

Preferential relations between MERCOSUR and Korea: Perspectives of an idea under construction

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Abstract

The article aims at analyzing the scenario that is brought about by the states' decision to begin the feasibility studies for the negotiation of a free trade agreement between the Republic of Korea and Mercosur. Some of the complementarities that may exist between both countries are analyzed and we propose an enrichment of the agenda by means of the inclusion of other topics that may generate trust and create a level of dialogue that will strengthen the relation in general. That is to say, the inclusion of political, social and cultural elements –similar experiences in the democratic construction and the legacy of military governments, to name a few- that may help create a net of links that will strengthen the dialogue giving it further sustainability in case differences in the negotiations regarding the free trade issue may arise. Then, the article points out that the existence of a sizeable community of Korean origin in the MERCOSUR countries should be better capitalized. Taking all these elements into consideration, the relation will be very fruitful and important, at least for the MERCOSUR countries, in the development of a different agenda for their foreign policy.

Key Words

Korea – Mercosur – Free Trade – multidimensional agenda– Korean immigrants

Initial considerations

The present article will analyze the main aspects of the relations between MERCOSUR and the Republic of Korea. Even if there is not yet a well-oiled dialogue mechanism

between the parts, during the year 2004, there were several initiatives that modified the historical tendency of a weak relation. Firstly, the formal beginning of the feasibility studies for the negotiation of a Free Trade Agreement (FTA). And secondly, during the month of November, the Korean president's visit to Brazil and Argentina after the APEC meeting in Santiago de Chile.

These two events may be showing a new tendency in the connection between the countries, until now only focused on few areas. It is too soon to declare that there is a true qualitative change. However, there are signs that show changes in the mutual perception. In other words, we can already discern the real benefits that a closer relation may bring to the parts involved.

The experience of Korea and Chile during the FTA negotiation is an important antecedent that could be capitalized in terms of reducing the differences between those two far away worlds, that of the Asian Northeast and that of the South Cone of Latin America.

Economic studies show a high level of complementarity. However, deeper factors - originated in lack of mutual knowledge or lack of interest from the main sectors of each country to make good use of the advantages and originated also in the priority attention paid to other topics in the international agenda- have contributed to make it a difficult and low profile relation.

There may be elements that could be better taken advantage of in order to build intercontinental bridges like, for example, the existence of a sizeable Korean community in Brazil, Paraguay and Argentina that, even if with difficulties, have been incorporating themselves into the social life in an increasingly active way.

Leaving economy aside- and acknowledging that economy itself will be the cause for a major boost for a better relation – the future of the relations will depend on the articulation of interests between states with a multidimensional view in which foreign policy, security, and institutional, cultural and social issues are included in the agenda. The creation of a belt of trust, that brings stability to the process of rapprochement, will be a key element to ensure that the difficulties that might come up in the negotiation of technical aspects of the FTA will not make the experience fail.

We find a certain inconsistency in the design of a common foreign policy on the part of MERCOSUR that conditions the decision making process. It is also true that we can think up common policies and negotiation mechanisms to clear the road towards more ambitious goals, starting with the acceptance of weaknesses. The advance could be slowed down but it would be then carried out on firmer grounds.

All in all, the article aims at analyzing the possibilities of increasing the relations between MERCOSUR and Korea, bearing into consideration the fact that this is an idea "under construction" and that it has already been incorporated to the agenda of the parts although this is only the beginning.

Why MERCOSUR– Korea today?

The main issue we need to clarify is whether all the conditions are given for Korea and MERCOSUR countries to start a process of greater sustainable link in the long term. Is it realistic to think that two such distant areas of the globe may find a language in common to lead them to progress in the structuring of a more intense scheme of relations? This is the challenge.

The changes that have taken place in the international system in the past five years offer a frame which is favorable to this rapprochement. Korea has consolidated itself as an important economy -it's the twelfth biggest economy in the world -, thanks to an industrial development policy oriented towards other countries. Its international expansion in the trade and investment spheres were strengthened as a consequence of the permissiveness of Western powers interested in putting a stop to communism in Asia. Korea took advantage of those conditions and carried out an active policy that places it today in an outstanding position in the concert of nations. As an essential part of its expansion, Korea supported the multilateral instances of liberalization within the WTO/GATT. Thus, it was reluctant to sign economical complementation agreements that discriminate in favor of its members and may spark negative reactions in the rest of the world.

However, the growing interest between the countries to move forwards as regards bilateral or sub-regional agreements, brought to fruition in more than 250 RTA notifications in the WTO, led Korea to consider more seriously the possibility of expanding its relations by means of this kind of instrument.

Sangkyu Lee, General Vice-Director of the Multilateral Trade Office of the Foreign Relations Ministry of Korea holds that: "Given that the growing popularity of FTA's represent a dominant trend in today's world trade, Korea found that unless it joins this trend, it will be left behind and suffer enormous losses from the more competitive nations that are onboard the FTA train. Thus, around 2000s, the Korean Government decided to add FTAs to its priority trade agenda as an additional means to ensure the further liberalization in its trade with its partners...They have become another important mechanism for Korean businesses to compete in the global market."¹

The change in the conception of the best means to achieve trade insertion has already taken place and nowadays there is a new vision in Korea and in Eastern Asia in general.

Secondly, Korea's economic and material progress has modified the consumption patterns of its society that now demands for more sophisticated products. This shift has made food imports increase and has created the need for the search of new supply sources.

The two elements mentioned above, create favorable conditions for the rapprochement with Latin America and, especially, with MERCOSUR. This region's countries are highly competitive as regards food production and exportation and may serve as complement to cater for the needs of Korea.

¹ Lee, Sangkyu. "Foreign Economic Policy Directions of the Republic of Korea in a new Global Environment". Korea-Mercosur Seminar. Organized by the Foreign Relations, International Trade and Cult Ministry of Argentina. Buenos Aires, June 4th 2004.

Besides the natural competitive conditions of Latin American economies, during the 90's these economies applied structural transformation policies whose focal points were market opening, privatization and deregulation. These decisions also pave the road towards rapprochement. Despite the fact that these changes have widened the social gap and generated structural unemployment, subsequent governments have not substantially modified this pattern of economic organization. MERCOSUR discriminates in favor of its members through customs unity and common market policies, but at the same time it has applied a considerable reduction in tariff and non-tariff protection towards other nations.

At the same time, its lack of capacity for capital accumulation to face a development process based on the so-called local bourgeoisie –Argentina is a clear example of it, after the internationalization of its private as well as public companies – creates the need to encourage direct foreign investments. Consequently, it has freed legal systems to attract foreign investment, offering several advantages to its settlement.

And last, but by no means least, MERCOSUR –as investment location- nowadays offers important assets such as the dimensions of the Brazilian market –MERCOSUR has 220 million inhabitants – and the highly qualified labor force of Argentina.

One of the main limitations for a deepening of bilateral relations is found in the recurrent crisis that the region has experienced. The 1999 Brazilian crisis and the 2001 Argentinean crisis have worried foreign investors causing the waning of their interest to the point of canceling their investment projects. Making reference to this, Professor Won-Ho Kim from the KIEP points out: “Following financial turmoil in East Asia in 1997, the subsequent economic crisis in Brazil in 1999 and economic chaos in Argentina from 2001 to the present resulted in MERCOSUR members losing their allure as promising investment locations. In the case of Brazil, existing Korean investors have suffered from reduced factory operations due to continued economic recession in Brazil. Above all, in Argentina, many Korean companies such as Kookmin Bank and Hyundai Heavy Industries withdrew or have considered withdrawing from the country.”²

However, these critical situations have been partially overcome and the administrations have managed to direct their economies towards a more stable growth model based on the reorganization of public accounts, the lowering of the burden of foreign debt and improvement of international competitiveness. Policies applied at the beginning of the 21st century resulted in an improvement of the general working conditions of the economies which grew at an annual rhythm of 8% during the last three years in the case of Argentina and at an annual rhythm of 3% in the case of Brazil.

In Argentina, the end of the convertibility regime caused a devaluation of the *peso* which had a positive impact on exports. At the same time, the internal production costs measured in US dollars went down, thus creating more interest in international companies to invest in this country because they have access to a qualified labor force whose salaries are lower than in other markets.

² Kim, Won-Ho. “New Directions for Closer Economic Relations between Korea and MERCOSUR”. Korea Institute for International Economic Policy. Seoul, Korea. June, 2004.

The improvement of the general macroeconomic conditions in the region has been a starting point for the creation of a common interacting space between Korea and MERCOSUR.

Lastly, Latin America needs to develop an agenda that aims at the diversification of its foreign relations moving away from tradition. This way, it will be able to generate greater autonomy spaces that allow for the improvement of its international insertion and its decision making capacity towards a development project of its own. This way, the deepening of the relations with Korea and with Eastern Asia in general is a fertile field to explore.³

It's not only economy...

The studies on the perspectives for a greater interrelation between the countries –object of analysis in this article- have generally focused on economic variables. However,

³Refer to Di Masi, Jorge Rafael. "Relations between Eastern Asia and Latin America within the Frame of an Autonomous View of Foreign Policy". Paper presented in the 22nd Latin American Studies Association. Miami International Congress of the, March 16th through March 18th, 2000.

"At first glance, we notice a shift in the perception of international insertion on the part of the ruling elites. This shift has to do with the taking advantage of the possibilities that the world presents as market and as sphere for the promotion of international cooperation. The improvement in communications has brought countries closer together, now they can get to know each other, visit each other more and exchange goods and services more easily.

Experience shows that the more concentrated the relations of a country, the less space for maneuvering there is. The advantages of the multilateralization of foreign relations is a favorable action for any state, for the one which has no interests beyond certain limits and even more so for the one which aims at carrying out a project of heterodox autonomy building process.

There are two kinds of multilateralization, one kind which aims at linking countries which share the same development level and the same problems on an international scale (for example, the non-aligned movement countries) and a second kind which is based on the broadening of the relations of a country or region, with a country or group of countries which do not necessarily fulfill the conditions of the latter subgroup, but which may grant certain advantages in different areas such as trade, investment, technology transference, etc.

Within this second kind, we find the need of Latin America to carry on an aggressive rapprochement policy with Eastern Asia because it is an interesting field to explore in a positive way. The kind of relations that we might forge will depend on the characteristics of each country. The main premise is that actions should be discriminated according to the country or region. Eastern Asia is neither a country nor a regional group that acts as a whole. It's a diverse and complex area with common and contradictory interests. Therefore, any discussion on how to improve relations with Eastern Asia will have to include a thorough analysis of issues such as distribution of intraregional power, development levels, sub-regional interests, pending conflicts, historic legacy, ideological grounds and religious influences.

The path that we might walk with Asia will bring about an exchange feedback and a gradual increase in the visibility of these countries. The advancement in the relations between Latin America and the East of Asia will be positive for Latin America and it will reduce its excessive concentration in the traditional areas".

there is a series of additional elements to be considered that conform a multidimensional view of the process of rapprochement.

In this respect, we notice that if relations between the states focus only on measuring figures of trade exchange and investments, the broader perspective that this link might have is lost. Other than limiting the opportunities for interaction in other spheres, there is the risk of the relation being affected, should there be a circumstantial crisis.

Therefore, if the countries were capable of structuring a broad dialogue that included topics such as cooperation in international organizations, denuclearization, disarmament, human rights, cultural exchanges, comparison of education systems, among others, the relations would be more solid in character and would allow for profits to be measured in general terms and not according to whether one country or the other had a trade surplus.

This broadening of the agenda, will force an ongoing negotiation exercise that will create more trust between the parties and a will to interact. The scenario above will also call for the need to involve other sectors from both societies, not only the Foreign Relations, Economy or Treasury Ministries. This way, businessmen, unionists, universities, and intermediary associations will be a part of the action thus strengthening the whole process.

If a situation like this took place, the benefits would extend to broader sectors and besides they would bring the possibility of consolidating the scheme in the long term, also creating, as a consequence, a greater exchange of goods and services.

In other words, the methodological issue of how to carry out the dialogue and the actions comes up. Whether to start with an economic agreement, whichever the scope might be, or whether the first steps should be given from a broader perspective that may create the conditions that would eventually lead to some kind of economic agreement.

Considering the relative distance between Korea and MERCOSUR and the consequent lack of knowledge of the “other”, the most feasible alternative would be to shorten distances and create more awareness of the importance of the issue. Then, once that goal has been achieved, the instrumentation of any kind of agreement would be much easier.

The increase in the speed of knowledge transmission, thanks to the new technologies, makes knowledge more accessible. However, reality shows that the contents regularly transmitted do not include Korea. Only on special occasions, such as the 2002 Football World Cup, the general public received more news about Korean reality.

The lack of visibility of Korea within MERCOSUR countries grows as a result of language differences. The implementation of courses of Korean language has been difficult due to limited interest, partly because of the difficulties that its learning poses and also because it is not perceived as a useful tool –as the other more widely spread languages- because it could only be used in the Korean Peninsula.

Art is one of the most accurate ways to promote mutual knowledge. The advantage is that artistic expressions do not necessarily require command of the language. A film, a painting or a music group show the culture of a people overcoming barriers. But the

interest that these artistic expressions might create in a person could generate the urge to deepen knowledge through language. Consequently, there could be feedback between art and language.

In a presentation on Korean studies held in July 2005 we pointed out: “Only a few institutions in Latin America are teaching Korean language. This is a limitation but the reality is that there are not enough people interested in taking those courses. We are one step behind. First of all, we should consolidate the trend of increasing mutual knowledge and “visibility”. After that, the necessity to study language will appear. The case of Japanese language can be an interesting example. The same as Korean, Japanese language is mainly used in its own country. But, in our University we have three levels of Japanese with more than 70 students. Why, if Japan is as far from Argentina as Korea is? There are two driving forces behind: The first one is the influence of Japanese immigrants, that have more than one hundred years in Argentina, and a big number of the second and third generations live in La Plata City and its surroundings. The second comes from the influence of manga and anime. La Plata is a young city and there are many groups of fans that make a cult of those expressions of Japanese art. They study Japanese to understand better the content of the stories. Why can’t we think on a future where a larger number of the sons and grandsons of Korean immigrants in Argentina attend courses at the University or where our youngsters receive a growing influence from Hallyu?”⁴

To sum up, even if art does not need the command of the language in which it was produced, a greater cultural interaction will necessarily lead to the creation of more interest and consequently the promotion of the study of Korean language, like with Japanese nowadays. Then, this interest will derive in greater mutual knowledge that will strengthen the process of rapprochement in other areas.

In the visual arts sphere, there has been progress thanks to the arrival of Korean films that ultimately made the country more visible. The success of the Kim Ki-duk film, “Spring, Summer, Autumn, Winter... and Spring” is a good example. Besides, the Korean government has promoted the organization of seasons of Korean cinema that were very successful in the main Latin American capitals.

.. but politics as well.

If we look at politics instead, we will find a field for action which is very favorable for the bilateral relation. The very origin of MERCOSUR has a high political content. At the beginning of the 80’s, and to put an end to one of the darkest periods in the history of the continent, redemocratization took place. Gradually, Argentina, Brazil, Uruguay and Paraguay regained their democratic institutions beginning thus a new path of rapprochement based on two premises: Democracy and Development. On the basis of these ideas, a series of initiatives were articulated which promoted a greater sub-regional unity with the twofold goal of consolidating democracy and working together to raise the economic development level. Thus, the first actions between Brazil and

⁴ Di Masi, Jorge Rafael. “The Challenge of Developing Korean Studies in Latin America”. Conference “Current Trends and Future Objectives of Korean Studies”. Organized by the International Center for Korean Studies, Institute of Korean Culture, Korea University, Seoul, Korea. July, 2005.

Argentina rose after agreeing on the Integration Protocols in 1985, which later on derived in the signing of the Mercosur Treaty for the creation of the Common Market of the South in 1991.⁵

In those years, Korea also went through a slow democratization process which included, as in some Latin American countries, the reviewing of an authoritarian past. Though not well known, the democratization issue and the trial of those responsible for human rights violations establish a link between Korea and MERCOSUR. One of the brightest Korean sociologists, Professor Han Sang Jin from the National University of Seoul visited Argentina in 1995 and met with former President Raúl Alfonsín who transmitted his experience on the Argentinean transition towards democracy. Professor Han had already been in touch with local reality having used Guillermo O'Donnell's theory of the bureaucratic model, to analyze the Korean case. After that visit, he took those ideas back to enrich the debate in which his country was immersed at the time.

During the 1985-1987 period, when the new dialogue between Brazil and Argentina started, one of the first measures taken was a system of periodical and reciprocal visits to nuclear power plants in both countries to eliminate suspicion that the neighbor might have the ability to build nuclear armament. This political decision, brought to fruition in the Iguazú Declaration, signed by Presidents Sarney and Alfonsín, was key to the success of the measures that were later on taken as regards economic cooperation and integration and that gave birth to MERCOSUR. This way, the main conflict hypothesis between both nations was ruled out.

An important issue in the Korean Peninsula is North Korea's possession of nuclear armament. This is one of the key issues to be solved in order to open the road towards reunification. Once again we find similarities between MERCOSUR and Korea, concerning the solution of a vital issue for sub-regional relations. During two decades this issue was key in the relations of the countries of the South Cone of Latin America. For this reason, there is awareness of the dangers that the Korean case implies that, besides being greater in dimensions, remains unsolved. Maybe this was one of the main motivations that Argentina has had to participate as a member in the Korean Peninsula Energy Development Organization since 1996.

Another related topic is that of financial turmoils. The Asian crisis of 1997 had a relevant political impact, as it happened in Latin America with similar situations that have occurred at different points in its history. During that time there was a fluid exchange amongst Korean officials and economists with their counterparts from México, Brazil and Argentina, countries with experience in crisis management, who transmitted their experiences on how to moderate the negative effects on an economy which is not used to these kinds of shocks.

Politics also include education. Currently, Korea is immersed in a national debate on how to better handle its education system in order to adapt it to the needs of a more competitive world. Despite the lack of public financing and after several decades of implementation of adjustment policies, the education systems in Latin America have a long quality tradition. From the University reform of 1918 in Argentina, that spread its ideas throughout the region, to the active policies in Brazil on graduate and

⁵ For more information log on to the official MERCOSUR website, www.mercosur.org.uy

postgraduate education, there is an accumulated experience on how to use education as an element for social inclusion and the progress of the peoples. University co government –with the participation of teachers, graduates and students – academic freedom, equal access and the connection between University and society, have all been guiding principles for higher education systems in many countries of Latin America. Why not think about establishing a forum for the discussion of education policies and the exchange of ideas? The original conformation of Korean and Latin American societies is different and their education systems were conceived differently, but they are all reviewing their past in order to face the challenges of the time.

Another asset in this relation is the existence of a sizeable Korean community that resides in Argentina, Brazil and in a smaller scale in Paraguay. At the beginning, their insertion in local society was difficult. However, as time went by, and as the sons and grandsons of the first immigrants started to attend local schools and universities, their relation with the rest improved. Nowadays, they play an important role in trade and professions. Besides, they promote the diffusion of Korean culture through activities organized by cultural entities, businessmen and professionals that are a link between those countries. This asset is not being adequately considered as a bridge to consolidate that intercultural rapprochement.

Economy is important, but it is also necessary to structure a system of bilateral relations between Korea and MERCOSUR which stems from a different conception, that is to say, a conception which suggests a structural interaction based on the exploitation of the capacities accumulated in both societies.

Foreign policy, higher education, art and culture are some of the fields on which we should advance in order to create a solid link, where the “other” is more visible. We would be creating sustainable relations that after a while could derive in more important and long-lasting trade agreements because they would have a firmer basis.

The Korea – MERCOSUR dialogue

One of the main goals of MERCOSUR, stated in its founding treaty, is the coordination of foreign policies. MERCOSUR has not defined yet a permanent mechanism of coordination and execution of foreign policies. Therefore, that goal has not yet been fully achieved. However, the four founding members, along with their associates⁶ have acted together in some circumstances to solve domestic⁷ as well as foreign⁸ matters.

The creation of the Committee of Permanent Representatives of MERCOSUR, dependent on the Common Market Council, had as its objective the creation of a kind of Foreign Relations Ministry for the Agreement, in order to promote foreign links and sign cooperation agreements on several fields. This organ symbolized a turning point towards settling one of its pending debts like that of coordinating foreign policies.

⁶ Currently, Chile, Bolivia, Peru, Colombia, Ecuador and Venezuela have been officially incorporated as associate states.

⁷ During the month of June 2005, the presidents of Brazil and Argentina sent Marco Aurelio García and Raúl Alconada Sempé, respectively, to Bolivia to assist in the tough transition that this country was undergoing after the resignation of President Carlos Mesa.

⁸ MERCOSUR took a joint stand in the negotiations for the conformation of the FTAA.

This is the frame within which the dialogue with the Republic of Korea is inserted and it joins the one already established, in the shape of written agreements, with India, South Africa, Egypt and the European Union. In the case of Korea, no agreement has yet been signed but several meetings have been held in order to evaluate the factibility of a Free Trade Agreement.

On June 4th 2004, in the city of Buenos Aires, the Foreign Relations Ministry of Argentina organized the “MERCOSUR-Korea Seminar” in which diplomats and academics from the parts involved.

During this seminar, the consequences that the signing of a FTA could bring to both economies were analyzed. At the same time, the difficulties found today in trade and investments were studied. Among the main obstacles pointed out by Mr. Woo Jae-ryang, Director of the Office for Latin America of the Korea Trade-Investment Promotion Agency (KOTRA) we find: a) the existence of high tariffs and non-tariff barriers; b) commercial difficulties as a consequence of geographic distances and cultural differences; c) different forms of payment; d) non compatible international norms and e) obstacles to investment, such as lack of treaties that eliminate double tributation, the rigidity of work norms or high banking costs.⁹

At the same meeting, Lee Sangkyu represented the official stand of the Korean government and as regards the advantages that the agreement brought about for Korea he said: “Bestowed with abundant resources and beautiful natures, Latin America has long been representing opportunities and attractions to many Korean people. MERCOSUR, the biggest regional economy leading the integration process in Latin America, has naturally come to the particular attention of many Korean business enterprises. As seen from the rapid increase in the mutual trade and investment throughout the 90’s, the past performance of economic interaction between Korea and Latin America is already a remarkable one. However, given the rapidly changing international economic environment and complementary nature of both parties’ economies, there is still a large potential to be exploited for further cooperation between Korea and Latin America. In full awareness of such potential, the Korean Government has been pursuing various initiatives in order to bolster the solid links with Latin America. The recently effectuated Korea-Chile FTA epitomizes such Korean efforts”.¹⁰

These words confirm Korea’s interest and, at the same time, anticipate the profile that the relations might have in the future. During the 90’s, the increase in trade volume highlighted one form of link defined within the frame of developed economies acting as suppliers of manufactured goods and developing economies as raw material or commodities exporters.

For MERCOSUR, the beginning of the dialogue is an opportunity to modify that relation pattern. At the negotiation table, traditional issues will be brought up in the first place, issues such as restrictions which its main exportable products still have - for example. the case of beef on which Korea applies the “zero-risk” criterion. Then, new

⁹ Woo, Jae-ryang, “Summary of the Trade and Investment Relation between Korea and MERCOSUR”. Presentation given at the “MERCOSUR-Korea Seminar”. Organized by the Ministry for Foreign Relations, International Trade and Cult of Argentina. Buenos Aires, Argentina. 4th June 2004.

¹⁰ Lee, Sangkyu, op. cit.

issues will be incorporated which will bolster a broader link making progress towards new areas where MERCOSUR is competitive like air and space industry, atomic energy, software, biotechnology or technology applied to agricultural and livestock production, to mention just a few fields.

There has also been progress on a bilateral level, that is to say between Korea-Brazil and Korea-Argentina. In this respect, we should mention the visit of President Kim Dae-jung to Brazil in January 2001, that derived in the writing of the instrument called “Special Brazil and South Korea Alliance for the 21st century”, product of the work of the Brazil-Korea Commission for the 21st Century, in which they agreed on common actions towards the realization of undertakings in areas such as information technology, biotechnology, space industry, electro technology, metallurgy and clean technologies. During the visit, the visa exemption for citizens that visit both countries was agreed on.

This commitment was approved during the visit of President Roh Moo-hyun to Brasilia on November 16th 2004, by means of the signing of the creation act of the “Comprehensive Cooperative Relationship for the Common Prosperity in the 21st. Century”. Among other issues, it was also agreed on this document: the creation of a Center for the Cooperation in Information Technology in Brazil; the Brazilian support to the nomination of Korea to enter as a member to the *Banco Interamericano de Desarrollo* and the formal beginning of the studies on factibility of a trade agreement between Korea and MERCOSUR.¹¹

The latter issue was also included in the agreement that the presidents of Korea and Argentina signed the day before, when President Roh Moo-hyun visited Buenos Aires. On this occasion, a memorandum of understanding between the *Banco de la Nación Argentina* and the Korean Imports and Exports Bank was signed by means of which a US \$ 30 million loan was granted to finance Argentinean importers who want to buy Korean products.

Even if the figure is not high, the Argentinean government gave it a relevant symbolic value because it was the first loan that the country received after the default declaration on the foreign debt in December 2001.

As a result of the visit, both governments also agreed on establishing “a broad cooperation relation for common prosperity in the 21st century”, committing to non-proliferation and the pacific use of nuclear energy, working together towards world peace and making the UN Security Council more representative, democratic and efficient for the strengthening of the multilateral system of trade and the promotion of bilateral cooperation on science, technology, culture and education.¹²

The projects agreed on by Korea with Brazil and Argentina, the two biggest MERCOSUR countries, will strengthen the dialogue that will lead to a trade agreement.

¹¹ Joint Statement on the results of the Summit Meeting between Korea and Brazil. Brasilia, 16th November 2004. The original text can be found on the web site: www.korea.net

¹² Joint Statement of the Presidents of the Republic of Korea and the Argentine Republic. Buenos Aires, 15th November 2004. The original text can be found on the web site: www.korea.net

However, it would be reasonable to wait for their effective implementation to assess the actual will of the governments to make them a reality.

As a consequence of the commitment assumed by the Presidents of Korea and MERCOSUR, the First Meeting of the Joint Study Group on the factibility of a trade agreement took place in Asunción del Paraguay the past May 4th and 5th. The agenda included talks on preferential agreements, information exchange on the state of negotiations of free trade agreements with other countries, an analysis of the internal integration of MERCOSUR, the establishing of a work frame for the Group, the definition of a work program with a schedule and a review of the current state of the bilateral economic relations.

The second meeting will be held in Seoul on August 3rd and 4th 2005. The conclusions of the study will be presented in May 2006.

Final ideas

The rapprochement between Korea and MERCOSUR will still have to tackle certain difficulties. Korean investors and businessmen still have doubts as regards the macroeconomic stability of the region. However, the perception of a positive change also begins to flourish in the private sector which has started to reconsider their business possibilities in the South of Latin America.

In the achievement of this modification, major roles have been played by the real recovery of the economies and the diplomatic effort that the governments have undertaken in order to diminish the differences and imagine a deeper relation between complementary economies.

The commitment made by the presidents to begin the task of the work groups aimed at negotiating a trade agreement is promising. However, this agreement or this dialogue will have to be more open and contemplate other variables that give strength to the whole process. In other words, a multidimensional look so as not to repeat the same mistakes and create futile illusions.

Besides the complementation between the economies, there are not any pending historical disputes, there are experiences in common on democracy and human rights, other than a few problems in common and the ability to capitalize an essential asset like the sizeable Korean community that lives in MERCOSUR and that can serve as a bridge to achieve the shared goal. With all these elements we could build a different, broad and comprehensive rapprochement project that facilitates the international insertion of countries with a higher level of autonomous decision ability.

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