

**A S A N**

**INTERNATIONAL  
SECURITY OUTLOOK**

**2 0 2 3**

# Complex Competition

---

THE ASAN INSTITUTE FOR POLICY STUDIES

December 2022



A S A N

INTERNATIONAL  
SECURITY OUTLOOK

2 0 2 3

# Complex Competition

---

THE ASAN INSTITUTE FOR POLICY STUDIES

December 2022



# Table of Contents

Preface	04
Introduction: Era of Complex Competition and World Caught in a Whirlwind of Changes	06
Northeast Asia: Complex Competition in Earnest, Co-presence Destined for Separation	26
North Korea Who Revealed the True Essence of Nuclear Blackmail	40
The United States: Seeking an Integrated Solution for a Complex Competition	53
China Uses 'Chinese Modernization' to Embark on Complex Competition with the U.S.	59
Japan at the Forefront of Building a New Order	68
Russia Pursues a Multipolar World Order amidst Challenges to Its Hegemony in the Eurasian Region	78
Complex Competition Is Intensifying in the Middle East as Well	91
ASEAN in a Deepening Complex Crisis	102
Europe's Choice as U.S.-China Complex Competition Unfolds	113
Arms Race in the Era of "Complex Competition"	123
Economic Security: Uncertainty Rises as U.S.-China Strategic Competition Deepens	135
The Heat Is On: An Intensifying Controversy Over Global Human Rights	142
International Cooperation in the Post-COVID-19 Era	152



## Preface

The world changed in 2022. The global trend of social distancing, which had continued over the past two years due to the pandemic, has gradually waned thanks to the development of vaccines, treatments, and global preventative efforts, and we are preparing for a return to normal life. However, normal life seems to be different from what we remember. When restrictions on our contacts and exchanges began to be lifted, Russia invaded Ukraine, the ongoing competition between the United States and China expanded to include restructuring the international supply chains and cutting-edge technologies, and global competition grew fiercer overall. Although these changes in international politics derived from previously observed phenomena, some aspects of these developments were new to 2022.

It is extremely hard to define today's international politics with a single keyword because diverse characteristics have emerged and their directions have become very unpredictable since the 2000s. The characteristics that are common to modern international politics from any perspective include efforts by major powers to restructure the international order according to their own interests, decoupling and increased exclusivity against rivals, efforts to secure "game changers," tacit pressures on other countries for participation, and the dilemma of choice for "in-between" countries. Explaining these characteristics through systematic analysis is very important for evaluating current conditions and predicting the future. Especially for middle powers like South Korea, understanding the context of the changing international order and developing responses are directly related to its survival and prosperity.

Since 2015 the Asan Institute for Policy Studies has focused on an annual theme that traverses a given year's Asan International Strategic Outlook, identifying current trends in the international order whose directions and characteristics are not easily discernible. Previous themes included "Strategic Distrust" (2015), "New Normal?" (2016), "Reset" (2017), "Illiberal International Order" (2018), "Korea's Choice" (2019), "Neo Geopolitics" (2020), "Era of Chaos" (2021), and "Rebuilding" (2022). Although these keywords denote different themes, they all sought to identify the changing international order and its implications, as well as the choices of each country and region to respond to such changes.

Asan Institute has selected "Complex Competition" as the theme for its 2023

outlook based on the same critical perspective. The strategic competition between the United States and China has intensified into one about values and systems- beyond the competition to win the trade, future growth engines, and the new international order. Their competition has evolved into a conflict between democracy and authoritarianism after Russia's invasion of Ukraine. Attempts to isolate and exclude rivals from the international order instead of co-existing with them have emerged, and economic issues that have united the world are now viewed from a security-centered perspective. As the competition has transformed into a fight, middle powers are now forced to choose instead of serving as brokers, and the arms race is becoming more intense both in terms of quality and quantity. These changes are shaping the current trend, and the world is now witnessing multi-dimensional and multi-faceted competition.

It is expected that this trend and direction will become clearer in 2023. The risk of military conflicts among major powers is a realistic threat, and it is not just Ukraine suffering from conflict, as such a prospect is rising both in the Taiwan Strait and Korean Peninsula. Most notably, North Korea, which has demonstrated advanced nuclear threats in 2022, will routinize its nuclear threats against South Korea. As a result, political and military tensions on the Korean Peninsula may be further aggravated. In 2022 Europe had been the fiercest battleground in the world but in 2023 it may be the Indo-Pacific region that could rattle the non-proliferation regime. China and Russia will accelerate their efforts to find small opportunities in the Middle and Near East where the United States has begun to adjust its security strategy, and confrontations among major powers will pose even greater threats to the global economy. In short, compared to 2022, we may witness fiercer competition and a more volatile world.

What are the solutions for each country in this new world? Where do we need to focus our energy for survival and prosperity? This report examines the international order in 2023 and highlights the efforts by Asan Institute to provide solutions. I hope this report will serve as a valuable starting point for domestic and international discussions on the new international order. Last but not least, I would like to extend my heartfelt gratitude to authors both from inside and outside the institute as well as the members of the staff who have spared no effort in publishing this report.

**The Asan Institute for Policy Studies**  
**Chairman**  
**Lee Joon-gyu**

# Introduction: Era of Complex Competition and World Caught in a Whirlwind of Changes

Choi Kang | President

## ■ 2022 Assessment: Rising Possibility of Military Clash and Intensifying Competition

The international political landscape in 2022 is characterized by the rising possibility of military clashes among major powers, expansion of strategic competition among major powers across diversifying areas, intensifying conflict between the democratic and authoritarian blocs, and the efforts by major powers to further their respective spheres of influence.

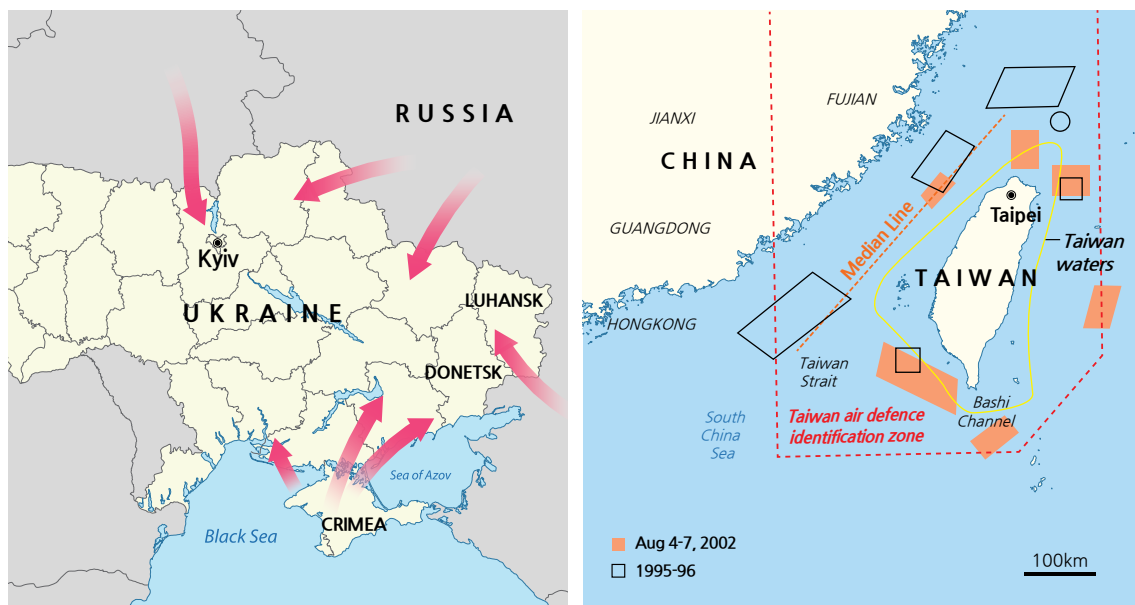
The first notable change was the aggravation of competition into conflict and the rising possibility of military conflict among major powers. Competition has always been a part of international relations and has served as the driver of both conflict and cooperation. However, competition in 2022 has continued to give place to new levels of conflict and amplified the risk of war among major powers. When the Russian invasion of Ukraine took place, it escalated into a confrontation between the United States and NATO member states against Russia, raising military tensions to a level unseen since WWII. As such, the Russian invasion of Ukraine is a leading example of a confrontation between major powers developing into significant military clashes beyond diplomatic and trade disputes and technological competition. While the United States may have failed to deter Russia from invading Ukraine, it has provided weapons and equipment to Ukraine on a massive scale in conjunction with NATO member states, fomented intense global opinion in favor of Ukraine, and took the lead in imposing sanctions against Russia. On the other hand, Russia reaffirmed its will to take over Ukraine through the annexation referenda staged in the Russia-occupied regions of Ukraine in September, thereby strengthening the base to hold the United States and NATO in check. Due to the combination of these factors, the Ukraine crisis is showing signs of becoming prolonged despite Ukraine putting up a good fight.

After Nancy Pelosi, the Speaker of the U.S. House of Representatives visited Taiwan in August, China mobilized its naval and air forces to stage a large-scale armed show of force. The United States refrained from directly responding to China on the subsequent military tensions in the Taiwan Strait but conducted joint military drills with its allies and regularly performed exclusive military exercises to flaunt its naval and air powers in

the South China Sea, East China Sea, and Taiwan Strait. The international community's concerns have continued to grow as Chinese President Xi Jinping openly declared China's stance on the non-exclusion of military options concerning Taiwan issues at the 20th Party Congress, in which Xi's third consecutive term was officially confirmed.

While tensions in the Taiwan Strait are raising the specter of armed conflict with the advent of the U.S.-China strategic competition, the Ukraine crisis presented an even greater risk: overt threats of the use of nuclear weapons, which has been suppressed since the start of the era of nuclear armament in the 1950s. Right after Russia attacked Ukraine on February 24, Russian President Vladimir Putin insinuated the possibility of using nuclear weapons when he mentioned that “those who attempt to impede Russia's progress will be made to pay a terrible price unprecedented in history” and ordered Russia's nuclear forces on “special combat readiness.”<sup>1</sup> Deputy Chairman of the Security Council Dmitry Medvedev and Foreign Minister Sergey Lavrov also made threatening remarks that Russia may resort to nuclear weapons depending on the circumstances. Although Putin added that he does not wish to use nuclear weapons, Russia indeed violated an unwritten rule that a nuclear weapons state should never use or threaten to use nuclear weapons.

Figure 1. Regions of Intensifying Military Tensions in 2022: Ukraine, Taiwan Strait



1. “Ukraine invasion: Putin puts Russia's nuclear forces on ‘special alert’,” *BBC News*, February 28, 2022.

Along with the continually growing possibility of military confrontation among major powers, the frequency and intensity of North Korea's armed provocations also increased and gravely threatened the peace and security of Northeast Asia. In 2022, North Korea launched at least 60 ballistic missiles in more than 30 tests; fired artillery shells, multiple rocket launchers, and cruise missiles; and conducted air exercises with its air force. This series of provocations appear to have been driven by the North's confidence in the trilateral solidarity among the North, China, and Russia. What is noteworthy is that North Korea joined the list of nations threatening to use nuclear weapons. North Korea broke its self-imposed moratorium of April 2018 by launching ICBMs (Hwasong-15 and Hwasong-17) in March, May, and November.

In his speech to celebrate the massive military parade marking the 90th anniversary of North Korea's armed forces on April 25, Supreme Leader of North Korea Kim Jong Un warned that North Korea's nuclear weapons would not be confined to deterrence but used preemptively when facing external threats to its fundamental interests. On September 8, Kim proclaimed the pre-emptive use of nuclear weapons on a massive scale like that of conventional weapons through the legislation of a new law outlining nuclear arms use. North Korea also restored the Punggye-ri Nuclear test site, which the North claimed to have demolished in 2018, and has maintained readiness for nuclear tests. This revealed that North Korea had no intention of giving up its nuclear weapons and would instead strengthen its nuclear force. The fate of Ukraine after giving up its nuclear weapons must have further driven North Korea's nuclear obsession.

Second, the U.S.-China strategic competition began to spread to other areas and rapidly exacerbate as it developed beyond trade dispute into a struggle for global hegemony. In addition, Russia, which had been relatively sidelined amid the intensifying competition between the United States and China, emerged to take a leadership position in the realignment of the world order. Russia's assault on Ukraine signaled the beginning of this realignment and confrontation of the values of the major powers. Through its aggression, Russia sent a warning that its existence should not be overlooked and cast light on the divide between the democratic and authoritarian blocs. The results of the voting for the resolution adopted by the Emergency Special Session of the UN General Assembly to denounce Russia's invasion of Ukraine and demand the immediate withdrawal of Russian forces on March 2 illustrated this divide. All of the five member states (Russia, North Korea, Syria, Belarus, and Eritrea) that opposed the resolution are generally considered to be authoritarian regimes. The 32 member states that chose to abstain are also either authoritarian regimes or semi-democratic countries.<sup>2</sup> Although it was the existing confrontational framework that deterred these countries

from participating in the U.S.-led support for Ukraine, the Ukraine crisis has brought the mistrust and mutual repulsion between these opposing blocs into a sharp focus.

Figure 2. Voting Results for the Emergency Special Session of the UN General Assembly Shown on an Electronic Display at the UN Headquarters

Voting Started

02-Mar-22

11:55:13

Item 5 - Draft resolution A/ES-11/L.1

Aggression against Ukraine

AFGHANISTAN	CAMEROON	FINLAND	KUWAIT	NEPAL	SAUDI ARABIA	UKRAINE
ALBANIA	CANADA	FRANCE	KYRGYZSTAN	NETHERLANDS	SENEGAL	UNITED ARAB EMIR...
ALGERIA	CENTRAL AFR REP....	GABON	LAO PDR	NEW ZEALAND	SERBIA	UNITED KINGDOM
ANDORRA	CHAD	GAMBIA	LATVIA	NICARAGUA	SEYCHELLES	UNITED REP TANZA...
ANGOLA	CHILE	GEORGIA	LEBANON	NIGER	SIERRA LEONE	UNITED STATES
ANTIGUA-BARBUDA	CHINA	GERMANY	LESOTHO	NIGERIA	SINGAPORE	URUGUAY
ARGENTINA	COLOMBIA	GHANA	LIBERIA	NORTH MACEDONIA	SLOVAKIA	UZBEKISTAN
ARMENIA	COMOROS	GREECE	LIBYA	NORWAY	SLOVENIA	VANUATU
AUSTRALIA	CONGO	GRENADA	LIECHTENSTEIN	OMAN	SOLOMON ISLANDS	VENEZUELA
AUSTRIA	COSTA RICA	GUATEMALA	LITHUANIA	PAKISTAN	SOMALIA	VIET NAM
AZERBAIJAN	COTE D'IVOIRE	GUINEA	LUXEMBOURG	PALAU	SOUTH AFRICA	YEMEN
BAHAMAS	CROATIA	GUINEA-BISSAU	MADAGASCAR	PANAMA	SOUTH SUDAN	ZAMBIA
BAHRAIN	CUBA	GUYANA	MALAWI	PAPUA NEW GUINEA	SPAIN	ZIMBABWE
BANGLADESH	CYPRUS	HAITI	MALAYSIA	PARAGUAY	SRI LANKA	
BARBADOS	CZECH REPUBLIC	HONDURAS	MALDIVES	PERU	SUDAN	
BELARUS	DEM PR OF KOREA	HUNGARY	MALI	PHILIPPINES	SURINAME	
BELGIUM	DEM REP OF THE C...	ICELAND	MALTA	POLAND	SWEDEN	
BELIZE	DENMARK	INDIA	MARSHALL ISLANDS	PORTUGAL	SWITZERLAND	
BENIN	DJIBOUTI	INDONESIA	MAURITANIA	QATAR	SYRIAN ARAB REP...	
BHUTAN	DOMINICA	IRAN (ISLAMIC REP...	MAURITIUS	REP OF KOREA	TAJIKISTAN	
BOLIVIA	DOMINICAN REP...	IRAQ	MEXICO	REP OF MOLDOVA	THAILAND	
BOSNIA-HERZEGOV...	ECUADOR	IRELAND	MICRONESIA (FS)	ROMANIA	TIMOR-LESTE	
BOTSWANA	EGYPT	ISRAEL	MONACO	RUSSIAN FED...	TOGO	
BRAZIL	EL SALVADOR	ITALY	MONGOLIA	RWANDA	TONGA	
BRUNEI DARUSSAL...	EQUATORIAL GUINEA	JAMAICA	MONTENEGRO	SAINT KITTS-NEVIS	TRINIDAD-TOBAGO	
BULGARIA	ERITREA	JAPAN	MOROCCO	SAINT LUCIA	TUNISIA	
BURKINA FASO	ESTONIA	JORDAN	MOZAMBIQUE	SAINT VINCENT-GR...	TURKEY	
BURUNDI	ESWATINI	KAZAKHSTAN	MYANMAR	SAMOA	TURKMENISTAN	
CABO VERDE	ETHIOPIA	KENYA	NAMIBIA	SAN MARINO	TUVALU	
CAMBODIA	FUJI	KIRIBATI	NAURU	SAO TOME-PRINCIPE	UGANDA	

+

IN FAVOUR:141

-

AGAINST:5

X

ABSTENTION:35

Source: The Times of Israel.

The United States proceeded with the expansion of economic cooperation networks and realignment of supply chains to hold China in check, while also providing military and economic support for Ukraine against Russia. In addition, the United States proclaimed its will to risk decoupling from its competitors, including China, in the sectors related to forward-looking technologies and cutting-edge materials through the launch of the Indo-Pacific Economic Framework (IPEF) in May and the preliminary meeting for the “CHIP4” alliance in September. Significantly, the IPEF launching conference coincided with the QUAD Leaders’ Summit. Although IPEF has not officially stated its intent to control or decouple from China, it is considered a de facto cooperation network for containing China along with the QUAD, and its signatories include QUAD member

- This is based on ‘Democracy Index’ published by the U.K. daily, the Economist. It is hardly a perfect measure. According to the index, the U.S. is classified as a flawed democracy because it scored relatively lower in the areas of government function and political culture. The index nevertheless does not deviate much from a generally accepted view on whether a certain country is democratic or authoritarian. The Economist Intelligence Unit, *Democracy Index 2021: The China Challenge* (London: EIU, 2021).



states and major Indo-Pacific allies of the United States. These factors indicate that IPEF will likely serve as a platform for decoupling in the future. As Russia made moves to weaponize energy such as natural gas, IPEF adjusted and realigned energy supply chains for the EU nations, implying the possibility of decoupling in the energy market as well.

Figure 3. Video Conference for the Launch of IPEF



Source: U.S. Embassy and Consulates in Australia. (Clockwise from top left on the screen) Heads of State/Government and/or Ministers of Australia, Brunei, Indonesia, South Korea, Malaysia, Vietnam, Thailand, Singapore, Philippines, and New Zealand. (On the table from right) Leaders of the United States, Japan, India, and the U.S. Secretary of State.

China and Russia have not stood idle in fortifying their partnership against the United States and the West. While China did not outwardly advocate Russia's invasion of Ukraine, it opposed sanctions against Russia imposed by the United States and like-minded partners. Xi and Putin displayed their solidarity through a bilateral meeting during the annual summit of the Shanghai Cooperation Organisation held in Uzbekistan in September. China has resented the realignment of global supply chains represented by IPEF and CHIP4 and stealthily pressured other nations to withdraw from them through bilateral and multilateral talks. Concerning Taiwan issues, China has shown more violent responses. Chinese Foreign Minister Wang Yi poured out raw criticism of Pelosi's visit to Taiwan, saying, "Those who play with fire on the issues of Taiwan will come to no good end."<sup>3</sup> China also fired artillery shells around the Taiwan Strait and launched ballistic missiles through the Taiwanese airspace as a show of its ability to use

force against Taiwan.

With the complex competition among major powers affecting diverse areas from politics to economy and military, the responses of involved countries have also been varied. Israel, in spite of being one of the leading partners of the United States in the Middle East, abstained from voting for the UN's resolution to denounce Russia concerning the Ukraine crisis. Saudi Arabia and the UAE, two major partners of the United States for security cooperation within the Gulf Cooperation Council, did not advocate for the United States as an expression of their discontent with its Middle East policies. India also remained lukewarm to the U.S. government's attempt to draw it into QUAD as a new key partner in the Indo-Pacific region. Their responses demonstrate that the continually variable aspects of the complex competition make it even more difficult to assess gain and loss, while also implying that the U.S., China, and Russia have yet to win the confidence of such countries in their efforts to build a new world order.

## **■ Traits of Complex Competition**

The complex competition among major powers, which became more well-defined in 2022, is distinctive in many ways. In the 2000s, the competition among major powers was aimed at expanding their influence within the world order while recognizing interdependence and striving to avoid military confrontation. However, this new dimension of all-out competition now involves diverse growth engines (economy), technology and standards, values and regimes, etc. Its physical stage has expanded to encompass not only the polar regions but also the cosmos and cyberspace.

In the past, competition focused on attaining hegemony within the existing world order and regimes. In the post-Cold War era in the 1990s, capitalist countries including the U.S., and, socialist countries including China all conformed to the regimes of nonproliferation, regionalism, etc., and agreed on the need to maintain them. G20, which was first launched around 2000 and developed into a forum for summits of its nations' leaders in the wake of the financial crisis in 2008, is a leading example. The United States and China both attempted to enhance their prestige and reach within existing regimes in recognition of the need for coexistence. However, since the late 2010s, major powers, particularly the United States and China, have strived to initiate

---

3. "China says U.S. politicians who 'play with fire' on Taiwan will pay," *Reuters*, August 2, 2022.



the realignment of the world order and regimes to their expediency. In the wake of the outbreak of the COVID-19 pandemic in 2020, WHO's ambiguous stance aroused controversy, and the United States and China clashed over its role. This is an example of the two countries' competition to build a new world order. All major powers began to envision a new regime oriented toward their interests as they came to realize the shortcomings of the existing order and regimes. The United States began to envision a new order centered on state-of-the-art technologies. Its purpose is to marginalize China and its partners, instead of building a sphere of influence to coexist with the one that includes China as in the Cold War era. China also aims to rise as the leader of a new world order apart from the United States as it cannot gain full control of the existing order established by the U.S.

Global interdependence used to help avert excessive competition and extreme conflict in the past, but its significance and impact are being diluted. Globalization-induced interdependence had worked to bring nations closer together and led major powers to accept interdependent mechanisms (supply chains, etc.) and utilize them to their advantage. The acceptance of interdependence was based on the premise that overly severe competition can inflict damage on all sides involved and serve as a buffer for conflict. However, with the advent of the current complex competition, major powers appear to view interdependence as a weak link that puts them at a disadvantage. As it is impossible to completely break free from interdependence, they began to seek insulation or decoupling in game-changing sectors. This is why attempts to realign supply chains and decouple are being witnessed in sectors related to future technologies and materials such as semiconductors, batteries, and rare earth elements. Whereas economy and security were viewed as separate concepts in the past, the new concept of economic security has emerged in full force. In the past, the economic competition was no more than an instrument to increase political and military competence. However, the economy has now become weaponized as a tool for the destruction that determines a nation's very existence and began to be considered an extension of security.

Major powers' efforts to avert excessive conflict led to the expansion of the role of middle powers. The mechanism to arbitrate the differences of position among major powers is necessary to prevent extreme conflict. This ensured a certain latitude for middle powers. While most opted for bilateral negotiations for issues related to their vital interests, many pursued multilateral cooperation for other issues, in which middle powers played an instrumental role. However, in this new era, the standing of the middle powers is likely to be reduced considerably as evidenced by Russia's invasion of

Table 1. Changing Nature of Competition

	Competition in the Past	Complex Competition
<b>Areas</b>	Centered on politics and military	Involving politics, economy, military, values, standards, science and technology, etc.
<b>Purpose</b>	Fighting over hegemony within the existing order and regimes	Each power competes to build a new regime for its advantage (regime vs. regime)
<b>Interdependence</b>	Embraced and employed as deemed necessary (as a buffer)	Selective decoupling for reduced interdependence (decoupling)
<b>Arbitration by Middle Powers</b>	Effective to a certain extent	Middle powers forced to take sides (weakened foothold)
<b>Global Issues</b>	Recognized as areas for cooperation	Utilized as a means to pressure and threaten others
<b>Major Actor</b>	Nation (government)	Government taking the leadership role with the share of the private sector (including corporations) and non-state actors expanded
<b>Arms Race</b>	Arms control amid a qualitative arms race	Developing game changers to secure a military advantage while engaging in a qualitative and quantitative arms race

Ukraine. European arbitrators such as Germany failed to have an impact on the policies of the United States and Russia. Rather, they were forced to take sides. South Korea, Japan, and Australia in the Indo-Pacific region are facing a similar situation. Middle powers are no longer expected to arbitrate or coordinate but are put at risk of being compelled to serve as advance guards for individual blocs.

Global concerns such as climate change, pandemics, and resource depletion had functioned as the glue that held competing powers together. Now, these emerging security factors only aggravate competition and criticism. Regulations and industrial policies in pursuit of low-carbon growth are being misused by the United States and China as instruments to hold each other in check, while the COVID-19 pandemic accelerated the global division due to the dispute over the virus's origin between the United States and China.

In international relations in the 20th century, the state was the irreplaceable actor and has remained so in the early 21st century. Despite the expanded activities of international organizations and non-state actors (multinational corporations, NGOs, etc.), international relations mainly hinge on interactions among governments. The role of the state remains essential in the new era. However, the rising significance of “economic security” and cyberspace is resulting in the growth of the role of the private sector. New terrorism, ISIS, and Boko Haram demonstrated the far-reaching impact of

non-state actors in international relations. The diversification of actors is adding to the complexity of relevant interactions.

From the late 20th century to the early 21st century, major powers opted for qualitative arms races instead of quantitative military build-ups. The revolution of military affairs (technological innovation of military organizations and tactics) and network-centric warfare (combat characterized by the computer networking of forces using information technology) all derive from qualitative arms races. This resulted in intensifying arms races aimed at gaining an upper hand in both qualitative and quantitative terms and the military technology war among the major powers. As such, the major powers came to focus on developing their military game changers such as hypersonic missiles, enhanced stealth and unmanned fighters, and combat robots. Reflecting on Russia's assault on Ukraine, the major powers are highly likely to work simultaneously on the quantitative expansion of their ammunition reserves and war supplies production capacity in preparation for substantive military collisions. This new dimension of competition presents threats and risks that cannot be projected or handled by focusing on a single aspect as in the past. In this sense, this new dimension of competition can be labeled "complex competition."

## **2023 Outlook: A More Dangerous and Volatile World**

The traits of this complex competition are expected to be somewhat alleviated in 2023 as the major powers are projected to maintain or reinforce their policies implemented in 2022. Most of all, the risk of military conflict, which was hinted at in 2022, will grow even larger in 2023. Contrary to the forecast by some that Russia would continue to be put on the defensive as Ukraine's troops reclaimed a substantial amount of territory, Russia can strengthen its front line at the end of 2022, deliver an attack on the Donbas again in early 2023, and arouse fears over the use of tactical nuclear weapons because, if the Ukraine War comes to a close now with Russia in shambles, Putin's regime may face an existential calamity. Russia is likely to launch another major attack by mobilizing all accumulated military strength between December 2022 and January 2023, recapturing strategic hubs in eastern and southern Ukraine, and proposing a truce around the first anniversary of the outbreak of the war that falls on February 24, 2023. If this comes to pass, the United States and NATO member states would be forced to agonize over whether to push ahead with the war or urge Ukraine to concede. Assuredly, this projected offensive will develop into a raging battle through early 2023 as the side that rises victorious will occupy an advantageous position in the

truce negotiations that could follow.

The situation in the Indo-Pacific region is even graver. China will not stand idly by as the United States moves to reinforce bilateral relations with Taiwan and raise its international prestige as such relations are considered a challenge to the One China principle. It will continue trying to bring Taiwan under its control with the start of Xi's third term. Moreover, with Taiwan's presidential election just a year ahead, controversy over Taiwan's independence among different political parties can further aggravate throughout 2023. The ruling Democratic Progressive Party, which was defeated in the local elections in November 2022 due to economic problems, will employ the national independence issue again to differentiate itself from the opposition Kuomintang, and China is likely to respond to this development with the threat of using armed force. After witnessing the US's support capacity and the limitations of Russia's weapons system through the Ukraine War, China would not entertain the possibility of attacking Taiwan. However, it may block the Taiwan Strait, fire ballistic missiles through Taiwanese airspace, and even try to occupy some parts of Taiwanese territory such as Jinmen Dao. Although the United States appears to have no intention of entering into an armed clash with China, it is likely to stage a large-scale naval and air force drill in the Taiwan Strait as a gesture to show that the democratic regime of Taiwan is under its protection. This may raise tensions in the Taiwan Strait even further.

Military tensions in the Taiwan Strait will lead to the deployment of United States military forces in the Indo-Pacific to the Taiwan region, and North Korea will view this as a weakened security commitment of the United States to South Korea and an opportunity for military provocation. North Korea, which has ramped up its nuclear threats through intensive ballistic missile testing throughout 2022, appears to believe that, unless an all-out war breaks out on the Korean Peninsula, the US's focus will shift to Taiwan if military tensions in the Taiwan Strait continue to rise and that, in such a case, it will be able to influence South Korea through nuclear threats or at least drive division within South Korea regarding its North Korea policy. North Korea is likely to consider the Taiwan Strait crisis as an opportune time for another nuclear test (if the North has not already conducted its 7th nuclear test) and ICBM test as well as carrying out conventional provocations such as the firing of artillery shells near the military demarcation line, habitual violation of the Northern Limit Line, and illegal seizure of South Korean fishing boats. If the North raises tensions on the Korean Peninsula through nuclear tests, etc., and the United States decides on the expansion of strategic assets deployment in South Korea and the reinforcement of ROK-U.S.-Japan military cooperation, China may stir military tensions near Diaoyu Islands (Senkaku Islands)

and Taiwan in response. Although not likely, if North Korea is driven into a corner due to continued international sanctions, China may attempt to reinforce its leverage in negotiations by escalating tensions in the Taiwan Strait to prevent South Korea and the United States from taking control of the situation.

The United States will not change the overall framework of complex competition as the Biden administration enjoyed unexpectedly good results in the mid-term election and as the Republican and Democratic Parties are not quite at odds on issues concerning China. In a meeting with high-ranking officials of the Department of Defense in October 2022, U.S. President Joe Biden said, “The United States and China engage in stiff competition, but it should not tip over into conflict or confrontation.”<sup>4</sup> At the U.S.-China summit held in Bali, Indonesia, in November, he mentioned that he and Xi “share a responsibility as the leaders of the United States and China to prevent competition from becoming anything ever near conflict.”<sup>5</sup> However, the Biden administration defined China as “the only competitor with both the intent to shape the international order and the economic, diplomatic, military, and technological power to do it” and as “the most comprehensive and serious challenge” to the United States in the 2022 National Defense Strategy.<sup>6</sup> This means that the Biden administration will strive to craft diverse measures to facilitate the combination of military and non-military functions and respond to the wide spectrum of conflict, while also continuing to engage in competition with China based on “integrated deterrence” in cooperation with its allies.

Xi said at the U.S.-China summit, “China and the United States should effectively deal with our domestic affairs and join forces in pushing ahead with projects aimed at the peace and progress of humanity at the same time. China and the United States should respect each other, coexist peacefully, and cooperate for coprosperity.”<sup>7</sup> This can be interpreted as a criticism of the US’s interference in China’s internal affairs (human rights concerns in the Xinjiang Uyghur region and the Taiwan issue) while still leaving the door open for bilateral cooperation. China led by Xi in his third consecutive term will promote an even more aggressive foreign policy, and this means that the U.S.-China competition

---

4. “Remarks by President Biden in Meeting with Department of Defense Leaders,” *The White House*, October 26, 2022.

5. “Remarks by President Biden and President Xi Jinping of the People’s Republic of China Before Bilateral Meeting,” *The White House*, November 14, 2022.

6. The White House, *National Security Strategy* (October 2022), p.8; The White House, *2022 National Defense Strategy* (October 2022), p.4.

7. “President Xi Jinping Meets with U.S. President Joe Biden in Bali,” *Ministry of Foreign Affairs of the People’s Republic of China*, November 14, 2022.

and conflict will spread to and affect all sectors and areas. China's aggressive foreign policy will not only concentrate on U.S.-China relations but also work to pressure and coerce allies of the U.S., especially those deemed to be weaker links. This is evidenced by Xi's emphasis on "remaining opposed to using economic cooperation as a political tool and incorporating it into the security framework" during his summit with South Korean President Yoon Suk-yeol and the Five Points for bilateral relations mentioned by Wang during the South Korea-China Foreign Ministers' meeting in August (commitment to independence and autonomy, commitment to good neighborliness and friendship, commitment to openness and win-win cooperation, commitment to equality and respect, and commitment to multilateralism). China will try to enhance solidarity within the authoritarian bloc against the democratic bloc through its reinforced partnership with Russia which is in shambles both on the domestic and international fronts due to the ramifications of the Ukraine War. For Putin, who is concerned about his political foothold being compromised due to the prolonged Ukraine crisis, cooperation with China should serve as a breakthrough. Putin is also anticipated to focus on reaching out to India, which appears to be reluctant to get involved in a confrontation between the democratic and authoritarian blocs.

North Korea's nuclear development and continual provocations will be the center of global attention in 2023 as well. North Korea will try to use its strategic value within the authoritarian bloc to appeal to China and Russia to obtain their support to offset international sanctions, while also striving to be publicly recognized as a nuclear weapons state through additional nuclear tests, etc. It is likely to resume U.S.-North Korea negotiations to demand the full removal of sanctions. However, gaining recognition as a nuclear weapons state is no more than an attempt at a self-fulfilling prophecy of the leadership including Kim Jong Un, and is unlikely to be realized considering that the Biden administration's goal is denuclearization. While the possibility for North Korea to opt for denuclearization in exchange for the removal of sanctions is slim, the Biden administration is also unlikely to officially recognize North Korea's nuclear weapons as it once referred to it as a "bad deal." North Korea's strategic weapons that have yet to be showcased are the new submarine-launched ballistic missiles (Pukguksong-4 and Pukguksong-5), new submarines, ICBMs with reentry capability for warheads, and multiple independently targetable reentry vehicles. In 2023, North Korea will continue to demonstrate these military systems to deliver the message that its nuclear capacity is near perfection and is likely to conduct additional nuclear tests. Considering that North Korea has seriously raised tensions on the Korean Peninsula through frequently armed provocations throughout the second half of 2022, a high pace of military responses is

also expected from early on in 2023.

The Middle East will continue its selective cooperation and withdrawal from engagement with major powers amid the U.S.-China decoupling and Russia's quest to restore its global influence. In particular, cooperation with China is imperative for the oil-producing Gulf states that are overdependent on energy sources to secure new growth drivers for the future. They are discontent with the weakening security commitment of the United States in the Middle East and Near East but still have limitations in joining forces with China in terms of security. In addition, the Abraham Accords between Israel and major Middle Eastern countries, mediated by former U.S. President Donald Trump at the end of his term, remains effective. Thus, the Middle Eastern countries' tendency to opt for pragmatic strategies to maximize their national interests, rather than taking sides with either the United States or China, is likely to continue and grow in 2023. With the energy solidarity between the United States and the Middle East weakened, the latter is highly likely to seek solutions in its favor through cooperation with China instead of maintaining the status quo.

In 2023, the ASEAN member states are likely to face comprehensive challenges related to the protective trade policies of the U.S.; reinforced economic blocs; global economic recession; and continued health, food, and energy crises in addition to variables concerning the U.S.-China competition. Southeast Asian countries, which adopted a hedging strategy to cope with the competition between the major powers, will take the approach of strengthening regional multilateral cooperation in the face of complex and wide-ranging crises. The foreign minister of Indonesia, the chair of ASEAN in 2023, condemned the major powers' competition and proclaimed the vision of "reinforcing regional architecture." Indonesian President Joko Widodo's focus on external policies also supports this direction. However, it remains to be seen whether it will be sufficient to reinforce ASEAN centrality and bring the regional states back to the stage of multilateralism.

European countries (especially NATO member states) that openly opposed Russia's aggression and tried to maintain distance from economic cooperation with China in 2022 are likely to seek an exit from the Ukraine crisis in 2023. If the United States House of Representatives, dominated by the Republican Party as a result of the midterm election, decides to reduce support for Ukraine, it may drive a subtle schism between the United States and its European allies. The Biden administration will demand more aggressive support from NATO allies to offset this reduction, and European countries are likely to revolt against this after an extended period of energy supply issues incurred by their reliance on Russian gas. Given that they chose to limit



Chinese economic engagement and placed greater weight on their partnerships with the U.S., they are expected not to derail from their pro-U.S. path this time as well. However, they may take interest in growth drivers promised by the Chinese market once the Ukraine crisis is resolved. In this context, the following trends are expected to be witnessed in 2023.

## **1. Indo-Pacific Region Emerging as the Center of Dispute**

In 2023, Russia's capacity to continue the war will reach its limit, and Ukraine will face the fatigue of the United States and West that aspire for an exit from the war due to their prolonged support. The combination of these factors will advance the end of the Ukraine crisis. However, as indicated earlier, the risk of conflict will rise in the Indo-Pacific region. China, with Xi in his third consecutive term, will remain keen on jostling for global influence against the engagement of the United States and its allies, especially within the Indo-Pacific region. Taiwan will remain the most sensitive issue as it directly involves the One China policy.

A crisis on the Korean Peninsula is also expected. Ongoing international sanctions will add to North Korea's economic difficulties, and another pandemic surge or the onset of a natural disaster may create a humanitarian emergency in North Korea lacking adequate healthcare infrastructure. Kim will experience difficulties in controlling North Korean society with economic trouble intensifying and threatening the livelihoods of its residents. At such times, external provocations will appear as a breakthrough. In this context, North Korea is likely to routinize nuclear and missile capability demonstrations throughout 2023. North Korea is also likely to create a larger-scale crisis to generate sentiment in the United States that sanctions are useless, while also seeking greater support from China and Russia. North Korea has already followed Putin's lead in terms of nuclear threats in 2022 and is expected to ramp them up further in 2023.

It should be noted that elevated military tensions in the Indo-Pacific region are likely to drive tensions in other regions upward as well. For instance, if tensions in the Taiwan Strait rise and U.S. forces are focused on this region, North Korea can view this as an opportunity to take advantage of such a major-power rivalry and increase its demonstrations of military power and vice versa.

## **2. International Nonproliferation Regime at Stake**

Nuclear threats by Putin and Kim in 2022 may further rattle the international nonproliferation regime. The prerequisite that only a limited number of nations can



possess nuclear weapons and that nuclear weapons states shall respect the unwritten rule against nuclear threats and nuclear weapons use has long been nullified. Many other countries seeking nuclear capabilities will take lessons from Russia and North Korea. Iran, which is suspected of secretly providing military support for Russia in the Ukraine War, may further grow its nuclear aspirations, and this may hurt the restoration of the Joint Comprehensive Plan of Action. As more countries are tempted to entertain the possibility of nuclear development, those countries in confrontational relations with them will have to deal with greater security risks. They are likely to shift their stance and contemplate nuclear development if they cannot be protected by the international regime or deterrence by the U.S.

Another factor that compromises the nonproliferation regime is the inability of the UN. Although North Korea continued to violate the UN Security Council's resolution through repeated missile testing, the UN, while holding as many as ten Security Council meetings, failed to adopt a denouncing statement due to the objections of China and Russia. As this was a clear demonstration of violations of international norms being overlooked on the back of support from major powers, it compromised the very foundation of the regime. The 10th Nonproliferation Treaty review in August 2022 failed to adopt the final declaration specifying that Russia invaded Ukraine, occupied Europe's largest Zaporizhzhia nuclear power plant, and incurred the risk of a radiation leak due to Russia's objection. This incident demonstrates the limitations of the international nonproliferation regime, and this tendency will remain largely unchanged in 2023.

### **3. Arms Race Expected to Accelerate in Three Areas**

The complex competition at the global level will entail greater demand for the military hardware required to perform effectively. As such, arms races will intensify in the three areas of conventional weapons, nuclear weapons, and military technologies in 2023. Whereas countries around the world used to concentrate on the quantitative expansion of conventional weapons in the past, they are now leaning toward securing asymmetric weapons systems to defend against a more powerful aggressor. Conventional arms races will further drive technology competition with the emergence of new warfare concepts such as multisectoral operations and intelligentized warfare. However, based on lessons learned from the Ukraine War, the world is expected to go beyond its obsession with state-of-the-art asymmetric weapons and try to expand low-tech weapons, ammunition, and military supplies in quantitative terms as well.

The world is also likely to face intensifying nuclear arms races, which is an inevitable

outcome of the weakened international nonproliferation regime. Russia lowered the threshold for nuclear weapons use to a highly dangerous level in the Ukraine War. Meanwhile, China and Russia are trying to incapacitate the missile defense system of the United States by focusing on hypersonic missiles. In particular, China is steadily increasing its number of warheads. With North Korea now continually raising its stockpile of tactical nuclear weapons, the risk of nuclear weapons use is rapidly surging. The Biden administration is likely to succeed in the legacy of the Trump administration to push ahead with the modernization of the U.S. nuclear delivery system.

Technology competition is the core of future arms races, and countries are projected to ramp up their endeavors to secure military game changers. In particular, reliance on dual-use technologies is expected to rise on a continued basis. The keywords for future weapons systems are autonomy and automation, and, in this context, the focus is placed on developing autonomous weapons and the mixture of manned and unmanned platforms to operate them. At the heart of this lies AI technology and arms races. The importance of technology security is being highlighted to outpace other countries and prevent technology leakage.

#### **4. China and Russia Reaching Out to Middle and Near East Countries**

China will continue to reach out to the Middle East and Near East to extend its sphere of influence amid the ongoing decoupling. Middle Eastern countries are projected to cooperate with China's Belt and Road Initiative in 2023 to secure more export channels for their energy resources and achieve industrial diversification. China will make continued efforts to increase its influence in the region while refraining from taking sides in regional issues (between Iran and Saudi Arabia, Israel and Palestine, etc.) based on the Five Principles of Peaceful Coexistence, non-alliance policy, and conflict avoidance strategy. Russia will also reach out to Saudi Arabia, the UAE, etc., which are discontent with the US's security and energy market policies, while also striving to expand cooperation with Iran and Syria. Taking a step further, Russia will focus on appeasing its near-abroad countries that began to doubt the validity of their partnerships with Russia in the wake of its invasion of Ukraine and seek to expand its presence in the Indo-Pacific energy market.

#### **5. Middle Powers Caught in a Dilemma**

As the U.S.-China and U.S.-Russia decouplings proceed, other countries will be forced to agonize over taking sides. This development will be more tormenting for middle powers that have no choice but to maintain relations with both the United

States and China. The United States has demanded that South Korea contribute to its steps to counter China's moves as its ally, and China has pressured South Korea to prevent it from taking part in the anti-China push of the United States. As no specific measures for decoupling were discussed in detail in 2022, the pressures from these powers were not explicit. However, retaliatory actions can be brought into reality from 2023 not only by China but also by the United States. In the past, the United States was relatively tolerant of its allies for cooperating with China and Russia in sectors other than security as long as they remained faithful to their security commitment to the United States. As for South Korea, the United States was a security ally and China was a trade partner. However, the current complex competition defies such a simple equation. The United States may now adjust the order of priority of its allies based on their level of cooperation concerning the U.S.-led agenda items beyond security and differentiate its security commitment accordingly. In other words, "the dilemma of entrapment and abandonment," which only applied to the security sector, can now be spread to all sectors of competition.

## **6. Increasing Economic Risks and Intensifying Technology Competition**

The Biden administration is expected to expand the areas of decoupling from China and Russia throughout 2023. The United States is said to be preparing for diverse economic, diplomatic, military, and technological measures concerning China. In particular, additional steps for technological decoupling are projected to be put into motion with the semiconductor equipment export regulations announced in October 2022 serving as momentum. Decoupling and the realignment of supply chains incur greater costs for both the government and private sector. The problem is that it is hard to forecast such costs, and this inability inevitably poses economic risks. In 2023, the major powers are projected to take notable actions to enhance their technological prowess, which will accelerate competition in the sector of cutting-edge technologies. This raises concerns over the major powers' attempts to monopolize technologies in semiconductors, batteries, etc., and the prevailing concept of techno-chauvinism.

## **7. Human Rights - New Battlefield**

The value-based confrontation of the current complex competition will further intensify disputes over human rights in 2023. Once the Ukraine War nears its end, the United States is likely to raise issues with Russia's war crimes and human rights violations in Ukraine. As the elevation of international sanctions against North Korea is difficult due to non-cooperation or obstruction by Russia and China, one of the few tools available to

more powerfully sanction North Korea is human rights sanctions along with secondary boycotts. The protection of human rights also provides the grounds to limit the reach of Chinese influence in strategic competition and elicits the support of the international community. As such, the United States is expected to more aggressively target human rights violations of the authoritarian bloc in 2023, and the subsequent propaganda of China, Russia, and North Korea condemning the move as an intervention in domestic affairs will increase.

## **I Implications for South Korea**

Changes in the international political landscape in 2023 will present considerable opportunities and challenges for South Korea. For the former, we can expect reinforced solidarity with like-minded countries, especially the United States. The confrontation between the blocs and decoupling in the sectors of technology and state-of-the-art materials may appear troublesome, but it can be advantageous in terms of the protection of our exclusive technologies and enhanced access to cutting-edge technologies. If we are equipped with a well-established direction to respond to issues concerning the Korean Peninsula and beyond, we will be able to increase our global contributions and national prestige. However, serious challenges lie ahead. With risk factors continually growing around the globe, the emergence of crises on the Korean Peninsula and at the regional level at the same time can overburden our security system. As evidenced by China's economic retaliation over the deployment of THAAD and demand for the Five Points in 2022, as well as Russia's warning of repercussions for supporting Ukraine, pressure on South Korea by some neighboring countries could be further amplified, and a joint anti-South Korea front (e.g., North Korea-China-Russia coalition) could take shape. The combination of multisectoral competition and decoupling will lead to increased risks, and, as seen through the Inflation Reduction Act of the U.S., some sectors may cause partner countries to hold one another in check. The reduced room to maneuver for middle powers can be a double-edged sword for us. If we are capable of agenda-setting, it will provide momentum for enhanced national prestige. However, we are highly likely to face competitive pressure from the major powers otherwise.

Given these possibilities, South Korea should remain alert for the following. First, it is more advantageous to take the approach of strategic clarity for regional and international issues that involve diverse values and regimes. It is impossible, let alone restrictive, to establish clear response measures for every issue. However, it is certainly more helpful to clearly define our stance on issues that reveal our identities such as

liberal democracy, human rights, and the prohibition of the change of the status quo by force. Such strategic clarity may cause discord with certain countries. However, it can contribute to reinforcing transparency and expanding mutual trust in the mid-to-long term.

Second, we need to diversify our response strategies for individual issues even when we decide to participate in value-based cooperation regimes such as the democratic bloc. Sharing identical values with other countries does not necessarily mean that our national interests coincide with theirs, and thus we must be able to stand against any move that may violate our national interests. This rule should be uniformly applied to all of our actions involving IPEF and Chip 4. For example, even if we participate in an exclusive cooperation network in the semiconductor sector, we should present our blueprint for the permissible scope of intervention by other countries from production to distribution and build public consensus on it.

Third, differences of opinion and conflict with both potential partners and competitors are inevitable. As such, we must try to control the sources of conflict while maintaining cooperation. Rather than blindly preventing conflict from surfacing, we should admit and disclose the conflict to a reasonable extent and make a concerted effort to seek solutions. For example, we must stop depending on China to play a positive role in resolving the North Korean nuclear issue, etc., admit the undeniable differences in the two countries' approaches toward North Korea, and try to find the grounds for common goals (e.g., prevention of the outbreak of war on the Korean Peninsula).

Fourth, we must reinforce cooperation with nations that share common concerns. In particular, we must take note of the dilemma that like-minded EU and ASEAN member states face and strive to seek solutions together. To this end, we should be able to propose "the South Korean way" to resolve diverse issues and try to earn their trust. This highlights the need to reinforce public diplomacy both online and offline. We must remember that existing borders are blurred in this era of complex competition and fully utilize the online space to our benefit.

Lastly, we must keep in mind that our unchanging motto for this complex competition is the wellness of the Korean Peninsula. In 2023, North Korea's nuclear threats are likely to become increasingly explicit and further aggravate tensions on the Korean Peninsula. We must reaffirm our commitment to reinforcing South Korea-U.S. cooperation to deter North Korea's nuclear threats from being routinized and ensure that specific measures are taken to realize such a commitment. To step up deterrence, we must take a more aggressive approach toward alternatives that were evaluated to

be less feasible or only passively considered by the U.S. We must emphasize that the tactical nuke redeployment and nuclear sharing by South Korea and the United States should go beyond a political chant or diplomatic rhetoric and be pursued as a realistic option while creating consensus to push it forward.

## Northeast Asia: Complex Competition in Earnest, Co-presence Destined for Separation

Cha Du Hyeogn | Principal Fellow

### 2022 Assessment: Northeast Asia, a Small Mirror of Complex Competition

In 2022, Northeast Asia was one of the regions that most faithfully reflected the characteristics of global complex competition.<sup>8</sup> When the Russian invasion of Ukraine took place in February and a resolution condemning Russia, demanding the end of military operations, and the withdrawal of Russian troops was passed at the UN General Assembly on March 2 with 141 voting in favor, 5 against, and 35 abstentions, Northeast Asian countries made different choices according to the values and systems they were aiming for. South Korea, the United States, and Japan voted in favor, China and Mongolia abstained, and North Korea opposed.<sup>9</sup> While Northeast Asian countries classified as liberal democracies condemned the invasion in unison, authoritarian countries remained silent about Russia's actions or sympathized with Russia. Such solidarity was similarly expressed in response to North Korea's nuclear tests and moratorium declaration on ballistic missiles. On March 24, when North Korea launched its ICBM, the "Hwasong-17" and ended the April 2018 moratorium, the UN Security Council tried to adopt a press statement condemning North Korea, led by the United States. However, China and Russia were against the move and expressed opposition to tighter sanctions against North Korea. China and Russia also exercised veto power on the resolution imposing additional sanctions against North Korea submitted to the UN Security Council, even though North Korea launched another "Hwasong-17" on May 25th.<sup>10</sup>

The decoupling around the reorganization of the global supply chain is in full swing as well. On May 21, the IPEF was officially launched in Tokyo, involving Australia, New

---

8. Technically, "Northeast Asia" includes the Korean Peninsula, the four surrounding countries (USA, Japan, China, Russia), and Mongolia. However, in this chapter, the situation of the overall East Asian region will be dealt with in consideration of the strategic and military links.

9. Refer to the "Voting summary" for this voting result. (<https://digitallibrary.un.org/record/3959039>). In particular, North Korea was one of the few countries to vote against it, along with the aggressor parties Russia, Belarus, Eritrea, and Syria.

Zealand, Brunei, India, Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam, as well as the United States, Korea, and Japan. This prompted Chinese Foreign Minister, Wang Yi, to express his discomfort at a press conference held immediately after meeting with the Pakistani Foreign Minister, saying that the U.S. IPEF “intends to make Asia-Pacific countries a pawn of U.S. hegemony... it should not destabilize the industrial network this way.” He also asserted that the U.S. Indo-Pacific strategy was “doomed to fail.”<sup>11</sup> On the other hand, the United States, at the IPEF launch meeting, said that it plans to (1) promote trade, (2) establish digital economy and technology standards, (3) achieve supply chain resilience, (4) promote decarbonization and clean energy development, (5) establish infrastructure, and (6) discuss and implement standardization in the field of labor with several partner countries. This conflict between the United States and China was highlighted once again over the preparations for the formation of the CHIP4 alliance in August. The United States already announced plans to build a four-party cooperation mechanism with Korea, Japan, and Taiwan in March for semiconductor production and distribution, and proposed to hold a preliminary meeting related to this in August. China expressed aversion to the formation of Chip 4, although not as much as to QUAD or IPEF in the past. Furthermore, at a meeting between Foreign Minister, Wang Yi, on August 9 with Foreign Minister, Park Jin, he said that he was “expecting an appropriate response” to the notification of Korea’s decision to participate in the preliminary meeting. The biggest reason why Wang Yi’s reaction cannot be seen as a mere expression of opinion is that China stressed “five must-do’s (应当)” at the Korea-China foreign ministers’ meeting. Wang Yi’s “five must-do’s” are aimed at the ROK-U.S. alliance and the comprehensive cooperative relationship, which can be seen as roundabout pressure for Korea to refrain from cooperating with the United States on various pending issues including the Chip 4 initiative.<sup>12</sup> Conflict over supply chain restructuring was not confined to the Sino-U.S. When the United States imposed

---

10. “UN Security Council statement condemning North Korea’s ICBM failed due to opposition from China and Russia...,” *BBC News Korea*, dated March 26, 2022. According to the UN Security Council resolution 2397 passed in December 2017 regarding North Korea’s continued use of nuclear weapons and missiles, the Security Council should discuss additional sanctions against North Korea, but China and Russia rejected doing so.

11. “China’s Wang Yi Says US’s Indo-Pacific Strategy ‘Doomed to Fail,’” *Bloomberg*, May 22, 2022.

12. The Asan Institute for Policy Studies, “We must properly respond to China’s ‘five must-do’s,’” *The Asan Institute for Policy Studies Issue Brief*, dated August 22, 2022. Despite China’s response, Korea decided to participate in the preliminary meeting, and the CHIP4 initiative eventually signaled its imminent launch through the preliminary meeting held in the form of a video conference on September 28.



economic sanctions on Russia after the invasion of Ukraine, Russia designated countries in the Indo-Pacific region, such as South Korea and Japan, which directly and indirectly participated in the economic sanctions, as the list of “unfriendly countries”, and Russia has declared that all transactions and operations with citizens and companies of these countries will be subject to approval by the (Russian) Government Commission to control foreign investment.

In some cases, complex competitions have gone further than mere diplomatic statements or paperwork. The war of nerves between the United States and China over House Speaker Pelosi’s visit to Taiwan on August 3 led to military tensions between the U.S., Taiwan, and China. When Pelosi’s plan to visit Taiwan was confirmed by the White House in July, Foreign Ministry spokeswoman, Zhao Lijian, reacted strongly, warning in a statement that there would be “serious consequences” if Pelosi went ahead with the visit.<sup>13</sup> China, which had already conducted large-scale maritime military drills near Taiwan in July, started maritime/air drills in the northern, southwestern, and southeastern waters of Taiwan and the high seas, and long-range live-fire exercises near the Taiwan Strait starting on August 2, right before Pelosi visited Taiwan. China also conducted large-scale military maneuvering in all directions near Taiwan for 72 hours from August 4 to 7, which were in effect aimed at blockading Taiwan. As a result, 64 flights departing from and arriving at Taiwan’s Taoyuan Airport were canceled, and the arrival and departure of major ships, including the southern port of Kaohsiung, were affected as well.<sup>14</sup> On August 1, China launched hypersonic missiles believed to be “Dongfeng-17” to mark the 95<sup>th</sup> anniversary of the founding of its armed forces. And on August 4, 11 “Dongfeng-17” missiles were launched, four of which flew through the skies of Taiwan. During the military training conducted near Taiwan before and after Pelosi’s visit to Taiwan, China mobilized roughly 60 military aircraft and 14 warships, of which 22 fighter jets including three H-6 bombers, six J-16 fighters, four J-11 fighters, and eight Su-30 fighters, one Y-8 ASW maritime patrol aircraft, entered Taiwan’s Air Defense Identification Zone (ADIZ). China’s intimidating actions and remarks in the Taiwan Strait were not confined to Pelosi’s visit to Taiwan. On June 10, 2022, to the U.S. Secretary of Defense, Lloyd Austin, arguing that China’s military developments in the Taiwan Strait were threatening, Chinese Defense Minister General, Wei Fenghe,

---

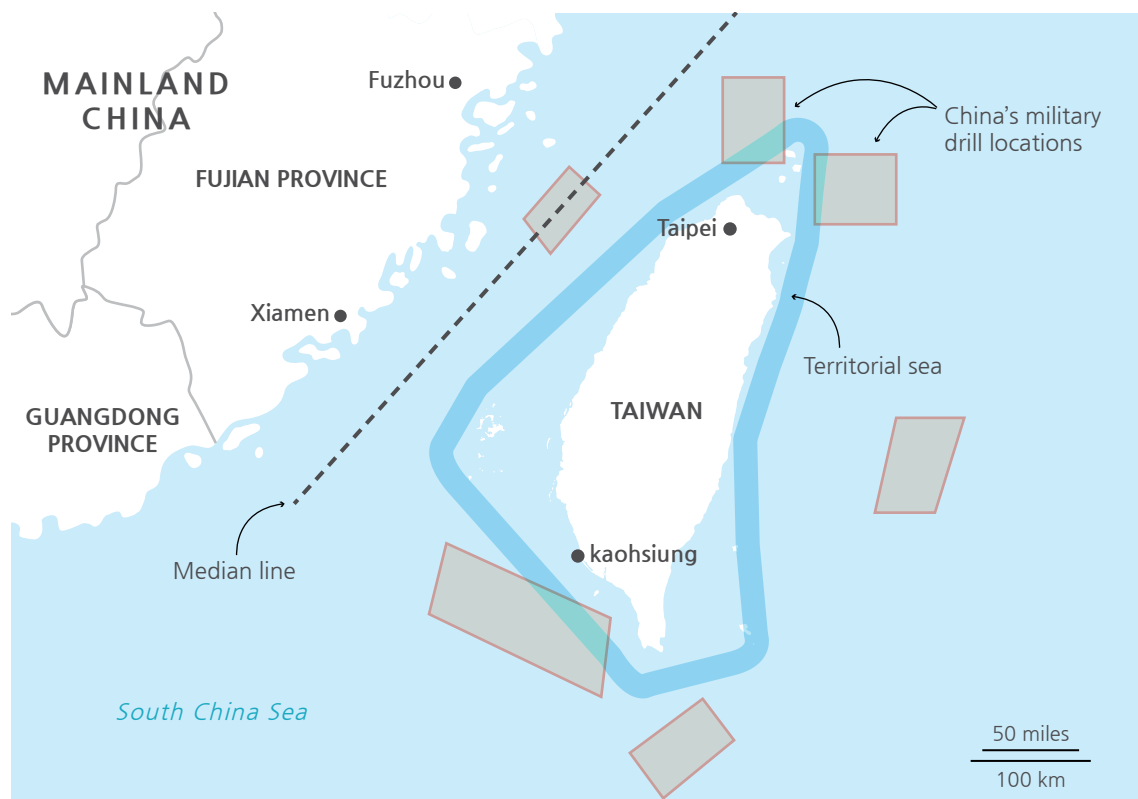
13. “‘A dangerous moment’: China warns of consequences if Pelosi visits Taiwan,” *The Guardian*, July 27, 2022.

14. “China’s 72-hour lockdown training... ‘Taiwan = Unsinkable aircraft carrier’ perception demystified,” *Weekly Chosun*, dated August 14, 2022.

contended that “if anyone tries to divide China and Taiwan, China will not hesitate to go to war.”<sup>15</sup> The military power that China mobilized near the Taiwan Strait was centered on the Eastern Theater Command (ETC) military operations, and China’s drills are reported to be its attempt at flaunting the power of the reformed theater China implemented in the mid-to-late 2010s.

Taiwan also conducted an artillery fire drill on the southern coast on August 9 after China’s training ended (on the 7<sup>th</sup>), but it fell far short of China’s military drills. However, in August, the U.S. military show of force, which refrained from directly responding to China’s military drills near Taiwan, was just as formidable. Training at Rim of the Pacific (RIMPAC) 2022 held in San Diego from late June to early July was a showcase for the United States to demonstrate state-of-the-art military prowess consisting of stealth ships and unmanned surface vessels, and Australia and Japan also dispatched their flagship vessels to participate in this drill. The U.S. military strength demonstrated through this training exercise can neutralize A2AD (Anti-Access, Area Denial, Anti-Access and Area

Figure 1. China’s Military Maneuvers Near Taiwan During Pelosi’s Visit to Taiwan



Source: Reuters.

15. “Smash to smithereens’: China threatens all-out war over Taiwan,” *Al-Jazeera*, June 10, 2022.



restoring the nuclear test site in Punggye-ri, which had previously been declared closed in March. On September 8, with the “Nuclear Policy Law” decree promulgated at the Supreme People’s Assembly, a mechanism was put in place to routinely inflict nuclear threats on the Korean Peninsula.

As such, Northeast Asia during 2022 was a mirrored version of a global trend represented by complex competition in all areas of value competition, supply chain reorganization, and military power confrontation.

## **2023 Outlook: Expansion and Deepening of Complex Competition**

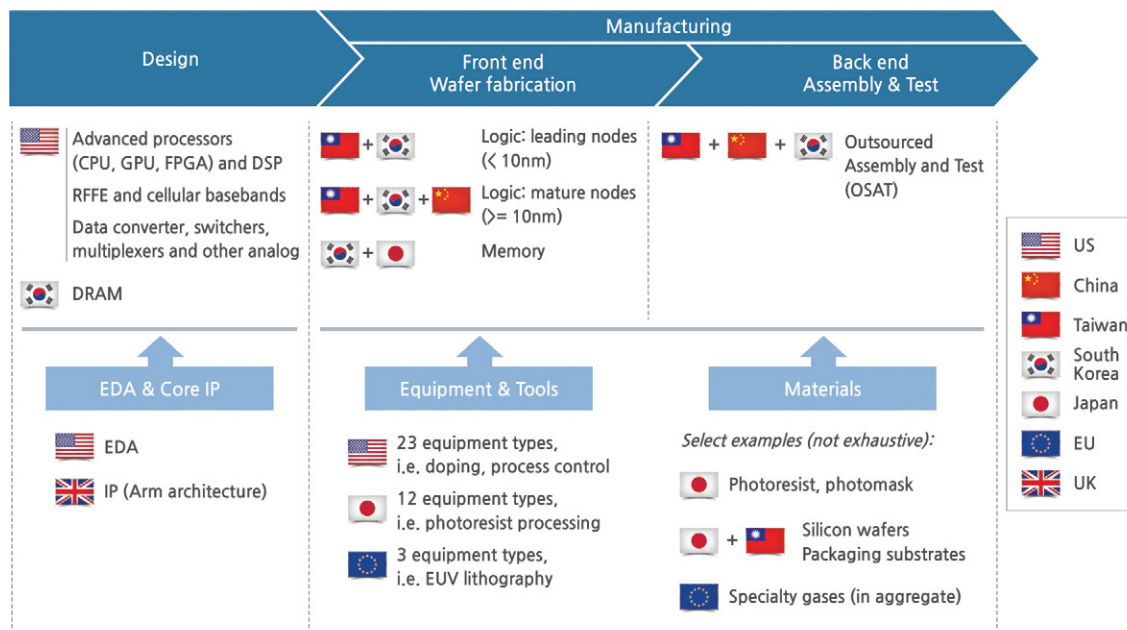
What was witnessed in the complex competition that emerged in 2022 is likely to stretch into 2023 with conflict and competition becoming more intense. This is because domestic political variables such as the U.S. midterm elections in November 2022 and the 20<sup>th</sup> Party Congress in China in October have been removed, and the Ukraine situation is highly likely to be sorted out in one way or another. Accordingly, major countries are expected to show their intentions more prominently about complex competition, which will create the following seven issues in Northeast Asia:

### **1. Supply Chain Restructuring and Areas of Decoupling That Will Become More Pronounced**

The formation of new collaboration networks related to supply chain restructuring, such as IPEF and Chip 4, and the competition between the United States and China around them are expected to become more intense in 2023. This is because while 2022 is in the preparation stage for both IPEF and Chip 4, criteria and regulations that determine the direction of these two collaboration networks will be formulated in 2023. IPEF started as a type of “platform” from the outset, and based on this platform multilateral norms and standards will be drawn up that have consolidated national initiatives with aims to (1) promote trade, (2) establish digital economy and technology standards, (3) achieve supply chain resilience, (4) realize decarbonization and clean energy, (5) establish infrastructure, and (6) raise labor standards. CHIP4 will also discuss specific operational directions on how to set up the division of roles among the four members in the semiconductor production and supply chain, and how to establish relationships with non-Chip 4 countries.<sup>18</sup> Although China reacted adversely to the launch of IPEF or Chip 4, it refrained from direct opposition as much as possible. This is because China did not see the need to unnecessarily provoke participating countries other than the United States as the initiative had not yet been substantially implemented. However, in

2023, since China will be able to identify the degree and scope of containment against them to an extent in the area of economic cooperation or supply chain reorganization, China's resistance in response will elevate accordingly as well. In particular, as the semiconductor industry is closely related to future growth engines, China will likely react very sensitively to the restructuring of the semiconductor supply chain through the CHIP4 initiative. The biggest reason Northeast Asia is attracting attention to economic cooperation and supply chain restructuring is that all major participants in the IPEF and the CHIP4 initiative are countries in this region. Taking this into account, China will be more proactive in applying economic leverage and putting pressure on IPEF and CHIP4 participants, and it will try to curb U.S. leadership by mobilizing cooperation networks more sympathetic to its needs, such as the Belt and Road Initiative (BRI) and the Regional Comprehensive Economic Partnership (RCEP).

Figure 3. Semiconductor-Related Global Supply Chain Status



Source: Semiconductor Industry Association.

In the end, this will lead to both the United States and China pursuing a new economic order with supply chain reorganization centered on them, and the decoupling

18. As for semiconductors, regarding semiconductor technologies to be produced and supplied by Chip 4, whether technology transfer to countries outside CHIP4 (especially China) will be allowed, and if so, at which degree (e.g., routine commercialized technologies will be allowed or, in principle, all technology transfers will be completely blocked), etc. are still left for the participant countries to decide.

phenomenon that unfolded in 2022 may further accelerate centering on high-tech and future growth engines. The United States and China will also begin to seek ways to further expand the scope of decoupling based on the side effects and utility that were brought about during the decoupling process. Russia will contribute to accelerating such decoupling. Russia, which has already disrupted supply chains in the energy sector by cutting natural gas supplies to the EU, will also join the race to restructure supply chains, which in turn will promote further diversification and intensify conflicts in the decoupling era.

## 2. Xi Jinping's Third Term Counterattack vs. Biden's America First

The fiercer competition between the United States and China will prove to be the fuel that will further enflame complex competition. In 2022, China seemed to tread carefully in head-to-head competition against the United States. Although there was tension felt in the Taiwan Strait, China did not cross the line of unlawful countermeasures, such as posing direct harm to the Taiwan territory, which is considered to be related to China's domestic politics. Since China was slated to pave the way for Xi Jinping's third term in power at its 20<sup>th</sup> Party Congress, it probably thought that excessive escalation of tensions at the global and regional levels would not bode well for China. However, with the official beginning of Xi Jinping's third term at the 20<sup>th</sup> Party Congress, China is more likely to switch to adopting a more aggressive stance regarding the complex competition. Already at the opening ceremony of the National Congress of the Chinese Communist Party (CCP), President Xi Jinping made a public statement that it will realize Taiwan unification without fail and will not give up resorting to the use of force if necessary.<sup>19</sup> For Xi Jinping, who has laid the foundation for his extended reign by violating the principle of power balance within the Chinese Communist Party, focusing on Chinese nationalism and taking a hardline stance toward the United States are inevitable to secure popular support at home.<sup>20</sup>

The situation is not so different in the U.S. Regardless of the outcome of the midterm elections in 2022, there is only so much fundamental change for the U.S. policy direction

---

19. "China will never renounce right to use force over Taiwan, Xi says," *Reuters*, October 16, 2022.

20. Susan Shirk, an expert on China from the United States, believed that the power base Xi had built could be what is limiting his actions. This is because Xi Jinping cannot avoid having strategic competition intensified against the United States, which serves as the foundation of his legitimacy, since he advocated a hard line against the U.S. in the process of ramping up his personal strength. Susan Shirk, "Xi Jinping Has Fallen into the Dictator Trap," *The New York Times*, October 14, 2022.



toward Russia and China to be made. In particular, since there is a consensus, to an extent, on containment against China in the United States regardless of political faction or leaning, there is very little wriggle room for the Biden administration in promoting policies that go against this consensus. In other words, the Biden administration will continue to engage in the competition vying for value and system triggered by Russia's invasion of Ukraine, and as long as the United States chooses to view China and Russia as similar authoritarian regimes, not much change in its fundamental position of containment and decoupling based on the complex competition can be expected. The question is how much power the United States can mobilize for this move. For the United States to gain an upper hand in the complex competition in which China and Russia have participated, support and cooperation from its friends and allies are essential. Nonetheless, in 2022, the Biden administration tainted their trust when it decided to give the preferential treatment only to the electric vehicles manufactured on U.S. soil under the IRA. The countries that will be hit hardest by the IRA include South Korea and Japan, which are key allies of the United States in the Indo-Pacific region, and they happen to be the countries that will be the main pillars of IPEF and CHIP4 as well. Of course, the IRA makes up a very small part of the U.S. policy of alliance network, and the U.S. government has left room for negotiation with those involved; however, the IRA was a solemn reminder for its friends and allies that the United States has protectionist and unilateral cards up its sleeve and will not hesitate to use them whenever it deems necessary to do so. Depending on the outcome of the war in Ukraine, there may be further damage that could be done to tarnish the U.S. reputation. In the face of increasingly tempestuous charges by Xi Jinping during his third-term reign, how the Biden administration, which has passed half of its first term, will secure the momentum to respond will become an important topic of interest in 2023.

### **3. The Risk of Military Conflict in Northeast Asia to Be Prominent**

Tensions in the Taiwan Strait are likely to remain or escalate into 2023. As President Xi Jinping has already hinted at the potential use of force against Taiwan, China will apply various military pressures on Taiwan using its Eastern Theater Command (ETC) military operations, which will heighten tensions in the Taiwan Strait, the nearby South China Sea, and the East China Sea all at the same time. This risk is compounded by the fact that President Xi Jinping will seek to ensure unquestionable control over Taiwan at the beginning of his third term. China will try to win support from the countries in the region by reinforcing the existing “three warfares (public opinion warfare, psychological warfare, legal warfare)” by waging armed demonstrations against Taiwan. The United

States will try to overcome China's geopolitical superiority by using state-of-the-art military forces based on "The Third Offset Strategy", and this could lead to further intensified military confrontations and conflicts in the Indo-Pacific region. If the invasion of Ukraine ends in one way or another, Russia may try to be part of this military conflict. Russia will try to gauge the posture and resolve of the U.S. allies, Japan and Korea, through maneuvers, such as entering the Air Defense Identification Zone (ADIZ) between Korea and Japan, and Russia will try to remind others that it is a force to be reckoned with in the Indo-Pacific strategic landscape.

The problem lies in the fact that, unlike Europe, there are many areas of potential conflict in the Indo-Pacific region. In addition to the Taiwan Strait and the South China and East China Seas, the Diaoyudao Islands/Diaoyutai Islands/Senkaku Islands between China and Japan may also present thorns of conflict at any time. North Korea, which sent a strong message in 2022 regarding its nuclear status through its ballistic missile launches and "Nuclear Policy Law" legislation, will try to use 2023 as a make-or-break opportunity to push for its position. This is also closely related to North Korea's domestic issues: North Korea, after owning up to its failure of the first five-year economic development plan implemented between 2016 and 2021, if it fails to escape international sanctions in 2023, the second five-year economic development plan could likely go wrong, and this could prove to afflict more pain than from lost power durability of the regime because Kim Jong Un seeks to deliver unique achievements that are different from those of his predecessors. Therefore, in 2023, North Korea will continue to demonstrate its nuclear force through various measures to obtain preemptive concessions from South Korea and the United States: namely, announcing the production of new lightweight nuclear warheads by conducting additional nuclear tests, and short-term combat arrangements of "tactical nuclear weapons," unveiling of a new ICBM using MIRV technology, and the launch of a new SLBM, all of which could escalate tensions on the Korean Peninsula beyond the 2022 level.

What should be noted in particular, is that these regional-level crises may not occur as separate incidents, rather one may trigger another proving their interconnected nature. If a crisis occurs in one area within Northeast Asia, Pyongyang, Beijing, and Moscow may be tempted to trigger a crisis in another area according to mutual sympathy or by seeing it as a strategic advantage to them.<sup>21</sup> In this case, the risk that a crisis in one

---

21. For example, when tensions in the Taiwan Strait surge and a significant number of U.S. Navy and Air Force forces are deployed to the area, North Korea may consider that an opportune time for provocations on the Korean Peninsula and launch high-strung provocations. China would then be tempted to do the same.



area could escalate into military confrontation and conflict throughout Northeast Asia cannot be ruled out.

#### **4. Resolving the North Korean Nuclear Issue That Will Become More Vexing**

North Korea undertaking a more emboldened nuclear posture in 2023 is a highly likely scenario, because time is not on their side, and they may think that the shifting competitive landscape from the current U.S.-China vs. U.S.-Russia into North Korea-China-Russia vs. South Korea-U.S.-Japan in this region will work in favor of them eventually. In an era of value confrontation, which is characterized by complex competition, the United States will not consider the North Korean nuclear issue and the threat posed by China and Russia as separate issues. Moreover, neither China nor Russia will want to create a situation in which North Korea, whose political institution is increasingly similar to their dictatorial regimes, is forced into a crisis. This will lead to a rift appearing on the consensus established in 2016 among neighboring countries on the denuclearization of North Korea, and China and Russia will not give their consent to putting pressure or imposing sanctions against North Korea even if it violated UN resolutions and undermined the international non-proliferation regime, by conducting additional nuclear tests and ICBM launches, for example. Furthermore, given that Beijing and Moscow helped North Korea to subsist despite existing sanctions against North Korea, aid to North Korea from China and Russia, which would violate or evade existing sanctions, might increase. As for Russia, in October 2022, Russian President Vladimir Putin said that if such a situation occurred, it would “destroy our (ROK-Russia) relations” pointing to the possible support of weapons for Ukraine by Korea, hinting at potential military cooperation between Russia and North Korea.<sup>22</sup>

Since 2016, North Korea’s economy has been hit hard by high-intensity sanctions against its regime, and from its stance that it will not exchange economic compensation for denuclearization, thus it will more likely aim for recognition as a nuclear state. The Biden administration has been stressing diplomatic means to denuclearize the North,

---

22. Putin’s remarks portended that, despite the great potential for economic cooperation between South Korea and Russia, such potential will disappear, should South Korea, an ally to the United States, decide to help Ukraine. The remarks, however, were meant to be a possible military cooperation between North Korea and Russia. In the end, the Korean government assured that it had never supplied lethal weapons to Ukraine. “Putin warns South Korea not to provide weapons to Ukraine... it hinted at possible military cooperation with North Korea,” *VOA Korean*, dated October 28, 2022.; “South Korea has not supplied lethal weapons to Ukraine, president says,” *Reuters*, October 28, 2022.

and the South Korean government agrees with this position. In addition, due to the risk of military measures to resolve the North Korean nuclear issues, the United States is likely to set a low priority in opting for military measures or pressure on North Korea in 2023 as well. Attempts at inducing denuclearization of the North will be challenging, more so because the United States has to resort to diplomatic means and economic pressure with very little to no effect from the sanctions put in place. Rather, some in Washington might argue that the risks posed by the North should be contained by bringing the regime to the negotiating table, even if it means allowing them some concessions in advance under the premise of recognizing North Korea as a nuclear power.

Keeping this in mind, South Korea and the United States are tasked with how to restore the momentum of sanctions when Russia and China effectively break away from sanctions and the momentum of international sanctions itself is in danger of losing its effect in the process. At the same time, what deterrence and response capabilities South Korea has against the growing nuclear threat from North Korea will become an increasingly important issue for the ROK-U.S. alliance.

## **5. The Lowered Threshold for Nuclear Use and the Dilemma of “Assurance”**

The nuclear threshold lowered by Putin and Kim Jong Un in 2022 will make 2023 more dangerous. Regardless of whether Putin will use tactical nuclear weapons in Ukraine, nuclear blackmail has now been added as one of the options for pursuit by present and future nuclear-weapon states. Since an appropriate price for nuclear blackmail has not been substantiated, anyone with nuclear capabilities will have less burden in following this precedent in the future. As for North Korea, starting in 2023, it may decide to routinely engage in nuclear blackmail to lift the imposed sanctions, preemptively blocking U.S. military measures, and brandishing strategic superiority against South Korea. These actions of Putin and Kim Jong Un imply that the “extended deterrence” promised by the United States to its allies may run into limits in terms of “deterrence” and “assurance.” If a nuclear power (or hopeful) hostile to the United States concludes that even if it used nuclear weapons against the friends and allies of the United States, it will be reluctant to wage nuclear retaliation unless it was an attack on U.S. soil, the deterrence effect will diminish. Nuclear threats, which become commonplace from the standpoint of friends and allies, will eventually lead them to question “assurances” as to whether America’s security pledge to its allies will work as intended. Ultimately, this will give both adversaries and friends a chance to fathom the prospect that the U.S. extended deterrence commitment is nothing but rhetoric and may not work in practice.

Unlike NATO member countries in Europe, where redeployment of tactical nuclear weapons or nuclear sharing by the United States is institutionalized, such concerns will likely become more noticeable in the Indo-Pacific region. Therefore, countries in the region will demand extended deterrence measures in a real and effective sense to help protect themselves from nuclear threats, and these voices will become increasingly louder, especially in South Korea and Japan, which are exposed to North Korea's nuclear threats. As for South Korea, North Korea's nuclear threat is no longer a distant possibility, and Japan will also find itself more distressed by North Korea's nuclear threats as the number of North Korean ballistic missiles entering its airspace increases. In this respect, in 2023, U.S. allies in the Indo-Pacific region may step up their demands to the United States for a more specific deterrence commitment.

## **6. Local Actors Who Will Be Forced to Make a Choice**

As the complex competition progresses, countries in the region will inevitably find themselves in a greater conflict of choice than in the past. This is because complex competition and decoupling witnessed in some areas among major countries may mean that countries that are accustomed to globalization and mutual dependence have a bigger bill to pay than in the past. This dilemma will be more vexing for middle powers than for major countries. This is because complex competition may erode their mediation roles and middle powers could be forced to choose to either participate or opt out of the new existential sphere that has been mapped out by major countries. If they do choose not to be part of it, they may suffer disadvantages such as compromised security or failed advancements in science and technology, and if they do participate, they may be at the mercy of retaliatory measures from major countries that are in conflict with the other existential sphere.<sup>23</sup> In addition, even if a nation participates in a living sphere led by the United States, China, or Russia, the benefits offered may vary depending on the utility value within the living zone. In other words, the degree of loyalty to the relevant living zone will determine the extent of advantages to reap, and the same can occur at the alliance level as well.

As for North Korea, it may face a conflict of a completely different choice. While North Korea may benefit from the strengthening of the trilateral relationship between North Korea, China, and Russia, this may prove to be a barrier to achieving its initial goal of gaining access to global financial and trade markets by establishing direct trade

---

23. For example, Korea's participation in CHIP4 could invite indirect retaliation from China in other economic areas.

relations with the United States. Also, if China and Russia see North Korea's existence as an extension of the traditional North Korea-China-Russia relationship, the "powerful and prosperous country" that North Korea aims for will not be achieved and its relative autonomy will be undermined. In 2022, Pyongyang officially denied U.S. allegations that North Korea might be providing weapons to Russia, and this is a good example that North Korea is not so fond of having the trilateral cooperation between North Korea, China and Russia attract so much attention. For North Korea, support from China and Russia is essential in being recognized as a nuclear state, a fait accompli, and surviving international sanctions, but this could hinder the achievement of "economic development", which Kim Jong Un wants to tout as his legacy. Conversely, for the economic development of his country, it is critical it has access to the United States and the U.S.-led order. However, given that the general world trend is moving towards decoupling, North Korea will also have to make difficult choices.

## **7. Possibility of Increased Instability Posed by an Authoritarian Dictatorship**

Although lower in the possibility to occur compared to the above six issues, the scenario in which authoritarian dictatorships in the Indo-Pacific region will face internal instability cannot be ruled out entirely. North Korea's Kim Jong Un, Russia's Putin, and China's Xi Jinping have all managed to ensure that their power bases remain intact in 2022. However, as for Putin, it remains to be seen if he will manage to stay in power post-Ukraine war, and as for President Xi Jinping, who has just started his third term in office, although his grip may be more powerful, if a firmer internal control he chose in the process of beefing up his power base coincided with the slumping economy, he could run into domestic criticism and challenges. North Korea is not an exception. Although there were no visible signs of major instabilities, Pyongyang seemed to be losing its endurance slowly in 2022, and in the future, it may have to continue with sluggish economic development in exchange for increased nuclear capabilities for a while. For North Korea, which had to impose a high-intensity blockade across its nation for more than three years following the COVID-19 outbreak, if economic damage intensifies, its regime will face instability issues.

## North Korea Who Revealed the True Essence of Nuclear Blackmail

Go Myong-Hyun | Senior Fellow

### ■ 2022 Assessment: Nuclear Development Continues Despite Accumulation of Internal Destabilization Factors

The year 2022 will be remembered as the year when North Korea threw off the pretext that its intention to develop nuclear weapons was for self-defense and blatantly revealed that it was a preemptive use. In 2022, North Korea test-fired a new ICBM, the Hwasong-17 type, rescinding the moratorium on ICBM development that had existed since 2018 and insinuating a seventh nuclear test, effectively turning the clock in the Korean peninsula back to 2017. North Korea also unveiled a new nuclear doctrine in September that further emphasizes nuclear first strike and tactical nuclear capabilities, blatantly threatening nuclear attacks against non-nuclear states like South Korea and Japan.

A reason why North Korea was able to start an aggressive provocation cycle is the favorable international situation. The escalating U.S.-China tension and the outbreak of war in Ukraine led to a dysfunctional UN Security Council, and despite North Korea's more than seven ICBM launches, neither additional UN sanctions resolution nor even a simple resolution condemning them was adopted.<sup>24</sup> Taking advantage of this opportunity, North Korea is rapidly implementing the roadmap for the development of strategic weapons announced at the 8th Workers Party Congress in January 2021.

At the 8th Party Congress in 2021, North Korea pledged to continue to develop “miniaturization, standardization, and tactical weaponization” of nuclear weapons, in addition to new ICBMs with a range of 15,000 kilometers with MIRV capabilities, “Pukguksong” Submarine Launched Ballistic Missiles (SLBMs), new medium-sized submarines, hypersonic missiles, “new guided tactical weapon,” medium- and long-range cruise missiles, military reconnaissance satellites, as well as operationally deploying these weapons systems at an early stage. Hwasong-17, the “new tactical guided weapon”, medium- and long-range cruise missiles, and hypersonic missiles unveiled by North Korea in 2022 were all new weapons that were heralded in 2021. It can be

---

24. “UN Security Council failed to adopt statement condemning North Korea’s ICBM launch due to opposition from China and Russia,” *BBC Korean News Service*, March 26, 2022.

inferred from this that a nuclear test to demonstrate tactical nuclear capability is likely preordained. North Korea has conducted 30 ballistic missile tests through November 18, of which more than half were KN-23/24/25 series short-range ballistic missiles capable of carrying tactical nukes.<sup>25</sup>

North Korea unveiled its offensive nuclear doctrine in Kim Jong Un's speech in April by legislating its "Nuclear Force Policy" in September, befitting its growing nuclear capabilities. North Korea, which had emphasized in 2013 the defensive use of nuclear weapons by citing "means of deterrence of nuclear war" and "means of defense against nuclear attack" as the basis for nuclear use, significantly expanded the rationale for nuclear use to include the cases in which "North Korea's fundamental interests encroach" (in Kim Jong Un's speech in April) and "the event of imminent or actual nuclear or non-nuclear attacks on its leadership". It also threatened the possibility of preemptive nuclear strikes. It is in this background that North Korea highlights the tests and show of force involving the KN-23/24/25 series of SRBMs, which can be launched from a variety of platforms ranging from submarines, train cars, and Transporter-Erector-Launchers or TELs, and can easily evade missile defense systems.

North Korea's rapidly accelerating development of tactical nuclear weapons and ICBMs in 2022 shows that North Korea aims to take advantage of the lack of international sanctions to complete its development of critical weapon systems while at the same time demonstrating its powerful nuclear force to the United States and the international community. It can be inferred from the fact that North Korea began to carry out "redline" provocations such as ICBM launches at the end of February before the South Korean presidential election in March, that the regime's goal for 2022 was to complete the above-mentioned plan regardless of the outcome of the presidential election in Seoul. It is likely North Korea's provocation cycle will culminate in the seventh nuclear test, which could take place in early 2023.

Of course, it is difficult to see that North Korea's unilateral policy of increasing its nuclear capabilities reflects the durability of the North Korean system. After emphasizing productivity enhancement in the agricultural sector at the Workers' Party of Korea's 8th Fourth Plenary Session held at the end of December 2021, North Korea continued to emphasize increasing food production during 2022, proving that the UN Food and Agriculture Organization (FAO) and the World Food Plan (WFP) forecasts of a shortage

---

25. North Korea test-fired a SLBM variant of KN-23 off the coast of Shinpo and KN-23 from a silo underwater in the Taechon reservoir. This article classified the said missile launches as SLBM and SRBM, respectively.

of food production in North Korea in 2022 are true. Also on May 21, by declaring the “Greatest National Emergency”, the regime admitted the Covid-19 outbreak for the first time in two years since the COVID-19 pandemic. Such an admission signals that due to economic difficulties, food shortages, and the continuation of heavy-handed social and disease controls, internal unrest is brewing in society. But it can also be surmised from its prioritization of nuclear capabilities that North Korean leadership, including Kim Jong Un, decided that the first step in controlling internal unrest was to demonstrate its nuclear capabilities and be recognized as a nuclear weapon state.

## **2023 Outlook: High-Intensity Provocations to Continue While Dialogue Is on Hiatus**

The aims of North Korea’s provocation tactics since 2021 are to first advance its nuclear capabilities and the strategic advantages derived from them. Because the goal is to pressure the ROK-United States alliance and the United States, the regime inevitably assumes a confrontational attitude. The possibility of North-South dialogue is structurally constrained. This was foreseeable from the harsh rejection of North Korean Workers’ Party of Korea (WPK) Deputy Chairman Kim Yo Jong, who said “Don’t dream in vain”, in response to President Yoon Seok-yeol’s “Audacious Plan”<sup>26</sup> of actively providing economic support measures “if North Korea comes to denuclearization negotiations with sincerity”<sup>3</sup> proposed in his Independence Day speech on August 15. North Korea will vigorously insist on arms control talks with the United States through a strategy of the supremacy of nuclear capability. 2023 simply marks the start of such a strategy.

North Korea’s nuclear doctrine, enacted in September 2022, differs from Russia’s concept of “escalate to de-escalate” in that it concentrates on preemptive strikes. It also significantly lowers the threshold for nuclear use in that it broadly defines the ground for nuclear use as “encroachment on North Korea’s fundamental interests” and specially mentions the event of a nuclear or non-nuclear attack on the leadership. The strange aspect of North Korea’s nuclear doctrine is it envisages a limited nuclear war even with the first strike. Then the key is how North Korea would avoid nuclear retaliation by the United States, which could wipe out the North Korean regime. Unlike Russia, which has the mass retaliation capability, North Korea is yet to acquire credible ICBMs and SLBM capabilities. North Korea’s nuclear doctrine will simply be nuclear bluffing until it

---

26. “Kim Tae-Hyo, architect of Vision 3000: Denuclearization and Openness, Led ‘Audacious Plan’ Initiative,” *Yonhap News*, August 15, 2022.



achieves strategic nuclear capabilities through the completion of the ICBM capability.

Figure 1. North Korea's First Test Launch of the "Hwasong-17" ICBM in March 2022



Source: Yonhap News.

## 1. Strengthening Strategic Provocations Amid Expansion of DPRK-China-Russia Triangular Cooperation

The types of North Korean provocations and weapons systems it uses to reflect the regime's goals. If in 2022 North Korea demonstrated its tactical nuclear capabilities and new nuclear doctrine through the provocation of short-range ballistic missiles capable of carrying tactical nuclear weapons and demonstrated its ability to respond to the newly expanded U.S.-ROK joint exercises, in 2023 North Korea will focus on launching ICBMs, SLBMs, and military satellites, such as the Hwasong-17 type. North Korea aims to mount provocations directed at the United States with an eye on the 2024 U.S. presidential election and may conduct additional nuclear tests in addition to the seventh nuclear test if necessary. As of 2022, SLBMs remain among the strategic weapons that North Korea had announced but to demonstrate through test launches. For 2023 North Korea is expected to test-fire either "Pukguksong-4," which was unveiled in October 2020, or "Pukguksong-5," which was first unveiled at the military parade of the Party Congress in January 2021. "Pukguksong-5" in particular, has a larger diameter



and warhead and shorter length than “Pukguksong-4” and is expected to be placed in the 3,000-ton ballistic missile submarine that is reportedly under construction, in addition to KN-24-SLBM subtype.

What underlies North Korea’s protracted strategy of confrontation is not only the implementation of its weapons development roadmap but also the conflict between the United States and China. Russia’s invasion of Ukraine and the indifference of the Biden administration created the opportunity to launch provocations without incurring the risk of sanctions. North Korea demands sanctions relief not only for economic reasons but also because such relief without denuclearization would be tantamount to the United States and the international community recognizing the regime as a de facto nuclear state, while at the same time, it is suspicious that the United States plotting to use sanctions relief as a means to entice it into the denuclearization process. Although many view Kim Jong Un’s personal letter diplomacy with United States President Trump as deception by North Korea, but from North Korea’s perspective the exchange may be seen as Trump’s delaying tactic, a result of which being North Korea’s inaction in 2019 and 2020 despite the deteriorating economic situation. This perception may have been the reason behind why North Korea turned down the helping hands of the United States and the international community despite dire economic and public health situations since 2019.<sup>27</sup>

What lies behind the projection that North Korea will remain confident about regime stability despite rejecting dialogue with the United States and humanitarian aid from the international community, is the strengthening of triangular cooperation between North Korea, China, and Russia. This is not because North Korea’s strategic value has increased, but because of the respective conflicts that Russia and China have with the United States. The war in Ukraine, sparked by the Russian invasion, is expected to continue until at least early 2023. Russia and North Korea, isolated from the international community, are bound to grow closer to each other. For Russia, which is experiencing severe manpower shortages and logistical problems due to the war of attrition in the battlefields of Ukraine, North Korea could be an important source of weapons supplies. China is also showing close contact with North Korea as the U.S. strategy of containment against China, exemplified by its Indo-Pacific strategy and export control policies, is in full swing. From China’s point of view, North Korea can even expect to serve as a second front that can keep the USFK tied up on the Korean

---

27. “North Korea claimed new fever cases stood at around a dozen...but starvation deaths may have increased,” *BBC News Korea*, July 27, 2022.

peninsula in case the tension with the United States regarding Taiwan escalates.

As a united front between North Korea, China, and Russia becomes visible, U.S.-China-Russia cooperation through the United Nations is expected to remain difficult in 2023. China and Russia, which have been put on the defensive by the U.S. Indo-Pacific strategy and intense pressure from NATO, respectively, are likely to ignore North Korea's ICBM provocations and even nuclear tests. North Korea could continue its fast-paced provocations in 2023 without penalties such as additional sanctions by taking advantage of the confrontation between the United States and China and Russia. Even if China and Russia abstain from additional sanctions measures against North Korea to keep the appearance of preserving the international nonproliferation regime, North Korea could insist on China and Russia turn a blind eye to sanction violations as the two countries have done so far. It is another way to take advantage of the strategic interests of China and Russia, which cannot easily give up the North Korean card given the complex competition that they face.

Yet another variable that will dominate the tempo of North Korea's provocations is the 2024 U.S. presidential election. The impact North Korea can make on the outcome of the U.S. presidential election is minimal. But North Korea's exit strategy from the provocation cycle would be more successful under a U.S. administration that is not Biden's, which is indifferent to dialogue with North Korea. North Korea is showcasing its strategic worth through provocations to gain an edge in negotiations with the United States after the possible administration change in 2024, and it will continue to do so in 2023. For North Korea, however, the dilemma is when Biden's re-election in 2024 becomes likely, or a candidate other than Trump emerges as an alternative within the Republican Party. In this case, the exit strategy in 2024 will become unlikely, making it difficult to maintain the current pace of provocations. Therefore, we cannot rule out the possibility that North Korea will offer surprise talks to South Korea and the United States in 2023 to maintain its initiative.

## **2. Continuation of Economic Tightening and Regime Destabilization**

Despite North Korea's major provocations in 2022, China and Russia plan to expand or resume trade with North Korea in 2023. China has already resumed freight rail between Dandong and Sinuiju since the end of September 2022, and economic exchanges between North Korea and China have gradually expanded after the Chinese Communist Party Congress in October. Despite China's intention to continue its "zero-COVID policy" after the 20th Party Congress, North Korea's resumption of foreign trade reflects that North Korea's economy has reached its limits due to the strict lockdown

policy caused by COVID-19. In fact, the volume of trade between North Korea and China in August 2022 was more than \$90 million, more than three times higher than in the same month last year.<sup>28</sup> The nearly three-year border closure has greatly curtailed the market activities on which North Koreans depend for survival. The resumption of trade with China, while COVID is raging in the country, can be a sign of the North Korean regime's sense of anxiety. North Korea will try to revive its economy which has been devastated by the prolonged border closure due to COVID-19 and alleviate social discontent caused by expanding imports from China. However, the expansion of imports will not be a smooth affair. What prevents North Korea from fully resuming trade is the export restriction due to sanctions. Sanctions, which have been in place since 2017, have made it difficult for North Korea to obtain foreign currency through exports, which is an obstacle to the expansion of imports. This is the reason it will be difficult for North Korea's foreign trade to recover in 2023.

What could change the forecast is the possibility of China and Russia refusing to implement sanctions due to strategic competition. To prevent further non-compliance by China and Russia, the United States is extending its unilateral sanctions regime against Russian and Chinese entities and individuals.<sup>29</sup> Recently, for the first time, the United States sanctioned Russia's regional banks, Far Eastern Bank and Sputnik Bank.<sup>30</sup> These sanctions are instances of secondary boycotts by the United States, and while they cannot impose civil or criminal penalties because they are outside the U.S. jurisdiction, they have the effect of blocking these individuals and companies from having their financial-trade transactions with the United States.

The U.S. secondary boycott strategy multiplies its effectiveness as the economic interdependence between North Korea and China and Russia expands. However, in the long run, if economic decoupling between the United States and China accelerates and Chinese banks leave the dollar system, the effectiveness of unilateral sanctions will be diminished. North Korea's dilemma is that until the interdependence between the United States and China is greatly reduced, the solidarity of the DPRK-China-Russia bloc cannot be a great economic shield. North Korea's economy is expected to grow

---

28. "Sino-DPRK trade volume in August up more than three times compared to last year...reaching more than 30% of the pre-pandemic time," Korea International Trade Association (*Kita.net*), September 19, 2022.

29. "Biden administration accelerated unilateral DPRK sanctions...imposing 22 sanctions over the three months," *VOA Korea*, March 23, 2022.

30. "US included Russian banks in DPRK sanctions putting pressure on China and Russia," *Donga Ilbo*, May 30, 2022.

in 2023 compared to 2022. China's adherence to a "zero COVID" policy and the threat of increased U.S. sanctions will make it difficult for North Korean trade to return to pre-COVID-19 levels.

In sum, North Korea's foreign trade recovery will proceed more slowly than expected even with the support of China and Russia, and as a result, the humanitarian crisis in North Korea is expected to intensify. Already in 2021, Kim Jong Un himself unusually made mention of food shortages at the third plenum of the 8th Workers' Party of Korea in June, and it is feared that the food shortage situation of vulnerable groups will worsen in 2023 due to the delay in resuming foreign trade and the prolonged economic contraction. In addition, preparations should be made for the possibility of large-scale humanitarian emergencies in North Korea, which is vulnerable to natural disasters such as floods.

In response to the spread of COVID-19, North Korea is believed to have implemented a policy of quarantining its population at the local level. The quarantine-oriented quarantine policy was expected to be effectively scrapped in 2022 as COVID-19 spread in Pyongyang and Kim Jong Un himself was believed to have contracted COVID-19, and reports that North Korea will finally accept a COVID-19 vaccine that it has long rejected also bolstered this observation.<sup>31</sup> However, it is unlikely that North Korea will opt for a massive vaccination campaign in 2023, as such measures could limit its autonomy by increasing its dependence on the outside world. In other words, until China transitions from "zero Covid" to "with-COVID," it is difficult to expect North Korea's quarantine normalization through herd immunity. Even if China and Russia try to support North Korea, Chinese and Russian companies may be exposed to secondary boycotts by the United States; China's adherence to the "zero Covid policy" clearly limits its trade activities with China, such as tourism. Given that North Korea is expected to further intensify provocations in 2023, it is unlikely that North Korea's quarantine situation and economic conditions will improve.

Kim Jong Un's cult of personality and reign of terror, which began in earnest in 2021, will remain in effect in 2023. North Korean discontent in 2023 will also be similar or amplified compared to 2022. Psychologically devastated by the long lockdown measures to prevent COVID-19, North Koreans' consumption of the Korean Wave will increase<sup>32</sup> and North Korea will seek to establish social discipline through continuous internal crackdowns, but its ability to control a disgruntled North Korean society will be

---

31. "Is Kim Jong Un sincere in his remark that he will begin COVID vaccinations for people?," *BBC News Korean Service*, September 14, 2022.

limited due to the economic crisis. At times of crisis, external provocations can also be useful for internal cohesion. The successful launch of Hwasong-17 ICBM and the public appearance of Kim Jong Un with his second daughter on November 18 reflects the regime's intention to raise people's pride through the development of nuclear weapons. In 2023, North Korea will continue to make the preservation of the Kim regime a top priority by maintaining a strong confrontational posture against the United States and promoting internal cohesion.

### **3. The Need for the ROK and the United States to Strengthen Deterrence Posture Against North Korea**

The situation on the Korean Peninsula in 2022 was not unfavorable to North Korea. The dysfunction at the UN Security Council, a major side effect of the war in Ukraine, gave North Korea unlimited power of provocation, and the U.S. policy toward North Korea has also consisted of repeating the mantra of "dialogue without preconditions" for more than a year as the attention and financial resources of the international community have been focused on supporting Ukraine. In response, North Korea focused on perfecting its banned nuclear and missile technology while demonstrating its tactical nuclear capabilities through shows of force against the U.S.-ROK alliance. Unlike in 2017, when it created tensions and engaged in dialogue with South Korea and the United States, North Korea is pursuing a policy focused on demonstrating that it is a de facto nuclear state with a newly legislated nuclear doctrine. These characteristics will become more pronounced in 2023.

In this context, North Korea may launch a bolder nuclear threat in 2023. North Korea's nuclear doctrine, which justifies a preemptive nuclear strike against South Korea, Japan, and the United States, suggests that in 2023 North Korea could launch nuclear threats against its neighbors, including South Korea. In other words, threats such as "Seoul as target board" remarks will become more frequent, and after carrying out conventional provocations in the MDL and the West Sea NLL, North Korea may intensify psychological warfare by highlighting its status as a nuclear-armed state. At the same time, as pointed out earlier, North Korea may suddenly offer talks to South Korea and the United States in preparation for the Biden administration's re-election in 2024.

As such, the escalating situation in 2023 with North Korea's nuclear provocations will further increase the need for security guarantees against North Korea's nuclear

---

32. "Despite North Korea's crackdown on Korean wave, South Korean drama series, Crash Landing and Squid Game are popular," *BBC News Korean Service*, October 19, 2022.

threat. While the agreement between the United States and the Republic of Korea to operate U.S. strategic assets at a “permanent deployment” level during 2022 is certainly a positive development, it is also necessary to pursue a declaratory policy that includes a joint counter-nuclear strategy between the United States and Republic of Korea, including measures to upgrade the Extended Deterrence Strategy and Consultation Group (EDSCG) to a policy consultative body equivalent to NATO’s Nuclear Planning Group (NPG).

While North Korea’s threat of a nuclear first strike when North Korea’s ICBM re-entry capability is not yet complete is more of a bluffing than an actual threat, North Korea will try to take advantage of the uncertainty to create the impression that it has already acquired such a capability and that it has even developed the MIRV capability. Using such tactics, North Korea will continue to take the initiative and pressure the United States and South Korea in 2023. More specifically, it will try to exploit gaps in the ROK-U.S. alliance with the two-pronged strategy of nuclear blackmail and peace offensive. It is therefore of utmost importance for the ROK-U.S. alliance to pre-empt North Korea’s strategic intentions and present a coherent and unified response in 2023.

Table 1. North Korean Ballistic Missile Launches

No.	Date	Location	Number launched and Type
1	Jan. 5.	Jagang-do	1 Ballistic Missile
2	Jan. 11.	Jagang-do	1 Ballistic Missile
3	Jan. 14.	Uiju, North Pyongan Province	2 SLBM
4	Jan. 17.	Sunan, Pyongyang	2 SLBM
5	Jan. 27.	Hamhung, South Hamgyong Province	2 SLBM
6	Jan. 30.	Mupyongri, Jagang-do	1 MRBM
7	Feb. 27.	Sunan, Pyongyang	1 Ballistic Missile
8	Mar. 5.	Sunan, Pyongyang	1 Ballistic Missile
9	Mar. 16.	Sunan, Pyongyang	Exploded in mid-air ※ Suspected Hwasong-17 ICBM
10	Mar. 24.	Sunan, Pyongyang	1 ICBM ※ The North claimed it as Hwasong-17; South Korean Defense Minitray as Hwangsong-15.
11	Apr. 16.	Hamhung, South Hamgyong Province	2 ‘new-type strategic weapon’

12	May 4.	Sunan, Pyongyang	1 ICBM ※ Suspected Hwasong-15
13	May 7.	East Coast	1 ICBM
14	May 12.	Sunan, Pyongyang	3 SRBM
15	May 25.	Sunan, Pyongyang	3 SRBM ※ The first missile being suspected Hwasong-17 ICBM
16	Jun. 5.	Sunan, Pyongyang and others.	8 SRBM ※ Capable of delivering small tactical nuclear warheads
17	Sep. 25.	Taechon, North Pyongan Province	1 SRBM
18	Sep. 28.	Sunan, Pyongyang	2 SRBM
19	Sep. 29.	Sunchon, South Pyongan Province	2 SRBM
20	Oct. 1.	Sunan, Pyongyang	2 SRBM
21	Oct. 4.	Mupyongri, Jagang-do	1 MRBM ※ Suspected Hwasong-12
22	Oct. 6.	Samsok, Pyongyang	2 SRBM
23	Oct. 9.	Munchon, Gangwon Province	2 SRBM
24	Oct. 14.	Sunan, Pyongyang	1 SRBM
25	Oct. 28.	Gangwon, Tongchon	2 SRBM
26	Nov. 2.	Jeongju & Pihyon, North Pyongan Province	4 SRBM
27	Nov. 2.	Wonsan, Gangwon Province	3 SRBM
28	Nov. 2.	West & East Coast	SRBM ※ 10 missiles including SRBM and surface-to-air missile
29	Nov. 3.	Sunan, Pyongyang	1 ICBM ※ suspected Hwasong-17
30	Nov. 3.	Gaechon, South Pyongan Province	2 SRBM
31	Nov. 3.	Goksan, North Hwanghae Province	3 SRBM
32	Nov. 5.	Dongrim, North Pyongan Province	4 SRBM
33	Nov. 9.	Sukchon, South Pyongan Province	1 SRBM
34	Nov. 17.	Wonsan, Gangwon Province	1 SRBM



35	Nov. 18.	Sunan, Pyongyang	1 ICBM ※ Suspected Hwasong-17
36	Dec. 18.	Cholsan, North Pyongan Province	2 MRBM

Table 2. Other Types of North Korean Provocations in 2022

No.	Date	Location	Information
1	Jan. 25.	Area around Hamhung	2 long-range cruise missiles
2	Mar. 20.	Area around Sukchon, South Pyongan Province	4 shots of multiple rocket launcher
3	Apr. 16.	Area around Hamhung	2 shots of a new type of tactical guided weapon
4	Jun. 12.	West Coast	5 shots of artillery shots
5	Jul. 10.	Unknown	2 shots of multiple rocket launcher
6	Jul. 11.	The area around the west coast	Shots of multiple rocket launchers with a caliber below 200mm
7	Aug. 17.	Onchon, South Pyongan Province	2 cruise missiles
8	Oct. 6.	Goksan, North Hwanghae Province	Flying 12 warplanes in formation with an air-to-ground missile firing exercise
9	Oct. 8.	Sunan, Pyongyang	A large-scale air-attack drill involving about 150 warplanes and the firing of long-range artillery on the eastern front
10	Oct. 12.	Gaechon, South Pyongan Province	2 strategic cruise missiles
11	Oct. 13.-14.	Inland and coastal areas in East and West	Mobilizing 10 warplanes to fly close to the border
12	Oct. 14.	The area around Majangdong, Hwanghaedo & Gueupri, Gangwon Province	Artillery firing into the sea off the east and west coasts
13	Oct. 14.	The area around Jangjon, Gangwon Province	Firing 390 rounds of artillery into the sea off the east and west coasts
14	Oct. 18.	The area around Jangsan cape, South Hwanghae Province & Jangjon, Gangwon Province	Firing 100 and 150 rounds of artillery into the maritime buffer zones of the west and east coasts

15	Oct. 19.	Area around Yonan, Hwanghae Province	Firing 100 artillery into the sea off the west coast
16	Oct. 24.	The area around Jangsan cape, South Hwanghae Province	10 shots of multiple rocket launcher
17	Nov. 2.	Area around Nakwon, Jungpyong, Shinpo, South Hamgyong Province; Onchon & Hwajinri, South Pyongan Province; Gwail, South Hwanghae Province	Firing 10 rounds of missiles including ground-to-air missiles toward the east and west coasts
18	Nov. 2.	The area around Goseong, Gangwon Province	Firing 100 rounds of artillery into a military buffer zone off the east coast

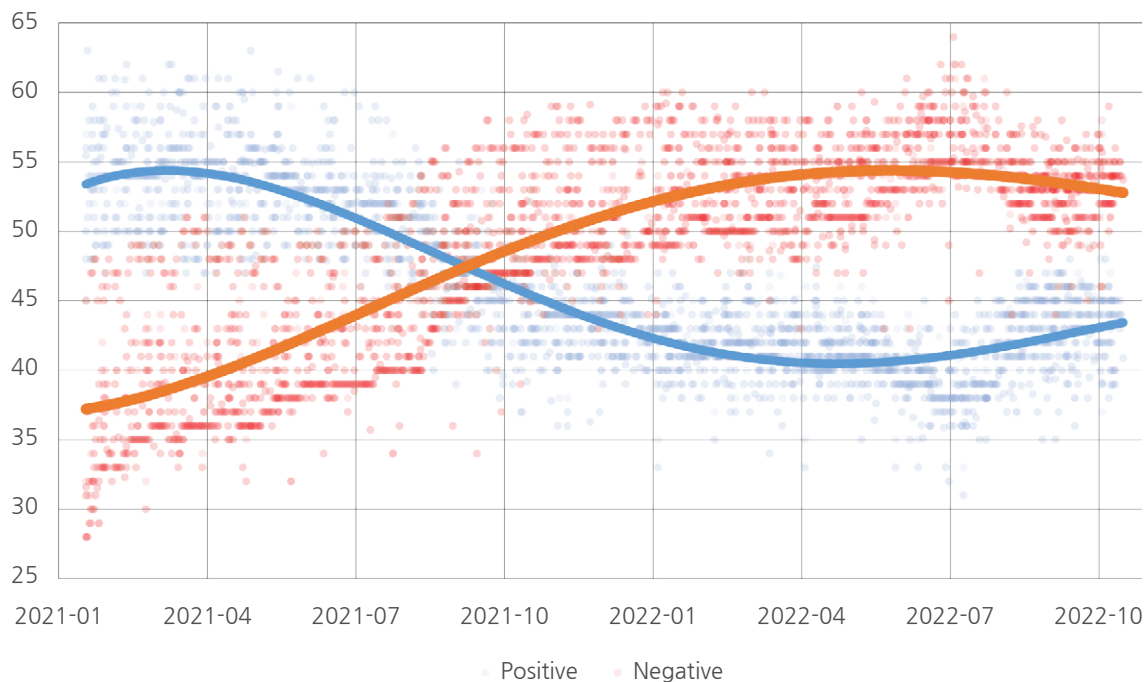
# The United States: Seeking an Integrated Solution for a Complex Competition

J. James Kim | Senior Fellow

## 2022 Assessment: Accelerating Great Power Competition

There has been little to no significant change in the U.S. foreign policy and security strategy over the past year. The security postures for China and Russia are focused on great power competition, and the domestic political environment in the U.S. reflects this reality. Amid rising geopolitical risks due to Russia's ongoing invasion of Ukraine and President Xi Jinping's third term in office, the United States' diplomatic and security stance has only become further entrenched and there is no significant change in the direction of policy strategies. One worrisome trend, however, is that the implication of the U.S. policy stance for allies and partners is growing more burdensome. Adding to this challenge is the fact that great power competition is likely to become more complex and broader in 2023.

Figure 1. Biden Approval Ratings (2021.01.21-2022.10.25)



Source: Fivethirtyeight.

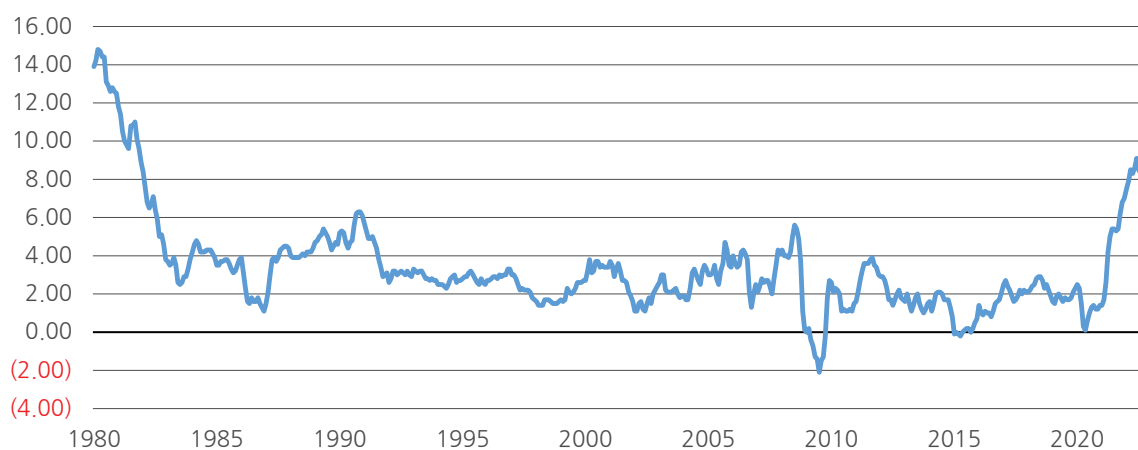
In the midterm elections, the Democrats performed better than expected, retaining a majority in the Senate; but the Republicans took control of the House. More interestingly, the Republican candidates supported by former President Trump have performed poorly in important contested districts, leading many analysts to conclude that Trump will be less influential in the next presidential election.<sup>33</sup> While South Korea and other allies are likely to welcome this news, it is too early to predict the outcome of the next presidential election.

A point worth noting is that the Republicans secured a majority in the House of Representatives even as Trump's influence declined signaling the possibility that American politics may become less polarized than may have been feared. Most American voters believe that the Republican Party is more dominant than the Democratic Party on immigration, economy and security.<sup>34</sup> Having the two major parties split control of the Senate and House suggests that the Biden administration will face significant policy gridlock during the second half of his term.

## 2023 Outlook: America's Eyes on Its Prize

Growing uncertainty in the geopolitical arena coupled with prolonged inflation is expected to present new challenges for the Biden administration in the coming year. This is not good news for President Biden, who boasts an approval rating of 41-42% ahead of the 2024 presidential election.

Figure 2. U.S. Inflation Rate (1980.01-2022.09)



Source: BLS.

33. "US midterms: America appears to have passed 'peak Trump'," *The Conversation*, November 11, 2022.

34. "2022 Midterm Elections: Democrats, Republicans Are Now Tied on the Generic Ballot," *Morning Consult*, November 1, 2022.

Changes in the domestic political environment will not significantly change U.S. foreign policy, but the possibility of tactical changes cannot be ignored depending on the issue of interest. For instance, some Republican lawmakers worried about an economic slowdown in Ukraine are second guessing the administration's desire to continue providing Kyiv with military and financial assistance. Some polling numbers suggest that as many as 32% of Republican voters think that the aid to Ukraine is too much.<sup>35</sup> In other words, the U.S. position on aid to Ukraine may change depending on timing and scope. However, we must take care in not interpreting tactical shifts in U.S. foreign policy as strategic shifts.

According to a recent poll released by the Pew Research Center, about 80% of Americans maintain negative feelings toward China, and 70% view Russia as an adversary.<sup>36</sup> What is even more surprising is that these thoughts are quite broad regardless of political or ideological orientation. Therefore, changes in the domestic mood are unlikely to have a meaningful impact on Washington's hard-line policy toward China and Russia.

Another reason supporting this outlook is the recently released National Security Strategy Report,<sup>37</sup> which sets the great power competition as a confrontation between democracy and dictatorship. As the report states, "Russia poses an immediate threat to the free and open international system, recklessly flouting the basic laws of the international order," while China, by contrast, "is the only competitor with both the intent to reshape the international order." The Biden administration is setting the goal of the United States as a free, open, prosperous and secure international order. To achieve these goals, the United States will: 1) invest in fundamental sources and tools of power and influence; 2) build the strongest possible coalition of nations to shape the global strategic environment and strengthen U.S.-led collective influence to address common challenges. 3) modernize and reinforce the U.S. military while maintaining the capability to to disrupt terrorist threat. And to succeed in these areas, the U.S. is expected to exploit the complementarity of domestic and foreign policies and strengthen relations with allies as well as partners.

In terms of its security posture, the Biden administration insists on the concept of integrated deterrence. Integrated deterrence refers to the seamless combination

---

35. "Republicans who question U.S. aid to Ukraine may soon have the power to end it," *Los Angeles Times*, October 23, 2022.

36. "Seven-in-Ten Americans Now See Russia as an Enemy," *Pew Research Center*, April 6, 2022.

37. The White House, *National Security Strategy* (October 2022).

of capabilities across domains, regions, conflict spectrums, and U.S. government. Key feature of this effort is the enhanced cooperation with allies and partners around the world. In the Indo-Pacific, the U.S. favors reinforcing established alliance networks with new minilateral arrangements like the QUAD and AUKUS. Transatlantic relations are likely to be strengthened through expanded role for Europe in addressing the Russia and China challenge. Each country's role may vary, but the Biden administration seeks greater involvement by all potential partners. The desired scope of cooperation encompasses immigration, regional development, human rights, and environment. The approach towards the Middle East incorporates five principles, including 1) cooperation with countries that prefer a rules-based international order, 2) promotion of freedom of navigation, 3) reduce tension and conflict through diplomacy; 4) promote regional integration by building political, economic and security cooperation; 5) promote human rights and universal values. In Africa, Biden expressed his will to promote bilateral cooperation suitable for the 21st century and compatible with regional development and peace. In particular, the administration promised to work with regional partners to contain the spread of terrorism and promote more investment. In the Arctic, Biden insists on addressing challenges related to the environment and regional stability. With the revitalization of the regional economy, the U.S. also seeks to promote investment in infrastructure and natural resources.

Although the NSS is an important document that reveals the United States' approach to, it is unclear whether it can solve all of its problems, which appears to grow more complex. For instance, the NSS emphasizes the complementarity of domestic and foreign policies by tying the fate of the United States with the middle class. Missing from this discussion is the resolution of conflict between the interests of the American middle class and potential partners around the world. The recently announced Inflation Reduction Act<sup>38</sup> and the CHIPS Act<sup>39</sup>, for instance, unashamedly promote U.S. national interests at the cost of economic interests among allies and partners.<sup>40</sup> This approach also has the potential to contradict the Biden administration's approach towards liberal international order. In the end, the U.S. will have no choice but to prioritize its own national security and economy, while the allies and partners will

---

38. U.S. Congress, *H.R.5376- Inflation Reduction Act of 2022* (August 2022).

39. "FACT SHEET: CHIPS and Science Act Will Lower Costs, Create Jobs, Strengthen Supply Chains, and Counter China," *The White House*, August 9, 2022.

40. "United front with EU and Japan against U.S. EV law gains stream," *Korea JoongAng Daily*, August 25, 2022.

have to choose between the U.S. and China.

The choice will become clearer as the U.S. moves to accelerate its policy towards China and Russia in the coming year. Recent signals from high-ranking government figures such as Jake Sullivan<sup>41</sup> and Tony Blinken<sup>42</sup> suggest that the U.S. is concerned about the possibility of conflict in the Taiwan Strait, while the Biden administration is moving firmly to implement additional measures on technology to follow in the wake of the semiconductor equipment export restrictions.<sup>43</sup> Among measures being discussed, there is the possibility of additional U.S. regulation on technology investment in China (reverse CFIUS)<sup>44</sup> and additional export control measures in other technology related sectors. Traditional manufacturing is also likely to be affected with measures against forced labour likely to be enforced more effectively in the coming months. Regarding Taiwan, the Biden administration claims to respect the one-China principle, but has sent clear signals that it opposes any use of force against Taiwan by mainland China. President Biden, for instance, has publicly mentioned the possibility of U.S. military intervention several times. The administration also appears to be moving more firmly in order to improve the response time of the U.S. military through the implementation of new initiatives such as JADC2 (Joint All-Domain Command and Control). PDI (Pacific Deterrence Initiative)<sup>45</sup> has a budget of \$6.1 billion, which is about \$2 billion more than EDI (European Deterrence Initiative).<sup>46</sup> Australia's Lowy Institute projects U.S. military spending in 2030 to be \$9.3 trillion, which is a higher percentage than China's \$5.6 trillion or Russia's \$1.4 trillion.<sup>47</sup> Therefore, it is expected that the probability of great power conflict will grow over time, and this phenomenon will present new challenges for Korea and other countries around the world.

---

41. "China Invading Taiwan Is 'Distinct Threat,' Biden Aide Jake Sullivan Says," *Bloomberg*, September 8, 2022.

42. "China plans to seize Taiwan on 'much faster timeline,' Blinken says," *The Washington Post*, October 18, 2022.

43. "New US Semiconductor Export Controls Signify Dramatic Shift in Tech Relations With China," *Just Security*, October 24, 2022.; "Western suppliers cut ties with Chinese chipmakers as U.S. curbs bite," *The Washington Post*, October 17, 2022.

44. "Proposed Outbound Investment Review Legislation Has Sweeping Extraterritorial Scope," *Dechert LLP*, August 18, 2022.; "Outbound Investment Screening Would be a Mistake," *Council on Foreign Relations*, June 30, 2022.

45. "The Pacific Deterrence Initiative," *Federal Budget*, May 16, 2022.

46. Office of the Under Secretary of Defense (Comptroller), *European Deterrence Initiative - Department of Defense Budget Fiscal Year (FY) 2023* (April 2022).

47. Lowy Institute, *Asia Power Index* (2021 Edition).



The outlook for 2023 looks challenging to say the least. Relations between the U.S. and China are expected to deteriorate further and the U.S. is expected to redouble its efforts to strengthen its domestic economy and national security. Washington will maintain its tough stance on threats from Iran and North Korea, but will rely more on its regional allies to contribute in addressing these problems.

Faced with this reality, South Korea, as a democratic state that maintains an alliance with the United States, needs to think more seriously about strengthening its ability to manage the risks associated with China, Russia, and North Korea, while seeking cooperation with neighboring countries linked to the United States. It is worth thinking about countermeasures against economic risks linked to China and Russia. In particular, it would be wise to prepare contingency plans for a rapid deterioration in the relationship between the U.S. and China. The task should begin by asking difficult questions early rather than later. For instance, what would South Korea do if the security risks associated with Taiwan escalates rapidly? How will South Korea respond to both China and the United States? With respect to the economy, the government needs to communicate with the private sector and prepare remedies for best addressing the economic risks associated with great power competition which will worsen in the future. It would be wise to strengthen diplomatic and economic ties with partners and allies in the region. At the same time, it would be wise to not ignore China and Russia; but to expand diplomatic engagement with Beijing and Moscow. As tension between the U.S., China, and Russia grows, South Korea may be able to use its position to mediate and reduce the potential for regional conflict. It would be wise to continue strengthening South Korea's deterrence posture against North Korea while continuing to explore the potential to seek out a diplomatic solution. At a time when great power competition is accelerating, South Korea must seek to restore national unity and formulate a flexible diplomatic and security policy.

# China Uses 'Chinese Modernization' to Embark on Complex Competition with the U.S.

Lee Dong Gyu | Research Fellow

## ■ Reviewing 2022: The Formalization of Xi Jinping's Third Term

### 1. China Returned to One-Man Dictatorship by Reappointing Xi Jinping for a Third Term

At the 20th Party Congress in October 2022, Xi Jinping was formally reappointed for a third term as General Secretary of the Chinese Communist Party (CCP). As the Communist Youth League of China (中國共產主義青年團), which has competed against Xi Jinping's faction of the Princelings (太子黨), went into decline and the Standing Committee of the Political Bureau of the 20th Central Committee of the CCP consists of "Xi Family Army" (習家軍), it showed that Xi's political power is stronger than expected. This means that the CCP abrogated collective leadership and returned to a one-man dictatorship.

Figure 1. The 20th National Congress of the CCP Held in October 2022



Source: Yonhap News.

## 2. China Tacitly Supported Russia and North Korea

Although China rhetorically emphasized a peaceful resolution to Russia's invasion of Ukraine based on dialogue and negotiations, in practice it supported Russia by abstaining from UN Security Council votes condemning Russia's invasion and not imposing sanctions against Russia. At the China-Russia summit on September 15, 2022, President Xi Jinping showed his willingness to cooperate with Russia by emphasizing that China will work with Russia to extend strong mutual support on issues concerning each other's core interests.<sup>48</sup>

Even though North Korea broke its moratorium and launched inter-continental ballistic missiles (ICBM) several times in 2022, China vetoed new UN sanctions on North Korea. At the South Korea-China summit on November 15, 2022, Xi Jinping stated that the Yoon administration's North Korea policy was provoking North Korea while mentioning that he hoped South Korea will "actively improve inter-Korean relations."<sup>49</sup>

China's handling of the above issues has damaged its national image as a 'Responsible State' and shed new light on China's responsibility in the international community. Still, the reason China tacitly supported Russia and North Korea seems not only to seek an authoritarian coalition against the anti-China coalition of democracies which has been solidified since the Ukraine war but also to check the U.S.' pressure on China by using China's participation and role in the Ukraine war and North Korean nuclear issue as leverage.

## 3. On the 30th Anniversary of Diplomatic Relations, China Pressured South Korea with the THAAD "Three No's" and Economic Performance

In 2022, the Yoon Suk-yeol administration pledged to upgrade the South Korea-United States alliance into a "Global Comprehensive Strategic Alliance" and joined the Indo-Pacific Economic Framework (IPEF) initiative to expand the role of South Korea in the international community. As 2022 marked the 30th anniversary of the diplomatic normalization between South Korea and China, China stressed the economic performance the two countries have achieved for 30 years, while repeatedly mentioning the "Three No's" relating to THAAD. It seems that China intended to put diplomatic pressure to keep South Korea from aligning with the United States by threatening economic coercion. At the South Korea-China Foreign Minister's meeting on August 9,

---

48. "習近平會俄羅斯總統普京," 中國外交部, 2022.09.15.

49. Office of the President, Republic of Korea, "President Yoon returns home after 1st summit with China in Bali," 16 November 2022, <https://eng.president.go.kr/briefing/klpwgccq?page=4>.

2022, Chinese Foreign Minister Wang Yi also showed unilateral views on South Korea's foreign policy including the THAAD issue and the South Korea-U.S. alliance by suggesting "Five Points" for the development of South Korea-China relations.

Figure 2. China's Third Aircraft Carrier *Fujian* Launched on June 17, 2022



Source: Xinhua News.

#### 4. China Continued to Seek Regional Military Primacy

Despite the economic recession, in 2022 China raised defense spending by 7.1% and launched the third aircraft carrier *Fujian*, which is equipped with aircraft-launch technology to enhance its sea power. In addition, to prevent U.S. regional intervention, China continued to strengthen its military power projection into the Indo-Pacific to seek military dominance in the region through the militarization of the Spratly Islands, a security agreement with the Solomon Islands,<sup>50</sup> the construction of a naval base at Ream in Cambodia,<sup>51</sup> increasing military exercises in neighboring waters including the

50. "Beijing has 'fully militarized' isles," *Taipei Times*, March 22, 2022.03, <https://www.taipeitimes.com/News/front/archives/2022/03/22/2003775226>.

51. "China secretly building naval facility in Cambodia, Western officials say," *Washington Post*, June 6, 2022, <https://www.washingtonpost.com/national-security/2022/06/06/cambodia-china-navy-base-ream>.



West Sea,<sup>52</sup> and large-scale Taiwan blockade military exercises after U.S. House Speaker Nancy Pelosi visited Taiwan in August.

## **■ Outlook for 2023: Implementing an Aggressive Foreign Policy amidst Complex Competition**

### **1. Seeking to Build China-Centric High-Tech Supply Chains through ‘Chinese Modernization’**

At the 20th Party Congress, Xi Jinping declared to build a great modern socialist country by 2050 and stressed that China will expand ‘Chinese modernization’ to realize the ‘Great rejuvenation of the Chinese nation.’ He showed his willingness to go the path of modernization with Chinese characteristics based on “a huge population, common prosperity, material and cultural-ethical advancement, harmony between humanity and nature, and peaceful development.” It seems to respond to the U.S. policy to exclude China and reorganize global supply chains. In other words, China is trying to build China-centric high-tech supply chains by concentrating domestic capacity on technical innovation and stressing the superiority of the Chinese system which is different from that of western countries.

In seeking to build new industrial strengths in manufacturing, product quality, aerospace, transportation, cyberspace, and digital development, China will make major investments in 2023 to develop related industries and companies. Technology and standards competition between the United States and China will intensify in that process.

Especially, with China’s Tiangong Space Station completed in late 2022, China is likely to promote it as evidence of its self-reliant innovation and lead international space cooperation. The United States created the U.S. Space Force (USSF) in December 2019 and established the U.S. Space Forces Indo-Pacific within U.S. Indo-Pacific Command to respond to China’s rise in outer space, such as launches of manned spacecraft, anti-satellite missile tests (ASAT), and Chang’e-4’s landing on the Moon. Since space power is directly related to military technology and operations, the space competition between the U.S. and China will become more intense in 2023.

---

52. “Exclusive: China unilaterally pushes 124 degrees east longitude demarcation in West Sea on South Korea ... Over 100 military exercises conducted this year alone,” *Chosun Ilbo*, August 17, 2022.

Figure 3. China's Long March 5B Rocket Lifts off on October 31 Carrying the Final Module for the Tiangong Space Station



Source: Xinhua News.

## 2. Utilizing Zero COVID Policy to Control Chinese Society

At the end of 2022, the Chinese people's discontent against the 'Zero COVID policy' caused so-called 'white paper protests' on a nationwide scale. The Chinese government eased the Zero COVID policy such as periodic PCR tests and large-scale lockdowns to prevent the protests from developing into protests against Xi Jinping and the CCP. Considering, however, China's low vaccination rate, the absence of Chinese-developed mRNA vaccines, and the spread of COVID-19 variants, COVID-19 is highly likely to spread and increase the death rate in China at the beginning of 2023. In that sense, the Chinese government may return to its previous COVID-19 policy based on harsh preventive measures.

In addition, the Zero COVID policy is efficient to identify and restrain people's gatherings and movements through the 'health code'. From the perspective of the Chinese government which needs to manage the people's discontent about unemployment, medical treatment, human rights, etc., and start Xi's third term stably, the Zero COVID policy is a form of social control in the name of protection of life and health. According to China's economic situation or the development of mRNA vaccines,

the Chinese government can ease quarantine measures, but it seems set to maintain the Zero COVID policy until it judges that Xi's third term is stabilized.

### **3. Intensifying Economic and Military Pressure on Taiwan Ahead of Taiwan's Presidential Election**

In Taiwan's local election on November 26, 2022, the Kuomintang (KMT) won 15 cities and counties to the Democratic Progressive Party (DPP)'s six, and Tsai Ing-wen resigned as leader of the DPP. Although domestic issues including the economy, transportation, and crime were emphasized in the election, the Cross-Strait issue also emerged as a main factor for Taiwanese voters as Tsai Ing-wen stressed that "the poll was a way to send a message to the world about Taiwan's determination against China's threat."<sup>53</sup> In that sense, the DPP's defeat in the local election seems to stand for the Taiwanese people's concerns about the situation in the Taiwan Strait which became unstable due to the DPP's foreign policy and China's economic and military pressure.

Since this election can affect the presidential election in January 2024, conflicts over the Taiwan issue are likely to intensify. The DPP will highlight the identity of Taiwan, the different systems of China and Taiwan, and China's threat to the election. The United States, perceiving that China is trying to change the status quo in the Taiwan Strait by use of military force, will endeavor to strengthen relations with Taiwan during the DPP's ruling period. On the other hand, China, which recognizes its aggressive Taiwan policy affected the result of the local election, is likely to pressure Taiwan more actively. Especially ahead of the presidential election in January 2024, China can put more pressure on Taiwan as follows to build a favorable election environment for the KMT and opposition opinion against the U.S.

#### ***(1) Economic Coercion***

Even though it applied economic sanctions on Taiwan after Nancy Pelosi visited Taiwan, China did not include electrical and electronic equipment in the sanctions list which could damage China's economy. In that sense, economic sanctions had a symbolic meaning for internal and external signaling, rather than damaging Taiwan's economy. In 2023, however, if the U.S. reinforces its Taiwan policy and Taiwan plays a greater role in the 'Chip 4' grouping, China is likely to impose economic sanctions on Taiwan's electrical and electronic equipment, even if they adversely affect its economy,

---

53. "九合一選舉：蔡英文的期中考，" 德國之聲中文網, 2022.11.24.



to shape unfavorable public opinion to the DPP.

## ***(2) Military Provocation***

China already conducted a four-day Taiwan blockade military exercise after Nancy Pelosi visited Taiwan. From China's view, the result of the local election proved that China's Taiwan policy with military pressure works to some extent. In that sense, if the candidate of the DPP asserts Taiwan's independence, or the U.S. extends its support to Taiwan, China can conduct a blockade of Taiwan again. Although China will try to control the degree of the blockade to avoid encroaching on the economic interests of countries in the region, China may practice a more intense blockade than that in August 2022 to raise Taiwanese awareness by extending blockade areas or its duration. In addition, China's People's Liberation Army (PLA) can launch short-range ballistic missiles (SRBM), such as DF-11, DF-15, or DF-16, targeting the waters surrounding Taiwan or over the main island's airspace to stimulate security concerns in Taiwan.

## ***(3) The Possibility of Election Interference***

The Anti-Infiltration Act that the Tsai Ing-wen administration promulgated in January 2020 implies China's wide influence has infiltrated into Taiwan society. China can interfere in the presidential election by utilizing its cyber force or pro-China groups in Taiwan to manipulate information or public opinion in 2023. In other words, China may try to influence public opinion to slander or support a certain candidate, or spread false information that China will damage Taiwan's economy by denouncing the Economic Cooperation Framework Agreement (ECFA) or armed conflicts can occur if the DPP's candidate wins the election.

# **4. Implementing an Aggressive Foreign Policy against the U.S.-led Anti-China Coalition**

In his report to the 20th Party Congress, Xi Jinping mentioned that China is "confronted with drastic changes in the international landscape, especially external attempts to blackmail, contain, blockade, and exert maximum pressure on China."<sup>54</sup> Considering that "great changes unseen in a century (百年未有之大變局)" Xi Jinping noted in his speeches, it seems that he perceives the current international situation as a strategic opportunity for China to secure global leadership. Especially, "external

---

54. "中國共產黨第20次全國代表大會報告," 習近平, 2022.10.16.

attempts” has the effect to remind the Chinese people of ‘the Century of Humiliation (百年國恥).’ In the structure of the U.S.-China competition, China will maintain and enhance its aggressive foreign policy toward neighboring countries to meet the people’s expectations.

This can lead to pressure and conciliation towards countries joining the anti-China coalition. First of all, China will improve and strengthen relations with ASEAN and the EU in the name of economic cooperation. In addition, China will try to weaken the anti-China coalition in the region by practicing more aggressive policies against allies and partners of the United States in the region. Unlike Japan and Australia which actively participate in the United States policy toward China, South Korea has not shown a clear stance in building relations with China due to its high economic dependence on China, the North Korea issue, and domestic political conflicts. In that sense, China can target South Korea recognizing it as a weak link among the U.S. allies. South Korea needs to increase its threat perception to China and respond pre-emptively.

## **5. Seeking to Build a China-Centric Authoritarian Coalition Based on Its Economic Power**

In September 2022, Xi Jinping attended the Shanghai Cooperation Organization (SCO) summit held in Kazakhstan and agreed to security and economic cooperation with SCO members. This was his first trip out of the country since the outbreak of the COVID-19 pandemic. After the 20th Party Congress, Xi also had meetings with Nguyễn Phú Trọng, the General Secretary of the Communist Party of Vietnam, Shahbaz Sharif, the Prime Minister of Pakistan, and Samia Suluhu Hassan, the President of Tanzania. China also showed its willingness to enhance economic cooperation and support the economic growth of developing countries through large-scale economic support to Pakistan, and a low tariff policy toward the world’s poorest countries.

The Ukraine war is getting prolonged. Russia, which used to be concerned about balancing China’s influence in Central Asia, cannot help but concentrate on the Ukraine war. In 2023, China will take it as an opportunity and strengthen relations with developing and authoritarian countries based on its economic power and the Belt and Road Initiative (BRI). Accordingly, China will try to build a China-centric authoritarian coalition, while trying to split the U.S.-led anti-China coalition by highlighting the necessity of economic cooperation with China in international society.

China is entering complex competition with the United States through ‘Chinese modernization’ and is likely to implement a more aggressive foreign policy. This leads both to pressure and conciliate with South Korea, which is recognized as a weak link

among the U.S. allies. In that sense, South Korea needs to endeavor to secure leverage against China in 2023.

Firstly, South Korea needs to actively participate in the restructuring of global supply chains such as 'CHIP4,' while seeking diversification of strategic materials import to decrease South Korea's economic dependence on China. In the structure of complex competition, it can not only help South Korea to extend its influence in the international community but also be used as a card against China, one of the world's biggest consumers of semiconductors.

Secondly, South Korea needs to endeavor to make tangible results in the reinforcement of the South Korea-U.S. alliance and security cooperation among South Korea, the United States, and Japan to entice China to support international cooperation on the North Korean nuclear issue. In other words, South Korea should make China aware of the possibility that the security environment in the region can develop unfavorably to China as the North Korean nuclear issue becomes more intensified.

Thirdly, South Korea should consider its role and measures for contingencies in the Taiwan Strait. In 2023, the Taiwan issue will emerge as a key security issue in the region. The outbreak of contingencies in the Taiwan Strait will directly damage South Korea's economy. At the same time, considering the strategic flexibility of the U.S. armed forces, those can be a threat to South Korea's national security. In that sense, South Korea needs to consider South Korea's role at the military level and discuss it with countries in the region, including the United States.

## Japan at the Forefront of Building a New Order

Choi Eunmi | Research Fellow

### ■ Reviewing 2022: Expanding Japan's International Role and Reinforcing Selective Solidarity in the Global Crisis

#### 1. Active Participation in Sanctions on Russia over the Ukraine Invasion

Since the Russian invasion of Ukraine on February 24, 2022, Japan has kept pace with the G7 sanctions against Russia, solidifying Japan's position in the international community. On February 25, the day after Russia invaded Ukraine, Japanese Prime Minister Fumio Kishida defined "Russia's aggression in Ukraine as an act that shakes the very foundation of the international order and is an attempt to unilaterally change the status quo by force."<sup>55</sup> Japan froze the assets of Russian individuals and organizations, including Vladimir Putin and Russian government officials, and suspended visa issuance. Also, Japan imposed financial sanctions against Russia, such as the exclusion of certain Russian banks from the SWIFT (Society for Worldwide Interbank Financial Telecommunication) payment network, mass exports of military-related products and semiconductors to Russia, the release of strategic oil reserves due to rising international oil prices, and implementation of liquefied natural gas (LNG) financing for Europe.<sup>56</sup> Japan's actions were swift and proactive compared to when it waited for more than 10 days following Russia's annexation of Crimea in 2014. The reason why Japan acted so swiftly was that Japan feared Russia's invasion of Ukraine could have an effect on China to potentially escalate a similar situation over Taiwan, which would threaten Japan's security.<sup>57</sup>

As Japan actively moved to impose sanctions on Russia, the relationship between the United States and Japan deepened. In U.S. President Biden's letter, he said, "I am particularly grateful for Prime Minister Kishida's leadership in responding to Russia's

---

55. "岸田内閣総理大臣記者会見," 首相官邸, 2022.02.25., accessed 2022.10.21.

56. "ウクライナ情勢に関する対応," 外務省, accessed 2022.10.21.

57. "「台湾有事は日本有事」安倍元首相が台湾のシンポでオンライン講演," - 朝日新聞, 2021.12.01.; "安倍氏、ウクライナ侵攻「中国の台湾対応占う」, 日本経済新聞 ["A Taiwan contingency is a contingency for Japan," Former Prime Minister Abe gives an online lecture at a Taiwanese event," *Asahi Shimbun*, December 1, 2021; "Abe: Invasion of Ukraine: "Predictions for China's response to Taiwan", *Nikkei Shimbun*], February 25, 2022.

aggression in Ukraine.”<sup>58</sup> After the U.S.-Japan summit on May 23, which was held on the occasion of President Biden’s visit to Japan, the Indo-Pacific Economic Framework (IPEF), led by the Biden administration, was officially launched on May 23, and the QUAD countries’ second leaders’ face-to-face summit was held in Japan on May 24.

Figure 1. Launch of the Indo-Pacific Economic Framework (IPEF)



Source: Ministry of Foreign Affairs of Japan

Through the summit, leaders of each country discussed a wide range of agendas including maritime security, global economy, and human security such as energy, climate change, health, infrastructure, 5G (5th generation), supply chain, space, and disasters as well as regional security, such as the Russian invasion of Ukraine and the North Korean issue. Then, the leaders confirmed their willingness to cooperate on various issues. In addition, the 13 countries participating in IPEF agreed to resolve regional issues and strengthen solidarity among partner countries to achieve sustainable and inclusive economic growth.<sup>59</sup>

In this respect, Japan is able to establish a new order in the age of complex competition in which total competition in various areas and to strengthen selective solidarity. In particular, Japan’s active participation in IPEF provided an increased impetus to the policies pursued by the Biden administration. In addition, this means that it will play a central role in the establishment of a new order in the international community, although Japan has not been promised a return to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which the United States has abandoned.

58. “米大統領 ウクライナ対応めぐり 岸田首相に謝意 訪日の意向も,” NHK, 2022.03.01., accessed 2022.10.21.

59. “日米首脳会談,” 外務省, 2022.05.23.; “インド太平洋経済枠組み (IPEF) の立上げに関する首脳級会合,” 外務省, 2022.05.23.; “日米豪印首脳会合,” 外務省, 2022.05.24., accessed 2022.10.21.

## 2. Prime Minister Kishida's Shaky Leadership after Former Prime Minister Abe's Death

The biggest issue in Japan in 2022 was former Prime Minister Shinzo Abe's death on July 8. The sudden death of Abe, two days before the House of Councillors election on July 10, shocked the world at home and abroad. Abe was the leader of the Seiwai Policy Research Society (清和政策研究会), the largest faction of the Liberal Democratic Party (also known as the Abe faction). Because Abe was the center of the Conservative faction and the LDP, his absence leads to a great confusion of Japanese politics.

Figure 2. State Funeral for Former Prime Minister Abe



Source: Yonhap News.

Prime Minister Kishida led the Liberal Democratic Party to victory in both the House of Representatives election in 2021 and the House of Councillors election in 2022, laying the foundation for long-term power by preparing the conditions for the LDP's long-awaited project of a constitutional amendment.

However, Kishida's approval rating fell below 30%, a "danger zone" where government continued to remain uncertain.<sup>60</sup>

This is because Kishida's inadequate response to the Family Federation for World Peace and Unification (widely known as the Unification Church) issue that arose with the death of former Prime Minister Abe. Additionally, Kishida's execution of Abe's

60. "旧統一教会 解散命令「請求を」82% 内閣支持横ばい27% 毎日新聞世論調査," 毎日新聞, 2022.10.24., accessed 2022.10.31.



funeral against the public affected the rating. Prime Minister Kishida reorganized his cabinet on August 10, which was earlier than expected, but his position as Prime Minister remains volatile.

Following the 2022 House of Councillors election, there will be no major state elections in the next three years, so it has been called the 'golden three years.' During this time, it was expected that the Prime Minister would continue his policy without the burden of elections, but with Abe's death, it was no longer expected.

### **3. Rising Hopes for Progress and Improvement in Korea-Japan Relations Following the Election of the Yoon Suk-yeol Administration**

With the inauguration of the Yoon Suk-yeol administration in May 2022, expectations for improved relations between Korea and Japan have grown. Korea-Japan relations have been deteriorating for several years, after the South Korean Supreme Court's ruling on forced labor in 2018, a radar dispute and threatening overflight by a Japanese patrol aircraft, Japan's export restrictions and South Korea's anti-Japanese protests and boycotts in 2019, and the General Security of Military Information Agreement (GSOMIA) problem in 2019. Moreover, the spread of COVID-19 in 2020 has even restricted mobility in the private sector. However, relations between the two countries have been changing.

President Yoon Suk-yeol, who had emphasized improving Korea-Japan relations since he was a presidential candidate, dispatched a Korea-Japan policy consultative group from April 24 to 28 during the Presidential Transition Committee period. After that, Japanese Foreign Minister Yoshimasa Hayashi visited Korea from May 9 to 10 to attend President Yoon's inauguration. Following this, Korean Foreign Minister Park Jin visited Japan from July 18 to 20, and high-level consultations between the two countries were actively held. The Korean Ministry of Foreign Affairs launched a public-private consultative group to resolve the forced labor issue and held meetings four times (July 4, July 14, August 9, and September 5). Also, the two leaders met on the occasion of various international conferences, such as the Korea-U.S.-Japan summit held during the NATO Summit on June 29 and Asia-Pacific Partners (AP4) meeting on June 29, the UN General Assembly on September 22, and the ASEAN summit meeting on November 13.

Additionally, the Gimpo-Haneda route, which had been suspended due to COVID-19, was reopened on June 29, making personal travel possible and the visa exemption system between the two countries has been re-launched. Conflicts between the two countries, such as the forced labor issues, have not yet been resolved. However,



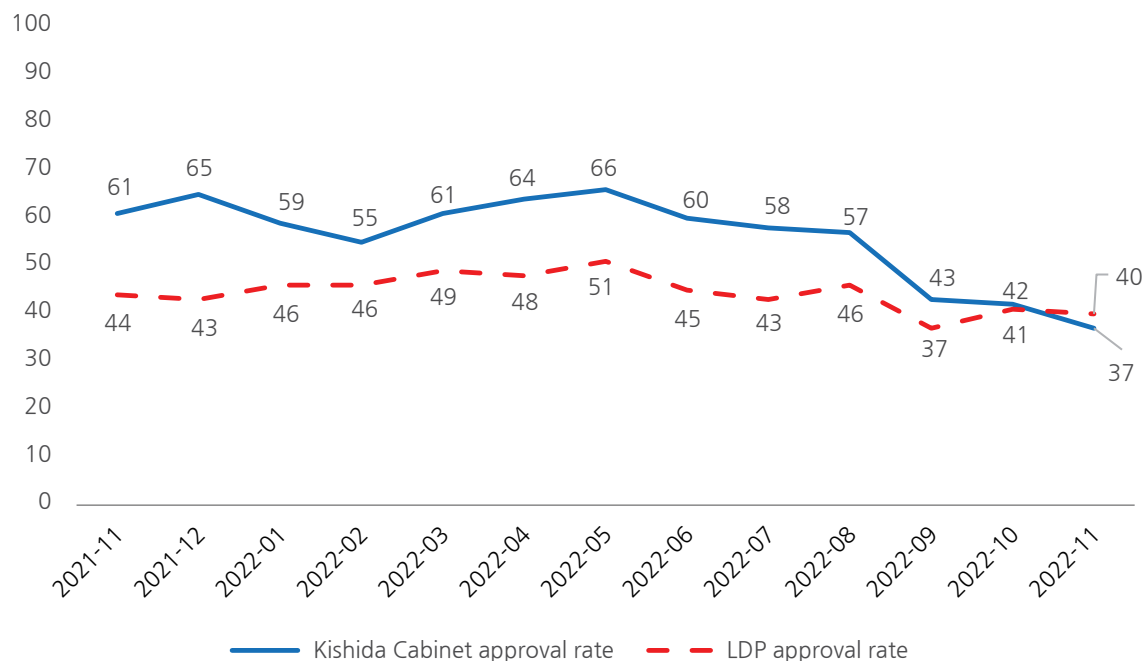
expectations are increasing to enhance relationships with the will and efforts of both governments and the resumption of interpersonal exchanges in the private sector.

## ■ Outlook for 2023: Efforts to Be at the Forefront of Complex Competition Despite Shaky Leadership

### 1. Policy Promotion of the Unstable Kishida Cabinet

After the death of former Prime Minister Abe, the approval rating of the Kishida Cabinet drops day by day, increasing the instability of the Cabinet because of the Unification issue. In addition, in the second half of 2022, the newly reorganized cabinet of Kishida is facing a crisis while three people resign successively in a month. (October 24, November 11, and November 20). Two of these are notable members of the Kishida faction. This means that Prime Minister Kishida's grip on power has weakened and the government's continued existence is uncertain.

Figure 3. Kishida Cabinet and Liberal Democratic Party Approval Ratings (2021.10-2022.11)



Source: Nikkei Shimbun.

Consequently, the possibility of replacing the Kishida cabinet in 2023 is increasing, but the current system will be maintained for the time being. That's because no one is considered the next Prime Minister after Kishida. Otherwise, it is hard to expect higher approval ratings even if a new cabinet is opened after Kishida's resignation in a situation where the Unification Church issue has not been resolved. Therefore, it is

highly likely that the status quo will be maintained without dissolution of the House of Representatives. Even if the election of the House of Representatives is held again, the LDP runs the risk of losing its seat because of the negative perception of the LDP.

In such a situation, the next G7 summit in Hiroshima in May 2023 could be favourable to Kishida. The political creed of Prime Minister Kishida is a “world without nuclear”. If he appeals to his belief in Hiroshima, which is his constituency and the site of nuclear bombing, he has made efforts to protect freedom and peace in the midst of escalating security threats such as Russia’s invasion of Ukraine, North Korea’s nuclear test and missile launch, and China’s threat. It is likely that Kishida’s calls for international solidarity will result in higher approval rates.

However, this is only possible when there will be a resolution of the Unification Church issue and the positive results of the local elections to be held in April 2023. Ultimately, Kishida Cabinet will maintain the current situation for the moment and continue its volatile situation without finding a chance of changing the situation.

## **2. Active Discussions on Strengthening Defense Capabilities and Solidarity with Like-minded Countries Due to Heightened Awareness of Surrounding Threats**

As it is difficult to keep the Cabinet, Prime Minister Kishida will not deviate much from the policies followed by the current members of the LDP, including the Abe faction. Instead, he could take a stronger position in the area of security. In addition, it is expected that discussions on defence capacity building will accelerate further as the perception of threats surrounding Japan increases, such as the Ukrainian crisis, Chinese threat, and North Korea’s missile and nuclear provocations. In the 2022 Japanese Defence White Paper, the Japanese perception of China as a threat was underlined. Also, on the occasion of the U.S.-Japan summit on May 23, Japan raised the level of criticism and balance towards China. Japan will strengthen its solidarity with like-minded countries such as the U.S., Australia and EU countries as the threat increases.

The long-awaited project of constitutional revision of the LDP will also be in the spotlight, and the need for active discussion will be further emphasized.<sup>61</sup> The Kishida Cabinet has already secured the number of seats required for constitutional revision in the 2021 House of Representatives elections and the 2022 House of Councillors elections.<sup>62</sup> In Japan, in order to propose a constitutional amendment, two-thirds of the

---

61. “第二百十回国会における岸田内閣総理大臣所信表明演説,” 首相官邸, 2022.10.3., browsed 2022.10.21.

House of Representatives and the House of Councillors have to approve it, and those figures have already been obtained.

However, it will be difficult to revise the Constitution within a short period of time. One of the reasons is the four parties in favor of constitutional revision have different ideas,<sup>63</sup> so it will take considerable discussion and time between the parties to propose the revision. Even if two-thirds of the House of Representatives and the House of Councillors agree, half of the Japanese people must vote in favor of a referendum on the revision, but it will not be easy. According to a poll by Yomiuri Shimbun in May 2022 (conducted from March 15-April 21),<sup>64</sup> 60% supported the constitutional revision while 38% were against, in the context of the escalation of the security crisis caused by the invasion of Ukraine by Russia. However, regarding the controversial part of Clause 2 of Article 9 of the constitution pertaining to sustaining “land, sea, and air forces, as well as other war potential,” 50% of respondents were positive and 47% were negative. Also, regarding Clause 1 to “forever renounce war as a sovereign right of the nation”, 80% of respondents were against any revision. Even if the debate on the constitutional revision is actively conducted in the National Assembly, it is difficult to propose an amendment in a short period of time.

Meanwhile, on December 16, the Kishida Cabinet decided on ‘three key security documents: National Security Strategy, National Defense Strategy, and Defense Force Development Plan’, which are the foundation of Japan’s foreign and security policy. This revision seeks to fundamentally strengthen Japan’s defense capabilities, anticipating an increase in defense spending to 2% of GDP over the next five years. In addition, it shows a redesign of institutional infrastructure, personnel, physical and intellectual. The controversial ‘counterstrike ability’ was also included. The Japanese government announced that it plans to introduce foreign long-range missiles such as the U.S. “Tomahawk” cruise missile, to improve its own “Type 12 Surface-to-Ship Missile”, and to start operating hypersonic missiles. These changes mean a major change in Japanese security policy after the war and are expected to have a significant impact on regional security.

---

62. Eunmi Choi, “Second Kishida Cabinet: Why did Japan choose the LDP again?” Issue Brief 2021-18(S), The Asan Institute for Policy Studies.; Eunmi Choi, “Prime Minister Kishida’s Shaky Leadership: Prospects for Japanese Politics and Korea-Japan Relations” Issue Brief 2022-09(S), The Asan Institute for Policy Studies.

63. Eunmi Choi, “Second Kishida Cabinet: Why did Japan choose the LDP again?” Issue Brief 2021-18(S), The Asan Institute for Policy Studies.

64. “憲法改正「賛成」60%、「自衛のための軍隊保持」は45%…読売世論調査,” 読売新聞, 2022.05.03., accessed 2022.10.21.

### 3. Reinforcing Efforts to Establish a New Order in Economic Security and Emerging Security

It is also expected that discussions on economic security and emerging security will speed up. Prime Minister Kishida's signature policy, the "new capitalism" economic policy, aims to strengthen "distribution through growth." According to the "New Capitalism Action Plan" announced by the Cabinet Secretariat on June 7,<sup>65</sup> the Japanese government will focus on five areas: human resources, science and technology, innovation, startups, energy and green transformation (GX), and digital transformation (DX). Also, on September 9, the Japanese government announced that it would revise the "Development Cooperation Guidelines," which are guidelines for foreign assistance to developing countries.<sup>66</sup> This includes a fundamental review of the Official Development Assistance (ODA) budget, including activities in new challenges and policy areas such as economic security, maritime security, climate change, and infectious diseases.

As for economic security, the Kishida Cabinet newly established the position of 'Minister for Economic Security' in October 2021. Also, the 'Economic Security Promotion Act' was passed on May 11, 2022 (effective from May 18).<sup>67</sup> The bill will serve as a legal basis for promoting economic security strategies, such as strengthening supply chains, securing key infrastructure safety, developing advanced technologies, and disclosing patents. This trend is seen as Japan's efforts to strengthen its legal and institutional foundation, prevent technology leakage to other countries such as China, nurture excellent talent in Japan, and expand its influence towards neighboring countries.

For Southeast Asia, where China's influence is growing steadily, the 50th anniversary of Japan-ASEAN friendship and cooperation and the 50th anniversary of Japan-Vietnam diplomatic ties are scheduled for 2023. Japan will use this opportunity to further expand cooperation. In this way, Japan will try to respond to new threats by laying the foundation for building a new order in the new era of total competition.

### 4. Korea-Japan Relations: Expectations for Improved Relations Despite Difficulties in Resolving Pending Issues such as the Forced Labor Issue

Korea-Japan relations are expected to improve, despite difficulties in resolving

---

65. "「新しい資本主義の グランドデザイン及び実行計画～技術・スタートアップへの投資の実現～」" 内閣官房, 2022.06.07., accessed 2022.10.21.

66. "ODAの指針「開発協力大綱」8年ぶりに来年改定へ政府," NHK, 2022.09.09., accessed 2022.10.21.

67. "経済施策を一体的に講ずることによる安全保障の確保の推進に関する法律(経済安全保障推進法)," 内閣府, accessed 2022.10.21.

the forced labor issue. It is because the Yoon Suk-yeol administration and the Kishida cabinet have a strong desire to improve relations, and efforts to find a solution continue. While South Korea is making practical efforts, such as dispatching a Korea-Japan policy consultative group and forming a public-private consultative group, there is also a slow change in Japan.

Prime Minister Kishida specified that Korea is “an important neighboring country that needs to cooperate in responding to various challenges in the international community,” and stated, “Based on the foundation of friendly and cooperative relations that have been built since the normalization of diplomatic relations, it is necessary to return and further develop Korea-Japan relations, and we will communicate closely with the Korean government.” in his speech expressing his convictions in October 2022.<sup>68</sup> These remarks can be evaluated as a step forward from the remarks made in December 2021, which were “Based on our country’s consistent position, we will continue to strongly demand appropriate responses from South Korea, an important neighboring country.”<sup>69</sup>

If the issue of forced labor is resolved in 2023, the possibility of a Korea-Japan summit will be increased, and the restoration of shuttle diplomacy is to be anticipated. If the Korea-Japan summit is held in 2023, it will be the first time in 12 years since 2011 when the summit between President Lee Myung-bak and Prime Minister Noda was held.

However, for the fundamental improvement of Korea-Japan relations, any tangible results on pending issues such as forced labor and export control are needed. Given the political climate and public opinion in both countries, it will not be easy to get national understanding and support and negotiations between the two governments. There are many different opinions on resolving the forced labor issue. Therefore, it can be very difficult and time-consuming to reach a social consensus that can be agreed upon by all victims and accepted by the public. In addition, it may take longer if other conflicts occur, such as the release of contaminated water in Fukushima, the Sado mines, and the comfort women issues.

Nevertheless, cooperation between Korea and Japan is inevitable, considering the inconvenience and damage caused by the prolonged conflict between the two countries, the unstable security situation in Northeast Asia by North Korean nuclear provocations, international crises such as the Ukraine crisis, and emerging security issues such as health, environment, climate change, natural disasters, economic security,

---

68. “第二百十回国会における岸田内閣総理大臣所信表明演説,” 首相官邸, 2022.10.03., accessed 2022.10.21.

69. “第二百七回国会における岸田内閣総理大臣所信表明演説,” 首相官邸, 2021.12.06., accessed 2022.10.21.

Figure 4. The Korea-Japan Summit on the Occasion of the 2022 ASEAN Summit



Source: Yonhap News.

technological innovation, cyberspace, etc. Therefore, both governments should fully explain the importance and the need to improve relations between Korea and Japan, seek the understanding and support of their people, negotiate faithfully between them. Then, both strive to form a developmental relationship.



## Russia Pursues a Multipolar World Order amidst Challenges to Its Hegemony in the Eurasian Region

Lee Sang-Joon | Professor, Kookmin University

### 2022 Assessment: The Trap of War

Russia invaded Ukraine on 24 February 2022. Russia aimed to quickly win the war to prevent NATO's expansion eastwards, meet the justification of protecting Russians who were persecuted in Ukraine, and reaffirm that they have the hegemonic power in the Eurasia region. However, the war was prolonged as the Ukrainian army, backed by Western weapons and equipment support, displayed a strong determination to fight against the Russian army, while the Russian army showed military capabilities that did not match the military prowess of the world's second-largest military power.<sup>70</sup>

Figure 1. A Shopping Center in Kyiv Destroyed by Russian Artillery



Source: AP.

---

70. "Why did Russia invade Ukraine and has Putin's war failed?," *BBC News*, November 16, 2022.



Through this war, Russia revealed its strategic interests, which had been overshadowed by the U.S.-China strategic competition. Russia wanted to make it clear that any establishment of order in the Atlantic and Eurasian regions requires Russia's consent. Before the outbreak of the war in Ukraine, Russia displayed its presence by mobilizing the Collective Security Treaty Organization (CSTO) system to quickly resolve unrest in Kazakhstan, which had been leaning towards China. In addition to Russia's achievements in the Georgian war and the Syrian civil war, if the invasion of Ukraine was quickly ended, Russia's diminished presence in the hegemonic competition between the United States and China would be re-established. Russia judged it could achieve a quick victory in Ukraine, based on President Biden's repeated statements that he would not dispatch U.S. troops to Ukraine. However, these expectations were proven wrong shortly after the war broke out.

Though the United States and NATO member states did not dispatch troops, they provided advanced weaponry and mobilized intelligence to enable the Ukrainian military, which was inferior in terms of military power, to effectively defend against the Russian military. To compromise Russia's wartime ability, the West imposed severe sanctions against Russia, such as seizing Russia's foreign assets, banning Russian financial institutions from the SWIFT system, restricting exports of strategic materials to and energy imports from Russia, withdrawing from the Russian market, and restricting human exchanges between Russia.<sup>71</sup> Russia also faced a backlash from Sweden and Finland as they broke their neutrality by applying for NATO membership.

Most nations that were friendly to Russia remained neutral during the war. Aleksandr Lukashenko, the Belarusian President who was able to hold on to power thanks to Russian support as he faced risks of being ousted due to election fraud protests, opened the border to Russian troops that invaded Kyiv, but Belarus did not participate in the war. Kazakhstan, which was able to resolve unrest with Russia's support, is also keeping its distance from Russia, contrary to Russia's wishes. At the Conference on Interaction and Confidence Building Measures in Asia (CICA) summit, held in October 2022, President Emomali Rahmon of Tajikistan openly stated, with Vladimir Putin in the room, that his country is an independent state, not a member of the Russian Federation.<sup>72</sup>

While China and India have not participated in sanctions against Russia, abstaining

---

71. "EU response to Russia's invasion of Ukraine," *Council of the European Union*, accessed November 25, 2022.

72. "Tajik President's Demand For 'Respect' From Putin Viewed Millions Of Times On YouTube," *RFE/RL*, October 15, 2022.

from the UN resolution condemning the Russian invasion, they have served their interests by importing Russian energy at a discount of more than \$30 per barrel due to import restrictions by the West, they did not provide the weapons requested by Russia. At a bilateral meeting held during the Shanghai Cooperation Organisation (SCO) summit held in September, Indian Prime Minister Narendra Modi told Vladimir Putin that it was not an era of war.<sup>73</sup> During the China-Russia bilateral meeting, President Xi Jinping wrapped up the discussion by expressing mutual support for sensitive issues such as Taiwan and Ukraine.

The first global issue raised by the war in Ukraine is whether the liberal international order established following the Cold War will be maintained even after the war. In the post-Cold War era, the scope of economic activities expanded globally. With a significant reduction in transportation and communication costs, many countries have been incorporated into the global value chain, and the optimized global supply chain that links production bases and consumer markets have maintained its stability, unencumbered by politics and ideology. However, as the U.S.-China strategic competition intensified, the geographic scope of cooperation between nations began to shrink. As a result, many countries are faced with the complex problem of having to reduce the interdependence between countries.

In such a context, as Russia's invasion of Ukraine challenged the cause of maintaining the rules-based international order, highlighting the conflict between democracy and authoritarianism, the West made the decisive choice of excluding Russia from the global supply chain. Though Russia and Europe had been enjoying shared benefits through an optimized trade structure that exchanged energy and finished products following the Cold War, the existing infrastructure became a sunk cost from the decoupling since the war. Russia, as a global power rich in resources, including energy, food, and minerals, calculated that it would be costly for the international community to exclude Russia, hence judged that, if the war with Ukraine ended quickly, it would be possible to return to the international community. On the contrary, however, Europe is pursuing diversification of import channels, excluding Russia. The use of Russian airspace, which was the main passage of air routes in the Northern Hemisphere, has decreased, and the number of uses of the Trans-Siberia Railway (TSR) and the Northern Sea Route, which were intended to be developed as international transport corridors, are also decreasing.

As Russia had been incorporated into the global economy after the Cold War,

---

73. "India's Modi assails Putin over Ukraine war," *Reuters*, September 16, 2022.

it is difficult to do away with the interdependence that has accumulated for so long overnight, yet the West continues to impose additional sanctions as the war continues. As the scars of war deepen, it will take many years for Russia to re-integrate into global supply and value chains. The international community is preparing to bear the extra cost of supply chain disruptions to end the war. As a result, many countries will be constrained by international cooperation over contracted space and markets.

The second global issue raised by the war in Ukraine is whether the international community, moving toward the future through the Fourth Industrial Revolution and for carbon neutrality, will be able to continue this journey without the use of hydrocarbons. Hydrocarbon fuel is still important in maintaining human civilization today. The Fourth Industrial Revolution through technological innovation is impossible without securing raw materials necessary for the development of new materials. Although there is an international consensus on implementing greenhouse gas reduction based on the Paris Agreement adopted in 2015, it would require a long time to achieve net-zero emissions. Russia judged that the West would not be able to isolate Russia, with its energy and minerals. However, the United States banned energy imports from Russia, and the EU also has been strengthening sanctions against Russia eight times until October 2022 to reduce its dependence on energy imports from Russia. Although high inflation occurred due to uncertainties in the global energy supply chain, Europe was willing to bear the increased cost, and the United States showed solidarity by releasing the Strategic Petroleum Reserves.

Since the annexation of Crimea in 2014, Russia learned that Western sanctions against Russia did not have a significant impact on the Russian economy, the Russian government would have expected the economic burden to be rather insignificant if the war ended in a short period, with the global economy unable to handle the supply chain uncertainties should Russia be excluded from it. However, the West's response has baffled Russia considerably. Russia's energy exports are mainly destined for Europe via pipelines. While natural gas produced in the Arctic is exported to the Asia-Pacific in the form of LNG, most of Russia's energy export infrastructure is built for export to Europe. Europe is preparing for winter without Russia by filling up its natural gas storage capacity by more than 80%. If this happens, Russia's energy infrastructure will effectively be a sunk cost. Although Putin has called for increased cooperation with countries in the Asia-Pacific region, the Asia-Pacific energy export infrastructure is still lacking.

Therefore, this war begs the questions: whether it is possible to reorganize the Atlantic and Eurasian order without Russia's consent; whether it is possible to maintain

the open and liberal international order under the New Cold War structure; and whether the global supply chain can be maintained without Russia. However, the United States and the Western bloc are responding firmly to Russia's invasion, in a completely different display from the past. President Zelensky of Ukraine is adamant about refusing to negotiate with Putin. Having failed to achieve the strategic goal in 2022, Russia is trapped in a war without an exit strategy.

As Ukraine's counteroffensive intensified, Putin ordered the partial mobilization of the Russian population in September<sup>74</sup> and annexed the occupied territories of Kherson, Zaporizhzhia, Donetsk, and Luhansk.<sup>75</sup> Russia is putting the international community on high alert by threatening to use nuclear weapons if Russian territory is under attack.<sup>76</sup> After Russian forces withdrew from Kherson, Russia and Ukraine engaged in a battle over the Dnipro River and Donbas region,<sup>77</sup> it is difficult to predict when and how this war will end. As the West continues to support Ukraine and expresses its willingness to solve its economic problems without Russia, Russia seeks to change the situation by continuing to target Ukraine's energy infrastructure.<sup>78</sup> Russia is destroying Ukraine's energy system to create a sense of war fatigue, and turn Ukrainians into refugees, putting pressure on European governments. Russia expects that the Ukrainian winter without power will put Ukraine and Europe in trouble and create a more favorable situation for Russia.

## **| 2023 Outlook: Towards a Multipolar World Order to Confront the West**

To restore its status damaged by the Ukrainian War in 2022, Russia is expected to set major national policy tasks in 2023, including criticizing the U.S.-led world order and pursuing a multipolar world order, appeasing near abroad Eurasian countries, maintaining the stability of the Putin regime, expanding energy exports to the Asia-Pacific, and restoring production capacity by securing technological sovereignty. Putin will try to deal with the moral problem of war provocation to stabilize the regime and

---

74. "Putin announces partial mobilization in Russia," *DW*, September 21, 2022.

75. "Russia to formally annex four more areas of Ukraine," *BBC News*, September 29, 2022.

76. "Nuclear threat more useful to Russia than nuclear strike, Norway's armed forces chief says," *Reuters*, October 18, 2022.

77. "Russia will withdraw forces from Kherson in Ukraine war setback," *CNN*, November 10, 2022.

78. "Ukrainian energy systems on brink of collapse after weeks of Russian bombing," *The Washington Post*, November 23, 2022.

continue to insist on the legitimacy of the invasion of Ukraine, but this will not be convincing to the rest of the world. Russia will continue to look for opportunities to re-establish its status, but the international community will respond with the calculus induced by the complex competition. Russia will seek ways to end the war, but it will not offer a deal that can bring Ukraine to the negotiating table, and the war is likely to be prolonged. And Russia's production competitiveness will weaken as the supply and demand of machinery and parts will be disrupted by sanctions. To alleviate the burden caused by this, Russia will, on the one hand, encourage the development of import-substituting technologies for technological sovereignty, and on the other hand, it will make efforts to find economic partners that can replace the West.

### **1. Pursuing Multipolar Order through Non-aligned Solidarity**

Since the outbreak of the war, Russia has consistently criticized the U.S.-centered international system and wanted to prepare a multipolar world order through cooperation with China, India, and the Third World countries. In a speech at the 2021 Davos Forum, Putin stressed that the threat of military conflict is growing due to economic inequality, diplomatic populism, and increased aggression,<sup>79</sup> and included a plan to strengthen Russia's role as one of the world's influential core nations in Russia's 2021 national security strategy.<sup>80</sup> Russia criticizes the United States and the West for ignoring diversity in the values underlying and development trajectory of the international order and accused them of being aggressive toward Russia and other nations that have maintained their unique civilizational values by putting political and economic pressures.

Therefore, though many countries voted in favor of the resolution condemning Russia for war in Ukraine at the UN General Assembly, Russia is trying to establish a multipolar world order by taking advantage of the fact that many countries did not participate in sanctions against Russia. The most important partner for Russia will be China, as Russia judges China to be a major power that does not follow the Western-led world order. Putin not only called the Ukrainian government Neo-Nazi to justify the war<sup>81</sup> but also strongly criticized the influx of Western LGBT ideas into Russia. Putin views that democracy, with frequent regime changes and political disputes, is not conducive

---

79. "Session of Davos Agenda 2021 online forum," President of Russia, accessed November 25, 2022.

80. Официальный интернет-портал правовой информации, *2021 Russian National Security Strategy*, accessed November 25, 2022.

81. "Putin points to Ukraine as only country glorifying neo-Nazism," *TASS*, October 6, 2022.

to national development and recognizes authoritarian regimes such as China deliver more results with prudence and through political responsibility. Just as Putin intends to extend his term until 2032, he supports Xi Jinping's third term, viewing this as a measure to prevent chaos and ensure social development. Putin also supports China's core interests and One China policy. This is in line with Russia's claim to the 25 million Russian diasporas living in the Commonwealth of Independent States (CIS) through the Russian World policy.

In addition, China is considered a powerful alternative to fill the void amidst unprecedented sanctions against Russia by the West. Partnerships with China for trade, investment, and the introduction of technology have become more meaningful as alternatives to achieve development while maintaining Russia's values. Russia wants to increase exports to China to finance the country's operations as the West cuts imports of its oil and natural gas. In April 2022, when Putin announced that Russia's current account balance had recorded an unprecedented surplus, he ordered the increase of energy exports to the Asia-Pacific region.

Russia is also working hard on cooperation with India. Before the outbreak of the war, Russia strengthened its cooperation with India by exporting weapons and discounted energy prices to India after the invasion of Ukraine, increasing its exports. While participating in QUAD, India does not want to sour relations with Russia because Russia can supply energy at a cheaper price than the international market, and India judges that Russia and China, located in the northern part of the Eurasian continent, establishing increasingly closer ties is against Indian interests.

Russia's willingness to cooperate with other state actors also extends to the oil producers of the Middle East. The seizure of Russia's overseas assets imposed by the West has raised concerns for Middle Eastern countries that operate their capital through Western financial markets. President Biden's relationship with Saudi Arabia's Crown Prince Mohammed bin Salman Al Saud became uneasy when Biden accused him of being responsible for the assassination of dissent journalist Jamal Khashoggi. In this situation, international energy prices have soared since the outbreak of war in Ukraine, which has enormously improved the financial situation of Middle Eastern oil producers. Saudi Arabia and the UAE abstained from the resolution condemning Russia for the invasion at the UN General Assembly and continued to support Russia's status as an oil-producing country by leading the OPEC+ decision to cut oil production.<sup>82</sup> Although

---

82. In fact, the largest importer of Saudi petroleum is China rather than the U.S.

Russia has lost a lot of support from the international community after the annexation of occupied areas of Ukraine, Russia will have to seek continued support from South American and African countries via food and energy.

Russia is emphasizing the importance of multipolar order, appealing to China, India, and Third World countries that despite competing perceptions of values and development, unilateral coercion of the United States undermines the unique traditions and values of individual nations. However, Russia's principles of sovereignty, independence, territorial integrity, and non-intervention have fallen into an irreconcilable contradiction with the invasion of Ukraine. "Our borders were not of our drawing. They were drawn in the distant colonial metropolises of London, Paris, and Lisbon, with no regard for the ancient nations that they cleaved apart," said Kenyan UN Ambassador Martin Kimani at the UN Security Council.<sup>83</sup> The Kenyan ambassador's warning that clinging to the legacies of colonialism risked "new forms of domination and oppression" reveals why the Third World countries do not actively support Russia's version of the multipolar world order.

Moreover, while Russia is strengthening cooperation with China, it is also hoping for support such as weapons, but China has not provided assistance that can directly provoke the West. Given that there is not much support that Russia can provide if China invades Taiwan, China will not try to form a military alliance with Russia and provoke the West. Therefore, Russia's efforts to seek security cooperation with China will be unlikely.

## 2. Appeasing Near Abroad Eurasian Countries

In Russia's foreign relations, near-abroad Eurasian countries are given as high a priority as the United States and the West. Because of its long geographical borders, Russia's diplomatic and security resources have been heavily invested in the neighboring countries. However, since the outbreak of the war in Ukraine, all neighboring countries except for Belarus, which has agreed on creating a union state with Russia, are keeping their distance from Russia. The foreign policy doctrine based on the concept of the "Russian World" approved by the Russian government on September 5, includes ideas that can be perceived as threats to its neighboring countries. Russia announced that "The Russian Federation provides support to its compatriots living abroad in the fulfillment of their rights, to ensure the protection of their interests and the preservation of their Russian cultural identity," in an attempt to use the "Russian World" as a soft power strategy of Russian diplomacy. It also said that Russia's ties with its compatriots abroad

---

83. "Kenya's UN ambassador slams Russia and compares Ukraine crisis to Africa's colonial past," *CNN*, February 23, 2022.



allowed it to “strengthen on the international stage its image as a democratic country striving for the creating of a multi-polar world.” Putin made a foreign policy doctrine out of what he has been highlighting for years: the tragic fate of some 25 million ethnic Russians who found themselves living outside Russia in newly independent states when the Soviet Union collapsed in 1991, an event he has called a geopolitical catastrophe.<sup>84</sup> As it embraces the Russian diaspora, The Russian World reiterates that it is impossible to establish a regional order without Russia in the Eurasian continent. However, this is a position that poses a threat to not only Ukraine but also to other countries in the region with a sizeable Russian diaspora, such as Kazakhstan and the three Baltic states.

At the CICA summit in Astana, Kazakhstan, in October 2022, the hosts did not hold bilateral talks with Russia. At the previous SCO summit held in Uzbekistan in September of the year prior, Russia had summit meetings with India and China, but Uzbekistan put more effort into bilateral talks with China.<sup>85</sup> Although almost all Central Asian countries, including Kazakhstan, which received help from Russia in resolving internal unrest in early 2022; Tajikistan, where Russian troops are stationed to guarantee the nation’s security from Islamic fundamentalist forces such as the Taliban; and the Kyrgyz Republic, which are receiving energy support from Russia, expect Russia to act as the regional policeman, at the same time, they are wary of Russia being overly aggressive.

There will also be the possibility of border disputes between Azerbaijan and Armenia and between Kyrgyz and Tajikistan. The possibility of disputes over these borders has always existed as they were arbitrary decisions made by Lenin and Stalin, but with the Russian peacekeeping forces of the region deployed to the war in Ukraine, there is a security vacuum in these areas. As the centrifugal force of neighboring countries trying to distance themselves from Russia increases, Russia will try to maintain its own centripetal force, but the longer the Russia-Ukraine war drags on, the more likely the balance between the centrifugal force and the centripetal force can be broken, and Russia’s troubles will continue.

### **3. Maintaining the Stability of the Putin Regime**

The invasion of Ukraine began as what Putin called a ‘Special Military Operation’ on February 24, 2022. For most Russians, the war did not impact their daily lives until Putin ordered the partial mobilization of the population. Despite its annexation of the

---

84. “Putin approves new foreign policy doctrine based on ‘Russian World’,” *Reuters*, September 6, 2022.

85. “Uzbekistan Signs US\$15 Billion Worth Of Agreements With China at SCO Summit,” *Silk Road Briefing*, September 18, 2022.

occupied territory and the partial mobilization order, Russia found it difficult to defend the area as Ukraine pushed back on the counter-offensive. It was when Russia declared martial law and imposed movement restrictions on eight Russian regions bordering Ukraine that ordinary Russians experienced the impact of war in their daily lives.<sup>86</sup>

Immediately after the outbreak of the war, Putin's approval rating among Russians remained at 83% but fell to 77% in September and 79% in October 2022.<sup>87</sup> Putin has established an institutional foundation to extend his term through the 2020 constitutional amendment, and has long-established governance mechanisms and means to effectively control dissent protests, which prevented protests against partial mobilization from threatening his position, and is expected to manage additional mobilization order. However, as the war drags on and the sacrifice of soldiers increases, the cracks in Putin's power elite are more likely to manifest. The partial mobilization order is the result of Putin's acceptance of the request of the military hard-liners, who were waging war with extremely insufficient troops. The stability of the Putin regime is unlikely to be compromised in the near future, as Putin's opposition is weak and challenges to Putin within the power elite are not strong enough. However, in light of the historical precedents, there's no guarantee that Putin will hold on to power if the war in Ukraine continues and the adverse effects of sanctions gradually accumulate. Putin will have to make efforts to achieve the strategic goals of the war he waged while stabilizing the regime.

#### **4. Energy, Expansion of Exports to Asia-Pacific, and Lacking Infrastructure**

Energy accounts for a large share of Russia's GDP, fiscal revenues, and exports. As the West drastically reduced Russian energy imports through sanctions against Russia, Russia is paying more attention to the Asia-Pacific region as a new export destination. Although President Putin ordered his officials to seek measures to maximize energy exports to the Asia-Pacific region, the energy export capacity to the Asia-Pacific is still lacking compared to that of Europe. Harsh climatic conditions in the Far East and the Arctic require more investment in the construction of energy export infrastructure. In the meantime, Russia has been able to increase the federal government's control of state affairs by accumulating capital relatively easily with energy exports to Europe, dividing the expenses into infrastructure investment, defense modernization, and welfare. However, to increase exports to the Asia Pacific region, a significant portion of

---

86. "Putin declares martial law in four occupied regions as Kyiv presses offensive," *CNN*, October 20, 2022.

87. "Putin's Approval Rating," *Levada-Center*, accessed November 25, 2022.

energy revenues must be allocated to infrastructure investments. To reduce the burden of infrastructure construction, Russia tried to attract international capital even at a time when energy cooperation with Europe was smooth. However, it is not easy to attract international capital with sanctions imposed on the energy sector due to the war, which means more time is required to build the infrastructure for Russia's energy exports to the Asia-Pacific.

Energy prices that Russia sells to Asia Pacific are below global prices. Another reason for the delay in the construction of energy infrastructure in the region is the difficulty in finding partners other than China and India, with which Russia can only supply energy at low prices.<sup>88</sup> Despite Japan's active participation in sanctions against Russia, maintaining Japan's stake in the Sakhalin Energy Project, as opposed to expelling U.S. energy companies through a stake reorganization, reflects the difficulties related to Russia's energy exports to the Asia-Pacific. Russia insists that it does not weaponize energy, but changed its energy export route due to energy sanctions from the West. However, it will not be easy to find a country in the Asia-Pacific that has an equal partnership in energy cooperation unless the war ends. It seems the Russian energy export diversification strategy will require more time.

## **5. Securing Technological Sovereignty**

As sanctions against Russia began after the annexation of Crimea in 2014, Russia pursued an import-substitution industrial policy to replace machinery and parts imported from the West. Moreover, as sanctions from the West intensified since the outbreak of war in Ukraine, Russia's productivity was greatly compromised. At the 25th Saint Petersburg International Economic Forum on June 17, 2022, President Putin presented the concept of technological sovereignty, which further expands the import substitution policy.<sup>89</sup> Russian Prime Minister Mikhail Mishustin embodied this at the International Industrial Trade Forum (INNOPROM) in Yekaterinburg on July 4, stating that the smooth supply of important materials was not possible due to Western sanctions. He further announced that Russia would prioritize securing technology sovereignty in pharmaceuticals, biotechnology, and chemical and mechanical equipment. On July 15, Russian Minister of Industry and Trade, Denis Manturov, changed Russia's industrial policy from a pro-market policy to one to secure technology sovereignty and presented

---

88. "Japan will continue talks with stakeholders to decide on Sakhalin-1 project," *Reuters*, October 18, 2022.

89. "St Petersburg International Economic Forum Plenary session," President of Russia, accessed November 25, 2022.

a vision for the nuclear, aerospace, aviation, shipbuilding, electronics, and defense industries. Since the Russian government has declared a consistent plan for technology sovereignty, efforts will be made to achieve the goal.

However, even technologically advanced countries are not able to take the whole production process of manufacturing products that are critical to modern civilization. In the case of semiconductors, as the manufacturing process becomes increasingly sophisticated, the production process becomes more complex and requires various chemicals and expensive high-tech equipment for each process. Semiconductor production is only possible with the participation of numerous countries, including the United States, China, South Korea, Japan, Taiwan, the United Kingdom, and the Netherlands, as no single country can take full responsibility for the entire production process. If Western sanctions are not lifted, securing the semiconductor technology sovereignty that Russia is pursuing will be a difficult task to achieve. Although the 28nm semiconductor fab planned by the Russian government by 2030 is not at all impossible in that it is a slightly inferior general-purpose semiconductor in terms of sophistication, it will not be easy to produce high-quality products and will have to go through more trials and errors without suitable partners. As such difficulties exist throughout the areas in which the Russian government intends to secure technological sovereignty, including semiconductors, the Russian government is expected to attempt international cooperation in several ways.

## **6. Korea's Extended Participation in Sanctions against Russia and the Challenge of Pursuing Balance in Diplomacy**

It is justifiable for South Korea to engage in sanctions against Russia in solidarity with the West to reduce the number of innocent victims and weaken Russia's wartime ability. It is also necessary to bear the burden of the prolonged war as well as the reorganization of the global supply chain. However, the longer the war lasts, the harder it will be to endure its burden.

South Korea, which has maintained a competitive manufacturing industry by optimally combining the capital and technology of developed countries and the resources and labor of developing countries, is dependent on imports for most of its energy, food, and mineral resources. With a more vulnerable economic security structure compared to its competitors, Korea's economic burden of completely doing away with energy and mineral imports from Russia is inevitably hefty. Moreover, it is also necessary to avoid a situation in which even Russia, in solidarity with North Korea and China, can pose a security threat at a time when the region faces many threats including North Korea's

constant provocations and China's possible invasion of Taiwan. Therefore, it is necessary to manage South Korea-Russia relations to a certain extent, but the current situation is tricky for pursuing such balanced diplomacy. One consolation is that Russia formally operates in a procedural democratic system, unlike North Korea and China. It is unclear how the war will end, but Russia's political system or policy can change, and South Korea needs to be prepared for this.

## Complex Competition Is Intensifying in the Middle East as Well

Paik Seunghoon | Researcher, Hankuk University of Foreign Studies

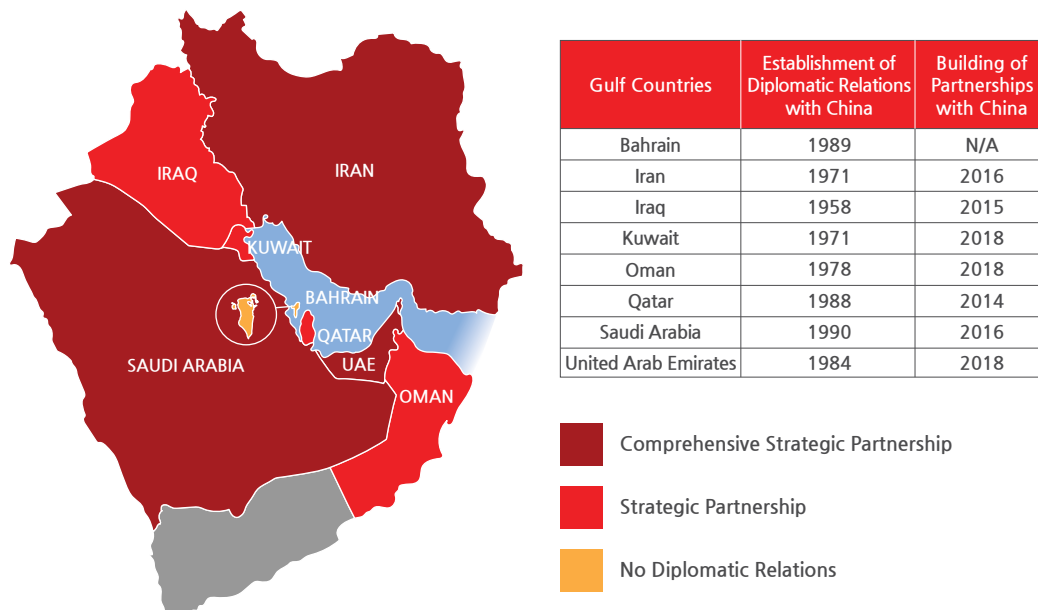
### **| 2022 Assessment: Implications of Security Decoupling between the U.S. and the Middle East for China**

National security and economics are complicating the great power competition in the Middle East. While the U.S. is trying to maintain its influence in the region, China is strengthening its presence through the Belt and Road Initiative, and Russia is seeking to expand its influence in the Middle East with Syria as its base. The competitive dynamics among Middle Eastern countries also looks to continue. In short, the dynamic international situation in the Middle East is complicated by the changing interests of the countries in the region both within and outside the region.

In recent years, multifaceted competition has emerged in the Middle East, making precise analyses, predictions, and policy responses difficult. I call this new type of competition in the Middle East as a “complex competition.”

The three factors complicating the international situation in the Middle East are as follows. The first is the relations between the U.S. and the countries in the region. The Trump government signed the Abraham Accords with Israel, Bahrain, and the UAE on September 15, 2020, marking an attempt to change the geopolitical situation in the Middle East. This effort continued under the Biden government in 2022. The second factor is China. Since China’s Arab Policy Paper was unveiled in 2016, China has fortified its efforts to establish partnerships based on the Belt and Road Initiative in the Middle East as shown in Figure 1. The third is the evolving dynamics among the Middle Eastern countries themselves. In May 2018, the Trump government unilaterally withdrew from the Joint Comprehensive Plan of Action (JCPOA) agreed on in July 2015, leading to a crisis caused by Iran’s nuclear program. Accordingly, Middle Eastern countries like Saudi Arabia, UAE, and Israel are confronted with an issue of nuclear proliferation. Oil producing countries in the region are competing with each other while diversifying their oil-dependent economies. Most notably, Saudi Arabia is developing the NEOM project, including THE LINE to build a 170km futuristic city designed to house 9 million residents. Riyadh is also engaging in a constructive partnership with countries like Egypt and Israel to launch the Red Sea Project. Such a move by Saudi Arabia is likely to conflict with the UAE’s strategy of diversifying its industries by building its own shipping network.

Figure 1. Diplomatic Relations of China and the Gulf Countries (1980-2021)



Complexity arises from multilateral efforts, such as the Abraham Accords, the Red Sea Initiative, and the Belt and Road Project whereby the resulting connectivity and interests conflict among all stakeholders. Most Middle Eastern countries have a fragmented industrial structure, which is largely leveraged on the energy sector. Although their wealth originated from export of energy resources including crude oil, they now need to transform such fragmented industrial structure into a diversified one. Against this backdrop, the Shale Revolution in the U.S. has weakened the U.S. connection to the Middle East, while China has moved in to fill this void. Furthermore, China is even expanding its influence by increasing its investments in the industrial diversification of the Middle East based on its One Belt One Road strategy.<sup>90</sup> The areas in which China has invested include infrastructure development, smart city construction, and the fostering of value-added industries. As China intends to use the Middle East as a bridgehead connecting Africa and China when it implements the One Belt One Road strategy, China is securing its connection in the West Indian Ocean. The U.S.-Middle East relations, distanced due to the Shale Revolution, changed course when the U.S. implemented its strategy of holding China in check. The U.S. needed engagement in the region, and the Trump government attempted to contain the One Belt One Road strategy with the Abraham Accords.

90. Paik Seung-hoon and Lee Chang-ju, *Geo-economic Transition in the Middle East and the BRI*, Journal of Mediterranean Area Studies, Vol.22, no.22 (2020).



With President Biden's inauguration on January 20, 2021, the U.S. began shifting Trump's neo-isolationism to intervention through multilateralism. The interventionary policy of the U.S. has yet to be fully revealed due to the deteriorating economic situation in the U.S., but the Biden administration has already declared that it will value alliances and hold China in check through the multilateral framework. It also announced that it would continue the Abraham Accords adopted by the Trump government.<sup>91</sup>

Ultimately the One Belt One Road will compete with the Abraham Accords, and key MENA (Middle East and North Africa) countries centered on the main axis of Saudi Arabia will shape their own initiative. This triangular structure will be the core framework of the complex competition in the Middle East.

## **1. Change in “Common Interests” between the U.S. and the Middle Eastern Oil Producing Countries**

The signs of decoupling between the U.S. and the Middle Eastern countries and strengthening relations between China and the Middle East are primarily attributed to the changing international geoeconomic environment as well as the mutual interests of the Middle Eastern countries and the U.S. (or China). First, the Shale Revolution in the U.S. ignited a change in the international environment. As Figure 2 shows, the U.S. has mass-produced shale oil and shale gas since 2010 and was once the world's top oil producer as of August 2018. While the U.S. crude oil imports have decreased, China has increased its crude oil imports to serve its economic growth. Eventually, China's crude oil import volume (8.4 million barrels/day) exceeded that of the U.S. (7.9 million barrels/day) in 2017,<sup>92</sup> making it the world's top crude oil importer. On the contrary, the U.S. has exported crude oil since 2013. If we assume that the import volume of crude oil from the Middle East is proportionate to the strategic value of the Middle East, the Middle East has become less valuable strategically for the U.S. and more valuable for China. This geoeconomic change has revealed significant cracks in the U.S.'s hegemony in the Middle East.

One case clearly showing the decoupling of the U.S. and the Middle East is the subtle change in relations between the U.S. and Saudi Arabia as of 2022. On October 5, 2022, Saudi Arabia decided to cut oil production at the first OPEC+ meeting after

---

91. Egel, D., Efron, S., & Robinson, L., *Peace Dividend: Widening the Economic Growth and Development Benefits of the Abraham Accords* (Santa Monica: RAND Corporation, 2021), p. 2.

92. “China surpassed the United States as the world's largest crude oil importer in 2017,” *EAI*, accessed October 30, 2022.

the outbreak of COVID-19 despite the Biden government's request to increase production. President Biden warned, that he will "rethink" the U.S. relationship with Saudi Arabia and that "there's going to be some consequences for what [Saudi Arabia has] done with Russia." National Security Council spokesman John Kirby explained Biden's stance on Saudi Arabia, saying "The president believes it's time to look at that relationship and make sure it's serving our interests."<sup>93</sup>

The Biden administration responded to the OPEC+ decision to cut production by 2 million barrels per day by increasing U.S. oil production. According to the November 2022 report by the Energy Information Administration (EIA), the U.S. increased its shale oil production by 104,000 barrels per day to reach a production volume of 9.1 million barrels per day in November 2022, marking its highest level since March 2020. EIA expects U.S. crude oil production volume will grow from 11.8 million barrels per day in 2022 to 12.6 million barrels per day in 2023, a year-on-year increase of 6.8%. This amount would reach record-high crude oil production volume for the U.S. set in late 2019.

OPEC+'s production cut in 2022 calls to mind the consequences of the production cut agreement made between Saudi Arabia and Russia in 2016. The agreement ended due to Russia's concerns over the U.S. oil market share growth and increased production. It is also highly likely that this OPEC+ decision to cut production will end in favor of the U.S. The U.S. can increase its oil market share and energy market influence by using the production cut from OPEC+. If Saudi Arabia and Russia cannot wait out the situation and decide to increase production, oil prices will drop and the U.S. will realize the stable oil price it wants. Nevertheless, this situation shows the decoupling of the U.S. and the Middle Eastern oil producers and the weakening of the U.S. incentive to maintain oil security in the region, which has been the key to its Middle East policy since World War II.

## **2. Increased Possibility that China's One Belt One Road Will Be Connected to the Middle East**

The official document best representing China's One Belt One Road policy in the Middle East is the Arab States Policy Paper (中国对阿拉伯国家政文件) published by the Chinese Ministry of Foreign Affairs in January 2016.<sup>94</sup> This document outlines the direction in which China will cooperate with Arab countries within the Belt and

---

93. "Biden threatens 'consequences' for Saudi Arabia after OPEC cut, but his options are limited," *CNBC*, October 12, 2022.

94. For more detailed information, refer to the website of the Chinese Foreign Ministry (<https://www.fmprc.gov.cn/web/zyxw/t1331327.shtml>).

Road framework. The direction of cooperation is summarized as “1+2+3,” where 1 is cooperation in the energy resources sector, 2 indicates cooperation in infrastructure construction and trade facilitation, and 3 refers to cooperation in the new energy, aerospace, and nuclear power sectors.<sup>95</sup> The greatest share of emphasis is placed on cooperation in the energy resources sector, as shown by the fact that cooperation in this sector was prioritized in this document. Infrastructure construction and trade facilitation are relevant to connectivity, as they are included in the “five elements of connectivity” of the Belt and Road Initiative as “Infrastructure Connectivity” and “Trade Connectivity.”<sup>96</sup> The new energy, aerospace, and nuclear power sectors are high-priority sectors for Chinese companies when they make overseas advancements, as China has competitive advantages in these sectors. The Middle Eastern countries have good reason to drive industrial diversification through cooperation with China, as their industrial structures are excessively dependent on energy resources. There are mixed views about the efficiency of China’s Middle East policy, but the U.S. had to promote the Blue Dot Network (BDN) and the Abraham Accords in 2019 to counter the strengthened ties between China and the Middle East. Whether China’s Belt and Road Initiative and Middle East policy have been successful is not important. What matters more is the lack of concrete action plans and direct investments in U.S. policy compared to China’s Belt and Road Initiative.

Oil producing countries of the Middle East, especially the Gulf oil producers, generate 85% to 90% of their fiscal revenues from exports of energy resources.<sup>97</sup> According to the 2020 IMF report, the Gulf countries may experience a loss of approximately USD 2.5 trillion in 15 years due to the decline in global crude oil demand if they fail to diversify their exports.<sup>98</sup> In response, the Gulf oil producers have presented national development visions for industrial diversification, including Saudi Arabia’s Vision 2030, the UAE’s Vision 2030 and Strategy of Industrial Development, Qatar’s National Vision 2030, Kuwait’s New Kuwait 2035, and Oman’s Vision 2040.<sup>99</sup> Such development plans of the Middle Eastern oil producers show the direction of development to diversify

---

95. “中国对阿拉伯国家政\*文件(全文),” 中国外交部, 2016.

96. The five connectivities refer to the following key areas of focus: policy coordination, infrastructure development, investment and trade facilitation, financial integration and cultural and social exchange.

97. Mordechai Chaziza, “Coronavirus, China, and the Middle East,” *Mideast Security and Policy Studies*, No. 174 (2020), p. 11.

98. “China loses its appetite: The impact of coronavirus,” *Oil & Gas Middle East*, March 10, 2020.

99. Mordechai Chaziza, “China’s New Silk Road Strategy and the Middle East,” *BESA Center Perspectives Paper*, No. 1473 (2020), pp. 1-4.

their industrial base. In other words, the U.S. Shale Revolution and the international community's increase in the share of renewable energy will likely reduce future global crude demand, which has emerged as a new threat for Gulf countries with industries solely dependent on crude exports. For the Middle Eastern oil producers, industrial diversification is not simply the pursuit of national interests but a matter of national security directly tied to their very survival.

Abdulaziz bin Salman, brother of Saudi Crown Prince Mohammed bin Salman and Saudi Arabian Minister of Energy, stated in 2022 that the economic growth of Saudi Arabia depended on the export of crude oil resources.<sup>100</sup> Saudi Arabia became the only MENA country (aside from Israel) to become a member of the G20 as it emerged as the 18<sup>th</sup> largest economy in the world thanks to high oil prices from 2003 to 2013. The country's GDP doubled and household income grew by 75% during this period.<sup>101</sup> With such remarkable growth led by the oil industry, the population aged 0 to 30 accounts for 55% of the total population of Saudi Arabia due to rise in child and young adult population. The country's current labor market structure which is concentrated in the oil industry is a security threat considering the changes in the international energy market. Furthermore, Saudi Arabia declared that it would achieve carbon neutrality by 2060. To solve this dilemma, Saudi Arabia proactively unveiled its large-scale national project in 2022, as shown in Figure 2.

The industrial reform policies of Gulf countries for their survival through diversification have combined with China's Belt and Road Initiative, leading to a closer relations between China and the Middle East. Although it decreased other overseas investments due to the economic crisis, China continues to invest in the Middle East. In terms of trade volume, China has consistently led the U.S. in the MENA region since 2009, and this trend did not falter during China's economic crisis in 2022.<sup>102</sup>

---

100. Fateh Belaid and Al Sarihi, "Energy Transition in Saudi Arabia: Key Initiatives and Challenges," *IAEE Energy Forum* (2022), p. 10.

101. Al-Kibsi, G., Woetzel, J., Isherwood, T., Khan, J., Mischke, J., & Noura, H, "Saudi Arabia beyond oil: The investment and productivity transformation," *McKinsey Global Institute* (December 2015), p. 33.

102. Amin Mohseni-Cheraghloo, "MENA at the center of the West: China's 'Opening up to the West' strategy," *the Middle East Institute*, March 9, 2021, <https://www.mei.edu/publications/mena-center-west-chinas-opening-west-strategy>.

Figure 2. Saudi Arabia's Current New City Plans in 2022



## 2023 Outlook: Expansion and Intensification of Complex Competition between the U.S. and China

In 2023, the Gulf oil producers need to increase exports and revenues of their key industry, the energy resources sector, while also attracting foreign capital and technology for industrial diversification. During the Cold War, free nations led by the U.S. provided public security goods, foreign aid, and support to prevent the communist bloc of the Soviet Union from expanding. The key benefit for the U.S. was the crude oil produced in the Middle East at that time. During the Cold War, the Middle Eastern oil producers were threatened by the Soviet Union, today, however, their main threats are the crude oil market decline and their oil-centered industrial structures. The countries in the Middle East understand that solely depending on the U.S. is not a viable solution, so they are hedging their risks by adjusting their relations with players of other regions including China, and this trend is expected to continue into 2023.

China is constructing its network under the Belt and Road Initiative by developing ports and hinterlands in foreign countries. As of 2019, China has partnered to build 58 ports in 38 countries, including container ports (43 ports, 74%), complex ports (13 ports, 22%), and specialized ports like the oil port (2 ports, 4%).<sup>103</sup> The U.S. has expressed its concerns over these projects in the Middle East, including the Khalifa Port in the UAE, Duqm Port in Oman, Jizan Port in Saudi Arabia, and Said and Ain Sokhna Ports in Egypt.<sup>104</sup> In addition, Israel's Ashdod Port and Haifa Port are also fortifying partnerships with China.<sup>105</sup>

The problem is that the U.S. Middle East policy, except for the Abraham Accords, lacks foreign direct investments and partnerships for economic diversification other than existing security alliances and arms support. On the contrary, China-Middle East relations are not limited to the energy sector and crude oil trade but are progressing under a grand strategy of offshore-inland complex partnerships. China is constructing and operating foreign ports to develop a 21st Century Maritime Silk Road and Blue Economic Passage, while also developing port-inland complexes in foreign countries by presenting an offshore-inland complex model of combining “ports (tier 1), industrial complexes (tier 2), and cities (tier 3).<sup>106</sup> China is developing ports by connecting them with hinterland areas and connecting these hinterlands with China. China's plan is not limited to simply connecting roads, railroads, ports, airports, and pipelines but it is an attempt to expand its value chain in the Middle East through industrial cooperation as well as trade connectivity.

The Middle Eastern countries, especially the oil producing ones, are expected to cooperate with China in the implementation of the Belt and Road Initiative, viewing it as an economic partner (less a security partner) that will be a source of energy demand and help industrial diversification. China will also try to expand the Belt and Road Initiative by avoiding involvement in regional situations in the Middle East, such as the Iran-Saudi Arabia conflict and the Israel-Palestine dispute, based on its five principles including non-interference in internal affairs, non-alignment, and strategy of conflict avoidance.

---

103. 刘长俭, “完善海外港口网络, 推动共建“一带一路”, 交通运输部规划研究院 科技导报, 2020年09期, 第89-96页, pp. 89-90.

104. Rózsa N. Erzsébet, “Deciphering China in the Middle East,” *European Union Institute for Security Studies* (2020), p. 5.

105. Shira Efron, Karen Schwindt, Emily Haskel, *Chinese Investment in Israeli Technology and Infrastructure: Security Implications for Israel and the United States* (Santa Monica: Rand Corporation, 2020), p. xvi.

106. 林佳铭, 章强(2019). “招商局港口“前港—中区—后城”模式的 海外拓展之旅”. 中国港口. 2019.3. 第25-29页.

In short, China will focus on practical benefits by strengthening economic cooperation instead of playing games by using alliances to solve regional issues including the Iran-Saudi Arabia conflict, Israel-Iran conflict, and Israel-Palestine conflict.<sup>107</sup> This has many implications given the strained U.S.-Saudi Arabia relations that have continued since the Khashoggi case.

## **1. China-Middle East Connectivity Will Be Strengthened through Haifa Port in Israel**

In 2015, Shanghai International Port Group (SIPG) signed a contract for the construction and operation of Haifa Port with Israel's Ministry of Transport. The Port of Haifa was developed by the UK during World War I for military purposes, and the U.S. Navy's 6th Fleet is based there. Nevertheless, SIPG successfully completed the commercial port construction project and entered into the 25-year new port operation agreement starting in 2021 with an investment of over USD 2 billion.<sup>108</sup> The Trump government took this seriously, having then-Secretary of State Mike Pompeo announce that China's increased investments and influence at Haifa Port could hinder information sharing between the U.S. and Israel and asking the U.S. Coast Guard to step up inspections of the Port. This is a representative case of the complex competition in the region. Despite strong security alliance between Israel and the U.S., China is expanding its influence in the Middle East through economic and commercial cooperation.

## **2. Red Sea Initiative and Complex Competition**

The Red Sea region is the initial gateway to the Mediterranean Sea, Indian Ocean, Arabian Sea, South China Sea, and the Pacific Ocean through the Suez Canal. It has long enjoyed geostrategic importance and the overlapping interests of diverse actors within and outside the region. It is expected that the Middle Eastern countries will play a larger role in this region. More notably, the security of the Gulf of Aden has emerged as an agenda item for major world powers as well as the UAE, Saudi Arabia, Turkey, and Qatar as it directly borders the Red Sea and serves as a global logistics hub.

The geoeconomic changes in the Middle East distanced the U.S. from the region, and the resulting power vacuum led to the adjustment of relations among actors in the Middle East; thus intensifying the instability of the region. The Red Sea Initiative was

---

107. Rózsa N. Erzsébet, "Deciphering China in the Middle East," *European Union Institute for Security Studies* (2020), p. 3.

108. "Israel set to open massive new Haifa port September 1," *Jerusalem Post*, July 22, 2021.



developed to overcome this situation, and Middle Eastern countries like Saudi Arabia, Israel, and the UAE are exploring the possibility of developing a platform of common interests.

Efforts made within the framework of this Initiative include Saudi Arabia's THE LINE and NEOM projects, the UAE's international port network building plan, and Egypt's plan to develop a tourism industrial complex connecting tourist destinations (Dahab and Sharm El Sheikh) located on the coast of the Red Sea and neighboring countries. On January 6, 2020, the foreign ministers of Saudi Arabia, Egypt, Yemen, Jordan, Somalia, Djibouti, Sudan, and Eritrea gathered in Riyadh and reached an agreement on the charter of the Council of Arab and African Coastal States of the Red Sea and Gulf of Aden, which seeks to build the regional collective security system within the Red Sea Initiative under the leadership of Saudi Arabia.<sup>109</sup>

China is exploring ways to participate in diverse projects using the Red Sea Initiative. It is developing the Red-Med Railway connecting the Port of Eliat on the coast of the Red Sea via Haifa Port, Tel Aviv, and Ashdod. Efforts are also being made to additionally connect Aqaba Port in Jordan. In addition, China is working on connecting to Said Port, which serves as the gateway to the Suez Canal in Egypt. China's roadmap connects the Mediterranean Sea, Red Sea, and West Indian Ocean with sea lines of communication (SLOCs), gaining the attention of the Middle Eastern countries in terms of scalability and economic feasibility.

The U.S. is strategically competing with China in the Middle East within the Red Sea Initiative, using the Abraham Accords, and this competition is expected to intensify in 2023. During the 2020 U.S. presidential campaign, then-Candidate Biden criticized the Abraham Accords signed by the Trump government. After winning the election and taking office, he announced that he would maintain the Accords, but whether they will effectively maximize common interests with the Middle Eastern countries is questionable.

The Abraham Accords did have some achievements, including the designation of 13 and 15 special economic zones in Jordan and Egypt, respectively, in 2019. Goods developed or made in these zones are exempted from tariffs under the U.S.-Israel FTA. The total amount of goods exported from these zones reached USD 1 billion in 2019, accounting for 32% of the goods exported by Egypt to the U.S. and 51% of Egypt's

---

109. Diatta, M., Woldemichael, S., Attah-Asamoah, A., Yohannes, D., Louw-Vaudran, L., Dessu, M. K., & Sharamo, R. D., "Africa's role in the scramble for the Red Sea and Gulf of Aden," *ISS Peace and Security Council Report*, No. 122 (2020), p. 9.

exports of non-energy goods.<sup>110</sup>

Nevertheless, major influencers in the region represented by the members of the Gulf Cooperation Council are not actively participating in activities under the Accords, and Saudi Arabia, one of the hegemonic rivals of the U.S. in the Middle East, declared that it would never join the Accords unless the Israel-Palestine dispute was resolved through a peaceful process.

The complex competition in the Middle East has intertwined regional and international factors such as the U.S.'s change of position from an oil importer to an oil exporter through the Shale Revolution, China's emergence as the largest energy resources importer, and the Middle Eastern oil producers' industrial diversification policy for survival. Amid such multi-dimensional factors and interactions, China is moving forward with diverse cooperation programs in the Middle East based on its One Belt, One Road strategy, and the U.S.'s Trump and Biden governments intended to use BDN and the Abraham Accords based on the existing security alliances to check China. The U.S. attempted to prevent the expansion of China's influence in the Middle East by making the Middle Eastern countries consider China a threat based on traditional security partnerships. However, most Middle Eastern countries and even Israel, which is an important ally of the U.S., have recognized China as an economic partner instead of a security threat and expanded their cooperation with the country. Indeed, during an interview with USA Today, Prince Turki bin Faisal, who led the Saudi intelligence service for 22 years from 1979 to 2001, delivered a message with many implications for the complex competition, saying "China is not necessarily a better friend, but a less complicated friend."

Unlike the Cold War era, the Middle Eastern countries do not recognize China as a Soviet-like threat and are no longer partnering with the U.S. to maintain its hegemony region. The survival of the Middle Eastern countries, especially the oil producing ones, depends on securing investment destinations for industrial diversification. In short, the pragmatic strategy to maximize the national interests of each country works within the framework of the U.S.-China strategic competition, instead of a choice between the U.S. and China. This trend will continue in 2023. At a time when the existing energy alliance between the U.S. and the Middle East has weakened, the countries of the Middle East will maximize national interests by adjusting their relations with a new player (China) that can tip the balance of power rather than maintaining the status quo.

---

110. Massalha, M. E., "Economic Effects of Regional Economic Integration: The Case of the Abraham Accords," *Open Journal of Political Science*, Vol. 12, No. 4 (2022), pp. 702-717.

## ASEAN in a Deepening Complex Crisis

Lee Jaehyon | Senior Fellow

### ■ Reviewing 2022

It was expected that 2022 would be a challenging year for the countries of the Association of Southeast Asian Nations (ASEAN) largely due to deepening of the U.S.-China rivalry, Cambodia's leadership as ASEAN Chair for 2022, and instability of domestic politics in few regional countries. These were expected to weaken the principle of ASEAN centrality further. Other than Cambodia's ASEAN leadership, other issues unfolded as expected. The ASEAN chairmanship by Cambodia, a country that is said to be the closest to China in ASEAN, attracted people's attention. Cambodia, unexpectedly, has shown quite a balanced leadership. Earlier this year, Cambodia's handling of the Myanmar issue seemed to prove the concerns were not unfounded. Cambodia, however, was able to keep a good balance between the U.S. and China, listening to its fellow ASEAN members. While Cambodia did not participate in the U.S.-led Indo-Pacific Economic Framework (IPEF), the country voted for the United Nations resolution condemning the Russian invasion of Ukraine, for example.

Southeast Asia (ASEAN) experienced another strategic turmoil in 2022 due to deepening strategic competition between the U.S. and China, the assertive posture of the U.S. towards China and the war in Ukraine. Compared to the United States, China has been moving in silence (정중동, 靜中動) towards Southeast Asia throughout the year. That China has been relatively quiet should be read as its decreasing presence in the region rather than maintaining its level of influence. The heydays of Chinese vaccine diplomacy, which was strong in the earlier days of COVID-19, beating the U.S. effort, seems to be over. COVID-19 is not yet over, but individual countries are getting accustomed to the pandemic situation, and western vaccines have become readily available, which reduced the appeal of the Chinese vaccine.<sup>111</sup>

China had a very tight pandemic policy domestically. This tight control had impacts on its foreign activities, particularly in Southeast Asia. There was a discernible decrease in high-level Chinese visits to Southeast Asia in 2022 despite strategic competition

---

111. Khairulanwar Zaini, "Did China Eke out a Vaccine Diplomacy Victory in Southeast Asia?," ISEAS Perspective, No. 2022-75.

with the United States. There were only a few visits by Chinese Foreign Minister Wang Yi compared to the U.S.-ASEAN Special Summit and visits by the U.S. Vice President, Secretary of State, and Secretary of Defense. The restrictions on population movement within China have impacts on the implementation of the Belt and Road Initiative (BRI). No big economic projects were implemented under the BRI in 2022. Some countries in Southeast Asia switched their infrastructure project partners from China to other regional countries such as Japan.<sup>112</sup>

The United States managed to regain its lost ground in Southeast Asia. The Biden administration's engagement with the region in 2021 was less than expected. One of the most eye-catching events by the U.S. was the rollout of the Biden administration's Indo-Pacific Strategy (IPS) in February, the U.S.-ASEAN Special Summit, and the announcement of the Indo-Pacific Economic Framework (IPEF) in May. The IPS report made some progress compared to the previous year's Interim National Security Strategic Guidance.<sup>113</sup> The latter only singled out Singapore and Vietnam as ASEAN strategic

Figure 1. U.S.-ASEAN Special Summit, May 2022



Source: Yonhap News.

112. South China Morning Post. 2022. "Philippines considers pivot to Japan to help finance railway projects, after funding shortfall stalls China deals," *South China Morning Post*, August 16, 2022.

113. The White House, *The Indo-Pacific Strategy of the United State*(2022).

partners of the U.S. that can side with the U.S. in its strategic competition against China. The 2022 IPS report encompassed more countries like the Philippines, Thailand, Indonesia and Malaysia, along with existing Singapore and Vietnam. Still, some, such as Brunei, Laos and Cambodia are not included, but still, it was progress made in the IPS report.

The U.S. held a summit inviting all ASEAN leaders except the Myanmar military junta to Washington, D.C. for the first time to commemorate the 45<sup>th</sup> anniversary of formal ties between the U.S. and ASEAN. There were U.S.-ASEAN summits before; but this summit was significant in that it was the first of its kind in 45 years of bilateral relations. For the first time, it was held in Washington D.C. President Biden intended to send a message to ASEAN leaders that the U.S. prioritizes its partnership with ASEAN countries. The U.S. also attempted to get ASEAN support for the war in Ukraine, which did not make considerable progress.<sup>114</sup>

The most important, however, was getting ASEAN countries into IPEF. Seven out of 10 countries of ASEAN joined the IPEF, which was announced ten days after the conclusion of the summit. It was not a minor success for the U.S. to get seven countries from ASEAN into the IPEF.<sup>115</sup> Four countries, Malaysia, Singapore, Brunei, and Vietnam, the existing ASEAN members of the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) were expected to join IPEF. Three countries, Indonesia, the biggest economy in Southeast Asia, the Philippines, and Thailand, which both had somewhat troubled relations with the U.S. in recent years, joined the scheme.

Nevertheless, those ASEAN countries' signing up to IPEF and their assessments are separate. These ASEAN countries in IPEF still doubt the initiative's durability since it is not based on a treaty. The ASEAN countries are burdened with additional duties and requirements, but the IPEF does not provide equivalent economic incentives such as access to the U.S. market.<sup>116</sup>

The war in Ukraine and the U.S. interest rate hike were another sources of concern for ASEAN countries. ASEAN countries could not make a clear-cut strategic stance in

---

114. ASEAN, *Joint Vision Statement of the ASEAN-U.S. Special Summit* (2022).

115. "Fact Sheet: In Asia, President Biden and a Dozen Indo-Pacific Partners Launch the Indo-Pacific Economic Framework for Prosperity," *The White House*, May 23, 2022.

116. "Malaysia calls upon IPEF to focus on market access element," *Bernama*, July 28, 2022.; Aidan Arasasingham and Emily Benson, "The IPEF gains momentum but lacks market access," *East Asia Forum*, June 30, 2022.



between the competing Russia on the one hand and the U.S.-EU coalition on the other. Eight countries, excluding Vietnam and Laos, voted for the UN resolution condemning the Russian invasion of Ukraine.<sup>117</sup> Only a single ASEAN country, Singapore, participated in U.S.-led economic sanctions against Russia, however. Most of the ASEAN countries have significant economic and military cooperation with Russia and did not want to make their position known between the U.S. and Russia. Vietnam and Laos historically had close relations with Russia (the former Soviet Union). Russia is a source of arms procurement for many ASEAN countries, and Russian tourists account for not a small part of tourism revenue for ASEAN countries in general.

The war in Ukraine is a significant economic burden for ASEAN countries. The disruption of grain, fertilizer, and energy supply means a food and energy crisis for Southeast Asian countries. Indonesia introduced export controls over palm oil to stabilize domestic supply but withdrew it after facing opposition from domestic palm oil producers. The stock of instant noodles dried up in Indonesia due to the Ukraine wheat supply disruption. The U.S. interest rate hike made matters worse. Higher U.S. interest rates saw a U.S. dollar exodus from Southeast Asia whose economic growth is heavily dependent on foreign direct investments. ASEAN economies expected a recovery after a long period of COVID-19. They, however, had to deal with a series of new economic threats, such as U.S. interest rate hikes, the war in Ukraine, and the continued U.S.-China strategic competition.

## **■ Outlook for 2023: Complex Competition, Complex Crisis, and No Exit Strategy**

The keyword for 2023 international relations is 'complex competition.' The complex competition among superpowers and major powers means a complex crisis for Southeast Asian countries. Rather simple military, strategic, and influence competition will spill over to economic competition and lead to blocs which will apply significant pressure to small and medium powers. ASEAN, first, will strive to secure its survival facing a complex crisis, but it will not be easy to find a solution.

---

117. It is interesting to note that Cambodia, a close ally of China, voted for the resolution. It was Ambassador Kyaw Moe Tun that cast the Myanmar vote for the resolution. He is the ambassador appointed by Aung San Suu Kyi government, not by the military junta.

## 1. The U.S. and China Competing over ASEAN in 2023

The U.S., China, and their strategic competition are undoubtedly the most essential strategic variables for ASEAN countries, not just in 2023 but in the years to come. We will see the same strategic competition between the U.S. and China with a higher intensity in 2023. Both the U.S. and China will likely be more proactive on the Southeast Asian front in 2023. China has been on the defensive on the Southeast Asian front for a few years. On the other hand, the U.S. has been more proactive in Southeast Asia, but this does not mean that the U.S. has been victorious. Domestic constraints of both countries put holds on their activities in Southeast Asia. China had strong domestic quarantine control, which negatively affected its activities overseas. President Xi has been cautious in foreign policy and more domestic-oriented in preparing for his third term in power. The Biden administration increased its activities in Southeast Asia, but had been constrained by the scheduled mid-term elections in November 2022.

Both leaders, however, will be freer from domestic constraints in 2023. Xi secured his third term in office and refreshed his support base, giving him more leeway in his foreign policy. Arguably, Southeast Asia will be the first target of China, given its geographical proximity. Before the Party Congress, the authorities had tight control over society to prevent the explosive surge of COVID-19 cases. With the conclusion of the Congress, the regime is set to loosen the rule, which will lead to more activities and a proactive approach to ASEAN countries. There will be more high-level visits and BRI project proposals targeting ASEAN countries.

President Biden has a similar situation. The Democrats performed better than expected, but the Biden administration only has two years until the next presidential election. The U.S. administration has to prepare itself for the 2024 presidential election, which leaves a little room for the administration to focus on foreign policy due to domestic constraints. The year 2023 is the only chance for the Biden administration to pursue foreign strategy without minding domestic politics. The administration needs to perform on the foreign policy front including its competition against China in Southeast Asia to win the coming election. Putting these together, the U.S. and China are likely to prepare themselves in Southeast Asia to outmaneuver each other. China will try to regain lost ground in Southeast Asia. The U.S. will strengthen its activities in Southeast Asia to marginalize Chinese influence in the region further. The consequence will be a complex competition between the two on the Southeast Asian front.

The U.S. will continue its assertive economic approach to the ASEAN. The Biden administration is likely to make a serious effort to negotiate IPEF in the first half of 2023. IPEF is a central feature for the U.S. competition against China in the region and



for the U.S. Indo-Pacific strategy. The U.S. intends to put pressure on China on the one hand and bind ASEAN countries economically to the U.S. through IPEF negotiation. The critical point of IPEF negotiation, as far as the ASEAN countries are concerned, will be how to realize ASEAN countries' practical interests such as access to the U.S. market. Another interesting point of the U.S. strategy towards ASEAN in 2023 will be the role of the newly appointed U.S. ambassador to ASEAN, Yohannes Abraham. He has been working closely with President Biden and thus may have a strong voice in the U.S. foreign policy decision-making.<sup>118</sup> ASEAN has a high hope for the new ambassador to ASEAN since the post has not been filled for a long time. The U.S. ambassador to ASEAN has been vacant for a longer period (six years and six months) than the times it has been filled since 2011 (five years).

Figure 2. Ambassador Abraham Presenting His Credentials to ASEAN Secretary General Lim Jock Hoi



Source: Yonhap News.

In 2023, China will attempt to regain the lost ground in Southeast Asia. President Xi consolidated his power domestically through the Party Congress and will likely tour Southeast Asia. China will refresh its commitment in BRI projects to Southeast

---

118. Yohannes Abraham was a Deputy Assistant to the President, Chief of Staff, and Executive Secretary of the National Security Council. He was also the former Executive Director of the Biden-Harris Transition team.

Asia. China can beat the U.S. in mobilizing resources for economic assistance and infrastructure investment, which is a Chinese strength in the eyes of ASEAN countries. Thus China will likely focus on what they can do better than the U.S. What holds the key here is the domestic economic health. Because of the U.S. economic pressure and the global downturn, the Chinese domestic economy may have a chance to experience a hard time in 2023. The domestic economic difficulty will reduce the resources the Chinese government can invest overseas.

## **2. ASEAN Looking for an Exit Strategy**

The U.S.-China strategic competition is not new to Southeast Asian countries. However, the complex crisis brought about by the ‘complex competition’ is somewhat different. In complex competition, there will be enhanced efforts at building separate strategic blocs and economic protectionism on top of the existing superpower strategic competition. The U.S. interest rate hikes could be a source of global economic slowdown or crisis. Having just finished the mid-term elections, the Biden administration will not likely to introduce a significant policy change in 2023. Stability will be a key for Biden in preparing for the 2024 election. Therefore, the U.S. will maintain its protectionist policy and raise interest rates to tame inflation in 2023.

Various non-traditional human security issues such as the post-Covid-19 health crisis, worsening food and energy crisis, climate crisis beyond climate change, etc. will be added to the existing crises mentioned above. The aftermath of the war in Ukraine is not just about superpower rivalry between the U.S. and EU, on the one hand, and Russia and China, on the other. The war in one of the biggest grain producers brought about a global food crisis. Russian gas cut to Europe and the following energy crisis on the continent has caused a global energy and economic crisis.<sup>119</sup> Southeast Asian countries are not an exception from this food and energy crisis. The climate crisis adds hardship, especially financial burden, for Southeast Asian countries as well. The crisis environment that ASEAN countries are facing in 2023 is clearly ‘complex.’

The superpower competition and the ensuing strategic instability and uncertainty over the past decade looks quite simple compared to the current complex crisis. The traditional way to cope with a conventional crisis would not work in this complex crisis of a new chapter of strategic rivalry, global economic uncertainty, and newly emerging crises. This is the environment that Southeast Asian countries have to face in 2023.

---

119. “War in Ukraine Drives World Food Crisis,” *World Food Program*; “6 ways Russia’s Invasion of Ukraine has reshaped the energy world,” *World Economic Forum*.

Southeast Asian countries may work together to counter the complexity through collective efforts. They will try to re-strengthen the concept of ASEAN Centrality, which is under threat and re-energize regional multilateral cooperation. In recent years, ASEAN Centrality has been challenged in the context of growing superpower competition. Despite the weakening of ASEAN Centrality, Southeast Asian countries have been unable to close ranks. Still, this complex crisis may provide an opportunity for ASEAN countries to be united.

Historically, a severe crisis has prompted collective response and multilateral cooperation of otherwise self-interested countries. The formation of the European Coal and Steel Community (ECSC) and the establishment of the ASEAN+3 to cope with the Asian Financial Crisis were examples of collective response and multilateral cooperation out of a shared crisis. Southeast Asian countries can likely restrengthen their multilateral cooperation based on these historical lessons. The ASEAN countries will attempt to shore up ASEAN Centrality by reinvigorating ASEAN-led multilateral institutions. In addition, the ASEAN countries will try to cope with health, climate, energy, food, and economic crises through collective efforts.

### **3. Proactive Role of Indonesia as ASEAN Chair**

The ASEAN chairmanship was entrusted to Indonesia in 2023. As one of the founding countries, Indonesia has been a leading force of ASEAN. Shoring up ASEAN Centrality in a complex crisis will be the top priority of Indonesia as ASEAN chair. Indonesian Foreign Minister Retno Marsudi, anticipating Indonesia's chairmanship, said, "It is the commitment of Indonesia to reinforce ASEAN's centrality in shaping regional order in the Indo-Pacific" in a speech made at the UN General Assembly, 2022. She further remarked, "[using regional architecture as a tool for containment and alienation] continues today with mini-lateral groupings. Many become part of a proxy war between major powers. This is not what regional architecture should be. We refuse to be a pawn in a new Cold War. Instead, we actively promote the paradigm of collaboration with all countries."<sup>120</sup>

ASEAN, previously under the leadership of Indonesia, made a few crucial turning points.<sup>121</sup> Indonesia will try to find a policy alternative to overcome the crisis that ASEAN is facing. Recent moves by Indonesian President Joko Widodo indicate a proactive approach as the chair of ASEAN in 2023. President Joko Widodo was invited to NATO

---

120. "Collaboration paradigm to guide RI's ASEAN chairmanship: Marsudi," *Antara News Agency*, September 27, 2022.

Figure 3. Indonesian President Joko Widodo



Source: Yonhap News.

summit in June 2022. After participating in the summit, he made trips to Ukraine and Russia, having meetings with President Volodymyr Zelenskyy of Ukraine and Vladimir Putin of Russia to bridge a peace deal between the two countries at war. Before the visit, he invited the two leaders to the G20 summit that Indonesia was chairing in 2022 despite opposition from the United States.

Some note that these unexpected proactive moves by President Joko Widodo are primarily a tactic to shore up his domestic popularity through foreign policy. On the other hand, others view the moves as the return of the ‘active and independent’ (*Aktif dan Bebas*) Indonesian foreign policy tradition. If the latter is the case, the Indonesian leadership of ASEAN in 2023 is likely to move in a direction Marsudi indicated in her speech - rejecting the superpowers’ pressure and strengthening cooperation among regional countries. Either way, President Joko Widodo, who concludes his second term in 2024, will attempt to leave his legacy behind and is likely to fully utilize his chance as

---

121. Bali Concord I of 1976 set out basic operation principles of ASEAN and established ASEAN Secretary. The Bali Concord II of 2003 laid out ASEAN Community Blueprint which consists of political-security community, economic community, and sociocultural community. The Bali Concord III proposed the role of ASEAN in global community and the concept of ASEAN centrality.



the chair of ASEAN in 2023.

It is unclear if the attempt to shore up ASEAN Centrality and overcome this complex crisis through multilateral cooperation will succeed despite Indonesia's proactive endeavor. Notably, the domestic situation of Myanmar, which is one of the main troubles weakening ASEAN Centrality, is tough to handle. Therefore, overcoming the shared crises through multilateral cooperation is an attractive alternative, but it has its own limit in that it requires the cooperation of larger partners of regional cooperation such as Korea, China, Japan, and the United States.

#### **4. Prospects for Korea-ASEAN Relations and Policy Recommendations**

The new Korean administration introduced its Indo-Pacific strategy and policy towards ASEAN at the ASEAN+3 and East Asia Summit in November 2022. There was a message that Korea would enhance security and strategic cooperation with ASEAN countries which was weak in the previous government's ASEAN policy. For more detail, the Korean government will increase the amount of the ASEAN-Korea Cooperation Fund, initiate an ASEAN-Korea Defense Ministers' Meeting and participate in joint military exercises in the ASEAN region more frequently. Still, the initiative is far behind the New Southern Policy of the previous administration in terms of contents and substance. The government is expected to announce more detailed policy initiatives, but it has to be announced sooner than later.

Although it still needs to be improved, there is potential to meet the expectation of ASEAN countries. Most of the ASEAN countries positively engage with the U.S. and its Indo-Pacific policy and welcome the U.S. engagement with ASEAN and the region. In this context, Korea's Indo-Pacific strategy can spell out its clear vision for the whole region; it may send a positive signal to ASEAN countries. It is already widely known that the Korean Indo-Pacific strategy works closely with the U.S. Indo-Pacific strategy. Therefore, there is no need for the Korean government to emphasize that Korea is working closely with the U.S. in the ASEAN front any further. A message that Korea's Indo-Pacific strategy is Korea's initiative towards the region, and it starts from ASEAN, where Korea already has built close cooperative relations is desirable.

Such a message will reduce the strategic burden Korea's Indo-Pacific strategy may incur in the context of superpower rivalry while extracting positive responses towards Korea's strategy from ASEAN countries and other parts of the Indo-Pacific region. Given ASEAN's strategic positioning between the U.S. and China, Korea's Indo-Pacific strategy, without the impression that the strategy is leaning too much towards the U.S. strategy, has the potential to go along with ASEAN's strategic posture. Cooperation with Korea

is crucial for ASEAN countries. At the same time, ASEAN countries want to keep their traditional neutral strategic posture or hedging strategy. The latter, in many cases, is more important than the former for ASEAN countries.

# Europe's Choice as U.S.-China Complex Competition Unfolds

Choi Jinwoo | Professor, Hanyang University

## 2022 Assessment: The Threat of Russia and Alert on China

Europe's most pressing issue in 2022 was the security crisis caused by Russia. Tensions between Russia and Ukraine have been escalating throughout 2021, leading to Russia's unilateral invasion of Ukraine on February 24, 2022. Though many predicted Russia's swift victory immediately after the outbreak of the war, the situation changed as Ukraine resisted the initial Russian offensive. With the full support of the U.S. and EU, Ukraine has been pressing a counteroffensive against Russia. There have been attempts at peace talks, but no progress has been made, with Russia and Ukraine pessimistic about the negotiations.

The Ukraine crisis is giving rise to a seismic shift in Europe and international politics. The U.S.-led rules-based international order established following World War II is being tested, and the post-Cold War liberalism is coming to an end, heralding the return of geopolitics. China and Russia are forging closer ties, with signs of the formation of blocs in international politics. U.S.-China strategic competition has been accelerating since the Trump administration moved beyond trade wars and has intensified into a confrontation in the field of technology, where each power is competing to secure friendly supply chains. Competition in all kinds of defense security, including cyber security and maritime security, is intensifying. Values such as human rights and freedom are also becoming tools of competition between blocs. While the rule-based liberal international order is expected to decline, the destination of the U.S.-China strategic competition is also challenging to predict, and the outlines of the new international order are yet to be revealed.

2022 was the year the distinction between allies and adversaries became clearer. However, even by 2021, when U.S.-China strategic competition was already intensifying, Europe has been seeking various measures to prevent the U.S.-China conflict from escalating further and to prevent the situation of having to choose between the two powers, citing the following reasons: the unilateral diplomatic behavior of the Trump administration, the economic benefits of trade with China; and the willingness to uphold the rules-based international order. Accordingly, Europe, as a balancing power, tried to play the role of a mediator, contributing to the alleviation of the U.S.-China



conflict by building a multilateral coalition of middle forces.

However, Europe's position is changing. The EU now perceives China as a clear competitor. Although the EU communicates the need to cooperate with China depending on the issue, on the whole, the EU has revealed that its relationship with China is confrontational, competing with and making efforts to contain China. China's continued coercive diplomatic behaviors as well as its aggressive foreign policy that is becoming more conspicuous in the process of creating an environment for Xi Jinping's third term in office, and most importantly, the close relationship between China and Russia revealed in the wake of the Ukraine war, are factors that led Europe to get on board with the U.S. quickly.

In the 2019 "EU-China: Strategic Outlook," the EU recognized China as having three complex characteristics: a cooperation partner in responding to global challenges, an economic competitor in pursuit of technological leadership, and a systemic rival promoting alternative models of governance.<sup>122</sup>

For EU countries, it is undeniable that China has to be considered as a cooperation partner for tackling global challenges because of China's power and influence. Excluding China from any attempts to solve global challenges is the same as giving up on finding solutions. Therefore, it is natural for Europe to compete with China in the global market as China's technology develops and capital power grows. However, there are concerns in Europe about whether China complies with the rules of the game and whether China is posing an unfair challenge to Europe's interests and values. Europe has been demanding China, which is quick to engage in technology thefts, intellectual property violations, anti-competitive behaviors, and coercive economic diplomacy, to correct the tilted playing field, but Europe is extremely skeptical about whether China will cooperate. In other words, Europe's widespread perception that China is not a legitimate competitor, but rather a malicious actor unfairly taking advantage of its economic cooperation with Europe.

Europe's perception of China as a systemic rival signifies that the differences between Europe and China are difficult to bridge. Initially, Europe and the U.S. accepted and actively encouraged China's entry to the international community, expecting China's reforms and openness would ultimately trigger a change in China's system and that China would become a responsible member of the international community that respects and abides by the rules. However, as its economy developed, China has been

---

122. European Commission, *EU-China: A Strategic Outlook* (March 2019).

strengthening authoritarianism domestically and has been emphasizing the superiority of the socialist system, rejecting the rules-based international order; pursuing an alternative international order. As a result, Europe's perception of China is, rather than being a partner, gradually becoming that of a malicious competitor economically and politically, a rival to engage in a battle over the leadership of the future international order.

## **2023 Outlook: Europe's China Policy More Moderate Than the U.S.**

While the U.S. is intensifying the pressure on China in all directions, in 2023, Europe is also expected to raise vigilance and containment efforts against China. Germany's position is particularly worth noting. Germany has traditionally pursued the notion of "change through trade" (*Wandel durch Handel*) with Russia and China. Towards China, the purpose of *Wandel durch Handel* was to induce change in China while securing enormous economic benefits. Therefore, Germany has been maintaining an amicable stance toward China. The fact that Germany pursued a moderate policy toward China with economics as the priority is evident in the negotiation process for the Comprehensive Agreement on Investment signed between the EU and China in early 2021.

During the ten years of negotiations, the EU-China Comprehensive Investment Agreement was highly controversial, and the agreement was finally reached just before President Biden took office in the U.S. At the time of the deal, U.S.-China relations were already souring, and the Biden administration, following its predecessor, was expected to take a hard-line stance against China. The deal, therefore, meant a diplomatic victory for China and an unexpected blow for the Biden administration. In fact, within the EU, many voiced concerns. They opposed the agreement during the negotiation because of issues regarding China, such as human rights violations, Cross-Strait relations, Hong Kong issues, the issues with China's COVID-19 responses, unfair trade practices, theft of intellectual property, and forced technology transfer policies. As a result, negotiations were repeatedly stalled, with the unlikely prospect of reaching an agreement. At the final stage of the talks, Germany provided momentum. It is reported that Angela Merkel, the German Chancellor at the time, played a decisive role. Chancellor Merkel pushed for the Comprehensive Investment Agreement in consideration of factors such as doubts about the credibility of the U.S. during the Trump administration, optimistic expectations for change in China, and the realistic need to cooperate with China for the German economy.<sup>123</sup>

However, the EU-China Comprehensive Investment Agreement faced an obstacle

as the European Parliament delayed its ratification in May 2022. The trigger was the sanctions exchanged between the EU and China over human rights issues in the Xinjiang Uyghur region. When the EU imposed sanctions on four individuals and an organization involved in human rights issues in China, the Chinese government responded by imposing sanctions on ten EU individuals and four entities, including members of the European Parliament, as a retaliation. As a result, the European Parliament has decided to put off indefinitely the ratification of the Comprehensive Investment Agreement. Considering that neither the EU nor China is likely to withdraw the sanctions, the agreement seems to have been nullified. In any case, as shown in the course of this agreement, Germany maintained a friendly stance towards China and wanted economic cooperation to continue.

However, even Germany had a change of heart in the second half of 2022. Germany also reevaluated its relationship with China from a geopolitical point of view rather than an international economic policy point of view. Within Germany, voices of concern about the deepening of economic ties with China, that is, the increasing mutual dependence with China, have grown. Accordingly, the direction of Germany's China policy has changed. The change in Germany's position is primarily due to the rapid expansion of China's influence on a global level. This concern is also reflected in the establishment of Europe's Indo-Pacific Strategy. Unlike France, Germany was initially reluctant to accept the Indo-Pacific concept because of its strong connection with the Trump administration and its blatant anti-China orientation.<sup>124</sup> France had already established its Indo-Pacific strategy by 2018. It was only in 2020 that Germany prepared its Indo-Pacific strategy guidelines, after ASEAN announced the ASEAN Outlook on the Indo-Pacific in 2020. In addition, in contrast to France's focus on security and defense, Germany's Indo-Pacific strategy reflects Germany's own foreign policy preferences. It focuses on the economic aspects, expressing that Germany is not participating in the anti-China front by emphasizing that its strategy is an inclusive policy. The purpose of Germany's Indo-Pacific Strategy is to enhance cooperation among countries in the region, unlike that of the U.S., which is designed to contain and decouple with China.<sup>125</sup>

As Germany essentially has an identity as a trading state (*Handelsnation*), it has taken an approach based on that identity in the Indo-Pacific region. Accordingly, Germany

---

123. Reinhard Bütikofer, "CAI: Merkel's Choice," *Asia Europe Journal* 20, 2022.

124. Felix Heiduk, "Europe's Foray into the Indo-Pacific: Comparing France and Germany," *European Review of International Studies* 9, 2022, p. 69.

125. Heiduk, *Ibid.*, 73.

points out the necessity of mitigating excessive dependence on China through a trade diversification strategy while including China as a member of the trade community of the Indo-Pacific region. This position is, in fact, the one that the EU had maintained, differing from the policy direction of the U.S. But Germany's role is changing. The view of China as a trading partner whose excessive interdependence should be avoided is increasingly evolving to the idea of China as a serious threat. Germany's acceptance of and use of the concept of the Indo-Pacific is the evidence that an important change is underway in Germany's perception of China and its policy toward China. This is because Indo-Pacific is a concept used by the United States with the purpose of containing China. Therefore, Germany's acceptance of the Indo-Pacific concept was a signal that Germany sympathized with the need for the U.S.'s China policy, and this was met with China's vehement reaction.

Even so, it is unlikely that Europe shows a zealous devotion to Indo-Pacific strategy. As the threat from Russia continues, Europe will be tight on resources to allocate to implement the Indo-Pacific strategy. In particular, the Baltic States and Central European countries will oppose prioritizing Indo-Pacific regions, as responding to the Russian threat would be their most urgent issue for national security. Nevertheless, Europe's presence in the Indo-Pacific region will likely grow in the long run.

In fact, behind the discussion among Germany and other European countries on rethinking the relations with China, there is a change in perception that China is no longer economically attractive. The 2018 shift in the US's China policy from cooperation to strategic competition was a red flag for Chinese entities' engagement in Europe, especially regarding the purchase of companies in critical sectors. In addition, the growing uncertainty in the Chinese economy due to the difficulties in the supply and demand of human resources caused by China's rigid 'Zero-Covid' policy is making China lose its attractiveness as an investment destination as the corporate environment is deteriorating rapidly. As a result, the investment activity between Europe and China is being halted. In addition, the issues, such as market opacity, excessive government intervention, and lack of efforts to protect intellectual property rights, that Europe has been raising with China have not been addressed and Europe's demands are unlikely to be met is another factor that discourages Europe from further engaging with China.

In addition, China's demographic structure could be more friendly for economic growth. The aging population is rapidly increasing as the birth rate has stagnated due to the one-child policy, and the young generation lacks motivation for childbirth and childrearing. In addition, due to China's rigid COVID-19 policy, there is no inflow of talent; rather, the talent outflow has been intensifying, which is a factor that is expected

to stagnate growth. In the midst of this, the EU Chamber of Commerce in China has requested the Chinese government for bold reforms. In 2020, the EU Chamber of Commerce considered China the safest investment destination as it showed signs of the quickest recovery from the COVID-19 pandemic, but since has raised issues about China's excessively rigid Covid-19 policy that has been causing trouble for businesses. Moreover, the EU Chamber of Commerce pointed out that unfair advantages given to the state-owned enterprises in China and the politicization of business activities are major factors that discourage investment in China, and businesses are viewing China's future as uncertain, with geopolitical risk increasing and as China is becoming unfavorable to do business with, in terms of predictability, reliability, and efficiency.

If China's appeal as an economic partner diminishes, it is inevitable that the view of China as a threat will be more pronounced. On the other hand, if China is economically attractive and significant, other state actors will actively seek ways to continue cooperative relations despite the security threats to a certain extent. If that is not the case, China as a security threat will play a more significant role for state actors, souring diplomatic ties with China.

Europe is keeping its distance from China as China poses complex challenges in many fields, including diplomacy, security, technology, and values, and Europe perceives this as an encroachment on Europe's core values and interests. It doesn't mean that Europe can readily abandon China because of the enormous economic opportunity China can provide. On the contrary, Europe has been siding with the U.S. and is pursuing a diversification strategy because there are concerns and political discontent towards China, and there is a need to prepare for the uncertainty that China poses. Still, it would be difficult to ignore the economic opportunity of the Chinese market altogether. Europe, therefore, wants to maintain an amicable relationship with China as much as possible. However, if the perception of threats posed by China increases, the possibility of improving relations will inevitably decrease.

The sustainability of China's economic growth and the possibility of changes in China's foreign policy are the most important variables that determine Europe's approach to China. Of course, how the U.S.-China relationship develops and how the situation within Europe changes are also important variables. We assume that the current trend in U.S.-China relations will continue for the time being, while the circumstances within Europe will remain the same. The basis of the assumption is that the U.S. China policy is unlikely to change because this position is the result of bipartisan support over a long period. Europe's political situation reflects a complex equilibrium between the preferences of its member states, and a drastic change in the balance is unlikely as a

result of any change in the positions of a handful of nations. The table below outlines how Europe's approach to China will change depending on the combination of the two variables identified above.

**Table 1. Europe's Choice**

		Chinese Economy	
		Recession	Growth
Chinese Foreign Policy	Hardline	(1) Accelerated Decoupling	(2) Temptation to Hedge
	Moderate	(3) Limited reconciliation	(4) Suspend Decoupling

Box (1) is a case in which the Chinese economy does not recover its growth rate and stays in recession as China's hardline foreign policy continues. As growth stagnates with China's rigid foreign policy continues, China's economic appeal will diminish. At the same time, the threat remains, exacerbating the strain in the EU-China relations, with Europe and China continuing the path of decoupling. As a result, there would be no reason for European businesses to demand improved relations with China. This is likely close to China's situation during the third term of Xi Jinping. In Xi Jinping's third term, the hardline foreign strategy is expected to be maintained or reinforced. In addition, China's continuation of rigid COVID-19 policies, excessive economic intervention by the government, and long-term trends in China's demographic structure are expected to slow economic growth and thus reduce China's economic appeal. Therefore, China's relations with Europe are likely to remain strained. However, China may also be anticipating the possibility of such an economic downturn, so it will be looking for ways to stimulate growth. The key is whether China can devise a reasonable plan at the right time, and whether the plan will be implemented well, producing the intended effect.

In Box (2), while China maintains its tough foreign policy, its economy resumes on the path of growth, and as a result, China's overall power rises. In this situation, Europe will have deep concerns about the relations to establish with China. If the U.S. grows simultaneously and maintains its relative advantage over China, Europe will continue to side with the U.S. However, suppose U.S. hegemony continues to diminish. In that case, it will be difficult for Europe to maintain an adverse position against China and will seek ways to coexist with China in the long term. Given that the Chinese economy continues to grow substantially and the economic opportunity it offers, the opportunity cost of not cooperating with China is enormous. It could lead to a relative decline in

Europe's international political status in the future. Also, suppose the Chinese economy continues to grow. In that case, there is a possibility that European businesses will strongly demand a moderate foreign policy toward China in order not to miss the profit opportunities China offers. Therefore, Europe will seriously consider a hedging strategy, and could ask the U.S. to be more flexible, souring transatlantic relations.

Box (3) is where China's hardline foreign policy softens while the economy fails to recover its growth engine. Fundamental changes in Europe's China policy will be challenging since it is difficult to predict how long China's softened foreign policy will last, but Europe's policy toward China is highly likely to soften. In addition, if the Chinese economy's sluggish growth continues, there may be little incentive for Europe to actively improve relations with China. However, even if economic growth slows, the appeal of China's huge market will remain significant. If China's foreign policy stance changes, Europe will try to increase economic exchanges through improved relations with China. However, given that the shift in China's foreign policy stance is a temporary tactical move, it is likely that Europe will be prudent and pursue limited improvement of EU-China relations. Moreover, suppose the appeal of China diminishes compared to the past, with the decoupling with China progressing over the next few years, reducing Europe's dependence on the Chinese market. In that case, businesses may not be very active in engaging with China while uncertainty remains. Nonetheless, European companies will prepare to resume exchanges with China if the Chinese economy enters a recovery phase.

Box (4) is a case where the Chinese economy is on a path to recovery. At the same time, China pursues a foreign policy stance that conforms to the existing rules-based international order. In this case, relations between Europe and China will improve significantly. Although this may not be the likely scenario, if China's hardline foreign policy and strengthened internal control were means to consolidate power for Xi Jinping's third term, the stance softens following the success of Xi's third consecutive term, promoting moderate foreign policy measures and turning to market-oriented economic policies internally, making efforts to revive the economy. If that happens, relations between Europe and China could enter a new phase. From Europe's viewpoint, once the political conditions are created to revitalize exchanges with China, EU-China relations will improve as they will try to make the most of the Chinese economy's opportunities. However, even if so, Europe will remain skeptical about China's foreign policy as it is difficult to rule out the possibility that the moderate view of China's foreign policy is a temporary tactic to get out of the economic recession. Therefore, while the EU will take a prudent stance on improving relations with China, there is a possibility



of disagreement between the government and businesses as businesses will want to improve ties quickly to not miss the opportunity provided by China. In other words, the EU's regulations on China will continue, but business attempts to circumvent or oppose EU regulations will become more frequent.

Europe's overall policy toward China appears to be significantly stronger than the past. This is due to the perception of China's increased relative power as a threat to the interests and values of Europe. Nonetheless, Europe's policy toward China may differ somewhat from that of the United States. The EU recognizes the need to keep good relations with China and seek its cooperation, considering the importance of China's role in responding to various global and regional challenges and because it is not rational to ignore China's economic appeal. Depending on the shift in China's policy direction, Europe may take a more flexible approach to China. Europe's views on the competition with China as a structural phenomenon following changes in the distribution of power seem mild compared to that of the U.S. The difference in perception is due, in part, to Europe's geographical distance from China. Therefore, Europe's position may be to maintain as broad a point of contact with China as possible while opposing or attempting to avoid a complete decoupling with China. Nevertheless, Europe's level of trust in China could be higher, and if Europe's diversification of trade, investment and technological cooperation continues, China's economic appeal will decrease relatively, leaving a little room for improvement in relations with China. For businesses, however, if China can still be a land of opportunity, some will try to seize opportunities to continue operating in China, avoiding the regulatory framework imposed by the group of hard-liners against China, including the United States.

Therefore, multidimensional antagonism among various stakeholders in the EU to influence Europe's choice can be expected. European actors and stakeholders with different interests in the transatlantic relationship, the relationship between the EU and its member states, the relationship between member governments, and the relationship between the public and private sectors will repeatedly struggle with each other. In particular, the differences in policy preferences between the U.S. and Europe, and among European countries, rooted in the differences in perceptions of China's threats and economic appeal, are expected to manifest. For the time being, it is difficult to rule out the possibility that the refinements of control and management by the public sector and the sophistication of avoidance strategies by actors in the private sector will proceed in a hide-and-seek manner for the time being concerning China, considering the public sector encompassing supranational organizations at the EU level and the governments of member states. The private sector may show differences in preference

in terms of the direction of China policy and the speed of policy switches. Even in 2023, Europe's choice is expected to be the product of a complex equation. Nevertheless, Europe's choice will be made within a significantly limited range of action compared to the past. This is because Europe perceives China as a threat and the perceived need for its containment is higher than ever.

# Arms Race in the Era of “Complex Competition”

Yang Uk | Research Fellow

## ■ Reviewing 2022: More Complex Competition in Strategic Competition and War in Ukraine

Gone are all the disarmament regimes established among the superpowers during the Cold War as the world enters an arms race era. Even in 2020 and 2021, during the COVID-19 pandemic, countries worldwide continued to build up their armaments. In 2021, the total global defense budget exceeded \$2.1 trillion for the first time, and the trend of arms race since 2015 continued into 2022.<sup>126</sup> Although the COVID-19 pandemic is gradually turning into endemic, military tensions and arms races do not stop amidst the strategic competition to reorganize the international order.

While the strategic competition between the United States and China is affecting the security landscape around the world, the strategic landscape worldwide is getting worse with the addition of the Russia-Ukraine war. As threat awareness increased among NATO member countries, Sweden and Finland, which had traditionally maintained neutrality, expressed their intention to join NATO. In addition, NATO member countries, which had been passive in their national defense posture, have also announced that they will abide by the increase in defense spending of 2% of GDP, which was required by the North Atlantic Treaty.<sup>127</sup>

The war also has resulted in large-scale arms transfers. NATO member states declared military aid to Ukraine and started providing weapons and ammunition. The U.S. Congress amended the Lend-Lease Act at the end of April to officially support Ukraine in the war. From January 2021 to October 2022, the U.S. budget for Ukraine aid rose to a whopping \$18.2 billion.<sup>128</sup> Meanwhile, as the Ukrainian army consumes more than 3,000 rounds of artillery shells per day, it has reached a situation where Europe

---

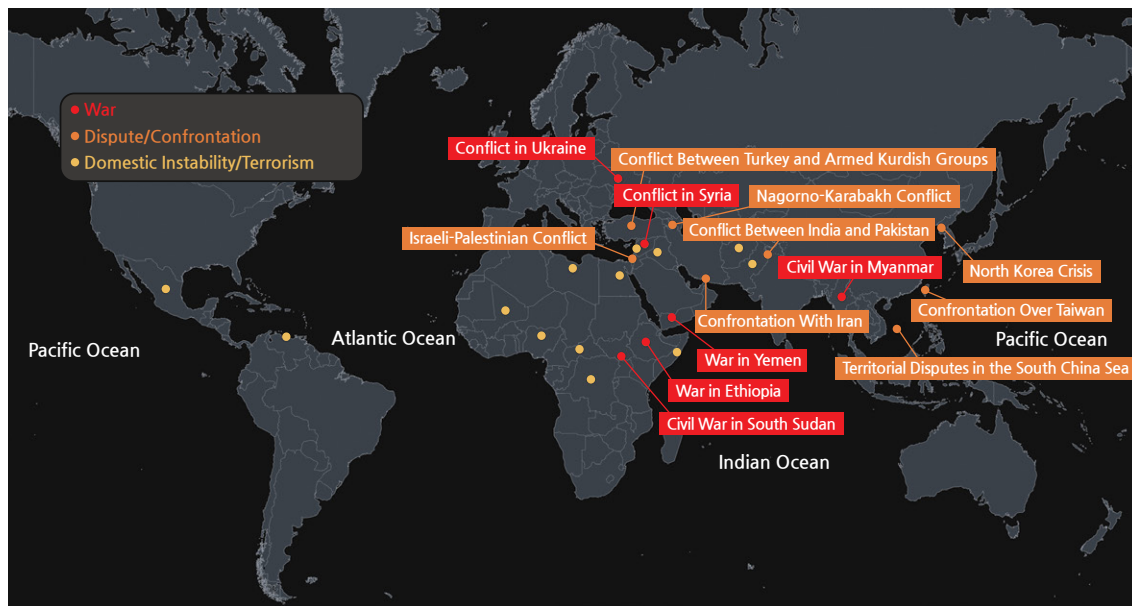
126. Stockholm International Peace Research Institute, *SIPRI Yearbook 2022: Armaments, Dis-armament and International Security, Summary* (Solna, Sweden: SIPRI, 2022), p.10

127. “Defence spending pledges by NATO members since Russia invaded Ukraine,” UK Parliament Insight, August 11, 2022, accessed, November 30, 2022.

128. U.S. Department of Defense, “\$725 Million in Additional Security Assistance for Ukraine,” *US DOD Press Release*, October 14, 2022.

and the United States cannot afford any more ammunition supplies.<sup>129</sup> Accordingly, the United States is requesting ammunition support from its allies outside the region, such as South Korea and Japan.

Figure 1. Map of 2022 World Conflicts



Source: "World Conflict Tracker," Council on Foreign Relations.

Russia also spent a lot of money on war. Russia dispatched at least 150,000 troops and equipment, and it was observed that the cost of one day of the war at the beginning of the war was about \$20 billion.<sup>130</sup> Russian Defense Minister Sergei Shoigu also implemented a partial mobilization plan for 300,000 reservists as troops were drastically reduced in six months of war-fighting.<sup>131</sup> However, the U.S. Department of Defense estimates that more than 15,000 people died out of 70,000 to 80,000 casualties. In addition, the Russian army suffers from a lack of ammunition as well as major combat equipment losses. Accordingly, Russia repeatedly threatens to use nuclear weapons and warns against NATO and U.S. support for the war.

Wars and conflicts continued in the Middle East as well. The Israeli-Palestinian battle, the Syrian civil war, the Yemeni civil war, and the Turkish border conflict

129. "Both Sides in Ukraine War Face Ammunition Squeeze," *VOA News*, September 8, 2022.

130. Aleksey Maltsev, "What's the cost of war for Russia, and what could be done with this money?," *Geneva Solutions*, May 4, 2022.

131. "Russia calls up 300,000 reservists, says 6,000 soldiers killed in Ukraine," *Reuters*, September 22, 2022.

continued this year. Iran is still supporting various contests as a regional status changer. Meanwhile, in Africa, terrorism and hostilities continued in Nigeria, Mali, Central African Republic, Congo, South Sudan, Ethiopia, and Somalia, mainly in the central region, and conflicts continued in Egypt and Libya in northern Africa. In Asia, civil wars continue in Afghanistan, Pakistan, and Myanmar, and tensions and confrontations continue along the India-Pakistan and Sino-India borders despite a 2021 ceasefire.

Both the U.S. and Russia are involved in the Syrian civil war, but the intensity could be higher. In particular, the U.S. is refraining from dispatching troops to the Middle East as much as possible, such as withdrawing most of its missile defense capabilities from its Middle Eastern allies and withdrawing troops from Afghanistan. The Middle East has been pushed back to the lower priority as the United States has confirmed the Indo-Pacific as the top priority region in the competition for hegemony to maintain international order.

The Indo-Pacific, the arena for U.S.-China strategic competition, is still a critical competitive area. China, which has put forward the restoration of the Sinocentric order as its national goal, is still taking its place as a leading player in changing the status quo in 2022. China has increased military pressure on Taiwan since early 2022, before the political event for President Xi Jinping's 3<sup>rd</sup> consecutive term. China conducted large-scale military demonstrations at least once a month. Especially in August, in line with the visit of U.S. House Speaker Nancy Pelosi, China conducted an unprecedented live-fire military exercise. Meanwhile, in the South China Sea, the main arena of U.S.-China strategic competition, despite opposition from the U.S. and neighboring countries, China has steadily militarized artificial islands and completed the construction of military bases on three artificial islands in the Spratly Islands.<sup>132</sup> China went one step further and showed off its military solidarity by participating in Vostok-2022 together with Russia.

Against these threats, the United States allocated a whopping \$800.8 billion for the 2022 fiscal year defense budget, 6% more than the previous year. In particular, the government's original budget was 742.3 billion dollars. Still, Congress further accelerated the increase in arms by adding 58.5 billion dollars.<sup>133</sup> In response, China allocated about \$229 billion to its defense budget, increasing by 7.1% from the previous year, continuing its steady military build-up. In addition, countries that are in confrontation with China in the region have increased military spending and military

---

132. Jim Gomez & Aaron Favila, "US admiral says China fully militarized isles," *The Associated Press*, March 21, 2022.

133. John M. Donnelly, "Pentagon: Hill added \$58 billion to current defense budget," *Roll Call*, July 14, 2022.

power and joint exercises.

Entering 2022, the arms race on the Korean Peninsula is intensifying as North Korea pursues tactical nuclear armament and officially adopts an offensive nuclear doctrine that includes preemptive strikes.<sup>134</sup> Accordingly, as the nuclear crisis escalated, demands for tactical nuclear deployment or NATO-style nuclear sharing increased within the Republic of Korea. Meanwhile, as Poland chose the Republic of Korea as its partner for arms build-up following the war in Ukraine, Korea emerged as a major supply chain for the United States and NATO.

## **■ Outlook for 2023: Complex Competition in the Face of Asymmetric Competency**

In 2023, the arms race will accelerate globally for the first time since the end of the Cold War. In a world of complex competition, it is expected that countries that oppose China and Russia will reorganize their defense supply chains with the United States at the center. However, the direction of the arms race will differ from region to region. First of all, EU countries will focus on collective security at the NATO level, strengthening their capabilities to respond to Russia and increasing the EU's own defense capabilities. Meanwhile, the QUAD and AUKUS will take the lead in containing China in the Indo-Pacific region, but India and ASEAN countries will still focus on checking and balancing neighboring countries. Finally, in the Middle East region, which has been pushed down in the ranking of U.S. security priorities, it is possible to predict the possibility that China and Russia will expand military cooperation with the Middle Eastern countries to expand their influence.

The arms race can be largely divided into a conventional arms race, nuclear race, and technology race. The conventional arms race has focused on quantitative augmentation in the past, but recently, each country is focusing on securing asymmetric forces to offset the quantitative inferiority. Moreover, as new theories on warfare emerge, such as Multi-Domain Operations and 'Intelligentized Warfare,' the conventional arms race will align more with the technology race. Nonetheless, due to the war in Ukraine, countries around the world are likely to move away from their obsession with high-tech asymmetrical weapons systems. They pay more attention to securing low-tech weapon systems, the quantity of ammunition, and military supplies.

---

134. "Law on the DPRK's Nuclear Forces Policy," 14th Supreme People's Assembly of the Democratic People's Republic of Korea, September 8, 2022.

In addition, the world will witness an intensifying nuclear race. During the war in Ukraine, Russia lowered the nuclear threshold to a dangerous level, citing the possibility of a nuclear attack whenever the war situation was unfavorable. China and Russia are focusing on hypersonic missiles and attempting to neutralize the U.S. missile defense system, and China is steadily increasing the number of nuclear warheads. With North Korea adding its tactical nuclear capability, the risk of using nuclear weapons is growing rapidly. The United States has continued to modernize its nuclear arsenal since the Trump administration, and the efforts continue under the Biden administration. Thus, the nuclear competition is heading to its peak.

Technology competition is a critical battleground in the future arms race. Military powers that lead military innovation concentrate their all-out efforts on defense technology research and development. As defense research and development (R&D) investment reached its limits after the end of the Cold War, countries worldwide are increasingly relying on civil-military dual-use technologies to spread superior private technologies to the defense sector. As autonomous unmanned weapon systems emerged as keywords in future weapons, the development of lethal autonomous weapon systems and manned and unmanned teaming to utilize them are attracting attention. Of course, the Artificial Intelligence (AI) arms race is at its core. Also, as another axis of technology competition, supply chain competition will be at the center.

## **1. The Conventional Arms Race: Accelerating Asymmetry to Offset**

As the Russo-Ukrainian war sparked the conventional arms race, numerous countries will embark on a dynamic arms expansion in 2023. In particular, European countries, which still need to invest in defense R&D as well as defense spending after the end of the Cold War, are now in a situation where they have to solve numerous defense tasks. Amid the war in Ukraine, EU member states are predicted to spend a total of 200 billion euros worth of military spending in 2023.<sup>135</sup> However, since European countries have neglected to increase their armaments since the Cold War, they are generally lacking in weapon systems required for modern warfare, such as strategic transportation capabilities, ISR (intelligence, surveillance, and reconnaissance) aerospace assets, drones, missile defense systems, and precision guide ammunition.

Meanwhile, Russia has been hit hard by the war as well. According to the open-source database of Oryx, an open-source intelligence research group, due to the war

---

135. Paul Taylor, "How to spend Europe's defense bonanza intelligently," *POLITICO*, September 2, 2022.



in Ukraine, Russia is estimated to have lost about 7,400 pieces of combat equipment, significantly about 1,400 tanks, by October 2022.<sup>136</sup> This is more than a third of the Russian field army. To recover from these losses, Russia needs to allocate additional defense budgets for 5 to 10 years to focus on producing new weapons systems. However, mass production of advanced weapons systems faces barriers after the war in Ukraine began, as supply and demand for critical parts such as semiconductors are limited due to international sanctions from 30 Western countries.

Nevertheless, efforts to increase the quantity are expected to expand around the world. As the perception of wartime stockpiles is reaffirmed as a lesson from the war in Ukraine, each country will increase basic requirements such as ammunition and military supplies. In addition, the United States and NATO member states have to replenish their arsenals which have been reduced by aid to Ukraine. For example, Poland promptly delivered 320 tanks and 110 self-propelled guns to Ukraine. Then it decided to acquire 1,000 K-2 tanks, 670 K-9 self-propelled howitzers, 288 K-239 multiple rocket launchers, and 48 FA-50 light fighters from Korea.<sup>137</sup> Despite the presence of leading European defense companies, Korea was chosen because of its high-tech features and advantage in acquisition costs, as well as technology transfer and rapid production & delivery schedule. For the same reason, other NATO member countries will likely choose Korea as a significant supplier.

Meanwhile, efforts to develop and acquire state-of-the-art weapons systems will continue. Efforts to augment conventional armaments can be largely summarized as securing unmanned systems, offsetting through asymmetric weapon systems, and expanding space power. First, unmanned systems are being developed in various areas, such as UAV (unmanned aerial vehicle), UGV (unmanned ground vehicle), USV (unmanned surface vessel), and UUV (unmanned underwater vehicle). But the most actively applied systems are UAVs, and their utilization is expected to become more common. With the development of civilian drone technology and markets, the operation of UAVs has been spreading, escaping from the prerogative of military powerhouses and spreading to all countries. China has already been leading in supplying low-cost drones to the Middle East since the 2010s, and Turkey has set a record in practice by supplying 'Bayraktar TB-2' drones to Azerbaijan and Ukraine in the recent wars.

---

136. Attack On Europe: Documenting Russian Equipment Losses During The 2022 Russian Invasion Of Ukraine," Oryx Website.

137. Robert Czulda, "Foreign military aid to Ukraine: between promises and deliveries," *PULASKI POLICY PAPER* no.13 (27 Jun 2022), pp.4-5.

Meanwhile, Iran is the driving force behind the recent proliferation of drones. For example, Iranian-made Shahed-136 drones were supplied to the Houthi rebels in the Yemeni civil war, as well as to the Russian army in the Ukraine war, and were used for strike missions in Ukraine. The trend is expected to expand.

The development of asymmetric forces to target the other country's weaknesses will be further intensified. Since the 2010s, China has focused on developing its forces to realize its A2/AD (Anti-Access/Area Denial) strategy. Accordingly, China and Russia are leading the competition to develop hypersonic missiles as asymmetric weapons to break through the missile defense system established by the U.S. and pro-U.S. countries. China already deployed the DF-17 hypersonic glide missile in 2020, and Russia used the 'Kinzal' hypersonic missile for the first time in the war in Ukraine in 2022. The deployment of the Russian 'Avangard' ICBM was also declared in 2022.<sup>138</sup> However, China and Russia will continue to develop and deploy legacy weapons systems for sufficient field testing or additional performance improvement.

Meanwhile, the United States, a latecomer to the hypersonic missile competition, succeeded in test-launching the AGM-183A Air-Launched Rapid Response Weapon (ARRW) hypersonic missile only in 2022. However, ARRW is an air-launched ballistic missile. As the limitations of its platform and operation are clear, it is limited to provisional capabilities for the containment of China and Russia. Instead, the asymmetrical advantage of the United States lies in the control of air supremacy through overwhelming air superiority. Therefore, it plans to mass-produce up to 145 B-21 Raider stealth bombers, while deploying more than 2,400 F-35 fighters to the Air Force, Navy and Marine Corps to maintain its air power superiority with stealth air power. In addition, the United States envisions expanding alliance-based deterrence by distributing F-35 stealth fighters to its allies and partners.

The confrontation of asymmetric capabilities does not simply rest on the development of weapon systems. China aggressively builds warships based on its world's No. 1 shipbuilding industry. With the launch of its third aircraft carrier, the *Fujian*, in 2022, China became the second-largest naval air power after the United States. China had the world's largest fleet with 355 ships at the end of 2021. Still, it is expected to expand to 420 ships by 2025 and 460 ships by 2030.<sup>139</sup> The United States still secures naval supremacy

---

138. Congressional Research Service, "Hypersonic Weapons: Background and Issues for Congress," *CRS Report R45811* (14 Oct 2022), pp.14-15.

139. Mallory Shelbourne, "China Has World's Largest Navy With 355 Ships and Counting, Says Pentagon," *USNI News*, November 3, 2021.

by operating 70 9,500-ton Aegis destroyers and 11 Nimitz and Ford-class super carriers as its core force. However, China will continue to acquire power mainly with large ships and build a naval force capable of qualitatively responding to the U.S. Navy.

Space is a new area of competition in the conventional arms race. In 2018, the United States announced the doctrine of Multi-Domain Operations, formalizing space as the fifth war-fighting domain. When the nation established the U.S. Space Force in 2019, finally space operations were recognized as independent. Also, France is conducting space operations as separate military operations with the establishment of the Space Command in 2019 and the United Kingdom and Germany in 2021. However, Russia had already established a space force in 1992 but merged it with the Air Force in 2015 and established Aerospace Forces. As the space domain is used as a core domain for ISR and communication, space competition between military powers to expand one's infrastructure and hinder or destroy the adversary's infrastructure will intensify.

Even in 2023, the weaponization of space will continue amid complex competition. However, unlike the Cold War era, the 21st century's space race is rapidly shifting from the government and the military to the private sector in the development and production initiative. As a result, the trend of converting civilian space assets to military use or using them for combined use will further accelerate. For example, during the war in Ukraine, Starlink satellites from SpaceX are replacing the Ukrainian military's information and communication network, and private satellite services companies such as MAXAR and ICEYE will provide satellite images more extensively.

## **2. Escalation of the Nuclear Race**

Although the nuclear arms race between the United States and the Soviet Union had already ended after the Cold War, Russia and the United States still possess the world's largest nuclear arsenals with 5,977 and 5,428 nuclear warheads, respectively. The United States and the Russian Federation have made steady efforts to reduce nuclear weapons since the end of the Cold War. But with the United States' withdrawal from the ABM (Anti-Ballistic Missile) Treaty in 2002 and the termination of INF (Intermediate-Range Nuclear Forces) Treaty in 2019, the international denuclearization regime has been virtually incapacitated. Moreover, Russia is shaking the international nuclear order by repeatedly threatening to use nuclear weapons to make up for its operational inferiority in Ukraine. Experts downplay Russia's possible nuclear use, but these threats reveal Russia's propensity for nuclear dependence. Russia is highly likely to switch to a more nuclear-dependent strategy if it loses the security buffer zone of Ukraine and falls

behind in the conventional arms race.

China has become the status quo changer by accelerating the nuclear race. China, which ranks third in the size of its nuclear arsenal, possessed 350 nuclear warheads in 2022. Chinese nuclear forces have always been the soft spot in the U.S.-China arms race.<sup>140</sup> China has benefitted from the international nuclear regime, where the U.S. and Russia control each other. As the INF Treaty was abrogated and nuclear disarmament was no longer possible, China chose to build up its nuclear forces. China is estimated to have 700 nuclear warheads by 2027 and 1,000 nuclear warheads by 2030 through modernization and additional production of nuclear warheads.<sup>141</sup> In addition, China has been building ICBM launch silos in the western and eastern desert areas while developing the new DF-41 ICBM. The nation has also been developing the new Type 096 Strategic Submarine and JL-3 SLBM. The modernization of the delivery means and launch platforms is also expected to continue. Accordingly, China is pursuing a new capability out of the legacy nuclear doctrine of the no-first-use principle and the guarantee of a second-strike capability.

In addition, the nuclear build-up of new nuclear-armed states is expected to accelerate. In 2023, North Korea will continue developing and deploying tactical nuclear delivery means and advancing strategic nuclear weapons. The public opinion on nuclear armament in South Korea and Japan will be more substantiated if North Korea succeeds in further testing new tactical nuclear warheads and new strategic nuclear warheads for MIRV (Multiple Independently Targetable Reentry Vehicle).

Under these circumstances, the 10th Review Conference of the Parties to the Treaty on the Non-Proliferation symbolizes the shaking of the existing nuclear order. The conference was held in August 2022 but ended without the adoption of an outcome document due to Russia's objection after the invasion of Ukraine. The outcome document was not adopted again following the 9th NPT Review Conference. More than ever, doubts about the suitability of the nuclear non-proliferation regime have grown by acts of Russia, including threats to use nuclear weapons, violation of the security guarantee (Budapest Memorandum) to Ukraine, which gave up nuclear weapons and joined as a non-nuclear weapon state at the end of the Cold War, and nuclear safety risks such as the Zaporizhia nuclear attack.<sup>142</sup> China's relentless increase

---

140. *SIPRI Yearbook 2022*, p.14.

141. Office of the Secretary of Defense, "Military and Security Development Involving the People's Republic of China 2021," *Annual Report to Congress* (3 Nov 2021), p.92.

142. "Nuclear Treaty Conference Near End With Ukraine in Spotlight," *VOA News*, August 26, 2022.

Table 1. 2021 World Nuclear Weapons Arsenals

	Deployed	Stored	Overall Storage <sup>a</sup>	Overall Arsenal	Increase/ Decrease
U.S.	1,744	1,964	3,708	5,428	- 72
Russia	1,588	2,889	4,777	5,977	- 278
China		350	350	350	0
France	280	10	290	290	0
UK	120	60	180	225	0
Pakistan		165	165	165	0
India		160	160	160	0
Israel		90	90	90	90
DPRK		20	79~134 <sup>b</sup>	79~134 <sup>b</sup>	

Source: SIPRI Yearbook 2022.

a. Overall Storage includes nuclear warheads in storage, retired warheads scheduled for dismantlement, and warheads developed for new deployment.

b. The statistics are based on the 2021 Asan-RAND joint report “Countering the Risks of North Korean Nuclear Weapons”.

in nuclear weapons, North Korea’s continued nuclear development and provocations, and difficulty in negotiations on the return of the Joint Comprehensive Plan of Action (JCPOA) over the Iranian nuclear issue are also serious problems that threaten nuclear security in 2023.

### 3. Complex Competition of Cutting-edge Defense Technology

The core technologies in advanced weapons systems can be summarized as semiconductors, AI (artificial intelligence), and 5G (fifth generation) communication technologies. Therefore, technology development in the relevant area is becoming an area of strategic competition between hegemonic powers. For example, the United States, which is dominant in the semiconductor field, is trying to dominate China by reorganizing its supply chain through the ‘Chip 4’ Alliance with Japan, Taiwan and Korea, and has already begun regulating the semiconductor industry through the CHIPS and Science Act.

Meanwhile, in AI and 5G, the U.S. and China are maintaining equal momentum. AI technology is at the core of the autonomous weapon system, which is in the spotlight

as a future weapon system.<sup>143</sup> In addition, in future warfare where the engagement cycle is concise, expectations for AI technology are rising to change the existing human-dependent decision structure into an AI-assisted and human-determined rapid decision structure. In fact, in Ukraine, it succeeded in collecting Russian military information by analyzing civilian-collected photo intelligence with AI, proving the possibility of AI application in future warfare.<sup>144</sup>

China is rapidly transitioning to 5G telecommunications while removing ethical restrictions on AI development due to its authoritarian regime. In particular, China's Military-Civil Fusion strategy is aggressively converting civilian technology and productivity to military use. In contrast, the United States is less concerned about the transition due to its complex legal restrictions and conservative system. However, the United States is expected to respond to high-tech competition by gathering partner countries and reorganizing its supply chain based on its superior industrial base and technological research and development.

## **| Korea's Choice in the Era of Complex Competition**

Despite the inauguration of a new government in 2022, Korea has not been able to present a grand strategy to overcome the era of complex competition. In a semi-permeable world system, Korea is in a situation where it is unable to express a clear position due to economic interests while feeling the need to maintain international order. For example, while acknowledging the need for aid to Ukraine, the government has yet to be able to officially provide weapons support in consideration of its relationship with Russia. Furthermore, regarding whether to join CHIP4 or not, the government fails to express a clear position considering China.

The choice is clear given the importance of economic security and South Korea's identity as a global pivotal state. South Korea must choose its security policy options to protect a political and economic system suitable for its national values and identity. In the era of complex competition, a brilliant strategy is required to bring the maximum national interest to South Korea while preserving the international order and value system. Even in an arms race, South Korea has to maintain the principle of disarmament

---

143. The Lethal Autonomous Weapon System is an unmanned weapon system that finds and engages targets on its own according to pre-input constraints or purposes and is commonly referred to as "robot weapons" or "killer robots."

144. "Exclusive: Ukraine has started using Clearview AI's facial recognition during war," *Reuters*, March 15, 2022.

and, while expanding military competition, gain the upper hand through competition in values, culture, and science and technology to deter threats and conflicts.



# Economic Security: Uncertainty Rises as U.S.-China Strategic Competition Deepens

Yeon Wonho | Head, Economic Security Team, KIEP

## 2022 Assessment: Enter the Era of Economic Security

The purpose of economic security for a state actor is to ensure the nation and its people's survival from external economic threats. Survival, in turn, can be divided temporally: between near- and long-term survival. The near-term survival is closely related to the global supply chains, comprising issues such as energy and food security, which have been at the center of attention for many state actors. As the future survival prospects of a nation depend on its national competitiveness, the investment in and protection of advanced technologies and strategic industries are critical for the nation's long-term survival. The strategic focus of economic security policies of major powers can be understood in this light: securing supply chains and fostering advanced technologies and strategic industries.

Although economic security became a household term in Korea during the 2022 presidential election, the issue has surfaced amidst the deepening U.S.-China strategic competition that ties economic interests with national security interests. As the U.S. has been leading the economic security discussion so far, this chapter focuses on the U.S. economic security policies in evaluating 2022 and forecasting 2023.

In retrospect, during the earlier part of the Trump administration, the US's China policy was focused on additional retaliatory tariffs to mitigate the trade deficit. So it was with the National Defense Authorization Act (NDAA) for the Fiscal Year 2019 (passed in 2018) that U.S. policy was framed in terms of economic security. NDAA 2019 includes the Export Control Reform Act (ECRA) and Foreign Investment Risk Review Modernization Act (FIRRMA), the two main policy tools to contain Chinese economic influence.

Around this time, the term "economic security" entered the U.S. government documents. On December 10, 2018, the White House published the op-ed, "Why Economic Security is National Security" by Peter Navarro, President Trump's trade advisor, exhibiting the view that U.S. domestic growth and prosperity are indispensable for U.S. power and influence abroad.<sup>145</sup> This view, in particular, relates to the China policy of the U.S. Subsequent White House strategy documents of both Trump and Biden administrations, U.S. Strategic Approach to the People's Republic of China (May 2020),

Interim National Security Strategic Guidance (March 2021), and National Security Strategy (October 2022), emphasize economic security and the view that the dividing line between foreign and domestic policies have become obsolete in the strategic competition with China.<sup>146</sup> In other words, the U.S. economic security strategy is to strengthen its domestic capabilities through industrial policies and to seek concurrently the cooperation of U.S. allies abroad.

In addition to the White House documents, economic security is mentioned several times in the CHIPS and Science Act passed in August 2022. The Act mandates strategies and reports on economic security, science, research, and innovation to support national security strategies.

As President Biden took office in January 2021, the Biden administration began by reviewing economic security risks. The first executive order signed by President Biden directed a 100-day supply chain review for four critical items (semiconductors, high-capacity batteries, critical minerals, and pharmaceuticals). There was also an assessment of the risks and vulnerabilities related to sectoral supply chain assessments for six key sectors (defense, public health, information and communications technology, energy, transportation, agricultural commodities and food products).

If 2021 was the year of assessments, 2022 could be regarded as the year of action. The U.S. implemented industrial policies to strengthen U.S. domestic industries, focusing on four critical sectors reviewed in 2021 and foreign policy to establish key alliances to support each sector. The CHIPS and Science Act and the Chip 4 (or Fab4) alliance (for semiconductors); the Inflation Reduction Act and Minerals Security Partnership (for batteries and critical minerals); and the Executive Order 14081: Advancing Biotechnology and Biomanufacturing Innovation for a Sustainable, Safe, and Secure American Bioeconomy (for pharmaceuticals) were entered into effect or established in the second half of 2022.

Furthermore, the Indo-Pacific Economic Framework for Prosperity (IPEF) launched in May 2022 is worth noting. IPEF is meaningful not only because it is a platform for cooperation among countries in the Indo-Pacific region, arguably a key region in the 21st century, but also because it includes new trade agendas such as the digital economy. One notable fact is that the phrase “free flow of cross-border data,” included in the conception phase of IPEF in November 2021, has been changed to “trusted and secure

---

145. Peter Navarro, “Why Economic Security Is National Security,” *Trump White House Archives*, December 10, 2018.

146. The White House, *National Security Strategy* (October 2022).

Table 1. U.S. Economic Security Policies: 2021-2022

	2021	2022	
Critical Items	Risk Review	Industrial Policy	Foreign Policy
Semiconductors	Executive Order on America's Supply Chains (EO 14017) <sup>147</sup>	CHIPS and Science Act	FAB4
Batteries		Inflation Reduction Act	MSP
Critical Minerals		Inflation Reduction Act	MSP
Pharmaceuticals		EO 14081	(QUAD)

cross-border data flows” following the ministerial agreement in September 2022. This change signifies the transition from free trade to trade based on “trust and values,” marking the beginning of the era of economic security.

## 2023 Outlook: Rising Uncertainty amid the U.S.-China Strategic Competition

### 1. Strengthened Containment Policies: Item-based to Function-based

As we’ve seen, in 2022, the U.S. implemented measures to address risks and vulnerabilities of key items as assessed in 2021. In 2023, the U.S. will continue shaping the global economic security environment by strengthening institutions and policies focusing on functions rather than items.

On September 15, 2022, President Biden signed an executive order to strengthen inbound foreign investment screening.<sup>148</sup> Since FIRRMA was enacted in 2018, the U.S. has strengthened the foreign investment review authority of the Committee on Foreign Investment in the United States (CFIUS), protecting U.S. corporations critical for national security from foreign M&A. The executive order further expands the scope of barring M&A attempts for U.S. high-tech companies by entities from countries of concern such as China and Russia. In particular, the executive order includes risks to supply chain resilience as a new criterion for foreign investment review in addition to critical technologies, critical infrastructure, and sensitive data (“TID business”). Furthermore,

147. “Executive Order on America’s Supply Chains,” *The White House*, February 24, 2021.

148. “Executive Order on Ensuring Robust Consideration of Evolving National Security Risks by the Committee on Foreign Investment in the United States,” *The White House*, September 15, 2022.

M&A of a U.S. company by an entity from countries other than countries of concern may not be permitted if the entity has deep commercial and non-economic ties with a country of concern as defined by the U.S. For instance, if a foreign company's exports to China account for an overwhelmingly high percentage of its total exports, the U.S. may prevent the company's M&A attempts for U.S. companies, citing its ties to China. With its comprehensive scope, this regulation is likely to be used as a policy tool to contain China in conjunction with other measures, such as export controls.

In the future, the U.S. is expected to introduce a new screening system to control outbound investment to prevent U.S. funds and direct investment from being used to foster China's strategic industries. Although this has not yet been institutionalized, the discussions began with the enactment of the Export Control Reform Act (ECRA) in 2018. They can also be seen in the National Critical Capabilities Defense Act (NCCDA), which is included in the America Competes Act passed in the U.S. Congress in February 2022. In addition, the Biden administration selected 68 Chinese military-industrial complex companies in 2021 and restricted U.S. citizens from equity investments in these companies. The outbound investment restriction recently discussed in Washington, D.C. goes further to review and restrict direct investment, such as factory establishment, in specific technological fields. Washington has been reviewing whether such restriction can be applied to foreign businesses from countries other than countries of concern, and in 2023, the U.S. is expected to establish a new outbound investment review organization and institutions similar to CFIUS, which was mandated by executive order.

The U.S. is also preparing to introduce a new international export control mechanism. Just as the end of the Cold War and the progress of globalization led to the dissolution of the Coordinating Committee for Multilateral Export Controls (COCOM) and the establishment of the Wassenaar Arrangement (WA), deepening U.S.-China strategic competition and the retreat of globalization requires a new shift of paradigm in export control mechanisms. Fundamentally, there is a view that existing international organizations that have authoritarian states, such as China and Russia, as member states cannot operate smoothly. The prime example is the World Trade Organization (WTO) and China. When China joined the WTO in 2001, the U.S. expected China to continue its path of economic reform, internalizing market-oriented, competition-based trade and investment norms and practices. Recently, however, the U.S. concluded that these expectations were mistaken; the U.S. views China as having exploited the WTO system to systematically protect its domestic market, becoming the world's largest exporter. As a result, the U.S. has now effectively nullified the WTO system, and it is likely to continue establishing small blocs of countries that share values with the U.S. and cooperating

within the bloc. In particular, in the case of multilateral export control systems closely related to national security, the U.S. is likely to establish a new international export control system with allies, arguing that the Wassenaar system of 1996 is insufficient to respond to the present national security threats. The founding member states for the new export control system are expected to be the 30 or so nations, including Korea, which were exempt from the U.S. Foreign Direct Product Rule (FDPR) in early 2022, as the U.S. announced after Russia's invasion of Ukraine.

On September 16, 2022, at the Global Emerging Technology Summit organized by the Special Competitive Studies Project (SCSP), led by former Google CEO Eric Schmidt, White House National Security Advisor Jake Sullivan delivered the keynote speech, asserting that preserving the edge in science and technology is a matter of national security.<sup>149</sup> Sullivan emphasized that it is no longer acceptable for the U.S. to maintain relative advantages; he strongly argued that in certain key technologies, the U.S. has to keep “as large of a lead as possible” against the competitors. Specifically, Sullivan identified computing-related technologies, biotechnology, and clean technologies and referred to these technologies as “force multipliers” that affect the entire technology ecosystem. Force multiplier refers to a factor that, when used, can significantly increase effectiveness. Sullivan's speech conveys that the U.S. will consider securing leadership in the three technologies as an essential element of national security. Sullivan's speech means that the U.S. will consider booking leadership in the three technologies as a critical element of national security. Therefore, in the context of economic security, it seems highly likely that future U.S. containment measures against China will be focused on these areas.

## 2. Three Major Economic Security Risks

The global economic security risks that Korea faces can largely be categorized as: (1) Division of the global economy by economic blocs; (2) Restructuring of global supply chains; and (3) Intensification of competition in technology and industrial policies.

First, as U.S.-China strategic competition is becoming something of a clash of systems, the global economy is being divided into blocs based on values beyond economic interests. The Russian invasion of Ukraine in 2022 accelerated this bloc phenomenon. According to the report “A World Divided: Russia, China, and the West,” jointly published by the Bennett Institute for Public Policy at Cambridge University and

---

149. “Remarks by National Security Advisor Jake Sullivan at the Special Competitive Studies Project Global Emerging Technologies Summit,” *The White House*, September 16, 2022.

the Center for the Future Democracy in October 2022, 75% of the 1.2 billion people living in liberal democracies hold a negative view of China. On the other hand, of the 6.3 billion people who live in the rest of the world, 70% feel positively towards China. The world is increasingly becoming divided around values. As the U.S.-China conflict deepens, Korea will likely be forced to choose one economic security bloc. As we have seen, the U.S. position against China is getting stronger, and South Korea is under pressure to show its solidarity with the U.S. as an ally. To what degree will Korea be able to keep ties with China in the future? How will Korea deal with the pressure from the U.S. and China's economic retaliation? Korea will be at crossroads in 2023.

Second, the U.S.-China strategic competition has led state actors to view the global economy from a security perspective and to reorganize their supply chains based on trust. To secure supply chains for critical sectors, major powers are strengthening their domestic production capacities. They are using the strategy to diversify their supply chain through joint ventures. The issue with establishing stable supply chains is that it inevitably accompanies increased costs because duplication is critical in preparing for such a crisis. For example, measures such as building domestic production facilities, stockpiling critical items that will be affected in a crisis, and securing human resources are far from economic efficiency. Therefore, the role of the government is critical in inducing businesses to diversify their supply chains because companies naturally seek cost minimization. Therefore, the role of the government is essential in inducing firms to diversify their supply chains because companies naturally seek cost minimization. Moreover, to address these additional costs, governments have the incentive to resort to protectionist or beggar-thy-neighbor policies. Such risk is expected to be more pronounced in 2023.

Third, an era of disorderly and limitless competition is expected to unfold as each nation begins government-led development of strategic industries based on advanced technologies. With the perception that China has entered the hegemonic competition through the military-civil fusion strategy, the U.S. is attempting to contain China's development of advanced technology capabilities and began implementing government-led industrial policies to gain a significant advantage against China. With the pressure from the West, China is seeking self-sufficiency: to accelerate the localization of critical technologies and "import substitution" of strategic industries. Europe's "strategic autonomy" and Japan's "strategic indispensability" are no different. For the foreseeable future, an era of intense competition in critical high-tech industries will unfold as major powers will engage in government-led strategies to strengthen their domestic high-tech capabilities. Maintaining the global competitiveness of technological innovation

capabilities has become a critical task for Korea in the era of strategic competition.

### **3. Korea's Critical Response**

For the time being, each nation's success in economic security will probably depend on whether it has a system that can secure supply chains without excessively hindering free trade and foreign investment. Therefore, Korea will need to foster and protect high-tech and strategic industries, even at additional economic costs, with the awareness that economic security is national security in the era of U.S.-China strategic competition.

Moreover, Korea should be well-aware that deepening U.S.-China strategic competition will increase domestic political uncertainties for both the U.S. and China, leading to irrational policy decisions, which can negatively affect Korea. The prime example is the IRA, which came into effect in August ahead of the U.S. midterm elections in November 2022. The U.S. Democratic Party, with a low approval rating, hastily pushed for the IRA to gain an advantage in the election. Even though the clause regarding tax credit for electric vehicles of IRA violates the WTO's non-discrimination principle, the law was swiftly passed with protectionist sentiments, resulting in damage suffered by Korean businesses. Moreover, with the presidential elections scheduled for the U.S. and Taiwan in 2024, it seems very likely that both the U.S. and China will use economic security policies for domestic political purposes in 2023.

The Korean government needs to pay close attention to the economic security policy trends of the U.S. and China, increasing negotiating power vis-à-vis U.S. and China, and concurrently cooperating with businesses to improve the set of laws to safeguard the economic security of the nation. As the evaluation of Korea's technological prowess and productivity has markedly improved, Korea's leverage and strategic status have been strengthened. Therefore, it is a critical moment in time to respond strategically and maximize Korea's leverage.



# The Heat Is On: An Intensifying Controversy Over Global Human Rights

Shim Sangmin | Research Fellow

## **Review of Global Human Rights in 2022: Weaponization, Bloc Formation, and Entanglement with New Technology**

With the U.S.-China rivalry spearheading the complex competition in global affairs, controversies over human rights in a variety of international conferences tainted their universal value while demonstrating their effectiveness as a means of offense among different political blocs. Whereas such weaponization of human rights and the bloc formation around them is nothing new, 2022 witnessed the further intensification of human rights debates in lockstep with other features of the complex competition.

One of the measures that represent such weaponization of human rights is the United States' Uyghur Forced Labor Prevention Act (UFLPA) of 2021, which came into force on June 21, 2022. Even before the UFLPA's entry into force, the importation of goods produced by prison labor or forced labor was prohibited by Section 307 of the Tariff Act of 1930. The U.S. Customs and Border Protection (CBP), which is the Tariff Act's enforcement arm, could issue withhold release orders (WROs) on those goods suspected of having been made with forced labor. Now the UFLPA establishes a rebuttable presumption that any goods, wares, articles, and merchandise mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of the People's Republic of China, or made by certain entities associated with the Xinjiang Uyghur region, should involve the use of forced labor. Therefore, this law has effectively prohibited importing goods produced in such a region.

The European Union (EU) also proposed, through the EU Commission, the Forced Labor Products Ban on September 14, 2022, which would empower Member states to ban the importation of any goods produced by forced labor. This proposal did not specify China as its primary target. Still, the regulatory effect of such an import ban is expected to reach any goods produced in the Xinjiang Uyghur region. The United States and the European democracies therefore forged an aggressive alliance against China's violation of human rights, and these sanctions against Chinese anti-human rights behavior may be better understood when observed from the perspective of the complex competition.

Another significant aspect of the weaponization of human rights in 2022 is a

regulatory move to place export controls on some new technologies that countries might employ to further infringe their citizens' human rights. In accordance with the U.S. Export Control Reform Act (ECRA) introduced in 2018, export control measures shall be based upon national security and foreign policy concerns, and in 2022 discussions focused on adding "human rights violation" to such concerns. The United States took issue with the possibility of China's emerging technology, such as artificial intelligence, to be used to enhance the surveillance of Chinese citizens, including those living in the Xinjiang and Uyghur region. It further discussed the redefinition of "emerging and foundational technologies," currently placed under comprehensive export controls, so that they may include those innovative technologies of concern.

A recent example in this respect is the export controls imposed on advanced computing and semiconductor manufacturing items to be shipped to China. This rule, titled "Implementation of Additional Export Controls: Certain Advanced Computing and Semiconductor Manufacturing Items; Supercomputer and Semiconductor End Use; Entity List Modification," was released by the Bureau of Industry and Security (BIS) of the U.S. Department of Commerce on October 7, 2022. Part of this rule adds new license requirements for items destined for a supercomputer or semiconductor development or

Figure 1. A Detention Center in China



Source: Yonhap News.

production end use in China, as well as for specific advanced integrated circuits essential for competent artificial intelligence applications. One of the reasons behind the introduction of new export controls was that China engaged in monitoring, tracking, and surveillance of its residents by resorting to big data without sufficient consideration of fundamental human rights. The EU already implements a revised rule on export controls introduced on September 9, 2021, to prevent the possibility that EU-based technologies like cyber surveillance would be used in infringing human rights by authoritarian regimes such as China.

On the other hand, those states targeted by the major democratic powers' weaponization of human rights engage in bloc formation of their own, while denying that human rights violations occur within their jurisdictions. In the case of China, it refuted the Western powers' allegation of the prevalence of forced labor in the Xinjiang Uyghur region by calling it the "lie of the century" and went on to say that no forced labor exists in the region concerned. In addition, when the United Nations Office of High Commissioner on Human Rights (OHCHR) published a report to the effect that China had committed "crimes against humanity" against Uyghurs and other Muslims in the Xinjiang Uyghur region, it called such accusations "vicious lies." It stressed that China's policy in the region was about anti-terrorism, anti-radicalism, and anti-separatism rather than the infringements of human rights. When Western democracies such as the United States, United Kingdom, and Canada put forward a proposal that the human rights situation in the Xinjiang Uyghur region be discussed at the United Nations Human Rights Council, China mobilized countries from Africa, the Middle East, South America, and Southeast Asia to vote down that proposal on October 17, 2022, with the votes being 17 in favor, 19 against, and 11 abstentions. This clearly demonstrated China's defense tactic through the bloc formation.

Cases of human rights violations happening elsewhere did not gain close attention from the global community in 2022, mainly because they were situated outside the context of the complex competition among the major powers in 2022. In Afghanistan, the Taliban regime that had retaken control in 2021 professed a more benign and inclusive governance in collaboration with the global community and the respect of human rights. Still, they retreated to a reign of terror by strictly applying Sharia law. It also restricted women's education and job opportunities, re-installed the Ministry of Virtue and Vice, and mobilized the Morality Police to subject violators of Sharia to public executions. However, the concerns about the Taliban's breach of promises have not translated into concrete actions by the international community. In Iran, the suspicious death of Mahsa Amini, a 22-year-old who had been found dead on September 13,

2022, shortly after her arrest by the Iranian Morality Police due to her failure to wear a hijab, brought about a nationwide demonstration. In response, the Iranian government cracked down on those demonstrations by brute force leading to many casualties. The United States took notice and put seven Iranian government officials responsible for the crackdowns under sanctions, including asset freezes. Still, the U.S. response was not strong enough compared with those applied to Chinese human rights violations. The international community no longer sustains an equal level of attention to the Rohingya massacres in Myanmar as it once did. The Rohingya Humanitarian Crisis Joint Response Plan 2022, which was formed to support Rohingya refugees, amassed not more than 336 million U.S. dollars even though the target amount was 880 million U.S. dollars. This is another piece of evidence that major powers are not so much interested in human rights violations or crises happening outside the context of the complex competition.

## **■ Outlook for Global Human Rights in 2023: A Continuing Controversy Overall, Less Protection in Some Nations**

### **1. Continuing Weaponization and Bloc Formation Concerning Human Rights**

In 2023, the weaponization of human rights will intensify as a kind of “values-based diplomacy,” with trade sanctions and export controls continuing to be used by the United States and the EU as necessary means to punish selected global human rights violations. Whereas these democracies seek to discover additional offensive tools to restrain their competitors, they will make an effort to solidify the notion that it is justifiable to take unilateral coercive measures to promote universal human rights. In this respect, the U.S.-EU Trade and Technology Council (TTC) will play a significant role in coordinating the United States’ and the EU’s responses to forced labor and cyber-surveillance technology. The TTC is a consultative body established when U.S. President Joe Biden met with the Commissioner of the European Commission and the Chairperson of the European Council in June 2021 to respond to semiconductor supply shortages, abuse of emerging technology, and rise of the state-centric Chinese economy as well as to strengthen trans-Atlantic trade. At the TTC’s second meeting in May 2022, it agreed to set up the Trade and Labor Dialogue to jointly promote internationally recognized labor rights, including the complete prohibition of forced labor and child labor. This Trade and Labor Dialogue is expected to discuss in more detail the restraint on importing any goods produced by forced labor in the Xinjiang Uyghur region. In addition, the TTC has established ten working groups, among which the working groups on human

rights and security threats from the abuse of emerging technology and on cooperation on export controls will be the main channels to elaborate export controls on their cyber surveillance technology, which China may exploit to encroach upon the human rights of Chinese residents.

The weaponization of human rights may extend to the situation in Ukraine, where an intense military conflict between Russia and Ukraine continues. As Ukraine has successfully taken back some of its territories that had been occupied by the Russian military forces, numerous pieces of evidence of the war crimes committed by the Russian troops were collected in those reclaimed areas. Arbitrary detention, torture, sexual assault, and genocide committed against civilians, inhumane treatment and execution without trial of prisoners of war, as well as destruction and exploitation of civilian housing, are all violations of international humanitarian law, including selected 1949 Geneva Conventions. These violations in addition amount to the “grave breaches” defined under the Geneva Conventions that are subject to criminal prosecutions and punishments.

On May 12, 2022, the United Nations Human Rights Council adopted a resolution on the investigation of suspected war crimes committed by the Russian forces within the territory of Ukraine. An independent investigation committee was formed as a result, which published a report confirming the atrocities committed in February and March of 2022 by the Russian forces in four areas of Ukrainian territory, including north of Kyiv. The investigation committee will publish another report in March 2023 by expanding the area and scope of its investigation, and this report may well be followed by propositions put forward by the United States and some European nations that demand punishment of Russian military personnel who were involved in the war crimes.

While collecting evidence of war crimes is expected to be difficult, there is a possibility that some states will attempt to exercise their criminal jurisdiction unilaterally over the perpetrators of war crimes, invoking the principle of universal jurisdiction for these war crimes and crimes against humanity. The International Criminal Court (ICC), which is an organ entrusted with investigating, indicting, and punishing international crimes through international trials, also extensively investigated suspected war crimes in May 2022. Investigations of this kind will continue in 2023, centering around Ukraine’s reclaimed territory. The United States and some European states have criticized Russia’s aggression against Ukraine, and have already put in place sanctions of various kinds on Russia. They may also put additional pressure on the Russian government by condemning Russian forces for their violation of international humanitarian law and by attempting to prosecute and punish war criminals at the same time.



Figure 2. A site of the Massacre of Civilians by Russian Forces in Bucha, Ukraine



Source: Yonhap News.

The target states of such weaponization of human rights, namely Russia and China, will emphasize their cooperation and join their efforts to repel the United States and European states' human rights-related push. In their joint statement dated March 23, 2021, at the end of the Foreign Ministers' Meeting, China and Russia said that nations must refrain from politicizing human rights to intervene in the domestic affairs of other countries. They also said the Western democracies' sanctions on their human rights records would be considered as unacceptable. These two nations' strong opposition against the weaponization of human rights will be maintained on the question of import restrictions on goods made with forced labor and export controls on goods and technologies that may be used for infringements of human rights.

These nations will take advantage of their status as veto-wielding permanent members of the UN Security Council to make sure no discussions of either human rights situation in China or Russia's responsibility for war crimes be made at the Council. Proposals for discussing these issues may also get voted down, helped by a group of countries that support both China's and Russia's positions. China and Russia may benefit from the Shanghai Cooperation Organization (SCO) by successfully mobilizing the support of the member nations, which range from former Soviet republics, India,

Pakistan to Iran. The Group of Friends in Defense of the Charter of the United Nations will also likely become a forum to provide support for China and Russia. This group was established in March 2021 and is highly critical of unilateral sanctions by Western countries about human rights situations. Members of this group are 19 nations altogether and include North Korea, Iran, Laos, Vietnam, Cuba, and Venezuela.

## **2. Weakening of Human Rights Diplomacy**

As interstate competition gets more complicated, which integrates diplomacy, intelligence, military, and economy, the United States and other European nations will likely be less inclined to take issue with human rights protection in countries whose support is integral to a decisive win for the Western states. Whereas this inclination is in stark contrast to the Western nations' tactic to take the offensive against China and Russia for their poor human rights records, it may be understood as their placing human rights high in their policy priority only when necessary. This would translate into a continued weakening of human rights diplomacy, which has already been watered down by the United States for practical reasons. It would also indicate that the notion of the universal promotion of human rights is more rhetorical than substantive. At the same time, unstable human rights situations will persist worldwide.

In 2023 three different groups of countries will likely emerge in the context of the weakening of human rights diplomacy. The first group will be composed of countries that will be beneficiaries of this new trend as they belong where the complex competition gets fierce. The second group will include those nations whose human rights will continue to deteriorate as they lie outside the complex competition. The third group will comprise currently sidelined states but may at any time be implicated in the complex competition and become subject to the weaponization of human rights and the bloc formation.

Countries like Saudi Arabia and Turkey will likely represent the first group. Democracies such as the United States have criticized these nations for their weak protection of women's rights and political freedom. However, Saudi Arabia and Turkey were recently spared from the United States and European democracies' harsh criticism of their human rights situations. This was because they needed Saudi Arabia's additional oil supply to alleviate an energy crisis caused by the Russian restriction of oil and gas export to Western Europe, and also because they wanted to secure Turkey's approval of Finland's and Sweden's membership of the NATO. This trend will likely continue in 2023.

In the case of Venezuela, it was subject to various types of economic sanctions from



the United States because of its weak protection of political freedom and the recent crackdown on its democratization movement, but is currently in discussions with the United States to have some of the sanctions on the Venezuelan oil industry lifted to help fight back the global energy crisis. As a result, the ties between the United States and Venezuela will likely improve in 2023. To have those economic sanctions lifted, the Venezuelan government may need to make some concessions in the form of the release of political prisoners and the promise of a free and fair presidential election in 2024. These concessions may nonetheless be worthwhile to weaken the United States' strong position on Venezuela's human rights violation.

Examples of the second group include several African countries such as Ethiopia and the Democratic Republic of Congo. These nations suffer from internal military conflicts, and the international community's continued engagement is necessary to improve these countries' human rights situations. However, their geographical location makes it difficult to seek the prompt resolution of human rights infringements by the international community's help, and the fact that these countries lie outside the complex competition will not help much. International assistance for the human rights situations in these nations will therefore continue to be minimal in 2023. The harsh rule by the Taliban government in Afghanistan, refugee crises in sub-Saharan Africa and Central and South America, and Rohingya refugee situations in Myanmar will all be far from being successfully addressed by major powers as they will fiercely wage complex competition with one another.

Iran may well become an example of the countries belonging to the third group. As Iran demands that the sanctions imposed on its nuclear programs be lifted, closely works together with China and Russia, and becomes an active player in the realm of the complex competition, the United States and Western democracies may aim to restrain Iran's strategic moves by raising Iranian human rights issues in a variety of international forums. In 2023 it will be no surprise if the sanctions imposed upon Iran for its human rights violations increase in kind and intensity.

The weaponization of human rights, bloc formation, and deterioration of human rights situations in some parts of the world, which are the forecast outcomes of the complex competition, have two implications for Korea's human rights diplomacy.

First, caught in the heat of the complex competition, Korea will increasingly be faced with situations where it will have to decide which side to pick, between democracies such as the United States and the EU and those authoritarian regimes such as China and Russia, when it comes to human rights violations in the case of the latter states. Korea already had such an awkward situation once, when in the 51<sup>st</sup> session of the

United Nations Human Rights Council a draft resolution on holding a debate on the status of human rights in the Xinjiang Uyghur Autonomous Region of China was put to the vote on October 6, 2022. At that time, Korea voted in favor of that draft resolution and thereby supported the United States and the EU's position. It even articulated its reason to vote in favor as "out of consideration of the realization of universal values and norms following Korea's vision of a "Global Pivot State," as well as the need to pay respect to the United Nations' competence."

Later it was revealed that Xing Haiming, the Chinese Ambassador to Korea, had mentioned the Chinese government's regret about Korea's vote in favor of that draft resolution during his interview with a Korean media outlet. A new controversy ensued because on October 31, 2022, during a session at the 3<sup>rd</sup> Committee of the United Nations General Assembly, Korea chose not to participate in jointly sponsoring a draft statement with the United States, United Kingdom, France, Canada, and Japan, which would condemn human rights violations in the Xinjiang Uyghur region. The Korean Ministry of Foreign Affairs explained that Korea had decided not to sponsor that resolution after considering all relevant circumstances. Still that explanation was not so convincing given Korea's voting record earlier at the United Nations Human Rights Council.

Figure 3. United Nations Human Rights Council



Source: Yonhap News.

The Korean government could have felt China's displeasure too much to handle if it had chosen to co-sponsor that draft resolution and side with the United States and European democracies on the question of China's human rights situation, especially with the backdrop of the complex, multilayered U.S.-China competition. Nonetheless, Korea's taking two opposite positions on the same question within one month to curry favor with both competing sides may end up losing trust by both altogether. The Korean government's position on the realization of universal values and norms should be maintained throughout, even in the cases of Chinese human rights situations and Russian war crimes issues.

Secondly, if and when North Korea wishes to align with China and Russia and pursue its own interests, the infringements of human rights in North Korea could be presented in international forums in the context of the complex competition. North Korea increasingly puts more pressure on Korea militarily with the sophistication of its nuclear and ballistic missile programs. China and Russia, with their deliberately incomplete implementation of various Security Council sanctions on North Korea, in effect, help North Korea's development of nuclear and missile programs. Under these circumstances, actively informing the international community of North Korea's human rights situation and urging proactive responses may become a tool Korea can harness for its needs. In addition, the topic of the promotion of human rights can draw support from both the United States and European democracies, and bloc formation in this respect will be much easier if the discussion of the human rights situation in North Korea leads to the identification and punishment of those responsible for the widespread human rights violations.

In this regard, Korea's co-sponsorship of a draft resolution on North Korean human rights with the EU this year, done at the 3<sup>rd</sup> Committee of the United Nations General Assembly for the first time since 2018, is a significant weaponization move of human rights and bloc formation. In a similar vein, it will be worth pressuring North Korea to repatriate the remains of Korean prisoners of war, to provide information on Korean abductees, and to allow family reunions regularly, not only from the perspective of international human rights and international humanitarian law but also from the perspectives of the complex competition.

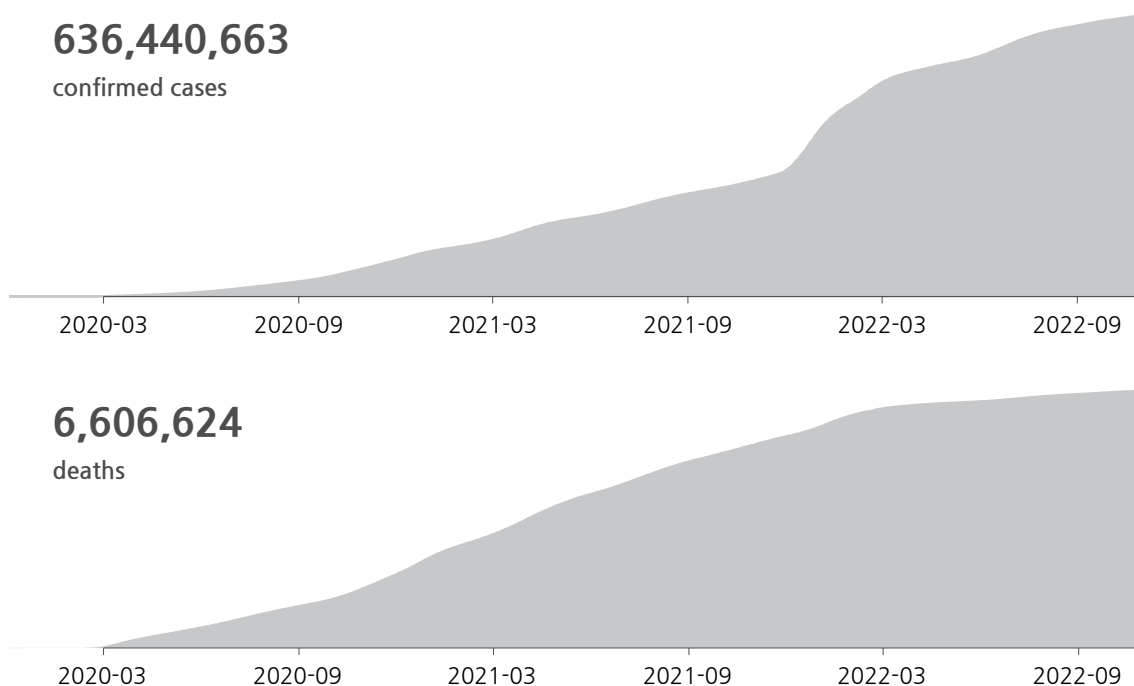
## International Cooperation in the Post-COVID-19 Era

Choi Hyeonjung | Senior Fellow

### ■ The Year of 2022: The COVID-19 Pandemic and its Consequences

The spread of the novel coronavirus disease (COVID-19), which emerged in December 2019, has since developed into a pandemic. At the end of 2022, nearly three years later, humanity is finally returning to its ordinary daily life. During the last three years, 630 million people, or nearly 8% of the world's population of 7.98 billion were infected, resulting in around 6.6 million deaths.

Figure 1. Confirmed Cases and Deaths from COVID-19 (2020.3-2022.11)



Source: WHO, Coronavirus (COVID-19) Dashboard (<https://covid19.who.int>). Retrieved on 2022.11.14.

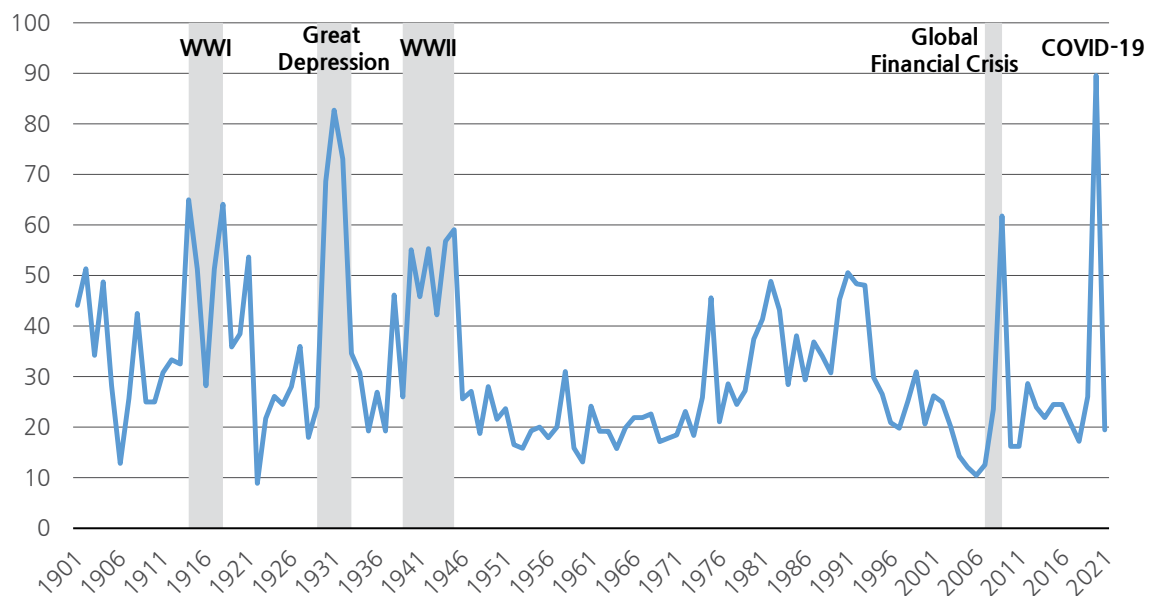
National economies and international trade shrank due to restrictions on domestic and international movement and inevitable blockades to respond to the pandemic. In addition, the intensive expenditure of national resources on public health and financial support for sluggish economies added to national fiscal imbalances.

Despite fiscal input and quantitative easing (QE) policies in most developed and developing countries, the COVID-19 pandemic has dampened consumer sentiment,

and the resulting decline in demand has worsened the global economic downturn.

The COVID-19 pandemic triggered the most significant global economic crisis in more than 100 years, resulting in a contraction of economic activity in 90% of the world's economies in 2020. The negative per capita GDP growth during the COVID-19 pandemic goes beyond those of the two World Wars, the economic depression of the 1930s, and the global financial crisis of the 2000s. As a result, the global economy shrank by about 3.1-3.5% in 2020, the first year of the COVID-19 pandemic (IMF: 3.1%, World Bank: 3.5%).<sup>150</sup>

Figure 2. Economic Impact of COVID-19 in Historical Perspective



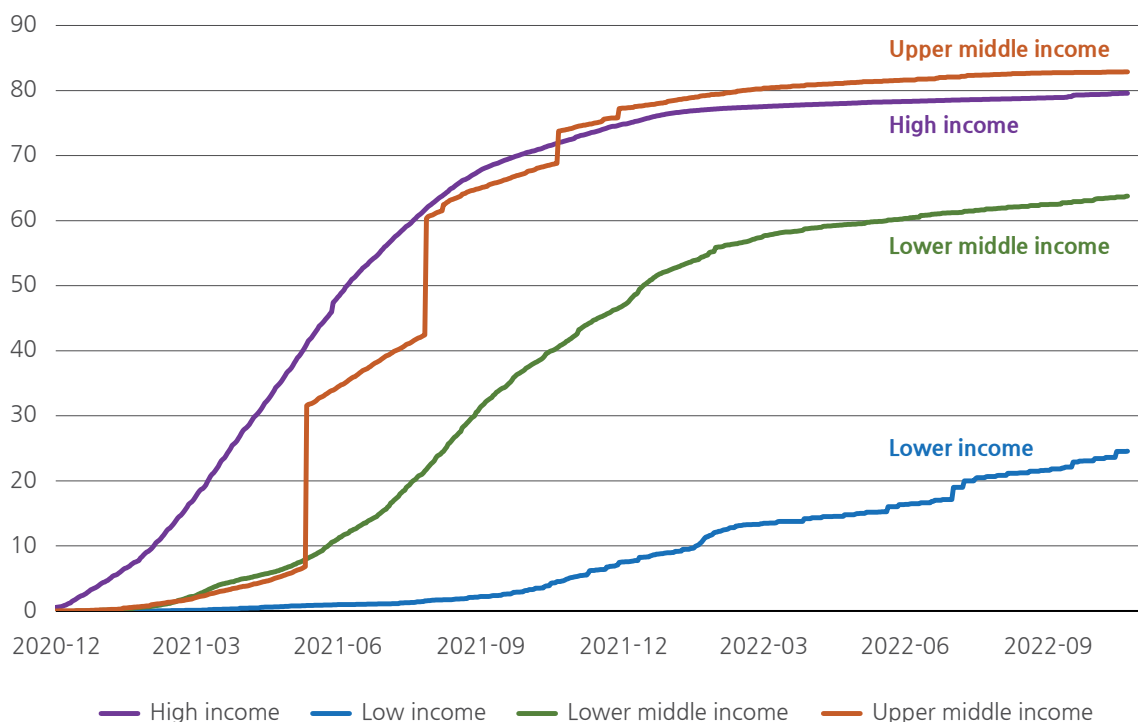
Source: World Bank, *Finance for an Equitable Recovery* (2022).

Leaving behind the achievements of integration and cooperation that had matured during the post-Cold War era, the international community in 2022 became aware of the revivification of self-centered nationalism and self-interested international relations. This was due to the experience that the security of individuals and society was ultimately centered on the state during the spreading and overcoming of the COVID-19 pandemic. The role of the World Health Organization (WHO) fell short of expectations when vaccines were distributed, and competition between individual countries and so-called “vaccine diplomacy” between the U.S. and China highlighted the limitations of international cooperation. The distribution of vaccines and treatments was centered

150. IMF, *World Economic Outlook 2021*; World Bank, *Global Economic Prospects 2021*.

on developed countries with economic or diplomatic power. It is still not possible for underdeveloped countries to achieve herd immunity, a prerequisite for overcoming the pandemic. As of October 2022, developed economies achieved more than 80% national vaccination rates, but the vaccination rate in underdeveloped countries was only 22.7%.

Figure 3. Share of People Vaccinated Against COVID-19 (at least one dose)



Source: Our World in Data, *Coronavirus Vaccinations*, <https://ourworldindata.org>.

At the beginning of 2022, the world expected to recover from the pandemic through the distribution of COVID-19 vaccines and treatments during the year. However, the reality that we faced during 2022 was not the full recovery to daily life we had hoped for, but rather involved major shifts in economic policy such as “tapering”, the Inflation Reduction Act (IRA) of the United States, and a classic territorial war initiated by Russia. This series of political and economic events in the international community left over from 2022 has created an environment of a global crisis that goes beyond the COVID-19 pandemic. As the pandemic ends, economic conditions and state-centrism are changing the international cooperation system. As the world faces geopolitical crises like the Russia-Ukraine war and geoeconomic crises, such as inflation and a collapsing global supply chain, it can be predicted that future international cooperation will be different from the pre-COVID-19 pandemic period.



## **| The Year 2023: The End of the Post-Cold War Era and the Advent of the Post-COVID-19 Era**

The post-Cold War era, which began with the collapse of the Berlin Wall in 1989, provided a tremendous opportunity to integrate and cooperate with the international community under the banner of “liberalism”, which had long been divided politically and economically, as well as ideologically, during the Cold War. In addition, the need for transnational responses to so-called “emerging security risks,” such as climate change, environmental degradation, disease, human rights, and refugees, increased enormously in the 1990s. Because these risks were transnational threats, interdependence and integration became theoretical frameworks for international relations and the global economy during the post-Cold War period.

In practice, such expectations and hopes for interdependence and integration embodied international cooperation beyond traditional national sovereignty, leading to the creation of the European Union (EU) in 1994. The Eurozone in 1999, under a single currency.<sup>151</sup> Even in response to the extreme geopolitical conflict of the unjust invasion of Iraq in 1990, the international community was able to restore Kuwait’s sovereignty through the dispatch of a multinational military force called the “Coalition Forces.” Since then, the roles and functions of the United Nations (UN) and its affiliated international organizations have expanded, enabling international discussions and collaboration on R2P (Responsibility to Protect) peacekeeping operations (PKO) led by the UN, which can limit national sovereignty of failed states for human security that goes beyond national security. Economically, the international consensus on expanding national economies based on liberal market ideas and free trade also led to the birth of the World Trade Organization (WTO) in 1995.

International relations in the post-Covid-19 era, which will be in full swing in 2023, are expected to face severe challenges in the international cooperation system of the post-Cold War era. Above all, the most significant instability is the political and military confrontation between the Western camp, centered on the United States, and Russia began again in the wake of the Russia-Ukraine War in 2022. Continuous civil wars in the region, as well as Kosovo’s independence in 2008 and Russia’s annexation of Crimea in 2014, were not regarded as new variables in international politics. Still, the nearly year-

---

151. The name *euro* was officially adopted on 16 December 1995. The euro was introduced to world financial markets as an accounting currency on 1 January 1999. Physical euro coins and banknotes entered circulation on 1 January 2002.

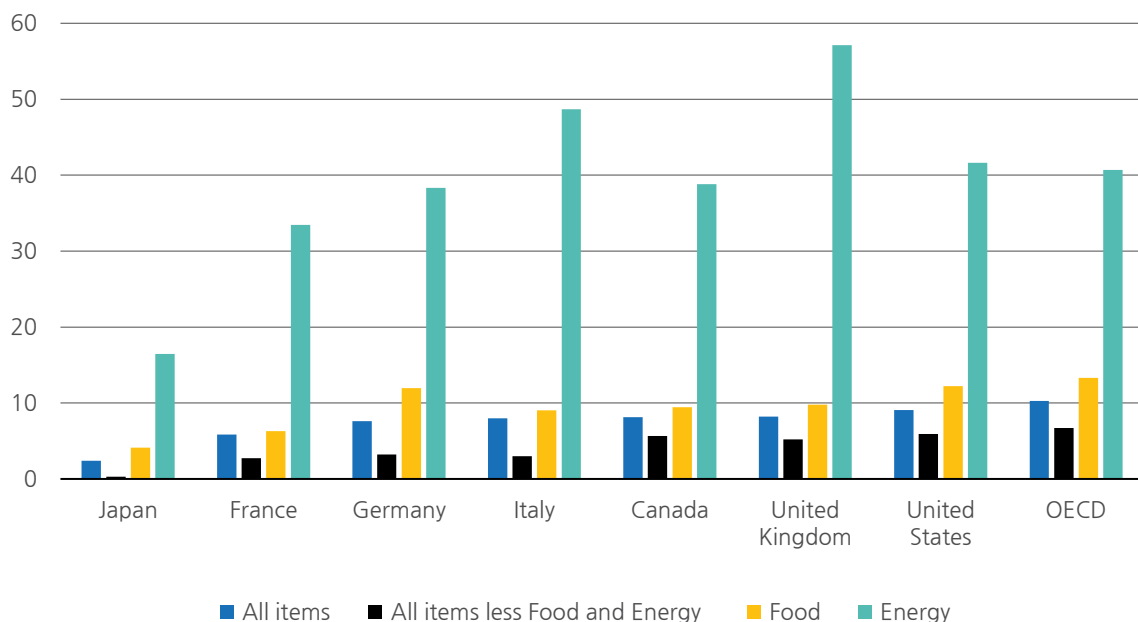


long Russia-Ukraine war will bring fundamental changes to the United States and EU's policy toward Russia.

Regardless of how the war ends, Russia will have no alternative but to be treated as a war criminal state that bears responsibility for the war. It will affect the interdependence that the United States and EU countries have had with Russia during the post-Cold War period. In addition, since the Russia-Ukraine war is based on a long-standing nationalist conflict, it also implies a conflict based on the geopolitical positions of neighboring countries. Along with the geopolitical conflicts, geoeconomic conflicts among European countries that rely heavily on raw materials imported from the Russian-Ukraine region, such as natural gas and foods, will make it challenging to have a unified response to the war.

The Russian and Ukrainian economies have limited bilateral trade with most European countries, and the two economies' financial links with international financial markets and investments are also not very significant. However, the two economies are major producers and exporters of raw materials, accounting for 30% of global wheat exports, 20% of corn, mineral resources and natural gas, and nearly 11% of petroleum.<sup>152</sup> Since the outbreak of the Russia-Ukraine war, international oil and

Figure 4. Consumer Prices, G7 and OECD (year-on-year inflation rate)



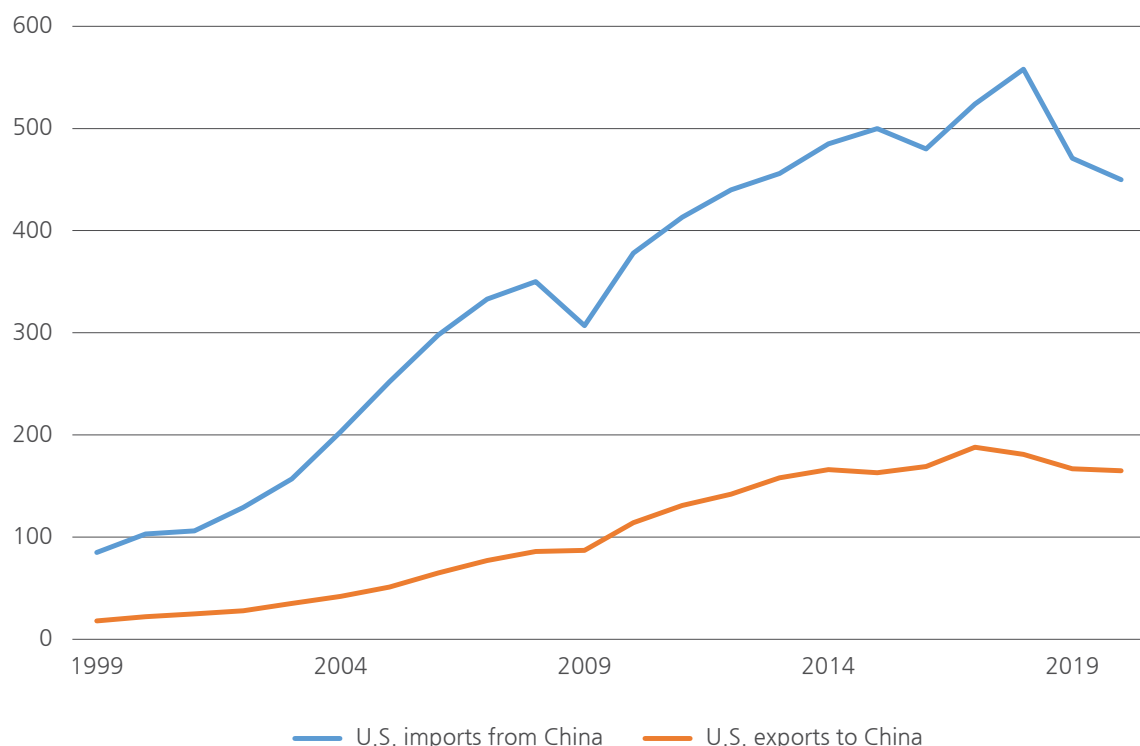
Source: OECD, *Prices: Consumer Prices (Database)*, August 2022, <https://stats.oecd.org>.

152. Deloitte, "Impacts of pandemic and war on global economy," *Deloitte Insight*, No 21 (2022.4).

natural gas prices have climbed, and wheat prices have soared to record highs. Along with the geopolitical crisis of war, which prevents raw materials from being exported to the international market, price hikes are also due to the supply chain crisis triggered by international economic sanctions against Russia. The energy supply chain crisis caused by the Russia-Ukraine war is considered the most significant factor in rising global consumer prices, especially in European countries that have been increasing their dependence on Russian natural gas. In addition, the changeover from quantitative easing (QE) policy to tight monetary policy and soaring raw material prices are causing the inflation and low growth rates of the global economy.

The factors that will cause instability in the post-COVID-19 era will not just be geopolitical crises such as the Russia-Ukraine war or geoeconomic problems such as the global supply chain collapse of raw materials. The intensified strategic competition between the U.S. and China, which were once described as “*Chimerica*,”<sup>153</sup> “G2,” or “the head and body of the world economy” during the post-Cold War era, is also likely to be

Figure 5. U.S.-China Trade in Goods and Services Over the Past 20 Years



Source: CFR, “The Contentious U.S.-China Trade Relationship” (2022.3), <https://www.cfr.org/backgrounders/contentious-us-china-trade-relationship>.

153. Niall Ferguson, “The trillion dollar question: China or America?” *The Daily Telegraph*, 2009.6.1.

a crisis factor in international cooperation and international trade in the post-COVID-19 era. During the post-Cold War era, especially for the 20 years after China joined the WTO in November 2001, the trade between the U.S. and China grew tremendously in scope and scale. Under the post-Cold War free trade system, China was a major investment destination for cutting costs in advanced economies, including the United States, and foreign investment capital and technology transformed China into “the world’s factory”, as well as its largest exporter.<sup>154</sup>

Although it enjoyed price stability in the domestic market through “offshoring,” the U.S. economy suffered from a rapidly increased trade deficit with China. In addition, economic issues, such as China’s unfair trade practices, infringement of intellectual property rights, loss of domestic jobs, and increased unemployment have emerged as political problems in the United States. As a result, the advent of former President Trump’s “America First” policy in 2018 predicted the end of the close U.S.-China economic partnership, or “*Chimerica*”. While overcoming the economic recession brought on by the COVID-19 pandemic, competition between the U.S. and China for future technological and industrial hegemony will continue to intensify. The international cooperation system will change under this new competition between the two superpowers. The election of President Biden, who advocated a “free and open Indo-Pacific,” was expected to end the U.S. “America First” policy, but rather, with the advent of the post-COVID-19 era in 2023, American state-centrism is expected to intensify. In particular, it will not be easy for President Biden to promote reciprocal cooperation between the two countries as he prepares for his 2024 re-election by competing strategically with a China governed by President Xi Jinping, who began his third consecutive term at the 20th Party Congress in October.

The return of protectionism in the United States, which once advocated for a free trade system, may emerge as a more significant crisis factor for international cooperation on issues like free trade than the influence of China’s growth as a state-led economy through a controlled market that abused the international trade and market systems. This is because, under the free trade regime led by the U.S., developing economies have been allowed to access “economies of scale” by expanding their markets. To keep competitors like China in check, however, U.S. efforts to build new global supply chains centered on its self-interest have emerged via policies and legislation in 2022 and are expected to continue in 2023. The U.S. interest in significant cutting-edge technologies

---

154. The Economist, “China is the world’s factory, more than ever,” Juen 23, 2020, <https://www.economist.com/finance-and-economics/2020/06/23/china-is-the-worlds-factory-more-than-ever>.

such as biotech, semiconductors, secondary batteries, and related industries to promote technological supremacy in the 21st century is establishing an exclusive international cooperation system, exemplified in initiatives like the “Chip 4 Alliance” or the “Li-Bridge Alliance” to reorganize the global supply chain beyond the strategic competition with China. Under this new, exclusive international cooperation system, countries such as South Korea, which are heavily dependent on trade and foreign raw materials, are asked to choose between blocs led by the competing superpowers, which will raise the possibility of new tensions with the other side.

This exclusive cooperation system, which has resulted from the Russia-Ukraine war and policy shifts by the United States in the early post-COVID-19 era, means that international cooperation can be divided into two or more blocs again, just as experienced during the Cold War. However, the new blocs in the international cooperation system will not stem from the political and ideological division between East and West or Liberalism and Socialism, as during the Cold War, but mainly from economic-centered and issue-centered interests. The establishment of a new U.S.-oriented global supply chain to ensure its technological competitiveness and stabilize inflation after the COVID-19 pandemic was just the beginning.

Since its inauguration in 2021, the Biden administration has strengthened various economic sanctions and EARs (Export Administration Regulations), implemented a series of regulations on MEU (Military End Use), and issued an Executive Order (E.O. 14017) to combat the COVID-19 pandemic and target terrorism-sponsoring or human rights-suppressing countries.<sup>155</sup> These measures were all meant to restrict foreign consumption, production, and distribution of U.S.-made technologies, commodities and services to pursue the national interests of the United States under the grand principle of liberalism. However, protectionist policies that safeguard domestic industries and restrict entry into the domestic market to overcome inflation after the COVID-19 pandemic will trigger the creation of an exclusive and limited, not “free and open,” international cooperation system.

The Inflation Reduction Act (IRA), which passed the U.S. Senate in August 2022, provided a glimpse of changes in U.S. industrial and trade policy vis-a-vis South Korea, which have been in a reciprocal relationship under the Korea-U.S. Free Trade Agreement (FTA). The IRA is a part of President Biden’s “Build Back Better” (BBB) initiative, which he announced when he took office in January 2021. The Biden administration has already

---

155. “Executive Order on America’s Supply Chains (E.O. 14017),” February 24, 2021.

been implementing “the American Rescue Plan” and “the American Jobs Plan” since 2021 to institutionalize the BBB initiative, and the IRA was enacted to realize “the American Family Plan.” Initially, plans for the BBB initiative were to renovate U.S. infrastructure and industry in a future-oriented manner while overcoming the COVID-19 pandemic crisis and the resulting economic recession. In practice, however, the policy calls for establishing a new global supply chain and market competition structure centered on the U.S. to protect and support its industry and economy, even if the input or support of government finances and the protection of its industry and market undermine the liberal market economy and trade principles. This strategy of the U.S., at least in terms of geoeconomics, would divide the international cooperation system in the post-COVID-19 era into blocs between participating and non-participating countries, which will result in a global trade system under exclusive and selective, rather than “free and open,” liberalism.

However, along with the possibility of geoeconomic blocs, a new geopolitical bloc of anti-U.S.-oriented countries might be triggered by those opposed to the new world order pursued by the U.S. In particular, Turkey, Russia, Iran, China, and North Korea in the Eurasian region have the greatest antipathy towards U.S. influence on international relations at the beginning of the post-COVID-19 era. It is worth noting a report that the five countries, which under U.S. military or economic sanctions are like-minded states, would form an anti-U.S. bloc called “TRICK”.<sup>156</sup> Mutual political or economic benefits for TRICK countries are not clear, except that U.S. sanctions suppress their current political and economic activities. Thus, although TRICK is less cohesive than a bloc that shares the clear economic benefits of a new global supply chain led by the U.S., it is expected to have considerable influence as a diplomatic anti-U.S. bloc led by Russia and China, which are not only superpowers but also permanent members of the U.N. Security Council.

The Black Death pandemic, which broke out in the mid-14th century, had great significance in world history, and the history of infectious diseases. During the Black Death, the disease caused unprecedented economic and social damage, with deaths from the infectious disease reaching 30-50% of Europe’s population and 1/3 of the Middle East’s population.<sup>157</sup> After overcoming the pandemic and during the post-Black Death era, however, European civilization ended the Middle Ages and entered the Renaissance. The Renaissance was a blessing for Europe, resulting from overcoming

---

156. Zoltan Pozsar, “War and Industrial Policy,” *Credit Suisse Economics*, August 24, 2022, <https://plus2.credit-suisse.com/shorturlpdf.html?v=5amR-YP34-V&t=-1e4y7st99I5d0a0be21hgr5ht>.

the Black Death pandemic, providing remarkable advances in art, culture, science, and technology at the height of human history, as well as offering a philosophical foundation for humanity to move toward human-centered modernity. The post-COVID-19 era, which has resulted from overcoming the past three years of the pandemic, is beginning with a gloomy harbinger, completely different from the expectations and hopes of the Renaissance.

Unrestricted cross-border movement of individuals, which began to resume at the end of 2022, was a signal of the mitigation of the COVID-19 pandemic and the recovery of ordinary daily life. The post-COVID-19 era is not just a continuation of life after overcoming the terrifying pandemic of the 21st century; it is a historical beginning for international relations different from the post-Cold War era of the past three decades. Contrary to our hopes and expectations during the COVID-19 pandemic, international relations in the post-COVID-19 era start with conflict and competition, not cooperation, and with a strong tendency towards state-centrism. Responding to the geoeconomic and geopolitical crises underway at the beginning of the post-COVID-19 era will depend on how we redefine the international cooperation system and reshape previous economic interdependence relationships.

As experienced throughout history, global crises such as pandemics and wars and hegemonic competition among superpowers increase the possibility of a change in the international order. In addition, economic crises such as low growth, recession, and inflation in national economies, worsening relations and strategic competition between the U.S. and China, and the prolonged Russia-Ukraine war are weakening international interdependence, while creating complex competition to secure advantages at the beginning of the post-COVID-19 era.

Middle-power countries such as South Korea could promote global leadership and engage in international cooperation by creating new roles among major powers over the past 30 years when the ideological competition had largely disappeared. Japan and Canada's human security diplomacy through UNESCO (UN Educational, Scientific and Cultural Organization) and UNDP (UN Development Program) in the 1990s and South Korea's green growth diplomacy in the late 2000s were exemplary and successful cases of middle-power diplomacy's soft power through international cooperation. However, the international relations of complex competition that has emerged in the post-COVID-19

---

157. John Aberth, 2010, *From the Brink of the Apocalypse: Confronting Famine, War, Plague and Death in the Middle Ages*. Routledge: pp. 9-13; Suzzane A. Alchon, 2003, *A Pest in the Land: New World Epidemics in a Global Perspective*. University of New Mexico Press: p. 21.

pandemic era could narrow the scope of the diplomatic role of middle-power countries. In 2023, we are facing various economic problems resulting from the state-centrism of economic interests, which will eventually play a greater role than ever in shaping a new international cooperation system. And, in a system centered on economic security, the hard power of superpowers will play a more decisive role in creating a new world order than the soft power of middle-powers. In addition, geoeconomic or geopolitical blocs of complex competition will likely force middle-powers to make choices between the positions and interests of superpowers in hegemonic competition and pick a side in international cooperation. Facing a period of fluctuation in the international order and international relations, it is time to establish and promote a foreign policy that pursues practicality, rather than one that simply follows a just cause.







## Complex Competition

### ■ Project Participants

**CHOI Kang** President, Asan Institute for Policy Studies

**CHA Du Hyeogn** Principal Fellow, Asan Institute for Policy Studies

**GO Myong-Hyun** Senior Fellow, Asan Institute for Policy Studies

**KIM J. James** Senior Fellow, Asan Institute for Policy Studies

**LEE Dong Gyu** Research Fellow, Asan Institute for Policy Studies

**CHOI Eunmi** Research Fellow, Asan Institute for Policy Studies

**LEE Sang-Joon** Professor, Kookmin University

**PAIK Seunghoon** Researcher, Hankuk University of Foreign Studies

**LEE Jaehyon** Senior Fellow, Asan Institute for Policy Studies

**CHOI Jinwoo** Professor, Hanyang University

**YANG Uk** Research Fellow, Asan Institute for Policy Studies

**YEON Wonho** Head, Economic Security Team, KIEP

**SHIM Sangmin** Research Fellow, Asan Institute for Policy Studies

**CHOI Hyeonjung** Senior Fellow, Asan Institute for Policy Studies

THE ASAN INSTITUTE for POLICY STUDIES



[www.asaninst.org](http://www.asaninst.org)