



China-ROK Relations: Focus on Stability Despite New Challenges

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China and South Korea marked significant advances in official economic, political, and security cooperation in the third quarter of 1999; however, the effects of increased people-to-people exchange between China and South Korea have created a mixed bag of emerging challenges which may signal future difficulties in the relationship. Most significantly, China and South Korea established security consultations between Defense Ministers and President Kim Dae-jung gave credit to counterpart Jiang Zemin for playing a significant role in convincing North Korea to defer plans to pursue further long-range missile testing. However, problems with illegal immigration to South Korea by ethnic Koreans from Northeastern China and with illegal activities in China by South Koreans who have sought to respond to needs of North Korean refugees both emerged as flash points for controversy.

South Korea's Active Lobbying of Beijing to Deter A North Korean Missile Test

With the early summer heat wave that swept through Beijing, Pyongyang, and Seoul came accompanying rumors and expectations that North Korea was preparing a follow-up to its Taepodong rocket launch of August 31, 1998. The event had caught North Korea's neighbors off guard and catalyzed U.S. and Japanese joint development of the Theater Missile Defense (TMD) program, a development which China has publicly opposed. The prospect of additional launches by Pyongyang induced active policy consultations among the United States, Japan, and South Korea as well as renewed diplomatic coordination efforts focused on convincing Beijing to encourage Pyongyang not to move forward with another launch.

Seoul took the lead in gaining Chinese support for preventing additional North Korean missile tests through its bilateral contacts with Beijing, including bilateral meetings between the foreign ministers at the ASEAN Regional Forum in July, an unprecedented visit to Beijing by South Korean Defense Minister Cho Song-tae in August, and finally the Jiang-Kim summit meeting held on the sidelines of the APEC meeting in Auckland in September. In each case, China provided circumspect assurances that China's influence would be used to urge North Korea not to take actions that would undermine regional stability. PRC Assistant Foreign Minister Wang Yi in July urged both Koreas "not to do anything that would threaten peace and stability." Following North Korea's verbal pledge in Berlin not to pursue additional missile testing, President Kim Dae-jung gave credit to China for playing a critical role in convincing North Korea not to conduct additional tests because of concerns that such actions might induce Japan's rearmament.

The August meeting in Beijing between South Korean Defense Minister Cho Song-tae and his counterpart PRC Defense Minister Chi Haotian may have been a particularly salient signal to Pyongyang of the potential costs of causing additional instability or otherwise taking actions that would drive China closer to Seoul. Although Cho's visit, coinciding with the seventh anniversary of the normalization of ties between Seoul and Beijing, marked an unprecedented symbolic step for South Korea toward the establishment of regular defense dialogues with each of its larger neighbors, Beijing remained unwilling to engage in joint exercises even in basic areas such as search and rescue or humanitarian operations, perhaps out of deference to longstanding military ties between Beijing and Pyongyang.

Seoul's eagerness to cultivate a more active defense relationship with China, however, was on full display, most notably in the form of some provocative public comments by Minister Cho in a lecture at the PRC's National Defense College. Cho stated that the disposition of U.S. forces following Korean unification "shall be decided by unanimous agreement among Northeastern Asian countries." This controversial statement stimulated the opposition in South Korea's National Assembly to call for Cho's resignation, and represents a remarkable departure from past assurances by President Kim Dae-jung that the presence of U.S. forces in Korea would be a force for regional stability even after Korean unification. Although Cho's remarks were publicly contested by critics who are strongly supportive of a continued long-term U.S.-ROK security relationship, the fact that Cho has not resigned combined with South Korean reticence to join the U.S.-Japan TMD project suggests that the parameters of debate among South Korean security analysts have broadened in recent years beyond the past near-exclusive focus on the United States in careful consideration of Chinese interests and potential influence on the Korean peninsula. This development must give Beijing some encouragement concerning the prospects for a deepened long-term relationship with South Korea.

Beijing also urged both Koreas not to take destabilizing actions as chair of the latest round of Four-Party Talks in Geneva on August 7-11. Once again, there was little apparent progress in breaking the deadlock over North Korean demands for U.S. troop withdrawal as a prerequisite for discussions on confidence building and tension reduction measures or over how to replace the Armistice Agreement with a permanent peace on the Korean peninsula. However, the meetings provided a pretext for continued urging of Pyongyang to desist from further missile tests and to pursue negotiations to improve its relationship with the United States. A previous round of U.S.-DPRK discussions had already occurred in early July in Beijing, affording Chinese officials the opportunity to encourage moderation and continued dialogue in consultations with both American and North Korean officials. In addition, Beijing was the venue in early July for a series of failed negotiations between North and South Korean officials over the issues of fertilizer and divided families, issues that were overshadowed by the negative atmosphere resulting from a North-South naval clash in mid-June in the West Sea. In early July, Seoul was finally able to achieve the long-held objective of opening a consulate in the Northeastern Chinese city of Shenyang, Liaoning province, where North Korea is also represented. The Chinese quid pro quo to North Korea was permission to open a new consulate in Hong Kong.

Sino-ROK Economic Relations Continue To Advance

A steadily expanding economic relationship has been the driver for continuing improvement in Sino-ROK relations since the establishment of official relations in August of 1992. Bilateral trade has continued to grow almost 20 percent annually to about \$24 billion in 1998. The Korean chaebols, once a model for China's economic development, now appear to be a stark warning sign for the Chinese economic challenges of managing reform of state-owned enterprises, particularly in light of Daewoo's failure in recent months. Low-cost competition from Chinese exported goods had abated during the height of Korea's financial crisis in 1998, with Korean dumping causing headaches in some Chinese industrial sectors such as the steel industry.

However, the rapid continued improvement of the Korean economy and the strengthening of the won have renewed China's export competitiveness against some Korean products both internationally and in domestic markets. For instance, Korean-made TVs have been virtually shut out of the Chinese market due to the expansion of low-cost competitors; a major exception has been the Kumho Company, which has captured a large share of the Chinese tire market. The Korean petrochemical sector was the short-term beneficiary of increased orders from Chinese companies whose supplies had been affected by the Taiwan earthquake. Korean economic researchers continue to pay close attention to the possibilities of Chinese currency devaluation and its possible short-term implications for Korean economic competitiveness.

Perhaps most dramatically, Korea has become a tourist destination for Chinese travelers following the Chinese government's lifting of restrictions on travel to Korea last May. There were 30,786 Chinese travelers to Korea in the month of August, up 60 percent from the previous year. This figure does not include a projected 999 Chinese couples induced by bargain travel packages and the search for good fortune through numerology to take their marriage vows on Cheju Island together on September 9, 1999. Korean tourism to China also rebounded from the financial crisis to almost 100,000 in August, an 80 percent jump from 1998.

The Dark Side of Sino-ROK Exchanges: Illegal Immigration

Problems with illegal immigration in Seoul that had abated with the loss of economic opportunity and increase in unemployment that accompanied Korea's financial crisis in 1998 are renewing themselves again this year, led by a significant influx of ethnic Koreans from China who have sought economic opportunities unavailable in the Yanbian Ethnic Korean Autonomous Region or other areas of China. More than half of the over 120,000 illegal immigrants in the first eight months of this year are ethnic Koreans from China. However, these immigrants have found themselves swindled or cheated by Korean employers, unable to return to China, and fearful of stiff fines and deportation by Korean immigration authorities. Many have found themselves seeking shelter in Korean churches, making ends meet while avoiding Korean immigration authorities.

The plight of ethnic Koreans from overseas who have overstayed their visas has been dramatized by the recent passage of a law in the South Korean National Assembly extending significant rights to ethnic Koreans from abroad to stay in Korea for up to two years or longer without a visa. However, the law defines ethnic Koreans from overseas as individuals who have

previously held citizenship in the Republic of Korea, founded in 1948, thereby excluding from consideration ethnic Koreans abroad who may have been forced to leave Korea during the Japanese colonial period. The law, originally designed to attract investment from abroad at the height of last year's Korean financial crisis, has been criticized for unfairly discriminating in favor of Korean-Americans and against ethnic Koreans from China who might only exacerbate the unemployment difficulties in the Korean labor market. In addition, early drafts of the law that defined rights of citizenship based solely on ethnicity had met with criticism from the Chinese and Russian governments, which may fear that such logic may in the future lead to attempts by a unified Korea to annex ethnic Korean autonomous territories located in other countries.

South Korean Response to North Korean Refugees in Northeastern China

The flip side of ROK government difficulties with immigration of ethnic Koreans from the Yanbian Korean Autonomous Region of China is the PRC government challenge in dealing with a wide range of unofficial or illicit activities by South Korean citizens in China who have responded to the needs of North Korean refugees on a humanitarian basis. It is widely known that scores of South Korean humanitarian and missionary groups have been operating to assist in the care and feeding of North Korean refugees near the China-North Korea border. These refugees are considered by the PRC government to be illegal immigrants and must be repatriated to North Korea according to China's treaty relationship with the North. However, the Chinese government has turned a blind eye to many of the activities in the region in recognition of long-standing family relationships among Koreans that extend across borders and in humanitarian consideration of the enormous difficulties North Koreans have faced in meeting their own food needs in recent years. Other considerations may be avoidance of unnecessary measures that might alienate relations between the local and central governments in China and the fact that such activities by South Koreans in China constitute an additional form of foreign direct investment in China, usually in the form of direct cash transfers.

Two events in August and early September highlighted the sensitivities of unofficial South Korean activities in the border region near North Korea. First, three South Korean citizens--two pastors and a businessman--were detained for several weeks by PRC officials for extensive questioning in connection with illicit activities including provision of shelter for North Korean refugees in the region. The PRC government waited several weeks before officially informing the South Korean government that these three South Korean citizens were in custody. There were criticisms in the South Korean media that the ROK government had not adequately responded to reports of the detention of these South Korean citizens for fear of irritating the PRC government.

Second, a petition drive in South Korea led by nongovernmental and religious groups associated with the National Council of Churches sought 10 million signatures requesting that the United Nations grant North Korean refugees in China with official refugee status. PRC Ambassador to South Korea Wu Dawei, at a session with academics and journalists, argued that "South Korean media dub these people as defectors but I do not view them as refugees. They suffer no political restraints in their own country. The United Nations also reached a conclusion that these people cannot belong to the category of refugee. . . . The issue is about what happens between China and North Korea. Beijing and Pyongyang have the capacity to

handle it. If you adopt a method which further complicates it, it would do no good to any of the parties involved. . . This is a new interventionism. We have to guard against such a trend.”

Ambassador Wu’s comments incited demonstrations by South Koreans, editorial comments, and coincided with the issuance of new reports by a South Korean Buddhist relief group known as Good Friends documenting the lack of legal protection available to North Korean refugees who would face political retribution if they were to return to North Korea.

The South Korean government faces the dilemma of how to manage effective cooperation with the PRC government while also responding to increasing domestic pressure for a more activist government role in responding to human rights issues connected to North Korea that may contradict Chinese interests. In response to the public outcry and expectation that the South Korean government would take a more active stand on this matter, it has been reported that the government is examining ways to more actively respond to needs of North Korean refugees in the region. The controversy underscores the growing extent of involvement and interest of South Korean nongovernmental groups in the border region and the sensitivities of the PRC government to any activities undertaken that may be perceived as a challenge to issues of national sovereignty.

Broadening Multilateral Cooperation Including China

The South Korean government under President Kim Dae-jung has continuously emphasized the need for multilateral cooperation in addressing regional security and economic issues. It is likely that such efforts will continue to gain attention and that South Korea will make efforts to convince China to relax its cautionary stance toward multilateral cooperation dialogues. Indeed, Prime Minister Kim Jong-pil has actively supported the principle of six-party dialogue on regional issues in both Tokyo and Beijing, and President Kim Dae-jung has also indicated that a regional security dialogue would be desirable but should not be designed to replace or to address the issues that are the subject of the ongoing Four-Party Talks, involving the United States, China, and the two Koreas.

In the context of the ASEAN Regional Forum, then-South Korean Foreign Minister Han Sungjoo took the initiative of proposing a Northeast Asian Regional Security Dialogue as early as 1994, and President Roh Tae Woo made a similar proposal in a speech to the United Nations in 1988. For the time being, China appears to enjoy the fact that the Four-Party Talks exclude Russia and Japan from significant roles; however, other pressing regional security issues including missile proliferation and the need for regional economic and environmental cooperation may open the way for broader dialogue forums at some point in the future. Other dialogues involving regional economic or energy cooperation continue, albeit at a slow pace. For instance, Korean companies are involved with Russian and Chinese counterparts in assessing the feasibility of a natural gas development and pipeline construction project centered in Irkutsk.

The Sino-ROK Relationship and U.S. Interests

South Korean Defense Minister Cho’s comments in Beijing--in effect offering China veto power over a continued U.S.-ROK defense relationship post--Korean reunification no

doubt must have raised more than a few eyebrows among Pentagon defense analysts. While it would be worth knowing whether Cho's comments were a verbal gaffe or whether they represent a growing minority within South Korea's defense establishment, there is no reason for U.S. government officials to overreact to such comments. However, there are several lessons contained in the statement that U.S. defense planners would do well to heed. First, there is no pre-ordained guarantee that a U.S. forward deployed presence on the peninsula will survive Korean reunification, and long-range planning should take into account the full range of possibilities rather than be caught short in the event by inaccurate assumptions or straight-line projections. Second, it is likely that Seoul will be extraordinarily wary of taking sides or getting caught in the middle of any confrontation between the United States and the PRC, particularly as the Sino-ROK economic relationship continues to grow. Third, the best policy for deflecting enticements from Beijing to Seoul that may weaken U.S.-ROK security cooperation is to maintain a robust U.S.-ROK alliance coordination in pursuit of common security interests.

Although the plight of North Korean refugees has not gained widespread attention in the U.S. media, a few dedicated humanitarian relief NGOs such as Mercy Corps are being joined by the emergence of new advocacy efforts through formation of NGOs representing the Korean-American community. This development may have political implications in the future as Korean-Americans seek to lobby members of the U.S. Congress who share interests in food relief and in human rights. As part of its humanitarian policy, the U.S. government should not only focus on providing food aid inside North Korea but should also forge closer cooperation with both South Korea and China in developing an effective response to the plight of North Korean refugees in Northeastern China. If cooperation through the United Nations High Commission for Refugees is not acceptable to the Chinese government, other arrangements should be undertaken to help those North Koreans who have neither legal rights in China or any choice but to stay out of North Korea if they are to have a chance of survival.

Chronology of China-ROK Relations

July - September 1999

July 3, 1999: Inter-Korean talks in Beijing over fertilizer and family reunions break down.

July 8, 1999: South Korean consulate opens in Shenyang, PRC, after seven years of negotiations.

July 24, 1999: South Korean Foreign Minister Hong Soon-young asks PRC Foreign Minister to help deter North Korea from test-launching another missile at a meeting prior to the ASEAN Regional Forum in Singapore.

Aug 7-10, 1999: Sixth round of Four-Party Talks held in Geneva.

Aug 12, 1999: ROK National Assembly bill on the visa and legal status of ethnic Koreans with foreign citizenship passes.

Aug 21, 1999: Three South Koreans are detained in Northeastern China by the Chinese government, allegedly for assisting North Korean refugees.

Aug 22, 1999: Three ethnic Koreans from China, supported by 62 Korean civil groups, petition Constitutional Court protesting inequality of new bill on visa and legal status of ethnic Koreans with foreign citizenship.

Aug 23, 1999: ROK Defense Minister Cho Song-tae meets with PRC counterpart Chi Haotian in Beijing and calls for China to play a bridging role between North and South Korea by helping to persuade North Korea to abandon its missile launch program.

Aug 24, 1999: Seventh anniversary of diplomatic normalization between South Korea and the PRC.

Aug 25, 1999: ROK Defense Minister Cho Song-tae states at National Defense College in Beijing that U.S. force presence in a unified Korea “shall be decided by unanimous agreement among Northeast Asian countries.”

Aug 26, 1999: Sixty-three opposition Grand National Party lawmakers demand the dismissal of Defense Minister Cho Seong-tae over his remark that the presence of the U.S. Forces Korea may be subject to negotiation between neighboring countries.

Aug 26-31, 1999: Chinese Civil Affairs Minister Duo Ji Cai Rang arrives in Seoul for consultations on cooperation in social welfare and prevention of natural disasters.

Aug 30, 1999: Korean Buddhist group Good Friends releases report estimating 140,000-300,000 North Korean refugees in Northeastern China are facing severe human rights difficulties due to non-recognition by the Chinese government of their refugee status.

Aug 31, 1999: President Kim Dae-jung calls on the government to work out measures to provide ethnic Koreans in China and the former Soviet Union benefits equivalent to those provided under law to other ethnic Koreans from abroad.

Sept 3, 1999: PRC Ambassador to South Korea Wu Dawei addresses academics and journalists at the Korea Press Foundation, criticizing South Korean civic groups for launching a petition drive urging the UN Commission on Human Rights to declare North Korean escapees in the PRC to have refugee status.

Sept 8, 1999: South Korean civic group members, including 100 North Korean defectors, rally in front of the Chinese Embassy to protest PRC Ambassador to South Korea Wu Dawei’s criticisms of South Korean interference with Chinese treatment of North Koreans caught in Chinese territory.

Sept 11, 1999: President Kim Dae-jung meets with PRC President Jiang Zemin on the sidelines of the APEC summit meeting in Auckland, New Zealand.

Sept 20, 1999: President Kim Dae-jung, in meeting with former presidents at Chongwadae, credits China with playing a crucial role in convincing North Korea from firing another missile.