

Costs of South Korea's Shifts in Foreign Policy in the Increasing U.S.-China Rivalry

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Since the Korea-U.S. summit, the South Korean government has been promoting high-level strategic dialogue with the U.S. on economy, security and technology as well as political and military sectors. Through close ties with the United States, Korea will be able to expand its role in the Indo-Pacific cooperation. On the other hand, however, it remains an important and difficult task to maintain stable Korea-China relations without unnecessarily provoking China amid increasing power competition between the U.S. and China. In this JPI PeaceNet series, Sojeong Lee and Krista E. Wiegand (University of Tennessee) examine South Korea's possible strategies to maximize the benefits of the Korea-U.S. alliance while minimizing the expected costs of relations between Korea and China. [Edited by Ki Eun Ryu, Postdoctoral research fellow (keryu@jpi.or.kr)]

* This article is written based on the author's personal opinions and does not reflect the views of the Jeju Peace Institute

Introduction

On Wednesday, July 27, 2022, Chinese Foreign Ministry made a strong statement urging the Yoon Suk-yeol government to hold its steadfast policy of the “Three Nos” – no additional deployment of the Terminal High Altitude Area Defense (THAAD) missile system batteries, no integration into a U.S.-led missile defense network, and no involvement in a trilateral alliance with the United States (U.S.) and Japan. Specifically, Chinese Foreign Ministry Spokesperson Zhao Lijian noted that a “commitment made should be a commitment kept despite a change of government. When it comes to major sensitive issues concerning the security of its neighbors, the ROK (Republic of Korea) side needs to continue to act prudently and find a fundamental solution to the issues.”¹⁾

This Chinese statement is one good example depicting China's concern about Seoul's ostensible shift in its position moving closer toward the United States under South Korean President Yoon Suk-yeol. During his presidential election campaign, Yoon criticized the former president Moon Jae-in and his administration for its reluctance to stand firm with the United States and against China, which “has created an impression that South Korea has been tilting toward China and away from its longtime ally, the United States.”²⁾ President

1) “China Demands Korea Uphold ‘Three Nos’ Policy.” The Korea Herald (July 28, 2022)

<https://www.koreaherald.com/view.php?ud=20220728000666> (Accessed July 28, 2022)

2) “South Korea Needs to Step Up,” Foreign Affairs (February 8, 2022).

<https://www.foreignaffairs.com/articles/south-korea/2022-02-08/south-korea-needs-step> (Accessed July 26, 2022).

Yoon has clearly signaled a shift in South Korean foreign policy to strengthen the South Korea-U.S. alliance and stand firm on regional security more aligned with the United States and its allies, even possibly taking a similar stance on a rising China. Signaling the shift, President Yoon attended the North Atlantic Treaty Organization (NATO) Summit in Madrid, Spain in June 2022. The Yoon administration has also agreed to resume a live field joint military exercise with the United States in August.

The more conservative Yoon administration's firm position of standing with the United States over many security and economic issues - especially with respect to China - indicates how President Yoon and his administration is different from the previous Moon administration. The more liberal Moon administration had been considered as "relatively silent and less active" in the game of power politics between the United States and China, in particular compared to the open criticism of China by other U.S. allies in East Asia and the Indo-Pacific, particularly Japan and Australia.³⁾ South Korea was considered as a country that could - and in some perspectives, should - join the Quadrilateral Security Dialogue (Quad), making it the Quad Plus, along with Australia, Japan, India, and the United States. However, South Korea has not joined forces with these four countries, who are clearly balancing against China even though balancing is not the primary purpose of the Quad partnerships. For the past five years, the Moon government purposely avoided joining the United States in balancing against China in any way, for fear of provoking China.

The Yoon administration's strategic foreign policy shifts have moved Seoul toward a more hardline position against North Korea and have reinforced the South Korea-U.S. alliance and U.S. extended deterrence in the region. President Yoon's new strategy involves enhancing South Korea's role in regional security and strengthening strategic cooperation not only with the United States but also with Japan. Just in the first months of the Yoon administration, the South Korean government has already resumed a once-suspended joint military exercise with the United States and discussed more in-depth strategic trilateral cooperation with the United States and Japan. Washington has asked Seoul to help participate in addressing global supply chain challenges and working within the advanced technology alliance framework that is led by the United States. There is no question that all these efforts will help South Korea, as one of the most prominent U.S. allies in the region, to uphold its strong and firm relationship with the United States for its own national interests. At the same time, President Yoon should understand that Seoul's

3) Victor Cha. 2020. "Leading by Example: Two Different Responses to China's Rise." The Lowy Institute. (November 11, 2022)

<https://www.lowyinstitute.org/the-interpreter/leading-example-two-different-responses-chinas-rise> (Accessed July 5, 2022).

shifts closer to the United States will likely incur costs for South Korea from China, and such costs may not be minimal. The very question that President Yoon should consider is, therefore, how to minimize expected costs to South Korea, while maximizing its own interests.

Costs of South Korea's Shifts in Strategy in the U.S.–China Rivalry

It is without question that the strengthened alliance between South Korea and the United States will benefit South Korean national interests and security. However, it is important to recognize that there will likely be potentially significant costs for South Korea if China perceives South Korea standing firm with the United States against China's rise in power. This difficult position is not unique for South Korea; several other Asian states including Vietnam, Indonesia, and the Philippines are also concerned about provoking China too much when aligning with the United States and hedging in their relationships with the United States and China. South Korea finds itself between two major powers, one that has been strategically the most important, and one that has been economically the most important. The Yoon administration is now moving away from hedging and tilting closer to the United States.

The closer the Yoon administration becomes in its position toward the United States – as perceived by China as against China – the more likely South Korea should expect China to impose some forms of coercion or retaliation, which could lead to significant political and economic costs for South Korea. In particular, China can pursue costly retaliation through political or economic leverage in other important issues that are critical for South Korea's national interests and security. What we call “issue linkage” in international relations occurs when a dissatisfied country links a disputed issue with other bilateral issues such as trade, investment, and territorial and maritime boundary that are crucial to a target country's national interests.⁴⁾ China – a country with dissatisfaction – can use several inter-related issues between South Korea and China as means to retaliate and punish South Korea if it perceives South Korea's engaging in balancing behavior with the United States against China.⁵⁾

First, President Yoon's strong pro-U.S. position can provoke China to continue or increase illegal fishing in the Yellow Sea. Chinese illegal fishing has been a major concern

4) Krista E. Wiegand. 2009. “China's Strategy in the Senkaku/Diaoyu Islands Dispute: Issue linkage and Coercive Diplomacy.” *Asian Security* 5 (2): 170-193.

5) Ji-Young Lee. 2020. *The Geopolitics of South Korea-China Relations: Implications for U.S. Policy in the Indo-Pacific*. Santa Monica, CA: RAND Corporation. <https://www.rand.org/pubs/perspectives/PEA524-1.html>.

for South Korea as it wreaks significant costs for South Korean fishermen and sometime causes violent incidents between Chinese fishermen and the South Korean Coast Guard.⁶⁾ There have been intermittent tensions between China and South Korea regarding Chinese illegal fishing in the Yellow Sea and these could worsen. China has not made any attempts to escalate fishery issues into an actual maritime dispute against South Korea. Still, China can potentially use fishery issues in the Yellow Sea as a leverage or retaliation against South Korea by escalating illegal fishing and maritime claims.

Other possible issues of contention between South Korea and China that China could use as retaliation are issues over the Air Defense Identification Zone (ADIZ) and Exclusive Economic Zone (EEZ) rights around leodo/Suyan Rock/Socotra Rock.⁷⁾ There has been so far little imminent risk of interstate conflict between China and South Korea over leodo/Suyan Rock/Socotra Rock. Yet, this does not mean that all issues are resolved. Rather, the issue has been latent and these latent maritime issues in the Yellow Sea provide fodder for China to punish South Korea for the Yoon administration's strong U.S.-leaning stance. If President Yoon pursues a more aggressive position against China by siding with the United States, China could easily use these latent and seemingly unrelated bilateral issues as leverage to incur costly consequences to South Korea.

If South Korea antagonizes China in the context of the U.S.-China rivalry, China can easily use economic retaliation against South Korea. Given the strong trade ties between China and South Korea, such economic punishment could be significantly costly for South Korea. We have already seen this kind of Chinese punishment when South Korea as the U.S. ally agreed to the deployment of the Terminal High Altitude Area Defense (THAAD) missile system on South Korean soil in 2016. Although the U.S.-deployed THAAD system was aimed at deterring North Korea, China perceived it as a means of containing China and threatening behavior by South Korea against China. China responded to this perceived provocation with huge economic retaliation against South Korea, which cost South Korea nearly \$7.5 billion in economic losses due to cut imports and exports and suspended tourism.⁸⁾

6) Young Kil Park. 2020. "The Role of Fishing Disputes in China-South Korea Relations." Analysis from the Maritime Awareness Project. The National Bureau of Asian Research.

(<https://www.nbr.org/publication/the-role-of-fishing-disputes-in-china-south-korea-relations/>. (Accessed on July 24, 2022))

7) "Will a Tiny, Submerged Rock Spark a New Crisis in the East China Sea?" The Atlantic (December 9, 2013)

<https://www.theatlantic.com/china/archive/2013/12/will-a-tiny-submerged-rock-spark-a-new-crisis-in-the-east-china-sea/282155/> (Accessed on July 24, 2022)

8) "In U.S.-China Dispute over Missile Defense System, Beijing Punishes South Korea by Restricting Tourism and Holding Trade Hostage." Los Angeles Times (November 19, 2020).

<https://www.latimes.com/world-nation/story/2020-11-19/south-korea-china-beijing-economy-thaad-missile-interceptor> (Accessed July 21, 2022).

China's aggressive resolve against the THAAD deployment serves as a precursor of potential economic and political punishment by China against South Korea under the Yoon administration. Given the increasing intensive power competition between the United States and China in recent years, it is not difficult to expect similar, or even worse, costly consequences for South Korea if Yoon follows through with a clearer and stronger position with the United States that could be perceived as hostile to China. We are already witnessing potential economic costs that South Korea might pay in the context of semiconductor issues. The United States has made significant efforts to create the "Chip 4" technology alliance framework, to include South Korea, Japan, and Taiwan, in order to limit reliance on China for this important technology. South Korea's interests in semiconductor and advanced technology are not new. Former president Moon and his administration worked to support the advanced semiconductor industry, but President Yoon has moved South Korea closer to such efforts. The United States has urged South Korea to decide whether to join the technology alliance by August.⁹⁾ Although not explicit, it is obvious that this semiconductor alliance targets China to decrease Chinese influence in the semiconductor industry and global supply chains. If South Korea decides to join this network with the United States, and Japan and Taiwan who have already agreed, China will likely perceive it as another hostile move by South Korea that could bring about Chinese retaliation. As South Korean manufacturers and industries have had huge profits in their businesses in China, China's retaliation could be very painful to South Korean economy.

In addition to economic retaliation, China can easily utilize its influence over North Korea to make South Korea suffer as well. As one of the six-parties that managed security issues over the Korean Peninsula and North Korea, and as one of the five permanent members of the UN Security Council, China has great leverage to influence North Korea regarding nuclear capabilities and related issues. If South Korea were to provoke China with its pro-U.S./anti-China foreign policy, it is likely that China would not cooperate with South Korea in dealing with North Korea. President Yoon and his administration have recognized the importance of China's role in North Korean issues and a cooperative relationship between South Korea and China to manage the North Korean quagmire. Yet, Yoon's stance in the U.S.-China rivalry and Seoul's vivid support of the United States could have detrimental effect on China's critical role in North Korea. As former U.S. Ambassador of South Korea and former Commander of the U.S. Pacific Command, Admiral Harry Harris commented, "(I) do believe that China uses North Korea to pressure the South (Korea) across a broad range of disciplines, including trade, the military, and position in the UN."¹⁰⁾

9) "Seoul Expected to Join Washington-led 'Chip 4' Alliance." The Korea Times (July 19, 2022).
https://www.koreatimes.co.kr/www/tech/2022/07/129_332901.html (Accessed on July 21, 2022)

It is likely that the North Korea issue would be a target of China's issue linkage strategy that makes South Korea vulnerable to Chinese punishment.

Conclusion


All foreign policy strategies encompass some costs. For former president Moon and his administration, taking a middle road and being reluctant to take a bold stance in the U.S.-China rivalry brought on critiques of strategic ambiguity and questions of loyalty to the U.S. alliance and its liberal, democratic allies. For President Yoon, taking a clear stance with the United States in its rivalry with China and increasing South Korea's role in the alliance network in the Indo-Pacific will provide ways to alleviate those critiques and increase trust with South Korea. However, it could also result in a rift with a disgruntled China and tangible costs for South Korea. South Korea must be prepared to face these costs or otherwise work to appease China to some degree in order to avoid significant costs such as maritime issues in the Yellow Sea, economic punishment, and undue influence over North Korea.

With no question, South Korea should keep its alliance with the United States strong and sound. South Korea should strategically focus on issues that are consistent with the rules-based order and common interests with like-minded states so it can continue and develop its role as an important U.S. ally and a globally responsible actor in improving peace and stability. At the same time, South Korea needs to work to figure out how to avoid unnecessarily provoking China, which would likely incur significant costs to South Korea. There would be no more middle ground left for South Korea to avoid in its engagement in the power politics game between the United States and China. Instead, Seoul should seek its own position to minimize its potential costs while maximizing expected benefits.

10) Sojeong Lee and Krista E. Wiegand. 2022. "South Korea's Strategy in the Era of the U.S.-China Rivalry." Working Paper.

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