

New Regionalism and South Korea's Role in East Asia Regionalism*

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ABSTRACT

Since the 1997 Asian financial crisis, East Asia has seen a move toward greater regionalism. The broadening of the ASEAN + 3 dialogue mechanism is representative of increasing linkages forged between Northeast Asian and Southeast Asian states. Still, there is great speculation as to whether these new linkages will lead to the founding of a new, formal, regional institution among the ASEAN + 3 states. Using the ASEAN + 3 framework as the hypothetical foundation for a new institution in East Asia, this paper will use a New Regional Approach analysis to explore South Korea's role in East Asia regionalism, as it compares to Japan and China. Trade, foreign direct investment and official development assistance toward ASEAN states, as well as democracy promotion proclivities will be analyzed. Based on such analysis, it is recommended that South Korea continue to increase economic and political linkages to Southeast Asia, which will enhance South Korean legitimacy as a regional partner and increase South Korea's relative influence in furthering ASEAN + 3 integration.

Keywords: East Asia, Regionalism, ASEAN Plus Three, New Regional Approach, Democracy Promotion

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I . Introduction

One could be forgiven for believing that East Asia is a volatile region with aggressive powers that do not work well together. The centerpiece of Northeast Asian volatility is the divided Korean peninsula—a strategically located peninsula between China and Japan that has remained technically at war for the past six decades. China and Taiwan still have formidable military arsenals trained on each other across the Taiwan Strait, a remnant of a civil war that ended in 1949. Most states in the region are increasing their defense expenditures annually, some for domestic reasons but many due to territorial disputes with neighbors. In fact, territorial disputes, whether on land or at sea, abound between many states big and small and remain a fixture in the region. Amid such tensions and volatility, it seems natural that an outsider may miss the fact that East Asia is a hotbed of interdependence. Although East Asia has nowhere near the formal and legalistic regional institutions enjoyed by the European Union (EU), Northeast and Southeast Asian states have their fair share of regional mechanisms that bring these states ever closer in cooperative endeavors. The central aim of this paper is to determine what role Korea can play in furthering regional integration and institution building in East Asia. A new regionalism approach (NRA) will be used to accomplish this goal.

South Korea's (hereafter Korea) support for Asian regionalism has been growing since the Roh Tae Woo administration (1988–1993) and the end of the Cold War. President Roh's nordpolitik—the thawing of relations between North and South Korea—was a central component of his administration's attempts to foster peace and stability in Northeast Asia

and led to the signing of the Agreement of Reconciliation, Nonaggression, and Exchanges and Cooperation Between South and North Korea in 1991. In fact, Lim Won Hyuk (2009) states, 'the primary driver for promoting regional multilateralism in South Korea's case is security concerns'. Being a bit more specific, Calder and Ye (2010) believe the waning of the Cold War, allowing for rapprochement with former adversaries, was the most important factor in producing 'the fateful intensification of Korea's support for regionalism'. They further believe that 'the North Korean nuclear crisis of 1994-95 also clearly accelerated Korea's interest in multilateralism, as a complement to US-ROK [Republic of Korea] bilateral security ties (Calder and Ye 2010, 191).'

A security based rationale for Korea's heightened interest in East Asia regionalism is supported by some noteworthy propositions by Korean presidential administrations. President Kim Young Sam (1993-1998) pushed for a multilateral security dialogue in Northeast Asia with a proposal at the 1994 Asia Regional Forum (ARF) meeting. The proposal put forth six principles: 1) respect for sovereignty and territorial integrity; 2) nonaggression and nonuse of force; 3) nonintervention in domestic affairs; 4) peaceful resolution of disputes; 5) peaceful coexistence and 6) respect for democracy and human dignity. In 1997 Korea supported the first ASEAN¹⁾ Plus Three (ASEAN + 3; APT) Summit between the leaders of Japan, China, Korea and all ten ASEAN states. President Kim Dae Jung (1998-2003) followed this in 1999 with his initiative to hold an

1) ASEAN consists of the following ten Southeast Asian nations: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar (also known as Burma), Philippines, Thailand, Singapore and Vietnam. The 'Plus Three' countries are the People's Republic of China (PRC or China), Japan and South Korea.

unprecedented trilateral dialogue with Japan and China on the sidelines of the ASEAN Manila meeting. More recent still, it was President Roh Moo Hyun (2003–2008) who attempted to fulfill his dream ‘of seeing a regional community of peace and prosperity in Northeast Asia like the European Union’ by launching the Northeast Asian Cooperation Initiative for Peace and Prosperity (Lim 2009, 83).

Though Lim believes security concerns have primacy for Korea, and Calder and Ye believe the 1993–1994 North Korean nuclear crisis accelerated Korea’s interest in regional initiatives, there is little doubt that concerns of financial crises and economic growth potential are also catalysts for Korea’s interests in furthering regionalism. The 1997 Asian financial crisis contributed greatly to the creation of the APT in 1997. It was hoped this new institution would lead to cooperative solutions to transnational problems of common interest to states in East Asia. It was this new APT that launched the Chiang Mai Initiative (CMI), a cooperative financial institution to facilitate currency swaps and emergency loans among APT countries in times of financial distress. Korea also sought market access and stability through free trade agreements (FTA) with ASEAN states, the EU and the US to name just a few of its FTA partners. Lim notes that ‘by 2025, the combined GDP of APT countries is forecast to be slightly less than the US GDP (Lim 2009, 85),’ which provides an excellent rationale for the claim that Korean business ‘has been broadly and consistently supportive of its government’s regionalist initiatives’ (Calder and Ye 2010, 197).

Although Korea has both security and economic rationales for furthering regionalism in East Asia, the question remains as to what a country the size of Korea can do to further its national interests in a

region harboring two great powers—Japan and China (Goldstein and Pevehouse 2010, 71). Inquiries to this question have not been limited. Korea's middle power status has been investigated (최영중 2011; Cotton 2011; Hundt 2011; Ko 2012). Korea's economic linkages with East Asian states have been explored using NRA (Baldwin 2008; Harvie and Lee 2002; Ravenhill 2010; Yu 2003). A couple of authors have even touched on Korea's official development assistance programs and integration prospects (Stallings 2011; 장지향 2010). However, this paper can add to the topical discussion of Korea's role in integration in a number of ways. First, the perspective of ODA activity and integration prospects can be clarified and expanded. Secondly, this paper will be unique in its approach of linking Korea's democracy promotion activities to further regionalism. Lastly, by including both Korea's ODA and democracy promotion activities, the paper presents a unique configuration of the NRA framework to expand the theoretical discussion of Korea's place in East Asia regionalism.

Therefore, the first section of this paper will begin with an explanation of NRA used as the theoretical framework for our look at the multiple linkages being formed between Korea and ASEAN states. The linkages discussed here are general in nature - democracy promotion, foreign direct investment (FDI), official development assistance (ODA) and trade - to enhance a more general perspective of Korea's approach to the region. The second section of the paper will assess Korea's position as a middle power in the region heavily influenced by its geographic position, economic size and population size, which propels it to increase linkages in the region. Preferences held by the Plus Three states concerning democracy promotion in ASEAN states will be compared.

Section three will assess the Korea Democracy Foundation's (KDF) democracy promotion policies. The KDF has the most comprehensive statistics and information regarding Korea's democracy promotion activities. The assessment will show that Korea is approaching ASEAN and democratic institution building in a manner consistent with NRA predictions of enhanced regionalization. The fourth section of the paper will assess economic linkages in the region by comparing trade, ODA and FDI statistics between ASEAN and Korea, China and Japan respectively. NRA considers multidimensional aspects of linkages critical to an assessment of regionalization; these economic linkages added to the democracy promotion policies of Korea will therefore uphold the integrity of an NRA theoretical approach. The fifth section of the paper will draw conclusions by advocating that Korea has a catalytic role to play as a neutral, middle power attempting to enhance regionalization with the potential to provide a greater regional leadership role within the APT framework, if Korea increases its efforts to enhance its multidimensional relationships with ASEAN states.

II. New Regionalism and ASEAN + 3

If we are going to discuss the enhancement of regionalization, it is important to note from the beginning that regionalization in the course of this paper has a very specific meaning. The word is taken from the United Nations University/World Institute for Development Economics Research (UNU/WIDER) project on new regionalism. Therefore the term 'denotes the process, and, furthermore, normally implies an activist

element, a strategy of regionalization' (Hettne 1999a, 19). This in itself appears to be a bit tautological. Therefore, to clarify further, 'such a strategy may transform a peripheral geographical region from a passive object ... to a subject with capacity to articulate the interests of the emerging region, as well as resolving conflicts internal to the region' (Hettne 1999a, 19). This definition has no value regarding positive or negative in a normative sense nor does it indicate that regionalization is a process undertaken solely by either formal (i.e. government) or informal (i.e. private) entities. In fact, 'the dynamics of regionalization must be understood in the context of globalization...and implies a change from relative heterogeneity to increased homogeneity with regard to different dimensions, the most important being culture, security, economic policies and political regime (Hettne 1999b, 11-12)'. The new East Asian regionalism that has so oft been cited is generally focused on economic policies, formal or informal that are a response to globalization (Baldwin 2008; Harvie and Lee 2002; Moon 2011; Ravenhill 2010; Sohn 2004; Waldkirch 2006; Yu 2003), but this conception falls far short of the original intent of the NRA theoretical concept. This definitional distinction is important because this paper, using the new regionalism project definition, weaves together both formal and informal avenues of regionalization that touch on economics, political regime and culture. In fact, trade, FDI, ODA and democracy promotion can fluctuate between formal and informal depending on the structure of organization or the implementation of policy. For example, a free trade agreement must be negotiated by a government administrative organ but it is private industry that is instrumental in expanding trade. Another example would be the KDF, which was formed by government legislation but is actually a non-profit

organization. Used correctly, the definition and NRA framework open a vast array of possibilities to analyze regionalization and regionalism, which will be defined shortly.

The concept of region has a different meaning in geography, sociology and international relations at a minimum. For our purposes, a common understanding of region from international relations will be used. This is the understanding that regions are socially constructed, politically contested units that depend on the perspectives of political actors to 'exist' (Hettne 2005, 544). The region could be local, sub-national, regional or global depending on the scope of interpretation. Hettne and Söderbaum (1998) explain the concept of regionalism as simply the 'general phenomenon as well as the ideology of regionalism, that is, the urge for a regionalist order'. The concept of regionalism is obviously accepted by all actors in the APT simply by their participation in this regional mechanism, just one mechanism among many in which they operate (the CMI and FTAs being other examples). Within the region then, 'regionalism' comes in many guises, including regional cooperation, regional integration, region building, regionness, regionalization and, yes, simply regionalism. As this paper does not argue that Korea is trying to construct a formal APT institution (defined here as a legal entity) with the inevitable loss of some sovereignty, it is most appropriate to focus on the concepts of regionness, regionalization and regionalism, forgoing a look at regional cooperation, regional integration, and region building as concepts. In subsequent sections it will be shown that Korea is obviously an active agent in the regionalization process in a multidimensional fashion and that Korea has a role to play in regards to increased regionness in East Asia—

regionness in NRA being one of five levels: a geographic region; a geographic region with translocal relations; a region with some organized cooperation; a region with an organizational framework; or a region-state, which can be compared to the classical empires.

NRA offers the most comprehensive theoretical perspective for studying the APT, as it attempts to explain the complexity of regionalism through an interdisciplinary approach. This is important given the structural impediments to regionalism in East Asia – namely the varying levels of economic development, as well as, the disparate levels of democratic institutionalization among the APT states. The older generation of regionalism which found its voice in the 1950s and 60s centered itself around functionalism and neofunctionalism with the state as actor seen as the preeminent problem to a more peaceful world. This was not an unreasonable approach in the wake of World War II, during the onset and build-up of the Cold War, while officials were constructing the European Coal and Steel Community (ECSC). The ECSC was to make the prospect of war between Germany and France impossible, thereby ensuring the collective good of peace in Europe. In this context, regionalism was the idea of wrapping states in a web of technical (functional) interconnectedness thereby wedding national self-interest to collective interest. Eventually, this technical, functional approach would give way to neofunctionalism, which reasoned that interconnectedness of functionalism would spillover into other areas (i.e. political, security and economic) in each polity enhancing regional interconnectedness.

However, in the late 1980s with the coming of the European Union (EU), a new generation of scholarly work on regions with a more multi-

level, multi-dimensional and bottom-up view of regional processes came on the scene. To distinguish this scholarly work from earlier endeavors, the theoretical approach became known as ‘new regionalism’ as opposed to ‘old’. NRA did not discount the state as a problem standing in the way of peace as a collective good. Rather, NRA believes that regionalism is closely related to globalization and as such, two distinct processes can be seen to increase or decrease regionness. One, states are trying to enhance their national capacity to deal with the pressures of globalization by joining in regionalization endeavors. Two, sub-national actors within states are forging links across regions for their own purposes, which are increasing regionalization endeavors. A simple view of the differences between old and new regionalism can be seen in <Table 1>.

<Table 1> Old vs. New Regionalism

Old Regionalism	New Regionalism
Was formed in and shaped by a bipolar cold-war context	Taking place in a multi-polar world order
Was created ‘from above’	Is a more spontaneous process from within the region and also ‘from below’ with regards to the constituent states themselves
Economic integration was inward-oriented and protectionist	Increasingly other actors besides states are the main proponents for regional integration
Was specific with regard to objectives, some organizations being security oriented and others being economically oriented	Often described as ‘open’ and thus compatible with an interdependent world economy
Only concerned relations between formally sovereign states	More comprehensive multi-dimensional process which includes trade and economic integration, environment, social policy, security and democracy
	Issues of accountability and legitimacy

Adapted from Lama 2006 ²⁾

2) Some changes have been made for clarification and grammatical reasons.

With the definitional distinctions provided earlier and the differences between old and new regionalism presented in <Table 1>, it is not only prudent to embrace NRA for the study of APT linkages but NRA makes the ideal theoretical framework to view Korea-ASEAN linkages. Korea fits a number of the main distinctions listed in <Table 1>. Korea is geographically located next to China in this multi-polar world order; Korea's multi-national corporations (MNCs) have great interest in further trade and FDI in the region; Korea has embraced 'openness' in the interdependent world economy; Korea is focusing on trade, aid and democracy promotion in a multi-dimensional approach to ASEAN relations; and issues of legitimacy are contestable when considering leadership roles in any future, formal APT framework. It is the focus on legitimacy to which we will now turn. In so doing, it is important to acknowledge Korea's position as a middle power in Northeast Asia, as this position lends substance to its possible, future role as catalyst for increasing future East Asian regionness.

III. Korea as a Middle Power

Most East Asian scholars have heard the adage that Korea is a shrimp between two whales. The phrase speaks to the geographic position Korea inhabits as a small country between two major regional powers, China and Japan. Still, Korea is not small when it comes to economic and military might. According to the World Bank (2011), Korea is ranked 15th in the world in gross domestic product (GDP). This makes Korea

the third biggest economy in East Asia behind China (2nd) and Japan (3rd) but ahead of Indonesia (16th). According to Global Firepower (2011) rankings of military strength, Korea is 7th in the world in total military strength; this is behind China (3rd) but ahead of Japan (9th). Indonesia places first among ASEAN states at 18th on the list. A look at <Table 2> shows that Korea ranks 7th in population among APT countries and 4th in gross national income per capita (GNI/capita). All of this data confirms that Korea can indeed be considered a middle power globally and regionally.

<Table 2> ASEAN + 3 Economic and Governance Overview

Country	Population† (in thousands)	GDP‡ (current US\$)	GNI/capita◆ (current US\$)	Governance△ (Rating/Status)
China (P.R.C.)	1,344,130	7,318,499,269,769	4,940	6.5/Not Free
Japan	127,817	5,867,154,491,918	45,180	1.5/Free
South Korea	49,779	1,116,247,397,319	20,870	1.5/Free
Indonesia	242,326	846,832,283,153	2,940	2.5/Free
Thailand	69,519	345,649,290,737	4,420	4.0/Partly Free
Malaysia	28,859	278,671,114,817	8,420	4.0/Partly Free
Singapore	5,184	239,699,598,462	42,930	4.0/Partly Free
Philippines	94,852	224,753,569,097	2,210	3.0/Partly Free
Vietnam	87,840	123,960,665,229	1,260	6.0/Not Free
Myanmar	48,337	45,380,000,000	831	6.5/Not Free
Cambodia	14,305	12,875,310,959	830	5.5/Not Free
Brunei Darussalam	406	12,369,689,792	31,800	5.5/Not Free
Lao PDR	6,288	8,297,664,741	1,130	6.5/Not Free

*Table lists Plus Three countries first. See note for clarification on the origins of statistics.³⁾

3) † Population statistics for year 2011 taken from World Bank 2011b. Numbers rounded to

Being a middle power with a long history of invasion, undue influence and imperial aggression by neighbors and other external powers (Kang 2010; Shaw 2007), Korean policymakers are naturally reluctant to cede sovereignty. Korea has protected its territorial claims, evidenced by its recurring rows with Japan over Dokdo (a group of rocks in the East Sea) (BBC 8 October, 2012), and it has protected its economic claims by defending against illegal Chinese fishing in its territorial waters and exclusive economic zone (EEZ) (South China Morning Post 17 October, 2012). As a middle power between two regional giants, Korea's alliance with the United States, steady and strong since the end of the Korean War (1950–1953), raises the specter of balance of power politics being played in NE Asia. Though this may be the case, Korea seems to have embraced a balance of influence approach where the APT is concerned. In his illuminating article on Southeast Asian relations with great powers, Ciorciari (2009) crafts a 'balance of great-power influence' argument; the influence is an aggregate of military, economic, institutional and ideational balances. Ciorciari's focus is limited to how Southeast Asian states invite external powers to participate in the area, while trying to limit any undue influence from any one power. This desire by SE Asian

nearest thousand. Indicators (Population, total), found online at <http://data.worldbank.org/indicator/SPPOPOTOTL>. Data accessed on September 30, 2012. Numbers rounded to nearest thousand.

‡GDP (Gross Domestic Product) statistics for year 2011 taken from World Bank 2011c; Brunei Data and Myanmar Data 2010.

◆GNI (Gross National Income) is formerly known as GNP (Gross National Product). GNI/capita statistics for year 2011 taken from World Bank 2011d; Brunei Data and Myanmar Data 2009.

△Governance rating and status provided from World Report 2012. Data accessed on September 30, 2012. Data for Myanmar listed under 'Burma'.

states for external power participation in the region provides Korea numerous opportunities over time to create linkages and compete for relative influence in the region. These opportunities in turn, within the framework of NRA, allow Korea attempts at countering any undue influence from China and Japan in APT relations. Should future negotiations begin for creating a formal APT institution, the APT states may look for one state or a small group to take the leadership role in building consensus. In such a scenario, any influence Korea is able to gain with other states will be beneficial to upholding its national interests.

Besides a general increase in opportunities to gain influence in the region, there do exist ideational issues of legitimacy that favor Korea's participation in the region. Even though all Plus Three nations have acceded to the ASEAN Treaty of Amity and Cooperation (TAC), there are still significant issues concerning the legitimacy of China or Japan in a future leadership role. Despite its so-called 'charm offensive', China has been unable to end suspicions and concerns about its growing influence in SE Asia. China's charm came to light during the 1997-1998 Asian financial crisis (AFC). China refused to devalue its currency, which would have negatively impacted Thailand and Indonesia; it did this while claiming to be standing up for other Asian nations. Since then Chinese leaders have claimed 'win-win' relations with SE Asia, affirming that 'foreign nations benefit because China will not make demands on other nations' sovereignty, economic models, governance, or political culture' (Kurlantzick 2006, 272). Such assurances were welcomed by ASEAN states with a strong normative belief in non-interference. In addition, China took the lead in November 2000 by proposing a China-ASEAN FTA, which would seem to have more potential benefits than bilateral

agreements with individual ASEAN members. ASEAN states hailed the proposal, even if they still worried about the prospects of a more competitive China (Nabers 2003, 128). However, the charm offensive has not been an unmitigated success. China's refusal to sign a Code of Conduct agreement for the South China Seas, in lieu of the multitude of territorial disputes in the region, has reflected poorly on China and added to smaller states' security concerns about China (Mogato and Grudgings 2012). In addition, Chinese interference in ASEAN's 45th Ministerial Conference is blamed for the Conference ending without a communiqué for the first time in ASEAN history. The payment of aid and gifts to Cambodia for that state's support of Chinese positions at the Conference has been seen as a direct purchase of influence in ASEAN with the purpose to divide the institution—a blanket case of interference in other states' affairs (Reuters 4 September, 2012).

According to Fukushima (2009), Japan has pursued an independent foreign policy when focusing on Asian regionalism, yet bilateral relations with the United States are still central to Japan's foreign policy. Therefore, Japan must confront two challenges regarding Asian regionalism. The first is reconciling those two foreign policy directions, 'particularly because East Asian regionalism does not include the United States'. The second is whether Japan 'can lead regionalism in Asia, given the lingering and painful legacy of its history in the region'. Reflecting on regional colonial experiences at the Asia-Africa Conference in Bandung, Indonesia in 1955, one Burmese individual remarked, 'it was terrible to be ruled by a Western power, but it was even more so to be ruled by an Asian power' (Acharya 2009, 175). It seems such sentiment has yet to subside. Still, 'Tokyo seeks a community-building process that narrows

the differences among states and links them more closely to global norms' (Fukushima 2009, 115), and although Japan is not alone in advancing the ideals of democracy and human rights in Asia, it has been particularly active in advancing these concepts through the Arc of Freedom and Prosperity and other initiatives (Fukushima 2009, 120). Nevertheless, such initiatives are not warmly embraced by all ASEAN states. After all, according to Freedom House, only three states in the APT are considered 'free' (see <Table 2>). Accordingly, some governments in the region do not welcome the intrusion of global norms domestically, dealing a secondary blow to any vestiges of a preeminent Japanese leadership role in East Asia.

Japan is hindered by its historical, imperial legacy and its willingness to actively promote democracy and global norms in the region. China's faltering practice of non-interference in ASEAN has opened it up to accusations that it is an untrustworthy partner for a leadership role in crafting or leading a legal APT institution. More generally speaking, as pointed out by Calder and Ye (2010), there have been 'vigorous discussions worldwide about a revival of a China-led tributary system', yet, South Korea and ASEAN states as sovereign nations are 'unlikely to accept anything not based on national equality as an organizing principle for broader regional relationships'. Such sentiments put Korea on the level of other ASEAN states, making this middle power the one state in NE Asia without such obstacles to a leadership role. Although Korea does sponsor democracy promotion projects in the region, it caters these specifically to states that desire assistance, as will be shown in the next section. In the future, Korea may find that its multi-dimensional engagement with ASEAN states in the APT framework adds legitimacy

the great regional powers of China and Japan lack.

IV. Korea's Promotion of Democracy in East Asia

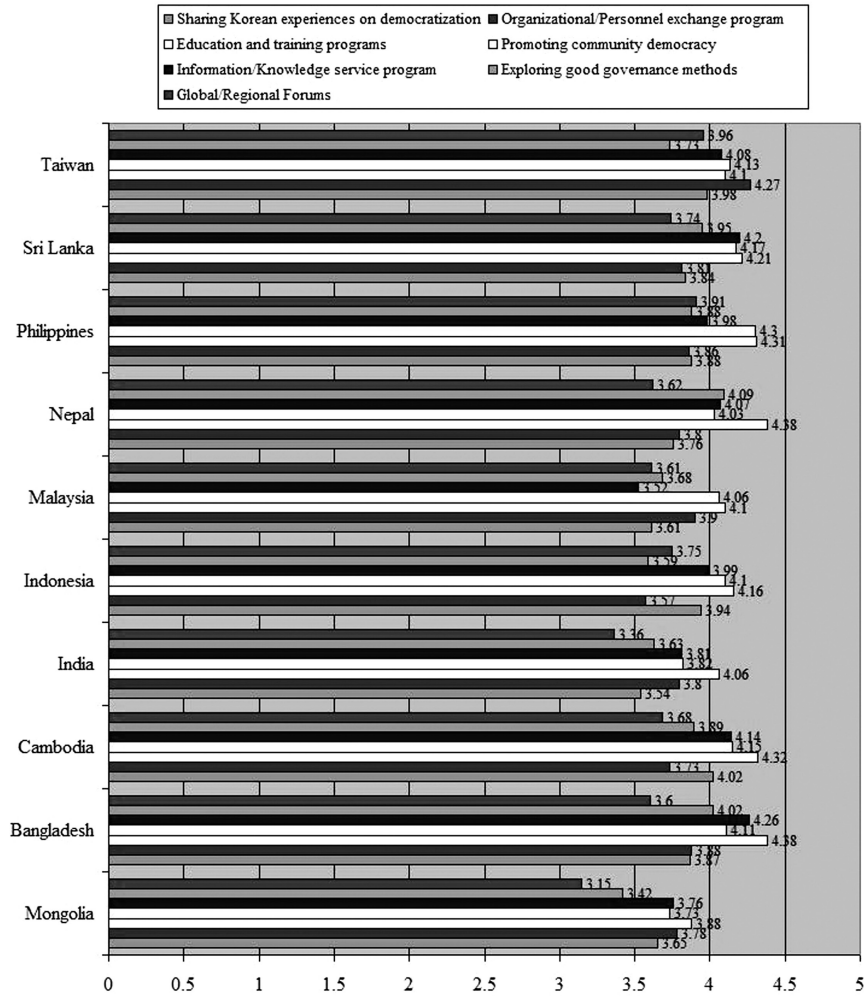
There are a number of groups promoting democracy in East Asia. There is the World Forum for Democratization in Asia, the Taiwan Foundation for Democracy, Forum Asia Democracy, and the Alliance for Reform and Democracy in Asia to name just a few. The trouble is that many of these organizations seem to focus efforts on reporting the historical trends of democratization in Asia or human rights and electoral controversies, as opposed to actively participating in democracy promotion activities on the ground. None of the groups mentioned keep readily available statistics, which may be a consequence of their structures, mandates or lack of funding. It is recognized that democracy promoting groups in East Asia are rather nascent. Two of the most prominent organizations the Korea Democracy Foundation (KDF) and the Taiwan Foundation for Democracy were founded in 2001 and 2003 respectively. Therefore, the most reliable and comprehensive statistics and analyses available to assess Korea's democracy promotion activities come from the KDF and the information they have obtained indicates that Korean policymakers cater democracy promotion activities in SE Asia to individual state needs.

One of the two founding goals of the state-created KDF is 'contributing to advancement of the global democracy as well as development of the democracy in Asia [sic]' (Korea Democracy Foundation 2011, 4). To further progress toward this goal, the Foundation produced

its seminal work on democracy promotion in Asia in 2008. Hope and Realities of Democracy Promotion in Asia was a survey analysis of ten Asian countries, including the ASEAN states of Cambodia, Indonesia, Malaysia and the Philippines. The Survey for Evaluation and New Design on Democracy Promotion in Asia (EDP Asia Survey hereafter) was an effort by Korea to ‘gather basic information and evidence to help establish...a [democracy promotion] strategy and direction’ (Lee 2008, 27). In the survey’s introduction, the Foundation conceded that Korea ‘will begin its international democracy promotion from Asia which is close in terms of geographical, cultural and psychological distance’ (Lee 2008, 29). It went on to acknowledge that ‘in an environment where the connection of regional units and interdependence is deepening, Korea is facing demands to strengthen Asia regional cooperation (Lee 2008, 29)’.

In the face of such demands, the Foundation received some intriguing insight from their survey results. Perhaps one of the most interesting sets of results came in the answers to questions regarding the ‘necessity levels of programs [sic]’ that KDF should be promoting in East Asia. All four ASEAN states in the survey listed ‘education and training programs’ as the most desired level of program, yet this was followed very closely in each state by the second highest rated answer ‘promoting community democracy’ (〈Figure 1〉). The lowest rated level of program by Cambodia was democracy promotion at the ‘global/regional forum’ level. This was the second lowest rated program in Malaysia, the third lowest in Indonesia and the fourth lowest in the Philippines (〈Figure 1〉). Such high marks in ‘promoting community democracy’ prompted the Foundation to conclude ‘it can be interpreted that the demand for the Korea Democracy Foundation to play a certain role in the program of

〈Figure 1〉 Necessity Levels of Programs for KDF (Korea Democracy Foundation) to Promote Democratization in Asia



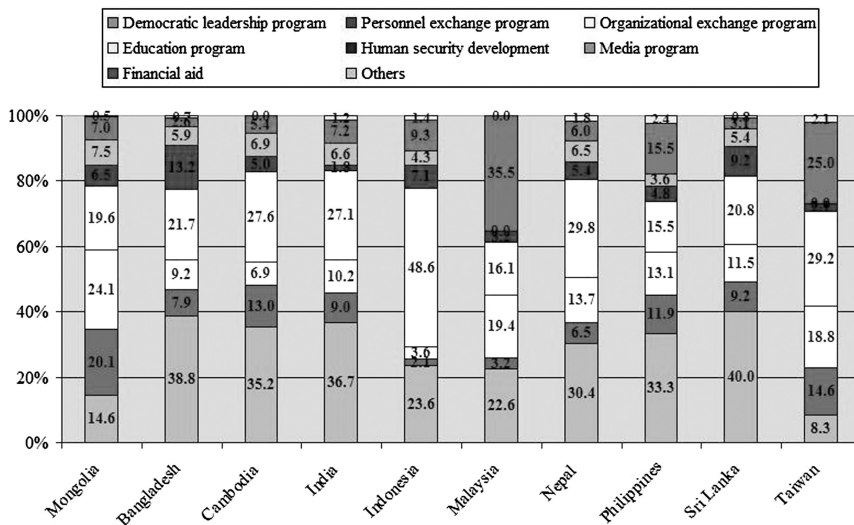
Sources: Lee 2008, 96.

strengthening the democratic capability of regional communities is being translated into such high necessity ratings (Lee 2008, 97).’ It seems appropriate as well to conclude that such relatively low marks for ‘global/regional forum’ levels of democracy promotion can be

interpreted to mean that ASEAN states feel compulsion to be more democratic, coming from a formal external institution, is interference in their domestic affairs. Such findings seem to illuminate a desire for the strengthening of community awareness and regionalization, in regards to an NRA framework, while falling short of the desire for a more formal regional capacity to further promote democracy and deepen regionness.

Beyond the levels of programs desired, the types of programs desired were also relatively consistent. 'Democratic leadership programs' were the most desirable type of program in Cambodia and the Philippines and the second most desirable type in Indonesia and Malaysia. 'Education programs' were the most desired programs in Indonesia and the second most desired in Cambodia and the Philippines. The only real outlier among ASEAN states in the survey was Malaysia's choice of

〈Figure 2〉 The Most Demanded Program for International Democracy Assistance and Cooperation



Sources: Lee 2008, 85.

'financial aid' as the most desirable program, although financial aid was tied with education programs for the second most desirable program in the Philippines (see <Figure 2>). These answers seem to reflect that opportunities exist for Korea to play a substantial leadership, education or financial role in democracy promotion in East Asia, which also means opportunities to gain influence relative to China and Japan.

Korea's choice to approach democracy promotion from the perspective of program recipient countries is an important acknowledgement that Korea is willing to work with ASEAN states to promote democracy, instead of desiring to impose democratic values from the outside. It is widely acknowledged that Japan is actively interested in democracy promotion in Asia, though Japan has not obfuscated the belief that global norms and democratic institutions as espoused by Western nations are needed in the region.

It was Tarō Asō in 2006, then foreign minister of Japan, that introduced the ideas of 'value diplomacy' and 'the arc of freedom and prosperity' as new bases for Japanese foreign policy (Asō 2006). This new pillar of 'value oriented diplomacy' was meant to promote '«universal values» such as democracy, freedom, human rights, the rule of law, and the market economy', while Japan would 'design an arc of freedom and prosperity' among the 'successfully budding democracies that line the outer rim of the Eurasian continent'. Asō (2006) was well aware that the concept of promoting universal values would 'smack of a Western approach', but he claimed these were values that came of age in the Edo period of Japan, thereby putting an Asian face on them. He went on to brush off 'contemptuous' finger-pointing at Japan by outsiders for 'adversity' Japan had caused in the past and stated that Japan would no

longer ‘hesitate to state its views’ when it comes to universal values. Even so, Fukushima argues that skeptics of Asian regionalism believe that to balance China’s influence in the region, Japan needs to look to Pacific states like the US and Australia and other like-minded democracies for support. Fukushima continues to clarify that supporters of greater regionalism believe the process should proceed as a way to move China and more authoritarian states toward greater open-liberalism (Fukushima 2009, 114).

Although Japanese support for universal values in the region seems clear, the practical evidence of democracy promotion is mixed. The word ‘democracy’ is only mentioned a handful of times in the Japan International Cooperation Agency’s (JICA) 2011 Activities Report and not once in relation to Asia. Yet, included in JICA’s missions for implementing Japan’s official development assistance (ODA) is ‘improving governance’ (JICA 2011, 30). JICA does mention a number of programs providing assistance for drafting basic civil laws (including in China, Vietnam and Cambodia), economic laws (China, Indonesia and Vietnam), and administrative laws (Vietnam) to name a few, as well as programs for strengthening democratic systems, like its visitation program for Vietnamese National Assembly legislators since 2010. However, Japan’s Diplomatic Bluebook 2011 is short on details covering program specifics, as it promotes the idea that ‘Japan and the US should collaborate in leading the shaping of a new order in the [East Asia] region’ (Ministry of Foreign Affairs, Japan 2011, 7), while ASEAN ‘serve as a core of regional cooperation for the stability and prosperity of ASEAN itself, Japan and the whole East Asian region’. Contrary to a seemingly highly concerted effort by Korea to actively engage some ASEAN states

through practical efforts at democracy promotion, the evidence shows that Japan is perhaps more content with a rhetoric-based program where democracy is concerned. Fukushima (2009) claims that some Japanese government officials have explained that “ASEAN’s leadership in regionalism is more acceptable to members of the region because it is non-threatening.” One must wonder if the same can be said about Korea, compared to Japan, when considering region-based democracy promotion programs.

Certainly, Japan and Korea are two states vying for greater influence in the region, but China is also vying for greater influence among APT states. Nonetheless, China is absent when it comes to democracy promotion and good governance initiatives. The words ‘democracy’, ‘democratic’ and ‘governance’ do not appear in China’s Foreign Aid (Office of the State Council 2011). This should not be surprising considering China’s designation as ‘Not Free’ by Freedom House (see <Table 2>). In spite of the designation, Wu Xinbo (2009) says that China is seen as a ‘responsible’ partner in the region, with its evolution to a policy of ‘amicable, peaceful and prosperous neighborhood’, while continuing to promote greater economic and trade linkages and ‘conservative’ sovereignty that will benefit all region members. Comparatively, this may lessen China’s influence with more democratic states in ASEAN, but it does allow for closer ties to Cambodia, Lao PDR, Myanmar and Vietnam (CLMV), in particular, which are all designated ‘Not Free’ by Freedom House (see <Table 2>).

Michael Green wonders if there is not movement toward a possible ‘balance of ideas’ approach by Japan and China regarding regionalism in East Asia (Fukushima 2009, 118). Japan pushing Western universal values

and a rule-based market while China advocates the norm of non-interference and may play a leadership role in nontraditional security cooperation or other unspecified areas. It would seem appropriate to add Korea to the mix in this 'balance of ideas' with its engagement based on the needs and requests of ASEAN states, which seems to fall between the rhetoric and imposition of universal values espoused by Japan and the non-engagement on governance issues by China. Even so, all three states promote greater economic linkages in the region through trade, ODA and FDI.

V. Trade, ODA and FDI between APT States

There are a number of ways for states to promote regional economic interconnectedness, but arguably the three most prominent and oft cited are trade (in manufacturing and services), ODA and FDI. Taken together, the three offer a broad look at a region's growth and development through interdependencies with other states, and together they encapsulate both private and government initiatives and linkages. The New Regional Approach (NRA) often emphasizes economic linkages for the multi-dimensional and multi-level ties they create between individuals, businesses, civil society and governments that lead to heightened regionalization.

As a primarily export-led economy since its takeoff in the mid-1980s, Korea places much emphasis on forging economic ties with other states be they bilateral, regional or multilateral initiatives. In regards to East Asia and the ASEAN states in particular, this has meant active engagement to

establish markets and production bases for Korean companies, while providing official development assistance to promote economic growth in less developed states. It was the Kim Dae Jung administration that proposed the East Asia Vision Group (EAVG) to discuss cooperation in the region. The Group's 2001 report states that 'the economic field, including trade, investment and finance, is expected to serve as the catalyst in this community-building process' (East Asia Vision Group 2001, 2). This sentiment has not subsided, with Wang Yuzhu, the Chinese representative to the fourth meeting of the EAVGII in September 2012 remarking that Asian states 'are linked with the same target; we are chasing high standards and high-speed prosperity. That means we should work together to build our regional market...' (Bali Daily 9 September, 2012). Calder and Ye (2010) note that such regional initiatives throughout East Asia were broadly supported by Korean business, including Korean chaebol (business conglomerates) and the Federation of Korean Industry, and all of this activity supports Lim's assessment that economic growth potential has also been a strong factor in Korea's increased regional activity (Lim 2009, 85).

It should be no surprise that three Northeast Asian states that have championed export-led development are interested in increasing trade with their regional neighbors. Inter-APT trade is significant. Not only do China, Japan and Korea remain key trading partners to each other, but the Plus Three states combine to total 26.2 percent of ASEAN total trade (see <Table 3>). This compares favorably with intra-ASEAN trade which equates to 25.4 percent of total ASEAN trade. Still, Korea has more work to do in this area. Trade with Korea comprises only 4.8 percent of total trade for ASEAN, while the comparable figures for Japan at 10.1 percent

and China at 11.3 percent are much greater. Furthermore, ASEAN's bilateral balance of trade deficits with both China and Japan have significantly lessened. In 1998, ASEAN's trade deficit with Japan was US\$11,977 million or -34.5 percent as a share of exports. The comparable figures for China were US\$2,009 million and -21.8, while those for Korea were US\$1,454 million and -18.6. By 2010, the figures for ASEAN's trade deficits were US\$856 million, US\$6,014 million and US\$8,668 million, for Japan, China and Korea respectively. As a percent share of exports the ASEAN trade deficits were -0.8, -5.3 and -19.3, for Japan, China and Korea respectively (see <Table 4>). It is worth noting that <Table 3> and <Table 4> seem to indicate a trend whereby larger markets are losing a share of ASEAN trade and creating space within which medium and perhaps more nimble markets are benefiting with modest increases in trade share. Beyond this seeming general trend, the figures definitively indicate that Korea is benefitting much more at ASEAN's expense from the current trade relationship, when compared to Japan and China. It is obvious from the data that Korea's percent share of total trade is much less than either China or Japan, but Korea is still a significant trading partner with ASEAN as it is ranked 5th in total value and percent of trade among ASEAN's external trade partners, and its total value and percent value of trade is approximately 77 percent higher than either India or Australia, which are 6th and 7th in these indices respectively.

(Table 3) ASEAN with Selected Trade Partners:
Total Trade (in percent share for periods indicated)

Country	1998	2000	2003	2008	2009	2010
(In percent share to total)						
Intra-ASEAN	21	22	25,1	24,8	24,5	25,4
China	3,5	4,3	7,2	10,4	11,6	11,3
EU-27	14,5	13,5	12,3	11	11,2	10,2
Japan	14,1	15,3	13,8	11,3	10,5	10,1
USA	20,1	16,1	14,3	9,8	9,7	9,1
Republic of Korea	3	3,9	4,1	4,1	4,9	4,8
India	1,2	1,3	1,5	2,6	2,5	2,7
Australia	2,2	2,3	2,3	2,8	2,9	2,7
Canada	0,7	0,6	0,6	0,6	0,6	0,5
Russia	0,2	0,2	0,3	0,5	0,4	0,4
New Zealand	0,3	0,3	0,3	0,4	0,3	0,4
Pakistan	0,3	0,5	0,2	0,3	0,3	0,3
Rest of World	18,9	19,8	18	21,5	20,6	22
Total	100	100	100	100	100	100

*Percentage of total trade ranked according to the 2010 levels.

Source: ASEAN Trade Statistics Database, as of October 2011, in ACIF 2011, 15.

(Table 4) : ASEAN with Selected Trade Partners: Trade Balance for Period Indicated

Country	Unit/Scale	1998	2000	2003	2008	2009	2010
Republic of Korea	Value (US\$ million)	-1,454	-727	335	-5,145	-6,152	-8,668
	Share to exports (%)	-18,6	-5	2	-14,1	-17,9	-19,3
China	Value (US\$ million)	-2,009	-3,958	-1,517	-21,694	-15,005	-6,014
	Share to exports (%)	-21,8	-27,9	-5,2	-24,8	-18,4	-5,3
Japan	Value (US\$ million)	-11,977	-15,071	-7,005	-2,626	-4,716	-856
	Share to exports (%)	-34,5	-29,8	-13,2	-2,5	-6	-0,8
Canada	Value (US\$ million)	548	581	890	349	1,961	536
	Share to exports (%)	23,7	21,5	32,4	6,3	35,7	10,3
USA	Value (US\$ million)	13,678	25,322	21,463	20,091	14,818	14,245
	Share to exports (%)	21,2	34,3	30,8	19,5	18	14,2
EU-27	Value (US\$ million)	14,211	24,176	18,940	24,093	14,243	21,488
	Share to exports (%)	29	38,1	31,4	20,7	15,3	18,7
New Zealand	Value (US\$ million)	-106	179	320	1,220	901	1,159
	Share to exports (%)	-14	14,7	21,7	26,9	28,7	27,3
Australia	Value (US\$ million)	1,418	198	4,727	16,256	14,229	15,075
	Share to exports (%)	19,9	2,2	39,5	47,2	49	42,8
India	Value (US\$ million)	3,467	3,237	4,393	12,990	13,929	16,614
	Share to exports (%)	66,5	50,2	52	42	52,5	46,1
Pakistan	Value (US\$ million)	1,055	2,907	1,421	4,002	3,364	3,971
	Share to exports (%)	81,9	90,8	85,5	89,7	87,8	77,7

Source: ASEAN Trade Statistics Database, as of October 2011, in ACIF 2011, 10.

〈Table 5〉 ASEAN: FDI Inflow by Source Country for Periods Indicated (US\$ millions)

Source Country	2003	2006	2007	2008	2009	2010 ^{pl}	%Share 2010 ^{pl}
Intra-ASEAN	2,712	7,876	9,626	9,449	5,271	12,279	16.1
EU-27	6,866	13,387	18,611	7,010	9,132	17,066	22.4
USA	1,363	3,041	8,340	3,518	4,087	8,578	11.3
Japan	3,903	10,413	8,844	4,129	3,763	8,386	11.0
Republic of Korea	552	1,256	2,714	1,596	1,347	3,770	4.9
China	201	1,035	1,741	1,874	4,158	2,861	3.8
India	104	-282	1,453	547	811	2,584	3.4
Australia	155	467	1,491	787	776	1,765	2.3
Canada	82	252	391	661	504	1,641	2.2
New Zealand	83	-209	99	-82	263	93	0.1
Russia	n.a	1	31	81	157	61	0.1
Pakistan	2	10	21	6	9	31	0.0
Rest of World	8,489	19,401	22,288	17,499	7,989	17,093	22.4
Unspecified	168	1,597	967	309	--	--	0.0
Total	24,512	56,648	75,650	47,076	38,266	76,208	100.0

^{pl} Preliminary

‘--’ no data available

Source: ASEAN Investment Statistics Database, as of September 30, 2011 (based on country submission) in ACIF 2011, 28.

Foreign direct investment (FDI) by Korea in ASEAN shows similar patterns to the trade ranking and percentage statistics presented earlier. Korea provides 4.9 percent of total ASEAN inward FDI. This ranks 4th in significance behind the EU-27 (22.4 percent), the USA (11.3 percent) and Japan (11.0 percent). It is ahead of China at 3.8 percent (see 〈Table 5〉).

Official development assistance (ODA) figures for the Plus Three are a bit more difficult to compare because official figures from the government of China are incomplete and not released regularly; therefore its role in regional development assistance is obfuscated. Being Development Assistance Committee (DAC) members within the Organization for Economic Cooperation and Development (OECD), ODA figures for both Korea and Japan are much more transparent. Both

Korea and Japan fall far short of the OECD stated desire for each state to provide 0.7 percent share of gross domestic product (GDP) for development assistance, but both do take their development assistance obligations seriously and have been increasing the value of their assistance in equivalent US dollars and percent of gross national income (GNI). Japan and Korea respectively provided US\$11,054 million and US\$1,174 million in ODA in 2010, as compared to US\$9,457 million and US\$816 million respectively in 2009. This was an increase of 0.02 percent for each country in that timeframe. Korea's share of ODA/GNI increased from 0.10 percent to 0.12 percent, while Japan's ODA/GNI increased from 0.18 percent to 0.20 percent (OECD-DAC 2011).

According to DAC statistics, both Korea and Japan give most aid to countries listed in the 'Other Asia and Oceania' group, which includes the ASEAN states. This corresponds to the Korea International Cooperation Agency's (KOICA) statistics of aid by country and rank for 2011, which shows five ASEAN states in the list of top ten recipients. Vietnam ranked first for KOICA aid among ASEAN states receiving 6.73 percent of KOICA's total aid. Vietnam was followed by the Philippines (2nd) with 6.01 percent of total aid; Cambodia (3rd) with 4.7% of total aid; Indonesia (4th) with 3.79 percent of total aid; and Laos (5th) with 2.81 percent of total aid. The dollar figures of KOICA aid for years 2002–2011 can be seen in <Table 6>. Yet KOICA is just one agency in Korea providing aid to ASEAN states. The World Bank tracks bilateral aid flows from DAC donor countries to recipients. These numbers vary substantially when considering overall value of aid. Bilateral aid to all ASEAN countries from Korea and Japan can be seen in <Table 6>. Over the nine year period shown, statistics indicate a significant increase in aid

〈Table 6〉 Net Bilateral Aid Flows from Japan, Korea and KOICA to ASEAN Countries
(US\$ millions)

Receiving Country	From	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Brunei arussalam	Japan	0,23	0,28	0,34							
	Korea	0,02	0,03	0,05							
	KOICA	0,02	0,03	0,02	0,02	0,00	0,00	0,00	0,00	0,01	0,01
Cambodia	Japan	98,58	125,88	86,37	100,62	106,25	113,56	114,77	127,49	147,46	
	Korea	22,71	10,76	23,88	17,77	13,83	35,28	34,66	17,05	37,33	
	KOICA	1,76	2,34	3,34	5,81	6,33	8,69	13,11	6,76	15,32	17,07
Indonesia	Japan	538,30	1,141,78	-318,54	1,223,13	-90,25	-222,46	-284,92	-512,79	61,14	
	Korea	14,67	30,17	16,93	18,32	18,90	28,78	18,94	27,76	24,44	
	KOICA	2,77	2,61	6,54	9,31	17,65	11,72	9,47	13,26	15,28	13,75
Lao PDR	Japan	90,09	86,00	71,73	54,06	64,05	81,46	66,29	92,36	121,45	
	Korea	1,47	2,11	3,64	9,77	13,55	17,90	11,57	25,14	27,75	
	KOICA	1,42	2,03	3,38	2,12	4,24	7,07	8,46	7,64	9,61	10,20
Malaysia	Japan	54,15	79,15	256,50	-2,14	201,70	222,97	113,83	91,78	-53,16	
	Korea	0,19	0,24	0,35	0,65	1,11	0,65	1,22	1,07	1,73	
	KOICA	0,09	0,14	0,12	0,12	0,04	0,03	0,05	0,05	0,07	0,21
Myanmar	Japan	49,39	43,08	26,81	25,49	30,84	30,52	42,48	48,28	46,83	
	Korea	7,20	6,64	2,93	8,11	8,53	0,50	4,37	1,95	3,25	
	KOICA	1,57	1,46	2,05	3,41	2,80	1,60	6,13	3,48	4,10	4,98
Philippines	Japan	318,02	528,78	211,38	276,43	263,58	222,16	-280,72	-8,36	-87,73	
	Korea	6,54	6,04	8,20	7,52	7,06	28,16	21,16	22,07	29,54	
	KOICA	1,81	5,96	6,37	5,06	6,64	5,77	8,95	9,83	17,87	21,81
Singapore	Japan	1,99	1,95	2,70							
	Korea	0,00	0,04	0,03							
	KOICA	0,00	0,00	0,00	0,00	0,00	0,01	0,00	0,00	0,00	0,00
Thailand	Japan	222,43	-1,002,22	-55,59	-313,89	-453,51	-477,35	-748,48	-150,31	-143,54	
	Korea	0,94	1,72	2,35	3,77	2,22	2,15	1,85	2,32	2,49	
	KOICA	0,81	0,90	1,99	3,15	1,35	1,32	1,06	1,47	1,24	2,29
Vietnam	Japan	374,74	484,24	615,33	602,66	562,73	640,04	619,04	1,191,36	807,81	
	Korea	22,61	12,68	31,35	15,29	10,08	24,67	53,22	57,53	96,04	
	KOICA	4,71	3,51	9,79	9,29	7,87	11,90	9,96	18,27	27,96	24,43
Total	Japan	1747,92	1488,92	897,03	1966,36	685,39	610,90	-357,71	879,81	900,26	
	Korea	76,08	70,43	89,71	81,20	75,28	138,09	146,99	154,89	222,57	
	KOICA	14,96	18,98	33,60	38,29	46,92	48,10	57,19	60,76	91,45	94,75

Note: Net bilateral aid flows from DAC donors are the net disbursements of official development assistance (ODA) or official aid from the members of the Development Assistance Committee (DAC). Net disbursements are gross disbursements of grants and loans minus repayments of principal on earlier loans. Therefore, negative numbers indicate years that recipient countries paid more in principle on previous loans than aid received. Figures for 2011 were not available at time of writing.

Source: Figures for Japan and Korea from Net Bilateral Aid Flows from DAC Donors (current US\$), World Bank 2012, online at www.worldbank.org, accessed on 15 February, 2013.

Source: Figures for KOICA from the KOICA statistics database, online at www.koica.go.kr, accessed on 15 February, 2013.

from Korea to most ASEAN states, while aid from Japan to ASEAN states has seen significant decreases in all but Cambodia and Lao PDR, with a moderate decrease in aid to Myanmar. In addition, the states of Indonesia, the Philippines and Thailand experience net outflows of aid in certain years, as the principal paid on previous loans exceeds the new disbursements from Japan.

In their studies of Korea's ODA patterns, both Stallings and Jang conclude that Korea has been implementing its own aid strategy based on the Korean development model (Stallings 2011; 장지향 2010). Stallings notes that Korea's Knowledge Sharing Program (KSP) is one way Korea links its development experience to its aid allocations. She also notes that all three East Asian countries provide approximately 50 percent of ODA for economic infrastructure and production sectors, which serves as a way to link ODA to the countries' home firms (Stallings 2011, 10). This seems to contradict her statement that Korea is trying to be a good DAC donor member by following 'a pattern more typical of DAC recommendations, i.e. aid to low-income countries for poverty reduction' (Stallings 2011, 9). Even if there is some contradiction in the interpretation of how aid is implemented, the fact remains that the figures in <Table 6> do indicate Korea continued to increase its KOICA and overall aid to ASEAN states, even during the years of the 2007-2008 financial crisis and in subsequent years. This continual increase in aid can be interpreted as Korea being a good neighbor and a good DAC donor to East Asian states.

Writing in 2006, Park Heung Soon gave multiple reasons why Korea should give more development aid to needy states. Firstly, he claimed that Korea having been an aid recipient after the republic's creation in

1948 and after the Korean War, should take the opportunity to enhance its international prestige as a developed economy by returning some of those benefits to developing countries. Secondly, he claimed Korea would be able to secure necessary resources and markets to continue growth, while promoting closer relations to developing states, with increased ODA assistance. Lastly, he stated that ‘personnel, material and financial assistance to the international society is a pillar of strengthening of international relations’ (Park 2006). He went on to claim that aid would build Korea’s ‘soft power’ potential and over time would lead to Korea’s ability to provide ‘strong leadership as a developed country’. The increase in aid, although slow, does seem to adhere to such principles, whether Korea is promoting its own experience and model of development or not.

A clear picture of Chinese aid is a bit more difficult to discern. In 2009, China rolled out an investment plan for ASEAN that included about US\$70 million in direct financial aid as well as other non-financial forms of aid, and China’s Foreign Aid estimates about CNY256.29 billion in total aid from China between 1949 and the end of 2009 (see <Box 1>). Greater clarification of China’s preference to provide aid to lesser developed states can be seen in <Figure 3>.

China provides approximately 60 percent of its aid to ‘least developed countries’ and ‘other low-income countries’. According to OECD data on gross bilateral ODA, Korea provides about 49 percent of its aid to these same categories of countries, while Japan gives about 31 percent of its bilateral ODA to these two categories of countries. The primary category of country receiving aid from Japan is ‘lower-middle income’, which receives about 48 percent of Japanese bilateral ODA (OECD-DAC 2011).

〈Box 1〉 Chinese Foreign Aid

Totals by the end of 2009*

Total foreign aid: 256.29 billion Chinese yuan (CNY) (approximately US\$41 billion)

Total aid figure includes:

CNY106.2 billion in grants

CNY76.54 billion in interest-free loans

CNY73.55 billion in concessional loans—annual interest rate of concessional loans is about 2-3%

Complete Projects account for 40% of Chinese foreign aid currently.

* (US\$1=CNY 6,244) Totals by end of 2009: Taken from Information Office of the State Council 2011.

2009 ASEAN Investment Plan*

China-ASEAN Investment Corp.—US\$10 billion

Credit to ASEAN countries—US\$15 billion

Special aid to Cambodia, Lao PDR, and Myanmar—CNY270 million (approximately US\$43.24 million)

China-ASEAN Cooperation Fund—US\$5 million

ASEAN+3 Cooperation Fund—US\$900,000

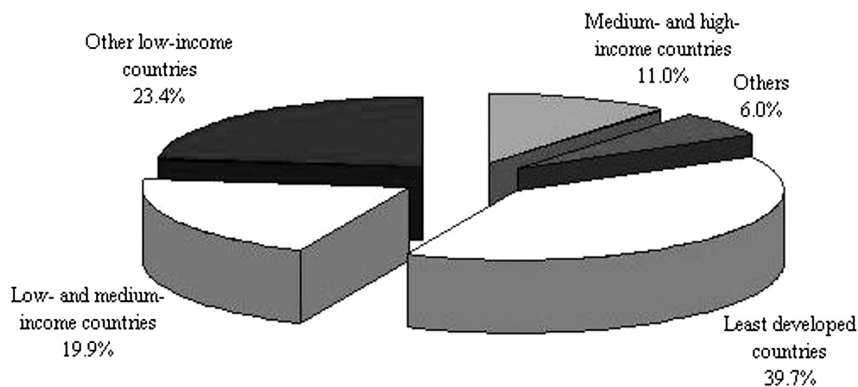
2000 government scholarships

200 Master's scholarships in Public Administration

300,000 tons of rice for food security

*2009 ASEAN investment plan: Taken from Xinhua News 2009.

〈Figure 3〉 Distribution of China's Foreign Aid According to the Income Level of Recipient Countries in 2009



*Taken from Information Office of the State Council 2011.

Overall, the picture of ODA, FDI, and trade among APT countries is mixed. Korea currently seems competitive with China in amounts of FDI flowing to ASEAN, but it lags far behind Japanese investments. On the other hand, ODA seems to favor Korea over Japan and China where net bilateral aid flows to ASEAN states are concerned. However, Korea must worry that its ever-widening trade imbalance with ASEAN will cause tensions in the future if not lessened. Viewing the above statistics, there is no doubt that Korea is increasing its linkages to ASEAN states in multiple ways, just as NRA would recommend for enhancing regionalism and regionalization. There is also little doubt that Japan and China play important and competitive roles in the region where trade, aid and investment are concerned.

VI. Conclusions

The central aim of this paper was to determine what role Korea can play in furthering regional integration and institution building in East Asia. It began from the premise that Korea is a middle power between two great powers in the region, but that both great powers, China and Japan, have issues of legitimacy that may keep them from playing a central leadership role in the formation of a newly constructed, formal APT institution. Using NRA as an organizing agent, Korea was viewed in comparative relation to Japan and China to determine whether it is fostering opportunities to create and increase the number of diversified linkages in the region. Democracy promotion, trade, FDI and ODA were used to argue that Korea is increasing its profile in East Asia.

Korea does have a role to play in greater East Asian regional integration and its democracy promotion activities and financial linkages are a testament to that. It was the Presidential Committee on the Northeast Asian Cooperation Initiative in 2004 that 'defined Korea's role as catalytic in three respects: 1) as a "bridge nation," linking continental and maritime powers; 2) as a "hub nation" emerging as a center of ideas and intraregional networks; and 3) as a "cooperative nation," striving realistically to build a peaceful regional community (Calder and Ye 2010, 193)'. The negotiations to create the Chiang Mai Initiative Multilateralization (CMIM) seem to bear out this role. Politics played a heavy role in the final discussions concerning the amount of financial contributions by each party. Korea compromised and consented to a contribution amount that was less than it desired. However, this compromise helped bring about a successful conclusion to negotiations (Park 2012, 228-229). In addition, Park (2012) concludes that Korea can play an intermediary role between the developed and developing world due to its successful development experience moving from aid recipient to aid donor. This certainly seems to be one motive behind Korea's Knowledge Sharing Program. At the 6th Seoul ODA International Conference, former DAC Chair Richard Manning declared in a question and answer session that Korea is strategically well-placed to help achieve the United Nations' Millennium Development Goals and Busan Global Partnership implementation. He claimed Korea has legitimacy with other states in the region because it is a vibrant democracy now and successfully made the transition from aid recipient country to aid donor (Manning 2012). Although this may be true, Korea still has work to do.

Neither China nor Japan are going to roll over and let a middle (or

lesser) power direct the formation of greater formalized integration of the APT, but Korea certainly can make an argument that ASEAN states would be better off working with Korea to balance overbearing influence of either great power. All of this would be keeping with NRA theory and the idea that region-building is not only for the greater collective good, but it is a strategic consideration to protect a state's national interests. Korea needs to look ahead and find ways to counter its ever-growing trade imbalance with ASEAN states. Korea also needs to up the percentage of GNI it devotes to ODA. Reaching the goal of 0.7 percent of GNI set by the OECD, before either China or Japan, would be a significant step. Korea also needs to encourage its business community to increase FDI significantly in ASEAN states when opportunities arise, to keep pace with China and increase its relative competitiveness with Japan. With the diverse linkages and experiences it continues to build in East Asia, Korea seems to be moving steadily in that catalytic direction envisioned in 2004, but it must do more to ensure it will be a powerful and influential voice at the table, should states in the APT process choose to negotiate and create a more formal, APT institutional framework.

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