

Toward a Comprehensive Partnership: ASEAN-Korea Economic Cooperation

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INTRODUCTION

Over the past four decades, the relationship between the Association of South East Asian Nations (ASEAN) and Korea has been one of consistent growth. Among all areas of common interest, economic progress marks the greatest cooperation between Korea and ASEAN. This success largely derives from the complementarities between both sides.

ASEAN and Korea have been mutually important economic partners. Bilateral trade and investment between Korea and ASEAN have steadily increased in recent decades. Even though trade volume decreased in 1998 when both parties were mired in a financial crisis, it recovered after 1999. Currently Korea and ASEAN are the 5th largest trading partners for one other, and ASEAN is the third-largest destination for FDI from Korea.

Besides such close economic relations, both sides have successfully constructed a multi-layered, comprehensive and diverse relationship. The ASEAN-Korea summits and Foreign Ministers' meetings played a pivotal role in the dialogue process. Recently,

both sides decided to expand ministerial meetings to the economic sector in the form of ASEAN Economic Ministers and Korea Consultations (AEM+1). In response to the deepening regionalism in East Asia, Korea has proposed a study of comprehensive and closer economic relations between Korea and ASEAN, and is recently pursuing a Korea-ASEAN FTA.

The purpose of this paper is to present an overview of ASEAN-Korea economic relations and the recent developments in economic integration. This paper will also focus on a possible free trade agreement (FTA) between ASEAN and Korea, and discuss the direction in which an ASEAN-Korea FTA is expected to move.

OVERVIEW OF ASEAN-KOREA ECONOMIC RELATIONS

Economic relations between ASEAN and Korea have expanded significantly over the past decades. Corresponding to ASEAN's potential as one of the largest emerging markets, Korea's trade with ASEAN has been growing remarkably. Moreover, the region's attractiveness as an investment location for Korean companies has consolidated the economic relationship between ASEAN and Korea.¹⁾

In 2003, ASEAN became Korea's fifth-largest trading partner, taking 10.4 percent of Korea's total trade volume (refer to Table 1), and its third-largest investment destination in cumulative terms. This largely derives from the complementary industrial structures and efforts by the private and public sector.

Although bilateral trade and investment between ASEAN and Korea decreased sharply due to the East Asian financial crisis, economic relations between the two sides have rapidly recovered. In

1) Kwon Yul, Cheong Inkyo, and Park Inwon, *ASEAN's Economic Integration: Recent Development and Policy Implications*, Korea Institute for International Economics (KIEP) Policy Analysis 03-08 (2003), p. 11.

Table 1. Korean Exports to and Imports from ASEAN

(Unit: US\$ million, Percent)

	Total Exports	Exports to ASFAN	Share	Total Imports	Imports from ASEAN	Share
1996	129,715	20,311	15.7	150,339	12,074	8.0
1997	136,164	20,365	15.0	144,616	12,549	8.7
1998	132,313	15,328	11.6	93,282	9,135	9.8
1999	143,685	17,708	12.3	119,752	12,250	10.2
2000	172,268	20,134	11.7	160,481	18,173	11.3
2001	150,439	16,459	10.9	141,098	15,916	11.3
2002	162,471	18,400	11.3	152,126	16,757	11.0
2003	193,817	20,253	10.4	178,827	18,459	10.3
2004	207,591	19,800	9.5	183,058	18,220	10.0

Note: 2004 data includes January-October.

Source: KOTIS, Korea International Trade Association.

particular, bilateral trade rebounded to US\$24.5 billion at the end of 1998 and expanded to US\$38.7 billion last year, higher than the pre-crisis level. Korean exports to ASEAN increased 38 percent to reach US\$20.3 billion in 2003 while imports from ASEAN, which included electronics (US\$4.9 billion), crude oil (US\$1.8 billion) and liquefied natural gas (US\$2.3 billion), reached US\$18.5 billion.

Korea has recorded a consistent trade surplus with a peak surplus of US\$7.8 billion in 1997. However, since the financial crisis, ASEAN's deficit has been decreasing, and the balance of trade between the two economies is moving toward equilibrium.²⁾

2) According to ASEAN Secretariat, ASEAN recorded trade surplus of \$1.65 billion in 2001 with Korea, [http://www.aseansec.org/Trade/File/AN_ROK_PS.htm].

Table 2. ASEAN's Export to Korea by Product

(Unit: US\$ thousand, Percent)

1993				2003			
HS Chapter	Commodity Item	Export	Share	HS Chapter	Commodity Item	Export	Share
24-27	Mineral Products	2,944,718	40.3	84-85	Machinery and Electrical Appliances	7,979,970	43.2
84-85	Machinery and Electrical Appliances	1,331,110	18.2	24-27	Mineral Products	5,312,059	28.8
44-46	Wood and Wood articles	1,252,117	17.1	28-38	Chemicals	841,028	4.6
16-24	Prepared Foodstuffs	232,771	3.2	39-40	Plastics	597,091	3.2
28-38	Chemicals	208,763	2.9	72-83	Base metal and Metal articles	592,216	3.2
	Total	7,309,763	100.0		Total	18,458,465	100.0

Source: KOTIS, Korea International Trade Association.

THE STRUCTURE AND PATTERN OF BILATERAL TRADE

The structure and changing pattern of trade between Korea and ASEAN reveal that a complementary relationship exists between the two regions. For example, in machinery and electrical appliances, the division of labor between the two regions has been advancing and deepening, as evidenced by the increasing volume of intra-industry trade.

According to KOTIS, machinery and electrical appliances accounted for 43.2 percent of ASEAN's exports to Korea and 51.9 percent of ASEAN's imports from Korea in 2003, while accounting for 18.2 percent of ASEAN's exports to Korea and 40.4 percent of ASEAN's imports from Korea in 1993.

There has been a dramatic change in ASEAN's export items to

Table 3. ASEAN's Import from Korea by Product
(Unit: US\$ thousand, Percent)

1993				2003			
HS Chapter	Commodity Item	Import	Share	HS Chapter	Commodity Item	Import	Share
84-85	Machinery and Electrical Appliances	4,083,012	40.4	84-85	Machinery and Electrical Appliances	10,501,464	51.9
72-83	Base metal and metal articles	1,268,490	12.5	72-83	Base metal and Metal articles	1,908,313	9.4
50-63	Base metal and metal articles	1,365,216	13.5	24-27	Mineral products	1,837,489	9.1
39-40	Plastics	603,375	6.0	28-38	Chemicals	1,159,079	5.7
24-27	Mineral products	603,139]	6.0	50-63	Textiles and apparel	1,111,735	5.5
Total		10,109,387	100.0	Total		20,253,388	100.0

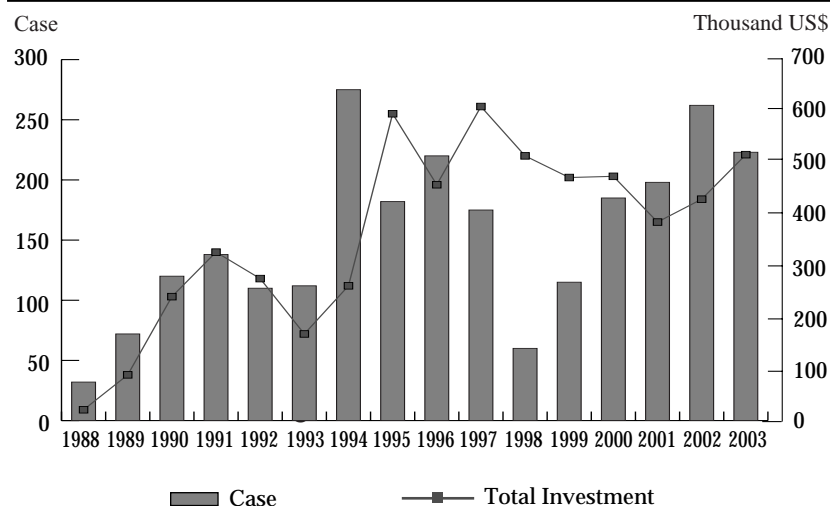
Source: KOTIS, Korea International Trade Association.

Korea during the last 10 years. In 1993, mineral products (HS chapter 24-27) were the most important export items (40.3 percent of ASEAN exports to Korea), and machinery and electrical appliances (HS chapter 84-85) and wood and wood articles (HS chapter 44-46) accounted for 18.2 percent and 17.1 percent of ASEAN's exports to Korea, respectively. However, in 2003 the export share of mineral products decreased to 28.8 percent while that of machinery and electrical appliances increased to 43.2 percent. Such a change implies that the structure and pattern of trade between both sides is changing and the division of labor in intra-industry trade is deepening rapidly.³⁾

Korea-ASEAN Investment Relations

The investment relationship between ASEAN and Korea has a very long history compared to other regions. The first Korean

3) Kwon Yul, *Industrial Development and Trade Patterns in Southeast Asia* (in Korean), KIEP, Policy Analysis 02-15, pp. 179-182.

Figure 1. Trend of Korean Total Investment to ASEAN

Source: *The Export-Import Bank of Korea Database*

overseas direct investment to the region was established by the Korea South Development Corp. to develop forests in Indonesia in 1968.

Korean FDI reached full scale in the 1980s, and since the mid-1980s, Korean firms have looked to Southeast Asian countries as a source of inexpensive labor as well as abundant natural resources. In particular, Korean firms also exported manufactured goods produced in Southeast Asia to developed countries. Such a strategy allowed these firms to bypass the trade barriers to Korean products in third country markets.

As a result, Korean investment to ASEAN began to increase in the late 1980s, concentrated in labor-intensive industries such as footwear, textiles and electronics. Even though Korea's investment in Southeast Asia declined in 1993 and 1994 because many Korean companies were investing heavily in China, it increased again when large Korean conglomerates began directing investments towards

Table 4. Korea's Investment to ASEAN by Industry

(Unit: US\$ thousand)

	2001	2002	2003	Total (Total Investment)	Total (Net Investment)
Agriculture*	772	592	1,247	72,018(1.2%)	46,294(1.1%)
Mining	11,013	23,334	114,130	584,507(9.7%)	531,046(13.1%)
Manufacturing	267,681	205,752	132,944	3,687,594(61.5%)	2,404,675(59.5%)
Construction	33,032	11,519	10,833	231,644(3.9%)	160,208(4.0%)
Whole/Retail sales	27,774	14,789	200,581	657,416(10.9%)	228,614(5.7%)
Storage	954	2,573	1,594	21,744(0.4%)	18,724(0.5%)
Telecommunication	274	11,328	37,283	247,051(4.1%)	229,161(5.7%)
Finance/Insurance	5	0	0	455(0%)	455(0%)
Hotels/Restaurants	1,135	719	640	72,716(6.9%)	45,513(1.1%)
Real estate/service	30,143	46,621	8,752	415,716(6.9%)	378,778(9.4%)
Others	0	54	0	54(0%)	54(0%)

Note: Forestry and Fishery are included to the sector of agriculture.

Source: *The Export-Import Bank of Korea Database*; and Korea-ASEAN FTA Expert Group, *The Report of the Joint Study on Comprehensive Closer Economic Relations between ASEAN and Korea* (2004), p. 8.

ASEAN countries including Indonesia and Vietnam. As the purchasing power of ASEAN member countries became diversified, Korean firms also began to shift their investment patterns to market-oriented investment after the mid-1990s.

However, Korean investment toward ASEAN has greatly declined due to the financial crisis and it remains below the level of 1997. The emergence of China has been another reason for the relative decline of Korean investment.

From the aspect of investment scale, investment to ASEAN had continuously increased from the mid-1980s, followed by a downward trend after the financial crisis, and another upward climb from 2003 (See Figure 1). The total amount of investment to ASEAN reached 30 percent in 1991, but due to investment in China after the

Table 5. Korea's FDI Inflows to ASEAN by Country

(Unit: US\$ thousand)

	2001	2002	2003	Total (remaining amount)
Malaysia	19,872	6,189	6,428	334,284 (8.4%)
Thailand	30,777	31,480	26,496	528,458 (13.3%)
Indonesia	169,480	64,728	78,528	1,237,984 (31.1%)
Singapore	40,918	48,166	234,343	422,798 (10.6%)
Philippines	56,9333	26,732	16,363	500,374 (12.6)
Vietnam	46,280	135,403	136,512	880,822 (22.1%)
Cambodia	5,540	3,877	9,219	34,618 (0.9%)
Myanmar	2,948	660	0	29,678 (0.7%)
Laos	35	50	115	7,090 (0.2%)
Brunei	0	0	0	1,937 (0%)

Source: *The Export-Import Bank of Korea Database*; and Korea-ASEAN FTA Expert Group, *op. cit.*, p. 8.

normalization of diplomatic relations between Korea and China, FDI towards the ASEAN region decreased until the mid-1990s. Then in the late 1990s, it regained its upward trend.

However, ASEAN's share in Korea's total Investment decreased to 7.4 percent in 2001 due to stagnation of the ASEAN economy and the rapid increase of investment in China. Nevertheless, investment in Southeast Asia climbed upwards again with the recent recovery of the ASEAN economy. In 2003, Korea's total investment to ASEAN reached US\$508 million (14.4% of total dollar amount) in a total of 222 cases.

As Table 4 indicates the current trend and the cumulative state of Korean investment towards ASEAN by industry, the manufacturing sector encompasses nearly all industries, comprising 61.5 percent of the total investment and 59.5 percent of the net investment.

Based on the total investment, whole and retail sales, mining,

real-estate and services, telecommunications, and construction industries follow the manufacturing industry. Note that investment towards ASEAN in the telecommunication sector is on an upward trend. The actual amount and number of investment cases in the telecommunication industry toward ASEAN have reached US\$250 million among a total of 19 cases since 1991.

Table 5 indicates the scale of investment of Korea to ASEAN member countries. Indonesia is the most significant FDI destination for Korea among ASEAN nations composing 31.1 percent of the remaining investment amount.

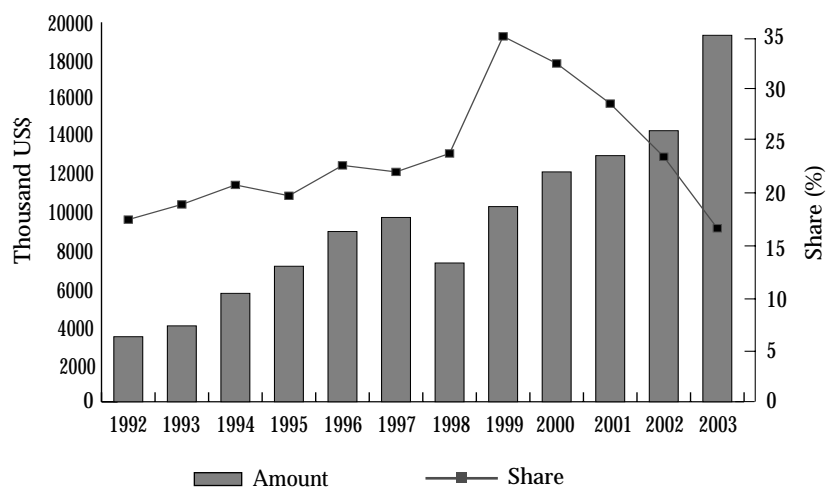
Vietnam is now an attractive destination for investment with 22.1 percent. Although Korea has only been investing in Vietnam since 1992, the country has emerged as the second most popular destination among ASEAN members leading Thailand, Malaysia, and the Philippines.

Among the ASEAN 10 members, 98 percent of total investments are concentrated in the ASEAN 6, which includes Indonesia, Vietnam, Thailand, Philippines, and Singapore, while only 2 percent are focused on Myanmar, Cambodia, Laos, and Brunei.

Industrial Cooperation and Technological Transfer

Economic relations between ASEAN and Korea have expanded significantly to encompass industrial and technological cooperation as well as resource development. As a result, there are many promising industries for increased regional cooperation, including the information and technology, construction and energy development sectors.

Recognizing ASEAN's potential as one of the largest emerging markets in the world, Korea has worked to maximize mutual gains by increasing industrial cooperation with technology transfer. Technology transfer is becoming an important aspect of Korean investment flows to ASEAN. As Korean investments to ASEAN have diversified, there has been a growing transfer of technology.

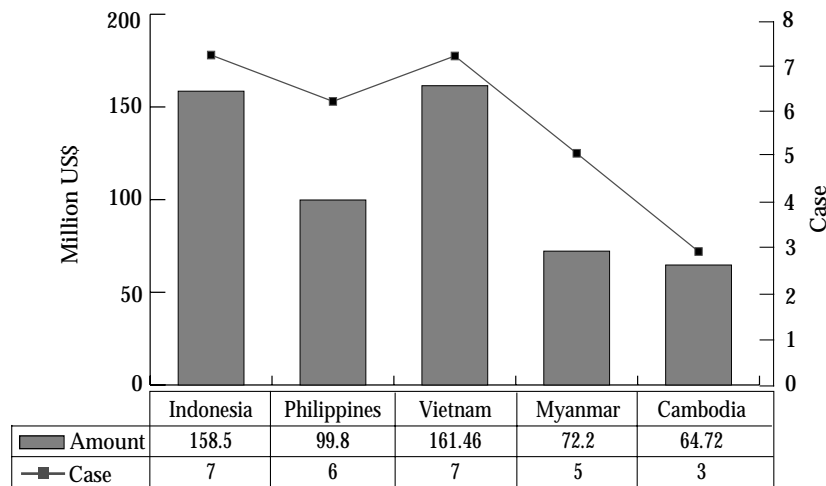
Figure 2. Trend of Korea's Grant Toward ASEAN Members (1992-2003)

Source: Collected from each years of *KOICA Annual Report*.

To further increase industrial cooperation, Korea and ASEAN must enhance their regional partnership in the private sector. In this respect, the transfer of appropriate technology and the expansion of capital inflows are important means of promoting industrial cooperation between ASEAN and Korea.

Industrial cooperation will be highly productive if it is conducted in areas such as the transfer of IT technology and the development of human and natural resources. If this is coupled with the transfer of Korean industrial technology to ASEAN members, the overall effect of regional economic cooperation on industrial and economic development in Southeast Asia will be enhanced.

Moreover, the partnership of Korea and ASEAN in energy development can produce remarkable results. Some ASEAN members have been stable suppliers of energy and natural resources for Korea. In fact, ASEAN is Korea's largest supplier of oil, and also provides two-thirds of all LNG that Korea consumes. In this respect,

Figure 3. Korea's Official Loan (EDCF) by Country (1987-2003)

Source: Collected from each years of *EDCF Annual Report*.

ASEAN's abundant energy resources promise greater future partnership prospects for regional industrial cooperation.

Development Cooperation

Korea has maintained close economic and diplomatic relationships with ASEAN members due to geographical and cultural proximity.⁴⁾ Moreover, Korea has shared the knowledge gained from its own economic development experience with ASEAN members, and has made efforts to help narrow the wide development gap in Southeast Asia.

Accordingly, a large share of Korea's official development assistance (ODA) has been directed toward ASEAN members to strengthen development cooperation as a top priority. For both grant

4) The Export-Import Bank of Korea, *EDCF Annual Report*, 2003, p. 31.

aid and concessional loans (EDCF),⁵⁾ ASEAN members received more than a quarter of Korea's ODA. In 1987-2003, ASEAN is the largest destination of Korea's ODA in cumulative terms, amounted of US\$670 million.

In particular, Korea has supported a variety of development cooperation programs for Human Resources Development (HRD), mostly through project-type aid focused on education and vocational training. In one program, ASEAN trainees are invited to Korea to learn first-hand about Korea's development experience. In addition, Korea has been paying even greater attention to the promotion of cooperation in information technology and knowledge-based industries.

To support the Initiative for ASEAN Integration (IAI), Korea has provided US\$5 million for five related projects, including capacity-building in trade in goods and services for Cambodia, Laos, Myanmar and Vietnam (hereafter CLMV) countries to enhance understanding on the benefits of trade liberalization.⁶⁾

NEW FRAMEWORK OF ASEAN-KOREA COOPERATION

Recent Development of Economic Integration

Compared to other regions, East Asia manifested little interest in regional economic integration until the 1997 financial crisis. However, after the crisis, East Asian countries realized the need for closer intra-region economic cooperation and began to take steps

5) Economic Development Cooperation Fund (EDCF) is a bilateral ODA loan program, which was established by the Korean government on June 1, 1987. Its objectives are to help developing countries spur industrial growth and improve economic stability.

6) Kwon Yul, Cheong Inkyo, and Park Inwon, *op. cit.*, pp. 123-124.

toward regional integration.⁷⁾

In particular, ASEAN has been leading regional integration within East Asia, and has promoted economic integration in pursuit of a single market and production base. The ASEAN Free Trade Area (AFTA), established in 1992 to eliminate tariff barriers among Southeast Asian countries, and created a regional market of US\$686.3 billion serving 541.9 million people by increasing its membership to encompass CLMV countries. The ASEAN leaders agreed to eliminate all import duties by 2010 for the six original members and by 2015 for the CLMV members.

After the financial crisis, ASEAN took an important step toward regional integration by initiating ASEAN Plus Three (APT). ASEAN is also pursuing FTA with Japan, China and India. Recently ASEAN has been making efforts to strengthen its integration while at the same time trying to expand and deepen economic ties with Northeast Asia through the process of APT. The APT Summit has been held annually under the initiative of ASEAN, and ASEAN now plays an important role as an FTA hub in the region. As shown by the number of FTAs being discussed between ASEAN and other countries (refer to Table 6), there has been a distinct trend toward economic integration in the region since the financial crisis.⁸⁾

With keen interest, Korea is closely following ASEAN's pursuit of economic integration through the ASEAN Free Trade Area as well as ASEAN efforts to build comprehensive economic cooperation with neighboring countries such as China, Japan and India.

Recently, feasibility studies and negotiations on bilateral FTAs between Asian countries have been fueling the momentum for regional economic integration. To this end, the ASEAN-China FTA was officially agreed upon at the Sixth APT summit in Cambodia in

7) Inkyo Cheong, "East Asian Economic Integration: Recent Development of FTAs and Policy Implications," *KIEP Policy Analyses* (February 2002).

8) Kwon Yul, "ASEAN on the Road to Closer Integration in East Asia" (in Korean), *The Southeast Asian Review*, Vol. 14, No. 1 (2004).

Table 6. Progress of Regionalism in East Asia

Country/Region	Main Activities and Current Situation
ASEAN	Jan. 1992, AFTA established - Vietnam, Laos, Myanmar and Cambodia joined later.
Singapore-New Zealand	Nov. 2000 Closer Economic partnership (CEP) implemented
Singapore-Japan	Jan. 2002 FTA implementation
Singapore-EFTA	Jun. 2002 FTA implementation
China-ASEAN	Nov. 2002 official agreement on FTA(goal of 2010) - Implementation of the early harvest program
ASEAN-India	Nov. 2002 agreement on promoting FTA
Thailand-India	Nov. 2002 start of negotiations on FTA(goal, end of 2003)
Korea-China-Japan	2003 joint research on FTA between Korea, Japan and China
Singapore-Australia	2003 FTA implementation
Singapore-USA	2003 FTA implementation
Singapore-India	2003 started FTA negotiations
India-ASEAN	Oct. 2004 finished FTA negotiations
Japan-ASEAN	April 2005 starting FTA negotiations
India-ASEAN	Oct. 2003 contracted general joint agreement
Korea-Singapore	Oct. 2003 completed joint research and Feb. 2004 started negotiations
Korea-ASEAN	Early 2005 starting FTA negotiations

Note: Summary as of November 2004, including movements with countries outside East Asia.

Source: Kwon Yul, "East Asian Regionalism Focusing on ASEAN Plus Three," *The Journal of East Asian Affairs*, Vol. 18, No. 1 (2004).

November 2002. After China agreed to form an FTA with ASEAN, Japan eagerly pursued general cooperation with ASEAN, and promptly agreed to an FTA with Singapore in order to counter the ASEAN-China FTA. The Japan-Singapore FTA was signed in January 2002, and Japan instituted practical steps toward promoting FTAs

with each Southeast Asian economy in 2003, signing a Framework for a comprehensive economic partnership with ASEAN during the Seventh APT summit in Bali.⁹⁾ In this respect, it can be said that China and Japan are competitively promoting bilateral FTAs with ASEAN.

In its rush to catch up on free trade agreements, Korea also completed joint studies on FTAs with Japan and Singapore in September 2003, beginning negotiations with both countries in early 2004. Korea and Singapore have held a total of ten rounds of negotiations from January to November this year, and have made efforts to conclude a comprehensive FTA that covers nine areas including trade in goods and services, investment, government procurement, Mutual Recognition Agreement (MRA), Intellectual Property Rights (IPR) and cooperation. As Korea and Singapore concluded their deal last month, the two countries will finalize the text of the agreement after working-level meetings and legal examination, and receive approval from the Ministry of Legislation, the Cabinet Council, the President, and then seek ratification from the National Assembly after signing the agreement.¹⁰⁾

Furthermore, Korea is pursuing a Korea-ASEAN FTA. Korea and ASEAN formed the ASEAN-Korea Experts Group (AKEG), which prepared the Report of the Joint Study on Comprehensive Closer Economic Relations between ASEAN and Korea. At the first ASEAN Economic Ministers and Korea consultation (AEM+1), held on 4 September 2004 in Jakarta, Indonesia, the Ministers welcomed a recommendation to establish the ASEAN-Korea Free Trade Area (AKFTA). Finally, leaders agreed on a "Joint Declaration on

9) In particular, the Japanese government hosted an ASEAN summit in December 2003, and held the Japan-ASEAN commemorative summit to strengthen economic relations with ASEAN.

10) Korea's President Roh Moo-hyun and Singaporean Prime Minister Lee Hsien Loong announced the conclusion of a Free Trade Agreement (FTA) at the Korea-Singapore summit meeting on November 29, 2004, held on the occasion of the summit meeting of ASEAN+3, [<http://www.mofat.go.kr/press>].

Comprehensive Cooperation Partnership between the Korea and ASEAN” and decided to start negotiations for the AKFTA at the Korea-ASEAN summit in Laos at the end of November, 2004.¹¹⁾

Feasibility of an ASEAN-Korea Free Trade Area

Korea has joined the global trend toward FTAs by concluding an FTA with Chile, which took effect on April 1, 2004, and is also officially negotiating FTAs with Japan and Singapore.

Considering Korea’s high trade dependence, ASEAN is one of the most feasible partners for Korea. ASEAN and Korea have a combined population of 590 million and a combined GDP of US\$1.29 trillion. According to Korea Institute for International Economic Policy (KIEP) estimates, the ASEAN-Korea FTA is expected to boost ASEAN’s GDP by 0.41 percent and Korea’s GDP by 0.13 percent.¹²⁾

During the Korea-ASEAN summit in Bali in 2003, Korea proposed exploring, together with ASEAN, the possibility of establishing a free trade area between the two sides. The leaders of ASEAN and Korea agreed to set up an experts group to study how to pursue an ASEAN-Korea FTA (AKFTA).

The Korea-ASEAN channel for consultation, originally confined to political and diplomatic sectors, has now expanded to the economic and trade sectors. In particular, the ASEAN Economic Ministers Korea Consultations (AEM+1) and the first Consultations of ASEAN Senior Economic Officials and Korea (SEOM+1) were held in February 2004 in Siemreap. Through regular forums, future-

11) ASEAN also decided the accession to the Treaty of Amity and Cooperation by Korea.

12) To analyze the numeric economic benefits of the FTA, the KIEP has conducted the study on the feasibility of the FTA between the two sides. For this purpose KIEP has used a general-equilibrium model, know as the Global Trade Analysis project (GTAP Model) and the Computable General Equilibrium model.

oriented economic cooperation, including the vitalization of trade and investment, will be pursued.

The First Meeting of the Korea-ASEAN Experts Group (ASEAN-Korea EG) was held on March 8-9, 2004 at the ASEAN Secretariat, Jakarta. In order to strengthen complementarity between the two economies, the Expert Group has looked into the feasibility of an FTA and the joint study will enhance the possibility of an FTA between ASEAN and Korea.

CONCLUSION

Korea and ASEAN have become increasingly complementary in line with their expanding areas of cooperation. As ASEAN and Korea continue to develop their economies, not only the potential, but the need to increase economic partnership will grow.

However, in order to effectively meet the challenges of our time, Korea and ASEAN need to reflect upon what has been achieved in the past, and come up with a new framework for the future.

In this respect, it is important that the Joint Declaration on Comprehensive Cooperation Partnership between Korea and ASEAN and the comprehensive joint study on closer economic relations between the two sides focus not only on promoting economic activities, but also on providing a broad understanding of a new framework for ASEAN-Korea cooperation in the 21st century. In particular, an appropriate and flexible timeframe for a possible FTA was considered,¹³⁾ taking into account the economic levels and sensitive sectors of both sides. Because an FTA between Korea and Singapore was successfully concluded by the end of this year as

13) Korea has suggested an East Asian Free Trade Area among ASEAN Plus Three, held in Vientiane, Laos, and this idea became one of the main suggestions in the *Final Report of the East Asia Study Group Report*, submitted to the ASEAN+3 Summit, November 2002.

planned, this may serve to facilitate Korea's pursuit of FTAs with ASEAN that will begin next year.

Finally, both Korea and ASEAN have set economic integration between their economies at the top of the agenda in order to enhance economic cooperation and to overcome recent trends toward global regionalism. The FTA with ASEAN could eventually expand into an FTA encompassing all of East Asia in the future.