

Japan and South Korea's Engagement in East Asian Regionalism: Trade and Environmental Cases

by

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CERTIFICATION

I, Min Je Joo, hereby declare that this master thesis is my own work which contains ideas and information from published as well as unpublished works of different scholars who are recognized through the references listed in the thesis. The main arguments and ideas that are not cited are ideas and agreements written by author of this thesis.

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ABSTRACT

East Asia today draws attention of the world with the rise of China that led the shifts of the world system from a US-centric uni-polar to a new multi-polar. East Asia increasingly becomes more interconnected and interdependent through the process of regionalization, but compare to the regionalism of other regions, East Asia's political, economic, and cultural integration or cooperation among states are negligible.

Using primary and secondary sources, this thesis evaluates the current development of East Asian regional integration and looks at Japan and South Korea's engagement in East Asian regionalism as a primary factor that has disrupted the progress of East Asian regionalism. Major topics of debate include the characteristics of East Asian regionalism, the presence of Japan and South Korea's rivalry, and difference in region targeted for cooperation between the two countries. This thesis argues Japan and South Korea's rivalry and difference in the scope of interest in regional cooperation have troubled two countries' collaboration. Moreover, this uncooperative relation between Japan and Korea influenced the slow progress of East Asian regionalism. The analysis of Japan and South Korea's engagement in regional trade and environmental interaction authenticate the two countries' lack of coordination and fragile coexistence. For instance, the failure of Japan-Korea FTA has disrupted the liberalization of trade in the region and Japan and Korea's lack of a collaborative relationship in establishing a regional environment institution has stalled environmental integration in the area.

The confrontation between Japan and Korea, who are the only two advanced powers in East Asia, has significant influence over the development of integration in East Asia. Even though Japan and South Korea have historical tensions from the past, rivalry, and different scope of interests, if they maintain cooperative relations, they could model and inspire other East Asian countries to participate more in regional integration.

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ABBREVIATIONS & ACRONYMS

ACFTA	ASEAN-China Free Trade Area
ADB	Asian Development Bank
ADORC	Acid Deposition and Oxidant Research Center
AFTA	ASEAN Free Trade Area
AJCEP	ASEAN-Japan Comprehensive Economic Partnership
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
ASEAN+3	ASEAN Plus Three
CENICA	National Environmental Research and Training Center
CEPEA	Comprehensive Economic Partnership for East Asia
CLRTAP	Convention on Long-range Transboundary Air Pollution
CKFTA	China-Korea FTA
DAC	Development Assistance Committee
EAEC	East Asia Economic Caucus
EAFTA	Comprehensive Economic Partnership for East Asia
EANET	Acid Deposition Monitoring Network in East Asia
EAS	East Asia Summit
EASG	East Asia Study Group
EAVG	East Asia Vision Group
ECO-ASIA	Environment Congress for Asia and the Pacific
EMC	Environmental Management Center
EMEP	European Monitoring and Evaluation Programme
EPA	Economic Partnership Agreement
ERTC	Environmental Resources Training Center
ERTDF	Environment Research and Technology Development Fund
ESCAP	Economic and Social Commission for Asia and the Pacific
EU	European Union
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
IDE	Institute of Developing Economies
IG	Inter Government
JICA	Japan International Cooperation Agency
JKCF	Japan-Korea Cultural Foundation
JKFTA	Japan-Korea FTA
JSEPA	Japan-Singapore EPA
KEI	Korea Economic Institute
KIEP	Korea Institute for International Economic Policy
LTP	Long-range Transboundary Air Pollutants in North East Asia
MAFF	Ministry of Agriculture, Forestry and Fisheries
METI	Ministry of Economy, Trade and Industry
MITI	Ministry of International Trade and Industry

MOE	Ministry of Environment
NAFTA	North American Free Trade Agreement
NASA	National Aeronautics and Space Administration
NEASPEC	North-East Asian Subregional Programme for Environmental Cooperation
NIER	National Institute of Environmental Research
NO_x	Nitrogen Oxide
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
QA/QC	Quality Assurance/ Quality Control
REI	Regional Environmental Institution
RCEP	Regional Comprehensive Economic Partnership
RRC.AP	Regional Resource Centre for Asia and the Pacific
SO₂	Sulfur dioxide
SPS	Sanitary and Phyto-Sanitary Measures
TBT	Technical Barriers to Trade
TEMM	Tripartite Environment Ministers' Meeting
TPP	Trans-Pacific Partnership
UNCED	United Nations Conference on Environment and Development
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
USD	United States Dollar
WGFD	Working Group on Future Development of EANET
WTO	World Trade Organization

CHAPTER 1: INTRODUCTION

Globalization is a process of international integration, migrating idea, resources, labor force, money, and so on. It has speeded worldwide interconnections in many areas of industries and relations through cooperation among nations. International trade, monetary transactions, multinational corporations, technical and scientific cooperation, cultural exchange of new types and scales, telecommunication, migration, and relations between world's richest and poorest countries are increased by globalization (Goldstein & Pevehouse, 2011, p.17).

Buzan and Waever (2003) explained regionalism as the process of increasing cooperation among states in particular geographic regions in political and economic fields and is one of the representing features of the contemporary international system. There are three major moves of regionalism: first involved the regionalism in Europe; second involved the regional entities around the Americas; and the last involved regionalism in Asia. Initiated by Europe in the 21st century, countries of geographical, cultural, and social proximity have integrated (Katzenstein, 2005).

Regionalism has become increasingly important for countries especially with the success of the European regionalism. Regionalism improved the competitiveness of Europe in economy, politics, and social elements. European

nations cooperated to expand and deepen their networks. After European regionalism succeeded, North American regionalism took place with the North American Free Trade Agreement (NAFTA), but the regionalism in East Asia has shown a slow progress of strengthening its regional integration as an entity. Therefore, this thesis examines the major reasons why East Asian regionalism has not progressed further and proceeded slowly.

Southeast Asia has shown growth in regional cooperation while Northeast Asia has shown little progress in terms of the development of regional cooperation and cooperative institutions. Regardless of Southeast Asia's regional integration, East Asia as a whole has not shown a clear East Asian regional community. Many past scholars have explained the reasons for the delay in East Asian regionalism, mainly the complex and complicated relations among Japan, China and Association of Southeast Asian Nations (ASEAN) and the high US involvement. Previously raised factors also were good and well-searched, but this thesis raises additional factors such as Japan-Korea relations and South Korea's role in East Asian regionalism. This paper will explain the issues between Japan and South Korea which are the most important factors to better explain the stalled East Asian regionalism.

1.1 Regionalism

To understand regionalism, the distinction between regional cooperation and regional integration is necessary. These terms are different by the degree of

their regional integration. Regional cooperation is the effort among states to meet the common objective by tackling specific common problems through cooperation (Yoshimatsu, 2008; Soderbaum, 2003). On the other hand, regional integration involves deeper and more complex commitments by the states. Some scholars highlight the establishment of supranational institutions and their independent activities as the core elements for regional integration (Walter, 1999, p.1).

The Encyclopaedia of international relations and global politics defines regionalism as the process of intensifying cooperation among states or other actors politically and economically in particular geographic regions (Griffiths, 2005, p.723). As the first coherent regionalism began in the 1950s and 1960s in Western Europe with the establishment of European Community, the conventional meaning of regionalism referred to the establishment of proximate regional trade relations (Ethier, 1998). On the other hand, regionalism has achieved not only through the economic cooperation but also for the political factors that prompt regional integration like the security issue. Countries are cautious about the internal and external threats that vary from local conflicts between neighboring countries to diplomatic interference or military intervention in the dimensions of politics, social, military, economic, and environment. These threats die out through confidence-building, mutual trust, and institution of peaceful conflict solution. For instance, ASEAN Plus Three (ASEAN+3) developed a comprehensive forum to discuss economic, political and security issues in the region, launching numerous meetings, setting mutual understanding and

establishing closer relationships with cohered regional countries (Yoshimatsu, 2008, p.1). Moreover, collective response over the regional security issues made regional leaders react to not only the traditional security issues but also non-traditional security issues such as infectious diseases, tsunami and pirate attacks at sea. Therefore, the dialogue of regionalism has expanded to agriculture, information technology, tourism, and the environment.

Regionalism has undergone two big waves: the first wave (1945-1985) which strengthened at the end of the WW2 with the anxiety of anarchical international system, representing the security dilemma and the second wave (1985-present) which significantly changed the whole context of the previous regionalism, building a 'new regionalism' (Wunderlich, 2007; Fawcett, 2008, pp.5-10). The first wave of regionalism occurred after the Second World War. New sets of international institutions such as the United Nations and the Bretton Woods/ GATT system were constructed to secure states. The improvements in regional cooperation and self-sufficiency afforded the better flexibility to regional actors. In consequences of the Cold War, responding to the shifting political, economic and security, the second wave of regionalism, called 'new regionalism' supervened. This 'new regionalism' nearly changed the whole context of previous regionalism. Globalization significantly contributed to this change. Globalization enabled countries' rigid border protections to become blurred and arranged various regional trades. The liberalization of world trade and investment was the pivot of new regionalism, playing a vital role in countries' economic growth and

overall development and contributing to the recent regional initiatives (Sachs & Warner, 1995). Countries with regional proximity arranged regional trades, and as they resulted the launch of three flocks of regionalism in the world hemispheres. First flock was the *European regionalism*. European regionalism represented a form of supranational integration, prioritizing regional economic and political interdependence. The idea of fostering the integration began from avoiding conflicts among European countries. Consequently, an explicit cohesion called the European Union (EU) has delivered a peace, stability and prosperity, elevated living standards and a single European currency (EU 2013). Second flock was the *North American regionalism*, constituting NAFTA in 1991. Canada, Mexico and the US signed for a trilateral rules-based trade bloc in North America. It generated economic growth and raised living standards of the people of all three member countries (GC 2013). Third flock was Asia, initiating from ASEAN and gradually extending its memberships of Asian countries.

1.2 East Asian Regionalism

The formation of an economic and monetary union in Europe and the success of NAFTA motivated East Asian economies to pursue regional trade arrangements. East Asian governments worried about the disadvantage in global competition with the absence of their own regional trade arrangements and sought to unite themselves to gain bargaining power vis-à-vis the EU, the US, and other groups. As a result, during the late 20th and early 21th century, East Asia's intra-regional cooperation increased substantially.

Cooperation in East Asia developed through several multilateral frameworks. First, the Association of Southeast Asian Nations (ASEAN) was established on August 8th 1967 under the declaration among Indonesia, Malaysia, Philippines, Singapore and Thailand. Today, there are now ten member states associated in ASEAN, aiming to promote collective progress through the collaboration in the fields of economic, social, cultural, technical, scientific, and administration of member states (ASEAN, 2012a). ASEAN has been an instrumental part in a broad sense in the development of regionalism in East Asia.

Second, the 1997/1998 financial crisis pulled East Asia to approach a new international agreement to fight against the economic depression and to avert another financial crisis. ASEAN and three major Northeast Asian countries launched multilateral framework called the ASEAN Plus Three (ASEAN+3) to promote regional economic cooperation.¹ ASEAN+3 has been the core catalysis of deepening cooperation in East Asia which not only does it have high significance in strengthening the East Asia's economic cooperation but also in other various areas including good, energy, health, and the environment.

Third, the East Asia Summit (EAS), started in 2005 on the basis of ASEAN+3 framework, including Australia, New Zealand, and India. In 2011, the EAS became an 18-member institution by including the US and Russia as new

¹ ASEAN+3 has shown the cooperation in the field of economy and politics with the annual meeting by the heads of states (ASEANWEB, 2009).

members.² The EAS was the start up point to cover the broader areas beyond the ASEAN+3. The EAS has played a significant role in advancing regional cooperation with many East Asian countries. Moreover in November 2012 at the 7th EAS meeting, the leaders of 16 EAS members launched the Regional Comprehensive Economic Partnership (RCEP) to deepen regional integration.

In addition to these three frameworks, the East Asian countries also have advanced joint activities under the economic-oriented Asia-Pacific Economic Cooperation (APEC), the security related ASEAN Regional Forum (ARF), and other intra-regional cooperation (Plummer & Jones, 2006, p.33).³ Likewise, ASEAN, China, Japan, and South Korea, being the key players have established several regional cooperation frameworks to advance East Asian regionalism.

1.3 The Importance of Japan and South Korea in East Asian Regionalism

Japan has played a crucial role in East Asia. Firstly, Japan has been a leading model for East Asian countries' development. Japan's successful post-war reconstruction and economic development via high investment, technology progress, good relations with world powers, and practicing 'Japanese-style market system' have helped many East Asian countries' advancement (Otsubo, 2007;

² EAS was the important step in direction of regional integration and EAS has chiefly contributed to East Asia's fast market expansion in production, investment, technology, and skilled human power through integration of regional economies (Kumar, Kesavapany, & Chaocheng, 2008, p.166).

³ Japan implemented a bilateral economic partnership agreement (EPA) with Singapore in 2002; while China had launched official negotiations with ASEAN countries to sign a free trade agreement (FTA) in 2010 in response to the Japan-Singapore negotiation; and Korea has also agreed on a similar negotiation with ASEAN (Plummer & Jones, 2006, p.33).

World Bank, 2011). East Asian countries have learned from Japan's development and implemented similar policies adopted by Japan. Secondly, Japan has put a real effort in East Asian regional cooperation. Japan's diplomacy toward East Asia has not limited to financial aid and economic cooperation but expanded to multilateral cooperation on issues like sustainable growth and nuclear nonproliferation (Tanaka & Liff, 2009, p.3). Japanese leaders have been amicable to the prosperity of East Asian regionalism, offering technology, political and economic strategy, and aid to neighbor countries.

Unlike Japan and China, South Korea does not have a leadership role to which it can construct a regional network. However, South Korea is a middle power in East Asia in terms of its material capacities and its foreign policy behaviors, which has a better chance to cooperate between major powers and developing ones. Geographically, South Korea locates in between Japan and China, which makes South Korea in middle power to mediate between the two powers, as well as mediating between ASEAN and major powers in East Asia. Moreover, South Korea is one of the most active members of East Asian multilateral cooperation and regional integration by participating in ASEAN+3, ARF, APEC and the EAS.

1.4 Objectives of Research

The objectives of this research are threefold. First, it examines the development and major features of East Asian regionalism and explores factors

that have caused slow progress in East Asian regionalism. Second, it will identify factors that have caused slow progress in East Asian regionalism and will highlight a missing factor - Japan and South Korea's relationship and their contributions to East Asian regional integration - that has prolonged the progress in East Asian regionalism. Third, it deepens the discussion on the contributions of Japan and South Korea to East Asian regionalism through two empirical studies and shows how they have played a crucial role in the progress of East Asian regionalism.

1.5 Significance of Research

East Asia set a goal of building an East Asian community but has not yet achieved it because of slow progress in integration among regional countries. East Asian countries have become more coherent through many integrative initiatives such as economic, political and socio-cultural exchanges. However, as time passes East Asian regional building becomes more complex to achieve because of regional rivalry, mistrust, and high national priority. This paper explores the causes that have influenced the slow progress of regional cooperation in East Asia by highlighting factors to which the past literature on East Asian regionalism has paid scant attention. Namely, it takes into account the possible influence of the Japanese-Korean relations on the initiation and development of regional integration in specific policy fields. The past researchers have not explored much for South Korea's presence and nuanced relationships between Japan and South Korea in the process of regionalism in East Asia. Thus, this thesis, which

presumes that the Japan- Korea relationship has a great significance as being a pivotal cause of the region's slow progress, can make contributions to deepening the understanding of causal mechanisms in which specific interstate relations and rivalry are related to the trajectory of regional integration and cooperation.

CHAPTER 2: LITERATURE REVIEW ON SLOW PROGRESS IN EAST ASIAN REGIONAL COOPERATION

This thesis examines the factors that disrupt regionalism in East Asia. East Asian countries' differences in linguistics, beliefs, cultures, geographical dimensions, extreme rivalry between Japan and China, the US commitment to East Asia, East Asia's dynamic states structures and many other factors have slowed down the progress in East Asian regionalism (Lincoln, 2004, p.15). By reviewing the past literatures and scholars' interpretations on the regionalism in East Asia, this section identifies the pivotal factors that slowed down East Asian regional integration. This thesis contributes to the subject field by looking at points which were not stressed previously. This literature review categorizes the past scholars' findings on East Asian regionalism's steady progress into three major international relations theories: Realism, Liberalism, Constructivism. After reviewing these past studies, this chapter critically assesses previous literature and past arguments to show the originality of this thesis.

2.1 Realism and Regionalism in East Asia

Realism is the outset of international theory, derived from Hans Morgenthau's *Politics Among Nations*, defining states as the unitary key actors in the international system and power as states' objects, goals, and purposes (Viotti & Kauppi, 2012, pp.39-40). States are to be regarded as hosts of international affairs and relationship among states, determining the power distribution and stability (Little, 2007). The perspectives of realism on state-centrism and power

politics have become the contributing factor for international relations. Power refers to the ability to influence another actor to do or not to do regarding its interests, including military, economic, technological, diplomatic and other capacities of the states (Pearson, 2011). Historically, the structure of power and the flow of power have determined states' position in the international relations. Waltz emphasized under the anarchic international order actors with power can influence the structure of international politics: the unipolar, bipolar and multipolar systems signify the structural change through the distribution of capabilities among the one, two and three or more great powers (Waltz 1979). Moreover, realists take interest in the balance of power. Balance of power originated from a national security enhancement by the hegemonic power that attacks weaker powers, providing incentives to the besieged states to create a united defence to counterbalance the hegemonic power (Kegley & Wittkopf, 2005, p.503). Realists believe that the hegemonic power constructs the global order and influences state relations and regional institutions by lowering the probability of war and freeing states from the security dilemma in an anarchic world (Lemke, 2002, p.51). Namely, the conflicts and conflicting power relations among states characterize the international relations.

2.1.1 Realist Based Research

i) Lack of Leadership

According to Realists, the maintenance of Cold War elements in East Asia, the intensive hegemonic rivalry between Japan and China, for example, have

caused the instability, absence of security and lack of leadership which eventually lead to the disintegration of East Asia (Katzenstein & Shiraishi, 1997, p.21). The relationship between Japan and China has improved since 1980s under the dual economic cooperation although they still hold each other in check. Japan had supported China to be the member of the Asia Pacific Economic Cooperation (APEC) and hoped to tie China into the networks of regional cooperation, believing it to be the best way to face China's growing power (Kaifu, 1990). However, China's expanding influence in East Asia has agitated Japan to cling to more power in the region since the late 1990s to check on China's active participation in East Asia regional integration. Japan does not want China to claim over the supremacy in East Asia region, and China expects to push Japan out from the possibility of taking a leading position thus "China does not support Japan's ambition to play a central role in the region" (Harris & Gerg, 2001, p.144).

China and Japan's power rivalry, which has disrupted regional cooperation stemmed from the unavailability of a hegemonic power or leadership in East Asia. Robert Gilpin explained a hegemon is necessary in providing stability and collective security in the midst of the anarchic international system. In Gilpin's book called *War and Change in World Politics*, Gilpin concluded that the hegemon provides peace and stability of the world (Gilpin, 1983). Pax Britannica and Pax Americana correspond to Gilpin's argument, a hegemonic power use its dominant position and ensure an orderly and peaceful international system. Accordingly, if there were predominant leadership in East Asia, conflicts among

China and Japan would not occur, and East Asian regional integration would have achieved much more easily from the sway of the hegemonic power.

Hegemonic power refers to the dominant power that comprises of superior military capabilities, dominantly in control of trade, capital, and raw materials (Ikenberry, 2002, p.113). Robert Keohane defined hegemonic power as “preponderance of material resources” which enables the hegemon to enforce the order and rules to the world (Keohane, 1984, p.32). Hegemonic power has supremacy in solving international conflicts with its military power; supporting the institutionalization of a regional or global free trade system; and maintaining a stable economic condition (Gilpin, 1983; Keohane, 1989, Olson, 1971; Oneal & Diehl, 1994). This strong power is essential to direct and guide the group of countries to carry on collective actions. However, within East Asia, there is no country holding a hegemonic power. China and Japan are potential hegemonies, but both countries are full of antagonism and aspirations to hold regional leadership but yet do not have capabilities to become the hegemonic power (Nabers, 2008). China has developed surprisingly, but it is yet unable to initiate an East Asian multilateral institution while Japan able to lead discussions including East Asian countries but does not have exceeded power to override China (Ba, 2006).

ii) East Asia’s Reliance on the United States

Aaron Louis Friedberg advocated in his work, *International Security*, in 1993 that the continuing US engagement in East Asia was to be served as a

stabilizing power until regional integration and multilateral institutions develop (Friedberg, 1993-1994). Under the condition of uncertainty and competitive interactions by the US, contrary to some expected conflicts, several East Asian countries welcomed the US engagement. Representatively, Japan and South Korea built a close political and military alliance with the US based on sharing common interests, countering threats, building trust, and cooperating in most foreign affairs. South Korea has united with the US mainly with issues of economy, livelihood-travel, immigration and security - North Korea policy, prospects of the US-ROK relationship and future outlook of US-ROK military alliance over decades (Zumwalt, 2012). Moreover, Japan has maintained to be the closest ally of the US in East Asia over 50 years, guaranteeing its security with 53,000 U.S. troops stationed in Japan (Chanlett-Avery, 2011).

However, this over dependency and intimate relations with the US have made Japan and South Korea hardly showed their discontent over the US's requests and its strategies of maintaining its leading position and strong engagement to Asia. As a result, the US's regional strategy objective has been constant since the end of the Cold War which does not allow any rising power to gain advantages and relies on Japan and South Korea as a part of its regional strategy in East Asia (Rice, 2000). The rise of China has challenged the US to be more involved and participated in East Asia by answering China's challenge with its policy called "Pivot or Rebalance towards Asia" (Manyin et al., 2012). The growth of China has narrowed the gap between the US and China by becoming

the second largest economy in the world and largest exporter and manufacturer (Park, 2013, p.8). The United States (US) has fully perceived East Asian countries' growing distrust over Chinese assertive actions in territorial issues, for instance that the US has pivoted Asia to reinsure the East Asian security under its security umbrella (Chari, 2013).

The US's incompatibility with China and compatibility with Japan and South Korea have influenced the relations among China, Japan and Korea. Furthermore, the US's alliances with Japan and South Korea and its intimate bilateral relations with both countries have made the two countries rivals. Accordingly, good relations among East Asian countries became difficult because of the complex relationships East Asian countries have with the US.

2.2 Liberalism and Regionalism in East Asia

Liberal theory assumes that human nature is good and international relations are cooperative rather than conflictive (Moravcsik, 2008, p.239). Liberals take a positive view on a human nature. They believe humans are good-natured and individuals share many interests and engage in collaborative and cooperative social actions (Jackson & Sorensen, 2007, p.98). In other words, with good human nature, conflicts or war are not inevitable as they seek for the mutually beneficial cooperation within and outside of states.

There are four strands of liberal thoughts. First is the sociological liberal thought which highlights the transnational non-governmental ties between societies via communication between individuals and between groups. Second is the interdependence liberal thought which pays attention to the mutual exchange and dependence between people and governments. Third is the institutional liberal thought which highlights the importance of institutionalized cooperation among states. Last is the republican liberal thought which argues that liberal democratic constitutions are vital in inducing peaceful and cooperative relations among states (Rathus, 2011, p.25; Walt, 1998; Jackson & Sorensen, 2007, pp.100-111).

2.2.1 Liberalist Based Research

i) Lack of Interdependence

The integration in East Asia is not as advanced as compared to Europe. While Europe achieved regional integration through the legally binding regional institutions like the North Atlantic Treaty Organization (NATO), the EU, and the Council of Europe, East Asia has no legally binding multilateral regional institutions. Comparing the East Asian regional integration to the European integration, East Asia has been a market based while Europe has been a large regional bureaucracy centered in regional governments. Consequently, cooperation among national authorities are less intimate, focusing more on economic collision but less devoting to build a formal regional institution.

East Asia's weak interdependencies in economics and in other various areas have stemmed from power rivalries that are deep rooted by complex historical antagonisms, conflicting economic systems, and political disputes. First, the historical antagonisms among East Asian countries with the issues of comfort women, history textbooks and territorial rights have disrupted the reach of a concrete dialogue on regional cooperation in East Asia. The controversy over the historical memories had sweep over the East Asia during the early 21st century (Hasegawa & Togo, 2008). Korea, China, and other East Asian countries have fallen into the vicious cycle of antipathy over their bad historical memories which have deepened the gaps and controversies from generation to generation.

The conflicting economic system and political disputes in East Asia also have influenced countries' weak interdependency. Unlike the EU which has the apparent entrance conditions of a democratic government and market economy while transposing one's national law into the EU laws, the criteria for admission to the East Asian regional integration is ambiguous. Dynamic economic and political systems have disabled concrete institutionalization. Ikenberry (2008, p.219) highlighted how East Asian countries have engaged with countries outside of region, carrying on hard and concrete bilateralism and soft multilateralism by involving the United States. In order to cope with conflicting economic systems among East Asian countries, countries have sought to integrate bilaterally rather than multilaterally, exacerbating the East Asian regional integration.

ii) **Domestic Approach Research**

Members of a domestic society have sought that their own interests and individual behaviors have channeled the social order (Moravcsik, 1992, p.7). Individuals have potential to converge their interests to the point where it represents the state, laying the foundation for international relations. However, linking this Liberal's assertion to East Asia is difficult. East Asian countries have unique and dynamic state preferences which stemmed from each national's varying preferences and divergent values. These determined East Asian countries' state behaviors cannot converge easily that East Asian regional integration seems to be not easy.

Etel Solingen noted that the nature of dominant domestic coalition frequently explains the origin of regional institution starts with the features of domestic caucus matters that begin with the creation or design institutions for relative power distribution (Solingen, 2008). East Asia's high degree of diversity in domestic elements has disrupted East Asian regionalism. For instance, East Asia's economic condition are diverse, ranging from the advanced economies to the poorest in the world: Japan, Taiwan, and South Korea are the advanced capitalist economies; China and Vietnam are under the transitional state of the high-income nations; while Myanmar, Laos, Cambodia, and North Korea have been slow in making market reforms. Accordingly, the region could hardly meet the concord among nations (Wan, 2008, pp.21-22).

In addition, the diverse domestic political systems- democracy to Socialist- have substantially put the achievement of regional harmonization in a predicament. Robert Scalapino (1987) classified East Asian political systems into Leninist, authoritarian- pluralist, and liberal democratic states. Kim Yung-myung (2003) mentioned that the East Asian political systems cannot be as same as the Western ones as their democracy for instance cannot be as liberal as the Western democracies and that East Asian political systems are too diverse even inside the category of communist and democratic. For instance, China, North Korea and Vietnam are communistic governments characterized as Leninist, Maoist, or Junche; Japan, Singapore, South Korea and Taiwan are democratic countries while having some differences in the degree of power distribution and concentration in a liberal democratic institution. John Ruggie (1995) argued that proper coordination between domestic politics plays an important role in regional integration, showed in Europe and North America. However in East Asia, hybrid political regimes have faced difficulties in integrating Socialist China, Absolute Monarchy Brunei, Federal Constitutional Elective Monarchy with Federal Parliamentary Democracy Malaysia, Hereditary single-party state North Korea, and Marxist-Leninist single-party states Laos and Vietnam.

2.3 Constructivism and Regionalism in East Asia

Gaining prominence in the 1990s, constructivist ideas claimed that interstate relationships and decisions made by the states were shaped by the historical and social context rather than by the human nature (Katzenstein, 1996,

p.59). Constructivists identify the structure, rules, and norms of states and expect to read the power structure, relationships between states' interests, and the prospects of changes in world politics. They believe the structure of world politics determines the behavior of states (Waltz, 1979, p.93). A chief proponent of social constructivism, Alexander Wendt has regarded shared understandings, expectations, or knowledge shape the structure of international relations (Wendt, 1992, p.73). A security dilemma for instance is a social structure where states are so distrustful in their relations that they make bad assumptions on each other's intentions and make worst assumptions on each other's intentions (Jackson & Sorensen, 2007, p.165).

2.3.1 Constructivist Based Research

i) Weak Common Identity

In terms of unity, the group of individuals who share same beliefs and language under the same place are compulsory. Karl Deutsch (1957) identified the formation of common identity as the driving force of regional institutional integration. Common identity under the glaze of common culture provides a greater momentum to accelerate regionalism or integration in East Asia. However, the people in East Asia have weak common identity with diversities in religion, language, and ongoing interactions with outside countries. First, religion has the power to shape people's idea and behaviors. The people under the same religion share the same beliefs and values and build common identities, which make them cooperative rather than conflicting with each other. In East Asia, various religions

have coexisted together such as Buddhism, Christianity, Confucianism, Islam, and Muslim. Identities formed through the religious teachings have classified people and nations with different religious ideology and indoctrination. Consequently, East Asian nations with divergent religion can hardly meet the consensus among themselves with the disparity beliefs and values formed via diverse religions.

The second important element in unity is language. Linguistically, East Asia has too many languages. East Asian languages are separated into five different linguistic groups such as Altaic (including Mongolian, Korean, Japanese), Sino-Tibetan (Chinese, Tibetan, Burmese), Tai (Thai, Lao), Austroasiatic (Vietnamese, Cambodian), and Austronesian (Indonesian, Filipino) (Miller, 2004, p.9). These five different languages groups again diffused to each East Asian country and those distributed languages again altered their forms according to their national characteristics. As a result, the language disparity in East Asian region has made the regional integration more difficult.

Acharya (1997) and Liu (2003) mentioned that the development of ASEAN was possible via exploration of a common identity through shared norms and social structure. Members of ASEAN have evolved through diplomatic interactions and a practice called the 'ASEAN Way' which includes the non-interference principle, informal consultation, consensus building and flexible incrementalism. The social process in Southeast Asia has played a significant role in constructing a collaborative, stable and well-organized region. Southeast Asia

may share the similar identity with the geographical proximity, similar languages and religions, but East Asia can hardly achieve the regional integration with diverse and very distinct identities among countries.

ii) Strong Nationalism

Nationalism is a belief or creed that individuals attached to their countries thus this creates patriotism. However, there is a stronger sense of nationalism which is an aggressive assertion that proclaims national interest over other countries and an expression of the deeper sense of national identity on behalf of the nation (Breuilly, 1993, pp.19-21). In the case of Japan, its nationalism developed via solidarity of self-conceited nationality as being Japanese and thus the Japanese nationalism took over patriotism, formulated by the respect of its emperor (Nish, 1993, p.173). For instance, a strong Japanese nationalism stirred up when Prime Minister Nakasone made an official visit to the Yasukuni Shrine in Tokyo. His visit raised tensions and criticism from China and Korea over the history which caused damage to the relations with its neighbor countries. Consequently, Japanese nationalism, excessive national product protectionism, has halted Japan from having better trade relationship with foreign countries. Similar to Japan, China in the past up until 1911 used to have an emperor but now has a supreme leader who leads the country which has a strong set of nationalism that originated from patriotism. Unlike European countries where reached the European integration by overcoming regional countries' nationalistic sentiments, East Asian countries could not reach the East Asian integration due to countries'

relentlessly strong nationalistic sentiments. East Asian countries have not wanted outside powers to influence or interfere their national affairs. As a result, East Asia has yet to implement a concrete regional institution.

2.4 Critical Assessment of Past Literature

The past literature had raised many factors that caused the slow progress of East Asian regionalism. They analysed the correlation between regional cooperation and state actors, alliance, domestic influence, and social identity. Many scholars have explained very well regarding the causes that disrupted the regionalism in East Asia. However, this thesis argues beyond the past approaches that explained the causes of slow progress in East Asian regional integration, there is one missing factor that needs to be looked up- the lukewarm relationship between Japan and South Korea.

Among the overviewed theories that explain international relations, this research is based on the realist approach. Explaining international relations in terms of power, how one country exercise power toward the other, I believed it can explain the slow progress of East Asian regional integration most appropriately. However, past realist approaches also had some problems of focusing just on the great powers like the US, China and Japan. In some policy areas, the involvement of middle power like South Korea is also important that this research investigated South Korea's role in East Asian regional integration.

Liberalism and Constructivism approaches gave explanations of the slow progress in East Asian regional integration. Liberalism, which explained the problems of achieving a deep integration in East Asia with interdependence theory and domestic approach, failed. East Asian countries are lack of interdependencies due to their historical antagonism, complex economic system, political disputes, and a high degree of diversity in domestic politics. However, European countries, for instance, have formed regional integration by overcoming lack of interdependence stemmed from member countries' rivalry and domestic political differences.

Constructivism highlighted East Asian countries' weak common identities and strong nationalism as serious impediments to East Asian regional integration. However, the EU and the NATO are two completed regional integration, which are the aggregations of different cultures, people, strong sense of nationalism originated from long years of animosity. Europeans have deeply attached to the strong national identities in terms of minority problem.⁴ Relationships between dominant and minority groups had differences in races, nationalities and religions. The complex relations between minority and dominant groups could have been more serious and severe than the tensions between East Asian countries. Moreover, European countries' strong national identities did not guarantee

⁴ "Group of people who are held together by ties of common descent, physical characteristics, sexual preference, traditions, customs, language, or religion, or any combination of these, and who, in relation to some other group with which they are associated, occupy a subordinate status (Colliers Encyclopedia, 1994, p.336)" (Cocodia, 2010, pp. 62-63).

European community. However, Europe overcame and achieved the integration while East Asian countries make real slow progress in regional integration.

Liberalism and Constructivism arguments are very important, but the complete integrations of American and European countries verified the weakness of these theories. As a result, this thesis believes the Realist Power Politics including South Korea explains the present East Asian regional integration process most excellently.

Most past literatures have usually omitted South Korea's important role in the process of East Asia integration. Former East Asian regional studies normally had more interests in investigating China-Japan relationship rather than examining Japan-Korea relationship. However, this thesis will demonstrate the significance of South Korea in establishing East Asian regionalism by construing the meaning of the key actors in East Asian regionalism differently. This thesis believes, beyond the important China-Japan relations, Japan and South Korea are the only two economically advanced countries in East Asia that can solve the challenges in East Asian regional integration. Once they coordinate with each other and take the lead in regional dialogue, the two countries can co-initiate the regional integration, by helping and motivating other East Asian countries to join the regional integration process.

2.5 Research Questions and Assumptions

From scholars past studies on regionalism in East Asia and my criticism on the literature, this thesis will address the following two interrelated empirical questions:

Firstly, why East Asian regionalism has shown a slow progress?

Secondly, why Japan and South Korea have been unable to make coordination on extended regionalism in East Asia?

By arguing that the lack of coordination or the weak coexistence between Japan and South Korea has directly disrupted the East Asian regionalism's steady progress, this thesis made two assumptions on the factors that have unable extended regionalism in East Asia. First is two countries' *rivalry*; second is Japan and South Korea's difference in the *target of interstate cooperation*.

In this thesis, the term *rivalry* refers to a country's unpleasant feeling toward the other country which has potential to threaten one's interests, positions and goals. Under the relative scarcity and overlapping interests and goals, one will gain while the other loses. However, unlike the original meaning of rivalry which two powers fight to maximize their goals, the rivalry in this thesis does not have to be a bilateral or mutual competition or conflicts. While one nation rivals the other nation, the latter nation does not necessarily have to rival the first nation.

The term *difference in the target of interstate cooperation* signifies Japan and South Korea's major interest parties. Thus, interstate cooperation has no restrictions in the number of states and the range of areas of the states.

This thesis assumes, first, regarding the two countries' rivalry, Japan rivals China. Japan's rivalry toward China emerged when China's economy and influence grew significantly while Japan remained stagnant. Japan has concerned China's ambition to take the regional leadership that Japan has focused on China's movements in East Asian region. China's desires to take the supremacy in Southeast Asia turned Japan's interests to Southeast Asia over South Korea (Ott, 2005). Consequently, Japan concluded various forms of relationships with Southeast Asian countries to lower Chinese influence in Southeast Asia while suspending the cooperation with South Korea (Bilateral, 2012). Second, South Korea rivals Japan. Both Japan and South Korea have shared similar foreign policy objectives in maintaining a close relationship with the US and identical economic markets (Lo, 2013). As a result, South Korea has rivaled Japan, causing weak or no coordination between two countries.

Second, regarding the difference in the target of interstate cooperation, this thesis hypothesizes that Japan has interests in Southeast Asia or East Asia in a broad sense while South Korea has its interest in Northeast Asia or the global setting. When tracing Japan's foreign policy toward East Asian countries, Japan has paid special attention to Southeast Asian countries. Japan sparked its

relationship with ASEAN by way of supporting ASEAN member countries' infrastructure and human resource development. Since then, they have maintained close relationships. Japan gradually deepened its cooperation with ASEAN member countries, concluding bilateral FTAs with Singapore, Thailand, Malaysia and the Philippines and a FTA with ASEAN entity. Through the literature review, Japan's efforts to strengthen ties with ASEAN are to exit from its economic stagnation and deflation; maintain a strong power compatible to China and hold the regional leadership (Yoshimatsu, 2008). In case of South Korea, compared to other powerful nations in East Asia, it has shown little interest and put less effort in building an East Asian regionalism (MOFAT, 2003). However, this does not mean that South Korea does not have any interest in East Asian countries, but South Korea has shown great interests in North East Asian countries or other external countries. South Korea has maintained sound relations with Japan and China, Northeast Asian countries (MOFA, 2013a; Snyder & Byun, 2013). Korea often has interdependent and warm relations with Japan in trades while having continuously improving relations with China in trade. Furthermore, South Korea has eagerly cooperated with the US and the EU. Korea is one of the affluent and strong countries in the world, but in the East Asian context, South Korea turns into a relatively limited power projection country. Between China and Japan, two superpowers, South Korea has needed superior powers like the US and the EU to cover its relative vulnerability (Cooper et al., 2011). Accordingly, South Korea puts efforts to maintain good relations with the US and the EU while maintaining warm relations with China and Japan concurrently.

2.6 Research Methodology

In the framework of this thesis, there are three sources of data that have explored how Japan and South Korea's relationship can contribute to the slow progress of East Asian regionalism.

First, I could use the database of the Ministry of Environment, Ministry of Economies, Ministry of Foreign Affairs, and Korea Environment Institute via their respective websites. Moreover, I visited the National Assembly Library and Korea Trade-Investment Promotion Agency (KOTRA) and accessed the official documents and publications. Second, I made use of secondary sources such as books, book chapters and journals related to Japan-South Korea relations and regional integration in East Asia. Third, I interviewed scholars and professors who specialize in the fields of environment and trade. I also received advice from the EANET specialist who is the member of the EANET Science Advisory Council. Moreover, I interviewed a FTA deputy director who specializes in East Asian region.

This thesis highlights how Japan and South Korea's commitments have contributed to the development of East Asian regionalism with two case studies of trade (FTA) and air pollution (EANET) having two analytical frameworks of *rivalry* and *difference in the target of interstate cooperation*.

First, trade cooperation through FTAs is a proper case for an analysis of policy coordination between Japan and South Korea, who are two advanced nations, can gain the most by the formation of the FTAs worldwide. Furthermore, the FTA issue has gradually become significant in Japanese and Korean policies with drastic changes in the international community by the relative decline of the US while the rise of China. In this situation, they should have cooperated in promoting trade regionalism. Second, air pollution is suitable to show Japan and South Korea's commitment to the development in East Asian regionalism as they are the only two technologically advanced countries who can provide the technologies to resolve air pollution problems. Moreover, they are the two representatives suffering from air pollutants from China. In this environment, they expect to cooperate in order to mitigate the negative impact of air pollution from China.

CHAPTER 3: JAPAN AND SOUTH KOREA'S INFLUENCE ON TRADE REGIONALISM

3.1 Introduction

Free Trade Agreement (FTA) refers to an agreement which eliminates tariffs, imports quotas, and offers preferences on most goods and services for signed member countries. The signed countries can enter into the legally binding commitments on free access to each other's markets for goods and services. FTA has supported trade liberalization across the globe by linking two or more countries to exchange goods and services and providing an optimum circumstance to fulfil countries' economic interests. In 1990, General Agreement on Tariffs and Trade (GATT) reported 27 FTAs, and it creased to 421 in 2008 (Matsushita, 2010). In the present, more than 90% of the World Trade Organization (WTO) members participate in FTAs (WTO, 2013).

The rapid FTA intensification occurred in the 1990s, beginning from the European countries. European countries were at the forefront of this agreement. Twenty-seven European countries have moved toward the great economic integration by eliminating all the obstruction factors in production and trade and even became a common market. Beyond their internal free trade, forming the European Union (EU), the European countries have had FTAs with other countries around the world. After the establishment of the EU, North American countries moved toward FTA activities in January 1992. In 1994, the North American Free Trade Agreement (NAFTA) came into effect via the collaboration

of Canada, Mexico, and the US, creating one of the world's largest free trade zones and delivering substantial economic growth and prosperity (USTR, 2013).

Inspired by the development of the EU and the NAFTA, East Asia also adopted the export-led economic growth model and took off FTA activities. Since the late 1990s, the East Asian economies showed the intensive zeal in formulating FTAs. At First, East Asian countries courted FTA partners from inside the region. Began from 1998, Japan and South Korea took off the initial FTA activity in East Asia. This became the initial catalyst for the FTA trend in East Asia. Soon after the Japan-Korea FTA proposal, quick responses from other East Asian countries were aroused, searching for various FTA formations through bilateral and multilateral FTAs with regional trade partners as well as outside trade partners.

Proposed in 2010, the East Asia economies had concluded 50 FTAs with 43 FTAs under negotiation and 32 FTAs (Zhang & Shen, 2011, pp.6-8). The proliferation of FTAs has been extremely rapid. Within three years, the number of FTA conclusion increased from Singapore, South Korea, China, and Thailand negotiated 35, 26, 25, and 24 FTAs in 2010 to 32, 27, and 29 FTAs in 2013(ADB, 2012).

Regardless of these substantial FTA engagements and proliferation in East Asia and negotiations have going on via the Japan-Association of Southeast Asian Nations (ASEAN), none of these have developed into a solid East Asian

economic integration. Moreover, some FTA proposals did not meet good conclusions. Notably, the proposal of Japan-Korea FTA has remained to be long resisted. The idea of Japan-Korea Free Trade Agreement (JKFTA) was introduced by Japan in November 1998. At the start of negotiation, both countries showed positivity in their economic cooperation and the JKFTA formation, but in the latter half of the talks, they faced difficulties. This is due to a fact that the two countries where undergo a FTA negotiation has a different amount of economic resources and political influence. One country may get advantage while the other get disadvantage. This gain and loss relation applied to Japan and Korea's relation. The position of South Korea was relatively vulnerable in the bilateral trade negotiation. Korea had a lower bargaining power which helped Japan to impose favourable conditions but unfavorable to South Korea. Accordingly, South Korea was reluctant to conclude JKFTA. Meanwhile, Japan also decided to concentrate more on strengthening the FTAs with ASEAN to check the rise of China rather than proceeding JKFTA. This Japan and South Korea's entangled relations have also influenced the establishment of the East Asia wide FTA. The stalled Japan-Korea FTA proposal was mainly due to Japan and South Korea's rivalry factors and different scope of regional interests. These impediments to the establishment of the JKFTA have also caused the challenges to the emergence of a regional economic integration.

In this chapter, by giving two concrete cases of the JKFTA and an East Asia wide FTA, it will show how Japan and South Korea's rivalry and difference

in the target of interstate cooperation have influenced the development of regional economic integration in East Asia. Firstly, Japan and South Korea's rivalries refer to two countries' different directions of rivalry, implying Japan's rivalry to China and South Korea's rivalry to Japan. Japan has competed China over the East Asian leadership which made Japan not to concentrate on the JKFTA but made it keep its eyes on China's movement and China's negotiating partners, mainly ASEAN. Unlike Japan, South Korea has rivaled Japan with a sense of vulnerability. Secondly, the differences in the target of interstate cooperation signify Japan's target in an East Asia wide interstate cooperation while South Korea has targeted both Northeast Asia and global interstate cooperation.

3.2 FTA Development in East Asia

3.2.1 Bilateral FTAs in East Asia

Bilateral free trade agreement is a negotiation between two countries, regarded as a stepping stone to full integration into the global market. Many governments have signed bilateral FTAs, and most of the Asian countries are also pursuing bilateral FTAs. First, in case of Southeast Asian countries, bilateral agreements were fostered within Southeast Asia and between ASEAN and countries outside the region. Among Southeast Asian countries, Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Myanmar, Cambodia, Laos, and Vietnam had agreed to eliminate tariffs within themselves, and ASEAN as an entity also has concluded various agreements with other nations (ASEAN, 2012b). In January 2004, ASEAN signed the comprehensive economic partnership with

China; with South Korea in November 2007; with Japan in December 2008; and with India in January 2010 ([Table 3-1]). Moreover, individually, Singapore had signed FTAs with New Zealand, Japan, Australia, the US, European Free Trade Association and Jordan. Thailand signed agreements with the US, New Zealand, Australia, China, Japan, etc. Malaysia and the US agreed to a framework for a bilateral agreement in May 2004, negotiated on a Closer Economic Partnership with Japan, and completed a bilateral FTA with Australia (Khor, 2005).

Second, Northeast Asian countries, beginning with China, the Chinese government believed a FTA as a pathway to speed up domestic reforms by opening up to the global economy and reinforcing economic cooperation with other economies. As a result, China has presently 14 FTA partners embracing 31 economies, and among them, it concluded 8 agreements. The partners are ASEAN, Pakistan, Chile, New Zealand, Singapore, Peru, Hong Kong, Macau, Costa Rica, Iceland, Switzerland, Gulf Cooperation Council, Australia, and Norway (Chinese Ministry of Commerce, 2013). The government of Japan has also sought to promote high-level economic partnerships with major economies that as of July 2013, it had concluded 13 FTAs (or Economic Partnership Agreement (EPA)), and 10 FTAs are under negotiations (MOFA, 2013b). Currently, FTAs with Singapore, Mexico, Malaysia, Chile, Thailand, Indonesia, Brunei, ASEAN, Philippines, Switzerland, Vietnam, India, and Peru entered into force (MOFA, 2013b). Furthermore, the Korean government, since the establishment of the FTA Roadmap in 2003, has actively pursued FTAs with key trading partners. Until

now, the Korean government concluded FTAs with Chile, Singapore, European Free Trade Association, ASEAN, India and Peru, the EU and the US (MOFAT, 2013b).

[Table 3-1] Bilateral Free Trade Agreement in East Asia (as of July 2012)

Name	Effective Date	Name	Effective Date
ASEAN Free Trade Area	1/28/1992	Japan-Indonesia	7/1/2008
New Zealand-Singapore	1/1/2001	Japan-Brunei	7/31/2008
Japan-Singapore	11/30/2002	China-New Zealand	10/1/2008
Singapore-Australia	7/28/2003	Japan-ASEAN	12/1/2008
ASEAN-China	1/1/2004	Japan-Philippines	12/11/2008
China-Macao	1/1/2004	China-Singapore	1/1/2009
China-Hong Kong	1/1/2004	Japan-Vietnam	10/1/2009
Thailand-Australia	1/1/2005	ASEAN-Australia/NZ	1/1/2010
Thailand-New Zealand	7/1/2005	ASEAN-India	1/1/2010
India-Singapore	8/1/2005	India-Korea	1/1/2010
Korea-Singapore	3/2/2006	Malaysia-New Zealand	8/1/2010
Japan-Malaysia	7/13/2006	Hong Kong-New Zealand	1/1/2011
Korea-ASEAN	6/1/2007	India-Malaya	7/1/2011
Japan-Thailand	11/1/2007	Japan-India	8/1/2011

Source: Compiled by the author from data on the WTO website (WTO, 2013).

The East Asian economies were encouraged to open up their economies through bilateral FTAs. However the progress of FTAs between Northeast Asia is slow. An unofficial study on China-Korea FTA (CKFTA) was declared in 2004, and research on the feasibility of the CKFTA drew a conclusion that the FTA would be mutually beneficial (Chinese Ministry of Commerce, 2013). However, the two countries have had a slow progress in solving conflicting issues. Moreover, both China and Japan and Japan and South Korea have not seemed to

realize the importance of launching FTAs among them. Japan's rivalry sentiment towards China made Japan prioritize the bilateral FTAs with East Asian countries, especially ASEAN. Moreover, while Japan criticized China's aggressive attempts to carry on FTAs with ASEAN in November 2000, Japan soon signed the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) (Taniguchi, 2004, p.26). Japan could not leave China and ASEAN to deliberate the negotiation of ASEAN-China FTA (ACFTA). Japan's bilateral FTA orientation was from the strategy of a soft balancing against China, constructing stronger trade links with Southeast Asia (Munakata, 2006; Ravenhill, 2010). In addition, South Korea's rivalry sentiment toward Japan made South Korea prioritize the United States, European Union, and other major economic powers outside of the East Asian region. The Countries with different rivalries and differences of interests have hindered Northeast Asian countries from concluding the FTAs among them. Namely, regardless of several bilateral FTA commitments made by Northeast Asian countries, there still is no FTA that effective and this implies the difficulty of further East Asian regional integration.

The relationship between China and Japan has been strained because of the rise of China and the decline of Japan. China ranks number two in the world economy, but Japan still maintains the pre-eminence in the economics of industry, technology and finance in Asia. Japan is still resilient in maintaining a supreme power in East Asia while China has put efforts to catch up Japan. This rivalry relationship between China and Japan has universally mapped out by other

scholars. Therefore, this thesis expects to examine more about Japan and South Korea's rivalry relation and how their rivalries have influenced the advancement of regional trade integration in East Asia.

Japan-Korea Free Trade Agreement (JKFTA)

Japan brought the idea of the JKFTA in November 1998 and a month after President Kim Dae-Jung's official visit to Japan in which he termed as forgiveness and reconciliation, expecting closer bilateral relations between two countries (Hatch, 2004, p.91). President Kim's visit was the first time when a leader from South Korea had visited since March 1994. The Korean side proposed cooperation in the economy, security and cultural exchange (Munakata, 2001, p.15). Consequently, Japan and South Korea positively promoted the enhancement of the Japan-Korean bilateral relationships and carried out studies and consultations via the Joint Study Group (Kim, 2000, p.2).⁵ The Joint Study Group anticipated a wide range of benefits from the JKFTA (MOFA, 2003, p.3).

The overall economic effects of the JKFTA – the intra-industry trades, win-win cooperation and competition between companies and high benefits – placed six rounds of the JKFTA talks from October 2003 to November 2004. The first round of the talk was from Seoul on December 22, 2003. Both countries agreed on basic principles, structures, and scope of negotiations. The second round was from Seoul on April 26 to 28. In this round five negotiation groups –

⁵ The Joint Study Group was composed of representatives from two countries' governments as well as business and academic scholars in order to evaluate the likelihood of launching the JKFTA.

trade in goods; trade in services and investment; non-tariff measures, as well as Sanitary and Phyto-Sanitary Measures (SPS) and Technical Barriers to Trade (TBT) and other trade-related issues and cooperation – discussed mutual issues that interfere the agreement. The third round was from Seoul on April 26 to 28 in 2004, holding seven negotiation group meetings. The fourth round was from Tokyo on Jun 23 to 25, 2004; fifth round was from Kyongju on August 23 to 25, discussing how to pave the way in negotiating tariff elimination. The last round was from Tokyo on November 1 to 3, 2004. Throughout the six rounds of negotiations, regardless of many issues were dealt, such as the matter of trade in goods, investment, trade in services, but the JKFTA became discontinued (MOFA, 2003).

[Table 3-2] The Progress of the JKFTA

Nov. 1998	Japan and South Korea agreed to conduct a joint research on a feasibility of a FTA which presented during two countries' ministerial meeting
Dec. 1998 – Apr. 2000	Japan and South Korea conducted a joint research through Korea Institute for International Economic Policy (KIEP) and Institute of Developing Economies (IDE)
- May 24, 2000	Meeting in Seoul and Tokyo
Nov.23, 2000	At the summit, they agreed on the initiation of “Korea-Japan FTA Business Forum” to collect the opinions of direct FTA stakeholders
Mar. 2001 – Jan. 2002	A Korea-Japan Business Forum was held and the Joint Declaration to promote Japan-Korea FTA was presented as an early stage of comprehensive economic partnership
Jul. 2002 – Dec. 2003	Governmental Joint Study on a Korea-Japan FTA was held for six times
Oct. 2003	They both agreed to initiate FTA negotiation by 2003 and terminate the FTA negotiation by 2005
Dec. 2003	The first FTA negotiation was held which meetings would be held every

	two months
Nov. 2004	The sixth FTA negotiation was held and no meetings were held after this meeting
Dec. 2004	The Japanese side wanted to renegotiation during the Korea-Japan summit. Japan proposed the conclusion of the FTA by 2005 but South Korea turned down the renegotiation
Jun. 2005	Japan wanted a prompt resolution on Korea-Japan FTA renegotiation but Korea has made excuses by mentioning its domestic policies
Oct. 2006	Japan wanted to accelerate the Korea-Japan FTA negotiation. However Korea was neutral on the matter
Jul. 2007	In the ministerial-level economic discussion, ideas were exchanged on promoting renegotiations
Feb. 2008	The Japanese side proposed preliminary discussions which the two countries agreed to resume the renegotiations
Apr.2008	They both agreed to reconsider to review and consult about the Korea-Japan FTA
Jun.2008	The 1 st mid-level consultation on examining an appropriate solution for the Korea-Japan FTA renegotiations (@Tokyo)
Dec.2008	The 2 nd mid-level consultation on examining an appropriate solution for the Korea-Japan FTA renegotiations (@Seoul)
Jul. 2009	The 3 rd mid-level consultation on examining an appropriate solution for the Korea-Japan FTA renegotiations (@Tokyo)
Dec. 2009	The 4 th mid-level consultation on examining an appropriate solution for the Korea-Japan FTA renegotiations (@Seoul)
Nov. 2010	The 1 st Korea-Japan FTA low-level consultation (@Tokyo)
May. 2011	The 2 nd Korea-Japan FTA low-level consultation (@Seoul)

Source: Korea Japan Cooperation Foundation (KJCF) (2009) & Ministry of Industry and Trade (MITI) (2013).

Japan and South Korea re-initiated the EPA negotiations on December 2003. However, on November 2004, at the 6th summit talks, the JKFTA negotiations broke down with confrontation in agriculture product tariffs. South Korea excessively required the liberalization of Japan's sensitive agricultural products, calling for the liberalization over 90% of Japan's agricultural products

(Nakajima, 2007, p.148). Japan could not accept the request. Moreover, Japanese significantly lower tariffs on goods than South Korean tariffs were expected to arouse Korea's trade deficits. Two countries confronted with difficulties in adjusting tariffs and adjusting expected trade deficits, and they eventually failed the JKFTA.

Moreover, two countries' piled up competitive major items which were raised as the reasons for halting the further JKFTA talks. Japan's three major export items were electronics (31.4%), precision instruments (22%), and automobiles (18.6%), whereas Korea's top three were electronics (39.7%), textiles (10.7%), and automobiles (8.9%). Korea and Japan are competing in the US market on export items such as computers, semiconductors, wireless communication devices, home appliances, automobiles, steel, rubber, and tires (Cheong, 2001a, p.26).

As the JKFTA failed, the East Asia economic integration has been slow in progress. The JKFTA could have served as a channel to create a deeper integration in the region and embarked the East Asia FTA (EAFTA) and a trilateral FTA among China, Japan and Korea (MOFA, 2003, p.22). Unfortunately, the stoppage of the JKFTA failed to establish an exemplary model for the East Asia economic integration and worsen two countries' relationships. The Joint Study Group of the JKFTA noted that the JKFTA should aspire to be a perfect role model for other East Asian regional economic integrations by achieving high-

levels of liberalization in all sectors. If the FTAs in East Asian region shared a greater degree of likeness than contrast, East Asian countries could have easily affiliated into a greater regional FTA. To this conclusion, the JKFTA should make a greater effect to persuade to future discussions in pursuing FTAs in the East Asian region (MOFA, 2003, p.22).

3.2.2 Multilateral FTAs in East Asia

In this section, this thesis will look beyond the obstacles in bilateral FTAs. This thesis will take a look at the multilateral FTA in East Asia which is the basis for economic integration in the region. Bilateral FTAs have helped East Asian countries to progress in economic liberalization, but in order to launch the better access to foreign markets and better gains, a further operation was needed. The best route to this process was via multilateral trade agreements. Multilateral trade agreements referred to the regulatory trade agreement involving three or more countries where wish to regulate trade between nations by removing tariffs and other barriers in opening commerce. Multilateral FTAs have sought to help several participant countries to gain more economic and security benefits from each other. The EU and the NAFTA are two major multilateral FTAs. These agreements were considered to be the most effective ways of liberalizing trades in an interdependent global economy.

Since the 1990s, most East Asian countries concluded bilateral and mini-lateral FTAs and they experienced tremendous economic benefits originated from

them. They were able to increase the market access of goods and services to form larger integrated market, and cope with unexpected problems cooperatively (Chia, 2010, pp.33-34). As a result, East Asian states sought to conclude the multilateral FTA with the expectation of installing larger market zone with the larger members and gaining greater economic benefits than from bilateral or mini-lateral FTAs.

An East Asia wide FTA was first proposed by the East Asia Vision Group at ASEAN + 3 Summit in October 2001.⁶ The talk on a region-wide FTA formation became regularized by Chinese Premier Wen Jiabao in 2003. Wen Jiabao proposed the practicality of a free trade area in the East Asian region at the 2003 ASEAN +3 Summit. In 2004, Wen's proposal of EAFTA was approved. The EAFTA was a dialogue between ASEAN and the three Northeast Asian nations of China, Japan, and South Korea. Establishment of EAFTA was raised first in November 2000, at the ASEAN plus Three summit held in Singapore, and EAFTA was formulated according to the report submitted by the East Asian Vision Group (EAVG) in October 2001 in Brunei (EAVG, 2001). The proposal of the EAFTA establishment was to realize the regional trade integration which is in between ASEAN Free Trade Area (AFTA) and Northeast Asian Free Trade Area. China proposed this attainable scheme to form an East Asia regional community. 2006, the report of EAFTA, the outcome of four rounds of meeting from April 2005 to July 2006, was accepted (ASEAN, 2009, p. 12).

⁶ The leaders of Japan, China and Korea were invited to the ASEAN Leaders' Meeting in December 1997, amid of the Asian financial crisis, and initiated the ASEAN+3 process. Within the ASEAN+3 framework, foreign affairs, economy and trade, environment, energy, technology, and many other ministerial level works are preceded.

In 2007, leaders welcomed the outcome of the group's study and accepted South Korea's proposal to conduct the phase II study involving the in-depth, sector-by-sector analysis of the EAFTA (ASEAN, 2009, p.53).⁷ Since the EAFTA framework was set via agreements which it was considered to be the most plausible regional cooperation in the trade sector by ASEAN+3 ministers from different parts of the government. Along with the Chinese initiative of EAFTA, the Japanese Prime Minister Shinzo Abe proposed the idea of initiating a private-level study on the Comprehensive Economic Partnership Agreement in East Asia (CEPEA) in 2006. The East Asian Economic Ministers met and agreed that experts would examine the concept of the CEPEA. The CEPEA includes 16 countries of the East Asia Summit – ten ASEAN countries, China, Japan, South Korea, India, Australia and New Zealand – with the motivation of increasing the economic growth by launching a larger regional market. The CEPEA covered a wider range of trade issues such as trades in goods, services, investment, and intellectual property rights. The group aimed to strengthen industrial competitiveness of the region by promoting the formation of efficient production networks.

In 2009, at the fourth East Asian Summit, officials were tasked to consider the recommendations and studies of EAFTA and CEPEA. In August 2011, China and Japan together proposed the formation of a regional FTA in East Asia at the EAS Economic Minister meeting. Leaders agreed on the joint proposal by China

⁷ The EAFTA Study Phase II was carried out to find the feasibility of EAFTA, to promote in-depth sector by sector analysis and studies, and to hold the initiative in the discussion of regional integration in East Asia by South Korea (Lee, 2008).

and Japan for establishing the three working groups for trade and investment liberalization. In November 2011, ASEAN ended the debate by proposing its own model for an ASEAN-centered regional FTA – the Regional Comprehensive Economic Partnership (RCEP) (DFAT, 2012). RCEP signified the assurance of negotiation in the areas of trade in goods, trade in services, and investment on a regional level. RCEP was approved at the 19th ASEAN Summit in November 2011 and was based on “ASEAN++” formula which was seen as either favoring China’s initiative of EAFTA or supporting Japan’s initiative of CEPEA. Its aim was to achieve the comprehensive and beneficial regional economic integration. RCEP membership is based on the open accession, enabling any of economic partners to join. RCEP covers trade in goods, trade in services, investment, economic, technical cooperation, intellectual property, competition, dispute settlement and other issues (MITI, 2012).

The spread of multilateral FTAs in East Asia is in slow progress regardless of several attempts by many countries in the region. Countries are confronted with the confusion over the direction and the feasibility of integration. East Asian countries confused over the suitability of EAFTA and CEPEA as a single East Asia-wide FTA and after they were initiated, they soon were consolidated into an ASEAN-led East Asia FTA architecture called RCEP due to the excessive competition over the initiative.

3.3 Japan and FTA Networks in East Asia

3.3.1 Japan's Overall FTA Policies

In the late 1990s, Japanese economy promoted the liberalization of trade and domestic structural reform by using the help of external powers such as the United States and the GATT, the WTO, and so on. Japan succeeded in becoming one of the richest countries in the world within a short period of time. However, after the early 1990s, when the bubble and the Asia financial crisis hit Japan and Japan could not recovery and return to economic growth. Therefore, in order to improve its competitiveness, Japan decided to expand its business in overseas market by conducting FTAs.

Japan initiated a FTA with Singapore in November 2002 and the official name of the agreement between Japan and Singapore was the Japan-Singapore Economic Partnership Agreement (JSEPA). JSEPA symbolized a change in long-standing policy of pursuing trade liberalization only in a multilateral framework based on the WTO and APEC (Kawai & Wignaraja, 2007, p.6). The Economic Partnership Agreement (EPA) framework included the elements of free trade agreement but taking into account participating countries' economic levels and sensitive sectors (Yoshimatsu, 2010, p.403). Japanese comprehensive EPA not only eliminated tariff and nontariff barriers between the signatories but also direct investment liberalization, facilitation of trade, and direct investment activities, but also promoted economic and technical cooperation in various fields, such as human resource, cultivating small and medium-sized business promotion (Urata,

2009, p.47).⁸ Japan firmly deemed an EPA was greater than a FTA as it would benefit to promote the overall reform of economic structure by targeting broad area and it expected a weak and incomplete FTA containing special consideration for its sensitive sectors (Yoshimatsu, 2010, p.403; Sally, 2006, p.315).

In March 2004, Japan concluded a FTA with Mexico and finalized the discussion on a FTA with Malaysia on the same year. Along with the FTA negotiation with Mexico, negotiations for the JKFTA took a place. Furthermore, the bilateral FTAs between Japan and the Philippines in 2006, Indonesia in 2007, Chile in 2007, Thailand in 2007, Brunei in 2007, ASEAN as a whole in 2008, Vietnam in 2008, Switzerland in 2009, India in 2011 and Peru in 2011 were completed (Bilateral, 2012). As shown in [Table 3-3], East Asia nations are the potential partners of Japan's FTAs and Japan investigated the possibility of concluding FTAs with other countries not listed above, including Chile, Australia, India, New Zealand, and Canada.

[Table 3-3] Japan's FTA Propulsion Status (February 10, 2013 standard)

progress	Country	Negotiation period	Entry into Force
Take effect	Singapore	2001.01 – 2002.01	2002. 11.30
	Mexico	2002.11 – 2004.9	2005. 04. 01
	Singapore (amending)	2002.11 – 2004.11	2007. 09. 02
	Malaysia	2004.01 – 2005.12	2006. 07. 13
	Philippines	2005.02 – 2006.09	2008. 12. 11
	Thailand	2005.02 – 2007.03	2007. 11. 01
	ASEAN	2005.04 – 2008.04	2008. 12. 01

⁸ Chinese government has viewed the Japanese proposal of EPA as a ploy to win leadership in East Asia (Wan, 2008, p.366)

	Indonesia	2005.07 – 2007.08	2008. 07. 01
	Chile	2006.02 – 2007.03	2007. 09. 03
	Brunei Darussalam	2006.06 – 2007.06	2008. 07. 31
	Switzerland	2007.01 – 2009.02	2009. 09. 01
	Vietnam	2007.01 – 2008.12	2009. 10. 01
	India	2007.02 – 2010.09	2011. 02.15
	Peru	2009.05 – 2010.11	2011. 05. 31
On negotiation	Australia	2007.04 –	
	GCC	2006.09 –	
	Republic of Korea	2003.12 – 2004.11 2008.04 –	
	Mongolia	2011.11 –	
	Canada	2012.12 –	
On preparation	Colombia		
	European Union		
	Turkey		

Source: Referred to the material of Ministry of Foreign Affairs of Japan (MOFA) (2013).

3.3.2 Japan's Preferences for the JKFTA

Japan selected South Korea as its third FTA candidate and Japan had evaluated South Korea as one of the most appropriate FTA partners for three reasons. Firstly, the conclusion of a FTA with South Korea was a proper way to settle overheated competition in import markets. As of 2000, two of three major items of Japan and Korea were competing with each other in global markets: Japan's three export items were electronics (31.4%), precision instruments (22%), and automobiles (18.6%) whereas Korea's top three were electronics (39.7%), textiles (10.7%), and automobiles (8.9%) and thus electronics and automobiles were under a heavy competition (Rhyu & Lee, 2006). The Joint Study Group came to the conclusion that it is important to strengthen cooperation between the

competition authorities of the two countries which have fought to maximize their benefits from competing same exports products. The two countries' electronics, general machinery, transport equipment and parts were the common exporting goods. Since Japan was superior over Korea's goods, it had a less difficulty in opening its market and forming a FTA with South Korea.

Secondly, Japan's prolonged period of economic stagnation which Japan needed someone to help to recover. Following the experience of economical and industrial development and growth, during the early 1990s, however, Japan plunged into recession and still suffers from a continuous economic stagnation. Japan anticipated that the JKFTA would grow and secure Japan's export market as South Korea's import market had been very receptive and dependent on Japanese goods (Okuda, 2002, p.167).

Thirdly, Japan expected to transform the full-set industrial structure which produces all products by itself into the high value-added industrial structure. One country could concentrate on one part of specialized production and hand over the other specialized production to the other country. For instance, South Korea has highly depended on Japan with the intermediate exporting goods that Japan made the intermediate goods only while South Korea produced sale products. Or prioritize two countries' competitive goods, for example, Japan produces wired devices, machinery, precision instruments, steel, and metals where its products had competitiveness while South Korea prioritizes its competitive

sectors of clothing and fabric (Chung, 2001). Consequently, the JKFTA would enable both countries to make the most from their abilities which would maximize the mutual profits in the global market.

Despite Japan's substantial interests in the JKFTA, negotiations were suspended. There was a critical political reason for the suspension of the JKFTA. After launching a formal negotiation for the JKFTA at the Asia-Pacific Economic Cooperation (APEC) summit meeting in October 2003, Prime Minister Koizumi visited Yasukuni Shrine in 2004. His visit caused political tensions between South Korea and Japan and stalled the JKFTA talks. While the talk was stopped, Japan's bureaucratic politics, METI (Ministry of Economy, Trade and Industry) and MAFF (Ministry of Agriculture, Forestry and Fisheries), proposed for the regional oriented economic partnership agreement rather than promoted the JKFTA (Pangestu & Song, 2007, p.93). METI felt Japan's leadership was criticized by China but METI hoped to show Japan's headship through a regional FTA. Japan's bureaucrats thought they first of all needed to initiate the regional oriented FTA to check China rather than continuing the negotiation on a FTA with South Korea.

ASEAN and China concluded the negotiations on an ACFTA in January 2004. In November 2001, ASEAN and China agreed on negotiations of ACFTA which would enhance economic, trade and investment cooperation among the two nations and it would facilitate more effective economic integration. In 2004,

ACFTA pressured Japan to conclude a FTA negotiation with ASEAN rather than a FTA with Korea, putting an end to the JKFTA.

In January 2002, Prime Minister Koizumi made the first formal visit to Southeast Asia and proposed an initiative called the AJCEP. In October 2003, the leaders of ASEAN and Japan signed the Framework for the AJCEP during the Bali Summit and in April 2005, Japan and ASEAN then began formal negotiations on the AJCEP. After the nine rounds of negotiations, in August 2007, ASEAN and Japan reached a general agreement on merchandise for trade in August 2007. The AJCEP was Japan's attempt not to lose leadership in the FTA formation in East Asia. Japan aimed for the comprehensive EPA with Southeast Asian nations, covering investment, trade facilitation, competition policy, and cooperation in technology transfer and intellectual property, as well as conventional tariff cuts (Yoshimatsu, 2008). AJCEP has emphasized not only tariffs and investment regulations but also has aimed to construct environments cohesive to both Japan and ASEAN, incorporating cooperative elements and undertaking negotiations on each item for trade in goods in pursuit of a high-level agreement (MOFA, 2008b, p.16). This in-depth approach was aimed to differentiate its approach from the Chinese one, to approach more closely to the Southeast Asian countries.

In addition to an FTA with ASEAN as a whole, Japan sought to form an FTA with individual ASEAN members. Japan had adopted the dual track

approach which forged bilateral partnership with individual ASEAN countries along-side negotiating an agreement with ASEAN as a whole. Japan believed the swift EPAs with ASEAN or the high economic exchange with ASEAN could distance China-ASEAN's export competitiveness by exchanging the information and technology from Japan (MOFA, 2008a). Japan initially completed a bilateral FTA commitment with Singapore in January 2002. Tokyo speeded up the FTA negotiations with Southeast Asian countries after early 2004. Beginning formal negotiations with Malaysia, the Philippines and Thailand and in August 2007, Japan had signed EPAs with Singapore, Malaysia, the Philippines, Thailand, Indonesia and Brunei. In January 2007, Japan started formal negotiations for an EPA with Vietnam. Japan had formed bilateral trade relationships with almost all Southeast Asian countries, with the aim of formulating substantial EPA networks with ASEAN members, and stealing the momentum from China's EPA (Desker, 2004, p.13). Here, Japan's over concern over China who holds a lot of power in the East Asian region accelerated negotiations with Southeast Asian countries. The growing interests in ASEAN and its members who are targeted as the main actors by FTA partners have negatively impacted on the progress of the JKFTA which was halted in 2004. Since Japan and China stood in a rivalry position over the leadership role in East Asia, this has drawn Japan's interests away from the JKFTA, Japan rivaled with China in the amount FTAs conducted with ASEAN and competed over the economic influence over ASEAN.

3.3.3 Japan's Stance on an East Asia-wide FTA

As already mentioned, Japan proposed the CEPEA as a concept for an East Asia-wide FTA. In April 2006, the CEPEA was formally presented in METI's report called the Global Economic Strategy which was intended to create an EPA among ASEAN+3+3 including India, Australia and New Zealand (METI, 2006). In August 2006, during the ASEAN+3 Economic Ministers meeting, the Japanese METTI Minister advanced the launch of an unofficial study of the CEPEA. In January 2007, during the second EAS meeting, Japanese Prime Minister Shinzo Abe officially declared the deal of pursuing a 16-nation EPA and the leaders advocated a pact to form a private-level study group to investigate the idea. The final result of the research was disclosed at the EAS Economic Ministers' working lunch meeting where the leaders united in taking measures to the phase-II, private-level research.

Japan's preference on the ASEAN+6 membership including India, Australia and New Zealand in the CEPEA, was to have a progressive relation with the US (Nezu, 2010). The proposal of an East Asia Economic Community (EAEC), recommended by Malaysian Prime Minister Dr. Mahatir, met with a heavy violent resistance from the US and the US also terminated the proposal to build an Asian version of the International Monetary Fund (IMF) (Nezu, 2010). By remembering the failure of creating EAEC and IMF with the heavy resistance from the US, Japan assured that the involvement of New Zealand and Australia would decrease the hospitality of the US about Asian nations coming together and

excluding the US. Moreover, the plan of ASEAN+6 would enable Japan to counter their rival China, with the help of major developed powers like Australia, India, New Zealand, and the US.

Japan especially welcomed India's participation in the CEPEA and the start of the cooperative formation of four Working Groups to study Economic Cooperation, Rules of Origin, and Customs Procedures and Tariff Nomenclature of the region (PIB, 2010). India preferred to host the next workshop on Rules of Origin, and while discussing the future steps under the CEPEA process, Indian Minister supported Japan's paper which suggested a procedure and timeline. Both Japanese and Indian Ministers agreed that the CEPEA negotiations are currently at an advanced stage, and the negotiating teams are working hard to give it a final push (Sharma, 2010). Furthermore, India and Japan have joined to form a high level strategic partnership which allocated full potential to take advantage of the region through the bilateral trade relationships.

Japan's initiation of CEPEA along with Australia, India and New Zealand, with the launching of an intimate strategic partnership with India, was to keep an eye on China. In terms of membership of East Asia Wide FTA, Japan expected to include India, Australia and New Zealand on ASEAN+3 member countries which China did not willing to include (Shigematsu, 2006, p.25).⁹ In October 2003

⁹ "At the meeting of the second EAS in Cebu, the Philippines, China has been trying to seize the initiative in this regional undertaking by pushing for a 13-nation membership. In an attempt to prevent Beijing from calling the shots, Japan has been lobbying hard for adding India, Australia and New Zealand to this list." (Asahi Sinbun, 2007 January, p.17).

during the ASEAN+3 Summit, Chinese leader Wen Jiabao presented an idea and researched the practicability of establishing a FTA in East Asia. In September 2004, on the basis of Wen's proposal, the ASEAN+3 economic ministers agreed to set up an expert group to conduct a feasibility study of the East Asia Free Trade Area (EAFTA). The group scheduled four rounds of meeting from April 2005 to July 2006, and in August 2006, they outlined the conference for the ASEAN+3 Economic Ministers (ASEAN, 2009, p.12). In January 2007, at the ASEAN+3 summit, leaders were pleased with the outcome of the group's study and consented to South Korea's proposal to conduct the phase II study which involved the in-depth study and sector-by-sector analysis of the EAFTA. The first meeting of the EAFTA phase II study was introduced in Seoul in May 2007 (ASEAN, 2009, p.53).

This thesis asserts that China's great power emergence influenced Japan's policies and made several regional integration mechanisms. This assertion is supported by a senior METI official, who explained the objective of the CEPEA concept, stating that 'China will take the lead in +3 negotiations. We should promote +6 negotiations ahead of the curve' (Yoshimatsu, 2008, p.154).

After the launch of RCEP, Japan simultaneously participated the trade partnership called Trans Pacific Partnership (TPP). TPP was initiated by the United States, and Japan believed its participation to TPP would enable access to bigger and stronger markets such as the markets of the EU and the US, checking

China's extensive power acquisition with the help of the EU and the US (Kwon & Shin, 2011, pp.81-82). Japan could not be a relief from China by involving in the RCEP. Therefore, Japan negotiated an FTA with the United States and other major developed countries. Japan's pursuit of stronger economic partnerships in the East Asian region with the major developed countries provoked serious concern among Chinese officials. Accordingly, China became more active in operating RCEP¹⁰ and urged Japan to conclude the trilateral FTA agreement with China and South Korea in 2002 (Terada, 2012, p.4). While Japan has maintained its target of interstate cooperation in East Asia, it has sought for other regional FTAs that are more favorable to Japan over China.

3.4 South Korea and FTA Networks in East Asia

3.4.1 Korea's Overall FTA Policies

Until the 1990s, South Korea's trade had been developed under the multilateral trading system. In 1967, Korea signed GATT and was incorporated into the multilateral trading system. South Korea could reduce tariffs and non-tariff trade barriers and achieve the export-led economic growth by the eight rounds of multilateral trade negotiations.¹¹

¹⁰ China in particular was extremely active in support of RCEP. According to the data from IMF, the GDP share of potential RCEP members, China took the highest percentage of 37% (Jin, 2013).

¹¹The multilateral trade negotiations applied to negotiations of the General Agreement on Tariffs and Trade (GATT). The eight GATT sessions were *1st Round*: Geneva Tariff Conference, 1947; *2nd Round*: Annecy Tariff Conference, 1949; *3rd Round*: Torquay Tariff Conference, 1950-51; *4th Round*: Geneva Tariff Conference, 1955-56; *5th Round*: Dillon Round, 1960-61; *6th Round*: Kennedy Round, 1963-67; *7th Round*: Tokyo Round, 1973-79; *8th Round*: Uruguay Round, 1986-94.

In the second half of the 1990s, major Asian countries began to participate actively in regional trade and with this trend the Korean government turned its multilateral trading policy to the FTA policy. In 1998, the Kim Dae-Jung administration spurred the neoliberal political regime, under the pretext of the 1997 IMF Crisis. Kim's administration prioritized the countries with the relative disadvantage in competitiveness in their national capitals and business structures. Chile, New Zealand, Thailand, and Mexico were geographically distant countries from Korea but South Korea signed the FTAs with these countries as it could capitalize over the superiority on the manufacturing sector and could minimize the domestic costs for FTAs as these countries had low competitiveness in their industrial structures. Moreover, these countries were the representatives of the agricultural product exporting countries that Seoul's Chaebol could expand their "strategic export goods and business" more effectively.¹² Moreover, trade with these countries was modest in size that the government did not have to worry about the big national impact that comes along with a FTA.

The Roh Moo-Hyun administration in 2003 started several FTAs, setting a goal of becoming the financial hub of the Northeast Asian region. President Roh built the strategic FTA network, expanding the FTAs with major economic and resource-rich countries around the world. This systematic and comprehensive policy was called "FTA Roadmap" and preceded to "simultaneous FTA promotion" (Kang, 2009). The *FTA Roadmap* set in September 2003 by president

¹² These were Iron, steel, petrochemical, semiconductor, automotive, shipbuilding, electronics, and retail business.

Roh Mu Hyun led toward the Northeast Asian region's peace, cooperation and expansion of FTAs with other regions. The major direction for President Roh's FTA was to pursue the FTAs with huge advanced economies and emerging market countries with rich resources while promoting multi-simultaneous FTAs (Park, 2011). South Korea also selected small countries which may cause little to no damage on the domestic industries. Chile was one of the small countries where Korea liked it as a FTA partner. Chile had a different industrial structure to South Korea that their industries were very complementary- Chile was abundant with natural resources while Korea's industrial structure consisted of manufactured goods (Cheong, 2002, p.26). Most of South Korea's FTAs were propelled during Roh's presidential tenure. Besides the FTAs with Chile and Singapore, FTA effectuation of sixteen countries and FTA negotiation with twenty nine countries were done by the president Roh: EFTA(2005), ASEAN (2005), Canada (2005), Mexico(2006), India(2006), the United States (2006), the EU(2007) (Lee, 2011, p.225).

Based on these policies, Korea brought four FTAs into force with fifteen countries and particularly concluded FTAs with the US, the EU, and India to strengthening South Korean trade. In 2006, the Trade Minister of Korea flew to the United States and declared the US-Korea FTA initiation and simultaneously promoted FTAs with many other countries. President Roh's FTA strategy managed to recover the delayed FTA and speed up the process of globalization. President Roh achieved four of Korea's FTAs, went into force and concluded

three FTAs while waiting for the domestic ratification and six FTA negotiations are in process. [Table 3-4] shows the four FTAs that went into force are Chile, Singapore, EFTA, and ASEAN and the negotiations on FTAs with the EU, the US, India Canada, Mexico, GCC, Australia, New Zealand, and Peru were preceded well during his presidential term.

[Table 3- 4] South Korea's FTA Propulsion Status (February 10, 2013 standard)

Progress	Country	Negotiation period	Entry into Force
Take effect	Chile	1998.11 – 2002.10	2004. 04. 01
	Singapore	2002.11 – 2004.11	2006. 03. 02
	ASEAN	2003.12 – 2009.08 (2003.10 – 2006.04 (Product) – 2007.11 (Service) – 2009.09 (Investment))	2009. 09. 01 (2007. 06. 01 (P) 2009. 05. 01 (S) 2009. 09. 01(I))
	India	2004.10 – 2009.02	2010. 01. 01
	United States	2004.11 – 2011.11	2012. 03. 15
	EFTA	2005.01 – 2005. 12	2006. 09. 01
	Peru	2005.11 – 2011.06	2011. 08. 01
	EU	2006.05 – 2010.10	2011. 07. 01
	Reach agreement	Turkey	2008.06 – 2012.11
Columbia		2009.03 – 2012.06	
On negotiation	Canada	2004.11 –	
	China	2004.09 –	
	China-Japan- Korea	2009.10 –	
	Vietnam	2010.06 –	
On preparation	Mexico	2000.05 –	
	MERCOSUR	2004.11 –	
	Australia	2006.12 –	
	New Zealand	2006.12 –	
	GCC	2008.04 –	
	Japan	2008.06 – (1998.11 – 2004.11)	

	Israel	2009.05 –	
	Middle East	2010.10 –	

Source: Referred to the material of Ministry of Foreign Affairs and Trade (MOFAT) (2013)

Lee Myung-Park administration from 2008 to 2013 presented the goal of extending the Roh administration’s FTA aim of becoming the hub country in Northeast Asia. President Lee supported Korean companies’ global market maintenance and to maximize the effectiveness of FTA. He adopted the US FTA model, not only eliminating tariffs of goods, but also service, investment, government procurement, intellectual property rights, and technical standards. Thus Lee administration promoted the comprehensive FTA orientation.

As shown above, some of the strategies that the Korean presidents used for FTAs have been high-level FTAs with major developed economies, particularly with the US. This thesis has arranged Korea’s FTA strategies into four big categories. First, South Korea FTA strategy has been multi-simultaneous in the choices of priority and destination of countries. This was to retrieve the receded FTA progress by reducing Korean corporate opportunity costs, offsetting negative negotiation effects and maximizing the overall profit. Second, South Korea’s ultimate FTA goal is to sign the FTAs with major developed economies. Among the major developed economic countries, the US was set as the priority in negotiating for a FTA. As Korea’s FTA primary stemmed from securing the existing export markets and stabilizing the supply of export markets in the advanced economy countries were essential to be its major trading partners. Third, the Korean government has aimed to pursue the high leveled comprehensive FTA

strategy. South Korea's another key reason of beginning FTAs was to liberalize and to open the markets in order to strengthen the economic fundamentals and advance the systems. Eventually, the high leveled FTAs with major economy trading partners in multi-simultaneous promotion is Korea's eventual ambition, but in the consideration of priority, the US which takes first priority (Lee, 2011, pp.227-228).

3.4.2 Korea's Preferences for the JKFTA

South Korea initially had a positive consideration in setting Japan as its FTA partner with its geographic proximity, an advanced economic system, and being the only two WTO member countries where excluded from concluding FTA with each other (Cheong, 2001b, p.93). Consequently, Japan and South Korea agreed on beginning the FTA negotiations in 2003, aiming to settle the JKFTA in 2005. However, South Korea's positive perspective on the JKFTA gradually faded away with Prime Minister Koizumi's visit to Yasukuni Shrine and South Korea was skeptical to losses and gains from the FTA. Japan and South Korea conducted a joint research and continued FTA negotiations step by step. During this process, the Korean government realized the high possibility of the JKFTA deteriorating Korea's products and benefits when comparing Japanese tariffs to South Korean tariffs. Japanese tariffs on goods were significantly lower than South Korea's. Korea's tariff on manufacturing was around 5 to 7% but Japan did not impose any tariff on manufacturing cars, vehicle parts, and electronic products and imposed low tariffs of 0 to 2% to other manufacturing products such as

refined products, chemicals, rubber, plastics, steel, and etc (KIEP et al., 2002, pp. 3- 4).

Furthermore, until the early the 2000s when the JKFTA negotiation was halted, Japanese export commodities were superior over Korean export commodities. However, South Korea had very similar export commodities with Japan such as computers, semiconductors, wireless telecommunications equipment, consumer electronics, automotive, steal, rubber and tires. They were inferior in almost all of items (KIEP et al., 2002, p.6). South Korea worried about losing its position in the global market by losing the competition with Japan's manufacturing commodities. Korea believed the superior Japanese manufacturing goods would outpace its domestic goods and eventually Korea's manufacturing goods could not develop further and be dependent on Japan's export goods.

Besides Japan's superior manufacture, the impact of South Korea's industry on the Japanese economy was considerably lower than that of Japan's industry on the Korean economy. The international industry input-output study by the Institute of Developing Economies (IDE) showed that the maximum effect the Korean industry had on the Japanese industry was 0.050 (electric, electronic, and mechanic) while the maximum effect of the Japanese industry was 0.103 (electric, electronic, and mechanic), implying that South Korea had two times higher dependency on Japan than Japan depended on Korea (Choi et al., 2008. pp. 59-60). South Korea was highly dependent on Japan's intermediate goods (materials) and

capital goods (manufacturing facilities) which were used to produce Korea's key export commodities (KOTRA, 2009). South Korea had a high dependency on trading goods with Japan that South Korea worried about the JKFTA which Japan could take advantage over South Korea.

An equally important factor that obstructed the JKFTA conclusion was South Korea's global-oriented FTA strategy. Since 2003 when President Roh Moo-Hyun proposed the road map for FTAs, South Korea has planned the multi-track FTA strategy and comprehensive FTA with major economic powers such as the United States and the European Union (MOFAT, 2006). South Korea believed the FTAs with the US and the EU would accelerate Korea's market oriented reforms, upgrade its economy, and help to overcome the possible scenario of Korea being sandwiched between Japan and China (Koo, 2011, p.10).¹³ The access to the US and the EU markets was believed to be helpful in strengthening South Korea to compete with its counterparts, China and Japan (Woo, 2007, pp.126-127).¹⁴ Besides, South Korea has had a structural trade deficit with Japan with the high-value-added components and machines. Accordingly, Seoul struck the free trade deals with both the US and the EU in order to drag its feet from the

¹³ President Roh asserted in the speech to Korea Chamber of Commerce and Industry on March 28, 2006, "China is surging. Japan is reviving. Trapped between China and Japan, South Korea desperately needs to develop a strategy to cope with current challenges. One of the most effective ways to accomplish this goal is to improve our country's competitive edge against China and Japan in the U.S. market by concluding a KORUS FTA" (Koo, 2009, p.190).

¹⁴ At the ceremony for the conclusion of Korea-EU FTA negotiations on July 13, 2009, President Lee expressed his hope and belief that South Korea's lagging service industry would benefit from freer trade with the EU as a powerhouse of the global service industry, accounting for 46.5 percent of global trade in services (*Chosun Ilbo*, 2009).

negotiation with Japan for fear of an increase in the deficit. In addition, under the global-oriented FTA strategy frame, South Korean companies like Hyundai Motor and Samsung Electronics have achieved the great success in the world market and have preferred the free trade deals with America or Europe rather than with Japan (Asahi Shimbun, 2010).¹⁵

3.4.3 Korea's Stance on an East Asia-wide FTA

South Korea has intensified FTA activities extensively and interactively. South Korea concluded eight FTAs with forty-five countries and negotiations are under way for eight new FTAs with thirteen additional countries including the FTA with China (Chae, 2012). Moreover as shown in the [Table 3- 4], a majority of South Korea's FTA partners are from outside of the region, especially huge economies like the EU and the US. Being a country with lack of natural resources and with a small domestic market, it has sought for the markets with the cheap raw materials and processed them into high value-added products for sale in the global market. Thus South Korea has primarily shown interests in the economic cooperation and free trade agreements with major economic powers to enhance its market competitiveness rather than under developed countries (MOFAT, 2003).

Except for two advanced economies, Japan and South Korea, East Asian countries are developing nations. South Korea which has highlighted FTAs with

¹⁵ The Asahi Shimbun. 2010. "EDITORIAL: Free trade talks", August 20. Available: <http://www.asahi.com/english/TKY201008200278.html>

large economies with the aim of expanding the country's substantial economic growth and preferring FTAs with advanced economics, Japan and the rising China, over negotiating an East Asia-wide FTA which is comprised of developing countries. Moreover, the trilateral Cooperation Secretariat and various trilateral/tripartite processes were actively engaged by the Korean government. The analysis conducted by the Korea Economic Research Institute (KERI) reported that South Korea's FTA strategy in East Asia has focused on a CKFTA or China-Japan-Korea FTA (CJKFTA) rather than on an East Asia-wide FTA. The Korean government has placed CKFTA as priority number one, CJKFTA, JKFTA, ASEAN+3 FTA, ASEAN+6 FTA (RCEP), and TPP as the lowest priority of Korea's FTA strategy in East Asia (Choi & Lee, 2010, p.21).

The second reason for Korea's lack of coordination in an East Asia-wide FTA relates to Korea's rivalry towards Japan. Korea's rivalry has deterred its keen participation on an East Asia-wide FTA. Currently, the greater economic integration in East Asia is led by the US's initiative called TPP and ASEAN's centered RCEP. As noted earlier, the RCEP was a conversion of China's initiative ASEAN+3 (EAFTA) and Japan's initiative ASEAN+3 (CEPEA). Regarding RCEP, South Koreans have been reluctant to join RCEP with the doubt on its initiative. RCEP is an ASEAN-led trade agreement linking the economies of 16 Asia-Pacific countries but Japan's overwhelmingly active participation in RCEP made Koreans to believe Japan was merged to ASEAN's East Asia economic integration scheme under the name of RCEP to regain its initiative in the East

Asia region (Cheong, 2013). Moreover, KERI viewed the Japanese government as having a strong support for RCEP from the background thus reflecting Japan's policy direction (Choi & Lee, 2012, p.52). Korea's suspicion stemmed from Japan's ironical attitude in that Japan has maintained the highest tariff and non-tariff barriers in various goods to protect its domestic goods while it began and lead the discussion of RCEP with ASEAN which requires no tariff and non-tariff barriers in goods and services among states (Lee, 2012a; Lee, 2012b). South Korea's check on Japan began since when Japan initiated CEPEA. South Korea did not want Japan to take the lead in East Asian regional economy integration that it did not show interest in CEPEA. Accordingly, South Korea has preferred to support China's initiative EAFTA rather than supporting Japan's initiative CEPEA due to its concern over Japan holding a bigger power in the East Asia region.

Regardless of Korea's low interest in an East Asia-wide FTA, South Korea made a great contribution to the Chinese initiative EAFTA, implying Korea's rivalry toward Japan. On January 14, 2007, President Roh Moo-hyun agreed to take a multi-faceted plan for regional cooperation in East Asia with the ten members of ASEAN, Chinese Premier Wen Jiabao, Japanese Prime Minister Shinzo Abe and at the 10th ASEAN+3 summit suggested "ASEAN+3 Science Center" establishment to raise the regional scientific cooperation. In this summit, President Roh presented the idea of having technical personnel who will be the driving force of the EAFTA (Younhap, 2007). Moreover, before the formation of

EAFTA, Korean President Kim Dae-jung originally proposed the idea to establish East Asia Vision Group (EAVG) and East Asia Study Group (EASG) which played a significant role in promoting the proposal of EAFTA (MOFA, 2003). In addition, in December 2007, South Korean ambassador to China, Lee Kyu-hyung, resolutely proposed South Korea's prioritization of concluding a FTA with China, "We would like to accelerate bilateral free trade talks with China" (Kim 2012).

Third, Korea's important FTA partner has been the US and currently South Korea is deeply concentrating on concluding a FTA with China. With Korea's intention to obtain market competitiveness in the East Asian region to compete with Japan, Korea regarded the two countries as its key FTA partners. The Korea-US FTA has significantly benefited Korea's economy by increasing Korea's export and foreign investment and creating jobs. Furthermore, by signing a FTA with China, the Korean government has anticipated gaining further economic advantages with the large Chinese market. As a result, in East Asian regional economic integration, where two major economic integration initiatives called TPP and RCEP present, Korea has to balance well between the two initiatives in order not to offend the either country. The US initiated TPP and the US rejected China from joining TPP. On the other hand, China is a member of RCEP. With two countries' counter economic integration directions, Korea could not take a clear stance on an East Asia-wide FTA.

3.5 Conclusion

East Asia has benefited by concluding FTAs. FTAs enabled East Asian markets to be liberalized, and their economies to be integrated. Along with the emergence of regionalism, East Asian countries attempted to establish a region-wide FTA, but the region-wide FTA has not achieved. This chapter identified a main factor that has influenced the slow advancement in East Asia-wide economic integration, in terms of Japan and South Korea's rivalry and differences in the target of interstate cooperation.

Japan's rivalry towards China has aroused Japanese anxiety over China. Japan worried over losing its leading position in East Asia. By experiencing Japan's world second largest economy status replacement by China, Japan has feared to get left behind by the fast-rising China. Consequently, the Japanese bureaucrats initiated a regional oriented FTA once China concluded FTA with ASEAN on January 2004. Japan has unceasingly checked China to keep up with China. Japanese emphasized to construct a cohesive Japan-ASEAN economic relation by adopting a dual track approach which has forged bilateral partnerships with individual ASEAN countries alongside with negotiating an agreement with ASEAN as a whole. Japan's rivalry towards China over the leadership role in East Asia has drawn Japan's interests away from the JKFTA which has distanced Japan away having a relationship with South Korea, another important power nation.

South Korea's rivalry towards Japan stemmed from its overlapping industrial structure, very similar export commodities, and the high possibility of losing its market position from Japan. From Korea, Japanese commodities were superior to Korean exports. Moreover, Korean export products have had relatively high tariff rates; less advanced manufacturing goods; and a high dependency on Japan's export goods. Therefore, Korea has concluded FTAs with huge economies like the EU and the US from outside of the region to enhance its market competitiveness.

Furthermore, Japan and South Korea's lack of cooperation in an East Asia-wide economic integration also relates to the two countries' differences in the target of interstate cooperation, which refer to Japan's interest in an East Asia-wide interstate interaction while South Korea's target of Northeast Asia interstate coordination and global-oriented cooperation. Japan's interest in an East Asia-wide economic cooperation made Japan initiate an East Asia-wide economic partnership called Comprehensive Economic Partnership for East Asia (CEPEA), Regional Comprehensive Economic Partnership (RCEP), and the Trans Pacific Partnership (TPP). South Korea, on the other hand, has targeted major powers outside of East Asia for its interstate cooperation and Northeast Asian countries. South Korea has particularly highlighted FTAs with the EU and the US and in the current world economic market which is the focus in China.

CHAPTER 4: JAPAN AND SOUTH KOREA'S INFLUENCE ON ENVIRONMENTAL REGIONALISM

4.1 Introduction

East Asia has faced various environmental degradations with the development of industrialization- green house gas emission, global warming, climatic disasters, fresh water contamination, deforestation, transboundary air pollution, and other environmental problems. The atmospheric deposition of acidity became one of the region's major environmental problems, causing various adverse effects on the environment such as damaging forests and agricultural crops as well as causing human health problems. Sulfur dioxide (SO₂) and nitrogen oxides (NO_x) were the two most significant atmospheric pollutant causing industrial pollutants, produced by coal for electric powers, industrial activities, and vehicles. Moreover, this atmospheric deposition of acidity, which has the nature of spreading transboundary, spreading from one country to its neighboring countries, has made the resolution of the pollution complicated. Not only are scientific approaches in monitoring pollutants needed but political negotiations among governments are also extremely complicated.

The atmospheric pollution in East Asia has been gradually rising. The level of emissions of air pollutants within the region has predicted adverse effects and its transboundary nature have made countries to urgently seek for solutions to the problem. Consequently, countries initiated multilateral talks on the transboundary pollution and confirmed their willingness to reinforce international

cooperation activities to combat the air pollution. For instance, Southeast Asian countries adopted the Cooperation Plan on Transboundary Pollution in 1995, the Regional Haze Action Plan in 1997, and are currently negotiating on an ASEAN transboundary haze (Takahashi, 2002, p.222). Moreover, there are particularly two important environmental institutions to tackle transboundary air pollution problems. First is the Japanese Ministry of Environment initiative *Acid Deposition Monitoring Network in East Asia (EANET)* and second is the South Korean National Institute of Environmental Research (NIER) initiative *Long-range Transboundary Air Pollutants in North East Asia (LTP)*.¹⁶

Among the regional initiatives to promote environmental sustainability and to protect human health in the East Asia region, Japan's initiative in EANET has provided most useful inputs in preventing or reducing adverse impacts on the environment by covering the wide range of East Asian participants. It contributed to the transboundary air pollution management by adopting pollutant reduction strategies and utilizing monitoring station networks, computer-based models of atmospheric dispersal, and chemical processes (DiGiovanni & Fellin, 2002). However, regardless of EANET's substantial involvement in regional environment improvement, it has failed to progress further as a cooperative regional institution.

¹⁶ * *The Acid Deposition Monitoring Network in East Asia (EANET)* is an intergovernmental initiative to create a common understanding on the state of acid deposition problems in East Asia (sited: <http://www.eanet.asia/>).

* Long-range Transboundary Air Pollutants in North East Asia (LTP)

This chapter aims to examine EANET and analyze how Japan and South Korea's interactions and interests have influenced EANET development. EANET as an entity of 13 member states has been involved in many issues regarding the acid deposition monitoring and dissonance among member states. However, like the previous chapter, Japan and South Korea's relations significantly have disrupted the advancement of EANET, a regional cooperative mechanism.

4.2 Transboundary Air Pollution in East Asia

Transboundary air pollution refers to the pollution that is created in a country and crosses into other countries' borders, damaging their environments. This mobile air pollution has caused serious environmental problems in East Asia such as *Asian dust* and *acid deposition* which are two major transboundary air pollutions of the region.

First, *Asian dust* is a high speed dust storm from Mongolia, Northern China, and Kazakhstan which passes over to Northeast periodically during spring (Zhang et al., 2003). Asian dust became a serious regional problem during China's rapid industrialization. The industrialized China has produced enormous amount of industrial pollutants and these pollutants mixed with seasonally blowing dusts have travelled to the east side of China. In case of South Korea, high level of pollutants was observed in dusts when Asian dust arrived from China. The level of pollution during the Asian dust period was sometimes higher than that of local pollution period (Choi et al., 2001; Park et al., 2007).

Every spring, Asian dust has made the East Asian sky hazy with dust and caused various health problems, including sore throat, asthma, and death (Chen et al., 2004). Beyond the negative effects on human health, dust storm also has been associated with desertification of the East Asia region, particularly China, Japan, Korea, Mongolia, and Russia (Brown, 2003). Countries geographical proximity and harsh influence of transboundary air pollution required a region wide treatment for common environmental issues. As a result, China, Japan and South Korea initiated a multilateral environmental cooperation in the region called the Tripartite Environment Ministers' Meeting (TEMM) in 1999 (MOE, 2013). TEMM was held annually and discussed regional environmental issues of dust and sandstorms, transboundary air pollutions, climate change, marine debris and in the 2007, TEMM members agreed to carry out the joint research on dust and sand storm (Asian dust)(OECD, 2009, p.127).

Second major transboundary air pollution issue in East Asia is regional acid deposition. The massive amounts of acidification by coal power plants, industries, automobiles, and coal stoves for domestic use were absorbed into rain, snow, fog, and gases which have caused negative impacts on the ecosystems, environment, and human health in East Asia as the acid has moved to the surrounding areas across the border (Chueinta, 2005). For instance, Japan estimated that China's massive energy consumption with its rapid industrialization contributed to 50% of the Japanese total sulfate deposition during 1990s (Ichikawa& Fujita, 1995, p.192).

In 1989, a Japanese national survey reported that more sulfur dioxide was found all around Japan than originally emitted and scientists hypothesized this sulfur emission was transported from China and Korea to Japan (FBIS, 1992; Fujita, 1997, p.6). Accordingly, Japan took the initiative on transboundary acid deposition problem to which Japan motivated East Asian countries to collaborate regionally to effectively address this problem. In 2001, Japan-initiated EANET was established by following the model in Europe (EANET, 2010a).

4.3 EANET Outline

EANET was established under the leadership of Japan to improve East Asian countries' severe acid deposition condition. Japan's environmental Official Development Assistance (ODA) which has played a major role in East Asia environmental cooperation since the 1980s launched EANET project. EANET has become one of major regional environmental institutions in the East Asian region as a typical Asian Regional Environmental Institution (REI), which is not long, not legally bounded, and has voluntary commitment. Regardless of its significance, EANET had to face challenges in overcoming constraints over finance, different national interests, and no stable institution. Therefore, EANET has not had full cooperation among East Asian countries but its significant environmental damage monitoring enabled thirteen East Asian countries- Cambodia, China, Indonesia, Japan, Laos, Malaysia, Mongolia, Philippines, Republic of Korea, Russia, Thailand, and Vietnam- to join. A slow and steady progress in East Asian integration has been made over past twenty years via

understanding and monitoring transboundary air pollution (ACAP, 2010a). Although it has been a subtle cooperation among the East Asian nations, if East Asian countries can overcome interest-based barriers through this cooperation, in the future, EANET will become the first formal regional institution to deal with a shared environmental problem in the region.

4.3.1 EANET Development

In 1972, the United Nations Conference on the Human Environment enhanced regional-level environmental cooperation and the United Nations Economic Committee for Europe (UNECE) achieved one of the most successful regional initiatives through the Convention on Long-range Transboundary Air Pollution (LRTAP). This convention helped member states to regulate the specific pollutant emissions and its success also gave an impetus to the collaboration of other regions. The East Asian region was not an exception, as East Asian countries adopted the European model of regional environmental cooperation.

The development of EANET has three parts: early stage, preparatory activity stage, and regular activity stage. The early stage began in 1993 when East Asian countries became aware of the risks and problems of excessive atmospheric acid deposition via the report from World Bank which estimated that the regional sulfur dioxide emission would be tripled and cause more critical risks if conditions remained the same. Japan organized four expert meetings to discuss the condition of East Asia acid deposition from 1993 to 1997. The experts who

participated in these meetings agreed on the necessity of a regional monitoring network with standardized monitoring methods and analytical techniques.

The second stage of preparatory activity began in 1998 based on the shared recognition at the early stage. In this stage, the main objectives, activities, institutional and financial matters were mainly discussed. The three objectives of EANET approved at this stage were 1) examining the feasibility of designed network activities, relevant guidelines, and technical manuals; 2) providing time for participating countries to develop their national monitoring systems; 3) providing recommendations for the improvement of the network (Matsuoka, 2010, p.18).

The first session of Intergovernmental Meeting (IG Meeting) began in 1998, initiated by the Japanese government with nine member states and included China as an observer (Lee, 2011, p.62). Throughout the meetings, participants agreed on strengthening acid deposition to cover chemical components and establishing a regional monitoring network. Namely, EANET raised the awareness of keeping the common understanding of the problem in East Asia by cooperating on the issues related to acid deposition; and providing information and education on a local, national, and regional levels in regards to the severe impact of acid deposition and the way to prevent or reduce the impact of acid deposition on the environment (ACAP, 2010b).

From the third session of IG meeting in 2001, the regulatory-phase activities have taken a place along with annual meetings of inter-government and scientific advisory committees. In this stage, EANET adopted the objectives of sharing common understanding in East Asia with the acid deposition problems, providing useful inputs to prevent and reduce adverse effects from acid deposition on a local, national, and regional level, and contributing to the cooperation of participating countries on the issues related to acid deposition (Matsuoka, 2010, p.19). They agreed to fix the regulatory intergovernmental meetings, the Scientific Advisory Committee, the Secretariat, and the Network Center to promote network activities through the communication, coordination, and collaboration of the participating countries (Lee, 2011, p.64) and to agree on the amount of sulfur dioxide emission and reductions (Hyun et al., 2005, p.103).

On the fourth session of IG meeting in 2002, EANET examined and formulated its institutional framework and at the fifth IG meeting in 2003, EANET began to look beyond its primary role of monitoring acid deposition, but sought for the institution's further development and effective operation by establishing the Working Group on Future Development of EANET (WGFD). The main purpose of WGFD was to check on the Secretariat and the Network Center in their administrative and financial management performances. The fifth session of IG meeting pointed out the heavy burdening of financial support on Japan and agreed that other member countries should make an effort to provide financial support for the Secretariat (EANET, 2003).

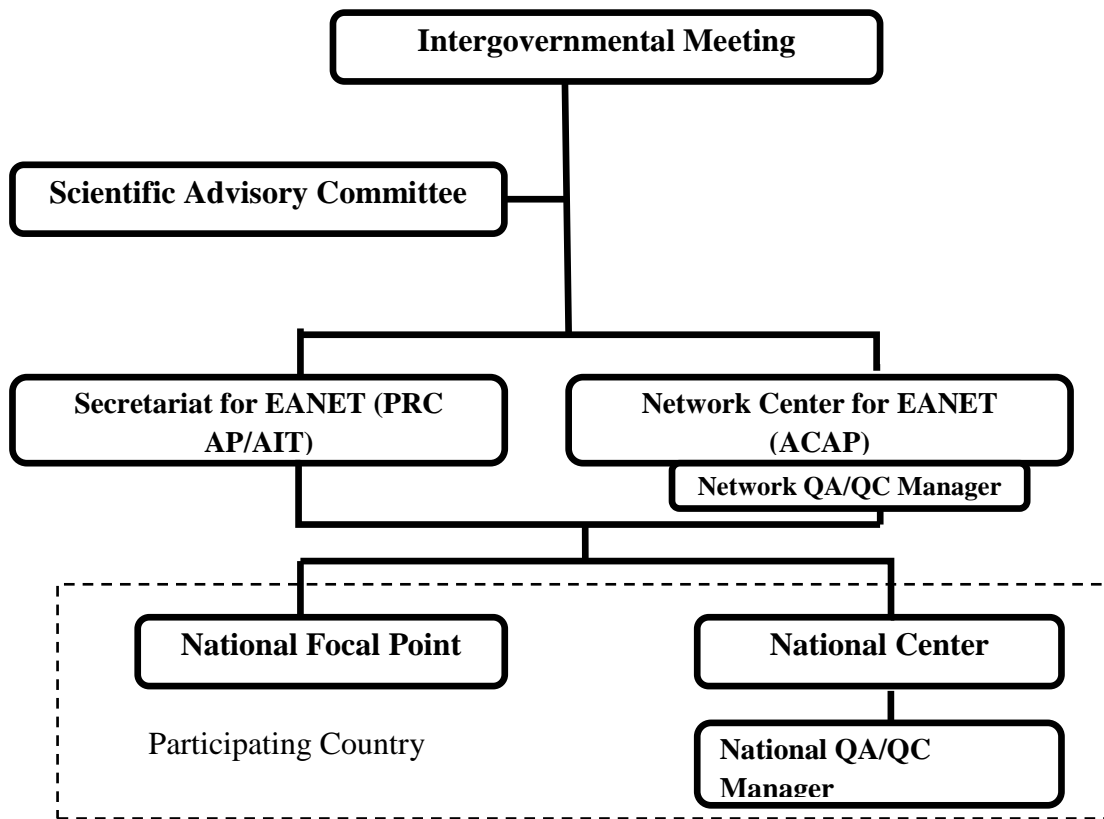
The number of countries participating in EANET increased to thirteen in 2005 and the countries firmly discussed about providing the sound basis for administrative expenditure contribution to EANET and to report the result on the tenth session of the Intergovernmental Meeting (EANET, 2005). In the eighth IG meeting, five-year medium term plan for EANET's development was adopted with EANET Scientific Advisory Committee's periodical reports; on the ninth session of Intergovernmental Meeting, the Scientific Advisory Committee of EANET created a new subsidiary body; and on the tenth Intergovernmental meeting, an agenda modification took a place to strengthen EANET. The first change was the "*Consideration on Work Program and Budget of EANET*" to "*Review on Work Program and Budget of EANET*". By reviewing the progress and function of EANET, member states agreed on improving the transparency of EANET and expanding the scope of EANET operations in order to strengthen it (EANET, 2011). As of 2013, far fourteen intergovernmental meetings were carried out cooperatively monitored the regional acid deposition.

4.3.2 EANET Framework

EANET being a regional cooperation program has five main bodies. First is the main decision-making body called the *intergovernmental meeting*; second is the *Scientific Advisory Committee* where provides scientific advice and creates scientific reports under the intergovernmental meetings; third is the *Secretariat* where is authorized to support network activities and collaborate with participating countries' national centers, national focal points, and national quality

assurance/ quality control (QA/QC) manager; fourth is the *Network Center* where Japan's Acid Deposition and Oxidant Research Center (ADORC) is in charge; and fifth are *National Focal Points, National QA/QC, and National Center* (MERK, 2006; EANET, 2010b).

[Figure 4.1] Institutional Framework for EANET



Source: Institutional Framework for EANET in <http://www.eanet.asia/eanet/org.html>

4.3.3 EANET Major Activities

International environment cooperation in East Asia is still in its early stage due to the countries' lack of acknowledgement of urgency in their environmental pollution and has a lower emphasis on purifying their environment

over the development of their countries. However, the establishment of EANET contributed to cleanse and eliminate East Asian countries' fundamental environmental problems. East Asian countries used to have a difficulty in measuring the amounts of pollutant and recognizing and understanding causes and effects of acid deposition. Moreover, due to the lack of resources in monitoring air pollution in developing countries and lack of common air pollution monitoring methods between countries, countries were not able to handle problems regarding environmental pollution. However, six major activities carried out by EANET enabled East Asian countries to prevent and reduce the harmfulness of acid deposition. The six major activities conducted by EANET were first, the deposition monitoring which reviews monitoring plans of member states and implements common monitoring method; second, the evaluation or review of national monitoring data as well as the issue of annual and periodic reports; third, the promotion of quality control or EANET program; fourth, the assistance in technology and capability building; fifth, the promotion of research and studies regarding acid deposition problems; and sixth, notifying the public to participate in the activities of EANET. Concisely, EANET has adopted three processes of regional networking, promotion of good governance and implementing concrete measures (Miyazaki, 2011, p.2), which have been the driving force of this institution.

These major endeavors of EANET enhanced the public's awareness on acid deposition issues through the annual EANET Workshop on Public

Awareness on acid deposition problems and the importance of community. EANET improved the environment of the region by raising capacities in monitoring and assessing acid deposition through the Japanese assistance in monitoring, laboratory operation, data management, and personnel training. A number of scientific research projects were conducted in collaboration with member countries by using the standardized monitoring methodologies and central data collection system (Miyazaki, 2010, p.13).

4.3.4 EANET Challenges

Despite EANET's great performance in monitoring and various activities, EANET has faced two major challenges. The first challenge has been the institutional operation and the second challenge has been that other member countries' prevention on Japan from taking a leading position in EANET. The first challenges in the institutional operation stemmed from the different levels of financial and technical knowledge of the member states, different understandings of the environmental problems (Brettell & Kawashima, 1998). Shortage of human resources and limited funding in institution are two major difficulties in institutional operation. The shortage of human resources refers to the short supply of people who are able to collect national monitoring data and to coordinate with the Secretariat and Network Center. For instance, Japan and South Korea maintain high levels of human resources at their national network centers and monitoring centers but other participating countries are short of hands. Highly educated personnel are needed at EANET to carry out the institutional circulation. Without

people who can monitor and measure the acid deposition in each participating country, EANET can hardly operate fully as an intergovernmental institute.

EANET funds have been paid voluntarily by participant countries which amount to around US \$1 Million, annually (Roman, 2009). This voluntary financial contribution has not been sufficient to maintain this intergovernmental network as most East Asian countries shifted their financial responsibilities to Japan by having a lower national budget thus justifying Japan's financial sponsorship. Most East Asian countries are developing countries and a number of East Asian countries have believed Japan's coverage of EANET funding is inevitable duty with its past historical offenses. Especially those who were occupied by Japan considered it as Japan's responsibility on funding as the compensation for its inhumanity over the history. Despite being a founder of EANET and a victim of transboundary air pollution from China, Japan has to cover most of EANET's operational fees. Since the fourth session of IG meeting in 2002, China has provided funding to EANET and other member countries also became more cooperative in discussing over the issues of financial management but still more active contribution to EANET funding is necessary for its continuity.

The second challenge is the other member countries' prevention of Japan taking a leading position in EANET. Japan's performance in EANET has been watched by other East Asian countries, sometimes being criticized. Korean

Ministry of Environment raised three major issues on Japan's involvement in EANET operation (MERK, 2006, p.43):

1) EANET organization and system are similar to the European Monitoring and Evaluation Programme (EMEP)¹⁷ but it has been operated differently, a sided by a particular country. The Secretariat of EANET is installed in United Nations Environment Programme (UNEP) Regional Resource Centre for Asia and the Pacific (RRC. AP), but Japan is in charge of framing agenda and meeting materials. In other words, the agenda related to financial division and regional agreements are not proposed by the formal meeting but by Japan's random inclusion on the agenda.

2) EANET's Science Advisory Committee is a yearly conference and it has limitations in supporting technology to the network center. Therefore, the task forces, experts from member countries gathering and performing tasks, and expert network have played a very important role in the Science Advisory Council operation. However, the network center substantially writes the report while the only role for the task force and expert network is to approve it. In order to ensure the fairness of the network, task force and network center has to share the responsibility and authority in performing a given task.

3) Besides one Network Center deputy director, all other personnel are from the Japanese Ministry of Environment, Niigata Prefecture Environmental Research Institute, and Acid Deposition and Oxidant Research Center (ADORC) personnel. The replacement in experts is very rare in that it is difficult to find more professionals in EANET.

¹⁷ EMEP is a scientifically based and policy driven programme under the Convention on Long-range Transboundary Air Pollution (CLRTAP) for international co-operation to solve transboundary air pollution problems. <<http://www.emep.int/>>

The failure in the binding of institutionalization in the East Asian environmental cooperation has been common with unequal distribution of power between different countries (Jho & Lee, 2009, p.42). Countries who felt like it was unfair that a particular country gain more power did not cooperate. EANET is a typical case that shows transnational efforts do not always lead to cooperation due to unequal power distribution. Conflicts that occur during cooperation are hard to mediate and in the process of EANET development, mainly two countries, Japan and South Korea, have had nonstop disagreements over the functions of EANET. As shown in the Korean Ministry of Environment proposal, South Korea has criticized Japan's monopoly of power in EANET. South Korea has shown the less amount of motivation in participating EANET's activities and has established another transnational environmental mechanism to face off against Japan's lead of regional environmental cooperation. Along with South Korea, China also has shown an uncomfortable feeling toward Japan's initiative of regional level environment protection, assuming that Japan has a concealed purpose of holding regional environment governance initiatives.

4.4 Japan and EANET

4.4.1 Japan's Policies for Transboundary Air Pollution

Industrialization caused the environmental pollution in Japan. In 1960, an industrial city in Mie Prefecture named "Yokkaichi City" was damaged by serious air pollution and local residents suffered from asthma and respiratory diseases (Fukushima, 2005, p.58). Contagious air pollution diseases spread throughout

Japan and because of this the air pollution monitoring was launched in large cities in 1962 and the Air Pollution Control Law was enacted in 1968 (Fukushima, 2005, p.58). Several environment protection actions had helped Japan to solve its severe air pollution but the Japanese air pollution problem was not limited to Japan.

Japan used to believe its air pollution was caused by its own domestic contamination rather than from the outside emissions. Japan understood its acid rain was largely due to its active volcanic activities, finding that Japan's volcanic activities accounted for over 60% of total deposition and composing 20% of Japan's sulfur deposition (Carmichael & Arndt, 1997, p.5). Furthermore, Japan used to think the harm from acid rain could be resolved naturally with its land's high neutralization capacity, composed with high level of calcium (OECD, 2002, p. 252). Therefore, Japan partially monitored its domestic air pollutants, judging that damages from air pollutants could be solved by itself (Kim, 2007, p.448).

Accordingly, the Japanese environmental policy towards transboundary air pollution was relatively a low priority. However, after being aware of the deterioration of the air quality accompanied with East Asian countries' rapid economic and technological development, Japan began to become more concerned about transboundary air pollution and took appropriate cooperation with other countries in order to solve transboundary air pollution problem. The measures of East Asian countries against transboundary air pollution began in the early 1990s.

Despite Japan's belated awareness of transboundary air pollution, Japan initiated several acid rain preventive programs. Japan's high management capacity and leadership significantly alerted the harm from acid rain to the East Asian region and mentored East Asian countries by providing expert advice. First in 1997, experts decided to establish a regional monitoring network where countries could standardize acid rain monitoring methodology. In April 1998, EANET was launched. EANET provided useful information for member countries to prevent negative impacts of transboundary air pollution. With EANET as Japan's leading transboundary policy, Japan has shown the cooperative and leading behaviors in the pollution issue.

Second, Japan's preference in solving transboundary air pollution through a region-wide environmental cooperation was also reflected through the *ECO-ASIA (Environment Congress for Asia and the Pacific)*, a regime which the Japanese Ministry of Environment launched in 1991. This forum was to exchange views of environmental ministers in the Asia Pacific region and the meetings of environment ministers or senior officials have held annually (MOE, 2008). Similar to the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the regional development arm of the United Nations for the Asia-Pacific region, ECO-ASIA also engaged in basic information gathering and forecasting. ECO-ASIA supported EANET through information exchange and these two Japan-led broader

frameworks reflected Japan's approach to regional environmental cooperation.

Third, Chapter 9 of the *National Action Plan for Agenda 21* addressed Japan's assistance towards developing East Asian countries to prevent transboundary air pollution (MOE, 1994). This governmental measure is to protect air quality while focusing on promoting research and technology to establish the acid precipitation monitoring network in East Asia to effectively manage the East Asian region's acid deposition; implementing effective measures and comprehensive actions towards polluting nations; developing technologies to reduce the air pollutant emission suitable for developing countries and in transferring such technologies through bilateral and multilateral mechanisms (MOE, 1993).

Fourth, the *ERTDF (The Environment Research and Technology Development Fund)* of the Ministry of the Environment is a research activity to solve the transboundary air pollution. This project began with the awareness of serious environmental problems toward humans and the aim of constructing a sustainable society through the promotion of survey-style research and advanced techniques. Under this strategic research oriented government scheme, Director-General of Asia Center for Air Pollution Research, Akimoto Hajime, carried out a number of experiments to solve transboundary air pollution problems in East Asia (ACAP, 2010a). He claimed that collaborative atmospheric management was

needed in order to improve the air pollution problems of the East Asia region. These managements first quantified air pollution in East Asia; second improved inventories and scanning capacities for air pollution in East Asia; and lastly researched on a mutually beneficial way of controlling air pollution in East Asia (ACAP, 2010c).

Along with Japan's efforts in initiating environment related multilateral meetings, and with the motivation of protecting East Asia environment, Japan has had the ambition to hold the regional environmental leadership. Japan where has a rivalry with China has targeted the environmental leadership with which China was lagged behind in addressing and supporting environmental problems in East Asia. Based on Japan's strong economy and advanced technical dynamics, the Japanese government has carried on the embrace of global environmental protection strategy which assists and cooperates in transboundary air pollution solution with developing countries in East Asia (Finer, 2001, p.42; Potter, 2002, p.152).

Japan has promoted a transboundary air pollution policy that focuses on the improvement of developing countries' environmental management by conducting joint technical projects, dispatching experts, providing the necessary equipment, and training personnel, as instructed by Japan International Cooperation Agency (JICA) (CEC, 2005, p.32). Japan has maintained good relations with the Regional Economic Commission of the United Nations to

efficiently solve the transboundary air pollution. Moreover, Japan being an experienced country which has suffered and overcome severe environmental pollution and widespread health injuries has served as a model to reduce or to prevent the predictable environment damages of East Asian countries.

The severe environmental damage that Japan faced during its excessive industrial development in the 1950s and 1960s strengthened the Japanese environmental policy and influenced the way Japan could help developing countries which may go down the same path as Japan, encouraging them to take the earlier action in environmental protection to avoid paying the high costs by not taking action. Furthermore, in the 1980s, Japan began to seek out environmental cooperation and adopted the Organization for Economic Co-operation and Development – Development Assistance Committee (OECD-DAC) Environment Committee’s Recommendations of the Directorate on Development Assistance Projects and Environmental Assessment of Project in 1985 and made the first public pledges to increase its environmental assistance to 300 billion yen (JICA, 2001; Armitage, 2009, pp.12-13). Since the 1990s, Japan’s new environmental ODA Policy has increased its grant aid and technical assistance. Regardless of the possibility of a dilemma in providing massive aid to countries, Japan has continuously provided environmental aid to developing countries (Potter, 1994, p.200). In 1992, Japan attended the United Nations Conference on Environment and Development (UNCED) to share the experience and programs of Europe and North America in dealing with transboundary air pollution in order

to solve the problems of acid deposition or acid rain in East Asian countries (EANET, 2010a, p.11). Under Japan's effort to get East Asian countries' profound awareness and cooperation in solving their common environmental problem, EANET was drawn up in 1993 and was officially established in 1998. As a regional cooperative initiative to promote the East Asian region's environmental sustainability and human health protection, EANET has carried out various activities to create common understanding to solve, prevent, and to reduce the acid deposition problems in East Asia.

Japan has also carried out a friendly transboundary air pollution policy toward its competitor, China. China has been the source of acid deposition in East Asia but the Japanese government has never made a formal accusation toward China nor asked China to take the responsibility towards the pollution. On the contrary, Japan's government has made a large contribution in creating a regional monitoring system through China's cooperation. Japan's Environment Agency proposed the establishment of a regional acid rain monitoring network in China and designated part of its ODA budget to China to carry out acid rain cooperative joint projects, scientific research, training programs, monitoring, and to pass on their knowledge of environmental protection (Brettell, 2007, p.94). Japan also established bilateral cooperation with China, carrying out the 'Green Aid Plan' for China by the Japanese Ministry of International Trade and Industry (MITI) (Wilkening, 2004, p.211). Japan's tolerant position towards China was explained in the sharing the economic burdens of transboundary air pollution. Moreover,

Japan changed the scope of EANET with regards to China. Before launching EANET, the Japanese government sought to approach EANET under the scope of Northeast Asia. However Japan had concerns of irritating China because China felt suspicious with the idea of EANET concentrating in Northeast Asia as China know that it had caused a majority of acid deposition in the region. As a result, Japan had included Southeast Asian countries in EANET to reduce the possibility of irritating China over the environmental contamination.

Japan has been the provider of environmental protection for East Asian countries through various environment-related multilateral cooperative initiatives and bilateral cooperation with East Asian countries. The Japanese government's environmental protection has included the wish of confirming its leadership role in the field of environmental protection among East Asian countries. Through the case of China, by assisting China with its environmental protection and withstanding China's interruptions in its multilateral environmental protection initiative, Japan wanted to consolidate its leadership in East Asia.

4.4.2 Japan's Initiation and Support for EANET

Facing the prospects of increased air pollutants and their possible adverse effects to East Asia, East Asia was in an urgency of building a functional environmental management system capable of monitoring and fighting against local and regional air pollution. Under these circumstances, EANET became one of the most important platforms for the East Asian community to address the

issues of regional air pollution (MERK, 2002a). Japan's contribution to EANET can be summarized in three aspects. First, Japan initiated EANET which is one of the main regional environmental institutions that advanced from Japan's environmental ODA (Matsuoka & Kuchiki, 2003). Japan's ODA started with granting funds and aid to the Thai Environmental Research and Training Center (ERTC), the Indonesian Environmental Management Center (EMC), the Sino-Japan Friendship Center for Environmental Protection, the Mexican Environmental Research and Training Center (CENICA), and the Chile Environmental Center (CENMA), some of which have become a part of EANET (Matsuoka, 2010, pp.34-37). Japan's ODA has helped developing East Asian nations to be able to carry out their own environmental centers, which these centers have become a part of the Japanese initiative EANET, and Japan has advanced EANET with getting more members involved.

Second, Japan has served as the Network Center of EANET which is a major body of EANET. Some of the duties of the Network Center for EANET is to compile, evaluate, store data and prepare data reports on the acid deposition in the East Asian region. The other duties of the Network Center is collecting data and relevant information; implementing and coordinating QA/QC activities; providing technical support to the participating countries including the dispatch of technicians; implementing training activities; supporting the task forces as their secretariats; carrying on research activities such as research for improving monitoring methodologies; and promoting public awareness (ACAP, 2010b).

Japan has been the hub for the networking for the member states as it has played a central role in EANET network, comprehending acid rain and passing that to participating countries, providing assistance or solving national problems through the dialogue, and coordinating participants.

Third, Japan has contributed most of EANET budget which in general, the financial setup of EANET was on a voluntary basis (EANET, 2010c). In the first IG meeting in 1998, the Implementation of Preparatory Phase Activities Report (EANET/IG 1/6 rev.) accepted the Government of Japan to provide the operational costs voluntarily. Several discussions were made in figuring out how to share the cost of financial obligation in EANET during the intergovernmental meetings but Japan has taken the financial responsibilities over other member states. There has been some progress in the budget sharing, for instance at the fourth session of IG meeting in 2002, the Chinese government informed its voluntary contribution to the budget of EANET starting in 2002 in the amount of 15,000 USD annually (EANET, 2002). Providing financial assistance for EANET operation costs a lot but Japan has contributed a lot for EANET.

Japan has made great contributions to EANET through its high technology, abundant finance, and management expertizes. Japan has wanted to let the East Asian countries to know that Japan is the only country who can provide effective and efficient support for the regional environmental protection. Japan has been the most appropriate country to assert the leadership in East Asia

environmental management in terms of contribution level. Japan has enjoyed keeping the environmental management initiative and firmly kept its leadership in the environmental management initiative. However Japan's strict attitude in keeping its leadership position in the East Asia environmental protection and cooperation has not only made a great contribution to EANET but also indirectly disrupted EANET's further development.

4.5 South Korea and EANET

4.5.1 Korea's Policies for Transboundary Air Pollution

South Korea's economic development started in 1960s with the promotion of heavy and chemical industries which had severely damaged South Korea's air quality. South Korea's air quality problem was very serious according to OECD statistics in 2004, Seoul's metropolitan area had ranked as the worst in air quality (MERK, 2004). According to the OECD fact book in 2011 to 2012, regardless of significant air quality improvement, South Korea still had a high CO₂ ratio and was exposed to air pollution (OECD, 2011). As a result, air pollution has become South Korea's ongoing concern.

South Korea's substandard air quality has not only been influenced by its domestic industrial activities but also by the trans-boundary air pollutants that primarily came from China. Like Japan, Asian dust that moved in from China due to climate change and the acid rain formed by China's massive sulfur dioxide emission which accounted for 10 times of South Korea's emission and marked

80% of sulfur dioxide emissions in Northeast Asia have severely damaged Korea's air quality.

In order to counter these transboundary air pollutants, the South Korean Ministry of Environment has carried out policies to reduce the transboundary air pollution through regional level environmental cooperation. South Korea in particular has sought for Northeast Asian countries' cooperation, stressing the necessity of building transboundary air pollution monitoring networks to reduce transboundary air pollution. In achieving this objective, South Korea suggested particular ways to achieve cooperation in solving transboundary air pollutions. First, the improvement of a country's environmental policy and system is necessary; second, the implementation of a pollution responding system to effectively deal with the transboundary air pollution such as acid rain and yellow sand; and last, the institutionalization of East Asian environmental cooperation system (Chu et al., 2005, p.8). As a result, South Korea has initiated three major regional mechanisms to deal with transboundary air pollution: NEASPEC; TEMM; and LTP.

The first movement toward regional environment cooperation advancement was the *North-East Asian Subregional Programme for Environmental Cooperation (NEASPEC)* which was launched collaboratively in 1993 by the South Korean Ministry of Foreign Affairs and Trade and the United

Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)¹⁸. NEASPEC is an intergovernmental forum which senior officials from foreign ministries of member countries come together to solve the transboundary air pollution problem which is recognized as one of the most serious regional environmental challenges in Northeast Asia. NEASPEC was assisted by the United Nations Development Programme (UNDP)¹⁹, the United Nations Environment Programme (UNEP)²⁰, and the Asian Development Bank (ADB) (Yoon, 2006, p.82), which had six Northeast Asian countries as its members- China, Japan, North Korea, Mongolia, Russia, and South Korea (NEASPEC, 2009). NEASPEC broadly focused on the areas of energy, air pollution, ecosystem management, and capacity building and it particularly emphasized on the problem of SO₂ air pollutant (Yasumasa, 2010, p.6). NEASPEC established two technical centers in South Korea to alleviate transboundary air pollution via the collaboration of member states, investigation on Sulfur dioxide and other air pollutants, and technical assistance.

¹⁸ UNESCAP is the regional development arm of the United Nations for the Asia-Pacific region. Established in 1947 with its headquarters in Bangkok, Thailand, ESCAP works to overcome some of the region's greatest challenges by providing results oriented projects, technical assistance and capacity building to member States in the following areas: Macroeconomic Policy and Development/Trade and Investment/ Transport/ Social Development/ Environment and Sustainable Development/ Information and Communications Technology and Disaster Risk Reduction/ Statistics/ Sub-regional activities for development. <<http://www.unescap.org/>>

¹⁹ The United Nations' global development network embraces 177 countries cooperating to find solutions to global and national development challenges. UNDP has primarily focused on building democratic governance, reducing poverty, preventing and recovering crisis, and reserving environment and energy.

²⁰ UNEP is an international institution that coordinates United Nations environmental activities, assisting developing countries in implementing environmentally sound policies and practices. It was founded as a result of the United Nations Conference on the Human Environment in June 1972 and has its headquarters in the Gigiri neighborhood of Nairobi, Kenya. <<http://unep.org/>>

The second important South Korean environmental policy towards the transboundary air pollution was the *TEMM*. TEMM is the Tripartite Environment Ministers Meeting which is a ministerial level cooperation which started in 1999 as the proposal of South Korea's ministry of environment. Three ministers from China, Japan, and Korea shared views on the advancement of their domestic environmental conditions by resolving the transboundary air pollution mainly Asian dust and sand storms. In the framework of TEMM, three countries cooperated for their environmental management and contributed to the regional environmental improvement. It was based on the collaboration of the environment ministries, going beyond just being an intergovernmental mechanism in which one country can take a leadership role in acting as the central hub for the networks (Kim, 2009, p.27). This reflects how South Korea handled its transboundary environmental problems.

The third policy is the policy called *LTP*, which also corresponds to the way South Korea solve its regional transboundary air pollution. LTP was initiated by South Korea which was very similar in functions with EANET, expecting to solve its transboundary air pollution collectively through the collaboration among numerous regional countries, experts, and other actors rather than by a traditional state-centric problem solving method (Garner, 1996, pp.121-127). LTP was very similar to TEMM as their interests laid in Northeast Asia in discussing effective solutions for transboundary air pollution rather than focusing on East Asia. Started in 1995, it has conducted research, discussed the proposed reports by participant

countries, contributed in organizing research foundation for transboundary air pollution, and provided useful information regarding long-range transboundary air pollution to policy makers to avoid adverse environmental impacts and to improve environmental conditions in the Northeast Asian region (Chu et al., 2005, pp.30-31). South Korea has emphasized LTP over EANET rather than contributing to EANET operation with the fact that South Korea has regarded EANET as a Japanese-centric mechanism which is very restrictive in promoting collective regional environment protection.

Beyond these South Korean initiative environmental mechanisms in countering transboundary air pollution, South Korea has set transboundary environmental policies that has put more emphasis on bilateral cooperation rather than solving them in multilateral cooperation like Japan has. South Korea recognized that environmental cooperation in East Asia was still in the rudimentary stage despite regional countries' efforts and the basic frameworks. South Korea detected the difficulty of adjusting to other East Asian countries' dynamic and diverse interests, so it has preferred negotiations or talks between two countries that are concerned. The different degrees of environmental hazard could cause the different levels of damage and points of environmental protection interest. For instance, South Korea has detected more threats from the Asian dust than Japan due to its geographical proximity to China and Mongolia. Asian dust has been one of the most serious natural disaster issues in Korea while it is a minor issue for Japan (MERK, 2008, pp.4-6). South Korea has carried out various

intergovernmental joint research and programs with China since 1993 to solve the Asian dust issue (MERK, 2002b). South Korea believed in a high efficiency of bilateral cooperation in monitoring and evaluating the transboundary pollutants (Chu et al., 2005).

4.5.2 Korea's Commitments to EANET

South Korea believed that regardless of consistent and numerous collaborations between states, research institutions, NGOs, and other corporations, most joint efforts were not very efficient. Most environmental improvement projects in East Asia did not succeed or not promoted well. Therefore, South Korea has concerned in improving the efficiency of the East Asia environmental cooperation by adjusting similar and duplicating other collaborated activities. South Korea believed that the competitive parallel relationship between Japanese and Korean initiatives had influenced the failure of a regional environmental cooperation with the overlapping of their covering areas.

South Korea assumed that the adjustment of activities between LTP and EANET would improve the current transboundary air pollution mechanism in East Asia. For EANET's role adjustment, South Korea has suggested some structural improvements in its cooperative system (LTP, 1997). South Korea believed that EANET should be similar to the European EMEP which has shared the role of the functions in which EANET is centrally controlled by Japan (Chu et al., 2005). For instance, Japan measures acid substance and operates the

comprehensive chemical analysis center; while South Korea transforms LTP and researches on long distance transboundary air pollution; and China, the biggest pollutant emitter nation, should install and operate the emission analysis center.

Having LTP specialized in the field of transboundary air pollution and setting it up as the “Northeast Asia Transboundary Air Pollution Research Center”, South Korea understood that this would be a more effective form of mechanism. South Korea discredited EANET’s role and stated that EANET should go beyond the simple operation in constructing and monitoring acid rain metrological networks and should observe and evaluate the emission, range, and impacts of transboundary air pollution in the Northeast Asian region (Chu et al., 2005). South Korea’s request in EANET role adjustment with LTP corresponded to Korea’s objection of the Japanese centric problem solving in environment. LTP implies that South Korea’s rivalry with Japan has made Korea overly sensitive to Japan.

South Korea’s lack of support in EANET was showed by South Korea’s preference to LTP which suggested the role adjustment between LTP and EANET. Moreover this research argues South Korea’s low EANET budget support implies Korea’s lack of interest in supporting EANET. One of the major challenges for EANET is its budget. Throughout the intergovernmental meetings, Japan and other participants have discussed financial commitment and the necessity of financial cooperation to operate EANET. However, regardless of the participant countries’ agreement on budget burden sharing, Japan still fulfills the operational

costs of EANET largely by itself. South Korea is not the exceptional country where it has not cooperated well in contributing money to EANET operation. According to EANET monitoring costs shared by participating countries in East Asia in 2002, South Korea spent \$125,000 on its national monitoring activities while Japan spent \$874,000 (EANET, 2003). South Korea was EANET's third biggest donator among the other donators-Japan, China, Mongolia, and Russia, but it was the smallest portion of South Korea's environmental budget compared to the Korean Ministry of Environment which had a budget of \$ 8,358,333.33 for Northeast Asia transboundary air pollutant monitoring in 2002 (MERK, 2001, p.19). According to a report from the Korea Environment Institution in 2010, the Korean government set a budget of around \$7,151,403.59 to carry out research regarding transboundary air pollution (MOE, 2011, P.63). Moreover, Professor Cho Seog Yeon who participated the thirteenth session of the Intergovernmental meeting on the acid deposition monitoring network in East Asia in 2011 said that South Korea's annual contribution to EANET is around \$50,000 while LTP is over \$ 9,413,536.67.²¹

Moreover, according to the report of the Korea Environment Institute (KEI) published in March 2011, South Korea decided to promote the Earth and Environmental Satellite Propulsion Committee and strengthen international cooperation with leading research institutions like National Aeronautics and Space Administration (NASA) and National Institute for Environmental Studies

²¹ Interviewed Professor Cho Seog Yeon at the Department of Environmental Engineering at Inha University on February 19, 2013.

(NIES) for the improvement of the transboundary air pollution prevention faced by the East Asian regions (Chu et al., 2005, p.6). South Korea believed the cooperation with more advanced external institutions enable Korea to detect the exact amount, location, and time of pollutant emission. South Korea has emphasized more its monitoring system or networks, pursuing more advanced technologies and not cooperating or joining Japan's high technology, but adopting outside technologies. According to the evaluation made by the KEI, South Korea believed that beyond South Korea's budget deficiency and relatively less advanced technologies, EANET and LPT did not have significant differences. In fact, the KEI believed LPT was more of a cooperative and regional consensus based mechanism. To it sum up, South Korea did not recognize the necessity of EANET over LPT and believed LPT can replace EANET once its budget and technological issues are solved.

South Korea's contribution toward EANET has not been substantial but at the same time it also promoted the development of EANET. South Korea has preferred regional institutions' dispersed role play, avoiding a one nation-centric operation, promoted bilateral cooperation rather than multilateral ones, and adopted external techniques and equipment in managing transboundary air pollutants rather than adopting Japan's techniques. This explains South Korea's lack of contribution to EANET, balancing its vulnerability while handling transnational problems by itself and its rivalry with Japan. On the other hand, presumptively Japan's initiated regional institutions not only to improve regional

environment conditions but also to obtain East Asian region's environmental governance. Japan could make a larger contribution to the East Asian region's environment if it invested in the technologies and budgets to the existing mechanisms. However, Japan had come up with the new mechanism in which major activities are remarkably similar to the existing mechanisms. This research concludes that EANET represents Japan's rivalry and leadership seeking within the East Asian region.

4.6 Conclusion

Environmental regionalism was not very successful in East Asia due to Japan and South Korea's regional commitments. As Japan-Korea FTA did not come into force which disrupted the liberalization of trade in the region, Japan and South Korea also could not have a collaborative relationship in progressing a regional environment institution smoothly. China being the source of acid deposition of region has notified Japan and Korea to act swiftly in resolving the transboundary air pollution. Japan and South Korea were forewarn to cope with this sever pollution problem by developing a regional cooperative environmental institution. Consequently, Japan initiated EANET with the aim of developing it as a major environmental regional institution but South Korea made an inadequate, commitment towards EANET due to its rivalry towards Japan and different target of interstate cooperation.

In forming EANET, Japan played a pivotal role by forming annual expert meetings before launching the network and providing financial and technical support after the start up of EANET. Japan's initiative comprised of diverse motivations including China and its interest in interstate cooperation with East Asian countries were at the center of Japan's impetus. This chapter argues that Japan initiated EANET as a way to help East Asian countries be more aware of the need for preventing environmental contamination of the region and behind its support it had hindsight of securing its leadership in East Asia. Japan has had the ambition to hold on to regional environmental leadership over China where it has lagged behind in addressing and supporting environmental problems in East Asia.

While Japan rivals China over holding the environmental leadership in East Asia, South Korea has targeted Japan as its rival in the environmental issues. Korea's rivalry towards Japan had Korea initiated LTP which was very similar in functions EANET. The rivalry of Korea towards Japan has caused little support for EANET, preferring its initiative of LTP over Japan's initiative EANET by suggesting role adjustments between LTP and EANET in which Japan does not hold the most power. Moreover, South Korea has given a low priority over EANET budget assistance. Moreover, Korea's scope of interest was fixed to Northeast Asia so that the Korean government evaluated the substantial need of having a regional environment institute that covers the Northeast Asia region not the East Asia-wide.

Japan and South Korea's rivalries and differences in target of interstate cooperation have made the two countries unable to meet a common goal to commit to for cooperation. In the development of EANET as a major environmental regional institute, South Korea was very important. Japan and South Korea were in the same position against China's pollutants in that if they took the same position, they could have persuaded China to show more commitment to EANET and established a firm regional institution. However, this did not happen and South Korea came up with its own initiative and not contributing much to EANET.

CHAPTER 5: CONCLUSION

This thesis has reviewed the components of regionalism in East Asia and factors that have made obstacles for a strong regional integration. A number of key nation states have competed for the initiatives of regional institution establishment. China, Japan, and the United States have led the controversy over the configuration of a regional institution and initiatives. This assessment agrees with the previous researches which have focused more on the rivalry between China, Japan, and the US. However, this thesis puts more focus on Japan and Korea's rival relationship which has not been frequently touched upon enough in past research. It believes that the Japan-Korea rivalry has also been one of the crucial factors that have negatively influenced the East Asian regional integration. South Korea, situated at the crossroads of the four great powers, has been a middle power of the region. With its geographical advantage, it became a great mediator of its neighboring countries (Rozman, 2007).

This thesis hypothesized that Japan and South Korea's relations have disrupted the regional cooperation beyond the China-Japan and China-US rivalries, setting the framework of rivalry and different targets of interstate cooperation. Japan has competed with China while South Korea has a competitive rivalry with Japan which stemmed from a lot of discontent. This rivalry has caused the Japanese government to hold China in check, adopting a policy to promote amity with surrounding countries. Japan has set the amicable relations

with ASEAN countries to avoid a situation which China overtakes the leading position in the East Asian region. With China building relations with ASEAN, Japan has become more obsessive about China's motive of building relations with ASEAN. Consequently, Japan could hardly concern about South Korea but rather concentrated more on ASEAN. In case of South Korea, it has an ongoing rivalry with Japan. Korea was afraid of gaining less than Japan when they conclude any agreement. Consequently, there is no agreement between Japan and Korea. In addition, Korean government has focused more on increasing cooperation with western countries like the US, and the European nations to expand political and economic powers to compete Japan.

5.1 Rivalry Factor in Japan-Korea relations

This thesis terms rivalry as a status where two countries compete against each other over the same objects to take the supremacy over them, adding the meaning one nation competes with another nation even though the latter nation may not be competing with the first nation. Defined term of rivalry applies to Japan and South Korea. To understand this rivalry and how this rivalry has influenced Japan and South Korea's cooperative relations, this thesis adopts two case studies of environment and free trade agreement (FTA) and verifies the two countries' rivalry relations which have negatively influenced the regionalism in East Asia.

In case of FTA, Japan has felt a rivalry toward China because Japan used to be the world's second largest economy and maintained the leading position in Asia but was replaced as the world's second largest economy by the rise of China. The growth of China's trade was remarkably fast pasted, while the growth of Japan's trade was slowed and stagnated. China's larger number of population, rapid economic development, and more international assertiveness gave China a clear edge over Japan. Japan has fears of being left behind by a fast-rising China, who is wielding formidable economic, military, and diplomatic power in the East Asian region. As result, the Japanese bureaucrats initiated a regional oriented FTA to check China as China concluded a FTA with ASEAN in January 2004. Japan emphasized to construct a cohesive Japan-ASEAN economic relation by adopting a dual track approach which has forged bilateral partnerships with individual ASEAN countries alongside with negotiating an agreement with ASEAN as a whole. Japan's rivalry toward China over the leadership role in East Asia has drawn Japan's interests away from the JKFTA. This has negatively impacted the progress of the JKFTA which was halted in 2004 when China concluded a FTA with ASEAN. Japan's anxiety over China has distracted Japan from concentrating on South Korea, another important power nation. This has disrupted relations between Japan and Korea and has influenced the steady progress of regional integration.

South Korea has a rivalry with Japan over trade. With an overlapping industrial structure, Korea faced a high possibility of losing its market position

from Japan. Korea has had very similar export commodities from Japan in which Japanese commodities were superior to Korean exports. Moreover, Korean export products have had relatively high tariff rates; less advanced manufacturing goods; and a high dependency on Japan's export goods. Therefore, Korea has concluded FTAs with huge economies like the EU and the US from outside of the region. Currently, South Korea concentrates on completing a FTA with China to obtain additional market competitiveness in East Asian region to compete with Japan. Moreover, South Koreans have been reluctant to participate in the on-going East Asia-wide FTA called RCEP with the doubt of its initiative. They have regarded the Japanese government has a strong support for RCEP from behind the scenes, which has reflected Japan's policy direction.

In case of Acid Deposition Monitoring Network in East Asia (EANET), Japan initiated it as a way to help East Asian countries to be more aware of the needs for preventing environmental contamination of the region. With their fast economic growth, environmental pollution has besieged the region. Through EANET, Japan has made many efforts and significant contributions in confronting acid deposition issue in East Asia. This thesis argues that Japan's abundant assistance in regional environmental protection has led to the initiation of EANET to secure its leadership in East Asia. Japan has had the ambition to hold on to regional environmental leadership over China where it has lagged behind in addressing and supporting environmental problems in East Asia. Furthermore, Japan has also provided environmental technologies and expertise to East Asian

countries through various environmental-related initiatives beyond EANET to consolidate its power over rival China.

South Korea has targeted Japan as its rival in the environmental issues. Korea's rivalry towards Japan initiated Long-Range Transboundary Air Pollutants in Northeast Asia (LTP) which was very similar in functions EANET. LTP expected to solve transboundary air pollution collectively through the collaboration among a number of regional countries, experts, and other actors, apart from Japanese leadership. Furthermore, the rivalry between Korea and Japan has caused little support for EANET, preferring its initiative LTP over Japan's initiative EANET by suggesting role adjustments between LTP and EANET. By decentralizing EANET and adjusting EANET and LTP roles, Japan would not hold the most power. Moreover, South Korea has given a low priority over EANET budget assistance.

This research currently stresses rivalry relations between Japan and South Korea. However, this does not signify that there has been no cooperation between two countries. Japan and South Korea have made a lot of effort to enhance their cooperative relationships and have cooperated in various aspects of economic and diplomatic policy. Japanese and Korean governments also have shared the talks on expanding in the fields of cooperation to 1) knowledge, culture, media; 2) human network; 3) security; 4) nuclear safety and energy; 5) environment; 6) economy; and 7) technology (Joint Research Project, 2013). However, despite two

countries' joint research and cooperation, their collaborations have remained to be relevant to bilateral relations, not expanded to the regionalism in East Asia. This is because of the deep hostilities like brutal historical memories and these kinds of issues which have continuously disturbed two countries' genuine cooperative relationships. Consequently, Japan and South Korea have promoted several bilateral cooperation, but in the context of East Asia, their cooperation is very limited.

5.2 Difference in Target of Interstate Cooperation

The continuous disputes between Japan and South Korea have been also related to the two countries' difference in target of interstate cooperation. The different targets of interstate cooperation refer to Japan's interest in an East Asia-wide interstate interaction while South Korea's target of Northeast Asia interstate coordination or global-oriented cooperation.

In case of FTA, Japan has targeted East Asia-wide interstate cooperation. Japan first initiated East Asia-wide economic partnership called Comprehensive Economic Partnership for East Asia (CEPEA) which has played against Chinese regional trade initiative, East Asian FTA (EAFTA). Japan's rivalry over China in holding a leadership in East Asia has drawn Japan's interests into ASEAN or broadly saying the entire East Asian region. With the intensified competition between EAFTA and CEPEA, these two region-wide FTAs were consolidated into an ASEAN-led East Asia FTA architecture called Regional Comprehensive

Economic Partnership (RCEP). However Japan had continuously participated actively in RCEP by simultaneously involving in the Trans Pacific Partnership (TPP) with its main purpose of East Asian cooperation.

South Korea has targeted Northeast Asia and major powers outside of East Asia and Northeast Asia for its interstate cooperation. Korean companies have expanded their global market and maximized the effectiveness of FTA by adopting the US FTA as a model and forming closer relationships with the US and other major powers outside of the region. South Korea which has highlighted FTAs with large economies such as the EU and the US with the aim of expanding its substantial economic growth, South Korea has showed its interest through its negotiation between China and Japan over an East Asia-wide FTA. The analysis conducted by the Korea Economic Research Institute (KERI) reported that South Korea's FTA strategy in East Asia has focused on a China-Korea FTA (CKFTA) or China-Japan-Korea FTA (CJKFTA) rather than on an East Asia-wide FTA (Choi & Lee, 2010, p.21).

In case of EANET, Japan's target of interstate environmental cooperation in covering East Asia is reflected through several transboundary air pollution policies: ECO-ASIA (Environment Congress for Asia and the Pacific), Chapter 9 of the National Action Plan for Agenda 21 and the ERTDF (The Environment Research and Technology Development Fund) which were launched to exchange views on solving transboundary air pollution in East

Asia. Japan has been a leader in environmental technologies and expertise for East Asian countries through the various environment-related multilateral and bilateral cooperative initiatives with East Asian countries. The Japanese government's environmental initiatives mirror Japan's target of interstate cooperation in East Asia.

The Korean government evaluated the substantial need of having a regional environment institute that covers the Northeast Asia region where the most rapidly developing countries in economy are located. The Korean Ministry of Environment suggested and promoted the initiatives called Long-range Transboundary Air Pollutants in North East Asia (LTP), North-East Asian Subregional Programme for Environmental Cooperation (NEASPEC) and Tripartite Environment Ministers' Meeting (TEMM) for the improvement of Northeast Asian region's air quality. South Korea's scope of interest to Northeast Asia region was apparent with the low interest in East Asia-wide environmental cooperation while having a higher interest in a Northeast Asia-wide environmental cooperation.

5.3 Japan-Korea Relations and Regionalism in East Asia

In explaining the dilemma of East Asia regional integration, most past studies have set China- Japan's rivalry over taking a leadership status in the East Asia regionalization as the major assuming factor. However, this research believes South Korea's stance should also be added to the picture of the overall

regionalism in East Asia as South Korea is also very important to regionalism in East Asia. This research hypothesizes that the Japan-Korea relations have disrupted the swift regional integration progress in East Asia. This paper sets two case studies, trade and environment, to see how Japan and South Korea's relations, rivalry and different targets of interstate cooperation have caused many discrepancies, which have influenced the regionalization of East Asia. In the case of trade, Japan and Korea's rivalry mattered the most especially on the conclusion of the Japan-Korea FTA to which if they concluded the negotiation sooner, they could have provided a good model of FTA for East Asia. Moreover, South Korea's support for Japan's initiative CEPEA could have led to the East Asian regionalism with the format of CEPEA, but none of these took a place. With South Korea's very ambiguous stance in the rivalry relationship in the Japan-Korea trade and Japan's lack of interest in completing the FTA with South Korea, the achievement of regionalism in East Asia has been difficult. Furthermore, in the case of environment, the Japan-Korea rivalry has negatively influenced the region-wide environmental cooperation in East Asia. While Japan initiated the EANET cooperation as a means to maintain regional environmental leadership over China, South Korea targeted Japan as its rival for regional environmental issues. Such rivalry relations led to Korea's little support for EANET, an environmental institution in East Asia, since it hoped to advance the LTP, a similar institution in Northeast Asia.

5.4 Issues for the Future Research

The issues of Japan and South Korea's relations are very important, but this research could not show much by analyzing only two areas of case studies, trade and environment. Broader fields of investigation will be helpful in the future of East Asia's regional integration. The delicate and important issues such as East Asia energy security, environmental disaster management, and historical consciousness are respectable fields to be investigated. First, East Asia's swift economic development has accompanied with the energy exhaustion. Since the late 1900s, East Asian countries' consumption of energy resources has remarkably increased (IEEJ, 2006). Energy, environment, and economic development have become closely tied together in East Asian affairs and since the region's existing and anticipated utilization of energy resources is both economically and environmentally unsustainable in the long-term which the energy security becomes a prominent agenda issue in the region (Saha, 2003; Hayes & Hippel, 2006). Amongst the East Asian region, the two most developed economies, Japan and South Korea, have an energy import dependency ratios over 80 percent and their competition for future energy supplies have exhausted region wide cooperation (Dent, 2008, p.251). Second, beyond the transboundary air pollution, the East Asian region also has faced severe environmental disasters in which countries need to cooperate. For instance, the frequent and strong earthquakes, storms, and tsunamis need to be studied and prevented with regional measures. Third, the historical discord between Japan and Korea has disrupted the improvement in two countries' relationships, troubling the improvement of the

regional integration in a broad sense. Koreans scorn Japan with the bad memory of colonization. However, on the other hand, Japanese government seemed to have a disparity in historical awareness with South Korea. Koreans have had ill feelings toward Japan, which can hardly settle down.

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