



ROK-US Cooperation in an Era of US-China Strategic Competition

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Conventional reservations are changing amidst intensifying US-China competition

South Korea (hereafter, ROK), like other many Asian countries, is pressed to choose either the US or China in the midst of their increasing strategic competition. This dilemma has become critical as US-China competition has intensified in the areas of trade and technology in addition to the usual security competition. Tit for tat tariff increases between the US and China are expected to hurt the Korean economy. The Korean Development Institute estimates that Korea's economic growth rate will be reduced by 0.34% when the suggested tariff rates from both parties are realized.¹ According to a survey conducted in October by EAI, more South Koreans view the trade and technology conflict between the neighboring countries (54.3%) as a challenging current threat than their military competition (48.0%) or unstable inter-Korean relations (49.8%).

Strong ally relations with the US are needed more than ever before in the face of North Korea's rising missile and nuclear weapons capability. At the same time, as of 2017, the ROK relies on China for 25% of its exports compared to 12% for the US. For imports, the ROK brings in 19.2% from China and 10.7% from the US. The ROK's economic integration with China is great to the extent that a 1% decline in China's growth rate decline results in a 0.5% reduction in the Korean economy. With these deep ties to both the US and China, the ROK has been walking a tightrope of maintaining its alliance with the US while avoiding entering the multilateral network that can be viewed to contain China. However, it is becoming more difficult to maintain this balance as the US tries to integrate the ROK alliance into its Indo-Pacific Strategy.

Facing the China-led Belt and Road Initiative (BRI) and the US-led Indo Pacific vision (which started from the Japanese vision of a Free and Open Indo-Pacific),² the ROK has been reluctant to articulate its position. But, recent developments are encouraging the ROK to participate in the Indo-Pacific vision without sacrificing its China ties. First, the US Indo-Pacific vision itself is evolving toward more non-military cooperation. Targeting

¹ The report reveals that Korean economy will suffer additional damage due to the decline of Chinese domestic demand caused by the rising debt level of Chinese companies that import ROK intermediate goods. See: Kim, Sung-tae. 2019. *KDI Hyeonanbunseok: Junggukgyeongjeui Wiheomyoin Pyeong-ga Mit Sisajeom (KDI Analysis: Evaluation and Implications of Risk Factors for the Chinese Economy)* (in Korean), Seoul: Korea Development Institute.
http://www.kdi.re.kr/news/coverage_view.jsp?idx=10864&media=main.

² The vision of a Free and Open Indo-Pacific (FOIP) was articulated by Abe Shinzo and introduced formally through the statement made between Abe and Narendra Modi in Nov. 2016. President Trump announced the US vision for FOIP at the APEC Summit in Vietnam in 2017. Since its inception, both the *National Security Strategy* and the *National Defense Strategy* have been addressing the US vision over the last three years.

China and Russia as revisionist powers, the National Security Strategy of December 2017 recognized the growing competition between free and repressive visions of the future international order as the most consequential challenge. However, two more refined reports of 2019 widen US cooperation with the countries in the region. The Department of Defense's Indo-Pacific Strategy Report released on June 1, 2019 emphasized the US commitment to the region through preparedness, partnerships, and the promotion of the networked region. It articulated four principles the ROK shares, consisting of respect for the sovereignty and independence of all nations, peaceful resolution of disputes, free, fair, and reciprocal trade, and adherence to international rules and norms including freedom of navigations and overflight.³ The State Department's A Free and Open Indo-Pacific: Advancing a Shared Vision leans more towards diplomatic and economic cooperation in trade, infrastructure, energy, and the digital economy. The report states, "The U.S. vision for the Indo-Pacific excludes no nation. We do not ask countries to choose between one partner or another. Instead, we ask that they uphold the core principles of the regional order at a time when these principles are under renewed threat."⁴ This inclusive and multidimensional approach surely invites more countries in the region to join while reducing the pressure to choose between the US and China.

On the other hand, ROK leaders increasingly see the need to expand the US-ROK alliance beyond the Korean Peninsula to keep the alliance intact. As concerns grow over President Trump's transactional approach to the alliance and his repeated remarks of withdrawing US forces from South Korean soil, there is a growing demand to accommodate the US interest of linking the ROK alliance to its regional vision. At a joint press conference following his summit meeting with President Trump on June 30, President Moon alluded to the ROK's willingness to participate in this vision by saying that the ROK will pursue harmonious cooperation between its New Southern Policy and the US Indo-Pacific Strategy. His New Southern Policy, which aims to expand ROK economic ties with ASEAN and India, hinges together nicely with the US Indo-Pacific Strategy. The US is trying to reinforce this subtle change. During his recent visit to Seoul for the 4th ROK-US Senior Economic Dialogue on November 6, US Under Secretary for Economic Growth, Energy, and the Environment Keith Krach mentioned that the interests of South Korea's New Southern Policy are 100% consistent with the US Indo-Pacific Strategy in major areas. Infrastructure, energy, and digital technology were reportedly discussed as potential areas of cooperation.⁵ Both the northbound continental cooperation policies of former President Park Geun-hye's Eurasia Initiative and President Moon's New Northern Policy have stalled due to the international sanctions against North Korea and Russia. Comparatively, the ROK's southbound policies look more promising in terms of their potential to gain diplomatic and economic benefits.

³ Department of Defense, United States. 2019. "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region." <https://www.documentcloud.org/documents/6111634-DOD-INDO-PACIFIC-STRATEGY-REPORT-JUNE-2019>.

⁴ Department of State, United States. 2019. "A Free and Open Indo-Pacific: Advancing a Shared Vision," Bureau of East Asian and Pacific Affairs, p. 6. <https://www.state.gov/a-free-and-open-indo-pacific-advancing-a-shared-vision/>

⁵ Seon, Han-gyeol and Rak-Keun Lim. 2019. "Hantmmi, Indotptaepyongyang Jeollyak Ihaeilchittsamseong Deung Hwawei Daechehal Gieop Manta (Korea and the U.S. Share Understanding of the Indo-Pacific Strategy... There Are Many Companies to Replace Huawei including Samsung)" (in Korean), *The Korea Economic Daily*. <https://www.hankyung.com/politics/article/2019110722721>.

Favorable public opinion toward the US over China

Public opinion is very favorable toward the US over China. According to an EAI survey conducted in May, 65.3% of South Koreans viewed the US more favorably than China while just 6.3% answered the other way around. Half of South Koreans said they have a bad image of China (51.5%) while 22.2% said they have a good image.⁶ A majority of 65.5% chose China's economic retaliation over the deployment of the Terminal High Altitude Air Defense (THAAD) system during 2016-17 as the reason. Eight out of ten Koreans answered that the US is a trustworthy partner while only 17.6% agreed that the same was true of China. When asked about accountability on global affairs, 86.1% believed that the US would be likely to shoulder responsibility while 46.8% said the same about China. When asked the priority of the US role in the world, it is notable that 88.7% of Koreans answered the priority of the American role in Asia lies in preventing China from ruling the region. At the same time, more Koreans (48.2%) think that a peaceful Asian order with both the US and China would be impossible rather than possible (27.2%). About 64% of Koreans said that they think there is a possibility that physical clashes will occur between the two countries. When a severe conflict arises between them, 66.5% favored the ROK taking a neutral position. Still, 31.3% answered that the ROK should support the US in contrast to a meagre 1.9% who favored supporting the Chinese position.

It is clear that more South Koreans have begun to see the utility of the alliance with the US from the perspective of China hedging. Eight out of ten people agreed with the idea that the alliance guarantees South Korea's security from Chinese attacks or pressure. About 63% disagreed with the idea that the importance of the ROK-US alliance is declining due to the US's relative decline vis-a-vis China. With this extended value of the alliance, twice as many Koreans answered that the USFK needs to stay even after the two Koreas are reunified (64.1% vs. 32.2%).

Prudent expansion of the alliance is needed

Public opinion shows that South Koreans are choosing the US as a hedge against an assertive China. However, this should not be interpreted as saying clearly that they agree with Americans on how to deal with China.⁷ Even if the ROK joins the US-led Indo-Pacific vision, this does not mean the ROK has chosen the US over China in economic terms. The economic and technology dimensions are not necessarily a zero-sum game that force the ROK and other Asian economies to choose between the US and China. The Asian economy, including that of the ROK, cannot be decoupled from China just as the economic interdependence between the US and China cannot be easily erased with a trade war, which will inevitably end at some point. Technological decoupling also seems irrational even if Samsung becomes an alternative 5G provider to Asian markets.

⁶ Pew Research Center also recognized the ROK as one of the Asia-Pacific countries where the positive assessment of China fell greatly between 2002 and 2019. South Koreans with a favorable view of China fell from 66% to 34% with a 32% loss. Indonesians turned sour with a 37% fall from 73% to 36%. Japan and Australia, which used to have a relatively positive view of China in the region, showed a decline from 55% to 14% and from 52% to 36% respectively during this period. See: Pew Research Center. 2019. "People around the globe are divided in their opinions of China," *FACTANK*.

⁷ Scott, Snyder A. 2019. "South Koreans and Americans Agree on How to Deal with China," *Asia Unbound*, Council on Foreign Relations. <https://www.cfr.org/blog/south-koreans-and-americans-agree-how-deal-china>.

Expanding security cooperation with the US in the framework of the Indo-Pacific Strategy, however, will take more time and caution. Under pressure from the US, on November 22, the Moon administration suspended its initial decision not to renew the tripartite General Security of Military Information Agreement coordination among the US, the ROK, and Japan. This reversal falls far short of the US vision of networked alliance cooperation in the region, especially of linking the two allies together. ROK is likely to remain very cautious so as not to be viewed as confronting China even as it seeks a certain form of security cooperation with the US for the region. Even the QUAD members, Japan and Australia, are cautious not to mention a more reluctant India in militarily balancing China with the US.⁸ Asian countries are all interested in binding the US to the region as a counterbalance to China. But no Asian country wants this choice to force them into discarding their China ties.

When encouraging the ROK to join in the Indo-Pacific vision, the US needs to be prudent and patient. This encouragement should not be seen as a quid pro quo to the USFK burden sharing negotiation. It is reported that the US negotiators demanded \$4.7 billion USD, which is five times more than the current share of the ROK's burden, in the latest round of negotiations.⁹ It is true that President Trump's transactional approach to the alliance and remarks threatening to reduce the number of American soldiers can push the ROK to commit more to the alliance. At the same time, however, South Koreans will be angered if they have to pay an excessive additional amount or feel they are becoming entangled in US interests outside the Peninsula. By stimulating the sovereignty-sensitive nationalism, US pressure has the potential to reverse some of the strong support for the alliance. Due to this combination of factors, the ROK will prefer more prudence and patience on the part of the US until the ROK finds its niche within the US-led Indo-Pacific vision from its own national interests. ■

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⁸ Stirling, Sharon (ed.). 2019. *Mind the Gap: National Views of the Free and Open Indo-Pacific*. Washington, D.C.: The German Marshall Fund of the United States. <http://www.gmfus.org/publications/mind-gap-national-views-free-and-open-indo-pacific>.

⁹ A report said that the US wants the ROK to cover the cost of operating US forces in the Strait of Hormuz, between the Persian Gulf and the Gulf of Oman. The negotiations of 2018 already increased the ROK's burden sharing with the US Forces in Korea by 8.2%. See: Shim, Elizabeth. 2019. "Reports: U.S. Demand for \$4.7B South Korea Burden Sharing Extends to Mideast," United Press International. https://www.upi.com/Top_News/World-News/2019/11/08/Reports-US-demand-for-5B-South-Korea-burden-sharing-extends-to-Mideast/9731573169787/

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