

The China Policy of the Yoon Government and South Korea-China Relations

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The Korean peninsula has never managed to safely avoid the repercussions of hegemonic struggles or power transitions between great regional powers. Yoon's foreign and security policies are heavily dependent on the ROK-US alliance. The most serious foreign and security challenges facing the Yoon government will likely come from South Korea-China relations. Examining various scenarios in the era of the US-China strategic competition, it is imperative for the Yoon government to pursue a strategy of 'pro-U.S. and harmonious relations with China (親美和中).' South Korea must actively pursue a policy of regional security cooperation, multilateralism, and coalition among middle powers in order to alleviate the risks of abandonment and entrapment vis-à-vis the U.S. on the one hand and to defend against and prevent interference and retribution by China on the other. As the Yoon administration has stressed, transforming the U.S.-South Korea alliance into a comprehensive global alliance and cooperating closely with the U.S. on security as well as key strategic industries is unavoidable. But the strategic cooperative partnership with China also needs to be respected. At a minimum, a situation in which the South Korea-China relationship devolves into a hostile one needs to be avoided. There is a need to strengthen communication and cooperation with China in non-strategic areas and non-traditional security. At the same time, military and security preparedness needs to be enhanced in preparation for drastic changes to the regional security environment in Northeast Asia. New security issues such as health, cyber, the environment, and climate change are areas in which cooperation with both the U.S. and China can be pursued.

Keywords: South Korea-China Relations, US-China Strategic Competition, Foreign Policy of Yoon Suk-yeol government, THAAD, pro-U.S. and harmonious relations with China

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1. Election of the Yoon Government and the Direction of Diplomacy and Security Policy

The new Yoon government was inaugurated on May 10, 2022. It is too early to tell in which direction the foreign policy of the Yoon government will head. However, it is possible to anticipate key aspects of the Yoon government's foreign policy based on the diplomacy and security policies announced in two parts during the campaign, the President's article in *Foreign Affairs*, his views revealed through media reports, and the appointment of key officials in the areas of diplomacy and security to his government.¹

First, emphasis on the U.S.-South Korea alliance lies at the core of the Yoon government's diplomacy and security policy. The government plans to join the U.S. in crafting a new vision for the future based on shared liberal and democratic values for not only the Indo-Pacific region but globally, even though the U.S.-led liberal international order has been undermined considerably. Moreover, the bilateral security alliance is viewed as the 'silver bullet' that addresses a variety of threats precipitated by the structure of international politics, great regional powers, and North Korea. The Yoon government intends to transform the relationship from a traditional military alliance that focuses on North Korea into a comprehensive strategic alliance that can respond to various security threats and diplomatic efforts around the world. The new government will likely enthusiastically support America's Indo-Pacific strategy in response to the Sino-U.S. strategic competition and actively participate in multilateral partnerships such as the Quad Plus (Quadrilateral Security Dialogue Plus) and the Indo-Pacific Economic Framework for Prosperity (IPEF).

1 President Yoon's interview with *JoongAng Ilbo* on September 14, 2021; the campaign's revised pledges for foreign affairs and security released on September 21, 2022, and November 12, 2022, respectively; and Suk-Yeol Yoon, "South Korea Needs to Step Up," *Foreign Affairs*, February 8, 2022.

Second, the Yoon government has generally revealed its animosity towards China. Though the Yoon government has expressed its intent to open a new era of cooperation with China based on mutual respect, emphasis is placed on 'mutual respect.' This appears to be based on the perception that South Korea has maintained a rather submissive attitude regarding its relationship with China in the Moon government, which needs to be transformed into a more equal and independent relationship. While he was a candidate, President Yoon claimed that the issue of Terminal High Altitude Area Defense (THAAD) batteries deployed in South Korea was a matter of the nation's sovereignty and strongly criticized China's retributory actions. He also mentioned the possibility of installing additional THAAD batteries. Such rhetoric seems to be based on strong anti-China sentiments among not only conservative supporters but also the general South Korean public.

Third, the Yoon government has expressed its intent to first pursue the denuclearization of North Korea. The logic of the North Korea policy of the new government resembles that of the "Vision 3000: Denuclearization and Openness Initiative" attempted by the Lee Myung-bak government. The strategy is designed to pressure North Korea on all fronts while denuclearization is prioritized. The concept of a complete, verifiable, and irreversible denuclearization (CVID) first established by the Lee government has also reemerged. Projects for inter-Korean economic cooperation are closely tied to North Korea's abandonment of its nuclear weapons. The issue of North Korea's human rights record will also be highlighted in accordance with the Yoon government's emphasis on values.

Fourth, the Yoon government's policies will probably be "version 2.0" of the Lee government's foreign policy. The specifics of the new Yoon government's foreign policy remain unclear. But key members of the Yoon government, including first deputy National Security Adviser Kim Tae-hyo, National Security Adviser Kim Sung-han, Ambassador to Japan Yun Duk-min, director of the National Intelligence Service (NIS) Kim Kyou-hyun, and Minister of Foreign Affairs Park Jin were all influential members of the Lee government and have displayed considerable

confidence. Therefore, many experts expect that the Yoon government's foreign policy will be based on similar thought processes and head in a similar direction as the Lee government.

Rather than examining the Yoon government's foreign policy overall, this article discusses how these general characteristics of the Yoon government's foreign policy will influence the government's policies vis-à-vis China and how it will impact South Korea-China relations. In order to do so, the following sections will briefly provide an overview of South Korea-China relations, outline factors that affect bilateral relations, anticipate the Yoon government's China policies, and predict potential challenges for South Korea-China relations.

2. Overview of South Korea–China Relations

The normalization of relations between China and South Korea, two countries that had previously fought a war in the early 1950s and were members of opposing camps during the Cold War, was made possible at the time because China sought openness and reform and pursued a more flexible foreign policy. Amidst the collapse of the former Communist bloc, on the other hand, former President Roh Tae-woo adopted a new Northern policy, which culminated in the normalization of relations with China in 1992. This signified the transition of South Korea-China relations from a competitive one under the structure of the Cold War into a cooperative paradigm that would facilitate economic growth. Other traditional factors such as a long history of exchanges between the two countries, cultural similarities, and geographical proximity were also pivotal. And under the global value chain (GVC) system with globalization in the 21st century, South Korea and China maintained a relationship that was both mutually necessary and mutually complementary. A win-win cooperation relationship was made possible because South Korea possessed intermediate goods and technologies that China absolutely needed for its economic development. Furthermore, South Korea's strategic value gradually increased from China's perspective as it sought

to expand its influence in Northeast China with its rise.

Beginning with 'Friendship and Cooperation' established in 1992, South Korea and China have further solidified close relations by agreeing on a 'Comprehensive Cooperative Partnership' in 2003, a 'Strategic Cooperative Partnership' in 2008, and the 'Execution of the Strategic Cooperative Partnership' in 2013. In particular, the formation of a strategic partnership enabled the two countries to discuss issues related to third parties, namely the North Korea problem.²

China's policy vis-à-vis the Korean peninsula has gradually moved away from its conventional approach of considering North Korea as a geopolitical buffer.³

As seen in Table 1 below, bilateral economic trade and personal exchanges between South Korea and China have increased exponentially during this period. China has become South Korea's largest trading partner since 2014; as of 2021, South Korea's volume of trade with China exceeds South Korea's trade with the U.S. and Japan combined. Meanwhile, South Korea is also China's third-largest trading partner. Conflicts such as the dispute over the import of Chinese garlic, conflicting interpretations of the history of *Goguryeo*, and disputes over fishing rights in the West Sea existed even before the THAAD incident occurred in 2016. Nevertheless, the economic interdependence between South Korea and China has continued to deepen.

2 See Heungkyu Kim, "China's 'Partnership' Diplomacy: Concept, Process, and Implication," *Korean Political Science Review* 43, no. 2 (2009): 287-305. (in Korean)

3 See Heungkyu Kim, "Diversified Strategic Thinking on the Korean Peninsula during the Xi Jinping Era and Its Implications," *New Asia* 22, no. 4 (2015): 36-59. (in Korean)

<Table 1> Evolution of South Korea–China Formal Relations⁴

| Period (Government) | Status | Statistics | |
|-------------------------|--|---|--------------------------------------|
| | | Trade (Bil./Year) | Personal Exchanges (Mil./Year) |
| Kim, YS (1993-1997) | Friendship & Cooperation | 6.37 / 1992 | 0.13 / 1992 |
| Kim, DJ (1998-2002) | Cooperative Partnership | 41.15 / 2002 | 2.26 / 2002 |
| Roh, MH (2003-2007) | Comprehensive Cooperative Partnership | 145.0 / 2007 | 5.85 / 2007 |
| Lee, MB (2008-2012) | Strategic Cooperative Partnership | 240.0 / 2012 | 6.91 / 2012 |
| Park, GH (2013-2017) | Execution of Strategic Cooperative Partnership | 211.4 / 2016 | 12.83 / 2016 |
| Moon, JI (2017-2022) | Realization of Strategic Cooperative Partnership | 243.4 / 2019 Realizing 300.0 in 2021 | 10.37 / 2019 |

The history of South Korea-China relations has been deeply influenced by structural changes to Sino-U.S. relations. As noted in Tables 1 & 2, South Korea-China relations improved when Sino-U.S. relations were heading in a positive direction. Bilateral diplomatic and economic relations expanded during periods of Sino-U.S. economic and strategic cooperation. However, the THAAD issue occurred as strategic conflict and competition intensified between the U.S. and China, and the possibility of disputes between South Korea and China increased as a result. Of course, changes to bilateral relations between the U.S. and China have been precipitated by the rapid rise of China and changes to China's economic structure. As the Chinese economy has increasingly advanced, the South Korea-China relationship has also transitioned from a complementary to a competitive relationship. Such changes are likewise tied to the intensifying structure of competition between the U.S. and China. There has been a pattern of strategic, diplomatic, and security competition between the U.S. and China spilling over into economic disputes. The

4 Ministry of Foreign Affairs, the Republic of Korea, *Major Statistics on China, 2020* (Seoul: Ministry of South Korea, 2021), pp. 68, 79. (in Korean)

'ambiguous' or cautious China policy adopted by the Moon government had the positive effect of delaying such interconnectedness.

<Table 2> Changes to South Korea–China Relations⁵

| Criteria | Sino-ROK Relations 1.0 (1992-2002) | Sino-ROK Relations 2.0 (2003-2012) | Sino-ROK Relations 3.0 (2013-2021) | Sino-ROK Relations 4.0 (After the 2022 Elections) |
|---|---|--|---|--|
| Internal/ External Changes to the Strategic Environment | Period of Sino-U.S. economic cooperation IMF period Rapid economic growth of China | Period of Sino-U.S. strategic cooperation China joins the WTO Global Financial Crisis China's emergence as a G2 state | Start of Sino-U.S. strategic competition RCEP vs. TPP China's launch Belt and Road Initiative (BRI) Sino-ROK THAAD dispute | Intensified Sino-U.S. strategic competition Core strategic industries Adjustment of the GVC U.S. pursues IPEF |
| China's State Identity | Jiang Zemin era Socialism Large power/third world country "Hide Your Strength and Bide Your Time (韬光養晦)" | Hu Jintao era Developing great power "Make a Difference when Necessary (有所作為)" and "Peaceful rise" | First and Second Terms of Xi Jinping era Emerging great power "Striving For Achievements (奮發有為)" | Extended rule of the Xi Jinping era Socialist great power |
| Formal Diplomatic Relations | Normalization of relationship (1992) Cooperative Partnership (1998) | Comprehensive Cooperative Partnership (2003) | Strategic Cooperative Partnership (2008) | Future of the Relationship after 2022? |
| Economic Relations | Specialization across industries | Specialization within industries | Competition and specialization within products | Competitive cooperation in advanced industries, period of ultra-minimal advantages |
| GVC | South Korea → China → Global Market | South Korea → China → Global Market China's domestic market | Diversification of the GVC / China + Southeast Asia + ROK → Global market | Era of divided blocs of technology led by the U.S. and China |
| Assessment of the Relationship | Honeymoon period | Increasing cooperation and seeds of disputes | Initial honeymoon period, later adversity, cautious 'wait-and-see' | New honeymoon period or conflict? |

5 Table 2 is in reference to Seung-chan Park and his closed presentation titled, "Reviewing the 30 Year History of Normalized Relations between South Korea and China and Anticipating Future Sino-South Korea Economic Relations (in Korean)" at the Plaza Project held in January 2022 which the author partially revised.

Similar to the Yoon government, the Lee government initially maintained a relatively tense relationship with China due to its diplomacy emphasizing the U.S.-South Korea alliance and values. Strategic communication with China was limited, and conflicts that heightened tensions continued in incidents such as the sinking of the *Cheonan* and the bombing of Yeonpyeong Island. Nevertheless, South Korea's complementary economic relationship and personal exchanges with China continued to increase.

The Park government built the strongest rapport among leaders of the two countries compared to other governments. President Xi Jinping and President Park shared various similarities in terms of their personal lives and political careers, and this helped improve South Korea-China relations early on in the Park government. The two nations were also able to considerably align their stances on the North Korean nuclear problem. Domestically, China even considered adding the principle of supporting the peaceful unification of the Korean peninsula as the country's fourth policy principle in addition to the existing principles of denuclearization, maintaining peace and stability on the Korean peninsula, and peaceful resolution of disputes.⁶

Here, the stated precondition was that the two Koreas would take the initiative on the issue of reunification. North Korea's third nuclear test conducted in February 2013 made the Park government's stance toward China even more important. The foreign and national security policy of the Park government at the time can be summarized as 'allying with the U.S. and maintaining harmonious relations with China (聯美和中).' But the Park government's policy towards China shifted drastically after North Korea conducted its fourth nuclear test of a hydrogen bomb in January 2016. Soon thereafter, on January 13, President Park publicly announced that her government was contemplating the installment of THAAD batteries. The Park government later decided to install THAAD batteries on July 8, despite President Xi's repeated efforts to dissuade South Korea,

6 This was stated by the Chinese delegation in the ROK-China strategic academy seminar held at Ajou University in 2016.

which drastically changed the South Korea-China relationship. The Park government's policy towards China following the THAAD decision can be viewed as shifting to a position of 'standing by the U.S., countering China (盟美牽中)'. South Korea-China relations quickly deteriorated as China implemented retributory sanctions by prohibiting South Korean cultural and economic activities as well as blocking Chinese tourists from visiting South Korea.

China had high expectations for the inauguration of the Moon government because Moon himself and the Moon government's special envoys had all claimed not to deploy THAAD batteries both during the campaign and immediately after the inauguration. Moreover, the Moon government pursued a peaceful reunification strategy based not on 'unification through absorption' but rather 'coexistence and co-prosperity,' which closely aligned with China's policies on the Korean peninsula. As a result, South Korea and China were able to hold a strategic dialogue between their respective vice-ministers for foreign affairs in Beijing on June 20, 2017, for the first time in 16 months after South Korea's THAAD decision.

It did not take long before China's hopes for the Moon government were shattered. In June 2017, President Moon signed an agreement at the U.S.-South Korea summit during his state visit to strengthen 'U.S.-South Korea-Japan trilateral security cooperation' without taking China into account. China perceived the agreement as a 'consolidation of states countering China' or as a 'transformation of the U.S.-South Korea alliance into a regional alliance.' During the South Korea-China summit meeting held on July 6, 2017, President Xi argued that the THAAD issue was vital to China's core interests and requested the Moon government to take this into account. But contrary to its initial position regarding the issue, the Moon government began to deploy THAAD batteries in South Korea in August 2017, and China's distrust of the Moon government reached its peak. To alleviate the tension, on October 31, 2017, a South Korean delegation visited China, and the two sides reached a consensus on the so-called "Three Nos" regarding the THAAD issue to restore South Korea China relations: no

additional THAAD deployment, no participation in the US's missile defense network, and no establishment of a trilateral military alliance with the US and Japan.⁷ Despite the announcement, debates continued on over whether this reflected an agreement between the two sides. Under these circumstances, China treated President Moon poorly during his visit to China in December later that year and refused to officially lift the THAAD-related economic sanctions. Furthermore, a summit meeting between South Korea and China failed to be held when the G20 summit meeting was held in Argentina in 2018. With the bilateral U.S.-North Korea negotiations from 2018 to 2019 as well as the COVID-19 pandemic from 2020 to 2021, political exchanges between South Korea and China remained extremely limited. Compared to the previous trend of bilateral exchanges between the two countries expanding both in terms of depth and scope, it shrunk to interpersonal exchanges between the Director of the NIS Suh Hoon and Chinese Foreign Minister Yang Jiechi. Almost every other institutional exchange between the two countries stopped functioning. In addition, President Moon reached an agreement with the U.S. on the issue of Taiwan, an item that had been previously considered taboo, through an official document during his state visit to the U.S. in May 2021. The issues agreed upon during the U.S.-South Korea summit meeting strengthened the bilateral alliance much more than under any conservative South Korean government.

The Moon government's term in office recorded the least mutual contact period in the history of South Korea-China relations so far. The foundations for mutual trust between the two countries were substantially harmed. Exchanges remained limited, and neither side expressed much desire to improve relations actively. The leaders in both countries were captivated by a passive attitude not to create new variables amidst the

7 Regarding the South Korean Ministry of Foreign Affairs' statement on the issue, see, Sanghyun Lee, "(Transcript) The Results of the Meeting to Improve South Korea-China Relations," Yonhap News, October 31, 2017, <https://www.yna.co.kr/view/AKR20171031066800014?input=1179m>. (in Korean) Later on, the official position of the South Korea government maintains that it was not an agreement but affirmation of positions.

already volatile Sino-U.S. strategic competition. What China had failed to understand was the fact that the Moon government exhibited strong nationalist tendencies, more so than any other South Korean government. From this perspective, it is rather ironic that conservatives in South Korea criticized the Moon government for being 'pro-China.' The Moon government was the first government to officially reach an agreement with the U.S. on U.S.-South Korea-Japan trilateral security cooperation and the Taiwan issue, two matters that even conservative governments approached with caution.

3. The Election of President Yoon and South Korea–China Relations

The election of President Yoon is not a particularly welcome development for China. This is because the foreign and security policy of the Yoon government is clearly pointing towards a pro-U.S. stance as it confronts the ramifications of the Sino-U.S. strategic competition. Even though China lacked trust, the Moon government's policies aligned with Chinese interests, considering China's preference for stability on the Korean peninsula and how the Moon government maintained strategic ambiguity and flexibility regarding the Sino-U.S. strategic competition. The Yoon government, which is keenly intent on reversing the diplomatic and security policies of the previous government, has revealed its pro-U.S.-anti-China stance and intention to deter North Korea stance.

The China policy of the Yoon government focuses on relegating South Korea-China relations to a lesser status by concentrating on policies centered on the U.S.-South Korea alliance. For example, while President Yoon dispatched separate policy delegations to both the U.S. and Japan to coordinate a bilateral policy before assuming office, no such delegation was sent to China. Noteworthy is how the government prioritized Japan over China. This marks the beginning of 'coalition diplomacy' with an emphasis on values. Moreover, the new government has been open to policies that raise concerns about antagonizing China and leaning too much towards the U.S. During the presidential campaign, then-candidate

Yoon promised to participate in the Quad framework working groups on vaccines, climate change, and emerging technologies and seeking official Quad membership afterward. At the same time, based on improved bilateral relations with Japan, the government has also stated its intent to pursue a 2+2+2 diplomatic-economic-security ministerial meeting between the U.S., South Korea, and Japan. And though it was ultimately omitted from the transition team's list of policies, the Yoon government has claimed that it will deploy additional THAAD batteries, the primary source of conflict between South Korea and China. This demonstrates a considerable shift away from the policies of the Moon government. During a meeting at the American Chamber of Commerce in Korea (AMCHAM Korea) held on December 28, 2021, candidate Yoon mentioned the anti-China sentiment among the Korean public and expressed his distaste for policies oriented towards China.

The strategy of strengthening South Korea's alliance with the U.S. is unavoidably tied to a zero-sum relationship with China. This implies that conflict with China will highly likely materialize in the future. Furthermore, the Yoon government has seldom mentioned its China policy. The fact that there appears to be a lack of consideration for a China policy is concerning. Despite the Sino-U.S. strategic competition, China remains South Korea's most important and irreplaceable trading partner. It is worth mentioning that South Korea imports from China more than 80% of 1,800 different items.⁸ This is alarming, considering the recent crisis precipitated by nationwide shortages of Urea solutions. One distinct aspect of the Yoon government's China policy is how it seeks a relationship with China based on mutual respect. The term 'mutual respect' is also frequently used by China, but its meaning might be substantially different for either side. The absence of an agreement on the term's meaning may exacerbate conflicts and crises. For China, it likely means respect for issues related to China's core interests, such as Taiwan, Tibet, and Hong Kong, but

8 Byung-seo Chun, "Inclusion in America's GVC: The Trap of American Technology, the Trap of the Chinese Market" (presentation, a closed meeting at the Plaza Project, January 2021). (in Korean)

how much the Yoon government will oblige is questionable. In contrast, the Yoon government will demand that China respect South Korea's positions on North Korea's nuclear weapons and North Korea in general, issues central to South Korea's national interests, while requesting an equal diplomatic relationship. It seems that the THAAD issue will also likely be argued as a vital core interest of South Korea. Such positions will inevitably clash with China's diplomatic customs.

The South Korea-China relationship, which celebrates its 30th anniversary this year, remains bleak even though it has matured past the initial honeymoon phase. While the government proposed plans such as a bilateral exchange of state visits, the enhancement and expansion of South Korea-China economic and non-traditional security cooperation, regular high-level strategic dialogues, ensuring at least two strategic dialogues between the vice-ministers for foreign affairs, and 2+2 diplomacy and security vice-ministerial meetings, a roadmap for the implementation of such plans remains unclear.

From this perspective, there are five points worth paying attention to the improvement of South Korea-China relations suggested by the Vice President of China Wang Qishan, which were proposed during his visit to Seoul with the Chinese delegation to congratulate the inauguration of the Yoon government in May 2022. The visit by Vice President Wang, who is regarded as a close confidant of President Xi, demonstrates how China highly values South Korea during the era of Sino-U.S. strategic competition. China maintains the position of further elevating the strategic cooperative partnership between South Korea and China. At the same time, the message appears to be intended to convey, with authority, China's concerns about the foreign and security policies of the Yoon government. This is reflected in the five points; first, enhance strategic communication; second, improve substantive bilateral cooperation; third, promote friendship among the people; fourth, closely coordinate on multilateralism; and fifth, improve cooperation on issues on the Korean peninsula. In sum, this was a request to strengthen cooperation with China on Korean peninsula issues and appropriately address matters that China is sensitive to. Regarding the

issue of coordination on multilateralism, China suggested hosting a trilateral summit meeting and pursuing a free trade agreement (FTA) between South Korea, China, and Japan, as well as seeking 'South Korea-China-Japan+X' cooperation jointly with South Korea. Demanding the new government to consider China's core national interests and appropriately address issues that China is sensitive to will exert considerable pressure on the Yoon government. 'South Korea-China-Japan+X' cooperation appears to be China's regional strategy in response to Sino-U.S. strategic competition. Meanwhile, a war of nerves has persisted regarding the issue of state visits. While China has requested that President Yoon visit China, the Yoon government argues that it is President Xi's turn to visit South Korea first. This is based on how President Xi failed to keep his promise to visit South Korea, despite the fact that President Moon visited China twice during his presidency. Such demands appear to be essential for the Yoon government's China policy and its emphasis on mutual respect. As a result, an in-person summit meeting between the leaders of South Korea and China seems unlikely to be held before the end of 2022.

4. Conclusion and Policy Recommendations

The Korean peninsula has never managed to safely avoid the repercussions of hegemonic struggles or power transitions between great regional powers. The history of the Korean peninsula is the history of and fraught with fighting against and adapting to invasive outside forces. Acute fear and psychological resistance against imminent threats from China and the Asian continent seem to be embedded in the DNA of the Korean people. This has also influenced the nation's view of China during the Sino-U.S. strategic competition ongoing today.

It is imperative for the South Korean government to pursue a strategy of 'pro-U.S. relations and harmonious relations with China (親美和中).'

Table 3 explains why such an approach is necessary. South Korea must actively pursue a policy of regional security cooperation, multilateralism, and coalition among middle powers in order to alleviate the risks of

abandonment and entrapment vis-à-vis the U.S. on the one hand and to defend against and prevent interference and retribution by China on the other. As the Yoon government has stressed, transforming the U.S.-South Korea alliance into a comprehensive global alliance and cooperating closely with the U.S. on security as well as key strategic industries is unavoidable. But the strategic cooperative partnership with China also needs to be respected. At a minimum, South Korea-China relationship devolving into a hostile one needs to be avoided. South Korea still lacks the capacity to endure unnecessary conflicts with great powers. There is a need to strengthen communication and cooperation with China in non-strategic areas and on non-traditional security. At the same time, military and security preparedness needs to be enhanced in preparation for drastic changes to the regional security environment in Northeast Asia. New security issues such as health, cyber, the environment, and climate change are areas in which cooperation with both the U.S. and China can be pursued.

<Table 3> Consequences of Choices Leaning towards Either the U.S. or China, Per Issue

| Direction | South Korea's Choice | | |
|-----------|--|---|---|
| | Politics, Diplomacy, Security | Science and Technology | Values |
| China | <ul style="list-style-type: none"> • Clashing with the U.S. • Weakening capability to deter North Korea • Diplomatic isolation from the U.S. and other western countries • Benefits from aligning with China on diplomacy and security uncertain | <ul style="list-style-type: none"> • Exclusion from new technology cooperation with the U.S. • Becoming subordinate to the Chinese economy • South Korea-China cooperation uncertain – China failing to sufficiently propose an alternative for regional cooperation | <ul style="list-style-type: none"> • Weakening legitimacy and sovereignty as a liberal democracy |
| The U.S. | <ul style="list-style-type: none"> • Tensions and conflict with China | <ul style="list-style-type: none"> • Economic retribution by China • The benefits of a technological alliance with the U.S. | <ul style="list-style-type: none"> • Maintaining the legitimacy of the domestic political system |

The first aspect to consider regarding South Korea-China relations is the fact that the two countries differ in terms of their respective identities and values. South Korea's current identity appears to be strongly influenced by the success of the nation achieved under the U.S.-led liberal

international order during the Cold War. South Korea developed into a country with about the tenth-largest economy in the world through the process of industrialization, democratization, and digitization. South Korea emphasizes the values of democracy, liberty, and human rights, and supports the market economy and its respect for private property. This has led to negative perceptions of China and its socialist system, authoritative political structure, and hierarchic attitude.

Second, it is necessary to understand that the historical memories of the two countries are also different. Past experiences of China in South Korea are based on threats, humiliation, and resistance. China seeks to reconceptualize Chinese nationalism based on the past territory and glory of the Qing dynasty. The divergent identities founded upon different historical eras act as the main cause of conflict and hostility between the two countries.

The third element to consider is South Korea's excessive economic dependence on China. The volume of South Korea's trade with China is more or less equal to half of the country's trade with the U.S., Japan, and the EU combined. It is difficult to find an alternative for the Chinese market in the foreseeable future. Though the Moon government attempted to reduce economic dependence on China following the THAAD incident, an alternative market remains out of reach. An unnecessarily confrontational policy towards China in a situation where contingency plans have not yet been prepared is neither in South Korea's interests nor manageable.

The first factor that needs to be carefully considered when crafting South Korea's China policy is the future of the Sino-U.S. strategic competition. Accurately predicting and understanding how America's China policy will evolve is a key exogenous variable that may impact South Korea's position on China.

The second factor is how the characteristics and direction of China's current foreign policies are assessed. Is China attempting to become a new hegemon by upending America's hegemonic status? How much of its capacity is China investing in, and what strategies are being devised by

China in order to achieve this goal?

The last factor to consider is the direction of the Yoon government's China policy. The issue area of diplomacy and security is a winner-takes-all environment that lacks sufficient verification. It is an area in which the perception and knowledge of political leaders are low. Given the current circumstances, the greatest foreign policy challenge that the Yoon government will face will probably result from South Korea-China relations. While the Yoon government's plans have not yet been revealed, whom the government selects as its first Ambassador to China will offer many answers for bilateral relations.

The world is currently being engulfed by the strategic competition between the U.S. and China. This has the features of not only a hegemonic struggle but also a power transition between great powers. The Sino-U.S. strategic competition poses various obstacles and challenges for South Korea's foreign and security policy. Domestically, there is a dichotomy in how we perceive what potential options there could be, to either further strengthen the alliance with the U.S. or bandwagon with China. It is customary for all countries that are not great powers to pursue an adaptive and practical foreign policy for their survival. This usually materializes in the form of hedges, and the question becomes a matter of how far countries hedge under specific conditions. But the current domestic debate in South Korea in response to the Sino-U.S. strategic competition tends to favor extreme arguments over such flexible strategic thinking.

The strategic competition between the U.S. and China is expected to intensify during the Biden government. South Korea should not be naïve. Simultaneously, South Korea may become a strategic lynchpin for both the U.S. and China and also confront correlating pressures. From South Korea's perspective, the key question is which great power will be able to provide public goods both regionally and globally. South Korea's current solution in this strategic environment is to pursue a strategy of 'pro-U.S. relations and harmonious relations with China (親美和中)'. During this period of fierce change, on the one hand, South Korea is seeking to further develop

its existing strategic political asset by transforming the U.S.-South Korea alliance into a more comprehensive and reciprocal strategic alliance, while on the other hand, respecting the 'strategic cooperative partnership' with China and making a plus-sum game more likely by expanding areas of cooperation with the other. South Korea seems to be walking on a tight rope, considering how South Korea still lacks the capacity to withstand dramatic changes to U.S.-China relations.

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