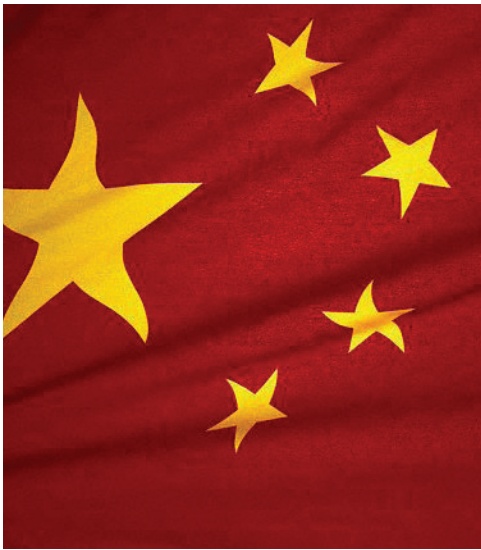


A REPORT OF THE
CSIS KOREA CHAIR

China-U.S. Relations in East Asia

STRATEGIC RIVALRY AND KOREA'S CHOICE



April 2013

Author

Jae-kyung Park



50
YEARS | *CHARTING*
OUR FUTURE

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INTERNATIONAL STUDIES

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ACKNOWLEDGMENTS

This paper is a product of my research period at CSIS in 2012. Before writing the paper, several questions lingered in my mind, including how the United States and China compete in East Asia; what is the reason for this competition; what is the use of “balance” in international relations; and what is the importance of Korea-U.S. relations and Korea-China relations.¹ In search for the answers to these questions, I have also tried to discern policy choices on some of the issues that Korea faces in the context of the China-U.S. rivalry, including multilateral institutions in East Asia, on the Korean Peninsula, and in the South China Sea.

While I was in Washington, I had numerous valuable opportunities to share thoughts and ideas with U.S. policy communities and think tanks. Particularly, I would like to thank all those who spared time for interviews with me. All their ideas and thoughts have been extremely helpful. The viewpoints expressed herein solely reflect my personal opinions and should not be interpreted as reflecting the views of any government.

1. Throughout, unless otherwise stated, “Korea” means the Republic of Korea, i.e., South Korea.



EXECUTIVE SUMMARY

The Strategic Context in East Asia

At the beginning of the 1990s, China intensified its Asia policy. While the United States was waging a war on terrorism in the Middle East, China tried to engage countries in Asia through its diplomatic “charm offensive” or “smile diplomacy.” However, since President Barack Obama took office in 2008, the United States has shown interest in Asia with renewed vigor. This pivoting toward Asia by both China and the U.S. has thus provided countries in the region with significant challenges and opportunities.

China and the U.S. have naturally impinged on each other, and this has also been the case for both multilateral and mini-lateral regional institutions. China has valued the Association of Southeast Asian Nations (ASEAN) + 3 as a main vehicle for cementing cooperation in East Asia, while downplaying a broader version of a regional institution, the East Asia Summit (EAS), as a forum for talks. Though the U.S. was a latecomer to those institutions, it upholds the EAS as one of the defining institutions among the various and multilayered institutions in Asia. A similar picture may be drawn with respect to trilateral cooperation between China, Japan, and Korea (CJK) versus Korea, Japan, and the U.S. On the economic side, as well, many would like to compare the Regional Comprehensive Economic Partnership (RCEP) and Tran-Pacific Partnership (TPP) from the perspective of China-U.S. rivalry.

When considering the two countries’ lack of a common enemy, the increasingly narrowing gap between them as national powers, and their difference of ideology, it may not be an anomaly to see a rivalry between China and the U.S. This rivalry may sometimes be disruptive. Still, it can be manageable, and not reach an all-out confrontation. The two countries’ relations may fluctuate between the zone of cooperation and zone of confrontation. In the meantime, other countries in the region have a legitimate concern about a possibility that they may be forced to choose between China and the United States. The Republic of Korea (ROK) has maintained a security alliance with the U.S. and tends to think that the U.S. is the most important country for both security and nonsecurity issues. It may be because the U.S. is an existing preponderant power in Asia and the world. China now accounts for more than 20 percent of the ROK’s total trade, which is more than double the size of ROK-U.S. trade. The importance of relations between the ROK and China, however, is not just about the economic accomplishments and interdependence between the two. It is because China is a rising power in Asia and maintains a strong relationship with North Korea.

Korea and Strategic Thinking

In most situations in a society, the “balance” is not supposed to make others feel displeased. Nor is it supposed to be misunderstood. However, in international relations, the word “balance” becomes more complicated, and it is often misused and misunderstood. If a country is indulgent about its

commitment or predisposition to “balance,” or even further to play a “balancer role” openly and publicly, it may hardly be liked by any major powers, including China and the U.S. Balance itself is not to be regarded as a goal or the end product, but a balanced approach is essential in policymaking. Korea’s best choice lies in a balanced approach with each power. This means that it is the relation with each country that matters, rather than trying to strike a balance between the two.

With regard to China’s rise per se, Korea may choose to have a strategy of hedging. Korea may also be able to associate with China in a mutually beneficial manner based on the win-win principle. An active process of cooperation in geographically motivated regional institutions in East Asia such as the ASEAN+3 and CJK trilateral cooperation needs a somewhat different explanation other than hedging or bandwagoning. Its driving force is not a threat or fear but a belief in mutual benefits. This requires a different strategy from bandwagoning, which may be called partnering.

Korea’s Strategic Choices

The foreign policy issues that Korea is facing in the context of China-U.S. rivalry include the evolving regional institutions in East Asia, the Korean Peninsula issue, and the South China Sea issue. First, for the countries in the region, it is worrisome to see themselves being marginalized by multilateral groupings. Most of the institutions that are now flourishing are ASEAN-led groupings. Korea’s best choice is to become a clever partner of the ASEAN in building multilateral institutions in Asia. A clever partner is a leading and active member. In doing so, Korea should continue to deal with the ASEAN with sincerity. Korea’s best choice is to continue its support for East Asia community building through the ASEAN+3, expecting the ASEAN+3 to become a mature mechanism for institutionalizing the habit of sincere cooperation in East Asia. Also, Korea’s best choice is to support the EAS as both a mutually complementary mechanism with the ASEAN+3 and a wider mechanism for cooperation. The EAS is a leaders-led forum, and it may develop into an action-oriented forum.

Second, the North Korean nuclear issue is a broader security matter that involves both proliferation concerns and bilateral relations between the countries involved. While both the nuclear side and North Korea itself are problems for the U.S., the nuclear side is more of a problem for China. Even though China is against North Korea’s nuclear program, the nuclear issue has not undermined their mutual relations. One of the key components of China’s policy is to maintain stable relations with North Korea. For the ROK, North Korea has continued to be a threat, and also a counterpart for unification. This unique situation is why the ROK needs to approach the nuclear issue in the broader context of inter-Korean relations. It is essential to have inter-Korean talks about various security issues, not limited to the nuclear issue. In doing so, the ROK needs to secure China’s role in deterring North Korea from pursuing provocative actions like a nuclear test.

The vision for the unified Korean Peninsula may include the position that it is unthreatening to any countries, has no concern of being threatened by other countries, and is acceptable to any of the major powers. With regard to the road to unification, the only possible practical policy option is managing the state of division in a peaceful way. This needs to be achieved through dialogue. Any provocations, including Cheonan and Yonpyeong, and further measures for preventing miscalculations may be discussed in the dialogue. However, even during the dialogue, the ROK should maintain a posture of strong readiness against provocations. The ROK should also not allow North Korea to drive a wedge between the ROK and the U.S.

Together with direct talks with North Korea, external engagement may be pursued. Enhanced cooperation mechanisms between the ASEAN and North Korea can be encouraged. The ASEAN-led multilateral meetings may be used as a learning process for North Korea rather than as occasions of confrontation between the ROK and North Korea. Just as Myanmar has been benefiting from being a member state of the ASEAN, North Korea may have gained momentum for internal reform and democratization through more interaction with the ASEAN.

Third, the South China Sea issue may not soon be solved by each claimant state. It is about more than natural resources and fishery. It is about history and national pride. Considering the complexity of the issue, it is not the resolution of the issue once and for all that is to be pursued in the near term. Rather, stable management of the issue is essential. Korea's best policy choice is to maintain principles but apply them on the basis of the situation—in other words, with a “principled position, but flexible adaptation.” The principled positions may include nonintervention in the territorial demands among the claimants, support for peaceful resolution of the issue, and the maintenance of freedom of navigation. However, what matters usually is not the principle itself, but how it is applied to a certain situation and how it is understood by others. In pursuing a principled but flexible adaptation, nuanced diplomatic words and deeds are essential, with a deep understanding of the complexity and sensitivity of the issue and also its probable impact on Korea.

1

THE STRATEGIC CONTEXT
IN EAST ASIA

The Rise or Reemergence of Asia

In 1405, Zheng He, ordered and sponsored by the Yongle emperor of the Ming Dynasty, launched his first sailing trip to explore the world outside the Middle Kingdom. The voyage continued until his death in 1433, totaling seven expeditions. His sailing reached as far as the eastern coast of Africa, after passing through Southeast Asia, India, and the Middle East. At its peak point, his fleet was composed of 27,800 men and several hundred ships. The commander ship, *Treasure Ship*, was 416 feet long and 170 feet wide, a giant ship with nine masts.

In another part of the world, between 1492 and 1503, Christopher Columbus made four rounds of expeditions from Spain to America. His flagship, known as the *Santa Maria*, was 72 feet long and 19 feet wide, and had only three masts.

We could draw many useful comparisons between the two expeditions, such as their sponsors, their purposes, and, most important, their respective impact on the development of each country or continent afterward. Each comparison may lead to different conclusions. However, for the purpose of this paper, it is the size of the fleet rather than other comparisons that matters. From the fleets' sizes, we are able to see the sophistication of Chinese technology. As a representative of Asia and the East, China built a ship the size of a football stadium, 87 years before Spain, one of the then-major powers of Europe and the West, built a ship the size of a tennis court.¹

To the eyes of most countries in Asia, China had long been regarded as a central power, or as the Middle Kingdom, not just in Asia but around the world, as its name 中國 (Zhongguo) indicated. According to economic historians like Angus Maddison, the economic mass of Asia including China and India, or the continent's total gross domestic product (GDP), thanks to its population, was larger than that of the West even by the early twentieth century. Of course, Asia's GDP per capita, which shows real economic power, was overtaken by that of the West much earlier and the gap widened after the Industrial Revolution.²

After several hundred years, in the twenty-first century, Asia is once again reclaiming its position as a center of world politics and economy. New phrases and buzzwords describing the phenomena include "China's rise," "Asia's renaissance," and "Asia's reemergence." This time, it is not just China but also the whole region, including South Asia, Southeast Asia, and Northeast Asia. Statistics about the rise of Asia vary depending on how Asia is defined. The total GDP of 16 countries, for example—including the ASEAN members, Australia, China, India, Japan, New Zealand, and

1. Similar but more detailed accounts are to be found at various sources, including Martin Jacques, *When China Rules the World: The End of the Western World and the Birth of a New Global Order* (New York: Penguin Books, 2012), 90–91; Fareed Zakaria, *The Post-American World* (New York: W. W. Norton, 2012), 62–64; and Y. J. Choi, *East and West: Understanding the Rise of China* (Bloomington, Ind.: iUniverse, 2010), 311–352.

2. Zakaria, *Post-American World*, 66; Jacques, *When China Rules the World*, 36–37.

the ROK—amounts to \$20 trillion. This is more than that of European Union, which consists of 27 countries. If it becomes enlarged to include the Asia-Pacific region, its share becomes much larger. A senior U.S. State Department official noted at a Senate hearing that “the United States is and will remain a Pacific power, bound to the Asia-Pacific region by virtue of our geography, history, alliances, economic ties and people. Much of the history of the twenty-first century will undoubtedly be written in this dynamic region, which today accounts for more than half the world’s GDP and nearly half of its trade, is a key driver of innovation, and houses some of the fastest growing economies in the world.”³

There are also various forecasts of the future size of Asia’s economy. Regardless of difference in details, the shared understanding is that Asia’s portion will continue to rise, with China and India taking the lead. In particular, China is forecast to be at the top, overtaking the U.S. in a few decades. In 2010, China overtook Japan’s GDP and became world’s second-largest economy. The progress is remarkable, considering that in 2000, China’s GDP was one-fourth Japan’s GDP. In 2030, China’s GDP is forecast to be four times larger than Japan’s GDP; moreover, many forecast that in that same year China will become the world’s largest economy, overtaking the United States.

The United States’ Pivot to Asia and China’s Pivot to Asia

With a decade of economic reform, together with the end of conflict in Indochina and the Cold War, China began to intensify its Asia policy in the 1990s. China’s search for natural resources also drove it to take a more global approach, with a particular focus on its neighboring countries in Asia. This has been dubbed China’s good neighbor policy with Southeast and Northeast Asia. Together with normalizing relations with countries in Indochina, China established a dialogue partnership with the ASEAN in 1991.⁴ China and the ROK also established diplomatic relations in 1992. China began to try to show that it has benign intentions toward its neighbors, and its path would be a peaceful rise. Deng Xiaoping’s 24-character dictums, in particular 韜光養晦 (tao guang yang hui; hide capabilities and bide time) and 絕不當頭 (jue bu dang tou; never claim leadership) provided important guidance here as well.

China also exerted good efforts in multilateral diplomacy in the region. China became an inaugural member of the ASEAN Regional Forum (ARF) in 1994. During the East Asian financial crisis in the late 1990s, China was active in establishing a mechanism of the ASEAN+3 in 1997. China’s “charm offensive” or “smile diplomacy” continued during the first decade of the new millennium. It was with China that in 2002 the ASEAN signed the first free trade agreement (FTA) among the countries outside its membership. In 2003, China signed the Treaty of Amity and Cooperation, again the first among the ASEAN’s dialogue partners. Even on delicate issues like territorial claims, China succeeded in agreeing with the ASEAN on a Declaration on the Conduct of Parties in the South China Sea in 2002. And in 2006, China and the ASEAN celebrated the fifteenth anniversary of their dialogue partnership, culminating in a Commemorative Summit in Nanning, China.⁵

3. Testimony of Kurt Campbell, U.S. assistant secretary of state for East Asian and Pacific affairs, before the Senate Foreign Relations Committee, Subcommittee on East Asian and Pacific Affairs, September 20, 2012.

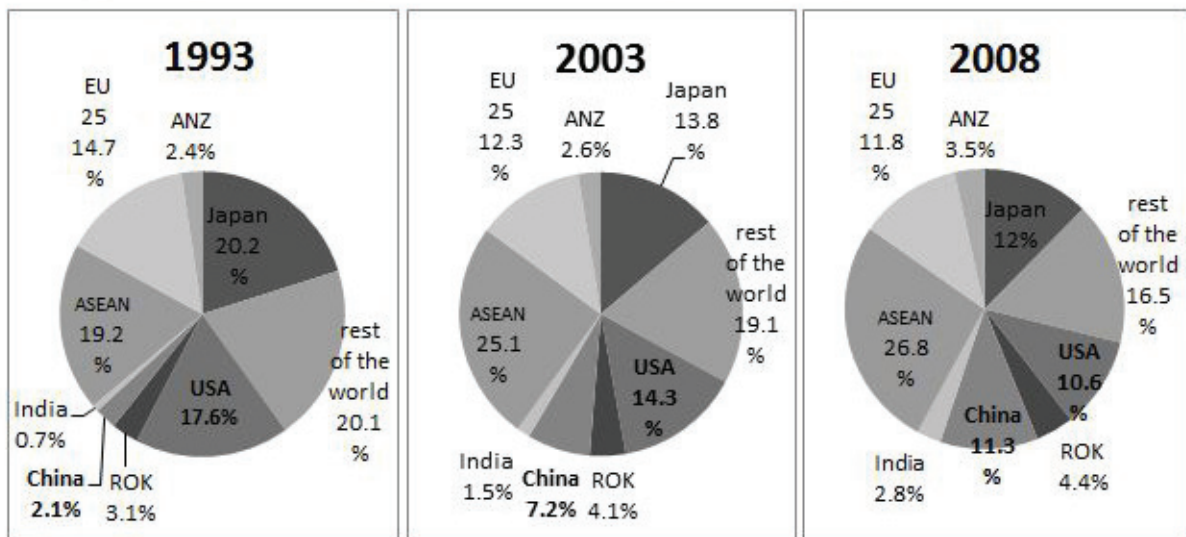
4. ASEAN in 1991 was composed of six countries, including Brunei Darusalam, Indonesia, Malaysia, Philippines, Singapore, and Thailand. Vietnam joined ASEAN in 1995, followed by Laos and Myanmar in 1997, and by Cambodia in 1999, making a 10-nation association since then.

5. It has been very unusual that all the leaders from the 10 ASEAN member states gather together for summit meetings, held outside any ASEAN member states.

In contrast, the September 11, 2001, terrorist attacks made the U.S. focus its attention on global counterterrorism. Then–secretary of state Condoleezza Rice skipped the ARF twice, in 2005 and 2007.⁶ The secretary’s absence in 2005 even made some in the region suspicious that the U.S. might not be comfortable with the prospective chairmanship of Myanmar for the year of 2006.⁷ In 2007, Secretary Rice paid a visit to the Middle East while sending her deputy to the ARF. The Asian countries, and the ASEAN members in particular, attach significant importance to the presence of a relevant level of delegates at multilateral meetings of their hosting. Despite diplomatic niceties during the course of the meeting, many journalists in the region were quick to label Rice’s absence as a “snub.” An assertion followed that China would be the beneficiary of the United States’ absence.

From the economic point of view, as well, the ASEAN’s share of trade with external partners showed changing patterns. From 1993 to 2008, the ASEAN’s trade shares vis-à-vis its major partners such as China and the U.S. changed significantly. China and the U.S. are the conspicuous example, in that the two respectively show an upward trend and a downward trend. The U.S. share was 17.6 percent in 1993, and by 2008 it had declined to 10.6 percent. Conversely, China’s share was 2.1 percent in 1993 and increased to 11.3 percent in 2008 (see figure below).

Figure: Shares of the ASEAN’s Trade with Selected Trade Partner Countries/Regions



Note: Increasing in share: ASEAN; China; India; ANZ / Decreasing in share: EU-25; Japan; USA, Rest of the World.

Source: “ASEAN Economic Community Chart Book 2009,” <http://www.aseansec.org/publications/AEC-Chartbook-2009.pdf>.

6. The ASEAN Regional Forum (ARF) is one of several ministerial meetings that are held annually in the country of that year’s ASEAN Chair. Scores of meetings—including the ASEAN Foreign Ministers Meeting (AMM), ASEAN+1 meetings, ASEAN+3 meetings, EAS meetings, and ARF—are held. Thus, on this occasion, not just ARF but also various other interactions, both bilateral and multilateral, are possible among the foreign ministers of countries in the Asia-Pacific region.

7. The ASEAN chairmanship is rotated on an annual rotational basis according to the alphabetical order of its member state.

Soon after President Obama assumed office, however, there were indications that “America is back in Asia.” High-level U.S. officials paid more frequent visits to the region. In July 2009, Secretary of State Hillary Clinton signed the Treaty of Amity and Cooperation during her attendance at the ARF in Thailand, which paved the way for the U.S. joining the EAS in 2011. At a speech in Suntory Hall, Tokyo, in January 2011, President Obama elaborated on his Asia-oriented policy unequivocally by saying: “As America’s first Pacific President, I promise you that this Pacific nation will strengthen and sustain our leadership in this vitally important part of the world.” This refocus on Asia has since late 2011 been dubbed the U.S. pivot to Asia.

Secretary Clinton’s article “America’s Pacific Century” in the *Foreign Policy* November 2011 issue used the word “pivot” only three times in outlining the evolving U.S. strategy toward the Asia-Pacific region. Yet the word was so enticing that the phrase “pivot to Asia” became iconic when discussing U.S. foreign policy toward the region. Indeed, many questioned the practicality and relevance of the word “pivot,” rather than the actual implications of the policy under review.

Asia attracted more U.S. military attention, as well. The U.S. Department of Defense published a document in January 2012 titled “Sustaining U.S. Global Leadership: Priorities for Twenty-First-Century Defense.” The background for the document reads that “over the last decade, we have undertaken extended operations in Iraq and Afghanistan to bring stability to those countries and secure our interests. As we responsibly draw down from these two operations, take steps to protect our nation’s economic vitality, and protect our interests in a world of accelerating change, we face an inflection point.” The essential guidance from the document was that “U.S. economic and security interests are inextricably linked to developments in the arc extending from the Western Pacific and East Asia into the Indian Ocean region and South Asia, creating a mix of evolving challenges and opportunities. Accordingly, while the U.S. military will continue to contribute to security globally, *we will of necessity rebalance toward the Asia-Pacific region.*”⁸

Whatever term one chooses—“rebalance,” “refocus,” or “pivot”—the essential point is that the United States has shown its intention to further enhance its engagement throughout the Asia-Pacific region with renewed vigor. Several components of this refocusing include strengthening the “hub-and-spokes” system of alliances with countries like the ROK, Japan, and Australia; forging a new partnership with countries like India and Indonesia; and engaging multilateral institutions in Asia.

Moreover, in terms of multilateral institutions in Asia, the pivoting or rebalancing toward Asia by the U.S. was embodied in joining the EAS. President Obama’s first attendance at an EAS meeting, in Bali in November 2011, was well accepted by the countries in the region, which particularly contrasted with the conspicuous absence of either the president or prime minister of Russia, another country admitted to the EAS together with the U.S.

Both China and the United States are trying to gain support or to build a collective front in the region. Neither country can prevail without explicit or implicit support from the region’s other countries. Thus, the process of pivoting to Asia by both China and the United States has evolved into active diplomacy by both sides. Both countries have naturally impinged on each other, and this has also been the case for both multilateral and mini-lateral regional institutions.

8. The full document can be found at http://www.defense.gov/news/Defense_Strategic_Guidance.pdf.

2

CHINA-U.S. RIVALRY A CASE OF REGIONAL INSTITUTIONS IN EAST ASIA

Regional Institutions in Asia

Bali, known as the island of God, was crowded in November 2011, not with tourists but with nicely suited people surrounded by heightened security. And journalists from various countries were scurrying everywhere. It was the Summit Meeting of the 18 countries of East Asia that belong to the EAS. Since 2005, the EAS had been held in a format of the ASEAN+6, with the participation of China, Japan, the ROK, Australia, New Zealand, and India. At the year of its sixth meeting in 2011,¹ Russia and the U.S. joined the EAS, making it the ASEAN+8. Unlike Russia, which was represented by its foreign minister, U.S. president Obama attended in person, and he attracted everyone's attention, including that of the local Balinese. According to a former senior White House official, even though economic agencies had reservations about joining the EAS, President Obama's final decision was made after his meeting with President Susilo Bambang Yudhoyono of Indonesia in June 2010 on the occasion of G-20 meeting in Toronto.² This demonstrates how much renewed interest the U.S. leadership attaches to Southeast Asia. More recently, in November 2012, just a week before President Obama's trip to Southeast Asia, National Security Adviser Thomas Donilon mentioned at CSIS, "We're not only rebalancing towards Asia, we're also rebalancing our efforts within Asia. We had been heavily invested—as everyone in this world knows—in Northeast Asia for lots of historical and other reasons, but we have really focused here in a renewed way on Southeast Asia and ASEAN."³

Despite repeated emphasis on the ASEAN by the U.S., many tend to see that the U.S. engagement with various ASEAN-led multilateral institutions as one of the elements of U.S. policy in counterbalancing China's rise. In other words, the multilateral institutions are "increasingly becoming an important potential means of shaping the larger regional environment to serve Washington's objectives toward Beijing, from the resolution of specific regional and global problem to the shaping of China's views and influence regarding international norms and values."⁴

The ASEAN+3, as a cooperation mechanism in East Asia, was launched in 1997 in response to a financial crisis in East Asia. The leaders of the ASEAN+3 countries endorsed a visionary goal of their increasing cooperation, which is an East Asian goal of community building. In order to

1. Scheduled ASEAN-related summit meetings, including EAS, were disrupted and cancelled due to protests in Thailand in 2008, where the fourth EAS meeting was supposed to be held.

2. See Jeffrey Bader, *Obama and China's Rise: An Insider's Account of America's Asia Strategy* (Washington, D.C.: Brookings Institution Press, 2012), 96.

3. Thomas Donilon, "President Obama's Asia Policy and Upcoming Trip to the Region," speech, CSIS, Washington, November 15, 2012, http://csis.org/files/attachments/121511_Donilon_Statesmens_Forum_TS.pdf.

4. Michael D. Swaine, *America's Challenge: Engaging a Rising China in the Twenty-First Century* (Washington, D.C.: Carnegie Endowment for International Peace, 2012).

attain the goal, a natural evolution of the ASEAN+3 Summit meeting into the EAS meeting was suggested in 2001 as a long-term plan. The new format of the summit meeting, the EAS, was supposed to guarantee a rotational chairmanship among all the 13 countries of the ASEAN+3, unlike the conventional custom of the ASEAN's chairmanship. Thus, at the beginning, the ASEAN+3 and the EAS each deals with a different context, the former as an overall cooperation mechanism including a summit meeting, and the latter as the summit meeting only.

In 2005, however, the first EAS meeting was held in Malaysia with three additional countries attending—Australia, New Zealand, and India—which was very different from the original plan of 2001. The leaders in 2005 declared that the EAS was “a forum for dialogue on broad strategic, political and economic issues of common interest and concern.”⁵ In 2011, the EAS expanded with two more participants, Russia and the U.S., now totaling 18 countries. Both the U.S. and China are now participating in these major regional institutions in East Asia, with a focus on their own interests.

The United States seems to focus on the EAS as a significant multilateral forum in East Asia, particularly on security issues, whereas the U.S. views the Asia-Pacific Economic Cooperation forum (APEC) as an institution centered on economic issues. In January 2010, Secretary of State Hillary Clinton, at the East-West Center in Hawaii, emphasized the need to decide “which will be the defining regional institutions,” and added that “the defining ones will include all the key stakeholders. And these may be well-established, like APEC, or they could be of more recent vintage, like the East Asia Summit, or more likely, a mix of well-established and new.”⁶ Thomas Donilon reiterated that President Obama's meeting with the ASEAN “reflects the president's support for making the East Asia Summit an effective leaders' level forum for dealing with strategic and security issues. After all, APEC provides an opportunity for leaders from across the region to work on economic and trade matters. And ministers meet at the ASEAN Regional Forum and the Shangri-La Dialogue, but there's frankly no venue other than the EAS for the region's leaders to consult on political issues, and one is needed. And the East Asia Summit can be that forum.”⁷

China has not been against the idea of expanding the EAS to include the U.S. Thus, it is surely exaggerating to say that China was against the expansion of the EAS; however, it may equally be exaggerating to say that China was one of the first countries that welcomed the expansion. It may rightfully be said that China puts the ASEAN+3 before the EAS in priority, or that China downplays the role of the EAS. To put it differently, the ASEAN+3 is a key mechanism or “main vehicle” of East Asian community building, whereas the EAS is a summit meeting or “leaders-led forum” for talks. The U.S. sentiment about regional institutions in East Asia, the ASEAN+3 in particular, may be indicated in the question “Can we attend APT [i.e., the ASEAN+3] as an observer?” The question was asked, though half-jokingly, by a senior official at the U.S. government. To the contrary, China's sentiment about the EAS may be indicated in a description that the “EAS is a forum for talks,” which was made by a senior official at the Chinese government. Even though China openly welcomed U.S. participation in the EAS, China tends to emphasize the importance of the ASEAN+3 more than the EAS.

Another aspect of the competition between China and the U.S. can be seen in the realm of trilateral cooperation—with China, Japan, and Korea (CJK) on one side; and Korea, Japan, and

5. ASEAN, “Kuala Lumpur Declaration on the East Asia Summit,” December 14, 2005, <http://www.asean.org/asean/asean-summit/item/kuala-lumpur-declaration-on-the-east-asia-summit-kuala-lumpur-14-december-2005>.

6. Clinton's full remarks can be found at <http://www.state.gov/secretary/rm/2010/01/135090.htm>.

7. Donilon, “President Obama's Asia Policy and Upcoming Trip to the Region.”

the U.S. on the other. The CJK Summit meeting in 2012 was only the fifth, since the three leaders first gathered separately from the ASEAN+3 setting. And it is only recently that they have agreed on procedural matters, including what to officially name the trilateral cooperation mechanism. Yet their cooperation has already achieved significant progress, thanks mainly to the institutionalized habit of cooperation through the mechanism of the ASEAN+3. The Secretariat Office, which was established in Seoul in 2011, is expected to serve as a systemic impetus for strengthening cooperation. At the summit meeting in Beijing in May 2012, the leaders agreed to start preparations for the launch of trilateral FTA negotiations within the year. In November 2012, the trade ministers of the three countries announced the launch of the FTA negotiations, adding that the first round of the negotiations would be held in early 2013.

The alliance relationship between the ROK and the U.S. on one side and the U.S. and Japan on the other both have long histories. Even though there is not an actual collective alliance relationship among the three countries, there have long been discussions of the possibility of a “virtual alliance” among the three. The idea of establishing a (cyber)secretariat for this trilateral cooperation has also been discussed. And at the trilateral Foreign Ministers’ Meeting in Phnom Penh in July 2012, “the formation of a working-level Steering Group, based in Washington, D.C., to facilitate trilateral cooperation” was announced.⁸ There are many who see the measure, if not so significant, as one that will pave the way for developing a cybersecretariat and then a physical secretariat in the near future.

A similar pattern is to be seen at the subregional level in Southeast Asia. In 1992, with assistance from the Asian Development Bank, Cambodia, Laos, Myanmar, Vietnam, Thailand, and China entered into a program of economic cooperation, designed to enhance economic relations among the countries. This has been called as the Greater Mekong Subregion. A similar initiative was launched by the U.S. in 2009, called the Lower Mekong Initiative, to foster integrated subregional cooperation and capacity building. As the name indicates, Myanmar and China were outside the initiative. And in recognition of Myanmar’s democratic reform process, that country formally joined the initiative in July 2012. In 2011, the U.S. initiated a ministerial meeting called Friends of the Lower Mekong, which aims to enhance coordination among the major partners of the Mekong subregions, such as the ROK, Japan, Australia, New Zealand, and the EU, but not including China.

The Nature of China-U.S. Rivalry

Why then, do the U.S. and China compete with each other? When considering the changing global environment—including the end of Cold War, the rise of China, and other major events—the rivalry may not be regarded as an anomaly. It may seem inevitable.

First, the U.S. and China lack a common enemy. Of course, there are issues that may be commonly regarded as threats, such as climate change, the proliferation of weapons of mass destruction, and terrorism. However, such global and political issues are not enough to guarantee collaboration between the two countries. There should be common threats of a country or a group of countries. One of the major elements that helped China and the U.S. to pursue rapprochement in 1970s was the China-Soviet split. As Henry Kissinger recently pointed out at the Woodrow Wilson

8. U.S. Department of State, “Trilateral Joint Statement,” media note, July 12, 2012, <http://www.state.gov/r/pa/prs/ps/2012/07/194894.htm>.

International Center for Scholars, China wanted to “have the distant barbarians, the more distant barbarian, deal with a more close-in barbarian. In other words, have the United States balance the Soviet Union.”⁹ Since the demise of the Soviet empire, it has been hard to imagine that Russia in the near future will rise to a status similar to the one it enjoyed during the Cold War. Rather, China has now emerged as the major state confronting the U.S. on the global stage.

As noted, some issues—including climate change, terrorism, and the proliferation of weapons of mass destruction—may be regarded as common threats. Such threats actually encourage the expansion of the zone of cooperation between China and the U.S. However, due to the nature of these threats, there are still loopholes that may cause free riding. And more important, the perception of these threats can be different from the U.S and China. One side may be more sensitive or vulnerable than the other with regard to the threats. The differences of perception in return lead to different remedies. Thus, such topical issues do not guarantee a close partnership or prevent rivalry between the two. Rather, some topical issues encourage the expansion of the zone of rivalry between the two—including the global trade imbalance or the Chinese currency issue, human rights, and democracy. From Tibet and the Dalai Lama to the more recent standoff regarding a Chinese human rights activist, there have always been differences.

Second, with the growth of China, the gap between the two countries is becoming narrower, even though China’s per capita income is considerably lower than that of the U.S. Considerable gaps still exist in economic size, standard of living, military spending, and other indicators. Also, many consider there to be psychological tension between an established but seemingly declining power on one side and a rising power on the other. China has become the second-largest economy in the world, and its largest exporter and manufacturer. The forecast for future trends is more dramatic. Many believe that before 2030 China is going to be the world’s largest economy, surpassing the U.S. Though official defense spending between 2000 and 2007 is extrapolated, by 2020 China’s defense spending will probably equal that of Japan, India, and Russia combined.¹⁰

In 2006, a documentary program made by and aired on CCTV, a Chinese state television channel, became an instant hit in China. An important aspect of the 12-part documentary series titled 大國崛起 (daguoquqi), or translated in English as *The Rise of the Great Powers*, is China’s aspiration to become a big power while heeding lessons from the history of others. It is also interesting to note that these are the countries that China believes caused it to have a century of shame and humiliation.

Third, they have ideological differences. Even though China has adopted a market-oriented economy, it is still a country where the Communist Party is the sole authority. It is about value systems, more than about warfare between liberal democracy and authoritarianism. These value systems include the concept of human rights, religious freedom, freedom of speech, and the rule of law.

As a result, there has been a description that “the diplomatic rivalry now under way has begun to divide the region into two nascent blocs.” One side is a maritime grouping “composed primarily (though not exclusively) of liberal democracies, including Japan, the ROK, Australia, and the Philippines. The other side is a continental grouping of “poor, authoritarian, and comparatively

9. Henry Kissinger, “The National Conversation: China’s New Leadership: Opportunity for the United States?” speech, Woodrow Wilson International Center for Scholars, Washington, D.C., October 3, 2012, <http://www.wilsoncenter.org/sites/default/files/chinaleadershiptranscript.pdf>.

10. Jonathan Holslag, *Trapped Giant: China’s Military Rise*, Adelphi Paper 416 (London: International Institute for Strategic Studies / Routledge, 2011), 109.

weak states ranged around China's periphery," including North Korea, Pakistan, Laos, Cambodia, and Myanmar.¹¹

Fortunately, China and the U.S. are not likely to follow their rivalry into an actual conflict. Both are nuclear powers, and traditional deterrence works here, too. And the two countries' economic interdependence is much too extensive to be sacrificed. Moreover, there are channels and mechanisms for talking with each other and managing the difference. It is difficult to imagine that both great powers will agree to cooperate for shared leadership in East Asia, but easier to imagine a continued contest for a favorable position.

Thus, the risk of conflict resulting from continued confrontation is too high for them and the roots of rivalry resulting in confrontation are too solid for them. For the foreseeable future, the relations between both sides will continue to fluctuate between the zone of cooperation, yet one that is much less intense than that of U.S.-Europe relations, and the zone of confrontation, yet one that is much less intense than that of U.S.-Soviet relations.

11. Aaron L. Friedberg, *A Contest for Supremacy: China, America, and the Struggle for Mastery in Asia* (New York: W. W. Norton, 2012), 203–204.

3

KOREA AND STRATEGIC THINKING

This section deals with various factors that are expected to be helpful for Korea in its strategic thinking. Starting with the status of Korea's relations with the U.S. and China, the discussion also covers strategy vis-à-vis China's rise and revisits the term "balance," between China and the U.S., with respect to its practical use.

The ROK's Relations with the United States

On the basis of the Mutual Defense Treaty (1953), the ROK is a treaty ally of the U.S. and carries the status of major non-NATO ally of the U.S. The treaty is about an armed attack on either side, not just on the ROK side.¹ However, the reality is that the treaty alliance was a one-way security provision or protection mechanism, which was from the U.S. to the ROK. In other words, the ROK was viewed as a security consumer, while the U.S. was the security provider. The basic rationale, or the threat from North Korea, has not at all changed since then, but the one-way nature of the alliance has been changing. The defense capability of the ROK has dramatically increased as its own economy has grown. The changing security environment on the Korean Peninsula has also affected the alliance, as the development of weapons of mass destruction and the danger of nuclear proliferation have become threats to both the ROK and the U.S.

In June 2009, the two governments issued a document titled "Joint Vision for the Alliance of ROK and the U.S." After reaffirming that the Mutual Defense Treaty of 1953 remains the cornerstone of the ROK-U.S. security relationship, the Joint Vision directed that "the Alliance will enhance coordination on peacekeeping, post-conflict stabilization and development assistance, as is being undertaken in Iraq and Afghanistan." Accordingly, the security relationship has now expanded and deepened, worthy of being assessed as a qualitative change from 60 years ago. The decision by the ROK government to dispatch forces to Iraq and Afghanistan was made possible in consideration of this changing nature of the alliance relationship.

What is noteworthy, together with the expanding nature of the alliance, is that the word "alliance" in Korea came to indicate the strong relationship with the U.S. not just in security terms but also in every aspect. For example, with KOR-U.S. FTA entering into force, it was described in Korea that an economic alliance between the two countries was established. Korea is the seventh-largest trading partner of the U.S., accounting for less than 3 percent of total U.S. trade. This amount is one-fourth of the China-U.S. bilateral trade volume. For Korea, as well, its top trading

1. Article 3: "Each Party recognizes that an armed attack in the Pacific area on either of the Parties in territories now under their respective administrative control, or hereafter recognized by one of the Parties as lawfully brought under the administrative control of the other, would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its constitutional processes."

partner is China, with which it has more than double its trade with the U.S. Furthermore, more recently, there has been talk of a value-based alliance. This seems to indicate somewhat more than the commonly used phrase that both countries “shared values.” It may be no more than a ritualistic diplomatic expression. However, such labeling took some in Korea by surprise. The concern seems mostly about the possibility that such a labeling may turn China against Korea.

All in all, the U.S. has been the most significant country of consideration, affecting Korea’s security and nonsecurity peacetime affairs in various aspects, including economic, social, and cultural issues. It is not only because there has continued to be a security threat on the Korean Peninsula from the North, but also because the U.S. is an existing preponderant power in Asia and the world.

The ROK’s Relations with China

The ROK and China normalized diplomatic relations in 1992. The year 2012 marks the twentieth anniversary of diplomatic relations for both countries. The trade increased by 35 times through the 20 years. The export volume from Korea to China in 1992 was \$26.5 billion, or 3.5 percent of the ROK’s total exports. Its imports were no better, at a volume of \$37.2 billion, which accounted for 4.6 percent of its total imports. After 20 years, in 2011, the ROK’s exports and imports skyrocketed to \$134 billion and \$86 billion, respectively. China now accounts for 24 percent of the ROK’s total exports and 16 percent of its total imports. As an export market for the ROK, in 2003, China surpassed the U.S. in volume. The ROK’s exports to China are now more than double the volume of its exports to the U.S. For China, too, Korea has become a top trading partner, together with the U.S. and Japan. In May 2012, bilateral FTA negotiations began. People-to-people exchanges also expanded, from 130,000 in 1992 to 7 million in 2011.

The importance of relations between the ROK and China is not just about economic interdependence between them. In addition to economic interdependence, it is about two interrelated challenging tasks, which the ROK faces vis-à-vis China. First, China is a rising power in Asia and is a neighboring country of the ROK. This is a task related to the strategic contest between China and the U.S. Questions with regard to this task include how to avoid a situation where the ROK is forced to choose between China and the U.S., and whether it is possible to define “economic alliance” if the ROK-China FTA is to be signed like the case of the ROK-U.S. FTA. Second, China is a Communist state and thus is on a different path from a liberal democratic state. This is a task related to China’s relationship with North Korea, which is the biggest security threat to the ROK. China is the only country maintaining close links with North Korea. Questions with regard to this task include how will China respond to contingencies on the Korean Peninsula, and how does China feel about North Korea’s nuclear programs.

China’s Rise: Balancing, Hedging and Partnering

In response to China’s rise, many have tried to create the strategy on the basis of theoretical reasoning. But as a matter of policymaking, it is difficult to fit certain policies into this type of reasoning. Rarely is a policy elaborated openly by a government on the basis of a certain theoretical background. However, such a theory nonetheless provides useful ways of understanding complex situations in a more simplified way.

In a more general description of a country's choices in dealing with China's rise, there have been theoretical choices, such as internal or external balancing, hedging, and bandwagoning. For Korea, no choice stands out, since multiple options are available.

One may argue that there is a default choice, or an already-given choice, which is external balancing with the U.S. Since the alliance treaty was signed before the rise of China and targeted against North Korea, the treaty alliance is not about China per se. However, many in China tend to see that the ROK-U.S. alliance could become a web that targets and restricts China. Thus, a hedging strategy guides Korea to pursue strengthening the ROK-U.S. alliance without providing a signal to China that it is targeting China.

Then what about bandwagoning? If bandwagoning refers to the act of weaker states joining a stronger power or coalition within balance-of-power politics, it is difficult to apply to the case of Korea. An active process of cooperation in geographically motivated regional institutions in East Asia, such as the ASEAN+3 and CJK trilateral cooperation, needs a somewhat different explanation other than bandwagoning. It may be called a strategy of "partnering," in the sense that Korea associates with China in a mutually beneficial manner based on the win-win principle. Its driving force is not a threat or fear but a belief in mutual benefits.

The reason why various choices, including hedging and partnering, are possible is that Korea fears less about China than Japan does. Such perceptions are quite a recent phenomenon and may be based mostly on the ROK's economic interdependence with China, which has been achieved during the past 20 years. Cultural similarity and a shared history of having suffered from Japanese imperialism may also have affected this situation.

With regard to the ROK's perception on China, some experts try to explain it in relation to the two countries' shared perspective on North Korea. After naming the ROK's strategy toward China as "South Korean accommodation of China," David Kang wrote that "China and South Korea share similar perspectives on how best to handle North Korea and furthermore have seen relations across the board growing warmer, not colder. . . . Both South Koreans and Chinese believe that North Korea—although a major potential security threat—can be deterred and are just as worried about the economic and political consequences of a collapsed regime."² Kang may have wanted to indicate a tactical similarity between the ROK and China vis-à-vis North Korea, including nuclear issues, a regime collapse, and inter-Korean relations. However, it may be difficult to ascertain that the ROK and China share political and strategic perspectives on such issues. The economic consequences of a regime collapse may be shared, but its political implications for both countries may not be the same. To the contrary, the difference and distrust between them regarding North Korea's future may still be a hurdle for further enhancing ROK-China bilateral relations.

Balance or Balanced Approach

During the Cold War period, most small and medium-sized countries had to choose between two so-called camps or blocs. Ideological confrontation divided the international community, and bipolar international systems with two superpowers at each core made other countries choose between them. Simply put, my friend's friend was a friend, while my enemy's friend was an enemy. Today, however, in the post-Cold War era, small and medium-sized states have more choices than

2. David Kang, "Between Balancing and Badwagoning: South Korea's Response to China," *Journal of East Asian Studies* 9, no. 1 (January-April 2009): 1–28.

before. My enemy's friend may not be necessarily my enemy. In the current international system, states are less forced to make a choice between so-called camps or blocs than during the Cold War period. Even so, while a new type of strategic rivalry seems to emerge and persist between China and the U.S. in Asia, countries in the region may have a legitimate concern about such a possibility, and thus they may be forced to choose between the two.

The word "balance" has often been used in describing the choice of a middle-sized country like Korea in its diplomacy vis-à-vis two major powers. It has been quite widely accepted by many, probably because it has literally, by definition, positive connotations. And it gives comfort by its indication of not tilting toward any one side, similar to the preference of the moderate instead of the extreme about matters of any character. However, its practicality in international relations, particularly between China and the U.S., is doubtful.

First, there is always a danger that the pursuit of balance may be misunderstood at best, and be disliked at worst, by both powers. Thus, the policy of balance between any two powers is in danger of being distrusted by both rather than being liked by both. The danger easily turns into a reality if the country is indulgent about bragging about its commitment or predisposition to "balance" or, even further, play a "balancer role" openly and publicly. For instance, in maintaining the balance of power in Europe, Great Britain played a balancer role through its own supremacy. This is a role that would be impossible to emulate for those small and medium-sized countries in Asia that lie between China and the U.S.

Second, in reality, a nation's policymaking based on a standard of balance may be very difficult to implement, particularly between two major powers. Faced with very complicated situations, as is often the case in reality, it is difficult to prepare a one-size-fits-all type of balancing act that can be used anytime. Even with a certain kind of balancing act, it is very difficult to stand firmly on a tightrope. More often than not, the pursuit of balance in the process may end up frustrating both sides rather than pleasing or satisfying them both.

Thus, striking a balance between the two in itself may not be a definitive goal or choice. And balance itself is not to be pursued as a goal or an end product. However, a balanced approach is essential in that it may provide a basis for strategic and comprehensive thinking. In pursuing such a balanced approach, there are some axioms to consider. First, clearly define where the shared interest, both security and economic, lies between the ROK and China on one side and the ROK and the U.S. on the other. Understanding these shared interests helps to avoid a superficial relationship, which in turn helps avoid frustration and disappointment. Regarding China-U.S. relations, Yan Xuetong has argued that "the instability of China-U.S. relations since the end of the Cold War is mainly attributable to their fewer mutually favorable interests than unfavorable ones. The policy of pretending to be friends the two nations have adopted has resulted in dramatic fluctuations in their relations. Superficial friendship does not serve either of the nations well."³

The ROK has both security and economic interests with both the U.S. and China. It is not required to decouple the two interests with each power, for example, security interest with the U.S. and economic interest with China. The ROK's mutually favorable or shared interests with the U.S. include a nuclear free North Korea, effective deterrence against North Korea's provocations based on balance in favor of the ROK, enhanced economic opportunity, unimpeded maritime navigation of the South China Sea, and open regionalism in East Asia. The ROK's shared interests with China

3. Yan Xuetong, "The Instability of China-US Relations," *Chinese Journal of International Politics* 3, no. 3 (2010): 263-292.

include enhanced economic opportunity, a nuclear free North Korea, and enhanced opportunities for China-Japan-Korea trilateral cooperation.

Second, maximize both security and economic interest with each country. The shared interest of the ROK-U.S. was highlighted in June 2010, when presidents Obama and Lee had a bilateral meeting on the occasion of the Toronto G-20 Summit. At a press conference after the meeting, Obama hailed the relationship in security and economic terms. Regarding the security matter, he said the ROK-U.S. alliance was “the *lynchpin* of not only security for the Republic of Korea and the United States but also for the Pacific as a whole” (emphasis added). The term “lynchpin” indicated heightened alliance relations and put the ROK in the role of one of the most attractive and credible partners of the U.S.⁴ Subsequently, on the ROK-U.S. FTA, Obama said that “it is the right thing to do for our country. It is the right thing to do for Korea. It will strengthen our commercial ties and create enormous potential economic benefits and create jobs here in the United States, which is my number one priority.”⁵

The ROK-U.S. shared interest, already encompassing many issues, needs to continue being strengthened in quality. As such, so there is also much room for ROK-China shared interests to be expanded in quantity and strengthened in quality. This includes a possibility that the ROK’s shared economic interest with China will complement their shared security interest. Or the ROK-China economic interest could reach a point where it would enhance the shared security interest for both. In other words, ROK-China relations, through the continued strengthening of relations, may offset China–North Korea relations to a considerable degree.

There have been interesting assertions that China–North Korea relations are not as solid as most have thought. Sometimes the information emanates from Chinese insiders who are “laughing about the frustrations of dealing with their paranoid North Korean counterparts—and insisting their own leverage over the Kims was a lot more limited than the Americans believed.”⁶ Interestingly, it also comes from the North Korean side, including that Kim Jong-il did not trust China.

Third, avoid facing situations where interest vis-à-vis one power may not be pursued without being detrimental to the other power. These may include those situations like shared interests where one power has a negative impact on the other power’s interest. If such a situation is unavoidable, the policymaking may be a result of an analysis of costs and benefits from both pursuing and giving up the shared interest, respectively.

4. For further elaboration on the significance of the term “lynchpin,” see Victor Cha, “The Accidental Lynchpin,” *CSIS Korea Chair Platform*, July 2010, <http://csis.org/files/publication/Platform%20July-13-2010.pdf>.

5. White House, “Remarks by President Obama and President Lee Myung-Bak of the Republic of Korea after the Bilateral Meeting,” June 26, 2010, <http://www.whitehouse.gov/the-press-office/remarks-president-obama-and-president-lee-myung-bak-republic-korea-after-bilateral->.

6. David E. Sanger, *Confront and Conceal: Obama’s Secret Wars and Surprising Use of American Power* (New York: Crown, 2012), 383.

4

KOREA'S STRATEGIC CHOICES

From the considerations and observations delineated above, a main lesson is that Korea should be able to be both an attractive and a credible partner of both China and the U.S., without being obsessed with a balance between the two. With solid ROK-U.S. relations, Seoul may continue to be a credible partner of Washington. Also, Seoul may continue to be an attractive partner of Beijing. A similar pattern also applies to ROK-China relations. With strengthened ROK-China relations, Seoul may be a credible partner of Beijing, and still an attractive partner of Washington.

This section deals with some of policy issues that Korea faces, including regional institutions in East Asia, on the Korean Peninsula, and in the South China Sea.

Regional Cooperation: ASEAN-Led Multilateral Institutions

For the countries in Asia, it is usually worrisome to see themselves being marginalized by a group of countries that have gathered to build a multilateral institution. In fact, the United States may not be an exception to this kind of worry. This sentiment is well reflected in the argument made by one knowledgeable observer that “Washington should discourage its friends from placing undue reliance on organizations that deny it a place at the table. More generally, it should favor institutions that are trans-Pacific and pan-Asian rather than exclusively East Asian in membership.”¹

It is difficult to envisage institutions being established in Asia similar to the models in Europe, such as the European Union and NATO. There are issues like membership, leadership, and strategic environment that make it difficult for the region to pursue one or two definitive institutions. Alternatives are the coexistence of various multilateral and mini-lateral mechanisms. At present, the ASEAN-centered institutions are regarded as the most reliable ones, with the participation of all the major players, including China, India, Japan, and the United States. With distinct memberships and agendas, these multilayered institutions are functioning quite well. There may be redundancy and inefficiency from the multiplicity of mechanisms. However, each institution is contributing to institutionalizing habits of cooperation, and thereby contributing to building mutual trust.

One of the most significant elements for the ASEAN in leading institutions—or the ASEAN’s centrality, in other words—is its ability to be “acceptable” to all the outside players. Its members’ geo-strategic location, economic size, and military strength, as well as its single identity as a community, have helped it to consolidate this acceptableness. This was nicely elaborated by Indonesia when it chaired the ASEAN meetings in 2011, which used the slogan “dynamic equilibrium.” As orchestrated by the ASEAN, the powers of the Asia-Pacific region, including China and the United States, would have to behave less as rivals and more as partners in a win-win arrangement.²

1. Friedberg, *Contest*, 283.

2. Jamil Maidan Flores, “The Year of Dynamic Equilibrium,” *Globe Asia*, January 3, 2012, <http://www.thejakartaglobe.com/columnists/the-year-of-dynamic-equilibrium/488843>.

Korea's best choice is to become a clever partner of the ASEAN in such efforts to build multilateral institutions. A clever partner is not a reactive member. It is a leading and active member. A clever partner may sometimes provide ideas that are acceptable to all, thereby becoming an acceptable player. And a clever partner considers all things necessary to implement the group's ideas, thereby becoming an intellectual leader. A good example is Korea's proposal in 1998 to establish a gathering of eminent persons from the ASEAN+3 countries, which is called the East Asia Vision Group. An East Asia community is a visionary goal suggested by the group in 2001. And a similar initiative was also taken by Korea in 2010 to establish a second East Asia Vision Group, which provided a recommendation paper to the leaders of the ASEAN+3 countries in November 2012.

Many in East Asia understand that the region is different from Europe; therefore, even with the goal of an East Asia community, in reality it is ultimately regional cooperation that matters rather than community building. Korea's best choice is to continue its support for East Asia community building through the ASEAN+3, expecting the ASEAN+3 to become a mature mechanism for institutionalizing the habit of sincere cooperation in East Asia, through cooperative measures including security arrangements, economic ties, and sharing in cultural fields. Korea may beef up its consultation with China in promoting such initiatives, as well as the ASEAN side.

It is also a task for the ASEAN+3 not to give an impression of developing into a closed bloc. This is very much the case for Korea as well. Korea's best choice is to support the EAS as a mutually complementary mechanism within the ASEAN+3 and to support the EAS as a wider mechanism for cooperation, not just a forum. It is a top-level, or leaders-led forum, and it may not merely be a venue for an exchange of thoughts. It may develop into an action-oriented forum.

It is true that many tend to see the ASEAN+3 and EAS as doomed to collide. This perception seems to be based on the fact that the EAS is a form of "ASEAN+3 (CJK)+5 (Australia, New Zealand, India, Russia, and the U.S.)." However, just as the ASEAN+3 may not override the ASEAN, the EAS may not override and does not need to collide with the ASEAN+3.

Each institution can further develop its own interests and strengths, while respecting the unique characteristics of the other institutions. For example, the ASEAN+3 member states have already developed a stable financial cooperation system for more than 15 years, which is now leading up to a multilateral currency swap arrangement, called Chiang Mai Initiative Multilateralization. Regarding the EAS, since it is larger in membership than the ASEAN+3, it may provide much room for the discussion of issues—including nonproliferation, maritime security, and climate change—which may take advantage of the scale of the members' economies.

In order for Korea to be a clever partner of the ASEAN, ASEAN-ROK relations should continue to be dealt with sincerely. This is why subregional cooperation mechanisms like the Mekong-ROK Foreign Ministers' Meeting launched in 2011 and the bilateral consultation on regional architecture with Indonesia and Singapore, as well as the rotating ASEAN chair country, are important elements.

Regional Cooperation: Trilateral Cooperation

China-Japan-Korea (CJK) trilateral cooperation is very similar to the process of the ASEAN+3. The basic impetus for CJK cooperation is the institutionalization of the habit of security, economic, and sociocultural cooperation. It has, respectively, benefited the ASEAN+3 and also the development of China's bilateral relations with Korea and Japan. Considering the size of the CJK

economy, population, and land mass, the CJK is an integral part of East Asian regional cooperation. Even so, it stopped short of becoming a driving force or claiming a centrality in the community-building process of East Asia, due to the lack of trust among the three countries.

Korea's best choice is to become a credible partner of CJK trilateral cooperation. Among the three countries, Korea is well placed to facilitate cooperation. The Trilateral Cooperation Secretariat, opened in Seoul in 2011 at Korea's lead, is one of the cases in point. Of course, one may not be under a false illusion about the Secretariat itself. There is yet a long way to go until CJK cooperation secures sufficient habits of cooperation. For example, the ASEAN Secretariat was established nine years after the establishment of the ASEAN. It is the ASEAN that leads the Secretariat, not vice versa. Still, it is an important move for Korea to show its ambition toward trilateral cooperation, and also it shows outside regions that the three countries are serious about developing trilateral cooperation.

While CJK trilateral cooperation is motivated by the shared need to enhance cooperation across a wide area, including economic and sociocultural fields, trilateral cooperation among Korea, Japan, and the U.S. is basically rooted in a "hub-and-spokes" system of bilateral alliances. Thus, the basic impetus is the shared security interest. Regarding trilateral cooperation, the third Armitage and Nye report, published in August 2012, wrote that "Washington, Tokyo, and Seoul should pool their diplomatic capital to jointly deter North Korean pursuit of nuclear weapons and help shape a regional environment best suited to respond to China's re-rise."³

Security-oriented mini-lateral initiatives may be misunderstood by outsiders. The idea of establishing a secretariat for Korea-Japan-U.S. trilateral cooperation should be pursued on the basis of its own necessity, rather than by trying to see it as a countermeasure against any other trilateral cooperation effort. Just as it is legitimate for countries to have concerns about being "conspicuous by absence," it is also legitimate to have concerns about being "conspicuous by exuberance." Korea's best choice is to become a clever partner in pursuing Korea-Japan-U.S. trilateral cooperation. Considering the nature of the "hub-and-spokes" system of alliances, Korea is not placed to facilitate or lead this cooperation. Even so, Korea is not to be seen as a spoiler of the cooperation. As is the case of multilateral cooperation, Korea's cleverness needs to emanate from its ideas in developing trilateral cooperation, without making it appear to be unintentionally undermining relations with other countries. Thus it is noteworthy that the third Armitage and Nye report recommended that trilateral cooperation be expanded to other areas, including official development assistance to developing countries.

The Nuclear Issue on the Korean Peninsula

The Six-Party Talks have been halted for over four years. Various forecasts and arguments have been echoed, including that the talks would not be held again. By December 2008, at the time of their sixth round, the Six-Party Talks had become a useful venue for the participating countries to discuss the issues of major concern for peace and stability in East Asia. The venue was also fruitful in providing a fundamental framework to achieve a nuclear free Korean Peninsula. A Joint Statement on September 19, 2005, still serves as a basis for addressing the nuclear issue.

3. Richard L. Armitage and Joseph S. Nye, *The U.S.-Japan Alliance: Anchoring Stability in Asia* (Washington, D.C.: CSIS, 2012), 7, http://csis.org/files/publication/120810_Armitage_USJapanAlliance_Web.pdf.

Paragraph 5 of the Statement reads, “The Six Parties agreed to take coordinated steps to implement the afore-mentioned consensus in a phased manner in line with the principle of ‘commitment for commitment, action for action.’” In line with this, there was also progress in implementing the commitment made in the February 13, 2007, agreement. However, subsequent events have not included positive follow-ups. In the meantime, there have been arguments that the Six-Party Talks are not a useful framework. No matter what the format will be, the key task is how to revitalize the negotiations to implement the agreement of September 19, 2005, which is reproduced in the box below.⁴

Joint Statement of the Fourth Round of the Six-Party Talks

1. The Six Parties unanimously reaffirmed that the goal of the Six-Party Talks is the verifiable denuclearization of the Korean Peninsula in a peaceful manner. The DPRK committed to abandoning all nuclear weapons and existing nuclear programs and returning, at an early date, to the Treaty on the Non-Proliferation of Nuclear Weapons and to IAEA safeguards. The United States affirmed that it has no nuclear weapons on the Korean Peninsula and has no intention to attack or invade the DPRK with nuclear or conventional weapons. The ROK reaffirmed its commitment not to receive or deploy nuclear weapons in accordance with the 1992 Joint Declaration of the Denuclearization of the Korean Peninsula, while affirming that there exist no nuclear weapons within its territory. The 1992 Joint Declaration of the Denuclearization of the Korean Peninsula should be observed and implemented. The DPRK stated that it has the right to peaceful uses of nuclear energy. The other parties expressed their respect and agreed to discuss, at an appropriate time, the subject of the provision of light water reactor to the DPRK.
2. The Six Parties undertook, in their relations, to abide by the purposes and principles of the Charter of the United Nations and recognized norms of international relations. The DPRK and the United States undertook to respect each other's sovereignty, exist peacefully together, and take steps to normalize their relations subject to their respective bilateral policies. The DPRK and Japan undertook to take steps to normalize their relations in accordance with the Pyongyang Declaration, on the basis of the settlement of unfortunate past and the outstanding issues of concern.
3. The Six Parties undertook to promote economic cooperation in the fields of energy, trade and investment, bilaterally and/or multilaterally. China, Japan, ROK, Russia and the US stated their willingness to provide energy assistance to the DPRK. The ROK reaffirmed its proposal of July 12th 2005 concerning the provision of 2 million kilowatts of electric power to the DPRK.
4. The Six Parties committed to joint efforts for lasting peace and stability in Northeast Asia. The directly related parties will negotiate a permanent peace regime on the Korean Peninsula at an appropriate separate forum. The Six Parties agreed to explore ways and means for promoting security cooperation in Northeast Asia.
5. The Six Parties agreed to take coordinated steps to implement the afore-mentioned consensus in a phased manner in line with the principle of "commitment for commitment, action for action".
6. The Six Parties agreed to hold the Fifth Round of the Six-Party Talks in Beijing in early November 2005 at a date to be determined through consultations.

4. Ministry of Foreign Affairs of Japan, “Joint Statement of the Fourth Round of the Six-Party Talks,” September 19, 2005, http://www.mofa.go.jp/region/asia-paci/n_korea/6party/joint0509.html.

In order for talks or negotiations to begin, the parties need to first understand that there is something to be compromised between them. With regard to the North Korean nuclear talks, as well, there should be a clear understanding what to give and take from each party. It may not be just a nuclear issue concerning North Korea. It is also a broader security and bilateral relations issue, involving inter-Korean, U.S.–North Korea, and U.S.–China relations.

Condoleezza Rice mentioned recently at the Heritage Foundation that the U.S. “needs to be careful not just to focus on the nuclear side, although the nuclear side is very key, but one thing we should always remember is why Iran with a nuclear weapon would be so destabilizing. It’s because of what Iran is: It is an existential threat to Israel.”⁵ So what matters is who they are as well as what they are up to. Of course there are some who think differently. For example, a senior journalist at the *Washington Post* admonished the U.S. government regarding the U.S. responses to a long-range missile test by North Korea and a subsequent intercontinental ballistic missile test by India both in April 2012, writing that “the United States needs a consistent position on nonproliferation if its efforts to lower the nuclear weapons threat are to be taken seriously.”⁶ However, this school of thought does not seem to have a resounding influence in Washington. Mostly, North Korea is regarded as in line with Iran, and both of them are seen to be different from India. Thus, it is the issue of both nuclear programs and North Korea, and key U.S. concerns are the possibilities of a “nuclear-armed North Korea” and nuclear proliferation. And it may not be practical to expect that bilateral relations between the U.S. and North Korea can be improved before the nuclear issue can be solved.

China is also against the idea of a nuclear-armed North Korea. There seem to be differences, however. While both nuclear components and North Korea’s nuclear status itself are problems for the U.S., the nuclear component issue alone is a problem for China. This difference also leads to their different responses to North Korea’s provocative actions. As for the nuclear-related provocations, including nuclear tests, China has been in favor of international actions, including the adoption of resolutions by United Nations Security Council. When North Korea conducted a nuclear weapons test in May 2009, the Chinese Foreign Ministry issued a statement, which read, “The Chinese Government is firmly opposed to this act by the DPRK [Democratic People’s Republic of Korea, i.e., North Korea]. By conducting another nuclear test, the DPRK violated the relevant resolutions of the Security Council, impaired the effectiveness of the international nuclear non-proliferation regime, and affected regional peace and stability.”⁷ However, when it is a matter of inter-Korean relations, and even something that occurs at North Korea’s provocation, China frustrates the ROK by calling upon all the parties concerned to exercise restraint.⁸

5. Condoleezza Rice, “Leadership: America’s Critical Foreign Policy Role,” speech, Heritage Foundation, Washington, D.C., June 20, 2012, <http://www.heritage.org/research/lecture/2012/06/leadership-americas-critical-foreign-policy-role>.

6. Walter Pincus, “Washington Double-Talk on Nukes,” *Washington Post*, April 23, 2012, http://www.washingtonpost.com/world/national-security/washington-double-talk-on-nukes/2012/04/23/gIQA-zQhCdT_story.html.

7. Ministry of Foreign Affairs of the People’s Republic of China, “Statement on the Adoption of the UN Security Council Resolution 1874 on the DPRK Nuclear Test,” June 13, 2009, <http://www.fmprc.gov.cn/eng/xwfw/s2510/2535/t567565.htm>.

8. Following are the remarks on the Yonpyeong Island incident by the Chinese Foreign Ministry spokesperson: “China strongly calls on the DPRK and the ROK to keep calm and exercise restraint, conduct dialogue and contact as soon as possible to avoid recurrence of similar incidents. All parties concerned should do more to ease the situation and contribute to peace and stability on the Peninsula.” Ministry of

China shares land borders with 14 countries. Stability in the Northeastern border region, the Korean Peninsula, provides one of the most important environments for China's internal economic growth. Thus, one of the key components of China's policy is to maintain stable bilateral relations with North Korea. North Korea's bilateral relations with China have not been significantly undermined just because of nuclear programs. China has a different threat perception or level of concern than the U.S. has over the nuclear issue. It is certainly a stumbling block for both China and North Korea, but at least up until now it seems to have been manageable within the broad context of their bilateral relations. Neither China nor North Korea wants others to see that there are frictions between them, even though they have some in reality. In other words, China and North Korea understand that they may disagree sometimes, but they do not have to be disagreeable. "Unless China pushed North Korea to the brink of collapse," the North would refuse to take meaningful steps to give up its nuclear program.⁹

North Korea has argued that the antagonistic policy of the U.S. should first be revoked in order to achieve a positive outcome for the nuclear issue. For North Korea, nuclear programs seem to be a tool for bilateral relations with the U.S. and for the protection of regime stability. The National Institute for Defense Studies of Japan, the Ministry of Defense's core policy research arm, also assessed that the top diplomatic and security priority of North Korea has always been "an end to the United States' hostile policies toward North Korea," meaning improved relations with the United States. And the institute went further, arguing that North Korea "has pursued other diplomatic relations, including improvement in North-South relations, as long as it felt they would contribute to fulfilling this objective."¹⁰

The difference in thinking between the U.S. and North Korea is epitomized in the Leap Day Deal of February 2012. In this deal, there was no single document agreed upon between Pyongyang and Washington. Instead, they each released separate, unilateral statements on the basis of a mutual verbal agreement. The elements contained therein, on both the nuclear side and the bilateral relations side, are not different as a whole. However, even at first sight of the two statements, one can recognize the underlying difference. While the U.S. statement begins with and emphasizes the nuclear side of the deal, an overwhelming part of the North Korean statement is on the bilateral relations side; eight out of nine sentences are about bilateral relations.¹¹ Even though the missile test by North Korea in April 2012 provided direct cause for the disruption of the deal, it was in any case feeble to expect a dramatic follow-up on the basis of the deal. Still, it was deplorable that momentum for continued dialogue was lost after the missile test.

Foreign Affairs of the People's Republic of China, "Remarks on Exchange of Fire between the DPRK and ROK," November 24, 2010, <http://www.fmprc.gov.cn/eng/xwfw/s2510/2535/t773090.htm>.

9. Sanger, *Confront and Conceal*, 387.

10. National Institute for Defense Studies of Japan, *East Asian Strategic Review 2012* (Tokyo: Japan Times, 2012), 66.

11. The U.S. statement showed that it approaches the issue of North Korea as mainly a nonproliferation issue. This partly explains why it looks a bit awkward to read the U.S. statement, particularly in its linking of the two substantial elements of the statement, both nuclear side and bilateral relations side. The linking sentence is just: "The following points flow from the February 23-24 discussion in Beijing:" On the contrary, in the North Korean version, a kind of linking sentence comes first as follows: "Both parties agreed to take a series of confidence building measures simultaneously as an effort to improve DPRK-US relations." (In the original Korean language: 쌍방은 또한 조미관계를 개선하기 위한 노력의 일환으로 일련의 신뢰조성 조치들을 동시에 취하기로 합의하였다. ;unofficial translation by this writer for this paper's purpose only.) Several bilateral relations elements follow. At the end, the statement reads, "in order to maintain positive atmosphere for the US-DPRK Talks"; some of the measures to be taken by North Korea regarding its nuclear activities are provided.

From the ROK's perspective, North Korea is ultimately its counterpart for reunification on the Korean Peninsula. North Korea is also an existing threat to the ROK, through both conventional and unconventional weapons. It is everyone's hope that reunification can be achieved in a peaceful manner. Such ambivalence is unique to the ROK and may be difficult to be fully shared with any other countries. This gives a reason why no political leaders in Seoul may confidently argue for a preemptive attack as a way of addressing nuclear concerns vis-à-vis Pyongyang. And this is why the Korean Peninsula is different from the Middle East, where Israel is faced with the Iranian nuclear issue.

For the ROK, North Korea has continuously been the single most serious threat since the Korean War. From the ROK's perspective, the nature of the nuclear issue is more about altering the balance of power, a heightened security alert, and confrontation on the Korean Peninsula than about the global proliferation threat. Even though the situation has become far more complicated because of the nuclear and missile issues, the most fundamental issue is still inter-Korean bilateral relations. In other words, the security issue of North Korea has both a nuclear side and a bilateral relations side, as far as the ROK is concerned. That is why the ROK is in a good position to address both issues comprehensively.

Thus, Korea's best choice is to take a more proactive role. Korea can approach the nuclear issue through the broader context of inter-Korean relations. This may lead to direct inter-Korean talks with regard to various security issues, not necessarily limited to the nuclear issue. Seoul is to continue to share the view with Washington that inter-Korean relations are an essential element in addressing the nuclear issue. Even in a situation of broadening the nature of the alliance, no other place is better than the Korean Peninsula, where Korea can play a major role as a staunch ally of the U.S. in making a good effort to address the proliferation concern.

Moreover, Korea's best choice is to secure China's continued stance on the two countries' shared interest against nuclear programs in North Korea, and to seek China's help in deescalating tensions by discouraging North Korea from pursuing provocative actions like nuclear tests. Strong and shared resolve by both will convey a clear message that nuclear weapons should not be the last resort that North Korea can count on, no matter what its cause and purpose are.

The Korean Peninsula: Inter-Korean Relations

No one can be confident what a unified Korea will look like, let alone when unification will come. The major powers in the region—like China, Japan, Russia, and the United States—all have keen interests in it. Any concrete picture may not be drawn about a unified Korea, without considering various elements, including North Korea's domestic situation, China-U.S. relations, and Japan's status, which are very much subject to change and difficult to foresee. It will take time. As two knowledgeable analysts have observed, "While Chinese efforts to promote inter-Korean reconciliation may create a favorable foundation for the resumption of the Six-Party Talks, effective regional coordination on Korean Peninsula issues in the long term will require deepened China-ROK understanding on security issues and the future of the Korean Peninsula as well as broader regional coordination on North Korea and Korean unification policies."¹²

Yet, the broad picture may be that North Korea should be an indispensable nation in promoting peace and prosperity in East Asia. The vision for a unified Korean Peninsula may include the

12. Scott Snyder and See-won Byun, "China-Korea Relations: DPRK Provocations Test China's Regional Role," *Comparative Connections*, January 2011, http://csis.org/files/publication/1004qchina_korea.pdf.

position that it is unthreatening to any countries, has no concern of being threatened by other countries, and is credible and acceptable to any major powers.

What about the road to unification? Peaceful unification continues to be a standing goal for the ROK. There may be various roads to unification in theory. Scenarios may include another war on the Korean Peninsula, and a sudden collapse of the regime in North Korea. Pursuing unification through war and regime collapse is not a feasible option to take openly. According to a former U.S. commander in Korea, if there were to be another war on the Korean Peninsula, it would kill 1 million people, would cost the U.S. \$100 billion, and would cause \$1 trillion worth of industrial damage.¹³

Of course, preparations for contingency situations imaginable in North Korea are necessary, but should remain as preparations to reduce shock, if it really happens. It is possible to have a scholarly expectation or assertion that North Korea may collapse from internal causes, even without outside shocks. Even so, policymakers cannot afford to openly insist that such a situation may occur at a certain point. Thus, any policies and actions may not proceed in a way that would encourage a certain contingency that would be expected to topple the North Korean regime. This may not be helpful anyhow and would possibly be perceived by outsiders as amounting to provocative actions by the ROK. One practical policy option to pursue is achieving unification by peaceful means.

A recent survey done by a polling agency in Korea shows how the general public feels about the issue of unification. A total of 25 percent of the respondents supported “unification by all means.” However, a majority of respondents, 65 percent, favored unification—but not by all means.¹⁴ The general public understands that it may cost money for stability on the peninsula and its unification, but insists that the cost should be at tolerable levels. Again, with improved environments conducive to unification, including leaders’ meetings, opinions may change in favor of the cost for unification. In a different survey done by the Hyundai Research Institute in February 2012, 80 percent of respondents expressed their support for Seoul’s conciliatory approach toward Pyongyang.¹⁵ The message from the survey seems to be clear: The majority of South Korean people want first to see stable inter-Korean relations.

However, due to various issues—such as the continued security threat from nuclear programs and missiles, human rights abuses, and ideological confrontation—it has been very difficult to sustain the momentum for talks of stability or managing the state of division, let alone for unification. For the past few years, in particular, talks of bilateral relations, or inter-Korean relations, have not been held. For the most part, the stalemate has been attributable to a series of events in 2010, including the sinking of the ROK’s naval corvette the *Cheonan* and the shelling of Yonpyeong Island by North Korea. In this tense climate, any meaningful dialogues on either the nuclear issue or inter-Korean relations were halted.

It is becoming more pressing to promote an environment conducive to the stable management of the division of the Korean Peninsula. This naturally leads to the need to establish the first stable security situation on the peninsula. The process of establishing this situation cannot be just a matter of buzzwords, such as engagement, sunshine policy, and a policy of peace and prosperity. Instead, it needs to involve managing the state of division in a consistent manner with confi-

13. Victor Cha, *The Impossible State: North Korea, Past and Future* (New York: Ecco, 2012), 213.

14. Recited from <http://www.mt.co.kr/view/mtview.php?type=1&no=2012082416343959926&outlink=1>.

15. An excerpt of the survey is to be found at <http://www.newswire.co.kr/newsRead.php?no=603169&ected=>.

dence, but without altering the balance of power and without provocations by both conventional and unconventional means—that is, in a way that recognizes the shared interests of all parties. In this regard, Korea's essential best choice is to seek to manage the security situation on the Korean Peninsula and, thus, inter-Korean bilateral talks. With an increasing voice in global politics and economic affairs, and with a favorable balance of power, the ROK can be assured in its confidence-building efforts with North Korea. Any past provocations, including *Cheonan* and Yonpyeong, and future measures for preventing miscalculations and provocations may be discussed through dialogue. The talks themselves are by all means not to be regarded as a kind of benefit, appeasement, or capitulation. It is necessary to enhance understanding and avoid misunderstandings. Sometimes a “no-talk” policy may be employed as an intended and thoughtful strategy. But if it lasts too long and thus begins to be seen as evidence of a kind of indifference, then mutual distrust and animosities will only grow worse. And it will be increasingly difficult to resume any talks.

There are two caveats in pursuing stable management of the state of division through dialogue. One is a strong posture of readiness against North Korean provocations, and, if aggressive acts occur, quick countermeasures or reprisals according to international law. The ROK should continue to maintain its solid defense posture against any threat or provocations from the North. Second, the ROK should not allow North Korea to drive a wedge between the ROK and the U.S. Regardless of such realignment measures, including the transfer of wartime operational control, ROK-U.S. combined forces and assets are fundamental for maintaining credible deterrence on the peninsula. This deterrence would need not only the ROK's winning capability, if a new war were to break out, but also North Korea's understanding and calculation of such a scenario. Moreover, no miscalculation by North Korea could be allowed. That is why military exercises may sometimes be necessary to prevent such an error.

Together with direct talks with North Korea, a complementary approach to external engagement or a Southeast Asian community effort may be pursued. Korea's best choice is to facilitate an environment that may be conducive for North Korea to associate with existing regional cooperation efforts, through an ASEAN-centered regional mechanism and a trilateral process in Northeast Asia.

With these various mechanisms and processes, deepened in quality and extended in quantity—such as the ASEAN-ROK, Mekong-ROK, ASEAN+3, and EAS efforts—the ROK can feel confident about enhanced relations between the ASEAN and North Korea. Yet it may be useful to review how the ASEAN setting would be used. Considering the ASEAN's policies of nonintervention in the domestic affairs of other countries and decisionmaking by consensus, it is hard to expect the ASEAN to take sides on particular matters that it regards as belonging in the realm of inter-Korean relations. Furthermore, although open exchanges of animosity at multilateral meetings and pushes for favorable paragraphs in the meetings' outcome document may feed a sense of victory or relief, they do not serve to actually help resolve the fundamental problem itself.

The ASEAN has been interested in playing a facilitator's role in inter-Korean relations. North Korea maintains diplomatic relations with all 10 member states of the ASEAN. And North Korea also seems to be interested in enhanced relations with the ASEAN, as well as bilateral relations with its member states. In July 2011, both the North and the South announced, respectively, in Pyongyang and in Bali, at annual ASEAN Ministerial Meetings, nearly simultaneously that each would send an ambassador to the ASEAN in Jakarta. To some, it might have looked like a coordinated announcement between the two. It turned out later that the North's ambassador to the ASEAN was already serving as its ambassador to Indonesia, whereas the South intended to send a

new resident ambassador to the ASEAN in Jakarta, as had China, Japan, and the U.S.¹⁶ However, the message is clear that North Korea wants to engage further with the ASEAN.

Another aspect with regard to North Korea's engagement with the ASEAN is possible momentum for its internal reform and democratization. Though not a member state of the ASEAN, North Korea may gain further chances of emulating Myanmar through such efforts. Myanmar, which in the past was often called a pariah state and described as a country with a repressive regime, is now being seen as successfully moving onto the road of reform and democracy. The effect of sanctions by the international community may be disputable vis-à-vis Myanmar's change. But less disputable may be the effect of the ASEAN's community-building process on Myanmar. In particular, given that Myanmar will be hosting myriad meetings as the ASEAN chair in 2014, for the first time since it joined the ASEAN in 1997, it can gain significant momentum in boosting its image and capacity for national growth and reform.

The South China Sea: Territorial Claims and Freedom of Navigation

The South China Sea has recently been regarded as a flashpoint in East Asia. Many countries are involved in the issues, and they may be located on two separate tiers. On tier 1, there are six claimants, including Brunei, China, Malaysia, the Philippines, Taiwan, and Vietnam. Their competing claims have been over archipelagos—including the Spratly Islands, the Paracel Islands, and Scarborough Shoal, along with its resulting maritime delimitation. Over some islands, there are overlapping claims among more than two countries. On tier 2, there are many countries that have concerns about the safety of sea lanes for their commercial navigation. Half the world's merchant marine tonnage crosses the South China Sea. This is also the route of ships carrying energy-related cargo between the Middle East and Northeast Asia. Thus many countries in the region have a vital interest in maintaining guaranteed and uninterrupted navigation over the sea.

The standoff centering on the South China Sea has been attracting media attention all the more because of the tension between China and the U.S., along with the competing claims among the states that border the sea. For the past few years, the ARF has been the venue for the countries to argue the issue against each other under the agenda item of maritime security. China has argued that the issue should be discussed between claimant states on a bilateral basis. However, the ARF's agendas are always broad and not restrictive. The South China Sea has already become nearly a cliché at the meeting, since usually two-thirds of the participating 27 countries pick up the issue for their statement. Considering that the total time slated for discussion of the agenda item "exchange of regional and international issues" is less than three hours, and that each delegation may have one chance to intervene or make a statement, it is significant that such a large number of delegates choose to touch upon the South China Sea issue among various issues. Thus, together with the security issue on the Korean Peninsula, the South China Sea has been at the top of the agenda.

From China's perspective—since it claims 80 percent of the South China Sea on the basis of

16. As of the entry into force of the ASEAN Charter in December 2008, ASEAN member states opened permanent missions and sent resident ambassadors to the ASEAN in Jakarta, which is similar to the missions and ambassadors to the European Union. Among countries outside the ASEAN, Japan opened a mission and its first ambassador to ASEAN presented a letter of credentials to the secretary general of the ASEAN in July 2010, followed by the United States in April 2011, China in August 2012, and the ROK in October 2012.

so-called nine-dashed lines, if not claiming it as a territorial sea—it argues that the issue must be addressed on a bilateral basis, and thus is not relevant for multilateral discussions, including the ARF. Then, China’s assertions are as follows: It is about history-based sovereignty over the islands that it claims, and freedom of navigation on the sea would continue to be respected. From the U.S. perspective, China’s assertions focus on freedom of navigation and a peaceful resolution of the issue. Even so, the most difficult part is that the U.S. statement is usually regarded by China as an intervention into territorial issues, despite the continued U.S. assertion that the U.S. does not take sides on territorial issue.

More recently, in August 2012, the U.S. Department of State and the Chinese Ministry of Foreign Affairs publicly exchanged harsh words on the issue of the South China Sea. On August 3, the State Department issued a press statement with the heading “South China Sea.” The words therein are carefully and considerately crafted, with an emphasis on the fact that the U.S. does not “take a position on competing territorial claims over land features and has no territorial ambitions in the South China Sea.” Still, it seems hard to refute an assessment that the State Department “assailed” and “criticized” China, as an editorial in the *Washington Post* suggested on August 15.¹⁷ The Chinese Foreign Affairs Ministry was quick to strongly refute the press statement by the State Department. On August 4, the ministry issued a written document in the form of a “Statement by a Spokesperson,” expressing its “strong dissatisfaction of” and “firm opposition to” the press statement by its U.S. counterpart. Both felt they had to do what they did. However, the exchange shows how difficult it is to deal with such delicate issues.

Various elements have been intertwined regarding the South China Sea issue—including the mode of negotiation, multilateral or bilateral; the legitimacy of nine-dashed lines and historical claims by China; and freedom of navigation. The issue may not soon be solved by each claimant state. It is about more than natural resources and fishery. It is about territory, history, and national pride. Thus, it is all together about China’s national interest. By recognizing the complexity of the issue, one may come to realize that it is not the resolution of the issue once and for all that is to be pursued in the near term. Rather, stable management of the issue is essential. Freedom of navigation will be further guaranteed under the managed situation. For the claimants and nonclaimants alike, that is the goal to be pursued, along with building an environment that is conducive to it. It is a tremendously important test both for the ASEAN as a community and for the U.S. and China in East Asia.

Korea is not a claimant state on any single island in the South China Sea. Still, Korea has a significant stake in the maritime commerce on the sea. The sea provides vital sea lanes to Korea for its trading in goods with the outside world, in particular energy imports from the Middle East. Thus, it is relevant for Korea to try to secure guaranteed and unimpeded freedom of navigation. Fortunately, no actual cases have been reported where this freedom has been restricted by any sides for the merchant ships of a third country. And China continues to express its commitment to this freedom.

Any possible course of action may be crafted with full consideration of the nature of disputes, its impact on maritime commerce and Korea’s own territory, and relations with each claimant states. Again, such efforts need to be pursued with caution, and should not be regarded by any claimant states as an intervention or as taking sides on the territorial claims. That is why any comments or statements at governmental meetings continue to be carefully phrased and delivered without giving a wrong signal to all the parties concerned.

17. Editorial, *Washington Post*, August 15, 2012.

As for Korea, the best policy choice may be to maintain principles but apply them on the basis of the situation—in other words, “principled position, but flexible adaptation.” The principled positions may include nonintervention in the territorial claims among the claimants, support for a peaceful resolution of the issue, and maintenance of freedom of navigation. However, what matters usually is not the principle itself but how it is applied to a certain situation and how it is understood by others. In pursuing principled but flexible adaptation, quite a bit of nuanced diplomatic words and deeds are essential, with a deep understanding of the complexity and sensitivity of the issue and also its probable impact on Korea.

There are situations where Korea needs to deal with the South China Sea issue, including various bilateral settings with China, the U.S., and claimant states of the ASEAN as well as multilateral settings. First, since China does not want to internationalize the issue, it may not be the case that China feels inclined to include the issue on the agenda list at bilateral talks with Korea. Basically, this is not a bilateral issue between Korea and China. And considering China’s reluctance to discuss the issue bilaterally and its reiteration to a commitment to the freedom of navigation, the cost of raising the issue outweighs the benefit from it. Still, it may be imaginable for China to request that Korea not raise the issue at the multilateral forums. Faced with this, however, Korea does not need to commit itself not to raise the issue at multilateral forums.

Second, to the contrary, some ASEAN member states, the Philippines in particular, may rather be inclined to list the issue on the agenda at bilateral meetings with Korea. In doing so, they may try to convince Korea of the legitimacy of their sovereignty claim over the territory as well as their commitment to a peaceful resolution of the issue. A sympathetic and caring response as a good listener will pay. And a principled position may be presented. Furthermore, all the efforts toward a peaceful resolution of the issue by any claimants may be appreciated, as well.

Third, since Korea and the U.S. are not claimants of the issue, more frank discussion may be possible. The bottom line is that the ROK and the U.S. share a sense of the importance of maintaining stability in the South China Sea and of trying to create a conducive environment for it. With that in mind, thoughts and ideas on various subtopics may be exchanged, including the assessment of the legitimacy of each claim, the legitimacy of assertive or provocative actions by any side, and the legal and political mechanism to enhance understandings among the claimants.

Fourth, rather than a bilateral setting, it is often the case that Korea faces the issue at a multilateral forum. Statements on the situation within the principled position are to be encouraged. For example, at the ARF, with all other like-minded countries—including Australia, Canada, the EU’s member states, Japan, New Zealand, and the U.S.—touching upon the issue, no remarks by Korea will send a wrong signal to all. And any positive signals may be appreciated, including fruitful discussions toward a code of conduct among the parties concerned. Considering the volatile situations in the South China Sea, restraint from all the parties concerned may also be urged.



EPILOGUE

For many years, the Korean Peninsula has been the direct or indirect *casus belli* of wars among the major powers in East Asia, making its ground and waters key battlefields. Highlighted events include the Sino-Japanese War (1894–95), the Russo-Japanese War (1904–5), and World War II. And not only wars but also coalitions among the major powers on the basis of cold calculations of national interest have affected the peninsula's fate. Included in these major powers are China, Japan, Russia, and the United States. A lesson from the history of the peninsula may be about the capability of preventing the practice of *realpolitik* by the big powers, which is detrimental to the peninsula. Yet again, more important is the capability of dealing with power politics, which may not be detrimental to the peninsula.

For instance, the Chosun Dynasty's choice of bandwagoning with the Ming Dynasty worked well and effectively in a China-centric world. However, with the region's current change of environment, such as the coming of another world—the West—in the South China Sea, and also Japan starting in the late nineteenth century, Chosun gradually had to recognize that something had been wrong. It had not been prepared internally or externally. Chosun did not secure its defense system and did not secure collaboration with any reliable outside power. The key policy question and discussion at that time was whether to open or close the door, and the prevailing idea was a closed door. On the basis of little information about the other, Western world, with its development of technology, imperialism, and commerce, there were no good chances for Chosun to make an optimal choice.

Considering this history, it is amazing to see that Korea, or at least the southern part of the Korean Peninsula, has benefited most from globalization, or a contemporary version of the late nineteenth century's open-door policy. Its trade dependence ratio in 2011 stood at 110 percent, which is the highest among the G-20 economies in the world. Furthermore, it is a near irony that the South Korean economy now should be concerned about its vulnerability to outside shocks. The key policy question is no longer whether to open or not. It is, rather, how to deal with relations with major powers. It is fortunate that this time there are much higher chances of making an optimal choice. However, it is an absolute pity that the northern part of the peninsula is still struggling with a question of whether to open or not.

There have been various accounts for the origins of the Korean War. Ideological warfare against communism is one of these dimensions and, thus it is a source of conflict between the U.S. on one side and the Soviet Union and China on the other. And it was on the ground of the Korean Peninsula where the two camps engaged in direct fighting against each other. According to Niall Ferguson, in July 1953, when the armistice treaty of the Korean War was signed, was when the War of the World ended.¹ The treaty signed by Mark Clark, Kim Il-sung, and Peng Dehuai was

1. Niall Ferguson, *The War of the World: History's Age of Hatred* (New York: Penguin Books, 2007), 596.

intended to serve as a basis for a cessation of hostilities, but has until now stopped short of being a peace treaty in legal terms. However, rather than the technical definition of the armistice, the important thing is to understand that the state of the peninsula's division, which has persisted for 60 decades, is far from normalcy.

Some may argue that the armistice has made it possible for the Korean Peninsula to maintain stability. Yet there is still much to achieve in securing peace and stability on the peninsula. In doing so, inter-Korean efforts are essential. We cannot afford to wait for a windfall. Nor can we regard unification as a windfall. The Korean Peninsula is neither pointing a dagger nor raising tiger claws to its neighbors. A unified Korea should become an indispensable nation for securing peace and prosperity in East Asia and also an irresistibly attractive nation vis-à-vis neighboring countries.



ABOUT THE AUTHOR

JAE-KYUNG PARK came to CSIS in February 2012 as a visiting fellow in the newly established ROK-U.S. Policy Scholars Program. He is a Korean diplomat by profession, with experience in overseas missions at the Korean embassies in Belgrade and London. From 2008 through 2011, a time when ASEAN-ROK relations upgraded toward strategic partnership, he was one of the key officials in designing ROK policies in East Asian multilateral diplomacy, including the ASEAN+3, the East Asia Summit, and the ASEAN Regional Forum. His research interests cover U.S.-China relations in East Asia. He graduated from the Fletcher School at Tufts University in 2001. He earned a bachelor's degree at Seoul National University in 1992, and he served in the ROK Air Force for three years between 1995 and 1998. In July 2012, he authored "The U.S. Pivot to Asia and Asia's Pivot to the U.S." in the East-West Center's *Asia Pacific Bulletin* and, in April 2012, "Condemning the Missile Launch and Next Steps" in the CSIS Voices of Visiting Fellows series. He has also published on blogs, including the Korea Economic Institute blog, with the title "Exchange of Public Statements between the U.S. and China on the South China Sea," in September 2012; and the CSIS Asia Policy blog, CogitAsia, with the title "ASEAN Centrality: The Case of RCEP," in November 2012.



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