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ASEAN-SOUTH KOREAN RELATIONS
IN THE PHASE OF EAST ASIAN REGIONALISM



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A Thesis Submitted in Partial Fulfillment of the Requirements
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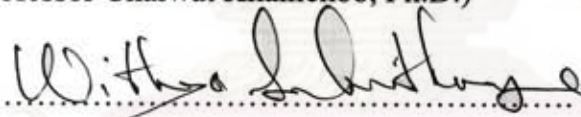
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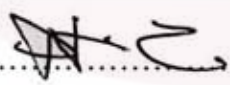
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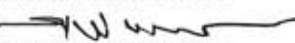
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การศึกษาชิ้นนี้มุ่งที่จะวิเคราะห์เหตุผลและพื้นฐานของสภาพการเปลี่ยนแปลงที่เกิดขึ้นกับเกาหลีใต้ และลักษณะความสัมพันธ์ของอาเซียนและเกาหลีใต้ภายในบริบทภูมิภาคนิยมเอเชียตะวันออกอันเกิดขึ้นมาจากการเรืองอำนาจของจีน การอ่อนตัวของตลาดสหรัฐฯ และสหภาพยุโรป ความเข้มแข็งของภูมิภาคนิยมสหภาพยุโรป และความเป็นไปได้ที่จะเกิดสภาพปกป้องผลประโยชน์ของสหรัฐฯ ในขณะเดียวกันความสัมพันธ์อาเซียน-เกาหลีใต้ โดยเฉพาะภายหลังวิกฤตเศรษฐกิจในปี 1997 ก็ได้รับแรงกระตุ้นจากภูมิภาคนิยมเอเชียตะวันออก การศึกษานี้ยังครอบคลุมการติดต่อกันที่มีมากขึ้นเรื่อยๆ ในปัจจุบันระหว่างอาเซียนกับเกาหลีใต้ โดยเน้นความพึงพาอาศัยที่มีแต่จะเพิ่มขึ้นระหว่างอาเซียนกับเกาหลีใต้ เน้นนโยบายทางการทูตเชิงรุกของอาเซียน สถานภาพในวงการระหว่างประเทศที่ได้รับการปรับขึ้นของเกาหลีใต้ และนโยบายทางการทูตของเกาหลีใต้ที่รู้จักในนาม "ความริเริ่มเอเชียใหม่" ภายในกรอบภูมิภาคนิยมเอเชียตะวันออกและความร่วมมือกันระหว่างหลายฝ่ายอันเป็นผลมาจากการเรืองอำนาจขึ้นของจีน ทั้งอาเซียนและเกาหลีใต้ต่างมีบทบาทที่แข็งแกร่งในกระบวนการของอาเซียน+3 และประชาคมเอเชียตะวันออก เฉพาะในแง่ของอาเซียน+1 มีความสำเร็จที่น่าทึ่งในเรื่องการค้าเสรีอาเซียน-เกาหลีใต้ทางด้านสินค้า (2007) ทางด้านการลงทุน (2009) และทางด้านการบริการ (2009) มีการประชุมสุดยอดอันเป็นปฐมระหว่างอาเซียน-เกาหลีใต้ (2009) การประชุมสุดยอดของผู้นำการบริหารอาเซียน-เกาหลีใต้ (2009) และการก่อตั้งศูนย์อาเซียน-เกาหลีใต้ (2009)

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ลายมือชื่อ อ.ที่ปรึกษาวิทยานิพนธ์หลัก..... 

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KEYWORDS: ASEAN-KOREA REALTIONS/ EAST ASIAN REGIONALISM/ THE RISE OF CHINA

CHO HEE HYOUNG: ASEAN-SOUTH KOREA RELATIONS IN THE CONTEXT OF EAST ASIAN REGIONALISM. THESIS ADVISOR: ASSOC. PROF. WITHAYA SUCHARITHANARUGSE. Ph.D. 99 pp.

This paper aims to analyze the reasons and grounds of what have brought South Korea's transition and ASEAN-South Korea relations in the context of East Asian regionalism affected by the rise of China, weakening market of the U.S. and EU, strengthening of EU regionalism and the likelihood of protectionism in the U.S; as ASEAN-South Korea relations particularly after 1997 crisis are enhanced by East Asian regionalism. Also, it the study covers on the increasing contact between ASEAN and South Korea at present, focusing on ASEAN-South Korea's reinforced interdependency, ASEAN's proactive diplomacy, South Korea's upgraded international status, and South Korea's "New Asia Initiative" diplomacy under the East Asian regionalism and regional multilateralism led by the rise of China. In the regional scope, South Korea and ASEAN are active participants of ASEAN+3 and East Asian Community; regarding the progress of ASEAN+1, there are dramatic achievements such as ASEAN-South Korea FTAs in goods (2007), investment (2009), and service(2009) in effect, ASEAN-South Korea Commemorative Summit (2009), ASEAN-South Korea CEO Summit (2009) the establishment of ASEAN-Korea Centre (2009).

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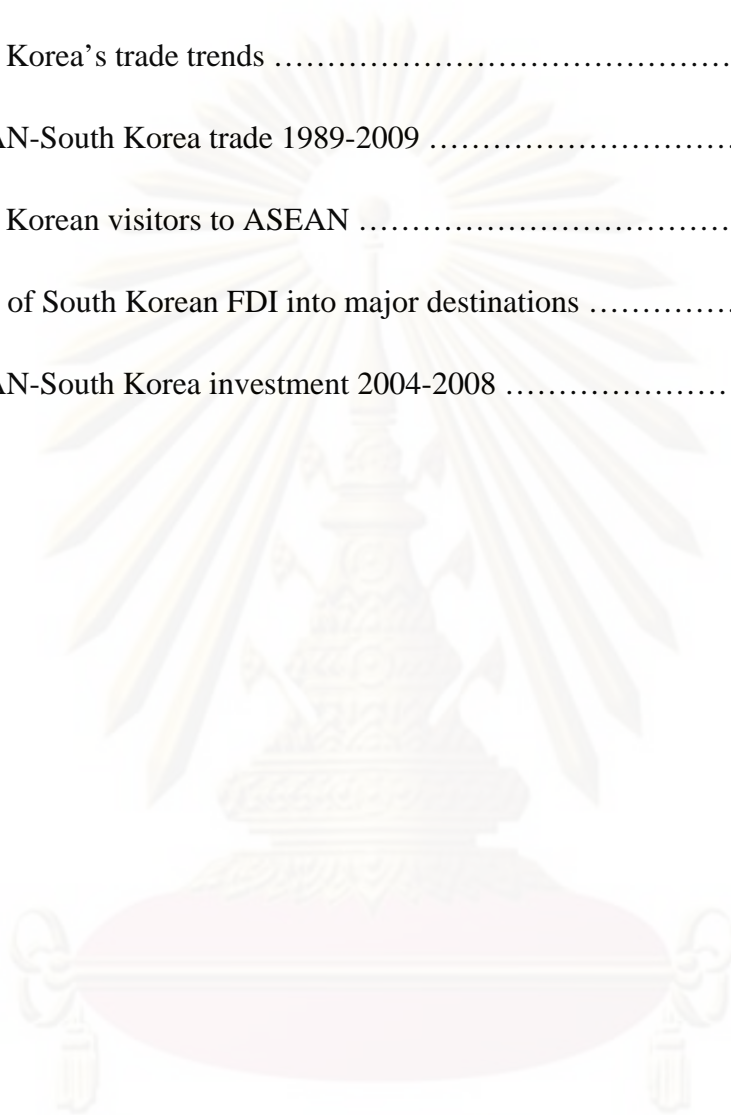
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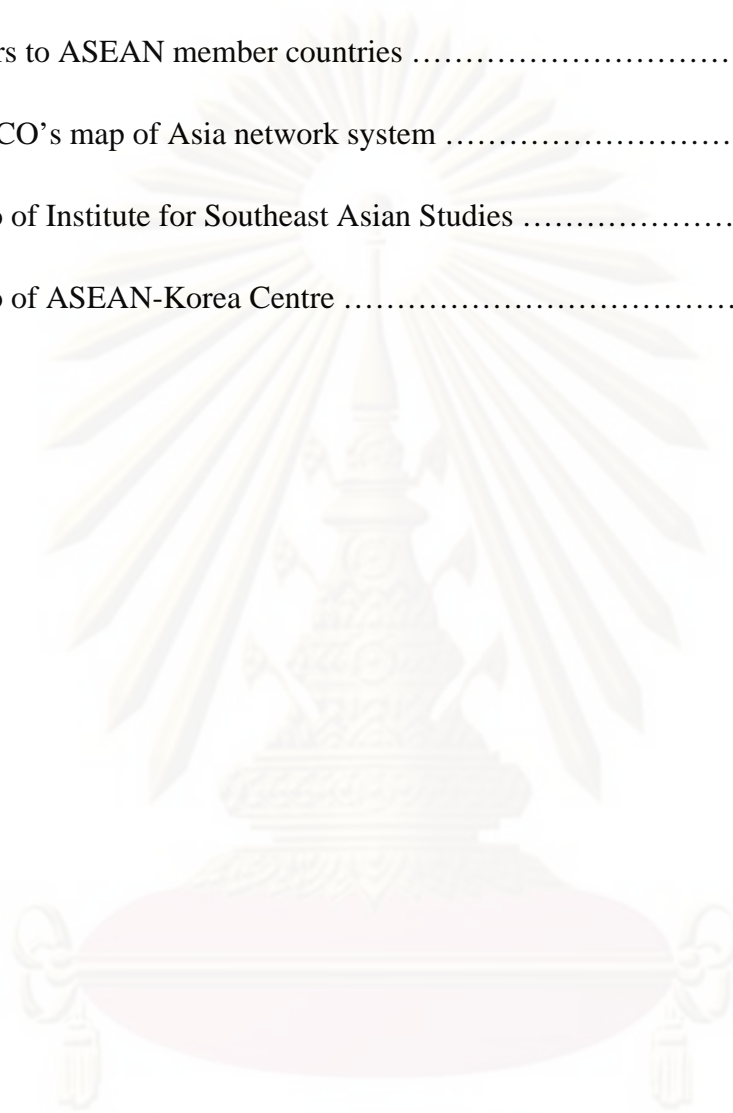
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CHAPTER I

INTRODUCTION

1.1. Background: Rationale

Is 21st century the era of Asia? That's the question asked and answered by a number of intellectuals as well as journalists either positively or pessimistically. Some say the rise of Asia will be fulfilled in line with the rise of China; on the other hand, others say it's just bubbled expectation on developing region. The answer is still controversial, rendering it more complicated, and only time will eventually reveal who the winner is. Whether the era of Asia is truly coming or not, there is no doubt that an international status of Asia has substantially kept increasing currently; also, in a way, we can say the debates on the question above, as a matter of fact, reflects the rise of Asia. South Korea and ASEAN are not exceptional.

Following the rush to the rise of Asia, South Korea is recently aroused as one of the influential powers in the world. South Korea's diplomatic activeness is specifically reflected in the relations between ASEAN and South Korea.

As a Korean, who has spent most of life in South Korea, it is truly something new and different that I can hear more and more on Southeast Asia and see more Southeast Asians in Korea by time passes. More interestingly, the present President Lee Myong-Bak proclaimed "New Asia Initiative"* and "Multicultural Korea",

* President Lee Myung-Bak announced the term "New Asia Initiative" in March 2009 for the first time; in recognition of the growing importance of Asia, this initiative aims to enhance South Korea's substantial cooperation with all the countries of the region and with ASEAN in particular. The Korean government will further implement the outcomes of the summit in the following ways with the "New Asia Initiative" as a main vehicle for cooperation with ASEAN countries. (Quoted from Yu Myoung-Hwan, "*forging deeper ties: the ASEAN-ROK commemorative Summit*," (Global Asia, 2009). Vol.4, No.2, p. 52.)

promising that South Korea will put more attention to develop further relations with Asian Countries and also says that South Korea is one of multi-ethnic nation.

In the context of its diplomatic and domestic transformations, ASEAN is the object very much influenced by South Korea's dynamics of two pillars, "New Asia Initiative" diplomacy and "Multicultural Korea", in that the specific policies of those aim at Southeast Asian countries and Southeast Asians. Needless to say, in South Korea's standpoint, China and Japan have been the major partners among Asian countries and that fact is still valid; moreover, China is getting much more substantial attention of South Korea as its biggest trading partner. Thus, when China and Japan were noted as its old substantial partners or competitors throughout the most of Korea's history, ASEAN can be the new object that South Korea sought for deeper partnerships. In this regard, South Korea's New Asia Initiative diplomacy can be viewed as the way towards searching its new alliances or partners in ASEAN.

However, besides the debates on the era of Asia, this sudden change of South Korea arouses me of several questions, such as "What's exactly *New Asia Initiative diplomacy* in terms of relations between ASEAN and South Korea?", "What are the specific aims of the transition?", "Does the East Asian regionalism possess any identity as Asia under the similar civilization", or, "Should it seek any identity in order to build the East Asian community?", "Can this South Korea's diplomacy yield appropriate gains through this policy?", "Can South Korea directly gain plentiful consequences through ASEAN-South Korea relations?", and "Will ASEAN get any advantages from the transition or the activeness of South Korea?".

As antecedent, policies of South Korea under the US umbrella in its security and economy, used to be very much relying on bigger power states, I want to explore 'where does this change come from?' by figuring out the changes in international level as well as domestic level.

For me, there's one more thing very interesting that South Korea is more readily accepted and welcomed by East Asian region including ASEAN countries, which was not imaginable several or even one decade ago.

South Korea, despite its well-known dramatic economic development, had long been known as a land of hermit or morning calm in the old days, firstly broke its silence to the world with the outbreak of Korean War. Unfortunately, that war, more than a half century ago, has been remembered as the image of Korean peninsula, such as the biggest orphan-exporting country, divided nations, poverty, and danger of another war. The main reason of this old image on Korea is also attributed to world news media like CNN, since it often conveys the footage of robot-working North Korean soldiers paying their homage to Kim Jung-Il, scientists with white gown experimenting some nuclear-looking chemicals in factory-like labs, or extreme or stubborn reactions of North Korean leaders on 6 party talks or nuclear experiment issues. In sum, despite South Korea's breakthrough of its technology, economy and infrastructure, South Korea is assumed as a country in the Far-East territory, somewhere around China and Japan, where the war occurred and now there is a nuclear threat. Some knowing better would recall military dictatorship and rapid economic growth in the region.

As the status of neither the major world powers nor the country with cultural influences, it was an inconvenient and misunderstood image on Korea, and this is not easy to change for a long period of time. Very interestingly, that old image, also prevailed in Southeast Asia, is suddenly converted into curiosity, interest, and hospitality on South Korea after 2002 Korea-Japan World Cup, under the name of so-called Korean wave.

In that regard, I want to figure out the interactions between, ASEAN and South Korea, assuming the beginning point as Korean wave after 2002 World Cup. I view Korean wave as the synergic event for their growth of inter-relation, not only Korea's but also ASEAN's side, by getting closer culturally thus allowing them to contact more often.

1.2. Objectives

- 1) To analyze the reasons and grounds of what have brought South Korea's transition and ASEAN-South Korea relations in the phase of East Asian regionalism.
- 2) To study the increasing contact between ASEAN and South Korean at present.

1.3. Hypotheses

ASEAN-South Korea relations, within the frame of East Asian regionalism are affected by the rise of China, weakening market of the U.S. and EU, strengthening of EU regionalism and the likelihood of protectionism in the U.S; as ASEAN-South Korea relations particularly after 1997 crisis are enhanced by East Asian regionalism.

1.4. Methodology

Documentary research:

The study will explore two categories of documents: firstly, current news articles, statistics, and economic reports or publications in order to view South Korea's engagement to ASEAN in its economy and diplomacy, secondly, theoretical arguments and interpretations on South Korea-ASEAN relations as well as East Asian regionalism, both in English and Korean.

Interviews:

The study also adopts as a qualitative research method. In depth interview with concerning researchers will be conducted to make better interpretations and understandings on this topic.

1.5. Literature review

ASEAN-South Korea relations are viewed in terms of Asia-Pacific Economic Cooperation, by Lee Jang-Lo¹, seeking a better reciprocal procedure to progress, technological cooperation between ASEAN and South Korea. Given the reality that the majority of Korean companies interested in investing in Southeast Asia are middle-small sized, financial assistances and deeper information should be provided at the governmental level, since governmental supports were still insufficient for Korean companies to improve their business. In order to extend South Korea-ASEAN economic cooperation, ASEAN-South Korea diplomacy ought to be strengthened by taking advantages from becoming the 7th full dialogue partnership of ASEAN in 1991. Considering the dynamics of world economy after 1980s, regionalism is aroused by EC and Asia-Pacific region. In particular, Asia-Pacific region maintains its growth despite a number of challenges, and ASEAN becomes the exclusive block with impact on the Asia-Pacific region.

Based on many intellectuals and economists, South Korea, one of the greatest recipient of US umbrella under the Cold War structure, began to involve in East Asian regional integration after collapse of the Cold War era in a more sophisticated way and implicated its policy towards East Asian Regionalism after the 1997 economic crisis.

Choo Jae-Woo², in “*South Korea and East Asian regionalism*,” appointed:

South Korea has systemically engaged with East Asian regionalism only since the post-Cold War era. During this period, South Korea has undergone two significant policy shifts in its regional activities-first towards Northeast Asia, and later towards the wider East Asian region.

He analyzed that South Korea developed its modern regional foreign policy by launching an official dialogue with ASEAN in 1989^{*}, but it had a limit that its main

¹ Lee Jang-Lo, *Asia-Pacific economic cooperation and ASEAN*. 1992. pp. 24-26.

² Jae-Woo Choo, “South Korea and East Asian regionalism,” in Nicholas Thomas (eds), *Governance and regionalism in Asia*. (Routledge, 2009). P. 93.

diplomatic concerns focused on relations with the surrounding powers, namely the United States, China, Japan, and the former Soviet Union, and the impact of those relations on its ties. The policy meaning policy toward East Asian region was launched with the realization of Korean policy makers during the 1997 Asian crisis. It was not until this event that the underlying enmeshment of ties between Northeast and Southeast Asia was substantially recognized. Korea's attention to and interest in East Asian regionalism were further stimulated when the heads of all regional states gathered later that year to discuss ways of healing the economic wounds of the crisis-ridden countries and preventing the recurrence of a similar crisis in the future. Choo Jae-Woo wrote:

The resulting formulation of ASEAN Plus Three, comprising all thirteen regional states, further advanced Korea's engagement in East Asian regional affairs. The 1997 crisis was significant for Korea's regionalism policy because of the profound effect it had on the structure and distribution of power in the region.

Not only for South Korea but also for other states in East Asia, the 1997 crisis was substantial turning point towards further and deeper integration. Joshua Kurlantzick³, in *"Pax Asia-Pacific? East Asian Integration and its implications for the United States"*, says:

East Asian regional links never have developed into more substantial integration without the Asian financial crisis. Across East Asia, leaders and citizens realized that the region was already more closely linked than they had imagined, at least in the minds of foreign investors who viewed East Asia as a unit and thought its nations had problems similar to Thailand, such as poor corporate governance and overvalued currencies. This had a psychological effect on the region. If individual nations could not protect themselves from

* South Korea's first regional diplomacy on integration process in Northeast region happened with the commencement of the Sixth Republic under the former president Roh Tae-woo in 1988.

³ Joshua Kurlantzick, *Pax Asia-Pacific? East Asian Integration and its implications for the United States*. (The Washington quarterly, 2007). p. 68.

such a catastrophe, they must have collective institutions to protect the region from financial meltdown.

On the other hand, Ho Khai Leong⁴, assumed ASEAN-South Korea relations have improved markedly since the 1960s and continue to grow stronger. However, it doesn't seem to be easy to prove continual growth of ASEAN-South Korea relations for four decades. He also regards that ASEAN and South Korea share similar fates in this era of regionalism and globalization and in case ASEAN confront opportunities and challenges at both the global and regional level, ASEAN would have to bring in all the major powers in the region, including South Korea.

In order to have a deeper understanding on South Korea and ASEAN relations, it is needed to consider the way ASEAN community has developed by phase by phase at the international level and specifically the role and significance of the 1997 Asian crisis, the dominant ideas and analysis of intellectuals of this scholarship are that East Asian regional integration technically was set up after the 1997 crisis. Nicholas Thomas⁵, in "Understanding regional governance in Asia", analyzed that earlier regional institutions in Southeast Asia, as the aftermath of the Second World War, were incorporated into ASEAN.* Then, following the change of region, ASEAN's arrival coincided with the rapid development in all four-dragon economies including South Korea and the start of Japanese investment into Southeast Asia. The third key event, assumed by Nicholas Thomas was the 1997 Asian financial crisis, coinciding other authors specifically identical to the argument of Joshua Kurlantzick above, by reminding the understanding that Southeast Asian and Northeast Asian states were not only intra-regionally connected: they were also pan-regionally linked. The 1997 Asian crisis also fostered the belief that this was a problem for region to deal with.*⁶ The

⁴ Ho Khai Leong (eds), "Introduction," ASEAN-Korea Relations security, trade and community building. (ISEAS, 2007). p. 2.

⁵ Nicholas Thomas, "Understanding regional governance," in Nicholas Thomas(eds), Governance and regionalism in Asia. (Routledge, 2007) p. 2.

* ASEAN's modest beginning was perhaps a reflection of the difficulties that the group had faced in maintaining momentum and cohesion.

* Many Asian nations used to believe that the United States would rush to their help as the financial crisis unfolded. At first, U.S. officials, convinced the contagion would not spread and not

IMF's interventions were not viewed favorably by most affected governments, which perceived the organization to also be furthering a US-centered policy rather than solely focusing on alleviating the crisis. Finally, it reinforced the idea that deeper cooperation could yield synergistic results for the benefit of all states, economies and people in the region. The task was how to achieve such cooperative outcomes, given that the regional response to the 1997 crisis was driven by states and external actors rather than by ASEAN.

As noted above, having its name as one of the four-dragon, South Korea unfortunately fell down after Asian economic crisis, which also happened to other dragons like Hong Kong, Taiwan, and Singapore. However, as the nature of challenge brought both danger and opportunity, South Korea managed to be born again by achieving successful recovery from the trauma of the economic crisis, and one of characteristics of re-born South Korea was its policies and relations of diplomacy. South Korea has now become one of the most significant and vigorous actors in East Asia including Southeast Asia.

The post Cold war era brought a variety of fundamental and significant transformations in the world, and the 21st century is regarded as the next chapter of the world history under the name of globalization and the era of Asia. Despite doubtful perspectives on the era of Asia, it seems definite the greatest changes will be driven from Asia, and the center of this milestone should be East Asia in this regard.

The most significant incident, which made East Asia to be less reliable to the West and more region-oriented, was Asian Financial crises as many argued above. Interestingly, it was interactions among various state-actors, such as the West at first apathetically rejected any kind of financial aids and kept admonishing by saying “I

prioritizing Thailand highly enough, refused to take the lead in organizing a bailout of the Thai finance system. Thai leaders who had watched the United States bail out Mexico from a similar crisis only three years ago earlier felt abandoned by their traditional foreign guarantor. In its slow response, the United States even blocked the creation of a pan-Asian stabilization fund proposed by Japan. (Joshua Kurlantzick, *Pax Asia-Pacific? East Asian Integration and its implications for the United States,* (the Washington quarterly, 2007). P. 70.

told you so” before the impacts of crises finally came to the West and Japan tried to handle the crises by bailing out and China made a huge commitment and sacrifice by not devaluing its Yuan currency. Not to mention, the old regionalism, EU and NAFTA, eventually came to a transition period either to be mature and more integrated or to change its priorities. Asian financial crises can be very significant case that proved the difference of world structure. Before Asian financial crises, Asian countries have mostly just reacted to the West’s policies, their great umbrella, but after realizing empirically through the trauma of financial crises Asian countries began to actively work on building East Asian community. The historical first step was ASEAN+3, with the memberships of 10 ASEAN countries plus three Northeast Asian countries, China, Japan, and South Korea.

When it comes to regionalism, EU, at first the aftermath of WWII, must be the example most frequently to be mentioned. However, in my perspective as a Korean, regionalism was not a familiar concept before the collapse of the Cold-War era coinciding the emergence of globalization. Given EU as the best example for Regionalism, EU’s specific surroundings should be considered since EU itself and its norms and mechanism cannot directly be the concept of Regionalism; as a matter of fact, EU also experienced several transitions. Therefore, the concept of regionalism which I use in this dissertation should be defined, so should East Asian regionalism be.

I assume the concept of East Asian regionalism is attributed to the emergence of globalization. During the 1990s, globalization and regionalization became fashionable terms in the study of international political economy as well as individuals through many publications and mass media. These phenomena cannot be demonstrated by a single casual mechanism but must be seen as complex, uneven and contradictory trends that result from many different casual processes.

According to Kennedy Graham, in “Regionalization and responses to armed conflict, with special focus on conflict prevention and peacekeeping”⁷: The UN

⁷ Kennedy Graham, “Regionalization and responses to armed conflict, with special focus on conflict prevention and peacekeeping”, in Andrew F cooper(eds), Regionalization and Global Governance. (Routledge, 2008).

Charter does not define 'region', its framers having decided, after much efforts, against any self-restricting ordinance of that kind. Kennedy suggested a definition of Russet's giving as good a conceptual notion as is perhaps necessary:

There shall be considered, as regional arrangements, organizations of a permanent nature grouping in a given geographical area several countries which, by reason of their proximity, community of interests or cultural, linguistic, historical or spiritual affinities make themselves jointly responsible for the peaceful settlement of any disputes which may arise... as well as for the safeguarding of their interests and the development of their economic and cultural relations.⁸

(Cited in Russett 1967:4)

Russet viewed region more on identity such as seeking affinities or geographical proximity, and the identity findings are in line with Huntington's concept of civilization.

In the era of globalization, regionalism, in particular East Asian Regionalism, is interpreted as a constellation to cope with global competition.

Andrew F. Cooper⁹ viewed that regionalization in this context cannot be viewed as a completely autonomous project. Its relevance depends on its relationship, and reactive condition, with both the constellations of global governance and globalization. As Richard Higgott probes:

This constellation, any claim of regionalization possessing a privileged condition as a project depended on its ability not just to advance but 'to manage, retard, control, regulate or mitigate market globalization'

(Higgott 2003:128)

⁸ Bruce, Russet International regions and international system: Study in political ecology. (Chicago: Rand McNally & Co, 1967).

⁹ A.F. Cooper (eds), Introduction, Regionalization and global governance, (Routledge, 2008). p. 2.

As the rise of China is coming closer, there arouses the question of convergence of regionalism: East Asian or Asia-Pacific regionalism?

“The engine of regionalism” is viewed as the presence of super power in the region, since regionalism is more about collective bargaining under regional integration rather than geographical and identity proximities. When considering super power competition in terms of building regionalism, South Korea has an alternative of Asia-Pacific regionalism, US-centered, except East Asian regionalism under the rise of China.

The picture of super power competitions has been observed very recently during the East Asian Summit (2009) and Obama’s visit to Southeast Asia. America has faced wide scope and range of changes, “the change” that President Obama proclaimed during his campaign and one of its significant changes even includes US’s coming back to Southeast Asian region which was forgotten for a long time and would imply Asia-Pacific regional integration rather than East Asian regionalism. As I mentioned above, the hegemonic power US wanted to get its previous role back after democrat President Barack Obama administration in 2009, and interestingly Japan’s Premier Yukio Hatoyama announced that Japan would play an important role for US to bring back its old role as its close alliance and supporter in East Asian region.

Apart from the recent change, I want to weigh more on East Asian regionalism, considering the rise of China as more significant engine in East Asia. Thus, I will view South Korea-ASEAN relations vis-à-vis South Korea-China relations in the phase of the rise of China. ASEAN’s significance and value to Korea and Korea’s significance and value to ASEAN countries in the phase of East Asian regionalism by viewing ASEAN-Korea relations, a variety of integration and interaction itself as well as extra ASEAN-Korea relations such as the emerging super power China, the weakening market of the US and EU, the strengthening of EU’s regional integration, and the possibility of the rise of protectionism in the US.

Also, what makes Korea getting actively involved in East Asia regionalism and ASEAN in particular should be elaborated; I intend to deal with all the efforts for cooperation in depth mainly as a matter of economy. I assume that in Korea’s

standpoint, ASEAN counts for the Korea-China relations in that it seems difficult to deal with China as bilateral relations owing to China's traditional tendency of assertiveness and its huge power in comparison to Korea; thus, Korea's approach to ASEAN can also be interpreted as making multilateral foundation to cope with China.

The rise of China has been discussed by many Korean analysts and critics along its significance to South Korea and East Asian regionalism. According to Kim Tae-Ho (2002), in "The Rise of China and Korea's strategic Outlook"¹⁰,

Given the scale of the Chinese economy, slowdown in global economic growth, and financial crisis in East Asia in the late 1990s, China's continued economic growth is truly phenomenal... China's military build up, like its economic expansion, is not designed to secure a global superpower role like the United States, but it is possible that the country will be able to maintain regional supremacy based on its geographical and quantitative advantages in East Asia.¹¹

It is also viewed, by Kim Tae-Ho, in the 1990s many journalists, foreign policy analysts, and former government officials in the West began to sound an alarm that China would someday adopt a more provocative foreign policy, engage in military operations outside East Asia, and eventually emerge as a global superpower. Along this line, Samuel Huntington of Harvard University, former U.S secretary of Defense Caspar Weinberger, and foreign correspondent Richard Bernstein and Ross H. Munro have all contended that China and the United States would eventually experience a clash of cultures, politics, and national interests. In addition, a number of more recent books have engaged in a form of China bashing by asserting that China will rise to power and eventually pose a direct challenge to the international order dominated by the United States. Beyond its historical, cultural, and ethnic diversity, China is the only country in the world with three different identities: a potential global power, a major regional power, and a socialist developing country. As such, a wide range of

¹⁰ <http://www.koreafocus.or.kr/>

¹¹ Kim Tae-Ho, "the rise of China and Korea's strategic outlook," Korea Focus. (Korea foundation, 2002).

national interests factor into China's international relations. Furthermore, discussions on the rise of China have evolved in line with various historical events, including the end of the Cold War's bipolar system and the subsequent emergence of the United States as the world's sole superpower. The future of China is thus likely to be shaped by a combination of internal and external factors, while its rise will have diverse implications from international, regional, and bilateral perspectives.

Identity seeking is inevitable step towards one community; then, what's the meaning and present of East Asian identity in East Asian Community? Is there anything clear to answer? Is there any clue whether it can root for firm Community creation? Or, is it limits of East Asian Regionalism?

'One Vision, One Identity, One Community' was the banner adorned on the streets of Kuala Lumpur for the East Asia Summit. However, whether the banner can be the achievable vision or rhetoric fantasy is another matter. Eric Teo Chu Chew¹² argued that building an Asian identity would indeed pose the main challenge to the future of the Asian economic cooperation or any other Asian regional entity, because without an Asian identity or affinity, any attempts in Asian regionalism would undoubtedly fail in the longer term. His perspective implies Asian regional integration will eventually face the necessity of pursuit of an Asian identity or affinity. Chew views that:

The recent experiences of Europe have shown, molding this 'common identity and affinities' may be more difficult, yet more crucial, for as long as the people do not feel bound together, no amount of trade, investment and interdependency arguments can bind a region together, which must be built on a sense of 'common purpose and well-being'. This is indeed the quintessential prerequisite of building a common Asian house', that has been much talked about as the overriding goal for Asia tomorrow.

As Chew described above the building "One Vision, One Identity, One Community", through common identity and affinities and common purpose and well-

¹² Eric Teo Chu Chew (2008) "A Strategic Perspective on Asian Economic Integration", in Nagesh Kumar (eds), *Asia's new Regional and Global role*, ISEAS, P.53.

being, seems necessary and legitimate for the long term goal and mature of East Asian Community. On the other hand, the other undeniable nature of East Asian Regionalism is that the necessity doesn't mean accompanying possibility to seek any common need.



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CHAPTER II

THE EMERGENCE OF EAST ASIAN REGIONALISM

2.1. A conceptual framework of regionalism in East Asia

'Region' and 'regionness' in East Asian regionalism

“Nations come and go-Why shouldn't regions?” Don Emmerson's remark on region is one of the best answer for the quest of identity and characteristics of regionalism, drawing regions more realistically rather than imaginary. This kind of gap is driven by the fact that when it comes to defining regional identity, people are likely to lean against the images rather than certain official information; i.e., postcard, short footage of news media, or currently the pictures on the Internet can be one of the most common textbooks when majority of people perceive regions. Therefore, despite the frequent and widespread using of the term 'region', irony is that the term 'region' in fact very wide-ranged and expert terminology when used in political science, just like the term 'human being' in anthropology.

Then, what is the concept of region and regionness when people talk about regionalism? According to Amitav Acharya, Regions are contested notions, and there is nothing natural about regionness. There are any number of ways in which regionness can be explored, identified, and established, but no single attempt is likely to prove definitive and universally acceptable.¹³

The lexical definition of region is an area or division, especially a part of a country or world having definable characteristics but not always fixed boundaries; following the lexical definition, the region itself, thus, can be a subjective or abstract

¹³Amativ Acharya (2000) The Quest for identity, Introduction-region and regionalism in the making of Southeast Asia, Oxford Univ. Press, p.4.

concept since the criteria is variable depending on what's the defining characteristics are and where people can draw line on the unfixed boundaries, so is the concept of regionalism or regionness. Most traditional definitions of regions base themselves on relatively fixed attributes, such as proximity, shared cultural characteristics, and a common heritage. Such approaches seek to determine what is common among the peoples and political units that inhabit a given geographic space. Therefore, when talking about regionalism, the wide range of the term should be narrowed down first, so I focused on the definition that a certain aggregation of nation states is a region and Asian concepts of regionalism have double identities; one is completely from the characteristics of regionness itself, the other from East Asian regionness.

A classic study by Cantori and Spiegel on "regional sub-systems" published in 1970 identified geographic proximity, international interaction, common bonds, including ethnic, cultural, social, and historical, and a sense of regional identity which may be enhanced by attitude and the role of external actors.¹⁴ Russet suggested five criteria: social and cultural homogeneity, political attitudes or external behaviors, political institutions, economic interdependence and geographical proximity.¹⁵ A survey of the work of 22 scholars on regions by Thomson found three clusters of necessary and sufficient attributes of "regional sub-systems": general geographic proximity, regularity and intensity of interaction and shared perceptions of the regional sub-system as a distinctive theater of operations.¹⁶ But none of these studies have proven definitive and laid to rest the debate over the ambiguities surrounding the concept. Nor have they resolved the tensions between the geographic and perceptual, fixed and dynamic, rationalistic and discursive, variables that define regionness.

Describing a division or a part of a world, the term 'region' is currently used based on a set of countries when it designating 'region' in regionalism. Unlike the ambiguity of the term 'region', 'state' or 'country'- the constituents of region provides

¹⁴ L.J. Cantori and S.L. Spiegel eds. (1970) *The international Politics of Regions: A comparative approach*, Englewood Cliffs, N.J.: Prentice Hall.

¹⁵ B.M. Russet (1967) *International Regions and the international system: A study in Political ecology*, Chicago: Land McNally.

¹⁶ W.R. Thomson (1973) *The Regional Subsystem: A Conceptual Exolication and a Propositional Inventory*, *International Studies Quarterly*, vol. 17, no.1, March 1973, pp. 89-117.

a quite firm definition in the dictionary as well as in the constitution of each country; on the other hand, the definition of state and country vary according to the place and time used. A large part of concepts of nation or country were directly absorbed from the West, which had been built by western scholars based on their unique culture, history, and circumstances such as Christianity. Although Confucianism conceives a sharing idea with democracy in term that it emphasizes the politics caring people and people-considering ruling, however not being ruled by people, the main pillars of democratic or modern states and the system sustaining governance in Asia gained major influence from the West. It was not until a century ago that many Asian countries started to establish nation-states now existing under the huge influence and remains of Western imperial power. In addition, when it comes to the concept of territory in terms of geographical scope, neither had a number of Southeast Asian countries nor African countries the concept of the precise boundaries of nations on the map before the Western colonization.*

Likewise, the concept of regionalism is complicated and confusing in that the definition of region tends to be interpreted in multiple ways according to from which perspective people see. Furthermore, regionalization plays different roles based on where and when in term that regionalism is more about interacting work. It is necessary to understand what's the regionalism currently working and narrow down the concept of East Asian regionalism in the context of the moment and the place it occurs and works. Here in this thesis, I use the term 'regionalism' focusing on political economy perspective, attempting to conceptualize them as by-products of the process of globalization. In this view, regionness is determined by location and specificity within the world economy or transnational production structure. Also, the concept of region in my discussion is dependent on the role of hegemonic power as the crucial factor in region formation, while yet another approach has defined regionness in terms of patterns of interaction, especially conflict and cooperation. The existence of intense

* There had been the concept of Mandala instead in Southeast Asia, which designates the concept of territory but still does not have the accurate boundary between countries.

regional conflicts may be as important to establishing a claim to regionness as regional associations and the development of cooperative economic and political approaches.¹⁷

I arrange the post Cold War era as the when of East Asian regionalism occurred despite some sprouts seen before the end of the Cold War and the region covering ASEAN+3 as the where of East Asian region.

Also, the concept of sovereignty needs to be envisaged in order to figure out characteristics of Regionalism in East Asia, particularly in contrast to the concept of sovereignty of European region. There have been a few efforts to characterize the perception of East Asian countries on sovereignty under regionalism. Chae Jae-Byung¹⁸, in his article “*East Asian perception of sovereignty and regional cooperation*”, examines the differences between European and East Asian perception on sovereignty, since the definition of sovereignty is supposed to deeply correlate with the regionalism and the process of building of the concept of sovereignty in Europe and East Asia is quite contrast.

Then, what is the regionalism that academics define for the term regionalism?

Regionalism refers to the expression of a common sense of identity and objectives combined “within a specific international region in terms of economic, political and security linkages.”¹⁹ It can also be defined as the “transformation of a particular region from relative heterogeneity to increased homogeneity with regard to a number of dimensions, the most important being culture, security, economic policies and political regimes.”²⁰ Regionalization can be regarded as a process, which consolidates these regional ‘linkages’ and facilitate the ‘transformation’ of a region by arranging inter-state relations within a regional framework of rules, norms and governing procedures

¹⁷Amativ Acharya (2000) *The Quest for identity, Introduction-region and regionalism in the making of Southeast Asia*, Oxford Univ. Press, p. 9.

¹⁸Chae Jae Byung (2002), *Dongasia jukwoninsikkua jiyukhyupryuk* (East Asian perception of Sovereignty and regional cooperation)

¹⁹Christopher M. Dent (2002) “introduction: Northeast Asia-A Region in Search of regionalism?” in Christopher M. Dent and David W.F. Huang(eds), *Northeast Asian Regionalism: Lessons from the European Experience* (New York: Routledge Cuzon), p. 1.

²⁰Bjorn Hettne (1996) “Globalization, the new Regionalism and East Asia,” in Toshior Tanaka and Takashi Inoguchi (eds), *Globalism and Regionalism, Proceeding in Global Seminar 96 Shonan session*, Hayama, Japan, September 2-6, p. 8.

reflecting the common expectations of actors. The definitions above can also be applied to East Asian regionalism.

So far, it has been proven through many historical cases that the strength of such regionalism and regionalization depends upon the ability and willingness of states involved in the construction of institutionalized forms of multilateral cooperation, and their aim to more effectively address regional issues and problems through multilateral rather than unilateral or bilateral means. In addition, it is very essential that activeness and willingness should be seen among the strong countries in the region. The construction of regional regimes of organizations is also instrumental in governing and facilitating the relations of member states in specific issues areas in the region through its established framework of rules, norms, and practices.

2.2. East Asian Regionalism VS Asia Pacific Regionalism

Few would deny the fact that there is a huge and strong wave towards the East Asian regional integration beyond the level of gathering collaboration; as a matter of fact, that movement is already far over the level of making efforts but actualizing the East Asian Community building at present by getting more firmly and sophisticatedly institutionalized. Asia, where there were many sufferings in the modern history, has usually been the reactionary nations in demonstrating its diplomatic strategies or willingness owing to lack of capacity and its hardships in its internal as well as external matters in economy and security.

When it comes to regional cooperation and integration in East Asia, the formation of regional integration can be assumed as the process from Asia-Pacific into East Asian Regional grouping.

During the Asia Pacific process, Japan played a leadership role based on its huge influence on economy in the region under U.S.'s supports. However, Japan's role in East Asia is considered limited when compared to its massive aid and economic capacity. Despite its globally dominant economy, Japan was neither able to nor

technically willing to work as a regional hegemony eventually leading the regional unification in Asia. There are two primary reasons behind Japan's limitation as a regional hegemony.

First, Asian countries cannot help recalling the bitter history of Japan's brutality during the WWII under the propaganda of "the Greater East Asia Co-Prosperty Sphere", which was deceiving phrase promising that Japan would set Asian countries free from the West. As the sweet dream was ended up with bloody violence by having been exploited economically and mobilized to the war for Japan as soldiers, workers, and terribly prostitutes, there had left many victims throughout the whole Asian region. The trauma and distrust that the past history remained less than half century ago were deep and took some time to get recovered.

On the other hand, neither did Japan want to play a leadership role to lead Asian countries to be closely linked like the concept of regionalization now seen, when economic and identity aspects considered. Japan had kept distance from other Asian countries. Before given China's active participation during the Asian economic crisis, Japan has kept being ambivalent in line with Japan's position in the middle of Asia and the West, neither complete Asia nor West, even while it took the accountability on Asia from US after the Vietnam War. In a regard of Japan's ambivalence, the role replacing the US to Asia can also be interpreted in line with Japan's stance of Western representative as half Asia.

Asia-Pacific regionalization was brought by U.S.'s massive influence and active engagement in Asia and Japan's stance as an ambivalent actor as half East and half West. Plus, South Korea's position, which was not critical factor at the time considering regional structure, was however partially contributed to form Asia-Pacific regional framework, since Korean peninsula's massive tension on security and South Korea's economic and security reliance on the U.S. made the Northeast Asia and the US involved more firmly, which is coinciding the Cold War structure led by Washington.

APEC was the tool fostering Asia-Pacific regional integration under U.S., Australia, and Japan initiative, yet U.S. influence got much less comparing the Cold

War period. APEC was representative of open regionalism that is extensive but had weak leadership and little reciprocal base. Not only are there limits of open regionalism but also the absence of reasonable leadership and dissimilarities of membership nations did not provide any guarantees as an alternative of previous structure. APEC pursued investment liberalization as being a south-north collaboration institute but is criticized it worked as a tool to weaken East Asian regionalism.* Nevertheless, there were opponents-ASEAN and China- on Asia-Pacific order under advanced West initiative, as there emerged the shift of paradigm preferring economic issues and interests to ideological justice therefore vitalizing interactions among Asian countries even including former socialists countries.

In the late 1990s, the other kind of regionalism, East Asian regionalism, began to emerge. East Asian economic cooperation has created a new geopolitical structure in the region. Geopolitics in East Asia has reflected a changing regional order. Since the Cold War competition, regional geopolitics has moved to global competition and a strategic coalition.

During the Cold War era, regional order was based on the confrontation between the liberal camp-the U.S. alliance-and the communist bloc. Within the ideological coalition, economies and politics were often combined. After the collapse of the former Soviet Union, individual competition between respective countries characterized the regional order in the post-Cold War era. Neoliberalism began to prevail and each country joined the race to the top to maximize its national interests. Since the mid-1990s, the trend of regionalization has become more visible. The EU accomplished its single market project while NAFTA, Mercosur, and ASEAN moved toward closer regional cooperation. The number of regional and bilateral FTAs rapidly increased. Nation-states began to seek alliances to win global competition began to

* U.S in November 1991 asked Japanese and Korean Ministers of Trade not to participate in EAEC (East Asian Economic Group) through Baker, Secretary of Defense at the time, and President Bush also warned EAEC can be regarded as the trial of protectionism in 1992. President Clinton was against EAEC, viewing it as a obstacle for the progress of APEC. Plus, Japan preserved the stance that Asian economic cooperation should be pursued under APEC initiative including U.S., Australia, and Canada.

show a multilateral nature in which groups of countries as well as individual countries pursued their interests.

ASEAN+3 cooperation is an attempt to maximize its influence and capacity by creating a multilateral coalition against the outside world. The greatest influence on the course of East Asian cooperation emanated from outside the region.²¹ The path influence on the course of East Asian cooperation has been influenced by the manner in which the East Asian region was incorporated into an international order. East Asian cooperation has been marked by “reactionary regionalism” in which regional initiative were designed to mediate and moderate external influences.

Going to East Asian regionalism, tensions between pan-East Asian regionalism and an Asia-Pacific perspective is inevitable. Some ASEAN+3 states, including Japan and South Korea, do not strongly advocate the ideas of distinctive pan-East Asian regionalism, rather being ambivalent by taking an Asia-Pacific perspective. To clarify, they would yet tend to put more weigh on East Asian cooperation with a pro-Western Asia-Pacific orientation rather than maintain exclusive forms of East Asian regionalism.²² On the other side, Malaysia and China seem to be promoting more exclusive forms of pan East Asian regionalism.

2.2.1. Economic Development and East Asian Integration

The start of institutionalization of East Asian regional integration is generally perceived as the Asian economic crisis; however, East Asia began to reorient its compass inward since the mid of 1990s. As its high-growth economies expanded, they produced a class of younger business people who created ties between their businesses and other Asian corporations.

²¹ Beeson, Mark (2003) “ASEAN Plus Three and the Rise of Reactionary Regionalism.” *Contemporary Southeast Asia* 25;2 (August), pp. 265-265.

²² Hund, Markus (2003) “ASEAN Plus Three Towards a New Age of Pan-East Asian Regionalism? A skeptic’s Appraisal.” *The Pacific Review*, p. 383.

The economic development fostered massive social change. For the first time, nations such as Thailand and South Korea were creating sizable middle classes clustered in Asia megacities that increasingly resembled each other. Developments in communications technology further cemented links among Asia's urban middle classes. With advent of the Internet, middle classes across East Asia built new contacts with each other.

2.3. Southeast Asian perspective on regionalism in Asia

2.3.1. East Asian regionalism vs. Southeast Asian regionalism

While ASEAN was working hard to achieve greater regional autonomy in the political and security sphere, in the economic arena, its members were actively pursuing policies of greater integration into the global and capitalist system as well as the regional economy of East Asia. According to Amitav Acharya, the outward-looking economic focus of ASEAN members could be explained by several factors. From 1965 to 1986 when the Third World almost doubled its share of world foreign direct investment (FDI), the ASEAN states were major beneficiaries in international investment. Even more important, the ASEAN countries became major targets of the southward movement of Japanese capital especially after the Plaza Accord; moreover, a rapid appreciation of yen indirectly invited South Korea which technically begun its investment to ASEAN countries thanks to the yen inflows to South Korea as well as comparatively upgraded compatibility in trade from high priced yen.* They began relocating to lower-cost countries, initially to South Korea and Taiwan but, later, as the currencies of these countries also appreciated, to Southeast Asia. This pattern of regionalization covered both inter-industry and intra-industry or intra-firm trade. In the

* The Plaza Accord is an agreement among the Finance Ministers of the Group of seven industrialized nations in 1985 which gave their central banks the responsibility of raising the value of the yen against the dollar. The agreement resulted in a rapid appreciation of the yen. Japanese corporations, already facing high costs at home, were now endowed with vastly increased capital assets.

early 1990s, the regionalization of East Asian economies was often described in terms of a three-tier production structure. In this structure, Japan exported the most technologically advanced products, followed by the NICs exporting skilled labor-intensive products and then by the ASEAN-4 (Malaysia, Indonesia, Thailand, and the Philippines) and China exporting labor-intensive products.

The question now emerges whether the regionalization of East Asian economies helped shape a new regionalism and regional identity. Considering economic interdependency, the map of regionalism seems heading to East Asian regionalism rather than Southeast Asia. The trade and investment linkages among Japan, Taiwan, and South Korea on the one hand and the ASEAN economies on the other hand implied the trend toward greater East Asian, rather than Southeast Asian integration. However, the regionalization of East Asian economies contributed to pressures for regional trade liberalization among the ASEAN countries in several ways. One of the main consequences of the inflows of Japanese investment was the emergence of a series of production networks of parts and component producers linked to assembly plants, especially auto and electrical sectors. As a result, Japan wanted to be able to move components from country to country without facing intra-ASEAN trade barriers.²³

There's another factor that invites East Asian regionalism in Southeast Asia. Mahathir's "Look East" Policy followed Singapore's "Learn from Japan" campaign in late 1970s; Malaysia consciously evoked Japan later added South Korea as a role model for its own development. In this regard, the rhetorical notion of "flying geese" also demonstrated that East Asian countries interdependency in its economy.

On the other hand, the validity of models assuming similarities between Southeast Asian and Northeast Asian development could be questioned on the basis of major differences in economic situation and development policy. While some aspects of the Japanese model of industrialization were to be found in other East Asian,

²³ Amitav Acharya (2000) *The quest for identity: international relations of Southeast Asia, Southeast Asia divided: polarization and reconciliation* pp. 123-127.

including, countries, including emphasis on universal primary education, high savings rates, institutional and anti-monopoly reforms by the government to promote competition within the private sector, other factors remained peculiar to Japan. This included Japan's restrictions on private foreign investment and its guarantee of life-time employment. Moreover, the economies of the Southeast Asian countries, including Indonesia, Malaysia, Thailand and the Philippines shared a number of characteristics that differed from those of original NICs.

The Southeast Asian economies had a much higher degree of technological dependence than Korea and Taiwan and much greater dependence on transnational corporations and their subsidiaries for manufactured exports. Southeast Asia had experienced a technology-less industrialization. Overall, the second-generation NICs differed from the first considerably in terms of their initial conditions of development and their political institutions. This helped to establish claims that Southeast Asia's economic growth was linked to its sub-regional circumstances, despite economic globalization and integration with the Northeast Asian economies, which goes to East Asian regionalism.

2.3.2. Southeast Asian and Asia Pacific Economic Cooperation: APEC vs. ASEAN

As the security arena, the development of Asia Pacific multilateralism in the economic arena also poses a challenge to Southeast Asia's regional identity. In the late 1980s and early 1990s, ASEAN took steps to develop a free trade area. The level of intra-ASEAN trade had remained fairly low due to colonial linkages and the impact of the Vietnam War. As the 1990s approached, ASEAN members' trade with U.S., West European and Japan was considerably higher than intra-ASEAN trade.

ASEAN saw APEC as a useful forum for managing trade conflicts within the region, as well as a platform to advance ASEAN's interest in global multilateral trade

negotiations. Another contribution of APEC was seen to lie in countering some of the uncertainties in the regional investment climate caused by developments in Eastern Europe. At a time when Eastern Europe was attracting more attention from the Western countries, APEC would provide an extra incentive for Japan and other major regional economies to invest in Southeast Asia.²⁴

Despite its acceptance of APEC, some ASEAN members felt that a regional economic group involving the developed and developing economies of the Asia Pacific was not the most desirable way to address the economic problems of the 1990s. Malaysia in particular resented the fact that APEC was an Australian initiative, that it was dominated by Western members at the expense of ASEAN, and that it did not reflect the level of the de facto economic integration achieved within East Asian region, which by some measures exceeded trans-Pacific integration. These factors led Malaysia's Prime Minister, Mahathir Mohamad, to call for the establishment of an exclusive East Asian Economic Grouping (EAEG) later changed to East Asian Economic Caucus (EAEC), in December 1990, soon after the collapse of the Uruguay round talks over agriculture subsidies. Malaysia described the proposal as a move to "counter the threat of protectionism and regionalism in world trade". The most striking aspect of the EAEC was the exclusion from its membership of the key members of APEC, including the US and Australia. The EAEC was to comprise the ASEAN countries, Taiwan, Hong Kong, and Japan, with the latter clearly being assigned the pivotal role.

On the face of it, the EAEC concept was firmly rooted in the economic realities of the region. Not only was trade among East Asian countries expected to exceed trans-Pacific trade in the 1990s in terms of investment, the 1980s saw a massive increase in Japanese private investment in the region. South Korean and Taiwanese investment in Southeast Asia had added to the massive influx of Japanese capital, creating a strong sense of East Asian economic interdependence.

²⁴ Amitav Acharya (2000) *The quest for identity: international relations of Southeast Asia, Southeast Asia divided: polarization and reconciliation* pp. 144-154.

However, if Malaysia's intention was to test the reaction of the ASEAN partners to the idea of a trade bloc that would 'counter the emergence of protectionism and regionalism in world trade' through similar methods, then it clearly made little headway. Its ASEAN partners, not conceived that a genuine trade bloc would indeed be possible within the GATT framework and acceptable to the major trading partners of ASEAN, expressed reservation. Strong opposition from the U.S. was clearly stated by Richard Solomon, Assistant Secretary of State for East Asia and Pacific, who argued that the EAEC would be a 'very unwise direction to proceed', in the face of US opposition and Japanese reluctance, the EAEC concept remained stagnant despite a compromise formula adopted by ASEAN which called for the EAEC to function as a caucus within APEC.

2.4. What's East Asia for Plus Three countries? : Self-identity and perspective of China, Japan, South Korea as a regional participant

Despite the brisk pivotal role of ASEAN, it is still undeniable that so-called Plus Three countries are determining factor-players in the region, so each country's self-identity as an East Asian membership determines the boundaries as well as the directions of East Asian Community.

2.4.1. China

Firstly, China's self-identity does not seem to profoundly change from its traditional stance, regional hegemony, even though there seems some conversion of attitude to be moderate and less assertive. China used to adopt bilateral relations as the principle of its diplomacy; however, owing to its huge success of economic growth and increase of comprehensive power after China's open policy, China's responsibility responding its rise has been urged. On the other hand, 'China threat theory' also made

China make an effort to soothe its neighboring countries fear by adopting multilateral relations. Based on the perception mentioned above, China has developed multilateral relations since its trade negotiation with ASEAN. Likewise, China has been demonstrating East Asian Community building through either bilateral or multilateral relations with East Asian countries.²⁵

In order to explore China's perception on the foundation of East Asia Community, it is useful to explore an accurate meaning of East Asia in Chinese. Suk-Hee Han and Taek-Goo Kang tried to analyze how the term "East Asia" is defined in China. China often regards itself as a nation in 'East Asia' (東亞), 'Asia' (亞洲), 'Asia Pacific' (亞太), or 'Northeast Asia' (東北亞), yet the term East Asia is mentioned more frequently when China talk about Regional Community building. Although Chinese government does not define the range of its perception of region officially, based on the speech of the Chinese leadership it is confirmed that China assumes itself located in the center of Asia geographically and a membership of East Asia countries.

On the contrary, Chinese critics have been progressing the debates on the regional boundary of East Asia in various aspects. It is identical among Chinese researchers that the range of East Asia is in ASEAN 10 member countries and China, Japan, and Korea, so called 'Plus Three Countries.' China applies a geographical concept to arrange the framework of East Asia; and it constraints the extension of concept and range of East Asia into including Russia, Europe or America beyond its geographical limit.

Then, what has made China enthusiastic on building East Asia Community? And why does China insist to maintain its scope as ASEAN+3 countries to build a bloc which China belongs to? There are three fundamental grounds.

First of all, China assumes that the process toward East Asia Community Building is advantageous to achieve its strategic aim "the world of harmony" and win

²⁵ Han Seok-Hee, Kang Taek-Goo (2003) *Dong'asia gongdongchea hyungseonggua joongguk'ui insik* (The Formation of East Asia and China's Perspective), pp. 283-284.

the regional leadership.²⁶ China regards the US has negative perception on any regional community foundation excluding the US, and Japan also adopts policies damaging East Asia Community building by following the US policies to keep the diplomatic relations. Owing to this policy of Japan and the US, it demines their influence in East Asian region; however, in China's regard, it can be a proper opportunity to upgrade its clout in the region by playing a economically, diplomatically, and culturally significant role.

Secondly, China necessarily tried to make its image better and positive by earning more trust from its neighboring countries, as China threat theory tends to prevail with the rise of China.

China, the driving force of East Asia Community building, basically aims to make progress in founding super regional authority or collaborative structure that can pave the road towards reciprocal and harmonic order rather than regional organization system.²⁷

China turns out to prefer gradualism, which firstly and primarily focuses on economic cooperation and build an economic community and stepping toward the expansion of the range and degree into political and security issues. Economic community that China delineates is upgrading the level of free flow in transport, service and capital to contribute the competitiveness of region as a whole, regarding the most important and prerequisite task is free trade area of East Asian region.

2.3.2. Japan

The presence of Japan has been very much important and critical to Asian countries either positively or negatively since late 19th century, exercising huge

²⁶ Ha Do-Young (2008) Seok-Hee Han (2004) Dongasia Gongdongche hyungseonggua Joonggukui Insik (East Asian Community building and China's Perception) p. 287.

²⁷ Han Seok-Hee, Kang Teak-Gu (2003) Dongasia Gongdongche Hyungseonggua Joonggukui Insik (East Asian Community Building and China's Perception, p. 291.

influence throughout its modern and contemporary history after Japan's success of Meiji Restoration. Unlike the old and long big brother - China, Japan has been vulnerable against Asian countries' prejudice and suspicion and did not succeed to prove itself as a strong and legitimate leader for Asian countries indeed despite its being with economic and military ability. When it comes to mentioning a leadership role of Japan, the Second World War period was one of the most essential occasions for Japan to win the hearts of Asian countries in history, which were under the Western yoke. Of course, the history conceived another paradox that Japan itself was also a colonial power ruling other Asian countries such as Manchuria, Korea, and Taiwan while they were promising Asians' independence from the West. Putting those contradictions behind, Japan succeeded to earn the Asian countries' trust and support as a independence savior of Asia under the severe colonialism by showing its status as a strong Asian power; History tells another irony that Japan's Asian colonies finally got independence by their own movements as well as Western aids.

Japan has been an early frontier of Asian region, which started to study Southeast Asian region more than a hundred years ago. Japan's passion on East Asia began to grow up as it faced the reality of West's dominating world order as being a sole Asian power on early 20th century. The 1921-22 Washington Conference naval treaties forced on Japan an unfavorable battleship ratio of 5:5:3 for the US, Britain, and Japan respectively. In 1919 at the Paris Peace Conference, Western countries rejected the simple Japanese request to have a racial equality clause included in the League of Nations Covenant. In 1924, America passed the Japanese Exclusion Act to shut off Japanese immigration into the US. Those racial limits were challenge for Japan that used to regard itself as representative of the West to seek Asian identity of their own; also there were Japan's economic needs from Asian countries. Japan required East Asian raw materials in order to keep its manufacturing industry and military in China supplied. The U.S. embargo made Japanese leaders seek sources in Asian countries to ensure self-sufficiency. Finally, the phrase "the Greater East Asian Co-prosperity sphere" emerged by Japan.

After the failure of WWII, Japan and U.S. got to develop and strengthen alliance between two, as Korean War broke out and U.S. sought fortress as well as a

close anti-communist partnership in Northeast Asia where there is China and Russia very near. As the alliance between U.S. and Japan became tighter, Japan finally played an alternative role in Southeast Asia after U.S. technically departed from its active involvement in the region owing to its failure and financial damage in American War in Vietnam and massive critics on unjustness of the War. Japan had been faithful and responsible about its duty representing U.S. willingness; therefore, having worked in the region as so-called APEC organizer, Japan did not try to build regional community exclusive against U.S. influence, nor did South Korea.

Nevertheless, Asian economic crisis has brought Japan's shift from being a reactionary participant to pro-active leader in Asian region. Japanese Prime Minister Obuchi delivered an address "Towards the creation of bright future for Asia" in December, 1998, emphasizing Japan's pro-active role on building institutionalized collaboration framework based on ideology of peace and stability of East Asia.²⁸

2.3.3. South Korea

For South Korea, the boundary of East Asia is new. Previously, South Korea only perceives itself as a country belonging to Asia Pacific region, which is identical to Japan's perception before the 1997 crisis, relying on the structure under superpower nations. In addition, the concept of East Asia that now South Korea uses is different from those of other countries.²⁹ For South Korea the cognition of East Asia is focused on Northeast Asia; on the contrary, Japan's concept of East Asia is wider considering itself as a bridge of the Pacific and Asia, the US, Canada, Australia, New Zealand, and Southeast Asia. Narrower than Japan's, South Korea's concept on East Asia is also peculiar.

²⁸ Park Chang-Goen (2006) "Shinkukjeongchijilseo'ui jaepyungua dong'asia jiyukjoo'ui (New global order and East Asian regionalism), Asea studies, Vol. 69. No. 2.

²⁹ Kim Ki-Seok (2008) quotation from Asia, Asians, "Hankuk'ui asiajeok jeongcheseong'i Cheenmeeseogyeguan'ui Daeon"(Korea's Asian identity for an alternative of Pro-America perspective) Young-Joo Lim, 2008.3.23

Then, what's the main reason for South Korea to recently define itself and its identity as East Asian country, even though it had long been East Asian country?

Huge influence of the US on Korean peninsula for a half century long period is the most critical background of it.

It is no surprise that some critics regard that there comes more Asian friendly identity in South Korea owing to its conversion of perspective on U.S. that had been very friendly in the past and is now getting defensive distant not diplomatically but domestically. Although South Korea did not give much attention on East Asia for 50 years, South Korea is and was part of East Asia, yet that Asian identity was depressed under the huge American influence, strong anti-Japan sentiment, and fear to previous opponent of Korean War-Communist China. Therefore, despite the geopolitical proximities, South Korea had been closer to U.S., and recently there found South Korea's new kind of cognition as a member of East Asia and its efforts to build and develop Asian identity.³⁰

2.3.4. Northeast Asian Think Tanks for East Asian Community: EAVG and EASG, NEAT*, and CEAC**

South Korea's transition in diplomatic focus is a remarkable case; recent mechanism of South Korea's diplomacy on East Asia has been proven in its role in East Asia Vision Group.

The East Asia Vision Group, technically South Korean think tanks' first engagement in East Asian policy studying at the international level, was established to foresee the future of East Asian cooperation. First proposed by former President Kim Dae-Jung of South Korea at the ASEAN+3 Summit in Manila in 1998, the first EAVG meeting was convened in the following year in Seoul, South Korea. The EAVG

³⁰ Cho Hee-Yeon (2008) quotation from Asia, Asians, "Hankuk'ui asiajeok jeongcheseong'i Cheenmeesegyeguan'ui Daean"(Korea's Asian identity for an alternative of Pro-America perspective) Young-Joo Lim, 2008.3.23

* Network of East Asian Think Tanks: NEAT

* Council on East Asian Community: CEAC

proposal reflected Korean aspiration to increase its diplomatic role in East Asia. It also reflected President Kim's interests in regional cooperation. South Korea and other East Asian countries had participated in a number of similar vision group activities-APEC, ASEM- and the EAVG seemed to be a relatively easy and practical step to enhance discussions on East Asian cooperation.

Composed of prominent scholars, former high-level government officials, and entrepreneurs, the EAVG has sought suggestions, which would provide a roadmap for East Asian cooperation. The EAVG meetings were held five times, two of which were in Seoul, and one each in Shanghai, Tokyo, and Bali. The final EAVG Report was adopted after the fifth meeting in Seoul, in May 2001, and was submitted to the ASEAN+3 Summit held in Brunei, November 4-6, 2001.

The EAVG aims at building an East Asian community. The EAVG Report stipulates three main objectives of an East Asian community: regional peace, common prosperity and human progress.

The Vision Group sees East Asia moving from a region of nations to a bona fide regional community with shared challenges, common aspirations, and parallel destinies. The economic pillar, including trade, investment, and finance, is expected to serve as the catalyst in the comprehensive community-building process.

However, the EAVG report did not define the ingredients of "community" and did not mention the concepts of democracy or supra-national institutions.³¹ The concept of "Community" versus "community" needs mentioning in the pursuit of East Asian cooperation. While Community means a set of formal overlapping institutions with some loss of sovereignty, community implies a coalition of national interests to meet specific functional objectives in a regional context without the loss of sovereignty. The EAVG/EASG report did not define the constituents of "community" and did not mention the concepts of democracy or supra-national institutions. The East Asian Forum is still broad and loosely defined. There has been no indication that a

³¹ Lee Jae-Seung (2004) ASEAN+3 and the New Regional Order in East Asia: Political Consequences of Regional Cooperation, Institute of Foreign Affairs and National Security Republic of Korea, p. 31.

regional federation or political integration is even being considered. There is no hint that a regional federation or political integration has even been imagined.

The EASG succeeded the EAVG of 2001 with a final report submitted in 2003. The EAVG clarified the measures to implementing the recommendations from the EAVG Report. Unlike the EAVG, the EAVG consisted of government officials and discussions were held at the Track I level.

On the other hand, Japan established Council on East Asian Community (CEAC) in May 2004 according to suggestions of ASEAN+3 Summit, having been motivated by China's Network of East Asian Think tanks (NEAT) and South Korea's East Asian Forum (EAF).³² To study significances of East Asian community building as well as strategies for coping with regional transition, CEAC is being used as a tool for discussions on East Asian in terms of its long-term future framework rather than focusing on trade and investment researches.

2.4.5. Active approach to past issues³³: The Ongoing-Stumbling Rock for Three Countries' Harmony in the region

The most important assumption in reducing conflict and improving relations between Japan, China and South Korea is that the Japanese government takes extreme political measures in handling "past issues."

Fortunately, the issue of Yasukuni shrine* managed to be closed temporarily or hopefully permanently, as the present Japanese Prime Minister Yukio Hatoyama has announced that he won't visit the Shrine, which housed war criminals responsible for

³² KIEP (2005) the establishment and development of ASEAN+3 system, pp. 88-93.

³³ Son Ki-Sup (2005) structural changes and conflicts on Japan-China Relations in Koizumi cabinet, international relations studies 14th, pp. 176-177.

* Tokyo's Yasukuni Shrine, meaning "peaceful country," is where some 2.5 million soldiers who have died for the country since the Meiji Restoration in 1868 are enshrined, including 14 convicted Class-A war criminals. Many Asian governments, particularly those of South Korea, China and Taiwan, regard the memorial as a glorified relic of Japanese imperialism and atrocities committed in the name of the emperor.

atrocities during the WWII, as he fully understood the bad feelings about the Japanese colonial period.³⁴ He said he would avoid an emotional approach when dealing with disputes with Korea and China and instead seek solutions through dialogue.*

There were many challenges owing to the Prime Minister's visit to Yasukuni, and despite the recent transition on Yasukuni shrine, the tension among China, Korea, and Japan is not relieved, as there are textbook issues and territorial disputes.

Japan-China relations have barely moved forward after being bogged down by past historical issues and repeated unproductive, useless struggles. It was very depressing that the Chinese Prime Minister and Korean President themselves have officially expressed complaints to the Japanese government and encouraged political action through public expression of regret and apologizing for the past, but these complaints have been rebutted by the Japanese Prime Minister.

For example, Hu Jintao in China pointed out that they do not wish to see that Japanese leader's visit to Yasukuni Shrine, and President Roh Moo-hyun in South Korea and the NSC have delivered statements to try to rectify the anachronistic historical falsification together with international society and Japanese groups with conscience, working against the intention to justify past colonial invasion.

On the other hand, Prime Minister Koizumi has made the strong statement that Yasukuni was not only an issue between Japan and China or he didn't think that his visit to Yasukuni Shrine was the only core matter in Japan-China or Japan-South Korea relations. Tokyo seemed neither understand nor keep in mind that South Korea and China, delivered statements or made speeches on the same issue, in adherence to the same spirit. The true feelings of victims that lost their countries and suffered from damages and a sense of shame should be empathized with.

³⁴ http://www.koreatimes.co.kr/www/news/nation/2009/10/116_50918.html

* President Lee Myung Bak (South Korea) has emphasized a "future-oriented" relationship with Japan and has been reluctant to take issue with Japan's alleged historical distortions, unlike his predecessors.

Regarding “past issues,” Japan has splendid achievements, such as the Murayama statements and the Diet resolution in 1995, the Japan South Korea partnership in 1998 and Koizumi’s statement in 2005, and has been accumulating this experiences to the point where has become unpleasant for them. The problems are such that they did not seem to be able to avoid such repetition regarding “past issues,” without “political actions” showing the sincerity of the Japanese government and Japanese citizens, and despite the inauguration of liberal Cabinet Yukio Hatoyama and his promise to stop visiting Yasukuni, sincere unification on past issues are still on the first step among three countries.

2.5. The U.S.’s presence and role in East Asia

The U.S. factor³⁵

The U.S. factor needs further discussion. Many East Asian countries have looked to the United States for markets, investment, and protection. Heavy reliance on the U.S. in political and economic affairs has caused U.S. intervention, directly or indirectly, in East Asian cooperation. The dependency on U.S. defense is especially salient among many East Asian countries that have U.S. military bases on their territory. East Asia has been shifting progress towards less dependence on the United States in recent years, but in reality, this move is not easily pursued.

While the U.S. sought multilateral, cooperative policies in Western Europe after WWII, a pattern of unilateralism has marked its policies in East Asia. The U.S. may resist the creation of strong intra-Asian regional ties, preferring instead to retain its maximum influence over each individual East Asian Economic Group proposal a decade ago and the Asian Monetary Fund proposal more recently. If the U.S. does not

³⁵ Jae-Seung Lee (2004) ASEAN+3 and the New Regional Order in East Asia: Political Consequences of Regional Cooperation, Institute of Foreign Affairs and National Security Republic of Korea, 2004, pp. 35-36

want excessive Asianization to secure its national interests in this region, the U.S. may pressure its traditional allies, such as South Korea and Japan, to curb the development of East Asian regionalism. China's future role in shaping East Asian regionalism bears importance in this regard. If the U.S. sees ASEAN+3 as China's way of securing a dominant influence in East Asia, it may try to forestall attempts to accelerate regional cooperation. American reaction to East Asian cooperation so far can be characterized as "combining self-confidence, being indifference, tacit acceptance, and occasional enthusiasm." The architects of ASEAN+3 have been skillful in setting a general course that avoids conflict with the U.S. and complements the Asia Pacific order underpinned by a major American presence.

2.6. The role of Japan in East Asia

Antecedent of Japan's influence on ASEAN region

Except a very short break after the defeat of WWII, Japan has been the most influential power in Asia as the replace of the traditional big brother China in the period of the Cold War in particular; more interestingly, the second invitation to Japan's leadership role was given by the U.S. the enemy of yesterday during WWII, and the irony goes on as Japan has been very loyal in representing the U.S.' presence and will in Asia economically and diplomatically.

In order to understand Japan's role in Southeast Asia as well as the whole East Asia, Japan's re-launch of the relations with East Asia should be explored.

Japan's international re-debut happened just 1 year after the outbreak of Korean War. In 1951, Japan signed up 'Treaty of Peace with Japan' with the US, which regulated that Japan should compensate its victims.

Japan's economic representing role on behalf of the U.S. was shown as the role of the capitalist country, and its diplomatic one as the role of democratic government against communist during the Cold War.

Japan, in comparison to China, has been economic superpower in the region and it still exercises great influence. Japan did not reveal its intention to build regional community in Asia and back then China was communist country and economically vulnerable. This absence of leadership in Asia was partially occupied by the U.S., the world hegemonic state, under the purpose of protection of liberal democratic countries in Asia.

However, Vietnam War spurred the U.S. to change its policies on ASEAN countries to be less participated and relevant, and the U.S. yielded its part of the mission of a capitalist-liberal model and savior for Asia to Japan.

It is very interesting that Japan's strategic role was ambivalent and meant to be ambivalent for two main backgrounds. Firstly, it was too short for Asian countries to get healed from the trauma and wounds they got during the WWII by Japan's military imperialism and re-trust Japan as a heading country of Asian region. Since 1952, Japan begun to come back to Southeast Asia by offering remuneration, which was able to happen by the US's strategy to build anti-communist bloc in Asia centered by Japan and devastated countries in Southeast Asia needed capital inflows. But the success of return did not mean or guarantee the welcome and success of renewal of Asian countries' perspectives on Japan. Inevitably, there has been a tension on Japan's leadership role in Asia, for it encouraged Asian nations to recall Japan's deceiving motto of the Greater East Asia Co-Prosperty Sphere while Japan invaded Asia. Plus, there was some fear on Japan's huge influence it self, too.

Japan's economic cooperation policies on ASEAN have been implicated as a part of South-North collaboration. Japan's ODA focused on East Asian nations, particularly on ASEAN region, which can be the most accurate indicator in comparison to any other regions for Japan's international role as well as very invaluable in terms of economy. Therefore, Japan put huge volume of ODA to ASEAN countries; since the mid of 1980s, private direct investment increased owing to avoid the rise of Yen and trade friction.

Needless to say, Japan has been the biggest investor to Southeast Asia. For Japanese investors, Southeast Asia had the advantages of geographical proximity.

Reasonably good infrastructure, a cheap but relatively skilled workforce, relative political stability, strong bureaucracy, and policies of economic liberalization including the relatively open stance of Southeast Asian governments towards trade, foreign investment and the operations of multinational corporations.

2.7. The rise of China and the era of Asia

2.7.1. The rise of China: a challenge or an opportunity in East Asia?

External perception on the rise of China: China as a regional hegemony

There have been few debates causing more debates than the issue of the China's rapidly growing wealth and influence since 1990s. The longer we watch, the more reasonably and trustworthy it seems that the rise of China is truly coming. Paradoxically, the global crises such as Asian economic crisis and Hamburger crisis not only have proved the strength of China in the global economy but also have ignited and given here the opportunity to gain regional leadership. Furthermore, this China's traditional role back has prompted Japan's motive to actively participate in the regionalization process, so it has done to South Korea in an indirect way.

According to Tae-Ho Kim, China is the only country in the world with three identities: a potential global power, a major regional power, and a socialist developing country.

When the rise of China mentioned and analyzed, it should be defined what's the criteria of the rise of China. It is widely accepted that the rise of China will be real sometime from 2020 to 2050. Analyzed from Max Weber's "ideal-typical" viewpoint, three conditions need to be satisfied to enable the rise of China; fulfillment of its economic and military capabilities, intention to use its new power, and acceptance by

other countries.³⁶ In this regard, China seems to be unable to satisfy three conditions above in the near future; nevertheless, it seems possible that its neighboring countries would come to perceive China as a regional hegemony.

“China Threat Theory” as realpolitik concern, is already well known and widely accepted. Based on this theory, once a country builds up its power, it inevitably poses an increased threat to other countries.* Thus, international debate on China’s future generally presumes that China, backed by its growing economic weight, will continue to build up its military and eventually adopt a more aggressive foreign policy, threatening both regional and global economies and security. This debate has thus focused on the potential impact of a rising China on the region’s political, economic, and military situations, and how to cope effectively with such developments. Accordingly, China’s high economic growth, steady military buildup, introduction of high-tech weaponry, and continued claims of sovereignty over Taiwan and the Spratly Islands are often cited as evidence of a looming China threat, while various news media organizations, government officials, business leaders, and even academic circles have accepted the inevitability of China’s rise to power. Furthermore, China is viewed as a potential challenger to the post-Cold War global order. The fact that the rise of China is under way at a time when the U.S military role in Asia is being adjusted has created strategic uncertainty among many East Asian countries. In addition, due to the region’s changing strategic environment, many East Asian countries believe that China’s clout concerning economic and security issues in East Asia is likely to increase in the years ahead.

The most widely cited factor contributing to determining China’s rise to power is, with no doubt, its economic strength. Despite the fact that China has undergone radical changes both internally and externally for more than 20 years since introduction of economic reforms in 1978, the country continues to pursue a reform

³⁶ Kim Tae-Ho (2002) *The Rise of China and Korea’s Strategic Outlook*, Korea Focus. p.1.

* As such, the China threat is grounded in a rationale that China’s economic expansion will lead to an increase in the country’s level of science and technology, which will bolster its military strength and result in offensive diplomacy. However, even if there is a correlation between the expansion of a country’s capabilities and its increased threat to other countries, it is difficult to conclude that the latter is an inevitable consequence of the former. (Quoted from Kim Tae-Ho *ibid.*)

and open-door policy, with concomitant results in the form of rapid economic growth. Thus, in the 1980s, China registered annual economic growth of 9.4 percent on average, and continued high growth rates in the 1990s. More recently, the country's economy recorded 8.8 percent growth in 1997 and 7.8 percent in 1998 despite the Asian economic crisis.

Given the scale of Chinese economy, slowdown in global economic growth, and the financial crisis in East Asia in the late 1990s, China's continued economic growth is truly phenomenal. However, there are differing opinions as to whether China will be able to continue to achieve similar levels of economic growth in the future. Some Western observers have predicted that based on PPP* calculations, China's GNP will catch up with that of the US by around 2020. However, other economic observers contend that China will not achieve economic superpower status until mid-century at the earliest, while noting that instead of "total volume" or average valuation measures, different indexes, such as production capacity, should be applied to measure the economic performance of large countries like China. The problem is that many Western research centers have widely differing projections of China's future economic potential due to the different methods used to measure China's economic performance.

2.7.2. China's perception on ASEAN: ASEAN's Value for China

China's perspective to ASEAN as a driving force of East Asia

Basically, China assumes ASEAN as the most powerful engine of East Asia Community building, and it is assumed that the active cooperation in terms of economy, politics and security among China, South Korea and Japan in Northeast Asia will finally enable the achievement of the true community.

* Purchasing Power Parity

On the other hand, there have also been suspicions and doubts on the Community formation centered on ASEAN among Chinese academics, which is based on the ASEAN's capacity as developing nations containing small consuming power and capital. Thus, the question can be raised whether ASEAN can lead a formation of regional collaboration.

Nevertheless, China actively agrees that ASEAN fosters East Asia integration with the following reason in terms of pragmatism. First, there are contradict aspects for China to collaborate with Japan in its strategic point of view, and South Korea is prepared enough to play a leadership role to contribute to the formation of East Asia Community for itself. In this regard, Chinese academics view ASEAN as the only one alternative at present in order to build East Asia Community. China announce that it does not want to play a central role in East Asia Community building in order to avoid and relieve suspicions on China threat theory, worries on the rise of China and its assertiveness that its neighboring countries conceived. Japan is also an inappropriate nation playing a leadership role owing to the tensions based on the past history of invasion.

Second, 10+3 centered East Asia Community is viewed not to restraint China's activities in the region. China never got disadvantages in its policies such as Taiwan issue since its launch of participation in ASEAN+3 in 1997.

CHAPTER III

THE SIGNIFICANCE AND ROLE OF ASEAN-SOUTH KOREAN RELATIONS IN THE PHASE OF EAST ASIAN REGIONALISM

3.1. South Korea's perception and relations with ASEAN

3.1.1. Pre-demise of the Cold War era: South Korea's diplomatic stance, a faithful ally of the U.S. in Asia Pacific Region

In terms of diplomacy, South Korea is one of the most well known faithful American allies; therefore, it is not an exaggeration that South Korea's diplomacy during the Cold War period can be interpreted in line with US supporting policies and a membership of Asia Pacific region in a regional scope.

Furthermore, in terms of capitalism and economy, even though there might be some shift in portion of importance, the U.S. that had been the biggest trade partner to South Korea until 2002³⁷, has been the most influential factor.* It seems inevitable for

³⁷ The U.S. had been the biggest trading partner to South Korea by 2002, and it has yielded the place of the number one trade partner of South Korea to China since 2003 until now.

Country	Export	Import	Balance
	Value	Value	Value
Total	162,470,528	152,126,153	10,344,375
U.S.A	32,780,188	23,008,635	9,771,553
China	23,753,586	17,399,779	6,353,807
Japan	15,143,183	29,856,228	-14,713,045
Hong Kong	10,145,535	1,695,041	8,450,494

both South Korea and America to strengthen their alliance, since Korean peninsula itself had been the battlefield of the Cold War.

Likewise, during the Cold War period, South Korea was skeptical about the strategic value of participating in regional multilateral regimes. Apart from the Cold War structure, South Korea's economy was very deeply influenced by a few stronger countries such as U.S., European countries, and Japan at the time. ** South Korea thus preferred to engage with its neighbors and the major powers on a bilateral basis.

3.1.2. The importance of security issue to South Korea during the Cold War era: ASEAN's Pivotal Role as the Third World

Besides, the location of South Korea, surrounded by super powers such as Japan, China, Russia, and the US across the Pacific Ocean, led it to be more concerned of big powered nations. Not only its location but also its geopolitical destiny provided South Korea the ground to have more preference on neighboring super powers, for that geopolitics situated the country in the vortex of a regional security complex long determined by great power rivalry. Since the hegemonic ascension of US power predominated the regional landscape of Northeast Asia in the aftermath of World War

Taiwan	6,631,582	4,831,996	1,799,586
Germany	4,287,214	5,472,379	-1,185,165
U. Kingdom	4,255,459	2,437,384	1,818,075
Singapore	4,221,560	3,430,070	791,490
Malaysia	3,218,301	4,041,432	-823,130

[2002 South Korea's trade statistics (thousand dollars) **Data: KITA**]

* Since 2003, South Korea's biggest trade partner has been China.

** Despite the huge amount of trade, Japan's influence to South Korea was comparatively less, for South Korea has always been massive deficit country in South Korea-Japan trade.

II, bilateral relations with the U.S. and anti-communist coalition with other liberal democracies of the world was at the center of Korean diplomacy. In addition, inter-Korean relations were threatened by distrust and propaganda and its sensitiveness in domestic politics, fomenting the fear of confrontation and armed conflict between the two Koreas.

Therefore, safeguarding the national security guarantee by the U.S., seeking recognition as the only legitimate country on the Korean Peninsula, and winning over North Korea in political, economic, and social aspects were the most important goals of Korean diplomacy. Such bipolar Cold War structure not only fundamentally hampered South Korea from cooperating and extending dialogue with the North, but also limited the scope of its regional security maneuvers and the extent of its political and diplomatic engagements with the regional community.

Entering the post-Cold War era, dramatic changes in the security landscape in Northeast Asia allowed Seoul to reconsider the security issues related to the Korean peninsula. With ideology no longer the core value in foreign policy decision-making, South Korea sought hard to enhance its regional position and took the initiative in the process of ameliorating inter-Korean relations, adjusting to the new balance of power in the post Cold War security structure, and shaping the pattern of economic integration in Northeast Asia.

South Korea's foreign policy toward the Third World, named "Third World diplomacy"^{38**}, was also pursued in the context of Seoul's diplomatic and security imperatives to restrain the North's dominant and advantageous position in the bilateral and multilateral relations with nonaligned movement countries in South Asia, Africa and Latin America.

At the regional level, the Park Chung Hee administration recognized ASEAN, a political and economic organization of countries located in Southeast Asia, as an

** Jesamsegye woegyo

anti-communist coalition to deter China's expansion toward the Indochina peninsula.³⁹ In September 1964, Seoul took a diplomatic initiative in creating the Asia-Pacific Council where Australia, the Republic of China, Japan, Korea, Malaysia, New Zealand, the Philippines, Thailand, and the Republic of Vietnam were founding members. None of the member states were communists, all but Malaysia. All member states, to some extent, perceived communist China as a threat. However, China's emergence from the isolation from the Cultural Revolution since the mid-1970s and the fall of Vietnam to the communist in 1975 brought about the decline of ASPAC.⁴⁰

Meanwhile, the Guam doctrine, which was proclaimed by President Richard Nixon in July 1969, brought about wariness to Korea about US security guarantee on the Korean peninsula. The doctrine emphasized US commitments in maintaining its treaty agreements and providing nuclear umbrella to its allied countries, but the nation directly threatened was assumed to take the primary responsibility of providing the manpower for its own defense. Although the doctrine was designed to signal the start of "Vietnamization"⁴¹ of the Vietnam War, it also required Asian states to create their own military organizations to provide mutual security assurance.

ASSIGNMENTS OF THE RISING CHINA TO SOUTH KOREA

IT IS NECESSARY TO LIMIT AN EVALUATION OF CHINA TO A FEW SPECIFIC ISSUES IN ORDER TO EFFECTIVELY ANALYZE THE DIVERSE RAMIFICATIONS OF CHINA'S GROWING INTERNATIONAL stature. In this regard, relevant questions include: How will Korea be affected in domestic and international terms by the rise of China? What impact will China's growing status in

³⁹ Yoo Seouk-Yeol (1977) "ASEAN chaejewa hangukwoegyoui hayngbang (ASEAN System and the Future of Korean Diplomacy)," *Bukhan*, Vol 71, No 11 (November), pp. 118-127.

⁴⁰ Lee Shin-wha (2006) *The Evolution of Korea's Strategy for Regional Cooperation*, pp. 93-94.

⁴¹ Chris Bradle (2005) "Japan, Australia and ASPAC: A Cooperative Security Framework," *Australia National University Seminars and Events*, October 14. http://asianstudies.anu.edu.au/view_entry.php?id223&date=20051014

East Asia have on the existing order in the region and regional issues? How will the United States, which plays a key role in maintaining order in the region and stability on the Korean peninsula, respond to the emergence of China? And more importantly, how should South Korea balance the growing power of China and its security alliance with the United States?

The questions above, which serve as a starting point for formulating and implementing foreign policy, are in fact part of an essential process that needs to be evaluated on a regular basis. Moreover, given the geographical proximity of South Korea to China, their historical and cultural affinity, Chinese-North Korean ties, and the potential role of China in the unification process of the Korean peninsula, South Korea needs to prepare for the emergence of a new external environment following national unification by actively promoting diplomatic relations with China.

Despite China's growing clout, South Korea has largely failed to carefully assess the implications of a rising China from its own viewpoint. Since the late 1980s, and particularly following the normalization of relations between Seoul and Beijing in 1992, a number of studies have been conducted with respect to certain key policy issues involving Korea-China relations, such as China's policy toward the Korean peninsula, economic and trade relations between South Korea and China, China-North Korea relations, and China-US relations. These studies have generally been comprehensive and academic, while in large part presenting overly optimistic views on the future of Seoul-Beijing relations.

3.1.3. Economic cooperation in East Asia

The ASEAN-China FTA proposal has triggered fierce competition between Japan and China. Japan's endeavor to tighten its ties to ASEAN countries reflects its strategic reaction to the rising China-ASEAN axis. Fearing the erosion of Japan's influence, Prime Minister Koizumi sought to remind ASEAN that China was not the only great power in East Asia. To regain its previous influence in the region, Japan

will take advantage of its solid Japan-US alliance, as it is becoming clear that Japan can exert its influence in East Asia through its alliance with the US.

The ambition of Asia's two largest countries will likely prevent either one from taking the lead in regional economic cooperation. China has long been suspected of wanting to increase its political hegemony in the region and is not willing to cede regional leadership to Japan. The same logic can readily be applied to Japan. For Southeast Asian countries, many of which have been colonized or invaded by China or Japan in the past, the prospect of either country expanding its influence in the region is a highly sensitive issue, even though most are tightening economic ties with these two countries. Furthermore, South Korea is unwilling to play second fiddle to either Japan or China.

Within this leadership competition, ASEAN has enhanced its leverage vis-à-vis Japan and China, profiting from their strategic positioning. As ASEAN revealed its preference for China at the ASEAN+3 Summit, Japan has been vigilantly seeking new alliance to compete with the China-ASEAN bloc. South Korea, Singapore, Hong Kong or Taiwan would be indispensable partners for Japan. Meanwhile, these four East Asian NICs also seek an enhanced relationship with China and other ASEAN countries. The ASEAN+3 process is attractive enough to keep Japan and China, who are competing for the dominant influence in Southeast Asia, committed to ASEAN.

However, power gaps-both political and economic-between the three Northeast Asian countries and the ASEAN countries could be another source of tension in pursuing further East Asian cooperation. ASEAN does bear strategic importance in East Asian cooperation but, economically speaking, ASEAN is far smaller than the three Northeast Asian economies. ASEAN countries have enthusiastically sought capital inflow from Northeast Asian economies but ASEAN+3 cannot last forever simply as a "financial lender" to ASEAN countries. ASEAN countries need to make an effort to restructure their own markets to attract more private investors from other East Asian countries as well as from other region. To meet the economic challenges of China's attractiveness to foreign investment, ASEAN countries have been forced to combine their markets into an ASEAN Free Trade Area. It would be an exhausting

challenge for ASEAN countries to compete against a homogeneous China, Japan, and possibly a Korea-Japan trade alliance that would likely grow rapidly in the foreseeable future.

It will undoubtedly take time for East Asia to convert its desires and proposals into meaningful institutional arrangements. Building an East Asian community requires both extensive economic cooperation and sustained political determination. The success of future cooperation will depend on how East Asian countries overcome the obstacles, which will likely emerge from the cooperation process. The challenges to be met in East Asia cooperation can be categorized by the following factors.

Structural problems include the difficulties in political and economic systems, and cultural and social values. Economically, the level of development varies among East Asian countries. This high level of heterogeneity has increased the transaction costs of building formal regional institutions for economic integration. Differences in economic system are also related to North-South problems within East Asia. Political diversity stems from the differences in political systems. Differences in political systems, which vary from democracy to authoritarianism to socialism, also hamper efficient East Asian cooperation. Cultural and social differences among countries also slow down regional cooperation. Furthermore, security tensions still remain in many parts of East Asia, and historical antipathies among participating countries still linger. Together, these heterogeneities in the region result in a resistance to deeper integration. These structural problems become obstacles that East Asian cooperation needs to overcome.

East Asian cooperation reflects the preferences of participating countries in the region. China recently strengthened a multilateral pillar of diplomacy on the condition that it would not disturb internal affairs. China is seeking a regional leadership role and, in the long run, global leadership versus the US. Japan is trying to let slip its leadership in East Asia, all the while making efforts to contain the rising Chinese influence. In the security arena, Japan wants to maintain the US-Japan economic gain in the region. In keeping traditional security ties with the US, however, Korea is facing internal challenge from nationalists, who put more weight on multilateralism and pan-

East Asian regionalism. ASEAN countries try to spur economic growth by maximizing investment and support from outside. ASEAN wants to increase its voice in regional and international affairs while keeping its group identity intact. The US is not an East Asian country in geographical terms, but the US could be counted as “non-resident participant” considering its huge stake in Asia. The US wants to maintain economic and political influence in East Asia by retaining the position of veto player.

3.1.4. The Upgrade of South Korea’s International Reputation and Role

In addition to the imperatives of security stabilization and economic development, the aspirations for greater national dignity have been equally important to Korean strategic planning for regionalism. In addition to the remarkable industrialization, modernization, and democratization during the Cold War period, successful hosting of major international events such as the 1988 Summer Olympics and the 2002 World Cup and the recovery from the 1997-98 Asian Financial Crises enabled Korea’s strategic thinking in positioning itself as a respected middle power in the developmental course of East Asian regionalism.⁴²

The years that followed the end of the Cold War have marked a new era in Korea’s multilateral regional security arrangements. The Korean government has been active in multilateral cooperation in Northeast Asia with regards to its initiatives for realizing the vision of an East Asian community as well as its North Korean policy. It has also sought ways of playing an intermediating role between the archival states, i.e. China and Japan.

It thus provides a description of the historical record of Korea’s strategic thinking on regional multilateral cooperation in Northeast Asia during and after the Cold War, which will be followed by analytical considerations on the challenges and

⁴² Shin-wha Lee (2006) *The Evolution of Korea’s Strategy for Regional Cooperation*, p. 92.

opportunities for growing regionalism with “Korean centrality” in strategic, political, security, and economic balancing in the region.

Table 3.1.4. The Greatest Partner for South Korea: China and the U.S.

Country	Export	Import	Balance
	Value	Value	Value
Total	193,817,443	178,826,657	14,990,786
China	35,109,715	21,909,127	13,200,588
U.S.A	34,219,402	24,814,134	9,405,268
Japan	17,276,137	36,313,091	-19,036,954
Hong Kong	14,653,736	2,735,415	11,918,320
Taiwan	7,044,551	5,879,623	1,164,929
Germany	5,603,330	6,821,739	-1,218,410
Singapore	4,635,988	4,089,784	546,204
U. Kingdom	4,094,252	2,703,272	1,390,980
Malaysia	3,851,761	4,249,132	-397,371

[2003 South Korea's trade statistics]

3.2. ASEAN's engagement with South Korea⁴³

Officially, ASEAN and South Korea first initiated sectoral dialogue relations in 1989 and South Korea became a full Dialogue Partner of ASEAN in 1991 during Roh Tae Woo⁴⁴'s tenure. The 1st ASEAN Plus Three Summit was held in Kuala Lumpur, Malaysia, in 1997⁴⁵ and the 1st ASEAN-South Korea Summit was held during this time as well.

During the 4th ASEAN Informal Summit in 2000, held in Singapore, ASEAN leaders agreed to launch the Initiative for ASEAN Integration (IAI) program to narrow the development gap between ASEAN Member Countries. Also at this Summit, ASEAN and South Korea identified areas of information technology, human resources development, cultural exchanges, and medical assistance as priorities for cooperation; and this has been further expanded to include trade, investment, tourism, science, technology, and the environment.

The continuing recognition of the expanding relationship between the two led to the Joint Declaration on Comprehensive Cooperation Partnership announced in 2004 at Vientiane, Laos. The declaration is a blueprint for accelerating ASEAN-South Korea relations and listed strategies of action for cooperation in eight areas:

- Enhancing political and security cooperation
- Enhancing closer economic relations
- Narrowing the development gap among ASEAN members and between ASEAN and South Korea
- Enhancing competitiveness and promoting knowledge-based economy, and cooperation in the fields of education and science and technology
- Enhancing mutual understanding
- Promoting cooperation in coping with emerging global challenges
- Cooperation in regional and international arenas

⁴³ http://www.aseankorea.org/hanasean/hanasean_intro/7_1hanasean_relation.jsp

⁴⁴ Roh Tae Woo(1988-1992) is the 13th President of South Korea.

⁴⁵ The 2nd ASEAN Informal Summit was held in the last year of Kim Young Sam (1993-1997)'s tenure after outbreak of Asian economic crisis.

- Deepening East Asia cooperation.

Subsequently in 2005, at Kuala Lumpur, Malaysia, the Joint Declaration was followed by an agreement on ASEAN-South Korea Plan of Action to promote political security, economic, social, and cultural cooperation and to support ASEAN's goal for a fully integrated ASEAN community by 2020 (including ASEAN Economic Community by 2015). The Plan of Action specifically looked to implement the goals set out in the Joint Declaration. Included in the Plan was a call for a feasibility study on the establishment of an ASEAN-Korea Centre. The commitment to the Joint Declaration and to the formation of the Centre was reaffirmed in January 2007 at Cebu, Philippines* and the Memorandum of Understanding on establishing the Centre was signed later that year in November at Singapore**. The MOU was accepted or ratified by all Member Countries in November 2008 and with the official opening of the Centre in 2009, which coincides with the 20th anniversary of the ASEAN-South Korea dialogue partnership, will usher in a promising new era of institutionalized cooperation between the two partners.

Since Roh Tae Woo's administration, South Korea's engagement to ASEAN has continually been progressed and implicated through 5 administrations including the present Lee Myung Bak's; the most eminent breakthrough of ASEAN-South Korea relations, however, can be seen during the Kim Dae Joong's and Lee Myung Bak's in that they actively participated in and tried to make advantage of ASEAN+3 as well as ASEAN+1 that have technically played a core role for East Asian regional integration. That's the dissimilarities from the policies of the former administrations, Roh Tae Woo, Kim Young Sam, and Roh Moo Hyun, who only dealt with ASEAN matters in bigger scope such as the new world structure after the demise of Cold War or the rise of China or coping with North Korea's nuclear issue.

* 10th ASEAN-ROK Summit

** 11th ASEAN-ROK Summit

3.2.1. East Asian regionalism and South Korea's diplomacy ⁴⁶: South Korea-ASEAN Engagement for security

To explore South Korea's engagement with regionalism and multilateralism with East Asia, the Cold War era should be mentioned as the milestone of its diplomatic convergence. Back to the Cold War era, most states were divided along ideological lines and were compelled to see the world in terms of friends and foes. They were thus dependent on one of the two superpowers as their security sponsor. This was particularly true on the Korean peninsula where ideological rivalries prevailed and a renewal of war between the two Koreas remained possible. The strategic thinking of South Korea during the Cold War era therefore produced the foreign and security policy of being carried out with the U.S. and the anti-communist alliance with western democracies.

Although the war in Korean peninsula has been paused for approximately 6 decades, the relations between two Koreas have been, needless to say, very tense.* It remained South Korea as one of the most dangerous ongoing battlefields under the Cold War structure and even now North Korea issue is still threatening Korean peninsula as well as its neighbors.

Accordingly, the origin of South Korea's strategic thoughts on regionalism was closely associated with the West bloc. As for inter-Korean relations, Seoul has engaged in a war of diplomacy with Pyongyang to promote ideological causes and obtain political legitimacy within the international community, including the United Nations. For instance, the two Koreas had a long history of status competition in and out of the UN, at least until September 1991 when both Koreas gained UN membership.

⁴⁶ Lee Shin- Hwa (2008) "South Korean Strategic Thoughts toward Regionalism" in Gilbert Rozman, Intaek Hyun and Shin-Hwa Lee(ed), South Korean Strategic Thoughts toward Asia (New York: Routledge)

* South and North Korea remain technically at war in as long as no permanent peace treaty has been signed since the ceasefire of 1953.

South Korea experienced a big change on perception in its diplomacy. The easing of ideological tension with the collapse of the Cold War system contributed to the laxity of the bipolar, thus leading states to put more emphasis on their own national interest related to political, military and economic benefits rather than ideological values.

The Cold War structure did not dislodge South Korea from considering its foreign policy in regional terms, but its strategic thought toward regionalism was rather distorted. Depending on the sturdy bilateral alliance system with the United States, South Korea was bound to employ limited diplomatic capabilities and choices in the region's multilateral processes. Also, South Korea's regional strategies were developed in a somewhat distorted way since its foremost diplomatic aim was to acquire political, economic and ideological clouts to win over North Korea in the international community.

Northeast Asian regionalism aims for some economic collaboration developing but little political and security cooperation. This confirms that there are limits in advancing regional integration through the fundamentalist approach in the Northeast Asian region. In South Korea, President Kim Dae Jung and Roh Moo Hyun advocated open regionalism approaches, assuring Northeast Asian regional cooperation will be a building block, not a stumbling block, for cooperation with the rest of the regions. However, their policies of regionalism were evaluated as inward looking and heavily associated with inter-Korean relations, as well as taking protectionist approaches in economic terms.⁴⁷

How to deal with the US' stance towards Asian multilateral initiatives that did not include Washington such as ASEAN+3 and the East Asia Summit has been a serious concern in either South Korea's or Japan's strategic plan to develop regional cooperation. Interestingly, Seoul seems less concerned about US's sensitiveness on East Asian regionalism when compared with Tokyo, since it can't directly lead the

⁴⁷ Lee Shin-wha (2006) *The Evolution of Korea's Strategy for Regional Cooperation*, p. 109.

regional solidarity owing to its being as a middle power state a bit out of the responsibility of regional rivalry and leadership. As Washington has expressed its continued reservation on evolving East Asian regionalism, it is hard for Tokyo and Seoul to disregard US intentions because of the geopolitical reality in Northeast Asia.

Economic regionalism has substantially progressed in post-Cold War-Northeast Asia, raising hopes for the creation of a regional community. However, little progress has been made in terms of political and security regionalism in troublesome relations between Korea and Japan, China and Japan, and any potential conflicts driven by the history and territorial disputes. The newly launched Lee Myung Bak's administration is eager to promote a "Greater Asian diplomacy" such as "New Asia Initiative" diplomacy through the expansion of an Asian cooperative network based on open regionalism. His pledge for reconciliation with Japan on the basis of trilateral cooperation involving the United States can serve as an important step towards regional cooperation.

President Lee and Japanese Prime Minister Yasuo Fukuda's enthusiasm for future-oriented cooperation between the two countries is encouraging to note, but it will take a long and thorny way to overcome historical legacy and build a reconciliation process. In the meantime, President Lee's "creative, pragmatic diplomacy-security policy" will give the foremost priority to the strengthening of strategic alliance with the US, emphasizing its usefulness for the national interest. It is clear that his strategic thoughts towards regionalism will not be developed at the cost of Seoul's bilateral relationship with Washington. Therefore, efforts to build a regional community for security cooperation, however it is defined, are likely to develop into a "bi-multilateral cooperative mechanism," a multilateral framework to complement existing bilateral relations and alliances.

3.2.2. The South Korean administrations' policies to ASEAN

Roh Tae Woo's launch of dialogue partnership with ASEAN

Roh Tae Woo's administration launched the relationship with ASEAN for the first time as a dialogue partner in 1989*, which can be compared with the long silence of the ASEAN since its establishment in 1967. The relationship was begun as the aftermath of the demise of Cold War, so that South Korea eventually took actions following a transition of its core value in foreign policy. Since the speech of President Roh Tae Woo on July 7 1988, *nordpolitik*, the northern diplomacy to engage with socialist states with the ultimate objectives of normalized relations with the Soviet Union and China, became an official government strategy. Accordingly, South Korea had normalized its relations with eastern and central European countries beginning with Hungary in 1989. The apex of *nordpolitik* was reached by establishing the full diplomatic relations with the Soviet Union in September 1990 and normalizing its relations with China in August 1991 and since then has been very active in most UN activists and numerous international forums.

The primary objective of *nordpolitik* was to normalize relations with the traditional allies of North Korea and call on the North to cooperate with the South in the inter-Korean reconciliation process. Still, the strategic implication of *nordpolitik* in terms of national autonomy and prestige were much greater than the scope of the Korean peninsula. It enabled South Korea to expand the geopolitical range of its foreign policy direction as it included those states that South Korea once had no relations for ideological causes. It offered South Korea a momentum to become more aware of its regional identity as a member of Northeast Asia, Southeast Asia, East Asia, and/or the Asia-Pacific, thus creating a new way for Seoul to construct a favorable environment for security cooperation and increase its international stance as a middle power.

In contrast to Korea's Cold War strategic thought on multilateralism and regionalism, which mainly focused on allying with non-communist countries and enhancing to profile and influence in the region to counterbalance North Korea, it was

* During Roh Tae Woo's administration, Exchanged Letters Establishing Sectoral Dialogue Relations were adopted by ASEAN and South Korea, Jakarta, Indonesia, 2 November 1989.

the first Korean foreign policy that engendered strong aspirations to enhance international reputation of the country through an outward-looking vision and autonomous orientation in its quest for national interests abroad.

Economic imperatives were another crux of *nordpolitik* as trade and other economic considerations became a high priority in the post Cold War Korean foreign policy agenda. In fact, *nordpolitik* was initially designed to promote the expanded and various trade relations around the world by attracting Beijing and Moscow, at least partly to counterbalance growing trade protectionism from the United States. During President Roh Tae Woo's tenure, South Korea also sought to build its economic accomplishments to enhance its regional and global role. It became one of the founding members of the APEC forum in 1989 and since then South Korea's economic foundation for regionalism has developed at an accelerated pace.

In short, President Roh Tae Woo's *nordpolitik* focused on making international environment favorable for Korean reunification, as well as increasing South Korea's regional and international role. As a result, *nordpolitik* had the strong tendency of focusing on Korean reunification and increasing South Korea's position in the international community, rather than promoting Cold War security. Nevertheless, *nordpolitik* has been evaluated as one of the successful foreign policies of the Roh Tae Woo administration, as South Korea's expanded relations with such regional powers like China and Russia paved the way for succeeding administrations to pursue regional diplomacy on more autonomous and multilateral terms.

Kim Young Sam's Globalism (Segyehwa) and South Korea's regional involvement

The emergence of a new global and regional order posed profound challenges and opportunities for South Korea's post-Cold War diplomacy. In response to the historic changes and emerging new world order, the Kim Young Sam government

launched the policy of New Diplomacy^{*}, which espoused five strategic fundamentals, such as globalism, diversification of inter-state relationship, multidimensional and pluralist approach to national interest, regional cooperation, and future-orientation.^{**}

Globalism emphasized South Korea's ties with countries that respect universal values such as freedom, justice, welfare and human rights, as well as South Korea's active participation in tackling global issues including arms control, poverty eradication, and environmental protection.

During the President Kim Young Sam's tenure, the awareness for broader regional security cooperation was on the rise. President Kim recognized such cooperation as an important channel for advancing regional peace and stability and alleviating tension on the Korean peninsula. Therefore, he actively participated in global and regional organizations such as APEC, and the ASEAN Regional Forum (ARF) and the Northeast Asian Cooperation Dialogue (NEASED), and the council for Security Cooperation in the Asia-Pacific, while seeking ways to have North Korea join them.

While President Kim emphasized the Asia-Pacific as its diplomatic platform, there were also some proposals and ideas which specified Northeast Asian regional security cooperation. In fact, during the ASEAN-TMC in Singapore in July of 1993, Han Sung-Joo, the Foreign Affairs Minister at the time, underlined the need to promote an exclusive Northeast Asia regional security dialogue aside from a more general Asia-Pacific one. The Korean proposal for a Northeast Asia Security Dialogue, in 1994 was to strengthen confidence-building in Northeast Asia through inter-governmental dialogue on common issues facing in the region, where the North and South Korea, the U.S., Japan, China, and Russia have vital interests. However, there

^{*} During Kim Young Sam's administration, Joint Statement, "ASEAN-ROK Cooperation towards the 21st Century," of the Meeting of Heads of States' Government of the Members States of ASEAN and the Prime Minister of South Korea was signed Kuala Lumpur, Malaysia, 16 December 1997.

^{**} globalism(Segeyehwa), diversification of inter-state relationship(dawonwha), multidimensional and plurlaist approach to national interest(dawonhwa), regional cooperation(jiyok hyopyrok) and future-orientation(mirae jihyang)

has been little progress in implementing this proposal due to the negative and passive attitude of North Korea and China.

Kim Dae Jung's vision for East Asia

The Asian financial crisis was a moment for South Korea to realize how closely it was connected to the regional economy and how bad the impact of globalization can be, especially in the economic arena. Kim Dae Jung's view on globalization is best observed during his visit to the US in June 1998. In his address at the US Congress, President Kim stressed that South Korea should pursue more market-oriented rules and global standards in trade and financial exchanges and other economic activities. This was soon followed with his adherence to IMF prescribed recommendations for the country's economic reform.

The crisis also gave a chance for South Korea to pay considerable attention to regional cooperation in the prospective of "institutionalized collaboration," not only for the economic sphere but also for political and social arenas. South Korea also acknowledged the deepening of economic flows in East Asian regionalization not only in terms of trade and financial exchanges but also in inter-state policy coordination for economic safety net at the intra-regional level.

Under these circumstances, the ASEAN Plus Three process was established by the regional states in 1998 as the first institutionalized East Asian framework for summit diplomacy. Upgrading 10 ASEAN countries and 3 Northeast Asian states to integrate as one entity under the APT framework, the process meant to set up a regional arrangement to prevent the recurrence of future financial or economic crisis. Proposals to establish an Asian Monetary Fund and currency warning and SWAP systems were most prominent examples.

*Roh Moo Hyun's Northeast Asian Hub, South Korea**

President Roh Moo Hyun aimed to succeed and strengthen the Kim Dae Jung administration's concept and policy of East Asia. He has also been making multilateral efforts to take part in expanding the APT framework to the East Asian Summit. Still, President Roh has focused more on Northeast Asia, as manifested in his foreign policy slogan of the "Core power of Northeast Asia" (dongbuk'a jungshim gukka), which was later modified as the "Hub of Northeast Asia" in the wake of the diplomatic controversies over the use of the term "jungshim gukka."

President Roh declared the "Northeast Asia Cooperation Initiative for Peace and Prosperity" upon his inauguration, as its first step; the "Presidential Committee on

* During Roh Moo Hyun's administration, the following documents were signed and adopted by ASEAN and South Korea:

2007

Agreement on Trade in Services under the Framework Agreement on Comprehensive Economic Cooperation among the Government of Member Countries of the Association of Southeast Asian Nations and the Republic of Korea, Singapore, 21 November 2007

Letter of Understanding among the Parties to the Agreement on Trade in Services under the Framework Agreement on Comprehensive Economic Cooperation among the Government of Member Countries of the Association of Southeast Asian Nations and the Republic of Korea, Singapore, 21 November 2007

2006

Agreement on Trade in Goods under the Framework Agreement on Comprehensive Economic Cooperation among the Government of Member Countries of the Association of Southeast Asian Nations and the Republic of Korea, Kuala Lumpur, Malaysia, 24 August 2006

2005

ASEAN-Republic of Korea Plan of Action to Implement the Joint Declaration on Comprehensive Cooperation Partnership, Kuala Lumpur, Malaysia, 13 December 2005

Agreement on Dispute Settlement Mechanism under the Framework Agreement on Comprehensive Economic Cooperation among the Government of Member Countries of the Association of Southeast Asian Nations and the Republic of Korea, Kuala Lumpur, Malaysia, 13 December 2005

Framework Agreement on Comprehensive Economic Cooperation among the Government of Member Countries of the Association of Southeast Asian Nations and the Republic of Korea, Kuala Lumpur, Malaysia, 13 December 2005

ASEAN-Republic of Korea Joint Declaration for Cooperation to Combat International Terrorism, Vientiane, Lao PDR, 27 July 2005

2004

Joint Declaration on Comprehensive Cooperation Partnership between the Association of Southeast Asian Nations and the Republic of Korea, Vientiane, Lao PDR, 30 November 2004

Instrument of Accession to the Treaty of Amity and Cooperation in Southeast Asia by the ROK, Vientiane, Lao PDR, 27 November 2004

Instrument of Extension of the Treaty of Amity and Cooperation in Southeast Asia by the ROK, Vientiane, Lao PDR, 27 November 2004

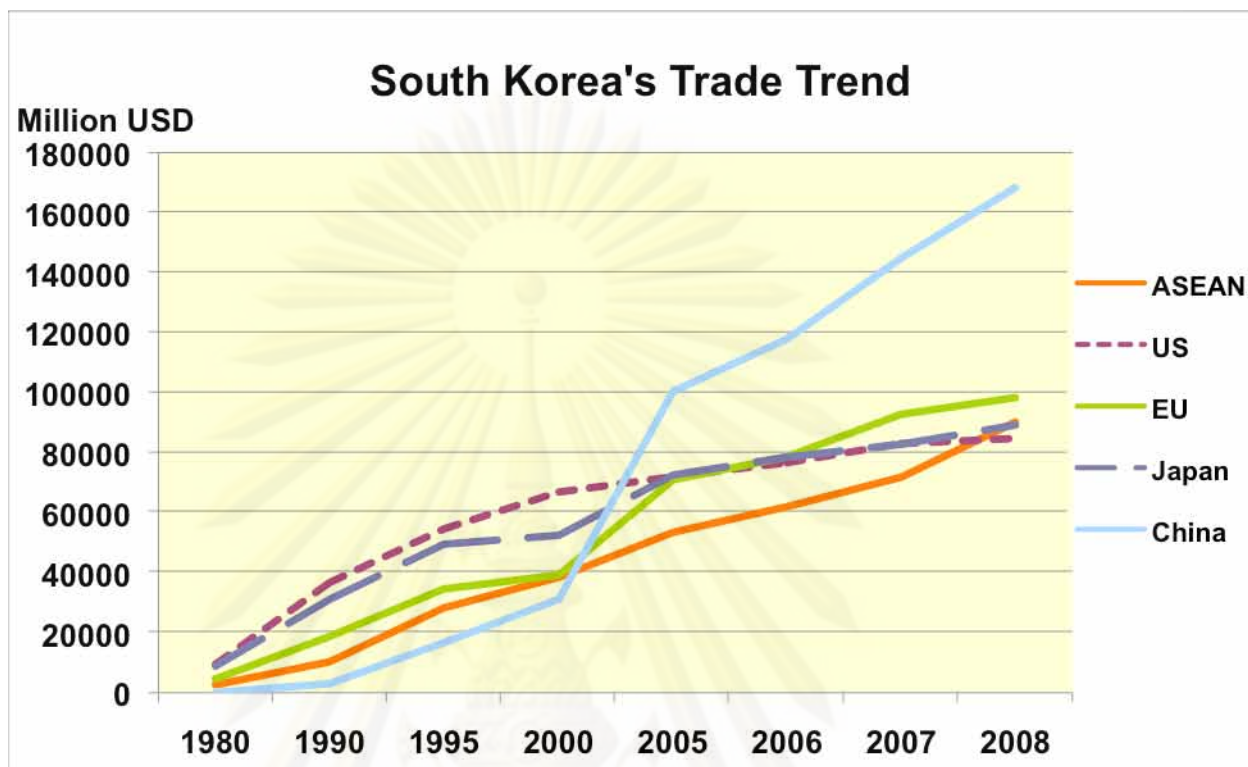
Northeast Asian Business Hub” was established in April 2003.⁴⁸ The committee was designed to establish finance and distribution network and enhance cooperation in developing energy and railway sectors in Northeast Asia, thus concentrating on items related to prosperity. In June 2004, President Roh Changed the name of the committee to the “Presidential Committee on Northeast Asian Cooperation Initiative” (dongbukasidae woewonhwoi) to expand the role of the Committee beyond the economic and business arena and to formulate “a long term vision and strategy for promoting a peaceful and prosperous Northeast Asia in the 21st century.” For this, the Committee suggested that South Korea should be a ‘bridge’ linking continental and maritime powers, a hub of ideas and inter-regional networks, and a cooperator functioning as a catalyst for a regional community of peace and prosperity through cooperative mechanism. The principles in pursuing this vision are simultaneous linkage, multi-layered cooperation, open regionalism, and community building.

3.2.3. The rapid growth in ASEAN-South Korea exchange

The rapid growth of trade flows between South Korea and ASEAN

Not to mention, the growing size of trade between South Korea and ASEAN can be the most assuring clue of deeper relations between two. As the Chart below demonstrates, the trade between ASEAN and South Korea is steeply increasing in 2008, while the trade with EU, US, and Japan tend to slowdown. With slight difference, ASEAN, which was the lowest among the players below in 2007, has become the number three trading partner to South Korea, and it is expected to grow further.

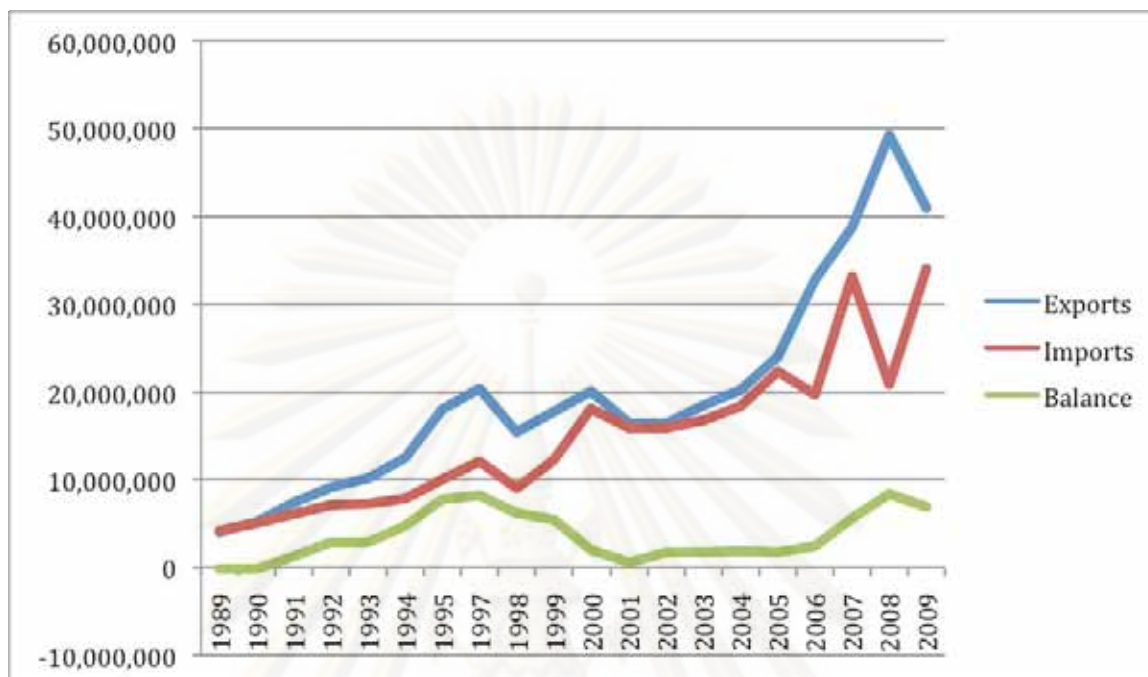
⁴⁸ Cheon Gwang Ahm (2004) “Gyongjaejongchaek jakmyounng (Naming economic policies).” DongA Ilbo, October 7.

Graph 3.2.3. South Korea's trade trend⁴⁹Table 3.2.3. ASEAN-South Korea Trade 1989-2009⁵⁰

Year	Exports	Percent	Imports	Percent	Balance
1989	4,037,366	28.9	4,191,840	21.7	-154,474
1990	5,216,736	29.2	5,122,221	22.2	94,515
1991	7,330,839	40.5	6,162,829	20.3	1,168,010
1992	9,044,397	23.4	7,118,203	15.5	1,926,194
1993	10,109,387	11.8	7,309,843	2.7	2,799,544

⁴⁹ Data: KITA⁵⁰ Data: KITA

1994	12,487,345	23.5	7,847,118	7.4	4,640,226
1995	17,978,998	44.0	10,137,234	29.2	7,841,764
1996	20,310,764	13.0	12,073,822	19.1	8,236,941
1997	20,365,332	0.3	12,548,804	3.9	7,816,527
1998	15,327,871	-24.7	9,135,142	-27.2	6,192,729
1999	17,707,934	15.5	12,249,476	34.1	5,458,458
2000	20,133,786	13.7	18,173,436	48.4	1,960,350
2001	16,458,982	-18.3	15,915,658	-12.4	543,324
2002	18,400,241	11.8	16,756,588	5.3	1,643,654
2003	20,253,388	10.1	18,458,465	10.2	1,794,922
2004	24,024,265	18.6	22,383,147	21.3	1,641,118
2005	27,432,172	14.2	26,063,792	16.4	1,368,380
2006	32,066,273	16.9	19,742,807	14.1	2,323,466
2007	38,748,818	20.8	33,109,638	11.3	5,639,181
2008	49,282,849	27.2	20,917,467	23.6	8,365,382
2009	40,979,192	-16.8	34,053,303	-16.8	6,925,889

Graph 3.2.3. South Korea-ASEAN trade 1989-2009

Considering the recent increase in flows of trade, the importance of ASEAN to South Korean economy cannot be overemphasized. South Korea and ASEAN, actually have a much closer relationship. The region has become Seoul's third-largest trade partner following China and the EU in 2008 and 2009. South Korea's exports to ASEAN stood at \$49.3 billion in 2008 and accounted for 11.7 percent of its total exports, which is more than the \$46.4 billion in exports to the United States; South Korea's export to ASEAN maintained No. 3 ranking with \$41.0 billion, 11.3 percent of its total exports in 2009, reduced 16.8 percent in comparison to South Korea's exports to ASEAN owing to global economic recession.

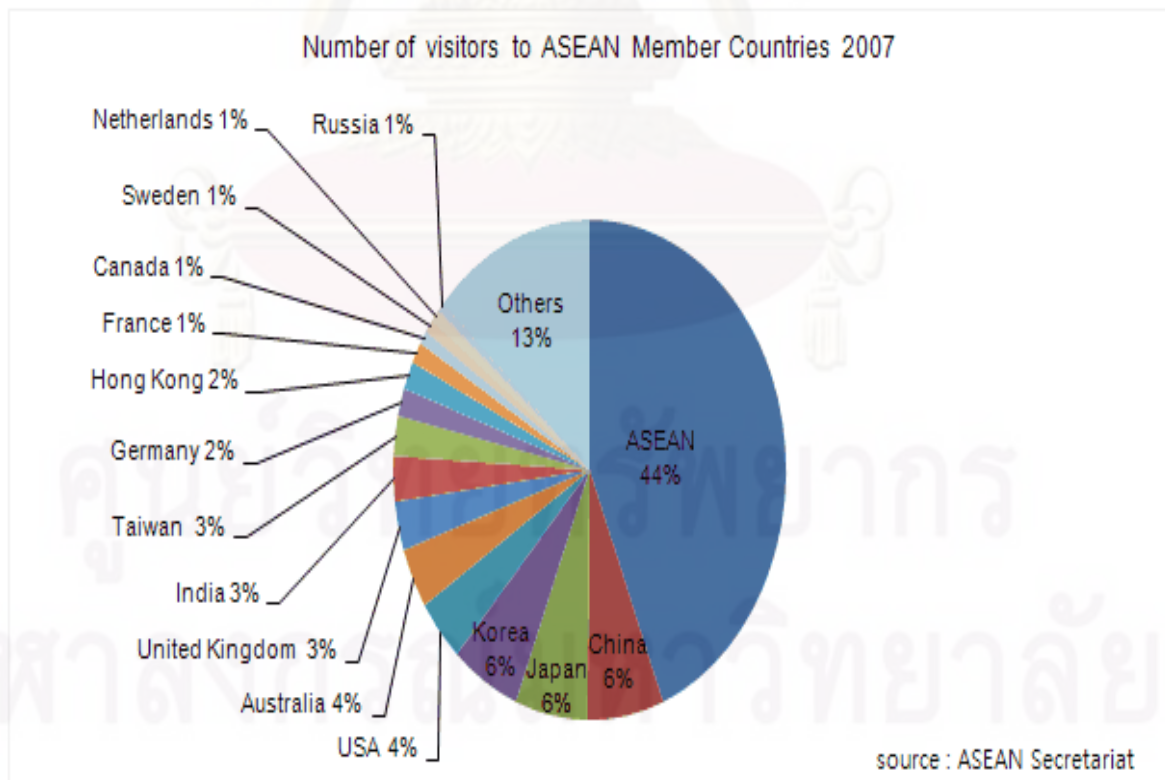
Imports from the ASEAN region were \$40.9 billion or 9.4 percent of total imports and \$34.1 billion or 10.5% of total imports in 2008 and 2009 respectively, No.3 in 2008 and No.2 in 2009 -- also higher than imports from the United States, which totaled \$38.4 billion or 8.8 percent in 2008 and \$29.0 billion or 8.5% in 2009.

The Recent increase of Human flows

Observing human flows between South Korea and ASEAN, it is primarily shown in two ways; South Koreans as tourists and Southeast Asian as workers and wives. The ASEAN region had traditionally been the most popular spot for South Korean tourists, but now the number of travelers coming to South Korea is increasing thanks to South Korean fever. Brides from ASEAN countries have contributed to South Korea's multiculturalism and workers from Southeast Asia are working hard in small and medium-sized companies in South Korea.

ASEAN countries are some of the most favored destinations for Korean tourists and Korean tourists make up a substantial portion of the extra-regional visitors to the region. South Korean visitors to ASEAN member countries in 2007 reached 6% of total visitors to ASEAN countries, the same as number of China and Japan.

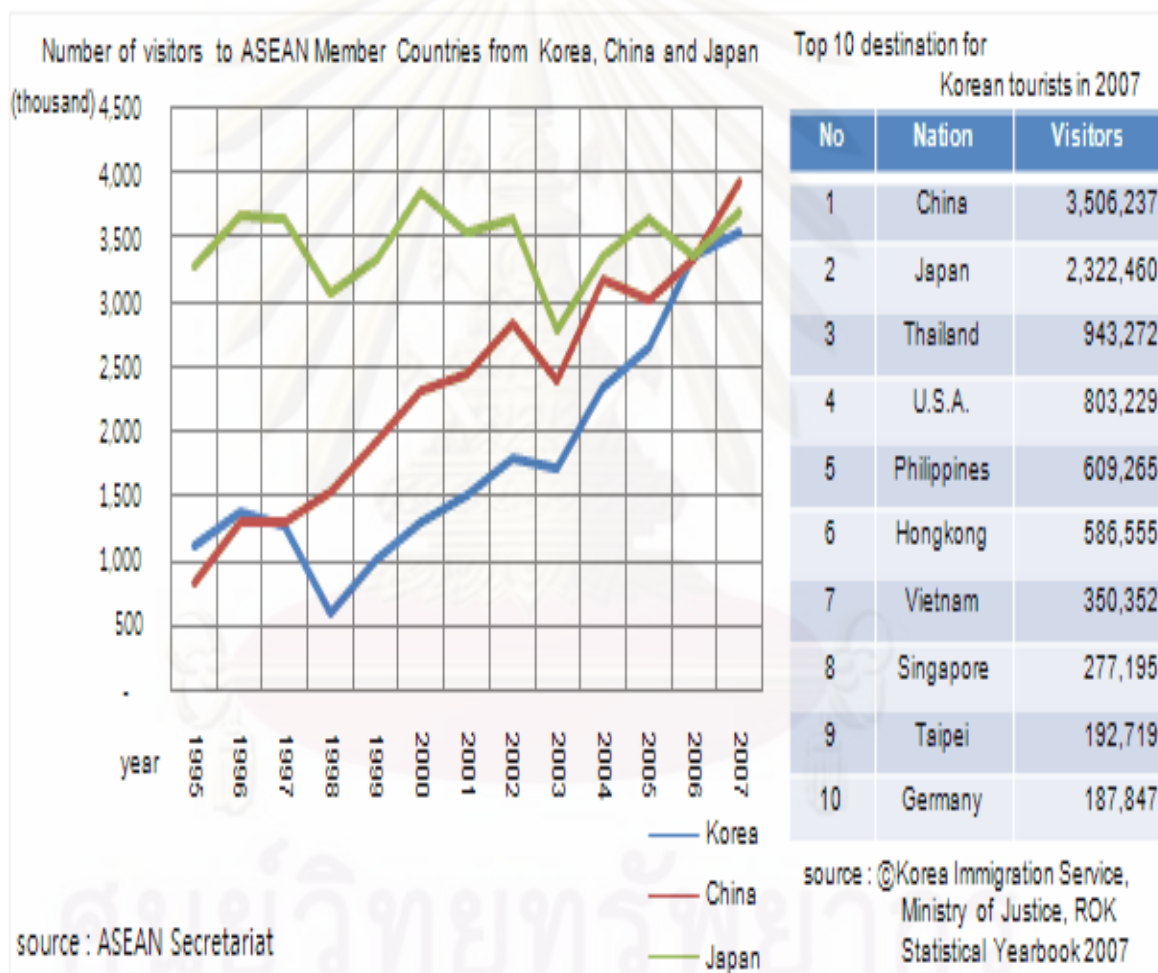
Chart 3.2.3. Visitors to ASEAN member countries



Looking the graph below, South Korean visitors kept steeply increasing except 1997-8 and 2002-2003 in which year SARS threatened throughout Asia.

Also, four ASEAN member countries were ranked in top 10 list of the most popular tourist destination. The dramatic increase of Korean Chinese visitors to ASEAN is quite contrast to ups and downs of Japanese visitors that were finally surpassed by Chinese.

Graph 3.2.3. and Table 3.2.3.:South Korean visitors to ASEAN



South Korea is an important Development Cooperation Partner for ASEAN as well. In the period from 1991-2008, Official Development Assistance to ASEAN was

in excess of US\$ 348 million⁵¹. And ASEAN-ROK Cooperation Fund from 1990-2007 totaled US\$ 36 million: this includes the yearly Special Cooperation Fund (SCF) of US\$ 2 million and the yearly Future Oriented Cooperation Project Fund (FOCPF) of US\$ 1 million.

In terms of functional cooperation, ASEAN and South Korea are engaged in human resources and social development, culture and information exchange, networking in science and technology, the environment, and the prevention of transnational crimes such as terrorism, drugs, and narcotics trafficking. The increase in people to people exchange through tourism and immigration, and the expansion of trade and investment between ASEAN and South Korea have contributed greatly in transforming Korea into a multicultural, cosmopolitan society. This change in Korean society requires higher levels of understanding on the diversity of ASEAN cultures and reciprocal understanding of Korean culture on the part of ASEAN.

According to Ministry of Foreign Affairs and Trade, foreign residents in South Korea in 2009 are 231,038 or 19.76 percent of world total, consisting of legal 184,650 and illegal 46,388.

Table 3.2.3. 2009 Southeast Asian residents in South Korea⁵²

Country	Total	Legal	Illegal
World Total	1,168,477	990,522	177,955
Southeast Asia Total	231,038	184,650	46,388
Vietnam	90,931	76,267	14,664
Philippines	45,913	34,079	11,834
Thailand	44,701	32,318	12,383
Indonesia	29,859	24,904	4,955

⁵¹ Source: Ministry of Foreign Affairs and Trade

⁵²<http://www.mofat.go.kr/economic/economicdata/statistics/index9.jsp?TabMenu=TabMenu3>

Cambodia	9,204	8,229	975
Myanmar	4,555	3,183	1,372
Malaysia	2,958	2,793	165
Singapore	2,538	2,511	27
Laos	217	205	12
East-Timor	108	108	-
Brunei	54	53	1

3.3. The role of South Korea-ASEAN relations in the context of East Asian regionalism⁵³

South Korea's Strategic Dilemma: South Korea's perception on ASEAN

Although South Korea seems quite serious on facilitating new sort of diplomacy departing from its traditional diplomacy giving great portion of priority on 4 big powers, the US, China, Japan, and Russia, by launching Asia focusing policies such as 'New Asia Initiative Diplomacy', still it cannot be regarded as there is any shift in priority list.

ASEAN is currently mentioned and studied much often, yet it is premature to assume that the rise of ASEAN in South Korea's diplomacy is realized. For instance, after the recovery from Southeast Asia originated economic crises Roh Moo-Hyun administration set up many policies based on the mottoes and ideas of 'Northeast Asia regionalism.' Thus, it can be said that South Korea's upgraded attention on Asia is mainly about how to cooperate with China and Japan even though its attention on ASEAN has soared in comparison to past policies or perspective, in that the most active approach to ASEAN was inevitably needed to handle Asian economic crises

⁵³Park Bun-soon (2009) Korea-ASEAN Must Upgrade Economic Structures to Meet China.

started from Thailand, but later then South Korea has narrowed its boundary of regionalism into Northeast Asia scope.

Interestingly, the Homepage of Ministry of Foreign Affairs and Trade of South Korea⁵⁴ divides its regional diplomacy into the range of Northeast Asia, South Asia and Pacific, North America, Mid-South America, Europe and Africa-Middle East. Using the range of South Asia and Pacific instead of the range of East Asia or Southeast Asia, not even ASEAN countries shows South Korea's concept of division regarding regional community, which is coinciding policies of the previous Roh Moo-Hyun administration. Therefore, despite South Korea's ambitious claim for New Asia Initiative Diplomacy, what South Korea imagines for an extent of a regional community in Asia is still somewhat ambivalent and vague.

In contrast, South Korea's Northeast Asian regionalism has been developed and implemented with launching multiple institutes.



ศูนย์วิทยทรัพยากร

จุฬาลงกรณ์มหาวิทยาลัย

⁵⁴ <http://www.mofat.go.kr/state/areadiplomacy/southasia/index5.jsp>

CHAPTER IV

ENDEAVORS AND ACHIVEMENTS ON ASEAN-SOUTH KOREAN RELATIONS

4.1. A recent development of South Korea-ASEAN relations

Given their political, economic and cultural relations, the ASEAN-South Korea Commemorative Summit in 2009 has a special meaning for all participating nations that form a mid-sized open economic bloc, with a combined population of 570 million, and a GDP of \$2,200 per capita.

ASEAN experienced spectacular ups and downs, having achieved rapid growth until the mid-1990s by opening their economies in the 1970s and going through the sudden downfall during the Asian economic crises. Asian countries went through a period of turmoil in the late 1990s due to clumsy countermeasures to the changing international financial market and excessive investment, but member countries still have a high potential for growth based on their educated workforces, natural resources and industrialization experience.

Specifically, ASEAN+3 is very essential when it comes to understanding the progress in relations between ASEAN and South Korea as well as institutionalization of East Asian regionalism. Notably, the process of institutionalization of East Asian Community is taken based on East Asian Value^{*}, a trial to discover cultural proximities to understand socialization procedures in the region through normative approaches.

^{*} According to Hitchcock's research in 1993, East Asian Value is based on massive similarities in individual and social values among Southeast and Northeast Asian peoples; individual value here defines East Asian peoples' integrity, honesty, self-discipline, independency, and fulfillment of obligation etc.; and social value among East Asians weighs on meeting social agreements by respecting regulations, harmony, authority, and public obligation.

In this regard, the Joint Statement on East Asian Co-operation adopted in 1999 is estimated as the consequence of the collective identity and unity of participants’.

4.1.1. ASEAN-Korea Commemorative Summit in 2009

It was the unprecedented event for South Korea to invite Summits from ten countries. Although tens of Summits have ever been to South Korea to participate APEC or ASEM previously, it was not more than the rotation of order of the host country of the Summits in the region. South Korea’s first challenge of hosting such a big Summit itself represents how much South Korea is eager to further develop ASEAN-South Korea relations. Likewise, Korea-ASEAN Commemorative Summit in 2009 was a meaningful event that South Korea held the Summit with the qualification of the sole host country for the first time of its diplomatic history. Celebrating 20 year long relationship started as a dialogue partner for one another in 1989 coinciding the end of the Cold War and grown up dramatically, the Summit was another chance for two parties to build further maturity of relations.

Through ASEAN-South Korea Commemorative Summit, South Korea began to facilitate “New Asia Initiative” diplomacy to ASEAN; South Korea revealed its focus on three major areas of cooperation with ASEAN.⁵⁵

First, South Korea unveiled its intention to enhance cooperation in the field of development, thereby laying the foundations for co-prosperity. South Korea aims to triple Korea’s official development assistance by the year 2015. Furthermore, more programs were promised to share South Korea’s development experience of overcoming poverty and underdevelopment in a relatively short period of time. As a part of these efforts, South Korea intends to dispatch a total of 10,000

⁵⁵ <http://www.mofat.go.kr/english/press/speech/minister/index2.jsp>

volunteers to the ASEAN region by 2015, in the name of “World Friends Korea.” In addition, in order to narrow the developmental gap among ASEAN members and to support their efforts to establish the envisioned “ASEAN Community” by 2015, said Yu Myoung-Hwan, Minister of Foreign Affairs and Trade, “the Korean government will boost its contributions to the Initiative for ASEAN Integration (IAI).”

Secondly, South Korean government also revealed its willingness to strengthen its cooperation with ASEAN members with regard to our policy vision of “Low Carbon, Green Growth”; as South Korea views the necessity of Green industries and environmental challenges. It is believed that South Korea and ASEAN should work together to turn the challenges posed by climate change into a new opportunity for further economic growth. Thus, South Korea is striving to bring about a paradigm shift toward “Low-Carbon, Green Growth.” South Korean government has also proposed the “East Asia Climate Partnership” Fund to assist in the capacity building of developing countries, so that they may better deal with the problems posed by climate change. It will be provided a total 100 million US dollars in the course of three years from 2009 to 2012 to assist ASEAN countries in their efforts to reduce greenhouse gas emissions and combat climate change. Singapore, a leader in the implementation of resourceful economic and social policies, is already pursuing a strategy for systematic support aimed at nurturing the clean solar energy industry. In this regard, it is looked forward to expanding South Korean cooperation with Singapore. In addition, close cooperation between Korea and Indonesia has already begun in the area of “green growth” through the 500 thousand hectare forestation project and the Clean Development Mechanism (CDM).

People-to people exchanges are also perceived as a great concern with a view to enhancing mutual understandings between the peoples of South Korea and ASEAN, and to nurturing still closer ties between them, South Korea will continue to promote cultural and people-to-people exchanges. This will serve as a solid foundation to sustain the thriving relations in the political and economic realm as well. In this regard, the Korean Government will double the number of students from ASEAN countries studying in Korea on scholarships by the year 2012, under the “Global

Korea Scholarship” program. In addition, the South Korea-ASEAN Cooperation Fund set up to boost cultural and people-to-people exchanges will be increased from the current 3 million US dollars annually to 5 million dollars. Furthermore, the Korean government will seek to bring about further progress for the Korea-ASEAN Center launched last March, so that it may develop into a key organization for the expansion of our cultural exchange.

The focus to people of ASEAN goes to peoples in South Korea. The Korean government also promised that it will spare no efforts in rendering support for the hard-working immigrant workers in South Korean industries, as well as for the spouses from ASEAN countries in the so-called “bicultural families.” Indeed, Southeast Asia originated people can serve as a “bridge” to further enhance the cooperative relations between South Korea and ASEAN.

Interestingly, South Korea’s attention on ASEAN is also attributed to the current President of South Korea. In his days as a businessman, President Lee Myung-bak formed special bonds with ASEAN countries. His broad understanding of and experience with ASEAN is playing a crucial role in South Korea’s diplomatic agenda of placing greater importance on its relations with ASEAN. The Commemorative Summit and the series of bilateral talks held on its sidelines provided an invaluable opportunity to gain a deeper understanding of the interests of ASEAN, and consolidate the friendly ties among our Leaders. Building on this, South Korea will bolster summit diplomacy vis-à-vis the ASEAN members, as well as carry out diplomatic activities tailored to each of the members, seeking to translate the vision of our “New Asia Initiative” into concrete outcomes.

On the other hand, Korea and ASEAN can mutually benefit by cooperating on East Asian regional issues. Market conditions for export of both sides have worsened due to the economic recession and China’s growing share of the global market. They have to create a market within East Asia.

For this, the East Asia Free Trade Area (EAFTA) was claimed to be established involving ASEAN, Korea, China and Japan. Actually, the necessity of the EAFTA has been discussed for years but has not progressed due to conflict between

China and Japan. As a mediator, South Korea along with ASEAN, should persuade Japan and China to systematically cooperate.

CEO Summit for the first time

Meanwhile, the CEO Summit, a sidelines event of the commemorative summit, offered opportunities for local businessmen to address their difficulties doing business in Southeast Asia and suggest future business projects to leaders from ASEAN.

It was hopeful that this gathering would prompt further economic cooperation between local and ASEAN companies.

The summit under the theme of "Change, Challenge and Collaboration for Asia's Prosperity" brought the ASEAN leaders and about 700 local and Southeast Asian companies together.

4.1.2. ASEAN-South Korea FTA

South Korea's active approach to ASEAN is clearly seen in ASEAN-South Korea FTA in that ASEAN is one of 5 South Korea's partners of FTA in effect.*

Table 4.1.3. FTA Status of South Korea⁵⁶

* Since the establishment of the FTA Roadmap in 2003, Korea has actively engaged in FTA negotiations with over 50 countries. So far, FTAs with Chile, Singapore, EFTA and ASEAN have entered into force. KORUS FTA was signed in April 2007 and currently await approval for ratification. The FTA with India which were currently approved by the Korean National Assembly is expected to enter into force from January 1, 2010.

⁵⁶ <http://www.mofat.go.kr/english/econtrade/fta/issues/index2.jsp>

Concluded FTAs**FTAs under consideration**

- Korea-U.S. FTA
- Korea-Japan FTA
- Korea-EU FTA
- Korea-China FTA
- Korea-China-Japan FTA

FTAs under negotiation

- Korea-MERCOSUR TA
- Korea-Canada FTA
- Korea-Russia BEPA
- Korea-Mexico FTA
- Korea-Israel FTA
- Korea-GCC FTA
- Korea-SACU FTA
- Korea-Australia FTA

FTAs in effect

- Korea-New Zealand FTA
- Korea-Chile FTA
- Korea-Peru FTA
- Korea-Singapore FTA
- Korea-Colombia FTA
- Korea-EFTA FTA
- Korea-Turkey FTA
- Korea-ASEAN FTA
- Korea-India CEPA

As written on previous chapter, ASEAN is the Republic of Korea's 3rd largest trade partner, 3rd largest investment destination, and the 2nd largest construction market besides the Middle East. ASEAN also is a major supplier of South Korea for natural resources and the ASEAN-Korea FTA on goods, which entered into force in June 2007, has already boosted mutual trade and investment between ASEAN and the South Korea. The bilateral trade volume between ASEAN and the ROK nearly tripled from the period 2001 to 2008 and 2009 from US\$ 32 billion to US\$ 90 billion and US\$ 75.1, respectively. This increase has also been fueled by the AKFTA on goods; in

the one-year period after its entry into force in 2007, the trade volume increased by over 23%.

Additionally, investment in ASEAN by Korean investors has steadily increased over the years and has seen a sharp rise in recent times. As South Korea and ASEAN have signed the Korea-ASEAN FTA Investment Agreement in 2009, the expected entry into force of the AKFTA on investment is forecasted to have a positive effect on the increase in investments. In May 2009, Korea-ASEAN FTA Trade in Services Agreement also entered into force.

A Korea-ASEAN free trade agreement (FTA) has taken effect recently and South Korea concentrates on full implementation and expansion with consistent openness. The important thing is that companies can practically utilize the trade deal. It is essential to expand the scope of openness by cutting transaction costs and checking FTA proceedings on a regular basis. Korea should promote FTAs with Thailand, Indonesia and Vietnam separately in the future, as they have high market potential and high customs tariffs.

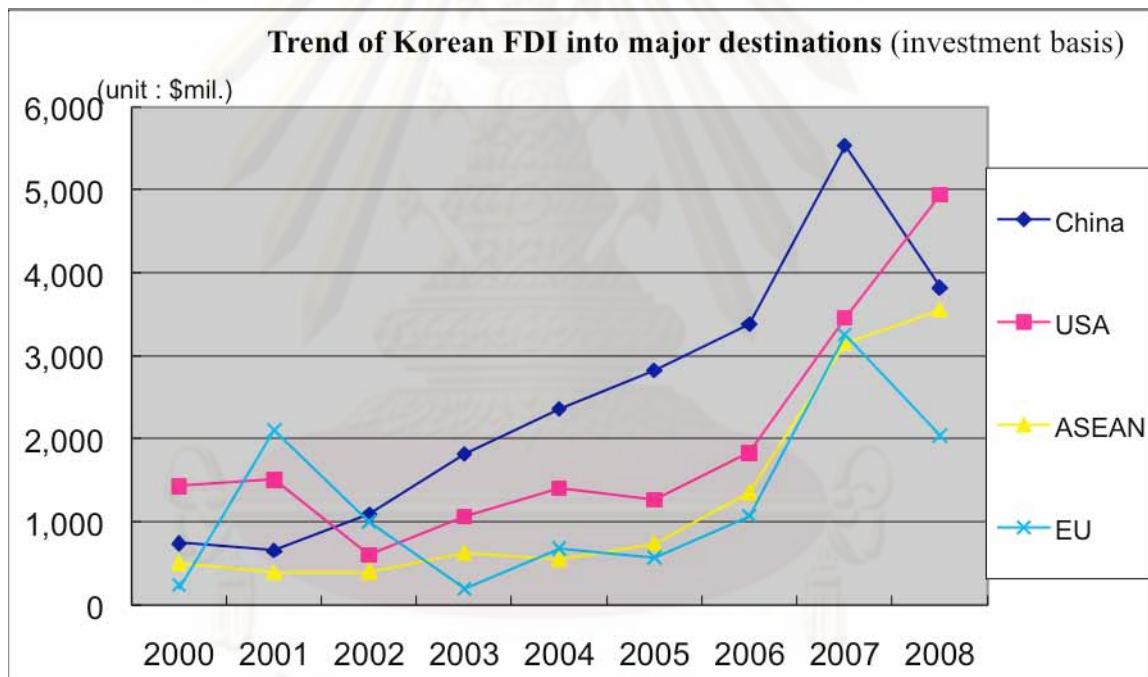
Cooperation between companies in Korea and ASEAN is also necessary. Currently, exchanges in the private sector are just beginning as joint venture projects between corporations. It is necessary to enhance understanding between companies and promote industrial cooperation via systematic exchange and cooperation led by the Chamber of Commerce or the Federation of Korean Industries. Information and knowledge on ASEAN needs to be promulgated by forming an ASEAN forum involving businessmen, journalists and scholars.

4.1.3. The growing investment to ASEAN

South Korea technically initiated its investment to ASEAN coinciding Japan's Plaza Accord agreed in 1985 that brought Japan's Yen inflows throughout the region owing to its sudden rise of price. Japan inevitably invested out of Japan in order to avoid damages from high priced currency but instead make use of it, and South Korea was not exception. Unlike South Korea first invested to ASEAN region on behalf of

Japanese companies in the 1970s due to South Korea's poor economy, it started investing money by growing rapidly thanks to occupying part of Japan's room as price of Japanese products soared up after Plaza Accord. South Korea was allowed to accumulate capital to invest abroad and expand the size of economy with the circumstance both direct inflows from Japan and South Korean products' upgraded price compatibility comparing to Japan indirectly. As of late 2008, \$15.7 billion was invested ASEAN, accounting for 13.5 percent of total overseas investment. That is not all. Hallyu, or the Korean cultural wave, has expanded the market of South Korea's pop culture and contributed to strengthening its competitiveness.

Graph 4.1.3. Trend of Korean FDI into major destinations



South Korea and ASEAN are, however, facing common changing circumstances. Both must upgrade their economic structures as China emerges as a regional powerhouse, crowding out South Korea and ASEAN in the world market.

Even though it is raising imports via rapid growth, South Korea and ASEAN no longer see an increase in their share of the global export market. Secondly, South Korea and ASEAN are both facing the low growth of the global market triggered by the worldwide economic recession.

Both have seen growth thanks to export-driven economies but it may be hard for global trade to recapture the rapid growth seen before, even as the world economy recovers. U.S. Consumers will not return to their high consumption habits of the past.

Third, both Korea and ASEAN are in the center of brisk discussions on East Asian economic integration. East Asia looks to advance market integration through trade and investment, and expand discussion on institutional integration.

However, it remains uncertain how competition with Japan and China, and the intervention of powerful countries such as the United States, will affect Southeast Asia's direction of integration. In a bid to cope with those circumstances, cooperation in trade and investment must be expanded.

Graph 4.1.3. South Korea-ASEAN Investment 2004-2008

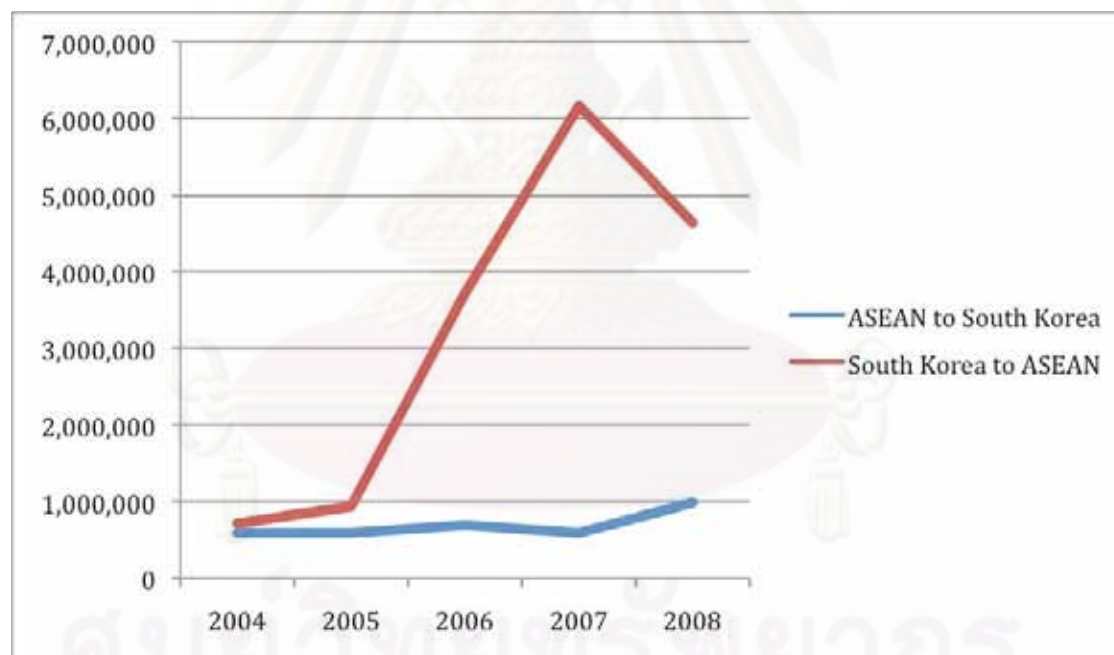


Table 4.1.3. ASEAN'S INVESTMENT TO SOUTH KOREA 2004-2008 (1000\$)

YEAR	2004	2005	2006	2007	2008	TOTAL
COUNTRY						
ASEAN	625,056	641,395	702,543	594,712	985,582	3,549,288
INDONESIA	75,317	25,743	336	150	11,891	113,437
THAILAND	2,424	3,988	1,100	2,026	2,660	12,199
BRUNEI			291	563		854
VIETNAM	45	1,065	401	542	432	2,484
SINGAPORE	379,598	388,812	556,644	516,103	915,808	2,756,965
PHILIPPINES	412	10,746	77,285	442	1,358	90,243
MALAYSIA	167,045	210,941	66,214	74,600	53,028	571,828
LAOS						
MYANMMAR	173	100	215	165	156	809
CAMBODIA	43		55	120	249	467

Table 4.1.3. SOUTH KOREA'S INVESTMENT TO ASEAN 2004-2008 (1000\$)

YEAR	2004	2005	2006	2007	2008	TOTAL
COUNTRY						
ASEAN	718,955	937,455	3,713,680	6,163,055	4,641,952	16,175,097
INDONESIA	65,039	136,892	242,098	555,947	453,766	1,453,742
THAILAND	60,221	70,588	112,703	177,703	90,312	511,533
BRUNEI	-	-	700	-	-	700
VIETNAM	356,802	384,152	1,772,670	2,567,539	1,440,901	6,522,064
SINGAPORE	160,714	133,815	602,042	520,630	685,250	2,102,451
PHILIPPINES	31,190	75,946	187,210	221,990	315,937	832,273
MALAYSIA	34,814	24,542	614,671	903,358	343,960	1,921,345
LAOS	1,955	-	7,694	369,993	43,717	432,359
MYANMMAR	455	830	271	17,868	49,746	69,170
CAMBODIA	7,765	110,690	173,615	828,027	1,218,363	2,338,460

Korean companies also increase investment in ASEAN. Recently, brisk investment in non-manufacturing industries such as real estate development has been carried out but investing in the manufacturing industry must be reemphasized. ASEAN's most comparative advantage is actually its workforce. Indonesia, Thailand, Vietnam, the Philippines and Cambodia have cheap labor and large populations. For sustainable development of ASEAN, the manufacturing industry should continue to play a leading role in the ASEAN economy.

Korean companies facing competition from China's cheap products in the world market have to advance to those countries. Since a significant portion of Korea's exports to ASEAN is a result of direct investment, expanding investment can lead to an increase in exports.

Currently, South Korea has an overall trade surplus with ASEAN countries. Even though South Korea is in the red in Malaysia and Indonesia, nations from which it imports crude oil and LNG, it sees plenty of black ink through exporting parts and intermediate goods to Singapore, Thailand and Vietnam, which have developed manufacturing industries.

South Korea has to gradually increase imports from countries with which it sees an imbalance. Particularly, it is necessary to expand imports from developing ASEAN countries, such as Vietnam, Cambodia and Laos. In 2007, Korea had a trade surplus of \$7.8 billion with Vietnam. Considering the trade volume, this was too large. Cambodia, Laos, Myanmar are categorized as the least developed countries (LDCs) by the United Nations. For sound development of all sides, Korea has to make an effort to discover primary commodities, which Korea would be highly likely to import.

Cambodia, Laos, Myanmar are categorized as the least developed countries by the United Nations. For sound development of all sides, South Korea has to make an effort to discover primary commodities, which South Korea would be highly likely to import.

It must be capable of collecting and spreading information on promising small- and medium sized companies in the ASEAN region, and firms to supply potential products. It should introduce the investment environment of ASEAN countries by holding seminars, symposia and presentations.

4.2. Academic flows between ASEAN and South Korea

Korean Studies abroad

Korean studies programs have been growing steadily in number. In 1990, there were 152 universities in 32 countries that offered courses, but by 2006 the number increased fivefold to 735 universities in 62 countries.⁵⁷

This dramatic increase was primarily driven by the Korea Foundation*, which has worked to expand the overseas base of Korean studies since its establishment in 1992.

Globally, Korean Studies is minor part of academic field; even taking into account the differences in national power and economic scale among the three countries, including China and Japan, Korean studies still fall short by a large margin.

Until 2007, the Korea Foundation allotted 6.4 million won or 58.4 percent of its total discretionary budget to promoting Korean studies in North America. But this strategy is now largely seen as having failed to achieve tangible results.

The foundation is now expanding support to regions in Asia where interest in the Korean language and studies is growing due to the so-called Korean fever, or

⁵⁷ Choi Yearn-hong (2009) *Korean Studies Abroad*, Sep. 1th. Korea Times.

* Korea Foundation was established in 1991, as Law (Law No. 4414) promulgated on December 14, 1991.

The fundamental mission of the Foundation is to promote a better understanding of Korea in the international community and to foster global friendship by conducting exchange activities between the Republic of Korea and foreign countries around the world. (Article 1 of the Korea Foundation Law) Activities of Korea Foundation are Hosting, Supporting and Participating in Various International Exchange Events; Dispatching and Inviting Persons for International Exchange; supporting Overseas Research on Korea and Distributing Its Results; promoting Correct Perception and Understanding of Korea in the International Community; Promoting International Friendship through Cooperation with Major Overseas International Exchange Organizations; Supporting Activities of Organizations Related to Overseas Koreans to Enhance the Image of Korea in the International Community and Improve National Solidarity *Other Programs Necessary for Accomplishing the Foundation Mission. (Article 6 of the Korea Foundation Law)*
<http://www.kf.or.kr/>

Korean Wave effect. In 1997 the Korea Foundation allotted 14.9 percent of its funds to Asia and 54.2 percent to the U.S, but in 2007, 43.2 percent went to Asia and 41.8 percent to North America.

The Korea Foundation money is now going to be invested into the West and the East evenly. However, its limits ought to be considered that Korean studies may never match well with Chinese and Japanese studies outside Korea, because it cannot attract many students as China and Japan do.

Private companies' commitment for Southeast Asians and Southeast Asian studies

Not only on governmental level but also in private sectors, there are a set of efforts and programs offering for further academic development as well as co-prosperity with educational supports. Based on the belief that Asia will be playing a central role in the world economy, some multinational companies support Southeast Asian students studying in South Korea as well as in their countries by offering various opportunities and scholarship. Asia however is viewed as having limits in its efforts to undertake international collaborations due to ideological and historical conflicts, linguistic barriers, and cultural differences.

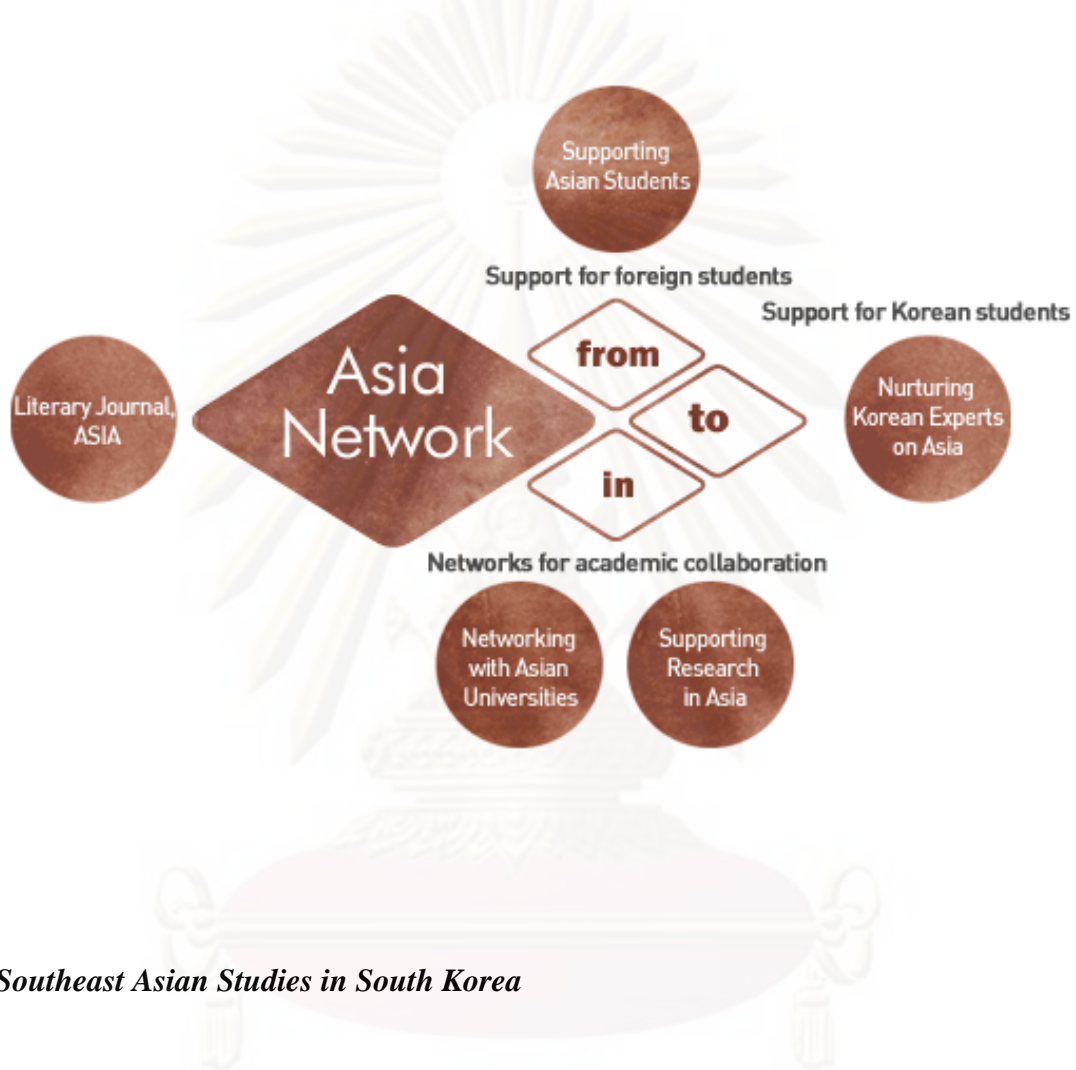
For this reason, it is necessary for the future leaders of Asian countries such as South Korea, China, Japan and Vietnam to have the opportunity to take part in cultural exchanges and collaborations that can improve their understanding of other nations.

Therefore, some Korean companies such as POSCO and SK get actively involved in supporting to bridge ASEAN and South Korea through a variety of programs. The POSCO Asia Fellowship Program is one of the POSCO TJ Park Foundation's major programs.

Its aim to provide financial aid to students, support academic research, and boost literary activities in order to enhance mutual understanding and collaborative exchanges between Asian countries. To do this, the program focuses on nurturing

prospective young leaders from Asian countries and encouraging exchanges and collaborations between intellectuals in the Asia region.

Picture 4.2. POSCO's map of Asia network system



Southeast Asian Studies in South Korea

History of Southeast Asian studies in South Korea has short history. Southeast Asian history course was firstly opened in 1979 in Korea University under the department of history, which meant official beginning of Southeast Asian Studies in South Korea.⁵⁸ A year later, there opened 2 Southeast Asian History classes for

⁵⁸ Byung-wook Choi (2009) in *1990 nyundae I'hoo hankuk'ui dongnam'a yungoo* (Korea's Southeast Asian Studies since 1990s) by Myung-Seok Oh (eds), Southeast Asian Studies No. 18.2. p.356.

undergraduate and 1 for graduate school program under the department of oriental history.⁵⁹ Another Southeast Asian history courses were open in Gangwon University in the mid 1980s, also in SeoGang University and Hankuk University of Foreign Studies in 1990s. Except GangWon University, Southeast Asian history courses were open only in prestigious universities located in Seoul.

Since late 1990s, Cheongwoon and YoungSan University also open Vietnamese history courses; in the mid 2000, Pusan and InHa University have opened Southeast Asian history courses.

Despite 30 years long history since the first course had begun, it is problematic that South Korean historians studying Southeast Asia are reseraching in only 3 nations among 11 Southeast Asian countries.⁶⁰

Korean Institute of Southeast Asian Studies (KIEAS)⁶¹

The KISEAS was established in December 1990, on the basis of Study Group on Southeast Asian Politics (SGSAP), which was comprised of a number of political scientists, who had specialized in Southeast Asian regions. Having launched with 8 political scientists, SGSAP transformed into an inter-disciplinary research organization in August 1992 consisting of 24 members specializing in politics, economics, anthropology, sociology, history, and business management. KISEAS in currently embodied by 40 professors and Ph.D. Southeast Asian specialists, and it has virtually developed into South Korea's largest area study institute.

The objective of the KISEAS is to contribute in stimulating Southeast Asian studies, evaluating and developing policies in regard to foreign relations and economic cooperation between Korea and Southeast Asia, and enhancing public education about

⁵⁹ Southeast Asian history courses consisted of Southeast Asian history and Vietnamese history.

⁶⁰ Byung-wook Choi (2009) in *1990 nyundae I'hoo hankuk'ui dongnam'a yungoo* (Korea's Southeast Asian Studies since 1990s) by Myung-Seok Oh (eds), 2009, Southeast Asian Studies No. 18.2. p. 358.

⁶¹ <http://www.kiseas.org/>

the Southeast Asian region. Specifically, the KISEAS carries out the following projects.

1. Researches on political, economic, social and cultural issues
2. Data-base building about Southeast Asia
3. Evaluation and recommendation of policies in regard to foreign relations, economic cooperation, trade and cultural exchanges between Korea and Southeast Asia
4. Promotion of exchange programs for academicians and non-government activists in the region
5. Training of Southeast Asian area specialists

*Institute for Southeast Asian Studies*⁶²

Still, there are not many Korean Institutes of Southeast Asian studies. Institute for Southeast Asian Studies, which does not have a long history, initiated by several researchers interested in regional researches unofficially, then officially inaugurated in 1996 under the title Asia research center. As research activities were centered on Southeast Asian studies, the Institute has converted its name card into Institute for Southeast Asian Studies in July 2007, and actively launched its activities.

Institute for Southeast Asian Studies aims to comprehensively study Southeast Asian region based on politics, economics, society, culture, art, and language, assuming that Southeast Asia to be on particular block of region. Moreover, it is intended to contribute to offer fruits of research activities, collecting, arranging, and analyzing updated data. Also, the education package for the non-expertise will be offered in order to spread general knowledge on Southeast Asia so that ordinary people can know and understand our neighbor better.

The logo of Institute of Southeast Asian studies shows the locality of Southeast Asia, with background of junk, which was the symbol of maritime trade, the symbolic color of sub continental and archipelagic part and sea.⁶³

⁶² <http://www.iseas.kr/>



[Picture 1 Logo of Institute for Southeast Asian Studies]

*Center for Southeast Asian Studies*⁶⁴

The Center was established in 1990, in order to contribute an academic development of 11 countries in Southeast Asia, 10 ASEAN countries and East Timor.

Establishment of ASEAN-Korea Centre in 2009

The establishment of the center was a result of Korea's efforts to raise its level of cultural and human exchanges with ASEAN members to that of its trade and investment with them.

ASEAN-Korea Centre is an inter-governmental organization inaugurated in 2009 and consists of South Korea and the ten ASEAN Member Countries: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam. The establishment of the Centre reaffirms the

⁶³http://www.iseas.kr/info/revol_getimg.php?id=Mission_Vision&no=1&num=0&fc=7703643f69b3cb3312935104aaf94d82

⁶⁴ <http://www.cseas.or.kr/>

increasingly interdependent relationship between ASEAN and South Korea, which is expected to grow in importance in the coming years.

The Centre's formation also represents strong commitment to closer cooperation for increasing trade volume, accelerating investment flow, enriching cultural exchange, and invigorating tourism.



[Picture Logo of ASEAN-Korea Centre]

It has organized a series of investment seminars that invite experts from each member state to talk about business in their countries. In addition, the center hosts government officials from member states to showcase industrial trends. The center's tourism fair in October 2008 was a large event, drawing nearly 40,000 people.

There was also the Bravo ASEAN Contest, in which Koreans and ASEAN nationals residing here competed using their musical or dancing talents. According to Cho, the Secretary of ASEAN-Korea Centre, the center's top priority is reaching out to the general public, especially students and the young. It recently went on a presentation tour to introduce ASEAN to schoolchildren.

“We visited 10 elementary schools, and made a presentation on what ASEAN is, and we introduced each ASEAN member country one by one,” Cho said. “In the auditoriums, we set up national booths, and volunteer students explained basic information about each country.”

At an investment seminar on Brunei in Seoul last month, the last seminar of its kind held by the organization in 2009, Cho made his usual appearance. In his speech, he noted that countries of the Association of Southeast Asian Nations (ASEAN), with a total population of 580 million and abundant natural resources, have “great potential.”

The center has been contributing to changing the stigma of ASEAN nations by presenting bits and pieces of the region's cultures.⁶⁵



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⁶⁵ http://www.koreatimes.co.kr/www/news/special/2009/12/180_58444.html

CHAPTER V

CONCLUSION

Reviewing the holistic picture of ASEAN-South Korea relations in the context of East Asian regionalism, I intended to seek more appropriate perspective that can profoundly demonstrate the developing process of ASEAN-South Korea relations. Also, I tried to figure out the recent changes of South Korea's stance and viewpoints on ASEAN-South Korea relations, as it has gone through the era of regionalism and globalization within the frame of a dramatic openness and massive growth and interdependency in trade.

Contrast to previous world history, current globalization has remarkably allowed small-medium sized countries, reactionary or peripheral players in the past, to play more proactive and influential roles in global arena, and that very concept of new activeness is specifically being watched in the roles of each ASEAN's and South Korea's and ASEAN-South Korea relationship. Given this unique geopolitical destiny and mechanism, ASEAN-South Korea relations are likely to be better understood in terms of regional category such as East Asian regionalism in order to make use of their medium-sized power.

Clearly, ASEAN-South Korea relations have come to the new phase after the 1997 Asian economic crisis, as their aspiration toward common well-being was widely agreed through that painful experience; rapidly, implications for institutionalization of East Asian integration sphere were eventually taken. However, there were a few hidden steps for East Asian countries to be connected closer even before Asian economic contagion had threatened the region. One of the evidences of East Asian integration process before the outbreak of the crisis was former Malaysian Prime Minister Mahathir's proposal of East Asia Economic Caucus (EAEC) in 1990 and ASEAN discussed during the meeting of Foreign Ministers in 1993 that did not come to reality owing to US's restraint and Japan's defensive actions. Although the early 1990s was a bit premature for other Asian countries, only accustomed to US leading

world structure, to realize the new framework of the region, the time finally revealed a new form of regional clusters in the era of globalization giving the spread of regionalism and extension of economic bloc.

There is also another reason why South Korea and ASEAN had not been closely related one another. Previously, South Korea and ASEAN were neither directly connected nor influential to one another, but having been dominated by superpowers. The recent shift of relations, nevertheless, is not a simple incident that can be interpreted merely in line with East Asian regionalism particularly observed since Asian economic contagion in that one of the main reasons behind the loose relations between South Korea and ASEAN is attributed to the fact that South Korea and ASEAN had been much smaller and weaker countries before 1990s. It is the nature of international politics that small power is meant to have little influence on the world matters as well as another country's, therefore, weak influence to each other. In the 1990s those small countries have grown up to the medium sized nations under the similar environment, and that was the moment that seeds of the relations started to root.

Considering the ASEAN-South Korea relations have been grown up, as the economies and global compatibility of both have risen up in the late 1980s to 1990s; and the demise of Cold war coincided the rapid growth of ASEAN and South Korea, having played a catalyst role to make their relations deeper by bestowing a different kind of world structure. Nevertheless, the demise of the Cold War era was not a direct factor but part of the reason of a sudden development between ASEAN and South Korea; South Korea as well as ASEAN countries launched many kinds of diplomatic relations since the end of the Cold War, and mostly those diplomatic actions did not produce active policies approaches or consequences beyond official normalization of the relations when considering normalization cases with many countries in Eastern Europe. Thus, it can be said that South Korea-ASEAN relations have actually grown up as their economies were developed together having profited under the similar circumstances such as US supports, high priced Japanese Yen currency effects after Plaza Accord, and the growth of China's economy, regardless of the demise of the Cold War. Asian economic crisis was, therefore, the big chance to help Asian

countries that were accustomed to the previous structure relying on US realize their real connection in the new context of the world.

The East Asia co-prosperity sphere that Japan discovered about a century ago after gaining the world-classed strength as a sole Asian power seems real and accurate when considering deeply rooted economic and historic connections and their helpfulness proven through Asian economic crisis. Also, that East Asia co-prosperity sphere is exactly coinciding where China is able to exercise its hegemonic influence presently.

More interestingly, ASEAN and South Korea have been proving their cultural proximities by showing their common cultural preferences from so-called Hong Kong movies' boom in the past, through previous Japanese pop's wave, to current Korean fever in most part of Asia. Also, massive inflows of Korean tourists and interest imply South Korea's cultural attracting to ASEAN. Owing to ASEAN's vulnerability on intellectual property rights protection laws and regulations, Korean fever in ASEAN, contrast to its high popularity, is regarded as not that profitable business economically, when compared to any other industries, yet it means something deeper over the numbers. This cultural and emotional sharing is very important string bidding ASEAN and South Korea much closer beyond the collaboration for common physical interests of their own but forwarding to the unity of people, which was enabled by spiritual commonalities among them.

South Korea's active approach to ASEAN under "New Asia Initiative" seems successful and promising in that it is clearly reflecting the new regional order in East Asia as well as the assignments for further progress; i.e., it is not only focusing on diplomatic and economic level but also cultural and educational level by viewing the regional integration by nations as well as peoples. Moreover, unlike South Korea's previous diplomatic measures had been primarily led by international circumstances, "New Asia Initiative" is the first approach for South Korea to adventure building and making regional order and integration by exercising political and diplomatic efforts such as its first launch of ASEAN-Korea Commemorative Summit as a sole host and the establishment of ASEAN-Korea Centre; interestingly, there exists no other

regional center such as U.S.-Korea, China-Korea or EU-Korea, which shows South Korea's strategic uniqueness of activeness.

Geopolitical destiny finally brought ASEAN and South Korea together under very similar but reciprocal circumstances, and South Korea is trying to maximize its relevance to ASEAN through a variety of efforts and trials. ASEAN-South Korea relationship will not be able to make fruitful consequences when it is limited as the relations and interactions between two but will definitely maximize its influence and profit the most when it is reading therefore leading as pivotal players in the context of East Asian regionalism.



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