

Building Bridges: The Republic of Korea's Approach to Regulatory Convergence with ASEAN



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The commencement of the ASEAN Economic Community (AEC) in 2015 marked a significant milestone for the Association of Southeast Asian Nations (ASEAN). Following this initiation, the ASEAN Economic Community Blueprint 2025 was unveiled, followed by the launch of the ASEAN Community in 2025 Consolidated Strategic Action Plan (CSAP) in 2017. This strategic plan not only facilitated stakeholder feedback by establishing prioritized steps to implement the AEC Blueprint 2025, but also provided a systematic framework to track progress.

The overall goal was to bolster intra-ASEAN trade by reducing or eliminating regulatory barriers, both at and behind the borders, that impeded the seamless movement of goods within the region. However, its pursuit of economic integration encountered structural impediments, including limited legal enforceability, developmental disparities among member countries, increased external dependence, and a lack of capacity.

Despite the pursuit of a "Single Market and Production Base" with the AEC's inception in 2015, ASEAN Member States raised Specific Trade Concerns

(STCs) related to Technical Barriers to Trade (TBTs) and Sanitary and Phytosanitary (SPS) measures in the mid-2010s. These concerns highlighted disagreements among member states concerning the regulatory harmonization, as STCs involve formal objections and discussions at the World Trade Organization (WTO) when a member believes that a technical regulation announced by another member adversely affects its trade.

The regulatory divergence among ASEAN Member States (AMS) increased from 2015 to 2018, despite concerted efforts to achieve economic integration. The diversity in social, cultural, and historical experiences, coupled with differences in economic development and political systems among the ten AAMS, made regulatory harmonization a complex challenge. Furthermore, the escalation of the US-China competition in the late 2010s and the outbreak of COVID-19 in 2019 prompted the AMS to prioritize protectionism, which consequently hindered progress in reducing non-tariff barriers and achieving regulatory harmonization in the regional goods market.

However, a notable shift in this trend occurred in 2020. Faced with regional supply chain disruptions due to the COVID-19 pandemic, ASEAN released the "Hanoi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity" in June 2020. This Plan of Action (POA) covered 351 essential goods at the HS 8-digit level, ensuring their smooth movement within the region. Originally set to expire in 2022, the POA was extended to November 2024, reflecting the recognition that the prolonged global poly-crises motivated greater economic integration and regulatory harmonization.

In addition, recognizing the limitations of individual national efforts to address the global crises, AMS committed to collaborative recovery efforts under the "ASEAN Comprehensive Recovery Framework (ACRF)" in November 2020. The crises acted as a catalyst to promote economic integration and enhance regulatory coherence within the ASEAN region.

In light of these developments, it appears that ASEAN recognizes the need for integration to address pandemic and global challenges. Consequently, there is a likelihood of increased efforts to harmonize non-tariff measures for regional economic integration. Despite the meeting between US President Biden and Chinese President Xi Jinping in November last year to discuss 'managed competition,' no substantive solution was reached. Given the prospect that the international community will continue to be divided into two camps centered around the United States and China, it is expected that ASEAN will continue to focus on integration.

Therefore, the Republic of Korea (ROK) should be prepared for the harmonization of Technical Barriers to Trade (TBT) and Sanitary and Phyto-sanitary Measures (SPS) within ASEAN in the future. An analysis of the regulatory distance between ROK, Japan, and ASEAN member states shows that ASEAN member states have a much closer regulatory distance with Japan than with

ROK. This indicates that Japanese products have greater chance of entering the ASEAN market than Korean products which emphasizes the need for efforts to enhance the regulatory harmonization between ASEAN and ROK.

Taking TBT regulations as an example, Japan has a closer regulatory distance with ASEAN member states. This proximity can be attributed to Japan's influence on trade and investment-related regulations due to the provisions of Official Development Assistance (ODA) to ASEAN member states. As Japan has been actively pursuing regulatory cooperation in new industrial areas related to the environment and safety standards, ROK needs to pay attention to potential challenges in high-tech industries in the long run.

While low-tech industries in ROK's ASEAN exports are less likely to face TBT regulatory issues, high-tech industries may face greater difficulties. In the absence of existing regulations related to high-tech industries in the ASEAN region, there may be a significant regulatory gap. As Japan has already pursued regulatory cooperation in future industries such as energy, systems support, and the environment, ROK needs to be proactive in transferring its regulations or cooperating in regulatory efforts in these emerging industries.

Through knowledge sharing programs (KSP) efforts can be made to transfer the ROK's development experience and actively participate in projects aimed at improving regulatory coherence in emerging industries within the ASEAN region. Funding for collaborative projects can come from the 'Korea-ASEAN Cooperation Fund,' which is projected to increase from \$16 million in 2022 to \$32 million in 2027. However, since the majority of the current budget is allocated to cultural, educational, regional cooperation, and disaster areas, diversification and expansion of cooperation projects is essential, especially for the implementation of the ASEAN Free Trade Area (ATIGA).

It should be noted that over 80% of ROK's ASEAN exports consist of intermediate goods, while consumer goods make up only a small percentage, approximately 5%. Considering that ROK's global export of consumer goods accounts for more than 12% of its total annual exports, there is potential for ROK to increase its export of consumption goods to ASEAN markets, especially given the rapidly rising income levels of ASEAN Member States. In this way, ROK can also diversify its export products within the ASEAN region. [KIEP](#)