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South Korean foreign policy innovation amid Sino-US rivalry

Strategic partnerships
and managed ambiguity

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Summary

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- To avoid becoming trapped in an overly adversarial relationship with China, while limiting any dilution in its alliance ties with the US, South Korea has pursued a policy of selective cooperation with both countries on a range of issues.
 - President Moon has used his administration's signature New Southern Policy to signal his support for the US's Free and Open Indo-Pacific Strategy; to enhance South Korea's strategic options through missile defence; and to strengthen dialogue with China to enhance South Korea's efforts to promote peace with North Korea.
 - South Korea's middle-power diplomacy, both now and in the past, has been characterized by ambitious policy innovation and a deliberate posture of strategic ambiguity to maximize the country's foreign policy options.
 - Many elements of the Sino-US bilateral relationship, such as military and technology cooperation, are now evolving into a far more competitive phase while some of the existing strengths, such as trade and investment, are rapidly diminishing. The relationship has transitioned from one of cooperation and relative stability into one characterized by volatility and competition.
 - Increased economic and technological competition between China and the US has narrowed the potential space for cooperation. This situation is unlikely to change in the short term given the rivalry between the world's two largest economies.
 - The far-reaching influence of the Communist Party of China (CPC) under President Xi Jinping has raised concerns in the US political establishment that the CPC's expanding global influence could undermine US leadership both in economic and ideological terms.

01

Introduction

A continued fractious US–China relationship has led South Korea, as an innovative middle power, to maintain a policy of de facto strategic ambiguity to maximize its regional economic and political interests without compromising its alliance relationship with the US.

With rising US–China tensions, South Korea has had to use all of its diplomatic and policy ingenuity to continue its longstanding policy of sustaining its economic relationship with China, while maintaining and enhancing its security partnership with the US. In the final months of the Trump administration, it became evident that geopolitical and economic rivalry was propelling the US and China towards a more adversarial and fractious relationship. The US president, as well as senior cabinet officials, used public statements and official policy documents to argue that China represents the clearest and most present danger to US national security interests. This threat to the US can be seen in a variety of contexts, including direct and indirect forms of power rivalry – for instance, territorial disputes in the South and East China Seas; Chinese cyberwarfare to destabilize the US and other liberal democracies; authoritarian attempts to crack down on dissent in Hong Kong or to brutally repress the ethnic and religious identities of local communities in Xinjiang and Tibet; and competition for dominance in the high technology sector and in space exploration.

Rivalry between China and the US is also evident in competing models of economic development and the promotion of new global institutions (such as the Asian Infrastructure Investment Bank, or China’s Belt and Road Initiative), as well as in incidents of Chinese actors stealing US intellectual property. Underpinning these tensions is an apparent effort by the Chinese leadership, framed in cultural, nationalistic and ideological terms, to challenge and modify the very norms and assumptions that shape the international order.

The clearest expression by the US of this pessimistic vision was a 74-page document setting out in stark terms (as its title made plain) *The Elements of the China Challenge*.¹ It was formulated in the closing stages of Donald Trump's presidency and published in November 2020 by the US State Department's Policy Planning Staff (hereafter referred to as PPS). The document self-consciously and misleadingly echoed the language of a much earlier Cold War-era effort to define the core factors shaping the behaviour of a previous rising geopolitical rival to the US: the Soviet Union.

The Trump administration, via the PPS paper, boldly and confidently presented its position as a long-overdue corrective to the views of previous US administrations, both Republican and Democratic, that saw China as a country (notwithstanding its authoritarian character) with which the US could and should engage constructively. Those views were based on the assumption that China's economic growth and gradual integration with the international community would help to moderate its more disruptive tendencies.

The Trump administration boldly and confidently presented its position as a long-overdue corrective to the views of previous US administrations that saw China as a country with which the US could and should engage constructively.

By contrast, in the PPS analysis, China represented an existential challenge not only to the US, but also to its allies and global partners. The document described the US and other countries as 'captive to the conventional wisdom', and as being 'largely unaware of or indifferent to the long-term strategic competition launched by the CCP [the Communist Party of China] and affirmed with increasing boldness by' President Xi Jinping.²

Adopting a moralistic or arguably a somewhat hubristic tone (given the Trump administration's own authoritarian predisposition), the document noted, 'In the face of the China challenge, the United States must secure freedom.'³

In the wake of Trump's defeat in the 2020 presidential election and with the transition to a new Democratic administration under Joe Biden's leadership, this Chatham House research paper has two primary goals: to document the changing nature of Sino-US relations amid the transition from Trump to Biden; and to make a preliminary assessment of how the South Korean government of President Moon Jae-in has managed its ties with both the US and China during the Trump presidency.

¹ Policy Planning Staff, Office of the Secretary of State (2020), *The Elements of the China Challenge*, November 2020, <https://www.state.gov/wp-content/uploads/2020/11/20-02832-Elements-of-China-Challenge-508.pdf>.

² Ibid., p. 6.

³ Ibid., p. 1.

The question of how the Sino-US rivalry affects relations between Washington and Seoul is important not only because of the prominence and longevity of alliance ties between the two capitals, but also because of the divergence of opinion between their government leaders. South Korea has a complicated relationship with China, which militates against embracing the idea of an inevitable clash of interests that is at the heart of the Thucydides trap narrative,⁴ notwithstanding the importance of the US–South Korea alliance. Deep historical and cultural ties with China that pre-date the emergence of the People’s Republic of China in 1949, their geographical proximity, economic convergence and the mediating role that China can play in addressing South Korea’s most pressing strategic challenge – namely the threat from the Democratic People’s Republic of Korea (DPRK) – all undermine the idea of Seoul aligning too closely with the US in any future stand-off between Washington and Beijing.

The following analysis, after describing current Sino-US relations, examines how the progressive administration of President Moon Jae-in is seeking to navigate between the sometimes competing policy priorities of maintaining a strong and cooperative alliance with the US and of avoiding escalating tensions or a more explicitly conflictual relationship with China. The goal for successive South Korean governments, whether conservative or progressive, has been simultaneously to sustain cooperation with the US while carefully balancing the economic and security-related opportunities and challenges associated with a rising China. Harmonizing these sometimes conflicting objectives is no simple task, precisely because the issues involved are of key importance among the South Korean state’s strategic priorities.

The Moon administration has been broadly successful in avoiding an unpalatable and potentially false zero-sum choice between the US and China, notwithstanding the Manichean, inherently adversarial language of the Trump PPS report. This has been possible thanks to South Korea’s adoption of a policy of intentional strategic ambiguity when it comes to China, while enhancing its alliance autonomy within the framework of a more transactional relationship with the US – all within a context of multilateral and bilateral policy entrepreneurship that highlights South Korea’s long-standing aspiration to demonstrate its capabilities and dynamism as an innovative ‘middle power’.

A number of prominent strategic issues (explored in the analysis) demonstrate the success of the South Korean government in walking the narrow policy tightrope between the US and China – most notably the issue of ballistic missile defence and Terminal High Altitude Area Defense (THAAD) deployment; engagement with the DPRK and facilitating diplomatic dialogue between Washington and Pyongyang; and the development of Seoul’s New Southern Policy and closer ties with the Association of Southeast Asian Nations (ASEAN) as a means of avoiding explicit involvement in Washington’s Free and Open Indo-Pacific strategy.

⁴ The Thucydides trap has been used to argue that the US and China, the world’s two most powerful countries, are locked in an irresistible hegemonic struggle for regional and global influence that is destined to end in armed conflict. The starkest characterization of this argument is Allison, G. (2018), *Destined for War: Can America and China escape the Thucydides Trap?* Boston, MA: Mariner Books.

02

The nature of Sino-US tensions

Increased competition on all fronts between China and the US has narrowed the space for cooperation and amplified the risk of confrontation, which is likely to become a defining feature of bilateral relations for decades to come.

During the Trump presidency, Sino-US relations went from bad to worse. After experiencing robust economic success to become the world's second largest economy in 2010, China's confidence was then punctured by a bruising trade war with the US. The once triumphalist political atmosphere inside Beijing's corridors of power was dampened. In the US, attitudes towards China hardened across the political spectrum; even Democrats who detested President Trump have since embraced many elements of his policies on China. This shift in thinking preceded the COVID-19 pandemic. Areas such as economics, technology, global governance and security have entered a phase of structural competition between the two sides.

The long view

President Richard Nixon's overtures to China in the 1970s led to nearly five decades of rapprochement. However, China's global influence has since grown in a way that has fulfilled some of Washington's worst fears. Many elements of the bilateral relationship, such as military and technology cooperation, are now evolving into a far more competitive phase while some of the existing strengths, such as trade and investment, are rapidly diminishing. The relationship has transitioned from the cooperation and relative stability that existed under US President George Bush and Chinese President Hu Jintao in the early 2000s, into one characterized by volatility and competition.

As many senior Chinese officials have repeatedly suggested, ‘bilateral economic ties are the stabilizer for the overall Sino-US relationship’.⁵ However, as the Chinese economy has developed this stabilizing function has weakened. Beginning in 2010 with the 12th Five-Year Plan, Beijing has decisively shifted its economy from low-cost labour-intensive manufacturing into a model driven by innovation and advancing manufacturing exports. This transformation has reduced the degree of complementarity of the two economies, which are now in direct competition.

As President Xi Jinping has cemented his power over the last few years, his emphasis on the centrality of the Communist Party of China (CPC) in implementing structural economic adjustments has surprised many reform-minded intellectuals and policymakers, both in Beijing and Washington. Instead of greater market competition, Xi’s recipe for improving economic efficiency is to strengthen the party’s control over the economy. This is a sharp deviation from the assumptions of President Bill Clinton’s administration in the 1990s, when US officials believed that economic liberalization in China would induce a degree of domestic political change.⁶

Instead of greater market competition, Xi’s recipe for improving economic efficiency is to strengthen the party’s control over the economy.

In addition, many US companies commercially active in China believe that their competition with home-grown Chinese companies is increasingly putting them at a disadvantage because of growing Chinese state support for domestic companies.

China’s industrial policies have also been a source of increasing economic competition between Beijing and Washington. China’s increased efforts to develop ‘indigenous innovation’ via monetary and other policy measures to boost domestic enterprises have become more prominent; yet these moves violate free-market principles and some elements of World Trade Organization rules.

For example, under the ‘Made in China 2025’ initiative, Semiconductor Manufacturing International Corps, a Chinese semiconductor producer, received a subsidy worth more than \$100 million in 2017.⁷ Similar actions have further impeded foreign companies, including many US multinational corporations, that are operating in China and striving to compete effectively against their Chinese rivals.

Overall, increased economic competition between the two countries has narrowed the space for cooperation. This situation is not only a result of Xi’s economic policies but also the structural interplay between the world’s two largest economies. This structural reality is unlikely to change irrespective of who occupies the White House, now or in the future.

⁵ Liu, H. (2018), ‘经贸合作是中美关系压舱石’ [‘Economic and trade cooperation is the stabilizer for Sino-US relations’], 21 May 2018, http://www.gov.cn/zhengce/2018-05/21/content_5292331.htm.

⁶ Johnson, A. I. (2019), ‘The Failures of the “Failure of Engagement with China”’, *The Washington Quarterly*, 42(2): pp. 99–114, <https://doi.org/10.1080/0163660X.2019.1626688>.

⁷ Xie, Y. (2018), ‘China’s top chip maker SMIC sees revenue grow as state subsidies surge amid trade war’, *South China Morning Post*, 10 August 2018, <https://www.scmp.com/business/companies/article/2159076/chinas-top-chip-maker-smic-sees-revenue-grow-state-subsidies>.

Rivalry across new frontiers

The world's number one and number two economies are locked in a battle on many fronts that is unlikely to de-escalate. This rivalry extends beyond traditional economic domains, such as tariffs and unfair trade practices, and is exacerbated by a race for global technological supremacy.⁸

Innovation and technological prowess are at the core of the Chinese leadership's agenda for the next decade – a vision that assumes precarious bilateral relations with the US. Accelerated domestic innovation is intended to reshape China's industrial production and supply chains, boosting the most high-value-added elements of China's tech sector, which for now remain exposed to risks from overseas suppliers and vulnerable to shifting geopolitical trends.

In the latest (14th) Five-Year Plan, Beijing set several priorities including technology and innovation, which have become critical to national survival, rather than loose policy targets.⁹ No longer are they simply an aspiration – rather, they are vital for economic growth and sustained employment.

Throughout the plan, Beijing recognizes that its external environment is precarious and substantially different from that which existed in the aftermath of the 2008 global financial crisis. Increasing technological innovation is a path to becoming self-sufficient, which will better enable China to handle the vicissitudes of its volatile relations with the US.

As Sino-US technology competition has intensified, China is now focused on US efforts to hinder its aspiration to be a global technological champion, in particular following US sanctions against Chinese tech giants such as ZTE and Huawei. Beijing has doubled down on its goal of self-sufficiency and of overcoming 'bottlenecks' to continue its economic growth.¹⁰

Beyond technology innovation itself, China and the US are also competing over who should set the international standards for technology usage. Beijing's bold moves to promote its own technology standards have certainly ruffled some feathers in the US.

Foreign companies operating in China face the dilemma of whether they should accept Beijing's technology standards as a trade-off for crucial market access.¹¹ The notion of adopting Beijing's standards in the Chinese domestic market has sparked some anger among US businesses, which have called on Washington to address the issue of standard-setting.

Global governance is another area where China and the US have deepened their competition over several years. As pointed out by a former Obama administration senior official, 'the core global governance challenge for US-China relations is that

⁸ Yu, J. (2019), *US–China Strategic Competition: A Quest for Global Technological Leadership*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/2019/11/us-china-strategic-competition>.

⁹ Xinhua News (2020), 'China proposes development targets for 14th Five Year Plan period', 29 October 2020, http://www.xinhuanet.com/english/2020-10/29/c_139476451.htm.

¹⁰ Xi, J. (2020), '习近平主持召开科学家座谈会并发表重要讲话' ['Xi Jinping's Remarks to the Chinese scientists in a consultation meeting about China's 14th Five Year Plan'], http://www.xinhuanet.com/politics/leaders/2020-09/11/c_1126483955.htm.

¹¹ Yu (2019), *US–China Strategic Competition: A Quest for Global Technological Leadership*.

both countries are selective revisionists. Neither are status quo powers interested in maintaining the current international system, and both want to reform it, but for different reasons and in different ways'.¹²

For Beijing, global governance agenda-setting is all about projecting China's 'discursive power' as well as determining international norms and widely adhered-to standards.¹³

The US political establishment has been largely concerned about Xi's quest for global governance agenda-setting power. Washington policymakers fear that the prominence of the CPC under Xi has eroded limited economic autonomies that were permitted in China's commercial sector following Deng Xiaoping's post-1978 reforms.

Recent coercive and restrictive interventions in the domestic economy may well be extended internationally when it comes to Chinese overseas development assistance, including ultimately the promotion of the so-called 'China model'. This model could undercut the international norms governing aid policy, namely the synchronized and parallel encouragement of good governance and democracy promotion.

Yet, China's 'no strings attached' approach to official development assistance has been relatively attractive with partial but notable success in Africa, Latin America and Southeast Asia. Some scholars contend that Xi is neither promoting an authoritarian alternative nor interested in undermining democracy but rather is seeking validation of China's governance model and ensuring that it is perceived as being as legitimate as the approach adopted by Western democracies.¹⁴

In line with this interpretation, some have pointed out that it is far too simplistic to suggest that China, despite its authoritarian model of governance, is seeking to directly overturn Western notions of order. While Chinese leaders use cultural nationalism and Marxist-Leninist dialectics to bolster their legitimacy at home in conventional ideological terms, overseas they are increasingly seeking to present the history of Chinese internationalism in terms that pre-date the CPC's rise to prominence and credit Chinese nationalists (the Kuomintang) for their defining role in helping to shape the post-1945 order.

Efforts to appropriate this history and link it to contemporary China's policy influence in the United Nations and other international forums are an attempt to protect the country against charges that it is a non-status quo power aggressively seeking to transform the norms and principles of international politics. As one

¹² Medeiros, E. S. (2019), 'The Changing Fundamentals of US-China Relations', *The Washington Quarterly*, 42(3): pp. 93–119, <https://doi.org/10.1080/0163660X.2019.1666355>.

¹³ Xi, J. (2014), 'The Rejuvenation of the Chinese Nation Is A Dream Shared by All Chinese', Speech, 6 June 2014, in Xi, J. (2014), *The Governance of China*, Beijing: Foreign Language Press, p. 70; Kania, E. (2018), 'The Right to Speak: Discourse and the Chinese Power', Centre for Advanced China Research, <https://www.ccpwatch.org/single-post/2018/11/27/The-Right-to-Speak-Discourse-and-Chinese-Power>.

¹⁴ Weiss, J. C. (2019), 'A World Safe for Autocracy, China's Rise and the Future of Global Politics', *Foreign Affairs* 98(4), <https://www.foreignaffairs.com/articles/china/2019-06-11/world-safe-autocracy>; Mitter, R. (2019), 'How the One Party-State May Shape Our Future', *The World Today*, 26 July 2019, <https://www.chathamhouse.org/publications/the-world-today/2019-08/how-one-party-state-may-shape-our-future>.

scholar observed, ‘there is discernible logic in Chinese efforts to make a legitimate case for a non-confrontational basis for its new form of global engagement’.¹⁵

Notwithstanding this reframing of China’s overseas posture by Chinese officials, particularly its foreign diplomats, US policymakers remain alert to a possible convergence of China’s domestic political developments with its foreign affairs orientation via the enhanced reach of the CPC under Xi. In particular, Washington and many other G7 members fear that organizations supported by the CPC United Front Department – an initiative founded during the Second World War that has built strong connections with many overseas Chinese entrepreneurs – may meddle with or subvert the domestic politics of democracies around the world in an effort to improve attitudes towards China, whether through the activities of Confucius Institutes¹⁶ or by seeking to influence the views of overseas Chinese diaspora communities.¹⁷

There is an emerging frontier of US–China competition being waged through a battle of ideas, if not outright ideological confrontation.¹⁸ This has in turn generated a vibrant debate about whether the so-called ‘engagement strategy’ of fostering increased cultural exchange between the US and China has largely failed to produce any results in terms of facilitating Chinese domestic political change.¹⁹

Bilateral recalibration and prospects for reduced enmity under Biden

Over the summer of 2020, President Xi Jinping and other senior Chinese officials noticeably steered clear of direct public comments on increasingly provocative US actions. Instead, they left the foreign ministry, and particularly some hawkish Chinese diplomats, along with the nationalist Chinese tabloids (such as the *Global Times*) to fight back against foreign criticism. To Beijing, managing the country’s economic adjustments while maintaining social stability has been paramount to the CPC’s legitimacy. This left Xi less interested in his US counterpart’s social

¹⁵ Mitter, R. (2021), ‘The World China Wants: How Power Will – and Won’t – Reshape Chinese Ambitions’, *Foreign Affairs*, January/February, pp. 164–65, <https://www.foreignaffairs.com/articles/china/2020-12-08/world-china-wants>.

¹⁶ Confucius Institutes are Chinese government-sponsored institutes promoting Chinese cultural and language education overseas, often affiliated with or based in foreign universities. Critics argue that they are instruments for disseminating Chinese state propaganda and limiting debate and free speech over contentious political issues. For further details see Jakhar, P. (2019), ‘Confucius Institutes: the growth of China’s controversial cultural branch’, BBC News, 7 September 2019, <https://www.bbc.co.uk/news/world-asia-china-49511231>.

¹⁷ Wray, C. (2020), ‘The Threat Posed by the Chinese Government and the Chinese Communist Party to the Economic and National Security of the United States’, Hudson Institute, <https://www.fbi.gov/news/speeches/the-threat-posed-by-the-chinese-government-and-the-chinese-communist-party-to-the-economic-and-national-security-of-the-united-states>. For an extended discussion of this theme and the wider discussion of national identity politics within China’s foreign policy, see, Westad, A. (2013), *The Restless Empire: China and the World Since 1750*, London: The Bodley Head – especially chapter 9.

¹⁸ Diamond, L. and Schell, O. (2019), ‘Chinese Influence and American Interests: Promoting Constructive Vigilance’, Stanford, California: Hoover Institution Press, <https://www.hoover.org/research/chinas-influence-american-interests-promoting-constructive-vigilance>.

¹⁹ Swaine, M. D., Vogel, E. F., Heer, P., Stapleton Roy, J., Esplin Odell, R., Mochizuki, M., Goldstein, A., Miller, A. and Friedberg, A. L. (2020), ‘The Overreach of the China Hawks: Aggression is the Wrong Response to Beijing’, *Foreign Affairs*, 23 October 2020, <https://www.foreignaffairs.com/articles/china/2020-10-23/overreach-china-hawks>; Thomas, N. (2019), ‘Matters of Record: Relitigating Engagement with China’, MacroPolo think-tank, Paulson Institute, <https://macropolo.org/analysis/china-us-engagement-policy>.

media presence, particularly the coordinated effort by the Trump administration to brand COVID-19 – or the ‘Chinese virus’²⁰ as Trump framed it – as the source of America’s ills.²¹

Even as the Trump administration stoked bilateral tensions in a variety of areas, Beijing walked a tightrope: balancing its desire to avoid being seen as weak at home with the need to prevent relations with Washington from spinning out of control. That is a key reason (in the authors’ judgment) why Xi waited more than three weeks before sending a formal congratulation letter to Biden as president-elect following the 2020 presidential election.²² Beijing’s leaders had been nervous about the prospect of heightened belligerence and retaliation from Trump during the post-election transition period between November 2020 to January 2021.

For Chinese leaders, the Trump administration was seeking to incite irrational behaviour from Chinese officials during the presidential campaign, with the intention of weakening bilateral ties and boosting Trump’s chances of re-election by capitalizing on an anti-China message. However, neither during the election, nor subsequently, has it been in Beijing’s political or economic interests to be pitted against a Western united anti-China front reinforced by a more combative US.

Some Chinese commentators were hopeful that a Biden victory might usher in a more peaceful chapter in bilateral relations, one in which Washington and Beijing will decide to prioritize cooperation and de-escalate tensions over security, human rights and trade.²³

Judging from the composition of Biden’s foreign affairs team (particularly the nomination of Anthony Blinken as secretary of state and the appointment of Jake Sullivan as national security advisor), one might expect a diminution in dramatic and combative rhetoric aimed at China, along with the continuation of a hard line against Chinese industrial and foreign policies.²⁴ Nevertheless, any hope of a new ‘soft’ China policy is wishful thinking given the continuing intense debate over China within the US political establishment.²⁵ A broad bipartisan agreement on a sharp and swift departure from a previously accommodating posture of ‘engagement’ with China appears here to stay.²⁶

²⁰ Kurtzman, K. (2021), ‘Trump’s “Chinese Virus” Tweet Linked to Rise of Anti-Asian Hashtags on Twitter’, Research, 18 March 2021, University of California San Francisco, <https://www.ucsf.edu/news/2021/03/420081/trumps-chinese-virus-tweet-linked-rise-anti-asian-hashtags-twitter>.

²¹ Yu, J. (2019), ‘Year with a Nine to Survive or to Thrive’, *Financial Times*, 14 August 2019, <https://www.ft.com/content/36dd28ca-be9f-11e9-b350-db00d509634e>.

²² Xinhua (2020), ‘Xi Congratulates Biden on Election as U.S. President’, 25 November 2020, http://www.xinhuanet.com/english/2020-11/25/c_139542619.htm.

²³ Shi, J. (2020), ‘US Presidential Election: China watches and waits for outcome, but how much does it matter anyway?’, *South China Morning Post*, 4 November 2020, <https://www.scmp.com/news/china/diplomacy/article/3108485/us-presidential-election-china-watches-and-waits-outcome-how>.

²⁴ Swaine, M. (2020), ‘How Joe Biden Can Recalibrate US China Policy’, *Responsible Statecraft*, 9 November 2020, <https://responsiblestatecraft.org/2020/11/09/how-joe-biden-can-recalibrate-us-china-policy>.

²⁵ In his confirmation testimony before the Senate Foreign Relations Committee on 19 January 2021, Blinken noted, ‘I ... believe President Trump was right in taking a tougher approach on China...’ but ‘I disagree with many of the ways he went about it’. DeYoung, K. (2021), ‘Blinken appears to be sailing to confirmation as Biden’s secretary of state’, *Washington Post*, 20 January 2021, https://www.washingtonpost.com/national-security/biden-blinken-secretary-state-confirmation/2021/01/19/fa657ade-5aa4-11eb-a976-bad6431e03e2_story.html.

²⁶ Wang, J., Stapleton Roy, J., Friedberg, A., Christensen, T., Kim, P., Nye Jr, J. S., Li, E., Campbell, K. M. and Ratner, E. (2018), ‘Did America Get China Wrong? The Engagement Debate’, *Foreign Affairs*, 97(4), <https://www.foreignaffairs.com/articles/china/2018-06-14/did-america-get-china-wrong>.

Biden has made it crystal clear that his diplomatic priority is to form a so-called ‘democratic alliance’ around the world to put pressure on China to change its behaviour.²⁷ Biden’s team plans to reclaim the US’s global leadership on many transnational issues, such as climate change and on global vaccine supply, which may create renewed opportunities for partnership with China. In short, in the words of one seasoned observer, the US approach towards China in the new administration can be neatly summed up as ‘confront where you can, cooperate where you must’.²⁸

More positively from a global perspective, if Biden restores the US commitment to defending a rules-based order, with a focus on fostering multilateralism and rebuilding relationships with democratic allies, the US is likely to be more secure and less fearful of the potential implications of China’s rise. However, one cannot be sure that this will be the only direction of travel, given how volatile and complex bilateral relations have become since the 2008 global financial crisis.

If Biden restores the US commitment to defending a rules-based order, with a focus on fostering multilateralism and rebuilding relationships with democratic allies, the US is likely to be more secure and less fearful of the potential implications of China’s rise.

Past expectations that China’s economic system would converge with that of advanced industrial economies have evaporated, as Beijing has developed a more explicitly state-led economy. Xi’s famous ‘new form of great power relations’ or any related form of a G2-style US–China cooperation have failed to gain much currency or popularity among Western governments and policy circles.²⁹

On the other hand, if Biden, in keeping with a more values-centred approach to foreign policy associated with past Democratic administrations, chooses to focus on normative human rights issues – such as combating repression in Xinjiang or protecting the democratic status of Hong Kong – then bilateral relations may become more fractious, especially if there is pressure from public opinion and politicians in Congress to address the values question.

For now, there appears to be widespread support in the US and around the world for a less dramatic, less overtly confrontational approach towards China but one which nonetheless seeks to address specific grievances in a targeted and calibrated manner. The US should be willing to use targeted sanctions and implement policies

²⁷ Biden, J. (2020), ‘Why America Must Lead Again: Rescuing Foreign Policy After Trump’, *Foreign Affairs*, March/April 2020, <https://www.foreignaffairs.com/articles/united-states/2020-01-23/why-america-must-lead-again>.

²⁸ Observation by senior US specialist on Sino-South Korean relations, Chatham House closed (virtual) roundtable on South Korean responses to Sino-US strategic rivalry, 29 October 2020.

²⁹ Li, C. and Xu, L. (2014), ‘Chinese Enthusiasm and American Cynicism Over the “New Type of Great Power Relations”’, Brookings Institute, 4 December 2014, <https://www.brookings.edu/opinions/chinese-enthusiasm-and-american-cynicism-over-the-new-type-of-great-power-relations>.

in partnership with allies and via multilateral institutions to manage China's rise. This view is endorsed by many political figures from Berlin, Brussels, Tokyo and Washington.³⁰

China's options: dual circulation

Beijing continues to practise its conservative maxim that no matter how complicated the international situation becomes, China must prioritize the management of its own affairs. This has resonated loud and clear throughout the drastic downward spiral of US–China relations. As a result, the term 'dual circulation' (*shuang xun huan*) has entered China's domestic and foreign policymaking lexicon. The implication of the term is that China must prioritize its domestic economic demand and supply – in effect its 'internal circulation' (the combination of production, distribution and consumption at home) – to guard against a worsening international environment and in particular excessive reliance on the country's export-led development strategy (the 'external circulation').³¹

In presenting the 'dual circulation' strategy as part of the 14th Five-Year Plan, the Chinese government also stressed (without explicitly referring to Sino-US relations), that the 'international balance of power has shifted profoundly with unprecedented challenges emerging'. For the first time, a substantial section on foreign affairs was incorporated into a policy document designed primarily for domestic economic planning.

Judging from a series of official Chinese press releases, it is clear that China's fundamental strategy towards the US will not change. Beijing's approach remains one of negotiating, communicating and avoiding escalation. In the words of Chinese officials and scholars, *dou er bu po* ('struggle but do not break'). This mantra reflects the policy consensus in China on how to manage US–China relations with no sudden departure from previous policy.³²

China has announced that it 'will favourably consider joining' a reformed version of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP), originally aimed at excluding China.³³ Xi's surprise signal of willingness to join the CPTPP came after China joined 14 other countries – including Japan, South Korea, and the Southeast Asian nations – in signing the Regional Comprehensive Economic Partnership (RCEP) on 15 November 2020.³⁴ The RCEP envisages the creation of the world's largest free-trade zone with a population of 2.2 billion.

³⁰ Bermingham, P-P. and Sheftalovich, Z. (2020), 'EU Must invest in Autonomy from US and China, Says Chief Diplomat', Politico, 4 December 2020, <https://www.politico.eu/article/eu-defense-autonomy-us-competition-china-josep-borrell>.

³¹ See, Tang, F. (2020), 'What is China's dual circulation economic strategy and why is it important?', *South China Morning Post*, 19 November 2020, <https://www.scmp.com/economy/china-economy/article/3110184/what-chinas-dual-circulation-economic-strategy-and-why-it>.

³² The phrase was first referred to by Zhou Wenzhong, the former Chinese vice foreign minister and ex-ambassador to the US.

³³ Takenaka, K. and Park, J. (2020), 'Japan aims to expand CPTPP trade pact as UK, China eye membership', Reuters, 20 November 2020, <https://www.reuters.com/article/us-apec-summit-japan/japan-aims-to-expand-cptpp-trade-pact-as-uk-china-eye-membership-idINKBN2800AF>.

³⁴ MOFCOM (2020), 'Minister Zhong Shan signed the Regional Comprehensive Economic Partnership Agreement on behalf of the Chinese government', press release, 15 November 2020, http://fta.mofcom.gov.cn/enarticle/rcepen/enrcepenews/202011/43558_1.html.

The US currently belongs to neither of these two trade pacts. Biden has not yet clearly indicated whether the US will rejoin the CPTPP. There are concerns in Washington that the US withdrawal from the CPTPP consolidated China's status as the regional economic hegemon and offered Beijing a pathway to undermine US influence in Asia, where traditional US allies are economically much more dependent on China.

The CPTPP imposes stringent entry barriers to enforce intellectual property rights protection, labour conditions and rights, and a significant reduction of state subsidies. Given this, China's declared intention to join the CPTPP suggests that it may be willing to implement reforms that will reassure critics over its internal economic policies – and in the process defuse tensions with a frustrated US.

Beijing's implementation of long-awaited economic structural reform is in China's interests, just as it is in the interests of many developed countries to insist on promised reform from the Chinese leadership. By resuming stalled market reform, Beijing will reap economic benefits and will calm ties with Washington and its other trading partners.³⁵

³⁵ Yu (2019), 'Year with a Nine to Survive or to Thrive'.

03

South Korea between China and the US

Economic interdependence, the strategic challenge of North Korea, and historical and cultural affinities, compel South Korea to avoid antagonizing China while simultaneously maintaining and enhancing its alliance partnership with the US.

Neither balancing nor hedging

Deteriorating bilateral relations between the US and China highlight what has long been a critical challenge for South Korea in gauging its strategic options in Northeast Asia: how best to balance its traditional alliance partnership with the US against the opportunities – primarily economic and diplomatic – offered by deepening ties with China, its increasingly powerful continental neighbour.

Since the late 1980s, when South Korean President Roh Tae-woo sought the normalization of diplomatic relations with China (finally realized in 1992), four key factors have largely conditioned Seoul's overtures towards China: the strategic challenge of North Korea; the trade and investment opportunities offered by a liberalizing and rapidly growing China market; shared cultural, educational and historical experiences, which (in the words of Seoul National University professor Chung Jae-ho) have acted 'as a strange magnet' pulling together China and South Korea; and the policy preferences of individual South Korean presidents.³⁶

³⁶ Chung, J-H. (2007), *Between Ally and Partner: Korea-China relations and the United States*, New York, NY: Columbia University Press.

When assessing the competing importance of these four factors and framing its policy preferences, South Korea is acting as a middle power with arguably at best partial impact on the actions of the world's two leading economic, security and political actors. South Korea's actions have been influenced by three primary considerations: the relative power of the US and China; the intentions of leaders in Beijing and Washington, particularly as they relate to the Korean peninsula; and the appetite of elites and public opinion in South Korea to carve out a more independent and autonomous posture in foreign affairs. That latter consideration rests on a sentiment conditioned by the historical experience of great power rivalry and centuries-old sensitivity at having Korea's fate determined by external actors.³⁷

South Korea is acting as a middle power with arguably at best partial impact on the actions of the world's two leading economic, security and political actors.

Predictably, and consistent with past behaviour, Seoul has had to walk a narrow policy line between Washington and Beijing. In so doing, it has been not so much balancing or hedging in an effort to guard against an unpredictable strategic future, but rather selectively opting for policies that alternately or simultaneously involve cooperation (and occasionally conflict) with either or both partners. For example, Donald Trump's call in 2020 for an expanded G7 to include Australia, India and South Korea bolstered Seoul's desire for international recognition and enhanced status commensurate with its increasing economic power. But the move could also provoke pressure from Beijing if Chinese leaders perceive it as part of a new Cold War 'containment' strategy. Closer economic convergence between South Korea and China is commercially attractive – whether in the framework of the annual trilateral meetings with both countries and Japan (originally scheduled to take place at the end of 2020 in Seoul, but delayed at the time of writing), or in a variety of bilateral economic partnerships, such as Samsung's memory chip sales to Huawei. However, such convergence would likely fall foul of Washington's concerns about the surveillance and security risks associated with collaboration on and support for Chinese 5G data initiatives.³⁸ This economic convergence in critical technologies has led to worries by some in South Korea that the US might use its defence relationship with South Korea, particularly over the issue of US troop commitments on the peninsula, to limit South Korean commercial collaboration with Chinese telecommunication firms.³⁹

³⁷ Snyder, S. (2018), *South Korea at the Crossroads: Autonomy and Alliance in an Era of Rival Powers*, New York, NY: Columbia University Press, pp. 225–26.

³⁸ Snyder, S. and Byun, S-W. (2020), 'China-Korea Relations: US-China Rivalry divides the two Koreas', in *Comparative Connections*, 22(2): pp. 95–104, <http://cc.pacforum.org/2020/09/us-china-rivalry-divides-the-two-koreas>.

³⁹ Kang, S. W. (2020), 'New US defense act tests Korea in US-China rivalry', *Korea Times*, 8 December 2020, https://www.koreatimes.co.kr/www/nation/2020/12/120_300564.html.

These recent policy tensions have encouraged decision-makers in Seoul to embrace deliberate policy ambiguity⁴⁰ (for example, on sensitive issues such as Hong Kong or Taiwan). Domestically, however, this is not a politically risk-free option as younger voters may begin to tire of a posture of accommodation with both Pyongyang and Beijing.⁴¹ To offset these risks, the Moon administration is receptive to developing a more explicitly independent stance on a range of separate critical issues. These include bolstering the country's defence autonomy (its 2021 defence budget is set to rise by 5.5 per cent to a record \$44 billion);⁴² fostering closer ties with Southeast Asia; and embracing new multilateral initiatives such as a new Northeast Asia Cooperation Initiative for Infectious Disease Control and Public Health – a programme that Moon announced in his UN General Assembly speech in September 2020. Such a policy of creative multilateralism is an increasingly competitive activity given the appetite on the part of other regional rivals such as Japan to advance similar initiatives. But the Moon administration has continued to capitalize on the long history of strategic entrepreneurship and foreign policy autonomy that is typical of past and present South Korean administrations, especially in the years since the end of the Cold War.

Seoul's policy entrepreneurship and foreign policy activism

Successive South Korean presidents have demonstrated their desire to define themselves as strategic innovators when it comes to foreign policy. Roh Tae-woo's Nordpolitik in the early 1990s is one example of this tradition, reinforced most notably by the 'Sunshine Policy' of Kim Dae-jung and comparable initiatives under Roh Moo-hyun and Moon Jae-in. In the mid-1990s, following South Korea's accession to the Organisation for Economic Co-operation and Development (OECD), Kim Young-sam's articulation of a strategy of 'globalization', or *seggyehwa*, signalled very clearly the appetite to raise the profile and status of South Korea internationally and especially regionally. Lee Myung-bak gave substance to this idea with the launch of the country's New Asia Initiative (NAI) in 2009, and his successor Park Geun-hye built on this with the launch of her Eurasia Initiative in 2013. Aimed at taking advantage of China's Belt and Road Initiative, the Eurasia Initiative's connectivity agenda envisaged ambitious new trade, investment and transport links between the two Koreas, China and extending westwards across Asia towards Europe. Allied to this commitment to bolster physical ties across continental Asia has been a focus on new structural and institutional projects such as the Park administration's

⁴⁰ For a clear statement of this preference for policy ambiguity, see the public remarks of Choe Wongi, head of the Center for ASEAN-Indian Studies at the National Diplomatic Academy (KNDA), at a workshop in Paris: IFRI (2020), 'A New Player in the Indo-Pacific? South Korea's New Southern Policy', 17 November 2020, <https://www.ifri.org/en/debates/new-player-indo-pacific-south-korea-new-southern-policy>.

⁴¹ Young voters, especially those in their twenties, have been especially antagonized by corruption allegations involving the Moon administration. For example, the case of Cho Kuk, Moon's controversial minister of justice, who was forced to resign in late 2019 following claims of unfair and illegal practices to secure admission to medical school for Cho's daughter. In a society where educational advancement is a critical source of social mobility, such scandals have been especially damaging to the president's ability to deliver on his earlier promises of anti-elitism and the promotion of fairness and transparency in South Korean society.

⁴² Mason, R. and York, R. (2020), 'US-Korea Relations: Shadows still remain and waiting for a cold November rain', in *Comparative Connections*, 22(2): pp. 39–50, <http://cc.pacforum.org/wp-content/uploads/2020/09/04-US-Korea.pdf>.

promotion of a Northeast Asia Peace and Cooperation Initiative (NAPCI) and a foreign ministry-led middle governance push to enhance cooperation between Mexico, India, South Korea, Turkey and Australia (MIKTA). The Moon administration has demonstrated a similar eagerness to display its institutional innovation capacity with the launch of its New Northern and New Southern Policies in 2017.⁴³

At the heart of this proliferation of initiatives has been the desire on the part of South Korea's leaders to capitalize on the country's identity as a middle power. This identity is in part a function of relative size and geographical position, but is equally associated with more abstract issues of non-alignment and a wish on the part of Koreans historically to avoid being trapped in great power rivalries, whether during the Cold War or 19th century colonial and imperial rivalries. In the more fluid post-Cold War environment, there is arguably more opportunity and need for South Korea to play a strategically innovative role – particularly in light of the Trump administration's more unilateralist, transactional approach that threatened to weaken traditional US alliance ties. A strategically innovative role for South Korea would see it seeking to contribute constructively in the building of a new and more robust regional architecture in East and Southeast Asia.

It is open for debate whether South Korea's leaders are able to translate their ambitions for enhanced regional and global influence into meaningful and discernible international power and status commensurate with the country's economic capacity. Critics might argue that South Korea's rhetoric is not always matched by its delivery, and the very frequency with which new South Korean administrations embrace new policy initiatives hints at the limitations of this approach. It is beyond the scope of this paper to assess definitively and comprehensively the strengths and weaknesses of Seoul's policy entrepreneurship. Nevertheless, the three sets of issues explored below are evidence of the Moon administration's innovativeness and its capacity to promote South Korea's national interests in the face of the considerable constraints imposed by the actions of larger, more powerful states, such as the US and China, as well as when offsetting the challenges associated with militarily threatening neighbours such as North Korea.⁴⁴

US–South Korea alliance credibility and missile defence

Notwithstanding Seoul's wish to maximize its strategic autonomy via multilateral policy innovations, South Korea remains tightly linked to the US when it comes to addressing its principal security challenge – the military threat from North Korea. One means of addressing this threat, in addition to the long-standing reliance on US forces deployed on the peninsula, has been the protective umbrella of extended US nuclear deterrence. This deterrence has been enhanced in two ways since the Park administration's decision to accept the deployment in 2016

⁴³ For an extended analysis of the history of South Korea's policy entrepreneurship, see Hwang, B. (2019), 'Northeast Asian Perspectives on China's Belt and Road Initiative: the view from South Korea', *East Asia*, 36: pp. 129–50, <https://doi.org/10.1007/s12140-019-09310-0>.

⁴⁴ Soeya, Y. (2020), 'Middle Power Cooperation in the Indo-Pacific Era', *Issues and Studies*, 56(2), <https://doi.org/10.1142/S1013251120400093>.

of a limited number of THAAD missile batteries to South Korea. One of these ways was by safeguarding the joint military assets of US and South Korean forces within South Korea against a potential attack from the north. The other was by helping to address the growing security challenges posed by a second regional actor, China, which threatened US strategic assets in East Asia and the Western Pacific. For many years, US policymakers have sought to persuade South Korea to join in a more integrated ballistic missile defence framework along with the other main US regional ally, Japan. South Korea has resisted such moves, hesitant about being drawn into a partnership with Japan (a country with which it continues to have a number of intractable territorial, cultural and historical disputes). It is also eager not to be seen by China as aligning too closely with the US in anything approaching an anti-Chinese military initiative.

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It is hardly surprising, therefore, that following the 2016 THAAD deployment, Beijing swiftly retaliated against Seoul, punishing the country economically by restricting commercial operations for South Korean firms based in China (most notably the Lotte Department Store chain), while also abruptly suspending lucrative Chinese tourist trips to South Korea, which had been an important source of revenue to local business groups.⁴⁵ Chinese military planners have been particularly concerned at the ease with which the THAAD missile batteries can be programmed, both to guard against the ballistic missile threat from North Korea and to track Chinese intercontinental ballistic missiles (ICBMs) launched from northern China, as well as to assist the US in any potential conflict over Taiwan.⁴⁶

Despite its desire to maintain a close economic relationship with China (South Korea's largest trade and investment partner), the Moon administration was surprisingly willing in 2017 to maintain the THAAD deployment initiated by the outgoing Park administration, using an environmental impact assessment study as a justification for avoiding an abrupt cancellation of the deployment. Ostensibly, the president bent in the face of Chinese pressure on this issue by announcing a policy of 'three noes' in autumn 2017, pledging no further THAAD deployment, no South Korean integration into US missile defence in the region, and no trilateral

⁴⁵ For a detailed discussion of China's use of its soft, tourism-related, power to pressure South Korea, see Paik, W. (2020), 'The Politics of Chinese tourism in South Korea: political economy, state-society relations, and international security', *The Pacific Review*, 33(2): pp. 331–355, <https://doi.org/10.1080/09512748.2019.1588917>.

⁴⁶ While some analysts have argued that THAAD deployment is only intended to guard against a North Korean strategic threat, others have argued with considerable credibility that the system can be easily modified to target explicitly the wider strategic missile threat from China – a significant concern for the US and also for Korean defence planners eager to strengthen security cooperation with the US. For further discussion see the valuable and insightful analysis by Choi, Y. (2020), 'Keeping the Americans in: the THAAD deployment on the Korean peninsula in the context of Sino-American rivalry', *Contemporary Security Policy*, 41(4): p. 641, <https://doi.org/10.1080/13523260.2020.1733314>.

security alliance with the US and Japan.⁴⁷ In reality, however, this rhetorical commitment had limited impact on South Korea's substantive strategic policy choices and, *sotto voce*, the South Korean government has continued to strengthen its security partnership with the US, including in the field of missile defence. The progressive Moon administration was not only willing to risk provoking Beijing's ire; it also chose to risk paying a potentially high political price by upsetting its traditional left-wing domestic political supporters who have typically been reluctant to see the country pursue an assertive military posture, especially one that involves close alignment with the US.⁴⁸

An overly one-dimensional image of the Moon administration would frame it as wishing to reach out in an unqualified manner to its Asian neighbour, and continuing to seek a reciprocal visit to Seoul by Xi (Moon made an early visit to Beijing in 2017 shortly after taking office).⁴⁹ The more sobering and nuanced reality is of a defence and political community in South Korea that is worried about Chinese efforts to boost disputed territorial claims with the South (over Jeodo, or Socotra Rock), and about periodic efforts by the Chinese air force to challenge the limits of South Korea's Air Defence Identification Zone (ADIZ). Backing and indeed extending THAAD deployments, as Moon has done during his time as president, not only bolsters US extended deterrence commitments to South Korea; it also, psychologically and materially, represents a useful insurance policy to guard against the potential risk of being abandoned by its senior alliance partner. This risk increased significantly during the Trump administration, given Trump's willingness to flirt openly with the possibility of US troop withdrawals from the peninsula as a way of incentivizing North Korea to compromise in talks with the US. That tactic also aimed to put renewed burden-sharing pressure on South Korea to take on a much greater share in host nation support as part of the fractious and contentious Special Measures Agreement (SMA) talks between Washington and Seoul.

The evolving South Korean position on missile defence is also consistent with a general desire by its military to enhance the country's defence autonomy. This desire is reflected in several trends and approaches: the steadily rising defence budget; continuing pressure to assume wartime operational control (OPCON) of South Korean armed forces from the US; an incremental relaxation of the US-mandated restrictions on the permissible range of South Korean missiles targeting North Korean forces; technological initiatives designed to allow the South to develop its own munitions and fighter aircraft capacities; and a general shift in Seoul's strategic thinking enabling it since 2016 to explicitly promote a 'Korea Massive Punishment and Retaliation' plan, that would allow South Korea to contemplate aggressive decapitation strategies designed to target and eliminate the North Korean leadership.⁵⁰

⁴⁷ Stangarone, T. (2019), 'Did South Korea's Three Noes Matter? Not so much', *The Diplomat*, 30 October 2019, <https://thediplomat.com/2019/10/did-south-koreas-three-noes-matter-not-so-much>.

⁴⁸ Choi (2020), 'Keeping the Americans in: the THAAD deployment on the Korean peninsula in the context of Sino-American rivalry', p. 636.

⁴⁹ Choo, J. (2020), 'South Korea's China Policy', *East Asian Policy*, 12(2): p. 94, <https://doi.org/10.1142/S1793930520000173>.

⁵⁰ Pollack, J. H. and Kim, M. (2020), 'South Korea's missile forces and the emergence of triangular strategic (in) stability', *The Nonproliferation Review*, <https://doi.org/10.1080/10736700.2020.1809156>.

Moon's cautious embrace of missile defence suggests a willingness in Seoul to tolerate some limited tension with Beijing. For now, the political costs of this approach at home have been minimal. Moon's governing Democratic Party secured a dramatic landslide victory in the April 2020 National Assembly Elections, and while the South Korean public was sceptical towards the Trump administration, overall support for close ties with the US have remained high. On balance, China's influence and its reputational standing within South Korea have been dented because of its heavy-handed pressure tactics. Attitudes towards China as a favourable partner to South Korea have fallen sharply from 50 per cent of the South Korean public in 2015 to 20.4 per cent in 2020.⁵¹ Currently only 6.6 per cent support cooperation with China in the event of a Sino-US conflict, whereas 43.4 per cent would back cooperation with the US.⁵²

The partial embrace of missile defence is also evidence of Seoul's policymaking agility in simultaneously finessing relations with both the US and China. Nominally justified in terms of confronting the strategic threat from North Korea, THAAD deployment has allowed South Korea to shore up vulnerable security ties with the US, to gradually advance its defence autonomy, and to guard implicitly against the slowly developing military challenge from a rising China – but without prompting an explicit rupturing of ties with Beijing.

⁵¹ Kim S. and Lee, S. (2020), 'United States, a more favorable partner than China', *EAI Issue Briefing* http://www.eai.or.kr/new/en/etc/search_view.asp?intSeq=19850&board=eng_issuebriefing.

⁵² Choo (2020), 'South Korea's China Policy', pp. 103–105.

04 Diplomatic overtures towards North Korea

President Moon's innovative approach towards North Korea increased contact between the US and North Korea under the Trump administration. Sustaining momentum will depend on the willingness of the Biden administration and the convergence between US efforts and China's preference for a dual-track approach.

When it comes to the most pressing issue on South Korea's foreign and domestic policy agenda – namely, the perennial challenge of defusing tension with North Korea – Moon has little choice but to look to both the US and China for continuing support and cooperation.

Throughout his presidency, Moon has been an assiduous and indefatigable advocate of personal diplomacy, reflected in his promotion of the 2018 Pyeongchang Winter Olympics, the Panmunjom and Pyongyang summits, as well as Trump's own bilateral summits with North Korean leader Kim Jong-un. In particular, Moon used a combination of flattery and red-carpet diplomacy (most notably in the autumn of 2017 when facilitating the first state visit by a US president to South Korea in more than three decades) in order to keep Trump involved in Korean peninsula security issues.⁵³ Moreover, Moon's full-throated promotion of engagement with the North, undiminished by the failure of the US–DPRK summit in Hanoi in 2019,

⁵³ Luce, E. (2018), 'Tickling Trump: World leaders use flattery to influence America', *Financial Times*, 4 May 2018, <https://www.ft.com/content/e88668da-4f8c-11e8-9471-a083af05aea7>; Barron, L. (2017), 'How Asian leaders fed President Trump's ego and stomach', *Time*, 10 November 2017, <https://time.com/5016665/trump-asia-trip-highlights>.

is a measure of how his administration continues to try to play the role of catalyst for the resumption of talks with the North, albeit with mixed success. This policy has persisted even when North Korea has, in characteristic fashion, responded with condemnatory and pejorative language intended to discredit diplomatic overtures from the South, or by provocatively blowing up the North–South liaison office in Kaesong in June 2020.⁵⁴ Notwithstanding these setbacks, personnel changes in Seoul in July 2020 – including the appointment of a new unification minister, national security adviser and national intelligence director, all with strong links to the North – reflect Moon’s determination and persistence. So does the effort to use the COVID-19 pandemic to explore options for new humanitarian and NGO-based overtures towards Pyongyang.⁵⁵

In the short term, the 2020 US presidential elections kept bilateral talks between the US and North Korea in stasis; neither the Americans nor the North Koreans were motivated to re-engage substantively.

Moon’s ability to make progress with his own version of Nordpolitik has been undercut by the political calendar. In the short term, the 2020 US presidential elections kept bilateral talks between the US and North Korea in stasis; neither the Americans nor the North Koreans were motivated to re-engage substantively, particularly at a time when Washington was inclined to tighten rather than relax sanctions against the DPRK. In the long term, Moon will have to confront his inevitable lame-duck status given the constitutional one-term limit (a new president takes office in 2022), and the dwindling opportunity to make a breakthrough.

US support will be indispensable in brokering any deal with the North. Particularly given North Korea’s ingrained tendency to marginalize the South Koreans in favour of talking directly to the Americans, and more importantly because of the US status as the North’s primary military adversary, as well as deep-seated concerns in the US about the increasing nuclear threat from the North. Fears that a Biden White House will revert to the policy of detached involvement in peninsula affairs, reminiscent of the Obama administration’s policy of ‘strategic patience’, are probably overplayed.⁵⁶ Already, via a visit to Washington in November 2020 by then South Korea’s Foreign Minister Kang Kyung-wha, the Moon presidency has sought to reach out to the Biden team to lay the foundation for bilateral security cooperation on North Korean matters.⁵⁷

⁵⁴ Kim, S. (2020), ‘Moon’s North Korea vision up in smoke? Not so fast...’, *The RAND blog*, 20 July 2020, <https://www.rand.org/blog/2020/07/moons-north-korea-vision-up-in-smoke-not-so-fast.html>.

⁵⁵ Ser, M. J. (2020), ‘Moon names new spy chief, unification minister, national security advisor’, *Joongang Daily*, 3 July 2020, <https://koreajoongangdaily.joins.com/2020/07/03/national/politics/Park-Jiewon-In-Leeyoung-Suh-Hoon/20200703164300428.html>.

⁵⁶ Stephens, K. (2020), ‘Some post-election thoughts’, *Joongang Daily*, 30 November 2020, <https://koreajoongangdaily.joins.com/2020/11/30/opinion/columns/Some-postelection-thoughts/20201130195607579.html>.

⁵⁷ Kim, S. and Ser, M. J. (2020), ‘Kang scores meetings with Biden allies in Washington’, *Joongang Daily*, 11 November 2020, <https://koreajoongangdaily.joins.com/2020/11/11/national/diplomacy/Joe-Biden-US-presidentelect-Kang-Kyungwha/20201111184300379.html>.

Biden's Secretary of State, Anthony Blinken, is experienced in Northeast Asian affairs, having previously worked on trilateral concerns involving the US, South Korea and Japan. It would be surprising if the new Democratic administration's commitment not to lose sight of the need to make progress on a real disarmament deal with North Korea weakened or in any meaningful way compromised coordination with South Korea. Indeed, judging from earlier comments by Jake Sullivan, the new national security advisor, allies will remain critically important to the US. Instead of being lectured to or coerced by the US to comply with Washington's wishes, they will be encouraged to be more active partners with greater autonomy and more responsibility.⁵⁸ As Sullivan noted in an influential 2019 article in *The Atlantic*:

The U.S. must reject the mafia logic – “Pay up or else” – that Trump applied to America's alliances. The country's allies are a special national asset. The U.S. can rely on dozens of strong, independent nations to help thwart terror attacks, resist aggression by adversaries, and more – in a way no rival can... Yes, burden sharing is important, but we need a different conception of burden-sharing than arbitrary funding targets or cutting the margins of trading partners. A new American exceptionalism would shift from absorbing the lion's share of costs to distributing them more fairly. This does not mean less leadership but rather a different kind of leadership, giving others a greater voice along with greater accountability.⁵⁹

Along with the US, China will remain vitally important in helping to incentivize North Korea to re-engage with negotiations, particularly given Beijing's repeated statements that it will not accept a nuclear-armed North Korea. Strategically, China's continuing interdependent relationship with North Korea (two 'allies sealed in blood'), underscored by the 70th anniversary of the Korean War in 2020, is a further incentive for Seoul to continue to reach out to Beijing in helping broker an agreement with the North. Pyongyang, for its part, has reaffirmed its public support for its Chinese ally in the midst of worsening Sino-US relations, perhaps encouraged by Beijing's apparent willingness to tolerate continuing sanctions violations by the North, including DPRK cryptocurrency deals facilitated by Chinese money launderers, and illegal North Korean coal exports to Chinese buyers.⁶⁰ Legitimate Chinese food and fuel exports to the North also help to sustain the country at a time when floods and COVID-19 have seriously limited Kim Jong-un's ability to deliver the economic prosperity that he has promised his people.

China's vision of denuclearization embraces the entire peninsula, not just the North. Beijing's preference for 'double suspension' of US–South Korean military exercises and North Korean missile tests, along with a 'dual-track' approach based on the simultaneous pursuit of a peace regime on the peninsula and denuclearization, suggests an important gap with the US in terms of the modalities for any future negotiations with Pyongyang. However, a change in administration

⁵⁸ Blinken's confirmation as secretary of state in January 2021 has further underpinned the Biden administration's focus on bolstering alliance relations. See, Jakes, L. (2021), 'Biden takes over at State Dept. with a review of Trump's policies', *New York Times*, 26 January 2021, <https://www.nytimes.com/2021/01/26/us/politics/blinken-state-department.html?searchResultPosition=2>.

⁵⁹ Sullivan, J. (2019), 'What Donald Trump and Dick Cheney got wrong about America', *The Atlantic*, January/February 2019, <https://www.theatlantic.com/magazine/archive/2019/01/yes-america-can-still-lead-the-world/576427>.

⁶⁰ Snyder and Byun (2020), 'China-Korea Relations'.

in Washington may offer creative opportunities for narrowing this gap. With public and academic opinion in China predisposed to be critical of the North,⁶¹ China's willingness to push for progress in talks should not be discounted, especially if Biden finds a way to reset relations with Beijing.⁶²

Dialogue between the Moon administration and China on North Korean issues is well established, particularly via the work of key foreign policy advisers such as Yonsei University professor, Chung-in Moon. There is acceptance in Seoul and Beijing on the importance of a graduated, step-by-step approach towards talks with the North.⁶³

Delivering real and lasting progress in nuclear talks and creating peace on the Korean peninsula will invariably be a tough challenge. Seoul will need to solicit and maintain support and cooperation from both the US and China – two critical powers that remain necessary although not sufficient for finding a permanent solution to the North Korean problem.

⁶¹ Yang, X. (2019), 'Disenchanted Entanglement: The North Korean Shades of Grey on the Chinese Mind', *Journal of Contemporary China*, 29(123): pp. 454–68, <https://doi.org/10.1080/10670564.2019.1645482>.

⁶² Lee, C. and Chung, Y. (2020), 'Denuclearization-Peace Regime on the Korean Peninsula: How should ROK and China Cooperate', *The Korea Journal of Defense Analysis*, 32(1): pp. 27–28, <https://www.kci.go.kr/kciportal/ci/sereArticleSearch/ciSereArtiView.kci?sereArticleSearchBean.artiId=ART002561498>.

⁶³ *Ibid.*, p. 31.

05 Seoul's New Southern Policy

President Moon's New Southern Policy has enabled South Korea to sidestep pressure to participate in the Quad and demonstrate its wide-ranging support for regional security, albeit in a non-traditional context.

South Korea's promotion of a new regional foreign policy to strengthen ties with ASEAN (and with India in South Asia) helps to offset the danger that South Korea will be entrapped in a shooting war with China, and be drawn into military partnership with the US as part of its emerging Free and Open Indo-Pacific strategy.

The New Southern Policy (NSP), launched by Moon in 2017, has been a deliberate effort to break away from the past pattern of big power relations in East Asia, dominated historically by China, the US, Japan and Russia. The first South Korean leader to visit all 10 member states of ASEAN, Moon has focused on the association precisely because of its long-standing commitment to sovereignty and independence, and its rejection of the efforts by outside powers to impose a single, dominant Indo-Pacific narrative.⁶⁴ ASEAN's inclusive and flexible Indo-Pacific Outlook, first articulated in 2019, resonates with Seoul's concentration on the economic and cultural aspects of regional collaboration – themes that were at the heart of the 30th anniversary conference of the ASEAN–South Korea dialogue partnership in 2019.⁶⁵

South Korea's Southeast Asian regional agenda is defined by the relatively anodyne and inclusive notions of 'people, prosperity and peace' (first articulated in 2018 with the creation of the Presidential Committee on the New Southern Policy). This is a vision that provides little, if any, space for the discussion of conventional hard security issues; Seoul has, for the most part, deliberately sidestepped initiatives

⁶⁴ Lee, J. (2020), 'A need to rethink peace cooperation in Korea's New Southern Policy', *Pacific Bulletin*, 16 July 2020, No. 514.

⁶⁵ *Nhan Dan online* (2019), 'Asean, ROK to work together for common prosperity', 28 November 2019, <https://en.nhandan.org.vn/world/asean/item/8159902-asean-to-move-forward-with-vietnam-as-chair.html>.

that require a military commitment in the region.⁶⁶ Although South Korean defence companies have signed bilateral arms deals with some countries in the region, most notably with Indonesia, Moon has since 2017 batted away repeated requests from the US to play a more active role in regional US military action.⁶⁷

South Korea has no direct territorial claims in the South China Sea, and it has studiously avoided joining the Quad – the fledgling four-power strategic partnership between Japan, the US, India and Australia. South Korean naval forces did participate in US-led Pacific Vanguard exercises, along with Japan and Australia in 2019, but it is not clear whether the US has directly requested that South Korean vessels participate in Freedom of Navigation Operations to offset the growing maritime challenge posed by China. In 2019, Moon strengthened his rhetorical support for the concept of a Free and Open Indo-Pacific, and there has been at least one instance – in 2018 – when a South Korean anti-piracy vessel intruded within 12 nautical miles of Chinese-claimed territory in the South China Sea, an event that appears to have been unpremeditated but which prompted a protest from the Chinese government.⁶⁸

Seoul's NSP concentrates on unconventional issues such as healthcare, education, infrastructure provision and the digital economy, smart cities, climate change management, gender equality, policing and water security.

Overall, Seoul is intent on avoiding any further security-based entanglements in the region. Even following the launch in August 2020 of a new US–South Korea Indo-Pacific Strategy–New Southern Policy Dialogue, the focus for this partnership is very much in the realm of non-traditional security cooperation and rhetorical support for ‘the principles of openness, inclusiveness, transparency, respect for international norms and ASEAN centrality’.⁶⁹ Seoul's NSP concentrates on unconventional issues such as healthcare, education, infrastructure provision and the digital economy, smart cities, climate change management, gender equality, policing and water security.

⁶⁶ Guan, T. (2020), ‘Flashpoints as Opportunities: The Korean Peninsula and South China Sea as Opportunities to Develop ASEAN-ROK strategic relations’, in *Young Perspectives: The Future of ASEAN-Korea Partnership*, vol. 4, Seoul: Asean-Korea Centre.

⁶⁷ Yonhap News Agency (2017), ‘Seoul not considering role in Trump's “Indo-Pacific” plans’, 9 November 2017, <https://en.yna.co.kr/view/AEN20171109010951315>.

⁶⁸ Chen, P-K. (2020), ‘The Prospects of the US Alliance System in Asia: Managing from the Hub’, *Issues and Studies*, 57(3), September 2020.

⁶⁹ Bureau of East Asian and Pacific Affairs, US Department of State, (2020), ‘The United States of America and the Republic of Korea on Working Together to Promote Cooperation between the Indo-Pacific Strategy and the New Southern Policy’, 20 January 2020, <https://www.state.gov/the-united-states-of-america-and-the-republic-of-korea-on-working-together-to-promote-cooperation-between-the-indo-pacific-strategy-and-the-new-southern-policy>.

Reaching out to South and Southeast Asia enables South Korea to diversify its foreign economic policy, developing fledgling new investment and trade opportunities that can offset its heavy reliance on the Chinese market. At the same time, it has powerful political and economic reasons to want to avoid getting drawn into an intensifying, US-led confrontation with China.

The centripetal pull of the Chinese economy remains strong and China's global developmental policy has offered concrete opportunities for South Korean firms – a reality that helps explain Seoul's decision to join the Asian Infrastructure Investment Bank in 2015. Moreover, Moon has been keen to secure a visit to Seoul by Xi. The August meeting in Busan between National Security Adviser Suh Hoon and Chinese Politburo member Yang Jiechi, along with Chinese Foreign Minister Wang Yi's three-day visit to Seoul in late November 2020, suggest that planning for such a visit remains important to both the Koreans and the Chinese.⁷⁰ Such bilateral meetings are evidence of the interdependency of the two countries politically and substantively.

Economically, both countries can benefit from COVID-19 cooperation, expansion of their free-trade agreement, the potential revitalizing trade benefits for South Korean firms such as Samsung looking for a post-pandemic export and investment recovery, and the advantages that might arise from linking China's Belt and Road Initiative with South Korea's New Southern and New Northern policies.⁷¹

Seoul's more activist approach in Southeast Asia neatly bolsters the image of South Korea as a broadly autonomous and innovative policy entrepreneur. It is debatable how much influence it has secured in Southeast Asia (especially since South Korean trade and investment ties with the region are still eclipsed by its economic relationship with China). Yet there is little doubt that the New Southern Policy is a sign that Seoul is serious about raising its profile and strengthening ties in the region. The policy enables cooperation with the US on non-traditional, but nonetheless vital security issues without being drawn into a military stand-off with China; and it permits new, reinvigorated partnerships with countries and institutions that are keen to avoid being drawn into an intensifying and potentially zero-sum clash of interests between the world's number one and number two powers.

⁷⁰ *The Korea Times* (2020), "'Koreas should control their peninsula's fate': Chinese foreign minister", 27 November 2020, https://www.koreatimes.co.kr/www/nation/2020/12/120_300030.html.

⁷¹ Snyder and Byun (2020), 'China-Korea Relations'.

06 Conclusion

The Biden administration's more robust approach towards China, embodying elements of both cooperation and confrontation, will continue to pose a policy challenge for South Korea. However, Seoul's active support for multilateralism may help moderate any potential pressure to take an explicitly confrontational approach towards China.

Looking ahead amid the reality of tense Sino-US relations, the options for South Korea (and also, it might be argued, for other East Asian states) are likely to be influenced by two major and challenging questions. Firstly, will Biden and his new foreign policy team define more accurately and persuasively the core areas where and how China constitutes an existential threat to the US? Doing so would demonstrate more clearly and convincingly the need for greater restraint and pragmatism in dealing with Beijing.

Secondly, will the Biden administration be minded to conclude that the heyday of American military dominance across maritime Asia has ended? A polarized US electorate may turn inwards and constrain Biden from maintaining US predominance in Asia, or at least oblige Washington to work more closely with other regional partners such as South Korea and Japan – allies that will in future need to assume a greater share of regional defence and diplomatic responsibilities.

Alternatively, a Biden administration that, reflective of Sullivan's *Atlantic* essay, focuses on reinvigorating US exceptionalism while tethering a more explicitly patriotic foreign policy to the interests of America's middle class, may find itself engaging more vigorously, albeit selectively, in addressing regional challenges, including handling a more assertive China. This focus on alliance cooperation has been demonstrated very publicly by the visits of Secretary of State Blinken, together with Secretary of Defense Austin, to Tokyo and Seoul in March of 2021;

and the high-profile separate summit meetings between President Biden and the leaders of the US's two key Northeast Asian allies, first with Prime Minister Yoshihide Suga of Japan in April, and then with President Moon in late May 2021.⁷²

Whichever route the US pursues – whether enhanced activism within the East Asian region, or a more qualified approach – South Korea (that is, its leaders and public opinion), will need to become more explicitly engaged in supporting vulnerable populations and communities at the national and subnational level, both within South Korea and elsewhere in the region where the country has critical security and economic interests. It will also need to defend the norms and values of a shifting regional and global order.

The novelty of South Korea's participation as an observer at the G7 summit in Cornwall in June 2021 has underscored South Korea's innovative role in addressing a range of critical global issues, including the COVID-19 pandemic, climate change mitigation, technological contributions to developing critical infrastructure in both developed and developing countries, and support for the values and principles of open societies. Similar themes also emerged in the bilateral summit between presidents Biden and Moon in Washington in May 2021 and help explain President Moon's confident assertion that the US–South Korea alliance has now been transformed into a 'comprehensive and global' partnership. With the Moon administration also stressing South Korea's resolve to stand 'shoulder-to-shoulder' with the countries of the G7 on public health, climate change and open societies, it is clear that the South Korean government is keen to stress its engagement with a wide range of global, as well as regional, concerns.⁷³

Notwithstanding this welcome new policy activism, the evidence to date, based on our exploration of three sets of policy issues – missile defence, diplomacy towards North Korea, and relations with Southeast Asia – suggests that the leadership in South Korea is acutely aware of the particular pitfalls in remaining closely aligned with the US while addressing the challenges and opportunities associated with a rising China. The current administration's achievements in navigating these competing interests are notable, even if partial, and reflect the compromises and imperfect choices that smaller powers inevitably have to make when interacting with more powerful actors. To what extent Moon, or a future South Korean leader, will be able to preserve the country's policymaking autonomy and status without antagonizing either the US or China is an open question. However, there is little doubt that this will remain a critical foreign policy challenge for South Korea in the months and years ahead.

⁷² US Department of State (2021), 'Secretary Blinken's Travel to Tokyo and Seoul', press release, 10 March 2021, <https://www.state.gov/secretary-blinkens-travel-to-tokyo-and-seoul>.

⁷³ *The Korea Herald* (2021), 'S. Korea-US relationship moved beyond security alliance to comprehensive, global partnership: Moon', 30 June 2021, <http://www.koreaherald.com/view.php?ud=20210630001018&np=2&mp=1>.

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Cover image: Members of the military honor guard hold American and Korean flags outside the West Wing before the arrival of Moon Jae-in, South Korea's president, to the White House, 21 May 2021.

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