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Changing Sino-US Ties, THAAD, and the Direction of South Korean Diplomacy



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The Institute for Far Eastern Studies at Kyungnam University has commissioned a series of four special issues of *Issues and Analysis* to discuss the situation that the new administration of Moon Jae-in faces. The last issue dealt with restoration and normalization of North-South Korean relations, whilst this issue is concerned with THAAD and Sino-US/Sino-ROK relations. The next two issues will discuss the rapidly developing North Korean missile and nuclear programs, with the final issue considering the reopening of the Kaesong Industrial Complex.

The liberal international order dominated by the status of the United States as a hegemon has been shaken by Donald Trump becoming US President. US trade policy no longer aims at an open, market order, but is rather characterized by a protectionist, 'America-first' approach. The unconventional style of President Trump is also doing serious damage to US soft power. And there are growing fears about the viability of the US-centered order. In East Asia, in particular, it is no longer possible to see such an order functioning as on hierarchical lines. In line with the prediction of Ian Bremer of the Eurasia Institute, a G-Zero era with no hegemonic state, or a return of strengthening Chinese influence are both becoming distinct possibilities.

At the same time, China is rapidly becoming more powerful. China has already risen to become the world's second largest economy, and according to IMF calculations, its total GDP on a purchasing power basis exceeded the United States in 2014. By the 2020s, its GDP is expected to surpass the United States in volume terms. However, what we should pay attention to is how changes in China's economic structure at home affects the foreign policy it pursues. While quickly raising the capacity of a single market of 1.4 billion, the Chinese state is seeking to create a self-contained market economic system. Thus China's internal market has its own internal order with separate rules and norms. Therefore, both Trump and Xi Jinping have set out a protectionist line.

The foreign policy implications of such changes are clear: China is becoming stronger, and less sensitive to US wishes. What's more, a Sino-American relationship based on parity, a "new type of Great Power Relations" (as the Chinese government has dubbed it) are becoming a reality. Indeed, US Secretary of State Rex Tillerson even used the latter phrase when visiting China in April. Bilateral relations between the two will develop away from mutual dependence to greater independence. At the same time, China's attitude toward the North Korean nuclear program and the Korean peninsula in general continues to evolve. Since late 2016, China has sought to find a proactive solution to peninsula issues, moving beyond a reactive, defense approach to the North Korea nuclear issue. A package deal in other words, like denuclearization and a peace treaty, or temporarily freezing both North Korea's missile development and the US-ROK joint military exercises. Ultimately, China aims to create a peaceful Korean peninsula, and to further expand its influence.

North Korea has been forceful in its response to this. Its status as a nuclear state has been

confirmed multiple times in 2016, by the fourth and fifth nuclear tests, as well as at the 7th Party Congress. Their position is clear: regardless of what the Chinese or Americans think, we will continue to develop their nuclear weapons as they see fit. As a result, Sino-North Korean relations have deteriorated to an unprecedented nadir. North Korea is trying to free itself from the vagaries of the Sino-US relationship. North Korea's leader, Kim Jong-un, has responded aggressively to Sino-US agreement on the need to pressure the North, and has made clear his intention to ensure that Pyongyang continues to speedily develop a nuclear missile capability.

THAAD has become a difficult issue because the Chinese have interpreted its deployment within the structure of Sino-US competition as an attempt by the United States and its allies to construct a ballistic missile defense framework capable of deterring China. Moreover, its deployment has also been perceived indicating US abandonment of tacit Sino-US joint management by agreement and compromise of the Korean issue. That said, Trump's renewed push for Sino-US cooperation has lessened the strategic salience of the THAAD issue. The Chinese are also searching for a way to deal with the THAAD problem, and this offers hope for the new administration in Seoul.

Such changes in the mood make it possible for us to consider the following solutions to difficult and pressing issues that the new South Korean administration faces. First, 'close watch', 'an examination of strategy', 'prudent action', and 'international cooperation' should all be maintained. In other words, as a middle power, South Korea must be prudent, remaining conscious of what the great powers are doing, and be mindful of their strengths and limits. International cooperation must remain a priority. The US and China have never been so willing to cooperate on the North Korean nuclear issue, and the North Korean regime will pursue its own line regardless of South Korean policy. Hence, international cooperation is essential to deter the North.

Next, I urge the new administration avoid freeriding based upon a dichotomous, zero-sum logic. Conventional wisdom sees military power—premised upon the US-centered world order and real politik—as being crucial. However, this logic no longer applies in East Asia. South Korean realities no longer fit within the Sino-US relationship.

Third, a way must be found to deal with the THAAD problem. The new government is faced by the twin threats of excessive optimism and pessimism with respect to China. The government must find a solution to the THAAD issue that allows for a compromise between the US-ROK alliance framework, South Korean national security issues, and the strategic interests of China and Russia. It must also implement such a solution in a prudent fashion. Practically, an alternative is putting in place systems that will ensure that THAAD's capabilities are restricted to the Korean peninsula. While making clear that the US-ROK alliance remains sacrosanct, the Chinese must be assured that THAAD is not aimed at them. In agreements already concluded with the United States it has been affirmed that THAAD "is a response to the North Korean nuclear issue... a single battery... and a fixed deployment of a terminal-stage radar." Additional deployments or changes in capabilities and/or costs must be dealt with through further US-ROK agreement. The National Assembly, whose status has risen in the wake of protests that ousted Park Geun-hye, may be utilized to achieve such an aim. New agreements or changes will give rise to serious changes in South Korea's national security situation, and will require additional costs to be met, so the National Assembly must give its assent. While being mindful of the security of US forces in South Korea, the concerns of China and Russia must be minimized in the form of a flexible set of diplomatic measures.

It will be difficult for the Moon Jae-in government to find solutions to these pressing issues, but try they must. Sino-US cooperation is very important in dealing with the North Korean problem, and China's role is becoming more and more significant. The United States has a crucial role in ensuring that China pursues a new North Korea policy. What's more, in Sino-US policy toward the North, South Korea has to be yet more proactive and creative. The Korean peninsula needs to become a space characterized by cooperation and compromise in the Sino-US relations, not competition.

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