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Middle Power Partnership and Cooperation

The 2nd Annual Australia-Korea Leadership Forum was held on November 5-6th, 2009 at the Westin Chosun Hotel, Seoul. The inaugural Forum was held in Canberra, Australia in 2008, co-hosted by The Australian National University (ANU) and the East Asia Institute (EAI), Seoul. This year, sponsored by the Korea Foundation and the Australia-Korea Foundation, the 2nd annual Forum brought together a panel of prominent Australian and Korean leaders in business, politics, academia, society and government. Three sessions were held in informed discussions on Australia and Korea's shared interests in promoting cooperation, security and progress in the region and the world as middle powers. A summary session was held on the final day to wrap up the discussions and put forward recommendations. The following is a summary of the main points raised during the presentation and discussions in the three sessions, as well as the main remarks from the final session. Each session is divided into two main themes reflecting the views and questions raised.

Session I: Global Economic Crisis and Green Energy-led Growth

The first session tackled many issues and views on how the Global Economic Crisis has affected the Australia-Korea partnership. It also looked at the new efforts to promote green-led growth as part of recovery efforts. Going into the details of the session, the three main areas of focus were: the Australia-Korea economic partnership and the Global Financial Crisis; implementing green growth strategies and tackling climate change; and the Asia-Pacific Community.

1) The Australia-Korea Economic Partnership and the Global Financial Crisis

- **Australia-Korea economic ties are strong, interdependent, and mutually beneficial.** The two countries have dependable ties through Australia providing natural resources and Korea providing consumer products.
- **Australia and Korea should enhance their strong trade links by signing the Australia-Korea FTA that is under negotiation.** This FTA will not only improve Australia-Korea economic ties but also offer more options for the future. It will also send a strong signal counter to protectionism in the Post-Crisis environment.
- **Australia and Korea must continue their positive efforts through the G-20.** Their actions so far have helped the G-20 to rise up to prominence in managing the global economy and as an avenue for resolving the Global Financial Crisis. Their efforts reflect those of middle powers that have favored the broad scope of the G-20 format.
- **There is a need for dialogue on how to deal with the decline in trade.** The Global Financial Crisis had a particularly negative effect on Australia-Korea trade. Korean trade to the U.S. has declined, thus creating lower demand for Australian resources. However, both countries have worked positively in resolving these challenges.
- **The Lee-Rudd partnership is vital for the upcoming G-20 Summit to be hosted**

by Korea in 2010. The warm and personal relationship between President Lee Myung-Bak and Prime Minister Kevin Rudd has been a strong factor in the positive relations between the two countries and has created a closer working partnership between the two leaders. It will be the key to addressing the major challenges ahead.

2) Implementing Green-Growth Strategies and Tackling Climate Change

- **Further cooperation on green technology to assist on green-growth strategies.** Korea has a very vibrant and active green-growth strategy tied to its fiscal stimulus plan. This can be supported by Australian exports of LNG and the sharing of green information technology and research. This mutual exchange of knowledge will help both countries in pursuing a green-growth strategy.
- **More efforts are needed to deal with the effects of climate change.** The G-8's declared effort to limit global warming to 2 degrees is still not enough. Even within this limit, the effects of a 2 degree rise will still cause irreparable damage to Australia, particularly the Great Barrier Reef.
- **Reductions in carbon emissions need a more urgent focus.** The current recommended carbon reductions limit of 1 trillion tons of CO₂ by 2050 cannot realistically be met. Going by the current data, global emissions have already crossed the 35% mark and this raises serious questions about whether that target of 1 trillion tons can be met.
- **More clarity needed on Korea's position for the upcoming Copenhagen summit.** Korea's position on the UN Climate Change Conference in Copenhagen is not clear, particular with regards to its position as a developing or developed country.
- **Measures required to address the issue of subsidies for fossil fuels.** The practice of state subsidies to poor people and industries for fossil fuels needs to be looked into. This issue underscores the challenge of adopting a green-growth strategy.
- **A consensus is needed on how to deal with climate change.** Disagreements remain on how to best implement measures to tackle climate change, particularly with respect to developing countries and the issue of voluntary reductions of carbon emissions.
- **Stronger domestic dialogue on green-growth.** Australia's own green-growth strategy is lacking and needs stronger support domestically.
- **Dialogue between developed and developing countries.** A better understanding is required between the developed and developing countries on climate change issues. Middle powers, particularly Korea which understands both worlds, can play a strong role in this regard.
- **Stronger policy debate on climate change.** There is a need to shift dialogue on green-growth away from addressing these issues on the fringes and bringing it to the center of policy debates in Seoul and Canberra.

- **More emphasis on reducing energy usage.** A fundamental change is needed that comes from the center to emphasize reducing energy usage. This could start out as energy security and gradually work toward climate change. The example of the Nordic countries is useful in that they have successfully brought energy issues to the center of the political dialogue.

3) Asia-Pacific Community

- **Community must include others.** An Asia-Pacific Community must include the United States and even India. The current regional framework is not working and there is certainly a need to improve upon the existing institutions.
- **Community presented as a regional idea.** The recent proposal by Prime Minister Rudd on an Asia-Pacific Community should not be put forward as an Australian initiative. This proposal should be shown to be a regional idea in order to become more inclusive.

Session II: Australia-Korea Security Cooperation

The second session dealt with the complex and comprehensive topic of Australia-Korea Security Cooperation. This session covered many issues related to regional security, including the alliances with the United States and the current North Korean nuclear crisis. In what ways can Australia and Korea improve their bilateral security relations, how is this affected by their respective alliances with the United States, and how do they complement each other? These are the main questions that set out the session. The three main areas of focus of the session were: the North Korean nuclear crisis and regional stability; the U.S.-Japan alliance and the impact of the Democratic Party of Japan (DPJ); and the role and value of the Australia-Korea partnership.

1) The North Korean Nuclear Crisis and Regional Stability

- **North Korea's nuclear program undermines stability in the region.** Further cooperation is required to deal with the crisis. Australia can play a role with its diplomatic contacts in both Seoul and Pyongyang.
- **North Korea's internal instability is a threat.** The issue of Kim Jong-il's succession is of major concern and there is a need for a smooth succession.
- **Cooperation is needed for the revival of the North Korean economy.** A resolution of the current nuclear crisis will require North Korea to be brought back into the international community. However, South Korea cannot manage this task alone and the assistance of other countries, like Australia, will be very important.
- **Pursue opportunities to integrate North Korea into regional frameworks.** Regional organizations in East Asia should try to work to integrate North Korea into these institutions such as the East Asia Summit, ASEAN+3, and the Asia Pacific Economic Community in order to help resolve the nuclear crisis.
- **The challenge for the Six-Party Talks.** Should the Six-Party Talks just focus on the

nuclear issue or should it be expanded to deal with regional issues? Currently, the main challenge is to get the Six-Party Talks back on track.

- **More cooperation through the Proliferation Security Initiative.** Korean participation in the Proliferation Security Initiative, of which Australia is also a member, will help boost security cooperation between Australia and Korea.

2) The U.S.-Japan Alliance and the Impact of the New DPJ Cabinet

- **Opportunity for regional stability.** The new emphasis by Japan on Asia in its foreign policy will help stabilize relations in the region which is beneficial to Korea. The historical disputes between Seoul and Tokyo also need to be resolved in order to strengthen ties between them.
- **Korean perceptions of DPJ's victory.** There are three perceptions from the Korean perspective on the DPJ victory and the impact of that power shift on Japan's alliance with the United States:
 - 1) The election of the DPJ is welcome from a democratic viewpoint with the opposition winning for the first time in a long period of Liberal Democratic Party (LDP)-rule
 - 2) It will be a boost for relations between Korea and Japan as Japanese Prime Minister Hatayoma has emphasized the importance of South Korea bilaterally and regionally
 - 3) The shift in foreign policy of focusing on Asia while preserving the U.S. alliance is part of Japanese assertiveness. The DPJ needs to show a difference between it and the LDP, particularly with next year's Upper House elections coming up. However, Japanese assertiveness needs to be managed in order not to undermine the US-Japan alliance
- **Strengthen the Korea-U.S. alliance.** With the election in August, 2009 of the DPJ, Tokyo's relationship with Washington is somewhat drifting. Korea could use that opportunity to get closer to the United States. However, the erosion of the U.S.-Japan alliance would not be beneficial to Korea as the two alliances complement one another.
- **Strong requirement for dialogue between the United States and Japan.** Currently, there are some concerns regarding the relocation plans for the U.S. Marine Corps base on Okinawa. There is doubt in Japan as to whether the new base will be constructed and a lot of agreements were signed without any proper realization of them. The example of the Philippines was cited where similar disagreements and miscalculations resulted in the United States withdrawing from there.

3) Role and Value of the Australia-Korea Partnership

- **Strengthen middle power cooperation.** Australia and Korea are both global middle powers that complement each other. Cooperation between the two countries should be focused on these areas.
- **Seize upon new opportunities for middle powers in Asia.** With the decline of the U.S., the role of Middle Powers will increase. In this environment, there will be more

room for Australia and Korea to operate.

- **What can middle powers do to support one another?** Although Australia is not able to provide support like the United States, it can support Korea in other ways. This support comes through economic, diplomatic support, and strong messages in the international community.
- **Korea's value for Australia.** What is the value of Korea for Australia in the context of how Australia can offer so much for Korea. This is an opportunity that both countries need to grasp.
- **Highlight the importance Korea's vibrant democracy in the region.** Korea is viewed as a beacon in the region because of its shared values with Australia, particularly in democracy.
- **Urgent improvement required in people-to-people contacts.** There is a full understanding of the value of the Australia-Korea relationship at the diplomatic level but at the people-to-people level there is a lack of interest.
- **Avoid any possible neglect in the relationship.** The Australia-Korea partnership could suffer from the risk of complacency. The two sides would have to work hard through dialogue on how to avoid taking the relationship for granted.
- **Affirm Korea's diplomatic role in the world.** Korea's diplomatic role does not reflect its capabilities. Australia by contrast has more certainty in its role and the question of Korea's value comes out of this uncertainty. Two reasons for this are:
 - 1) South Korea lives in a tough neighborhood, dominated by larger powers
 - 2) South Korea is still unsure of what its role is on the global stage.

Session III: Australia-Korea Cultural and Human Capital Cooperation

The third session debated the issues on cultural and human exchanges between Australia and Korea. These issues covered a broad spectrum of education, culture, sports, and arts. Unlike the previous two sessions which dealt with diplomatic and state-to-state contacts, this area dealt with people-to-people exchanges. Some of the issues discussed related to the difficulties and challenges in educational exchanges, the lack of cultural understanding in both countries, and the prospects for improvement in these areas.

1) Developing Cultural and Educational Cooperation

- **A new paradigm for higher education is needed for Korea.** Autonomy of institutions and competition among institutions are vital in strengthening higher education. There is much that can be achieved for this through the Australia-Korea relationship.
- **The objectives for higher education in Korea.** In order to strengthen higher education in Korea, four objectives will need to be addressed.
 - 1) Boost entrance
 - 2) Boost capacity

- 3) Foster atmosphere of competition
- 4) Restructure universities

- **Boost cultural exchanges between the two countries.** Cultural exchange is important because it is a pivotal and fundamental value and it goes to long-term investment. These kinds of cultural exchanges give a stronger meaning to the political, economic, and security ties.
- **Importance of emphasizing the importance of cultural exchanges.** Since Australia's long term security lies in Asia, it will require cultural as well as political and economic partnerships, collaborations, and ties with Asia. This kind of contact can deepen the relationship.
- **Importance of Australia's institutions for Korea.** Australia's excellent infrastructure for cooperation, such as the language, geographical advantage, little time gap, and internationalized universities, corresponds well to Korea's policy for educational cooperation
- **Importance of government-supported educational exchange programs.** Programs where the government sends students to receive education in foreign language in countries, like Korea, can help boost the number of Australian students going to Korea.
- **Improve Korean studies programs in Australia.** With the lack of Australian students going to Korea, hampered by language difficulties, the importance of strengthening Korean studies programs in Australia is critical. These programs need to be more competitive and can then serve as a way to promote Korea.
- **Human capital exchange is vital for economic growth.** Thanks to different supply and demand bounces, Australia and Korea have complementary human capital structures on the pins of economic growth.

2) Five areas for cultural and educational cooperation

- 1) **Higher education reform:** Australia and Korea share common agendas such as higher education reform, university governance, and autonomy of capability, higher education quality, and research links in industry.
- 2) **Student exchange:** especially, focusing on green growth and technological issues.
- 3) **Cultural exchange:** taking into account the weak people-to-people contacts between Korean and Australia, there will be a need for more exchanges at the community level.
- 4) **Language Exchange:** There is a great imbalance in student exchanges, there were 16,774 Korean students in Australia for 2008 (higher education and language programs) while only 91 Australian students are in Korea. Both countries will need to provide incentives for Australian students to study in Korea. Official job offerings and credits to exchange students who study in Korea may attract more Australian students. There is also a need to address the foreign studies programs in Australia that suffer from lack of investment and

attention.

5) **Creative Exchanges:** Australia and Korea have a remarkable opportunity to excel in educational and cultural exchanges. This will require more creative ideas. This should include new initiatives.

Session IV: Recommendations

The final session put forward a number of recommendations that derived from the previous three discussions. Most of the recommendations were in the areas of green-growth and energy resources. There was also a final recommendation for the future of the Forum itself and the possible difficulties with any Track 1.5 dialogue next year.

1) Green technology cooperation

- **Maintain the strength of Australia-Korea green partnership.** Korea's green growth and Australia's climate-adaptive capacity can be complementary to each other. Both countries can develop a power alliance in a more positive way on the issue of climate change.
- **Harness Korea's green-growth potential.** If Korea achieves success with its green-growth strategy, which it has shown with its remarkable and rapid economic growth, it will attract students and people from Australia and other middle powers by stressing renewable energy.

2) Peaceful civilian nuclear energy technology cooperation

- **Need for debate on nuclear power in Australia.** Despite having the second largest uranium reserves in the world, Australia has no nuclear power generation facility, and 80% of its electricity energy needs relies on burning fossil fuels. Australia is the only G20 country that does not yet have nuclear energy as a core component of its future energy needs, and has no expertise in nuclear power generation.
- **Develop Australia-Korea cooperation in nuclear energy.** Relying 30%-40% of its energy needs on nuclear power generation, Korea has advantages and expertise in nuclear power plant technology. In this regard, Korea can assist in providing expertise, nuclear specialists, and examples of how nuclear power can be used in a peaceful way for the production of energy.

3) Suggestions for future of the Forum

- **Importance of advancing the Forum.** The Australia-Korea relationship is one of relationships with the most upside potential, but not the most important relationship. To ignore, the relationship has too much potential, and this Forum is too good an idea not to maximize its potential. However, because of the heavy time commitments, and the financial costs associated with it, we need to turn this great idea and opportunity into real, actions and achievements.
- **Address the concern about the Australia-Korea government-led Track 1.5**

Discussions. Due to the joint statement between President Lee Myung Bak and Prime Minister Kevin Rudd, it is highly likely that a Track 1.5 dialogue between the two governments will be organized in early 2010. The key concern is that, when these Track 1.5 Discussions take place, what can the Australia-Korea Leadership Forum do to prevent unnecessary repetition without compromising its high standard. Some expressed fear that the Australia-Korea Forum in parallel to these 1.5 Track Discussions might be “killed off.”

- **Need to maintain independence.** Although there will be a significant impact of Track 1.5 on the Forum, there is a need to maintain the independence of the Forum. Government sponsorship will substantially reduce the autonomy and eventually kill the Forum. In general, there is no guarantee of the sustainability of Track 1.5 or government funding.
- **Broad support required.** Considering the public disinterest of the Australia-Korea relationship, it will be necessary to attract attention from the social and cultural level, not only from the governmental level. There will be many people interested in hearing about the Forum, from graduate students to other businesses, all of whom are involved in the Australia-Korea relationship.
- **Seek stronger business support.** Businesses might be interested in sponsoring the Forum as well. This relationship between the 13th and 14th largest economies in the world must be sufficient enough to find stakeholders who will contribute to the Forum.
- **Strengthen the partnership of the ANU and EAI.** For the long-term perspective, to preserve and improve this kind of Forum will help contribute to strengthen the reputation of the ANU and EAI.

List of Participants

Korean Participants (Alphabetical order)

Panel

- **Hae-ryong Kwon**, Director-General of International Economic Affairs Bureau, Ministry of Foreign Affairs and Trade
- **Myung Bok Bae**, Editorial Writer for International Affairs and Diplomatic Correspondent, *JoongAng Daily*
- **Eui Hwa Chung**, Member of the Parliament of the ruling Grand National Party
- **Young-Sun Ha**, Professor, Seoul National University
- **Jong Hun Kim**, Minister for Trade, Ministry of Foreign Affairs and Trade
- **Sang Hyun Lee**, Director of Security Studies Program, Sejong Institute
- **Sook-Jong Lee**, President, the East Asia Institute and Professor of SungKyunKwan University
- **Un Woo Lee**, Director General of International Cooperation Bureau, Ministry of Education, Science & Technology
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- **Byung-Kook Kim**, Professor, Korea University
- **Young-Ho Kim**, Professor, Korea National Defence University
- **Hyung Hwan Joo**, Director-General of International Economic Affairs Bureau, Ministry of Strategy and Finance
- **Hong-Koo Lee**, Chairman, the East Asia Institute, Former Prime Minister
- **Dongsun Park**, Ambassador for International Economic Cooperation, Ministry of Foreign Affairs and Trade
- **Ung Suh Park**, Honorary Chairman, UI Energy Corporation
- **Seung Hoon Sun**, President, Sun Medical Group

Australian Participants

Panel

- **Peter Alford**, Tokyo Correspondent, *The Australian*
- **Julie Bishop**, Member of the Parliament of Australia and Shadow Minister for Foreign Affairs
- **Ian Chubb AC**, Vice-Chancellor and President, The Australian National University
- **Tony Ellwood**, Director, the Queensland Art Gallery
- **Michael Gallagher**, Executive Director, the Group of Eight [Leading Australian Universities]
- **Michael Johnson**, Member of the Parliament of Australia and Opposition Whip
- **Hyung-A Kim**, Director, Australia-Korea Leadership Forum and Associate Professor of The Australian National University
- **Andrew MacIntyre**, Dean, College of Asia and the Pacific, The Australian National University
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- **John Spence**, CEO, Macquarie and Samchully Partner for Energy Funds
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