

Korea Between the United States and China: How Does Hedging Work?

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“We have no eternal allies, and we have no perpetual enemies.” The words of the 19th-century British statesman Lord Palmerstone seem to resonate in 21st-century Asia. For example, China and the United States fought against each other during the Korean War, but now the two great powers are exploring a new style of constructive strategic partnership. Japan and Vietnam fought against the United States in the last century, but they too are now strong allies and major strategic partners of the United States.

In this fast-changing region of explosive economic growth and constant power shifts, even the most traditional alliances are being tested while previously unlikely partnerships are being forged. Amid deepening uncertainty and ambiguity, states continue to struggle to answer that fundamental question of foreign policy: friend or foe? The same question was much easier to answer during the Cold War period; the world was divided into two blocs, and small and middle powers only had to choose between them. My friend’s friend was a friend, and my enemy’s friend was an enemy. After the bipolar world turned into a unipolar hegemony whether you chose to be a friend or a foe to the United States, the choice was still a binary one.¹ Such reassuring simplicity has been fading away rapidly. With the projected rise of a new superpower in China and the perceived challenges to the U.S.-centric hub-and-spokes system in an age where economic interdependence has increased and power shift has occurred, especially in Asia, it requires a sophisticated diplomacy to adapt to the perceived shifts in geopolitical landscape and to optimize a policy mix for managing alliances and new partnerships. While adhering to the existing alliance or new alignment with the United States, Asian middle powers have tried to find new coping strategies and have opted to maximize benefits and minimize risks by carefully hedging their external behavior in various ways.

This chapter discusses hedging behavior in Asia as it is conceived and exercised by the Republic of Korea,² especially between the United States as a key ally and China as a new strategic partner. It begins with a brief discussion of the concept of hedging in security strategy before turning to analysis of the Korean experience. Specific cases illustrate its hedging strategy, followed by reflections on a few foreign policy dilemmas that deserve attention in the Korean context. Korea’s hedging is particularly instructive due to its unique position in Asian geopolitics. Since the Korean War, the ROK has been a close ally of the United States; the alliance has had a profound influence on just about every sphere of Korean society. The fact that the Korean Peninsula remains divided as the frontline nation under the competing spheres of influence between the United States and China has consolidated the basis of the ROK-U.S. alliance vis-à-vis North Korea and its major patron China. However, the rapid rise of China has had a significant impact, especially on the economic domain, where Korea is increasingly dependent on its giant neighbor. China’s geographical proximity and historical relationship with the Korean Peninsula, which way predates the ROK-U.S. alliance, made it easier to make sense of the rapid advance of ROK-China relations since normalization of bilateral relations in 1992. Korea’s hedging should thus be understood in the context of the complex geopolitical relationship between the United States and China.

HEDGING UNDERSTOOD

A strategic concept adopted from the world of finance, hedging is a risk-minimizing practice of betting in opposite directions. In finance, hedging is done by taking a position in one market while also assuming a position in an opposing market so as to offset risks.

This seemingly self-contradictory practice works by counterbalancing a potential loss in one direction against a corresponding gain in the opposite direction. When a state hedges its security bets, it pursues a two-pronged approach implementing contradictory policy measures, sometime even in the same domain.³ The idea is to avoid the perception of committing to a certain security position – be it alignment with or against a particular power or a definite stance on an issue – by deliberately pursuing opposite policy directions. Delaying or avoiding a sensitive decision shields the actor from the risk of commitment.⁴

Prevailing uncertainty in the strategic environment makes it difficult for states, even great powers, to establish a clear policy direction. A known adversary is much easier to plan against than an uncertain future. States use various diplomatic, economic, and military means to reduce uncertainty and introduce elements of predictability; however, when these efforts fall short in the face of a predominantly unpredictable strategic landscape, the need for a coping foreign policy becomes greatest.⁵ A hedging state spreads its security bets—in the case of a middle power finding itself between two great powers, it hedges in both directions, maintaining an ambiguous position in its relations to insure against an uncertain future. Such strategic ambiguity is sustained through a flexible combination of strategies.⁶ A hedging state may adopt any number of the following policies: strengthening its military, but without a declared adversary; building and bolstering alliances; expanding trade networks; enhancing diplomatic relations; and establishing bilateral and multilateral frameworks. The key to successful hedging, then, is an agile application of an appropriate mix in response to changing circumstances.⁷

Light or soft hedging towards another state accepts that state's growing influence in a more accommodating manner, perhaps in anticipation of the latter's rise. Limited bandwagoning may be one of the more pronounced elements of light hedging. Heavy or hard hedging presents a more disapproving and potentially antagonistic approach, perhaps including balancing strategies, possibly by strengthening relations with another great power. There exists considerable overlap between the two types. Often they are employed in tandem to produce a sense of ambiguity. The ultimate objective is not to choose a particular mix, but rather to ensure that the hedging state's intentions remain ambivalent. Hedging allows a state to avoid blindly establishing security commitments.⁸ It spreads its security bets in both directions and offsets potential losses against gains.⁹

HEDGING IN ASIA

In Asia, the competing powers—unlike hegemonic rivals in the Cold War—are closely interlinked in a complex web of political, economic, and military interdependencies. While Xi Jinping has been advocating the resurrection of China's glory and put forward the vision of a “new model of great power relations,” China has avoided providing details aside from arguing that its “core interests” will be safeguarded along with a cooperative U.S. relationship.¹⁰ At the same time, it has become increasingly assertive in advancing an alternative regional order. In May 2014, Xi called for a new structure of security cooperation, ostensibly excluding the United States, signaling China's ambition to proclaim its own Asian order. Anxieties will grow as China is expected to become even more assertive during Xi's second term. The lack of transparency around China's foreign policy-making naturally makes neighbors anxious about its military modernization.¹¹

At the same time, global confidence in U.S. leadership has weakened noticeably in recent years. In response to the costly wars in the Middle East over the last decade, which have failed to produce a decisive outcome, and the global economic crisis since 2008, many have begun to seriously question the sustainability of U.S. global hegemony. Especially in the Asia-Pacific, despite the continued U.S. military superiority, middle powers have been witnessing signs of the relative decline of it as an unchallenged global leader. The cancellation of Obama's 2013 Asian tour showed problems much more serious than just another partisan gridlock on Capitol Hill. Indeed, the Obama administration has yet to substantiate its stated goal of rebalance to the Asia-Pacific, but the economic recovery and the unfathomable potential of the U.S. energy revolution seem to generate renewed confidence in Pax Americana, echoed in the recent forecast of faster U.S. growth in 2015.

Mutual hedging between the United States and China allows the two to expand mutually beneficial economic cooperation while maintaining a fragile status quo in other domains.¹² Kissinger saw this as a relationship of “co-evolution” through which the two powers seek to minimize conflict while seeking to “identify and develop complementary interests.”¹³ For Asian middle powers, the mutual hedging between the two great powers that dominate the region creates uncertainty. The “complex patchwork” of the Asian security order¹⁴ is at least partially due to the vicious cycle of ambivalence and mistrust, exacerbated by uncertain relations between hegemons. Middle powers such as Korea, caught up in this patchwork, find themselves under greater pressure to make choices.

HEDGING: KOREA'S EXPERIENCE

Korea's security dilemma pervades its national strategy—while the ROK-U.S. alliance continues to be the bedrock of defense against its northern adversary, China now accounts for around 25 percent of Korea's total trade, which is more than double the size of ROK-U.S. trade. The challenge for Korea is to find that subtle and working balance between the United States and China in a way that maximizes its geopolitical leverage.

Recent governments have met this challenge with varying degrees of success. The progressive Roh Moo-hyun administration set out to embrace the rising China at the expense of deteriorating U.S. relations. Coming to office in the aftermath of a U.S. military vehicle accidentally killing two young Korean girls, Roh fixated on national sovereignty, distanced himself from the United States, and pursued closer relations with China. Even so, despite his emphasis on Korea's autonomous destiny, Roh commenced negotiations on the ROK-U.S. FTA based on economic pragmatism. Lee Myung-bak returned to the traditional balance, upgrading relations with the United States into a multidimensional “global strategic alliance” at the cost of frosty relations with China. Lee also concluded a strategic cooperative partnership with China in 2008, but it is widely thought that his administration had limited success in making substantive progress in its relations with China. The difficulty of managing two bilateral relations was manifest when, during his first visit to China, the Chinese foreign ministry spokesperson bluntly described the ROK-U.S. alliance as a “historical relic” of the Cold War era. Friction was never far from Korean-Chinese relations during his tenure.

Since 2013 Park Geun-hye has set out to restore relations with Beijing. Sworn into office only a couple of weeks after North Korea's abrupt third nuclear test, she was presented with

an initial gesture of confidence from Xi, who took unusual measures in condemning North Korea and taking part in international sanctions against this troublesome ally.¹⁵ The Park government reciprocated and was rewarded with immediate results. In June 2013, chairman of the Joint Chiefs of Staff General Jung Seung-jo traveled to China on a military aircraft—the first time a Korean military leader had done so. Given that his reason for traveling in a C-130 was to be able to respond to a possible North Korean provocation, China's agreement to this was a significant turning point in relations. Following a successful summit that month, Xi made history in the summer of 2014 by becoming the first Chinese leader to visit Seoul before visiting Pyongyang. Park had spoken of the “Chinese Dream” and the “Korean Dream” intertwined together to become the “Northeast Asian Dream.”¹⁶ In November 2014, the two leaders even managed to reach an FTA agreement. Korea's strategic stance has been moving from “alliance with the United States and communication with China” (*yonmi tongjung*) to a new era of “alliance with the United States and harmony with China” (*yonmi hwajung*).¹⁷

THE ECONOMIC DIMENSION

It takes only a brief study of figures to see that cooperative engagement should be the natural order of Korea-China relations in the economic domain. Since 1992, bilateral trade has increased more than 35 times with South Korea consistently registering a surplus. China now accounts for a quarter of Korea's total exports, more than double the U.S. share. Over 20,000 Korean firms have entered the Chinese market, and more than 600,000 Korean nationals are living in China. The agreement on a Korea-China FTA at the end of 2014 is a clear manifestation of shared economic interests that will bring the two states even closer together.

This deal reflects Korea's accommodation of China's growing economic power, again based on economic pragmatism. The exemption of “super-sensitive items” on both sides is a reason for the medium-level market opening in the deal. The Park government also supports the Beijing roadmap for a Free Trade Area of the Asia-Pacific (FTAAP). In 2013, she compared FTAAP to a large river into which the “tributaries” of ongoing free trade efforts flow.¹⁸ She repeated her support at the following year's APEC summit in accordance with Xi Jinping's clarion call.¹⁹

The Park government is still not a member of Trans-Pacific Partnership (TPP) largely because South Korea has concentrated on negotiating with China for an FTA rather than joining TPP in the initial stage.²⁰ The TPP negotiations are now being led by two countries, the United States and Japan, which comprise nearly 80 percent of the total GDP of the 12 member nations.

Recently, however, Korea expressed its willingness to join TPP, to which the Obama administration has responded in a reserved manner while emphasizing that South Korea should faithfully implement the KORUS FTA before joining. The logic of economic diversification makes it a natural step for Korea to consider joining TPP, which takes nearly 40 percent of the global GDP. Also, Korea's membership in it would have the effect of Korea entering into an FTA with Japan and Mexico for the first time.

Korea's decision to join a China-initiated \$100 billion Asian Infrastructure Investment Bank (AIIB) as a founding member presents another good example of economic pragmatism and biding engagement. This decision was made despite strong U.S. reluctance to endorse a

new Asian financial institution initiated by China. It may be telling that, within a week of South Korea being formally asked by China to join the new bank and responding positively during the July 2014 summit with Xi, Sydney Seiler, director for Korea at the National Security Council, voiced concern about the initiative.²¹ At the same time, repeated appeals from Beijing and perceived economic benefits for participating in a new Asian financial institution have led Korea to consider the Chinese offer. The decisions by advanced European economies such as Britain, France, and Germany to join have certainly affected Korea's perception of the new China-led bank. The issue of governance structure continues to be a subject of debate, and the question of AIIB presents a sensitive challenge of balance for Korea. Among its 57 founding member states, Southeast Asian countries, even those who do not enjoy comfortable relations with China, such as Vietnam, Indonesia, and the Philippines, can be found despite U.S. concerns.²²

THE SECURITY DIMENSION

In security policy the Park government has been much more cautious; the general pattern has been heavy hedging against China in favor of continued alignment with the United States, although, as can only be expected in hedging behavior, a considerable degree of ambiguity exists. The most graphic standoff between Korea and China in recent years took place towards the end of 2013 when China unilaterally announced the designation of a China Air Defense Identification Zone (CADIZ) over the East China Sea, covering Korea-controlled Ieodo (Scotora Rock)—a submerged rock over which both have long held Exclusive Economic Zone (EEZ) claims. Given the warming relations with China, this declaration shook Korea, which, in close cooperation with Washington, responded firmly by counter-proclaiming its own Korea Air Defense Identification Zone (KADIZ) to protect Ieodo when the Chinese government refused Korea's request to revise CADIZ. This can be regarded as a kind of heavy hedging by Korea in the form of dominance denial against China's unilateral projection of power to protect Korea's sovereignty and national security.

This incident appears to have revealed the limits of Korea's cooperative engagement with China. Where security is concerned, China, often seen as an assertive power that aims to expand its military sphere of influence in the region, cannot be fully trusted. However, later developments have left a mixed lesson: When Beijing's silent acquiescence to KADIZ made it apparent that the main target of CADIZ was not Korea, China seemed to leave room for cooperation. Such fluid and unpredictable security dynamics explain how, even in the aftermath of the CADIZ incident, Korea and China went ahead with their first 2+2 strategic dialogue in December 2013.

The postponement of Korea's wartime operational control (OPCON) transfer can be understood as demonstrating Korea's intention to continue its binding engagement with the United States. The decision to maintain the existing security framework in the form of Combined Forces Command is a reflection of Korea's overwhelming confidence in the role of the alliance as the bedrock of security and stability on the Korean Peninsula. The transfer of wartime OPCON, had it gone ahead as scheduled, would have necessitated a new framework for the defense of the Korean Peninsula. The postponement, with North Korea's

worsening security threats as a justification, also serves as a message that China should seek to influence Pyongyang to reduce North Korea's threats of provocation if it wants less U.S. military presence on the Korean Peninsula.

South Korea's recent signing of a trilateral intelligence-sharing MOU with the United States and Japan, however, presents a more straightforward case of heavy hedging against China. Following the previous administration's embarrassing failure to sign the General Security of Military Information Agreement (GSOMIA), the Park government opted for an MOU signed between military authorities, which will provide a legal basis for sharing military intelligence about North Korea's nuclear and missile programs. Setting aside the many questions about the actual implications of this pact,²³ what is striking is that the Park government, being aware of how sensitive Beijing is to any ROK-U.S.-Japan trilateral security cooperation, has nonetheless proceeded with such a controversial initiative. It is even more remarkable considering that Korea-Japan relations are still at an all time low.

The controversy regarding the proposed deployment of the Terminal High Altitude Area Defense (THAAD) system to the Korean Peninsula illustrates the acute sensitivity of hedging behavior. Seoul has maintained strategic ambiguity about the necessity of its deployment. Beijing has consistently and adamantly warned that the deployment would be perceived as a direct threat to China's national security interests.²⁴ The Chinese ambassador in Seoul, Qiu Guohong, is reported to have stated at a Korean National Assembly seminar that China is clearly opposed to its deployment to the peninsula, which would have a negative influence on South Korea's relationship with China.²⁵

On the other hand, the U.S. Assistant Secretary of State for Arms Control Frank Rose in Seoul in late January denied that the potential deployment of THAAD would be aimed at China, saying, "there has been wrong information about the impact of THAAD deployment on China's strategic deterrence."²⁶ The U.S. position is that THAAD deployment is necessary to enhance the defense capability of U.S. military bases against North Korea's nuclear and missile threats. As the 2015 National Defense Authorization Act requires the U.S. Secretary of Defense to report to Congress on the progress of Korea-U.S.-Japan trilateral cooperation on missile defense, the THAAD issue is expected to rise in priority.²⁷ The tension regarding THAAD still continues, not only between the United States and China but also between South Korea and China. Chinese Defense Minister Chang Wanquan visited Seoul in early February immediately following Rose—the first visit by a Chinese defense minister in 9 years—to show Beijing's disapproval of THAAD deployment. In the following month, Liu Jianchao, the visiting Assistant Foreign Minister, reiterated China's opposition to THAAD deployment. China's aggressive campaign against this has generated critical views towards China's overt interference in Korea's national security decision-making and seems to have pushed Korea's strategic stance towards dominance denial against China. It is, therefore, noteworthy that Foreign Minister Wang Yi, who recently visited Seoul for a trilateral meeting with his Korean and Japanese counterparts, refrained from mentioning the THAAD issue. The Park government will need to take time to make a decision based on an objective assessment of the national security requirements vis-à-vis North Korea within the alliance framework while also considering strategic positioning towards China.

THE POLITICAL DIMENSION

The political domain provides Korea with greater room for hedging in comparison to the economic domain, where China's ever-growing share of Korea's trade and investment leaves Korea with little choice, or the security domain, where the current arrangement around the ROK-U.S. alliance is the only viable option. The Park government is proactively leveraging geopolitical dynamics in Northeast Asia, where traditional regional order and history continue to shape the framework of regional politics.²⁸ Cooperative engagement with China on the political dimension has been most pronounced in the collective stance against Abe's historical revisionism. On top of the territorial disputes, Abe's visit to the Yasukuni Shrine at the end of 2013 followed by visits by his cabinet members, as well as his continued reluctance to accept clear responsibility for Japan's wartime wrongdoings such as the "comfort women" issue, provided sufficient rationale for Korea and China to engage in a cooperative stance against Japan; at times, it was almost as if Korea and China had found a common adversary in Abe's revisionist Japan.²⁹ Abe's scheduled statement to commemorate the 70th anniversary of the end of the Pacific War will affect the reaction of Korea and China.

The Park government's diplomatic cooperation with China against Japan has rarely gone beyond admitting Beijing's charm offensive towards Seoul. For instance, in one of the most symbolic gestures towards Korea, China erected a memorial hall at Harbin station where Ahn Jung-geun, a Korean independence fighter and later national hero, had assassinated the first prime minister of the Japanese empire, Ito Hirobumi, in 1909. The Korean government had long requested a monument at the site of the incident. China's establishment of a full memorial hall was a pleasant surprise, but not an entirely comfortable one. Park thanked Xi for this, but the response was low key. In the following years, much of the Park government's hedging has been about selectively acknowledging enthusiastic gestures from Beijing. For instance, Seoul's reluctant response to China's Conference on Interaction and Confidence Building Measures in Asia (CICA) initiative illustrates the inevitability of dominance denial when an issue is ostensibly framed against the United States. Korea sent its unification minister, not the foreign minister, to the May 2014 CICA meeting.³⁰

Korea's hedging behavior has a significant impact on Northeast Asian geopolitical dynamics. It takes more than Park's principled approach to explain Seoul's continuing reluctance to engage with Japan as a part of ROK-U.S.-Japan trilateral cooperation in spite of the U.S. desire to close the gap between Seoul and Tokyo. Nevertheless, the above-mentioned signing of the intelligence-sharing MOU, a move clearly out of line with Korea's current stance against Japan, shows that the realistic strategic need for effective deterrence against North Korea, as well as moral indignation at Japan's historical revisionism, drives Korea's Japan policy.

The South Korean public is conscious of the cost of having Beijing perceive trilateral cooperation as an encircling coalition against China.³¹ While Korea also needs improved Korea-Japan relations, this must be balanced in consideration of Korea-China relations. Park's recent proposal for a Korea-China-Japan summit reflects a strategic consideration that improving Korea-Japan relations would be much less burdensome in a non-military Korea-China-Japan trilateral framework. The trilateral foreign ministers' meeting in Seoul in March, however, failed to produce an agreement to hold a triangular summit meeting before the end of the year due to the existence of a wide gap between China and Japan with regards to historical issues.

KOREA'S HEDGING DILEMMA

The direction and degree of hedging varies greatly from domain to domain, generating an air of ambiguity about Korea's strategic position. The hedging strategy, however, is not without challenges, potential difficulties that could constrain Korea's strategic thinking.

First, a widening divergence between the United States and China, as observed during the CADIZ incident and the East China Sea conflicts, undercuts the sustainability of hedging. In recent years, U.S.-China relations have provided a favorable strategic environment, which rendered hedging a useful means on the part of middle powers like Korea as the two great powers have been hedging against each other to maintain a cooperative relationship and avoid conflicts. However, if and when the two great powers drift apart, as is not unlikely, the middle powers will find themselves under much greater pressure to make a hard choice.

Korea's particular dilemma is conditioned by the inflexibility of maintaining its traditional alliance with the United States. While increasing economic interdependence and strategic dialogue call for closer cooperation with China, few seriously question the place of the ROK-U.S. alliance. Indeed, even those who argue for much more proactive partnership with China tend to take the U.S. alliance as a given.³² Faith in the alliance "forged in blood" is echoed in the United States—Jane Harman saw improving Korea-China relations to be in U.S. interest but only on the basis of the strength of the ROK-U.S. alliance.³³ With one side of the equation fixed for the foreseeable future, even a seemingly friendly gesture of counterbalancing by the other side can put Korea in an awkward position:³⁴ Yan Xuetong's suggestion of an alliance between Korea and China in the name of "a community of common destiny,"³⁵ or Wang Yiwei's proposal for a good neighborhood and friendship treaty between South Korea and China comparable to the level of the existing treaty between North Korea and China.³⁶ Should such ideas turn into proposals by the Chinese government, how would Seoul respond? Unlike other U.S. allies like Japan and Australia, Korea's proximity to China leaves it limited room for flexible maneuvering.

Korea's hedging assumes continued cooperation (at best) or ambiguity (more realistically) in U.S.-China relations, but is this merely wishful thinking? It remains to be seen whether the two great powers will be able to agree on a shared model of great power relations. While their growing interdependence, especially in the economic domain, may offer some reassurance that a Cold War-style standoff is unlikely, Seoul should remain sensitive to signs of deterioration in U.S.-China relations, which may render its hedging unsustainable.

Second, the unpredictability of North Korea serves to complicate Korea's hedging efforts. Recently, Pyongyang has surprised its neighbors with a series of unexpected peace initiatives in an apparent effort to break out of its diplomatic isolation. In October 2014, top officials from Pyongyang suddenly invited themselves to the closing ceremony of the Incheon Asian Games where they held high-level meetings with their South Korean counterparts. Soon after, North Korean authorities released the two remaining U.S. citizens held in custody when the U.S. intelligence chief made a secret visit to Pyongyang. North Korea also put forward a conciliatory gesture to Japan, agreeing to reinvestigate the issue of Japanese abductees. In November, it reached out to Moscow, sending Choe Ryong-hae, a key official in Pyongyang, to meet Putin to discuss ways to enhance bilateral cooperation. Most recently, during a

televised New Year's address, Kim Jong-un expressed his willingness to meet with Park Geun-hye. Not many people believe that these developments represent genuine attempts at reconciliation, given past cycles of a charm offensive followed by provocations. Indeed, a week after the visit to Incheon, North Korea fired at a South Korean NGO's balloons carrying anti-North Korean messages. The turbulent aftermath of cyber-hacking Sony Pictures, which North Koreans perhaps did not expect (Pyongyang denies responsibility for the cyber attack), has also wiped out any hopes for serious negotiations with the United States any time soon, causing a policy gap between Washington and Seoul in their approaches to North Korea.

South Korea's expanding relationship with China is invariably affected by the volatility of inter-Korean relations. Beijing's neutral reaction to the sinking of the *Cheonan* and the shelling of Yeonpyeong Island made it almost impossible for the Korean government to engage in any meaningful cooperation outside the economic domain. China's repatriation of North Korean defectors hiding in China continues to be a thorny human rights issue not just between Korea and China but also for the international community. Yet, there have also been some promising developments that would enable South Korea to extend cooperation with China to domains other than economic cooperation. Xi Jinping has taken an increasingly tough stance on North Korea's nuclear and missile programs following the third nuclear test on February 12, 2013, when it swiftly joined the international effort to sanction North Korea, even jointly drafting United Nations Security Council (UNSC) Resolution 2094 with the United States and publicly condemning North Korea in unprecedented terms.

China watchers have speculated about a possible shift in Beijing's North Korea policy. The dramatic execution of Jang Song-thaek in 2013 left China perplexed as Jang was widely known to be the regime's key connection to China. As Deng Yuwen wrote in the *Financial Times*, there seems to be an increasing awareness among the Communist Party leadership that North Korea has now become a strategic liability to China.³⁷ Chinese scholars have also alluded to the idea of departing from the traditional "blood alliance" with North Korea in favor of "normal state-to-state relations."³⁸ Such developments should be interpreted with caution in Korea's strategic thinking. While China too has a vested interest in the maintenance of peace and stability on the Korean Peninsula, Beijing's plan for it may be based on different objectives from those of Korea or the United States.³⁹ Former foreign minister Li Zhaoxing recently remarked that China expects a unified Korea to pursue policies favorable to China⁴⁰—a sobering message for many in Korea who envisage unification as a mere expansion of the South Korean system into the North. Koreans would do well to encourage Track 1.5 or even Track 2 discussions with both American and Chinese counterparts on future security arrangements for the Korean Peninsula (including the U.S. military presence). Such communication will serve as a useful hedging exercise in that it will create an intellectual space in which Korea can test a broader range of options and garner support from both China and the United States.⁴¹

South Korea's strategic initiative will be particularly important as a stronger U.S. stance against North Korea is likely to push China to strengthen its relations with North Korea. As Washington appeared to be planning further sanctions on North Korea in response to the cyber-hacking of Sony Pictures, Beijing responded by reiterating the traditional "16-letter principle" of China-North Korea relations in a congratulatory message extended to Kim Jung-un on his birthday.⁴² According to South Korean media, China also resumed its supply

of aircraft fuel to North Korea, sending a year's worth of supply of about 80,000 tons at the end of last year.⁴³ Russia too is taking an active diplomatic and economic approach to North Korea, partly in response to Beijing's recent realignment with North Korea. It is reported that Russian military chief General Valery Gerasimov recently revealed Russia's plans for joint military drills with North Korea along with Brazil, Cuba, and Vietnam. The initiative is regarded as a counter-strategy against the U.S.-Korea joint military exercise. It is likely to add to the tension surrounding the Korean Peninsula.

Finally, Korea's hedging behavior is affected by domestic opinion, which is fluctuating and may not necessarily correspond with the desired strategic direction of the government in Seoul. Korean strategists suggest that the next hedging move should carefully examine the Korean public's mixed perceptions of China and its influence. According to a recent Asan Policy Institute poll, 59.6 percent of Koreans chose the United States as a country with which Korea should improve relations, whereas only 24.9 percent chose China. An almost identical divide was found when the public was asked to choose between the ROK-U.S.-Japan framework and the ROK-China framework for security cooperation.⁴⁴ This is an interesting result, as the same poll reported that, when asked whether Korea should cooperate or compete with China, 60.8 percent chose cooperation and only 28.8 percent saw China as a competitor. While 65.5 percent supported the ROK-China FTA, 69.9 percent also answered that China's economic expansion poses a threat to Korea.

These results point to an apparent discrepancy between the realistic accommodation of China's economic growth and continued anxieties about its geopolitical rise. Such a mismatch in the public perception is, perhaps, partly due to the fact that an overwhelming majority of the public (93.3 percent) continues to support the ROK-U.S. alliance. As long as such faith in the alliance endures, any expression of disapproval about the alliance from China is likely to add to the distrust of China among the Korean public and, thus, limit the Korean government's room for cooperative engagement with China.⁴⁵

Between Korea and China, sensitive issues need careful managing. For example, illegal fishing by Chinese on the Yellow Sea has caused much resentment in Korea—frequently televised clashes between Chinese fishing crews and the Korean coast guard damage China's reputation. Similarly, China's Northeast Borderland History Project (*dongbuk gongjeong*) continues to fuel fears about China's intentions. The state-funded research program, which ran for five years from 2002, claimed the ancient dynasties of the Korean people such as Gojoseon, Goguryeo, and Balhae, which occupied territory now in the northeastern region of China, as part of Chinese history. Such attempts to distort history continue, woefully overlapping with current territorial disputes with neighboring states.⁴⁶

CONCLUSION

The Asian century is underway. Former assistant secretary of state Kurt Campbell was right to project that "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." Yet many would want to test his conviction that "the United States is and will remain a Pacific power."⁴⁷ China's ability to sustain its rise, as well as its intentions, also

remains shrouded in ambiguity. Will it directly challenge U.S. leadership? Will a cooperative model of great power relations develop? Or will the “rise of the rest” bring about a diffusion of power in the region, establishing a world of multipolarity?⁴⁸

These questions present a real dilemma for middle powers in Asia as they struggle to realign their positions amid the evolving regional order. Foreign policy elites find hedging to be “a rational response for decision-making in a complex structure fraught with multiple kinds of uncertainty.”⁴⁹ Korea is no exception. For Seoul, both Washington and Beijing are indispensable partners. With the added complexity of the North Korea issue, many agree that hedging can be a rational approach for Korea, at least for the foreseeable future.⁵⁰ Seoul has exercised a flexible mix of heavy and light hedging vis-à-vis China adapting to the changing strategic equilibrium in the region. Hedging has been and will continue to be a viable policy option in Korea’s active pursuit of national security and economic growth in a fluid strategic environment. Korea’s hedging behavior between the United States and China has varied greatly both in direction and degree, depending on the domain and issue.

Hedging does not imply mere opportunism or complacency. In order to maximize its benefits, policymakers in Seoul should pursue a prudent and strategic approach. First, Seoul must endeavor to enhance its mediator-facilitator role between the two great powers. Rather than merely reacting to the existing strategic environment, Korea should seek to expand its room to maneuver by trying to build trust with both states and others. Just sitting on the fence will not solve the problem. Enhancing systematic flexibility will be crucial to the continued success of Seoul’s hedging strategy.⁵¹ Across all domains, Korea should take the initiative to identify and advance the shared interests and objectives of the United States, China, and Korea; a nuclear free North Korea; a stable Northeast Asia; greater economic opportunity; and so on. Korea should aim to “balance against great power politics itself rather than any specific great power for their specific national interests.”⁵²

Second, hedging is not an end in itself; it is merely an expedient means of coping with present uncertainty. Greater attention should be put on articulating those core national interests of which hedging is a temporary pursuit. If the situation turns dramatically as the great powers shift towards conventional balancing, Korea may find itself caught in a very difficult position. Seoul should, therefore, advance a long-term vision for a unified Korean Peninsula and seek to calibrate the two great power’s national interests with its own.

Finally, Seoul needs to exercise its hedging options through multilateral diplomacy. As the United States and China exercise their mutual hedging in a multilateral arena such as APEC, Korea needs to actively expand its multilateral diplomatic initiatives. From ASEAN+3 and the EAS to the Six-Party Talks, Korea can benefit from engaging in a wider circle of stakeholders in its Northeast Asian policy to generate additional flexibility while diffusing the tension of a polarizing rivalry. Engagement with ASEAN members might be of particular value, allowing Korea to hedge away from the great power politics surrounding the Korean Peninsula.⁵³ If and when the U.S. rebalance to Asia and China’s new Asian security structure clash, a clear focus on Korea’s national interests—national security, economic growth, and peaceful unification—should guide its hedging decisions.

Looking at the South Korean case from the perspective of the five cases examined in the other papers, one gets a sense of a state where economic and political factors are working

against heavy hedging, while security factors tend to generate the sense of dominance denial. Despite the closest military ties of any country with the United States, it is drawn to China for its impact on security on the Korean Peninsula. I describe a more complex patchwork of Sino-U.S. relations and regional responses than other authors do, suggesting that the North Korean problem differs from the problems in the South China Sea and its vicinity. I present a more positive outlook of South Korea's president toward China than other authors attribute to leaders in the states they cover. Indeed, I refer to her response as light hedging based on economic pragmatism in regard to the Asian Infrastructure Investment Bank and heavy hedging as far as security is concerned, as seen in the standoff over Air Defense Identification Zones and in the memo of understanding on trilateral intelligence sharing. With Seoul's decision on THAAD awaited, ambiguity over the type of hedging remains.

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