



The U.S.-China Conflict and Optimal Positioning of South Korea

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The Clash of South Korea's Security and Economic Interests

Conflicts between the U.S. and China are intensifying as various factors, such as the trade imbalance between the two countries, China's rapid economic growth and increased international influence, the differences between the two states' governing ideologies, work in combination. Among many conflicts, the U.S.-China trade conflict is most likely to be compromised or resolved. In the past, the U.S. had experienced resolving the trade surplus issue between Japan and Germany through pressuring and negotiating as in case of the Plaza Accord. Currently, the U.S. imports a large number of low-cost household goods from China. China is almost the one and only country that can quickly supply affordable, standardized products to a market as large as that of the U.S. In principle, the U.S. can create a policy that discourages American consumption and obligates China to import a certain level of U.S. goods to reduce the trade deficit with China. However, such a policy is difficult to be implemented now. Alternatively, there is a policy of shifting bilateral trade from a vertical to a horizontal division in the long run. The biggest problems for the U.S. are China's illegal economic activities, such as the exploitation of advanced technology, and the Chinese government's unfair industrial policies. Nevertheless, the U.S. continues to economically cooperate with China.

The problem is that China's power has increased so rapidly that China's political, diplomatic, and military influence on the world also quickly grew. China is also confidently expressing that its ideology is superior than the other. In the U.S., there is much concern about the weakening influence of the U.S. on the world and a growing sense of antipathy toward China's communist rule. Regulations on China separately apply to the Chinese Communist Party and the Chinese people. Some people even

argue that the U.S. is pressuring China in order to divert domestic problems. The U.S.-China conflict is a conflict between the values of democracy and those of China's authoritarianism. South Korea, like China, has a large trade surplus with the U.S.; however, there are not many conflicts between South Korea and the U.S. as they are military allies and share similar political and economic systems. South Korea and the U.S. share the ideology of democratic and capitalist systems as their national identities.

Since the deployment of THAAD, there has been a wide spread of anti-China sentiment in South Korea. Most South Koreans think that the main purpose of the THAAD deployment is to keep North Korea in check and do not consider the deployment as a threat to China. As the conflict between the U.S. and China intensified, China called the deployment of THAAD as a punitive burden on South Korea rather than resolving the problem with the U.S. A typical example was China's pressure against Lotte Mart, which provided the site in Seongju County. Consequently, a military action of South Korea and the U.S. that intended to curb North Korea's nuclear development and provocations turned into a clash of military and economic interests between South Korea and China. It is a relief that South Korea and China have found a balance in terms of understanding the deployment of THAAD. However, the possibility of a conflict between South Korea and China cannot be ruled out as the U.S.-China conflict intensifies and South Korea continues to maintain the military alliance with the U.S. Most South Koreans believe that the long-standing alliance between South Korea and the U.S. holds South Korea's security, yet companies and businessmen that directly work with China are under extensive psychological pressure. Meanwhile, a negative perception of China and a criticism of the Chinese leadership rather than the entire Chinese people, are growing in South Korea.

Optimal Positioning of South Korea

South Korea can become an innocent victim while the U.S.-China conflict continues and South Korea remains in full-scale cooperation with the U.S. Economic gains without security is unstable and is in a state of flux. War is unlikely to occur on the Korean Peninsula, yet if it occurs, the consequences are fatal. South Korea has to firmly inform neighboring countries that the ROK-U.S. joint military exercises are conducted entirely because of North Korea in order to prevent war on the Peninsula. There are a lot of economic gains that South Korea is getting from China, yet a possible economic loss from South Korea-China relations cannot compare to a war. South Korea and China have an interdependent economic relationship so that China will also suffer when the economic relations between the two deteriorates. In other words, the ROK-China economic cooperation cannot be a zero-sum game. Instead, South Korea and China will continue to actively cooperate as they joined the RCEP (Regional

Comprehensive Economic Partnership). In this context, South Korea's positioning between the U.S. and China becomes clear. South Korea's top priority must be to strengthen the alliance with the U.S. This is because there are limited countermeasures to security problems while economic problems have relatively sufficient alternatives. Although the size of South Korea-U.S. economic cooperation is smaller than that of South Korea-China, it still is significant.

Strengthening the military cooperation between South Korea and the U.S. not only enhances the ROK-U.S. military alliance and their joint military capability but also strengthens the tie between the countries that share the same ideology. South Korea cannot undermine or let go of the hard-won values of democracy and national security. Economic cooperation without established security may turn into a house built on the sand. Economic benefits come when security is firmly held. Until now, South Korea and China have economically cooperated under the principle of a separation between politics and economy, and they have found significant economic gains. The U.S. is introducing policies that can intervene in and hold China in check, saying that it intends to guarantee security in the Indo-Pacific region. Also, the U.S. complained about South Korea being too conscious of China and taking a passive attitude toward joining regional security cooperations, such as the QUAD PLUS.

China has not provoked North Korea for the process of denuclearization. The increase of China's influence on North Korea may reduce the chances of an emergency occurring on the Korean Peninsula yet cannot easily persuade North Korea to denuclearize. In other words, both economic and security interests can be met through the South Korea-China relations, but it takes considerable effort and time to persuade North Korea to give up its nuclear weapon. China is supporting North Korea by providing food aid to North Korea, which is suffering from the COVID-19, and holding a grand ceremony to celebrate the 70th anniversary of the Korean War. However, to North Korea that claims independence from and rejection of foreign influence, there are limits to China's influence on North Korea. For example, China wants North Korea to participate in the Belt and Road Initiative, yet North Korea is worried about an increase in China's influence and is not ready to politically and economically participate with its lack of infrastructure. At this point in time, South Korea is interested in working closely with the U.S. and China to discuss ways to resolve North Korea's nuclear issue. In order to resume North Korea's denuclearization, which is almost completely neglected, South Korea must seek ways to resolve North Korea's nuclear issue through a three-party talk of South Korea, the U.S., and China. ❀

※ *Translator's note: This is an unofficial translation of the original paper which was written in Korean. All references should be made to the original paper.*

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