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The Jeju Forum for Peace and Prosperity, which the Jeju Peace Institute (JPI) annually organizes and hosts, is an important venue for scholars, political leaders, diplomats, and activists from around the world to discuss current issues regarding peace, prosperity, and multilateralism.

The *Jeju Forum Journal* intends to bridge one forum to the next. While reviewing the ideas brought forward during that year's Jeju Forum, the journal navigates the path toward next year's Forum. At the same time, it aims to provide an independent platform for our readers to understand better the environment and circumstances surrounding East Asia and the world. Specifically, the *Jeju Forum Journal* publishes manuscripts analyzing events that shaped the world we live in today; events that are expected to have severe repercussions on relations between states; foreign policies of certain states that can affect other states' actions; and other issues that are widely discussed among the public, scholars, and global leaders today.

For this issue, four distinguished scholars have contributed their essays. The first essay, "US-China Hegemonic Rivalry and South Korea's Response," is written by Professor Gong Min-seok (Jeju National University). The second essay, "Future of Regional Cooperation in Northeast Asia and South Korea's Vision," is contributed by Dr. Eunmi Choi (Asan Institute for Policy Studies). Each essay examines how South Korea should respond to the shift in international dynamics due to the intensifying US-China competition and why and

how South Korea should continue to pursue multilateral cooperation in East Asia despite several obstacles.

The other two essays also cover interesting topics that attract our attention. The third essay contributed by Professor Lee Sanghyun (Myongji University), "United Nations City Initiative on the Tumen River Estuary," suggests the idea of building "United Nations City" as means to achieve peace on the Korean peninsula. The final essay, "China's Expansion of Economic Leverage on Africa and Its Implications for South Korea," written by Professor Jeheung Ryu (Ehwa Womans University), explains how China is increasing its economic influence in Africa, how the Sino-African relations are strengthening, and its implications to South Korea.

The Jeju Forum for Peace and Prosperity has been a premier regional dialogue platform, shaping the discourse to promote peace and prosperity in the region. We hope that the *Jeju Forum Journal* will help expand the ideas that have been brought up at the annual forum and stimulate discussions for future forums.

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US-China Hegemonic Rivalry and South Korea's Response

Abstract

The hegemonic competition between U.S. and China is deeply rooted in the interdependent relationship which was formed and evolved in the 'Kissinger order'. However, the interdependence between the two great powers was also instable and vulnerable and the 2007-08 financial crisis revealed this instability and vulnerability. The core of U.S. foreign strategy in the age of Obama, Trump, and Biden administration was U.S. attempt to check China's rise and seek alternative approaches to revitalize hegemonic power. As China confronts the U.S. squarely, U.S.-China hegemonic competition deteriorated into full-scale conflict around value, identity, and legitimacy of the regime. The most significant change due to the inauguration of the Biden administration restoration of alliance based on democratic values and strong industrial policy to gain competitive edge in state-of-the-art technologies. Moreover, U.S.-China conflict, which is often called the 'New Cold War', deepened as the democratic-values alliance is combined with the techno-alliance. Accordingly, China reinforced its attempt to break away from the interdependent relationship with the U.S. The U.S. is an ally of paramount importance for South Korea and China is a neighboring country with deep economic ties. South Korea needs an effective diplomatic strategy to prevent the U.S. and China from being a veto power to its interest, and should enhance its as a moderator or mitigator between U.S. and China.

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I. The formation and evolution of US-China interdependence

- What distinguishes the strategic competition between the US and China from the conflict among other powers is that the US-China rivalry is derived from a close interdependence. US-China relations during the Cold War were based on extreme ideological confrontation, and the interaction was inevitably very limited between the two camps with different systems. On the other hand, the US-China conflict is based on the complex interactions accumulated over the past 40 years under the so-called Kissinger Order. In particular, China has become a key pillar of globalization since joining the World Trade Organization (WTO) in 2001. The US, China, and their neighboring countries have intertwined in complex interdependent relations.
- The most important factor in the formation and evolution of US-China interdependence was the change in US hegemony. Faced with a hegemonic crisis in the 1970s, the US succeeded in reforming hegemony based on its monetary and financial power, as the power to issue key currency and the financial sector reinforced each other. For this reason, even as the US's superiority in industrial production declined and double deficits constantly accumulated, a large-scale capital could continue to flow in to offset the situation. Based on this, the US boosted the economy and continued consumption beyond production. The tremendous capital import based on monetary and financial power also (is evaluated to have) contributed to securing an advantage in the high-tech industry and military power.
- In order to maintain monetary and financial power, it was necessary for the US to pursue the expansion of financial globalization and policy

coordination with surplus countries. This is because surplus dollars could be recycled only when surplus countries continued to invest in the US financial market and held dollar assets. In the 1980s and 1990s, the essence of such a mechanism was the role of Japan and Germany (West Germany).

- In the 2000s, China replaced Japan and Germany. Incorporated into the lowest stage of the region's division of labor since the 1997-1998 financial crisis, China relied on US technology, capital, and consumer markets to achieve rapid economic growth. After joining the WTO, China jumped on the US financial boom and became a growth engine for the global economy. China completely incorporated into the US-centered international political and economic order and emerged both as a key partner supporting the US-led globalization structure and as a competitor.
- In particular, China invested export dollars accumulated through exports to the US financial market, more specifically, government bonds. This contributed to the US maintaining its monetary and financial power despite the accumulation of huge deficits. However, in doing so, China also accumulated safe assets and formed a virtuous cycle of continuous growth through exports to the US. The terms "Chimerica" (Ferguson and Schularick 2009) or "revived Bretton Woods/Bretton Woods II" (Dooley et al. 2003) imply an interdependent, symbiotic relationship between the US, the center of finance, and China, the center of production.
- The interdependence of the US and China was similar to the basic mechanism of US-Japan relations in the 1980s, but also had important differences. First of all, the size of the US debt and the amount of capital income had become much larger. Therefore, the economic imbalance between the US and China was also more serious than that between the US and

Japan in the 1980s, and the latent conflict between the two countries implied a bigger risk.

- Financial instability was also an important issue. Since 2001, when the boom in the new economy ended with the collapse of the “dot-com bubble,” the expansion of the US financial market has been centered on real estate derivatives, which suggests an even greater instability.
- The most important difference is in the nature of the relations between the US and the two partners, Japan and China. Japan was a military and security subordinate to the US and lacked autonomy. Due to this, Japan had no choice but to adopt a compliant attitude that acquiesced to most of the US demands. China also sought development through strategies that conformed to the US-led international political and economic order. However, China was not an ally of the US and pursued strong diplomatic and security independence with its own geopolitical ambitions. In addition, China strengthened its military power through a rapid increase in military expenditure. This suggests that, should hostility or discord occur in the interdependence between the US and China, the conflict may be amplified and instability in the international order may intensify.
- ✧ The US was critical of Japan's attempt to promote independent development by internationalization JPY or forming an economic zone in East Asia. As a result, Japan's attempt failed, and after entering a long-term recession in the early 1990s, it experienced a decline in power. Meanwhile, Germany established its own economic sphere of influence through European integration and was able to establish relations with the US, unlike its failure to do so through the method it adopted in the 1970s and 1980s.

II. Hostilities and contradictions inherent in interdependence

- The interdependent relations between the US and China were a symbiosis of mutual interest, while at the same time, it was also a very unstable and dangerous tie. Excessive foreign exchange reserves proved costly in many aspects such as sterilization, sluggish domestic demand, and loss of high-yield investment opportunities. In addition, there was an asymmetry in power relations in that the value of assets held by the state was determined by the currency value of the key currency issuer. For this reason, China benefited from maintaining the dollar's value and had no choice but to continue to recycle its export dollars. Under this mechanism, the US was able to enjoy an “exorbitant privilege” that made no commitment to the stability of the dollar.
- ✧ V. G. D'Estaing, the finance minister under de Gaulle's presidency, criticized the situation in which the US was able to accumulate an international balance of payments deficit without much burden, as the dollar served as a key currency. Zhou Xiaochuan, governor of the People's Bank of China, similarly criticized the US in the same context for deepening global economic instability under such privileges.
- Another important problem was that limiting the expansion of financial globalization based on capital income was inevitable. If the dollar leaked due to accumulated deficits, the US financial market had to continue to expand to recycle it. However, considering the scale of the US-China global imbalance and the instability caused by the financial bubble, it was not easy to expect trust in the dollar and stable expansion of the financial market to continue.
- The 2007-2008 financial crisis was an opportunity

to reveal the vulnerability of US hegemony and the limitations of the US-China interdependence. When the crisis occurred, the US used a strategy to deal with the crisis and maintain monetary and financial power in the short term.

- At the medium- to long-term level, the US needed strategies to contain China's rise and establish alternatives to reform hegemony. The Obama administration's rebalance toward the Asia-Pacific region, which shifted the central axis of the global strategy to East Asia, was a product of this strategic consideration.
- The rebalance involved extensive and practical changes in all areas of the foreign policy strategy. First of all, in the military strategy, a new approach considering military conflicts with China was established, and the Air-Sea Battle replaced the former Army-centered Air-Land Battle centered around the Navy and the Air Force. Despite the reduction in the defense budget, naval and air forces in the West Pacific have greatly increased. As a result, the proportion of forces in the Pacific and the Atlantic has been adjusted from 5:5 to 6:4.
- The core of the external economic strategy was the Pan-Pacific Partnership (TPP). The TPP aimed at the ‘WTO+’ standard included content beyond the scope of an ordinary trade agreement. Imposing sanctions on exchange rate manipulation, eliminating foreign investment discrimination, and reinforcing intellectual property regulation were means to take the initiative in reorganizing the regional economic order and press China.
- The Trump administration also inherited the trend of the rebalancing strategy. However, unlike the Obama administration, which aimed at multilateralism-based engagement policies, the Trump administration preferred a unilateral approach. But the actual goals that the US aimed to achieve through the

rebalancing strategy have not changed.

- In the military aspect, there was a further military buildup in the West Pacific region. In particular, the need for effective military measures to pressure China has begun to be emphasized. The Indo-Pacific Strategy, which replaced the rebalancing strategy, was decisive. As a result, the Quad alliance between the US, Australia, Japan, and India was revived, and strong actions were taken against China, including resuming arms sales to Taiwan and strengthening military posture in the South China Sea (The White House 2017; US Department of Defense 2019).
- There was also an important change in the form of the US's withdrawal from the TPP. However, even after the withdrawal, the core of the US external economic strategy was to press the surplus countries, especially regarding China's unfair trade. Major issues remained similar, including sanctions on exchange rate manipulation, prohibition of technology transfer, reinforcement of intellectual property regulations, and elimination of illegal subsidies. There was a change, which was the intensified pressure of the US, as the multilateralism represented by the TPP shifted towards bilateralism. This resulted in the trade war.
- More important than strengthening the unilateralism stance was the change in the basic premise of the Chinese policy. The rebalancing strategy was a strong response to the amplification of the US-China conflict and intensified strategic competition with China. However, at the same time, it was also a strategy based on trust in the resilience of the US-centered international order and the possibility of coexistence with China. However, the Trump administration rapidly eliminated the latter, and the US-China conflict worsened due to the COVID-19 pandemic.
- This was a significant change in that it was a

departure from the traditional liberalistic hegemony strategy, but it was also a change that could not be explained only by Trump's heresy.

- China also began to reorganize relations with the US and seek its own path for development as the US intensified pressure after the 2007-2008 financial crisis. Unlike Japan in the 1980s, which complied with US demands in policy cooperation, China strengthened its independence in advanced technologies through strategies such as Made in China 2025 and made attempts to build and expand its influence through plans such as The Belt and Road Initiative. As the US responded strongly to this, the hegemonic competition intensified, and US-China relations deteriorated to the point of being referred to as a new Cold War.

III. Intensification of the US-China hegemonic competition and major issues

- The trade war detonated conflicts between the US and China. The trade war was ostensibly a matter of trade imbalance, but it was, in fact, a competition to dominate advanced technologies and production. The 2019 National Defense Authorization Act stipulated that Chinese capital invested in the US through the Committee on Foreign Investment in the United States (CFIUS) should examine the impact of Chinese capital on national security and control the outflow of core technologies. A harsh criticism of Made in China 2025, and direct sanctions against related companies, also revealed that the trade war was not just a matter of trade imbalance.
- ✧ These conflicts have appeared since the Obama administration. The 2012 National Defense Authorization Act also included a clause requiring an evaluation of the national security threats

posed by US government bonds held by China. This is evaluated as a decisive contribution to thwarting Tsinghua Uni's acquisition of Micron and Broadcom's attempt to acquire Qualcomm.

- As the trade and technology war expanded, tensions over the reorganization of the global supply chain also began to rise. The US began to exclude China from the supply chain through executive orders and legislation to reduce its dependence on China, and increased sanctions on key "technologically rising" Chinese companies such as Huawei, Zhongxing (ZTE), Fujian Jinhua Semiconductor, and SMIC.
- ✧ As a result, China's plan to raise the self-sufficiency rate of semiconductors to 75% by 2025 has also been disrupted. Fujian Jinhua has stopped producing DRAMs, and Tsinghua Uni has declared a default. However, China's semiconductor self-sufficiency rate is steadily rising; it was rated at 10% in the 2010s and is 15% now. The tougher the US sanctions, the more likely China will strengthen its drive for technological independence.
- Allies of the US also joined in pressuring China. The US, Mexico, and Canada Agreement (USMCA), which replaced the North American Free Trade Agreement (NAFTA), included a clause that automatically invalidates the USMCA if one of the participating countries signs a free trade agreement with a country that is not recognized by the US Department of Commerce. As can be seen from the US Department of Commerce's October 2017 designation of China as a non-market economy, this was a measure that reflected the US intention to isolate China.
- Japan and the EU have also begun to pursue policies to relocate China's production bases to their own countries or to third countries, such as in Southeast Asia, through incentives such as corporate tax cuts and support for relocation costs. Australia and the

United Kingdom have decided to exclude Huawei from the 5G telecommunications business, and some European countries have joined. India has banned Huawei equipment and Chinese apps, as well as China's largest search engine Baidu, social media Weibo, and Xiaomi's browser.

- China remained somewhat compromised about the target amount of trade deficit reduction but rejected these measures, saying that the criticism of Made in China 2025 and demand for economic structural change are an act of sovereignty infringement. In addition, China began emphasizing strategies to strengthen high-tech industrial capabilities and technological independence in the long run and to reduce external dependence by shifting to domestic demand-oriented development. At a meeting of the Politburo of the Communist Party of China held in July 2020, President Xi Jinping proposed a "two-cycle" strategy to shift from an export-oriented development strategy, known as the "international cycle," to a "domestic cycle" centered on domestic demand, thereby creating a virtuous cycle between the two.
- China's long-term development strategy is related to strategic competition in the monetary and financial sectors as well as trade and technology. This is because the key to transitioning to an independent development strategy is to avoid dependence on the dollar and the US financial market. Therefore, trade and technology wars are bound to involve monetary and financial wars.
- Since the 2007-2008 financial crisis, China has attempted to lift the renminbi's international status and escape its excessive dependence on the key currency, the dollar. As a result, in 2016, the Yuan emerged as the world's second-largest currency in terms of trade loans and the world's fourth-largest in international payments. In addition, from 2016, it

was included in the IMF's basket of special drawing rights. China became the third-largest country in the IMF quota in 2016 after the US and Japan.

- In addition, China strategically promoted the multipolarization of the international monetary and financial order. It led currency and financial cooperation in the region, including the Chiang Mai Initiative Multilateralization (CMIM), and expanded currency swap agreements. Moreover, at the 2014 BRICS summit, China founded the New Development Bank (NDB) and the Crisis Response Fund (CRA). The Asian Infrastructure Investment Bank (AIIB) to financially support the one-on-one strategy was also an important achievement.
- ✧ However, despite these achievements, the internationalization of the yuan since 2015 is assessed to have reached its limit. On the other hand, despite the huge deficit, the dollar's status in the 2010s was rather strengthened amidst its "flight to quality."
- In the midst of the trade war, the pressure from the US increased, including the designation of China as a currency manipulator, and the trade and technology wars expanded to monetary and financial wars. The US has implemented sanctions to exclude Chinese companies from the US financial system, including a ban on financial transactions and asset sales. In response to the Hong Kong Security Law, the US also put sanctions to freeze the assets of the Chinese government and companies. Under the agreement of both the Democratic and Republican parties, the Senate passed a bill to delist companies that cannot prove themselves free from the influence of foreign governments.
- The hostility and contradiction inherent in the US-China interdependence were evident in the controversy surrounding the repayment of US government bonds. As the currency and financial

war intensified, the US mentioned the possibility of defaulting on US government bonds held by China. China warned that a refusal to repay government bonds would soon mean a collapse of the dollar hegemony, saying it would gradually sell US government bonds and diversify its foreign exchange composition (Pearl and Yeung 2020).

- While such an event is indeed unlikely to happen, it has been revealed that interdependent symbiosis can transform into a “balance of financial terror.” In this regard, the intensifying competition between the US and China in currency and finance can also be seen as part of the hegemonic competition, and not as a simple exchange rate adjustment or a matter of investment environment.
- As conflicts in the trade, technology, currency, and financial sectors intensified, the confrontation between the two countries worsened to an all-out war over military, security, values and the legitimacy of systems. The US has defined China as an authoritarian government and argued that China needs to be punished harshly for challenging American values (The White House 2020). In addition, the Taipei Act, the Hong Kong Human Rights Act, and the Uighur Human Rights Act were enacted to pressure China. Accordingly, conflicts related to China’s core interests began to be expressed directly. Military tensions have also risen in the South China Sea and the Taiwan Strait as the US and China have intensively deployed high-tech strategies and launched armed protests. The US strengthened anti-China solidarity with the Quad and the Five Eyes countries and called for allies to participate in the anti-China economic bloc, the Economic Prosperity Network (EPN).
- ※ When China tried to neutralize the idea of One Country, Two Systems through the Hong Kong Security Act, the US enacted the Hong Kong

Human Rights Act in November 2019 to take measures to deprive Hong Kong of its special status. In March 2020, the Taipei Act was enacted to strengthen economic relations with Taiwan and support Taiwan’s strengthening of international relations. In June, the Uighur Human Rights Act was enacted to impose sanctions on officials in Xinjiang.

- The important thing was that a strong agreement on the hardline policy with China was formed in the US. In the early days of the Trump administration, Biden and the Democratic Party took a critical stance on Trump’s hardline policy toward China. However, as China’s influence continued to increase and US-China relations deteriorated, the position spread within the Democratic Party that they underestimated China’s threat. A favorable assessment of Trump’s foreign strategy also emerged, as it focused the US’s foreign policy capabilities on East Asia and strongly contained China (Gramer 2020; Campbell and Doshi 2020). The sanctions bills, which were enacted under the agreement between the Democratic and Republican parties, and the China-bashing competition in the presidential campaign clearly revealed a bipartisan agreement between the Republicans and Democrats.

IV. The inauguration of the Biden administration and US-China relations

- Biden has maintained a hostile and hardline attitude toward China since his inauguration. In his first official press conference, Biden defined China as a hegemonic challenger and made it clear that he will curb it through strong force. The response strategy to the US-China hegemonic competition in the Biden administration is seen vividly in the *United States*

Innovation and Competition Act passed by the Senate. Here, the US has reorganized its plan to pressure China in all directions including the economy, the military, security, common value, and technology.

- ※ The ‘United States Innovation and Competition Act,’ which was passed by the Senate in June 2021 and is being reviewed by the House of Representatives, consists of seven detailed bills. The Endless Frontier Act and the Chips and USA Telecom Act include provisions to support research, development and production of core fields such as semiconductors, artificial intelligence, robots, and batteries. The Strategic Competition Act and the Meeting the China Challenge Act are bills aimed at directly sanctioning China’s human rights, democracy and unfair trade issues. The Trade Act of 2021 and the Securing America’s Future Act include China’s tariff policy as an extension of the trade war and the strengthening of manufacturing bases such as Buy American. The House is also discussing the Ensuring American Global Leadership and Engagement Act, which contains similar content.
- Immediately after taking office, Biden signed an executive order that mandated the federal government to purchase U.S. products and provide incentives for domestic production. The *US Innovation Competition Act* also expanded and strengthened the “Buy American” regulations in infrastructure construction and public sector investment.
- ※ The “Buy American” clause, common to Trump and Biden, is retroactive to the Obama administration’s “American Recovery and Reinvestment Act.” At that time, it was criticized as a violation of the WTO’s regulations on government procurement agreements. This shows that Trump is not the only president that undermined multilateralism.
- The monitoring of Chinese capital and sanctions

on Chinese telecommunications equipment and semiconductor companies have also been expanded. The rationale for the sanctions was that it is a national security threat. K. Tai, the head of the US Trade Representative (USTR), mentioned that additional tariffs could be imposed as needed and warned that several retaliatory measures, including the “Super 301,” could be used.

- The Biden administration also stressed that it would strongly punish China’s military challenges. In the 2021 National Defense Authorization Act, the Pacific Detention Initiative, which stipulates the increase of military power in the Indo-Pacific region, was newly established. The *US Innovation and Competition Act* has budgeted to expand military cooperation and support for countries in the Indo-Pacific region, and efforts to jointly respond to China’s threats at the Quad level have continued. The response to China’s anti-access/area-denial (A2/AD) strategy has also been strengthened, with the concept of Multidomain Operation (MDO) being developed into the concept of Joint All-Domain Command and Control (JADC2). Specific plans have also been proposed to boost US troops and equipment in the Indo-Pacific region following the withdrawal from Afghanistan (US Department of Defense 2021; Hoen 2021).
- The most important changes since the inauguration of the Biden administration were liberal hegemony strategies and attempts to restore the US-led liberal international order. The key was the abolition of Trumpian unilateralism, and the restoration of alliances based on values (The White House 2021a).
- The US justified the anti-China alliance through values such as human rights and democracy, defining the confrontation with China as a clash between authoritarianism and democracy. The *US Innovation and Competition Act* proposed strengthening military

cooperation with Taiwan and resuming trade negotiations and provided a budget to support Hong Kong's democratization. It also stipulated that the Uighur Human Rights Act should be revised to define the suppression of Uighur people as genocide and to strengthen sanctions. As a result, hardline policy toward China has become a joint task for democracies, not just for the benefit of the US. The idea of the Global Summit for Democracy or the 10 Democratic Countries (D10) was a product of this perception.

- ✧ K. Campbell, dubbed the "Asian Tsar" in the Biden administration, suggested that a two-track approach to economy, military, and security is needed to respond to China effectively. According to him, the D10 was the key axis of the anti-China front in the economy and the Quad in military and security.
- Another central axis of the Chinese policy emphasized by the Biden administration was the idea to take the lead in high-tech competition through strong industrial policies. In February, President Biden signed an executive order to reduce dependence on Chinese semiconductors, batteries, rare earths, and medicines and to inspect the supply chain. The resulting report suggested the establishment of a supply chain excluding China and supporting research and development at the national level (The White House 2021b).
- In this context, the *US Innovation Competition Act* proposed a detailed plan to invest \$250 billion in research and development in high-tech fields such as semiconductors, artificial intelligence, quantum computing, robots, and batteries by 2025. The 2021 Defense Authorization Act also included a large number of contents to support it.
- It is noticeable that the value alliance has begun to evolve into an alliance for technology and production. The US has begun to actively use its

alliance to exclude China and reorganize its global supply chain. The *US Innovation and Competition Act* proposed a plan to strengthen cooperation in technology control and international standards by strengthening cooperation with allies in core technologies. Measures have also been implemented to control the supply chain of core industries more directly. The 'CEO Meeting on Restoration of Semiconductor Supply Chain,' held three times in 2021 alone, is an example. The key countries here were East Asian allies such as Japan, Taiwan, and South Korea.

- ✧ TSMC and Intel, the world's largest foundry companies, have decided to build additional foundries in the US, and SK Hynix has decided to build R&D sites in Silicon Valley. Samsung Electronics is also known to be under pressure for additional investment following the construction of its Austin plant.
- As the value alliance expanded to the technology and production alliance, the novel Cold-War confrontation became more severe. The US tried to rebuild the Atlantic alliance around the G7 and combine it with the anti-China alliance framework. In June 2021, the G7 countries adopted a joint statement to criticize China, demanding the acceptance of the US's hardline policy, peace and stability in the Taiwan Strait, autonomy in Hong Kong, human rights and freedom in Xinjiang, and the status quo in the South China Sea. It also proposed Build Back Better World (B3W), aimed at climate issues, environment, labor, and the value of democracy as a new infrastructure investment support project to replace The Belt and Road Initiative. At the North Atlantic Treaty Organization (NATO) summit, the members succeeded in establishing an anti-Chinese stance as they reached an agreement that China has become a structural

challenger. The US signed a three-way military alliance (AUKUS) between itself, Australia, and the UK.

- As pressure from the US increased, China also accelerated its attempt to break away from the framework of US-China interdependence. Many semiconductor companies hit by US sanctions could not find alternatives. As the US and its allies tried to exclude China from the global supply chain, China began to emphasize securing technological independence. In addition, the focus of the Belt and Road Initiative shifted from traditional infrastructure construction to digital infrastructure construction, and combined it with rising technologies. What China most emphasized at the Fifth Plenary Session of the 19th Central Committee of the CCP and the 14th Five-Year Plan in 2020 were investment and technological innovation in core industries, science, and technology, including semiconductors. The topic of the 100th Anniversary of the Chinese Communist Party in 2021 was also "self-reliance and self-reliance of technology."

V. The progress of the world order and South Korea's response

- Since the inauguration of the Biden administration, the development of the US-China hegemonic competition has revealed that the end of US-China interdependence, or decoupling, is becoming a reality. Some criticize that rapid decoupling is impossible due to the interdependence of the two countries and the cost of global supply chain reorganization (Farrell and Newman 2020). It has also been argued in the US that it is necessary to recognize hostility and conflict between the two countries and properly manage it so that it does not result in a catastrophe (Campbell and Sullivan 2019;

Nye 2018; 2021).

- However, as revealed by the 2007-2008 financial crisis and subsequent conflicts, hostility and contradiction are inherent in the interdependent relations between the US and China. Therefore, while rapid decoupling may be difficult, an adjustment is inevitable in the long-term perspective.
- Throughout the Trump administration, the US took a more radical direction in its revisionist measures, and the trend continues to this day. Moreover, the US remains dominant in its structural power to change the status quo and shape a self-centered world order (Beckley 2018; 2020). Based on this, the Biden administration is taking a firm stand against China, and at the same time, it is promoting bold policies for economic recovery.
- In the case of China, the incentive to overcome the situation does not seem to be as large as it is in the US. China has continued to take advantage of the order established by the US. At the same time, China lacks the ability to establish an order centered around itself yet. However, as the economic gap between the two countries continues to narrow in quantitative terms, it seems clear that China has held a firm position as a competitor for the US. In addition, as the US offensive strengthened, China began to expand its attempts to promote qualitative growth and establish its own sphere of influence.
- Recently, China has significantly expanded its military exercises and operations in response to the anti-China alliance. Also, China criticized the G7 and NATO members, indicating that the so-called core interests of Taiwan, Xinjiang, Hong Kong, and the South China Sea are matters of Chinese sovereignty and are an irreconcilable red line. China emphasizes the importance of multilateralism through the Regional Comprehensive Economic Partnership (RCEP) led by itself and is also actively

competing for leadership in the restructuring of the regional order by applying for membership in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

- It is also worth noting that China is strengthening cooperation with Russia in technology, infrastructure, and military sectors. Huawei is participating in the construction of Russia's 5G network and is discussing ways for Chinese companies to participate in the construction of various kinds of infrastructure. The two nations also conducted joint exercises in the South China Sea, western inland China, the West Sea, and the East Sea.
- In particular, the fact that China's attempts to counter the US offensive are shown as a manifest of the "true color of China," at the same time, the concentration of power in the Communist Party and Xi Jinping as an individual shows that China is strengthening its revisionist orientation and is preparing for hegemonic competition with the US at a medium- and long-term level.
- Disastrous cases such as the "Thucydides Trap" and the "Kindle Burger Trap" are often used to explain the US-China dispute over hegemony. However, considering the strength and intentions of the two countries, neither case is appropriate to explain US-China relations. In addition, both concepts have a bias in determinism centered on the ability and intention of the challenger country, and there is a limitation in that they try to analyze the conflicts and catastrophes which appear in the process, assuming that the conclusion will be a hegemonic war and the transfer of hegemony.
- Another case to consider is the change in the US's hegemony in the 1980s. The situation at that time was similar to the situation after the 2007-2008 financial crisis. In addition, the measures the US

demanded upon Japan at the time are the same as those demanded of China after the financial crisis. Trump and Biden's China-bashing pattern is also similar to that of the Reagan administration's Japan bashing.

- It remains to be seen how China will respond to the US offensive, but it seems clear, at least, that China will not choose the same route as Japan did. Therefore, the trajectory of US hegemony is also likely to develop differently from the process of the reformation of hegemony in the 1980s.
- The US's capability is also an important issue. First of all, the US alone does not have the ability to overwhelm China, except militarily. The Biden administration has vowed to restore its economic capabilities and win against China in the competition based on the largest reflation measures and public infrastructure investment since World War II. The scale of spending, which is too big to even compare with those of other countries, clearly proved the advantage of the key currency, the dollar. However, it is unclear whether the economic downturn caused by the pandemic and the nature of the technology competition will produce tangible results in the short term. This is why the US is trying to expand its value-based alliance to one based on technology and production.
- To this end, the Biden administration is implementing a policy toward China as tough as that of the Trump administration, but at the same time calling for "America is Back" and "Return to Normalcy" and insisting on escaping the abnormalities of Trumpism.
- However, the success of such an attempt to restore the US's status as a liberalistic hegemony and build an anti-China alliance based on it also does not seem easy. Since Trumpism still maintains its influence, a domestic consensus has yet to be formed

on strategies for liberalistic hegemony. Therefore, it is highly likely that the US will have to rely on external extraction rather than on the mobilization of domestic resources for the time being to deal with China. Such attempts, however, could overburden allies and destabilize the world order.

- ✧ For example, the US has a plan to develop the Quad into a formal multilateral security system to contain China, but its status and prospects for expansion remain unclear. Considering the status of the Chinese economy, it is also unclear to what extent the anti-China alliance can expand. For this reason, Germany, France, and Italy have expressed the position that they should refrain from conflict with China while keeping pace with the US at the EU and G7. With China consuming 60 percent of global semiconductors, it remains to be seen to what extent South Korea and Taiwan will be able to accommodate the demands of the US.
- ✧ Five Eyes, and Australia and the United Kingdom, which are tied up in the AUKUS, are considered the biggest allies of the US. However, as the recent controversy surrounding the AUKUS revealed, the US's strengthening relations with them may cause problems in establishing relations with other allies such as the EU and Japan.
- This situation shows that there is a risk of a hegemonic instability in which the instability in world order intensifies due to the strong revisionist strategy of the hegemonic US. Even in the 1970s and 1980s, hegemonic instability was caused by the unilateral foreign strategy of the US. Considering the relative national power and hegemonic competition between the US and China now, the degree of instability is likely to be greater than that of the past, and the path for the US's hegemony is more unclear. Depending on China's capabilities or revisionist intentions, there is also a risk of a "G-minus-2"

situation in which conflicts between the two powers threaten the world order beyond the hegemonic instability.

- This situation is an important strategic challenge for countries in East Asia, which is the battleground of the US-China conflict, as both countries have close ties with East Asian countries. In particular, South Korea is a key military and security ally of the US and a neighboring country that is bound to be affected by China's expansion. In terms of economy, there are interdependent relations between the US and China, where it is impossible for Korea to choose only one between the two. Should Korea, by force, choose only one between the two options, due to the strengthening of the new Cold-War structure, Korea is likely to face an awkward situation. In particular, the US attempt to build an anti-China front based on common value, technology, and production alliance may put an excessive burden on its allies.
- Countries in East Asia, including Korea, cannot fundamentally change this situation. However, it is necessary to actively seek strategies to eliminate conflicts between the two powers as much as possible and to reject demands for a new Cold War lineup to survive.
- First, in the era of the New Cold War, hegemonic competition, and geopolitical turmoil, it is necessary to secure national power in order to promote self-help
- Second, it is necessary to enhance flexibility and practicality in diplomacy. In particular, rather than excessively valuing the relations between the US and China or becoming a "constant" that chooses only one side, South Korea should be able to establish itself as a flexible "variable" to increase strategic value.
- Third, to do this, Korean diplomacy must be justified through firm principles. Through this, Korea must

become capable of convincing both the US and China.

- Fourth, it is necessary to strengthen cooperation with countries sandwiched between the US and China, just as Korea is, and cultivate the ability to alleviate or mediate the US-China conflict with them.
- The situation of the new Cold War between the US and China is clearly a major challenge for South Korea's future. However, if Korea continues to develop agendas and raise its international status based on the principles of diplomatic strategy mentioned above, the current crisis could be an opportunity for Korea to take a leap forward.

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Future of Regional Cooperation in Northeast Asia and South Korea's Vision

Abstract

It is challenging to achieve regional cooperation in Northeast Asia due to different identities between the nations within the region, differences in perceptions and approaches to the North Korean nuclear issue, and historical and territorial issues. There is also a fundamental limitation of low public recognition and policy priorities. However, peace and stability in Northeast Asia are directly linked to the survival of South Korea and other regional nations. Therefore, it is essential to build crisis management mechanisms for various issues and seek ways to coexist by expanding the base for cooperation. Nevertheless, regional cooperation should continue from a long-term perspective and be considered in terms of the direction and vision of Korean diplomacy. To this end, it is necessary to raise the priority of the underestimated regional cooperation policy in Northeast Asia, establish a direction and implementation strategy that is not swayed by the transition of regimes, and emphasize South Korea's independent role.

1. Regional cooperation in Northeast Asia is still important – The need for regional cooperation in Northeast Asia

Northeast Asia is a region where regional cooperation is difficult to achieve, historically and empirically. Despite numerous discussions and various attempts to argue for the necessity and legitimacy of regional cooperation, a solid cooperation system has not been established. It can be considered that there is no cooperation system, especially in the security field. The reason is that many issues hinder

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cooperation despite forming a broad consensus on the need for cooperation. Specifically, different identities between regional countries, differences in perceptions and approaches to the North Korean nuclear issue, and historical and territorial issues are mentioned. Moreover, when the international situation is being discussed around the Indo-Pacific region, it even gives the impression that insisting on cooperation in Northeast Asia is behind the times. Nevertheless, discussions on cooperation between Northeast Asian countries should continue.

First, peace and stability in Northeast Asia are directly related to the survival of Korea and other nations in the region. The main flow of international order discussions leads to the Indo-Pacific region and the US-China competition. However, discussions to establish regional order need to be conducted separately. This is because discussions for solving regional problems are as important as keeping pace with the global trend of discussions. Second, it is to prevent conflict through cooperation and establish a regional crisis management mechanism. Northeast Asia has a common task of solving the North Korean issue, but the issue is far from resolution due to sharp conflicts of interest. In addition, there are often situations where bilateral conflicts caused by historical and territorial conflicts hinder multilateral cooperation. Therefore, efforts are needed to establish a cooperative mechanism to resolve conflicts and manage crises. Third, expanding the base for cooperation is necessary so that more countries in the region can find ways to coexist and prosper together. As can be seen from the COVID-19 pandemic, there is an increasing need for cooperation in the safe use of nuclear power and non-traditional security issues that cross borders, such as climate change, fine dust, health, and human security, which threaten humanity are increasing. However, the region's countries, which do not have

much experience in cooperation, often respond with distrust, antagonism, and individual survival strategies. As a result, more difficulties follow in overcoming the crises. To prevent such a situation from continuing, efforts should be made to create a habit of cooperation to solve common tasks in the region and expand the base for cooperation.

2. Regional cooperation in Northeast Asia is still difficult – The ideal and reality of regional cooperation in Northeast Asia

Amid geopolitical tensions and competition in Northeast Asia, Korea has striven to establish an order of peace and stability. Since the end of the Cold War in the late 1980s, when a new flow of integration and reconciliation occurred, there have been efforts by former administrations such as the Northeast Asian Peace Council proposed by the Roh Tae-woo administration, the Northeast Asian Security Talks by the Kim Young-sam administration, the Six Nations Declaration for Peace and Stability by the Kim Dae-jung administration, the Era of Peace and Prosperity in Northeast Asia by the Roh Moo-hyun administration, the New Northeast Asia Initiative by the Lee Myung-bak administration, and the Northeast Asia Peace and Cooperation Initiative by the Park Geun-hye administration. Currently, the Moon Jae-in government is implementing the Northeast Asia Plus Community of Responsibility Initiative to create a peaceful and prosperous Korean Peninsula and Northeast Asia (see Table 1). Through this regional cooperation initiative, the Korean government has striven to resolve regional conflicts and cross-border issues and expand the scope of our diplomacy. Nevertheless, a cooperative system has yet to be established in Northeast Asia, and the prospects are not bright.

Table 1. Regional Cooperation Initiatives of former governments

	Initiative/Suggestion	Target nations	Content
Roh Tae-woo	Northeast Asia Peace Council	Inclusive regional approach	Alleviating US-USSR confrontation, reconciliation between China-USSR, and maintaining stability and peace on Korean Peninsula
Kim Young-sam	Northeast Asia Security Talks	South Korea/ North Korea/U.S./China/ Japan/Russia, etc.	Local-level multilateral talks between six parties: South Korea/ North Korea/U.S./China/ Japan/Russia
Kim Dae-jung	Six Nations Declaration for Peace and Stability	ASEAN+3/South Korea/ North Korea/China/ Russia/U.S./Japan, etc.	Building East Asian community based around ASEAN+3
Ro Moo-hyun	Northeast Asia in Peace and Prosperity	Northeast Asia	Hub nation of Northeast Asia Economic hub of Northeast Asia Era of Northeast Asia
Lee Myung-bak	New Asia Initiative	Northeast/Southeast/ Central/Southwest/ South Pacific, etc.	Building economic cooperation with Asian countries and promoting the East Asian Community
Park Geun-hye	Northeast Asia Peace and Cooperation Initiative	South Korea/ North Korea/U.S./ China/Japan/Russia/ Mongolia, and other partners, including NATO, OSCE, EU, ASEAN, UN, etc.	Expanding discussions from soft to hardline security, and building up conversation practices within region
Moon Jae-in	Northeast Asia Plus Community of Responsibility	South Korea/ North Korea/U.S./China/ Japan/Russia/Mongolia, Australia, New Zealand, and partners, including NATO, OSCE, EU, ASEAN, etc.	Simultaneous promotion of the Axis of Peace (Northeast Asia + Responsibility Community), and the Axis of Prosperity (New Northern Policy and New Southern Policy)

Source: Choi Eunmi, "Assignments for the activation of Northeast Asian platforms for peace and Cooperation," *IFANS Global Issues* 54, The Institute of Foreign Affairs and National Security, 2018: 30-31

Some factors hinder cooperation, such as the geopolitical environment of Northeast Asia, the North Korean nuclear issue, different identities, and historical and territorial issues. However, it cannot help but point to the fact that, more fundamentally, low policy priorities and indifference to regional or multilateral cooperation are difficult factors in promoting cooperation.

As is well known, considering South Korea's geopolitical characteristic of being surrounded by powerful countries, bilateral relations such as Korea-US, Korea-China, and Korea-Japan relations receive more attention than multilateral relations. It is also true that various 'conflict' and confrontational issues facing countries in the region are drawing more attention than 'cooperation' issues. The problem is that the government's priority on regional cooperation is not high amid such low concern. This is because while emphasizing the legitimacy of regional and multilateral cooperation, it is not considered a way to solve major pending issues facing the Korean Peninsula or Northeast Asia. There were times when Northeast Asian cooperation was important in attempts to resolve the North Korean issue while strengthening relations with neighboring countries, as in the Kim Dae-jung and Roh Moo-hyun administrations. However, the trend did not last due to differences in coping with the North Korean issue. Moreover, regional cooperation is characterized by the lack of visible results in policy implementation in accumulating mutual trust and experience through continuous exchange and cooperation.

Due to these points, regional cooperation is inevitable and necessary. Even so, unfortunately, it is considered an issue that does not require urgency. In other words, it is regarded as an additional or auxiliary means, not an essential means, as a solution to a regional crisis. This is why regional cooperation policies are not prioritized over bilateral, conflict-handling ones under circumstances where the country's diplomatic capabilities and assets are limited.

3. Nonetheless, regional cooperation in Northeast Asia should be pursued - The future of regional cooperation in Northeast Asia and South Korea's vision

As seen above, regional cooperation in Northeast Asia is difficult to promote smoothly due to various constraints. Nevertheless, its importance should not be overlooked in resolving various problems faced by regional countries and establishing an order for peace and prosperity in Northeast Asia. In addition, it is underestimated than other pending issues within the region. However, it should be treated with more importance as it ultimately relates to South Korea's direction, vision, strategy, and regionalism. Therefore, it is necessary to change the existing perspective and thoughts on regional cooperation in Northeast Asia.

To this end, it is necessary first to increase the priority of policies for promoting regional cooperation. As mentioned earlier, regional cooperation also overlaps with South Korea's diplomatic initiative and strategy. It is a higher-level discussion than resolving other pending issues that Korea faces immediately. Even if visible policy results are not seen immediately, it is an issue that requires a continuous deepening of discussion and formation of discourse as part of the national strategy. This also leads to concerns about South Korea's role in the international community in consideration of South Korea's international status as a developed country regarding its economy and culture. Therefore, it is necessary to change the thinking so that South Korea's role can be played with a longer-term perspective in mind and to increase interest and priority in regional cooperation in Northeast Asia, unlike before.

Next, it is necessary to present a direction of policy implementation that is not swayed by changes in

governments and specify the implementation strategy. As suggested in Table 1, after the post-Cold War, all previous governments have put forward regional visions for Northeast Asia. Still, most initiatives have only been conceived of but not implemented, and even those have shifted each time the administration changed. In other words, each government has put forward a new title for its respective initiative and promoted it. The problem is that these policies emphasize only the differentiation from the previous government, and the direction of the policy is unclear. Even if it is inevitable to change the name due to the change of government, the direction and diplomatic identity that Korean diplomacy aims to form; that is, regional order in the region, must be maintained, which is also unclear now. Therefore, it is necessary to present the direction of policy promotion and to formulate an implementation strategy under more serious consideration regarding the direction of Korean diplomacy and the implementation of the order in Northeast Asia that Korea wants.

Meanwhile, in this process, a separate approach to the 'North Korea problem' is considered one way to secure continuity in a unique style. It is undeniable that the North Korean nuclear issue is one of the most important issues in the region and that South Korea should take the initiative to resolve it. Still, it is not necessary to link various regional cooperation issues to the North Korean nuclear issue or to ultimately or inevitably discuss the issue. As seen from the experience of the Northeast Asia Peace Cooperation Initiative conducted by the Park Geun-Hye government, it is difficult to have a spillover effect in which cooperation in the non-traditional security field spreads to cooperation in the traditional security field. Moreover, since the government's policy towards North Korea changes greatly depending on individual administrations, connection with the North Korean issue is the biggest obstacle, which makes it difficult

to ensure the continuity of the policy. Moreover, the North Korean issue is already being dealt with intensively, so it is difficult to differentiate as there are ministries and departments involved in the issue. Hence, their work overlaps, or similar policies are already implemented. Therefore, apart from solving the North Korean problem, it is necessary to try to establish a cooperative system on various regional issues and manage them so that other issues are not affected by North Korean issues. In addition, efforts should be made constantly under the recognition that non-traditional security cooperation is as important as traditional security cooperation and is difficult to achieve as easily as traditional security cooperation. Through this, continuity should be secured and trial and error should be reduced.

Finally, South Korea's leading role in regional cooperation should be sought. Previously, Korea has played a facilitating and balancing role in regional cooperation. However, looking at the process of selecting and implementing agendas for cooperation, it is believed that South Korea's role was passive, rather than independent. However, we should be able to develop cooperation by discovering common agendas around the discussions we need from the 'task-sharing countries' that have previously presented common issues in the field of cooperation. Therefore, Korea should be able to develop a common agenda that can lead the form of mini-multilateral cooperation by agenda, continue to convey the importance of regional cooperation, lead cooperation discussions on major agenda items such as climate change, and draw support, sympathy, response, and participation from neighboring countries. These processes could enhance South Korea's position and influence in the international community.

Among various discussions on the newly developed international order in the US-China competition,

South Korea's diplomatic stance, QUAD, AUKUS, and Five Eyes, the traditional agenda of Northeast Asia should be reconsidered, as peace and stability in the region are directly related to that of Korea, and Korean diplomacy should move forward. It is easy to overlook amidst the various conflicts in the region. Still, it is necessary to seriously consider what kind of cooperation system will be created in the region and what kind of regional order will be established.

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United Nations City Initiative on the Tumen River Estuary

Abstract

Over 70 years after the division, we have made various efforts to achieve peace on the Korean Peninsula. The method was largely political or sociological. But it didn't do as well as expected. If we are not getting the results we expect, we need to try different ways. I would like to talk about other ways to bring peace to the Korean Peninsula, not through political compromises or social communication between the two Koreas, but through common economic prosperity.

The estuary of the Tumen River can be cited as a place where countries related to peace on the Korean Peninsula can pursue common prosperity. Geopolitically, it is an area where the United States, Russia, China, Japan, and North and South Korea meet. Economically, it is an area where each country thinks there is an opportunity to promote its own interests. In addition, in terms of population density, education level of population, and infrastructure for economic development, it is an area that has a lot of potential for common prosperity.

At the mouth of the Tumen River, I propose a "United Nations City" in which China, North Korea, South Korea, Russia, and the United States (Japan) build their own cities and connect them linearly. Each city will create synergy under mutual cooperation. The greater the economic value the city produces, the stronger the peace on the Korean Peninsula will be. 'The duck laying the golden egg' will protect peace on the Korean Peninsula.

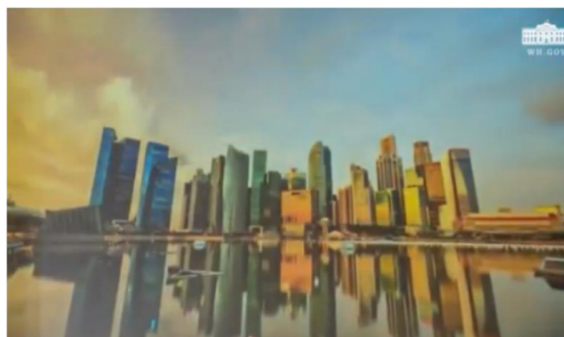
Various ways of achieving peace

Over 70 years after the division, we have made various efforts to achieve peace on the Korean Peninsula. The method was largely political or sociological. But it didn't do as well as expected. If we are not getting the results we expect, we need to try different ways. I would like to suggest another way to bring peace to the Korean Peninsula. I do not expect a political confrontation between the two Koreas. It is not a social emotional communication between the

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two Koreas either. It's an economical way.

Political scientists and sociologists have expected peace to come first, followed by economic prosperity. Ahead of the 2018 North Korea-U.S. talks in Singapore, the Trump administration released some of the materials for the talks in advance. Although I was a little surprised by the poor level of presentation of the materials, the purpose was clear. The message was that if North Korea's nuclear issue is resolved, it will be able to achieve national prosperity, as shown in the figure in the pre-released talks materials.



[Figure 1] North Korea's future image presented by the White House just before the Singapore meeting

This is a proof that not only political scientists and sociologists from the two Koreas but also the experts from the United States think the same about peace on the Korean Peninsula. Here, peace still comes first and prosperity follows. Now I'm going to change this order. I think it is possible to plan economic prosperity ahead and followed by peace. However, there is a problem if economic prosperity is the individual prosperity of each country in a confrontation. One is apt to covet another's. The moment one covets someone else's, peace is broken. Therefore, achieving their own prosperity in their respective areas does not do much for peace.

Let's think about the relationship between the United States and the Soviet Union. Since the end

of World War II, peace has come, albeit limited. In the meantime, the United States and the Soviet Union, the leading countries of both camps, enjoyed economic prosperity. But did peace come between the two camps? There was still a war between the two camps under the name of the Cold War. During this period, small states have fought proxy wars.

Recent history clearly shows that peace does not make economic prosperity possible, and that not all economic prosperity brings peace. If economic prosperity is to lead to peace, it must be shared prosperity. When common prosperity is possible in a way that shares the source of prosperity, neither party will seek to wage a war that destroys the source of prosperity - 'the goose that laid the golden eggs'. Now I present an idea that brings about common prosperity and thereby brings lasting peace on the Korean Peninsula.

Geopolitical and Economic Significance of the Tumen River Estuary

At the mouth of the Tumen River, four big major powers and two small major powers put their heads together. To the north of the Tumen River, China and Russia share the border from east to west. Japan is putting its nose into the mouth of the Tumen River across the East Sea. As a regular actor who appears everywhere big events take place around the world, the U.S. has easy access to the Tumen River estuary through Alaska. There are two countries that serve as hosts in these areas. One is North Korea and the other is South Korea. Thereby the estuary of the Tumen River is an area where extremely sharp ideological confrontation exists. In fact, there was a war between the Soviet Union and Japan (Battle of Hasan, 1938), war between Japan and China

(Manchuria Incident, 1932), war between China and Russia (Cheong-Russian border disputes, 1654, 1658), and war between China and the United States (Korean War, 1950). And in this kind of war, the South and the North were dragged in half reluctantly.

The estuary of the Tumen River is a very nasty area in terms of political topography. It is such a powder keg-like area where war can occur at any time between these six countries. There is a very unpleasant territorial issue between China and Russia. At the end of the Qing Dynasty, the Qing government gave Russia the mouth of the Tumen River. This is because the Tumen River was not considered necessary for the major benefits of the Qing Dynasty. Things began to change in the early 20th century. China's three northeastern provinces have become the center of the steel industry, and now they have a more developed industry. China has to go abroad, but now the Tumen River is an obstacle. China does not have territorial authority to pass through the Tumen River. Russia has territorial rights in the north and North Korea in the south of the river's centerline at the mouth of the Tumen River. It is impossible to pass without the permission of these countries. It does not make sense to say that China, which handed over the mouth of the Tumen River to Russia, does not have any greed for its former land.

Russia has Sakhalin and Kuril Islands. The official position of the Russian and Japanese governments is that, but the problem is Japan's right-wing groups. They also claim sovereignty over parts of the Sakhalin and Kuril Islands. Against this backdrop, Russia is concerned that Japan may pick a fight again at any time.

The possibility of a territorial dispute between China and North Korea remains. Although the border agreement between China and North Korea was concluded peacefully on the border of Mt. Baekdu,

the details have not been disclosed at the request of North Korea. A territorial dispute is underway between South and North Korea over the entire territory. In this way, the mouth of the Tumen River is a powder keg that leads to a sharp confrontation between related countries. It's a very nasty situation. However, it is also an area where new possibilities can be opened from a different perspective.

First of all, it is the most densely populated area in the world. Around the mouth of the Tumen River estuary, about 1.5 billion people are concentrated within two hours of flight distance. Within two hours of flight means that it is an area where economic exchanges are easily possible. The concentration of 1.5 billion people also means that the market is enormously large.

However, there are places where more people are concentrated within the same radius. There are about two. One is India, and the other is southern China, centered on Guangzhou. These two places are equal to or more than the mouth of the Tumen River in terms of population density. However, when considering the qualitative aspect of the population, the meaning of density is different. In northern China (including Beijing and Shanghai), Far East Russia, Japan, North Korea, and South Korea, which are included in a two-hour flight distance from the mouth of the Tumen River, are densely populated with highly educated people. This situation becomes clearer compared to the other two regions. There is one more important difference. The economy is already in a state of development to some extent. In other words, it is effective in pursuing economic development in the future because it has a considerable level of infrastructure for economic development. There is one more point to stress. Countries with a high level of knowledge and well-equipped economic infrastructure face borders. It is important that cultural differences

by country secure the possibility of developing into cultural diversity and social dynamics. It is an area that has the advantages of jointly implementing activities for economic prosperity more clearly than anywhere else on the planet.

Existing Interest in the Tumen River Estuary

Interest in the estuary of the Tumen River has been continuing for a long time. China has been forced to pay attention to the estuary of the Tumen River as the three northeastern provinces, which were once only underdeveloped, began to serve as industrial bases centered on steel. In order to transport goods produced in the three northeastern provinces overseas, it was unavoidable to reach the United States and Europe only after moving the goods to Dalian Port in Bohae Bay, then going back to the East Sea through the West Sea. It would be easy to get into the East Sea using the mouth of the Tumen River. To this end, China wants to borrow North Korea's Rajin and Seonbong ports. In response, North Korea intends to designate Rajin and Seonbong as special economic zones and serve as foreign trade routes for Chinese goods.

Russia's interest in the Tumen River estuary is multifaceted. Russia is, among other things, interested in the Tumen River estuary to effectively utilize Siberia's natural resources. As an example, there is a specific plan to build a gas line connection base at the mouth of the Tumen River. The base aims to supply natural gas to South Korea, North Korea and Japan in the long run.

Russia's interest in the Tumen River estuary is not only related to Siberia's natural resources. Russia is also trying to provide China with ports for export. A case in point is the port of Zarubino. While North

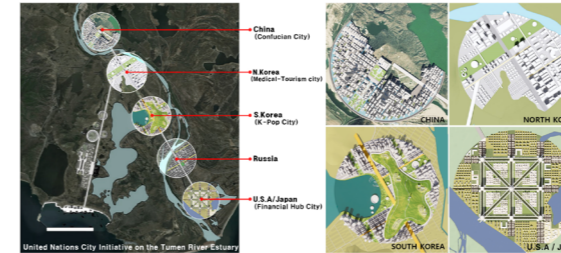
Korea's development of Rajin and Seonbong ports is being delayed, Russia is seducing China by developing Zarubino ports. Until now, Russia has hesitated about providing ports to China. The reason is that it is difficult to be sure how long the honeymoon relationship between China and Russia will last, and the other is concerns that the ownership of the land granted at the end of the Qing Dynasty may resurface. Despite these concerns, Russia has recently tried to open its port to China.

South Korea's interest in the Tumen River estuary is first to secure a stable intermediate base to introduce Russian gas. But it's good to say it's just the beginning. With the securing of gas bases, South Korea wants to seek more opportunities for economic cooperation with North Korea and Russia.

China, Russia, North Korea, South Korea, and Japan are interested in the estuary of the Tumen River. If the world's leading powers are interested in the region, the United States will naturally be interested. As a result, the estuary of the Tumen River will have geopolitical conditions for the world's four major powers to pursue common economic prosperity along with the two Koreas.

United Nations City Initiative on the Tumen River Estuary

The Tumen River estuary is geopolitically a place where the two Koreas and the four major powers cannot help but be interested. Moreover, it is attractive that there are additional opportunities for economic development. The opportunity is, of course, that the well-educated population is quite dense, and that the infrastructure for economic development is already well equipped. What is necessary now is the strategic initiative. Detailed strategies are needed to pursue common economic prosperity. Let's talk about the detailed idea.



[Figure 2] United Nations City Initiative on the Tumen River Estuary

Five compact cities will be built linearly in an area about 20km east-west direction at the mouth of the Tumen River. In the innermost part, a city is built by China, followed by a city built by North Korea, a city built by South Korea, a city built by Russia, and a city built by the United States with Japan. Each of these five cities is built in the form of circular cities with a radius of 1.2 km, which are connected by high-speed rail. The neighboring cities can be reached in less than two minutes. Each city is built internally as a walking city. Since it has a radius of only 1.2km, walking access is possible around the area. Assuming access from the periphery to the other side periphery, 'moving walk' or 'personal mobility' is available in this case, so that the entire area of the individual city can be reached within 10 to 20 minutes with the vehicle excluded by default.

Each city has a population of 400,000. Of the 400,000 population, 200,000 are workers in the industry. The rest consists of spouses and children. The work facility that accommodates 200,000 industrial workers consists of eight skyscrapers with about 100 floors. A number of residential skyscrapers are built to accommodate 400,000 people. The height of the residential buildings decreases from the center of an individual city to the surrounding area to 100 stories, 50 stories, and 20 stories. Outside the circular city, it will be preserved as an ecological green area where the natural environment is well preserved and

used as a park space for individual cities.

Cities built by the five countries need urban development strategies that can create synergy with the other four countries while each has its own characteristics. To this end, we propose a 'Confucian city' for China. After the opening of Deng Xiaoping, China has been criticized for going through the era of "Dogwangyanghoe" and now entering the era of "dodolpeepin." Criticism is pouring in as China has expressed its intention to become a world superpower. No one denies that China will emerge as a world superpower competing with the United States. The problem is that it puts economic and military power first. China does not seem to know its greatest strengths. They are not fully aware that their greatest strength is Confucian culture. So I suggest a Confucian city for China. China will be able to find a silk road to becoming a world superpower through the "Confucian City."

What North Korea needs now is the development of special economic zones that can produce immediate economic results. Since 1990, many special economic zones have been designated and built, but they have not been effective. Since Kim Jong-un took power, he has been working on the Wonsan Galma Beach development project because he needs a project with immediate economic results. It is the medical tourism city that meets these conditions. If tourism resources near the Tumen River and Baekdusan Mountain are combined with South Korea's medical technology to create a medical tourism city, it will be a good foundation for economic effects in the short term.

What South Korea needs most now is to maintain the expansion and sustainability of K-pop. I propose a city where the visitors can enjoy the production process and results of k-pop at the same time as a face-to-face experience in a way that does not simply consume k-pop. People around the world can enjoy

K-pop in South Korean-made k-pop cities, while K-pop producers will be able to continuously produce high-quality cultural products while empathizing with users.

For the United States, I propose a financial hub city. Since it is an area with a population of 1.5 billion and the economy is continuously growing, it is clear that at least one financial hub is needed. All neighboring countries want to have a financial hub in its own territory. Seoul, Shanghai and Tokyo are rivals. But no country wants a financial hub city within the other's territory. However, if it is in a neutral position as the mouth of the Tumen River, it is suitable for a financial hub city. I must tell the United States why I am making this proposal. Let's quote US Federal Reserve Vice Chairman Randall Quilce. "... who will begin to ask why the Fed can't fund repairs of the country's aging infrastructure, or finance the building of a border wall, or purchase trillions of dollars of green energy bonds, or underwrite the colonization of Mars." This is why I propose to the United States. Wouldn't the development of a financial hub city be more attractive than the development of Mars?

On the other hand, high-speed railways will be built linearly from Rajin and Seonbong Port toward the Confucian city. The high-speed railway, which started at Rajin and Seonbong ports, passes through the airport, passes through the underground unmanned factory area, and enters China's "Confucian City."

China's "Confucian City," North Korea's "Medical Tourism City," South Korea's "K-pop City," and the U.S. "Financial Hub City" will create synergy while being highly connected. If one city is closed or destroyed, the rest of the city will not function properly. If these cities work well, 1,000 trillion won in annual sales (GDP) can be expected. It's a huge scale. Some may be surprised at this enormous scale

and try to question the feasibility and validity of the Tumen River United Nations City Initiative. At first glance, their suspicions are valid, but more detailed observations show that their suspicions are based on timid defeatism.

First of all, consider an example of Pangyo, the most successful industrial district in Korea. If productivity per unit area is applied to the United Nations city on the Tumen River estuary, the expected sales in the United Nations city on the Tumen River estuary will reach 3,000 trillion won. The United Nations city on the Tumen River estuary is aiming for a smaller scale. Is it becoming more realistic now? Now compare it to the Manhattan area of New York. Sales in New York's Manhattan area in 2020 are just under 2,000 trillion won. Compared to Manhattan, doesn't 1,000 trillion won sales of the United Nations city on the Tumen River estuary feel more realistic? But someone might still say, "It's about America, it's about Manhattan." If so, I ask. Is Manhattan not going to fail? Rome was ruined, and the Ming Forbidden City was ruined. The world's cities are doomed to blight. There will be a day when Manhattan will decline, and a day when other regions will prosper. Is there a law that says the Tumen River United City should not replace Manhattan? In terms of possibility, it is more likely than any other part of the world.

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China's Expansion of Economic Leverage on Africa and Its Implications for South Korea

Abstract

One of the notable phenomena during China's spectacular reappearance in the international community during the period of its rapid growth is that the country dramatically built close ties with countries in the African region. After introducing the reform and opening-up policy, the so-called "world's factory" started distributing its products worldwide, eventually strengthening its influence in terms of trade in Africa just as it did in other parts of the world. However, the said changes have been made apace in a relatively short period of time, and when comprehensively reviewing some other economic indicators (e.g. foreign direct investment, foreign aid, government-guaranteed financing etc.), phenomena are found that cannot be explained without excluding China's national political and diplomatic goals.

Considering the reality of South Korea, where the economy is almost absolutely based on the contribution from the trade sector, what can South Korea learn from China's expansion of its strategic approach to Africa? South Korea's approach to Africa has been characterized by a lack of clear diplomatic strategies and economic cooperation. The absence of mid- to long-term strategies and the failure to properly assess the African continent's potential mean that South Korea will be in a relatively inferior position in future competition with other countries. A more serious problem than this is the absence of diplomatic strategies. Despite the continent's geopolitical importance for and geographical distance from South Korea, it is undoubtedly a problem to be insufficiently aware of the importance of the vast region with a population of 1.3 billion people. South Korea has only looked at Africa as an object of aid and support, but has failed to recognize it as an object of economic/diplomatic cooperation. From now on, it is necessary to change perception and strategically utilize assistance to Africa as a means to lay the cornerstone for economic cooperation.

I. Introduction

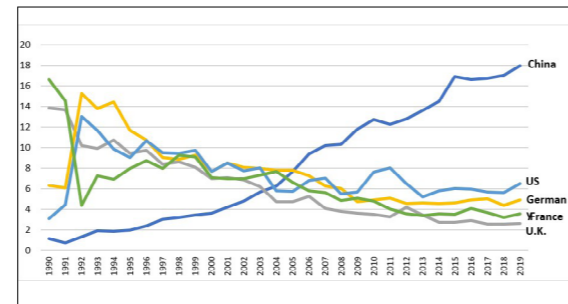
• In the 2000s, the term "Chinafrica" started to be widely used, and now the phenomenon that the term implies is becoming the dominant trend. Concerning China's strengthened political and economic cooperation in the African region since the early 2000s, the international community has been highly suspicious about the country's intention and its impact on the African region. China's

strengthened economic cooperation with Africa and broadened engagement in the region have caused constant debate in the West about how it will affect the chronic underdevelopment problem in Africa and what the political intentions underlying it are.

1. Dr. Ryu is currently an assistant professor in the Department of Social Studies Education at Ewha Womans University. He earned his Ph.D. in political science at the University of Rochester in 2020, and has since conducted research on trade agreements, trade relief, multilateral trade systems, and foreign direct investment.

- China has shown an overwhelming expansion of its influence in Africa as the largest Asian state's economic relations with African partners have achieved far more than the conventional relations wherein the former colonial states' trade was centered on their former colonial rulers. China has also made strenuous efforts to strengthen political and diplomatic relations with African states. In the early days of economic cooperation, many African states welcomed the generous funding conditions offered by China and expected Beijing to present a new model of aid and development cooperation for the African region. Recently, however, African countries have renewed their awareness of the problems and limitations of China's role in the region due to growing asymmetric dependence on China, continuous trade imbalance, and the resulting excessive debt burdens on Chinese funds. Nevertheless, there is no suitable alternative for African countries, while their reliance on China is likely to continuously deepen, especially given their recent participation in the China-led institutional consultative body for strengthened cooperation.
- In the rapidly changing international situation, the necessity has been proposed to reestablish South Korea's economic cooperation with Africa as well as the related diplomatic strategy. So far, South Korea has made almost no effort to enhance economic cooperation with African countries due to various reasons such as geopolitical positions and lack of experience in cooperation. It is also true that South Korea has failed to pay reasonable political interest in the region. However, the African continent has endless growth potential, and it is time to develop long-term strategies for improved cooperation with the focus on various structural changes taking place in the region.

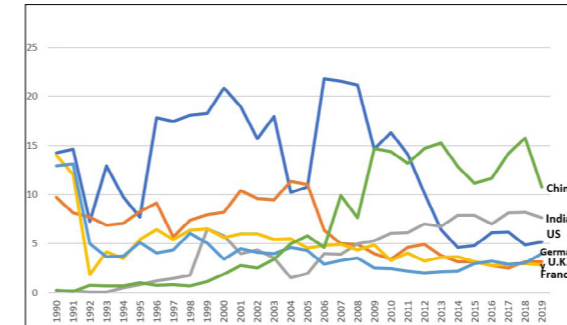
II. African countries' increasing economic reliance on China



<Figure 1> African Countries' Import Partners (%), 1990-2019
(Source: World Integrated Trade Solution²)

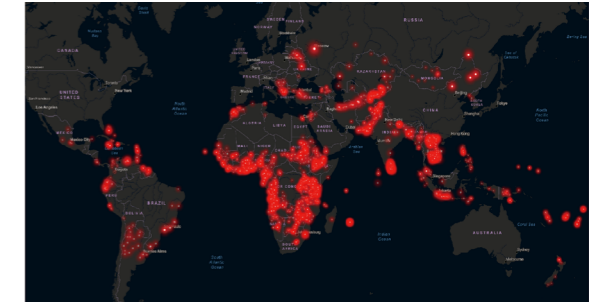
- <Figure 1> shows the key import partners of sub-Saharan African states and the ratio of their trade with these partners to the total imports. The data source is the World Integrated Trade Solution (WITS) database created jointly by the World Bank and the United Nations Conference on Trade and Development. Using this database to track bilateral trade flows between countries, it is noticeable that from the 1990s to the early 2000s, African countries' economic relations evolved centered on their major trading partners, which were their former imperialist colonial rulers such as France, the United Kingdom, and Germany.
- However, the economic relations between China and African states have increasingly deepened since the 1990s when China began to see over 10% annual growth. Starting in the mid-2000s, the ratio of imports from China surpassed that from the former colonial countries in Western Europe and has since continued to grow. By 2020, imports from China have reached 20% of Africa's total imports, making China the continent's no. 1 trading partner in terms of imports.

2. <https://wits.worldbank.org>



<Figure 2> African Countries' Export Partners (%), 1990-2019
(Source: World Integrated Trade Solution)

- The pattern of African exports is slightly different from that of imports, but China's influence on Africa has also expanded. The African exports estimated using the WITS database based on <Figure 2> suggests that the final destination of goods produced in African countries for some 20 years from the early 1990s to the early 2010s was mostly the United States, the world's largest market. Following the United States, the continent's former colonial rulers such as France, Germany, and the UK formed close economic ties with African countries.
- However, with China's rapid growth and increase in domestic purchasing power, the ratio of African products targeting the Chinese market gradually increased, and in the early 2010s, China outpaced the US and became the largest consumer of African goods. African countries' exports, compared to their imports, have diversified to some extent; still, China's influence as a consumer market has steadily expanded, and the upward trend is expected to intensify in the future.
- In October 2019, China signed a free trade agreement (FTA) with Mauritius for the first time among African countries, which was officially announced on January 1, 2021.³ It is predicted that China will use the momentum of the FTA with Mauritius to reach more FTAs with other African countries.



<Figure 3> Global Chinese Official Finance, 2000-2012⁴
(Source: AidData⁵)

- By looking at how and where China's government-financed funds are distributed around the world, the concentration of the country's economic influence can be analyzed from different directions. William & Mary's extensive datasets on China's government-financed funds collected by the university's AidData show that \$273.6 billion USD was invested globally for 3,485 projects during the 2000-2014 period. One of the prominent features of visual representation of the data is that China's significant funds are distributed in the Global South region, especially in sub-Saharan African countries.
- According to Bluhm et al. (2018), a significant portion of China's funds are focused on development or infrastructure-related projects, and these projects have positive effects, such as lowering economic inequality at a regional level. However, other research makes the criticism that China's investment in Africa is concentrated on its national goal of securing underground resources, and that it does not consider or interfere with the human

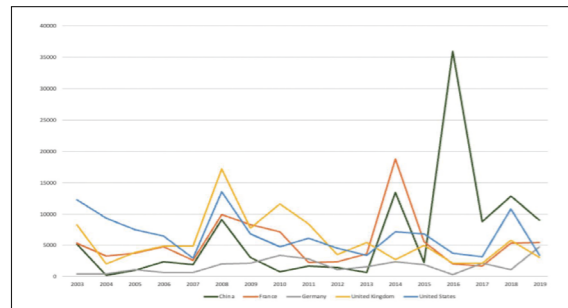
3. <https://www.mcci.org/en/global-marketplace/trade-agreements/mauritius-china-fta/>

4. <https://www.aiddata.org/china-project-locations>

5. <https://www.aiddata.org/data/geocoded-chinese-global-official-finance-dataset>

rights or political situation of African countries (Adisu et al. 2010).

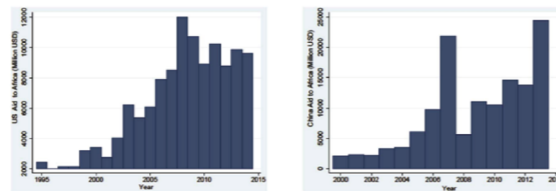
- According to the World Bank report, China has become the largest creditor to 32 of the 40 underdeveloped African countries as of 2020.



<Figure 4> Overseas Direct Investment in Sub-Saharan African Countries (Source: fDi Markets)

- Finally, the fDi Markets datasets collected by The Financial Times can be used to understand the changes in China's direct foreign investment in African countries. The datasets imply that the Greenfield investment in Africa used to be led by former colonial rulers such as France, Germany, and the UK, or by the United States, similar to the data shown in the aforementioned indexes. In the early 2010s, however, China started to make increasing investment in Africa, and has now become the largest investor in the region. Currently, more than 10,000 Chinese companies are found to be engaged in economic activities in the African continent. As of 2018, the top five African countries that receive the most investment from China include the Republic of South Africa, the Democratic Republic of the Congo, Mozambique, Zambia, and Ethiopia.
- Unlike commodity trade, which is represented by imports and exports, foreign direct investment involves a highly political and economic act in which production facilities are directly prepared

in the target country, local workers are hired to engage in production activities, and close exchanges with local and central governments are promoted. Therefore, in-depth discussions on the political significance and ripple effect of China's expansion of investment in Africa are needed in that foreign investors are deeply involved in the economic and political issues of the target countries.



<Figure 5> The Amount of Bilateral Aid (US vs. China) (Source: Liu and Tang 2018)

- <Figure 5> contains a graph that shows the US and China's Official Development Assistance (ODA) to Africa. The amount of ODA from the US, the largest donor, reached a total of 130 billion USD over the period 2000-2013. In comparison, China is rapidly increasing its ODA to the African region, and the latest figures are comparable to traditional donor countries.

III. Development of political/diplomatic relations between China and African countries

- In terms of politics and diplomacy, relations between China and African countries have progressed to a considerable extent. Looking at some of the indicators to measure the progress of bilateral relations, China has 44 embassies on the African continent, which outnumbers the United States.⁶

6. Source: https://www.fmprc.gov.cn/mfa_eng/wjwb_663304/zwjg_665342/2490_665344/2493_665350/index.html

And over the 10-year period from 2008 to 2018, China's top officials (the President, Prime Minister, and Foreign Minister) paid 79 visits to 43 African countries in total.

- From 2011 to 2015, the Communist Party of China sponsored more than 200 young African political leaders as part of its Sino-Africa Political Party Leaders Program, which expanded to support more than 1,000 political leaders by 2018.⁷ The program mainly introduces the young African leaders about China's model of economic development and political governance and educates them on the Chinese culture, including its language.
- The Office of Chinese Language Council International, known to us as the "Confucius Academy," has 61 teaching centers in Africa and supports African students studying in China. The number of African students in China in the support program has sharply increased, already surpassing that of African students in the United States.
- As such, China is rapidly expanding its political and diplomatic influence in African countries and is making strenuous efforts at the national level to strengthen its soft power through the spread of China's growth model, culture, and language.
- It was the 1955 Bandung Conference of Non-aligned Nations where the post-World War II relations began to be formed between China and Africa. As China involved in conflict with the Soviet Union, it sought allies and tried to improve relations with third countries, including those in Africa, based on the shared historical experience of colonial rule.
- Later, when it competed with Taiwan over various diplomatic issues at the United Nations, China conceived of African countries as strategic partners and provided abundant aid to them for the purpose of securing more supporters and as a means of

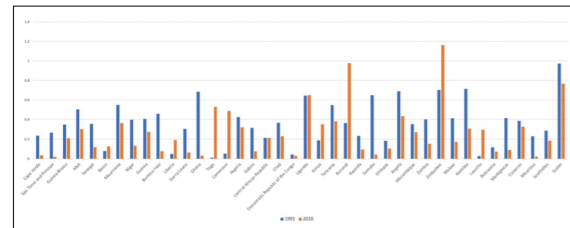
raising its voice at the UN Security Council.

- In the 1980s, relations with Africa became relatively distant as China put lots of efforts into attracting investment from Western countries to promote economic development. After the 1989 Tiananmen Square incident, however, China faced containment by Western countries. As a means to escape isolation, it attempted to improve relations with developing countries, including African countries.
- In the 1990s, China's trade, investment, development aid, and technology transfer to Africa expanded rapidly. African countries also began to pay attention to China's development model and to consider China as a strategic partner to reduce their dependence on large organizations such as the IMF and World Bank that are greatly influenced by Western countries (Ayodele and Sotola 2014).
- At the Forum on China-Africa Cooperation (FOCAC), established in 2000, China signed a "strategic partnership" with 44 African countries and agreed to hold high-level talks every three years. In 2018, President Xi Jinping said in his opening speech: "We respect, love, and support Africa. We will follow the 'Five No's approach in our relations with Africa; that is, no interference in the African countries' pursuit of development strategies suitable for themselves, no engagement in the African countries' domestic affairs, no coercion of our determination on African countries, no political conditions for our support for Africa, and no pursuit of selfish political gains in investment in and financial cooperation with Africa." This is China's declaration of great principles for cooperation for relations with African countries but

7. <https://www.brookings.edu/blog/africa-in-focus/2016/07/05/political-party-training-chinas-ideological-push-in-africa/>

in reality, China's political behavior is very strategic and conditional in cooperating with African partners.

- Then, it is necessary to look at how China improved relations with African countries and what actual outcomes it achieved. First, the diplomatic outcomes can be identified by using different opinions that the UN member states share on diverse global agendas at the UN General Assembly.



<Figure 6> Diplomatic Affinity between China and Sub-Saharan African Countries
(Source: Bailey et al. 2017)

- A study by Bailey et al. (2017) can be used to estimate what diplomatic tendencies countries have implied through their voting behaviors as UN member states, and to track how diplomatic behavior in China and Africa changes. <Figure 6> compares the absolute diplomatic distances between China and African countries in 1991, before China's expansion of its influence in Africa, and in the relatively recent year of 2016. The figure shows that the smaller the size of the bar graph, the more similar China and its African partner have diplomatic tendencies.
- Comparing the figures for 1991 and 2016, it is peculiar that most African countries' diplomatic tendencies have become similar to those of China. Of the 40-plus African countries analyzed, excluding seven (Togo, Cameroon, Uganda, Kenya, Burundi, Zimbabwe, and Lesotho), more than

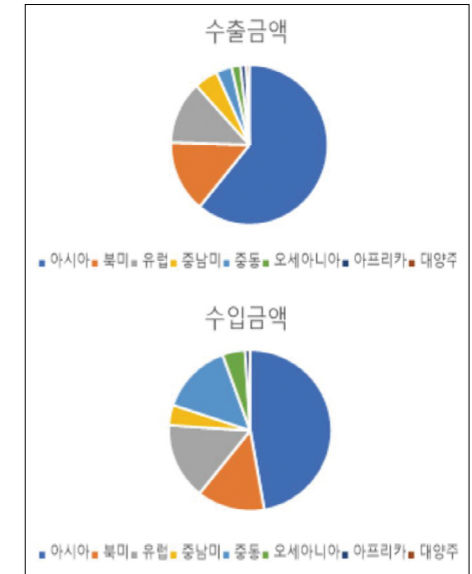
80 percent show increasingly similar diplomatic behaviors to those of China.

- In 2018, when analyzing the voting data related to the UN General Assembly resolution bills, African countries had 29% of the votes matched with the United States, while the percentage of the votes matched with China was higher.
- There are many cases in which African countries do not hesitate to actively support China or express their opinions on politically and diplomatically sensitive issues. In 2016, 39 African countries publicly said they supported solving the problem in the way that China preferred concerning territorial disputes in the South China Sea involving China and its Southeast Asian neighbors. Even in response to the recent large-scale protests against the extradition law in Hong Kong, more than half of the countries that supported China's position on the Hong Kong issue were African countries. Moreover, nearly half of the 37 countries that said they still support China's policy of suppressing the Uighur minorities were also African countries.
- As COVID-19 rapidly spread around the world when it first appeared in the winter of 2019, China was strengthening cooperation with the African continent to overcome COVID-19. China took the Extraordinary China-Africa Summit on Solidarity against COVID-19 on June 17, 2020, as a starting point of its provision of various quarantine supplies to Africa. In 2021, Chinese vaccine producers including Sinopharm and Sinovac signed contracts to produce Chinese vaccines in Morocco, Egypt, and South Africa. China stressed that such vaccine supply efforts assumed "no political conditions" but the reality is that it took a strategic attitude to prioritize and support African countries participating in its One Belt One Road project.
- As such, political and diplomatic relations between

China and African countries are deepening, and China's support and aid are paying off at various levels. China is expected to become more deeply involved in infrastructure development and modernization projects in Africa through the continuous expansion of the One Belt One Road Initiative. Using the COVID-19 outbreak as momentum, it is also likely to provide continued support and promote cooperation in public health. Therefore, it is assumed that China and Africa will further strengthen political and diplomatic cooperation for the time being.

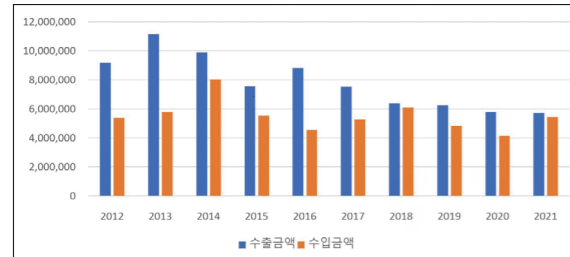
IV. Implications for the South Korean economy

- South Korea has rarely engaged in political and economic exchanges with Africa, to the extent that the African continent could be referred to as a forgotten land for South Korea. Due to its geopolitical position and limited political/diplomatic capabilities, South Korea has limitations in becoming a global actor and has been in a difficult situation to promote exchange and cooperation with African countries in various ways. Although former Prime Minister Lee Nak-yeon made state visits to several African countries in 2018, this was regarded as a very rare political event, and "visit diplomacy" between South Korea and African countries has been scarcely practiced. Even in economic terms, exchanges between South Korea and Africa remain insignificant, and various statistics demonstrate the extremely low mutual economic dependence between South Korea and African countries.



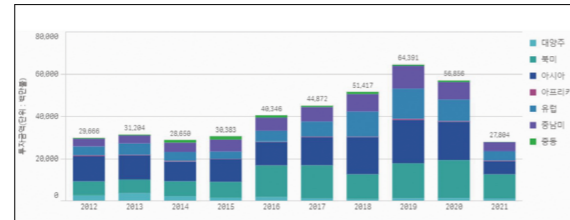
<Figure 7> South Korea's Exports and Imports by Continent, 2019 (Unit, USD 1000)
(Source: Import and Export Trade Statistics)

- I would like to reflect on the current situation by looking at some figures that indicate the economic relations between South Korea and Africa, based on which the possibility of future development will be discussed. <Figure 7> is a graph showing South Korea's export and import performances by continent in 2019; and both exports to and imports from Africa remain insignificant. In the continental context, South Korea's trade with Asia, North America, and Europe exceeds almost 75% of the total in terms of price. Evidently, South Korea has mainly engaged in trade with Asian countries, its geographically closest partners. In the case of Africa, there is only a little more trade than in Oceania. This figure is far too small, considering the population and economic power of the continent as a whole, as well as the significant reserves of its underground resources.



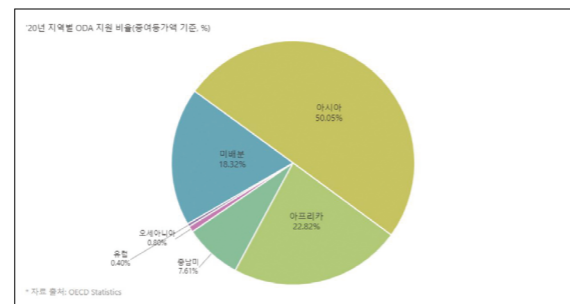
<Figure 8> Changes in Trade between South Korea and the African Continent, 2012-2021
(Source: Import and Export Trade Statistics)

- Looking at the imports and exports between South Korea and Africa over the past 10 years as <Figure 8> suggests in order to determine whether there is a potential for development in the economic relations between South Korea and the African continent, there seems to be no long-term improvement. South Korea's exports to Africa appear to be on the decline overall, while its imports from Africa have repeated fluctuations and stagnation. The African region has not been recognized as South Korea's main trading partner due to its geographical distance, lack of experience in exchange, weak interdependence, and recognition as an underdeveloped country. In the past, efforts were made to strengthen economic cooperation with Africa for resource procurement, but now the plan seems to have lost its direction.
- The changes in the amount of overseas investment led by private companies also show that Africa has not been a region that has attracted attention from South Korean investors. <Figure 9> contains interregional statistics of foreign direct investment by continent during the period 2012-2021, collected and distributed by the Export-Import Bank of South Korea, and investment in Africa is still at a standstill.



<Figure 9> Interregional Statistics on South Korea's Foreign Direct Investment, 2012-2021
(Source: Export-Import Bank of South Korea)

- If so, it is necessary to look at how South Korea has regarded the African continent. <Figure 9> indicates that South Korea recognizes Africa only as an object of foreign aid. South Korea's aid in 2020 was the most concentrated in Asian countries based on geographical accessibility, cultural intimacy, and close economic relations, and the second-largest amount of South Korean aid was provided to Africa. Given South Korea's very rare economic relations with Africa, it is evident that its assistance is largely for humanitarian causes.



<Figure 10> South Korea's Regional ODA Support, 2020
(Source: ODA South Korea⁸)

- As a member of the international community, it is important for South Korea to increase aid to be in accordance with its economic power and to conceive of Africa as an object of its continued

8. https://www.odakorea.go.kr/ODAPage_2018/category02/L03_S02.jsp

support in the same context. However, it is now time to change the perception of Africa to view the continent as a market with high economic potential. Additionally, it is necessary to highlight the strategic aspect of the ODA and obtain from beneficiary countries an economic foundation for South Korean companies to enter the African market in return for providing aid. Given that China and many Western countries have already used this strategy to enter the African market, the South Korean government will also need a strategy to link ODA with corporate foreign investment in close cooperation with the nation's private sector. As African countries are aware of South Korea's excellence in information and communication technology, it is worthwhile for South Korea to focus on investment related to information and communication technology and push for entry into the related African market.

• In addition, the recent launch of the AfCFTA will be a great opportunity for South Korean companies as its 55 member states are taking a big step together toward a large unified market in the region. The regional population participating in the AfCFTA stands at nearly 1.3 billion. Potentially, this means a huge consumer market and low-cost labor, which could be good conditions for South Korean manufacturing businesses to enter the market. However, since African manufacturing has relied on a simple production process and has been concentrated on low value-added industries aimed at exporting to overseas markets, the time has yet to ripen for the continent to become an attractive production destination in terms of profitability. However, Africa had experienced rapid growth until COVID-19 broke out and has actively worked to achieve regional trade liberalization. Given that it is a place with abundant growth potential, South

Korea needs to make investments from a long-term perspective.

V. Conclusion

- The external economic relations of African states have dramatically changed over the past 20 years. Economic relations with China progressed rapidly, diverting from focusing on trade with their former colonial rulers, while in the early 2000s, Chinese products accounted for an absolute majority of the goods imported to the African continent. In addition to commodity trade, finance guaranteed by the Chinese government is concentrated on the African continent, and the foreign direct investment by the Chinese private sector has recently seen exponential growth in the region, making it the largest investor on the continent. In addition to cooperation in these economic areas, China has rapidly increased its assistance to Africa, which is comparable to the United States, the world's largest donor. Considering these multifaceted aspects, it is necessary to recognize that the development of relations between China and the African continent is due to the pursuit of China's political/diplomatic goals.
- China desires to develop a pro-Chinese political force in Africa by providing generous sponsorship to young political leaders in the region. It has also made strenuous efforts to spread its culture to promote China's soft power. This bilateral relationship was institutionalized through the establishment of FOCAC, which laid the groundwork for more stable and comprehensive relations. China's efforts have paid off to some extent: Africa's expression of opinion on global issues at the UN General Assembly is increasingly similar to that of China, while more African

countries are unilaterally supporting China's stance on the politically sensitive issues of Hong Kong's governance and human rights abuses in the Uighur region. Since the recent outbreak of the COVID-19 pandemic, China has also actively promoted health cooperation with Africa.

- South Korea has conducted trifling economic cooperation with Africa, such that the region could be seen as a forgotten continent. There have been insignificant imports from, and exports to, Africa, while private-led foreign direct investment

has rarely been made. Africa has been recognized as an object of support and aid rather than an object of economic cooperation. However, with the recent effectuation of the African Continental Free Trade Agreement and various efforts to strengthen external economic cooperation, the South Korean national government and its private sector need to increase economic cooperation and investment in Africa, with a focus more towards Africa's growth potential.

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