

SOUTH KOREA'S CHINA POLICY

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Executive Summary

1. South Korea's Moon Jae-in government has four China policy goals: (i) resolve the THAAD (Terminal High Altitude Defence) issue with China; (ii) persuade China to play a more active role in North Korea's denuclearisation process; (iii) facilitate Chinese President Xi Jinping's reciprocal visit to South Korea; and (iv) connect the Belt and Road Initiative with President Moon's "New Northern Policy."
2. Xi's reciprocal visit is necessary to boost trade relations and for the denuclearisation of the North. However Xi premised the visit on the complete withdrawal of the THAAD. In his meeting with Moon at the G-20 summit in Osaka, Japan in June 2019, Xi reminded Moon not to submit to external pressure on issues related to the two countries.
3. The International Monetary Fund (IMF) on 14 April downgraded South Korea's economic growth rate by 3.4 percentage points to -1.2% for 2020. In January, IMF predicted the South Korean economy to slide to 2.2% compared to the earlier forecast of 3% growth rate by Korea's think tanks.
4. On the North Korean issue, US President Trump's savvy way of approaching his North Korean counterpart significantly diminished Beijing's contribution. Trump could now engage directly with the North. On South Korea's deteriorating relationship with Japan, China was not a hedging factor as the dispute was bilateral by nature and domestic politics by context.
5. The COVID-19 outbreak had facilitated a 29 April satellite meeting with officials from the foreign ministry and quarantine department from China and South Korea. They agreed on specific measures to ease on quarantine measures. From 1 May, travellers from Korea to China need only to present a health certificate from an authority in Korea and be quarantined in China for two days instead of the normal 14 days.

6. China's initial tough quarantine measures on Koreans, coupled with some discriminatory measures against Koreans residing in China, have provoked anti-China sentiments in Korea. The public mood in Korea towards China was already damaged by China's punitive economic measures following the THAAD.
7. While Moon is working hard on Xi's reciprocal visit, Xi has made his stand clear that China will not compromise on the THAAD issue. The deployment of THAAD is hence a major factor in China-South Korea relations now and in the near future.

SOUTH KOREA'S CHINA POLICY

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The Park and Moon Administrations

- 1.1 The Moon Jae-in administration has adopted similar approaches as those of its predecessor in its relations with China, differing largely in degree and dimensions. Both the Park Guen-hye and Moon administrations are pro-China in their policy orientation and aim to build strong ties with China while maintaining solid alliance with the United States. They appreciate ties with China for national interest, inter-Korean relations, national security, denuclearisation of North Korea and economic interest.
- 1.2 The differences lie in the purpose and direction of their China policy. The Park government needed China to pressure North Korea on politico-security issues while the Moon government hopes to have the support of China in inducing North Korea to better accommodate to denuclearisation demands.
- 1.3 The Moon government has four goals in its China policy. First is to resolve the THAAD (Terminal High Altitude Area Defence) issue with China. Since the deployment of THAAD to South Korea in the summer of 2016, China has imposed economic sanctions and banned group tour sales and individual travels to Korea for leisure. The ban on individual travellers to Korea was lifted in 2018.
- 1.4 The lift has pushed up the number of Chinese travellers to Korea. In 2016, according to the Korean Tourism Organisation, Chinese tourists reached record-breaking number at 8.06 million. However, the figure was almost slashed by half in 2017 to 4.17 million. After the lift on individual travellers in 2018, total travellers from China inched up to 4.89 million and later to 6.02 million in 2019.

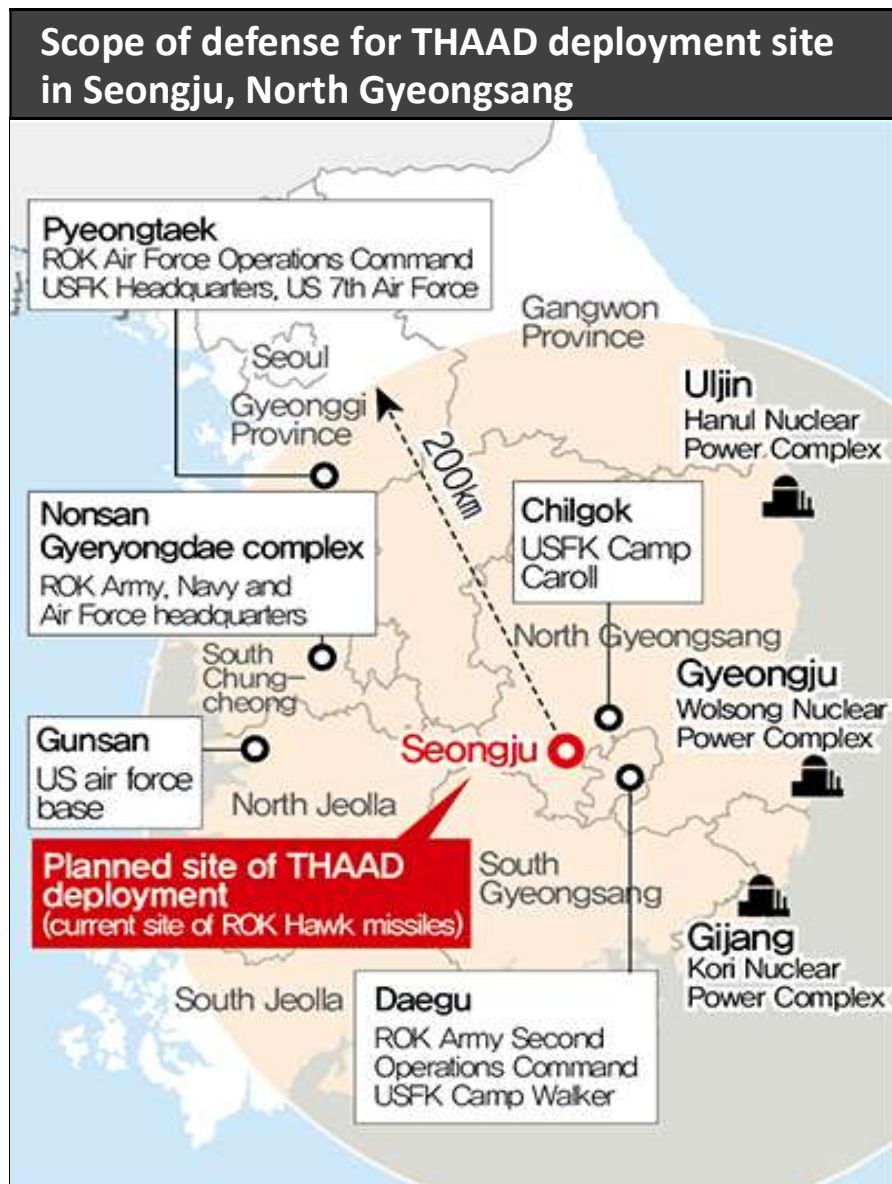
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- 1.5 To alleviate China's concerns on the deployment, President Moon promised the "3 No's" to President Xi Jinping in December 2017: no more new deployment of THAAD, no joining of America's missile defence system and no strengthening of US-Japan-Korea military relationship.
- 1.6 Second is the belief that Beijing's active participation in the talks with the North could influence Pyongyang in accommodating to Seoul's mediating efforts between Washington and Pyongyang as well as inter-Korean relations. Third is Chinese President Xi Jinping's reciprocal visit to South Korea. Since Moon's visit to Beijing in 2017, Xi has not shown any indication of reciprocating the visit. The Moon government has been proactive in arranging for Xi's return visit to Seoul but to no avail. Speculation was rife that Xi would visit Korea in the first half of 2020 but COVID-19 has impeded it.
- 1.7 Fourth is President Moon's keen interest in connecting the Belt and Road Initiative (BRI) to his "New Northern Policy". The policy is about creating a regional community of railroads that starts from the Korean Peninsula via Siberia to Europe. It is a Korean version of a regional economic stimuli programme conducive to North Korea's regional economic cooperation.

The THAAD Deployment

- 2.1 One major issue that prevents Chinese President Xi's reciprocal visit to South Korea is the unresolved deployment of THAAD missiles. The deployment has been put to a temporary halt even though the batteries were already delivered to the designated site in 2017.
- 2.2 The site, originally a golf course located in Seong-ju of North Gyeongsang province (see Map 1) owned by a Korean conglomerate Lotte, has yet to undergo a makeover to become a military operation site.

MAP 1 THAAD DEPLOYMENT SITE IN SOUTH KOREA



Source: "THAAD location formally announced, and won't protect the Seoul area", *The Hankyoreh*, 14 July 2016.

- 2.3 The delay in the golf course conversion and military operation of THAAD system was due to the Moon government's foot-dragging on the release of the environment survey report on the site. A "temporary environment survey report" was completed as scheduled in 2018. The final survey was due in the summer of 2019. The government claimed that it was not ready in the fall of 2019 without announcing another scheduled date for its release.

- 2.4 The environment survey is a delaying tactic, without which the golf course conversion or the THAAD military operation cannot be initiated. As long as the survey is an ongoing process, the government could delay the full militarisation process of the deployment site.
- 2.5 To President Xi, the Moon government's delaying tactic has only a temporary effect; the THAAD issue has not been completely resolved as claimed by the Korean government. As long as the batteries and missiles are still physically in the possession of South Korea, it is only a matter of time that they will go into militarily operative stage. To President Xi, the complete withdrawal of THAAD is the only solution. Chinese expectation is no more and no less.
- 2.6 President Xi has remained persistent and unyielding on this. When he met President Moon at the G-20 summit in Osaka, Japan in June 2019, Xi was implicit with his displeasure of the situation. He pressed Moon to solve the problem that confronts the two nations and not to subsume to external pressure on issues related to the two countries.¹ Considering the circumstances at the time, the issues he was referring to are the THAAD and America's pressure on the use of Huawei products.
- 2.7 The United States has not pressed the South Korean government for the release of the environment survey report or for a fast result and response to the COVID-19 situation.

The North Korean Factor

- 3.1 President Moon adopted a "friendly" posture towards Beijing for its potential role in pushing Pyongyang to hold summits with South Korea and the United States. However, that expectation did not last too long for three reasons.
- 3.2 First, President Trump's savvy way of approaching his North Korean counterpart significantly diminished Beijing's contribution and role in the realisation of US-North Korea summit. President Trump at the initial stage in 2017 did rely on Seoul

¹ "Xi Jinping meets Korean President Moon Jae-in (Xi jinping huijian hanguo zongtong wen zaiyin)", *People's Daily*, 28 June 2019.

and Beijing to broker a meeting with North Korean leader Kim Jong-un. Since the end of the Winter Olympics in February 2018, however, he took South Korea's communication channel with the North when Kim decided to accommodate the Moon government's request for an inter-Korean summit and a role to broker a summit with the United States.

- 3.3 Second, since the first Trump-Kim summit in Singapore in June 2018, President Trump has been able to engage directly with the North. High-level talks were facilitated as a result. Secretary of State Pompeo's visit to Pyongyang thereafter was a salient example. Direct engagement with the North on US part significantly shrank the South's role between the two countries. Trump's call for a brief meeting at Panmunjeom in June 2018 following the G-20 summit in Osaka was made without involving South Korea.
- 3.4 Third, the United States sought China's assistance when the relationship with the North fell into a stalemate following Pompeo's visit to Pyongyang in August 2018 demonstrated the absence of expectation and trust on Seoul's capability in handling the issue.
- 3.5 During a banquet hosted by President Trump for President Xi in the midst of the G-20 Summit in Buenos Aires, Argentina on 1 December 2018, Trump had asked Xi to arrange a second Trump-Kim summit with Kim the following year. The second Trump-Kim summit was held in Hanoi, Vietnam, a month after Xi returned to Beijing in January 2019.
- 3.6 President Trump's unilateral way of approaching North Korea has downplayed the roles of South Korea and China, relegating them to auxiliary assistance. After the Hanoi summit and Panmunjeom meeting, Trump has remained in direct talks with Kim, bypassing both Seoul and Beijing.
- 3.7 Hence, Seoul can no longer rely on Beijing for the induction of any summit. Direct communication with Pyongyang is a more favoured option. Since 2018, South Korea has seldom discussed the summit with China. China's disinterest in South Korea's efforts in the second half of 2018 to lift some economic sanctions measures

against the North has compelled Seoul to become more independent in its North Korea endeavour.

- 3.8 South Korea is back in the hot seat when the US military announced plans to improve its THAAD batteries including the one that was delivered. As the upgrade is focused on extending the range of its defence area, the plan is raising speculations that the launchers may be transferred to Seoul or its surrounding areas, or that additional launchers may be deployed, which may reignite disputes with China over the anti-missile system.
- 3.9 A report has also sparked concerns that the United States may push Korea to fund the construction of the THAAD base, which runs counter to the allies' agreement on the issue.
- 3.10 Another concern is the US idea of deploying more THAAD anti-missile launchers or moving some of the six launchers deployed up north nearer to Pyeongtaek or other central regions. Vice Admiral John Hill, director of the US Missile Defence Agency, stressed the need for forward deployment of the battery to increase strategic flexibility on the peninsula.²
- 3.11 The United States is also making efforts to upgrade the THAAD capability by combining it with its Patriot anti-missile system. In this case, South Korea may be forced into the US global missile defence network, which could trigger a strong backlash from neighbouring countries such as China and Russia. Hill also said that the United States is working on launching Patriot missiles using the more efficient THAAD radar.³

² “Vice Admiral Jon A. Hill, USN Director, Missile Defense Agency Before the House Armed Services Committee Subcommittee on Strategic Forces March 12, 2020”, <https://docs.house.gov/meetings/AS/AS29/20200312/110671/HHRG-116-AS29-Wstate-HillJ-20200312.pdf> (accessed 15 March 2020).

³ “THAAD controversy resurfaces as US seeks to extend range”, *The Korea Times*, 14 February 2020.

The Japan Factor

- 4.1 In South Korea's dispute with Japan, China was not a hedging factor to the South against Japan in this saga as the cause of the feud was bilateral by nature and domestic politics by context.
- 4.2 The Moon government was struggling to garner enough domestic support for the lack of substance in its relations with the North and the domestic political scandals by incumbent officers. The Supreme Court of Korea delivered a final verdict on confiscating Japanese company assets in Korea as a compensatory measure for forced labour from Imperial times. The verdict received the government's full approval.
- 4.3 In August 2019, the Japanese government countered by removing South Korea's favoured export status; approval is now needed for every technology-related contract for South Korean export. These products were critical to Korea's semiconductor industry for its production. While the approval rate for the products is normally high, it is a very time-consuming procedure and could easily offset industry's production timeline.
- 4.4 The sanction stirred anti-Japanese sentiment and the Korean public countered by boycotting Japanese products. Incumbent officials from the Blue House, South Korean president's residence, led the anti-Japanese movement and were later joined by National Assemblymen from the ruling party.
- 4.5 Japan did not budge and the South Korean government decided to take it to another level. With the automatic renewal of GSOMIA near, the government objected to the renewal and gave a three-month prior notification of its intent to the Japanese government in late August. The decision was made with hopes that Japan would compromise and lift the export ban.
- 4.6 While Abe could afford to remain recalcitrant with his export ban decision, Moon was under heavy pressure from Washington to renew GSOMIA. GSOMIA is widely regarded as a critical initial step towards achieving America's long standing

aspiration for building a cooperative military relationship amongst the three countries. The Moon government eventually conceded to a one-year automatic extension a day before the withdrawal took effect, while the Abe administration eased some procedural requirements on export control to South Korea.

- 4.7 The GSOMIA issue can disrupt the bilateral relationship in 2020 given Moon's high approval rating and his party's landslide victory in the general election in April 2020. His party is now in control of the National Assembly, empowering Moon to revoke the Agreement. By contrast, Abe's public rating has been on a decline. The impact of this on his country's relationship with South Korea remains to be seen.

Possible Trilateral Cooperation or G20?

- 5.1 Multilateral meets offer an opportunity for South Korea's top leader to hold summit talks with its Chinese counterparts. President Moon has been using such talks to improve relationship with China and cooperate more closely on matters of mutual interest including denuclearisation of North Korea.
- 5.2 However, the bilateral summits with China at multilateral meetings had not been fruitful for one critical reason. China delivered a unilateral message with no compromise. At the last G-20 summit in Osaka, China pressed South Korea on issues that concerned China's national interest. Chinese President Xi's message to his South Korean counterpart on THAAD was clear. He urged the South Korean president to resolve the matter.
- 5.3 Xi also reminded Moon that his country is a sovereign state and should not be influenced by external players. At the time China was accused by the United States on the cybersecurity front. Washington was demanding Seoul, like other allies and Western nations, to refrain from using Huawei products.
- 5.4 The trilateral cooperation meeting in December 2019 in Chengdu, China was another disappointment for South Korea. Although Moon was not a participant in the meeting, he travelled to Beijing to hold talks with President Xi in Beijing before

the opening of the meeting to seek Xi's reciprocal visit to Seoul in 2020. President Xi, according to Chinese media outlets and foreign ministry spokesperson, declined.

5.5 At the trilateral meeting, there were no substantive outcomes on the measures that the two countries can adopt to improve bilateral cooperation. Chinese Premier Li Keqiang was quoted as saying, "The Chinese side attaches great importance to.... work with the ROK side to enhance political mutual trust, boost mutually beneficial cooperation China and the ROK should give full play to their complementary advantages, enhance economic and trade cooperation, and make China-ROK cooperation a driving force of regional and global economic development. The Chinese side is willing to uphold an open and inclusive attitude to strengthen the alignment of development strategies with the ROK side, actively discuss carrying out cooperation in third-party markets".

5.6 The statement on "cooperation in third-party markets" was reiterated by President Moon in response. Moon has emphasised Korea-China cooperation in third-party markets in the context of Korea's New Northern Policy (NNP) and New Southern Policy (NSP) and China's BRI⁴ since cooperation in the Northeast Asian region has been hindered by the North Korean issue.

Trade Trends amid the Trade War and COVID-19

6.1 The Moon government unveiled the NSP and NNP in 2017. NSP represents a vision of economic and diplomatic cooperation with ASEAN and India. It sees the ASEAN market as on par with the big four countries, namely, the United States, China, Japan and Russia. Built on the "three pillars" of "people, prosperity and peace", its aim is to diversify Seoul's economic and market portfolio. It corresponds with the three pillars of the ASEAN Community introduced in 2015.

⁴ South Korea's "New Southern Policy" aims to cultivate an alternative overseas market by seeking "greater mutual understanding through expansion of exchanges with ASEAN countries, building a base for mutually beneficial, future-oriented economic cooperation, and constructing a peaceful and safe environment in the region". It is basically a hedging economic policy against rising wage cost in the Chinese labour market. Presidential Committee on New Southern Policy, <http://www.nsp.go.kr/eng/policy/policy02Page.do>, (accessed 5 May 2020).

- 6.2 ASEAN has emerged as South Korea's second largest trading partner with a total trade volume of \$159.74 billion in 2018, comprising \$100.11 billion in exports and \$59.63 billion in imports. The figure had doubled from \$75 billion in 2009.
- 6.3 Exports to ASEAN accounted for 16.5% of Seoul's total export in 2018, up from 11.6% in 2000. South Korea's trade surplus with the region expanded to \$40.5 billion from \$1.96 billion over the same period.
- 6.4 South Korea's direct investment in ASEAN rose by nearly 17% in 2018. South Korean firms invested a total of US\$5.26 billion in ASEAN in 2017, up 16.7% from a year earlier. Moreover, South Korean corporations established nearly 1,300 new firms in ASEAN in 2017, nearly double the number of 2016.⁵ In 2019, an additional 1,292 businesses were set up by Korean companies.
- 6.5 For example, Hyundai Motor signed an agreement in June 2019 with Singapore's major land transport company ComfortDelGro to provide 2,000 Ioniq Hybrid vehicles by 2020. Korea's largest steelmaker, POSCO, has also built production plants in Indonesia, Vietnam and Myanmar.⁶
- 6.6 In 2019, South Korea invested US\$8.59 billion in ASEAN and ASEAN invested \$1.54 billion in Korea. Between 2013 and 2018, Korea's accumulated investment stood at \$93.5 billion. ASEAN has become an attractive alternative market for the Korean economy for its potential for growth. Korean investments have made huge contributions to Vietnam and Cambodia's high economic annual growth rates (7%). ASEAN collectively has registered 5% growth rate in recent times.⁷

⁵ "S. Korean investment in ASEAN up 17 pct in 2018", *Yeonhap News Agency*, 15 November 2019.

⁶ "South Korea forges close ties with Southeast Asia amid 'fourth industrial revolution'", *Inquirer.net*, 29 November 2019, <https://business.inquirer.net/284047/south-korea-forges-close-ties-with-southeast-asia-amid-fourth-industrial-revolution> (accessed 28 April 2020).

⁷ "Recognizing the rapid development of Asean relations", *Korea JoongAng Daily*, 20 January 2020.

Impact of COVID-19 on South Korean-Chinese Economic Ties

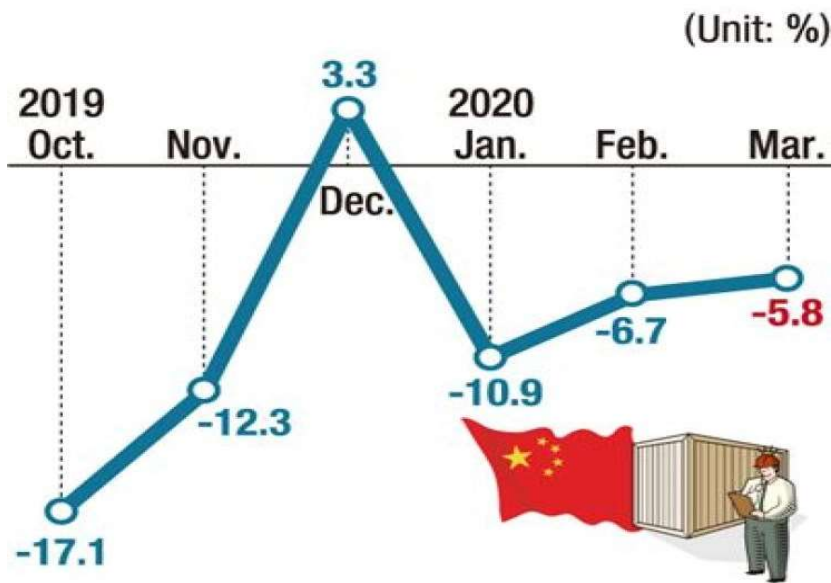
- 7.1 South Korea's early trade data suggest that the coronavirus epidemic has disrupted the region's supply chains as many Chinese factories remain shut, impeding deliveries of parts and components essential to the industrial world.
- 7.2 Data from South Korea's customs office show that South Korea's daily average shipment fell 9.3% during the first 20 days of February compared to that a year earlier. Total shipments to China, South Korea's biggest trade partner, fell 3.7% despite the period having more working days than last year. Imports from China plunged 19%.⁸
- 7.3 On 4 March 2020, the United Nations Trade and Development Council (UNCTAD) in a report on the Global Trade Impact of the Coronavirus Epidemic forecast that "The global export volume in the month of February alone was reduced by \$50 billion". Of the countries, EU was the biggest victim of COVID-19, registering a sharp drop in total export by \$15.8 billion, followed by the United States (\$5.8 billion), Japan (\$5.2 billion), Korea (\$3.8 billion), Taiwan (\$2.7 billion) and Vietnam (\$2.3 billion). The disruption in the supply chain of intermediary goods from China was serious on South Korea's export. Intermediary goods from China accounted for 20% of the world's total trade.⁹
- 7.4 Korea's exports to China continued to spiral downwards during the first three months of 2020 due to the fallout from the COVID-19 pandemic. Korea's exports to China stood at \$8.9 billion, down 6.7% from the same month a year before (Figure 1).¹⁰

⁸ "Korea Trade Data Show Virus Disruption to China Supply Chain", Bloomberg, 21 February 2020.

⁹ "(Today Global News) UN, World's total trade loss at \$50 bil., Korea \$3.8 bil.", *Economic Review*, 5 March 2020.

¹⁰ "Korea's exports to China dip amid virus spread", *The Korea Times*, 8 April 2020.

FIGURE 1 YEAR-ON-YEAR GROWTH OF KOREA'S EXPORTS TO CHINA



Sources: Bank of Korea, Ministry of trade, Industry and Energy.

7.5 South Korea's investment in China in 2018 totalled \$5.66 billion, an increase of 52.3% from that of the previous year. In 2017, its investment was at one of the lowest, standing at \$3.72 billion. China's investment however increased to \$2.74 billion, a rise of 238.9% from 2017. China's investment in Korea has also hit its lowest at \$81 million in 2017 when it registered \$48 million in 2013.¹¹

7.6 The International Monetary Fund (IMF) downgraded South Korea's economic growth rate on 14 April 2020 by 3.4 percentage points to -1.2% for 2020. In January 2020 IMF had a higher forecast of 2.2% for the South Korean economy, which was still lower than the prospected 3% growth rate as claimed by Korea's think tanks (Table 1).

¹¹ "Korea-China's mutual investment reaches highest in 5 years, investment in China increased by 52.3%", *News1*, 12 June 2019.

TABLE 1 IMF ECONOMIC OUTLOOK ON SOUTH KOREA IN COMPARISON WITH THOSE OF OTHER MAJOR COUNTRIES

IMF economic outlook (Unit: %)			
	Jan. in 2020	Apr. in 2020	Change (%p)
 Korea	2.2	-1.2	-3.4
 World	3.3	-3.0	-6.3
 US	2.0	-5.9	-7.9
 Eurozone	1.3	-7.5	-8.8
 Japan	0.7	-5.2	-5.9
 China	6.0	1.2	-4.8

Source: The International Monetary Fund (IMF).

- 7.7 During the COVID-19 outbreak, Korea's exports in the first 10 days of April dropped 18.6% year-on-year to \$12.2 billion. By segment, exports of memory chips, a key item, fell 1.5% and those of automobiles also declined 7.1% from that a year earlier. In terms of exports destination, exports to China dropped 10.2% year-on-year, while that to the United States fell 3.4%.¹²

Cooperation on COVID-19

- 8.1 Since the outbreak of COVID-19, President Moon has been persistent with his call for cooperation with China. The first response from the Chinese counterpart came on 20 February 2020 via a phone call initiated by Moon.¹³
- 8.2 The two leaders promised to share information on their country's crisis situations, countermeasures and treatment results. However, to date, no such exchange was made, only more restrictions on Koreans entering China in the months of February and March.
- 8.3 Cooperation discussions only kicked off when the pandemic was seemingly subsiding in the month of April. The first agenda concerned businessmen trips from

¹² "Korea's economy to shrink 1.2% in 2020 due to coronavirus: IMF", *The Korea Times*, 15 April 2020.

¹³ "Xi talks to Moon on the Phone", *Xinhua News Agency*, 21 February 2020.

both sides. It was particularly a concern for Korean companies running world class-scale factories like semiconductors. These factories require regular monitoring and updating of software and so forth. These activities are far behind their original schedule.

- 8.4 On 17 April, vice foreign ministers from China and South Korea held the first meeting to seek ways to allow businessmen to make business trips with less constraints and restrictions such as self-quarantine. As a result, the two countries agreed to adopt “fast-track” measures that will shorten their quarantine period.
- 8.5 On 29 April, officials from the foreign ministry and quarantine department held a satellite meeting to discuss on quarantine measures for easing. Korean travellers to China are required to produce a health certificate from an authority in Korea and be quarantined for two days in China, a big reduction from the normal 14-day quarantine. The measure was the first for China and took effect as of 1 May.
- 8.6 In principle, the fast-track measures apply for travels to Chinese cities and regions such as Shanghai, Tianjin, Chongqing, Liaoning, Shandong, Jiangsu, Shanxi, Sichuan and Anhui. However, due to the limits on flight destinations, only five cities and regions—Shanghai, Liaoning, Shandong, Jiangsu and Anhui—have been placed on the fast-track starting in May.¹⁴
- 8.7 On 29 April, China’s interest in furthering economic cooperation with Korea was conveyed by Chinese Ambassador to Korea Xing Haiming (邢海明). Since Korea and China were ahead of others in making a recovery from COVID-19, the prospect for cooperation between the two countries on the economic front has been very encouraging.
- 8.8 The argument is based on the Chinese government’s recent announcement that it will invest heavily in industries related to 5G technology, data centres, Internet of Things (IoT) and alike. The investment scheme was introduced as part of the

¹⁴ “<Fact Checking> Fast-track for Korean and Chinese businessmen applied to all of China? Not yet”, *Aju Business Daily*, 30 April 2020,

Chinese government's economic stimulus plan. These are areas which Korean companies have advantages in semiconductors, 5G technology and e-games.

- 8.9 Besides third-market cooperation, cooperation can be sought in such service sectors as bio-technology, quarantine and medicals, beauty and health industry. Korea aims to advance into Chinese high-tech market such as IoT and artificial intelligence markets.¹⁵

Cultural Ties and Student Exchanges

- 9.1 Despite recent reports on the lift of ban on Korean cultural activities in China, the ban is in reality still in force. These reports based their arguments on evidence such as some Korean celebrities performing in public and on Chinese media. However, such cases are still limited and do not mean that the Korean entertainment industry is free to arrange for performances in the Chinese market (Figure 2).

FIGURE 2 CHINA'S ALLEGED BAN ON KOREAN CONTENT



Source: "S. Korean entertainment firms to be hit by anti-Korean wave measures in China", *Maeil Kyungje Shinmun*, 21 November 2016.

¹⁵ "Xing Haiming Chinese Ambassador, Korea-Chinese economic cooperation must start early to secure upper-hand", *Yoonhanp News Agency*, 29 April 2016.

- 9.2 As of 2019, for instance, not a single Korean TV channel including satellite ones are available at Five-Star Hotels in major cities in China. The Chinese TV stations are still banned from airing Korean dramas on their network.
- 9.3 In terms of student numbers, as at February 2020, there were more than 71,000 Chinese students studying in Korea. Chinese students make up the majority of the 160,000 foreign students in Korea.
- 9.4 On 4 November 2019, South Korea and China agreed to beef up diplomatic and cultural exchanges to “completely normalise” ties that soured over the deployment of US anti-missile systems in 2017.
- 9.5 According to South Korea’s foreign ministry, Kang Gyung-hwa and Wang Yi agreed to hold the first joint vice-ministerial panel on people-to-people exchanges “in the near future” and created a new meeting on maritime affairs. “Both sides concurred that relations should be put back on a normal orbit and completely normalized”, a ministry official told reporters after the meeting.¹⁶
- 9.6 While Korean students in China have been on a steady decline since 2017, Chinese students in Korea has been on a steady increase. According to the Korean Ministry of Education, there were 73,240 Korean students in China, 63,287 in 2018 and 50,600 in 2019. In the same span, there were 68,184 Chinese students studying in Korea in 2017, 68,537 in 2018 and 71,067 in 2019.
- 9.7 THAAD could be a factor in the drop on the Korean part. The alleged and unconfirmed discrimination of Korean students makes China an unattractive place for the Korean youth. Evidently, the “China fever” in Korea has somewhat subsided over the years.
- 9.8 Due to travel restrictions and limitations imposed following the COVID-19 outbreak, Chinese inbound travel to South Korea fell by -72.8% year-on-year to 109,400 from 1 to 24 February. In the same period in 2019, 403,000 Chinese visited Korea.

¹⁶ “South Korea, China agree to step up exchanges to re-set ties after missile defense row”, Reuters, 4 December 2019.

- 9.9 The spread of COVID-19 in Korea is likely to continue to depress inbound travel. Korea surpassed China in the number of new confirmed cases per day on 27 February, with 505 infections recorded.
- 9.10 Chinese arrivals in Korea were 2,070 on 24 February, far lower than the average daily arrival of between 10,000 and 15,000 a year before. The number declined to 1,824 on 25 February and 1,404 on 26 February due possibly to the 14-day mandatory quarantine placed on all visitors from Japan and South Korea on 25 February.¹⁷
- 9.11 China's tough quarantine measures on Koreans, coupled with some discriminatory measures against Koreans residing in China, have provoked anti-China sentiments in Korea already damaged by China's punitive economic measures following THAAD.
- 9.12 The Korean public was positive on the question of whether China's rise was helpful to Korea, rising from 22% in 2018 to 29.8% in 2019, while negative response decreased from 49.5% to 25.6% in 2019. However, almost half of the Korean people (43.4%, an increase from 39.2% in 2018) favoured cooperation with the United States should there be a conflict between the United States and China. Those who favoured cooperation with China were merely 6.6% of the Korean population, a drop from 7.6% in 2018. Those who preferred Korea to remain neutral also waned from 53.2% in 2018 to 49.9% in 2019. This indicates that Korea has been subjected to mounting pressure to make a choice between the United States and China.
- 9.13 The majority of the Korean public (89.2%) showed less confidence in China's claim of support for Korean unification. On the contrary, 53.1% of the populace believed in the United States' support. In this vein, 82% of the Korean public perceived the United States as a reliable partner for cooperation, while 47.7% saw China as a country Korea should remain vigilant about.¹⁸

¹⁷ "Latest data confirms sharp fall in Chinese travel to South Korea", The Moodie Davitt Report, 28 February 2020, <https://www.moodiedavittreport.com/latest-data-confirms-sharp-fall-in-chinese-travel-to-south-korea/> (accessed 23 April 2020).

¹⁸ Seoul National University Unification Peace Institute, *Public Survey on Unification 2019*, (Seoul: SNU Unification Peace Institute, 2019), pp. 67-80.

Sino-South Korean Ties: Prospects

- 10.1 THAAD is a major hurdle in China-South Korea relations, now and in the near future, a reason why President Moon is obsessed with Chinese President Xi's reciprocal visit to Seoul. Moon's main China policy goal is to lift the punitive measures on Korea adopted by Beijing in the aftermath of the THAAD deployment.
- 10.2 However, President Xi has expressed reservation about his reciprocal visit to Seoul in the absence of a complete resolution to the THAAD issue. Moon on the other hand is still convinced that he has resolved the matter through the "3 No's" promises he made to Xi in December 2017. The Moon government has announced its estimate of the visit on at least three different occasions beginning from last year in summer, the start of 2020 and before the first half of 2020.
- 10.3 Xi is likely to withhold his visit largely because of the growing possibility of THAAD reinforcement by the United States according to Vice Admiral Hill. Thanks to COVID-19, negotiations for the reinforcement has been stalled. Nonetheless, President Xi is well aware of the situation and US intentions.
- 10.4 Hence, Xi's reciprocal visit will be premised on the complete removal of THAAD as it is the only way to guarantee South Korea's exclusion from the US missile defence system in the region. Before the THAAD issue is completely resolved, Xi's visit to Seoul is highly unlikely and Sino-South Korean ties will continue to stall.