Korea and Chile in a Turbulent Geopolitical Landscape: A Geoeconomic Perspective

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This presentation

- Examines **systemic shifts** in Asia-Pacific and the Americas reshaping security, trade, investment, and industrial policies.
- Highlights Korea and Chile as middle powers seeking **strategic autonomy** via critical minerals, supply chains, and digital cooperation.

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Systemic Transition and Peripheries

- U.S.–China relations now reflect systemic uncertainty and **overlapping spheres of influence**, not a linear hegemonic transition.
- Latin America and much of Asia face amplified structural constraints alongside limited new opportunities.
- Domestic coalitions, state capacity, and regional/international coordination will shape outcomes for Korea and Chile.

Asia After America

- The U.S. pivot to Asia is supposed to envision balanced investments in security, prosperity, and good governance.
- Currently in practice, however, only the security pillar received sustained attention; economic and governance commitments lagged.
- Asian middle powers, including Korea, must plan for reduced U.S. economic leadership and greater self-reliance.

The 'Donroe' Doctrine

- Trump 2.0 applies a coercive hemispheric approach dubbed the ‘Donroe Doctrine’.
- Critical minerals, migration, narcotics, and energy are fused into a single security framework for Latin America.
- Chile also faced intensified pressure on its Chinese ties in ports, telecoms, and mining while defending strategic autonomy.
- Chile is a founding member of APEC and the Pacific Alliance, making it Latin America’s bridge to Asia-Pacific markets. It has also joined China’s Belt & Road Initiative. These moves underscore Chile’s outward, multilateral orientation.

Latin America’s Political Swing

- Recent elections in the regional signal a structural turn driven by crime, economic frustration, and migration backlash.
- Chile’s politics reflect strong demands for security and faster growth under investment-friendly governments.
- This environment can accelerate projects but also heighten risks for democracy and social cohesion.

Geoeconomic Turbulence in the Pacific Basin

- Trade and investment across the Pacific are increasingly securitized through export controls, tariffs, and screening.
- Semiconductors, batteries, and clean energy supply chains are treated as strategic assets by major powers.
- Korea and Chile **must reposition** within value chains to **reduce vulnerability and leverage new opportunities**.

Korea's 'Sandwich' Dilemma

- Korea relies on Chinese inputs for many strategic materials while exporting finished goods largely to the U.S. and EU.
- In 2025 roughly 75% of Korea's lithium, 67% of its graphite and 52% of rare earths were imported from China.
- Escalating U.S.–China rivalry turns this dual dependence into a structural 'sandwich' risk for Korean industry.
- If Korea aligns fully with U.S.-led supply rules (Critical Minerals Supply Chain Agreement: ATCM), Chinese retaliation could cut off Korea's raw materials.
- Diversified upstream partnerships, including Chile, are essential to rebalance Korea's geoeconomic posture.

Chile’s Resource & By-product Strategy

- Chile leads in copper and lithium and has designated 14 minerals as ‘critical’, including key by-products.
- The strategy focuses on increasing recovery of rhenium, selenium, tellurium and other by-products from existing operations.
- The goal is to move from a raw-material exporter toward a high-value hub in global green and digital value chains.

U.S. Critical-Minerals Policy and FORGE

- On the other hand, FORGE seeks secure, diversified, and resilient critical-mineral supply chains among like-minded states.
- Guiding principles emphasize joint project selection, blended finance, and high environmental and labor standards.
- **Korea's leadership role in FORGE** and **Chile's bilateral track with the U.S.** create complementary entry points.
- Chile signed (Mar 2026) a joint declaration with the U.S. on critical minerals, forming bilateral consultations to **fortify supply-chain resilience**. The declaration underscores Chile's intent to attract investment and expand its role in the U.S. and allied critical-minerals networks.

Strategic Autonomy and Hedging

- **Middle powers such as Korea and Chile** have a shared interest in an inclusive order, and increasingly practice strategic hedging between Washington and Beijing.
- Successful hedging requires coherent industrial strategies and robust institutions, not only flexible diplomacy.
- Chile’s by-product strategy aligns with Korean demand for niche metals in alloys, catalysts, and electronics.

Avoiding New Dependencies

- Diversification must be tied to industrial upgrading and institutional strengthening to avoid renewed dependence.
- For Chile, critical-mineral cooperation should deliver processing, skills, and community benefits.
- For Korea, upstream partnerships must be complemented by domestic recycling, substitution, and demand flexibility.

Battery Supply Chains and Clean Tech

- Global battery and EV chains hinge on reliable access to lithium, nickel, cobalt, and specialty metals.
- Chile's resources and Korea's advanced materials and manufacturing can underpin a resilient joint value chain.
- Embedding recycling and low-carbon extraction can turn geoeconomic risk into shared development gains.

Pacific Middle-Power Connectors

- Korea anchors the manufacturing and technology end of Pacific chains; Chile anchors the resource and energy end.
- **Beyond minerals**, both countries favor open trade and rules-based integration through frameworks such as FIT-P. Both see it as a venue to influence rules rather than be sidelined by U.S./China/EU protectionism.
- Both may use FIT-P and APEC to advocate resilient trade rules that benefit middle powers. Korea and Chile should co-sponsor proposals (e.g. WTO modernization) that reflect small-state concerns.
- Together they can advocate high-standard yet non-exclusive norms on transparency and resilient supply chains in the Pacific Basin, rather than fragmented blocs.

Global South and Middle-Power Agency

- The Global South is more assertive on trade, finance, climate, and technology but remains internally diverse.
- Middle powers such as Korea and Chile can bridge Global South demands and workable global norms.
- Strategic autonomy means managing interdependence to support long-term development and social goals.

Joint Geoeconomic Cooperation Agenda

- Establish joint **Korea–Chile mineral procurement agreements for critical-mineral value chain**: low-carbon extraction, by-product recovery, refining, advanced materials, recycling.
- Korea could negotiate a long-term lithium off-take from Chile (analogous to Australia or Japan) to reduce Chinese middlemen dependence. Chile could source technology and investment from Korea for local mineral processing.
- **Focus on Green Growth:** Jointly invest in renewables. Korea's investment in Chilean green hydrogen projects and solar farms (as discussed in 2025 summits) should be accelerated.
- **Smart ports and industrial AI**: secure, digitalized logistics and AI applications in mining and energy.

Conclusions

- Korea and Chile confront a turbulent landscape where geoeconomic choices are increasingly strategic.
- However, **Pacific Basin stability depends not just on great-power balance, but on mid-tier partnerships**. In practical terms, this means joint diversification strategies for critical minerals, aligned infrastructure projects, and shared leadership in international forums.
- By acting together as Pacific middle powers, both can shift from being objects of rivalry to co-authors of rules.
- By deepening trade and tech ties, both create mutual stakes in stability. Korea and Chile can use the **opportunities and risks** created by the Sino–US rivalry to **forge a constructive, middle-power alliance.**
- This Forum can explore pathways to operationalize this agenda over the next decade.

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