

## BETWEEN A ROCK AND A HARD PLACE: HOW SHOULD SOUTH KOREA MANAGE ITS RELATIONS WITH THE UNITED STATES AND CHINA?

By Zhiqun Zhu

### ABSTRACT

This paper deals with one of the most critical issues in contemporary international relations: how China's rise challenges foreign policies of U.S. allies, with a focus on the Republic of Korea (ROK) or South Korea. South Korea has been carefully hedging between the United States and China, its traditional security patron and largest trade partner, respectively. Strategic rivalry between the two great powers has put South Korea in an awkward position as pressure grows from the two powers to pick a side. Using a modified dual-track economics-security nexus framework, this paper suggests that the United States and China each has a significant impact on South Korea's security and economic policies, making it important but challenging for South Korea to simultaneously manage relations with the two great powers. So far, South Korea has maintained these two sets of relationships remarkably well, but it may be difficult to continue with business as usual in the years ahead. For its own national interests, South Korea must seek to preserve the status quo under which it can continue to benefit from good relations with both great powers. The paper also proposes that South Korea should form a "middle power coalition" with like-minded nations to deflect pressures and avoid the dilemma of having to choose sides.

**Key Words:** *economics-security nexus, U.S.-ROK alliance, South Korea-China relations, great power competition, national interests*

### INTRODUCTION

The Korean Peninsula is surrounded by larger powers, which gave rise to its historical, proverbial nickname, the "shrimp among whales." Today's Republic of Korea (ROK) or South Korea is hardly a "shrimp" in terms of economic and technological strengths, but geo-strategically, it remains stuck in great power competition. More than 70 years after the outbreak of the Korean War, the rivalry between the United States and China has intensified, placing South Korea in a delicate position.

The U.S.-ROK alliance is considered "the linchpin of peace, security, and prosperity for Northeast Asia" and the U.S. commitment to the defense of the ROK remains "ironclad."<sup>1</sup> On the other hand, few bilateral relations have developed as rapidly as those between South Korea and China. Since 1992, when diplomatic ties were established, trade and investment have burgeoned. By 2003 China had become South Korea's largest trading partner. Now South Korea typically trades more with China than with the United States and Japan—its second and third largest trading partners, respectively—combined.

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The South Korea-China relationship hit a major hurdle in 2016, when Seoul agreed to host the U.S. Terminal High Altitude Area Defense (THAAD) missile defense system despite Beijing's strong opposition. China's swift economic retaliation hurt South Korean businesses and turned South Korean popular attitudes negative toward China.<sup>2</sup> South Korean elites are usually careful not to antagonize China, but anti-China sentiment has now surpassed traditionally stronger anti-Japan feelings among young Koreans.<sup>3</sup>

U.S. President Joe Biden has inherited his predecessor's tough policies towards China but with a recalibrated approach. The Biden administration is rallying support from U.S. allies and friends to reinforce existing multilateral groups or create new ones to deal with the China challenge together, such as the Quadrilateral Security Dialogue (the Quad), Five Eyes, and the Australia-U.K.-U.S. security pact known as AUKUS. Pressured to join a U.S.-led united front to counter Beijing, Seoul is a prime example of how U.S. allies are attempting to build constructive relations with China while maintaining traditional security ties with Washington. However, as U.S.-China strategic rivalry deepens, these countries may not be able to conduct business as usual.

Using a modified dual-track economics-security nexus as the analytical framework, this paper examines South Korea's relations with the United States and China in the context of U.S.-China rivalry, assesses South Korea's attempt to balance relations with the two great powers, and discusses policy implications and recommendations for Seoul moving forward. The paper argues that South Korea needs to defend the status quo, through which it can continue to maximize its national interests by maintaining good relations with both great powers. Furthermore, South Korea can consider forming a "coalition of middle powers" with like-minded countries such as Singapore, Israel, Italy, Vietnam, and Indonesia, which have good relations with both great powers and do not want to be forced to take sides in the U.S.-China rivalry. Such a coalition may help these countries to deflect external pressures so that they can concentrate on preserving their own national interests.

## MAINTAINING THE CURRENT BALANCE OF SECURITY AND ECONOMIC INTERESTS

The dynamic between economics and security is at the core of international political economy. Most research on the economics-security nexus focuses on how a state deals with

economic and security challenges in its external relations, either from the same source or multiple sources. For example, how does an Asian country handle its complex relations with China, which offers extraordinary economic benefits while presenting serious security challenges, such as in the South China Sea?<sup>4</sup> Most scholars follow the liberal assumption that economic interdependence leads to security. Therefore, they conclude that the more Southeast Asian countries such as the Philippines and Vietnam are interdependent with China economically, the less likely military conflict will break out in the South China Sea.

Facing conflicting economic and security interests, many countries in Asia also adopt a "hedging" strategy towards the United States and China. They wish to maximize trade and investment ties with China and welcome China into the region's political order, but also feel the need to maintain close security relationships with the United States.<sup>5</sup> The Korean concept of *Anmigyeongjoong* (안미경중), which refers to relying on the United States for its security interests and on China for its economic interests, reflects South Korea's strategic thinking about the economics-security nexus. *Anmigyeongjoong* is evident in South Korea's cultivation of deep economic ties with China and the maintenance of security guarantees through the U.S.-ROK alliance. South Korea has maintained strategic ambiguity about China's controversial policies such as in the South China Sea and Xinjiang, but mounting U.S. pressures could push South Korea to change its strategic position, which may risk its security and economic interests.<sup>6</sup>

However, it is misleading to assume that the United States only provides security to South Korea and China is just the most important economic partner. In fact, South Korea must move beyond the classic economics-security nexus towards a dual-track economics-security connection that reflects the reality it faces. As will be demonstrated in the following sections, the United States is also a major economic partner of South Korea with extensive bilateral trade and investment, and China is a key security partner of South Korea due to its diplomatic influence on North Korea. South Korea faces this dual-track economics-security structure, which makes offending either great power highly undesirable. To defend its own national interests, South Korea must skillfully deal with the increasingly difficult prospect of maintaining good relations with both great powers as the U.S.-China rivalry grows.

## THE U.S.-ROK ALLIANCE: AS FIRM AS EVER?

In 1953, with the armistice of the Korean War, the United States and the ROK signed a Mutual Defense Treaty, the foundation of a comprehensive alliance that endures today. 28,500 American troops are stationed in South Korea now, the United States' third-largest military presence overseas after Japan and Germany.

The U.S.-ROK alliance was severely undermined by Donald Trump, who approached it in terms of monetary contributions. Trump trivialized the alliance to the extent of jeopardizing its very existence, showing willingness to stop joint military exercises, and reportedly threatening to withdraw U.S. forces from South Korea if Seoul did not pay \$5 billion for them. In prioritizing peace with North Korea and adopting a low-key diplomatic profile regarding China, the Moon Jae-in administration also contributed to the devaluation of the alliance with the United States.<sup>7</sup>

A hallmark of the Biden administration's foreign policy is to renew and revitalize U.S. alliances to deal with global challenges together. In March 2021, the Biden administration reached a cost-sharing agreement with South Korea that includes a "meaningful increase" in payments for U.S. troops on the Korean Peninsula and re-launched annual joint military exercises, in a partial reset of the alliance between the two nations.<sup>8</sup> According to James Kim, a research fellow at the Asan Institute for Policy Studies in Seoul, if Biden had doubled down on Trump's pressure on Seoul to pay more, it could have pushed the Koreans further away from Washington and toward Beijing.<sup>9</sup>

However, the U.S.-ROK alliance is not just based in military and security dimensions—it covers diplomatic, economic, and sociocultural domains as well. For example, the ROK's foreign direct investment (FDI) in the United States continues to grow and has more than tripled from \$19.7 billion in 2011 to \$61.1 billion in 2019, making the ROK the second-largest Asian source of FDI into the United States. And the United States is the largest FDI destination for ROK investors, ahead of China and Vietnam.<sup>10</sup> In addition, over 1.7 million Korean students have enrolled in the United States since 1955. More than two million ROK citizens visit, work, or live in the United States, and over 200,000 U.S. citizens reside in the ROK. More than 10,000 U.S. and ROK citizens have participated in sponsored exchange programs, including ROK political leaders.<sup>11</sup>

Nevertheless, the United States and South Korea do not always see eye to eye with each other, and their national interests do not completely converge. "Just because South Korea chose the U.S. 70 years ago doesn't mean it must choose the U.S. for the next 70 years," said Lee Soo-hyuck, South Korea's ambassador to the United States during an October 2020 South Korean parliamentary meeting.<sup>12</sup> Though his comments were deemed "improper" by conservatives, Lee insisted that national interests should dictate South Korea's relations with other countries.

President Moon became the second foreign leader to visit the White House after Biden became the U.S. President. The joint statement issued at the conclusion of Moon's visit in May 2021 noted that the alliance was "forged on the battlefield," the two countries "share a vision for a region governed by democratic norms, human rights, and the rule of law at home and abroad," and the two sides were "united in our determination to reinvigorate and modernize our ties for a new era."<sup>13</sup> Biden and Moon pledged to "maintain peace and stability, lawful unimpeded commerce, and respect for international law, including freedom of navigation and overflight in the South China Sea and beyond." They agreed to work to align the ROK's New Southern Policy and the United States' vision for a free and open Indo-Pacific and cooperate to create a safe, prosperous, and dynamic region.

To Beijing's chagrin, the two presidents also emphasized "the importance of preserving peace and stability in the Taiwan Strait."<sup>14</sup> Chinese analysts noted that this was the first time Taiwan was mentioned in a U.S.-ROK joint statement, which typically focuses on North Korea and the Asia-Pacific in general. Li Kaisheng, a research fellow and deputy director at the Institute of International Relations of the Shanghai Academy of Social Sciences, cautioned that China needs to remain vigilant regarding whether the United States makes more moves to rope in South Korea, like the way it did to Japan.<sup>15</sup> However, Fang Xiuyu, a professor at the Centre for Korean Studies of Fudan University, suggested that the South Korean side worked to ensure that the statement would not be too offensive to the Chinese, and South Korea dispatched a senior diplomat to Beijing to explain the situation and assuage Beijing's concerns. In her view, the ROK is more powerful than in the 1950s and will not pick sides between the two great powers. On specific issues, the ROK may lean towards one side, but it is tactical, not strategic.<sup>16</sup>

Indeed, South Korea has emerged as a middle power in the 21<sup>st</sup> century, no longer to be pushed around by big powers. Its increased capabilities have given the country the basis upon which to play unprecedented constructive roles as a leader in international affairs and contributor to global security and prosperity.<sup>17</sup> Though it is constrained by the U.S.-ROK alliance and the complex regional security environment, South Korea has understandably sought a certain degree of autonomy in its foreign policy.

## THE ROK-CHINA RELATIONS: BEYOND THE ECONOMIC DIMENSION

Like other countries, China uses economic statecraft to advance foreign policy objectives. Since 2005, China has accelerated its investment in developed markets and in 2015 its outbound direct investment surpassed inbound direct investment for the first time. Between 2005 and 2021, China invested \$9.36 billion in South Korea.<sup>18</sup> Due to China's own tighter control on cash outflow and restrictions on Chinese investment imposed by some developed economies, Chinese investment in developed economies have declined in recent years. However, China's share of overall FDI in South Korea surged to 11.2 percent in the first half of 2020 from just 3 percent the year before, despite the fact that in the wake of the coronavirus pandemic, overall FDI in South Korea nose-dived 22.4 percent in 2020.<sup>19</sup> To further promote trade and mutual investment, the 2021 China-South Korea Investment and Trade Fair was held in Shenyang, China in September. China-South Korea trade has continued to grow, and South Korea exported goods worth over \$136 billion to China in 2019, comprising a quarter of its total exports.

Since 1992, China-South Korea trade has increased more than 37-fold.<sup>20</sup> In 2015, China and South Korea signed a bilateral Free Trade Agreement (FTA) which aimed to boost annual trade to over \$300 billion. The two countries are currently negotiating an upgraded FTA. In November 2020, the 10 ASEAN members, China, Japan, South Korea, New Zealand, and Australia signed the Regional Comprehensive Economic Partnership (RCEP) Agreement, the largest free-trade agreement in history, which covers 30 percent of the world's population and economic output. RCEP provides an additional multilateral forum for China and South Korea to strengthen their economic and trade ties.

Trade is not the only bond between China and South Korea. Cultural and societal exchanges between the two countries have been booming. Chinese students have been the largest group of international students in South Korea. Due to the pandemic, the number of international students in South Korea in 2020 dropped for the first time in six years. Yet, students from China still accounted for 43.6 percent of all international students in South Korea.<sup>21</sup> The Chinese students account for over half of the foreign student body in many South Korean universities. International students not only help fill college campuses and contribute to local economies, but they also serve as links to their homeland markets for South Korean products and help South Korea to stay competitive globally.

South Korea and China also enjoy strong diplomatic and security ties. Both Washington and Seoul are fully aware that without cooperation from China, it will be difficult to resolve the North Korea nuclear issue. For example, on July 6, 2021, the U.S. top envoy for North Korea, Sung Kim, spoke on the phone with his Chinese counterpart, Liu Xiaoming, after Pyongyang's repeated rejection of the Biden administration's attempts to establish dialogue. Kim visited Seoul in June to try to break an impasse in denuclearization talks with the North. Chinese media reported that Kim requested the conversation with Liu, indicating Washington's recognition of China's crucial role in North Korea's denuclearization. Kim visited Seoul again in August and Tokyo in September and made another phone call to Liu on October 9, 2021.<sup>22</sup>

South Korea ruffled China's feathers in 2016 when it allowed THAAD to operate in the country. China swiftly imposed sanctions on South Korean businesses in China and trade plummeted. It also placed restrictions on South Korean cultural exports to China and Chinese tourists to South Korea. It is generally understood that THAAD is to deter North Korean aggression, but China vehemently opposed it, arguing that the real reason was for America to snoop on China's sensitive military facilities with THAAD's powerful radar.<sup>23</sup> As a typical case of the dual-track economics-security nexus, when China employed economic coercion to compel South Korea to abandon THAAD and curb further missile defense cooperation with the United States, South Korea rushed to mend relations with China and announced no further missile defense deployment from the United States while keeping the existing THAAD system.

Some analysts speculated that South Korea might be moving closer to the United States as U.S.-China rivalry intensifies. However, Korean scholars suggest that there have been no significant changes in Korea's balanced approach to the two great powers. One scholar notes that President Moon agreed to include sensitive topics such as Taiwan in the Moon-Biden joint statement not because he had chosen to stand with the United States, but rather, to preempt any pressure from the United States to choose sides.<sup>24</sup> Other scholars point out that South Korea has not participated in and does not intend to join any of the multilateral networks that are specifically targeting China, such as the Quad.<sup>25</sup> These scholars also suggest that the Moon administration had to give something as an ally in exchange for the Biden administration's promise to support inter-Korean relations. Unlike the United States, which tends to view China's rise as a threat to the liberal international order and America's hegemonic dominance, South Korea generally sees China as a neighbor and a major economic and security partner despite differences on certain issues.

China-South Korea relations were restored to some extent in 2017 when Seoul assuaged Beijing's security concerns through a public pronouncement of the "three no's"—no additional THAAD deployment, no participation in the U.S.'s missile defense network and no establishment of a trilateral military alliance with the U.S. and Japan.<sup>26</sup> In August 2020, the Blue House announced that Xi Jinping would visit South Korea "as soon as COVID-19 is under control."<sup>27</sup> In August 2021, ROK-PRC military exchanges resumed as the two countries reached a point of "mutual trust."<sup>28</sup> However, despite the improvement of government-to-government relations, negative views of each other at the societal level remain high.

## THE ROK'S CHALLENGE: MANAGING RELATIONS WITH THE TWO BIGGEST WHALES

What South Korea faces is not a simple case of the United States being its largest security ally and China its most important economic partner. The fact is both the United States and China play critical roles in Korea's security and economy, as the dual-track economics-security nexus illustrates. The U.S.-ROK alliance has been revitalized by President Biden, paving the way for further security and economic cooperation. Meanwhile, South Korea-China

relations have improved and economic and diplomatic ties have remained strong following the THAAD dispute. Since China is North Korea's indispensable patron, and thereby central to South Korea's national security, Seoul must carefully consider the complex Beijing-Pyongyang relationship as it tends to its own ties with China.

Though South Korea does not want to choose sides in the great power rivalry, it is under increasing pressure from the United States to push back Chinese influence. A CSIS-commissioned report in March 2021 suggested that the most significant and yet inadequately addressed challenge to the long-term resiliency of the U.S.-ROK alliance is "how to respond to China's growing assertiveness in the region." The report further suggested that to build the alliance for a "resilient Asia," it must devise a new framework that acknowledges not only Seoul's economic and North Korea-related equities in its ties with Beijing, but also China as a large, sometimes bullying neighbor. It also recommended that Seoul and Washington cooperate to develop more secure, diverse supply chains and reduce reliance on China.<sup>29</sup>

South Korea was perceived to be leaning towards China during the Park Geun-hye administration (February 2013-March 2017) and the Moon Jae-in administration (May 2017-May 2022). President Park participated in the 2015 grand military parade at Tiananmen Square marking the 70<sup>th</sup> anniversary of the end of WWII. Park was the only leader from U.S. allies to attend the ceremony and sit side by side with Xi, creating concerns from Washington. Born to North Korean refugees fleeing to the South, Moon considers national unification his life pursuit. He views China's support as vital in achieving national unification. Therefore, he has adopted what one Korean scholar calls an "appeasement" policy towards China and is seen eager to host Xi.<sup>30</sup>

In an attempt to minimize the risks of being drawn into the quagmire of U.S.-China strategic rivalry, to diversify its economic and diplomatic alignments, and to seek greater strategic autonomy, South Korea officially launched the New Southern Policy (NSP) in November 2017, a signature foreign policy initiative by President Moon. NSP has expanded cooperation between South Korea and ASEAN as well as India, especially on development issues. To date, NSP remains the most successful and active foreign policy program under the Moon administration, according to a scholar at the Korea National Diplomatic Academy.<sup>31</sup>

South Korea has also been cautious in its cooperation with the U.S. Indo-Pacific strategy. So far, such cooperation has been confined to a bilateral basis, and South Korea has engaged the United States only in areas that are not politically sensitive such as development cooperation and non-traditional security. South Korea is not part of the U.S.-led coalitions against China. Moon Chung-in, a special advisor to President Moon, warned that South Korea should be wary of joining coalitions such as the Quad.<sup>32</sup>

China's "wolf warrior diplomacy" has hurt China's foreign relations in recent years.<sup>33</sup> Though South Korea is not a main target of such aggressive diplomacy, China's image in South Korea has suffered. The South Korean public is becoming warier of China's behavior. In a Carnegie Endowment for International Peace poll conducted in Seoul in November 2019, only a quarter of those surveyed replied that they trusted China as a unification partner, while almost three-quarters said they did not trust Beijing very much or at all. Relatedly, when asked which countries were likely to be a unified Korea's biggest threat, more than half answered China. By comparison, less than a third said Japan, and just 8.3 percent said the United States.<sup>34</sup>

An October 2020 Pew global poll showed that 83 percent of South Koreans had no confidence that President Xi would do the "right thing in world affairs," an increase from 74 percent in 2019. South Koreans' negative views of China dramatically increased from 31 percent in 2002 to 75 percent in 2020, while positive views of China dropped from 66 percent to 24 percent during the same period.<sup>35</sup> In the same poll, South Korea also stands out because 77 percent of its citizens continue to see the United States as the world's dominant economic power, even though the majority in most European allies of the United States see China as the dominant economic power.

South Koreans are apparently increasingly repulsed by China's rising nationalism and heavy-handed policies, as shown by reactions to the June 2020 national security law Beijing passed for Hong Kong. South Koreans in their twenties grew up in an environment that is not friendly to China. In their kindergarten years, from 2004-2008, they were exposed to China's misinterpretation of Korean history. In their elementary school years, they witnessed Chinese students beating up Seoul citizens during the Olympic torch relay in Seoul in 2008. And many South Koreans believed China was siding with North Korea on the sinking of *Cheonan* and the shelling of Yeonpyeong

Islands in 2010. They were unhappy that China did not give President Moon a "state visit plus" reception in December 2017 as it did for President Trump. They are frustrated by COVID-19 that originated from China and China's claim of Korean cultural heritages in recent years.<sup>36</sup> In the early stage of the COVID-19 pandemic, over half a million South Koreans signed a petition lobbying their government to ban the Chinese from entering the country.<sup>37</sup>

Despite the discontent at the societal level, the Moon administration continues to maintain friendly relations with China. During a meeting with Chinese foreign minister Wang Yi in April 2021, South Korea's foreign minister Chung Eui-yong expected China to play a role in peacemaking between the two Koreas and again invited Xi Jinping to visit Seoul. Chung said "South Korea and China share a common goal toward complete denuclearization of the Korean Peninsula and toward permanent peacemaking policies."<sup>38</sup> This position is closer to China's regarding denuclearization of the Korean Peninsula, as the United States typically emphasizes denuclearization of North Korea only.

Since North Korea is the core driver of South Korea's foreign policy, Seoul will have to maintain a good relationship with China to preserve the momentum of inter-Korean dialogue. As Scott Snyder commented, South Korea has to navigate its desire for autonomy and its need for alliance in the pursuit of security, prosperity, and national unification.<sup>39</sup> Clearly, to achieve its national goals and defend its national interests, South Korea will not disrupt pivotal relations with either the United States or China.

## POLICY IMPLICATIONS AND RECOMMENDATIONS

For both South Korean conservatives and progressives, the U.S.-ROK alliance is the pillar of South Korea's foreign policy, though a progressive government may put greater emphasis on relations with North Korea and China.<sup>40</sup> Few in South Korea would challenge the importance of its indispensable relationship with the United States.

Leadership changes in the White House and the Blue House, inconsistency in U.S. foreign policy and its treatment of allies, and adjustment in China's Korean Peninsula policy may become complicating factors affecting South Korea's approach towards China. There are calls for South Korea to expand the scope of the U.S.-ROK alliance beyond the Korean Peninsula and work with other democracies to deal with an increasingly aggressive China.<sup>41</sup> But so far,

South Korea has managed its balanced approach to the two great powers and has been lukewarm to the U.S. Free and Open Indo-Pacific (FOIP) strategy that appears to be aimed at China.

By maintaining close ties with both Washington and Beijing, Seoul has keenly sidestepped major issues in U.S.-China relations such as Taiwan, maritime disputes, and human rights. However, South Korea's attempts to remain in the good graces of both China and the United States are becoming increasingly challenging. There may be some advantages that make joining the Quad an appealing prospect for South Korea, such as playing a proactive role in the liberal order, and maximizing trust-building with the United States. But questions remain as to whether such incentives outweigh the potential cost: antagonizing China at the expense of Seoul's economic relationship with Beijing and losing China's support on North Korea.<sup>42</sup>

Despite the fact that the United States is its security partner and treaty ally and that South Korea will naturally be closer to the United States, South Korea values China's role in its foreign relations, especially regarding trade and North Korea. While siding with the United States seems like an automatic decision, South Korea has kept some degree of autonomy from Washington to ensure its relations with Beijing will not turn hostile. It's a fine balance that every South Korean administration has to maintain.

Moon Hee-sang, former speaker of South Korea's National Assembly, put it starkly: Asking whether South Korea will "choose either China or the United States" is like "asking a child whether you like your dad or your mom." He summarized South Korea's challenge succinctly, "We cannot abandon economy for the sake of security, and we cannot abandon security for the sake of economy."<sup>43</sup> President Moon Jae-in stated unambiguously in early 2021, relations with China and with the United States are "equally important."<sup>44</sup> This suggests that pressure from either great power will be counter-productive and may face strong resistance from South Korea.

South Korea is not the only country that is stuck with the binary choices. Israel, another U.S. ally, faces similar dilemmas as it is expanding economic cooperation with China. For example, the new Haifa Port, invested by Shanghai International Port Group (SIPG) and to be managed by SIPG for 25 years, has caused grave security concerns in the United States since the new port is adjacent to where the U.S. Sixth Fleet warships

routinely visit. Like South Korea, Israel faces tremendous pressure from Washington to restrict cooperation with China but wishes to balance its security and economic interests.

Some countries have been more vocal in stating their positions. Singapore, for example, has been successful in maintaining close relations with both the United States and China. Singaporean Prime Minister Lee Hsien Loong has repeatedly warned that it is impossible for Singapore and many other countries to choose between the United States and China since these countries all have extensive ties with both superpowers.<sup>45</sup>

Italy, Germany, Brazil, the Philippines, Indonesia and Vietnam are some other countries that also attempt to keep strong relations with both great powers. To deflect pressures for taking sides in the great power competition, South Korea should form a "middle power coalition" with like-minded countries facing similar dilemmas. Such a coalition serves these countries' national interests and sends a clear message to the United States and China to lower their tensions and not to impose their wills upon others.

## CONCLUSION

How the United States and China act and react and how other countries in the international community respond to the great power rivalry will largely determine what kind of future we will live in. To maintain peace and prosperity in the world, the United States and China as well as other countries, especially U.S. allies and partners with close ties to both powers, must work together to manage the great power rivalry judiciously. South Korea has so far performed remarkably well in navigating the changing international landscape.

With the traditional U.S.-ROK alliance, South Korea is already in the U.S. camp by default, and the United States expects South Korea to side with it in a potential U.S.-China conflict. However, China is a critical partner in South Korea's policy towards North Korea and remains South Korea's largest trading partner. For its own national interests, South Korea needs to maintain friendly relations with both great powers.

The great power structure under which South Korea operates is likely to stay for a while; that is, the United States will remain South Korea's indispensable security patron and economic partner, and China will remain South Korea's largest trading partner as well as a key player on Korean

Peninsula security. South Korea is likely to continue to seek some degree of autonomy in its foreign policy and search for its niche in a world where rivalry between the United States and China persists.

The outcome of the March 2022 presidential election could affect how South Korea will manage the vital relations with the two great powers in the next few years. Yet, South Korea is unlikely to join a united front led by the United States against China. It is trying to cooperate with the United States and fulfill its multilateral commitments in international affairs as a middle power, without antagonizing China. As a middle power, South Korea's ability to shape policies of the

two great powers is limited, but it will do its best to maintain the status quo under which it can continue to benefit from strong relations with both great powers. South Korea may also wish to form a "middle power coalition" with like-minded nations to help lessen the negative impact of the U.S.-China rivalry.

South Korea's strategy in dealing with the dual-track economics-security structure has largely succeeded. The South Korea experience provides an interesting angle from which one can observe complex challenges in contemporary international political economy and diplomacy associated with China's rise and U.S.-China rivalry.

## ENDNOTES

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