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South Korea and the Asian Pacific Region

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From ASPAC to EAS: South Korea and the Asian Pacific Region

Brian Bridges¹

Abstract

South Korea's diplomatic and security focus has inevitably been on North-east Asia and its difficult relationship with its northern neighbour, but South Korea also has a role to play in the broader Asian Pacific region. This paper analyses South Korea's increasing economic, political and cultural links with the region and its role in the development of Asian Pacific regionalism. Utilising the concept of 'middle power', it argues that, while clearly South Korea cannot ignore what is happening in its immediate geographical environment, it does have the economic and political resources to enable it to take advantage of the opportunities for greater interactions with other parts of the Asian Pacific region, if the political will exists.

South Korea's relations with its northern neighbour and with the key major powers interested in the Korean peninsula do represent an important part of that country's external relations, as the 'missile crisis' from mid-June 2006 testifies. Yet they do not represent the complete picture of South Korea's external relations. This paper endeavours to examine the development of South Korea's role within the broader Asian Pacific region. The starting point for this paper comes from the autobiography of one South Korean foreign minister, Lee Tong-won, who was responsible for, arguably, the earliest Korean initiative towards the region, the Asia Pacific Council (or ASPAC, as it generally became known). As he claimed, 'for the first time in history, an international institution was founded with Korea at the helm'; it was an organisation of 10 Asian and

¹ Brian Bridges is a Professor in the Department of Politics and Sociology and Associate Director of the Centre for Asian Pacific Studies at Lingnan University. This is a revised version of a paper presented at the International Conference on Korea's Future: Visions and Challenges, hosted by the Centre for Asian Pacific Studies, Lingnan University, 11 May 2006. Participants' helpful comments are duly acknowledged.

Australasian states trying to create a ‘peaceful revolution’ of Asians gathering together in cooperation.² Founded in 1966, ASPAC was all but defunct by 1972, and it was to be several decades before South Korea was again to be as active in pushing regional cooperation. This does not mean that South Korea had nothing to do with the Asian Pacific region, for the economic links became increasingly stronger, but, at least until the late 1980s, any moves towards promoting Asian ‘regionalism’, however tentative, came from other parts of the Asian Pacific region.

The intense and enduring competition for political and diplomatic legitimacy carried on between the North and the South during the post-Korean War period found expression in the rivalry to enhance their respective international status, not least through achieving diplomatic recognition and membership of regional and international organisations. Until the early 1970s, the South put ‘little effort’ into developing its linkages with Third World countries,³ but, after abandoning its version of the West German ‘Hallstein doctrine’, the South undoubtedly worked hard at diversifying its links away from solely the United States and Japan, important though those two partners remained. In this endeavour, the growing economic power of South Korea, and the dilution of some of its anti-communist rhetoric outside the immediate confines of policy towards the North, undoubtedly helped. Indeed, in the 1980s ‘economic diplomacy and diplomatic pragmatism’ became the ‘defining characteristics’ of South Korea’s foreign policy and this trend was carried over into the 1990s as increasingly South Korea seemed to be winning the diplomatic struggle with the North.⁴

In the 1990s, this pragmatic foreign policy approach began to find expression in two new, but not totally compatible, ways. Firstly, in

² Lee Tong Won and Hyun-key Kim Hogarth, *Task and Times: Memoirs of Lee Tong Won, Foreign Minister who Finalized the ROK-Japan Normalization Treaty*, Seoul: Jimoondang, 2004, p. 272.

³ James Hoare and Susan Pares, *Korea: An Introduction* (London: Kegan Paul International, 1988), p. 189. The Hallstein doctrine meant that West Germany would not recognise any state that recognised East Germany.

⁴ B.K. Gills, *Korea versus Korea: A case of contested legitimacy* (London : Routledge, 1996), p 204. For details of the relative diplomatic successes of the South see chapters 7 and 8 of Gills’ book.

an aspiration to be recognised as an equal of the Western advanced countries, including Japan, which was to find symbolic recognition through South Korea's admission to the OECD in 1996. Secondly, to try to play a 'bridging role' between developed and developing countries, both in international organisations such as the long-running Uruguay Round of the General Agreement on Tariffs and Trade (GATT) negotiations and in setting up its own economic cooperation fund for developing countries. However, the 1990s were to show that the nearer South Korea came to joining the 'top club' of the world's economies, the more difficult it was to fulfil the second role and during the Kim Young-sam administration the rhetoric of the 'mediating' or 'bridging' role all but disappeared. Kim instead emphasised the first dimension, advocating that South Korea should become 'a first-rate nation in the coming century' by utilising globalization (or *seggyehwa*, the catch-word of the Kim administration).⁵ However, Kim's ambitious plans were to founder in the 1997 financial crisis, which was to force a rethinking of priorities on his successor, Kim Dae-jung.

It is against this background that this paper will discuss South Korea's involvement as a so-called 'middle power' in 'regionalization' and regionalism' in the Asian Pacific over the past decade or so. Definitions of these three terms remain contested. There is no commonly accepted definition of a 'middle power'.⁶ Components of both 'hard power' such as military power (defence self-sufficiency) or 'soft power' (creative diplomatic potential) must be considered. After his own review of the literature, Korean scholar Joo Jae Woo has suggested, in the South Korean context, a number of characteristics that might be considered: economic achievement, recognition as a democratic state, respected foreign policy with strong regional orientation, international leadership.⁷ However, a state can be considered a middle power without being a democracy.

⁵ *Far Eastern Economic Review*, 22 June 1995; Samuel S. Kim, 'Korea and Globalisation (Seggyehwa): A Framework for Analysis' in Samuel S. Kim (ed), *Korea's Globalisation* (Cambridge: CUP, 2000), pp. 1-28.

⁶ See the discussion by Nikki Baker in Anthony McGrew and Christopher Brook, eds, *Asia-Pacific in the New World Order* (London: Routledge, 1998), pp.190-193.

⁷ Joo Jae Woo, *Korea's Role in East Asia: Constructing an East Asian Regionalism* (Singapore: East Asian Institute, 2006), pp. 6-7.

More important is whether a state can assert itself in its immediate environment in such a way that it is considered an important player by neighbouring countries. In that context, a significant but not overwhelming degree of military power as well as economic and diplomatic power can be considered relevant. It should be noted the term ‘middle power’ is preferred to that of a ‘semi-periphery’ state, a concept much analysed by dependency and world systems theorists such as Immanuel Wallerstein, because the latter term has almost exclusively an economic meaning within the global capitalist system, whereas the discussion here is about South Korean power not just in its economic dimension, but also in its diplomatic, military and even cultural dimensions.

The distinctions between regionalization and regionalism are often vague,⁸ but, for the purposes of this paper, a broad conceptualisation is adopted, with regionalization referring to the process of interaction within a region and regionalism to the tendency to create institutions or at least mechanisms to assist in that interaction. While appreciating that it is difficult to separate the two concepts, this paper will first briefly discuss South Korea’s involvement in regionalization and then focus on its role in the emerging Asian regionalism.

South Korea’s Links with the Region

South Korea’s economic linkages with the Asian Pacific region, particularly the resource-rich countries of South-east Asia, had grown considerably as Korean industrialisation continued apace from the 1960s. South Korea’s lack of natural resources meant a reliance on overseas sources of raw materials. While most of the energy sources came from the Middle East (at least until some diversification, including sourcing from Indonesia and Brunei, since the 1980s), the Asian Pacific region did supply other vital raw materials and also intermediate products. By 1997 around 10% of

⁸ See, for example, the discussions in Joseph Camilleri, *Regionalism in the New Asia-Pacific Order: the Political Economy of the Asia-Pacific Region, Volume II* (Cheltenham: Edward Elgar 2003) and Liu Fu-kuo, “East Asian regionalism: Theoretical perspectives” in Fu-kuo Liu and Philip Regnier (eds), *Regionalism in East Asia: Paradigm Shifting?* (London: RoutledgeCurzon, 2003), pp. xiii-xxxi.

Korean imports came from the Association of South-East Asian Nations (ASEAN) countries; by adding in Japan, China and Taiwan around 40% of all imports came from the Asian Pacific, compared to around 35% in 1980.⁹ Similarly the importance of the Asian Pacific region as an export market for South Korean manufactures had also grown, if anything more significantly. In 1980, Japan, China, Taiwan and ASEAN collectively accounted for around 29% of total South Korean exports, but by 1997 this had risen to 47%. After fluctuations caused by the Asian financial crisis, the above Asian states accounted for almost exactly 50% of all South Korean exports and 48% of imports in 2004; clearly China was a significant factor in this situation, having overtaken first Japan and then the United States to become by that year South Korea's largest trading partner.

Korean companies also increased their investment in the region from the mid-1980s, as outward foreign direct investment (FDI) began to be actively state-supported. By 1997 44% of Korea's cumulative outward FDI went to Asia, compared to only 31% in the 1968-80 period. Outward Korean FDI went through fluctuations after the Asian financial crisis, as companies reassessed their priorities. In particular, China became increasingly attractive to Korean firms, and the flows increased so rapidly that, taking cumulative totals of FDI from 1968-November 2005 (on an arrival basis), South Korean FDI into China exceeded that of the combined flows to the other 9 Asian destinations and was almost equal to South Korean FDI into the United States, long the leading destination for such FDI.¹⁰

South Korea had long had a restrictive attitude towards inward FDI, but since its OECD accession and most significantly after the Asian financial crisis active inward investment promotion has become a feature of policy-making.¹¹ Most inward FDI has come from the United States and Europe, but from the Asian Pacific region Japan has remained an important source of FDI with around 15% of all

⁹ Statistics in this paragraph derived from Christopher Dent, *The Foreign Economic Policies of Singapore, South Korea and Taiwan*, (Cheltenham: Edward Elgar, 2002), pp. 148-151.

¹⁰ My own calculations from data on <http://www.mocie.go.kr>.

¹¹ Dent, op.cit., pp. 149, 161-163. FDI figures quoted in this paragraph are drawn from <http://www.mocie.go.kr> data.

inward FDI in cumulative terms, with Singapore, Taiwan and Hong Kong and more recently China also investing (Chinese FDI into South Korea rose dramatically in 2004 from very low levels to over US\$1 billion).

South Korea has, of course, another significant linkage with the Asian Pacific region, culturally, through what is now well-known as the “Korean wave’ (*hallyu*). Originating with popular music, passing through TV soap operas and films, it has become a phenomenon embracing Korean culture in a much broader sense, including Korean food, customs and even traditional clothing.¹² The Korean wave has proved to be not just an economic boost (in 2005 Korean cultural products exports were worth around US\$1 billion, most of them to the Asian Pacific region), but also, as Foreign Minister Ban Ki-moon has argued, a means to bring South Korea long-overdue respect.¹³ In the process, according to one cultural policy official, South Korea has ‘changed from a receiver to a transmitter of culture’.¹⁴

APEC and Regional Aspirations

Although, as noted above, South Korea’s economic linkages with the Asian Pacific region had been growing and it had been the principal sponsor of ASPAC in the late 1960s, South Korea had played a rather low-key role in the subsequent development of regional cooperation concepts and organisations. A proposal by President Chun Doo Hwan, in 1982, for a summit of regional leaders received nothing more than polite but non-committal responses, so South Korea had to content itself with participation in business-related regional organisations, such as the Pacific Basin Economic Council. This relatively passive approach was to change when Australian Prime Minister Bob Hawke used his visit to Seoul in

¹² Kang Chul-keun, ‘The Korean Wave and New Frontier’, *Korea Policy Review*, January 2006, pp. 23-26. See also Lisa Leung’s work, such as ‘Virtualizing the “Korean Wave”’; the politics of (transnational) cyberfandom in Daejangguem’, *Asian Communication Research*, September 2005, pp. 65-90.

¹³ *Time*, 14 November 2005.

¹⁴ You Hong-june, ‘The Origin and Future of Hallyu’, *Korea Focus*, Summer 2006, p. 123.

early 1989 to launch his proposal for an Asia Pacific Economic Cooperation (APEC) forum. While drawing on earlier regional initiatives and organisations, APEC marked a qualitative shift in the level of official involvement, as it was intended to be the first ever region-wide inter-governmental organisation.

South Korea proved enthusiastic, assisting the Australians in lobbying for its realisation and becoming one of the 11 countries to attend the founding ministerial meeting of APEC later that same year. Apart from fitting in with the perceived need to gradually diversify external links while keeping the US connection, APEC had, according to Chung Lee and Charles Morrison, three other benefits for South Korea.¹⁵ Firstly, it helped to accord political legitimacy to South Korea. Secondly, it allowed South Korea to develop ties with China, for South Korean officials adroitly negotiated with the Chinese, Taiwanese and Hong Kong governments to ensure that all three were able to join APEC at the Seoul ministerial meeting in 1991 (South Korea and China finally recognised each other in 1992). Thirdly, South Korea believed that it could gain bargaining leverage in its negotiations with its larger trading partners through association with other medium-sized or smaller nations.

In the early years of APEC's existence, South Korea found little difficulty in following the general trend, which was for setting up general principles and more talk than action. However, in 1993 APEC entered a second phase in its development; under the impetus of the United States, which was the lead country that year, the level of governmental representation was raised with the first ever summit meeting of leaders (a practice that has now become the norm) and more concerted efforts were made to transform the organisation into a more powerful force for trade and investment liberalisation.¹⁶

¹⁵ Chung H. Lee and Charles Morrison, 'APEC and two Koreas', *Pacific Focus*, Spring 1996, pp. 32-33.

¹⁶ On the US ambitions and the intra-APEC debates of 1993-96, see Donald Hellmann, 'America, APEC, and the Road Not Taken: International Leadership in the Post-Cold War Interregnum in the Asia-Pacific', in Donald Hellmann and Kenneth Pyle (eds), *From APEC to Xanadu : Creating a Viable Community in the Post-Cold War Pacific*, (New York : M.E.Sharpe, 1997), pp. 70-97.

South Korea moved from an attitude of enthusiasm to a more mixed one. The Koreans had little difficulty either with the summit idea as it gave yet another opportunity for Kim Young-sam to meet foreign leaders or with APEC being utilised as a ‘weapon’ with which to beat the Europeans into coming to a deal on the long-winded GATT talks, but they were less sure of the implications of the full-blooded liberalisation targets which were implied by the declarations which came out of the 1994, 1995 and 1996 APEC meetings.

Although the APEC vision of trade liberalisation fitted in with the gradual trend in that direction which the South Korean economy was taking anyway, South Korea also had special reservations about its highly-protected rice market, the peculiar nature of its specific bans on a large number of Japanese products, its general resistance to foreign investment and its fears that its own market might be flooded by lower-cost manufactures from China and South-east Asia.¹⁷ However, as was to become clear in the subsequent years, South Korea was not alone in being cautious about embracing the US-style liberalisation agenda for APEC; indeed it was far from being the most worried member country. The APEC liberalisation target plans were split into two categories, with the year 2010 as the completion date for advanced countries and 2020 for developing countries. Since South Korea was on the verge of achieving OECD membership, its claims that it should have the later deadline were not convincing and it was placed into the ‘advanced’ category.

However, the Asian financial crisis and South Korea’s own particular troubles were to make the Koreans more disillusioned with APEC, in what can be described as the third phase of APEC’s development, a stage in which the organisation seemed to be losing its way. Kim Young-sam had already committed himself to attend the Vancouver APEC meeting in November 1997 when the crisis hit South Korea. Even within his administration, opinions differed about whether he should attend in those circumstances, but he decided to go anyway and use the opportunity to appeal to the member countries for assistance. His appeals, however, largely fell on deaf ears. The other APEC leaders listened sympathetically, but did little

¹⁷ Lee and Morrison, *op.cit.*, pp. 37-38.

else other than offer words of ‘moral support’. Kim returned home disappointed, faced with no alternative but to do a deal with the International Monetary Fund (IMF). Of course, South Korea’s case was not the only one for APEC to face in 1997; it proved singularly inept at offering collectively anything much to help other suffering members either.¹⁸

When Kim Dae-jung subsequently attended the next few APEC summits, he used these opportunities to stress that the South Korean economy had switched to becoming genuinely open, for he saw foreign investment as a crucial part of his recovery plans. But having whole-heartedly joined the group of countries strongly favouring liberalisation, he found that this group was if anything in an even smaller minority within APEC as many members clearly saw the Asian financial crisis as evidence of the dangers of excessive openness. For Kim, the APEC meetings therefore served more as a means to hold bilateral meetings with leaders of key partners than as a forum that would bring substantial and speedy benefit to the Korean economy. Some Korean scholars argued that South Korea’s level of economic development and its overall economic size put it in the ‘middle’ of APEC, with the consequent potential to ‘mediate’ the North-South economic relationship within APEC.¹⁹ However, the financial crisis, by undermining the country’s credibility, wiped out any immediate possibility of South Korea playing that kind of role within APEC.

The 9-11 events in the United States inevitably impacted on APEC, which has subsequently entered what might be considered its fourth phase, one in which the slow process on economic cooperation has been overshadowed by more political and security-related issues, such as the war on terrorism, coming onto the agenda of annual meetings. Some countries, led by the United States, have consequently wished to utilise the APEC meetings to discuss policies with a more political dimension, while others have resisted,

¹⁸ Mark Beeson, ‘Reshaping Regional Institutions: APEC and the IMF in East Asia’, *Pacific Review*, Vol.12, No.1 (1999), pp 1-24.

¹⁹ Yong Chool Ha and Taeyon Kim, ‘Reflections on APEC: A Korean View’, in Hellmann and Pyle, *op.cit.*,p.169.

arguing that APEC should continue to focus on its original economic role. Under the new Roh Moo-Hyun administration, South Korea did not take a strong position in this debate. The high-point of South Korean involvement, the hosting of the 2005 APEC Summit in Busan, therefore reflected a Korean attempt to balance between the two viewpoints. As a result, under Korean direction, the APEC meetings in Busan concentrated on three themes: reviving the stalled WTO trade negotiations, combating terrorism and preparing against an avian influenza pandemic.

ARF and ASEAN+3

In the 1990s, South Korea became involved in two other regional groupings apart from APEC, which also not only marked recognition of the country's international status but also provided avenues for diversification: the ASEAN Regional Forum (ARF) and the informal ASEAN + 3 leaders' meetings. The end of the Cold War had provoked a debate in the Asia Pacific region about the future 'security architecture' of the region. Echoing in a lesser key the much more intense European debate, Asian Pacific regional policy-makers and an active 'second-track' academic network discussed alternatives. Rejecting models too closely drawn from the European experience, the initially reluctant ASEAN decided to build on its existing external dialogue arrangements to create the ASEAN Regional Forum, which met for the first time in 1994.²⁰ It started with 17 members, including South Korea, but has now expanded to 25 members, including North Korea. Its annual meetings, and its expanding number of working-level sessions in between, have tended to move at a pace which is comfortable for the most cautious members - China and some of the ASEAN members - but its significance lay in it being the first ever such organisation to bring so many regional states around the same table to discuss security issues.

Although the focus has tended to be more on South-east Asian-related issues, South Korea has been able to raise Korean issues

²⁰ On the creation and development of ARF see Michael Leifer, *The ASEAN Regional Forum*, (London: International Institute for Strategic Studies, 1996).

from time to time. Nonetheless, it is true that even at the July 1994 meeting, when the 'nuclear crisis' on the Korean peninsula was at a crucial stage, ARF did not take a concerted position that would be of real value to South Korea. Successive chairman's concluding statements made at the annual ARF meetings tended to be limited to rather anodyne expressions about the 'importance of peace and security on the Korean peninsula', the need for dialogue, support for the activities of the Korean Peninsula Energy Development Organisation (KEDO) and, since the eruption of the second 'nuclear crisis', calls for a peaceful resolution of the crisis.²¹ At the time of ARF's formation, North Korea did approach ASEAN to enquire about membership, but it was told that until it had shown better behaviour over nuclear site inspections, it would not be considered.²² Subsequently, some ARF members felt that 'its participation should be a reward for conducting better relations with South Korea'.²³ Under Kim Dae-jung's 'sunshine policy', however, the South was more positive to the idea of North Korea joining ARF and with other states in the region noting the North's diplomatic offensive in early 2000 and the planned North-South summit, it was decided to allow the North to join with effect from the July 2000 ARF meeting in Bangkok, which it duly did. However, with ASEAN continuing to insist on its diplomatic centrality within ARF, the organisation has continued to devote relatively little time to considering North-east Asian security issues. However, the annual ARF meetings have at least provided opportunities for private bilateral meetings in the margins between the North Korean Foreign Minister and, at different times, his counterparts from the South, Japan and the United States.²⁴

Of more utility to the South Korean government in terms of the prestige attached, however, has been its participation in a new

²¹ See, for example, the 1996, 1997, 2004 and 2005 ARF chairman's statements at <http://www.aseanregionalforum.org>. Ralf Emmers, *Cooperative Security and the Balance of Power in ASEAN and ARF* (London: RoutledgeCurzon, 2003), p.35, has argued that ARF is 'in no position to tackle' the Korean issue.

²² Interview with a South-east Asian diplomat, July 1994.

²³ Leifer, op.cit. p. 48.

²⁴ Emmers, op.cit, p. 35; ASEAN Regional Forum website report on 2005 Vientiane meeting.

informal format, called the ASEAN+3 summits, which have been held annually since late 1997. This new format is an evolution out of the concept for an 'East Asian Economic Group', soon modified to the name 'East Asian Economic Caucus' (EAEC), put forward by Malaysian Prime Minister Dr Mahathir Mohammad in 1990. Designed as a counter-balance to the Australian-proposed APEC, EAEC would exclude both the North American and the Australasian states. South Korea was one of the intended participants, but, well aware that the Americans were strongly against the concept (the US Secretary of State James Baker actually used the 1991 APEC meeting in Seoul as venue for strongly lobbying against it), the South Koreans were non-committal.²⁵ With other ASEAN members lukewarm, the concept remained quiescent, until fortuitously the creation of a new inter-regional dialogue grouping with Europe in 1996 - the Asia-Europe Meeting (ASEM) - resulted in an Asian participation that strongly resembled those countries originally envisaged as EAEC participants. Emboldened by this precedent, and drawing on Asian defensiveness against the West as the Asian financial crisis took its toll, Mahathir succeeded in persuading his ASEAN colleagues that the planned 1997 Summit of ASEAN leaders, designed to consolidate the organisation in the face of new membership and economic challenges, should hold a separate meeting to which the Japanese, Chinese and South Korean leaders should be invited. The Japanese prime minister had been invited to a previous ASEAN summit, in 1987, but it was the first occasion for China and South Korea to be so invited.

With Kim Young-sam caught up in the IMF negotiations and the presidential elections, Prime Minister Koh Kun represented South Korea in the December 1997 summit. President Kim Dae-jung attended subsequent annual meetings and President Roh Moo-hyun has continued this practice. The December 1999 ASEAN+3 Summit in Manila was memorable for some lofty rhetoric from the Philippines' President Joseph Estrada about moving to 'an East Asian common market.....one East Asian community' and on a more practical level an agreement to strengthen trade and investment

²⁵ Lee and Morrison, *op.cit.*, pp. 34-35.

and information technology cooperation.²⁶ However, also important for Kim in 1999 was the first ever three-way summit talks with the Japanese prime minister and Chinese premier, after the initially cautious Chinese agreed to join in. Sensitive security issues were avoided, but economic and environmental issues were covered during the breakfast talks.²⁷ These informal three-way summit meetings have continued to be held by their successors every year, except for 2005, when the tense state of Sino-Japanese relations led to the Chinese cancelling the meeting.

It is tempting to argue that despite its financial crisis, South Korea was still considered important enough to be invited as an equal participant with China and Japan. A more cynical approach would be to say that, since the peculiar political status of Taiwan and Hong Kong excluded them, there were no real alternatives if the ASEAN hosts wanted to include any other countries to balance the two giants of Japan and China. A more charitable analysis might be to argue that, paradoxically, it was because of South Korea's - and Asia's financial collapse - that this opportunity presented itself. One of the net effects of the Asian financial crisis was to increase interest in East Asian, as opposed to Pacific-wide, regionalism. South Korean participation in this as yet informal arrangement of ASEAN+3, coming at a time indeed when the country was at one of its lowest ebbs in economic terms, did prove a welcome boost to Kim Dae-jung's diplomacy. In this sense, then, South Korea's regional status was not diminished markedly by the Asian financial crisis.

There was one further related regional initiative that posed special questions for South Korea, namely, the idea of creating an Asian Monetary Fund (AMF) or similar form of regional 'self-help' financial organisation which was not dominated by the Western powers. Japan had originally floated the idea of setting up a \$100 billion Asian fund in September 1997, but it had been dropped after strong opposition from the United States, which clearly was worried about undermining the IMF. The Kim Young-sam government had initially supported the Japanese proposal, but after it had to turn to

²⁶ *South China Morning Post*, 29 November 1999.

²⁷ *Ibid.*

the IMF for assistance its attitude cooled. The Kim Dae-jung administration, wedded to the IMF package, had not pursued the idea further. Indeed, while the new government did join in the calls for a new international financial architecture, it also made it clear that one of the objectives should be for 'the IMF and the World Bank's role in both managing and preventing crises should be strengthened' and argued that any regional cooperative scheme would 'require a more long-term approach'.²⁸ This rather ambivalent attitude continued to be a feature of the Korean approach to the subsequent intermittent and rather fruitless discussions on regional cooperative financing arrangements.²⁹ Nevertheless, South Korea did subsequently agree to participate in the so-called Chiang Mai Initiative, a currency swap mechanism created in May 2000.

However, as gradually the ASEAN+3 process became more institutionalised as a consultation mechanism, South Korea became more active, in two respects. Firstly, it has come to be seen by the ASEAN states as, on occasions, playing a useful balancing role between the two economic giants of China and Japan. For example, it was former South Korean foreign minister, Han Sung-joo, who was asked to chair the Asian Vision Group, which was established at Kim Dae-jung's initiative and which finally in 2001 set out ideas about the prospects of the ASEAN+3 process, including the possibility of eventually forming some kind of East Asian community.³⁰ Secondly, it helped to coordinate research and collaborative policy ideas amongst the three Northeast Asian members, such as in environmental, trade and financial cooperation.³¹ These discussions may, in turn, have helped to feed into President Roh's concept of positioning South Korea as a regional business hub for North-east Asia.

²⁸ MOFE policy statement on 'The New International Financial Architecture', http://www.mofe.go.kr/english/data/E_News/b042202.htm.

²⁹ There were differences of opinion within the ruling coalition, as prime minister Kim Jong-pil showed strong support for a Japanese-led funding initiative, whereas Kim Dae-jung seems to have been more cautious. *Korea Herald*, 1 December 1998.

³⁰ Bradley Babson, 'Korea's Regional Economic Role', *East Asia*, Winter 2003, Vol.20., No.4, p. 102; Hyun Seog Yu, 'The Role of Korea in East Asian Regional Economic Cooperation', *East Asia*, Winter 2003, Vol. 20, No.4, p.84.

³¹ Babson, op.cit., p. 102; Yu, op.cit. p. 85.

Nationalism, Regionalism, Globalization and a ‘Middle Power’

South Korean presidents do like to leave their mark on the country, not least by developing particular visions – or political hallmarks – for their administrations. As mentioned earlier, the desire to improve South Korea’s international status during the Kim Young-sam administration was to become increasingly intertwined with his concept of *segyehwa* (globalization). Kim’s attendance at the APEC Summit in Indonesia in November 1994 convinced him that South Korea really needed to add some substance to its role if it was to be a fully-rated player in the Asian Pacific and beyond.³² The term *segyehwa*, however, seemed to mean different things to different people. For some, it meant liberalisation and de-regulation of the economy. For others, it implied a more thorough-going renovation of the whole socio-economic system of Korea, encouraging ‘political, cultural and social open-mindedness’.³³ Although Kim achieved some partial successes, the complexities of this process were to be exposed as the economy moved towards collapse in 1997 and the term *segyehwa* slowly dropped out of official usage. Anyway, whether APEC-inspired or not, under Kim Young-sam it did not imply any special priority being given to the Asian Pacific region, but rather a more general openness to the world.

Faced with the priority of restoring confidence after the financial crisis, Kim Dae-jung launched an ambitious ‘second nation-building’ campaign in August 1998, which did include as one of its themes ‘open globalism’, later redefined in external economic policy terms into making South Korea an ‘open trading nation’. Although Kim was willing to pursue liberalization and openness as a means to restore economic health, he did not set out improving links with the Asian neighbours as a special focus. Nevertheless, it was during Kim Dae-jung’s period in office that the ASEAN+3 process began to take off and also that South Korea made its first tentative steps towards promoting free trade agreements (FTAs) with important regional trading partners by opening negotiations with Chile. The logic behind this venture into FTAs was that ‘an expansion of free trade

³²Information from a member of Kim Young-sam’s staff, March 1995.

³³*Far Eastern Economic Review*, 22 June 1995.

within regional blocs would ultimately complement Korea's trade interests'.³⁴

Bradley Babson has argued that President Roh's administration 'has embraced the idea of regionalism as a major policy direction' for South Korea.³⁵ However, this judgement has to be qualified, in that Roh seems to have been focusing very much on North-east Asia rather than the wider Asian Pacific region. Indeed, Joo has argued that Roh's foreign policy initially had only one aim: 'to realize [a] peaceful and prosperous Northeast Asian age' through South Korea acting as the 'Northeast Asian Hub', facilitated by 'balanced pragmatic diplomacy'.³⁶ The prolonged second North Korean nuclear crisis, however, has proved a distraction for Roh's policy-making and it seems that not only has the 'hub' concept lost some momentum but also, as Joo argues, 'the government has yet to come up with an innovative idea to link itself further and deeper with the development of East Asian regionalism'.³⁷

Nevertheless, while maybe not an innovative leader, South Korea has continued to be actively involved in regional meetings. Indeed, in December 2005 Roh spent nearly one week in Malaysia, probably his longest stay in any foreign country during his tenure in office, as he attended three regional multilateral meetings: ASEAN+3, ASEAN+1 (Korea) and the inaugural East Asian Summit (EAS). South Korea had been lagging behind both China and Japan in approaching ASEAN for FTA-style arrangements (and undoubtedly feeling some pressure as a result),³⁸ but formal negotiations began in early 2005 and a basic agreement was reached in Kuala Lumpur in December 2005 on an ASEAN-Korea Free Trade Area (AKFTA),

³⁴ Inkyo Cheong, 'Korea's Embrace of Regionalism and the Economic Effects of its Bilateral FTAs with Chile and Japan', in Charles Harvie, Hyun-Hoon Lee and Junggun Oh (eds), *The Korean Economy: Post-Crisis Policies, Issues and Prospects* (Cheltenham: Edward Elgar, 2004), p. 223.

³⁵ Babson, op.cit., p. 102.

³⁶ Joo, op.cit. p.5. For more detail on the hub concept see Young-Tae Chang, 'Korea's Strategic Plan to be Northeast Asia's logistics Hub: Towards the Pentaport Approach', *Korea Observer*, Autumn 2003, pp.437-60.

³⁷ Ibid., p. 6. Roh's January 2006 New Year address contained only one brief mention of the 'hub' concept.

³⁸ *Korea Herald*, 1 July 2005 [internet edition, acc. 5.7.2005].

with plans to resolve remaining differences, especially over services and investments, during further negotiations during 2006.³⁹ Important for the future direction of the region was the EAS, at which India, Australia and New Zealand joined the ASEAN+3 countries. The diversity – and controversial nature - of the membership of this new grouping (which might better be expressed as 10+3+3) means that, although the participating leaders agreed on establishing the EAS as a ‘forum for dialogue on broad strategic, political and economic issues of common interest and concern’, there remains considerable ambiguity over its role and future direction.⁴⁰ ASEAN clearly wishes to be the driver of this new forum and with China and Japan jostling to influence its membership, South Korea is unlikely to be presented with any opportunities to be a leader.

Traditionally Korea had always been aware of its vulnerability to the two neighbouring giants of China and Japan, and it has both benefited from and suffered from its geographical location sandwiched between them. Modern Korean nationalism, initially developed as an ideology to fight against Western encroachments in the nineteenth century and Japanese colonialism in the twentieth century, became utilised by both North and South as a means to rationalise their respective desires for unification. Such nationalist feelings continued consistently in the postwar period to find expression in the South against Japan, even though at times there was both conscious and unconscious borrowing from Japan, and in a more fluctuating manner against the United States, as bouts of anti-Americanism alternated with a desire to utilise US capitalist and military strength. This meant that South Korean concepts of ‘international’ or ‘global’ or even, it has to be said, ‘Asia’ were conditioned heavily by the nature of the two relationships with the dominating forces of Japan and the United States. In the past decade or so, of course, China has very firmly come into the equation as far as South Korean perceptions of the region and the outside world are

³⁹ *Korea Policy Review*, January 2006, pp. 28-29.

⁴⁰ *Wall Street Journal Asia*, 15 December 2005. One ‘outside’ observer described the EAS as ‘anti-climactic and lacking in substance’. *IISS Strategic Comments*, Vol. 11, Issue 10, December 2005, <http://www.iiss.org/stratcom>.

concerned. But the rise of China has done little to alter either the South Korean preoccupation with North-east Asia, as opposed to the broader Asian Pacific region, or, as Chae-jin Lee has argued, the South Koreans' instinctive fear of 'foreign domination and big power diplomacy'.⁴¹

Against this background, what kind of role can a so-called 'middle power' such as South Korea play in the region? According to Joo's analysis, South Korea has fulfilled sufficient criteria – such as economic power, democratic status, and membership of regional and international organisations – to qualify as a 'middle power'. South Korea has become and, despite its hiccups over the financial crisis, has remained one of the world's top ten trading nations, with a per capita national income higher than many European states. While observers may argue over the extent of democratic consolidation, South Korea is clearly a democracy, even though, as has been argued earlier, this is not a necessary condition for qualification as a middle power. As discussed in this paper, it is also a member of all the important international and regional organisations. To this can be added the significant level of modernised military power, with increasing projection capabilities, now available to Korean presidents. While South Korea may appear 'small' by comparison with its immediate neighbours, China, Japan and Russia, in the wider international context it does meet the broad criteria of being a middle power.

Yet, South Korea seems to be held back from 'fully practicing middle power diplomacy or displaying middle power leadership'.⁴² Joo suggests four reasons for this failure to meet expectations. Three of them can perhaps be combined into one, namely, that the capabilities, power and rivalry between China and Japan are too overwhelming for South Korea. The other reason is the handicap derived from the priority given to national security (such as the two nuclear crises and the current missile crisis).⁴³ Clearly, these do

⁴¹ Chae-jin Lee, 'South Korean Foreign Relations Face the Globalization Challenges', in Kim, op.cit., p.193.

⁴² Joo, op.cit., p.7.

⁴³ Ibid, p.8.

represent very real influences, but, at the same time, they may have helped to nurture mind-sets in Korean policy-makers that inhibit them from fully appreciating the utility of broader regionalism and the desirability of trying to set out their own vision of regional order.

The end of the Cold War and the later Asian financial crisis brought intense debate about the nature of regional order, but without any definite conclusion: American hegemony, an Asian concert of power, multilateral security cooperation regimes, Chinese-style ‘harmonious’ co-existence have all been advocated and discussed.⁴⁴ Yet, South Korean leaders and officials have not been in the forefront of the debate and it is still unclear what is their ideal conception of broader regional order.

Globalization, for good or ill, is a process which countries and peoples find difficult to resist. In relation to globalization, some countries have seen regionalism as a counter (even a ‘stumbling bloc’), while others have seen regionalism as a ‘building bloc’. While the jury is still out on such questions, there is little doubt that the trends towards regionalism are only going to be reinforced. South Korea does need to cultivate a more cosmopolitan outlook that would enable it to be more proactive and engaged in the wider Asian Pacific region. A more active regional profile by South Korea would undoubtedly be welcomed by the countries of South-east Asia, which remain wary of becoming over-dependent on the major regional powers of China and Japan.⁴⁵ If the ‘Korean wave’ has done much to change attitudes and perceptions of Korea amongst peoples, companies and even governments around the Asian Pacific region, then surely Korea too needs to reciprocate, by reaching out to and understanding better the wider region in which it is situated.

⁴⁴ For an early discussion by Korean scholars, see Chung-in Moon and Jung-hoon Lee, ‘Unravelling the Next Asian Regional System: Historical Memory, Finite Deterrence, and Regional Cooperation’, *Pacific Focus*, Fall 1995, pp. 125-151. I am indebted to Xu Xin of Ritsumeikan Asia Pacific University for alerting me to Chinese thinking on regional order.

⁴⁵ Interviews with academics and officials in Singapore, mid-June 2006.