e-commerce and

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1 Chair’s Statement of the 10th ASEM Summit, 17 October 2014: <http://www.consilium.europa.eu/en/meetings/international-summit/2014/10/16-17/>

2 <http://www.aseminfoboard.org/events/3rd-asem-transport-ministers-meeting-asem-tmm3>

3 Held annually, the first meeting of Eurasia Expert Group was organized by South Korea in May 2016.



e-trade opportunities, satellite-based communications and to collaborate in the area of capacity building and exchange of expertise in ensuring a secure use of information and communication technology. Related to that, the last dimension which ASEM is focusing on is human connectivity, i.e. a closer collaboration among ASEM member countries in education, cultural and R&D exchanges, aimed at broadening people-to-people interaction and to foster the knowledge of the Eurasia idea.

Moreover, over the last two years the meeting among Asian and European states has increased to discuss the possibility of merging technology and science innovation with culture, creativity and craftsmanship. It means that ASEM, in its broader form of general meeting and its dedicated shape of Culture Minister Meeting⁴, is focusing its attention on creative economic and creative industry issue as one of the most important stimulus to global growth. Promoting research and innovation collaboration, encouraging the synergy between ICT and cultural heritage, as well as international collaboration on maturation of entrepreneurship skills, incentives, financing, technology development and professionalization, are all strategies that European countries want to carry on systematically with their Asian partners. Specifically, ASEM's effort is focused on pushing member States to create financial model and to stimulate private-public research programs that can sustain creative entrepreneurs in their activities and can provide for the investment in tailor-made research projects that otherwise start-ups or micro, small or medium-size firm could not afford. Indeed, SMEs have been a focus sector for ASEM for ten years. After the 1st ASEM Small and Medium Enterprises (SMEs) Ministerial Meeting and Trade and Investment Fair, held in China in 2007, member States have recognized the role of SMEs in both regions as a tool for national economy and job creation, as well as an important channel to foster international industrial cooperation and sustainable development. Over the last two years, this awareness urged ASEM countries to discuss and elaborate practical policies

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4 The 7th ASEM Culture Minister Meeting was held in Gwangui, Korea, in June 2016: http://www.asem2016cmm.org/home_en/sub_01_view.php?idx=30&s=61



specifically addressed to small and medium-sized firms in order to facilitate their operations and to allow them to benefit from the development of international markets. This is the direction where the discussion is headed, towards the creation of a financial set (composed, for example, by a standard information system on regional credit rating, enhanced credit guarantee systems, new private equity funds dedicated to SMEs, cross border funds, credit risk database, training programs, etc.) and economic benefits aiming to create a favorable business environment that can make SMEs attractive and competitive for the global value chain⁵.

These priorities have been reaffirmed at the 11th ASEM meeting in Ulaanbaatar, last July, on the occasion of the 20th anniversary of Asia-Europe relations. Under the slogan “20 Years of ASEM: Partnership for the Future through Connectivity”, member States confirmed the common commitment to enhance connectivity in all dimensions (the so-called hard connectivity and soft connectivity)⁶ and prepared the ground for further discussions on this topic to be implemented in upcoming events⁷. It means that a deeper holistic interconnection between the two continents will be a priority for a multilateral agenda in the near future and that it will influence European choices and policies in the upcoming years.

Besides the ASEM dimension, European interest in innovation and smart growth is well represented also within the European Union, which is carrying out a multidimensional strategy in order to achieve its goals, both among member States and in collaboration with external partners. The launch of the Digital Single Market strategy⁸, in May 2015, is just the last conceptual framework by which European countries renewed their commitment to

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5 15th Asia-Europe Business Forum Joint Business Declaration: <http://asem11.mn/wp-content/uploads/2016/03/AEBF15-Declaration.pdf>

6 For hard connectivity it is meant transportation, logistic and physical infrastructure. Instead, soft connectivity is related to people-to-people contact and digitalization.

7 11th ASEM Summit “20 Years of ASEM: Partnership for the Future through Connectivity”, Chair’s Statement: <http://asem11.mn/wp-content/uploads/2016/07/Chairs-Statement-ASEM11-adopted.pdf>

8 <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1447773803386&uri=CELEX%3A-52015DC0192>



create the right conditions and a level playing field for digital networks and innovative services. Under this framework, several EU Action Plan and rules are comprised, such as the EU connectivity package (including European Electronic Communications Code; Common broadband targets for the Gigabit Society; A plan to foster European leadership in 5th generation (5G) wireless technology; a support scheme for public authorities to offer free Wi-Fi access to their citizens)⁹, the EU Cyber Security Strategy; the EU e-Health Action Plan; the e-Government Action Plan 2016-2020 and the Entrepreneurship 2020 Action Plan. In addition to these tools, the EU is currently funding the Horizon 2020 programme in order to encourage the involvement of private and academic players, including the research. Launched in 2014, Horizon 2020 is the biggest EU Research and Innovation program ever, with nearly €80 billion of funds available over 7 years (2014 to 2020). It also aims to secure the European global competitiveness by implementing the Innovation Union¹⁰. In the framework of Horizon 2020, the European Commission prepares work programs by involving all relevant stakeholders, such as industry, researchers and representatives of civil society, in order to support the three strategic priorities of Open Innovation, Open Science, and Being Open to the World¹¹. The Horizon 2020 Program is implemented through a series of two-year work program (the 2016-2017 work-program is currently ongoing) and endeavors to transfer innovative and smart ideas from laboratories to markets, create new jobs and cultivate new scientific and technological innovation for a prosperous and sustainable growth.

The sharing of common vision on the role of innovation and technologies

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9 <https://ec.europa.eu/digital-single-market/en/environment-digital-single-market>

10 Launched in 2010, it listed thirty action points: Promoting excellence in education and skills development; delivering the European Research Area; focusing EU funding instruments on Innovation Union priorities; promoting the European Institute of Innovation and Technology (EIT) as a model of innovation governance in Europe; enhancing access to finance for innovative companies; creating a single innovation market; promoting openness and capitalizing on Europe's creative potential; spreading the benefits of innovation across the Union; increasing social benefits; pooling forces to achieve breakthroughs: European Innovation Partnerships; leveraging our policies externally; reforming research and innovation systems; measuring Progress.

11 Horizon 2020 Work Program 2016 – 2017: http://ec.europa.eu/research/participants/data/ref/h2020/wp/2016_2017/main/h2020-wp1617-intro_en.pdf

in enhancing national and international prosperity is an important tool at EU's and Korea's disposal for strengthening their relations. South Korea is already an important partner of EU in Asia. It is the first Asian country with which Brussels signed a Free Trade Agreement (FTA), entered into force in 2015, and shared a Framework Agreement¹², for creating a mechanism of consultation and cooperation on issues of common interest. Having expressed its ambition to become the world's seventh power in science and technology by 2025, South Korea is a crucial partner for European Union, especially in the field of science and new technology, as well as a model for making R&D an engine for growth. Indeed, Seoul is already well engaged in European activities: they are partners in the Joint Science and Technology Cooperation Committee (JSTCC), as well as in the KONNECT¹³ project. The project is set to strengthen STI cooperation between Korea and the EU, promoting innovation and enhancement of communication for technology-related policy dialogue (KONNECT), financed by the EU to support the JSTCC and expand linkages between research and basic, applied and industrial innovation. Moreover, the leading role played by Korea in innovation technologies allowed Seoul to participate in Horizon 2020.

The area covered by this cooperation are essentially 5G-next generation communication networks, Internet of Things and cloud services, CO2 capture and nano-safety technologies. However, despite its huge potential, the cooperation between EU and South Korea is still on an ad-hoc basis and lacks a common strategy and jointly agreed long term vision.

In this framework, a reinforcement of the cooperation with Italy could represent a step forward in delineating such shared policy priorities. Indeed, within the EU, Italy has a strong experience as a soft power nation, who has always played the role of the diplomatic bridge between the old continent and those countries that have the potential to become strategic partners for the EU. The enhancement of bilateral cooperation through specific innovation projects would allow Seoul to create an important precedent in partnering with one of the most advanced research, academic and business

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12 <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ:L:2011:127:TOC>

13 <http://www.haneurope.or.kr/member/kr/index.do>



communities in Europe. A successful experience with Italy could prepare the ground for broadening this kind of partnership under framework of the Eurasia Initiative with other European countries that view South Korea as a valuable partner to improve their own economy. It could be the case, for example, of Spain, which has already shown its interest in enhancing the relation with Seoul, both for R&D project and especially for the development of the Algeciras port which could be a logistic gateway connecting Southern Europe to the Eurasia Initiative project. Moreover, due to a strong Italy-South Korea partnership, Seoul could count on the Italian political support within EU: this would mean Italy acting inside the European Institutions to elaborate a roadmap for a more coherent cooperation between EU and South Korea and to promote in the future a European financial planning including specific calls on the topics of South Korea's Eurasia Initiative in order to stimulate the implementation of the projects that could ensure its sustainability over the long term.





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