

Issues in Korean Peninsula and Korea-ASEAN Cooperation

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Korea's unification initiative and ASEAN

The political conundrum of the Korean Peninsula has cast one of the greatest political-security concerns over major political players in today's international arena. Among all the intricacies that have defined the region since the end of the Korean War seven decades ago, one stands out as being more intimate to the interest of South Korea and North Korea than to any other actor with invested interest in the Peninsula — the subject of Korean (re)unification.

The Korean Peninsula has never experienced a unified political system, an integrated economic structure, or a united community since the advent of Japanese colonialism on the Peninsula in the 19th century. The division that came about following the Korean War was exacerbated by the diverging state ideologies that each regime subscribed to. As of today, Korea remains the only divided nation post-Cold War. However, with the erratic and potentially unstable regime in the northern half of the



Participants at this year's Korea-ASEAN Forum in Kuala Lumpur



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Peninsula, powered up with its alleged nuclear warheads, the Park Geun-hye administration is exploring avenues to eliminate the security threat by pursuing the matter of unification.

In its dealings with North Korea, Seoul has maintained a flexible yet pragmatic perception towards Pyongyang. While it does acknowledge North Korea's sovereign status, especially in multilateral platforms, South Korea still views its neighbour as part of its territory, as stated in its constitution. It also maintains a 'special relations' status with North Korea that views their relations as neither state-state nor state-local government model in several occasions.ⁱ On the practical level, South Korea is slowly but steadily engaging North Korea in matters of low politics, primarily economics and sociocultural matters. The rationale behind this is to build a sufficient amount of trust between the two regimes before the engagement could move into political-security matters, such as military, nuclear weapons, and possibly unification. This is the first half of Seoul's two-track policy towards Pyongyang: to positively engage North Korea.

The issue of nuclear weapons is closely integrated to the subject of unification. Two views have been proposed to rationalise Pyongyang's strong grip on its nuclear warheads. The liberal perspective sees the possession as North Korea's source of strategic leverage. North Korea can easily play its nuclear weapon card to be on the better end of a bilateral engagement, such as to extort larger assistance from the other party. The second view sustains the realist approach in viewing North Korea's nuclear capability. This conservative perspective rigidly perceives North Korea as a state that ambitiously pursues the status of nuclear power as an end state. The evidence from the 2013 North Korean nuclear test consolidates the popularity of this second perspective among observers.

Whichever perspective one subscribes to, North Korea nonetheless maintains its position as the greatest security threat to the South Korean regime. North Korea is also not expected to give up its warheads in the near future for they constitute the existential foundation and survival of the state. On the other hand, South Korea's ambitious pursuit of the unification process will inevitably compel it to face the nuclear enigma. Denuclearisation appears to be the ideal option; it has also been incorporated as the second half of Seoul's two-track policy towards Pyongyang. However, we must begin to consider a scenario in which a unified Korea may decide to keep the old regime's nuclear warheads and thereby emerging as a global threat.

South Korea's unification policy is not without its criticism. There are calls to challenge the very notion on two counts: (i) that a unified Korea is a desirable end state for all parties involved; and (ii) that reunification is inevitable.

President Park has expressed her strong desire to have the Association of Southeast Asian Nations (ASEAN) play an important mediating role to broker the reunification process between the two Koreas. Her reason for this is primarily rooted in the belief that the cordial relationship which ASEAN countries have with both Koreas could be sufficient to bring both parties to open up to each other and start the negotiation process. ASEAN's non-intervention policy also secures itself a neutral position should it really come to moderating the deal. Confidence in ASEAN is further boosted by the space that the ASEAN Regional Forum allows for the two Koreas, along with the United States, Russia, China, and Japan, to engage each other on the sidelines, especially after the stalling of the six-party talks.

... to kick-start the unification process, ASEAN's involvement must be recalibrated to suit ASEAN's strength. ASEAN has been singled out as a successful multilateral body in East Asia, but it largely shies away from matters relating to domestic politics and its reputation in mediating conflict among member countries has been uncertain. If brought into the dynamics of Korean unification, ASEAN members may find themselves deviating from their domestic and regional concerns — which are of primary concern to them — to resolve a foreign matter. Moreover, nationalist and inward-looking sentiments seem to be rising among some of the more prominent ASEAN countries; it seems unlikely that ASEAN will set its gaze upon the Korean Peninsula anytime soon.

Juxtaposing ASEAN vis-à-vis the possible unification scenarios — the soft landing and the hard landing — further complicated the role into which ASEAN could potentially fit. Each scenario bears a different implication on ASEAN, regardless of how extensive ASEAN's role is in the unification process. The question is whether ASEAN can adapt to the radical changes brought about by the unification, be they political, economic, or sociocultural.ⁱⁱ

Despite the Park administration's high hopes for the unification process, the role that ASEAN could play in this matter is rather limited. Therefore, to kick-start the unification process, ASEAN's involvement must be recalibrated to suit ASEAN's strength.

Lessons from East Asian multilateral cooperation

ASEAN is not the only multilateral body with the prospect to herald fresh hopes into the unification process. President Park Geun-hye has complemented her Trustpolitik stance by commissioning the Northeast Asia Peace and Cooperation Initiative (NAPCI), a multilateral body specifically established with the aim to build up trust by cultivating a habit of dialogue and cooperation among countries in Northeast Asia. NAPCI was conceived at an opportune moment when trust was low among major stakeholders in the politics of Northeast Asia. For the past twenty years, the region has seen multiple failures in maintaining a multilateral mechanism, the six-party talks being the most apparent example. By contrast, NAPCI has achieved considerable success.

NAPCI comprises members of the six-party talks plus Mongolia, despite the evident reluctance of North Korea to play a part in the initiative. It channels its energy to cultivate trust and dialogue among member states in areas where substantial cooperation is feasible, primarily in soft security.ⁱⁱⁱ Its long term vision would be to see a gradual move from cooperation in soft security to hard security. In this sense, South Korea's gradual engagement policy is aptly reflected.

A peace-seeking organisation, NAPCI attempts to address regional concerns by incorporating functionalist approaches to and a realistic understanding of the region's situation. Among the most notable achievement of NAPCI, after only two years in existence, were the establishment of Track I Meetings and Track 1.5 Forums for member countries and key partners. However, NAPCI's momentum has been stifled by classical hurdles to international organisation, such as North Korea's passivity, the unstable regional atmosphere, and scepticism towards the capability of the organisation.

As a more experienced multilateral body, ASEAN has many lessons to share with NAPCI, including its successful confidence building measures, models for institutional development, as well as best practices in fomenting cooperation among member countries. It is especially in the interest of NAPCI to learn the uniquely ASEAN factors



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that have helped sustain the body since the fragile days of its inception. These factors have been identified as the neutrality of the body, the shared common vision and objective among member countries, the conformity to prevailing norms and principles, and finally, the constancy in political leadership and policies.

Assistance in developing NAPCI is also a niche area where ASEAN can contribute substantially to the trust-building process in Northeast Asia, albeit indirectly, without risking too much involvement and sacrificing its status as a neutral organisation. However, it remains to be seen whether ASEAN will avail itself of this opportunity to place itself in the Northeast Asian dynamic in the near future.

Furthermore, NAPCI affairs must be safeguarded from any hijacking attempt by its members to fulfil their self-interest in matters that deviate from the goals of the organisation. This is particularly important in recent times since, following the deterioration in many major power relations, member countries could take the NAPCI process hostage to gain leverage in their bilateral dealings with each other. As the founding member, South Korea must prevent this from happening.

While the vision of the unification is still relevant to Seoul, such political discourse must not be so far removed from the reality on the ground, as seems to be demonstrated by South Korea's confidence in the capability of ASEAN to bring in change.

With the discontinuation of the six-party talks and the perceived weaknesses of ASEAN, all gazes now rest upon the last functional multilateral forum that could potentially address this ambitious end state: NAPCI. However, the organisation is, as yet, too inexperienced to direct the political process towards attaining the unification of the Korean Peninsula. In order to overcome the possible difficulties, there certainly needs to be a stronger collaboration among NAPCI, ASEAN and significant members of the international society to establish a more conducive political climate for the unification process to take-off.

ASEAN Economic Community and Korea

As a bloc, ASEAN is South Korea's second largest trading partner, after China. Twoway trade was at USD 138 billion in 2014, with the ASEAN-Republic of Korea Commemorative Summit last year announcing a 2015 target of USD 150 billion and trade amounting to USD 200 billion by 2020. South Korea, on the other hand, is ASEAN'S fifth largest trading partner.

The year 2014 also marked the 25th anniversary of Korea-ASEAN relations and the fifth year since the ASEAN Korea Free Trade Agreement (AKFTA) was concluded. Commemorated in Busan, the summit highlighted dialogue in areas for cooperation on critical security, economic cooperation and cooperation on sociocultural progress. Among the areas to advance economic cooperation is capacity building in the fields of finance, labour, tourism, energy, food security, small and medium-sized enterprises, intellectual property rights, connectivity, and infrastructure development.

The commemorative summit had also launched the ASEAN-Korea Business Council, a business-driven consultative body assisting ASEAN and South Korean small and medium enterprises. Korea and ASEAN relations have certainly deepened since its establishment in 1989.



Korea and ASEAN's relationship is dependent on the functionality of this [institutional] connectivity.

From left: Yong Chanthalangsy, Ki-hyun Bae and Nguyen Thai Yen Huong

Connectivity

The ASEAN Economic Community (AEC) will be realised by the end of 2015. In 2014, South Korean President Park Geun-hye had announced Seoul's support of the implementation of the Master Plan on ASEAN Connectivity (MPAC), particularly in the areas of physical infrastructure, Information and Communication Technology (ICT), and people-to-people connectivity. Cooperation is expected to reside in the realm of financial and technical assistance, investment, and public-private partnerships (PPP).

Although the AEC is a regional initiative, it is implemented by national economies. The AEC is said to be progressing among state leaders; however, the private sector might disagree. There are concerns in the AEC's approach to PPP and the availability of information for investors.

Often, ASEAN member states chose domestic projects over regional development projects. These projects are driven by the top. What occur on the ground are development gaps with local parties. Opposition towards foreign partners suggests a lapse of connectivity in information and PPP.



Steven Wong

Local operators may be unwilling to collaborate because there is a lack of sense of ownership as it is thought that ownership resides with the foreign company. This suggests there is limited institutional connectivity. A concerted information distribution service for development projects in ASEAN will also encourage investor interest. Currently, there is no tracking service for investors. Korea and ASEAN's relationship is dependent on the functionality of this connectivity. The ASEAN-Korea Centre intends to hold a forum on connectivity later in the year which will update ASEAN stakeholders and South Korean companies.

The ASEAN Secretariat could highlight priority projects and separate them from conventional, national level initiatives. Investment regime building and an updated distribution service bearing the necessary information on projects will strengthen cooperation between ASEAN and South Korea.

Erosion of trading preferences

The AKFTA came in three phases. The first began with a product agreement in 2006 and a service agreement in 2007. Finally the free trade agreement was concluded in 2009. However the effects of the bilateral deal were limited due to low concessional rates and the range of tariff-cut products. Automobiles, one of South Korea's key export items, were excluded.^{iv}

There is a need for South Korea to diversify regional economic arrangements to keep all ten ASEAN members actively engaged and interested. An upgrade to the AKFTA is needed to avoid the erosion of the Korea-ASEAN linkage in the midst of super trade agreements, such as the Trans-Pacific Partnership (TPP) and, possibly, the Regional Comprehensive Economic Partnership (RCEP).

At the bilateral level, the recently concluded Vietnam-Korea free trade agreement in May 2015 goes deeper than the AKFTA. The free trade agreement had the addition of agricultural and seafood products, though the agreement excludes rice. South Korea had also concluded a bilateral free trade agreement with Singapore in 2005 and is currently concluding free trade negotiations with Indonesia.

All of these point to the need for an AKFTA '2.0' so that preferences under the AKFTA are relevant to the countries concerned.

Kaesong Industrial Complex

Eligibility of products from Kaesong Industrial Complex (KIC) is a priority for the FTAs that South Korea negotiates. Notwithstanding, given the economic sanctions levied against North Korea, eligibility is not automatic but subject to determination by committees under both the Korea-US and Korea-EU FTAs.

Currently, products from Kaesong are recognised under AKFTA but they do not enjoy actual preferential treatment under the AKFTA. Under the newly signed Korea-Vietnam FTA, however, rules of origin and customs clearance have been simplified in order to allow textiles and garments from KIC to benefit.

The Korea-Singapore FTA signed in 2005 allows for eligibility. However, the products included for coverage are not of trade significance. Under a revised AKFTA '2.0' it would be emblematic, if not significant, if product coverage of KIC products could be further enhanced.

Trade surpluses

ASEAN suffers a sustained and rising deficit vis-à-vis South Korea. South Korea's trade surplus with ASEAN has risen from USD 11.6 billion in 2010 to USD 28.1 billion in 2014. While deficits and surpluses are not indicative of the health of a trading relationship, it is inevitable that political problems will rise over time. As it is, one South Korean participant refers to his country's trade surplus as 'embarrassing'.

It is appreciated that the trade surpluses are with South Korea's private sector rather than government. Hence, the latter cannot — nor should it attempt to — redress the imbalances. An alternative solution is to ensure greater access to South Korea's markets through unilateral liberalisation concessions, enhanced trade facilitation and industrial adjustment assistance.



Inkyo Cheong

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Jaehyon Lee

Prapat Thepchatree

Tae Gyun Park

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Akmal Zakhwan Hj Aji

A second track is to recycle trade surplus through official development assistance. For instance, in Indonesia, South Korea has pledged USD 50 billion worth of infrastructure projects. There are eight projects in total, which include the Batam island-Bintan bridge construction, the restoration of Ciliwung River, and the construction of a railway for coal transportation from Bengkulu province to Muara Enim.

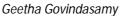
Expanding sociocultural relations

In the context of Korea-ASEAN relations, the Track II diplomatic approach has been utilised extensively to bolster relations. Over time, there has been an exchange of views and other conduit activities between civilian organisations and individuals which have opened up lines of communication. This has constructed a framework for examining economic and sociocultural relations. However, relations between South Korea and ASEAN are limited due to the lack of a security framework. When it comes to policymaking, economic and political relations go hand in hand. Once a policy is passed, the continuous level of interaction will facilitate better understanding and communication between the state and non-state actors. Security, however, is strictly the responsibility of the state.

Track II diplomacy has facilitated an increase in economic and societal integration, yet security relations remain weak. This may be due to the inadequacy of information sharing on disparate security concerns and strategies present in the region. Track II experts must set an agenda for Track I that includes an open discussion about each state's security concerns in order to overcome the security knowledge gap. Going forward, Track II strategic dialogue between South Korea and ASEAN should include: discussion on the regional strategic landscape; the creation of a platform for discussing security concerns and non-traditional security concerns, such as migration and drug trafficking; and a focus dialogue by compartmentalising issues, such as the South China Sea, in order to discuss them in greater detail.

Coordination among states can also be bolstered by the inclusion of non-state actors, such as scholars and think tanks. If a network of Korea-ASEAN think tanks and academic institutions is created, it can become an avenue for cooperation. By promoting regional studies and mutual think tank activities and research, the network can facilitate information exchanges. Researchers and scholars can capitalise on joint studies as a platform for policy recommendations. The formation of a digital platform can be used to streamline information from symposiums, annual conferences and networking events held to discuss Korea-ASEAN issues. This









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information can strengthen linkages to Track I in order to support specific policy strategies.

It is in the best interests of South Korea and ASEAN to expand their relations on the societal level, given their mutual history, common partnerships with great powers, like the United States and China, as well as their shared interests of regional peace and stability. With ten countries in ASEAN — located in different areas in the region — which have different political structures as well as disparate interests and security concerns, full integration has been difficult for South Korea to achieve. Without a mechanism that opens up the lines of communication between South Korea and ASEAN, the interest of the state takes precedence over the interests of both parties. There have been some changes over time, like the increase in tourism, or the use of the Korean World Cup in exposing the countries to one another. However, this needs to evolve and expand in order to be sustainable.

Once the mechanism for increasing information is established, Korea-ASEAN relations can overcome the lack of trust and cultural awareness, which have been barriers to progress. One of the most visible and widespread strategies has been the promotion of Korean culture in ASEAN. Since 2002, South Korea has promoted the Korean wave or *hallyu* by exporting its food, music, fashion and athletics. This marketing and business phenomenon, involving the concerted efforts of promoters and corporate agents, has led to the commodification of Korean culture. With its rising global popularity, Korean culture has emerged as an alternative to Hollywood in Asia.

Hallyu was brought to the ASEAN region in three stages: products, culture, and technology. During the first stage, there was an expansion of popular Korean makeup, fashion and games. In the second phase, the region was charmed by Korean culture through dramas, movies and music. The third stage has shifted away from pop culture by expanding into the field of technology. *Hallyu* has huge leveraging effect when it is linked to other industries such as tourism, fashion and cosmetics. Through its ability to promote itself across industries, it has resulted in Seoul emerging as Asia's new capital of chic style and modern technology.

Even so, the diversity of the ASEAN region could be a barrier to cooperation. ASEAN has a large and very diverse membership, which makes it difficult for South Korea to adequately work with it. Track I relations have been successful in the past, but there is a need for stronger mechanisms for connecting them to Track II. Through the improvement in Track II information sharing with Track I, policymaking can be enriched by the contributions of academics. It is also important to diversify information sources where the Korean wave is concerned. In order to maintain its

... Korea-ASEAN relations can go beyond economic and policy relations if they are able to integrate on a human level. positive trajectory in the ASEAN region, South Korea will have to diversify their message to each country in order to be sustainable. Indeed, Korea-ASEAN relations can go beyond economic and policy relations if they are able to integrate on a human level.

This article has been adapted from the Eighth Korea-ASEAN Forum Report. The Forum, hosted by the Korea Foundation and ISIS Malaysia, was held from 28 to 29 July 2015 at The Westin Kuala Lumpur.



From left: Young-sun Kim, Rastam Mohd Isa, Hyun-seok Yu

Notes:

Please see Basic Agreed Framework of 1991 and June 15th North–South Joint Declaration.

ⁱⁱFor example, how the merger of two extremely different social communities between the North and South Koreans will impact the sociocultural makeup of the ASEAN Community. Other considerations include whether ASEAN will be held responsible should negotiations break down and military confrontation ensue.

ⁱⁱⁱCurrently on the issues of nuclear safety, energy security, environment, disaster management, cyberspace, health, and drugs.

^{iv}http://www.koreaherald.com/view.php?ud=20141205000933.

The 8th Korea-ASEAN Forum

Programme

Tuesday, 28 July 2015

- 13:45-14:00 Registration
- 14:00-14:30 **Opening Ceremony**

Welcoming Remarks:

Tan Sri Rastam Mohd Isa

Chairman and Chief Executive Institute of Strategic and International Studies (ISIS) Malaysia

Opening Remarks:

Prof Dr Hyun-seok Yu President Korea Foundation Republic of Korea

14:30-14:50 Group Photography and Break

14:50-16:35 Session 1: Issues in Korean Peninsula and Korea-ASEAN Cooperation

Moderator:

Dr Shafiah Fifi Muhibat

Senior Researcher Centre of Strategic and International Studies (CSIS) Indonesia

"Korea's Unification Initiative and ASEAN"

Presenters:

Dr Ihn-hwi Park

Professor Ewha Womans University Republic of Korea

Ms Elina Noor

Director Foreign Policy and Security Studies Institute of Strategic and International Studies (ISIS) Malaysia

"Northeast Asia Peace and Cooperation Initiative and Lessons from East Asian Multilateral Cooperation"

Presenters:

Dr Beomchul Shin

Director-General for Policy Planning Ministry of Foreign Affairs Republic of Korea

Mr Louie Dane C Merced

Foreign Affairs Research Specialist Center for International Relations and Strategic Studies Foreign Service Institute The Philippines

Discussants:

Dr Er-Win Tan

Visiting Senior Lecturer Department of International and Strategic Studies University of Malaya Malaysia

Mr Khin Maung Lynn

Joint Secretary 1 Myanmar Institute of Strategic and International Studies (Myanmar ISIS) Myanmar

16:35-17:00 Refreshments

17:00-18:30 Session 2: ASEAN Economic Community and Korea: Menu for Cooperation

Moderator:

Amb Yong Chanthalangsy

Director General Institute of Foreign Affairs Lao PDR

Presenters:

Dr Ki-hyun Bae

Assistant Professor Sogang University Republic of Korea

Dato' Steven Wong

Deputy Chief Executive Institute of Strategic and International Studies (ISIS) Malaysia

Discussants:

Dr Inkyo Cheong

Professor Inha University Incheon Republic of Korea

Dr Nguyen Thai Yen Huong

Vice President The Diplomatic Academy of Vietnam (DAV) Vietnam

18:45-20:00 Dinner

Dinner Address:

Dr Changrok Soh

Professor Korea University Republic of Korea

Wednesday, 29 July 2015

10:00-11:45 Session 3: Korea-ASEAN Cooperation: Societal Level

Moderator:

Mr Akmal Zakhwan Hj Aji Research Officer Brunei Darussalam Institute of Policy and Strategic Studies (BDIPSS) Brunei Darussalam

"ASEAN-Korea Track II Cooperation"

Presenters:

Dr Jaehyon Lee

Research Fellow Asan Institute for Policy Studies Republic of Korea

Dr Prapat Thepchatree

Director Center for ASEAN Studies Thammasat University Rangsit Campus Thailand

"ASEAN-Korea Cultural Cooperation"

Presenters:

Dr Tae Gyun Park

Professor Seoul National University Republic of Korea

Dr Geetha Govindasamy

Senior Lecturer Department of East Asia Studies Faculty of Arts and Social Studies University of Malaya Malaysia

Discussants:

Prof Emeritus Dr Carolina G Hernandez

Founding President and Vice Chair Institute for Strategic and Development Studies (ISDS) The Philippines

HRH Prince Norodom Sirivudh

Founding Chairman The Cambodian Institute for Cooperation and Peace (CICP) and Privy Counselor to His Majesty the King Cambodia

11:45-12:00 Wrap-up and Closing

Closing Remarks:

HE Mr Young-sun Kim

Secretary General ASEAN-Korea Centre Republic of Korea

12:15-13:30 Lunch

































INSTITUTE OF STRATEGIC AND INTERNATIONAL STUDIES (ISIS) MALAYSIA

The Institute of Strategic and International Studies (ISIS) was established on 8 April 1983 as an autonomous, not-for-profit research organisation. ISIS Malaysia has a diverse research focus which includes economics, foreign policy, security studies, nation-building, social policy, technology, innovation and environmental studies. It also undertakes research collaboration with national and international organisations in important areas such as national development and international affairs.

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As the country's premier think-tank, ISIS Malaysia has been at the forefront of some of the most significant nation-building initiatives in the nation's history. It was a contributor to the Vision 2020 concept and was consultant to the Knowledge-Based Economy Master Plan initiative.

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