

Comparative Connections

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China-Korea Relations: Sweet and Sour Aftertaste

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High-level interaction between Presidents Hu Jintao and Lee Myung-bak continues to intensify following the upgrading of the Sino-South Korean relationship to a “strategic cooperative partnership” in August of 2008. The increase in the number of meetings between top leaders is in part a by-product of the proliferation of regional forums in which China and South Korea both have membership and in part an affirmation of the rising importance of the relationship to both sides. This quarter Hu and Lee participated in the Asia-Europe Meeting (ASEM) in Beijing in October as well as the G20 meeting in Washington and the Asia Pacific Economic Cooperation (APEC) forum in Peru in November. Lee and Premier Wen Jiabao also met as part of the first trilateral meeting among Chinese, South Korean, and Japanese leaders held in Dazaifu, Fukuoka in mid-December. In contrast, Chinese and North Korean leaders rarely meet these days, and Chinese officials confess ignorance regarding the health of Kim Jong-il despite being North Korea’s closest of neighbors.

The global financial crisis and the widespread effects of China’s tainted food exports are the latest wild cards in the Sino-South Korean relationship. Likewise, North Korea’s intransigence brings China and South Korea closer together, while its vulnerability may pose insurmountable contradictions between Seoul and Beijing. Chinese analysts suggest that their government has reconciled itself to maintaining relations with North Korea at some level in order to preserve stability and secure its own strategic interests, although some suggest that things will never be the same as before as long as North Korea retains its nuclear weapons capability. Chinese analysts voice heightened concern about the deterioration of inter-Korean relations, South Korean expressions of “extreme nationalism,” and South Korea’s apparent tilt toward the U.S. under President Lee. In order to meet emerging challenges as a by-product of intensified relations, China and South Korea continue to develop new mechanisms for bilateral and multilateral engagement, both to address “strategic issues” and emerging nontraditional security issues like public health.

Intensified Sino-South Korean and regional summitry

Presidents Lee Myung-bak and Hu Jintao continued to engage in intensified high-level summitry in the last quarter of 2008. They held bilateral summit meetings four times this year, in addition to monthly interactions at a series of multilateral meetings and international events since early July. Hu and Lee saw each other at three different multilateral meetings in the last quarter (ASEM in Beijing in October, G20 summit in Washington, and the APEC in Peru in November).

In addition, President Lee, Premier Wen Jiabao, and Japan's Prime Minister Taro Aso held the first Sino-Japan-ROK trilateral summit in Dazaifu, Fukuoka on Dec. 12-13. Despite ambitious pledges to promote Asian growth and "regional stability, prosperity, and peace," the summit produced no substantive results or specific action plans, with the joint statement largely reaffirming existing commitments.

In addition to currency swap deals and restrictions on new trade barriers over the next 12 months, Wen, Lee, and Aso reinforced cooperation on their multilateral commitments including the creation of an \$80 billion fund with ASEAN by June 2009, an early injection of cash into the Asian Development Bank, and common follow-up measures to the November G20 summit in Washington. The three leaders also agreed to strengthen policy coordination on North Korean nuclear issues, noting Pyongyang's "uncooperative attitude" at the recent Six-Party Talks negotiations in Beijing.

The agenda for the inaugural PRC-Japan-ROK trilateral primarily addressed the global financial crisis, but future summits aim to broaden cooperation to other areas. Meeting in Fukuoka ahead of the trilateral, Lee and Wen discussed cooperation on North Korean denuclearization in light of the breakdown of the latest round of Six-Party Talks in Beijing, reinforced the China-South Korea currency swap deal, and agreed to deepen cooperation on the financial crisis both bilaterally and multilaterally through the next G20 summit in April 2009.

A major achievement for South Korea at this meeting was the expansion of its currency swap agreement with China to \$30 billion on the eve of the summit in an effort to shore up the won, which dropped by a third against the U.S. dollar since the beginning of the crisis. In its deal with the Bank of China, the Bank of Korea secured a \$26 billion won-yuan swap effective for three years with the possibility of an extension. Beijing and Seoul previously signed a \$4 billion currency swap deal under the Chiang Mai Initiative. South Korea has been eager to expand its currency swap with China amid a weakening won and declining foreign exchange reserves, first discussing the proposal in October at a meeting between Chinese and South Korean finance ministers in Beijing on how to cope with the financial crisis. However, the Sino-ROK currency swap arrangements came after the critical turning point in South Korean efforts to stabilize its economy as part of the global financial crisis, which occurred as a result of a \$30 billion line of credit from the U.S. Federal Reserve Bank as part of a deal with critical regional economies concluded in late October.

Modestly expanded "strategic" Sino-South Korean cooperation

A new development in the bilateral relationship this quarter was the establishment of a new, high-level institutional mechanism for policy dialogue. Chinese Vice Foreign Minister Wang Guangya and South Korean counterpart Kwon Jong-rak held the first high-level "strategic dialogue" between Chinese and South Korean Foreign Ministries on Dec. 11 in Beijing, an initiative that emerged from the Hu-Lee summit in May of 2008 as part of an effort to upgrade relations. Meeting topics included the incoming U.S. administration and North Korean nuclear issues and coincided with the disappointing conclusion of the latest round of Six-Party Talks, which failed to settle important technical issue of whether North Korea will allow samples to be taken from the country in its verification protocol. The annual dialogue provides a channel for

coordination of Chinese and South Korean foreign policies on a range of bilateral, regional, and global security issues. Given that both sides have similar talks with the United States and Japan, the Sino-South Korean strategic dialogue is not distinctive, but is increasingly necessary given the importance of effective coordination in managing newly emerging global challenges.

In late November, China and South Korea finally established long-awaited naval and air force hotlines after having discussed the prospect of such hotlines for over a year. Intended to prevent accidental clashes and facilitate disaster cooperation, the hotlines began operating immediately after working-level defense talks in Beijing. Repeated disagreements had previously hampered the establishment of military hotlines, initially planned as part of confidence-building measures to open last year on Aug. 24, the day marking the 15th anniversary of diplomatic relations. During a meeting in Beijing, Chinese Defense Minister Liang Guanglie and Korea National Defense University President Bang Hyo-bok pledged to advance bilateral military ties “to a new height.” While the air force hotline aims to enhance information exchange on unidentified aircraft over the Korean Peninsula, the naval hotline is expected to reduce tension on the Yellow Sea where bilateral disputes continue to emerge over illegal Chinese fishing activities. Seoul officials have long complained of Chinese intrusion into Korean waters in violation of a bilateral fisheries treaty signed in 2001, reporting that South Korea has captured more than 1,750 Chinese fishing vessels in the last four years. These issues have become even more sensitive since late September, when violent clashes between Chinese and South and North Korean boats left a South Korean Coast Guard officer dead. Confrontations have continued despite recent efforts by South Korean authorities to crack down on incursions by Chinese fishermen in South Korean territorial waters.

South Korea has new plans to expand its diplomatic presence in China while strengthening cultural exchange. The planned opening of a South Korean Consulate by the end of this year in Wuhan, the capital city of Hubei province and one of China’s key trade and transport centers, is expected to further boost economic cooperation between South Korea and central Chinese regions, where Korean investment is already significant. As part of a campaign to expand tourism, Seoul also plans to open additional direct air services to Chinese cities and simplify visa requirements for Chinese citizens.

Maintaining the veneer of Sino-DPRK “traditional friendship”

Despite a severe downturn in relations following the North Korean nuclear test in October 2006, Sino-DPRK relations appear to have stabilized in 2008. North Korea continues to rely heavily on China for energy and food assistance, so there are limits to the level of estrangement in the relationship that are fostered by the realities of interdependence. However, a nuclear North Korea has a direct, negative impact on regional threat perceptions, including in Japan and South Korea, which affect Chinese interests. Although the Chinese government is committed to promoting regional stability, senior officials reiterate their commitment to denuclearization of the Korean Peninsula because a nuclear North Korea is a threat to regional stability. Chinese expectations that North Korea will remain stable extend to Chinese reactions to rumors about Kim Jong-il’s health and the prospect of a leadership transition in North Korea.

Chinese and North Korean officials are marking “China-DPRK Friendship Years” in Beijing in 2009 and Pyongyang in 2010 as an opportunity to advance bilateral relations, including the promotion of political ties between the Workers’ Party of Korea (WPK) and the Communist Party of China (CPC). Chinese Defense Minister Liang Guanglie received Yon Kyong Chol of the DPRK Ministry of People’s Armed Forces in Beijing in mid-December to promote military and state-to-state relations.

North Korea’s Foreign Trade and Culture Ministries jointly hosted the 55th anniversary of the DPRK-China Cooperation Accord on Economy and Culture on Nov. 20 in Pyongyang, where Vice Premier Ro Du-chol pledged further cooperation with China under the pact, recognized for building a legal foundation for bilateral economic and cultural ties. In a bilateral media meeting held by China’s State Administration of Radio Film and Television in Beijing in December, senior political advisor Li Jinhua emphasized “common development” of Chinese and North Korean journalism to promote the “China-DPRK traditional friendship.” At the anniversary celebrations of economic and cultural ties in Pyongyang, Chinese Ambassador Liu Xiaoming highlighted various bilateral “friendship-building” events in recent years as drivers of “China-DPRK relations in the new century.” In the fourth annual bilateral talks between Chinese and North Korean commerce and trade officials in Pyongyang in October, Assistant Minister of Commerce Wang Chao also expressed China’s commitment to further bilateral cooperation based on businesses and market operations as well as government guidance.

The financial crisis and its impact on Sino-South Korean economic relations

One tangible measure of the effects of the global financial crisis on the real economy has been its impact on global trade. Sino-South Korean trade had been projected to reach \$200 billion by 2010 prior to the crisis, but South Korea’s slowing domestic growth and the impact of the global crisis on China’s exports are likely to slow the growth of bilateral trade and investment. The ROK Central Bank has forecast 2 percent growth in 2009, South Korea’s slowest in over a decade. Exports, which account for 60 percent of the South Korean economy, suffered an 18.3 percent drop in November to \$29.26 billion, the biggest annual drop in seven years as exports to China dropped 32.9 percent to \$5.33 billion, the biggest decline in 16 years.

The crisis has had a harsh impact on South Korean carmakers, including Ssangyong Motor Co., the South Korean unit of Shanghai Automotive Industry Corp., which temporarily halted all plant operations in mid-December to cope with a sharp sales slump. Ssangyong suffered a 63 percent drop in annual sales in November and lost 28.2 billion won (\$21.2 million) in the third quarter of 2008, its fourth consecutive loss. Faced with labor union resistance to a restructuring plan, Ssangyong’s chief executive now warns that its Chinese partner will pull out. The global automotive crisis has reverberated as Ssangyong has sought cash infusions from the Korean government and has stirred up ongoing fears in Ssangyong’s labor union that Chinese management will use the global crisis to cut jobs and repatriate technology from South Korea.

Deteriorating nuclear talks and inter-Korean relations

A fresh round of Six-Party Talks began in Beijing on Dec. 8 only to break down several days later. Focused mainly on producing a verification protocol, the session came a week after a

meeting between Christopher Hill and North Korean counterpart Kim Kye Gwan in Singapore failed to reach agreement on the sampling of atomic materials. Chinese and North Korean diplomats, including Chinese envoy Wu Dawei and Ri Gun, director general of the DPRK Foreign Ministry's American Affairs Bureau, had also met in Beijing in mid-November to discuss how to move forward on the Six-Party Talks. Nevertheless, Pyongyang refused to accept China's draft verification plan that would allow inspectors to remove samples from North Korean nuclear sites for outside analysis. Beijing's two-page statement on Dec. 11 summarizing the outcome of the talks lacked any substantive content on the top agenda item of verification.

The latest round of negotiations also revealed gaps in understanding on the issue of aid. China has recently suggested that it will continue supplying economic and energy aid to the North despite the recent failure of talks, contradicting U.S. statements linking verification with fuel aid. As chair of the Working Group on Economic and Energy Cooperation, South Korea faces the task of clarifying the specifics of aid in the denuclearization process. A recent U.S. study also showed that international sanctions on North Korea since 2006 have proven ineffective due to loopholes in the definition of banned luxury goods, of which China's continued shipments to the North reached a total value of \$120 million in 2007, a 140 percent increase from 2006.

The nuclear stalemate has been exacerbated by a breakdown in inter-Korean relations. South Korean Unification Minister Kim Ha-joong made a four-day trip to Beijing in late December to discuss both North Korean nuclear issues and frozen inter-Korean relations over a series of meetings with Chinese Cabinet ministers including State Councilor Dai Bingguo, CPC International Liaison department head Wang Jiarui, Foreign Minister Yang Jiechi, and Vice Minister Wu Dawei. The latest bilateral meetings took place as Pyongyang issued a fresh warning that it would continue sanctions on South Korean companies in Kaesong should Seoul maintain its hard line policy toward the North. Despite intensified dialogue, however, Chinese analysts remain uncomfortable with the direction of South Korean policy under the Lee administration (especially when compared to the Roh administration, which had a particularly benign view of China), expressing concerns with the downturn in inter-Korean relations and South Korean public expressions of "extreme nationalism" over historical and territorial issues. The popularity of Korean cultural offerings in China known as the "Korean wave" appears to be receding, carrying with it a strong undertow of grassroots resentment among Chinese.

Kim Jong-il's health and North Korean regime stability continue to be matters of imminent concern for both China and South Korea at a time when the U.S.-North Korea relationship remains unclear. While South Koreans see regime collapse as unlikely, they also expect Chinese influence to be stronger than South Korea's, with opinion polls now showing that an increasing number of Koreans see China's intervention in such a scenario as a definite possibility.

While media reports about China's increasing military buildup along its border with North Korea highlight Chinese concerns about a potential massive inflow of North Korean refugees, Pyongyang has also reportedly taken various steps to restrict cross-border activity. There have been reports that the North has closed its border with China from the beginning of October, has imposed travel restrictions on Chinese tourists, and has threatened to cut all transport links with China in December. At the same time, the Hong Kong newspaper *Ta Kung Pao* published a series of articles in November showing a seriously deteriorating economic situation in the North,

reporting that Pyongyang has shut down key mineral exports to China, cross-border business has stalled all year-round, and cross-border smuggling has become accepted by local residents as “nongovernmental trade.” Uncertainties about North Korea’s future may require greater Sino-South Korean cooperation to promote stability on the peninsula and intensified monitoring of North Korean internal politics. Contingency planning remains a sensitive issue in Sino-South Korean relations. As questions about the internal political situation in North Korea multiply, China and South Korea are not only considering what happens in North Korea but also increasingly scrutinize and speculate about how the other will react to North Korean instability.

Food safety fallout from China’s melamine scandal

South Korean concerns over Chinese product safety have escalated since China’s melamine scandal in September, while also fueling public criticism about the government’s domestic handling of the issue. The Korea Food and Drug Administration (KFDA) has established standards limiting the amount of melamine in all food products, in effect from March 2009.

Following up on international media reports regarding tainted Chinese imports, the KFDA conducted a nationwide inspection of imported foods, announcing in October the detection of melamine in 10 Chinese dairy products. These findings prompted the immediate banning, recalling, or destroying of Chinese-made products suspected of containing melamine, the tightening of regulatory measures, and the introduction of standards by 2010 for other substances such as heavy metals. By mid-October, a parliamentary report revealed that from 2003 to August 2008 over 60 percent of illegal food imports amounting to 644.5 billion won came from China, making China the largest source of illegal food imports to South Korea. Some Chinese food companies were found to have repeatedly sent contaminated shipments to South Korea, suggesting that loose regulations on both sides have allowed such problems to grow. In November, South Korea’s quarantine service discovered for the second time a banned antibiotic that can cause serious bone marrow defects in Chinese cooked duck meat.

The China-made food safety issue drove heated political debate in South Korea ahead of the parliamentary inspection of the KFDA in November. Lawmakers from both ruling and opposition parties attacked officials for their delayed response to the serious health threat posed by Chinese imports. The main opposition Democratic Party (DP) urged the government to dismiss its food agency chief, indicating that local investigations and import bans were implemented almost two weeks after the melamine issue first emerged in September. In September, Health and Welfare Minister Jeon Jae-hee had apologized for not ordering an immediate sales ban on all suspected goods, while also noting the delayed confirmation from Chinese authorities. Public opinion polls also reflect the rising importance of food safety as a top societal concern. South Korea’s National Statistical Office in October released survey findings showing that 69 percent of respondents were more worried about tainted food than North Korea’s nuclear weapons.

In November, China and South Korea agreed to strengthen bilateral cooperation on food safety amid escalating concerns about tainted Chinese imports. Health Minister Jeon called for expanded information-sharing between Chinese and South Korean health-related agencies, an exchange that remains critical given the increasing share of Chinese food products in South

Korea. In their second annual Tripartite Health Ministers Meeting that was launched in Seoul last year, South Korean, Chinese, and Japanese health ministers also adopted a joint action plan aimed mainly at strengthening information-sharing on the outbreak of pandemic influenza in the region. Food safety is expected to be included in the official agenda in the next three-way consultations scheduled to be held in Tokyo in 2009.

Familiarity breeds cooperation and new challenges

China's rise has increased its interdependence with the international community, and the contradictory effects of that interdependence are perhaps felt most keenly on the Korean Peninsula. The effects of China's melamine scandal have been both domestic and global, with direct local impact on Korea coming in the form of the need for more intensified cooperation on food safety standards. Such functional cooperation is driving the institutionalization of regional dialogue in Northeast Asia, first through the establishment of a trilateral meeting of environmental ministers and now with the institutionalization of trilateral coordination among health ministers. Such functional cooperation is having political effects as well, with the trilateral meeting among Northeast Asian political leaders in December.

This interdependence has also driven high-level bilateral political dialogue between China and South Korea through the intensification of summit-level dialogue and the establishment of a ministerial strategic dialogue. The military-to-military relationship remains the least developed aspect of the Sino-South Korean relationship. But, direct coordination is also growing in those areas, if not to build mutual trust and confidence, then at least to manage bilateral maritime disputes that are also a product of growing interdependence.

The global financial crisis poses a major test for the Sino-South Korean economic relationship, driving cooperation on currency swaps while raising the risk of heightened conflict in trade and investment relations that inevitably comes with a pie that contracts rather than expands. The challenge of managing food safety illustrates the permeability of national borders and is driving unprecedented functional cooperation between national authorities responsible for enforcing food safety standards.

Interdependence provides a floor that has limited the deterioration of the Sino-North Korean relationship even as it has underscored the extent of North Korea's isolation – and reinforces the likelihood that instability in the North will have spillover effects on both China and South Korea. In the near-term, developments in U.S. policy toward North Korea under the Obama administration will take center stage as the primary influence on the further unfolding of China's bilateral relations with the Korean Peninsula. How a new U.S. policy toward the North is coordinated with South Korea and China will have an influence on both inter-Korean relations and the Sino-North Korea relationship. It will also have secondary effects on China's relations with South Korea. Regardless of the extent to which either continuity or change characterizes policy toward the peninsula, there is an air of expectation and ambivalence about how this policy will unfold and what the follow-on effects are likely to be.

Chronology of China-Korea Relations October-January 2008

Oct. 6, 2008: The Korea Food and Drug Administration says it has found harmful chemicals including melamine in 10 Chinese dairy products.

Oct. 7, 2008: Chinese Foreign Ministry spokesman Qin Gang says China supports continued U.S.-DPRK contact for pushing forward the Six-Party Talks.

Oct. 7, 2008: A Chinese captain and crewmen illegally fishing in South Korean waters off the west coast assault South Korean Coast Guard officers.

Oct. 13, 2008: South Korean lawmaker Choi Kyung-hwan says in a parliamentary report that 63.6 percent of the 644.5 billion won worth of illegal food imports over the past five years has come from China.

Oct. 14, 2008: The 4th annual meeting of the China-DPRK Economic, Trade and Scientific and Technological Cooperation Committee is held in Pyongyang.

Oct. 14, 2008: China denies South Korean claims that Chinese and North Korean hackers stole more than 130,000 pieces of ROK government information in the past four years.

Oct. 15, 2008: South Korea's Ministry for Food, Agriculture, Forestry and Fisheries finds two cases of melamine-contaminated Chinese feed additives while health authorities announce plans to check all kidney beans from China for excess pesticides.

Oct. 22, 2008: South Korea's Agriculture Ministry says it found melamine in five egg-based imports from China.

Oct. 23-25, 2008: President Lee Myung-bak visits Beijing for the 7th Asia-Europe Meeting.

Oct. 24, 2008: Chinese Minister of Finance Xie Xuren and ROK Minister of Strategy and Finance Kang Man-Soo meet in Beijing.

Oct. 25, 2008: In commemoration of the entry of the Chinese volunteers into the Korean War, Chinese People's Liberation Army art troupe performs a modern dance drama on China's civil revolutionary war at the East Pyongyang Grand Theater and meets legislator Kim Yong Nam.

Oct. 26-30, 2008: Former ROK President Kim Dae-jung visits northeast China and delivers a speech at a conference hosted by the Chinese People's Institute of Foreign Affairs and the Liaoning provincial government.

Oct. 29, 2008: China's Ministry of Water Resources and DPRK counterpart in a meeting in Pyongyang agree to enhance cooperation on water resources management.

Oct. 29, 2008: The Korea Food and Drug Administration finds melamine in a Chinese jelly product used to make locally sold sweets.

Nov. 2, 2008: The second Tripartite Health Ministers Meeting is held in Beijing where China, South Korea, and Japan sign an action plan to fight pandemic influenza. China and Korea agree to strengthen bilateral cooperation on food safety.

Nov. 4, 2008: ROK Vice Minister of Strategy and Finance Kim Dong-soo says South Korea and China have agreed in principle to expand their currency swap deal.

Nov. 7, 2008: U.S. officials say the Chinese government has largely rebuffed U.S. attempts to discuss North Korea contingency planning.

Nov. 7, 2008: South Korea's second largest tire maker Kumho Tire Co. begins production at its new \$100 million plant in Nanjing.

Nov. 7, 2008: South Korean quarantine authorities detect a banned antibiotic in cooked duck meat from China.

Nov. 14, 2008: Chinese Vice Foreign Minister Wu Dawei meets Ri Gun, director general of the DPRK Foreign Ministry's American Affairs Bureau, in Beijing ahead of the Six-Party Talks.

Nov. 20, 2008: The 55th anniversary of the DPRK-China Cooperation Accord on Economy and Culture is held in Pyongyang.

Nov. 24, 2008: China and South Korea open naval and air military hotlines after a bilateral defense policy meeting in Beijing.

Nov. 25, 2008: North Korean media reports Kim Jong-il's visit to factories in Sinuiju city bordering China.

Dec. 8, 2008: Wuhan, the capital of central China's Hubei province, announces that South Korea will open a Consulate in the city.

Dec. 8-11, 2008: A new round of Six-Party Talks is held in Beijing.

Dec. 10, 2008: Korean, Chinese, and Japanese Central Banks launch the Tripartite Governors' Meeting to be regularized next year to promote regional financial stability.

Dec. 10, 2008: The ROK Ministry for Food, Agriculture, Forestry and Fisheries strengthens quarantine inspections at airports and harbors in response to bird flu outbreaks in Hong Kong and Southeast Asia.

Dec. 11-12, 2008: Chinese Vice Foreign Minister Wang Guangya and South Korean counterpart Kwon Jong-rak hold the first China-ROK strategic dialogue in Beijing.

Dec. 12, 2008: The Bank of Korea finalizes a \$26 billion won-yuan swap agreement with the People's Bank of China.

Dec. 12, 2008: Chinese Defense Minister Liang Guanglie meets Yon Kyong Chol, DPRK deputy director general of the Military Foreign Affairs Division of the Ministry of People's Armed Forces, in Beijing.

Dec. 12, 2008: Incheon District Court sentences to jail the captain and crewmen of a Chinese fishing boat for assaulting Korean Coast Guard officers on Oct. 7.

Dec. 13, 2008: President Lee, Premier Wen, and Prime Minister Aso Taro hold the inaugural Korea-China-Japan summit in Dazaifu, Fukuoka, Japan.

Dec. 16, 2008: Chinese Foreign Ministry spokesman Liu Jianchao suggests that China will continue energy aid to North Korea despite the stalled Six-Party Talks.

Dec. 16, 2008: Ssangyong Motor Co., the South Korean unit of Shanghai Automotive Industry Corp., says it has halted operations at all its plants for 10 working days.

Dec. 18, 2008: Defense Minister Liang Guanglie meets Korea National Defense University President Bang Hyo Bok in Beijing.

Dec. 19, 2008: South Korea establishes melamine content standards for food in response to the Chinese food safety scare.

Dec. 21-25, 2008: South Korean Unification Minister Kim Ha-joong meets Chinese top leaders in Beijing to discuss North Korea's nuclear program and inter-Korean relations.

Dec. 23, 2008: Ssangyong chief executive warns that its Chinese partner will pull out if its labor union resists a restructuring plan.

Dec. 24-26, 2008: The second China-Korea-Japan Cultural Ministerial Meeting is held on Jeju Island, Korea. Chinese Culture Minister Cai Wu and Korean counterpart Yu In-chon agree to strengthen Sino-Korean cooperation in the online gaming industry.

Dec. 24, 2008: Myanmar signs a deal with South Korea's Daewoo and Korea Gas Corporation and Indian energy firms to supply gas to China National United Oil Corporation.

Dec. 26, 2008: The Korea Food and Drug Administration reveals that South Korea sold 1,356 tons of melamine-tainted Chinese snacks in 2008.

Dec. 29, 2008: Ssangyong Motor Company and SAIC Motor Corporation announce that they are seeking financial assistance from the ROK government and banks.

Dec. 30, 2008: Ssangyong's labor union warns it will sue SAIC for illegal technology transfer and carry out a full-fledged strike if SAIC fails to further investment.