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**Politics by Mass Media?:  
Changes in the Korean Policies toward  
APEC Early Voluntary Sectoral Liberalisation**

**Yutaka Onishi**

**MARCH 2000**

**APEC STUDY CENTER**  
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## **I. Introduction**

In June 1998, Korea hammered out her full-scale participation in Early Voluntary Sectoral Liberalization (EVSL) for the first time as a Cabinet minister class, and surprised the members in the Asia-Pacific Economic Cooperation Conference (APEC) Trade Ministers' Meeting in Kuching, Malaysia. Further more, in the conferences in Kuala Lumpur in November 1998, she proposed trade liberalization of its most sensitive sectors, including fish and fish products and forest products. This action was so dramatic that it prompted C. Barshefsky representative of the Office of the United States Trade Representative (USTR) to call it "the proposal which couldn't be believed" (*Chosun Ilbo*, December 2, 1998). Korea's sudden 1998 actions represented the greatest positive movements toward liberalization since trade liberalization was discussed during the Uruguay Round.

This posture contrasted with that of Japan. Particularly in the forest products and fish and fish products sectors, Japan has consistently expressed unwillingness to participate in liberalization since the APEC Leaders' Meeting at Vancouver in November 1997. She had continued this stance until November 1998 when negotiations forced a break from her traditional policies.

Japan and Korea have similar problems and political environments regarding primary industries: sectors in both countries consist of small self-employed companies (run by farmers and fishermen) whose numbers are declining; the sectors enjoy the domestic status of the highest protected industry; and both countries suffer from low food self-sufficient rates. Though the numbers of farmers and fishermen are small, they have a disproportionate level of political influence in the administration. Therefore, both governments kept insisting on the protection of the primary goods during almost every trade negotiation round.

We would not be surprised if in the meeting at Kuala Lumpur Korea sustained protectionist policies in line with those of Japan when the environment over her primary industry did not change. Nevertheless, the question can be posed why Korea proposed conversely excessive trade liberalization.

Further, the policy of liberalization was hammered out in the first half of 1998 then

modified at the end of 1998, and again changed during the Millennium Round of the World Trade Organization (WTO) shifted back to a protectionist posture. Korea's last actions were in step with those of Japan again. Why did the policy conversion happen in this manner?

This paper presents the "politics by the mass media" hypothesis as a way to answer these questions and discusses the meaning of the sudden trade policy conversions in Korea.

## **II. Theory**

This paper explains the change in the negotiation policy of the Korean government related to EVSL that was proposed in the APEC Leaders' Meeting at Subic, the Philippines in 1996. After initial proposal in Subic, the identification of targeted sectors in EVSL was decided upon in the Montreal trade ministers' meeting in May 1997. Based on experience with APEC regarding the liberalization of the communication industries, which played a positive role in the Information Technology Agreement (ITA) negotiations, the EVSL was aimed at promoting the complete liberalization of trade and investment in the region, as ascribed in the Bogor declaration in 1994. The Ministers' Meeting in Vancouver recognized the sectors for early voluntary liberalization, and the program was to be settled on by the end of 1998, with the intention that would be implemented in 1999. But, some differences in the opinion among the members during 1998 concerning the definition of voluntarism and flexibility were evident. Therefore, these negotiations were halted in the Kuala Lumpur Ministers' Meeting in 1998, and postponed to the Millennium Round of the WTO.

Korea made a large policy transformation in the negotiation process. She wasn't positive toward EVSL until the Senior Official Meeting (SOM) in February 1998. At that time she declared not to participate in the negotiations over the fish and fish products and forest products sectors, as they were sensitive fields in her political economy. However, Korea expressed that she would participate in the negotiations of all 9 sectors of early voluntary liberalization under the condition that the reservation lists of

articles would be attached at the SOM2 in April 1998. Subsequently, a formal expression at the cabinet minister's level was made at the Trade Ministers' Meeting in Kuching, Malaysia in June 1998. At this time, Korea explained that she was grappling with liberalization seriously during the related APEC conferences concerning the execution of conditions in the Individual Action Plans (IAPs) of the Manila Action Plan for APEC (MAPA) that she had not tackled with seriously so far (Bark, Moon and Paik, 1998).

Surprisingly, Korea performed this bold conversion of policy stance from protectionist to market release for the most politically sensitive sectors. Immediately, this action was hard to understand. Moreover, the Korean government modified the policy again at the end of 1998 back to the protectionist line. Korea then demonstrated a negative posture during the negotiations of the second tier 6 sectors of EVSL, and even embraced a posture opposing market release of the primary goods, even on a step in line with Japan, during the WTO Millennium Round.

What is the reason why Korea shifted to a liberal policy, inconsistent with its previous protectionist stance and then moved back in a protective direction? This is the subject of this paper. In order to fully explain the reasons behind these actions a discussion of typically valid hypotheses that have been used to explain Korean politics and administration is necessary.

## **II-1. Leadership Hypothesis**

We could think easily and it is often stated that the change in Presidents was the determining factor in the dramatic policy conversion of 1998. It was the year that Kim Dae-Jung took the office replacing Kim Young-sam. Kim Dae-Jung was a fundamental believer in the market economy, and he thought that free dealings by the market would strengthen Korean competitive trade advantages. Therefore, some would argue that the change of trade policy in 1998 was a simply result of the change in Presidents.

From his speeches and public statements it is obvious that Kim Dae-Jung promotes free market mechanisms in his rhetoric. He has stated that he doesn't agree with government intervention in the economy, and thinks that an open domestic market to external forces is best for the country. Many government-concerned people have also

emphasized the size of the policy conversion by Kim Dae-Jung. Theoretically, because of the character of “the delegated democracy” whose President’s power is significant (Nakano and Yeom, 1998), the possibility in Korea that the President’s alternation is connected with the big conversion of the policy is potentially correlated. Indeed, in the past, policy conversion often occurred by a change in Presidents.

However, logically there are four problems in explaining this policy conversion by a change in Presidents. First, the former President’s stance was never negative toward an open market. It was clear that he promoted globalization and joined the Organization for Economic Cooperation and Development (OECD), which were related to her market release. And, it is certain that the partial liberalization of the finance and the domestic market in the rice sector, which was an outcome of the Uruguay Round agreement, promoted the liberalization of the trade and investment in Korea under his administration. As a result, Korea changed her economic structure in line with an international division of labor (Son and Han, 1998). Alternation to Kim Dae-Jung from Kim Young-sam didn’t seem to bring the conversion of the policy. Rather, what should be questioned is why the trade policy of the latter half of the Kim Young-sam era was protectionist.

Second is the issue of the President’s ability to make such shifts in policy. If the direction of the policy trajectory didn’t change, we could say the ability to make its policy change was different between the Kim Young-sam and Kim Dae-Jung administrations. But, from within the institutional context of Korean politics, the leadership of Kim Dae-Jung was more restricted in its ability than that of Kim Young-sam. For example, the ruling party almost always controlled majority during the Kim Young-sam administration in the assembly. He inherited ruling Democratic Liberal Party control, formed during the Roe Tae-woo administration. In contrast, Kim Dae-Jung held a fragile political and administrative base since he never controlled the majority of the assembly. Moreover, his government consisted of two coalition political parties whose policy intentions were different. The political space for the President’s secretary was reduced also. Therefore, an argument that states the leadership of Kim Dae-Jung was stronger than that of Kim Young-sam cannot easily be made.

Third, it follows that if policy conversions can be explained by the alternation of the

leadership, then Kim Dae-Jung must have been politically separated from the former ruling coalition. This is true since he was from the opposition party, which is separated tentatively from the policy network and connections that past administrations had, and so he could perform the bold policy conversion. Certainly, this thesis can explain the economic policy of Kim Dae-Jung, within which he fought big business groups. However the theory does not apply to a market-oriented stance in the fish and fish products and forest products sectors. It may have been true that any networks associated with Kim Young-sam were cut off with the new administration, but the election ground of Kim Dae-Jung is the district that also held the powerful political fisheries. If the leadership of Kim Young-sam was restricted by his policy network, then that of Kim Dae-Jung should also have experienced the same restrictions.

Last, the most significant problem regarding this hypothesis is that re-conversion at the end of 1998 can't be explained at all. It can't explain why the basic posture of the trade policy changed again after standing up under the same President for no less than one year of leadership.

## **II-2. Pluralization Hypothesis**

The pluralization or lame duck hypothesis is a modified version of the leadership hypothesis. Using this notion, Kwon and Onishi explained why Korean administrative reform happened only in the early days of the President's term (Kwon and Onishi, 1999). By their argument, Korean bureaucrats act as faithful agents of the President in the early days of his term in order to acquire important posts. But, they intend to survive by insisting on the profit of the organization that they belong to during the latter part of the President's term. This means that even if they support the President's negotiation policy in the beginning, they have the tendency not to support it during the rest of the term. This conforms to a good explanation of the case in this paper. It follows from this hypothesis that the negative posture of the bureaucracy toward the trade policy of the latter half can be explained at the time of the Kim Young-sam administration, too.

But, this explanation can't explain the policy conversion during the Kim Dae-Jung administration even if a policy change in the Kim Young-sam administration can be explained when the purpose of the bureaucratic organization is examined. The

department in charge of trade was the Ministry of International Trade and Industry (MITI) at the time of the Kim Young-sam administration. To this ministry, information on the domestic industries came in easily, and it was protective of the weak industries in the country. In this case, even if the Kim Young-sam aimed at liberalization in the beginning of his term, MITI became protective in the latter half of his administration. But in 1998, the section in charge of trade was changed to the Ministry of Foreign Affairs and Trade (MOFAT). The Ministry was in favor of liberalization under the Kim Dae-Jung administration. MOFAT was the department that was in charge of foreign affairs and had pro-liberalization mind. Moreover, the think tank that supported the policy formation of MOFAT also promoted liberalization. It is difficult to believe that these organizations slipped into a protectionist mode even if the President was a lame duck.

### **II-3. Statist Hypothesis**

Besides the President's leadership hypothesis another dominant view of Korean political economy is that of the Developmental State. This theory insists upon the autonomy of the bureaucratic or state mechanism (Johnson, 1987). Based on this argument, the following explanation becomes possible. In Korea, there exists the bureaucracy with autonomy and a powerful executive ability, which forms and carries out almost all policies. To cope with the economic crisis along with the currency crisis, it is necessary to raise foreign confidence in Korea by opening the domestic market. Therefore, the autonomous bureaucracy used EVSL as a means to accomplish this task.

Another reaction to the sudden external shock of the Asian crisis that is also in line with this theory has been suggested by P. Katzenstein, who draws upon the conception of organic corporatism (Katzenstein, 1985). In this theory, a small state like Korea tries to follow rather than to compete against the big flows within the international market. Therefore, some institutional devices exist which make a cooperative compromise between the labor and management possible.

Korea, which suffered an external shock from the currency crisis, would and did open her domestic markets to gain confidence of international investors. This is inevitable, despite that fact that some individual interests are sacrificed to a certain extent. The

above explanation is made well in Korea, and certainly it has some persuasive power as an unavoidable outcome of the national crisis during that period. But, there is a problem in the above two explanations. No device existed in Korea at the time, which could press any independent interests and produce a common interest, like the autonomous bureaucracy system or corporatism. The Ministry of Finance and Economy (MOFE), which was a body that took over the role from the Economic Planning Board as the conning tower of the autonomous bureaucracy, had already been dismantled under the Kim Dae-Jung administration. Even if you try to presume that MOFAT, which became the center agency constructing foreign economic policy under the Kim Dae-Jung administration, was at the helm steering the bureaucracy and foreign economic policy, it is hard to say that it had executive power because it had few networks within the industrial world. In addition, it is almost unacceptable to explain protective policy conversions from the end of 1998. At this time, the economic crisis hadn't been wiped away and Korean confidence had not completely recovered. The Labor-Management-Government Committee was set up resembling a device of corporatism at this time by government, but according to Kimiya (1999), this organization was not functioning from the middle of 1998 and as for the trade problem, there was not even the evidence that it was discussed during committee meetings.

#### **II-4. Institutional Hypothesis**

Another analytical framework, which recently spread to both Japan and Korea through writings in political science, which is used to explain the policy conversion in 1998 is the new institutionalism. According to this theory, authority for decision-making is decisively important. In this regard, authority for trade policy was transferred from MITI to MOFAT, which was given jurisdiction over foreign affairs. In Korea, when a domestic industry agency has the authority for trade policy, it emphasizes policies that adjust to domestic industries and it is therefore easy to become protectionist. This is different when a foreign affairs agency has the authority, however. In this case, adjustments are made to emphasize cooperation with foreign countries, considerations of honor in the relations to diplomatic negotiations and the international negotiations, so it is easy to become liberalist. This is understood naturally. In terms of the

decision-making process for trade policy, however, we should also recognize a difference of the centralization of institutions between the Kim Young-sam administration and the Kim Dae-Jung administration, besides the difference in the adjustment subject mentioned above. Diplomatic business concerning APEC was dispersed among various agencies and posts and so the ability to integrate these activities and pursue a consistent national policy was poor at the time of the Kim Young-sam administration (Yang, 1997). In other words, the Ministry of Foreign Affairs (MOFA), MITI, and MOFE played important roles in making the Korean trade policy before 1997. These job assignments were so complicated that no section had authority to make any decisions solely about foreign economic policy. For example, MITI mainly concentrated on policy adjustments in the state before 1997. However, space to make adjustments between the ministries existed through the Foreign Economy Adjustment Committee whose chair was the Minister of Finance and Economy, and its bureau was in MOFE, not MITI. As for the place of the international negotiation, on one side was the Minister of International Trade and Industry, which presented at the Trade Ministers' Meeting, and on the other side was the second deputy minister of MOFA, who attended the SOM as a head. Like this, you could observe that each ministry represented the state at different stages. Under such an institutional setting, there were many veto points here and there over policy changes so powerful leadership is difficult to marshal. This dispersion was dissolved by the Kim Dae-Jung administration to a certain extent. The Office of the Minister for Trade (OMT) in MOFAT represented the Korean government in the place of the international negotiation such as the Trade Ministers' Meeting and the SOM. As for the domestic policy adjustment, the Prime Minister became the chairperson of the foreign economy adjustment committee. But the committee's role decreased markedly over time as OMT came to make adjustments single-handed as the *de facto* bureau of this committee.

Korea changed the system within which industry government office adjusted policy. This change included limiting the dispersion of decision-making concerning foreign economic policy. Ultimately, the foreign affairs agency adjusted policy, resulting in a turn towards a liberal and internationally cooperative direction. An explanation by the institutional analysis has some persuasive power in this case. But, this hypothesis faces the same problem as that of the leadership hypothesis examined above. It can't explain

the liberalistic orientation in the early days of the Kim Young-sam administration or re-conversion to the protective line after the end of 1998.

## **II-5. “Politics by the mass media” Hypothesis**

As mentioned above, we examined several explanations and so far each hypothesis partly explains the case, but cannot explain it fully. Therefore, the next task is to point out the commonalities among them as these factors may be related to underlying dynamics. We catch only the political actors like bureaucracy, executive and the assembly as an object of the argument in the above four hypotheses. The interest groups who are the actors usually covered in the policy decision process hardly come out in these explanations. Tsujinaka, Lee and Yeom (1998) suggest that interest group activities, equal to those in Japan and the United States, appeared in Korea after democratization took effect. It does not sound strange that they influenced foreign economic policy. Interest groups may play important roles in the development of foreign economic policy by influencing the formation of the winset even if they never directly participate in international negotiations, as rich case studies by the IR researchers including Putnam demonstrated (Putnam, 1988, Evans, Jacobson and Putnam, 1993, Kim, Ryu and Jeong, 1995). Some studies also suggest that Putnam’s two-level game can be applied to the Japanese case as well. (Ho-sup Kim, 1997; Jin, 1998)

However, there are not many case studies that insist that any interest group played an important part in the Korean foreign policy process. As for the negotiation process of EVSL, we could say that there were few interest groups that influenced decision-making. Because she hasn’t developed sub-governments, as has Japan, the knot between the interest groups and the bureaucracy is poor in Korea (Jung and Kim, 1997). Because the assembly committees are not active like the United States, the knots between the assembly and the interest groups are also poor.

Nevertheless, the activities of the interest groups are important in Korea as a few researchers clarified. The research of Kim Ho-Seop (1997) argues that because the Korean winset was limited by these groups during foreign economic trade negotiations, the country wasn’t pressed for concessions over the rice market in the Uruguay Round

unlike Japan. Farmer groups' powerful political protests unfolded and these actions forced President Kim Young-sam to narrow the winset. Korea usually decides a traffic policy without hearing the opinion of the related groups fully (Lee, 1998). But, as soon as a new policy is introduced to the related groups, intensive protest behavior has been brought about with resultant changes to policy.

From these cases, you can see that Korean interest groups are usually set up outside the frame of the policy community, and at first they don't always have serious concern in the policy. But, as soon as a new policy is known and implemented, they almost immediately increase interest in the policy and act to make their own interests heard.

What suddenly activates the interest groups that are not usually activated? Bureaucracy can't influence such behavior, as the sub-governmental structure in the country is un-developed. If the member of the assembly can't take such behavior, then the actors who can provide policy information in Korea are those in the mass media.

From this point, the paper will present the "politics by the mass media" hypothesis to explain the case. The mass media is almost the only actor that has the power to mobilize masses of people in Korea. When the mass media gives interest group information on a policy that is critical to its interests, that group can mobilize against the government at once and sometimes have changed policy. However, when the behavior of the interest group was judged not to be suitable, from the mass media's point of view, the mass media sends the information that the behavior of the interest group should be criticized. The mass media controls the activities of interest groups by arousing the public's anti-interest group emotion. Such an activity pattern is also learned, to a certain extent, by the bureaucracy. Therefore, even if an interest group doesn't actually take action, only by the report of the mass media, the bureaucracy probably predicts the behavior of the interest group and modifies the policy.

The activities of such mass media dramatically change the pay-off allocations of the interest groups and the government. These changes significantly alter the winset of her foreign economic policy. In terms of the case at hand, theoretically, when the government changed a policy toward the liberalism in 1998, it was because the mass media put emphasis on the improvement of foreign confidence and denounced the assertion of the sectoral interest as egoism. Because this controlled the activities of the interest group, the government tried to get national support through liberalization and

market release. Subsequently, the modification to the more protective line at the end of 1998 resulted from mass media's emphasis on the protection of some sectoral interests such as fisheries. The failure of Japan-Korea fishing negotiation angered the mass media enough to push for, to the point of argument, the conversion to fishermen's protection as, in their view, there were significant defects in the government's countermeasures. After this, the mass media turned to focus on the damage that the governmental market release policy meant to the weakest members of society. Actually, the failure of the fishing negotiation and the report about it made the behavior of the fishermen's interest group excessive, and drove the government to re-apply for negotiations with Japan and to remove top officials of MOMAF. The EVSL campaign of the *Chosun Ilbo*, one of the most influential media organizations in Korea, was held on that extension line. This had sufficient effect on the government, as it became cautious about liberalization. The dramatic conversion of the trade policy in Korea comes from the re-composition of the winset that such mass media brought about.

### **III. The Age of the Protectionist**

This paper covers the negotiation process of EVSL from the Subic declaration in 1996, when the idea of EVSL was born, to 1999 when the concept almost became extinct. During this period, Korea experienced the administration alternation and a significant change of organization in both its international negotiation structure and domestic adjustment decision-making teams. The first conversion point of negotiation policy occurred at the same time with such changes. Therefore, attention will be directed at what the negotiation system of the Korean government and the adjustment system were and how the policy attitudes toward EVSL were formed. The description is divided, in accordance with the conversion points of policy attitudes, into three periods; the days before April 1998, the intermid days, and those after December 1998. As for the fish and fish products and forest products that are the concrete objects of the policy change, this paper covers the fish and fish products as a case in detail.

### **III-1. Institution**

The most important characteristic of the Kim Young-sam administration is that the industry agency, which was in charge of trade policy, was not always the central actor during foreign economic policy negotiations. The authority for decision making over foreign economic policy wasn't concentrated in an industry agency, though the agency seemed to be the center of the adjustment process within the state.

Two decision-making centers existed during the process. One was centered around the Deputy Vice-minister of Regional Cooperation of MITI. MITI had jurisdiction over almost all industries except for fisheries in which the Ministry of Maritime Affairs and Fisheries (MOMAF) was in charge and the agriculture and forestry sectors in which the Ministry of Agriculture and Forestry (MOAF) was. Therefore, this agency could make adjustments concerning domestic industries. But, MITI's ability to make adjustments in this area was limited because its jurisdiction didn't cover the agriculture, fishing, and forestry sectors. So, the foreign economy adjustment committee, the second decision-making authority during the negotiations, made adjustments between the government offices. The minister of MOFE was the chairperson of this committee that made the final governmental foreign economic policy decisions. That bureau was located in the Foreign Economic Policy Division, under the Foreign Economic Bureau in MOFE. Therefore, APEC adjustment business between the government offices was carried out under MOFE, despite the fact that it wasn't in charge of trade policy. Therefore the government office that did not have the technical ability to make trade policy adjustments was in charge and this resulted in a lack of strong single agency leadership.

Next, let's explain the players of the international negotiation. In addition to the Leaders' Meeting and Ministers' Meeting, the Trade Ministers' Meeting and the SOM are very important in APEC trade negotiation decision-making. First, Deputy Second Minister of MOFA took the lead during the SOM. Besides him, the bureaucrats of the directors' general class of the MITI, MOMAF, and MOFE and a director of MOAF attended. The Minister of International Trade and Industry was represented at the Trade Ministers' Meeting along with the director class secretaries of the above-mentioned agencies.

These relationships among the Korean actors were complex. While Putnam's (1988) two-level game presumes that the level 1 player is the same as the final adjuster of the level 2, things did not work out in this manner. MITI, in charge of trade functions, was not the final adjuster of the level 2, nor did it even have a representative at the SOM, the place of important international adjustments.

### **III-2. Process**

After US President Bill Clinton held the APEC Leaders' Meeting in Seattle in 1993, negotiations significantly shifted focus to the liberalization of the trade and investment within the APEC region. This was expressed in the up-grading of a non-official group regarding trade liberalization (Informal Group on Regional Trade Liberalization; RTL), which was installed in 1991, to the Committee of Trade and Investment (CTI), during the Seattle meeting as an organization inside APEC (Shin, Jeong, Ma, Ahn, 1998). A conference about the liberalization of the trade and investment developed after this as follows; the setup of the annual goals of liberalization under the Bogor declaration of 1994 and the decision to promote liberalization under the Concerted Unilateral Action (CUA), a principle developed under the Osaka Action Agenda (OAA) in 1995. Thereafter was the adoption of the Manila Action Plan for APEC, which collected the programs of trade and investment liberalization of the member economies, what were called IAPs in Subic in 1996. The early liberalization of the specific sectors was described in the Subic declaration and adopted at the same time, which became the germination of EVSL.

In the beginning of the process, Korea's attitude toward these changes was not negative. RTL, which was in the past CTI, was included in the Ministers' Meeting of Seoul in 1991 where Korea was chair. Thereafter, Kim Young-sam promoted globalization after Seattle meeting in 1993, and tried to grapple with active liberalization reform. After the OAA, however, Korea rapidly began to demonstrate a passive attitude towards liberalization. It is shown in the preparation of IAP that faced MAPA. Korea didn't think that market liberalization beyond that of the Uruguay Round was intended for IAP preparations. In other words, Korea decided to carry out the agreement of the Uruguay Round faithfully in the field of customs and non-customs

duty measures that are politically sensitive in the country. In the fields of investment and deregulation, Korea decided its basic policy to pursue the internationalization and advancement of the Korean economy by faithfully carrying out a five-year plan of foreign direct investment release and economic administrative deregulation plan (MITI, 1997).

The Uruguay Round and the OECD joining negotiations had already exhausted Korean economic bureaucrats and they therefore did not want any further negotiations about liberalization. This was an important reason for their negative posture towards any further changes (KIEP, interview). Enormous adjustments were necessary for the formation of the foreign economic policy in those days even within the bureaucracy. In addition to this, after the agreement for rice market release during the Uruguay Round was completed, the activities of interest groups such as agricultural cooperative associations were activated through farmers' protection campaigns in the mass media. General criticism, however, was mainly from economists, who came out on the side of a protectionist posture (Cho, 1996).

Though the negotiation of EVSL began, the above protective posture was the same. It is after the Montreal Trade Ministers' Meeting in May, when Canada was chairman, that EVSL surfaced as a target of the negotiations. At that time, it was decided to identify the sectors for early voluntary liberalization by the end of 1997, moving them up two years from the original goal (Yang, 1997).

Each country then submitted the sections they wished to be part of the EVSL by July 15, 1997, and began negotiations to select applicable sectors at the SOM3 and the CTI3 at the end of August that year. The total number of proposal sections submitted to the SOM3 was 61. This number was reduced in 41 sectors in the special SOM that was held in Singapore in October. After that, each member held specialist conferences about the sector what it presented. Thereafter, it is decided to work to unify the similar proposals and to adjust among the members.

Korean posture was passive at this time as well. Korea proposed only 3 sectors; Government Procurement, Steel and Steel products, and petrochemicals. The number of proposals was comparatively small as shown in the Table 1 (Ahn, 1998). Korea held a steel specialist conference and worked to remove primary products, such as agricultural and fish products, from selection though she supported EVSL generally.

**Table 1. APEC Voluntary Liberalization Summary of Nominations by Economy**

Economy	Sector
Australia	Energy, Non-ferrous Metals, Food
Brunei	Fish and fish products
Canada	Civil aircraft and associated products, Beer and barley malt, Brown distilled spirits, Environmental goods and services, Fertilizer, Fish and fish products, Oilseeds and oilseeds products, Paper and paper Products, Wood and wood products
China	Toys, Bicycles, Accounting services
Hong Kong, China	Toys, All sectors
Indonesia	Fish, Wood products, Textiles, Clothing, Shoes
Japan	Investment, Environmental equipment, Film, Rubber and articles thereof, Transport Equipment, Scientific equipment, Fertilizer, Musical instruments
Korea	Government procurement, Steel and steel products, Petrochemicals
Malaysia	Vegetable oil
Mexico	Intellectual property right, Economic policy, Government procurement
New Zealand	Wood and wood products, Fish and fish products, Fresh fruits and vegetables
Singapore	Chemicals, Consumer electronics, Precision engineering and machinery, Medical Diagnostic and scientific
Chinese Taipei	Environmental technology and equipment
Thailand	Fish and fish products, Canned and processed vegetables and fruit, Natural and Synthetic rubber, Energy, Gems and jewelry, Rice and rice products, Medical Instruments and apparatus
United States	Chemicals, Medical equipment and services, Automotive, Oilseeds except peanuts, Telecommunications and information technology, Energy-related equipment and Services, Environmental technology and services, Wood and paper

Sources:Ahn (1998)

Members reported on the support for the 41 sectors, based on the opinions expressed in the sectoral specialist conferences after July 15. Arguments were made mainly concerning the support expressed at the special SOM in Singapore. No concrete conclusions were reached, and the following points were discussed more intensively: the range of the targeted sectors, the standard to select the proposed sectors, the number

of sectors, and the fulfillment stage which were to be reported at the Leaders' Meeting and the Ministers' Meeting.

Sectors to be selected were to be divided into groups that could be implemented immediately (first tier sectors) and those that needed additional discussion (second tier sectors). As the standard for selection, they adopted several criteria including: level of support, economic influence, trade scale, balance of the mutual interests, and the reliability consideration of APEC in accordance with the opinion of the members (Yang, 1997). The degree of the support was divided into three levels: absolute support, support, and concern. That distribution is mentioned in the Table 2 (Ahn, 1998). We can see from this table that Korea showed absolute support in the Government Procurement that Mexico proposed, and showed support only in the following fields: Gems and jewelry, Automotive, Telecommunications mutual recognition agreement (MRA), Competition policy, Intellectual property right, and Investment. Almost all of these areas have no relations directly to the liberalization customs duty measures.

**Table 2. The Situation of 41 Sectors Nominated for EVSL**

	Nominator	Supporter	
		Absolute Supporter	Supporter
Food	Australia	Hong Kong New Zealand	Brunei Canada Papua New Guinea Singapore Thailand United States
Fish	Brunei Canada Indonesia New Zealand	Hong Kong	Australia Malaysia Papua New Guinea Singapore United States
Rice and rice products	Thailand		Australia New Zealand Papua New Guinea United States

Beer and barley malt	Canada		Australia Japan New Zealand Papua New Guinea United States
Oilseed and oilseed products	Canada Malaysia United States		Australia Brunei Indonesia New Zealand Papua New Guinea Singapore Chinese Taipei
Canned and processed vegetables and fruits	Thailand		Australia Brunei New Zealand Papua New Guinea Singapore
Fresh fruits and vegetables	New Zealand	Australia Brunei Singapore Thailand United States	Brunei Canada Papua New Guinea Singapore Thailand United States
Brown distilled spirits	Canada		Japan New Zealand Papua New Guinea United States
Energy	Australia Thailand United States	Singapore	Hong Kong Japan New Zealand Papua New Guinea Chinese Taipei
Chemicals	United States Singapore	Canada	Japan Malaysia

	Australia Hong Kong		New Zealand Papua New Guinea Thailand
Petrochemicals	Korea	Singapore	New Zealand United States
Fertilizer	Canada	Singapore Thailand	Japan New Zealand Papua New Guinea Chinese Taipei United States
Fertilizer	Japan	Singapore Thailand	New Zealand Papua New Guinea Chinese Taipei
Film	Japan	Singapore	New Zealand Papua New Guinea United States
Wood and wood products	Canada Indonesia New Zealand United States	Hong Kong Singapore	Australia Japan Chinese Taipei Thailand
Gems and jewelry	Thailand Chinese Taipei	Hong Kong New Zealand	Brunei Canada Papua New Guinea Singapore Thailand United States
Steel and steel products	Korea		Canada Japan New Zealand Papua New Guinea Singapore United States
Non-ferrous Metals	Australia		Canada New Zealand

			Papua New Guinea Singapore United States
Environmental goods and Services	Canada Japan Chinese Taipei United States	Hong Kong Singapore	Australia Malaysia New Zealand Papua New Guinea
Transport equipment	Japan	Singapore	New Zealand Papua New Guinea
Automotive	United States	Singapore	Australia Canada Japan Korea New Zealand Papua New Guinea
Bicycles	China		Japan New Zealand Papua New Guinea Singapore
Civil aircraft and associated Products	Canada	Japan Singapore Chinese Taipei United States	Australia New Zealand Papua New Guinea
Medical equipment and services	United States Singapore	Hong Kong	Australia Japan New Zealand Papua New Guinea Thailand
Medical equipment		Singapore	Australia Canada Japan New Zealand

			Papua New Guinea United States
Medical equipment	Japan	Singapore	Australia New Zealand Papua New Guinea
Natural and synthetic rubber	Thailand		Australia Canada Indonesia New Zealand Papua New Guinea Singapore Chinese Taipei
Toys	China Hong Kong Singapore United States	Australia Canada New Zealand	Brunei Indonesia Malaysia Papua New Guinea Chinese Taipei Thailand
Shoes	Indonesia	Chinese Taipei	New Zealand Papua New Guinea Singapore Thailand
Precision engineering and machinery	Singapore		Hong Kong Japan New Zealand Papua New Guinea
Consumer electronics	Singapore		Hong Kong
Telecommunications and information technology	United States	Canada Japan Singapore	Australia Hong Kong Korea New Zealand Papua New Guinea Chinese Taipei
Musical instruments	Japan		New Zealand

			Papua New Guinea Singapore
Accounting services	China		Australia New Zealand Papua New Guinea
Economic policy	Mexico	Chinese Taipei	Japan Korea Papua New Guinea New Zealand United States
Government procurement	Korea		Japan New Zealand Papua New Guinea Chinese Taipei
Government procurement	Mexico	Korea Chinese Taipei	Japan New Zealand Papua New Guinea
Intellectual property right	Mexico		Japan Korea New Zealand Papua New Guinea Chinese Taipei United States
Investment	Japan		Canada Korea New Zealand Papua New Guinea Chinese Taipei
Nuisance tariffs	Hong Kong China Australia Chile New Zealand	Brunei Canada Singapore	Malaysia
Diminishing the tariffs for all fields	Chile		Singapore

	Hong Kong		
	China		

Sources: Ahn (1998)

After the SOM in Singapore was completed, proposed adjustments made by members continued and the selection of EVSL was identified at the Ministers' Meeting in Vancouver in November. Confrontation over two positions concerning EVSL emerged. On one side was the group of the members who supported liberalization of primary goods, such as The United States, Canada, New Zealand and the other side was the developing economies and Japan who were against it. Whereas the group for the liberalization insisted on including many lists of articles in the identified sectors, developing economies and Japan insisted on limiting liberalization within the minor list of articles and to agree on measure and ways of promoting liberalization in 1998 (Yang, 1997; Ro, 1997). This disagreement appeared during the EVSL conference as well.

As a result, the group for liberalization finally overcame EVSL negotiations in Vancouver. The Ministers' Meeting identified 15 sectors within the first tier 9 sectors, and the second tier 6 sectors as the sectors of EVSL. As for the first sectors, it decided to establish concrete fulfillment measures by June 1998 and to implement the program starting in 1999. For the second tier sectors, it also had high probability to complement the proposal documents from the existent proposal members during 1998, and to promote liberalization (The Regional Cooperation Division, 1998a).

Of course, the Korean negotiation authorities didn't positively receive this decision. Korea held the impression that EVSL was expanded suddenly by the group for the liberalization. Decision-makers in the country believed that the EVSL would be accomplished for one or two fields symbolically (MOFAT, interview). During the Vancouver meeting, EVSL was discussed little, as 95% of the discussions were related to the financial crisis. There was no room for argument among Asian members, including Japan. All were still suffering from the financial crisis and the fish and fish products and forest products that were among the largest pending questions for Korea were included as targets of EVSL. Therefore, Korea expressed not to participate in the negotiation over the two sectors. This decision was based on the voluntarism that was

the principle of liberalization negotiations as established in APEC. Korea had shown a negative posture toward the negotiation of liberalization after OAA. It would not go ahead on EVSL. As for so-called especially sensitive sectors, such as fish and fish products and forest product, she rejected participation in the negotiations. This attitude did not change until Korea fell into the currency crisis, and recognized that it was the greatest national crisis since colonial control by Japan.

#### **IV. Conversion to a Market Release**

Korea fell into the currency crisis, and formally applied to the International Monetary Fund (IMF) on 21 in November 1997 for a relief loan. By the end of 1997, the currency crisis shifted to the economic crisis of record-breaking proportions. From late November to December, mass media across the country campaigned vehemently against the IMF. They compared the organization to the Japanese prewar empire. The campaign changed greatly as enterprises increasingly found themselves cash strapped and bankruptcies increased. The emotion of the people who were touched by the crisis propelled them into joining social movements, whose aim was to return IMF loans and restore economic sovereignty as early as possible. The gold gathering movement, the blood donation movement, the traveling abroad self-control movement, and the recycling movement were the concrete expressions of this phenomenon. The mass media applauded these movements and praised the patriotic behavior and self-sacrifice of the participators.

Though heroes were praised, the mass media also attacked those faithful to their interests. There was an intensive media campaign to rout our “traitors” to the country. In the beginning of this campaign, it was those who retained a luxurious life that were exposed on local news pages of newspapers. But, soon after, the criticisms of the mass media shifted to big industrial conglomerates, labor unions, and even to individuals who pursued the interest of a private group or organization.

The policy conversion of EVSL was closely associated with the social atmosphere created by the mass media. Large-scale administrative reform was made simultaneously

and in parallel with it. Media coverage directly influenced foreign policy formation, too. In the next section, after an explanation of the policy decision system of the new administration, Korean correspondence toward the big flow over the EVSL negotiation is presented. Thereafter, it is considered how the fisheries sector, which was supposed to suffer damages due to the dramatic policy conversion, coped with this situation, and how policy adjustments within the country were made.

#### **IV-1. Institution**

When Kim Dae-Jung took office, he changed the characteristics of the foreign economic policy decision system completely from that of the Kim Young-sam administration. Previously, adjustment functions were highly dispersed and arranged primarily by the industry agency. The trade section was transferred from MITI to the Ministry of Foreign Affairs and Trade (MOFAT), which was a new agency (set up during the months of February and March 1998). The predecessor of MOFAT was MOFA. MOFAT became the leading player for Korean international trade negotiations and was also able to effect policy adjustments among the government offices. In other words, the Kim Dae-Jung administration concentrated the adjustment functions of those related to foreign economic policy.

In terms of the domestic situation, OMT became the new center of the foreign economic policy. The top official of this agency had the authority to make adjustments in trade policy as a trade minister. The APEC trade and investment team assisted him in adjusting APEC policy. But, because the International Economic Bureau outside OMT also had jurisdiction at the same time, two organizations took charge of APEC policy within MOFAT. And, the WTO team of OMT took charge of WTO negotiations. This situation allowed the ministry to make easy mutual adjustments. Further, the International Economic Bureau was transferred to OMT through reorganization in March 1999, unifying the bureau and the APEC team by June 1999. Currently, the Regional Cooperation Division, Multinational Trade Bureau under OMT is in charge of APEC policy. Incidentally, the WTO Division that is in charge of WTO adjoins it.

The part of the foreign economy adjustment committee that played an important part under the Kim Young-sam administration declined in importance among government

offices. The Prime Minister took charge of the committee as chairman and the vice-Prime Minister system was abolished. The APEC team of MOFAT therefore was given authority over policy adjustments, as there was no technical knowledge supporting economic expertise within the Prime Minister's Office. In addition, substantial adjustment in the committee became difficult because the Prime Minister's schedule prevented him from holding frequent meetings. Therefore, as for APEC, OMT substantially shouldered the domestic adjustment authority single-handedly.

And, the International Trade Policy Division of the Office for Trade and Investment (until June it was called the International Cooperation Division) was set up in relation to APEC in the Ministry of Commerce, Industry and Energy (MOCIE). This Ministry also lost a trade section. The International Economic Policy Division of the Economic Cooperation Bureau was set up within MOFE. Previously, they took charge of the office work for the foreign economy adjustment committee. In part, the bureau is involved in APEC related policy adjustments among the government offices and participation in the international negotiations.

The concentration of international negotiation institutions was carried out as well. After 1998, the head of the SOM was the Deputy Minister for Trade in MOFAT and the representative of the Trade Ministers' Meeting was the Minister for Trade in MOFAT. As for international negotiations as well, the leading players were unified in MOFAT.

It was after March 1998 that the system which concentrated adjustment authority inside and outside of the country began to function. However, the movement of the policy change toward EVSL had begun a little before the above-mentioned reorganization.

#### **IV-2. International negotiation**

The curtain opened for EVSL negotiation in 1998 the SOM and CTI in Penang, Malaysia on February 14 just before the Kim Dae-Jung administration to charge. After receiving the policy arrangements from the Vancouver conference, the conference began examination, for first tier 9 sectors, of the application of concrete fulfillment measures.

But, because negotiations were not fully devoted to those that were made in Vancouver, the conference began on a rocky note. Members decided to hold the

specialist conference to reach an agreement about the effective early liberalization while the SOM and the CTI were in process. It was recognized that the agreement must contain two features including that market release, facilitation, and Ecotech items must be balanced and that the principles of Osaka Action Agenda must be kept when the sectoral fulfillment would be agreed upon. It was decided that the CTI would prepare the report concerning the procedural development of 15 EVSL sectors that would be submitted to the SOM and the Trade Ministers' Meeting in June (The Regional Cooperation Division, 1998a).

As for implementation, the members for the liberalization insisted on active promotion to secure the reliability of APEC, but they had to confront the position of developing members and Japan, that insisted on applying the principles of the voluntarism and flexibility in consideration of the economic circumstance and environment of each member. As concrete agreements could not be reached for each sector, the CTI and a specialist conference was added to the upcoming April meeting (Song, 1998a).

The CTI, following the SOM, decided that the adjustment member of each sector was to submit a report to the APEC bureau by April 9, and that it was to hold the specialist conferences during April 20 and 23, and the special CTI during April 21 and 24. The report was to be submitted to the Trade Ministers' Meeting in June 1998 on the Special CTI, and the final plan was to be submitted to the chair of SOM by June 10(The Regional Cooperation Division, 1998a).

At this time, Korea maintained the position expressed in 1997 given that the government was undergoing administrative reorganization and policy conversion (Chang-seon Kim, 1998). But, it was emphasized that this attitude was from the middle of the administration alternation. In February, Korea began to show policy conversion prior to the reorganization and the alternation of the administration.

The Korea Institute for International Economic Policy (KIEP), the Korean foreign economic policy think tank, had already insisted on the posture of conversion to the EVSL negotiation in the seminar on February 11 (KIEP, 1998). Opinions insisting on carrying out market release and embodying an active posture in EVSL, in order to raise the national confidence, were voiced in succession during a KIEP seminar that was held just before the special CTI in April. Kim Chang-seon, APEC team manager of the

MOFAT insisted that it was necessary for the Korean national interest to cope with an EVSL discussion actively by securing the flexibility by which she could extend the period of fulfillment for sensitive sectors (1998). Nam Sang-Jeong, the director of Regional Cooperation Division in MOFAT also argued along the same lines. Nam (1998) suggested; to get rid of the passive conservative position that it has been maintained after 1995, to participate in EVSL actively, to examine how to participate in the field of the details (Harmonized Commodity Description and Coding System (HS) unit) where partial participation or liberalization are possible, and to reexamine a passive position held until that time toward the sensitive sectors. It was in the special CTI in April that a change in this posture was brought to light.

Any agreement of opinion was not evident in most fields in special CTI and the specialist conferences held in April by the decision of the SOM in February. Thereafter members decided that the report that reflected all the opinions of all members was to be submitted to the SOM and the Trade Ministers' Meeting in June, and that the final decision was to be made at the meeting in June. Confrontation was fundamentally over the same issues as those before. Three important points are worth highlighting. The first point was to promote all first tier 9 sectors as a package. The members for the liberalization, such as the United States that insisted on a package deal were opposed to the group that included China, which insisted on guaranteed selective participation on the basis of voluntarism and flexibility. Debate became so acrimonious at the CTI and the SOM that it was difficult to expect the roles of the CTI and the SOM without the political agreement. The second point concerned the standards for selecting articles in the sectors identified for liberalization. The general tendency was to reserve articles that were political or religiously sensitive, despite the agreement to find a maximum number for liberalizing. Therefore, the implementation of a rational standard was necessary for the reserved list. The third concerned the preparation of flexibility standard. This standard would detail what was permitted by flexibility, whether the final goal was the reduction of the customs duty or the customs duty abolition, how standard for the goal year were established and how all this was carried out (Song, 1998a).

Though the special CTI ended on a comparatively bad note, Korea demonstrated a dramatic policy conversion in the sectoral specialist conference held, which was held at

the same time. There Korea threw aside her position on fish and fish products and the forest products in which she expressed non-participation. With the non-participation withdrawn, Korea presented a new position with the fish and fish products to participate under the condition of the reservation of the sensitive articles. As for the forest products as well, Korea reported a desire to participate, in principle, though she insisted on the reservation of part of the articles and the extension of the fulfillment period, and to plan the presentation of a list of articles to reserve (Song, 1998a).

The Korean declaration demonstrated a stronger commitment for liberalization in the remaining categories under consideration. It was in the series of APEC conferences held in June that she clearly expressed policy conversion to market release (The Regional Cooperation Division, 1998b). The argument first started in the CTI held in Kuching, Malaysia. There, whereas members like the United States, Australia, Canada emphasized that all the members should participate in all the first tier sectors, Japan and China insisted that members could make partial participation in accordance with the principles of voluntarism and flexibility. China outspokenly asserted that the contents of related matters of the Ecotech presented in the chairman's report weren't satisfactory. After receiving the report about such political items, China insisted that the policy must be examined by high officials at the SOM and the Ministers' Meeting. The Chinese representative argued that voluntarism and flexibility were very important as basic principles in the promotion of early liberalization. The SOM opened after the CTI made progress on the first tier 9 sectors, with the introduction of a SOM chairman's report that included items of issue at the Trade Ministers' Meeting. But, it couldn't agree on how flexibility of the sensitive sectors was to be permitted, which is the point of the EVSL agreement. Therefore this problem was decided to be discussed on the Trade Ministers' Meeting again. The problem arose because differences in position between the members like the United States and the ones like China and Japan, weren't reduced. The former insisted that flexibility was intended to be limited only to the fulfillment period, the latter insisted that it was intended to be applied to the range of reserved articles including the fulfillment measures, the start moment of the fulfillment, and so on as well. At the Trade Ministers' Meeting held at the end, they agreed that the extension of the fulfillment period was to be permitted about the sensitive sectors and promoting liberalization from 1999. They did not agree, however, with other

flexibility measures (The Regional Cooperation Division, 1998b).

In other words, members like the United States, Australia, Canada, New Zealand, Singapore, Hong Kong who insisted that members had to participate in EVSL without reserving any list of articles in all 9 sectors were confronted with members like Korea, Japan, China, and ASEAN countries who insisted that the field that each member could choose from the 9 sectors to participate, or the reservation of the list of articles should be permitted even if all nine sectors are promoted in cooperation. The Japanese attitude was especially firm, and reservations were expressed to the chairman in a statement that “All of the members participates in all 9 sectors, and flexibility is in principle the extension of period.” (MOCIE, 1998)

Korea, in the conference at Kuching, changed from the expressed position in Vancouver and showed willingness for participation in all 9 sectors under the condition that the minimum list of articles to be reserved must be authorized about the fish and fish products and the forest products. Korea appealed for more foreigner investment by showing to the world that she was working for market release in order to raise national confidence. The full-scale participation to EVSL was one of these expressions. Korea was fully trying to make use of APEC in a way she respected market principles and was open externally. Through bi-lateral discussions with the Trade Ministers members such as the United States, China, Australia, New Zealand, Hong Kong, and Singapore, she made efforts to make them appreciate the new Korean position toward EVSL. She also publicly provided transparent information on economic structure adjustments and trade and investment liberalization measures through the proposal of an IAP examination conference. (MOCIE, 1998)

Korean behavior was the same at the Kuantan conference. The CTI examined the report that recorded the degree of the participation of the members and the conditions of the reservations, which the CTI chairman submitted to the SOM. The members for liberalization of the primary goods insisted on the positive participation in EVSL through a minimization of the reservation list of articles. On the other side, Japan put emphasis on the voluntarism and the flexibility principles at the time of the EVSL promotion, and developing economies like China and Taiwan asserted various proposals on the form of flexibility such as the submission of list of articles to be excluded. The SOM chairman required that each member submit the reason to be reserved along with

the counterproposal presentation in the case of the list of articles to be excluded (The Regional Cooperation, 1998c). The SOM also had a discussion on how the flexibility of sensitive sectors was to be permitted. It could not reduce the differences between the members for the liberalization such as the United States that insisted that flexibility was to be limited only to the period of the fulfillment and the members such as Japan and developing economies that insisted on the application of flexibility to the range of the list of articles and fulfillment measures. A conference for the EVSL package agreement was decided to be continued at an unofficial SOM and the Ministers' Meeting in November (The Regional Cooperation, 1998c). China and Taiwan that kept taking a firm posture on the voluntarism principle became soft and suggested their participation in all the sectors with reserving the sensitive sectors by the principle of flexibility. At the same time, Japan stuck to the voluntarism principle. This change was connected with the miserable Japanese isolation in the Kuala Lumpur conference in November.

On the other hand, Korea was eager to increase national confidence and submitted two pages declaring active participation to EVSL and the appeal for market release. Korea held an IAP examination conference, and explained the movement of the economic reform and the measures of liberalization, and made and distributed the materials of present economic reform policy promotion in the SOM on the public information side. She explained the efforts to extend EVSL participation through the 2 party talks with important members such as the United States and Japan (The Regional Cooperation, 1998c).

Korea expressed a concrete intention for participation in the negotiations of the fish and fish products and the forest products, which she had rejected before. As for the fish and fish products, Japan, China, and Taiwan showed the position to reserve all the lists of articles and all contents, whereas Korea limited the range of the reservation list of articles, and proposed which articles should be more liberalized. As for the forest products, Japan presented most lists of articles as a sensitive sector, and China and Indonesia reserved a considerable list of articles. Korea informed all members that she would reserve 12 items for a while such as conifer woods, lumber goods, plywood, and so on and also submitted a related list of articles (Song, 1998b).

The Japanese isolation, defined in Kuantan, didn't change even at the Ministers' Meeting in the Kuala Lumpur in November, and consequently because of Japanese

opposition EVSL ended in virtual failure. In other words, the members, such as the United States, Canada and Hong Kong, Singapore reconfirmed that all members should participate without any reservation about the 9 sectors on the Ministers' Meeting. Though emphasis was put on the voluntarism principle, China expressed the intention that the width of participation within the 9 sectors would be fully expanded, and Taiwan, the Philippines, Thailand, and Indonesia promised the expansion of their width of participation, too. On the other hand, Japan stuck to the position of the un-participation to the fish and fish products and the forest products, and proposed to discuss these sensitive sectors at the WTO. The liberalization of the 9 sectors was decided to be promoted at the WTO as a compromise of the argument concerning EVSL issues (International Economy Bureau, 1999a), and members reached the conclusion of the virtual WTO feed of the EVSL conference.

Korea made a positive proposal through several conferences of related ministries, and participated actively in the argument of EVSL in the unofficial SOM and the Ministers' Meeting just before the Leaders' Meeting in the conference of the Kuala Lumpur (International Economy Bureau, 1999a). In the proposal, she explained that she intended to drastically open 85% of the total 320 items in the fish and fish products sector and 80% of the 250 items in the forest products sector by 2001. Korea was the only primary good importing economy within APEC that expressed liberalization of this magnitude. Barshefsky, USTR representative was also surprised at this proposal with "the proposal which couldn't be believed" (*Chosun Ilbo*, December, 2.1998).

As mentioned above, the conversion of the Korean government to the liberalism that began from about February 1998 speeded up after it was expressed officially in June. That level finally reached a hard place to understand as the primary goods importer.

### **IV-3. Domestic Adjustment**

As mentioned above, Korea kept extending the width of the winset after February 1998 until November in the EVSL conference. How was such a thing possible? Let's look at her domestic adjustment process about the fish and fish products in which she expressed not to participate in Vancouver in 1997 as a case. And, as for the forest products, only the forestry agency opposed liberalization from the reason the base of

forestry could not be made if it was liberalized soon, which was different from Japan. So, the adjustments in the forestry sector can be thought to be easier than fish and fish products with many fishermen and fishermen's unions as powerful pressure groups.

The main actors in handling APEC marine products were MOFAT, MOMAF, and fishermen's unions. The Korean Maritime Institute (KMI), think tank of MOMAF, was also involved. MOFAT thought that the position fisheries occupied within the entire domestic economy was small, and therefore its attitude was strongly toward market release in this industry (*The Soo San Kyungjae Sinmoon*, July 27, 1998). On the other side, MOMAF fundamentally opposed liberalization of fish and fish products. The reasons were that Korean enterprises of fisheries were small, and therefore required protection, and that their main trading partners in this sector, Japan and China, were also opposed to the liberalization of the marine products (Shin, Jeong, Ma, Ahn, 1998). But the fishermen's unions who would surely suffer from damage due to the liberalization hardly showed concern toward the beginning EVSL negotiations. The liberalization of the fish and fish products, as discussed in the SOM in April, was proposed to escalate the customs duty abolition from 1999 to 2005. Korea had changed positions at this time such that she would participate in the negotiations over liberalization if a reservation list of articles was recognized. MOMAF held an explanation meeting on early liberalization of the marine sector at Seoul in April 19 and at Pusan and Yeosu in April 21 and 22. It collected the opinions of the related associations and provided the materials for them relating to liberalization (*The Soo San Kyungjae Sinmoon*, May, 4, 1998). It seems that there were not many fishermen's responses toward these activities during this period.

MOMAF always expressed to MOFAT that it was opposed to the liberalization of the fish and fish products. MOFAT made MOMAF concede (MOMAF, interview). MOFAT insisted that there was no other opinion that opposed to the liberalization of fish and fish products except for that of MOMAF and that the international appeal by the active participation to EVSL was important for the recovery of national confidence. So, KMI was asked by MOMAF to investigate how much and about what fields Korean fisheries would suffer from liberalization, and what was to be suitable to select as the list of articles to be reserved (Shin, Jeong, Ma, Ahn, 1998). KMI submitted a list of the 61 items (20% of the total 320 items applicable for liberalization) that would suffer from this process (*The Soo San Kyungjae Sinmoon*, June, 1, 1998). Therefore, this

list of articles was selected as a primary reservation list. MOMAF told the Central Organization of Fishermen's Unions to give the order of enormity of expected damages from liberalization to the articles of the list(*The Soo San Kyungjae Sinmoon*, June, 1.1998).

MOMAF was amazed at the indifference to EVSL expressed by fishing groups such as fishermen's unions. MOMAF made adjustments among the ministries to relax the liberalization of the fish and fish products as much as possible. But, it felt that other ministries couldn't understand its assertion unless the marine groups and fishermen didn't introduce the present condition of the fisheries (*The Soo San Kyungjae Sinmoon*, July, 20.1998). For whatever reason, however, a plan was constructed to reserved 32 fish and fish products items (10 percent of the total items) from the liberalization process (*The Soo San Kyungjae Sinmoon*, July, 27.1998). The Central Organization of Fishermen's Unions moved at this stage to request directly to MOFAT that the reservation list of articles was at least to be made 45 items (15% of the total items). Finally, KMI selected 48 articles that were to be reserved in accordance with the request of MOMAF (Shin, Jeong, Ma, Ahn, 1998).

We can see from the above process that the interest groups were indifferent to the liberalization of the fish and fish products at EVSL, and they hardly moved in Korea. Because there was few direct applications of the interest groups, MOFAT who took charge of domestic adjustment didn't accept the intention of MOMAF and decided on liberalization. MOFAT persuaded MOMAF to its side using the same tone that as the mass media was using, namely that self-sacrifice was called for during a national crisis. And, while the conference of EVSL progressed, the mass media hardly showed concern toward EVSL, and didn't make any comments on the damage that fishermen would potentially suffer because of liberalization. The egoism of officials, bank clerks, and the labor unions was criticized conversely for the disputes of administrative reform, the merger of banks, and the labor dispute concerned with the introduction of the arrangement dismissal system, which progressed during this time. The mass media continued to be critical of the activities of the interest groups.

## **V. Modification on a Line**

At the end of 1998, Korea modified its intention towards market release. The mass media changed its tone of argument towards protection of the country's weak members after the tangle of Japan-Korea fishing negotiation, which played an important role in this modification.

The concern of the Korean fishermen went to the negotiations between Japan and Korea at once after Japan declared the close of Japan- Korea fishing negotiation and the end of Japan- Korea fishing agreement in those days in the beginning of 1998. After this, Japan began to capture the Korean fishing boats that had gone into its territorial waters by the precise application of the new United Nations' Law of the Sea. The Korean government began negotiation with the Japanese Government from this time in order to promote fishermen's interests and to avoid the agreed-less condition about fishing (Reference to Jin, 1998). But, the problem was not Japan-Korea fishing negotiation itself at this time. Very important was the reaction of Korean fishermen after they found out just how serious the damage they would sustain from no permission to the two-boat purse seine about the fishing method in the new agreement. The mass media found out that the defect of this agreement was caused by a mistake made by the negotiators. This threw fishermen's groups into intensive protest. As a result, the Korean government requested re-negotiation with the Japanese Government. After negotiations were concluded, the minister of MOMAF, who was in charge of the negotiations, took personal responsibility and was replaced.

The mass media greatly criticized such a governmental blunder, which resulted in the neglect of fishermen's interest. The tone of their arguments demonstrated coolness toward governmental actions dealing with the victims of the economic crisis. For example, they became critical of the delays of the unemployed countermeasures, the subcontract enterprise problem in the Pusan area caused by the management failures of the Samsung Automobile, and the undernourished school child problem due to the economical failure of households. In those days, Korea couldn't say that she escaped from the economic crisis. There was no room for the government to take into consideration sectoral interests. However, due to the support of the mass media,

government became interested in and used resources to the unemployment policy, the small enterprises policy and the promotion business of the suffering regions. The excessive protest behavior of the fishermen, related to the Japan-Korea fishing negotiations, made the mass media put a spotlight on this figure of the fishermen who worried about the friction with Japan and their declining catches of fish.

This movement began to make the policy of MOFAT, which had assumed a cold attitude to the fishery industries, to change delicately. According to the people at MOMAF, through the mass media reporting the confusion of the Japan-Korea fishing negotiation, MOFAT began to appreciate the political importance of the fishermen's interest (MOMAF, interview).

It was the anti-liberalism campaign of the *Chosun Ilbo* based on fishermen's interest that was the deciding factor in the change of attitude expressed by trade authorities toward politically sensitive domestic interests. The *Chosun Ilbo* claimed that the Korean government made a judgment mistake in the EVSL negotiations by proposing excessive liberalization. By emphasizing Barshefsky's comments in the Kuala Lumpur conference it suggested that the proposal for liberalization was a mistake. The government's response was that, "In the beginning of negotiation, Korea had a plan to liberate 85% in the case of the fish and fish products to start from 2005, and in the case of forest products 42% from 2001. But for the delegation mistook that Japan was to submit a very positive plan for the market release at the end, it made and submitted an amendment beyond the ability" (*Chosun Ilbo*, December, 2. 1998). The following day, OMT insisted that adjustments among the concerned ministries began in June, and there were no different opinions about the items, which had already been agreed upon within the government. However, a serious difference in opinion was reported to come out from the directors' general offices of MOCIE, MOMAF, MOAF, and the Korea Forest Service during the EVSL negotiation conference that opened on November 27. The Report about the APEC/EVSL Countermeasure Conference claimed that all agencies were opposed to the policy of MOFAT due to the difficulty of domestic explanation. And, the *Chosun Ilbo* transmitted that every agency requested not to change the degree of liberalization on which they agreed on the related cabinet ministers' conference, and MOAF and MOMAF criticized the absence of MOFAT's ability to negotiate. And in an editorial, it criticized the attitude of the government, which, the paper suggested,

showed indifference to the nation's weak members.

In this series of articles in the *Chosun Ilbo* at this time, there exists what we could judge as a misunderstanding, which occurred from the deficiency of the special knowledge about the EVSL conference. But, the important point is that this report completely changed the posture of the government in the direction to cope carefully with the interests of sensitive sectors. It appeared in the following contents; the statement to search the national interest toward the EVSL second tier 6 sectors (The Regional Cooperation Division, 1999) and the adoption of the policy "to insist to handle the forest products, and marine products different from the industry goods market approach in consideration of their peculiarity," on the second foreign economy adjustment committee about the WTO Millennium Round (The WTO Division, MOFAT, 1999).

## **VI. Conclusion**

Generally speaking, the mass media have a powerful ability to set a national agenda and provides information about the politics and the policy that it is hard for the normal citizen to obtain. Further, the influence that the mass media in politics is increased through the provision of images of political parties, politicians and policy problems. But, in Korea, the importance of the mass media seemed to be greater than general influence. For example, persons from the mass media often join the cabinet and the political party as politicians in Korea. The citizens group "Participation Solidarity," which does not include a large membership, have successfully pressed government to change its policies during recent years. And one of the reasons is that there are many opportunities for this group to be heard through the mass media. The importance of the mass media seems to be beyond the general influence in Korea.

However, it can't be explained that the mass media's strength includes its ability to re-compose the winset of the nation's foreign economic policy. This stems from the political structure peculiar to Korea that the information about the policy and the politics that flowed through the mass media moves the activities of the interest group. There are not enough networks between the interest groups and other political actors,

which includes the bureaucracy and political parties and the executive. While interest groups are not fully co-opted by the administration and/or the assembly such as the United States and Japan, the formation of a winset can only be explained by a model of politics within the government, especially when the agency like MOFAT of the Kim Dae-Jung administration has both the ability to negotiate in the international society and the ability to adjust the domestic politics. The pivotal player can re-compose a winset in pursuit of its own interest. Politics by the mass media can press them for the conversion of the policy drastically, but you must remember that it is merely a symbol of the distance between the state and the society.

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