

Editors  
**DR. VICTOR D. CHA**  
**MARIE DUMOND**

# THE KOREAN PIVOT

The Study of South Korea  
as a **Global Power**



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## ACKNOWLEDGMENTS

This report features the findings of a three-year project by the CSIS Office of the Korea Chair "The Study of South Korea as a Global Power." The study was made possible in part through grants from the Korea Foundation.

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# EXECUTIVE SUMMARY

South Korea's leadership and proactive participation in global affairs under the government banner of "Global Korea" demonstrates South Korea's ability to play an important role on the global stage. The country's hosting of major international forums such as the G-20 Seoul Summit, the 2012 Nuclear Security Summit, and the 4th High-Level Forum on Aid Effectiveness not only raised the country's international profile but also showed its national capacity to serve as a global agenda setter and a bridge between developed and developing countries. These successful diplomatic experiences have raised the critical question of whether South Korea's global participation can and will be sustained. The contours of future policy and whether Global Korea will remain "global" will in large part be determined by political preferences and the politics of future South Korean governments.

But there is a lack of a conceptual framework in which to think about South Korea's global commitments. Without such a conceptual framework, there is no grand strategy context in which to think about how much more or how much less South Korea should engage on the global stage.

We choose specifically to use the term "global" in juxtaposition to the more traditional term of "middle power" used to look at Korea's international participation. While this project commissioned research that looks at Korea's role as a "MIKTA" (Mexico, Indonesia, Korea, Turkey, Australia) country, our supposition is that Korea can do more on the global stage in certain niche areas. That is, South Korea can "pivot" off of its middle power status to exert global influence in niche areas. Korea's middle power status can be augmented in certain issue-areas to have impactful global presence. On almost any international issue, bilateral or multilateral coalitions that come together inside or outside of international institutions consider South Korea an important partner.

Like many developments in South Korea, this trend has occurred at a breakneck pace, turning South Korea from a parochial player into a major contributor and leader in the provision of public goods to the international system. Can Seoul continue to play such a role? Is it overextending itself? Should it scale down its role and focus on peninsular issues? Should it focus its attention on certain global issues but not others?

Taking stock of what South Korea has accomplished as a global power is a first-of-its-kind effort. Our project incorporates a conceptual framework, as well as empirical analysis, to understand under what conditions middle powers like South Korea can exercise influence disproportionate to its hard power metrics. We acknowledge that according to most metrics, Korea registers as a middle power—the study by Randall Schweller of Ohio State University in Chapter 1 develops a conceptual framework focusing on South Korea as a middle power and seeks to define the parameters of a middle power.

What makes Korea interesting is its ability to leverage middle power metrics to exert influence in certain areas on a global stage. One of the most effective means of amplifying its influence is through networking and positioning as a hub in multilateral gatherings. Professor Miles Kahler at American University offers a study that enumerates how we should think about "network power."

The project finds that South Korea's network power is enhanced in a variety of different ways. For example, South Korea augments its efforts on any given issue in partnership with other major players, thus its influence as a middle power is exponentially greater. South Korea also positions itself as a host of multilateral gatherings on any given issue, giving it greater influence. Third, when South Korea occupies a key positional node on any given issue or in any international institution, its influence as a middle power is exponentially greater.

Studies by experts of Korea's global influence illustrate the partnership function, hosting function, and nodal power in key issue-areas. Dr. Michael Green, senior vice-president and Japan chair at CSIS and chair in modern and contemporary Japanese politics and foreign policy at Georgetown University, looks at Korea's role in multilateral architecture in Asia. Ambassador KIM Young-mok, former president of the Korea International Cooperation Agency (KOICA), discusses South Korea's contributions in the area of official development assistance. Dr. Dan Lucey of Georgetown University enumerates Korea's role in global health. Dr. Andrew Yeo, associate professor of politics at Catholic University, studies Korea's role in the China-Japan-Korea trilateral subregional architecture. Dr. Miyeon Oh explores South Korea's role in regional energy cooperation. Finally, Dr. Balbina Hwang of the National Defense University studies Korea's role in the G20.

Our three-year project concludes that South Korea is a successful middle power that is well positioned to punch above its weight in the international system. There are three main reasons for this.

1. Nonthreatening powers operate effectively as bridge-builders. To successfully pivot to global influence from middle power status, a country has to operate in the international system in ways that are not threatening. Given its successful democratic transition and its experience with rapid economic development, South Korea retains a good reputation among developing countries as a model country worthy of emulation. Moreover, initiatives by South Korea are not viewed in a threatening way to other powers (e.g., Japan, China) in the region. As a result, South Korea's activism in international affairs and multilateral institutions does not arouse anxiety or create insecurity dilemmas that one might see with bigger or more powerful countries, which allows South Korea to be in a good position in the international system to play a bridging role between countries.
2. Harnessing bureaucratic capacity lends to effectiveness. South Korea also has bureaucratic capacity and resources that it can devote to be an effective player in functional issue-areas like global health, overseas development issues when great powers are occupied with other issues. For instance, when the great powers are focused on issues such as war or conflicts in other regions, this opens a space for middle powers like South Korea to pivot to a larger role in providing public goods.
3. Offering services as a facilitator lends to nodal power. One of the ways that middle powers can assume a larger role than their capacity is when they occupy a central hub. For South Korea, the country can do so by using its hosting function as it has already demonstrated this capability from its successful hosting of the G-20 summit in 2010, the Fourth High Level Forum on Aid Effectiveness in 2011, and the Nuclear Security Summit in 2012. An effective middle power needs to be seen as transparent and trustworthy. South Korea's hosting function is an attribute that makes South Korea a leader among middle powers.

# THE CONCEPTUAL FRAMEWORK

**South Korea is a middle power** that has the capacity to “pivot” to exerting global influence. In order to understand how middle powers “punch above their weight” we must first understand what a middle power is.

- How do we define middle power status?
- How is it different from great powers?
- How do middle powers make a difference? How do they tip the balance?

**Professor Randall Schweller** of Ohio State University answers all of these questions in Chapter 1. In doing so, he looks at three key issues:

- The nature of interaction between middle powers and great powers.
- The role of middle powers act as bridge-builders.
- The unique statecraft of middle powers.

**One of the key mechanisms** through which Korea can pivot from middle power status to broader influence is through the use of network and soft power. In Chapter 2, Professor Miles Kahler of American University, a well-known scholar of network theory, answers the following questions:

- How do we think about network power?
- What differentiates network power from soft power?
- How do middle powers operate in both areas?

**Professor Kahler’s study** offers illumination of the following points:

- Middle powers can operate with and empower transnational government and NGO networks.
- The “connecting function” of middle powers is critical to their ability to pivot.
- Middle powers may choose to emphasize degree centrality (building connectedness overall) or betweenness centrality (identifying and filling structural holes in international networks).





## CHAPTER ONE

# THE CONCEPT OF MIDDLE POWER

Randall L. Schweller

### WHAT IS A MIDDLE POWER?

The concept of the “middle power” dates back to the late sixteenth century, when Italian Renaissance philosopher Giovanni Botero divided the world into three types of states—*grandissime* (empires), *mezano* (middle powers), and *piccioli* (small powers). The term “middle power,” like great power or minor power, defines what kind of actor a state is by reference to its status. Specifically, the term tells us what the consensus is about a state’s relative ranking within the international hierarchy of national power. Some status markers, such as amount of military and economic capabilities, can be quantified and have always been recognized as key measures of a country’s relative power. Other status markers of national rank—for instance, dynastic marriages in the eighteenth century—remain more or less impressionistic and vary with cultural context and historical era.<sup>1</sup> That noted, four general categories have gained wide acceptance for ranking states: great power (or polar power), major power, middle power, and minor power.

<sup>1</sup> Deborah Larson, T.V. Paul Welch, and William C. Wohlforth, “Introduction: Status and World Order,” in *Status in World Politics*, edited by T.V. Paul, Deborah Welch Larson, and William C. Wohlforth, 3–29 (Cambridge: Cambridge University Press, 2014), 20.

A **great power** or **pole** is a state: (1) that commands an especially large share of the resources or capabilities that can be used by states to achieve their ends and (2) that excels in *all* the component elements of state power, conventionally defined as size of population and territory, resource endowment, economic capacity, military might, and political stability and competence.<sup>2</sup> To qualify as a great power, a state must possess greater than half the military capability of the most powerful state in the system.<sup>3</sup> Though this is admittedly a somewhat arbitrary cutoff point (how could it be otherwise?), it means that the combined strength of any two poles must be enough to defeat a third pole.

A **major power** is a great power of the second rank. While their power-projection capabilities are inferior to those of polar powers, major powers can exert significant influence not only on regional balances of power (they are typically dominant regional players) but also on the global balance of power as either: (1) *supporters*, who accept a share of the responsibilities associated with comanaging an evolving but essentially unchanged global order; (2) *spoilers*, who seek to destroy the existing order and replace it with something entirely different; or (3) *shirkers*, who want the privileges of power but are unwilling to pay for them by taking on their fair share of the costs of global management.<sup>4</sup> Major powers are great powers of the second rank because they do not possess either a complete portfolio of state-of-the-art capabilities or the critical mass (territory and population) or both to qualify as poles. Nevertheless, they have sufficient military capabilities to deter most states in the system—that is, they have a plausible chance of avoiding defeat in an all-out defensive war against all but the most powerful aggressors. Along these lines, most current major powers are nuclear or nuclear-capable countries. But contrary to the claims of some analysts,<sup>5</sup> possession of nuclear weapons alone does not make a country a major power (North Korea, Israel, Pakistan are nuclear but not major powers); nor does the absence of nuclear weapons preclude a country from status as a major power (Japan is a nonnuclear, major power).

A **middle power** is, by definition, a state that ranks between a major power and minor power. Other than that distinction, the label tells us little about the actual characteristics of the actors. Instead, the category of middle power comprises a hodge-podge of states distinguished far less by what they are than by what they are *not*: they are *not* great powers, major powers, or minor powers. Great and major powers are invariably large, developed countries; whereas minor powers are mostly small (in terms of territory, population, or both), developing or underdeveloped countries.<sup>6</sup> Middle powers, in contrast, run the gamut from small, highly developed countries (Israel, Denmark, Singapore, Finland) to medium-sized, developed countries (South Korea, Australia, Canada, Spain, Ukraine, South Africa, Argentina) to large, developing countries (Egypt, Mexico, Indonesia, Iran, Philippines, Nigeria). Addressing the host of definitional puzzles associated with the concept of middle power, Gareth Evans, the former Australian foreign minister, remarked: “Trying to define ‘middle powers’ with any

2 Kenneth N. Waltz, *Theory of International Politics*. Reading (Massachusetts: Addison-Wesley, 1979), 131; G. John Ikenberry, Michael Mastanduno, and William C. Wohlforth, “Introduction: Unipolarity, State Behavior, and Systemic Consequences,” *World Politics* 61(1), 2009: 1–27.

3 Randall L. Schweller, *Deadly Imbalances: Tripolarity and Hitler’s Strategy of World Conquest* (New York: Columbia University Press, 1998), 17.

4 David A. Lake, “Beneath the Commerce of Nations: A Theory of International Economic Structures,” *International Studies Quarterly* 28(2), 1984: 143–170; Randall L. Schweller and Xiaoyu Pu, “After Unipolarity: China’s Visions of International Order in an Era of U.S. Decline,” 42, *International Security* 36(1), 2011: 41–72.

5 See, for example, Nuno P. Monteiro, “Unrest Assured: Why Unipolarity Is Not Peaceful,” *International Security* 36(3): 2011/12, 9–40.

6 Some minor powers are highly developed states but are nonetheless categorized as “minor” due to their extremely small size.

precision, and coming up with a list of, say, twenty or thirty or maybe more countries that would command universal acceptance as such, is an exercise fraught with peril. Objective criteria like GDP, population size, physical size and military capability can be no more than starting points. For example, Australia, which would be on everyone's list, ranks only fiftieth in the world on population size, although it is thirteenth on GDP."<sup>7</sup>

The miscellany of the middle power category is partly a result of the far greater number of actors within this classification than are found within the two categories above it. The pyramid shape of hierarchic structures means that many more actors reside at the bottom than at the top—which is why being at the top of the rankings confers high status (scarcity breeds status).

Today's unipolar structure accentuates this concentration of power at the top of the pyramid. In a system of only one great power and several major powers, the rest of the 193 nation-states fall within the bottom two categories of middle and minor powers. That said, there are even more members of the minor power club than of the middle power one; and yet, minor powers are a more homogenous group than that of middle powers. This suggests that the jumbled assortment of states characteristic of middle powers is explained by something else. I suspect it reflects the intermediary, "in-between" nature of the middle power category, which functions like a transmission belt between major and minor powers.

There are three specific routes in and out of the rank of middle power. Developing middle powers with the requisite critical mass to become major powers eventually climb the ladder of power out of the category. Conversely, declining major powers fall to middle power status. And rising minor powers must pass through the middle power rank on their way up the hierarchy of power.

Suspended between great powers and small states within a large global system, middle powers tend to play their most conspicuous roles within their own regions, where their immediate interests lie.

Depending on a host of factors—including the regional and global balance of power, its geographic location, the ideological nature of its regime, and the political fears and ambitions of its leaders—a middle power can position itself within its region as either a: (1) *balancer*, stabilizing the regional system when it is in disequilibrium; (2) *kingmaker*, tipping the scales in favor of one of the regional major powers or coalitions; or (3) *tertius gaudens*, playing one side off of the other to its own advantage.

Exemplifying this strategy, South Korean President Roh Moo-hyun called for an equidistant relationship with the United States and China, even mentioning that South Korea should play the role of "balancer" in the region. It is a precarious role for a middle power to play, however, as President Park Geun-hye recently found out when China went ahead in late November 2013 to include the disputed

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<sup>7</sup> Quoted in Andrew F. Cooper and Mo Jongryn, "The Middle 7 Initiative," in *Middle Powers and G20 Governance*, edited by Mo Jongryn, 103–21 (New York: Palgrave Macmillan, 2012), 113.

leodo reef within its newly expanded air defense identification zone (ADIZ). This provocative move put her version of “equidistant diplomacy” between China and the United States to the test; despite China’s importance as South Korea’s top trade partner, she seems to be siding with the United States.

A **minor power** is a state that ranks among the weakest countries in the international system. It may be weak because its economy is underdeveloped and its population is chronically poverty-ridden. Or it may be weak because of the decoupling of externally recognized sovereignty from any kind of internal competence or control; that is, the ruling regime possesses mere “juridical sovereignty” or “international legal sovereignty,” not *de facto* or “empirical sovereignty,” to the point where the state cannot project military/policing power to the outer reaches of its own borders.<sup>8</sup> Being poor, however, does not necessarily make a country “weak.” Of the world’s more than 70 low-income nations, about 50 of them—excluding well-armed hostile nations such as North Korea—are weak in three critical functions that all strong, stable states perform: security, the provision of basic services, and protection of essential civil freedoms. “Failed” states—Angola, the Democratic Republic of the Congo, Haiti, Liberia, Somalia, and Sudan, for example—do not fulfill any of these functions; they lack the institutions and internal coherence to perform the most basic state functions of providing security and order, much less a functioning economy or human rights. “Weak” states are deficient in one or two of these areas.

Minor powers are not all poor states, however. A state with a relatively high per-capita gross domestic product (GDP) and that holds a considerable percentage share of total world GDP may be ranked as a minor power simply because it is extremely small in terms of population, territory, or both (for instance, United Arab Emirates ranks 30th in the world in terms of its national GDP; Qatar ranks a respectable 50th).<sup>9</sup> In either case, what all minor powers share in common is that, given their small percentage share of total world GDP or their very small size, they cannot project power, provide the means for their own security, or control political forces in their environment. This is not to imply, however, that minor powers cannot be influential or that great powers do not pay attention to them. One need only consider the wars fought by the United States since 1945 to see that minor powers can have a significant impact on world events.

## MIDDLE POWER INTERACTIONS WITH GREAT POWERS

The relationship between middle powers and great powers is an ambiguous one that is difficult to generalize. Some middle powers—those that view great-power regional penetration as threatening to their sovereignty and that only selectively accept Western international norms and regimes (for example, nuclear nonproliferation)—seek to maximize their autonomy by pursuing alliances to counterbalance the regional influence of a global great power. This describes the general postures of Iran and Syria toward the United States, especially since the end of the Cold War, and explains why they have often acted in concert on regional policy matters to shape the Middle East power balance.<sup>10</sup>

In contrast, other middle powers, far from fearing the meddling of a global great power, desire its

8 For the terms “juridical” and “empirical” sovereignty, see Stephen D. Krasner, *Sovereignty: Organized Hypocrisy* (Princeton, NJ: Princeton University Press, 1999).

9 See United Nations Statistics Division, 2012, <http://unstats.un.org/unsd/snaama/dnltransfer.asp?fid=2>.

10 Anoushiravan Ehteshami and Raymond Hinnebusch, *Syria and Iran: Middle Powers in a Penetrated Regional System* (London: Routledge, 1997).

presence. In East Asia, for instance, middle powers want the United States to remain engaged as Asia's pacifier, protecting them against the region's major powers, Japan and China. The key point here is that most propositions about great power-middle power relations are bound by a range of scope conditions and, therefore, only ring true when they take account of, among other things, the issue area involved, domestic forces within the countries, the configuration of power within the middle power's region and the global system, geographic proximity, and cultural and ideological affinities.

One general observation can be made, however. Within the middle power, domestic groups are always present to exploit the fear of unwanted great power influence, seeing the power aspects of most issues and raising such matters to the level of *high politics* where power status becomes a concern.<sup>11</sup> This is understandable. For even when middle powers are neither mere pawns of great-power politics nor outright dependents of a great power, they tend to be objects rather than subjects.

Consequently, they often find it hard to accept a process within which decisions are made at higher levels and where international outcomes and, most important, their fates are conditioned by the policies and relations of stronger powers.<sup>12</sup> The long-established preoccupation of middle powers with the dangers of great-power oligarchy as well as the predisposition of middle powers to claim superior wisdom and virtue recall the classic case for the middle class as a bulwark against tyranny. And, indeed, at the international systemic level, middle powers have made their most visible contributions to the pursuit of international justice, putting themselves forward as champions of anticolonial, racial, and economic justice (this is especially true of middle powers of the Third World during the Cold War).

### **MIDDLE POWERS AS BRIDGE BUILDERS**

Some observers see the diversity of middle powers as a strength that can be used to successfully bridge differences and foster cooperation between North and South (the G24/77), the G7/8, and the BRICS (Brazil, Russia, India, China, and South Africa). The best example of this is what Andrew Cooper and Mo Jongryn call the Middle 7: the seven middle powers (Canada, Australia, Mexico, Indonesia, South Korea, Turkey, and Argentina) within the G20. Most of the literature on the G20 focuses on the interactions between the established G8 and the rising BRICS. The seven middle powers within the G20, however, are all democracies, representing the "critical middle on the income spectrum between the G7 and the BRICS. The average income of the Middle 7 was \$18,979 in 2009 while those of the G7 and the BRICS were \$41,004 and \$5,596 respectively."<sup>13</sup> Moreover, the Middle 7 are evenly distributed across three stages of economic development: Canada and Australia are developed countries; South Korea, Mexico, and Turkey are newly developed countries; and Indonesia and Argentina are developing countries.

Given their diversity and relevant knowledge across development stages, the Middle 7 is well positioned as a caucus within the G20 to play the roles of bridging and agenda-setting as well as to become an agency of accountability with respect to the G7 and BRICS. As Andrew Cooper and Mo

11 Annette Baker Fox, *The Politics of Attraction: Four Middle Powers and the United States* (New York: Columbia University Press, 1977), 296.

12 Carsten Holbraad, *Middle Powers in International Politics* (London: Macmillan, 1984), 3.

13 Cooper and Jongryn, "The Middle 7 Initiative," 111.

## ***Middle powers hold a special and compelling place within the study of international relations as both rule makers and rule takers.***

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Jongryn point out, “the Middle 7 have a number of issue/spatial opportunities to project its leadership capacity with an emphasis on good ideas, specialized diplomatic skills, and an appreciation of the salience of selective multilateralism in a pluralistic environment.”<sup>14</sup> Going forward, the Middle 7 caucus could prove a valuable tool within the G20 for exchanging new information, floating ideas, and determining strategies for consensus-building—all traditional strengths of middle powers as in-between countries.

The geography and identity of a middle power can also facilitate its role as a bridge-builder. For instance, consistent with the older geostrategic notion of middle powers as physically situated in the middle, Turkey’s claim to be a middle power rests on its geographical position as much as its ranking within the international hierarchy. Turkey’s location makes it a natural bridge between East and West. In addition, the contradictory elements of Turkish Islam and Kemalist secularism at the core of its national identity make Turkey an ideal political-ideational bridge between Islam and modernity. Islam in Turkey is distinguished by considerable diversity, both ideational content and in institutional forms, and is more open to political pressure and compromise than its counterparts elsewhere. Accordingly, Turkish Islam may serve as an exemplar for Islamic democratic movements throughout the world.

### ***THE UNIQUE STATECRAFT OF MIDDLE POWERS***

Middle powers are more than just a heterogeneous collection of idiosyncratic actors. The intermediate category of middle power “comprises a particularly interesting and rather important group of powers. It is the meeting place of once great but declining powers, tired from generations of power politics at the highest level but rich in experience, and of lesser but ascending powers, conscious of their potential and stirred by ambition.”<sup>15</sup> Given their unique vantage point between the dominant great powers and the subjugated weak countries, middle powers hold a special and compelling place within the study of international relations as both rule makers and rule takers. They are generally viewed as responsible international citizens. Indeed, it is something akin to an article of faith that middle powers act as good multilateralists, and there is a good structural reason for this. As Robert Keohane pointed out many years ago: “[A] middle-power is a state whose leaders consider that it cannot act alone effectively, but may be able to have a systemic impact in a small group or through an international institution.”<sup>16</sup> Typical of relatively weak actors, middle powers also champion a strong international legal system; they would prefer that international politics look more like domestic politics, governed by the rule of law (a constitutional order) that places strict limits on the returns to power.<sup>17</sup>

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<sup>14</sup> Ibid., 114–15.

<sup>15</sup> Holbraad, *Middle Powers in International Politics*, 3.

<sup>16</sup> Robert O. Keohane, “Lilliputians’ Dilemmas: Small States in International Politics,” 296, *International Organization* 23(2), 1969: 291–310.

<sup>17</sup> G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order after Major Wars* (Princeton, NJ: Princeton University Press, 2001).

Given their unique place within the international system, middle powers can be expected to display a specific pattern of statecraft that promotes international order through coalition-building, by serving as mediators and “go-betweens,” and through international conflict management and resolution activities, such as UN peacekeeping. It is a statecraft grounded in entrepreneurial flair, technical competence, and niche-building diplomatic activity—in the functionalist logic of issue-specific strengths and skills within domains where they hold a significant amount of resources and reputational qualifications.<sup>18</sup> More heroically, it is a statecraft rooted in the conviction that middle powers have a moral responsibility and collective ability to protect the international order from those who would threaten it, whether they be great or small powers.

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<sup>18</sup> Andrew F. Cooper, *Niche Diplomacy: Middle Powers after the Cold War* (New York: St. Martin's Press, 1997).



## CHAPTER TWO

### MIDDLE POWERS, NETWORK POWER, AND SOFT POWER

Miles Kahler

Recent events—the disappointing results of military intervention in Iraq and Afghanistan; the success of economic powers, such as Germany; the growth of new media that permit easy export of cultural products and cultural influence—and an array of constituencies—foreign and development ministries, nongovernmental organizations (NGOs), and cultural industries—have drawn attention to new sources of international influence. These alternative avenues of influence have particularly attracted middle powers. Canada, Australia, Singapore, and South Korea all seek to punch above their weight in international relations by exploiting sources of power that are not based on military might or economic scale.

The means of creating and exercising such unconventional power has often remained vague. Two conceptions have dominated a diffuse debate: networks, a formulation imported from fields outside international politics, and soft power, popularized by Joseph S. Nye, Jr. and adopted by many others. This consideration of networks and their deployment by middle powers considers three aspects of networks and international politics. The first two perspectives treat networks as a mode of governance or organization, distinct from mar-

kets and hierarchies.<sup>19</sup> A third perspective, based in social network analysis, defines networks as structures that emerge from relations among nodes or agents. Network structure is then used to explain both agent behavior and systemic outcomes, such as convergent or divergent foreign policies or the incidence of conflict in an international system.<sup>20</sup> Implications for middle powers and their strategies are examined in each section. A final section discusses the relationship between network power and soft power.

***Middle powers... punch above their weight in international relations by exploiting sources of power that are not based on military might or economic scale.***

### **NETWORKED GOVERNANCE: TRANSGOVERNMENTAL NETWORKS (TGNs)**

Transgovernmental networks—“direct interactions among sub-units not controlled or closely guided by the policies of cabinets or chief executives”—were identified decades ago.<sup>21</sup> Their apparent proliferation more recently has led some to promote them as a new form of global and regional governance, superior to more cumbersome and inefficient multilateral organizations.<sup>22</sup> TGNs have been identified in a variety of issue-areas, including international security (the Proliferation Security Initiative), economic relations (Financial Action Task Force), and protection of the environment.<sup>23</sup> Among the most potent economic TGNs is the network of central bankers. Centered on the Bank for International Settlements (BIS), this network has produced nonbinding agreements on regulatory standards since the 1970s. The central banking TGN also played a central role in managing the 2008–2009 global financial crisis. The core network mobilized during the financial crisis was initially limited to major central banks in North America and Europe with the U. S. Federal Reserve taking the lead. As the crisis deepened, additional European central banks and the Reserve Bank of Australia were added to the network of swap arrangements. The distinction between membership in the BIS and membership in the crisis management network was sharply defined as the crisis deepened: although major emerging economies had been invited to join the BIS in 1996, swap arrangements were offered selectively to those outside the core network (the Bank of Korea was among this favored group).<sup>24</sup>

The operation of the central bank network illustrates both the benefits and drawbacks of TGNs for middle powers. Although networked governance is often portrayed as a more egalitarian and consensual model of global and regional governance, TGNs (including the central bank network) often

19 One widely used definition of networks as mode of organization is found in Joel M. Podolny and Karen L. Page, “Network Forms of Organization,” *Annual Review of Sociology* 24 (1998), 57–76.

20 Emily Hafner, Burton, Miles Kahler, and Alexander Montgomery, “Network Analysis for International Relations,” *International Organization*, 63 (Summer 2009), 559–92.

21 Definition from Robert O. Keohane and Joseph S. Nye, “Transgovernmental Relations and International Organizations,” *World Politics*, 27, 1 (October 1974), 39–62. See also Mette Eilstrup-Sangiovanni, “Varieties of Cooperation: Government Networks in International Security,” in Miles Kahler, ed., *Networked Politics* (Ithaca: Cornell University Press, 2009), 197–203.

22 Anne Marie Slaughter, *A New World Order* (Princeton: Princeton University Press 2004).

23 Eilstrup-Sangiovanni, “Varieties of Cooperation,” documents TGNs in domains of international security.

24 Neil Irwin, *The Alchemists* (New York: Penguin Press, 2013) provides a detailed account of the central bank TGN during the crisis.

incorporate central network positions for larger powers. They may also be closely associated with formal international institutions that are dominated by those powers. Since TGNs do not have clear membership criteria or agreed means of dispute settlement, high levels of trust are often required for acceptance at the core of the network. Trust in turn is promoted by both repeated interaction over time and transparency (to other members of the network) in decisionmaking. Middle power democracies are therefore well qualified to become active members of TGNs dominated by democratic members. Influence within networks depends on the value that a member brings to the network: information or resources often define that value. Middle powers, through specialization and positioning within regional networks, may offer substantial informational benefits to other network members. Given the ongoing rather than episodic interaction of networked governance, exercising influence within TGNs requires substantial bureaucratic capacity, another criterion for successful participation that should be fulfilled by most middle powers. By dedicating resources—bureaucratic and budgetary—to participation in TGNs, they may further expand their network influence.

### NETWORKED GOVERNANCE: TRANSNATIONAL CIVIL SOCIETY AND NGO NETWORKS

A second variant of networked governance departs from the model of TGNs, in which the agents are state agencies, by enfranchising networks of nonstate actors in global and regional governance. Although TGNs continue to dominate in many domains associated with national security, new forms of governance with nonstate or mixed membership have proliferated in other sectors. Prominent examples of these new forms of governance can be found in hybrid standard-setting or regulatory regimes that include a mix of governments, intergovernmental organizations (IGOs), private corporations, and NGOs in their memberships.<sup>25</sup>

The presence in these governance arrangements of NGO networks and other private actors (such as multinational corporations) may offer opportunities for expanded influence by middle powers. Their ability to grasp these opportunities depends on (a) the global or regional extent of their nongovernmental networks and (b) the relationship between those networks and national governments. South Korea, for example, appears to be well situated with regard to the first criterion of influence. Its corporate networks are global in scope; openness to inward foreign direct investment has grown in recent years, further expanding the economic networks of which it is part. South Korea, like other middle powers, also has a vibrant civil society sector. The degree to which its NGOs are internationally linked requires more precise evaluation.

However, they are not subject to the constraints on their international activity characteristic of authoritarian societies, such as China. The relationship between government and NGOs in any democratic society is more complex. Once again, in contrast to authoritarian regimes, in which most NGOs are GONGOs (government-organized NGOs), NGOs in democratic societies may be more or less willing to coordinate their international activities with their governments. Collaboration may vary according to sector: in the area of development assistance, for example, the interdependence between governments that contract aid programs to NGOs and NGOs that become increasingly dependent on government funding has grown

<sup>25</sup> Kenneth W. Abbott and Duncan Snidal, "The Governance Triangle: Regulatory Standards Institutions and the Shadow of the State," in Walter Mattli and Ngaire Woods, eds., *The Politics of Global Regulation* (Princeton: Princeton University Press, 2009), 44–88.

in many of the major democracies.<sup>26</sup> Alignment and collaboration may also vary because of history: a history of past oppositional NGO activity under authoritarian rule may make close collaboration with the government difficult.

For some middle powers—Canada and the Scandinavian countries in particular—a vibrant and internationally networked NGO sector that collaborates with the national government is a substantial international resource.

When their preferences align with government objectives, networks of NGOs may operate in sectors and countries that remain inaccessible to their national governments. For other middle powers, further internationalization of NGO networks and development of a more collaborative relationship between government and NGOs could expand influence in this rapidly growing domain of global and regional governance.

***Network nodes that connect otherwise weakly connected clusters in the network may, through their bridging of structural holes, play particularly influential roles.***

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### **INTERNATIONAL NETWORKS AS STRUCTURES: OPPORTUNITIES AND CONSTRAINTS**

A final approach to networks in international politics views networks produced by national policy choices—joining IGOs, forging preferential trade agreements (PTAs), negotiating alliances—as systemic structures that both empower and constrain national governments. Investigations of international networks as structures have concentrated on networks of states.<sup>27</sup> The international effects of two types of network structure have received particular attention: degree centrality and betweenness centrality. Degree centrality measures the overall connectedness of a particular node (the ties between that node and every other node in the network). Betweenness centrality measures network dependence on a particular node for maintaining connectedness.<sup>28</sup> Network nodes that connect otherwise weakly connected clusters in the network may, through their bridging of structural holes, play particularly influential roles.

Each of these measures of centrality, when transposed to international politics, can be viewed as a potential source of influence over other members of the network and over international outcomes. Maximizing influence through network structure, however, requires an awareness of the structure as well as the opportunities and constraints that it imposes. Attention to international network structure may point to national strategies that diverge from conventional foreign policy prescriptions. For example, if degree centrality or network connectedness enhances a government's international influence, membership in international institutions may be driven by the benefits of expanded access to IGO networks rather than a narrower calculus. If networks diffuse international norms or

26 Tim Büthe and Cindy Cheng, "Private Transnational Governance of Economic Development: International Development Aid," In Manuela Moschella and Catherine Weaver, eds., *Handbook on Global Economic Governance* (London: Routledge, forthcoming).

27 Zeev Maoz, *Networks of Nations* (Cambridge: Cambridge University Press, 2011) is an exemplar of this approach.

28 For these and other definitions of centrality, see Hafner, Burton, Kahler, and Montgomery, "Network Analysis for International Relations."

information that shapes the behavior of governments in the network, those networks may become the targets of actors who wish to bias or control such processes.<sup>29</sup>

Middle power strategies that use network structure to magnify international influence have emphasized both degree and betweenness centrality.<sup>30</sup> Middle powers have often been enthusiastic “connectors,” participants in and initiators of international and regional organizations. In the Asian region, for example, middle powers, including South Korea, are among the leaders in negotiating preferential trade agreements (PTAs).<sup>31</sup> One question that has not been resolved, however, is whether network centrality will increase the international influence of middle powers and even smaller countries beyond their conventional capabilities, or whether network connectedness simply reinforces other measures of power (and the position of great powers). These network effects may vary from domain to domain: South Korea and other middle powers can hardly compete with the network of military agreements and alliances forged by the United States, but they may well be able to out-connect the United States and other major powers by forging networks of trade and economic agreements. Smaller industrialized countries have also been highly successful in creating international networks of a different kind: populating United Nations agencies with their nationals at a time when the network of U.S. nationals in those institutions has declined.<sup>32</sup>

The bridging role awarded by betweenness centrality raises even more intriguing possibilities for middle powers.<sup>33</sup> Great powers may create dense networks of military and economic ties, but those networks may be polarizing, dividing the system in ways that create large structural holes or very weak links between clusters within the network. (This is a fair description of the Cold War system.) Even in the post-Cold War world, the United States is constrained by its existing alliances and practices of diplomatic recognition. Middle powers may benefit from lower degree centrality (connectedness) in certain domains, permitting them to benefit from betweenness centrality in others, linking countries or groups of countries to different segments of networks from which they might be isolated. Both China and South Korea have aimed to build influence with North Korea (and their regional partners) by playing a bridging role between an isolated North and more extensive international networks. However, a country such as Sweden or Finland, without alliance ties to the United States and offering deep economic ties to the European Union, may be even more likely to benefit from betweenness centrality.

In developing a strategy based on their structural position in international networks, middle powers may choose to emphasize degree centrality (building connectedness overall) or betweenness centrality (identifying and filling structural holes in international networks). Existing network position (alliance ties, membership in regional and global organizations) may constrain as well as enable particular strategies. A polarizing great power (e.g., the United States under the first George W. Bush administration) may make it difficult for countries to maintain close ties to its network while bridg-

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29 Miles Kahler, “Networked Politics: Agency, Power, and Governance,” in Miles Kahler, ed., *Networked Politics* (Ithaca: Cornell University Press, 2009), 14.

30 For an effort to apply network analysis to middle power and South Korean foreign policy, see Sangbae Kim, “Roles of Middle Power in East Asia: A Korean Perspective,” East Asian Institute MPDI Working Paper, January 2014.

31 In its most recent accounting of Asian countries and their participation in PTAs, the Asian Development Bank documents that the PTAs proposed, under negotiation, or completed by South Korea are exceeded only by India and Singapore.

32 Paul Novosad and Eric Werker, “Who Runs the International System? Power and the Staffing of the United Nations Secretariat,” Center for Global Development Working Paper 376, September 2014.

33 On this point, see Kim, “Roles of Middle Power,” 22–23.

ing to countries that the great power wishes to isolate. Nevertheless, middle powers are probably less constrained in identifying and utilizing their network positions than either smaller powers (more likely to be peripheral network nodes) or great powers (reliant on network centrality).

## NETWORK POWER AND SOFT POWER

Soft power is a notoriously slippery concept that has at least three meanings: passive power that allows an agent to “get outcomes [it wants] without tangible threats or payoff”; ideological hegemony, using agenda control and other means to get “others to want the outcomes that you want—co-opts people rather than coerces them”; and finally, institutional

power, used to “structure a situation so that other countries develop preferences or define their interests in ways consistent with its own [national interests].”<sup>34</sup> These definitions share a common emphasis on preference change; soft power is equated to an ability to change the preferences of other governments or societies rather than using positive inducements and negative sanctions to change behavior. Emulation and socialization are implicit as the mechanisms of preference change using soft power.

Preference change may also link networks and soft power in international politics. Networked organizations—whether TGNs or NGO networks—may be more or less effective at preference change than conventional, state-centric international organizations. For example, Asian regional organizations, such as the Association of Southeast Asian Nations (ASEAN), have made the claim that their networked and informal organizations are more effective in socializing members than a legalized, formal organization. Structural power in networks may also serve as an indicator of soft power, if network position (centrality, for example) is positively related to an ability to induce preference change among network members. In that case, expanding soft power would equate with strategies directed toward either influencing network structure or maximizing influence within a given network structure. Building global or regional TGNs and linking to sympathetic NGOs are examples of such strategies.

Network approaches and soft power may also share an overestimate of the effectiveness of preference change as a means to change national policies. Two more conventional routes may be more effective: effecting political change (empowerment of those in target states whose preferences are more closely aligned with your own) or structuring the international environment through sanctions and inducements (rendering a change in national preferences less important).

Strategies based on international networks—in any of the three manifestations that have been discussed—diverge in one final and important respect from those based on soft power, however defined. Whether engaging with TGNs, building alliances with networks of nonstate actors, or identifying and exploiting a network position, the exercise of influence in a networked world requires intelligence gathering in the broadest sense, intensive diplomatic activity, and dedication of resources. Network power is activist power, not passive power. This is particularly the case for middle powers, which do not benefit from the central network positions that typically accrue to great powers.

***Network power is  
activist power, not  
passive power.***

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<sup>34</sup> These definitions are all drawn from Joseph S. Nye, Jr., *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004); “Public Diplomacy and Soft Power,” *Annals of the American Academy of Political and Social Science* 616 (March 1, 2008), 94–109.

# MULTILATERAL AND REGIONAL INSTITUTIONAL DESIGNS

We feature in this section issue-areas in which Korea has pivoted or has the potential to pivot from its middle power status to exert influence on a global scale.

Nowhere is Korea's activity as a middle power that has the ability to pivot to broader influence more evident than in its recent contributions to regional architecture and global regimes.

In Chapter 3, Dr. Michael Green studies both the regional and global reach of Korea. His paper addresses the questions:

- What is Korea's role in global regimes?
- How has it leveraged its regional role in building diplomacy among the great powers?
- Is the Korea case unique?
- Green offers case studies of Korea's role in:
  - The global regime for safety and security of nuclear reactors and materials
  - The global regime on aid effectiveness
  - The emerging regime on economic global governance after the 2008 financial crisis (e.g., G20).

As a complement to Dr. Green's paper on multilateral institutions, Chapter 4 by Dr. Andrew Yeo addresses Korea's role in regional pluralateral groupings. The most well-established of these has been the U.S.-Japan-Korea trilateral framework, but this is largely fostered by the bilateral alliance relationships that Seoul and Tokyo share with Washington.

By contrast, China-Japan-Korea (CJK) trilateralism presented an interesting and relatively recent example of Korea "pivoting" to play a "bridging" and "connecting" role among regional powers to enhance confidence-building, habits of dialogue, and patterns of cooperation.

What enables Korea to do this is both its 1) hosting function—facilitating the creation of a CJK secretariat in Seoul and an agenda for the nascent organization; and 2) connecting function—by virtue of its "middle power" status, Korea's initiative in this regard does not incite insecurity spirals on the part of either Japan or China.



### CHAPTER THREE

## KOREAN MIDDLE POWER DIPLOMACY AND ASIA'S EMERGING MULTILATERAL ARCHITECTURE

Michael J. Green

### INTRODUCTION

Over the past few years Korea's activism in regional and global multilateral diplomacy has drawn the attention of international relations scholars. Korea hosted the G-20 leaders in Seoul in November 2010; the Fourth High Level Forum on Aid Effectiveness (HLF-4) in Busan in November 2011; and the Nuclear Security Summit with over 50 world leaders in attendance in March 2012. At a regional level, Seoul became host to the Trilateral Cooperation Secretariat with Japan and China in 2011; launched a trilateral FTA with Japan and China in 2012; and became a founding member of the Asian Regional Comprehensive Economic Partnership (RCEP) that same year. Korea's new activism in regional and global multilateral affairs offers a new East Asian model for middle power diplomacy—traditionally the domain of Western countries such as Sweden, Canada, or Australia. It also points to an important new factor shaping the evolution of regional order in the Asia Pacific region. Long the object of great power rivalry in North-east Asia, Korea may now be poised to contribute to regional stability by leading in the burgeoning process of institution-building.

## ***Korea's new activism in regional and global multilateral affairs offers a new East Asian model for middle power diplomacy.***

### **KOREA AND ASIA'S NEW MULTILATERALISM**

Since the end of the Cold War, there has been a proliferation of multilateral groupings within the Asia Pacific region. Once resisted by the United States because multilateralism had been posited as an alternative to the U.S. hub-and-spokes network of bilateral alliances in the region, there is now broad acceptance in virtually every government in the region that institutional or “community” building is critical to longer-term stability and cooperation, particularly as Chinese power grows. In a 2009 survey of strategic elites across the region, for example, the Center for Strategic and International Studies (CSIS)

found that over 80 percent of respondents placed importance on the process of building an “East Asia Community.”<sup>35</sup>

However, international-relations scholars remain divided about whether the emerging security architecture rests more on a stable strategic equilibrium rooted in the hub-and-spokes of American alliances—or in the multilateral community-building in forums such as the ASEAN Regional Forum (ARF) or the East Asia Summit (EAS).<sup>36</sup> Skepticism about the efficacy of Asia's new multilateralism in preventing conflict or responding to crises runs deep not only among realist scholars, but among elites within the region as well. Despite the evident enthusiasm for community-building as a long-term project, respondents to the 2009 CSIS survey from across the region expressed extremely low expectations about the ability of the ARF, Asia-Pacific Telecommunity (APT), EAS or any other regional forum to manage security crises ranging from epidemics to proliferation and interstate conflict. When asked where their governments would turn if faced with a range of traditional and nontraditional security threats 10 years from now, a significant majority of respondents chose treaty alliances, unilateral capabilities, or even global institutions such as the UN or International Monetary Fund (IMF) before considering multilateral alternatives within the region.<sup>37</sup>

Low confidence in the efficacy of regional institutions reflects the fact that most of the region's broad forums, such as the East Asia Summit and the ARF, are embedded within the Association of Southeast Asian Nations (ASEAN) and prescribe to the core member states' emphasis on nonbinding/consensus-oriented procedures. This creates a low barrier to entry for states from across Asia's

35 Bates Gill, Michael Green, Kiyoto Tsuji, and William Watts, *Strategic Views on Asian Regionalism: Survey Results and Analysis* (Center for Strategic and International Studies, 2009).

36 On the realist side, see Michael J. Green and Bates Gill, “Unbundling Asia's New Multilateralism,” in Bates Gill and Michael Green, *Asia's New Multilateralism: Cooperation, Competition, and the Search for Community* (New York: Columbia University Press, 2009), 1–30; Victor D. Cha, “Complex Patchworks: U.S. Alliances as Part of Asia's Regional Architecture,” *Asia Policy*, no. 11 (January 2011): 27–50; Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: W.W. Norton, 2011). For the liberal institutionalist arguments, see John Ikenberry and Jitsuo Tsuchiyama, “Between Balance of Power and Community: The Future of Multilateral Security Co-operation in the Asia-Pacific,” *International Relations of the Asia-Pacific* 6 (2006); Amitav Acharya and Tan See Seng, “Betwixt Balancing and Community: America, ASEAN, and the Security of Southeast Asia,” *International Relations of the Asia-Pacific* 6 (2006): 37–59; Kent E. Calder and Francis Fukuyama, *East Asian Multilateralism: Prospects for Regional Stability* (Baltimore: Johns Hopkins University Press, 2008).

37 See Gill, Green, Tsuji, and Watts, *Strategic Views on Asian Regionalism: Survey Results and Analysis*.

diverse spectrum of regime types, but it also ensures that multilateral institutions will have impact on only the lowest-common-denominator security problems.<sup>38</sup>

Whether Asia can move beyond the current lowest common denominator, ASEAN-inspired consensus will depend on four major questions about the future role of multilateral institutions in the region:

1. Should East Asia community building be centered on an open trans-Pacific vision based on twenty-first-century rules for trade, investment, and intellectual property rights protection, or a narrower intraregional grouping that would exclude North America and minimize behind-the-border demands on member states.
2. Should Asia continue adhering to the ASEAN consensus-based model with an emphasis on preserving sovereignty and noninterference in internal affairs among member states—in effect protecting variation in regime type—or work for convergence around neoliberal norms with an emphasis transparency and accountability among member states.
3. Should regional institutions facilitate the provision public goods in response to security challenges such as nuclear proliferation by North Korea or maritime security, or stick with confidence-building and dialogue on noncontroversial issues.
4. Will power rivalry within the region and disputes over territorial claims lead to competing blocs that undermine community-building, or new modes of conflict resolution in gatherings such as the ASEAN Regional Forum?

***Korea has also been the most dynamic North Asian power in terms of trade diplomacy.***

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Korea is positioned to have an impact on all four of these questions.

First, Korea has credibility in both the trans-Pacific and intra-Asian community-building processes. Today Korean public support for the U.S.-ROK alliance is at unprecedented historical levels.<sup>39</sup> At the same time, Seoul can claim credit for key intraregional concepts such as the “East Asia Community,” which was first advanced by an East Asia Vision Group established by President Kim Dae Jung in 1998.<sup>40</sup>

Korea has also been the most dynamic North Asian power in terms of trade diplomacy, with over a third of all trade covered by free-trade or economic partnership agreements—more than double Japan’s ratio and higher still than China’s.<sup>41</sup> At the same time, Korea brings the experience of high-end agreements like the Korea-U.S. Free Trade Agreement (KORUS) into the process of negotiations

38 Evelyn Goh, “Great Powers and Hierarchical Order in Southeast Asia,” *International Security* 32, no. 3 (Winter 2007/08): 123–126. International relations theory has generally converged around the idea that there are levels of multilateralism, beginning with simply the grouping of more than one state (Keohane), to the formation of common rules and norms (Ruggie) to regulation based on those rules, norms and “values” (Caparaso) to clear rules, compliance, commitment, and institutionalized third party mediation (Duffield). See Robert Keohane, “Multilateralism: An Agenda for Research,” *International Journal* 45 (1990): 731–64; John G. Ruggie, *Constructing the World Polity: Essays on International Institutionalization* (New York: Routledge, 1988), 109; James A. Caporaso, “International Relations Theory and Multilateralism: The Search for Foundations,” in *Multilateralism Matters: The Theory and Practice of an Institutional Form*, ed. John G. Ruggie (New York: Columbia University Press, 1993), 53.

39 Shaun Tandon, “Strong US, South Korea Support for Alliance: Polls,” AFT, October 15, 2012; see also survey results in Chicago Council on Global Affairs, “Working Paper on U.S.-ROK Alliance,” December 12, 2012.

40 Ralph Cossa and Akihiko Tanaka, eds., *An East Asia Community and the United States* (Washington, DC: CSIS, 2007), 24.

41 Koichiro Gemba, “Free Trade Agreements: An Urgent Part of Japan’s Agenda,” *Japan Echo Web*, No. 4 December 2010–January 2011, <http://www.japanechoweb.jp/jew0414/>.

with Japan and China in the trilateral FTA and broader intraregional discussions such as the Regional Comprehensive Economic Partnership.<sup>42</sup>

Korea also bridges the normative divides in Asia and is therefore pivotal with respect to the third question about the future of Asian regionalism. As a liberal democracy that transitioned out of authoritarian rule, Korea carries particular credibility with transitional states such as Indonesia and Myanmar.<sup>43</sup> Even officials at the Chinese Communist Party School report studying the Park Chung Hee era in Korean history as a potential transitional model in China's own intraparty democracy debate.<sup>44</sup> At the same time, Korean leaders speak with pride about the fact their nation combines Asian "heritage" with universal norms of human rights and democracy.<sup>45</sup> In the 2009 CSIS survey Korean respondents were among the most likely in the region to point to human rights and democracy as central norms for a future East Asian Community.<sup>46</sup>

Finally, Korea sets a high standard in terms of provision of public goods for regional security, with activities ranging from participation in UN peacekeeping operations to counter-piracy and active diplomacy in the Six Party Talks on North Korea's nuclear program. Indeed, as a peninsular power wedged between China and Japan, Korea's choices on regional architecture and community-building could determine the region breaks down along continental-versus-maritime divides or integrates continental China with the democratic maritime states like Japan and the Philippines.

For these reasons, Korea's role in both regional and international institution-building merits further examination. We begin by examining the evolution of Korean regional and multilateral statecraft and introducing the attributes of Korean-style middle power diplomacy. We then use five brief case studies to assess the strengths and weaknesses Korea brings to the practice of multilateral diplomacy and regional architecture. The essay concludes by positing Korea's potential impact on the key questions shaping Asia's future architecture and regional order.

## THE EVOLUTION OF KOREAN VIEWS TOWARD ASIAN ARCHITECTURE

Korea's path to activism in regional and global multilateralism traversed decades of complex geostrategic and domestic political terrain. From the beginning of the postwar period, Korean leaders sought international mechanisms that would enhance their ability to lock in an American security commitment, yet provide a hedge in case of U.S. abandonment or American pressure on human rights or other issues. At the same time, it was essential for Seoul to gain purchase on the North Korea problem and relations with historic antagonists Japan and China. Identity also complicated Korea's view of regional relations, particularly in the era of authoritarian rule.

The Republic of Korea's first president, Syngman Rhee (1948–1960), wrapped himself in the cloak of

42 The Regional Comprehensive Economic Partnership (RCEP) includes the 10 ASEAN countries, Japan, Korea, China, India, Australia, and New Zealand.

43 This observation is based on the author's interviews (on background) with senior military officials and representatives in the Union of Myanmar Ministry of Defense Ministry and Parliament, August 20–24, Naypyidaw, Myanmar.

44 Author's background interview with CCP Party School professors, Georgetown University, December 5, 2012.

45 See, for example, Prime Minister Han Seung-Soo, The Republic of Korea, "Charting a New Frontier: Global Korea in the 21st Century," Keynote Address at the Korea Forum "Korea in the Emerging Asian Power Balance," September 28, 2008; Foreign Minister Yu Myung-hwan, "Human Rights and Democracy," *The Korea Times*, December 24, 2008; Kim Dae Jung, "Is Culture Destiny? The Myth of Asia's Anti-Democratic Values," *Foreign Affairs* 73, number 6, November/December 1994, 189–94.

46 Gill, Green, Tsuji, and Watts, *Strategic Views on Asian Regionalism: Survey Results and Analysis*.

Western democracy to win support for unification and delegitimize the communists in the North (while being careful not to invite too much scrutiny of undemocratic practices at home). At the same time, Rhee pushed together with Chiang Kai-shek for a collective security arrangement in Asia to parallel NATO, a move that the United States rejected out of concern that the two democratic allies would pull Washington and Tokyo into an unwanted war with Communist China and the Soviet Union.<sup>47</sup>

## ***Korea's path to activism in regional and global multilateralism traversed decades of complex geostrategic and domestic political terrain.***

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Subsequent Korean presidents viewed issues of regional collective security almost entirely through this same prism of the threat from North Korea, sending over 300,000 troops to support the United States in Vietnam to reinforce a common anticommunist front in Asia, even though Seoul was never a formal member of the Southeast Asian Treaty Organization (SEATO).

The end of the Cold War opened new possibilities for Korean regionalism, particularly vis-à-vis Russia and China, but did not remove the overwhelming focus on ending the threat from the North and the division of the peninsula. Towards the end of the Cold War, President Roh Tae Woo (1988–1993) complemented his *Nordpolitik* policy toward Pyongyang with a proposal in 1988 for a six-party forum in Northeast Asia. The proposal went nowhere, because of North Korean and therefore Chinese and Russian opposition, but it helped ease the way for normalization with Beijing and Moscow and set a precedent for the future.<sup>48</sup> After the Cold War, President Kim Young Sam (1993–1998) joined the broader trans-Pacific regionalism that included APEC, the ARF, and nongovernmental second-track forums such as the Council for Security and Cooperation in the Asia Pacific (CSCAP).<sup>49</sup> A follower in the formation of broader forums for regional dialogue and cooperation, Kim Young Sam was proactive in proposing the establishment of a “Northeast Asian Security Cooperation” within the context of the ARF. That proposal also failed to materialize, but it anticipated the specific elements of future Korean approaches to Northeast Asian multilateralism, including nonaggression, noninterference in internal affairs, and support for human rights and democracy.<sup>50</sup> The focus on human rights and democracy carried particularly important weight, given the country’s democratic transition. Under Kim, Korea also joined the short-lived U.S. effort to establish a Four Party forum with China and North Korea for managing the North’s nuclear ambitions and seeking a lasting peace on the peninsula.<sup>51</sup>

It was President Kim Dae Jung (1998–2003) who made the most significant Korean imprint on broader Asian views of regional multilateralism and community-building. As a democracy activist

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47 Victor D. Cha, “Powerplay: Origins of the U.S. Alliance System in Asia,” *International Security* 34, no. 3 (Winter 2009/10): 158–96.

48 Chung In Moon and Taewhan Kim, “South Korea’s International Relations: Challenges to Developmental Realism,” in Samuel Kim, ed., *The International Relations of Northeast Asia* (Rowman Littlefield, 2004), 240; Hong Liu, “The Sino-South Korean Normalization: A Triangular Explanation,” *Asian Survey* Vol. 33, No. 11 (November 1993): 1083–94.

49 Foreign Minister Han Sung-Joo, “Fundamentals of Korean Diplomacy,” *Korea and World Affairs*, Summer 1993: 239.

50 Kim Sung Han, “Northeast Asian Regionalism in Korea,” Working paper for the project on Northeast Asian Regionalism, Council on Foreign Relations, December 2009.

51 Steven Lee Myers, “North Korea Agrees to Join Four Party Talks,” *New York Times*, July 1, 1997.

focused primarily on justice within South Korean society and rapprochement with the North, Kim sought to remove the international obstacles to his “Sunshine Policy” toward Pyongyang. His vision was premised—like his predecessors’—on a strong U.S.-ROK alliance,<sup>52</sup> but he sought to take fuller advantage of the thaw among major regional powers after the Cold War. Kim proposed the establishment of an East Asia Vision Group (EAVG) within the newly established ASEAN Plus Three (Japan, China, Korea) summit process. The ASEAN states were apprehensive about initiatives on regional architecture emanating from Northeast Asia, but in the end accepted his proposal, which was less threatening than either a Japanese or Chinese initiative might have been.<sup>53</sup> Working through a parallel group of bureaucrats from the 13 member states (many of whom were nervous about independent recommendations from democratic societies), the EAVG produced a series of recommendations in 2001 that included proposals for the establishment of an East Asia Summit and greater integration of regional think tanks and business organizations, among other issues.<sup>54</sup>

Kim Dae Jung’s regionalism was eclectic, including not only an active role in shaping the broader regional agenda, but also participation in the U.S.-Japan-ROK Trilateral Coordination and Oversight Group on North Korea (TCOG) and the establishment of an Office of the Minister for Trade (OMT) under the Ministry of Foreign Affairs and Trade in order to advance bilateral and regional trade agreements. Where his government might have advocated a more strident form of East Asianism in reaction against the imposition of strict conditionality by the International Monetary Fund (IMF) after the 1997–1998 East Asian financial crisis, Kim instead struck a balanced approach between regionalism, alliance relations, and support for global norms. His Sunshine Policy later collapsed amidst embarrassing revelations about bribes to the North and Pyongyang’s clandestine nuclear weapons programs, but Kim Dae Jung’s legacy in regional diplomacy remains strong.

Kim Dae Jung’s successor, Roh Moo-hyun (2003–2008), came to office with populist and largely unformed ideas about regional diplomacy. He was an unexpected victor in the December 2002 election and rode a wave of anti-Americanism with statements that he too was “anti-American” and promises to end divisive regionalism in Korean politics. Initially, Roh embraced the concept that Korea could become a major business and political “hub” in Northeast Asia—a vision handed to him by intellectuals around the previous administration.<sup>55</sup> The “hub” concept played well within Korea, but did little to attract attention in the rest of Asia.<sup>56</sup> Roh became decidedly more animated about the concept that Korea could become a mediator between the maritime and land powers in Northeast Asia, a recommendation put forward by his Presidential Commission on Northeast Asian Cooperation Initiative in August 2004.<sup>57</sup> The proposal was criticized within Korea and the region as a diminution of Kim Dae Jung’s broader vision for the Asia-Pacific, but Roh continued to advance the idea that Korea could be not only a mediator, but also a “balancer” between Japan and China—a sentiment that received encouragement in Beijing but raised

52 Kim Sung Han, “Searching for a Northeast Asia Peace and Security Mechanism,” *Asian Perspective*, Vol. 32, No. 4 (2008): 127–56.

53 Kim Dae Jung, “Regionalism in the Age of Asia,” *Global Asia* Vol. 1, No. 1 (Fall 2006): 10.

54 ASEAN Plus Three Summit, *Final Report of the East Asia Study Group*, November 4, 2002, Phnom Penh, Cambodia, 3–4.

55 Inkyo Chung, “The Progress of Korea’s FTA Policy in the Context of Northeast Asian Economic Cooperation,” in Jehoon Park, T.J. Pempel, and Gerard Roland, eds., *Political Economy of Northeast Asian Regionalism: Political Conflict and Economic Integration* (Edward Elgar Publishing, 2008), 62.

56 The “second” nuclear crisis erupted after North Korea acknowledged it was developing nuclear weapons through a clandestine highly enriched uranium program to an official U.S. delegation, including the author, in October 2002.

57 *Presidential Commission on Northeast Asian Cooperation Initiative: Toward a Peaceful and Prosperous Northeast Asia*, Chongwadae (Blue House), August 2004.

alarm in Tokyo and Washington.<sup>58</sup> Korea ultimately made important strides under Roh, including completion of the Korea-United States (KORUS) FTA with Washington, participation in the Six Party Talks, hosting of APEC in Busan in 2004, and launching of a Korea-Japan-China trilateral summit process. Overall, however, the Roh administration sent conflicting signals about its regional foreign policy vision.

President Lee Myung-bak (2008–2013) came into office with a determination to put his vision of a “Global Korea” on the map. Dismayed like his fellow conservatives at Roh Moo-Hyun’s rhetorical games with the U.S.-ROK alliance, encouraged by the growing popularity abroad of Korean popular culture—or Hallyu (the Korean “wave”)—and motivated by Japan’s foreign policy drift, Lee organized a Presidential Commission to examine Korea’s national brand and undertook a major review of Korean regional and global diplomacy. The review was completed and announced in March 2008, only one month after Lee’s inauguration, and emphasized that Korea would pursue a threefold synergy of bilateral, trilateral, and multilateral engagement.<sup>59</sup> The Obama administration, impressed with Lee’s deep commitment to the U.S.-ROK alliance and a global agenda based on neoliberal values, supported Korea as the host of the third meeting of the G-20 and the second host of the Nuclear Security Summit. Within a year of Lee’s inauguration, Korea also became the 24th member of the Development Assistance Committee (DAC) of the Organization of Economic Cooperation and Development (OECD) in November 2009, and was invited to host the Fourth High Level Forum on Aid Effectiveness. Korea initiated bilateral summits with Latin America and Africa and upgraded trilateral cooperation with Japan and Korea through the establishment of a joint secretariat in Seoul in 2011 and a U.S.-Japan-Korea trilateral foreign ministerial the same year.

## KOREA AS A MIDDLE POWER

The energy and activism of Korean diplomacy under the Lee administration, particularly in contrast with the lethargy in Japanese statecraft, has inspired scores of studies comparing Korea to other traditional “middle powers” such as Canada, Australia, and the Scandinavian nations.<sup>60</sup> Most literature on middle powers has emphasized the ability of these states to act as catalysts for new initiatives, facilitators of coalitions, and managers of existing international institutions.<sup>61</sup> The primary scholarly interest has been in ways that middle powers can reinforce the governance of international institutions such as the United Nations, acting as model global citizens in contrast to the free-riding of China, Brazil, or India—or perceived unilateralism of the United States.

58 Choe Sang-Hun, “South Korea’s ‘balancer’ policy attacked,” *New York Times*, April 9, 2005; “Seoul’s Balancing Role,” *Asia Wall Street Journal*, May 31, 2005; Frank Reudiger, “A New Foreign Policy Paradigm: Perspectives on the Role of South Korea as a Balancer,” *Policy Forum Online* (Nautilus Institute), April 25, 2005.

59 The Blue House, *Global Korea: The National Security Strategy of the Republic of Korea*, March 2009.

60 See, for example, Sook Jong-Lee, “South Korea as a New Middle Power: Seeking Complex Diplomacy,” EAI Asia Security Initiative Working Paper, September 2012; David Hundt, “Middle Powers and the Building of Regional Order: South Korea and Australia Compared,” *Korea Observer*, Vol. 42, No.1 (Spring 2011): 69–95; Young Jong Choi, “South Korea’s Regional Strategy and Middle Power Activism,” *The Journal of East Asian Affairs*, Vol. 26, No. 1 (Spring/Summer 2012): 47–68; David Shim and Patrick Flamm, “Rising South Korea: A Minor Player or a Regional Power?,” German Institute of Global and Area Studies, Working Paper No 200, July 2012.

61 Andrew F. Cooper, “Niche Diplomacy: A Conceptual Overview,” in Cooper, ed., *Niche Diplomacy: Middle Powers after the Cold War* (New York: Macmillan, 1997); Mehmet Ozkan, “A New Approach to Global Security: Pivotal Middle Powers and Global Politics,” *Journal of International Affairs*, Volume XI, No.1 (2006): 77–95; Yoshihide Soeya, “Nihon no Middle Power Gaiko (Japan’s Middle Power Diplomacy),” Chikuma Shobo, 2005; Soeya, “Japanese Domestic Politics and Security Cooperation in Northeast Asia,” Council on Foreign Relations, December 2009.

However, Korea is unique among middle powers in important respects. As David Hundt notes in comparing Korea and Australia, these U.S. allies may be “team players,” in regional diplomacy, but are rarely “leaders”—or neutral with respect to their clear preference for a *U.S.-led* regional order in Asia.<sup>62</sup> The geostrategic problem is particularly acute for Korea, which faces a recalcitrant North Korea armed with nuclear weapons and over 11,000 artillery tubes and SCUD missiles aimed at Seoul, and a China that has become both the South’s largest trading partner and the major enabler of Pyongyang’s dangerous behavior. As a result, support for U.S. regional and global leadership runs deep in South Korean foreign policy, but so does fear of entrapment in any U.S. or U.S.-Japan confrontation with China over issues extraneous to the Korean peninsula. These are significant constraints on Korea’s freedom of action diplomatically.

***Korea was thrust to the center of great-power competition, alliance management, and contested ideas about the future of global norms and regional order.***

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Moreover, while the growth of civil society and democracy at home has become an important driver for Korea’s multilateral activism abroad,<sup>63</sup> Korea remains an ideologically polarized and often nationalistic society.<sup>64</sup> For example, despite positive branding abroad, President Lee Myung-bak ended his term with personal approval ratings hovering at only 20 percent—a figure not uncommon for outgoing Korean presidents.<sup>65</sup> Meanwhile, at various points over the past decade Korea’s highly networked citizens have rallied against the United States (over the death of two schoolgirls in a military traffic accident in 2002), China (over Chinese official propaganda citing the seventh-century

Koguryo Kingdom as part of Chinese civilization, or more recent support of North Korea in the wake of the 2010 lethal attacks on the South Korean corvette *Cheonan* and the South Korean island of Yeonpyeong), and Japan (over Japanese leaders’ controversial visits to the Yasukuni Shrine and efforts to downplay the subjugation of Korea).

Together, these are geostrategic and domestic political complications that Canada, Norway, or even Australia do not face. Yet it is precisely because of these pivotal issues that Korea’s future course as a middle power has so much potential to impact the larger search for stable order and institutions in Asia.

### **CASE STUDIES IN KOREAN MIDDLE POWER ACTIVISM**

Korea’s unique attributes and challenges as a middle power are evident in Seoul’s active multilateral diplomacy over the past few years. This is particularly true where Korea has been given an opportu-

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62 Hundt, “Middle Powers and the Building of Regional Order: South Korea and Australia Compared,” 75.

63 David Lumsdaine and James Schopf, “Changing Values and the Recent Rise in Korean Development Assistance,” *Pacific Review*, 20:2, June 2007, 221–55.

64 Weston Konishi and Mark Manyin, *South Korea: Its Domestic Politics and Foreign Policy Outlook*, Congressional Research Service, September 30, 2009.

65 Park Myoung-ho, “South Korea’s Surprise Election Results,” *East Asia Forum*, <http://www.eastasiaforum.org/2012/05/14/south-korea-s-surprise-election-results/>.

nity to lead: in the G-20 process, the High Level Forum on Aid Effectiveness, the 2012 nuclear summit, negotiations over regional FTAs, and the response to security crises in the West (Yellow), East and South China Seas. In all five arenas Korea was thrust to the center of great-power competition, alliance management, and contested ideas about the future of global norms and regional order.

### The G-20

Perhaps the centerpiece of Lee Myung-bak's branding of "Global Korea" was the hosting of the G-20 Summit in Seoul on November 11–12, 2010. The G-20 was first formed in 1999 to broaden high-level discussion on the stability of the international financial system beyond the traditional G-7 members. In November 2008 President George W. Bush hosted the group in Washington to discuss the global financial crisis that had erupted that year, and the next year President Barack Obama and the 19 other world leaders agreed that the G-20 would replace the G-8 as the major forum for deliberations on global economic issues. Subsequent meetings were held in London (2009), Pittsburgh (2009), and Toronto (2010).

Korea's invitation at Pittsburgh to host the G-20 reflected President Obama's personal confidence in President Lee, but also the emerging global governance that American policymakers foresaw after the financial crisis.<sup>66</sup> The G-7 members no longer represented the distribution of global economic power, yet the BRICS (Brazil, Russia, India, China, and South Africa) did not yet fully support the neoliberal order and democratic norms the original G-5 were formed to protect and advance. In addition, the G-7 was overly weighted to Western powers, and particularly Europeans, with only Japan representing the economic dynamism of a rising Asia. Asians, it was argued, were setting a new agenda based on sustainable growth, intraregional interdependence, and domestic stimulus.<sup>67</sup>

For Washington, Korea was the ideal candidate to be the first non-G-7 and first Asian host for the G-20. Korea was a member of the OECD and firm supporter of the West's agenda; a close U.S. ally, but not one that would provoke objection from the BRICS; and one of only three OECD economies to show economic growth in 2009. Yet the new G-20 process also reflected the enormous challenges of managing the dispersion of economic power in the international system. There was no charter, no secretariat, no clear rule for membership, and no clear sense of whether the diverse group could replicate the agenda-setting role of the G-7. It was Korea's turn to host just as the G-20 was attempting to shift from crisis response to steering the global economy.

Judith Cherry and Hugo Dobson have posited that Korea's performance in the G-20 process can be assessed using seven criteria previously developed by scholars to rate management of the G-7 summits. These criteria include: *leadership* with respect to both agenda-setting and sustaining forward momentum in the summit process; *effectiveness* in managing competing pressures among member states; *solidarity* of member states; *durability* of the agenda in following summits; *acceptability* of the summit process and results by key global stakeholders; *consistency* in addressing issues; and *domestic political advancement*, or the use of summits to achieve reforms related to the global governance agenda.<sup>68</sup>

According to Cherry and Dobson, Korea scored two important *leadership* points for sustaining

66 "Seoul Selected as Venue for Summit in 2010," The Korea Times, September 25, 2009.

67 Asia Development Bank, *Reshaping Global Economic Governance and the Role of Asia in the Group of Twenty (G-20)*, 2011, 46–58.

68 Judith Cherry and Hugo Dobson, "Seoul Searching: The 2010 G-20 Seoul Summit," *Global Governance*, Vol. 18 (2012): 363–81.

forward momentum on legacy issues in the final G-20 communique, specifically (1) a pledge by the leaders to decrease European seats on the IMF board from eight to six seats and to shift 6 percent of voting share to the developing world and Asia; and (2) endorsement of the “Basil III Code” to enhance regulations on banks.<sup>69</sup> Korea fared less well in terms of new agenda-setting. Lee Myung-bak did try to emphasize Korea’s unique development experience through an announced “Seoul Development Consensus for Shared Growth,” which included a Multi-year Action Plan on Development (MYAP).<sup>70</sup> However, Korea ultimately avoided pointing to its own historic import-substitution model, choosing instead to emphasize noncontroversial themes, such as education, human resource development, and infrastructure investment—areas where neoliberal economies and state-led/ neo-mercantilist economies would find little disagreement.<sup>71</sup> For this reason Cherry and Dobson also rated the summit as only a moderate success in terms of effectiveness.

In terms of *solidarity*, Seoul did manage to avoid the divisions of previous G-20 summits between developed and developing countries over bank levies, and resisted calls from within Asia for a regional caucus that might have produced new fractures in the G-20. Cherry and Dobson rated Korea more highly than previous hosts on *acceptability* because the Seoul Summit resulted in moderately better compliance with prior agreements and more active outreach to civil society and international organizations. Finally, with respect to *domestic political advancement*, Cherry and Dobson noted that the summit did promote President Lee’s own legacy as a world leader and was widely hailed in the domestic media and public opinion surveys.<sup>72</sup> Ultimately, the Korean peoples’ enthusiasm for summits in Seoul continued while Lee’s bump in the polls did not.

Other important aspects of Korean middle power statecraft become apparent at the G-20 summit as well. Perhaps the most difficult tension beneath the surface in Seoul was the clash between Washington and Beijing over exchange-rate protectionism. On the one hand, the U.S. Congress was threatening to pass legislation labeling China a currency manipulator, while at the same time the U.S. Federal Reserve was engaged in quantitative easing (QE 2) designed to stimulate the U.S. economy, but simultaneously posing beggar-thy-neighbor devaluation of the U.S. dollar to other major trading partners.<sup>73</sup> Before the summit, some Korean analysts expressed the expectation that the G-20 process would give their country greater influence vis-à-vis China because Beijing welcomed the grouping despite general misgivings about American hegemony in the international financial architecture.<sup>74</sup> Korean diplomacy between China and the United States ended up becoming much more amorphous, however. Korea avoided an open clash between Washington and Beijing by steering clear of the currency-adjustment issue, but after the fact, analysts in Seoul acknowledged that the currency problem was being passed to future hosts unresolved.<sup>75</sup>

69 Ibid., 367.

70 G-20 Seoul Summit Leaders Declaration, November 12, 2010, <http://www.g20.utoronto.ca/2010/g20seoul.html>.

71 Cherry and Dobson, “Seoul Searching: The 2010 G-20 Seoul Summit,” 368.

72 Ibid., 375.

73 “Open letter to Ben Bernanke,” *Wall Street Journal*, November 15, 2010.

74 Heungkyu Kim, “China’s Diplomacy for G-2 and G-20: Implication for Korea,” *Analysis of Major Global Issues, The Institute of Foreign Affairs & National Security*, 1–15, 2009.

75 Kwak Soo-Jong, “G-20 Seoul Summit: Achievements and Tasks Ahead,” *Weekly Insight* (Samsung Economic Research Institute), November 22, 2010, 10–14; Dong Whi-Lee, “G-20 Seoul Summit: Assessment and Future Prospects,” *IFANS Brief 22-2010* (December 2, 2010), Institute for Foreign Affairs and Trade (Korea).

Ultimately, the Seoul G-20 summit showcased Korea's competence at hosting high-level meetings and ability to sustain consensus and momentum on a complex and potentially divisive global agenda. Given the Korean government's clear commitment to an open trans-Pacific order in Asia and the neoliberal values inherited from the G-7, this was an important accomplishment for U.S. foreign policy and a modest success in the cause of more inclusive but effective global governance. However, the summit also exposed Korea's limited ability—or perhaps willingness—to move the major powers off of their established positions or to initiate actionable agenda items based on a distinct Korean brand. In that sense, the G-20 cemented the image of a Global Korea, but fell short of some analysts' hopes that the summit might represent a shift from the "Washington Consensus" of the G-7 to a new "Seoul Consensus."<sup>76</sup>

#### HLF-4

President Lee had an opportunity to refocus the world on Korea's unique development experience and potential for leadership at the Fourth High Level Forum on Aid Effectiveness (HLF-4), which was held in Busan on November 29–December 2, 2011. Aid effectiveness became a major theme in 2002 at the Monterrey International Conference on Financing for Development, where developed countries agreed to increase spending in response to calls from the developing world, but also insisted that there be a focus on the quality and not just quantity of assistance.<sup>77</sup> In 2005 at the Paris High Level Forum on Aid Effectiveness organized by the OECD, 100 representatives of governments and international organizations signed the Paris Declaration, pledging to shift the emphasis on assistance planning to the recipient governments, giving greater weight to their own national priorities and to greater accountability. Over 1,700 participants, including civil society representatives, then gathered in Accra, Ghana, on September 2–4, 2008, for HLF-3, which focused on reviewing commitments made at Paris and highlighting best practices in aid effectiveness.<sup>78</sup> Next in line, Korea was again poised to step forward as a pivotal country—a new member of the DAC and former recipient of aid; committed to increasing ODA by 2015; and now a recognized master at convening major international summits.

On the whole, the HLF-4 was a success. The Korea Civil Society Forum on International Development Cooperation (KOFID), a watchdog organization comprised of Korean development NGOs, gave their government a "silver medal" for its performance at Busan. Positive elements of Korean statecraft included the ability to bridge developed and developing countries because of Korea's own experience in both camps, as well as successful inclusion of non-DAC countries, such as India and China, in the meeting. China's first-time participation was particularly meaningful, though Beijing did send a lower-level delegation and did not make any meaningful contributions to the proceedings. KOFID was more critical of the Korean government's emphasis on private-sector solutions to development problems, though the other DAC nations and the World Bank were more positively inclined to search for such synergies with the business sector. Other shortcomings in Busan, including a lack of at-

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76 On the "Seoul Consensus," see Lee Dong Hun, "G-20 Summit: Opportunity to Enhance National Brand," *Monthly Focus*, No. 10, 210 (Samsung Economic Research Institute), October 2010.

77 United Nations, "United Nations Millennium Development Goals," UN.org. 2008-09-25, <http://www.un.org/millenniumgoals/bkgd.shtml>.

78 OECD, *The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action*, 2005/2008, <http://www.oecd.org/development/aideffectiveness/34428351.pdf>.

tention to human rights and gender issues, also prompted NGO criticism in Korea.<sup>79</sup> Even President Lee's welcoming speech to the delegates made only passing reference to the existence of democracy in Korea, focusing instead on Korea's economic path.<sup>80</sup>

As with the G-20, Korea's own economic development model proved a mixed blessing at HLF-4. On the one hand, it gave the Korean government a level of credibility with developed and developing nations and the ability to bridge major donors like the United States and important but wary new actors in development like China. On the other hand, recent assessments of Korea's own aid policy have not been positive, and this clearly limited the ability of Korea to draw from its own best practices in the pursuit of a global agenda for aid effectiveness. The year before HLF-4, for example, the Global Development Institute ranked Korea at the bottom of the DAC countries in terms of efficiency, fragmentation of efforts, and learning and transparency.<sup>81</sup> In 2011 the OECD's own assessment of donor implementation of the Paris Declaration also ranked Korea low among DAC countries, again in the areas of fragmentation of effort and alignment with recipient countries' priorities and procedures (though in fairness, Korea is the newest member of the DAC).<sup>82</sup> Nor did Korea's historical development experience provide ready examples for donor coordination at Busan, since many of the chaebol leaders and economic planners responsible for the "miracle on the Han" had since passed from the scene. As with the G-20, Korea was successful at convening, bridging, and integrating, but less successful at agenda-setting and innovation generally associated with middle power diplomacy.

### **The Seoul Nuclear Summit**

Korea had an opportunity to brandish its credentials as a provider of security goods when President Lee Myung-bak was asked by President Obama to host the second Nuclear Security Summit in 2012. The Washington Nuclear Summit in 2010 had produced a joint communiqué highlighting the importance of international efforts to secure nuclear materials and combat nuclear terrorism and trafficking.<sup>83</sup> With over 50 countries represented, the March 26–27 Seoul Nuclear Summit marked the largest gathering of heads of state in Korea ever, a huge accomplishment in terms of international prestige and domestic pride. The summit also demonstrated the strength of the U.S.-ROK alliance, particularly since many thought Japan might be the logical next host, given that nation's history as the only victim of nuclear weapons (the unpredictability of the new Hatoyama government was probably one factor that dissuaded the White House from turning to Tokyo). The Korean government also saw the summit as a timely opportunity to showcase Korea's role as a responsible exporter of peaceful nuclear power, coming on the heels of a 2009 \$20 billion deal to build four reactors in the UAE. Finally, for many Koreans the summit seemed a useful way to put pressure on the North Koreans to end its own dangerous nuclear program.

In substantive terms, the summit was a mixed success. The Washington Nuclear Summit communi-

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79 Korea Civil Society Forum on International Development Cooperation, *The Outcomes and Future Challenges of the Busan HLF-4: CSO's Perspectives*, Issue Brief 2, February 2012.

80 Remarks by H.E. Lee Myung-bak, president of the Republic of Korea, at the Fourth High Level Forum on Aid Effectiveness, Busan, Korea, November 30, 2011, [http://www.aideffectiveness.org/busanhl4/images/stories/President\\_Lee\\_Opening\\_speech\\_2.pdf](http://www.aideffectiveness.org/busanhl4/images/stories/President_Lee_Opening_speech_2.pdf).

81 Nancy Birdsall and Homi Kharas, *Quality of Official Development Assistance Assessment* (Washington, DC: Center for Global Development, 2010), 14, 24, [http://www.cgdev.org/section/topics/aid\\_effectiveness/quoda](http://www.cgdev.org/section/topics/aid_effectiveness/quoda).

82 OECD, *Aid Effectiveness 2005-2010: Progress in Implementing the Paris Declaration*, 2011, 184, <http://www.oecd.org/dac/aideffectiveness/48742718.pdf>.

83 Communiqué of the Washington Nuclear Security Summit, April 13, 2010.

qué had left participating states free to define their own goals. Korean diplomats were quite successful at pushing states that did make commitments to implement them before the Seoul summit. By one independent account, 80 percent of commitments made in Washington were implemented by the time leaders gathered in Seoul.<sup>84</sup> Seoul was less successful in putting an independent Korean stamp on the summit proceedings, however. The Korean government pushed for agreements on nuclear safety standards in the wake of the Fukushima disaster, a particular concern for Seoul not only because of diplomatic relations with Japan, but also Korea's own desire to reassure international markets and the domestic audience about the safety of nuclear reactors.<sup>85</sup> The Obama administration did not want to dilute attention from nuclear security issues, however, and agreed only to mention safety in the final communiqué in terms of the "nexus" with the core issue of securing nuclear facilities. In the end, it fell to a separate industry forum in Seoul to put out concrete safety recommendations.<sup>86</sup> In addition, Korea ran into resistance from the Obama administration when it proposed moving toward a binding international agreement on nuclear security. The U.S. side preferred instead to save its political capital—particularly with Russia—for other binding arms control agreements and to use the Nuclear Security Summit process for incremental gains instead.<sup>87</sup> Finally, Korea was rebuffed by Russia and other states in efforts to obtain commitments for securing and accounting for highly enriched uranium (HEU), a potentially dangerous source of material for nuclear weapons and an important topic for Seoul given revelations about advances in North Korea's own HEU program.<sup>88</sup>

Indeed, other than highlighting the international prestige of the Republic of Korea, the Seoul Nuclear Summit had virtually no impact on the North Korea nuclear problem. Knowing Washington's intention to focus exclusively on securing nuclear materials among responsible states, Korea's foreign minister tried to minimize expectations that the summit would take up North Korea.<sup>89</sup> Yet even as the summit participants discussed their own individual commitments to combat trafficking in nuclear materials, China was blocking efforts by the majority of states in the UN Security Council to report on the North's HEU program and to expand implementation of sanctions under UNSC Resolutions 1619 and 1874.<sup>90</sup> Within a few weeks of the Seoul Nuclear Summit, Pyongyang tested a long-range ballistic missile and announced that it would no longer abide by previous international commitments to cease nuclear tests.<sup>91</sup>

Part of the limitations in Seoul's ability to affect its own desired outcomes in the Seoul Nuclear Summit must be attributed to the nature of summitry in the first place. As nonproliferation expert Sharon Squassoni notes, "summits may not be the best tool for significant improvement in an area such as nuclear security," particularly given the reliance on national sovereignty and self-enforce-

84 Michele Kan, Kelsey Davenport, and Margaret Balza, "The Nuclear Summit: Assessment of National Commitments," Arms Control Association and Partnership for Global Security, March 2012, 1.

85 Miles A. Pomper, "The Seoul Nuclear Security Summit: How Much of a Success?," On Korea 2013: Academic Paper Series Volume 6, Korea Economic Institute of America, 2013.

86 Seoul Communiqué, 2012 Seoul Nuclear Summit, 2; "Seoul 2012 Nuclear Industry Summit: Announcement of the Joint Statement," March 28, 2012, [http://www.seoulinis.org/eng/bbs/photo\\_view.asp?num=39&block=8&GoTopage=1](http://www.seoulinis.org/eng/bbs/photo_view.asp?num=39&block=8&GoTopage=1).

87 Pomper, "The Seoul Nuclear Security Summit: How Much of a Success?"

88 Ibid.

89 Sung-Hwan Kim, "Seoul's Turn: The Second Nuclear Security Summit," *Global Asia*, Vol. 7, No. 1, Spring 2012.

90 Louis Charbonneau, "Exclusive: U.S. Allies Urge Sanctions for North Korean Firms: China Resists," Reuters, May 1, 2012; Louis Charbonneau, "China Blocks UN Report on N. Korea Nuclear Breaches," Reuters, February 17, 2011.

91 "North Korea 'Not Bound' by U.S. Nuclear Deal," BBC.com, April 17, 2012, <http://www.bbc.co.uk/news/world-asia-17751864>.

ment.<sup>92</sup> Korea was also empowered as host, but limited by the U.S. agenda for the nuclear summit process, which was incremental by design. Finally, Korea's push to expand its own range of fuel-cycle capabilities, including uranium enrichment, spent-fuel recycling, and pyroprocessing, complicated Seoul's ability to take the lead in calling for other states to limit their own reliance on the same technologies. If Washington or Seoul had been more ambitious in the nuclear summit, a transformational agreement might have been built around Korean pledges to forego the full nuclear fuel cycle. As it was, there was inevitable dissonance between the demands for greater nuclear sovereignty at home and reductions in the use of HEU abroad. Once again, Korea was successful at sustaining momentum, but less so at innovation or agenda-setting.

### **Regional FTAs and Financial Arrangements**

In contrast to the G-20 summit, HLF-4, and the Seoul Nuclear summit, the negotiation of bilateral and regional free trade agreements (FTAs) and financial arrangements in Asia have afforded Seoul with an agile instrument of national influence. FTAs and Economic Partnership Agreements (EPAs) account for 36 percent of all Korean trade, and Seoul has used the full gamut of high- and low-quality agreements to stimulate reform at home and to enhance diplomatic leverage abroad. KORUS is the most sweeping trade agreement in the Asia Pacific region, expected to add over \$25 billion to U.S. GDP once fully implemented.<sup>93</sup> Strategically, the agreement serves as a potential building bloc toward a broader Free Trade Area of the Asia Pacific (FTAAP) envisioned under APEC, and as cement under the U.S.-ROK alliance.<sup>94</sup> As such, KORUS reinforces Korean interests in a U.S.-led regional order in Asia even as intraregional trade, particularly with China, increases. Far from entrapping Korea in the U.S.-ROK alliance, however, KORUS has added leverage to Korean negotiations with other partners, including the EU (FTA in effect since mid-2011) and now with Japan and China, which agreed in a May 2012 summit meeting to launch a trilateral FTA.<sup>95</sup> The emergence of trading blocs in Asia would be highly detrimental to Korean strategic interests, but Korean trade strategy is premised on the recognition that multidirectional bilateral agreements to lower barriers can create a virtuous competitive trade liberalization that opens markets and contributes to growth and regional stability across the region.<sup>96</sup>

Korea has also expanded its diplomatic options on the financial side by participating as the third-largest partner in the Chang Mai Initiative (CMI), a currency swap arrangement established by the ASEAN Plus Three in 2010 with a pool of funds totaling over \$250 billion. To be sure, this amount is paltry compared to the emergency stabilization funds that could be required from the IMF in a major financial crisis. Moreover, the competitive friction between Japan and China within the CMI is legend: China and Japan could only resolve a tussle over voting rights by agreeing to include

92 Sharon Squassoni, "Inching forward at the Seoul Nuclear Summit," *Asia Pacific Bulletin*, No. 150, East West Center, April 10, 2012, 2.

93 Kozo Kiyota and Robert Stern, *Economic Effects of a U.S.-Korea Free Trade Agreement*, Korea Economic Institute, Special Studies 4, 2007; Congressional Research Service, "The Proposed South Korea-U.S. Free Trade Agreement (KORUS FTA)," CRS Report for Congress RL33435, Updated April 23, 2007, <http://fpc.state.gov/documents/organization/84284.pdf>.

94 Victor Cha, "The U.S.-Korea Free Trade Agreement," CSIS, October 13, 2011, <http://csis.org/publication/us-rok-free-trade-agreement>.

95 "China Plans Talks with Japan, Korea on Free-Trade Area," *Bloomberg News*, May 13, 2012; Ministry of Economy, Trade and Industry, "Results of the Joint Study for an FTA among China, Japan, and Korea," Trade Policy Bureau, May 7, 2010, [http://www.meti.go.jp/english/press/data/20100507\\_01.html](http://www.meti.go.jp/english/press/data/20100507_01.html); China-Japan-Korea Trilateral Cooperation and the East Asian Community, East Asia Forum, June 15, 2010, <http://www.eastasiaforum.org/2010/06/15/china-japan-korea-trilateral-cooperation-and-the-east-asian-community/>.

96 On competitive trade liberalization, see Fred C. Bergsten, "Competitive Liberalization and Global Free Trade: A Vision for the Early 21st Century," Peterson Institute for International Economics, Working Paper 96-15, 2012; Mignonne Chan, "US Trade Strategy of 'Competitive Liberalization,'" *Tamkang Journal of International Affairs* 8, no. 3 (January 2005): 1–26.

Hong Kong's contribution in China's total as a face-saving gesture; and squabbles over the ordering of country names in a new trilateral Korea-Japan-China secretariat established in Seoul in 2011 has meant the office goes by the generic name of "Trilateral Cooperation Secretariat."<sup>97</sup> Nevertheless, Korea does have a virtual casting vote between Japan and China in the CMI—an important source of influence.<sup>98</sup> CMI also gives Seoul a hedge against failure of the IMF to respond to specific crises or larger changes in the international financial system. That said, Korean strategic elites responding to the 2009 CSIS survey on the future of regional architecture in Asia gave the CMI considerably lower prospects for resolving financial crisis down the road compared against the IMF.<sup>99</sup> After the experience of the 1997–1998 financial crisis, the Korean instinct is likely to be focused on reinforcing both the global and regional support networks for future disruptions of the international financial system.

The one negative dimension of Korea's activism in trade diplomacy has been the difficulties sustaining domestic consensus for the future. KORUS at least temporarily exhausted the Korean government's domestic political capital with respect to U.S.-centered liberalization. Even with Japan's decision to join the Trans-Pacific Partnership in early 2013, the government of President Park Geun-hye remained mostly mum on Korea's own participation, highlighting instead a more populist theme of "economic democratization." In part, Korean reticence on TPP was also due to Chinese charges that the trade grouping was an instrument of U.S. "containment" strategy. Technically, the hard negotiations on KORUS put Korean participation in TPP well within reach, but the domestic politics of trade in Korea have become harder for the government to read.

### Regional Security Architecture

As Korea pulled off three successful summits and negotiated new trade and financial agreements over the course of the Lee Myung-bak administration, the immediate security situation in East Asia took a turn for the worse. North Korea demonstrated that its growing nuclear weapons capability would be matched by brazen conventional military provocations, including the March 2010 North Korean sinking of the ROK's *Cheonan* and the November 2010 North Korean lethal shelling of civilians on Yeonpyong Island. Over the same period, China became more aggressive in pursuing maritime territorial claims in the East and South China Sea, prompting the United States, Japan, and key ASEAN states to tighten security cooperation and bring the issue of "freedom of navigation" to regional forums such as the ARF. While Seoul looks primarily to its alliance with the United States for security (the 2009 CSIS survey of regional strategic elites found Korean respondents the least trustful of regional security institutions and most confident in the United States<sup>100</sup>), the spate of security incidents in 2010–2012 prompted Korea to test the utility of formal and informal multilateral arrangements within the Asia Pacific region.

The Cheonan and Yeonpyong incidents highlighted the potential deterrence and compellence role of U.S.-Japan-ROK trilateral security cooperation, an aspect of Asian security architecture that falls

97 Joel Rathus, "The Chiang Mai Initiative: China, Japan and Financial Regionalism," *East Asia Forum*, May 11, 2009 (<http://www.easiaforum.org/2009/05/11/the-chiang-mai-initiative-china-japan-and-financial-regionalism/>); *Japan-ROK-China Trilateral Summit: Memorandum on the Establishment of the Trilateral Cooperation Secretariat*, Foreign Ministry of Japan, <http://www.mofa.go.jp/region/asia-paci/jck/summit1005/memorandum.html>.

98 Tai-Hwan Lee, "ROK-China-Japan Cooperation and the Role of the ROK: On the Launching of the Trilateral Cooperation Secretariat," *Current Issues and Policy*, No. 186, Sejong Institute, October 2011.

99 Gill, Green, Tsuji, and Watts, *Strategic Views on Asian Regionalism: Survey Results and Analysis*.

100 Ibid.

between the hub-and-spokes of U.S. bilateral alliances and the broader inclusive security forums such as the ARF. Historically, U.S.-Japan-ROK security cooperation was barely visible, until the first nuclear crisis with North Korea in 1993 prompted diplomats from the three countries to begin holding coordination meetings at the UN. When former Secretary of Defense William Perry became the Clinton administration's point man for North Korea policy in 1998, he elevated and formalized this process in the U.S.-Japan-ROK Trilateral Coordination and Oversight Group (TCOG).<sup>101</sup> TCOG meetings lapsed in the Roh Moo-Hyun years because of tensions in Japan-Korea ties and Chinese criticism of the existence of sub-groups within the Six Party Talks, but in the wake of the *Choenan* and Yeonpyong attacks, the United States agreed with Japan and Korea to elevate trilateral security coordination to the ministerial level. For Korea, measurable steps were needed to restore deterrence, the Six Party Talks were dormant and therefore not a factor, and Washington, Seoul, and Tokyo all agreed on the need to deal with Beijing's passivity in the face of North Korea attacks.<sup>102</sup> In a joint statement after meeting on December 2010, Secretary of State Hillary Clinton, Korean Foreign Minister Kim Sung-Hwan, and Japanese Foreign Minister Seiji Maehara "underscored the importance of strengthening trilateral cooperation on economic, political, and security issues," and reportedly came close to agreeing on an unprecedented collective security statement, which would have acknowledged that an attack on any one of the allies by North Korea would be viewed as an attack on all three.<sup>103</sup>

It was the Korean side that pulled back from delivering a trilateral collective security statement at the last moment because of renewed anxiety in the Blue House and MOFAT about the reaction of both China and the Korean media (which was also being asked to swallow concessions from the United States in a renegotiation of KORUS that same month).<sup>104</sup> Trilateral security cooperation deteriorated further in mid-2012, when the Blue House halted Japan-Korea defense cooperation agreements on security of information and mutual logistical support amidst rancor over the perennial problems of Japanese accountability for the annexation and subjugation of Korea.<sup>105</sup> This reactive and stop-and-start nature of Korea's trilateral security cooperation with the United States and Japan stands in contrast to the steady expansion of the U.S.-Japan-Australia Trilateral Security Dialogue (TSD), and is not lost on Beijing.

At the same time, while Korea is not a claimant in any of the territorial disputes in the South China Sea, China's aggressive expansive of naval and paramilitary maritime operations in the area since 2009 have nevertheless put the dispute at the center of East Asian regional security dynamics in a way Seoul cannot ignore. Washington has made the rising tensions between China and smaller claimants such as the Philippines and Vietnam a central issue in the multilateral diplomacy of the ASEAN Regional Forum and the East Asia Summit. Under the broad mantra of U.S. interests in "freedom of navigation," the United States has backed ASEAN efforts to press China to upgrade a 2002 Declaration on the Conduct of Parties in the South China Sea (DOC) to a more binding Code of Conduct (COC)

101 James Schoff, *Tools for Trilateralism: Improving U.S.-Japan-Korea Cooperation to Manage Complex Contingencies* (Institute for Foreign Policy Analysis) (Dulles, Virginia: Potomac Press, 2005), 5.

102 After Yeongpyon 83 percent of South Koreans surveyed wanted a stronger military response and 58 percent said Korea should pressure China more even at the risk of damaging economic ties. See Kim J. Yoon and Woo Jong Yop, "The Asan Institute Poll in the Wake of the Attack on Yeongpyon Island," Asan Institute for Policy Studies, December 2010.

103 U.S. Department of State, "Trilateral Statement Japan, Republic of Korea, and the United States," December 6, 2010; Elise Labott, "Trilateral Meeting Underscores Alliance, Sends Message to North Korea," CNN.com, December 7, 2010; Author's background interviews with senior U.S., Japanese, and Korean officials, December 6–7, 2010, Washington, DC.

104 Interviews with senior MOFAT and ROK NSC officials, Seoul, December 20, 2010.

105 K.J. Kwon, "South Korea and Japan Put Military Pact on Hold after Outcry," CNN.com, June 29, 2012.

that would constrain Chinese coercion against the smaller parties. Korea, which is dependent on broader U.S. security capabilities in the Western Pacific and shipping through the South China Sea, backed U.S. diplomacy in the ARF and EAS. It also helped that the ASEAN member states themselves were solicitous of Korean diplomatic support. In addition, Seoul was motivated by Korea's own less immediate maritime dispute with China over the island of Iedo in the East China Sea.

As a foreign ministry think tank noted in 2011, "Korea must be prepared for such dispute with China in the future, and develop its stance in advance."<sup>106</sup> At the same time, the author of the report stresses that Korea must consider the need for "international support on the nuclear security issue on the Korean peninsula," an oblique reference to China's importance in relation to North Korea. Trapped between those two considerations, Korea followed the U.S. lead in the ARF and EAS meetings in 2010–2012, but generally maintained a low profile on the issue compared with Japan or Australia. The 2011 foreign ministry think tank report concludes with a proposal that Seoul play another "bridging role" between claimants in the South China Sea, but the government has avoided any such complication to its relations with China and the United States.

### **CONCLUSION: ASSESSING KOREA AS A MIDDLE POWER VARIABLE IN ASIA'S EMERGING MULTILATERAL ARCHITECTURE**

This survey of Korean middle power diplomacy suggests four preliminary conclusions about how Korea might shape the future of Asian multilateral architecture.

First, Koreans should be proud, Americans should be grateful, and Asia-Pacific nations should be inspired by the example Korea is setting in its regional and global diplomacy. Despite mixed external reports on the outcome of summits hosted by Korea, the nation is undeniably a net provider of security and public

goods to the international community. Under Korean leadership, the global agenda on financial policy, nuclear safety, development, and democracy has moved forward, if incrementally. This is a remarkable accomplishment, given the geostrategic challenges in Northeast Asia, the North Korean threat, and South Korea's own rise from devastation to dynamism. It is all the more important because of the broad consensus domestically that Korea should continue aspiring to a larger role in regional and global affairs.

Second, Korea has led on major summits such as the G-20, the Seoul Nuclear Summit, and HLF-4, but has done so largely in terms of bridging, integrating, outreach, and sustaining momentum. Korean multilateral diplomacy has been less noteworthy in terms of innovation and agenda-setting. In part, this reflects the limitations of summits themselves. In part it reflects Hundt's observation that U.S. allies in dangerous security environments can at best be "team players" but rarely leaders. Recognizing

***Koreans should be proud, Americans should be grateful, and Asia-Pacific nations should be inspired by the example Korea is setting in its regional and global diplomacy.***

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<sup>106</sup> Lee Jaehyon, "Recent Disputes in South China Sea and Korea's Strategy," *IFANS Focus*, 2011-05E, Institute for Foreign Affairs and National Security, July 14, 2011, 3.

this, senior Korean officials repeatedly refer to their role as a “bridge” between developed and developing nations or East and West, rather than a thought leader or innovator. Bridging is possible because Korea is not a threatening major power, like China or Japan, and because of Korea’s experience with both economic development and democratic transition. However, Korea is a bridge with its firmest foundation in the U.S.-ROK alliance. That can empower Korea in international forums, but also impose limits on Korean freedom of action. Played well, bridging on the global agenda can increase Korean credibility and influence vis-à-vis Washington. Within Asia, however, Korea cannot bridge the United States and China or Japan and China without considerable risk to its core interests.

Third, for precisely this reason, there are few examples of Korea leading in regional security forums such as the ARF and EAS, or smaller security-focused groupings such as the U.S.-Japan-ROK trilaterals (or even in the Six Party Talks on North Korea, for that matter). This reflects Seoul’s cautious stance toward China and understandable preoccupation with the North Korea nuclear problem. However, this same cautious, reactive, and sometimes uncertain approach risks sending the signal to a rising China that Korea can someday be isolated from the United States and U.S. allies in a standoff elsewhere in Asia. That, in turn, reduces Korean leverage vis-à-vis China on the North Korean issue. This dilemma fundamentally limits Korean middle power diplomacy in East Asia. Global Korea—which raises the nation’s status and influence beyond its own region—is one partial answer to that dilemma.

Fourth, Korea’s middle power activism on the global stage is constrained by nationalism and policy choices at home. The quest for nuclear sovereignty and the residual mercantilism behind official development assistance undermined Korea’s ability to serve as a model international citizen and lead by example in the Nuclear Summit and HLF-4. To some degree, these factors reflect Korea’s ambitious struggle over the past five decades, as well as the intensely competitive strategic environment of Northeast Asia. Nevertheless, it is a liability for Korean diplomacy today. Still, the active debate about these issues among civil society groups and other stakeholders domestically suggests that Korea is on a trajectory to lead not only by the example of what it has achieved, but also how it improves its own practices.

Despite domestic cleavages and nationalism, domestic support for active Korean diplomacy shows no sign of waning. At the same time, many Korean thought-leaders have recognized the need to aspire to a new level of statecraft beyond moving received agenda through international summits. A minority view has emerged that Korea is dissipating its limited diplomatic capacity on impossible tasks of global governance when the real focus should be on key alliances and partnerships in Asia.<sup>107</sup> Others argue that Korea must follow the example of Australian Prime Minister Kevin Rudd and articulate a preferred end state for regional order in Asia, rather than bridging, hedging, and positioning.<sup>108</sup> Both suggestions have merit. Korea has the national power and alliances to strengthen its strategic position in Northeast Asia and should have the confidence in its values to articulate a long-term vision of community-building in the Asia-Pacific region based on democratic norms. These are logical compliments to the success of Global Korea.

Korea is a positive factor in global governance and Asia’s emerging regional architecture. How positive a factor it becomes in future will rest on how Korean leaders judge their performance over the past five years.

<sup>107</sup> See, for example, Oh Young-hwan, “G-20? Try G-Zero,” *JoongAng Ilbo*, October 15, 2011.

<sup>108</sup> Lee Jaehyon, “East Asian and International Relations and National Strategies as Reflected in East Asian Cooperation,” *IFANS Focus* 2010 11E, Institute for Foreign Affairs and National Security, May 31, 2010, 4.



#### CHAPTER FOUR

### SOUTH KOREA'S ROLE IN CHINA-JAPAN-KOREA TRILATERAL RELATIONS

Andrew I. Yeo<sup>109</sup>

After a three-year hiatus, South Korean President Park Geun-hye, Japanese Prime Minister Shinzo Abe, and Chinese Premier Li Keqiang finally met in Seoul on November 1, 2015, for the Sixth Trilateral Summit. Their joint declaration issued at the end of the summit did not reveal any major diplomatic breakthroughs. Nevertheless, the resumption of high-level, regularized dialogue between the three major Northeast Asian actors may itself have been the most important outcome. This essay focuses on the role of South Korea in reconvening and promoting China-Japan-Korea (CJK) trilateral relations in the context of Seoul's regional foreign policy agenda.

Underlying political tensions, which have prevented holding the trilateral summit since 2012, remained relatively unchanged the past few years. Getting the trilateral summit back on track, therefore, required diplomatic leadership and deft diplomacy. Although any success of CJK trilateral relations requires effort on the part of all trilateral partners, South Korea in particular plays an outsized role in advancing this mechanism.

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<sup>109</sup> The author gratefully acknowledges Nicholas Hamisevicz and Vanessa Lau for their research assistance.

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This essay proceeds in five sections. First, the essay reviews South Korea's middle-power status as a basis for its increasingly ambitious regional and global foreign policy agenda. It then provides historical context behind the evolution of the trilateral summit and the Trilateral Cooperation Secretariat (TCS). Third, the essay discusses underlying structural tensions that derailed the CJK summit for three years and the role South Korea played in restarting the high-level summit. Fourth, it discusses how South Korea's recent leadership in CJK relations fits in line with its middle-power status and regional agenda. Fifth and finally, it highlights potential issues moving forward with the TCS and East Asia's growing institutional complexity more generally.

## ***SOUTH KOREA AS A MIDDLE POWER***

What does it mean to be a “middle power”? Middle powers such as Australia, Canada, Turkey, and Indonesia do not possess the capabilities or status of great powers such as the United States or China. Collectively, however, they do bear influence on global governance outcomes.

Normatively, middle powers are viewed as “honest-brokers” in promoting “positive outcomes in niche diplomacy” through multilateral channels.<sup>110</sup> Thus in the twenty-first century, middle power leadership entails behaving as a responsible global citizen. It means “acting cooperatively with others in solving international problems” and contributing to global public goods.<sup>111</sup> Middle powers also tend to exhibit greater “network centrality,” serving as a broker or bridge between other actors within the international or regional system.<sup>112</sup>

South Korea firmly embraces its status as a middle power. Its identity as a middle power coalesced in the 1990s following a period of rapid economic growth and democratization in the preceding decade. Subsequently, South Korea shifted from an inward foreign policy focused narrowly on the Korean Peninsula to an outward-looking one launched by Kim Young-Sam's globalization policy and the country's entry into the Organization for Economic Cooperation and Development (OECD) in 1996. This trajectory continued in the 2000s under the progressive leadership of first Kim Dae-Jung and then Roh Moo-Hyun.

Andrew O'Neil observes that South Korea's growing middle-power identity has become “tightly integrated with the ROK's global ambitions.” This was perhaps best defined under the Lee Myung-bak

110 Andrew O'Neil, “South Korea as a Middle Power: Global Ambitions and Looming Challenges,” in *Middle-Power Korea Contributions to the Global Agenda*, edited by Scott Snyder, 75–89 (New York: Council on Foreign Relations, 2015), 77.

111 John G. Ikenberry and Jongryn Mo, “The Rise of Korean Leadership: Emerging Powers and Liberal International Order,” 2013, 3.

112 Miles Kahler, “Middle Powers, Network Power, and Soft Power,” Unpublished Paper for CSIS Project on “Study of South Korea as a Global Power,” October 14, 2014.

administration's Global Korea Initiative in 2009. Under President Lee, Seoul hosted the 2010 G20 Summit and the 2012 Nuclear Security Summit. In October 2012, the board of the Green Climate Fund selected Songdo, South Korea, as the host city. These events boded well for South Korea's international leadership and reputation as a strong advocate of global governance.<sup>113</sup>

### ESTABLISHMENT OF THE CJK TRILATERAL COOPERATION SECRETARIAT

Seoul's desire to exercise greater regional leadership is reflected in the establishment of the CJK Trilateral Cooperation Secretariat in Seoul in 2011. However, Seoul's current level of proactive engagement on trilateral cooperation was absent at its inception. South Korean leadership on CJK trilateral relations has therefore been an evolving and more recent phenomenon.

The early roots of CJK trilateralism fell under the auspices of the ASEAN Plus Three (APT) format. Proposed by Japanese Prime Minister Keizo Obuchi, the leaders of the "plus three" countries held an informal breakfast meeting on the sidelines of the APT. Discussions revolved around various ways to promote collaboration across different sectors including trade, commerce, environment, and agriculture through joint research. Sensitive political and security issues remained off the table, although security cooperation did appear on the agenda on occasion.

By the mid-2000s, trilateral cooperation had proliferated into multiple events with separate meetings held by foreign, economic, finance, health, and science ministers. However, trilateral cooperation hit its first road bump following Prime Minister Junichiro Koizumi's visit to Yasukuni Shrine in October 2005. Anger over the Yasukuni visit resulted in the cancellation of the trilateral meeting at the 2005 APT. The leaders of the three countries did not meet again until the 2007 APT. At that meeting, Prime Minister Yasuo Fukuda proposed hosting the annual leaders' meeting outside of the APT format.

The three heads of state held their first independent trilateral summit in Fukuoka, Japan, in December 2008. Trilateral cooperation took a significant step toward institutionalization in 2010 when South Korean President Lee Myung-bak proposed establishing a secretariat for trilateral cooperation. In addition to providing administrative support and secretarial services for various trilateral consultative mechanisms, the secretariat would explore new agendas for cooperation and actively engage in public diplomacy. The new Trilateral Cooperation Secretariat (TCS) opened in Seoul in September 2011.

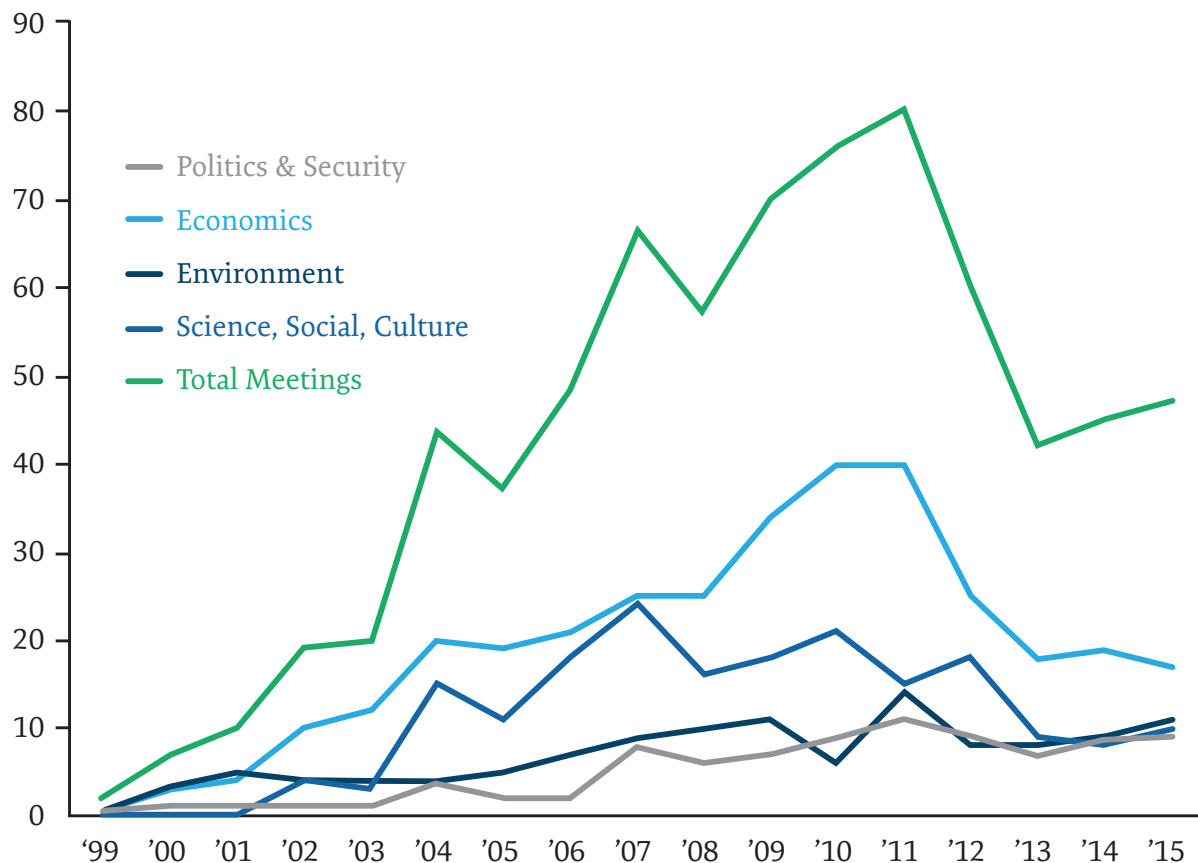
### BREAKDOWN IN CJK TRILATERALISM

Frayed bilateral relations, particularly between Japan and other partners, unfortunately halted momentum on CJK relations after 2012. Tensions were largely attributed to territorial disputes and a revival of historical animosity and contention. Tokyo angered Beijing in September 2012 after purchasing a group of islands in the disputed Senkaku/Diaoyu Island chain in the East China Sea from a private owner. This not only led to official protests from Beijing, but widespread domestic anti-Japan riots across China. China's unilateral declaration of an air defense identification zone (ADIZ) across a significant portion of the East China Sea in late 2013 only enflamed the situation.

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113 Scott A. Snyder, *Middle-Power Korea Contributions to the Global Agenda* (New York: Council on Foreign Relations, 2015).

FIGURE 1

**NUMBER OF CJK INTER-GOVERNMENTAL MEETINGS 1999–2015**

Source: Data from 1999–2012 retrieved from [http://tcs-asia.org/dnb/user/userpage.php?page=3\\_2\\_tcm](http://tcs-asia.org/dnb/user/userpage.php?page=3_2_tcm). Data from 2013–2015 was collected by compiling information from TCS Annual Progress reports, media reports, and information posted on the TCS website.

Japan-South Korea relations also suffered during this period. Tensions over the Dokdo/Takeshima Islands escalated after President Lee Myung-bak visited the islands in April 2012 and ramped up South Korean claims. Underscoring ongoing maritime disputes, differing interpretations of history regarding Japan's wartime role, particularly the comfort women issue, led to a further deterioration in bilateral relations. President Park stated in a March 2013 speech that Prime Minister Shinzo Abe would first need to demonstrate a "correct understanding" of Japan's past before partnering with South Korea.

A downward spiral in bilateral relations between Japan on one hand, and South Korea and China on the other, closed the door for any high-level trilateral meetings. There was never any intention to abandon the Trilateral Summit. Yet trilateral relations were undercut by bilateral circumstances reducing even the number of low level trilateral meetings during this rocky period as seen in Figure 1.

Soft mechanisms in the realm of environment, culture, public health, finance, transportation, science, and nonpolitical exercises such as the Trilateral Tabletop Exercise related to joint disaster relief

did move forward.<sup>114</sup> But adverse bilateral relations from 2012 onward do appear to have had some effect on the robustness of trilateralism.

Of the three bilateral legs of CJK trilateralism, only Sino-South Korea relations stood standing. In June 2013, President Park Geun-hye traveled to China where the two countries announced a new bilateral strategic partnership.<sup>115</sup> More recently, Park drew significant attention with her attendance near President Xi at a Chinese military parade commemorating the end of World War II. Park's attendance did reflect the closeness of Sino-South Korean relations under the Park administration. From both a geostrategic and diplomatic standpoint, then, Seoul was in a better position to encourage the resumption of the CJK trilateral summit than either Beijing or Tokyo, so long as Seoul continued to work on its bilateral relationship with Japan.

Slightly improved bilateral relations in 2014 created an opening for the Park government to facilitate the resumption of trilateral cooperation at the deputy level. Under the auspices of the TCS, a trilateral discussion between South Korean Deputy Foreign Minister for Political Affairs Lee Kyung-soo, Japanese Deputy Foreign Minister Shinsuke Sugiyama, and Chinese Vice Foreign Minister Liu Zhenmin took place in Seoul in September 2014. In addition to assessing the state of trilateral cooperation, the diplomats discussed the possibility of resuming the Trilateral Summit.<sup>116</sup> The meeting concluded without any commitment to holding a summit with CJK top leaders. However, the participants did agree to hold a trilateral meeting among foreign ministers toward the end of 2014. As South Korean foreign minister Yun Byung-se stated, "It's the right time for us to revitalize this cooperation, building trust and removing stumbling blocks."<sup>117</sup> The resumption of high-level trilateral meetings seemed even more promising as Japan and China issued a four-point consensus on improving bilateral ties prior to the November 2014 APEC meeting.<sup>118</sup>

The CJK trilateral foreign ministers meeting took place in Seoul in March 2015. As reported in the *Diplomat*, "The meeting of the foreign ministers itself represented a level of regional diplomatic engagement that hadn't been seen in years."<sup>119</sup> A joint trilateral statement reaffirmed Beijing, Seoul, and Tokyo's desire to continue the trilateral mechanism as a framework for Northeast Asian regional cooperation. They also indicated their intent "to hold the trilateral summit at the earliest convenient time for the three countries."<sup>120</sup>

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114 Ministry of Foreign Affairs of Japan, "Joint Press Release of the Seventh Japan-China-ROK Trilateral Foreign Ministers' Meeting," March 22, 2015, [http://www.mofa.go.jp/a\\_o/rp/page3e\\_000312.html](http://www.mofa.go.jp/a_o/rp/page3e_000312.html); Bong-kil Shin, "Trilateral Cooperation Secretariat (TCS) of China, Japan and the ROK," Asan Forum, October 14, 2014, <http://www.theasanforum.org/trilateral-cooperation-secretariat-tcs-of-china-japan-and-the-rok/>.

115 Jaeho Hwang, "The ROKs China Policy under Park Geun-Hye: A New Model of ROK-PRC Relations," *International Journal of Korean Unification Studies* 23, no. 1 (2014): 103–30.

116 English People's Daily, "S. Korea, China, Japan to hold senior-level diplomatic talks in Seoul," September 11, 2014, <http://en.people.cn/n/2014/0911/c90883-8781267.html>; Shannon Tiezzi, "China, Japan, South Korea Hold Rare Trilateral Meeting," *The Diplomat*, September 12, 2014, <http://thediplomat.com/2014/09/china-japan-south-korea-hold-rare-trilateral-meeting/>.

117 Sam Kim, "China Agrees to Seek High Level Meeting with Japan, Korea," Bloomberg, September 11, 2014, <http://www.bloomberg.com/news/articles/2014-09-11/south-korea-open-to-reviving-three-way-summit-with-china-japan>.

118 Shannon Tiezzi, "A China-Japan Breakthrough: A Primer on Their 4 Point Consensus," *The Diplomat*, November 7, 2014, <http://thediplomat.com/2014/11/a-china-japan-breakthrough-a-primer-on-their-4-point-consensus/>.

119 Ankit Panda, "Three Years On, China, Japan, South Korea May Resume Leaders' Summit," *The Diplomat*, March 23, 2015, <http://thediplomat.com/2015/03/3-years-on-china-japan-south-korea-may-resume-leaders-summit/>.

120 Ju-Min Park, "Top South Korea, Japan, China envoys agree to work for a summit soon," Reuters, March 21, 2015, <http://www.reuters.com/article/us-southkorea-china-japan-idUSKBN0MH02Q20150321>.

## ASSESSING SOUTH KOREAN LEADERSHIP IN TRILATERAL COOPERATION

Rebuilding trilateral relations requires political will on the part of all three parties, and a desire to at least manage if not improve difficult bilateral relations. Managing complicated relationships also requires persistent leadership. South Korea has fulfilled that role in recent years. This leadership has not gone unnoticed by Seoul's two partners. The joint declaration identified South Korea as the driver behind renewed trilateral efforts, stating, "the Ministers of Japan and the People's Republic of China highly appreciated the active role of the Republic of Korea as the chair country in leading the trilateral cooperation for the past years, including the hosting of this Foreign Ministers' Meeting."<sup>121</sup>

South Korean leaders have sought to strengthen East Asian regionalism since the days of Kim Dae-Jung's East Asia Vision Group. Unlike other regional ideas launched from South Korea, however, South Korea's investment in CJK trilateralism is likely to pay higher dividends. For starters, there are very few (if any) concrete mechanisms for promoting peace and cooperation in Northeast Asia at the Track 1 level since the collapse of the Six Party Talks in 2008. Yet there is a real functional need to keep channels of communication flowing among the three largest economies in East Asia.

South Korea's middle power status, smaller military capabilities, and growing reputation as a team player on global governance issues make South Korean diplomatic overtures less threatening. Without excess political baggage, South Korea can more credibly signal benign intentions than either Japan or China. In turn, Japan and China are more likely to trust South Korea, placing the Seoul in a unique position to mediate trilateral relations.

By hosting the TCS and actively participating in trilateral cooperation, South Korea continues to raise its regional and international profile. Stepping up its role in CJK trilateralism is wholly in line with South Korea's middle power status as an enabler of regional cooperation.

The trilateral framework also allows South Korea to interact with its more powerful neighbors, China and Japan, on a more even footing. Having often been the victim rather than aggressor in Northeast Asian affairs in the past, South Korea is now in a unique position to coordinate, and at times referee, CJK trilateralism. It is not by coincidence that the TCS is headquartered in Seoul rather than Beijing or Tokyo.

## CJK TRILATERALISM AND INSTITUTIONAL COMPLEXITY IN EAST ASIA

East Asia's regional architecture is characterized today by a mix of institutions that overlap or partially overlap in regards to their membership, function, and mandate. Victor Cha aptly describes this architecture as a "complex patchwork" of overlapping bilateral, trilateral, mini-lateral, and multilateral institutions.<sup>122</sup> In a similar vein, I describe the mix of nonhierarchical, overlapping, or partially overlapping institutions as a sign of *institutional complexity*.<sup>123</sup> Consider for instance the emergence of the Asia-Pacific Economic Cooperation (APEC), the ASEAN Regional Forum (ARF), ASEAN Plus

121 Joint Declaration for Peace and Cooperation in Northeast Asia, November 1, 2015, <http://www.cfr.org/regional-security/joint-declaration-peace-cooperation-northeast-asia/p37342>.

122 Victor Cha, "Complex Patchworks: U.S. Alliances as Part of Asia's Regional Architecture," *Asia Policy* 11, no. 1 (2011): 27–50.

123 Drawn from political science research on regime complexes: Kal Raustiala and David G. Victor, "The Regime Complex for Plant Genetic Resources," *International Organization*, Vol. 58, No. 02 (2004), 279; Karen J. Alter and Sophie Meunier, "The Politics of International Regime Complexity," *Perspectives on Politics* 7, no. 01 (2009): 13–24.

Three, and the East Asia Summit overlapping with one another in membership, and to some degree function as they operate as venues for informal dialogue on a range of issues.

The Trilateral Cooperation Secretariat and Trilateral Summit are a part of this growing regional regime complex. What does this mean for CJK trilateral cooperation and South Korean efforts to promote this mechanism? The record on the impact and efficacy of institutional complexity is mixed. Some highlight inefficiencies stemming from institutional redundancy. The potential for discord also exists with the presence of multiple institutions. This may foster competition, paradoxically undermining solutions to regional governance.<sup>124</sup> Meanwhile, proponents of institution-building contend that overlapping institutions provide more entry points for coordination and governance. It gives middle and smaller powers greater opportunities to play a more active role in regional politics.

***South Korea needs to ensure that it does not diplomatically stretch itself too thin across the institutional complex.***

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In the short term, CJK trilateralism has, on the whole, been a positive development for South Korean foreign policy and for regional cooperation. Given the deep sense of mistrust and historical differences among all three actors, the idea that the heads of government of the CJK would commit to meet annually is quite remarkable. Naysayers might point to the ineffectiveness of trilateralism or its low-bar metric for success. Others might argue that bilateral relations must significantly improve before making any headwinds on trilateralism. Without denying either of these points, I would argue that bilateral and trilateral relations do move hand-in-hand. The possibility of resuming the Trilateral Summit only emerged once South Korea and China improved their respective relations with Tokyo. But at the same time, lower-level trilateral mechanisms were used to maintain some semblance of dialogue and size up the possibility of holding higher-level bilateral discussions. Hence, the trilateral framework can provide space for countries to keep talking on issues where they might find areas of mutual cooperation, even if higher-level bilateral meetings are temporarily suspended. Seoul's commitment to CJK relations indicates that it understands this utility of the trilateral mechanism.

In the long run, however, South Korea needs to ensure that it does not diplomatically stretch itself too thin across the institutional complex. As argued above, institutional redundancy and competition are two of the pitfalls of a growing regime complex. South Korea has been heavily promoting its Northeast Asia Peace and Cooperation Initiative (NAPCI) as a process for building multilateral cooperation, cultivating a habit of dialogue and cooperation, and establishing a framework for peace and prosperity.<sup>125</sup> Of course, NAPCI membership extends beyond Japan and Korea to include Russia, Mongolia, and the United States. But to what extent will NAPCI overlap with existing mechanisms such as the ARF or EAS? Will ASEAN members view South Korea's promotion of institutions in Northeast Asia such as NAPCI and the TCS as a challenge to ASEAN's identity as the driver of East

124 Stephanie Hofmann, "Overlapping Institutions in the Realm of International Security: The Case of NATO and ESDP," *Perspectives on Politics*, Vol. 7, no. 1 (2009), 47.

125 Republic of Korea, Ministry of Foreign Affairs, "Northeast Asia Peace and Cooperation Initiative," 2015, 4–5.

Asian regionalism? And more germane to this briefing, could NAPCI's rise potentially undermine the relevance of the TCS with the rise of a potentially larger Northeast Asia institution? For now, Seoul believes that NAPCI's agenda, "tailored" to the concerns of the broader Northeast Asian corridor, differentiates itself enough from the TCS to make the two institutions complementary rather than conflictual.<sup>126</sup> But given South Korea's resolve in shepherding both Northeast Asian mechanisms that advance the same broader goals of peace, trust, and security, Seoul does run the risk of creating potential redundancies. Thus, by doubling down on TCS and NAPCI, South Korea will either solidify its status as the key driver of Northeast Asian regionalism, or appear as an ineffective regional leader if it continues to promote institutions that gain little traction or end up being redundant or ineffective. Leadership is exercised not only by establishing new regional initiatives, but by building up existing institutional mechanisms within the system.

## CONCLUSION

CJK trilateralism has moved in a two-step forward, one-step back fashion (and at times, one step forward, two steps back). Although institutional skeptics may dismiss the TCS and the trilateral summit as insignificant, Seoul's recent efforts in reviving the trilateral summit, preceded and followed by improvements in bilateral relationships (most notably concessions on the comfort woman issue with Japan), do point to the utility of trilateral mechanisms.

Seoul should continue to promote trilateral relations as the middle broker. Likewise, the United States should support South Korea's efforts in improving trilateral relations for the sake of stability on the Korean Peninsula and the broader region. Washington need not perceive CJK trilateralism as Seoul's hedge between U.S.-China relations, nor as undercutting U.S.-Japan-South Korea trilateral efforts. Finally, South Korea should think strategically on how new regional initiatives such as NAPCI fit within the larger East Asian institutional complex. South Korea has increasingly shouldered more regional and global responsibilities, thereby elevating its international profile. However, it should avoid spreading itself too thin lest it hurt its hard-earned reputation as a middle power leader in Asia.

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<sup>126</sup> Ibid., 30.

# POLICY CONTEXTS

This section collects the discrete policy areas where Korea has played or has the potential to play a role pivoting from its middle power status to exert broader influence in global affairs.

One area in which Korea has demonstrated meaningful global influence has been on official developmental assistance (ODA). Korea is one of the few countries that have gone from being a net donor recipient to becoming a net donor provider. Moreover, it is one of the few advanced industrialized countries that are actively increasing its ODA budget.

One of the primary arms of Korea's development work has been the Korea Overseas International Cooperation Agency (KOICA). In Chapter Five, from a panel discussion and speech by the president of KOICA Ambassador Kim Young-mok, we learn about the framework of development assistance, the projects, and the priorities.

Chapter Six, *Lessons of the MERS Outbreak in Korea*, reviews South Korea's experience through the case study of the 2015 outbreak. Global health is another issue-area where Korea could pivot to exert influence beyond its middle power status. Korea was thrust into this role by virtue of the Middle East Respiratory Syndrome (MERS) outbreak of the summer of 2015. Korea offered a model for the way they responded to the crisis in cooperation with global health organizations. The health authorities and policy officials offered higher degrees of transparency than those in other countries previously afflicted by MERS. Most important, they worked to provide a model of detection and response.

Additionally, South Korea offers an example of public-private sector collaboration in international health context in finding a vaccine for the Corona virus, which causes both MERS and SARS. The scope of Korea's work in this area is relevant not only to the country itself but also to those affected by corona viruses around the world.

The we judged the energy sector to be an area where Korea has the potential to play an important bridging role in fostering energy cooperation regionally. While this potential has not yet been fulfilled, we believe it is one area where Korea, depending on the priorities of the government, can offer great value-added. The key points of Chapter Seven are:

- Countries in Northeast and East Asia face significant structural obstacles in promoting regional energy cooperation.
- Countries in the region agree with the necessity of energy governance to promote energy cooperation, but they are unwilling to leave energy security entirely to the markets, private international companies, or international regimes.
- Countries prefer bilateral relations to multilateral cooperation because energy is strategically important for national economies and security.

## **PART THREE**

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- Korea can play a role as middle power to promote regional and global energy cooperation.
- Seoul can leverage its alliance with the United States as well as the KORUS FTA to take a leading role in regional energy cooperation.
- Korea could play a constructive role with the United States in multilateral energy cooperation, considering free energy trade chapters in future regional trade agreements.

A significant area of Korean activity on a global scale has been on economic governance issues. In Chapter Eight, Professor Balbina Hwang offers a critical analysis of Korea's accomplishments and limitations in the Group of 20 (G20). The paper demonstrates how Korea has played a positive role disproportionate to its size in areas like trade, but ultimately, there may be limitations to its role that are a function less of Korea's capabilities and more of the G20's.

- The G20 demonstrates Korea's successful hosting function as a global power.
- The G20 demonstrates Korea's aspirations to play a bridging function between developed and developing countries.
- Korea has the distinction of being the only G-20 member to be in negotiations, or have concluded a free trade agreement with every other G-20 member.
- Its most important contribution in global governance has been new development models that build vital intermediaries that not only fuel growth but sustain it, such as education and infrastructure.
- South Korea's leadership on development may be most effective through knowledge sharing, emphasizing the importance of providing technical assistance as laying the groundwork for building social infrastructures and capacity development.



## CHAPTER FIVE

# KOREA-U.S. ON INTERNATIONAL DEVELOPMENT COOPERATION

Ambassador Kim  
Young-mok

I would like to share with you the dynamic development experience of South Korea. I use the word “dynamic” since Korea is one of a few countries in the world to turn herself from a Least Developed Country to an official member of OECD/DAC.

I would like to first touch on how Korea, a war-stricken, underdeveloped, recipient country, overcame the abject poverty utilizing development assistance from the world, especially from the United States, and how Korea and the United States work together in facing global challenges in development assistance.

## THE MIRACLE OF HAN RIVER: KOREA’S EXPERIENCE ON DEVELOPMENT AND PARTNERSHIP WITH THE UNITED STATES

### Korea after the Civil War

Korea is known as the country that has undergone “the Miracle of Han River.” After the end of 36-year colonial rule of Japan, the Korean government was established in 1948, but unfortunately, the tragic, fratricidal Korean War broke out just three years later, destroying the entire society.

The damage of war was severe. The agricultural production was reduced by 27 percent while the annual GDP was cut by 14 percent. More than 5 million people were killed, injured, or missing. Per capita GDP of Korea in 1953 was only around \$73, approximately the same as that of Ghana. The life expectancy in 1960 was only 52.4 years, while the infant mortality rate was as high as 7 percent.

### **The New Village Movement Called Saemaul Undong**

With strong commitment in development from the top and appropriate national development planning in the 1960s and 1970s, Korea was able to achieve remarkable economic and social development in a relatively short period of time.

Particularly, the proper mixture of state intervention and activity enabled rapid industrial transformation, resulting in a dramatic increase in export and GDP.

In parallel, the Korean government launched a rural community development program called “Saemaul Undong (New Village Movement)” in the 1970s reducing the urban rural development gap and expediting equitable growth. Villages in Korea until the beginning of 1970s had no other stories than extreme poverty, hunger, and disease.

### **Early Industrialization Period**

Also, it is well known that many Koreans had to be sent to Germany for dangerous mining jobs, to the Middle East for construction work, to simply earn much-needed foreign currency. Young girls went to factories to make a living for themselves and their families and had to work under hardship and sometimes discrimination.

The strong devotion and efforts of the Korean people for development were also backed by foreign assistance. From 1945 to 1995, Korea had received more than \$12 billion worth of aid from the world, 44 percent of which came from the United States. Your assistance to Korea played a pivotal role in Korea’s postwar recovery and economic reconstruction.

### **USAID Assistance to Korea**

The U.S. Agency for International Development (USAID) played a key role in the development of Korea. It provided the bulk of financial resources to build infrastructure, while strengthening capacity and founding regulatory institutions.

USAID invested in many infrastructure projects while strengthening capacity by inviting over 3,000 Korean professionals in diverse areas such as medical science, and provided them with intensive training.

USAID also provided support and advice in institutional development of organizations that played crucial roles in Korea’s development such as the Korea Development Institute (KDI), the Korea Institute of Science and Technology (KIST), and hospitals of Seoul National University.

### **The Peace Corps to Korea**

The role of the U.S. Peace Corps was also critical for capacity development. From 1966 to 1981, more than 2,000 U.S. Peace Corps volunteers were dispatched to work with Korea’s people in rural and community development activities.

Also, they conducted various programs in English education, public health, and hygiene. The Peace Corps were friends, teachers, and diplomats that acted as bridgeheads in building unswerving ties

between Korea and the United States. The former U.S. ambassador to Korea, Kathleen Stephens, was a good example to be recognized.

### **The Results of Korean Economic Development**

Thanks to the concerted efforts of the Korean people as well as the assistance from outside, Korea has recorded an unprecedented economic and social advancement. According to the International Monetary Fund (IMF), Korea's GDP per capita exceeded \$30,000 in 2015, an astounding 400-fold increase compared with that of 1953.

### **KOREA'S RISE AS A DONOR COUNTRY**

#### **Korea from a Recipient to a Donor Country**

Furthermore, bearing the lessons learned from the experience as a recipient country for the last six decades, Korea is now playing an active role as a donor country in the global aid community.

In 2010, Korea joined OECD/DAC and became the 24th member country. Korea also opened a global forum for development partnerships by hosting the G20 in 2010 where the Seoul Development Consensus on Shared Growth was formulated.

Korea also hosted the fourth High Level Forum on Aid Effectiveness in Busan in 2011, which produced the Busan Global Partnership principle. The Busan principle became one of the key standards on development effectiveness in post-2015 agenda setting.

Korea's total commitment to ODA in 2015 was about \$2.2 billion. Even though the ratio to GNI is still well below what the UN has recommended, the ratio of growth in volume is highest among donor countries.

KOICA is carrying out about 30 percent of the total amount under its direct control while managing a variety of partnership and supportive programs with the Korea EXIM Bank, private sector, and those specially delegated by the government such as the Poverty Reduction Special Fund.

#### **KOICA Capacity-Building Programs**

KOICA is conducting integrated development projects and technical cooperation programs in over 120 countries. KOICA also invites around 5,000 civil servants in developing countries annually and provides training programs and capacity-building opportunities.

In addition, KOICA runs overseas volunteer programs and selects around 2,500 volunteer workers and experts and 2,000 short-term volunteers, dispatching more than 4,000 volunteers annually. In addition, KOICA has expanded knowledge-sharing service on development issues through seminars, workshops, and forums in close partnerships with main international organizations and research institutions.

***Bearing the lessons learned from the experience as a recipient country for the last six decades, Korea is now playing an active role as a donor country in the global aid community.***

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### **Sharing Development Knowledge: Saemaul Undong**

Many developing nations consider Korea as an exemplar model for economic development and are trying to benchmark Korea's development experiences. Saemaul Undong (SMU) is one case. Over 30 countries are planning to adopt and implement SMU. Also, there are growing needs for collaboration with KOICA in ICT development area as well.

### **New Partnership with NGOs and Civil Society**

KOICA also tries to make its assistance more effective by working together with diverse partners. The Korean civil society is now actively engaged in as many as 103 countries with more than 1,400 projects around the globe as of 2013. Korean citizens and benevolent partners raised \$3.8 billion to help the poor and marginalized people in developing countries, including such remote countries as Mali and Burkina Faso.

Last year was the 20th anniversary of the KOICA's cooperation with the civil society. The budget has been boosted almost one hundred times compared to 1995. We are currently working with about 130 partners and in 2015 committed \$4.5 million to fund projects of our partners.

Partner NGOs and academia are helping people in need in remote villages in promoting education and health, revenue increasing, and women empowerment and ownership, where governments' hands do not reach out.

We not only fund, but also leverage the funding and resources from partners, both domestically and worldwide. KOICA is keenly seeking innovative partnerships with prestigious global NGOs and foundations that will bring far-reaching impact and value for the investment made.

## **KOREA AND THE U.S. PARTNERSHIP**

On a broader perspective of alliance, Korea has joined in U.S. efforts on the global scale to secure peace and reconstruct war-stricken nations such as Afghanistan and Iraq. The Korean government has supported these countries with cash and projects.

### **Korea's Assistance to Iraq**

The Korean government provided a grant of \$260 million from 2003 to 2007 for the reconstruction of Iraq as pledged at the Madrid Donor Conference in 2003. Korea contributed another \$200 million (\$100 million each as grants and loans) from 2008 to 2011.

### **Korea's Assistance to Afghanistan**

In addition, the Korean government provided grant aid of \$200 million to Afghanistan to promote sustainable economic growth and peace building. Also, in the International Security Assistance Force (ISAF) meeting in 2011, Korea is contributing \$500 million of grant aid to Afghanistan for five years, allocating \$300 million for capacity building of military and police and \$200 million for economic and social development.

### **KOICA in Afghanistan**

In these countries, despite security risks, KOICA has carried out such projects as running hospitals, skilled-job training centers, and schools. In Bagram Air base, KOICA is the only organization among PRT countries that is still running a hospital and a vocational training center. These programs are

highly appreciated by local residents, as well as by U.S. commanders and soldiers.

### **The United States and Korea for Development Assistance**

As declared by President Park Geun-hye in her speech in the U.S. Congress in May 2013, KOICA and U.S. agencies, namely USAID and the Peace Corps, have worked together to design and implement a variety of joint action programs over the last few years.

### **USAID and KOICA Partnership**

USAID and KOICA are working together on the global Health Challenge Program with KOICA's modest financial contribution, a maternal health program in Ghana and Ethiopia, a Green Growth pilot project in Vietnam, as well as formulating wider partnerships with the private sector in both countries.

Some IT corporations have joined in mobile health promotion. Also, we are about to discuss forming a partnership for infrastructure building on such daunting tasks as “Power Africa,” which President Obama initiated.

### **The Peace Corps and KOICA Partnership**

We are proud that alumni of U.S. Peace Corps volunteers are still active. Peace Corps alumni such as Nancy Kelly and other members of the “Friends of Korea” are encouraging us to form joint programs with the Peace Corps.

The joint activities have also been realized in various countries since the MOU signed between KOICA and the Peace Corps in September 2013.

We have introduced human resource programs to each other, such as safety trainers in Jordan, Colombia, and Tanzania. Peace Corps volunteers have been invited to KOICA evaluation workshops in Nepal, Senegal, and Indonesia.

New Peace Corps volunteers are planning to join in KOICA's health care centers and job-training schools in El Salvador and Paraguay this year. Furthermore, we are going to share the best practices for the cooperation in depth by participating in Peace Corps workshop, Washington D.C., from March 30 to April 1.

Still, we have plenty of areas where the Peace Corps and KOICA can work together. Forming a youth alliance for learning and helping each other in Asia and elsewhere is an important task we will be able to promote.

Korea is also working together with other donor partners and other development actors to address complex, emergent, and crucial challenges of security and peace and development and correspond together regarding new global commitments.

## **GLOBAL CHALLENGES AHEAD**

As you are well aware, the current world is fraught with vast challenges: climate change, deteriorating security caused by violent extremism and continued conflicts, water and food security, poor or inadequate health care systems, expanding inequality within nations, and huge gap between demands and supply in development resources, to name a few.

We can be proud of achievements over the last 15 years since the world set the Millennium Development Goals.

However, the world community still faces harder challenges than previous decades as the humanitarian situation worldwide deteriorates rapidly and damaging climate changes become more overwhelming and imminent than anticipated.

Not a single nation is immune from such global challenges. In particular, developing nations are especially placed in vulnerable situations against those challenges. The Korean government and KOICA are prepared and willing to take part in the global community's integrated efforts to face such global challenges.

### **Humanitarian Crises**

Among diverse issues in development, the need to address global humanitarian crises is more crucial than ever. On a broader note, war, terror, and civil conflicts continue expanding in the Middle East and North and Central Africa.

Violent extremism causes insecurity, takes human lives, and destroys social and economic gains elsewhere, leaving tens of millions in humanitarian disaster.

Millions of people, especially in developing countries and Least Developed Countries, suffer from all

sorts of high- and low-profile humanitarian crises such as military conflicts and civil wars, environmental disasters, pandemic or epidemic diseases, and human rights violations.

According to the *Global Humanitarian Assistance Report 2014*, the number of internally displaced people reached an unprecedented figure of 33.3 million, while the number of refugees rose to 16.7 million.

The global spending on humanitarian relief soared, as conflicts, diseases, and disasters

***The Korean government and KOICA are prepared and willing to take part in the global community's integrated efforts to face such global challenges.***

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deteriorated hundreds of millions of lives in developing countries. More recently, Ebola destroyed the lives of so many people in the West African region.

It goes without saying that the epidemic has seriously damaged the economies of countries, and to make it worse, affecting the lives of the poorest and most vulnerable people in the region. The Korean government also took part in global efforts to fight against these tragic challenges. Korea is among seven countries operating a national-level medical unit in Sierra Leone.

There are so many who need our help in and around conflict zones: Syria, Libya, Afghanistan, Sudan, Iraq, Yemen, Central Africa, Mali, Chad, and many more.

### **Increasing Inequality**

Growing inequality poses another threat against development. In fact, the global landscape of inequality has remarkably improved over the past few decades. The population living in extreme pover-

ty—on less than \$1.25 per day—has been reduced by half since the Millennium Development Goals were launched in 2000.

Although much progress has been made to reduce extreme poverty, inequality has risen within most developing countries, making social stability and sustainable growth more difficult than in previous decades.

As Erik Solheim, chair of the OECD/DAC, wrote earlier this year that inequality should be tackled first as a new goal in the global development efforts to end poverty since economic growth will never be sustainable without addressing the poverty of the vast population at the bottom of the pyramid.

In this regard, it is also important to remember that inequality does not stop at income. (High inequality exists in terms of access to most critical services and public goods, such as clean drinking water, proper sanitation, basic health care, adequate education, electricity or protection from natural disasters.)

### **Climate Change**

Climate change is a complex and multifaceted global problem in that it affects almost all aspects of our lives from food to national security. According to a report in *The Guardian*, climate change is already contributing to the deaths of nearly 400,000 people per year and costing the world more than \$1.2 trillion, wiping 1.6 percent annually from the global GDP.

Rapid development of past decades, particularly that of developing countries, has only accelerated problems of scarcity of food, deteriorated quality of water and air, and has left huge amounts of waste, while investment and industrial capacity to cope with these problems remain poor and far from being needed.

### **Food and Water Security**

Among many others, some countries in central Asia are even facing a conflict with other nations because of water scarcity while, for example, according to UNICEF and the World Health Organization (WHO), 768 million people lack access to safe drinking water worldwide.

There are notable predictions that some regions are at risk of potential military conflict over food and water.

Jim Yong Kim, president of the World Bank Group, has warned that the world will face large-scale conflicts over scarce water resources within 10 years if the global community does not pool resources together immediately.

## **POST-2015 AGENDA AND RENEWED PARTNERSHIP**

Under this circumstance, the world community, particularly OECD members, is trying to secure financial resources, noting their limits. Countries in the South are calling for expanded official assistance from the North.

As we agree upon a new global agenda of developments for the post-2015 era, stakeholders and actors are negotiating hard to reach a consensus by this fall.

The single most important issue is how to secure enough funds for addressing all these global challenges and bolstering security and a national governing system of developing and fragile states.

Supporting the Global Climate Fund (GCF) and fulfilling earlier commitments by advanced countries is one of those tasks. Thanks to the call of leaders, particularly that of President Obama, pledges to the GCF have now reached about \$10 billion, including \$100 million from the United States and Korea.

There is a growing concern on shortage of financial resources required to implement a huge number of infrastructure projects for climate resilience and for sustainable and inclusive growth. The financial gap worldwide is estimated in the trillions of dollars.

Facing challenges of scale, we need to effectively pool public and private resources and mitigate risks in financing, thus building resilience against crises and disasters, and helping countries with low credit to afford projects of scale for their own national building, along with common global interests.

## CONCLUSION

For its part, KOICA will continue to make an effort to become an extensive platform for as many effective programs as possible, knowledge sharing, innovative ideas, and contributions from the private sector. We will strengthen our partnership and expand our networks with various public and private partners in and outside of Korea.

In fact, USAID and the Peace Corps are the most important partners among others. KOICA is also expanding partnership joint programs with other friendly organizations such as DFID, AFD, JICA, and those of the EU, Turkey, Thailand, Mexico, and Brazil, among others. Cooperation with China will be a good part of our effort to form an extended partnership network.

Korea and the United States together should continue exhibiting leadership in the international donor community. I hope Korea and the United States continuously develop their alliance not only in the traditional domain of security and economy but also in overcoming those global challenges, and promoting decency of human lives.

We share a clear-cut, common interest: helping countries in transition or in transformation to succeed and finally achieve democracy and prosperity.

At any rate, the world community is being called upon to form a broader partnership to enlarge the base of financial resources and to create public values and wider impact that no single organization would be able to do alone.

I applaud the member states of OECD, G20 countries, and multilateral platforms such as the World Bank Group and WEF and other players in the private sector for their leadership and vision for this inclusive partnership.



## CHAPTER SIX

### LESSONS OF THE MERS OUTBREAK IN KOREA

Dr. Daniel Lucey<sup>127</sup>

From May 2015 through July 2015, South Korea experienced a significant outbreak of Middle East Respiratory Syndrome (MERS).

The 2015 outbreak in South Korea was the largest MERS outbreak outside the Middle East, with 186 laboratory-confirmed cases and 36 deaths.<sup>128</sup>

#### BACKGROUND AND HISTORY OF MERS

MERS is caused by a mildly contagious virus that can cause a life-threatening pneumonia typically in persons with any of four preexisting medical conditions: lung disease, kidney disease, immunodeficiency, or diabetes. The coronavirus that causes MERS has a high mortality rate with approximately 35 percent of those infected with the virus dying.<sup>129</sup> In the 2015 South Korean outbreak, there was a 19 percent fatality rate for

<sup>127</sup> This chapter is adapted from the writing of Daniel Lucey, including "MERS in Korea: Why This Outbreak Can Be Stopped Soon," *CSIS Korea Chair Platform*, June 7, 2015, <https://www.csis.org/analysis/mers-korea-why-outbreak-can-be-stopped-soon>.

<sup>128</sup> World Health Organization. "Middle East respiratory syndrome coronavirus (MERS-CoV)—Republic of Korea Disease outbreak news." October 25, 2015, <http://www.who.int/csr/don/25-october-2015-mers-korea/en/>.

<sup>129</sup> Y. Kim et al., "Spread of mutant Middle East respiratory syndrome coronavirus with reduced affinity to human CD26 during the South Korean outbreak," *mBio* 7(2):e00019-16, doi:10.1128/mBio.00019-16, <http://mbio.asm.org/content/7/2/e00019-16>.

patients infected with the MERS virus. By contrast, in Saudi Arabia the fatality rate at the time was as high as 42 percent.

The earliest known outbreak of MERS was retrospectively recognized in a hospital in Zarqa, Jordan, in April 2012. At least nine health care workers, patients, and family members were infected. The outbreak was stopped by a rapid public health response led by the Ministry of Health focusing on strict infection control and prevention. The virus was only discovered later, however, from a patient who died in June 2012 of pneumonia in Jeddah, Saudi Arabia.

Research in 2013 in Qatar, Saudi Arabia, and United Arab Emirates (UAE) suggested camels could transmit the MERS virus to people.<sup>130</sup> Afterwards person-to-person spread could occur, especially in the hospital setting. The World Health Organization (WHO) states that the exact transmission routes of the MERS virus have not been proven; however, for health care workers they recommend both contact and respiratory precautions with use of masks, gloves, gowns, eye protection, and rigorous hand hygiene.<sup>131</sup>

Infection prevention precautions for the general public against MERS, including the use of face masks, had not been rigorously studied. Such studies were not possible given that spread of the virus in the general population had not previously been known to have occurred.

In 2013 and 2014, multiple hospital outbreaks of MERS were reported across Saudi Arabia. In at least some cases, camels infected people who then came to hospitals and triggered outbreaks due to inadequate infection control and prevention measures. During the time of the South Korean outbreak, the Saudi Ministry of Health reported on their MERS website 1,019 confirmed cases and 450 deaths due to MERS from June 2012 to June 4, 2015. The UAE, which has had a small number of hospital-associated outbreaks, had at the time the next-highest total of MERS cases at 76 of whom 10 had died. Hospital outbreaks in other nations have been smaller. For example, there had been fewer than 5 cases in Iran, United Kingdom, and France. Multiple other nations had had zero transmissions in hospitalized patients, including Malaysia, the Philippines, the United States, Germany, Austria, and others.<sup>132</sup>

There is no proven effective antiviral drug or immune-based treatment (such as an antibody or convalescent plasma from persons who survive MERS). Thus, the traditional effective measures of isolating people who are ill, and quarantining people after exposure to the virus, are essential to control MERS, as they were for Severe Acute Respiratory Syndrome (SARS) and Ebola. Providing health care workers with the appropriate training, protocols, and personal protective equipment (PPE) for MERS is also essential.

In addition, close cooperation must occur between hospitals, public health officials, and outpatient facilities to prevent patients with MERS from going to different medical facilities and triggering additional outbreaks. This key principle was learned and implemented in Asia, as well as in Toronto during the SARS outbreak in 2002–2003.

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130 Daniel R. Lucey, "MERS in Korea: Why This Outbreak Can Be Stopped Soon," CSIS Korea Chair Platform, June 7, 2015, <https://www.csis.org/analysis/mers-korea-why-outbreak-can-be-stopped-soon>.

131 World Health Organization, "Middle East respiratory syndrome coronavirus (MERS-CoV) Fact sheet," June 2015, <http://www.who.int/mediacentre/factsheets/mers-cov/en/>.

132 Lucey, "MERS in Korea: Why This Outbreak Can Be Stopped Soon."

## THE 2015 MERS OUTBREAK IN SOUTH KOREA

The 2015 MERS outbreak was different from the SARS outbreak that occurred in Asia in 2003. First, the virus that causes MERS is only a distant relative of the virus that caused the Severe Acute Respiratory Syndrome (SARS) in 2003 and it is much less contagious than SARS or influenza. Second, MERS outbreaks are mostly linked to hospitals, and these outbreaks had previously been stopped in at least six other countries, preventing MERS epidemics from spreading in the general population of any country. Third, in most persons without the above four preexisting conditions, the MERS virus causes less severe or mild illness, or even no symptoms at all.

The 2015 outbreak of MERS in South Korea was also different from previous outbreaks of MERS in other countries. Dr. Kayvon Modjarra, associate director for emerging infectious diseases research at the Walter Reed Army Institute of Research, says that scientists are sure camels are the reservoir for MERS in the Middle East where there has been limited person-to-person transmission. However, he points out that the whole South Korean outbreak was all human to human. The outbreak in South Korea made the world aware that there is a greater risk that MERS could cause major outbreaks even in settings where there are no camels.<sup>133</sup>

South Korea served also as a case of “proof of concept” that a MERS outbreak could be caused by a single person.<sup>134</sup> South Korea was the first case of reported “super-spreading event” of MERS.<sup>135</sup>

In South Korea, the 2015 spread of MERS was caused by incomplete information from Patient #1 about his travels. He said he was not in the Middle East and only visited Bahrain, which was not on the list of countries associated with MERS. Since he was not diagnosed with MERS initially, he was in contact with the public and infected a large number of people. In addition to the misdiagnose of Patient #1, Pyeongtaek St. Mary’s Hospital did not trace discharged infected patients, and Patient Number 14, who later went to the Samsung Medical Center, further infected 81 people. During the entire 2015 MERS outbreak in South Korea, there are only four reported super-spreading events and these super-spreading patients infected a substantially greater number of people compared to previous super-spreading events.

## LESSONS LEARNED FROM THE 2015 MERS OUTBREAK

Given the history of outbreaks, South Korea and the world should have been better prepared to deal with MERS. SARS had previously exhibited multiple super-spreading events in hospitals and public places, meaning it was more contagious than MERS. However, at the outset of the 2015 outbreak infected people were not wearing masks, healthcare workers were not wearing the correct masks, isolation rooms were not available or were not used, and there was no initial epidemiological tracking of some of the patients and those they were exposed to.

In terms of responsiveness to future MERS outbreak, South Korea has a large positive potential to play a bigger role in effective responses as well as prevention. Early in the MERS outbreak, the country was

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133 Cheryl Pellerin, “Army Scientists Begin First MERS Vaccine Clinical Trial,” DoD News, February 17, 2016, <https://www.defense.gov/News/Article/Article/657176/army-scientists-begin-first-mers-vaccine-clinical-trial>.

134 Daniel R. Lucey, “Lessons of the MERS Outbreak in Korea,” Seminar series presentation at CSIS, Washington, DC, September 15, 2015

135 According to the World Health Organization, a super-spreading event is a case in which one patient infects 10 or more people.

not prepared. For example, both the government and major hospitals such as the Samsung Medical Center lacked policies for personal protective equipment. A breakdown in epidemiological tracking and reporting resulted in a significant number of unnoticed discharges of infected patients. However, the significant ramifications of MERS raised responsiveness, and South Korea quickly undertook numerous studies and published a series of papers on the outbreak, improving its public knowledge of the disease.

Additionally, compared to other countries who have previously experienced outbreaks, South Korea has been much more transparent in sharing its experience. It has committed to sharing information on its outbreak. The information the world learns from the South Korean case can also be useful in helping other countries develop improved MERS-related policies and research.

Transparency during outbreaks must be a two-way street. While health and government leaders must be transparent with the public, individual persons who are in quarantine must also be transparently honest with public health officials if they do not adhere completely to the requirements. The length of quarantine is usually the maximum number of days of the incubation period, the time between the last exposure and the possible onset of illness. For MERS the incubation time is 14 days<sup>136</sup> versus 10 days for SARS and 21 days for Ebola. Quarantine can be challenging, even in a home environment, but adherence is necessary to break the chain of transmission of these viruses. Therefore, the transparency and honesty of quarantine patients is also important to this effort.

## GLOBAL IMPLICATIONS OF SOUTH KOREA'S MERS OUTBREAK

In order to prevent MERS-like events from spreading globally, it is critical to look back on what happened in South Korea, and take proactive initiatives that will prevent future outbreaks. One key lesson for the global community is the importance of cooperation with other countries as well as international organizations.

South Korea was the first country outside of the Middle East to experience such a large outbreak of the MERS virus. While South Korea's initial response to the start of the outbreak was somewhat slow, once they realized what they were dealing with and what they needed to do, they were able to do it quickly. Most other countries around the world that are likely places for similar Korea-like outbreak events unfortunately may not have the technological, economic, or logistics infrastructure capacity to respond like Korea was able to. In this context, South Korea is uniquely positioned to play a global leadership role expanding MERS research and development as well championing international health cooperation.

Second, South Korea's commitment to transparency, risk communication, and international collaboration should serve as a model for other countries that experience similar outbreaks in the future.

Third, whereas Saudi Arabia had previously focused on searching for a vaccine for camels, as a result of the 2015 outbreak South Korea was prompted to begin the first search for a vaccine for people.<sup>137</sup> Unlike Saudi Arabia, which has an indigenous camel population serving as a reservoir for the virus and the social and political pressure of hosting thousands of international guests for annual religious pilgrimages, South

136 Daniel R. Lucey, "Public Health Lessons and the MERS Outbreak in Korea," CSIS Small Screen Interview with Mr. Colm Quinn, <https://player.vimeo.com/video/131135988?title=0&byline=0&portrait=0>

137 Kim et al., "Spread of mutant Middle East respiratory syndrome coronavirus with reduced affinity to human CD26 during the South Korean outbreak."

Korea's only vector for the MERS virus transmission is people-to-people from overseas travelers. In developing vaccines, Korea Centers for Disease Control and Prevention (KCDC) and the South Korean Ministry of Health, Welfare and Family are cooperating with Japan, Hong Kong, and World Health Organization regional offices. In late 2015, the Korea-based International Vaccine Institute (IVI) launched a MERS program with support from Samsung and the South Korean Ministry of Health and Welfare.

Fourth, as in other areas of global cooperation and diplomacy, South Korea has taken on a convincing role in global health and infectious disease and gave it a strong position for cooperation during the 2015 outbreak. For example, in October 1996, the Republic of Korea and WHO signed the IVI Establishment Agreement at the UN headquarters in New York. This nonprofit institution is now an independent and autonomous international organization under the Vienna Convention and is still based in South Korea. South Korea is also one of the 10 members of the steering committee of the Global Health Security Agenda (GHSA) that was founded in February 2014. The vision for the GHSA is to attain a world secure from global health threats posed by infectious diseases. The GHSA was founded by the United States and several dozen other countries

along with international organizations including the WHO, Food and Agricultural Organization (FAO), and the World Organization for Animal Health (OIE). The second high-level annual meeting was held in Seoul. During the 2015 outbreak, South Korea formed a joint mission with the WHO from June 8–13 to study the outbreak, held a joint workshop with Saudi Arabia on June 12 on the experience of control for MERS outbreaks, and started a joint collaboration with the U.S. Centers for Disease Control and Prevention (CDC) on June 22 to look for ways to combat the outbreak.<sup>138</sup> South Korea's international role in global health paid off and helped it respond quickly to the outbreak.

Looking to the future, cooperation across all-of-society against the common enemy the MERS virus will be crucial to stop future outbreaks. Indeed, Korea can provide valuable lessons to the world in terms of how they responded to stop the 2015 MERS outbreak. A better understanding of how this virus spreads from person to person will be gained by rigorous epidemiological studies. Efforts to find the first effective antiviral, or antibody-based, therapies for MERS will come from the valuable research sponsored and carried out by Korea and the countries and organizations it has collaborated with. Perhaps a stronger international effort to develop MERS vaccines for people, and not only camels, will follow this outbreak, perhaps spearheaded by Korea.<sup>139</sup>

***South Korea's commitment to transparency, risk communication, and international collaboration should serve as a model for other countries that experience similar outbreaks in the future.***

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<sup>138</sup> Young Joo Hur, director general, Center for Infectious Diseases Control, KCDC/MOHW, "Epidemiological characteristics and public health measures of MERS-COV Outbreak in Korea," presented at the 1st Asia-Pacific Parliamentarian Forum on Global Health, July 2, 2015.

<sup>139</sup> Lucey, "MERS in Korea: Why This Outbreak Can Be Stopped Soon."



## CHAPTER SEVEN

# KOREA'S ROLE IN ASIAN ENERGY COOPERATION

Miyeon Oh

## INTRODUCTION

Northeast Asian countries face common energy security dilemmas. China, Japan, and Korea<sup>140</sup> are the world's leading consumers and importers of fossil fuels.<sup>141</sup> Japan and Korea remain almost totally dependent on imported energy, although their energy demand has slowed over the past decade. China is a significant oil and natural gas producer, but its energy demand has outrun domestic production.<sup>142</sup> The region not only relies heavily on the volatile Middle East for crude imports,<sup>143</sup> but also has to transport oil and gas across the world's most challenging sea lines of communications (SLOCs) such as the Malacca Strait and the South China Sea to import energy resources from the Persian Gulf, Africa, and Latin America. Given such common challenges, one might expect to see regional energy coop-

<sup>140</sup> This paper refers to the Republic of Korea as "Korea."

<sup>141</sup> China is the world's second-largest oil consumer (behind the United States), Japan is the third-largest, and Korea is the sixth-largest. Japan and Korea are respectively the largest and second-largest liquefied natural gas (LNG) importers. China, Japan, and Korea are the largest, second-largest, and fourth-largest coal importers, respectively.

<sup>142</sup> China became an oil importer in 1993. Although China is reviewing its energy needs due to its recent economic slowdown, it will still require a reliable supply of energy resources to continue fueling its economy in the next decades.

<sup>143</sup> China, Japan, and Korea obtain 50 percent, 80 percent, and 90 percent of their imported crude oil from the Middle East, respectively.

eration that could improve energy security. In particular, countries in the region could enjoy supply-demand complementarity between energy-importing countries (China, Japan, and Korea) and energy-exporting countries (Russia and Mongolia), which would help mitigate common energy security challenges. Despite some efforts over the past 20 years to improve regional energy cooperation, however, common energy security challenges as well as supply-demand complementarity based on geographical proximity have not provided the grounds for the successful implementation of regional energy cooperation. This paper seeks to explain structural constraints on existing energy cooperation in Northeast Asia. Then the paper discusses how Korea can promote regional and global energy cooperation by focusing on the potential cooperation between the United States and Korea. Three topics—(1) the revolutionary development of U.S. shale gas and tight oil, (2) civilian nuclear energy, and (3) the Trans-Pacific Partnership (TPP)—will be discussed to suggest Korea's role in regional energy cooperation can be aligned with its collaboration with the United States.

The paper is organized as follows. The first section briefly explains the concept of energy security and its multidimensional aspects in order to explain structural difficulties that countries in Northeast and East Asia are having in promoting regional energy cooperation. The second section reviews the current status of some initiatives and efforts for regional energy cooperation and governance. While countries in the region agree with the necessity of energy governance to promote energy cooperation, they still do not seem willing to leave energy security entirely to the markets, private international companies, or international regimes. They tend to prefer bilateral relations to multilateral cooperation because energy is strategically important for national economies and security. The third section discusses how Korea can play a role as middle power to promote regional and global energy cooperation. Korea is well-positioned to take the lead on this front, given its alliance with the United States and the U.S.-Korea Free Trade Agreement. The United States has a significant interest in how Northeast Asia responds to its energy challenges and insecurities. Given that Asian stability is central to U.S. prosperity and security, Washington has placed a priority on whether energy security remains a source of regional competition or can be shaped into force for regional cooperation. Finally, the paper suggests that Korea could play a constructive role with the United States in multilateral energy cooperation by joining the TPP and introducing a forward-looking initiative for a *free energy trade chapter* in the TPP.

## ENERGY SECURITY IN ASIA: COMPETITION OR COOPERATION?

Energy is a politicized and multifaceted concept. The notion of energy security hinges on choices each society makes in balancing economic, political, national security, and environmental concerns.<sup>144</sup> The concept of energy is multidimensional and, in many cases, energy issues have both economic and political aspects that sometimes come into conflict. Some scholars argue that energy issues have both “high politics” and “low politics” dimensions in the realm of security.<sup>145</sup> “High pol-

144 Carlos Pascual and Jonathan Elkind, eds., *Energy Security: Economics, Politics, Strategies, and Implications*. Brookings Institution Press, 2010; Jan H. Kalicki and David L. Goldwyn, *Energy and Security: Toward a New Foreign Policy Strategy* (Baltimore: Johns Hopkins University Press, 2005); and A. F. Alhajji, “Dimensions of Energy Security: Competition, Interaction and Maximization,” in *Energy Security in the Gulf: Challenges and Perspectives* (The Emirates Center for Strategic Studies and Research, 2010): 191–218.

145 Jae-Seung Lee, “Energy Security and Northeast Asian Cooperation: High-Politics Approach toward Low-Politics Agenda,” *International and Area Review* 14(1), 2005 (in Korean): 21–49; Jae-Seung Lee, “Energy Security and Cooperation in Northeast Asia,” *The Korean Journal of Defense Analysis* 22(2), 2010: 217–233; and Mikal E. Herberg, “Energy Competition and Energy Cooperation in Northeast Asia,” in Bo Kong and Jae H. Ku, eds., *Energy Security Cooperation in Northeast Asia* (New York: Routledge, 2015).

itics” dimensions represent the factors related to the function and maintenance of the nation-state (including sovereignty and security), whereas “low politics” dimensions indicate factors related to low-level and practical issues of domestic energy and economic policy. Grand-scale energy infrastructure projects such as cross-border oil and gas pipelines and nuclear power plants can be regarded as a matter of the “high politics” of national security where governments function as active players, while “low politics” elements tend to predominate in relatively small-scale projects that are not politically sensitive.<sup>146</sup>

In studying energy security, scholars have debated whether to view energy as a source of competition or as an instrument for cooperation. Those who view energy as a source of competition focus on state-

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## ***Energy relations tend to be competitive when the national interests of participating states clash or diverge.***

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to-state competition over access to and control of energy supplies and transportation routes, which tend to encourage the zero-sum mentality that one country’s energy security comes at another country’s expense.<sup>147</sup> These scholars argue that the underlying structure of energy markets in which vital resources are concentrated in a small number of geographical regions drives states to shape their energy policy through a geopolitical lens, which often becomes a key element in political distrust, rivalry, and potential military conflict.<sup>148</sup>

In contrast, those who perceive energy as an instrument for cooperation assert that market forces and nonstate actors can help avert violence in many instances of resource scarcity.<sup>149</sup> Given the rising interdependence of the global economy and international relations,<sup>150</sup> markets and nonstate actors conceive energy resources as public goods and offer joint benefits from cooperation between consumers and producers—including the correcting of market failures, the lowering of transaction costs, and the setting of rules and standards. These scholars argue that state-centered energy policies disturb the efficient allocation of capital and decrease transparency in energy markets.

The former approach stresses geopolitical rationales and argues that competition for strategic energy resources often outweighs economic incentives, while the latter approach emphasizes the benefits of energy cooperation through mutual gain. However, there is an analytical gap between these two competing arguments. Neither line of inquiry explains the emerging types of energy relations in Asia and Eurasia, which include both cooperative and competitive characteristics. Energy relations tend

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146 Energy security issues including energy efficiency, joint stockpiling, joint R&D projects, climate change, and technology assistance tend to have “low politics” elements. Lee, “Energy Security and Cooperation in Northeast Asia.”

147 Michael Klare, *Resource Wars: The New Landscape of Global Conflict* (New York: Metropolitan Books, 2001); Michael Klare, *Rising Powers, Shrinking Planet: The New Geopolitics of Energy* (New York: Metropolitan Books, 2008); Mikkal Herberg et al., “Pipeline Politics in Asia: The Intersection of Demand, Energy Markets, and Supply Routes,” in *NBR Special Report: National Bureau of Asian Research*, 2010.

148 They find the evidence from history: The Roosevelt administration’s oil embargo against Japan followed by a Japanese attack on the oil fields of the Dutch East Indies during World War II (Sagan, 1988: 898); OPEC members’ oil embargo in response to U.S. involvement in the Yom Kippur War in 1973; Germany’s drive to the oil fields in the Caucasus and Romania during World War II; and contemporary energy-related disputes in the South and East China Sea.

149 Navroz K. Dubash and Ann Florini, “Mapping Global Energy Governance,” *Global Policy* 2, no. s1 (2011): 6–18; Andreas Goldthau and Jan Martin Witte, eds., *Global Energy Governance: The New Rules of the Game* (Washington, DC: Brookings Institution Press, 2010).

150 Robert O. Keohane and Joseph S. Nye, *Power and Interdependence* (New York: Longman Publishing Group, 2001).

to be competitive when the national interests of participating states clash or diverge. Under these conditions, energy relations are highly susceptible to conflicts over political and national security issues such as territorial disputes and political distrust between states.<sup>151</sup> In contrast, energy cooperation is likely when potential mutual benefits are visualized through developing a joint project, as well as when a sense of urgency is strong enough to facilitate regional energy cooperation and establish an energy regime.

To cope with the challenges of energy supply security, energy cooperation between producing and consuming nations, as well as alliances among consuming nations, has been consistently emphasized in recent years. However, despite the perceived need of energy cooperation and a number of cooperative initiatives, the actual implementation of energy cooperative projects has faced strong competition, especially among the key consuming nations in Asia, and numerous initiatives for cooperation have not achieved satisfactory progress. In particular, for major Asian economies that are not energy self-sufficient, resource competition plays a major role in explaining the dynamics of global security affairs.<sup>152</sup> These countries have sought to strengthen their control over imported energy supplies and costs through resource diplomacy and state intervention. China has adopted an aggressive *going abroad* energy policy to seek foreign sources of crude since it became a net importer of oil in 1993 and oil prices rose in the 2000s, which has intensified a competitive atmosphere over access to imported energy among major Asian energy-consuming economies.<sup>153</sup> Japan and Korea have also joined in the mercantilist competition to secure their own energy sources, both within and beyond Northeast Asia.<sup>154</sup> Each of the three countries has highly centralized energy industries with either outright state ownership or very tight coordination and collaboration between government and the energy industry.<sup>155</sup> Moreover, with China's rise in particular, energy projects such as Sino-Russian pipelines and energy exploration in the East and South China Sea have intensified geopolitical competition as well as regional rivalries.

## CURRENT STATUS FOR REGIONAL ENERGY COOPERATION

Despite this competitive atmosphere, there have been many efforts over the past 20 years to improve regional energy cooperation in the Asia-Pacific and Northeast and East Asia. Major initiatives

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151 Lee, "Energy Security and Cooperation in Northeast Asia."

152 Klare, *Resource Wars*; Hyun Jin Choi, "Fueling crisis or cooperation? The geopolitics of energy security in Northeast Asia," *Asian Affairs: An American Review* 36, no. 1 (2009): 3–28.

153 For China's impact on the Asian energy market, see Robert A. Manning, *The Asian Energy Factor: Myths and Dilemmas of Energy, Security, and the Pacific Future* (New York: Palgrave, 2000); Keun-Wook Paik, "The Implications of China's Gas Expansion Towards Natural Gas Market in Asia," Chatham House Working Paper (2004); Roland Dannreuther, "Asian security and China's energy needs," *International Relations of the Asia-Pacific* 3, no. 2 (2003): 197–219. For more details for Chinese NOCs, see the following: Xiaojie Xu, "Chinese Noc's Overseas Strategies: Background, Comparison and Remarks," *The Changing Role of National Oil Companies in International Energy Markets* (Houston, TX: James A. Baker II Institute for Public Policy, Rice University, 2007); Steven W. Lewis, "Chinese NOCs and World Energy Markets: CNPC, Sinopec and CNOOC," *The Changing Role of National Oil Companies in International Energy Markets* (James A. Baker II Institute for Public Policy, Rice University, 2007).

154 Jae-Seung Lee, "South Korean Perspectives on Northeast Asian Energy Security Cooperation," in Kong and Ku, eds., *Energy Security Cooperation in Northeast Asia*.

155 China's oil and gas industry is dominated by three major state-owned oil companies: China National Petroleum Corporation (CNPC), China Petrochemical Corporation (Sinopec), and China National Offshore Oil Corporation (CNOOC). The energy industry of Korea is dominated by three major state monopolies: Korea National Oil Corporation (KNOC), Korea Gas Corporation (KOGAS), and Korea Electric Power Corporation (KEPCO). In Japan the international oil and gas sector is largely the creation of the Ministry of Economy, Trade and Industry (METI), originally under the umbrella of the Japan National Oil Company (JNOC) and more recently evolved into the Japan Oil, Gas and Metals National Corporation (JOGMEC), INPEX, and other quasi-government companies, or through the large trading houses such as Mitsui and Mitsubishi, which work closely with METI.

of multilateral energy cooperation in the Asia-Pacific have been pursued through Asia-Pacific Economic Cooperation (APEC), the East Asia Summit (EAS) process, and the Association of Southeast Asian Nations (ASEAN) + 3 (the three Northeast Asian countries of China, Japan, and Korea). The APEC organization discusses energy issues in its biannual Energy Ministerial Meeting (EMMs),<sup>156</sup> semiannual Energy Working Group (EWG)<sup>157</sup> meetings, and Energy Security Initiative (ESI)<sup>158</sup> meetings. ASEAN + 3 holds the Oil Market and Natural Gas Forum, and ASEAN Senior Officials Meeting on Energy (SOME) plus Three Energy Policy Governing Group (EPGG).<sup>159</sup> The EAS held its EMM consecutively with the ASEAN Ministers and Energy Meeting (AMEM), and established the Energy Cooperation Task Force (ECTF).<sup>160</sup> Northeast Asia lacks a single, overarching energy cooperation institution. After the failure of the Korean Peninsula Energy Development Organization (KEDO), which was designed to implement the 1994 U.S.-DPRK Agreed Framework, the Intergovernmental Collaborative Mechanism on Energy Cooperation in North-East Asia (ECNEA) is alone in having a discretely Northeast Asia focus—including Mongolia, North Korea, South Korea, and Russia as members, along with the involvement of both China and Japan. Meetings of this forum, which was organized by senior officials of the four member-country governments, have been held under the auspices of the UN Economic and Social Commission for Asia and the Pacific (UNESCAP).<sup>161</sup> In addition to these intergovernmental initiatives, a number of nongovernmental discussions from academia, think tanks, and the private sector have addressed the importance of multilateral energy cooperation.

However, these cooperative initiatives lack effective mechanisms to implement policy and are still in their infancy in terms of institutional development. This paper argues that mainly three factors contribute to the lack of multilateral energy cooperation in the region. First, even though there are several multilateral institutions in the region, the institutional basis for multilateral cooperation has not been solidified in Asia, where the lack of mutual trust, historical grievances, and the sense of security dilemma are still pervasive. Given that countries with heterogeneous cultures, societies, economies, and political regimes are developing relationships in the energy sector where they share complementarity, it is unlikely that energy ties will evolve into deeper or more institutionalized relationships. Although deepening intra-Asian energy ties are certainly one distinct new force with

<sup>156</sup> The APEC Energy Ministerial Meetings (EMMs) have been held annually since 1996. They seek to find common ground and commitments among APEC member countries on issues related to energy security. Agenda items have included discussions on member countries phasing out fossil fuel subsidies and on specific goals for reducing energy intensity levels. Other initiatives include efforts to develop frameworks to accelerate investment in the development of additional natural gas supplies. Annual EMM statements can be found at: [http://mddb.apec.org/pages/search.aspx?setting=BrowseMinisterialStatement&DocType=%22Ministerial%20Statement%20-%20Sectoral%22&APECGroup=%22Energy%20Ministerial%20Meetings%20\(EMM\)%22](http://mddb.apec.org/pages/search.aspx?setting=BrowseMinisterialStatement&DocType=%22Ministerial%20Statement%20-%20Sectoral%22&APECGroup=%22Energy%20Ministerial%20Meetings%20(EMM)%22).

<sup>157</sup> The EWG includes China, Japan, Korea, Hong Kong, and Taiwan among its members. It has a secretariat with program staffs to manage its subsidiary working groups, which include groups on energy types, exploration, and energy data, among others: <http://www.ewg.apec.org>.

<sup>158</sup> The ESI, launched in 2001, comprises a series of short-term measures to respond to temporary energy supply disruptions and longer-term measures to address the broader energy challenges facing the APEC region. Short-term measures include improving transparency in the global oil market, maritime security, implementing a real-time emergency information-sharing system, and encouraging member economies to have emergency mechanisms and contingency plans in place. Long-term measures include facilitating investment, trade, and technology cooperation in energy infrastructure, natural gas (including LNG), energy efficiency, clean fossil energy (including carbon capture and geological sequestration), renewable energy, and hydrogen and fuel cells: [http://www.ewg.apec.org/energy\\_security.html](http://www.ewg.apec.org/energy_security.html).

<sup>159</sup> ASEAN, "ASEAN Ministers on Energy Meeting (AMEM)," <http://www.asean.org/asean-economic-community/asean-ministers-on-energy-meeting-amem/>.

<sup>160</sup> First convened in 2007, the EAS Energy Ministers Meeting (EMM) has organized several working groups for energy cooperation: energy efficiency and conservation; energy market integration; and biofuels. An EAS ECTF manages these work streams, with each work stream cochaired by two or more EAS member countries. Carla P. Freeman, "Building an Energy Cooperation Regime in Northeast Asia," in *Energy Security Cooperation in Northeast Asia*.

<sup>161</sup> Ibid.

increasing trans-regional trade between energy-exporting and energy-importing countries as well as trans-regional oil and gas pipeline networks, such energy ties are still informal, and regional integration still remains at an early stage.

Second, the paper pays attention to structural differences within energy relations. It describes the trends of intensified energy competition among key consuming countries and rising energy cooperation between key energy-exporting and energy-importing countries in the region. The nature of energy relations among the

key importing countries such as China, Japan, Korea, and India tends to be competitive rather than cooperative, as the interests of these countries often clash in pursuing their own national energy security to guarantee stable energy supply at reliable price. Given that successful implementation of regional energy cooperation does not seem likely without the commitment of major regional

***Due to low levels of political trust, Northeast and East Asian countries view potential benefits of cooperation as uncertain and worry about the unequal distribution of collective energy security dividends.***

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powers that are all energy importers (with the exception of Russia), it is questionable whether rising economic interdependence can extend to the “high politics” realm of energy security cooperation.

Third, the lack of strong political will hinder involved governments from active regional economic and political cooperation in the realm of energy because the fundamental trust required for forming a regional energy regime is lacking. Due to low levels of political trust, Northeast and East Asian countries view potential benefits of cooperation as uncertain and worry about the unequal distribution of collective energy security dividends, even though they do acknowledge the need for institutionalized energy security cooperation. This explains why there is so little multilateralism in terms of energy cooperation in Northeast Asia and why governments tend to prefer bilateral relations rather than multilateral cooperation or involvement.

### **KOREA'S ROLE IN REGIONAL ENERGY COOPERATION AND THE U.S.-KOREA COLLABORATION**

Given such structural constraints, what role can Korea play in terms of regional energy cooperation? As mentioned above, Korea is well-positioned to take the lead on this front given its political and economic relationship with the United States. The United States has vital interests in the Northeast Asian energy security sphere, from both an economic and security standpoint. It has economic interests in upstream projects of energy supply such as pipeline networks, and the presence of major U.S. energy companies in the region represents another dimension of economic calculation. On the other hand, factors such as the rise of China, the North Korean nuclear program, and Russia's rising influence in the region are all crucial to the U.S. security agenda.

Korea has tried to enhance its visibility in multilateral energy cooperation initiatives during the Roh Moo Hyun administration (2003–2007). Under the slogan “Building the era of Northeast Asia,” a presidential committee supported a plan to develop a regional natural gas pipeline project that would bring Russian gas from East Siberia through North Korea to the south. However, because of political risks and geopolitical constraints, the Korean government has been very cautious about receiving Russian gas via North Korea. The Lee Myung-bak administration (2008–2012) put a major emphasis on overseas energy development, including a shift away from the Middle East and toward Africa, Central Asia, and Latin America. The Park Geun Hye administration announced the Eurasia Initiative in 2013, which promoted energy transit connections with Russia and China. Inspired by the idea of “the resurrection of the Silk Road,” Korea’s National Unification Advisory Council suggests ways to enhance economic ties with Russia and China. However, there has been no progress in this program for actual implementation of related energy cooperation.

Korea’s perception of energy security has two dimensions. Energy security is not only a means to secure a stable energy supply, but also a means to achieve a higher security goal of building peace on the Korean Peninsula.<sup>162</sup> Given the structural constraints for promoting institutionalized energy cooperation in the region, the collaboration between Korea and the United States is crucial for any actual progress. As mentioned in the introduction, the paper discusses the potential energy cooperation between Korea and the United States in order to explore how Korea can promote regional energy cooperation by focusing on (1) the prospects of the U.S. shale gas and tight oil, (2) civilian nuclear energy, and (3) the discussion of the TPP.

## **1. The Potential for Shale Gas Cooperation between the United States and Korea**

This section of the paper seeks to explain the potential for shale gas cooperation between the United States and Korea in the context of the U.S.-Korea Free Trade Agreement (KORUS FTA). As a result of revolutionary development of shale gas and tight oil, the United States has become the world’s foremost energy producer and potentially its biggest exporter (overtaking Saudi Arabia and Russia for the number one position in oil production). America’s new energy power can be used to reinforce the energy security of its close allies, including Korea—which imports 97 percent of its energy requirements, primarily in oil, coal, and natural gas.

Given the terms of the KORUS FTA, the United States can already export liquefied natural gas (LNG) to Korea. Korea Gas Corporation (KOGAS) will begin receiving 3.5 million tons of U.S. LNG annually over 20 years starting in 2017, from the Sabine Pass LNG Project (in Louisiana, by Cheniere Energy), which will be the first project to ship shale-based LNG from the United States. The Sabine LNG not only enables Korea to enhance its energy security by diversifying LNG suppliers and import routes, but also to enjoy potential economic benefits because U.S. LNG contracts are generally more flexible than existing LNG contract models with traditional suppliers from the Middle East.<sup>163</sup> The U.S. LNG

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<sup>162</sup> Lee, “Energy Security and Cooperation in Northeast Asia.”

<sup>163</sup> While oil is an internationally traded commodity, natural gas is a regionally traded commodity. While the price of oil generally refers to the spot price of a barrel of benchmark of crude oil (e.g., West Texas Intermediate (WTI), Brent Blend, and Dubai Crude), the pricing mechanism of natural gas displays regional differentiation. In North America, a deregulated Henry Hub pricing mechanism of spot indexation reigns. Outside of North America, countries typically sign a contract for natural gas trade that is linked to oil prices and has a long-term (usually 30-year) “take-or-pay” clause (that requires the buyer to take an annual minimum volume of natural gas, or to pay for that volume whether or not it is taken). In this respect, the gas pricing mechanism requires direct and long-term relationships between supplier and consumer states.

supplies that are based on fully deregulated Henry Hub natural gas prices are attractive to Korea, which pays one of the highest global prices for LNG supplies due to the Asian premium.<sup>164</sup> As for the benefits in terms of prices, there is no guarantee that U.S. LNG will be cheaper than delivered prices of non-U.S. suppliers, taking into account liquefaction, shipping, and regasification costs. Moreover, traditional gas suppliers such as countries in the Middle East will still remain important for the time being. However, U.S. shale gas imports will provide key benefits to Korea, which includes the advancement of Korea's energy security. LNG shipments from Sabine Pass will not only meet about 10 percent of Korea's total annual LNG import volume, but also diversify LNG suppliers and import routes to Korea.<sup>165</sup>

Noticeably, Lotte Chemical and Axiall of the United States have finalized joint venture arrangements to construct a shale-based ethane cracker plant in Louisiana in December 2015. The total investment for this joint project is estimated at US\$3 billion, planning to begin commercial production at the end of 2018.<sup>166</sup> Lotte Chemical will be the first Korean petrochemical company to engage in the ethane cracking business using shale gas produced in North America.<sup>167</sup> Moreover, the U.S. Congress in 2015 agreed to lift the ban on oil exports that had been prohibited since 1975, following the Arab oil embargo.<sup>168</sup> Until the ban was lifted, the U.S. Commerce Department permitted slightly modified crude shipments (as a form of product), which were already coming to Korea's shores under the KORUS FTA. Lifting the oil export ban not only enables the U.S. oil industry to compete globally, but will also likely create more positive potential for energy cooperation with Korea.

Both Korea and the United States can enjoy economic and political benefits from developing strategic partnership on energy. First of all, Korea can diversify its sources of energy imports to enhance its energy security by importing U.S. shale gas and tight oil. Moreover, Korea can increase the presence of Korean business as service provider and distributor in the North American market by increasing direct investment through joint ventures. From American perspectives, the rise of energy exports to Korea, one of its major trading partners, can reduce the U.S. trade deficits. This could be understood in the similar context with what President Trump has pledged to increase fossil-fuel production in the United States by eliminating regulatory barriers and unleashing \$50 trillion untapped shale oil and natural gas reserves, in order to increase its energy exports to Asia. Second, the United States can also create more revenues by producing value-added raw materials at lower cost through developing innovative strategic partnerships with Korea such as creating joint ventures in the energy industry. Third, U.S. shale gas imports to Korea will have a positive impact on enhancing regional energy security by motivating Japan and China to also become potential buyers of American gas. The United States has vital interest in the Northeast Asia energy security, given that the factors such as the rise of China, the North Korean nuclear program, and Russia's rising influence in the region are all crucial to the U.S. security agenda.

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164 As the world's second-biggest LNG importer (after Japan), Korea mostly buys LNG through long-term contracts (usually 30 years) with Middle Eastern, Southeast Asian, and Australian producers at prices linked to oil. Long-term contract usually keeps buyers from moving their cargoes to other destinations, effectively the option of spot market trading.

165 Korea imported around 37 million metric tons (mmt) of LNG in 2012, 41 mmt in 2013, 36 mmt in 2014, and 31 mmt in 2015, according to the International Gas Union.

166 *Oil & Gas Journal* (OJG) Online, December 18, 2015.

167 Lotte Chemical aims to maximize profits (increasing its annual sales by \$1.5 billion) through diversifying base materials and seeking growth outside of the country. Sung-jin Choi, "Lotte Chemical jumps into shale gas business in US," *Korea Times*, December 18, 2015.

168 Amy Harder and Lynn Cook, "Congressional Leaders Agree to Lift 40-Year Ban on Oil Exports," *Wall Street Journal*, December 16, 2015.

## 2. The Potential for Nuclear Energy Cooperation between the United States and Korea

Civilian nuclear energy is another major area of opportunity where the two countries can cooperate further. Given the increasing emphasis on global climate change and clean energy technologies, nuclear energy has been used as a major source of electricity in the United States and Korea. As the world's largest commercial producer of nuclear power with 100 reactors online, the United States has tremendous regulatory and technology expertise. The country's nuclear power accounts for more than 30 percent of global nuclear generation of electricity and 19 percent of total domestic electrical output. The U.S. government policy changes since the late 1990s have paved the way for significant growth in nuclear capacity.<sup>169</sup> However, the U.S. nuclear industry is facing a significant downturn due to low natural gas prices since 2009, the availability of economically competitive fossil fuel alternatives in the form of shale gas, and large construction costs for nuclear power plants.<sup>170</sup>

In contrast, Korea currently has a more vibrant program of nuclear energy than the United States. The country has 24 reactors online, providing 22 percent of domestic electricity output.<sup>171</sup> Korea intends to reduce its greenhouse gas emission levels and its dependence on fossil fuel imports by increasing the share of nuclear energy capacity to 29 percent by 2029 and then maintaining that level to 2035.<sup>172</sup> Korea has the sixth-highest nuclear generation capacity in the world as of mid-2015, and was surpassed by China in the past year.<sup>173</sup> The country's first nuclear power plant was completed in 1978, and over the following three decades, Korea directed significant resources toward developing its nuclear power industry. According to the 7th Basic Long-term Power Development Plan of Electricity Supply and Demand released by the Ministry of Trade, Industry, and Energy (MOTIE) in July 2015, 12 new reactors will be in operation by 2029, and Kori 1<sup>174</sup> closed by then, which is two more than earlier planned.<sup>175</sup> Moreover, Korea is a nuclear-technology exporter. For example, it is building four nuclear reactors in United Arab Emirates (UAE) under a \$20 billion contract.

The United States and Korea can facilitate closer relationships through nuclear energy cooperation. Korea's growing nuclear manufacturing expertise and U.S. technology and regulatory expertise can be complementary in future commercial opportunities.<sup>176</sup> For instance, the Korea Electric Power Corporation's (KEPCO) deal to supply nuclear energy to the UAE includes not only major Korean companies such as Doosan, Samsung, and Hyundai, but also U.S. companies such as Westinghouse. More specifically, the U.S. and Korean nuclear industries can help each other by collaborating on domestic and global commercial nuclear power plant deployment as Korea can reduce construction costs by 50 percent and its major technology components (e.g., APR 1400) are compatible with those of the

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169 World Nuclear Association, "U.S. Nuclear Power Policy," <http://world-nuclear.org/info/Country-Profiles/Countries-T-Z/USA--Nuclear-Power/>.

170 Most nuclear power plants in the United States were built in the 1960s and 1970s, and the prospect for new plants does not seem promising. It is expected that six new plants may come on line by 2020.

171 Korea's power capacity at the end of 2014 was 93.2 gigawatts (GW), consisting primarily of natural gas (30 percent), coal (28 percent), and nuclear generation (22 percent). KEPCO (Korea Electric Power Corporation) Annual Report, 2015, 62.

172 "Korea to build two new nuclear reactors by 2029," *The Korea Herald*, June 8, 2015. The government has revised the plan by decreasing the initial target of 41 percent to 29 percent due to the growing public concern over operational safety.

173 U.S. Energy Information Administration (EIA) Country Analysis Brief, South Korea (2015).

174 Kori-1 is scheduled to become the first reactor to go dormant since it began running 37 years ago as the first nuclear power plant in Korea. "South Korea to shut down oldest nuke reactor," *The Korea Herald*, June 12, 2015.

175 World Nuclear Association, "Nuclear Power in South Korea," <http://www.world-nuclear.org/info/Country-Profiles/Countries-O-S/South-Korea/>.

176 Author's interview with Jane Nakano.

United States. Moreover, Korea imports all of the uranium it needs to fuel its nuclear power plants and does not reprocess or enrich uranium as a result of a 30-year nuclear cooperation agreement with the United States.<sup>177</sup> Because Korea is not self-sufficient in nuclear technology, it still needs assistance from the United States with nuclear design, code, reactor coolant pumps, and man-machine interface systems (MMIS).

### **3. Trans-Pacific Partnership (TPP) and Korea's Role in Energy Cooperation<sup>178</sup>**

The paper explores Korea's regional and global energy roles in the context of the TPP. In 2013 and 2014, more than 80 percent of Korea's gross domestic product (GDP) depended on international trade—almost two-thirds of that trade is in the Asia Pacific region, and one-third of Korea's imports are energy supplies, which constitute the lifeblood of its economy. The paper argues that investment and trade in energy can be mutually reinforcing in U.S.-Korea relations—not only bilaterally, but also multilaterally through the TPP. Korea, as a close ally and partner of the United States, could play a positive and constructive role by joining the TPP and setting forth a forward-looking initiative for a *free energy trade chapter* in the TPP. The trade chapter would encompass all forms of energy, from fossil fuels to renewables. While Korea would benefit from the fossil fuel component of a free energy trade chapter, it would also have the opportunity to contribute new technical advances in renewables, such as solar and wind energy. A further benefit of a TPP free energy trade chapter is that it could provide a further platform for trans-Pacific consultations on future types of energy exports. For instance, all TPP partners could cooperate in replacing the use of coal, high in CO<sub>2</sub>, with low-CO<sub>2</sub> natural gas, and increasing the use of renewables, which do not contribute to greenhouse gases. A free energy trade “push” from the American debate and a free energy trade “pull” from America's Pacific partners could intersect, and Korea could play a leading role in facilitating multilateral energy cooperation.

## **CONCLUSION: ENERGY COOPERATION AND MIDDLE POWER DIPLOMACY**

This paper explored how Korea can, through “middle power diplomacy,”<sup>179</sup> play a leading role in regional energy cooperation by focusing on the potential energy cooperation between the United States and Korea. The paper chose deliberately broad topics ranging from shale gas, nuclear energy, to the TPP, for three reasons. First, the paper aims to provide an opportunity for the academic and diplomatic community to share views and perspectives on how the group of “middle powers” collaborates with each other as well as with the United States and contributes to international community. Second, the paper argues that middle-power countries can drive more focused and issue-based cooperation within the G-20 context. The issue areas could include energy security, climate change, nuclear safety and disarmament, development assistance, disaster preparedness, and cyberterrorism. Finally, the paper aims to contribute to strengthening multilateral energy cooperation and to facilitating pragmatic and creative solutions to regional and international energy security challenges by engaging scholars and opinion leaders who do not have expertise on energy.

177 The United States and Korea extended the agreement by 20 years in June 2015, although the new deal still does not allow Korea to produce its own nuclear fuel. EIA Country Analysis Brief, South Korea (2015).

178 Miyeon Oh and Jan H. Kalicki, “Korea, Energy, and the Trans-Pacific Partnership,” *The Korea Herald*, February 17, 2015, <http://www.koreaherald.com/view.php?ud=20150217001041>.

179 This paper is one of the deliverables of the Center for Strategic and International Studies (CSIS) Korea Chair program's “middle power” project.



## CHAPTER EIGHT

### SOUTH KOREA IN THE G20: A MIDDLE POWER ROLE

Balbina Hwang<sup>180</sup>

The Republic of Korea (ROK, or South Korea), a small country perhaps best known for being surrounded by Asian giants China and Japan and under constant threat from North Korea, found itself in an unprecedented position in November 2010: the opportunity to emerge as a global leader as host of the G-20 Summit. This was an astonishing and unlikely development for a country that exactly 100 years ago had been formally annexed by Japan, marking a century of struggle to overcome humiliating defeat, division, and war.<sup>181</sup> If the 1988 Seoul Olympics was South Korea's debut on the international stage, then the Seoul G-20 Summit was the equivalent of the country's opportunity to star in the leading economic role in front of a "standing-room only" global audience, at a particularly crucial time in the immediate aftermath of the worst global financial crisis since the end of World War II.

This paper examines South Korea's role as host of the G-20 Leaders' Summit in 2010 and how this reflects the country's middle power status. In

<sup>180</sup> The author expresses gratitude for guidance and constructive advice on this project provided by Victor Cha, Marie DuMond, Matthew Goodman, Keith Luse, Gilbert Rozman, and Scott Snyder.

<sup>181</sup> The "Japan-Korea Annexation Treaty" was formalized on August 22, 1910, but Japan gained control over the Korean peninsula in force following Japan's victory in the Russo-Japanese War in 1905 and Russia's subsequent withdrawal from Korea. For details, see Carter Eckert et al., eds, *Korea Old and New: A History* (Cambridge, MA: Harvard University Press, 1990).

some respects, the G-20 Summit marks both the launch of South Korea as a truly recognized middle power globally, but may also paradoxically mark the culmination of its limited national capabilities. While the Seoul Summit itself was concluded quite successfully and it will be noted as a historical achievement for the country, it did not mark a significant milestone for the G-20 organization itself, perhaps truly reflecting South Korea's limitations as a middle rather than global power.

## BACKGROUND OF THE G-20

The Group of Twenty (G-20) Finance Ministers and Central Bank Governors was established in 1999 partially in response to the Asian financial crisis in 1997 and the growing recognition that the existing G-7 structure was inadequate for accommodating core issues of global economic governance without participation by the key emerging market economies.<sup>182</sup> The G-20 was thus envisioned to be a forum for the key industrialized and developing economies to systematically discuss the most pressing issues in the global economy.<sup>183</sup>

However, the G-20 did not gain global prominence until 2008 when in the aftermath of the global financial crisis, the meetings were elevated to a leaders' level summit. Since then, the nine Summits of G-20 Leaders—Leaders Summits were held twice, in 2009 and 2010—have established the G-20 as the premier forum for international economic coordination and financial governance. While the summits in 2008 and 2009 directly addressed financial crises and achieved several breakthroughs in financial regulation, as the urgency of a global crisis began to abate in 2010 leading up to the Seoul Summit in November, momentum for global cooperation seemed to diminish as the focus shifted in the G-20 from crisis to management mode.

Nevertheless, with the inaugural 2008 Leaders' summit in Washington, D.C., the G-20 marked the official recognition by the G-7 nations of the transformation in the distribution of global economic weight, a de facto trend already accepted in economic practice. With predictions that by 2040 the economies of Brazil, China, India, and Russia (the BRICs) and Mexico will collectively have a larger economic output than the G7, their inclusion along with Turkey in the G-20 has enhanced the group's legitimacy as its members collectively comprise 80 percent of the global economy.<sup>184</sup>

But being more inclusive by acknowledging "financial multipolarity" also makes global financial regulatory harmonization a far more complex task particularly in the wake of a global financial crisis. As Rotier and Veron argue, it is easier to harmonize regulations when one country or one bloc already dominates.<sup>185</sup> Moreover, economic size and presence alone do not readily translate into proactive membership; China and India, despite their growing weight in the global economy, have yet to exhibit substantial leadership in the G-20, despite China's role as host of the Leaders' Summit in 2016.

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182 For a detailed discussion of G-20 and the ROK's role in hosting the Leadership Summit in 2010, see Balbina Y. Hwang and Youngji Jo, "Bridging the Global Gap: Korea's Leadership Agenda for the G-20," *21st Academic Paper Series*, Korea Economic Institute, October 20, 2010.

183 The inaugural meeting of the G-20 took place in Berlin on December 15–16, 1999, hosted by the German and Canadian finance ministers: [http://www.g20.org/about\\_what\\_is\\_g20.aspx](http://www.g20.org/about_what_is_g20.aspx).

184 Dominic Wilson and Roopa Purushothaman, "Dreaming with the BRICs: The Path to 2050," *Global Economics Paper*, No. 99, Goldman Sachs, October 1, 2003.

185 Stephane Rottier and Nicolas Veron, "An Assessment of the G20's Initial Action Items," *Bruegel Policy Contribution*, September 3, 2010, [www.bruegel.org](http://www.bruegel.org).

Finally, despite capturing a more balanced representation of the global economy, the G-20 still faces skepticism from the rest of the world that such an exclusive grouping can properly account for the interests of nonmember countries, particularly undeveloped economies. Prioritization of financial issues over others such as poverty and sustainable development during the first two years of G-20 Summits only reinforced this view among the vast majority of developing and less-developed countries that viewed themselves as excluded from the process.

As such, 2010 was a pivotal year for the G-20, as the group faced a critical crossroads. Expectations for the Seoul Summit were high: it was considered a turning point at which the G20 could either produce a decisive platform for addressing a number of pressing global issues, or one that would mark its future irrelevance as merely another photo opportunity and “talk-shop” for foreign leaders. Ultimately, the Seoul summit did not materialize into a watershed event for the G-20 as the leaders failed to produce any truly significant and lasting actions; but neither did the Seoul Summit devolve into mere diplomatic fanfare.

Thus, for the G-20, Seoul marked an important turning point in its shift away from economic crisis management toward an organization focused on future economic growth and development. Rather, the true victor was South Korea, which emerged from its successful role as host as a firmly acknowledged “middle power.” In part, Seoul’s success was due to coincidental timing: the global financial crisis in late 2008 had forged an unprecedented consensus and level of coordination in the G-20, allowing for the creation of an ambitious “Framework for Strong, Sustainable, and Balanced Growth” as a common goal during the previous 2009 Pittsburgh Summit. A half-year later, the tepid results in the Toronto Summit made concrete progress in Seoul essential not only for turning around the global economy but ensuring future cooperation on global challenges. South Korea’s leadership as host was thus crucial in this regard.

### KOREA'S ROLE IN THE G-20: A GLOBAL BRIDGE

In 2010, the ROK found itself in an unprecedented position: the opportunity to emerge as a global leader as host of the G-20 Summit, with the world’s attention focused on Seoul as leaders met to address an uncertain future facing the global economy still reeling from the repercussions of the global financial crisis. Adding to the challenges confronting the G-20 was uncertainty about what, if anything, the summit could accomplish, with pressure to lower expectations so as to “avoid promising too much and delivering too little.”<sup>186</sup>

By November 2010, many of the G-20 leaders were confronted by increasingly restless and dissatisfied domestic publics, with several of the countries—including the United States, China, Russia, France, and South Korea—facing leadership changes in 2012. This meant that the Seoul Summit in November 2010 provided political opportunities for leaders to score points at home by furthering their own national goals abroad. Such political jockeying offered some prospects for relief from their embattled domestic political positions, but also increased the likelihood of resistance to address common goals.

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<sup>186</sup> Mui Pong Goh even argues that rather than “promising too much and delivering too little . . . [i]t is far better to free leaders from the pressure of finding new policies for each summit.” He further argues that “the easy phase of G-20 summitry has now run its course. The time is right to recalibrate expectations. If they are set too high, the fledgling forum will be guaranteed failures, since such expectations cannot be met.” Goh, “G-20: Short of Steam,” *The World Today*, June 2010, Vol. 66, No. 6.

Furthermore, with the urgency of the global financial crisis fading, the IMF falling short of facilitating international financial coordination, and expectations of securing a robust global economic recovery diminishing, revival of the G-20's focus and collective commitment to financial and economic cooperation during the Seoul Summit became ever more critical by late 2010.

Faced with such uncertainty about what if anything the G-20 could accomplish, the stakes were none higher than for host-country South Korea and its President Lee Myung-bak, who had tied his personal legacy and indeed that of his entire country to the success of the G-20. Lee boldly stated at the time: "the world can be split into two groups: one group sets global rules, the other follows. South Korea has successfully transformed itself from a passive follower into an active agenda-setter."<sup>187</sup>

Yet, skepticism abounded about South Korea's ability to provide crucial leadership on the global scale. As one observer noted at the time, "just hosting the G20 is not going to be enough to elevate Korea's position in the world. Korea has to get consensus by the end of the talks."<sup>188</sup> As a small country surrounded by great powers—a "shrimp among whales"—Korea (both pre- and post-division) is a country more used to falling victim to great power machinations than one able to maintain independent control over its own destiny, much less affect or lead the actions of others.

Indeed, a common supposition about Korea is that certain immutable traits—that it is a small, relatively weak power sitting at the intersection of interests among the major military and economic powers in the region—have resulted in a loss of independence. As such, this logic concludes that Korean policy decisions are thus reactive to the exigencies of external situations thrust upon it, rather than proactive in any fashion. According to this capabilities-based argument, the only way Korean foreign policy formation—notably applicable to both South and North Korea—becomes more proactive is with a corresponding elevation of Korea's status and power in the regional hierarchy.<sup>189</sup>

As such, it can be argued that South Korea has achieved this kind of "middle power" status by raising its relative regional stature through rapid economic development and modernization. However, it is important to note that the ROK remains relatively small to both China and Japan given their respec-

***The astonishing characteristic of South Korea's modern success story is less about its record-breaking accomplishments in the realms of economic and political development, and far more about how it did so, by breaking dramatically with the trajectory of its history.***

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<sup>187</sup> Christian Oliver and David Pilling, "Into Position," *Financial Times*, March 17, 2010.

<sup>188</sup> Ibid.

<sup>189</sup> Elsewhere, Balbina Hwang makes the argument that this is an incomplete characterization of Korea's strategic choices given the intervening variable of strategic culture, which not only allows for but has provided both Koreas to carve out unique foreign policies independent of exogenous variables. For a detailed and in-depth discussion, see Balbina Y. Hwang, *Globalization, Strategic Culture and Ideas: Explaining Continuity in Korean Foreign Economic Policy* (Doctoral Dissertation, Georgetown University, Washington, DC, August 2005).

tive growths in economic power; nevertheless, the absolute rise of South Korea's economic development firmly establishes it within the realm of a global middle power status.

Yet, the astonishing characteristic of South Korea's modern success story is less about its record-breaking accomplishments in the realms of economic and political development, and far more about how it did so, by breaking dramatically with the trajectory of its history. Situated in the geographic crosshairs of great powers in East Asia, the Korean peninsula occupies strategically valuable real estate and has suffered the consequences, enduring some 900 or more foreign invasions throughout its 1,300 years of unified history, and enduring loss of sovereignty under Japanese colonial rule from 1910 to 1945.

After liberation, occupation (by the United States in the South and the Soviet Union in the North), division, and war, South Korea was desperately dependent on external assistance both for its economic survival and development, and to ensure its security. While the ROK's economic "miracle" was famously built on an export-led growth model that relied heavily on the largesse of the international trading system, South Korea's domestic economy remained tightly closed and protectionist for decades, supported in great part by the U.S.-led trading order that tolerated illiberal practices for the sake of Cold War security exigencies.

Despite the enduring existential security threat emanating from North Korea even after the end of the Cold War, South Korea's current role as a major global trading economy—the seventh largest in the world, in total trade volume—confers upon it a power with relative heft. The fortuitous coincidence of a newly elevated role for the G-20 and the ROK's presidency of the Group in 2010 meant that playing host was the ideal forum for President Lee Myung-back to test-launch his ambitious "Global Korea" strategy.

Ironically, the ROK was able to do so by capitalizing on its characteristics as a middle rather than global power, because of its unique position among the G-20 to bridge the gap between the advanced economies and developing ones. These characteristics stem from South Korea's remarkable development experience, which while unique in many ways, still provides demonstrative lessons for emulation by developing and underdeveloped economies.

With an approximate GDP per capita of \$28,000, South Korea is the only G-20 member that occupies the very mid-point between the rich, advanced G-7 economies (each with per capitās at or over \$30,000), and the remaining developing economies (each at or below \$20,000 per capita) [see *Exhibit 1*]. And the ROK's economy ranks 12th largest among the G-20.

South Korea's other distinction, as an extraordinarily successful graduate of development aid and foreign financial assistance, also makes it particularly well qualified to serve not only as a role model for the lesser-developed economies as recipients of financial assistance, but also as an effective communicator between them and rich nations and donor institutions. In 2009, the ROK became the 24th member of the Development Assistance Committee (DAC) of the OECD, and the first to transition from ODA beneficiary to aid donor since the creation of DAC in 1961.

Rising income inequality and persistent poverty garnered sharper focus in 2010 in the aftermath of the global financial crisis and subsequent recessions in the advanced economies. Growth in developing countries fell from an average of 7 percent to 1.6 percent in 2009, resulting in significant increase

in global poverty.<sup>190</sup> According to the 2010 UN Millennium Development Goals (MDG) Report, “an estimated 64 million more people will be living in extreme poverty in 2010 (with an additional 53 million more by 2015) than would have been the case without the crisis. Furthermore, loss in economic growth potential implies that 1.2 million more children under the age of five may die between 2009 and 2015 (the MDG target year) than would have been the case had the crisis not occurred.”<sup>191</sup>

Such acute impacts on human development and poverty caused by the global economic crisis were not confined to low-income countries: according to the World Bank, “more than half of the rise in poverty occurred in middle income countries, which still account for about two third of the world’s poor people.” The nine middle-income developing countries that are members of the G20 account for 58 percent of the world’s poor.<sup>192</sup>

Yet, even as the weight of the global economy has shifted undeniably away from the West toward Asia and the developing world, there is a renewed focus on how the increased diversity of the G-20 can adequately address the needs and interests of the majority of countries not represented in the Group. South Korea had built great expectations that it would bring fresh impetus to substantive discussions on international development, seeking to address Africa in particular, which South Korean officials described as “the greatest global imbalance.”<sup>193</sup> It is precisely for the lesser-developed economies not represented at the G-20 that South Korea’s leadership provided the most profound hope.

South Korea is certainly a well-known model for its development experience, growing from poverty with average annual income hovering around \$100 in the 1960s—on par with Ghana at the time—but today edging toward \$30,000. As President Lee Myung-back remarked:

In just one generation, the ROK has become a country that gives from a country that received. In just one generation, we are now in a position to provide help to those in need. . . . A young boy who once stood in line to receive used clothes from foreign missionaries now stands before you as President of the Republic of Korea. I know what it is like to be in want. I have benefited from other people’s compassion and so I know more than others what kind of help should be given to those in need.<sup>194</sup>

Far beyond the clichéd expressions of rhetoric, South Korea’s developmental experience offers a concrete model to many in the developing world. As one ambassador from an African country so eloquently explained, “it is extremely meaningful for Africa to have the ROK host the G-20 Summit because it is the next best thing to being there ourselves. Korea is not just preaching the lessons of development but it actually lived it, and is a shining example of success.”<sup>195</sup>

Yet, it is not just the mere fact of successful development that makes South Korea a compelling model for the underdeveloped world. South Korean officials insist that it is not trying to export its own

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190 World Bank, “Group of Twenty: G20 and Global Development,” June 26–27, 2010, <http://siteresources.worldbank.org/DEC/Resources/G20Framework&MAP-WBReport-TorontoSummit-2.pdf>.

191 United Nations, “The Millennium Development Goals Report: 2010,” 2010, <http://www.un.org/millenniumgoals/pdf/MDG%20Report%202010%20En%20r15%20-low%20res%2020100615%20-.pdf>.

192 World Bank, “Group of Twenty,” June 2010.

193 Christian Oliver, “South Korea Looks Forward to Its Own Party,” *Financial Times*, June 25, 2010.

194 Lee Myung-bak, “Presidential Keynote Address, Shangri-La Dialogue,” Delivered at the Ninth IISS (International Institute for Strategic Studies) Asian Security Summit, Singapore, June 4, 2010, <http://www.korea.net/detail.do?mode=popup&guid=47305&popup>.

195 Statement of an ambassador representing an African country made at a private meeting in Washington, DC, July 28, 2010.

growth model, which was forged principally through a military dictatorship and protectionist policies to promote infant industries. The ROK is the first to recognize that had it followed World Bank directives and other Western advice, it would arguably have been less successful; indeed, South Korea's development of steel and ship-building industries—two of its most successful industrial endeavors—were pursued in direct contravention of explicit instructions to not do so by the World Bank.

Thus, the Leaders' Summit in Seoul's most significant achievement may be the articulation of the so-called "Seoul Consensus," which marks an articulation if not actual shift away from the heretofore dominant "Washington Consensus," which emerged in 1989 and emphasized fiscal discipline, privatization, and trade liberalization as endorsed by the Western-led international financial institutions (IFIs). In part, the Seoul Development Consensus embraces the notion that underdeveloped countries should be equal partners with rich countries and that a "one size fits all" development model is no longer applicable.

The ROK promoted the creation of new development models that shift the world away from targeting finite goals such as clean water and hospitals. Instead the focus is on building vital intermediaries that not only fuel growth but sustain it, such as education and infrastructure. South Korea's leadership on development may be most effective through knowledge sharing, emphasizing the importance of providing technical assistance as laying the groundwork for building social infrastructures and capacity development.<sup>196</sup>

Another crucial bridging role the ROK played during the G-20 Summit was reforming the IMF's mandate to make it more palatable for developing countries. More than a decade after the IMF's controversial role in responding to the Asian financial crisis in 1997–1998, many Asian countries remain understandably wary of engaging the IMF and have kept their distance from the Fund. Barry Eichengreen describes the relationship between the IMF and the G-20 nations as both "symbiotic and conflicted," and the result has been that during the 2008 financial crisis, not a single fast-growing Asian country borrowed from the IMF, in large part due to the unpleasant stigma left over from the 1997 crisis. He notes further that successive South Korean governments, in particular, have seen "approaching the fund as political suicide," given the domestic political reaction to the bailout conditions imposed during the financial crisis. As such, "no matter what the circumstances, South Korean leaders would rather jump off a cliff before negotiating even the most generous credit line with the IMF."<sup>197</sup> It is particularly striking, therefore, that the Lee Myung-bak government seized the initiative in G-20 discussions preceding the Seoul Summit to create a new emergency loan programs, as part of "systemic liquidity facilities" that would be made available to troubled regions during financial crises.<sup>198</sup> South Korea's painful but crucial experience with the IMF in the late 1990s provides important lessons for how to overcome the stigma of accepting IMF bailouts. Such efforts were crucial to Seoul's efforts to fulfill its leadership role in the G-20 by achieving two specific mandates: crisis prevention and crisis management.

Finally, it is not just South Korea's economic success that puts it in a singular position to bridge the

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196 For example, in 2004, the ROK Ministry of Strategy and Finance and the Korea Development Institute (KDI) launched the Knowledge Sharing Program (KSP) to provide South Korea's development partners with research and policy consultations based on its development experience and expertise. Lee Tai-hee, "Foreign Advisors Crucial for Korea's Development," *The Korea Times*, July 23, 2010.

197 Barry Eichengreen, "The G-20 and the IMF: An Uneasy Relationship," *Global Asia*, Fall 2010 (Vol. 5, No. 3).

198 Bob Davis and Ian Talley, "IMF, Seoul Craft New Loan Offer," *Wall Street Journal*, June 20, 2010.

developed G-20 members with the rest of the group, but the ROK's unique role as one of the most vibrant democracies in Asia. While it is practically an article of faith that the leadership of the big global institutions must accommodate non-Western emerging powers, Jorge Castaneda, a former foreign minister of Mexico warns against bringing in such new players as the BRICs into global leadership organizations. He argues that inclusion of the BRICs threatens the very principles and practices of democracy, free trade, nuclear nonproliferation, environmentalism, and international justice that such institutions—and most of their current leadership—seek to spread: “At best they are regional powers that pack a minuscule international punch; at worst, they are neophytes whose participation in international institutions may undermine progress toward a stronger international legal order.”<sup>199</sup>

Indeed, the currency battle primarily between the United States and China that emerged as the dominant issue at the Seoul Summit brought to the forefront the difficulty of securing international cooperation once the bloom of urgency spurred by crisis has started to fade. As Eswar Prasad observes, “China’s aggressive pushback against criticism of its currency policy by shifting the line of attack towards loose monetary policies and rising public debt in advanced economies reflects its growing assertiveness and strong resistance to international pressure.”<sup>200</sup> And the divergence between the mounting anxieties over Chinese policy and the cautious official response at concurrent IMF meetings raised valid concerns about the potentially disruptive effects that an economically and politically diverse membership can have on an organization meant to establish leadership standards for the global community.

The dominance of the dispute between the two largest economies threatened to marginalize the mid-sized economies of the G-20, a frustration felt by those caught in the middle of a Washington-Beijing standoff. With Europe and Japan largely remaining passive to U.S. entreaties to join American pressure on China regarding its undervalued currency, it was precisely a middle power such as South Korea that was best positioned to play a mediating role.

As the first Asian nation to host the G-20, the ROK was uniquely able to bridge the gap between the developed Western nations of the G-20 and other members. Because Korea shares historical sensitivities with China about falling victim to foreign—particularly Western—domination, it understands that U.S.-led attempts to demand currency appreciation are likely to be rejected in large part simply because bowing to Western pressure is an unacceptable political humiliation for Beijing. Thus, South Korean officials steered the debate during the Summit toward issues such as enlarging domestic markets aimed at achieving the same goals without specifically demanding that Beijing revalue its currency.

South Korea was able to credibly hold hands and dialogue with both China and the United States at a time of heightened political tension between Beijing and Washington, leveraging its relationship as the largest bilateral trading partner with the former, and its long-time military alliance partner with the latter. Moreover, with Japan experiencing political and economic uncertainty in 2010 and Tokyo-Beijing relations reaching new heights of tension over territorial disputes in the East China Seas, Seoul was able to play a more credible role as mediator among the three major powers as the only Asian economy other than China that recovered quickly from the global downturn.

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199 Jorge Castaneda, “The Not Ready for Global Prime Time Players,” *Foreign Affairs*, September/October 2010, Vol. 89, No. 5.

200 Eswar Prasad, Chris Giles, and Alan Beattie, “Global Clash Over Economy,” *Financial Times*, October 11, 2010.

## ***South Korea has nevertheless been unable to significantly alter the global momentum toward liberalizing trade globally.***

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Finally, South Korea's role at the 2010 Summit was significant for offering tangible proof of a non-Western country capable of evolving into a flourishing, dynamic, and cooperative democracy that still retains Asian characteristics; in this regard South Korea fulfilled its role as a natural bridge between the West and the rest.

Nevertheless, while an obvious model for the still developing countries of the G-20, six years after hosting the G-20 Leaders' Summit it remains unclear whether South Korea offers any significant model for progress or impact on the G-7 members. And while the ROK has continued to solidify its middle power status within the G-20, how successful it has been in bridging the gap between the developed and developing members remains debatable.

### **CONCLUSION: KOREA'S MIDDLE POWER LIMITATIONS**

One crucial area in which Seoul has had little independent impact is international trade, despite the fact that revitalizing trade was a priority goal of the G-20. Mindful of the devastating lessons of history, the G-20's prioritization of a free trade agenda was evident from the very early days of the global economic crisis, arising from the fear that protectionist sentiments would be quickly unleashed. In Washington in November 2008, the G-20 leaders recognized the "critical importance of rejecting protectionism" in the midst of the financial crisis and agreed not to exacerbate deepening economic problems through "beggar-thy-neighbor" trade restrictions.<sup>201</sup>

Accordingly, the first four Summits produced declarations addressing two specific trade actions: a so-called "standstill" on new protectionism and a mandate to complete the Doha Round of multilateral trade negotiations.<sup>202</sup> But with tepid results at the previous G-20 Summit in Toronto in early 2010, and ongoing uncertainty about a global economic recovery, expectations for the Seoul Summit were exceedingly high, in large part because South Korea had seized the mantle of global leadership on trade through negotiating ambitious free trade agreements (FTAs) with the two largest world economies: the United States and the European Union.<sup>203</sup>

As the world's ninth-largest trading country [see *Exhibit 2*] with more than 60 percent of its domestic economy dependent on trade—ranking it sixth in the world—there is no doubt that South Korea's powerhouse economy has been fueled largely by its vigorous interaction with the global economy. Thus, unsurprisingly, the ROK was and is keenly interested in sustaining the G-20's commitment to resisting protectionism.

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<sup>201</sup> White House, "Declaration of the Summit on Financial Markets and the World Economy," November 15, 2008.

<sup>202</sup> The pledge articulated first in the Washington Declaration, and again verbatim in the subsequent London Declaration (February 4, 2009) and Pittsburgh Declaration (September 25, 2009) specified that the "standstill on new protectionism would be in effect through the end of 2010. At the Toronto Summit, the leaders agreed to renew and extend the "standstill" for a "further three years, until the end of 2013" (June 27, 2010).

<sup>203</sup> The so-called KORUS FTA with the United States was concluded on June 30, 2007, and the EU FTA was concluded on September 10, 2010. To date, neither has been ratified by either the ROK Parliament or the U.S. Congress and the EU Parliament, respectively.

Achieving FTAs with the United States and the EU was nothing short of extraordinary not only for establishing historical precedence but because they were pursued and achieved despite adverse environmental conditions. In the case of KORUS (the Korea-U.S. FTA), then-South Korean President Roh Moo Hyun astonishingly concluded the ROK's most significant trade agreement with the United States in June 2007, amidst one of the most difficult and tense periods in the half-century of the alliance and a heightened period of Korean mistrust of the U.S. government in Washington. And the EU FTA was concluded in September 2010, in spite of European doubts about a robust economic recovery and heightened domestic pressures towards protectionism.

Undoubtedly, South Korea has earned its reputation as one of the most aggressive pursuers of free trade arrangements; it has the distinction of being the only G-20 member to be in negotiations, or have concluded a free trade agreement with every other G-20 member [See Exhibit 2]. The ROK is also the country that is involved at one stage or another with the largest number of economies or economic entities in free trade arrangements globally. Most notably, South Korea has garnered a reputation for pursuing “high-class” or high-standard FTAs, in contrast to China for example, which has tended to settle for the lowest common denominator in its trade agreements. The ROK has also exhibited far greater flexibility than Japan, establishing an admirable standard not only for the region, but globally.

Yet, despite its central role at the nexus of a complex web of bilateral, regional, and global FTAs, South Korea has nevertheless been unable to significantly alter the global momentum toward liberalizing trade globally. This is the starkest reflection of South Korea's limited capabilities as a true middle power, despite its strategic ambitions, as articulated by President Lee Myung-back, to be “global Korea.” Given the seemingly inexorable tide of populism and nationalism that seems to be spreading globally, including in the United States as evidenced by the recent election of Donald Trump, South Korea's dogged efforts to continue to seek free trade agreements is a hallmark of the country's stubborn ability to eke out success against the odds. Ultimately, however, it is a reflection of South Korea's middle power limitations that are dependent on the global environment, and particularly the gravitational pull of the United States which has shaped the parameters of Korean capabilities in one form or another throughout its existence as sovereign country. The question for the future is whether the Korean Peninsula—in its continued divided condition, or as a unified entity—will be satisfied with its limited middle power status?

## ECONOMIC PERFORMANCE OF G-20 MEMBERS (2015)

G-20 MEMBERS	GDP PER CAPITA (\$) <sup>A</sup>	GDP PER CAPITA RANK	TOTAL ECONOMIC SIZE GDP <sup>B</sup> (\$ MILLIONS)	GDP RANK	PERCENTAGE (GDP) OF GLOBAL ECONOMY
Argentina	14,617	12	586	19	0.8
Australia	51,181	2	1,223	14	1.2
Brazil	8,669	16	1,773	10	2.9
Canada	43,280	4	1,552	11	1.8
China	8,141	17	10,982	3	12.5
France	37,653	6	2,422	7	3.0
Germany	40,952	5	3,358	5	4.0
India	1,604	20	2,090	8	5.1
Indonesia	3,362	19	859	16	1.4
Italy	29,867	8	1,816	9	2.5
Japan	32,479	7	4,124	4	6.0
Republic of Korea	<b>27,222</b>	<b>10</b>	<b>1,377</b>	<b>12</b>	<b>1.9</b>
Mexico	9,452	13	1,144	15	2.1
Russia	9,243	14	1,328	13	3.0
Saudi Arabia	20,5831	11	653	18	0.9
South Africa	5,727	18	313	20	0.7
Turkey	9,186	15	734	17	1.2
United Kingdom	43,902	3	2,849	6	3.1
United States	56,084	1	17,947	2	20.5
European Union	29,729	9	19,180	1	21.3
<b>G-20 total</b>	-		<b>58,105</b>		<b>83.3</b>
<b>Global total</b>	-		<b>69,541</b>		<b>100.0</b>

Source: International Monetary Fund, "World Economic Outlook Database," November 2016.

a. GDP per capita calculations are based on purchasing power parity (PPP).

b. Total GDP calculations based on nominal figures.

c. The European Union is the 20th member of the G-20 and is represented by the rotating council presidency and the European Central Bank.

## STATUS OF ROK'S FTAS WITH G-20 MEMBERS, (AS OF 2016)

COUNTRY	TYPE OF AGREEMENT	STATUS
Argentina	FTA w/ MERCOSUR* (Southern Common Market)	Under Consideration
Australia	FTA; and RCEP (Regional Comprehensive Economic Partnership) **	Under Negotiation
Brazil	FTA w/ MERCOSUR	Under Consideration
Canada	FTA	Under Negotiation
China	FTA	Concluded
China-Japan	FTA; RCEP	Under Negotiation
France	FTA w/ EU	In Effect
Germany	FTA w/ EU	In Effect
India	CEPA (Comprehensive Economic Partnership Agreement)	In Effect
India	FTA w/ RCEP	Under Negotiation
Indonesia	FTA	Under Negotiation
Italy	FTA w/ EU	Concluded
Japan	FTA	Under Negotiation
Japan-China	FTA; RCEP	Under Negotiation
Mexico	FTA	Under Negotiation
Russia	BEPA (Bilateral Economic Partnership Agreement)	Under Consideration
Saudi Arabia	FTA w/ GCC**** (Gulf Cooperation Council)	Under Negotiation
South Africa	FTA w/ SACU***** (Southern African Customs Union)	Under Consideration
Republic of Korea	--	--
Turkey	FTA; and FTA w/ EU (in effect)	Concluded
United Kingdom	FTA w/ EU	In Effect
United States	FTA	In Effect
European Union	FTA	In Effect

Source: Ministry of Foreign Affairs and Trade, ROK.

\* MERCOSUR countries are Argentina, Brazil, Paraguay, and Uruguay.

\*\* RCEP countries are 10-Members of ASEAN; and 6 countries with ASEAN FTAs (Australia, China, India, Japan, South Korea, and New Zealand).

\*\*\* ASEAN member countries are Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, and Vietnam.

\*\*\*\* GCC countries are Bahrain, Kuwait, Oman, Qatar, United Arab Emirates, and Saudi Arabia.

\*\*\*\*\* SACU countries are: South Africa, Botswana, Lesotho, Swaziland, and Namibia.

## ROK FTAS WITH NON-G-20 MEMBERS (AS OF 2016)

COUNTRY	TYPE OF AGREEMENT	STATUS
Central America	FTA	Under Consideration
Chile	FTA	In Effect
Colombia	FTA	Concluded
EFTA* (European Free Trade Association)	FA	In Effect
Israel	FTA	Under Consideration
New Zealand	FTA; and RCEP	Under Negotiation
Peru	FTA	In Effect
Singapore	FTA	In Effect
Israel	FTA	Under Consideration

Source: Ministry of Foreign Affairs and Trade, ROK.

\* EFTA countries are Iceland, Norway, Switzerland, and Lichtenstein.

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