

MS THESIS

**CHINA'S STRATEGIC POLICIES TOWARDS SOUTH KOREA
UNDER XI JINPING: AN ANALYSIS**



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“In the name of ALLAH, the most merciful, the most beneficial”

DEDICATION

I dedicate this MS thesis to my beloved parents. First and foremost, I want to thank my parents for their support and love throughout my academics. I dedicate this thesis to both of you, my pillars of strength. The dedication is also for my father Mushtaq Hussain, for all that he is and all that he gave.

LIST OF ABBREVIATION

AI	Artificial Intelligence
AIB	Asian Infrastructure Investment Bank
BRI	Belt and Road Initiative
CBM	Confidence Buildings Measure
CKFTA	China South Korea Free Trade Agreement
DPRK	Democratic People’s Republic of Korea
FTA	Free Trade Agreement
GDP	Gross Domestic Product
KORUS FTA	United States–Korea Free Trade Agreement
MDB	Multilateral Development Bank
OLEDs	Organic Light-Emitting Diode
PRC	People’s Republic of China
ROC	Return on Capital
ROK	Republic Of Korea
THAAD	Terminal High Altitude Area Defense
TPP	Trans-Pacific Partnership

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ABSTRACT

In the context of the shifting political climate and power politics of the contemporary world, the complex dynamics of China and South Korea present as one of the key strategic axes in East Asia. In the course of the presidency of Xi Jinping, China initiates several steps to increase its power and position in the region and increase its role in East Asia. South Korea has a significant role to play in this overall strategy. Sino-South Korean relations are interlinked with South Korea's relationship with its main security guarantor, the United States. Therefore, the relations between China and South Korea shifted in a way that served China's best interests. President Xi's vision for China's national rejuvenation seeks to establish comprehensive Sino-centric security, economic, political, and cultural relations. Since South Korea is China's fourth-largest trading partner, the financial element is still essential for development and enhancing the prominence of China in the region. However, China also has some issues and challenges in its relationship with South Korea. Also, the North Korean factor and the security situation in the South China Sea pose complex issues that affect China's strategy. The study analyzes the multifaceted nature of China's strategies concerning South Korea along with the difficulties that China faces during decision-making.

CHAPTER 1

1. INTRODUCTION

1.1 Background of the Study

East Asia is a region of significant global relevance due to its strategic and economic importance. The vitality increases with the interest of great powers involvement. In a world where rapid changes are occurring and power structures are evolving, studying how China collaborates with South Korea holds profound significance. China's emerging power is to expand its economic and military influence to stabilize regional hegemony. Under President Xi Jinping's administration, the People's Republic of China takes a strategic stance towards South Korea to increase its regional influence. This study intends to dive deeply into the nuanced aspects of China's strategic decisions concerning to South Korea, including the country's economy and geopolitics.

The Korean War (1950-1953), during which China provided support to North Korea, resulted in the partition of the Korean Peninsula into North and South regions. When South Korea and the United States signed the Mutual Defence Treaty in 1953, it joined the hub-and-spoke alliance structure in Asia that the United States was leading as a means of maintaining external balance against the Soviet Union, China, and North Korea. China's relations with South Korea did not stabilize for a few decades after the Korean War was over (Lee, 2020). In the 1990s, China's relations with South Korea were on the path of normalization. A turning point came in 1992 when both China and South Korea adopted significant policy adjustments (Liu, 1993). Both presidents thought that the key to creating a stable society was to achieve economic success. The normalization deal between China and South Korea served as a signal to the United States that China had other trade choices. Chinese officials started to see a big change in the U.S.-South Korea relationship, which made them believe that South Korea might start to get closer to China in the future.

China and South Korea were enemies during the war but became friends after the diplomatic relations were established in 1992. After normalization, China used its relations with South Korea for political and strategic advantage and from cooperation to comprehensive cooperation. In 2003, President Roh suggested to advancing relations to the level of military and

security cooperation and moving from simple cooperation to a strategic cooperative partnership, though, China worried about Seoul's ties with Washington (Lin, 2006). China and South Korea have evolved from a "friendship and cooperative" relations in 1992 to a "strategic partnership," due to the increased economic relations with the trade between China and South Korea standing at \$145 billion in 2007 (Snyder, 2023). China replaced America to become South Korea's biggest export market in the year 2003 and trading partner in 2004. South Korea's economic dependence on China is beneficial in some aspects and limiting in others for shaping its foreign policy (T. Kim, 2008). The strengthening of the U. S.–South Korea relations under President Lee Myung-bak led to China's desire to improve relations with South Korea to counter Seoul's dependency on Washington (Lee, 2010). However, different attitudes towards North Korean provocations challenged China-South Korea relations, although China tries to sustain stability on the Korean peninsula and balance its political activities.

During Xi Jinping's administration, China has put in place several of measures to increase its influence in the area and strengthen its presence in East Asia, with South Korea playing a key role in the overall strategy. China's ties with South Korea also revolve around South Korea's alliance with the US, due to this alliance China is boosting its policies towards South Korea. The idea of the "China dream of national rejuvenation" was introduced by Xi, who also imposed a more forceful method of "neighborhood diplomacy." This approach intends to unite neighboring countries through a network of Sino-centric ties that spans security, economics, politics, and culture. China and South Korea had rather lengthy and high-level talks and reached an important free trade agreement. Also, South Korea became a member of the newly formed Asian Infrastructure Investment Bank led by China (Pak, 2023). Currently, South Korea has become one of China's major trading partners ranking 4th. According to the statistics of 2022, the trade balance of China and South Korea was up to \$362.3 billion for the value of goods only. Chinese imports from South Korea stood at \$199. 7 billion and the imports from South Korea were \$162. 6 billion, according to the statistical data of the Chinese customs (RCEP Boosts Trade Cooperation among China, Japan, and South Korea – July 2023, n.d.). The economic aspect is very important in the Chinese concept because it contributes to economic growth and enhances China's presence in the area.

China and South Korea's economic relations, which are characterized by a high level of trade and such cooperation as the FTA in 2015 and RCEP in 2020, are now experiencing new threats stemming from changes in the concept of export controls and technological competition. What was once a cooperation is now a competition in high-tech industries including Artificial Intelligence and Semiconductors, which are crucial for the dominance of technology. The support of South Korea for the US policies against China also creates a problem due to the structural transition from cooperation to competition in their bilateral economic relations (Reuters, 2024). China as an emerging hegemonic power in Asia threatens U. S. hegemonic position in the region forcing U. S. allies to form an ally to check China. The competition between the U. S. and China is not only in economy, technological, and ideological spheres but also in the ability to shape the critical technologies' future ("Bolstering U. S. -South Korean Cooperation to Meet the China Challenge," 2023).

However, there is a strategic threat to China's balance of power in the Korean Peninsula due to North Korea's nuclear capability and the US-Korea alliance. Beijing is much more concerned with the regime change in Pyongyang than about its nuclear weapons because of the potential for a political turmoil, refugees, and reduction of China's safety zone from the American troops in South Korea. The relationship between the United States and South Korea is a key security partnership, anchored on a mutual defense treaty signed since 1953, fundamental in South Korea's nuclear security strategy against the nuclear threat posed by North Korea (Engman, 2018).

However, it also provokes China's fear of the United States' regional hegemony. The most recent one was the Indo-Pacific Dialogue with leaders of the US, South Korea, and Japan in attendance, which is a departure from previous dialogues as it directly named China as the aggressor in the SCS and formed a united front against Beijing. This trilateral cooperation shows the dilemma of South Korea – economic cooperation with China versus security cooperation with the US. South Korea's foreign policy is so sensitive in handling the South China Sea disagreement and Taiwan problem as it tries to balance its loyalty to United States ally and business relations with China. On regional security and specifically regarding China's growing assertiveness, Seoul's position is still in tune with the United States but this comes at the cost of further damaging relations with Beijing. In general, as tensions rise, South Korea increases the maritime CBFMs to

decrease the possibility of conflict to its strategic necessity to safeguard sea lanes and the rule of law (Lee, 2024).

Although, the North Korean issue is a crucial part of this partnership. The Korean Peninsula, which is split by a continuous conflict, poses a continuing threat to the peace in the area. It is impossible to comprehend China's South Korean policy in isolation from its initiatives to resolve the North Korean issue. China's intentional policy is seen in the establishment of formal connections with South Korea and tight diplomatic ties with North Korea. China is aware of the fact that North Korea is still its lone ally and that it depends on China for political, military, and economic support. China is considered to need to maintain a positive relationship with North Korea to further its interests, notably in topics about South Korea (Kim & Cha, 2016). The imperative for China to maintain its relations with North Korea is further highlighted by the precarious balance between South Korea and North Korea. For the sake of economic relations, China is interested in the development of relations with South Korea to have an impact on issues such as disarmament and the reunification of Korea. The multifaceted nature of political, commercial, and security arguments defines the nature of the Chinese strategy toward South Korea under Xi Jinping, where the North Korean issue has been the driving force behind the positioning of the countries and China's role in the region.

In a view of China's approach towards South Korea realist approach is suitable one. The idea suggests that governments encounter continuous risks and challenges in the international system. Armed conflict poses challenges to a state and determines its existence. In international politics, realism emphasizes a conflict-ridden world where governments prioritize security and power to ensure existence. Anarchy in international politics leads to a secure and peaceful order via the defense of national interests and power struggles. Stability is achieved by prioritizing security above peace. In other words, balance of power theory produces unexpected results similarly to Adam Smith's invisible hand. Smith believed that in a market where there was competition, producers' self-interest led to the best price for customers (Stein, 2015).

Therefore, China's core interest in the area is to stabilize the good ties with South Korea, a key ally of the US. China's activities are driven by a desire for dominance and a determination to strengthen its security. After North Korea's fourth nuclear test in January 2016, South Korean authorities began seriously evaluating the deployment of THAAD as a possible option for

enhancing their national security. This was due to the increasing issues connected with the nuclear and missile activities of the North Korean state. In return, China pressured South Korea not to proceed with the deployment of THAAD, stating that this would pose a threat to Chinese national security. China reportedly applied some economic sanctions to South Korea to prevent them from proceeding with the THAAD deployment. The study attempts to explore China's strategic stance concerning South Korea under the Xi Jinping administration as well as the ongoing Challenges China is facing in its strategy. The purpose of China's activities is to establish regional hegemony and to increase its power and influence over its neighbors.

1.2 Problem Statement

China has taken a strategic stance towards South Korea to increase its regional influence. The study examined China's strategic choices, encompassing economic, political, and security aspects, in its relationship with South Korea. Furthermore, the research explored the complex relationship between the North Korean issue and China's strategy towards South Korea, and also examined the economic, political and security challenges that profoundly influence China's strategic choices in its South Korean involvement.

1.3 Significance of the Study

The study focuses on China's strategic approach towards South Korea during Xi Jinping's administration. This study is crucial because it adds to a thorough knowledge of China's efforts to increase its regional influence. It gives vital insights into China's goals behind its ties with South Korea and examines the threats in the context of its relationship. The study is important because world stability is based on the policies of the great powers. The study and its findings are beneficial for researchers, Students of Political science and International Relations, scholars and decision-makers for in-depth analysis.

1.4 Research Objectives

1. To explore China's strategic measures to enhance regional influence through its ties with South Korea
2. To analyze the policy decisions of China towards South Korea and the difficulties that it encountered

1.5 Research Questions

1. What specific strategies does China take under Xi Jinping towards South Korea to gain influence in the region?
2. What are the challenges China's facing in its strategic approach towards South Korea?

1.6 Delimitation(s) of the Study

1. This study concentrated on the policies during Xi Jinping's period. The focus of this research is on China's actions towards South Korea. It focuses on challenges China is facing, and how it affects China's behavior toward South Korea.
2. This research did not rely on economic statistics, numbers, or numerical analysis. Instead, it focused on the geopolitical and strategic consequences of China's regional policies and actions for South Korea. The study adopted a qualitative approach to explore the nature of strategic policies.

1.7 Literature Review

1.7.1 Review of Related Literature

The geopolitical environment of East Asia has changed due to the trajectory of China under the leadership of Xi Jinping. Xi has adopted quite ambitious strategic policies with various neighboring countries, especially South Korea, to raise the level of influence of China economically and strategically. This literature review tries to analyze how China is adjoined to a strategic stance under Xi Jinping to achieve its objectives while referring to relevant books, journal research papers, and articles.

The book "East Asia Strategic Review: China's Rising Strategic Ambitions in Asia" encapsulated what Xi Jinping did after he took over the leadership of the Chinese Communist Party. Xi Jinping mentioned that self-development can empower self-strengthening while attending the "Road of Rejuvenation" exhibition at the National History Museum. Additionally, in the 2014 Conference on Interaction and Confidence Building Measures in Asia, he advanced a new Asian regionalism that asks developing countries in Asia to self-govern their affairs and be responsible for their security. According to Xi in the speech, with improved cooperation, there

exist opportunities to create peace and stability where regional challenges in safeguarding security require combined efforts (Prathibha, 2019).

The various basic viewpoints of American strategy vis-à-vis Asia are therein very fundamentally elaborated. According to these, operational independence is very necessary to be maintained if access to this region is to be continue to be kept available. Much remains to ensure that access to this region remains open. The key objectives include security interests for both the United States and its allies, freedom of trade, access to vital resources and advanced technology to support any industry, and lastly, spreading American ideals and values. “The basic aim of the book can be stated as no single territorial hegemon should arise in East Asia, which in itself is proof that the United States has the strategic commitment to having a balance of power within the region, which is good for peace and security. The continuous assessments and debates, as pointed out by the author, by American researchers and experts regarding China’s goals in Asia, notably the belief that China is trying to decrease American influence and presence in the region, take center stage in the mind of the reader while reading the book (Medeiros, 2021).

The author indicated in her research paper that, everything is controlled by its strategic purpose to develop itself as the leader in Northeast Asia, China views South Korea as an important element in its agenda. Their relations were developed through five different phases in the past thirty years or so. According to her, this development was termed a “friendly cooperative relationship” in 1992 and an “enriched strategic cooperative partnership” in 2014, which speaks for the rich development in their cooperation. For most of the two decades since normalizing bilateral relations in 1992, Beijing relied largely on its soft power to engage the attention of South Korea (Pak, 2023).

In the analysis of Sino-South Korean economic relations, Min Ye pointed out the establishment of their diplomatic relationship on August 24, 1992, was the factor that opened up so many avenues for bilateral trade between these two countries, hence availing many growth opportunities. Rozmon highlighted that China rapidly rose up the hierarchy of South Korea’s trading partners to third largest in 1993. In 2004, China become South Korea’s largest trading partner and moved ahead of Japan and the US, where it has remained since. This budding trade relationship gave way to multilevel economic cooperation, as manifested in the form of more than 800 weekly flights connecting Chinese and Korean cities and a peak personnel exchange of 8.22

million in the year 2013. As pointed out by the author, this ebullient economic engagement has been immediate as well as long-term sustaining in nature, the interstate economic landscape reshaping to such an extent that the bilateral trade overshadows South Korea's combined commerce with Japan, the US, and the European Union (Rozman, 2018).

Byun examined how six years after the normalization of the diplomatic relations, a "cooperative partnership" was institutionalized in the state visit to China by President Kim Dae-Jung in 1998. This cooperative partnership reinforced Jiang Zemin's "new security concept" with which post-Cold War cooperation had to be advanced. The inter-Korean summit in the year 2000 increased the involvement of China in the Korean peace process. However, by the late 1990s, there were already misgivings about China's "increasingly nationalistic leadership" and "assertive foreign policy," as manifested in the 2000 garlic trade dispute. By 2003, China had become South Korea's largest trading partner, with a "comprehensive cooperative partnership." But even as relations seemingly deepened, problems over North Korea, trade, and history remained. In 2016, the deployment of THAAD resulted in very severe Chinese economic retaliation, while relations normalized once more toward the end of 2017. During this time, a type of civilizational influence that China was trying to establish over South Korea was also clear, as manifested through Xi Jinping and the official narratives surrounding it (Byun, 2020).

Swaine provided a critical assessment of the rationale behind China's adverse reaction to the deployment of the THAAD system by South Korea. Notably, Swaine pointed out that Beijing did more than just attempt to scare keyword-legacy with words by suspending high-level defense dialogues, delaying the visit of the South Korean defense minister to China, and most dramatically, not sending high-level representation to South Korea's National Day reception in 2016. He further went on to say that China was said to have ordered its National Tourism Administration to reduce the number of Chinese tourists to South Korea by 20 percent. These moves reflected a firm rebuke from China, amounting for punishment for the Seoul decision. Swaine posited that the THAAD issue had increasingly become a real game-changing situation that now affected more than the grand strategy patterns for a stable Korean Peninsula. He said it instead dictated the underpinning tone of Sino-Korea relations as the far-reaching outcomes began to play out amid of uncertainties that plagued the region (Swaine, 2017).

The author highlighted in an article that the THAAD (Terminal High Altitude Area Defence) deployment was first opposed by China, mainly because of worries that the system, while designed to address North Korea's threats, posed a security danger to China owing to its observation capabilities. A Chinese official also warned that the deployment of THAAD systems in South Korea might quickly damage relations between South Korea and China in reaction to these worries. China is South Korea's main trading partner, so these steps put a lot of pressure on local businesses. Due to these economic constraints, Hyundai, for example, witnessed a significant fall in second-quarter sales of 64% in China this year (McGregor, 2017).

The author analyzed that Under Xi Jinping, China's strategy toward the Republic of Korea did not change completely but did become more assertive. Certainly, its response to the deployment of THAAD was direct and coercive, compared with the less forceful responses to previous U.S. regional missile defense initiatives. Despite military tensions, though, Beijing managed to maintain a relatively thriving relationship with Seoul. South Korean leaders reciprocated by making considerable efforts to strengthen ties with Xi. While in Seoul, core projects—the Belt and Road Initiative and the Asian Infrastructure Investment Bank—received a relatively positive, if vague, reception. This would have been due in part to the fact that South Korean leadership viewed the BRI as a possible way to draw North Korea closer to the regional architecture. Still, much of the new rhetoric from PRC leaders and scholars simply reflected long-standing intentions, while South Korea remained relatively resilient to Chinese influence and intimidation attempts (Cathcart, 2020).

Tiejun highlighted the relationship between the People's Republic of China and the DPRK was paradoxical. While Beijing had not aligned itself with any country since Deng Xiaoping's time and has continued to denounce military alliance, the DPRK was still viewed as China's only formal ally. The "lips and teeth" concept that drove Mao Zedong to intervene in the Korean War in 1950 still held immense sway with many Chinese, who continue to see the DPRK as a very useful geopolitical buffer. Though some experts argued that technology has reduced North Korea's strategic value as a buffer state, Tiejun argued that many in China recognize its geopolitical value. Moreover, despite the weakening of traditional friendship ties on historical, cultural, and emotional grounds, official Chinese documents had always acknowledged the corresponding growth and stability of PRC-DPRK relations. This was so because China had suggested that it maintained its

political momentum with North Korea, notwithstanding a new series of nuclear testing and subsequent Chinese protests against it (Tiejun, 2016).

The authors noted the existence of a bilateral security relationship with the Republic of Korea, which had been outstanding among the various U.S. post-war alliances in terms of interoperability and attainment of security objectives. After the alliance with the ROK formed in 1953, it was quintessentially America's Cold War relationship in Asia. On a range of criteria that determined the functional success of a military alliance, the U.S.-ROK alliance had done well. For the entirety of the Cold War, from a peninsula-based deterrent strictly speaking to a more comprehensive security guarantee, the U.S.-ROK alliance was an integral part of the larger Northeast Asian security triangle between the U.S.-Japan alliances. Although there were historical grudges in the relationship between Korea and Japan, the United States had an openly expressed interest in strengthening this triangle and treated the two alliances more or less as strategically complementary (Boose et al., 2003).

The book mentioned that South Korea is one of the United States' most important strategic and economic partners in Asia, and for the past five years relations between the two countries (known officially as the Republic of Korea, or ROK) had been arguably at their best state in decades. Members of Congress tend to be interested in South Korea-related issues for a number of reasons. First, the United States and South Korea had been allies since the early 1950s. The United States is committed to helping South Korea defend itself, particularly against any aggression from North Korea. The two countries' economies are closely entwined and are joined by the Korea-U.S. Free Trade Agreement (KORUS FTA). South Korea was the United States' sixth-largest trading partner. The United States is South Korea's second-largest trading partner. In late 2013 and early 2014, South Korea took the first steps toward possible entry into the U.S.-led Trans-Pacific Partnership (TPP) free trade agreement negotiations (Manyin et al., 2014).

The author argued that China and North Korea had always been traditionally close allies whereas the United States and South Korea oriented themselves under other alliances. The position of China has become more vivid due to the nuclear developments of North Korea, and the international community now expects China to take a bigger responsibility in solving the North Korean nuclear issue. Yang points out in the very same article that China is in an unenviable position in contemporary international affairs about North Korea. Although it disapproves of North

Korea's missile launches and nuclear testing, China cannot turn its back on that troublesome neighbor. On the other hand, China's diplomatic ties with South Korea, which were primarily formed in 1992 in response to Germany's reunification in 1989, had evolved into a formidable economic and cultural alliance in support of an even emerging political alliance in Asia (Yang, 2020).

A recent report cited Chinese experts as saying that China is actively seeking to build counter-alliances, and counter-partnerships against American-backed coalitions in the Asia-Pacific. Chinese experts cited American efforts to offset China's rise through a several means, including economic sanctions, military posturing, and diplomatic pressure. They further argue that the United States does so by forming military alliances and partnerships, especially with countries like Japan and South Korea, therefore limiting the possible influence of China in such regions. Despite of that, China continued to have resilient economic relations with the allies of the U.S., and it provided them with valuable trade and investment opportunities (Nagy, 2023).

Research Gap

This study investigated how China's under President Xi Jinping coincides with its economic involvement with neighboring, particularly South Korea. The lack of a thorough investigation of how the North Korean issue, especially in the context of regional security dynamics, has affected China's shifting strategic decisions towards South Korea during the Xi Jinping administration. This delicate interaction between China's quest for regional power and its strategy towards South Korea, and has taken those areas where China is facing threats in its view towards South Korea, is still largely unexplored in academic literature.

1.8 Theoretical Frameworks

This research employs neo-realism theory in international relations to examine China's rise and to explore how states come up with choices in an ever-changing system. However, neo-realism gives very good reasons on how China is and how it adapts to changes in the regional security environment and how it engages with other states. China's economic ties with regional countries specifically with South Korea are alarming for the regional influence.

Concept of Neo-Realism

Neorealism was created by Kenneth Waltz in the late 1970s. A theory of international relations called neorealism, often known as a structural extension of realism, places a strong emphasis on how world power structures affect how states behave within the framework of the global power structure. Neorealism maintains that the international system is inherently anarchic. As a result, every state is attempting to boost its power and find itself in a position of security (Pashakhanlou, 2021).

Key Aspects of Neo-realist Theory

Following are the key aspects of neo-realism.

- State as the most important actor in international relations
- The International System is Anarchic
- Actors are driven by self-interest due to security issues
- State (objective) —————▶ security(Top)

Neorealism holds that countries are unitary actors primarily motivated by self-preservation and, in some circumstances, desires for supremacy in the international system. They want to strengthen their economic and military prowess as well as their alliance network. Security is prioritized over all other concerns, and power is seen as the primary tool for achieving state goals (Spindler, 2023).



China's Strategy from the Neo-Realist Perspective

Balance of Power

According to neorealist theory (security dilemma), in a world where nations' security is not guaranteed, survival serves as both the driving force and the justification for action. Security is the top priority in anarchic societies because existence must be ensured in a society without laws established by a central authority (Spindler, 2023). The neorealist theory holds that anarchy in the system "encourages" the units to look for security. Arms races occur because each state's fate depends on how it reacts to actions taken by other nations. Security can only be attained via the use of power, which comes from the development of military, economic, and technological might.

Therefore, maintaining power balance and a stable position within the system should state's top priorities rather than increasing their authority. The states are forced to behave in a manner that tries to achieve the distribution of power within an anarchical system that is defined by power distribution. States maintain balance of power by for example; increasing their armies, forming and joining power blocs or developing their industries. The neo-realism theory focuses on great powers like in today's world the prominent example of the US and China competition particularly, in East Asia.

It emphasizes how nations, especially China, are highly motivated by their need for security and dominance within a chaotic international system. Here, governments try to gain more control over the region and provide security in the environment that is described by the lack of power balance and the lack of the central authority that would guarantee stability and focus on the acquisition of power.

China is now the region's greatest commercial partner, investor, and economic supporter, demonstrating its strong economic ties with neighboring states (Jibran, 2021). Many people see China's actions in Asia to be a setback for the United States. By trying to prevent participants from joining the new AIIB, the U.S. administration helped to shape this narrative. Major American allies including South Korea eventually joined the Chinese program (Dollar 2015). Through its partnership with the US, China seeks to strategically influence South Korea's policy. China's strategy includes using its power to influence South Korean policy choices in a way that is more conducive to China's regional goals. This might involve diplomatic engagements, offering of incentives such as financial aid or even the use of force depending on the situation to ensure that the policies of South Korea are friendlier to China's strategic plans. Interestingly, the contemporary North Korean worry is China. Self-promotion and the critical goal of maintaining stability in the region are the main foci in this context.

Notably, the North Korean is ongoing concern for China. Influence-seeking and the crucial objective of regional stability take center stage in this complicated environment. China is acutely aware of the need to carefully manage its relations with both South Korea and North Korea because it understands that regional dynamics substantially impact its capacity to uphold the region's security and balance of power. States use their influence, alliances, and diplomatic prowess to further their goals while preserving regional stability. This sophisticated orchestration of international interactions continues to mold the global landscape in a world characterised by perpetual change and progress.

1.9 Research Methodology

The qualitative design is, therefore, adopted for this research study. The qualitative research methodology is appropriate for studying China's stance towards South Korea. This design is specifically suitable for analyzing policy decisions, initiatives, and their effects, among others.

1.9.1 Population

As such, the target population expressed interest in this study includes the specialists of international relations who may be able to provide insightful information about China's activities toward South Korea.

1.9.2 Operational Definitions of Major Terms

Regional hegemony

The control or direction that one country exercises over other nations in a particular region.

Free Trade

A free flow of products and services between nations with little restrictions on trade, such as taxes and quotas.

AIB

The Asian Infrastructure Investment Development Bank is a multilateral development bank that offers funding for infrastructure projects throughout Asia.

Economic dependence

The reliance of some nations on Chinese commerce and investments may effect on those nations' judgment.

Geopolitical Rivalry

The decision of those countries may be swayed by the dependence of those countries on Chinese trade and investment.

1.9.3 Techniques

Data for the research had collected through semi-structured interviews with expert. An interview guide was created to guarantee uniformity and appropriate topics covered. As secondary sources of data, appropriate documents, policy papers, and scholarly literature had been examined.

1.9.4 Data Collection

The research relied on documents available either in printed or in electronic forms. The primary sources mainly included an interview, official documents, press releases, statements, etc. Secondary sources like Books, journals, Reports, articles, magazines and newspapers are included. Both were applied for the data collection.

1.9.5 Data Analysis

The qualitative data was collected, and analyzed using thematic analysis. Identification, followed by coding, and then categorization of emergent themes and patterns in the interview transcripts and other documents is involved. The analysis was eventually systematic in eliciting important insights relevant to China's policies towards South Korea during Xi Jinping.

1.9.6 Ethical Consideration

Further, this research is carried out by the rules and regulations of the International Islamic International University Islamabad Pakistan. In addition, ethical principles on conducting a human-based ethics research study will also be followed.

1.10 Organization of the Study

1. Chapter One: The first chapter of the thesis is introductory, included problem of the statement, Significance, Research Questions and objectives as well as delimitation of the study. A Literature review, theoretical framework, and Research methodology is are also included.
2. Chapter Two: The second chapter discussed the historical background of China's strategic relations with South Korea. This chapter covered from Korean War and the denormalization of Relations (1950-1992), the foundation of official diplomatic relations Since 1992, from collaborative to comprehensive (1992-2002) and from comprehensive to strategic cooperative partnership.
3. Chapter Three: The third chapter explored China's strategic policies towards South Korea under Xi Jinping Administration, comprised of the China South Korea Free Trade Agreement (CKFTA), diplomatic engagement, the Asian Infrastructure Investment Bank, THAAD, and Economic Integration.

4. Chapter Four: Chapter 4 discussed the ongoing challenges to China in its approach towards South Korea. Economic Challenges, security challenges diplomatic and political challenges is discussed in this chapter.
5. Chapter Five: Chapter 5 offers the conclusion, main findings, and recommendation.

CHAPTER 2

2. HISTORICAL CONTEXT

The history of China's view towards South Korea is not very long; diplomatic normalization only occurred in 1992. To understand why Beijing moved to tighten its strategic ties at certain times and not at others, it is useful to divide China's relations with South Korea into four sections.

2.1 Korean War and Denormalization of Relations (1950-1992)

The Korean War, in which China supported North Korea's efforts to unite the Korean Peninsula under Kim Il Sung's Communist dictatorship, was the first pivotal point in China's ties with South Korea. China participated heavily in the Korean War militarily. The newly established People's Republic of China was committed to supporting governments that shared its views and pushing communism forward. With its communist government, Kim Il-sung's North Korea was the ideal ally for this endeavor. China viewed the war as an opportunity to support and shield a sister communist country from what it perceived to be an imperialist threat. China's involvement also resulted in confrontations between China and the US (Mamchii, 2023). "China's intervention in the conflict changed everything and had a profound impact on the Korean Peninsula and international relations. This experience set the tone for the following four decades.

In 1953, the Mutual Defense Treaty between the United States and South Korea established the latter as one of the spokes in the hub-and-spoke Asian military alliance led by the U.S. This system was part of the external balancing response against the Soviet Union, China, and North Korea. In 1961, China and North Korea signed the Treaty of Friendship, Cooperation, and Mutual Assistance. As per this treaty, Beijing was called upon to offer assistance to Pyongyang in the instance of an attack on North Korea. This alliance represents Chinese leaders' 'buffer zone mentality,' given that the Chinese leaders view North Korea as a geopolitically significant buffer that would cushion China directly from the attacks of the United States or Japan (Lee, 2014). Therefore, South Korea–China relations have generally functioned within these two alliances.

Fifty years earlier, in 1950, China sent volunteers to assist North Korea in the War of Korea. Their stand was 'Saving one's neighborhood is saving oneself, 'where the spoken motive

was to chase American aggression and salvage Korea. However, this led to China being ostracized by Western countries for twenty years, and Korea lost its chance to reunify.”

The situation began to change dramatically in the 1970s, with the improvement of Sino-American, Sino-Japanese, and Sino-West European relations. Feeling China’s influence over North Korea, Seoul believed there was usefulness in good relations with China for preventing a second Korean War. However, between 1975 and 1977, very little of this changed at the empirical level of Sino-South Korean relations, mainly because that the political order collapsed in China. Some sources suggest that indirect trade between the two countries began as early as 1976. In 1978, the two sides resumed the tentative engagements that had begun in 1972-74. On September 7, an official of the New China News Agency acknowledged that South Korea’s economic success was worth noting. However, while indirect trade got underway in 1979, neither Chinese nor Korean officials would publicly confirm that it was happening. Despite these economic contacts, Beijing continued to avoid direct contact with South Korea (Chung, 1988).

In 1980, Chinese Foreign Minister Huang Hua characterized Beijing’s policy towards Seoul as “the door is closed but not locked.” In May 1983, a Chinese civilian airplane on a domestic flight was hijacked by six individuals and landed at a military airport near Seoul. This compelled China to send a delegation, led by Shen Tu, the chief of the Civil Aviation Administration, to negotiate the return of the aircraft, passengers, and crew. The six “freedom-seekers” were allowed to continue to the Republic of China (ROC) after being given light prison sentences (Liou, 1991).

Gradually but unmistakably, through the early and into the mid-1980s, China pursued a de facto “two-Koreas” policy with South Korea, engaging in cultural, academic, and sports exchanges. By 1988, it was clear how relations improved by unofficial but substantive relations between China and South Korea that were flourishing—for instance, indirect trade reaching over \$3 billion—and China’s involvement in the Seoul 1986 Asian Games and the 1988 Olympics. The key motivating factor behind normalizing relations with South Korea for Beijing lay in domestic economics. While nurturing economic ties between China and Seoul, Beijing was very cautious not to allow Pyongyang to get the idea that it had turned its back on its socialist brother. Only, Beijing wanted North Korea to realize the need for North-South dialogue to reduce tensions on the peninsula (Kim, n.d).

2.2 Foundation of Official Diplomatic Relations Since 1992

The reluctance of Beijing to seek rapprochement with South Korea could be understood only if situated within the security environment of the early 1980s—Beijing was considerably concerned about the Soviet threat. At the time, China was surrounded by pro-Soviet powers in all three borders: to the north, to the south, and the west. Not having ideological affinity, Beijing’s main concern was its security interest. As far as China is concerned, the red flag of Soviet saberrattling on more than one frontier had them pretty apprehensive. Any congenial move toward South Korea might have joined North Korea in the Soviet encirclement scheme as well and left China totally under siege. This made Beijing work harder on its relationship with the DPRK to accord Pyongyang fast-paced economic and military aid to “neutralize Soviet influence” and “win sympathy and understanding for the Chinese position.” This was an attempt to “enhance the status of pro-China elements” and “weaken the temerarious tendency of pro-Soviet elements within North Korea” (Son, 2023).

The sudden breakdown of the Soviet Union in December 1991 caused a change in China’s policy. Under the conscientiousness from the threat of Western countries against socialism with their “peaceful evolution” and heavy pressure from the pitched trade dispute with the United States, China readjusted its strategy. In 1991, both North and South Korea entered the United Nations separately in a move that Pyongyang had long vehemently opposed but in a vote that allowed Beijing to recognize South Korea. The normalization agreement between China and South Korea sent a clear message to the United States: China did have other alternative trade partners. Both the Chinese President, Jiang Zemin, then, and the President of South Korea, Kim Dae-jung, declared that their bilateral relationship would be raised to a “Cooperative Partnership for the 21st Century” (Liu, 1993).

In early January 1992, Li Peng issued an internal directive seeking a way out concerning establishing official diplomatic relations with South Korea while helping North Korea save face. On January 23, Tian Jiyun addressed Seoul to the effect that China had already decided to normalize relations with South Korea. On August 24, 1992, the People’s Republic of China finally brought to an end over four decades of mutual hostility with the Republic of Korea through normalization. This historic breakthrough opened ways for China to technology licensing and huge

investments from South Korea that very much contributed to its economic modernization and caused Seoul to terminate diplomatic recognition of Taipei (Son, 2023).

2.3 From Collaborative to Comprehensive Partnership between China and South Korea (1992-2002)

Since the early 1980s, the development of relations with South Korea has been a landmark turn in China's Korea policy. Expanding its relations with South Korea, China opened up new ways for the pursuit of its national interests in the region, generally strengthening its regional political and strategic position and benefiting economically from this process as well (Hao & Qubing, 1992). In China's South Korea policy since 1992, two complementary geo-political and geo-economic interests have been in competition for attention with the country needing both gains (Xiaoming, 1998).

The unique geopolitical position of the Korean peninsula means that China would always have interests in this area. The geographical location of the Korean peninsula is crucial to Chinese national security, considering that it shares borders with some major world powers, which include China, Japan, Russia, and the United States. China and Russia are land neighbors, while Japan is a water neighbor to the Korean peninsula. The United States is not a neighboring country but has since the Second World War developed a strong presence in the region due to its global influence.

China and countries of the Korean peninsula are geopolitically connected with the countries of the Korean peninsula and share cultural affinities, having "a long history of complex, intimate relations." Furthermore, the geographical position of the Korean peninsula itself represents a doorway or bridge between China and the Pacific Ocean, which is a factor quite crucial to China's economic and military security (Xiaoming, 1998).

The most obvious and important aspect of the Korean peninsula about China's national security is, however, geopolitical. However, with the end of the Cold War, economic aspects began to play a more prominent role in the definition and perception of national security. In January 1992, both governments signed a trade and investment agreement. In August of that same year, they reached diplomatic normalization, and just a few months later, growing economic cooperation gave a strong push to trade. Beijing became Seoul's third-largest trading partner in 1993,

overtaking Tokyo to become the second-largest in 2001, and finally, by 2004, replacing Washington as South Korea's top trading partner, a position it still holds today (Ye, 2015).

Before the formal establishment of ties in 1992, China had been able to establish trade links with South Korea as early as the mid-1970s. However, due to the absence of official ties, most of the trades were conducted indirectly through Hong Kong, which seriously limited the volume of trade. The establishment of formal diplomatic relations in 1992 marked a new period for bilateral economic relations and a surge in trade. Since the early 1990s, with the exception of years 1998 and 2001, in most of the years, bilateral trade has had fast growth; in some, even more than 40%. At the beginning of the 1990s, China's major exports to South Korea consisted of primary products and labor-intensive goods, while their major imports from South Korea were made up of manufactured and capital-intensive products (Shengqi, 2010).

Industrial cooperation has become a key factor in China-South Korean economic relations. The two countries vow to cooperate in industries concerning automobiles, electronics, switching systems, high-definition television, bioscience, and civilian aircraft. They are also undertaking similar cooperation in areas like fiber chemicals, atomic energy, insurance sectors, and resource development. In April 2002 China accepts the South Korean proposal to set up the Hyundai Motors Manufacturing plant in Beijing.

Another key theme of expansion has been social, cultural, educational, and people-to-people exchanges in Sino-South Korean bilateral relations. As an old saying goes, "In good times and bad, one's neighbor is best." Among the Koreans now living in China, the students hold leading positions. According to the ROK Embassy in China, for the past years, South Korean students have always been included in the list of the highest number of international students staying in China. Back in 2000, more than 22,000 South Korean students were enrolled in colleges and universities in China. In May 1998, the Republic of Korea had been proclaimed a "travel-free zone" for its Chinese citizens by China. In 2001, 1.779 million South Koreans visited China, whereas 482,227 Chinese visited South Korea" (Xiaoming, 1998). After that, it was officially declared by Chinese President Jiang Zemin and President of South Korea Kim Dae-jung that South Korea and China would establish their relations at the level of a "Cooperative Partnership Toward the 21st Century."

On the other hand, keeping a close relationship with Pyongyang has always remained one of the cornerstones of China's Korean Peninsula policy. Solidarity over North Korea is believed to be indispensable for reasons not serving the direct security interests and ideological considerations of Beijing, but serving to allow it greater geopolitical bargaining power vis-à-vis the other major powers and South Korea. The new policy of Beijing toward North Korea puts forward the goal: of preserving peace and stability in the region for the establishment of a "peaceful environment" for the development of China. In this respect, China has introduced the "dual track" approach building on strengthening traditional ties with Pyongyang and actively but cautiously developing relations with Seoul (Hao & Qubing, 1992).

2.4 From Comprehensive to Strategic Cooperative Partnership Since 2003

During President Roh's visit to China in 2003, he proposed that relations between China and South Korea should be upgraded from fellowship to comprehensive cooperative fellowship, including military and regional security cooperation. In November 2005, Chinese President Hu Jintao visited South Korea and put forward four suggestions for China-South Korea cooperation: setting up a foreign ministers' hotline, broadening economic cooperation, enhancing mutual cultural understanding, and cooperation on regional security affairs. These proposals were fully accepted by the South Korean President Roh Moo-hyun. Over the North Korean nuclear standoff, China and South Korea cooperated very closely to liaise their positions and eventually managed to convene the Six-Party Talks in which they had shared and similar views (Lin, 2006).

In May 2008, South Korea and China reached a consensus to develop a "strategic cooperative partnership" that would elevate the bilateral political ties to a new level. This greatly established their partnership in the lines of diplomacy, security, the economy, and society (Kim & Chung, 2013). Prominently, though, the early disputes between Korea and China were majorly economically and cultural; from the year 2008 onwards, strategic issues such as the Korea-U.S. alliance, relations with North Korea, and North Korean nuclear weapons program became the largest areas of diplomatic/eloquent friction. Against the backdrop of these gloomy concerns, the two nations stepped up their bilateral diplomatic relations to the level of strategic cooperative partnership concerning strategic issues through mutual cooperation (Lee, 2012).

The announcement by Lee of a "strategic partnership" continued a trend among South Korean presidents who have wanted closer ties with China over the years. From a "friendship and

cooperative relationship” at normalization in 1992, to a “full-scale cooperative partnership” under Kim Dae Jung, and further to a “comprehensive cooperative partnership” during Roh Moo-hyun’s administration, successive South Korean leaders invariably emphasized, upon their return from official visits, the efforts made toward improving relations with China. These terminologies obviously show that the ever-increasing bilateral economic interdependence has already justified upgradation in these terms. Well, on the other hand, Sino-South Korean trading relations have constantly been increasing at double-digit rates since 2004, from \$100 billion to \$145 billion in 2007, which accounts for nearly one-fifth of the total trade of South Korea (Snyder, 2023).

The many-dimensional economic relation between China and South Korea has grown at exponential rates since 1992 when the two nations normalized relations. One such turning point was in 2003 when China became South Korea’s largest export market; by the end of 2004, it had become South Korea’s largest trading partner. At a glance, the phenomenal economic growth of China under Hu Jintao did pose across-the-board opportunities and challenges for South Korea, especially given the stagnation in its economy for years. However, one always had to remember that growing percent dependence on China was a double-edged sword: the more it reliance on China, the less diplomatic room South Korea it had as China gained influence over the Korean Peninsula (T. Kim, 2008).

Whereas it was conservative forces that took the reins of power in South Korean politics after the 2008 election of President Lee Myung-bak, this time the renewal of the U.S.-South Korea alliance topped the foreign policy priority list. Equalized China into the feeling that positive relations between South Korea and China needed an uplift, what appeared to be a payback to Seoul’s deepening ties with Washington, China was disappointed by the emergence of Seoul as the closest U.S. ally in East Asia, viewed from its experience (Lee, 2010). China publicly showed its disapproval of South Korea’s alliance with the U.S., which only strained South Korean-Chinese relations, further exacerbated by North Korean provocations. As trilateral security cooperation between the U.S., Japan, and South Korea got tighter, their differences in approach to North Korea became wider, striving to adjust their policy/desktop notification to proper deterrence against North Korea. It did not condemn North Korea’s provocations since Beijing was looking forward to maintaining the situation on the calm Korean Peninsula and was possibly in great dread of the consequences when North Korea collapsed.

Secondly, despite these challenges, China tried to balance its relations with the two Korean countries so that to protect its vested interests. However, the North Korea issue kept haunting the relationship between China and South Korea, making it hard for them to maintain a stable bilateral relationship.

Year	China's Admiration	ROK Administration	PRC's % Share of ROK Trade	ROK's % Share of PRC Trade
Cooperative Partnership				
1998	Jiang Zemin	Kim Dae-jung	7.62	6.56
2000			9.39	7.27
2002			13.08	7.10
Comprehensive Cooperative Partnership				
2003	Hu Jintao	Roh Moo-hyun	15.30	7.43
2005			18.43	7.87
2007			19.91	7.36
Strategic Cooperative Partnership				
2008	Hu Jintao	Lee Myung-bak	19.63	7.26
2010			21.13	6.96
2012			20.15	6.63

Source: Chinese Views of South Korea: Aligning Elite and Popular Debates

The situation of China's relationship with South Korea has been transformed significantly since diplomatic normalization in 1992 from hostile interaction during the Korean War to a strategic cooperative partnership. Alignment with North Korea and the Soviet threat determined, at the very first stage, the strategic attitude of China toward South Korea. The economic imperatives of the 1980s saw cautious indirect trade give way to full diplomatic ties in 1992, and there has been deepening economic interdependence since that time, with China becoming South Korea's largest trading partner. This relationship took another step forward in 2008, when it was anointed a "strategic cooperative partnership," thereby underlining cooperation in the keys of diplomacy, security, and economy. This shifting Sino-South Korean relationship showed the fine

line that economic cooperation has drawn in the face of political strategy in the relationship between North Korea and the U.S.-South Korea alliance.

CHAPTER 3

3. CHINA'S STRATEGY TOWARDS SOUTH KOREA DURING XI JINPING TIME PERIOD SINCE 2013

The exceptional rate of economic development is now creating opportunities for China to acquire more political influence with the countries of East Asia. Therefore, the rise of China could be a serious threat to the world order equilibrium. China and South Korea's business and diplomatic networks' relations and transactions became increasingly more and more divided because of politics and strategic issues when Xi Jinping assumed the presidency of the People's Republic of China in 2013. The United States has beefed up and showcased its supremacy on the peninsula after Xi came to power. South Korea is an important economic player being a neighbor and a significant trading partner of China, a strategic ally and military partner of the United States in the Northeast Asian region.

Neo-realism clearly separates between domestic and international politics and implies that the two fields of politics are scarcely connected. For instance, the element does not appear to be relevant in the case of post-Maoist China since China's relation with regional countries became cordial. Politics within a country and politics across countries as two sides of the same coin, meaning the two cannot be distinguished. China was compelled to alter its national stance towards the economy due to the lash of external imperative, and this was inevitable to alter China's diplomacy with East Asian nations. The multilateralism ensured that the Chinese economy was closely linked to the East Asia and China put regionalism as a priority. Thus, the 'Good Neighbour Policy' was initiated by the Chinese authorities; it envisaged the development of friendly relations with the countries of East Asia and became one of the main vectors of China's foreign policy (Jibran, 2021).

For three decades, China and South Korea have been deepening both their economic and political ties, upgrading the relationship at least five times, according to scholar Min Ye: from "Friendly Cooperative Relationship" in 1992; "Collaborative Partnership for the 21st Century" in 1998; "Comprehensive Cooperative Partnership" in 2003; "Strategic Cooperative Partnership" in 2008; and "Strategic and Cooperative Partnership for the Development of the Enriched" in 2014. Trade, tourism, and cultural exchange statistics also point to the same trend in the upward progression. The bilateral trade in 1992 was around \$6.2 billion; however, by 2003 it reached \$63

billion, making China the largest trading partner of South Korea replacing the U.S.A. The total of these sums was \$215 billion twenty years after the normalization. On the other hand, the South's exports to the U. S in 2012 were slightly over half of the figure, at \$123 billion. The U. S. kept on being surpassed; by 2018, the China trade stood at about \$268 billion while that of the U. S. was \$132 billion (Pak, 2020).

Despite the acceleration of economic ties, the China-South Korea relationship has had its ups and downs, mostly in the political sphere. Chinese approach was cooler in 2008-2012 when South Korea's conservative government under President Lee Myung-bak doubled down on drawing closer to the U.S. after a perceived weakening of the alliance under the previous progressive governments. Xi's administration's central idea became the pursuit of the "Chinese Dream" and the "Great Rejuvenation of the Chinese Nation. The "Rejuvenation" should also be considered in the context of China's pursuit of territorial and political restitution of its central position in Asia (Mazuelos, 2022). Xi began advancing the idea of the "China dream of great rejuvenation of the Chinese nation" and implemented more robust "neighborhood diplomacy". The years 2013-2016 were probably the best years of China-South Korea ties in modern history. In those four years, Seoul and Beijing engaged in an intense flurry of high-level dialogue and signed a free trade agreement, an important development for the world's seventh and first-largest exporters.

Bilateral ties took a turn for the worse in 2016 when Park Geun-hye agreed to deploy THAAD, the U.S. missile defense system. Though Seoul and Washington insisted that THAAD was aimed at countering North Korea's increasing capabilities, Beijing vehemently opposed the THAAD deployment, contending that it was a threat to China's security and a move designed to contain and undermine China, and retaliated against Seoul by implementing an unofficial economic boycott. Thus, this chapter will explore how China pursue a strategic approach toward South Korea through different factors:

3.1 China-South Korea Free Trade Agreement (CKFTA)

In the contemporary world, the economic rivalry of two equals has become the center of attention of the world, China and the United States of America. According to neo-realist view, international relations is viewed as an expression of anarchy with the state as the key player. The role played by such actors is performed anarchy. As defined by Adwitama, (2022) that the theory

of international relation is referred to as neorealism which has the element of balance of power. The US has been hard at work painting China's economic ascent as an existential threat to its interests in the strategic region of East Asia, thus its force in the South China Sea has risen. According to John Mearsheimer if the economic growth of china continues to grow in the same way for at least a period of twenty years china will emerge as a hegemon in the east Asia which is highly detrimental to the US (Jibran, 2021).

The United States was Korea's largest trading partner in 2000, the second largest being Japan and the third being European Union. Ever since, Korea's two-way trade has risen only slightly with these countries, albeit their share in Korean global trade has reduced significantly due to significant expansion of trade with China. Indeed, Korea's global trade increased three-folds from \$333 billion in the year 2000 to \$1 trillion. From \$31 billion to 1 trillion, Korea-China increased eightfolds. Thus, the proportion of Korean merchandise trade with China increased from 9 percent to 21 percent, and the latter became the largest supplier of imports for Korean goods and the largest export market for them. During the same time, Korean total trade with the US declined from 20 percent to 11 percent, Japan and the EU also significantly decreased their shares. China has accounted for Korea's trade partners within the global economy for the past eight years, though (Bergsten et al., 2014).

Entering into an FTA therefore appeared as the best way of reviving the pace of a decade earlier. The China-South Korea Free Trade Agreement or CKFTA was officially signed on June 1, 2015. The ratification of the CKFTA was a critical event in both country's economic relations (Tiezzi, 2015). The agreement aimed at improving trade and economic relations by reducing trade barriers and tariffs, encouraging investments and improving access to markets for goods and services. The CKFTA has been characterized by extensive coverage of many sectors in the two countries, such as agricultural products, manufacturing, services, and investments. This way, the agreement was to address a wide range of trade issues to enhance the conditions for Chinese and South Korean companies and investors. Thus, by reaching the Korea-China Free Trade Agreement which eliminates tariffs, the essential Korean exports should rise, and this tendency should be enhanced. However, analysis of the agreement's clauses proves that both China and Korea maintained protection for a vast number of manufacturing, automotive, and agricultural products.

Korea and China signed to reduce tariffs to less than 10 percent for more than 90 percent of traded goods within 20 years. China plans to reduce tariffs to 91% and Korea to reduce tariffs to 92% of the products. When the FTA comes into force, Korea and China will completely remove the tariff rates and lines as 50% and 20%, respectively. According to the current trends within the next 10 years Korea and China will liberalize 79% and 71% of tariff lines respectively. Liberalization commitments are expected to cover most of Korea-China trade in terms of import value within 20 years, which is a great success.

Also, both Korea and China continue to apply tariffs to many manufacturing goods including automobiles, electronics, steel, and petrochemicals. China committed to completely phased out tariffs on 91 percent of agricultural products within 20 years and Korea continued to apply high tariffs on agricultural products. Automobiles formed one of the areas of focus of the bilateral talks and the outcome was a big letdown. China still has a 25 percent tariff on Korean automobiles; tariffs for auto components including mufflers vary between 10 and 45 percent. Hyundai and Kia are Korean companies that already manufacture cars in China, however, the maintenance of tariffs hampers their movement to reorganize production in the region effectively. Of course, Korean auto workers will not gain (Schott et al., 2015).

It is an important segment for China as well as for Korea. It is mentioned that debates over it extended the time period of bargaining. The two countries agreed to scrap 5 percent (China) and 8 percent (Korea) tariffs on LCD panels in the next 10 years. Television and camera parts and rechargeable batteries are on the restricted list in China, they will be phased out over 15 to 20 years. Lowering Tariffs Barriers on Trade. China continues to impose a 15 percent tariff on OLEDs, a major Korean export. For iron and steel products, China agreed to zero tariffs for basic materials but maintained protection on high value-added products through longer tariff phase outs, partial liberalization, or total exemption from tariff cuts. China generally imposes low tariffs on raw materials and intermediate goods and high tariffs (as high as 65 percent) on final goods (Schott et al., 2015).

3.2 Diplomatic Engagement (2013-2015)

Chinese President Xi Jinping assumed power in early 2013, and since then, the China-US relations have improved and developed in all fields. These talks were designed to upgrade and formalize the communication between Seoul and Beijing on a higher level. Therefore, the first

strategic talks between the Chinese State Councilor Yang Jiechi and the South Korean Chief of the Presidential Office of National Security Kim Jang-soo occurred in November 2013. One month later, the two nations' government representatives conducted the first Foreign Policy and Security Dialogue. This was a clear indication of increasing military cooperation between the two countries as they agreed to implement an agreement made in 2011 that would see the two countries' defense ministers establish a direct communication line. The only other country South Korea has this kind of military hotline was the United States, which strengthened the importance of this event. The hotline also depicted the growing Chinese preparedness to cooperate with South Korea in emergencies in the Korean Peninsula (E. Kim, 2014).

President Park, in her second overseas state visit in June 2013, showed her administration's determination to bring back the vigor of Sino-ROK relations and deepen their strategic cooperative partnership. Beijing responded positively to South Korea's overture and President Park's first successful summit with President Xi paved the way for the new governments to maintain good relations. The second meeting between the two leaders in Seoul in July 2014 helped to remove doubts of the early deterioration of relations between the two countries. The "trip to look for relatives" is an official diplomatic term which means that China and South Korea are friends and more than that, they are relatives. This visit was important in that it was the first time that a Chinese president would visit South Korea before North Korea (Y. Kim & Chung, 2013).

Park's state visit to China in 2013 was called as the 'trip for the heart-to-heart dialogue for trust building. 'The first summit in Beijing in 2013 yielded a series of agreements including the opening of the dialogue channel between the South Korean national security chief and China's state councilor in charge of foreign affairs; however, only one meeting took place in 2013. Xi's visit led to the important agreements that include the signing of FTA before the end of 2014, the establishment of offshore Yuan center in Seoul which is the first one in Asia outside the greater China region and the provision of an 80 billion renminbi quota for domestic investors to buy Chinese securities under the Renminbi Qualified Foreign Institutional Investor (RQ-FII) scheme. Another non-economic effect was the start of the official talks on the delimitation of maritime areas, including the EEZs where the Socotra Rock (Jeodo, Suyanjiao) is located (Ho, n. d.).

In the sphere of economic cooperation the parties defined the goal of signing the bilateral free trade agreement (FTA) by the end of 2014. China allocated 80 billion renminbi for domestic

investors to invest in Chinese securities under the Renminbi Qualified Foreign Institutional Investor scheme. Immediately after the 2014 summit, the People's Daily characterized Seoul as Beijing's ally in regional stability and world development. If one examines Seoul's specific stance on the three complex issues during the period of 2013-15, then the perception that South Korea was gradually shifting toward China did seem to make more sense.

3.2.1 China's Economic Initiative: Asian Infrastructure Investment Bank (2013)

The Asian Infrastructure Investment Bank has formed one of the central points in the debate on the direction of China. Since the announcement by Xi in October 2013, this new MDB has been framed by the strategic rivalry and power transition between China and the US over the led AIIB. Most people tend to go for simple approaches founded on the heated debate on Chinese revisionism versus the status quo from the lens provided by conventional IR theories.

Two View Points on China's led AIIB

They were prone to treat the AIIB as a hope and an opportunity; these scholars argue that this new institution, led by China, tried to realize common growth in Asia while abiding by the rules of the international cooperation mechanism in pursuit of mutual gains. Such optimistic views rest on the theoretical perspective laid down by neo-liberal institutionalists such as Robert Keohane and John Ikenberry. Noting that interdependence and reciprocity were the twin aspects of mutual benefits, neo-liberal institutionalists believe that, due to the role of international laws and institutions, it was not impossible for states to cooperate even under anarchy. Hence, they claim that rising powers were not intrinsically revisionist powers, for they are able to learn how to use the institutions—those tremendously reducing the chances of their own mutual gains (Park, 2017).

3.2.2 South Korea Joined AIIB (2015)

When the AIIB was proposed in the fourth quarter of 2013, Beijing had already fully mobilized all its diplomatic resources to actively implement the initiative. It has also institutionalized several features attached to the bank if it is to attract numerous partners. For instance, Beijing introduced the founding member privilege into the bank's voting system, granting more power to early birds than to latecomers. Besides, just like the ADB, AIIB has both regional members and non-regional members. Finally, all countries including non-members are eligible to bid for its projects. The bank also employs staff from non-member countries. All these

characteristics have been incorporated to make the bank more attractive and inclusive. China had tried to extend an invitation to Japan and offered the vice presidency, but Tokyo was not interested. Meanwhile, Washington not only openly opposed the AIIB but also threatened to pressure its allies—for instance, Japan, South Korea, and Australia—not to join the bank.

The AIIB also stood for China's strategic tool to undermine U.S. global leadership in the eyes of critics. Contrary to U.S. opposition, the AIIB was attractive to many other states including traditional U.S. allies. The U.S. encirclement against the AIIB began collapsing in 2015 after the announcement by the U.K. to join the AIIB as a founding member. Soon after, Germany, France, Italy, and Australia followed in the U.K.'s footsteps to seek founding membership. South Korea, one of the key allies of the US, eventually joined AIIB. All this was a "victorious campaign against American-led scepticism" and a surprise for Beijing (Chen & Liu, 2018).

South Korea announced that it would join the Asian Infrastructure Investment Bank. The AIIB is an international financial institution conceived and led by the People's Republic of China that has attracted a bit of controversy lately. It had its public opposition from the United States to its traditional allies and partners previously signed up for the bank. The joining of AIIB by South Korea meant another important ally of the U.S. had found it advantageous to become a part of the emerging bank. An official at South Korea's finance ministry also said that AIIB participation would also help benefit areas like communications, transport, and energy for Seoul. By signing the articles of agreement of the bank, Seoul would become a founding member of the AIIB. Despite having done enough to provoke the United States, AIIB is working to fill in a huge deficit in the easy availability of infrastructure financing on easy terms for developing Asian states—that is, it is acting outside of the established rubric of the U.S.-dominated World Bank and the U.S. and Japan-dominated Asian Development Bank.

In the process, the AIIB would be China's first serious foray into leading and managing growth that could turn out to be an important global institution. The founding of the AIIB offers a small window into the tension between the United States and China over issues of global governance — tensions that will only rises as China's rise continues over the 21st century.

3.3 Deployment of THAAD in 2017 and Change in China's Policy

In keeping with the US missile defense program, the THAAD system is a ground-based, deployable system. The 200-kilometer-range THAAD missile, together with its launch apparatus, fire control radar, and other components, make up the entire system. “Pukguksong-2,” a type of ballistic missile fired by North Korea on December 12, 2017, crashed into the Sea of Japan,” which fell into the Sea of Japan. the deployment of the Terminal High Altitude Area Defense (THAAD) system to South Korea, which was agreed upon between the two countries in July 2016, was reaffirmed at a U.S.-South Korea Joint Foreign and Defense Ministerial Consultation (“2+2” meeting) on February 19, 2017. However, the deployment of THAAD rises the concerns of China (Koiko, 2017).

3.3.1 Why South Korea Deployed THAAD

Looking back, the events that unfolded before the eventual deployment of the THAAD system to South Korea began on February 27, 2014. It was then that North Korea launched four ballistic missiles, which intelligence officials believed were Scud-class missiles. In June of the same year, Curtis Scaparrotti—the current Commander of the USFK—made a personal request to the U.S. government to deploy THAAD in South Korea. On the other hand, through word and action, South Korea along has never stated its clear, unambiguous intention to directly join a missile defense system being constructed by the United States, and no formal demand for THAAD deployment had been issued against the United States as late as September of this same year by South Korea's Ministry of National Defense. During a meeting between the Chinese and South Korean Defense Ministers in February 2015, China protested the deployment of the THAAD system, citing it as what South Korea had never requested nor consulted with the U.S. government, maintaining that South Korea had not approached the United States officially to deploy the THAAD systems (Koiko, 2017).

However, in January 2016, the stance of the South Korean government took an abrupt turn after North Korea conducted its fourth nuclear test. Concerning the deployment of the THAAD system to USFK, President Park Geun-hye declared on January 13 that in view of the threat of nuclear and missile attacks from North Korea, South Korea would consider the deployment of the THAAD system accordingly in line with its security and national interests. In February, the United States and South Korea announced the establishment of a joint task force to discuss the issue of

THAAD system deployment; the following month, the same task force officially commenced its activities. The background leading to this drastic change in South Korea's stance lies in the lack of response from China even after President Park Geun-hye called for its cooperation through a direct hotline to Chinese President Xi Jinping, requested after North Korea conducted its fourth nuclear test. Decisions on the deployment of the THAAD system.

3.3.2 Changing Shift in China's Policy

With regard to the relationship between China and South Korea, most Chinese scholars retain the view that THAAD in South Korea is harmful to the promotion of China's strategic capacity and is a component of the strategy of US Rebalance to Asia-Pacific aimed at containing China. They argue that THAAD forward-deployed in South Korea has run to benefit the US with three key advantaged: 1) extended warning time by shortening missile detection times, 2) the accuracy of the X-band radar of THAAD, which enhances target identification, 3) the ability to differentiate between decoys and warheads with different accelerations to enhance the recognition of midcourse ballistic targets, and 4) China's strategic missile tests, especially those missiles launched from submarines that could be monitored during peacetime (Song, 2021).

The Chinese strategic community firmly believes that the actual THAAD deployment is against China and Russia, with a view to further expand the United States global missile defense system (Chapeskie, 2018). Time and again, China has stated concerns that THAAD radar coverage is way beyond the Korean Peninsula and it also covers more than North Korea. These concerns have been articulated through various channels: via Chinese spokesperson and foreign ministers' statements, through South Korea-China bilateral defense minister meetings, and high-level summits between South Korea and the US. (Song, 2021).

China responded quickly and strongly to the THAAD deployment. On the very day of the joint announcement, China's Vice Minister of Foreign Affairs summoned the South Korean ambassador to relay China's concerns. Subsequently, China suspended the high-level defense dialogues with South Korea, postponed the visit of the South Korean defense minister, and did not send high-level officials as main guests to the South Korean embassy's annual National Day reception in 2016 (Swaine, 2017).

Subsequently, China is a crucial trading partner for South Korea since it received up to a quarter of its total exports from merchandise and service exports during the height of the THAAD dispute, very significant to the GDP of South Korea wherein such export accounts for approximately 40 percent of it (Lim, 2021). There was disruption reported at different levels across sectors and companies in various South Korean economic sectors. China responded by blocking market access for some South Korean goods and services, hitting the Lotte Group provided a site for deploying THAAD with sanctions, and banning Chinese travel agencies from selling package tours to South Korea (Song, 2021).

Lotte Group came into the radar because it was directly implicated in the political row, as it smoothly oversaw the THAAD installation with the land swap deal with South Korea's defense ministry in late February 2017 evidenced that "Lotte faced boycotts and vandalism, which amounted to an estimated \$1.78 billion losses in 2017 as its mainland business ventures were continuously hampered." Moreover, the Chinese administration unofficially restricted the sales of South Korean package tours, which reduced the tourist arrivals from China by 48.3% in 2017, thus worsening the situation for the industries depending much on Chinese tourists (Lim, 2021).

According to the Hyundai Research Institute, it is reported that economic retaliation by China over THAAD had made Korea's economy suffer \$7.6 billion in damage in 2017. Starting in late 2017, after the proper and necessary South Korea-China diplomatic effort to mend the fences between the two nations had been consummated, China began easing these punitive measures in exchange for South Korean commitments to limit certain future missile defense activities and refrain from entering into trilateral defense arrangements with the United States and Japan (Dalton, Michishita, & Zhao, 2018).

3.3.3 Normalization of Relations after THAAD Dispute

The sudden rise can be explained by the agreement the then-newly incumbent President Moon Jae-in had made with China to improve relations. President Moon Jae-in's main policy pledges during the 2017 elections was to resolve the THAAD dispute with China. Subsequently, on October 21, 2017, Seoul and Beijing released an official announcement whereupon they came to an agreement and issued joint statements recognizing the importance of their relations (Westcott & Suk, 2017).

Because its economy was shaken by economic sanctions imposed by China, South Korea finally decided to make peace with China so that its economy would stabilize again. To resolve the dispute between South Korea and China, the two sides finally conducted a mediation process. This settlement effort was carried out before the holding of a summit between South Korea and China at the summit of the Asia Pacific Economic Cooperation (APEC) Conference (Tias, 2021).

In the fall of 2017, South Korea reached an agreement with China to normalize economic relations and remove the informal economic sanctions Beijing used in an attempt to coerce Seoul into reversing the decision to deploy the Terminal High Altitude Area Defense (THAAD) missile defense system. The agreement with China called for the resumption of normal economic relations and a commitment “Three No’s” by South Korea. President Moon’s administration had thus accepted a ‘Three No’s’ policy in an effort to mitigate China’s concerns over the THAAD issue. According to the policy, there should be no further deployment of THAAD, no involvement in a missile defense network led by the US, and no formation of a trilateral military alliance with the US and Japan (Tias, 2021).

Year	China's Admiration	ROK Administration	PRC's % Share of ROK Trade	ROK's % Share of PRC Trade
Strategic Cooperative Partnership				
2013	Xi-Jinping	Park Geun-hye	19.63	6.59
2014			21.43	6.75
2015			23.61	6.98
2016			23.45	6.86
2017		Moon Jae-in	22.81	6.82
2018			23.56	6.77

Source: Chinese Views of South Korea: Aligning Elite and Popular Debates

3.4 Resumption of China-ROK economic and cultural interactions 2017-2023

China and South Korea have been vigorous in normalization steps over bilateral economic relations from when, back in 2017, the talks were suspended due to security tensions over THAAD. ROK's Minister of Strategy and Finance Kim Dong-yeon visited China to meet with National Development and Reform Commission Chairman He Lifeng and the Central Bank Governor Zhou Xiaochuan. Minister Kim's talks underlined long-standing Seoul concerns over the business environment for Korean investors in China and touched on recent problems related to speculative cryptocurrency investments.

On the other hand, it was agreed to set up a pilot free trade zone in northeast China and expand science and technology cooperation, to establish a consultative body for tourism, and so on. Whereas in February, the South Korean finance minister and the Chinese central bank governor agreed that US protectionism was starting to pose a serious threat to emerging markets. The Korea International Trade Association cautioned that US import restrictions against Chinese products could have negative repercussions on South Korean businesses.

In particular, China has introduced a host of trade-related measures against North Korea, such as the ban on certain exports and restrictions on the number of work permits for North Korean workers, all of which have slid total trade strongly (Ciuffetelli, 2018). These moves by Beijing are

also reflective of broader geopolitical game-playing that may bear on alliance dynamics involving the US, South Korea, and China.

Cultural exchanges have picked up some signals to reverse the declining trend recently, mainly in tourism and entertainment. For instance, a couple of Beijing theatres screened South Korean movies ahead of the Beijing International Film Festival, an act taken as encouragement for warming up between the two nations. That is still not enough to make the South Korean businesses put aside their concerns over the lingering economic and cultural effects of the THAAD dispute. There, however, exist some key uncertainties about the normalization of Chinese group tours to South Korea and financial implications of THAAD-related losses—a case in point being Lotte Mart’s announced losses from its operations in China exceeding \$1.88 billion (Ciuffetelli, 2018).

3.5 Strengthening Ties and Economic Integration

On the Chinese side, it provided a balanced approach to the THAAD issue, strongly exercised by three distinct but complementary factors: engagement with diplomacy, integration in terms of the economy, and strategic maneuvering. Having emphasized mutual prosperity and regional security, China has been careful in its trajectory through relations with South Korea against large, overlapping international alliances and headwinds from global events such as the COVID-19 pandemic. This has seen both countries take important steps toward closer cooperation.

At the meeting between Chinese President Xi Jinping and his South Korean counterpart Moon Jae-in, there was a call to deepen their strategic cooperative partnership and strengthen communication on issues related to the Peninsula. The reached consensus has seen effective implementation, with bilateral ties having steady improvement and development. Xi stressed that strategic cooperation should be deepened continuously to contribute towards positive peace and prosperity in the region. He also proposed improving coordination under multilateral platforms such as APEC, G20, and the China-Japan-South Korea trilateral meetings (Xi, Moon Meet on Bilateral Ties, Korean Peninsula Situation, 2018).

Moon agreed that South Korea and China have common interests in maintaining peace and stability in the Korean Peninsula and Northeast Asia. Xi Jinping and Moon showed interest in promoting trade, investment, and enhancing cultural exchanges which are reportedly the main components of their relations. By the end of 2019, China was Korea’s biggest trading partner,

whereas Korea was China's third-largest trading partner if its export and import data excluding Hong Kong were taken into account. As of 2019, the cumulative amount of Korea's investment in China amounted to US \$70.8 billion. The bilateral FTA and a currency swap agreement have served as the pillars for the two countries' economic ties (Hwang, 2021).

After the outbreak of COVID-19, China and South Korea worked very closely in terms of public health measures and information sharing. South Korea's response to the pandemic was swift and effective, typified by mass testing, rigorous contact tracing, and strict isolation measures. Chinese officials, led by Wang Yi, met with former South Korean Prime Minister Lee Hae-chan to express interest in strengthening their strategic partnership as the 30th anniversary of their establishment of diplomatic relations draws near in 2022. These were then followed by other talks on diplomatic relations, national security, and maritime issues in a bid to build trust and encourage maritime cooperation. On regional cooperation, the two countries reiterated commitments to promoting the Regional Comprehensive Economic Partnership and accelerating negotiations on a China-Japan-South Korea Free Trade Area (China, South Korea Agree to Further Ease Pandemic-related Travel Restrictions, 2020).

On 26 November 2020, South Korean Minister of Foreign Affairs Kang Kyung-wha met with Chinese State Councilor and Foreign Minister Wang Yi in Seoul. At the meeting, they decided to hold the South Korea-China Year of Cultural Exchange from 2021-2022 years and establish the Korea-China Relations Future Development Committee, which would compose a roadmap on the development of bilateral relations regarding the 30th anniversary of establishing diplomatic relations (Hwang, 2021).

On May 10, 2022, a new government came into power in South Korea, having as its prime motive the implication of key policy reforms. The developing rivalry between China and the United States, the latest missile launches of North Korea, and what Seoul perceived as its position in power vis-à-vis the world determined the foreign policy output of the Yoon Suk-yeol administration. Realigning the relationship with China—based on mutual respect and strategic cooperation—Yoon tried to give more solidity to the relationship with the U.S. The leaders of both nations keep up regular contact through visits, meetings, and attendance at international forums for less distrust and more understanding between the two countries. Mr. Yoon's victory in the election was personally congratulated by President Xi on March 10, 2022, and the two leaders

spoke with each other for the first time ever by telephone on March 25. Now, against the background of surfacing changes in the international and domestic situations, the new presidency is feeling the pressure for a readjustment in its China policy as part of a more comprehensive readjustment in foreign policy to secure strategic and security interests for the nation (Keyu, 2022).

3.6 Conclusion

The economic relations between China and South Korea had further grown deeper over the years through series of partnership agreements, including the latest one, the China-South Korea Free Trade Agreement, in 2015. However, political relations had been waded, as tensions flared markedly in 2016 after South Korea agreed to deploy the THAAD missile defense system, which China was heavily against. These contradictions gave way, however, to some effort towards balancing relations by South Korean President Moon Jae-in, who took office in 2017 and tried to end the dispute of operations WAW against THAAD. The two countries decided to get their respective economic relations back on track, which resulted in enhancing bilateral relations. The economic relationship between the two remains strong, with China as South Korea's largest partner in trade, besides significant investments between the two nations. For the new era of South Korea's relations with China after THAAD, China considered diplomatic engagement, economic integration, and regional stability as the key points in the strategic approach. The relationship also considered working together during the time of COVID-19 and toward increased borderless cultural and diplomatic exchanges. What the new administration of Yoon Suk-yeol would have on its plate is affairs to do with China and the United States in this dynamic region.

CHAPTER 4

4. CHALLENGES TO CHINA

China is facing the challenge of maintaining its strategic approach towards South Korea amid these tensions. China's strong economic connections with South Korea are highlighted by the China South Korea Free Trade Agreement signed in 2015, which aimed to boost bilateral trade to exceed \$300 billion. However recent trade restrictions on China due to rivalry and security issues have presented significant obstacles. South Korea's advanced semiconductor industry plays a role in this situation with the United States also involved in export control efforts through collaboration with Seoul. Moreover, South Korea's strategic investments in intelligence and technology pose competitive challenges for China.

The rivalry between the United States and China impacts China's approach particularly concerning U.S. Allies like South Korea. While the U.S. strives to maintain its influence in Asia China seeks to expand its reach. The enduring U.S.-South Korea alliance established in 1953 focuses on security, technological partnerships and democratic principles that often align against Chinese interests. South Korea's engagement in alliances and discussions further complicates China's diplomatic strategies. The U.S.-South Korea military partnership primarily targeting North Korea also raises concerns for China as it expands into areas of cooperation such as regional security, economic development and technological advancements—presenting a strategic challenge, for China.

South Korea's participation in the Indo Pacific Dialogue, where it addresses China's actions demonstrates the complexity of the situation. The South China Sea, an area with various parties making claims poses a possible hotspot for tensions. Although South Korea is not directly involved in these claims its close ties with the U.S. And economic stakes mean it is impacted. Any military confrontations, in this region could disrupt South Korea's trade pathways and oil supplies significantly impacting its economy.

4.1 Economic Challenges: Export Control and Trade Policies

Today, the position towards South Korea in terms of China is a diverse and extensive network of commercial and economic relations. For example, being the largest economic partner of the Republic of Korea by far in 2018, China imported goods worth \$160 billion, which is 26%

of the total export value of goods from the Republic of Korea. China was the largest importer, contributing to \$107 billion of South Korea's imports in 2018 where it contributed 21 percent. The China- South Korea Free Commerce Agreement was signed in 2015 to increase the annual commerce by more than \$300 billion and boost the GDP of each country. In November 2020, China and South Korea along with thirteen other Asia-Pacific countries signed the Regional Comprehensive Economic Partnership largest free-trade deal in history. It affected 30 percent of the world's population and economic turnover.

During the Cold War, the export regime was informed by the security rivalry between the United States of America and the Soviet Union. The United States tried as much as possible to deny any items and technologies of military sensitivity especially dual-use technologies to the Soviets. However, the motivation for the present export controls against China is more of economic rivalry and some strategic concerns while the essence of the domestic and foreign policy of the Biden administration has been to 'build back better' the American economy for the middle-class Americans to solidify American democracy. Thus, the actions of South Korea through export control correspond to the logic of its counterpart in the United States during the Cold War at the time of ideological confrontation. The mechanisms originally developed to prevent the transfer of critical technologies to the Soviet Union adapted to the threats to economic and security in this period of US-China superpower confrontation.

The emphasis has been given to the hi-tech sectors like artificial intelligence, big data, space, biotechnology and robotics; all these require semiconductors. But here, it is South Korea which can combine on semiconductors with the US against China. Large electronics firms from South Korea such as Samsung Electronics and LG ventured into the semiconductor business during the 1980s. The world is going through historically unparalleled transformations, which are quite natural in the context of the development of such and other vital and innovative technologies, for instance, artificial intelligence, as well as advanced semiconductor chips. Specifically, here are a few challenges to export control and trade policies concerning China in South Korea, more in terms of high-tech and AI sectors: Specifically, here are a few challenges to export control and trade policies concerning China in South Korea, more in terms of high-tech and AI sectors:

4.1.1 Technological Competition: Semiconductor Manufacturing and AI Development

South Korean economy connected with China is not entirely safe and faces certain threats and challenges as the competition becomes more and more intense, especially in the sphere of technology said South Korea's Foreign Minister Cho Tae-yul before meeting his Chinese counterpart. The strong economic cooperation between Korea and China is one of the primary sources of economic development for both countries, however it has its downside since it is fraught with certain risks. The Chinese economy is gradually evolving to a technological and regional industries structure and the bilateral economic relation is moving from a complementary type to a competitive one, which is a challenge. China has become the largest consumer of semiconductors in the world, and specifically the largest market for smartphones, and PCs, but it is relatively weak in the actual manufacturing of chips (Reuters, 2024).

Currently, over 90% of the semiconductors that you find in China are either imported or locally produced by foreign semiconductor manufacturers. Around twenty years ago China defined semiconductors as one of the key industries for development and started the process of building a completely vertically integrated domestic semiconductor industry using such tools as government subsidies and tax incentives. Since 2006, the Chinese government has put forward more aggressive policies to achieve indigenous innovation, or the goal of China to become independent in the strategic emerging industries as part of the national development strategy (Platzer, Sargent Jr., & Sutter, 2020).

There are no electronic devices without semiconductors, which are materials that constitute the digital world. Currently, the supply of semiconductors/chip is globalized, and the entire process from research to production to distribution is convoluted. The current chip shortage and disruptions during the COVID-19 pandemic have highlighted the weaknesses of the global supply chain. About 75 percent of the semiconductors production is today located in China and East Asia. Also, 100 percent of semiconductor manufacturing capabilities in the below 10 nanometer technology node are concentrated in Taiwan at 92 percent and South Korea at 8 percent (Vu, 2024).

The U.S, Taiwan, and South Korea are coordinating to oppose China in almost all aspects of the semiconductor ecosystem: design, software, materials, and manufacturing equipment (Vu, 2024). The following are the two major shifts that occurred in South Korea's trade with China in 2023. First, South Korea's trade surplus that started from the early 2000s with China turned into a

large trade deficit as exports decreased by 20%, partly due to South Korea being affected with the US export ban of advanced semiconductor to China and partly due to the overcapacity of South Korea in legacy semiconductors where China has expanded its procurement. Second, the US became South Korea's largest trading partner; many big companies such as Samsung, Hyundai Motor and even Lotte have further expanded their investment in the US (García-Herrero, 2024). The chosen Asian region is one of the most progressive and developing regions in the world. It hosts over one-third of the global unicorns and the latest technologies.

The Asian region can be termed as one of the most dynamic and innovative regions in the global market. It also hosts more than a third of the world's unicorns, the latest technologies are also found here. The main source of economic growth is digitalization, and this process is directly related to the development of artificial intelligence technologies, the volume of which can reach \$ 5. Between 6-7 trillion by 2035 (Reshetnikova et al., 2021). AI helps organizations of any scale to continue to be competitive and sometimes even enhance it. Among the spheres where the application of AI is developed in China and South Korea, one can mention medical imaging. AI in medical imaging products is at the moment mostly applied in screening diseases, especially cancers and chronic diseases (Ranschaert et al., 2019). For instance, during the pandemic, AI was used to accelerate the diagnostics of morbidity and implement a system of tracking adherence to the measures of physical distancing.

According to the current policy on AI development in China, China aims to become the global hub for AI innovation by 2030 and AI is defined as the “leading force of China's industrial upgrade and economic restructuring” (European Parliament, 2021). The process of advancement of AI in China is not only in the hands of scientists but also by big firms. However, China is still experiencing a Challenge from South Korea in the development of AI. The competition in the race to achieve technological supremacy in the world is getting stiff not only with the United States but also with South Korea.

Thus, in 2020, South Korea for the first time joined the top ten countries in the Global Innovation Index ranking and took the 10th place. Currently, most of the artificial intelligence companies in South Korea are involved in the first type of applications – medical image analysis and diagnosis. Specifically, from 2017 to 2019, 13 medical AI systems were established in various fields. The post-COVID-19 recovery strategies rely on Artificial Intelligence and wireless

telecommunications technology to boost the economy. AI & 5G technology is already being heavily trailed within South Korea. South Korea is the world's most innovative country as reflected by its R&D expenditure as a proportion of Gross Domestic Product. Total R&D spending in 2020 was 4.3% of GDP. Such high performance of South Korea can be attributed to the systematic approach of its government to research and innovation (Reshetnikova et al., 2021).

South Korea has been equally advancing in AI technology, which has become a key competitor to China. In the current world that is characterized by the rapid advancement in artificial intelligence, China is therefore in a dynamic rivalry with South Korea. Its strong developments place it in a position of strength in the high technology competition hence forcing China to step up its innovation. Given the fact that South Korea is dominating semiconductors, the country is among leaders in AI research and development investments. This has not only boosted the technological capability of the firm but also raised competitive pressure on China.

4.2 Diplomatic and Political Challenges: Diplomatic Balancing Act

The impressive growth of China's economy, military might and diplomatic clout has raised questions in Washington and elsewhere about whether China is destined to emerge as the hegemon in Asia, displacing America as the region's leader it has been since the end of the Second World War. Against this backdrop, the United States and its partners have been pursuing a coordinated approach to establish a more densely connected network of relations in the region. By the use of partnerships, alliances, issue-specific groupings, and formalized structures, countries in the region have started coalescing as a way of mitigating risks from China (Yeo et al., 2023). This has created a position where China has to be very strategic when dealing with the allies of the US.

4.2.1 US influence in East Asia

The United States and China have distinct and, by some standards, rival conceptions of Asia. U. S. strategy in Asia, at its core, is about maintaining freedom of action and unrestricted access to the region in support of multiple interests: to safeguard the security of the United States and its friends; to maintain the ability to access the Asian markets, funds, and technology; and to advance the American ideals. Avoiding the emergence of a regional power is one of the specific forms of this more general goal of the US in Asia (Green, 2017). Xi and Chinese officials are determined to grow—and utilize—their economic, diplomatic, and military power to protect their

“core interests.” China wants, at the very least, an environment in which it can veto actions that are unfavorable to it, and, at best, a region where America’s influence is progressively diminished (Zhang, 2018).

Another equally important component of understanding the threats of the US-China rivalry and confrontation in the future years is the nature of the changing US-China relationship. Both have moved from the pre-2000 ‘cooperation, but with competition’ model to the ‘competition but confrontation’ model. The competition between the U. S. and China is a contest of strength as well as a contest of ideas. There are five fundamental competitive dynamics at the center of Sino-American rivalry in Asia and they have both diversified and escalated in recent years.

The United States most often articulates a worry of an unfair playing ground for American firms in China and now with Chinese firms in Asia and globally (Schell & Shirk, 2019). U. S. policymakers, business leaders, and analysts point to a variety of Chinese policies that privilege Chinese companies over foreign ones (including when competing outside China): industrial policy and subsidies to state and private firms, diverse nontariff measures, inadequate protection of IPRs, forced technology transfer, and business environment characterized by inadequate legal and regulatory transparency and economic espionage (U. S. -China Economic and Security Review Commission, 2022). In the rest of Asia, US concerns are not only market competition but also economic coercion for political purposes, and organizations and institutions that would make bilateral dependencies for diplomatic purposes.

Technology is one of the significant fields of competition between the U. S. and China (Working Group on Science and Technology in U. S. -China Relations, 2020). The policies of both countries’ political and business elites are perceived as an unceasing confrontation for the ultimate control over the fundamental technologies that will determine further advances in efficiency, growth, or defense. The United States is concerned with matters like China’s efforts to outcompete the United States in the core and emerging technologies of the future, particularly given Beijing’s enormous subsidization of its tech sector; illicit Chinese attempts to gain an edge in this rivalry, through espionage, regular or through cyberspace; the United States susceptibility to overdependence on Chinese science and technology, especially concerning manufacturing supply chains; and China’s utilization of technology for political ends.

Security alliances have been in place in the United States led security order in East Asia since the early post-World War II period. Alliance turned into an important tool in the containment of Asia, especially China for the U.S. As for the United States and its major allies, Japan and Korea, it is worth noting that over the past years, their alliances have become an instrument for much broader policy coordination. In both cases, there is growing attention to issues of East Asia security and an array of non-security objectives: global economic cooperation and development; poverty alleviation and development; health; climate change, environment; cybersecurity and science and technology (Bush, 2016). The mentioned practices of the US and its allies pose a threat to China's objectives in the region, especially its relations with South Korea as one of the US allies.

4.2.2 US-South Korea Bilateral Alliance

That the U. S -South Korea security alliance had been very firm since its signing in October 1953 when the two nations signed the Mutual Defense Treaty between the United States of America and the Republic of Korea (ROK). Thus, the history of the security alliance between the U. S. and South Korea is a story of successful adaptation. According to United States Department of State (1953), the partnership that had been created between the United States and the Republic of Korea (ROK, or South Korea) has shown that it works by the fact that it has been in existence for many years and the fact that there has been no outbreak of war on Korean peninsula. However, the nature and role of alliances as the post-Cold War instruments for attaining the security objectives were coming under criticism. The rise of China-led regional economic integration, and the development of complex economic interdependence between the United States and China, the United States and South Korea are retaining, revitalizing, and promising to expand the dimensions of cooperation within the US-ROK security alliance (“Excerpt: See, “The US–South Korea Alliance,” 2017).

The project on Bolstering U. S. -South Korean Cooperation to Meet the China Challenge would evaluate South Korea's options and choices in the context of the rising U. S. -China rivalry and critically evaluate five topics that have the most direct relevance to expanded policy coordination between Seoul and Washington: 1) supply chain and securitization of technological advancement; 2) encouraging co-development of emerging technologies, AI; 3) ensuring the protection of democracy and human rights; 4) reinforcing US and South Korea strategies towards

SEA and Indo-Pacific; and 5) joint strategy for a cross straits contingency or regional conflict. Here China is experiencing severe threats to sustain its strategy towards South Korea (“Bolstering U. S. -South Korean Cooperation to Meet the China Challenge,” 2023).

More importantly, similar developments of threat perception regarding China had allowed both the United States and South Korea to coordinate their policies and also spend more time and effort to view China as the most serious long-term security threat in the region. It is rather seen that the spectrum and intensity of the U. S.–South Korea coordination had expanded and extended to the China issues leaving aside North Korea. In some regions, particularly in the United States, it had seemed that North Korea has been outcompeted by China as the main target of cooperation within the U. S. –South Korea partnership, which is to say that there is less attention paid to the issue in both governments despite the fact that the nuclear and missile development looks more and more like an unresolvable and growing problem. United States South Korea North Korea strategic triangle in Indo-Pacific due to North Korea’s nuclear and missile development (Synder, 2023).

4.2.3 The North Korea Factor

North Korea had been involved in the development of nuclear weapons and ballistic missiles that are considered a threat to the security of the region hence the strategic moves by the US and South Korea. The Americans considered North Korea as a renegade state that went against the law to obtain nuclear capability. Of course, the Chinese would prefer not to have North Korea possessing nuclear weapons but their major concern is regime stability. China also had the intention to Achieve Balance with South Korea. However, the US perceives North Korea’s nuclear power quest as a security issue and collaborates with South Korea to address this menace. Thus, China is facing serious threat to US presence and its security ties with South Korea, in achieving its goal of a strategic relationship with South Korea.

In 2024, their bilateral partnership would have celebrated its 75th anniversary. Kim called the year the “year of DPRK-China friendship”; Xi referred to this year as an opportunity to uphold “longstanding friendship, deepen strategic mutual trust, and enhance exchanges and cooperation. Although with sanctions and a setback throughout the COVID pandemic, China accounted for more than 90 percent of North Korea’s total imports and exports. When COVID-19 began to spread in China in January 2020, North Korea closed its borders, and nearly all trade stopped. North

Korea's economy actually contracted by 4.5% that year, according to the figure released by Doe, in 2022. In 2022, trade with China was resumed, and by the close of 2023, it recovered to 82% of the pre-pandemic level of 2019 to reach \$2.3 billion (China-North Korea Trade in 2023 Recovers to 82% of Pre-pandemic Levels, 2024).

But Pyongyang's nuclear tests and missile launches hang like a Damocles' sword over its relations with Beijing, which had pitched for the resumption of negotiations within the multilateral framework known as the Six Party Talks aimed at denuclearizing North Korea. Pyongyang's diplomatic push with the United States and South Korea in 2018 and 2019 seemed too had spurred improved relations between Kim and Xi Jinping of China. Whereas Americans conceive North Korea as a dangerous rogue state that broke international law to get nuclear weapons, China seen North Korea as insecure. The Chinese urged the United States to end the military exercises with South Korea which are scaring North Korea, give security assurances to Pyongyang, and withdraw military forces from South Korea (Lind, 2017). China kept a very balanced relationship with both Koreas, but due to the existence of the US and its Alliance with South Korea, it becomes very hard for China to have balanced relations.

For China, the prime interest in the bilateral relationship is the stability of the Korean Peninsula. Its support for North Korea translates into a buffer against the democratic South, which hosts some 28,500 U.S. troops and marines. "While the Chinese certainly would prefer that North Korea not have nuclear weapons, their greatest fear is regime collapse. China worried most about political stability on the Korean peninsula." The fear of the Chinese is that an excessively rough application of economic pressure could lead to a state breakdown of Kim Jong UN's regime, followed by chaos on the peninsula with long-term problems of all kinds. The Chinese were also worried about regime collapse in the form of a deluge of North Korean refugees. Other such concerns were military intervention by South Korea and the United States. Contemplate the collapse of North Korea and, hence, Korean reunification having implications for the broader Sino-American military rivalry. The country presently serves as a buffer zone between China and American troops in South Korea (Fong, 2024)

4.3 Security Challenges

4.3.1 US-ROK Joint Military Cooperation

The whole aspect of the US-South Korean military cooperation is quite complex. Viewed against the backdrop of US-ROK alliance and contribution to regional security, by some it is looked upon as only leading to tension in Sino-South Korean relations. It is the fact that Washington's military collaboration with Seoul, first of all, targets North Korea. Still, according to analysts, it is also likely to unnerve China and add impetus to the "transactional" relations between Beijing and Pyongyang (Choi & Choi, 2024). The United States–Republic of Korea alliance now goes into a very important stage. In 2023, the two countries celebrated the 70th anniversary of signing their bilateral mutual defense treaty. China is concerned about the massive expansion of military relations between the United States and South Korea, particularly when such cooperation is seen as balancing against Chinese hegemonism in the region (Stokes & Fitt, 2023). Therefore, any type of development in military relations between the United States and South Korea falls under the hawk's eye of China.

In the sense of security dimension, inter-Korean relations, to a very large extent since the end of the Korean War, have been driven by nuclear deterrence and the buildup of respective military capabilities. Over the past few decades, asymmetric evolution of their military potentials has been developed by the two Koreas. While the Republic of Korea is trying to reinforce its conventional armament, the latter does the same in strengthening its alliance with the United States. The alliance with the USA, based upon the Mutual Defense Treaty signed between the USA and the Republic of Korea in 1953, forms an essential component and core for South Korea's policy of defense. In turn, combined and joint military exercises form an inherent part of the defense treaty. Accordingly, large-scale exercises have been and continue to be necessary to achieve the intended conventional deterrent and capability. For the past years, several different types of large-scale military exercises have been conducted (Engman, 2018).

Although the United States, South Korea, and Japan expanded security cooperation beyond North Korea with their Indo-Pacific Dialogue, one area an expert called a "significant" development to deter Beijing from further escalating threats in the region, the three countries held their first Indo-Pacific Dialogue last week in Washington. There, they called out China by name over its "dangerous and escalatory behavior" in the South China Sea. There, U.S. President Joe

Biden, South Korean President Yoon Suk Yeol and Japanese Prime Minister Fumio Kishida issued a statement calling attention to China's "aggressive behavior" in the region (Lee, 2024). Although South Korea may not prefer to make direct provocations against China due to its economic dependence on the said country, neither can it ignore its security commitments with the U.S. The issue of US-South Korean military cooperation is a very sensitive one for China.

4.3.2 South China Sea Dispute

The South China Sea is a "Mediterranean sea," surrounded by land belonging to different states: The ASEAN states (except Burmese and Laotians), Taiwan and China (Evers, 2014). The South China Sea is a very important area because of the countries involved as the claimant states. The South China Sea is also recognized as one of the largest and deadly formation of Island in the modern world. As China continues to fortify its military, six nations contest the sovereignty of these waters, and most importantly, Japan and the United States assertive provocative stance towards China in these waters, this part of the world has earned global attention as one of the most dangerous nuclear hotspots in the world (Jahangir, 2023). On the other side, South Korea is not one of the direct countries that made a claim over the continental shelf but it is a close ally of the US. Sustainability of relations with both the United States and China has been the key strategy of South Korea's foreign policy in the past decades and administrations. The South China Sea poses a great threat to China in maintaining its strategic positioning towards South Korea.

Situations in the South China Sea increase the likelihood of the US and China military confrontation as well as China and other regional actor's military confrontation. Such conflict would deteriorate the national interests of South Korea in any way. Military conflicts may lead to the blockage of some of the sea-borne transport links and this is a serious setback to this export based economy. Seoul's Foreign Ministry revealed that forty percent of the total trade of South Korea and ninety percent of the country's importation of crude oils transits through the regional waters. In this regard, South Korea is strengthening and providing support to important trust creation processes not only with the USA, but also with other countries of the region and beyond. In the most basic level of MCBMs such as ship visits and personnel exchanges up to the more complex areas of security cooperation, the relations in the region can be made less tense and more stable through the strengthening of such measures (Yu, 2023). Earlier in a press briefing on 12th March 2023, the Chinese Foreign Ministry spokesperson Wang Wenbin asked South Korea not to

align against China on the South China Sea issue and advised to “not complicate the Sino-South Korea relations” (Qingqing, 2024).

Seoul’s more assertive stances on matters such as Taiwan and the South China Sea are making Beijing-Seoul relations uneasy. Lim had stated at a press briefing on March 7, 2024, that Seoul is ‘deeply concerned’ with Chinese coast guard ships firing water cannons on a Philippine vessel adding that the action increases tensions. In the preface to South Korea’s National Security Strategy declared in June 2023, President Yoon Suk Yeol stated, “As the global pivotal state ground in the spirit of freedom and solidarity, the Republic of Korea continues to strive proactively for the security environment change. Yoon has been more assertive in protesting against Chinese aggressive conduct in the South China Sea than his predecessor Moon Jae-in. In November when Yoon was yet to pay a state visit to London, he stressed for order in the South China Sea to be based on rules. Therefore, the South China Sea is one of the major factors that contribute to the pressure on China position towards South Korea (Lee, 2024).

4.3.3 Taiwan Issue

With the rising assertiveness of China and simultaneously along with the United States, Japan, and many of the other Western powers, the Republic of Korea (ROK) is starting to openly express its anxieties about a conflict in the Taiwan Strait. Therefore, Seoul is increasing the level of interaction with Washington, Taipei, and other like-minded actors. Starting with declarations at the highest political level in 2021, including the US-ROK Leaders’ Joint Statement for the first time expressing the two governments’ concerns about the ‘stability and peace of the Taiwan Strait’, Seoul has been gradually indicating a possible change in its outlook to regional security issues – and, therefore, the Taiwan Strait (Hsiao et al., 2023).

Subsequently, though, the South Korean officials persisted in stressing on the Taiwan issue as a major concern. South Korea could commit its own forces to fight in order to defend Taiwan separately – although not jointly for the reasons above, but alongside the forces of the USA. Currently, it is the second largest reserve force and paramilitary force and the eighth largest active force in the world and is twenty times larger than Japan’s. South Korea also employs American equipment like the F-16 and F-35. Maintenance is an aspect in which South Korean troops are trained on and thus they could support the US forces in that aspect. South Korea could also utilize some of its defense equipment such as Aegis and UAVs both in the air and water to boost coverage

for US combat. South Korea's support would pose a problem to China's military plans in the region (Mastro & Cho, 2022).

In another interview conducted in April 2023, Yoon went even further: "After all, such tensions were because of the attempts to change the status quo by force, and we together with the international community, absolutely, do not approve such a change. The Taiwan issue is not just the issue of China and Taiwan but the same like the issue of North Korea; it is the international issue." These statements made by the president of the Republic of Korea show that high-level attention has been paid to peace and stability in the Furthermore, the issue of Taiwan has a much broader context for the Indo-Pacific strategy where South Korea is one of the cornerstones. The Taiwan crisis would not only upset the balance in the Taiwan Strait but could also drag South Korea into a direct conflict with China since it is bound by an alliance (Hsiao et al., 2023).

Thus, the issue of Taiwan is one of the major barriers in Sino-ROK relations because of the complex diplomatic relations and mutual interests of both nations. South Korea which stands in a strategic partnership with the United States also faces a dilemma since the U. S. defends Taiwan's sovereignty. However, PRC and South Korea are good trade partners, however, Chinese aggression has extended to using economic pressure against South Koreans. Later in 2017, Beijing effectively forced South Korean retailer Lotte out of its territory, which entailed losses of approximately \$1 billion, in response to Seoul's decision to deploy a missile defense system against possible threats from North Korea. During Yoon's administration, South Korea enhanced its protection cooperation with the U. S, its ally by treaty and other allies of the U. S like Australia, Japan and the Philippines. As Yoon mentioned in an interview with Reuters in April 2023, the Taiwan issue 'is not only the problem between China and Taiwan, but similar to North Korea here, it is the problem of the whole world'. Thus, this statement is itself a big threatening sign for China (Kim, 2024).

4.4 Conclusion

The nature of the conflict between China and South Korea in the economic, diplomatic, and security fields is an excellent example of the modern world's multiplicity. The nature of the industrial war between the United States and China, especially in technology and trade, increases the importance of the South Korean market in semiconductors and AI technology. The geopolitical strategies, such as the diplomacy of power and the transformation of allies, including the US-

South Korea relations, make things even more challenging for China. Also, the North Korean factor and the situation in the South China Sea are complex issues that influence China's strategy. That is why China has to be very cautious in the region in order to achieve its goals in the context of increasing competition and geopolitical tensions while South Korea strengthens its relations with the U. S and develops its economy and technologies.

CHAPTER 5

5. CONCLUSION, MAIN FINDINGS AND RECOMMENDATIONS

5.1 Conclusion

Chinese-Korean relations have never been smooth sailing and have been marked by ups and downs at different periods. It is a history of interactions that has been a long one and in fact, is composed of several interactions that exist between the two parties at the present. Today's diplomatic relations are influenced by centuries of commerce, cultural interactions, and wars that have characterized this historical context. The nature of the bilateral relationship has been defined through economic integration, geopolitics, and regional security since 2013. This era is characterized by the two countries engaging in a delicate diplomatic dance, where China's growing international influence and South Korea's geopolitical partnerships are significant factors. Over the past few years, there has been an increase in attempts by China and South Korea to improve the level of bilateral cooperation and develop the multifaceted and mutually beneficial strategic partnership. This mutually beneficial relationship between the two bordering countries mainly focuses on economic and cultural exchange. Historical, political, and cultural factors remain significant factors affecting the current relations between the two states.

China and South Korea have had a complex economic partnership with their trade ties over the years revolutionizing their trade structures. At the same time, the composition of trade has been more diverse for South Korea, with the United States, Japan, and the European Union as main partners. However, the increase in the scale and might of China as a global economic force has upset this balance. Currently, China has become the largest trading partner of South Korea, and the two countries have signed various contracts to further enhance this cooperation. This is evidenced by the bilateral trade agreements that they have made which seek to improve bilateral well-being and economic development. The more recent Regional Comprehensive Economic Partnership signed between China, South Korea, and other nations in the Asia-Pacific region is evidence of the member countries' desire to support a cooperative economic environment. The trade relations between the two countries have since then improved and have transformed from a relatively moderate stage to a stage that shows that the two countries are economically interdependent.

It can be assumed that the years 2013-2016 can be attributed to the best period in China-South Korea relations in the modern world. Since then, high-level interactions between Seoul and Beijing have dramatically increased and the two countries have concluded an FTA which is beneficial for the seventh and the first largest exporters in the world. South Korea has also joined the China-led AIIB as a member state of the US alliance which is a great step in its relationship. . The establishment of the AIIB provides a glimpse into the potential for a conflict between the United States and China over matters of international management – a conflict that is only going to grow as China assumes more and more preeminence in the twenty-first century. It has only worsened when South Korea decided to go ahead with the deployment of THAAD, an installation China has been vehemently against. To stop South Korea from installing the missile system, China has resorted to placing an unofficial ban on them.

As for Xi Jinping, after taking the presidency of China, the continuously increasing economic power, military force, and diplomatic influence of China has caused Washington and other countries to worry if China is heading toward the path of becoming the supreme ruler of Asia. Nevertheless, in the context of the rising China threats, the United States and its allies have been developing a well-coordinated approach to fashion a significantly tighter interconnected system of relations in the area. While some see it as a contributing factor to tension in Sino-South Korean relations, some consider it an integral element of the US-ROK alliance and regional security. Among them, one of the strategic grounds is the geo-economics arena which includes trade and investment relations. It has turned into such a thing as a competition ground. Since China is perceived as a severe technological threat in terms of competitiveness, national security and technology standards, the U. S. has escalated measures against China by forging a closer partnership with South Korea. Chip 4 alliance with Japan, South Korea, and Taiwan was launched by the Biden administration to address China's threats in the semiconductor field.

The balance of power in the Korean Peninsula is, therefore, determined by factors such as North Korea's nuclear capabilities, China's assertiveness, and the US-ROK alliance. North Korea's military build-up triggers a US-ROK strategic alliance, thus constraining China's ability to ensure regional stability and prevent the collapse of North Korea. On one hand, the US-ROK military cooperation is an effective security measure against the North and on the other hand it influences China and its realistic diplomatic relations with the North. The inclusion of broader

security threats in the security dialogues between the US, South Korea and Japan challenges China to align its strategic aspirations with its security assurances, relations with South Korea, and overall regional stability. In addition, there are the issues of the South China Sea and the Taiwan Strait that complicate Chinese diplomatic actions toward South Korea, as it attempts to balance its economic integration with South Korea against the backdrop of the US-China strategic competition.

South Korea is in a dilemma of the two. U.S is a partner while China is strategic cooperative partner of South Korea. However, the current situation of South Korea has become a dilemma since both parties have put pressure on Seoul to take measures. Washington has been urging Seoul to embrace the Indo-Pacific strategy and engage in military exercises associated with it; to contribute to the American process of decoupling in trade and investment; the formation of a technological partnership that can address the problems posed by China; and to back the US-led campaign against Beijing's destruction of democracy and human rights. However, Beijing has made a veiled threat to Seoul indicating that it does not want the South Korea to side with China but remain an independent mediator. If Seoul permits the U. S. to increase its missile defense capabilities in South Korea like enhancing its THAAD (Terminal High Altitude Area Defence) missile system or deploying the American intermediate-range ballistic missiles, then China has considered South Korea as its enemy and takes corresponding actions.

The nature of relations reveals that they share economic relations, trade or any other relations that have defined their relationship in the past. In conclusion, China's approach towards South Korea is Engagement-Assertiveness to increase the connectivity of South Korea in China's sphere of influence while at the same balancing the allied relation between South Korea and the United States. Understanding the importance of South Korea in the context of Northeast Asia, China considers it very important for the region and as a means to challenge the US. In the past, China has employed soft power to develop trade relations and cultural relations with South Korea, especially focusing on stability and development. But the reaction to the deployment of the THAAD system by South Korea was a more aggressive stance by China and demonstrated its capabilities to use the economic and diplomatic clout. Analyzing the future of this cooperation one has to mention that with the further development of both countries, this cooperation will be of crucial importance for the further development of the economic and political situation in the

region. The future of this relationship will certainly be a predictor of the future of diplomacy and entangled economies in the global politics.

5.2 Main Findings

This study centers on two primary questions. The first question examines China's strategic approach toward South Korea during Xi Jinping's administration. The second question explores the challenges China faces in its approach toward South Korea.

After thorough observation, an extensive literature review, and interviews with experts, the study has identified the following key points.

5.2.1 Strengthening Economic Integration

The study has explored China's economic relations with South Korea while the rise of China economically brought about a significant increase in bilateral trade, due to which it became the largest trading partner of South Korea. An economic relationship was reinforced through pacts and abolishment of tariffs. It is hoped that this will lead to a more predictable and favorable business environment by addressing tariff and non-tariff barriers, allowing for deeper economic integration. After interviewing an academic expert, it was suggested that China's future plans may involve increasing its economic policies towards South Korea. This move is meant to further cement their economic ties, deepen mutual interests and strengthen china's economy in the region. They also underscored that china will most likely focus on widening fields of cooperation such as technological advancements, green energy, infrastructure development in order to establish a stronger and more diverse partnership between them. Apart from South Korea, other areas where China's economic policies will be directed include broader East Asia that seeks to consolidate regional efforts aimed at facilitating closer cooperation amongst economies in the continent.

5.2.2 South Korea Balancing Approach

The US-ROK alliance is one of the longest-lasting security partnerships in history. A specialist during an interview noted that China-led regional economic integration and growing complex economic interdependence between the US and China were some of the trends that had emerged as a result of this rise to prominence. The expert stressed that South Korea recognizes the strong economic dependence on China despite its close trade ties with America, which are

particularly vital through military cooperation as well. In addition, South Korea's relationship with China encompasses major sectors like technology, investment, and commerce necessary for its industrial advancement and growth in GDP. Moreover, the expert pointed out that South Korea's geopolitical strategy involves navigating between the economic opportunities presented by China and the security alliance with the United States. Specifically, South Korea is expected to maintain a balanced relationship. Again, the specialist argued that South Korea's geopolitical strategy entails navigating through economic opportunities from China and a security alliance with America. Simply put, it is expected that South Korea would maintain a balanced relationship between China and the U.S., avoiding outright alignment with any of the superpowers. This research discovered that China's major concern lies in North Korean regime stability.

5.2.3 China's Perspective towards North Korea

The study has found that China's major concern lies in North Korean regime stability. It is alarmed that increased economic or military pressures would result to regime collapse which would cause chaos and potential refugee crisis on its borders. China does not only consider North Korea as its neighbor but also as an important buffer state that prevents United States military forces' direct presence at its borders. Such strategic consideration carries more weight than other issues like the pursuit by North Korea of nuclear weapons which China has officially opposed. Nevertheless, Beijing's actions reveal its pragmatic approach towards regional stability. However, despite its preference for a denuclearized Korean Peninsula, it focuses on maintaining the stability of the North Korean regime. Essentially, the existence of North Korea as a buffer state is essential to China's wider strategic calculus because it curbs against America's military encroachment risk. A failure of the North Korean regime can bring hundreds of thousands of refugees to China, regional instability and a united Korea allied to the United States on its border. This approach advances China's larger regional balancing act as well as its multifaceted relations with both North and South Korea at a time of rising U. S.-China competition.

5.2.4 Impact of US-China rivalry

The study has found that the research work has identified that the U. S.-China competition does affect China's foreign policy, especially with the U. S. partners such as South Korea. South Korea has a strong relationship with the US mainly on security and technology and most of the time they stand against China. Therefore, the diversification of the U. S.-South Korea partnership

in such areas as regional security, economic development and technology affects China's strategic interests. Also, the South Korean involvement in the Indo-Pacific Dialogue and tackling China's assertiveness is an example of this aspect. The economic relations between China and South Korea especially in advanced technologies such as semiconductors and AI further complicate the situation. Through the U. S.-South Korea alliance that targets North Korea, the U. S.-China relationship indirectly affects China's strategy, especially in the context of U. S.-China technology rivalry. The issue of the South China Sea also escalates another level of conflict, which impact South Korea in particular because of its association with the U.S and business in the area. This complex antagonism is not a simple bipolar conflict and requires very careful and subtle diplomacy for China.

5.3 Recommendations

5.3.1 Regional Mechanism

China should have solve issues regionally. As any kind of problem they have political problem, terrorism economic problems, military problems, social issues border issue and anything, they have to address those issues regionally not globally. Thus a regional mechanism should be there. It is therefore the belief of this study that all regional issues should be solved by the countries within the region and not be influenced by outside forces. Whenever regional nations fortify their ties and come up with solutions concerning them, outside forces are always quick to insert themselves.

5.3.2 Economic Interdependence

China has increasingly to turn toward economic diplomacy and interdependence, especially with South Korea. Stronger links on economic grounds can enable China to leverage visional muscle for closer partnerships or strategic alliances. When this succeeds, it not only ties up larger trade and investment volumes but also enhances soft power and burrows deeper in regional economic and geopolitical affairs. A reinforcement of economic interdependence with South Korea—such an extremely vital technological and industrial hub in East Asia—will mutually benefit from collaborative ventures in such sectors as advanced manufacturing, technology innovation, and infrastructure development.

5.3.3 Improve the Confidence Buildings Measure (CBM)

China has to focus more on confidence-building measures aimed at instilling trust and enhancing transparency among its regional neighbors. The CBMs can be regular high-level dialogues, military-to-military exchanges, and cooperative efforts in non-traditional security areas such as disaster relief and environmental protection. By being proactive through CBMs, China would reduce misunderstandings and increase mutual trust, thus demonstrating its firm resolve for peaceful coexistence and stability in the region. Such measures therefore improve bilateral relations while contributing to the creation of a more predictable regional security environment, for all.

5.3.4 Closer coordination in security-related issues

Closer coordination on security issues between China and South Korea would further enhance their bilateral relations and support regional stability. This sort of coordination would allow the two countries to surmount common security challenges, including regional conflicts, terrorism, and non-traditional security threats like cyber-attacks and pandemics, through the adjustment of security interests and the enhancement of mutual trust. It would involve combined military exercises, intelligence sharing, and more coordinated diplomatic efforts toward assuring peace and stability in the region.

5.3.5 Boost Cultural Exchanges

China needs to pay more attention to enhancing cultural exchanges and enhancing people to people relations with its neighboring countries for the improvement of social and cultural relations. Through art and cultural exchange, academic exchange, language learning and tourism exchange, China should expand the exchange and friendship. Such connections would be further strengthened by easing of visa requirements to allow the two countries to support cultural exchange events and festivals. Based on the presented analysis, it is possible to state that stressing the cultural roots and historical connections can be useful for understanding the cultural differences and creating a feeling of unity within the cultural diversity of East Asia. Enhancing cultural relations will be beneficial not only for societies but to the region's stability and collaboration in the long run.

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Appendix
Interview Schedule Guide

Sr. No	Name	Designation	Nature of Interview	Date and Place
1	Dr. Manzoor Khan Afridi	Professor	Personal	06-05-2024 Islamabad

Questionnaire for Interview

Topic

China's Strategic Policies towards South Korea under Xi Jinping: An Analysis

Note: Sir/Madam you don't need to answer all the Questions. You can answer at your convenience/expertise.

1. There was economic interaction between China and South Korea which affected the strategic plans of china. In your opinion, how does this economic relation benefit or harm China's strategic interests?
2. Measures and actions have been taken concerning South Korea under Xi Jinping. How do you feel these initiatives are in the interest of China?
3. How does North Korea affect China's strategic calculus with regard to South Korea? What is your assessment of China's style in dealing with both Koreas?
4. China looks at the part played by South Korea in its strategy to attain dominance in the Northeast Asia region. What do you think of the role of South Korea in China's hegemonic vision of the region?
5. Conflict between the U.S and China impacted China's position on South Korea. According to your opinion, how does the great power competition affect the China-South Korea relations?
6. Analyzing the main sources of tension in the relations between China and South Korea, what strategic problems does China encounter? In your opinion, how could these challenges be resolved?
7. What are the security threats that China feels threatened by from South Korea and how are these issues being solved? Thus, according to your point of view, what actions can be taken to mitigate these security issues?
8. How does the subject view the future of China-South Korea relations in the context of changing world conditions? In your opinion, what directions do you expect the bilateral relations of these two countries to take?

Thank you so much sir/madam for your precious time.

