

Event Report

**Seoul Between Beijing and Washington:  
South Korea's Strategic Dilemma**

EIAS Briefing Seminar

*23 May 2017*

For thousands of years, Korea has been called "A Shrimp Among Whales", implying the challenging situation of being land and sea-locked between Big Powers fighting for regional dominance. The 21st century is witnessing Korea being caught in the power struggle between a "Rising China" and an ever more demanding "Long Time Ally", the US. Recently, China has been strongly opposing the forging of close security-related ties between Seoul and Washington, while the new US president Trump has initiated isolationist and protectionist economic policies. Korea is being forced to re-think its security agenda and re-evaluate its foreign policy partnership priorities.

The US-initiated deployment of the Terminal High Altitude Area Defense (THAAD) system in Korea might come as a source of solace in view of the intensified frequency and magnitude of North Korean emanated nuclear threats, however China cannot condone the American security commitments as they come as a plight on its own state security. Arguably, Korea is now facing handicapped bilateral economic relations with China that are taking a tangible toll on Korean businesses and putting pressure on the Korean institutions, particularly in this arduous governmental transition period. Thus, Seoul is faced with the challenge of balancing between security and economic interests, all the while managing its vital foreign policy relations with both great powers.

## **Opening Remarks by Mr Frederic Carlier, Senior Associate, EIAS**

Mr Frederic Carlier introduced the topic of the discussion, namely the evolving strategic dilemma that South Korea is facing- the need to balance on the one hand the Korea-US alliance representing its security interests against, on the other hand, the strategic partnership with China representing its economic interests. How can South Korea manage these two vital relationships in harmony, without promoting either one of the two at the cost of the other; and at the same time remain strongly committed to strengthening regional cooperation through trust-building mechanisms such as the Trilateral Cooperation Secretariat. Furthermore, how have the isolationist tendencies of the Trump presidency affected the strategic outlook of South Korea? Will it have to pay more for its own defence? How about the deployment of the Terminal High Altitude Area Defense (THAAD) system in Korea, which has caused some concern in China?

Adding to that is South Korea's location in a geopolitically turbulent region where power politics dominate. North Korea's erratic behaviour with its escalating provocations continues to be a source of instability while relations with China and Japan are marked by interdependence and rivalry, while at the same time Seoul needs secure sea lines of communications for its energy imports.

And more generally, how can the current Asian paradox, in which there is a disconnect between growing economic interdependence on the one hand and limited political-security cooperation on the other, be overcome, if at all?

## **Keynote Address: Prof. Hieyeon Keum, Department of International Relations, University of Seoul**

Prof. Keum began his presentation by pointing that South Korea always has been and will always remain a "Shrimp among Whales", stuck between superpowers, ever since the Mongolian Invasions, through the Sino-Japanese and Russo-Japanese wars and now between China and the United States.

Regarding the current situation, North Korea is having China on the one side, while Korea has the US as the traditional ally on the other. However, Korea needs to review its foreign policy if it wants to build on and give continuity to the booming bilateral trade with China.

Prof. Keum emphasized that the US and Korea shared many values. To a certain extent this has predisposed Korea's strategic value as an ally to the US. A long-term reality reflected in the fact that Korea is hosting the second largest amount of US troops in the Asia-Pacific.

From a low politics perspective, the US is the second largest trading partner of Korea with a surplus of USD 23.2 billion (2016), although President Trump expressed his dissatisfaction with the existing trade deficit. The blooming trade relations are ostensibly the mark of the successful Korea-US FTA signed in 2011.

As part of the so-called "Pivot to Asia" the US has recognized that "Asia will return to its historic status, with more than half of the world's population and half of the world's economic output. America must be present there. Markets and economic power rest on political frameworks, and American military power provides that framework." Prof. Keum stipulated that US-Korea relations would transform into a normal state-to-state relationship

under Trump. What's more, US support remains the pillar of security in Korea in the foreseeable future.

After more than two decades since the normalization of diplomatic relations between the PRC and South Korea, China's rapidly growing economy has largely become influential for the regional security architecture and Korean Peninsular strategic developments. Trade-wise, China is Korea's largest trading partner, surpassing Japan and the US, fostering historical and cultural ties. China has been indicating discontent with the recent deployment of the "Anti-Missile System", or "THAAD" and a preference for maintaining the status quo on the Peninsula avoiding the collapse of Kim's regime and the reunification with the South, which would result in a population and territory imposing Korea with a pro-US foreign policy and the presence of American troops. The issue of the THAAD deployment has induced different implications, including a new wave of nationalism within China and Korea. A potential collapse of the DPRK regime poses a strategic security concern for Beijing.

Furthermore, with the initiation of the Asian Infrastructure Investment Bank in 2015, Korea was faced with yet another foreign policy choice. In that sense, Prof. Keum expressed his belief that the card of "membership of AIIB" should have been cast more strategically, but the impeached President Park made a quick application. The other difficult choice posed before the Korean government was whether to support the deployment of the THAAD, in response to the DPRK's missile threats. Consequently, the deployment of THAAD triggered the skepticism and hostility on the part of China. An interesting elaboration made by Prof. Keum was that THAAD, as a defensive weapon of choice, does not cover any major Chinese cities in its effective range of striking. Earlier this year, Korea found itself at the forefront of both China's and America's displeasure because of the reasons sketched above.

Since the inauguration of Kim Jong-Un, the DPRK has been explicating more prominent preference for economic development. This led the South Korean government to consider the moment opportune to influence DPRK to gradually give up on its nuclearisation efforts. The unpredictability of the Trump administration has introduced additional uncertainty to the situation. Trump has been voicing concerns that Korea is one of the countries that manipulates currencies and has not been paying its due for hosting US troops. While Trump once articulated his determination for solving the North Korea Nuclear Issue, he has taken a step back again. Trump does not seem to have a consistent stand on the North Korea Issue.

In conclusion, Prof. Keum suggested three solutions for resolving the situation. The first option would be to consolidate the Korea-US military Alliance based on shared democratic beliefs and not as a threat to China. The second option dictates that South Korea should recognize and accept the Chinese role in the region and the peninsula on the security issues, and reevaluate the traditional ROK-US military alliance relationship in order to accommodate Chinese strategic interests. The third and final option would involve South Korea's withdrawal from the NPT and active armament with Nuclear weaponry (like Iran and Pakistan) in order to increase its power and influence in dealing with threats from the North and pressure from China.

## **H.E. Mr Brian McDonald, former Ambassador and Head of Delegation of the European Union to the Republic of Korea**

H.E. Mr Brian McDonald outlined the history of nuclear development on the Korean Peninsula. North Korea's nuclear projects began in the 1990s, and China stepped in during the mid-1990s part-taking in the Six-Party Talks to seek for the abolishment of nuclear activities in North Korea. The US has also been actively engaged with the attempted efforts of the international community to resolve the situation. The crucial point of the North Korea nuclear issue, as Mr McDonald claims, is the lack of trust invested in the Six-Party Talks as the sole and leading resolution mechanism.

Tensions today are reminiscent of those of the 1990s, with the US threatening with military actions in response to DPRK's missile launches. However, unlike Kim Jon-Il, the young Kim Jong-Un shows no signs of backing down, as he publicly announced that the nuclear weapons are the only mean to ensure the survival of the nation. H.E. Mr McDonald believes that if the US continues to press, it is likely that Kim will retaliate. Is it perhaps preferable for Trump to scale down the threat of military action to prevent growing tensions? Otherwise he may need to ensure that military action is launched flawlessly to take Kim down from power. In conclusion, H.E. Mr McDonald considered that former President Park, failed to achieve significant progress with DPRK but expressed his doubt that the newly elected President Moon may be able to secure any further positive developments. It was also inferred as unrealistic to rely on China to take full control over North Korea's nuclear over-assertiveness.

## **Ms Fanny-Anh Le Hoang, Researcher, Group for Research and Information on Peace and Security (GRIP)**

Ms Hoang began her speech elaborating on the three stages of Korea's defence system against the DPRK: "Kill-Chain Counter Strike", designed to eliminate eminent threats; "anti-missile system", in co-operating with air forces to track down missiles; and "Korean punch and retaliation plan", in response to any sustainable invasion from DPRK. Although South Korea implemented these programs, they do not guarantee complete protection from potential DPRK massive missile strikes. Or, simply put, the DRPK is capable of launching missiles from submarines in closer range.

Concerning the recent deployment of THAAD in South Korea, it should be regarded as, above all, a political threat (not a military one). In addition to China and the US, Russia is also inevitably drawn into this geopolitical crisis. Trump expects China to take the lead in resolving the North Korean conundrum, but, as Hoang highlighted, the power of China is often over-estimated. The strategy of China is rather clear on the Korean Peninsula: a stable buffer zone to exclude the US. Despite the immense support offered by China to support the DPRK during the Korean War and the post-war recovery, the Kim Regime stayed prudent with China. The Kim Regime accused Mao as "Revisionist" during the Great Cultural Revolution, and has viewed with suspicion the "Open and reform" era lead by Deng Xiaoping in the 1970s and the normalisation of Sino-Korean relations in the 1990s. The actual and only ever interference from China was in 1956, when Kim Il-Song decided not to receive any further instructions from Beijing. Kim Jong-Un made it clear that he is not a puppet of China and he will certainly to continue the development of nuclear programs.

## **Ms Angela Sarafian, Researcher, European Institute for Asian Studies (EIAS)**

Ms Sarafian provided a short discourse on the escalation of Chinese unofficial economic pressures on South Korea in light of the US Terminal High Altitude Area Defense (THAAD) controversy. She also engaged with the region-specific characteristics of conglomerate entities in both the social and economic realm and their impact on the Korean democratic system via the crosscutting case of Lotte Group.

Ms Sarafian traced back the THAAD controversy and recent THAAD induced developments. In the past months there has been a tangible escalation of tensions between Mainland China and South Korea due to the latter's submission to deploying the American anti-ballistic missile system (THAAD) on its territory, presumably in order to provide further security to the region. Ms Sarafian briefly narrated what the missile defense system constitutes, how it works and its practical shortcomings and potentials. Overall, the defensive system is designed to counter short- and medium-range regional ballistic missiles and provide US partners- South Korea and Japan an additional layer of security against the growing potency of North Korean nuclear threats. However, Beijing views THAAD as a threat to its own military operations — specifically in the South China Sea, firmly opposing the deployment as an offensive military mechanism and a plight to its own security. Thus China engaged in one of its most assertive influence campaigns in recent history to prevent the THAAD deployment, encompassing political speeches, media commentaries, and coercive economic pressures. The trade boycotts and tourist travel impediments, in particular, are progressively becoming a threat to South Korea's economy (examples spanned from tourism, to beauty products trade and the entertainment industry services). Hopes for positive developments seem plausible after the meeting between Chinese President Xi Jinping and the special envoy of South Korea's newly elected President Moon Jae-in calling for bilateral ties to return on normal track.

In the second part of her presentation, Ms Sarafian explored the very particular nature of Korean conglomerates, the so-called chaebol entities, that drastically affect the economic landscape of the country ever since the war years of the 1950s, on the one hand, and in the past year, have also introduced major political turmoil on the other hand. The formation of the peculiar amalgam relationship between the government and the private sector was further presented via a closer inspection of the "Big Four". One of the conglomerates amongst the high-profile Korean firms that has been greatly affected by the diplomatic tensions with China is Lotte Group. The conglomerate has also been entangled in the corruption scandal centered around President Park's impeachment and consequent trial.

European Institute for Asian Studies – EIAS a.s.b.l.  
26 Rue de la Loi, 10<sup>th</sup> Floor, 1040 Brussels/Belgium  
Tel.: +32 2 230 81 22 E-mail: [eias@eias.org](mailto:eias@eias.org) Website: [www.eias.org](http://www.eias.org)

EiasBrussels

European Institute for Asian Studies

@EIASBrussels