

PART 3: THE REPUBLIC OF KOREA'S RELATIONSHIP WITH CHINA

Introduction

Since they were normalized in 1992, relations between China and the Republic of Korea (ROK, or South Korea) have steadily strengthened—diplomatically and especially economically. In 2003, China overtook the United States as South Korea's largest trading partner.¹⁹⁸ The Republic of Korea sees good relations with China as essential to the South Korean economy, while concerns about industrial espionage and technology leakage from Korea to China continue to arise. Currently, the two countries are concluding a bilateral free trade agreement that may be finalized by the end of 2008 if sensitive trade issues such as the effect of cheap Chinese agriculture on the Korean market and of Korean automobiles on the Chinese market can be resolved.

Also indicative of the growing relationship between China and the ROK is the number of China-ROK "summits" that have taken place between the nations' presidents—three in as many years—and the number of state visits that have occurred since Hu Jintao became China's president five years ago. President Hu has made two state visits during this period compared to the one visit to South Korea Jiang Zemin made during his 10 years as president. President Hu has visited Japan only once since becoming president—the only visit to Japan by a Chinese president in 10 years.¹⁹⁹ In his only visit to Pyongyang during his presidency, President Hu visited North Korea in 2005. President Jiang made a visit in 2001.²⁰⁰

China is also important to the Republic of Korea because of the influence China holds with the Democratic People's Republic of Korea (DPRK, or North Korea). Therefore, Seoul is eager to use Chinese influence to advance its interests. As North Korea haltingly dismantles its nuclear weapons and nuclear production facilities, and as the threat of a nuclear attack by the North on the South remains, South Korea's government welcomes China's help in influencing North Korea to fulfill its agreement to dismantle the nuclear infrastructure.

Another concern shared by the South Korean and Chinese governments is the stability of the North Korean regime and the costs that would result for both countries if the regime were to collapse. Bordering Chinese provinces fear massive influxes of North Korean refugees. Many South Koreans hope to reunite the Korean people, who have been separated since the Korean War over 50 years ago. The poverty and isolation of the North Korean people and that nation's crippled economy, dilapidated or nonexistent infrastructure, and totalitarian government mean that rapid reunification in the

face of crisis would impose a terrible cost on the ROK and its people, far exceeding the costs to the Federal Republic of Germany of reunifying with East Germany in the 1990s. This is a major reason why the South wants any changes in the relationship to be planned and carefully executed.²⁰¹

South Korea has extensive economic relations with North Korea, as does China. This economic relationship offers an opportunity for both of North Korea's largest trading partners to influence its actions, and it is in the interest of both South Korea and China to maintain pressure on North Korea to dismantle its nuclear weapons program.²⁰² South Korean exports to North Korea have increased steadily since the early 1990s (the chart below shows the statistics for the years since 2000) while, at the same time, North Korean exports to South Korea also have climbed steadily. A collapse of the North Korean government would create an enormous dilemma for the region—and for South Korea and China in particular. Maintaining and increasing stability is a major reason for the two countries' large investments in North Korea.²⁰³ During the Commission's trip to Seoul in August 2008, interlocutors expressed concern that China may intend to intervene unilaterally in the event of regime collapse or instability in North Korea but is not consulting with or keeping South Korea informed of its plans and intentions in this respect.

ROK leaders know China's influence with the DPRK leadership is a resource that can help reduce shocks and tension, but they also know that China's interests with respect to North Korea are different from those of South Korea. For example, Chinese security planners find that the status quo on the Korean Peninsula is in China's interests as opposed to an alternate scenario that places on its border a unified, democratic Korea allied with the United States.²⁰⁴ For its part, South Korea is actively working to effect the peaceful reunification of Korea and continue a strong alliance with the United States.

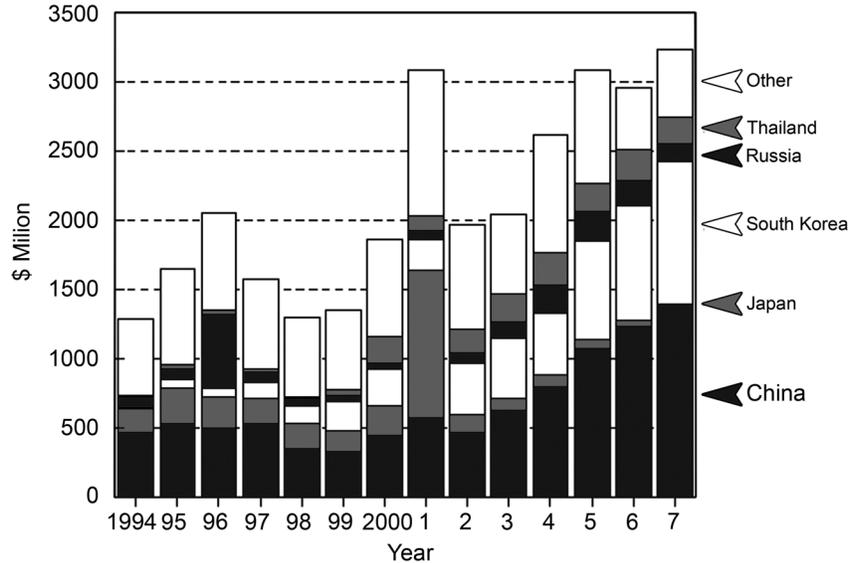
South Korean Merchandise Trade with North Korea, 2000–2007

(\$ are in millions)

Year	South Korean Imports	South Korean Exports	Total Trade	Balance
2000	\$152.37	\$272.78	\$425.15	\$120.40
2001	\$176.17	\$226.79	\$402.96	\$50.62
2002	\$271.58	\$370.16	\$641.73	\$98.58
2003	\$289.25	\$434.97	\$724.22	\$145.71
2004	\$258.00	\$439.00	\$697.00	\$181.00
2005	\$340.30	\$715.50	\$1,055.80	\$375.20
2006	\$519.56	\$830.20	\$1,349.76	\$310.64
2007	\$765.35	\$1,032.55	\$1,797.90	\$267.20

Source: "The North Korean Economy: Background and Policy Analysis" (Congressional Research Service, Washington, DC: February 9, 2005).

**North Korean Imports of Merchandise
by Major Country of Source, 1994-2007**



Sources: Data from UN COMTRADE Database, Global Trade Atlas, and (South) Korea Unification Ministry.

South Korean officials emphasized that, even as their country strives to strengthen relations with China, its most important relationship is with the United States. They told Commissioners that its decisions are made with careful attention to the ROK-U.S. relationship. As an example, ROK officials consulted with the United States before accepting China's offer to become a "strategic partner."²⁰⁵

Historical Issues

Some historical differences continue to cause tension in Sino-South Korean relations. In 2004, the Chinese Ministry of Foreign Affairs referred on its Web site to an ancient kingdom, Koguryo, that both North and South Koreans consider to have been an independent Korean realm, as a "subordinate state . . . under the jurisdiction of the Chinese dynasties." This enraged Koreans. The South Korean government demanded that China correct the information, but China did not do so. Instead, the Chinese Ministry of Foreign Affairs removed all references to the Koguryo Kingdom from its Web site and blocked all Chinese language Web sites and publications critical of China's disputed historical claim. Eventually, Chinese and ROK officials met to resolve the matter and reached a "verbal understanding" that "there would be no more government-level . . . attempts to distort the history of Koguryo" and that China would not lay claim to Koguryo in its textbooks.²⁰⁶ Many Korean people criticized the ROK government for what they saw as timidity toward Beijing that produced an inadequate agreement that in-

cluded neither a Chinese apology nor a correction of the original assertions on China's Foreign Ministry Web site.²⁰⁷ Several South Korean interlocutors mentioned this issue to the Commission delegation as a continuing source of tension between the two countries.

Territorial Issues

There is some disagreement between China and the Republic of Korea over the appropriate demarcation of their Exclusive Economic Zones (EEZ) where their EEZ claims overlap. Officials of both nations met in early July 2008 in an attempt to resolve this issue. It was the thirteenth such meeting, and, like previous sessions, it resulted in little progress on the issue.

China struck a deal with Japan in 2008 to explore jointly for gas in disputed portions of the East China Sea. South Korea also holds claims in the area and was irritated that it was not included in the negotiations and resulting deal. The ROK Foreign Ministry made a point of announcing that "the South Korean government is paying attention to the China-Japan agreement" and that "[m]aritime borders in the East China Sea among South Korea, China, and Japan are not decided yet."²⁰⁸

Security Issues

The largest security issue South Korea faces is the troubled relationship with North Korea. The Military Demarcation Line on South Korea's northern border has separated the two Koreas since an armistice was negotiated in 1953. Periodically over the 55 years that have passed, violence has erupted as a result of North Korean provocations at the land or sea borders or of incursions by the North into the South.

North Korea's nuclear test in 2006 generated a new set of regional tensions. North Korea's production and testing of ballistic missiles that could deliver their nuclear weapons over substantial distances exacerbated the tensions. As a result, five regional states (South Korea, China, Japan, Russia, and the United States) agreed to cooperate in an effort to reach an agreement with the DPRK that would eliminate its nuclear weapons arsenal. China has hosted and played a key role in the Six-Party Talks, leveraging its influence as a major donor to North Korea to keep the talks from imploding on several occasions. With both South Korea and China fearing an influx of North Korean refugees were the DPRK to collapse, they often shared an approach to the talks that arguably was less "hard line" than that of the other participants, particularly the United States. However, since President Lee Myung-bak took office in February 2008, the South Korean government has taken a more forceful posture toward the Six-Party Talks and at times has expressed concern about what it perceives as softness on the part of the United States. In general, the South Korean officials with whom Commissioners met during their visit in August 2008 felt that, as a result of the experience South Korea has had with China in the Six-Party effort, South Korea's relations with China have deepened.²⁰⁹

The Commission delegation received numerous assurances during its trip to Seoul that the South Korea-U.S. alliance is para-

mount among the ROK's diplomatic priorities. One official assured Commissioners that, even after the unification of the Korean Peninsula, the United States would be expected to play a big role in the region as a stabilizing force. Representatives of the Korea Research Institute for Strategy told Commissioners that one reason South Korea desires a strong U.S. presence is because the United States has no territorial ambitions in the region, in contrast to other regional actors in Korea's turbulent history.

South Korean military analysts, like those in the United States, continue to be surprised at the rapid pace of Chinese military modernization. Analysts from the Korean Institute for Defense Analysis, a government-funded think tank, expressed their concerns to Commissioners about China's military buildup. One analyst estimated that because of the pace and trajectory of the buildup, the Chinese military will become a threat to regional neighbors by 2020. Other analysts raised concerns about Chinese cyber operations, and their comments confirm that cyber intrusions originating from China are a concern to Asian nations, as they are to the United States.

Asked what Korea's likely response would be in the event China exercised its military option against Taiwan, one of the Commission's interlocutors expressed a strong hope that Korea would never be put in the position of having to refuse a U.S. request for assistance regarding a Taiwan conflict, because the risk to the ROK of alienating China is so great that it would strongly resist supporting the United States against China over Taiwan. Several other interlocutors also echoed the hope that the ROK would never be called on to respond to such a U.S. request for assistance, seeing it as requiring Korea to make a very uncomfortable choice.

Conclusions

- The United States continues to be a close ally of the Republic of Korea, even as South Korea seeks to strengthen and is strengthening economic and diplomatic relations with China. South Korea views the United States as a stabilizing presence in the region and sees the United States as continuing to play an important role, even if Korean reunification were to occur. In this vein, there appears to be a strong desire by South Koreans for the U.S. government to retain its military forces there.
- Republic of Korea-China trade continues to grow. South Korea believes that expanded trade with China is essential to its economic future. At the same time, many South Koreans fear the loss of their technologies to China and consequent loss of commercial leadership.
- North Korea is the Republic of Korea's largest security concern. The concern includes North Korea's nuclear capability, its missiles, and anarchy resulting from possible regime collapse.