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Fourth Korea-Asean Co-operation Forum: Korea & Asean: New Roles, New Responsibilities

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New Roles, New Responsibilities in Global and Regional Security

he panelists in Session One of the Fourth Korea-Asean Co-operation Forum, held on November 2009, were Mr Lee Seo-Hang of the Institute of Foreign Affairs and National Security (IFANS), Korea, and Dr Kwa Chong Guan, Head of External Programme, S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore. The session was chaired by Dr Chap Sotharith, Chief of Cabinet, Advisor to the Deputy Prime Minister, Cambodia, and Member of the Board of Directors, Cambodian Institute for Cooperation and Peace (CICP). ISIS Analyst Zarina Zainuddin reports.

Mr Lee Seo-Hang set out to examine the emerging regional and global security challenges and to explore the new roles and responsibilities that Korea and the Asean nations would face in coping with such challenges.

His presentation was divided into four parts:

- Assessment of the Global and Regional Security Environments;
- Examination of Global and Regional Security Challenges;
- Response to Security Challenges: How to Cope with Them?
- Conclusion

Assessment of Global and Regional Security Environments

Positive and negative elements coexist; positive elements contribute to peace and stability in the region while negative elements pose threats and instability.

Positive elements include cooperation/partnership for specific interest issues such as terrorism, WMD, ecological disasters/problems, and the proliferation of institutions of multilateralism.

The increase in economic and social interdependence such as inter-regional trade, which constitutes almost 50 per cent of total trade of major countries in the region, increased commercial cooperation, and people to people contacts among the countries in the region, can contribute to regional stability and the reduction of tension.

Negative aspects include WMD proliferation, arms build-up, emergence of non-traditional security issues and the lack of a regional identity or common spirit. Lee discussed in greater depth each of the negative elements in subsequent discussion points.

Examination of Global and Regional Security Challenges

WMD

Two problem areas are Iran which is still engaged in its uranium enrichment programme and North Korea which conducted two nuclear tests recently. Challenges to the non-nuclear regime include the apparent ease of withdrawal from the NPT, institutional weakness in implementation and in ensuring compliance,

linkage between nuclear fuel cycles and the acquisition of nuclear weapons, globalisation and technology diffusion, and the rise of non-state actors.

Arms Build-up

There has been an apparent arms build-up in East Asia, particularly naval build up, with increased military spending and the acquisition of top of the line weapons. There has also been an increase in the purchase of submarines, aircraft carriers, and also endeavours to augment maritime surveillance and recon capabilities.

Some of the reasons behind the naval build up are, regional reliance on sea lanes, and the desire to ensure smooth supplies of valuable commodities such as oil. It also signals the instability of the maritime security environment. As naval build up in the region is likely to remain for the foreseeable future we can expect clashes and conflicts at sea.

Emergence of Non-Traditional Security Threats – Piracy

There has been a decrease in the number of piracy incidents in the region, and a marked shift in the area of occurrence, from Southeast Asia to Africa. Negative impacts on the region include threats to international trade, which is vital to countries in the region, potential environmental disaster in the event attacks on large oil tankers lead to oil spills and potential alliances between pirates and terrorists groups.

New trends in Asian piracy indicate that pirates are becoming better equipped.

They steal the ships instead of just the cargo and either set adrift or kill crew members. They have become increasingly organised and have support networks.

Lack of Regional Identity or Community Spirit

There are impediments to a genuine, future-oriented regional community and to cooperation within the region. Specifically, there is lack of a commonly shared strategic outlook and vision, an absence of a desirable, stable, strategic landscape, difficulty in mediation or arbitration, and the lack of a common identity, all leading to possible misunderstanding among the countries, and subsequently, to the possibility of rapid escalation of crisis and clashes. The countries in the region must overcome these problems for peace and stability to prevail.

Response to Security Challenges: How to Cope with them?

WMD and North Korea

Lee stressed the urgent need to work on next year's Nuclear Security Summit, and the NPT Review Conference, the turning point towards a new NPT regime. There is a need to strengthen the NPT regime and to prevent further WMD proliferation, and this can be done through supporting the UN Security Council (UNSC) resolution 1887 and other related measures.

Recently the Korean government mooted the idea of a 'Grand Bargain' as a potential solution for the North Korea nuclear problem. The Grand Bargain seeks to capture in a single agreement the measures towards

irreversible de-nuclearisation in North Korea and simultaneously, responses from the five party members to provide assurance to North Korea of a security guarantee as well as provision of international assistance. Another element of the Grand Bargain is to prevent a repeat of the past mistake of rewarding North Korea before it is fully compliant in scrapping its nuclear programme.

Arms Build-up

To ease the tension over the regional arms build-up, emphasis must be put on regional cooperation and on enhancing openness and transparency over maritime activities. There is also the need to facilitate maritime CBMs with information-sharing, data collection and technical cooperation, and cooperation on maritime search and rescue, disaster relief, as well as to pursue a regional instant sea agreement (INCSEA) to reduce risks at sea.

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Piracy

All the countries in the region should support the Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Shipping in Asia-Information Sharing Centre (ReCAAP-ISC) — an institutional approach to combating piracy in Asia. Its framework provides a good building block for good order at sea. Its three pillars are information-sharing, capacity-building and cooperative arrangements. It is unfortunate that some countries in the region are yet to become members of ReCAAP, as support from all relevant countries is imperative to combat piracy effectively.

Existing regional anti piracy cooperation within the region includes cosponsoring of the UNSC resolution against Somalian pirates, and naval ship dispatch by several East Asian countries including China, Malaysia, Japan, Singapore and Korea to promote the habit of cooperation.

Korea's New Approach

Seoul had recently adopted a 'Global Korea' initiative which expands its diplomatic efforts beyond narrowly-defined Korean peninsulaspecific issues toward regional and global ones. Korea strives not only to cooperate but also to provide solutions to regional and global issues.

Road to Genuine Multilateral Cooperation

To achieve genuine multilateral cooperation, there is a need to :

- Expand the scope and depth of strategic dialogue;
- Enhance trust, confidence and understanding;
- Identify common interests;
- Share responsibility on human security issues; and
- Be patient and consistent

Building community and promoting common interests should start with issue-based selective cooperation, leading to comprehensive security dialogue and ultimately, achieving genuine multilateral cooperation.

Asean-South Korea Relations 1991-2009

The second speaker **Dr Kwa Chong Guan**, began with an overview of Korea-Asean relations over the last twenty years (1991-2009). Asean is South Korea's third largest trading partner and second largest foreign investment destination, while South Korea is Asean's fifth largest trading partner. Asean-Korea Free Trade Agreements (FTAs) now stand at US\$90.2 billion worth of trade and investment. Promotion of investment and economic ties strengthen the 20 years of relations between Asean and South Korea.

The Asean-Korea Centre in Seoul is a symbol of continuing commitment to mutual trade, investment and tourism. South Korea wishes to set up a Korean Cultural Centre in Singapore. There is also a 20-year history of dialogue between Asean and South Korea, and the latter is the first dialogue partner of Asean+3 to complete a comprehensive trade agreement with Asean.

Kwa added that past achievements have led to high expectations for future achievements which he fears will be hard to fulfil given the Asean way of doing things.

New Developments

An Asean-Korea Eminent Persons Group (EPG) has been set up to inject fresh momentum

into Asean-Korea ties. Bilateral trade between South Korea and Asean is expected to increase from US\$90.2 billion to US\$150 billion by 2015. Greater aviation links such as an Open Skies Agreement will encourage interactions between businesses and people, boost tourism sectors and build a more vibrant region. A blueprint of South Korea and Asean Economic Community is scheduled to be ready by 2015. The implementation of the Asean Charter is to follow suit.

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South Korea and Asean are to push for the setting up of the Chiang Mai Initiative Fund and the Asian Bond Market for the sake of regional financial security. Asean and South Korea have responded to non-traditional security challenges such as food security by making efforts to build the Asean Plus Three Emergency Rice Reserve (APTERR) through Overseas Development Assistance (ODA). Additionally, South Korea will provide US\$200 million to East Asian countries through an 'East Asia Climate Partnership' and establishing an 'Asia Forest Cooperation Organisation'.

Primary Area of Focus

To date, cooperative efforts have focussed on economic development. There is a need to balance it with increased cooperation in the

political and security areas. Political and security underpinnings are more critical as compared to the economic and social foundations of Asean-Korea relations. The region is prone to maritime threats, great power concert, diplomatic skirmishes, transnational crimes and terrorism activities. Thus, the main thrust of the Asean-Korea Commemorative Summit in 2009 was the emphasis on the political-security sector.

Traditional Security Challenges

Kwa reiterated the threats facing the region; these include the development of North Korea's Nuclear Programme and its impact on geo-strategic stability in East Asia; maritime security in the South China Sea caused by China's exerting of historical and territorial suzerainty over the area; linkages between terrorism and radical elements across nation-states especially countries with high level of religious activism and fundamentalist fervour; and American dominance in East Asia — a hegemonic superpower without colony.

Politics and Security First

South Korea has been a great friend of Asean and had supported numerous Asean initiatives. The 9th Asean-South Korea Summit in December 2005 in Kuala Lumpur adopted the Plan of Action which covers political and security cooperation. Cooperation in political and security areas is strengthened through summits, ministerial meetings, dialogues and regional structures such as the Asean Regional Forum (ARF). More importantly, South Korea acceded to Asean's Treaty of Amity and Cooperation (TAC) in November 2004 in Vietnam

South Korea also supports Asean efforts to establish a Zone of Peace, Freedom and Neutrality (ZOPFAN) and a Nuclear Weapons-Free Zone in Southeast Asia (SEANWFZ). Additionally, South Korea supports Asean as the driving force of regional processes initiated by Asean such as the ARF and the East Asian Summit (EAS). A joint declaration to combat terrorism and transnational crimes also points to the primacy of politics and security in Asean-Korea relations.

Responding to International Developments: 'The New Asia Initiative'

Kwa raised the matter of the New Asia Initiative, an idea mooted by South Korea. The initiative is linked to Korea's new approach in foreign policy, one that is more global and regional in scope. President Lee Myung-bak of South Korea announced the establishment of the 'New Asia Initiative' in Jakarta on March 2009. The countries leading this 'New Asia Initiative' are Australia, Indonesia, Japan, China and India.

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the international arena, symbolising a shift of South Korea's focus from Northeast Asia to the entire Asian region. Certainly, Southeast and East Asian countries must get their act together if they want to constitute a strong lobbying power in the G20 Summit.

The New Asia Initiative: Other Concerns

Asean started as a venue to manage conflicts between countries in the region, and had managed to do so with some success until the financial and subsequent economic crisis of 1997 when Asean efforts started to unravel. Asean is now at the crossroads regarding its future.

Kwa urged more discussion on several issues. He asked whether the Japan-China-ROK Trilateral Cooperation was still necessary. He also questioned whether the EAS and the EAC complement or contradict 'The New Asia Initiative'.

Kwa said he would also like to see discussion on the merits and demerits of an exclusive EAS as opposed to one that is inclusive. Will Asean be central to the 'The New Asia Initiative' even though South Korea had signed the TAC? Is the United States included in 'The New Asia Initiative'? If it is, what is the status of the Trilateral Strategic Dialogue (TSD) between Japan, Australia and the United States?

Conclusion

Politics and security will be the main thrust of regional cooperation and multilateral institutions. 'The New Asia Initiative' will and must primarily focus on these areas.

However, the concerns surrounding the initiative by South Korea are mainly based on the overlapping functions and role of enduring regional structures such as the ARF and the EAS.

Thus, careful thought has to be put into how to fit 'The New Asia Initiative' into the larger picture of regionalism and multilateralism, especially with Asean at the core of most regional institutions.

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New Roles, New Responsibilities in the Global Economic Crisis

In Session Two the lead speakers were Dr Lee Chang Jae, Senior Fellow of Korea Institute for International Economic Policy and Prof Rodolfo C Severino, Head of Asean Studies Centre at the Institute of Southeast Asian Studies. The moderator was Ambassador Han Tae Kyu, President, Jeju Peace Institute, Republic of Korea. **Veena Loh**, Senior ISIS Fellow, reports.

Dr Lee Chang Jae put forth a proposal for the East Asian Free Trade Agreement (EAFTA). EAFTA is in the political and economic interests of all East Asian countries and South Korea has pursued the agreement since its establishment in October 2001. The EAFTA Phase II Study showed that EAFTA would increase overall GDP of East Asian countries at least by 1.2 per cent. Moreover, an EAFTA would increase awareness of a common destiny, institutionalise dialogues and contacts, and increase mutual understanding and cooperation.

An EAFTA would help enlarge the East Asian regional market and at the same time reduce transaction costs for intra-regional trade, and production costs for production networks in East Asia. This is important as trade volumes of East Asian countries have declined significantly since the global financial crisis. However, governments of East Asian countries face obstacles when negotiating for sensitive sectors and products. A despondency or FTA fatigue has set in where negotiations have not made headway despite many rounds of dialogues and negotiations.

Given the existing three Asean+1 FTAs, Lee discussed the additional benefits of an EAFTA and the kind of EAFTA that should be concluded.



(From left) Rodolfo C Severino, Han Tae Kyu and Lee Chang Jae

Ideally, to obtain an optimal EAFTA, high quality and comprehensive facilitation and cooperation measures in terms of trade and investment liberalisation should be on the table. In addition, full negotiations would be needed among the 13 member countries. However, as this process will take a long time, it was proposed that a gradual and realistic strategy be adopted.

The first step would be to consolidate the existing three Asean+1 FTAs. In the process, it is desirable to produce additional tangible benefits by enhancing both intraregional trade and production networks in East Asia. Rather than aiming for the most optimal outcome such as high quality cooperation measures, negotiations can be made on what is politically and administratively feasible. To ensure success, special and focused efforts

should be made to enable the less developed countries to participate in and benefit from an EAFTA.

In consolidating the existing three Asean+1 FTAs into a region-wide FTA, the most important step will be to create a unified rule of origin (ROO) regime which would enhance intra-regional trade and production networks in East Asia.

In the case of the Trade in Goods Agreement, in order to minimise the political and administrative burdens, it is proposed that the existing four plurilateral FTAs be consolidated. To harmonise tariff commitments made in these FTAs, discrimination arising from the implementation of multiple tariff concessions should be reduced to the extent possible. Full negotiations are necessary among China, Japan and Korea.

Further work should be undertaken to incorporate Trade in Services and Investment Agreements in the EAFTA given the growing importance of services and investment in the region and the low level of existing agreements.

Many trade and investment facilitation measures in the region are not coordinated regionally and often overlap. To focus on concrete facilitation measures that could help all participating countries to fully realize the benefits of an EAFTA, specific cooperation programmes should be linked directly to these facilitation measures to ensure their effective implementation. The facilitation measures should be supported by appropriate funding mechanisms and

adequate resources. Thus, facilitation and cooperation measures in an EAFTA will also help reduce development gaps in the region.

To push through this proposal, the first major recommendation was that East Asian leaders should put the EAFTA as an important initiative in the economic agenda during the 13th Asean+3 Summit, and that the process to form an EAFTA should follow immediately.

Secondly, the process should begin with the creation of two working groups: one to design a unified regime of ROOs for the EAFTA, and the other to look into tariff nomenclature and other customs related issues. Thirdly, the overall EAFTA negotiations should be launched by 2012 at the latest.

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At the 12th Asean Economic Ministers (AEM+3) Consultations held in Bangkok on 15 August 2009, the first two major recommendations were accepted but with modifications. The number of working groups was increased to four. These included a unified regime of ROOs, tariff nomenclature, customs related issues and economic cooperation.

At the 12th Asean+3 Summit held in Thailand on 24 October 2009, the leaders

welcomed the decision of the 12th AEM+3 Consultations to task the Senior Economic Officials to discuss and consider the recommendations in the EAFTA Study Phase I and II reports. However, the leaders decided that the EAFTA and Comprehensive Economic Partnership for East Asia (CEPEA) should be examined and considered in parallel.

Prof Rodolfo C Severino spoke on the Asean-South Korea response to the global crisis and made some suggestions on the way forward. Severino gave a historical introduction to Asean-South Korean relations which extend beyond financial and economic cooperation. Relations among East Asian countries have strengthened with the onslaught of the global crisis. A tangible outcome of financial cooperation is seen in the multilateralisation and enlargement of the Chiang Mai Initiative. South Korean share in the US\$120 billion pool amounts to 16 per cent or US\$19.2 billion.

However, there has been no combined or joint Asean-South Korean response to the global crisis. Each country has responded differently depending on the exposure to the financial derivatives from the US.

Certainly with their common interests, South Korea could benefit from closer cooperation with Asean. Severino made several suggestions on future cooperation, as follows:

 South Korean companies should be encouraged to take part in the Asean Industrial Cooperation Scheme which promotes joint manufacturing industrial activities. Under this

- scheme, the output of two participating companies from different countries will enjoy a preferential tariff rate in the range of 0-5%. However, thus far only Korean company Samsung has utilised the scheme.
- 2. The good work of the Asean-Korea Centre needs continued support from all related governments. There is a need for even closer cooperation among Asean+3 and EAS.

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- 3. It is useful to conduct a survey of Korean investors' views on the investment climate in Southeast Asia, and on Asean integration. Based on this survey, areas for cooperation and integration can be given priority and focus in future dialogues.
- 4. There is a need to promote mutual cultural understanding in management labour relations in Korean operations in Southeast Asia, and in Korean companies employing Southeast Asian labour, to help build an East Asian Community. His Excellency Kishore Mahbubani has said that the employer

employee relationship of South Korean firms, when managing companies outside of South Korea, is ruled by the head and not yet of the heart.

- 5. It is recommended that more intensive cultural, sports and student exchanges between South Korea and Asean be promoted in order to encourage greater interaction between Korean communities and larger Southeast Asian communities.
- Mahbubani had also said that South Korea, being relatively isolated in the international community, could gain more clout by joining the Asean 'tribe.'
- 7. The Director of the Institute of Southeast Asian Studies, Ambassador K Kesavapany has suggested that under the regional EAS grouping, South Korea could be linked to Nalanda University, in the context of Buddhist connections with South and East Asia. The Nalanda-Sriwijaya Centre, was opened on Aug 12, 2009, to carry out research on historical inter-faith understanding of religion, and cross-cultural and economic interactions between Asian societies. It seeks to promote the Nalanda idea of Asian achievements and mutual learning, and the Sriwijaya idea of Southeast Asia as a place of mediation and links across civilisations.
- 8. South Korea can cooperate with Asean in the field of non-traditional security,

which is of major concern to all, especially long term energy security and environmental issues.

... South Korea, being relatively isolated in the international community, could gain more clout by joining the Asean `tribe'

New Roles, New Responsibilities in Asean-Korea and Regional Community Building

Raymond Atje of the Centre for Strategic and International Studies (CSIS) Indonesia moderated Session Three. The speakers were Dr Chung Chong Wook of Singapore's Nanyang Technical University, Mr Yoo Dae Jong of the Asean-Korea Center in Korea and Dr Prapat Thepchatree, Associate Professor, Institute of East Asian Studies of Thammasat University, Thailand. Nor Izzatina, Researcher at ISIS, reports.

The aim of this session was to determine the right form of regional architecture, which is also inclusive, for the East Asian nation-states. At the same time, there is the need to address the role of the middle powers in East Asia so as to counter the persistent rivalry existing between China and Japan.

The first speaker, **Dr Chung Chong Wook** started by pointing out several events in 2009 that acted as new catalysts for community-building in East Asia. These were i) Asean and Korea establishing the Asean-Korea Centre, ii) China, Japan and Korea as the North East Asian bloc in the Second North East Asian Meeting that took place in October and iii) the new Japanese Prime Minister's call for greater regionalism in Asia under the concept of *yuai* (fraternity).

The Second North East Asian meeting was significant in greater regionalism as the previous involvement of Japan, China and Korea in the East Asia regional framework took place at Asean's initiative. The rocky history between Japan, China and Korea necessitated a trilateral forum to enable them to settle their identities and for them to find a sense of ownership. Chung stressed that it was important for the meeting to take place in



(From left) Chung Chong Wook, Raymond Atje, Prapat Thepchatree and Yoo Dae Jong

their own territory, and for them to talk about their own issues.

The huge economic interdependence between China, Korea and Japan is a motivation strong enough for the three countries to engage on their own outside of the Asean framework. The rise of China as an economic powerhouse might make both Japan and Korea cautious in their approach with China but there is a need for mutual accommodation between the three neighbours.

The rivalry between China and Japan remains a challenge for the region, as many issues with historical and educational perspectives are as yet unresolved. The North

Korean presence in the region can thwart any progress made on Northeast Asia, while the US influence in Asia is still strong. By opening up the line of communications between China, Japan and Korea, the pressure imposed by North Korea and the US can be managed effectively.

Chung noted that the current Northeast Asian summit is not effective, being still young and without a clear vision. Therefore there must be a regional cooperation architecture between the three countries. His proposal was for Korea to act as a bridge in the region between Northeast Asia and Asean. The Northeast Asian Summit process needs to be developed In the interests of Asean and Korea, he concluded.

Mr Yoo Dae Jong explained the nature of the Asean-Korea Centre. The mandate of the Centre was to increase trade volume, accelerate investment flows, invigorate tourism, and enrich cultural exchanges between Asean and Korea. The Centre was officially opened after its Inaugural Council Meeting in March 2009. Yoo said the recent activities of the Centre reflected its mandate.

Examples were trade exhibitions and trade missions, investment promotion missions, Asean tourism promotions and cultural exchanges. He ended by talking about the future direction of the Centre which will include continued efforts to disseminate information promoting trade and investment opportunities, tourism and cultural exchanges, public awareness, regular media and information exchanges on Asean-Korea relations, and to complement other Asean-Korea mechanisms.

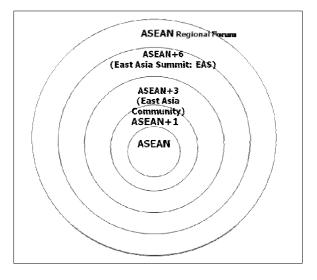
The final speaker in the session, **Dr Prapat Thepchatree**, began by explaining the type of regional architecture that can be chosen by countries in East Asia.

Historical relations between Asean and the Republic of Korea can be traced back to 1991 when Korea was invited by Asean to be one of its dialogue partners. From then, the relationship has yielded vast benefits for Asean and Korea. In June 2009, the 20th Anniversary Commemorative Summit was held. Asean and Korea relations now include political-security cooperation, economic cooperation, development cooperation through the 12th Korea-Asean Summit, and cooperation on regional and global issues like the Asian Bond Market Initiative, and the Asean+3 Emergency Rice Reserve.

There is a need to put this relationship into a regional architecture that is inclusive for Asean, Korea, and Korea's neighbours, Japan and China. Prapat explained that for the region to move forward, there are 12 possible regional forms of architecture and their modalities. These are i) unipolarism ii) multipolarism iii) condominium of powers iv) concert of Asia v) Asia Cooperation Dialogue vi) Asia-Pacific Economic Community (Apec) viii) Asia-Pacific Community (APC) viii) Asean Community ix) Asean+1 x) Asean+3 or East Asia Community xi) Asean Regional Forum.

After going through a short costbenefit analysis for each form of architecture, Prapat proposed that it would be best to put Asean at the core of the regional architecture and for the role of Asean to be expanded into the Asean Regional Forum mode after going

through Asean+1, Asean+3 and Asean+6 processes. The diagram below explains this structure clearly:



Prapat concluded by noting that by opting for the above architecture, problems associated with a lack of common identity and the concentration of power in a single country can be reduced.

Dr Raymond Atje opened the floor to the question and answer session, during which several key points and issues were raised. Most of the questions and comments were on the role of China in East Asia and the type of regional architecture that will work best for the region. There is no reason, it was noted by a commentator, why the Northeast Asian regional grouping will not work, based on the reasoning of a lack of common identity. Asean works despite a lack of common identity so that should not be a barrier in regional architectural build-up. The problem mainly hedges on the lack of common interest.

Another commentator said that forums like Apec and APC have their critical mass in terms of nation-state participation; it

would be easier to capitalise on this as the element of common interest is present. The need for the Asean-Korea Centre to increase student exchanges between Asean and Korea was also highlighted. Another concern about East Asian regional architecture is the fear that China will dominate it. While the threat is not apparent now, the fears are based on a perceived future threat rather than on historical experience.

A participant argued that the nationstate-led economic integration process might not optimise development as currently it is cities and provinces that are driving the process rapidly. In East Asia, for example, the corridor from Tokyo, Osaka, Pusan and Shanghai can be further enhanced as a megaurban corridor where the traffic of goods, people and ideas flow smoothly.

The session ended on a high note with the participants concurring that East Asia as a region can move ahead if it is willing to lay its history to rest. There is a need to incorporate the US role into the current architecture in East Asia, as the US is not an innocent onlooker, but has a direct interest in the region. It was noted that future building blocks in East Asia could possibly include Russia and North Korea.

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