

BRIEFING PAPER
2/2024



SOUTH KOREA AS THE NEW
INTERNATIONAL DEFENCE INDUSTRIAL
POWERHOUSE: IMPLICATIONS FOR EUROPE

GABRIELLE GODARD
JUNIOR RESEARCHER, EIAS


EIAS

Abstract

The Republic of Korea (ROK, or South Korea), a technologically advanced nation, is internationally famous for its export of semiconductors, cars and pop culture. In the past few years, South Korea has also successfully grown its defence industry, securing major deals abroad. Emerging as one of the world's fastest-growing defence exporters, South Korea ascended from the 31st position in 2000 to a top ten ranking between 2019 and 2023 in the global arms trade, taking many by surprise, especially in Europe. This trend has triggered mixed reactions among various EU members. Leveraging the backdrop of the Russian invasion of Ukraine, the South Korean defence industry has surged into the European security theatre, securing substantial contracts and delivering swiftly to Central and Eastern European countries such as Poland. This assertive movement challenges the dominance of established European defence industry contractors, particularly in France and Germany. However, by helping Europe bolster its military strength, Seoul could foster stronger defence ties with Brussels. Facing a similar threat landscape posed by revisionist powers, closer cooperation between South Korea and the EU in the defence sector holds significant potential. Ultimately, this partnership could lead to mutually beneficial advancements in military capabilities and strategic resilience.

Table of Contents

Abstract	1
Introduction	3
1. A Defence Industrial Powerhouse	5
1.1. A Progressive Indigenous Defence Industry	5
1.2. A Strategy: A Hybrid Partnership Between Governments and Chaebols	8
1.3. The Main Weapons	11
2. Reasons Behind South Korea's Defence Industry Success	12
2.1. A Long-Standing Climate of Insecurity	12
2.2. An Exceptional Relationship With The United States	13
2.3. Robust Bipartisan Support	13
2.4. The Ukraine Effect	14
2.5. Strengths and Assets	15
2.6. Limits of South Korea's Defence Industry	16
3. Implications of South Korea's Surging Defence Industry On Europe	18
3.1. Ukraine	19
3.2. The Frontline Countries From An Arms Buyer's Perspective	20
3.3. Challenging France and Germany: A Producer Perspective	23
3.4. South Korea: Partner or Competitor to the EU?	26

South Korea as the New International Defence Industrial Powerhouse: Implications For Europe

The Republic of Korea (ROK, or South Korea), a technologically advanced nation, is internationally famous for its export of semiconductors, cars and pop culture. However, in the past few years, the ROK has successfully grown its defence industry, securing major deals abroad. Seoul has emerged as one of the world's fastest-growing defence exporters, experiencing a remarkable ascent from a 31st position in 2000 to rank among the [top ten defence exporters](#) worldwide between 2019 and 2023.

The surge in defence exports has underscored South Korea's goal to emerge as a "[Global Pivotal State](#)", amplifying its presence on the international stage. In his 2022 election campaign, president Yoon Suk Yeol [articulated](#) that "South Korea should no longer be confined to the Korean Peninsula but rise to the challenge of being what I have described as a 'global pivotal state,' one that advances freedom, peace, and prosperity through liberal democratic values and substantial cooperation." The Yoon administration has pursued an ambitious agenda encompassing [18 policies](#) which cover key aspects of foreign affairs, security, trade, technology and industry, all geared towards "embracing greater roles and responsibilities for resolving regional and global challenges in the Indo-Pacific region and beyond." Strengthening defence exports stands out as one of Yoon's flagship initiatives. In his [New Year Address to the Nation](#), Yoon proudly announced South Korea's achievement of an average annual defence industry export value exceeding 15 billion USD and reaffirmed Seoul's commitment to elevate South Korea among the top four defence exporters globally by 2027. Recent high-profile deals, such as the [finalised contract with Australia](#) to provide 129 Redback infantry fighting vehicles valued at 2.4 billion USD, underscore South Korea's newfound prominence in the international defence market.

Amidst war, rising tensions and insecurity, timing has played a pivotal role in South Korea's successful defence exports. The evolving geopolitical landscape and increasing global security instability, fueled by events such as Russia's invasion of Ukraine, the Israel-Hamas conflict and the intensification of US-China competition has led to unprecedented levels of global defence spending. In 2023, the global total defence spending rose by 6.8 percent in real terms (adjusted for inflation) and reached

a [record-high](#) of 2.443 trillion USD. As a direct response to the global decline in peace and security, this surge in spending catalysed arms sales worldwide. Arms imports have risen significantly in regions experiencing heightened geopolitical tensions, in Europe in particular. The import of major arms by European states [surged by 94 percent](#) from 2014–18 to 2019–23. However, the overall global volume of international arms transfers slightly decreased by 3.3 percent.

Traditionally, the international arms trade has been dominated by a handful of countries forming an oligopoly. Especially as manufacturing requires a high level of technological competency, capacity to manage large contracts and finance, and intense interplay with political factors, which can come with significant legal costs. The five largest exporters of arms in 2019–2023—the USA, France, Russia, China and Germany—accounted for [75 percent](#) of all arms exports. US and French arms exports rose between 2014–18 and 2019–23, while Russian, Chinese and German arms exports fell. South Korea’s rapid ascent, fluctuating between the eighth and tenth positions in recent years, is likely to challenge this established order, fueled by a notable [12 percent](#) increase in arms exports between 2014–18 and 2019–23. While total exports grew from an annual average of 3 billion USD between 2012 and 2021 to 17.3 billion USD in 2022, they slightly decreased to 15 billion USD in 2023.

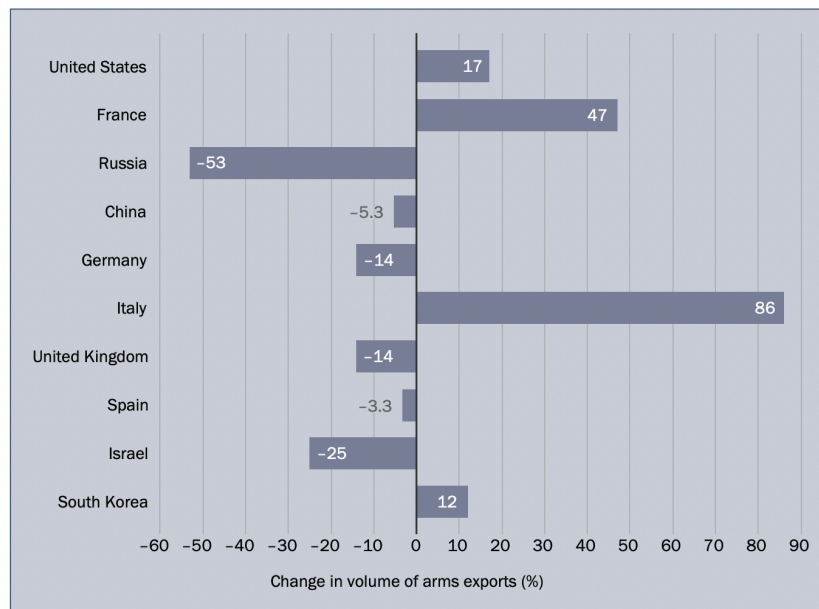


Figure 3. Changes in volume of exports of major arms since 2014–18 by the 10 largest exporters in 2019–23

Source: SIPRI Arms Transfers Database, Mar. 2024.

The rise of South Korea in the global arms trade, a newcomer to global strategic leadership, has taken many by [surprise](#), including Europe. This trend has triggered [mixed reactions](#) among various EU members. Leveraging the backdrop of the Russian invasion of Ukraine, the South Korean defence industry has surged into the European security theatre, securing significant contracts and swiftly executing them with Central and Eastern European countries such as Poland in 2022 and 2023. This assertive movement challenges the dominance of established European defence industry contractors such as Thales and Rheinmetall Group, particularly in France and Germany.

1. A Defence Industrial Powerhouse

1.1. A Progressive Indigenous Defence Industry

Over the past 70 years, South Korea's defence strategy and industry have evolved significantly in response to the persistent threats and provocations of North Korea. South Korea has sought to enhance its defence capabilities by increasing industrial autonomy and, more recently, expanding its military partnerships internationally.

Park Chung-hee, who ruled from 1961 to 1979, came to power through a coup d'état at a time when South Korea was grappling with the aftermath of the Korean War (1950–1953), violence, corruption and dire poverty. His military tenure was a transformative era, often referred to as the [“Miracle on the Han River,”](#) characterised by unprecedented economic growth. Park's government actively redirected South Korea away from its agrarian past, propelling the nation into the era of industrialisation. At the core of Park's vision was the conviction that a prosperous and modern nation necessitated a robust military, a concept symbolised by the slogan *buguk gangbyeong* (rich nation, strong military). South Korea's pursuit of an independent military modernisation program was spurred by the pressing realities of a precarious geopolitical landscape characterised by two significant dynamics: North Korean threats and aggressions and an erosion of the US's security commitment to South Korea. In 1969, the Nixon Administration announced the Guam Doctrine, a plan to withdraw all US forces from Asia, notably Korea, by 1976. The doctrine also called for “an Asian defence by Asians.” Over nearly two decades, Park's administration supported the development of a domestic defence industry, providing extensive

backing to family-run conglomerates, known as *chaebols*. This support was part of a broader strategy aimed at building a “self-reliant national defence” (*chaju kukpang*). The state codified and legalised the collaboration of government and private industry for military production through the Military Procurement Law in February 1973.

From the late 1980s to the late 1990s, South Korea encountered new internal and external changes and developed a new discourse on military strategy, construction of military power, force structure and weapons systems. South Korea’s democratic transition in 1987 and the collapse of the Soviet Union in 1991 did not signify the end of the arms race for Seoul, let alone its disarmament. The primary reason behind this stance was the persistent threat posed by North Korea and its new quest for nuclear weapons. This threat was exacerbated by the reduction of forward-deployed American forces in East Asia, as mandated by the Nunn–Warner Amendment in August 1988. The newly elected President Roh Tae-woo (1988-1993) aimed for the ["Koreanization of Korean defence"](#) to reduce South Korea's excessive dependence on the United States.

South Korea's defence industry emerged from Park’s goal of achieving “self-reliance” (*jaju*) in both national security and the economy. Since the 1970s, South Korean defence products have been designed for export. Successive governments have invested in research and development (R&D) to continuously improve the technology and quality of these products, making them competitive in the international market and benefiting the national economy. The first exports took place in the 1970s. For example, in 1974 [the US State Department reportedly granted approval in principle](#) for South Korea to sell co-produced weapons to Malaysia, Cameroon, and Kuwait. By the late 1970’s, [exports](#) included quartermaster goods, infantry weapons, munitions, landing craft, and high speed boats. This effort aligned with [Park's national goal](#) of expanding Korean exports to 10 billion USD in annual earnings by the early 1980s. However, it was not until the 2000s and 2010s that Korean manufacturers made significant strides in their export activities. In 2006, the [Defense White Paper](#) and the Global Korea Plan placed defence exports at the core of the country's strategy, emphasising their role in ensuring the long-term viability of weapons programs. Exports were seen as a necessary revenue channel to financially sustain South Korea’s defence industrial base. President Lee Myung-Bak (2008–2013) strengthened this strategy during his term, using diplomacy to promote South Korean-made weapons and positioning the defence industry as a key driver of national economic growth. During this period, [arms exports rose from 110 million USD to 350 USD million by](#)

[2013](#), representing an increase of approximately 3.2 times. This significant growth highlights a substantial expansion in the arms export market. Major contracts with foreign customers were secured, notably with [Indonesia in 2002](#), [Turkey in 2000 and the UAE in 2008](#). Later, they expanded to Europe, winning licence agreements with [Poland in 2014](#), [Norway in 2017 and Estonia in 2018](#), partly in response to the threat posed by the Russian invasion of Crimea in 2014. Between 2010 and 2020, the ROK's average annual defence exports reached nearly [2.4 billion USD](#), placing the country among the world's top ten arms exporters. Despite opposing political parties and distinctive foreign policy outlooks, both former President Moon Jae-in (2017–2023) and President Yoon Suk-yeol (2023–2027) sought to modernise the nation's weapons systems and maximise their deployment both domestically and internationally. In 2018, President Moon Jae-in [unveiled](#) an ambitious defence restructuring and modernisation plan, the [Defence Reform 2.0](#) initiative. By using “sale diplomacy” and fostering diverse partnerships in Southeast Asia and EMEA, the Republic of Korea transformed into a “defence industry powerhouse.” Seoul aims to enhance international cooperation in armaments by forming or strengthening intergovernmental defence partnerships. These partnerships focus on military aspects (such as joint training), economic support, and scientific and R&D efforts (including technology sharing). For instance, the 2021 deal for K9 self-propelled howitzers with Australia came with [South Korea’s future construction of manufacturing plants in Geelong](#). For the ROK, exports are crucial for ensuring the long-term viability of weapons programs, which are becoming increasingly complex due to the growing number of conflict areas and rising development costs.

This whole-of-government approach seeks to adapt to the needs and requirements of foreign customers. In January 2022, President Moon Jae-in's tour of Africa and the Middle East ended with a series of defence equipment sales announcements: a [contract with Egypt](#) for the purchase of K9 Thunder self-propelled howitzers (1.66 billion USD), an [agreement with the UAE](#) for the sale of the Cheongung II KM-SAM air defence system (valued at 3.5 billion USD) and, in March 2022, the signing of several [contracts with Saudi Arabia](#) worth almost 1 billion USD to import Hanwha’s anti-aircraft defence system. On the other hand, since his 2022 election campaign, Yoon has aimed to position South Korea as a Global Pivotal State. In 2023, the ROK's arms exports [reached approximately 14 billion](#) USD, down from 17.3 billion USD in 2022. For 2024, the government aims to [achieve 20 billion](#) USD in arms exports, reflecting not only Seoul's growing stature in the global defence market but also its strategic goal of playing a more influential role on the international stage in cooperation with like-minded countries. To that end, arms sales have significantly

improved South Korea's defence cooperation by facilitating training programs and joint development efforts with partner nations. For instance, the ROK sought to [strengthen formal ties with NATO](#), through the [AP4 mechanism](#) and arms sales. The country was invited for the first time to the NATO Summit in Madrid in 2022. There, President Yoon emerged as a sought-after interlocutor for those seeking high-quality, competitively priced arms, as the country made a strong impression on both military and value-sharing fronts. Seoul's condemnation of Russia and participation in sanctions, along with its support for NATO members through arms supplies, were moves appreciated by the alliance. Therefore, defence exports have bolstered economic interests and enhanced diplomatic relations, showcasing South Korea's new role as a global pivotal state in world politics.

1.2. A Strategy: A Hybrid Partnership Between Governments and *Chaebols*

South Korea's success in becoming a "defence industry powerhouse" is based on a joint-venture model between government agencies and private companies. While every legitimate country requires national defence, achieving and maintaining a national defence industry is challenging. In this endeavour, defence industrial firms serve as crucial strategic partners of the government, often being owned by the latter itself. In the 1970s, under Park Chung-hee's slogan "buguk gangbyeong" (rich nation, strong military), the government aimed to stimulate national economic development and modernise the military by leveraging the capabilities of [chaebols](#). These large industrial conglomerates, dominated by single families, were already operating industrial factories and had basic manufacturing abilities. *Chaebols*, literally meaning "wealth clan," originated from small firms established by entrepreneurial Koreans during the late stages of Japan's colonial rule and the aftermath of the Korean War. Notable examples include Samsung, founded in 1938; Hyundai and LG—originally established as Lucky Chemical Industrial—in 1947; and SK in 1953. Park wanted to exert control over the South Korean economy, promoting growth through domestic firms. His government provided selected *chaebol* with licences and economic advantages, such as favourable financial agreements and tax reductions. To further support these conglomerates, the government shielded them from competition by granting monopolies or quasi-monopolies in various sectors.

Park envisioned a hybrid or public-private partnership model with a division of labour. Initial demand for a particular weapon or weapons system comes mostly from the armed forces and government. The government is responsible for industrial development planning, financing, and R&D, as well as the conceptualisation, design, experimentation and testing of a weapon system. The *chaebols* or private defence companies, in turn, benefit from continuous technology transfers and guaranteed profits from the government. They undertake mass production to supply complete products for the national armed forces and export deals, and they provide ongoing after-sales maintenance for decades.

This state-led industry involves multiple actors. The main public entities are the Ministry of National Defence and three government agencies. First, [the Agency for Defence Development](#) (ADD), established in 1970, has been central to South Korea's defence industrial development. This government-affiliated, non-profit research institute conducts R&D projects commissioned by the government, playing a pivotal role in the development of source technologies for most Korean-made weapons. Its [primary goal](#) is to "contribute to the reinforcement of national defence power and the accomplishment of self-reliance of national defence by taking charge of the technical survey, research, development and testing of weapons, equipment, and supplies required for national defence, as well as the survey, research and testing of science and technology related to it."

The [Defence Acquisition Program Administration](#) (DAPA), launched in 2006 under the Roh Moo-hyun government (2003-2008), is the centralised administrative centre for specialised weapons procurement, whether produced domestically or imported. It oversees improvement in the nation's defence capabilities, provides military supplies and promotes the defence industry in domestic and international markets. The DAPA represents the Ministry of Defence, the Joint Chiefs of Staff, each army branch and the Defence Procurement Agency. It is also the leading agency in arms exports. The agency notably handles the critical and sensitive aspect of offset trade, which involves compensation practices required as a condition of purchase in either government-to-government or commercial sales. In weapon purchase, this includes technology transfer, licensed production, subcontractor production and co-production arrangements.

Lastly, through [South Korea's Export Credit Agency](#) (ECA) system under the Ministry of Trade, Industry and Energy, the government provides financial services to

support its arms sellers, thereby promoting, protecting and preserving defence companies and the overall defence industry. Given that international arms deals are high-risk, high-reward ventures, the Korea Trade Insurance Corporation (KTIC) offers guarantees against the risks involved in loans, which often amount to several billion US dollars. This support is crucial for maintaining the competitiveness and stability of South Korea's defence companies in the global market.

These government agencies work closely with the private sector. The six key manufacturers are Hanwha Aerospace (army, navy, aerospace), Korean Aerospace Industries (aerospace), Hyundai Rotem (land), LIG Nex1 (missile, aerospace), Hyundai Heavy Industry (navy) and Poongsan (ammunition). The competition is fierce between the *chaebols*. The four main groups acting as prime contractors for major national programs are artillery producer Hanwha Aerospace, missile producer LIG Nex1, tank producer Hyundai Rotem and fighter jet producer Korea Aerospace Industries. In the [2022 SIPRI Top 100 arms-producing and military services companies in the world](#), they are respectively ranked 48th, 67th, 73rd, and 98th. This unique feature of South Korea's defence industry facilitates a high degree of collaboration, cooperation and amalgamation between public and private sectors. It has enabled South Korea to emerge as one of the leading international arms exporters in just five decades.

Playing catch-up

South Korea's arms producers lag those of other major economies
(Global rank in terms of arms revenue, in billions of dollars, for 2022)

Rank	Company	Country	Arms revenue
1	Lockheed Martin Corp.	U.S.	59.4
6	BAE Systems	U.K.	26.9
7	NORINCO	China	22.1
10	Rostec	Russia	16.8
13	Leonardo	Italy	12.5
43	Mitsubishi Heavy Industries	Japan	3.3
48	Hanwha Aerospace	South Korea	2.8
67	LIG Nex1	South Korea	1.7
73	Korea Aerospace Industries	South Korea	1.6
98	Hyundai Rotem	South Korea	0.8

Source: Stockholm International Peace Research Institute

1.3. The Main Weapons

The K-Arsenal is made of a wide range of weapons. Following state directives, various *chaebols* specialising in the defence industry have produced conventional weapons (ammunition, armoured vehicles, missiles, fighter planes) and advanced technology-oriented systems across ground, naval, aerospace and electronic equipment fields.

The Korean defence industry has primarily developed land systems, particularly artillery, as well as air and space systems, including combat aircraft. The [K9 self-propelled howitzer](#) manufactured by Hanwha Aerospace, also known as the K9 Thunder, is South Korea's most famous exported weapon. Its primary purpose is to counter potential land invasions. They operate in groups with a K10 ammunition resupply vehicle. The K9's speed, efficiency and relatively low cost have made it highly attractive to many countries, especially those facing threats from neighbouring nations like [India, Poland, Finland, Norway and Estonia](#). Notably, this model marked South Korea's defence industry's first significant entry into the African market, having [secured a deal with Egypt](#) in February 2022. Currently, the K9 accounts for [more than half of the global market](#) for self-propelled artillery. The [K2 Black Panther Main Battle Tanks](#), produced by Hyundai Rotem, are also one of the flagship products of the Korean industry. Hyundai successfully secured contracts to produce these tanks for [Turkey](#) in 2007 and [Poland](#) in 2022, although the [Norwegian Army](#) ultimately selected the German Leopard 2A7 in 2023. In terms of combat aircraft, the T-50 advanced jet trainer and FA-50 Light jet fighters, developed by Korea Aerospace Industries (KAI) in collaboration with the American aerospace and defence manufacturer, Lockheed Martin, are the most exported. In 2023, South Korea's aircraft exports surged to over 1 billion USD, primarily driven by the delivery of FA-50 light combat aircraft to Poland. Additionally, the outbound shipments of aircraft parts from South Korea reached a record high of 2.4 billion USD, marking a substantial increase of over 34% compared to the previous year. Apart from the K9 howitzer and FA-50 light combat aircraft, South Korea has developed [submarine-launched ballistic missiles](#) and is currently working on a next-generation [low-altitude missile interceptor, Cheongung-III](#), argued to be far superior to Israel's Iron Dome.

2. Reasons Behind South Korea's Defence Industry Success

2.1. A Long-Standing Climate of Insecurity

The primary reason behind the sustained development of South Korea's defence industry over recent decades is the ongoing fear of a military confrontation with North Korea. This persistent threat was the [motivating force](#) behind Park Chung-hee's pursuit of an independent military modernisation program in the late 1960s. Since the end of the Korean War in 1953, the two countries have remained technically at war, having signed only an armistice agreement, not a peace treaty. Their relationship has fluctuated between periods of reconciliation and military conflicts, ranging from small land and sea skirmishes to significant military crises. In the late 1960's, South Korea was entirely dependent on US military aid, even for guns and ammunition, while North Korea was further ahead in terms of military modernisation due to substantial Soviet military aid in the late 1950s and early 1960s. During this period, North Korea's military undertook several aggressive actions that escalated tensions on the Korean Peninsula. These included deploying [armed commandos to the Blue House, the presidential residence](#), in an attempt to assassinate South Korean President Park Chung-hee (1968); [abducting a US ship USS Pueblo](#) near the Korean Peninsula (1968); and [shooting down a US spy plane](#) over international waters, killing all 31 crew members (1969). Today, North Korea is a heavily armed neighbour with an arsenal of nuclear weapons. These weapons were developed under the leadership of Kim Jong-il and current leader Kim Jong-un. North Korea continues to conduct regular tests of newer and more sophisticated arms, including [satellite launches](#) and [missile tests](#) aimed toward the Yellow Sea and Sea of Japan. These tests encompass a range of missile types, including ballistic, cruise and hypersonic ones. In January 2024, North Korea claimed to have successfully tested an [underwater drone](#) in the Sea of Japan, capable of carrying a nuclear warhead. In response to this threat, South Korea has developed a significant and reliable weapons manufacturing infrastructure, utilising the country's world-class industrial bases like shipbuilding, electronics, automobiles, machinery, etc. In 2023, South Korea's defence budget [reached 44.2 billion USD](#), accounting for 2.8% of the entire national GDP. The country is projected to [invest a total of 73.5 billion USD](#) over the period 2024–2028 as an acquisition budget to modernise its current inventory. This substantial defence budget has been crucial in constraining North Korean military adventurism, aggression and provocation, which have posed significant threats to South Korea's survival.

2.2. An Exceptional Relationship With The United States

The United States, as a military ally and security patron, has played a significant role in the development of South Korea's indigenous defence industry. Seoul's concerns about the potential erosion of the US security commitment to South Korea have long been a motivation to pursue an independent military modernisation program. As mentioned earlier, President Nixon's 1969 announcement to withdraw all US forces from Asia, including Korea, by 1976, along with the threat from North Korea, was the main reason Park pursued an independent defence industry. In addition to troops, South Korea also feared that the US could stop providing essential and high-tech weaponry. With the 2024 US election looming, [concerns about US reliability](#) have resurfaced, particularly due to the potential return of Trump as President, which could weaken the South Korea-US alliance. Over the years South Korea has benefited in various ways from its partnership with the US. As an ally, the US has provided Seoul with numerous weapons which served as a starting point for its indigenous defence industrial development in the early 1970s. Seoul received an [average of 250 million USD annually](#) in US military assistance from 1953 to 1981, following the Korean War. South Korea started to reproduce American army, navy, and air force equipment and military engineers gained valuable knowledge from their American counterparts. Extensive defence cooperation with the United States, particularly through licensed production and deliberate design choices, has ensured that South Korean weapons maintain a high level of interoperability with US systems and meet NATO standards. For instance, the K9 Thunder self-propelled howitzer can [carry and fire US munitions](#). However, because South Korea is one of the top buyers of high-end but costly American weapons, the US has been reluctant to transfer its core military technologies to South Korea to maintain a strategic advantage and a technological edge over potential producer adversaries.

2.3. Robust Bipartisan Support

Another factor contributing to South Korea's defence industry success is [the robust bipartisan support](#) from the two main political parties, the conservative People Power Party (PPP) and the progressive Democratic Party (DP). Following the military authoritarian regimes of Park Chung-hee and Chun Doo-hwan until 1987, which supported the development of an indigenous defence industry, this patronage has

continued into the democratic era. Successive presidents, regardless of their political affiliations, have been proactive in promoting the country's defence industry. This bipartisan political support can be attributed to the positive and enduring impact of the defence industry on the country's economy and foreign policy. On one hand, there are significant economic benefits, including the potential for further expansion of South Korea's domestic firms and job creation. On the other hand, through ["arms sales diplomacy,"](#) Seoul is strengthening international collaboration. This encompasses arms deals alongside technology sharing, combined military training and closer alignment of foreign policy between like-minded allies. These factors provide strong incentives for any president to tap into the expanding demand for South Korean military products. As aforementioned, the current conservative [President Yoon has followed the legal legacy](#) of his progressive predecessor, President Moon, in the military industry field. Despite opposing foreign policy outlooks, both have employed arms sales as a central tool of their values-based foreign policy agendas. In addition to bipartisan support, the strength of South Korea's defence industry is highly symbolic. It is a source of national pride for both South Korean elites and the wider public. This significance stems from the country's long history of invasions, looting and colonisation, as well as the ongoing military threats from North Korea. Besides, if the defence industry excels, the ruling party and the president can frame it as a substantial foreign policy achievement.

2.4. The Ukraine Effect

The success of K-defence is influenced by conflicts and tensions around the globe. The Korean defence industry has been bolstered by the Russian invasion of Ukraine, which has increased weapon sales and strengthened South Korea's reputation as an arms exporter. Europe has become a collaborative partner and a market for South Korean arms, as NATO countries such as France, Germany and Italy have been unable to meet the demands of the eastern front. In the post-Cold War era of peace and weapon redundancy, these countries lacked the immediate production capacity to meet the high demands of Ukraine and NATO countries in Central and Eastern Europe, despite having advanced technologies and a robust base of manufacturing. Facing Pyongyang's belligerence for the past 70 years, [South Korea empathises with democracies](#) like Poland who face dangerous threats along their frontiers. Poland, a buyer of South Korean arms since 2014, significantly increased its collaboration with Seoul after 2022, securing substantial arms deals. Notably, in 2022, the two countries

reached a [deal of 13.7 billion USD](#) for K2 tanks, K9 155mm self-propelled howitzers, FA-50 light jet fighters, Hyunmoo and Chunmoo multiple launch rocket systems and other miscellaneous missiles. The deal's value and the number of weapons involved made it stand out even among the world's biggest defence players. South Korea supplies munitions that reach Ukraine through a back-channel agreement with the US.

Furthermore, previous consumers of Russian arms are now seeking new alternatives, likely increasing the demand for South Korean weaponry. Moscow's commercial aura has significantly deteriorated. Western sanctions against Russia, including restrictions on semiconductor exports and financial limitations affecting the country's defence industry, have significantly impacted its global arms sales. As a result, Russia [dropped](#) from being the second-largest to the third-largest arms supplier in 2023. Nonetheless, [Ramon Pacheco Pardo](#), emphasises that "the Ukraine effect certainly accelerated the urgency among European countries to rearm quickly. However, the success of Korean exports was established long before in Southeast Asia and the Middle East, where nations face different security challenges."

2.5. Strengths and Assets

The global success of South Korean arms exports is also linked to the strength of the K-Arsenal, characterised by quality, quantity and technology. As summarised by [Richard Bitzinger](#), an expert from the S. Rajaratnam School of International Studies, Seoul has "the ability to produce medium-technology, high-quality military equipment at competitive prices." South Korea's strategy is to meet the needs of foreign customers and their offsetting requirements, leveraging several competitive advantages. First, Korean industries possess competitive technologies and produce sophisticated [field-tested](#) conventional weaponry and often benefit from American technologies and expertise. Their systems meet NATO standards, facilitating exports to NATO countries and ensuring compatibility and interoperability between armies. Additionally, South Korean *chaebols* have mass-production capacity and can deliver quickly at lower prices. For instance, in terms of speed of delivery, [Poland](#) received the first K2 tanks and K9 howitzers only five months after striking an agreement with South Korea in September 2022, while the first FA-50 aircraft reached the country within ten months. Regarding prices, Seoul offers better value for money on assets such as tanks, howitzers and lower-end fighter jets. For example, the [medium-range](#)

[anti-tank missile AT-1K Raybolt](#) has a similar range and warhead power to the US Javelin missile but is [estimated to be three times cheaper](#). Similarly, the K9 howitzers possess advanced capabilities comparable to the French CAESAR or [German PzH 2000](#) but with lower unit prices. These advantages are partly due to the symbiotic relationship between the South Korean government and arms companies. South Korean officials are willing to postpone domestic intake of their weapons to prioritise international sales, enabling rapid delivery to countries that feel immediately threatened and cannot afford to wait several years for their weapons. Conversely, the government can step in and place orders to keep production lines "hot" in the absence of international orders. Additionally, South Korean governments are much [more generous](#) than other weapons exporters in terms of funding because state export credit agencies offer comprehensive financing packages with attractive terms. South Korean manufacturers are known for their flexibility and customer-centric approach both before and after sales. They are more generous in technology transfer, responsive to buyers' maintenance-repair-operation (MRO) needs and willing to localise production. This is facilitated by the government's policies allowing technology transfers or co-productions under licence in customer countries. For example, a large proportion of the K2 tanks ordered by Warsaw will be [assembled in a Polish factory](#) as part of a consortium with Hyundai Rotem.

2.6. Limits of South Korea's Defence Industry

Nonetheless, despite the strengths of the current Korean defence industry, certain weaknesses could undermine President Yoon's goal of elevating South Korea among the top four global defence exporters by 2027. Seoul should strengthen its defence industry to be more resilient in the face of unforeseen changes in the global security landscape.

Despite the numerous strong assets of South Korean arms, South Korea is still ranked 8th to 10th in overall defence technological capability. Their arms are competitive, but they do not possess the most advanced technologies like those of the US, France or China which [rank in the top five](#) in the global defence industry. South Korea still lacks [key aerospace and naval technologies](#), such as gas turbine engines for jet fighters, advanced avionics and nuclear-powered submarines. Indeed, despite booming exports, South Korea was also the world's ninth-largest importer of weapons in 2019–23, [according to SIPRI](#). The country remains reliant on arms imports in key

categories, particularly long-range strike capabilities such as advanced combat aircraft and missiles. Moreover, the Korean defence industry is dependent and controlled. Since the 1970s, South Korean manufacturers have relied on foreign technologies, notably from the US and Germany. In light of South Korea's progress over the decades, the US has become [increasingly reluctant](#) to transfer its core military technologies to South Korea. The US wields significant influence, capable of going as far as cancelling contracts. For instance, in 2015, [Washington blocked a 400 million USD sale](#) of 12 T-50 Golden Eagles from Korea Aerospace Industries (KAI) to Uzbekistan, over concerns about technology leakage. This subordination of trade policy to the US and dependence on foreign technologies could limit the defence industry's performance in the long term.

Another issue is the increasing threat of export competition from major advanced countries like the US, [France and Germany](#), as well as potential backlash from Russia and China as recipients of South Korean weapon systems include countries facing security threats from powers like China and Russia. [Poland and Norway, which purchased South Korean weaponry in 2022](#) are both dealing with heightened security concerns following Russia's invasion of Ukraine. In [Southeast Asia](#), the Philippines, Vietnam and other ASEAN countries involved in maritime disputes with China have recently turned to South Korea for aircraft and ships. As a result, South Korean weapons are being deployed to the frontlines of NATO and the South China Sea, which could trigger serious backlash from Russia and China. South Korea's arms sales to Poland drew harsh criticism from Moscow. To exert pressure on Seoul, [Russia is leveraging its relations with Pyongyang](#), as evidenced by the [summit at the Vostochny Cosmodrome spaceport](#) between Kim Jong-Un and Vladimir Putin in September 2023 and the [Russian President's visit to North Korea in June 2024](#), marking the first such visit since 2000. Their [new partnership treaty](#) involves a mutual defence commitment between Russia and North Korea as well as military-technical cooperation. Additionally, [Russia vetoed a UNSC resolution](#) to renew the mandate of the panel of experts (PoE) responsible for monitoring North Korea's violations of UN sanctions. On the other hand, Seoul's sales to Southeast Asian countries are further straining already tense relations between China and South Korea. The Chinese government has communicated [a policy of "Four Noes"](#) to the Yoon administration, indicating that cooperation on issues including North Korea will be off the table if Seoul interferes with China's core interests, such as Taiwan, or maintains a pro-US and Japan foreign policy to contain China.

Lastly, South Korean defence industries have struggled with [poor performance in risk management](#), facing over-production risks and dealing with risky business partners, compounded by limited export financing. In autumn 2023, Seoul became [concerned](#) that the change of government in Warsaw, combined with a lack of funds, might jeopardise its multibillion-dollar arms deals with Poland. The new administration, led by centrist Donald Tusk, expressed concerns regarding the loan Seoul was expected to provide for a second contract. In large-scale export deals, it is customary for the bidding country to provide loans to assist its trading partner in funding the deal. However, the Export-Import Bank of Korea (Eximbank) could not extend the credit, having nearly reached its legal cap. To [address this shortfall](#), the National Assembly passed a revision bill in February to raise Eximbank's capital limit from 15 trillion won to 25 trillion won, aiming to expedite Poland's 22 billion USD weapons purchase. Despite this, uncertainty remains. Payment and financing issues have also harmed South Korea's relations with other countries. For instance, ties with Indonesia were notably strained due to [payment disputes](#) over the joint jet fighter KF-21 Boramae program by Korea Aerospace Industries (KAI). In May 2024, South Korea and Indonesia agreed on a [new cost-sharing arrangement](#), with Indonesia offering to pay 439 million USD for the program down from the originally agreed 1.2 billion USD.

3. Implications of South Korea's Surging Defence Industry On Europe

The rise of the South Korean arms industry and exports has been felt in the Asia-Pacific region, as well as in the Middle East and Europe. With its competitive technologies, mass-production capacity, lower prices, quick delivery times and strong diplomatic support from the government, South Korea has become a significant player in the European security theatre. Amid the Ukraine–Russia War, Seoul is enhancing its military presence in Europe, aiming to be ["the great arsenal of democracy."](#) European allies of Ukraine lacked the stocks and the industrial capacity to quickly produce munitions and shells, therefore creating an opening for South Korea. However, South Korea's entrance into the global arms market has provoked mixed reactions in Europe as it challenges the established European defence industries, yet helps the continent build up its military strength.

3.1. Ukraine

Seoul refused to deliver lethal aid and military items such as anti-tank and anti-aircraft weapons directly to Kyiv, despite [direct requests by Ukrainian President Volodymyr Zelensky and intense pressure from Western allies](#). Indeed, South Korea's 1957 [Foreign Trade Act](#) prohibits the export of arms that will be used in war zones. The export of lethal weapons would require legislative changes and permission from the South Korean government. Seoul has been [wary of potential backlash](#) from taking sides in a conflict, particularly concerning its trade with Russia, where flagship companies like Samsung, Hyundai Motor and LG Electronics operate. Additionally, there is concern that Moscow might retaliate by helping North Korea advance its nuclear weapons program. However, following the new defence pact signed between Kim Jong-Un and Vladimir Putin during the latter's visit to Pyongyang in June 2024, Seoul [may now be considering sending arms directly](#) to Ukraine, while the nation has been providing other forms of support to Ukraine. In 2024, South Korea will administer [200 million USD in humanitarian assistance](#), including generators and medical equipment, as part of its pledged aid package worth 2.3 billion USD for Ukraine's recovery efforts following the war with Russia. Moreover, to manoeuvre around the domestic restriction on exports, South Korea has entered into arrangements to indirectly provide lethal aid to Ukraine by replenishing American or European ammunition stocks. For instance, in April 2023, [press reports](#) suggested that South Korea agreed to lend 300,000 155mm artillery shells to the United States, likely with the understanding that this would enable the US to send more ammunition to Ukraine. Additionally, Seoul has been selling weapons to Poland, which has been supplying Ukraine with weapons since the start of the war in February 2022 up until [September 2023](#). For Euan Graham, a senior analyst at the Australian Strategic Policy Institute, "South Korea is not technically arming Ukraine, but by backfilling the US supplies it has allowed Ukraine to remain in the fight."

Nevertheless, despite South Korea's cautious stance on Ukraine, tensions between Moscow and Seoul have escalated in recent months. Russia and North Korea have increased their military cooperation, with [Pyongyang providing millions of munitions](#) and [sending engineering troops](#) to help Russia rebuild bombed cities. The Kremlin has deployed North Korean ballistic missiles on the battlefields of Ukraine, with the Ukrainian military [reporting](#) that dozens of these missiles have been fired by Russia into its territory. The division and tensions on the Korean Peninsula are reflected in the Russia-Ukraine war, as the large military stockpiles both South and

North Korea have built up in anticipation of potential conflict with each other are now being used on a different continent.

3.2. The Frontline Countries From An Arms Buyer's Perspective

South Korea's political and strategic ties with Europe are deepening. In recent years, amid a shifting geopolitical landscape and increasing intimidation by Russia, the countries of Northern and Central Europe have become important customers for the South Korean arms industry, especially for replacements of Soviet rocket artillery. To address their national security needs, these countries have sought to enhance and strengthen their weaponry. For Seoul, the renewal of the European fleet represents a historic commercial and industrial opportunity, as ties with NATO are strengthening.

South Korea follows a dual strategy in expanding its defence industry. It conducts arms deals to export weapons to foreign markets while also establishing a direct industrial presence in Europe by opening branches in the countries concerned. South Korean companies have the flexibility to customise equipment to meet client needs, transfer technology and set up local production. This approach enhances their resilience by creating a strategic production capacity and secondary supply chain outside their borders. For example, in September 2021, as part of the [Mobile Fire Platform](#) (MFP) competition in the UK, which aimed to build the next-generation artillery system for the British Army, the Korean company Hanwha established the [Team Thunder consortium](#). This consortium includes UK-based companies such as Leonardo UK, Pearson Engineering, Horstman Defence Systems, Soucy and [Lockheed Martin UK](#). As a result, the UK could become a regional hub for the future production of K9 systems and their variants for export.

Seoul follows this dual strategy to enter the European market and bolster the arsenal of European NATO countries. Poland has become a key entry point to the European market as the country seeks to modernise its army in response to the Russian threat. In 2014, following Russia's annexation of Crimea, a [licensing agreement](#) for the K9 Thunder artillery system was signed with Poland. After Russia's invasion of Ukraine in 2021, [Poland's military spending surged](#), reaching 31.6 billion USD in 2023, a 75 percent increase from the previous year—the largest annual increase by any European country. In July 2022, South Korea signed a [framework agreement](#) with

Poland to export arms worth billions of dollars. Under this agreement, the two nations sealed an initial arms export deal valued at 17 trillion won (12.4 billion USD). This deal, the largest ever signed by a South Korean defence company, was hailed domestically as a landmark in the country's emergence as a significant player in the global arms trade. The agreement included the export of 1,000 Hyundai Rotem's K2 Black Panther tanks, 48 Korea Aerospace Industries' FA-50 light combat aircraft, 672 Hanwha Aerospace's K9 Thunder self-propelled howitzers, and 288 K239 Chunmoo multiple rocket launch systems. These exports not only contribute to modernising European armed forces but also indirectly support Ukraine. Indeed, the K2 tanks are instrumental in replacing Poland's fleet of T72 tanks, which have been transferred to Kyiv. Since 2022, both governments have signed additional agreements, elevating the total value of the initial deal to 22 billion USD in weapons purchases. For instance, in late April 2024, Poland's National defence Ministry signed [a 1.6 billion USD contract](#) to buy 72 HOMAR-K launchers, a long-range version of the Chunmoo, along with several thousand tactical guided missiles. Most of these systems will be built in Poland itself.

Indeed, these deals extend beyond the mere supply of weapons, as Seoul envisions a military-industrial footprint that will meet Europe's demand for weapons for years to come. To solidify its overseas business base, South Korea is establishing manufacturing and maintenance hubs in Europe, ensuring a ready pipeline for future sales. In 2023, Hanwha Aerospace established ["Hanwha Aerospace Europe"](#) in Poland, marking South Korean defence companies' first physical entry into the European Union while strengthening Poland's role as an arms production hub. Additionally, Korea Aerospace Industries Ltd. (KAI) [opened an office](#) at a Polish Air Force base in [Mińsk Mazowiecki](#). This strategic move signifies that South Korean defence companies, which are heavily reliant on exports, are actively setting up bases in countries that are potential buyers of their weapons. In March 2024, during a [meeting](#) between the South Korean and Polish defence ministers, Polish Deputy Minister of State Assets Marcin Kulasek acknowledged that defence cooperation with South Korea represents an ["opportunity for technological development, as well as for establishing a new effective partnership."](#) Both parties vowed to strengthen economic cooperation, particularly in the banking and business sectors, amid [challenges](#) concerning South Korea's arms deals with Poland due to financial snags and electoral changes in Warsaw.

Apart from Poland, South Korea's defence manufacturers have achieved solid sales elsewhere in Europe. Estonia [plans](#) to invest a total of 14.5 billion USD in military

modernisation, [increasing](#) its defence spending to 3% of annual GDP from 2024 to 2027. Much of this modernisation effort relies on weapons from South Korea, including self-propelled artillery, munitions and anti-tank missiles, all of which have proven effective in the conflict in Ukraine. In 2021, Estonia's top general [travelled to Seoul](#) to attend the DX Korea 2022 trade show and met with his South Korean counterpart, as the Estonian government wanted to urgently bolster their defences. In January 2023, Estonia signed an [agreement](#) for an additional 12 K9 Thunder systems, bringing the total number of K9 self-propelled howitzers from Hanwha to 36, joining Turkey, Poland, Finland and Norway in deploying these guns. The first K9 Thunder self-propelled howitzers arrived in Estonia in 2020 while the final delivery is scheduled for 2026. Finland and Norway are also important customers of K9 self-propelled howitzers, which they ordered for the first time in 2017. Furthermore, despite Norway's decision to [purchase 54 German Leopard 2A7 tanks](#) instead of South Korean K2 Black Panther tanks, Norwegian and South Korean ammunition manufacturers are collaborating. In 2022, Norway-based ammunition and rocket system specialist Nammo secured an [agreement](#) to develop new and modern 120mm ammunition for Hyundai Rotem's K2 main battle tank.

Other European countries, shaken by Russia's attack on Ukraine, have recently considered purchasing artillery from South Korea. In April 2024, South Korean and Romanian leaders pledged to [enhance cooperation in the defence industry](#), including the joint production of weapons. The Romanian government and South Korea's major defence manufacturer, Hanwha Aerospace, are currently negotiating a [deal worth 1 trillion won](#) (725.7 million USD) to supply 59 K9 howitzers to Romania, marking the first defence contract between the two countries and the sixth weapon deal for a South Korean defence in Europe. Slovakia and South Korea are also deepening their [cooperation](#) in economic and technological domains, with potential collaborations in the defence industry on the horizon. In 2022, Slovakia [signed](#) a Memorandum of Understanding on defence industrial cooperation with South Korea. Regarding the Czech Republic, Gustáv Slamečka, the Czech ambassador to South Korea, [acknowledged](#) the country's status as a major producer of efficient weapons after observing live-fire drills conducted by the Korean Army during a military demonstration in May 2023. He stated that the Czech Republic is considering Korea as a potential supplier for its defence needs.

Therefore, many European countries have turned to or expressed interest in South Korean weaponry, attracted by its competitive technologies, mass-production

capacity, lower prices and quick delivery times. Another reason has been that the defence industry of many advanced European states, such as France, Germany, or Italy, are facing severe production shortfalls in their defence industrial bases due to the repercussions of prolonged disinvestment, or are unwilling to send weapons with prolonged consideration. Despite France and Germany being defence acquisition partners for their European neighbours, these factors have encouraged European countries to explore other options for their defence hardware supply.

3.3. Challenging France and Germany: A Producer Perspective

Seoul's rapid rise as a player in the global defence industry, particularly its entry into the European market, poses a significant coordination challenge for the European defence sector, as off-the-shelf purchases can discourage the rise of Europe's defence industry. It has provoked mixed reactions among Western defence officials and executives. While South Korea's entry into the European defence market has been welcomed by most Central and Eastern European countries, major established defence industry players are concerned about the potential impact on their business. Due to the repercussions of prolonged disinvestment in their military sectors, European industry has currently reached its maximum production capacity. It is [estimated](#) that only by 2026 Europe will be able to produce enough ammunition for Ukraine. France and Germany currently rely on South Korean arms sales to support NATO frontline countries in the European security theatre. Both countries' military-industrial sectors face challenges due to diminished reliability, making it more difficult to sustain production at competitive prices. However, in the coming years, South Korea is likely to be regarded as an upcoming [competitor](#) in the defence industry. This situation highlights broader systemic issues within the European continent's defence sector.

The Western European powerhouses of France and Germany have expressed mixed feelings and strategies regarding Seoul's surge. Germany enjoys strong cooperation between the military, its national defence industry and the political bodies responsible for military equipment decisions. This collaboration allows Germany's defence industry to independently develop, produce and supply modern weapon systems. According to the [2022 SIPRI Arms Industry Database](#), four of the world's 100 largest defence companies by arms sales are German. These are Rheinmetall Group (ranked 28), ThyssenKrupp (ranked 62), Hensoldt (ranked 69) and Diehl (ranked 93).

Another significant player is KNDS (ranked 44), a major defence industry entity formed in 2015 through a partnership between the French government-owned weapons manufacturer Nexter and the German company Krauss-Maffei Wegmann (KMW). On the other side, France has a defence technological and industrial base (BITD) of [4,000 companies supporting its armed forces](#). This sector includes industry giants such as Thales (ranked 17), Dassault Aviation Group (ranked 23), Naval Group (ranked 29), Safran (ranked 34) or CEA (ranked 47), and trans-European firms like Airbus (ranked 14), with the government holding shares in major defence companies which enable the production level to remain constant. In contrast to Germany, France's share of the international defence market is expanding, positioning it as [the world's second-largest arms supplier](#), especially as Russia's arms exports have been hindered by economic sanctions. The [German defence industry](#) also heavily relies on exports but its primary partner and client is the Bundeswehr, the armed forces of the Federal Republic of Germany. The latter plays a crucial role in generating and funding new research and development by demanding modern weapon systems. Both Germany and France export their high-quality armament products globally, using them as instruments in their foreign and security policies.

On one hand, France and Germany, both revamping their defence industry, have voiced [concerns about South Korean arms](#) entering European markets. [Kevin Martin](#), a researcher at the Foundation for Strategic Research in France, considers South Korea's export policy as very aggressive, with a highly varied catalogue. To counter South Korea's footprint in Europe, Paris has been employing similar strategies to Seoul, with some firms planning to establish production plants in Ukraine and taking a more proactive stance in local production and technology transfer, especially in response to Korea's entry into Poland. Moreover, Ralf Ketzel, CEO of KMW, which produces tanks, has been notably wary of South Korea's defence industry's expansion into Europe, particularly regarding the K2 tank and the F-35 fighter jet. He has emphasised the necessity for European solidarity, advocating for a focus on [the German-French joint development of a "next-generation tank"](#) to improve main battle tanks (MBTs) such as the Leclerc and the Leopard 2.

On the other hand, experts from both countries emphasise partnership over competition as South Korea can be a strategic asset. Marjorie Vanbaelinghem, former Director of the Strategic Research Institute at the École Militaire, [highlighted](#) this sentiment by stating that South Korea represents an alternative rather than a replacement in the global defence market. Berlin and Seoul have increased

cooperation in the defence industry sector, significantly advancing their security relationship. In May 2023, South Korean President Yoon and German Chancellor Scholz agreed to sign an agreement aimed at exchanging and protecting military secrets to bolster their defence capabilities. As a result, since September 2023, Germany has [eased the procedure for exporting defence equipment](#) to South Korea. German companies no longer need to obtain export licences to ship defence-related goods to South Korea, nor do they require licences when South Korean military equipment containing their products is exported to other nations. Seoul now enjoys the same benefits accorded to EU and NATO countries, as well as a select few others. Leading French and German defence manufacturers have also been working closely with South Korean defence giants to develop joint projects in the field of military science and technology. In January 2024, Korea Aerospace Industries (KAI) [partnered](#) with the German arms company Diehl Defence, which specialises in missile development, to enhance the weapons capabilities of South Korean-built fighter jets by integrating Diehl's IRIS-T air-to-air missile with South Korea's FA-50 fighter jet. Additionally, Thales Group has been [collaborating](#) with South Korean defence giants like Hanwha Systems in digital security and space technology. Moreover, industrial cooperation offers mutual opportunities, as shown by the [supply](#) of [A330 Multi Role Tanker Transport](#) (MRTT) aircrafts by Thales and Airbus Defense & Space to the Korean Armed Forces in 2019.

Outside the European theatre, France and Germany are also strategic partners with South Korea on broader defence and security issues, including those in the Indo-Pacific. South Korea shares [France's](#), [Germany's](#) and more broadly, [the EU's](#) normative and inclusive approach to the Indo-Pacific and global security. They express concern over Pyongyang's missile tests as a violation of international law while advocating for the freedom of navigation in the Taiwan Strait and the East and South China Seas. During a [visit to Seoul in April 2023](#), German Foreign Minister Baerbock announced Germany's support for a comprehensive and strategic partnership with South Korea. This collaboration will cover economic, climate and security issues, with Germany pledging to assist in monitoring sanctions against North Korea and condemning Pyongyang's missile tests. Baerbock also emphasised Germany's intent to increase engagement in the Indo-Pacific, highlighting the region's importance.

Overall, France, Germany, and South Korea are ranked among [the world's ten largest and most advanced countries](#) in the international defence market. Through collaboration and technology sharing, these nations can achieve mutual benefits to

meet their own defence needs and further enhance their status as prolific exporters. French and German technologies across most sectors are more advanced than those of South Korea. Although the two European powerhouses cannot currently produce and deliver conventional weapons as quickly as South Korea, they have the potential to catch up in the medium term if they decide to do so. Moreover, Germany and France can draw lessons from South Korea in managing the escalating global superpower rivalry between China and the United States. For decades, South Korea has been able to navigate this complex geopolitical landscape by successfully balancing its relationships with both powers.

3.4. South Korea: Partner or Competitor to the EU?

The revival of hard military power, coupled with growing zones of instability and conflict both near and beyond the EU borders, poses a significant threat to European security. The ongoing war in Ukraine has exposed deficiencies in the Union's defence and military capacities. To address these gaps, the European Commission is seeking to play a greater role in defence policy and coordination, an area traditionally managed by the national governments and NATO. During the Munich Security Conference in February 2024, Ursula von der Leyen expressed her [intention to establish](#) a dedicated defence commissioner in the next European Commission. While seeking approval from the European Parliament for a second term, this commitment was reiterated in her [speech](#) to the MEPs, where she outlined her priorities for the next five years. She pledged to build a [“true European Defence Union”](#) and create a single market for defence products and services over the next five years. Key priorities are appointing a Commissioner for Defense, who will coordinate efforts to strengthen Europe's defence industrial base; presenting a White Paper on the Future of European Defence within the first 100 days of the next Commission; proposing Defence Projects of Common European Interest starting with a European Air Shield and cyber defence; and doubling the staff of European police agency Europol. Likewise, the EU Commission and the High Representative released the [European Defence Industrial Strategy](#) (EDIS) on March 5, 2024. In line with the goals of the [Strategic Compass](#), this strategy marks a paradigm shift towards making the EU a better partner, a stronger defence actor and a more capable security provider. The strategy aims to achieve “EU readiness *through a responsive and resilient European defence industry*” by strengthening the European Defence Technological and Industrial Base (EDTIB). In [2021](#), the EDTIB employed

around 500,000 people, generated an estimated turnover of 70 billion EUR, and achieved exports exceeding 28 billion EUR. The EDIS plan aims to reduce fragmentation within the European defence industry and decrease reliance on weapons imports. Member states are encouraged to “invest more, better, together and European.” By 2030, the value of intra-EU defence trade should represent at least 35% of the EU defence market. Additionally, member states should procure at least 40% of their defence equipment collaboratively and ensure that at least 50% of their defence procurement comes from the EDTIB. Nevertheless, in light of Russia’s invasion of Ukraine, increased imports have become essential to the military response. While 60% of European defence procurement was spent on non-EU military imports during [2006-16](#), that figure surged to 78% from February 2022 to June [2023](#). Overall, the EU’s strong intention to bolster defence industry ties within Europe and reduce the import share below 50% by 2030 may potentially pose challenges for South Korea’s access to the European arms market.

Furthermore, as highlighted by [Guntram B. Wolff](#), the EDIS aims to significantly increase the domestic share of production to meet the EU’s procurement needs but does not adequately explain why this is desirable. He also stressed that in the short to medium and long terms, cutting off foreign supply would be a severe military-strategic mistake. Demand far outstrips supply, and it could isolate the EU from strategic and like-minded partner countries such as the UK, Japan or South Korea. Despite the shift from cooperation to competition at the international level, the EU, as a middle power, has a significant strategic interest in working with other nations. In a more multipolar, increasingly uncertain and less multilateral world, the EU needs to invest in diplomacy by strengthening traditional alliances and building new strategic partnerships with emerging economic powerhouses, such as Indonesia or India. EU policymakers should recognise that a strategic industrial policy in the defence sector should not focus solely on the EU but also involve partner countries.

South Korea emerges as a key partner to maintain the rule-based order and international peace. Indeed, Seoul is not only recognised by the EU as a strategic partner, it is also one of the few countries in Asia to have signed a [framework agreement](#) with the European Union covering political cooperation (2014), a free trade agreement (2015), and a crisis management participation agreement (2016). The Republic of Korea is also one of the EU’s priority partners in Asia for enhanced security cooperation as demonstrated by [the EU-ROK Summit in 2023](#), where leaders agreed to establish a security partnership and initiate a strategic dialogue at the foreign

ministerial level to bolster cooperation on matters concerning global peace and security. The [EU's Indo-Pacific strategy](#) also entails joint exercises with Indo-Pacific partners, notably South Korea. Collaboration between the ROK Armed Forces and European navies have taken place in the Gulf of Aden under the EU NAVFOR ATALANTA mission. In March 2023, high-level EU defence officials, including the EU NAVFOR ATALANTA Operation Commander (OPCDR), Spanish Vice-Admiral José M. Núñez Torrente, visited South Korea for [the first time](#).

Facing a similar threat landscape with revisionist powers, Seoul and Brussels could significantly bolster their ties in the defence sector. This can be achieved by intensifying and formalising arms exports and defence industry cooperation, thereby paving the way for structured collaboration in critical domains such as greater intelligence sharing, operational planning, capability development and military-technological innovation. Overall, the EU and its member states should prioritise finding common ground and opportunities to help manage strategic competition, keeping it within acceptable limits and adhering to established rules.



European Institute for Asian Studies - EIAS a.s.b.l.

26 Rue de la Loi, 10th floor
B-1040 Brussels

Tel.: +32 2 230 81 22
E-mail: eias@eias.org
website: www.eias.org

LinkedIn: European Institute for Asian Studies
Facebook: EiasBrussels
Twitter: @EIASBrussels

**EIAS**