China-South Korea Relations
Analysis of Historical, Political, and Economic Interactions

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[Abstract] The recent conflict between China, Korea, and the US regarding the THAAD missile system reflects the political tension in East Asia that was inherited from the Cold War. In retaliation to South Korea's decision to deploy THAAD missiles in the Korean peninsula, the Chinese public has retaliated by protesting and boycotting Korean companies and products. In response, South Korea needs to decide how to manage both its relations with the US and China while strengthening its national security against North Korea. The dialogue over THAAD is a combination of cooperation and contention between South Korea and China as both countries attempt to maintain good bilateral relations while pushing for their own national interests. China is Korea's biggest trading partner, with its trade volume exceeding that of the US and Japan combined. While Korea's economy is criticized for being dependent on China, China also needs South Korea as a political ally in its struggle for power in the East Asian region against the US and Japan. China and Korea's bilateral relationship in the modern era is nothing new - since before two thousand years, China has meddled in Korean politics. This paper analyzes the dynamic relationship between China and Korea by looking at how their relations have developed over time. It will then use this understanding to provide insight into what factors will affect this bilateral relationship going forward, and provide recommendations for South Korea for the future.

[keyword] THAAD Political economic retaliation (East Asia power shift) Korea-North Korea- China-US diplomatic relationship Korea-China bilateral relationship Historical cooperation/contention/oppression/invasion of China and Korea Investment in infrastructure and rapid economic growth in Korea Capital and technology-intensive economic focus in China Competition in taking skilled workers (engineers/IT professionals) ASEAN Trade and investment cooperation and competition
Introduction

South Korea and China have both transformed themselves from impoverished, war-torn societies into modern, developed nations within the span of one generation. As close neighbors in East Asia, the two countries have developed a bilateral relationship that has developed from a number of historical events dating back two thousand years. The fact that China is Korea’s largest trade partner indicates how interdependent the two economies have become. Today’s complex political environment in East Asia is both a legacy of the US-Soviet conflict in the cold war and a chapter in the long history of power shifts across East Asia. This paper analyzes the relationship between China and Korea, and where it will go, by looking at its historical interactions along with the political-economic factors that form the dynamic between the two countries. Through this analysis, this paper highlights various concerns and potential threats that China asserts on Korea, and provides possible solutions for Korea to adopt as a countermeasure.

THAAD: China’s Low-Intensity Tools of Foreign-Policy

On July 8th, 2016, South Korea and the United States publicly announced that they would station the Terminal High-Altitude Area Defense (THAAD) system in South Korea. Despite being aware that China would retaliate against this decision, South Korean officials made the decision for multiple reasons. North Korea’s continued development of its nuclear and missile weapons raised serious concerns over security and the lack of countermeasures against such threats. South Korea officials also saw the decision as a necessary measure to hold down US forces in Korea. It was also a political statement to show China that it had no authority over Korea’s decisions to protect its security. Finally, South Korea officials argued that the missiles would not be used by the US, and that the missiles’ range was only effective within the Korean peninsula. China, on the other hand, believed that the THAAD missiles would not be able to deter North Korea and would only tip the delicate balance in East Asia to the benefit of the US. It saw the missiles as another step of the US in securing its authority in Asia by strengthening ties with Japan and Korea. Unlike South Korea, China viewed that the missiles could be used by the US, threatening China.

While China and South Korea have maintained a general agreement regarding North Korea’s nuclear development, the decision to deploy THAAD undoubtedly worsened relations between the two countries. China has been criticizing Korea since discussions on the THAAD missile began for jeopardizing bilateral relations. Since the decision, China indirectly retaliated against South Korea by using state-controlled media outlets to urge its citizens to voluntarily protest and boycott South Korean businesses and tourism (Sun, CSM). South Korean conglomerate Lotte group is a high-profile victim of the retaliation. A few days after Lotte agreed to give over a golf course to host the THAAD missile system, “…23 Lotte Mart stores in China were shut down by the authorities there” (Woody, Business Insider). Lotte was also suspended from constructing its $2.6 billion theme-park in northeastern China (AFP, Business Insider). Chinese retailers have withdrawn their products from Lotte stores and Lotte’s websites were shut-down by cyber-attacks (AFP, Business Insider). Lotte, like many Korean companies, are
heavily invested in China’s consumer market: “At present, it has 22 subsidiaries in China, with 26,000 employees and annual sales of about $2.6 billion” (Woody, Business Insider). Korea’s tourism and other industries like cosmetics that are catered to Chinese consumers took a hit from the boycotts as well; The Chinese government has pressured travel agencies from arranging group travel plans to Korea and have blocked Korean entertainment media from streaming in China. The effects are noticeable; shares of major South Korean companies in targeted industries have fallen dramatically. The THAAD missile situation and the actions of the parties involved reflect the complex and difficult situation in East Asia. The region has a long internal history of cooperation, contention, oppression, and invasion between its nations. Trade and other interactions with the West have influenced the economies and political systems of East Asian countries. In this way, countless factors have shaped the current political landscape in East Asia. The region has a long internal history of cooperation, contention, oppression, and invasion between its nations. Trade and other interactions with the West have influenced the economies and political systems of East Asian countries. In this way, countless factors have shaped the current political landscape in East Asia. Likewise, China and South Korea have a long history in their relationship, which can be used as a tool to analyze their current actions and interactions with each other.

History of China-Korea Relations

Pre-modern History

China has a long history of involving itself in Korean history and politics. For over two thousand years, “successive Chinese dynasties have seen Korea as a tributary to be protected, a prize to be coveted” (Banyan, The Economist). In 108BC the Han dynasty conquered the northern part of the Korean peninsula, ruling over the area for around 400 years. The Sui dynasty in the sixth century AD turned to invade the Korean peninsula after reunifying China, but it faced devastating defeat by the Goguryeo kingdom, which was the ruling Korean kingdom over northern Korea. The Tang dynasty managed to overthrow Goguryeo by allying with a warring Korean faction, but were ousted by its former allies across the border. A few centuries later, the Ming dynasty managed to force Korea to be China’s tributary state, and this rule continued over the succeeding Qing dynasty. The Korean peninsula also acted as “…a dangerous land bridge which might convey ‘outer barbarians’ into China” (Banyan, the Economist). During the Ming dynasty’s rule, Japan invaded Korea to set a base on the mainland for its planned conquest of China. China’s Ming dynasty fought together with its tributary state and managed to push back the invasion with heavy losses. In the 19th century after Japan’s Meiji restoration, Japan returned as a threat to China and Korea, coming back as an even greater threat. Eventually, key Korean authorities sided with Japan, helping Japan seize control over Korea from China. The result, as the Economist explains in its article, “…gave imperial Japan a foothold on the mainland for its eventual conquest of Manchuria and China, in what was to become the second World War” (Banyan, the Economist). Even before modern times, China and Korea share an extensive history of ruling-tributary relations, invasions, and alliances. As a result of these interactions, their ethnic/national identities have been somewhat blurred in relation to each other.
East Asian Trade and Interdependence

Petri (1993) lists three historical events that are important in understanding East Asian interdependence. The first, as he explains, is that: “the volume of East Asian trade…and of East Asian intratrade as well…gained momentum with the stepped-up involvement of European powers in the nineteenth century” (Petri, 1993, p.32). Under the leadership of Britain, Europe aggressively sought access to trade with China and other Asian markets. In a form of “cooperative’ imperialism”, the European empires and the US all signed treatises to secure access to Chinese and other ports (Petri, 1993, p.32). New ports were created in the region and trade expanded both regionally in East Asia and with the West. Petri’s study finds that “…by 1913 about 42 percent of the region’s trade was intraregional, compared to 46 percent in 1938 and 47 percent today” (1993, p.33). Trade with the West aids in Japan’s industrialization and rapid expansion, leading to Imperial Japan’s invasion of Korea and conquest of China. This expansion of Imperial Japan’s empire entering the 20th century is Petri’s second key historical development that established East Asian interdependence. Japan’s triumph over China in 1895 forced China to vie up Korea and Taiwan to Japan (Petri, 1993). Japan’s invasion of Korea and Taiwan was followed by investments in infrastructure related to bilateral trade and agricultural reforms that boosted production (Petri, 1993). Soon after, Japan’s conquest of Manchuria led to a surge of investments in similar infrastructure there, building new connections across East Asia. By 1931, Japanese investments in China equaled those of Great Britain. Under pressure by Chinese resistance and foreign threats, Japan decided to change its strategy into one where Korea, Manchuria, and Taiwan would become “independent bases of industrial strength” for Japan’s economic empire (Petri, 1993). Through new substantial industrial investments, Korea, Taiwan, and China grew out of its colonial-style relationship with Japan and became their own self-sustaining economies. Japan’s focus on developing transportation and communications infrastructure created sophisticated economic connections within East Asia.

Korea and China’s Economic “Miracle”

China and Korea were both devastated by occupation and battle and faced political instability for decades after the second World War. Following the war, the conflict between the US and the Soviet Union heavily affected China and Korea’s politics as the two superpowers fought for control over the two Asian nations. China and Korea struggled to restore its economy and strength amidst the political instability. The Korean peninsula faced another devastating war, becoming split between the US and the Soviet Union. The Korean War hit South Korea’s economy hard: in the 1960s, South Korea’s GDP per Capita was among the lowest in the world (Forbes). Soon after, however, South Korea underwent huge economic reform under close government supervision in business and trade. South Korea followed a development model that focused on high savings and investments into industries and businesses that would be competitive in the global market. The economy grew as industries exported manufactured goods and imported new technologies from developed nations. Additionally, foreign investments flooded into South Korea as foreign companies set
up manufacturing plants in Korea and hiring South Korean workers for their cheap wages. South Korea then invested its new resources in diversifying its economy, developing businesses in more sophisticated industries that give higher profits. GDP grew at an average annual rate of 7.9% from 1960 to 2000, ranking as one of the highest average growth rates in the world (Schuman, 2010). Korea is now the 11th largest economy, 7th largest export economy, and the 2nd most complex economy according to the Economic Complexity Index (the Observatory of Economic Complexity).

China lagged behind South Korea in economic development until political and economic reform in 1978. Under the new leader Deng Xiaoping, China shifted to a market economy and opened its markets to foreign investment and trade. China’s liberalization of its economy brought in massive amounts of foreign investments into markets and infrastructure, energizing China’s manufacturing and trade industries. Like Korea and other similar Asian economies, China then diversified its economy by shifting “…its output from raw materials to manufactures, and within manufactures from labor-intensive to more capital- and technology-intensive sectors” (Petri, 1993, p.38). Since its expansion, China has sustained the highest average annual GDP growth among all major economies in history (World Bank). In just two decades, China has grown to be the second largest economy in the world, the largest export economy, and the “largest contributor to world growth since the global financial crisis of 2008” (the World Bank).

Strategic Trade Development between China and Korea

Korea and China’s modern economic relationship can be linked to China’s economic boom in the 90s and Korea’s readiness to take advantage of the massive market. Cheong Yong-Rok (2009) classifies the development of this economic cooperation in three different stages. The first stage was in the early 90s when the communication ban between Korean and Chinese politicians were lifted after the Cold War (Cheong, 2009). Business leaders and politicians opened channels for dialogue with China, until a diplomatic relationship was finally established between China and Korea (Cheong, 2009). Trade and investments into China increased exponentially soon after. The speedy growth in trade was due to the “complementary commodity composition” between the two countries; South Korea had an excess supply of heavy industries, while China was in need.
of huge amount of heavy industries products. Cheong (2009) explains that, “this situation has continued because China is still dramatically building up its heavy industry as well as its light industry (p.65). Trade between Korea and China was driven by investments; Korea used China as a platform for its investments companies to process exported intermediary goods in China, then re-export them to the US, the EU, Japan, and within Korea (Cheong, 2009). Korean companies also aimed to access domestic markets in China through its investments (Cheong, 2009). The second stage was in the Korean financial crisis of 1997-98, when Korea-China trade fell and Korean companies withdrew investments due to lack of financial resources. The third stage was the “global rush” of investments into China in 2001 when China became a member of the World Trade Organization. China and Korea’s bilateral relationship reach its peak in this stage, growing China into the “top economic partner of Korea” (Cheong, 2009, p.64).

Current State of China-Korea Relations

Despite setbacks, China and Korea are continuing to build a strategic bilateral relationship based on trade, investments, and diplomatic relations. In terms of total Korea trade volume, China surpassed Japan in 2003 and the US in 2004 to become the largest trading partner of Korea. China currently stands as Korea’s top export destination and import origin, with volumes that surpass those of the US and Japan combined. Korea has benefitted from its economic ties with China in various industries, beyond heavy industries. Closer economic ties between China and Korea has given China’s growing consumer market access to Korean consumer products and services. As a result, Korea’s consumer and service industries have benefitted greatly as a huge influx of Chinese consumers purchase Korean products. South Korea’s duty-free sector has grown by Chinese demand to become the largest in the world (Premack, 2017). In 2016, Chinese tourists accounted for nearly half of the country’s total visitors, and China accounted for 36% of all Korean cosmetic sales (Sun, 2017; Premack, 2017). Chinese consumption of Korean products and services have been mostly due to Hallyu, or the Korean wave of K-pop, Korean soap operas, and other Korean entertainment media that have gained massive fandom in China. In any case, it is apparent that Korea’s economy is dependent on its economic ties with China. With Korea heavily invested in China and China’s massive presence in Korea’s trade and other industries, China has significant influence over Korea’s economy.

China is not only pivotal in South Korea’s current economy, but also in Korea’s future in relation to North Korea. For South Korea, China serves as both an administrator to rein in North Korea’s hostility and a way to reunify the North and South Koreas. Korea’s first priority is to resume negotiations with North Korea regarding its nuclear development, and the US and North Korea seem less inclined to open talks. China serves as the best (possibly the only) party that could bring all parties to the negotiation table and reopen denuclearization talks between the two Koreas (Guidetti, 2014). Korea’s second priority is to improve bilateral relations with North Korea and ultimately achieve reunification. China is seen to be a key factor in this goal, as Guidetti (2014) mentions: “Seoul calculates that the Chinese influence over Pyongyang might make it more responsive to its own
diplomatic initiatives towards the North and help create a climate more hospitable to inter-Korean cooperation” (Guidetti, 2014, p.3). In this way, Korea needs to maintain positive relations with China for both economic, political, and security reasons.

At the same time, South Korea is of strategic importance to China. Aware of South Korea’s military alliance with the US against North Korea, China needs to keep South Korea from fully committing to an alliance that would threaten China. If South Korea were to completely ally with the US, China would be threatened by a “trilateral alliance between the US, Japan, and [South Korea]” (Guidetti, 2014, p. 2). Under supervision by the US, the trilateral alliance would tip the balance in East Asia against China’s favor. This would threaten China’s position in its territorial disputes in South China Sea and political conflicts with its neighbor countries. South Korea holds additional strategic value against Japan, which China perceives to be a rising military threat. Recently, Japan has grown tough nationalist sentiments and has strived to revise its pacifist military policies. Tensions between China and Japan have risen as territorial disputes continue while Japan strives to “reemerge as a major regional security actor with its new born collective defense policy” (Guidetti, 2014, p. 2). South Korea and China share anti-japanese sentiments stemming from a history of Japanese occupation, providing South Korea as an ally against this perceived threat. China and South Korea both decry recent Japanese actions as “revisionism and militarism of the Japanese leadership” (Guidetti, 2014, p. 2). China can further complicate possibilities of a trilateral alliance by maintaining this shared sentiment against Japan with Korea.

China as a Threat to Korea, and how Korea can respond

THAAD: Korean Firms and Economy negatively affected

The impact of China’s retaliatory actions against Korea’s decision to deploy THAAD missile system indicates how Korea’s dependence on China can be used as a weapon against Korea. Korea’s consumer products, entertainment, and tourism industry took the biggest hit following the THAAD controversy as the Chinese public protested and boycotted Korean products. In the month after the protests, Lotte lost an estimated $66 million in sales after a majority of its stores in China were forced to close (Premack, 2017). At the same time, Duty Free markets saw an average drop of 40% in monthly sales (Premack, 2017). South Korea’s reliance on the Chinese market risks Korean industries of dangerous exposure in cases like this when demand suddenly falls. Additionally, Korean investment in 2017 into China fell by 43.7% from its previous year. The Bank of Korea explained that the sharp downturn in investments was due to rising concerns of Korean companies regarding anti-korean sentiment in China following the THAAD issue (Jung, 2017). An article by the Business Insider reports that a K-pop band, MIXX, broke up over the THAAD dispute when its managing Chinese agency withdrew its investments (Woody, 2017).

ASEAN and China as a Case Example

This is not the first time that China has used its massive economy and position in Asia as a foreign policy tool in political disputes with its neighbors. The territorial disputes on the South China sea between Southeast Asian countries and China reflect how ASEAN countries face pressure from China
similar to the situation in South Korea. In 2014, Vietnam held anti-Chinese riots after China parked an oil rig in an area that was claimed by both countries. Open hostility towards China held great risk to Vietnam, as “the foreign-invested sector represents more than 70 percent of Vietnam’s exports and the strongest part of the country’s economy” (Horton, 2016). China is Vietnam’s largest trade partner, importing 10% of Vietnam’s exports and exporting 29% of its total imports. (Horton, 2016). The Philippines are wary of China building an airstrip on a reef that has been the subject of conflict between the Philippines and China (Horton, 2016). While the Philippines is less economically engaged with China compared to Vietnam, bad relationships with China could keep China from investing in the Philippines’ much needed infrastructure (Horton, 2016). Recently, Indonesia and China came into conflict over fishing ground rights. Indonesia’s fishing industry has been rapidly expanding, and this growth needs investments in order to be sustained. These fishing disputes may prove to be an obstacle as Indonesia tries to draw in Chinese investments.

The cases mentioned above also serve as possible solution manuals for South Korea to follow. Vietnam’s overdependence on China has led Vietnam to join the Trans-Pacific Partnership in order to gain more leverage over China in territorial disputes. Vietnam’s action provides two strategic benefits: First, Vietnam can strengthen its bargaining power in territorial disputes with China by threatening to join trade agreements with the US, China’s competitor. Second, trading with other nations diversifies its economy away from China, reducing the effect that China has on it. The Philippines have been challenging China by increasing military cooperation with the US. Furthermore, the Philippines can avoid compromising to China by drawing infrastructure investments from other partners like Japan, South Korea, and international institutions. Indonesia is taking action to protect its economy from being negatively affected by fishing disputes as well.

Potential Threat: China threatens Korea’s sovereignty over territories on the Korean peninsula that borders China.

China’s attitudes towards China-Korea history, primarily in Northeast Korea, have raised concerns over how China would threaten Korea’s sovereignty in the case of North-South reunification. There have been recent disputes over history textbook revisions regarding the history of the ancient Koguryo dynasty (Ahn, 2006). China and Korea both claim that the heritage and territory of Koguryo are theirs. In February 2002, the Centre for the Study of Borderland History and Geography began working on a state-funded project called the “Northeast Project”. The study deals with various problems regarding the “history, geography, and ethnic issues in China’s Northeastern provinces” (Ahn, 2006). Koguryo is receiving the most attention in this study, which regards the ethnic Koreans and other minorities inhabiting Koguryo as a part of “Greater China”. Essentially, Chinese historians view Koguryo history and heritage as part of Chinese national history. They claim that the Han Chinese culture was assimilated into Koguryo, becoming mainstream culture. This has significant implications because Koguryo is seen as the root of Korea, and much of Koguryo’s culture has been inherited by Korea. Korean scholars argue that the Northeast Project is “…part of an aggressive Chinese move to claim territory and history” (Ahn, 2006). China could use their claim to national history as a tool in territorial claims in the
case where North Korea collapses or the North and South reunify.

**China Challenges Korea in International Markets**

China’s economic growth served to be one of Korea’s greatest opportunities in trade and economic expansion, but China is growing to be a rising threat rather than a partner to Korea’s economy. According to the Asan Annual Survey, the Korean people seem to perceive China as a growing threat to Korea’s economy. The share of people who perceived China’s economic rise as a threat went up from 52.7% in 2012 to 72% in 2014.

![Figure 2. China as an Economic Threat (Source: Asan Annual Survey)](image-url)
The public’s concerns reflect the growing competitiveness of Chinese industries in global markets as the technological gap between Chinese and Korean firms shrink. China has begun to move up the value-added chain, and is beginning to challenge Korea abroad (Kim, 2014). According to a report by think-tank Korea Institute for Industrial Economics & Trade, there will be little difference between the tech of Chinese and Korean products in high-end smartphones, wearable devices, memory chips, smart electronics, and other tech-heavy sectors (Lee, 2017). Competition will become more equal as China’s improvement of industry catches up with its Korean counterpart. While Korea has a competitive edge over China in key industries like semiconductors and display sectors, any competitive edge that Korea has is slight; a report by the Korea Evaluation Institute of Industrial Technology reveals that there was only a maximum 1 year gap between key industries in China and Korea. This catch-up in technology is part of China’s attempt to sophisticate its economy. Another issue is that China has been scouting Korean workers from leading Korean firms. Chinese cosmetics manufacturers have hired South Korean research employees by offering higher pay and greater benefits. Cheong (2009) mentions the migrating engineers from LG Semiconductor who went to Chinese firms who offered nice work conditions. Various similar cases where Chinese firms scout Korean engineers and high-technology employees have raised concerns in Korea over technology theft.

China has announced its “Made in China 2025” strategy, which is “an initiative to comprehensively upgrade Chinese industry” (Kennedy, 2015). It adopts Germany’s “Industry 4.0 plan”, which essentially uses information technology to connect small and medium-sized companies to global production and innovation in order to improve production. China’s “Made in China 2025” strategy have several goals and principles. First, it aims to improve quality of manufacturing through innovation, green development, and nurturing human capital. Second, it aims to push Chinese industries to top global production value chains by making its more efficient and integrated. Third, the plan will encourage small and medium-sized enterprises to create new technologies and ideas by strengthening intellectual property rights protection and relying on market institutions for financial aid. Finally, the plan targets 10 priority sectors: 1) New advanced information technology; 2) automated machine tools & robotics; 3) aerospace and aeronautical equipment; 4) maritime equipment and high-tech shipping; 5) modern rail transport equipment; 6) new-energy vehicles and equipment; 7) power equipment; 8) agricultural equipment; 9) new materials; and 10) biopharma and advanced medical products (Kennedy, 2015). The strategy not only focuses on advanced industries, but also on traditional industries. The strategy also calls for Chinese firms to invest in countries that make up the Silk Road initiative, which includes South Korea. While investments are intended to expose Chinese firms to overseas cultures and markets, this serves as a direct challenge to South Korean manufacturing firms.

Improving Trade Relations with Other Nations

The THAAD issue reveals the risk that Korean firms and industries are exposed to when heavily dependent on China’s market. Like Vietnam, Korea can decrease this risk by expanding the reach of its trade to other nations. Korean firms and policymakers have already taken steps by diverting trade and investments away from China and into Southeast Asia. As competition increases in China’s domestic consumer market, Korea’s cosmetics firms are looking at markets beyond China. Beyond Cosmetics, a Korean cosmetics firm, has been researching humidity-resistant lipsticks for Thailand and
halal-certified products in Malaysia. The fall in tourism pushed the Korean tourism industry to look towards a rising Southeast Asian consumer base. The Korea Tourism Organization aims to attract 3.6 million travelers from Southeast Asia in 2017, while the government increases flights and ease visa regulations for people from that region. Rising wage costs in China have pushed Korea’s investments away from China and into Southeast Asia, where wages are cheaper (Sakaki & Wacker, 2017). In 2015, Korean investments into China accounted for only 10.5% of its total investments, showing a significant decline from just a decade earlier (Sakaki & Wacker, 2017, p. 22).

Korea’s economic relationship with Southeast Asia is nothing new. South Korea launched official talks with ASEAN in 1989, then upgraded its bilateral relations through Free Trade Agreements and trade partnerships for two decades. In this time, “bilateral trade increase eleven fold from $8.2 billion to $90.2 billion” (Hwang, 2012, p. 3). ASEAN is now the third largest trading partner of South Korea, and the “second largest investment destination…with South Korean investments in ASEAN growing from $500 million to $3.6 billion by 2009” (Hwang, 2012, p. 3). A KEIA report by Hwang (2012) illustrates how South Korea is “uniquely positioned to play the honest broker in the [ASEAN] region” (p.3). South Korea’s economy stands in the middle of large and small economies, placing it in a position that can connect large and small powers, and developed and developing economies. In addition, South Korea’s history of continued occupation is similar to many countries in Southeast Asia who “have similarly been dominated culturally, politically, and economically by the Chinese and Japanese empires” (Hwang, 2012, p. 3). In other words, South Korea is the only country among the three East Asian economies (Korea, China, and Japan) that does not have historical conflicts with ASEAN countries.

ASEAN conflict with China over territorial disputes have pushed ASEAN countries to open trade with the US, Japan, South Korea, and Australia, but South Korea “carries less historical baggage” and its economy is the most similar for ASEAN economies to emulate (Hwang, 2012, p. 3). South Korea dominates in soft power over Southeast Asia as well. The hallyu, or Korean “fads and trends” of K-pop and other Korean entertainment cultures have gained huge popularity in the region. Korean restaurants, K-pop songs and Korean pop culture are seen everywhere on the streets of ASEAN countries, showing the reach and influence of Korean media culture. This successful branding of Korea has helped, and will help Korea’s engagement in bilateral relations with ASEAN nations.

Conclusion

The THAAD issue provides insight into relationship between China and South Korea in relation to each other and the US and North Korea. This event pushes the bilateral relations to new advancements, as both countries need to compromise in the pursuit of their own interests. Both countries are likely to find a solution based on communications and negotiations rather than direct retaliation. This is in part because South Korea and China need to maintain a good relationship for their national security interests; South Korea needs China to act as the mediator between it and its Northern brother, and China needs to ensure that South Korea keeps away from engaging in a trilateral alliance with the US and Japan. While economic cooperation via trade and investments have mutually benefitted both economies, China’s improving industries threaten South Korea’s economic outlook. Korea has responded to this threat by looking to diversify its economy and
improve advantageous industries while opening its market to ASEAN countries. In order to secure both its national security and economic growth, South Korea needs to balance competition and cooperation with China.

References


