

The Way Ahead: The Next Decade of PRC-ROK Relations

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The year 2012 marks the twentieth anniversary of the normalization of PRC-ROK diplomatic relations. During the past 20 years, relations between China and South Korea have developed rapidly. This diplomatic relationship entered into a new era in 2012 with both countries undergoing transitions in leadership. For the next decade, promoting bilateral ties is not only in the interest of China and South Korea, but will also contribute to the peace and stability of Northeast Asia. For these reasons, new leaders of both countries should continue promoting the development of PRC-ROK relations. This paper examines the following aspects: (1) achievements of PRC-ROK relations; (2) the importance of developing PRC-ROK relations in future; (3) opportunities and challenges in developing PRC-ROK relations; and (4) policy suggestions for further strengthening PRC-ROK ties.

Achievements in the Past Twenty Years of PRC-ROK Relations

The People's Republic of China and the Republic of Korea resumed formal diplomatic relations after decades of isolation from each other on August 24, 1992. This laid the foundation for the rapid development of PRC-ROK relations over the course of the next 20 years. The development of PRC-ROK relations and the bilateral relationship's achievements are especially conspicuous in the following respects.

First, economic ties between China and South Korea have increased. The trade volume between China and South Korea in 2012 was around US\$250 billion, which is approximately 50 times greater than when they established diplomatic relations 20 years ago. From 1992 to 2012, South Korea has invested US\$52.4 billion in China and set up 55,000 China-based enterprises. China has invested about US\$1 billion in South Korea, which is expected to grow in future.¹ China has been South Korea's biggest trade partner for years and the recipient of the majority of South Korean foreign investment, while South Korea has become China's third largest trade partner.

Second, the volume of individuals visiting China from South Korea and vice versa has increased 50 fold from 130 thousand in 1992 to 6.5 million in 2011. Every week, 840 flights travel between the two countries, including from seven cities in South Korea and 30 cities in China.² Furthermore, 120 sister cities between China and South Korea have been established.

Third, political relations between China and South Korea have improved over the past 20 years. Both countries have overcome many obstacles in their bilateral relations during the past two decades, leading to great improvement in PRC-ROK relations. These relations were elevated from a "cooperative partnership" in 1997 to a "comprehensive cooperative partnership" in 2003 and now a "strategic cooperative partnership" since 2008.

Fourth, educational and cultural communication between the two countries has been unprecedentedly high. The number of Korean students studying in China for a university degree surpassed 55,000 in 2011 and the total number of Korean students visiting China has reached over 62,000, which accounts for 21.34 percent of the total number of foreign students in China, making South Koreans the largest foreign student group visiting China.³ Over 65,000 Chinese students studied in South Korea in 2011, which amounted to over 80 percent of the number of foreign students in China.

Since the normalization of PRC-ROK diplomatic relations in 1992, South Koreans and Chinese have jointly come to experience mutual respect and a desire to seek common ground. South Koreans and Chinese have also come to seek the promotion of mutually beneficial economic cooperation based on the principle of reciprocity, as well

as to support one another's positions on international affairs.

Obstacles to the Further Development of PRC-ROK Relations

Although China and South Korea have achieved much in strengthening bilateral ties during the past two decades, there are still some problems that need to be resolved.

Issues relating to diverging opinions over national security

Although both China and South Korea share the goal of peace and stability on the Korean Peninsula and the peninsula's denuclearization, there are diverging opinions regarding how this goal may be achieved. This divergence has become a major issue in PRC-ROK relations. China opposes any provocative actions and has made efforts to prevent escalations of tension on the Korean Peninsula. To promote peace and stability on the Korean Peninsula, China hosted the Six-Party Talks and also supported the United Nations Security Council's sanctions on North Korea after it conducted nuclear tests in violation of UN resolutions. Despite many efforts, China and South Korea have not yet reached an effective agreement on how to address the issues pertaining to North Korea. Since the sinking of the South Korean Warship *Cheonan* and the shelling of Yeongpyeong Island in 2010, the government of South Korea has adopted a "hard-line policy" towards North Korea and strengthened its alliance partnership with the United States. Following the sinking of the *Cheonan*, the United States has held joint military exercises with both South Korea and Japan. One such exercise took place in the Yellow Sea, a location provocatively close to China's territory, which was perceived by China as a potential military threat despite this not being South Korea's intent.

Issues that China and South Korea are jointly resolving

Despite having diverging points of view, there are still some issues on which China and South Korea have already reached a basic consensus and are working to jointly resolve. These particular issues do not touch upon the core interests of both countries and therefore, their resolution should not undermine the development of PRC-ROK relations if the two sides handle these issues well. Typical issues of this kind include fishery and maritime rights disputes. The Chinese government has implemented various measures to deal with these matters, such as shortening the lifecycle of fishing boats, improving development planning for the coastal areas, as well as rebalanc-

ing economic development and both ecological and fisheries protections. These kinds of issues will be solved in the near future with the cooperation of the two countries.

Issues caused by misunderstandings or different values

Although China and South Korea share traditions of Confucian cultures, both countries have pursued different paths of development in modern times and therefore, have developed different value systems. Though normative and historical divergence does not necessarily touch upon the core interests of both countries, it may cause problems arising from basic misunderstandings. One example of typical issues of this type is the Northeastern Project.

The Northeastern Project issue arose from the Serial Research Project on the History and Current State of the Northeast Borderland, which was jointly conducted by the Chinese Academy of Social Sciences and the three provinces in Northeastern China from 2002 to 2007. From 1 BC to 7 BC, Goguryeo was an ancient regime with territory across today's China, North Korea, and South Korea. According to the projects, Chinese historians believe that the Goguryeo Kingdom was established by the ancient peoples of Northeast China. However, Korean scholars believe that Goguryeo belongs only to its own history and has nothing to do with China. As a matter of fact, since it is difficult to get funding for research in China on such fields as history, the Chinese government sponsorship of the project was aimed to support research in this field to promote academic research on historical issues. However, as the project was sponsored by the Chinese government, some Korean scholars are suspicious of there being a Chinese governmental bias in the project, which added to the sensitivity of this issue.

Issues of economic cooperation

In the past two decades, China and South Korea have made tremendous achievements in bilateral economic cooperation. However, since the establishment of PRC- ROK diplomatic relations in 1992, China has experienced unfavorable trade balances and the import-export gap has widened. Although it is difficult to avoid problems in any bilateral trade relations, trade disputes can be effectively addressed if they are dealt with through negotiation in a cooperative manner based on the principle of mutual benefit and reciprocity.

China and South Korea share significant common interests. After decades-long isolation from each other, the past 20 years has been a learning experience for how to resolve differences between both countries. Amidst these frequent exchanges, some frictions are inevitable. In this case, China and South Korea should deal with these issues from a strategic and long-term perspective, which requires patience, compromise, and cooperation.

Prospects for the Next Decade of PRC-ROK Relations

Over the past two decades, PRC-ROK relations have already undergone rapid development and are now operating under the framework of a “strategic cooperative partnership.” Will future developments in PRC-ROK relations bring further benefits for China and South Korea in the following decade? Are there opportunities for further strengthening PRC-ROK ties? Seen from a strategic and developmental perspective, prospects for cooperation and development between China and South Korea in the fields of economy, culture, and politics is bright.

Common interests in maintaining peace and stability on the Korean Peninsula

Maintaining peace and stability on the Korean Peninsula and achieving peninsular denuclearization are in the interest of China and South Korea and serve the objectives of both countries. After North Korea conducted its third nuclear test, security issues on the Korean Peninsula will continue to pose an important challenge to the new leadership of China and South Korea and all relevant parties, including the United States. In her presidential campaign, South Korea’s newly-elected President Park Geun-hye argued that a relationship of mutual trust should be built with North Korea based on the premise that North Korea will not continue to develop its nuclear programs. Park Geun-hye’s “trust program” will face a big challenge after North Korea’s third nuclear test. Nevertheless, China and South Korea should promote mutual trust through increased dialogue, communication, and focusing on crisis management mechanisms to prevent crises in the region from escalating.

Dividends from complementary economic cooperation

China and South Korea plan to increase their bilateral trade volume by 50 percent, rising from the 2010 level of US\$200 billion to US\$300 billion by 2015.⁴ Future econ-

omic cooperation between the two countries can be complementary and beneficial in the following ways.

First, since a major task for China in the upcoming decade is to readjust its developing model and transform from an export-oriented economy to a consumption-driven economy, demand in China's market will increase and become more diversified and provide a larger market for Korean products.

Second, as China transforms its developing model, China and South Korea will have more room to cooperate in economics, management, and science and technology. Whereas China and South Korea mainly focused on bilateral trade cooperation over the past 20 years, they will develop further cooperative efforts in such industries as manufacturing and services in the next decade.

Third, as China's economic reform deepens, China's economy will move closer to a mature market economy, which will create a better environment for PRC-ROK economic cooperation.

Finally, China and South Korea's manufacturing industries can complement each other in the domestic and foreign markets, thereby creating a new economic mode of cooperation to explore global markets through "joint research and innovation."

Bright prospects for Northeast Asian regional economic cooperation

Since the failure of the World Trade Organization Doha Round Negotiation in 2006, regional economic integration has become a major trend in global economic development. As the world's economic landscape undergoes changes, increased regional economic cooperation in Northeast Asia will help promote the competitiveness of the region's economy globally. Building on the economic achievements that China and South Korea have made during the past 20 years, the establishment of a PRC-ROK FTA will significantly help hasten the process of regional economic integration in Northeast Asia and its competitiveness in the global market.

Policy Suggestions for Improving PRC-ROK Bilateral Relations

Co-operating in keeping peace and stability on the Korean Peninsula

Given present circumstances, denuclearization of the Korean Peninsula will likely take a long time to be achieved. North Korea's stance against the United Nations Security Council resolutions once again highlighted the urgency and necessity of an effective solution to Korean Peninsula issues. China's position on these issues is very clear and consistent. Under the current situation, cooperation between China and South Korea is very important. North Korea's violation of UNSC resolutions has made North Korea further isolated from the international community. China has been making consistent efforts to persuade North Korea to steer away from a "military-first policy" and focus on economic development. But China's efforts can only be effective with cooperation from the international community, including South Korea. In the rapidly globalizing world, it would be difficult for North Korea to develop its economy without reform and opening up to the rest of the global market. Sanctions should not be the only way to deal with North Korea. Thus, there are tremendous opportunities for close cooperation between China and South Korea in international affairs on the Korean Peninsula.

Establishing a crisis management and coordination mechanism

Because of the lack of effective channels of communication and mechanisms of consultation, after the Yeonpyeong Island shelling many Koreans began to consider the PRC-ROK strategic partnership fragile, which has exacerbated mutual distrust between the two countries. As indicated by the aftermath of the Yeonpyeong Island incident, it is important to establish a crisis management mechanism between China and South Korea to effectively promote mutual understanding and prevent the escalation of conflict on the Korean Peninsula. Establishing a crisis management mechanism will help enhance mutual trust between the two countries and effectively address crises that may arise. Amidst the changing security landscape in Northeast Asia, China and South Korea need to establish effective communication channels and consultation mechanisms to clarify and assure each other of their strategic intentions so as to prevent the occurrence and escalation of conflicts

Promoting further bilateral economic cooperation

In general terms, the economies of China and South Korea complement each other well. Therefore, the potential for further cooperation is huge and the prospect of achieving a win-win effect is bright. In the next ten years, China and South Korea should increase communication and coordination at a high-level and further promote bilateral trade. The governments of both countries should increase cooperation in the strategic fields and encourage economic cooperation between enterprises. In addition, both countries should focus more on common grounds rather than minor differences and make joint efforts to fasten the PRC-ROK FTA negotiation process and facilitate regional economic cooperation in Northeast Asia. A PRC-ROK FTA would benefit the two countries' economic growth.

Expanding cultural and academic communications

As neighboring countries, China and South Korea have a long history of frequent culture exchanges. In order to reduce misunderstandings and build a social environment that is conducive to the development of PRC-ROK relations, scholars and the media as well as governments in both China and South Korea should play leading roles. First, as the bilateral relationship deepens, China and South Korea should continue to expand academic and cultural communications. Second, both countries should pay attention to the education of younger generations and promote communications among them by increasing engagement among young people, such as by dispatching young delegations and holding summer camps in each other's countries on a regular basis. Third, students play the role of cultural communicators and cultural exchange messengers between the two countries and will make their own contribution to the future development of PRC-ROK relations. China and South Korea should continue to expand exchange programs between educational institutes to improve the quality of academic research through joint education programs.

China's cultural heritage has had an important influence on Korea throughout history. Nowadays, as South Korea has made impressive achievements in terms of the preservation of traditional culture and cultural innovation, there is much room for China to learn from and cooperate with South Korea.

Promoting mutual understandings and mutual trust

Promoting high-level exchanges is crucially important for the development of future PRC-ROK relations. Communication and coordination between leaders of both countries will undoubtedly help guide the development of this important bilateral relationship. The new leaders of China and South Korea have better knowledge of each other's countries and, to this extent alone, the prospect for the development of PRC-ROK bilateral ties is bright. The newly-elected President Park Geun-hye visited China as a special envoy in 2008 and has a good understanding of the Chinese culture. Members of China's new leadership, with their experience studying and working on the Korean Peninsula, also have better understandings of Korea issues. With this mutual understanding, the PRC-ROK relationship will develop further under their leadership in the next decade.

As good decisions are usually made based on mutual understandings, a lack of knowledge of each other's countries in government policymaking apparatus would probably lead to wrong policy choices. Nurturing the *Zhihuapai* (Koreans who know China very well) and *Zhiahapai* (Chinese who know Korean very well) in both countries will be very important for the development of bilateral relations because it will help improve mutual understanding and trust to a high-level. With rich study and research experiences in each other's countries, *Zhihuapai* and *Zhiahapai* officials in Chinese and South Korean governments have developed proper and comprehensive understandings of each other's countries, which will enable them to provide objective and rational input to foreign policymaking.

Also, Chinese and South Korean government officials who understand each other's countries will play a crucial role in guiding the media and public opinion to having a positive influence on the development of bilateral relations. In the information age, international relations between the two countries will easily attract the attention of citizens.

Positive effects of improved US-China relations

Improvement in the relationship between China and the United States will not only benefit these two countries, but also will bring about benefits to countries in the Northeast Asian region, including South Korea. China and the United States can

work together to keep peace on the Korean Peninsula.

The US-China relationship is not a zero-sum game but rather one that can lead to the achievement of a win-win effect through communication and cooperation. The more a strategic consensus is reached between China and the United States, the more favorable the international environment will be for peace and stability on the Korean Peninsula. With the long history of cultural communication and active exchange between the Chinese and South Korean peoples, South Korean scholars may have a more objective evaluation of China's development. As a close ally of the United States and a strategic partner of China, South Korea can play a positive role in promoting mutual understanding and trust between the United States and China. In this case, South Korea can shape its own external security environment by having a positive influence on US-China relations.

Conclusion

As a Chinese proverb says, "close neighbors are better than distant relatives." During the past 20 years, PRC-ROK bilateral ties have made great achievements. It is still a relatively short period of time for two countries that share a history going back thousands of years. Through frequent and candid communication, obstacles to the further development of relations between China and South Korea will be removed. The two countries' shared experience over the past 20 years has shown that cooperation is the most important force driving the continuous development of PRC-ROK relations. In the next decade, developing good neighborly friendship based on full cooperation between China and South Korea will continue to serve fundamental interests of both countries. Maintaining a good relationship with China will enable the establishment of a favorable external environment for both countries and for peace and stability on the Korean Peninsula.

The views expressed herein do not necessarily reflect the views of the Asan Institute for Policy Studies.

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ISBN 978-89-97046-79-9
ISBN 978-89-97046-06-5(세트)